



HM Treasury

HM Treasury 2024-25 Main Estimate Memorandum

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1 Overview

1.1 Priority Outcomes

HM Treasury's (HMT's) 2024-25 Main Estimate and accompanying Memorandum were prepared during the pre-election period. The departmental objectives, as set in the previous Parliament are as follows:

1. Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes
2. Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK
3. Ensure the stability of the macro-economic environment and financial system

1.2 Spending controls

HMT's spending is broken down into a several different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure
- Resource Annually Managed Expenditure ("**Resource AME**") - less predictable current spending, such as the production of coinage and fair value movements in the Bank of England Asset Purchasing Facility Fund, also includes provision movements
- Capital Annually Managed Expenditure ("**Capital AME**") - less predictable investment spending including payments under the Help to Buy: ISA scheme and funding for the UK Infrastructure Bank (UKIB).

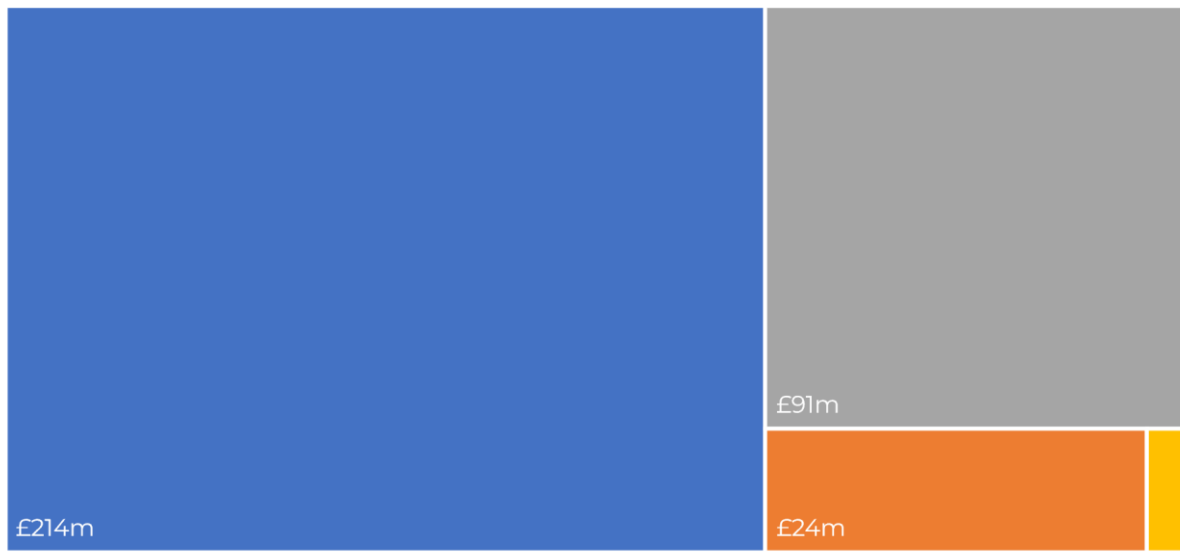
In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require HMT to pay out cash in year.

1.3 Main areas of spending

The graphic below shows, for HMT's proposed budget for the year as included in the Main Estimate, the proportions of funds spent by bodies within the Group.

Resource DEL: total budget £331.2m, 2024-25

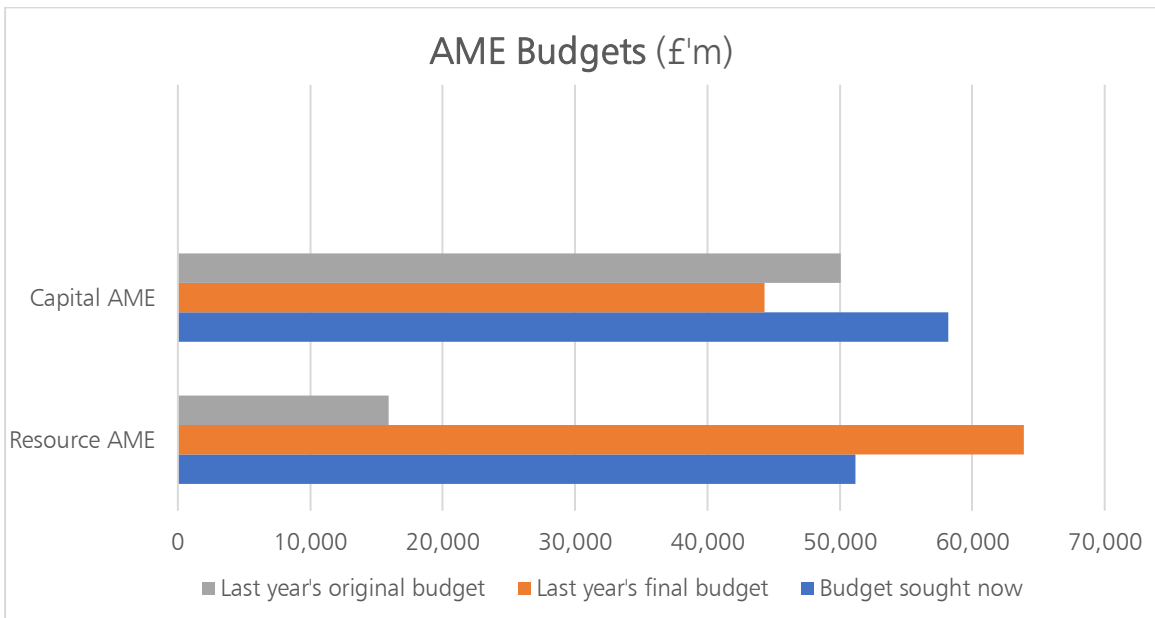
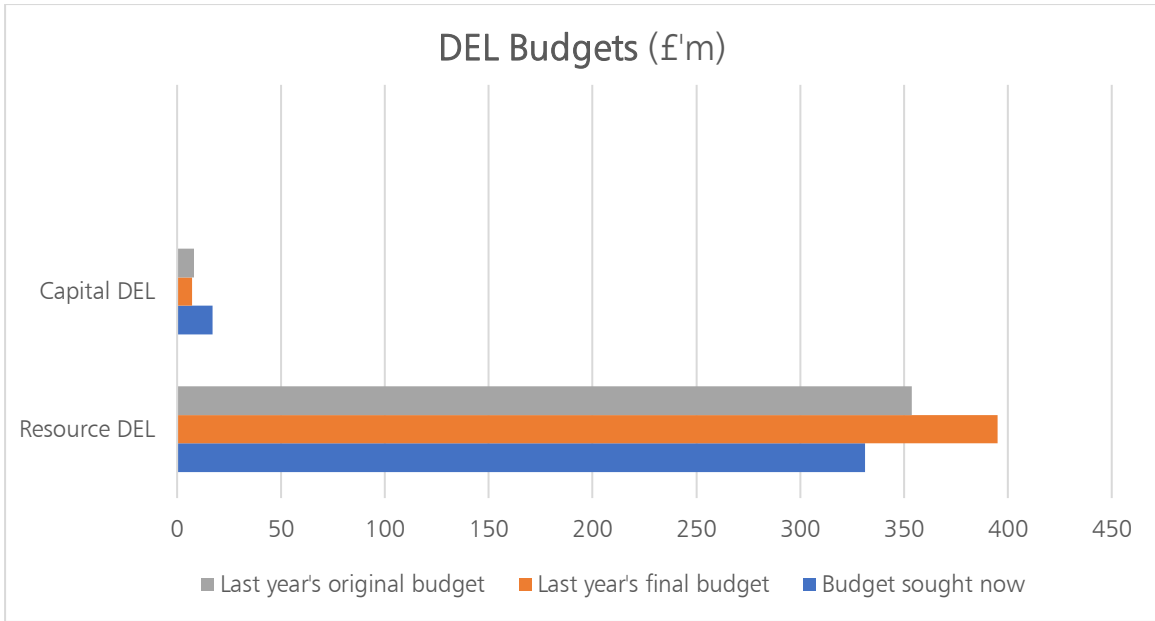
■ Core Treasury ■ Agencies ■ ALBs ■ Non-voted



1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for HMT in its Main Estimate compare with last year:

Spending total Amounts sought this year (Main Estimate 2024-25)		Compared to final budget last year (Supplementary Estimate 2023-24)		Compared to original budget last year (Main Estimate 2023-24)	
		£ m	%	£m	%
Resource DEL	331.2	-63.7	-16.1%	-22.5	-6.4%
Capital DEL	17.1	9.8	135.3%	9.0	110.7%
Resource AME	51,176.1	-12,717.3	-19.9%	35,252.7	221.4%
Capital AME	58,188.6	13,904.2	31.4%	8,111.2	-16.2%



1.5 Key drivers of spending changes since last year

HMT's 2024-25 Resource DEL spending plans are in line with the budget agreed at the 2021 Spending Review (SR21), with the significant addition being funding included for the UK Infrastructure Bank (UKIB), set up in June 2021. The reduction in Resource DEL budget from the 2023-24 final budget to 2024-25 is due to a lower SR21 settlement figure (reduced from £280.0m in 2023-24 to £262.5m in 2024-25) and the inclusion of a Reserve Claim of £27.8m in 2023-24 for a tax infraction fine. This is partially offset by increases in 2024-25 for UKIB of £10.8m (from £58.6m to £69.4m).

The reduction in Resource AME spending plans compared to the Supplementary Estimate for 2023-24 is driven by the budget for the Bank of England Asset Purchase Facility Fund (APF) derivative. The derivative represents the net value of the APF, which is the market

value of the assets minus the liabilities held. The Resource AME budget is for non-cash movements in the fair value of the derivative over the reporting year. These movements are highly volatile, as such budget has been requested on a prudent basis.

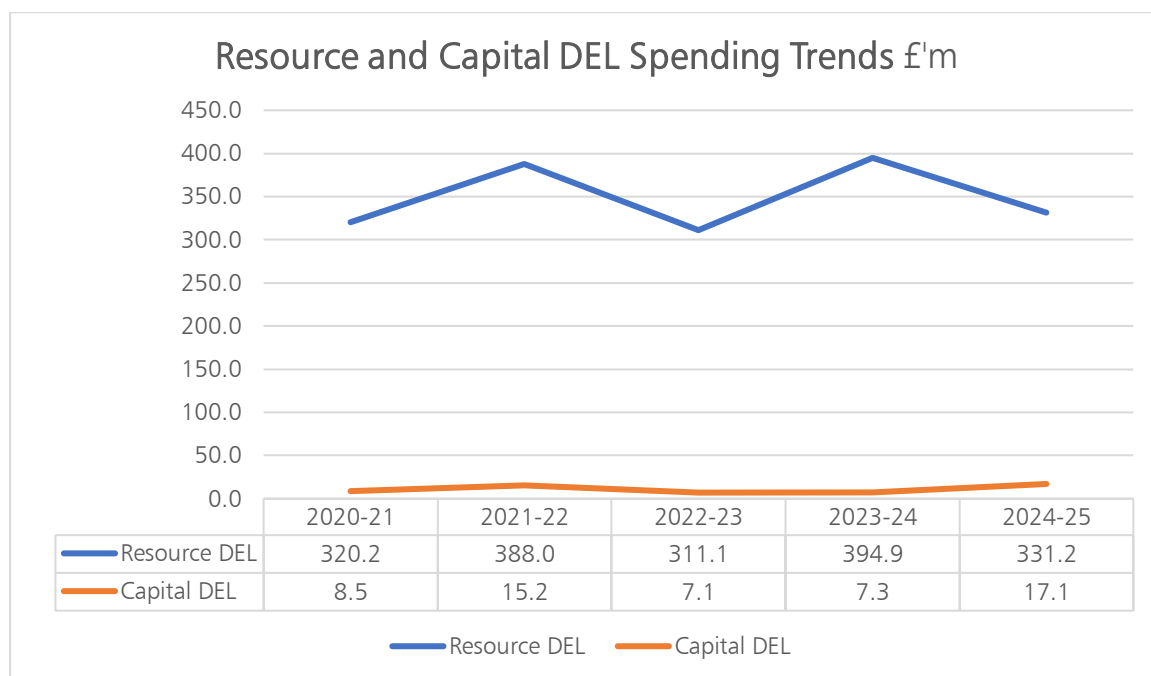
The increase in Capital AME budget for 2024-25 also relates to the APF, with £54.0bn requested. This is for amounts payable from HMT to the APF following the reversal of cash flows in October 2022. The cashflow between HMT and the APF consists of Net Interest (coupon income on the APF portfolio net against interest charged at Bank Rate on the APF loan) and profits or losses from assets being sold or redeemed (which is determined by market conditions and the unwind strategy set by the MPC). More information can be found within '2. Spending detail' under the Resource AME and Capital AME tables titled 'Section S: Assistance to financial institutions, businesses, and individuals'. Further, there has been an increase in Capital AME budget for UKIB reflecting the growth of the Bank investments, with drawdowns on existing commitments as well as estimated draws on new commitments expected to be entered into during 2024-25.

1.6 New policies and programmes; ambit changes

The ambit has been reviewed to ensure it clearly articulates all areas of HM Treasury's expenditure and income. No significant changes or additions have been made for 2024-25.

1.7 Spending trends

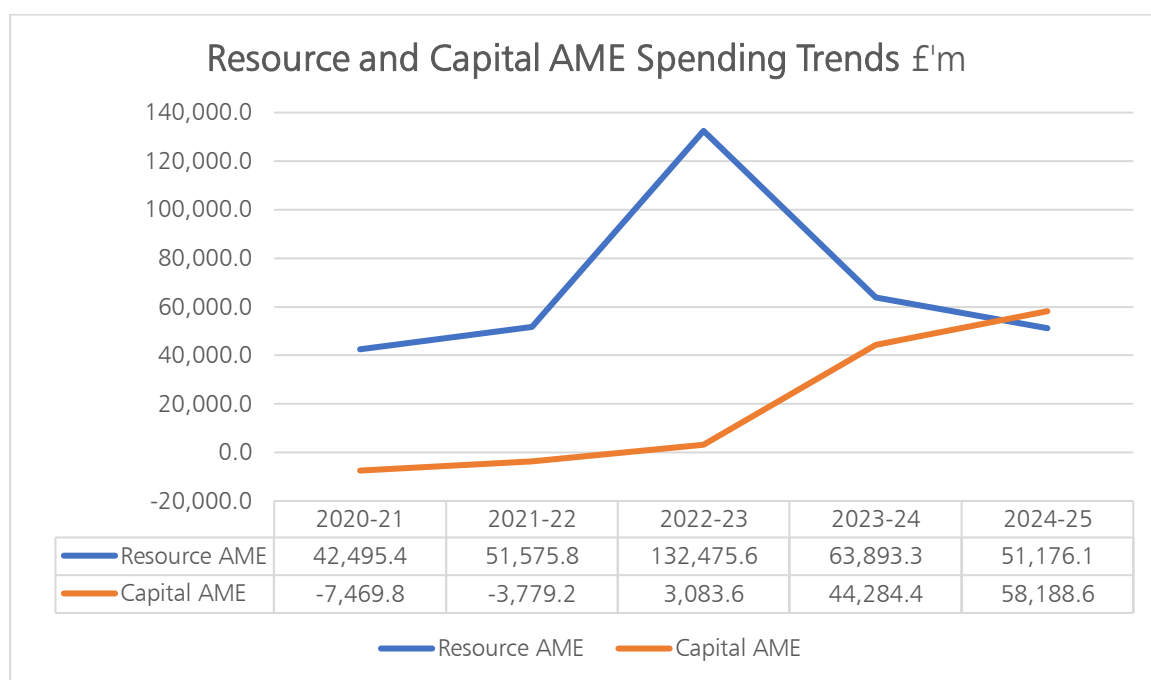
The charts below show overall spending trends for the last three years and plans presented in Estimates for 2023-24 and 2024-25. Negative figures denote income.



- Resource DEL – Total Resource DEL expenditure has fluctuated over the reported period. A reserve claim under the Oil and Gas Decommissioning scheme accounts for £49m in 2020-21, before the scheme was reclassified to Resource AME in

2021-22. The notable increase in costs in 2021-22, despite the reclassification of Oil and Gas, is due to the London Capital & Finance (“LCF”) compensation scheme totalling £117.4m. In 2023-24 there was a reserve claim (£27.8m) relating to a tax infraction fine. 2024-25 had a lower SR21 settlement than the previous year partially offset with an increase to funding for UKIB of £10.8m.

- Capital DEL - For 2022-23 £4.2m of budget was included in relation to implementation of the IFRS16 accounting standard, and £3.9m for the UKIB. In 2023-24 UKIB’s Capital budget decreased to nil, this was then increased in 2024-25 to £11.8 reflecting the Bank’s expected move to a new Head Office in Leeds, necessary to support the current and future workforce.



- Resource AME – the general volatility arises from changes in the fair value of the APF derivative. The derivative represents the net value of the APF, which is the market value of the assets minus the liabilities held. Asset values are impacted by market conditions, including interest rates and gilt yields, with significant fluctuations seen year on year. More information can be found within Section S of Resource AME under ‘2. Spending detail’. Since 2019-20 Resource AME has also included the provision for the EU Withdrawal Agreement financial settlement.
- Capital AME – year on year differences have historically been driven by NatWest Group share sales but for the first time in 2022-23 HMT made cash transfers to the APF. Explained in more detail in Section 2.1, this moves the Department’s Capital AME to a net expenditure position.

1.8 Administration costs and efficiency plans

The 2024-25 Mains budget for administration costs is 7.9% less than the final budget for 2023-24. Further, if the impact of the increase in funding for UKIB is removed, it is an 11% decrease from the final budget in 2023-24.

Spending total Amounts sought this year (Main Estimate 2024-25)		Compared to final budget last year (Supplementary Estimate 2023-24)		Compared to original budget last year (Main Estimate 2023-24)	
		£ m	%	£m	%
Administration costs	329.6	-28.2	-7.9%	-18.8	-5.4%

1.9 Funding: Spending Review and Budgets

The levels of DEL funding for HMT for 2024-25 are based on plans published in SR21 for the department. Since that time, the Government has made the following changes to its spending plans for 2024-25:

RDEL

- A Reserve Claim for UKIB of £69.4m. UKIB wasn't included in the departments SR21 settlement, with funding instead planned to be provided via the reserve as part of the estimates process. Further information on UKIB can be found in the Resource DEL and Capital AME sections of this document.
- A transfer of £1.5m of funding from the Cabinet Office for the Debt Management Function Machinery of Government change. Announced on 30 March 2023, this will improve the management of debt owed to the government and provide strong expertise and leadership for the public servants in its profession.
- Due to the reclassification of non-discretionary demand led costs of the Debt Management Office (DMO) to AME, Resource DEL is surrendered -£3.9m
- £1.3m provided to fund increased National Insurance contributions due because of the Health and Social Care Levy, returned to the exchequer following its reversal.
- £1.1m for the Functional Convergence Programme
- Funding to HMT from the Economic Crime Levy £0.4m
- Other changes relate to IFRS 16 adjustments, depreciation and any budget cover transfers.

CDEL

- A Reserve Claim of £11.8m for the UKIB, further information on which is provided later in this document.

1.10 Other Funding Announcements

Where other funding announcements are made during the year, they relate to reallocated money within existing planned limits, rather than "new" or additional money. HMT have made no such funding announcements.

2 Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows how HMT's spending plans for resource DEL compare with last year.

Subheads	Description	Resource DEL		Change from last year	%
		£ million			
		This year (2024-25 Main Estimates budget sought)	Last year (2023-24 Supplementary Estimate budget approved)		
A	Core Treasury	211.1	271.2	-60.1	-22.2%
B	Debt Management Office	16.9	18.9	-2.0	-10.5%
C	Government Internal Audit Agency	2.1	6.0	-4.0	-65.6%
D	UK Asset Resolution Limited (Net)	5.3	5.7	-0.4	-7.2%
E	Office for Budget Responsibility	4.5	5.3	-0.8	-15.8%
F,G,H,I	HMT owned companies with token £1k provision	0.0	0.0	0.0	n/a
J	Departmental Unallocated Provision	2.5	0.0	2.5	n/a
K	National Infrastructure Commission	5.3	5.2	0.1	2.0%
L	UK Government Investments Limited	11.7	21.2	-9.5	-44.6%
M	UK Infrastructure Bank	69.4	58.6	10.8	18.5%
N	Banking and gilts registration services (non-voted)	2.3	2.7	-0.4	-13.4%
	total voted and non-voted	331.2	394.9	-63.7	-16.1%

Differences of more than 10% which are more than £10.0m are explained below.

Section A: Core Treasury

The reduction in budget from the 2023-24 final budget to 2024-25 is due to a lower SR21 settlement figure and the inclusion of a Reserve Claim of £27.8m in 2023-24 for a tax infraction fine.

Section M: UK Infrastructure Bank

The UK Infrastructure Bank (UKIB) was set up in 2021 with the core mission of increasing infrastructure investment to help tackle climate change and promote regional and local economic growth across the nations of the United Kingdom. The increase from 2023-24 supplementary estimates to 2024-25 main estimate reflects the Bank's growth in activity year on year, with the recruitment of permanent employees and ongoing systems implementation, both of which are vital in the Bank delivering its investment and impact outcomes.

Capital DEL

The table below shows how spending plans for capital DEL compare with last year.

Subheads	Description	Capital DEL			
		£ million		%	
		This year (2024-25 Main Estimates budget sought)	Last year (2023-24 Supplementary Estimate budget approved)	Change from last year	
A	Core Treasury	3.9	2.1	1.8	85%
B	Debt Management Office	0.6	0.8	-0.2	-24%
C	Government Internal Audit Agency	0.0	3.6	-3.6	-100%
K	National Infrastructure Commission	0.7	0.7	0.0	0%
M	UK Infrastructure Bank (Net)	11.8	0.0	11.8	n/a
	total voted	17.1	7.3	9.8	135%

Differences of more than 10% which are more than £10.0m are explained below.

Section M: UK Infrastructure Bank

The increase in CDEL from 2023-24 supplementary estimate to the 2024-25 main estimate reflects the Bank's expected move to a new Head Office in Leeds, necessary to support the current and future workforce. Recognition of a new lease agreement under IFRS 16 creates a non-cash Capital budget requirement.

Resource AME

The table below shows how spending plans for resource AME compare with last year.

Subheads	Description	Resource AME			
		£ million		%	
		This year (2024-25 Main Estimates budget sought)	Last year (2023-24 Supplementary Estimate budget approved)	Change from last year	
O	Core Treasury (AME)	-11.9	-9.5	-2.4	-25.3%
P	Debt Management Office	4.0	4.4	-0.4	-9.7%
Q	UK circulating coinage	12.5	13.5	-1.0	-7.4%
-	Royal Mint Dividend	0.0	-4.4	4.4	-100.0%
R	Assistance to financial institutions, businesses and individuals	51,300.0	62,806.4	-11,506.4	-18.3%
S	Royal Household (Net)	89.8	91.9	-2.2	-2.4%
T	UK Asset Resolution Limited (Net)	31.6	23.9	7.7	32.2%
U	Help to Buy schemes	7.5	5.7	1.8	31.8%
V	EU Withdrawal Agreement Financial Settlement	0.0	597.0	-597.0	-100.0%
W	Reclaim Fund Ltd (Net)	-27.6	-42.2	14.7	-34.8%
X	UK Infrastructure Bank (Net)	-16.1	45.4	-61.5	-135.4%
Y	Pool Reinsurance Company Limited (Net)	-218.1	-154.3	-63.8	41.3%
Z	Provisions	0.0	511.4	-511.4	-100.0%
AA	Royal Household Pensions	4.3	4.1	0.2	5.4%
	total voted and non-voted	51,176.1	63,893.3	-12,717.3	-19.9%

Differences of more than 10% which are more than £10.0m are explained below.

Section R: Assistance to financial institutions, businesses, and individuals

To provide budget cover for movements in the fair value of the APF derivative during the 2024-25 financial year. The APF is a subsidiary entity of the Bank through which schemes such as quantitative easing (QE) were delivered by the Monetary Policy Committee (MPC). QE is now being unwound through quantitative tightening (QT). The derivative represents the net value of the APF, which is the market value of the assets minus the liabilities held. The total movement in the value of the derivative over the financial year is made up of fair value movements (i.e. the income and expenditure) of the APF (R-AME) and the partial settlement of the liability through cash payments from HMT to the APF (C-AME). The Resource AME total doesn't reflect a near-term cash requirement on HMT.

We have maintained a prudent approach consistent with 2023-24 to budgeting for the APF, with cover of £51.3bn requested for movements in the fair value of the APF derivative during the 2024-25 financial year. This is informed by a forecast of the APF's 2024-25 financial position based on estimates of market conditions at the end of February 2024, with tolerance for a 1% shock to Bank Rate and gilt yields. We will review the position as part of the Supplementary Estimate later in the financial year.

Section V: EU Withdrawal Agreement financial settlement

Under the terms of the European Union (Withdrawal Agreement) Act 2020, EU Financial Settlement payments are funded through the Supply process. The Treasury held a non-cash provision of £18,595m in the 2022-23 Annual Report and Accounts for these payments. This provision is updated for the 31 March position for each subsequent reporting year. Since the estimated cost was recognised at the outset budget is only required for movements in the estimated remaining value, not for amounts falling due in year. The £597m requested in 2023-24 is therefore to provide budget cover for changes in the estimated value of the provision, resulting from movements in discount rates, exchange rates or underlying liabilities. Due to uncertainty regarding the provision movement in 2024-25 no budget has been requested through the Main Estimate. This will be reviewed at Supplementary.

Information on the EU Financial Settlement provision, any movements, and the total paid during the financial year will be included in the HM Treasury Annual Report and Accounts for the relevant period. The latest overall net estimate of the Financial Settlement can be found in the Treasury's EU Finances Statement 2023. This includes payments to the EU as well as receipts. This will be updated and published annually.

Section W: Reclaim Fund Ltd (Net)

Reclaim Fund Limited ('RFL') commenced operations in 2011, following the enactment of the Dormant Bank and Building Society Accounts Act 2008 ('The Act') and its receipt of regulatory authorisation to act as a reclaim fund. Dormant Assets that are transferred into the scheme as part of The Act are managed to meet future reclaims and enable surplus funds to be distributed to specialist organisations to benefit social and environmental initiatives across the UK. RFL's net Income and Expenditure is reported under Resource AME. A budget of -£27.6m is requested which represents the forecast retained surplus. This is a reduction on 2023-24 because of a decrease in expected income from scheme participants.

Section X: UK Infrastructure Bank

Resource AME reflects the anticipated income from the Bank's investments. The increase in Resource AME from 2023-24 supplementary estimate to 2024-25 mains estimate reflects the Bank's growing investments. The actual income generated across the portfolio will vary dependent on the type of transaction.

Section Y: Pool Reinsurance Company Limited (Net)

Pool Re is a mutual reinsurance company providing businesses with terrorism cover for physical damage and business interruption to commercial property in Great Britain. Pool Re holds an investment fund, available to pay claims in the event of an act of terrorism, that has been built up from premium ceded by its members and subsequent investment growth. Included within its net operating result, Pool Re's Resource AME budget provides for investment income and movements in the fair value of its investment fund. The significant increase in forecast income when compared to 2023-24 relates to an increase in budgeted investment returns.

Section Z: Provisions

Core Treasury and its Agencies, excluding the EU Financial Settlement, had £731m of provisions on 31 March 2023. These relate to the Equitable Life Payments Scheme (ELPS), Oil & Gas, and Help to Buy ISA. Any movement in these provisions will impact HMT's Resource AME. This includes amounts provided in-year, including for any new provisions, utilisation of the provision, and the impact of any movement in discount rates. A budget for provisions will be included at Supplementary once further information, including revised discount rates, become available.

Capital AME

The table below shows how spending plans for capital AME compare with last year.

Subheads	Description	Capital AME			
		£ million		%	
		This year (2024-25 Main Estimates budget sought)	Last year (2023-24 Supplementary Estimate budget approved)	Change from last year	
R	Assistance to financial institutions, businesses, and individuals	54,000.0	44,548.9	9,451.1	21.2%
S	Royal Household (Net)	5.6	2.9	2.7	95.9%
U	Help to Buy schemes	144.0	150.0	-6.0	-4.0%
V	EU Withdrawal Agreement Financial Settlement	-260.7	-260.0	-0.7	0.3%
W	Reclaim Fund Ltd (Net)	124.1	- 60.0	184.1	-306.9%
X	UK Infrastructure Bank (Net)	4,324.5	1,200.0	3,124.5	260.4%
Y	Pool Reinsurance Company Limited (Net)	-148.9	125.0	-273.9	-219.1%
-	Sale of Shares	-	-1,422.4	1,422.4	-100.0%
	total voted and non-voted	58,188.6	44,284.4	13,904.2	31.4%

Differences of more than 10% which are more than £10.0m are explained below.

Section R: Assistance to financial institutions

The Capital AME budget for Assistance to financial institutions is for payments to the Bank of England (Bank) for the APF. The Indemnity agreement between HMT and the Bank of England requires that any excess funds held by the APF are transferred to HMT to manage Government's cash more effectively. Between 2012 and 2022 the APF transferred circa £124 billion to HMT from interest payments on purchased gilts net of interest and other costs. This cash flow has now reversed, as was expected as QE was unwound, and gilts sold back into the market.

The cashflows between HMT and the APF covers cash shortfalls arising from Net Interest (coupon income on the APF portfolio net against interest charged at Bank Rate on the APF loan) and profits or losses from assets being sold or redeemed (which is determined by market conditions and the unwind strategy set by the MPC). The requested budget of £54.0bn is informed by a forecast of the APF's 2024-25 financial position based on estimates of market conditions at the end of February 2024, with tolerance for a 1% shock to Bank Rate and gilt yields.

The future financial position of the APF is highly uncertain and will be determined by the future path for Bank Rate and gilt prices as well as the independent Monetary Policy Committee's (MPC) approach to sales.

Section W: Reclaim Fund Ltd

The capital budget for RFL covers the net of purchases and disposals of individual investment securities and any property, plant, equipment, and computer software additions. RFL expects to be in a net purchase position in 2024-25.

Section X: UK Infrastructure Bank

Capital AME reflects anticipated cash drawdowns on UKIB's investment commitments. The increase from 2023-24 supplementary estimate to the 2024-25 main estimate reflects the growth of the Bank investments, with drawdowns on existing commitments as well as estimated draws on new commitments expected to be entered into during 2024-25. Actual drawdowns will vary by sector and type and are bespoke to an individual investment.

Section Y: Pool Reinsurance Company Limited (Net)

As stated above, Pool Re holds a significant investment fund, built up by its members and available to pay claims in the event of an act of terrorism. The Capital AME budget covers net acquisitions and disposals of investment securities. Pool Re expects to be in a net disposal position in 2024-25.

Formerly Section S: Sale of Shares

The government remains committed to fully disposing of its shareholding in NatWest Group by 2025-26, subject to market conditions and any sale achieving value for money. As in preceding years, due to potential market sensitivity, no budget for forecast future income is included within the Main Estimate. If required at Supplementary, the Capital AME budget will be updated to reflect income earned for the financial year to date.

2.2 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e., savings in these budgets may not be used to fund pressures on other budgets.

Ring fenced budgets	Amounts sought this year	Compared to final budget last year		Compared to original budget last year	
	(Main Estimate 2024-25)	(Supplementary Estimate 2023-24)		(Main Estimate 2023-24)	
	£ m	£ m		£m	
Resource DEL					
UK Infrastructure Bank*	69.4	10.8	18.4%	0.5	0.7%
Depreciation	9.3	-2.5	-21.0%	-2.5	-21.0%
ODA	4.3	0.1	2.4%	0.1	2.4%
Counter terrorism	0.2	0.0	0.0%	0.0	0.0%
Capital DEL					
UK Infrastructure Bank	11.8	11.8	n/a	11.0	1375.0%

*Including UK Infrastructure Bank depreciation (£2.2m)

2.3 Changes to contingent liabilities

As part of the Main Estimates, the accuracy and completeness of Part III Note K: Contingent Liabilities has been reviewed. Where necessary, disclosures have been updated to provide the latest available information, including to the value of the liability.

There are no new contingent liabilities arising since the publication of the 2023-24 Supplementary Estimates, and no contingent liabilities have been removed.

2.4 Details of the coverage of each Estimate section

Section A Core Treasury - covers the administrative costs of the Treasury's core business, formulating and implementing the Government's financial and economic policies. It also covers core Treasury programme costs including the printing of Budgets and Estimates, conferences, and accommodation costs.

Section B Debt Management Office (DMO) - covers running costs of the DMO, an executive agency of the Treasury specialising in the delivery of treasury management services and related policy advice to central government. It incorporates the Public Works Loan Board (PWLB) and the Commissioners for the Reduction of the National Debt (CRND). The main objective of the PWLB is to lend capital sums to and collect repayments from local authorities and thereby minimise local authorities' cost of borrowing. The main objective of the CRND is to provide a fund management service to public sector clients.

Section C Government Internal Audit Agency (GIAA) - GIAA reviews the functions and activities of government and public sector organisations, assessing their efficiencies and risks and making recommendations for improvement to add value to public services and

improving how effectively organisations provide them. The majority of GIAA's costs are funded by income from those organisations using their services.

Section D UK Asset Resolution Limited (Net) - UKAR is responsible for meeting the contractual obligations and managing the remaining liabilities and other strategic matters arising out of the Government's former ownership of NRAM Ltd (NRAM), Bradford & Bingley (B&B), Mortgage Express (MX) and their respective subsidiaries following their sale. This section covers their administrative costs.

Section E Office for Budget Responsibility (Net) - The OBR covers the costs of salaries and accommodation and is paid as a grant in aid. The OBR was created to provide independent and authoritative analysis of the public finances. This includes producing forecasts for the economy and public finances, judging progress towards the Government's fiscal targets, assessing the long-term sustainability of the public finances, and scrutinising the Treasury's costing of Budget measures.

Section F IUK Investments Limited (Net) and Section G IUK Investments Holdings Limited (Net) - set up to look after a number of government's Private Finance investments.

Section H HM Treasury UK Sovereign SUKUK plc (Net) – the special purpose vehicle created to enable the issue of sovereign Sukuk, the Islamic equivalent of a bond.

Section I Royal Mint Advisory Committee on the design of coins (RMAC) (Net) – the RMAC became a Treasury body in January 2010 under arrangements for vesting the Royal Mint. The committee makes recommendations to the Chancellor on the design of new coins. The expenses of the Committee are met by the Royal Mint and no grant-in-aid payment is made by the Treasury.

Section J Departmental Unallocated Provision (DUP) – the DUP is departmental reserve set aside to cover spending pressures that might arise in the course of the financial year. As part of the Supplementary Estimate process any budget assigned to the DUP at Mains is transferred as required to another section of the estimate.

Section K National Infrastructure Commission - the Commission was set up to provide an impartial assessment of infrastructure needs and improve the long-term planning and delivery of infrastructure, both inside and outside of government. The Commission became an Executive Agency of the Treasury in January 2016.

Section L UK Government Investments Limited (Net) - began operating on 1 April 2016 as a government company, wholly owned by HMT. Independently managed, UKGI combines public and private sector expertise, acting as government's centre of excellence for corporate governance and corporate finance.

Section M UK Infrastructure Bank (Net) – the UKIB is a government-owned policy bank. Launched in June 2021, its mission is to partner with the private sector and local government to increase infrastructure investment across the United Kingdom.

Section N Banking and Gilts Registration Services – relates to payments from the National Loans Fund (NLF) to Computershare Investor Services plc for the management of the gilts

register and payments from the Exchange Equalisation Account (EEA) to the Bank of England for managing the EEA.

AME

Section O Core Treasury (AME) – this section covers AME spending not covered by other sections. At present the section covers the administration of the Equitable Life Payments Scheme and income from the Help to Buy Mortgage Guarantee Scheme.

Section P Debt Management Office – represents non-discretionary, demand-led issuance and transaction costs of the DMO, previously captured under RDEL Programme.

Section Q UK circulating coinage – payments to the Royal Mint for the cost of the manufacture, storage, and distribution to cash centres (banks etc) of UK coinage.

Formerly Section R Royal Mint dividend – HMT wholly owns the Public Dividend Capital of the Royal Mint Trading Fund. The dividend payable is calculated as a percentage of the Royal Mints profit for the reporting year.

Formerly Section S Sale of Shares – income from the sale of HMT’s shares in the NatWest Group.

Section R Assistance to financial institutions, business, and individuals – this section includes policies and interventions to support financial institutions, business, and individuals. The most significant element under Resource is movements in the fair value of the Bank of England Asset Purchasing Facility Fund (APF). Capital AME includes payments to the APF.

Section S Royal Household (Net) - the Sovereign Grant finances the net spending of the Royal Household, which is consolidated within HMT’s Supply Estimate. From 1 April 2013 onwards the amount of grant was equal to a prescribed percentage - initially 15% - of the Crown Estate’s surplus revenue in the financial year two years prior. In accordance with the Sovereign Grant Act 2011, the Royal Trustees (Prime Minister, Chancellor and the Keeper of the Privy Purse) reviewed the Sovereign Grant and concluded it should be temporarily increased to fund an urgent 10-year overhaul of Buckingham Palace, as announced on 18 November 2016. A statutory instrument was approved on 15 March 2017 in the House of Commons for the temporary increase of the Sovereign Grant from 15% to 25% of Crown Estate profits commencing on 1 April 2017.

Section T UK Asset Resolution Limited (Net) – UKAR is responsible for meeting the contractual obligations and managing the remaining liabilities and other strategic matters arising out of the Government’s former ownership of NRAM Ltd (NRAM), Bradford & Bingley (B&B), Mortgage Express (MX) and their respective subsidiaries following their sale.

Section U Help to Buy schemes - the Help to Buy: ISA was announced in the March 2015 Budget. Under the scheme first time buyers purchasing a property in the UK receive a 25 per cent bonus up to £3,000 on savings held within a Help to Buy ISA upon the

completion of the purchase of an eligible property. The scheme closed to new applicants in November 2019.

Section V EU Withdrawal Agreement Financial Settlement – under resource this section provides budget cover for movements in the EU Withdrawal agreement financial settlement provision, originally recognised in the HMT Annual Report and Accounts in 2019-20. Under Capital is the return of the UK's share of the paid-in subscribed capital of the European Investment Bank (EIB), due to be repaid in annual instalments until October 2031.

Section W Reclaim Fund Ltd (Net) - established in 2011 following the enactment of the Dormant Bank and Building Society Accounts Act 2008 and the completion of the regulatory regime, Reclaim Fund Ltd makes it possible for money in dormant bank and building society accounts to be used to help good causes. The Reclaim Fund has formed part of the HMT group since 2020-21. The Reclaim Fund is self-funding and no grant in aid payment will be made by the Treasury.

Section X UK Infrastructure Bank - the UKIB is a government-owned policy bank. Launched in June 2021, its mission is to partner with the private sector and local government to increase infrastructure investment across the United Kingdom.

Section Y Pool Reinsurance Company Ltd - Pool Re is a mutual reinsurance company providing terrorism cover for physical damage and business interruption to commercial property businesses in Great Britain. Pool Re pays a portion of its income to HMT as detailed in the Retrocession Agreement between HMT and Pool Re. In the event of losses exceeding Pool Re's available resources, HMT would extend Pool Re a repayable loan. Pool Re was reclassified by the ONS to Central Government in 2020 and is due to be consolidated into the HMT group accounts from 2022-23.

Section Z Provisions – represents the creation and use of DEL and AME provisions.

Section AA Royal Household Pensions – the scheme is analogous to the Principal Civil Service Pension Scheme and covers pension payments to employees paid from the Civil List prior to 1 April 2001. The gross cost of the payments is partly offset by employers and employees' contributions.

3 Priorities and performance

3.1 How spending relates to priority outcomes.

The table below shows how expenditure against each subhead contributes to the Departmental priorities set in the previous Parliament.

Priority Outcomes>>>> Estimates subheads	1: Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes	2: Level up the economy, by ensuring strong employment and increasing productivity across the regions and nations of the UK	3: Ensure the stability of the macro-economic environment and financial system
A, O	X	X	X
B	X		
C	X		
D	X		
D, T	X		X
E	X		X
F, G, H		X	
I, Q	X		
K		X	
L	X		
M, X	X	X	
N			X
R			X
S, AA	X		
U		X	
V			X
W	X		
Y			X
Z	X	X	X

3.2 Measures of performance against each priority

HMT's Outcome Delivery Plan sets out the following high-level objectives, and measures of performance, for the department:

1. Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes
 - Public Sector Net Debt (PSND) BoE as a percentage of GDP
 - Public Sector Net Borrowing (PSNB) as a percentage of GDP
2. Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK
 - UK output per hour growth (%)
 - UK and regional employment rate (%)
 - Business investment as a % of GDP
 - Gross Value Added (GVA) per hour worked (regional)
 - Gross median weekly pay (regional)
 - Economic inactivity (people aged 16-64 who are not in work or seeking work) (national)
 - 16-64 employment rates (regional)
3. Ensure the stability of the macro-economic environment and financial system
 - CPI inflation
 - GDP growth
 - Aggregate capital and liquidity ratios for the UK banking sector
 - FTSE Implied Volatility Index Series (IVI)

3.3 Commentary on steps being taken to address performance issues

HMT doesn't currently have any budget specifically for addressing performance issues. Where recommendations are made, by Internal Audit, the National Audit Office or the PAC, the work performed in response is interlinked with business as usual and is not separately budgeted for.

3.4 Major Projects

HMT is not currently implementing any major projects.

4 Other Information


4.1 Additional specific information required by the select committee

There is no specific additional information which has been requested for inclusion by the select committee.

5 Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.

A handwritten signature in black ink, appearing to read 'J. Bowler', written over a light grey rectangular background.

James Bowler

Permanent Secretary

HM Treasury

10 July 2024