HM Treasury

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Dame Meg Hillier MP
Chair of the Committee of Public Accounts
House of Commons
London
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[By email]

23 December 2021

Dear Dame Meg,

MONITORING THE COST OF CROSS-GOVERNMENT PROGRAMMES

In its report *COVID-19 cost tracker update* (Session 2021-22), the Committee of Public Accounts (PAC) recommended that "by the end of the year, the Government should write to us and explain how it will monitor the costs of other large cross-government programmes that would benefit from an approach similar to the cost tracker, for example, the drive to achieve net-zero greenhouse emissions, and the ongoing costs of EU exit". This letter responds to that recommendation.

The government is committed to transparency in public expenditure, and publishes a wide range of data covering spending already incurred, and plans for future spending. This includes:

- Public Expenditure Statistical Analysis (PESA), which reports a range of information for all public spending, breaking expenditure down into departmental budgets, economic category, functional categories and country and regional analyses;

- thematic funding data reported in the Budget and Spending Review documents. For example, the Autumn Budget and Spending Review 2021 document included summary tables and detail on net-zero and COVID-19 funding;

- the GMPP, which ensures robust oversight of the government's most complex and strategically significant projects and programmes. This is managed by the Infrastructure & Projects Authority (IPA). The IPA publishes an Annual Report on major projects, which includes specific information on all GMPP projects, such as on whole life costs and delivery confidence assessments; and

- departmental reports and accounts, where departments can be asked by the Treasury to provide additional data beyond that required by statute in the audited accounts. For example, in 2019-20, departments were requested to provide information on public expenditure on preparations for EU exit. The report accompanying the Whole of Government Accounts will bring this together in a summary table.

The government also reports costs in other ways. For example, in September 2021 the latest iteration of the National Infrastructure and Construction Pipeline was published, setting out plans for nearly £650 billion of public and private investment across the UK in the coming years. This provides Parliament and the public with additional clarity on the government's infrastructure investment decisions, as well as giving businesses the confidence to plan and invest.

In the PAC hearing on 17 November 2021, I said that the Treasury would reflect further on future plans for publishing information on the public expenditure cost of COVID-19, in light of the Committee's views.

The National Audit Office (NAO) has published its COVID-19 cost tracker three times, in September 2020, January 2021 and May 2021. It plans to publish another iteration of the cost tracker in Spring 2022. As with previous iterations, the Treasury will support the NAO and other government departments to provide additional assurance as to its completeness and accuracy. The NAO said in November that the next update of the cost tracker, in Spring 2022, was expected to be the final one, since most of the measures currently reported in the cost tracker were expected to have been completed or to be near to completion. Since then, the emergence of the Omicron variant has introduced new uncertainty as to the future path of the pandemic. The NAO will no doubt factor this into their plans for the cost tracker update, and the Treasury will discuss this further with them.

The Treasury recognises the helpful role the cost tracker has played in improving transparency on the cost of COVID-19, as the definitive source of information on the public expenditure costs. Beyond its work to support the NAO on the cost tracker, the Treasury will conduct a routine review of material changes to the estimated costs of these measures and provide public updates. These will include updates to the estimated lifetime cost of loans, as estimates around the level of write-offs are revised, and updated costs for some public services measures, where these can be reliably attributed to COVID-19.

I am copying this letter to the Comptroller and Auditor General.

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