
Export Credits Guarantee Department

Introduction

1. This Estimate covers the request for resources to fund the Export Credits Guarantee Department's facilitation of UK exports through the provision of interest support, export credit guarantees and investment insurance.
2. Export Finance Assistance (RFR1) comprises interest support to banks and other lenders of export finance in order to match the financing of exports available to foreign competition.
3. The RFR1 requirement reflects the way in which income is classified rather than actual "Resource" consumption, as the request includes a capital charge in respect of voted loans to Guaranteed Export Finance Corporation plc (GEFCO), but excludes the interest income in respect of the same loans, which are classified as "Consolidated Fund Extra Receipts".
4. Trading Operations (RFR2) forecasts that ECGD's Credit Insurance activities, which include all administration expenses, will generate net income (after capital charges). Therefore "Resource" consumption will be nil and only a token £1,000 (the minimum possible) has been included.
5. Symbols are explained in the Introduction to this booklet.

Export Credits Guarantee Department

Part I

	£
Request for Resources 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports	29,574,000
Request for Resources 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports	1,000
Total net resource requirement	29,575,000
Net cash requirement	1,000

Amounts required in the year ending 31 March 2010 for expenditure by the Export Credits Guarantee Department on:

RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports

Interest support to banks and other lenders of export finance and the funding of the refinancing programme, and on associated non-cash items

RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports

Export credit guarantees given in the national interest or to render economic assistance to overseas countries, overseas investment insurance, residual commitments under discontinued facilities, the cost escalation scheme subvention for the active management of the portfolio; provision of advice and services, relating to credit guarantees and insurance, to other government departments, and on associated non-cash items.

The **Export Credits Guarantee Department** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
RfR 1	29,574,000	19,306,000	10,268,000
RfR 2	1,000	-	1,000
Total net resource requirement	29,575,000	19,306,000	10,269,000
Net cash requirement	1,000	-	1,000

Part II: Subhead detail

£'000

2009-10 Provision						2008-09 Provision	2007-08 Outturn		
Resources						Capital	Non-operating	Net Total	Net Total
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources
1	2	3	4	5	6	7	8	9	10
RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports						-	-	42,905	43,437
-	39,263	30,031	69,294	39,720	29,574	-	-	-	-
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A	Fixed Rate Export Finance								
-	30,865	-	30,865	25,890	4,975	-	-	5,898	-
Non-Budget									
B	GEFCO loans and interest equalisation								
-	8,398	30,031	38,429	13,830	24,599	-	-	37,007	43,437
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports									
28,935	108,899	12,824	150,658	150,657	1	422	-	2	-
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A	Administration								
28,935	-	-	28,935	2,657	26,278	422	-	41,911	26,388
Non-Budget									
B	Export Credits								
-	108,899	12,824	121,723	148,000	-26,277	-	-	-41,909	-25,412
<i>Overseas Investment Insurance</i>									
-	-	-	-	-	-	-	-	-	-976
Total for Estimate:									
28,935	148,162	42,855	219,952	190,377	29,575	422	-	42,907	43,437

Part II: Resource to cash reconciliation

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Resource Requirement	29,575	42,907	43,437
Voted capital items			
Capital	422	542	451
Less Non-operating A-in-A	-	-	-
Total net voted capital	422	542	451
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-58,288	-73,961	-43,094
Depreciation	-17,158	-9,046	-381
New provisions and adjustments to previous provisions	-12,824	-44,522	-
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-64,315	-13,211	-200
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-61,495	-123,030	-135,384
Increase (-) / Decrease (+) in creditors	56,800	37,705	20,384
Use of provisions	-	-	-
Total accruals to cash adjustments	-157,280	-226,065	-158,675
Excess cash to be CFERd	127,284	182,618	114,787
Net Cash Requirement	1	2	-

Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	£'000					
	2009-10 Provision		2008-09 Provision		2007-08 Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	81,398	<i>24,598</i>	83,920	<i>37,006</i>	646,872	<i>669,679</i>
Non-operating income not classified as A in A	158,665	<i>158,665</i>	223,689	<i>223,689</i>	296,399	<i>296,399</i>
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	<i>127,284</i>	-	<i>182,618</i>	-	<i>114,787</i>
Total	240,063	310,547	307,609	443,313	943,271	1,080,865

Forecast Operating Cost Statement

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Administration Costs			
RfR 1	-	-	-
RfR 2	26,278	41,911	26,388
Total Net Administration costs	26,278	41,911	26,388
Net Programme Costs			
RfR 1	29,574	42,905	43,437
RfR 2	-26,277	-41,909	-26,388
Non-voted	-81,398	-83,920	-646,872
Total Net Programme costs	-78,101	-82,924	-629,823
Total Net Operating Cost	-51,823	-41,013	-603,435
<i>of which:</i>			
Net Resource Requirement	29,575	42,907	43,437
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-81,398	-83,920	-646,872
Reduction in planned spend unable to be included in Estimate	-	-	-
Resource Budget	31,253	47,809	26,388

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Resource Requirement (Estimates)	29,575	42,907	43,437
<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	-81,398	-83,920	-646,872
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
Net Operating Cost (Accounts)	-51,823	-41,013	-603,435
<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	1,678	4,902	-17,049
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	81,398	83,920	646,872
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-	-	-
Resource Budget (Budget)	31,253	47,809	26,388
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	26,278	41,911	26,388
Annually Managed Expenditure (AME)	4,975	5,898	-

Reconciliation of capital expenditure between Estimates and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Voted Capital (Estimates)	422	542	451
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-158,665	-223,689	-296,399
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	-	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
Capital Budget (Budget)	-158,243	-223,147	-295,948
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	422	542	451
Annually Managed Expenditure (AME)	-158,665	-223,689	-296,399

Notes to the Main Estimate (*continued*)

Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following Accounting Officer appointments have been made for the Request for Resources within this Estimate:

Request for Resources 1: Patrick Crawford, Chief Executive of ECGD

Request for Resources 2: Patrick Crawford, Chief Executive of ECGD

Patrick Crawford, has personal responsibility for the proper presentation of the resource accounts and their transmission to the Comptroller and Auditor General. Patrick Crawford is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities particular regard is given to:

- Observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the *Financial Reporting Manual* (FReM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are set out in chapter 3 of *Managing Public Money* issued by the Treasury.

Notes to the Main Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports			
Programme	39,720	34,897	42,442
<i>of which:</i>			
Interest and dividends	39,720	34,897	42,442
Total RfR 1	39,720†	34,897	42,442
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: the recovery of income from interest make-up receipts.</i>			
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports			
Administration	2,657	2,052	972
<i>of which:</i>			
Sale of goods and services	2,657	2,052	972
Programme	148,000	125,920	26,388
<i>of which:</i>			
Sale of goods and services	86,700	60,720	26,388
Interest and dividends	61,300	65,200	-
Total RfR 2	150,657†	127,972	27,360
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: premium and moratorium interest; income from other government departments relating to credit guarantees and insurance advice and services.</i>			
Total Operating A in A	190,377	162,869	69,802

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

£'000

	2009-10		2008-09		2007-08	
	Provision Income	Receipts	Provision Income	Receipts	Outturn Income	Receipts
Premium income, moratorium interest, movement in provisions ●	56,800	-	46,914	-	585,387	608,194
Loan repayments (principal) Δ	158,665	158,665	223,689	223,689	296,399	296,399
Loan repayments (interest) ●	24,598	24,598	37,006	37,006	61,485	61,485
Excess cash receipts to be surrendered to the Consolidated Fund ●	-	127,284	-	182,618	-	114,787
Total	240,063	310,547	307,609	443,313	943,271	1,080,865

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	26,278	-	26,278
<i>of which: †</i>			
Administration budget	26,278	-	26,278
Near-cash in RDEL	25,447	-	25,447
Capital DEL ††	422	-	422
Less Depreciation †††	-558	-	-558
Total DEL	26,142	-	26,142

† The total of the '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.

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

The total net resource sought for 2009-10 of £29,575,000 is 31.1 per cent lower than the final net provision for 2008-09 of £42,907,000 and 19.4 per cent lower than the forecast outturn for 2008-09 of £36,697,000.

Cash which may be retained to offset expenditure

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
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.	190,377	162,869	69,802

