

HM Treasury

Introduction

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

		Amount (£)	
		<u>Increases</u>	<u>Reductions</u>
<u>Changes in resources</u>			
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			
<u>Section</u>	<u>Reason for change</u>		
<u>Changes related to movements in budgets</u>			
<u>Transfers to/from Central Funds</u>			
A1	Draw down of near cash from the Financial Inclusion Fund to finance the Thoresen Review - an independent feasibility study to research and design a national approach to generic financial advice.	2,000,000	
<u>Machinery of Government changes</u>			
A1	Transfer of near cash provision in respect of the transfer of the Prime Minister's Delivery Unit from the Cabinet Office to HM Treasury.	4,028,000	
		<u>Total</u>	<u>-</u>
Total change in resources for RfR1		6,028,000	6,028,000

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

<u>Section</u>	<u>Reason for change</u>	<u>Increases</u>	<u>Reductions</u>
<u>Changes related to movements in budgets</u>			
<u>Take up of Departmental Unallocated Provision</u>			
A2	Take up of Departmental Unallocated Provision (£1,951,000 non cash and £6,540,000 near cash) to finance structural exits from the Office of Government Commerce. Transforming Government Procurement, published in January 2007, launched a new strategy and part of the redefined remit resulted in OGC becoming a smaller, higher calibre organisation. To achieve the reduction in numbers, a programme of structural exits was instigated. The non cash costs are for provisions for the future costs of new exits and the near cash costs are for in year costs of exits not previously provided for.	8,491,000	
		<u>Total</u>	<u>-</u>
Total change in resources for RfR3		8,491,000	8,491,000
Total change in resources for Estimate			14,519,000

Introduction (*continued*)

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £ 17,568,000.
3. Symbols are explained in the Introduction to this booklet.

HM Treasury

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	†	6,028,000
RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage		-
RfR3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis		8,491,000
Total additional net resource requirement		14,519,000
Additional net cash requirement	†	17,568,000

SUPPLEMENTARY amounts required in the year ending 31 March 2008 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, including group shared services; grants in aid to four Parliamentary bodies; expenses in connection with honours and dignities; a grant in aid to the Statistics Commission and spending in connection with the establishment of the Statistics Board; expenditure of the Debt Management Office; payments under an indemnity guarantee in respect of Paymaster; expenditure on administration of Treasury related bodies; compensation payments arising from gilt administration; cost of capital charges on the Treasury's investment in the Bank of England; 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.

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 Prime Minister's Delivery Unit (PMDU) was transferred from the Cabinet Office on 28 June 2007. Within the overall changes sought in this Estimate, the specific changes relating to this machinery of government change are:

- a) the net resource requirement for RfR1 is increased by £ 4,028,000; and
- b) the net cash requirement is increased by £ 4,028,000.

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 and group shared services	127,608	6,028	-	6,028	133,636
Total RfR 1		6,028	-	6,028	
RfR3: 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	27,137	8,491	-	8,491	35,628
Total RfR 3		8,491	-	8,491	
Total Changes to RfRs		14,519	-	14,519	

	Present Provision	Change in Provision	£000 New Provision
Capital and Cash			
Total Capital Expenditure	7,200	-	7,200
Non-Operating A in A	-	-	-
Net cash requirement	228,964	17,568	246,532

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								
148,813	94,112	4,655	247,580	11,035	236,545	7,125	-	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Core Treasury and group shared services								
135,628	4,408	-	140,036	6,400	133,636	5,125	-	
B Debt Management Office								
13,185	2,200	-	15,385	4,635	10,750	2,000	-	
C Parliament								
-	-	3,305	3,305	-	3,305	-	-	
D Statistics Commission and Statistics Board								
-	306	1,350	1,656	-	1,656	-	-	
Spending in Annually Managed Expenditure (AME)								
<i>Central Government spending</i>								
E Investment in Bank of England								
-	87,198	-	87,198	-	87,198	-	-	
RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage								
-	52,000	-	52,000	-	52,000	-	-	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A UK coinage: manufacturing costs								
-	19,000	-	19,000	-	19,000	-	-	
Spending in Annually Managed Expenditure (AME)								
<i>Central Government spending</i>								
B UK coinage: investment in the Royal Mint								
-	2,000	-	2,000	-	2,000	-	-	
C UK coinage: metal costs								
-	31,000	-	31,000	-	31,000	-	-	
RfR3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis								
35,451	9,977	-	45,428	9,800	35,628	75	-	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Office of Government Commerce								
35,451	9,977	-	45,428	9,800	35,628	75	-	
Total for Estimate:								
184,264	156,089	4,655	345,008	20,835	324,173	7,200	-	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000 Revised</u>
Net Resource Requirement	309,654	14,519	324,173
Voted capital items			
Capital	7,200	-	7,200
<i>Less:</i> Non-operating A in A	-	-	-
Total net voted capital	7,200	-	7,200
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-88,897	-	-88,897
Depreciation	-9,539	-	-9,539
New provisions and adjustments to previous provisions	-572	-1,951	-2,523
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-60	-	-60
Increase(+)/decrease (-) in stock	-	5,000	5,000
Increase(+)/decrease (-) in debtors	-	-	-
Increase(-)/decrease (+) in creditors	-	-	-
Use of provisions	11,178	-	11,178
Total accruals to cash adjustments	-87,890	3,049	-84,841
Excess cash to be CFERd	-	-	-
Net Cash Requirement	228,964	17,568	246,532

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Operating Cost Statement

	£'000
	2007-08 provision
Net Administration Costs	
RfR1	139,578
RfR2	-
RfR3	26,851
Total Net Administration Costs	166,429
Net Programme Costs	
RfR1	33,919
RfR2	52,000
RfR3	8,777
Non-voted expenditure	24,479
Total Net Programme costs	119,175
Total Net Operating Cost	285,604
<i>of which:</i>	
Net Resource Requirement	324,173
Non-voted expenditure	24,479
Consolidated Fund Extra Receipts	-63,048
Resource Budget	313,985

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2007-08 Provision
Net Resource Requirement (Estimates)	324,173
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	24,479
Consolidated Fund extra receipts in the OCS	-63,048
Other adjustments	-
Net Operating Costs (Accounts)	285,604
<i>Adjustments to remove:</i>	
Gains/losses from sale of capital assets	-
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	20,959
Resource consumption of non-departmental public bodies	-
unallocated resource provision	7,422
Other adjustments	-
Resource Budget (Budget)	313,985
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	231,787
Annually Managed Expenditure (AME)	82,198

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2007-08 Provision
Net Voted Capital (Estimates)	7,200
<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)	7,200
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	7,200
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, Permanent Head of the Department
Request for Resources 2	Nicholas Macpherson, Permanent Head of the Department
Request for Resources 3	Nigel Smith, 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 chapter 3 of Managing Public Money. 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 Managing Public Money 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
	2007-08 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	
Administration	9,235
<i>of which:</i>	
Sale of goods and services	9,235
CFERs	-
Programme	1,800
<i>of which:</i>	
Sale of goods and services	1,800
EU income	63,048
Interest and dividends	-63,048
Total RfR1	11,035 †

† 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 gilt issuance costs, provision of the Gilt Purchase and Sale Service, 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; European Fast Stream income from Cabinet Office; amounts arising from the sale of shares and debt.

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

Administration	8,600
<i>of which:</i>	
Sale of goods and services	8,600
CFERs	-
Programme	1,200
<i>of which:</i>	
Sale of goods and services	-
Interest and dividends	1,200
CFERs	-
Total RfR3	9,800 †

† 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, charges for users of Whitehall District Heating and Standby Systems, sales of surplus energy and the OGC buying solutions dividend.

Total Operating A in A	20,835
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Notes to the Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	14,519	-8,491	203,975	27,812	231,787
<i>of which: †</i>					
Administration budget	6,028	-	166,429	7,422	173,851
Near-cash in RDEL	12,568	-8,491	192,154	38,990	231,144
Capital ††	-	-	7,200	-	7,200
Less Depreciation †††	-	-	-9,539	-	-9,539
Total	14,519	-8,491	201,636	27,812	229,448

† 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
20,835

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

Grants in aid

RfR/Section	Body		£'000
RfR1 - C	The Commonwealth Parliamentary Association	◆	1,808
RfR1 - C	The British-American Parliamentary Group	◆	101
RfR1 - C	The Inter-Parliamentary Union	◆	1,192
RfR1 - C	The British-Irish Parliamentary Union	◆	204
RfR 1 D	The Statistics Commission	◆	1,350

