



National Statistics technical note on alignment

The alignment (or 'Clear Line of Sight') project was set up following the announcement in the July 2007 Green Paper "The Governance of Britain" (Cm 7170) that the Government would seek to simplify its financial reporting to Parliament. As part of this project the Treasury are aligning, as far as possible, the treatment of spending in departmental budgets, Supply Estimates and Resource Accounts.

The main change is the removal of the near-cash/non-cash boundary from resource budgets, as this distinction does not exist within resource accounting. Further changes are divided into four categories:

- removal of the cost of capital charge from budgets, Supply Estimates and Resource Accounts;
- movement from DEL to AME of certain transactions (mainly provisions) previously recorded within the non-cash budget (see below for further detail);
- movement from capital to resource budgets of profit/loss on disposal of assets; and
- inclusion of Communities and Local Government's debt repayment grants to local government in their capital AME budget (previously non-budget).

The changes for 2008-09 associated with each of these categories are set out below. Annex A shows these movements for each departmental group.

2008-09 Outturn						(£ millions)
	Pre-alignment	Remove cost of capital	DEL to AME movements	Move profit and loss	Add debt repayment grants	Post-alignment
Resource DEL	321,087	-5,698	-1,191	-298		313,899
Resource AME	269,039	-6,238	1,191			263,992
Capital DEL	48,126		34	298		48,458
Capital AME	90,269	9	-34		516	90,761

DEL to AME movements

As noted above the near-cash/non-cash boundary is being removed from resource budgets. The main elements of non-cash remaining in resource DEL are:

- depreciation;
- impairments; and
- notional audit fees.

The following elements are therefore being moved into departmental resource AME:

- provisions;
- write-off of bad debts;
- exchange rate losses/gains;
- revaluations below historic cost; and
- other notional costs.

A breakdown of these movements for 2008-09 is shown in the table below:

2008-09 Outturn - DEL to AME movements						(£ millions)
	Move provisions	Move bad debt	Move exchange rate loss/gains	Move revaluations	Move other notional costs	DEL to AME movements
Resource DEL	-1,039	-99	-55	18	-16	-1,191
Resource AME	1,039	99	54	-18	16	1,191
Capital DEL	34					34
Capital AME	-34					-34

Further information

A full reconciliation from pre- to post-alignment budgets for all departmental groups and for all live years (2004-05 to 2008-09) is available on the Treasury's website.

Annex A

2008-09 Outturn						(£ millions)
	Pre-alignment	Remove cost of capital	DEL to AME movements	Move profit and loss	Add debt repayment grants	Post-alignment
Resource DEL						
Children, Schools and Families	46,838	9	3	-1		46,848
Health	92,271	-762	-1,231			90,278
<i>of which: NHS England</i>	90,744	-764	-1,217	-3		88,761
Transport	5,720	371	155			6,245
CLG Communities	4,191	-41	-29	-16		4,105
CLG Local Government	24,651					24,651
Business, Innovation and Skills	18,016	-69	-95	-3		17,848
Home Office	9,234	1	-37			9,198
Justice	9,111	-260	377	6		9,234
Law Officers' Departments	735	-1	-9			725
Defence	36,710	-3,771	-27	-292		32,620
Foreign and Commonwealth Office	2,085	-58	-2	2		2,027
International Development	4,783	-66	40	1		4,758
Energy and Climate Change	356	16	-78			293
Environment, Food and Rural Affairs	2,606	-161	5			2,450
Culture, Media and Sport	1,549	-96	-11	14		1,456
Work and Pensions	7,978	-11	-12	-18		7,937
Scotland	24,580	-450	-41			24,089
Wales	12,903	-103	-11	-3		12,786
Northern Ireland Executive	8,039	-88	-24			7,927
Northern Ireland Office	1,331	-17	-137			1,177
Chancellor's Departments	4,517	-35	-20	11		4,473
Cabinet Office	2,057	-57	-6			1,994
Independent Bodies	826	-48				778
Total resource DEL	321,087	-5,698	-1,191	-298		313,899

2008-09 Outturn

(£ millions)

	Pre-alignment	Remove cost of capital	DEL to AME movements	Move profit and loss	Add debt repayment grants	Post-alignment
Resource AME						
Children, Schools and Families	10,659		-3			10,657
Health	13,770	-17	1,231			14,984
<i>of which: NHS England</i>	375	-17	1,217			1,574
Transport	3,714	-2,957	-155			603
CLG Communities	592		29			621
CLG Local Government	661					661
Business, Innovation and Skills	1,211	-1,531	95			-225
Home Office	673		37			710
Justice	816		-377			439
Law Officers' Departments			9			9
Defence	6,015	150	26			6,192
Foreign and Commonwealth Office	-30		2			-28
International Development	391	-137	-40			213
Energy and Climate Change	757	1,568	78			2,403
Environment, Food and Rural Affairs	-30	35	-5			
Culture, Media and Sport	3,917	-37	11			3,890
Work and Pensions	135,180	151	12			135,344
Scotland	3,109	-655	41			2,496
Wales	513	-406	11			117
Northern Ireland Executive	7,564	-1,485	24			6,103
Northern Ireland Office	259		137			396
Chancellor's Departments	72,109	-920	20			71,209
Cabinet Office	7,169		6			7,176
Independent Bodies	19	3				22
Total resource AME	269,039	-6,238	1,190			263,992

2008-09 Outturn

(£ millions)

	Pre-alignment	Remove cost of capital	DEL to AME movements	Move profit and loss	Add debt repayment grants	Post-alignment
Capital DEL						
Children, Schools and Families	5,518			1		5,519
Health	4,370					4,370
<i>of which: NHS England</i>	4,225			3		4,228
Transport	7,182					7,182
CLG Communities	7,096			16		7,112
CLG Local Government	122					122
Business, Innovation and Skills	2,128			3		2,132
Home Office	836					836
Justice	918			-6		912
Law Officers' Departments	6					6
Defence	8,687			292		8,980
Foreign and Commonwealth Office	229			-2		227
International Development	876			-1		875
Energy and Climate Change	1,667					1,667
Environment, Food and Rural Affairs	610					610
Culture, Media and Sport	856			-14		842
Work and Pensions	74			18		91
Scotland	3,333					3,333
Wales	1,621			3		1,624
Northern Ireland Executive	1,199		34			1,233
Northern Ireland Office	68					68
Chancellor's Departments	294			-11		282
Cabinet Office	397					397
Independent Bodies	37					37
Total capital DEL	48,126		34	298		48,458

2008-09 Outturn

(£ millions)

	Pre-alignment	Remove cost of capital	DEL to AME movements	Move profit and loss	Add debt repayment grants	Post-alignment
Capital AME						
Children, Schools and Families						
Health	14					14
<i>of which: NHS England</i>	14					14
Transport						
CLG Communities					516	516
CLG Local Government						
Business, Innovation and Skills	3,254					3,254
Home Office						
Justice						
Law Officers' Departments						
Defence						
Foreign and Commonwealth Office						
International Development						
Energy and Climate Change	-279					-279
Environment, Food and Rural Affairs	1					1
Culture, Media and Sport	572					572
Work and Pensions	136					136
Scotland	180					180
Wales	168					168
Northern Ireland Executive	412		-34			378
Northern Ireland Office						
Chancellor's Departments	85,813	9				85,822
Cabinet Office						
Independent Bodies						
Total capital AME	90,269	9	-34		516	90,761