

Procedure Committee

Oral evidence: Should there be a Commons Budget Committee? HC 1482

Wednesday 10 April 2019

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Members present: Mr Charles Walker (Chair); Bob Blackman; Bambos Charalambous; Nic Dakin; Chris Elmore; Sir David Evennett; Helen Goodman; Melanie Onn; Alison Thewliss; Mr William Wragg.

Questions 162 - 201

Witnesses

[I](#): Mr Richard Bacon MP.

[II](#): Meg Hillier MP; and Mr Clive Betts MP.

Written evidence from witnesses:

[Meg Hillier MP and Sir Geoffrey Clifton-Brown MP](#)

[Mr Clive Betts MP](#)

Examination of witness

Witness: Mr Richard Bacon MP.

Q162 **Chair:** Richard, we were having a discussion beforehand about your longevity on the Committee of Public Accounts. How many years have you done on it?

Mr Bacon: I did 17 years from 2001 until 2017, and I was deputy Chair for seven years from the 2010 election until I came off in 2017.

Q163 **Chair:** You have seen quite a lot in your 17 years.

Mr Bacon: Of public expenditure reports from the National Audit Office, about 800.

Q164 **Chair:** The question is: why would you want to entertain the idea of a Budget Committee?

Mr Bacon: I think that if there was more high-quality scrutiny of public expenditure earlier it would result in better value for money for taxpayers, fewer projects going wrong and, generally speaking, would be of public benefit.

Q165 **Chair:** May I ask you a question that you can come back to? Could you give us an example of something you looked at on the PAC and thought, "My word, this really was deserving of more thought before it lifted off the launch pad?", for want of a better metaphor?

Mr Bacon: An obvious one would be the NHS national programme for IT, which, when it was first announced, was slated to cost £2.3 billion, although the private pre-announcement number was £5.2 billion. The £2.3 billion soon went up to £6.4 billion. Before you knew it, it was about £11 billion and then £12.4 billion before it got cut back. It is certain that £2.7 billion of that, on the detailed care record, was almost entirely wasted: it produced nothing of value at all, unless you count as pump-priming paying software engineers to produce code that does not work, in the same way as Keynes said that digging a hole and filling it in again helps in certain circumstances. It produced no value at all. If there had been more public attention on that earlier it might have been prevented, or more of the spending might have been successfully ended.

That is just one example, but it is absolutely routine that things get launched before they are ready. This is not making a party political point—I am sure we can find examples for everyone—but it is the one that comes to mind. In order to fill out a line in a party conference speech by the Prime Minister of the day—in this case it happened to be Gordon Brown—namely, that every policeman would have a BlackBerry, every policeman was supplied with a BlackBerry before the business case was established as to whether it would improve things or make them worse. There was clear metric evidence afterwards that the policemen and policewomen who had BlackBerries performed more poorly than those who did not.



HOUSE OF COMMONS

Q166 **Chair:** I think Peter Gershon identified a lot of this in his review, did he not? He was very worried about uncostered and untested promises made by Ministers. As long as it sounded good, it did not matter what it cost because it met an immediate political need to be seen to be doing something.

Let us go back to the NHS IT debacle. If you were Chair of the Budget Committee, give us an example of a couple of the questions you would have asked the initiator of that scheme if he or she had appeared before you before the money was spent.

Mr Bacon: As a preface to your question, what happened was that the Government signed contracts before they knew what they wanted to buy and before private sector software and hardware suppliers, particularly the former, knew what they were expected to supply. One would have hoped that by getting into the process much earlier one could ask either the Department or scrutineers inside Government—whether in the Treasury public expenditure division or what is now called the Infrastructure and Projects Authority—“Before you sign contracts, what is it you are going to buy, and to what extent do suppliers know what it is they are expected to supply?”

It gets quite granular, and, forgive me, because my experience is of very granular activity with a very high level of specificity on the Public Accounts Committee. I appreciate that most people’s idea of a Budget Committee is something at a much higher level and much more macro. I do not deny that having ongoing steady scrutiny of the spending review, or the estimates, in much greater detail than currently happens would be valuable, but time and again in my experience on the Public Accounts Committee I found myself asking, “Where is the Treasury on this? Why has it not got in earlier when everyone can see it and it is in every major newspaper that huge amounts of money are being wasted because it has not been properly thought through?” I would like to bring scrutiny earlier to the process.

Q167 **Chair:** Therefore, it is basically accountability by Members of Parliament.

Mr Bacon: I would like to put scrutiny and accountability higher up the chronology, if you like, so they have to justify what they are doing, not in every detail but in greater detail, before they do it.

Q168 **Chair:** When Lord Macpherson, former permanent secretary, whom I am sure you know, came before us, he said the Treasury really does need this. You would entirely concur with him.

Mr Bacon: Yes, I would. I have his evidence here. It is interesting that a top civil servant who was around at the centre of Government for many years has publicly come to that conclusion. He may privately have come to that conclusion but was not in a position to do anything about it. Nick Macpherson was a very regular attender of the Public Accounts Committee. I found him a very useful interlocutor and I support his own conclusions.



HOUSE OF COMMONS

Q169 **Mr Wragg:** Do you think the House does a good job in scrutinising financial information that is currently available to it?

Mr Bacon: Probably not. One of my bugbears in the Public Accounts Committee was that, while in the 1970s it used to look only at the accounts, which was almost certainly wrong—by the way, it met in secret—the shift towards looking at value-for-money studies had been at the expense of looking at the accounts at all.

I thought there were two reasons why it was good to look at accounts. First, it is amazing what it turned up. The National Audit Office was quite good at drawing to the attention of the PAC those occasions when a particular set of resource accounts for a Department should be looked at because of something in particular. I remember it was drawn to our attention that we should look at the accounts of the HMRC prosecutions office. It turned out that the first action of the chief operating officer, who had been appointed by the director of the organisation, who was a QC and not a manager of organisations, had been to hire an HR consultant to conduct £100,000 worth of HR consultancy who happened to be his wife. The National Audit Office thought we might want to look at that.

Similarly, a fraud in the British embassy in Tel Aviv had been going on undetected for 17 years. We looked at that.

My suspicion was that looking at NAO resource accounts of Departments more often would yield more of interest.

The second reason, speaking as somebody who was a scrutineer, was that I thought it probably gave more strength to Parliament and the Committee vis-à-vis a Department if you ask a permanent secretary and his officials about a range so broad that they could not possibly prep for everything as thoroughly as they would for one narrow area, so it tilted the scales slightly in a way of which I approved.

Q170 **Mr Wragg:** One of your great areas of emphasis is lessons learned rather than allocating and apportioning blame. Do you think the current process of generally retrospective investigation aids that process of learning lessons, or would learning lessons be much more likely to succeed if it was a current investigation and scrutiny, which a Budget Committee surely would do?

Mr Bacon: I think it would assist the learning of lessons if the scrutiny came earlier, but it would not be enough by itself. After I had been on the Committee for a long time—sometimes I was on my third, fourth or even fifth permanent secretary—I was astonished, in that I felt like some sort of corporate memory. For example, I refer to the decision on whether you should have a senior or responsible owner in post at all times. Answer: you always should have. Having failed to learn that lesson in the Bowman radiocommunications system in the Ministry of Defence, the Department for Transport made exactly the same mistake in the InterCity West Coast



HOUSE OF COMMONS

franchising competition fiasco, and there are lots of other analogous examples.

The question I found most interesting and difficult to answer was why there were the same old problems, whether it is very high staff turnover or lack of information, of proper financial management, of good project management, of capability in procurement or of coherence at the centre of Government, even though it is full of extremely bright people, particularly in the Treasury, Cabinet Office and No. 10—some of the brightest people you will find working in any organisation. Despite all these things, it continues to have an approach to risk that swings between what is correctly called risk aversion and what is more often correctly called sheer jaw-dropping risk ignorance. How is it that all those mistakes carry on being made again and again? My belief is that the answer is that it comes down to human behavior, and, unless you begin to address that inside the organisation, you will not begin to address the problem.

Q171 Melanie Onn: I am quite interested in what you have just said about the culture within Government Departments. Is there not an argument for saying there needs to be a complete overall of the culture in Government Departments and that they should be managing and scrutinising these things properly? Why should Parliament establish a brand-new Committee to do the job that very well-paid, experienced and intelligent civil servants should be doing in their own Departments?

Mr Bacon: For the reason that inertia develops in all kinds of organisations—public or private sector—where you do not have external challenge. There is a reason why large and successful public companies in the FTSE 100 have external auditors and do not rely only on internal ones. Apart from anything else, it is the law, but external challenge provides a very useful level of scrutiny that you cannot get internally.

I remember Lord Lilley saying some years ago to the Public Administration Committee that one of the things he valued most about being a Cabinet member was attending Cabinet Committees where he was, for those purposes, a lay member outside his own departmental area of expertise. He said that quite often you could find that an area that had been cooked up inside one Department never saw the light of day, at least not in the form suggested, because it was tested to destruction by lay people inside a Cabinet Committee who had no special knowledge about it but pulled it apart and, sure enough, destroyed it, and it had to go back to the drawing board.

That process does not always happen; sometimes things get out of the gate, and once it is out in the public domain it is more difficult to haul it back in.

Q172 Melanie Onn: Does that not go to the roles of Ministers and Secretaries of State? Is it not their responsibility to make sure things do not get out of the gate before they have had full proper ministerial oversight?



HOUSE OF COMMONS

Mr Bacon: In theory, yes; on paper, yes.

Q173 **Melanie Onn:** Why are they not doing their jobs?

Mr Bacon: There is a variety of reasons. Tony Blair's suggestion that we can solve the problems of antisocial behaviour by marching youths to cash machines and getting them to insert their cards into them is the most egregious example I can think of, but there are examples like that in Governments of all parties because of the desire to be in the headlines, to position yourself for the next reshuffle and so on. These political considerations are ever present.

Q174 **Melanie Onn:** In scrutinising projects, don't Ministers bear any responsibility for making sure that things are adhering to budget, that they are monitoring progress and have a handle on something that presumably is driven by their policy positions?

Mr Bacon: Yes, they do, but there is an impetus inside a ministerial team to get things done and, if you like, to stop up the ears with things that contradict your stated public position. I think that is inevitable. It does not matter who is in Government. I thought Sir John Bourn put it brilliantly in his book on public sector auditing when he said that the three questions most usually asked about any policy are, "Can we get the money? How can we present the new policy? How can we deal with criticism from Parliament, political opponents and the media?"

Inside the Department, the permanent secretary has a responsibility through the propriety and regularity processes and the document "Managing Public Money" to make sure that the ducks are in a row, at least superficially, before anything goes further, but there are always pressures inside a Department to keep things moving from the ministerial team. I think most Ministers of all parties will tell you at different times—there is a lot of this in the literature—that they experience huge inertia inside Departments in making things happen. There is always pressure to get things out the door.

Q175 **Melanie Onn:** Do you agree that we already have a plethora of Committees in Parliament? Could we not simply ensure that relevant departmental Select Committees set aside a time in which to scrutinise some of the expenditure by the Departments they are covering?

Mr Bacon: You ask, "Could we not simply ensure?" At the end of the day, Select Committees are elected; Chairs are elected by the whole House and each member is elected in party caucuses.

Q176 **Melanie Onn:** But we can set within the procedure the scope and specified role.

Mr Bacon: The members of the Committee will tend to decide for themselves what they want to spend most of their time on, and the evidence is just looking at the titles of reports that have been produced over the years by different Committees. Some have said in evidence to



HOUSE OF COMMONS

your Committee, "The Treasury Committee could do all of this," but the evidence is that that Committee likes looking at fiscal and monetary policy.

Q177 **Melanie Onn:** But there is a facility by which we could say procedurally there is a requirement for Select Committees to review the finances of the Departments for which they are Select Committees.

Mr Bacon: To some extent they have it now. The Departments produce annual reports and accounts that are at least looked at in many cases by the Select Committees, but with nothing like the detail that I think is required.

Q178 **Sir David Evennett:** What about a Sub-Committee of the Treasury Committee? Could that be established instead?

Mr Bacon: I think this is too big for a Sub-Committee. You are talking about over £800 billion of income and expenditure. It seems to me that is a full-time job for a Committee. I do not think that the current ex-post system with the National Audit Office and Public Accounts Committee—I am a great fan of what it does and it is probably better at doing it than most other supreme audit institutions and equivalent parliamentary committees elsewhere in the developed world—is enough.

I always hanker to get in earlier. The best evidence that one can do that is the London Olympic Games. Admittedly, it was the National Audit Office doing it, but between the announcement that London had got the Olympic Games in July 2005 and the games themselves in the summer of 2012 the National Audit Office did eight reports on which evidence was taken by the Public Accounts Committee. That was in addition to the one it had done a few months before the announcement on the way the UK taxpayer was supporting elite athletes, where we were already talking about how many medals we might win and where public expenditure was going to go.

The policy for the Olympics was very clear—there shall be an Olympics and it will be delivered on time—and every bit of the scrutiny that happened thereafter was in a way ex ante because the Olympics had not happened yet. The fact that they had domain expertise in every area and paid the rate for the job to get the best people to do it made a huge difference, but the very public scrutiny was also very important, and I would like to extend that right across the piece.

Q179 **Bob Blackman:** The current Chancellor has brought forward the Budget statement from March to November principally on the basis of allowing greater scrutiny of the process. Why do you take the view that a Budget Committee could do that scrutiny better than the departmental Select Committees, because they know at what time to look at how the spending will be made, whereas a Budget Committee would, by definition, be an overall expenditure Committee rather than having the expertise of the Departments?



HOUSE OF COMMONS

Mr Bacon: I think it depends on what it is you are looking at. I favour those who say that the Budget Committee, were it set up, should be supported by a parliamentary budget office, which I think should be financed in the same way as the NAO is by the Public Accounts Commission. You could easily make it the public accounts and budget commission—in other words, a Committee of this House and it would be nothing to do with Government how it was financed—with a staff, as Lord Macpherson said, of 20 to 30 officials. I am not sure what the right number would be, but there would be expert staff to supply the Committee with the information it needed to look in detail at the proposed expenditure and its likely efficiency and effectiveness, and produce for Parliament detailed metrics on what was possible and useful comparators before the expenditure took place. I do not think that is work for which, from the evidence, departmental Committees currently have the time or, frankly, from the evidence of what they look into, the interest.

Q180 **Bob Blackman:** You have probably seen the evidence of the Chief Secretary to the Treasury.

Mr Bacon: Yes, I did.

Q181 **Bob Blackman:** The Chief Secretary made the point that most of the spending decisions taken around the comprehensive spending review are set effectively for three years, or for whatever period the CSR is running. That would mean a concentrated piece of work at one time, but what would the Committee do outside that period?

Mr Bacon: The spending review would itself be a major piece of work to review. I do not see why—one of your witnesses made this point—you should not rotate looking at departmental estimates in more detail over the cycle. There is a great deal to cover. Even the Public Accounts Committee, which has done 90 reports in this Session, only skims the surface of the huge amount of expenditure that takes place.

Q182 **Bambos Charalambous:** To go back to the example of NHS contracts, I am sure it is the responsibility of Departments to have proper scrutiny. I accept that some civil servants may not have embarked upon a big process, but are procurement issues not the role of the Cabinet Office? Surely some safeguards must be in place before they embark on huge expenditure that is going to end up being incomplete and not work out.

Mr Bacon: You would have hoped so. In that case, no, there weren't. Lord Macpherson made the point in his own evidence that there have been a number of improvements internally in Government in the planning, control and reporting of public expenditure. He made the point, with which I agree, that that has not been matched by similar improvements in Parliament. What used to be the Major Projects Authority, now the Infrastructure and Projects Authority, does perform that function inside the Cabinet Office. It sits at the back of the Treasury building and works very closely with the Treasury. When I was on the



PAC, it was always a huge supporter of the work of the Infrastructure and Projects Authority and John Manzoni before he went over to become permanent secretary to the Cabinet Office. We always liked to think of the Treasury as our ally; indeed, institutionally and constitutionally, one of the Treasury Ministers, often the Economic Secretary or Exchequer Secretary, would sit on our side of the table with the Treasury Officer of Accounts to symbolise the fact that they were “on our side” against the Departments, but I do not think the level of scrutiny that the Treasury in its current form is capable of or interested in is sufficient to meet the needs of taxpayers.

Q183 Nic Dakin: You came back to taxpayers nicely at the end. Richard, I think you are making a compelling case, but it seems to me that it is quite costly to set up this additional Committee and resource all the other stuff around that. Do you have an idea of how it would be resourced?

Mr Bacon: I would respond in two ways. First, the £2.7 billion I mentioned that was completely wasted in the detailed care record in the NHS national programme for IT is one small example—or quite a large example. The carrier strike programme added £1.56 billion to the cost—that is a number I remember as the pre-2010 number—simply by the decision to move the budget to the right, but then the coalition Government did something similar. Something similar happened on the Astute submarine. We spent £250 million on eight Chinook helicopters that did not really work properly, when we could have got the top-end ones for \$13 million if we had not tried to mess around. Under the national probation service information system strategy—it may have been the Libra project, but I cannot remember; they were both MOJ/Lord Chancellor’s Department projects—£161 million was spent that still cannot be accounted for. I could go on. That suggests that it would pay for itself by cock-ups avoided.

I would have the equivalent of the Public Accounts Commission, on which I have sat since 2003—it is a very obscure body nobody knows about, but currently it provides the budget for the National Audit Office—provide the budget to the parliamentary budget office as well. I have thought this ever since I visited the Congressional Budget Office in Washington, which I have done twice in the past 10 years or so. Bear in mind this is a relatively small body for an economy where the US federal budget is larger than the GDP of the UK and it manages with 200 people. I think we could do with considerably fewer people.

One of the things I was told that stuck in my mind was, “What the CBO does in reporting to Congress is help keep the Office of Management and Budget honest.” I remember having arguments with Andrew Tyrie at the time the Office for Budget Responsibility was set up that what we needed was not an OBR but a parliamentary budget office. I still think that is the case. I do not disdain the work that the OBR does. The fact that it has Robert Chote as its first director has helped to create the right culture,



HOUSE OF COMMONS

but in the end we want something that reports to Parliament for us, not something that in the last analysis is beholden to Government.

Chair: Richard, thank you.

Examination of witnesses

Witnesses: Meg Hillier MP and Mr Clive Betts MP.

Q184 **Chair:** Clive, you are here because your Select Committee seems to take scrutinising departmental budgets seriously. We looked for others that took it as seriously as yours does, but we could not find them.

Mr Betts: I am sure they are there somewhere.

Q185 **Chair:** Meg, you are here because you chair the Public Accounts Committee. Let me start with you. Do you think a Budget Committee would complement your work?

Meg Hillier: The jury is out for me on this. I am not convinced, for a number of practical reasons. Perhaps it would be helpful if I explained to colleagues what we do, to make it come alive a bit, rather than read it on paper.

The Public Accounts Committee was set up in 1861 to look at the economy, the efficiency and effectiveness of central Government spending. We do not look at policy: the Treasury Committee looks at Government policy. We have a lot of resources through the National Audit Office, with 800 staff, who are there to resource all of Parliament, but we draw upon that a lot. My first big concern about a Budget Committee is how you would resource it as effectively as we are resourced on the Public Accounts Committee.

We tend to look backwards, because auditors look at the figures after the event, but we have been very clear as a Committee that to be timely and relevant we need to be faster in our work. We now look at things much quicker than sometimes has been the case in the past, and we put out our reports more quickly so that they are relevant in real timescales.

We also do recalls. If a Department is having budget problems, among other things, we will call it back in real time. For example, with regard to the emergency services network, which is a Home Office project for emergency services to communicate with each other over mobile networks, one way or another we have now had seven different sessions on that issue. Sometimes it is a very quick recall—a witness may come in for only 20 minutes to give us an update, so they know we are holding their feet to the fire.

The National Audit Office now does more investigations, so it is much more timely. It looks at information in the public domain and does not reach its own conclusions. That will come to us as a Committee, unless we choose not to take it and pass it on to another Committee.



Budget Committee resourcing is one of my really big concerns. There is also a concern about how many members would be available to do the amount of work that needs to be done. I could go into detail if you want, Chair, but we prepare quite hard and quite a long way out as a Committee to make sure we are on top of it in the room. That requires quite a lot of commitment. I am not saying members on other Committees are not committed—of course they are—but it is a frame of mind that makes people want to put in that effort, ensuring that people have that recognition.

The key for me is that constitutionally—Mr Betts's Committee and the Justice Committee also exemplify this—some Committees look at the annual report and accounts of their own Departments and marry together the money and policy they are examining. They have very detailed knowledge of the policy and, therefore, can look at the money in that way.

That is in the Standing Orders of every departmental Select Committee of the House, but I do not think it is followed through perhaps as assiduously as it could be. That is not a criticism of colleagues; they have a lot on their plate. Some of these Departments are now very big and there is a lot to get through in the time available, but maybe this Committee could examine in its investigation how often Committees are doing this work; whether they are doing it as well as they can; and whether they have the resources to do it as well as they can—because sometimes it is a matter of resources in both the time of Members and other resources to support them. If that were to happen, it might do quite a lot of the job of a Budget Committee.

I will stop there, but I do have some thoughts about how the House as a whole deals with Government estimates and whole-of-Government accounts. I know that the Procedure Committee and my Committee have worked together to try to improve estimates days, for example. I will talk a bit more about that if you wish.

Q186 **Chair:** Clive, what is your view on a Budget Committee?

Mr Betts: I am sceptical. I have to be convinced that it is going to bring some real added value to what we already do. I am not saying that what we do is perfect, and I cannot speak for every Committee, but certainly the Committee I chair—Housing, Communities and Local Government—tries to look at Government spending and proposals, which I will say a bit about in a second.

To give you some idea, we get the annual estimates and updates. What has been useful is the better connection between Select Committee staff and the Library, which now does some background research for us and helps us with the right questions to ask about the often impenetrable figures that we get from Government Departments. Therefore, we can ask questions and go back to Ministers. We have an annual session with the permanent secretary where we can raise those issues as well.



HOUSE OF COMMONS

We have tried to conduct particular inquiries. We did a major inquiry on the funding of adult social care with the Health and Social Care Committee jointly and produced a report. That is a large part of local government expenditure. Our Select Committee is slightly strange, in that a lot of spending is done by local government, not directly by the Department, and it is not just the HCLG Department's money; it comes from health, transport, education and other Government Departments as well.

We looked across the piece on that and did a major piece of work. We are doing a major piece of work about children's services, which is another rapidly growing part of local government expenditure, to try to find what the issues are there.

In the past we have looked at issues to do with expenditure on parks; we have done one about private sector housing, which is another major area of expenditure; and we are just doing one about refuse collection.

We have individually done lots of dive-downs into particular areas of activity. We are now moving on to a major inquiry to advise the spending review about local government finance as a whole, drawing on different elements in the inquiries we have already done. In that way we have a particular handle on individual parts of local government expenditure, but we are going to pull it all together for the spending review. That is how we are addressing it.

Do we get everything right? Have we gone into every aspect? No, we probably have not, but I am not sure how a Budget Committee could get into more detail and hold Government to greater account for all those matters.

I said I would come back to an issue. One of the issues we sometimes have a problem with is not looking at what has happened, or even some idea about what might be right for the future, but making assessments of what Government proposals will mean. Government is not very good at doing impact assessments about future programmes. A classic example was the voluntary right-to-buy scheme with housing associations. As a Select Committee, we pressed and pressed to get a financial impact assessment. We never got one. I think that in the end the scheme basically died because there wasn't the money to do it, which we could almost have told them from a Select Committee point of view. One of the problems with the NAO—we get really good help and advice from it—is that it is not allowed to look at the future. It is an auditor, so it looks at the past. I wonder whether expanding its remit to help Select Committees might be another thing we could look at.

Q187 Chair: Just because other countries do things does not mean we should be doing them, but I think every single, major OECD country has a budget committee. What do you think makes us unique in not having one and maintaining the status quo?



HOUSE OF COMMONS

Mr Betts: I would not have an answer to that. I do not know how every other country runs. I am not saying that some added value could not be gained; I am not sure at this stage what it would bring for the amount of resource you would have to put into it.

I heard arguments for extra Select Committees. We will have to have them. I think the Brexit Committee is a very good example of one particular issue where you focus on it and deal with it, and you have to have a particular arrangement. That is different from setting up something that cuts across the work of many other Select Committees as well. I am just not convinced of the added value. Other countries may operate in different ways and it may help them, but I am not sure it would.

Meg Hillier: I have been to visit the nearest thing I have to a French counterpart. They have over 50 members—forgive me; I cannot remember the number—on their finance committee, which is the bit between treasury and budget. It is interesting. Some of them are quite large, but we are unusual in that we have all the departmental Select Committees now quite well established. I chair the Commonwealth Association of Public Accounts Committees. It is interesting that we are learning from them and they are learning from us. There are infrastructure committees in lots of countries now, and there are committees with slightly different structures attached to some PACs. The PACs are more or less the same the world over, but they do not all have the same range of committees as we do. I go back to the point that it is in the Standing Orders of every Committee to look at its own accounts.

On Mr Betts's point about the role of the National Audit Office, it is true that to get the proper audited figures it is always looking backwards, but we work with it very closely to make sure we are looking forward. High Speed 2 is a good case in point. As we are looking back at one set of reports, accounts and budgeting periods, or progress on a stage of the project, we look very closely at the pitfalls or things that are coming up on which we should be probing our witnesses.

I think that is important, but equally the Transport Committee will be doing that. A lot is already happening. We are a learning Committee and there is always room for improvement. I am learning from my Commonwealth counterparts and have ideas for further incremental change to the Committee. I do not think we should ever rest on our laurels. I suppose that, in part, the point of the Procedure Committee is to make sure we are kept under challenge, but I do not think that just setting up another Committee, calling it something and setting it to run on its own would be enough. If it ever did happen, I know that the Procedure Committee would look very closely at exactly what it did and how it was resourced, because without that it could be quite problematic.

Chair: We have had outstanding success in setting up Committees: the Petitions Committee has exceeded all expectations.



HOUSE OF COMMONS

Q188 Mr Wragg: I notice that in your annual report you express enthusiasm for conducting pre-implementation scrutiny of large-scale projects. The obvious thing about the National Audit Office is that it does tend to do retrospective audit; audit is a retrospective function. Playing devil's advocate for a moment, we are rightly critical of Government Departments having a silo mentality. Do you not think there is a danger that in our scrutiny of such Departments we have a silo mentality to that scrutiny?

Meg Hillier: It is a bit of chicken and egg. We rail against this. For example, we talk a lot about cost shunting where one decision that a Department has made pushes costs elsewhere. As for pre-legislative scrutiny, I am heartened, Mr Wragg, that you read my annual report, or someone has read it and told you about it, but it is really important. I am very happy for any member of the Procedure Committee to dangle it temptingly before any Secretary of State. Secretaries of State in private are sometimes quite interested in the idea of the Public Accounts Committee crawling all over a project before it gets somewhere. Funnily enough, when they go back to their Departments the same enthusiasm is not always as forthcoming.

Without naming names, I have huge talent and skill in the people who work incredibly hard as members of my Committee. They put in a lot of hours working up and looking at something. If those questions were asked of a project before it was implemented, some of the wasted billions of pounds Mr Bacon highlighted in his book could have been saved. If I were ever a Minister again, I would be one of the first in the queue to ask the Public Accounts Committee to crawl over a project idea and point out in advance the likely pitfalls. Thank you for highlighting it and giving me the chance to advertise that.

As a Committee, we cannot be siloed because we look at it across the board and try to learn lessons and do cross-cutting things. There has been a lot more cross-Committee work informally. I cover such a wide area that I often talk to Committee Chairs about that. We will liaise and pick up one another's work, so we do not always have to have Joint Committee meetings to work together; and of course we have had more Joint Committees. We have seen a different approach on the Select Committee corridor that is breaking down those siloes. Social care is a matter on which I have worked with Mr Betts and the Chair of the Health and Social Care Committee, for example.

Q189 Mr Wragg: May I ask both of you for a general comment on the scrutiny roles that Select Committees play? Obviously, the exceptions we have highlighted are Mr Betts's Committee and perhaps the Justice Committee as well. Is there not a tendency to regard the important scrutiny of departmental finances as a less sexy kind of inquiry for a Select Committee to launch? For example, Lord Macpherson says the Treasury Committee is more concerned about beating up bankers perhaps than in-depth scrutiny. Might you concur with that?



Mr Betts: I do not know. Sometimes a row of figures does not always excite. That is a fair comment. Perhaps we have to think about how better we can do it. The Library help is really welcome; before, it was a bit like, "What do we do with the figures?" That is a bonus, but I do not think you always look at the figures without looking at the policy. I explained some of the inquiries we are doing. We have looked at both the policy and spending and how they go together.

Meg Hillier: For instance, we have worked with the Chair of the Defence Committee. He and his Committee look at the policy; we look at the numbers. There is obviously a little bit of an overlap at the edges, but strictly we do not look at policy. We find that collaboration very helpful, but numbers are and should be the bread and butter of what we and Parliament do. I know that Mr Bacon and I have been keen to see Members of Parliament given training and support in a range of things, looking particularly at how major projects are developed. That comes very much under a lot of what we do, but it is also about numbers.

The National Audit Office is there to serve Parliament and it does it well. I have set up briefings—I know many other MPs make contact with the National Audit Office—to get support, including for my own Committee. We have had support and training on how to read departmental accounts and what figures to look for. It is important, because when members join the Public Accounts Committee they do not always have that expertise.

We should openly welcome and support that for all Members of Parliament. For instance, recently we had an estimates day debate on education. I arranged two briefings with the National Audit Office for Members to come along. We did a bit of co-ordination about who would ask which questions. Therefore, the figures were very much ones the National Audit Office had put out, so there was a consistency about it and it was not just a debate about policy. The weakness of it—it was not the Minister's fault; I am not picking on any individual Minister—was that the Minister was not really prepared in that estimates day process to answer questions about the detail of the budget. Most former or current Ministers do not have a detailed handle on their own budget. We need to continue to look at that.

Q190 **Nic Dakin:** We have had evidence from Lord Macpherson and just now from Richard suggesting that at the moment there is a gap in where Parliament focuses its scrutiny. Although you are pointing to some areas where there is a little bit of this going on, do you think it is fair to say there is a gap in the scrutiny of projects early on? Richard argued very strongly that, if there was better scrutiny early on, it would lead to better spending and save the public purse; essentially, there would be better value for money. Is that a fair assessment from your point of view? If it is, both Lord Macpherson and Richard favour a Budget Committee to fill that gap. What is the alternative way of filling that gap?

Meg Hillier: On the first point, Mr Bacon and I are in complete accord; we need to look at things earlier. We as a Committee do try to say, "Here



HOUSE OF COMMONS

are some lessons learned from projects,” and try to replay to Departments, “You have a problem with this project. How do you avoid it in the next one?” We get a lot of eternal optimism. There are a lot of challenges, which we could get into, including the high turnover of civil servants who are not necessarily rewarded for delivering a good project, but that is a debate for another day.

I think we can do this within the current system. My worry about rushing headlong into setting up another body is whether we can work harder and sweat better what we already have.

Q191 **Nic Dakin:** That continual optimism is great in terms of not only what happens in future but the future performance of Committees. What do we have to change? Gradual change may be going on at the moment, but if we want to change things radically and put a new Committee in place there is a key focus for that radical change. How can you radically change it with the current Committee structure?

Meg Hillier: This Committee has huge power and influence; there are Standing Orders for existing Select Committees, so that could be reinforced to colleagues and support could easily be provided to them. We have a lead member system on my Committee. Not every member will be expert on the finances of defence, but those who are, are very good at it. I know that in the room I have some people who are really hot on each subject each time, and others will pick up general issues. Not every member of the Committee will have to be hot on the numbers, but as long as we have a critical mass that is possible.

The other point is the desire of Government for scrutiny. Maybe even for the Procedure Committee this is a mountain too high to climb. I hope not. We need to be changing the culture, so scrutiny early on is good. Look at projects that have failed and Prime Ministers’ initiatives we have known and loved. Somebody must have got to Tony Blair when he said someone should be marched to a cashpoint and made to pay the fine on the spot. Presumably, someone told him it was not a very good idea; it was rather stupid and he should not do it. But we have had other proposals. IT for police officers was probably boiled down in a speech about BlackBerries for bobbies. Unfortunately, that literally got interpreted as BlackBerries for bobbies. They had a BlackBerry on their belt next to a phone, neither of which they probably answered much anyway.

Those things should have been properly scrutinised, but what happens is that sometimes announcements are made and the civil service has to backfill them a little. In order to please the powers that be—we heard some very interesting comments the other week by Sir Mark Sedwill about speaking truth to power—it ends up producing projects that are not always—

Q192 **Nic Dakin:** Your argument is that the current Committee structure could do that.



HOUSE OF COMMONS

Meg Hillier: Yes.

Q193 **Nic Dakin:** From listening to this, my observation is that the current Committee structure is not doing that.

Meg Hillier: It also requires Government to say they are willing to have this. That could be a push. We have seen Parliament strengthen its arm in recent weeks and months. If you were a Minister, you would look foolish if you came to the House or a Committee and were unable to answer questions, or were unwilling to put yourself forward. The problem is that the system of government means that the minute a civil servant gives advice to a Minister they cannot reveal it. In local government, it is the other way around; it is all done in public.

Let's be more open. If I had this chance again, I would open up this idea, get people to talk about it and things would improve. Very often, I was dealing with projects that got better only after they had been publicised and we had the time and space to adjust them, but sometimes you are rushing hell for leather for a deadline and you cannot change it and you are putting out a project that is not so good.

It is in Government's interest to be more open and it is in Committees' interest to take the long view. The other thing is that we do not sufficiently evaluate the work of Committees and their influence. I think Mr Wragg talked about the interesting thing in the moment. That can be tempting, but, if you are on a Committee for a number of years, in the end you can look back and say that it achieved x, y and z. We are doing a similar evaluation to the departmental Select Committees. That will be a longitudinal study; it will be my successor who sees the outcome of that. I think we should recognise that Select Committee work is not always in the immediate moment; it is in the long term, but we need that change in culture, which perhaps does not answer Mr Dakin's question.

Mr Betts: To follow that up, I started to think about where Meg and I could have done a little bit better. Meg is absolutely right; it is about Ministers wanting to engage. I come back to the voluntary right-to-buy scheme for housing associations. There are clearly political differences about the policy, but one thing the Committee focused on was whether the finances of that policy stacked up. We kept asking and asking, and could not get any answers. I do not know what more we could have done to ask the questions.

One problem on occasions is that departmental Ministers will say before a Select Committee, "It is a bit beyond my pay grade; it is a Treasury matter." You cannot get Treasury Ministers to come to a Select Committee; they will not come. We have just done an inquiry into high streets that involves business rates. The only way to get a Treasury Minister to come along on business rates was to do a bit of that inquiry jointly with the Treasury Committee. Then, the Treasury Minister would come. Scrutiny is held up by that because that is the way the



HOUSE OF COMMONS

Government resist. The departmental Minister says, "It is not my responsibility," and the Treasury Minister will not come.

Q194 **Chair:** Therefore, next time any departmental Select Committee invites a Treasury Minister and that Minister does not attend, we shall find out and require it.

Mr Betts: They will never come. That is my experience.

Chair: We need to sort that out. The Chief Secretary came to see us last week.

Q195 **Bob Blackman:** One of the objections to a Budget Committee is duplication and treading on the toes of a Select Committee. On the other hand, what we are hearing from other Select Committees, not Mr Betts's Select Committee, is that they do not have time to do the job. As I understand it—I have never served on your Committee—you tend to have rapporteurships or individual members doing inquiries and bringing it together. The Public Accounts Committee by definition goes all over the place; it covers all Departments. Could a solution be that Select Committees use the same tactic—individual members or groups of members on Select Committees inquiring into and accounting for particular aspects of expenditure? Could that model be rolled over into other Committees?

Meg Hillier: I would hope so, Mr Blackman. I have chaired a meeting of the Commonwealth Association of Public Accounts Committees. We have held sessions around the world on that. A number of Commonwealth Public Accounts Committees are now taking up what we call the lead member approach. It is not quite a rapporteur system. My worry is about duplication and it being said that Committees should not do this. Separating the money and policy is not such a good idea, because the two go very much hand in hand. I would give the example of the help-to-buy scheme. It crosses over between the Treasury and HCLG Committees. There were risks to that early on, but now we have the figures and can marry the policy with the money and draw conclusions on that, which would help to inform future policy as well.

The lead member system has worked very well for us. It means that when members come to certain meetings they are absolutely on it. They are preparing a good couple of weeks out and are doing other independent work. They are working together as teams, sometimes with me and sometimes not. Then we will plan the session accordingly. Other members are always welcome to come in, but they tend to leave the lead members to get on with it. Those lead members will have less onerous future meetings. It keeps attendance and workload manageable, but it means we have really got on it.

It might also be a way of selling it to other Committees. It does speed up our meetings because we can cut quite quickly to the chase; we are not having to grind through reports that have been less well read by some



members of the Committee, because the level of preparation of that lead member really works.

It also means that members have developed expertise in their area. Sometimes they have come in with no expertise and have developed it; sometimes they have come in with expertise and used it very effectively on the Committee. If I or they pick up something along the way, it can be quickly referred to. They will quickly tell me if they think that is on the button or they need to do more work on it.

That enriches our work incredibly and I would hope it keeps civil servants on their toes, but they will have to speak for themselves on that.

Q196 **Bob Blackman:** The other issue that I think most Select Committee Chairs have experienced is the turnover of members and, therefore, possibly a lack of ability to build up expertise to take this type of individual approach. What is your view on how that could be approached?

Mr Betts: I do not know. Since I came into the House, there are so many more PPSs around on both the Opposition and Government sides. People have so many other jobs and, therefore, members disappear from Select Committees probably more quickly than they would have done at one time. I think the Select Committee of which we are both members has had a reasonably stable membership over time. The two of us are probably lasting examples of that since 2010, but it is important to have a degree of stability and people build up the expertise. You rapidly get to a point, which I think is helpful in some respects, where you know a little bit more about the history and background than Ministers who come in front of you.

Bob Blackman: Absolutely.

Q197 **Alison Thewliss:** Mr Betts, I want to talk more about the upcoming spending review. I understand you are conducting an inquiry into that. The Chief Secretary to the Treasury saw that as a big opportunity for looking at this in the round. Will you tell me a little more about how you are intending to approach that? Will it be quite focused or broad?

Mr Betts: We are looking at the history of it: what happened to local authority spending and the demands on it in the previous spending review round, and where the pressure points are. We have already had evidence about adult social care and care for adults with disabilities. We are doing one on children's services, particularly on expenditure, and other areas.

We will collect that together and look at where we think the pressures will be in the next four years, how money might be raised and whether the current ways in which local authorities are able to get funds—their own ability to raise funds through council tax and charges and central Government grants and how they are delivered, including specific issues like public health grants and other things—are fit for purpose. That is how we will do it.



HOUSE OF COMMONS

We are drawing on past inquiries and working with other Committees. Cross-departmental issues are important. The Education Committee had guests on our children's services inquiry; the DEFRA Committee is having guests on our waste collection inquiry; and the Treasury Committee came to look at the business rate element of the high streets inquiry. The Treasury Committee is doing a separate inquiry into business rates as a whole, and it will then feed that evidence into our inquiry as well. There is a joined-up approach on the whole issue, which is a good idea. I am sure we will invite a Treasury Minister to come and give evidence. If we cannot get a Treasury Minister, I am sure we will be notifying this Committee of our problems.

Q198 **Alison Thewliss:** It felt to me quite disappointing that she rebuffed the idea that she should come to the departmental Select Committees.

Mr Betts: We have not got there yet, so let us be hopeful.

Q199 **Alison Thewliss:** It is for the Minister of each Department to take control of their budget. If somebody else controls the purse strings above that, there ought to be that accountability, too.

Mr Betts: I think that is right. There are so many different Government Departments having an input into local authority spending that you need that oversight for the Treasury Minister to come.

Q200 **Alison Thewliss:** I would agree with that.

As for improving the process of engagement with the spending review, what things would you like to see in terms of both Committee input and Government accepting that input?

Meg Hillier: We have produced a number of reports in the past year alone that highlight some challenges in the sustainability of local government funding—policing, health and education. That highlights quite important issues about the balance of funding and the achievement of and impacts on the stated outcomes of Government policy. If I were a permanent secretary with a free hand, I would be wanting to play into the piece. Obviously, you then have to deal with the Treasury and the amount of money available. Clearly, it is politics; there will be political decisions and balances to be made, but that has a role. It is not beyond the wit of the House to have a system where we look at it properly. We are getting better at looking at estimates. I think we would agree there is still some way to go. We need to support Members and increase their financial literacy so that, when they come here, early support and development is available. We do not really do good professional development for Members, and not everyone comes in with that skill.

We could also make sure we look at the whole of Government accounts, which are a far better and more accurate record of what Government spend than the Budget. We tend to focus a lot on the Budget. It is a bit of a set piece and theatre in the House, but I recommend that you look at the whole of Government accounts. Everyone makes the same face as



HOUSE OF COMMONS

the Chair, but they are basically the household accounts of the country. We find it a fascinating session, but it should not just be us who look at it; it should be a reference document for every Committee.

Perhaps I may finish on resourcing. The National Audit Office is there to resource all of us. It can go through accounts and support Committees; it does not just look at things retrospectively. It will happily talk to a Committee about the current spending plans of a Department. It signs off those accounts in the summer, so they are available to all of us. Each member of my Committee takes at least one set of accounts away over the summer and reads them—the joys of being on the Public Accounts Committee—and they are interesting.

Other bits of resourcing are available. We now have a scrutiny unit doing some very useful work for us, but perhaps a starting point would be to look at the resourcing already available within Parliament and see how well that is being used. How many Members are aware of it? How many Committees are using it? We can see whether that can enhance the work Committees are already doing and support them better, and whether perhaps it leads to some improvement, and then we can consider future options.

Q201 **Chair:** I think that what we really need is a Budget Committee of nerds, spods and anoraks, who love numbers but do not much fancy appearing in front of TV cameras, to get under the hood of what Government, the Treasury and Departments are doing.

You have been very forthcoming and open witnesses. Meg, I do not know why you would want to give up being one of the most powerful people in the House of Commons to become a Minister, for crying out loud.

Meg Hillier: I was not saying that; I said, “if I were a Minister.”

Chair: Clive, what you said about Treasury Ministers being very reluctant to appear before Select Committees is interesting. We will have to take a look at that as part of this inquiry.

Beyond that, we have detained you long enough. It is always nice to see fellow Select Committee Chairs. Meg, as I say, you chair the second most important Select Committee in the House of Commons. The Procedure Committee is the most important. Thank you very much.