

Section 3.

Parliamentary Procedure

1. Parliament’s consideration of the Supply Estimates is part of its Supply procedure, by which it approves the Government’s requests for resources and cash. The process consists of a number of stages:

- (i) the Government requests certain provision;
- (ii) to support each request, information is provided about what resources and total cash will be required and who will be responsible for accounting for the provision;
- (iii) Parliament considers these requests, investigates some more fully and may choose to debate one or more of them;
- (iv) if Parliament votes in favour of the requests it passes an Act to authorise the resources and make cash available from the Consolidated Fund;
- (v) to enhance its control, Parliament gives legislative force to the Ambits of the Estimates which specify the purposes for which the provision may be spent; and
- (vi) after expenditure, both resources and cash, has been incurred it is audited and accounted for to check that the amounts and purposes approved by Parliament have not been exceeded.

2. This process extends over a period of more than two years, starting before the financial year in which expenditure is to be incurred and ending over twelve months after that year has ended. At any one time Parliament may be considering expenditure that relates to more than one financial year.

Supply Procedure

3. Under long-established constitutional practice it is for the Crown (the Government) to demand money, the House of Commons to grant it and the House of Lords to assent to the grant.

4. Parliament gives statutory authority for both the use of resources and for funds to be drawn from the Consolidated Fund (the Government’s general bank account at the Bank of England) to meet most expenditure by government departments and certain related bodies by Acts of Parliament known as Consolidated Fund Acts and Appropriation Acts. Parliamentary procedure leading to the passing of these Acts is known as “Supply procedure”. Specific provision is made available under the Acts only for a specified financial year (although an individual Act may authorise Supply for separate Estimates from different financial years).

Vote on Account

5. Because Parliament does not normally approve the Main Estimates until around the middle of July the process begins with the Votes on Account to provide provision for the early months of the financial year. These are normally presented to Parliament in the previous November along with the winter Supplementary Estimates. In general they will seek for the coming financial year 45 per cent of the amounts, resources and cash, authorised to date in the current year.

- Main Estimates** 6. Around the turn of the new financial year the Treasury presents to Parliament the Main Estimates with supporting statements and notes. Part I of each Estimate forms the basis of a Supply Resolution, which is normally voted on by the House of Commons before the end of June. An Appropriation Bill is then brought in and passed before Parliament rises for the Summer Recess.
- Appropriation Acts** 7. The resulting Appropriation Act authorises departments to use resources and spend cash up to the amounts requested in the Main Supply Estimates as amended by any Revised Estimates or added to by summer Supplementary Estimates. The Act not only gives parliamentary authority for total resources requested to be used and cash to be issued from the Consolidated Fund but also limits the way in which the resources can be used by prescribing how the overall sum is to be appropriated to particular RfRs in order to finance specified services. Since 2004–05 there have been two Appropriation Acts per year. The first Act (the spring Appropriation Act) will have been presented in March 2006 appropriating the Supplementaries from 2005–06 and any Statement of Excesses for 2004–05. The second Act (the summer Appropriation Act) will be presented before the end of July, appropriating the Main Estimates 2006–07.
- Revised Estimates** 8. Revised Estimates may be presented to replace the original Estimate before the Supply Resolution is voted on. They either reduce the provision sought in the original Estimate or vary the way in which it is to be allocated.
- Supplementary Estimates** 9. The Government may decide to ask Parliament for additional resources and/or cash during the year. Supplementary Supply Estimates, where necessary, are usually presented in June (summer), November (winter) and February (spring). Following any Estimates Day debates and the vote on the necessary Supply Resolution, formal statutory authority for extra funds is provided by an Appropriation Act in March (following presentation of Spring Supplementary Estimates and Statement of Excesses) covering winter and spring Supplementaries and appropriating Supply in respect of any Excess Votes relating to the previous year.
- Contingencies Fund** 10. There is also a cash-based Contingencies Fund, which may be used to finance urgent cash expenditure in anticipation of parliamentary approval of Estimates. Total advances outstanding at any one time must not exceed 2 per cent of the previous year's total cash Supply provision. Drawings on the Fund are repaid when Parliament has voted the additional cash (together with any associated resource consumption).
- Accounts and audit** 11. Supply Estimates are based upon both consumption of resources and cash and parliamentary control applies to both.
12. Provision is made within resources for commitments entered into but which may not mature for payment within the financial year. The net cash requirement provides for all payments, which are due within the financial year relating to continuing services whether or not they relate to consumption of resources within the year and takes account of the cash receipts associated with AinA income.
13. After the end of the financial year each department and public service pension scheme prepares a resource account comprising a set of schedules and statements the most significant of which for parliamentary control of Estimates is Schedule 1 which compares outturn with estimate for both resource expenditure and the net cash requirement.
14. Each resource account is audited and a certificate and report on the account is produced by the Comptroller and Auditor General. The account and the Comptroller and Auditor General's certificate and report are then laid before the House of Commons in the winter following the end of the financial year to which they relate.
15. The accounting and audit arrangements for some expenditure including grants in aid and certain subscriptions to international organisations are different from those for

most expenditure. These exceptions are indicated by a common set of symbols in all departmental Estimates where they apply (see Section 2).

16. Under the National Audit Act 1983 the Comptroller and Auditor General also carries out value for money studies of department's expenditure. The Public Accounts Committee's examination of departments in these studies substantially enhances the accountability provided through the resource accounts.

Excess Votes 17. If expenditure on any RfR or the net cash requirement for an Estimate exceeds the final voted provision for the year, the excess will appear in Schedule 1 of the department's resource account and will be reported to the Public Accounts Committee by the Comptroller and Auditor General. Subject to that report, the necessary provision is sought in an Excess Vote. The Treasury presents a Statement of Excesses to Parliament, usually in February of the following financial year, at the same time as spring Supplementary Estimates. Funds, either resources, cash or both, are then voted in March (i.e. over 11 months after the end of the financial year to which they relate). They are then appropriated in the following spring Appropriation Act.

Parliamentary debate 18. Parliament's consideration of individual Estimates is primarily a task for Select Committees concerned with the activities and expenditure of particular departments. A Committee may decide to examine individual Main or Supplementary Estimates, ask the department for more information about some aspects and examine Ministers and officials about particular areas of expenditure. A Committee's conclusions often take the form of a report, which is printed by the House.

19. The House of Commons has the opportunity to debate and vote on individual Estimates on three Estimates Days in each Parliamentary Session. When this happens the debate is generally informed by a report from the relevant Select Committee. The time available in Estimates Days is allocated on the advice of the Liaison Committee whose membership includes the chairmen of the Departmental Select Committees. In addition the Government may make some extra time available for debates on special Supplementary Estimates.

20. Proceedings on Consolidated Fund Bills are formal, i.e. not open to debate.

Parliamentary Timetable 21. Since 2004–05 there has been two Appropriation Bills per session (prior to this there had been only one Appropriation Bill per session): one in March, following spring Supplementary Estimates, and one in July following Main (and any summer Supplementary and Revised Estimates). Given the additional time that is necessary to produce an Appropriation Bill following the spring Supplementary Estimates Standing Order No. 55 of the House of Commons was amended to extend the time that must elapse between presentation of the Estimates and the ensuing vote to authorise spending from 7 clear days to 14 days.

22. The Government aims to give Select Committees advance proof copies of Supplementary Estimates ahead of presentation, although this may not always be possible. In practice, some 2-4 weeks are usually available for Select Committees to examine Supplementaries on the occasions when they are presented. This period is necessarily shorter if there are any late or Revised Supplementaries.

23. Parliament’s consideration of Estimates is therefore generally concentrated in three periods:

- (i) April-July for Main Estimates and June-July for summer Supplementaries and Revised Estimates, including any Estimates Day debates, followed by the Summer Appropriation Act;
- (ii) November-December for winter Supplementaries, the Vote on Account and any associated debates, followed by a Consolidated Fund Act;
- (iii) February-March for spring Supplementaries and any associated debates, also followed by the Spring Appropriation Act.

**Consolidated Fund
standing services**

24. Parliament has passed statutes that authorise certain expenditure to be charged to the Consolidated Fund and not be subject to the annual Supply procedure. These “Consolidated Fund standing services” include payments to the National Loans Fund to service the National Debt, most payments to the European Communities, Her Majesty’s Civil List and the salaries and pensions of certain people who are constitutionally independent of the Executive. These include the Speaker of the House of Commons, the Comptroller and Auditor General, United Kingdom members of the European Parliament and the judiciary.

25. Where appropriate Consolidated Fund standing services are included within departmental resource accounts and budgets and are subject to the public expenditure controls described in **Section 2**.