

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 and grants towards financing of exports to match that 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 under Government Accounting rules are classified as "Consolidated Fund Extra Receipts".
4. Trading Operations (RFR2) anticipates 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.

Part I

	£
Request for Resources 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports	102,807,000
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	102,808,000
Net cash requirement	1,000

Amounts required in the year ending 31 March 2007 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, grants towards financing of exports to match foreign competition, 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, 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	102,807,000	69,581,000	33,226,000
RfR 2	1,000	-	1,000
Total net resource requirement	102,808,000	69,581,000	33,227,000
Net cash requirement	1,000	-	1,000

Part II: Subhead detail

										£'000	
2006-07 Provision										2005-06 Provision	2004-05 Outturn
Resources						Capital Non- operating A in A		Net Total Resources	Net Total Resources		
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	8	9	10		
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											
-	67,749	66,228	133,977	31,170	102,807	-	338,282	154,624	76,886		
Spending in Annually Managed Expenditure (AME)											
<i>Central Government spending</i>											
A	Fixed Rate Export Finance										
-	51,620	-	51,620	25,272	26,348	-	-	37,702	12,423		
Non-Budget											
B	GEFCO loans and interest equalisation										
-	16,129	66,228	82,357	5,898	76,459	-	338,282	116,922	64,463		
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports											
-	32,926	-	32,926	32,925	1	380	-	1	1		
Spending in Departmental Expenditure Limits (DEL)											
<i>Central Government spending</i>											
A	Administration										
-	472	-	472	-	472	380	-	602	576		
Non-Budget											
B	Admin - Running Costs										
-	32,454	-	32,454	5,755	26,699	-	-	31,551	31,361		
C	Export Credits										
-	-	-	-	26,165	-26,165	-	-	-35,072	-28,951		
D	Overseas Investment Insurance										
-	-	-	-	1,005	-1,005	-	-	-4,580	-2,985		
	<i>APM</i>										
-	-	-	-	-	-	-	-	7,500	-		
Total for Estimate:											
-	100,675	66,228	166,903	64,095	102,808	380	338,282	154,625	76,887		

Part II: Resource to cash reconciliation

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Net Resource Requirement	102,808	154,625	76,887
Voted capital items			
Capital	380	20,505	6,163
Less Non-operating A-in-A	338,282	20,000	6,111
Total net voted capital	-337,902	505	52
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-66,317	-140,234	-163,376
Depreciation	-383	-489	-450
New provisions and adjustments to previous provisions	-	-11,888	117,518
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-126,495	-347,629	-1,326,892
Increase (-) / Decrease (+) in creditors	-	103,265	-920,809
Use of provisions	-	-	-
Total accruals to cash adjustments	-193,195	-396,975	-2,294,009
Excess cash to be CFERd	428,290	241,846	244,625
Net Cash Requirement	1	1	-1,972,445

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					
	2006-07		2005-06		2004-05	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	-	-
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	83,878	<i>83,878</i>	114,972	<i>114,972</i>	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	<i>428,290</i>	-	<i>241,846</i>	-	<i>244,625</i>
Total	83,878	<i>512,168</i>	114,972	<i>356,818</i>	-	<i>244,625</i>

Forecast Operating Cost Statement

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Net Programme Costs			
RfR 1	102,807	154,624	76,886
RfR 2	1	1	1
Total Net Programme costs	102,808	133,482	76,887
Total Net Operating Cost	102,808	154,625	76,887
<i>of which:</i>			
Net Resource Requirement	102,808	154,625	76,887
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
Resource Budget	-55,720	-190,140	-83,522

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Net Resource Requirement (Estimates)	102,808	154,625	76,887
<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 Cost (Accounts)	102,808	154,625	76,887
<i>Adjustments to remove:</i>			
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-75,988	-116,321	12,998
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-82,540	-228,444	-173,407
Resource Budget (Budget)	-55,720	-190,140	-83,522
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	472	602	576
Annually Managed Expenditure (AME)	-56,192	-190,742	-82,946

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Net Voted Capital (Estimates)	-337,902	505	52
<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	-	-	-
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	-	-	-
Other adjustments	338,282	-	-
Capital Budget (Budget)	380	505	52
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	380	505	52
Annually Managed Expenditure (AME)	-	-	-

Notes to the Main 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: Patrick Crawford, Chief Executive of ECGD

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

Patrick Crawford as the Accounting Officer of the Export Credits Guarantee Department 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 Export Credits Guarantee Department.

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 Main Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports			
Programme	31,170	-56,951	33,209
<i>of which:</i>			
Other grant income (including repayment of grants/subsidies)	-8,642	-21,143	-13,810
Interest and dividends	39,812	-35,808	47,019
Total RfR 1	31,170†	-56,951	33,209
† 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.			
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports			
Programme	32,925	93,826	45,451
<i>of which:</i>			
Sale of goods and services	32,925	101,326	45,451
Interest and dividends	-	-7,500	-
Total RfR 2	32,925†	93,826	45,451
† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: premium and moratorium interest.			
Total Operating A in A	64,095	36,875	78,660

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

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports			
Programme	338,282	20,000	6,111
<i>of which:</i>			
Loan, etc, repayments	338,282	20,000	6,111
Total RfR 1	338,282†	20,000	6,111
† Amount that may be applied as non-operating appropriations in aid in addition to the net total arising from: repayment of loan principal.			
Total Non-Operating A in A	338,282	20,000	6,111

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000					
	2006-07		2005-06		2004-05	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Premium and moratorium interest (income), premium recoveries of claims payments, moratorium interest (receipts) •	83,878	83,878	114,972	114,972	-	-
Excess cash to be surrendered to the Consolidated Fund	-	428,290	-	241,846	-	244,625
Total	83,878	512,168	114,972	356,818	-	244,625

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	472	-	472
<i>of which:*</i>			
Administration budget	-	-	-
Near-cash in RDEL	-	-	-
Capital DEL**	380	-	380
Less Depreciation†	-383	-	-383
Total DEL	469	-	469

* 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 for the previous year

The total net resource budget sought for 2006-07 of £102,808,000 is 33.5 per cent lower than the final net provision for 2005-06 of £154,625,000.

Cash which may be retained to offset expenditure

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 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.	402,377	56,875	84,771

