

Central Government Supply Estimates 2007-08

Statement of Excesses

HC 215 (Session 2008-09)

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CORRECTION

Please note the following correction to the Central Government Supply Estimates 2007-08, Statement of Excesses:

Title verso

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Page 3

Part III Explanations

Department for Transport

First paragraph, line 12

Delete: expenditure was therefore outside the ambit.

Insert: expenditure was therefore outside the scope of the Appropriation Act.

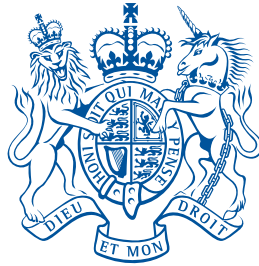
March 2009

London: The Stationery Office

Central Government Supply Estimates 2007-08

Statement of Excesses

February 2009



HM TREASURY

Central Government Supply Estimates 2007-08

Statement of Excesses

for the year ending 31 March 2008

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Introduction

1. This Statement of Excesses sets out the amounts of resource and cash that the Government requests Parliament to grant in Excess Votes.
2. Excess Votes are presented if expenditure of resources or cash has exceeded the provision in the Main, Revised and Supplementary Estimates approved by Parliament and authorised in Appropriation Acts.
3. Before any Excess Votes are sought, the resource accounts for each Estimate are prepared by the relevant department. The accounts are examined and certified by the Comptroller and Auditor General and laid before the House of Commons. A report by the Comptroller and Auditor General is made on any such accounts where expenditure of resources or cash exceeds the amounts, or falls outside the categories of expenditure, authorised by Parliament.
4. Parliament votes amounts for Requests for Resources (RfRs) that are net of income that a department may appropriate in aid of such expenditure. It separately limits the amounts of such income that may be so appropriated. Together, these amounts represent the gross provision. Parliament also votes a Net Cash Requirement that is net of receipts arising from such income. An Excess Vote must therefore be sought even where sufficient surplus income and, as necessary, associated cash receipts, are available to be appropriated in aid of excess expenditure. In such cases, the Excess Vote is for only a token sum of £1,000.
5. A Statement of Excesses is presented to Parliament towards the end of the financial year following the one to which it relates. Under House of Commons Standing Orders, if the Committee of Public Accounts has reported that it sees no objection to the sums necessary being provided by Excess Vote, the question on the motion to approve them is put without debate. Authorisation of additional resources and issues from the Consolidated Fund in respect of Excess Votes are given legislative authority in the March Appropriation Act.
6. Part I shows the net total amount of Excess Votes. There were three Excess Votes in 2007-08. Part II provides a Statement of Excesses for each Estimate concerned. Part III provides an explanation of the reasons for each excess.

2007-08**STATEMENT OF EXCESSES**

Part I	Total net resource requirement	£	1,886,000
	Total net cash requirement	£	5,780,000

STATEMENT of the amounts required to be voted in order to make good excesses
for the year ended 31 March 2008

Part II Summary of 2007-08 Statement of Excesses by Department

Request for Resources (RfR)	Title	Resources		Cash	
		Excess	Amount to be voted	Excess	Amount to be voted
		£	£	£	£
1	Department for Transport Promoting transport that works for everybody				
	Excess expenditure	3,025,000		0	
	Less: (i) Savings available from within the Request for Resources	<u>3,024,000</u>	1,000	0	0
1	Office of Fair Trading Advancing and safeguarding the economic interests of UK consumers				
	Excess expenditure (Administration Budget)	1,885,000	1,885,000	0	0
	Department for Business, Enterprise and Regulatory Reform: UKAEA pension schemes				
	Excess expenditure	0	0	5,780,000	5,780,000
Totals to be voted			1,886,000		5,780,000

TREASURY CHAMBERS

STEPHEN TIMMS

February 2009

Part III Explanations

Department for Transport

Excess expenditure over the net Estimate provision for RfR1 (Promoting transport that works for everybody) amounted to £3,025,000 of resources. The excess occurred because the department used voted Supply without the proper authority. In 2006-07 the department sought an advance from the Contingencies Fund to carry out work on the Crossrail project, the plan to integrate the railways to the east and west of London through two tunnels from Paddington to Liverpool Street, prior to Royal Assent of the Crossrail Bill. £3.5million of that advance was correctly spent in 2006-07. Another £3.025 million for further work, was spent in 2007-08, which was within the overall amount reported to Parliament in January 2007, but due to an administrative error the department did not draw on the Contingencies Fund. Instead the department used voted Supply, which it did not have the Parliamentary authority to use for this purpose and the expenditure was therefore outside the ambit. There were, however, savings available from within the RfR amounting to £3,024,000.

Parliamentary authority is sought to apply the savings of £3,024,000 towards meeting the excess, leaving a token amount of resources of £1,000 to be provided by an Excess Vote.

Office of Fair Trading

Excess expenditure over the net Estimate provision for RfR1 (Advancing and safeguarding the economic interests of UK consumers) amounted to £1,885,000 of resources. Excess expenditure over the administration budget for the Office of Fair Trading also amounted to £1,885,000. The excess expenditure and the breach of the administration budget was caused by the Office having to make an unexpected provision in its Accounts for input VAT previously reclaimed on administrative costs relating to the Consumer Direct service. This came to light when the Office conducted a voluntary review of its tax affairs and requested advice from HM Revenue and Customs. The Office made a provision in its Resource Accounts of £1.94 million the maximum potential liability to cover the likelihood of having to repay the previously reclaimed VAT. However, it was too late for the Office to request additional resource from Parliament through the Spring Supplementary Estimate process.

Parliamentary authority is sought to provide for the excess expenditure by an Excess Vote.

Department for Business, Enterprise and Regulatory Reform: UKAEA pension schemes

Excess expenditure over the net Estimate amounted to £5,780,000 of cash. The excess was caused by the pension schemes under-estimating the Net Cash Requirement for 2007-08 because they retained cash receipts relating to 2006-07 that should have been paid to the Consolidated Fund as excess appropriations in aid.

From 1 April 2006 the Department implemented a revised method for determining employer's contributions accounted for as appropriations in aid. The revised method resulted in an increase in the contributions received, with a commensurate reduction in the call on voted funds. Not all of the increased contributions were received as cash in the year, and as a result more than £7 million of employer's contributions were recorded as a balance owing to the Department in the 2006-07 Resource Accounts, with a corresponding amount due to the Consolidated Fund.

During 2007-08 the cash to clear the amount owing for the outstanding 2006-07 contributions was collected from the employers. However, weaknesses in recording and monitoring meant that the Department did not identify the need to pay over these receipts as excess appropriations in aid relating to the prior year. Consequently the Department retained the receipts, which it assumed would reduce its Net Cash Requirement. This led it to understate its Net Cash Requirement for 2007-08. The error was only identified in preparing the 2007-08 Resource Accounts, and came too late for the Department to correct the error through a Spring Supplementary Estimate.

Parliamentary authority is sought to provide for the excess expenditure by an Excess Vote.

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