



HM Treasury

HM Treasury 2022-23 Main Estimate Memorandum

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1 Overview

1.1 Priority Outcomes

HM Treasury's (HMT's) priority outcomes, which were published as part of the 2021 Spending Review and will be published in the Department's Outcome Delivery Plan, are as follows:

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

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 £366.6m, 2022-23

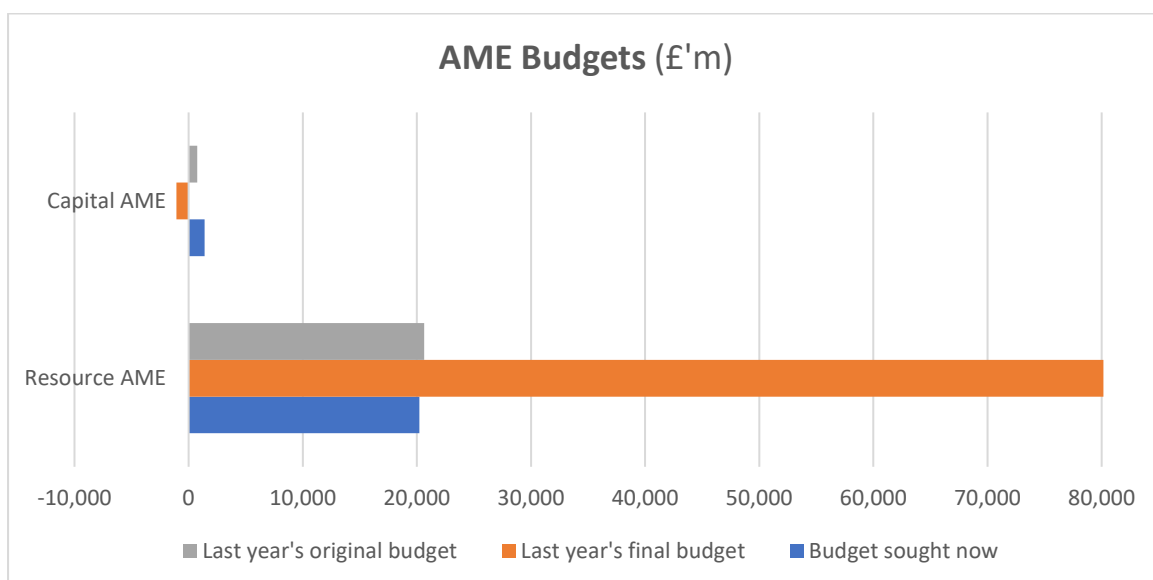
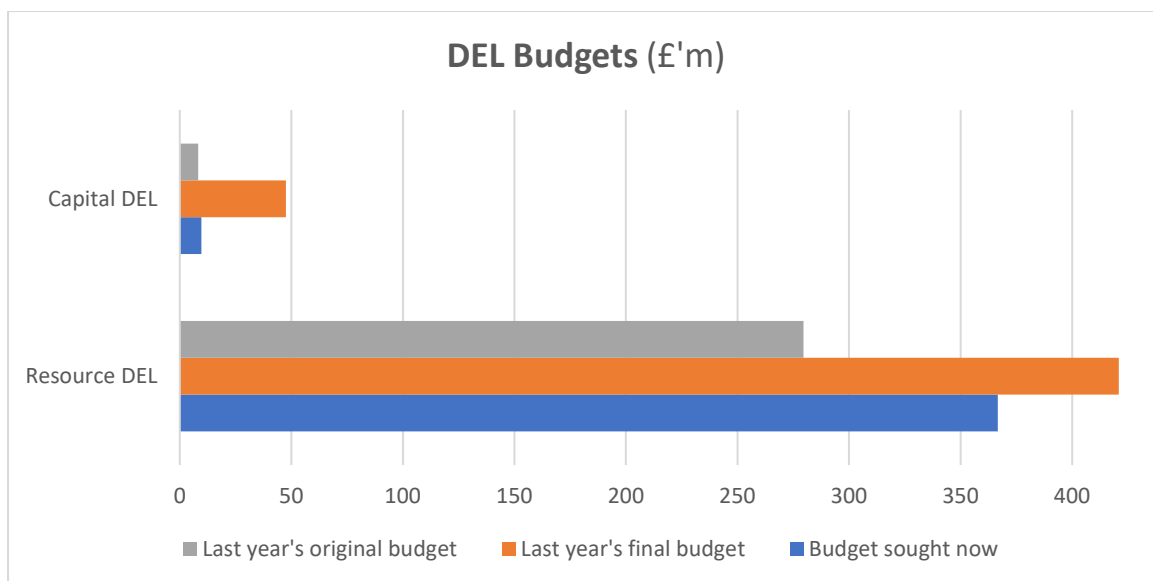
■ Core Treasury ■ Agencies ■ ALBs ■ Non-voted



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 2022-23)		Compared to final budget last year (Supplementary Estimate 2021-22)		Compared to original budget last year (Main Estimate 2021-22)	
		£ m	%	£m	%
Resource DEL	366.6	-55.0	-13.04%	+87.1	+31.16%
Capital DEL	9.7	-37.9	-79.62%	+1.4	+16.87%
Resource AME	20,210.4	-66,365.9	-76.66%	-428.8	-2.08%
Capital AME	1,408.1	+2,476.6	n/a	+662.8	+88.93%



1.5 Key drivers of spending changes since last year

HMT's 2022-23 Resource DEL spending plans are in line with the budget agreed at the 2021 Spending Review (SR2021), with additional funding included for the UKIB. The 2021-22 final budget increase was primarily due to payments under the London Capital & Finance (LCF) Compensation Scheme (£117.4m) as well as £65.4m funding to support the Department's policy response to the COVID pandemic. Fluctuations in Resource AME spending plans are predominantly driven by the budget for movements in the fair value of the Bank of England Asset Purchase Facility Fund (BEAPFF) derivative.

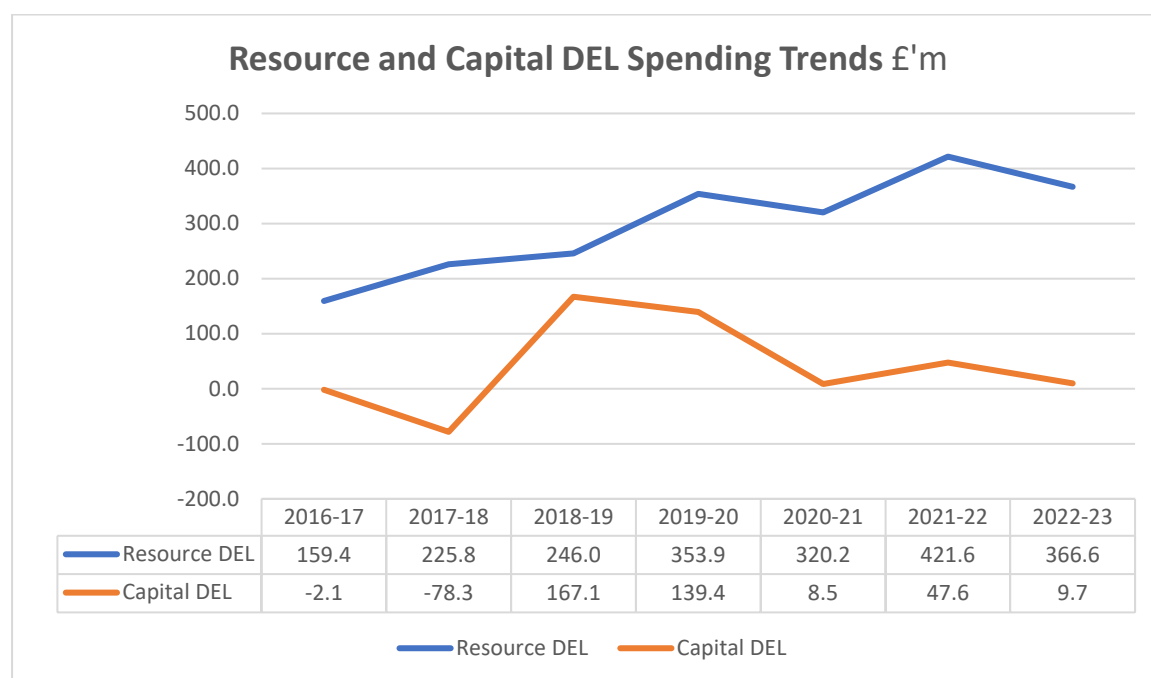
1.6 New policies and programmes; ambit changes

The ambit has been reviewed to ensure it clearly articulates all areas of HM Treasury's expenditure and income. Both the DEL and AME ambits include reference to expenditure relating to UK Asset Resolution Ltd, which has been partially reclassified to DEL. After the

sale of B&B and NRAM in 2021/22, the Public Spending Group within HMT determined that the operational costs of UKAR be classified as RDEL, with any other expenditure, including any of the potentially sizeable claims made against warranties and indemnities, or payments to the pension schemes, remaining in AME. It was agreed this should come into effect in the financial year following completion of the asset sale.

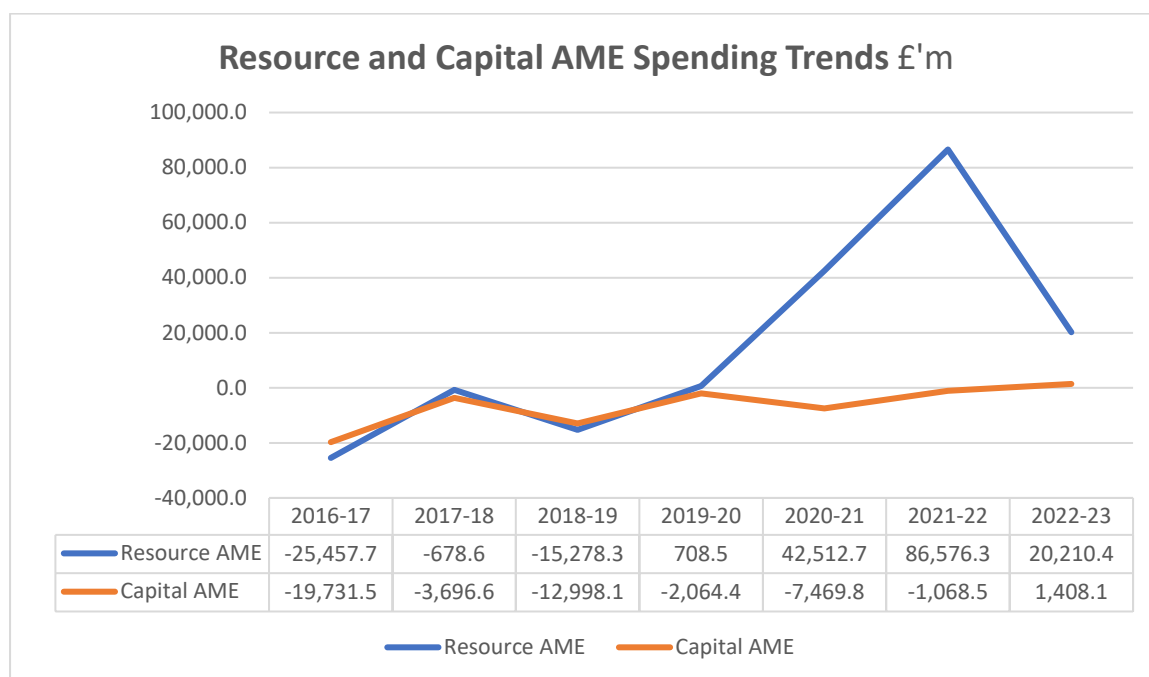
1.7 Spending trends

The charts below show overall spending trends for the last five years and plans presented in Estimates for 2021-22 and 2022-23. Negative figures denote income.



- **Resource DEL** – Total Resource DEL expenditure has increased over the reported period. This, in part, reflects an increase in the number of staff within the Department, particularly in recent years in order to respond to the exceptional pressures of EU Exit and the COVID pandemic. It is also partially attributable to Reserve Claims under the Oil and Gas Decommissioning scheme, which account for a significant amount of expenditure in 2020-21 (£49m) and the preceding three years (2017-18: £43m, 2018-19: £43m, 2019-20: £54m). These were reclassified to Resource AME in 2021-22. A further £117.4m of costs were incurred in 2021-22 to fund the payments of the London Capital & Finance (“LCF”) compensation scheme. For 2022-23, £71.1m of new expenditure is included for the UKIB.
- **Capital DEL** – the trough in 2017-18 resulted from the sale of Eurostar shares and the repayment of the Greater Manchester Waste loan respectively. The peak in 2018-19 arises from the inclusion of the Digital Infrastructure Investment Fund (DIIF) and the Charging Infrastructure Investment Fund (CIIF). The subsequent decrease in 2020-21 was as a result of the CIIF and DIIF being reclassified to Capital AME. In 2021-22, £41.8m was included for a potential intervention to restructure a financial liability

held on HMT's balance sheet, to preserve value for the Exchequer which was unused. In 2022-23, the £9.7m budget partially covers planned investment in the Darlington Economic Campus.



- Resource AME – the general volatility arises from changes in the fair value of the BEAPFF derivative and from 2019-20 the inclusion of a provision for the EU Withdrawal Agreement financial settlement.
- Capital AME – the differences between years arise from changes in the level of UK Asset Resolution asset sales and Lloyds/ NatWest Group share sales. The proposed increase in 2022-23 reflects the activity of the UKIB.

1.8 Administration costs and efficiency plans

The 2022-23 Mains budget for administration costs is 23% higher than the final budget for 2021-22, and 35% higher than the 2021-22 Mains budget. The increase on the 2021-22 original budget is primarily due to funding the running costs of the UKIB.

Spending total Amounts sought this year (Main Estimate 2022-23)		Compared to final budget last year (Supplementary Estimate 2021-22)		Compared to original budget last year (Main Estimate 2021-22)	
		£ m	%	£m	%
Administration costs	360.1	+67.6	23.1%	+93.7	35.2%

1.9 Funding: Spending Review and Budgets

The levels of DEL funding for HMT for 2022-23 are based on plans published in SR21 for the department. Since that time, the Government has made changes to 2022-23 spending plans. These changes are as follows:

RDEL

- A Reserve Claim of £71.1m for the UKIB, further information on which is provided throughout this document.
- £0.7m for accounting adjustments in respect of International Financial Reporting Standard (IFRS) 16 – Leases which requires operating leases to be reported on balance sheet as assets and liabilities. An exercise was led by the Public Spending Group in HMT to adjust all Departmental budgets for the impact of the adoption of this Standard.

CDEL

- A Reserve Claim of £1.3m for the UKIB, further information on which is provided later in this document.
- £1.2m for accounting adjustments in respect of IFRS 16 – Leases, with any budget change as a result of the exercise detailed above.

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			
		£ million			
		This year (2022-23 Main Estimates budget sought)	Last year (2021-22 Supplementary Estimates budget approved)	Change from last year	
A	Core Treasury	229.2	342.8	-113.6	-33%
B	Debt Management Office	22.6	23.0	-0.4	-2%
C	Government Internal Audit Agency	6.7	2.7	+4.0	+146%
D	Office of Tax Simplification	1.1	1.1	0	0%
E	UK Asset Resolution Limited (net)	5.4	0.0	+5.4	n/a
F	Office for Budget Responsibility	4.3	4.5	-0.2	-4%
G, H, I, J	HMT owned companies with token £1k provision	0.0	0.0	0	n/a
K	Departmental Unallocated Provision	2.5	0.0	+2.5	n/a
L	National Infrastructure Commission	5.1	5.0	+0.1	+2%
M	UK Government Investments Limited	16.4	22.4	-6	-27%
N	UK Infrastructure Bank (net)	71.1	18.0	+53.1	+295%
O	Banking and gilts registration services (Non-voted)	2.2	2.1	+0.1	+5%
	total voted and non-voted	366.6	421.6	-54.9	-13%

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

Section A: Core Treasury

Spending plans for core Treasury have decreased by £107.4m (net) when compared to the final budget for 2021-22.

- Core Treasury Resource DEL administration costs in 2021-22 included £65.4m of funding to support the Departments' policy response to the COVID pandemic and to capitalise on its new sovereign responsibilities arising from EU Exit. Funding for these has been included in the SR2021 settlement to ensure that HM Treasury is equipped to fulfil its role of delivering its priority outcomes.

- In 2020-21 a Reserve Claim of £117.4m for the London Capital & Finance Compensation Scheme, with authority from the (London Capital & Finance plc and Fraud Compensation Fund) Act 2021 (c. 29).

Section N: UK Infrastructure Bank

A budget of £71.1m has been included for the operational costs of the UK Infrastructure Bank (UKIB). The UKIB was announced as part of the National Infrastructure Strategy, published in November 2020. At Budget 2021, HMT published a Policy Design Document¹ for the bank. This set out its initial capitalisation, which consists of £12bn of capital to enable lending and investment plus the authority to issue up to £10bn of guarantees.

Capital DEL

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

Subheads	Description	Capital DEL			
		£ million			
		This year (2021-22 Main Estimates budget sought)	Last year (2020-21 Supplementary Estimates budget approved)	Change from last year	
A	Core Treasury	6.9	46.0	-39.1	-85%
B	Debt Management Office	0.8	0.8	0.0	0%
C	Government Internal Audit Agency	0.1	0.0	+0.1	n/a
L	National Infrastructure Commission	0.7	0.7	0.0	0%
N	UK Infrastructure Bank	1.3	0.0	+1.3	n/a
	total voted	9.8	47.5	-37.7	-79%

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

Section A: Core Treasury

In 2021-22, £41.8m was included for a potential intervention to restructure a financial liability held on the balance sheet of HM Treasury, in order to preserve value for the Exchequer. This was unused and is non-recurrent.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/966131/UKIB_Policy_Design.pdf

Resource AME

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

Subheads	Description	Resource AME			
		£ million			
		This year (2022-23 Main Estimates budget sought)	Last year (2021-22 Supplementary Estimates budget approved)	Change from last year	
P	Core Treasury (AME)	0.7	69.1	-68.4	-99%
Q	UK coinage	29.0	16.0	+13.0	+81%
R	Royal Mint Dividend	-3.2	-2.2	-1.0	45%
S	Assistance to financial institutions	20,000.0	80,573.0	-60,573.0	-75%
T	Royal Household (Net)	105.3	110.4	-5.1	-5%
U	UK Asset Resolution Limited (Net)	31.1	118.6	-87.5	-74%
V	Help to Buy (HMT) Limited (Net)	-36.0	-92.5	+56.5	+61%
W	Help to Buy ISA	7.3	6.6	+0.7	+11%
X	EU Withdrawal Agreement Financial Settlement	0.0	5,585.0	-5,585.0	-100%
Z	UK Infrastructure Bank (Net)	22.3	116.1	-93.8	-81%
AA	Pool Reinsurance Company Limited (Net)	0.0	0.0	0.0	0%
AB	Provisions	50.0	72.5	-22.5	-31%
AL	Royal Household Pensions (Non- voted)	3.9	3.7	+0.2	5%
	total voted and non-voted	20,210.4	86,576.3	-66,365.9	-77%

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

Section P: Core Treasury

At the Supplementary Estimate in 2021-22, cover of £56.6m was required in relation to the Oil and Gas Decommissioning Relief Deeds (DRD). Since a forecast of the likely claims to be made under the DRD scheme is not available at the beginning of the financial year, nothing is included for the Main Estimate 2022-23. The remaining difference of £10.5m from the 2021-22 Supplementary Estimate was required to impair several fixed assets as a result of the transfer of 1 Horse Guards Road to the administrative control of the Government Property Agency.

Section S: Assistance to financial institutions

Budget cover for a potential decrease in the fair value of the Bank of England Asset Purchase Facility Fund (BEAPFF) of £20,000.0m non-cash. The fair value of the BEAPFF derivative represents the best estimate of the amount due to HMT from the Bank of England on settlement of the scheme. It is arrived at by calculating the difference between the fair value of the assets as at the reporting date, less the associated liabilities. Budget cover of £80,000.0m was sought at the Supplementary Estimate 2021-22. Movements in fair value continue to be difficult to forecast.

Section U: UK Asset Resolution

The final budget for 2021-22 was to cover an adjustment in relation to the accounting treatment for the UKAR Group's deferred tax liabilities in respect of its funded defined benefit pension schemes. The requested budget for 2022-23 covers residual pension and provision liabilities.

Section V: Help to Buy (HMT) Limited

As part of the 2021 Budget the Chancellor announced a new UK-wide mortgage guarantee scheme. The scheme launched in 2021 since initial forecasts, projected income has been adjusted down based on more up-to-date estimates reflecting current lender activity through the scheme, which is set to end on 31 December 2022. HM Treasury holds a Contingent Liability in relation to the scheme in its accounts.

Section X: 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 had a non-cash provision of £36,300.0m in the 2020-21 Annual Report and Accounts for liabilities that could crystallise as cash payments after 31 March 2021. This provision is updated at 31 March for each subsequent reporting year, with the £5,585.0m requested in 2021-22 budget cover for provision movements. Due to uncertainty regarding the likely provision movement at 31 March 2023 no budget has yet been requested for 2022-23.

Since a provision has been created for the payments, no further budget is required. 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 2020². This includes payments to the EU but also receipts. This will be updated and published later this year.

² <https://www.gov.uk/government/statistics/european-union-finances-statement-2020>

Section Z: UK Infrastructure Bank

The 2021-22 budget of £116.1m reflected the valuation of the Expected Credit Loss (ECL) across the schemes in the UK Guarantee Portfolio, which is calculated and included in the Supplementary Estimate annually. The budget at the Main Estimate reflects the best estimate, on a net basis, for ECLs and similar provisions and interest income from various investments.

Section AB: Provisions

HMT had £2,300.0m of provisions on 31 March 2021 excluding the EU Financial Settlement. These relate to Equitable Life, Oil & Gas, and Help to Buy. The budget of £72.5m requested through the Supplementary Estimate process in 2021-22 was to cover forecast provision movements which impact Resource AME. This includes any required increase to the provision, utilisation of the provision, and the impact of any movement in discount rates. £50m is included at the Main Estimate, to be refined at the Supplementary Estimate 2022-23.

Capital AME

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

Subheads	Description	Capital AME			
		£ million			
		This year (2021-22 Main Estimates budget sought)	Last year (2020-21 Supplementary Estimates budget approved)	Change from last year	
S	Assistance to financial institutions	0.0	87.3	-87.3	-100%
T	Royal Household (Net)	8.1	4.0	+4.1	103%
W	Help to Buy: ISA	180.0	204.0	-24.0	-12%
X	EU Withdrawal Agreement Financial Settlement	-265.0	-252.9	-12.1	5%
Y	Reclaim Fund Ltd (Net)	129.2	0.2	+129.0	64500%
Z	UK Infrastructure Bank (Net)	1,355.8	852.5	+503.3	59%
	<i>Sale of Shares</i>	0.0	-1,963.6	+1,963.1	n/a
	total voted and non-voted	1,408.1	-1,068.5	+2,476.6	232%

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

Section S: Assistance to financial institutions

The budget in 2021-22 of £87,250,000 provided cover for Countesswells Development Limited (CDL) which was 100% guaranteed by HMT under the UK Guarantee scheme. For 2022-23, there is no expectation for a similar budget requirement for any other guarantees.

Section W: Help to Buy: ISA

Expenditure for the Help to Buy ISA has been set to pre-pandemic levels at £180m per annum with the temporary reduction in Stamp Duty Land Tax (SDLT) having ended (which caused the increase in 2021-22) and the housing market settling to reflect seasonal trends.

Section Y: Reclaim Fund Ltd

Previous capital budget provision for Reclaim Fund Ltd (RFL) covered any property plant and equipment additions. Whilst the net of purchases and disposals of individual investment securities scored against Capital budgets alongside, this was always assumed to be negligible on a net basis. The Dormant Assets Act 2022 expanded the scope of assets included, meaning that RFL should expect to receive additional cash for investment in 2022-23, with the net purchases estimated at £129m. This is an exceptional budget increase in response to a change in legislation.

Section Z: UK Infrastructure Bank

2022/23 will be the first full financial year in which the Bank has been operational. Estimates for 2021-22 were driven in part by payments under legacy commitments (such as the Charging Infrastructure Investment Fund) as well as early estimates for deals in the pipeline. The 22/23 Business Plan commitment of £1.36bn represents c.50% of forecast future years annual commitment, reflecting that the Bank is still growing as an institution.

Formerly Section S: Sale of Shares

On 12 August 2021, the government launched a trading plan to gradually sell down part of the remaining Natwest Group (NWG) shareholding. The trading plan will run for a maximum of 12 months, terminating no later than 11 August 2022.

Due to potential market sensitivity, nothing was included in the Main Estimate for 2021-22 and a figure for total proceeds, from all sales of NWG shares, up to the end of December 21 (£1,963.6m) was included in the Supplementary Estimate for 2021-22.

For the same reason, no estimated figure for total proceeds in 2022-23 is included in the Main Estimate.

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 (Main Estimate 2022-23)	Compared to final budget last year (Supplementary Estimate 2021-22)			Compared to original budget last year (Main Estimate 2021-22)	
	£ m	£ m			£m	
Resource DEL						
UK Infrastructure Bank	71.1	+50.7	+249%		+50.7	+249%
Depreciation	13.8	+9.3	+207%		+7.9	+134%
ODA	5	+2.0	+67%		+2.0	+67%
Counter terrorism	0.2	n/a	n/a		n/a	n/a
Capital DEL						
UK Infrastructure Bank	1.3	n/a	n/a		n/a	n/a
IFRS 16 - new leases	1.2	n/a	n/a		n/a	n/a

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 2021-22 Supplementary Estimates. Six Contingent Liabilities have been removed. Three relating to the sales of B&B and NRAM that, following the sale of UKAR's residual assets, have now been closed. One relates to eligible claims under the Financial Services Compensation Scheme (FSCS) which is no longer part of HMT Group. The final two relate to the Withdrawal Agreement which is now implemented.

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 United Kingdom Debt Management Office (DMO). The DMO is 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 Office of Tax Simplification (OTS) – the OTS is jointly funded by the Treasury and HMRC. Spending represents the running costs of the Office which was created in July 2010 to provide the Government with independent advice on simplifying the tax system.

Section E UK Asset Resolution Limited - UKAR was established on 1 October 2010 as a holding company for the businesses of B&B and NRAM. The core objective of UKAR was to maximise value for taxpayers through the prudent management of NRAM's and B&B's closed mortgage books, while treating all stakeholders fairly. The sale of UKAR's residual asset portfolios and legal entities completed in 2021-22. UKAR remains in government

ownership, with some residual responsibilities which are detailed below in the AME section. The decision was taken to reclassify these administrative costs to DEL.

Section F Office for Budget Responsibility (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 G IUK Investments Limited and Section H IUK Investments Holdings Limited - set up to look after the government’s Private Finance investments.

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

Section J Royal Mint Advisory Committee on the design of coins (RMAC) – the RMAC became a Treasury body in January 2010 under arrangements for vesting the Royal Mint. The committee has around a dozen members and usually meets two or three times a year to make 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 K 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 L 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 M UK Government Investments Limited - in May 2015 the Chancellor announced that the Shareholder Executive (ShEx) and UK Financial Investments (UKFI) would to be brought together under a single holding company, UK Government Investments (UKGI). UKFI ceased to operate on 31 March 2018 and UKGI assumed responsibility for its legacy operations with effect from 1 April 2018.

Section N UK Infrastructure Bank – the DEL budget is for the running costs of the UK Infrastructure Bank.

Section O 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 P 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 the No-Interest Loans scheme.

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

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.

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

Section T Royal Household - 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 U UK Asset Resolution Limited – UKAR remains in government ownership, responsible for meeting contractual obligations to the buyer, sponsoring legacy defined benefit schemes for B&B and NRAM and administering other non-loan assets and liabilities.

Section V Help to Buy (HMT) Limited – this body's spending relates to the 2013 and the newly launched 2021 Mortgage Guarantee Schemes, which are funded through guarantee fees charged to lenders. The expectation is that these fees will offset spending.

Section W Help to Buy ISA - the Help to Buy: ISA was announced in the March 2015 Budget. Under the scheme first time buyers purchasing a property in the UK will be able to save up to £200 per month in a Help to Buy: ISA and receive a bonus of up to £3,000. The bonus amount is calculated as 25 per cent of the balance in the buyer's Help to Buy: ISA, (with a minimum of £400 and capped at £3,000) with the bonuses being paid upon the completion of the purchase of an eligible property. The scheme has been available since December 2015 and the first homes to be acquired using it were purchased in February 2016. The scheme closed to new applicants in November 2019.

Section X EU Withdrawal Agreement Financial Settlement - EU financial settlement payments will be paid from the Consolidated Fund Standing Service until 31st March 2021, after which they will be funded through the HMT supply process. This section provides budget cover for movements in the EU Withdrawal agreement financial settlement provision as recognised in the HMT Annual Report and Accounts 2019-20. This section also includes the return of the UK's paid-in capital from the European Investment Bank (EIB) which is due to be repaid in annual instalments until October 2031.

Section Y 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. Following ONS classification to the public sector the Reclaim Fund will form part of the HMT group from 2020-21. The Reclaim Fund is self-funding and no grant-in-aid payment will be made by the Treasury.

Section Z UK Infrastructure Bank – funding for the Investment activities of the UK Infrastructure Bank. Further details about the Bank, including the rationale for its establishment and initial areas of focus are included in the published UK Infrastructure Bank Policy Design document.

Section AA Pool Reinsurance Company Ltd - Pool Re's purpose is to enable the UK insurance market to underwrite terrorism risk to ensure terrorism cover is available to any commercial property that requires it. Pool Re was reclassified by the ONS to Central Government and is due to be consolidated into the HM Treasury group accounts for the first time in 2021-22.

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

Section AC 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 Departmental priorities.

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, P	X	X	X
B	X		
C	X		
D	X		
E, U	X		X
F	X	X	X
G, H, L, N, Z	X	X	
I			
J, Q, R, S	X	X	X
M		X	X
T, AM	X		
V, W			X
X			X
Y	X		
AA			X
AB			X
AC			X

3.2 Measures of performance against each priority

HM Treasury's priority outcomes and measures of performance have been reviewed as part of the 2020 Spending Review, and will be published in the Spring as part of the Department's Outcome Delivery Plans:

1. Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes.
 - Public sector net debt (excluding the Bank of England) as a percentage of GDP
 - Public sector current budget deficit as a percentage of GDP
 - Cyclically adjusted Net Borrowing as a percentage of GDP
2. Level up the economy, by ensuring strong employment and increasing productivity across the regions and nations of the UK.
 - Employment rate – UK and regional (16–64-year-olds)
 - Business investment as percentage of GDP
 - UK output per hour growth (per cent)
 - Economic performance of all functional economic areas relative to their trend growth rates
3. Ensure the stability of the macro-economic environment and financial system.
 - GDP Growth (per cent)
 - CPI Inflation (per cent)
 - Aggregate capital ratio for the UK banking sector (using CET1 capital ratios)

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.

Tom Scholar

Permanent Secretary

HM Treasury

04 May 2022