



# HM Treasury 2021-22 Supplementary Estimate Memorandum

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# 1 Overview

## 1.1 Objectives

HM Treasury's (HMT's) objectives, as set out in its published 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.

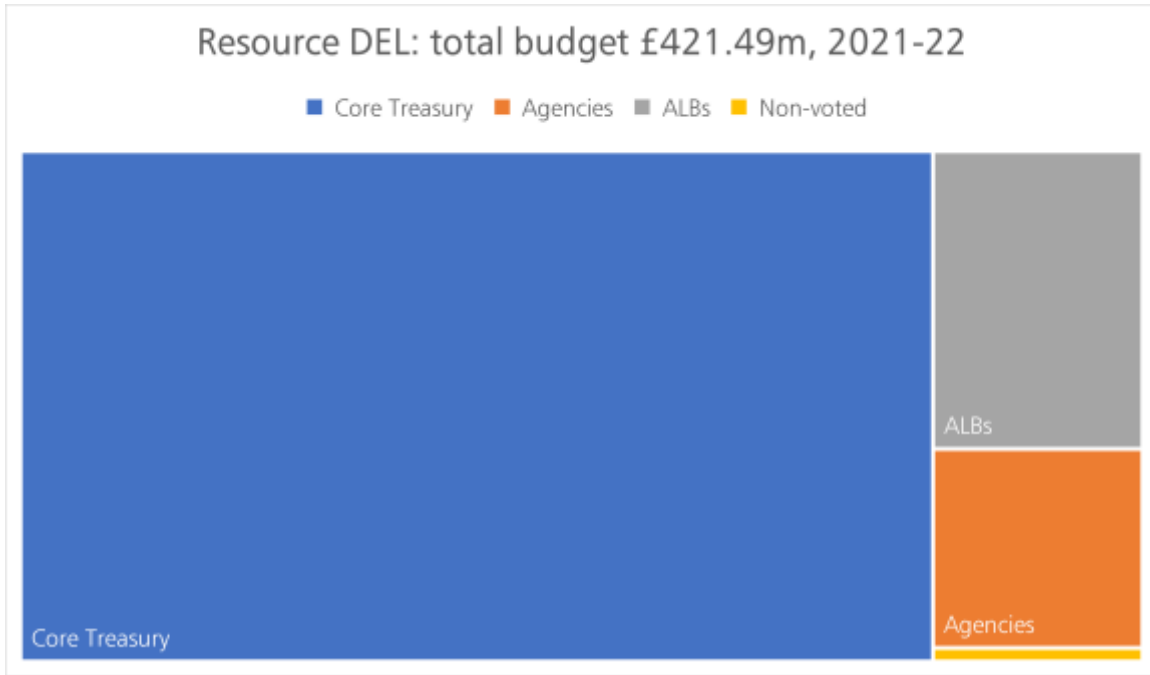
The spending totals which Parliament votes are:

- 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: payments under the Help to Buy: ISA scheme and receipts from loan repayments

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

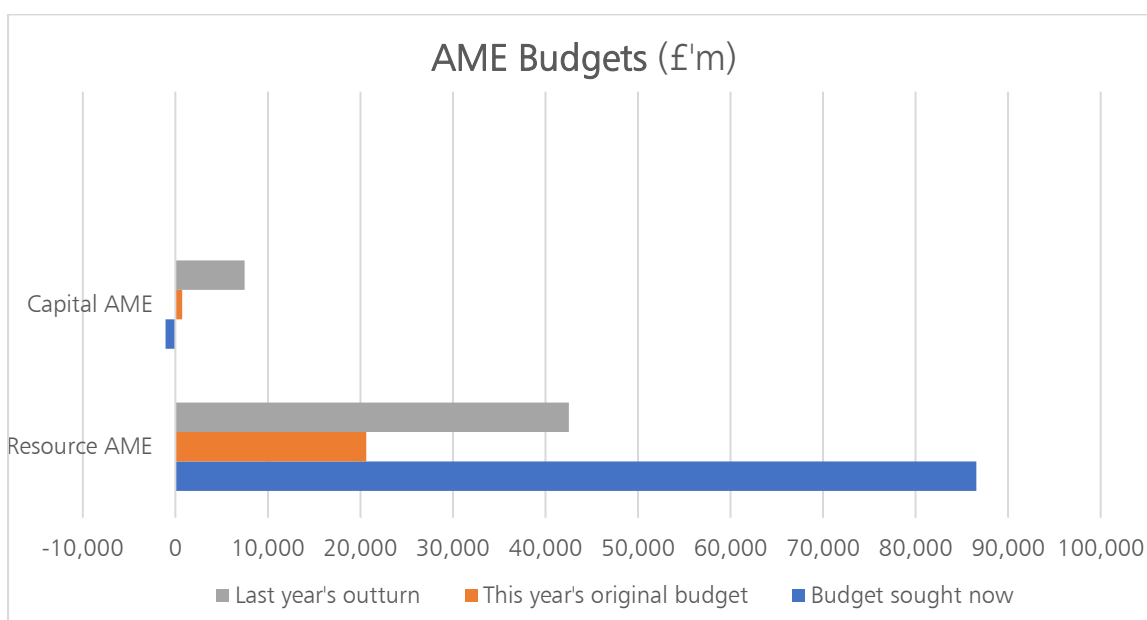
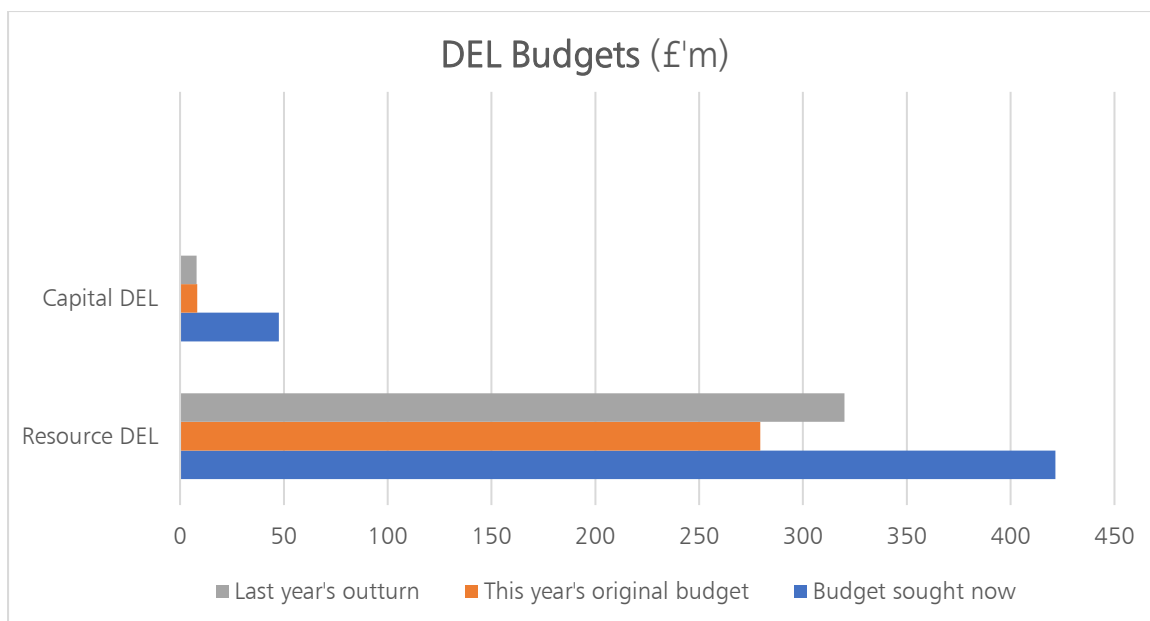
The graphic below shows, for HMT's proposed budget for the year, as included in the Supplementary Estimate, the proportions of funds spent by bodies within the Group.



#### 1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for HMT this year compare with both the budget sought at Mains, and last year's outturn:

Spending total Amounts sought this year (Supplementary Estimate 2021-22)		Compared to original budget this year (Main Estimate 2021-22)		Compared to final outturn last year (Outturn 2020-21)	
		£ m	%	£m	%
Resource DEL	421.49	+141.99	+50.80%	+101.49	24.08%
Capital DEL	47.65	+39.35	+474.10%	+39.65	83.21%
Resource AME	86,576.28	+65,937.09	+319.48%	+44,063.28	50.90%
Capital AME	-1,068.50	-1,822.84	-241.65%	+6,401.50	-599.11%



### 1.5 Key drivers of spending changes since original budget

HMT's Resource DEL spending plans have increased from the original budget set in the Main Estimate primarily due payments under the London Capital & Finance (LCF) Compensation Scheme as well as additional funding to support policy design for the economic response to the pandemic.

Resource AME spending plans have increased significantly mainly due to the inclusion of a budget to cover possible movements in the fair value of the Bank of England Asset Purchase Facility Fund (BEAPFF), as well as budget cover for movements in the EU Withdrawal Agreement financial settlement provision.

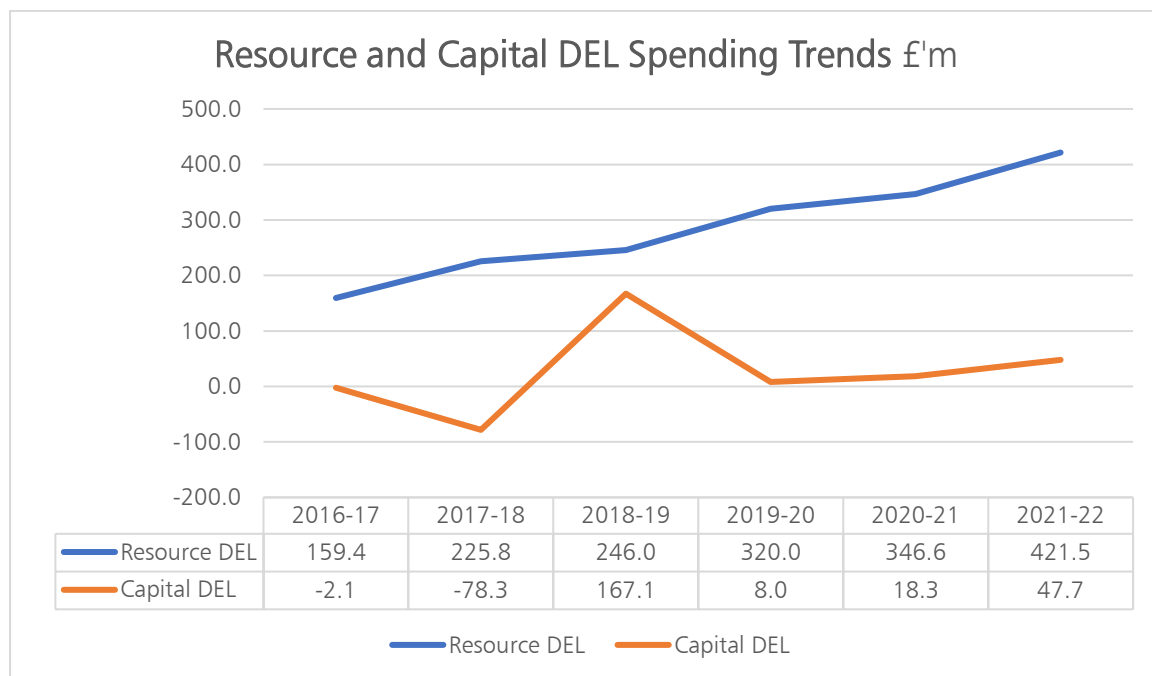
## 1.6 New policies and programmes; ambit changes

The ambit for DEL expenditure has been expanded to include spending relating to the Centre for Finance, Innovation and Technology (CFIT). The CFIT was a key recommendation of the Kalifa Review of UK Fintech and will aim to address barriers and accelerate growth in the sector.

The ambit for DEL and AME expenditure has also been amended to reflect the renaming of the Infrastructure Finance Unit Limited to the UK Infrastructure Bank.

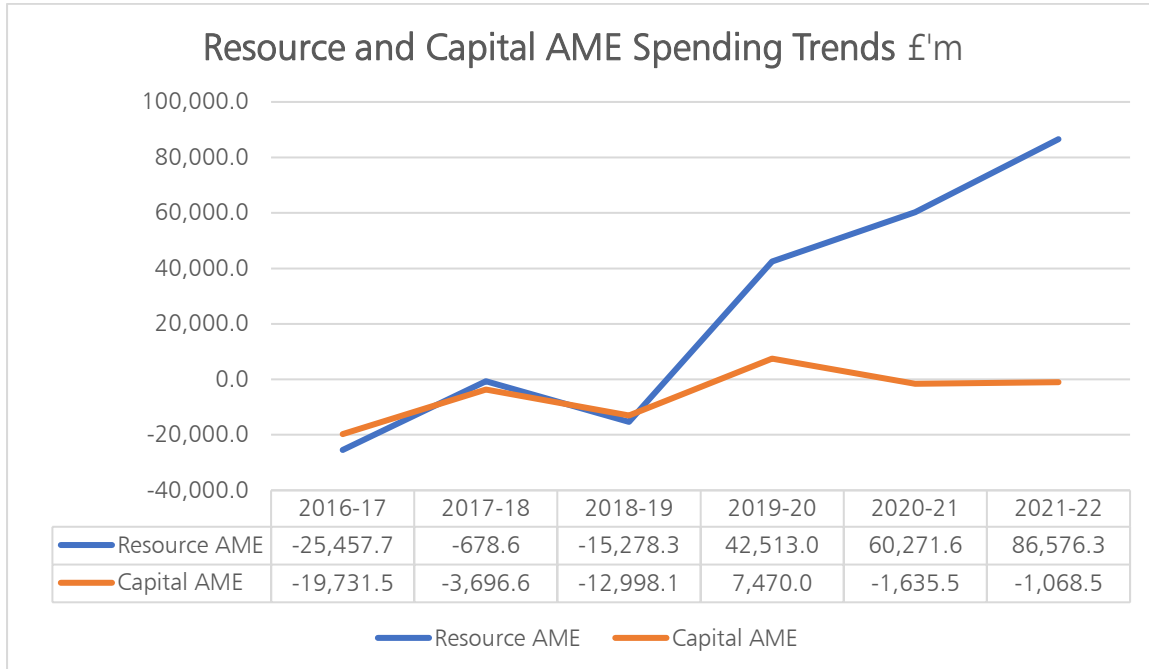
## 1.7 Spending trends

The charts below shows overall spending trends for the last five years and plans presented in Estimates for 2021-22.



- 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 over the period, 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). In 2021-22, these have been reclassified to Resource AME. A further £117.4m of costs were incurred in 2021-22 to fund the payments of the London Capital & Finance (“LCF”) compensation scheme.
- Capital DEL – the trough 2017-18 resulted from the sale of Eurostar shares and the repayment of the Greater Manchester Waste loan respectively. The increase 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 has been included for a potential intervention to restructure a financial liability held on HMT's balance sheet, in order to preserve value for the Exchequer.



- 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.

### 1.8 Administration costs and efficiency plans

The 2021-22 final budget for administration costs is 9.8% higher than the original budget set in the Main Estimate, and 13.8% higher than the 2020-21 cost. This is primarily due to funding to support the HMT response to the COVID pandemic. This amounted to an additional £34.4m reserve funding, pre-agreed and subsequently reduced during Spending Review negotiations.

Spending total Amounts sought this year (Supplementary Estimate 2021-22)	Difference (+/-), compared to original budget this year (Main Estimate 2021- 22)		Difference (+/-), compared to final outturn last year (Outturn 2020-21)	
	£ m	%	£m	%

Administration costs	292.5	+26.1	+9.8%		+35.6	+13.8%
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## 1.9 Funding: Spending Review and Budgets

The levels of DEL funding for HMT for 2021-22 are based on plans published in the 2020 Spending Review for the department. Since that time, the Government has made several changes to 2021-22 spending plans. Notable amongst these changes are:

### RDEL

- Reserve claims for spending on additional staffing and related costs of £65.4m to support the economic response to the pandemic and capitalise on its new sovereign responsibilities and trading relationships arising from EU Exit, of which £31.0m was allocated at Mains, and £34.4m at Supplementary.
- Other Reserve Claims of £143.55m, including;
  - £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).
  - £20.4m to fund the set-up and operating costs of the UK Infrastructure Bank.
  - £3.5m for the project to replace OSCAR I (Online System for Central Accounting and Reporting), with OSCAR II which will provide an enhanced solution. OSCAR provides key management information and data for public reporting.
  - £1.25m for increased accommodation costs for 1 Horse Guards Road which is offset by the reduction in depreciation budgets.
  - £1m for the administration of the pilot of the No Interest Loan Scheme.

### CDEL

- Reserve Claim of £41.8m agreed at the Supplementary Estimate for a potential intervention to restructure a financial liability held on HMT's balance sheet, in order to preserve value for the Exchequer.

## 1.10 Other Funding Announcements

Where other funding announcements are made during the year, not listed at Annex B, 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 earlier this year.

Subheads	Description	Resource DEL			
		£ million		%	
		This year (2021-22 Supplementary Estimates budget sought)	This year (2021-22 Main Estimates budget approved)	Change from Main Estimate	
A	Core Treasury	342.8	199.0	+143.7	+72.2%
B	Debt Management Office	23.0	23.0	0.0	0.0%
C	Government Internal Audit Agency	2.7	2.7	0.0	0.0%
D	Office of Tax Simplification	1.1	1.1	0.0	0.0%
E	Office for Budget Responsibility	4.5	4.5	0.0	0.0%
F,G, H, I	HMT owned companies with token £1k provision	0.0	0.0	0.0	0.0%
J	National Infrastructure Commission	5.0	5.0	0.0	0.0%
K	UK Government Investments Limited	22.4	20.6	+1.8	+8.5%
L	UK Infrastructure Bank	18.0	18.0	0.0	0.0%
-	Departmental Unallocated Provision	0.0	3.5	-3.5	0.0%
M	Banking and gilts registration services (Non-voted)	2.1	2.1	0.0	0.0%
	<b>total voted and non-voted</b>	<b>421.5</b>	<b>279.5</b>	<b>+142.0</b>	<b>+50.8%</b>

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

#### Section A: Core Treasury

Spending plans for core Treasury have increased by £143.7m (net) since the Main Estimate set the original budget.

- There are £39.2m of Reserve Claims for Core Treasury Resource DEL administration costs. The most significant element of which is an additional £34.4m reserve funding, pre-agreed and subsequently reduced during Spending Review negotiations, to support the economic response to the pandemic.
- There is a £117.4m Reserve Claim for Core Treasury Resource DEL programme costs to fund payments under the London Capital & Finance compensation scheme. The Compensation (London Capital & Finance plc

and Fraud Compensation Fund) Act 2021 (c. 29) received Royal Assent on 20 October 2021.

- HMT is returning £12.8m of ringfenced funding relating to the Darlington Economic Campus project as a result of the initial settlement at SR20 being agreed whilst the project was in an early stage of maturity, with a high degree of uncertainty which was further exacerbated by the pandemic. HMT is also returning £0.4m of funding relating to the No Interest Loan Scheme to allow a longer timeline for policy development. HMT is also returning £1.4m ringfenced Depreciation budget as a result of the transfer of 1 Horse Guards Road to the Government Property Agency. Staff numbers based at the Darlington Economic Campus have been growing over the course of the current financial year. Increasing this number of staff is a priority for the Department over the SR period.

### Capital DEL

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

Subheads	Description	Capital DEL			
		£ million			%
		This year (2021-22 Supplementary Estimate budget sought)	This year (2021-22 Main Estimate budget approved)	Change from Main Estimate	
A	Core Treasury	46.0	6.7	+39.4	+590.5
B	Debt Management Office	0.8	0.8	0.0	0.0%
C	Government Internal Audit Agency	0.1	0.1	0.0	0.0%
J	National Infrastructure Commission	0.7	0.7	0.0	0.0%
	<b>total voted</b>	<b>47.6</b>	<b>8.3</b>	<b>39.4</b>	<b>+474%</b>

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

#### Section A: Core Treasury

£41.8m 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.

### Resource AME

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

Subheads	Description	Resource AME			
		£ million			%
		This year (2021-22 Supplementary Estimate budget sought)	This year (2021-22 Main Estimate budget approved)	Change from Main Estimate	
N	Core Treasury (AME)	69.1	2.1	+67.0	3270.6%
O	Provisions	72.5	53.0	+19.5	36.7%
P,Q	UK coinage	16.0	16.0	0.0	0.0%
R	Royal Mint Dividend	-2.2	-2.2	0.0	0.0%
T	Assistance to financial institutions	80,573.0	20,573.0	+60,000.0	291.6%
U	Sovereign Grant funding of the Royal Household	110.4	114.8	-4.4	-3.8%
V	UK Asset Resolution Limited	118.6	18.1	+100.5	555.3%
W	Help to Buy (HMT) Limited	-92.5	-141.0	+48.5	-34.4%
X	Help to Buy ISA	6.6	7.9	-1.3	-15.9%
Y	EU Withdrawal Agreement Financial Settlement	5,585.0	-	+5,585.0	0.0%
AA	UK Infrastructure Bank	116.1	-6.5	+122.5	-1899.3%
AB	Royal Household Pensions	3.7	3.7	0.0	-0.2%
AC	Civil List	0.0	0.4	-0.3	-92.7%
	<b>total voted and non-voted</b>	<b>86,576.3</b>	<b>20,639.2</b>	<b>65,937.1</b>	<b>+319.5%</b>

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

#### Section N: Core Treasury

An increase of £56.6m in relation to the Oil and Gas Decommissioning Relief Deeds (DRD). The deeds were signed between members of the oil and gas industry and HMT. The Deeds indemnify the industry for changes in tax codes or the default of their partners in decommissioning North Sea oil fields, allowing them to claim relief from HMT potentially otherwise available to the field from HMRC through the tax system. Since a robust forecast of the likely claims to be made under the DRD scheme is not available at the beginning of the financial year, cover is included in Supps. This was previously classified as resource DEL but for 2021-22 has been reclassified to resource AME where the volatility of the scheme can more easily be managed.

The remaining £10.5m increase is due to the need to impair several fixed assets as a result of the transfer of 1 Horse Guards Road to the GPA. These are leasehold improvements which required impairment upon the revaluation of the

property. Where an impairment relates to a change in market prices and as there is no revaluation reserve held, it is recorded in AME.

### Section O: 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 is 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.

### Section T: Assistance to financial institutions

The resource increase arises from HMT seeking budget cover for a potential decrease in the fair value of the Bank of England Asset Purchase Facility Fund (BEAPFF) of £80,000.0m 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. The budget increase of £60,000.0m is based on conservative assumptions of downside risk.

### Section V: UK Asset Resolution

The Main Estimate was based on UK Asset Resolution (UKAR) providing cover for running costs until completion of the sale of residual asset portfolios and legal entities, and residual pension and provision liabilities.

The Supplementary Estimate is £100.5m adverse to the Main Estimate. This is primarily driven by £36.5m 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 movement is caused by the changes in the Corporation Tax rate with the possibility that a higher will have to be applied depending on the interpretation of accounting treatment. The applicable rate is entirely dependent on the timing of the transfer of the pension schemes to Government which is uncertain at present.

### Section W: Help to Buy (HMT) Limited

A reduction in the expected income for the Mortgage Guarantee Scheme of £48.5m has been calculated for this year. Since initial forecasts, the projected income has been adjusted down based on more up-to-date estimates reflecting current lender activity through the scheme.

### Section Y: EU Withdrawal Agreement financial settlement

EU financial settlement payments have been funded through the Supply process since 1 April 2021. The Treasury has made provision for liabilities that crystallise as payment is made after 01 April 2021 and throughout 2021/22.

The figure of £5.6bn provides routine budget cover for potential movements in the EU Withdrawal agreement financial settlement provision. This is an accounting ceiling which covers the technical accounting provisions HMT has to make as part of the estimates process and reflects conservative assumptions. It is not an estimate of the financial settlement nor a guide to how much we expect to pay.

This figure represents the upper limit for the potential liabilities that may need to be recognised in the Treasury's accounts under the requirements of the HMT Financial Reporting Manual. The actual figure recognised is likely to be lower. This figure in the Supplementary Estimates is not an estimate of the financial settlement with the EU and does not include receipts and other monies due back to the UK under the agreement.

The latest overall net estimate of the Financial Settlement (£37.3bn) can be found in the Treasury's EU Finances Statement 2020. This includes payment to the EU but also receipts. This will be updated and published later this year.

#### Section AA: UK Infrastructure Bank (net)

The initial income budget of £6.5m provided at the Main Estimate has been replaced by a net expenditure budget of £116m as some loan interest income is still expected. The increase is due to the need to include a 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. These ECL's have been reclassified from resource DEL to resource AME for the financial year 2021-22.

## Capital AME

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

Subheads	Description	Capital AME			
		£ million			%
		This year (2021-22 Supplementary Estimate budget sought)	This year (2021-22 Main Estimate budget approved)	Change from Main Estimate	
S	Sale of Shares	-1,963.6	0.0	-1,963.6	n/a
T	Assistance to financial institutions	87.3	0.0	+87.3	n/a
U	Sovereign Grant funding of the Royal Household	4.0	8.1	-4.2	-51.3%
X	Help to Buy: ISA	204.0	204.0	0.0	0.0%
Y	EU Withdrawal Agreement Financial Settlement	-252.9	-265.0	+12.1	-4.5%
Z	Reclaim Fund Limited	0.2	0.2	0.0	22.9%
AA	UK Infrastructure Bank	852.5	807.0	+45.5	5.6%
	<b>total voted and non-voted</b>	<b>-1,068.5</b>	<b>754.3</b>	<b>-1,822.8</b>	<b>-241.7%</b>

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

### Section S: Sale of shares

On 11 May 2021, the government sold 5% (580m shares) of its NWG shareholding raising £1.1bn at a price of 190p per share.

On 12 August 2021, the government launched a trading plan to gradually sell down part of the remaining 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 the sale of shares in Natwest. The total value of sales up to the end of December 21 (£1,963.6m) is included in the Supplementary Estimate.

### Section T: Assistance to financial institutions

The capital increase of £87,250,000 arises due to the need to provide budgetary cover for Countesswells Development Limited (CDL) which was 100% guaranteed by HMT under the UK Guarantee scheme.

The project has been in distress as the Aberdeen housing market has suffered since the oil price fall in 2014-16 and then Covid-19's impact on the oil and gas

industry. This has resulted in private house sales falling significantly short of initial projections.

## 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	Difference (+/-), compared to original budget this year		Difference (+/-), compared to final outturn last year	
		(Main Estimate 2021-22)		(Outturn 2020-21)	
	(Supplementary Estimate 2021-22)	£ m	%	£m	%
<b>Resource DEL</b>					
Depreciation	4.5	-1.4	-23.7%	-1.0	-19%
Economic Data Fund	5	0.0	0.0%	2.0	67%
Darlington economic campus	3.8	-11.9	-75.8%	2.4	171%
ODA	3	0.0	0.0%	n/a	n/a
<b>Capital DEL</b>					
Darlington economic campus	3.6	-2.4	-40.0%	3.3	20%
Research & Development	0.7	0.0	0.0%	n/a	n/a

## 2.3 Changes to contingent liabilities

As part of the Supplementary 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.

## 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 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 F IUK Investments Limited and Section G IUK Investments Holdings Limited** - set up to look after the government's Private Finance investments.

**Section H 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 I 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.

**(Formerly 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 J 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 K 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 L UK Infrastructure Bank** – On 21 May 2021, Infrastructure Finance Unit Limited changed its name to UK Infrastructure Bank Limited (UKIB). The UKIB DEL budget is for the operating expenses of the institution.

**Section M 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 N 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.

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

**Section P UK Coinage manufacturing costs and Section Q 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 T 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 U Sovereign Grant funding of the 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 V UK Asset Resolution Limited** – UKAR is the holding company established on 1 October 2010 to bring together the businesses of B&B and NRAM. The core objective of UKAR is to maximise value for taxpayers through the prudent management of NRAM's and B&B's closed mortgage books, while treating all stakeholders fairly.

**Section W Help to Buy (HMT) Limited** – this body’s spending is funded through guarantee fees charged to lenders and the expectation is that fees will offset spending.

**Section X 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 Y 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.

**Section Z 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 forms 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 AA UK Infrastructure Bank** - On 21 May 2021, Infrastructure Finance Unit Limited changed its name to UK Infrastructure Bank Limited. On 17 June 2021, the bank was officially launched to catalyse private investment in projects across the UK. In total, the Bank will have £22 billion of financial capacity to deliver on its objectives, consisting of £12 billion of equity and debt capital and the ability to issue £10 billion of guarantees. The Bank will be able to recycle capital and reinvest returns. This will enable the Bank to scale up its balance sheet over time.

**Section AB 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.

**Section AC Civil List** - to fund an annuity for the Duke of Edinburgh. Following the passing of His Royal Highness, this will no longer be included in future Supply Estimates.

### 3 Priorities and performance

#### 3.1 How spending relates to objectives

The table below shows how expenditure against each subhead contributes to Departmental priorities.

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

### 3.2 Measures of performance against each priority

HMT's Outcome Delivery Plan, first published in 2021 sets out the following high-level objectives, and measures of performance, for the department which remain relevant today:

1. Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes
  - Public Sector Net Debt (PSND) as a percentage of GDP
  - Cyclically Adjusted Net Borrowing as a percentage of GDP
  - Public Sector Net Borrowing (PSNB) 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 GDP Growth
  - UK and regional employment rates
  - Business investment as a share of GDP
  - Growth in output per hour
  - 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
  - Gross Domestic Product (GDP) growth
  - Consumer Price Index (CPI) inflation
  - Aggregate capital ratio for the UK banking sector (using CET1 capital ratios)

### 3.3 Commentary on steps being taken to address performance issues

HMT is not currently incurring any expenditure specifically related to addressing performance issues.

### 3.4 Major Projects

HMT is not currently implementing any major projects.

## 4 Other Information

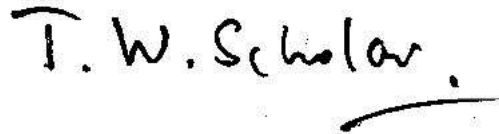
### 4.1 Additional specific information required by the select committee

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 that reads "T. W. Scholar." with a horizontal line underneath the name.

Tom Scholar

Permanent Secretary

HM Treasury

16 February 2022