

HM Treasury

Introduction

1. This Estimate covers the administration costs and other related costs of the central Treasury and the Debt Management Office (DMO); grants in aid to four Parliamentary bodies; expenditure associated with the awards of honours and dignities; grant in aid provision for the Statistics Commission; management and sales of residual government shareholdings and holdings of privatised companies debt; payments to the Royal Mint for the manufacture and distribution of UK coins, which are supplied to banks on behalf of the Treasury, and for the storage of coins returned by banks; administration costs and other related costs of the Office of Government Commerce and OGC buying solutions, and associated non-cash items.
2. Further information can be found in HM Treasury's Departmental Report (Cm 6540).
3. 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	241,303,000
Request for Resources 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage	36,482,000
Request for Resources 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis	41,753,000
Total net resource requirement	319,538,000
Net cash requirement	216,384,000

Amounts required in the year ending 31 March 2006 for expenditure by 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; expenditure by the office of the HM Paymaster (OPG) for the provision of banking and related services to government departments and other bodies; grants in aid to four Parliamentary bodies, expenses in connection with honours and dignities, a grant in aid to the Statistics Commission, payments relating to the Debt Management Office, payments under an indemnity guarantee in respect of Paymaster, payments to the Royal Mint, compensation payments arising from gilt administration, management and sales of residual government shareholdings and holdings of privatised companies' debt, and associated non-cash items.

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, management and disposal of surplus civil estate, costs and income from investment and loans to OGC buying.solutions and associated non-cash items.

HM Treasury will account for this Estimate.

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
RfR 1:	241,303,000	107,579,000	133,724,000
RfR 2:	36,482,000	16,836,000	19,646,000
RfR 3:	41,753,000	17,875,000	23,878,000
Total net resource requirement	319,538,000	142,290,000	177,248,000
Net cash requirement	216,384,000	95,310,000	121,074,000

Part II: Subhead detail

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						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: Raising the rate of sustainable growth and achieving rising prosperity and a better quality of life with economic and employment opportunities for all									
123,046	122,330	2,940	248,316	7,013	241,303	4,780	-	238,059	228,353
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Core Treasury									
111,391	21,666	-	133,057	6,313	126,744	3,380	-	120,211	108,286
B Debt Management Office									
11,073	4,214	-	15,287	700	14,587	1,400	-	12,775	8,046
C Parliament and Privy Council									
-	-	2,940	2,940	-	2,940	-	-	3,049	4,070
D Statistics Commission									
-	1,350	-	1,350	-	1,350	-	-	1,750	1,338
E Royal Mint									
582	-	-	582	-	582	-	-	-	-
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
F Investment in Bank of England									
-	95,100	-	95,100	-	95,100	-	-	100,183	106,613

Part II: Subhead detail (continued)

£'000

2005-06						2004-05 Provision	2003-04 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
<i>Paymaster indemnity</i>						-	-	91	-
RfR 2: Cost effective management of the supply of coins and actions to protect the integrity of coinage						-	-	37,880	34,107
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A UK coinage						-	-	33,700	31,768
-	29,700	-	29,700	-	29,700	-	-		
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
B UK coinage						-	-	4,180	2,339
-	6,782	-	6,782	-	6,782	-	-		
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis									
52,921	3,516	-	56,437	14,684	41,753	2,420	-	41,112	36,376
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Office of Government Commerce						52,921	3,516	41,112	36,376
52,921	3,516	-	56,437	14,684	41,753	2,420	-		
Total for Estimate:						175,967	162,328	317,051	298,836
		2,940	341,235	21,697	319,538	7,200	-		

Part II: Resource to cash reconciliation

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Total Resources	319,538	317,051	298,836
Voted capital items			
Capital	7,200	19,125	3,767
Less Non-operating A-in-A	-	19,718	-123
Total net voted capital	<u>7,200</u>	<u>-593</u>	<u>3,890</u>
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-101,745	-104,107	-109,426
Depreciation	-15,181	-16,292	-8,074
New provisions and adjustments to previous provisions	1,665	-1,443	-4,645
Profit (+) / loss (-) on sale of assets	-	8,168	-123
Prior period adjustments	-	-	-
Other non-cash items	-60	-60	-131
Increase (+) / Decrease (-) in stock	-	-	-5
Increase (+) / Decrease (-) in debtors	-	-	-3,004
Increase (-) / Decrease (+) in creditors	-	-	14,476
Use of provisions	4,967	17,239	8,616
Total accruals to cash adjustments	<u>-110,354</u>	<u>-96,495</u>	<u>-102,316</u>
Excess cash to be CFERd	-	-	-
Net Cash Requirement	<u>216,384</u>	<u>219,963</u>	<u>200,410</u>

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					
	2005-06		2004-05		2003-04	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as AinA	70,548	-	61,037	<i>51,489</i>	43,443	<i>34,300</i>
Non-operating income not classified as AinA	-	-	23,825	-	15	-
Other amounts collectable on behalf of the Consolidated Fund	1,341	-	1,515	<i>30</i>	1,515	<i>50</i>
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
Total	71,889	-	86,377	<i>51,519</i>	44,973	<i>34,350</i>

Forecast Operating Cost Statement

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Administration Costs			
RfR 1	122,933	119,367	112,745
RfR 2	-	-	-
RfR 3	<u>42,921</u>	<u>41,025</u>	<u>31,984</u>
Total Net Administration costs	165,854	160,392	144,729
Net Programme Costs			
RfR 1	50,122	59,131	76,475
RfR 2	34,182	36,404	33,779
RfR 3	-1,168	87	410
Non voted expenditure	<u>17,577</u>	<u>18,200</u>	<u>13,718</u>
Total Net Programme costs	100,713	113,822	124,382
Total Net Operating Cost	266,567	274,214	269,111
<i>of which:</i>			
Net Resource Outturn	319,538	317,051	298,836
CFERs	-70,548	-61,037	-43,443
Non-voted expenditure	17,577	18,200	13,718
Resource Budget Outturn	317,896	315,423	292,803

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Resource Outturn (Estimates)	319,538	317,051	298,836
<i>Adjustments to remove:</i>			
provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
non-voted expenditure in the OCS	17,577	18,200	13,718
Consolidated Fund Extra Receipts in the OCS	-70,548	-61,037	-43,443
Other adjustments	-	-	-
Net Operating Cost (Accounts)	266,567	274,214	269,111
<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	26,159	17,085	7,075
resource consumption of non departmental public bodies	-	-	-
unallocated resource provision	8,800	7,275	-
Other adjustments	16,370	16,849	16,617
Resource Budget Outturn (Budget)	317,896	315,423	292,803
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	256,064	250,390	211,724
Annually Managed Expenditure (AME)	61,832	65,033	81,079

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Voted Capital Outturn (Estimates)	7,200	-593	3,890
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	8,168	-123
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-23,825	-15
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	-	-	-
Capital Budget Outturn (Budget)	7,200	-16,250	3,752
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	7,200	-16,250	3,752
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 following Accounting Officer appointments have been made for the Request for Resources within this Estimate.

Request for Resources 1:	Gus O'Donnell, Principal Accounting Officer and Permanent Head of Department
Request for Resources 2:	Gus O'Donnell, Principal Accounting Officer and Permanent Head of Department
Request for Resources 3:	John Oughton, Additional Accounting Officer and Chief Executive of the Office of Government Commerce

Gus O'Donnell as the Principal Accounting Officer (PAO) of HM Treasury has personal responsibility for the proper presentation of HM Treasury'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, in addition to the responsibilities for the assigned RfRs, remains in general overall charge of 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 available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of HM Treasury's policies, aims and objectives; and should regularly review the effectiveness of that system.

In accordance with Government Accounting requirements the relationship between the Principal Accounting Officer and the additional Accounting Officers and with their Ministers, together with their respective responsibilities, is set out in writing.

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 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
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						
Charges for courses, services provided by the Economist Group Management Unit and officers loaned to other organisations, sale of publications, receipts from the European Community; costs from minor occupiers; recovery actions in connection with Barlow Clowes; receipt of fees for use of conference facilities in 1 Horse Guards Road and European Fast Stream income from Cabinet Office	113	—	312	—	3,072	—
Fees and charges for services provided by the OPG	6,200	—	6,440	—	5,799	—
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	700	—	700	—	3,731	—
Total RfR 1	7,013*	—	7,452	—	12,602	—

*Amount that may be applied as 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 Economist Group Management Unit 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; income from publications, travel costs recovered from the European Community; recoveries of costs from minor occupiers; income from recovery actions in connection with Barlow Clowes; 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; European Fast Stream income from Cabinet Office; amounts arising from the sale of shares and debt, fees and charges for services provided by the OPG.

RfR 2: Cost-effective management of the supply of coins and actions to protect the integrity of coinage

Sale of scrap metal	—	—	229	—	—	—
Total RfR 2	—	—	229	—	—	—

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A) *(continued)*

	£'000					
	2005-06 provision		2004-05 provision		2003-04 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
RfR 3: Obtaining the best value for money from Government's commercial relationships on a sustainable basis						
Consultancy and other customer services	10,000	—	10,725	—	7,999	—
Temporary hiring of vacant property, charges for the Whitehall District Heating and Standby Systems, sale of surplus energy, sale of fixed assets and the OGC buying.solutions dividend	4,684	—	3,809	—	5,768	—
Total RfR 3	14,684*	—	14,534	—	13,767	—
*Amount that may be applied as appropriations in aid in addition to the net total, arising from income from consultancy and other customer services, hirings of vacant property, charges for users of Whitehall District Heating and Standby Systems, sales of surplus energy and the OGC buying.solutions dividend.						
Total A in A	21,697	—	22,215	—	26,369	—
<i>of which: Administration budgets</i>	10,113	—	11,037	—	13,622	—

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund Extra Receipts (CFERs)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Current investments (operating income) ●	28,248	—	19,897	21,140	13,843	—
Fixed investments △	40,000	—	40,000	29,600	29,600	34,300
Miscellaneous	2,300	—	23,573	749	15	—
Current investments (non-operating income) Φ	—	—	1,392	30	—	—
Civil list	1,341	—	1,515	—	1,515	—
OPG ●	—	—	—	—	—	50
Total	71,889	—	86,377	51,519	44,973	34,350

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

£'000

Details of 2005-06 Departmental Expenditure Limits (DEL) and Administration budget limits

	Voted*	Non-voted	Total
Resource DEL	217,656	38,408	256,064
<i>of which: Administration budget</i>	<i>165,854</i>	<i>1,000</i>	<i>166,854</i>
Capital DEL**	7,200	—	7,200
Less depreciation†	-15,181	—	-15,181
Total DEL	209,675	38,408	248,083

* Excludes EU receipts included in Estimates, but excluded in Budgets.

** 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.

† 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.

Comparisons of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2005-06 of £319,538,000 is 0.8 per cent higher than the final net provision and forecast outturn for 2004-05 of £317,051,000.

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

	2005-06 provision	2004-05 provision	2003-04 outturn
	21,697	22,215	26,369

Grants in Aid

£'000

RfR 1, section C

The Commonwealth Parliamentary Association ♦

The British-American Parliamentary Group ♦

The Inter-Parliamentary Union ♦

The British-Irish Parliamentary Body ♦

}	2,940
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RfR 1, section D

The Statistics Commission ♦

1,350

TOTAL

4,290

Contingent Liabilities

Amount outstanding
as at 31 March 2005
(£m)

As at 31 March 2005, the following liabilities fell to be met from the Department's Estimate:

Liabilities under the Reinsurance (Act of Terrorism) Act 1993	unquantifiable
Under the Financial Services and Markets Act 2000 liabilities of the Insurance Brokers Registration Council (IBRC) passed to HM Treasury	unquantifiable

