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Dear Accounting Officer

TREASURY MINUTES 2013-14

This letter describes how the government will in future respond to PAC recommendations. Please draw this to the attention of all those who work on support for the NAO or PAC in your organisation and in any organisations it sponsors. DAO03/11 is now withdrawn.

2. If you want to discuss the new arrangements, please contact Adrian Baxter on 020 7270 5498 or Adrian.Baxter@hmtreasury.gsi.gov.uk.
3. The government is committed to working constructively with the National Audit Office (NAO) and the Public Accounts Committee (PAC). Their objective criticism can help develop the performance of the executive and improve value for money. In turn the PAC, acting on behalf of parliament, has the right to be satisfied that the public funds it awards the executive are spent wisely.
4. For two years, the Treasury has experimented with omnibus Treasury Minutes (TMs) twice a year detailing progress in implementing outstanding PAC recommendations. These have added to departments' workloads while doing little to improve accountability. In future, these implementation TMs will consist only of sharper summary tables (see annex 1) setting out progress on each outstanding accepted recommendation. The PAC may then choose to follow up individual items with the responsible accounting officers.
5. Alongside this change, the initial TMs published in response to PAC recommendations will also become shorter (see annex 2). In future the answer to each PAC recommendation will be kept to 100 words, normally a single paragraph. Each answer should concentrate on the essence of the PAC's underlying concerns. The response to a rejected PAC recommendation should outline any alternative actions being taken to address the PAC's concerns.

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6. The timetable for preparation of TMs will also be brisker. Departments will be asked to submit their draft responses to the Treasury three weeks after commissioning. During this period departments should discuss with the NAO staff responsible for drawing up the initial NAO report how the PAC's concerns can be met. The Treasury may then suggest editorial changes in the following week, leaving a fortnight to finalise the texts with ministers before publication at the six week point. Annex 3 explains this.

7. If the responding department wants to explain its position more fully than in the TM, it is free to issue a press notice either on publication of the PAC report or alongside publication of the TM.

8. In order to meet the PAC's desire for swift replies, there will be no scope for extensions to the preparation timetable. If departments need longer than the amended TM timetable to respond to PAC reports, their accounting officers should write to the PAC chair to explain, copied to me please.

Yours sincerely,
Paula Diggle






Paula Diggle
Treasury Officer of Accounts

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Update on recommendations from the Committee of Public Accounts (Session 2012-13)

#	PAC Report Title	Department	Treasury Minute Publication	Target Date
1	Government Procurement Card	Cabinet / MOD	Enter date	
	1: recommendation			Month Year
	2: recommendation			Month Year
	3: recommendation			Month Year
	4: recommendation			Month Year
	5: recommendation			Month Year
	6: recommendation			Month Year
2	Mobile technology in policing	Home	Enter date	
	1: recommendation			Month Year
	2: recommendation			Month Year
	3: recommendation			Month Year
	4: recommendation			Month Year
	5: recommendation			Month Year
	6: recommendation			Month Year
3	Sharing services offers the public sector the chance to secure significant efficiency savings	Cabinet / Education	Enter date	
	1: recommendation			Month Year
	2: recommendation			Month Year
	3: recommendation			Month Year
	4: recommendation			Month Year
	5: recommendation			Month Year
	6: recommendation			Month Year
4	Completion and sale of HS1	Transport	Enter date	
	1: recommendation			Month Year
	2: recommendation			Month Year
	3: recommendation			Month Year
	4: recommendation			Month Year
	5: recommendation			Month Year
	6: recommendation			Month Year

Recommendation Codes:

	Implemented		Work in progress		Disagreed
	No recommendation		Not implemented / Superseded		N/A

Sixteenth Report

Department of Health

Securing the future financial sustainability of the NHS

1: Committee of Public Accounts conclusion

The overall financial surplus of £2.1 billion reported by NHS bodies in England in 2011-12 disguises the fact that there are a significant minority of organisations in financial difficulties. On top of that, the NHS faces significant challenges in making £20 billion of efficiency savings at the same time as the system is reformed under the Health and Social Care Act 2012. Many crucial details of the new system have not yet been determined. The recommendations below highlight the actions the department and Monitor need to take to improve the financial resilience of the NHS.

- 1.1 The Government notes the Committee's comments.

2: Committee of Public Accounts recommendation

The department and Monitor should clarify how "risk pools" will work from April 2013, and how they will manage the risk of creating an uneven playing field.

- 2.1 The Government agrees / disagrees with the Committee's recommendation.

Recommendation implemented / Work in progress (enter date when recommendation will be completed) / Not implemented

2.2 The departmental response to this recommendation will become shorter. The response will be kept to 100 words (a single paragraph). Each response should concentrate on the essence of the Committee's underlying concerns. Departments will submit their draft response to the Treasury three weeks after commissioning. During this time departments may find it helpful to discuss with the NAO staff responsible for drawing up the initial NAO report how the Committee's concerns can be met. The Treasury will review the draft on week 4; the department obtains Ministerial clearance on week 5; and the Treasury obtains Treasury Ministerial approval on week 6. **[100 words]**

3: Committee of Public Accounts recommendation

The department, Monitor and the NHS Commissioning Board must set out clear principles for intervention that explain to trusts and the public the circumstances in which they would implement the special administration regime, and what the consequences would be, including whether an insolvent trust would be allowed to fail and how Ministerial intervention will work.

- 3.1 The Government agrees / disagrees with the Committee's recommendation.

Recommendation implemented / Work in progress (enter date when recommendation will be completed) / Not implemented

3.2 The departmental response to this recommendation will become shorter. The response will be kept to 100 words (a single paragraph). Each response should concentrate on the essence of the Committee's underlying concerns. Departments will submit their draft response to the Treasury three weeks after commissioning. During this time departments may find it helpful to discuss with the NAO staff responsible for drawing up the initial NAO report how the Committee's concerns can be met. The Treasury will review the draft on week 4; the department obtains Ministerial clearance on week 5; and the Treasury obtains Treasury Ministerial approval on week 6. **[100 words]**

A Commission Treasury Minutes to Departments: 7 May 2013				Weeks 1-3	Week 4	Week 5	Week 6		
				DEPT	TREASURY		DEPT	TREASURY	
Report #	PAC REPORT TITLE	LEAD DEPT	HMT SPEND	FIRST DRAFT	HMT SPEND	TOA	FINAL DRAFT	EST APPROVAL	LAI D IN PARLIAMENT & PUBLISHED
Publication Schedule: 20 June 2013				Wednesday	Monday	Wednesday	Wednesday	Tuesday	Thursday
36th	HMRC Customer Service	Revenue	TSR	29 May	3 Jun	5 Jun	12 Jun	18 Jun	20 Jun
37th	Whole of Government Accounts	Treasury	WGA	29 May	3 Jun	5 Jun	12 Jun	18 Jun	20 Jun
38th	Impact of housing benefit reform	Local Gov	HP	B	C	D	E		
39th	Progress in delivering NHS efficiency savings	Health	Health						



Treasury Officer of Accounts (TOA) commissions Departments to prepare the Government response to the listed PAC reports in the “Treasury Minute”. The Treasury Minute process takes six weeks, and is in line with the Parliamentary calendar.



WEEKS 1-3: Departments have **three weeks** to draft their response. During this time, departments may find it helpful to discuss how the PAC’s concerns can be met with the NAO staff responsible for drawing up the initial NAO report (and where necessary, to consult with the Treasury spending team). Departments return their first draft to TOA by the deadline specified – no extended time will be granted. Departments are reminded to alert their Private Offices in advance to the Week 5 deadline date for final drafts to be approved and returned to TOA.



WEEK 4: TOA and Treasury spending teams review the first draft responses to ensure Government policy has not been compromised and ensure that departments have not made financial commitments which have not received Treasury approval. Combined comments will be returned – in track changes – to departments.



WEEK 5: Departments finalise their draft response and ensure that **both** their Permanent Secretary and Minister have approved the final draft. Departments should send their final draft by the specified deadline. No extensions to this time will be granted. Any department failing to meet this deadline will be required to write to the PAC (through their Accounting Officer) to explain why the response will not be published in Parliament on time. This letter should be sent to TOA before being sent to the PAC.



WEEK 6: The Treasury Minister (Economic Secretary) will give approval for the Government responses (as a whole) after the final drafts have been received. Treasury Minutes are laid and published in Parliament on the Thursday of the sixth week, unless otherwise specified. If the responding department wants to explain its position more fully than in the Treasury Minute, then it is free to issue a Press Notice either on publication of the PAC report or alongside the Treasury Minute publication, once it has been laid in Parliament (11am).

