



House of Commons  
Committee of Public Accounts

---

**Excess Votes 2017–18**

---

**Seventy-Ninth Report of  
Session 2017–19**

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

*Ordered by the House of Commons  
to be printed 13 February 2019*

## 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

[Meg Hillier MP](#) (*Labour (Co-op), Hackney South and Shoreditch*) (Chair)

[Douglas Chapman MP](#) (*Scottish National Party, Dunfermline and West Fife*)

[Sir Geoffrey Clifton-Brown MP](#) (*Conservative, The Cotswolds*)

[Chris Davies MP](#) (*Conservative, Brecon and Radnorshire*)

[Chris Evans MP](#) (*Labour (Co-op), Islwyn*)

[Caroline Flint MP](#) (*Labour, Don Valley*)

[Robert Jenrick MP](#) (*Conservative, Newark*)

[Shabana Mahmood MP](#) (*Labour, Birmingham, Ladywood*)

[Nigel Mills MP](#) (*Conservative, Amber Valley*)

[Layla Moran MP](#) (*Liberal Democrat, Oxford West and Abingdon*)

[Stephen Morgan MP](#) (*Labour, Portsmouth South*)

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

[Bridget Phillipson MP](#) (*Labour, Houghton and Sunderland South*)

[Lee Rowley MP](#) (*Conservative, North East Derbyshire*)

[Gareth Snell MP](#) (*Labour (Co-op), Stoke-on-Trent Central*)

[Anne-Marie Trevelyan MP](#) (*Conservative, Berwick-upon-Tweed*)

### 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](http://www.parliament.uk).

### Publication

© Parliamentary Copyright House of Commons 2019. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at [www.parliament.uk/copyright/](http://www.parliament.uk/copyright/).

Committee reports are published on the [Committee’s website](#) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee’s website.

### Committee staff

The current staff of the Committee are Richard Cooke (Clerk), Laura-Jane Tiley, Samir Amar Setti (Second Clerks), Hannah Wentworth (Chair Liaison), Ameet Chudasama (Senior Committee Assistant), Baris Tufekci (Committee Assistant), Hajera Begum (Committee Support Assistant), and Tim Bowden (Media Officer).

## Contacts

All correspondence should be addressed to the Clerk of the Committee of Public Accounts, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5776; the Committee's email address is [pubaccom@parliament.uk](mailto:pubaccom@parliament.uk).

You can follow the Committee on Twitter using [@CommonsPAC](https://twitter.com/CommonsPAC).

# Contents

---

<b>Summary</b>	<b>3</b>
<b>Conclusions and Recommendations</b>	<b>4</b>
<b>Introduction</b>	<b>5</b>
United Kingdom Supreme Court	6
<b>Formal Minutes</b>	<b>7</b>
<b>Witnesses</b>	<b>8</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>9</b>

## Summary

---

1. 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.
2. In 2017–18, one body, the United Kingdom Supreme Court (UKSC), breached its expenditure limit. UKSC, when preparing its 2017–18 financial statements, identified that Value Added Tax had, in error, not been included in its building valuations for each of the past eight years. The higher valuation resulted in a £665,000 increase in historic depreciation. We took evidence from UKSC, which acknowledges that it had previously taken the valuation at face value, and which has given us assurances that it is implementing a series of changes to guard against similar errors in future.
3. On the basis of our examination of the reasons, we have no objection to Parliament providing the necessary amount by means of an Excess Vote.

## Conclusions and Recommendations

---

4. **The United Kingdom Supreme Court (UKSC) breached its Non-Budget Expenditure Limit by £665,000.** When preparing its 2017–18 financial statements, UKSC identified that Value Added Tax had not been included in its building valuations over the period 2009–10 to 2016–17. Its building is valued in the statements at replacement cost, which should be inclusive of VAT because the VAT cannot be recovered by UKSC. The higher valuation resulted in a £665,000 increase in historic depreciation that UKSC had not accounted for, over the period 2009–10 to 2016–17. When UKSC finally identified the error it was too late for the Supplementary Estimates and thus it exceeded its Non-Budget control total by £665,000.

***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 on page 5. While we recognise the assurances given to us in oral evidence, the United Kingdom Supreme Court should also write to us within one month, providing further detail on the ‘root and branch’ review it is carrying out to guard against it making accounting errors in future.***

## Introduction

5. 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.

6. 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. In 2017–18, Parliament granted total net resources of £746.7 billion and total cash of £488.0 billion in Supply Estimates to 57 vote-funded bodies.<sup>1</sup>

7. 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.

8. 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.

9. Figure 1 shows the excesses incurred in 2017–18. Parliament is being asked to approve additional budget for the excess reported in the table.

**Figure 1: Summary of 2017–18 Excesses**

Department	Resource Non-Budget	
	Excess	Amount to be voted
	£	£
United Kingdom Supreme Court	665,000	665,000

<sup>1</sup> Central Government Supply Estimates 2017–18: Main Supply Estimates for the year ending 31 March 2018, April 2017, HC 1127; and Central Government Supply Estimates 2017–18: Supplementary Estimates, February 2018, HC 808

## United Kingdom Supreme Court<sup>2</sup>

10. The United Kingdom Supreme Court (UKSC) is a non-ministerial department established by the Constitutional Reform Act 2005. The Lord Chancellor (who heads the Ministry of Justice as the Secretary of State for Justice) must ensure that UKSC is provided with such resources as are appropriate and the UKSC’s Chief Executive, who is the Accounting Officer, must ensure those resources are used to provide an efficient and effective system to support its business.

11. For the purposes of its financial statements, the UKSC revalues its building each year using the ‘Depreciated Replacement Cost’ method; meaning that the building is valued on its balance sheet at how much UKSC would have to pay to replace it, less a depreciation charge. When preparing its accounts for 2017–18, UKSC identified that VAT costs had not initially been included in its valuation of the building. VAT costs should have been included as VAT is irrecoverable on UKSC’s capital costs. The recalculation resulted in an increase of £3.4 million in the value of the building as stated at 31 March 2017 and, in turn, an increase in historic depreciation charges from 2009–10 (the inception date of UKSC) to 2016–17 of £665,000.

12. Approval for these historic depreciation costs must be obtained from Parliament. However, UKSC did not discover the error in time to include in the 2017–18 Supplementary Estimates. As set out in the Comptroller and Auditor General’s Certificate, UKSC therefore exceeded the Non-Budget limit set by Parliament by £665,000.

13. We took evidence from UKSC and challenged them on the reasons for the error.<sup>3</sup> UKSC explained that it had relied each year on a depreciated replacement value figure from the Valuation Office, which had stated that the figure supplied excluded VAT. UKSC further explained that its error was eventually spotted after a member of staff had been on some relevant training. When asked why its processes had failed to identify the error for so long, UKSC said that the valuation, excluding VAT, had been taken “at face value”, and acknowledged that there should have been more scrutiny and challenge. UKSC said it was content that the appropriate central guidance was there and suitably available for smaller bodies to follow. It stated that it had put in place a series of changes since the error occurred, including extra training and a ‘root and branch’ review involving non-executive directors. It said it had taken the incident as an indication that it needed to focus more on the accuracy of its accounts. UKSC also stressed to us that there had been no impropriety, that the £665,000 was a cumulative figure over eight years, and that there had been no previous qualification of its accounts.

---

2 The Supreme Court Annual Report and Accounts 2017–2018, June 2018, HC 1032

3 Insert ref to transcript



# Formal Minutes

---

**Wednesday 13 February 2019**

Members present:

Meg Hillier, in the Chair

Sir Geoffrey Clifton-Brown	Layla Moran
Chris Davies	Anne Marie Morris
Chris Evans	Bridget Phillipson
Caroline Flint	Lee Rowley

Draft Report (*Excess Votes 2017–18*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 13 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

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

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

[Adjourned till Monday 25 February at 3:30pm]

## Witnesses

---

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 11 February 2019

**Sir Amyas Morse**, Comptroller and Auditor General; **Adrian Jenner**, Director of Parliamentary Relations, National Audit Office; **Steven Corbishley**, Director, NAO; and **Marius Gallaher**, Alternate Treasury Officer of Accounts

[Q1–28](#)

## 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. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)

Eighteenth Report	Exiting the European Union	HC 467 (Cm 9596)
Nineteenth Report	Excess Votes 2016–17	HC 806 (Cm 9596)
Twentieth Report	Update on the Thameslink Programme	HC 466 (Cm 9618)
Twenty-First Report	The Nuclear Decommissioning Authority's Magnox	HC 461 (Cm 9618)
Twenty-Second Report	The monitoring, inspection and funding of Learndirect Ltd.	HC 875 (Cm 9618)
Twenty-Third Report	Alternative Higher Education Providers	HC 736 (Cm 9618)
Twenty-Fourth Report	Care Quality Commission: regulating health and social care	HC 468 (Cm 9618)
Twenty-Fifth Report	The sale of the Green Investment Bank	HC 468 (Cm 9618)
Twenty-Sixth Report	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership	HC 896 (Cm 9618)
Twenty-Seventh Report	Government contracts for Community Rehabilitation Companies	HC 897 (Cm 9618)
Twenty-Eighth Report	Ministry of Defence: Acquisition and support of defence equipment	HC 724 (Cm 9618)
Twenty-Ninth Report	Sustainability and transformation in the NHS	HC 793 (Cm 9618)
Thirtieth Report	Academy schools' finances	HC 760 (Cm 9618)
Thirty-First Report	The future of the National Lottery	HC 898 (Cm 9643)
Thirty-Second Report	Cyber-attack on the NHS	HC 787 (Cm 9643)
Thirty-Third Report	Research and Development funding across government	HC 668 (Cm 9643)
Thirty-Fourth Report	Exiting the European Union: The Department for Business, Energy and Industrial Strategy	HC 687 (Cm 9643)
Thirty-Fifth Report	Rail franchising in the UK	HC 689 (Cm 9643)
Thirty-Sixth Report	Reducing modern slavery	HC 886 (Cm 9643)
Thirty-Seventh Report	Exiting the European Union: The Department for Environment, Food & Rural Affairs and the Department for International Trade	HC 699 (Cm 9643)
Thirty-Eighth Report	The adult social care workforce in England	HC 690 (Cm 9667)
Thirty-Ninth Report	The Defence Equipment Plan 2017–2027	HC 880 (Cm 9667)

Fortieth Report	Renewable Heat Incentive in Great Britain	HC 696 (Cm 9667)
Forty-First Report	Government risk assessments relating to Carillion	HC 1045 (Cm 9667)
Forty-Second Report	Modernising the Disclosure and Barring Service	HC 695 (Cm 9667)
Forty-Third Report	Clinical correspondence handling in the NHS	HC 929 (Cm 9702)
Forty-Fourth Report	Reducing emergency admissions	HC 795 (Cm 9702)
Forty-Fifth Report	The higher education market	HC 693 (Cm 9702)
Forty-Sixth Report	Private Finance Initiatives	HC 894 (Cm 9702)
Forty-Seventh Report	Delivering STEM skills for the economy	HC 691 (Cm 9702)
Forty-Eighth Report	Exiting the EU: The financial settlement	HC 973 (Cm 9702)
Forty-Ninth Report	Progress in tackling online VAT fraud	HC 1304 (Cm 9702)
Fiftieth Report	Financial sustainability of local authorities	HC 970 (Cm 9702)
Fifty-First Report	BBC commercial activities	HC 670 (Cm 9702)
Fifty-Second Report	Converting schools to academies	HC 697 (Cm 9702)
Fifty-Third Report	Ministry of Defence's contract with Annington Property Limited	HC 974 (Cm 9702)
Fifty-Fourth Report	Visit to Washington DC	HC 1404 (Cm 9702)
Fifty-Fifth Report	Employment and Support Allowance	HC 975 (Cm 9702)
Fifty-Sixth Report	Transforming courts and tribunals	HC 976 (Cm 9702)
Fifty-Seventh Report	Supporting Primary Care Services: NHS England's contract with Capita	HC 698 (Cm 9702)
Fifty-Eighth Report	Strategic Suppliers	HC 1031 (Cm 9702)
Fifty-Ninth Report	Skill shortages in the Armed Forces	HC 1027 (Cm 9740)
Sixtieth Report	Ofsted's inspection of schools	HC 1029 (Cm 9740)
Sixty-First Report	Ministry of Defence nuclear programme	HC 1028 (Cm 9740)

Sixty-Second Report	Price increases for generic medications	HC 1184 (Cm 9740)
Sixty-Third Report	Interface between health and social care	HC 1376 (Cm 9740)
Sixty-Fourth Report	Universal Credit	HC 1375
Sixty-Fifth Report	Nuclear Decommissioning Authority	HC 1375
Sixty-Sixth Report	HMRC's performance in 2017–18	HC 1526
Sixty-Seventh Report	Financial Sustainability of police forces in England and Wales	HC 1513
Sixty-Eighth Report	Defra's progress towards Brexit	HC 1514
Sixty-Ninth Report	Sale of student loans	HC 1527
Seventieth Report	Department for Transport's implementation of Brexit	HC 1657
Seventy-First Report	Department for Health and Social Care accounts	HC 1515
Seventy-Second Report	Mental health services for children and young people	HC 1593
Seventy-Third Report	Academy accounts and performance	HC 1597
Seventy-Fourth Report	Whole of Government accounts	HC 464
Seventy-Fifth Report	Pre-appointment hearing: preferred candidate for Comptroller and Auditor General	HC 1883
Seventy-Seventh Report	Defence Equipment Plan 2018–28	HC 1519
Seventy-Eighth Report	Improving government planning and spending	HC 1596
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347
Second Special Report	Third Annual Report of the Chair of the Committee of Public Accounts	HC 1399