



HM Treasury

# Spending in a Crisis

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May 2026





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# Foreword

An emergency, as defined in the Civil Contingencies Act (2004), refers to an event or situation which causes or may cause serious damage to human welfare; the environment; or to the security of the UK. In this guide, the terms emergency and crisis are used interchangeably.

Crises can emerge both over an extended period of time (rising tide) or with limited or no-notice (rapid onset). Crises can also have acute and chronic phases, which require different governance structures and types of responses to manage either the immediate or enduring impacts of the event.

However, whatever their nature, they will nearly always require additional public expenditure, or use of public resources. The nature of emergencies means that decisions will often need to be made at pace, and with limited information. Inevitably decision makers need to tolerate higher risks and uncertainties than exist in normal times.

Nevertheless, while adaptations may be appropriate, spending control must still be applied. Indeed, reviews of expenditure in previous crises have concluded that many of the protections provided by the process are as important, if not more important, in a crisis. This is not just a matter of constitutional propriety and legal requirements (essential as these are), but also to safeguard the use of public funds and help ensure value for money. Ensuring well-targeted expenditure during a crisis will also support the country's ability to recover as the crisis passes and maximise longer-term financial resilience to manage any future emergencies.

This document draws on the experience of previous crises to provide both essential overview guidance on spending considerations for all those involved in central government in responding to a crisis, as well as more detailed information aimed at those in departmental strategic finance teams and the Treasury itself. It covers the key aspects of the spending control framework, as well as the adaptations that may be appropriate in responding to a crisis.

More general guidance on managing crises in central government can be found in the "Amber Book", which provides a framework for the UK central government collective response to crises which require co-ordinated action across government.

The fundamental principles in *Managing Public Money* remain invariable. The ultimate judgement in each case must lie with the Accounting Officer personally. The acid test is whether the Accounting Officer could justify the proposed activity if asked to defend it. And above all, nothing in this document should discourage the application of sheer common sense.

# Executive Summary

1. Crisis response is likely to involve a wide range of people, with a variety of specific responsibilities and expertise. While all involved should be familiar with the essential principles and practices of spending control, not everyone will require in-depth knowledge.
2. This guidance is therefore structured in three chapters, designed to serve three broad audiences.
3. **Chapter 1** provides a general overview of the spending framework and how this operates in a crisis. **It is recommended reading for anyone involved in crisis response work.**
4. It covers the following.
  - The key spending principles that need to be observed in a crisis.
  - Key roles and responsibilities – Ministers, Parliament, the Treasury, Accounting Officers and strategic finance teams.
  - Overview of how spending issues should be managed: pre-crisis contingency planning; key spending issues in a crisis; post-crisis and record keeping.
5. **Chapter 2** sets out the key practical spending issues that need to be considered in a crisis. **It is targeted at accounting officers and their finance functions, in particular the strategic finance team**, who need to be embedded into response teams to ensure crisis expenditure is properly managed.
6. It covers the following.
  - Key working practices finance teams should adopt: maintaining access to key reference material, communicating frequently with the Treasury and as required with Parliament, cash management, and record keeping.
  - Consideration of accounting officer standards in a crisis – including the standards themselves, specific issues in respect of consents and authorisations of expenditure which the Treasury may be able to help resolve, the use of formal “Accounting Officer Assessments”, and, where ultimately required, the use of ministerial directions.
7. **Chapter 3** details the adaptations to the spending control framework that may be appropriate in a variety of crisis situations, especially when speed of decision making is of the essence. Given the Treasury's constitutional responsibility for the spending control framework, **it is primarily intended for officials in Treasury spending teams.** It may also be of use for

departments' strategic finance teams, especially if the nature of the crisis means communication with the Treasury is severely limited.

8. It covers the following.

- Standing mechanisms to meet unexpected spending requirements: the Reserve; the Contingencies Fund; and out of turn Estimates.
- Case by case adaptations for specific lines of expenditure related to the crisis at hand: expedited and integrated assurance processes; programme specific delegations; and retrospective approvals.
- Derogations from the general framework of spending controls: comfort from the Treasury about the circumstances in which that such derogations are appropriate: in respect of budget cover; amounts; and aspects of compliance with Managing Public Money.
- Guidance on the appropriate use of ministerial directions on cross-cutting issues to ensure urgent crisis related spending can proceed: in respect of unplanned spending at year end; and in advance of Parliamentary authority.

# Chapter 1

## Overview

### 1.1 Introduction

- 1.1.1. This chapter provides a general overview of the spending framework and how this operates in a crisis. It therefore provides important context that all those working on crisis response measures should know.
- 1.1.2. It covers the following:
- principles
  - roles and responsibilities – Ministers, Parliament, the Treasury, Accounting Officers and strategic finance teams.
  - crisis management – contingency planning, key spending issues in a crisis, post-crisis and record keeping.

### 1.2 Principles

- 1.2.1. Spending control must still be applied in a crisis. This is not just a matter of constitutional propriety and legal requirements (important as these are), but also to safeguard the use of public funds and help ensure value for money. Indeed, reviews of expenditure in previous crises have concluded that many of the protections provided by the process are as important, if not more important, in a crisis.<sup>1</sup>
- 1.2.2. In relation to expenditure, the following points are key.
- The government can neither raise nor spend money without prior Parliamentary authorisation.
  - Departments cannot enter into spending commitments beyond their delegated authority without Treasury approval. Even in normal times, departments are given considerable authority to enter into commitments and to spend without specific prior approval from the Treasury. However, the Treasury cannot delegate responsibility for any novel, contentious or repercussive spend, regardless of the amount. Managing Public Money provides additional guidance on what may constitute such spending.

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<sup>1</sup> For example, the Boardman Review of Government Procurement in the COVID-19 pandemic: <https://www.gov.uk/government/publications/findings-of-the-boardman-review>.

- An organisation's accounting officer is directly responsible to Parliament for stewardship of their organisation's resources, and as such must be satisfied that expenditure meets the standards set out in Managing Public Money, or if not, obtain a ministerial direction.
- The spending control system relies on delegation to accounting officers and entrusts accounting officers with the creation of governance structures to ensure their accounting officer duties are met. This is consistent with the Amber Book principle of subsidiarity that decisions should be taken at the lowest appropriate level, with co-ordination at the highest necessary level. This is beneficial in crises, and allows flexibility to adjust the control system while ensuring value for money and scrutiny of spending.

1.2.3. The nature of crises often means there is a need for unusual and/or riskier spend – for example, the need for speed, or to secure otherwise scarce resources, may necessitate the expedition of usual assurance and approval processes. The spending control framework can be adapted to accommodate these requirements, but this must be done in a proportionate way, to optimise overall management of the crisis. Where necessary, the Treasury (and where relevant, the Cabinet Office), will issue specific guidance on this in response to specific emergency situations.

1.2.4. Crises may also mean that accounting officers face additional pressures on their available resources. The question of how far additional spend can be funded by reprioritisation and offsetting savings often can and should be taken in slower time to ensure decisions on the use of the Reserve and associated wider fiscal implications are taken in the round. This is particularly important where pressures are likely to arise across government due to the cross-cutting nature of the crisis.

1.2.5. These issues are discussed in more detail in the following chapters.

## 1.3 Roles and responsibilities

1.3.1. The wider suite of key crisis-related roles, responsibilities and accountabilities of both ministers and officials is set out in the Amber Book. This section draws out the key roles and responsibilities in relation to public expenditure.

### Ministers

1.3.2. In an emergency, as at any time, the minister in charge of a department is responsible for its policy and business, supported and assisted by their junior ministers. Ministers' powers derive from statute, common law powers, and prerogative powers of the Crown. Each form of power is subject to limits and

constraints. In responding to an emergency, the government may choose to introduce new legislation to Parliament to provide additional powers to support its ability to manage the crisis.

- 1.3.3. Ministers can also only spend public money for the purposes authorised by Parliament.

## Parliament

- 1.3.4. Parliament approves the legislation which empowers ministers to carry out their policies. It is a long-standing statutory requirement that the executive can neither levy taxes nor undertake expenditure unless authorised by Parliament.
- 1.3.5. Parliament also scrutinises and provides oversight over government activity and expenditure. It has extensive powers to examine policies, expenditure, administration and delivery of services, thereby holding the government to account. The Public Accounts Committee has an explicit remit to examine government financial accounts and scrutinise the value for money of public spending, holding the government and its public servants to account for the quality of their past administration.
- 1.3.6. The National Audit Office (NAO) supports Parliament in this scrutiny function. The chief executive of the NAO is the Comptroller and Auditor General (C&AG), who is an Officer of the House of Commons.

## The Treasury

- 1.3.7. The Treasury is responsible to Parliament for the control of public resources, specifically that departments use their powers only as it has intended; and that revenue is raised, and the resources so raised spent, only within the agreed limits. As such, the Treasury is required to set the ground rules for the administration of public money and account to Parliament for doing so.
- 1.3.8. As noted in section 1.2, for all spending commitments that go beyond a department's delegated authority, explicit Treasury approval is required. This includes any expenditure that is novel, contentious or repercussive spend, regardless of the amount. Treasury agreement (and Parliamentary authorisation) is also required in respect of spending commitments that are above the department's existing budget cover.
- 1.3.9. The Treasury approval process may also include requirements to obtain approvals or input from other government departments or bodies in relation to specific types of expenditure, for example functions. Functional expertise helps to deliver better outcomes, savings and efficiencies, both in normal times and in times of crisis.

## Accounting Officers

- 1.3.10. The departmental accounting officer, usually the department's Permanent Secretary, is personally responsible and directly accountable to Parliament for the organisation and quality of management in the department, including its use of public money and the stewardship of its assets.
- 1.3.11. Accounting officers are required to scrutinise significant policy proposals to assess whether they meet the standards set out in *Managing Public Money*, and if these standards are not met, seek a ministerial direction. It is good practice to prepare a systematic written "Accounting Officer Assessment" for any significant, novel, contentious or repercussive proposal involving the use of public funds, and therefore this will often be appropriate as part of the consideration of responses to an emergency.<sup>2</sup>

## Strategic finance teams

- 1.3.12. Strategic finance teams are part of the finance function within each department. They advise ministers and accounting officers on the department's financial position and the policy and operational choices open to them in order to manage it. They also own the institutional relationship with the Treasury, engaging frequently with the departmental spending team in the Treasury.
- 1.3.13. All draft Accounting Officer Assessments must be signed off by the organisation's senior officer for finance or alternate senior member of the finance function within the department before being submitted to the accounting officer.
- 1.3.14. Given their role and expertise, it is essential that members of the strategic finance team are embedded in both crisis planning and crisis response. Without this, there is a high risk that crisis responses are developed in a way that simply cannot work, do not deliver the intended results, do wider damage to the wider operations of the organisation and of government, or any combination of these. Remember, both ministers and accounting officers will be held to account by Parliament for the use of public funds.

## 1.4 Crisis management

### Contingency planning

- 1.4.1. While it is not possible to predict the nature of all crises, there is nevertheless useful contingency planning that organisations

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<sup>2</sup> Guidance on Accounting Officer Assessments is published on GOV.UK  
<https://www.gov.uk/government/publications/accounting-officer-assessments>

should undertake to help manage the situation when a crisis does occur.

- 1.4.2. The Amber Book details expectations on government across the lifecycle to ensure the UK is resilient to threats and hazards it faces.
- 1.4.3. The exercising and red teaming used to test plans and procedures should include active consideration of likely expenditure consequences, and how this could best be managed.
- 1.4.4. In addition, as part of an organisation's business continuity arrangements, it should maintain up to date list of key contacts in strategic finance teams. Departmental finance teams and accounting officers should also ensure that in a crisis they can maintain access to key spending documents (see section 2.2).

### Key spending issues in a crisis

- 1.4.5. As noted in section 1.1, for expenditure to take place, the accounting officer must be satisfied that all expenditure meets the accounting officer standards set out in Managing Public Money, or if not, obtain a ministerial direction. A ministerial direction should only be used where it is not possible to design the intervention to meet ministers' policy objectives while complying with the accounting officer standards. It is important to note that a direction does not permit unlawful action, and nor should it be used to circumvent the requirement to make collective government decisions.
- 1.4.6. More detail is provided in the next chapter, but in general it will be for the strategic finance team to advise on what needs to be done to ensure compliance with each of the standards.
- 1.4.7. In particular, the scale and/or type of expenditure proposed may be outside the existing bounds of Treasury consent and/or Parliamentary authorisation. In such cases, it will be necessary to discuss with the Treasury, to explore what flexibility or accelerated approvals processes might be available, or whether the desired outcome can be achieved by different means within existing authorities.

# Chapter 2

## Managing spending issues in a crisis

### 2.1 Introduction

- 2.1.1. This chapter considers specific issues that need to be considered for crisis related expenditure. It is aimed at accounting officers, and the strategic finance teams that support them, in organisations engaged in crisis response.
- 2.1.2. It covers the following:
- Key working practices finance teams should adopt: maintaining access to key reference material, communicating frequently with the Treasury and as required with Parliament, cash management, and record keeping
  - consideration of accounting officer standards in a crisis – including the standards themselves, specific issues in respect of consents and authorisations of expenditure which the Treasury may be able to help resolve, the use of formal “Accounting Officer Assessments”, and, where ultimately required, the use of ministerial directions.

### 2.2 Working practices

- 2.2.1. As set out in Chapter 1, it is essential that members of the strategic finance team are embedded in both crisis planning and crisis response. The finance team should ensure it has working practices in place to enable it to fulfil its role in supporting effective crisis response while ensuring compliance with the spending framework, specifically around maintaining reference material, working with the Treasury, managing critical finance processes and collating information and records.

#### Key reference documents

- 2.2.2. Given the strategic finance team will need to help shape crisis responses to be consistent with the accounting officer standards, they should ensure that in a crisis they can maintain access to the current versions of key reference material (both electronic and physical copies). This includes the following publicly available documents – links to these, as well as information on their content, is set out in Annex A.

- Spending in a Crisis (that is, this document)
- Managing Public Money
- Consolidated Budgeting Guidance
- Supply Estimates Guidance Manual
- Financial Reporting Manual
- Accounting officer assessments: guidance
- Government Functional Standard for Finance
- The Amber Book - Managing Crisis in Central Government
- Cabinet Manual

2.2.3. In addition, the strategic finance team should have access to the following key department specific materials.

- The department's current delegation letter
- The department's most recent settlement letter
- The department's section of the most recent Estimates

2.2.4. Finally, while departmental legal teams will lead in providing wider legal advice, it is also recommended that departmental finance teams maintain a list of commonly used spending powers and other relevant legislation. For most departments, this will include both the Procurement Act 2023 and the Subsidy Control Act 2022.

## Communications with the Treasury and Parliament

2.2.5. In a crisis, it is highly likely that a department will need to commit to and undertake expenditure that is beyond its delegated authority limits. The department may also require additional budget to commit to expenditure, and additional authorisations from Parliament. These issues are discussed further in section 2.3.

2.2.6. It is therefore critical that, unless impossible, the strategic finance team maintains frequent and open communication with its Treasury spending team.

2.2.7. They should operate on a "no surprises" basis, for example share information on emerging issues where expenditure would not be covered by existing Treasury approvals and/or Parliamentary authorisations, so that they can work together to consider possible ways forward – both in terms of substance, and to enable the Treasury to ensure it has the resource in place to deal with requests in short order if required.

2.2.8. Departments should also remember that proposals with spending implications should be shared with their Treasury spending teams before coming to Cabinet Committees and COBR meetings – failure to do so is likely to delay the necessary approvals.

- 2.2.9. Where the nature of a crisis means that speed is of the essence, it may be appropriate to agree adaptations to the usual process of spending approvals: including shortened service level agreements, or abridged business cases. The required information and timelines should be discussed and agreed with the Treasury along with the relative prioritisation of proposals. Departments should engage openly and early and should not avoid seeking Treasury approval in the mistaken belief that it will speed up delivery. This is explored further in Chapter 3.
- 2.2.10. If the nature of a crisis means that it is simply not possible to contact the Treasury to obtain consent before the expenditure needs to be incurred, a department's accounting officer could choose to proceed at risk. However, this should only be done as a last resort, and departments should be mindful of the following.
- It will never be acceptable to forgo seeking Treasury consent on the grounds of a crisis where the Treasury has advised that consent should be sought, or where insufficient effort has been made to engage the Treasury and obtain a view.
  - While it is possible for the Treasury to subsequently agree to give retrospective consent, this is only if the expenditure in question would have been agreed if permission had been sought at the right time.
  - If retrospective consent is not granted, it is likely that the NAO will consider such spending as irregular which may lead to qualification of accounts.
  - In any event, it is improper for a public sector organisation to make commitments outside the agreed delegations – the accounting officer may determine that they cannot proceed without a ministerial direction.
  - Sometimes legislation calls for explicit Treasury consent. In such cases it is unlawful to proceed without Treasury consent, and Treasury consent cannot be given retrospectively. Departments should therefore not undertake expenditure using such powers.
- 2.2.11. Strategic finance teams should also be mindful of the requirements to provide information to Parliament regarding expenditure, such as where a department takes on a new contingent liability. Full details of the requirements for Parliamentary communication in relation to public spending can be found in Annex 1.1. of Managing Public Money – “Communications with Parliament.”

## Cash management

- 2.2.12. The Government Functional Standard for Finance sets out requirements and expectations in respect of finance processes and data, which should continue to be followed in a crisis.

- 2.2.13. Cash management can become a critical issue during a crisis, as the provision of cash for government use requires the correct level of money to be raised via the gilt markets. In addition, departments may face sudden increases in the amount of cash required – either because of declining cash income caused by the wider crisis, or because of a sudden increase in the number or value of cash disbursements required.
- 2.2.14. Departments must therefore continue to provide accurate forecasts of cash requirements to Treasury 's Exchequer Funds and Accounts team.
- 2.2.15. If a department requires cash in excess of the net cash requirement authorised in the Estimates, it should discuss this as a matter of urgency with its Treasury spending team. The ways in which this can be addressed are discussed in Chapter 3.

### Record keeping

- 2.2.16. As noted in Chapter 1, during the crisis, it can be useful to have one eye on what may follow, not least so preparatory steps can be taken as needed. In particular, as well as audit of expenditure, there will likely be lesson learnt exercises and possibly formal inquiries. Ensuring adequate record keeping during the crisis is therefore key.
- 2.2.17. Departments remain responsible at all times for maintaining appropriate records of all spending, including both commitments to spend and any actual cash disbursements. Alongside this, departments should hold an audit trail of the decision making, consents and authorisations supporting each line of expenditure. Departments should also continue to track spend against budgets.
- 2.2.18. Departmental crisis plans may incorporate roles such as 'loggers' who should be instructed to explicitly record all spending decisions and precise figures approved by seniors.
- 2.2.19. The Government Functional Standard for Finance sets out fuller details on financial recording and reporting requirements.

## 2.3 Consideration of Accounting Officer standards in a crisis

### The accounting officer standards

- 2.3.1. As set out in Managing Public Money, accounting officers must ensure all expenditure meets the following four tests.
- Regularity: the proposed transaction is compliant with the 'framework of authorities' of the department or body concerned. That the transaction under consideration has sufficient legal basis, Parliamentary authority, and Treasury authorisation; is compatible with the agreed spending budgets, the wider legal framework (for

example subsidy control, procurement and other law), and the requirements regarding spending set out in this document.

- Propriety: the proposal meets high standards of public conduct and relevant Parliamentary control procedures and expectations, including compliance with any conventions or commitments made to Parliament and cross-cutting Government policies or standards, as well as the standards of conduct and good governance as set out in this document.
- Value for money: in comparison to alternative proposals or doing nothing, the proposal delivers the stated policy objectives in a way that represents good value for the Exchequer as a whole, taking into consideration the chances of different degrees of success or failure.
- Feasibility: the proposal can be implemented accurately, sustainably, and to the intended timetable with the resources available and without incurring wasteful or nugatory spend.

2.3.2. While exact working arrangements may vary between departments, in all cases the department's strategic finance team needs to play a central role in the analysis of any crisis related expenditure against these standards.

2.3.3. Chapter 2 of the Treasury handbook "Accounting officer assessments: guidance" details the factors to consider when assessing proposed expenditure against these four standards.

2.3.4. That handbook also includes discussion of factors that will be pertinent in a crisis situation, such as the difficulties quantifying benefits for innovative policies, factoring in risks, and managing fraud vulnerabilities, as well as principles and approaches for managing circumstances with no precedent.

2.3.5. While the ultimate judgement on these issues rests with the accounting officer, the Treasury stands ready to help think such issues through.

2.3.6. Where proposed crisis response expenditure does not meet any one or more of the accounting officer standards, consideration should be given to whether it can be modified to make it fit. In the case of the 'Parliamentary authority' or 'Treasury authorisation' aspects of the regularity criterion, this will require discussion with the Treasury. These issues are set out further below.

### Use of public funds: consents and authorisations

2.3.7. As part of the assessment of regularity and propriety, accounting officers need to determine whether the proposed expenditure has the necessary consents and authorisations, as set out below.

2.3.8. If not, it will be necessary to discuss with the Treasury as a matter of urgency before the spending commences. The Treasury will be able to advise on ways in which these approvals can be expedited, and/or other adaptations that might be appropriate in a crisis (discussed further in Chapter 3).

### Budget cover

2.3.9. This is normally agreed with the Treasury through the biennial Spending Review process; so in a crisis, any *additional* budget cover will need to be agreed separately. In the first instance, consistent with the principle set out in Consolidated Budgeting Guidance, departments will be expected to reallocate and reprioritise funds within their existing budget cover in support of any crisis.

### Parliamentary authorisation

2.3.10. In most cases, Parliamentary authorisation for expenditure is provided through the Supply Estimates process, which confers formal statutory authority through the Supply and Appropriation Acts that follow. The estimates process obtains Parliamentary approval for:

- control totals – the total value of expenditure permitted, by type of expenditure (resource DEL, resource AME, etc)
- ambits - itemises a specific range of permitted activities and income streams for the year for each department
- Net-Cash Requirement - this can differ from budgetary cover because an organisation may meet some costs from income, and some of cost have no cash consequences (for example, depreciation).

2.3.11. In addition, except in some very limited cases, any intervention that is expected to continue for more than two years or of value in excess of £2.75 million a year should be backed by powers set out in specific statute and not rely on the sole authority of the Supply and Appropriation Acts. The use of sole authority requires explicit Treasury consent.

### Treasury consent

2.3.12. Given its responsibilities for control for overall government expenditure, Treasury consent is required for all government expenditure or resource commitments. In practice, even in normal times, the Treasury delegates consent for each department subject to clear limits and/or exclusions. These delegations ensure that departments are responsible for day-to-day decision-making and can be held accountable for those decisions.

2.3.13. The Treasury is unable to grant delegations regarding novel, contentious or repercussive spend – and expenditure on crisis

interventions will often fall into this – and therefore this will always require Treasury consent.

2.3.14. Sometimes legislation calls for explicit Treasury consent. In such cases it is unlawful to proceed without Treasury consent.

2.3.15. Using a ministerial direction (see below) to circumvent a lack of Treasury consent may be inappropriate if it constitutes a failure to reach a required collectively agreed government position.

## Accounting Officer Assessments

2.3.16. In determining whether the four accounting officer tests are met, it is good practice, as well as helpful for accounting officers, to prepare a systematic written Accounting Officer Assessment for any significant novel or contentious proposal involving the use of public funds. Accounting Officer Assessments serve to help accounting officers structure their thinking and record their judgements in relation to their duties. Preparation of accounting officer assessments will therefore often be appropriate as part of the consideration of responses to an emergency.

2.3.17. As well as detailing the factors to consider when assessing proposed expenditure against the four standards, Chapter 2 of the Treasury's Accounting Officer Assessments Guidance also sets out full details on how to prepare such an assessment.

2.3.18. In terms of process, the following points are particularly relevant in a crisis situation.

- All draft accounting officer assessments must be signed off by the organisation's senior officer for finance (usually Finance Director, Chief Financial Officer or Director General for Finance).
- The accounting officer should draw on relevant expertise as appropriate, including functional leads in their organisation (or the parent department if required for an ALB), and legal advisers.
- The accounting officer may also want to draw on expertise from another department or public body. Where this happens, the accounting officer may ask the organisation to provide written assurances of the robustness of the analysis and any underlying methodology. However, the ultimate judgement in each case lies with the accounting officer personally.
- When completing an Accounting Officer Assessment in relation to crisis related expenditure, it is important to consider and record any limitations caused by the crisis, such as limited information, time or resources to conduct normal processes – and the impact these may have on the accounting officer's judgement.

- 2.3.19. Wherever proposals or projects are taken forward, accounting officers should identify and assess risks, and design and operate the most effective risk treatment activities (including controls) possible in the time available.
- 2.3.20. While the requirement to publish summary accounting officer assessments only applies in relation to projects and programmes in the Government's Major Project Portfolio (GMPP), accounting officers may also choose to publish similar information from assessments made in other circumstances at their discretion. In particular, accounting officers may decide to publish a summary accounting officer assessment, or to write to the Public Accounts Committee, in situations where no direction has been sought, but where risks to one or more of the accounting officer standards remain high.
- 2.3.21. This may therefore be pertinent in relation to accounting officer assessments relating to crisis response measures. In setting out the objectives, assumptions, assessment of risks and risk appetite, and criteria for proceeding with the decision; summary AOs may well help communicate, to Parliament and the public, the rationale for choices made during a crisis.

## Ministerial Directions

- 2.3.22. Ministerial Directions are the mechanism by which accounting officers and Ministers can ensure that urgent and necessary activity can occur even where the requirements of the accounting officer standards are not met. These circumstances will be exceptional but, given the fact that crises will often require activity to be undertaken at greater pace and in novel circumstances, it is to be expected that Ministerial directions will be more likely to be issued during a crisis.
- 2.3.23. In almost all cases, a Ministerial Direction will be preceded by an Accounting Officer Assessment. As covered in the previous section, these provide a structured approach to adjudging whether a specific spending decision is compliant with the accounting officer standards.
- 2.3.24. Section 3.6 of Managing Public Money details out the process and rationale for directions. In all cases it is good practice if time allows to discuss the matter with the Treasury. In times of crises, it is likely that the relevant expenditure will require Treasury consent in any event, so any discussion of an associated direction should be done as part of this wider engagement.
- 2.3.25. In addition, the Treasury Officer of Accounts team are the Treasury's internal experts on directions and are available to provide departments with support on both the substance and process of seeking a Ministerial Direction.
- 2.3.26. Where an accounting officer has decided that a ministerial direction is necessary, it is important to note that this does not

change the accounting officer's judgement on the regularity, propriety, value for money or feasibility of the decision. The direction permits the accounting officer to proceed with the expenditure even when it is non-compliant, but the accounting officer remains obligated to bring the expenditure into line with the accounting officer standards at the earliest opportunity.

- 2.3.27. The accounting officer should therefore develop plans and measures to achieve this and to manage compliance with the accounting officer standards even after the direction has been issued. This can be done as part of an accompanying accounting officer assessment. By the same token, a further direction may be required if the situation worsens.
- 2.3.28. Direction letters need to be shared with the Public Accounts Committee and the relevant departmental select committee, as well as the Comptroller and Auditor General and the Treasury Officer of Accounts. Unless it is in the public interest that the matter is kept confidential, the letters should also be published promptly on the GOV.UK website.

# Chapter 3

## Adaptations to spending controls in a crisis

### 3.1 Introduction

- 3.1.1. As set out in previous chapters, the fundamental principles of the spending framework remain in place during a crisis. However, this does not mean that the precise processes are invariable, and a crisis may demand a non-standard approach, in particular to the processes for securing the necessary consents and authorisations.
- 3.1.2. Given its responsibilities for the public spending ground rules, any changes to these processes require the agreement of the Treasury, and will often be initiated by it.
- 3.1.3. This chapter sets out the broad ways in which the spending framework can respond in the event of a crisis, drawing on experience from previous crises, as well as mechanisms available more widely to deal with unexpected spending demands. It is primarily aimed at Treasury officials working in spending teams, to enable them both to discuss options with departments, and advise Treasury ministers on appropriate ways forward. It will also be of use to department's strategic finance teams if the ability to contact the Treasury is limited, as well help understand what may and may not be permissible.
- 3.1.4. It covers the following.
- Standing mechanisms to meet unexpected spending requirements: the Reserve; the Contingencies Fund; and out of turn Estimates.
  - Case by case adaptations for specific lines of expenditure related to the crisis at hand: expedited and integrated assurance processes; programme specific delegations; and retrospective approvals.
  - Derogations from the general framework of spending controls: which may include comfort from the Treasury about the circumstances in which such derogations are appropriate: in respect of budget cover; ambits; and aspects of compliance with Managing Public Money.
  - Guidance on the appropriate use of ministerial directions on cross-cutting issues to ensure urgent crisis related

spending can proceed: in respect of unplanned spending at year end; and in advance of Parliamentary authority.

## **3.2 Mechanisms to meet unexpected spending**

- 3.2.1 Unexpected spending requirements are not limited to crisis situations. In any given year, it is likely that exceptional issues will throw up need for expenditure that was not foreseen at the start of the year – be that in response to exogenous events, shifts in government priorities, or a combination of both.
- 3.2.2 Departments may also face sudden increases in the amount of cash required – either because of a sudden increase in the amount of cash disbursements required, or because of declining cash income caused by the wider crisis.
- 3.2.3 There are long-standing mechanisms used to manage these, and these are likely to be of use in crisis situations. The Reserve is used by the Treasury to agree additional budget cover for departments. Departments will also require appropriate Parliamentary authorisation for any increased budget cover and/or increased net cash requirement – where this cannot wait for the next scheduled Estimates, it may be appropriate to use the Contingencies Fund, or in some cases, Out of turn Estimates.
- 3.2.4 Authorisation of expenditure needs to take place at the speed necessary to the crisis. However, consideration of the extent to which costs can be met through reprioritisation, and offsetting savings often can, and should, take place in slower time, to ensure decisions on the use of the Reserve and associated wider fiscal implications are taken in the round. As outlined below the default assumption should be additional costs are funded through reprioritisation and slowing or stopping discretionary non crisis related spending.

### **The Reserve**

- 3.2.5 As noted in the previous chapter, in the first instance, departments will be expected to reallocate and reprioritise funds within their existing budget cover in support of any crisis.
- 3.2.6 However, the government allocates a Reserve for genuinely unforeseen contingencies that departments cannot absorb within their expenditure limits. The Reserve can only be used for genuinely unforeseen, unaffordable and unavoidable pressures.
- 3.2.7 Essential spending in a crisis is likely to meet the criteria for access to the Reserve. However, access to the Reserve should never be assumed without explicit Treasury agreement. It should be remembered that the Reserve is finite, and there may be significant competing calls on it, especially during times of crisis. As such it may be appropriate in emergencies that Treasury approves the spending proposal but does not provide

confirmation of access to the Reserve to allow more time for considerations regarding reprioritisation across government.

- 3.2.8 Full details on the conditions and mechanism for accessing the Reserve are set out in Chapter 2 of Consolidated Budgeting Guidance.

## The Contingencies Fund

- 3.2.9 While the Treasury may agree to allocate funding from the Reserve to increase a department's budget cover, the department will also need Parliamentary authorisation for any additional expenditure for the current financial year, and/or any increased net cash requirement.
- 3.2.10 Ideally, this would be done through the next available Estimate, if the additional expenditure does not need to take place before these have been approved by Parliament.
- 3.2.11 However, in the event that urgent expenditure is needed which exceeds the amount authorised in last Estimate, or is not covered by the existing ambit, short term authorisation may be provided through the use of a Contingencies Fund advance (which must be repaid from funding provided in a future Estimate).
- 3.2.12 A Contingencies Fund advance may also be needed even if there has been no need to increase in a department's overall budget cover – for example, if crisis spend is being met through internal reprioritisation, but the crisis related spending is not covered by the department's existing ambit.
- 3.2.13 The Treasury may authorise issues out of the Fund subject to the limit set on the capital of the Fund by the Contingencies Fund Act 1974. In normal times the limit is fixed at 2 per cent of the total of authorised Supply expenditure (that is, the total of all authorised departmental net cash requirements) in the preceding financial year, although in major crises, the government may initiate legislation to increase this for a time-limited period.<sup>3</sup>
- 3.2.14 Contingencies Fund advances are only permitted where certain strict conditions are met, and for certain categories of advances, authorisation is required by the Contingencies Fund Accounting Officer (usually the Treasury's Director-General for Public Spending).
- 3.2.15 In particular, where planned new expenditure requires specific legislation, the use of the Contingencies Fund is an exceptional course. The Contingencies Fund should not be used to enable a postponement of such legislation. Use of the Fund can only be considered where it would clearly be contrary to the public

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<sup>3</sup> During the Covid 19 pandemic, Parliament passed legislation to increase the size of the Contingencies Fund on a strictly time-limited basis.

interest to delay expenditure until Parliamentary approval has been obtained and where there are no reasonable grounds to doubt that Parliament is willing to approve any necessary enabling legislation, the increased net cash requirement and any associated resource or capital provision.

- 3.2.16 Further detail on operation of the Contingencies Fund can be found in the Estimates Manual.

### Out of turn Supplementary Estimates

- 3.2.17 While ordinarily the government presents two Estimates a year, exceptionally, an out-of-turn Supplementary Estimate may be presented at any time during the year when Parliament is sitting. This therefore provides another vehicle through which Parliamentary authorisation can be obtained for expenditure that cannot wait for the normal Estimates round or be met through a cash advance from the Contingencies Fund.<sup>4</sup>
- 3.2.18 However, such out-of-turn Supplementary Estimates take up valuable Parliamentary time, and therefore the House authorities will agree to such an Estimate only when the most pressing circumstances apply.
- 3.2.19 Further detail can be found in the Estimates Manual.

### 3.3 Case by case adaptations

- 3.3.1 As noted in Chapter 2, outside any department's delegated limits, Treasury consent is required for all government expenditure or resource commitments. In particular, the Treasury is unable to grant delegations regarding novel, contentious or repercussive spend.
- 3.3.2 Each department's delegated limits are set to provide a balance between avoiding micro-management while ensuring that the Treasury provides the scrutiny and challenge expected by Parliament. These delegations should therefore not be automatically loosened in response to a crisis; rather careful consideration should be given to whether any targeted alterations are appropriate.
- 3.3.3 This may include adaptations to Treasury assurance processes for those specific lines of expenditure related to the crisis at hand, or even in some cases agree enhanced delegated limits. Specific options are set out below.

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<sup>4</sup> For example, an Out-of-Turn Supplementary Estimate was presented in autumn 2022 to authorise additional funding related to government interventions in response to high energy prices.

## Expedited assurance

### Treasury consent

3.3.4 Where the nature of a crisis means that speed is of the essence, it may be appropriate to agree that the Treasury will operate under shortened service level agreements. In addition, the Treasury may need to conduct scrutiny on the basis of more limited information than it would ordinarily expect.

3.3.5 In such circumstances, to avoid unnecessary delays, the department and the Treasury should agree what material will be provided, and in what format (for example, an abridged business case). The department should also provide clarity over the relative priority of different issues, so that the Treasury can focus its resources accordingly.

### Functional controls

3.3.6 As noted in Chapter 1, the Treasury approval process may also include requirements to obtain approvals from other government departments or bodies in relation to specific types of expenditure, for example functional controls.<sup>5</sup>

3.3.7 Where events require a more flexible approach, it may be appropriate to adjust both the thresholds that trigger expenditure controls, and the timescales for approval decisions.<sup>6</sup> Such flexibilities are necessarily limited to emergencies to preserve the capacity to assure routine, business as usual spending proposals.

## Integrated assurance

3.3.8 In normal times, departmental and central assurance gateways provide valuable challenge and scrutiny of spending frameworks. However, during a crisis, the need to work at pace and actively iterate on proposals can mean it is beneficial to bring those assurance processes together. If this occurs the following principles should be respected.

- The delegation of responsibility to the Treasury for spending control should not be weakened. Treasury consent cannot be granted collectively and is the sole preserve of Treasury Ministers and their officials.
- Combining the assurance processes should not result in loss of expertise. The integrated panel should have access

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<sup>5</sup> <https://www.gov.uk/government/collections/cabinet-office-controls>

<sup>6</sup> For example, as the UK prepared to exit the EU, certain Cabinet Office control thresholds were increased and the published timescales for approval decisions were halved to two weeks. In response to the pandemic, the timescales for dealing with urgent COVID-related proposals were reduced to one week and significant threshold flexibilities were introduced for NHS Test and Trace

to advice and support from across the civil service and in particular the government professions and functions.

- The combined process should be wary of groupthink. The intent is not to remove assurance but to integrate it. The combined assurance process must provide a commensurate level of challenge and scrutiny as was provided by the multiple layers of scrutiny previously in place.

## Programme specific delegations

**3.3.9** In a crisis where it is necessary for a large number of decisions to be entered into at pace, it may be that it is not possible for the Treasury to exercise meaningful scrutiny on a transaction-by-transaction basis. Under these circumstances it may also be appropriate for specific programme level delegations to be provided to departments.

**3.3.10** If this occurs the Treasury should:

- ensure that there are appropriate conditions and expectations set out clearly and in writing that must be adhered to ensure value for money
- ensure that such delegations are set in a proportionate and risk-based manner and should not last longer than appropriate
- ensure that a level of monitoring, oversight and assurance by the Treasury continues to occur even if it is after the spending has occurred
- ensure that appropriate expertise is engaged within the department to alleviate the risks of lessening the external challenge and oversight (this might include steps such as the engagement or secondment of appropriate functional expertise)
- ensure that the relevant accounting officer remains cognisant of the operation of the programme and is prepared to account to Parliament for both the decisions made and the governance regime of the programme.

**3.3.11** In a crisis situation when operating at pace, it is likely that things will not always go as initially planned. Delegations to department should be continually monitored, and, informed by ongoing learning and experience, adapted as appropriate.

**3.3.12** As ever, programme specific delegations cannot be used for novel, contentious or repercussive expenditure. However, in a prolonged crisis, what may at first have been novel, contentious or repercussive may cease to be so as it becomes more established, and so delegation may become possible.

## Retrospective approvals

- 3.3.13** It is improper for a public sector organisation to make commitments outside the agreed delegations and if spending occurs this will likely result in a finding that that this is irregular.
- 3.3.14** However, it is possible for the Treasury to subsequently agree to give retrospective consent, but only if the expenditure in question would have been agreed if permission had been sought at the right time.
- 3.3.15** As set out in Chapter 2, if the nature of a crisis means that it is simply not possible to obtain Treasury consent before the expenditure needs to be incurred, a department's accounting officer could choose to proceed at risk, especially if they consider there is a strong case for retrospective approval. Departments should remember however that if retrospective consent is not granted, it is likely that the NAO will consider such spending as irregular which may lead to qualification of accounts.
- 3.3.16** Sometimes legislation calls for explicit Treasury consent.<sup>7</sup> In such cases it is unlawful to proceed without Treasury consent - and Treasury consent cannot be given retrospectively. If the nature of the crisis means it is not possible to contact the Treasury to obtain prior approval, the department should instead look to make expenditure using powers that do not require statutory Treasury consent.

## 3.4 Derogations from the general spending control framework

- 3.4.1.** In addition to adaptations for specific lines of expenditure, where the nature of a crisis requires it, the Treasury may initiate derogations from the general framework of spending controls. This section details a number of examples that have been deployed in previous crisis situations.<sup>8</sup>

### Comfort in relation to budget cover

- 3.4.2.** The Chancellor of the Exchequer may determine it is appropriate to give comfort to accounting officers to undertake urgent expenditure where budget cover is uncertain. However, by necessity, this will be subject to strict parameters and conditions – there will need to be a specified monetary limit, most likely be limited to one-off expenditure, be time-limited only for as long as it is not possible apply usual processes, and as ever cannot apply to novel, contentious or repercussive expenditure.

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<sup>7</sup> For example, financial assistance given under the Industrial Development Act 1982.

<sup>8</sup> In March 2020, the Treasury delegated policy pre-approval to accounting officers to commit to urgent Covid-19 related expenditure for which budget cover in 2020-21 was uncertain, provided this was below £10 million and not novel, contentious or repercussive; nor give rise to recurrent costs beyond 2020-21.

- 3.4.3. Such comfort must take account of the constitutional necessity that the expenditure must be authorised by Parliament through the Estimates at a later date and that the quantum of such preapproval should be proportionate to the nature of the crisis.
- 3.4.4. It should also not be taken as a guarantee of access to the Reserve – rather Treasury ministers can determine at a later date whether the measure requires additional budget cover or can be funded through reprioritisation or underspends.

### Comfort in relation to ambits

- 3.4.5. Where there is a gap in ambit cover, normal practice is to hold off from undertaking that spending until the ambit has been amended via the Estimate process. Where the urgency of a crisis means that is not possible, the criteria for a Contingencies Fund advance may be met, in which case that flexibility should be utilised (see earlier in this chapter).
- 3.4.6. However, where the crisis requires the significant and urgent spending not envisaged in department ambits, it may also be appropriate for the Treasury to be transparent about the difficulties with Parliament and the Comptroller & Auditor General, and agree an appropriate way forward.

### Comfort in relation to compliance with MPM

- 3.4.7. The principles in Managing Public Money are evergreen and provide flexibility to deal with crisis scenarios. As such, it is generally possible for departments to seek Treasury consent to depart from certain principles and/or requirements on a case-by-case basis. However, during a crisis, it may not be possible for the Treasury to deal with the volume of requests or to be able to turn around requests in a sufficient timescale.
- 3.4.8. As such it may be appropriate for the Treasury to grant consent in advance to departures from the normal operation of certain elements of Managing Public Money. If this occurs, departures should be:
- clearly specified and recorded in writing
  - operated in a transparent manner and notified to Parliament and the Comptroller & Auditor General
  - time limited and regularly reviewed to ensure the flexibilities are still required
  - include an assessment of the risks resulting from such departures and mitigations that can be put in place to reduce those risks, for example, improving internal governance and increasing transparency.
- 3.4.9. In all cases the core accounting officer system continues to apply, and expenditure must comply with the accounting officer standards, or if not, be subject to a ministerial direction.

- 3.4.10. As previously set out, delegations and departures cannot include pre-authorisation of novel, contentious and repercussive spend as it is not possible for the Treasury to delegate decisions in relation to such expenditure. It may be possible to obtain retrospective approval from the Treasury for such spending, unless Treasury consent is a statutory requirement of the powers being used.
- 3.4.11. Some examples of comfort provided in relation to MPM from previous crises are set out below – specifically on supplier relief, payment in advance of need, and Military Aid to the Civil Authorities.

### Supplier relief

- 3.4.12. The impact of a national crisis will rarely be felt solely by government. The government response may be hampered by the effect of the crisis upon its supply chain. As such it may be appropriate to vary the usual expectations around contracting with the private sector as set out in Managing Public Money.
- 3.4.13. In such circumstances, the Treasury is likely to work with the Government Commercial Function to produce guidance, as well as offer expertise of the Commercial Function to help manage specific issues and ensure payments are reasonable, consistent, and proportionate.<sup>9</sup>
- 3.4.14. Guidance will need to be tailored to the specifics of the crisis at hand but may include the following.
- Guidance to accelerate payment of invoices in order to maintain cash flow and protect jobs.
  - Guidance to continue making payments to suppliers, even where the crisis means the suppliers' full services are not needed or cannot be fulfilled, in order to ensure suppliers are in a position to resume normal contract delivery once the crisis has passed or diminished. This may be appropriate if it maintains business continuity and in doing so secure better longer-term value for money. To ensure payments are proportionate, conditions should be attached – for example, requiring suppliers to operate on an open book basis and forgo profit on undelivered elements of contracts.
- 3.4.15. Any guidance of this nature should be time-limited to ensure it is regularly reviewed as the impacts of the crisis evolve. Where a crisis is prolonged, it may be appropriate to issue further

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<sup>9</sup> During the Covid-19 pandemic, the Treasury worked with Cabinet Office and the Government Commercial Function to publish a number of Procurement Policy Notices throughout the crisis. See: <https://www.gov.uk/government/publications/procurement-policy-note-0220-supplier-relief-due-to-covid-19/procurement-policy-notice-ppn-0220-supplier-relief-due-to-covid-19-additional-sector-guidance-for-state-funded-schools#:~:text=PPN%2004%2F20%20acknowledges%20that,from%20any%20support%20and%20transition>

guidance to plan an exit from any support and transition to a new, sustainable, operating model.

### Payment in advance of need

- 3.4.16. Managing Public Money prohibits payment in advance of need without Treasury consent in the normal course of operations, with delegations and exceptions provided to departments for specific circumstances.
- 3.4.17. However, these delegations may be increased or conditions on their use may be relaxed in a crisis. For example, to maintain supply chains so they can resume normal contract delivery once the crisis has passed, it may be appropriate for the Treasury to give consent in advance for payments in advance of need.<sup>10</sup>
- 3.4.18. Again, this will need to include parameters to ensure payments are appropriate and proportionate, for example:
- being explicit that the accounting officer must be satisfied that such payments provide value for money, by virtue of securing continuity of supply of critical services in the medium and long term
  - time limiting the consent, and capping it at a proportion (for example, 25 per cent) of the value of the contract.

### Cost recovery and Military Aid to the Civil Authorities (MACA)

- 3.4.19. Civil authorities and emergency services are required to provide the first response when reacting to crises, emergencies and/or major incidents within the UK. Notwithstanding this, other government departments (OGD) or civil authorities are able to request military assistance from the Ministry of Defence (MOD).<sup>11</sup>
- 3.4.20. Managing Public Money requires that government departments must charge for services that do not form part of their funded tasks and that departments must not profit from activity carried out on behalf of another department. With a few exceptions, MACA activity is not funded within the MOD budget and is conducted on a repayment basis.
- 3.4.21. The charging policy may change between charging mechanisms during the course of a MACA operation. Marginal costs are likely to be applied in the early stages of a response to an emergency, increasing to full costs levied during the recovery phase, due to protracted Defence involvement and the resulting impact on MOD primary output. When in the national interest, MOD

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<sup>10</sup> During the Covid-19 pandemic, the Treasury wrote to accounting officers in March 2020 providing such advance consent for an initial two month period, subsequently extended to the end of October 2020.

<sup>11</sup> <https://www.gov.uk/government/publications/operations-in-the-uk-a-joint-doctrine-publication>

ministers with Treasury consent may agree to reduce or waive costs.<sup>12</sup>

## 3.5 Ministerial directions

- 3.5.1. As set out in Chapter 2, Ministerial Directions are the mechanism by which accounting officers and Ministers can ensure that urgent and necessary activity can occur even where the requirements under the accounting officer standards are not met.
- 3.5.2. Directions have to be specific about the expenditure covered, and are issued by the minister in charge of a department to the accounting officer responsible for that area of expenditure. It is therefore not possible to issue a direction giving authority to undertake expenditure across the board that deviates from the accounting officer standards, nor for any minister to direct accounting officers in other ministerial departments.
- 3.5.3. However, on occasion, the Treasury may issue guidance, likely through a “Dear Accounting Officer” letter, to highlight situations where accounting officers across multiple organisations are likely to need to request directions.

### Unplanned expenditure at year end

- 3.5.4. If a crisis manifests towards the end of the financial year, after the usual Supplementary Estimates process, there may not be time to produce out-of-turn Estimates to cover any additional crisis-related expenditure incurred that financial year that goes beyond existing control totals or ambit. As such, expenditure beyond the Estimates would be irregular, and departments will be at risk of an Excess Vote.
- 3.5.5. In such a scenario, the Treasury may issue guidance advising Accounting Officers to seek a ministerial direction to authorise such expenditure.<sup>13</sup> This will only be appropriate for discretionary expenditure, and not costs for which there is no mechanism to prevent a breach, such as the crystallisation of a contingent liability which the department is legally bound to honour.
- 3.5.6. In all such cases, whether a direction is appropriate or not, the department should be transparent with Parliament to explain how the situation has arisen, and the likely financial impacts. The Treasury may also offer to assist departments with this engagement, as well as any subsequent Excess Vote hearing.

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<sup>12</sup> During the Covid-19 crisis, Treasury ministers and the Secretary of State for Defence agreed in its early stages that MACA costs could be charged at the marginal rate. As the crisis continued and departments were able to build full costs into their spending plans, this dispensation was withdrawn.

<sup>13</sup> For example, see DAO01/21 Control Totals 2020-21: <https://www.gov.uk/government/publications/dao-0121-control-totals-2020-21>

## Lack of legislative spending authority

- 3.5.7. As set out in Managing Public Money, in accordance with the PAC Concordat of 1932, except for some limited exceptions, all expenditure must be backed by specific legislative authority, and not rely solely on the authority of Supply and Appropriation Acts.
- 3.5.8. However, there may on occasion be an urgent need for expenditure to occur before legislation can be passed (in both crisis and non-crisis situations). As such, undertaking expenditure before Royal Assent of the relevant legislation would be improper.
- 3.5.9. Again, in circumstances where accounting officers across multiple organisations are likely to be facing this issue, the Treasury may issue guidance advising Accounting Officers to seek a ministerial direction to authorise such expenditure.<sup>14</sup>

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<sup>14</sup> For example, prior to the UK leaving the European Union, the Treasury issued guidance to departments concerning the need for urgent spending prior to legislative authority being granted. This set out that, where other options were not available, a ministerial direction could be obtained to allow spending on new services ahead of Royal Assent. It also explained that a single direction per department can cover multiple areas of spending as long as the arguments for spending are clear for each case and set out separately. See <https://www.gov.uk/government/publications/dao-0317-brex-it-spending-and-directions>

# Annex A

## Key reference documents

[Managing Public Money](#)

[Consolidated Budgeting Guidance](#)

[Supply Estimates Guidance Manual](#)

[Financial Reporting Manual](#)

[Accounting officer assessments: guidance](#)

[Government Functional Standard GovS 006: Finance](#)

[Cabinet Manual](#)

[Procurement Act 2023](#), and the [Subsidy Control Act 2022](#)

[Main Estimates](#) and [Supplementary Estimates](#)

[The Amber Book- Managing Crisis in Central Government](#)

# Annex B

## Glossary

Term	Description
AO	Accounting Officer, generally the most senior executive official in any central government organization. Responsible directly to Parliament for the use of public resources controlled by their organisation. Must ensure the regularity, propriety, value for money and feasibility of all expenditure.
AOA	An Accounting Officer Assessment, a written record setting out whether a given item of expenditure is compliant with the accounting officer's duties (regularity, propriety, value for money and feasibility). Prepared by officials on behalf of the accounting officer, AOAs must be approved by the organisation's finance director, and represent a formal record of the Accounting Officer's position on a given transaction.
Contingent liability	A transaction or commitment which creates a future call on public funds. Subject to the
DAO	"Dear Accounting Officer" letters from the Treasury Officer of Accounts to Accounting Officers providing additional guidance on their duties, supplementing that provided in <i>Managing Public Money</i> . The chief mechanism for providing revised guidance between editions of MPM.
Estimates	Publications setting out to Parliament the government's proposed budgets for each department in a given year. Main Estimates set out budgets at the start of the financial year, these are updated via

	Supplementary Estimates towards the end of the year. These are passed into effect via the Supply and Appropriation Acts.
Excess Vote	Where a department spent funds in excess of the amount that Parliament has voted for its expenditure via the Supply and Appropriation acts in a given year, this 'excess' must be voted on separately to obtain Parliamentary approval after the end of the financial year. Excesses are subject to scrutiny by the Public Accounts Committee and Parliament before they are voted on.
Ministerial Direction	A formal process whereby the relevant minister in a department may direct, in writing, an accounting officer to proceed with spending that would breach the accounting officer's duties to Parliament.
PAC Concordat	The agreement between the Treasury and the Public Accounts Committee requiring all expenditure to be backed by powers in legislation.
Supply and Appropriation Acts	Legislation passed each year by Parliament to set government budgets for each department.

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