

BACKGROUND BRIEFING ON HM TREASURY GROUP SPENDING OVER £25K

HM Treasury is publishing spend over £25k, whilst some departments are publishing everything over £500

The Prime Minister's commitment was to publish spending above £25k for central government departments. A small number of departments have chosen to publish at a lower cut off point of £500.

Which entities does the publication cover?

HM Treasury publishes data for all organisations within the Treasury Group (HM Treasury, the UK Debt Management Office and the Asset Protection Agency), as well as UK Financial Investments Ltd whose net admin costs are all recharged to HM Treasury.

How is the £25k applied?

All payments over £25k are extracted each month from the accounting system. If VAT is irrecoverable, this is included in the amount disclosed. Individual line items may be less than £25k where the payment is allocated to the appropriate account codes and cost centres - e.g. one payment for £35k may be split across three account codes, each of which could be under £25k. Where a payment has been allocated out in this way, they are identifiable by the same transaction number.

Is this everything? What is not included in this list?

In line with other departments, HM Treasury Group has redacted some items in line with exemptions which can be applied under the Freedom of Information Act 2000. For example, the Act permits withholding information where there are commercial sensitivities around release. This could be either where a supplier has not given consent to publication (though all future contracts will seek a disclosure clause), or where disclosure of the amounts paid could prejudice either the Department or the supplier in future contract bidding or negotiations.

There is a significant amount of ICT and consulting spend. How is this possible when there is supposed to be a freeze?

Where contracts have been entered into post "freeze", these exceptions will have been approved by HMT Ministers in accordance with internal procedures and Cabinet Office /Efficiency Reform Group guidelines.

Are all the financial stability consulting fees being recouped from the banks?

A significant proportion of our Financial Stability consultancy fees are indeed recoverable.

Further detail on costs and recoverability is provided in the 2009 - 2010 Resource Accounts (note 7.3) and shows that in that year we incurred £66m of fees and recovered £58m.

APA costs are all recovered from RBS. Costs incurred to date re Northern Rock and Bradford and Bingley (various suppliers) for consultancy services may also be recoverable.

Government Procurement Card

The Card is the method of payment for low value goods and services in HM Treasury. Use of the GPC will reduce the department's processing costs, and ensure our suppliers receive payment more quickly.

It also allows cardholders to buy what is needed within usage policy, without any delay in the ordering process. The GPC scheme is being used by a number of Government Departments.

A GPC can be used for individual purchases up to £2,500 and is restricted to certain categories of merchants. There are also several controls in place to ensure that the card is not misused:

- each transaction must be reviewed by the card user and then submitted to their BLO/Finance Officer for approval
- all receipts are then sent to Accounts Payable and again checked to ensure that each transaction is in line with the GPC Guidance
- there are also periodic reviews by internal audit in accordance with their audit plan for the year

RBS lodge card

Carlson Wagonlit Travel (our travel services suppliers) has an RBS bank debit card which is used to take payments for travel bookings made by HMT staff. This is a common practice across government to ensure prompt and efficient payments to regular suppliers.

All travel bookings are made in line with HMT Group Policy. This policy was revised in July 2010 to reflect changes in first class travel and other restrictions on this area of discretionary spending.

Taxi charges

Use of taxis is not an entitlement and official journeys should be made by public transport, particularly in London. Taxi fares may be claimed where no suitable public transport is available, where travelling in an unknown locality, public transport is infrequent or where the saving in official time is important. Use of a taxi must be pre-authorised by the Line Manager who should ensure that these conditions are met and that the reason for the use of a taxi is included by way of a note on the relevant line in iExpenses. Only in exceptional circumstances, such as an urgent, unplanned, need for late working, may retrospective approval be obtained from the line manager.

Taxi fares may also be reimbursed to or from home to or from the office where the journey is either early in the morning (before 6.30am) or late at night (after 10.00pm) and alternative methods of public transport are not available, for reasonable adjustment cases, welfare reasons and issues of personal safety.

DMO banking charges

The Bank of England costs incurred by the UK Debt Management Office (DMO) relate to the DMO's daily debt and cash management activities alongside other activities within the financial markets. The costs largely relate to settlement costs for financial markets transactions undertaken and associated custodian charges.

Bank of England charges

Bank of England handles the banking transactions for the Consolidated Fund and National Loans Fund for HM Treasury. We are charged quarterly in arrears.

Royal Mint charges

These costs represent charges for the manufacture of coinage and the cost of metal.

Exchequer Partnership charges

The 35 year Exchequer Partnership PFI contract was signed in 2000. The NAO looked at the deal in 2001 focusing on the funding competition used in this contract, and found that this achieved a saving of £13mn over the life of the contract when compared to the payments offered prior to the completion. Any scope for operational savings is through the 'soft services' elements of the contract (catering, cleaning etc) which are all subject to 5 yearly market testing, thereby ensuring value for money continues to be achieved.

Within the contract, we also pay for "service charges" which are for demand-led facilities management service charges, such as postage, portorage, goods in/out etc, which are either charged at the point of use, or on a monthly/quarterly basis.

What is the "Work Place Optimisation Programme"

Following the Spending Review in Autumn 2010, the Treasury is considering its options for realising efficiency savings and increasing its ability to work effectively.

Treasury is running a project working towards increasing the number of public sector occupants, in addition to the Treasury, working in 1 HGR. Increasing the number of public sector occupants in 1HGR will enable the Treasury to share the costs of the building and ensure better value for money for the Exchequer.

This has the potential to enable the Exchequer to release or re-use less prime property for other purposes and assists in meeting government property targets.

Technological and workplace advances are changing the way the government uses its estate. Increasing the number of people working from 1HGR will ensure the building offers value for money to the Exchequer.

As Treasury does not have technical expertise in building projects, a framework tender was run for specialist expertise to be responsible for fully managing the transformation of the current workspace, and moves for current occupants. This will involve the supplier providing professional project delivery services including project integration, project management, workplace design, supplier management, technical advisory, quality assurance and business change management services. The supplier Turner & Townsend won this procurement.

The contract and tender have been published in line with government policy and best practice.

The Treasury project does not cover the 100 Parliament Street end of the building, which is covered by a separate PFI deal and occupied by HM Revenue and Customs.

Fujitsu / "Flex" charges

We make various types of payments to Fujitsu as part of the outsourcing arrangement. These include:

- Transformation milestone payments which vary in amounts month by month depending on the implementation milestones reached
- Monthly Service payments for Flex Confidential and Flex Restricted services.
- Payments for changes, relating to the work place optimisation programme (see above), e.g.office moves and new equipment for new tenants
- Costs relating to the upgrading of IT equipment

