HM Treasury

Treasury Minutes

Government Response to the Committee of Public Accounts on the First to the Fourth and the Sixth to the Ninth reports from Session 2024-25

CP 1306

April 2025

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Presented to Parliament by the Exchequer Secretary to the Treasury by Command of His Majesty

April 2025

CP 1306

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Government response to the Committee of Public Accounts Session 2024-25

First report of Session 2024-25

Department for Education

Support for children and young people with special educational needs and disabilities

Introduction from the Committee

In January 2024, 1.9 million children and young people aged 0 to 25 years had special educational needs (SEN). Children with SEN have a learning difficulty or disability which means they need special educational provision beyond that required by most others of the same age. Most (1.14 million) receive additional support in state schools, known as SEN support. Children whose needs cannot be met in this way have a legally enforceable entitlement to specific support set out in an education, health and care (EHC) plan. In January 2024, there were 576,000 children with an EHC plan.

The Department for Education (the Department) is accountable for the SEND system. In 2024–25, it is providing dedicated high needs funding of £10.7 billion to local authorities, who have a statutory responsibility to ensure children receive the education support they need. The Department of Health and Social Care (DHSC) oversees health services which support the SEN system. In March 2023, the Department and DHSC jointly published an improvement plan setting out how they would tackle immediate challenges, as well as longer term plans. The Department continues to implement initiatives set out in the plan but, as it was published by the previous government, it no-longer represents official government policy.

Based on a report by the National Audit Office, the Committee took evidence on Monday 18 November 2024 from the Department for Education and the Department for Health and Social Care. The Committee published its report on Wednesday 15 January 2025. The government's response to the Committee's report can be found below.

Relevant reports

- NAO report: Support for children and young people with special educational needs – Session 2024-25 (HC 299)
- PAC report: Support for children and young people with special educational needs– Session 2024-25 (HC 353)

Government response to the Committee

1. PAC conclusion: The SEN system is inconsistent, inequitable and not delivering in line with expectations, which inevitably undermines parents' confidence in it.

1a. PAC recommendation: Over the next 12 months, the Department should work with others including local authorities and the Ministry of Justice to:

a. better understand the reasons for differences in identifying and supporting SEN needs across local areas and schools.

b. routinely identify and share good practice from better performing areas.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2026

1.2 The Department for Education (the department) acknowledges the variation in the identification and support of Special Educational Needs (SEN) across different schools and local authority areas and has completed detailed work with local authorities to identify the drivers of these differences and secure improvements in service delivery, including publishing performance data and findings that highlight best practices.

1.3 Since 2023 the Special Educational Needs and Disability and Alternative Provision Change Programme Partnerships (CPPs) have provided valuable practical insights and real-time learning through testing proposed reforms and effective practice. The insights were gathered through a field force working directly with CPPs and a feedback process run by an external delivery partner. Insight Guides, practice notes, and case studies have been shared among CPPs.

1.4 Launched in April 2022, the department-funded "What Works in SEND" programme generates high-quality research and offers resources on its website, including research reports, effective practice case studies, and an Implementation Toolkit. The programme is regularly promoted through newsletters, webinars, and other communications.

1.5 The department published an insights report in October 2024 with learning from the Delivering Better Value (DBV) programme, allowing other local authorities to engage effectively with their partners Guidance on our intervention work with local authorities. An accessible, self-service toolkit was also developed and published in October 2024 to structure learning and case studies from the DBV programme.

1.6 Additionally, in July 2021 the department published an insights report from the Safety Valve programme, entitled Creating sustainable high needs systems.

1.7 Work in the next 12 months will continue between the department and the sector to ensure that good practices from better-performing local authorities are regularly identified and disseminated.

1b. PAC recommendation: Over the next 12 months, the Department should work with others including local authorities and the Ministry of Justice to:

c. improve local authority decision-making by analysing tribunal decisions.

1.8 The government agrees with the Committee's recommendation.

Target implementation date: April 2026

1.9 Most Education, Health and Care plans (EHC plans) and assessments are concluded without the need for a Tribunal appeal. However, the department recognises that some families struggle to get the right support they need, when they need it.

1.10 Issues causing Tribunal appeals will be best resolved through the broader systemic reform which the department is developing, which will take time. This is why it is working with Ofsted now to improve mainstream accountability and to increase expertise in the workforce.

1.11 The department will work closely with experts on the SEND reforms, and have recently appointed a Strategic Advisor for SEND, who will play a key role in engaging the sector, including leaders, practitioners, children, and families, as it considers next steps on reform.

1.12 In the meantime, the department will continue to work with Ministry of Justice, the SEND Tribunal and local authorities to better understand why appeal rates continue to rise sharply and address the key reasons why the Tribunal finds in favour of appellants, at least in part, for most appeals. For example, the department could look to build on work it has done before with the Independent Provider of Special Education Advice (IPSEA) and the Council for Disabled Children to develop and deliver "SEND and the law" training sessions for local authority SEND caseworkers, delivered in 2024.

2. PAC conclusion: Without fully understanding why demand for support has increased, the Department’s ability to provide value for money is undermined.

2. PAC recommendation: Within the next six months, the Department must work with the DHSC to better understand the reasons for increasing and changed demand for SEN support, and then set out how it will provide support more efficiently, such as through group support, identifying needs earlier and ensuring special schools reflect value for money.

2.1 The government agrees with the Committee’s recommendation**.**

Target implementation date: December 2025

2.2 The department recognises the urgent nature of these matters and has already committed to delivering a more inclusive education system based on early intervention. While it cannot commit to setting out plans in the next six months, it will set out further detail later this year.

2.3 The department is collaborating with DHSC to address the increased pressure on SEN support in schools. Over the last decade there has been an increase in identified need internationally. However, in England, there has been a much steeper rise in SEND that attracts a statutory plan than in some similar countries.

2.4 The department is working swiftly to ensure every child has the best chance in life. Early intervention is crucial to prevent unmet needs from escalating and to support children and young people to achieve their goals. The department funds the Nuffield Early Language Intervention and works with DHSC and NHS England on the Partnerships for Inclusion of Neurodiversity in Schools programme, which deploys specialists from health and education workforces to strengthen training for teachers and upskill around 1,680 of mainstream primary schools, representing 10 per cent of these schools. It also funds the Early Language and Support for Every Child programme, which funds innovative workforce models to identify and support children and young people with Speech, Language and Communication Needs at an early stage.

2.5 In 2024, the department brought together a group of leading neurodiversity experts to make recommendations to DfE Ministers on the best ways to support and meet the needs of neurodivergent children and young people in mainstream education settings.

2.6 The department will continue to work with DHSC to provide early and effective support to meet need and prevent these needs from escalating.

3. PAC conclusion: The Department has not made clear what it means by inclusive education, a core strand of its approach, or how it will be achieved.

3. PAC recommendation: The Department should, within the next six months, set out the provision which children with SEN support should expect. Alongside this, they should set out what inclusive education means and looks like, and the level of resourcing both to ensure the support for children with SEN and the maintenance of educational provision for other children in the same setting. The Department should also set out how inclusive education will be achieved including through earlier identification of SEN, and improved teacher training and continuous development, and how schools will be held to account. SEN performance data should incorporate factors other than academic attainment.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2025

3.2 The department recognises the urgent nature of these matters and has already committed to delivering a more inclusive education system. While it cannot commit to setting out plans in the next six months, it will set out further detail later this year.

3.3 The department is committed to working to deliver a more inclusive education system where all children, regardless of background, are supported to achieve and thrive. It recognises its role in clarifying expectations for inclusive provision in mainstream settings and supporting early intervention to prevent unmet needs from escalating and helping children and young people to achieve their goals alongside their peers.

3.4 The department agrees that resourcing support for early intervention to help secure the right support for a child or young person without the need for an EHC plan, is crucial to prevent needs escalating.

3.5 High-quality teaching and learning experiences are central to ensuring that children and young people with SEND are given the best possible opportunity to achieve in their education. The department is working towards making this a reality for teachers and pupils in every classroom and it aims to ensure teachers have the skills to support all children and young people, including those with SEND. The Early Career Teacher Entitlement and suite of National Professional Qualifications support teachers and leaders to understand evidence-based classroom practice. In January 2025, the department launched a review of the suite of National Professional Qualifications, which includes a particular focus on improving content on best practice for pupils with SEND.

3.6 Mainstream schools are expected to welcome pupils from their entire community, including those needing additional support. Schools have a duty to support children and young people with SEND and cooperate with local partners. The department collaborates with Ofsted to ensure that schools are held accountable for their inclusion practices, ensuring all children receive the high-quality support they need to achieve and thrive.

4. PAC conclusion: Accessing health expertise presents a significant barrier to identifying and supporting SEN needs.

4. PAC recommendation: Within six months, DHSC should set out how ICBs will consider SEN alongside wider priorities; how its longer-term workforce plans will address current and forecast SEN skill shortfalls; and its processes, plans and targets for reducing related waiting lists.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2025

4.2 Integrated Care Boards (ICBs) are legally responsible for delivering their SEND-related duties as set out in relevant legislation, including the Children and Families Act 2014. Each ICB must have a board-level executive lead for children and young people with SEND, to ensure sufficient focus. Decisions are taken locally based on local population health and care needs.

4.3 On 30 January 2025, the government's mandate to NHS England was published, and NHS England published its priorities and operational planning guidance for 2025-26. These reflect patient priorities to cut waiting times, improve primary care access and improve urgent and emergency care. These will be delivered through a new operating model, devolving power closer to the frontline.

4.4 The government has set an ambition to raise the healthiest generation of children ever. The Department of Health and Social Care (DHSC) is working closely with the Department for Education, given the health system's important role in support of the Opportunity Mission. The government has committed to build a health and care system fit for the future; the NHS 10 Year Plan will be published in spring 2025. In addition, NHS England will be integrated into DHSC, which will create an organisation better placed to transform our care services and NHS, to deliver timely, quality care.

4.5 In summer 2025, the government will publish a refreshed Long Term Workforce Plan. The government is working to ensure the NHS has the right people, in the right places, with the right skills to deliver the care patients need, when they need it.

5. PAC conclusion: Departmental witnesses could not provide any potential solution to the critical and immediate financial challenges facing many local authorities due to persistent and significant SEN-related overspends.

5. PAC recommendation: Given the risks to local authorities' finances, central government must urgently involve local authorities in conversations to develop a fair and appropriate solution for when the statutory override ends in March 2026, clearly setting out these plans as a matter of urgency and no later than March 2025.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

5.2 The government recognises the strain that the rising costs of statutory SEND provision are putting on local government, and in particular, the impact of the Dedicated Schools Grant (DSG) deficits on councils' finances. It will work with the sector on a way forward, and agree that the matter is urgent, but has been unable to set out plans by March 2025.

5.3 The government intends to set out plans for reforming the SEND system in further detail in 2025. This will include details of how the government will support local authorities to deal with their historic and accruing deficits and any transition period from the current SEND system to the reformed system. This will inform any decision to remove the statutory override. It will be underpinned by our objective to ensure local authorities can deliver high quality services for children and young people with SEND in a financially sustainable way. It will continue to work with the sector on the detail of our approach.

6. PAC conclusion: In the longer term, the SEN system remains unviable with piecemeal interventions, such as Safety Valve, doing nothing to provide a financially sustainable system.

6. PAC recommendation: Moving on from its 'Safety Valve' programme, the Department must provide specific support and guidance so all local authorities can effectively manage their SEN-related spending sustainably in the longer term. To ensure investment allocation decisions maximise value for money, demand forecasting is vital. This joint work by the Department and local authorities should include differentiating between the number of places to be provided in mainstream and specialist state settings. It should also ensure that any spending on independent schools and transport costs reflects value for money. The Department should work with local authorities to identify ways in which more accountable provision could be developed offering better value for money.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2026

6.2 The department is working with local authorities to help them to effectively manage their SEN-related spending sustainably in the longer term, starting with the publication of the Delivering Better Value in SEND toolkit.

6.3 As set out in the response to recommendation 5 above, plans for reforming the SEND system will be detailed this year, including work with and support for local authorities to effectively manage their SEN-related spending through the transition period to the reformed system.

6.4 Demand forecasting is vital to ensure investment allocation decisions maximise value for money. In 2023, the Department started collecting forecasts from local authorities on the number of pupils resident in the local authority who are expected to have an EHC plan and who require a place in specialist provision. Work with local authorities to improve the quality of this data will continue.

6.5 The rising cost of school transport underscores the need for more children to attend a local mainstream school that meets their needs. The department is taking other steps to support local authorities with school transport. A new data collection was launched in February 2025, which will in due course enable local authorities to benchmark their provision against others, enabling them to learn from one another, find efficiencies and support decision making. Guidance for partnership working on school transport will be published soon, and the department is working with MHCLG on local government finance reform.

7. PAC conclusion: The Department's ability to reform the system is hindered by a lack of data, targets and a clear, costed plan.

7. PAC recommendation: The Department should urgently improve its data, and then use this information to develop a new fully costed plan for improving the SEN system, with concrete actions, and clear interdependencies, alongside metrics to measure outcomes.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2026

7.2 The department has taken steps to improve its data; in particular, by disaggregating the annual EHCP data collection (SEN2 data) from 2023. This change enables more detailed, granular analysis of EHC plans and the processes associated with it, providing deeper insights into specific patterns and trends to support decision-making. The department has also published findings from its Special Educational Needs and Disabilities (SEND) Futures longitudinal study discovery phase (December 2023), which is testing new ways to improve its data on the outcomes and experiences of children and young people with SEND.

7.3 At Autumn Budget 2024, the government announced an almost £1 billion increase to SEND and alternative provision funding. This is an important step in realising the government's vision to reform England's SEND provision to improve outcomes and return the system to financial sustainability. The government intends to set out plans for reforming the SEND system in further detail later this year. This will be underpinned by its objective to ensure local authorities can deliver high quality services for children and young people with SEND in a financially sustainable way. The government will work closely with parents, teachers and local authorities to take forward this work.

Second report of Session 2024-25

Department for Transport

Condition and maintenance of Local Roads in England

Introduction from the Committee

The local road network in England consists of 183,000 miles of road and represents 98% of the total road network. As well as the road surface, the local road network includes pavements, embankments, bridges and drainage systems that need to be kept in good condition. Almost all journeys start and end on the local road network.

The Department for Transport (the department) is responsible for providing policy, guidance and funding to local authorities in England to help them run and maintain their road networks. It considers that well-maintained local roads are vital for the economy and the social wellbeing of communities. Well maintained roads and infrastructure are also necessary for the department's objective to improve transport for the user, as well as specific policy areas, such as increasing active travel and supporting autonomous vehicles. The department provides over £1 billion in capital funding to local authorities each year for local road maintenance.

Local authorities are responsible for the management of the local road network under their control and have a statutory duty to maintain their roads. While central Government provides funding towards the maintenance of the road network, it is for individual local authorities to decide on how best to maintain their roads based on local needs, priorities and funding.

Based on a report by the National Audit Office, the Committee took evidence on Thursday 21 November 2024 from the Department for Transport. The Committee published its report on Friday 17 January 2025. This is the Government's response to the Committee's report.

Relevant reports

- NAO report: The condition and maintenance of local roads in England - NAO report- Session 2024-25 (HC 117)
- PAC report: Condition and maintenance of Local Roads in England – Session 2024-25 (HC 349)

Government response to the Committee

1. PAC conclusion: The department has not taken its overall responsibility for policy and use of taxpayer funds sufficiently seriously when looking at local roads.

1. PAC recommendation: In addition to addressing the recommendation below, the department should clearly set out its roles and responsibilities and that of local authorities in ensuring that local roads are maintained to a good standard throughout England as part of government's work on local devolution.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2026

1.2 The government recognises that clarity about responsibilities for highways maintenance is a vital part of ensuring the devolution process is successful. The department for Transport will publish a short document on Gov.UK summarising the legal responsibilities that government and local authorities have with regard to highways maintenance and the expectations that government has of local authorities with regard to following best practice.

1.3 The department is also considering how it can use outcome frameworks to set clear expectations in relation to highways maintenance. For the financial year 2025-26, this includes setting targets (e.g. against the condition of local roads) in frameworks underpinning integrated settlements where relevant funding is being consolidated (e.g. for Greater Manchester Combined Authority where City Region Sustainable Transport Settlements and additional highways maintenance incentive allocation is consolidated). These targets will be extended to other integrated settlement recipients in future financial years when relevant funding is consolidated (e.g. for West Midlands Combined Authority in financial year 2026-27).

1.4 The department is working to set transport outcomes for all other Local Transport Authorities that will not receive integrated settlements, from financial year 2026-27. This underpins the department's commitment to simplify funding, enabling Local Transport Authorities to better spend funding according to their local priorities and avoid unnecessary bureaucracy. As with the integrated settlement recipients, the department expect the outcomes for all Local Transport Authorities to include aspects around the condition of local highways, for example.

2. PAC conclusion: The department has insufficient knowledge of the condition of local roads.

2. PAC recommendation: The department should make the case, with the Ministry for Housing, Communities and Local government, for obtaining the data it needs to gain a greater understanding of the condition of the local road network.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2025

2.2 The department is considering what additional data it needs to collect to gain a greater understanding of the condition of the local highway network, and how this maps onto the structures that are being set up to allow further devolution. As this work progresses the department will, as is usual, engage with the Ministry for Housing, Communities and Local government to make the case for obtaining this data.

2.3 An example of this is that the department collaborated with local government to change the annual road condition reporting requirements, producing the new British Standard for Road Condition Monitoring (PAS 2161). The department has now begun engagement with the Ministry of Housing, Communities and Local Government to change the single data list, to introduce the new reporting requirements against PAS 2161 as a mandatory requirement in England.

2.4 Another example of this is that the department is exploring how the aforementioned outcomes frameworks underpinning the integrated settlement can leverage greater data-sharing (as part of six-monthly reporting) between Mayoral Combined Authorities and the department on top of indicators with attached targets.

3. PAC conclusion: The department's approach to funding is short-term and fragmented, hindering local authorities from planning more cost-effective work.

3a. PAC recommendation: As part of the next phase of the spending review the department should simplify its funding to local authorities and provide more long-term certainty around the amount and duration of funding.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

3.2 Long term certainty is determined by the length of the settlement set out by a Spending Review.

3.3 The government is resetting the relationship with local government. The government intends to move to multi-year funding settlements in future, to provide long-term funding certainty for local government. The government has also set out plans to radically simplify the funding paid out to the sector – consolidating grants into the settlement wherever possible. This will give local authorities greater certainty and freedom to deliver their priorities.

3.4 The department also intends to consolidate local highways maintenance funding streams for those authorities who receive them, so that they receive one funding line only. In addition, those authorities in receipt of City Region Sustainable Transport Settlements (CRSTS) have their highway maintenance funding consolidated, further reducing the number of funding streams and providing greater flexibility in how mayoral combined authorities allocate funding.

3b. PAC recommendation: The department should make clear how it will effectively influence and monitor local road maintenance when the funding to local authorities is coming from different government departments and local authorities have more flexibility within the overall pool of money on how to prioritise spending.

3.5 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2027

3.6 With reference to the government response to recommendations 2 and 5, the government is reviewing its approaches to evaluating spending on local highway maintenance and the data that it gathers to understand the condition of the local highway network. Once these exercises are complete, the department will publish information on Gov.UK about how it will influence and monitor local highways maintenance.

4. PAC conclusion: The department does not allocate funding to local authorities for the maintenance of local roads according to where it is most needed.

4a. PAC recommendation: As part of the next phase of the Spending Review the department should revise the way it allocates funding to local authorities ensuring that funding also reflected the expected wear and tear of local roads due to the level of usage and local environmental conditions.

4.1 The government disagrees with the Committee's recommendation.

4.2 The government agrees to review the funding formula that it uses to distribute capital funding to local highways authorities to see whether it can be adjusted to make it a fairer reflection of the conditions that affect the wear and tear of local roads. However, the government cannot commit to any changes to the allocation methodology until each option has been assessed for feasibility and deliverability, in line with the normal policy making process. The government would also expect to engage with local highway authorities about any methodology to understand how any changes might impact on their services.

4.3 Local highway authorities have already had their capital funding set out for the financial year 2025-26 so the earliest date any changes to the funding formula could be made would be to align with the start of financial year 2026-27.

4b. PAC recommendation: The department should also work with the Ministry for Housing, communities and local government to explore the scope for local authorities to use surplus Community Infrastructure Levy funding on local road maintenance.

4.4 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

4.5 The Community Infrastructure Levy guidance issued by the Ministry for Housing, Communities and Local Government already emphasises that Community Infrastructure Levy receipts can be spent on failing existing infrastructure, as well as on its more widely recognised use for funding the provision and maintenance of infrastructure, including transport infrastructure.

4.6 The department will explore with the Ministry for Housing, Communities and Local Government whether the availability of Infrastructure Funding Statements, which are produced annually by local authorities detailing annual Community Infrastructure Levy income and expenditure, and the levels of unspent Community Infrastructure Levy held, might be better communicated at community level to enable greater awareness of the existence of the Community Infrastructure Levy and how it might be spent, including allocations of neighbourhood Community Infrastructure Levy held by local authorities and parish councils.

5. PAC conclusion: The department has not evaluated its approaches to funding local roads to know whether they are delivering value for money.

5. PAC recommendation: The department should evaluate approaches to funding local roads to determine what has been effective to help inform future approaches. This should include conducting interim evaluations on local authorities PFI schemes.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2027

5.2 To ensure the development of a robust and proportionate monitoring and evaluation framework, the department plans to commission a feasibility study in 2025 to understand the current state of evidence, evidence gaps and data collection mechanisms in local authorities. This will then help scope evaluation questions and identify appropriate approaches for monitoring and evaluating the department's local highways maintenance funding.

5.3 Following the completion of the feasibility study and dependent on its recommendations, a monitoring and evaluation framework will be developed for operation in 2026, with the aim of generating regular evaluation reports, to help understand the effectiveness and impact of the department's capital funding support for local highways authorities.

5.4 A key part of the monitoring and evaluation framework will be to utilise national data collection mechanisms to understand the effects of the funding on road condition. This could include, for example, data on local roads maintenance gathered through the new Integrated Settlement outcomes framework for Mayoral Combined Authorities. It could also utilise any other data shared by local highways authorities to access their full funding in financial year 2025-26, part of which is being held back until local authorities can prove that they are meeting certain criteria. The department will engage with the Ministry for Housing, Communities and Local government during the design and delivery of the evaluation given their responsibility for the overall funding system for local government.

6. PAC conclusion: The department has not provided enough support and guidance to local authorities to deal with current and future challenges in maintaining local roads.

6a. PAC recommendation: As part of revising its Code of Practice, the department should look to set out updated practices local authorities are expected to adopt and consider if following this best practice should be attached to funding. This should include guidance around supporting safety and accessibility for all road users, consideration of technology advances such as autonomous vehicles and consideration of the effect of maintenance on roads and bridges of heavier electric heavy goods vehicles, particularly if the 44 Gross vehicle Weight were to be increased.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: September 2026

6.2 The government agrees that the current guidance that has been provided to local highway authorities through the 'Code of Practice for Well Managed Highway Infrastructure' document should be refreshed. The department has commissioned TRL to work with the sector to develop a scope for the refreshed guidance regarding where there may be gaps in the current guidance, such as around some environmental matters. The department will consider further whether, and if so how, local highway authorities might be required to comply with certain best practice criteria set out in the revised guidance to qualify for some or all of the funding.

6.3 The update to the code of practice is currently estimated to take between 12 and 18 months, so it will not be feasible to link it to the incentive element directly, which will be in place from quarter one in financial year 2025-26.

6b. PAC recommendation: The department should regularly revise the Code of Practice as the road environment and the demands placed upon it continue to change. The department should set out how it plans to do this in its response to the Committee's report.

6.4 The government agrees with the Committee's recommendation.

Target implementation date: September 2026

6.5 The government agrees that the Code of Practice for Well Managed Highway Infrastructure should be a reliable source of guidance that remains current. The department has commissioned TRL to work with the sector to develop a structure for the refreshed guidance that will allow individual sections of it to updated or added independently of each other, so that best practice can be integrated into the sector quickly. The department will also set a regular review rhythm for the guidance (to be determined by the UK Roads Leadership Group), so that it remains relevant and coherent as whole. It is provisionally suggested that a review should occur at least once every five years.

Third report of Session 2024-25

HM Revenue and Customs

HMRC Customer Service and Accounts

Introduction from the Committee

HM Revenue & Customs (HMRC) is responsible for administering the UK's tax system. It reported total revenues of £843.4 billion for 2023–24, the highest on record, representing a 3.6% increase on 2022–23. The tax gap– the difference between the amount of tax that should be paid to HMRC, and what was actually paid–fell from 5.2% in 2021–22 to 4.8% in 2022–23, the most recent available estimate, but increased in monetary terms from £38.1 billion to £39.8 billion. HMRC's estimate of the yield from its compliance activities in 2023–24 was £41.8 billion, up 23% compared with 2022–23 and £1.3 billion higher than its target. Tax debt - the amount of tax that is overdue for payment - was £43.0 billion at 31 March 2024, £0.9 billion less than at 31 March 2023.

HMRC's customer charter commits it to getting things right, making things easy, being responsive and treating customers fairly. Performance levels for its telephony and correspondence have been below expected levels for years, with HMRC answering fewer calls and waiting times increasing. HMRC considers that many calls and items of correspondence it receives are avoidable and could be resolved digitally. It has adopted a 'digital-first' approach, using digital services to allow customers to self-serve where possible. These digital services are best suited to straightforward queries and cannot always offer a replacement to traditional channels.

Based on a report by the National Audit Office, the Committee took evidence on 28 November 2024 from His Majesty's Revenue and Customs. The Committee published its report on 22 January 2025. This is the Government's response to the Committee's report.

Relevant reports

- NAO report: HMRC Customer Service – Session 2023-24 (HC 726)
- HMRC Annual Report and Accounts 2023-24
- PAC report: HMRC Customer Service and Accounts – Session 2024-25 (HC 347)

Government response to the Committee

1. PAC conclusion: In providing telephone services, HMRC does not give enough consideration to the needs of customers.

1a. PAC recommendation: HMRC needs to put customers' needs at the heart of its decision making, including those of small businesses which are different to individual taxpayers.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 HMRC does not agree with the Committee's overall conclusion that HMRC does not give enough consideration to the needs of customers.

1.3 The needs of customers are already central to HMRC's decision-making, as outlined in the HMRC Charter. The Exchequer Secretary to the Treasury has also made clear that improving customer services is one of his three priorities for the department.

1.4 HMRC engages with small businesses on their needs, including telephony services, through formal meetings and regular dialogue, including with the independent Administrative Burdens Advisory Board (ABAB). ABAB scrutinises HMRC performance and services from a small business perspective and reports findings annually to HMRC and the Exchequer Secretary to the Treasury, informing HMRC service improvements.

1b. PAC recommendation: HMRC should particularly address the needs of those trying to speak on the telephone. HMRC should re-instate a call waiting time target as a key performance measure.

1.5 The government disagrees with the Committee's recommendation.

1.6 Average Speed of Answer (ASA), the equivalent of call waiting time, remains a key performance metric. HMRC monitors ASA to help make resourcing decisions, and reports on ASA in its regular, public performance publications.

1.7 Customer feedback has shown that customers' top priorities when calling HMRC are, in the following order – customers want to speak to someone; secondly, they want the person answering their call to have appropriate knowledge; and thirdly, they want to have their call answered in a reasonable timeframe. Given this insight, HMRC has made the decision to target whether customers who wanted to speak to somebody got to do this - as this is the most important factor for customers. HMRC's existing Adviser Attempts Handled (AAH) measure captures this.

1.8 ASA on the other hand, only captures the experience of those customers who speak to an adviser – it does not capture all of HMRC's callers' experiences, including those who abandon their call or who are played a busy message.

1.9 HMRC's current telephony targets, based on AAH and customer satisfaction metrics, provide a more rounded view of the overall experience for all customers who call. For example, HMRC's customer satisfaction metric provides some insight into whether the customer spoke to somebody knowledgeable and had their query resolved.

1.10 HMRC data shows that keeping ASA low contributes to performance against the AAH target. In recent months, as call wait times have reduced, AAH performance has improved. In April 2024 ASA was just over 28 minutes, it's now significantly lower.

1c. PAC recommendation: HMRC must also ensure it gives customers accurate estimates of call waiting times in real time, does not cut off customers without warning, and offers a callback service. It must ensure this functionality is a requirement when it procures a new telephone service.

1.11 The government agrees with the Committee's recommendation.

Target implementation date: March 2027

1.12 HMRC already - gives customers an indication of likely wait time on some helplines and is actively exploring the use of call backs using their current service. The department will be launching the procurement of a new Contact Service platform in the spring of 2025 with an expectation that it will be in place in 2026-27. The requirements for that new service meet those set out in this recommendation.

2. PAC conclusion: HMRC's digital services have not sufficiently reduced demand on the phone and HMRC has failed to prioritise the resources needed to sustain an appropriate standard of telephone service.

2a. PAC recommendation: HMRC should ensure it allocates sufficient resources to customer service now and in the future to meet its performance targets.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: September 2025

2.2 The government agrees with recommendation 2a and is currently considering HMRC's resourcing as part of the Spending Review. Further digitising HMRC's customer services will enable more customers to self-serve online, which in turn will enable HMRC's helpline advisers to focus on helping those customers who need support because, for example, they are digitally excluded, are experiencing vulnerable circumstances or due to the complexity of their affairs. HMRC will publish a Transformation Roadmap in 2025 outlining plans to extend digital services and provide better customer service for customers. It will include measures to ensure digital inclusion and support for customers who cannot interact with HMRC digitally. Greater digitisation of HMRC's services will both improve services for customers and provide better efficiency for the taxpayer.

2b. PAC recommendation: HMRC should establish "guard rails" to protect services.

2.3 The government disagrees with the Committee's recommendation.

2.4 HMRC constantly reviews operational plans and forecasts of customer contact demand, monitoring performance and proactively adjusting resourcing levels day-by-day and week-by-week.

2.5 By constantly taking action to flex resources between different channels, including telephones and post, HMRC delivers the best possible service with the resources available to it.

2c. PAC recommendation: Where service levels fall more than five percentage points below target levels this should trigger a corrective response, with additional resources deployed if needed.

2.6 The government disagrees with the Committee's recommendation.

2.7 The department does not wait for specific performance triggers - it is always reviewing plans and forecasts of demand, monitoring performance and proactively adjusting resourcing levels day-by-day and week-by-week.

2.8 By constantly taking action to flex resources between different channels, including telephones and post, HMRC delivers the best possible service with the resources available to it.

2.9 There is a constant, open dialogue between HMRC, HM Treasury and ministers about HMRC's service performance and the resource needed.

2.10 Where performance pressures are identified, HMRC will always have discussions with HM Treasury and ministers about resourcing levels and whether funding or reprioritisation are needed to improve service levels.

3. PAC conclusion: HMRC has been too willing to let its telephone services fail in the hope this forces people to use its digital services instead.

3a. PAC recommendation: HMRC should ensure it understands how far its digital services can replace telephone services and what level of telephone service it needs to retain to meet customers' needs - including those of small businesses.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2026

3.2 The government does not agree with the Committee's conclusion that HMRC has been too willing to let its telephone services fail in the hope this forces people to use its digital services instead. The Exchequer Secretary to the Treasury has made clear that improving customer services is one of his three priorities for the department.

3.3 HMRC continuously collects and analyses customer data and insight to optimise its decision-making process. This evidence-based approach helps determine where digital solutions can reduce overall demand and help the department to ensure it can provide telephony support to those who need it, and will inform HMRC's Transformation Roadmap to be published in 2025.

3.4 HMRC's digital-first strategy aims to improve customer service by offering convenient digital self-service options for customers, including small businesses and their agents. Use of HMRC's app and other online services continues to grow, with these consistently receiving high customer satisfaction ratings. While encouraging the use of digital services, HMRC knows that some taxpayers may need alternative support. HMRC will continue to provide support through other channels, such as telephone and face-to-face appointments, for those who need it.

3.5 HMRC has made recent improvements across all its channels and for all types of customers. It has made significant progress in telephony and correspondence service performance during 2024-25. Funding provided by the government for 2025-26 will enable HMRC to maintain service standards on telephony and correspondence.

3b. PAC recommendation: HMRC should ensure it meets a minimum level of service for all customers, including those 7 million customers HMRC estimates can't use digital services.

3.6 The government agrees with the Committee's recommendation.

Recommendation implemented

3.7 HMRC encourages customers to use its online services wherever possible. However, HMRC recognises the importance of providing phone support for those who need it, including customers who cannot use digital services, or who need some assistance to do so, vulnerable customers and those with more complex tax affairs.

3.8 HMRC estimates that 20% of its customers might need assistance to interact digitally, with 1-2% of customers within that group digitally excluded. HMRC's Extra Support teams have recently been expanded, and funding has been provided to voluntary and community sector organisations that assist customers with HMRC interactions.

3.9 The department will continue to inform its transformation and digital-first ambitions with research to ensure its approach to digitalisation is in line with customer needs. This includes thorough user research to inform newly digitised services and wider social research to keep pace with customer contact preferences and tax regime-specific needs.

3.10 HMRC will publish a Transformation Roadmap in 2025, outlining plans to extend digital services and tools to provide better customer service for customers, including small businesses, and agents. It will include measures to ensure digital inclusion and support customers who cannot interact digitally.

4. PAC conclusion: HMRC does not provide an efficient means for taxpayers to communicate digitally with HMRC.

4. PAC recommendation: As part of its digital roadmap, HMRC should prioritise introducing systems for customers to submit files and send secure messages electronically to HMRC. This should enable savings which can be recycled into improving its service.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: March 2028

4.2 HMRC is considering options to enhance and improve its current services to give taxpayers and intermediaries secure digital channels that they expect, the ability to communicating and exchanging documents, driving better customer service and increasing yield.

5. PAC conclusion: HMRC's investment in debt management has not sufficiently reduced the amount of tax owed to it.

5. PAC recommendation: Now that HMRC has secured even more resources to manage the debts owed to it, it should set out what reduction in the debt balance it is aiming for and by what date, and a plan for how it will recover older debts before they become uncollectable.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: September 2025

5.2 The tax debt balance has remained over £40 billion for almost three years, and around half of this is over 12 months old. This is despite HMRC resolving over £100 billion of tax debt each financial year and reflects that the flow of new debt created each year remains higher than historical levels.

5.3 HMRC has received more funding at recent fiscal events to help it collect more tax debt. HMRC will have more staff dedicated to debt collection in 2025-26 than it has had in any year since 2014-15. HMRC is also looking at ways to reduce the amount of new tax debt that arises, including making it easier for customers to pay on time.

5.4 HMRC will respond to the Committee in September 2025 with its expectations for the tax debt balance by 2029-30 and plans for older debts. This will allow for the outcome of the Spending Review Phase 2 to be taken into consideration.

6. PAC conclusion: We welcome HMRC's new goal to reduce the tax gap but we are concerned that it still plans to reduce the number of prosecutions.

6a. PAC recommendation: Now that HMRC has been tasked with reducing rather than just maintaining the tax gap, it must be bolder in identifying and tackling abuse. HMRC should:

- ***set ambitious targets for compliance yield that would allow it to achieve annual reductions in the tax gap.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: June 2025

6.2 HMRC will set stretching annual compliance yield targets with Ministers. This will include the expected additional tax revenue from measures announced at Autumn Budget 2024, which are estimated to generate £6.5 billion in 2029-30 to close the tax gap.

6b. PAC recommendation:

- ***obtain an estimate that is as accurate as feasibly and practically possible of the offshore tax gap and develop a standalone strategy to reduce it; and***

6.3 The government agrees with the Committee's recommendation.

Target implementation date: June 2026

6.4 HMRC will assess the feasibility of extending the published estimate of the tax gap arising from undisclosed foreign income, including engaging with academics. HMRC is determined to address offshore tax non-compliance, as part of the government's efforts to close the tax gap. HMRC has had a published strategy for ensuring offshore tax compliance since 2019. The government set out its approach at Autumn Budget 2024 and announced significant additional resources, including the scaling up of compliance activity to tackle serious offshore non-compliance, including fraud by wealthy customers, corporates they control and other connected entities. As a result of this investment, HMRC will increase its capacity and capability to tackle the most challenging examples of serious non-compliance.

6c. PAC recommendation:

- ***research which interventions are most effective in achieving a deterrent effect for tax evaders and organised criminals. This research should explicitly consider whether there are trade-offs between civil and criminal routes, if the former brings in more revenue in the short term but has the effect of decreasing the deterrent effect of criminal offences in the long run.***

6.5 The government agrees with the Committee's recommendation.

Target implementation date: September 2026

6.6 HMRC will commence new work to further understand the deterrent and direct compliance yield impacts of civil and criminal interventions. The timeframe and scope of this work (including the methodological approach required) will be informed by an initial internal analysis and is dependent on the availability of appropriate data. This will also build on previous and current analysis developed in response to previous recommendations from the Committee related to the deterrent effect of prosecutions.

6d. PAC recommendation:

- ***HMRC should develop a strategy to maximise effectiveness of both civil processes and criminal prosecutions and consider setting a target for prosecutions.***

6.7 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2025

6.8 HMRC's published criminal investigation policy outlines how it maximises the effectiveness of criminal investigations, including the circumstances in which HMRC will generally consider starting a criminal, rather than civil investigation.

6.9 Additional funding announced at Autumn Budget 2024 will increase HMRC's counter-fraud capability and enable the department to expand its work to address fraud. HMRC will publish an updated Issue Brief articulating its ambitions to better address fraud, including areas of likely focus where it can increase its effectiveness through the use of its civil and criminal powers.

6.10 HMRC is currently considering the scale of the associated uplift in positive charging decisions associated with this increased investment and will publish a target in due course.

Fourth report of Session 2024-25

Ministry of Housing, Communities and Local Government

Tackling Homelessness

Introduction from the Committee

The Housing Act 1996 defines someone as 'homeless' if there is no accommodation available for them, or if it is not reasonable for them to continue occupying the accommodation that they have. The Ministry of Housing, Communities and Local Government (MHCLG) has policy responsibility for tackling homelessness in England, and leads on implementing homelessness policies across government. It also distributes homelessness funding to local authorities, who have statutory duties to assist people who are homeless or threatened with homelessness. Local authorities also receive funding relevant to homelessness from other sources, such as the Department for Work and Pensions (DWP) and the Home Office.

Under the Homelessness Reduction Act 2017, local authorities have three types of duty:

- a prevention duty, which may involve negotiating with a landlord or family member, providing mediation, helping to reduce rent arrears, or securing alternative accommodation;
- a relief duty, which may involve helping an applicant to secure housing in the private rented sector, placing them into supported housing, or helping them bid for social housing;
- and a main duty, which involves providing those in priority need with temporary accommodation.

The latest data show that 123,000 households in England were being housed in temporary accommodation as at June 2024. In 2022–23, local authorities spent over £2.4 billion on delivering homelessness services, of which over £1.6 billion was used to provide temporary accommodation. Data published after our evidence session suggest that spending rose in 2023–24, to around £3.1 billion and £2.1 billion respectively.

Based on a report by the National Audit Office, the Committee took evidence on 2 December 2024 from the Ministry of Housing, Communities and Local Government and the Department for Work & Pensions. The Committee published its report on 24 January 2025. This is the government's response to the Committee's report.

Relevant reports

- NAO report: The effectiveness of government in tackling homelessness – Session 2024-25 (HC 119)
- PAC report: Tackling homelessness – Session 2024-25 (HC 352)

Government response to the Committee

1. PAC conclusion: Local authorities are insufficiently resourced to focus on preventing households from becoming homeless.

1. PAC recommendation: Alongside its Treasury Minute response, MHCLG should write to the Committee with a detailed explanation of how it plans to incentivise and work with local authorities to improve their homelessness prevention activities.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

1.2 The Ministry for Housing, Communities and Local Government (MHCLG) wrote to the Committee alongside this Treasury Minute with its plans for incentivising local authorities to improve their homelessness prevention duties.

2. PAC conclusion: It is unacceptable that B&B accommodation is being used routinely to house people rather than as a last resort.

2. PAC recommendation: In its Treasury Minute response, MHCLG should set out how it intends to strengthen its use of HAST advisers in supporting local authorities to reduce their use of B&B accommodation. Alongside this MHCLG should support local authorities with high rates of temporary accommodation use to plan how to reduce their reliance on it.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 In January 2025, MHCLG launched the Emergency Accommodation Reduction Pilots, which was backed by £5 million to work with 20 local authorities with the highest use of bed & breakfast (B&B) accommodation for homeless families, to test innovative approaches and kickstart new initiatives to reduce the use of B&Bs. Areas were selected using the latest quarterly homelessness data from June 2024.

2.3 In February 2025, MHCLG announced a further £3 million funding for 2024-25 to the pilot areas, to undertake occupancy audits of temporary accommodation, to help establish a baseline for the pilots and to identify any voids, fraud or irregular arrangements, which could free up better quality temporary accommodation units for use by households currently living in B&Bs and other forms of emergency accommodation. This takes the total funding for the Emergency Accommodation Reduction Pilots to £8 million.

2.4 Alongside the Emergency Accommodation Reduction Pilots, the department's Homelessness Advice and Support Team (HAST) advisers continue to work with all local authorities, particularly focusing on local authorities that have high homelessness demand and high rates of temporary accommodation.

3. PAC conclusion: Too many people's lives are disrupted by being placed in temporary accommodation outside of their local area.

3. PAC recommendation: MHCLG should improve its data on out of area placements as a matter of urgency, and use the data to encourage better coordination between local authorities, to minimise the number of households placed out of area. It should also explore possible steps to incentivise councils to use local providers.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2025

3.2 MHCLG is exploring what additional data related to temporary accommodation can be published on a regular basis from its existing collection, potentially quantifying the number of out of area placements received. Improved availability of data will assist local authorities to collaborate and coordinate on the location of placements.

3.3 The homelessness legislation already requires local authorities to place homeless households in their area wherever possible. Where this is not possible, the legislation requires local authorities to place the household as near as possible to the original local authority. The government considers this a strong incentive to use local provision, however MHCLG will continue to explore this important issue in its engagement with local government.

4. PAC conclusion: We are not convinced that, in setting Local Housing Allowance (LHA) rates, the Department for Work & Pensions (DWP) has given due consideration to the impact on homelessness.

4. PAC recommendation: Alongside the Treasury Minute response, DWP should write to the Committee setting out, in detail, its justification for the levels of LHA it has set, both for individuals and for local authorities with regard to the temporary accommodation subsidy.

4.1 The government agrees with the Committee's recommendation**.**

Recommendation implemented

4.2 The Department for Work and Pensions wrote to Committee, on 21 February 2025, setting out its justification for the levels of Local Housing Allowance it has set, both for individuals and for local authorities with regard to the temporary accommodation subsidy.

5. PAC conclusion: Tackling homelessness has long been hampered by the absence of a joined up, cross-government approach.

5a. PAC recommendation: In its Treasury Minute response, MHCLG should provide the Committee with further details of how its proposed cross-government homelessness strategy will generate practical improvements, including through:

- ***a consolidation of the funding to tackle homelessness into far fewer streams;***

5.1 The government agrees with the Committee's recommendation**.**

Target implementation date: after Spending Review 2025

5.2 For 2025-26, MHCLG will be consolidating its main rough sleeping and single homelessness focused grants (Rough Sleeping Initiative, which includes Housing First funding, and Accommodation for Ex Offenders) into a single grant outside of the Settlement, to run alongside the Homelessness Prevention Grant. These two, targeted grants will put an end to bidding processes and enable local authorities to more efficiently and flexibly plan and deliver services.

5.3 From 2026-27, MHCLG is planning reform of the wider local government finance system with a consultation currently open on the principles and objectives that underpin these changes. This will include an updated assessment of local authorities' need and their available resources. In addition to reforming how funding is distributed, the government has committed to simplifying the wider local funding landscape, reducing the number of individual grants and consolidating them into the Local Government Finance Settlement where possible. This will provide local authorities with more flexibility to meet the needs of local people, and to decide how best to deliver on national priorities.

5.4 As part of these reforms, MHCLG will explore options for aligning Homelessness Prevention Grant funding with rough sleeping funding and consider whether and how to consolidate homelessness grant funding into the Local Government Finance Settlement. The government is committed to resetting the relationship with local government and providing greater freedoms. MHCLG is considering how to deliver this consolidation in a way that ensures homelessness pressures are addressed and supports government's commitment to getting back on track to ending homelessness, alongside meeting these wider ambitions.

5b.PAC recommendation:

- ***….. eliminating competition between local authorities and the Home Office for temporary accommodation; and***

5.5 The government agrees with the Committee's recommendation**.**

Target implementation date: after the Spending Review 2025

5.6 The Home Office is working with MHCLG and local authorities to deliver a future strategy for asylum accommodation, which is aimed at supporting the commitment to end the use of hotels for asylum seekers, and developing a better long-term model which is more locally-led and reduces local competition, including by delivering new supply.

5c. PAC recommendation:

- ***…. learning appropriate lessons from the UK devolved administrations.***

5.7 The government agrees with the Committee's recommendation**.**

Target implementation date: after Spending Review 2025

5.8 MHCLG is always keen to learn from other countries' approaches and apply that to policy in England where appropriate. In particular, the government has been monitoring the implementation and impact of reforms to the private rented sector in Scotland, to inform its own Renters Rights Bill. Ministers and officials engage regularly with their counterparts in the devolved administrations to discuss a range of issues, including tackling homelessness, and MHCLG will engage with all of the devolved administrations prior to publication of the homelessness strategy.

5d. PAC recommendation:

- ***…. implementing the exemption from the local connection or residency test for all veterans, care leavers under 25 years, and victims of domestic abuse, while mitigating the impact for other groups.***

5.9 The government agrees with the Committee's recommendation**.**

Target implementation date: after Spending Review 2025

5.10 On 24 September 2024, the Prime Minister announced an ambition to house all veterans in housing need and improve access to social housing for young care leavers and victims of domestic abuse.

5.11 On 18 December 2024, Regulations came into force to exempt all former members of the regular armed forces from any local connection tests applied by local authorities in England. Prior to this, only veterans who had left the armed forces within the preceding 5 years were exempt from any local connection test. The new regulations ensure that no veteran of the regular armed forces will need to meet a local connection test for social housing regardless of when they last served.

5.12 MHCLG will bring forward further changes to social housing allocations regulations in due course to exempt victims of domestic abuse and care leaves under 25 from local connection and residency tests. This will remove a potential qualification barrier to vulnerable groups accessing social housing.

5.13 Local authorities will continue to be able to design their own allocation schemes, within the legal framework set by government, in a way that best meets local needs. This includes prioritising those most in housing need such as those who are homeless, in overcrowded housing or who need to move for medical or welfare reasons.

6. PAC conclusion: The homelessness problem is being exacerbated by a severe shortage in housing supply, and especially affordable housing.

6. PAC recommendation: In its Treasury Minute response, MHCLG should provide the Committee with an update on how its proposed new housing strategy will achieve practical improvements in the delivery of new homes, and particularly affordable homes. In addition, both MHCLG and Homes England should detail why Homes England fell short of its targets for new homes in 2023–24, including affordable homes, and what steps they are taking to ensure targets for 2024–25 and beyond will be achieved.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: after Spending Review 2025

6.2 In 2023-24 Homes England exceeded their housing delivery targets by enabling the completion of 32,320 homes against a target of 29,641, facilitating the start of construction for an additional 35,676 homes against a target of 32,967 and unlocked land that is capable of delivering 26,273 further homes against a target of 25,788.

6.3 In terms of affordable housing, Homes England had a target of 19,500 completions in 2023-24 but exceeded this by achieving 22,115 completions. Homes England are currently working with MHCLG officials to design the new AHP programme with new targets set to match the government's ambition and reflect current market conditions.

6.4 MHCLG will publish a housing strategy which will set out a long-term vision for a housing market that works for communities, builds 1.5 million high-quality homes, and the biggest increase in affordable housing for a generation. It will include the actions that government will take to reach this vision, building on the announcements already made, and providing long-term certainty for the market.

7. PAC conclusion: Despite legislation designed to tackle well-established problems and gaps in regulation, MHCLG has made no progress in improving the oversight of the supported housing sector.

7. PAC recommendation: MHCLG should implement the provisions of the Supported Housing (Regulatory Oversight) Act as quickly as possible, and provide an update on its progress in its Treasury Minute response.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2026

7.2 A consultation on the implementation of measures in the Supported Housing (Regulatory Oversight) Act was published on 20 February 2025 and is open for 12 weeks. This sets out proposals on a locally led licensing regime for supported housing and the National Supported Housing Standards. The consultation also seeks views on potentially linking Housing Benefit to the licensing regime in England, to new or existing frameworks in Scotland and Wales and defining care, support and supervision in Housing Benefit regulations in England, Scotland and Wales. Following the consultation, the government will issue a response as soon as possible.

Sixth report of Session 2024-25

Department for Work and Pensions

DWP Customer Service and Accounts 2023-24

Introduction from the Committee

The Department for Work & Pensions (DWP) is responsible for the delivery of welfare, pensions and child maintenance policy. It administers working-age, retirement, disability and ill-health benefits to more than 23 million people across Great Britain. In 2023–24, it spent £268.5 billion on benefit payments plus £7.3 billion on running costs. The quality of service that DWP provides matters because claimants rely on the accurate and timely payment of the benefits to which they are entitled to avoid or mitigate financial hardship. Poor customer service can have a range of detrimental impacts, including frustration, distress and disruption for customers, and additional cost for DWP as it, for example, has to deal with repeated calls from customers chasing progress. Benefit payments may be incorrect due to deliberate fraud, either by individuals or by organised crime groups, or unintended error by claimants or by DWP or another part of government. The Comptroller & Auditor General (C&AG) has qualified his opinion on the regularity of DWP's accounts for the past 36 years due to the material level of fraud and error in benefit expenditure. State Pension is excluded from the qualification because it has a significantly lower level of fraud and error. DWP's approach to tackling fraud and error includes a range of initiatives, such as Targeted Case Reviews to verify around 8 million existing UC claims and machine learning techniques to help identify possible fraud.

Based on a report by the National Audit Office, the Committee took evidence on Thursday 5 December 2024 from the Department for Work and Pensions. The Committee published its report on Friday 31 January 2025. This is the government's response to the Committee's report.

Relevant reports

- NAO report: DWP Customer Service – Session 2024-25 (HC 127)
- NAO report: Department for Work and Pensions Accounts 2023-24 – Session 2024-25 (HC 62)
- PAC report: DWP Customer Service and Accounts 2023-24 – Session 2024-25 (HC 354)

Government response to the Committee

1. PAC conclusion: It is unacceptable that ESA claimants are having to wait an average of nearly 30 minutes for DWP to answer their calls.

1. PAC recommendation: DWP should set out how it will improve its speed to answer calls from ESA claimants in 2025–26 and how it will judge its success.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Work and Pensions (the department) is actively recruiting 160 colleagues by March 2025 with colleagues expected to take up post by June 2025.

1.3 The department will monitor improvements to the average speed of answer using daily Management Information and reporting tools and will judge the success against an improved average speed of answer which is line with other department delivered services. Customer wait times for ESA enquiries will be improved by September 2025.

2. PAC conclusion: DWP processes only around half of new PIP claims on time against a target for 75% of claims to be processed within 75 working days.

2. PAC recommendation: DWP should set out when it expects to achieve its target for 75% of new PIP claims to be processed within 75 working days.

2.1 The government disagrees with the Committee's recommendation.

2.2 Whilst the department has significantly improved clearance times for PIP claims in 2023-24, with 52% cleared within 75 working days (increased from 7% in 2021-22) despite demand increasing 22% over the same period, the government disagrees with the Committee's recommendation. Whilst the department will continue to make every effort to improve clearance times, as the Committee will understand, it has to balance speed against the risk of inaccuracy and ensuring the department is processing complex cases and avoiding harm.

2.3 Ensuring safe delivery will be particularly critical as the department implements the changes outlined in the recent "Pathways to Work" Green Paper. The department continues to look for ways to improve its service to customers and is modernising the PIP customer journey through the Health Transformation Programme.

2.4 So in the longer-term, the Health Transformation Programme will modernise PIP to improve customer experience and build trust. Simplifying and automating customer journeys, and tailoring how customers are assessed, will mean many customers get a decision quicker. Once fully developed, the new service will include an option to apply and track the application wholly online.

3. PAC conclusion: DWP does not understand well enough the experience of vulnerable customers and customers with additional or complex needs.

3. PAC recommendation: DWP should gather the data it needs to develop a deeper understanding of the experiences of different customer groups and act to improve the support it provides in light of its customer experience survey and any wider research findings.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 The department captures customers' additional needs through its systems. This is a key part of its modernisation strategy, but it recognises that its current transformation plans run for several years, and the department needs to better understand the experiences of its customers including its vulnerable customers.

3.3 In the interim, the department is strengthening how it uses research data to better understand customer experiences and drive improvements. It already publishes analysis of variation in overall satisfaction by long-term health conditions (physical, mental, or both), and is exploring opportunities to extend this analysis to other support needs data captured on systems. Additionally, the new Customer Experience Survey contract (2025-28) will ensure the department collects and analyses the right data to gain deeper insights. The first results will be published in the 2025-26 Customer Experience Survey report and findings will be monitored internally on a regular basis to track emerging trends and identify areas for action.

3.4 These insights will complement existing research across the department, helping pinpoint where support is needed for different customer groups. At the same time, it is developing real-time customer feedback capability through the Contact Centre Modernisation Programme, enabling faster responses to customer needs and improving service delivery.

3.5 The department is strengthening data collection on customers supported by Advanced Customer Support Teams, including insights from the Call Listening Alert Service, which helps identify at-risk customers and informs the design of DWP's future telephony platform.

3.6 By integrating these insight activities, it is building a comprehensive, data-driven view of customer experiences. This joined-up approach will drive service improvements, policy decisions, and operational enhancements, ensuring the department meets customer needs effectively across all channels.

4. PAC conclusion: Realising the benefits of service modernisation will require strong leadership to embed cultural change within DWP and its outsourced providers.

4. PAC recommendation: DWP should set out how it will monitor and mitigate the risk that it does not achieve the cultural change necessary for successful service modernisation.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The department recognises that successful service modernisation requires long-term, genuine systemic and organisational culture change. It is fostering a cultural shift by enhancing behaviours, skills, and support to deliver high-quality customer experiences, promoting innovative solutions that improve outcomes and public service delivery.

4.3 The department monitors progress using various tools. It tracks performance against People Survey indicators to assess positive culture change. For example, it monitors perceptions of change management and innovation driven by customer experience. Improvements were made in 2024, with results above the Civil Service benchmark.

4.4 Equipping staff to adapt is crucial for culture change. The department utilises wider colleague insight to monitor and act on feedback. Its Customer Experience research also ensures that direct feedback from customers is heard and used to inform improvements to customer services.

4.5 The department's change programmes adhere to a Risk Management Framework, recognising and managing risks related to cultural change. For instance, a key risk identified by the Service Modernisation Programme (SMP) is the potential failure to achieve necessary behavioural changes to land change successfully. This risk is mitigated by the provision of change champions within modernisation areas who facilitate two-way communication between programmes and front-line staff.

4.6 The SMP has also developed a Service Maturity Framework for services in its scope, which is a key performance measurement and assesses maturity levels in areas such as culture and leadership, identifying gaps to focus on.

4.7 Additionally, initiatives like the Change Management Community of Practice, co-chaired by SMP, support cultural change across the department by driving change management improvements and supporting colleagues throughout its change community.

5. PAC conclusion: Benefit claimants received over £4 billion less than they were entitled to in 2023–24, increasing the risk of financial hardship for the people losing out.

5. PAC recommendation: To help make sure people receive the full amounts they are entitled to, DWP should set out how it plans to build trust with claimants and make it easier for them to provide updates on changes of circumstances.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 According to the latest national statistics, "underpayments" in the benefit system represent a small percentage of total benefit expenditure. The total rate of benefit expenditure underpaid in the financial year ending 2024 was 0.4% (£1.1billion), compared with 0.5% (£1.2billion) in the previous year.

5.3 The causes of unfulfilled eligibility are many and complex but trust in the department lies at the heart of the issue. Disability benefit customers have concerns that reporting changes will lead to reduction in entitlement, so many choose not to. There are also some who simply don't recognise their needs have changed because their condition worsens slowly over a long period of time. Tackling the issue is not just a matter for the department. Wider discourse about disability benefits is bound to have an impact on perceptions which might drive increases in unfulfilled eligibility, making progress difficult. The department will continue to challenge misconceptions of its service and build trust, starting with the commitment to introduce a safeguarding approach.

5.4 Over the longer term, the department plans to deliver significant service modernisation through the implementation of the Health Transformation Programme, which will improve the experience of customers and help to rebuild trust in the department and confidence for customers reporting changes. The Programme will also make it easier for customers to provide updates. It is transforming the entire PIP service, including introducing an optional online service, which will eventually enable customers to apply, track and monitor their claim and inform the department of changes of circumstances.

6. PAC conclusion: Excluding State Pension, £9.5 billion of benefit expenditure was overpaid in 2023–24 and DWP did not achieve its savings target from Targeted Case Reviews.

6. PAC recommendation: DWP should set out how it will use the extra £110 million it received in the Autumn Budget 2024 for counter fraud activities to reduce overpayment rates.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The department's focus for Targeted Case Review (TCR) in 2023-24 was to continue to scale and stabilise a new operation that began testing in 2022-23. In adopting a hybrid resource model to reduce the impact on in-house operational resource, efforts were re-prioritised from iterating the service to make gains on productivity and hit rate to safely onboarding the commercial provider and safeguarding the future impact of TCR. TCR will be at full scale from March 2025.

6.3 As announced at Autumn Budget 2024, the government is increasing funding for counter fraud, error and debt activity by £110 million in financial year 2025-26. This investment is expected to deliver £178 million in savings to the taxpayer over the next financial year and lay the foundations for increased savings in later years – the Budget committed the department to total additional savings of £8.6 billion.

6.4 As a result of this investment, from April 2025, the department will begin progressive deployment of an additional 3,000 staff to identify and recover overpayments in the benefits system. This activity will save £78 million in 2025-26. The department expects the full 3,000 staff will be in role by 2027-28.

6.5 Alongside investment in frontline counter-fraud capability, the department will also begin deployment of additional operational resource to periodically ask Universal Credit claimants to confirm whether they have had a change in circumstances. This activity is expected to save £100 million in 2025-26. The department is also utilising funding to support evaluation of small-scale trials in Universal Credit, to test new and innovative means of preventing incorrect payments from occurring.

7. PAC conclusion: We remain concerned about the potential negative impact on protected groups and vulnerable customers of DWP's use of machine learning to identify potential fraud.

7. PAC recommendation: DWP should share with us – in confidence if necessary – the results of its 2024 fairness impact assessment in order to provide reassurance that its use of machine learning is not resulting in claimants being treated unfairly.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

7.2 The department will support an in-confidence session with the Committee and departmental officials to set out the 2024 fairness analysis assessment.

7.3 Moving forward, the department has made a commitment at the Work and Pensions Select Committee on 29 January 2025 (Q18) to develop a new publishable form of fairness analysis assessment.

7.4 Across the public sector, this department is at the forefront of producing fairness analysis such as these. There is no set government standard for fairness analysis, nor any best practice examples that the department could identify, therefore it has had to adopt a test and learn approach to fairness analysis. The fairness analysis method has been endorsed by statistical experts.

7.5 At every stage of machine learning development, the department ensures checks and balances are in place and have safeguards to minimise the risk of unfair treatment or detrimental impact on legitimate claimants.

7.6 The department has reflected on how it can assure Parliament and the public of its processes and have committed to a new approach to fairness analysis of machine learning models designed to tackle fraud. To introduce additional independence and scrutiny into the process, the department will:

- Improve upon existing governance around the assessment of the fairness analysis to determine whether each model is effective and remains reasonable and proportionate.
- Assure both the statistical analysis and the assessment will be overseen by a team independent of those running the machine learning models, with reference back to the appropriate internal governance board when issues are discovered that require action.

- Draft fairness analysis assessments in such a way that they can be published unredacted, setting out the rationale for why the department assesses the models to be reasonable and proportionate but without divulging the detail of its fraud and error controls that would put the security and integrity of the social security system at risk from fraud.

7.7 The aim of this new approach is to provide the Committee, Work and Pensions Select Committee and the wider public with assurance on the department's fairness analysis.

Seventh report of Session 2024-25

Home Office

Asylum accommodation: Home Office acquisition of former HMP Northeye

Introduction from the Committee

The Home Office has responsibility for asylum and immigration policy in the UK. This includes supporting asylum seekers who would otherwise be destitute by providing financial support and accommodation while it determines their asylum claims. In 2023–24, the Home Office spent £4.7 billion on asylum support, including £3.1 billion on hotels. At the end of September 2024, the Home Office was providing accommodation for around 106,000 asylum seekers, including around 35,700 in hotels.

The previous government sought to reduce the use of hotels to accommodate asylum seekers by trying to procure accommodation in local areas, as well as by setting up large sites such as barges and disused military bases. As part of this policy, the Home Office made the decision to acquire the Northeye site in Bexhill-on-Sea and completed the purchase in September 2023 for around £15.4 million.

The Home Office now intends to transfer or sell the Northeye site as it is not suitable for asylum accommodation. It is also resetting its asylum accommodation strategy and plans to move away from using large sites to house asylum seekers in favour of smaller sites.

Based on a report by the National Audit Office, the Committee took evidence on 9 December 2024 from the Home Office. The Committee published its report on 5 February 2025. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Investigation into the acquisition of the Northeye site for asylum accommodation – Session 2024-25 (HC 361)
- PAC report: Asylum accommodation: Home Office acquisition of former HMP Northeye – Session 2024-25 (HC 361)

Government response to the Committee

1. PAC conclusion: The Home Office rushed to spend public money in trying to reduce the cost of supporting asylum seekers, but has very little to show for its efforts.

1a. PAC recommendation: The Home Office should, as part of its Treasury Minute response, provide a detailed breakdown of: how much money it has spent on asylum programmes that have now been cancelled, including additional remediation costs; what benefits these programmes have delivered for asylum seekers and the taxpayer; how much alternative accommodation would have cost; and how much public money has been wasted. This breakdown should include:

- ***all large asylum accommodation sites***

1.1 The government agrees with this recommendation.

Recommendation implemented

1.2 The Northeye site at Bexhill-on-Sea is in the process of being disposed of either via government transfer or sale on the open market. The intention is to recoup as much of the purchase price as possible. We have not begun using the site and no remediation works undertaken. Some site security costs have been incurred, these amounted to £150k as at the end of 2024.

1.3 As per the NAO's report on asylum accommodation, £2.9 million was spent in preparing an ex-MoD site at Linton-on-Ouse for asylum accommodation; and £0.5 million was spent on reserving vessels whilst the feasibility of using them was determined.

1.4 The ex-MoD site at Scampton was purchased for £6.5 million and is now going through the disposal process where the Home Office will seek to recoup as much of the purchase price as possible. As stated in September 2024 to the House by the Minister for Border Security and Asylum, £60 million has been spent on preparing the site and a further £122 million would have been spent through to 2027 which no longer represented value for money.

1.5 The ex-MoD site at Wethersfield and the Bibby Stockholm in Portland have both been used to house asylum seekers, with the value for money test being met (i.e. the sites being cheaper than hotel accommodation). The Bibby Stockholm contract expired in January 2025 and was not renewed, the Wethersfield site continues to operate with planning permission for use as asylum accommodation via a Special Development Order until April 2027.

1b. PAC recommendation: The Home Office should, as part of its Treasury Minute response, provide a detailed breakdown of: how much money it has spent on asylum programmes that have now been cancelled, including additional remediation costs; what benefits these programmes have delivered for asylum seekers and the taxpayer; how much alternative accommodation would have cost; and how much public money has been wasted. This breakdown should include:

- ***the Rwanda partnership, and***
- ***any other asylum accommodation initiatives that have not met their intended objectives.***

1.6 The government agrees with this recommendation.

Recommendation implemented

1.7 The department has already published a breakdown of all Home Office costs associated with the MEDP with Rwanda and the Illegal Migration Act 2023.

1.8 Economic Transformation and Integration Fund (ETIF) - The Fund was intended to support economic development in Rwanda and has been used for that purpose. The government has been clear that it will not send further money to the government of Rwanda in connection with the Migration and Economic Development Partnership.

1.9 One-off payments to the government of Rwanda - This £20 million payment was intended to cover advanced operational costs. The department is working with the government of Rwanda to review the costs they have incurred through setting up and winding down the partnership.

1.10 Other related cost to operationalise the Illegal Migration Act (IMA) – In the publication, costs associated to flights, escorting, airfield and impacted police force have been included. There were also costs incurred to design and develop the digital, IT and data systems required to operationalise the MEDP and IMA, associated programme and legal costs, and the cost of staff working directly on both.

1.11 The department is engaging with the NAO and HM Treasury on the most appropriate ways to account for this cost.

2. PAC conclusion: In its haste to purchase the Northeye site, the Home Office ignored opportunities to properly understand the risks and costs of developing it, leading to poor value for money for the taxpayer.

2. PAC recommendation: The Home Office should, as part of its Treasury Minute response, set out what changes it has made to ensure future investment decisions are made on a comprehensive range of information, following a full and transparent consultation with a range of stakeholders, even where decisions need to be made at pace.

2.1 The government agrees with this recommendation.

Recommendation implemented

2.2 The Asylum Accommodation Programme (Non-Detained) has recently undertaken a strategic refresh and is now working to deliver smaller to medium-sized sites to contribute to a more flexible asylum accommodation estate.

2.3 As potential sites are identified and progressed, a Stage Gate process, which builds on the lessons learned from the delivery of previous sites, is followed to ensure that any decisions made are informed by a comprehensive range of information. At an early stage, checks including site surveys, environmental audits and legal title and restrictive covenant checks are carried out, and sites are scored based on multiple factors to determine feasibility to proceed. As potentially feasible sites are then progressed, an Outline Business Case is developed and early engagement takes place with the Office for Government Property in the Cabinet Office before formal approval is sought through a Property Control Request Approval. This process is undertaken for all sites prior to acquisition.

2.4 The Programme recognises the importance of consultation with key stakeholders and has also refreshed its approach to engagement, starting this at a much earlier stage for identified sites and working more closely with Local Authorities throughout progression to mitigate key risks including social cohesion issues. The Programme's newly formed Community Cohesion team gather community and regional insight, informed by Asylum Accommodation Plans, and considering local amenities and potential benefits early in the process to lead on this engagement prior to acquisition. Established forums are also used including strategic level groups and Multi-Agency Forums, bringing together key partners.

3. PAC conclusion: The Home Office failed to ensure it had sufficient capability to manage the commercial and property risks during its acquisition of the Northeye site.

3. PAC recommendation: The Home Office should, as part of its Treasury Minute response, set out: how many dedicated commercial and property staff it now has working in its asylum accommodation team (and how many it had at the time it purchased the Northeye site); their level of seniority and experience and/ or professional accreditation; and its further plans for strengthening its commercial capability.

3.1 The government agrees with this recommendation.

Target implementation date: November 2025

3.2 The Commercial Team is led by one SCS1 Commercial Specialist with responsibility for the Procurement Team and Commercial Contract Management Teams supporting the Asylum Support business area under which the Asylum Accommodation Programme (AAP) sits. One G7 Commercial Lead is dedicated to AAP, and they are assisted by one resource who delivers Procurement Support. These professionally qualified resources were in place when Northeye was acquired. The Committee is asked to note that Home Office Commercial Directorate were not engaged in the acquisition of Northeye because Commercial do not have delegated authority to undertake Property transactions. However, the Commercial team can undertake financial due diligence on third parties involved in acquisitions by the Home Office, if requested to.

3.3 It is recognised that the Programme's Commercial Team (Procurement and Commercial Contract Management) will need to be increased. Details of the required additional permanent civil servants for the Programme's Commercial Team are currently being scoped and will be subject to approval by the Programme.

3.4 The now SRO of the programme and Director of Asylum Accommodation is a fully accredited member of the Government Property Profession and has brought in a wide range of skillset to the team including Property, FM and Health, Safety and Compliance expertise. The Property Team is formed of three Chartered Surveyors (MRICS); the lead SCS1 Surveyor appointed to the Programme in September 2023 has 24 years of experience in commercial and government property transactions. Two G7 Chartered Surveyors deliver acquisitions and manage outsourced delivery partners. At the time of the purchase, a single G7 Chartered Surveyor had recently been recruited, with the acquisition led by outsourced contractors.

4. PAC conclusion: We are concerned that the Home Office's culture allowed it to override too easily the controls and processes in place to protect taxpayers' money.

4. PAC recommendation: The Home Office should, as part of its Treasury Minute response, set out how it will raise the profile of control and assurance across the department.

4.1 The government agrees with this recommendation.

Recommendation implemented

4.2 The Asylum Accommodation Programme is assured by the Infrastructure and Projects Authority. The Programme works closely with other government departments, including Cabinet Office (Office for Government Property), His Majesty's Treasury and Ministry for Housing, Communities and Local Government, providing additional controls and assurance. Relevant approvals and assurances are also sought prior to site acquisitions.

4.3 Lessons learned are implemented via Programme Controls (including a Stage Gate process) and best practice is shared with other areas in the Home Office as appropriate. A newly formed Property and Infrastructure Advisory Board has been set up to oversee any property-related project or programme and provide additional assurance to property-related activities requiring budgetary funding.

4.4 Within the Customer Services Group, a Risk Management team work with central Home Office colleagues on managing the current operational risks and maturing our systems, processes and culture. The team is integrated with Operational Assurance leads, who second line assure casework quality across the business.

4.5 The Home Office follows a Three Lines of Defence model as recommended in HM Treasury's Orange Book and has also implemented an Enterprise Risk Management Framework as a key control. Work is ongoing to understand differing levels of maturity across the department, utilising input from external audit parties who act as third line defence, to further tighten internal controls. The Home Office also has an embedded Compliance Framework that gathers compliance data, aiming to raise the profile of control and assurance across the department to enable efficient management of assurance processes and internal controls.

5. PAC conclusion: We are not convinced that the Home Office has learned the lessons it identified from its costly acquisitions of large sites.

5. PAC recommendation: The Home Office should, alongside its Treasury Minute response, write to the Committee detailing the lessons it has identified from its acquisition of all large asylum accommodation sites and explain how it has changed its structures and processes to prevent it from making the same mistakes again. As part of this, it should explain how it is applying these lessons to its approach to smaller asylum accommodation sites.

5.1 The government agrees with this recommendation.

Recommendation implemented

5.2 A letter is being shared with the Committee in parallel with these Treasury Minutes outlining this information.

5.3 A discrete project has now captured over 1,000 lessons from sites delivered by the Asylum Accommodation Programme (previously the Large Sites Accommodation Programme) as well as those from Napier, Penally and sites that never made it through to delivery. Learning has also been taken from the Independent Chief Inspector of Borders and Immigration, the National Audit Office, the Government Internal Audit Agency, and the Infrastructure and Projects Authority.

5.4 The lessons identified are implemented and applied to future sites via a detailed 'Stage Gate' process. This process, which has recently been refreshed, ensures that the correct due diligence and decision-making is carried out, before investment decisions are made. It is mandatory that all sites progressed in the Asylum Accommodation Programme now follow these 'Stage Gates', which also outline the necessary approvals and assurance at each stage, to prevent the same mistakes experienced with sites such as Northeye, Bexhill, from happening again. The Programme's updated structure and approach offers more detailed and transparent evidence around decision making and value for money.

5.5 Wider internal scrutiny is provided by the Property and Infrastructure Advisory Board.

6. PAC conclusion: We are concerned that the Home Office's work to resolve the asylum backlog may increase costs elsewhere, such as for Local Authorities or the Ministry of Justice.

6. PAC recommendation: The Home Office should, alongside its Treasury Minute response, write to the Committee setting out how it intends to reduce spending on asylum support, including: by when it will have processed the current backlog of asylum claims; how it will work with HMCTS to ensure Immigration Tribunals have enough capacity to hear appeals in a timely way; by when it expects to stop using hotels to accommodate asylum seekers; how it will ensure asylum seekers are fairly

dispersed and integrated in Local Authorities; and by when it expects the Border Security Command to reduce arrivals from small boats.

6.1 The government agrees with this recommendation.

Recommendation implemented - and ongoing.

6.2 A letter is being shared with the Committee in parallel with these Treasury Minutes setting out these plans in greater detail before the conclusion of the government's Spending Review process this spring.

6.3 The government is committed to end the use of hotels to accommodate asylum-seekers by the end of this Parliament and to disrupt the trade of dangerous criminal smuggling gangs driving the small boats crisis. The ambition is to deliver an asylum system that operates swiftly, firmly and fairly, where the rules are properly enforced, and the government continues to uphold the UK's reputation for supporting those in need of protection.

6.4 The department is making good progress in delivering these objectives within the funding envelope to date. Since January 2024, the hotel footprint has reduced by c.30%. Work continues with the Asylum Accommodation and Support (AASC) suppliers to expand the reach of dispersal accommodation into more local authorities than ever before, with 293 now accommodating asylum seekers, and have paid out over £250 million in grant funding to local government since 2022, in recognition of their contributions to and facilitation of asylum dispersal.

6.5 The Border Security, Asylum and Immigration Bill has also been introduced that will create a framework of new and enhanced powers and offences to identify and disrupt people smuggling gangs to strengthen UK border security.

6.6 Through the Spending Review process, the department will set out how it can deliver on the objectives through end-to-end transformation of the asylum system.

Eighth report of Session 2024-25

Department for Energy Security and Net Zero

Carbon Capture Usage and Storage

Introduction from the Committee

Carbon capture, usage and storage (CCUS) technologies capture carbon before it is released into the atmosphere and store it permanently underground. They can be applied to a range of industrial applications, such as power generation and cement production. The government sees CCUS as essential to the UK achieving net zero by 2050. Previous governments have attempted to launch CCUS in the UK twice before, but these projects were cancelled in 2011 and 2016. The current approach, launched in 2018, aims to establish CCUS in geographical clusters. The government set a target of capturing and storing 20–30 million tonnes of carbon per year by 2030. In December 2024, it concluded that this target was not achievable. It has not yet set revised goals.

The Department for Energy Security and Net Zero (the Department) is responsible for the CCUS programme. In October 2021, it announced that the first two clusters to receive government support (Track 1) would be HyNet, covering Merseyside and north Wales, and East Coast, covering Teesside and Humberside. HM Treasury announced up to £20.0 billion of funding in March 2023 to support the early deployment of CCUS. In October 2024 it increased the funding to £21.7 billion over 25 years to cover the first five projects. At the same time, the Department recognised contingent liabilities with a maximum value of £34 billion to cover the risks it is underwriting for the programme. In December 2024, the Department announced it had signed contracts with the first two projects at East Coast Cluster which it expects to begin operations in 2028.

Based on a report by the National Audit Office, the Committee took evidence on Thursday 12 December 2024 from the Department for Energy Security and Net Zero. The Committee published its report on 7 February 2025. This is the government's response to the Committee's report.

Relevant reports

- NAO report: Carbon Capture, Usage and Storage programme Session 2024-25 (HC 120)
- PAC report: Carbon Capture, Usage and Storage – Session 2024-25 (HC 351)

Government response to the Committee

1. PAC conclusion: The Department is taking a high–risk approach by backing first–of–a–kind, unproven technologies with large amounts of taxpayer and consumer funding.

1. PAC recommendation: The Department should, as the projects it is supporting progress, make sure it is assessing on a regular basis whether taxpayer and consumer exposure is in line with expectations. This should include an assessment of whether its approach for allocating costs and risks between government and the projects is performing as intended.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 The Department for Energy Security and Net Zero (the department) has created business models that provide the minimum subsidy required to support the projects, in order to realise the anticipated benefits and positive value for money. The department keeps the allocation of costs and risks between government and projects under review, with the aim of reducing subsidy over the long-term.

1.3 The department has also established the Cluster Sponsor Function, which has the objective of delivering the strategic benefits from the subsidy in the clusters. It will achieve this by monitoring progress through the cluster construction phase and beyond, identifying mitigating actions where required, and monitoring benefits, costs and cross-chain risks and implementing mitigating actions if required.

1.4 The department has taken steps to ensure that appropriate assurance and control mechanisms are established to optimise forecasting of spend profiles of projects in the government's balance sheet and to minimise financial risks. As part of the Cluster Sponsor Function a new construction team has been created, with responsibility for monitoring construction progress and costs, proactively identifying emerging issues and initiating mitigating actions. This includes a dedicated finance lead, whose role is to manage finance processes (including budget management via the department's finance processes, contingent liabilities, inputs into spending reviews and business planning exercise) for projects on the government's balance sheet.

1.5 Reviews will be carried out monthly and will be reported via the Sponsor Function Board, which seeks to resolve issues as they arise to minimise the overall risk to the successful delivery of the project.

2. PAC conclusion: While the Department is taking steps to incentivise efficient delivery of the CCUS projects, it has not established mechanisms to make sure that taxpayers and consumers will benefit financially should the programme be successful.

2. PAC recommendation: For all future CCUS projects, the Department should introduce mechanisms to make sure taxpayers and consumers benefit financially from the success of the projects they have supported financially.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: December 2026

2.2 Taxpayers and consumers are expected to benefit from support for CCUS because it keeps the UK on the lowest cost pathway to meeting Net Zero and presents opportunities for growth in a future low carbon global economy. The department estimates that if CCUS is not deployed, taxpayers and consumers would incur greater costs in meeting Net Zero through needing to rely on alternative, more expensive measures to abate carbon.

2.3 The business models for the different sectors have been designed around sector-specific considerations to deliver value for money in the investments the department is making on behalf of taxpayers and consumers. They have been designed to provide sufficient incentives to deliver CCUS whilst providing a return commensurate with the risk taken by industry without inappropriate profits.

2.4 There is a balance between the risks and rewards associated with the business models the department has developed. Greater opportunity to the 'upside' for taxpayers and consumers means they need to be prepared to take on more risk also.

2.5 In achieving this balance, the department notes that the business models do have mechanisms to 'make sure that taxpayers and consumers will benefit financially' from the success of projects. For example, a ‘gainshare’ mechanism has been included as part of the Dispatchable Power Agreement agreed with Net Zero Teesside which ensures that any excess profits are shared with consumers, thus reducing consumer-funded subsidies.

2.6 The department will continue to evolve the business models as the sectors develop, including mechanisms to ensure taxpayers and consumers benefit financially from the success of the projects. This will include working with the National Wealth Fund and Great British Energy to understand how they can support delivery of CCUS and drive value for money.

3. PAC conclusion: The Department and HM Treasury have yet to assess the full financial impact of the CCUS programme on taxpayers and consumers.

3. PAC recommendation: The Department and HM Treasury should assess whether the full CCUS programme will be affordable for taxpayers and consumers, given wider pressures on energy bills and costs of living.

3.1 The government agrees with the Committee’s recommendation.

Target implementation date: Summer 2025

3.2 The department continuously assesses the affordability and value for money of government support for CCUS as part of key policy and decision-making processes to keep the UK on the least cost pathway to net zero, including Carbon Budget Delivery Plans and through regular government Spending Reviews.

3.3 As with all major programmes, the CCUS Programme works with HM Treasury to assess the benefits of deploying CCUS along with taxpayer affordability, energy bill and cost of living impacts of CCUS Programme.

3.4 As part of the business case for supporting the initial phase of the East Coast Cluster and Hynet cluster, the department undertook a rigorous assessment of the affordability and value for money of both clusters in line with the principles set out in the Treasury Green Book.

3.5 This was a detailed analysis that drew on commercial data relating to the projects as well as other sources of evidence, including market data and evidence relating to Optimism Bias, to estimate of the costs and benefits of the projects over their lifetime. The business case considered the costs and benefits to society as a whole as well as the impacts on specific groups such as billpayers and taxpayers.

4. PAC conclusion: The Department and HM Treasury lack clarity on how they would take account of project underperformance and advances in scientific understanding as part of their ongoing assessment of the programme’s future.

4a. PAC recommendation: The Department and HM Treasury should reappraise on an annual basis its approach to assessing the value for money of CCUS projects which it intends to support. As part of this assessment, they should consider the impact of up–to–date scientific understanding of CCUS….

4.1 The government agrees with the Committee’s recommendation.

Recommendation implemented

4.2 Appraisal of value for money via business case has been implemented since the start of the CCUS programme and was implemented most recently via Full Business Cases in Summer 2024.

4.3 For projects under contract, the business models contain mechanisms to manage the risk of project underperformance, minimising the risk of lower than anticipated project outcomes. The business models and contract performance are robustly monitored via an assurance function and via Cluster Sponsor governance.

4.4 For projects not yet committed to and the shape of the future programme, informed by wider strategies and analysis such as Carbon Budget Delivery Plans or the Clean Power Action Plan, the value for money approach is primarily reviewed as part of the Business Case process and ahead of final investment decisions being taken. This process is ongoing, dictated by the project pipeline, rather than a fixed annual schedule.

4.5 The department, through its scientists and engineers, including the Chief Science Advisor, continually draw upon a range of sources, such as the Intergovernmental Panel on Climate Change (IPCC) and Climate Change Committee, and ensure this updated scientific evidence on the need for CCUS is used to underpin Business Cases. The department also ensures that business models are periodically refined and updated to improve value for money.

4b. PAC recommendation: … the Department and HM Treasury should also make sure any future support for BECCS is accompanied by monitoring arrangements that provide real assurance that industry is meeting sustainability criteria.

4.6 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

4.7 Biomass sustainability criteria will be developed which must be adhered to as part of any future support for BECCS. These criteria will build on existing sustainability criteria for biomass and include associated monitoring, reporting and verification arrangements. The department plans to consult later this year on the development of a common biomass sustainability framework to ensure greater consistency between sectors and strengthen the criteria in line with latest evidence. In addition, in September 2024, the government commissioned the British Standards Institution to develop engineered Greenhouse Gas Removal (GGR) methodologies, including one covering BECCS. An initial version is due to be published mid-2025.

4.8 Separately, an independent review will consider how Greenhouse Gas Removals (GGRs), including large-scale Power BECCS, can assist the UK in meeting the government's net zero targets and ensuring security of supply, out to 2050. Further details of the review will be made public in due course.

5. PAC conclusion: To date, the Department has done little to ensure that government support for CCUS is directed to the sectors or locations where it will be essential for achieving net zero.

5. PAC recommendation: The Department should set out its rationale for supporting CCUS in each sector where it could be applied, including considering whether alternative approaches could be more cost effective.

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 In various sectoral strategies the department sets out the relative role of CCUS in decarbonising a given sector, including in the Net Zero Strategy, Industrial Decarbonisation Strategy, Clean Power 2030 Action Plan and the report on Future Opportunities for Electrification to Decarbonise UK Industry. It also takes into account analysis by the Climate Change Committee and organisations such as the Intergovernmental Panel on Climate Change (IPCC). The department sets out its rationale for supporting CCUS in each sector, as highlighted in these documents.

5.3 The department is committed to ensuring that it meets the government's net zero targets in a way that protects consumers and taxpayers alike. Costs of decarbonising using CCUS are compared with alternative approaches to achieving net zero; the department is ensuring that CCUS resources are allocated to those sectors where currently few alternatives exist for achieving net zero and where it is cost effective to do so. The department regularly updates its analysis as part of the carbon budget delivery cycle.

5.4 The analysis to date has indicated that the projects selected, as part of the HyNet and East Coast Clusters, are consistent with allocating resources to those sectors with few alternatives for achieving net zero.

5.5 Separately, on 10 February 2025, government announced an independent review to consider how Greenhouse Gas Removals (GGRs), including large-scale Power BECCS and Direct Air Capture with Carbon Storage (DACCS), can assist the UK in meeting the government's net zero targets and ensuring security of supply, out to 2050. Further details of the review will be shared in due course.

6. PAC conclusion: The Department has downgraded its ambitions for the CCUS programme, stating that the original 2030 ambitions are no longer achievable.

6a. PAC recommendation: The Department should set out, as a matter of urgency, new targets for how much carbon it intends to capture through its CCUS programme and by when and make clear how it will make up the shortfall created in its overall net zero pathway.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

6.2 As set out in correspondence on 11 Dec 2024 from Minister of State for Industry to the Public Accounts Committee and Energy Security and Net Zero (ESNZ) Committees, due to delays under the previous government stemming from the challenges of delivering first-of-a-kind business models and infrastructure, this government acknowledges that the ambition to capture and store 20-30 million tonnes of CO_2 per year by 2030, set by the previous government, is no longer achievable.

6.3 The government will publish a report setting out its plan to meet carbon budgets, in compliance with the High Court's Court Order and Section 14 of the Climate Change Act 2008. The plan will set out the policies and proposals that will enable Carbon Budgets 4-6 to be met and the UK's performance against its Nationally Determined Contributions (NDCs).

6b. PAC recommendation: The Department should consider how it will monitor and report on the performance of CCUS projects in relation to the amount of net carbon captured.

6.4 The government agrees with the Committee's recommendation.

Target implementation date: March 2029

6.5 The monitoring and reporting on the performance of CCUS projects in relation to the amount of net carbon captured will commence when the CCUS networks begin operations.

6.6 The government has built in obligations on the Transport & Storage Companies (T&Scos) and capture projects to report carbon capture, storage and flow rates from the start of the operations. Capture projects will regularly report rates of carbon capture to the Low Carbon Contracts Company (LCCC). T&SCos will report storage site performance, including any leakage or venting of carbon dioxide, to both the Economic Regulator and North Sea Transition Authority (NSTA) as a condition of the Economic Licence and Storage Permit respectively.

6.7 Both the T&SCos and capture projects will be required to report any leakages or venting to the relevant UK Emissions Trading Scheme regulator.

6.8 The department has established a Cluster Sponsor Function to maintain a cluster-wide perspective of the performance of CCUS projects throughout their lifespan, including net carbon captured and stored. It has established data sharing and ways of working agreements with the economic regulator, LCCC and relevant regulators to ensure it has access to carbon capture data reported via the economic licence, CCUS contracts, storage permits and other regulatory obligations.

Ninth report of Session 2024-25

HM Revenue and Customs

Tax evasion in the retail sector

Introduction from the Committee

Tax evasion occurs where taxpayers deliberately omit or falsify information in tax returns to reduce their tax liability. As well as resulting in lost revenue, it can also prevent a level playing field between businesses, by giving evaders an unfair competitive advantage. HMRC estimates that tax evasion cost £5.5 billion in lost revenue in 2022–23 and is most prevalent among small businesses. Tax evasion can take different forms and motivations can vary, from businesses struggling with financial pressures to wilful and persistent evasion. In the retail sector tax evasion can include, for example, overseas sellers evading VAT through online marketplaces, businesses understating sales figures, or companies artificially declaring themselves insolvent and setting up a new company to continue the same business debt–free (known as "phoenixism").

HMRC is responsible for tackling tax evasion for the taxes it administers, and it must work with other public bodies to do so. This includes Companies House (responsible for company registrations) and the Insolvency Service (responsible for enforcement relating to director disqualifications and corporate abuse).

Based on a report by the National Audit Office, the Committee took evidence on 16 December 2024 from His Majesty's Revenue & Customs, Companies House and the Insolvency Service. The Committee published its report on 12 January 2025. This is the Government's response to the Committee's report.

Relevant reports

- NAO report: Tackling tax evasion in high street and online retail – Session 2024-25 (HC 229)
- PAC report: Tax evasion in the retail sector – Session 2024-25 (HC 355)

Government response to the Committee

1. PAC conclusion: We are concerned that HMRC is not sufficiently curious about the true scale of tax evasion.

1a. PAC recommendation: HMRC should assess why the additional tax it now collects from online marketplaces is five times greater than it predicted. In particular, how much is due to underestimating the scale of evasion, how much is due to higher sales, and how much is due to policy change. Using this assessment, it should write to the Committee within six months with its findings, including a revision of its estimate of the amount of tax lost from VAT evasion by online retailers on online marketplaces, and any wider implications for its estimates of the tax gap.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2026

1.2 HMRC is already progressing work on analysing the difference between the original and current costings of the 2021 Online Marketplace Liability policy. It will provide as many of the specific elements as possible; however, it may not be able to identify the specific elements the Committee has requested. HMRC will provide its findings to the Committee when these are sufficiently robust (and will provide an update in September 2025).

1.3 HMRC is also updating its estimate of tax lost from VAT non-compliance by overseas sellers on online marketplaces. HMRC reiterates that as explained to NAO during their review, the estimates referenced in the recommendation are generated for internal planning purposes and include elements of expert judgement, data and intelligence and as such should not be considered to be an official, statistically-based report on tax losses.

1.4 HMRC will review any implications for the tax gap.

1.5 To ensure these new rules continue to operate effectively, HMRC will continue to work with online marketplaces and carry out compliance activity to ensure the legislation is being applied correctly.

1b. PAC recommendation: HMRC should ensure it works with Companies House and the Insolvency Service to understand how the amount of corporate fraud affects the tax gap. It should lay out how it plans to do this in its Treasury Minute Response to the Committee.

1.6 The government agrees with the Committee's recommendation.

Target implementation date: September 2026

1.7 HMRC, Companies House, and Insolvency Service are committed to preventing fraud and tax evasion by identifying and holding accountable corporate entities that attempt to evade their responsibilities and tax liabilities.

1.8 HMRC, Companies House and Insolvency Service will establish a framework for sharing threat assessments, data and intelligence across all three departments with the aim to improve collective understanding of the risks, amount of corporate fraud and any tax gap implications. HMRC anticipate that the increased sharing of data and intelligence will positively improve our ability to assess corporate fraud within the tax gap. HMRC will lay out its plans by September 2025 and complete an assessment of any potential impacts on the tax gap by September 2026.

2. PAC conclusion: Despite significant lost revenue, HMRC does not have a clear objective or strategy to tackle tax evasion.

2a. PAC recommendation: In its Treasury Minute response, HMRC should set out clearly what its aims are for tackling deliberate non–compliance, including tax evasion, and by how much it is seeking to reduce this by the end of this Parliament.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2025

2.2 HMRC has set out below the department's aims for tackling deliberate non-compliance and evasion.

2.3 Deliberate non-compliance and evasion covers a range of activity including deliberately submitting false tax returns, falsely claiming repayments or reliefs, hiding income, gains or wealth offshore, and smuggling taxable goods.

2.4 HMRC's strategic approach to managing all compliance risks is preventing non-compliance from occurring, promoting good compliance by educating and supporting customers in their tax affairs, and responding to non-compliance.

2.5 Closing the tax gap is one of three ministerial priorities for HMRC, and in the last Budget, the government announced an ambitious package to close the tax gap, raising £6.5 billion in additional tax revenue per year by 2029-30. HMRC is committed to achieving an effective control environment which reduces rates of error, evasion and fraud but does not set specific targets for the different non-compliance behaviours or specific sectors. HMRC's approach to this in respect of evasion is described in the response to recommendation 2b.

2.6 The government is increasing HMRC's budget by £762 million for 2025-26 to boost compliance and customer service capacity. This includes investing in HMRC IT systems, making better use of data and raising the standards of tax practitioners, as well as continuing the recruitment of an additional 5,000 compliance staff. At Spring Statement 2025, the government also announced £100 million in new funding for HMRC to recruit a further 500 compliance officers from April 2025. When Phase 2 of the Spending Review is confirmed later this year, HMRC will be able to provide more certainty on its 5-year plans.

2b. PAC recommendation*: *HMRC should establish a clear strategy for tackling tax evasion and deliberate non–compliance, in which it makes clear its future ambitions with specific, measurable and timetabled objectives. In doing this, HMRC should consider including how it plans to make use of its existing enforcement tools and introduce clear goals for how it will prosecute tax evaders.

2.7 The government agrees with the Committee's recommendation.

Target implementation date: March 2026

2.8 HMRC will further develop its strategic approach to managing evasion and deliberate non-compliance. This will follow the department's "Prevent, Promote, Respond" compliance strategy and include a range of measures to both support businesses to get their tax right first time and tackle non-compliance when it occurs. It will also build on the work HMRC already does to tackle evasion, which includes investigations using both civil and criminal investigatory powers. HMRC will set out this approach, with associated objectives, by March 2026.

3. PAC conclusion: HMRC, Companies House and the Insolvency Service have failed to work collaboratively, missing opportunities to increase the tax take.

3. PAC recommendation: HMRC, Companies House and the Insolvency Service should develop a plan for more effective joint working and write to the Committee within six months with further details. This should include:

- ***clear roles and responsibilities for tackling fraudulent registrations, corporate abuse and contrived insolvencies.***
- ***clear objectives on tackling these threats.***
- ***an assessment of how local and shared controls can be strengthened between them and operated most cost–effectively; and***
- ***a more ambitious timeframe for introducing a joint registration process, given there is significant benefit to this.***

3.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2025

3.2 HMRC will write to the Committee in 6 months' time to update them on plans and progress. HMRC, Companies House and the Insolvency Service have strong relations, further strengthened by the Economic Crime and Corporate Transparency Act 2023 (ECCTA). The three departments have developed a programme of work to facilitate closer co-operation on company registrations and de-registrations, accounting and filing, as well as sharing risk intelligence and data. The Exchequer Secretary to the Treasury, provided an update on progress in a speech on 11 March 2025 - Exchequer Secretary to the Treasury: 20 years of HMRC - reflections and looking ahead - GOV.UK.

3.3 This joint programme includes implementing consistent identity verification and authentication (IDV&A), access controls, permissions and risking tools across both HMRC and Companies House and longer-term transformation of the end-to-end registration process; implementation of fully tagged financial accounts in iXBRL to enable better targeting of risk by both HMRC and Companies House; an enhanced framework for sharing risk intelligence and data across HMRC, Companies House and Insolvency Service; and a package of changes to help prevent, detect and penalise rogue directors who abuse insolvency processes.

4. PAC conclusion: The planned reforms to the role of Companies House leave huge gaps and it is still too easy to register companies fraudulently.

4. PAC recommendation: Companies House should work with the Department for Business and Trade, and other relevant parts of government, to urgently set out the case for increased powers to verify new and existing company addresses, and develop implementation plans so checks can be in place as soon as possible if legislation is enacted.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: November 2025

4.2 The government accepts the case for exploring options to improve the authenticity and integrity of company address information on the register.

4.3 Already, since 4 March 2024, when the first phase of powers under the Economic Crime and Corporate Transparency Act 2023 (ECCTA) was introduced, Companies House has prioritised tackling companies with inappropriate addresses. Over 73,400 addresses have been removed and, as a result, strike off has been initiated for up to 5,000 companies per week. Through increased capabilities in data analysis, Companies House continues to work to prevent the registration of misleading information at source. For example, 7,000 new incorporations have been rejected including where evidence has suggested addresses are inappropriate.

4.4 The Department for Business and Trade (DBT) and Companies House will continue to work together in rolling out the remaining ECCTA reforms, which will help to tackle economic crime and fraud. This will include the upcoming introduction of identity verification requirements.

4.5 The potential benefit of additional legislative measures will remain under review as ECCTA reforms become embedded and their impact is evaluated. Any further changes would need to be balanced against a range of factors including burdens on business, administrative impacts and other legislative priorities. DBT and Companies House are already considering options and will report to the Committee on progress in November 2025.

5. PAC conclusion: HMRC's VAT registrations processes are far too open to abuse, and it is not exploring options to tighten controls sufficiently.

5a. PAC recommendation: HMRC should strengthen its VAT registration controls, including by checking more addresses and stopping demands for unpaid tax going to innocent citizens who are unconnected with companies using their addresses, and working with online marketplaces to share information and intelligence effectively. It should write to the Committee in six months to explain how it has done this.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2026

5.2 HMRC already has robust controls in place but will continue to strengthen them over time. Elements of the recommendation are already embedded in current ways of working. HMRC is conducting a feasibility study to explore options to strengthen controls through enhanced address validation (detailed below), within the VAT registration service.

5.3 At the point of VAT registration, customers and their agents are currently asked to complete the address field using a fixed address look-up service, which uses valid UK addresses to reduce the risk of customer error or fraud. Preventative risking controls were introduced in 2023 to improve the identification of bulk address submissions that relate to a single address. HMRC is already exploring options for enhancing address validation and verification of UK establishment during the VAT registration process. This will determine the feasibility of linking registration checks to verification and identification of risks. This feasibility study will complete by 30 June 2025, with an anticipated implementation date of 31 March 2026.

5.4 HMRC recognises the risks relating to overseas businesses purporting to be established in the UK to the online marketplaces on which they sell. Legislation introduced in January 2021 makes online marketplaces liable for the VAT on sales made in the UK by an overseas seller. Where an online marketplace gets the liability wrong, because they have incorrectly determined the place of establishment of the seller, HMRC can raise assessments against the online marketplace to recover the lost VAT. In addition, HMRC will continue to carry out risk-based compliance checks and, where appropriate, disclose to an online marketplace information relating to the place of establishment of a seller on that online marketplace. This allows for an early recognition and agreement of an online marketplace's true tax liability.

5.5 HMRC will write to the Committee in 6 months' time to update progress on this recommendation and will provide a final summary upon the completion of the activities outlined above in April 2026.

***5b. PAC recommendation*: HMRC should, in its Treasury Minute response, set out its plans to explore the costs and benefits of transaction–based reporting and other controls used in other countries.**

5.6 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2025

5.7 HMRC has an active exchange with international counterparts, sharing approaches and evidence through bilateral and multilateral relationships. Through this, HMRC will explore the viability and effectiveness of additional controls which could reduce the risk posed by tax evasion, recognising the unique context of different countries, which means others' solutions aren't always relevant or transferable to the UK.

5.8 In line with the OECD's Tax Administration 3.0 vision, HMRC will explore how existing and emerging technologies could support more effortless and compliant models of taxation, where reporting and collection happen in real time through customer and third-party systems.

5.9 On 13 February 2025, a joint consultation with HMRC and DBT was published: Promoting e-invoicing across UK businesses and the public sector. The consultation will be live for 12 weeks. The evidence gathered will form the basis of future policy design and support ministerial decision-making. It includes examining a range of models, including options for real-time transaction reporting. This consultation closes on 7 May and further development of this work is contingent on this consultation.

6. PAC conclusion: HMRC and the Insolvency Service are not tackling tax evaders or rogue directors sufficiently, particularly for phoenixism.

6. PAC recommendation: HMRC and the Insolvency Service should write to the Committee within six months with a plan to bear down on tax evaders and rogue directors who flout insolvency rules. This plan should include details of:

- ***how both organisations will increase prosecutions and disqualifications.***
- ***how they will better publicise cases of successful prosecutions and disqualifications;***
- ***how they will report on their performance and ensure they are measuring the deterrent effect of their responsive work.***

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2025

6.2 The government announced at Autumn Budget 2024 the commitment of HMRC, Companies House and Insolvency Service to increase their collaboration to tackle rogue directors and phoenixism. This includes developing a shared definition of phoenixism. The Exchequer Secretary to the Treasury, provided an update on progress in a speech on 11 March 2025. Exchequer Secretary to the Treasury: 20 years of HMRC - reflections and looking ahead - GOV.UK.

6.3 HMRC, Companies House and Insolvency Service have agreed a joint implementation plan for measures to tackle rogue directors who abuse the insolvency regime to evade tax by closing down vulnerabilities in company registrations and dissolutions; increasing the compliance impact achieved by HMRC; and increasing the flow of investigations into unfit directors by the Insolvency Service.

6.4 HMRC will continue to develop its estimate of tax losses due to phoenixism and the measures of the deterrent effect of the response.

6.5 The government will write to the Committee within 6 months to set out its plan.

Treasury Minutes Archive[1]

Treasury Minutes are the government's response to reports from the Committee of Public Accounts. Treasury Minutes are Command Papers laid in Parliament.

Session 2024-25

Committee Recommendations: 72
Recommendations agreed: 67 (93%)
Recommendations disagreed: 5

Publication Date	PAC Reports	Ref Number
April 2025	Government response to PAC reports 1-4, 6-9	CP 1306

Session 2023-24

Committee Recommendations: 271
Recommendations agreed: 252 (93%)
Recommendations disagreed: 19

Publication Date	PAC Reports	Ref Number
February 2024	Government response to PAC reports 1-6 [80 Session 22-23]	CP 1029
March 2024	Government response to PAC reports 7-11	CP 1057
April 2024	Government response to PAC reports 12-18	CP 1070
May 2024	Government response to PAC reports 19-24	CP 1085
September 2024	Government response to PAC reports 26-29, 31, 33-38	CP 1151
October 2024	Government response to PAC reports 25, 26, 30 and 32	CP 1174

Session 2022-23

Committee Recommendations: 551
Recommendations agreed: 489 (89%)
Recommendations disagreed: 62

Publication Date	PAC Reports	Ref Number
July 2022	Government response to PAC reports 1, 3 & 10	CP 722
August 2022	Government response to PAC reports 2, 4-8	CP 708
September 2022	Government response to PAC reports 9, 13-16	CP 745
November 2022	Government response to PAC reports 11, 12, 17	CP 755
December 2022	Government response to PAC reports 18-22	CP 774
January 2023	Government response to PAC reports 23-26	CP 781
February 2023	Government response to PAC reports 27-31	CP 802
March 2023	Government response to PAC reports 32-36	CP 828
May 2023	Government response to PAC reports 37-41	CP 845
June 2023	Government response to PAC reports 42-47	CP 847
July 2023	Government response to PAC reports 48-54	CP 902
August 2023	Government response to PAC reports 55-60	CP 921
September 2023	Government response to PAC reports 62-67	CP 941
November 2023	Government response to PAC reports 68-71	CP 968

[1] List of Treasury Minutes responses for Sessions 2010-15 are annexed in the government's response to PAC Report 52

Publication Date	PAC Reports	Ref Number
January 2024	Government response to PAC reports 72-79	CP 1000
February 2024	Government response to PAC reports 80 [1-6 Session 23-24]	CP 1029

Session 2021-22

Committee Recommendations: 362
Recommendations agreed: 333 (92%)
Recommendations disagreed: 29

Publication Date	PAC Reports	Ref Number
August 2021	Government response to PAC reports 1-6	CP 510
September 2021	Government response to PAC reports 8-11	CP 520
November 2021	Government response to PAC reports 7,13-16 (and TM2 BBC)	CP 550
December 2021	Government response to PAC reports 12, 17-21	CP 583
January 2022	Government response to PAC reports 22-26	CP 603
February 2022	Government response to PAC reports 27-31	CP 631
April 2022	Government response to PAC reports 32-35	CP 649
April 2022	Government response to PAC reports 36-42	CP 667
July 2022	Government response to PAC reports 49-52	CP 722

Session 2019-21

Committee Recommendations: 233
Recommendations agreed: 208 (89%)
Recommendations disagreed: 25

Publication Date	PAC Reports	Ref Number
July 2020	Government responses to PAC reports 1-6	CP 270
September 2020	Government responses to PAC reports 7-13	CP 291
November 2020	Government responses to PAC reports 14-17 and 19	CP 316
January 2021	Government responses to PAC reports 18, 20-24	CP 363
February 2021	Government responses to PAC reports 25-29	CP 376
February 2021	Government responses to PAC reports 30-34	CP 389
March 2021	Government responses to PAC reports 35-39	CP 409
April 2021	Government responses to PAC reports 40- 44	CP 420
May 2021	Government responses to PAC reports 45-51	CP 434
June 2021	Government responses to PAC reports 52-56	CP 456

Session 2019

Committee Recommendations: 11
Recommendations agreed: 11 (100%)
Recommendations disagreed: 0

Publication Date	PAC Reports	Ref Number
January 2020	Government response to PAC report [112-119] 1 and 2	CP 210

Session 2017-19

Committee Recommendations: 747
Recommendations agreed: 675 (90%)
Recommendations disagreed: 72 (10%)

Publication Date	PAC Reports	Ref Number
December 2017	Government response to PAC report 1	Cm 9549
January 2018	Government responses to PAC reports 2 and 3	Cm 9565
March 2018	Government responses to PAC reports 4-11	Cm 9575
March 2018	Government responses to PAC reports 12-19	Cm 9596
May 2018	Government responses to PAC reports 20-30	Cm 9618
June 2018	Government responses to PAC reports 31-37	Cm 9643
July 2018	Government responses to PAC reports 38-42	Cm 9667
October 2018	Government responses to PAC reports 43-58	Cm 9702
December 2018	Government responses to PAC reports 59-63	Cm 9740
January 2019	Government responses to PAC reports 64-68	CP 18
March 2019	Government responses to PAC reports 69-71	CP 56
April 2019	Government responses to PAC reports 72-77	CP 79
May 2019	Government responses to PAC reports 78-81 and 83-85	CP 97
June 2019	Government responses to PAC reports 82, 86-92	CP 113
July 2019	Government responses to PAC reports 93-94 and 96-98	CP 151
October 2019	Government responses to PAC reports 95, 99-111	CP 176
January 2020	Government response to PAC reports 112-119 [1 and 2]	CP 210

Session 2016-17

Committee Recommendations: 393
Recommendations agreed: 356 (91%)
Recommendations disagreed: 37 (9%)

Publication Date	PAC Reports	Ref Number
November 2016	Government responses to PAC reports 1-13	Cm 9351
December 2016	Government responses to PAC reports 14-21	Cm 9389
February 2017	Government responses to PAC reports 22-25 and 28	Cm 9413
March 2017	Government responses to PAC reports 26-27 and 29-34	Cm 9429
March 2017	Government responses to PAC reports 35-41	Cm 9433
October 2017	Government responses to PAC reports 42-44 and 46-64	Cm 9505

Session 2015-16

Committee Recommendations: 262
Recommendations agreed: 225 (86%)
Recommendations disagreed: 37 (14%)

Publication Date	PAC Reports	Ref Number
December 2015	Government responses to PAC reports 1 to 3	Cm 9170
January 2016	Government responses to PAC reports 4 to 8	Cm 9190
March 2016	Government responses to PAC reports 9 to 14	Cm 9220
March 2016	Government responses to PAC reports 15-20	Cm 9237
April 2016	Government responses to PAC reports 21-26	Cm 9260

Publication Date	PAC Reports	Ref Number
May 2016	Government responses to PAC reports 27-33	Cm 9270
July 2016	Government responses to PAC reports 34-36; 38; and 40-42	Cm 9323
November 2016	Government responses to PAC reports 37 and 39 (part 1)	Cm 9351
December 2016	Government response to PAC report 39 (part 2)	Cm 9389

Treasury Minutes Progress Reports Archive

Treasury Minutes Progress Reports provide government updates towards the implementation of recommendations from the Committee of Public Accounts. These reports are Command Papers laid in Parliament.

Publication Date	PAC Reports	Ref Number
March 2025	Session 2017-19: updates on 3 PAC reports Session 2019-21: updates on 1 PAC report Session 2021-22: updates on 9 PAC reports Session 2022-23: updates on 41 PAC reports Session 2023-24: updates on 36 PAC reports	CP 1284
May 2024	Session 2017-19: updates on 5 PAC reports Session 2019-21: updates on 1 PAC report Session 2021-22: updates on 10 PAC reports Session 2022-23: updates on 53 PAC reports Session 2023-24: updates on 6 PAC reports	CP 1102
December 2023	Session 2017-19: updates on 9 PAC reports Session 2019-21: updates on 2 PAC reports Session 2021-22: updates on 18 PAC reports Session 2022-23: updates on 48 PAC reports	CP 987
June 2023	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 11 PAC reports Session 2019-21: updates on 5 PAC reports Session 2021-22: updates on 29 PAC reports Session 2022-23: updates on 27 PAC reports	CP 847
December 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 16 PAC reports Session 2019-21: updates on 14 PAC reports Session 2021-22: updates on 38 PAC reports Session 2022-23: updates on 8 PAC reports	CP 765
June 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 27 PAC reports Session 2019-21: updates on 34 PAC reports Session 2021-22: updates on 30 PAC reports	CP 691
November 2021	Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 3 PAC reports Session 2017-19: updates on 33 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 47 PAC reports Session 2021-22: updates on 5 PAC reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 4 PAC reports Session 2017-19: updates on 47 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 PAC reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 reports	CP 313

Publication Date	PAC Reports	Ref Number
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 14 PAC reports Session 2017-19: updates on 71 PAC reports	CP 221
March 2019	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 7 PAC reports Session 2016-17: updates on 22 PAC reports Session 2017-19: updates on 46 PAC reports	CP 70
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports	Cm 9668
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539

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