
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 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	42,904,000
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	42,905,000
Net cash requirement	1,000

Amounts required in the year ending 31 March 2009 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 and the funding of the refinancing programme.

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	42,904,000	31,095,000	11,809,000
RfR 2	1,000	-	1,000
Total net resource requirement	42,905,000	31,095,000	11,810,000
Net cash requirement	1,000	-	1,000

Part II: Subhead detail

£'000

2008-09 Provision						2007-08 Provision	2006-07 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: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports									
-	31,616	38,944	70,560	27,656	42,904	-	-	69,102	71,642
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A	Fixed Rate Export Finance								
-	14,814	-	14,814	8,916	5,898	-	-	19,694	5,961
Non-Budget									
B	GEFCO loans and interest equalisation								
-	16,802	38,944	55,746	18,740	37,006	-	-	49,408	65,681
RfR 2: To provide export credit guarantees and investment insurance to benefit the UK economy by facilitating exports									
43,963	45,910	38,100	127,973	127,972	1	542	-	2	1
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A	Administration								
43,963	-	-	43,963	2,052	41,911	542	-	26,720	20,679
Non-Budget									
B	Export Credits								
-	45,910	38,100	84,010	125,920	-41,910	-	-	-25,719	-19,447
<i>Overseas Investment Insurance</i>									
-	-	-	-	-	-	-	-	-1,000	-1,231
<i>APM</i>									
-	-	-	-	-	-	-	-	1	-
Total for Estimate:									
43,963	77,526	77,044	198,533	155,628	42,905	542	-	69,104	71,643

Part II: Resource to cash reconciliation

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Resource Requirement	42,905	69,104	71,643
Voted capital items			
Capital	542	481	123
Less Non-operating A-in-A	-	-	-
Total net voted capital	542	481	123
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-70,905	-45,440	-60,301
Depreciation	-9,046	-16,500	-369
New provisions and adjustments to previous provisions	-44,522	15,999	-
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-13,210	-200	-47,717
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-123,030	-183,530	-993,989
Increase (-) / Decrease (+) in creditors	37,705	69,416	-4,266
Use of provisions	-	-	-
Total accruals to cash adjustments	-223,008	-160,255	-1,106,642
Excess cash to be CFERd	179,562	90,672	1,034,877
Net Cash Requirement	1	2	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					
	2008-09		2007-08		2006-07	
	Income	Receipts	Income	Receipts	Income	Receipts
	Provision		Provision		Outturn	
Operating income not classified as A in A	83,920	<i>37,006</i>	308,029	<i>94,471</i>	468,502	<i>502,634</i>
Non-operating income not classified as A in A	223,689	<i>223,689</i>	267,818	<i>267,818</i>	477,343	<i>477,343</i>
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	<i>179,562</i>	-	<i>90,672</i>	-	<i>1,034,877</i>
Total	307,609	<i>440,257</i>	575,847	<i>452,961</i>	945,845	<i>2,014,854</i>

Forecast Operating Cost Statement

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Administration Costs			
RfR 1	-	-	-
RfR 2	41,911	26,720	20,679
Total Net Administration costs	41,911	26,720	20,679
Net Programme Costs			
RfR 1	42,904	69,102	71,642
RfR 2	-41,910	-26,718	-20,678
Non-voted	-83,920	-308,029	-468,502
Total Net Programme costs	-82,926	-265,645	-417,538
Total Net Operating Cost	-41,015	-238,925	-396,859
<i>of which:</i>			
Net Resource Requirement	42,905	69,104	71,643
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-83,920	-308,029	-468,502
Resource Budget	47,809	46,414	26,640

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Resource Requirement (Estimates)	42,905	69,104	71,643
<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	-83,920	-308,029	-468,502
Other adjustments	-	-	-
Net Operating Cost (Accounts)	-41,015	-238,925	-396,859
<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	4,904	-22,690	-45,003
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	83,920	308,029	468,502
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-	-	-
Resource Budget (Budget)	47,809	46,414	26,640
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	41,911	26,720	20,679
Annually Managed Expenditure (AME)	5,898	19,694	5,961

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
Net Voted Capital (Estimates)	542	481	123
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-223,689	-267,818	-477,343
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	-	-	-
Capital Budget (Budget)	-223,147	-267,337	-477,220
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	542	481	123
Annually Managed Expenditure (AME)	-223,689	-267,818	-477,343

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 Resource 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 Chapter 3 of Managing Public Money. 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		
	2008-09 Provision	2007-08 Provision	2006-07 Outturn
RfR 1: To provide export finance assistance through interest support to benefit the UK economy by facilitating exports			
Programme	27,656	51,022	31,170
<i>of which:</i>			
Interest and dividends	27,656	51,022	31,170
Total RfR 1	27,656†	51,022	31,170
<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			
Administration	2,052	560	5,428
<i>of which:</i>			
Sale of goods and services	2,052	560	5,428
Programme	125,920	26,719	68,195
<i>of which:</i>			
Sale of goods and services	60,720	26,719	56,083
Interest and dividends	65,200	-	12,112
Total RfR 2	127,972†	27,279	73,623
<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	155,628	78,301	104,793

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000					
	2008-09		2007-08		2006-07	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Premium income, moratorium interest, movement in provisions ●	50,535	3,621	249,779	36,221	388,392	400,496
Loan repayments (principal) Δ	223,689	223,689	267,818	267,818	477,343	477,343
Loan repayments (interest) ●	33,385	33,385	58,250	58,250	80,110	102,138
Excess cash receipts to be surrendered to the Consolidated Fund ●		179,562		90,672		1,034,877
Total	307,609	440,257	575,847	452,961	945,845	2,014,854

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	41,911	-	41,911
<i>of which: †</i>			
Administration budget	41,911	-	41,911
Near-cash in RDEL	27,182	-	27,182
Capital DEL ††	542	-	542
Less Depreciation †††	-466	-	-466
Total DEL	41,987	-	41,987

† 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 2008-09 of £42,905,000 is 37.9 per cent lower than the final net provision for 2007-08 of £69,104,000 and 37.9 per cent lower than the forecast outturn for 2007-08 of £69,103,000.

Cash which may be retained to offset expenditure

	£'000		
	2008-09 Provision	2007-08 Provision	2006-07 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.	155,628	78,301	104,793

Notes to the Main Estimate (*continued*)

Changes in Accounting Policies

Under 'FRS 26 Financial Instruments', Credit Default Swaps are no longer held at amortised cost but are valued on a mark-to-market basis, with movements in market valuation reflected through the Operating Costs Statement.