

# Financial Reporting Advisory Board Paper

## Mid Year Reporting – Feedback from 2014 - 15 reports and proposed recommendations for 2015-16.

<b>Issue:</b>	HM Treasury introduced a requirement on the seventeen main departments to produce Mid Year Reports in the 2013-14 financial year. In December 2014 the second round of Mid Year Reports were published. This paper provides an overview of the 2014-15 mid year reports, the progress that has been made in the quality of the reports and the recommendations for areas where improvements could still be made.
<b>Impact on guidance:</b>	N/A at present
<b>IAS/IFRS adaptation?</b>	N/A at present
<b>Impact on WGA?</b>	N/A at present
<b>IPSAS compliant?</b>	N/A at present
<b>Interpretation for the public sector context?</b>	N/A at present
<b>Impact on budgetary regime?</b>	N/A at present
<b>Alignment with National Accounts Impact on Estimates?</b>	N/A at present
<b>Recommendation:</b>	That the Board note the feedback from the Scrutiny Unit on the 2014-15 Mid Year Reports and proposed recommendations for 2015-16 Mid Year Reports.
<b>Timing:</b>	Communication between Parliament and government will be delayed until formation of the new Government and Select committees later in the year.

## ***Background***

Departmental Mid-Year Reports were introduced in 2013-14, following a recommendation by the Liaison Committee in 2009, and pilots in 2012-13. These reports are designed to provide an update, primarily- but not exclusively- for Departmental Select committees, on a department's spending and performance, mid-way through the financial year.

Following on from the first year's reports, and the feedback provided to departments, the second year of reports covering April to September 2014, were published in December 2014.

## ***Scrutiny Unit summary findings***

The House of Commons Scrutiny Unit's assessment is that the 2014-15 reports represent a noticeable improvement over those for 2013-14. There has also been greater awareness and usage of reports by committees this year, for instance in evidence sessions with Ministers and officials.

Particular areas where there has been widespread improvement have been:

- Improved use of data visualisation through charts and graphs
- better illustration and analysis of trends

The quality of reports continues to vary, with the stronger reports now very clear, helpful and effective, and the weaker ones appearing to be more a collection of pieces of information and data, not necessarily of the sort which is helpful to the reader, or which add great value to what is already available. There is a range in between.

Improvements from which a number of Departments' reports would still benefit are:

- Greater openness and focus on the challenges faced
- Ensuring executive summaries suitably convey the key messages of the report in a succinct manner
- greater demonstration of progress being achieved by focussing on outcomes more than announcements of intentions and future plans
- better explanation of financial performance, explaining reasons for variance against budgets and likely major changes to budgets planned for the supplementary estimates
- better information on progress of major projects

## ***Conclusion***

As awareness grows and the quality of reports improves, the value and benefits of mid-year reporting are clearly beginning to be demonstrated. Committees are making greater use of the reports, and the Liaison Committee has continued to endorse and support the concept of mid-year reports and the progress made to date. The Liaison Committee's legacy report, published on 24 March 2015, will include reference to the new reports. A paper on the 2014-15 reports will be put to the new Liaison Committee shortly after it is established (following the General Election) with a more detailed analysis and recommendations, and proposals for communication with government.

Continued efforts will be required by the Scrutiny Unit and Committees to encourage departments to maintain and improve reports' quality in the future. In particular the poorer

quality reports need to be brought up to the standard of the better ones. The Scrutiny Unit will also be seeking to promote consistency in reporting in future across mid-year reports and the new simplified end year accounts, due to appear from the end of 2015-16.