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# 1 Overview

## 1.1 Objectives

The Department for Work and Pensions' objectives, as set out in its published Single Departmental Plan, are as follows:

1. Build a more prosperous society by supporting people into work and helping them to realise their potential.
2. Improve outcomes and ensure financial security for disabled people and people with health conditions by increasing opportunities to realise their full potential with the help of the welfare system and through the labour market.
3. Ensure financial security for current and future pensioners by: helping people to increase their pension savings; providing information on their private and state pension provision to enable effective planning for the future; and supporting older people to extend their working lives.
4. Increase every child's opportunity to succeed by helping separated parents agree effective child maintenance arrangements and supporting families in distress to reduce parental breakdown and separation.
5. Transform our services and work with the devolved administrations to deliver an effective welfare system for citizens when they need it while reducing costs, and achieving value for money for taxpayers.

DWP's spending is designed to support its objectives. Details of which estimate subheads relate to which objectives are given at Section 3.1.

## 1.2 Spending controls

DWP's spending is broken down into several different spending totals, for which Parliamentary 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 and financial transactions. Financial transactions in DWP DEL include Social Fund Funeral Expense Payments, and National Employment Savings Trust loan.
- Resource Annually Managed Expenditure ("Resource AME") - in DWP's case, mainly payment of benefits.
- Capital Annually Managed Expenditure ("Capital AME") - in DWP's case, payments of Support for Mortgage Interest loans and Universal Credit advances to customers, less repayments from customers.
- Non-budget expenditure - includes the cash paid into the Social Fund, which covers expenditure made from the fund. It also includes grant-in-aid payments to arm's length bodies.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require DWP to pay out cash in-year.

## 1.3 Main areas of spending

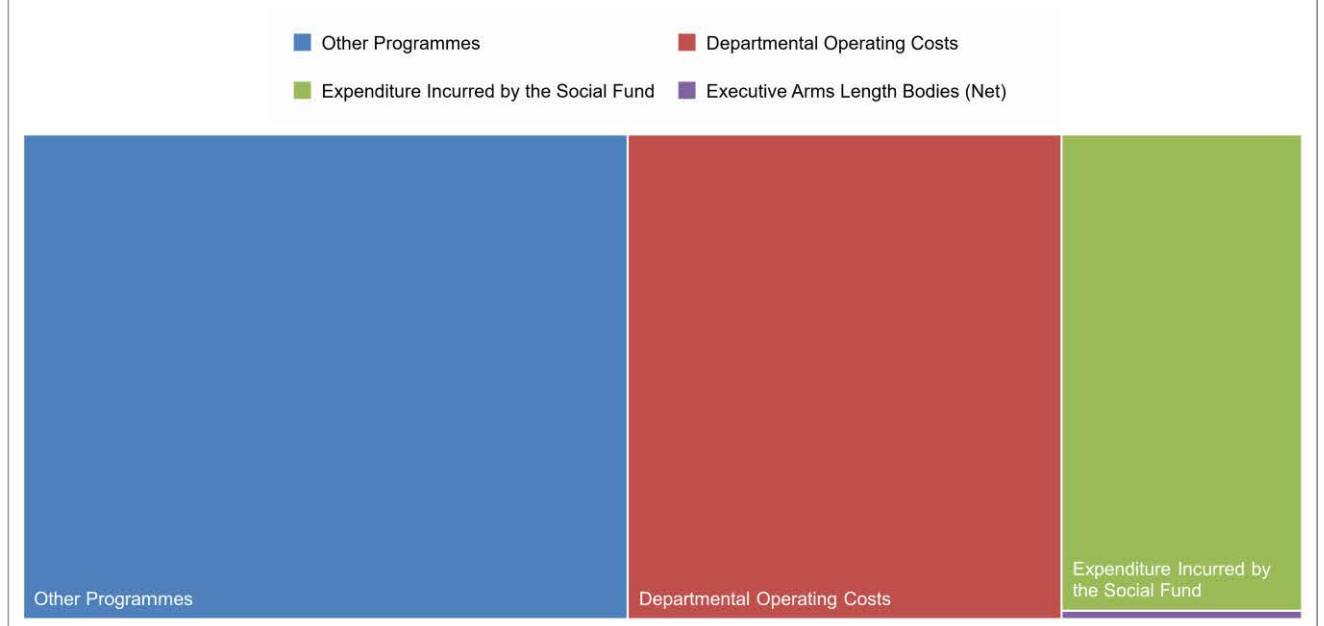
Figures 1-4 below show the main components of DWP's proposed budget, included in the latest Estimate, and the proportions spent on its main activities.

Within these figures Resource DEL, Capital DEL and Capital AME show expenditure by Estimate subhead. As the list of Resource AME subheads is much longer, use of subheads would make the Treemap overly complex. Instead therefore these figures show expenditure by the subhead groupings (as shown in Section 2.1) in order to assist users.

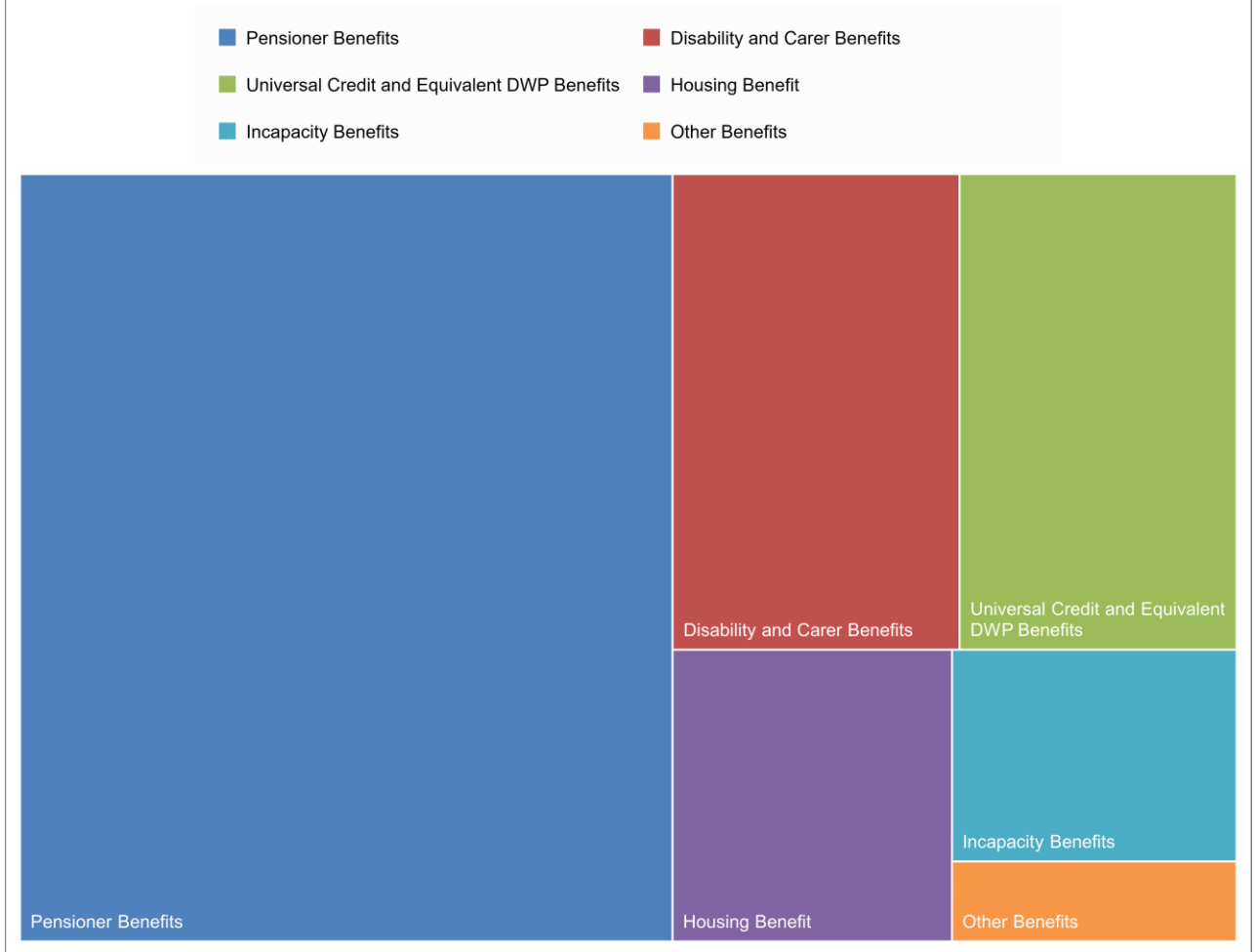
**Figure 1: Resource DEL 2019-20**  
**Total budget £5.7bn**



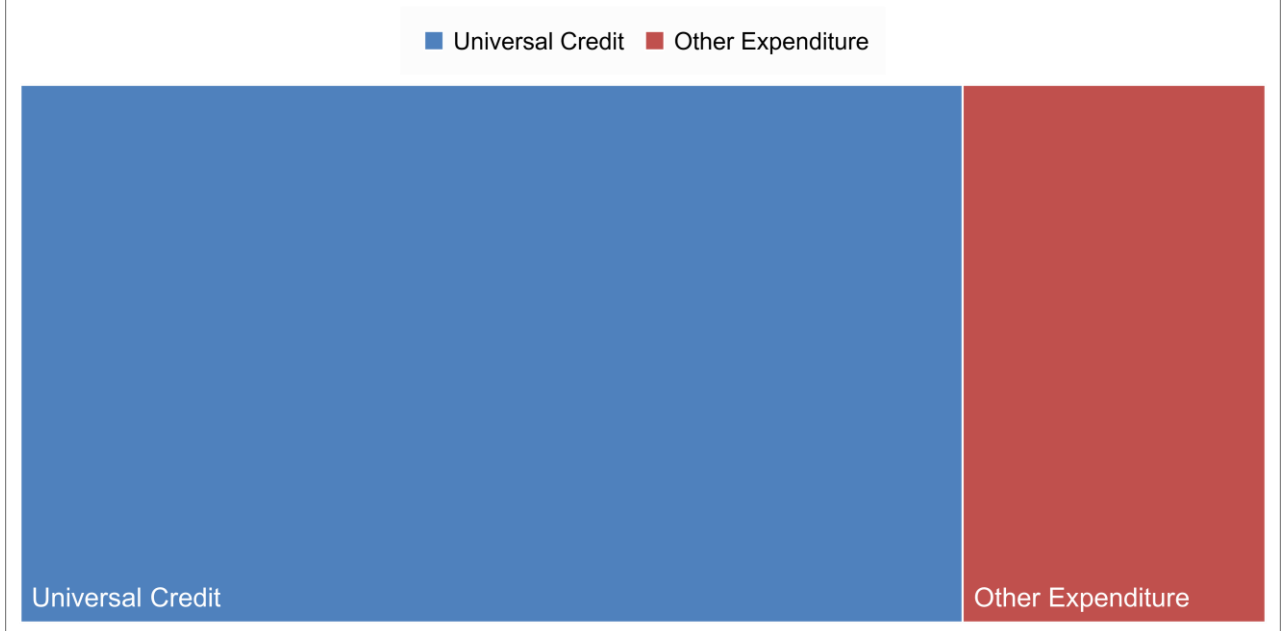
**Figure 2: Capital DEL 2019-20**  
**Total budget £226.7m**



**Figure 3: Resource AME 2019-20**  
**Total budget £189.9bn**



**Figure 4: Capital AME 2019-20**  
**Total budget £435.7m**



## 1.4 Comparison of spending totals sought

Table 1 and Figure 5 below show how the totals sought for DWP compare with last year's Main and Supplementary Estimates:

**Table 1: Comparison of Spending Totals**

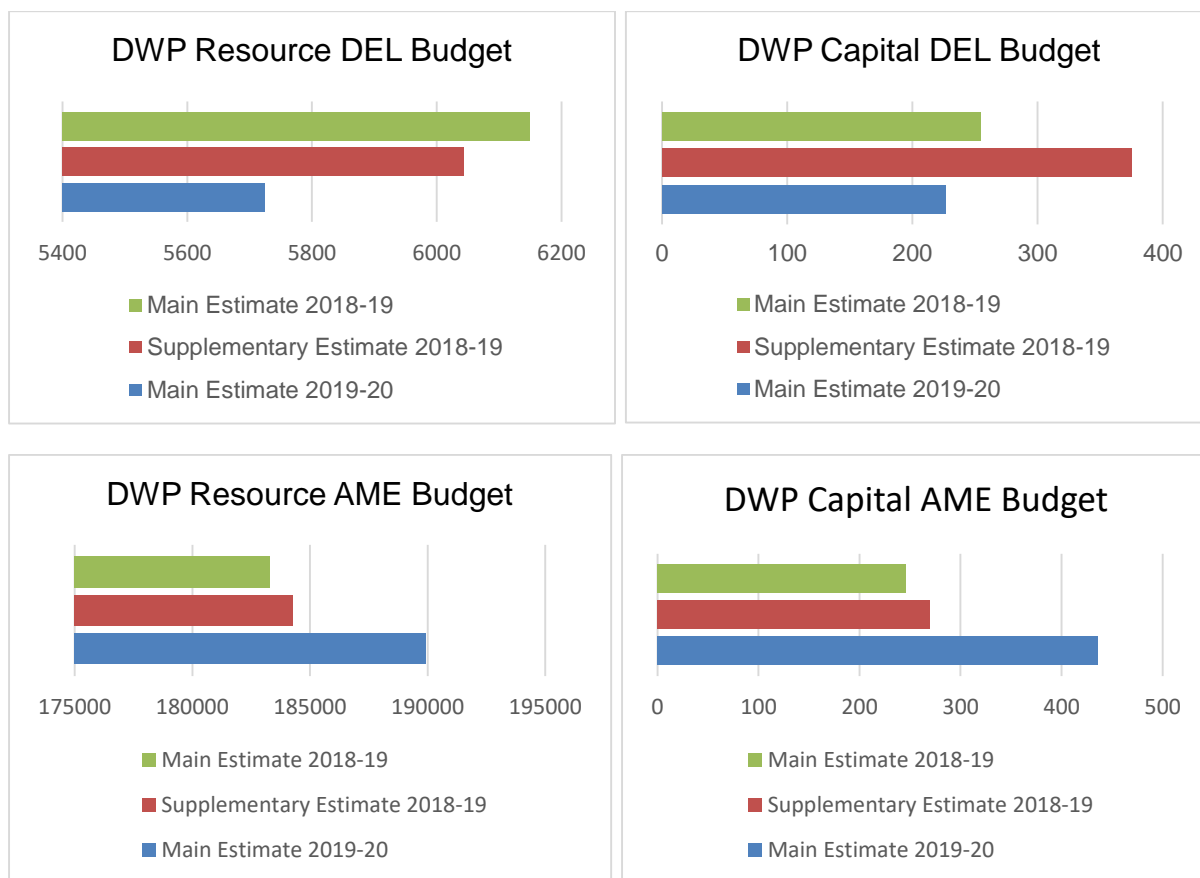
Main Estimate 2019-20	vs. Supplementary Estimate 2018-19 <sup>1</sup>		vs. Main Estimate 2018-19 <sup>2</sup>		
	£m	£m	%	£m	%
Resource DEL	5,739.9	-303.8	-5.3%	-409.7	-7.1%
Capital DEL	226.7	-148.7	-65.6%	-28.0	-12.4%
<b>Total DEL</b>	<b>5,966.6</b>	<b>-452.5</b>	<b>-7.6%</b>	<b>-437.7</b>	<b>-7.3%</b>
Resource AME <sup>3</sup>	189,928.3	5,647.0	3.0%	6,621.1	3.5%
Capital AME	435.7	166.1	38.1%	189.3	43.5%
<b>Total AME</b>	<b>190,364.0</b>	<b>5,813.2</b>	<b>3.1%</b>	<b>6,810.4</b>	<b>3.6%</b>

1 Negative denotes funding at Main Estimate 2019-20 lower than at Supplementary Estimate 2018-19

2 Negative denotes funding at Main Estimate 2019-20 lower than at Main Estimate 2018-19

3 AME at Supplementary Estimate 2018-19 included margin applied to forecasts to protect against movements in outturn. This can be seen in Table 5 / Section 2.1

**Figure 5: Comparison of Spending Totals (£m)**



## 1.5 Key drivers of spending changes since last year

### Departmental Expenditure Limit (DEL)

The Department's final DEL funding for 2018-19, set at the recent Supplementary Estimate, is £6,419m. The Main Estimate funding position for 2019-20 is £452m lower at £5,967m; DWP has worked hard to develop a plan to operate within existing funding, with the outcome of the actions taken reflected in this Section and 2.1. Achieving reductions of this scale will not be straightforward, so the Department will monitor expenditure against our agreed plans and act quickly should risks materialise.

. Major changes by funding category are shown below:

- Within Resource DEL, expenditure on frontline 'Operational Delivery' is forecast to reduce by £93m primarily as result of various efficiencies the Department plans to deliver throughout the year by increasing automation and improving performance. 'Departmental Operating Costs' will also reduce by £193m, as a result of reduced commercial spend and reduced IT expenditure following prior investment within SR15.
- Capital DEL expenditure is primarily driven by the profile of investment within Change programmes and investments in Digital and Estates across the SR period. In 2018-19 £120m was moved from Resource DEL to Capital DEL covering investments in the digital infrastructure and physical estate. The reduction in 2019-20 is primarily a result of these one off investments coming to an end.

### Annually Managed Expenditure (AME)

Table 1 compares DWP's Main Estimate 2019-20 with the Main and Supplementary Estimates for 2018-19. In the case of benefit expenditure within AME, the comparison with Main Estimate is the more meaningful as in the Supplementary Estimate it is standard practice for HMT allow the Department to add a margin to forecasts to cover potential fluctuations in the remainder of the year. This is explained further in Section 2.1.

Benefit expenditure in Resource AME in 2019-20 is forecast to be £190bn, £7bn higher than the latest forecast for 2018-19. The main elements of this increase are:

- The annual uprating of benefits, costing £3.7bn, of which £2.5bn is the cost of uprating the State Pension;
- The continuing rollout of Universal Credit, leading to higher spending within DWP as personal tax credits formerly administered by HM Revenue and Customs move into the Department; and
- Increases in disability and carer benefits, driven by rising caseloads.

Further explanations by Estimate subhead are contained in Sections 1.9 and 2.1.



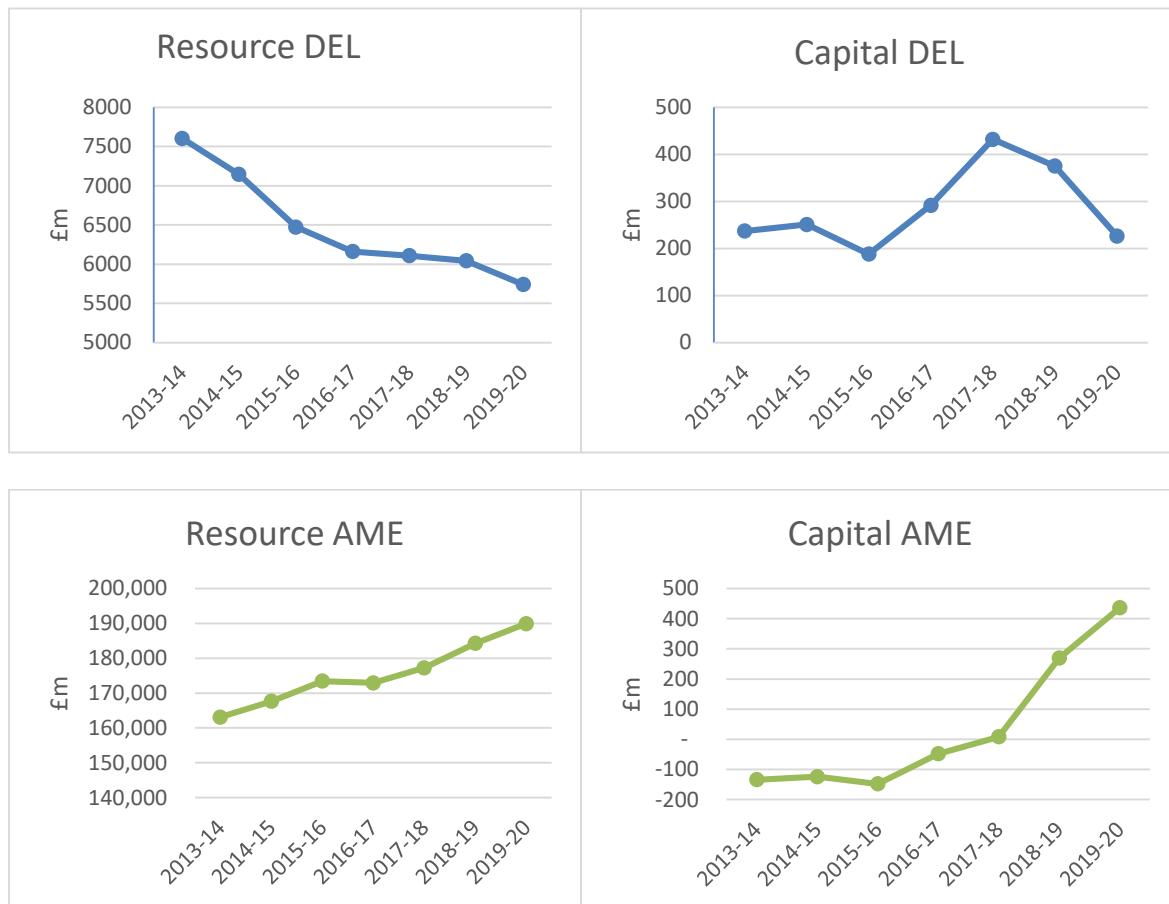
## 1.6 New policies and programmes; ambit changes

DWP has not launched any new policies or programmes at the time of this Estimate. As such, no alterations have been made to the Department’s Ambit.

## 1.7 Spending trends

The charts below show overall spending trends for the last six years, and plans presented in the Main Estimate for 2019-20.

**Figure 6: Spending Trends**



- Resource DEL – Figure 6 shows a trend of reduction in Resource DEL spending from SR10 through to SR15. This has been enabled by driving out efficiencies across the Department in both staffing and contract expenditure and through strong financial management over this period.
- Capital DEL – with the exception of financial transactions (defined in Section 1.2), DWP’s Capital DEL expenditure is predominantly non-recurrent investment within Change programmes, Digital and Estates. Within the Department’s SR15 plans, 2017-18 and 2018-19 required the greatest Capital expenditure.
- Resource AME - benefit expenditure has increased over the period shown, driven by uprating (the annual increase in most benefits) and demographics (a growing

and ageing population). The largest element of the increase relates to State Pension. Although the equalisation of, and increase in the State Pension age has held back spending, the basic State Pension has been increased by at least 2.5% every year, in line with the Government's "triple lock". Reforms to working age benefits, including the current freeze on uprating of some, mean that spending on the State Pension is growing as a proportion of DWP AME. Partly offsetting this is the growth in Universal Credit as it absorbs spending previously paid through personal tax credits by HM Revenue and Customs.

- Capital AME – until 2016-17, Capital AME within DWP consisted of Social Fund net lending only and was a negative figure, as recoveries in-year exceeded payments out. In 2017-18 DWP had to capitalise a proportion of Universal Credit advances for the first time due to HMT budgeting rules and in 2018-19 the Department introduced Support for Mortgage Interest (SMI) loans. As more people move to Universal Credit, the amount of related advances scored as Capital AME rather than Resource AME is forecast to rise within 2019-20.

## 1.8 Administration costs and efficiency plans

**Table 2: Administration budgets**

Spending total Amounts sought this year (Main Estimate 2019-20)		Compared to final budget last year (Supplementary Estimate 2018-19) <sup>1</sup>		Compared to original budget last year (Main Estimate 2018-19) <sup>2</sup>	
		£m	%	£m	%
Administration costs	815.2	-29.5	-3.5%	-13.1	-1.6%

1 Negative denotes funding at Main Estimate 2019-20 lower than at Supplementary Estimate 2018-19

2 Negative denotes funding at Main Estimate 2019-20 lower than at Main Estimate 2018-19

Within DWP, Administration relates to expenditure outside of that on direct frontline activity. It therefore includes staff in enabling functions, contract expenditure to maintain the Department's infrastructure and provide necessary business services and depreciation associated with non-frontline assets.

Administration as a proportion of DWP's Resource DEL expenditure is relatively low, totalling 14% only of the 2019-20 Main Estimate. As a comparator, the Administration budget sought for 2019-20 is 23% lower than that for 2015-16 (SR13).

Within the Department's SR15 settlement, Administration was subject to a year-on-year reduction which is reflected in the decrease between 2018-19 and 2019-20 shown in Table 2 above.

## **1.9 Funding: Spending Review and budgets**

The levels of DEL funding for DWP for 2019-20 are based on plans published in the 2015 Spending Review. Since that time, the Government has made a number of changes to 2019-20 spending plans including announcements of some additional funding in Spring and Autumn Statements and Budgets. Details of funding changes are set out in the Table at Annex C.

Notable amongst these changes within 2019-20 are:

The Department's DEL funding has reduced by £70m due to the net impact of budget transfers between departments (see Annex C).

Of the transfers, the largest is a decrease in funding of £60m transferred to HMRC covering costs associated with the transition of Tax Credit customers managed by HMRC to Universal Credit within DWP. A further £12m has been transferred to the Department of Health and Social Care to support employment advisors in Increasing Access for Psychological Therapies.

The Department's Resource DEL funding has been increased by £36m at Main Estimate as a result of the full implementation of the financial regime associated with the Single Financial Guidance Body (SFGB) in 2019-20. From the beginning of 2019-20, income previously retained by DWP from the Financial Services Levy will now be routed to HMT's Consolidated Fund, with DWP receiving DEL funding in lieu. This funding appears in subhead D Executive Arms' Length Bodies (net).

Please note, SFGB is to be renamed The Money and Pensions Service (MAPS) from April 2019.

## **1.10 Other funding announcements**

No additional DEL funding was provided in the Spring Statement 2019 for the 2019-20 financial year in respect of specific new programmes to be undertaken by DWP. Additional funding has however been granted at Main Estimate in respect of aspects of EU Exit and increased employers' pension contributions.

In the 2018 Autumn Budget, the Chancellor announced £2bn would be made available within 2019-20 to fund departments' essential preparation for leaving the EU. Of this, DWP has received £15m to fund £5m of preparatory activity upon chemical regulation within the Health and Safety Executive (subhead B), with the remainder applied to Change Programme and Policy costs (reported via subhead I) and additional operational and benefit processing activity (subhead A).

The Department has been granted £76m of funding to cover the increased employers' contributions following valuation of the Civil Service Pension Scheme undertaken by Government Actuary's Department.

This scheme is operated on a "pay as you go" basis where payments made from the scheme are offset by contributions made from current employees. Reductions were made to the discount rate, used to express future payments in today's terms, at

Budget 16 and Budget 18 which will have the effect of increasing employers' contributions from April 2019.

HMT has provided the additional £76m to support additional DEL costs associated with the Budget 18 SCAPE discount rate change. DWP will absorb the additional costs driven by the Budget 16 announcement from within existing DEL budgets.

## 2 Spending detail

### 2.1 Explanations of changes in spending

#### Departmental Expenditure Limit

#### Resource DEL

The table below shows how DWP's spending plans for Resource DEL at the Main Estimate compare with the Supplementary Estimate.

**Table 3 Departmental Expenditure Limits (DELs)**

Subheads	Description	Resource				Change From Last Year	See note
		<i>This year (2019-20 Main Estimates budget sought)</i>	<i>Last year (2018-19 Supp Estimates budget approved)</i>				
		£m			%		
A	Operational Delivery	1,995.1	2,087.9	-92.8	-4.4%		
B	Health and Safety Executive (Net)	133.9	124.5	9.4	7.6%		
C	European Social Fund	20.1	10.1	10.0	99.7%	1	
D	Executive Arm's Length Bodies (Net)	196.6	181.3	15.3	8.4%		
E	Employment Programmes	226.3	219.2	7.0	3.2%		
F	Support for Local Authorities	224.8	238.4	-13.6	-5.7%		
G	Other Programmes	-49.4	-74.0	24.6	-33.2%	2	
H	Other Benefits	132.5	145.5	-13.0	-8.9%		
I	Departmental operating costs	2,405.2	2,598.3	-193.1	-7.4%		
J	National Insurance Fund	431.7	490.6	-58.8	-12.0%	3	
K	Expenditure incurred by the Social Fund	23.0	21.9	1.1	5.0%		
<b>Total</b>		<b>5,739.9</b>	<b>6,043.7</b>	<b>-303.8</b>	<b>-5.0%</b>		

Differences of more than 10% which are more than £10m are explained below. Numbers relate to the relevant row in the table above.

1. European Social Fund - DWP's role as a managing authority for the European Social Fund results in transactions between the Department and the EU in both sterling and euros. Movement in the exchange rate between claims and settlement dates will result in variations, either gains or losses, in the sterling amount recorded in the DWP accounts. The value shown for Main Estimate in Table 3 represents the current forecast loss within 2019-20, but this will be subject to review throughout the year dependent upon movement in exchange rate.

2. Other Programmes – the movement shown in Table 3 primarily relates to the adjustment made to the financial regime for the Single Financial Guidance Body (SFGB) referred to in Section 1.9. Levy income previously retained by DWP in respect of the service provided by Pension Wise (which now forms part of SFGB) will now be directed to HMT with DEL funding supplied to the Department in lieu.

3. National Insurance Fund (NIF) – the amount of non-voted DEL funding to be received from HMRC in respect of administration of NIF benefits has been set at £432m in accordance with the Service Level Agreement (SLA) signed by both

departments. The decrease seen from 2018-19 Supplementary Estimate primarily results from an adjustment in last year's charge of £44m in respect of prior years. The benefit volumes and unit costs upon which the NIF invoice are based are reviewed through the year, with the SLA setting out the opportunity to review charges at the Supplementary Estimate each year.

## Capital DEL

The table below shows how spending plans for Capital DEL compare with the Supplementary Estimate.

**Table 4 Departmental Expenditure Limits (DELs)**

Subheads	Description	Capital				Change From Last Year	see note
		<i>This year (2019-20 Main Estimates budget sought)</i>	<i>Last year (2018-19 Supp Estimates budget approved)</i>				
		£m			%		
A	Operational Delivery	-	3.2	-3.2	-100.0%		
B	Health and Safety Executive (Net)	0.0	6.7	-6.7	-100.0%		
C	European Social Fund	-	0.0	0.0	0.0%		
D	Executive Arm's Length Bodies (Net)	0.7	1.6	-0.9	-54.8%		
E	Employment Programmes	-	0.0	0.0	0.0%		
F	Support for Local Authorities	-	0.0	0.0	0.0%		
G	Other Programmes	107.1	121.9	-14.8	-12.2%	1	
H	Other Benefits	-	0.0	0.0	0.0%		
I	Departmental operating costs	77.0	202.0	-125.0	-61.9%	2	
J	National Insurance Fund	-	0.0	0.0	0.0%		
K	Expenditure incurred by the Social Fund	41.9	40.0	1.9	4.8%		
	<b>Total</b>	<b>226.7</b>	<b>375.4</b>	<b>-148.7</b>	<b>-39.6%</b>		

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

1. Other Programmes – the Capital funding recorded within this subhead relates wholly to the loan made to the National Employment Savings Trust (NEST), a workplace pension scheme which can be used by any UK employer to meet its duties as set out in the Pensions Act 2008. The reduction in funding shown in Table 4 relates directly to the funding requirements for NEST as agreed in the SR15 Settlement. This funding forms part of the financial transactions ring-fence as described in Section 2.3 so any underspends cannot be used for other purposes.

2. Departmental Operating Costs – the vast majority of investment capital expenditure within DWP is reported through this subhead. Within SR15 the pattern of capital expenditure is not linear due to the profiles associated with major Change Programmes and Digital refresh activity, which are forecast to reduce in 2019-20. At Supplementary Estimate 2018-19, DWP moved £120m from Resource DEL to Capital DEL to support additional investment. The requirement for any similar movement of funding within 2019-20 will be reviewed prior to Supplementary

Estimate to reflect any changes to investment plans and the potential for changes in accounting treatments agreed with National Audit Office during the year.

## **Annually Managed Expenditure**

As mentioned in Section 1.5, DWP is permitted to apply a margin to its expenditure forecasts at Supplementary Estimates to guard against the possibility of increased demand before the end of the year.

To allow the most meaningful comparisons for readers therefore, the tables and narrative below show how spending plans for Resource AME in 2019-20 compare with the latest forecasts for 2018-19.

For comparison and completeness, Table 5 also shows the forecasts on which the 2018-19 Supplementary Estimate was based, and the margin included.

## **Resource AME**

In the Department for Work and Pensions, Annually Managed Expenditure (AME) is primarily demand-led expenditure on social security and social assistance benefits. These cover a range of life events such as being out of work, retirement, disability, maternity and bereavement.

More than half (58%) of DWP AME is spent on contributory benefits, where entitlement is based on National Insurance contributions. Contributory benefits are dominated by the State Pension.

A quarter of DWP AME is income-related: entitlement is affected by the recipient's other income and capital. Examples are Universal Credit (UC) and Pension Credit.

The remainder of the benefit expenditure is neither contributory nor income-related. Disability extra-costs benefits are the main area of spending of this type (Disability Living Allowance, Personal Independence Payment and Attendance Allowance).

Additional details of individual benefits and eligibility requirements can be found on the [gov.uk website](https://www.gov.uk).

In addition to benefit expenditure, Resource AME also includes non-cash expenditure relating to accounting impairments and provisions. This is shown in the section 'Other items'.

**Table 5: Resource AME**

Resource AME		Main Estimate 2019-20	Latest Forecast 2018-19	Change from Latest Forecast		Supplementary Estimate 2018-19 <i>Of which:</i>		
						Forecast	Margin	Total
Subheads	Description	£m	£m	£m	%	£m	£m	£m
L, AH, O, AI, P	Incapacity benefits <sup>[1]</sup>	12,788.6	15,361.1	-2,572.5	-16.7%	15,065.0	267.4	15,332.4
S, T, U, V	Disability and carer benefits	28,964.1	27,260.7	1,703.4	6.2%	27,309.7	342.9	27,652.6
N, AB, O, P, AA	Universal Credit and equivalent DWP benefits <sup>[2]</sup>	27,972.8	21,803.3	6,169.5	28.3%	21,731.5	455.0	22,186.5
Q, R (part), AC, AJ (part), AM (part), AE, AO	Pensioner benefits <sup>[3,4]</sup>	106,311.7	104,623.5	1,688.2	1.6%	104,628.9	218.7	104,847.6
W, AD	Housing Benefit	17,308.4	20,189.3	-2,880.9	-14.3%	20,156.9	403.1	20,560.1
M, X, Y, AJ (part), AK, AL, AN, Z	Other benefits	4,836.9	4,546.2	290.7	6.4%	4,690.0	367.6	5,057.6
R, AF, AG, AM (part), AJ (part)	Other items	-142.4	-1,352.8	1,210.4	-89.5%	-716.8	0.0	-716.8
Less items double-counted above <sup>[5]</sup>		-8,111.8	-10,715.2	2,603.4	-24.3%	-24.3%	-199.6	-10,638.5
Total voted and non-voted		189,928.3	181,716.1	8,212.2	4.5%	4.5%	1,855.1	184,281.5

<sup>1</sup> Excluding Universal Credit spending estimated to be Employment and Support Allowance equivalent.

<sup>2</sup> Excluding Housing Benefit for people of working age.

<sup>3</sup> Excluding Housing Benefit for people over pension age.

<sup>4</sup> Includes Financial Assistance Scheme benefit payments only. Movements in FAS provision are covered in 'Other items'

<sup>5</sup> Non-contributory Employment and Support Allowance and Income Support (incapacity) are included in incapacity benefits and in Universal Credit and equivalent benefits.



## Key drivers of spending changes since Main Estimate

### Benefit expenditure

The following summary tables show spending by broad benefit group to illustrate general trends. There is necessarily some overlap between Table 6 (incapacity benefits) and Table 8 (Universal Credit and equivalent DWP benefits).

## Main changes in Resource AME funding

### Incapacity benefits

Table 6 shows the net change in incapacity benefits spending. It does not cover similar spending in Universal Credit.

Overall spending on incapacity benefits will fall by £2.6bn / 17% in 2019-20 as non-contributory Employment and Support Allowance spending is replaced by Universal Credit. Contributory Employment and Support Allowance will rise slightly, reflecting uprating of the Support Group component, while other components are held at 2016-17 levels.

Other incapacity benefits are closed to new claims and are gradually falling as caseloads reduce.

**Table 6: Incapacity benefits**

	£ million			%
	Main Estimate 2019-20	Latest forecast 2018-19	Change from latest forecast	
<b>Incapacity benefits, of which:</b>	<b>12,788.6</b>	<b>15,361.1</b>	<b>(2,572.5)</b>	<b>-16.7%</b>
Severe Disablement Allowance	93.7	98.0	(4.3)	-4.4%
Incapacity benefit	0.9	2.9	(2.0)	-69.5%
Employment and Support Allowance (non-contributory)	8,111.8	10,711.2	(2,599.4)	-24.3%
Employment and Support Allowance (contributory)	4,582.2	4,545.0	37.2	0.8%
Income Support (incapacity)	0.0	4.0	(4.0)	-100.0%

## Disability and carer benefits

Total spending on disability and carer benefits will increase by £1.7bn / 6%. These benefits are being uprated by 2.4% in 2019-20.

The growing number of people on disability and carer benefits also contributes to rising spending. As reported by the OBR in its Spring Statement Economic and Fiscal Outlook, forecast spending reflects both higher inflow and lower outflow assumptions than previously.

Personal Independence Payment (PIP) caseload in particular is growing rapidly as it replaces Disability Living Allowance (DLA) for new claims from working-age people, and this is driving rising spending on PIP while DLA is falling. In addition, the decision to remove annual reviews for those over State Pension age has added to the increase in caseload.

Carer's Allowance (CA) caseload growth will resume following a slight fall in 2018-19 as spending in Scotland was devolved to the Scottish Government. The growth in caseload is driven by the net increase in the caseloads of the qualifying benefits that give entitlement to CA (primarily Attendance Allowance (AA), DLA & PIP).

AA caseload is also growing as a result of increasing life expectancy.

**Table 7: Disability and carer benefits**

	£ million			%
	Main Estimate 2019-20	Latest forecast 2018-19	Change from latest forecast	
<b>Disability and carer benefits, of which:</b>	<b>28,964.1</b>	<b>27,260.7</b>	<b>1,703.4</b>	<b>6.2%</b>
Attendance Allowance	5,889.9	5,675.3	214.6	3.8%
Personal Independence Payment	12,755.2	10,617.8	2,137.4	20.1%
Disability Living Allowance	7,346.2	8,099.1	(752.9)	-9.3%
Carer's Allowance	2,972.9	2,868.6	104.3	3.6%

## Universal Credit and equivalent DWP benefits<sup>6</sup>

Income-based Jobseeker's Allowance, income-related Employment and Support Allowance (also included in Table 6), Income Support and Housing Benefit for working age people, as well as tax credits administered by HM Revenue and Customs (HMRC) are gradually being replaced by Universal Credit, which is therefore rising as the legacy benefits in both DWP and HMRC fall.

Overall spending on UC and the DWP benefits it is replacing (other than Housing Benefit, which is discussed below) will be £6.2bn (28%) higher in 2019-20 than in 2018-19. Most of the increase is accounted for by the move from tax credits paid by HM Revenue and Customs to UC paid by DWP. The main rates of UC and the associated legacy benefits are frozen in 2019-20.

**Table 8: Universal Credit and equivalent DWP benefits**

	£ million			%
	Main Estimate 2019-20	Latest forecast 2018-19	Change from latest forecast	
<b>Universal Credit and equivalent DWP benefits, of which:</b>	<b>27,972.8</b>	<b>21,803.3</b>	<b>6,169.5</b>	<b>28.3%</b>
Universal Credit inside the welfare cap	15,246.2	5,916.6	9,329.6	157.7%
Universal Credit outside the welfare cap	3,137.1	2,199.7	937.4	42.6%
Employment and Support Allowance (non-contributory)	8,111.8	10,711.2	(2,599.4)	-24.3%
Income Support	1,183.2	1,849.5	(666.2)	-36.0%
Jobseeker's Allowance (non-contributory)	294.5	1,126.4	(831.8)	-73.9%

## Pensioner benefits<sup>7,8,9</sup>

Benefit expenditure on pensioners (excluding Housing Benefit, which is discussed below) is predicted to rise by £1.7bn / 1.6% in 2019-20. Increases to State Pension more than account for the net increase in pensioner benefits. The caseload is falling slightly as State Pension age increases from 65 to 66, but this is more than offset by the uprating of the basic State Pension by 2.6% (average earnings) and additional pension by 2.4% (CPI).

Pension Credit expenditure is predicted to fall by 3.2% mainly as a result of the State Pension age increase. Winter Fuel Payments expenditure is also set to fall slightly.

<sup>6</sup> Excluding Housing Benefit for people of working age.

<sup>7</sup> Excluding Housing Benefit for people over pension age.

<sup>8</sup> Includes Financial Assistance Scheme benefit payments only.

<sup>9</sup> Does not include other benefits paid to both pensioners and non-pensioners, such as bereavement benefits.

**Table 9: Pensioner benefits**

	£ million			%
	Main Estimate 2019-20	Latest forecast 2018-19	Change from latest forecast	
<b>Pensioner benefits, of which:</b>	<b>106,311.7</b>	<b>104,623.5</b>	<b>1,688.2</b>	<b>1.6%</b>
Pension Credit	4,898.8	5,059.2	(160.4)	-3.2%
Financial Assistance Scheme (benefits only)	238.2	221.1	17.2	7.8%
TV licences for the over 75s	247.0	468.0	(221.0)	-47.2%
Winter Fuel Payments	1,961.9	1,986.1	(24.2)	-1.2%
Christmas Bonus (contributory)	125.2	126.0	(0.8)	-0.7%
State Pension	98,840.6	96,763.2	2,077.4	2.1%

### Housing Benefit

Housing Benefit expenditure is forecast to fall by £2.9bn / 14% in 2019-20. Spending on working age people is falling as their housing costs are increasingly paid through Universal Credit. This is particularly noticeable in spending outside the welfare cap, which relates to jobseeker cases. Spending on pensioners is also falling as the increase in State Pension age reduces the caseload.

**Table 10: Housing Benefit**

	£ million			%
	Main Estimate 2019-20	Latest forecast 2018-19	Change from latest forecast	
<b>Housing Benefit, of which:</b>	<b>17,308.4</b>	<b>20,189.3</b>	<b>(2,880.9)</b>	<b>-14.3%</b>
Inside the welfare cap	16,579.6	19,138.5	(2,558.9)	-13.4%
Outside the welfare cap	728.8	1,050.8	(322.0)	-30.6%

### Other benefits

Spending on other benefits is forecast to rise by £0.3bn / 6% to 4.8bn in 2019-20.

Nearly half of the increase is in contributory Jobseeker's Allowance. However, where someone is entitled to both contributory JSA and Universal Credit, it is simpler for them to claim only UC as their total benefit will not be affected. This is likely to result in lower take-up of entitlement to contributory JSA, and therefore lower expenditure than currently forecast.

Cold Weather Payments are also forecast to be higher as the forecast is a simple average of spending in the last ten years, and the winter of 2018-19 has been relatively mild.

Statutory Maternity Pay, the largest benefit in this group, will be uprated by CPI inflation at 2.4%, as will Maternity Allowance, industrial injuries and Bereavement Benefit. For industrial injuries and bereavement benefits this increase is offset by falls in caseload.

**Table 11: Other benefits**

	£ million			%
	Main Estimate 2019-20	Latest forecast 2018-19	Change from latest forecast	
<b>Other benefits, of which:</b>	<b>4,836.9</b>	<b>4,546.2</b>	<b>290.7</b>	<b>6.4%</b>
Industrial injuries benefits scheme	847.6	839.3	8.2	1.0%
Statutory Maternity Pay	2,641.8	2,579.0	62.8	2.4%
Christmas Bonus (non-contributory)	35.4	34.8	0.6	1.7%
Cold Weather Payments	140.2	39.6	100.7	254.5%
Maternity Allowance	447.8	429.3	18.5	4.3%
Bereavement benefits	422.9	461.2	(38.3)	-8.3%
Jobseeker's Allowance (contributory)	300.7	162.8	137.9	84.7%
Support for Mortgage Interest loans	0.4	0.1	0.3	197.9%

**Resource AME - Other Items**

Other items falling within the categorisation of Resource AME have increased by £1.2bn since the latest forecast for 2018-19. The main cause of this is the movement in accounting provisions.

Non-cash provisions in respect of potential liabilities at year-end 2018-19 included a credit of £1.5bn for the Financial Assistance Scheme (FAS) provision. FAS is designed to assist members of defined benefit occupational pension schemes that wound up under-funded when their employers became insolvent between 1 January 1997 to 5 April 2005, before the introduction of the Pension Protection Fund. The discount rates used in calculating the provision are provided by HMT, taking account of the latest economic conditions.

DWP anticipates the provision for this liability to reduce at year-end 2019 by the £1.5bn quoted above in light of a change in discount rate adopted from December 2018. The discount rate to be used in 2019-20 has not yet been provided, therefore no impact is included in the Main Estimate. We expect this to be reviewed at Supplementary Estimate 2019.

**Capital AME**

Capital AME has increased from £270m in 2018-19 to £436m. Capital AME is made up of three items, Support for Mortgage Interest loans and the capitalisation of a proportion of Universal Credit advances, offset by anticipated Social Fund recoveries.

Support for Mortgage Interest changed to a loan from 1<sup>st</sup> April 2018. The forecasting and analysis continues to be refined in relation to this, resulting in some fluctuation in the estimate figures.

Under HMT rules, DWP is required to record a proportion of Universal Credit Advances as Capital AME based on the period over which it will be recovered. As more people move to Universal Credit, the amount of related advances scored as Capital AME has increased.

**Table 12: Capital AME**

	Amounts sought this year (Main Estimate 2019-20)	Compared to final budget last year (Supplementary Estimate 2018-19) <sup>1</sup>		Compared to original budget last year (Main Estimate 2018-19) <sup>2</sup>	
	£m	£m	%	£m	%
<b>AME Capital, of which:</b>	<b>435.7</b>	<b>166.1</b>	<b>62%</b>	<b>189.3</b>	<b>77%</b>
Universal Credit Advances	329.8	118.1	56%	231.8	236%
Support for Mortgage Interest Loans	105.9	19.0	22%	-42.4	-29%
Social Fund Net Lending	-	29.0	-100%	-	0%

<sup>1</sup> Negative denotes funding at Main Estimate 2019-20 lower than at Supplementary Estimate 2018-19

<sup>2</sup> Negative denotes funding at Main Estimate 2019-20 lower than at Main Estimate 2018-19

## 2.2 Restructuring

There has been no restructuring of DWP's subhead at Main Estimate 2019-20. Additionally, no Machinery of Government transfers have been processed.

## 2.3 Ring-fenced budgets

Within DWP's DEL funding, some elements are ring-fenced meaning that savings in these budgets may not be used to fund pressures on other budgets. Details of ring-fenced elements are shown in the paragraphs and Table 13 below.

The proportion of DWP's funding within SR15 which is subject to ring-fence is far lower in relative terms than in previous Spending Review periods.

The majority of policy ring-fences are temporary, with the ring-fence being released on an annual basis subject to HMT agreement.

Discussions with HMT around ring-fence relaxation for the coming financial year will not normally be concluded at the time of the Main Estimate. As a result, at the time of Main Estimate, DWP's ring-fenced DEL funding stands 53% higher than at Supplementary Estimate 2018-19.

Details of the purpose of ring-fenced funding pots are set out below:

- Depreciation, as a non-cash expense, continues to be ring-fenced. The total amount of depreciation funded for 2019-20 is £155m, of which £76m is within Administration.
- The Department's settlement includes £4m per year relating to Official Development Assistance for the International Labour Organisation.

- In Work Trials - at Autumn Budget 2017, the Department was allocated a total of £8m ring-fenced funding over four years to develop evidence about what helps people progress in work. £1.3m has been allocated to 2019-20 to commence research, analysis, small tests and proofs of concept.
- Work and Health Programme - The Work and Health Programme replaces the Work Programme and Work Choice. It provides specialist support for the long-term unemployed and claimants with health conditions and disabilities and is run by service provider contracts awarded by the Government. This provision is devolved to Scotland, Greater Manchester and London.
- Youth Obligation - The Youth Obligation fund was introduced at the Summer Budget 2015, with £88m funding in 2019-20. Under Youth Obligation, 18-21 year olds in the all-work-related requirements group will have access to an intensive regime of support from the first day of their claim.
- EU Exit Allocation – As mentioned above in section 1.10, in the 2018 Autumn Budget, the Chancellor announced £2bn would be made available within 2019-20 to fund departments' essential preparation for leaving the EU. Of this, DWP has received £15m.
- Funding for financial transactions within Capital DEL has been ring-fenced for the SR15 period. This totals £149m in 2019-20, and relates to National Employment Savings Trust loan and Social Fund Funeral Expense Payments.

**Table 13: Ring-fenced Funding**

	Spending Total Amount Sought This Year (Main Estimate 2019-20)	Compared to final budget last year (Supplementary Estimate 2018-19) <sup>1</sup>		Compared to Original Budget Last Year (Main Estimate 2018-19) <sup>2</sup>	
	£m	£m	%	£m	%
<b>Resource DEL</b>					
Depreciation	155.0	-10.0	-6%	-10.0	-6.1%
Official Development Assistance	4.0	0.0	0%	0.0	0.0%
Supporting the Self Employed	0.0	-5.0	-100%	-5.0	-100.0%
In Work Trial	1.3	0.5	63%	0.5	N/A
Work and Health Programme	101.9	101.9	N/A	8.9	9.6%
Youth Obligation	88.0	88.0	N/A	88.0	N/A
Employment and Support Allowance (SE)	0.0	0.0	N/A	-79.0	-100.0%
Relationship Support	0.0	0.0	N/A	-15.0	-100.0%
EU Exit Allocation	15.0	15.0	N/A	15.0	N/A
<b>Total Resource DEL</b>	<b>365.2</b>	<b>190.4</b>	<b>109%</b>	<b>3.4</b>	<b>0.9%</b>
<b>Capital DEL</b>					
Financial Transactions	149.0	-13.0	-8%	-13.0	-8.0%
<b>Total DEL</b>	<b>514.2</b>	<b>177.4</b>	<b>53%</b>	<b>-9.6</b>	<b>-1.8%</b>

1 Negative denotes funding at Main Estimate 2019-20 lower than at Supplementary Estimate 2018-19

2 Negative denotes funding at Main Estimate 2019-20 lower than at Main Estimate 2018-19

## 2.4 Changes to contingent liabilities

The contingent liabilities identified by the Department at Main Estimate 2019-20 are materially unchanged from those reported at Supplementary Estimate 2018-19.

One Contingent Liability has been added to cover the implications of The Pensions Schemes Act 2017 upon the National Employment Savings Trust (NEST). The relevant change caused by this Act is that schemes must be financially sustainable, and in event of a triggering event (an event that would put the scheme at risk of winding up) the scheme must hold sufficient financial reserves to cover gradual closure without putting these costs onto scheme members. Due to the nature of its financial arrangements with government, NEST is unable to build up the financial reserves needed to meet that aspect of the financial sustainability criteria; specifically running costs for 24 months and any one off costs associated with scheme closure.

The current valuation of this liability is £16.5m.

Contingent liabilities recorded in the Main Estimate are subject to confirmation following NAO audit of the Department's 2018-19 Annual Report and Accounts.



## 3 Priorities and performance

### 3.1 How spending relates to objectives

The table below shows how expenditure against each subhead contributes to Departmental priorities under the Single Departmental Plan:

**Table 14: Departmental Objectives**

		Build a more prosperous society by supporting people into work and helping them to realise their potential	Improve outcomes and ensure financial security for disabled people and people with health conditions by increasing opportunities to realise their full potential with the help of the welfare system and through the labour market	Ensure financial security for current and future pensioners by: helping people to increase their pension savings; providing information on their private and state pension provision to enable effective planning for the future; and supporting older people to extend their working lives	Increase every child's opportunity to succeed by helping separated parents agree effective child maintenance arrangements and supporting families in distress to reduce parental breakdown and separation	Transform our services and work with the devolved administrations to deliver an effective welfare system for citizens when they need it while reducing costs, and achieving value for money for taxpayers
A	Operational Delivery	X	X	X	X	X
B	Health and Safety Executive	X				
C	European Social Fund	X				
D	Executive Arm's Length Bodies			X		X
E	Employment Programmes	X	X	X		
F	Support for Local Authorities					X
G	Other Programmes			X		X
H	Other Benefits	X				X
I	Departmental Operating Costs	X	X	X	X	X
J	National Insurance Fund	X	X	X		X
K	Expenditure Incurred by the Social Fund					X

## 3.2 Measures of performance against each priority

DWP's Single Departmental plan (see [here on gov.uk](#)) sets out the following high-level objectives, and measures of performance, for the department for the current financial year.

1. Build a more prosperous society by supporting people into work and helping them to realise their potential;
  - The overall UK employment rate
  - Percentage of young people (18 to 24 year olds) not in full-time education who are in employment
  - Percentage of children in workless households
2. Improve outcomes and ensure financial security for disabled people and people with health conditions by increasing opportunities to realise their full potential with the help of the welfare system and through the labour market;
  - The employment rate for disabled people
  - The percentage of disabled people with a low income
3. Ensure financial security for current and future pensioners by: helping people to increase their pension savings; providing information on their private and state pension provision to enable effective planning for the future; and supporting older people to extend their working lives;
  - Number of eligible employees in a pension scheme sponsored by their employer
  - Total pension saving of eligible savers
  - The percentage of pensioners with a low income
4. Increase every child's opportunity to succeed by helping separated parents agree effective child maintenance arrangements and supporting families in distress to reduce parental breakdown and separation;
  - Percentage of separated families with a maintenance arrangement
  - Proportion of children in couple-parent families reporting relationship distress
5. Transform our services and work with the devolved administrations to deliver an effective welfare system for citizens when they need it while reducing costs, and achieving value for money for taxpayers;
  - Customer and claimant satisfaction of DWP services
  - New claims processed within planned timescales
  - Benefit overpayments (arising from fraud and error) as a percentage of overall benefit expenditure

The latest update on these performance measures is available [here on gov.uk](#).

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

As mentioned in the 2018-19 Supplementary Estimate Memorandum, DWP raised a non-cash provision in its 2017-18 accounts in respect of the liability where individuals had not received their full legal entitlements for PIP and ESA. The Department expects to recognise an outstanding liability within the 2018-19 accounts.

A Written Ministerial Statement concerning progress on ESA underpayments was made on 21<sup>st</sup> February 2019 [here on parliament.uk](#).

DWP has made available further funding for staff in 2019-20 from within its DEL budget to review claims of individuals who may be affected. The latest forecast for these staff in 2019-20, covering exercises for both PIP and ESA, is £53m which is recorded in the Estimate within subhead A. The expenditure required will be subject to review throughout the financial year with updated costs provided at the Supplementary Estimate.

Further details of the Department's control challenges will be made available in the Accountability Report section of the 2018-19 Annual Report and Accounts (due to be published in June 2019) [here on gov.uk](#).

### 3.4 Major projects

The Department currently has four projects within the Government Major Projects Portfolio (GMPP):

- **Automatic Enrolment Programme:** The Automatic Enrolment Programme was established to implement the Government's workplace pension reforms. The overarching aim of the reforms is to get more people saving more for their retirement;
- **Universal Credit:** Universal Credit replaces six benefits and tax credits for working age people, bringing together in and out of work systems into one to make work pay. When fully rolled out it is expected that up to 7 million households will benefit from Universal Credit;
- **Fraud, Error and Debt:** The Fraud, Error and Debt Programme delivers major transformational outcomes designed to ensure the Department manages fraud, error and debt in a systematic way – from initial referral, through risk management, to interventions and debt recovery.
- **Health Transformation Programme:** The Health Transformation Programme has been established to transform functional health assessments for Personal Independence Payment and Universal Credit / Employment Support Allowance by moving to a unified, integrated service from 2021 using a single in-house digital platform. The aim is to provide a more joined up, transparent and efficient claimant experience.

Funding for implementation of these projects is included in subhead I.

The Infrastructure and Projects Authority (IPA) reports on delivery of major projects annually. Its latest report on DWP's projects can be found [here on gov.uk](#). Please note that the latest data published by IPA reflects Quarter 2 of 2017-18, since which time People and Locations and the Work and Health Programme have been successfully delivered and no longer form part of the GMPP. As such, they will not be included in the data due to be published in summer 2019.

## 4 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.

[Signed]

Peter Schofield

Accounting Officer

Permanent Secretary

Department for Work and Pensions

09 April 2019

## Annex A: Departmental Expenditure Limits (DELs)

Table A (i) Departmental Expenditure Limits (DELs)

Subheads	Description	Resource				Capital			
		<i>This year (Main Estimates budget sought)</i>	<i>Last year (Supplementary Estimates 2018- 19)</i>	Change from last year		<i>This year (Main Estimates budget sought)</i>	<i>Last year (Supplementary Estimates 2018- 19)</i>	Change from last year	
		£m		%		£m		%	
A	Operational Delivery	1,995.1	2,087.9	-92.8	-4.4%	0.0	3.2	-3.2	-100.0%
B	Health and Safety Executive (Net)	133.9	124.5	9.4	7.6%	0.0	6.7	-6.7	-100.0%
C	European Social Fund	20.1	10.1	10.0	99.7%	0.0	0.0	0.0	0.0%
D	Executive Arms Length Bodies (Net)	196.6	181.3	15.3	8.4%	0.7	1.6	-0.9	-54.8%
E	Employment Programmes	226.3	219.2	7.0	3.2%	0.0	0.0	0.0	0.0%
F	Support for Local Authorities	224.8	238.4	-13.6	-5.7%	0.0	0.0	0.0	0.0%
G	Other Programmes	-49.4	-74.0	24.6	-33.2%	107.1	121.9	-14.8	-12.2%
H	Other Benefits	132.5	145.5	-13.0	-8.9%	0.0	0.0	0.0	0.0%
I	Departmental operating costs	2,405.2	2,598.3	-193.1	-7.4%	77.0	202.0	-125.0	-61.9%
J	National Insurance Fund	431.7	490.6	-58.8	-12.0%	0.0	0.0	0.0	0.0%
K	Expenditure incurred by the Social Fund	23.0	21.9	1.1	5.0%	41.9	40.0	1.9	4.8%
	<b>Total</b>	<b>5,739.9</b>	<b>6,043.7</b>	<b>-303.8</b>	<b>-5.0%</b>	<b>226.7</b>	<b>375.4</b>	<b>-148.7</b>	<b>-39.6%</b>

# Annex B: Annually Managed Expenditure (AME)

Subheads	Description	This year (Main Estimates budget sought)	Last year (Supplementary Estimates 2018-19)	change from last year	
Resource		£m	£m		%
L, AH, O, AI, P (part)	Incapacity benefits	12,694	15,223		
	<i>Employment and Support Allowance (all)</i>				
	<i>Severe Disablement allowance</i>	94	105		
	<i>Incapacity benefit</i>	1	0		
	<i>Income support (incapacity)</i>	0	4		
	<b>sub total</b>	<b>12,788.6</b>	<b>15,332.4</b>	<b>-2,543.8</b>	<b>-16.6%</b>
S, T, U, V	Disability and carer benefits				
	<i>Attendance Allowance</i>	5,890	5,689		
	<i>Personal Independence Payments</i>	12,755	11,021		
	<i>Disability Living Allowance</i>	7,346	8,068		
	<i>Carer's Allowance</i>	2,973	2,875		
	<b>sub total</b>	<b>28,964.1</b>	<b>27,652.6</b>	<b>1,311.5</b>	<b>4.7%</b>
N, AB, O, P, AA	Universal Credit and equivalent DWP benefits				
	<i>Income based Jobseeker's Allowance</i>	295	1,149		
	<i>Income-related Employment and Support Allowance</i>	8,112	10,634		
	<i>Income support (all)</i>	1,183	1,812		
	<i>Universal Credit (all)</i>	18,383	8,592		
	<b>sub total</b>	<b>27,972.8</b>	<b>22,186.5</b>	<b>5,786.4</b>	<b>26.1%</b>
Q, R (part), AC, AJ (part), AM (part), AE, AO	Pensioner benefits				
	<i>State pension</i>	98,841	96,969		
	<i>Financial Assistance scheme</i>	238	210		
	<i>Pension Credit</i>	4,899	5,109		
	<i>Tv licences for over 75s</i>	247	468		
	<i>Winter fuel payments</i>	1,962	1,967		
	<i>Christmas bonus (contributory)</i>	125	124		
	<b>sub total</b>	<b>106,311.7</b>	<b>104,847.6</b>	<b>1,464.1</b>	<b>1.4%</b>
W, AD	Housing Benefit				
	<i>HB Inside the Welfare Cap</i>	16,580	19,380		
	<i>HB Outside the Welfare Cap</i>	729	1,181		
	<b>sub total</b>	<b>17,308.4</b>	<b>20,560.1</b>	<b>-3,251.7</b>	<b>-15.8%</b>
M, X, Y, AJ (part), AK, AL, AN, Z	Other benefits				
	<i>Industrial injuries benefits</i>	848	854		
	<i>Jobseeker's Allowance (contributory)</i>	301	191		
	<i>Statutory Maternity Pay</i>	2,642	2,587		
	<i>Maternity Allowance</i>	448	432		
	<i>Bereavement payments</i>	423	462		
	<i>Cold weather payments</i>	140	500		
	<i>Christmas bonus (non contributory)</i>	35	33		
	<i>Support for Mortgage Interest loans</i>	0	-1		
	<b>sub total</b>	<b>4,836.9</b>	<b>5,057.9</b>	<b>-221.0</b>	<b>-4.4%</b>
R (part), AF, AG, AJ (part), AM (part)	Other items				
	<i>FAS Provision</i>	-181	-1,604		
	<i>Other provisions</i>	0	1,050		
	<i>Tax Credit debt transfer</i>	0	-204		
	<i>Funeral Loan Write Offs</i>	40	42		
	<i>Other accounting adjustments</i>	-2	-1		
	<b>sub total</b>	<b>-142.4</b>	<b>-716.8</b>	<b>574.4</b>	<b>-80.1%</b>
O, P (part)	less items double counted above				
	<i>Income-related Employment and Support Allowance</i>	-8,112	-10,634		
	<i>Income support (incapacity)</i>	0	-4		
	<b>sub total</b>	<b>-8,111.8</b>	<b>-10,638.5</b>	<b>2,526.7</b>	<b>-23.8%</b>
	<b>total voted and non voted</b>	<b>189,928.3</b>	<b>184,281.8</b>	<b>5,646.5</b>	<b>3.1%</b>
<b>Capital</b>		£ million	£ million		%
N, AB, AF, AJ	AME Capital				
	<i>Universal Credit</i>	330	212		
	<i>Support for Mortgage Interest Loans</i>	106	87		
	<i>Social Fund Net Lending</i>	0	-29		
	<b>sub total</b>	<b>435.7</b>	<b>269.6</b>	<b>166.1</b>	<b>61.6%</b>

## Annex C: Summary of Changes to DEL funding for 2019-20 since SR15

### How DEL funding plans for 2019-20 have altered since Spending Review 2015

	DWP		£m	
	Administration	Programme	Resource DEL Total	Capital DEL
<b>Spending Review 2015 Funding for 2019-20</b>	822.0	4,791.0	5,613.0	223.0
Adjustments to reflect Estimates treatment (depreciation and ESA10 R&D adjustment)	- 26.0	- 3.7	- 29.7	3.7
Spending Review total on Estimates basis	796.0	4,787.3	5,583.3	226.7
<b>Additional, new, money awarded since SR2015:-</b>				
<u>Autumn Budget 2017:</u>				
Housing Benefit Fraud Error and Debt funding		23.1	23.1	
In-Work Trial		1.3	1.3	
Relationship Support		6.6	6.6	
Use of Real Time Information FED		1.5	1.5	
<u>Autumn Budget 2018:</u>				
Pensions Dashboard		3.4	3.4	
<u>Main Estimate 2019-20:</u>				
Funding SFGB re Pensionwise levy		35.8	35.8	
SCAPE additional funding	10.7	65.7	76.4	
EU Exit Allocation	9.0	6.0	15.0	
<b>Estimating, forecasting and reprofiling changes:-</b>				
Budget Exchange from 2018-19		16.7	16.7	
	<i>carried forward</i>	815.7	4,947.3	5,763.0
				226.7



**Annex C continued**

	<i>brought forward</i>	815.7	4,947.3	5,763.0	226.7
<b>Neutral funding changes between departments:-</b>					
<i>Machinery of government changes:-</i>					
<i>Main Estimate 2017-18:</i>					
To Scottish Government re Discretionary Housing Payments		-	19.5	-	19.5
To Scottish Government re Employment Support Officers		-	0.6	-	0.6
To Scottish Government re Work & Health Programme		-	13.1	-	13.1
<i>Supplementary Estimate 2018-19:</i>					
To Scottish Government re Sure Start Maternity Grants		-	2.1	-	2.1
From HM Treasury re Money Advice Service (SFGB)			81.8		81.8
<i>Other funding transfers:-</i>					
<i>Supplementary Estimate 2016-17:</i>					
To Foreign & Commonwealth Office for One HMGovernment			0.1		0.1
<i>Main Estimate 2018-19:</i>					
From Foreign & Commonwealth Office for Spanish Information Gathering Officers			0.1		0.1
<i>Main Estimate 2019-20:</i>					
To HMRC for Universal Credit		-	59.6	-	59.6
To HMRC for UC Analytical and JMET teams		-	0.9	-	0.9
To Department for Health and Social Care for Employment Advisers in Increasing Access for Psychological Therapies		-	12.0	-	12.0
To Department for Health and Social Care for Innovation Fund		-	1.4	-	1.4
To Scottish Government for Work and Healthy Lives - Innovation Fund		-	0.5	-	0.5
To Cabinet Office for Civil Service Live	-	0.1		-	0.1
To HMRC for Operational Excellence		-	0.9	-	0.9
To HMRC for Civil Service Local	-	0.4		-	0.4
From Department for Health and Social Care for Innovation Fund			5.2		5.2
From Foreign Commonwealth Office for Use of FCOs Overseas Platform			0.2		0.2
From Cabinet Office National Cyber Security Programme			0.6		0.6
<b>2019-20 DEL totals as at February 2019</b>		<b>815.2</b>	<b>4,924.7</b>	<b>5,739.9</b>	<b>226.7</b>

## Annex D: Departmental Expenditure Limit 2014-15 to 2019-20

	Limit	Outturn	Variance
	£m	£m	£m
<b>Administration</b>			
2014-15 Outturn	1,208	894	314
2015-16 Outturn	1,058	837	221
2016-17 Outturn	942	880	62
2017-18 Outturn	899	799	100
2018-19 Supplementary Estimate	845		
2019-20 Main Estimate	815		
<b>Resource</b>			
2014-15 Outturn	7,217	7,152	65
2015-16 Outturn	6,508	6,476	32
2016-17 Outturn	6,260	6,161	100
2017-18 Outturn	6,238	6,108	128
2018-19 Supplementary Estimate	6,044		
2019-20 Main Estimate	5,740		
<b>Capital</b>			
2014-15 Outturn	281	249	32
2015-16 Outturn	227	184	43
2016-17 Outturn	307	292	15
2017-18 Outturn	501	432	68
2018-19 Supplementary Estimate	375		
2019-20 Main Estimate	227		

2014-15 figures published in the Department for Work and Pensions [2014-15 Annual Report and Accounts](#).

2015-16 figures published in the Department for Work and Pensions [2015-16 Annual Report and Accounts](#).

2016-17 figures published in the Department for Work and Pensions [2016-17 Annual Report and Accounts](#).

2017-18 figures published in the Department for Work and Pensions [2017-18 Annual Report and Accounts](#).

2018-19 figures from the [Supplementary Estimate 2018-19](#).

Figures as presented may not sum, as a result of rounding.

Detailed explanations of the variance between outturn and funding are provided in the latest published set of the Department's [Annual Report and Accounts](#).

## **Annex E: Key Terms**

### **Departmental Expenditure Limit (DEL)**

Spending within the Department's direct control which can therefore be planned over an extended period, such as the costs of its own administration, payments to third parties e.g. within Employment Programmes, Housing Benefit administration subsidies to Local Authorities, and the European Social Fund.

### **Annually Managed Expenditure (AME)**

In the Department for Work and Pensions, Annually Managed Expenditure is primarily demand led expenditure on social security and social assistance benefits. Annually Managed Expenditure spending does not fall within the Departmental Expenditure Limit. It is generally less predictable and controllable than expenditure in Departmental Expenditure Limit.

### **Voted Funds**

Parliament consents in principle to the use of public funds through legislation to enable specified policies. It approves use of public resources to carry out those policies year by year as defined by the specific ambits of the Department by 'voting' on the published Parliamentary Supply Estimates in the House of Commons.

### **Non-Voted Funds**

Although such expenditure appears in the departmental Estimate it is not voted by Parliament but may nevertheless fall within the budget and/or accounts. This expenditure mainly relates to Contributory Benefits such as Contributory Retirement Pensions and Employment and Support and Jobseeker's Allowances which are financed from the National Insurance Fund.

### **Budget and Non-Budget Funds**

The terms Budget and Non-Budget funds apply to whether the funds impact the HMT Budgetary Controls. Funds specified as Budget will impact HMT controls whereas funds defined as Non-Budget will not impact HMT controls. Items covered within this include Social Fund expenditure such as Cold Weather Payments.