Public Accounts Committee

James Bowler CB
Permanent Secretary
HM Treasury

By email

27 April 2026

Treasury Minute response – Government services: Generating income

Dear Permanent Secretary,

Thank you for your response to the Committee's December report on generating income from government services. We welcome your commitments to improve support for fee charging bodies and to streamline the process for amending fees.

However, the response does not adequately address several core issues.

Regarding recommendation 2, we asked for a structured annual review cycle and targeted deep dives for services with poor cost recovery. We note HM Treasury's view is that such a cycle is too frequent. We are not persuaded that reliance on Spending Reviews and updated reporting guidance provides a credible alternative. As we heard in the evidence session, the Spending Review is already the Treasury's main control mechanism; without an additional systematic cycle, there is no clear reason to expect improved performance on cost recovery or oversight. Please provide greater detail on how your approach will deliver the deeper, more consistent scrutiny that we consider necessary.

Recommendation 4 highlights a strong case for clearer, standardised reporting for transparency. While we welcome the intention to align FReM with Managing Public Money, the proportionality reasons given for not making further improvements do not address our core concern: unclear information on fee costs, cross-subsidies and cost recovery targets and variances erodes public trust and weakens accountability. We would welcome a fuller explanation of how you will provide Parliament with the information required.

Finally, recommendation 5 on efficiency incentives, we note the reference to 5% savings and the ability to recognise efficiencies in fee charging services. However, your response appears to conflate identified efficiencies with delivered efficiencies, and it does not provide examples of improvements achieved in fee charging services specifically. Given the long-standing productivity challenges across such services, we would welcome further clarity and supporting evidence on how current incentives operate in practice.

I would be grateful if you could write back on these points by **Wednesday 27 May** setting out the concrete steps the Treasury will take to strengthen oversight, transparency and incentives across fee charging services.

I am copying this letter to the Comptroller and Auditor General and to the Treasury Officer of Accounts.

Public Accounts Committee

Yours Sincerely

Sir Geoffrey Clifton-Brown
Chair of the Committee of Public Accounts

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