HM Treasury

HM Treasury mid year report:

April to September 2013

January 2014

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Executive summary

This Mid-Year Report provides an update to Parliament and other interested parties on the work of the Treasury between 1 April and 30 September 2013.

It is a stock take of the Treasury's performance against its priorities and its intended year end position. Details of any material issues arising between the mid-year point and publication, such as Autumn Statement 2013, have also been included.

Unlike the Treasury's Annual Report and Accounts this document has not been audited. It has been issued by the Permanent Secretary, Nick Macpherson, and approved by the Departmental Minister, Nicky Morgan MP, the Economic Secretary to the Treasury.

1 Performance against priorities

1.1 The Treasury's aim is to be an effective economics and finance ministry focussing on its core purpose, operating as a high performing organisation, and working effectively with its operational partners.

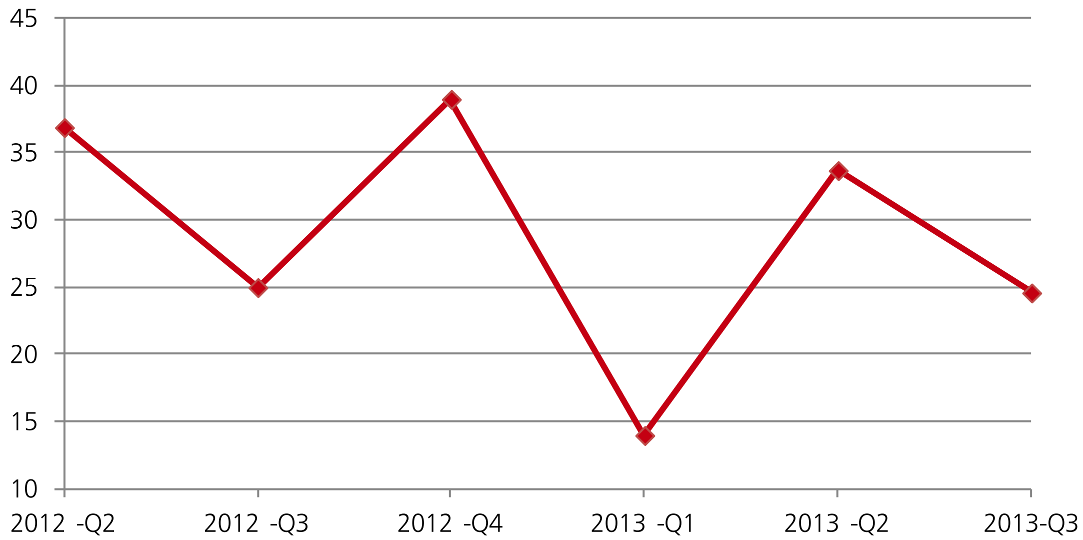
1.2 Within this over-arching aim, the Government has set three strategic priorities for the Treasury for the course of the current Parliament. These are to:

- reduce the structural deficit in a fair and responsible way;
- secure a growing economy that is more resilient, and more balanced between public and private sectors; and
- reform the regulatory framework for the financial sector to avoid future financial crises.

Economic indicators

1.3 Over the course of its day to day work the Treasury naturally monitors development in key indicators, a selection of which are illustrated below. Further information on the Treasury's Impact and Input indicators may be found at Annex A.

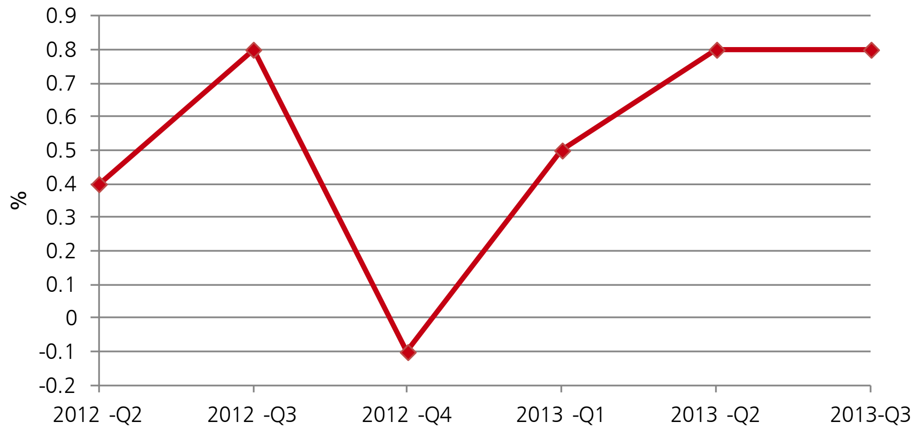
Chart 1.A: Public Sector Net Borrowing
(excluding Royal Mail and the Asset Purchase facility[a] (£billion))



Source: Office of National Statistics

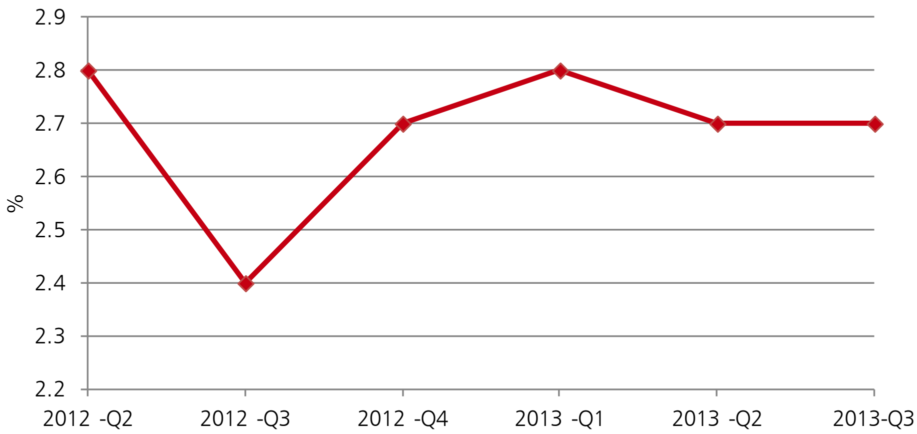
[a] Public sector net borrowing excludes the transfers associated with the Royal Mail Pension Plan in 2012-13 and ongoing between the Exchequer and the Bank of England's Asset Purchase Facility.

Chart 1.B: Gross Domestic Product



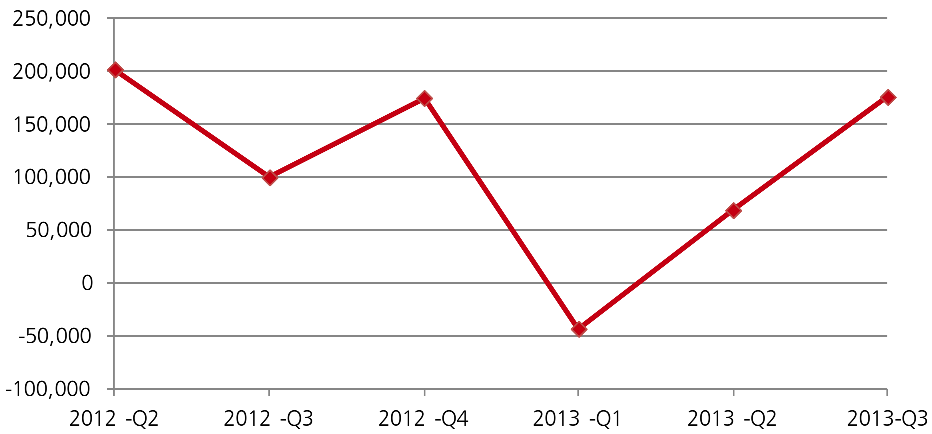
Source: Office of National Statistics

Chart 1.C: Inflation (average level)



Source: Office of National Statistics

Chart 1.D: Employment (change over quarter)



Source: Office of National Statistics

1.4 Over the course of 2013-14 the Department is progressing 80 individual actions relating to our three strategic priorities, details of which have been published in the Treasury's Structural Reform Plan.[1] A summary of the Department's progress and selected milestones as of the midyear point are shown in the following tables.

Reduce the structural deficit in a fair and responsible way.

Take action to tackle the deficit in a fair and responsible way, ensure that taxpayer's money is spent responsibly, and get the public finances back on track, whilst protecting growth.

No of actions due to complete	Met on time	Missed by < 1 month	Missed by < 2 months	Missed by >3 months
1	1	0	0	0

Milestones

- Treasury successfully delivered Spending Round 2013 (SR 2013), setting out details of the Government's plans to reduce current spending by £11.5 billion in 2015-16, within the total spending envelope set at Budget 2013. SR 2013 also set out plans for PF2 and a cap on Annually Managed Expenditure.
- In conjunction with the Cabinet Office, Treasury has initiated a rolling programme of efficiency reviews with all major government departments to help departments live within their future settlements.
- SR 2013 announced a central government asset sales target of at least £15 billion between 2015 and 2020 and proposed a series of policy changes to support the delivery of this target, including: improved levers to drive implementation of agreed asset sales; clearer accountability for asset sales targets and improved incentives for departments.
- At the June 2013 European Council meeting, Treasury negotiated a satisfactory agreement on the EU Budget Multiannual Financial Framework (MFF) 2014-20. This agreed a reduction to the seven year payments ceiling by three per cent compared to the current MFF.
- The Finance Act 2013 received Royal Assent on 17 July 2013, which included a number of new measures tackling tax avoidance, including the General Anti-Abuse Rule.

Deadlines missed

No deadlines have been missed against this priority.

[1] http://transparency.number10.gov.uk/business-plan/8

Secure an economy that is more resilient, and more balanced between public and private sectors and between regions.

Take action to boost enterprise, support green growth and build a fairer and more balanced economy to achieve a sustainable distribution of growth across the economy.

No of actions due to complete	Met on time	Missed by < 1 month	Missed by < 2 months	Missed by >3 months
4	4	0	0	0

Milestones

- Details of the Help to Buy scheme were set out by the Chancellor in July 2013. Treasury made the associated mortgage guarantees available three months earlier than announced in September 2013. The £12 billion scheme was officially launched on 8 October.
- SR 2013 announced details of an additional £3 billion of capital spending from 2015-16. Funded by a reduction in current spending this will mean £18 billion of additional capital spending over the next parliament.
- Through infrastructure guarantees £13.5 billion of projects have been prequalified for government support, including the Northern Line extension to Battersea, the conversion of Drax power station, the Mersey Gateway Bridge and Hinkley Point C power station. In July 2013 Treasury undertook an assessment of Whitehall's ability to deliver major infrastructure projects and develop Individual Capacity Plans with other departments.
- The Treasury continues to coordinate the Scotland analysis programme and has produced three of the programme's nine papers published to date: currency and monetary policy, financial services and banking, and macroeconomic and fiscal performance.
- Treasury successfully delivered the May 2013 G7 Finance Ministers' and Central Bank Governors' meeting and contributed to successful agreements at the G8 finance agenda at the Lough Erne summit in June. This delivered clear consensus on: the global economic outlook; global imbalances and policy responses; and implementation of financial regulation, trade and tax initiatives.
- IMF/World Bank Spring meetings furthered UK interests on global economic prospects and policy. Additionally Treasury managed the successful 2013 Economic and Finance Dialogue with China.

Deadlines missed

No deadlines have been missed against this priority.

Reform the regulatory framework for the financial sector to avoid future financial crises.

Replace the current system of financial regulation with a framework that promotes responsible and sustainable banking, where regulators have greater powers to curb unsustainable lending practices and we take action to promote more competition in the banking sector.

No of actions due to complete	Met on time	Missed by < 1 month	Missed by < 2 months	Missed by >3 months
3	3	0	0	0

Milestones

- The June 2013 Mansion House speech outlined the government's plans for the partly state owned banks RBS and Lloyds, including a review of RBS and the potential sale of Lloyds shares. Subsequently the Treasury sold the first tranche (15.5 per cent) of government shareholdings in Lloyds Bank in September 2013 and published 'RBS and the case for a bad bank: the government's review' in November 2013.
- Necessary amendments to legislation arising out of the Parliamentary Commission on Banking Standards were introduced in June 2013. These were initially due in February 2014.
- The 2014 Financial Sector Resilience Plan was delivered in March 2013. This was initially due in August 2014.
- In September 2013, promoted competition in the high street by making it easier for customers and businesses to switch banks.
- Outcomes negotiated at ECOFIN meetings in a number of areas, include: the Banking Recovery and Resolution Directive; and the Markets in Financial Instruments Directive.

Deadlines missed

No deadlines have been missed against this priority.

Autumn Statement 2013

1.5 On 5 December 2013, the Rt Hon George Osborne MP, Chancellor of the Exchequer, delivered Autumn Statement 2013 to the House of Commons.[1] As the announcements made could be considered as material issues arising since the mid year reporting point, they have been summarised below.

Box 1.A: Summary of Autumn Statement 2013 announcements

- a reduction in Whitehall departmental budgets for 2014-15 and 2015-16 of 1.1 per cent, excluding protected departments, local government, Security and Intelligence Agencies and HMRC;
- further information on how a cap on welfare announced at Budget 2013 will work to control welfare spending and how future reviews of the State Pension age will work in practice;
- a review of the current fiscal policy framework to ensure that debt continues to fall as a percentage of GDP, including using surpluses in good years for this purpose;
- a freeze on fuel duty for the remainder of the Parliament;
- the introduction of the married couples transferable tax allowance;
- the introduction of reforms to reduce average energy bills;
- the extension of free school meals to all children in reception and years one and two and the capping of the average increase in regulated rail fares for 2014 in line with the Retail Prices Index;
- the introduction of a cap on the Retail Prices Index (RPI) increase in business rates in England to 2 per cent in 2014-15 and the introduction of a £1,000 business rates discount;
- the doubling of the Small Business Rate Relief for a further 12 months from 1 April 2014;
- the abolition of employer's National Insurance contributions for under-21s earning below £813 per week;
- the removal of the cap on university places;
- the provision of an extra £40 million to increase the number of people starting higher apprenticeships by 20,000; and
- the introduction of a new tax relief for shale gas and support for the creative industries.

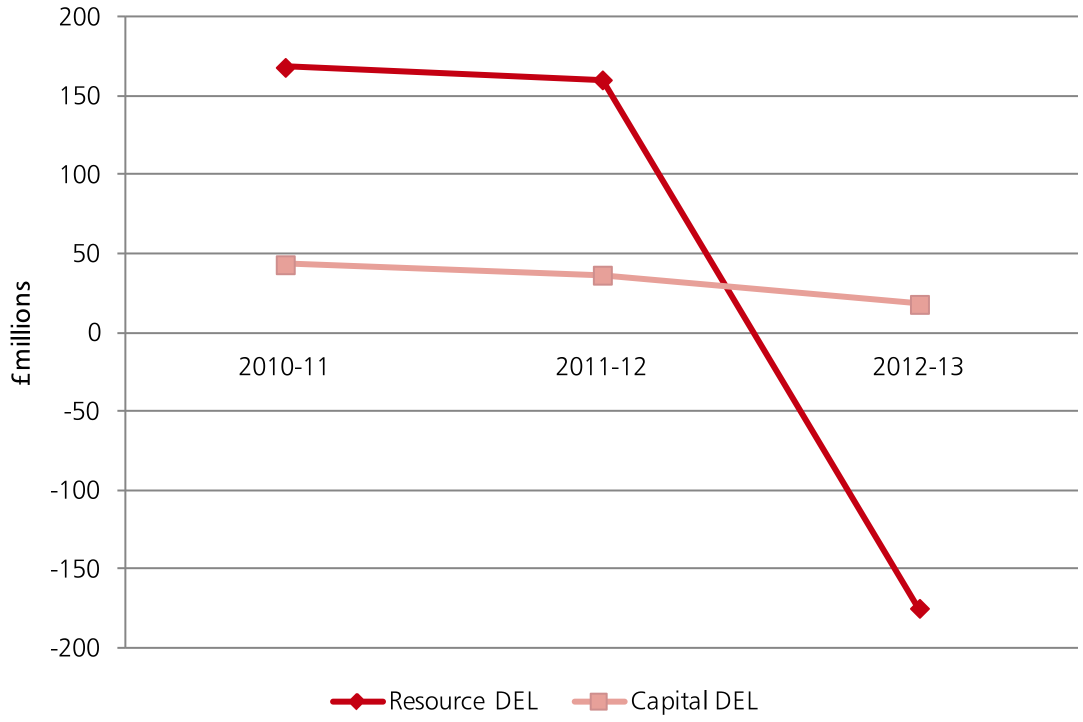
[1] https://www.gov.uk/government/topical-events/autumn-statement-2013

2 Financial performance

2.1 The Treasury Group's mid-year financial performance is set out in the following charts and tables.

Resource and Capital Del expenditure

Chart 2.A: DEL[a] expenditure 2010-11 to 2012-13



Source: HM Treasury

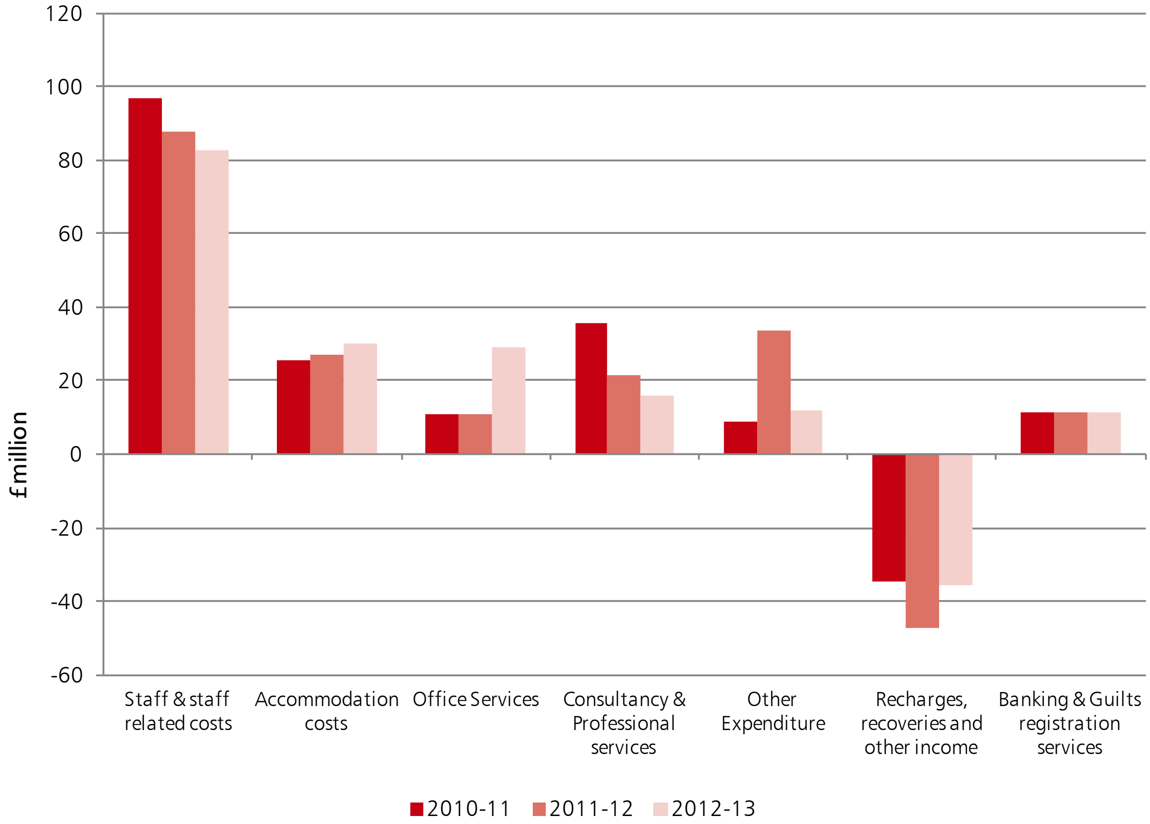
[a] **DEL expenditure** has been on a reduced trend over the past four years reflecting the rationalisation of the Department's expenditure over the spending review period.

Resource DEL expenditure from 2012-13 onwards will be distorted by receipt of fine income from the FCA (formerly FSA). Excluding this distortion, the underlying net Resource DEL position for the HM Treasury Group was £167 million.

At the mid-point of current year no fine income from the FCA had as yet been notified or received.

Resource DEL expenditure by type

Chart 2.B: RDEL[a] expenditure for financial years 2010-11 to 2012-13



Source: HM Treasury

[a] Resource DEL (RDEL) expenditure across the Treasury Group has broadly decreased.

Increased expenditure on accommodation and related office services are a reflection of HM Treasury's rationalisation of its office space and further expenditure to enable office space and associated services being made available to new tenants.

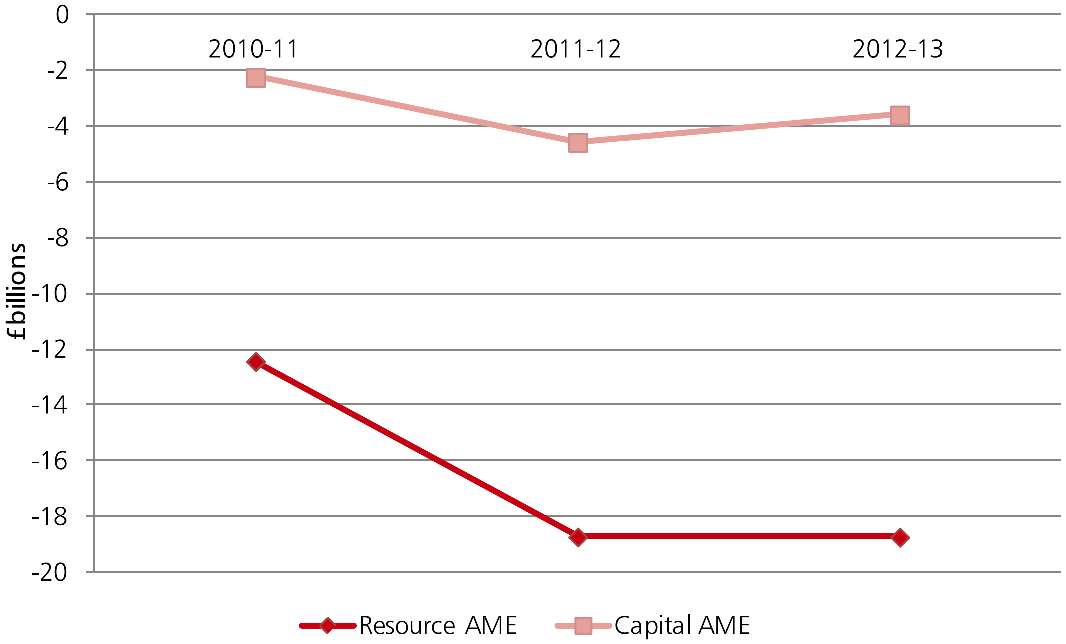
PFI costs linked to the increased occupancy of the building include charges comprising additional workspace stations and workplace variations to accommodate new tenants. The other contributing factor to the increased in accommodation costs observable to 2012-13 was expenditure on non-structural maintenance and repair of the building primarily attributable to readying the building for the new tenants. This additional expenditure is being recovered through recharges.

Fine and interest income of £342 million received from the FSA in 2012-13 has been excluded from the presentation.

Coinage manufacturing costs have also been excluded as from 2013-14 this expenditure has been reclassified to AME.

AME expenditure

Chart 2.C: AME expenditure [a] 2010-11 to 2012-13



Source: HM Treasury

[a] The net position for Resource AME to 2012-13 has been driven primarily by fair value movements in derivatives, namely the BEAPFF and APS, which have offset impairments recognised on financial assets.

Resource AME
The Bank of England Asset Purchase Facility Fund (BEAPFF) and the Asset Protection Scheme (APS) are derivatives (the APS ceased to exist during 2012-13). The nature of derivatives is that they are assessed at Fair Value with an expectation that there will be settlement at a future date.

The BEAPFF indemnifies the Bank of England against any losses it suffers on the purchase and subsequent sale of eligible assets as part of its quantitative easing, as well as any costs incurred to run and maintain the scheme. The value of the BEAPFF changes in accordance to interest earned on the assets acquired by the fund and changes in the market prices at which the assets themselves can be valued.

Under the APS, in return for a fee the Treasury provided protection to RBS against a proportion of future credit losses on a defined pool of assets to the extent that credit losses exceeded a 'first loss' amount. The fee paid by RBS was taken into account along with other factors in deriving the fair value. The APS derivative expired during 2012-13 owing to the terms of the Asset Protect Scheme which permitted RBS to exit under specified conditions which included having paid a minimum level of fees.

Year on year movement in the fair value results in recognition of either a gain (recognised as negative Resource AME) or a loss.

Capital AME relates to the Treasury's capital investments in financial institutions and comprises additions to loan balances, less capital repayments.

Notable loan additions in 2010-11 totalled £145 million mainly comprising increased lending to FSCS and recognition of Statutory Debt required to fund depositors in failed banks and building societies. Lending of £1.2 billion in both 2011-12 and 2012-13 was primarily in respect of the bilateral loan to Ireland.

For each of the years shown, repayments on loans issued by HM Treasury totalled £2.5 billion, £4.4 billion and £4.7 billion respectively.

Table 2.A: Treasury Group expenditure to 30 September 2013

	Resource	September 2013-14 Estimate £000	September 2013-14 Outturn Administration £000	September 2013-14 Outturn Programme £000	September 2013-14 Outturn Total resource £000	September 2012-13 Outturn Total resource £000
	Spending in Department Expenditure Limit (DEL)					
	Voted					
A	Core Treasury (excluding IFUL and OTS)	119,338	53,062	(2,707)	50,355	44,992
-	Asset Protection Agency	-	-	-	-	508
B	Debt Management Office	14,005	7,132	1,411	8,543	8,795
C	United Kingdom Financial Investments Limited	2,900	935	-	935	1,280
D	Infrastructure Finance Unit Limited	-	-	-	-	2,219
G	Office of Tax Simplification (OTS)	475	103		103	141
H	Office for Budget Responsibility	1,750	821	-	821	749
I	Royal Mint Advisory Committee	1	-	-	-	-
	Departmental Unallocated Provision	5,500	-	-	-	-
	Non-voted					
J	Banking and gilts registration services	12,000	-	5,739	5,739	5,596
	Total spending in Resource DEL	**155,969**	**62,053**	**4,443**	**66,496**	**64,280**
	Spending in Annually Managed Expenditure (AME)					
	Voted					
E	UK Coinage manufacturing costs[1]	24,000	-	13,700	13,700	10,537
K	UK Coinage metal costs	14,000	-	1,651	1,651	9,068
L	Northern Rock	(275,400)	-	(155,959)	(155,959)	(109,947)
M	Assistance to financial institutions	(869,700)	-	(1,724,023)	(1,724,023)	168,212
V	Bradford & Bingley	(391,000)	-	(254,496)	(254,496)	(179,319)
W	Loan to Ireland	(73,000)	-	(34,709)	(34,709)	(10,920)
N	Provisions	(11,800)	-	(137)	(137)	(1,449)
-	Impairments	-	-	-	-	-
O	Equitable Life Payment Scheme	10,000	-	7,367	7,367	10,213
P	Royal Mint Dividend	(4,000)	-	(4,000)	(4,000)	(4,000)
Q	Money Advice Service	1	-	(6,686)	(6,686)	(3,598)
R	Financial Services Compensation Scheme	1	-	(974,326)	(974,326)	(492,030)
S	Credit Easing	(77,000)	-	(34,248)	(34,248)	78,568
T	Sovereign Grant	35,800	-	18,822	18,822	16,543
U	Investment in Bank of England	(30,000)	-	-	-	-
	Non-voted		-			
X	Royal Household (Pensions)	2,900	-	1,976	1,976	1,501
Y	Civil List	359	-	179	179	179
	Total spending in AME	**(1,644,839)**	**-**	**(3,144,889)**	**(3,144,889)**	**(506,442)**
	Total resource outturn	**(1,488,870)**	**62,053**	**(3,140,446)**	**(3,078,393)**	**(442,162)**

[1] UK Coinage manufacturing costs were reclassified from DEL to AME during 2013-14. The comparative presented alongside is shown within AME for convenience. However it should be noted that the 2012-13 costs were scored in and reported as Resource DEL. Totals for 2012-13 comparatives have been adjusted accordingly.

Table 2.B: Treasury Group expenditure to 30 September 2013

	Capital	September 2013-14 Net total per Estimate £000	September 2013-14 Net outturn £000	September 2012-13 Net outturn £000
	Spending in Department Expenditure Limit			
	Voted			
A	Core Treasury	770	(3,441)	3,187
B	UK Debt Management Office	2,000	180	421
C	UK Financial Investments	-	-	-
	Loans given by IFUL	11,370	(1,246)	6,911
	Capital spending in Department Expenditure Limit	14,140	(4,507)	10,519
	Annually Managed Expenditure			
	Voted			
L	Northern Rock	(1,632,800)	(1,777,211)	(898,891)
M	Assistance to financial institutions	30,000	(2,381,976)	(1,159,506)
V	Bradford & Bingley	(1,075,000)	(975,000)	(575,000)
Q	Money Advice Service	-	21	2,046
R	Financial Services Compensation Scheme	-	59	130
S	Credit easing	380,000	166,094	-
T	Sovereign Grant	2,575	279	258
W	Loans to Ireland	807,000	806,740	403,370
	Capital spending in Annually Managed Expenditure	(1,488,225)	(4,160,994)	(2,227,593)
	Total capital outturn	(1,474,085)	(4,165,501)	(2,217,074)

3 People

3.1 The following chapter provides information about the Treasury's workforce and includes financial and non-financial data.

Table 3.A: HM Treasury and Agencies workforce

		31 March 2013	31 March 2012
Workforce Shape (%)	Administrative Assistants and Officers	8.3	7.4
	Executive Officers	11.2	11.1
	Higher and Senior Executive Officers	34.9	35.4
	Grade 7/6	27.2	27.9
	Senior Civil Servants	7.4	8.4
	Other Grades	10.9	9.8
	Part Time	8.2	8.3
Workforce Dynamics	Recruitment Exceptions	131	125
	Annual Turnover rate (%)	22	25.2
Workforce Diversity (%)	Black and Minority Ethnic	33.3	36.0
	Women	66.6	69.0
	Disabled	7.2	10.0
Diversity of Senior Civil Servants only	Black and Minority Ethnic (%)	7.5	7.0
	Women (%)	43.0	46.0
	Women (Top Management Posts[1])	9	8
	Disabled (%)	4.3	2.0
Average Working Days Lost[2]	Actual	4.4	4.0

Table 3.B: Salary – Total cost less recoveries for outward secondments (£000)

	30 September 2013	30 September 2012
Payroll Staff	36,532	36,585
Contingent Labour		
Costs	1,778	2,016
Contingent Labour Workforce size	35	63
Source: HM Treasury		

[1] Actual number of women holding posts at Range G and above.

[2] Average working days lost covers January to December as reported a quarter in arrears.

Staff numbers

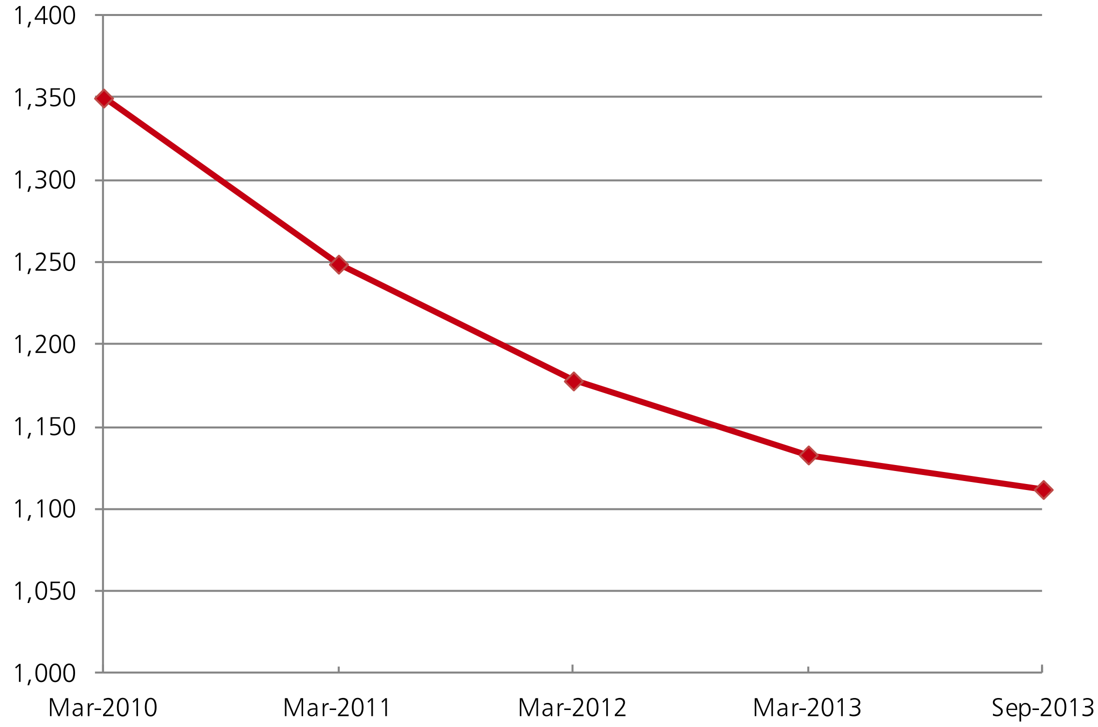
3.2 As at 30 September 2013 the Treasury Group had 1,236 Full Time Equivalent (FTE) staff, down from 1,258 FTE at 31 March 2013. The following table provides a break down.

Table 3.C: Treasury Group – Staff Numbers[3]

Full Time Equivalents	31 March 2011	31 March 2012	31 March 2013	30 September 2013
Core Treasury				
CS Permanent	1,204	1,148	1,084	1,085
CS Casual	45	30	49	27
Gross Control Total	1,249	1,178	1,133	1,112
DMO				
CS Permanent	93	104	106	107
CS Casual	0	0	1	1
Gross Control Total	93	104	107	108
APA				
CS Permanent	35	29	0	0
CS Casual	0	1	0	0
Gross Control Total	35	30	0	0
OBR				
CS Permanent	0	16	16	15
CS Casual	0	1	2	1
Gross Control Total	0	17	18	16
HM Treasury Group				
CS Permanent	1332	1,297	1,206	1207
CS Casual	45	32	52	29
Gross Control Total	1,377	1,329	1,258	1,236
Source: HM Treasury				

[3] Staffing Numbers for core Treasury, Debt Management Office, and Office for Budget Responsibility are in accordance with ONS reporting requirements. The figures exclude contract and agency workers who are on unpaid maternity leave, unpaid sickness absence and career breaks.

Chart 3.A: Staff numbers



Source: HM Treasury

Staff survey

3.3 In October 2013 the Treasury took part in the fifth annual Civil Service People Survey. The Treasury's Employee Engagement Index (EEI), the key indicator of staff opinion rose by 3 per cent from the 2012 survey. The average scores for all nine supporting themes have also increased.

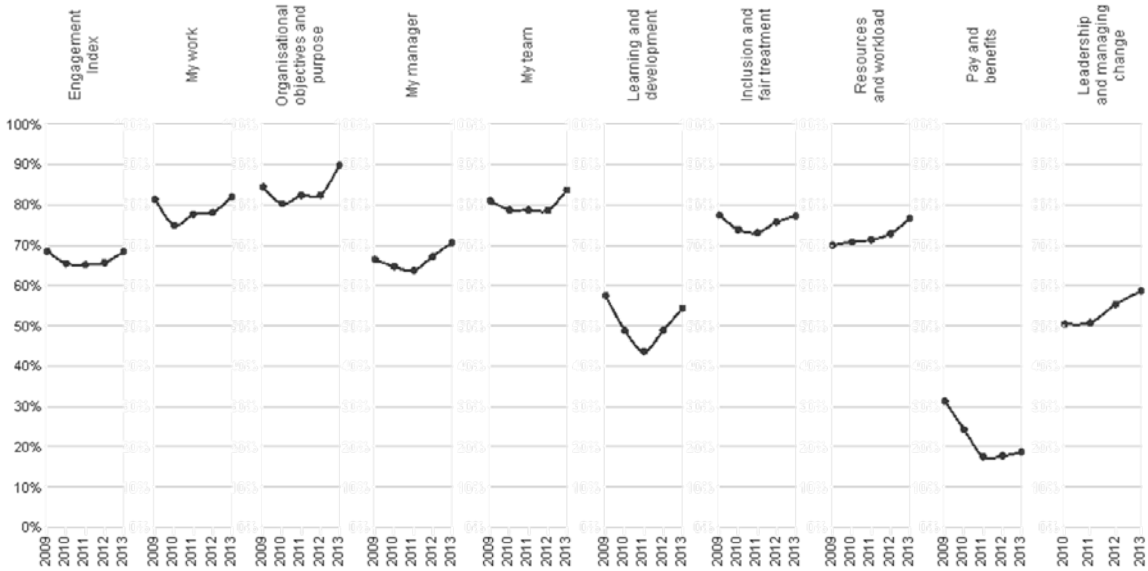
3.4 Table 3.D shows the Treasury's 2013 results with the Civil Service average included in brackets for comparison purposes.[4] Chart 3.B shows the Treasury's engagement scores and theme results over the five years of the survey.

Table 3.D: HM Treasury Staff Survey results 2013

Employee Engagement Index	68% (58%)	Learning and development	54% (47%)
Leadership and managing change	59% (42%)	Pay and benefits	19% (29%)
My work	82% (74%)	Resources and workload	77% (74%)
My manager	71% (67%)	Inclusion and fair treatment	77% (74%)
Organisational objectives and purpose	90% (82%)	My team	84% (79%)

[4] http://resources.civilservice.gov.uk/wp-content/uploads/2013/11/csps2013_benchmark_report_20121125.pdf

Chart 3.B: Treasury staff survey Employee Engagement and theme results since 2009



Source: HM Treasury

A Treasury's Impact and Input indicators

Input and Impact indicators

Table A.1: Reduce the structural deficit in a fair and responsible way

Description	Q4 2012-13	Q2 2013-14	Notes
INPUT INDICATOR HM Treasury cost of supporting tax and spending policy	16.7 million[1]	11.2 million	Net Resource DEL (£million) of the following HM Treasury Groups: Public Spending; Public Services; Business and International Tax; and Personal Tax, Welfare and Pensions.
IMPACT INDICATOR Cyclically adjusted current deficit as a percentage of GDP	-4.2% (2011-12)[2]	-4.2% (2011-12)[3]	Data is given as a percentage of GDP. OBR forecast for the economy and the public finances, and an assessment of whether the Government is likely to achieve its fiscal mandate and supplementary target. The forecast and outturn is updated at fiscal events.
IMPACT INDICATOR Public sector net debt as a percentage of GDP	71.8% (2011-12)	75.9%[4] [5]	Public sector net debt refers to the sum of money owed to the private sector by central government, local authorities, and public corporation. The Government uses a measure of PSND excluding the temporary effects of financial interventions but including the permanent ones (PSND ex). This PSND ex measure is intended to show the underlying state of the public sector finances without temporary distortions caused by financial interventions, but including any permanent effects from these interventions. The forecast and outturn is updated at fiscal events.

[1] The reported cost for each impact indicator is derived on a Net Resource DEL basis. A refinement in methodology for determining the costs attributable to each impact indicator was adopted in 2013-14 and as such the 2012-13 figures have been restated for comparability.

[2] This figure shows the most recent outturn as stated by the OBR at the fiscal event prior to the relevant reporting cut off date. As the cut off date for Annual Reports and Accounts in 2012-13 was 31 March 2013, the figure from the previous event, Budget 2013 has been used.

[3] This figure shows the most recent outturn as stated by the OBR at the fiscal event prior to the relevant reporting cut off date. As the cut off date for Mid Year Reporting 2013-14 was 30 September 2013, the figure from the previous event, Budget 2013 has been used. At Autumn Statement 2013 the OBR published a new figure of -3.6 per cent.

[4] ONS Public Sector Finances, 22 October 2013.

[5] On 22 January 2014, the ONS published Public Finances data for December 2013. At this point public sector net debt as a percentage of GDP stood at 75.7 per cent.

IMPACT INDICATOR Departmental DEL outturn v final plans	1.3% (2011-12)	-1.8% (2012-13)	DEL plans contained in the Budget are management information. DEL outturn data is a national statistic.
IMPACT INDICATOR Overall impact of spending, tax, tax credit and benefit changes on households	Please see Chart 2.A within 'Impact on households distributional analysis to accompany Budget 2013'[6]	Please see Chart 2.B within 'Impact on households distributional analysis to accompany Autumn Statement 2013'[7]	The average loss to households as a result of this Government's spending, tax, tax credit, and benefit measures in 2014-15, as a proportion of 2010-11 net income.

Table A.2: Secure a growing economy that is more resilient and more balanced between public and private sector

Description	**Q4 2012-13**	**Q2 2013-14**	**Notes**
INPUT INDICATOR HM Treasury cost of supporting macroeconomic and fiscal policy	42.7 million	23.9 million	Net Resource DEL (£million) of the Office for Budget Responsibility and the following Treasury Groups: Economics; Fiscal; and Strategy, Planning and Budget.
IMPACT INDICATOR GDP – latest quarter growth on corresponding quarter of previous year	0.3% (revised Dec 2013)	2.0%	This indicator was adopted by the Treasury in the 2013-15 Business Plan.
IMPACT INDICATOR GDP per capita – latest quarter growth on corresponding quarter of previous year	-1.2% (revised Dec 2013)	1.3%	The chained volume measure of Gross Domestic Product (GDP) measures the level of total economic activity in the UK, adjusted for the effect of inflation (as a percentage of GDP). To express real GDP in per capita (or 'per head') terms, it is divided by the resident population of the UK.
IMPACT INDICATOR Business investment as a share of GDP	8.0% (revised Dec 2013)	7.3%	The current prices measure of Business Investment (as a percentage of GDP) measures the level of total business investment in the UK. To express business investment as a share of GDP, it is divided by the nominal measure of GDP.
IMPACT INDICATOR UK employment rate (16-64)	71.5% (Nov – Jan)	71.7%[8] (June to August)	Total number of people employed as a proportion of the labour force on a three month moving average.

[6] www.gov.uk/government/publications/budget-2013-documents
[7] www.gov.uk/government/publications/autumn-statement-2013-documents
[8] ONS Labour Market statistics publish on 22 January 2014 show the UK unemployment rate for October – December 2013 as 71.1 per cent.

Table A.3: Reform the regulatory framework for the financial sector to avoid future financial crises

Description	Q4 2012-13	Q2 2013-14	Notes
INPUT INDICATOR HM Treasury cost of supporting international engagement and financial services policy	£16.6 million	£9.2 million	Net Resource DEL (£million) of the Asset Protection Agency, UK Financial Investments and the following Treasury Groups: International and EU; Financial Services; Financial Regulation and Markets; and Financial Stability.[9]
IMPACT INDICATOR Government shareholdings in banks: RBS, and Lloyds Banking Group			
Lloyds Banking Group	On 19 September 2013 Government reduced its shareholding in Lloyds Banking Group receiving £3.2 billion from the share sale. Cost of shareholding in Lloyds Banking Group at Q2 is revised downwards following the part disposal of the Government's shareholding.		
Value of shareholding	£13.4 billion	£17.2 billion	
Cost of shareholding	£20.5 billion	£17.3 billion	
RBS	RBS valuation includes the Dividend Access Share (DAS).The latest valuation at Q2 was that provided for 31 March 2013.		
Value of shareholding	£26.4 billion	£34.1 billion	
Cost of shareholding	£45.8 billion	£45.8 billion	

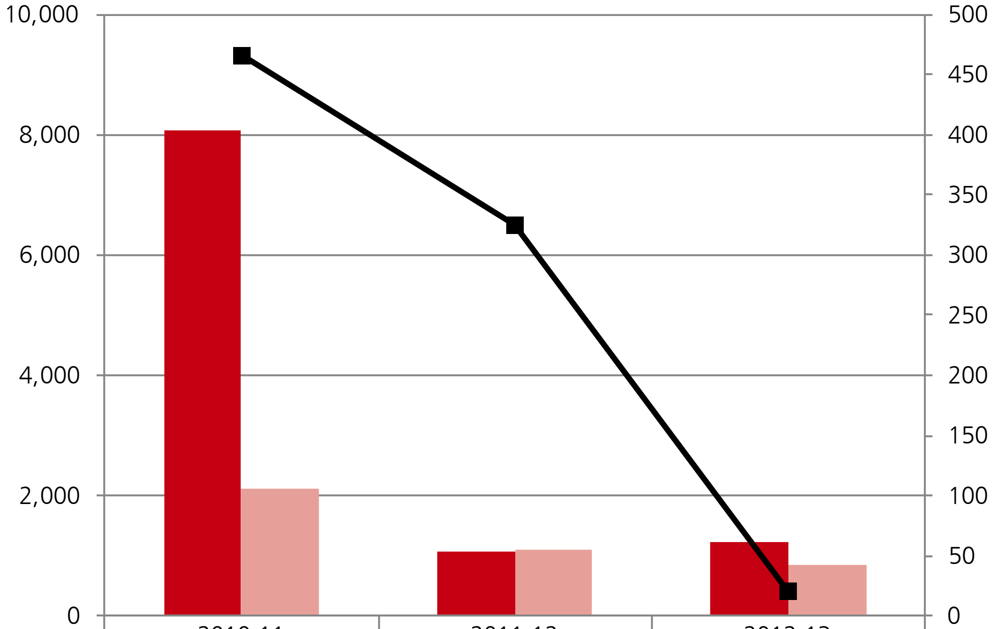
[9] The APA closed on 31 October 2012. The Financial Regulations and Markets Group merged with the Financial Stability Group on 1 April 2013.

B Treasury spending patterns

B.1 The Treasury has been asked to report on its regular spending patterns at this mid-year reporting point. Tables 2.A to C set out the Treasury's spending patterns on DEL, RDEL and AME for 2010-13.

B.2 One area of further interest may be the costs incurred by the Group on professional fees relating to the financial stability interventions. Some of these costs have been recharged to the institutions that have benefited from these measures.[1]

Chart B.1: Costs incurred on financial stability interventions (£000)



	2010-11	2011-12	2012-13
Financial Advice	8055	1077	1231
Other Advice	2116	1101	844
Legal Advice	466	325	21

Source: HM Treasury

[1] Note 7.2 of the 2012-13 HM Treasury Annual Report and Account details the related recoveries for 2012-13, similar data is provided in previous years' accounts.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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