



House of Commons  
Select Committee on  
Modernisation of the House of  
Commons

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**Debating departmental  
objectives and annual  
reports**

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**Second Report of Session 2007–08**

*Report, together with formal minutes and  
written evidence*

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## The Select Committee on Modernisation of the House of Commons

The Select Committee on Modernisation of the House of Commons is appointed by the House of Commons to consider how the House operates and to make recommendations for modernisation.

### Current membership

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Chris Bryant (*Labour, Rhondda*)  
Ms Dawn Butler (*Labour, Brent South*)  
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Sir Nicholas Winterton (*Conservative, Macclesfield*)  
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The following Members were also members of the Committee during the Parliament:

Liz Blackman (*Labour, Erewash*)  
Mr Paul Burstow (*Liberal Democrat, Sutton & Cheam*)  
Chris Grayling (*Conservative, Epsom and Ewell*)  
Mr David Heath (*Liberal Democrat, Somerton and Frome*)  
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### Powers

The powers of the Committee are set out in an Appendix to the House of Commons Standing Orders. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### 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) are on the Internet at <http://www.parliament.uk/modcom>. A list of Reports of the Committee in the present Parliament is at the back of this Report.

### Committee staff

The current staff of the Committee are Helen Irwin and Dr Susan Griffiths (Clerks), Susan Morrison (Committee Assistant) and Jane Cooper (Secretary).

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# Contents

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Report	Page
<b>Summary</b>	<b>3</b>
<b>1 Introduction</b>	<b>5</b>
<b>2 History</b>	<b>5</b>
Select Committees	5
Scrutiny in the Chamber	6
<i>The Governance of Britain</i>	6
<b>3 Effective scrutiny</b>	<b>8</b>
Timing	8
Select Committees and the Chamber	9
PSAs	10
Departmental Annual Reports and other documents	11
<b>4 Departmental debates</b>	<b>12</b>
“Tagging”	12
Debates in government time	13
Using existing Select Committee time	14
<b>5 Conclusion</b>	<b>15</b>
<b>List of recommendations</b>	<b>16</b>
<b>Formal Minutes</b>	<b>19</b>
<b>List of written evidence</b>	<b>20</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>21</b>



## Summary

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In *The Governance of Britain* Green Paper, published in July 2007, the Government proposed that the annual objectives and plans of Government departments should regularly be debated in the House of Commons. It asked the Modernisation Committee to consider ways to provide for this.

We welcome the Government's desire to establish a more systematic and effective scrutiny of departmental performance, however, the time available for debates on the floor of the House is limited and already subject to many competing pressures. In this Report we consider practical measures through which scrutiny of departmental objectives could be made more effective within the limited time available.

We have concluded that a balance of different measures would be appropriate. More consistent tagging of Departmental Annual Reports and associated select committee publications would help to identifying existing opportunities for debate more clearly and would provide Members with the material needed for effective scrutiny. Although there is little scope for timetabling additional debates without displacing existing business that is of interest to Members, some time could be found in Westminster Hall. Finally, the Government should consider whether existing select committee time in the Chamber could be extended.

We do not consider it necessary to debate every government department each year. Instead, we strongly support Liaison Committee input into the choice of department for debate. The objective of any new arrangements for debating departmental objectives in the Chamber should be to enhance and build upon the existing and effective scrutiny carried out by select committees.



# 1 Introduction

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1. Each government department produces an annual report on its performance over the previous financial year, normally published in May. These reports are prepared according to Treasury guidance and are regularly scrutinised by the relevant departmental select committee by means of a public oral evidence session, sometimes followed by a Report.<sup>1</sup> In July 2007, the incoming Prime Minister proposed a more systematic scrutiny of departmental annual reports, with debates occurring more frequently on the floor of the House. *The Governance of Britain* Green Paper stated:

The Government believes that the House of Commons should be guaranteed an opportunity to debate, on the floor of the House, the annual objectives and plans of the major Government Departments in order to strengthen further Parliament’s scrutiny of the executive. The Government will therefore ask the House of Commons Modernisation Committee to consider ways to provide for this.<sup>2</sup>

2. The Committee announced its inquiry into Debating departmental objectives and annual reports on 24 October 2007, as part of a series of inquiries into aspects of *The Governance of Britain* agenda. The Committee requested submissions focusing on how such debates could be provided for, how they could be accommodated in the Parliamentary timetable, and how the scrutiny of departmental plans, objectives and targets by select committees and other work that flows from their core tasks can best be used by the House in debates. We are grateful to those who gave evidence to the inquiry.

3. Much of our evidence has come from the chairmen of select committees, who welcomed the Government’s proposals for more systematic scrutiny of government departments.<sup>3</sup> **We support the aim of providing more opportunities for scrutiny of departmental performance. There are a variety of ways in which this objective could be achieved in practice.** We go on to examine these in this Report.

## 2 History

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### Select Committees

4. The scrutiny of departmental annual reports and objectives is now a regular feature of select committee activity. In 2002, core tasks for departmental select committees were agreed by the House, including “To examine the expenditure plans and out-turn of the department, its agencies and principal NDPBs” and “To examine the department’s Public Service Agreements, the associated targets and the statistical measurements employed, and report if appropriate”.<sup>4</sup> An annual evidence session devoted specifically to scrutiny of departmental performance is generally considered a key part of fulfilling these tasks. Some

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1 Ev 3–5

2 *The Governance of Britain*, Cm. 7170, paragraph 108.

3 Ev 10 and Ev 12–13

4 Ev 5

committees choose to pursue issues raised during this session with further evidence sessions and a report.

5. As successive Liaison Committee Annual Reports have shown, select committee activity has grown since 2002.<sup>5</sup> Scrutiny of government departments has become more consistent and systematic. Written evidence submitted to this inquiry by the Clerk of the House includes an analysis of committees' scrutiny of departmental annual reports in 2006 and 2007. In 2006, all but two departmental select committees held an oral evidence session on their department's Annual Report, and half produced a report on it.<sup>6</sup> Activity was similar in 2007.<sup>7</sup>

6. The Scrutiny Unit assists all departmental select committees in work on expenditure, providing briefing and analysis not just on departmental annual reports, but also of estimates, resource accounts and Autumn Performance Reports. There is evidence to suggest that the more systematic approach now taken by departmental select committees has had a positive effect. The memorandum submitted by the Clerk of the House states that "The Scrutiny Unit's analysis of Departmental Annual Reports has identified variation in quality, but also an improvement in their quality over time".<sup>8</sup>

## Scrutiny in the Chamber

7. Although almost all departmental select committees are now regularly engaged in the scrutiny of departmental objectives and annual reports,<sup>9</sup> these issues are raised in the Chamber much more rarely. The performance of each department is not debated systematically on the floor of the House, but may be raised when relevant to debate. Written evidence from the Leader of the House enumerates some of these opportunities:

...time is made available at present in the form of regular annual debates for Defence and for Wales. Treasury objectives are discussed in practice as part of the regular scrutiny of the Budget and in other floor of the House discussions such as the economic debate during the Queen's Speech and exchanges on the PBR statement. And other general debates in government time can also cover the work of departments as a whole, for example the general debate on International Development.<sup>10</sup>

## The Governance of Britain

8. *The Governance of Britain* Green Paper was published by the incoming Prime Minister in July 2007. It made a number of proposals for a new relationship between Parliament and

5 See [http://www.parliament.uk/parliamentary\\_committees/liaison\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/liaison_committee.cfm)

6 Ev 5 and Ev 7–9

7 See Liaison Committee, Third Report of Session 2007–08, *The work of committees in 2007*, HC 427 (2007–08), paragraph 36. In 2007, all but one departmental select committee held or was planning to hold at least one oral evidence session on their department's Departmental Annual Report and, as in 2006, about half the departmental committees published, or plan to publish a report.

8 Ev 4

9 Ev 8–9 shows a table of select committee activity on Departmental Annual Reports.

10 Ev 1

the executive, the stated aim being “to rebalance power between Parliament and the Government, and give Parliament more ability to hold the Government to account”.<sup>11</sup> Whilst recognising the important work done by select committees in scrutinising the objectives and performance of government departments, *The Governance of Britain* called for more of this scrutiny to take place on the floor of the House.<sup>12</sup> The document states that “scrutiny of Departmental objectives and plans on the floor of the House is conducted only on an ad hoc basis, and, as a result, a year can pass with the objectives and plans of some Departments having never been properly discussed”, concluding that “the House of Commons should be guaranteed an opportunity to debate, on the floor of the House, the annual objectives and plans of the major Government Departments in order to strengthen further Parliament’s scrutiny of the executive”.<sup>13</sup>

9. *The Governance of Britain* does not specify which departments would count as “the major Government departments”. This could be defined either in terms of budget or policy importance. The definition is likely to include HM Treasury, the Foreign and Commonwealth Office and the Ministry of Defence, but could easily be extended to cover many others, including the Home Office and the Departments for Work and Pensions, Transport, Health, Environment, Food and Rural Affairs, and Children, Schools and Families. In addition, certain departments will vary in prominence from year to year according to legislative priorities and policy developments. A large number of departments could therefore potentially fall within this definition. A significant amount of time would need to be found in order for each of these departments to be the subject of debate on the floor of the House on a separate occasion.

10. *The Governance of Britain* suggests that debates held in the Chamber would complement existing forms of scrutiny, rather than acting as a replacement. In the case of select committees, the document notes that opportunities to debate reports on the floor of the House are rare. Thus, “if the Government’s response is unfavourable to the committee’s recommendations, the select committee has little opportunity to press its case”.<sup>14</sup> As the Green Paper observes, scrutiny of departmental performance may take place through Westminster Hall debates, but “they all take place technically on a motion for adjournment and hence Parliament’s opportunity to challenge Government policy is limited”.<sup>15</sup>

11. The objectives outlined within *The Governance of Britain* Green Paper are set out in more detail in written evidence submitted to this inquiry by the Leader of the House. This states that:

The purpose is to give the House greater opportunity than at present for systematic scrutiny, in the House rather than in select committee, of the objectives and plans of the major government departments [...] It is right that these should be properly examined by the House, both as part of the discharge by the House of its

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11 *The Governance of Britain*, Cm. 7170, paragraph 10.

12 *Ibid.*, paragraphs 103–108.

13 *Ibid.*, paragraph 108.

14 *Ibid.*, paragraph 105.

15 *Ibid.*, paragraph 106.

responsibilities in respect of the nation's finances and in respect of scrutiny of government more generally.<sup>16</sup>

The memorandum goes on to note that the time available for debates on the floor of the House is limited and subject to competing pressures. In this context, the Leader of the House suggests that “the purpose is to add to the existing opportunities for scrutiny and debate [...] It would probably not be appropriate for separate days to be set aside specifically for a debate on each departmental report”.<sup>17</sup> The reality of a limited amount of time available on the floor of the House conflicts with the Government's desire to provide for additional debates on departmental objectives. This Committee has therefore sought to break the deadlock by presenting practical proposals to improve scrutiny of departmental performance.

**12. We welcome the Government's commitment to Parliamentary scrutiny of departmental objectives and annual reports.** However, as the Leader of the House has noted, any additional debates in the Chamber would have the effect of displacing other business. In the remainder of this Report, we consider how the House of Commons can achieve the most effective scrutiny of departmental performance.

### 3 Effective scrutiny

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13. The Government's proposals single out the Departmental Annual Report as a focus for debate. The publication of this document might provide a focus for debate. However, there are a number of potential difficulties that would need to be overcome in order for debates on Departmental Annual Reports to provide a real opportunity for effective scrutiny.

#### Timing

14. If it is intended that debates should be closely informed by the information contained within the Departmental Annual Report, it might be desirable to hold the debate fairly near the date of publication. For example, the memorandum from the Leader of the House suggests that it might “be particularly helpful to the House for attempts to be made to concentrate such debates in the period between publication of the departmental annual reports and the summer, to allow them to be more closely linked to the publication of the departmental reports themselves and any select committee reports on them”.<sup>18</sup> However, most select committees that produce a report on the departmental annual report do not publish it until after the summer recess and some significantly later in the year.<sup>19</sup> Assuming that the debate was to be held after the publication of any select committee report on the subject, this would push the date well into the autumn, about half way through the financial year. In his evidence, the Chairman of the Liaison Committee, Rt Hon Alan

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16 Ev 1

17 Ev 1

18 Ev 3

19 Ev 5

Williams MP, notes that this seems inconsistent with the Government's emphasis on "looking forward at objectives and plans rather than backwards at past performance".<sup>20</sup>

15. The timing of debates may also be affected by the outcome of HM Treasury's Alignment Project, which aims to improve and consolidate the different forms of financial information currently presented to Parliament.<sup>21</sup> As part of this, the project seeks to combine or align the timing of publication of government financial reporting documents. This may result in a new timetable for the publication of Departmental Annual Reports.

16. The objective of any new arrangements for debating departmental objectives in the Chamber should be to enhance and build upon the existing scrutiny carried out by select committees. If debates become a 'tick box' exercise, whereby departments are scrutinised according to a set routine, with no connection to select committee work, the process will quickly lose credibility. The question of timing is therefore highly relevant, as the Clerk of the House notes:

In the Departmental Annual Reports departments report on their own performance without external input, and in the absence of external review and analysis by the relevant select committee the House would be less well-equipped to 'challenge Government policy' (Green Paper, para 106). Furthermore, there would be little point in a select committee carrying out its core tasks of examining expenditure plans, out-turns, PSAs and targets if the House had already debated these matters, and even more so if the House had expressed a view.<sup>22</sup>

**17. We do not consider it appropriate for debates on departmental objectives to take place before the relevant select committee has completed its work on the Departmental Annual Report.**

## Select Committees and the Chamber

18. Written evidence from the Chairman of the Liaison Committee highlights a number of features of any new arrangements that would help to ensure that previous select committee work informed the debates. These include "an expectation that the Chairman of the relevant departmental select committee would speak early in the debate, or even open it" and that "the relevant committee would have the opportunity to table the motion for debate".<sup>23</sup> Although the work of the relevant select committee would underpin the debate, it would also be a chance for more Members to participate. As the Chairman of the Communities and Local Government Committee, Dr Phyllis Starkey MP, notes in her evidence, "an annual general debate on the floor of the House might similarly provide a forum in which such topics might be considered by a wider membership than that of the Select Committee itself".<sup>24</sup> **We would expect the Chairman and members of the relevant departmental select committee to take a central role in debates on departmental**

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20 Ev 12

21 See Liaison Committee, Second Report of Session 2007–08, *Parliament and Government Finance: Recreating Financial Scrutiny*, HC 426 (2007–08), paragraphs 35–37.

22 Ev 5

23 Ev 12

24 Ev 13

**objectives. We expect, however, that debates on the floor of the House would also open the topic to a broader audience of Members who are not members of the relevant select committee.**

19. As the Leader of the House has recognised, “There are 19 principal departments of state (including the Scotland, Wales and N Ireland Offices, and the Cabinet Office) and it is clear that full days could not be provided for each of these without significantly reducing the time currently allotted to other business”.<sup>25</sup> *The Governance of Britain* suggests that annual debates should be held for “the major Government Departments”.<sup>26</sup> A definition of what constitutes a ‘major’ department could be based on characteristics such as the size of the budget or volume of legislative output. Any such definition is likely to be subjective and will vary from year to year. One option would be to place the selection in the hands of select committees themselves (perhaps through the Liaison Committee). This would allow them to apply their wider policy knowledge when deciding which department(s) should be the subject of debate. We discuss how this might be implemented in practice in Section 4 below.

## PSAs

20. Many select committees use the opportunity provided by an annual session on the departmental annual report to test departments’ performance on PSAs (Public Service Agreements) generally, but, as the Liaison Committee Annual Report notes, individual PSA targets are regularly touched on in the course of policy-based inquiries throughout the year.<sup>27</sup> Select committee evidence on Departmental Annual Reports informs and is informed by a continuing process of accountability. In any given year, it is likely that some PSAs will be perceived as more important than others. Members contributing to debates on departmental objectives will therefore wish to focus on particular areas of interest. **Debates on departmental objectives should reflect the areas of performance that are of particular significance or importance. Debates should not artificially attempt to scrutinise all objectives equally.**

21. From 2008–09, Public Service Agreements will be cross-departmental, although each PSA will have a lead department. As part of the 2007 Comprehensive Spending Review, the Government also introduced a new type of target in the form of Departmental Strategic Objectives (sometimes but not always linked to the PSAs).<sup>28</sup> These innovations widen the context for effective scrutiny, raising the possibility of joint select committee meetings to scrutinise cross-cutting objectives. **Any new procedure for debating departmental objectives on the floor of the House will need to take account of the new cross-departmental PSAs and allow for the objectives of more than one department to be combined into one debate.**

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25 Ev 1

26 *The Governance of Britain*, Cm. 7170, paragraph 108.

27 Liaison Committee, Third Report of Session 2007–08, *The work of committees in 2007*, HC 427 (2007–08).

28 Ev 5

## Departmental Annual Reports and other documents

22. The Departmental Annual Report may not be sufficient alone to fulfil the Government's stated aim of debating "annual objectives and plans of the major Government Departments in order to strengthen further Parliament's scrutiny of the executive".<sup>29</sup> Departmental Annual Reports are, in large part, reviews of the previous financial year. As the Clerk of the House points out, they "do not set out how the department plans to achieve its objectives in the forthcoming or current year, though they do set out planned spending".<sup>30</sup> It is likely, therefore, that other material will be needed to supplement the scrutiny process.

23. The recent Report from the Liaison Committee on *Parliament and Government Finance: Recreating Financial Scrutiny* highlights the complexity and fragmentation of financial information currently available to Parliament. Information on government departments' spending is split between Spending Reviews, Estimates and Resource Accounts, which all differ in format, because they encompass three different financial frameworks designed at different times for different purposes.<sup>31</sup> The Liaison Committee notes that the Treasury has recently established the Alignment Project to improve consistency and allow readers to compare figures between these documents, but nevertheless concludes that "Parliament is not currently receiving the information required for effective financial scrutiny. Better-quality information is needed rather than greater quantity. The Alignment Project may provide some help, but will not be enough on its own".<sup>32</sup>

24. Rt Hon Alan Williams noted that "There is no single document which sets out a Department's plans for the forthcoming year".<sup>33</sup> In the present situation, debates on departmental objectives will therefore need to take account not only of Departmental Annual Reports, but also of other material published by the department, such as Green and White Papers, bills and draft bills, estimates and the autumn performance reports. However, Mr Williams acknowledges that this presents;

...the risk that the proposed debates would not in practice focus on the 'annual objectives and plans' of Departments 'in order to strengthen further parliament's scrutiny of the executive' (as proposed in the Green Paper) but would instead become general wide-ranging debates on departmental policy, in which case their contribution to scrutiny of the executive might be limited.<sup>34</sup>

**Departmental annual reports, whilst important, may need to be supplemented by other, already available material in order to ensure effective scrutiny of a department's past performance and objectives for the future.**

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29 *The Governance of Britain*, Cm. 7170, paragraph 108.

30 Ev 4

31 Liaison Committee, Second Report of Session 2007–08, *Parliament and Government Finance: Recreating Financial Scrutiny*, HC 426 (2007–08), paragraph 27.

32 *Ibid.*, p.4.

33 Ev 11

34 Ev 12

## 4 Departmental debates

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25. There are a number of practical options for accommodating debates on departmental objectives and annual reports within the existing broad programme of business. As the Leader of the House notes in her memorandum, “select committees already conduct a range of valuable inquiries into Departments’ annual reports, objectives and spending plans. These are capable of being debated under existing procedures”.<sup>35</sup> This Committee has a long-standing interest in the way in which business is balanced, having reported on the matter in *Revitalising the Chamber: the role of the back bench Member*.<sup>36</sup> In that Report, we recommended that business in the Chamber could be made more relevant by setting aside time for topical questions and debates, as well as holding general debates on substantive motions. These recommendations were partially implemented and have been in operation since the start of the present session. We understand that the Leader of the House is currently undertaking a review of the way in which topical debates are chosen.

26. As we noted in that Report, the amount of time that the Government makes available for topical or general debates is dependent on its other priorities. For example, two-fifths of the time available on the floor of the House is now taken up with legislation.<sup>37</sup> It would be open to the Government to decide that some of that time might be better spent on scrutiny of departmental performance. In the same Report, we also recommended that new arrangements for debates should be kept under review. **The effectiveness of any new system depends to some extent on the way it is operated. We therefore consider that any new arrangements for debating departmental objectives and annual reports should be temporary for the current Parliament and subject to review thereafter.**

27. As noted above (paragraph 17), **we do not consider it desirable to hold an annual debate on each of the 19 government departments. The departments chosen for debate will vary from year to year. In this context, additional opportunities to debate departmental objectives and annual reports could be provided by rebalancing the present programme of business and identifying existing opportunities more systematically, without the need for changes to the standing orders or the invention of a new formal procedure.** We consider options for these changes below.

### “Tagging”

28. Departmental objectives are already debated on a number of occasions within the current programme of business. For example, the regular annual debates on Defence, Europe and Welsh Affairs as well as those on the Queen’s Speech and the Budget offer the opportunity for Members to discuss, to some extent, the objectives of the departments involved. These are supplemented by general and topical debates, for which the subject is chosen by the Government, as well as debates in Westminster Hall. It may be that the present programme of debates provides sufficient time for the objectives of several departments to be debated, but that these opportunities are not being taken up because

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35 Ev 2

36 Select Committee on Modernisation of the House of Commons, First Report of Session 2006–07, HC 337 (2006–07).

37 *Ibid.*, paragraph 48.

they are not identified clearly or systematically. In this case, greater use could be made of ‘tagging’ (the practice of placing a note on the order paper to show that a particular document is relevant to the debate). This could be applied consistently in regard to departmental annual reports and associated select committee reports or transcripts of evidence.

29. Evidence from the International Development Committee describes the experience of tagging the Committee’s Report on the 2007 Departmental Report to the debate on International Development on 15 November 2007. The Committee generally found this a positive development. Rt Hon Malcolm Bruce MP, Chairman of the Committee states, “I, as Chairman, and a number of other members of the Committee were called to speak at an early stage in the debate. Our report was widely referred to by backbench and frontbench speakers”.<sup>38</sup> The memorandum strikes a note of caution, however, on the question of timing. The Committee found that little notice of the date of the debate was given and that this meant that it had to rush to complete and publish its Report in time for the debate. The Chairman suggests that “If future debates on Departmental objectives are likely to be in the autumn, we would be greatly assisted by early notice of the proposed date so that we can plan accordingly”.<sup>39</sup>

**30. We recommend that greater use should be made of tagging to identify opportunities to debate departmental objectives and performance and material that may be of use to Members in debate. Departmental Annual Reports and associated select committee publications should be tagged to suitable debates both in the Chamber and in Westminster Hall. After a trial period of one session, a review should be conducted to consider the proportion of departmental annual reports and corresponding select committee reports/evidence that had been tagged and identify any significant gaps.**

## Debates in government time

31. The Government already uses some of its own time for regular annual debates on certain topics (such as Europe and International Development) as well as one-off debates on a subject of its choosing (examples from the 2006-07 session include Rail Performance and Bullying in Schools). Although there will always be competing demands for time from a range of sources, the Government is free to dedicate some of these debates to a discussion of departmental objectives.

32. In her evidence, the Leader of the House suggests that it might be possible to rebalance the present programme of debates scheduled in government time: “For example, the Government proposes that the number of days specifically devoted to defence could be reduced from the current five, with one such day becoming a regular debate on FCO objectives and plans”.<sup>40</sup> But evidence from the Chairman of the Defence Select Committee, Rt Hon James Arbuthnot MP, strongly resists this proposal. Mr Arbuthnot notes that it is possible to debate the objectives of some departments as part of other business, and states

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38 Ev 10

39 Ev 11

40 Ev 2

that: “A lack of regular defence-related legislation is one reason why there are otherwise fewer occasions to debate defence issues than is the case for some other departments”.<sup>41</sup>

33. If the Government wishes to hold more frequent and more focused debates on departmental objectives, but judges that time in the Chamber is too limited, it might consider using some of its Thursday afternoon slots in Westminster Hall. These sessions, normally reserved for general debates on subjects of the Government’s choosing, could instead be specifically devoted to departmental debates. Again, we do not think it necessary to provide for debates on all departments in the course of the year. Instead, the choice of department could be given over to the Liaison Committee according to the current process for deciding on select committee debates in Westminster Hall. This would allow the Committee to manage competing requests from different departmental select committees and potentially to choose to focus debate on a narrower range of performance objectives where it is felt that there are particular issues of interest to Members.

**34. We recommend that the Government should devote some of its Thursday afternoons in Westminster Hall to debating departmental objectives and annual reports. The choice of department should be made by the Liaison Committee. This should not be at the expense of existing select committee time.**

### Using existing Select Committee time

35. Scrutiny of departmental objectives and performance also takes place in the limited amount of time under select committees’ control. This consists of three Estimates Days per year in the Chamber and, in 2007, 23 debates in Westminster Hall (an increase from 21 in the previous year).<sup>42</sup> The subject of these debates is normally a committee report chosen through a bidding system managed by the Liaison Committee. It is open to Committees to ask for their report on the relevant Departmental Annual Report to be debated, but this has rarely occurred.

36. Evidence from the International Development Committee calls for more time to be made available for debates on the Estimates Day model. Whilst the Committee welcomed the opportunity to tag its Report to a Government-inspired debate, the Chairman would value “the opportunity for a debate in which the Committee’s report on the Departmental Annual Report was the main subject of the debate rather than just being tagged as relevant”.<sup>43</sup>

37. *The Governance of Britain* itself notes that procedures such as that used for Estimates Days offer the chance to debate a substantive motion, which has not generally been possible in Westminster Hall and other adjournment/general debates: “Although these debates give a valuable opportunity to probe government policy, they all take place technically on a motion for adjournment and hence Parliament’s opportunity to challenge Government policy is limited”.<sup>44</sup> In contrast to the arrangements for one-off debates in

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41 Ev 12

42 Liaison Committee, Third Report of Session 2007–08, *The work of committees in 2007*, HC 427 (2007–08) and *Sessional Returns, Session 2005–06*, HC 1 (2006–07), pp. 40–46

43 Ev 10

44 *The Governance of Britain*, Cm. 7170, paragraph 106.

government time, described above, the use of select committee time moves control of the debates out of the hands of Government. As the Clerk of the House comments in his evidence to this inquiry, “if the aim is for government policy to be challenged [...] the Committee should consider how far the Government should control the process beyond specifying the number of days available”.<sup>45</sup>

**38. If the Government believes that more opportunities should be provided for scrutiny of departmental performance on a substantive motion, this might best be achieved by increasing the number of days available to select committees in the Chamber. It would be for select committees (via the Liaison Committee) to choose the subjects for debate on these occasions.**

## 5 Conclusion

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**39. The Government’s proposal for a more systematic and effective scrutiny of departmental objectives and annual reports in the Chamber is commendable. We consider that this objective could best be achieved through a balance of different practical measures. More consistent tagging of Departmental Annual Reports and associated select committee publications would go some way towards achieving the aim by clearly identifying existing opportunities for debate and providing Members with the material needed for effective scrutiny. Although there is little scope for timetabling additional debates without displacing existing business that is of interest to Members, some time could be found in Westminster Hall. Finally, the Government should consider whether existing select committee time could be extended. We do not consider it necessary to debate every government department each year. Instead, we strongly support Liaison Committee input into the choice of department for debate. The Liaison Committee should also be able to suggest where the debate takes place, requesting a debate on the floor of the House rather than in Westminster Hall if it considers that the issues are of sufficient importance. The objective of any new arrangements for debating departmental objectives in the Chamber should be to enhance and build upon the existing and effective scrutiny carried out by select committees.**

# List of recommendations

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## Introduction

1. We support the aim of providing more opportunities for scrutiny of departmental performance. There are a variety of ways in which this objective could be achieved in practice. (Paragraph 3)

## The Governance of Britain

2. We welcome the Government's commitment to Parliamentary scrutiny of departmental objectives and annual reports. (Paragraph 12)

## Timing

3. We do not consider it appropriate for debates on departmental objectives to take place before the relevant select committee has completed its work on the Departmental Annual Report. (Paragraph 17)

## Select Committees and the Chamber

4. We would expect the Chairman and members of the relevant departmental select committee to take a central role in debates on departmental objectives. We expect, however, that debates on the floor of the House would also open the topic to a broader audience of Members who are not members of the relevant select committee. (Paragraph 18)

## PSAs

5. Debates on departmental objectives should reflect the areas of performance that are of particular significance or importance. Debates should not artificially attempt to scrutinise all objectives equally. (Paragraph 20)
6. Any new procedure for debating departmental objectives on the floor of the House will need to take account of the new cross-departmental PSAs and allow for the objectives of more than one department to be combined into one debate. (Paragraph 21)

## Departmental Annual Reports and other documents

7. Departmental annual reports, whilst important, may need to be supplemented by other, already available material in order to ensure effective scrutiny of a department's past performance and objectives for the future. (Paragraph 24)

## Departmental debates

8. The effectiveness of any new system depends to some extent on the way it is operated. We therefore consider that any new arrangements for debating

departmental objectives and annual reports should be temporary for the current Parliament and subject to review thereafter. (Paragraph 26)

9. We do not consider it desirable to hold an annual debate on each of the 19 government departments. The departments chosen for debate will vary from year to year. In this context, additional opportunities to debate departmental objectives and annual reports could be provided by rebalancing the present programme of business and identifying existing opportunities more systematically, without the need for changes to the standing orders or the invention of a new formal procedure. (Paragraph 27)

### **“Tagging”**

10. We recommend that greater use should be made of tagging to identify opportunities to debate departmental objectives and performance and material that may be of use to Members in debate. Departmental Annual Reports and associated select committee publications should be tagged to suitable debates both in the Chamber and in Westminster Hall. After a trial period of one session, a review should be conducted to consider the proportion of departmental annual reports and corresponding select committee reports/evidence that had been tagged and identify any significant gaps. (Paragraph 30)

### **Debates in government time**

11. We recommend that the Government should devote some of its Thursday afternoons in Westminster Hall to debating departmental objectives and annual reports. The choice of department should be made by the Liaison Committee. This should not be at the expense of existing select committee time. (Paragraph 34)

### **Using existing Select Committee time**

12. If the Government believes that more opportunities should be provided for scrutiny of departmental performance on a substantive motion, this might best be achieved by increasing the number of days available to select committees in the Chamber. It would be for select committees (via the Liaison Committee) to choose the subjects for debate on these occasions. (Paragraph 38)

### **Conclusion**

13. The Government’s proposal for a more systematic and effective scrutiny of departmental objectives and annual reports in the Chamber is commendable. We consider that this objective could best be achieved through a balance of different practical measures. More consistent tagging of Departmental Annual Reports and associated select committee publications would go some way towards achieving the aim by clearly identifying existing opportunities for debate and providing Members with the material needed for effective scrutiny. Although there is little scope for timetabling additional debates without displacing existing business that is of interest to Members, some time could be found in Westminster Hall. Finally, the

Government should consider whether existing select committee time could be extended. We do not consider it necessary to debate every government department each year. Instead, we strongly support Liaison Committee input into the choice of department for debate. The Liaison Committee should also be able to suggest where the debate takes place, requesting a debate on the floor of the House rather than in Westminster Hall if it considers that the issues are of sufficient importance. The objective of any new arrangements for debating departmental objectives in the Chamber should be to enhance and build upon the existing and effective scrutiny carried out by select committees. (Paragraph 39)

# Formal Minutes

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**Wednesday 30 April 2008**

Members present:

Ms Harriet Harman, in the Chair

Chris Bryant	Simon Hughes
John Hemming	Mr Greg Knight
Mr George Howarth	Sir Peter Soulsby

***Debating departmental objectives and annual reports***

The Committee considered this matter.

Draft Report (*Debating departmental objectives and annual reports*), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 39 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Second Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned to a day and time to be fixed by the Chairman.]

## List of written evidence

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1	Leader of the House of Commons (M47)	Ev 1
2	Clerk of the House of Commons (M49)	Ev 4
3	Chairman, International Development Committee (M61)	Ev 10
4	Chairman, Treasury Committee (M63)	Ev 11
5	Chairman, Liaison Committee (M64)	Ev 11
6	Chairman, Defence Committee (M65)	Ev 12
7	Communities and Local Government Committee (M67)	Ev 13

# List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2007–08

First Report	Scrutiny of the Draft Legislative Programme	HC 81
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## Session 2006–07

First Report	Revitalising the Chamber: the role of the back bench Member	HC 337 ( <i>Reply: Cm 7231</i> )
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## Session 2005–06

First Report	The Legislative Process	HC 1097
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# Written evidence

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## Leader of the House of Commons (M47)

### THE ISSUE

1. The proposal for consideration of annual departmental debates, for all the major departments, is set out in the Governance of Britain Green Paper. The relevant extract is attached at Annex A. The purpose is to give the House greater opportunity than at present for systematic scrutiny, in the House rather than in select committee, of the objectives and plans of the major government departments.

2. Such debates, although they may be titled more widely as debates on the overall policies of the Department, could in practice draw on the reports about their work published by each Department and on reports or evidence taken by the relevant departmental select committees. Each Department produces annual departmental reports produced in the spring, containing information on plans and objectives, and also autumn performance reports. The annual departmental reports, as the Treasury guidance to departments indicates, “are the main vehicle for departments to explain to parliament and the public how they are organised, what they are spending their money on, what they are trying to achieve, and how they are performing”.<sup>1</sup> They supplement and update the expenditure information set out in the relevant Comprehensive Spending Review and the subsequent Budget statements. The reports are fundamental documents for assessing the work of the department as a whole, both in terms of recent performance and in terms of future plans. It is right that these should be properly examined by the House, both as part of the discharge by the House of its responsibilities in respect of the nation’s finances and in respect of scrutiny of government more generally.

3. Scrutiny of such reports from departments is part of the core activity of the departmental select committees. For example, seven<sup>2</sup> departmental select committees produced reports on their department’s 2005–06 annual report, and a further 10 took oral or written evidence.<sup>3</sup> The departmental reports to which this is work related are listed at Annex B.

### THE CONTEXT

4. As the Green Paper makes clear, while the purpose is to add to the existing opportunities for scrutiny and debate, any new pattern must be set in the context of the existing opportunities for scrutiny and of the limited time available.

5. As all contributors to discussion of House procedures recognise, time for debate is at a premium. And—as the Modernisation Committee itself discussed in the report on *Revitalising the Chamber*—it is already difficult to develop and maintain a regular pattern of general debates (as opposed to legislative time and back bench time) which engages a wide body of Members. The steps taken in response to that report have recently been debated and agreed by the House<sup>4</sup> and it remains to be seen how they will bed down.

6. As the Green Paper has indicated, time is made available at present in the form of regular annual debates for Defence and for Wales. Treasury objectives are discussed in practice as part of the regular scrutiny of the Budget and in other floor of the House discussions such as the economic debate during the Queen’s Speech and exchanges on the PBR statement. And other general debates in government time can also cover the work of departments as a whole, for example the general debate on International Development held on 15 November. Departments’ overall objectives and performance can also be covered in other debates, including particularly through debates on select committees’ reports (including those on departmental annual reports) and even on Opposition Days.

7. It would probably not be appropriate for separate days to be set aside specifically for a debate on each departmental report. There are 19 principal departments of state (including the Scotland, Wales and N Ireland Offices, and the Cabinet Office) and it is clear that full days could not be provided for each of these without significantly reducing the time currently allotted to other business.

8. The Committee will wish therefore to consider how far there is a case for a more systematic consideration of departmental annual reports and objectives, in the context of the competing demands for House debating time. Ultimately, any additional time for such debates would have to come from existing general debates (in the Chamber or Westminster Hall) in Government time, or from select committee time (Estimates Days or Westminster Hall slots), Opposition time, or backbench time in Westminster Hall.

<sup>1</sup> Guidance for the Spring 2007 Departmental reports (section 5) (PES (2006)18) HM Treasury, December 2006.

<sup>2</sup> Communities & Local Government, Defence, Education & Skills, Efra, Foreign Affairs, International Development, and Transport.

<sup>3</sup> Constitutional Affairs, Culture Media & Sport, Home Affairs, Health, Public Administration (Cabinet Office), Scottish Affairs, Trade & Industry, Treasury, Welsh Affairs, Work & Pensions.

<sup>4</sup> *Official Report* 25 October 2007.

## A WAY FORWARD

9. What may be needed therefore is a system which enables the existing time available for debates, in the main Chamber and in Westminster Hall, to be organised and presented so that appropriate debates on departmental annual reports can be prioritised in a way which suits the needs of the House as a whole. A selective approach could be adopted allowing for a number of departments to be identified as priorities during the year for an annual debate, for debate in different ways. This approach would use the usual channels and the Liaison Committee as filters.

10. The Government proposes a number of steps.

11. **Clearer identification of existing debates.** A first step would be to ensure that existing debates, where appropriate, are more clearly identified as opportunities on which departmental policies, plans, objectives and annual reports can be debated in this way. This can be done either by rephrasing the subject matter of existing general debates (which might previously have been on the adjournment) as debates on consideration of the departmental annual report or on the objectives of the department. Additionally, greater use could be made of “tagging”, with the departmental reports listed on the Order Paper as relevant to the debate. The Government will seek to identify such opportunities as they arise. Examples where these approaches could be used include the annual debates on Wales and Defence and the general debate held on 15 November on international development.

12. **Additional main Chamber or Westminster Hall debates in Government (or even Opposition) time.** Additional days could in principle be identified as part of the discussions through the usual channels about the selection of topics for general debates already envisaged as a result of the House’s agreement to the Committee’s recent *Revitalising the Chamber* report. For example, the Government proposes that the number of days specifically devoted to defence could be reduced from the current five, with one such day becoming a regular debate on FCO objectives and plans. Time could also in principle be found from remaining non-legislative Government time in the main Chamber or from among the (relatively few) Thursday afternoon debates in Westminster Hall which are selected by the Government. On occasion, a weekly “topical debate” could be appropriate. However, it is clear that the scope for finding additional time in these ways is limited without other business of interest to Members being displaced.

13. **Linkage to existing select committee time.** The Governance of Britain Green Paper made clear the close involvement of the departmental select committees in the scrutiny of annual departmental reports. An even closer linkage could be developed between the work of select committees and regular debates on departmental plans and objectives.

14. Select committees—in addition to the time available for debates on Public Accounts Committee reports—at present dispose of (i) 3 Estimates Days on the floor of the House, usually divided into half days (ii) 6 Thursday afternoons in Westminster Hall provided for under Standing Order No 10(13) and (iii) additional Westminster Hall Thursdays up to an overall target of two thirds of all Thursdays.<sup>5</sup> The selection of the individual reports (or Estimates) for debate on these days rests with the Liaison Committee.

15. As noted above, select committees already conduct a range of valuable inquiries into Departments’ annual reports, objectives and spending plans. These are capable of being debated under existing procedures. The Modernisation Committee could identify ways of maximising the extent to which this existing committee work could be used on Estimates Days and Westminster Hall Thursdays. In the case of Estimates Days, this might be either under the existing procedure of the Liaison Committee selecting a relevant committee report for debate linked to the appropriate Estimate, or with the Liaison Committee having power to convert Estimates Days directly to debates on departmental plans and objectives or annual reports.

16. The Modernisation Committee will wish to take evidence from Liaison Committee chairmen about these ideas.

17. **Backbench time in Westminster Hall.** Additionally, the Committee will wish to consider whether there is scope for converting some of the existing backbench time on Tuesdays and Wednesdays to debates of the kind envisaged.

## IMPLEMENTATION AND MONITORING

18. If the Committee accepted this approach, it would wish to consider how far any such arrangement would need to be reflected in specific standing orders or whether it would be sufficient to operate under informal arrangements. The Liaison Committee could usefully monitor how the arrangements were working, in terms of the number and effectiveness of the debates taking place, and the way in which they linked to other House (in particular select committee) business.

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<sup>5</sup> ie including the guaranteed 6.

**TIMING OF DEBATES**

19. There would also be a question as to the point during the year at which any such debates should take place. The Committee would wish to consider whether it would be particularly helpful to the House for attempts to be made to concentrate such debates in the period between publication of the departmental annual reports and the summer, to allow them to be more closely linked to the publication of the departmental reports themselves and any select committee reports on them. However, not all debates on departmental policies and objectives would necessarily be closely tied to debates on annual reports. They should also reflect wider departmental policy priorities where appropriate. Furthermore, in practice it might not be possible to identify sufficient days (depending on the number of days sought altogether) in such a period, particularly if select committees wish to produce a report on the annual reports first. It may be (and there are of course other departmental reports at other times of year, such as the autumn performance reports) therefore that there is no pressing need for debates to be closely linked in time to the departmental annual reports. Any pattern of debates should be one which is timely both for departments and for Parliament.

*Rt Hon Harriet Harman QC MP*  
*January 2008*

**Annex A****EXTRACT FROM GOVERNANCE OF BRITAIN GREEN PAPER: DEPARTMENTAL DEBATES IN THE HOUSE OF COMMONS**

103. At present, the annual objectives of some Government Departments, and the Departments' plans for achieving those objectives, although often scrutinised by select committees of the House of Commons, are only rarely scrutinised on the floor of the House.

104. There are some exceptions. Every year, the House scrutinises the objectives and plans of HM Treasury in its debates following the publication of the Budget and the Pre-Budget Report; there is a debate on the Defence Estimates, which scrutinises the plans of the Ministry of Defence; and, by tradition, there is a debate on Welsh issues on or around St David's Day. In addition, there is a five-day debate in both Houses following The Queen's Speech, which includes discussion of the bills which Departments intend to take through Parliament during that session. From now on, there will also be the opportunity to debate the legislative programme in advance of The Queen's Speech.

105. Each Department is scrutinised by Departmental questions in the Commons and by a Departmental select committee, which can investigate any subject that falls within the remit of the Department, seek evidence from experts and Ministers as part of its inquiry and produce a report to which the Government is obliged to respond within two months. But if the Government's response is unfavourable to the committee's recommendations, the select committee has little opportunity to press its case. Select committee reports can currently be debated in a three hour slot in Westminster Hall. The subjects are chosen by the Liaison Committee. There are typically around 20 such debates each year. But there is rarely a full debate on the floor of the House on a select committee report and such reports more usually deal with an individual topic rather than the generality of a Department's responsibilities.

106. Departments are also subject to parliamentary scrutiny and accountability through debates in Westminster Hall, where concerned backbench MPs can raise topics. Although these debates give a valuable opportunity to probe government policy, they all take place technically on a motion for adjournment and hence Parliament's opportunity to challenge Government policy is limited.

107. Consequently, except for HM Treasury, the Ministry of Defence and Welsh affairs, scrutiny of Departmental objectives and plans on the floor of the House is conducted only on an ad hoc basis, and, as a result, a year can pass with the objectives and plans of some Departments having never been properly discussed.

108. The Government believes that the House of Commons should be guaranteed an opportunity to debate, on the floor of the House, the annual objectives and plans of the major Government Departments in order to strengthen further Parliament's scrutiny of the executive. The Government will therefore ask the House of Commons Modernisation Committee to consider ways to provide for this.

**Annex B****PRINCIPAL ANNUAL DEPARTMENTAL REPORTS FOR 2006 (see paragraph 3 of memorandum)**

Education and Skills	Cm 6812	(published 16 May 2006)
Health	Cm 6814	(published 11 May 2006)
Communities and Local Government	Cm 6816	(published 18 July 2006)
Transport	Cm6817	(published 17 May 2006)
Home Office	Cm 6818	(published 20 July 2006)
Constitutional Affairs	Cm 6820	(published 24 May 2006)
Law Officers Departments	Cm 6821	(published 24 May 2006)

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Defence	Cm 6822	(published 14 July 2006)
Foreign and Commonwealth Office	Cm 6823	(published 17 May 2006)
International Development	Cm 6824	(published 09 May 2006)
Trade and Industry	Cm 6826	(published 12 May 2006)
Environment, Food and Rural Affairs	Cm 6827	(published 25 May 2006)
Culture, Media and Sport	Cm 6828	(published 10 May 2006)
Work and Pensions	Cm 6829	(published 11 May 2006)
Treasury	Cm 6830	(published 11 May 2006)
Cabinet Office	Cm 6833	(published 18 May 2006)
Scotland Office	Cm 6834	(published 24 May 2006)
Wales Office	Cm 6835	(published 25 May 2006)
NI Office	Cm 6836	(published 11 May 2006)

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### Clerk of the House of Commons (M49)

#### DEBATING DEPARTMENTAL OBJECTIVES AND ANNUAL REPORTS

1. The Governance of Britain Green Paper envisages debates on the “annual objectives and plans” of major departments. Such plans are set out (for the following three years) after each Spending Review, and departments then report on their progress against such plans each year in their Departmental Annual Reports and Autumn Performance Reports.

#### DEPARTMENTAL ANNUAL REPORTS

2. Each government department produces a Departmental Annual Report in May, reporting on its performance in the recently completed financial year. The Treasury provides guidance<sup>6</sup> on what Departmental Annual Reports should cover, requiring them to describe “Who we are, how we are organised, what we are aiming to achieve, what we spend our money on, and how we are doing”.

3. The principal components, according to the Treasury guidance, should be:

- A progress report on performance against **Public Service Agreement targets**, using standard terms, showing latest out-turn data, explaining the factors affecting the performance achieved and describing the quality of the data on performance (addressing any NAO audits of data systems).
- A progress report on **efficiency programmes**, including workforce reduction targets and targets for relocating staff from London and the South East.
- Treasury specified “**core tables**”, showing spending in the previous six years and planned spending within the current Spending Review period, together with numbers of staff.

4. The following should also be included:

- examples of **better regulation initiatives**, information on compliance with the rules on “Impact Assessments” and details of any consultations;
- data on associated **public bodies**;
- **Public Accounts Committee recommendations** made during the year, and the department’s response; and
- **spending on consultancy**.

5. The value of the Departmental Annual Reports depends on their clarity, comprehensiveness and presentation of information in a reasonable and balanced way. The Scrutiny Unit’s analysis of Departmental Annual Reports has identified variation in quality, but also an improvement in their quality over time. The Departmental Annual Reports do not set out how the department plans to achieve its objectives in the forthcoming or current year, though they do set out planned spending.

#### AUTUMN PERFORMANCE REPORTS

6. Departments also produce Autumn Performance Reports in November or December each year, as an interim progress report half-way through the current financial year, but only against their PSA and efficiency programme targets. Autumn Performance Reports are much shorter than Departmental Annual Reports.

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<sup>6</sup> *Guidance for the Spring 2007 Departmental Reports* (PES (2006) 18).

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## CHANGES IN REPORTS AND OBJECTIVES

7. For 2007, the former DTI and the Treasury undertook a pilot project combining the Departmental Annual Report and Resource Accounts (joining the MoD, which was already producing combined reports). The aim was to reduce duplication and provide clearer links between performance and financial reporting. Of the three departments, the DTI moves furthest from simply combining the two publications within the same covers: for example, it cross-references Departmental Annual Report information on the senior management team with the Remuneration Report which normally sits within the Resource Accounts, and includes a commentary on the Department's NDPBs which is cross-referenced to Accounts data on them. The pilot project, which has not yet been evaluated, potentially provides a basis for a better-informed debate on departments' objectives and plans.

8. At present, Spending Review plans, Estimates and Resource Accounts are each compiled on a different basis, making comparisons difficult and complicating attempts to hold the Government to account. A separate proposal in the Governance of Britain Green Paper is for the three sets of figures to be compiled in a more consistent way, in order to increase administrative efficiency and make it easier for Parliament to hold the Government to account.<sup>7</sup> Again, this could in time contribute to a better-informed debate.

9. From 2008–09, Public Service Agreements will be cross-departmental. The Treasury Committee has stated that “the cross-departmental nature of all new Public Service Agreements poses a challenge for a system of accountability based on departmental reporting and the work of departmental select committees”, and recommended that the cross-departmental PSAs be reported on in new cross-departmental publications.<sup>8</sup> Nevertheless, each PSA will have a lead department, and there will also be Departmental Strategic Objectives (sometimes but not always linked to the PSAs).

## COMMITTEES' CONSIDERATION OF DEPARTMENTAL ANNUAL REPORTS

10. In 2006, all but two departmental select committees held an oral evidence session on their department's Annual Report, and half produced a report on it. For 2007 the evidence so far is that the level of activity is likely to be similar. All but one committee has held at least one oral evidence session, and as at the start of January 2008 three had produced a report (Table 1). For the 2007 DARs, however, the committees seem to have undertaken their work earlier in the cycle than in the previous year (Table 1). The Scrutiny Unit assists all departmental select committees in that work, providing analysis and briefing and also drawing on the Unit's analysis of Estimates, Resource Accounts and Autumn Performance Reports.

### *The timing of committee activity*

11. All of the committees that produced reports in 2006 did so after the Summer Recess. In 2007, similarly, none published reports before the Recess. In 2007, nine committees held their evidence session before the Recess, the earliest being on 26 June. This information is set out in Tables 1 and 2.

12. The documents combining Departmental Annual Reports and Resource Accounts have been published slightly later, in June (Treasury) or July (MoD and DTI), once the department's Resource Accounts had been audited and laid, thereby shifting any committee inquiries to after the Summer Recess.

13. Most committees currently give less attention to Autumn Performance Reports than to Departmental Annual Reports, with only a handful holding hearings or producing reports on them.

## USING THE RESULTS OF COMMITTEE SCRUTINY

14. Among the “core tasks” given to departmental select committees by the Liaison Committee (following a decision of the House) are “To examine the expenditure plans and out-turn of the department, its agencies and principal NDPBs” and “To examine the department's Public Service Agreements, the associated targets and the statistical measurements employed, and report if appropriate”. In the Departmental Annual Reports departments report on their own performance without external input, and in the absence of external review and analysis by the relevant select committee the House would be less well-equipped to “challenge Government policy” (Green Paper, para 106). Furthermore, there would be little point in a select committee carrying out its core tasks of examining expenditure plans, out-turns, PSAs and targets if the House had already debated these matters, and even more so if the House had expressed a view.

15. This indicates that debates in the House should whenever possible take place after the departmental select committee has completed its examination of the department's objectives and plans. The possibility of a debate would increase the importance of these particular core tasks, and could well encourage committees to devote more time to them. The wide spread of committee hearings and reports in 2006, from June to the following March (Table 2) shows that it would leave the business managers considerable flexibility in the overall timing of debates.

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<sup>7</sup> Paras 109–111.

<sup>8</sup> First Report from the Treasury Committee, *The 2007 Comprehensive Spending Review, 2007–08*, HC 55, para 37.

16. Committees would no doubt request that their reports or evidence be “tagged” on the Order Paper as relevant to a debate on their department’s objectives and plans, and this might be considered sufficient acknowledgement of the committee’s role. If the Committee wished to enhance the importance attached to the committee’s role, there are a number of possibilities:

- Committee Chairman could be expected to open (or speak early in) the debate;
- The Committee might be given the right to table the Motion for debate; or
- The Committee could be expected to table an amendment to the Government Motion if there was a matter to which they wished to draw the House’s attention.<sup>9</sup>

#### ACCOMMODATING THE DEBATES WITHIN THE HOUSE’S TIMETABLE

##### *Availability of debating time*

17. It is assumed here that the proposed debates would need to replace existing categories of business, rather than adding to the days on which the House sits.

18. The Green Paper proposes debates relating to “the major Government Departments”. It is not clear that there are any satisfactory objective criteria to define “major” for this purpose. For example, a criterion relating to size of budget would be likely to exclude the Foreign and Commonwealth Office. The Committee may also wish to consider whether the same departments should be subject to debate every year or whether there should be variation from year to year, both to ensure that all departments were scrutinised at least occasionally and to reflect the importance of the issues raised by committees about particular departments’ objectives and plans. It might be necessary to take account of the existing opportunities for debate displaced by the new debates (for example if one or more of the existing defence debates was eliminated).

19. If a selection process is needed to choose Departmental Reports for debate, there are a number of possibilities: the Government in consultation with the usual channels, the Opposition, the Liaison Committee (which already selects subjects for Estimates Days and some Westminster Hall sittings) or a combination of these. The debates would be held in Government time but if the aim is for government policy to be challenged (Green Paper, para 106), the Committee should consider how far the Government should control the process beyond specifying the number of days available. The method of selection might also need to take account of existing rights to select subjects for debate for categories of business which the new debates would displace. Preference might be given to debates relating to departments on whose objectives and plans the relevant select committee had reported.

20. A decision will also be needed on the length of debates. Debates on two departments at a single sitting might be acceptable, on the precedent of Estimates Day debates, but it should be borne in mind that a debate on a department’s objectives and plans would be much wider than a typical Estimates Day debate.

21. The Green Paper refers to several annual debates which might be wholly or partly replaced by debates on departments’ objectives and plans:

- Budget (four or five days);
- Defence Estimates;
- Welsh issues (around St David’s Day); and
- Queen’s Speech (five or six days).

22. The time available was analysed in the Modernisation Committee’s Report on Revitalising the Chamber. Some regular debates on aspects of defence, on fisheries and on foreign affairs cover all or part of their related Departments’ plans. Other regular debates are much less relevant to the objectives and plans of a specific department (ie the two days a year on EU matters and one day or two half days a year on reports of the Public Accounts Committee). Some general debates in government time also cover significant aspects of a department’s work. Also potentially relevant are the 20 Opposition Days per year and three Estimates Days (when subjects are already chosen by select committees).

23. The Committee in its report on *Revitalising the Chamber: the role of the backbench Member* regarded the adjournment debates in government time as “a pretty eclectic mix”, and for the majority of regular debates recommended “rebalancing the current allocation of days and mix of subjects”.<sup>10</sup> More specifically it suggested one or two fewer days on the Queen’s Speech and at least one fewer day on the Budget, and a more flexible use of the six days on defence and foreign affairs for debates on foreign policy, security and defence issues.

24. As the Committee will be aware, transferring days from one type of debate to another may affect existing rights to choose subjects for debate, for example if some of the days allotted to the Queen’s Speech, Opposition Days or Estimates Days were used. It may also disturb entrenched expectation. It would also, intentionally, have the effect of reducing the number of general policy debates in favour of debates focused on a department’s performance.

<sup>9</sup> No amendment could be tabled to a Motion that the Committee has considered [a subject] (SO No 24B).

<sup>10</sup> HC 337 (2006–07), para 82.

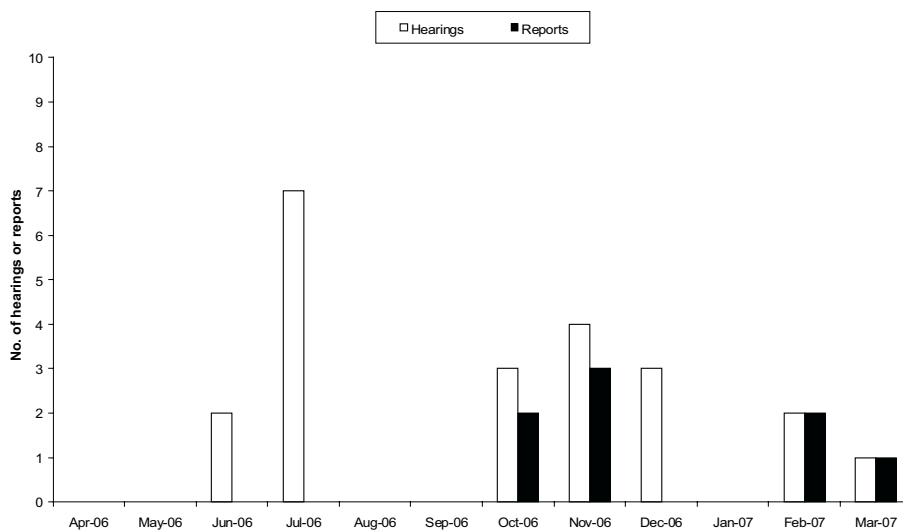
THE FORM OF THE DEBATE

25. In its report on *Revitalising the Chamber: the role of the backbench Member*, the Committee noted the advantages and disadvantages of debates on adjournment motions (or the “general debates” which it proposed instead) as opposed to debates on substantive motions, and recognised that there could be good arguments either way: substantive motions allowed amendments to be moved and could result in votes, with a defined outcome, but adjournment motions had less strict rules of debate and were likely to benefit from a looser whipping regime.<sup>11</sup> The Committee will need to make a judgment on this as regards debates on departments’ objectives and plans. It will also wish to note the Government’s observation in respect of Westminster Hall that all the debates are on a motion for the adjournment “and hence Parliament’s opportunity to challenge Government policy is limited” (Green Paper, para 106).

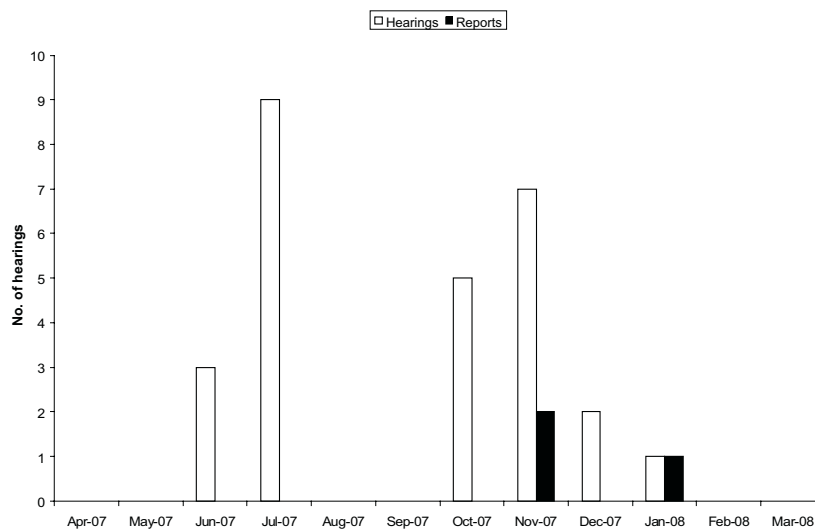
26. If the Committee were to decide that debates should be on substantive and amendable motions, it would need to consider whether such motions should always be government motions, though it will be aware that a cross-party committee might sometimes find it difficult to agree on a motion (or amendment) to put to the House about a department’s performance.

*Malcolm Jack*  
*Chief Executive and Clerk of the House*  
*January 2008*

Committees’ scrutiny of 2006 Departmental Annual Reports



Committees’ scrutiny of 2007 Departmental Annual Reports, as at Nov 2007



<sup>11</sup> *Ibid*, paras 84–5.

## APPENDIX

## SCRUTINY UNIT ANALYSIS OF COMMITTEES' WORK ON DEPARTMENTAL ANNUAL REPORTS, FROM 2006

2005–06 DEPARTMENTAL REPORTS—TABLE 1

<i>Committee</i>	<i>Report?</i>	<i>Hearing, but no report?</i>
Trade and Industry Committee (now Business, Enterprise and Regulatory Reform Committee)	No	Yes. 19 Feb 2007. HC 1684-i
Education and Skills Committee (now Children, Schools and Families Committee)	Yes. 26 Oct 2006, HC 1201	[14/6/06; 19/6/06]
Communities and Local Government Committee	Yes. 19th March 2007. HC 106	[27/11/06; 4/12/06]
Culture, Media and Sport Committee	No	Yes. 25 July 2006. HC1551-i
Defence Committee	Yes. 28 November 2006. HC 57	[24/10/06]
Environment, Food and Rural Affairs Committee	Yes. 2006 Report: 7 February 2007. HC 132	[19/7/06; 4/12/06]
Foreign Affairs Committee	Yes. 1 November 2006. HC 1371	[28/6/06; 12/7/06]
Health Committee	No	Written Evidence only. HC 1692i
Home Affairs Committee	No	Yes. 12 Dec 2006. HC 162i
International Development Committee	Yes. 21 November 2006. HC 71	[11/7/06]
Justice Committee/Constitutional Affairs	No	Yes (uncorrected). 17 October 2006. HC1665-i
Northern Ireland Affairs Committee	No	No
Public Administration Select Committee (for Cabinet Office)	No	Yes. 6 February and 6 March 2007. HC 305i/ii
Scottish Affairs Committee	No	Yes. 4 July 2006. HC 1440-i
Transport Committee	Yes. 7 February 2007. HC95	[29/11/06]
Treasury Committee	No	HMRC: 22 November 2006. HC 51i HM Treasury: 18 October 2006. HC1659-i Royal Mint and Govt Actuary's Dept: 1 November 2006. HC 1679i/HC 1678i
Welsh Affairs Committee	No	Yes. 25 October 2006. HC1674-i
Work and Pensions Committee	No	Yes. 3 July 2006. HC1389-i

## Results:

- 7/18 produced Reports (or 7/15 if Scottish, Welsh, NI Affairs are excluded).
- Another nine had hearings, and one (Health) published their “Expenditure Questionnaire” written memorandum.
- One committee (NIA) did no substantial work on the Annual Report.

2006–07 DEPARTMENTAL REPORTS—TABLE 2

<i>Committee</i>	<i>Report?</i>	<i>Hearing, but no report?</i>
Trade and Industry Committee (now Business, Enterprise and Regulatory Reform Committee)	Not yet.	(uncorrected) 20/11/07, HC 108i
Education and Skills Committee (now Children, Schools and Families Committee)	Not yet.	11 July 2007. HC 912i
Communities and Local Government Committee	Yes. 3 January 2008. HC 170	[22 and 29 October 2007]
Culture, Media and Sport Committee	Not yet.	(uncorrected) 25 October 2007. HC 1099-i
Defence Committee	Report in preparation.	(uncorrected) 13/11/07 and 28/11/07; HC 61i/ii
Environment, Food and Rural Affairs Committee	Not yet.	(uncorrected) 18 July 2007 HC 957
Foreign Affairs Committee	Yes. 19 November 2007. HC50	[26, 27 June and 17 July. HC795-i, ii, iii
Health Committee	Not yet.	22/11/07 and 29/11/07; uncorrected, HC 26ii/iii [HC 26i was written evidence only]
Home Affairs Committee	Not yet.	24/7/07 (HC 980i) and 04/12/07 (HC60i uncorrected)
International Development Committee	Yes. 13 November 2007. HC 64-I and II	[17/7/07]
Innovation, Universities and Skills Committee	n/a	n/a
Justice Committee (CAC)	Not yet.	(uncorrected) 17 July 2007. HC 938i
Northern Ireland Affairs Committee	Not yet.	No
Public Administration Select Committee (for Cabinet Office)	Not yet.	15/11/07, HC 92i
Scottish Affairs Committee	Not yet.	17 July 2007. HC 943-i
Transport Committee	Not yet.	(uncorrected) 24 October 2007. HC1104-I. Further session being planned.
Treasury Committee	Report in preparation.	14/11/07 (Treasury); HC57i uncorrected. 05/12/07 (HMRC/Adjudicators Office); HC57ii/iii uncorrected. 10/10/07 (OGC & Royal Mint); HC1030i uncorrected.
Welsh Affairs Committee	Not yet.	(corrected). 24 July 2007. HC 1017-I.
Work and Pensions Committee	Not yet.	25 July and 27 June 2007. HC904-i, HC799i

**Results:**

- As of 10 January 2008, all but one committee (NIA) had had a hearing or was scheduled to have one, or had already produced a report.

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**Chairman, International Development Committee (M61)**

1. The International Development Committee welcomes the opportunity to contribute to the Modernisation Committee's inquiry into *Debating Departmental Objectives and Annual Reports*. We believe that the IDC has used the limited opportunities currently available to debate departmental objectives to good effect and has demonstrated one way in which debates of this kind could be organised.

2. The International Development Committee routinely undertakes an inquiry into the Department for International Development's Annual Report. For the DFID Annual Report 2007, we took oral evidence in July which supplemented a series of written questions drafted in consultation with the Scrutiny Unit and sent to the Department in June.

3. We were aware of plans to hold the first of the new annual debates on International Development on the floor of the House on 15 November 2007 and expedited publication of our report so that it could be "tagged" and inform the debate.<sup>12</sup> On learning that our report was to be tagged, the Government decided that it would also tag the DFID Annual Report 2007.<sup>13</sup>

4. I, as Chairman, and a number of other members of the Committee were called to speak at an early stage in the debate. Our report was widely referred to by backbench and frontbench speakers.<sup>14</sup>

5. Our aim in examining the DFID Annual Reports is to assess whether the Department is meeting its objectives. DFID is unusual in that its Public Service Agreement targets are specifically linked to progress towards the Millennium Development Goals (MDGs), an internationally agreed set of targets among all the major bilateral and multilateral development agencies.

6. The focus of our 2007 report was an assessment of the extent to which DFID is able to spend its funding effectively and efficiently towards delivering its objectives. DFID's budget is increasing every year towards the goal of the UK spending 0.7% of Gross National Income on official development assistance by 2013. The Comprehensive Spending Review settlement for 2008–11, which we also examined in this year's inquiry, continues this trend.

7. Our inquiry on the 2007 Annual Report also included an examination of some key policy areas, which are either explicitly or implicitly linked to the MDGs and therefore part of the Department's objectives, where we believed DFID's performance needed improvement. These included climate change; gender; and governance.

8. We also placed on record our appreciation of DFID's achievement in producing a very detailed Annual Report which contains details and statistics missing from many other departmental reports, including a breakdown of expenditure according to the Department's main aims and targets; and a commentary on "off-track" PSA targets or those which had slipped.

9. The direct link between the MDGs and DFID's PSA targets means that, in addition to examining the PSAs as part of our regular assessment of DFID's Annual Reports, many of our topical inquiries also form part of the examination of the extent to which the Department is meeting its objectives. For example, in assessing DFID's contribution to such fundamental development issues as sanitation and water and maternal health, we are examining the UK's contribution to progress towards the relevant MDG, and therefore making a judgement on how well DFID is performing in relation to a particular PSA target. This will continue to be an essential element of our work.

10. Our report commented that DFID's new PSAs for 2008–11 and the Departmental Strategic Objectives set out in the Comprehensive Spending Review will make assessment of the Department's performance set more meaningful and we committed ourselves to examining the extent to which DFID meets its objectives over the next three years. We regard this an essential part of our work and of our contribution to the parliamentary scrutiny of government departments which a debate on the floor of the House can only enhance.

11. We believe that our 2007 experience of tagging our report on DFID's Annual Report to the Government-initiated debate on International Development was a worthwhile initial step in the House being offered the opportunity to debate the Department's objectives and Annual Report. We would, however, welcome the opportunity for a debate in which the Committee's report on the Departmental Annual Report was the main subject of the debate rather than just being tagged as relevant, similar to that offered by the Estimates Day debates.

12. We strongly believe that any debate on the Department's objectives should not be held until the Committee has had an opportunity to examine the Annual Report and to publish our findings. We were given very little notice of the timing of the 2007–08 debate on International Development which took place only a week after the beginning of the new session. We had to rearrange our business and expedite consideration of our report to ensure that it was available to the House in time to inform the debate. DFID's Annual Reports are currently published in mid-May. Our examination of it has to be organised around

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<sup>12</sup> First Report from the International Development Committee, Session 2007–08, HC 64-I and -II.

<sup>13</sup> HC 514, Session 2006–07.

<sup>14</sup> HC Deb 15 November 2007, cols 869–928.

other inquiries and visits and the interruption of the summer recess also has to be taken into account. If future debates on Departmental objectives are likely to be in the autumn, we would be greatly assisted by early notice of the proposed date so that we can plan accordingly.

*Rt Hon Malcolm Bruce MP*  
*March 2008*

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**Chairman, Treasury Committee (M63)**

I am writing this letter as Chairman of the Treasury Committee in response to the invitation to submit evidence on the Modernisation Committee's inquiry into Debating Departmental Objectives and Annual Reports. My main purpose in this letter is to draw your Committee's attention to the value of Spending Reviews and the objectives that flow from them as a focus for short debates on departmental and cross-departmental objectives.

The proposals in paragraphs 107 and 108 of the Green Paper on The Governance of Britain exclude HM Treasury as a department, in part because, that document claims, "the House scrutinises the objectives and plans of HM Treasury in its debates following the publication of the Budget and the Pre-Budget Report" (para 104). I am sure your Committee will be only too aware that there is not, in fact, a debate on the floor of the House about the Pre-Budget Report on an annual basis. It is also open to question whether the debate on the Budget constitutes a debate on HM Treasury as a department. Having made those points, I would certainly not wish to make the case for an annual debate on the objectives of HM Treasury.

The Treasury Committee produced two Reports last year on the 2007 Comprehensive Spending Review (Sixth Report of Session 2006–07 and First Report of Session 2007–08). In those Reports, we recommended a debate on that Review in the House and also called for more effective scrutiny of cross-departmental Public Service Agreements. The Government response to the earlier of our two Reports agreed that a debate should be held in the House of Commons (Seventh Special Report of Session 2006–07, p 1), but no such debate has been held and its topicality is now open to question.

Rather than taking forward the proposals in the Green Paper in their current form, I would suggest that the Modernisation Committee should consider a day being set aside each year in the parliamentary calendar for consideration of issues arising from the objectives set under the 2007 Comprehensive Spending Review and its successors. I would not envisage a single debate. It would be for the Liaison Committee to determine the appropriate use of time on the day, drawing upon select committee reports relating to performance against Public Service Agreement targets and Departmental Strategic Objectives. Thus, for example, two hours might be devoted to a cross-cutting theme such as Child Poverty and other sections of the day could be used for short debates on particular departments. The approach I propose would be distinct from the current Estimates days and might encourage select committees to give fuller scrutiny to Public Service Agreements and Departmental Strategic Objectives.

I hope this letter is of assistance to you in your inquiry.

*Rt Hon John McFall MP*  
*March 2008*

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**Chairman, Liaison Committee (M64)**

I am writing with some observations on the Modernisation Committee's planned inquiry. These have not been discussed by the Liaison Committee, but some of them are likely to be reflected in its annual report and its forthcoming report on financial scrutiny, both of which are expected to be agreed on 27 March.

There are several issues on which the interests of select committees will be the same as those of the House as a whole:

- The material which will be available to inform the House's debates on Departments' plans. The most important document is likely to be the Departmental Annual Report, but these are largely concerned with the previous year, even though they do indicate the Department's planned spending. There is no single document which sets out a Department's plans for the forthcoming year.
- The extent to which Departments can be held to account in respect of their objectives and expenditure. This depends on clear information about the objectives and progress towards achieving them, together with clear and comprehensible financial information. Although each Department has Departmental Strategic Objectives, the Public Service Agreements are now cross-departmental.

- The timing of debates. Departmental Annual Reports are normally published in May. Select committees which report on the Departmental Annual Report do not in practice do so until after the summer recess, and there is likely to be a better-informed debate if such a committee report is available, but in that case debates would not take place until about half way through the financial year. The emphasis of the Government's proposal is on looking forward at objectives and plans rather than backwards at past performance.

There are also several issues which are more specific to select committees:

- Whether select committees would have any role in choosing which departments should be the subject of one of the proposed debates, for example through identifying issues which merited debate.
- Whether there would be an expectation that the Chairman of the relevant departmental select committee would speak early in the debate, or even open it.
- Whether the relevant committee would have the opportunity to table the motion for debate.

There is also a more fundamental issue, namely the risk that the proposed debates would not in practice focus on the "annual objectives and plans" of Departments "in order to strengthen further parliament's scrutiny of the executive" (as proposed in the Green Paper) but would instead become general wide-ranging debates on departmental policy, in which case their contribution to scrutiny of the executive might be limited. The Modernisation Committee may wish to consider the proposed departmental debates in the wider context of the opportunities which are or should be available for scrutinising and debating Departments' future plans, including planned expenditure.

My Committee's report on financial scrutiny is likely to offer further views on this matter, and the Committee's annual report will describe the work undertaken by select committees in 2007 on Departmental Annual Reports, Estimates and Public Service Agreements and targets.

I hope these observations are helpful to the Committee.

*Rt Hon Alan Williams MP*  
*March 2008*

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#### **Chairman, Defence Committee (M65)**

At our meeting today, the Defence Committee discussed the Modernisation Committee's inquiry into debating departmental objectives and annual reports.

As The Governance of Britain points out, my Committee is comparatively well provided for in terms of opportunities to discuss the performance of the MoD: there are currently five annual Defence debates which give members of my Committee, and all Members of the House, a chance to hold Defence Ministers to account. A lack of regular Defence-related legislation is one reason why there are otherwise fewer occasions to debate Defence issues than is the case for some other departments.

I am obviously not able to speak on behalf of my fellow Chairmen who are responsible for the scrutiny of other Government departments. Clearly there is likely to be some desire for opportunities, similar to those from which my Committee benefits, for regular departmental debates. This has to be a good thing. It will however also have the effect of placing more pressure on the Parliamentary timetable. My Committee is concerned that such pressure might result in some reduction to the number of annual Defence debates held currently in the Chamber. The responsibilities of the MoD, especially at a time of such high operational tempo, require regular opportunities for the House to discuss the performance of the Department, particularly in its role of supporting our Armed Forces.

I am copying this to the Chairman of the Liaison Committee.

*Rt Hon James Arbuthnot MP*  
*March 2008*

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**Communities and Local Government Committee (M67)****ANNUAL DEPARTMENTAL DEBATES**

The Communities and Local Government Committee supports the Government's suggestion, contained in The Governance of Britain Green Paper, that more time should be provided for debates on the floor of the House of Commons for debates on departmental objectives and annual reports.

We believe that such debates could provide a sharper focus on the general performance of individual Government Departments, including, of course, the Department for Communities and Local Government. At present, like many select committees, we conduct an annual inquiry into the Annual Report produced by the Department whose activities we are charged with monitoring. This inquiry, generally conducted in the winter and spring, primarily meets our objective of scrutinising the expenditure, administration and policy of DCLG, as we are required to do by Standing Order No 152.

The inquiry also provides a means by which the Committee may examine matters which, given the constraints on select committee time, either do not justify a full-scale inquiry or, because of their timing or urgency, cannot be easily fitted into a select committee programme.

Examples of such topics, covered in our last two inquiries include the provision of Home Information Packs, the role of Ordnance Survey (which led in turn to a full report), the implementation of the Decent Homes programme, and the slowing down of Fire Service response times.

It is our view that an annual general debate on the floor of the House might similarly provide a forum in which such topics might be considered by a wider membership than that of the select committee itself.

*March 2008*

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