CHIEF SECRETARY TO THE TREASURY

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Laura McDonald
Deposited Papers Clerk
House of Commons Library
SW1A 2AA

22 September 2010

Dear Laura

DEPOSITING GUIDANCE FOR 2010 SPRING DEPARTMENTAL REPORTS

Following discussions between my officials and the House of Commons and House of Lords libraries, I am writing to request that the revised PES guidance for the 2010 spring departmental reports, issued last month, is deposited in the libraries of both Houses.

DANNY ALEXANDER

HM Treasury

Public Expenditure System

PES (2010) 09	**18 June 2010**	**Secretariat: 020 7270 5525**

Replacement Guidance on the 2010 Publication Round for Spring Departmental Reports

This paper replaces the original PES guidance {ref: PES (2009) 14} for the 2010 spring departmental reports (SDRs) and the replacement guidance issued on 10 June {ref: PES (2010) 08} to provide additional points of clarification including firmer requirements on the implications for Resource Accounts. Though there has been a change of Government there continues to be a need for transparency in the release of factual data relating to work undertaken by departments during the reporting year.

Contents:

1. Summary

1.1 The key changes to the original guidance issued in December 2009 are:

- The mandatory round of full SDR publication has been cancelled for 2010. Instead, those departments usually expected to publish full SDRs (either singularly or as part of their combined annual report and accounts) <u>should only</u> publish a specified set of data reporting tables. All of these tables were either required by the original PES guidance or else can be compiled from data required in that original guidance.

- The required set of tables is:

a) Nine core tables (specified in annex A)
b) Two performance data tables, covering all PSA/ DSO indicators and the CSR07 efficiency programme target
c) One table on outstanding PAC recommendations
d) One table on complaints to the Parliamentary Ombudsman

- The required set of tables should be provided with the Resource Accounts but in an Annex after and clearly separated from them. The whole document (Resource Accounts with this Annex) must be titled 'Resource Accounts 2009-10' and laid before the House of Commons before summer recess 2010.

- A separate Annex is necessary to ensure the NAO's requirement to express an opinion on the consistency of the Directors' Report with the other information in the financial statements (para 5.2.5 of the FReM) may be fulfilled. Placing the set of tables in the separate Annex ensures they are not covered by this opinion. Any concerns about audit coverage should be raised with the NAO.

- The option of publication on line instead of with resource accounts is removed to ensure that these tables are laid before the House of Commons. This does not prevent parallel publication on websites.

- Content of the set of tables must be fact-based, with no additional narrative.

- Departments continue to be responsible for the accuracy of the published data and for ensuring that it is issued in accordance with this PES guidance. Given the purely fact-based content this year, departments do not require HMT clearance but should follow their usual internal processes for clearance prior to laying and publication. It is important for departments to bear in mind that the NAO continue to take a strong interest in all departmental data published.

1.2 In addition, it should be noted that:

- Those departments and other central government entities (including Executive Agencies and NDPBs) that do not usually produce SDRs should continue to produce their normal "annual reports and accounts". Content should adhere to the same principles on performance reporting implied by this PES paper, where relevant. Any concerns should be raised in the first instance with the sponsor department.

- As implied by the above requirements on table publication, it is only the mandatory round of full SDRs that is cancelled for 2010. Resource Accounts shall still be laid and published. However, please note that:

    a. The FReM requires certain matters to be addressed in the 'Annual Report' and 'Management Commentary' in the

Resource Accounts (chapter 5.2 of the FReM). The FReM requirements still apply except where this PES paper effectively revokes them. Thus the requirement to produce the Consolidated Statement of Operating Costs by Departmental Strategic Objectives still applies (5.2.10 (and 5.4.27)), but the requirement to report progress against Public Service Agreement targets does not (also, 5.2.10).

b. The requirement in 5.2.11 (e) of the FReM to describe the departmental reporting cycle and an outline of the matters covered in the SDR and the Autumn Performance Report is withdrawn. The requirement to refer to the Estimates still applies, but this should not include performance against PSA targets.

c. Departments should exclude any assessment of performance against objectives set by the previous administration from the 'Annual Report' and 'Management Commentary'. Where there is any doubt about whether draft text contravenes the letter and the spirit of this PES paper, departments should consult their Spending Team.

- Departmental Scorecards will no longer be published at this time. A new efficiency scorecard will be developed for each of the main Government departments and published later in the year. This will reflect priorities of the new Government, and give a greater focus to key management and benchmarking information.

- Departments will be notified separately on PSA/DSO implications for Main Estimates.

2. Timetable

The requirement to lay Resource Accounts by the parliamentary summer recess remains. As usual, publication will follow laying. Departments should inform their HMT spending teams once this has occurred.

3. Contacts

For general inquiries on this PES guidance please contact: Rowlando Morgan, in the Value for Money team, Tel 020 7270 5495, e-mail 'Rowlando.morgan@hmtreasury.gsi.gov.uk'. On queries relating to departmental scorecards please contact: Martin Stopher, Cabinet Office, (martin.stopher@cabinet-office.x.gsi.uk). Contacts for some other specific tables or groups of tables are given at the end of the relevant sections in annex A.

Annex A: Guidance on Required Tables

1. As outlined in the summary above, four groups of tables are required to be published. Guidance for all tables is given below. In the cases of sections A, C and D the guidance provided is largely the same or similar to the original PES guidance {ref: PES (2009) 14}, but is repeated here for clarity.

A. Nine core data tables

2. The guidance on how to construct these tables has not substantively changed since the original PES guidance was issued for the 2010 SDR reporting round. However, on a point of clarification, departments should note that there is no requirement to provide a reconciliation between pre and post Alignment/CLOS numbers in the data reporting tables.

3. The original guidance text is repeated in the following paragraphs in this section, with just a few amendments to reflect the fact that these core tables will not now be part of a full SDR and should not include any additional non factual narrative.

4. The same categories of nine common core tables used in last year's SDRs/ combined reports make up the set of tables required in 2010. Contents, data sources and relevant HMT contacts for each table are summarised below.

Core Table		**Source**	**Contact**
Table 1	Public spending, showing a summary of departments' budgets, and any spending by local authorities in the area of the department's responsibility, and, if possible, series on key spending functions	COINS database	Martin Phillips Tel 020 7270 5988 Martin.Phillips@hmtreasury.gsi.gov.uk
Table 2	Resource budget, showing most informative breakdown of areas of spending, and what the money is spent on	COINS database	Martin Phillips Tel 0207270 5988 Martin.Phillips@hmtreasury.gsi.gov.uk
Table 3	Capital budget, showing most informative breakdown of areas of spending, and what the money is spent on.	COINS database	Martin Phillips Tel 020 7270 5988 Martin.Phillips@hmtreasury.gsi.gov.uk

Core Table		Source	Contact
Table 4	Capital employed	Departments	Larry Pinkney Tel 020 7270 4585 Larry.Pinkney@hm-treasury.x.gsi.gov.uk
Table 5	Administration budgets	COINS database	Martin Phillips Tel 020 7270 5988 Martin.Phillips@hmtreasury.gsi.gov.uk
Table 6	Staff in post	Consistent with data published by Cabinet Office	William Bryce Tel 020 7270 5137 William.Bryce@hmtreasury.gsi.gov.uk Bryce, William
Table 7	Total spending by country and region (over spread of years)	HMT, Public Expenditure Statistical Analyses branch	Martin Phillips Tel 020 7 270 5988 Martin.Phillips@hmtreasury.gsi.gov.uk
Table 8	Total spending per head by country and region (over spread of years)	HMT, Public Expenditure Statistical Analyses branch	Martin Phillips Tel 020 7270 5988 Martin.Phillips@hmtreasury.gsi.gov.uk
Table 9	Spending by function or programme, by country and region (for latest outturn year, 08-09)	HMT, Public Expenditure Statistical Analyses branch	Martin Phillips Tel 020 7270 5988 Martin.Phillips@hmtreasury.gsi.gov.uk

5. Departments should agree any significant changes to the activity headings with the Treasury and with their Departmental Select Committee to ensure that the read-across of spending and performance data is transparent to the main user. If the link cannot be made transparent, departments should note the tables to explain what spending relates to what activity/ PSA target. To avoid confusion, departments should align the rows of their administration budgets table with those of their main budgeting tables where practicable.

6. Departments should align the staff numbers table with the numbers used in Departmental Resource Accounts. Where practicable, staff numbers for the department's NDPBs and public corporations should also be provided on a consistent basis. Where helpful to a factual account of the data, departments should include narrative within the tables (or as footnotes to them) to explain what the numbers represent, what they show, and any variances and movements.

7. For all departments data should be consistent with the Main Supply Estimates snapshot. Deadlines for COINS updates will be included in the integrated timetable:http://www.coins.gsi.gov.uk/coins/documents/tasks_and_timetables/integrated_timetable.xls .

8. Guidance on the production of DR common core tables under COINS is available via the following link: http://www.coins.gsi.gov.uk/coins/documents/reporting/guides/departmental_report_user_guide_v1_3.1.pdf .

9. Production of Table 4 is departments' own responsibility, subject to the notes and table structure below:

	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 Projected outturn	2010-11 plans
Assets and liabilities in the Statement of Financial Position at year end:							
Assets							
Non-current assets							
Intangible							
Tangible							
of which:							
Land and buildings							
Plant and machinery							
Etc							
Investments							
Current assets							
Liabilities							
Creditors (<1 year)							
Creditors (>1 year)							
Provisions							

Capital employed within main department							
NDPB net assets							
Total capital employed in dept'l group							

Notes to producing table 4:

10. The categories adopted for the sub-analysis of Tangible Non-current Assets should align with the standard minimum categories as set out in the FREM (5.4.41). Departments should analyse their tangible non-current assets in accordance with these categories, detailing any categories held beyond the minimum FREM categories. Where Tangible non-current assets are reported in an "other" category material sub categories should be separately disclosed.

11. Outturn numbers for 2004-05 to 2008-09, for the main department must reconcile to the figures included in the audited resource accounts. If provisional numbers were used in the previous departmental report these should be restated to reflect the final audited figures with an appropriate explanatory footnote.

12. For capital intense departments, a long-term capital projects table should be given in the body of the report showing the picture for the department's spending on capital projects over time.

13. Please note that data for the core tables needs to be consistent with Main Supply.

B. Performance data tables

14. Two tables should be included here to cover:

i. PSA/ DSO indicator table

15. This table requires only part of the data required by the original PES guidance for the 2010 SDR PSA/ DSO reporting.

16. The table should simply list and provide a brief data-statement (factual description of what the data shows) for each of the indicators for the

department's DSOs and for each of the indicators for the PSAs for which it was the lead department.

17. The data descriptions should:

- Be short summaries only (no more than three or four sentences);
- Provide wholly factual statement on the baseline position of the indicator and on what the latest data shows has occurred since this point, (e.g. taking the form, 'baseline position in year/ month W was X and in the later year/ month Y it was Z'.

18. Ideally, the baseline position should be provided by the reporting in the 2009 SDR round. However, the important principle is to provide the most helpful update possible and, so, flexibility can be shown if required to achieve this. For instance, if, due to time lags in the data collation for an indicator, there is no data update on SDR'09 reporting available or only an update of three months or less, then, departments should choose an earlier baseline position.

19. The indicator table should <u>not</u> include any:

- Evaluative statements on whether an indicator has improved or any assessment on the overall success for the PSA/ DSO/ outcome in question.
- Additional narrative such as priorities or future plans.

20. The table should take the form:

Indicator	**Indicator belongs to:** (PSA x and/ or DSO y)	**Statement on data**	**OGDs** (where indicator lead different to PSA reporting lead)

ii. CSR07 efficiency programme table

21. The paragraphs below reflect more streamlined (narrative free) requirements for this table than those requirements given in the original PES guidance on CSR07 VFM targets. The table should be short (probably requiring only a few rows).

22. It should simply provide:

- A simple statement on the context. For instance, "The CSR07 efficiency programme was a CSR07 commitment to an overall target across Government of £35bn efficiency savings for that spending review period".
- The overall amount of the department's target.

- The department's latest known saving out-turn on the target, expressed in monetary terms (and only covering the period prior to May 2010). The presumption is that departments will be able to publish fully validated Q4 (2009-10) figures. Where this is not possible departments must publish Q3 figures. These must be fully validated to ensure both that they give an accurate indication of the out-turn achieved and that they are consistent with the CSR07 VFM methodology to which they relate.

23. In addition, the table should set out whether any SR04 over delivery has been allowed, and state how much has been allowed, to avoid any double counting.

24. Enquiries about the requirements for this table on out-turns on the CSR efficiency programme should be addressed to: Robert Mackie, in the Value for Money team, Tel 020 7270 6249, e-mail Robert.Mackie@hmtreasury.gsi.gov.uk .

C. Table on Public Accounts Committee recommendations

25. There is no change to the original PES guidance for the 2010 SDR round with respect to the data requirements over PAC committee recommendations. The paragraphs that follow in this section simply repeat the previous guidance for ease of reference.

26. Public sector organisations should plan routinely to publish information about their activity in following up PAC recommendations. Please note that reporting must include all outstanding PAC recommendations, not just those made during the present reporting period.

27. Reporting in the 2010 reporting round should include information on the action that they and their arm's length bodies have taken in response to all current and outstanding PAC recommendations. A suggested format is below

Name of Report	
Recommendation (text)	Detail of progress made to date, proposed future timetable for implementation or notification if decision is not to progress
Name of Report	
Recommendation (text)	Detail of progress made to date, proposed future timetable for implementation or notification if decision is not to progress

D. Table on complaints to the Parliamentary Ombudsman

28. There is no change to the original PES guidance for the 2010 SDR round with respect to the data requirements over complaints to the Ombudsman. The paragraphs that follow in this section simply repeat the previous guidance with the sole change of reflecting the fact that the required data should be provided in a table.

29. The table should include information from the latest published Parliamentary Ombudsman's Annual Report on the following:

    29.1. The number of complaints accepted for investigation by the Parliamentary Ombudsman in the year.

    29.2. The number of investigations reported on by the Parliamentary Ombudsman in the year and the percentage of those reports where the complaint was:

    i. upheld in full
    ii. upheld in part
    iii. not upheld

    29.3. The number of Ombudsman recommendations:

    i. complied with
    iii. not complied with

30. It should be noted that departments may not simply reference the above information but must reproduce it in this table. In addition, they should make clear the financial year that the data covers as the Ombudsman's timescales may be different to the timescale covered by the other required tables in this reporting round.

31. In addition to the specific data above, departments should provide a 'context' box in the table. Here, departments should set these numbers in context by providing one or two short general paragraphs on complaints more widely. It is for departments to decide what content to include here but, for example, it may include a statement on the department's approach or procedures for dealing with complaints, the overall numbers of complaints dealt with and the cost to the department of doing so, together with any contact information or supplementary data to that taken from the Ombudsman's latest published report. It is particularly important to include information which demonstrates how the department has learnt from complaints.