



Department  
for Work &  
Pensions

# Main Estimate 2018-19

Select Committee Memorandum

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April 2018

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## Introduction

1. This memorandum gives the Select Committee more information about the content of the Main Estimate for the Department for Work and Pensions for 2018-19. It provides information about the Department's key priorities, and outlines the Departmental budget control totals given at the Spending Review settlement as adjusted at subsequent fiscal events.

## Format of Main Estimates

2. Each Main Estimate is produced in a standard format and consists of an introduction, Part I, Part II and Part III.
3. Part I of each Main Estimate states the funding sought for Resource Departmental Expenditure Limit (DEL), Capital DEL, Resource Annually Managed Expenditure (AME), Capital AME, Non Budget Expenditure, and the net cash requirement for the current financial year. It also contains the 'ambit', which is the formal description of all the expenditure and income to be financed from the Estimate.
4. Part II contains two tables. The first table shows the subhead details within each budgetary limit, and provides a comparison to the amounts for the previous year. The second table provides a reconciliation between the net resource total and the net cash requirement.
5. Part III contains a number of notes and additional disclosures.

## Structural Changes to the Estimate

6. Since the Supplementary Estimate 2017-18, there has been one change to the structure of the Estimate. This is to record funding and expenditure for Support for Mortgage Interest which has changed from a benefit to a loan with effect from 1st April 2018. Further information is supplied in paragraphs 50-51.

## Changes to the Ambit

7. The ambit is a description of the services or purposes to which expenditure and income are to be put in respect of each of the relevant control limits (voted DEL, voted AME, voted non-budget).
8. Prior to this Estimate, HMT requested all departments review ambits with the intention of improving the format and making them more concise. DWP has carried out an extensive review of its ambit and is introducing a more compact wording. This does not change the nature of the activities covered by the ambit, only the presentation of it. The revised ambit has been prepared in accordance with the Supply Estimates Guidance Manual.

## Impact of IFRS 9 & IFRS 15

9. Two International Financial Reporting Standards have come into effect for accounting periods beginning on or after 1st January 2018. The Department and its arm's length bodies are required to comply with these standards.

## IFRS9

10. IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. DWP's material financial instruments are its customer debt balances. As the Department already applies the requirements introduced by IFRS9 to the calculation of the debt impairment we do not expect any material impact on outturn.

## IFRS15

11. IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. DWP does not have the contract based income streams affected by IFRS15 so we do not anticipate a financial impact.

## Summary Control Totals

12. The Main Estimate provision is summarised in Table 1 below with further detail contained in the DEL and AME sections.

**Table 1 Main Estimate Departmental Budgets**

Description	Main Estimate 2018-19 (£m)
DEL Resource	6,149.5
<i>Of which DEL Admin</i>	828.3
DEL Capital	254.7
<b>Total DEL</b>	<b>6,404.2</b>
AME Resource	183,307.2
AME Capital	246.4
<b>Total AME</b>	<b>183,553.5</b>
Voted Non Budget	2,171.0
Net cash Requirement	87,702.8

13. Annex A provides an overview of all the amounts at control total levels. Annex B shows an analysis of Resource budgets by Estimate Section Heading. More detailed explanations for each amount are included in the following paragraphs.

## Key Activities

14. DWP wants to run an affordable and sustainable welfare system that provides financial security and supports economic growth and improved productivity through the extension of opportunity and promotion of personal responsibility to help people transform their lives.

15. We will:

- Support economic growth and improved productivity by ensuring work always pays and people are supported to find and progress in work;
- Help reduce the disadvantages faced by disabled people and people with health conditions through the welfare system and labour market;

- Increase saving for, and financial security in, later life;
- Maximise the number of children benefiting from an effective child maintenance arrangement, encourage family based arrangements where appropriate and reduce parental conflict in families;
- Transform the way we deliver our services to improve quality and reduce costs.

16. We have set out in our [Single Departmental Plan](#), published in December 2017, how we will achieve our objectives and how we will measure progress. Our [Annual Report and Accounts](#) published in July 2017 sets out the progress we have made so far. The Single Departmental Plan is currently being updated and will be published for 2018-19 in May 2018.

## Departmental Expenditure Limit

17. The DEL is based on the Department's Spending Review 2015 settlement. Subsequent transactions impacting DEL are covered in the sections below. A summary of DEL compared to spending for the last 5 years is also provided at Annex C.

## Changes to DEL

18. Changes to DEL funding are summarised below.

**Table 2 Changes in DEL Provision**

Increase / (Decrease) in DEL Provision	Resource £m	Capital £m	Total £m
2018-19 DEL as at the Supplementary Estimate 2017-18	6,184.8	254.7	6,439.5
2018-19 DEL as at the Main Estimate 2018-19	6,149.5	254.7	6,404.2
<b>Movement</b>	<b>(35.3)</b>	<b>0.0</b>	<b>(35.3)</b>

## Funding Transferred between the Department for Work and Pensions and Other Government Departments

19. The net impact of transfers between the Department and other government departments is a reduction in the Department's overall funds of £35.3m. A full breakdown of these transfers is given in Annex D.

## Ringfenced Funding

20. The majority of funding provided at SR15 is without ringfences, however a few items remain and these are detailed below. With the exception of Depreciation, Financial Transactions and Official Development Assistance these ringfences are temporary and will be removed once the policies are developed and a business case signed off by HM Treasury.

## **Depreciation**

21. Depreciation continues to be ringfenced, as a non-cash expense. The total amount of depreciation funded for 2018-19 is £165m, of which £86m is within Administration.

## **Financial Transactions**

22. Funding for Financial Transactions within DEL Capital has been ringfenced for the SR15 period. This totals £162m in 2018-19, and relates to National Employment Savings Trust loans and Social Fund Funeral Expenses.

## **Official Development Assistance**

23. Within the department's settlement is £4m per year relating to Official Development Assistance for the International Labour Organisation. This is ringfenced within the RDEL budget and any underspends will be formally returned at the Supplementary Estimate each year for redistribution across government.

## **Work and Health Programme**

24. At Summer Budget 2015 the Department was provided additional funding for Work and Health Programme. This started in 2017-18 and has been ringfenced for the remainder of the SR15 period. The total amount of funding for the current financial year is £93m. 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 awarded contracts by the Government. This provision is devolved to Scotland, Greater Manchester and London.

## **Supporting the Self Employed**

25. Additional support for the self-employed was announced at the Budget 2016. £5m of this funding is ring-fenced for 2018-19.

26. The government support for the low-income self-employed aims to provide self-employed Working Tax Credit claimants with additional access to business support. It will extend the mentoring support offered on the New Enterprise Allowance scheme to Universal Credit claimants who are already in business.

## **Summer Budget 15 ESA**

27. Summer Budget 2015 announced further funding of £79m in 2018-19 to provide additional support to help new ESA claimants take steps back to work. New claimants of Employment and Support Allowance (ESA) who are placed in the Work Related Activity Group will receive the same rate of benefit as those claiming Jobseeker's Allowance.

## **In Work Trial**

28. At Autumn Budget 2017 the Department was allocated a total of £8m ring fenced funding over 4 years to develop the evidence about what works to help people progress in work. £0.8m will be released in 2018-19 to commence research, analysis, small tests and proofs of concept.

## **Relationship Support**

29. Autumn Budget 2017 provided an additional £11.6m over 2018-19 and 2019-20 for the Reducing Parental Conflict Programme. This increased the total ringfenced funding for Relationship Support to £15m in each of these years.

30. The Reducing Parental Conflict Programme aims to reduce levels of parental conflict in vulnerable families. The programme aims to ensure that evidence-based interventions are more widely available to improve children's outcomes, and will support local areas to embed parental conflict support in mainstream services for children and families. This will enable savings in local and national public services.

## **Annually Managed Expenditure**

31. In the Department for Work and Pensions, Annually Managed Expenditure 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. Well over half 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 and Pension Credit. The remainder is neither contributory nor income-related. Disability extra-costs benefits are the main area of spending in this area (Disability Living Allowance, Personal Independence Payment and Attendance Allowance). For additional details of the individual benefits and eligibility requirements further information can be found on the [Gov.uk website](https://www.gov.uk).

32. AME included in the Main Estimate is consistent with the forecasts used by the Office for Budget Responsibility to inform the Spring Statement 2018 and approved by HM Treasury. The forecasts take account of actual expenditure up to December 2017, and current economic assumptions.

33. The movement shown in Table 3 and subsequent explanations below compares the current AME forecast for 2017-18 with the 2018-19 forecast included at the Main Estimate. This represents the most meaningful comparison in AME over time. As benefit expenditure is demand-led, at Supplementary Estimate (also shown in Table 3) HMT allows departments to include a margin to guard against the possibility of overspend, and consequently these figures are generally not a true reflection of anticipated expenditure.

34. For completeness, current data held on HM Treasury's financial system (Opening Data), dating from April 2016 is also shown below.

**Table 3 Changes in AME Provision**

Increase / (Decrease) in AME Provision	Resource £m	Capital £m	Total £m
2017-18 as at the Supplementary Estimate 2017-18	180,099	136	180,235
Opening AME data 2018-19 (held on HMT OSCAR System)	176,800	0.0	176,800
Latest Forecast 2017-18	177,292	(90)	177,202
<b>2018-19 Main Estimate</b>	<b>183,307</b>	<b>246</b>	<b>183,554</b>
Movement between Latest Forecast 2017-18 to Main Estimate 2018-19	6,015	336	6,351

## Resource AME

### Background

35. Compared to the latest forecast for 2017-18, Departmental expenditure on Resource AME is forecast to increase by £6 billion in 2018-19 to £183 billion. Main elements of this increase are:

- Departmental expenditure on benefits is forecast to increase by £7 billion (4%). Annual uprating of benefits in April accounts for £4 billion of the increase and of this, £3 billion is the cost of uprating the State Pension;
- Other key contributors to the increase are the continuing rollout of Universal Credit, leading to higher spending within DWP as Tax Credits formerly administered by HM Revenue and Customs moves into the Department; and increases in disability and carer benefits;
- A £1 billion decrease in the non-cash provision for Financial Assistance Scheme which is not benefit related.

36. Table 4 below shows the change in spending between 2017-18 and 2018-19, broken down by benefit, as at Spring Statement 2018. The following summary tables show spending by broad benefit group to illustrate general trends. There is necessarily some overlap between table 5 (incapacity benefits) and table 7 (Universal Credit and equivalent DWP benefits).



**Table 4: Department for Work and Pensions expenditure in Resource AME in 2017-18 and 2018-19**

£ million	Latest forecast 2017-18	Main Estimate 2018-19	Increase / (Decrease)	
			£m	%
Employment and Support Allowance (contributory)	4,724	4,611	(113)	(2.4)
Employment and Support Allowance (income-related)	10,143	9,932	(211)	(2.1)
Severe Disablement Allowance	120	105	(15)	(12.3)
Incapacity Benefit	7	0	(6)	(95.0)
Income Support (incapacity)	20	0	(20)	(100.0)
Attendance Allowance	5,543	5,757	214	3.9
Personal Independence Payment	8,110	11,321	3,211	39.6
Disability Living Allowance	9,388	7,805	(1,583)	(16.9)
Carer's Allowance	2,853	3,206	354	12.4
Jobseeker's Allowance (income-based)	1,491	1,206	(284)	(19.1)
Income Support (not incapacity)	2,125	1,750	(375)	(17.6)
Housing Benefit (working age)	16,157	14,856	(1,301)	(8.1)
Universal Credit	3,188	8,028	4,840	151.8
State Pension	93,803	96,622	2,819	3.0
Pension Credit	5,381	4,998	(383)	(7.1)
TV Licences for the over 75s	655	468	(187)	(28.5)
Housing Benefit (pensioner)	5,758	5,598	(161)	(2.8)
Winter Fuel Payments	2,014	1,979	(35)	(1.7)
Christmas Bonus	159	157	(3)	(1.8)
Industrial Injuries benefits	844	854	10	1.2
Jobseeker's Allowance (contributory)	227	302	75	32.9
Statutory Maternity Pay	2,439	2,520	82	3.3
Maternity Allowance	432	448	16	3.8
Bereavement benefits	512	496	(16)	(3.1)
Cold Weather Payments	40	125	85	209.9
Social Fund Write Offs	40	40	0	1.1
Support for Mortgage Interest loans	0	0	0	0.0
Financial Assistance Scheme (benefits and provisions)	1,121	126	(995)	(88.8)
Other non-cash provisions	(3)	(6)	(3)	103.9
<b>Total of the above</b>	<b>177,292</b>	<b>183,307</b>	<b>6,015</b>	<b>3.6%</b>

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

## Main changes in spending

### Incapacity benefits<sup>1</sup>

37. Table 5 shows the net change in incapacity benefits spending. Figures for Universal Credit are the difference between the Office for Budget Responsibility's UC "legacy system" and "actual costs" presentation of Employment and Support Allowance expenditure in the March 2018 Economic and Fiscal Outlook. For the illustrative purposes of the table, this is taken to represent equivalent spending in UC.

38. Overall spending on incapacity benefits will rise by £536m / 3.5% in 2018-19, with the fall in Employment and Support Allowance more than offset by an increase in the Universal Credit caseload as customers migrate. Universal Credit will include some tax credits cases currently administered by HM Revenue and Customs.

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

**Table 5 Incapacity benefits**

£ million	Latest forecast 2017-18	Main Estimate 2018-19	Increase / (Decrease)	
			£m	%
<b>Incapacity benefits of which:</b>	<b>15,437</b>	<b>15,973</b>	<b>536</b>	<b>3.5</b>
Legacy	15,013	14,648	(365)	(2.4)
Employment and Support Allowance	14,867	14,543	(325)	(2.2)
Severe Disablement Allowance	120	105	(15)	(12.3)
Incapacity Benefit	7	0	(6)	(95.0)
Income Support (incapacity)	20	0	(20)	(100.0)
Universal Credit spending estimated to be ESA equivalent	424	1,325	901	212.5

### Disability and carer benefits<sup>2</sup>

40. Total spending on disability and carer benefits increases by £2,196m (8.5%). These benefits are being up-rated by 3% in 2018-19. In addition, we have developed new modelling of Personal Independence Payment expenditure which reflects how the incidence of disability benefit receipt at different ages changed in the past. This has resulted in an increase in forecast spending on PIP which is not completely offset by falling Disability Living Allowance spending (though DLA is falling).

<sup>1</sup> Employment and Support Allowance, Incapacity Benefit, Severe Disablement Allowance and Income Support (incapacity), and an estimate of the incapacity element of Universal Credit.

<sup>2</sup> Personal Independence Payment, Disability Living Allowance, Attendance Allowance, Armed Forces Independence Payment and Carer's Allowance.

41. Carer's Allowance spending is also increasing sharply, reflecting higher numbers of child DLA cases as well as the effects of the new PIP modelling mentioned above.

**Table 6 Disability and carer benefits**

£ million	Latest forecast 2017-18	Main Estimate 2018-19	Increase / (Decrease)	
<b>Disability and carer benefits of which:</b>	<b>25,894</b>	<b>28,090</b>	<b>2,196</b>	<b>8.5</b>
Attendance Allowance	5,543	5,757	214	3.9
Personal Independence Payment <sup>3</sup>	8,110	11,321	3,211	39.6
Disability Living Allowance	9,388	7,805	(1,583)	(16.9)
Carer's Allowance	2,853	3,206	354	12.4

## Universal Credit

42. Income-based Jobseeker's Allowance, income-related Employment and Support Allowance (also included in table 5), Income Support and Housing Benefit for working age people, as well as tax credits administered by HM Revenue and Customs are gradually being replaced by Universal Credit, which is therefore rising as the legacy benefits in both DWP and HMRC fall.

43. Overall spending on UC and the DWP benefits it is replacing will be £2,648m (8.0%) higher in 2018-19 than in 2017-18. 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 2018-19.

**Table 7 Universal Credit and equivalent DWP benefits**

£ million	Latest forecast 2017-18	Main Estimate 2018-19	Increase / (Decrease)	
<b>Universal Credit and equivalents of which:</b>	<b>33,124</b>	<b>35,773</b>	<b>2,648</b>	<b>8.0</b>
Income-based Jobseeker's Allowance	1,491	1,206	(284)	(19.1)
Income-related Employment and Support Allowance	10,143	9,932	(211)	(2.1)
Income Support (total)	2,145	1,750	(395)	(18.4)
Housing Benefit (working age)	16,157	14,856	(1,301)	(8.1)
Universal Credit	3,188	8,028	4,840	151.8

## Pensioner benefits<sup>4</sup>

44. Increases to State Pension more than account for the net increase in spending on pensioner benefits in 2018-19. Although the caseload is broadly flat, influenced by

<sup>3</sup> Includes Armed Forces Independence Payment

<sup>4</sup> Does not include other benefits paid to both pensioners and non-pensioners, such as bereavement benefits.

the equalisation of the State Pension age, both basic and additional State Pension are being uprated by 3.0%, in line with the “triple lock” / September 2017 Consumer Prices Index inflation.

45. State Pension age equalisation has a more significant effect on Pension Credit and Housing Benefit paid to pensioners, which will fall by 7.7% and 7.0% respectively. Winter Fuel Payments expenditure is also set to fall slightly.

**Table 8 Pensioner benefits**

£ million	Latest forecast 2017-18	Main Estimate 2018-19	Increase / (Decrease)	
<b>Pensioner benefits of which:</b>	<b>107,949</b>	<b>110,018</b>	<b>2,069</b>	<b>1.9</b>
State Pension	93,803	96,622	2,819	3.0
Financial Assistance Scheme (benefits only)	211	229	18	8.5
Pension Credit	5,381	4,998	(383)	(7.1)
TV Licences for the over 75s	655	468	(187)	(28.5)
Housing Benefit (pensioner)	5,758	5,598	(161)	(2.8)
Winter Fuel Payments	2,014	1,979	(35)	(1.7)
Christmas Bonus (contributory) <sup>5</sup>	126	124	(3)	(2.1)

### Other benefits

46. Spending on most other benefits in 2018-19 will be similar to that in 2017-18. The exceptions are contributory Jobseeker’s Allowance, where the caseload is forecast to rise, as we assume the recent reduction in expenditure to be a short-term phenomenon, and Cold Weather Payments, where the forecast is a simple average of expenditure in the last ten years.

**Table 9 Other benefits**

£ million	Latest forecast 2017-18	Main Estimate 2018-19	Increase / (Decrease)	
<b>Other benefits of which:</b>	<b>4,527</b>	<b>4,778</b>	<b>252</b>	<b>5.6</b>
Industrial Injuries benefits	844	854	10	1.2
Jobseeker’s Allowance (contributory)	227	302	75	32.9
Statutory Maternity Pay	2,439	2,520	82	3.3
Maternity Allowance	432	448	16	3.8
Bereavement benefits	512	496	(16)	(3.1)
Cold Weather Payments <sup>6</sup>	40	125	85	209.9
Christmas Bonus (non-contributory)	33	33	(0)	(0.6)
Support for Mortgage Interest loans	0	0	0	

<sup>5</sup> Table 4 shows total Christmas Bonus (contributory and non-contributory)

<sup>6</sup> Forecast is from January 2018, does not include expectations of severe weather in late February and March 2018.

## **Financial Assistance Scheme**

47. FAS was announced in 2004 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. Since 2004, the scheme and its levels of assistance have been expanded through additional legislation.
48. The FAS provision is an estimate of the current value of the liability to make payments to FAS pensioners over the coming decades. The basis for the provision calculation is the FAS long-term cash forecast model provided by the Pension Protection Fund, which administers FAS. These cash flows are then discounted to give their present value at the year-end, for inclusion in the annual accounts. The rates used are provided by HM Treasury, taking account of the latest economic conditions and are updated annually in December each year. For this reason, the 2017-18 forecast for FAS includes a large provision based on a change in discount rates applied in that year. This element of FAS expenditure has not yet been recalculated for 2018-19 leading to a difference of approximately £1bn between the figures for the two years.

## **Capital AME**

### **Background**

49. Expenditure within Capital AME relates to loans and benefit advances which the Department expects to be repaid over a period of greater than 12 months. In the 2018-19 Main Estimate this amounts to £246m and includes two items which are detailed below.

### **Support for Mortgage Interest**

50. DWP provides help to homeowners who receive certain income-based benefits by paying towards their mortgage interest payments and/or other eligible housing costs. From 6 April 2018, the help with mortgage interest payments is changing from a benefit to a loan secured by a charge on their property. Loans are treated as capital; therefore this appears as Capital AME for the first time in the Main Estimate 2018-19.
51. This is shown on the line 'Other Expenditure – Outside the Welfare Cap' within AME, to mirror the treatment of interest income and write offs for SMI which are included within the existing line 'Other Expenditure – Inside the Welfare Cap'. The amount included in the Main Estimate is £148m.

### **Universal Credit Advances**

52. The amount of Universal Credit advances which are being repaid over a period greater than twelve months will this year be capitalised. This is in accordance with HMT guidance. The amount included in the Main Estimate is £98m.

## **Net Cash Requirement**

53. The voted Net Cash Requirement included within the Main Estimate is £87,703m. This is in accordance with the approved Departmental Expenditure Limit and Annually Managed Expenditure budgets, adjusted for non-cash items and forecast working capital movements.

## **Provisions**

54. We recognise provisions in accordance with International Accounting Standard (IAS) 37 (Provisions, Contingent Liabilities, and Contingent Assets). They are valued using the best estimate of expenditure required to settle the obligation. Where the effect of the time value of money is significant we discount the estimated risk adjusted cash flows using the real rate set by HMT.

## **Contingent Liabilities**

55. As with provisions we disclose contingent liabilities in accordance with IAS37. For some statutory and non-statutory contingent liabilities the likelihood of transfer or economic benefit is remote. However, we still disclose some of these for parliamentary reporting and accountability, where this is needed under the requirements of public money.

56. Where the time value of money is material we state contingent liabilities that we have to disclose under IAS37 at discounted amounts and separately note the amount reported to Parliament. Where we do not have to disclose contingent liabilities under IAS37, we state the amounts reported to Parliament.

## **Departmental Accounting Officer**

57. This memorandum has been prepared with reference to the guidance in the Estimates Manual provided by HM Treasury and available on the House of Commons and Scrutiny Unit Website.

58. The Departmental Accounting Officer has personal responsibility for the content of this memorandum, and he has approved it prior to submission to the Select Committee.

## Annex A: Summary of Changes in Estimate

Budgetary Limit	2018-19 as at Supplementary Estimate 2017-18	2018-19 as at Main Estimate 2018-19	Movement Increase / (Decrease)
	£m	£m	£m
<b>Resource Departmental Expenditure Limit</b>	<b>6,184.778</b>	<b>6,149.528</b>	<b>(35.250)</b>
<i>Of which admin<sup>1</sup>:</i>	828.445	828.340	(0.105)
<b>Capital Departmental Expenditure Limit</b>	<b>254.700</b>	<b>254.700</b>	<b>0</b>
<b>Total Departmental Expenditure Limit</b>	<b>6,439.478</b>	<b>6,404.228</b>	<b>(35.250)</b>
<b>Resource Annually Managed Expenditure</b>	<b>176,799.841</b>	<b>183,307.174</b>	<b>6,507.333</b>
<b>Capital Annually Managed Expenditure</b>	<b>0</b>	<b>246.351</b>	<b>246.351</b>
<b>Total Annually Managed Expenditure</b>	<b>176,799.841</b>	<b>183,553.525</b>	<b>6,753.684</b>
<b>Voted Non-Budget</b>	<b>2,203.054</b>	<b>2,170.968</b>	<b>(32.086)</b>

<sup>1</sup>DEL Administration is a separate control within RDEL.

<sup>2</sup> Figures as presented may not sum, as a result of rounding to £millions.

## Annex B: Summary Analysis by Estimate Section Heading – Resource

Section Ref <sup>2</sup>	Section Description	2018-19 at Supplement-ary Estimate 2017-18	Main Estimate 2018-19	Increase / (Decrease)	
		£m	£m	£m	%
	<b>Spending in Departmental Expenditure Limit</b>				
	<b>Voted expenditure</b>	<b>5,760.9</b>	<b>5,665.7</b>	<b>(95.2)</b>	<b>(1.7)</b>
A	Operational Delivery	1,755.3	1,991.8	236.5	11.9
B	Health and Safety Executive (Net)	109.0	121.6	12.6	10.4
C	European Social Fund	0.0	15.4	15.4	See note 3
D	Executive Arm's Length Bodies (Net)	67.0	83.4	16.4	19.6
E	Employment Programmes	563.9	375.0	(189.0)	(50.4)
F	Support for Local Authorities	303.1	261.3	(41.8)	(16.0)
G	Other Programmes	(22.3)	(61.7)	(39.4)	63.8
H	Other Benefits	148.3	170.0	21.7	12.8
I	Departmental operating costs	2,836.6	2,708.9	(127.7)	(4.7)
-	Unallocated provision	0.0	0.0	0.0	0.0
	<b>Non-voted expenditure</b>	<b>423.8</b>	<b>483.8</b>	<b>60.0</b>	<b>12.4</b>
J	National Insurance Fund	388.8	457.7	68.9	15.1
K	Expenditure incurred by the Social Fund	35.0	26.1	(8.9)	(34.1)
L	Consolidated Fund Extra Receipts	0.0	(0.0)	(0.0)	0.0
	<b>Total Spending in Departmental Expenditure</b>	<b>6,184.8</b>	<b>6,149.5</b>	<b>(35.3)</b>	<b>(0.6)</b>

Section Ref <sup>2</sup>	Section Description	Opening AME Data <sup>4</sup>	Main Estimate 2018-19	Increase / (Decrease)	
		£m	£m	£m	%
	<b>Spending in Annually Managed Expenditure</b>				
	<b>Voted expenditure</b>	<b>71,816.8</b>	<b>78,673.5</b>	<b>6,856.7</b>	<b>8.7</b>
	<b>Expenditure in scope of the Welfare Cap</b>	<b>66,620.1</b>	<b>73,727.0</b>	<b>7,106.9</b>	<b>9.6</b>
M	Severe Disablement Allowance	117.4	104.9	(12.4)	(11.9)
N	Industrial Injuries Benefits Scheme	855.6	854.0	(1.6)	(0.2)
O	Universal Credit	(1,459.1)	6,315.4	7,774.5	See note 3
P	Employment and Support Allowance	10,223.8	9,932.2	(291.7)	(2.9)
Q	Income Support	1,972.6	1,750.2	(222.4)	(12.7)
R	Pension Credit	5,317.0	4,998.4	(318.6)	(6.4)
S	Financial Assistance Scheme	275.2	126.0	(149.2)	(118.4)
T	Attendance Allowance	5,781.0	5,757.2	(23.7)	(0.4)
U	Personal Independence Payment	11,041.7	11,321.3	279.6	2.5
V	Disability Living Allowance	6,050.9	7,805.1	1,754.2	22.5



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W	Carer's Allowance	3,135.2	3,206.4	71.2	2.2
X	Housing Benefit	20,753.8	19,003.5	(1,750.)	(9.2)
Y	Statutory Maternity Pay	2,524.9	2,520.2	(4.7)	(0.2)
Z	Non-contributory Christmas Bonus	30.3	33.0	2.7	8.1
AA	Other Expenditure	0.0	(0.8)	(0.8)	See note 3
	<b>Expenditure outside scope of the Welfare Cap</b>	<b>5,196.7</b>	<b>4,946.4</b>	<b>(250.2)</b>	<b>(5.1)</b>
AB	Jobseekers Allowance	2,492.0	1,206.4	(1,285.)	(106.6)
AC	Universal Credit	0.0	1,712.4	1,712.4	See note 3
AD	TV Licences for the over 75s	468.0	468.0	0.0	0.0
AE	Housing Benefit	2,132.7	1,450.2	(682.4)	(47.1)
AF	Other Benefits	104.0	115.3	11.3	9.8
AG	Other Expenditure	0.0	(7.7)	(7.7)	See note 3
AH	Other Expenditure EALBs (Net)	0.0	1.8	1.8	See note 3

Section Ref <sup>2</sup>	Section Description	Opening AME Data <sup>4</sup>	Main Estimate 2018-19	Increase / (Decrease)	
		£m	£m	£m	%
	<b>Non-voted expenditure</b>	<b>104,983.0</b>	<b>104,633.7</b>	<b>(349.3)</b>	<b>(0.3)</b>
	<b>Expenditure in scope of the Welfare Cap</b>	<b>7,504.9</b>	<b>7,825.2</b>	<b>320.3</b>	<b>4.1</b>
AI	Incapacity Benefit	(0.8)	0.3	1.1	327.6
AJ	Employment and Support Allowance	4,263.1	4,610.6	347.5	7.5
AK	Expenditure incurred by the Social Fund	2,122.1	2,146.5	24.5	1.1
AL	Maternity Allowance	477.1	448.4	(28.7)	(6.4)
AM	Bereavement benefits	520.0	495.7	(24.3)	(4.9)
AN	Other Contributory Benefits	123.4	123.6	0.2	0.1
	<b>Expenditure outside of the Welfare Cap</b>	<b>97,478.1</b>	<b>96,808.6</b>	<b>(669.6)</b>	<b>(0.7)</b>
AO	Jobseekers Allowance	357.7	302.0	(55.7)	(18.4)
AP	State Pension	97,120.4	96,506.5	(613.9)	(0.6)
-	Other Contributory Benefits	0.0	0.0	0.0	0.0
-	Consolidated Fund Extra Receipts	0.0	0.0	0.0	0.0
	<b>Total spending in Annually Managed Expenditure</b>	<b>176,799.8</b>	<b>183,307.2</b>	<b>6,507.3</b>	<b>3.5</b>
	<b>Non-Budget spending</b>				
	<b>Voted expenditure</b>	<b>2,203.1</b>	<b>2,171.0</b>	<b>(32.1)</b>	<b>(1.5)</b>
AQ	Cash paid in to the Social Fund	2,203.1	2,171.0	(32.1)	(1.5)
	<b>Total Non-budget spending</b>	<b>2,203.1</b>	<b>2,171.0</b>	<b>(32.1)</b>	<b>(1.5)</b>
	<b>Total for Estimate</b>	<b>185,187.7</b>	<b>191,627.7</b>	<b>6,440.0</b>	<b>3.4</b>

1. Figures as presented may not sum, as a result of rounding.
2. Section letters refer to individual sections within the Estimate to assist in cross-referencing.
3. Percentage change not applicable as not compared on a like for like basis.
4. Opening AME data relates to the AME forecast currently held on OSCAR dating from April 2016.

## Annex C: Departmental Expenditure Limit 2013-14 to 2018-19

	Limit	Outturn	Variance
	£m	£m	£m
<b><u>Administration</u></b>			
2013-14 Outturn	1,276	1,091	185
2014-15 Outturn	1,208	894	314
2015-16 Outturn	1,058	837	221
2016-17 Outturn	942	880	62
2017-18 Supplementary Estimate	899		
2018-19 Main Estimate	828		
<b><u>Resource</u></b>			
2013-14 Outturn	7,401	7,359	42
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 Supplementary Estimate	6,238		
2018-19 Main Estimate	6,150		
<b><u>Capital</u></b>			
2013-14 Outturn	199	186	13
2014-15 Outturn	281	249	32
2015-16 Outturn	227	184	43
2016-17 Outturn	307	292	15
2017-18 Supplementary Estimate	501		
2018-19 Main Estimate	255		

1. 2013-14 figures published in the Department for Work and Pensions [2013-14 Annual Report and Accounts](#).
2. 2014-15 figures published in the Department for Work and Pensions [2014-15 Annual Report and Accounts](#).
3. 2015-16 figures published in the Department for Work and Pensions [2015-16 Annual Report and Accounts](#).
4. 2016-17 figures published in the Department for Work and Pensions [2016-17 Annual Report and Accounts](#).
5. 2017-18 figures published in the [Central Government Supply Estimates 2017-18](#)
6. Figures as presented may not sum, as a result of rounding.
7. Detailed explanations of the variance between outturn and funding are provided in the latest published set of the Department's [Annual Report and Accounts 2016-17](#).

## Annex D: Transfers with Other Government Departments

Estimate Section	Increase / (Decrease) £m	Description
Departmental Operating Costs	(26.052)	Funding transferred to HMRC to support investment activity for Universal Credit
Departmental Operating Costs	(0.664)	Funding transferred to HMRC for the Joint Analytical Team which provides Real Time Information for Universal Credit
Departmental Operating Costs	(8.000)	Funding for Increasing Access to Psychological Therapies to Department of Health and Social Care
Departmental Operating Costs	(0.524)	Funding to Scottish Government for delivery of Single Gateway and Fit for Work
Departmental Operating Costs	(0.105)	Funding for Civil Service Live to Cabinet Office
Departmental Operating Costs	0.095	Funding from Foreign and Commonwealth Office for Spanish Information Gathering Officers
	<b>(0.105)</b>	<b>Administration Total</b>
	<b>(35.250)</b>	<b>Resource Total</b>
	<b>(0.000)</b>	<b>Capital Total</b>
	<b>(35.250)</b>	<b>Total Net Transfers to OGD</b>

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

## Annex E: Summary of Changes to DEL since SR15

Timing	Additional Narrative	Resource	Capital	2018-9 Total
<b>SR15</b>	<b>Total Funding for 2018-19 – Opening Position</b>	<b>6,097.000</b>	<b>251.000</b>	<b>6,348.000</b>
Main 2016-17	Budget 2016 Measures	33.580		33.580
	Depreciation adjustment post SR15 settlement	(16.000)		(16.000)
	Research & Development Adjustment to comply with ESA10	(3.700)	3.700	0.000
<b>Main 2016-17 Total Changes</b>		<b>13.880</b>	<b>3.700</b>	<b>17.580</b>
Supplementary 2016-17	Transfers with Other Government Departments	0.071		0.071
<b>Supplementary 2016-17 Total Changes</b>		<b>0.071</b>	<b>0.000</b>	<b>0.071</b>
Main 2017-18	Spring Budget 17 Measures	5.500		5.500
	Transfers with Other Government Departments	(33.323)		(33.323)
<b>Main 2017-18 Total Changes</b>		<b>(27.823)</b>	<b>0.000</b>	<b>(27.823)</b>
Supplementary 2017-18	Autumn Budget 17 Measures	56.800		56.800
	Budget Exchange	44.850		44.850
<b>Supplementary 2017-18 Total Changes</b>		<b>101.650</b>	<b>0.000</b>	<b>101.650</b>
Main 2018-19	Transfers with Other Government Departments	(35.250)		(35.250)
<b>Main Estimate 2018-19</b>	<b>Total Funding for 2018-19 – Latest Position</b>	<b>6,149.528</b>	<b>254.700</b>	<b>6,404.228</b>

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

## **Annex F: 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 term Budget and Non-Budget terms apply to whether the funds impact the HM Treasury Budgetary Controls. Funds specified as Budget will impact HM Treasury controls whereas funds defined as Non-Budget will not impact HM Treasury controls. Items covered within this include Social Fund expenditure such as Cold Weather Payments.