
National Savings and Investments

Introduction

1. This Estimate provides for the expenditure on the administration of National Savings and Investments.
2. National Savings and Investments aims to reduce the cost to the taxpayer of government borrowing now and in the future. To achieve this our single strategic objective is to provide the government with cost effective retail finance compared to the funds raised on the wholesale market. National Savings and Investments is committed to keeping its range of products under review so that the changing needs of its customers continue to be met. Products cover tax-free investments for taxpayers, gross paying investments for non-taxpayers and savings schemes suitable for all ages.
3. The cost of National Savings and Investments operations comprises of debt interest, tax foregone and administration. The last item is included in the public expenditure planning total and is covered by this Resource Estimate which provides for administering and selling National Savings and Investments products; maintaining customer holdings; and making payments to and conducting correspondence with investors.
4. National Savings and Investments operations were outsourced to Siemens Business Services (SBS) at the start of 1999-2000 as the initial period in a 10-15 year partnership to run, invest in and reduce the costs of the operations business. The contract payments to SBS account for in excess of 50% of the total of this Estimate.
5. The Post Office and Girobank undertake a substantial amount of National Savings and Investments business on an agency basis. Approximateley £30m will be required to pay for selling National Savings and Investments products in this way.
6. Further details of the expenditure contained in this Estimate can be found in the National Savings and Investments Departmental Report 2005 (Cm 6547).
7. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resource 1: Reducing the costs to the taxpayer of government borrowing now and in the future	169,794,000
Total net resource requirement	169,794,000
Net cash requirement	167,673,000

Amounts required in the year ending 31 March 2006 for expenditure by National Savings and Investments on:

RfR 1: Reducing the costs to the taxpayer of government borrowing now and in the future

Administration and operational costs, research and development works, equipment and other payments, and associated non-cash items.

National Savings and Investments will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
RfR 1	169,794,000	77,187,000	92,607,000
Total net resource requirement	169,794,000	77,187,000	92,607,000
Net cash requirement	167,673,000	76,343,000	91,330,000

Part II: Subhead detail

£'000

2005-06						2004-05 Provision	2003-04 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: Reducing the costs to the taxpayer of government borrowing now and in the future									
174,644	-	-	174,644	4,850	169,794	500	-	177,526	172,086
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Administration									
174,644	-	-	174,644	4,850	169,794	500	-	177,526	172,086
Total for Estimate:									
174,644	-	-	174,644	4,850	169,794	500	-	177,526	172,086

Part II: Resource to cash reconciliation

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Total Resources	169,794	177,526	172,086
Voted capital items			
Capital	500	500	1,124
Less Non-operating A-in-A	-	-	2
Total net voted capital	<u>500</u>	<u>500</u>	<u>1,122</u>
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-1,108	-1,074	-722
Depreciation	-2,970	-2,860	-2,693
New provisions and adjustments to previous provisions	-893	-892	-868
Profit (+) / loss (-) on sale of assets	-	-	-5
Prior period adjustments	-	-	-
Other non-cash items	-500	-500	-162
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-450	-450	438
Increase (-) / Decrease (+) in creditors	2,400	2,500	-2,791
Use of provisions	<u>900</u>	<u>900</u>	<u>994</u>
Total accruals to cash adjustments	<u>-2,621</u>	<u>-2,376</u>	<u>-5,809</u>
Excess cash to be CFERd	-	-	-
Net Cash Requirement	<u>167,673</u>	<u>175,650</u>	<u>167,399</u>

Part III: Extra receipts payable to the Consolidated Fund

No CFER income or receipts are expected in 2005-06. None were received in 2004-05 or 2003-04.

Forecast Operating Cost Statement

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net administration costs:			
RfR 1	169,794	177,526	172,081
Net programme costs:			
RfR 1	-	-	5
Total net programme costs	-	-	5
Total Net Operating Cost	169,794	177,526	172,086
<i>of which:</i>			
Net Resource Outturn	169,794	177,526	172,086
CFERs	-	-	-
Non-voted expenditure	-	-	-
Resource Budget Outturn	170,294	177,526	172,086

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Resource Outturn (Estimates)	169,794	177,526	172,086
<i>Adjustments to remove:</i>			
provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
non-voted expenditure in the OCS	-	-	-
Consolidated Fund Extra Receipts in the OCS	-	-	-
Other adjustments	-	-	-
Net Operating Cost (Accounts)	169,794	177,526	172,086
<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	-	-	-
resource consumption of non departmental public bodies	-	-	-
unallocated resource provision	500	-	-
Other adjustments	-	-	-
Resource Budget Outturn (Budget)	170,294	177,526	172,086
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	170,294	177,526	172,086
Annually Managed Expenditure (AME)	-	-	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Voted Capital Outturn (Estimates)	500	500	1,122
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	-	-5
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-
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)	500	500	1,117
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	500	500	1,124
Annually Managed Expenditure (AME)	-	-	-7

Notes to the Main Estimate (*continued*)

Explanation of Accounting Officer responsibilities

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

Request for Resources 1: Alan Cook, Permanent Head of Department

Alan Cook, as the Principal Accounting Officer (PAO) of National Savings and Investments has personal responsibility for the proper presentation of the National Savings and Investments' 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, in addition to the responsibilities for the assigned RfR, remains in general overall charge of National Savings and Investments.

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 the 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 available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the National Savings and Investments' policies, aims and objectives; and should regularly review the effectiveness of that system.

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 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: Reducing the costs to the taxpayer of government borrowing now and in the future						
Accommodation rental receipts	4,850	—	4,755	—	4,662	—
Total RfR 1	4,850*	—	4,755	—	4,662	—
<i>of which: Administration Budgets</i>	—	—	—	—	—	—

*Amount that may be applied as appropriations in aid in addition to the net total, arising from rent receipts.

Notes to the Main Estimate *(continued)*

Departmental Expenditure Limits and Administration Budgets

£'000

Details of 2005-06 Departmental Expenditure Limits (DEL) and Administration budget limits

	Voted*	Non-voted	Total
Resource DEL	169,794	500	170,294
<i>of which: Administration Budgets</i>	<i>169,794</i>	<i>500</i>	<i>170,294</i>
Capital DEL**	500	—	500
Less depreciation†	-2,970	—	-2,970
Total DEL	167,324	500	167,824

* Excludes EU receipts included in Estimates, but excluded in Budgets.

** 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.

† 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.

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

The total net resource sought for 2005-06 of £169,794,000 is 4.4 per cent lower than the final net provision for 2004-05 of £177,526,000 and 2.7 per cent lower than the forecast outturn for 2004-05 of £174,526,000.

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

	2005-06 provision	2004-05 provision	2003-04 outturn
Rental receipts	4,850	4,755	4,662

Expenditure resting on the sole authority of the Appropriation Act

£'000

RfR 1: Reducing the costs to the taxpayer of government borrowing now and in the future	£169,794
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