Forty-Fourth Report of Session 2019-21

HM Treasury

Excess Votes 2019-20

Introduction from the Committee

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.

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.

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.

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.

Figure 1 below shows the excesses incurred in 2019-20.

The Committee published its report on 12 February 2021. This is the government's response to the Committee's report.

Figure 1: Summary of 2019–20 Excesses

Department	Resource DEL	Resource AME	Capital AME	Net Cash Requirement
	Excess / Amount to be voted £	Excess / Amount to be voted £	Excess / Amount to be voted £	Excess / Amount to be voted £
Ministry of Housing, Communities & Local Government (MHCLG Local Government)	3,385,625,000			2,867,896,000
Department for Business, Energy & Industrial Strategy		4,894,982,000		
HM Revenue & Customs				725,989,000
HM Treasury			32,332,000	
Home Office				117,761,000

Relevant reports

- *Central Government Supply Estimates 2019-20 - Supplementary Estimates (HC 71)*
- *Ministry of Housing, Communities & Local Government Annual Report and Accounts 2019-20 (HC 929)*
- *Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2019-20 (HC 709)*
- *HM Revenue & Customs Annual Report and Accounts 2019-20 (HC 891)*
- *Home Office Annual Report and Accounts 2019-20 (HC 334)*
- *HM Treasury Annual Report and Accounts 2019-20 (HC 746)*
- *PAC report: Excess Votes 2019-20 – Session 2019-21 (HC 1205)*

Government responses to the Committee

1: PAC conclusion: The Ministry of Housing, Communities & Local Government breached its Resource Departmental Expenditure Limit by £3.4 billion, and its Net Cash Requirement by £2.9 billion.

1: PAC recommendation***: 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.***

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 Following the publication of the 2019-20 excesses by the Committee, HM Treasury has laid the Statement of Excesses 2019-20 and the Late Statement of Excesses 2018-19. These excesses are included in the Supply and Appropriation (Anticipation and Adjustments) Act 2021 providing the additional resources by means of an Excess Vote which received Royal Assent on 15 March 2021.

2. PAC conclusion: *The Department for Business, Energy & Industrial Strategy breached its Resource Annually Managed Expenditure total by £4.9 billion.*

2: PAC recommendation*: 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.*

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 Following the publication of the 2019-20 excesses by the Committee, HM Treasury has laid the Statement of Excesses 2019-20 and the Late Statement of Excesses 2018-19. These excesses are included in the Supply and Appropriation (Anticipation and Adjustments) Act 2021 providing the additional resources by means of an Excess Vote which received Royal Assent on 15 March 2021.

3. PAC conclusion: *HM Revenue & Customs breached its Net Cash Requirement by £726 million.*

3: PAC recommendation*: 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.*

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 Following the publication of the 2019-20 excesses by the Committee, HM Treasury has laid the Statement of Excesses 2019-20 and the Late Statement of Excesses 2018-19. These excesses are included in the Supply and Appropriation (Anticipation and Adjustments) Act 2021 providing the additional resources by means of an Excess Vote which received Royal Assent on 15 March 2021.

4. PAC conclusion*: The Home Office breached its Net Cash Requirement by £118 million.*

4: PAC recommendation*: 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.*

4.1 The Government agrees with the Committee's recommendation.

Recommendation implemented.

4.2 Following the publication of the 2019-20 excesses by the Committee, HM Treasury has laid the Statement of Excesses 2019-20 and the Late Statement of Excesses 2018-19. These excesses are included in the Supply and Appropriation (Anticipation and Adjustments) Act 2021 providing the additional resources by means of an Excess Vote which received Royal Assent on 15 March 2021.

5. PAC conclusion*: HM Treasury breached its Capital Annually Managed Expenditure total by £32 million.*

5: PAC recommendation*: 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.*

5.1 The government agrees with the Committee's recommendation.

Recommendation implemented

5.2 Following the publication of the 2019-20 excesses by the Committee, HM Treasury has laid the Statement of Excesses 2019-20 and the Late Statement of Excesses 2018-19. These excesses are included in the Supply and Appropriation (Anticipation and Adjustments) Act 2021 providing the additional resources by means of an Excess Vote which received Royal Assent on 15 March 2021.