
Supply Estimates

2002-03

Statement of Excesses

Supply Estimates 2002-03

for the year ending 31 March 2003

Statement of Excesses

*Presented by Command of Her Majesty
Ordered by the House of Commons to be printed
4 March 2004*

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 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 normally presented to Parliament in February, some ten months after the end of the financial year 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 Spring Consolidated Fund Act in March.
6. Part I shows the net total amount of Excess Votes. Part II provides a Statement of Excesses for each Estimate concerned. Part III provides an explanation of the reasons for each excess.

2002-03

STATEMENT OF EXCESSES

Part I	Total net resource requirement	£15,975,062.02
	Total net cash requirement	£1,188.38

STATEMENT of the amounts required to be voted in order to make good excesses for the year ended 31 March 2003

Part II Summary of 2002-03 Statement of Excesses by Department

Request for Resources (RfR) Title	Resources		Cash	
	Excess	Amount to be voted	Excess	Amount to be voted
	£	£	£	£
Office of Her Majesty's Chief Inspector of Schools in England				
1 Improving the quality and standards of education and childcare through independent inspection, regulation and advice				
Excess expenditure	1,554,373.15	1,554,373.15	1,188.38	1,188.38
Office of the Rail Regulator				
1 To create a better railway for passengers and freight and better value for public funding authorities through independent, fair and effective regulation				
Excess expenditure (administration costs)	643,000.00		—	
Less: (i) Net savings available on other expenditure subheads	198,701.70		—	
(ii) Surplus income available to be appropriated as operating appropriations in aid	<u>3,000.00</u>	441,298.30	—	—
Home Office				
2 Protecting the public by holding prisoners in decent conditions and reducing re-offending after release				
Excess expenditure	14,358,588.20		—	
Less: (i) Surplus income available to be appropriated as operating appropriations in aid	<u>1,725,767.97</u>	12,632,820.23	—	—

Part II (continued)

Request for Resources (RfR) Title	Resources		Cash	
	Excess	Amount to be voted	Excess	Amount to be voted
	£	£	£	£
Postal Services Commission				
1	Ensuring the provision of a universal postal service at a uniform tariff, protecting consumers and promoting competition			
	Excess expenditure (administration costs)	120,364.01	–	
	Less: (i) Net savings available on other expenditure subheads	<u>119,364.01</u>	–	–
		1,000.00		
Cabinet Office				
1	Supporting the Prime Minister's Office closely in ensuring the delivery of Government objectives			
	Excess expenditure	2,366,570.34	–	
	Less: (i) Surplus income available to be appropriated as operating appropriations in aid	<u>1,022,000.00</u>	–	–
		1,344,570.34		
Privy Council Office				
1	Ensuring the orderly conduct of Privy Council Office business			
	Excess expenditure	9,570.61	–	
	Less: (i) Surplus income available to be appropriated as operating appropriations in aid	<u>8,570.61</u>	–	–
		1,000.00		
Totals to be voted		15,975,062.02		1,188.38

TREASURY CHAMBERS

RUTH KELLY

March 2004

Part III Explanations

**Office of Her Majesty's
Chief Inspector of Schools
in England**

Excess expenditure over the net Estimate provision for RfR1 (Improving the quality and standards of education and childcare through independent inspection, regulation and advice) amounted to £1,554,373.15 of resources and £1,188.38 of cash. The excess occurred because of a shortfall in fee income from childcare providers and an increase in expenditure following a higher than expected number of inspections being completed. Parliamentary authority is sought to provide for the excess expenditure by an Excess Vote.

Office of the Rail Regulator

Excess expenditure over the administration costs limit for the Office of the Rail Regulator amounted to £643,000. Within this, excess expenditure over the gross Estimate provision for RfR1 (To create a better railway for passengers and freight and better value for public funding authorities through independent, fair and effective regulation) amounted to £444,298.30 of resources. The excess expenditure and the breach of the administration costs limit arose because of weaknesses in the monitoring of consultancy and legal expenditure. There were, however, savings on other current expenditure subheads of £198,701.70 and surplus income of classes authorised to be used as operating appropriations in aid amounting to £3,000.00. Under arrangements previously notified to Parliament relating to breaches of administration costs limits, the Treasury refused to allow the application of savings on other current expenditure subheads to reduce the excess on administration costs. Parliamentary authority is therefore sought to apply these savings and the surplus operating appropriations in aid towards meeting the excess, leaving additional resources of £441,298.30 to be provided by an Excess Vote.

Home Office

Excess expenditure over the gross Estimate provision for RfR2 (Protecting the public by holding prisoners in decent conditions and reducing re-offending after release) amounted to £14,358,588.20 of resources. The excess occurred because of inconsistencies in the accounting treatment of maintenance expenditure on prisons between the resource budget and the resource account outturn. The department did not quantify actual prison construction expenditure between capital and revenue elements until after the financial year end, when it was too late for any excesses to be met by way of a Supplementary Estimate. The overspending on maintenance of £16.6 million was partly offset by savings elsewhere on RfR2 of £2.3 million. There was, however, surplus income of classes authorised to be used as operating appropriations in aid amounting to £1,725,767.97. Parliamentary authority is sought to apply the total of this surplus operating appropriations in aid towards meeting the excess, leaving additional resources of £12,632,820.23 to be provided by an Excess Vote.

Postal Services Commission

Excess expenditure over the administration costs limit for the Postal Services Commission amounted to £120,364.01. The breach of this limit occurred because of a failure to allow for outstanding business rates and the misclassification of agency staff costs. There were savings on other current expenditure subheads to cover the excess but, under arrangements previously notified to Parliament relating to breaches of administration costs limits, the Treasury refused to authorise the application of these savings to meet the administration costs excess. Parliamentary authority is sought to apply £119,364.01 of the savings towards meeting the excess on administration costs, leaving a token amount of resources of £1,000.00 to be provided by an Excess Vote.

Part III Explanations *(continued)*

Cabinet Office Excess expenditure over the gross Estimate provision for RfR1 (Supporting the Prime Minister's Office closely in ensuring the delivery of Government objectives) amounted to £2,366,570.34 of resources. The excess occurred because of a fall in the value of information technology assets. The Department's review concluded that the values of software assets used by the e-Envoy in the development of websites, including the Government Gateway and the Knowledge Network, were overstated. The overall effect of the impairment charges arising from the review resulted in an unbudgeted expenditure charge of some £4.5 million being included in the Department's operating costs. There was, however, surplus income of classes authorised to be used as operating appropriations in aid amounting to £1,022,000.00. Parliamentary authority is sought to apply the total of this surplus operating appropriations in aid towards meeting the excess, leaving additional resources of £1,344,570.34 to be provided by an Excess Vote.

The Department presented the Comptroller and Auditor General with signed accounts on 23 January 2004, some weeks after the statutory deadline for submission of 30 November 2003. This delay meant that the Comptroller and Auditor General's staff were unable to complete the audit by 31 January, the statutory deadline by which the account had to be laid before the House of Commons. The accounts were laid on 29 January, but because of the limitation on the scope of the Comptroller and Auditor General's work, he was unable to express an opinion on the accounts or on the accuracy of the Department's net resource outturn.

Privy Council Office Excess expenditure over the gross Estimate provision for RfR1 (Ensuring the orderly conduct of Privy Council Office business) amounted to £9,570.61 of resources. The excess occurred because of the effects of a downward revaluation of fixed assets and unforeseen severance payments to special advisers following the resignation of the Minister and President of the Council. A downward revaluation to antique furniture and other fixed assets generated an unforeseen charge of £24,000 to the Operating Cost Statement. The Minister and President of the Council resigned from the government on 17 March 2003. His special advisers, who resigned with him, received severance pay of £35,000 which was charged to the Office's Operating Cost Statement. The Office could not have foreseen this event nor its financial consequences. There was, however, surplus income of classes authorised to be used as operating appropriations in aid amounting to £39,000. Parliamentary authority is sought to apply £8,570.61 of the surplus operating appropriations in aid towards meeting the excess, leaving a token amount of resources of £1,000.00 to be provided by an Excess Vote.

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