

Section 2.

Format of Resource-based Supply Estimates

1. This section explains the format of Main Estimates. The format of Supplementary Estimates will be described in their introductory pages when they are published during the course of the year.

2. A total of 52 Main Estimates are presented for 2006–07. There is a single resource-based Estimate for each department (including those for the House of Commons, the National Audit Office and the Electoral Commission) and separate Estimates are produced for public service pension schemes having their own resource accounts.

Structure 3. Each detailed departmental Estimate is accompanied by explanatory notes containing basic information intended to put the Estimate into context, including a general description of the expenditure involved; an explanation of the Accounting Officer responsibilities for the Estimate; and an indication of any important features or related Estimates, such as those for public service pension schemes.

4. The core elements which consist of the sums and services to be voted in each resource-based Main Supply Estimate are produced in a standard format.

Part I 5. **Part I** of resource Estimates contains the following key facts:

- (i) the net provision sought (i.e., the amount of expenditure in resource terms and the net cash requirement for the coming financial year);
- (ii) a formal description of the services to be financed from each Request for Resource (RfR) in the Estimate, known as its Ambit. The Ambit clearly indicates the scope of the expenditure to be financed from each RfR including, where appropriate, associated non-cash items;
- (iii) the department that will account for the Estimate; and
- (iv) any amounts, resources and cash, that have already been allocated to the department in the Vote on Account.

6. The net resources required, appropriations in aid totals (operating and non-operating), net cash requirement and the Ambit will be reproduced in the Appropriation Act, which provides the statutory authority for the expenditure. No expenditure may be financed from the Estimate which is in excess of the net totals shown or which is not covered by the Ambit. Ambits must be kept under review to ensure that they properly describe the purposes for which expenditure is intended to be incurred.

7. The Ambit in Part I of the Estimate must be clearly descriptive of the functions to be carried out by the department as should the descriptions attaching to individual sections within an RfR in the Part II: Subhead detail. However, the title of each RfR should be objective-based in order to provide a link with Schedule 5 of the resource account – whose purpose is to inform users of the accounts as to how resources have been divided between the department's objectives.

- Parts II and III** 8. The following two parts of the resource-based Estimate provide a further breakdown of the income and expenditure for which approval is being sought.
9. The **Part II** subhead detail table is in a tabular or matrix format.
10. Each resource Estimate is split into one or more Requests for Resources (RfRs), each relating to one of the main aims or functions of the department. Each RfR shows a breakdown of expenditure in accordance with the following spending control framework classifications, which in turn are classified according to spending sectors as appropriate:

Spending in Departmental Expenditure Limits

Central Government spending

Support for Local Authorities

Spending in Annually Managed Expenditure

Central Government spending

Support for Local Authorities

Non-Budget

11. Beneath these levels, each RfR may contain one or more functional lines (sections), as necessary.
12. The individual resource items within the RfR sections are the “subheads” against which the Treasury will require the expenditure to be accounted. Departments may not redistribute sums shown for resources between sections, or into administration spend within sections, without the agreement of the Treasury, which (as long as the total gross and net amounts voted by Parliament are not exceeded) may sanction the use of savings in one section or subhead to meet excess resource expenditure in another; a process known as “virement”. This discretion will not be used in cases where the proposed reallocation is thought to be of such importance or so great a departure from the original Estimate that it should be brought specifically before Parliament by means of a Revised or Supplementary Estimate.
13. Resource expenditure may not be vired between RfRs. Such transfers always require a Revised or Supplementary Estimate.
14. The different types of expenditure within the Estimate are shown in the vertical breakdown of the table. Columns 1 to 6 show all voted resource expenditure scored on an accruals basis. Columns 1 and 2 show direct expenditure by the department and its agencies and other bodies within the resource accounting boundary. Column 3 shows grants and transfers to bodies outside the department’s accounting boundary, including grants to persons. All of these three columns include amounts in respect of the current consumption of assets but do not include the amounts associated with the acquisition of capital items.
15. Operating appropriations in aid (AinA) – that is, income that is offset against gross resource spend – are shown in column 5. The total of the AinA amounts identified against each RfR line are subject to parliamentary control. Appropriations in aid are deducted from the total of gross resource expenditure shown in column 4 to give a net total amount (Column 6). The identified net totals against each RfR are also subject to parliamentary control.

16. Columns 7 and 8 show the non-resource elements of the Estimate and are also scored on an accruals basis. Column 7 shows forecast capital acquisitions and Column 8 shows forecast appropriations in aid, which relate to non-operating cost items such as income from the disposal of fixed assets. The total amount of non-operating AinA for the department will be subject to parliamentary control.

17. Unlike resource expenditure, gross capital provision may be vired between RfRs with the agreement of the Treasury.

18. The final two columns of the Estimate show net total resource figures for the two prior years. These figures are for comparative purposes and are adjusted as far as possible to be consistent with the Estimate format for the coming year.

19. A detailed explanation of the reconciliation between the net resource total and the net cash requirement is shown in the second section of Part II. Capital expenditure is not directly voted by Parliament, but the cash required to finance capital expenditure has to be provided. This therefore forms part of the cash requirement, which means that net capital expenditure is added to the net resource total. Other non-cash items, which were included in the resource budget, are then removed, and the cash effects of various adjustments relating to working capital changes (stock, debtors and creditors) and changes in provisions are also reflected. An adjustment may also be required to identify any excess cash to be surrendered as CFERs, where a department would otherwise have a negative cash requirement.

20. The net effect of these changes results in the identification of the department's Net Cash Requirement, which is the amount of cash required from the Consolidated Fund in the year in question for the department to carry out its business as specified in the Ambit and is also subject to parliamentary control.

21. **Part III** of the Estimate shows the extra receipts payable to the Consolidated Fund. This seeks to notify Parliament of the department's forecast of surplus income not appropriated in aid and extra cash receipts to be paid directly to the Consolidated Fund and not retained by the department. Amounts are consequently shown both for forecast income and forecast cash receipts. Prior year data analysed by income and cash receipts are also shown.

**Other statements
and notes**

22. Resource Estimates are accompanied by a **Forecast Operating Cost Statement**, reflecting the format of the outturn Operating Cost Statement to be included in the departmental resource accounts. There are also two reconciliation tables; one showing the reconciliation of the resource Estimate, to the accounts and to budgets; and another showing the reconciliation of the capital Estimate and the budget. These tables will also include expenditure by, and income received in, the department, which is not voted by Parliament. The Estimates are accompanied by notes providing additional information to Parliament about the specific nature of the department's plans, details of grants in aid, changes in accounting policies, etc.

23. The Estimates and supporting statements and notes provide an explanation of the expenditure that the Government proposes to finance from funds made available by Parliament. As before, further information can be provided to Select Committees through their consideration of Estimates, or to the whole House through debates.

Contingent liabilities

24. The Notes to each Estimate include details, where appropriate, of any contingent liabilities in force, which, if they matured, would involve the voting of additional expenditure through the Estimate.

Appropriations in Aid 25. A Treasury Minute, as described in the Government Resources and Accounts Act 2000, has today been laid before Parliament directing that certain income specified in the Estimates may be applied as appropriations in aid of resources authorised by Parliament to be used for the service of the year ending 31 March 2007. The source of all types of income to be appropriated in aid is explained in an analysis in the form of a Note to each Estimate which provides a breakdown of forecast Appropriations in Aid (AinA) for 2006–07 and comparison with the two prior years. Each table distinguishes, where appropriate, between operating AinA and non-operating AinA (the latter mainly the proceeds from asset sales).

26. Each Note to the Estimate includes comprehensive AinA footnotes ordered so that resource AinA items are listed first followed by non-operating AinA items. Failure to include a relevant item in the footnote would mean that the income in question could not be applied as AinA.

Symbols 27. For convenience the symbols used throughout departmental Estimates are reproduced below.

Public Expenditure:

- Φ Income receipts which are classified as negative resource in DEL or negative DEL in respect of income from capital receipts including assets sales and which are, exceptionally, surrendered to the Consolidated Fund as extra receipts rather than taken on to the Estimate as appropriations in aid
- △ Income receipts which are classified as negative in Resource Budget: AME or negative AME in respect of income from capital receipts including asset sales and which are, exceptionally, surrendered direct to the Consolidated Fund as extra receipts rather than taken on to the Estimate as appropriations in aid
- Extra receipts which are classified as ‘Non budget’ and are surrendered direct to the Consolidated Fund as extra receipts

Accounting and audit arrangements for grants in aid and certain subscriptions, etc, to international organisations:

- ♥ The accounts of this body are audited by the Comptroller and Auditor General and presented to Parliament
- ♦ The accounts of this body are audited by auditors appointed by the Secretary of State (or Ministers) and presented to Parliament. The books and accounts are also open to inspection by the Comptroller and Auditor General
- ♠ The accounts of this body are audited by auditors appointed by the Secretary of State (or Ministers) and presented to Parliament

Publication date 28. The Government aims to present the Main Estimates shortly after the Budget, which normally takes place during March or early April each year.

Supplementary Budgetary Information 29. Alongside Main Estimates, the Treasury publishes a Supplementary Budgetary Information publication. This publication contains tables giving the important read-across between Estimates and departmental reports for each departmental Estimate.