



HM Treasury

Winter Supplementary

Estimates

*Presented to Parliament
by the Department of Work and Pensions
by Command of Her Majesty
November 2001*

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HM Treasury

Introduction

This Supplementary Estimate is required for the following purposes:

- (i) to give effect to the partial take up of DEL end year flexibility of £1,640,000 resources on administration costs as set out in the Public Expenditure Outturn White Paper (Cm 5243). (RfR1:Subheads A1 and B1);
- (ii) to give effect to the partial take up of DEL end year flexibility of £3,662,000 resources on programme expenditure as set out in the Public Expenditure Outturn White Paper (Cm 5243). (RfR1:Subheads A2 and B2);
- (iii) to give effect to the partial take up of DEL end year flexibility of £9,404,000 resources on programme expenditure as set out in the Public Expenditure Outturn White Paper (Cm 5243). (RfR1:Subheads A7 and B7), and to effect a reclassification of this expenditure from programme expenditure to capital provision;
- (iv) to draw down the administration costs sums approved from the Civil Service Modernisation Fund of £570,000 for early retirement costs and an interchange project. (RfR1:Subheads A1 and H1);
- (v) a transfer of £282,000 administration costs to the Cabinet Office in respect of fast stream recruitment operations. (RfR1:Subhead A1);
- (vi) to draw down the administration costs sum of £55,000 approved from the Capital Modernisation Fund in respect of the Evidence Based Policy Fund projects. (RfR1:Subhead A1);
- (vii) to reclassify from administration costs to programme expenditure the provision of £650,000 in respect of the Debt Management Office's banking and settlement charges operation. (RfR1:Subheads B1 and B2);
- (viii) to provide for additional appropriations in aid of £250,000 in respect of higher than expected Economist Group Management Unit administration costs related receipts. (RfR1:Subhead A5);
- (ix) to provide for additional programme appropriations in aid of £1,160,000 in respect of higher than expected secondments receipts. (RfR1:Subhead A5);
- (xi) to provide for additional non-operating appropriations in aid of £77,000 in respect of higher than expected capital receipts. (RfR1:Subhead A8);
- (xii) to give effect to the partial take up of DEL non-discretionary end year flexibility of £2,000,000 resources on programme expenditure as set out in the Public Expenditure Outturn White Paper (Cm 5243). (RfR2:Subhead A2);
- (xiii) to give effect to the partial take up of DEL end year flexibility of £5,172,000 resources on administration costs as set out in the Public Expenditure Outturn White Paper (Cm 5243). (RfR3:Subhead A1);
- (xiv) to give effect to the partial take up of DEL end year flexibility of £10,000,000 resources on programme expenditure as set out in the Public Expenditure Outturn White Paper (Cm 5243). (RfR3:Subhead A2);
- (xv) to give effect to the partial take up of DEL end year flexibility of £2,848,000 resources on programme expenditure as set out in the Public Expenditure Outturn White Paper (Cm 5243). (RfR3:Subhead A1), and to effect an agreed reclassification of this expenditure from programme expenditure to administration costs;
- (xvi) a transfer of £50,000 programme expenditure to the National Care Standards Commission in respect of the leasehold for Avonbridge House (RfR3:Subhead A2);
- (xvii) to draw down the administration costs sums approved from the Civil Service Modernisation Fund of £325,000 for the promoting professional qualifications project. (RfR3:Subhead A1);

(xviii) to record a reduction in administration costs related receipts of £1,000,000 for expected shortfall. (RfR3:Subhead A5).

2. As a result of all changes there is an increase in Net Cash Requirement of £35,267,000.

3. Symbols are explained at the end of this booklet.

Part I

RfR1: Raising the rate of sustainable growth and achieving rising prosperity, through creating economic and employment opportunities for all	£15,725,000
RfR2: Cost effective management of the supply of coins and actions to protect the integrity of coinage	£2,738,000
RfR3: Obtaining the best value for money from Government’s commercial relationship on a sustainable basis	£16,382,000
Net Cash Requirement	£35,267,000

SUPPLEMENTARY amounts required in the year ending 31 March 2002 for expenditure by HM Treasury on:

RfR1—Raising the rate of sustainable growth and achieving rising prosperity, through creating economic and employment opportunities for all

economic , financial and related administration; regulation and supervision of the insurance industry; payments to certain Parliamentary bodies; expenses in connection with honours and dignities; a grant in aid to the Statistics Commission; payments relating to the Debt Management Office; providing information to business about the euro; payments under an indemnity guarantee in respect of Paymaster; expenditure associated with Partnerships UK; investment in Troika Insurance Company Limited; payments to the Royal Mint; management and sales of residual Government shareholdings and holdings of privatised companies’ debt, and associated non-cash items.

RfR2—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.

RfR3—Obtaining the best value for money from Government’s commercial relationship on a sustainable basis

administration and other related costs (including payments to Partnerships UK) of the Office of Government Commerce and OGCBuying.solutions (formerly The Buying Agency), and associated non-cash items.

HM Treasury will account for this Estimate.

Part II Changes proposed

		Present Net Provision	Change in Gross Provision	Change in A-in-A	Change in Net Provision	New Net Provision
		£000	£000	£000	£000	£000
Resources						
SPENDING IN DEPARTMENTAL EXPENDITURE LIMITS						
RfR 1—A	Administration	51,055	5,190	1,410	3,780	54,835
RfR 1—B	Debt Management Office	5,900	1,615	—	1,615	7,515
RfR 1—H	Royal Mint	—	250	—	250	250
SPENDING IN ANNUALLY MANAGED EXPENDITURE						
<i>Non-cash items</i>						
RfR1—I	Administration	101,653	9,946	—	9,946	111,599
RfR 1—L	Privatisation programme sale of shares	463	134	—	134	597
Total RfR1			17,135	1,410	15,725	
SPENDING IN DEPARTMENTAL EXPENDITURE LIMITS						
RfR2—A	UK Coinage	32,000	2,000	—	2,000	34,000
SPENDING IN ANNUALLY MANAGED EXPENDITURE						
<i>Non-cash items</i>						
RfR2—B	UK Coinage	5,628	738	—	738	6,366
Total RfR2			2,738	—	2,738	
SPENDING IN DEPARTMENTAL EXPENDITURE LIMITS						
RfR3—A	Office of Government Commerce	59,123	17,295	–1,000	18,295	77,418
SPENDING IN ANNUALLY MANAGED EXPENDITURE						
<i>Non-cash items</i>						
RfR3—B	Office of Government Commerce	–18,474	–1,913	—	–1,913	–20,387
Total RfR3			15,382	–1,000	16,382	
TOTAL CHANGES TO RfRs			35,255	410	34,845	
		Present Provision	Change in Provision	New Provision		
		£000	£000	£000		
Capital and Cash						
Total Capital Expenditure		7,555	9,404	16,959		
Non-Operating A-in-A		2,154	77	2,231		
Net Cash Required		180,928	35,267	216,195		

PART II: Revised subhead detail, including additional provision

	Resources						Capital		£'000
	1	2	3	4	5	6	7	8	
	Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non-Operating A in A	
RFR 1: Raising the rate of sustainable growth and achieving rising prosperity, through creating economic and employment opportunities for all	81,242	137,482	1,327	220,051	16,641	203,410	14,084	126	
Spending in Departmental Expenditure Limits (DEL):									
<i>Central Government's spending</i>									
★ A. Administration	67,023	3,746	—	70,769	15,934	54,835	12,075	77	
★ B. Debt Management Office	5,665	2,550	—	8,215	700	7,515	2,009	—	
★ C. Payment to FSA for carrying out insurance and supervision responsibilities	—	15,116	—	15,116	—	15,116	—	—	
★ D. Parliament and Privy Council	—	—	1,327	1,327	—	1,327	—	—	
★ E. Other Services	—	1,093	—	1,093	7	1,086	—	—	
★ F. Provision of information to business about the euro	—	7,500	—	7,500	—	7,500	—	—	
★ G. Statistics Commission	—	1,350	—	1,350	—	1,350	—	—	
★ H. Royal Mint	250	—	—	250	—	250	—	—	
Spending in Annually Managed Expenditure									
<i>Central Government's spending</i>									
I. Administration	7,719	103,880	—	111,599	—	111,599	—	—	
J. Debt Management Office	585	—	—	585	—	585	—	—	
K. Partnerships UK	—	1,200	—	1,200	—	1,200	—	—	
L. Privatisation programme sale of shares	—	597	—	597	—	597	—	—	
Other Spending Outside Departmental Expenditure Limits									
M. Paymaster indemnity	—	400	—	400	—	400	—	—	
L. Privatisation programme sale of shares	—	50	—	50	—	50	—	49	
RFR 2: Cost effective management of the supply of coins and actions to protect the integrity of coinage	0	40,466	0	40,466	100	40,366	0	0	
Spending in Departmental Expenditure Limits (DEL)									
A. UK Coinage	—	34,100	—	34,100	100	34,000	—	—	
Spending in Annually Managed Expenditure									
<i>Central Government's spending</i>									
B. UK Coinage	—	6,366	—	6,366	—	6,366	—	—	
RFR 3: Obtaining the best value for money from Government's commercial relationship on a sustainable basis	61,304	52,262	-27,000	86,566	29,535	57,031	2,875	2,105	
Spending in Departmental Expenditure Limits (DEL)									
A. Office of Government Commerce	55,005	51,948	—	106,953	29,535	77,418	2,875	2,105	
Spending in Annually Managed Expenditure									
<i>Central Government's spending</i>									
B. Office of Government Commerce	6,299	314	-27,000	-20,387	—	-20,387	—	—	
TOTAL	142,546	230,210	-25,673	347,083	46,276	300,807	16,959	2,231	

Accruals to cash adjustments	- 84,612
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Net Cash Required	216,195
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PART II: Revised subhead detail, including additional provision (*continued*)

Resource to cash reconciliation	Present	Increase + / Decrease –	Revised
Net Total Resources	265,962	34,845	300,807
Voted Capital items:			
Capital expenditure	7,555	9,404	16,959
Less Non-operating AinA	2,154	77	2,231
	5,401	9,327	14,728
Accruals to cash adjustments:			
Capital charges	–103,601	–11,055	–114,656
Depreciation	–7,404	–150	–7,554
Other non-cash items	–130	—	–130
Increase (+)/Decrease (–) in stock	—	—	—
Increase (+)/Decrease (–) in debtors	1,000	—	1,000
Increase (–)/Decrease (+) in creditors	–250	—	–250
Increase (–)/Decrease (+) in provisions	19,950	2,300	22,250
Excess cash to be CFERd	—	0	0
	–90,435	–8,905	–99,340
Net Cash required	180,928		216,195

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)

	Present Provision		New Provision	
	Income £000	<i>Receipts</i> <i>£000</i>	Income £000	<i>Receipts</i> <i>£000</i>
Operating income not classified as A in A	46,175	<i>45,865</i>	46,175	<i>45,865</i>
Non-operating income not classified as A in A	400	—	400	<i>1,500</i>
Other income not classified as A in A	1,515	—	1,515	—
	<u>48,090</u>	<i><u>45,865</u></i>	<u>48,090</u>	<i><u>47,365</u></i>

Forecast operating costs statement

for the year ended 31 March 2002

	Provision 2001–02	
	£000	£000
ADMINISTRATION COSTS		
RfR 1		
Staff Costs	41,483	
Other Administration Costs	39,759	
Total Gross Administration Costs		81,242
RfR 2		
Staff Costs	—	
Other Administration Costs	—	
Total Gross Administration Costs		—
RfR 3		
Staff Costs	18,138	
Other Administration Costs	43,166	
Total Gross Administration Costs		61,304
Gross Administration Costs		142,546
Operating Income		– 21,362
Total Net Administration Costs		121,184
PROGRAMME COSTS		
Voted Expenditure		
RfR 1		
Expenditure	138,809	
Income	– 62,208	
		76,601
RfR 2		
Expenditure	40,466	
Income	– 350	
		40,116
RfR 3		
Expenditure	25,262	
Income	– 8,531	
		16,731
Bank of England		
Expenditure	13,095	
Income	0	
		13,095
Total Net Programme Costs		146,543
NET OPERATING COST		267,727
NET RESOURCE OUTTURN		300,807
RESOURCE BUDGET OUTTURN		333,175

Forecast cash flow statement

for the year ended 31 March 2002

	2001–02
	£'000
Net cash outflow from operating activities (Note i)	– 155,292
Capital expenditure and financial investment (Note ii)	– 14,728
Receipts due to the Consolidated Fund which are outside the scope of the Department's operations	0
Payments of amounts due to the Consolidated Fund	– 46,175
Financing (Note iii)	216,195
Increase(+)/decrease(–) in cash in the period	0

[Inflows = + / Outflows = –]

Notes to the cash flow statement**Note i: Reconciliation of operating cost to operating cash flows**

Net Operating Cost	267,727
Remove non-cash transactions	– 135,435
Adjust for movements in working capital other than cash	750
Use of provisions	22,250
Net Cash outflow from operating activities	<u>155,292</u>

[Net outflow = +]

Note ii: Analysis of capital expenditure and financial investment

Intangible fixed asset additions	0
Tangible fixed asset additions	16,959
Proceeds of disposals of fixed assets (1)	– 2,231
Adjust for movements in working capital on capital expenditure and financial investment	0
Net Cash outflow from investing activities	<u>14,728</u>

[Net outflow = +]

(1) Includes profit/loss and bad debts on disposal of fixed assets

Forecast cash flow statement (*continued*)

for the year ended 31 March 2002

2001–02
£'000**Note iii: Analysis of financing and reconciliation to the cash requirement**

From Consolidated Fund (Supply): current year expenditure	229,838
From Consolidated Fund (Supply): prior year expenditure	0
From Consolidated Fund (non Supply)	– 13,095
Net payments from the National Insurance Fund	0
Net payments from the Contingencies Fund	0
Net loans from the National Loans Fund	0
Net payments from other funds—Royal Mint	– 10,500
Capital element of payments in respect of finance leases and 'on balance sheet' PFI contracts	0

Net financing	206,243
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Increase/decrease in cash	0
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= Net cash flows other than financing (net outflow = +)	206,243
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Adjust for payments and receipts not related to supply:

Amounts due to the Consolidated Fund—received in a prior year and paid over	18,951
Amounts due to the Consolidated Fund—received and not paid over	– 18,951
NLF loans—loans made to other bodies	10,500
NLF loans—principal repayments received from other bodies	– 215
NLF loans—interest received from other bodies	– 333
NLF loans interest paid to other NLF	0
Consolidated Fund Standing Services—payments	0
National Insurance Fund financed activities—payments less receipts	0

Add: Supply financed repayment of financing:

Capital element on payments in respect of finance leases and 'on balance sheet' PFI contracts	0
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Adjust for payments financed from Contingencies Fund advances accounted for in a different year:

Current year payments accounted for in following year	0
Prior year payments accounted for in current year	0

Net cash requirement for the year	216,195
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[net outflow = +]

NOTES TO THE ESTIMATE**Forecast Reconciliation of Net Resource Outturn to Net Operating Costs and Resource Budget Outturn**

for the year ended 31 March 2002

	2001–02 £'000
Net Resource Outturn	300,807
Add non-voted expenditure in the OCS	13,095
Add Consolidated Fund Extra Receipts in the OCS	– 46,175
Net Operating Cost	267,727
Add other Consolidated Fund Receipts	44,660
Deduct profit or add loss incurred by Public Corporations and Trading Funds	2,210
Remove other expenditure shown in Estimates under the heading “Other spending outside DEL” that is outside the Resource Budget	– 450
Add unallocated resource provision	1,368
Other adjustments	17,660
Resource Budget Outturn	333,175
Of which:	
Departmental Expenditure Limit	229,768
Annually Managed Expenditure	103,407

Explanation of Accounting Officer responsibilities

The Permanent Secretary to the Treasury is Principal Accounting Officer with overall responsibility for preparing the Department's Estimate. In addition, The Treasury has appointed an Additional Accounting Officer for the Office of Government Commerce, to be responsible for that part of the Department's accounts relating to a specified request for resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Permanent Secretary's overall responsibility as Accounting Officer for the Department's Estimate and overall cash requirement.

The allocation of Accounting Officer responsibilities in the Treasury is as follows:

- Request for Resources 1: Sir Andrew Turnbull, Principal Accounting Officer and Permanent Head of Department
- Request for Resources 2: Sir Andrew Turnbull, Principal Accounting Officer and Permanent Head of Department
- Request for Resources 3: Mr Peter Gershon, Additional Accounting Officer and Chief Executive of the Office of Government Commerce

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*. Under the terms of the Accounting Officers' Memorandum the relationship between the Treasury's Principal Accounting Officer and Additional Accounting Officer, together with their respective responsibilities, is set out in writing.

Analysis of Appropriations in Aid

	2001–02 provision	
	A in A	Non operating A in A

RfR1: Raising the rate of sustainable growth and achieving rising prosperity, through creating economic and employment opportunities for all

Charges for courses, services provided by the EGMU and officers loaned to other organisations, sale of publications, receipts from the EC, costs from minor occupiers, recovery actions in connection with Barlow Clowes and European Fast Stream income from Cabinet Office

Fees charged to foreign investment exchanges/clearing houses

Insurance sponsorship and supervision responsibilities

Income due to the DMO for advertising costs, stock exchange listings and data provision

Recoveries in respect of Honours and Dignities

Sale of investments and other assets

1,448	—
70	—
14,416	—
700	—
7	—
—	126
16,641*	126**

Total for RfR1:

*Amount that may be applied as appropriations in aid in addition to the net total arising from recoveries in respect of the 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 action in connection with Barlow Clowes; income from fees charged to Foreign Investment Exchanges/Clearing Houses; recoveries in respect of Honours and Dignities; income in respect of insurance sponsorship and supervision responsibilities; income due to Debt Management Office for advertising costs, stock exchange listings and the facilitation of data provision; European Fast Stream income from Cabinet Office, and amounts arising from the sales of shares and debt.

**Amounts that may be applied as non-operating appropriations in aid, arising from the sale of investments and assets.

RfR2: Cost effective management of the supply of coins and actions to protect the integrity of coinage

Proceeds from sale of melted-down coins

Total RfR2

100	—
100*	—

*Amount that may be applied as appropriations in aid in addition to the net total arising from the sales from melted down coin.

RfR3: Obtaining the best value for money from Government's commercial relationship on a sustainable basis

Consultancy and other customer services

Temporary hiring of vacant property, charges for Whitehall District Heating and Standby Systems, sale of surplus energy, sale of fixed assets

Total RfR3:

21,004		
8,531	2,105	
29,535*	2,105**	

*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 and sales of surplus energy.

**Amount that may be applied as non-operating appropriations in aid arising from receipts from sale of fixed assets including disposals of surplus freehold and leasehold interests.

Total AinA

46,276	2,231
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Analysis of extra receipts payable to the Consolidated Fund

	2001–02 provision	
	Income £'000	<i>Receipts</i> £'000
Interest payment	115	115
Dividends	46,060	45,750
Miscellaneous	1,915	1,500
Total	48,090	47,365

Changes in Accounting Policies

None.

Departmental Expenditure Limits and Administration Costs Limits

As announced by the Chancellor of the Exchequer to the House of Commons on 28 November, HM Treasury's Resource DEL has been increased by £35,267,000 from £209,578,000 to £244,845,000 and the administration costs limit has been increased by £9,678,000 from £97,011,000 to £106,689,000.

Expenditure resting on the sole authority of the Appropriation Act

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

	£'000
RfR1: F2 Provision of information to business about the euro ■	7,500

Contingent liabilities

the following additional liability fell to be met from the Department's Estimate:

Nature of liability

Indemnity in respect of third party liability (war and terrorism) of airlines with UK operating licences and airports in the UK and Isle of Man	Unquantifiable
Indemnity for members of the Insurance Brokers Registration Council	Unquantifiable

Cash which may be retained to offset expenditure

Cash which may be retained by the department to offset expenditure in the year due to its relationship with income that has been or will be appropriated in aid	56,047
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EXPLANATION OF SYMBOLS

Public Expenditure:

- ★ A section of an Estimate which contains discretionary expenditure.
- Φ Income which is classified as negative in Resource Budget: DEL or in Capital Budget: DEL in respect of income from capital receipts including asset sales and which are, exceptionally, surrendered direct to the Consolidated Fund as extra receipts rather than taken on to the Estimate as appropriations in aid.
- Δ Income which is classified as negative in Resource Budget: AME or Capital Budget: AME and which are, exceptionally, surrendered direct to the Consolidated Fund as extra receipts rather than taken on to the Estimate as appropriations in aid.
- Extra receipts which are classified as “other spending outside Departmental Expenditure Limits’ and are surrendered direct to the Consolidated Fund as extra receipts.

Statutory authority for expenditure

- Items where provision is sought under sole authority of Part 1 of the Estimate and of the confirming Appropriation Act.

Accounting and auditing arrangements for grants in aid and certain subscriptions, etc, to international organisations:

- ♥ The accounts of this body are audited by the Comptroller and Auditor General and presented to Parliament.
- ♦ The accounts of this body are audited by auditors appointed by the Secretary of State (or Ministers) and presented to Parliament. The books and accounts are also open to inspection by the Comptroller and Auditor General.
- ♠ The accounts of this body are audited by auditors appointed by the Secretary of State (or Ministers) and presented to Parliament.



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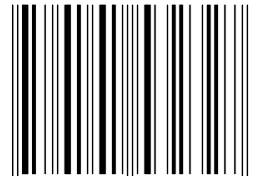
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