



National Audit Office

Comptroller and Auditor General
Sir Amyas Morse KCB

Rt Hon Andrew Tyrie MP
Chairman
Treasury Select Committee
House of Commons
London, SW1A 0AA

Helping the nation spend wisely



Ref GF/1754/16
Date 13 December 2016

Dear Andrew,

GOVERNMENT'S COMMITMENTS AND / OR ASSURANCES TO NISSAN

Thank you for your letter of 30 November asking me to examine whether contingent liabilities have arisen as a result of government commitments and / or assurances to secure Nissan investment in the UK.

As you know, government departments are required to report contingent liabilities within their Annual Report and Accounts which are subject to audit. Separately, there is a requirement to notify Parliament prior to entering into commitments to future use of public funds where there is no active request for resources through the Estimates to cover them. The guidance is set out in Annex 5.4 of Managing Public Money¹ and covers the process for entering into and reporting new liabilities including:

- the need for statutory powers;
- requirements for value for money appraisal in line with the Green Book;²
- examples of the types of liabilities covered, specifically guarantees, indemnities and letters of comfort;
- the rules for notifying liabilities to Parliament;
- the process for non-standard notification which allows for circumstances where it is not possible to provide full transparency to Parliament as a whole; and
- on-going public reporting of any changes to the existing liabilities.

When liabilities are notified to Parliament they must be copied to the Chair of the Public Accounts Committee (PAC) and the relevant Departmental Select Committee. I have a role in advising the Chair of the PAC on whether the correct process has been followed, including whether a value for money appraisal has been performed. I also have a role in considering the completeness of notifications made to Parliament.

¹ www.gov.uk/government/uploads/system/uploads/attachment_data/file/454191/Managing_Public_Money_AA_v2_-jan15.pdf


² www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government



After a meeting in Sunderland the Secretary of State for Business, Energy and Industrial Strategy wrote to Nissan on 21 October. Nissan then announced on 27 October that they will build their new Qashqai and X-trail models in their Sunderland plant. The Secretary of State for Business Energy and Industrial Strategy then made a statement in the House of Commons on 31 October aiming to set out the assurances government had provided. After that statement my audit team requested access to the letter the Department sent to Nissan.

I have reviewed the contents of that letter. I have also received written assurances from the Permanent Secretary that there are no other letters to Nissan on this matter and that nothing was discussed in the relevant meetings that might be understood as an additional commitment by HM Government. On that basis I am satisfied there is no identifiable contingent liability for the purpose of inquiry into whether there was an obligation to notify. We will, of course, examine the evidence again during our audit of the Department's accounts.

It is also likely there will be other examples of questions arising over government commitments to business or potential liabilities linked to our exit from the European Union. I will therefore engage with the Treasury Officer of Accounts regarding the ongoing process for notification to Parliament and associated scrutiny.



Handwritten signature in black ink, appearing to read 'Ameyas'.

AMYAS C E MORSE