

Estimates Memorandum for the 2018-19 Main Estimate for the Department of Health and Social Care (DHSC)

Introduction

1. The DHSC Main Estimate for 2018-19 seeks the necessary resources and cash to support the functions of the DHSC, NHS and associated non-departmental public bodies. The structure of the 2018-19 Estimate reflects the health and social care system and organisations as set out below:

- The NHS Commissioning Board (known as NHS England (NHSE));
- Provision of Healthcare (NHS Providers);
- DHSC Administration and Programme;
- Local Authorities (Public Health);
- Public Health England (Executive Agency);
- Health Education England;
- Other Special Health Authorities;
- Non Departmental Public Bodies; and
- Arm's Length and Other Bodies.

2. The total resources and capital contained within this Estimate are as follows:

Table One: Budgetary Limits	RESOURCE	CAPITAL
	£m	£m
Department Expenditure Limit	123,518	6,364
<i>of which:</i>		
<i>Ring-fenced depreciation and impairments</i>	1,531	
<i>Administration</i>	2,846	
Annually Managed Expenditure	10,526	15
Total	134,044	6,379

Changes to Budgetary Limits

3. Table Two below provides a summary of the main changes to the Department's Revenue and Capital Departmental Expenditure Limits (DEL) since the 2015 Spending Review, announced in November 2015.

Table Two: Changes to Budgetary Limits since SR15	Revenue DEL £m	Capital DEL £m	Comments
SR15 Budget - non-ring fenced	121,308	4,810	
Spring Budget 2017	4	109	
Autumn Budget 2017	1,601	354	
Transfer from revenue to capital budgets for reclassification of research budgets	(1,078)	1,078	Following changes to the European System of Accounts (ESA), the statistical framework used by the United Kingdom to produce it's National Accounts
Prior Year OGD transfers (2016-17 and 2017-18)	23	15	Routine cross government budget transfers
Published in 2017 Autumn Budget	121,858	6,366	(Rounded)
OGD transfers at 2018-19 Main Estimate	129	(2)	Routine cross government budget transfers
Total 2018-19 Main Estimate - non-ring fenced	121,987	6,364	(Rounded)
Ring Fenced	1,531		
2018-19 Main Estimate Total	123,518	6,364	(Rounded)

4. A comparison of the 2017-18 Supplementary (Final) Estimate and the 2018-19 Main Estimate is set out in Appendix A, along with a comparison of Plans and Outturn by DEL and AME budgets for the period 2013-14 to 2018-19.
5. Net transfers of funding between the DHSC and other government departments resulting in a £129 million increase to the Revenue DEL and a reduction of £2.1 million to Capital DEL.

NHS England

6. The overall resources available to NHSE in 2018-19 are set out in the Financial Directions to the Mandate published on 20 March 2018. The figures in the 2018-19 Main Estimate for NHSE will not reconcile with those in the Financial Directions, for three reasons:
 - i) In line with convention, figures in the 2018-19 Main Estimate are presented on a consolidated basis i.e. they are adjusted for intra-group trading transactions;
 - ii) NHSE expenditure financed by National Insurance Contributions (£21.6 billion) is shown separately on Estimate line J; and
 - iii) At the time of the Spending Review it was recognised that as the NHS's plans developed, the effective deployment of resources could be supported by reprioritisation across spending categories (capital and revenue) where it made sense to do so. This Estimate does not include any transfer from the capital to the revenue budget. Potential movements between categories will be considered as part of the Supplementary Estimate process later in the financial year, depending on

where budget cover is most needed. Over the remaining two years of the Spending Review, the Department is planning to reduce the level of the capital transfer, with the aim to eliminate it by the end of 2019-20.

Format of the Estimate

7. To improve accuracy and clarity a new subhead has been created called “Arm’s Length and Other Bodies (net)”. This line includes:
 - A small number of DHSC owned companies, which were previously on the “DHSC Programme and Admin Budget” subhead; and
 - Three bodies moved from the “Non Departmental Public Bodies (NDPB) net expenditure” subhead line, where they were incorrectly classified as NDPBs.

These changes were approved by the Health Select Committee on the 6 March 2018.

8. The Estimate is presented on a consolidated income and expenditure basis, which is after the elimination of forecast transactions between bodies within the Departmental Group.

Approval of Memorandum

This memorandum has been prepared with reference to HM Treasury’s *Supply Estimates: a guidance manual*. The information in this memorandum has been approved by Chris Young, Director – Finance Directorate.