



Department
for Education

Department for Education Main Estimate 2018-19

**Memorandum to the Education Select
Committee**

April 2018

Department for Education Main Estimate 2018-19

Select Committee Memorandum

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Introduction and Summary

1. The purpose of this Memorandum is to provide the Education Select Committee with additional information about the Department for Education's (DfE's) Main Estimate for 2018-19. The Memorandum includes information on the department's key priorities and the latest departmental budget control totals.
2. The Main Estimate budgets (and comparison to the 2017-18 Supplementary Estimate equivalent budgets) are summarised in the table below:

Table 1 – Main Estimate Control Totals 2018-19

Budget	2017-18 Supp Estimate £m	2018-19 Main Estimate £m	Increase / (Decrease) £m
Departmental Expenditure Limit			
A Resource - Parliamentary control	78,862.9	66,470.1	(12,392.8)
<i>Of which ring-fenced:</i>			
Adult Further Education	18,295.6	3,948.1	(14,347.5)
Higher Education	115.0	145.0	30.0
Depreciation	18,120.0	3,740.0	(14,380.0)
	60.6	63.1	2.5
B Capital Parliamentary control	4,938.4	5,182.0	243.6
C Total Departmental Expenditure Limit (Line A +B)	83,801.3	71,652.1	(12,149.3)
Annually Managed Expenditure			
D Resource	(875.5)	(3,222.0)	(2,346.5)
E Capital	18,394.9	18,635.0	240.1
F Total Annually Managed Expenditure (Line D+E)	17,519.4	15,413.0	(2,106.4)
G Total Managed Expenditure (LineC+F)	101,320.6	87,065.1	(14,255.5)
<i>Of which ring-fenced:</i>			
Adult Further Education	18,283.7	3,948.1	(14,335.6)
Higher Education	115.0	145.0	30.0
Depreciation and Impairment	18,120.0	3,740.0	(14,380.0)
	48.7	63.1	14.4
H Grants paid to Academies (Resource)	(18,618.1)	(20,018.8)	(1,400.7)
I Grants paid to Academies (Capital)	(742.2)	(801.8)	(59.6)
J Academies Resource DEL	18,896.2	21,918.8	3,022.6
<i>Of which ring-fenced:</i>			
Depreciation and impairment	1,700	1,900.0	200.0
K Academies Capital DEL	796.9	801.8	4.9
L Academies AME	1,188.7	1,200.0	11.3
M Total Resource DEL budget (A+H+J)	79,141.0	68,370.1	(10,770.9)
N Total Capital DEL Budget (B+I+K)	4,993.1	5,182.0	188.9
O Total AME Budget (F+L)	18,708.1	16,613.0	(2,095.1)
P Total Managed Expenditure (HMT Control Total)	102,842.2	90,165.1	(12,677.1)
Q Net Cash Requirement	81,127.4	82,494.4	1,367.0

3. The £87,065.1 million total managed expenditure (TME) included in the Parliamentary controls in the Estimate cover the direct costs of the Department, its agencies and Arm's Length Bodies

(ALBs), including grants paid to academies and student loan financing. The 2018-19 budgets included in the Main Estimate are based on the Spending Review 2015 control totals that have been updated to reflect subsequent fiscal announcements and transfers to/from other departments. The TME has reduced by £14,255.5 million when compared to 2017-18 Supplementary Estimate. This is largely due to the annual revaluation of student loans budgets that increased the student loan impairments by £14,765.0 million 2017-18. The impact of the 2018-19 revaluation exercise will be included in the Supplementary Estimate later in the year.

4. From 1 April 2018 the Department is adopting two international reporting standards IFRS 9 (financial instruments) and IFRS 15 (revenue from contracts with customers) as required by the Financial Reporting Manual. We have reviewed the impact of the standards on the Estimate and concluded that;
 - IFRS 9 effectively replaces IAS 39 and the greatest impact is expected to relate to student loans. Student loans are currently accounted for at amortised cost. It is anticipated that, following the implementation of IFRS 9, these loans will instead be accounted for at fair value through profit and loss. From detailed review of accounting policies and the underlying valuation model (StEP), we believe there will be no material impact on the valuation of student loans as a result of moving from a valuation under IAS 39 to IFRS 9.
 - IFRS 15 does not have impact on departmental budgets as we do not have any material contracts that generate revenue income.
5. The TME excludes the net expenditure by the academy sector which, from 2016-17, is no longer part of the DfE's consolidation group. Although the academies' underlying net outturn is not part of the DfE Parliamentary controls, HM Treasury require the Department to set a Resource Budget covering the academy sector's net expenditure for the Spending Review period. The Resource Budget is calculated by deducting the grants paid to academies, which are included in the Estimate and adding in forecast expenditure by the academy sector. The difference between the grants paid by the Department and the expenditure by the academies is either added to, or funded by, their reserves. The budget in the Main Estimate is based on the assumption that academies will spend 100 per cent of the resource and capital grant funding we issue in Section K, plus £1,900 million depreciation costs. This spending assumption will be updated in the Supplementary Estimates when we have forecast budget data from the academies.
6. In addition to the high-level summary in Table 1, information on the Departmental Expenditure Limit (DEL) budgets from 2012-13 to 2019-20 is set out in Annex C.
7. More information on the changes to budgets from 2017-18, and how they are financed, is provided from paragraph 25.

Key Activities Supported by the Above Provision

8. The Department is responsible for children's services and education, including early years, schools, higher and further education policy, apprenticeships and wider skills in England. DfE works to provide children's services and education that ensures opportunity is equal for all, no matter what their background, family circumstances or needs.
9. Our purpose is to help create a country where there is social mobility and equality of opportunity by providing excellent education, training and care, and to help everyone reach their potential, regardless of background.
10. The DfE's strategy is being updated and a revised single departmental plan will be published shortly.

Explanation of Estimate Funding

Departmental Expenditure Limit (DEL)

11. DEL includes expenditure by the department, its agencies, and ALBs on pay, purchase of goods and services, current grants, capital expenditure on grants, loans and assets, and non-cash costs including depreciation and impairments.
12. The limits are based on the department's Spending Review 2015 (SR15) settlement, which has been adjusted for funding announced by HM Treasury at subsequent fiscal events, the Machinery of Government (MOG) change in July 2016 and other transfers to and from other government departments. The agreed changes to the department's control totals from 2016-17 to 2019-20 since the department's SR15 are listed in Table 7.
13. The three separate DEL control totals, which following the changes applied as part of the Supplementary Estimate, are as follows:
 - Resource DEL Parliamentary control – administration: £477.2 million;
 - Resource DEL Parliamentary control – programme: £65,992.9 million;
 - Capital DEL Parliamentary control: £5,182.0 million; and
 - Total DEL Parliamentary control: £71,652.1 million.
14. The 2018-19 Resource DEL (RDEL) budget has decreased by £12,392.8 million when compared to 2017-18 budgets. See paragraphs 25 – 47 for more information on the changes.
15. The 2018-19 Capital (CDEL) budget has increased by £243.6 million when compared to the 2017-18 budgets. See paragraphs 51 – 63 for more information on the changes.

Annually Managed Expenditure (AME)

16. AME budgets cover expenditure that is demand led or exceptionally volatile, which makes it difficult for departments to control. Our AME budgets are classified as programme budgets in the Estimate. AME budgets are not part of the Spending Review settlement; they are agreed annually with HM Treasury.

17. There are two separate AME control totals for resource and capital, which following the changes applied as part of the Supplementary Estimate, are as follows:
- Resource AME (RAME) Parliamentary control – negative £3,222.0 million;
 - Capital AME (CAME) Parliamentary control – £18,635.0 million; and
 - Total AME Parliamentary control - £15,413.0 million.
18. See paragraphs 64 – 70 for information on both RAME and CAME.
19. In addition to the RAME voted in the Estimate, the Resource Budget includes an additional £1,200 million RAME covering impairment costs, movements in the Local Government Pensions Scheme (LGPS) and other non-cash costs for the academy sector.

Structural Changes to the Estimate

20. The Estimate structure is based on the programme activities of the directorates within the department, with each Executive Agency having its own budget line. This year the Estimate structure has been updated to reflect;
- the repurposing and renaming of the National College for Teaching and Leadership (NCTL) as the Teaching Regulation Agency (TRA); and
 - the addition of a new ALB, Social Work England (SWE).
21. The TRA will continue to lead on the regulation of the teaching profession, including misconduct hearings, however the other NCTL functions have transferred to the core Department. As an executive agency, the TRA has its own section (Section H) in the Main Estimate. The budgets for the remaining former-NCTL functions (teacher recruitment, leadership and development) transferred to the Education Standards Directorate are now reported in Section D Education Standards.
22. In January 2016, the then Secretary of State for Education announced, in partnership with the Secretary of State for Department of Health and Social Care (DHSC), the intention to set up a new regulator for social workers, as part of wider reforms to improve confidence in social work and raise the status of the profession. SWE's central focus will be public protection. In particular, it will drive up standards in social work education, training and practice and operate a quality assurance system for continuous professional development ensuring all social workers remain fit to practise. The SWE will be an ALB that will be jointly funded with DHSC; its budgets are contained in Section F - Social Care, Mobility Equality (ALB).
23. The Estimate also reflects two Machinery of Government (MOG) changes;
- responsibility for national and international equalities policy has transferred to the Home Office to reflect the change in ministerial responsibilities;
 - the administration budget for higher education research has transferred to the Department for Business, Enterprise and Industrial Strategy (BEIS).
24. Details of the MOGs and other budget transfers are included in paragraphs 73-74.

Significant Changes to Programmes and those with Increased Remit Departmental Expenditure Limit

Resource DEL – Administration Costs – £477.2 million

25. The administration cost control total includes the Department, its agencies, and its other ALBs. The main departmental administration budgets are in Section A, with the administration budgets for the agencies and ALBs shown separately in Sections C, F, G, H, I, N and O.
26. Table 2a below compares the 2018-19 administration cost budgets to the 2017-18 budgets in the Supplementary Estimate by section.

Table 2a Changes to administration budgets

Section	2017-18 Supp Estimate £m	2018-19 Main Estimate £m	Increase / (Decrease) £m	% Change
A Activities to Support all Functions	259.2	281.5	22.3	8.6%
C School Infrastructure and Funding of Education (ALB) (Net)	4.3	1.7	(2.6)	-60.5%
F Social Care, Mobility Equality and Communication (ALB) (Net)	15.7	3.1	(12.6)	-80.2%
G Standards and Testing Agency	3.2	4.5	1.3	39.7%
H Teaching Regulation Agency	11.6	0.1	(11.5)	-99.1%
I Education and Skills Funding Agency (ESFA)	154.5	100.6	(53.9)	-34.9%
N Higher Education (ALB) (net)	88.3	79.6	(8.7)	-9.8%
O Further Education (ALB) (net)	7.1	6.1	(1.0)	-13.9%
TOTAL Administration cost control total	543.9	477.2	(66.7)	-12.3%

27. The £66.7 million decrease in the administration cost budgets largely relates to the planned reduction over the period of the spending review. In addition to the planned reduction, departmental administration costs reduced as a result of the following transfers to other government departments:
- £19.9 million transferred to the Home Office. This relates to the MOG transfer of Government Equalities Office (GEO) (£6.3 million from Section A); and Equality and Human Rights Commission (EHRC) (£13.6 million from Section F).
 - £2.4 million transferred to BEIS in relation to the machinery of government transfer of the costs related to the research function to Research England from Section A.
28. We have carried out a business planning exercise within the Department and reallocated costs internally. As a result, the budgets in Education and Skills Funding Agency (ESFA) and the ALBs are lower than last year. In addition, the repurposing of the NCTL to become the TRA has resulted in a change in budget allocations. The £11.5 million administration budget reduction on Section H is wholly offset by a commensurate increase on Estimate line A as the majority of former NCTL functions and resource transfer to the core DfE.
29. Further information on administration control totals in past and future years is available in Table 7 and Annex C.
- ### Resource DEL – Programme Costs £65,992.9 million
30. The DfE's programme DEL allocation supports all the department's priorities. Compared to the 2017-18 budgets, the RDEL budget has decreased by £12,326.1 million. This is largely the result of the annual revaluation of the student loans that increased the student loan impairment

budgets. The 2018-19 revaluation exercise will be reflected in the 2018-19 Supplementary Estimate.

31. Annex A contains a comparison of 2018-19 budgets to 2016-17 and 2017-18 Supplementary Estimates at Section level budgets.

32. Table 2b lists all the changes to programme budgets, including the percentage movement. The following paragraphs provide further detailed information on the more significant movements at Section level i.e. those Estimate sections that have changed by more than 10%. As the changes in the grants to schools budgets in sections J and K are significant amounts we have provided an explanation, even though the amounts are below 10%.

Table 2b Changes to programme budgets

Section	2017-18 Supp Estimate £m	2018-19 Main Estimate £m	Increase / (Decrease) £m	% Change
A Activities to Support all Functions	20.2	86.1	65.9	326.5%
B School Infrastructure and Funding of Education (Department)	250.9	551.2	300.3	119.7%
C School Infrastructure and Funding of Education (ALB) (Net)	-	2.1	2.1	100.0%
D Education Standards, Curriculum and Qualifications (Department)	4,112.8	4,873.5	760.7	18.5%
E Social Care, Monilty and Equality (Department)	365.6	248.4	(117.2)	-32.1%
F Social Care, Mobility Equalities (ALB) (Net)	6.6	4.9	(1.7)	-25.4%
G Standards and Testing Agency	48.7	58.5	9.8	20.2%
H Teaching Regulation Agency	373.5	8.8	(364.7)	-97.6%
I Education and Skills Funding Agency (ESFA)	3,142.6	3,853.8	711.2	22.6%
J Grants to LA Schools via ESFA	30,356.6	30,033.1	(323.6)	-1.1%
K Grants to Academies via ESFA	18,618.1	20,018.8	1,400.7	7.5%
L Higher Education	19,145.8	4,313.1	(14,832.7)	-77.5%
M Further Education	208.9	474.1	265.2	127.0%
N Higher Education (ALB) (net)	1,666.5	1,464.3	(202.2)	-12.1%
O Further Education (ALB) (net)	2.2	2.2	-	0.0%
RDEL programme total	78,319.0	65,992.9	(12,326.1)	-15.7%

Section A Activities to support all functions

33. The £65.9 million increase in programme costs within Section A is the result of increased budget in Opportunity Areas and Risk Protection Arrangement (RPA) claims representing uptake in 2017-18.

Section B School Infrastructure and Funding of Education

34. The £300.3 million increase is driven primarily by changes in the reporting structures. It represents funding earmarked for schools, previously routed via ESFA, Section J and K.

Section C School Infrastructure and Funding of Education (ALBs)

35. The £2.1 million increase in programme costs within Section B is the result of the administration budget for the ALB, LocatED, being reclassified as programme costs.

Section D Education Standards, Curriculum and Qualifications

36. The £760.7 million increase in programme costs within Section D is the result of:

- £464.0 million increase as a result of the repurposing of the NCTL as the TRA, and the associated transfer of the majority of NCTL functions and programmes to the Education Standards Estimate line. This £464 million includes increased budget for Initial Teacher Training Bursaries (£40 million), which is in line with trainee teacher recruitment assumptions; and an expected increase in budget needs (£19 million) for the Teaching

Leadership Innovation Fund as the programme enters its second year and the second round of funding aimed at improving teaching and leadership in priority schools/area;

- additionally, we plan a £81.0 million increase in the Strategic School Improvement Fund, which enters its second year, further funding rounds aimed at ensuring resources are targeted at the schools most in need of support to drive up standards, to use their resources most effectively, and to deliver more good school places;
- £46.7 million increase in the investment in additional curriculum improvement and support activities mainly in Maths, Computing and English and the Future Talent Fund;
- £39.7 million increase in investment in initiatives supporting Life Skills and Disadvantage, including additional funding for breakfast clubs, Personal Social and Health Education/Religious Education, and Essential Life Skills; and
- the remaining increase is mainly as a result of Special Educational Needs and Disability (SEND) and Mental Health budgets transferring from Section E, as set out below.

Section E Social Care, Mobility and Equality

37. The £117.2 million decrease in programme costs within Section D is the result of responsibility for Special Educational Needs and Disability (SEND) and Mental Health budgets totalling £113.2 million transferring to Education Standards Directorate in Section D.

Section F Social Care, Mobility and Equality (ALBs)

38. The £1.7 million decrease in programme costs within Section F is the mainly the result of

- the transfer of budget totalling £5.3 million for the EHRC to the Home Office; and
- an increase of £4 million for the programme budget for the new ALB, Social Work England (SWE) which is due to commence this year.

Section G Standards and Testing Agency (STA)

39. The £9.8 million increase in programme costs within Section G is the result of

- £8 million increase for set up costs relating to the new key stage test operations contract which is currently being procured and will save money over the contract lifetime;
- £1.4 million increase for new reception baseline test work; and
- £0.4 million increase as a result of other budget reallocations following the business planning exercise.

Section H Teaching Regulation Agency (TRA)

40. The £364.7 million reduction in this Estimate line relates to the repurposing of the NCTL as the TRA and the transfer of the majority of NCTL functions and programmes to the Education Standards Directorate budgets in Section D.

Section I Education and Skills Funding Agency (ESFA)

41. The £711.2 million increase in programme costs within Section I is the result of:

- £837.0 million increase in the Apprenticeships budgets to reflect expected participation levels;
- £20.0 million increase in the budget for temporary school accommodation which is related to the growth in the schools capital programme;
- £9.9 million increase in the financial support for learners budget;
- £147.9 million decrease in the Restructuring Facility budget pending review at Supplementary on whether costs can be covered by emerging budgets or whether a reserve claim is needed; and
- a net £8.1 million decrease in other budgets.

Section J Grants to Local Authority schools

42. The £323.6 million decrease in programme costs within Section J is the result of:

- £688.0 million decrease in schools budgets reflects the increases in the per pupil funding netted against the impact of updated pupil numbers and the conversion of maintained schools to academy status.
- £337.6 million increase in Early Years budgets for a full year of the new Additional 15 Hours provision which rolled out in Sept 2017; and
- a net £26.9 million increase in other budgets.

Section K Grants to Academies

43. The £1,400.7 million increase programme costs within Section K is the result of increasing pupil numbers, increases in the per pupil funding, as well as conversion of maintained schools to academy status.

Section L Higher Education

44. The £14,832.7 million decrease in Section L is due to the annual revaluation of the Student loan impairments that resulted in a £14,765 million Reserve Claim that increased the HE budget in the 2017-18 Supplementary Estimate. The increase is mainly attributable to policy changes (increase in repayment threshold and freezing tuition fees) and contingency cover for economic conditions. This year's revaluation will be reflected in the 2018-19 Supplementary Estimate.

Section M Further Education

45. The £265.2 million increase in Section M is the result of several changes from 2017-18 Supplementary Estimates. Firstly, a number of new programmes which were announced in 2017-18 and which are increasing spend in 2018-19. These include the National Retraining Scheme, the Strategic College Improvement Fund and the Career Learning Pilots. Secondly, as a result of internal re-organisations, there are also budget changes between estimate lines.

Thirdly, there is a significant increase to the ring-fenced RDEL budget for the Resource Accounting and Budgeting (RAB) charge for Advanced Learner Loans, as the loans budget itself has increased in 2018-19.

Section N Higher Education (ALBs)

46. The £202.2 million decrease in Section N is mainly due to the delivery of spending review reductions in the teaching grant of £70 million and bringing forward spend from 2018-19 into 2017-18 resulting in a further difference of £140 million. This is partially offset by an increase in Student Loans Company (SLC) programme spend.

47. See Annex A for details of all the section budgets, including comparatives to the budgets in previous Estimates.

Capital DEL (CDEL)

48. DfE's CDEL budget is spent predominantly on: ensuring sufficient school places by enabling Local Authorities to discharge their duties; maintaining the school estate; the Priority Schools Building Programmes, which replace and refurbish schools in the worst condition; and the Free Schools programme, which facilitates educational reform.

49. The overall 2018-19 CDEL has increased by a net £243.6 million, including the following budget transfers to other departments:

- £130.0 million decrease as a result of the transfer of the funding for the Local Growth Funding for Skills to the Ministry for Housing, Communities and Local Government;
- £0.5 million decrease as the result of the transfer of Equalities and Human Rights commission to the Home Office.

50. The following paragraphs provide further detailed information on the more significant movements at Section level i.e. those Estimate sections that have changed by more than 10%.

Table 3 Capital DEL summary

Section Title	2017-18 Supp Estimate £m	2018-19 Main Estimate £m	Increase / (Decrease) £m	%
A Activities to Support all Functions	58.4	81.0	22.6	39%
B School Infrastructure and Funding of Education (Department)	2.0	5.3	3.3	165%
C School Infrastructure and Funding of Education (ALB) (Net)	52.6	27.5	(25.1)	-48%
D Education Standards, Curriculum and Qualifications (Department)	-	14.5	14.5	100%
F Social Care, Mobility Equality and Communication (ALB) (Net)	0.5	0.7	0.2	40%
G Standards and Testing Agency	2.0	1.9	(0.1)	-3%
I Education and Skills Funding Agency (ESFA)	1,872.9	2,027.6	154.7	8%
J Grants to LA Schools via ESFA	1,966.9	1,908.2	(58.7)	-3%
K Grants to Academies via ESFA	742.2	801.8	59.6	8%
L Higher Education	17.9	19.0	1.1	6%
M Further Education	12.2	78.8	66.6	546%
N Higher Education (ALB) (net)	209.1	215.1	6.0	3%
O Further Education (ALB) (net)	1.7	0.6	(1.1)	-67%
PARLIAMETARY CONTROL TOTAL	4,938.4	5,182.0	243.6	5%
Resource Budget				
Add additional capital budget transferred to Academy sector budgets	54.8	-	(54.8)	100%
RESOURCE BUDGET CONTROL TOTAL	4,993.2	5,182.0	188.8	4%

Section A Activities to Support all Functions

51. The £22.6 million increase in capital expenditure is predominantly due to re-profiling of building development work in the Department.

Section B School Infrastructure and Funding of Education

52. The capital costs in this line has increased by £3.3 million as a result of increases in budgets to purchase capital assets in support of schools-related programmes including the Environmental Improvement Grant and Systems Integration Programme.

Section C School Infrastructure and Funding of Education (ALB)

53. The £25.1 million decrease is the result of a change to the budget allocated to LocatED.

Section D Education Standards, Curriculum and Qualifications

54. The £14.5 million increase in Education Standards Directorate (ESD) capital budgets follows an internal restructure to reallocate budgets associated with in-house information technology development and digital services projects to the appropriate Directorates from 2018-19, as well as additional in-house projects being developed this year.

Section E Social Care, Mobility and Equality

55. The £0.7 million increase in capital budgets is funding the set-up of the new ALB Social Work England.

Section F Social Care, Mobility and Equality ALBs

56. The £0.2 million decrease in capital budgets relates to the transfer of the capital budget for Equality and Human Rights Commission to the Home Office.

Section I Education and Skills Funding Agency

57. The £154.7 million increase in capital expenditure in this line is largely due to an increase in costs for the second phase of the Priority School Building Programme as more projects reach construction stage.

Section J Grants to Local Authority Schools via ESFA

58. The £58.7 million decrease in capital grants to local authority run schools is due to reduced condition allocations to local authorities. Condition allocations follow the published methodology and reflect the make-up of the school estate, which changes over time.

Section K Grants to Academies via ESFA

59. The capital costs in this line have increased by £59.6 million as a result of increased condition allocations to academies. Condition allocations follow the published methodology and reflect the makeup of the school estate, which changes over time.

Section M Further Education

60. The capital costs in this line have increased by £66.6 million as a result of increasing planned spend on Institutes of Technology and funding to develop and enhance the Apprenticeships Service.

Section O Further Education (ALB)

61. The capital costs in this line have decreased by £1.1 million due to a lower capital requirement for the Institute for Apprenticeships (IfA) in 2018-19 as they enter their second year of operation.

62. The capital budgets are based on the assumption that the academy sector will spend the entire grant we give them this year. However, we know that the academies can use their own reserves to finance capital projects, therefore as part of the budgeting exercise, we collect information on the capital expenditure by academies during the year. This change will be reflected in the Supplementary Estimates.

63. Annex D contains a detailed breakdown of the schools' capital budgets by programme and the changes since last year.

Annually Managed Expenditure

64. The AME budget includes two different categories of expenditure:

- RAME, which includes non-cash costs, related to the movement in provisions for the Department and its ALBs, and the effective interest on student loans; and
- CAME which includes the cash costs related to student loan outlay, repayments and capitalised interest onto the student loan book.

65. In addition to the budgets in the Estimate, the department's Resource Budget limit includes the non-cash academy budgets.

66. The key elements of the budgets are set out in Table 4 below:

Table 4 AME Budgets

Section Reference	Supplementary Estimate 2017-18		2018-19 Main Estimate		Increase / (Decrease)		%	
	Resource £m	Capital £m	Resource £m	Capital £m	Resource £m	Capital £m	Resource	Capital
P Activities to Support all Functions (Department)	(8.0)	-	(8.8)	-	(0.8)	-	10%	-
Q Executive Agencies	(2.6)	-	(0.1)	-	2.5	-	-97%	-
R Higher Education AME	(825.7)	18,072.0	(3,195.1)	18,214.5	(2,369.4)	142.5	287%	1%
S Further Education AME	-	317.2	-	417.7	-	100.5	-	-
T Higher Education (ALB) (net) AME	(16.4)	-	(18.2)	-	(1.8)	-	11%	-
U Further Education (ALB) (net) AME	(22.8)	5.7	0.2	2.8	23.0	(2.9)	-101%	-51%
Total AME Parliamentary Control Total	(875.5)	18,394.9	(3,222.0)	18,635.0	(2,346.5)	240.1	268%	1%
Academies related budgets: including movement in Local Government Pension Scheme and impairments	1,188.7	-	1,200.0	-	11.3	-	1%	-
Resource Budget AME Control Total	313.2	18,394.9	(2,022.0)	18,635.0	(2,335.2)	240.1	-746%	1%

67. The voted AME budget is used by the Department as follows:

- Section P is for the movement in departmental provisions including early departure costs, property and Risk Protection Arrangement provisions. There are no significant changes in the provisions this year;
- Section Q is for the movement of the early retirement provision in Executive Agency provisions.
- Section R includes the resource and capital costs related to movements on the student loan books. Student loans are demand-led budgets and are sensitive to changes in Office for Budget Responsibility (OBR) macroeconomic determinants and will be updated in the Supplementary Estimate to reflect the outcome of the annual revaluation exercise. These budgets include:
 - resource costs of negative £3,195.1 million which is mainly made up of effective interest income on student loans; and
 - capital costs of £18,214.5 million which are the loans issued to students, interest applied to borrower accounts and the repayments of loans.
- Section S - the budget allocated to Advanced Learner Loans has increased as planned in 2018-19.
- Section T reflects the net movement in Office for Student's inherited staff liabilities provision from Higher Education Funding Council for England (HEFCE). Movements in both the Office for Students (OfS) and SLC pension provisions will need to be included in the 2018-19 Supplementary Estimates; and
- Section U is the budget for the Construction Industry Training Boards (CITBs) and Engineering Construction Industry Training Boards (ECITBs) net resource and capital budgets. Budget changes in the CITB are largely informed by CITB levy income and grant expenditure, which are subject to movements within the economy. The £23 million increase in 2018-19 budgets is a result of increased grant expenditure to members of CITB and ECITB. This is partly offset by a reduced levy on members due to revised CITB levy legislation and the spending of reserves.

68. More information on the included provisions is included at paragraphs 77 - 78.

69. In addition to the AME budgets in the Main Estimate, the Resource budget includes the following non-cash budgets totalling £1,200 million for the academy sector:

- the movement in the Local Government Pensions Scheme relating to members working in academies - £703 million; and
- impairments and depreciation - £497 million.

70. The Department carries out an annual exercise to collect updated budget forecast data from academies during the year, so for the purposes of the Main Estimate we included an initial budget based on the largest 2017-18 AME budgets.

Transfers of Functions to and from Other Government Departments (OGDs)

71. We frequently transfer budgets to, and receive transfers from, other departments which can be the result of a transfer of functions to/from the department or budgetary contributions to other departments leading on joint programmes.

72. The net impact of the changes included in the Main Estimate is to decrease departmental programme RDEL budgets by £20.4 million and decrease to CDEL by £130.0 million. Table 5 lists the individual changes.

Table 5 Transfers (to)/from other departments

Section	Other Department	Reason for transfer	Admin Resource £m	Programme Resource £m	Capital £m
A Activities to Support all Functions	Department for International Development	Funding for Queen Elizabeth Commonwealth Scholarships,	-	4.0	-
Sub Total Transfers from other departments			-	4.0	-
A Activities to Support all Functions	Home Office	Transfer of responsibility for Government Equalities Office budgets	(6.3)	(14.5)	-
	Department for Business, Energy and Industrial Strategy	Transfer of research funding to Research England	(2.4)	-	-
F Social Care, Mobility Equalities (ALB) (Net)	Home Office	Transfer of responsibility for Equalities and Human Rights Commission budgets	(13.6)	(5.3)	(0.5)
M Further Education	Ministry of Housing, Communities and Local Government (MHCLG)	Local Growth Fund (LGF) annual contribution	-	-	(130.0)
	Ofqual	Functional Skills funding	-	(0.6)	-
Sub total Transfers to other departments			(22.3)	(20.4)	(130.5)
Total Transfers (to)/from other departments			(22.3)	(16.4)	(130.5)

Net Cash Requirement

73. The Net Cash Requirement sets a limit on the amount of cash needed to fund the department's activities.

74. Table 6 details the reconciliation between the net Resource and Capital total and the Net Cash Requirement. The major difference between Resource and Cash limits is that Net Cash Requirement limit includes grant in aid, cash payments from provisions, but excludes non-cash expenditure (e.g. depreciation, impairments, ALBs' resource expenditure, notional audit fee, etc.).

Table 6 Net Resource to Net Cash reconciliation

	2017-18 Supp Estimate £m	2018-19 Main Estimate £m	Increase / (Decrease) £m
Net Resource Requirement	77,987.4	63,248.1	(14,739.3)
Net Capital	23,333.3	23,817.0	483.7
	101,320.7	87,065.1	(14,255.6)
Departmental depreciation and impairment	(18,271.3)	(3,910.1)	14,361.2
New provisions and adjustment to existing provision (eg discount rate change)	(50.4)	(48.7)	1.7
Use of provisions	60.5	66.9	6.4
Adjustment to remove ALB resource outturn	(2,021.1)	(1,792.7)	228.4
Add cash Grant in Aid	1,976.1	1,790.5	(185.6)
Other non-cash items	(1,887.0)	(676.6)	1,210.4
Net resource to cash adjustments	(20,193.2)	(4,570.7)	15,622.5
Net Cash Requirement	81,127.5	82,494.4	1,366.9

75. The £1,366.9 million increase in the net cash requirement is largely due to:

- Growth in the underlying programme (cash) budgets compared to 2017-18, including:
 - £837.0 million increase in the Apprenticeships budgets to reflect expected participation levels (Section I)
 - £337.6 million increase in Early Years budgets for a full year of the new Additional 15 Hours provision which rolled out in Sept 2017 (Section J)
- Increase in net capital budgets of £483.7 million compared to 2017-18 due to:
 - Capital grants budgets in CDEL increased by £243.6 million largely due to the Priority School Building Programme (Section I)
 - Capital AME budgets increased by £240.1 million largely due to increased net outlay on student loans (Section R)
- The net cash requirement has increased by £1,366.9 million compared to TME decreasing by £14,255.5 million largely because of the (non-cash) student loans reserve claim made in 2017-18.

Departmental Control Total

76. Table 7 shows how the Department's Parliamentary control totals have changed since the Department's SR15. A more detailed breakdown of the 2018-19 in-year changes is provided in Annex B.

Table 7 Changes to Parliamentary control totals

Control Total	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
DEL Admin Resource					
SR 2015	323.3	320.8	303.6	294.4	-
Main Estimate 16-17 changes	11.7	9.4	8.5	6.3	-
Supp Estimate 16-17 changes	189.9	187.8	185.3	181.0	-
Main Estimate 17-18 changes	0.5	0.5	0.5	0.5	-
Supp Estimate 17-18 changes	-	25.4	2.0	2.0	-
Main Estimate 18-19 changes	-	-	(22.7)	(21.2)	-
Total DEL Admin Resource	525.4	543.9	477.2	463.0	-
DEL Programme Resource					
SR 2015	53,981.1	55,025.6	55,968.4	56,736.4	-
Main Estimate 16-17 changes	(34.0)	499.8	549.4	560.0	-
Supp Estimate 16-17 changes	19,760.6	8,762.5	8,964.5	9,075.0	-
Main Estimate 17-18 changes	-	43.8	80.4	124.6	-
Supp Estimate 17-18 changes	-	13,987.3	446.2	778.4	-
Main Estimate 18-19 changes	-	-	(16.0)	(16.3)	-
Total DEL Programme Resource	73,707.7	78,319.0	65,992.9	67,258.1	-
Total Resource DEL					
SR 2015	54,304.4	55,346.4	56,272.0	57,030.8	-
Main Estimate 16-17 changes	(22.3)	509.2	557.9	566.3	-
Supp Estimate 16-17 changes	19,950.5	8,950.3	9,149.8	9,256.0	-
Main Estimate 17-18 changes	0.5	44.3	80.9	125.1	-
Supp Estimate 17-18 changes	-	14,012.7	448.2	780.4	-
Main Estimate 18-19 changes	-	-	(38.7)	(37.5)	-
Total DEL Resource	74,233.1	78,862.9	66,470.1	67,721.1	-
DEL Capital					
SR 2015	5,264.0	4,646.0	4,446.0	4,441.0	4,572.0
Main Estimate 16-17 changes	-	100.0	498.0	(598.0)	-
Supp Estimate 16-17 changes	711.8	681.5	811.5	371.0	442.0
Main Estimate 17-18 changes	-	(245.4)	405.5	539.0	(363.0)
Supp Estimate 17-18 changes	-	(243.7)	(848.0)	345.0	-
Main Estimate 18-19 changes	-	-	(131.0)	(0.5)	-
Total DEL Capital	5,975.8	4,938.4	5,182.0	5,097.5	4,651.0
RAME					
SR 2015	-	-	-	-	-
Main Estimate 16-17 changes	10.0	(60.5)	(73.1)	(85.5)	-
Supp Estimate 16-17 changes	(1,218.5)	(2,285.3)	(3,149.0)	(3,502.0)	(3,960.3)
Main Estimate 17-18 changes	-	(514.7)	-	-	-
Supp Estimate 17-18 changes	-	1,985.0	-	-	-
Main Estimate 18-19 changes	-	-	0.1	-	-
Total RAME	(1,208.5)	(875.5)	(3,222.0)	(3,587.5)	(3,960.3)
CAME					
SR 2015	-	-	-	-	-
Main Estimate 16-17 changes	-	-	-	-	-
Supp Estimate 16-17 changes	14,630.6	15,875.7	18,705.0	21,538.0	23,618.6
Main Estimate 17-18 changes	-	(196.8)	(70.0)	20.0	50.0
Supp Estimate 17-18 changes	-	2,716.0	-	-	-
Main Estimate 18-19 changes	-	-	-	-	-
Total CAME	14,630.6	18,394.9	18,635.0	21,558.0	23,668.6
Total Managed Expenditure					
SR 2015	59,568.4	59,992.4	60,718.0	61,471.8	4,572.0
Main Estimate 16-17 changes	(12.3)	548.7	982.8	(117.2)	-
Supp Estimate 16-17 changes	34,074.4	23,222.2	25,517.3	27,663.0	20,100.3
Main Estimate 17-18 changes	0.5	(912.6)	416.4	684.1	(313.0)
Supp Estimate 17-18 changes	-	18,470	(399.8)	1,125.4	-
Main Estimate 18-19 changes	-	-	(169.6)	(38.0)	-
Total Managed Expenditure	93,631.0	101,320.7	87,065.1	90,789.1	24,359.3

Provisions and Liabilities

77. There are five main categories of provisions for liabilities and charges included in the department's budgets and accounts:

- early departure cost;
- retirement compensation;
- inherited staff liabilities in OfS;
- Risk Protection Arrangement (RPA); and
- other provisions.

78. Details of the DfE Group provisions in the 2016-17 annual accounts are provided below. This will be updated in the Supplementary Estimate to reflect the 2017-18 closing provisions:

	Early Dep Costs £m	Premature Retirement Compensation £m	Inherited Staff Liabilities £m	RPA £m	Other £m	TOTAL £m
Balance at 31 March 2017	2.4	163.1	202.6	15.4	26.9	410.4

Contingent Liabilities

79. Contingent liabilities are potential liabilities that are uncertain, and the department will only incur future expenditure if certain conditions are met or if certain events happen. At the time of the preparation of the Supplementary Estimate, the department has twenty-three contingent liabilities. Since the Supplementary Estimates;

- one contingent liability in respect of EHRC transferred to the Home Office; and
- five contingent liabilities have been reviewed and are no longer classified as contingent liabilities.

Statutory contingent liabilities

80. Under paragraph 7 of the *Schools Standards Framework Act 1998*, the Secretary of State has a statutory duty to indemnify any adjudicator against any reasonable cost and expense reasonably incurred by the adjudicator in connection with any decision taken in pursuit of the statutory duties of the Office of the Schools Adjudicator. The adjudicator's decisions can be challenged through judicial review. It is not possible to quantify the potential costs.

Non-statutory contingent liabilities

Quantifiable

81. The Department is providing an indemnity to local authorities for potential costs in respect of buildings financed by existing Private Finance Initiative (PFI) arrangements, and which are used by academy trusts. This type of indemnity is considered low risk. The use of the school by an academy does not create a new liability; it just moves the liability from local to central government. The department currently estimates the potential liability at £8.5 billion, but this is under review as the number of schools that convert increases. To date the department has not received any claims against these PFI indemnities.
82. The Department has provided a £12.5 million guarantee to Tottenham Hotspur Property Co. Ltd in relation to a commercial lease arrangement for an academy trust site. This is not expected to change this year.
83. The Department has provided a guarantee to cover costs that would arise from the reinstatement of the Norwich Free School's building to its original condition in the event of its closure. The latest available estimate of the likely cost is £110,000, which has not changed since 2014-15.
84. It is important that senior staff likely to be running a school when it opens are involved and take forward the development of the school from a very early stage. Consequently, the trust engage Principals Designate, and meet the salary costs prior to a school opening. The department has agreed to underwrite the salaries of Free Schools' Principals Designate for up to two terms in the event that the schools do not open as planned. The department estimates that the balance for this guarantee reduced to £168,000 during the last financial year, but is not expected to change this year.
85. For calculating employee contributions, the LGPS Administering Authorities view academy trusts as higher risk employers as they no longer have the financial backing of a local authority. Consequently, academy trusts were being asked to pay significantly higher LGPS employer contribution rates to those set when they were a local authority maintained school. The department has agreed to guarantee that if an academy closes, the group will meet any outstanding pension liabilities owed to the pension scheme. The upper limit of the guarantee

has been increased from £11.5 million in 2016-17 to £13 million in 2018-19. The purpose of the guarantee is to give LGPS Administering Authorities the confidence they need to treat academies equitably, and ensure that there is no significant increase in employer contribution rates upon conversion to academy status.

86. In 2013, CET Westminster Free School required urgent approval of an indemnity to the Church Commissioners for the costs of potential legal challenge, without which the project could not proceed. The £5 million indemnity expires on 31 December 2017.
87. The department has agreed to act as guarantor for Free Schools in the event they breach their tenant default agreements with their landlords. This guarantee has an upper limit of £2.9 million.
88. In December 2016 the department agreed to provide a £2.0 million indemnity to protect Inspiration Trust (Re: Great Yarmouth High School) against the potential closure costs of the academy in the event that consent for the academy to operate from the current site is withdrawn.
89. An £470,000 indemnity was provided to Turing House School in relation to a rent deposit in May 2015.
90. Under the Conditions of Grant Aid, the Deanery Church of England Primary School will be required to repay two grants received from Birmingham City Council for a children's centre and playground if the Academy Trust breaches the conditions of the grant agreement attached to the grants. The upper limit is £359,000.
91. An indemnity totalling £4.5 million for payments for the Apprenticeship Grant for Employers (AGE) grant that will be due as apprentices complete three months of employment.
92. A £250,000 indemnity for project costs if the Central Ipswich Free School project is aborted.
93. A £1.1 million indemnity for REAch2 Colchester project for costs dependent on the planning permission decision by the local authority.

Unquantifiable

94. As a result of entering into a PFI arrangement for the building of schools (PF2) there are a number of contracts in place which have clauses that could give rise to liability for the ESFA. These are considered by ESFA to be remote and unquantifiable as they relate to breach of contractual conditions.
95. As a result of entering into contracts on site purchases, the ESFA are subject to a number of overage clauses. These are considered to be remote as they relate to changes in contractual arrangements.
96. The ESFA has two outstanding claims from Priority Schools Building Project (PSBP) contractors for the removal of asbestos found at two school sites: Blackpool Aspire Academy and Annie Holgate Infant School. It is standard ESFA practise to negotiate with PSBP contractors and partially meet part the cost of removing asbestos found during PSBP projects. In the case of Blackpool Aspire Academy and Annie Holgate Infant School the contractors have not yet quantified the value of their claims and consequently the ESFA is not able to quantify its liability in respect of these two cases.
97. The sale of student loans necessitated warranties and indemnities to secure interest and obtain value for money from investors. These contingent liabilities are in respect of:

- a) a warranty to provide investors compensation for policy changes which reduce cash flows to investors. This is because the terms of the loans remain within Government control, and there is nothing investors can do to influence this. The liability will exist for the life of the securities. This means it will be expected to expire by 2036. The likelihood of crystallisation is low.
- b) the need to repurchase all of the loans as a remedy for investors if:
 - i. collection of repayments for the sold loans through the UK tax system by HMRC ceased;
 - ii. RPI used to calculate the interest rate of the loans was abolished without a substitute being put in place;
 - iii. there was a problem with the collection of loan repayments that could not be remedied for three consecutive annual payment dates; or
 - iv. legislation is passed which means the Consumer Credit Act (CCA) / Financial Services and Markets Act (FSMA) applies to the loans and the CCA low interest exemption applies.
 - v. The likelihood of any of these scenarios materialising is very low.
- c) the indemnity given to investors to cover potential losses if a “servicing event” is triggered. Investors are not able to change the servicer (unlike for a typical commercial transaction) and therefore an indemnity is their only recourse in the event that the servicing is not in line with the contractually agreed standard. The liability is expected to be live for the life of the securities, i.e. up to around 30 years, and will reduce over time. The likelihood of crystallisation is low.
- d) indemnities given to the Joint Lead Managers if they (or their employees, directors or affiliates) suffer any loss as a result of misrepresentation, misleading statement or omissions or breach of duty by Government. All of the liabilities are expected to be live for the life of the loans, i.e. up to around 30 years. The likelihood of crystallisation is low.

98. The DfE has contracted a charity to manage the Junior Individual Savings Account (ISA) scheme on its behalf (until 31 March 2019). Using an initial £200 payment from the department, the contractor opens and manages Junior ISAs on behalf of looked after children while they remain in care. Once a child stops being looked after, the charity provides the necessary information to the person with parental responsibility for the child so that they may take over the management of the account. The funds cannot be accessed by the account holder until their eighteenth birthday, at which age, the account will mature into a standard (adult) ISA.

Departmental Accounting Officer

99. This Memorandum has been prepared with reference to the guidance in the Supply Estimates Manual provided by HM Treasury and available on the House of Commons and Scrutiny Unit website.
100. The Departmental Accounting Officer has personal responsibility for the content of the Memorandum, and his approval of the Memorandum has been obtained prior to submission to the Select Committee.

Annex A Detailed breakdown

The Main Estimate budgets in the table below show the budgets within the Parliamentary Control Total by Estimate Line.

Section / Expenditure		2017-18 Supp Estimate (£m)	2018-19 Main Estimate (£m)	Increase / (Decrease) (£m)	2016-17 Supp Estimate (£m)
Departmental Expenditure Limit					
A	Activities to Support all Functions	337.8	448.6	110.8	356.4
	Resource - administration	259.2	281.5	22.3	274.2
	Other Resource	20.2	86.1	65.9	41.1
	Capital	58.4	81.0	22.6	41.1
B	School Infrastructure and Funding of Education (Department)	252.9	556.5	303.5	576.9
	Resource - programme	250.9	551.2	300.2	574.9
	Capital	2.0	5.3	3.3	2.0
C	School Infrastructure and Funding of Education (ALB) (Net)	56.9	31.4	(25.5)	341.2
	Resource - administration	4.3	1.7	(2.6)	2.2
	Resource - programme		2.1	2.1	
	Capital	52.6	27.5	(25.1)	339.0
D	Education Standards, Curriculum and Qualifications (Department)	4,112.8	4,888.0	775.2	5,228.9
	Resource - programme	4,112.8	4,873.5	760.7	5,228.9
	Capital	0.0	14.5	14.5	
E	Social Care, Mobility and Equality (Department)	365.6	248.4	(117.2)	356.7
	Resource - programme	365.6	248.4	(117.2)	356.7
F	Social Care, Mobility and Equality (ALB) (Net)	22.7	8.7	(14.0)	24.2
	Resource - administration	15.7	3.1	(12.6)	16.8
	Resource - programme	6.6	4.9	(1.7)	6.9
	Capital	0.5	0.7	0.2	0.5
G	Standards and Testing Agency	53.9	65.0	11.0	55.1
	Resource - administration	3.2	4.5	1.3	4.0
	Resource - programme	48.8	58.5	9.8	51.1
	Capital	2.0	2.0	(0.1)	-
H	Teaching Regulation Agency	385.1	9.0	(376.1)	416.6
	Resource - administration	11.6	0.1	(11.5)	13.0
	Resource - programme	373.5	8.8	(364.6)	403.6
I	Education and Skills Funding Agency	5,170.0	5,982.0	812.0	3,828.2
	Resource - administration	154.5	100.6	(53.9)	139.1
	Resource - programme	3,142.6	3,853.8	711.2	2,434.6
	Capital	1,872.9	2,027.6	154.7	1,254.5
J	Grants to LA schools via ESFA	32,323.5	31,941.3	(382.2)	33,879.6
	Resource - programme	30,356.6	30,033.0	(323.5)	30,434.7
	Capital	1,966.9	1,908.2	(58.6)	3,444.9
K	Grants to Academies via ESFA	19,360.3	20,820.6	1,460.3	17,402.8
	Resource - programme	18,618.1	20,018.8	1,400.7	16,792.2
	Capital	742.2	801.8	59.6	610.6
L	Higher Education	19,163.7	4,332.1	(14,831.6)	15,596.3
	Resource - programme	19,145.8	4,313.1	(14,832.7)	15,582.7
	Capital	17.9	19.0	1.1	13.6
M	Further Education	221.2	552.9	331.7	294.3
	Resource - programme	208.9	474.1	265.2	217.3
	Capital	12.2	78.8	66.5	77.0
N	Higher Education (ALB) (net)	1,963.8	1,759.0	(204.9)	1,840.9
	Resource - administration	88.3	79.5	(8.7)	71.0
	Resource - programme	1,666.5	1,464.3	(202.2)	1,577.4
	Capital	209.0	215.1	6.1	192.5
O	Further Education (ALB)(net)	11.0	8.9	(2.2)	10.6
	Resource - administration	7.1	6.1	(1.0)	4.5
	Resource - programme	2.2	2.2	(0.0)	6.0
	Capital	1.7	0.6	(1.2)	0.1
Total Departmental Expenditure Limit		83,801.3	71,652.1	(12,149.1)	80,208.7

Annex A Detailed breakdown (continued)

Section / Expenditure		2017-18 Main	2017-18 Main	Increase /	2016-17 Supp
		Estimate	Estimate	(Decrease)	Estimate
		(£m)	(£m)	(£m)	(£m)
Annually Managed Expenditure					
P	Activities to Support all Functions	(8.0)	(8.8)	(0.8)	24.3
	Provisions	(8.0)	(8.8)	(0.8)	24.3
Q	Executive Agencies	(2.6)	(0.1)	2.6	(0.9)
	Resource	(2.6)	(0.1)	2.6	(0.9)
R	Higher Education AME	17,246.3	15,019.4	(2,226.9)	13,146.4
	Resource (student loans)	(825.7)	(3,195.1)	(2,369.4)	(1,223.6)
	Capital (student loans)	18,072.0	18,214.5	142.5	14,370.0
S	Further Education AME	317.2	417.7	100.5	260.0
	Capital	317.2	417.7	100.5	260.0
T	Higher Education (ALB) AME	(16.4)	(18.2)	(1.8)	(20.3)
	Resource	(16.4)	(18.2)	(1.8)	(17.3)
	Capital	0.0	0.0	0.0	(3.0)
U	Further Education (ALB) AME	(17.0)	3.0	20.0	12.6
	Resource	(22.8)	0.2	23.0	9.0
	Capital	5.8	2.8	(3.0)	3.6
Total Annually Managed Expenditure		17,519.4	15,413.0	(2,106.4)	13,422.1

To note; not all figures will tally exactly due to rounding in the above table.

Annex B Control Totals

This table shows the changes made to the main control totals for 2018-19, starting at the plans announced in the Spending Review 2015, and subsequent changes (e.g. Budget announcements and transfers between departments).

	RDEL Admin	RDEL Programme	RDEL TOTAL	CDEL Programme	RAME Resource	CAME Capital
	£m	£m	£m	£m	£m	£m
SR 15 Control Total - non ring-fenced	280.2	55,965.4	56,245.6	4,446.0		
SR 15 Control Total - ring-fenced (depreciation)	23.0	3.0	26.0			
	0.4		0.4			
Control Totals at 2016-17 Main Estimate	303.6	55,968.4	56,272.0	4,446.0	-	-
Changes during 2016-17						
<u>Budget Day 2016</u>						
Education School Reforms: Academisation		110.0	110.0			
Education School Reforms: National Funding Formula		53.0	53.0			
Northern Schools Package		21.5	21.5			
Mentoring		3.0	3.0			
Longer School Day		202.5	202.5			
Breakfast Club		10.0	10.0			
PE and Sport Premium		160.0	160.0			
Re-profiled capital for Education School Reform programme			-	498.0		
<u>Other changes in 16-17 Main Estimate</u>						
Changes to Depreciation	(8.0)		(8.0)			
AME budgets to match RDEL utilisation					(73.0)	
<u>Budget Cover Transfers in Main Estimate 2016-17</u>						
Transfer out to DoH (fruit and veg)		(21.0)	(21.0)			
Transfer out to Home Office (school security grant)		(3.0)	(3.0)			
Transfer out to BIS		(0.8)	(0.8)			
Transfer In from DCMS (GEO and EHRC)	16.6	14.2	30.8			
<u>Autumn Statement 2016</u>						
Return 2016 Academies Funding		(110.0)	(110.0)			
Re Profiling NFF		168.0	168.0			
Re Profiling Longer School Package		(202.5)	(202.5)	345.5		
Grammar School expansion			-	50.0		
<u>Machinery of Government Change in 16-17 Supps</u>						
Transfer of HE/FE from BEIS	152.5	5,211.0	5,363.5	416.0	(3,149.1)	18,705.0
Transfer of HE/FE from BEIS - RAB charge / depreciation	32.8	3,898.0	3,930.8			
Control total changes during 2016-17	193.9	9,513.9	9,707.8	1,309.5	(3,222.1)	18,705.0
Of which						
non-ringfenced	169.1	5,615.9	5,785.0	1,309.5	(3,222.1)	18,705.0
ringfenced	24.8	3,898.0	3,922.8	-	-	-
18-19 Control Totals at Supp Estimate as at 14 February 2017	497.5	65,482.3	65,979.8	5,755.5	(3,222.1)	18,705.0
Of which						
non-ringfenced	449.7	61,581.3	62,031.0	5,755.5	(3,222.1)	18,705.0
ringfenced	47.8	3,901.0	3,948.8	-	-	-
Changes during 2017-18						
<u>Budget Cover Transfers in Main Estimate 2017-18</u>						
Budget Cover Transfer to Home Office for Syrian Refugees ESOL		(1.0)	(1.0)			
Machinery of Government Change - International programmes from BEIS	0.4	8.1	8.5	5.0		
<u>Spring Budget 2017</u>						
Technical Education - 936 hours		50.0	50.0			
Free Schools		17.0	17.0	7.0		
School Maintenance			-	108.0		
School Transport		2.2	2.2			
Midlands Skills Challenge		1.0	1.0			
GEO Returnships		3.1	3.1			
GEO Centenary Fund			-			
CDEL re-profile			-	200.0		
Reprofiling of Longer School Day			-	85.5		
Doctoral Loans			-			5.0
Part-time Maintenance Loans			-			(75.0)
Control total changes during 2017-18 Main Estimate	0.4	80.4	80.8	405.5	-	(70.0)
Of which						
non-ringfenced	0.4	80.4	80.8	405.5	-	(70.0)
ringfenced						
2018-19 Control Total as at 17-18 Mains Estimate	497.9	65,562.7	66,060.6	6,161.0	(3,222.1)	18,635.0
Of which						
non-ringfenced	450.1	61,661.7	62,111.8	6,161.0	(3,222.1)	18,635.0
ringfenced	47.8	3,901.0	3,948.8	-	-	-

Annex B Control Totals (continued)

	RDEL Admin	RDEL Programme	RDEL TOTAL	CDEL Programme	RAME Resource	CAME Capital
	£m	£m	£m	£m	£m	£m
Changes at Supplementary Estimates 2017-18						
Admin cost reclassification to correct Budget Day disaggregation of GEO / Centenary funding	0.1	(0.1)	-			
NFF Funding		186.0	186.0	(424.0)		
<u>Autumn Budget</u>						
Capital re-profiling			-	(500.0)		
Teaching Quality for GCSE Maths		7.2	7.2			
Teaching for Mastery (maths)		6.0	6.0			
Computer Science		13.0	13.0			
Support construction industry training schemes		16.0	16.0			
Unionlearn (50%)		2.0	2.0			
Teacher Development Premium		8.0	8.0			
Switch from programme to admin	2.0	(2.0)	-			
Autumn Budget subtotal	2.0	50.2	52.2	(500.0)	-	-
<u>Budget Exchange from 17-18</u>						
Budget Exchange - RDEL for Apprenticeships		210.0	210.0			
Budget Exchange - CDEL for NFF			-	76.0		
Control total changes during 2017-18						
Of which	2.1	446.1	448.2	(848.0)	-	-
non-ringfenced	2.1	446.1	448.2	(848.0)	-	-
ringfenced						
2018-19 Control Total as at 17-18 Supps Estimate						
Of which	500.0	66,008.8	66,508.8	5,313.0	(3,222.1)	18,635.0
non-ringfenced	452.2	62,107.8	62,560.0	5,313.0	(3,222.1)	18,635.0
ringfenced	47.8	3,901.0	3,948.8	-	-	-
Changes during 2018-19						
<u>Transfers to OGDs in Main Estimate</u>						
Budget Cover Transfer for Local Growth Funding for Skills to HDCLG			-	(130.0)	-	-
Budget Cover Transfer for Functional Skills Funding to Ofqual		(0.5)	(0.5)		-	-
Machinery of Government Transfer of GEO and EHRC to Home Office	(19.9)	(19.9)	(39.8)	(0.5)	-	-
Machinery of Government Transfer of HEFCE research to BEIS	(2.4)		(2.4)	-	-	-
Budget Cover Transfer from DFID for Queen Elizabeth Commonwealth Scholarships		4.0	4.0	-	-	-
Miscellaneous changes	(0.5)	0.5	-	(0.5)	0.10	-
Control total changes in 2018-19 Main Estimates	(22.8)	(15.9)	(38.7)	(131.0)	0.10	-
Of which						
non-ringfenced	(22.2)	(15.9)	(38.7)	(131.0)	0.10	-
ringfenced	(0.6)	-	-	-	-	-
2018-19 Control Total as at 18-19 Main Estimate						
Of which	477.2	65,992.9	66,470.1	5,182.0	(3,222.0)	18,635.0
non-ringfenced	430.0	62,091.8	62,521.8	5,182.0	(3,222.0)	18,635.0
ringfenced	47.2	3,901.1	3,948.3	-	-	-

To note; not all figures will tally exactly due to rounding in the above table

Annex C Budgetary limits: outturn and plans 2012-13 to 2020-21

The table below shows the high level Resource Budget control totals for the Spending Review 2015 period, which includes the academies underlying expenditure rather than grants paid by the department (which is the basis of the Parliamentary control totals in Annex A).

Resource Budgetary Limits	Outturn 2012-13 £m	Outturn 2013-14 £m	Outturn 2014-15 £m	Outturn 2015-16 £m	Outturn ¹ 2016-17 £m	Plans 2017-18 £m	Plans 2018-19 £m	Plans 2019-20 £m	Plans 2020-21 £m
Departmental Expenditure Limit Resource									
Administration	614.5	572.1	542.1	485.9	510.1	543.9	477.2	463.0	
Programme	62,693.1	65,020.0	61,658.9	63,469.9	67,770.4	80,239.1	67,892.9	69,157.9	
Total DEL Resource	63,307.6	65,592.1	62,201.0	63,955.8	68,280.5	80,783.0	68,370.1	69,620.9	
Capital									
Programme	4,634.8	4,119.9	4,764.1	5,414.3	5,731.6	4,993.1	5,182.0	5,097.5	4,651.0
Total DEL Capital	4,634.8	4,119.9	4,764.1	5,414.3	5,731.6	4,993.1	5,182.0	5,097.5	4,651.0
Annually Managed Expenditure Resource									
Programme	(744.1)	(85.8)	(387.8)	(6,829.2)	(1,840.7)	313.2	(2,022.0)	(3,587.5)	(3,960.3)
Total AME Resource	(744.1)	(85.8)	(387.8)	(6,829.2)	(1,840.7)	313.2	(2,022.0)	(3,587.5)	(3,960.3)
Annually Managed Expenditure Capital									
Programme	6,247.6	8,482.8	19,562.6	11,642.2	13,072.2	18,394.9	18,635.0	21,538.0	23,668.6
Total AME Capital	6,247.6	8,482.8	19,562.6	11,642.2	13,072.2	18,394.9	18,635.0	21,538.0	23,668.6

¹ The 2016-17 outturn reflects the DfE consolidated annual accounts, and therefore does not include the academies outturn. This outturn will be restated when the 2016-17 Sector Resource Report and Accounts are available later this year.

Annex D Analysis of Schools' Capital Budgets

Schools capital funding is broadly spent on three categories:

- enabling Local Authorities to discharge their duty to ensure there are enough school places;
- maintaining the school estate, including rebuilds and refurbishments through the Priority Schools Building Programme; and
- facilitating education reform through the Free Schools programme and selective schools expansion programmes.

The budgets listed represent our best estimate of how money will be spent this year. While formulaic and bid-based lines are unlikely to change significantly, estimates relating to construction programmes are more likely to experience in-year changes, going up or down depending on, for example, the price of land and construction costs, and the quality and mix of applications to receive funding.

Programme	Open to new applications ?	Type of school/ body eligible	Funding allocation approach	2018-19 budget (£m)	2017-18 budget (£m)
<i>Ensuring there are enough school places</i>					
Basic Need Funding This funding is provided to local authorities to support the provision of additional primary and secondary school places to meet the needs of the population. All taxpayer-funded schools within each local authority are eligible for this funding, including voluntary-aided schools, open academies, and new free schools.	N/A	Local authorities	Formulaic	803	1,544
<i>Maintaining the school estate</i> <i>The overall maintenance fund is apportioned based on pupil numbers to local authorities, schools, academies and sixth-form colleges.</i>					

Programme	Open to new applications ?	Type of school/ body eligible	Funding allocation approach	2018-19 budget (£m)	2017-18 budget (£m)
<p>Devolved Formula Capital This funding is given to schools to spend on maintenance. Local authorities are required to pass on the DFC allocation to each of their maintained schools. Voluntary aided schools and academies receive their allocation direct from the ESFA.</p>	N/A	All schools	Formulaic	207	206
<p>Condition Allocations (formerly Maintenance Allocations) This funding is to support the maintenance needs of schools and institutions. Funding is passed to local authorities for them to allocate to the needs of the schools that they maintain and for the Sure Start children’s centres in their area. Non-maintained special schools and specialist post-16 institutions receive funding directly. The overall allocation includes a proportion of the Healthy Pupils Capital Fund, totalling £100m in 2018-19</p>	N/A	Maintained and voluntary aided schools, Sure Start centres, non-maintained special schools, specialist post-16 institutions	Formulaic	644	622
<p>Condition Improvement Fund (CIF) This bid-based funding is awarded to projects that address condition and/or buildings compliance issues at academies and colleges. A small proportion of the fund is used for projects to expand existing facilities to accommodate more pupils or address a lack of specialist facilities. The overall allocation includes a proportion of the Healthy Pupils Capital Fund, totalling £100m in 2018-19</p>	Annually	Academies, sixth forms and City Technical Colleges	Bid based	578	510

Programme	Open to new applications ?	Type of school/ body eligible	Funding allocation approach	2018-19 budget (£m)	2017-18 budget (£m)
<p>Multi-Academy Trust Condition Allocations Funding allocated directly to multi-academy trusts with 5 or more schools and at least 3,000 pupils. (Funded in this way from 2015-16).</p>	N/A	Academies	Formulaic	182	130
<p>Priority School Building Programme 1 This programme is rebuilding or refurbishing the schools in the poorest condition around the country. PSBP will also provide additional school places, by expanding schools when they are rebuilt.</p> <p>Priority School Building Programme 2 The second phase of the programme, targeting individual school buildings rather than whole school projects.</p>	No	All	Bid based	769	511
<p>Additional Maintenance Needs New demands or unpredictable events can cause additional pressures on maintenance spending. The department will allocate this funding as appropriate during the year.</p>	N/A	Various / all	Various	66	24

Programme	Open to new applications ?	Type of school/ body eligible	Funding allocation approach	2018-19 budget (£m)	2017-18 budget (£m)
<i>Facilitating education reform through Free Schools provision and selective schools expansion</i>					
Free Schools, University Technical Colleges (UTCs) and Studio Schools The Free Schools capital budget covers the costs of purchasing and refurbishing sites to make them fit for purpose for a new school. Similar funding for UTCs and Studio Schools also comes from this budget.	Yes	New schools proposers for FS, UTCs and SSs	Bid based	1,060	846
<i>Total</i>				4,348	4,393

Annex E Breakdown of Schools budgets and expected spending per pupil

The table below provides the Resource DEL (RDEL) budget data included in the Estimates as at the Supplementary Estimate 2017-18. The per pupil rate is based on the average amount given to local authorities or 16-19 institutions for each pupil. Pupils with high cost Special Educational Needs receive funding on top of this amount. Per pupil rates are not provided for Early Years because with the introduction of 30 hours of free childcare, different children are eligible for different amounts of early education.

Budget	2015-16		2016-17		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	{4,612 ¹	15,496	{4,636 ¹	15,525 ⁵	{4,619 ¹
Other schools:	24,354		24,421		22,872	
Pupil Premium:	2,545 ²	N/A ²	2,463 ³	N/A ²	2,463	N/A ²
16-19 education budget						
Academies:	1,442	{4,431 ⁴	1,442	N/A ⁴	1,571 ⁶	N/A ⁴
Other schools:	776		526		1,027 ⁶	

¹ This is the average funding for all pupils. Pupils with high cost Special Educational Needs receive additional funding. This applies equally to academies and other schools.

² 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

Annex F Explanation of key terms used in the Memorandum

Accounting Officer

A person appointed by the Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the head of a Department or other organization, or the Chief Executive of an Arm's Length Body (ALB).

Administration Costs

A Treasury control on resources consumed directly by departments and agencies/NDPBs that forms part of the Departmental Expenditure Limit (DEL). It includes staff costs, accommodation and other overheads where they are not directly associated with frontline service delivery.

Ambit

The ambits are set out in Part I of the Departmental Estimate. Separate ambits are required for both expenditure and income in each budgetary category included in the Estimate (DEL, AME and non-budget). The ambit describes the activities for which provision sought in the Estimate will be used.

Annually Managed Expenditure

AME is spending included in Total Managed Expenditure (TME), which does not fall within Departmental Expenditure Limits (DELs). Expenditure in AME is generally less predictable and controllable than expenditure in DEL.

Departmental Expenditure Limit

This is spending within the department's direct control and which can therefore be planned over an extended period, such as the costs of its own administration, payments to local authorities and third parties, within education programmes.

Net Cash Requirement

The limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate.

Section

An Estimate line within the Part II: Subhead detail table in an Estimate.