

Written Ministerial Statement

Improving Spending Control

The Chief Secretary to the Treasury (Danny Alexander): Today I am publishing new rules and incentives to strengthen the control of public spending.

The Government has set out its plan to significantly reduce the structural current budget deficit over the course of this Parliament. Whilst good progress has been made, the scale of the challenge calls for a more robust and consistent approach to managing public spending.

The *Improving Spending Control* document has been worked up with Finance Directors across Whitehall. It sets out a new framework for improving financial management across the public sector, and how that framework will be supported by incentives and penalties.

All organisations spending public money will be required to collect and share better information on public spending, improve the skills needed to deliver their spending plans, and identify areas of their budget that can be reprioritised in case unforeseen spending pressures emerge.

The new framework provides the necessary incentives and penalties to reform financial management. Departments who can demonstrate a good track record of spending control will be rewarded with greater freedom within their budgets. Others will be subject to greater central Treasury control.

This document sits alongside, and is consistent with, *Managing Public Money* and the *Consolidated Budgeting Guidance*. Copies of the document have been deposited in the Libraries of both Houses.

HM Treasury
23 April 2012