Who finances the financiers?

Twenty years of HM Treasury resource accounts

Mario Pisani

Deputy Director, HM Treasury; Visiting Professor, King's College London

Version notes

This research was conducted during 2019 and 2020. This version of the paper is dated September 2020.

This research was first delivered as a lecture at the Institute of Historical Research (University of London) & Strand Group (King's College London) Institutions of British Government Research Seminar Series on 8 September 2020. It has also been delivered at a number of other private seminars.

Acknowledgements

I am extremely grateful to everyone who has supported me in researching this paper. In particular I would like to thank: Nick Macpherson for the original encouragement, discussion of potential topics and comments on the draft; Jon Davis and Martin Stolliday at The Strand Group at King's College London for their help, support and insight; Nick Hamill in the Finance team at HM Treasury for comments and helping me get hold of the resource accounts for the early years; Vicky Rock, Anna Caffyn, Simon Girdlestone, Huw Stephens, Jonathan Edwards and Rubeela Qayyum at HM Treasury for their comments; Zachary Booth, John Himpleman and Steven Melbourne at HM Treasury for access to data; Robert Stheeman, Jim Juffs, Jessica Pulay, Jonathan Cooper and Krislin Aedla at the Debt Management Office for comments and access to data; Richard McMeekin and Lewis Ahlquist at HM Treasury for help with data and calculations; Paul Fisher and Charlie Bean for their comments and insight into the Bank; Tom Scholar and his private secretary Milly Saunders, Clare Lombardelli and Tom Josephs for being such supportive managers and great leaders. Thanks to my wife Elizabeth and my children for their patience for the many evenings and weekends I spent working on this paper.

This lecture is delivered in a personal capacity and does not represent the views of HM Treasury or the UK Government. All errors and omissions are the author's responsibility.

Introduction

In the fifth season of the 1990s animated television series *The Simpsons*, episode 11 sees the town of Springfield struck by a very skilled burglar. Among other things, the criminal manages to steal Marge's pearl necklace and Lisa's saxophone. Homer decides to start a neighbourhood watch group to catch whoever is responsible for the burglaries. Homer being Homer, his group quickly starts abusing their powers, and turns into a bunch of vigilantes. Lisa then challenges Homer: "if you're the police, who will police the police?".

Lisa's comment can be traced back to the early years of the 2nd Century AD and the work of the Roman poet Juvenal. His original phrase "quis custodiet ipsos custodes" can be translated literally as "who will guard the guards themselves" and was originally used in a very different context. In its modern manifestation, the question has become "who watches the watchmen?" and is now used to describe the challenge of controlling those in a position of power.

Her Majesty's Treasury is the United Kingdom's economic and finance ministry. In the British system of government, the Treasury holds tremendous power. This power is primarily derived from the Treasury's role in allocating public finance across all government departments. So in this paper I will try to apply Juvenal's insight to the Treasury itself, and ask "who finances the financiers?".

I will answer this question by analysing the information contained within the Treasury's annual accounts. These accounts allow us to understand the full range of resources available to finance the activities of the Treasury. By this I mean not only the financial resources in the form of funding, expenditure, assets and liabilities, but also human resources, organisational culture and institutional partnerships. It is also a good time to do this, as last year marked 20 years since the Treasury started publishing audited resource accounts. And indeed the story of the Treasury between 1999 and 2019 is a tale of significant change coupled with surprising constancy.

This paper is divided into five parts. First, I will talk about what the Treasury is, and how that has changed since 1999. Second, I will explain how the Treasury has financed its activities over the past two decades. From this will follow, third, a look at the Treasury's core resource – its people. Fourth, I will examine the huge expansion in the Treasury's balance sheet since the financial crisis. And fifth I will conclude by looking at the financial relationship between the Treasury and two of its most important institutional partners in finance, the Debt Management Office and the Bank of England.

1. What is the Treasury?

The first part of this paper poses a rather straightforward question: what is the Treasury? Please take a second to think about it. I wonder what image came to mind. I imagine that for a lot of people, the Treasury conjures up an image of its current building, the Government Offices Great George Street, in particular the entrance on Horse Guards Road. It is a beautiful building, looking onto St James's Park. But it is not a location that the Treasury has

occupied for very long – in fact, that side of the building only became the Treasury's headquarters in 2002. For many, the Treasury is synonymous with its leadership. On the political front, this means the Chancellor of the Exchequer Rishi Sunak MP; on the official side, the Permanent Secretary, Sir Tom Scholar.[1] But more than a building or a person, the Treasury is a set of ideas. These ideas can be distilled into two central concepts: a common purpose and an organisational structure. And these, in turn, are the main elements of a coherent institution. I would like to take a few minutes to explore how these two concepts – the Treasury's purpose and the Treasury's structure – have evolved over time.

Let me start with the Treasury's common purpose: the administration of the government's finances. The history of this function can be traced back hundreds of years, with the official role of the Treasurer – or the person charged with administering the King's finances – reliably appearing in historical records since at least the early Norman period.[2] Since the Middle Ages, the Treasury's specific goals and delivery mechanisms have obviously changed hugely over the centuries, but the underlying purpose has remained broadly the same.[3] And that has continued over the past 20 years. The first set of resource accounts, for the year 1999-2000, set out nine objectives for HM Treasury. Over the twenty years that followed, the number of objectives decreased, to eight in the mid-2000s and then to three or four from 2008 onwards.[4] Table 1 shows a comparison between the nine departmental objectives from 20 years ago and the most recent set of Treasury objectives from 2018-19. While the number of objectives listed, and the language used, changed in that time, the substance is remarkably similar. There are some objectives about using tax and spending policies to ensure sound public finances (shaded grey). There are objectives about maintaining macroeconomic and financial stability (shaded blue). And there are objectives about increasing productivity and employment (shaded orange). In recent years, the annual report and accounts have also included a corporate objective – set by the department's management rather than its ministers – which sets out how the Treasury would like to manage itself as an institution (shaded green).

[1] Over the past 20 years there have been six chancellors: Gordon Brown, Alistair Darling, George Osborne, Philip Hammond, Sajid Javid and Rishi Sunak; and four permanent secretaries: Andrew Turnbull, Gus O'Donnell, Nicholas Macpherson and Tom Scholar.

[2] There are differing opinions about this. The Treasury's resource accounts for 1999-2000 explain that "the Treasury is a direct lineal descendant of the office of the Anglo-Saxon Treasurers". Others, such as Roseveare (1969) are very clear that the Treasury's origin can only be traced to the later Middle Ages, after the Norman conquest in 1066.

[3] In the 17th Century, the post of Lord High Treasurer was replaced by a commission, and the Treasury acquired legal powers over policy development, revenue raising and asking Parliament to supply funds – powers that it still holds today.

[4] As an aside, while the number of Treasury objectives has fallen over time, the number of pages in the annual resource accounts has increased significantly, from 36 pages in 1999-00 to 220 pages in 2018-19.

Table 1: comparison of Treasury objectives, 1999-00 against 2018-19

1999-00	2018-19
Maintaining sounds public finances in accordance with the Code for Fiscal Stability	*Placing the public finances on a sustainable footing, ensuring value for money and improved outcomes in public services*
Improving the quality and cost effectiveness of public services	
Promoting a fair and effective tax and benefit system	
Maintaining an effective accounting and budgetary framework […]	
Arranging for cost effective management of the Government's debt and foreign currency reserves and the supply of notes and coins	
Maintaining a stable macroeconomic framework with low inflation	*Ensuring the stability of the macro-economic environment and financial system, enabling strong, sustainable and balanced growth as we leave the EU*
Securing an efficient market in financial service and banking with fair and effective supervision	
Promoting international financial stability and the UK's economic interest and ideas through international cooperation […]	
Increasing the productivity of the economy and expanding economy and employment opportunities for all, through productive investment competition, innovation, enterprise, better regulation and employability	*Increasing employment and productivity, and ensuring strong growth and competitiveness across all regions of the UK through a comprehensive package of structural reforms, taking advantage of the opportunities provided by leaving the EU*
	Building a great Treasury, by creating a more open, inclusive and diverse department, underpinned by professionalism, skills and management excellence

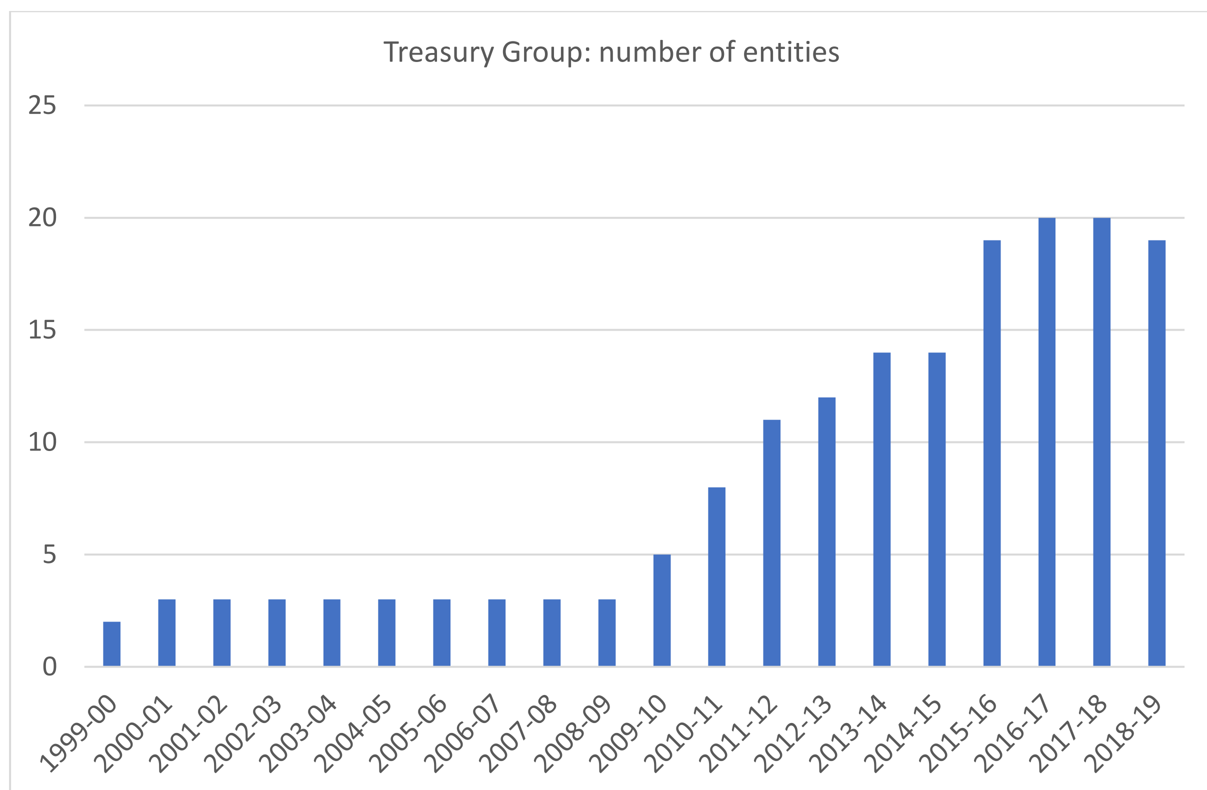
Source: HM Treasury accounts.

As well as a common purpose, the other thing that defines the Treasury as an institution is its organisational structure. In the period since the end of the second world war, the Treasury has seen recurring institutional reform.[5] Since 1999, the annual accounts have shown continued organisational change. One way we can see this by looking at the basis on which the accounts are consolidated each year. The thing to realise is that the accounts are

[5] In the 1940s, the Treasury was put in charge of economic coordination, which meant that its role expanded from that of traditional finance ministry to also encompass the role of economic ministry; in the 1950s, the Economic Section was transferred from the Cabinet Office to the Treasury; in the 1960s, the role of managing the civil service and its pay was transferred out of the Treasury and to the Civil Service Department; in the 1990s, responsibility for financial services regulation transferred from the Department for Trade and Industry to the Treasury, while operational responsibility for monetary policy was transferred to the Bank of England.

not about "the Treasury" but about "the Treasury Group". The Treasury Group is the parent entity comprising so-called "Core Treasury" – or the main department which most people think about when they think of the Treasury – as well as a range of other agencies and arms-length bodies. In 1999-00 the Treasury Group was relatively simple, it was made up of two organisations: Core Treasury and the Debt Management Office. As Chart 1 shows, the number of entities within the Treasury Group has expanded significantly since 1999.[6] As of last year's accounts, there were 19 different public bodies within the Treasury Group, down from a peak of 20 in the two years before that. As well as the Treasury Group expanding in terms of number of entities consolidated, there have been a number of major functional transfers since 1999, where a unit or function has transferred in or out of Treasury, for example as a result of machinery of government changes.[7]

Chart 1: number of entities consolidated within the Treasury Group 1999-2019



Source: HM Treasury accounts.

The Treasury Group today includes a whole load of different bodies with a surprising range of functions covered. As set out in Table 2, the 19 entities in the Treasury Group can be classified into two categories: "Core Treasury and Agencies" and the wider group. Some of these bodies have specific functions that are expected to remain part of the institutional

[6] In particular from 2011-12 onwards, following implementation of the Clear Line of Sight project, which aimed to achieve "better alignment between budgets, estimates and accounts and simplifying and streamlining government's financial reporting documents, thereby improving Parliament's ability to scrutinise planned and actual expenditure" and which led to the consolidation of a number of ALBs into the Treasury Group (HM Treasury, 2009).
[7] Examples of this include the transfers of the Prime Minister's Delivery Unit (from Cabinet Office to HMT in 2007) and PensionWise (from HMT to DWP in 2016).

architecture for the foreseeable future, such as the Office for Budget Responsibility (which is responsible for forecasting), or the Financial Services Compensation Scheme (which is responsible for compensating depositors in financial services firms). But others are expected to have more time-limited functions, such as UK Asset Resolution (which holds legacy banking assets acquired during the financial crisis).[8]

Table 2: entities in the Treasury Group 2018-19

HM Treasury Group 2018-19		
Core Treasury and Agencies	**Other entities**	
Core Treasury	Office for Budget Responsibility	Sovereign Grant
Debt Management Office	UK Government Investments Ltd (UKGI)	Royal Mint Advisory Committee
Office for Tax Simplification	UKGI Financing Ltd	Financial Services Compensation Scheme
National Infrastructure Commission	Infrastructure UK Investments Ltd	UK Asset Resolution Ltd
Office for Financial Sanctions Implementation	Infrastructure Finance Unit Ltd	Financial Reporting Advisory Board
Government Internal Audit Agency	Infrastructure UK Investment Holdings Ltd	HMT UK Sovereign Sukuk Ltd
	Help to Buy Ltd	

Source: HM Treasury Annual Report and Accounts 2018-19

Let me come back to the question of "what is the Treasury?" It seems clear that the Treasury's aim has remained remarkably constant, not only over the past twenty years but for decades before that. It is the Treasury's organisational structure which has seen almost continuous evolution. The Treasury Group of today, with its different agencies, bodies and companies, would probably seem almost unrecognisable to the Treasury officials of 20 years ago.

2. How is the Treasury financed? Follow the money

I would now like to turn to the second part of this paper and look at the question of how the Treasury has financed its operations over the past 20 years. This should be a simple enough question to answer. But it is not simple. Principally because there is no published time series which shows the amount of funding that HM Treasury has received each year for the past 20 years. You may find that surprising. But there are good reasons why. As we just saw, the Treasury Group, as a set of institutions, has changed enormously since the late 1990s. The way in which departmental budgets are managed has also changed in that time. And at various points in the past two decades there have been large one-off receipts and

[8] Other entities which have been part of the Treasury Group since 1999 but have seen been wound up or transferred elsewhere include: Office for Government Commerce, UK Financial Investments, Asset Protection Agency, Money Advisory Service, Infrastructure UK, Northern Rock Asset Management plc.

expenditures, which have distorted the Treasury's budget. Because of all these challenges, it is only by using 20 years of published accounts that it is possible to show how the Treasury has financed itself between 1999 and 2019.

It is worth clarifying upfront the difference between the Treasury financing itself and the Treasury financing the whole of government. While institutionally and operationally the Treasury has full control of "the Exchequer" – or the central funds that are used to manage the flows of government revenue and expenditure – in accounting terms they are separate. So while the Treasury is the financier, in the sense that they can decide how funds are allocated across government, the funds themselves do not flow through the Treasury's accounts, but through the accounts of a number of central funds, such as the National Loans Fund and the Consolidated Fund.[9]

The starting point, the place where most people would look first, is the annual Treasury publication *Public Expenditure Statistical Analyses* or PESA.[10] This is a rich publication with lots on information regarding public spending. One way in which it presents information is according to the budgeting framework, or in other words data on each department's resource and capital budgets as approved by Parliament.[11] And indeed the latest relevant publication – PESA 2019 – shows the Treasury's resource budget for 2018-19 and the preceding four years, so that is five years in total. You can trace this series back through past PESA publications. But not for long. Before 2016 a different definition was used: HM Treasury was included as part of the "Chancellor's Departments", which comprised the Treasury, HM Revenue and Customs, and National Savings & Investments. Between 2010 and 2015 the publication does include a breakdown of the Chancellor's Departments showing separate data for HM Treasury, but there is no such breakdown in the years before then. So PESA only provides an incomplete picture of the Treasury's spending. An alternative source could have been past spending review publications, but the problem with that approach is that the data would have been based on planned expenditure rather than actual outturn. Instead, one can use the Treasury's annual resource accounts, because each year's publication sets out the actual expenditure incurred in the preceding financial year.[12]

As shown in Table 3, in 1999-00 the Treasury's resource spending was £266m, and then £274m and £235m in the two years that followed. It was around this time that the budgeting regime changed to differentiate between two different types of public spending, the so-called "DEL and AME". Let me explain: DEL stands for *Departmental Expenditure Limit* and covers all administration and programme spending which can be reasonably controlled;

---

[9] A longer list on the central funds includes the National Loans Fund, Consolidated Fund, Contingencies Fund, Exchange Equalisation Account, Debt Management Account, among others. The accounts are available online at www.gov.uk and make for interesting reading.

[10] HM Treasury, various years.

[11] The alternative framework looks at expenditure on services, and provides data broken down into functions (defence, health, etc) and economic category (pay, procurement, etc). In this framework HM Treasury's expenditure is grouped with that of other departments and bodies under the function "economic affairs".

[12] Throughout this paper, when referring to figures from any given set of accounts, the first outturn figure is used: for example, a figure for outturn in 2005-06 will have first been reported in 2006 when the accounts for the previous financial year were published. No effort is made to make figures comparable across time (for example by looking at restatements of previous years or adjusting for functional changes).

AME stands for *Annually Managed Expenditure,* which is spending that is less predictable and controllable than DEL spending.[13] And indeed, from 2002-03 onwards the Treasury's resource budget is reported using this split. This shows that, up to 2007-08, the Treasury's DEL budget ranges between £167m and £212m, while the AME budget ranges between £24m and £192m. The capital budget is small compared to the resource budget,[14] with the one exception of the Treasury's decision to refurbish its building and relocate headquarters using a 35-year PFI contract.[15]

Table 3: resource spending, outturns, HM Treasury

Year	Resource	DEL	AME	Year	DEL	AME
1999-00	£266m			**2009-10**	£220m	-£27,630m
2000-01	£274m			**2010-11**	£182m	-£10,021m
2001-02	£235m			**2011-12**	£160m	-£18,404m
2002-03		£167m	£192m	**2012-13**	-£175m	-£18,321m
2003-04		£183m	£109m	**2013-14**	-£253m	£6,268m
2004-05		£168m	£99m	**2014-15**	£125m	-£49,810m
2005-06		£212m	£84m	**2015-16**	£137m	-£13,815m
2006-07		£202m	£29m	**2016-17**	£159m	-£25,458m
2007-08		£201m	£24m	**2017-18**	£226m	-£679m
2008-09		£200m	£42,103m	**2018-19**	£246m	-£15,278m

Source: HM Treasury accounts.

It is after the financial crisis of 2008-09 that things get complicated. As Table 3 shows, from that point onwards, the Treasury's budget becomes a lot larger and more volatile. This is particularly the case for the AME budget, which increases from millions to billions, and ranges between £42bn in 2008-9 and minus £49bn (so negative expenditure) in 2014-15. The capital AME budget also expands dramatically: as recently as 2006-07 the annual accounts declared that "HMT Group has no capital AME"[16] – two years later in 2008-09 capital AME spending reached £85bn. The reason for these huge increases in spending are apparent: they are the consequences of the financial stability interventions that the Treasury took during the financial crisis. These interventions included, among other things, the purchase of shares in large UK banks, the provision of loans to firms in distress, and in some cases outright nationalisation. This means that, from that point onwards, the biggest single items in each year's accounts involve assistance to financial institutions, financial stability interventions, or resource transfers with UK Asset Resolution (which as we saw in

---

[13] For more detail see the glossary in Annex G or similar of PESA publications.
[14] This is the case in both DEL and AME spending.
[15] In the summer of 2002 the Treasury moved to newly-refurbished headquarters in 1 Horse Guards Road, London SW1, where it still resides today. This is the west end of the Treasury's previous building, which was known as Government Offices Great George Street (or GOGGS). This was a 35 year public finance initiative (PFI) contract, which had a number of impacts on the resource accounts for 2002-03: (1) an increase in tangible fixed assets (to reflect the higher value of the building following its refurbishment); (2) an increase in liabilities due to the creditor (payable) due over the period of the contract; (3) a one-off increase in operating costs (which impacted resource and administrative spending) to reflect the difference between the asset and the liability.
[16] Annual Report and Accounts 2006-07, p88.

the previous section, became a Treasury Group entity in 2013-14 and is charged with managing certain assets acquired during the financial crisis). A detailed dissection of the financial implications of the banking crisis is beyond the scope of this paper. But it is a fascinating topic – which others have tackled with great insight[17] – and for the aficionados I can recommend the detail set out in successive annual report and accounts from 2008 onwards.

How can we abstract from the distortions created by the financial crisis interventions? Looking at the Treasury's DEL spending in isolation does show a less volatile picture, but it is also not completely free of distortions. For example, between 2012 and 2014 the Treasury recorded significant negative spending within DEL, primarily due to income from misconduct fines imposed in the wake of the LIBOR and FX scandals.[18] Across both AME and DEL there is a bit too much noise in the data to be able to answer the question of how the Treasury funded itself – rather than how it funded its policies. But there is a way. The annual accounts also set out, each year, how much of the Treasury's spending went on so-called administration costs. This is defined as "the costs of running a central government department … that do not relate to the delivery of front-line services."[19] It is primarily made up of pay for the department's civil servants, as well as accommodation and other administrative expenses. It is therefore the closest thing to something that will help us understand how the Treasury itself is financed.

Table 4 shows administration costs for HM Treasury between 1999 and 2019. The data covers both the Treasury Group and Core Treasury – but it is worth remembering that the definition of both of these groupings has changed over the two decades. With the exception of 2002-03 (when costs increased as a result of the PFI contract on the main Treasury building), administration costs for the Treasury Group have never exceeded £200m per year. Most frequently, admin costs have come in somewhere between £120m and £170m per year. For the Core Treasury, costs have only once exceeded £150m and have most frequently been between £100m-£130m. The key point here is that administration costs are remarkably less volatile than the wider definitions of Treasury spending (in DEL and AME), because it takes out the financial impact of the Treasury's various policies over this time.

[17] See for example *Crisis and consolidation in the public finances* by Chote & Riley (Office for Budget Responsibility, 2014).

[18]The fines were imposed by the Financial Conduct Authority and the Prudential Regulation Authority for a number of breaches, but primarily on the back of the LIBOR and FX scandals. Not long before, the government made a change to require financial services regulatory fines to be paid to the Treasury (see HM Treasury accounts for 2013-14 and 2014-15 for example).

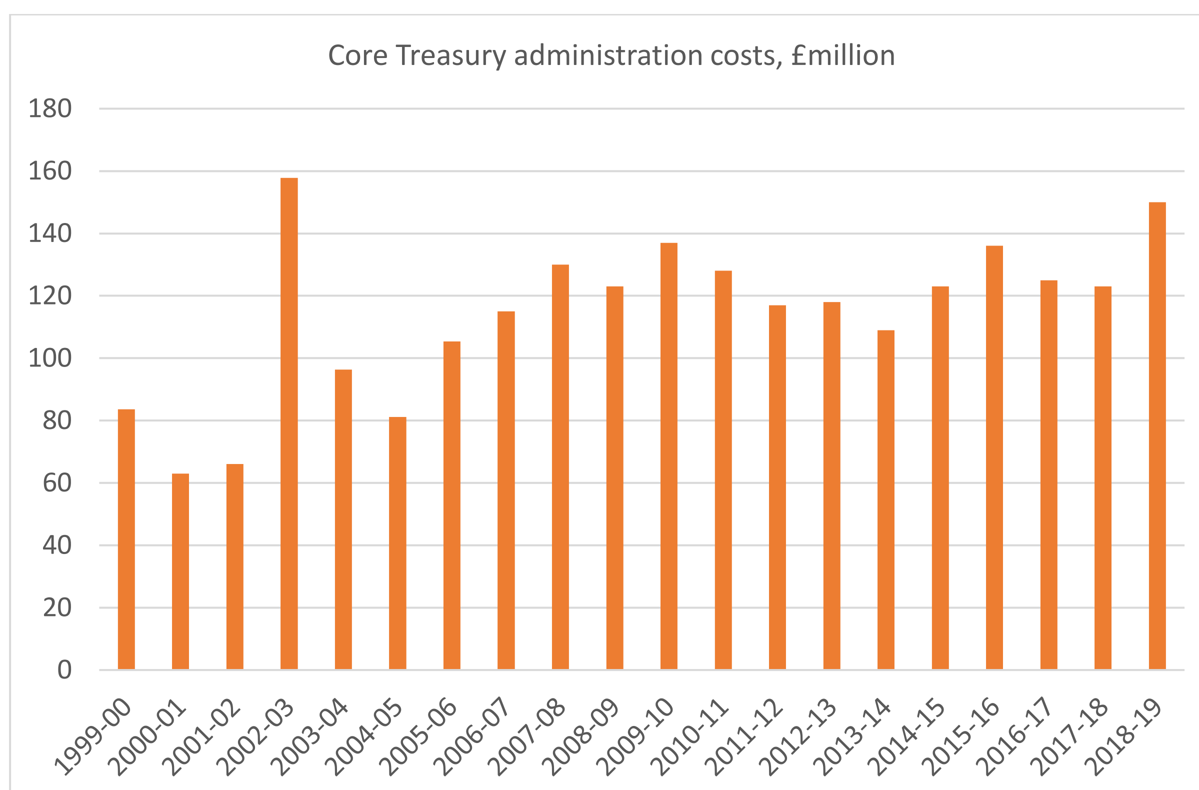
[19] PESA, Annex G. Data from the annual accounts uses "net administration costs", defined as administration costs net of administration income.

Table 4: administration costs, outturn, HM Treasury

Year	Treasury Group	Core Treasury	Year	Treasury Group	Core Treasury
1999-00	£89m	£84m	**2009-10**	£173m	£137m
2000-01	£88m	£63m	**2010-11**	£139m	£128m
2001-02	£105m	£66m	**2011-12**	£131m	£117m
2002-03	£202m	£158m	**2012-13**	£135m	£118m
2003-04	£136m	£96m	**2013-14**	£127m	£109m
2004-05	£123m	£81m	**2014-15**	£142m	£123m
2005-06	£157m	£105m	**2015-16**	£141m	£136m
2006-07	£155m	£115m	**2016-17**	£160m	£125m
2007-08	£160m	£130m	**2017-18**	£165m	£123m
2008-09	£154m	£123m	**2018-19**	£186m	£150m

Source: HM Treasury accounts.

Chart 2: Core Treasury administration costs 1999-00 to 2018-19



Source: HM Treasury accounts.

We can also look at how the change in the Treasury's administration budget compares with growth in the rest of the public sector and the wider economy. The answer is: pretty favourably. As set out in Table 5, the increase in administration costs between 1999-00 and 2018-19 was equivalent to total growth of 79%, which equates to average annual growth of 3.1% per year.[20] In the wider public sector, over the same period, total managed

[20] Compound annual growth rate.

expenditure grew by 127% or average growth of 4.4% per year.[21] Over the same 20-year period, nominal GDP grew by 104% in total or 3.8% per year on average.[22] Another way to present this is by deflating Core Treasury administration costs, to calculate the real terms growth rate.[23] This shows that administration costs grew by 23% over the 20 year period, or real annual growth of 1.1% on average.

Table 5: growth in Core Treasury administration costs, compared to growth in aggregates

Growth rates 1999-00 to 2018-19	**Total growth**	**Annual growth**
Economy (nominal GDP)	104%	3.8%
Total managed expenditure	127%	4.4%
Core Treasury administration costs	79%	3.1%
Core Treasury administration costs, in real terms	23%	1.1%

Source: HM Treasury accounts.

To bring this all together – and answer the question of how the Treasury has financed its operation in the past two decades – we need to look through the vagaries and distortions inherent in the reporting of public spending. We are able to do this by focusing on the Treasury's administration costs. My main insight is that, despite the long time period covered, how much the Treasury has evolved as an institution, and the policy interventions undertaken, there is a remarkable degree of constancy when it comes to the cost of running the Treasury.

3. Who are the financiers? People at HM Treasury

Moving on to the next part of this paper. In the words of one of a former Treasury Permanent Secretary, "the Treasury is only as effective as the people within it".[24] So in this section I will look at the Treasury's single biggest cost driver – its people.

Let us take a recent year for illustration purposes. In 2018-19, staff costs at Core Treasury amounted to £125m, compared to total net administration costs of £150m. In that year, the Core Treasury group employed 1,447 staff, of which 113 were members of the Senior Civil Service. As Table 6 shows, the number of people employed at HM Treasury has fluctuated over the years. In most years, staff totals have ranged between 1,100 and 1,300 staff. In the earlier years, 1999 to 2002, a smaller Treasury had fewer staff; in recent years and during the financial crisis, the number of employees has grown higher, as a result of the significant pressures placed on the department when facing such significant policy challenges.

[21] PESA 2019, table 4.1. The public spending function knowns as *Economic affairs*, and which includes HM Treasury among many other departments, grew by 179% or an annual rate of 5.6% (PESA 2019 table 4.2).
[22] Data from PESA 2019, annex F.
[23] Deflated into 2018-19 prices, using the GDP deflator from PESA 2019 annex F.
[24] Macpherson, 2013.

Table 6: Treasury staff[25]

Year	Core Treasury	Senior Civil Servants	Year	Core Treasury	Senior Civil Servants
1999-00	848	n/a	**2009-10**	1,350	n/a
2000-01	847	n/a	**2010-11**	1,249	126
2001-02	991	n/a	**2011-12**	1,178	112
2002-03	1,051	n/a	**2012-13**	1,133	93
2003-04	1,108	n/a	**2013-14**	1,091	86
2004-05	1,133	n/a	**2014-15**	1,140	86
2005-06	1,173	n/a	**2015-16**	1,297	94
2006-07	1,207	n/a	**2016-17**	1,228	96
2007-08	1,136	109	**2017-18**	1,328	101
2008-09	1,243	n/a	**2018-19**	1,447	113

Source: HM Treasury and Debt Management Office accounts.

The annual accounts also reveal interesting information about the Treasury's senior civil servants. The data is available for most of the past 10 years. Again, we see a remarkable degree of stability, with the senior civil service at Treasury ranging between 90 and 120 members since 2007-08.[26] There have in recent years been some who question whether the proportion of senior to total staff is appropriate for a department with such critical central responsibilities as HM Treasury.

Another interesting insight from the annual resource accounts is the data on staff turnover. This is a well-known Treasury issue. It became especially prominent in 2012, when the then Director General Sharon White undertook a review of the Treasury's response to the financial crisis.[27] She identified high staff turnover as one of the organisational challenges affecting the Treasury's capability to manage the financial crisis. In the run up to the crisis, the turnover rate had fluctuated around 25%, peaking at 38% in 2008. Since then, in the past 10 years, staff turnover at Treasury, as recorded in the annual accounts, has ranged between 21% and 25%, with the exception of the year 2015-16 when it dropped to 13%. While lower than pre-crisis, the turnover rate is still high by Whitehall standards, and the source of some concern among commentators who believe it may lead to higher costs and inefficiencies.[28]

A lot of people leave Treasury each year, for sure, but they are not all leaving because they do not enjoy it there. The annual accounts also report key results from the annual civil-service-wide people survey. This is a huge effort, first launched in 2009, and which in recent years has seen over 300,000 civil servants take part. The main metric that people look at is the so-called *employee engagement index*. This is an aggregate measure which brings together answers to a number of questions on job satisfaction.[29] For the Civil Service as a

---

[25] Full-time equivalent staff. For the years up to 2005-06, the numbers show the annual average; for the years from 2006-07 onwards the numbers show year-end values.
[26] No data was found prior to 2006-07, or for 2008-09 and 2009-10
[27] HM Treasury, 2012.
[28] See for example Institute for Government, 2019.
[29] Cabinet Office, 2018.

whole, the median departmental engagement score has ranged between 56% and 62% in the ten years up to 2018. For the Treasury, the employee engagement score has ranged between 65% and 75%. As shown in Table 7, Treasury has consistently been among the top three most engaged departments. And it the last five years it has been the top-scoring main department when it comes to employee engagement.

Table 7: Treasury engagement score and ranking

Year	Employee engagement index score	Rank among main departments
2009-10	69%	Second (joint)
2010-11	65%	Third
2011-12	65%	Third
2012-13	66%	Third
2013-14	68%	Second (joint)
2014-15	71%	First (joint)
2015-16	72%	First
2016-17	74%	First
2017-18	74%	First
2018-19	75%	First

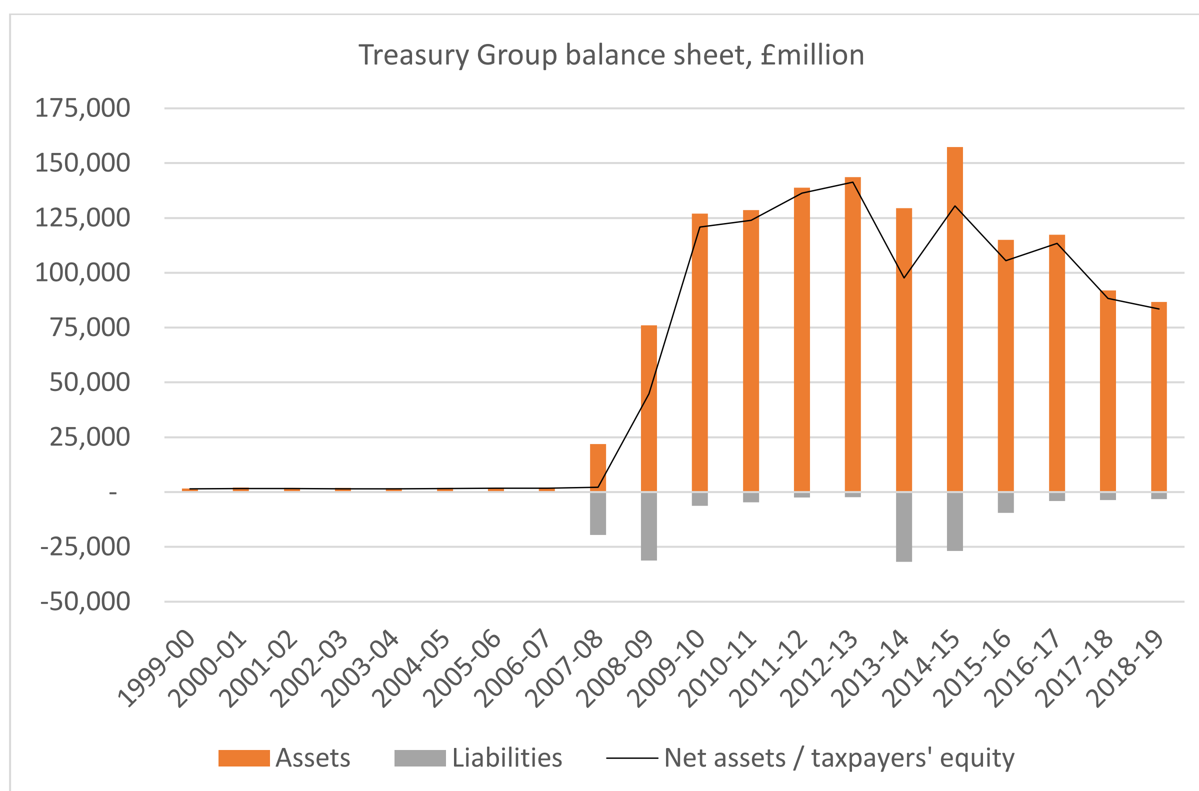
Source: HM Treasury accounts; Cabinet Office 2018 (2).

So what do the accounts tell us about the Treasury's people? The department is relatively small by Whitehall standards, its total staff averaging around 1,150 in the past 20 years. Since 1999, the total number of people employed at the Core Treasury has grown, with peaks around the financial crisis of 2008 and following the vote to leave the European Union in 2016. Turnover is relatively high. But the annual survey results show that the Treasury's staff are engaged and positive about their work.

4. The Treasury's balance sheet – a tale of two halves

Moving on. Finance is about flows (resources in and expenses out), but also about stocks (assets and liabilities). In the fourth part of this paper, I want to look at what the Treasury's annual resource accounts tell us about the Treasury's balance sheet. Again, this is a story of two halves: before and after the financial crisis of 2008. This can clearly be seen in Chart 3, which shows the Treasury's assets, liabilities and the difference between the two (so-called net assets or taxpayers' equity). In fact, it is actually quite hard to see what's going on in half of the chart: this is because the balance sheet expanded so much following 2008 that the plot of the data in the years before then looks miniscule in comparison with the later years.

Chart 3: Treasury Group balance sheet 1999-00 to 2018-19

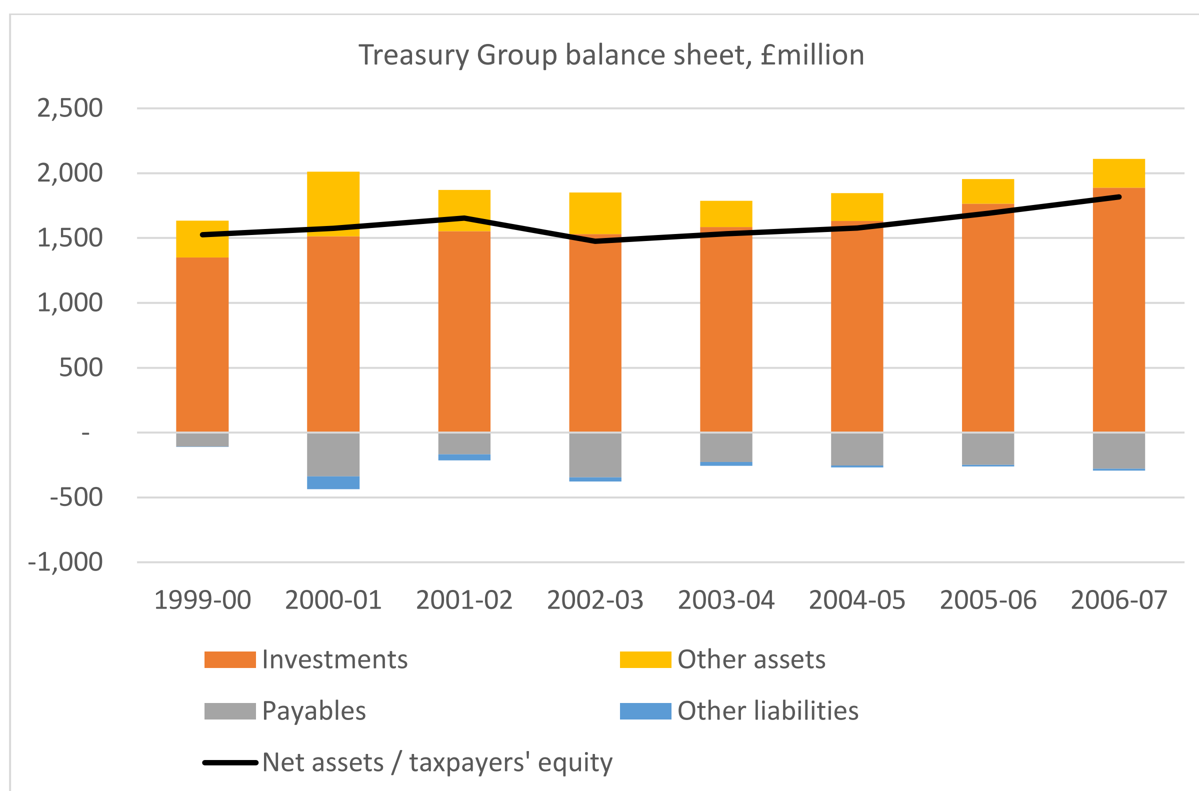


Source: HM Treasury accounts.

It is much easier to look at the two periods separately. In the years between 1999 and 2007, the Treasury's balance sheet is rather unremarkable. As shown on Chart 4, on average the Treasury Group held assets of between £1.5bn-£2.0bn. The largest subcategory of assets was *investments*, which made up between 75%-95% of total assets. And within investments, the single biggest item was the Treasury's ownership of the Bank of England. On the other side of the balance sheet, liabilities ranged between £100m-£400m per year, with the largest subcategory of liability being *trade payables.*[30] The resultant net asset balance fluctuates around £1.5bn.

[30] Often referred to in the earlier accounts as "creditors: amounts falling due within / beyond one year".

Chart 4: Treasury Group balance sheet 1999-00 to 2006-07



Source: HM Treasury accounts.

From 2007-08, the balance sheet changes considerably, as shown in Chart 5. In particular, the Treasury Group's assets increase dramatically in the space of three years, reaching over £100bn by 2009-10. The increase in liabilities is less marked, peaking twice above £30bn, but more frequently ranging between £2bn-£9bn.

Looking at the assets side of the balance sheet, we can see that the changes are overwhelmingly driven by the financial stability interventions that took place during the financial crisis. This can be seen by looking at the two largest asset classes.

First, so-called *available for sale financial assets* (which are labelled in the chart as "financial assets (AfS)"). At its peak in 2009-10 this category of assets amounted to £65bn.[31] This was primarily made up of holdings of shares in the banks that were recapitalised in 2008 – some £60bn of shares in the Royal Bank of Scotland and Lloyds Banking Group – as well as holdings in the fully-nationalised entities Northern Rock and Bradford & Bingley. Since the peak in 2009-10, HMT has disposed of many of these financial assets, with the latest set of accounts showing holdings of £24.5bn.

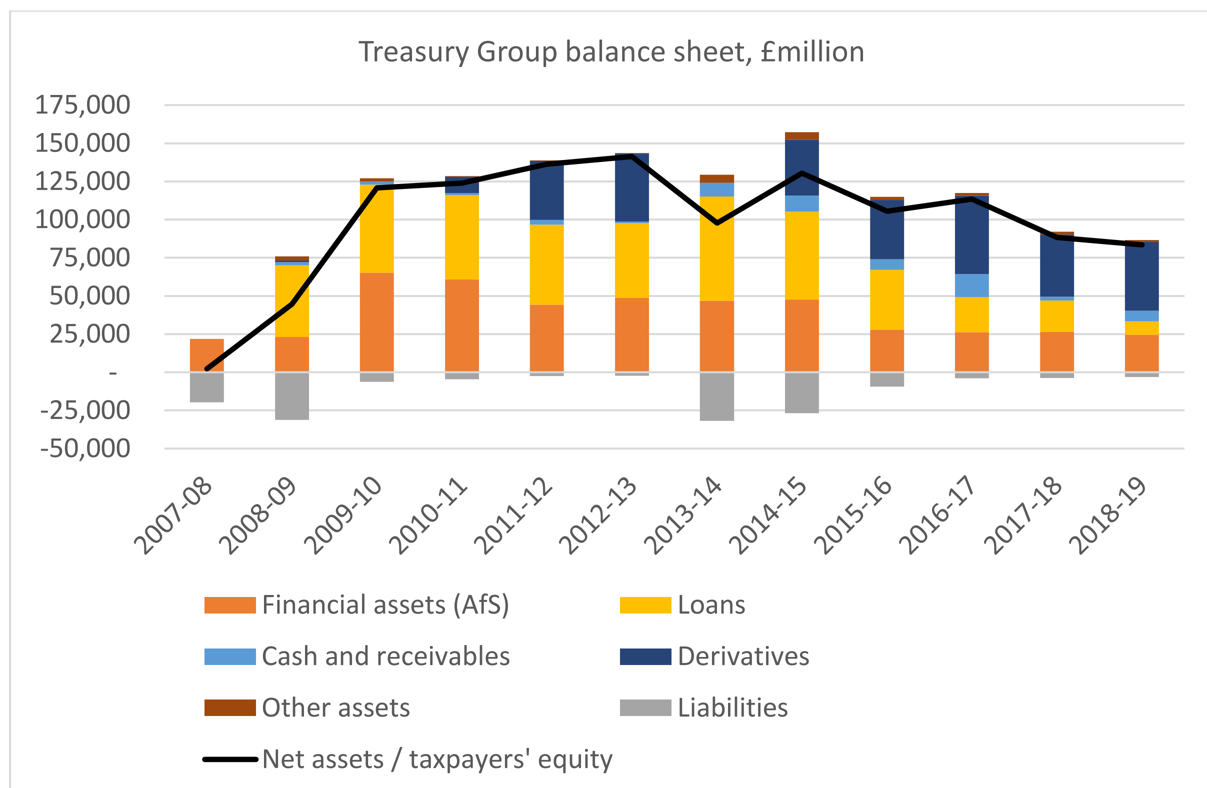
Second, there are loans and advances. In 2009-10 this category amounted to £57.5bn, with the vast majority accounted for by loans to Northern Rock, Bradford & Bingley, Dunfermline Building Society, and various Icelandic financial institutions operating in the UK.[32] Loans

[31] HM Treasury, Resource Accounts 2009-10, note 13a.
[32] In some cases the support was for institutions' customers via the Financial Services Compensation Scheme.

peaked in 2013-14 at £68bn, following the consolidation into the Treasury Group of UK Asset Resolution (as mentioned earlier – UKAR is a holding company established to facilitate the disposal of the legacy assets from Northern Rock and Bradford & Bingley), as well as additional loans to other financial institutions and the bilateral loan to Ireland during the European sovereign debt crisis. Since then, loans have reduced considerably, to £9bn in the latest set of accounts for the year 2018-19. It is worth remembering that the vast majority of these loans were aimed at supporting the commercial banks during the financial crisis – as they primarily represent lending their customers, for example in the form of mortgages.

There is a third asset class, in most years smaller than the other two but of considerable size, *derivative financial assets* (or instruments settled in the future whose value is a function of an underlying item – they are labelled on the chart as "derivatives"). This category has fluctuated significantly since 2008-09, from less than £500m to as much as £51bn in 2016-17. Over the years, there have been a number of items within this category. But the vast majority is accounted for by the impact of the Bank of England's policy of quantitative easing, which is 100% indemnified by HM Treasury. For example, in the latest set of accounts, this single item accounted for £45bn. And, because loans have been repaid and shares have been sold, this derivative is now the single biggest item on the Treasury's balance sheet. I will be saying a bit more about the relationship between the Bank and the Treasury in the following section.

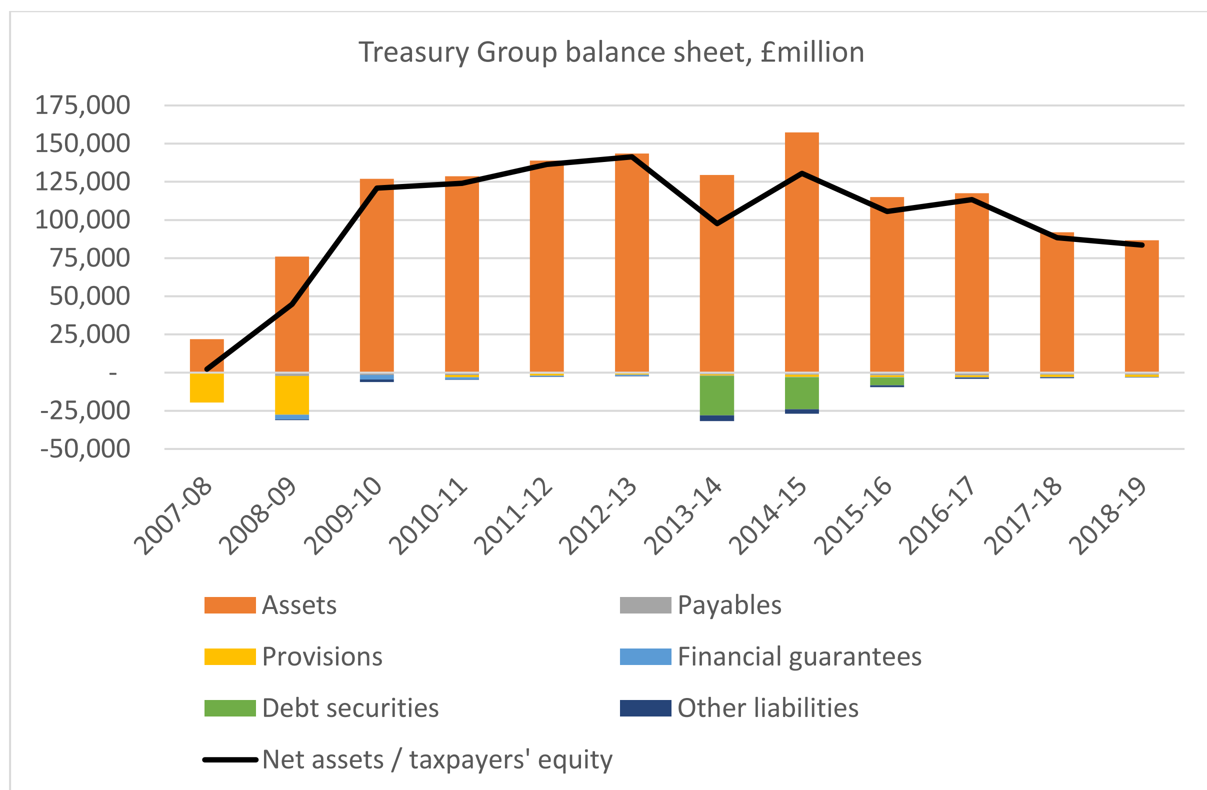
Chart 5: Treasury Group balance sheet showing asset subcategories 2007-08 to 2018-19



Source: HM Treasury accounts.

Let me briefly say a word about the Treasury's liabilities in the years since the financial crisis – as you can see from Chart 6 they are much smaller than the assets. Provisions increase significantly in the first couple of years. In 2007-08, the bulk of the provision is made up of the obligation to repay the Bank of England for the loan they extended to Northern Rock ahead of its nationalisation by the government. In 2008-09 there is £25bn provision to cover potential future losses arising from the Asset Protection Scheme (a financial stability intervention during the crisis). In the early years covered here there is also an increase in financial guarantees (once more, the biggest component are financial stability interventions like the Credit Guarantee Scheme). From 2012-14 another notable liability class is *debt securities in issue*, which primarily consists of securitised debt instruments issued by Northern Rock and Bradford & Bingley to fund their loan book.

Chart 6: Treasury Group balance sheet showing liability subcategories 2007-08 to 2018-19



Source: HM Treasury accounts.

To summarise, what do the last 20 years tell us about the Treasury's balance sheet? There are three key insights. First, the size of the balance sheet increased significantly after 2007-08. Second, the large increase in assets and liabilities was overwhelmingly driven by the financial stability interventions during the financial crisis. And third, even recently, while the balance sheet is gradually getting smaller, it is still large, with the single largest asset being the derivative financial asset resulting from the Bank of England's policy of quantitative easing.

5. Partners in finance: the DMO and the Bank

But before that, let us stay with the Bank. Because in the fifth part of this paper I would like to talk about two other institutions, which alongside HM Treasury can be considered to be "financiers" within the public sector: the UK Debt Management Office (DMO) and the Bank of England. Both institutions are important partners to HM Treasury. They both also have interesting histories. In fact, before 1997 their history is a common one, because before then the Bank was responsible for managing the government's debt. So today I will only scratch the surface – and focus specifically on how these organisations are financed and their links to the Treasury.

Let us start with the DMO. The DMO is an executive agency of HM Treasury. Its main responsibility is for raising finance for government by conducting operations in sterling wholesale debt markets and managing the Exchequer's daily cash management requirements. Alongside this, it is also responsible for on-lending to local authorities and the management of certain public sector funds – for both these services, the DMO receives fees from its public sector customers.

The proposal for creating a debt management agency was announced in 1997. In the first few days after the Labour government was elected, the Chancellor Gordon Brown surprised commentators by granting to the Bank of England operational independence for setting interest rates. The details were set out in a letter from Gordon Brown to the then Bank Governor Eddie George in May 1997.[33] But the letter also included another, much less publicised but very important, announcement – it reads:

"The Bank's role as the Government's agent for debt management, the sale of gilts, oversight of the gilts market and cash management will be transferred to the Treasury."

Consultation and legislation followed, and the DMO was established on 1 April 1998. As we saw earlier, the DMO is the only other organisation which has been part of the Treasury Group every year for the past 20 years.

The DMO are a crucial part of HM Treasury. As we all know, the government cannot always fund its expenditure from its receipts – in fact the UK has only achieved a budget surplus in three of the last 30 years.[34] This means that the government has to borrow – in recent years quite a lot. The DMO is in charge of operationalising such borrowing from investors, and for managing the government's wholesale debt portfolio. This is quite an undertaking. In the 300 years to 1998, the government borrowed almost £400bn – in the 20 since 1998 years the government has borrowed almost £1,200bn.[35] The DMO is led by their Chief Executive Officer Sir Robert Stheeman. He is employed by HM Treasury, as a member of the Senior Civil Service, where he reports to the Treasury's Permanent Secretary. Ministerial responsibility for the DMO and debt management policy rests with one of the Treasury's ministers, the Economic Secretary to the Treasury John Glen MP.

---

[33] HM Treasury, 1997. A significant antecedent is the *Debt Management Review* conducted by the previous (Conservative) administration in 1995.

[34] ONS data on public sector net borrowing here and here.

[35] Bank of England data here, ONS data here, and related commentary in Slater (2018).

The DMO's own finances are relatively straightforward. They are financed from within the Treasury Group's own resource budget, which I discussed earlier in this paper. The DMO's budget can be split into administration and programme costs. The bigger of the two is administration costs, which covers staff salaries, accommodation, and other business-related activities. It also covers technology, which is an important cost-driver, as the DMO is largely self-sufficient in terms of maintaining its financial markets and trading systems.

As shown in Table 8, these costs have most frequently ranged between £7m-£14m (as a reminder, we saw that over the past 20 years the Treasury's administration costs were £120m-£170m). Programme costs include the DMO's trading and gilt issuance activities, and tend to be significantly lower than administration costs: in 2018-19, as an example, net programme costs were £3.9m.[36]

As with the Core Treasury, staff costs are the main cost driver for the DMO. Looking at their staffing levels, we see an increase from around 35 full-time staff in the early years to over 100 in recent years. However, the 20 years to 2019 also saw a huge increase in terms of the DMO's activities. The gilt programme has increased more than five-fold, while cash management turnover has increased ten-fold.[37] An interesting calculation involves looking at the administration cost of raising £1m through the gilt programme – this has fallen significantly from £315 per million at the start of the period to £115 per million at the end of the period.[38] Which is impressive. Now, one difference from the Treasury is that the DMO tends to employ a greater percentage of their staff on a non-permanent basis, as its technology needs often require specialist IT skills.

---

[36] While all trading profits and losses from the DMO's debt and cash management operations are booked to the Exchequer (via the Debt Management Account), most of the costs of these operations is booked to the DMO resource accounts. This is because of restrictions in the DMA/NLF legislation.
[37] Annual gross gilts issuance increased from an average of £23bn per year in the first five years of the period (1999-00 to 2003-04) to an average of £123bn per year in the final five years of the period (2014-15 to 2018-19). DMO data here. DMO cash management turnover increased from £475bn in 2000-01 (the first year of DMO's responsibility for government cash management) to approximately £4,870 billion in 2019-20.
[38] Ibid and table 8.

Table 8: DMO net administration costs (£m outturn) and number of staff[39]

Year	Administration costs	Number of staff	Year	Administration costs	Number of staff
1999-00	£5m	31	**2009-10**	£12m	109
2000-01	£7m	37	**2010-11**	£11m	112
2001-02	£8m	51	**2011-12**	£8m	117
2002-03	£8m	81	**2012-13**	£12m	120
2003-04	£8m	86	**2013-14**	£14m	119
2004-05	£6.5m	84	**2014-15**	£14m	118
2005-06	£7m	80	**2015-16**	£14m	117
2006-07	£7m	85	**2016-17**	£15m	121
2007-08	£8m	89	**2017-18**	£15m	122
2008-09	£9m	90	**2018-19**	£13m	135

Source: Treasury annual accounts, DMO annual accounts,[40] DMO data

Turning next to the Bank of England. The Bank was established in 1694, in the period known as the English financial revolution. The original concept was based on the idea of a private bank whose main business would be to lend money to the government. The funds were needed urgently, to finance the war against France, and:

"In exchange for a monopoly on limited liability joint-stock banking, the Bank lent the government £1.2 million at 8% in perpetuity. This provided the Bank with a large income stream secured on earmarked taxes, and the government with permanent funding (redeemable should it not renew the Bank's charter) at considerably less than the *c.* 14% paid [for other borrowing around that time]."[41]

This meant that the government and the Bank had locked themselves into an enduring relationship. And indeed, the links between the Bank and the Treasury were reinforced even further following the nationalisation of the Bank in 1946. To this day, HM Treasury is the sole shareholder of the Bank, and Treasury ministers appoint the Governor, deputy governors and all independent members of the Bank's Court (that is what the Bank call their Board). This means that the Treasury has a number of different perspectives on the Bank:

- The Treasury owns all of the Bank's capital, so it stands behind the institution should it experience severe financial losses, and also benefits when the Bank generates a profit;
- The two institutions are policy partners when it comes to macroeconomic or financial sector policies;
- The Treasury also acts as the legislative and governance sponsor for the Bank; and
- The Treasury is also a customer for some of the services provided by the Bank (as is the DMO).

[39] Full-time equivalent staff, average per year, covering permanent and temporary staff (DMO data).
[40] For the years 2000-01 to 2005-06 the administration cost figures are from DMO annual accounts instead of HMT annual accounts. Because of reporting differences, some elements of operating income may be netted off in these years but not others, leading to small (and likely non-significant) inconsistencies in the time series.
[41] Needham, 2019.

The Bank is financed through a combination of different mechanisms. First, there is the Bank's policy functions – or the areas which work on financial stability and monetary policy. They are funded through the so-called *Cash Ratio Deposit scheme*. This scheme mandates banks and building societies to place interest-free deposits at the Bank of England, which then get invested in interest-bearing assets to generate income. The legal powers which require private sector banks to take part in this scheme are approved and legislated by the Treasury. Second, the costs incurred by the Prudential Regulation Authority – a subsidiary entity of the Bank of England – as well as the costs relating to supervising financial markets infrastructure – are recovered via a levy on the financial services industry. Again, the powers to impose this levy on industry stem from government legislation overseen by the Treasury. Third, the Bank recovers any costs incurred in the provision of its remunerated activities. These include banking services, lending operations and other services, which are supplied to both private sector and public sector customers. And one of its public sector customers is HM Treasury itself, which for example pays the Bank for the management of the government's foreign currency reserves. Fourth, there is production of banknotes. The cost of producing cash – both banknotes and coins – is only a tiny fraction of its face value, so the process results in a significant income stream, known as seigniorage. From this seigniorage the Bank deducts the costs incurred in the production of banknotes, and then pays the remainder into the Exchequer. Finally, the Bank's market transactions undertaken for policy purposes can also generate income.[42]

So we can see that, unlike the Treasury, the Bank is not funded through the parliamentary supply process. However, across four of these sources of income for the Bank – the cash ratio deposit scheme, the industry levy, the remunerated activities and banknote production – there is a strong link between HM Treasury and the Bank of England. It is thanks to the Treasury's legislative powers that the Bank is able to charge the private sector for so many of its activities. This means that while the Bank may not be funded through the usual public spending process, it is nonetheless funded with public money.

If we look at the two institutions' balance sheets, we also see a strong link between the Treasury and the Bank. As we saw earlier, in the years before the financial crisis of 2008, the Treasury's single biggest balance sheet item was its ownership of capital in the Bank of England. This asset is valued on the Treasury's books as the Bank's net assets – or the difference between its asset and liabilities.[43] It grew from £1.3bn in 1999 to £5.5bn in 2019. This follows the Treasury's one-off injection of capital into the Bank which took place last year.[44] Since the financial crisis, as we saw earlier, the Treasury's balance sheet expanded significantly. And in 2018-19 the biggest item was the derivative financial asset which results from the Bank's policy of quantitative easing. The policy was first introduced in 2009, and it

[42] If the Bank generates a profit in any given financial year, half of it is paid to the Exchequer as a dividend, unless the Bank needs to accrue more capital, as set out in the Bank capital framework (see Bank of England, 2018).

[43] On the Treasury's balance sheet the Bank is treated as an asset rather than being fully consolidated – this is a public sector deviation from IFRS, because the accounting boundaries for government departments are designated based on the ONS's sectoral classification and definitions of control to represent what is (statistically) part of central government.

[44] HM Treasury, 2018.

involves the purchase of financial assets funded through the creation of central bank money – as of March 2019 the Bank held some £445bn of assets purchased in this way. The assets are held by a subsidiary of the Bank, and their valuation on the accounts fluctuates as the market value of the assets moves up and down. Because of the large scale of these asset purchases relative to the Bank's own capital base, the Treasury provides a full indemnity against any losses. Because ultimately the Treasury is the entity holding the underlying risk, the net value of these various financial instruments is recognised on the Treasury's accounts as a financial derivative. Given the current market value of the assets purchased by the Bank, at the most recent reporting date this derivative was in a net asset position – valued at £45bn at the end of March 2019.

Looking at the balance sheets, over the past 20 years, again tells a story with a lot of change and some continuity: for both in 1999 and in 2019 the largest items on the Treasury's balance sheet involved the Bank of England or its policies.

A recurring theme of this paper is that economic policy institutions tend to spend a significant proportion of their budget on staff costs. This was true for the Treasury and the DMO, it is also true for the Bank. The number of people employed at the Bank has fluctuated over the decades, in line with the Bank's remit. So while staff numbers were around 2,500 in 1999 and around in 4,400 in 2019, the Bank's mandate is now much broader. In particular, in the late 1990s, the creation of the Financial Services Authority led to some staff being transferred out of the Bank and further reductions thereafter; in the mid-2010s the creation of the Prudential Regulation Authority resulted in a larger transfer of staff back in.[45] Over the past 20 years, the Bank's expenditure budget has increased from £207m is 1999-00 to £646m in 2018-19.

Let me summarise this section. The history of the Treasury is a story about managing Britain's public finances and national debt. And, as well as the Treasury, that story features the Bank of England and, in recent years, the Debt Management Office. The relationship between these three institutions is crucial to understanding the financial history of the Treasury over the past 20 years. This applies to their incomes and expenditures, as well as their human and financial capital.

Conclusion

I would now like to conclude. Going back to the beginning of this talk, and Lisa Simpson's question:

"if you are the police, who will police the police?"

Homer replies in typical fashion:

"I don't know, Coast Guard?"

It sounds slightly ridiculous that the answer to the questions of who should watch the police should be a completely different public order institution. But curiously, if we were to instead ask "who finances the financiers?", the simple answer is Parliament – a completely different

[45] Bank of England annual report and accounts.

institution. Of course, the more sophisticated answer is that while Parliament votes to supply the funds that Treasury needs, it is the Treasury itself who ensures that these funds are appropriate. Crucially, my argument tonight is that the Treasury has done a good job of this. The administration budget – the closest thing to the cost of running the Treasury as a department – has grown by just around 3.1% a year on average since 1999 (or 1.1% after adjusting for inflation). This is a slower rate of growth than seen across the wider public sector and the economy as a whole.

In answering the question of "who finances the financiers", and looking at the wider set of financial, human and institutional resources available to HM Treasury over the past 20 years, I hope to have also been able to provide a few other insights of interest.

First, as an institution, the Treasury has retained its central purpose of managing the public finances. But its organisational structure has changed significantly, and the Treasury Group of today is much broader than 20 years ago.

Second. Just as the cost of running the Treasury has increased only modestly, staff numbers have not fluctuated hugely. While in the late 1990s the Treasury had a staff of below 1,000 people, in most years since then the number of employees has ranged between 1,100 and 1,300. The evidence on staff engagement and turnover also points to a strong institutional culture.

Third, the realisation that the Treasury's policies – as separate to its operations – have involved significant financial flows, primarily as a result of the global financial crisis of 2008. The crisis saw huge amounts of public expenditure channelled via the Treasury to support the financial sector. And the corollary of this spending was the massive increase in the Treasury's balance sheet.

Indeed, in terms of the Treasury's finances, the 2008 crisis stands out as the single most salient event of the past 20 years. The crisis represented a turning point in the relationship between the financial sector and the state. It came at the apogee of the era of self- and light-touch regulation. There is now a clear recognition that the Treasury is the ultimate guarantor of the financial system, as the only institution that can balance the interests of the taxpayer and the banking sector, across multiple generations. This is a fascinating theme that I am sure many others will explore.

Fourth, we have learnt something about two other institutions which, alongside the Treasury, can be considered public sector suppliers of finance – the Debt Management Office and the Bank of England. This included some surprising realisations. Despite the many changes and challenges of the past two decades, the DMO is the only entity that has been part of the Treasury Group for the whole period; while the main asset on the Treasury balance sheet, both in 1999 and 2019, relates to the Bank or its policies.

Finally, we can ask, where are the Treasury's accounts heading to in years to come? I expect this month will see the publication of the next set of annual accounts, for the financial year 2019-20. Some things will not change. The expansion of the Bank's QE programme in March this year will ensure this remains the Treasury's largest balance sheet item for some time to

come. I expect the new accounts will show a continuation of the winding down of the assets acquired during the 2008-09 crisis. But just as the legacy of the financial crisis begins to fade away, other development will begin to have their own impacts on the Treasury's accounts. So I expect new liabilities will have been incurred in relation to the financial settlement required to achieve exit from the European Union. I also expect that the accounts will begin to show the impact of the Covid-19 crisis – as some of the earlier interventions to support the economy took place in March of this year. In many ways, the impact of these events will differ hugely from what we have seen in the last 20 years. In other ways, there will be similar: the largest public spending schemes will not be visible in the Treasury's accounts but those of other government departments, the size and complexity of the Treasury's balance sheet will increase, specially if it continues to be used for innovative policy purposes, and there will continue to be a key role for the DMO and the Bank of England working alongside the Treasury. But this is all for another talk, sometime in the future.

In thinking about who finances the financiers, and the evolution of the Treasury over the past 20 years, I hope to have revealed a tale of significant change coupled with surprising constancy. I hope that in 20 years from now an equally interesting story will be told through an analysis of the Treasury's resource accounts.

Thank you.

References

Bank of England, various years, *Annual Report and Accounts.* Available online.

Bank of England, 2018. *Financial Relationship between HM Treasury and the Bank of England: memorandum of understanding.* Available here.

Cabinet Office, 2018, *Civil Service People Survey 2018 Technical Guide*. Available here.

Cabinet Office, 2018 (2), *Civil Service People Survey, Summary of main department scores.* Available here.

Jon Davis and John Rentoul, 2019, *Heroes or Villains? The Blair Government Reconsidered.*

Hugh Heclo and Aaron Wildavsky, 1981, *The Private Government of Public Money.*

Peter Hennessy, 1990, *Whitehall*.

HM Treasury, 1997, *The New Monetary Policy Framework (Letter from Chancellor Gordon Brown to Governor Eddie George).* Available here.

HM Treasury, various years, Resource Accounts / Annual Report and Accounts 1999-00 to 2018-19. From 2003-04 onwards available online.

HM Treasury, 2009, *Alignment (Clear Line of Sight) Project.* Available here.

HM Treasury, 2012, *Review of HM Treasury's Management Response to the Financial Crisis*. Available here.

HM Treasury, various years, *Public Sector Expenditure Analyses.* Available here.

HM Treasury, 2018, *The Financial Relationship Between HM Treasury and the Bank of England (Letter from Chancellor Philip Hammond to Governor Mark Carney)*. Available here.

HM Treasury, 2019, *National Loans Fund account 2018-19*. Available here.

HM Treasury, 2020, administration data supplied to author on request.

Institute for Government, 2019, *Moving On – The costs of high staff turnover in the civil service*. Available here.

David Kynaston, 2017, *Till Time's Last Sand: A History of the Bank of England 1694-2013.*

David Lipsey, 2000, *The Secret Treasury.*

Nicholas Macpherson, 2013, *The Origins of Treasury Control*. Available here.

Duncan Needham, 2019, *A Very Short History of the National Debt*, Treasury Historical Essays Series (unpublished).

Office for Budget Responsibility, 2014, *Crisis and consolidation in the public finances*.

George Osborne, 2012, *Speech at Speakers House*. Available here.

Dave Ramsden, 2014, *Fifty Years of the Government Economic Service.* Strand Group lecture.

Henry Roseveare, 1969, *The Treasury – The Evolution of a British Institution.*

Martin Slater, 2018, *The National Debt: A Short History.*

United Kingdom Debt Management Office, various years, Annual Report and Accounts. Available online.

United Kingdom Debt Management Office, 2020, administration data supplied to author on request.