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Dear Ms Hillier

Control totals breached due to the impact of COVID-19

The response to the coronavirus pandemic has required government departments to redirect resources at very short notice to address new and urgent needs. This unexpected pressure, coming so close to the financial year end, has unfortunately led several departments to breach control totals agreed for 2019-20.

As it became clear that essential expenditure on the COVID-19 response would cause some departments to breach, or risk breaching control totals, HM Treasury provided guidance on how to manage this. Some Accounting Officers sought directions from their ministers to proceed with urgent spending which might breach the department's control total. For other departments, the risk of a breach was due to indirect effects or other factors over which the Accounting Officer had no control, and therefore a request for a ministerial direction would have served no purpose.

Departments are now preparing their 2019-20 annual reports and accounts. As the Chief Secretary to the Treasury informed you in his letter of 4 May, HM Treasury has deferred the administrative deadline for those records to be laid before Parliament from 30 June to 30 September 2020.

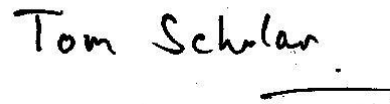
Developing the annual report and accounts involves considering areas of uncertainty on issues such as accounting judgements, valuations, or how and when to recognise a liability. As these matters are resolved, further control total breaches may come to light that are also due to the impact of COVID-19.

These are likely to be varied. Some will be caused directly by the response to COVID-19, and others by indirect effects of the virus such as the impact on valuations. The scale as well as the nature of the impact will be different for different organisations. The important shared characteristic, however, is that none of these breaches would have occurred without the global coronavirus pandemic.

When all departments have finalised their accounts, I will send the Committee a summary of all the COVID-related control breaches. In the meantime, departments will continue to notify their own select committees and the Public Accounts Committee of any breaches.

This process will not cover control total breaches that are not caused by COVID-19. Departments with breaches in 2019-20 that are not caused by COVID-19 will continue to notify Parliament in the usual manner.

I hope that this approach will ensure that Parliament is fully informed of the implications of COVID-19 for spending control across the public sector for the financial year 2019-20.

A handwritten signature in black ink that reads "Tom Scholar". The signature is written in a cursive style and is underlined with a single horizontal line.

Tom Scholar