

HM Treasury

Introduction

1. This Estimate covers the administration costs and other related costs of the Central Treasury and the Debt Management Office; grants in aid to four Parliamentary Bodies; expenditure associated with the awards of honours and dignities; grant in aid provision for the Statistics Commission; management and sales of residual government shareholdings and holdings of privatised companies debt; payments to the Royal Mint for the manufacture and distribution of UK coins, which are supplied to the banks on behalf of the Treasury, and for the storage of coins returned by the banks; administration costs and other related costs of the Office of Government Commerce and OGC buying solutions, and associated non-cash items.
2. Further information can be found in the HM Treasury Departmental Report (Cm 6222).
3. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resources 1: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life, with economic and employment opportunities for all	230,175,000
Request for Resources 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage	37,414,000
Request for Resources 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis	39,722,000
Total net resource requirement	307,311,000
Net cash requirement	202,912,000

Amounts required in the year ending 31 March 2005 for expenditure by HM Treasury on:

RfR 1: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life, with economic and employment opportunities for all

Economic, financial and related administration; expenditure by the office of HM Paymaster General (OPG) for the provision of banking and related services to government departments and other bodies; grants in aid to four Parliamentary Bodies, expenses in connection with honours and dignities, a grant in aid to the Statistics Commission, payments relating to the Debt Management Office, payments under an indemnity guarantee in respect of Paymaster, payments to the Royal Mint, management and sales of residual government shareholdings and holdings of privatised companies' debt, and associated non-cash items.

RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage

Manufacture, storage and distribution of coinage for use in the United Kingdom, actions to protect the integrity of coinage, and associated non-cash items.

RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis

Administration and other related costs of the Office of Government Commerce and OGC buying solutions, management and disposal of the surplus civil estate, management of the Whitehall District Heating and Standby Distribution systems and associated non-cash items.

HM Treasury will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
RfR 1:	230,175,000	90,377,000	139,798,000
RfR 2:	37,414,000	16,071,000	21,343,000
RfR 3:	39,722,000	17,491,000	22,231,000
Total net resource requirement	307,311,000	123,939,000	183,372,000
Net cash requirement	202,912,000	75,239,000	127,673,000

Part II: Subhead detail

£'000

2004-05						2003-04 Provision	2002-03 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
RfR 1: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life with economic and employment opportunities for all									
105,978	121,960	3,049	230,987	812	230,175	5,680	-	220,972	283,738
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Core Treasury									
96,171	9,401	-	105,572	112	105,460	3,280	-	99,427	165,557
B Debt Management Office									
9,807	3,668	-	13,475	700	12,775	2,400	-	8,957	8,254
C Parliament and Privy Council									
-	-	3,049	3,049	-	3,049	-	-	4,070	753
D Statistics Commission									
-	1,750	-	1,750	-	1,750	-	-	1,350	1,088
E Investment in Partnerships UK									
-	762	-	762	-	762	-	-	1,047	796
F Privatisation programme residual shareholdings									
-	379	-	379	-	379	-	-	1	226
<i>Provision of information to business about the euro</i>									
-	-	-	-	-	-	-	-	-	944
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									

Part II: Subhead detail (continued)

£'000

2004-05						2003-04 Provision	2002-03 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
G Investment in Bank of England									
-	106,000	-	106,000	-	106,000	-	-	106,120	106,120
RfR 2: Cost effective management of the supply of coins and actions to protect the integrity of coinage									
-	37,414	-	37,414	-	37,414	-	-	35,714	34,449
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A UK coinage									
-	33,700	-	33,700	-	33,700	-	-	32,000	29,282
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
B UK coinage									
-	3,714	-	3,714	-	3,714	-	-	3,714	5,167
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis									
51,025	3,381	-	54,406	14,684	39,722	3,395	-	40,947	42,814
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Office of Government Commerce									
51,025	3,381	-	54,406	14,684	39,722	3,395	-	40,947	42,814
Total for Estimate:									
157,003	162,755	3,049	322,807	15,496	307,311	9,075	-	297,633	361,001

Part II: Resource to cash reconciliation

	2004-05 Provision	2003-04 Provision	2002-03 Outturn	£'000
Net Total Resources	307,311	297,633	361,001	
Voted capital items				
Capital	9,075	7,668	149,589	
Less Non-operating A-in-A	-	-	2,860	
Total net voted capital	9,075	7,668	146,729	
Accruals to cash adjustment				
Adjustments to remove non-cash items:				
Cost of Capital charges	-120,632	-112,155	-113,457	
Depreciation	-8,044	-9,055	-79,731	
New provisions and adjustments to previous provisions	958	-8,111	-9,608	
Profit/loss on sale of assets	-	-	-678	
Prior period adjustments	-	-	-	
Other non-cash items	-60	-70	-153	
Increase (+) / Decrease (-) in stock	-	-	4	
Increase (+) / Decrease (-) in debtors	-	5	-1,229	
Increase (-) / Decrease (+) in creditors	-	14,985	-137,815	
Use of provisions	14,304	6,047	9,091	
Total accruals to cash adjustments	-113,474	-108,354	-333,576	
Excess cash to be CFERd	-	-	-	
Net Cash Requirement	202,912	196,947	174,154	

Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):-

	£'000					
	2004-05		2003-04		2002-03	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as AinA	32,825	<i>27,500</i>	28,955	<i>34,300</i>	74,499	<i>92,748</i>
Non-operating income not classified as AinA	-	-	-	-	87,595	<i>83,548</i>
Other amounts collectable on behalf of the Consolidated Fund	1,515	-	1,525	<i>50</i>	1,515	<i>10,704</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
Total	34,340	<i>27,500</i>	30,480	<i>34,350</i>	163,609	<i>187,000</i>

Forecast Operating Cost Statement

	2004-05 Provision	2003-04 Provision	2002-03 Outturn	£'000
Net Administration Costs				
RfR 1	105,866	105,847	99,519	
RfR 2	-	-	-	
RfR 3	<u>41,025</u>	<u>36,811</u>	<u>36,823</u>	
Total Net Administration costs	146,891	142,658		136,342
Net Programme Costs				
RfR 1	91,484	86,170	111,148	
RfR 2	37,414	35,714	34,289	
RfR 3	-1,303	4,136	4,723	
Bank of England	<u>14,390</u>	<u>14,390</u>	<u>12,962</u>	
Total Net Programme costs	141,985	140,410		163,122
Total Net Operating Cost	288,876	283,068		299,464
<i>of which:</i>				
Net Resource Outturn	307,311	297,633		361,001
CFERs	-32,825	-28,955		-74,499
Non-voted expenditure	14,390	14,390		12,962
Resource Budget Outturn	304,843	310,792		350,572

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2004-05	2003-04	2002-03
	Provision	Provision	Outturn
Net Resource Outturn (Estimates)	307,311	297,633	361,001
<i>Adjustments to remove:</i>			
provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
non-voted expenditure in the OCS	14,390	14,390	12,962
Consolidated Fund Extra Receipts in the OCS	-32,825	-28,955	-74,499
Other adjustments	-	-	-
Net Operating Cost (Accounts)	288,876	283,068	299,464
<i>Adjustments to remove:</i>			
capital grants to local authorities	-	-	-
capital grants financed from the Capital Modernisation Fund	-	-	-
European Union income and related adjustments	-	-	-
voted expenditure outside the budget	-	-	-
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-1,515	6,512	32,743
resource consumption of non departmental public bodies	-	-	-
unallocated resource provision	865	4,595	2,005
Other adjustments	16,617	16,617	16,360
Resource Budget Outturn (Budget)	304,843	310,792	350,572
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	225,574	218,903	271,962
Annually Managed Expenditure (AME)	79,269	91,889	78,610

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2004-05	2003-04	2002-03
	Provision	Provision	Outturn
Net Voted Capital Outturn (Estimates)	9,075	7,668	146,729
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	-	-678
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-87,595
capital spending by non-departmental public bodies	-	-	-
capital grants to local authorities	-	-	-
capital grants financed by the Capital Modernisation Fund	-	-	-
local authority credit approvals	-	-	-
capital spending by levy funded bodies	-	-	-
unallocated capital provision	-	-	-
Other adjustments	-	-	-
Capital Budget Outturn (Budget)	9,075	7,668	58,456
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	9,075	7,668	58,456
Annually Managed Expenditure (AME)	-	-	-

Notes to the Main Estimate *(continued)*

Explanation of Accounting Officer responsibilities

The Permanent Secretary to the Treasury is Principal Accounting Officer with overall responsibility for preparing the Department's Estimate. In addition, the Treasury has appointed an Additional Accounting Officer for the Office of Government Commerce, to be responsible for that part of the Department's accounts relating to a specified request for resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Permanent Secretary's overall responsibility as Accounting Officer for the Department's Estimate and overall cash requirement.

The allocation of Accounting Officer responsibilities in the Treasury is as follows:

Request for Resources 1	Gus O'Donnell, Principal Accounting Officer and Permanent Head of Department
Request for Resources 2	Gus O'Donnell, Principal Accounting Officer and Permanent Head of Department
Request for Resources 3	John Oughton, Additional Accounting Officer and Acting Chief Executive of the Office of Government Commerce

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in *Government Accounting*. Under the terms of the Accounting Officers' Memorandum the relationship between the Treasury's Principal Accounting Officer and Additional Accounting Officer together with their respective responsibilities is set out in writing.

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A)

	£'000					
	2004-05 provision		2003-04 provision		2002-03 outturn	
	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A
RfR 1: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life, with economic and employment opportunities for all.						
Charges for courses, services provided by the Economist Group Management Unit and officers loaned to other organisations, sale of publications, receipts from the European Community; costs from minor occupiers; recovery actions in connection with Barlow Clowes; receipt of fees for use of conference facilities in 1 Horse Guards Road and European Fast Stream income from Cabinet Office	112	—	3,648	—	795	33
Fees and charges for services provided by the OPG	—	—	5,750	—	4,812	—
Income due to the Debt Management Office for advertising costs, stock exchange listings, data provision, management and administration of certain public and private funds and provision of a lending service to local authorities	700	—	3,250	—	2,441	—
Total RfR 1	812*	—	12,648	—	8,048	33

*Amount that may be applied as appropriations in aid in addition to the net total, arising from recoveries in respect of administration of the Treasury, including charges for courses, services provided by the Economist Group Management Unit and officers loaned to other organisations, including the salary of the UK Executive Director of the International Monetary Fund/International Bank for Reconstruction and Development who is a Treasury employee; income from publications, travel costs recovered from the European Community; recoveries of costs from minor occupiers; income from recovery actions in connection with Barlow Clowes; income from fees charged to Foreign Investment Exchange/Clearing Houses; recoveries in respect of Honours and Dignities; income in respect of insurance sponsorship and supervision responsibilities; income due to the Debt Management Office for advertising costs, stock exchange listings, data provision, management and administration of certain public and private funds and provision of a lending service to local authorities; European Fast Stream income from Cabinet Office; amounts arising from the sale of shares and debt, fees and charges for services provided by the OPG.

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A) *(continued)*

	£'000					
	2004-05 provision		2003-04 provision		2002-03 outturn	
	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis.						
Consultancy and other customer services	10,000	—	7,999	—	15,069	—
Temporary hiring of vacant property, charges for the Whitehall District Heating and Standby Systems, sale of surplus energy, sale of fixed assets and the OGC buying.solutions dividend	4,684	—	6,341	—	3,315	—
Total RfR 3	14,684*	—	14,340	—	18,384	—
*Amount that may be applied as appropriations in aid in addition to the net total, arising from income from consultancy and other customer services, hirings of vacant property, charges for users of Whitehall District Heating and Standby Systems, sales of surplus energy and the OGC buying.solutions dividend.						
Total A in A	15,496	—	26,988	—	26,432	33

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000					
	2004-05 provision		2003-04 provision		2002-03 outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Current investments (operating income)	—	—	—	—	35,460	47,145
Fixed investments	32,500	27,500	28,955	34,300	34,300	45,603
Miscellaneous	325	—	—	—	4,739	10,704
Current investments (non-operating income)	—	—	—	—	87,595	83,548
Civil list	1,515	—	1,525	—	1,515	—
OPG	—	—	—	50	—	—
Total	34,340	27,500	30,480	34,350	163,609	187,000

Notes to the Main Estimate (*continued*)

Administration costs limits and Departmental Expenditure Limits

Administration costs limits £'000

	Gross provision	Income	Total administration costs limit
Gross administration costs limits	157,003	–10,112	146,891

Departmental Expenditure Limits (DEL) £'000

	Voted*	Non-voted	Total
Resource DEL	197,597	27,977	225,574
Capital DEL	9,075	—	9,075
Less depreciation	–8,044	—	–8,044
Total DEL	198,628	27,977	6,605

- * i. Capital DEL includes items treated as resource in Estimates and Accounts, but which are treated as part of Capital DEL, under stage 2 of Resource Accounting and Budgeting, as implemented in the 2002 Spending Review
 ii. Excludes EU receipts included in Estimates, but excluded in Budgets

Comparisons of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2004-05 of £307,311,000 is 3.3 per cent higher than the final provision and forecast outturn for 2003-04 of £297,633,000.

Notes to the Main Estimate (*continued*)

Cash which may be retained to offset expenditure

£'000

Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid

	2004-05 provision	2003-04 provision	2002-03 outturn
	15,496	26,988	26,465

Contingent Liabilities

As at 31 March 2004, the following liabilities fell to be met from the Department's Estimate:

Nature of Liability	Amount outstanding at 31 March 2004 (£m)
Liabilities under the Reinsurance (Act of Terrorism) Act 1993	Unquantifiable
Indemnity against pre-sale liabilities following the privatisation of the Paymaster Agency	

Grants in Aid

Spending in DEL under section C of RfR 1 provides grants in aid to the Commonwealth Parliamentary Association, the British American Parliamentary Group, the Inter-Parliamentary Union and the British-Irish Inter-Parliamentary Body (£3,049,000). Section E covers the grant in aid for the Statistics Commission £1.750,000.