

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

Increases:

Financial Inclusion Fund

1.	administration		600,000
	RfR 1: subhead A1		
	switch of funding from non-voted Financial Inclusion Fund to voted expenditure		

Machinery of Government change

1.	administration		914,000
	RfR 1: subheads A1 and A5		
	change to reflect the transfer of the Government Social Research Unit from Cabinet Office to HM Treasury (£1,050,000 expenditure, £136,000 a-in-a)		

Decreases:

Transfers between RfRs

1.	administration/programme		-8,404,000
	RfR 1: subhead A1 to RfR 2 : subhead A2 (£3,700,000) and RfR 3: subhead A1 (£3,600,000) and subhead A2 (£1,104,000)		
	transfer from RfR1 to RfR 2 for increased spend on coinage and RfR 3 for work on improving efficiency within government		
2.	administration/programme		-1,423,000
	RfR 1: subhead B1 to RfR3: subhead A2		
	transfer from RfR1 to RfR 3 for work on improving efficiency within government		
3.	programme		-3,666,000
	RfR 1: subhead A2 to RfR 3: subhead A2		
	transfer from RfR1 to RfR 3 for work on improving efficiency within government		
4.	programme		-2,672,000
	RfR 1: subhead B2 to RfR 3: subhead A2		
	transfer from RfR1 to RfR 3 for work on improving efficiency within government		

Neutral Changes:

Virement within the RfR

1.	programme		
	RfR 1: subhead A2 to RfR 1: subhead C3		
	virement of £155,000 from core Treasury programme to the Parliamentary Bodies		

Introduction (*continued*)

2. programme Annually Managed Expenditure
RfR 1: subhead F2 to subhead G2
virement of £500,000 cost of capital for possible charges should saleable artefacts be recovered from HMS Sussex

Increased spending offset by income

1. administration costs
RfR 1: subheads A1 and A5
increase to a-in-a of £4,553,000 with matching expenditure
2. administration costs
RfR 1: subheads B1 and B5
increase to a-in-a of £2,350,000 with matching expenditure
3. programme
RfR 1: subheads A2 and A5
increase to a-in-a of £1,319,000 with matching expenditure
4. programme
RfR 1: subheads A2 and A5
a-in-a of Pool Re income £86,000 and matching increased expenditure on administration of Pool Re
5. programme
RfR 1: subheads B2 and B5
increase to a-in-a of £2,258,000 with matching expenditure

Change to ambit

1. to allow appropriation in aid of income to cover expenditure on administration of Treasury related bodies

Total changes in resources for RfR1 -14,651,000

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

Increase

Transfer between RfRs

1. programme 3,700,000
RfR 2: subhead A2 from RfR 1: subhead A1
transfer from RfR 1 for increased spend on coinage

Neutral Change:

1. programme
RfR 1: subheads A2 and A5
increase to a-in-a of £500,000 with matching expenditure

Decrease

Reduction of AME provision

1. programme -3,935,000
RfR2: subhead B2
reduction reflecting latest forecast

Total changes in resources for RfR2 -235,000

Introduction (*continued*)

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

Increases:

Transfer from non-voted spending

1.	programme	2,422,000
	RfR 3: subhead A2	
	Switch of non-voted Efficiency Challenge Fund allocation to voted expenditure	

Transfers between RfRs

1.	administration	3,600,000
	RfR 3: subhead A1 from RfR1: subhead A1	
	transfer from RfR1 to RfR 3 for OGC's work on its expanded remit, particularly on improving efficiency within government	
2.	administration/programme	8,865,000
	RfR 3: subhead A2 from RfR1: subheads A1 (£1,104,000), B1 (£1,423,000), A2 (£3666,000) and B2 (£2,672,000)	
	transfer from RfR1 to RfR 3 for OGC's work on its expanded remit, particularly on improving efficiency within government and for changes in the provisions for the residual vacant estate	

Neutral Changes:

Increased spending offset by income

1.	administration/programme	
	RfR 1: subheads A1, A2 and A5	
	increase to a-in-a of £325,000 with matching expenditure	

Total changes in resources for RfR3 14,887,000

Total changes in resources for Estimate 1,000

Changes in capital

Increase

RfR3 subhead A7	1,840,000
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Decrease

RfR1 subhead A7	-1,565,000
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RfR1 subhead B7	-640,000
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RfR3 subhead B8	-1,380,000
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Total changes in capital for Estimate -1,745,000

- As a result of the above and associated non-cash adjustments, there is an increase in the net cash requirement of £8,462,000.
- Symbols are explained in the Introduction to this booklet.

Part I

£

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	* †	-14,651,000
RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage	†	-235,000
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis	†	14,887,000
Total additional net resource requirement		1,000
Additional net cash requirement	*	8,462,000

SUPPLEMENTARY amounts required in the year ending 31 March 2006 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 the HM Paymaster (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 gratuities, 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, 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, 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.

Footnotes

* The Government Social Research Unit (RfR1, within Section A) is being transferred from the Cabinet Office on 13 February 2006. Within the overall changes sought in this Estimate, the specific changes relating to this machinery of government transfer are: (i) the net resource requirement is increased by £914,000 and operating appropriations-in-aid are increased by £136,000; (ii) the net cash requirement is increased by £914,000.

† The reduction in the net resource requirement for RfR1 of £ 14,651,000 and for RfR2 of £ 235,000 is offset by a reallocation of those resources to RfR3.

Part II: Changes proposed

Resources	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	£'000
					New Net Provision
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					
Spending in Departmental Expenditure Limits (DEL)					
RfR 1 - A Core Treasury	126,744	-4,617	6,094	-10,711	116,033
RfR 1 - B Debt Management Office	14,587	513	4,608	-4,095	10,492
RfR 1 - C Parliament and Privy Council	2,940	155	-	155	3,095
Spending in Annually Managed Expenditure (AME)					
RfR 1 - F Investment in Bank of England	95,100	-500	-	-500	94,600
RfR 1 - G HMS Sussex artefacts	-	500	-	500	500
Total RfR 1		-3,949	10,702	-14,651	
RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage					
Spending in Departmental Expenditure Limits (DEL)					
RfR 2 - A UK coinage	29,700	4,200	500	3,700	33,400
Spending in Annually Managed Expenditure (AME)					
RfR 2 - B UK coinage	6,782	-3,935	-	-3,935	2,847
Total RfR 2		265	500	-235	
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis					
Spending in Departmental Expenditure Limits (DEL)					
RfR 3 - A Office of Government Commerce	41,753	15,212	325	14,887	56,640
Total RfR 3		15,212	325	14,887	
Total Changes to RfRs		11,528	11,527	1	

Capital and Cash	Present Provision	Change in Provision	£000
			New Provision
Total Capital Expenditure	7,200	-365	6,835
Non-Operating A in A	-	1,380	1,380
Net cash requirement	216,384	8,462	224,846

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
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							
121,772	119,500	3,095	244,367	17,715	226,652	2,575	-
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Core Treasury							
109,190	19,250	-	128,440	12,407	116,033	1,815	-
B Debt Management Office							
12,000	3,800	-	15,800	5,308	10,492	760	-
C Parliament and Privy Council							
-	-	3,095	3,095	-	3,095	-	-
D Statistics Commission							
-	1,350	-	1,350	-	1,350	-	-
E Royal Mint							
582	-	-	582	-	582	-	-
Spending in Annually Managed Expenditure (AME)							
<i>Central Government spending</i>							
F Investment in Bank of England							
-	94,600	-	94,600	-	94,600	-	-
G HMS Sussex artefacts							
-	500	-	500	-	500	-	-
RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage							
-	36,747	-	36,747	500	36,247	-	-
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A UK coinage							
-	33,900	-	33,900	500	33,400	-	-
Spending in Annually Managed Expenditure (AME)							
<i>Central Government spending</i>							
B UK coinage							
-	2,847	-	2,847	-	2,847	-	-
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis							
60,140	11,509	-	71,649	15,009	56,640	4,260	1,380
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Office of Government Commerce							
60,140	11,509	-	71,649	15,009	56,640	4,260	1,380
Total for Estimate:							
181,912	167,756	3,095	352,763	33,224	319,539	6,835	1,380

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>Revised</u>
			£'000
Net total Resources	319,538	1	319,539
Voted capital items			
Capital expenditure	7,200	-365	6,835
<i>Less: non-operating A in A</i>	<u>-</u>	<u>1,380</u>	<u>1,380</u>
Total net voted capital	7,200	-1,745	5,455
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-101,745	3,780	-97,965
Depreciation	-15,181	8,663	-6,518
New provisions and adjustments to previous provisions	1,665	-4,544	-2,879
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-60	-432	-492
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	-	2,402	2,402
Increase(-)/decrease (+) in creditors	-	511	511
Use of provisions	<u>4,967</u>	<u>-174</u>	<u>4,793</u>
Total accruals to cash adjustments	-110,354	10,206	-100,148
Excess cash to be CFERd	-	-	-
Net cash requirement	216,384	8,462	224,846

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>	
	Income	Receipts	Income	Receipts
Operating income not classified as A in A	70,548	-	79,550	<i>70,000</i>
Non-operating income not classified as A in A	-	-	13,000	<i>13,000</i>
Other amounts collectable on behalf of the Consolidated Fund	1,341	-	1,341	<i>1,341</i>
Excess receipts to be surrendered to the Consolidated Fund	-	-	-	-
Total	71,889	-	93,891	<i>84,341</i>

Forecast Operating Cost Statement

		£'000
		2005-06 provision
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Net Administration Costs		
RfR 1	112,320	
RfR 2	-	
RfR 3	46,521	
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Total Net Administration Costs		158,841
Net Programme Costs		
RfR 1	34,782	
RfR 2	36,247	
RfR 3	10,119	
Non-voted expenditure	17,577	
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Total Net Programme costs		98,725
Total Net Operating Cost		257,566
<i>of which:</i>		
Net Resource Outturn		319,539
CFERs		-79,550
Non-voted expenditure		17,577
Resource Budget Outturn		307,725
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Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2005-06 Provision
Net Resource Outturn (Estimates)	319,539
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	17,577
Consolidated Fund extra receipts (CFERS) in the OCS	-79,550
Other adjustments	-
Net Operating Costs (Accounts)	257,566
<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	26,159
resource consumption of non departmental public bodies	-
unallocated resource provision	5,778
Other adjustments	18,222
Resource Budget Outturn (Budget)	307,725
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	256,978
Annually Managed Expenditure (AME)	50,747

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2005-06 Provision
Net Voted Capital Outturn (Estimates)	5,455
<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 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)	5,455
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	5,455
Annually Managed Expenditure (AME)	-

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.

Request for Resources 1	Nicholas Macpherson, Principal Accounting Officer and permanent head of department
Request for Resources 2	Nicholas Macpherson, Principal Accounting Officer and permanent head of department
Request for Resources 3	John Oughton, Additional Accounting Officer and 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 HM Treasury'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, in addition to his responsibilities for the assigned RfRs, 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 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 HM Treasury's policies, aims, and objectives; and should regularly review the effectiveness of that system.

In accordance with Government Accounting requirements the relationship between the Principal Accounting Officer 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 appropriations in aid (A in A)

£'000

2005-06 Provision

	Operating A in A	Non operating A in A
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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, sales of publications, receipts from the European Union; costs from minor occupiers; recovery actions in connection with Barlow Clowes; administration of Pool Re; receipts of fees for use of conference facilities in 1 Horse Guards Road and European Fast Stream income from Cabinet Office	4,802	-
Fees and charges for services provided by the OPG	6,500	-
Other core Treasury programme income	1,105	-
Income due to the Debt Management Office for data provision, management and administration of certain public and private funds and provision of a lending service to local authorities	2,350	-
Income due to the Debt Management Office for gilt issuance costs	2,958	-
Total RfR 1	17,715 *	-

* 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, fees and charges for services provided by the OPG.

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

Sale of scrap metal	500	-
Total RfR 2	500 *	-

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

Consultancy and other customer services	13,619	-
Temporary hiring of vacant property, sale of fixed assets and the OGC buying.solutions dividend	1,390	1,380
Total RfR 3	15,009 *	1,380 **

* 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.

** Amount that may be applied as non-operating appropriations in aid arising from income from the sale of fixed assets

Total A in A	33,224	1,380
<i>of which: Administration budgets</i>	<i>20,771</i>	<i>-</i>

Notes to the Estimate (*continued*)

Analysis of Consolidated Fund Extra Receipts (CFERs)

		£'000	
		2005-06 provision	
		Income	Receipts
Current investments (operating income)	●	-	-
Fixed investments (operating income)	Δ	77,250	67,700
Other		15,300	15,300
Current investments (non-operating income)	Φ	-	-
Civil list	Φ	1,341	1,341
OPG	●	-	-
Total		93,891	84,341

Departmental Expenditure Limits and Administration Budgets

As announced to the House of Commons, HM Treasury's Departmental Expenditure Limit will change as follows:

	Change	New DEL		Total
		Voted	Non-voted	
Resource	914	221,592	35,386	256,978
<i>of which : Administration Budget</i>	<i>-5,313</i>	<i>161,141</i>	<i>400</i>	<i>161,541</i>
Capital	-1,745	5,455	-	5,455
Depreciation*	8,663	-6,518	-	-6,518
Total	7,832	220,529	35,386	255,915

*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
34,604

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

Expenditure resting on the sole authority of the Appropriation Act

The following subhead contains provision sought under the sole authority of Part I of the Estimate and of the confirming Appropriation Act:

RfR	Subhead	Service	£'000
RfR1	A2	Reinstatement of gilt holding	100