

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.

Export Credits Guarantee Department

Part I

	£
Request for Resources 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports	69,102,000
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	69,103,000
Net cash requirement	1,000

Amounts required in the year ending 31 March 2008 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	69,102,000	46,263,000	22,839,000
RfR 2	1,000	-	1,000
Total net resource requirement	69,103,000	46,263,000	22,840,000
Net cash requirement	1,000	-	1,000

Part II: Subhead detail

£'000

2007-08 Provision						2006-07 Provision	2005-06 Outturn		
Resources						Capital	Capital Non- operating	Net Total	Net Total
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources
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									
-	74,784	45,340	120,124	51,022	69,102	-	-	106,859	32,765
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A	Fixed Rate Export Finance								
-	48,173	-	48,173	28,479	19,694	-	-	30,400	-20,571
Non-Budget									
B	GEFCO loans and interest equalisation								
-	26,611	45,340	71,951	22,543	49,408	-	-	76,459	53,336
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports									
-	27,280	-	27,280	27,279	1	481	-	1	1
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A	Administration								
-	600	-	600	-	600	481	-	472	563
Non-Budget									
B	Admin - Running Costs								
-	26,680	-	26,680	560	26,120	-	-	26,699	28,470
C	Export Credits								
-	-	-	-	25,719	-25,719	-	-	-26,165	-29,379
D	Overseas Investment Insurance								
-	-	-	-	1,000	-1,000	-	-	-1,005	-1,828
<i>APM</i>									
-	-	-	-	-	-	-	-	-	2,175
Total for Estimate:									
-	102,064	45,340	147,404	78,301	69,103	481	-	106,860	32,766

Part II: Resource to cash reconciliation

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement	69,103	106,860	32,766
Voted capital items			
Capital	481	380	110
Less Non-operating A-in-A	-	-	-
Total net voted capital	481	380	110
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-45,440	-66,317	-102,252
Depreciation	-500	-383	-472
New provisions and adjustments to previous provisions	-	-	-
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-183,531	-126,495	-1,067,594
Increase (-) / Decrease (+) in creditors	69,416	-	-809,961
Use of provisions	-	-	-
Total accruals to cash adjustments	-160,055	-193,195	-1,980,279
Excess cash to be CFERd	90,472	85,956	1,947,404
Net Cash Requirement	1	1	1

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					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	249,779	<i>36,221</i>	218,375	<i>50,875</i>	482,021	<i>44,010</i>
Non-operating income not classified as A in A	267,818	<i>267,818</i>	338,282	<i>338,282</i>	397,585	<i>397,585</i>
Other amounts collectable on behalf of the Consolidated Fund	58,250	<i>58,250</i>	83,878	<i>83,878</i>	111,803	<i>111,803</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	<i>90,472</i>	-	<i>85,956</i>	-	<i>1,947,404</i>
Total	575,847	<i>452,761</i>	640,535	<i>558,991</i>	991,409	<i>2,500,802</i>

Forecast Operating Cost Statement

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Programme Costs			
RfR 1	69,102	106,859	32,765
RfR 2	-249,778	-218,374	-482,020
Total Net Programme costs	-180,676	-111,515	-449,255
Total Net Operating Cost	-180,676	-111,515	-449,255
<i>of which:</i>			
Net Resource Requirement	69,103	106,860	32,766
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-249,779	-218,375	-482,021
Resource Budget	-83,516	-51,668	-136,497

Notes to the Main Estimate (*continued*)

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2007-08	2006-07	2005-06
	Provision	Provision	Outturn
Net Resource Requirement (Estimates)	69,103	106,860	32,766
<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	-249,779	-218,375	-482,021
Other adjustments	-	-	-
Net Operating Cost (Accounts)	-180,676	-111,515	-449,255
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	200,970	142,387	429,247
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	249,779	218,375	482,021
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-353,589	-300,915	-598,510
Resource Budget (Budget)	-83,516	-51,668	-136,497
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	600	472	563
Annually Managed Expenditure (AME)	-84,116	-52,140	-137,060

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2007-08	2006-07	2005-06
	Provision	Provision	Outturn
Net Voted Capital (Estimates)	481	380	110
<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	-267,818	-338,282	-397,585
Capital Budget (Budget)	-267,337	-337,902	-397,475
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	481	380	110
Annually Managed Expenditure (AME)	-267,818	-338,282	-397,585

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		
	2007-08	2006-07	2005-06
	Provision	Provision	Outturn
RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports			
Programme	51,022	5,898	35,835
<i>of which:</i>			
Interest and dividends	51,022	5,898	35,835
Total RfR 1	51,022†	5,898	35,835
<i>† 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.</i>			
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports			
Programme	27,279	32,925	44,550
<i>of which:</i>			
Sale of goods and services	277,058	251,300	526,571
CFERs	-249,779	-218,375	-482,021
Total RfR 2	27,279†	32,925	44,550
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: premium and moratorium interest.</i>			
Total Operating A in A	78,301	38,823	80,385

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Premium income, moratorium interest, movement in provisions ●	249,779	36,221	218,375	50,875	482,021	44,010
Loan repayments (principal) Δ	267,818	267,818	338,282	338,282	509,388	509,388
Loan repayments (interest) ●	58,250	58,250	83,878	83,878	-	-
Excess cash receipts to be surrendered to the Consolidated Fund ●	-	90,472	-	85,956	-	1,947,404
Total	575,847	452,761	640,535	558,991	991,409	2,500,802

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	600	-	600
<i>of which:†</i>			
Administration budget	-	-	-
Near-cash in RDEL	-	-	-
Capital DEL††	481	-	481
Less Depreciation†††	-500	-	-500
Total DEL	581	-	581

† 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 and forecast outturn for the previous year

The total net resource sought for 2007-08 of £69,103,000 is 35.3 per cent lower than the final net provision for 2006-07 of £106,860,000 and -109.1 per cent higher than the forecast outturn for 2006-07 of -£762,228,000.

Cash which may be retained to offset expenditure

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 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.	78,301	38,823	80,385

