
HM Treasury

Introduction

1. This Estimate covers the administration costs and other related costs of the core Treasury, the Debt Management Office (DMO) and the Office of Government Commerce (OGC).
2. Request for Resources (RfR) 1 includes the core Treasury and DMO, together with grants in aid to four Parliamentary bodies and the Statistics Commission and cost of capital charges on the Treasury's investment in the Bank of England. RfR 1 also includes provision for cost of capital charges that would arise should any saleable artefacts be recovered from the wreck of HMS Sussex. RfR 2 covers payments to the Royal Mint for the manufacture, storage and distribution of UK coins, which are supplied to banks on behalf of the Treasury, and cost of capital charges on the Treasury's investment in the Royal Mint. RfR 3 covers the expenditure of the OGC and OGCbuying solutions, including management and disposal of surplus civil estate, and associated non-cash items.
3. Further information can be found in HM Treasury's Departmental Report (Cm 6830).
4. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resources 1: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life, with economic and employment opportunities for all	244,495,000
Request for Resources 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage	38,748,000
Request for Resources 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis	40,699,000
Total net resource requirement	323,942,000
Net cash requirement	229,040,000

Amounts required in the year ending 31 March 2007 for expenditure by the 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; grants in aid to four Parliamentary bodies, expenses in connection with honours and dignities, a grant in aid to the Statistics Commission; expenditure of the Debt Management Office; payments under an indemnity guarantee in respect of Paymaster; expenditure on administration of Treasury related bodies; payments to the Royal Mint; compensation payments arising from gilt administration; and associated non-cash items, including the cost of capital charges on the Treasury's investment in the Bank of England, and on any saleable artefacts recovered from the wreck of HMS Sussex.

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.

RfR 3: 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 OGCBuying.solutions and associated non-cash items.

The HM Treasury will account for this Estimate.

Part I

	Net total	Allocated in Vote on Account	Balance to complete
RfR 1	244,495,000	108,586,000	135,909,000
RfR 2	38,748,000	16,417,000	22,331,000
RfR 3	40,699,000	18,789,000	21,910,000
Total net resource requirement	323,942,000	143,792,000	180,150,000
Net cash requirement	229,040,000	97,373,000	131,667,000

Part II: Subhead detail

										£'000	
2006-07 Provision							2005-06 Provision	2004-05 Outturn			
Resources						Capital Non- operating A		Net Total	Net Total		
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	in A	Resources	Resources		
1	2	3	4	5	6	7	8	9	10		
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											
124,223	117,555	2,940	245,718	1,223	244,495	4,780	-	227,565	196,738		
Spending in Departmental Expenditure Limits (DEL)											
<i>Central Government spending</i>											
A	Core Treasury										
112,834	15,791	-	128,625	523	128,102	3,380	-	116,946	88,521		
B	Debt Management Office										
11,389	4,214	-	15,603	700	14,903	1,400	-	10,492	10,206		
C	Parliament and Privy Council										
-	-	2,940	2,940	-	2,940	-	-	3,095	1,589		
D	Statistics Commission										
-	1,350	-	1,350	-	1,350	-	-	1,350	1,595		
<i>Royal Mint</i>											
-	-	-	-	-	-	-	-	582	-		
Spending in Annually Managed Expenditure (AME)											
<i>Central Government spending</i>											
E	Investment in Bank of England										
-	96,200	-	96,200	-	96,200	-	-	94,600	94,736		
<i>Paymaster indemnity</i>											
-	-	-	-	-	-	-	-	-	91		
F	HMS Sussex artefacts										
-	1,000	-	1,000	-	1,000	-	-	500	-		
RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage											
-	38,748	-	38,748	-	38,748	-	-	36,247	34,818		
Spending in Departmental Expenditure Limits (DEL)											
<i>Central Government spending</i>											
A	UK coinage										
-	31,700	-	31,700	-	31,700	-	-	33,400	30,855		

Part II: Subhead detail

										£'000	
2006-07 Provision							2005-06 Provision	2004-05 Outturn			
Resources						Capital Non- operating A		Net Total Resources	Net Total Resources		
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	in A	Resources	Resources		
1	2	3	4	5	6	7	8	9	10		
Spending in Annually Managed Expenditure (AME)											
<i>Central Government spending</i>											
B	UK coinage										
-	7,048	-	7,048	-	7,048	-	-	2,847	3,963		
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis											
52,894	2,489	-	55,383	14,684	40,699	2,420	-	56,640	35,501		
Spending in Departmental Expenditure Limits (DEL)											
<i>Central Government spending</i>											
A	Office of Government Commerce										
52,894	2,489	-	55,383	14,684	40,699	2,420	-	56,640	35,501		
Total for Estimate:											
177,117	159,792	2,940	339,849	15,907	323,942	7,200	-	320,452	267,057		

Part II: Resource to cash reconciliation

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Net Resource Requirement	323,942	320,452	267,057
Voted capital items			
Capital	7,200	6,835	15,935
Less Non-operating A-in-A	-	1,380	11,550
Total net voted capital	7,200	5,455	4,385
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-104,097	-97,965	-99,229
Depreciation	-7,676	-6,518	5,854
New provisions and adjustments to previous provisions	-447	-2,879	413
Profit/loss on sale of assets	-	-	8,215
Prior period adjustments	-	-	-
Other non-cash items	-60	-492	-4,003
Increase (+) / Decrease (-) in stock	-	-	-4
Increase (+) / Decrease (-) in debtors	-	2,402	1,433
Increase (-) / Decrease (+) in creditors	-	511	-4,816
Use of provisions	10,178	4,793	11,683
Total accruals to cash adjustments	-102,102	-100,148	-80,454
Adjustment to reflect underspend in cash	-	-913	-
Net Cash Requirement	229,040	224,846	190,988

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	Receipts	Income	Receipts	Income	Receipts
Operating income not classified as A in A	70,548	-	79,550	<i>70,000</i>	68,424	<i>62,340</i>
Non-operating income not classified as A in A	-	-	13,000	<i>13,000</i>	24,652	<i>24,121</i>
Other amounts collectable on behalf of the Consolidated Fund	1,341	-	1,341	<i>1,341</i>	1,515	<i>1,515</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
Total	71,889	-	93,891	<i>84,341</i>	94,591	<i>87,976</i>

Forecast Operating Cost Statement

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Net Administration Costs			
RfR 1	123,700	113,233	87,656
RfR 2	-	-	-
RfR 3	42,894	45,607	34,896
Total Net Administration costs	166,594	158,840	122,552
Net Programme Costs			
RfR 1	50,247	34,782	45,541
RfR 2	38,748	36,247	34,343
RfR 3	-2,195	11,033	-3,803
Non-voted	30,744	33,157	33,568
Total Net Programme costs	117,544	115,219	109,649
Total Net Operating Cost	284,138	274,059	232,201
<i>of which:</i>			
Net Resource Requirement	323,942	320,452	267,057
Non-voted expenditure	30,744	33,157	33,568
Consolidated Fund Extra Receipts	-70,548	-79,550	-68,424
Resource Budget	308,597	308,638	249,341

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)	323,942	320,452	267,057
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Non-voted expenditure in the OCS	30,744	33,157	33,568
Consolidated Fund Extra Receipts in the OCS	-70,548	-79,550	-68,424
Other adjustments	-	-	-
Net Operating Cost (Accounts)	284,138	274,059	232,201
<i>Adjustments to remove:</i>			
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	23,459	26,159	15,989
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	1,000	5,778	-
Other adjustments	-	2,642	1,151
Resource Budget (Budget)	308,597	308,638	249,341
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	247,599	257,891	186,531
Annually Managed Expenditure (AME)	60,998	50,747	62,810

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
Net Voted Capital (Estimates)	7,200	5,455	-28,385
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	8,215
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-72
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	-	-	86
Capital Budget (Budget)	7,200	5,455	-20,156
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	7,200	5,455	-20,156
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:** Nicholas MacPherson, Permanent Head of Department
- Request for Resources 2:** Nicholas MacPherson, Permanent Head of Department
- Request for Resources 3:** John Oughton, Chief Executive of the Office of Government Commerce

Nicholas MacPherson as the Principal Accounting Officer of the 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 the HM Treasury.

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.

In accordance with Government Accounting requirement the relationship between the Principal Accounting Officer and the Additional Accounting Officer(s) and with their Ministers, together with their respective responsibilities, is set out in writing.

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: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life, with economic and employment opportunities for all			
Administration	523	7,152	1,001
<i>of which:</i>			
Sale of goods and services	523	7,152	7,750
CFERs	-	-	-6,749
Programme	700	10,563	6,449
<i>of which:</i>			
Sale of goods and services	700	10,563	6,449
Interest and dividends	70,548	79,550	56,529
CFERs	-70,548	-79,550	-56,529
Total RfR 1	1,223†	17,715	7,450
† Amount that may be applied as operating 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 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 advertising costs, stock exchange listings, 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; proceeds from artefacts recovered from HMS Sussex; European Fast Stream income from Cabinet Office; amounts arising from the sale of shares and debt.			
RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage			
Programme	-	500	229
<i>of which:</i>			
Sale of goods and services	-	500	229
Interest and dividends	-	-	475
CFERs	-	-	-475
Total RfR 2	-	500	229
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis			
Administration	10,000	13,619	10,736
<i>of which:</i>			
Sale of goods and services	10,000	13,619	12,572
CFERs	-	-	-1,836
Programme	4,684	1,390	3,809
<i>of which:</i>			
Sale of goods and services	3,709	190	5,253
Interest and dividends	975	1,200	1,360
CFERs	-	-	-2,804
Total RfR 3	14,684†	15,009	14,545
† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: income from consultancy and other customer services, hirings of vacant property, sales of surplus energy and the OGC buying solutions dividend.			
Total Operating A in A	15,907	21,922	22,224

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

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis			
Administration	-	-	-
<i>of which:</i>			
Sale of assets	-	-	11
CFERs			-11
Programme	-	1,380	11,550
<i>of which:</i>			
Sale of assets	-	13,000	12,159
Loan, etc, repayments	-	1,380	-
CFERs	-	-13,000	-609
Total RfR 3	-	1,380	11,550
Total Non-Operating A in A	-	1,380	11,550

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
Current investments (operating income) ●	-	-	-	-	406	663
Fixed investments (operating income) Δ	70,548	-	77,250	67,700	55,371	47,104
Fixed assets (non-operating income) Φ	-	-	-	-	22,337	22,415
Current assets (non-operating income) Φ	-	-	13,000	13,000	609	-
Current investments (non-operating income) Φ	-	-	-	-	1,706	1,706
Other Φ	-	-	2,300	2,300	12,647	14,573
Civil list Φ	1,341	-	1,341	1,341	1,515	1,515
Total	71,889	-	93,891	84,341	94,591	87,976

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	219,694	27,905	247,599
<i>of which:*</i>			
Administration budget	166,794	1,000	167,794
Near-cash in RDEL	221,840	27,905	249,745
Capital DEL**	7,200	-	7,200
Less Depreciation†	-7,676	-	-7,676
Total DEL	219,218	27,905	247,123

* 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

The total net resource budget sought for 2006-07 of £323,942,000 is 1.1 per cent higher than the final net provision for 2005-06 of £320,452,000.

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.	15,907	34,604	33,760

Notes to the Main Estimate (*continued*)

Grants in aid

RfR/Section	Body	£'000
RfR1 C	The Commonwealth Parliamentary Association ♦	1,545
RfR1 C	The British-American Parliamentary Group ♦	98
RfR1 C	The Inter-Parliamentary Union ♦	1,117
RfR1 C	The British-Irish Parliamentary Union ♦	180
RfR1 D	The Statistics Commission ♦	1,350

Notes to the Main Estimate (*continued*)**Contingent liabilities**

Nature of Liability	£'000
Liabilities under the Reinsurance (Act of Terrorism) Act 1993	unquantifiable
Liabilities of the Insurance Brokers Registration Council (IBRC) passed to HMT Treasury under the Financial Services and Markets Act 2000	unquantifiable