

Mock up example of Supplementary Estimates memorandum (2019-20) for a **larger department** (excludes Scotland, Northern Ireland and Wales Offices) (revised January 2020)

The mock up example below relates to **larger departments' Supplementary Estimates** memoranda and should be looked at in conjunction with the relevant guidance for those departments. Separate guidance is available on Main Estimates memoranda, and for other types of department. While the examples given are for the financial year 2019-20 the actual numbers, explanations and context are either fictitious or based on past Estimates- they DO NOT reflect actual requests for funding or outturn in any particular year.

1 Overview

1.1 Objectives

The Department of Administrative Affairs' objectives, as set out in its published Single Departmental Plan, are as follows:

1. Strengthen global peace, security and governance
2. Strengthen resilience and response to crisis
3. Promote global prosperity
4. Tackle extreme poverty and help the world's most vulnerable
5. Deliver value for money and efficiency

DAA's spending is designed to support its objectives. Detail of which spending programmes relate to which objectives is given at Section 3.1.

1.2 Spending controls

DAA's spending is broken down into a several different spending totals, for which Parliament's approval is sought.

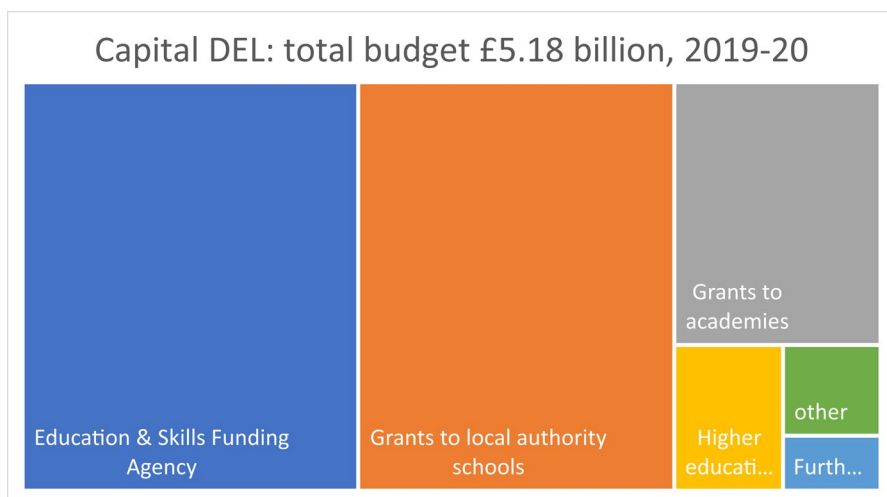
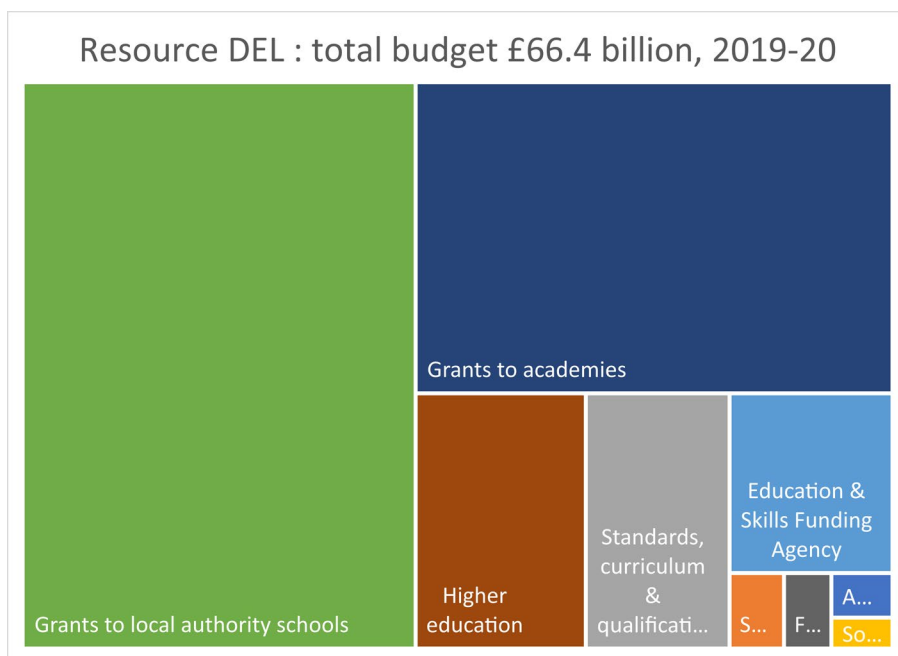
The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("**Resource DEL**")- day to day running costs
- Capital Departmental Expenditure Limit ("**Capital DEL**")- investment in infrastructure
- Resource Annually Managed Expenditure ("**Resource AME**")- less predictable day to day spending: in DFE's case, mainly repayments of interest by students on their loans, and reductions in the estimated value of the student loan book
- Capital Annually Managed Expenditure ("**Capital AME**")-in DFE's case, payments of loans to students, less capital repayments from past students

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

1.3 Main areas of spending

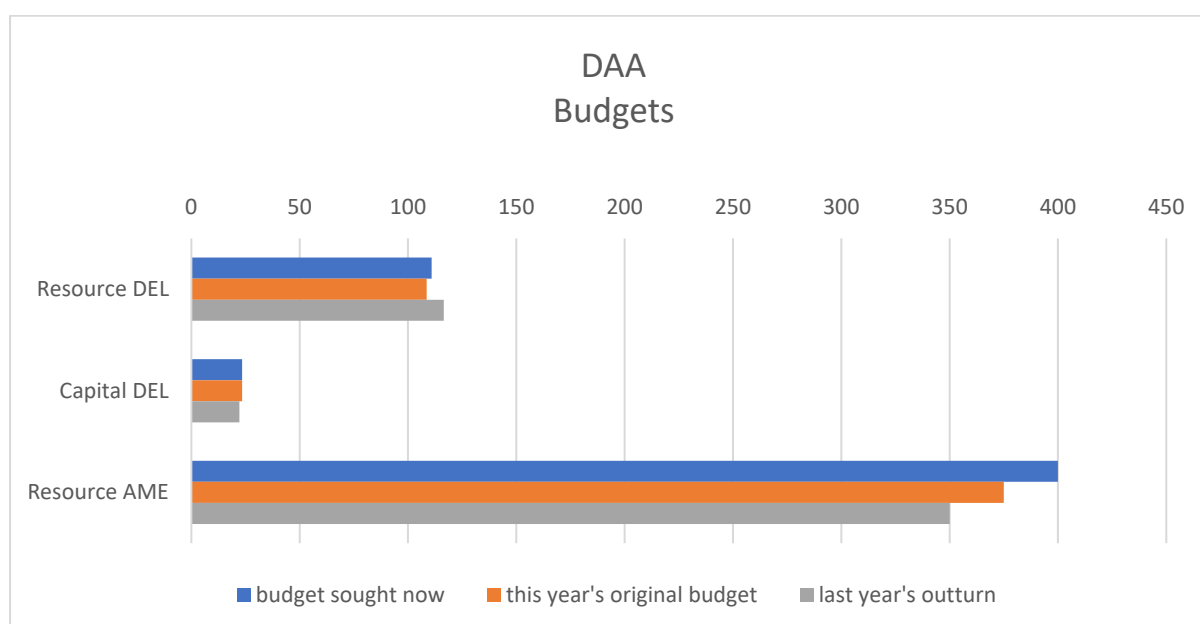
The graphic below shows the main components of DAA's proposed budget for the current year, after taking account of the latest Supplementary Estimate, and the proportions of funds spent on its main activities.



1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for the DAA compare with last year:

Spending total Amounts sought this year (Supplementary Estimate 2019-20)		Difference (+/-) , compared to original budget this year (Main Estimate 2019-20)		Difference (+/-), compared to final outturn last year (Outturn 2018-19)	
		£ m	%	£m	%
Resource DEL	£110.9 m	+£2.3m	+2.1%	-£5.6m	-4.8%
Capital DEL	£23.4 m	0	0	+£1.2m	+5.4%
Resource AME	£400m	+£25m	+6.6%	+£50m	+14.0%



1.5 Key drivers of spending changes since original budget

The main causes of the changes in Resource DEL are:

- Reductions in funding on X as a result of Y

- Efficiency savings in administrative costs through a reducing workforce and reductions in the size of the estate
- Increased spending on P in response to Q with the aim of improving T

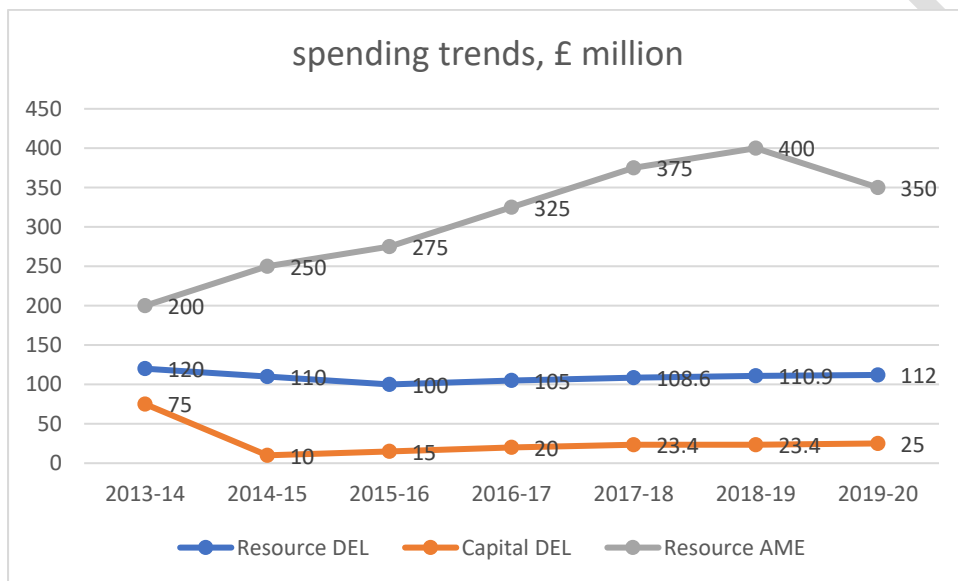
Resource AME is forecast to rise, based on extrapolating existing trends in claims.

1.6 New policies and programmes; ambit changes

A new arms length body was established in April 2018 to manage the science and research budget, with funding increased at the same time.

1.7 Spending trends

The charts below show overall spending trends for the last five years, plans presented in Estimates for 2019-20, and current future spending plans (2020-21).



- Resource DEL has remained broadly stable in cash terms, as administrative efficiency measures and pay restraint has kept spending stable
- Capital DEL was reduced in 2014-15 as X project came to an end
- Resource AME has been steadily increasing as the number and costs of claims for damages continues to rise. The department is considering introducing a limit on individual claims, which is expected to reduce claim amounts next year

1.8 Administration costs and efficiency plans

Administration costs are set to fall by 0.5% in 2019-20 compared to last year's final budget.

Spending total Amounts sought this year (Supplementary Estimate 2019-20)		Difference (+/-), compared to original budget this year (Main Estimate 2019-20)		Difference (+/-), compared to final outturn last year (outturn 2018-19)	
		£ m	%	£m	£ m
Administration costs	£55 m	-£1.2 m	-2.1%	-£1.1 m	-2.0%

The Department has an efficiency plan to deliver £10 million of annual efficiencies by the end of the 4 years covered by SR 2015 (2016-17 to 2019-20). This will be achieved through estate rationalisation and IT consolidation. To date £2.5 million of savings have been achieved. For 2018-19 the aim is to deliver a further £3.5 million of savings, making a cumulative total to date of £6 million savings per annum, compared to the 2015-16 baseline. £2 million of this to be reinvested in improving customer service through improved phone lines.

1.9 Funding : Spending Review and Budgets

The levels of DEL funding for DAA for 2018-19 are based on plans published in the 2015 Spending Review for the department for Administration. Since that time, the Government has made a number of changes to 2018-19 Spending Plans including announcements of some additional funding in Budgets and Autumn Statements. Details of funding changes are set out in the Table at Annex B.

Notable amongst these changes are:

- Machinery of government changes establishing the DAA from the former Department of Administration and the Department for Regulatory Reduction, which added funding.
- Additional funding of £500 million to support new activity A and boost productivity (further details in the Ministerial statement of 3 November 2017), announced in Budget 2017
- Routine movements of funding between DAA and Cabinet office reflecting relevant shares of the Prime Minister's Boosting Britain programme.
- Additional funding of £700 million provided to prepare for Brexit, including £500 million for X and £200 million for Y.

1.10 Other funding announcements

Spending announcements made during the year not listed at annex B relate to reallocated money within existing planned limits, rather than "new", additional money.

These include:

- The announcement on XX July by the Secretary of state to expand the number of apprenticeship places by 20% by 2020 at a cost of £100 million. Funding for the first phase of this for the current financial year (£40million) is included in subhead AA under the "apprenticeships" line. Funding has been found from reductions in other programmes, notably Subhead BB (training) and subhead CC (support).
- The announcement on Xx October by the Secretary of State to offer additional funding of £y million for schools (subhead BB) funded from savings on central programmes (Subhead A) where underspends are expected due to slower than expected take up of programme ZZ.

2. Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows how DAA's spending plans for Resource DEL compare with earlier this year.

Subheads	Description	Resource DEL				see note number
		£ million		%		
		<i>this year (2019-20 Supplementary Estimates budget sought)</i>	<i>this year (2019-20 Main Estimates budget approved)</i>	change from Main Estimate		
A, AD	Deliver an ambitious industrial strategy	155.1	380.4	225.3	-59.2%	1
B	Maximise investment opportunities and bolster UK interests	63.0	44.0	19.0	43.2%	2
C, K	Promote competitive markets and responsible business practices	147.2	142.5	4.7	3.3%	
D	Delivering affordable energy for households and businesses	54.3	49.4	4.9	9.9%	
E, L	Ensuring that our energy system is reliable and secure	13.5	16.9	-3.4	-20.1%	
F, M	Taking action on climate change and decarbonisation	39.8	38.3	1.5	3.9%	
G, N	Managing our energy legacy safely and responsibly	275.9	294.2	-18.3	-6.2%	
H, O	Science and research	224.2	295.7	-71.5	-24.2%	3
I, P	Capability	483.1	492.8	-9.7	-2.0%	
J, Q	Government as shareholder	93.8	141.8	-48.0	-33.9%	4
R, S	Nuclear Decommissioning Authority	390.0	106.0	284.0	267.9%	5
T	Nuclear Safeguards Development	-2.3	0.0	-2.3		
	total voted and non voted	1,937.6	2,002.0	-64.4	-3.2%	

Differences of more than 10% which are more than £10 million; of more than 5% and £200 million; and significant or unusual changes, are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the Table at Annex A.

1. Deliver an ambitious industrial strategy.

Resource DEL spending under these subheads is, overall, forecast to fall by £225.3 million, or 59.2% since the Main Estimate.

This is driven by

- decisions to withdraw funding for X, because of Y event.

- Programme A is being wound down [as planned] or Programme B has come to the end of its three year plan.
- A policy decision has been taken to withdraw funding for A, in the light of funding pressures and priorities and the new Single Departmental plan.
- Spending on W is forecast to be lower than previously due to reduced demand.
- A Reserve Claim of £XX million is required to increase spending on Y in line with government commitments given at the Spending Review 2015.

2. Maximise investment opportunities

Resource DEL spending under these subheads is, overall, forecast to rise by £19 million or 43.2%, since the Main Estimate.

This is driven by a new 3 year programme X being established to support companies to invest, with funding of £y m in the current year, with the aim of improving investment levels to a new target.

3. Science and research

Resource DEL spending under these subheads, is, overall, forecast to fall by £71.5 million, or 24.2%, since the Main Estimate.

Most science and research spending is capital. The reduction is largely a result of reduced depreciation, following a revised policy to depreciation over a longer time frame, spreading the costs over a greater number of years

4. Government as shareholder

Resource DEL spending under these subheads, is, overall, forecast to fall by £48 million, or 33.9%, since the Main Estimate.

This is a result of smaller levels of support through Programme W, compared to previous expectations, as the accompanying capital projects are not sufficiently advanced. In particular an intended investment in company B is likely to be delayed for legal reasons.

5. Nuclear decommissioning authority

Net Resource DEL spending under these subheads, is, overall, forecast to rise by £284 million, or 267.9%, since the Main Estimate. This reflects latest assessments of the amount of spending on maintenance work which needs to be undertaken this year, compliant with regulatory requirements.

Capital DEL

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

Subheads	Description	Capital DEL				see note number
		£ million		%		
		<i>this year (Supplementary Estimate 2019- 20 sought)</i>	<i>This year (Main Estimate 2019-20 approved)</i>	change from Main Estimate		
A, AD	Deliver an ambitious industrial strategy	128.2	206.3	-78.1	-37.9%	6
B	Maximise investment opportunities and bolster UK interests	284.0	295.0	-11.0	-3.7%	
C, K	Promote competitive markets and responsible business practices	0.0	4.3	-4.3	-100.0%	
D	Delivering affordable energy for households and businesses	42.6	43.7	-1.1	-2.5%	
E, L	Ensuring that our energy system is reliable and secure	0.3	0.0	0.3		
F, M	Taking action on climate change and decarbonisation	255.2	67.0	188.2	280.9%	7
G, N	Managing our energy legacy safely and responsibly	15.9	18.5	-2.6	-14.1%	
H, O	Science and research	7,950.8	7,460.2	490.6	6.6%	
I, P	Capability	224.2	44.9	179.3	399.3%	8
J, Q	Government as shareholder	14.5	658.6	-644.1	-97.8%	9
R, S	Nuclear Decommissioning Authority	1,851.0	2,058.0	-207.0	-10.1%	10
T	Nuclear Safeguards Development					
	total voted and non voted	10,766.7	10,856.5	-89.8	-0.8%	

Differences of more than 10% which are more than £10 million; of more than 5% and £200 million; and significant or unusual changes, are explained below.

6 Deliver an ambitious industrial strategy

Capital spending under these subheads is, overall, forecast to reduce by £78.1 m or 37.9% as projects under Programme A near completion. A new round of projects is due to be considered during 2019-20, likely to result in spending from 2020-21.

7 Taking action on climate change and decarbonisation

Capital spending on these programmes is, overall, forecast to increase by £188.2 million, or 280.9% as a result of new programme Y, which comes on stream during the year.

8 Capability

Capital spending under these subheads is, overall, forecast to increase by £179.3 m, or 399.3%. This reflects decisions to boost support for industry through Programme H with the aim of delivering better outcomes under objective Z.

9 Government as shareholder

Capital spending under these subheads is, overall, forecast to reduce by £644.1 million or 97.8%. This reflects slower spending forecast this year, partly because a number of projects were more advanced than had been expected and spending was brought forward into last year, and the number of new projects in the pipeline is lower as a result.

10 Nuclear Decommissioning Authority (NDA) expenditure

Capital spending under these subheads is, overall, forecast to reduce by £207 million or 10.1%. This is partly due to the balance of NDA's work for 2019-20 being more geared towards ongoing maintenance rather than capital spending in 2019-20, as a result of regulatory/safety requirements.

Example only

Resource AME

The table below shows how spending plans for Resource AME compare with Main estimates.

Subheads	Description	Resource AME				note number
		£ million		%		
		<i>this year (2019-20 Supplementary Estimates sought)</i>	<i>This year (2019-20 Main Estimates approved)</i>	change from Main Estimate		
M, O, P (part), Q (part), AC, AI, AJ	Incapacity benefits	15,973.0	15,438.0	535.0	3.5%	11
M, P (part), Q (part), T, U, V, W, AJ,	Disability and carer benefits	28,089.0	25,892.0	2,197.0	8.5%	12
R, S, X (part), AD, AE (part), AP	Pensioner benefits	110,018.0	107,948.0	2,070.0	1.9%	
N, Y, Z, AA, AB, AF, AG, AH, AL, AM, AN, AO, AQ	Other benefits	4,778.0	4,527.0	251.0	5.5%	13
O, P, X (part), AC, AE (part)	Universal Credit and equivalent DWP benefits	35,772.0	33,124.0	2,648.0	8.0%	14
	less items double counted above	-11,323.0	-10,587.0			
	total voted and non voted	183,307.0	176,342.0	6,965.0	3.9%	

Differences which are significantly above or below inflation are explained below.

1. Incapacity benefits

Resource AME spending on incapacity benefits is now forecast to be £x million higher than previously forecast in Main Estimate.

- Overall spending on incapacity benefits is forecast to be £y m higher than expected at Main Estimates. This is a rise of £ym / p% 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. [explains UC is replacing ESA, as well as tax credits formerly funded by HMRC]
- Other incapacity benefits are closed to new claims and are gradually falling as caseloads reduce. [explains other incapacity benefits are being replaced also]

2. Disability and carer benefits

Forecast to be £x million lower than forecast at Main Estimates.

- 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). [explains that increase in PIPs is not just about replacing one benefit with another but also because of new modelling approach]

- 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.

3 Other benefits

Up by £251 million or 5.5% from £4,527 million in Main Estimates to £4,728 million now.

Spending on most other benefits in 2019-20 will be similar to that in 2018-19. 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.

4 Universal Credit

Forecast down by £x million or h% from £y million earlier in the year (Main estimate) to £z million now

- This is a result of slower than forecast rollout of UC as a result of x.
- 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.
- Overall spending on UC and the DWP benefits it is replacing will be £2,648m (8.0%) 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.

2.2 Restructuring [if applicable]

Department S has restructured and transferred responsibility for the Government Equalities office to Department T, and restructured its remaining spending.

This year (Supplementary Estimate sought 2019-20)	RDEL	CDEL	This year (Main Estimate budget approved 2019-20)	RDEL	CDEL
A: Employment policies	10	15	Employment policies (previously line F and G)	12	10
B: Work programmes	13	8	Work programmes: previously line D	12	7
New like for like total	23	23		24	17
Funding transferred out			Equalities funding, previously included in Line F	7	1
Previous limit				31	18

2.3 Ring fenced budgets

Within the totals, the following elements are ring fenced ie savings in these budgets may not be used to fund pressures on other budgets

Resource DEL

Spending total Amounts sought this year (Supplementary Estimate 2019-20)		Difference (+/-), compared to original budget this year (Main Estimate 2019-20)		Difference (+/-), compared to final outturn last year (outturn 2018-19)	
		£ m	%	£m	£ m
Troubled families (Resource DEL)	£10 m	+£2m	+25%	+£2m	+25%
depreciation	£110m	+£10m	+10%	+£10m	+10%

2.4 Changes to contingent liabilities

A new contingent liability has arisen to pay damage claims of individuals who may have been victims of nuclear testing. The estimated cost is unquantifiable.

The estimate for the existing contingent liability for guarantees to Eurotunnel in the event of a natural disaster have been increased from £x to y million.

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

Objective>>>>	1: Supporting economic growth, improved productivity, work pays, work progress	2: Reducing disadvantage faced by disabled people and those with health conditions	3: Increasing saving and security later in life	4: Maximising number of effective child maintenance arrangements, reducing parental conflict	5: transforming delivery
A, G	X	X			
B, H		X			
C			X		
D, J, K	X	X	X	X	X
E				X	
F	X	X			

3.2 Measures of performance against each priority

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

1. Deliver a smooth transition to new regulatory and delivery frameworks after we leave the EU
 - No measures specified
2. Pass on to the next generation a natural environment protected and enhanced for the future
 - Area of protected habitat maintained and created
 - English seas covered by Marine Protected Areas
 - Emissions of key air pollutants in the UK (NOx in millions of tons)

- Reduction in serious pollution incidents
- Additional homes better protected from flooding
- Proportion of cattle herds that are bovine TB free
- Antibiotic use in farming animals and fisheries

3. Lead the world in food and farming, with a thriving rural economy

- Value of British food and drink exported
- Rural productivity (predominantly rural areas)

4. Become the most effective and efficient department in government

- People survey engagement score

The latest update to these performance measures is [here](#).

3.3 Commentary on steps being taken to address performance issues

Spending designed specifically to address performance issues includes:

- Fraud and error: £24 million additional funding has been allocated by DWP within subhead B to help reduce fraud and error rates, with the aim of moving towards DWP's own targets and addressing the C and AG's criticisms in recent audit reports.
- A budget of £x million has been allocated to spending on renewable energy, under a new programme, with the aim of helping meet statutory targets for carbon reduction under the third carbon budget

3.4 Major projects

The Department is implementing the rollout of Universal Credit, which will replace a number of legacy benefits. The new benefit is intended to [improve work incentives etc]

Funding for implementation of the project is provided under subhead AA.

The current timescale for implementation for the project is for rollout to continue until 20XX and migration of existing claimants between March 20YY and July 20ZZ .

The major Projects Authority reports on delivery of major projects annually. Its latest report on this project can be found here.[link]

4. Other information

4.1 Additional specific information required by the select committee

Spending per pupil Department for Education- relates to the commitments made by the government to protect spending per pupil over the SR period.

Budget	2019-20		2018-19		2017-18	
	RDEL budget £m	Per pupil rate (where available) £	RDEL budget £m	Per pupil rate (where available) £	RDEL budget £m	Per pupil rate (where available) £
Schools budget (5-16 including high needs) ⁷						
Academies:	12,593	£v	15,496	£a	15,525 ⁵	£p
Other schools:	24,354	£w	24,421	£b	22,872	£q
Pupil Premium:	2,545 ¹	£x	2,463 ³	£c	2,463	£r
16-19 education budget						
Academies:	1,442	£y	1,442	£d	1,571 ⁶	£s
Other schools:	776	£z	526	£e	1,027 ⁶	£t

5. Accounting Officer Approval

¹ An average per pupil is not available.

³ Exact amount subject to final allocations. Please note this does not include the Early Years Pupil Premium budget

⁴ Applies equally to all institutions

⁵ Figures exclude depreciation but include Special and AP High Needs and Academies High Needs.

⁶ Includes post-16 High Needs

⁷ Schools budget amounts in 2017-18 exclude Free School Meals and PE & Sports

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]

Jane Smith

Accounting Officer

Permanent Secretary

Department of Administrative Affairs

1 February 2020

Example only