



Treasury Minutes on the Fifth, Ninth and Tenth Reports from the Committee of Public Accounts 2003-2004

- 5th Report: Warm Front: helping to combat fuel poverty
- 9th Report: Review of grants made to the National Coalition of
Anti-Deportation Campaigns
- 10th Report: Purchasing and managing software licences

**Presented to Parliament by the Financial Secretary
to the Treasury by Command of Her Majesty
April 2004**

TREASURY MINUTES DATED 28 APRIL 2004 ON
THE FIFTH, NINTH AND TENTH REPORTS FROM
THE COMMITTEE OF PUBLIC ACCOUNTS,
SESSION 2003-2004

© Crown Copyright 2004

The text in this document (excluding the Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be addressed to The Licensing Division, HMSO, St Clements House, 2-16 Colegate, Norwich, NR3 1BQ. Fax: 01603 723000 or e-mail: licensing@cabinet-office.x.gsi.gov.uk

Fifth Report

Department for Environment Food and Rural Affairs

Warm Front: helping to combat fuel poverty

The Department welcomes the Committee's report. In responding to its conclusions and recommendations the Department has been concerned to take account of the continuing work towards production of the Fuel Poverty Implementation Plan and proposals for the next phase of Warm Front to be implemented from 2005.

The Committee's conclusions and recommendations

PAC conclusion (i): Much of the public funding of £150 million for Warm Front annually does not help those most in need. Currently only around a third of grants made under the Warm Front Scheme help the fuel poor, and a third or more fuel poor households are not eligible for Warm Front grants. Fuel poverty is a factor of personal incomes, fuel prices and the energy efficiency of homes. The Department uses certain passport benefits as an indicator of income but these passport benefits do not provide a good match in identifying the fuel poor. To improve the Scheme's effectiveness, the Department should establish eligibility criteria which best identify low income groups, for example those on means tested benefits.

1. The Department accepts this recommendation.
2. Warm Front, which pre-dates the UK Fuel Poverty Strategy and its associated targets, was developed as a scheme to provide assistance to vulnerable households. Those vulnerable groups were later highlighted in the Fuel Poverty Strategy as households most likely to suffer from fuel poverty. Warm Front has been effective in reaching those vulnerable groups. Changes have been made during the past year to target those most likely to be fuel poor. To ensure continued access to the Scheme, Child Tax Credit and Working Tax Credit (with a disability element) replaced Working Families Tax Credit and Disabled Persons Tax Credit. An income cut off point of less than £14,200 was set to ensure focus on the households most likely to be vulnerable to fuel poverty. From October 2003 Pension Credit was also added to the criteria.
3. The Department recognises the need for us to continue to look for ways to improve targeting and ensure we maximise the proportion of those receiving assistance who are fuel poor. This is a challenge – identifying those in fuel poverty is not simple. There are a range of factors which can lead to a household being in or out of fuel poverty, one of the main ones being income. To enable comprehensive assessment, financial information from the householder would need to be collected. Experience from projects where such information has been sought has shown that this is not easy to obtain. Hence we use a range of benefits as a proxy for fuel poverty. We are currently developing our Fuel Poverty Implementation Plan which will set out our plans for the next phase of Warm Front (to be implemented from 2005), looking in particular at ways to improve targeting of the fuel poor, at benefits we include and whether account should be taken of the existing energy efficiency of the home in deciding what measures should be installed.

PAC conclusion (ii): The Scheme needs to reach more of those in fuel poverty where real needs exist, and practical help can be given. The Department should consider whether a proportion of current Scheme funding could be ring fenced to a discretionary fund through which the most fuel poor could be prioritised, assisted quickly and with sufficient measures to make a real difference.

4. The Department accepts the principle that assistance from Warm Front should focus more on those in fuel poverty and we are reviewing our current targeting and eligibility criteria to respond to that.

5. The Department is currently carrying out research to look at the possibility of 'fast tracking' to the scheme applicants who are in particular need, based around a range of health criteria. We hope to run pilots to look at the feasibility later in the year. The Department expects to achieve the aims of this recommendation through the contractual arrangements for the Scheme without the need for a ring fenced discretionary fund. We consider that this would provide a more flexible approach, enabling the Scheme to respond to the variations faced and the number of households in greatest need.

PAC conclusion (iii): Benefit health checks, visits and local networks such as doctors' surgeries and shops may provide a better way of identifying those most in need of assistance and helping them apply for a grant. The Department is using these approaches in some areas and should extend them if they prove effective in addressing fuel poverty, particularly for those living in rural communities who may be harder to reach.

6. The Department accepts this recommendation.

7. The Scheme Managers already use a wide range of marketing and referral activities to reach households, engaging with local communities, voluntary bodies and the health sector to act as an advocate for Warm Front. The Department looks to the Scheme Managers to continue to look for innovative ways to reach households who may be less aware of the assistance available from Warm Front and will factor this requirement in to arrangements for the next phase of Warm Front.

8. There has been a positive response to the introduction of Benefits Health Checks to the Scheme. The checks are offered to those who, when they initially contact Warm Front, are found to be ineligible as they do not receive one of the qualifying benefits. Early indications are that around 50 per cent of those who take up the offer of a check are found to be entitled to a Warm Front qualifying benefit.

PAC conclusion (iv): The Department currently has no eligibility criteria reflecting the energy efficiency of the home. It should concentrate on resources on homes with low energy efficiency but which can be significantly improved to reduce occupiers' fuel costs.

PAC conclusion (v): 8% of all grants have been for two energy efficient light bulbs only, and 20% of all jobs have resulted in light bulbs or draught proofing only. £14 million was spent on providing light bulbs and draught proofing to households in a sample year, though they have limited impact on energy efficiency and hence fuel poverty. The Department should reduce expenditure on measures which have limited impact on fuel costs, and on homes which are already energy efficient, and use the money saved to help those households most in need.

9. The Department accepts these recommendations.

10. The current eligibility criteria focus on the householder, tenant or spouse being in receipt of one of a number of eligibility benefits. To improve targeting of the Scheme to the fuel poor the Department is also looking at the impact of introducing a further criterion linked to the energy efficiency of the property. Research has shown that bringing homes to a (SAP)¹ of 65 could be taken as a measure of bringing households out of fuel poverty. This is considered to be a level at which there is a negligible risk of a household being in fuel poverty.

¹ The SAP rating is a benchmark figure for the energy performance of dwellings of between 1 and 120, with the higher the number the better the standard.

11. The Department is looking further at focusing activity away from those homes with a SAP above a certain level. Whilst this could improve targeting on households which are more likely to be in fuel poverty, there may be additional costs involved in finding such properties and surveying them.

12. Those homes which are already relatively energy efficient may receive only a small range of measures such as draught proofing and energy efficient light bulbs. These can provide comfort to the householder though they may only lead to a small increase in the SAP rating of a property. In addition all households are provided with energy efficiency advice which can further encourage a more efficient use of energy and a reduction in costs.

PAC conclusion (vi): Some Scheme rules result in poor value for money by requiring installation of more expensive and less efficient options for some claimants than alternative solutions available. The current Scheme rules require like for like replacement of central heating systems and boilers even when an alternative would be cheaper and more effective for the household. Nor can inefficient systems be replaced and repaired unless they are broken at the time of the Warm Front survey, even though the defective equipment may be condemned later. The Department should remove the requirement for like for like replacements, and create more flexibility within the Scheme rules to provide assistance where systems are in a poor and potentially dangerous condition but still operate.

13. The Department accepts this recommendation.

14. The Department has worked with the Warm Front Scheme Managers to agree a revised procedure to replace the requirement for central heating systems and boilers to be replaced on a like for like basis. Scheme Managers will now be able to make a judgement on the most appropriate boiler dependent on the situation encountered, with an established set of parameters. The Scheme Managers are currently working with their home assessors, surveyors and installers to ensure that the new criteria are clearly understood and implemented.

15. Producing a clear and equitable solution for the problem of intermittently working boilers has proved a challenge. The Department has worked with both Scheme Managers to establish rules to enable action to be taken in such situations. The revised arrangements will be now be trialled to ensure the rules are practical in their application and to assess their impact.

PAC conclusion (vii): The Scheme offers few practical options for hard to treat homes such as those off the gas network or with solid walls. And in some hard to treat homes, the current grant maxima do not cover feasible but more expensive options. The Department should undertake research to develop new solutions for hard to treat homes, and the Scheme rules should recognise that some potential claimants in such homes may need additional financial assistance, perhaps through a discretionary fund. Scheme Managers should be set objectives to increase assistance in this sector.

16. The Department agrees that practical options for treating hard to treat homes should be developed and is exploring the available options.

17. The Department is looking at widening the range of measures offered, in particular for those homes traditionally considered hard to treat. We will make use of available research to review the potential cost effectiveness of measures for a Government grant scheme such as Warm Front, and assess what else may be required. The Department is considering the benefits of a discretionary fund but the same outcome may be achieved more flexibly through contractual arrangements with the Scheme Managers.

PAC conclusion (viii): Delays in installing measures under the Warm Front Scheme continue to occur with over 50% of all jobs exceeding target times. These delays may partly reflect a shortage of suitably qualified engineers. But the Department should also work with Scheme Managers and suppliers to prioritise those cases most likely to benefit, for example homes where the agreed measures will significantly improve home energy efficiency with a resultant reduction in fuel costs (or provide better comfort at the same or similar cost).

18. The Department shares the Committee's concern that delays should be reduced and that work should be carried out in the most responsive way possible for those who could benefit most.

19. The Department is currently carrying out research to look at the possibility of fast tracking applicants to the scheme who are in particular need, based around a range of health criteria. The Department hopes to run pilots to look at the feasibility later in the year.

20. Concentrating activity on those homes with lower SAP ratings, which the Department is considering, could improve targeting on households who are more likely to be in fuel poverty, and also more likely to see a significant increase in their energy efficiency, so responding to the essence of this recommendation through a different route.

PAC conclusion (ix): The Department's Public Service Agreement target measures success in terms of the numbers of households assisted regardless of whether the assistance has had any significant impact on energy efficiency and on the occupier's fuel costs. The Department and the Treasury should revise the target to better measure the impact of the Scheme in reducing fuel poverty and on the fuel efficiency of the homes assisted. The Department's targets for Scheme Managers should similarly provide greater incentive to Scheme Managers to identify and help those most in need.

21. The Department accepts this recommendation.

22. The Department's current PSA target on improving energy efficiency in homes expires this year. As part of the Spending Review 2004 process, the Department is working with colleagues across Government to establish a more outcome based Public Service Agreement (PSA) target, in line with making progress towards the statutory targets to eradicate fuel poverty in vulnerable households by 2010 and for all households by 2016, as far as reasonably practicable.

PAC conclusion (x): The Department should also seek to assess the wider impact of the Warm Front Scheme by researching whether the Scheme is moving people out of fuel poverty. Such an exercise should inform the planned scheme redesign in 2005, and in particular identify whether the Scheme will contribute fully to achieving the aim of eliminating fuel poverty in vulnerable groups by 2010.

23. The Department accepts this recommendation.

24. The Department is looking to establish the optimum mix of measures available through Warm Front to ensure its positive impact on those households in fuel poverty. The Fuel Poverty Implementation Plan, which will be issued after the Spending Review this Summer, will set out the whole range of activities and their anticipated contribution to eradicating fuel poverty – particularly amongst vulnerable households. The Plan will also include the Departments proposals about the future development and scope of Warm Front from 2005, taking account of research which has been carried out into the impacts of Warm Front on households in fuel poverty.

25. We will continue to monitor the impact of Warm Front – in particular its impact on fuel poverty – as we monitor progress towards the 2010 target for eradicating fuel poverty amongst vulnerable households in England as far as reasonably practicable.

Ninth Report

The Community Fund

Review Of Grants Made To The National Coalition Of Anti-Deportation Campaigns (NCADC)

The Committee's conclusions and recommendations

PAC conclusion (i): If this Committee's earlier recommendations had been acted upon fully the issues surrounding the award of grant to the NCADC might not have arisen. In 2001 we reported on grant assessment and monitoring procedures at the Community Fund and made a number of recommendations. More could have been done to implement them, particularly those on visiting projects and schemes and on assessing the achievements of grant recipients following the funding of their work.

1. The Community Fund has implemented and taken action on all the recommendations in the previous PAC report. For example, the Committee recommended that the Community Fund did more to ensure that its grants reached the most disadvantaged areas. This has been achieved through the Fair Share grants programme and the strategic priorities for grant making set out in the Community Fund's Strategic Plan for 2002-2007, laid in Parliament in April 2002. The Committee also recommended then that application and monitoring processes should be made less onerous for applicants. This is reflected in revised application materials and guidance to help applicants.

2. The Committee notes that more could have been done to implement their earlier recommendations, particularly in respect of visiting projects and assessing the achievements of grant recipients. The Community Fund agrees that more needs to be done to carry out project visits, within the procedures in place to identify which projects should be visited at assessment and in management. This includes provision for random visits.

3. The Community Fund actively pursues grant recipients for their annual end-of-year self-assessment monitoring forms and end of grant report (once funding has ended) to ensure they are returned. This has been successful and the Community Fund agrees that it now needs to allocate more staff time to assessing the achievements of grant recipients, in particular to evaluate the outcomes and to learn from the grants made. This will be helped by being clearer when a grant is awarded about the outcomes expected from funding.

PAC conclusion (ii): The Fund have subsequently introduced a number of improvements to procedures and have accepted the recommendations made in the Comptroller and Auditor General's Report. It now needs a clear action plan and timetable for their implementation and a robust system of performance monitoring to ensure its procedures are enforced.

4. An action plan was submitted and approved by the July 2003 meeting of the Community Fund Audit Committee. An independent review of progress in implementing the plan will be undertaken by Internal Audit and reported to the Audit Committee in the summer (i.e. before the end of July 2004).

5. Systems of performance monitoring and support (in addition to normal line management) are in place. These include:

- Local compliance checks.
- Performance indicators (for grant assessment and grant management).
- Support as required for operational units from a central dedicated grant Performance Team.

- Internal Audit samples.
- Audit Committee overview.
- Sharing good practice.

PAC conclusion (iii): The Community Fund needs to be more robust with grant recipients who breach the terms of their grant. It needs an effective policy which contains appropriate sanctions including, for the worst cases, withdrawal of funding.

6. The Community Fund includes appropriate sanctions in its Terms and Conditions of grant. These include the right to withhold and recover grant monies in the event of a breach of contract. The policy is documented in Grant Manuals for staff and includes the following:

- The computer system will automatically lock payments (i.e. withhold grant) if certain requirements are recorded as not met; for example, submission of annual reports and annual accounts.
- Grants staff will lock payments at the point of raising a “dispute”, meaning there is substantive concern with either the project or the grantholder.
- Depending on the seriousness of the dispute and the likelihood of resolution, all further payments may be withheld and the grant withdrawn.
- In very serious cases, based on legal advice, there is a documented procedure for seeking recovery of grant money which is judged as having been misused.

7. The Community Fund recognises its responsibilities to achieve value for money from its grant making. Where breaches of Terms and Conditions have taken place, the action taken must be proportionate to the breach. A robust approach is taken in cases where grants are withdrawn and funds are recovered, backed by legal advice. The initial assumption is to give grant recipients in this position a reasonable chance to remedy identified breaches because it may not always be appropriate to withdraw funds. For example, locking payments and withholding funds for a short period while the issue is dealt with may be the better approach, particularly if a project is otherwise being delivered successfully, and funds have been released for it not just by the Community Fund but other funders.

8. Subject to these principles of proportionality and natural justice, the Community Fund would like to leave the Committee in no doubt whatsoever that it is ready to enforce Terms and Conditions of grant robustly. The Community Fund can envisage circumstances in which it would do so in the future with this grant as with any other. It will enforce conditions wherever there is a serious breach or repeated breaches. As evidence of this, there have been 92 occasions since 1995 when the Community Fund has done just that.

PAC conclusion (iv): The Fund needs to make greater use of the expertise within its committee structure of independent members so that each application is subject to proper consideration and discussion by them. Committee performance should be measured to monitor the rigour of the process and learn lessons, for example through feedback from members and analysis of the reasons for rejecting the advice offered by officials.

9. This recommendation is agreed. Guidance has been given to grant-making committees about Corporate Governance issues in decision-making and assessing reputational risk. This guidance was issued a year ago. It sets out the responsibilities of grant-making committees in making decisions and ensuring those are clearly minuted, especially if the decision differs from the recommendation by officers. An audit of Decision Making is included in the Internal Audit Plan for 2004-5 and these issues will be part of that audit.

10. The development of mechanisms to measure committee performance will be considered as part of the establishment of committees for the New Distributor. The new Board and its Audit Committee will wish to consider proposals as part of the Terms of Reference for the committees.

PAC conclusion (v): The Fund should widen its definition of risk, and consider the context within which applicants operate, to avoid funding activities that could be considered political and doctrinaire. The Community Fund's risk profiling of the NCADC as a grant applicant was inadequate and focused too narrowly on financial risk. Risk profiling also needs to be reviewed over the period of the grant funding through regular monitoring.

11. Corporate risk is assessed regularly through quarterly monitoring. Guidance has been issued to staff about assessing political and doctrinaire activities and campaigning. Guidance is also available for applicants modelled on advice which the Charity Commission for England and Wales issues for charities. Risk profiling is reviewed over the whole period of the grant. The Community Fund agrees that managers need to ensure that grants staff implement guidance on risk assessment, particularly when to increase risk levels during grant management. Data from an audit of disputes will help to show when to increase the monitoring level.

12. In conducting a full assessment of an application, a Grant Officer has to consider seven criteria and problems identified with any will result in either rejection or the organisation being classified as high risk. Two of those seven criteria refer to financial risk; Criterion 1 is that the organisation is well managed and financially sound and Criterion 3 is that the project budget is reasonable. Criterion 2 relates to a need for clear project objectives and a project plan and Criterion 4 relates to there being a clearly defined need. In order to be successful, an application has to satisfy all criteria. Assessments therefore do not focus narrowly on financial risk, although at the time of the National Coalition of Anti – Deportation Campaigns(NCADC) grant, risks relating to the funding of political and doctrinaire activities were not part of the assessment policy.

PAC conclusion (vi): The Fund should have known how far grant funding would be used to assist the settlement and integration support of asylum seekers, and how far to challenge deportation orders. As part of their assessment of risk, the Fund needs to be aware of proposals to fund sensitive areas of expenditure.

13. This is accepted although it is not always easy to assess. If, for example, a significant part of a grant is to fund salaries and office equipment (which is the case for many projects), then it would be very difficult to know what percentage of staff time is spent on different activities. However, the emphasis being placed now (and in the future) on the outcomes expected from projects together with much clearer statements of the benefits to be delivered will improve assessment generally, particularly where projects may be in sensitive areas.

PAC conclusion (vii): The Community Fund should be more consistent with grant recipients which are not subject to the monitoring regime applied to registered charities by the Charity Commissioners. It currently applies more rigorous grant approval procedures to non-charitable applicants, but subjects them to the same level of monitoring as registered charities following an award of grant. But non-charitable bodies are often small, unsophisticated and unregulated, and as such are potentially more susceptible to the misuse of funds.

14. It will help to clarify the process followed here. The only difference in assessment is the check made on legal eligibility to apply for and receive funding. The constitutions of non-registered bodies are checked carefully for legal eligibility reasons only because it can be assumed that charities registered with the Charity Commission will be automatically eligible. However, for all other assessment and approval procedures, registered and non-registered bodies are treated in the same

way. Processes do not differentiate between organisations once eligibility has been confirmed.

15. The Community Fund's experience is that non-charitable bodies (by which the Committee is taken to mean those not registered with the Charity Commission, although they may well be charitable in law) are not more susceptible to the misuse of funds. The withdrawal or recovery cases there have been show that problems are as likely to arise whether organisations are registered or not. The Community Fund does not have a regulatory role for non-registered organisations.

PAC conclusion (viii): Faced with decreasing Lottery receipts, the Community Fund will have to prioritise its funding decisions more effectively than in the past. The Fund's policy is to provide funding for a maximum of six years even though it recognises that some projects may not be sustainable when their funding ceases. Where grants are designed to have a lasting effect, the Community Fund needs an explicit strategy to ensure applicants fully address questions of sustainability.

16. The Board has agreed strategic priorities, which are published and set out in the Strategic Plan, laid in Parliament.

17. Applicants are required to provide an exit strategy, especially where funds are sought for a second tranche of funding for up to three years and even if a project is within a priority area for funding. Lottery funding is for projects and is by implication time-limited. The Community Fund has policies to encourage sustainability of its funding, for example through tapering for grants continued after three years initial grant and by requiring larger organisations (i.e. £5 million and more annual income) to contribute to the costs of the project.

Tenth Report

The Office of Government Commerce

Purchasing and managing software licences

The Committee's conclusions and recommendations for Departments

PAC conclusion (i): OGC was able to negotiate a succession of discounts from dominant software suppliers because it secured close and sustained co-operation across the public sector. The OGC is now embarked on discussions with Microsoft to determine whether better prices can be achieved through an improved Memorandum and it will be important that bodies in the public sector are ready to act in concert again, so that the OGC can negotiate from a position of strength.

1. The Office of Government Commerce (OGC) notes the committee's conclusions and continues to work closely with departments and the wider public sector regarding negotiations with Microsoft.

PAC conclusion (ii): Open Source software, already in widespread use for server applications, may in future provide departments with a viable alternative to existing software suppliers for a broader range of functions including desktop applications, opening up the marketplace to wider competition and potential improvements in value for money. The present OGC trials with IBM have recently been supplemented by a second deal with Sun Microsystems. This deal offers a useful second front to explore the viability of this potential new source of software. If the results show that open source software is practical, particularly in respect of integration with existing systems, departments should be ready to apply the lessons learnt to their future purchasing decisions.

2. OGC welcomes the committee's conclusion. Interim findings from the 'proof of concept' trials currently in progress will be reviewed with departments during Summer 2004 with a report on the outcome of the trials published in October 2004. Government Policy on Open Source Software will be reviewed in the light of the trials.

PAC conclusion (iii): Departments should benchmark prices against those available through the Memoranda when considering options for purchasing software. If a decision is taken not to use the Memoranda, then there needs to be clear evidence that the alternative procurement route will deliver better value for money.

3. OGC agrees with this recommendation.

PAC conclusion (iv): Where departments plan to make use of the specialist skills and purchasing power of contractors to procure software, they should make sure that the contractor is aware of the Memoranda, and that any benefits arising from the use of such discounts are factored into the overall deal secured between contractor and department.

4. OGC agrees with this conclusion. OGC has alerted departments to the issues surrounding third party procurement of software through roadshows promoting awareness and understanding of the memoranda and a publication to departments providing advice on purchasing software licences.

The Committee's conclusions and recommendations for the OGC

PAC conclusion (v): Initial take-up of the Memoranda has been less than OGC anticipated, with some departments lacking awareness about the deals in place. OGC is focusing its publicity and awareness campaigns on those who are not

procuring software through the Memoranda. OGC should track the progress of these campaigns and take further action if awareness and take-up of the deal remain lower than expected.

5. Although initial take up was slower than expected, good progress has been made since with take up on licences under the Microsoft memorandum estimated to be around 55 per cent and increasing. Since 2003 OGC has run a promotional campaign to raise awareness and understanding of the memoranda which has included a series of roadshows in late 2003, participation in supplier events aimed at existing and potential customers in 2004 and the publication of publicity materials. This awareness campaign is also encouraging departments to critically examine their license requirements.

6. OGC will continue to work on to ensure that the public sector awareness of the memoranda is high, taking into consideration existing promotional activity.

PAC conclusion (vi): 10% of departments do not maintain reliable market information on IT suppliers, their software products or the longer term developments in the IT sector. OGC should identify and work with these departments, for example by encouraging them to attend OGC's information and support events, so that they can deal with suppliers on a more even and professional footing.

7. Commercial intelligence and financial information on IT suppliers is held by the OGC and is available to government departments and agencies as required. Small and occasional clients, for whom it may not be cost effective to hold and maintain market intelligence, are likely to find this source of information especially valuable. OGC is working to ensure more intelligence on supplier performance is shared across government to help awarding authorities when letting contracts. This will include, for example, making information readily available electronically that can be accessed by departments and more key strategic supplier fora. As part of this, OGC will be publicising the availability of market intelligence, events and user groups through dialogue with departmental Heads of Procurement.

PAC conclusion (vii): The Memoranda negotiated by OGC have, to date, saved £49 million in direct price reductions. OGC does not, however, hold information on the extra savings that might have been achieved if those departments who have not used the Memoranda had done so. OGC should determine how the savings achieved compare with what might have been secured with levels of higher take-up.

8. From ongoing dialogue with individual departments who have not yet used the memoranda, OGC recognises that this is a matter of timing rather than willingness: Departments are following advice to use the arrangements at the most appropriate time and in line with their upgrade plans. To construct a scenario of savings based on more immediate take-up would be misleading.

PAC conclusion (viii): OGC estimated £36 million direct price savings over three years from March 2002, but £49 million savings had already been achieved by September 2003. In the light of their increased knowledge of the marketplace, their greater experience gained from successive deals, and the opening of discussions with Microsoft, OGC should see whether an improved Memorandum offering further savings is possible.

9. OGC is continuing to engage in discussions with Microsoft to see whether further improvements to the Memorandum can be obtained. We will inform the committee as to the outcome once negotiations are complete.



Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London, WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers

ISBN 0-10-161752-6



9 780101 617529