



Northern Ireland
Assembly

Public Accounts Committee

Report on Excess Votes (Northern Ireland) 2022-23 and late accounts/corrections from prior years

Ordered by the Public Accounts Committee to be published 21 March 2024.

Report: NIA 11/22-27 Public Accounts Committee

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Powers and Membership

Powers

The Public Accounts Committee is a Standing Committee established in accordance with Standing Orders under Section 60(3) of the Northern Ireland Act 1998. It is the statutory function of the Public Accounts Committee to consider the accounts, and reports on accounts laid before the Assembly.

The Public Accounts Committee is appointed under Assembly Standing Order No. 56 of the Standing Orders for the Northern Ireland Assembly. It has the power to send for persons, papers and records and to report from time to time. Neither the Chairperson nor Deputy Chairperson of the Committee shall be a member of the same political party as the Minister of Finance or of any junior minister appointed to the Department of Finance.

Membership

The Committee has 9 members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

- Mr Daniel McCrossan MLA (Chairperson)
- Ms Cheryl Brownlee MLA (Deputy Chairperson)
- Mr Cathal Boylan MLA
- Mr Tom Buchanan MLA
- Mr Pádraig Delargy MLA
- Ms Diane Forsythe MLA
- Mr Colm Gildernew MLA
- Mr David Honeyford MLA
- Mr John Stewart MLA¹

¹With effect from 5 March 2024 Mr John Stewart replaced Mr Robbie Butler

List of Abbreviations and Acronyms used in this Report

the Assembly: the Northern Ireland Assembly

the Committee: Public Accounts Committee (PAC)

Summary

This report by the Public Accounts Committee (PAC) on Excess Votes is part of the Northern Ireland Assembly's control framework over government spending. The Committee considers the reports by the Comptroller and Auditor General on resource accounts of departments that have exceeded the limits of expenditure authorised by the Northern Ireland Assembly (the Assembly).

The Committee recommends whether the Assembly should approve further resources to the departments concerned in order to regularise the excess expenditure. Where the excesses are the results of failures in control within departments, the Committee may make recommendations to departments concerning the causes of these excesses.

The system of resource-based Supply requires departments to estimate and manage the resources they will need during a financial year on an accruals basis, as well as the cash they will need as commitments mature. The Assembly authorises both cash spending and the use of resources.

In 2022-23 one department incurred an excess vote. There were also excess votes for two late accounts from previous years. The three resource excesses totalled £29.510 million.

Finally there is an additional amount in relation to the correction of excess net cash requirements relating to 2016-17 and 2018-19 totalling £442,000.

The three cases with resource excesses are:

- The Department of Education breached its AME: resources for current purposes limit in 2022-23 by £7.38 million. The excess was primarily attributable to higher than anticipated costs for provisions, depreciation and impairments.
- The Department of Education, Teachers' Pension Scheme breached its net resource limit in 2021-22 by £10.721 million. The excess was largely attributable to the increase in the current service charge being higher than estimated.

- The Department of Education, Teachers' Pension Scheme breached its net resource limit in 2020-21 by £11.409 million. The excess was primarily attributable to the increase in the current service charge being higher than estimated.

There is also an additional amount due in relation to an excess net cash requirement which relates to previous years. This was in the accounts of the Public Prosecution Service (PPS) and results from a misstatement of the Net Cash Requirement in both 2016-17 and 2018-19 due to an error in calculation. In total this amounts to £442,000.

On the basis of our examination of the reasons why these bodies exceeded voted provisions, the Committee recommends that the Assembly provides the necessary amounts by means of an Excess Vote.

Background

1. This report is part of the framework of Assembly control over government spending. Resource-based Supply requires departments to estimate and manage the resources they will need in a financial year on an accruals basis, as well as the cash they will need as commitments mature. The Assembly authorises spending on both a cash and accruals basis.
2. In 2022-23, the Assembly granted total net resources of £26.657 billion and total cash of £21.487 billion in Supply Estimates to 19 bodies including departments, pension schemes and other vote-funded bodies. The difference in the provision of cash and resources is primarily due to including non-cash charges in resources for items such as depreciation of assets and changes in the value of assets or liabilities.
3. In 2022-23 one department incurred an excess vote. There were also excess votes for two late accounts from previous years and an excess cash vote arising from the correction of figures in 2016-17 and 2018-19. The three resource excesses totalled £29.510 million and the excess cash for the correction of previous errors totalled £442,000. Details of the excesses are summarised in **Figure 1** on pages 12 and 13.
4. A breach of any of the budgetary control limits or the cash limit results in the need for expenditure to be regularised through the Assembly Excess Vote process. The Public Accounts Committee scrutinises the reasons behind each Departments' excess of allocated resources, and reports to the Assembly on whether it has any objections to making good the reported excesses. Once the Committee has reported, a Statement of Excesses will be presented to the Assembly, to be voted into the Budget Act. The passing of this Act authorises the additional grant by the Assembly to regularise the excesses incurred by Departments.

Excess votes relating to 2022-23 accounts

5. **The Department of Education breached its AME: resources for current purposes limit by £7.38 million.** The excess was primarily attributable to higher than anticipated AME expenditure during the period resulting from:
 - increased provisions due to a higher than anticipated increase of the current service charge (a notional charge to the pension scheme derived by the actuary) in respect of the NI Local Government Officers' Superannuation Scheme reported in the triennial valuation and inflationary factors; and
 - increased depreciation and impairments mainly resulting from the quinquennial revaluation of the education estate by Land and Property Services at 31 March 2023, noting an ageing school estate.
6. The Department advised that during 2022-23, the lack of clarity in respect of the Budgets and Estimates position, the timing of the LPS quinquennial review of the education estate and actuarial reporting of the impact of inflationary increases, impeded the ability to provide accurate AME forecasts. The Department further advised that it has put a number of measures in place to mitigate, as far as possible, the risk of future AME overspends including enhanced monitoring of AME forecasts/outturn on a Group wide basis and engagement with DE Group component bodies to alert them to the importance of providing accurate forecasting of AME expenditure.
7. **The Committee recommends that the Assembly provides additional resources by means of an Excess Vote, as set out in Figure 1 on pages 12 and 13.**

Excess votes relating to accounts from previous years

Department of Education, Teachers' Pensions Scheme 2021-22

8. **The Department of Education, Teachers' Pension Scheme breached its net resource limit by £10.721 million.** The excess was primarily attributable to the increase in the current service charge being significantly higher than anticipated. The Department advised that delays to the full implementation of the new Teachers' Pension System Financials module resulted in the late production of actual outturn figures for the year ended 31 March 2022. These only became available for actuarial review in August 2022 and therefore actuarial calculations were not available for the Spring Supplementary Estimate before it was finalised.
9. The Department advised the Comptroller and Auditor General that it is continuing to make progress to address the backlogs caused by the delays to the system implementation and to bring the Scheme's annual statements back in line with statutory reporting requirements. The Department further advised it will continue to work closely with key stakeholders, including the Actuary, to identify any opportunities to further enhance forecasting the Teachers' Pension Scheme Estimate and to strengthen monitoring arrangements.
10. **The Committee recommends that the Assembly provides additional resources by means of an Excess Vote, as set out in Figure 1 on pages 12 and 13.**

Department of Education, Teachers' Pensions Scheme 2020-21

11. **The Department of Education, Teachers' Pension Scheme breached its net resource limit by £11.409 million.** The excess was primarily attributable to the increase in the current service charge being higher than anticipated. The Department advised that delays to the full implementation of the new Teachers'

Pension System Financials module resulted in delays to the production of actual outturn figures during 2020-21 which only became available for actuarial review in August 2022 and therefore actuarial calculations were not available for the Spring Supplementary Estimate before it was finalised. This issue also impacted the 2021-22 accounts as described above.

12. **The Committee recommends that the Assembly provides additional resources by means of an Excess Vote, as set out in Figure 1 on pages 12 and 13.**

Public Prosecution Service 2016-17 and 2018-19

13. In late 2021 the Department of Finance identified that the **Public Prosecution Service (PPS) had understated its Net Cash Requirement in 2016-17 by £397,000 and 2018-19 by £45,000.** There is no resource impact. This resulted from errors made in the calculation of Net Cash Requirement by the PPS and steps have been taken so that this does not happen again. As a result an amendment to increase the net cash voted is required for each of these years.
14. These errors arose because of a misunderstanding in how to treat some key figures within the calculation of the net cash requirement and a failure to properly complete some key supply expenditure reconciliations. The PPS has advised that it has taken steps to include all necessary supply checks and calculations as an integrated part of the production of its accounts.
15. **The Committee recommends that the Assembly provides additional cash by means of an Excess Vote, as set out in Figure 1 on pages 12 and 13.**

Figure 1: Summary of Excess Votes required

	<u>AME: resources for current purposes</u>		<u>Cash (money)</u>	
<u>Department</u>	<u>£'000</u>	<u>Amount to be voted</u> <u>£'000</u>	<u>£'000</u>	<u>Amount to be voted</u> <u>£'000</u>
<u>2022-23</u>				
<u>Department of Education</u>				
<u>Amount originally voted</u>	282,301			
<u>Amount expended</u>	<u>289,681</u>	7,380	No Excess	

	<u>Resources</u>		<u>Cash (money)</u>	
<u>Department</u>	<u>£'000</u>	<u>Amount to be voted</u> <u>£'000</u>	<u>£'000</u>	<u>Amount to be voted</u> <u>£'000</u>
2021-22				
<u>Department of Education, Teachers' Pension Scheme</u>				
<u>Amount originally voted</u>	<u>710,633</u>			
<u>Amount expended*</u>	<u>721,354</u>	10,721	No Excess	
2020-21				

<u>Department of Education, Teachers' Pension Scheme</u>				
<u>Amount originally voted</u>	659,915		<u>No Excess</u>	
<u>Amount expended**</u>	<u>671,324</u>	<u>11,409</u>		
<u>Total</u>		29,510		0
<u>2018-19</u>				
<u>Public Prosecution Service</u>				
<u>Amount voted***</u>		No excess	33,397	
<u>Amount expended</u>			<u>33,442</u>	
				45
<u>2016-17</u>				
<u>Public Prosecution Service</u>				
<u>Amount voted****</u>		No excess	35,273	
<u>Amount expended</u>			<u>35,670</u>	
				397
<u>Total</u>				442

* Reported outturn of £721,330,000 adjusted to remove non budget underspend of £24,000

** Reported outturn of £671,306,000 adjusted to remove non budget underspend of £18,000

*** This is the amount reported in the PPS accounts 2018-19

**** This is the revised total amount voted following a previous excess vote report in 2020

Links to Appendices

Minutes of Proceedings

[View Minutes of Proceedings of Committee meetings related to the report](#)

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