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# National Savings and Investments

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## Introduction

1. This Estimate provides for the expenditure on the administration of National Savings and Investments.
2. National Savings and Investments aims to help reduce the cost to the taxpayer of government borrowing now and in the future. To achieve this our single strategic objective is to provide the government with cost-effective retail finance compared to the funds raised on the wholesale market. National Savings and Investments is committed to keeping its range of products under review so that the changing needs of its customers continue to be met. Products cover tax-free investments for taxpayers, gross paying investments for non-taxpayers and savings schemes suitable for all ages.
3. The cost of National Savings and Investments operations comprises of debt interest, tax foregone, and administration. The last item is included in the public expenditure planning total and is covered by this Resource Estimate which provides for administering and selling National Savings and Investments products; maintaining customer holdings; and making payments to and conducting correspondence with investors.
4. National Savings and Investments operations were outsourced to Siemens Business Services (SBS) at the start of 1999-2000 as the initial period in a 10-15 year partnership to run, invest in and reduce the costs of the operations business. The contract payments to SBS account for in excess of 50% of the total of this Estimate.
5. The Post Office and Girobank undertake a substantial amount of National Savings and Investments business on an agency basis. Approximately £38m will be required to pay for selling National Savings and Investments products in this way.
6. Further details of the expenditure contained in this Estimate can be found in the National Savings and Investments Departmental Report 2004 (Cm 6230).
7. Symbols are explained in the Introduction to this booklet.

## Part I

	£
<b>Request for Resources 1: Reducing the costs to the taxpayer of government borrowing now and in the future</b>	<b>171,526,000</b>
<b>Total net resource requirement</b>	<b>171,526,000</b>
<b>Net cash requirement</b>	<b>169,650,000</b>

Amounts required in the year ending 31 March 2005 for expenditure by National Savings and Investments on:

### **RfR 1: Reducing the costs to the taxpayer of government borrowing now and in the future**

Administration, payments for contracted out services under the PPP arrangement, publicity costs, and associated non-cash items.

**National Savings and Investments** will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
<b>RfR 1</b>	171,526,000	77,206,000	94,320,000
<b>Total net resource requirement</b>	171,526,000	77,206,000	94,320,000
<b>Net cash requirement</b>	169,650,000	76,590,000	93,060,000

## 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: Reducing the costs to the taxpayer of government borrowing now and in the future</b>									
176,281	-	-	176,281	4,755	171,526	500	-	181,568	159,428
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A Administration									
176,281	-	-	176,281	4,755	171,526	500	-	181,568	159,428
<b>Total for Estimate:</b>									
176,281	-	-	176,281	4,755	171,526	500	-	181,568	159,428

## Part II: Resource to cash reconciliation

	£'000		
	2004-05 Provision	2003-04 Provision	2002-03 Outturn
<b>Net Total Resources</b>	171,526	181,568	159,428
<b>Voted capital items</b>			
Capital	500	1,300	213
Less Non-operating A-in-A	-	-	-
<b>Total net voted capital</b>	<u>500</u>	<u>1,300</u>	<u>213</u>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-1,074	-1,013	-762
Depreciation	-2,860	-2,714	-2,561
New provisions and adjustments to previous provisions	-892	-891	-839
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-500	-500	-455
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-450	-450	45
Increase (-) / Decrease (+) in creditors	2,500	2,000	-1,327
Use of provisions	<u>900</u>	<u>900</u>	<u>1,303</u>
<b>Total accruals to cash adjustments</b>	<u>-2,376</u>	<u>-2,668</u>	<u>-4,596</u>
<b>Excess cash to be CFERd</b>	-	-	-
<b>Net Cash Requirement</b>	<u>169,650</u>	<u>180,200</u>	<u>155,045</u>

## Part III: Extra receipts payable to the Consolidated Fund

No CFER income or receipts are expected in 2004-05. None were received in 2003-04 or 2002-03.

## Forecast Operating Cost Statement

	2004-05 Provision	2003-04 Provision	2002-03 Outturn	£'000
<b>Net administration costs:</b>				
RfR 1	171,526	181,568	159,428	
<b>Net programme costs:</b>				
RfR 1	-	-	-	
<b>Total net programme costs</b>	-	-	-	
<b>Total Net Operating Cost</b>	171,526	181,568	159,428	
<i>of which:</i>				
<b>Net Resource Outturn</b>	171,526	181,568	159,428	
CFERs	-	-	-	
Non-voted expenditure	-	-	-	
<b>Resource Budget Outturn</b>	172,026	181,568	159,428	

## 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>171,526</b>	<b>181,568</b>	<b>159,428</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>171,526</b>	<b>181,568</b>	<b>159,428</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	-	-	-
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-
resource consumption of non departmental public bodies	-	-	-
unallocated resource provision	500	-	-
Other adjustments	-	-	-
<b>Resource Budget Outturn (Budget)</b>	<b>172,026</b>	<b>181,568</b>	<b>159,428</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	172,026	181,568	159,428
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>500</b>	<b>1,300</b>	<b>213</b>
<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	-	-	-
<b>Capital Budget Outturn (Budget)</b>	<b>500</b>	<b>1,300</b>	<b>213</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	500	1,300	213
Annually Managed Expenditure (AME)	-	-	-

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

### Explanation of Accounting Officer responsibilities

The Treasury has appointed the Chief Executive, Alan Cook, as Accounting Officer of the Department with responsibility for preparing the Department's Estimate.

The allocation of Accounting Officer responsibilities in National Savings and Investments is as follows:

<b>Request for Resources 1:</b>	Alan Cook, Principal Accounting Officer and Permanent Head of Department
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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: Reducing the costs to the taxpayer of government borrowing now and in the future</b>						
Accommodation rental receipts	4,755	—	4,662	—	4,460	—
<b>Total RfR 1</b>	<b>4,755*</b>	<b>—</b>	<b>4,662</b>	<b>—</b>	<b>4,460</b>	<b>—</b>
<b>Total A in A</b>	<b>4,755</b>	<b>—</b>	<b>4,662</b>	<b>—</b>	<b>4,460</b>	<b>—</b>

\*Amount that may be applied as Appropriations in Aid in addition to the net total arising from rent receipts.

## 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	176,781	–4,755	172,026
Net administration costs limits	—	—	—

Departmental Expenditure Limits (DEL)	£'000		
	Voted*	Non-voted	Total
Resource DEL	171,526	500	172,026
Capital DEL	500	—	500
Less depreciation	–2,860	—	–2,860
Total DEL	169,166	500	169,666

- \* 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 £171,526,000 is 5.5% lower than the final net provision for 2003-04 of £181,568,000 and 5.1% lower than the forecast outturn for 2003-04 of £180,800,000.

## 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

	2004-05 provision	2003-04 provision	2002-03 outturn
Rental receipts	4,755	4,662	4,460

### Expenditure resting on the sole authority of the Appropriation Act

£'000

The following RfR contains provision sought under the sole authority of Part 1 of the Estimate and the confirming Appropriation Act

<b>RfR 1: Reducing the costs to the taxpayer of government borrowing now and in the future</b>	<b>£171,526</b>
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