



Department
for Transport

Memorandum on the Main Estimate 2018-19

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Introduction

The Department for Transport's (DfT) 2018-19 Main Estimate seeks the necessary resources and cash to support the functions of the Department, its agencies and arm's length bodies.

The purpose of this Memorandum is to provide the Transport Select Committee with an explanation of how the resources and cash sought in the Estimate will be utilised against the key areas of the Department in 2018-19.

This Memorandum has been prepared according to the requirements set out in the Treasury Supply Estimates manual and has been approved by the Departmental Accounting Officer.

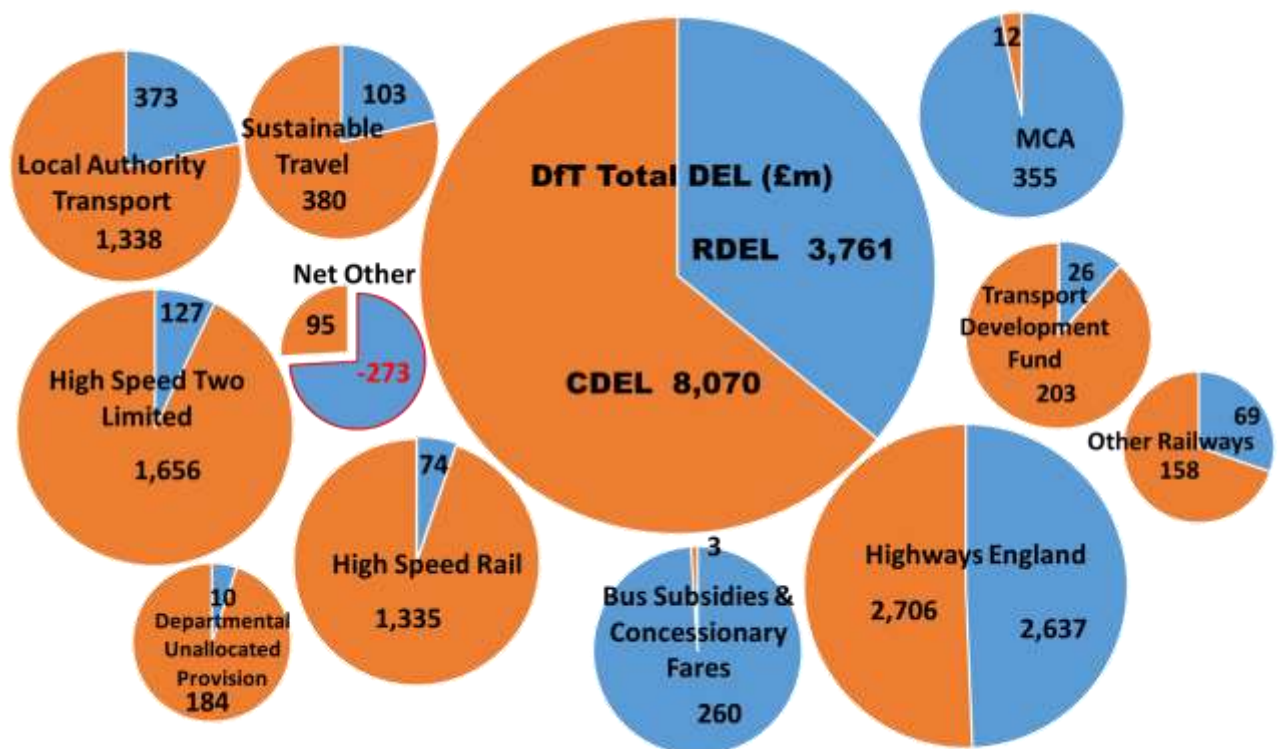
A glossary of key terms used in the memorandum is provided at Annex C.

Bernadette Kelly
Accounting Officer
Permanent Secretary

Executive summary

1. The Main Estimate reflects the Departmental control totals for 2018-19 as set out in the Department for Transport's settlement letter. It includes a number of changes to the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) totals and shows the Net Cash Requirement position.
2. **Chart 1** below (page 6) shows the total DEL sought in the Main Estimate and the key areas receiving the DEL funding.
3. **The control totals** in the Estimate include £3.7bn Resource DEL (RDEL), £8.0bn Capital DEL (CDEL), £9.0bn Resource AME (RAME) and £5.7bn Capital AME (CAME). RDEL includes ring-fenced depreciation of £1.7bn. The Department's Net Cash Requirement amount in the Estimate is £18.9bn.
4. **Chart 2** below (page 7) shows the expected movement of Resource and Capital DEL across the Spending Review 2015 (SR15) period. The detail behind the chart can be found at Annex B (page 24).
5. **Section 1** (page 8) of the Memorandum looks at the key points to note.
6. **Section 2** (page 9) of the Memorandum looks at the key areas impacting the Main Estimate.
7. **Section 3** (page 12) of the Memorandum looks at other issues impacting the Main Estimate.
8. **Tables 1.0 and 1.1** (page 24 and 27) show the changes made to Resource and Capital DEL since the SR15.

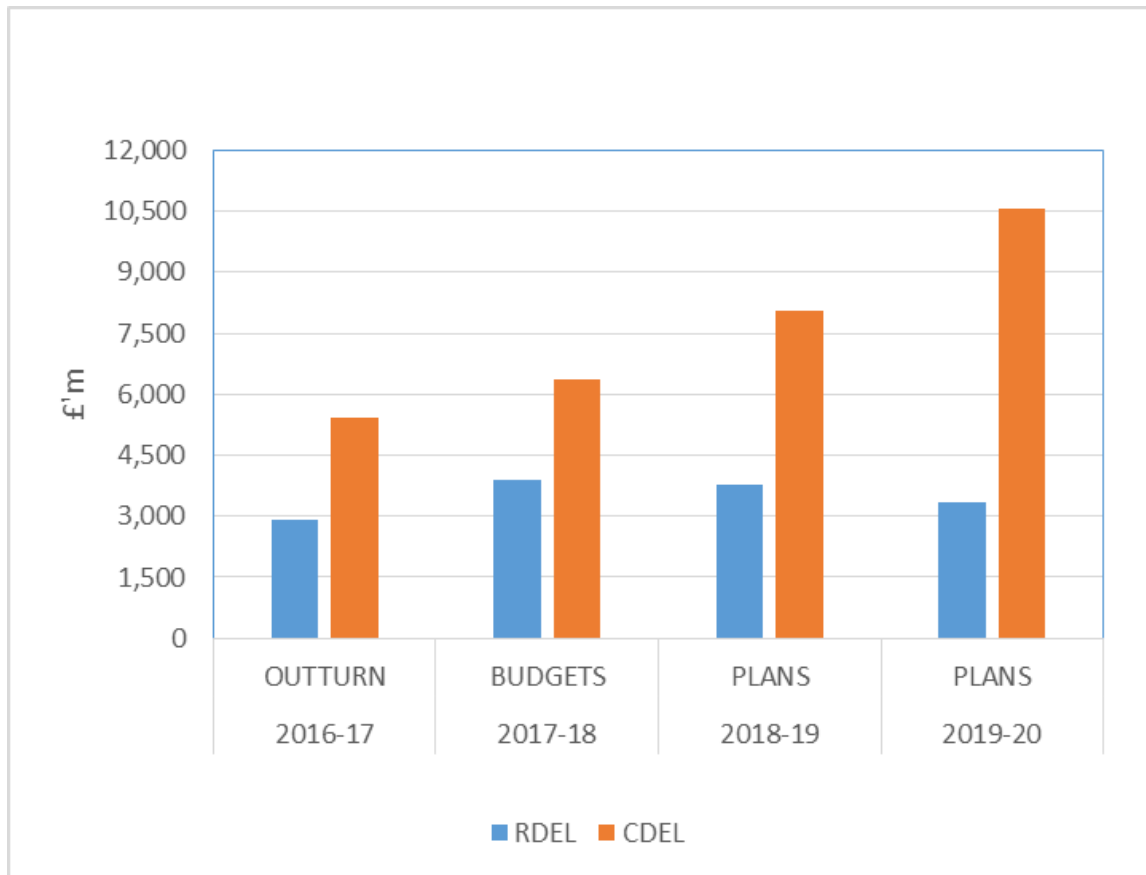
Chart 1 – Planned DEL expenditure for 2018-19 Main Estimate



Bubble chart not to scale

The Main Estimate also includes £14.8bn in AME, split between £9.0bn resource and £5.7bn capital. The majority of AME (£14.0bn) is allocated to Network Rail.

Chart 2 – Resource and Capital DEL spend across SR15



The above chart shows an increase in capital investment and a projected reduction in resource (excl. non-cash costs) expenditure across the SR15 period. This reflects the Government's commitment to invest in transport infrastructure.

Over the SR15 period the Department will continue to reduce its operating costs, whilst improving the efficiency and effectiveness of our services.

The chart does not cover AME which forms part of the Department's overall investment.

1. Key points to note

- 1.1** The Department for Transport's focus is on putting passengers and road users at the heart of our transport system, both in delivering our day to day operations and when taking longer term policy and investment decisions.
- 1.2** We will improve journeys, making them better, faster and easier today and in the future. Transport is also playing its part in building a stronger economy that works for everyone with transport connections attracting investment, opening up new commercial and housing developments and supporting people to get jobs. This Parliament will see investment in the biggest modernisation programme for a generation, to bring our transport system into the 21st century.
- 1.3** **Chart 2** above (page 7) shows the increase in capital investment in transport infrastructure over the SR15 period. This chart reflects the profile of SR15 budgets, as amended through the provision of additional funding from more recent fiscal events up to and including the Autumn Budget 2017. The 2018-19 Main Estimate represents DfT's spending in the third year of the SR15 period, as we continue to deliver our ambitious investment agenda.
- 1.4** Much of the Department's investment in transport infrastructure delivered via its three biggest arm's-length bodies, as follows:
- **Network Rail**, responsible for the rail network, with £5.3bn of planned CAME spending in 2018-19;
 - **Highways England**, responsible for the trunk road network, with £2.7bn of planned CDEL spending in 2018-19;
 - **High Speed 2 Ltd**, responsible for the delivery of the High Speed 2 network, with £1.6bn of planned CDEL spending in 2018-19, supported by a further £1.3bn of planned CDEL spending held directly by DfT.

2. Key areas impacting the Main Estimate

2.1 The following section looks at the main reasons for changes in the Estimate.

Autumn Budget 2017

2.2 Below are the key announcements made at Autumn Budget 2017 that affect the Department's budgetary control totals and set the basis for expenditure in 2018-19:

- In support of the Government's ambitions for Ultra-Low Emission Vehicles, the Department is receiving £100m over the next two years (of which half is in 2018-19, comprising £42m CDEL and £8m RDEL) in additional funding for the Plug-In Car Grant. This will be used for electric-only vehicles.
- The Government will provide £220m for a new Clean Air Fund in support of the National Air Quality Plan published in July 2017, which will be a competitive pot administered by the Department for the Environment, Food and Rural Affairs (DEFRA) and DfT. DEFRA will hold the RDEL element of this Fund, with the CDEL element (total value £115m) being held by DfT. This sum will be spent over the next 3 financial years with £50m in plans for 2018-19.
- An adjustment to the profile of local Highway Maintenance spending is being made, shifting £100m of planned expenditure out of 2018-19 and in to 2019-20.
- A total of £1.7bn of CDEL is being allocated to the Transforming Cities Fund for the period 2018-19 to 2021-22. The funding will be split between a £840m competitive funding pot and a £840m allocation for the six metropolitan areas (outside of London) with elected Mayors. The funding will support interventions which enhance productivity, reduce congestion, and introduce new mobility systems and technology. Planned 2018-19 spending on the competitive pot element is £60m of CDEL. This Fund is in part supported by reprofiled unallocated spending arising in the local roads and transport element of the National Productivity Investment Fund, provided at Autumn Statement 2016.

Network Rail

- 2.3** In 2018-19, Network Rail will deliver the fifth and final year of its regulatory Control Period 5 (CP5), the Great Britain-wide programme of operations, maintenance, renewals and enhancements. The programme runs until March 2019 and the outputs Network Rail is required to deliver in that period were set by the regulator, the Office of Rail and Road, in its 2013 Final Determination, although the enhancement plans have since been revised.
- 2.4** Network Rail's CAME Estimate is for major capital works and infrastructure upgrades, whilst the RAME Estimate is predominantly used to operate and maintain the railway network. Network Rail is being provided £5.3bn CAME and £8.7bn RAME (which includes c£5.3bn non-cash depreciation) in the 2018-19 Main Estimate to help continue with its renewals and enhancement work and to operate and maintain the railway network.

Highways England

- 2.5** In 2018-19, Highways England will deliver the fourth year of the five covered by its first Road Investment Strategy (RIS), in line with the funding profile set when it was created in 2015. In total, we are investing £15.2bn in over 100 major schemes to enhance, renew and transform the network over the 2015-16 to 2020-21 period (covering all five years of the first RIS and the opening year of the next).
- 2.6** This multi-year investment plan will take a longer term and more efficient approach in maintaining the roads network, provide more capacity and develop better connections to modernise the network.
- 2.7** In order to deliver against its commitments, Highways England is being provided c£2.6bn RDEL in 2018-19 (which includes c£1.5bn non-cash depreciation) and £2.7bn CDEL.

High Speed 2 (HS2) Limited

- 2.8** Parts of our transport network are full to capacity. DfT is investing in HS2 to help free up our transport networks and bring our country together as good transport networks open up paths and create opportunity.

- 2.9** The Department is in line to deliver HS2 from London to Birmingham by 2026 and to Leeds and Manchester by 2033. During construction, HS2 is anticipated to support up to 25,000 jobs and up to 2,000 apprenticeships.
- 2.10** Following the Royal Assent of the Phase 1 Hybrid bill for the construction of Phase 1, which was reflected in a significant increase in last year's budget, the successful Second Reading of the Phase 2A Hybrid Bill allows the Department to take the major next step in extending the line from the West Midlands to Crewe. It will allow us to deliver more of the benefits of HS2 more quickly. Crewe is a key transport hub in the North West of England, providing connectivity for passenger and freight services to many areas of the country. Building the railway to Crewe will also bring HS2 within reach of all the cities in the North that have existing rail connections to Crewe, meaning that more northern towns and cities, like Manchester, Liverpool, Preston and Warrington, will benefit from better links.
- 2.11** HS2 Limited is being provided c£0.1bn RDEL in 2018-19 (which includes c£7.5m non-cash depreciation) and £1.6bn CDEL.

Other factors

- 2.12** At the 2017-18 Supplementary Estimate, the Department reported that it had used the risk transfer mechanism for rail franchising income, agreed with HM Treasury at SR15. This formed part of the 2017-18 Reserve claim.
- 2.13** This mechanism provides some financial protection to DfT in the event of a downturn in its income from rail franchising due to exogenous factors affecting revenue from rail passengers.
- 2.14** Passenger revenues continue to be lower than assumed in budgets set at SR15. HM Treasury have confirmed that the mechanism will continue to hold over the remaining years of the SR15 settlement, and any adjustment will be incorporated at the Supplementary Estimate if required.

3. Other issues impacting the Main Estimate

- 3.1** This section provides details of a number of other issues impacting the Main Estimate.

Transfers to and from Other Government Departments

- 3.2** The Estimate includes the transfers to and from other Government Departments:
- £31.6m CDEL to DCLG (Section B, Local Authority Transport) for the Local Growth Funding.
 - £10m CDEL from HO (Section S, Department Unallocated Provision) related to Aviation Security.
 - £4.9m CDEL from HO (Section J, Aviation, Maritime, Security and Safety) for Aviation Security.
 - £1.1m RDEL from FCO (Section N, Maritime and Coastguard Agency) related to Conflict, Stability and Security Fund.
 - £0.9m RDEL to Scotland Office (Section J, Aviation, Maritime, Security and Safety) for Dundee Airport.
 - £0.6m RDEL from MOD (Section J, Aviation, Maritime, Security and Safety) for the Aeronautical Rescue Coordination Centre (ARCC).
 - £0.4m RDEL to HMT (Section N, Central Administration) related to UKGI funding.
 - £0.1 RDEL from FCO (Section J, Aviation, Maritime, Security and Safety) for Platform costs.
 - £0.1m RDEL to CO (Section J, Aviation, Maritime, Security and Safety) for Transport Security.

Budget Exchange

- 3.3** The Main Estimate includes the Budget Exchange (£30m RDEL and £111.8m CDEL) sought in the 2016-17 Supplementary Estimate. Details are set out below:
- £79m CDEL underspend in Highways England in relation to re-profiling of capital costs into 2018-19.
 - £32.8m CDEL underspend in High Speed 2 in relation to re-profiling of programme expenditure across future years.
 - £30m RDEL underspend in Rail in relation to unavoidable delays re-profiled into 2018-19.

Business Rates Retention Scheme

- 3.4** The Transport for London (TfL) core grant, previously administered by the Department, will no longer be required as TfL will now receive funding through the business rates retention scheme. In future, a much larger proportion of business rates charged by Local Authorities (and in this particular case the Greater London Authority) will be retained by the Local Authority and used to fund certain services. As a result, in the 2018-19 Main Estimate the Department transferred out the following grants: TfL Capital (£976m), Highways Maintenance (£61.6m) and Integrated Transport Block (£25.4m).

Departmental Unallocated Provision (DUP)

- 3.5** As part of the internal business planning work at the beginning of the financial year, a DUP of £10m in RDEL and £184m in CDEL has been created as a contingency for unforeseen events and will be allocated to the areas it is needed during the year. This allocation will be reflected in the 2018-19 Supplementary Estimate.

Changes to Estimate lines

- 3.6** An Estimate line for East West Rail Limited has been added.
- 3.7** An Estimate line for the Departmental Unallocated Provision has been reinstated.
- 3.8** The existing Estimate line for High Speed Two has been renamed to High Speed Rail and in addition, a new Estimate line for High Speed Two Limited has been created.

Contingent liabilities or guarantees

- 3.9** The following Contingent Liability has been revised since the publication of the 2017-18 Supplementary Estimate:

Railways Act 1993, Transport Act 2000: Contingent Liabilities arise from the signing of new, replacement and extended passenger rail franchise agreements and other agreements to encourage railway investment.
Increased by £26m.

Reason for change: Our liability increases as new contracts are signed and reduces when contracts draw closer to end date.

Changes to IFRS 9 and IFRS 15 standards

- 3.10** Work is in train to adopt the IFRS 9 (financial instruments) and IFRS 15 (revenue recognition) standards and any impact will be reflected in the Department's 2018-19 Supplementary Estimate.

Annex A: Detailed Comparison between 2017-18 Supplementary Estimate and 2018-19 Main Estimate

Section	Column	Programme	Supplementary Estimate	Main Estimate	Variance	Variance
			2017-18	2018-19		
			£m	£m	£m	%
VOTED DEL						
A		Tolled Crossings				
	4	Tolled Crossings	0.8	0.8	0.0	2.4
	4	Dartford Crossing Tolls	36.0	34.5	-1.5	-4.1
	5	Dartford Crossing Tolls	-173.7	-232.0	-58.4	33.6
	5	Tolled Crossings	0.0	0.0	0.0	0.0
	6	Resource programme net total	-136.8	-196.6	-59.8	43.7
	7	Dartford Crossing Tolls	0.9	0.9	0.0	0.0
	7	Tolled Crossings	0.0	0.0	0.0	0.0
	8	Tolled Crossings	-189.2	1.3	190.4	-100.7
	9	Capital net total	-188.3	2.2	190.4	-101.1
B		Local Authority Transport				
	4	LA Major Schemes	23.5	27.1	3.6	15.3
	4	LA Maintenance	0.0	0.0	0.0	0.0
	4	LA PFI Schemes	323.2	323.1	-0.0	-0.0
	4	Northern Transport Strategy	16.4	22.7	6.4	39.0
	4	Other LA Schemes	0.4	0.4	0.0	6.2
	6	Resource programme net total	363.4	373.4	10.0	2.8
	7	LA Road Maintenance	1,342.1	889.4	-452.8	-33.7
	7	Other LA Schemes	0.0	0.5	0.5	0.0
	7	Integrated Transport Block Grant	225.9	232.5	6.7	3.0
		Northern Transport Strategy	4.0	27.0	23.0	575.0
	7	LA Major Schemes	173.4	188.4	15.0	8.6
	9	Capital net total	1,745.4	1,337.7	-407.7	-23.4
C		Highways England ALB (net)				
	1	HE administration	47.6	47.7	0.1	0.3
	3	Administration net total	47.6	47.7	0.1	0.3
	4	Making better use of the network	679.8	672.4	-7.3	-1.1
	4	Maintenance	258.1	258.1	-0.0	-0.0
	4	Traffic Officer Services	106.4	106.4	-0.0	-0.0
	4	Associated costs of investment	1,569.4	1,552.0	-17.4	-1.1
	6	Resource programme net total	2,613.7	2,589.0	-24.7	-0.9
	7	HE administration	0.0	0.0	0.0	0.0
	7	Capital programme	2,328.0	2,706.3	378.3	16.2
	9	Capital net total	2,328.0	2,706.3	378.3	16.2

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19		
			£m	£m	£m	%
D		Funding of Other ALBs (net)				
	1	Transport Focus	0.9	0.9	0.0	0.3
	1	High Speed 2	3.5	0.0	-3.5	-100.0
	1	Air Travel Trust Fund	0.8	0.9	0.1	14.1
	3	Administration net total	5.1	1.8	-3.3	-65.4
	4	Directly Operated Railways	0.0	0.0	0.0	0.0
	4	British Transport Police	2.5	6.5	4.0	162.9
	4	High Speed 2	235.6	0.0	-235.6	-100.0
	4	Transport Focus	5.5	5.3	-0.3	-5.0
	4	Air Travel Trust Fund	27.1	-30.8	-57.9	-213.4
	6	Resource programme net total	270.7	-19.0	-289.7	-107.0
	7	British Transport Police	9.7	17.7	8.0	82.9
	7	High Speed 2	902.3	0.0	-902.3	-100.0
	7	Directly Operated Railways	0.0	0.0	0.0	0.0
	9	Capital net total	912.0	17.7	-894.3	-98.1
E		Other railways				
	4	Rail Strategy and Stakeholder Relations Community Rail	0.8	0.8	0.0	4.8
	4	British Rail Board Residuary	2.0	2.4	0.3	16.3
	4	Rail projects (incl Thameslink & Digital)	15.3	23.0	7.7	50.6
	4	London and Continental Railways	0.1	0.5	0.5	835.1
	4	Channel Tunnel Rail Link Eurotunnel	284.1	290.2	6.1	2.2
	4	Rail pensions	14.1	14.8	0.7	5.1
	4	Rail Grants including Nexus	25.1	25.6	0.5	2.0
	4	HS1 and Ashford	47.1	46.1	-1.0	-2.2
	4	East West Rail Programme	4.7	0.0	-4.7	-100.0
	4	HLOS 2	0.0	0.0	0.0	0.0
	4	Intercity Express Programme	8.1	4.5	-3.6	-44.8
	5	British Rail Board Residuary	-7.1	-6.6	0.4	-6.3
	5	Channel Tunnel Rail Link Eurotunnel	-266.1	-278.2	-12.2	4.6
	5	Rail Strategy and Stakeholder Relations Community Rail	0.0	0.0	0.0	0.0
	5	Rail projects	0.0	0.0	0.0	0.0
	5	HS1 and Ashford	-54.4	-54.4	0.0	0.0
	6	Resource programme net total	73.8	68.6	-5.2	-7.1
	7	London and Continental Railways	0.6	0.5	-0.1	-16.9
	7	Rail projects (incl Thameslink & Digital)	9.7	105.3	95.7	988.9
	7	Rail Grants including Nexus	24.2	25.6	1.4	5.7
	7	Rail Analysis & Research	0.0	2.0	2.0	0.0
	7	Intercity Express Programme	182.1	24.4	-157.7	-86.6
	8	Rail Strategy and Stakeholder Relations Community Rail	0.0	0.0	0.0	0.0
	9	Capital net total	216.7	157.9	-58.7	-27.1

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19	£m	%
			£m	£m	£m	%
F		Sustainable Travel				
	4	Cleaner Vehicles & Low Carbon	25.3	30.4	5.1	20.2
	4	Smart and integrated ticketing	12.1	17.0	4.9	40.3
	4	Freight grants	15.8	15.2	-0.6	-3.5
	4	Cycling England	7.7	8.0	0.3	4.0
	4	Europe	0.9	0.9	-0.0	-0.3
	4	Sustainable Transport	27.0	31.8	4.8	17.7
	5	Freight grants	0.0	0.0	0.0	0.0
	5	Smart and integrated ticketing	0.0	0.0	0.0	0.0
	6	Resource programme net total	88.9	103.4	14.5	16.4
	7	Cleaner Vehicles & Low Carbon	271.8	341.2	69.4	25.6
	7	Europe Grants (net)	0.1	0.4	0.3	203.4
	7	Smart and integrated ticketing	32.2	29.0	-3.2	-10.0
	7	Freight grants	0.0	0.0	0.0	0.0
	7	Sustainable Transport	5.0	0.2	-4.8	-95.7
	7	Cycling	63.1	8.8	-54.3	-86.1
	8	Smart and integrated ticketing	0.0	0.0	0.0	0.0
	8	Cleaner Vehicles & Low Carbon	0.0	0.0	0.0	0.0
	9	Capital net total	372.2	379.6	7.4	2.0
G		Bus Subsidiaries and Concessionary Fares				
	4	Bus Service Operator Grant	252.9	256.8	3.9	1.6
	4	Accessibility	0.0	2.5	2.5	0.0
	4	Concessionary Fares	0.1	0.5	0.5	958.0
	5	Bus Service Operator Grant	0.0	0.0	0.0	0.0
	6	Resource programme net total	252.9	259.9	6.9	2.7
	7	Bus Service Operator Grant	6.3	0.4	-5.9	-93.6
	7	Accessibility	3.0	2.3	-0.8	-25.8
	9	Capital net total	9.3	2.7	-6.7	-71.5
H		GLA Transport Grant				
	4	Transport for London grant	255.1	-24.9	-280.0	-109.8
	6	Resource programme net total	255.1	-24.9	-280.0	-109.8
	7	Transport for London grant	-8.5	0.0	8.5	-100.0
	9	Capital net total	-8.5	0.0	8.5	-100.0
I		Crossrail				
	4	Crossrail	1.8	5.0	3.2	181.3
	6	Resource programme net total	1.8	5.0	3.2	181.3
	8	Crossrail	0.0	18.0	18.0	0.0
	9	Capital net total	0.0	18.0	18.0	0.0

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19		
			£m	£m	£m	%
J		Aviation, Maritime, Security & Safety				
	4	Maritime	6.0	8.8	2.9	48.6
	4	Aviation	8.9	64.4	55.5	626.8
	4	Airport Capacity Costs	0.0	5.4	5.4	0.0
	4	Transport security	3.8	4.9	1.1	27.6
	4	Marine Accident Investigation Branch	4.0	4.1	0.2	4.0
	4	Air Accident Investigation Branch	7.1	7.4	0.3	4.3
	4	Rail Accident Investigation Branch	4.8	4.7	-0.0	-0.9
	4	Road Safety Grants	0.7	0.5	-0.2	-28.0
	4	Aviation Serv Trans, Security & Royal T	21.4	23.2	1.9	8.7
	4	Air Safety Support International	3.1	3.1	0.1	2.0
	4	Dangerous Goods	1.2	1.4	0.2	19.5
	5	Maritime	-1.6	-1.5	0.1	-5.7
	5	Air Accident Investigation Branch	0.0	0.0	0.0	0.0
	5	Aviation	0.0	-52.6	-52.6	0.0
	5	Air Safety Support International	-3.1	-3.1	-0.0	1.6
	5	Transport security	0.0	0.0	0.0	0.0
	5	National Air Traffic Services Dividend	0.0	0.0	0.0	0.0
	6	Resource programme net total	56.1	70.7	14.6	25.9
	7	Aviation	0.4	1.1	0.7	159.0
	7	Dangerous Goods	0.1	0.5	0.5	900.0
	7	Maritime	1.7	2.7	1.1	65.1
	7	Maritime Public Corporation	0.0	5.7	5.7	0.0
	7	Marine Accident Investigation Branch	0.0	0.0	-0.0	-100.0
	7	Maritime Trust Ports	41.0	0.0	-41.0	-100.0
	7	Air Accident Investigation Branch	0.4	0.4	0.0	0.0
	7	Rail Accident Investigation Branch	0.1	0.1	0.0	32.2
	7	Aviation Serv Trans, Security & Royal T	0.8	0.0	-0.8	-100.0
	7	Transitional Aviation Security	8.7	0.0	-8.7	-100.0
	7	Transport security	4.8	5.9	1.0	21.6
	7	Road Safety Grants	1.8	1.9	0.1	4.8
	9	Capital net total	59.8	18.4	-41.4	-69.3
K		Maritime & Coastguard Agency				
	1	Maritime & Coastguard Agency	8.1	8.7	0.5	6.7
	2	Maritime & Coastguard Agency	-0.6	-0.5	0.0	-3.4
	3	Administration net total	7.6	8.1	0.6	7.5
	4	Maritime & Coastguard Agency	341.8	361.2	19.4	5.7
	5	Maritime & Coastguard Agency	-14.2	-13.9	0.3	-2.3
	6	Resource programme net total	327.6	347.3	19.7	6.0
	7	Maritime & Coastguard Agency	19.5	12.0	-7.5	-38.6
	8	Maritime & Coastguard Agency	0.0	0.0	0.0	0.0
	9	Capital net total	19.5	12.0	-7.5	-38.6

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19		
			£m	£m	£m	%
L		Motoring Agencies				
	4	Compliance & Agency Sponsorship	15.7	15.9	0.3	1.8
	4	Vehicle Certification Agency	20.3	17.9	-2.4	-11.7
	4	Driver & Vehicle Licensing Agency	425.8	389.7	-36.1	-8.5
	4	Driver and Vehicle Standards Agency fo	2.5	0.7	-1.9	-73.8
	5	Vehicle Certification Agency	-20.0	-18.2	1.8	-9.1
	5	Driver & Vehicle Licensing Agency	-336.0	-336.4	-0.4	0.1
	5	Driver and Vehicle Standards Agency fo	-0.3	0.0	0.3	-100.0
	6	Resource programme net total	108.0	69.6	-38.4	-35.5
	7	Vehicle Certification Agency	0.7	0.7	0.0	0.0
	7	Driver and Vehicle Standards Agency formerly VOSA	0.8	0.8	0.0	0.1
	7	Driver & Vehicle Licensing Agency	9.0	14.0	5.0	55.3
	8	Driver and Vehicle Standards Agency	-21.3	-33.0	-11.7	54.9
	9	Capital net total	-10.8	-17.5	-6.7	62.1
M		Science, research and support functions				
	4	Technical & Safety	0.3	0.0	-0.2	-92.8
	4	Rail Research	0.0	0.0	0.0	0.0
	4	Local Research Programme	2.9	3.2	0.4	13.5
	4	Freight research & statistics	0.0	0.0	0.0	0.0
	4	Transport statistics - roads	6.9	9.4	2.6	37.9
	4	Statistics personal travel	1.5	4.3	2.8	181.1
	4	Road Safety research	2.3	2.9	0.7	28.4
	4	Rail and Land Compliance	2.6	3.1	0.5	21.0
	4	Transport analysis and economics rese	0.5	0.4	-0.1	-24.9
	4	Analysis and Strategy	0.0	0.0	-0.0	-100.0
	5	Analysis and Strategy	-0.1	0.0	0.1	-100.0
	5	Rail Research	0.0	0.0	0.0	0.0
	5	Transport analysis and economics rese	0.0	0.0	0.0	0.0
	5	Transport Direct	0.0	0.0	0.0	0.0
	6	Resource programme net total	16.8	23.5	6.6	-35.8
	7	Transport analysis and economics rese	0.4	0.6	0.2	63.4
	7	Statistics personal travel	2.5	0.0	-2.5	-100.0
	7	Local Research Programme	0.0	0.0	0.0	0.0
	7	Freight research & statistics	0.6	0.5	-0.1	-23.9
	7	Transport statistics - roads	0.3	0.2	-0.0	-16.0
	7	Rail Research	12.0	27.9	15.9	131.9
	7	Analysis and Strategy	4.5	4.7	0.2	4.2
	7	Road Safety research	3.0	6.4	3.4	113.5
	9	Capital net total	23.3	40.3	17.0	73.0

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19	£m	%
			£m	£m	£m	%
N		Central Administration				
	1	Central administration	209.1	210.8	1.7	0.8
	2	Central administration	-10.0	-9.7	0.3	-3.0
	3	Administration net total	199.1	201.0	2.0	1.0
	4	Human Resources Programme expenditure	18.5	0.0	-18.5	-100.0
	4	Central administration	0.0	1.4	1.4	0.0
	4	Shared Services - (incl migration)	2.9	12.9	10.0	341.6
	4	Road Safety Publicity	5.3	5.4	0.2	3.6
	4	Commercial Contracts	76.2	1.3	-74.9	-98.3
	4	Capital Infrastructure Investment	5.4	18.5	13.2	245.1
	4	IT Programme	2.8	3.1	0.4	12.8
	4	Finance & Estates	0.0	0.0	0.0	0.0
	5	Human Resources Programme	-0.7	18.7	19.3	-2,878.9
	5	Finance & Estates	0.0	0.0	0.0	0.0
	5	Central administration	0.0	0.0	0.0	0.0
	5	Shared Services	-1.2	-5.4	-4.2	362.2
	5	Capital Infrastructure Investment	-53.9	-76.4	-22.5	41.8
	6	Resource programme net total	55.2	-20.4	-75.7	-137.0
	7	Commercial Contracts	0.0	0.0	0.0	0.0
	7	Capital Infrastructure Investment	0.5	3.6	3.1	612.8
	7	Finance & Estates	0.0	0.0	0.0	0.0
		Shared Services - (incl migration)	1.7	9.0	7.3	442.1
	7	IT Capital	1.1	5.1	4.0	370.2
	9	Capital net total	3.2	17.7	14.4	444.3
O (Added back in ME)		Departmental Unallocated Provision				
	4	Departmental Unallocated Provision	0.0	10.0	10.0	0.0
	6	Resource programme net total	0.0	10.0	10.0	0.0
	7	Departmental Unallocated Provision	0.0	184.4	184.4	0.0
	9	Capital net total	0.0	184.4	184.4	0.0
P (formerly O)		Support for Passenger Rail Services				
	4	Purchase of Goods & Services	3.7	127.2	123.5	3,356.3
	4	Current grants to Local Government	86.7	85.7	-1.0	-1.1
	4	Subsidies to Private Sector	454.0	442.5	-11.6	-2.5
	5	Misc Income	-1,308.3	-1,059.3	249.0	-19.0
	6	Resource programme net total	-763.9	-404.0	359.9	-47.1
	7	Purchase of Goods & Services	0.0	0.0	0.0	0.0
	9	Capital net total	0.0	0.0	0.0	0.0

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19		
			£m	£m	£m	%
Q (title change)		High Speed Rail				
	4	Project Hexagon	0.0	39.6	39.6	0.0
	4	High Speed 2 Finance & Commercial	0.0	27.0	27.0	0.0
	4	High Speed 2 Project Sponsorship	0.0	1.4	1.4	0.0
	4	High Speed 2 Strategy & Engagement	0.0	0.9	0.9	0.0
	4	High Speed 2 Policy, Legislation & Funding	11.1	5.3	-5.9	-52.7
	6	Resource programme net total	11.1	74.1	63.0	568.0
	7	Project Hexagon	0.0	2.2	2.2	0.0
	7	High Speed 2 Finance & Commercial	0.0	0.0	0.0	0.0
	7	High Speed 2 Project Sponsorship	0.0	3.0	3.0	0.0
	7	High Speed 2 Strategy & Engagement	0.0	16.5	16.5	0.0
	7	High Speed 2 Policy, Legislation & Funding	942.1	1,313.3	371.2	39.4
	9	Capital net total	942.1	1,335.0	392.9	41.7
R (Formerly Q)		Transport Development Fund				
	4	Transport Development Fund	25.7	26.3	0.6	2.4
	6	Resource programme net total	25.7	26.3	0.6	2.4
		Transport Development Fund	7.7	202.6	194.9	2,529.5
	9	Capital net total	7.7	202.6	194.9	2,529.5
S (new)		High Speed Two Limited (net)				
	1	High Speed Two Limited (net)	0.0	3.5	3.5	0.0
	3	Administration net total	0.0	3.5	3.5	0.0
	4	High Speed Two Limited (net)	0.0	124.0	124.0	0.0
	6	Resource programme net total	0.0	124.0	124.0	0.0
	7	High Speed Two Limited (net)	0.0	1,656.0	1,656.0	0.0
	9	Capital net total	0.0	1,656.0	1,656.0	0.0
T (new)		East West Rail Company Limited (net)				
	4	East West Rail Company Limited	0.0	0.0	0.0	0.0
	6	Resource programme net total	0.0	0.0	0.0	0.0
	7	East West Rail Company Limited	0.0	0.0	0.0	0.0
	9	Capital net total	0.0	0.0	0.0	0.0
		TOTAL VOTED DEL				
		Administration net total	259.3	262.1	2.8	1.1
		Resource programme net total	3,620.2	3,479.8	-140.3	-3.9
		Capital net total	6,431.7	8,070.8	1,639.2	25.5

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19	£m	%
NON VOTED DEL						
U (formerly R)	Funding of Other ALBs (net)					
	1	Trinity House Lighthouse Service	2.8	3.1	0.3	8.9
	1	Northern Lighthouse Board	3.1	3.6	0.5	14.4
	1	Commissioners of Irish Lights	0.2	0.3	0.1	41.3
	3	Administration net total	6.1	6.9	0.8	12.8
	4	General Lighthouse Fund	5.1	0.0	-5.1	-100.0
	4	Trinity House Lighthouse Service	5.5	8.2	2.7	48.8
	4	Northern Lighthouse Board	1.0	3.5	2.5	249.4
	4	Commissioners of Irish Lights	0.2	0.4	0.2	115.3
	6	Resource programme net total	11.8	12.2	0.4	3.0
	7	General Lighthouse Fund	0.8	0.0	-0.8	-100.0
	7	Trinity House Lighthouse Service	0.0	0.0	0.0	0.0
	7	Northern Lighthouse Board	0.0	0.0	0.0	0.0
	7	Commissioners of Irish Lights	0.0	0.0	0.0	0.0
	9	Capital net total	0.8	0.0	-0.8	-100.0
		TOTAL NON-VOTED DEL	Administration net total 6.1	6.9	0.8	12.8
			Resource programme net total 11.8	12.2	0.4	3.0
			Capital net total 0.8	0.0	-0.8	-100.0
		TOTAL DEL	Administration net total 265.4	269.0	3.6	1.4
			Resource programme net total 3,632.0	3,492.0	-140.0	-3.9
			Capital net total 6,432.4	8,070.8	1,638.4	25.5
VOTED AME						
V (formerly S)	Highways England ALB (net)					
	4	Highways England asset write-downs and provisions	6.0	6.0	0.0	0.0
	4	Highways England administration	0.0	0.0	0.0	0.0
	6	Resource programme net total	6.0	6.0	0.0	0.0
	7	Capital	40.0	40.0	0.0	0.0
	9	Capital net total	40.0	40.0	0.0	0.0
W (formerly T)	Network Rail ALB (net)					
	4	Network Rail	8,289.8	8,717.3	427.4	5.2
	6	Resource programme net total	8,289.8	8,717.3	427.4	5.2
	7	Network Rail	6,634.5	5,314.2	-1,320.3	-19.9
	9	Capital net total	6,634.5	5,314.2	-1,320.3	-19.9
X (formerly U)	Funding of Other ALBs (net)					
	4	British Transport Police	82.9	81.9	-1.0	-1.2
	4	Air Travel Trust	7.7	-2.0	-9.7	-126.1
	6	Resource programme net total	90.6	79.9	-10.7	-11.8
	7	High Speed 2	-0.6	0.0	0.6	-100.0
	9	Capital net total	-0.6	0.0	0.6	-100.0

Section	Column	Programme	Supplementary	Main	Variance	Variance
			Estimate	Estimate		
			2017-18	2018-19		
			£m	£m	£m	%
Y (formerly V)		Other railways				
	4	London & Continental Railways	262.7	262.7	-0.0	-0.0
	4	CTRL Corporate Support Finance Managed	151.0	143.4	-7.7	-5.1
	4	Finance & Planning Pension provision	-50.4	-14.5	35.9	-71.2
	5	London & Continental Railways	-131.3	-131.3	0.0	0.0
	5	CTRL Corporate Support Finance Managed	-76.1	-71.5	4.7	-6.1
	6	Resource programme net total	155.8	188.7	32.9	21.1
Z (formerly W)		Aviation, Maritime, Security & Safety				
	4	ASSI	0.0	0.0	0.0	0.0
	4	GLA pension related payments	-2.9	-2.5	0.4	-13.8
	5	GLA pension repayments	0.0	0.0	0.0	0.0
	6	Resource programme net total	-2.9	-2.5	0.4	-13.8
	7	GLA pension related payments	-20.0	-20.0	0.0	0.0
	8	GLA pension repayments	0.0	0.0	0.0	0.0
	9	Capital net total	-20.0	-20.0	0.0	0.0
AA		Maritime & Coastguard Agency				
	4	MCA Purchase of goods & services	1.0	1.0	0.0	0.0
	6	Resource programme net total	1.0	1.0	0.0	0.0
AB		Motoring Agencies				
	4	GCD A Provisions	-0.0	-0.0	0.0	0.0
	4	Driver and Vehicle Licensing Agency	-4.3	-2.3	1.9	-45.5
	6	Resource programme net total	-4.3	-2.4	1.9	-45.1
AC		Central Administration				
	4	Central Administration	0.0	0.0	0.0	0.0
	4	Finance & Estates	0.2	0.0	-0.2	-100.0
	4	Human Resources	91.5	93.3	1.7	1.9
	6	Resource programme net total	91.7	93.3	1.5	1.7
AD		High Speed Rail (rename from High Speed Two)				
	7	High Speed two	796.0	412.0	-384.0	-48.2
	9	Capital net total	796.0	412.0	-384.0	-48.2
		TOTAL VOTED AME				
		Resource programme net total	8,627.8	9,081.2	453.5	-42.8
		Capital total	7,449.8	5,746.2	-1,703.6	-22.9
NON VOTED AME						
AF		Funding of Other ALBs (net)				
	4	Commissioners of Irish Lights	0.0	-0.0	-0.0	-736.7
	4	Trinity House Lighthouse Service	0.1	11.0	10.9	11,856.5
	4	Northern Lighthouse Board	0.0	0.0	0.0	0.0
	6	Resource programme net total	0.1	11.0	10.9	11,501.4
		TOTAL NON VOTED AME				
		Resource programme net total	0.1	11.0	10.9	11,501.4
		TOTAL AME				
		Resource programme net total	8,627.9	9,092.2	464.4	5.4
		Capital net total	7,449.8	5,746.2	-1,703.6	-22.9

Annex B: Changes since Spending Review 2015

Table 1.0 - Resource DEL				
£m	2016-17	2017-18	2018-19	2019-20
Spending Review 2015 Settlement	3,359.0	3,401.0	3,498.0	3,102.0
Transfer to HM Treasury: UKGI funding	-0.4	-0.4	-0.4	-0.4
Transfer to Department for Communities & Local Government: Manchester Earn Back Scheme	-2.3	-2.3	-3.0	-3.8
Transfer from Ministry of Defence for the Aeronautical Rescue Coordination Centre (ARCC)	0.7	0.7	0.7	0.6
Research & Development: RDEL to CDEL switch	-75.7	-71.4	-70.0	-68.9
Transfer to the Department for Business, Energy and Industrial Strategy for the development of the Business Information Management 3	-1.7	-1.7	-1.7	
South West Rail Resilience work	-5.0			
Reduction in depreciation	-107.9			
Revised depreciation		284.4	297.2	297.2
As at Main Estimate 2016-17	3,166.8	3,610.3	3,720.8	3,326.7
DEL to AME switch: Transfer of the Development Fund (Crewe Hub) to Network Rail	-4.6			
Transfer of Ill Code projects to MCA	0.5			
Transfer of cyber security budget from DEL to NR (AME)	-0.1			
Transfer to FCO for Dundee Airport	-1.2			
Transfer to Defra for Joint Air Quality work	-1.0			
Budget Exchange	-60.0			
Intra-company transaction between British Transport Police and NR - DEL/AME switch	-83.9			
HMT Reduction related to Cash Management	-0.1			
Transfer in from FCO - rebasing of all Platform budgets	0.1			
RDEL/CDEL Switch	-94.7			
HE depreciation uplift	159.0			

£m	2016-17	2017-18	2018-19	2019-20
Autumn Statement 2016				
Midlands Rail Hub		2.0	3.0	
Budget Exchange: Development Funding for East West Rail		10.0		
Budget Exchange		50.0		
Intra-company transaction between British Transport Police and NR - DEL/AME switch		-83.6		
Transfer from HO for Counter Terrorism work			0.2	
Transfer from DFID for FCO Programme: Maritime Obligations and Reduction in Contingent Liability		0.7	0.4	0.4
As at Main Estimate 2017-18		3,589.4	3,724.4	3,327.2
Budget Exchange - Rail (related to EWR & New Stations)		-30.0	30.0	
Transfer from Rail to Network Rail related to a number of DEL/ AME transactions/ switches		-18.0		
RDEL to CAME switch in relation to movement of costs for Crewe Hub to Network Rail		-6.7		
Other Government Transfers - section 3		-2.9		
Admin to programme movements as agreement with HMT		-5.0		
Reserve Claim: Increase in RDEL related to collapse of Monarch		68.0		
Reserve Claim: Increase in RDEL used for the risk share mechanism for rail income		60.0		
Increase in RDEL depreciation related to Highways England and inventory write-down in High Speed 2		175.0		
Increase in RDEL to cover the risk of VAT Intending Trader Status in HS2		54.0		
CDEL to RDEL switch within HS2		8.0		

£m	2016-17	2017-18	2018-19	2019-20
Autumn Budget 2017				
Increase in RDEL related to EU exit		2.1		
Increase in RDEL related to Midlands Motorway hub		1.0		
DEL to AME switch (BTP/ NR switch on pre-consolidation basis) to reflect income received by BTP from NR			-90.2	-92.7
Changes made at Supplementary Estimate 2017-18		3,894.9	3,664.2	3,234.5
DEL to AME switch for BTP			8.3	10.8
Autumn Budget 2017				
Midlands Connect Motorway & Rail Improvements			2.0	
Plug in Car Grant (electric only vehicles)			8.0	8.0
Cambridge South Station			5.0	
Transfer from HO related Counter Terrorism work			0.2	
Transfer from HO related to Aviation Security			10.0	10.0
Transfer to Northern Ireland for Derry Airport			-1.9	
Transfer to Scotland Office for Dundee Airport			-0.9	
Transfer to Cabinet Office for Single Intelligence Fund			-0.2	
Transfer from DIFD/FCO for MCA			1.1	
Transfer from FCO for Platform costs			0.2	
Revised depreciation			64.8	62.8
Net of other small movements			0.1	
2018-19 Main Estimate Position			3,761.0	3,326.1

Table 1.1- Capital DEL				
£m	2016-17	2017-18	2018-19	2019-20
Spending Review 2015 Settlement	6,255.0	7,639.0	8,941.0	11,418.0
Transfer to DCLG for Local Growth Fund and Local Sustainable Transport Fund-CPID COM085	-892.8	-801.0	-676.0	-868.0
RDEL to CDEL switch: R & D	75.7	71.4	70.0	68.9
Addition of M62	-1.0			
Transfer from MoD related to ARCC:New Profile		0.3		
Change to Local Sustainable Transport Fund since SR15		50.0	50.0	-100.0
Change to Highways Maintenance Challenge Fund since SR15		75.0	25.0	-100.0
Potholes		25.0	25.0	-50.0
Addition for M62		1.0	65.0	96.0
2016-17 Main Estimate Position	5,436.9	7,060.7	8,500.0	10,464.9
Transfer from Home Office agreed at a late stage during the 2015 Spending Review, to cover additional counter-terrorism spending.	1.5			
Phase 1 and 2 interfaces - HS2 work undertaken by Network Rail	-2.9			
Scotland Work - HS2 work undertaken by Network Rail	-0.4			
Euston Interfaces - HS2 work undertaken by Network Rail	-1.3			
BUDGET Exchange (40% of £100m)	-40.0			
RDEL/CDEL Switch	94.7			
2016-17 Supplementary Estimate Position	5,488.4	7,060.7	8,500.0	10,464.9
Autumn Statement 2016				
National Productivity Investment Fund		375.0	660.0	595.0
Flood resilience (reserve claim)		77.9	46.9	25.7
BUDGET Exchange		40.0		
Transfer of Counter-Terrorism spend from HO		4.5	5.0	7.3
Balance transfer to DCLG for Local Growth Fund and Local Sustainable Transport Fund - CPID COM085		-136.5	-66.0	253.0
Innovate UK - transfer to BEIS re Driverless Cars		-4.4	-2.2	

£m	2016-17	2017-18	2018-19	2019-20
Spring Statement 2017				
Business rates retention changes-TfL Capital		-960.0	-976.0	-993.0
Business rates retention changes-Highways Maintenance		-61.7	-61.7	
Business rates retention changes-IT Block		-25.5	-25.5	
Plug-in cars reprofile		40.0	-5.0	-15.0
2017-18 Main Estimate Position		6,410.0	8,075.5	10,337.9
Transfer from BEIS for driverless cars		0.5		
Large Local Majors' Fund switch from RDM to NR AME		-5.0		
Large Local Majors Fund: switch to CAME as part of budgeting treatment of additional £300m funding for Network Rail-HMT letter of 13 July 17			-20.0	-20.0
Thames Link Infrastructure fund switch from Rail to NR AME		-70.0		
Rail to NR: CDEL to CAME switch		-87.0		
Phase 1 and 2 interfaces - HS2 work undertaken by HS2 - NR AME		-5.4		
Admin to programme movements as per agreement with HMT		5.0		
Air Quality Plan funding to ISE		5.0		
National Air Quality Plan-HMT letter 29 Sept 2017			45.0	60.0
*Switch CDEL to RDEL (HSR to HS2 ltd) agreed with HMT		-8.0		
Budget Exchange-HE non road investment related costs		-79.0	79.0	
HS2 underspend (re-profiling of capital costs)		-32.8	32.8	
Trust Port Borrowing		41.0		
HS2 Intending Trader Status-VAT cover		211.0		

£m	2016-17	2017-18	2018-19	2019-20
Autumn Budget 2017				
EU Exit Tranche 2		1.0		
Local Road Maintenance		46.0	-100.0	100.0
Midlands Connect Motorway & Rail Improvements			2.0	1.0
Plug In Car Grant (electric only vehicles)			42.0	42.0
Clean Air Fund (CAF) - BEIS			50.0	55.0
Nexus Rolling Stock				21.6
Welsh Rail Improvement			0.2	
Transforming Cities Fund: Competitive Pot			-60.0	-10.0
Rail CDEL to NR CAME switch: Early Deployments spending by Network Rail - relates to the £450m on Digital Signalling Funding			-45.0	-31.0
2017-18 Supplementary Estimate Position		6,432.4	8,101.5	10,556.5
Transfer to DCLG (Local Growth Fund)			-31.7	-38.1
Transfer to Cabinet Office (Counter Terrorism Accelerator)			0.1	
2018-19 Main Estimate Position			8,069.9	10,518.4

Annex C: Glossary of Terms

Administration Budget: Expenditure incurred by departments and agencies in providing those services which are not directly associated with frontline service delivery. Includes pay, training, travel, accommodation, stationery, utilities, etc.

Ambit: The ambits describe the activities for which provision sought in the Estimate will be used. They are set out in Part I of the Departmental Estimate. Separate ambits are required for both expenditure and income in each budgetary category included in the Estimate (DEL, AME and Non Budget).

Annually Managed Expenditure (AME): A Treasury budgetary control for expenditure which is generally less predictable and controllable than expenditure in DEL.

Arm's Length Body (ALB): A Non-Departmental Public Body, a company in which the department has a significant shareholding, or other sponsored body.

Budget Exchange: A mechanism that allows Departments to either: a) to carry forward a forecast DEL underspend from one financial year to the next or b) surrender a forecast DEL underspend in advance of the end of the financial year (through a DEL reduction in the Supplementary Estimate) in return for a corresponding DEL increase in the following year.

Contingent Liabilities: Potential liabilities that are uncertain but recognise that future expenditure may arise if certain conditions are met or certain events happen.

Departmental Expenditure Limit (DEL): A Treasury budgetary control for expenditure which is generally within the department's control and can be managed within fixed four year limits (Comprehensive Spending Review period).

Departmental Unallocated Provision (DUP): An amount held back by a department to meet unforeseen pressures in expenditure and is not allocated at the start of the year to any particular programme. It forms part of the DEL.

Grant-in-Aid: Financing payment made by a department to a Non-Departmental Public Body or other Arm's Length Bodies.

Non-budget: This is a parliamentary control, one of the main items that appear in this limit relates to Prior Period Adjustments.

Provision: A provision is set up to cover recognised liabilities which either have to be paid out by departments over a period of more than one year (such as pensions or contractual obligations), or are held back by the departments pending decision for eventual payment if directed by a ruling body.

Reserve: A small amount of both resource and capital DEL budgetary provision that has not been allocated by HM Treasury to a department. The function of the Reserve is to assist departments with the costs of genuinely unexpected and unforeseeable events, which are also large relative to the department's available resources.

Spending Review (SR): A cross-Government review of the departmental aims and objectives and analysis of all spending programmes, with the resultant allocation of four year Departmental Expenditure Limits (DEL).

Supplementary Estimate: A single opportunity for a Department to seek parliamentary authority for additional resources and/or cash above that obtained in the Main Estimate, or vary the way in which resources are allocated. Supplementary Estimates are normally presented in February.

Voted Expenditure: That which has been authorised by Parliament in response to Supply Estimates.

Non-voted Expenditure: Public expenditure outside that voted by Parliament in Supply Estimates. It is largely used for ALB budgets.