

# HM Treasury

## Introduction

1. This Supplementary Estimate is required for the following purposes:

Amount £

### Changes in resources

#### **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**

##### **Decreases:**

##### **Transfer to other RfRs within the Estimate**

Section A

-11,500,000

Transfer to RfR 2 to fund increased metal prices and demand for coinage.

Section A

-1,000,000

Transfer to RfR 3 to fund increased spending in connection with the teams established to help deliver the Government's Efficiency programme and staff exits.

Section B

-5,000,000

Transfer to RfR 3 to fund increased spending in connection with the teams established to help deliver the Government's Efficiency programme and staff exits.

##### **Neutral Changes:**

##### **Transfers between Sections within the RfR**

Section A to Section C

-

Transfer of £110,000 to Section C to finance an increase in the grant to the Parliamentary bodies

##### **Increased gross spending offset by receipts**

Section A

-

Increased spending offset by an increase in income of £5,400,000, comprising £5,000,000 administration income, including from sub letting parts of the 1 Horse Guards Road building and £400,000 programme income.

Section B

-

Increased spending offset by an increase in receipts of £4,000,000 comprising £3,500,000 administration income from recharging and £500,000 programme income.

**Total change in resources for RfR1** -17,500,000

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

##### **Increases:**

##### **Transfer from other RfRs within the Estimate**

Section A

11,501,000

Transfer from RfR 1 Section A to fund increased costs arising from the cost of metal and increased demand for coinage

**Neutral Changes:****Increased gross spending offset by receipts**

Section A

Increased spending offset by an increase in receipts of £1,500,000 from the sale of scrap metal.

-

**Total change in resources for RfR2** 11,501,000**RfR3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis****Increases:****Transfer from other RfRs within the Estimate**

Section A

Transfer from RfR 1 Section A of £1,000,000 and from RfR 1 Section B of £5,000,000 to fund increased spending in connection with the teams established to help deliver the Government's Efficiency programme and staff exits.

6,000,000

**Neutral Changes:****Increased gross spending offset by receipts**

Section A

Increased spending offset by an increase in income of £1,400,000 mainly comprising an increase in administration income of £4,625,000 less a reduction of £3,411,000 in income from the vacant estate.

-

**Total change in resources for RfR3** 6,000,000**Total change in resources for Estimate** 1,000

2. There is no change in the net cash requirement of £229,040,000 as a result of this token Supplementary Estimate.
3. Symbols are explained in the Introduction to this booklet.

**Part I**

£

<b>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</b>	†	<b>-17,500,000</b>
<b>RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage</b>	†	<b>11,501,000</b>
<b>RfR3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis</b>	†	<b>6,000,000</b>
Total additional net resource requirement		1,000
<b>Additional net cash requirement</b>		<b>-</b>

SUPPLEMENTARY amounts required in the year ending 31 March 2007 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; grants in aid to four Parliamentary bodies; expenses in connection with honours and dignities; a grant in aid to the Statistics Commission; expenditure of the Debt Management Office; payments under an indemnity guarantee in respect of Paymaster; expenditure on administration of Treasury related bodies; payments to the Royal Mint; compensation payments arising from gilt administration; and associated non-cash items, including the cost of capital charges on the Treasury's investment in the Bank of England, and on any saleable artefacts recovered from the wreck of HMS Sussex.

**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.

**RfR3: 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 surplus civil estate; costs and income from investment and loans to OGC buying solutions; and associated non-cash items.

HM Treasury will account for this Estimate.

† The reduction in net resources of £17,500,000 for RfR 1 is being offset by the reallocation of £11,500,000 to RfR 2 and £6,000,000 to RfR 3.

## Part II: Changes proposed

£'000

Resources	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
<b>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</b>					
<b>Spending in Departmental Expenditure Limits (DEL)</b>					
RfR 1 - A Core Treasury	128,102	-7,210	5,400	-12,610	115,492
RfR 1 - B Debt Management Office	14,903	-1,000	4,000	-5,000	9,903
RfR 1 - C Parliament and Privy Council	2,940	110	-	110	3,050
<b>Total RfR 1</b>		<b>-8,100</b>	<b>9,400</b>	<b>-17,500</b>	
<b>RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage</b>					
<b>Spending in Departmental Expenditure Limits (DEL)</b>					
RfR 2 - A UK coinage	31,700	13,001	1,500	11,501	43,201
<b>Total RfR 2</b>		<b>13,001</b>	<b>1,500</b>	<b>11,501</b>	
<b>RfR3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis</b>					
<b>Spending in Departmental Expenditure Limits (DEL)</b>					
RfR 3 - A Office of Government Commerce	40,699	7,400	1,400	6,000	46,699
<b>Total RfR 3</b>		<b>7,400</b>	<b>1,400</b>	<b>6,000</b>	
<b>Total Changes to RfRs</b>		<b>12,301</b>	<b>12,300</b>	<b>1</b>	

	Present Provision	Change in Provision	£000 New Provision
<b>Capital and Cash</b>			
Total Capital Expenditure	7,200	-	7,200
Non-Operating A in A	-	-	-
<b>Net cash requirement</b>	<b>229,040</b>	<b>-</b>	<b>229,040</b>

## Part II: Revised subhead detail including additional provision

Resources						Capital	£'000
1	2	3	4	5	6	7	8
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A
<b>RfR 1: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life,</b>							
125,223	109,345	3,050	237,618	10,623	226,995	4,780	-
<b>Spending in Departmental Expenditure Limits (DEL)</b>							
<i>Central Government spending</i>							
A Core Treasury							
112,834	8,581	-	121,415	5,923	115,492	3,380	-
B Debt Management Office							
12,389	2,214	-	14,603	4,700	9,903	1,400	-
C Parliament and Privy Council							
-	-	3,050	3,050	-	3,050	-	-
D Statistics Commission							
-	1,350	-	1,350	-	1,350	-	-
<b>Spending in Annually Managed Expenditure (AME)</b>							
<i>Central Government spending</i>							
E Investment in Bank of England							
-	96,200	-	96,200	-	96,200	-	-
F HMS Sussex artefacts							
-	1,000	-	1,000	-	1,000	-	-
<b>RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage</b>							
-	51,749	-	51,749	1,500	50,249	-	-
<b>Spending in Departmental Expenditure Limits (DEL)</b>							
<i>Central Government spending</i>							
A UK coinage							
-	44,701	-	44,701	1,500	43,201	-	-
<b>Spending in Annually Managed Expenditure (AME)</b>							
<i>Central Government spending</i>							
B UK coinage							
-	7,048	-	7,048	-	7,048	-	-
<b>RfR3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis</b>							
60,194	2,589	-	62,783	16,084	46,699	2,420	-
<b>Spending in Departmental Expenditure Limits (DEL)</b>							
<i>Central Government spending</i>							
A Office of Government Commerce							
60,194	2,589	-	62,783	16,084	46,699	2,420	-
<b>Total for Estimate:</b>							
185,417	163,683	3,050	352,150	28,207	323,943	7,200	-

## Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
<b>Net Resource Requirement</b>	<b>323,942</b>	<b>1</b>	<b>323,943</b>
<b>Voted capital items</b>			
Capital	7,200	-	7,200
<i>Less: Non-operating A in A</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total net voted capital</b>	<b>7,200</b>	<b>-</b>	<b>7,200</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-104,097	-	-104,097
Depreciation	-7,676	-	-7,676
New provisions and adjustments to previous provisions	-447	-	-447
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-60	-	-60
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	-	-	-
Increase(-)/decrease (+) in creditors	-	-	-
Use of provisions	10,178	-	10,178
<b>Total accruals to cash adjustments</b>	<b>-102,102</b>	<b>-</b>	<b>-102,102</b>
<b>Excess cash to be CFERd</b>	<b>-</b>		<b>-</b>
<b>Adjustment to remove token increase in cash</b>	<b>-</b>	<b>-1</b>	<b>-1</b>
<b>Net Cash Requirement</b>	<b>229,040</b>	<b>-</b>	<b>229,040</b>

## Part III: Extra receipts payable to the Consolidated Fund

In addition to Appropriations in aid, the following income and receipts relate to the department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	<u>Present provision</u>		<u>New provision</u>	
	<u>Income</u>	<u>Receipts</u>	<u>Income</u>	<u>Receipts</u>
Operating income not classified as A in A	70,548	-	70,548	-
Non-operating income not classified as A in A	-	-	1,189	<i>1,189</i>
Other amounts collectable on behalf of the Consolidated Fund	1,341	-	1,341	-
Excess receipts to be surrendered to the Consolidated Fund	-	-	-	-
<b>Total</b>	<b>71,889</b>	<b>-</b>	<b>73,078</b>	<b><i>1,189</i></b>

## Forecast Operating Cost Statement

	£'000
	2006-07 provision
<b>Net Administration Costs</b>	
RfR1	116,400
RfR2	-
RfR3	45,929
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<b>Total Net Administration Costs</b>	<b>162,329</b>
<b>Net Programme Costs</b>	
RfR1	40,047
RfR2	50,249
RfR3	770
Non-voted expenditure	23,804
	<hr/>
<b>Total Net Programme costs</b>	<b>114,870</b>
<b>Total Net Operating Cost</b>	<b>277,199</b>
<i>of which:</i>	
<b>Net Resource Requirement</b>	<b>323,943</b>
Non-voted expenditure	23,804
Consolidated Fund Extra Receipts	-70,548
<b>Resource Budget</b>	<b>301,658</b>

## Notes to the Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2006-07 Provision
<b>Net Resource Requirement (Estimates)</b>	<b>323,943</b>
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	23,804
Consolidated Fund extra receipts in the OCS	-70,548
Other adjustments	-
<b>Net Operating Costs (Accounts)</b>	<b>277,199</b>
<i>Adjustments to remove:</i>	
capital grants	-
European Union income related to capital grants	-
voted expenditure outside the budget	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	23,459
resource consumption of non departmental public bodies	-
unallocated resource provision	1,000
Other adjustments	-
<b>Resource Budget (Budget)</b>	<b>301,658</b>
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	240,660
Annually Managed Expenditure (AME)	60,998

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2006-07 Provision
<b>Net Voted Capital (Estimates)</b>	<b>7,200</b>
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	-
capital grants	-
European Union income related to capital grants	-
supported capital expenditure (revenue)	-
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	-
<b>Capital Budget (Budget)</b>	<b>7,200</b>
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	7,200
Annually Managed Expenditure (AME)	-

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## Notes to the Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

<b>Request for Resources 1</b>	Nicholas MacPherson, Permanent Head of the Department
<b>Request for Resources 2</b>	Nicholas MacPherson, Permanent Head of the Department
<b>Request for Resources 3</b>	John Oughton, Chief Executive of the Office of Government Commerce

Nicholas MacPherson as the Principal Accounting Officer (PAO) of HM Treasury has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The PAO as the permanent head, remains in general overall charge of HM Treasury.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims, and objectives and should regularly review the effectiveness of that system.

In accordance with Government Accounting requirements, the relationship between the PAO and the Additional Accounting Officer, and with their Ministers, together with their respective responsibilities, is set out in writing.

## Notes to the Estimate (*continued*)

### Analysis of operating appropriations in aid (A in A)

	£'000
	2006-07 Provision
<b>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</b>	
<b>Administration</b>	<b>8,823</b>
<i>of which:</i>	
Sale of goods and services	8,823
CFERs	-
<b>Programme</b>	<b>1,800</b>
<i>of which:</i>	
Sale of goods and services	1,800
Interest and dividends	70,548
CFERs	-70,548
<b>Total RfR1</b>	<b>10,623 †</b>

† 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 Economics in Government team 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; charges for services provided by the Government Social Research Unit; income from recovery actions in connection with Barlow Clowes; charges for services to government departments provided under the Financial Management Change agenda; 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; administration of Pool Re and other related bodies; proceeds from artefacts recovered from HMS Sussex; European Fast Stream income from Cabinet Office; amounts arising from the sale of shares and debt.

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

<b>Administration</b>	-
<i>of which:</i>	
Sale of goods and services	-
CFERs	-
<b>Programme</b>	<b>1,500</b>
<i>of which:</i>	
Sale of goods and services	1,500
CFERs	-
<b>Total RfR2</b>	<b>1,500 †</b>

† Amount that may be applied as appropriations in aid in addition to the net total, arising from: the sale of scrap metal.

**RfR3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis**

<b>Administration</b>	<b>14,265</b>
<i>of which:</i>	
Sale of goods and services	14,265
CFERs	-
<b>Programme</b>	<b>1,819</b>
<i>of which:</i>	
Sale of goods and services	222
Interest and dividends	1,597
CFERs	-
<b>Total RfR3</b>	<b>16,084 †</b>
† 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, sales of surplus energy and the OGC buying solutions dividend.	
<b>Total Operating A in A</b>	<b>28,207 †</b>

## Notes to the Estimate (*continued*)

### Analysis of Consolidated Fund extra receipts

		£'000	
		2006-07 provision	
		Income	Receipts
Fixed investments	△	70,548	-
Civil List	Φ	1,341	-
Loan repayment	Φ	1,189	1,189
<b>Total</b>		<b>73,078</b>	<b>1,189</b>

### Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	1	-6,940	219,695	20,965	240,660
<i>of which:</i>					
Administration budget*	-4,465	-	162,329	1,000	163,329
Near-cash in RDEL	-	-6,940	221,840	20,965	242,805
Capital**	-	-	7,200	-	7,200
Less Depreciation†	-	-	-7,676	-	-7,676
<b>Total</b>	<b>1</b>	<b>-6,940</b>	<b>219,219</b>	<b>20,965</b>	<b>240,184</b>

\* The total of 'Administration budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

\*\*Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

†Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

### Cash which may be retained to offset expenditure

**£'000**  
**28,207**

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

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**Notes to the Estimate (*continued*)****Grants in Aid**

<b>RfR/Section</b>	<b>Body</b>		<b>£ '000</b>
RfR1 - C	The Commonwealth Parliamentary Association	◆	1,665
RfR1 - C	The British-American Parliamentary Group	◆	98
RfR1 - C	The Inter-Parliamentary Union	◆	1,117
RfR1 - C	The British-Irish Parliamentary Union	◆	180
RfR1 - D	The Statistics Commission	◆	1,350
			<hr/> 4,410

