



House of Commons
Committee of Public Accounts

Excess Votes 2021–22

**Thirty-Ninth Report of Session
2022–23**

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 6 February 2023*

The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No. 148).

Current membership

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[Dan Carden MP](#) (*Labour, Liverpool, Walton*)

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[Mr Jonathan Djanogly MP](#) (*Conservative, Huntingdon*)

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[Anne Marie Morris MP](#) (*Conservative, Newton Abbot*)

[Jill Mortimer MP](#) (*Conservative, Hartlepool*)

[Sarah Olney MP](#) (*Liberal Democrat, Richmond Park*)

[Nick Smith MP](#) (*Labour, Blaenau Gwent*)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via www.parliament.uk.

Publication

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Committee staff

The current staff of the Committee are Jessica Bridges-Palmer (Media Officer), Ameet Chudasama (Committee Operations Manager), Sarah Heath (Clerk), Tom Lacy (Chair Liaison), Rose Leach (Committee Operations Officer), Ben Rayner (Second Clerk).

Contacts

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Summary

The Committee of Public Accounts scrutinises, on behalf of Parliament, the reasons individual departments exceeded their allocated resources, and reports to the House of Commons on whether it has any objection to the amounts needed to rectify the reported excesses.

In 2021–22, the Department of Health and Social Care had no Non-Budget provision but reported Non-Budget expenditure of £2,457.1 million, breaching the authorised limit by £2,457.1 million. This was because of a prior period adjustment relating to the valuation of the liability arising from clinical negligence.

On the basis of our examination of the reasons why this body exceeded its voted provision, we have no objection to Parliament providing the necessary amount by means of an Excess Vote.

Conclusions and Recommendations

1. **The Department of Health and Social Care breached its Non-Budget Expenditure Limit by £2,457.1 million.** During the year, the Department, through the NHS Litigation Authority, revalued aspects of its provision relating to clinical negligence to produce a better estimate. The prior period financial statements were restated as required under accounting standards. This meant that the outturn against Non-Budget Expenditure was £2,457.1 million but Parliament had authorised a Non-Budget Expenditure limit of £Nil for the Department in 2021–22, leading to an excess of £2,457.1 million.

Recommendation:

2. *Under the terms of the Standing Order of the House of Commons number 55(2)(d), we recommend that Parliament provides the additional resources by means of an Excess Vote, as set out in Figure 1 on Page 5.*

1 Excess Votes in 2021–22

Introduction

1. This Report is part of the framework of control over government spending. Resource-based Supply requires Departments to estimate and manage the financial resources they need during each financial year on an accruals basis for commitments to provide services, and on a cash basis to meet commitments as they mature. Parliament authorises Departments' proposed cash spending and use of resources.
2. HM Treasury is responsible for monitoring and overseeing Departments' compliance with the limits authorised by Parliament and for controlling adjustments to the approved limits during the financial year. If a Department needs to adjust its budget during the year it has one opportunity to do so via a Supplementary Estimate, which is approved by Parliament towards the end of the financial year.¹
3. Resource-based Estimates reflect accruals and non-cash consumption of resources, such as depreciation. A cash limit is also voted by Parliament together with a non-budget line, through which departments are required to record adjustments to their prior year costs. Parliament expects Departments to stay within the limits they are voted. Any expenditure outside the limits authorised by Parliament potentially undermines parliamentary control over public spending. A breach of any of the budgetary control limits, the cash limit or the non-budget line results in the need for the expenditure to be regularised through the Parliamentary Excess Votes process.
4. Under Standing Order of the House of Commons number 55(2) (d), the Committee of Public Accounts scrutinises the reasons behind any individual bodies exceeding their allocated resources, and reports to the House of Commons on whether it has any objection to making good the reported excesses. Once the Committee has reported, Statements of Excesses will be presented to Parliament, to be voted into the Supply and Appropriation (Anticipation and Adjustments) Act. The passing of this Act authorises the additional grant by Parliament to regularise the excesses incurred by departments.
5. Figure 1 shows the excess incurred in 2021–22. Parliament is being asked to approve additional budget for the excess reported in the table.

Figure 1: Summary of the 2021–22 Excess

| Department | Non-Budget | |
|--------------------------------------|---------------|--------------------|
| | Excess | Amount to be voted |
| | £ | £ |
| Department of Health and Social Care | 2,457,088,000 | 2,457,088,000 |

¹ Central Government Supply Estimates 2021–22: Main Supply Estimates for the year ending 31 March 2022, May 2021, HC 14; and Central Government Supply Estimates 2021–22: Supplementary Estimates, February 2022, HC 1152

The Department of Health and Social Care²

6. The outturn against Non-Budget Expenditure was £2,457.1 million but Parliament had authorised a Non-Budget Expenditure limit of £Nil for the Department in 2021–22. This means that the authorised limit was breached by £2,457.1 million.

7. The NHS Litigation Authority (known as NHS Resolution) is a Special Health Authority within the Departmental boundary of the Department of Health and Social Care. It provides for future costs in cases where the Department is the defendant in legal proceedings brought by claimants seeking damages for the effects of alleged clinical negligence. One of the key inputs in the valuation of the provision is the Expected Settlement Date for individual claims, which affects the inflation and discounting that are applied. In previous years, Expected Settlement Dates were calculated based on the judgement and experience of individual claims handlers.

8. In 2021–22, NHS Resolution identified that, while these judgements may be reasonable at an individual claims level, collectively they may be optimistic compared to the number and value of schemes that the legal and health systems have the capacity to settle. To address this, it adjusted the claims provision to reflect an actuarial view of a slower settlement pattern than the Expected Settlement Dates suggest. NHS Resolution concluded that this approach should have been applied to prior periods, drawing on the information that was available at the time, as it results in a better estimate of the known claims provision. The prior period financial statements were therefore restated as required under accounting standards.

9. The £2,457.1 million is the impact on the Departmental Group accounts arising from the prior period adjustment in the NHS Resolution 2021–22 accounts as these are, in turn, consolidated into the Departmental accounts.

10. This issue was only identified after the Supplementary Estimates had been submitted and, as such, the Department was unable to seek cover for the excess.

Formal minutes

Monday 6 February 2023

Members present:

Dame Meg Hillier

Olivia Blake

Dan Carden

Sir Geoffrey Clifton-Brown

Mr Jonathan Djanogly

Mrs Flick Drummond

Mr Mark Francois

Peter Grant

Anne Marie Morris

Jill Mortimer

Nick Smith

Excess Votes 2021–22

Draft Report (*Excess Votes 2021–22*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 10 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Thirty-ninth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Adjournment

Adjourned till Thursday 23 February at 9.30am.

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

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