

House of Commons

Treasury Committee

**PARLIAMENTARY
ACCOUNTABILITY OF
DEPARTMENTS:
THE GOVERNMENT
RESPONSE TO THE
COMMITTEE'S SEVENTH
REPORT, SESSION 2001-02**

First Special Report of Session
2002–03

Ordered by The House of Commons to be printed 3 December 2002

HC 149
Published on 10th December 2002 by authority of the House of Commons
London : The Stationery Office Limited
£3.00

TREASURY COMMITTEE

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the HM Treasury and its associated public bodies.

Current membership

Mr John McFall (*Labour, Dumbarton*) (Chairman)
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Powers

The Committee is one of the departmental select committees, the powers of which are set out in the House of Commons Standing Orders, principally in SO No. 152. These are available on the Internet via www.parliament.uk The Committee has power to appoint a Sub-Committee, which has similar powers to the main Committee, except that it reports to the main Committee, which then reports to the House. All members of the Committee are members of the Sub-Committee, and its Chairman is Mr Michael Fallon.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) from Session 1997-98 onwards are available on the Internet at http://www.parliament.uk/parliamentary_committees/treasury_committee.cfm A list of Reports of the Committee published in the present parliament is at the back of this volume.

Contacts

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FIRST SPECIAL REPORT

The Treasury Committee has agreed to the following Special Report:

PARLIAMENTARY ACCOUNTABILITY OF DEPARTMENTS: GOVERNMENT RESPONSE TO THE COMMITTEE'S SEVENTH REPORT OF SESSION 2001-02

1. On 2 August 2002, we published our Seventh Report, *Parliamentary Accountability of Departments*, as House of Commons Paper No. 340-I. We have now received a response from the Government (dated 18 November) which is appended below.

APPENDIX

(a) We are grateful to all who have made an input to this inquiry. As all of the 2002 departmental reports have now been published, we thought that this would be an appropriate time to make an interim report. We shall seek the views of Committees on the new reports, and on the information provided, in the autumn, and expect to make a further report in time to inform the production of the 2003 departmental reports (paragraph 8).

(b) On the evidence we have received, it is unlikely that departments will generally be able for some time to lay audited resource accounts before Parliament in the autumn after the end of the financial year. This knocks a major hole in the Government's revised strategy for financial reporting to Parliament. We look to the Government to ensure that full outturn information is made available in the autumn, and look forward to hearing how it proposes to do this in the period until its original objective of laying audited resource accounts in the autumn can be achieved (paragraph 13).

The Government wants to see audited resource accounts laid before Parliament and published as soon as possible after the end of the financial year. The Treasury is discussing with both the NAO and departments how the timetable can be accelerated. The Committee's concern about timely departmental resource accounts is noted. Reports of latest available outturn against Public Service Agreement (PSA) targets will be published in the autumn in the Autumn Performance Reports. In time it may be possible to link these reports to publication of the accounts.

(c) We are also concerned at the excessive delays that occurred in publishing some of the 2000-01 resource accounts, given that the documents must be complete before they are laid before Parliament. We do not regard the formal act of laying as an adequate way of informing the House of the content of these documents. The public has a right to prompt publication after laying. We expect to see a marked reduction in publication delays with the 2001-02 resource accounts and look to the Treasury to take steps to achieve this (paragraph 14).

The publication of resource accounts is not subject to statutory deadlines in the same way as their laying before Parliament, but the Government fully agrees with the

Committee that it is important for departments to place their accounts in the public domain at the earliest opportunity. The guidance issued each year by the Treasury about preparation and publishing of departments' resource accounts stresses the importance of prompt publication. The Treasury monitors departments' publication dates accordingly, and will continue to draw departments' attention to Parliament's concern about late publication. Nevertheless, in most cases, publication has taken place on the same day as the accounts are laid before Parliament or soon thereafter. Our aim is to make sure that this becomes standard practice.

(d) We believe that there are good practical arguments for responsibility for publication of Estimates to return to the Treasury and that reverting to this earlier practice may act to strengthen Parliamentary control. We note from the comments of Chairmen of other departmental committees that the previous practice of providing them with drafts in advance appears, in respect of the 2001-02 Estimates, to have been honoured more in breach than observance. We recommend that this practice is restored, and that as much advance notice as possible is given to Committees, particularly of Supplementary and Revised Estimates, in order that those can be scrutinised properly before they are voted on by the House (paragraph 17) .

The practice of issuing final printers proofs to the Clerks to relevant Departmental Select Committees in advance of Supplementary and Revised Estimates will be re-instated. This is not necessary in relation to Main Estimates because of the much longer time between presenting the Estimates and consideration of the related legislation.

(e) We recognise the contribution made to consideration of the Main Estimates in particular by material in the Departmental Report. We therefore recommend that all departmental reports are published well before the House is asked to vote on the Main Estimates (paragraph 18).

The Government agrees with the Committee that it is important that departmental reports are published in good time to provide for full consideration of the Estimates. The Main Estimates are laid 21 days after the Budget and voted on before the summer recess. The timetable set for departmental reports each year is intended to provide for publication well before then, while allowing sufficient time to finalise the reports after the Budget. The Treasury will continue to impress upon departments the need to ensure that the publication deadline is met.

(f) We note the suggestion that Estimates might in future be published electronically, with Committees being given printed versions of those relevant to them. We are not convinced that the House as a whole is ready to accept this development (paragraph 19).

The Government acknowledges the Committee's concerns about any move to electronic publication of Estimates. Printed copies of the Estimates will continue to be published, while also publishing electronic versions on the Treasury website. This is an issue that we might wish to raise with the Committee again as technology and practice moves on.

(g) One of the factors on which we will base our judgement of the success of the new arrangement is whether it improves Committees' monitoring of departments'

levels of success in meeting PSA targets. In this context we note the work that is in hand to improve the transparency of performance reporting, and its validity (paragraph 20).

The new arrangements recognize that open, objective and accessible reporting against PSA targets is one of the key functions of departmental reports. The guidance issued to departments sets out the reporting requirements to achieve this, including the need to describe validation arrangements. The Government announced that the National Audit Office (NAO) would be invited to take responsibility for validation of systems used in reporting on PSA targets, where measurement of performance depends upon data, in its response to Lord Sharman's report 'Holding to Account' on audit and accountability for central government. The NAO is undertaking a pilot exercise on data system validation with a number of departments during summer and autumn 2002, prior to implementation for all departments with PSAs from April 2003. All relevant data systems will be examined at least once during the lifetime of the PSA. In further moves to aid transparency and monitoring of progress, an additional round of reporting against PSAs in the autumn will take place from 2002, and regular web-based reporting of progress against all PSA targets will be introduced, with links to the associated Technical Notes for those targets.

(h) While we welcome the fact that Departmental Reports have a wide readership, and provide useful reference points for departments, we look to departments not to lose sight of their primary function, which is to report to Parliament (paragraph 21).

The Government agrees that Parliamentary reporting requirements should be fundamental to the content of departmental reports, and the guidance issued to departments reflects this. Departments are reminded of the need to take into account the comments of their departmental select committees about their reports. The new framework is designed to ensure that the requirements of all users are fully met.

(i) We support the idea of greater accessibility of departmental reports through the Internet, but not at the expense of producing a non-electronic version. We agree with the Chief Secretary that it is important to retain the paper version (paragraph 24).

The Committee's comments are noted. The Government is keen to improve the accessibility of departmental reports through the opportunities afforded by electronic publication, but recognizes the current need to maintain paper versions. Departmental reports will continue to be published in hardcopy, with electronic versions placed on departmental websites. As with the Estimates, this is an issue that can be reviewed with Parliament over time, as practice and users' preferences develop.

(j) We welcome the Chief Secretary's assurances about the content of the new style reports, and that there will be no overall loss of comparative information. The latter point is of considerable importance to departmental committees seeking to form a view of trends. We reiterate the point made by the Chairman of the Education and Skills Committee that, besides information being given on a comparable basis in year, it needs to be capable of reconciliation with previous years' data (paragraph 25).

The new framework seeks to ensure that presentation of information is more effective. In pursuit of that, for example, some of the more technical information is now presented alongside the departmental reports in the new Supplementary Budgetary Information document, but underlying principles such as maintaining the overall level of information and continuity of reporting are preserved. The need for information to be capable of reconciliation over time is accepted.

H M Treasury
November 2002

**LIST OF REPORTS PUBLISHED BY THE TREASURY COMMITTEE
SESSION 2001-02**

First Report: The 2001 Census in England and Wales (HC 310)

Second Report: Budget 2002 (HC 780)

Third Report: The Office of Government Commerce (HC 851)

Fourth Report: Appointment to the Monetary Policy Committee of the Bank of England of Mr Paul Tucker and Ms Marian Bell (HC 880)

Fifth Report: Banking, the Consumer and Small Businesses (HC 818)

Sixth Report: The Financial Regulation of Public Limited Companies (HC 758)

Seventh Report: Parliamentary Accountability of Departments (HC 340)

Eighth Report: Inland Revenue: Self Assessment Systems (HC 681)

Ninth Report: Appointment of Sir Andrew large as a Deputy Governor of the Bank of England and Member of the Monetary Policy Committee (HC 1189)

Special Reports:

First Special Report: Government Response to the Committee's Fifth Report, Session 2000-01: Banking and the Consumer (HC 198)

Second Special Report: Responses by the Government and the Bank of England to the Committee's Ninth Report, Session 2000-01: The Monetary Policy Committee - An End of Term Report (HC 199)

Third Special Report: Government Response to the Committee's Eighth Report, Session 2000-01: The Royal Mint (HC 266)

Fourth Special Report: Government Response to the Committee's Seventh Report, Session 2000-01: The Government Actuary's Department (HC 267)

Fifth Special Report: Government Response to the Committee's Sixth Report, Session 2000-01: HM Customs and Excise (HC 315)

Sixth Special Report: Government Response to the Committee's Tenth Report, Session 2000-01: Equitable Life and the Life Assurance Industry: An Interim Report (HC 316)

Seventh Special Report: Government Response to the Committee's Fourth Report, Session 2000-01: International Monetary Fund: A Blueprint for Parliamentary Accountability (HC 379)

Eighth Special Report: Government Response to the Committee's Third Report, Session 2000-01: HM Treasury (HC 429)

Ninth Special Report: Government Response to the Committee's First Report, Session 2001-02: The 2001 Census in England and Wales (HC 852)

Tenth Special Report: Government Response to the Committee's Second Report, Session 2001-02: Budget 2002 (HC 1075)

Eleventh Special Report: Government Response to the Committee's Third Report, Session 2001-02: Office of Government Commerce (HC 1217)

Twelfth Special Report: Government Response to the Committee's Fifth Report, Session 2001-02: Banking, Consumers and Small Businesses (HC 1218)

Thirteenth Special Report: Government Response to the Committee's Sixth Report, Session 2001-02: Financial Regulation of Public Limited Companies (HC 1219)

Fourteenth Special Report: Government Response to the Committee's Eighth Report, Session 2001-02: Inland Revenue: Self Assessment Systems (HC 1220)

