



# Treasury Committee

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James Bowler CB  
Permanent Secretary  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ  
Via email

13 May 2024

Dear James,

## **2023-24 Supplementary Estimates**

I am writing to you with regard to the [2023-24 Supplementary Estimates](#) published by HM Treasury on 27 February 2024. The Committee has questions regarding some of the movements in the supplementary estimates for HM Treasury, and also on the explanatory narrative provided in the [estimate memorandum](#) which the Committee published on 12 March 2024.

### ***Asset Purchase Facility (APF)***

The supplementary estimate memorandum stated:

We have reviewed our approach to budgeting for Resource AME (Annually Managed Expenditure) movements, updating our methodology to ensure cash payments are adjusted for, since these will have a significant impact on the total derivative movement in 2023/24... This methodology change, along with movements in gilt yields over the year, has resulted in a requested increase to the Asset Purchase Facility (APF) resource AME budget of £47.0bn.<sup>1</sup>

1. Can you please explain what specifically has changed in HM Treasury's approach to budgeting for Resource AME movements relating to the APF, and why a change of methodology was necessary this year?
2. What impact has this change of methodology had on budgeted losses on the APF derivative during 2023-24, and what proportions of the additional £47 billion resource AME requested at the supplementary estimate resulted from the (i) methodology change and from (ii) movements in gilt yields respectively?

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<sup>1</sup> [committees.parliament.uk/publications/43787/documents/217329/default/](https://committees.parliament.uk/publications/43787/documents/217329/default/), p.12

### *Movements in provisions*

HM Treasury has requested an additional £511.4 million Resource AME at the supplementary estimate, primarily to cover potential increases in provisions for future cash outflows under the Help to Buy ISA programme (£247 million) and the oil and gas decommissioning relief deeds programme (£268.5 million).<sup>2</sup>

3. The latest reported valuations of these two provisions in the 2022-23 HM Treasury Annual Reports and Account were £438 million (for Help to Buy ISA) and £82 million (for Oil and Gas),<sup>3</sup> therefore the increases requested at the supplementary estimate would be for 56% and 327% year-on-year respectively. Can you provide further explanation as to why HM Treasury has budgeted for such significant increases in these provisions in 2023-24?

### *Tax infraction fine*

4. HM Treasury requested an additional £27.8 million Resource DEL at the supplementary estimate to cover payment of a tax infraction fine to the EU.<sup>4</sup> Can you please explain to the Committee what this fine relates to and why HM Treasury has taken responsibility for paying it?

I would be grateful for answers to these questions by the earlier of 24 May or the publication of the 2024-25 main estimates.

In line with our usual practice, this letter, and your reply, will be published by the Committee.

With best wishes,



**Dame Harriett Baldwin MP**  
**Chair of the Treasury Select Committee**

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<sup>2</sup> [committees.parliament.uk/publications/43787/documents/217329/default/](https://committees.parliament.uk/publications/43787/documents/217329/default/), p.13

<sup>3</sup> [HMT\\_ARA\\_2022-23.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/HMT_ARA_2022-23.pdf), p.256

<sup>4</sup> [committees.parliament.uk/publications/43787/documents/217329/default/](https://committees.parliament.uk/publications/43787/documents/217329/default/), p.5