

Security and Intelligence Agencies

Introduction

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

	Amount £
<u>Changes in resources</u>	
RfR 1: Protecting and promoting the national security and economic well being of the UK	
Increases:	
<u>Take up of End-Year Flexibility (EYF)</u>	
Take up of £24,912,000 Administration and £42,022,000 Programme End Year Flexibility For the expansion and capability of the Security and Intelligence Agencies	66,934,000
<u>Transfer from non-voted spending</u>	
Take up of £1,000,000 Administration and £6,000,000 Programme Departmental Unallocated Provision For the expansion and capability of the Security and Intelligence Agencies	7,000,000
<u>Transfer from Other Government Departments (OGDs)</u>	
Budgetary Transfer of £7,075,000 from the Foreign and Commonwealth Office For Narcotics and Good Governance Programmes	7,075,000
<u>Other increases</u>	
Take up of £19,900,000 Administration Reserve Claim For the expansion and capability of the Security and Intelligence Agencies	19,900,000
Neutral Changes:	
<u>Increased spending offset by income</u>	
Increase in Administration of £8,330,000 which is offset by an increase in Operating Appropriations-inAid	-
Increase in Programme of £4,658,000 which is offset by an increase in Operating Appropriations-in-Aid	-
<u>Transfers within the RfR</u>	
Increase in programme expenditure of £ 692,000 offset by a decrease in administration expenditure to correct a coding error in the Main Estimate	-
Total change in resources for RfR1	100,909,000
Total change in resources for Estimate	100,909,000
<u>Changes in capital</u>	
<u>Take up of End-Year Flexibility (EYF)</u>	
Take up of £41,830,000 Capital End Year Flexibility For the expansion and capability of the Security and Intelligence Agencies	41,830,000
<u>Other increases</u>	
Take up of £7,900,000 Capital Reserve Claim For the expansion and capability of the Intelligence and Security Agencies	7,900,000
<u>Transfer from Other Government Departments (OGDs)</u>	
Budgetary transfer of £160,000 from the Cabinet Office For the expansion and capability of the Security and Intelligence Agencies	160,000
Total change in capital for Estimate	49,890,000

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £150,639,000.

3. Symbols are explained in the Introduction to this booklet.

Part I

£

RfR 1: Protecting and promoting the national security and economic well being of the UK	100,909,000
Total additional net resource requirement	100,909,000
Additional net cash requirement	150,639,000

SUPPLEMENTARY amounts required in the year ending 31 March 2007 for expenditure by the Security and Intelligence Agencies on:

RfR 1: Protecting and promoting the national security and economic well being of the UK

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

The **Cabinet Office** will account for this Estimate.

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
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RfR 1: Protecting and promoting the national security and economic well being of the UK

Spending in Departmental Expenditure Limits (DEL)

RfR 1 - A Security and Intelligence Agencies	1,277,974	113,897	12,988	100,909	1,378,883
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Total RfR 1		113,897	12,988	100,909	
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Total Changes to RfRs		113,897	12,988	100,909	
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£000

	Present Provision	Change in Provision	New Provision
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Capital and Cash

Total Capital Expenditure	223,669	49,890	273,559
Non-Operating A in A	669	-	669
Net cash requirement	1,291,991	150,639	1,442,630

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: Protecting and promoting the national security and economic well being of the UK								
817,287	647,856	-	1,465,143	86,260	1,378,883	273,559	669	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Security and Intelligence Agencies								
817,287	647,856	-	1,465,143	86,260	1,378,883	273,559	669	
Total for Estimate:								
817,287	647,856	-	1,465,143	86,260	1,378,883	273,559	669	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
Net Resource Requirement	1,277,974	100,909	1,378,883
Voted capital items			
Capital	223,669	49,890	273,559
<i>Less:</i> Non-operating A in A	669	-	669
Total net voted capital	223,000	49,890	272,890
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-29,775	-	-29,775
Depreciation	-156,713	-600	-157,313
New provisions and adjustments to previous provisions	-	-	-
Profit/loss on sale of assets	71	-	71
Prior period adjustments	-	-	-
Other non-cash items	-41,838	600	-41,238
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	19,272	-160	19,112
Increase(-)/decrease (+) in creditors	-	-	-
Use of provisions	-	-	-
Total accruals to cash adjustments	-208,983	-160	-209,143
Excess cash to be CFERd	-	-	-
Net Cash Requirement	1,291,991	150,639	1,442,630

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Operating Cost Statement

	£'000
	2006-07 provision
Net Administration Costs	
RfR1	750,680
Total Net Administration Costs	750,680
Net Programme Costs	
RfR1	628,203
Total Net Programme costs	628,203
Total Net Operating Cost	1,378,883
<i>of which:</i>	
Net Resource Requirement	1,378,883
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-
Resource Budget	1,386,883

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2006-07 Provision
Net Resource Requirement (Estimates)	1,378,883
<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 Costs (Accounts)	1,378,883
<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	-
resource consumption of non departmental public bodies	-
unallocated resource provision	8,000
Other adjustments	-
Resource Budget (Budget)	1,386,883
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	1,386,883
Annually Managed Expenditure (AME)	-

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2006-07 Provision
Net Voted Capital (Estimates)	272,890
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	71
<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	-
Capital Budget (Budget)	272,961
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	272,961
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	Sir Richard Mottram, Co-ordinator of the Security and Intelligence Committee
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Sir Richard Mottram as the Accounting Officer of the Security and Intelligence Agencies 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 AO as the permanent head, remains in general overall charge of the Security and Intelligence Agencies.

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.

Notes to the Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

	£'000
	2006-07 Provision
RfR 1: Protecting and promoting the national security and economic well being of the UK	
Administration	66,607
<i>of which:</i>	
Sale of goods and services	66,607
Programme	19,653
<i>of which:</i>	
Sale of goods and services	19,653
Total RfR1	86,260 †
† Amount that may be applied as appropriation in aid in addition to the net total, arising from: the sales of services to other government departments, the recovery of costs of staff on loan, recovery from staff for miscellaneous items and certain other services.	
Total Operating A in A	86,260

Analysis of non -operating appropriations in aid (A in A)

RfR 1: Protecting and promoting the national security and economic well being of the UK	
Administration	71
<i>of which:</i>	
Sale of goods and services	71
Programme	598
<i>of which:</i>	
Sale of assets	598
Total RfR1	669 †
† Amount that may be applied as non-operating appropriations in aid, arising from: the sale of fixed assets and from the sale of freehold interest and land.	
Total Non - operating A in A	669

Notes to the Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	93,909	7,000	1,378,883	8,000	1,386,883
<i>of which:</i>					
<i>Administration budget*</i>	45,817	1,000	750,680	-	750,680
<i>Near-cash in RDEL</i>	100,914	7,000	1,151,228	8,000	1,159,228
Capital**	49,890	-	272,961	-	272,961
Less Depreciation†	-600	-	-157,313	-	-157,313
Total	143,199	7,000	1,494,531	8,000	1,502,531

* 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
86,929

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