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# National Savings and Investments

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## Introduction

1. This Estimate provides for expenditure on the administration of National Savings and Investments.
2. National Savings and Investments aims to reduce the cost of 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 are 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 scheme 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. The initial period of the contract of 10 years was extended to 15 years in 2005. The partnership is integral to running the operations, investing in NS & I and reducing the costs of the operations business as well as increasing efficiency. The contract payments to SBS account for in excess of the 50% of the total of this Estimate.
5. The Post Office undertakes a substantial amount of National Savings and Investments business on an agency basis. Approximately £ 26 m will be required to pay for selling national savings and Investments products in this way. National Savings and Investments have entered into a partnership with Tesco Personal Finance to provide greater opportunity for customers to transact with NS & I.
6. Further details of the expenditure contained in the Estimate can be found in the National Savings and Investments Departmental report 2006 (Cm 6837).

## Part I

	£
<b>Request for Resources 1: Reducing the costs to the taxpayer of government borrowing now and in the future</b>	<b>165,294,000</b>
<b>Total net resource requirement</b>	<b>165,294,000</b>
<b>Net cash requirement</b>	<b>162,747,000</b>

Amounts required in the year ending 31 March 2007 for expenditure by the National Savings and Investments on:

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

Administration and operational costs, research and development works, equipment and other payments, and associated non-cash items.

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

	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>165,294,000</b>	<b>76,407,000</b>	<b>88,887,000</b>
<b>Total net resource requirement</b>	<b>165,294,000</b>	<b>76,407,000</b>	<b>88,887,000</b>
<b>Net cash requirement</b>	<b>162,747,000</b>	<b>75,453,000</b>	<b>87,294,000</b>

## 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		
<b>RfR 1: Reducing the costs to the taxpayer of government borrowing now and in the future</b>											
170,241	-	-	170,241	4,947	165,294	500	-	182,294	165,796		
<b>Spending in Departmental Expenditure Limits (DEL)</b>											
<i>Central Government spending</i>											
A Administration											
170,241	-	-	170,241	4,947	165,294	500	-	182,294	165,796		
<b>Total for Estimate:</b>											
170,241	-	-	170,241	4,947	165,294	500	-	182,294	165,796		

## Part II: Resource to cash reconciliation

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Resource Requirement</b>	<b>165,294</b>	<b>182,294</b>	<b>165,796</b>
Voted capital items			
Capital	500	500	137
Less Non-operating A-in-A	-	-	-2
<b>Total net voted capital</b>	<b>500</b>	<b>500</b>	<b>139</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-1,122	-1,108	-624
Depreciation	-3,030	-2,970	-3,807
New provisions and adjustments to previous provisions	-895	-893	-304
Profit/loss on sale of assets	-	-	-2
Prior period adjustments	-	-	-
Other non-cash items	-500	-500	-505
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-400	-450	-1,139
Increase (-) / Decrease (+) in creditors	2,000	2,400	3,304
Use of provisions	900	900	987
<b>Total accruals to cash adjustments</b>	<b>-3,047</b>	<b>-2,621</b>	<b>-2,090</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>162,747</b>	<b>180,173</b>	<b>163,845</b>

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

No CFER income or receipts are expected in 2006-07 or 2005-06. None were received in 2004-05.

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## Forecast Operating Cost Statement

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Administration Costs</b>			
RfR 1	165,294	182,294	165,794
<b>Total Net Administration costs</b>	<b>165,294</b>	<b>182,294</b>	<b>165,794</b>
<b>Net Programme Costs</b>			
RfR 1	-	-	2
<b>Total Net Programme costs</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Total Net Operating Cost</b>	<b>165,294</b>	<b>182,294</b>	<b>165,796</b>
<i>of which:</i>			
<b>Net Resource Requirement</b>	<b>165,294</b>	<b>182,294</b>	<b>165,796</b>
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-
<b>Resource Budget</b>	<b>170,294</b>	<b>182,294</b>	<b>165,796</b>

## Notes to the Main Estimate

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

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Resource Requirement (Estimates)</b>	165,294	182,294	165,796
<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>	165,294	182,294	165,796
<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	-	-	-
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	5,000	-	-
Other adjustments	-	-	-
<b>Resource Budget (Budget)</b>	170,294	182,294	165,796
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	170,294	182,294	165,794
Annually Managed Expenditure (AME)	-	-	2

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Voted Capital (Estimates)</b>	500	500	139
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-2
<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	-	-	-
<b>Capital Budget (Budget)</b>	500	500	137
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	500	500	137
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 appointment for the Request for Resources within this Estimate.

**Request for Resources 1:** Trevor Bayley, Permanent Head of the Department

Trevor Bayley as the Accounting Officer of the National Savings and Investments 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 National Savings and Investments.

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
<b>RfR 1: Reducing the costs to the taxpayer of government borrowing now and in the future</b>			
Administration	4,947	5,250	4,678
<i>of which:</i>			
Sale of goods and services	4,947	5,250	4,678
<b>Total RfR 1</b>	<b>4,947†</b>	<b>5,250</b>	<b>4,678</b>
† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: rent receipts.			
<b>Total Operating A in A</b>	<b>4,947</b>	<b>5,250</b>	<b>4,678</b>

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

### Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	165,294	5,000	170,294
<i>of which:*</i>			
Administration budget	165,294	5,000	170,294
Near-cash in RDEL	159,747	5,900	165,647
Capital DEL**	500	-	500
Less Depreciation†	-3,030	-	-3,030
Total DEL	162,764	5,000	167,764

\* 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 £165,294,000 is 9.3 per cent lower than the final net provision for 2005-06 of £182,294,000.

### 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.	4,947	5,250	4,676

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**Notes to the Main Estimate (*continued*)****Expenditure resting on the sole authority of the Appropriation Act**

The following subheads contain provision sought under the sole authority of Part I of the Estimate and of the confirming Appropriation Act:

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<b>RfR/Section</b>	<b>Service</b>	<b>£'000</b>
RfR1	Reducing the costs to the taxpayer of government borrowing now and in the future	169,794

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