



Treasury Committee

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Sir Tom Scholar
Permanent Secretary, HM Treasury
1 Horse Guards Road
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15 December 2021

Dear Sir Tom,

Work of the Treasury session follow-up

Thank you to you and your colleagues for appearing before the Committee on the 1 December 2021. We would be grateful if you could respond to the following questions, some of which Members asked you to respond to in writing during the session (as indicated by *).

Staff issues

1. *In 2020-21, there were seven exit packages in the HM Treasury group exceeding £100,000, compared to three in the previous year. Why has there been an increase this year?
 - How are exit packages calculated? How do exit packages, in terms of size and volume, in the Treasury compare to other departments?

Improving the financial capacity and capability of the Department of Health and Social Care

2. *How is the Treasury working with the Department of Health and Social care to improve its financial capacity and capability?
3. In a letter to me dated 1 April 2021, the former Chief Secretary to the Treasury stated that greater external scrutiny, better information sharing and embedding HM Treasury and Cabinet Office officials into internal processes in spending departments are areas for improvement, that could have helped better value for money decisions being made in a crisis. What has the Treasury done since then to make sure that these improvements are made?
4. Is there any truth to press reports that Vaccine Manufacturing Innovation Centre (VMIC) in Harwell is due to be sold, and that Government officials are examining bids? Has the Treasury been involved in discussions about this decision? If so, has the Treasury assessed the wider impact of the sale including the potential reduction in the UK's vaccine manufacturing capability?

Outcome Delivery Plans

5. In the Autumn Budget and Spending Review, the Treasury published a list of priority outcomes and metrics for departments which also feature in departments' new Outcome Delivery Plans. What role did the Treasury have in reviewing the Outcome Delivery Plans of other departments, and can you give examples of how the priority outcomes and metrics guided or informed the Treasury's budgeting decisions in the latest Spending Review?
6. Will Treasury spending teams be involved in the monitoring of priority outcomes and metrics in other departments? What are the respective responsibilities of the Cabinet Office, the newly

established No 10 Delivery Unit and the Treasury in monitoring delivery of Government departments' Outcome Delivery Plans?

7. Departments have had Structural Reform Plans, Single Departmental Plans and now Outcome Delivery Plans. How are Outcome Delivery Plans different to what has gone on before?

EU Financial Settlement

8. In HM Treasury's Annual Report and Accounts 2020-21 (p135), the Comptroller and Auditor General notes that the data available to the Treasury in estimating the value of assets and liabilities in the EU Withdrawal Settlements payments "has limitations that require management to make significant judgements". Are you receiving sufficient information from the European Union to make judgements about the amount of the EU Withdrawal Settlements payment?
 - In the letter from the Chief Secretary to the Treasury to the Chair of the European Scrutiny Committee of 8 December 2021, it states that the Treasury has agreed at a technical level a process for handling required adjustments to future invoices which rely on unaudited data. Please could you provide us with the details of this process?
9. When will the Treasury have more certainty about the total sum owed to the EU from the EU Withdrawal Settlement?
10. In its Annual Report and Accounts (Sensitivity Analysis: EU Financial Settlement – p 189), the Treasury has reported that the exchange rate exposure risk on the EU Withdrawal Settlement payments is high but is un-hedged. What consideration did the Treasury give to hedging the exchange rate exposure risk on the EU Withdrawal Settlement payments, and why did it choose not to do so?

Green gilts

11. *In your oral evidence (Q84), you referred to the fact that people are prepared to pay more for green gilts than general gilts. What is that so called "greenium" and how much has this saved the Treasury?
12. *Which projects have the proceeds from the sale of the green gilts been allocated to?

IMF Special Drawing Rights and Overseas Development Assistance (ODA)

13. On 2 August 2021, the IMF Board of Governors approved a general allocation of \$650 billion worth of Special Drawing Rights (SDRs) to serve as "a shot in the arm for the global economy at a time of unprecedented crisis". Can you clarify what amount of SDRs the UK Government has drawn down from the IMF and what it intends to do with them? Does the Treasury lead on how SDRs are used?
14. Will the UK include the lending-on of SDRs, including amounts loaned to the IMF Poverty Reduction and Growth Trust fund, as part of its ODA? If so, does that mean UK will reduce its funding to other programmes as a result of receiving its SDR allocation from the IMF?

In line with its usual practice, the Committee intends to publish this letter, and in due course, your response.

Yours sincerely,

A handwritten signature in blue ink, reading "Mel Stride".

Rt Hon. Mel Stride MP
Chair of the Treasury Committee