



House of Commons
Procedure Committee

Authorising Government expenditure: steps to more effective scrutiny

Fifth Report of Session 2016–17

*Report and appendix, together with formal
minutes relating to the report*

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Procedure Committee

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Committee reports are published on the Committee's website at www.parliament.uk/proccom and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee's website.

Committee staff

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Summary

The House's procedures for examining and authorising Government proposals for expenditure were put under close scrutiny during the consideration by the House of the Government's proposals for the system of 'English votes for English laws' (EVEL), adopted by the House in October 2015. At that time we observed that it was largely impossible for Members concerned about the spending consequences of legislation to exercise any effective control over the Government's plans for public spending through the House's existing processes.

We have made financial procedure a priority for scrutiny throughout this Parliament, and we will be examining the implications for financial procedure of the move to autumn Budgets announced by the Chancellor of the Exchequer in November 2016.

The constitutional significance of Estimates

The Estimates process is the means the House uses to control the Crown's expenditure out of taxation. It is an annual process, and is the foundation of the House's control over the Executive. Although since 1866 the House's historic function of controlling expenditure has been delegated to the Treasury and to departmental accounting officers, the House's important constitutional role remains. Parliament's annual authorisation, through Supply and Appropriation Acts, of spending proposed by the Government provides the basis for the National Audit Office's audits of all Government accounts.

Other House bodies and officers—departmental select committees, the Public Accounts Committee, the Comptroller and Auditor General and his National Audit Office—all have key roles to play in examining Government expenditure and holding Ministers and officials to account for their spending decisions. These activities do not substitute for proper consideration, scrutiny and authorisation of Government spending plans in the House. The House must control Government spending proposals effectively, and be seen to do it effectively.

The effect of spending reviews

The multi-year spending reviews introduced by the Government in 1997 have set ceilings for Government spending over three-year periods, and these in effect now set the spending envelopes for annual Estimates. Unlike the requirement for annual Estimates to be approved by the House and the expenditure to be given legislative authority in Supply and Appropriation Acts, there is no systematic examination of, and no parliamentary control over, the Government's spending plans as set out in spending reviews. While annual authorisation for Government expenditure, through the Estimates process, is an important check on executive action, the process as it operates at present exerts no effective control over these multi-annual spending decisions. We will look at the House's means of controlling Government spending plans in spending reviews in a future inquiry.

The present impact of Estimates scrutiny

The present process for consideration of Estimates by the House has been diverted from its original object, though for entirely legitimate purposes: the three Estimates days, which since 1982 have been formally allocated for consideration of Government spending plans, are now routinely allocated for debate on select committee reports, which may or may not be directly related to spending plans in an Estimate. On occasion attempts to debate a motion to approve an Estimate—upon which debate formally arises—have been ruled out of order. The House routinely approves Government plans to spend considerable sums of public money—over £500 billion in the case of the main Estimates for 2016–17—in formal votes, with debates on select committee reports related to a couple of Estimates. These receive little or no media or public attention, and the Estimates selected for debate rarely receive direct and focused scrutiny on the floor of the House.

Timing issues

The timing of the supply process does not always allow for effective scrutiny. Main Estimates are typically approved over three months into the financial year when expenditure is planned, and Supplementary Estimates—which adjust the totals requested in Main Estimates—are frequently laid very shortly before approval for the changes is sought. We consider that the bare minimum period required for effective consideration of Supplementary Estimates is five calendar weeks. We also consider that with effect from the 2017–18 Session there should be two days of debate on Main Estimates and one day on Supplementary Estimates.

We therefore recommend that, as part of the necessary changes to financial procedure arising from the move to autumn Budgets, the Treasury consider changes to the supply cycle to give the House better opportunities for effective scrutiny. In our view, Main Estimates should be published before the start of the financial year to which they relate, and there should be at least five sitting weeks between the presentation of an Estimate and the date scheduled for its approval. Such changes will have significant consequences for the preparation of Main and Supplementary Estimates, and we anticipate that they will have to be phased in over two or more supply cycles in a process which may involve the preparation of draft or shadow Estimates. The Treasury should consult the Procedure Committee, the Public Accounts Committee and the Treasury Committee in implementing this recommendation.

Scrutiny and debate of Estimates

Scrutiny of Estimates is a core task for select committees, and one which they discharge in a variety of ways. At present the only way in which select committee reports can be debated on the floor of the House is on a recommendation from the Liaison Committee, which allocates debates on the three Estimates days. This can constrain committees in their approach, as their policy-focused reports may not necessarily be directly related to Estimates.

The system of allocation is not operating as it should: Estimates days are an ineffective way of allowing debates on select committee reports, and an equally ineffective way of allowing all Members an opportunity to debate the Government's spending plans.

We therefore recommend that the Backbench Business Committee and the Liaison Committee should enter into an informal arrangement where the Backbench Business Committee will effectively determine the Estimates to be debated on Estimates days, on the basis of bids from Members, and in return the Liaison Committee will receive three backbench business days for debates on select committee reports. This arrangement should come into force in time for consideration of the Main Estimates for the financial year 2018/19.

There are significant limitations on the form and content of motions to approve Estimates, and on the admissibility of amendments to such motions. Changes to such limitations raise issues of constitutional principle, and we therefore do not recommend any change as part of this report, though we may examine the case for change at a later date.

When we come to consider the House's scrutiny of Government spending plans set out in spending reviews, we will also consider in more detail the proposal for a budget committee, supported by a dedicated budget officer, which Sir Edward Leigh MP and John Pugh MP made in their 2012 report to the then Chancellor on financial procedure in the House.

Information contained in Estimates

The poor presentation of information in Estimates documentation is an obstacle to effective scrutiny. The use of infographics, improvement of the layout, and the introduction of brief explanations of the technical terminology would assist the reader seeking to navigate the substantial Estimates volumes produced twice annually. These criticisms are by no means new. We recommend that the Treasury work with the National Audit Office and with the Scrutiny Unit of the House of Commons to prepare proposals for a change in format and content of future Estimates. While meeting necessary legal and audit requirements, future documentation should present information more clearly, simply and accessibly and in plain English wherever possible. The information should also be published online in spreadsheet format, to meet open data standards, as a matter of course.

The Estimates memoranda customarily provided to select committees to assist their scrutiny could also be improved, particularly since our proposed reforms mean that the memoranda may have a wider audience than at present. We recommend that in future these memoranda be laid before the House and published alongside the Estimates to which they relate. We identify ample scope for the Treasury to work with Departments to improve the content and presentation of such memoranda. Alongside this, we propose that the Scrutiny Unit and the House of Commons Library collaborate in preparing background briefing and analysis of Estimates for Members, to assist Members in their analysis of Estimates prior to bidding for Estimates Day debates.

Estimates and the block grants to devolved institutions

This inquiry originated in consideration of the effectiveness or otherwise of the control exercised by Members over the Government's spending plans consequent on the changes introduced under the English votes for English laws Standing Orders. We recommend that the body allocating debates on Estimates have regard to allocating at least one debate slot per session for consideration of an Estimate which has significant effects on, or is significantly affected by, Barnett consequentials arising from spending changes driven by legislation, in order to allow Members from parts of the UK affected by such changes to express their views in the House.

1 This inquiry

Members of the House of Commons.

Estimates for the public services will be laid before you.

—*The Gracious Speech at the State Opening of Parliament*¹

1. Our first inquiry of this Parliament concerned the Government’s proposals for new Standing Orders to implement its policy of ‘English votes for English laws’ (EVEL) in the House of Commons.² In the course of that inquiry it became clear to us that the Government’s proposals had substantial implications for the House’s procedures in considering and authorising Government expenditure—the process known formally as ‘supply’. As the epigraph above makes clear, this duty falls exclusively upon the House of Commons.

2. In our interim report on the Government’s EVEL proposals, issued in October 2015, we observed that

although the Government has amended its proposals to make it clear that any Member may take part in all proceedings on Supply and Appropriation Bills, ways and means resolutions and money resolutions (except those relating to the Budget), the present operation of those procedures, and the constitutional conventions on financial initiative, make it largely impossible for Members concerned about the spending consequences of bills to exercise any effective control over the Government’s proposals for public expenditure which the House is invited to approve.³

We therefore undertook to consider the adequacy of the House’s procedures for examining and authorising Government proposals for expenditure.

3. In January 2016 we began to consider the House’s procedures for examining Supply Estimates—the formal requests for authorisation of expenditure made to the House by the Government—and passing the legislation which authorises such expenditure subject to annual control. We invited written evidence on the following:

- The opportunities for Members to examine and debate Estimates, and the use made of these opportunities
- The documentation available to Members to inform their consideration of Estimates
- The support provided by House departments for Members who wish to scrutinise Estimates and associated documents
- The work of departmental select committees in examining departmental Estimates on behalf of the House

1 Variations on this formula have been used in every Speech from the Throne since the State Opening of the first Parliament of the United Kingdom in 1801.

2 Procedure Committee, First Report of Session 2015–16, [English votes for English laws Standing Orders: interim report](#), HC 410.

3 [Ibid.](#), para 85

- Rules and conventions governing the formal consideration of Estimates
- The House's formal procedures for approving Estimates and passing Supply and Appropriation Bills, and possible changes to those procedures
- The timing of the House's consideration of Estimates
- The adequacy of present allocations of time for consideration of Estimates

4. We set out below our findings and our recommendations for change to how the House considers and authorises the Government's requests for expenditure out of money provided by Parliament.

5. Financial procedure will continue to be a priority for the Committee throughout this Parliament. During this inquiry we received evidence on the overall adequacy of the UK's arrangements for scrutiny by the legislature of the executive's budgetary proposals, particularly in relation to the systems operated in other OECD member states. In November 2016 the Chancellor of the Exchequer announced plans to present Budgets in the autumn of each year, rather than in the spring as has generally been the case. This offers an opportunity to consider the Estimates timetable afresh. In this report we therefore set out some areas for further examination.

6. We received 13 memoranda in the course of our inquiry and took evidence from 13 witnesses.⁴ We also held an informal discussion on the approach of the private sector to consideration of budgeting and expenditure plans with Lord Levene of Portsoken, former Minister for Defence Procurement, and Sir Peter Gershon, who conducted a review of public sector efficiency for the then Prime Minister and the then Chancellor of the Exchequer in 2003 and 2004.⁵ We are grateful to all those who have assisted us in the course of this inquiry.

4 Lists of the written evidence received and the oral evidence taken are at pages 44 and 45.

5 Sir Peter Gershon CBE, *Releasing resources to the front line: Independent Review of Public Sector Efficiency*, HM Treasury, July 2004

2 Why examine the Estimates?

The guts of all Government policy are how it spends its money.

—*Sir Stephen Laws KCB, former First Parliamentary Counsel*⁶

7. The right of the House of Commons to authorise taxation and to grant the proceeds of such taxation to the executive is a central feature of the UK’s constitutional arrangements. As a predecessor Committee put it:

It is a fundamental constitutional principle that it is for the Crown to make proposals about expenditure and taxation: it is for the Commons to examine and grant them.⁷

8. Treasury guidance to Departments on Estimates states that “ministers ... will only be able to finance planned activities if Parliament votes the necessary financial provision. This is normally done through the Supply Estimates process, which confers formal statutory authority through the Supply and Appropriation Acts that follow. It is only once this legislation has obtained Royal Assent that the provision sought in the Estimates, and approved by the House of Commons, has full legal effect.”⁸

9. Charges on public funds must, unless a dispensation is given by the Treasury, also be authorised by specific legislation.⁹ Where a Bill contains a provision to make a charge on the public funds, the expenditure contemplated must be authorised in advance by the House by means of a money resolution: for Government bills a motion for a money resolution is typically moved immediately after the bill’s Second Reading.

10. The use of Estimates as a means to control the Crown’s expenditure out of taxation is the foundation of the House’s role in running the country. The reforms to the system of public finances introduced by the Exchequer and Audit Departments Act 1866 resulted in a system in which almost all public money collected under the authority of the Commons is paid into a single account (the Consolidated Fund) and the Treasury must account to the House for all expenditure from that fund. Individual Government Departments designate an Accounting Officer who is accountable to Parliament for the spending of that Department, and is responsible for keeping spending within the limits Parliament has voted.

11. Although the House has delegated its historic function of control of expenditure to the Treasury and other Government departments, the House’s important constitutional role in the annual authorisation of maximum amounts of public expenditure remains. As the memorandum from academic members of the Study of Parliament Group explains:

The setting of annual [expenditure] limits is an essential component of the regular scrutiny of the financial implications of government policy decisions and the way in which they administer the public service. The

6 In oral evidence to the Committee, [4 May 2016, Q 24](#)

7 Procedure Committee, Sixth Report of Session 1998–99, [Procedure for Debate on the Government’s Expenditure Plans](#), HC 295, para 2

8 [Supply Estimates: a guidance manual](#), HM Treasury, July 2011, para 1.9.

9 [Ibid](#), paras 1.10 and 1.11

annual authorisation of such spending provides the basis for [the] audit undertaken on behalf of the House of Commons by the National Audit Office and the publication of audited annual accounts.¹⁰

12. Scrutiny of public finances is not, of course, limited to the formal budgetary approval processes in the House, nor to the floor of the House. Departmental Select committees have a role, identified by the Liaison Committee as a “core task”, to examine the spending and performance of government departments and their arm’s length bodies. Select committees are routinely briefed on the detail of Estimates of relevant Departments by the House of Commons Scrutiny Unit¹¹ and may choose question Ministers or officials on any aspect of Estimates in writing or at relevant hearings. The Public Administration and Constitutional Affairs Committee also has a general responsibility for the effectiveness of civil service management of resources.¹²

13. Government accounts are also audited by the National Audit Office (NAO) which has a specific role, known as a ‘regularity audit’, in reporting on whether funds were spent for the purposes intended and within the limits formally authorised by Parliament. Select Committees, with the help of the House of Commons Scrutiny Unit and the NAO, review the annual accounts and often hold hearings with Ministers and officials on these accounts.

14. The NAO undertakes a programme of value for money investigations resulting in reports to the House making recommendations for improvements in financial management for the future, many of which are followed up by the Public Accounts Committee.

15. While all of this helps to hold Ministers and civil servants accountable for the spending of their departments, and seeks to ensure that lessons are learned from past practice, it does not provide a substitute for the need for consideration, scrutiny and authorisation of spending plans by the House to take place before that spending occurs.

16. Control of Government spending proposals by the House of Commons is the foundation of parliamentary control of the executive. The House must do this job effectively, and must be seen to do it effectively.

Estimates and multi-annual spending reviews

17. The Treasury states that “the primary means through which the Treasury controls public expenditure is multi-year budgets, agreed collectively at spending reviews.”¹³ Since the 1990s, successive governments have explicitly planned spending over multi-year periods, thereby diminishing the role of the annual Estimates process. These medium-term plans have been constructed through multi-year spending reviews, resulting in

10 Study of Parliament Group ([EST 09](#)), para 5

11 See paragraph 66 below.

12 Standing Order No. 146: in this respect the remit of PACAC is “to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service.”

See also the statement of the Committee’s role for the remainder of the 2015 Parliament, agreed in February 2017, at <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-administration-and-constitutional-affairs-committee/role/>

13 HM Treasury, [Managing Public Money](#), July 2015, para 2.1.3

announcements of headline planned spending totals for each department for a number of years ahead. It is these spending plans which represent the big political and pragmatic choices being made by the Government about the priorities for public expenditure.

18. Such spending reviews have no legislative or parliamentary status: although in political terms they represent substantial forward commitments, they are effectively no more than statements of intent on the part of an incumbent government. While the Government may choose to make time for debate on the outcome of a Spending Review, there is no requirement on it to do so, and no legislative process arises directly from any Spending Review. Following the announcement of a Spending Review outcome, some additions or other changes may be made over time, but the fundamentals of the plans are rarely reopened, and essentially Spending Review plans form the basis of subsequent annual Main Estimates voted by the House.

19. A number of witnesses drew attention to this development and its implications for the House's authorisation of Government expenditure. Professor David Heald, Professor of Public Sector Accounting at the Adam Smith Business School, University of Glasgow, said:

The Estimates represent the translation of multi-year Spending Review plans into authorised expenditure for one financial year. Therefore they are part of a larger system which is complete[d] by the publication of audited accounts. Whereas much attention has been given to the rear end of the process [...] the front end has been neglected.¹⁴

The academic members of the Study of Parliament Group confirmed that there are no House procedures to approve multi-annual spending reviews, and that on the occasions when the House is invited to approve multi-annual financial plans—in the context of the Charter for Fiscal Responsibility—the House is validating the executive's spending plans, rather than acting

as part of a strategy shaped within the House in order to support scrutiny or exercise influence over medium-term expenditure plans.¹⁵

The OECD suggested that scrutiny of multi-annual spending plans could provide an opportunity for greater Parliamentary engagement: it envisaged

some sort of pre-budgetary, pre-Estimate dialogue that allowed Parliament to fulfil its function of transmitting views from citizens to the Executive, and then the Executive exercises its prerogative to deliberate upon what the budgetary proposals should be and then table them to Parliament.¹⁶

20. Spending Reviews have increased in importance over recent years, setting the ceiling on spending plans for many years ahead. They represent substantial political choices about the allocation of public funds. It is only by participating in those choices between competing priorities that the House can effectively discharge its duty to represent the country: the Estimates system is more about control than choice. The House must therefore have an opportunity to consider and debate proposals in

14 Professor David Heald ([EST 03](#)), para 11

15 Study of Parliament Group ([EST 09](#)), para 6

16 Q 10 (Ronnie Downes)

spending reviews. *We reiterate the 2009 recommendation of the Liaison Committee—which the Government accepted—that it is essential that the Government allocate a day’s debate on the outcome of each Spending Review. One day’s debate is the bare minimum to be allocated: an allocation of further days to debate these highly significant spending proposals would be highly desirable.*¹⁷

Are the Estimates still relevant?

21. A number of witnesses to this inquiry have pointed out the inadequacy of a system whereby the executive seeks approval for spending without clarity over what that expenditure is expected to deliver. Estimates and departmental accounts alike currently allocate spending to broad headings with little indication of what the purpose or anticipated outputs or outcomes of the spending are.

22. The Comptroller and Auditor General, in his evidence to us, suggested that the role of the House in checking Government expenditure should concentrate on two areas:

- The effectiveness of the House’s scrutiny of the overall framework for management of the Government’s spending position
- How the spending process, as reflected in the Estimates and the annual reporting cycle, aligns with and supports the process of cross-government planning.¹⁸

He believed that scrutiny of the Estimates in their current form would not contribute to these aims, as the Estimates process is concerned solely with authorising resources for Government and not for evaluating the effectiveness of how these resources will be, or have been, used. He drew to our attention the recent work of the National Audit Office in promoting better management of the implementation of policy and the public finances.¹⁹

23. The importance of proper scrutiny of policy objectives and performance against them is uncontroversial. Throughout personal and business life, individuals and organisations make decisions on spending in the context and knowledge of what they receive in return. Government and the public sector should be no different. How much is spent or to be spent is only one side of an equation; the outcomes of the expenditure are of considerable interest.

24. In this respect the Estimates procedure appears to be a vestigial outlier, having arguably atrophied or become functionless in the course of evolution: while annual expenditure control remains a constitutional requirement, the work of the House in scrutinising and influencing a sophisticated policy planning machine within Government has taken a different course. The National Audit Office, the Public Accounts Committee and departmental select committees have crucial roles in highlighting the need for government to have clarity over its aims and objectives and to maximise value for money for the taxpayer. These are roles which we acknowledge and fully endorse. We also

17 Liaison Committee, Second Report of Session 2008–09, *Financial Scrutiny: Parliamentary control over Government Budgets*, HC 804, para 97. In 2015 the Chancellor of the Exchequer announced the outcome of the Spending Review in an oral statement: [HC Deb, 25 November 2015, cols 1357–73](#).

18 National Audit Office ([EST 12](#)).

19 [Ibid.](#), para 1

recognise that the National Audit Office and the Public Accounts Committee work is structured to focus on ex-post scrutiny of expenditure. Yet the prior scrutiny function for Parliament is generally underdeveloped.

25. Other systems operating on the Westminster model, such as New Zealand, Australia and Ireland, have introduced systems which seek to address this issue, by including information on relevant past or planned outputs or outcomes within Estimates documentation.²⁰ In the UK system, information on such outputs and outcomes is instead contained within departmental annual reports, typically laid before Parliament in the July following the end of the financial year.²¹

26. Publication by the Government of better information on the outputs from expenditure in multiannual financial frameworks raises broader questions for the House's involvement in influencing the priorities of government and the decisions announced outside the formal processes for authorisation of spending. These are issues to which we will return to at a later date. For now, this report focuses on reform of the present arrangements for formal authorisation of spending.

27. Opinion among our witnesses was divided as to how effective better scrutiny of annual Estimates could ever be in a process dictated by multi-annual spending envelopes. Professor Heald suggested that the annual approvals were largely irrelevant as a means of fiscal control.²² He observed that

If one had serious attention to the spending review—we now have four years—I would be quite happy with a fairly formal process for the actual Estimates. The problem we have is that we do not have a process at all for the spending review, and then we have a formal process for the Estimates.²³

28. The academic members of the Study of Parliament Group considered that the examination of Estimates by the House was valuable. Speaking from considerable experience inside Government, Sir Stephen Laws, former First Parliamentary Counsel, told us that “scrutiny by sampling” was a very effective method of ensuring the quality of work within Government.²⁴ Professor David Heald concurred:

[...] a degree of randomness in which is done is going to be beneficial in making people a little bit worried that they might be the people chosen in a particular spending review or Estimates round.²⁵

29. The Estimates process is an important check on executive action. The principle that Government seeks annual authorisation for its planned expenditure is a vital element of the UK's constitutional arrangements. That process, as it has now evolved, is not a means of controlling spending decisions. It should not be presented as a sufficient means of performing that fundamental democratic role of a legislature.

30. We will examine the means whereby the House ought to control the spending decisions of the Government in a forthcoming inquiry.

20 Q 9 (Dr Wehner); Q 14 (Ronnie Downes)

21 The Public Administration and Constitutional Affairs Committee is examining “the format and utility of monthly management accounts used by Ministers, Permanent Secretaries and Departmental Boards, and the Departmental Accounts published for Parliament and the public” in its current inquiry into [Government accounts](#).

22 Q 80

23 Q 78

24 Q 33

25 Q 65

3 The House's present arrangements for scrutiny and debate of Estimates

I consider the debates on Supplementary Estimates are the most worthless of any that I have known in my career.

—The Rt Hon Winston S. Churchill, CH²⁶

31. We set out above the major structural deficiency of the House's processes for financial authorisation: the unilateral determination by the Government of multi-annual financial perspectives, with no agreed procedure for participation or review by the House of Commons. We consider below the existing systems for annual financial authorisations by the House and the disciplines they place on the Government, and examine ways in which the House's participation in annual authorisations may be made more effective.

Presentation of Estimates and timetable for debate

32. Central Government Supply Estimates—papers which set out the Government's formal spending plans with detailed “ambits” (that is, allocation of specified sums to particular purposes) for the financial year—are now normally published twice a year. The proposals for expenditure which they contain require authorisation in legislation before payments may be made from the Consolidated Fund. The House's rules on financial procedure require motions to be passed by the House, at the Government's initiative, authorising such expenditure before the bill giving effect to the expenditure may be brought in.²⁷

- **Main Estimates** set out the Government's proposals for spending for the new financial year. Main Estimates are normally published shortly after the start of the financial year, often in April (within five weeks of a spring Budget). One day is allocated for approval of these Estimates, typically in July.
- **Supplementary Estimates** set out any proposals for amending in-year ambits or allocations from the previously agreed Main Estimates and are normally published in the February of each financial year. Not every department publishes a Supplementary Estimate every year—some will have no changes to make to their Main Estimates. Where new Departments requiring a separate Estimate have been created in-year, that initial estimate is also submitted to the House for authorisation.²⁸ **Votes on Account** for all Departments, seeking advances of funds for the following financial year pending the presentation of the Main Estimates for that year, are also published at around this time, as are **Excess Votes**—statements by the Government of departmental expenditure in earlier financial years which have exceeded limits authorised by Parliament, and which

26 Oral evidence to the Select Committee on Procedure on Public Business, 16 March 1931, HC (1930–31) 161, Q 1527

27 Standing Order No. 49; House of Commons Service ([EST 08](#)) Annex A para 2

28 The [Supplementary Estimates for 2016–17](#) laid before Parliament on 6 February 2017 included a Main Estimate for the Department for Exiting the European Union, established on 17 July 2016: HC (2016–17) 946, pp 739–748.

are subject to scrutiny by the Public Accounts Committee. Two days are set aside in the House for debate, as Estimates day debates, on the Supplementary Estimates and/or the Vote on Account.

33. Estimates days were established following a decision of the House of July 1982 to implement, in an amended form, the recommendations of the Select Committee on Procedure (Supply) in its report of July 1981.²⁹ Standing Orders provide for three days to be set aside per year for consideration of Estimates, with the topics determined by the Liaison Committee. Select committees now submit bids to the Liaison Committee for Estimates day debates, generally on the basis of a recent report. The Liaison Committee then makes a selection and reports it to the House: the House approves the proposed subjects by endorsing the report. Each Estimates day is normally informally divided into two half day debates.³⁰

34. Debate on an Estimate now arises on a motion in the following form:

That, for the year ending with [date], for expenditure by [Department], resources, not exceeding [sum] be authorised for use for current purposes as set out in [relevant Estimate], resources, not exceeding [sum] be authorised for use for capital purposes as so set out, and a further sum, not exceeding [sum] be granted to Her Majesty to be issued by the Treasury out of the Consolidated Fund and applied for expenditure on the use of resources authorised by Parliament.

The subject of debate chosen by the Liaison Committee is indicated on the Order Paper, and the relevant committee report, upon which debate in effect arises, is “tagged” to the motion as a relevant document.

35. The motion is amendable, to an extent. Members may propose reductions in those Estimates selected for debate, but they may not propose increases. This is in accordance with the principle that the Crown alone may initiate expenditure. An amendment which had the effect of increasing expenditure other than at the Crown’s initiative would be disorderly.³¹

36. The scope of debate is restricted to the formal subject matter of the debate, as recommended by the Liaison Committee and agreed to by the House. This may be only vaguely related to the Estimate in question or part thereof, and is usually more focused on a specific select committee report or reports. This may mean that Members find themselves ruled out of order by the Chair if introducing matters not related to the topic of the debate, even if the contribution does relate to the Estimate of the relevant Department.³²

37. All those Estimates not selected for debate—the vast majority—are put to the House for decision, without the possibility of debate or amendment, in the so-called “roll-up” motion at the end of a sole day, or the second of two days, of debate.

29 First Report from the Select Committee on Procedure (Supply), HC (1980–81) 118–I

30 There is also provision in Standing Orders for formal half-day Estimates debates, but it is rarely used.

31 House of Commons Service (EST 08) Annex A para 1

32 See, for example, [HC Deb, 1 March 2016, columns 847–51](#) (debate on the Foreign and Commonwealth Office Supplementary Estimate for 2015–16).

38. The House having agreed by resolution to all the Estimates presented, the Chief Secretary to the Treasury formally introduces a Supply and Appropriation Bill founded on those resolutions. Typically, the bill is set down for its second reading the following day: under Standing Order No. 56 the questions on second and third reading are put forthwith.³³ The bill is certified by the Speaker as a money bill for the purposes of the Parliament Act 1911, and is passed to the Lords, where it is passed unamended and submitted for Royal Assent. Enactment of the bill provides the necessary legislative authority for release of the sums sought from the Consolidated Fund.

Are the present arrangements effective?

39. The consequence of the practices which have developed under the present system since its introduction in 1982 is that the time set aside by the House for consideration of Estimates (already limited) has been subverted, although for—in itself—an entirely legitimate purpose. Estimates themselves—which in the 2016–17 session set out how the Government planned to spend over £500 billion of taxpayer’s money—go largely unnoticed by the public and media, and receive little, if any, direct and focused scrutiny on the floor of the House before being approved.³⁴

40. Dr Joachim Wehner, of the London School of Economics described the situation in these terms:

If my task was to design a parliamentary budget process that hinders parliamentary scrutiny of public finances, it is hard to imagine doing better than designing the process that is currently in place in the UK.³⁵

41. There appears to be little incentive on the part of the Government to change the existing processes. However, the Chief Secretary to the Treasury, Rt Hon David Gauke MP, and the Leader of the House, Rt Hon David Lidington MP, both indicated to us that it was for the House to determine changes to how it examined Estimates.³⁶

42. While the Government appears relaxed about any changes to arrangements for debating Estimates, the Chief Secretary did indicate that any proposals to change the House’s rules governing the approvals of Estimates themselves—such as the orderliness of amendments proposed from the backbenches which sought to raise the upper limit of an Estimate—would raise matters of deeper constitutional principle which the Government would examine critically.³⁷

Timing of the process

43. The current timetable for publication, consideration and authorisation of Estimates—derived from Standing Orders, agreements with the Liaison Committee and Treasury deadlines—is based largely on the Government’s timetable for providing the relevant

33 Standing Order No. 56 refers to Consolidated Fund Bills, as such bills were termed before the reforms brought in by the Treasury’s Alignment Project.

34 The total resource and capital for which the Government sought authorisation in the Main Supply Estimates for 2015–16 was £551 billion: [Central Government Supply Estimates 2016–17, Main Supply Estimates](#), April 2016, HC (2015–16) 967.

35 Q 5

36 Qq 144, 154, 159

37 Q 157

financial information and securing the necessary authorisations for expenditure. Although the Government has consulted House committees in recent reforms to financial processes which have had an impact on parliamentary consideration—the introduction of resource accounting and budgeting in 2001 and the alignment of Government financial reporting introduced in 2011/12—the scheduling of the presentation of Estimates and the debates on their authorisation is largely dictated by the Government’s own requirements.

44. There are two particular issues:

- The House grants the Government a Vote on Account, representing some 45% of the total expenditure anticipated in a financial year, in the February or March before a financial year starting in April. Approval of detailed expenditure proposals in the Main Estimates (which contain initial full year budgets) is typically only scheduled to take place in July, some three months into the financial year in which the expenditure is planned.
- The time between publication of Supplementary Estimates (which contain in-year adjustments) and their consideration and debate in the House is now typically very short. In recent years it has amounted to fewer than three weeks, one of which has been a parliamentary recess.³⁸ The current system of selection of debates depends on those debates being only nominally related to the actual Estimates they are intended to be discussing, as the topics have to be lined up before the Estimates are published, with announcement of decisions taking place on the day of publication or very shortly after. Although draft Estimates may be provided to departmental select committees in advance, in reality this gives very little opportunity for those debates chosen to have been influenced by the content of the Supplementary Estimates themselves.

45. In his written evidence, the Clerk Assistant set out what he thought was the time interval necessary to allow for a reasonable examination of Estimates. He estimated that at a bare minimum the process would require a five week interval between the publication of an Estimate and the date of any debate.³⁹ This would allow for review of the Estimates and their content, consideration of what may warrant debate, the taking of decisions on debate, and giving notice to Members of selected debates while briefing is prepared.

46. The OECD, in its *Best Practices for Budget Transparency*, suggests that “the government’s draft budget should be submitted to Parliament far enough in advance to allow Parliament to review it properly” and recommends at least three months for budget scrutiny.⁴⁰ OECD’s written evidence showed that other OECD countries tended to provide much more time for legislative budget scrutiny than does the UK.⁴¹

38 In Session 2016–17 the Supplementary Estimates for financial year 2016/17 were laid on Thursday 9 February 2017—the day the House adjourned for the February recess. The Liaison Committee reported its determination of subjects to be debated to the House on Monday 20 February—the next day the House sat. The House agreed to the determination on Tuesday 21 February. The Estimates were debated on Monday 27 and Tuesday 28 February: the vote on all outstanding Estimates took place at 7pm on Tuesday 28 February. The Supply and Appropriation (Anticipation and Adjustments) Bill was brought in upon the resulting resolutions that evening, and was certified by the Speaker as a money bill. It received its second and third reading formally on Wednesday 1 March, without a vote, and was sent to the Lords. The Lords passed it without amendment on 9 March and Royal Assent was notified to both Houses on 16 March 2017.

39 House of Commons Service supplementary memorandum ([EST 11](#)), paras 23 and 24 and table

40 [OECD Best Practices for Budget Transparency](#), Organisation for Economic Cooperation and Development, 2002, p. 8

41 OECD ([EST 04](#)), figure 2

47. Without a longer time interval between publication of Supplementary Estimates and debates on those Estimates, the ability of Members to absorb, analyse, consider, decide and prepare for Estimates day debates, on a basis which genuinely relates to the Estimates under consideration, is severely constrained.

48. The date set in Standing Orders by which Supplementary Estimates have to be considered is designed to ensure that government knows, before the end of the financial year, how much money is available in that financial year, and that money can actually be spent before the year ends. In practice, Government has, in recent years, sought approval for Supplementary Estimates two to three weeks before the deadline set in Standing Orders, having presented the documents to which the vote relates only some two to three weeks earlier. It is open to the Government both to publish and present the Supplementary Estimates earlier, and to seek Parliament's authority later, and still remain within the current 18 March deadline. It is equally open to the Government to propose that the House vary a date in the Order in respect of consideration of Supplementary Estimates for a particular financial year. Indeed, in theory, the Treasury may lay and seek approval for an Estimate at any time: the deadlines set out in Standing Order No. 55 relate to the latest dates under which House authorisation may be sought under the particular procedures for approval specified in that Order.⁴²

49. The current interval between publication and debate of Supplementary Estimates (often as little as five sitting days) provides very little time to genuinely enable debates to be selected on the basis of the content of those Estimates. Accordingly, we recommend that the Government allows at least five full calendar weeks between publication of Supplementary Estimates and the date allocated for their approval. We consider this to be the likely minimum period necessary for analysis and consideration of proposals, and selection of relevant topics for debate. Without such a change, this House will remain severely constrained in carrying out any effective examination of Supplementary Estimates in advance of their approval.

50. As a consequence of implementation of the Alignment Project, the former round of Winter Supplementary Estimates, which traditionally included approval for the Vote on Account, was abolished in 2011–12: authorisation for changes to Estimates provision and for the Vote on Account for the forthcoming year is now sought once a financial year, via the Supplementary Estimates in the spring. The Estimates day scheduled for consideration of the Winter Supplementary Estimates, which was required to take place by 6 February in each session, was dispensed with.⁴³ It has since become customary to allocate two days for consideration of the Supplementary Estimates.

51. Peter Wishart MP, who as a member of the Liaison Committee has a role in determining the allocation of subjects to be debate on Estimates days, pointed out to us that “[t]he Main Estimates are where the bulk of the decision making happens, yet we spend less time on

42 The Standing Order deadlines for approval of 5 August, for Main Estimates, and 18 March, for Supplementary Estimates, Votes on Account and Excess Votes, themselves derive from vestigial requirements of the Supply timetable: up until the early 20th century the House would typically prorogue in early August until the following February, making it necessary to stipulate that appropriations to the Crown be considered before Prorogation.

43 Standing Order No. 55 was so amended on 14 December 2011, the amendment to take effect from the beginning of the 2012–13 Session.

debates arising from these than on debates arising from the Supplementary Estimates which mainly involve more minor corrections and adjustments.”⁴⁴ He recommended that two days be allocated for debate on the Main Estimates.

52. We consider that two of the three days presently allocated for consideration of Estimates should be allocated for debate on the Main Estimates. We recommend that, with effect from the 2017–18 Session, two days of debate be allocated to the Main Estimates and that the remaining day be allocated to the Supplementary Estimates.

Autumn Budgets and changes to the supply timetable

53. The timing of the supply process and the fiscal cycle is something of an anachronism. As the OECD points out:

The UK Parliament is one of the few legislatures across the OECD countries where spending plans are not authorised prior to the start of the budget year... In such circumstances, there are clear difficulties in motivating parliamentarians to engage in the Estimates oversight function.... The OECD holds the view that the government should present Estimates sufficiently in advance of the fiscal year to which they relate in order for the legislature to be able to exercise its oversight and approval functions before the start of the fiscal year.⁴⁵

54. We understand that the Treasury has argued in the past that Main Estimates need to follow the Budget (traditionally held in the Spring, in March or April) in order to take account of any changes in spending plans which the government may wish to announce at that time. Accordingly Main Estimates are normally not published until April, with parliamentary consideration not taking place until July. In the intervening period, the Vote on Account previously approved by Parliament provides the Government with funding for the first four months of the financial year.

55. The Chancellor of the Exchequer, Rt Hon Philip Hammond MP, announced in the 2016 Autumn Statement that he proposed from late 2017 onwards to deliver a single Financial Statement and Budget Report in the autumn of each year.⁴⁶ In our view this change in practice provides an unrivalled opportunity to remove an anomaly which hampers effective scrutiny. Autumn Budgets should enable the timetable for authorisation of expenditure to be rearranged so as to ensure not only that Main Estimates are presented before the start of the fiscal year to which they relate, but also that there is sufficient time before the start of that fiscal year for the examination required by the House and its committees. This could be done without any risk to the certainty upon which the Government relies for parliamentary authorisation of supply, and in a way that is accepted as normal practice in most democratic countries around the world.

56. We requested a note on the implications for Estimates procedure of this change. The Chancellor indicated in response that he is reviewing the Treasury’s approach to spending control, an exercise which may affect procedures on Estimates and the setting of departmental budgets.⁴⁷

44 Peter Wishart MP ([EST 05](#)), para 13(b)

45 OECD ([EST 04](#)), para 6

46 [HC Deb, 23 November 2016, col. 910](#)

47 Correspondence with the Chancellor of the Exchequer on this matter is set out in the Appendix.

57. We understand that, consequent on the Chancellor's announcement, the Treasury is also working on plans to change the schedule for the presentation and legislative passage of Finance Bills, which give final legislative authority to the changes in taxation proposed in the Budget and approved by resolution after the Budget debate.

58. Substantial changes to the fiscal timetable are under consideration as a consequence of the Chancellor's decision to move the Budget to the autumn. Autumn Budgets will break the traditional linkages with the timetables for the Estimates process. It would in our view be timely and appropriate to move to a system whereby Estimates are published and authorised earlier in the supply cycle, so that the House has sufficient time to scrutinise and approve them in a manner more consistent with accepted practice in most modern democratic legislatures.

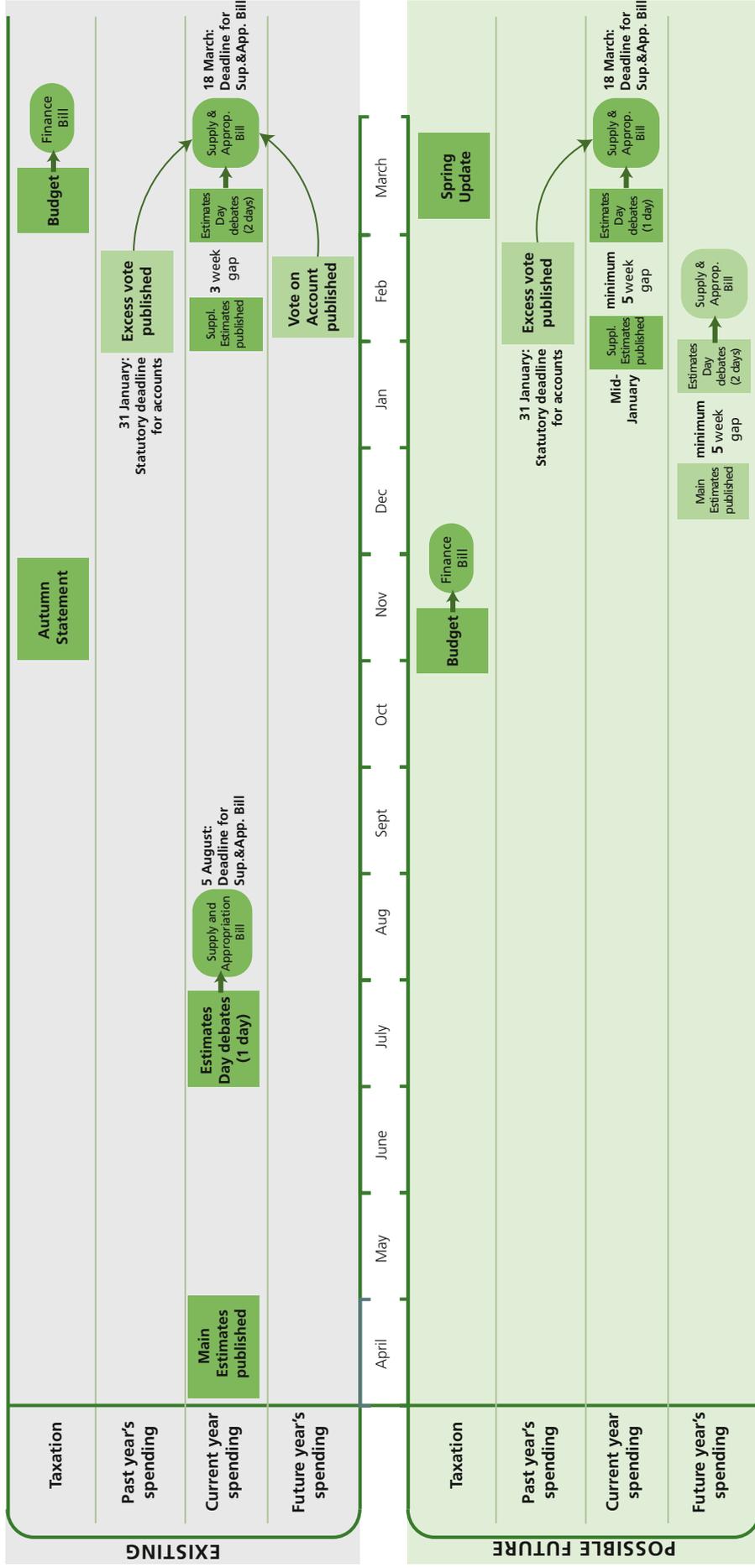
59. Such a change in the annual cycle will have a substantial effect on the financial planning processes of Departments. The introduction of the change could therefore be staged over two or more supply cycles, with the preparation of draft or shadow Estimates to test the operation of the process.

60. We recommend that the Government review the timetable for preparation and presentation of the Main Supply Estimates in order to enable the consideration and authorisation by the House of these Estimates before the start of the financial year to which they relate. We further recommend that the Government consult this committee, the Treasury Committee and the Public Accounts Committee in drawing up proposals to implement this recommendation.

61. We recommend that in any revision of the timetable for Estimates the Government build in a period of at least five sitting weeks between the presentation of any Estimates and the date on which authorisation is expected to be sought from the House.

62. The present supply timetable, and a possible future timetable under our proposals, are both set out in Figure 1 below.

Figure 1: Present and possible future supply timetables



Select committee scrutiny and analysis of Estimates

63. Departmental select committees are charged by the House with examining “the expenditure, administration and policy of the principal government departments [...] and associated public bodies”.⁴⁸ Their role in holding Government departments to account is central to the scrutiny activity undertaken by the House.⁴⁹

64. In June 2002 the Liaison Committee agreed a set of core tasks for select committees which included the task “to examine the expenditure plans and out-turn of the department, its agencies and principal NDPBs.”⁵⁰ In November 2012 it set out a revised set of core tasks for select committees which included the following task:

to examine the expenditure plans, outturn and performance of the department and its arm’s length bodies, and the relationships between spending and the delivery of outcomes.⁵¹

65. In practice, there is broad variation in how this task is approached: the degree and focus of financial scrutiny and the way it is conducted is a matter for each committee. In terms of Estimates, each committee will receive a memorandum from its department accompanying the publication of each Estimate, and some committees will enter into correspondence with departments on the substance of the memoranda. Most committees have a dedicated session each year with Ministers and senior officials to discuss a department’s annual report and accounts, but evidence sessions arranged specifically to examine Estimates are rare, and dedicated inquiries are even rarer—although questions on Estimates are sometimes raised at other oral evidence sessions where relevant. There is no process established, nor time set aside, for select committees to report specifically on Estimates to the House.

Specialist support for select committee scrutiny: the Scrutiny Unit

66. The Scrutiny Unit is a central unit of the Chamber and Committees Team of the House Service. It was established in 2002 to strengthen the scrutiny function of select committees.⁵² The establishment of this unit had its genesis in a report by our predecessors in 1999.⁵³ Its financial specialists provide regular briefing to each departmental select committee on spending reviews, Budgets, Autumn Statements, the Main and Supplementary Estimates and the annual reports and accounts of each Government department. The unit also publishes factual briefings and presentations on its webpages on the Parliament website: while intended for select committee members and staff and Members in general, these presentations are also available to the public.

48 Standing Order No. 152 (Select committees related to government departments).

49 Liaison Committee, First Report of Session 2014–15, *Legacy Report*, HC 954, para 115

50 “Core tasks” for select committees were originally proposed by the Select Committee on the Modernisation of the House of Commons in February 2002: a list of core tasks was agreed by the Liaison Committee on 20 June 2002 and promulgated on 26 June 2002. See Liaison Committee, First Report of Session 2002–03, *Annual Report for 2002*, HC (2002–03) 558, Appendix 1.

51 Liaison Committee, Second Report of Session 2012–13, *Select Committee effectiveness, resources and powers*, HC 697, para 20. The task cited is task 3 of 10.

52 Further information on the Scrutiny Unit is available at <http://www.parliament.uk/mps-lords-and-offices/offices/commons/scrutinyunit/about-us/>

53 Procedure Committee, Sixth Report of Session 1998–99, *Procedure for Debate on the Government’s Expenditure Plans*, HC 295, para 54: the Committee recommended an “Estimates group” of advisers seconded from the National Audit Office to provide specialist support to select committees examining Estimates.

Selecting matters for debate on Estimates days

67. Standing Order No. 54 specifies the days to be set aside for consideration of Estimates or reports of the Liaison Committee.⁵⁴ Standing Order No. 145 provides for the Liaison Committee to determine the subjects to be debated on Estimates days.

68. While it is not a formal requirement under the relevant Standing Orders that bids for these debates are on select committee reports, in practice they almost always are. Current practice is as follows:

- The Liaison Committee invites bids from committees to fill the available Estimates day debate slots. Generally it is assumed that each Estimates day is informally divided into two half day debates, and that one day will be allocated for debate on the Main Estimates in July, with two days for Supplementary Estimates in February.
- While some bids have had to be declined, in recent years the majority have been accepted—demand does not greatly outstrip supply. There are no set criteria laid down for selection of debates: the final decision is for the Liaison Committee to take. Where more bids are received than slots, the Scrutiny Unit may highlight factors such as
 - how closely the topic relates to the content of the relevant estimate
 - whether the topic has been debated recently in the House
 - how often a particular committee has been granted an Estimates day debate, and
 - the likely availability of committee members to participate on the days likely to be scheduled for debate.

69. Once the decision is confirmed, the Chair makes a formal report to the House setting out the Committee's determination of the subjects to be debated on the forthcoming Estimates days.⁵⁵ Standing Order No. 145(3) provides that the report shall be decided upon without debate and shall, if agreed to, have effect as if it were an order of the House.

70. The Government schedules the day or days on which the debates are to be held: the Leader of the House typically announces them in response to the weekly Business Question.

71. In cases where the Liaison Committee has not been in a position to make a determination—for instance, at the start of a Parliament when it has not yet been established—the House has agreed to motions to approve all Estimates without debate. In 2015 motions on the Main Supply Estimates were agreed to in that way.⁵⁶

54 The Clerk Assistant says in his evidence that "This reference to reports of the Liaison Committee is to allow the House to approve the recommendations of the Liaison Committee of the Estimates which should be considered." [EST 08](#), para 10, footnote 5

55 Since its determination of the topics to be debated on the supplementary Estimates days in the spring of 2016 it has been the practice for the Liaison Committee not to specify the expected date of the debate, but to provide that the matters be debated on a day no later than the latest date set out in Standing Order No. 55.

56 In 2015–16, the first session of the present Parliament, the Main Supply Estimates for 2015–16 were presented on 2 July 2015 and the relevant motions were agreed to on 14 July 2015. The Liaison Committee was established on 10 September 2015.

Determining subjects for debate

72. The reforms of 1982, which introduced the present Estimates days, were intended to provide for an examination, in debate on the floor of the House, of individual Estimates. Although the Select Committee on Procedure (Supply) recommended that the subjects for debate be determined by an Estimates Business Committee, that idea was not proceeded with and responsibility was assigned to the Liaison Committee, with the effects described above.⁵⁷

73. The academic members of the Study of Parliament Group who submitted evidence to us observed that “the subjects chosen for Estimates day debates are generally policy topics examined in select committee reports, usually tenuously connected to the actual proposals for authorisation before the House”.⁵⁸ This development is not new: our predecessors reported in 1999 that debates tended to arise on policy matters raised in select committee reports, and there was rarely any debate on the Estimate selected.⁵⁹

74. Pressure of time for select committee reports to be debated in the Chamber has increased since the implementation of the reforms recommended by the Reform of the House of Commons Committee in 2009. Although select committees can secure, and have secured, debates on their reports through applications to the Backbench Business Committee, the only guaranteed opportunities for such reports to be debated in the main Chamber now arise on Estimates days (half the time available for Thursday sittings in Westminster Hall is also allocated to debates on reports chosen by the Liaison Committee). The Liaison Committee, in determining matters for debate, reflects the concerns of select committees across the range of their remits—expenditure, policy and administration, in the case of departmental select committees—and tends to prioritise policy over administration or expenditure (in the narrow sense of the Estimates).⁶⁰

75. Although at the end of the 2005 Parliament, the Liaison Committee recommended that the number of Estimates days be increased from three to five and the Reform of the House of Commons Committee recommended that the days be considered backbench days,⁶¹ these recommendations were driven by a general desire to obtain more opportunities for debate on reports across the range of select committee activity rather than to achieve greater opportunities for scrutiny of Estimates.⁶²

76. So Estimates days as we now have them are neither fish nor fowl. They are an unsatisfactory way of ensuring debates on matters of policy chosen by select committees rather than Government or Opposition, and they are an ineffective way of allowing all Members of the House an opportunity to voice their views on aspects of the Government’s

57 Study of Parliament Group ([EST 09](#)) paras 13 and 14

58 *Ibid*, citing J McEldowney and C Lee, “Parliament and Public Money”, in P Giddings ed, *The Future of Parliament: issues for a new century* (London, 2005), pp 78–87, at p 78

59 Procedure Committee, Sixth Report of Session 1998–99, *Procedure for Debate on the Government’s Expenditure Plans*, HC 295, para 4

60 Study of Parliament Group ([EST 09](#)) para 14

61 Liaison Committee, Second Report of Session 2008–09, *Financial Scrutiny: Parliamentary control over Government Budgets*, HC 804, para 96; Reform of the House of Commons Select Committee, First Report of Session 2009–10, *Rebuilding the House: Implementation*, HC 372, para 12.

62 Study of Parliament Group ([EST 09](#)) para 15

spending plans (whether their concerns are about efficiency, economy or effectiveness). They are baffling in their structure and purpose to anyone who is not well-versed in the complex mechanisms of parliamentary approval of Supply.⁶³

A proposal for reform

77. We consider that the present system for allocating debates on Estimates days is not operating as it should. It fails on the one hand to ensure the proper consideration of Estimates on the days set aside by the House for that purpose, while on the other hand failing to provide the Liaison Committee with a means of recommending select committee reports for debate on the floor on their own merits.

78. The evidence we have taken from the Chair of the Public Accounts Committee, Rt Hon Meg Hillier MP, and Dr John Pugh MP, a long-serving member of that Committee, leads us to believe that there would be considerable interest in the House in providing for debates where the content of a departmental estimate can be fully examined.⁶⁴ Such debates might arise on examination of a whole Estimate, or on a particular subhead. Expenditure on a major programme would also be a legitimate subject for debate in a way which is difficult to achieve at present. Debate could, of course, be informed by relevant reports of select committees, which would be ‘tagged’ to the notice of motion on the Order Paper in the usual way.

79. The Backbench Business Committee, since its establishment in 2010, has demonstrated its ability to schedule debates in the Chamber on matters which attract interest from across the House and for which there is a genuine demand for debate. Its criteria for determining applications are now well-known and are operated in a way which appears to command confidence across the House. It is, we consider, uniquely well placed to determine bids from backbench Members for debates on Estimates to take place on Estimates days.

80. We therefore envisage a reform to the present system for determining subjects for debate, whereby the Backbench Business Committee would consider bids for debates on Estimates days, and make the determination which is presently the responsibility of the Liaison Committee.

81. In return, the Liaison Committee would be allocated three days in backbench time to allocate to debates on select committee work, unconstrained by the requirement to prioritise committee work on Estimates. On such days it would be open to select committees to move and debate substantive motions for resolutions of the House, an option procedurally impossible on an Estimates day.

82. In the short term, such an exchange could be achieved informally by agreement between the two committees: the Liaison Committee could, for instance, report its determination for debate on Estimates days, but in doing so would accept the advice of the Backbench Business Committee on the basis of the bids it had received. Similarly, the Backbench Business Committee could schedule debates on three of its days on subjects chosen by the Liaison Committee.

63 See evidence from John Pugh MP, Qq 110–118

64 Qq 108, 117

83. *We recommend that the Backbench Business Committee and the Liaison Committee examine informal arrangements whereby the Backbench Business Committee will receive and determine bids for debates on the three Estimates days to be held each session, while the Liaison Committee will recommend select committee business for debate on three of the days controlled by the Backbench Business Committee in that session. We stand ready to assist those Committees in the practical implementation of any such arrangements.*

84. Such an informal arrangement could take effect almost immediately, with no change required to Standing Orders. We consider, however, that a substantial period of preparation is required to ensure that the arrangement is implemented in an environment which will enable the full benefits envisaged to be realised. We envisage that the arrangement we propose be given effect no later than the 2018–19 Session, under a protocol to be determined in consultation with the Backbench Business Committee and the Liaison Committee.

Support for new arrangements

85. Some Members will know their way around an Estimate: many more will not. We recommend below that a programme of work be undertaken to improve the information on Government spending plans which is routinely available to the House. Such support is crucial to enable bids for debates to be framed appropriately and for the debates themselves to proceed in a way which genuinely benefits the House.

86. Under the current timetable, it is open to question whether it would be genuinely practicable to make the change we recommend for Supplementary Estimates. Even if it were feasible, Members would have limited information on which to base their bids, the Backbench Business Committee would have little time to consider their merits, and announcements on topics chosen would be likely to be done at the very last minute, all of which would reduce the effectiveness of such change. *We reiterate the recommendations made at paragraphs 60 and 61 above concerning a minimum period of five weeks for parliamentary consideration of Supplementary Estimates.*

Evaluation and further consideration

87. Our objective is to ensure more effective examination of Government spending plans. Should the pilot we recommend above be proceeded with, we will evaluate the outcomes by the end of this Parliament and recommend, if necessary, that the arrangement be put on a more formal footing for the Parliament to be elected in 2020.

Rules on the consideration of Estimates

88. The Clerk Assistant set out in detail the rules of the House which govern supply procedure, some of which restrict the ability of Members to table amendments to motions for the approval of Estimates.⁶⁵

89. We received submissions inviting us to consider amendments to the House's rules in this regard, most notably inviting us to recommend abolition of the rule under which amendments which would raise the upper limit of an Estimate are disorderly.⁶⁶

90. The Clerk Assistant pointed out that abolition of this rule would in effect mean abandoning the constitutional principle, first set out in an order of the House in 1713, that the House will only consider proposals for expenditure which are made by the Crown.⁶⁷ As we have noted above, the Chief Secretary to the Treasury reacted sharply to any suggestion that the rule of Crown initiative should be dispensed with.⁶⁸ Sir Stephen Laws also drew to our attention the potential difficulties of removing a rule which prevents parliamentarians initiating expenditure.⁶⁹

91. Our predecessors in 1999 when considering reform of Estimates day procedure contemplated allowing non-binding motions on Estimates which would give the House's opinion on an increase, but which if passed would not result in an increase in the authorisation. While an imaginative proposal, it is difficult for us to see why such motions could not now be moved in backbench time—a possibility not available in 1999—either by individual Members or by a Select Committee chair opening a debate on a committee report.

92. To relax the existing rule against amendments to Estimates motions which increase, formally, the total upper limit of expenditure would be a rupture of some magnitude with the presently-understood constitutional settlement between the Crown and Parliament. It could not be undertaken lightly. We conclude that at present we should proceed with a more modest change to arrangements for considering Estimates, though we do not rule out a future relaxation of the rule.

More systematic budgetary scrutiny

93. The introduction of a Budget Committee, supported by a Budget Officer, was a reform proposed by Sir Edward Leigh MP and Dr John Pugh MP in their 2012 report to the Chancellor on financial procedure in the House of Commons. While we have not examined the implications of such a committee in detail, there are apparent benefits to the establishment of a dedicated committee of the House, with specialist support, to examine and report to the House on the merits of Government spending plans. This is an issue which we may consider further in the context of the House's participation in spending reviews.

66 Peter Wishart MP ([EST 05](#)) para 12

67 House of Commons Service ([EST 08](#)) paras 45–51

68 Q 157

69 Q 24

4 Information provided to the House

For someone who is not knowledgeable about the way the system works, the Estimates are completely inaccessible.

—Professor David Heald⁷⁰

Presentation of the Main Estimates and Supplementary Estimates

94. In the course of our inquiry, many have pointed out that poor presentation of the information in Estimates presents an obstacle to effective scrutiny. The content of the Main Estimates for 2015–16, which ran to some 652 pages, was described by a witness from the OECD as

“very technical and really quite impenetrable”⁷¹.

Professor Heald suggested some means of improvement:

“Some of it goes back to presentation. Imaginative infographics can help. Good, brief explanations of the technical terminology would be helpful as well. The crucial point where I think that you could make quick improvements is presentation”.⁷²

In discussions with Lord Levene and Sir Peter Gershon, both of whom have substantial experience of exercising control over spending plans in the public and private sectors, both emphasised the substantial benefits for readers which could be provided by better infographics, such as waterfall charts.

95. All of our witnesses thought that the current presentation and content of Estimates could be improved. The layout is dense, the tables are not easy to read, and terminology and acronyms used are often specialist or unexplained. Professor David Heald suggested that the inaccessibility of the documentation was related to the relative lack of importance of Estimates documentation in the context of multiannual spending reviews:

The reason why the Estimates documentation is so unintelligible is that it is irrelevant. Nobody is going to put much effort into it, first, because it is not the point of decision, and secondly, you need an enormous amount of knowledge to understand what the numbers mean.⁷³

96. The concerns expressed are not new. Our predecessors examining proposals for the introduction of Resource Accounting and Budgeting were particularly concerned with the presentation to the House of information in a clear and accessible format. In 2007 the Treasury Committee recommended that the Government “replace the current system of [financial] authorisation based primarily on Estimates with one linked more clearly with the public expenditure planning and control system, to improve the clarity, consistency and comprehensibility of the documents placed before the House of Commons to seek

70 Q 68

71 Q 17 (Scherie Nicol)

72 Q 86

73 Q 80

authorisation for expenditure and to report on that expenditure.”⁷⁴ The Government sought to implement this recommendation through the Alignment Project, to “achieve better alignment of three different expenditure frameworks—Parliamentary Estimates, departmental budgets and departmental resource accounts—consistent with the fiscal rules.”⁷⁵

97. Whatever benefits have been brought by the alignment of Government expenditure frameworks, it is not immediately apparent to us that they have resulted in greater clarity of Estimates documentation placed before the House. While the Chief Secretary to the Treasury indicated to us that there were necessary constraints on the format and presentation of Estimates documentation, we consider that steps could be taken to make these publications clearer and more accessible to Members and the electorate without introducing political material which would compromise their function.⁷⁶

98. Better and more consistent financial information, in content and in presentation, was expected to be a substantial benefit of the Alignment Project. Our experience from examining recent Estimates booklets suggests to us that, while consistency in the figures presented may have increased, the benefits of presentation expected from alignment are yet to be realised.

99. There is little doubt that the format and presentation of Estimates documentation could be considerably improved. We recommend that the Treasury work with the House of Commons Scrutiny Unit and the National Audit Office to prepare proposals for change to the format and content of future Estimates, and explanatory material accompanying Estimates, for consideration by the House. The aim should be to produce proposals for reform which, while meeting necessary legal and audit requirements,

- *present information more clearly, simply and in a form more suitable for lay readers;*
- *as far as possible use plain English and avoid jargon; and*
- *cross-reference information which can be, or is already, provided elsewhere.*

100. Estimates documentation is published online in PDF format only. Publication of the tabular data in spreadsheet format is an essential requirement of open data standards. We recommend that, starting with the Main Estimates for 2017–18, all tabular data in Estimates booklets be published online in spreadsheet format.

Estimates memoranda for select committees

101. Alongside the Estimates themselves, government departments are now required to produce and submit to the relevant select committee an accompanying memorandum, explaining the content of the Estimate, the changes it contains and the reasons changes are proposed. Without reading these memoranda it can be difficult even for specialist staff to understand what the intended purpose of spending sought in the estimate is, and the justification for spending public money. The content of the memoranda follows guidance

74 Treasury Committee, Sixth Report of Session 2006–07, *The 2007 Comprehensive Spending Review: prospects and processes*, HC 279, para 110

75 HM Treasury, *Alignment Project newsletter*, undated.

76 Q 163

from the House of Commons Scrutiny Unit, endorsed by the Liaison Committee and included in the Treasury's Estimates manual.⁷⁷ This may be supplemented, on occasion, by specific requirements stipulated by individual select committees. The memoranda are subsequently reported by each committee to the House and published on the Committee's website.

102. Scrutiny Unit staff read and review these memoranda, using them to brief Committees on the content of the Estimates. They will, if requested, advise on whether the memoranda sufficiently explain planned expenditure and follow the guidance stipulated.

103. While the memoranda fulfil a useful function, their quality, even within a single document, can vary, affecting their overall usefulness. The Clerk Assistant told us that memoranda "often contain some elements which are written in language and in a way which makes them difficult for anyone without prior or very specialised knowledge to understand or interpret ... one of the most common issues is a lack of genuine explanation as to why budgets or changes are proposed for a particular programme, and what precisely [the spending] is intended to deliver".⁷⁸ Estimates memoranda would benefit from better, clearer explanations and standard application of best practice in order to be more consistently useful to their potential readership, within committees and beyond. Our suggested other reforms mean that in future these memoranda may have a wider audience than at present.

104. Since 2015, the Scrutiny Unit has increasingly been producing its briefing for committees on Estimates in visual form, using graphs, charts and data visualisations, highlighting key items of interest and illustrating them graphically in order to promote better understanding. These briefings would be much less helpful without the information that memoranda provide.

105. Estimates memoranda are often not published beyond select committees until some weeks after receipt, which in the case of Supplementary Estimates is usually after those Estimates have been authorised by the House. ***In order for Estimates memoranda to be of wider use to Members in understanding Estimates and identifying topics for debate, we recommend that all Estimates memoranda to select committees are in future laid before Parliament and published on the day of publication of the Estimate to which they relate and on the same web page. Select committees would still be able to use the memoranda to question Departments on their plans, and request specific information to be provided within them in future.***

106. **The Scrutiny Unit reviews the Estimates memoranda on behalf of Select Committees and briefs Select Committees on key items of interest, producing visual representations to promote understanding of Estimates among committee members and to assist in committees' core task of examining government spending and performance. To develop this work, and to support the proposals for broader member engagement in the Estimates process that we envisage, we recommend that the Scrutiny Unit collaborate with the Research and Information Team of the House of Commons Library to provide Members with background briefing and analysis of Estimates, and specific briefing for Estimates day debates.**

77 [Supply Estimates: a guidance manual](#), HM Treasury, July 2011, para 1.41

78 House of Commons Service further supplementary [EST 14](#)), para 10.

107. *We recommend that the Treasury and other Government departments work with the Scrutiny Unit to ensure that memoranda better serve the needs of users in explaining and presenting the content and purpose of each Estimate. We recommend that the Scrutiny Unit, acting on behalf of the House of Commons Service, conduct a review of current Estimates memoranda guidance, its application and adherence to it and communicate and disseminate the results of this review and of existing best practice. Select committees should follow up concerns where their departments fail in future to fully meet requirements.*

108. **The insufficiency of present support for select committees, individual backbenchers and the wider public in understanding the Government's spending plans underlines the need to protect, and perhaps enhance, the resources applied by the House Service to supporting its scrutiny function.**

5 The block grants to devolved institutions

This order shall not affect the right of every Member to vote on the consideration of estimates.

Standing Order No. 83J(11)(a)(i)

109. Funding for the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly is derived from the long standing arrangements known as the “Barnett formula”, named after a former Chief Secretary to the Treasury.⁷⁹ These arrangements are designed so that when the UK Government decides to spend more or less on functions which in some parts of the UK are devolved, the devolved administrations receive an equivalent share, based on their relative populations.

110. In practice, the arrangements only apply at Spending Reviews and specified “fiscal events” (currently Budgets and Autumn Statements).

111. At Spending Reviews, HM Treasury publishes

- a *Statement of Funding Policy*, setting out the extent to which the spending of each UK government department is devolved (known as comparability factors), and population figures for each of the constituent parts of the UK; and
- consequential planned resource and capital Departmental Expenditure Limits (DELs) for the Scotland, Wales and Northern Ireland Offices.

112. At subsequent fiscal events, HM Treasury publishes details of additional, or reduced, funding for Scotland, Wales and Northern Ireland, generated by the Barnett formula as a result of UK government spending decisions.

113. In addition, at the time of Estimates, within the Estimates memoranda for the Scotland Office, Wales Office and Northern Ireland Office which are provided to the respective select committees, those departments repeat the details of the relevant devolved administrations’ original resource and capital DELs, and any subsequent changes.

114. While this provides elements of the calculations, and the outcomes, it is difficult to see at a glance *which* decisions on spending taken by the UK Government in Spending Reviews result in *which* changes in funding for Scotland, Wales and Northern Ireland; and the *extent* to which each decision affects that funding. For Spending Reviews, there is no single document setting out all stages of each calculation. For subsequent fiscal events, the programmes generating Barnett “consequentials” are itemised, but the Departments involved are not shown, nor are the step-by-step calculations.

79 Further information on the Barnett formula is available in [Commons Briefing Paper 7386, The Barnett Formula](#).

EVEL and Estimates

115. The issue of whether legislation passed by this House—other than Supply and Appropriation Acts—directly affects Government expenditure was hotly contested in the debates on the introduction of EVEL procedures. As we observed in our interim report on the Government’s proposals:

It is highly uncommon for public bills—other than Consolidated Fund or Appropriation Bills—to make direct provision for levels of public expenditure. [...]

However, in reality, the estimates and supply procedures of the House validate prior decisions about policy, including those which have been given effect through primary legislation. In practice, there are extremely limited opportunities for Members to have any substantive effect on departmental spending plans through the Estimates approval process (not least because of the rule of Crown initiative, which restricts Members who are not Ministers to making reductions and forbids them from proposing increases in Estimates). The House cannot reverse its previous legislative choices by tampering with the Estimates, except in the bluntest way by removing the resources to give effect to those choices.

We went on to observe that

Members representing constituencies outside England or England and Wales are therefore likely to demand to vote on legislation which they consider will have a direct (or even indirect) effect on levels of public expenditure in their local jurisdictions or constituencies.⁸⁰

In our technical review of EVEL procedures, published in December 2016, we concluded that

[...] if the Government wishes to maintain the principle of EVEL, and the corresponding position that all Members may participate in the House’s decisions on Government requests for supply—as indicated by the then Leader of the House from the Despatch Box on several occasions—then there has to be a proper process for considering the effects on the calculation of the block grant arising from spending decisions made for England which are underpinned by legislation passed under EVEL procedures.⁸¹

116. When variations in block grants derive from policy changes in England underpinned by legislation decisively altered, under the EVEL process, by members representing constituencies in England only, or England and Wales, then the House as a whole ought to have opportunity to consider those variations. This would allow those Members unable to participate in the alterations under EVEL to give their view on the consequential effects of such decisions for the levels of block grant.

80 Procedure Committee, First Report of Session 2015–16, [English votes for English laws Standing Orders: interim report](#), HC 410, paras 39–41

81 Procedure Committee, Third Report of Session 2016–17, [English votes for English laws Standing Orders: report of the Committee’s technical evaluation](#), HC 189, para 27

117. Peter Wishart MP, Shadow Scottish National Party Leader of the House, set out his dissatisfaction with the level of information presently available to the House on the operation of the Barnett formula in respect of Estimates:

The Treasury provides this information to the devolved administrations following Budgets and Autumn Statements and it is published by the Scottish Parliament in relation to Scotland. It seems bizarre that MPs, who are being asked to give formal approval to spending, are not provided with the information. If this can be done for fiscal statements, it seems only consistent with the principle of ‘clear line of sight’ that it is also provided in relation to Estimates and Supplementary Estimates. This statement should also include a statement of the change from the previous financial year, in the case of Main Estimates. More generally, the Treasury and Territorial departments should be required to ensure that there is coherence and consistency—a ‘clear line of sight’—between the Estimates documentation and the Statement of Funding Policy.⁸²

118. Despite assurances from the Leader of the House at the time EVEL standing orders were introduced, the evidence we have heard leads us to conclude that in reality, the voting rights which Members from Scotland, Wales and Northern Ireland retain in the Estimates process do not allow for effective scrutiny of the impact of policy changes on devolved budgets, and cannot be open to meaningful amendment under current Standing Orders and rules governing financial procedure. The operation of and interaction between both EVEL and Estimates procedures must be kept continually under review.

119. The amounts devolved administrations receive in block grant are largely determined by decisions taken by UK Governments, reflected in Estimates for UK Government Departments and authorised in UK legislation. But the links between spending decisions by UK Departments and the amount devolved administrations receive through the Barnett formula as block grant are not clear, which means that it is difficult for Members to see which Government decisions have influenced the levels of block grant allocated or received. We recommend, therefore, that the UK Government should, at the time of publication of each Main or Supplementary Estimate, improve the transparency of these links by publishing:

- *details of which spending changes set out within which Departmental Estimates have led to consequent changes to devolved administrations’ block grant;*
- *details of the impact each UK Department’s spending changes have had on those block grants in each case;*
- *details of subsequent block grant deductions for devolved taxation revenues; and*
- *details of how the overall calculations have been made.*

120. In the reform of debate allocation which we outline above, we consider that there is scope for debate on the Estimate of a UK Government department in cases where the changes in spending by that department have led to a change in the allocation of funds to the devolved institutions. *We recommend that the Backbench Business Committee, in its allocation of debates on Estimates days, consider reserving at least one debate slot in each session for a debate on an estimate particularly affecting, or affected by, the operation of the Barnett Formula.*

Conclusions and recommendations

Why examine the Estimates?

1. Control of Government spending proposals by the House of Commons is the foundation of parliamentary control of the executive. The House must do this job effectively, and must be seen to do it effectively. (Paragraph 16)
2. Spending Reviews have increased in importance over recent years, setting the ceiling on spending plans for many years ahead. They represent substantial political choices about the allocation of public funds. It is only by participating in those choices between competing priorities that the House can effectively discharge its duty to represent the country: the Estimates system is more about control than choice. The House must therefore have an opportunity to consider and debate proposals in spending reviews. *We reiterate the 2009 recommendation of the Liaison Committee—which the Government accepted—that it is essential that the Government allocate a day’s debate on the outcome of each Spending Review. One day’s debate is the bare minimum to be allocated: an allocation of further days to debate these highly significant spending proposals would be highly desirable.* (Paragraph 20)
3. The Estimates process is an important check on executive action. The principle that Government seeks annual authorisation for its planned expenditure is a vital element of the UK’s constitutional arrangements. That process, as it has now evolved, is not a means of controlling spending decisions. It should not be presented as a sufficient means of performing that fundamental democratic role of a legislature. (Paragraph 29)
4. We will examine the means whereby the House ought to control the spending decisions of the Government in a forthcoming inquiry. (Paragraph 30)

The House’s present arrangements for scrutiny and debate of Estimates

5. The current interval between publication and debate of Supplementary Estimates (often as little as five sitting days) provides very little time to genuinely enable debates to be selected on the basis of the content of those Estimates. *Accordingly, we recommend that the Government allows at least five full calendar weeks between publication of Supplementary Estimates and the date allocated for their approval. We consider this to be the likely minimum period necessary for analysis and consideration of proposals, and selection of relevant topics for debate. Without such a change, this House will remain severely constrained in carrying out any effective examination of Supplementary Estimates in advance of their approval.* (Paragraph 49)
6. We consider that two of the three days presently allocated for consideration of Estimates should be allocated for debate on the Main Estimates. *We recommend that, with effect from the 2017–18 Session, two days of debate be allocated to the Main Estimates and that the remaining day be allocated to the Supplementary Estimates.* (Paragraph 52)

7. Substantial changes to the fiscal timetable are under consideration as a consequence of the Chancellor's decision to move the Budget to the autumn. Autumn Budgets will break the traditional linkages with the timetables for the Estimates process. It would in our view be timely and appropriate to move to a system whereby Estimates are published and authorised earlier in the supply cycle, so that the House has sufficient time to scrutinise and approve them in a manner more consistent with accepted practice in most modern democratic legislatures. (Paragraph 58)
8. Such a change in the annual cycle will have a substantial effect on the financial planning processes of Departments. The introduction of the change could therefore be staged over two or more supply cycles, with the preparation of draft or shadow Estimates to test the operation of the process. (Paragraph 59)
9. *We recommend that the Government review the timetable for preparation and presentation of the Main Supply Estimates in order to enable the consideration and authorisation by the House of these Estimates before the start of the financial year to which they relate. We further recommend that the Government consult this committee, the Treasury Committee and the Public Accounts Committee in drawing up proposals to implement this recommendation.* (Paragraph 60)
10. *We recommend that in any revision of the timetable for Estimates the Government build in a period of at least five sitting weeks between the presentation of any Estimates and the date on which authorisation is expected to be sought from the House.* (Paragraph 61)
11. We consider that the present system for allocating debates on Estimates days is not operating as it should. It fails on the one hand to ensure the proper consideration of Estimates on the days set aside by the House for that purpose, while on the other hand failing to provide the Liaison Committee with a means of recommending select committee reports for debate on the floor on their own merits. (Paragraph 77)
12. *We recommend that the Backbench Business Committee and the Liaison Committee examine informal arrangements whereby the Backbench Business Committee will receive and determine bids for debates on the three Estimates days to be held each session, while the Liaison Committee will recommend select committee business for debate on three of the days controlled by the Backbench Business Committee in that session. We stand ready to assist those Committees in the practical implementation of any such arrangements.* (Paragraph 83)
13. Such an informal arrangement could take effect almost immediately, with no change required to Standing Orders. We consider, however, that a substantial period of preparation is required to ensure that the arrangement is implemented in an environment which will enable the full benefits envisaged to be realised. We envisage that the arrangement we propose be given effect no later than the 2018–19 Session, under a protocol to be determined in consultation with the Backbench Business Committee and the Liaison Committee. (Paragraph 84)
14. Under the current timetable, it is open to question whether it would be genuinely practicable to make the change we recommend for Supplementary Estimates. Even if it were feasible, Members would have limited information on which to base their bids, the Backbench Business Committee would have little time to consider their

merits, and announcements on topics chosen would be likely to be done at the very last minute, all of which would reduce the effectiveness of such change. *We reiterate the recommendations made at paragraphs 60 and 61 above concerning a minimum period of five weeks for parliamentary consideration of Supplementary Estimates.* (Paragraph 86)

15. Our objective is to ensure more effective examination of Government spending plans. Should the pilot we recommend above be proceeded with, we will evaluate the outcomes by the end of this Parliament and recommend, if necessary, that the arrangement be put on a more formal footing for the Parliament to be elected in 2020. (Paragraph 87)
16. To relax the existing rule against amendments to Estimates motions which increase, formally, the total upper limit of expenditure would be a rupture of some magnitude with the presently-understood constitutional settlement between the Crown and Parliament. It could not be undertaken lightly. We conclude that at present we should proceed with a more modest change to arrangements for considering Estimates, though we do not rule out a future relaxation of the rule. (Paragraph 92)
17. The introduction of a Budget Committee, supported by a Budget Officer, was a reform proposed by Sir Edward Leigh MP and Dr John Pugh MP in their 2012 report to the Chancellor on financial procedure in the House of Commons. While we have not examined the implications of such a committee in detail, there are apparent benefits to the establishment of a dedicated committee of the House, with specialist support, to examine and report to the House on the merits of Government spending plans. This is an issue which we may consider further in the context of the House's participation in spending reviews. (Paragraph 93)

Information provided to the House

18. Better and more consistent financial information, in content and in presentation, was expected to be a substantial benefit of the Alignment Project. Our experience from examining recent Estimates booklets suggests to us that, while consistency in the figures presented may have increased, the benefits of presentation expected from alignment are yet to be realised. (Paragraph 98)
19. There is little doubt that the format and presentation of Estimates documentation could be considerably improved. *We recommend that the Treasury work with the House of Commons Scrutiny Unit and the National Audit Office to prepare proposals for change to the format and content of future Estimates, and explanatory material accompanying Estimates, for consideration by the House. The aim should be to produce proposals for reform which, while meeting necessary legal and audit requirements,*
 - *present information more clearly, simply and in a form more suitable for lay readers;*
 - *as far as possible use plain English and avoid jargon; and*
 - *cross-reference information which can be, or is already, provided elsewhere.* (Paragraph 99)

20. Estimates documentation is published online in PDF format only. Publication of the tabular data in spreadsheet format is an essential requirement of open data standards. *We recommend that, starting with the Main Estimates for 2017–18, all tabular data in Estimates booklets be published online in spreadsheet format.* (Paragraph 100)
21. *In order for Estimates memoranda to be of wider use to Members in understanding Estimates and identifying topics for debate, we recommend that all Estimates memoranda to select committees are in future laid before Parliament and published on the day of publication of the Estimate to which they relate and on the same web page. Select committees would still be able to use the memoranda to question Departments on their plans, and request specific information to be provided within them in future.* (Paragraph 105)
22. The Scrutiny Unit reviews the Estimates memoranda on behalf of Select Committees and briefs Select Committees on key items of interest, producing visual representations to promote understanding of Estimates among committee members and to assist in committees' core task of examining government spending and performance. *To develop this work, and to support the proposals for broader member engagement in the Estimates process that we envisage, we recommend that the Scrutiny Unit collaborate with the Research and Information Team of the House of Commons Library to provide Members with background briefing and analysis of Estimates, and specific briefing for Estimates day debates.* (Paragraph 106)
23. *We recommend that the Treasury and other Government departments work with the Scrutiny Unit to ensure that memoranda better serve the needs of users in explaining and presenting the content and purpose of each Estimate. We recommend that the Scrutiny Unit, acting on behalf of the House of Commons Service, conduct a review of current Estimates memoranda guidance, its application and adherence to it and communicate and disseminate the results of this review and of existing best practice. Select committees should follow up concerns where their departments fail in future to fully meet requirements.* (Paragraph 107)
24. The insufficiency of present support for select committees, individual backbenchers and the wider public in understanding the Government's spending plans underlines the need to protect, and perhaps enhance, the resources applied by the House Service to supporting its scrutiny function. (Paragraph 108)

The block grants to devolved institutions

25. The amounts devolved administrations receive in block grant are largely determined by decisions taken by UK Governments, reflected in Estimates for UK Government Departments and authorised in UK legislation. But the links between spending decisions by UK Departments and the amount devolved administrations receive through the Barnett formula as block grant are not clear, which means that it is difficult for Members to see which Government decisions have influenced the levels of block grant allocated or received. *We recommend, therefore, that the UK Government should, at the time of publication of each Main or Supplementary Estimate, improve the transparency of these links by publishing:*

- *details of which spending changes set out within which Departmental Estimates have led to consequent changes to devolved administrations' block grant;*
 - *details of the impact each UK Department's spending changes have had on those block grants in each case;*
 - *details of subsequent block grant deductions for devolved taxation revenues; and*
 - *details of how the overall calculations have been made. (Paragraph 119)*
26. In the reform of debate allocation which we outline above, we consider that there is scope for debate on the Estimate of a UK Government department in cases where the changes in spending by that department have led to a change in the allocation of funds to the devolved institutions. *We recommend that the Backbench Business Committee, in its allocation of debates on Estimates days, consider reserving at least one debate slot in each session for a debate on an estimate particularly affecting, or affected by, the operation of the Barnett Formula. (Paragraph 120)*

Appendix: Correspondence between Mr Charles Walker OBE MP, Chair of the Committee, and Rt Hon Philip Hammond MP, Chancellor of the Exchequer

Letter from Mr Charles Walker OBE MP, Chairman of the Procedure Committee, to Rt Hon Philip Hammond MP, Chancellor of the Exchequer

I noted with considerable interest the announcement earlier today that the annual Financial Statement and Budget Report is in future to be made to the House in the autumn of each year (as it was between 1993 and 1996).

The Budget is of course followed by debate and approval of resolutions authorising the provisional collection of taxes and of founding resolutions for the Finance Bill and, in due course, by the introduction of that Bill.

As you will know, the Procedure Committee is currently undertaking an inquiry into scrutiny of the Government's Supply Estimates, and has received substantial evidence on the present timing of the presentation of Estimates for approval in the cycle of Parliamentary approval of taxation and expenditure.

The Committee plans to report on aspects of its inquiry early in the New Year. Before it reports, the Committee would like to ascertain the implications for the Estimates timetable of the decision to switch to autumn Budgets.

We would therefore be grateful if you would arrange for a memorandum to be sent, setting out:

- the Government's view of the likely effect (if any) of the change on the future timetable for the cycle of Parliamentary authorisation for taxation and expenditure
- the particular implications (if any) for the timing of the cycle of requests for supply through the Supply Estimates process
- whether it will in future be necessary to delay the presentation of the Main Estimates until after the start of the financial year to which they relate in order to take account of expenditure announced in the Budget
- any other related matters which the Government wishes the Committee to take into account in its inquiry.

Given the Committee's current schedule, it would find it helpful to receive the memorandum no later than Monday 19 December.

I am copying this letter to the Chairs of the Public Accounts Committee, the Treasury Committee and the Liaison Committee, to the Comptroller and Auditor General and to the Leader of the House.

23 November 2016

Letter from Rt Hon Philip Hammond MP, Chancellor of the Exchequer, to Mr Charles Walker OBE MP, Chairman of the Procedure Committee.

Thank you for your letter of 23 November on the potential implications for the Estimates timetable of the decision to switch to autumn budgets. I welcome the Committee's work on the Supply Estimates procedure and am committed to ensuring Parliament is able to scrutinise government budgets effectively.

I am currently reviewing HM Treasury's approach to spending control. The results of this review could affect Supply Estimates procedure and the setting of departmental budgets. When this work is complete, I will consider carefully any implications for the current system of Supply Estimates.

In light of this, I am not in a position to supply the memorandum as requested in your letter until we have completed this work. I do, however, look forward to receiving the report of the Committee in the New Year and considering its recommendations. By then, I expect our thinking in this area to be more developed and we will be better placed to inform and assist the Committee's important work. I will write to you again once we are able to respond in the round to your questions about the impact of any changes on the Supply Estimates procedure.

I am copying this letter to the Chairs of the Public Accounts Committee, the Treasury Committee and the Liaison Committee, to the Comptroller and Auditor General and the Leader of the House.

11 December 2016

Formal Minutes

Wednesday 29 March 2017

Members present:

Mr Charles Walker, in the Chair

Bob Blackman	Patrick Grady
Mr Christopher Chope	Huw Merriman
Nic Dakin	Mr David Nuttall
James Duddridge	Melanie Onn
Helen Goodman	

Draft Report (*Authorising Government expenditure: steps to more effective scrutiny*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 120 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fourth Report of the Committee to the House.

A paper was ordered to be appended to the Report.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 19 April at 2.30 pm.]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 20 April 2016

Question number

Scherie Nicol, Analyst, Parliamentary Scrutiny, Budgeting and Public Expenditures Division, Organisation for Economic Co-operation and Development, **Ronnie Downes**, Deputy Head, Budgeting and Public Expenditure Division, Organisation for Economic Co-operation and Development, and **Dr Joachim Wehner**, Associate Professor in Public Policy, Department of Government, London School of Economics

[Q1–23](#)

Wednesday 4 May 2016

Sir Stephen Laws and **Professor John McEldowney**, academic members of the Study of Parliament Group

[Q24–56](#)

Wednesday 10 May 2016

Professor David Heald, Adam Smith Business School, University of Glasgow

[Q57–94](#)

Wednesday 5 July 2016

Meg Hillier MP, Chair, Committee of Public Accounts

[Q95–109](#)

John Pugh MP

[Q110–118](#)

Tuesday 12 July 2016

Dr John Benger, Clerk Assistant and Managing Director, Chamber and Committees, **Colin Lee**, Principal Clerk, Select Committees, and **Marek Kubala**, Clerk of Supply, House of Commons Service

[Q119–141](#)

Wednesday 19 October 2016

Rt Hon David Gauke MP, Chief Secretary to the Treasury, and **Rt Hon David Lidington MP**, Leader of the House of Commons

[Q142–171](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

EST numbers are generated by the evidence processing system and so may not be complete.

- 1 Dr Joachim Wehner ([EST0002](#))
- 2 Dr Laurence Ferry ([EST0007](#))
- 3 House of Commons Service ([EST0008](#))
- 4 House of Commons Service ([EST0011](#))
- 5 House of Commons Service ([EST0014](#))
- 6 Meg Hillier MP, Chair of the Committee of Public Accounts ([EST0006](#))
- 7 National Audit Office ([EST0012](#))
- 8 Organisation for Economic Co-operation and Development ([EST0004](#))
- 9 Peter Wishart MP ([EST0005](#))
- 10 Professor David Heald ([EST0003](#))
- 11 Sameen Farouk ([EST0001](#))
- 12 Study of Parliament Group ([EST0009](#))
- 13 Study of Parliament Group ([EST0010](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2015–16

First Report	Government proposals for English votes for English laws Standing Orders: Interim Report	HC 410 (HCWS (2015–16) 251)
Second Report	Notification of the arrest of Members	HC 649
Third Report	Private Members' bills	HC 684 (HC 383)
Fourth Report	Programming: evaluation of the trial of new arrangements for tabling amendments	HC 823

Session 2016–17

First Report	Monitoring of written Parliamentary questions: progress report for Session 2015–16	HC 191
Second Report	Private Members' bills: Observations on the Government response to the Committee's Third Report of Session 2015–16 HC 684	HC 701
Third Report	English votes for English laws Standing Orders: report of the Committee's technical evaluation	HC 189
Fourth Report	Use of the Welsh language in the Welsh Grand Committee at Westminster	HC 816
First Special Report	Private Members' bills: Government Response to the Committee's Second Report of Session 2016–17	HC 937
Second Special Report	Use of the Welsh language in the Welsh Grand Committee at Westminster: Government Response to the Committee's Fourth Report	HC 1043