



House of Commons
Treasury Committee

Government Response to the Committee's Sixth Report on The 2004 Budget (HC 479)

Fourth Special Report
of Session 2003–04

*Ordered by The House of Commons
to be printed 8 June 2004*

The Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the HM Treasury and its associated public bodies.

Current membership

Mr John McFall MP (*Labour, Dumbarton*) (Chairman)
Mr Nigel Beard MP (*Labour, Bexleyheath and Crayford*)
Mr Jim Cousins MP (*Labour, Newcastle upon Tyne Central*)
Angela Eagle MP (*Labour, Wallasey*)
Mr Michael Fallon MP (*Conservative, Sevenoaks*)
Rt Hon David Heathcoat-Amory MP (*Conservative, Wells*)
Norman Lamb MP (*Liberal Democrat, Norfolk North*)
John Mann MP (*Labour, Bassetlaw*)
Mr George Mudie MP (*Labour, Leeds East*)
Mr James Plaskitt MP (*Labour, Warwick and Leamington*)
Mr Robert Walter MP (*Conservative, North Dorset*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in the House of Commons Standing Orders, principally in SO No. 152. These are available on the Internet via www.parliament.uk. The Committee has power to appoint a Sub-committee, which has similar powers to the main Committee, except that it reports to the main Committee, which then reports to the House. All members of the Committee are members of the Sub-committee, and its Chairman is Mr Michael Fallon.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) from Session 1997–98 onwards are available on the Internet at: www.parliament.uk/parliamentary_committees/treasury_committee/treasury_committee_reports.cfm.

Contacts

All correspondence for the Treasury Committee should be addressed to the Clerk of the Treasury Committee, 7 Millbank, House of Commons, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5769. The Committee's email address is: treascom@parliament.uk.

Fourth Special Report

On 6 April 2004, we published our Sixth Report, *The 2004 Budget*, as House of Commons paper No. 479. We have now received a response from the Government dated 28 May 2004, appended below as Appendix 1. We have also received papers containing responses to a number of outstanding points raised in the oral evidence taken from Treasury officials on 23 March 2004 and from the Chancellor on 24 March 2004; these are at Appendices 2¹ and 3² below.

APPENDIX 1

GOVERNMENT RESPONSE TO THE SIXTH REPORT OF THE TREASURY COMMITTEE, SESSION 2003–04 (HC 479)

The Government notes the conclusions of the Treasury Committee's report on Budget 2004.

The Economy

1. The Committee welcomes the renewed vigour of the UK economy in recent months. It notes that this strong growth performance has justified the Treasury's growth forecasts made at the time of last year's Budget and Pre-Budget Report, and recognises the effect of fiscal policy in supporting this growth. (Paragraph 6)

Latest full National Accounts data for 2003Q4, released by the Office for National Statistics (ONS) on 26 March 2004, confirm the picture reported in Budget 2004, with GDP growth of 2.2 per cent for 2003 as a whole, fully in line with the 2003 Budget forecast of 2 to 2½ per cent and slightly above the 2003 Pre-Budget Report estimate of 2.1 per cent. UK GDP rose 0.9 per cent in the final quarter of 2003 and stood 2.7 per cent higher than in the same period of 2002. As noted in Chapter B of Budget 2004, over the recent past fiscal policy has helped maintain domestic demand, with sound public finances allowing counter-cyclical action through the operation of the automatic stabilisers.

The preliminary estimate of GDP for 2004Q1, released on 23 April 2004, is that GDP rose 0.6 per cent compared with 2003Q4. However, the ONS state that data in this release are potentially more subject to revision than usual because of low survey response rates for March. The second estimate of GDP for 2004Q1 will be released on 26 May 2004.

2. The Committee notes the evidence it has heard that the rise in household debt has been matched by a rise in holdings of both housing and financial assets by the household sector, so that the net deterioration in household balance sheets over recent years is relatively limited. The Committee would nevertheless welcome the publication of more information on the distribution of assets and liabilities across the household

1 See page 13

2 See page 20

sector to assist policymakers and others to quantify the number of households potentially facing difficulties as interest rates rise. (Paragraph 8)

The Consumer Credit White Paper,³ published by the Department of Trade and Industry (DTI) on 8 December 2003, contained information from the British Household Panel Survey (BHPS) on the breakdown of household debt by income and age, and the proportion of households reporting debt repayment problems. The BHPS has been conducted annually since 1991 and provides information on both quantitative and qualitative measures of factors affecting households' financial positions. Data on households' stock of debt and assets were collected for the years 1995 and 2000. The Bank of England analysed these data⁴ and concluded that debt-to-income ratios vary widely across households, with the youngest and lowest-income groups increasing their debt-to-income ratios by most, and from the highest levels, between 1995 and 2000. However, the households with the highest absolute levels of debt tended also to have the highest income and net wealth. Moreover, the rapid growth of both sides of the aggregate household sector balance sheet over 1995-2000 was more associated with the same households accumulating both debt and assets, rather than with some households mainly accumulating debt while others were mainly increasing their assets. This at least partly reflects the rapid growth of house prices, and so suggests that the most indebted households would be more vulnerable in the event of a housing market correction. It also points to such households being relatively more exposed in the event of an adverse shock to income or interest rates, as they did not have substantially greater liquid assets than less indebted households.

The Financial Services Authority (FSA) recently published research on the debt profile of families in Britain⁵ which the Committee may wish to study.

For most households debt remains affordable with historically low interest rates and employment at a record high. For those that do experience problems, the Government is working with the voluntary sector and the financial services industry to tackle over-indebtedness. The DTI intend to establish indicators to monitor the extent of over-indebtedness in the UK and the profile of the over-indebted, identifying who is affected and what type of debt they have. These indicators will be used to monitor the effectiveness of policies and to inform the development and targeting of future work.

3. When the Committee considered the 2003 Pre-Budget Report we concluded that "the probability of either a fall in house prices or a rise in interest rates on a scale that would create widespread problems for households should be viewed as very limited". The evidence we have heard this spring, although not unanimous, suggests that this conclusion remains generally valid; but there is no room for complacency. The Committee welcomes a thorough examination being given to any proposals, such as those put forward by Professor Miles, which could serve to limit the potential for the

3 DTI White Paper "Fair, Clear and Competitive - The Consumer Credit Market in the 21st Century".

4 Bank of England Quarterly Bulletin, Winter 2002, "Financial Pressures in the UK Household Sector: evidence from the BHPS".

5 FSA Financial Risk Outlook 2004 and in CML spring 2004 Housing Finance "Household borrowing: impact of interest rate rises".

UK housing market to have a destabilising influence on the rest of the economy. (Paragraph 9)

The Government has recognised that reforms in the housing market are needed to reduce volatility and promote stability in the wider economy. At the time of Budget 2003, the Chancellor asked David Miles to review the mortgage market in the UK and, with the Deputy Prime Minister, also commissioned Kate Barker to analyse the issues surrounding housing supply. Both Reviews presented their final reports at the time of Budget 2004.

The Government welcomes David Miles' analysis of the strengths of the UK mortgage market, the areas for reform and his recommendations for action. The Government endorses his conclusion that urgent reform is desirable to make the market work better for consumers in a number of areas. A number of his recommendations are addressed to the Government and it will consider and consult on them as proposed by the Review. A number of recommendations are addressed to the FSA, which has in train reforms in the mortgage market that will move to statutory regulation on 31 October 2004. The Chancellor has asked the FSA to consider and report on the further reforms proposed by David Miles.

As set out in the response to conclusion 23, the Government also welcomes the Committee's support for Kate Barker's review of housing supply.

4. The Committee endorses the Treasury's call for international structural reforms that will ensure a more broadly based and sustainable global recovery. It is particularly important for policymakers internationally to seek to avoid the dollar's depreciation becoming destabilising in the face of the large US trade deficit. (Paragraph 12)

The Government welcomes the Committee's endorsement of its position on international structural reforms, and will continue to push its agenda for more balanced global growth. The Government believes that this is the best way to ensure the current recovery in world economic activity is sustained over the medium term and that the risk of disorderly exchange rate movements is minimised.

5. The Committee believes that recent rate moves from the MPC have been fully consistent with the gathering momentum in the UK economy and remains confident that the MPC will continue to respond to economic developments in a timely and appropriate way. The Committee has also been reassured by the MPC's handling of the recent switch to a CPI inflation target. (Paragraph 15)

The Government welcome the Committee's positive assessment of the recent decisions by the MPC on the stance of monetary policy. We are pleased that the Committee believes that the switch to the new inflation target has been handled well.

Framing of the golden rule

6. The Committee awaits with interest clarification on the issue of the treatment of the AME margin in the past in calculating compliance with the golden rule, but notes that any differences in phrasing in Treasury documents in this crucial area may be a source of confusion which may undermine the rule's credibility. As the Committee stated at the time of its report on the PBR, presentation of the Government's progress towards

meeting the golden rule should be standardised in order to avoid any possible confusion in the future. (Paragraph 18)

The golden rule has been consistently defined. It is measured by the average annual surplus on the current budget as a ratio to GDP over the economic cycle. Page 10 of Budget 1997 sets out figures for the current budget as a ratio of GDP from 1985-86 to 1996-97. Page 47 of the Economic and Fiscal Strategy Report 1998 outlines progress against the golden rule from 1997-98 to 2003-04. Since then, the Government has continued to present performance against the golden rule on the basis of ratios to GDP.

More information on the way in which the margin against the golden rule is calculated is set out in a note that accompanies this response, which was requested by the Committee during its hearings.

The fiscal position: the current cycle and the medium term

7. The Government remains on track to meet the fiscal rules over this cycle on its central forecasts. The margin for error has, however, diminished further over recent months, in spite of the strong growth in the economy. This is a development which requires careful monitoring by the Treasury. (Paragraph 19)

9. Public sector debt is predicted to rise over the forecast period, in the near-term due to the shortfall in current revenue but also due to the programme of public sector net investment. The latest projections of public sector net debt indicate that the sustainable investment rule will be met, although the margin has narrowed since the last Budget. (Paragraph 22)

The Government welcomes the Committee's acknowledgement that the Government is on track to meet its fiscal rules over the economic cycle. The Government fully recognises that projections for the public finances are subject to uncertainty and will remain vigilant to the risks. Furthermore, the Government will continue to base projections of the public finances on cautious, independently audited assumptions. This includes continuing to base the fiscal projections on a trend growth assumption that is $\frac{1}{4}$ percentage point lower than the Government's neutral view.

8. The current fiscal projections are consistent with Treasury's forecasts that growth in the economy comes up to trend from 2005-06 but does not go above trend. If the economy were to move above its trend level and begin to operate above capacity, it will be important for policymakers to ensure that larger fiscal surpluses than those currently projected do indeed accrue, both to ensure sufficient flexibility for fiscal policy through the next cycle and to help fiscal policy aid monetary policy in managing the cycle. (Paragraph 21)

The Government agrees with the Committee that fiscal policy can play an important role in maintaining macroeconomic stability by supporting monetary policy over the economic cycle. During the late 1990s, the fiscal stance tightened at a time when the economy was generally above trend, supported by the automatic stabilisers. This helped to maintain macroeconomic stability, and consolidated the public finances thereby allowing the

Government to let the automatic stabilisers work in full during the recent period of global economic stability.

The Government's fiscal objective, operating rules and open, transparent and forward-looking reporting arrangements help to ensure fiscal policy fully takes account of the cyclical position of the economy. In particular, the golden rule, which is set over the economic cycle, helps to ensure that the Government allows the automatic stabilisers to work in full, both when the economy is above trend as well as when the economy is below trend.

Revenues: general

10. Despite the growth in the economy being above forecast, and record levels of employment, tax receipts in 2003-04 have been below the Treasury's forecasts in the Budget last year, although only slightly below those in the Pre-Budget Report. (Paragraph 23)

As explained in the 2003 Pre-Budget Report, although economic growth in 2003 was in line with Budget 2003 forecast, changes in the composition of GDP had an adverse impact on tax revenues. In particular, lower than expected growth in wages and salaries reduced receipts from income tax and social security contributions. However, as a result of the use of cautious assumptions and the strong budget surpluses achieved at the beginning of the economic cycle, even after taking account of these lower than expected revenues, the Government is still on track to meet its strict fiscal rules.

11. While recognising the need to preserve confidentiality in tax matters, we believe it would be helpful for the Treasury to consider ways of sharing as much aggregated data as possible on the way taxes are paid with outside forecasters. We note the Treasury has over-estimated tax revenues in the last three years, but we also note that the differences between external forecasters and the Treasury are in line with past margins of uncertainty affecting all such forecasts. (Paragraph 25)

12. Given that the economy is now growing relatively strongly we hope the over-estimation over the last three years of both absolute tax receipts and net taxes and social security contributions as a proportion of GDP will not continue. Last year we concluded that the risks to the Treasury's revenue projection were on the downside. While this risk has receded given recent positive data, the forecasts remain challenging and the Treasury needs to monitor developments closely. (Paragraph 26)

Much of the detailed information used when assessing the current position of tax bases is already published on the Inland Revenue and Customs and Excise websites: <http://www.inlandrevenue.gov.uk/stats/index.htm> and <http://www.uktradeinfo.com>.

This includes information on corporation tax accruals and payments by different sectors (industrial and commercial, financial including life assurance, overseas, and north sea companies), as well as information on the distribution of income used to calculate income tax liabilities. In addition, the revenue forecasts also make use of detailed information from the most recent tax receipts data. This can be tax confidential data and cannot be made available outside Inland Revenue and Customs and Excise. Data on monthly tax receipts is

also available on the Treasury and ONS websites: www.statistics.gov.uk and http://www.hm-treasury.gov.uk/Economic_Data_and_Tools/data_index.cfm.

As explained in Chapter C of Budget 2004, lower than expected revenues over the past three years have largely been a result of:

- significant falls in equity prices. At the time of Budget 2000, the FTSE all share index was 3126. By Budget 2003, it had fallen to 1778. This led to significant reductions in corporation tax receipts from life assurance companies, stamp duties, capital gains tax, and inheritance tax; and
- a reduction in the profitability of financial companies. The global economic slowdown observed over the past few years, together with the fall in equity prices described above, has had a particularly adverse impact on the profitability of financial companies. This had a direct impact on corporation tax receipts, which fell as a percentage of GDP fell from 3.6 per cent in 1999-00 to an estimated 2.3 per cent in 2003-04.

However, over the past year the financial sector has started to recover. Equity prices are now around 27 per cent higher than they were at the time of Budget 2003. Financial companies have started to report increased profitability and pay higher bonuses to their employees, and tax revenues have started to recover. The revenue forecasts continue to be based on cautious assumptions audited by the NAO. This includes:

- assuming that trend growth trend output growth of 2 ½ per cent a year up to 2006-07, ¼ percentage point lower than the Government's neutral view;
- that VAT losses from fraud and avoidance continue to grow, despite Customs target to reduce them; and
- that the Government only gets part of the expected gains from anti fraud measures.

As a result, there are some clear upside risks to the forecast. As ever, the Government will continue to monitor developments in tax receipts throughout the year and assess the implications.

13. We welcome the Treasury's statement that it will consider publishing its income tax forecast in more detail. We recommend that it does so in the forthcoming Pre-Budget Report, differentiating between PAYE, self-assessment, bonus payments and income at standard and higher rates. (Paragraph 28)

The Government uses the most up-to-date information on tax receipts when deriving its tax forecasts. In the case of income tax, this will include information on the main sources of tax collection, including PAYE, self-assessment, and other. Data on underlying incomes and allowances in the current tax year does not become available until well after the forecasts have been published. Although some information on bonuses can be deduced from the monthly pattern of PAYE receipts, no information is directly available on of split of taxable pay between bonuses and other forms of income.

It is therefore not possible to breakdown the income tax receipts forecast between bonus payments and income at standard and higher rates. However, the Government will consider how it can provide more detail about its income tax forecasts.

14. The Treasury is projecting a very strong bounce in corporation tax receipts over the next two years. We note that profitability of both financial and non-financial companies has been strong in recent quarters. To aid our understanding of their forecast we recommend that in the next and future Budgets the Treasury publish a breakdown of their corporation tax forecast between financial companies, non-financial companies and the life assurance sector. (Paragraph 30)

Although the current corporation tax forecasting methodology has separate models for corporation tax accruals from different sectors, including industrial and commercial companies and financial companies, the calculation of corporation tax receipts (corporation tax accruals adjusted for repayments, Budget measures, late payments etc) is done at an aggregated level. A sectoral breakdown of corporation tax receipts is therefore not presently available, although the Government will investigate how it can provide more detail about its corporation tax forecasts.

Macroeconomic assumptions and the NAO

15. We ask the Treasury to clarify how they decide which macroeconomic assumptions, apart from those automatically revisited, should be referred to the National Audit Office. This is an issue which we shall be monitoring. (Paragraph 31)

The audited assumptions are referred to the Comptroller and Auditor General as part of the three-year rolling review process. In addition, the assumptions are submitted for audit when they are changed or modified, as set out in the Code for Fiscal Stability. In addition, the Government asks the Comptroller and Auditor General to audit significant 'spend to save' compliance packages where these principally affect operational activity rather than requiring legislative change.

Public expenditure

16. We note that the growth rate of public spending in the next spending review period will be slower than recent increases. Whether increases in expenditure on front-line public services are to match those of recent years will depend on the success of the Government's efficiency programme. (Paragraph 36)

The objective of the Government's efficiency programme is to release resources for redeployment to front line public services, and make better use of resources already deployed at the front line. Drawing on the evidence uncovered by Sir Peter Gershon's efficiency review, the Budget set a target of £20 billion annual efficiencies within the public sector by 2007-8. Efficiency gains on this scale will help the Government achieve further increases in expenditure on priority public services during the 2004 Spending Review period.

Protecting tax revenues and tax avoidance

17. The Government has a duty to protect the tax revenues and has announced the introduction of a disclosure regime whereby promoters who market tax avoidance schemes and arrangements that meet certain criteria will have to disclose details of them to the tax authorities. We agree with the statement made by one of our expert witnesses working in the tax field that there can be no issue with the concept of full disclosure of tax planning to the tax authorities, and we fully support this proposal in principle. We believe what is required in practice is a scheme that tackles tax avoidance effectively without creating undue compliance burdens for taxpayers and their advisers, or undue administrative burdens for the tax authorities. The details of the scheme will merit close examination once they are available during the passage of the Finance Bill through the House. (Paragraph 42)

The Government welcomes the Committee's support for the principle of disclosure. The proposed rules for direct taxes and VAT are intended to improve transparency in the tax system, allowing early detection of avoidance schemes and more effective targeting of avoiders, reflecting the Government's determination to close down opportunities for tax avoidance. The rules will be carefully targeted at those devising, promoting and using tax avoidance schemes and arrangements.

18. We note the introduction of a charge on income to close tax loopholes on pre-owned assets designed to avoid inheritance tax. We welcome the changes that have been made so far to the initial proposals designed to ensure that the new charge will not affect legitimate transactions between family members. We expect the details behind this proposal to be scrutinised during the passage of the Finance Bill through the House. (Paragraph 46)

The Government made clear from the outset of consultation that the income tax charge on pre-owned assets would not affect legitimate transactions between family members. This was confirmed in the Budget documentation. As for all Finance Bill measures, the details of the legislation will be fully scrutinised during the passage of the Bill through the House.

19. The Budget includes a proposal to tax distributed profits of small companies at 19 per cent to close a loophole caused by the introduction of the zero rate of corporation tax, which led people to incorporate to avoid tax and national insurance by reclassifying their income as dividends. Such a reaction was widely predicted. We are puzzled as to why, unlike other commentators, neither the tax authorities nor the Treasury anticipated that this would be the likely effect of introducing the zero rate of corporation tax, an oversight that over the two years 2003-04 and 2004-05 will cost the taxpayer an estimated £670 million in lost revenues. (Paragraph 52)

As was reflected in the evidence given by Treasury officials, and by Ministers at the time of its introduction, the Government did anticipate some behavioural effect of the 2002 introduction of the zero rate, including a gravitation of unincorporated businesses into corporate form.

The Government did not anticipate the number of businesses that would incorporate solely for tax considerations, regardless of other commercial factors. A tax differential

existed before April 2002, and the trend to incorporation cannot be wholly explained by the introduction of the zero rate. In particular, the trend appears to have been influenced by the growth in the tax avoidance environment which has led to large numbers of, often internet-marketed, tax planning packages aimed at the small business sector.

20. We note concerns that the decision to tax distributed profits of small companies at 19 per cent will create significant compliance burdens compared with simply abolishing the zero per cent band. We seek the details behind this decision, setting out the respective compliance costs of each option and how many companies are now expected to benefit from the zero per cent rate. (Paragraph 53)

The Government is committed to supporting businesses to grow and to become more productive. The introduction of the starting rate of corporation tax of 10 per cent in 2000 and its reduction to zero in 2002 were part of a very wide range of measures that have been introduced to help the business sector. To abolish the zero rate of corporation tax would have increased the taxes paid by those small companies that are reinvesting their profits in order to fund future growth, and the Government did not consider that an acceptable option.

Full details of the compliance implications of the measure are set out in the Regulatory Impact Assessment that was published on 8 April 2004. For the over 95 per cent of the companies likely to be affected by this new measure, the additional compliance costs will be extremely modest because the scheme works simply for them. For the remainder there will be some modest increase in costs in order to cater for the rules covering groups. But this will not involve the collection and interpretation of information that does not already exist, and the cost of this measure should be balanced against the continuing benefit to business of the low tax rates on profits that are retained for growth.

Up to approximately 500,000 companies potentially benefit from the retention of the zero rate of corporation tax, with the degree to which they benefit dependent on the degree to which they retain their profits.

21. We share the concerns of a number of witnesses including the CBI over the possible effect on business competitiveness of the extension of transfer pricing rules to wholly UK transactions, in response to a European Court of Justice ruling, but were reassured by the Chancellor's comments and look forward to this being treated sympathetically in the passage of the Finance Bill. (Paragraph 56)

Transfer pricing and thin capitalisation rules are essential to ensure that profits made in the UK are taxed in the UK. The rules are fully consistent with internationally accepted principles of taxation promoted by the OECD and reflected in the UK's (and many other countries') bilateral tax treaties. Despite this, recent decisions of the European Court of Justice in relation to the tax laws of other countries have caused uncertainty about how these principles interact with European law. Finance Bill changes will remove that uncertainty, and ensure that the corporation tax system remains robust. Other countries, including Germany, have already acted to remove uncertainty in relation to thin capitalisation. The UK has significantly more inward and outward foreign direct investment than many of its EU partners, which explains why it is sensible for the UK to act sooner on transfer pricing.

As the Committee very helpfully recognised, the Government has devised, through consultation with business, a package of measures to mitigate the effect of this change. In particular, all small and most medium sized businesses will be exempt from transfer pricing and thin capitalisation rules for all domestic and most cross border transactions, so that the vast majority of businesses will be unaffected. Other changes include measures to eliminate double taxation and arrangements to ensure that corporate finance arrangements are not disturbed.

Public sector efficiency savings

22. It is clear that the efficiency savings target is challenging and one which leaves little room for manoeuvre: if a Department underachieves its target then the funds it has allocated to programmes will be squeezed, and if it overachieves its target then the quality of delivery of those programmes will be put at risk. The House, including this and other departmental select committees, will wish to see clear indications in the Spending Review as to how the savings are to be made and how their achievement is to be measured. (Paragraph 61)

The Government's efficiency target is ambitious and stretching, but Sir Peter Gershon has confirmed that it is deliverable, and can be achieved without jeopardising the Government's wider objectives for the public services. Details of departments' agreed efficiency proposals and associated targets will be published alongside the 2004 Spending Review.

Housing supply

23. We welcome the valuable contribution to the debate from Kate Barker's Review of Housing Supply. The evidence we have received suggested that successful design and implementation of the Planning Gain Supplement will be challenging. Previous experience suggests that if the tax is set at a level to raise excess revenue, rather than to encourage development and to fund additional investment in housing, then it will not be successful. (Paragraph 63)

The Government welcomes the Committee's support for Kate Barker's review of housing supply. A failure to increase supply risks ever diminishing affordability of housing in the private sector and the threat of further volatility in the wider economy.

The Barker Review concludes that a Planning-gain Supplement is likely to be most effective in providing an appropriate and efficient source to release resources to help in the expansion of housing supply, while being flexible enough that it can raise revenue while not discouraging supply. The Review explicitly recommends that the Planning-gain Supplement be set at a level that releases resources but does not discourage supply, and notes that previous taxes on development gain have failed partly because they have been set at very high rates. In considering the package of measures proposed to increase supply, the Government has committed to working with stakeholders. The Government will review progress by the end of 2005.

Savings

24. The Committee acknowledges the fresh initiatives the Government has taken to encourage savings via the Child Trust Fund and the Savings Gateway. The Committee reaffirms its view that to reduce cash ISAs from £3,000 to £1,000 per year, and share ISAs from £7,000 to £5,000 per year, appears to run counter to a policy of encouraging people to save. The Treasury should examine closely the effect that reducing the higher £3,000 limit for cash ISAs might have on the opportunities for lower income and younger savers. (Paragraph 65)

The Inland Revenue Press Release dated 17 March 1998 announced the introduction of the Individual Savings Account (ISA) from 6 April 1999. This stated that:

"it will have an annual subscription limit of £5,000, of which no more than £1,000 can go into cash and £1,000 into life insurance; however, in the first year of the scheme only (1999-2000), the annual limit will be £7,000 of which no more than £3,000 can go into cash and £1,000 into life insurance."

As the Committee have noted, the Pre-Budget Report 2000 extended the £7,000 overall limit and £3,000 cash limit until April 2006. The Government regularly keeps under review incentives for savings, including ISAs.

25. The treatment of capital in assessing retirement benefits is an issue which needs to be kept under review; it is also one we may wish to examine as part of our separate inquiry into Restoring confidence in long-term savings. (Paragraph 66)

Capital is not taken into account when calculating basic and additional state retirement pensions.

For assessing eligibility for the Pension Credit, the Government removed altogether the upper capital limit disregard that applied under the Minimum Income Guarantee and disregard the first £6,000 of capital (£10,000 for care home residents). Further capital is treated as giving rise to notional income of £1 a week for every £500 of capital which may be rewarded under the Savings Credit. Those aged over 60 who qualify for the Guarantee Credit are additionally passported on to Housing Benefit and Council Tax Benefit where appropriate which means that the capital limits normally applied within those benefits do not apply.

The Government has undertaken to keep under review the treatment of capital in income related working age benefits. As announced in the Budget 2004, as a first step, from April 2006, the threshold above which savings reduce eligibility for Income Support, Jobseeker's Allowance, Housing Benefit and Council Tax Benefit will be raised from £3,000 to £6,000.

In recognition of the difficulties faced by older pensioners on fixed incomes in paying the council tax, Budget 2004 announced that, for this year, the Government will pay an additional £100 to each household with someone aged over 70.

26. Given the further evidence the Committee has heard from Treasury officials in the course of this inquiry regarding the vulnerability of some highly indebted households to higher interest rates, the Committee would welcome early progress on initiatives in

the area of financial inclusion, but particularly the provision of ready access to free and independent debt advice. Consideration should also be given to extending any proposals in this area to ensure access for the less affluent to more wide-ranging financial advice on issues such as mortgage borrowing and pension rights. (Paragraph 68)

In 1999, the Government published the Social Exclusion Unit's Policy Action Team report 'Access to Financial Services'. Most of the key recommendations of this report are now in place on credit unions, basic banking, insurance with rent schemes and financial education.

However, the Government recognises that significant challenges remain and Budget 2004 sets out the Government's commitment to work in partnership with the financial services sector and voluntary and community bodies to achieve:

- dramatic reductions in the 3 million households without a current account and the 1.5 million households without an account of any kind;
- a significant increase in the availability of affordable credit for those on the lowest incomes; and
- a step change in the availability of free debt advice for those who need it.

The Government will work with the financial service industry to bring forward specific proposals in the summer.

The provision of free and independent debt advice is also a theme of the Consumer Credit White Paper, published by the DTI in December 2003. This White Paper sets out the Government's objectives to minimise the number of consumers who become over-indebted, and to improve the support and processes for those who have fallen into debt. A cross-departmental Ministerial Group is overseeing the development of a strategy for minimising over-indebtedness, which will include proposals for the Government's vision for joined-up debt advice. This strategy will be published in the spring.

The Treasury is also closely involved in work being lead by the Financial Services Authority (The FSA) to develop a national strategy for financial capability. The Financial Secretary to the Treasury sits on the Financial Capability Steering Group overseeing this work where, issues of borrowing and debt, and access to generic financial advice are being addressed. The FSA propose to publish detailed proposals, shortly.

From 31 October 2004, residential mortgages will be regulated by the FSA. This will ensure greater protections for consumers in what is for many the largest financial transaction of their lives. Regulation will ensure borrowers have clear comparable information to help them compare mortgage products and will ensure they receive suitable good quality advice from mortgage sellers.

Finally, the Government has published proposals to review the regulation of financial advice provided by community and voluntary advice agencies. As part of the review of the Financial Services and Markets Act the Government is consulting on whether more can be done to reduce the impact of regulation on advice centres.

Further information on these issues is provided in the note that accompanies this response, which was requested by the Committee during its hearings.

HM Treasury
28 May 2004

APPENDIX 2

INFORMATION REQUESTED BY THE TREASURY COMMITTEE AT HEARINGS ON 23 & 24 MARCH 2004

1) A note on the AME margin and the golden rule (see Qq 173 & 339 of HC 479-II)

Budget 2004 reset the AME margin in accordance with usual practice. The effect of resetting the AME margin on Total Managed Expenditure (TME) is shown in Table C11 of Budget 2004 and the effect on public sector net borrowing is shown in Tables 2.3 and 2.4. This is consistent with the approach taken in previous Budgets and means the projections for the public finances fully reflect all Budget decisions.

The AME margin acts as a buffer should outturns for AME programmes exceed projections. There is, however, no presumption that the AME margin will be spent. For most years since 1999–2000 (the first year for which AME forecasts were made) AME outturn has been lower than originally forecast on a like for like basis (i.e. after allowing for definitional changes, reclassifications and policy measures announced subsequent to the forecast), usually by a greater extent than allowed for in the AME margin. If the AME margin is unspent the outturn for AME and TME will, other things being equal, be lower than projected in Budget 2004.

The margin against the golden rule is the amount by which the public finance projections can change while the Government remains on track to meet the golden rule. Including the AME margin provides a full and fair reflection of the margin against the golden rule as the decision to reset the AME margin maintained the same overall caution in the projections as a whole.

The golden rule has been consistently defined. It is measured by the average annual surplus on the current budget as a ratio to GDP over the economic cycle. Page 10 of Budget 1997 sets out figures for the current budget as a ratio of GDP from 1985–86 to 1996–97. Page 47 of the Economic and Fiscal Strategy Report 1998 outlines progress against the golden rule from 1997–98 to 2003–04. Since then, the Government has continued to present performance against the golden rule on the basis of ratios to GDP.

Improving knowledge of the fiscal framework is important to building a credible fiscal policy, and while being methodologically sound, the concept of an average annual ratio expressed as a ratio to GDP can be difficult to grasp. Presenting figures in terms of billions of pounds is designed to help people understand the scale of the margin against unexpected events.

The margin against the golden rule expressed in billions of pounds was first used in the 2003 Pre-Budget Report. At that time, the AME margin set in Budget 2003 had been fully used and its inclusion or exclusion from the calculation of the margin against the golden rule would have made no difference.

2) Details of successes from the devolving business links pilots (see Q 285)

The 2002 Spending Review launched a pilot program of devolved RDA-led Business Link services in the North West (NWDA), East Midlands (EMDA) and West Midlands (AWM). *Devolving decision making 2—meeting the regional economic challenge: increasing regional and local flexibility*, published alongside Budget 2004, announced that the Government will devolve regional and local Business Link services to the RDAs, with a framework for selling national standards and services to be developed with the Small Business Service, RDAs and other Government departments funding business support and seamlessly integrated, from the customer's perspective, with nationwide services such as www.businesslink.gov.uk. From April 2005, all RDAs will be granted responsibility for flexibly managing the Business Link services in their areas so as best to meet the needs of their region.

This note details examples of successes from the Business Link pilot program and non-pilot regions.

The potential benefits of devolving the Business Link network to RDAs, identified when establishing the pilots, include better targeting of local barriers to enterprise, better design and delivery of policies to address these barriers, and better overall management of the Business Link network informed by RDAs' greater local knowledge.

These anticipated benefits are now beginning to emerge. The RDAs have been able to tailor regional and sub-regional delivery within a national framework to reflect regional circumstances, the priorities identified in their Regional Economic Strategies, and where appropriate, combining the delivery of Business Link services with other forms of business support, including support for innovation and skills. The pilots are part of a process of ongoing development, in which successes can be measured not only in terms of outcomes but also through examples of good practice that can inform future direction. The emerging findings of an independent assessment of early progress in the pilots provides some of the examples of success requested by the Committee.

The pilots have challenged the RDAs to bring together the delivery of business support products available in a region. By providing a single access point through the Business Link brand there has been an improvement in the accessibility to business support products for businesses. Integrating supply routes for business support products has allowed the RDAs to take a more strategic view of the products needed to stimulate enterprise within the pilot regions. The independent assessors draft interim report⁶ states:

“The East Midlands pilot has focused on reviewing Business Link delivery arrangements as part of a wider ‘developmental journey’... ‘Business Services East Midlands’ (BSEM), a new

6 Regional Business Support Pilots Evaluation, Stage Two, Draft Interim Report to the Small Business Service—ECOTEC Research and Consulting Limited.

body charged with the operation and on-going development of business support in the region, will be operational from April 2004. It will implement a new brokerage model, quality assurance protocol and seek to align funding streams.”

And in the North West:

“The pilot achieved early alignment of strategic planning documents and a joint (regional) agenda through the ASP Strategic Plan... Regional activity is focusing on the development of a product catalogue as a means to reducing duplication and inefficiencies. This is due to be produced by December 2004 and will form the centrepiece of simplified routes to market. This will also involve the separation of brokerage and delivery roles for Business Links and the inclusion of the wider business support network. There are proposals for institutional streamlining through the merger of BLO areas and closer working in relation to European funding.”

This is expected to result in regional added value in the North West region:

“Regional added value is primarily seen in terms of tools, mechanisms and bringing about cultural change in the ‘back office’”.

The pilots have also encouraged RDAs to look towards maximising the long-term spillovers between enterprise and related policy areas. This requires new ways of working and new relationships to be formed between regional partners. Although this is necessarily a measure of success that will be better measured over the long-term, there is some evidence to suggest that the pilots have begun to facilitate cross-regional partnership working and encouraged the RDAs to focus on building sub-regional relationships with key stakeholders:

“The North West Alliance for Skills and Productivity (ASP) joint pilot covers the skills and business support agendas. The pilot has invested significant time and resources gaining buy-in through a number of iterations of its strategy”.

In addition, the difficulties that the pilot regions have faced provide valuable lessons which will inform best practice in the devolution of the Business Link network as a whole. Specifically, the pilots have highlighted the importance of effectively managing contractual and administrative arrangements:

“The West Midlands pilot has focused on the simplification of contractual arrangements, development of an Enterprise Framework and the appointment of an Enterprise Board. These are seen as developmental activities in the run up to transfer of the SBS contract to Advantage West Midlands from April 2004. This will add to the £40 million of AWM and Structural Fund activity already delivered through Business Links and the pilot will seek to build on strong joint working relations which already exist in the region as a result of this”.

The independent assessment also identified non pilot regions that are making significant progress in improving services for small businesses (Yorkshire and Humber through ‘Customer First’ accreditation process) and increased coordination and cohesion (North East’s ‘Area Brokerage Partnerships’). The pilots have introduced a greater focus at the regional level on how the delivery, impact and accessibility of services to both start-ups and established businesses can be improved. The pilot program has succeeded in focusing

minds throughout the RDAs on the future of business support in their regions. A number of the RDAs have examined the services delivered in their own regions to consider whether their delivery, impact and accessibility to both start-ups and established businesses can be improved:

“The process of change in the North East has been initiated with a series of regional summits which agreed the need to develop a more effective and efficient service for customers. Proposals now involve a new independent business-led Network Board with licensing powers overseeing sub regional ‘Area Brokerage Partnerships’. Business Link is the preferred brokerage brand, supported by a series of ‘back office’ developments including new funding mechanisms, regional QA, mentoring and marketing initiatives. Implementation will commence in April 2004, with one of the key achievements to date seen as the role of the Network Board in controlling the proliferation of new business support initiatives”.

“Historically, the South East has enjoyed good links between Business Links and SEEDA. In November 2003, SEEDA made a commitment to endorse Business link as its preferred delivery vehicle and also signalled its intention to take over the regional SBS contract from March 2005. Partners in the region are currently in the process of developing a model to reposition Business Links in the customer relationship, with Implementation Plans to be produced by Autumn 2004”.

“Yorkshire and Humber is of particular interest as it was identified in the Stage One (Baseline) report as the nearest neighbour comparator in socio-economic terms for the pilots. The region has been progressing developments as part of a Better Deal for Business which builds on the ‘Customer First’ quality assurance model in the region and a review of business support in 2003. Customer First has been in development since 2000 and now gives the region a mechanism to control the quality and consistency of business support provision and referrals across the region. ‘Better Deal for Business’ will be implemented from April 2004 through three demonstration projects which will aim to prove the effectiveness of a Business Link branded single gateway to signpost provision, including workforce development.”

However, although there are many positive signs of progress in improving the co-ordination and coherence of business support, including the management of Business Link Operators, the independent research organisation which was commissioned to produce the early qualitative assessment does conclude that the early development stage has taken longer than expected in all three pilot regions and that it will take some time for the full benefits to be felt. For example, some of the envisaged benefits of new contracting arrangements have yet to be realised and in some instances achieving partner buy-in has taken longer than anticipated. The clear message emerging from the assessment is therefore that while the regions are potentially best placed strategically to manage local delivery of business support, the RDAs will need time and support to develop their capacity and capability to deliver.

The full findings from the independent assessment of the Business Link pilots will be published by the Small Business Service in the Spring.

3) **Examples of the publicity that Inland Revenue will use to encourage people to meet their tax obligations (see Q 369)**

The compliance package announced in Budget 2004 will enable the Inland Revenue to identify and address areas of significant non-compliance risk.

Additional specialist resources will be provided to address high-risk issues involving large businesses and individuals with substantial and complex tax affairs. Additional investment will also improve detection of workers not registered for tax, targeted at high risk areas including labour providers. Better management and analysis of data will improve the deployment of new and existing resources.

A further key feature of the package is the provision of better information to taxpayers in areas of significant non-compliance risk. This includes publicity to raise awareness of tax obligations, the assistance the Inland Revenue can provide to help its customers meet their obligations, and the implications of non-compliance. Examples of this publicity include:

- **Small Business and Business Expenses**—publicity will be delivered through the established ‘Working Together’ arrangements. The arrangements, bringing together the Inland Revenue and professional tax and accountancy institutes (CIOT and ICAEW) receive widespread coverage in tax publications, with information aimed mainly at small and middle-sized accounting firms. The Inland Revenue will write to small businesses, reminding them of their tax obligations, offering support and advice and addressing frequently-asked questions.
- **Employer Compliance Construction Industry**—the main publicity will be delivered through working with Industry Representatives and through Trade Journals.
- **Tips and Troncs**—the Inland Revenue recently published the guidance booklet ‘e24’. This is available through the Revenue Website and on a CD-ROM, and was sent to all employers during March. The Compliance package funding will also enable the Revenue to run workshops, offering advice and guidance to employers.
- **Share Fishermen**—plans in this area involve a varied campaign comprising posters, press and radio advertising and direct mailing. This will be supported by workshops. This campaign will encourage a widespread use of the voluntary tax saving scheme through which share fishermen will be able to pay regular amounts towards their tax liability.

The additional yield generated from the measures in the compliance package has been audited by the Comptroller and Auditor General and is included in the public finances forecast.

4) **Outcome of discussions between HMT and Citizens Advice Bureaux on financial advice (see Q 320)**

The Department of Trade and Industry (DTI) published the White Paper, *Fair, Clear and Competitive, The Consumer Credit Market in the 21st Century*, in December 2003. This sets out the Government’s objectives to “*minimise the number of consumers who become over-*

indebted, and; improve the support and processes for those who have fallen into debt" (paragraph 5.21). Proposals in the White Paper cover financial literacy and debt advice.

Advice can play a part in helping consumers in two separate ways. First, if consumers are to make sensible choices they need information and understanding. Financial advice, education and awareness are designed to help consumers make sense of their finances. As set out below, part of the review of the Financial Services and Markets Act 2000 explores whether greater regulatory certainty might help Citizens Advice Bureaux and other voluntary and community groups play a fuller part in offering this sort of help.

Second, consumers who become over-indebted can also benefit from specific debt advice. In the *Report on Transparency of Credit Card Charges*, published in December 2003, the Treasury Select Committee drew attention to the excellent work of the voluntary sector: *"We commend the work of the Citizens Advice Bureaux and other free money advice services. We welcome financial support from the industry for these organisations and, given the rising prevalence of credit card debts, we expect this support to increase"* (paragraph 51). The DTI White Paper builds on this achievement, sets out a vision for 'Joined-up Debt Advice', and contains an undertaking to report on progress to secure a longer-term commitment from interested parties to support this work.

The White Paper recognises that the current level of face-to-face debt advice is not sufficient, and that the Government will work with others to address this shortfall. The White Paper explains that:

"Face-to-face advice is best provided at a local level. Local authorities and the voluntary and community sector are best placed to target specific geographical areas of need and are able to operate economies of provision. Clearly, co-ordination of needs analyses and funding at a local level is the most effective way of addressing local shortages. For example, in the case of debt advice provided through the New Deal, DWP will be working through Jobcentre Plus districts to consider local analyses of need" (paragraph 5.43)

The Treasury is closely involved in work being led by the Financial Services Authority (FSA) to develop a national strategy for financial capability. The Financial Secretary to the Treasury is a member of the Financial Capability Steering Group that gives direction to this work. As part of this work, which brings together government, industry and the voluntary sector, issues of borrowing and debt, and access to generic financial advice are being addressed. As the White Paper sets out, the FSA propose to publish further, more detailed proposals, shortly.

Finally, in February 2004 the Government published proposals, in the review of the Financial Services and Markets Act 2000, to review the regulation of financial advice provided by community and voluntary advice agencies. This includes consultation on whether more can be done to reduce the impact of regulation on advice centres, such as Citizens Advice Bureaux.

5) Outcome of December 2003 Saving Gateway evaluation (see Q 401)

The Saving Gateway pilot final evaluation is due in early 2005. No substantial conclusions can be drawn until the full research findings are received, however indications so far are good. The latest interim evaluation report showed that 1,478 accounts had been opened

(the target was 1,500), and the participants were mostly drawn from young families with children. By the end of January 2004, a total of £300,000 had been deposited, with £28,000 withdrawn since the start of the pilot, leaving a total balance of around £272,000. There was little evidence that people had transferred money from existing savings accounts or borrowed to save. This report is available on the HM Treasury website. The Government looks forward to further evaluation evidence to assess the effectiveness of matching as a tool to incentivise saving.

6) Note regarding prosecution of retailers selling illicit spirits (see Q 406)

In 2002–03, HM Customs and Excise brought 21 successful prosecutions for the evasion of duty on spirits, and a further 34 for offences concerning mixed excise (which could include spirits).

Prosecution is only one of a number of sanctions Customs have at their disposal to disrupt the supply of illicit spirits. Customs normally reserve prosecution for those cases where maximum impact can be achieved, most notably against the ‘guiding minds’ behind a major criminal organisation responsible for the bulk supply of non-duty paid product.

Customs will also prosecute where other sanctions are seen not to be effective (such as for repeat offenders), and in other extreme circumstances. The London exercise mentioned at the Budget 2004 Treasury Select Committee hearing was targeted at the low-level supply of illicit spirits. Customs do not currently intend to prosecute any of those found to be selling non-duty paid product, for a number of reasons:

- in the absence of a tax stamp, most of the time it is not possible to establish ‘guilty knowledge’—in which case attempted prosecution is futile;
- even in those instances in which Customs may have sufficient evidence to prosecute, civil alternatives are equally effective and more proportionate. The seizure and non-restoration of non-duty paid stock is itself a significant financial penalty — especially in the cases where Customs effectively cleared the retailer’s shelves. In some cases Customs also seized vans and lorries that were clearly being used to transport illicit products. Moreover, local licensing officers routinely accompanied Customs on these visits and are currently considering whether or not to renew the liquor licenses of some of the 143 offending retailers; and
- Customs wanted to maximise the number of retailers they could check during the course of the exercise. Prosecution, including the process of establishing ‘guilty knowledge’, is currently very resource-intensive and would have taken officers away from the frontline. Customs judged that the additional benefits of pursuing prosecutions against the retailers involved in this operation against which a case might successfully be made were not proportionate to the additional costs and risks.

Tax stamps applied to spirits will make both the identification and, where appropriate, prosecution of those selling non-duty paid product far more straightforward.

APPENDIX 3

Letter from Secretary of State for Transport to the Chairman of the Committee

Transport in Yorkshire

When Gordon Brown recently gave evidence at the Treasury Select Committee on the 2004 Budget he agreed that I would write to you about the delivery of road scheme improvements in Yorkshire. This was in connection with a question that John Mann asked. (Q329 of the uncorrected evidence refers)

We are already making considerable progress in delivering improvements to trunk and local road networks in the Yorkshire and Humber region. Two major schemes were completed in 2003—improvements to the A1033 Hedon Road, Hull and A650 Bingley Relief Road. The A63 Selby Bypass is expected to be completed in spring 2004.

A number of other schemes in the region are under construction including:

- A1 Ferrybridge to Hook Moor—work commenced on this scheme in May 2003 and it is expected to be completed in summer 2006;
- A1 Wetheby to Walshford—work commenced in May 2003 and completion is expected in spring 2005

There are a further five Yorkshire and Humber schemes in the Targeted Programme of Improvements (TPI) including a bypass of Rillington in North Yorkshire, two schemes for dualling of the A66 in North Yorkshire, and major junction improvements at Melton near Hull and on the A64 at Bilbrough Top, near York.

On the trunk road network the Highways Agency has been developing measures to speed up the delivery of schemes once they are added to the TPI. In particular, the Agency is developing an improved procurement strategy that includes appointing contractors at a much earlier stage within the process. The Agency is aiming to produce more focused environmental statements and improvements to post-inquiry procedures. Collectively, these measures are expected to lead to a reduction in delivery times for many schemes from their entry into the TPI to start of construction.

Turning to the local road network, a number of schemes have been completed over the last few years including the Denaby Main Diversion, a bypass in Doncaster completed in October 2002 and Stage 2 and 3 of the Coalfield Link Road in Barnsley which opened to traffic in October 2003. A further six local transport schemes are under construction within the region.

It is important to emphasise that we look to local authorities to develop integrated transport strategies as part of the Local Transport Plan (LTP) process. The local authorities should address the key transport problems within their areas and identify priorities for funding through their LTP.

Where the LTP process leads to the identification of a major road scheme (i.e. a scheme costing more than £5m) as potentially an appropriate solution, it is then for the local authority to work up a full scheme appraisal for consideration by my Department. It is also essential that schemes go through the appropriate consultation and statutory procedures. The improvements to the procurement process being developed by the Highways Agency are also relevant to local authorities. Many authorities are already developing such techniques for both new major road schemes and in their road maintenance programmes. We are encouraging the Highways Agency to share best practice procurement techniques with local authorities. The significant additional funding we are providing local authorities have also allowed them to obtain skills and advice that they require in taking schemes forward.

I hope this is helpful.

Alistair Darling
Secretary of State
Department for Transport
29 April 2004

List of Reports from the Treasury Committee since 2001

Session 2003–04

		Report	Govt Response*
First Report	The Transparency of Credit Card Charges	HC 125	HC 431
Second Report	Child Trust Funds	HC 86	HC 387
Third Report	The 2003 Pre-Budget Report	HC 136	HC 478
Fourth Report	Annual Report for 2003	HC 386	—
Fifth Report	Restoring confidence in long-term savings: Endowment mortgages	HC 394	HC 655
Sixth Report	The 2004 Budget	HC 479	HC 654
Seventh Report	The Administrative Costs of Tax Compliance	HC 269	awaited

Session 2002–03

First Report	National Statistics: The Classification of Network Rail	HC 154	HC 550
Second Report	The 2002 Pre-Budget Report	HC 159	HC 528
Third Report	Split Capital Investment Trusts	HC 418	HC 651
Fourth Report	The Handling of the Joint Inland Revenue/ Customs and Excise PFI Project	HC 184	HC 706
Fifth Report	Annual Report for 2002	HC 491	—
Sixth Report	The UK and the Euro	HC 187	HC 1004
Seventh Report	The 2003 Budget	HC 652	HC 1028
Eighth Report	Appointment to the Monetary Policy Committee of the Bank of England of Mr Richard Lambert	HC 811	—
Ninth Report	Appointment of Ms Rachel Lomax as a Deputy Governor of the Bank of England and member of the Monetary Policy Committee	HC 1011	—
Tenth Report	Inland Revenue Matters	HC 834	HC 1181

Session 2001–02

First Report	The 2001 Census in England and Wales	HC 310	HC 852
Second Report	Budget 2002	HC 780	HC 1075
Third Report	The Office of Government Commerce	HC 851	HC 1217
Fourth Report	Appointment to the Monetary Policy Committee of the Bank of England of Mr Paul Tucker and Ms Marian Bell	HC 880	—
Fifth Report	Banking, the Consumer and Small Businesses	HC 818	HC 1218
Sixth Report	The Financial Regulation of Public Limited Companies	HC 758	HC 1219
Seventh Report	Parliamentary Accountability of Departments	HC 340	HC (2002–03) 149
Eighth Report	Inland Revenue: Self Assessment Systems	HC 681	HC 1220
Ninth Report	Appointment of Sir Andrew Large as a Deputy Governor of the Bank of England and member of the Monetary Policy Committee	HC 1189	—

* Government Responses are usually received in the same session as the Report was published. Accordingly, the HC number refers to that session unless otherwise indicated.