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# HM Customs and Excise

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## Introduction

1. Expenditure covered by the Estimate

This Department's Estimate covers two Request for Resources (RfR). RfR 1 includes two sections and RfR 2 contains one. A brief description of the expenditure covered by each section follows:

**RfR 1: Administering the indirect tax and customs control systems fairly and efficiently, enabling individuals and businesses to understand and comply with their obligations**

**Section A:** represents administration spending within the Departmental Expenditure Limit (DEL), which covers two objectives: to collect the right revenue at the right time from indirect taxes and to improve the level of compliance with customs and statistical requirements; and to reduce crime and drug dependency by detecting and deterring the smuggling of illegal drugs and other prohibited and restricted goods. Additionally, payments are made in respect of the Customs and Excise National Museum and non-discretionary payments in respect of Shipbuilders' Relief;

**Section B:** a token net sub-head representing 'Non-Budget' spending under Single European Authorisation arrangements;

**RfR 2: The effective and efficient prosecution of cases in accordance with the Code for Crown Prosecutors**

**Section A:** represents administrative spending within the Departmental Expenditure Limit (DEL) covering the prosecution of cases by the Customs and Excise Prosecutions Office.

2. A detailed analysis of Resource Budget and Capital Budget Spending Plans can be found in the Tables to the HM Customs and Excise Spring 2004 Departmental Report (Cm 6224).

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

## Part I

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<b>Request for Resources 1: Administering the indirect tax and customs control systems fairly and efficiently, enabling individuals and businesses to understand and comply with their obligations</b>	<b>1,211,993,000</b>
<b>Request for Resources 2: The effective and efficient prosecution of cases in accordance with the Code for Crown Prosecutors</b>	<b>28,074,000</b>
<b>Total net resource requirement</b>	<b>1,240,067,000</b>
<b>Net cash requirement</b>	<b>1,260,221,000</b>

Amounts required in the year ending 31 March 2005 for expenditure by HM Customs and Excise on:

**RfR 1: Administering the indirect tax and customs control systems fairly and efficiently, enabling individuals and businesses to understand and comply with their obligations**

administrative costs of taxation; the operation of customs revenue controls; the provision of trade information and other customs and excise related services; supervision of the money laundering regulatory regime; payments in respect of Shipbuilders' Relief and the Customs and Excise National Museum; and on associated non-cash items.

**RfR 2: The effective and efficient prosecution of cases in accordance with the Code for Crown Prosecutors**

administration and legal costs of prosecuting cases by the Customs and Excise Prosecutions Office, and associated non-cash items.

The **Customs and Excise Department** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
<b>RfR 1</b>	1,211,993,000	496,463,000	715,530,000
<b>RfR 2</b>	28,074,000	12,062,000	16,012,000
<b>Total net resource requirement</b>	1,240,067,000	508,525,000	731,542,000
<b>Net cash requirement</b>	1,260,221,000	516,542,000	743,679,000

## Part II: Subhead detail

£'000

2004-05						2003-04 Provision	2002-03 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
<b>RfR 1: Administering the indirect tax and customs control systems fairly and efficiently, enabling individuals and businesses to understand and comply with their obligations</b>									
1,166,925	64,184	435	1,231,544	19,551	1,211,993	76,565	759	1,189,016	1,096,738
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A Administration									
1,166,925	63,984	435	1,231,344	19,352	1,211,992	76,565	759	1,189,015	1,096,738
<b>Non-budget</b>									
B Operational local clearance procedures									
-	200	-	200	199	1	-	-	1	-
<b>RfR 2: The effective and efficient prosecution of cases in accordance with the Code for Crown Prosecutors</b>									
11,020	17,054	-	28,074	-	28,074	-	-	26,805	-
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A Administration									
11,020	17,054	-	28,074	-	28,074	-	-	26,805	-
<b>Total for Estimate:</b>									
1,177,945	81,238	435	1,259,618	19,551	1,240,067	76,565	759	1,215,821	1,096,738

## Part II: Resource to cash reconciliation

	2004-05		2003-04		2002-03	
	Provision		Provision		Outturn	
	£'000					
<b>Net Total Resources</b>	1,240,067		1,215,821		1,096,738	
<b>Voted capital items</b>						
Capital	76,565		82,180		40,777	
Less Non-operating A-in-A	759		759		935	
<b>Total net voted capital</b>	75,806		81,421		39,842	
<b>Accruals to cash adjustment</b>						
Adjustments to remove non-cash items:						
Cost of Capital charges	-7,820		-7,547		-7,919	
Depreciation	-44,780		-46,128		-37,587	
New provisions and adjustments to previous provisions	-4,087		-3,572		-13,502	
Profit/loss on sale of assets	-		-		-755	
Prior period adjustments	-		-		-	
Other non-cash items	-130		-130		-215	
Increase (+) / Decrease (-) in stock	-		-		-148	
Increase (+) / Decrease (-) in debtors	-2,401		-2,401		-474	
Increase (-) / Decrease (+) in creditors	28		28		-3,791	
Use of provisions	3,538		3,023		4,205	
<b>Total accruals to cash adjustments</b>	-55,652		-56,727		-60,186	
<b>Excess cash to be CFERd</b>	-		-		-	
<b>Net Cash Requirement</b>	1,260,221		1,240,515		1,076,394	

## 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):-

	2004-05		2003-04		2002-03	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
	£'000					
Operating income not classified as AinA	-	-	-	-	-	-
Non-operating income not classified as AinA	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	175,000	<i>175,000</i>	175,000	<i>175,000</i>	160,943	<i>160,943</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
<b>Total</b>	<b>175,000</b>	<b><i>175,000</i></b>	<b>175,000</b>	<b><i>175,000</i></b>	<b>160,943</b>	<b><i>160,943</i></b>

## Forecast Operating Cost Statement

	2004-05 Provision	2003-04 Provision	2002-03 Outturn	£'000
<b>Net Administration Costs</b>				
RfR 1	1,157,995	1,119,924	984,643	
RfR 2	<u>11,020</u>	<u>10,563</u>	<u>-</u>	
<b>Total Net Administration costs</b>	<b>1,169,015</b>	<b>1,130,487</b>	<b>984,643</b>	
<b>Net Programme Costs</b>				
RfR 1	53,998	69,092	112,095	
RfR 2	<u>17,054</u>	<u>16,242</u>	<u>-</u>	
<b>Total Net Programme costs</b>	<b>71,052</b>	<b>85,334</b>	<b>112,095</b>	
<b>Total Net Operating Cost</b>	<b>1,240,067</b>	<b>1,215,821</b>	<b>1,096,738</b>	
<i>of which:</i>				
<b>Net Resource Outturn</b>	<b>1,240,067</b>	<b>1,215,821</b>	<b>1,096,738</b>	
CFERs	-	-	-	
Non-voted expenditure	-	-	-	
<b>Resource Budget Outturn</b>	<b>1,255,066</b>	<b>1,215,820</b>	<b>1,096,738</b>	

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2004-05	2003-04	2002-03
	Provision	Provision	Outturn
<b>Net Resource Outturn (Estimates)</b>	<b>1,240,067</b>	<b>1,215,821</b>	<b>1,096,738</b>
<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	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>1,240,067</b>	<b>1,215,821</b>	<b>1,096,738</b>
<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	-1	-1	-
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-
resource consumption of non departmental public bodies	-	-	-
unallocated resource provision	15,000	-	-
Other adjustments	-	-	-
<b>Resource Budget Outturn (Budget)</b>	<b>1,255,066</b>	<b>1,215,820</b>	<b>1,096,738</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	1,255,066	1,215,820	1,096,738
Annually Managed Expenditure (AME)	-	-	-

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2004-05	2003-04	2002-03
	Provision	Provision	Outturn
<b>Net Voted Capital Outturn (Estimates)</b>	<b>75,806</b>	<b>81,421</b>	<b>39,842</b>
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	-	-755
<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	1,000	1,000	-
Other adjustments	-	-	-
<b>Capital Budget Outturn (Budget)</b>	<b>76,806</b>	<b>82,421</b>	<b>39,087</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	76,806	82,421	39,087
Annually Managed Expenditure (AME)	-	-	-

## Notes to the Main Estimate *(continued)*

### **Explanation of Accounting Officer responsibilities**

The Treasury has appointed Mr. Michael Eland as interim Accounting Officer with responsibility for preparing the Department's Estimate, pending formal appointment of a Permanent Head of HM Customs and Excise.

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 for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in *Government Accounting*.

## Notes to the Main Estimate *(continued)*

### Analysis of appropriations in aid (A in A)

	£'000					
	2004-05 provision		2003-04 provision		2002-03 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
<b>RfR 1: Administering the indirect tax and customs control systems fairly and efficiently, enabling individuals and businesses to understand and comply with their obligations</b>						
Income from charges for special attendance	940	—	940	—	985	—
Income from recovery of costs and expenses	8,267	—	8,267	—	6,852	—
Income from international commitment charges	2,343	—	2,343	—	2,951	—
Income from the sale of certificates and statistical services	326	—	326	—	456	—
Income from Estate Management services	1,515	—	1,515	—	1,422	—
Income from Shipbuilders' Relief	3,517	—	3,517	—	1,058	—
Local clearance procedure receipts	199	—	199	—	—	—
Fees received from the money laundering regulatory regime	1,944	—	1,882	—	2,412	—
Other miscellaneous receipts	500	—	500	—	750	—
Income from the sale of fixed assets	—	759	—	759	—	1,690
<b>Total RfR 1</b>	<b>19,551*</b>	<b>759**</b>	<b>19,489</b>	<b>759</b>	<b>16,886</b>	<b>1,690</b>

\*Amount that may be applied as appropriations in aid in addition to the net total, arising from income received: for the special attendance of officers; from charges for international commitments; from the sale of statistical services and certificates and from estate management services; the recovery of law costs; the costs of staff on loan; EC travelling expenses and receipts from the EC; receipts in respect of Shipbuilders' Relief and local clearance procedures under Single European Authorisations; receipts from insurance and compensation claims; marine fuel relief; fees received from the money laundering regulatory regime; and other miscellaneous administration and programme costs receipts.

\*\*Amount that may be applied as non-operating appropriations in aid arising from the recovery of income from the sale of fixed assets and from the sale of land and buildings.

## Notes to the Main Estimate *(continued)*

### Analysis of Consolidated Fund extra receipts

	£'000					
	2004-05 provision		2003-04 provision		2002-03 outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Fines and penalties ●	155,600	155,600	155,600	155,600	141,777	141,777
Proceeds, less duty, on sales of seized assets ●	6,400	6,400	6,400	6,400	6,679	6,679
Bank interest ●	1,000	1,000	1,000	1,000	575	575
Other miscellaneous receipts ●	12,000	12,000	12,000	12,000	11,912	11,912
<b>Total</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>160,943</b>	<b>160,943</b>

## Notes to the Main Estimate *(continued)*

### Administration costs limits and Departmental Expenditure Limits

#### Administration costs limits £'000

	Gross provision	Income	Total administration costs limit
Gross administration costs limits	1,192,945	–8,930	1,184,015
Net administration costs limits	—	—	—

#### Departmental Expenditure Limits (DEL) £'000

	Voted*	Non-voted	Total
Resource DEL	1,240,066	15,000	1,255,066
Capital DEL	75,806	1,000	76,806
Less depreciation	–44,780	—	–44,780
Total DEL	1,271,092	16,000	1,287,092

- \* i. 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  
 ii. Excludes EU receipts included in Estimates, but excluded in Budgets

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

The total net resource sought for 2004-05 of £1,240,067,000 is 2.0 per cent higher than the final net provision for 2003-04 of £1,215,821,000 and 5.1 per cent higher than the forecast outturn of that year of £1,180,321,000.

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**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

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	<b>2004-05 provision</b>	<b>2003-04 provision</b>	<b>2002-03 outturn</b>
	20,310	20,248	18,576

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