
Central Government Supply Estimates 2014-15

Statement of Excesses

February 2016



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for the year ending 31 March 2015

Presented to the House of Commons by Command of Her Majesty

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Introduction

Excesses

1. This Statement of Excesses sets out the amounts that the Government requests Parliament to grant in Excess Votes for central government departments.
2. Excess Votes are presented if expenditure exceeds the amounts, or falls outside the categories of expenditure (the 'ambit') approved by Parliament in the Main, Revised and Supplementary Estimates and authorised in Supply and Appropriation Acts.
3. Before any Excess Votes are sought, the Annual Report and Accounts are prepared by the relevant department or body. 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 exceeds the amounts, or falls outside the categories of expenditure, authorised by Parliament. Where sufficient savings or surplus income are available to be used to offset the excess expenditure, the Excess Votes is for only a token sum of £1,000.
4. A Statement of Excesses is usually presented to Parliament towards the end of the financial year following the one to which it relates.
5. Under House of Commons Standing Orders, if the Committee of Public Accounts (PAC) 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 to the House without debate. Authorisation of additional resources and issues from the Consolidated Fund in respect of the Excess Votes for 2014-15 in this booklet will be given legislative authority in the upcoming Supply and Appropriation (Anticipation and Adjustments) Act.

Excesses 2014-15

6. Following the Clear Line of Sight reforms introduced in 2011-12, Parliament votes, as necessary, amounts for the relevant budget boundaries (e.g. Resource Departmental Expenditure Limit, Capital Departmental Expenditure Limit, Resource Annually Managed Expenditure, Capital Annually Managed Expenditure, Non-budget Expenditure) and cash.
7. An 'ambit' sets out the full list of activities upon which income will be generated, or expenditure incurred, within the relevant budgetary control in each Estimate. From 2011-12 (under the CLoS reforms), once an ambit has been approved by Parliament and included in the Supply and Appropriation Act it can only have descriptions of functional activities added at the end of the existing ambit detail. Additions to the ambit made in the Supplementary Estimate are identified by an asterisk (*).

8. 2014-15 follows the CLoS methods as outlined in paragraphs 6 and 7. Part I shows the net total amount of Excess Votes for 2014-15. There were three Excess Votes in 2014-15 for central government departments. Part II provides an explanation of the reasons for each of the excesses. Part III provides the detail for each of the Estimates concerned. Additions to the ambit made in the Supplementary Estimate are identified by an asterisk (*).

**Department for
Education 2014-15**

9. The Department for Education's financial statements have yet to be certified by the Comptroller and Auditor General. Therefore, the PAC were unable to report on any excesses in the Department's accounts at this time. The Department has written to the PAC setting out the reasons for the delay to the finalisation of its accounts. The PAC will report on any excesses on this account through a separate report following certification.

Excesses, 2014-15**Part I: Summary of the amount to be voted, 2014-15**

	£
	Amount to be voted
Total Departmental Expenditure Limit	
Resource	0
Capital	406,000
Total Annually Managed Expenditure	
Resource	104,823,000
Capital	0
Total Net Budget	
Resource	104,823,000
Capital	406,000
Total Non-budget Expenditure	0
Total Net Cash Requirement	275,000

STATEMENT of the amounts required to be voted in order to make good excesses for the year ended 31 March 2015

TREASURY CHAMBERS

DAVID GAUKE

February 2016

Part II: Explanations, 2014-15

Cabinet Office: Civil Superannuation

1. The Principal Civil Service Pension Scheme (the Scheme) breached its Resource Annually Managed Expenditure limit by £98,702,000. The breach arose because the Scheme did not properly anticipate the impact of the losses arising from two large bulk transfers of members into the Scheme.
2. In both cases the value of the transfer payments received was less than the related increases in the Scheme's liability to pay future pension benefits resulting in a net cost to the scheme of £174 million.
3. Parliamentary authority is sought to provide for the excess expenditure by an Excess Vote.

Northern Ireland Office

4. The Northern Ireland Office (NIO) breached its Capital Departmental Expenditure Limit by £406,000.
5. In March 2015, the NIO agreed to pay £1.75 million of capital grant and recognised this expenditure in its 2014-15 financial statements. At this date the Department did not have sufficient cover within in its Capital Departmental Expenditure Limit but believed that it could utilise unspent resource expenditure to cover these costs. Such a transfer between resource and capital limits (known as 'virement') is not permitted as Parliament has voted separate limits for resource and capital expenditure since 2011-2012.
7. The NIO also breached its Resource Annually Managed Expenditure limit by £1,458,000.
8. At the start of the financial year, the NIO held a provision for £1.821 million of compensation claims. The NIO had been assured that an independent assessor would submit the final value of these claims before 31 March 2015, removing the uncertainty over the value of the awards. The liability would then be reclassified from provisions (accounted for as Annually Managed Expenditure) to accruals (accounted for as Departmental Expenditure Limit). However, this assessment was not completed by the year end, resulting in the breach of Annually Managed Expenditure.
9. Parliamentary authority is sought to provide for the excess expenditure by an Excess Vote.

**Office of the
Parliamentary
Commissioner for
Administration and the
Health Service
Commissioner for England**

10. The Office of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England, also known as The Parliamentary and Health Service Ombudsman (PHSO) breached its Resource Annually Managed Expenditure limit by £4,663,000. During 2014-15 some accommodation leases held by PHSO became onerous; that is, the income to be received from sub-tenants over the remaining life of the leases was substantially less than the amounts PHSO was committed to pay.

11. Under accounting standards the total remaining commitment on these leases, being £6.894 million, needed to be recognised as an expense in 2014-15. However, PHSO failed to consider both the financial reporting implications of the onerous leases and their impact on Annually Managed Resource Expenditure for the year. Therefore, it did not seek Parliamentary approval for the additional expenditure, and incurred a breach of its authorised limit.

12. The Parliamentary and Health Service Ombudsman (PHSO) also breached its Net Cash Requirement limit by £275,000.

13. Parliament granted the PHSO a Net Cash Requirement limit of £32.391 million, subsequently adjusted to £31.716 million in the Supplementary Estimate. PHSO's forecasting and monitoring of its cash in 2014-15 was inadequate, resulting in an overdraft position at 31 March 2015 and a breach of the limit authorised by Parliament.

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

Cabinet Office: Civil Superannuation

£

	Excess	Amount to be Voted
Departmental Expenditure Limit		
Resources	0	0
Capital	0	0
Annually Managed Expenditure		
Resources		
Excess Expenditure	98,702,000	98,702,000
Capital	0	0
Total Net Budget		
Resources	98,702,000	98,702,000
Capital	0	0
Non-budget Expenditure	0	0
Net Cash Requirement	0	0

Excess amounts required in the year ended 31 March 2015 for expenditure by Cabinet Office: Civil Superannuation on:

Annually Managed Expenditure:Expenditure arising from:

the superannuation of civil servants; pensions etc., and other pensions and non-recurrent payments; for other related services and related non-cash items.

Income arising from:

charges received from departments and others on account of the cost of pension cover provided for their staff. Periodical contributions for widows', widowers', and dependants' benefits. Other superannuation contributions, transfer values and bulk transfer receipts.

Northern Ireland Office

£

	Excess	Amount to be Voted
Departmental Expenditure Limit		
Resources	0	0
Capital		
Excess Expenditure	406,000	406,000
Annually Managed Expenditure		
Resources		
Excess Expenditure	1,458,000	1,458,000
Capital	0	0
Total Net Budget		
Resources	1,458,000	1,458,000
Capital	406,000	406,000
Non-budget Expenditure	0	0
Net Cash Requirement	0	0

Excess amounts required in the year ended 31 March 2015 for expenditure by the Northern Ireland Office on:

Departmental Expenditure Limit:Expenditure arising from:

Overseeing the effective operation of the devolution settlement in Northern Ireland and representing the interests of Northern Ireland within the UK Government. Expenditure on administrative services, Head of State related costs, VIP visits to Northern Ireland, NI Human Rights Commission and other Reviews and Commissions arising from the Good Friday Agreement, the Northern Ireland Act 1998, the Northern Ireland Act 2000, the Northern Ireland Act 2009, political development and inquiries, the Electoral Office for Northern Ireland, elections and boundary reviews, legal services, security, victims of the Troubles including the work of the Independent Commission for the Location of Victims Remains, arms decommissioning, parading, Civil Service Commissioners, compensation schemes under the Justice and Security (Northern Ireland) Act 2007 and Terrorism Act 2000 and certain other grants. Expenditure on arrangements for the running of Hillsborough Castle. This will include associated depreciation and any other non-cash costs falling in DEL.

Income arising from:

Recoupment of electoral expenses, receipts from the use of video conferencing facilities, fees and costs recovered or received for work done for other departments, freedom of information receipts, data protection act receipts, recovery of compensation paid, recoupment of grant funding, costs and fees awarded in favour of the crown and receipts arising from arms decommissioning. Fees and costs recovered or received for the use of the NIO estate. Contributions from third parties to fund grant programmes and monies from other departments to fund projects in Northern Ireland.

Annually Managed Expenditure:

Expenditure arising from:

Provisions relating to administrative services and to compensation schemes under the Justice and Security (Northern Ireland) Act 2007, the Criminal Justice Act 1988, and Terrorism Act 2000 other non-cash costs falling in AME.

Non-Budget Expenditure:

Expenditure arising from:

Providing appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the Northern Ireland Act 1998, Northern Ireland Act 2000 and the Northern Ireland Act 2009. Grants to the Northern Ireland Consolidated Fund and transfers of EU funds.

Office of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England

£

	Excess	Amount to be Voted
Departmental Expenditure Limit		
Resources	0	0
Capital	0	0
Annually Managed Expenditure		
Resources		
Excess Expenditure	4,663,000	4,663,000
Capital	0	0
Total Net Budget		
Resources	4,663,000	4,663,000
Capital	0	0
Non-budget Expenditure	0	0
Net Cash Requirement	275,000	275,000

Excess amounts required in the year ended 31 March 2015 for expenditure by the Office of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England on:

Departmental Expenditure Limit:

Expenditure arising from:

Operational and administration costs, capital expenditure, and associated depreciation and other non-cash costs falling in DEL.

Providing services to support the Public Services Ombudsman for Wales, the Scottish Public Services Ombudsman and the Northern Ireland Ombudsman.

Cost sharing arrangements with the Commission for Local Administration in England.

Income arising from:

Providing services to support the work of public services ombudsmen. Cost sharing arrangements with the Commissioner for Local Administration in England and other public sector bodies.

Recovery of costs of staff on loan or secondment.

Sub-letting accommodation on the Ombudsman's estate.

Monies received from sale of goods or services and recovery of costs or miscellaneous income not classified elsewhere.

Annually Managed Expenditure:

Expenditure arising from:

Use of provisions, including provisions for early departure, legal costs and dilapidations.

HM Treasury contacts

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