



# Memorandum on the Main Estimate 2019-20

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## 1 Overview

### 1.1 Introduction

The Department for Exiting the European Union (DExEU) was established by the Prime Minister on 14 July 2016 to oversee the United Kingdom's (UK) exit from the European Union (EU).

This memorandum provides an overview and analysis of the 2019-20 provision sought by DExEU, and has been prepared in accordance with HM Treasury's 'Supply Estimates: a guidance manual'.

### 1.2 Our ambit

DExEU leads on the UK's withdrawal from the EU and building the UK's future relationship with the EU. This includes all related administrative, operational expenditure, associated capital expenditure and other related expenditure and non-cash items, plus any income received, arising from delivery of these objectives.

### 1.3 Our purpose

DExEU supports the Prime Minister and the Secretary of State for Exiting the European Union in the negotiations on the UK's withdrawal from the EU and in establishing the future relationship between the UK and the EU. This includes preparing and implementing domestic preparations, the necessary legislation and coordinating cross-government policy for the UK's withdrawal. The work of the Department also extends to engagement with the Devolved Administrations, Parliament, EU Member States and Institutions and a wide range of other interested parties. The department also works across Whitehall and in Brussels to coordinate European business, exercise our rights and meet our obligations as a member of the EU until we exit.

### 1.4 Accounting Officer declaration

The information in this memorandum has been approved by Clare Moriarty CB, Accounting Officer and Permanent Secretary of DExEU.



## 2 Budgetary Limits

### 2.1 Spending controls

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

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("RDEL"): day to day running costs of the Department
- Capital Departmental Expenditure Limit ("CDEL"): investment in capital and infrastructure
- Resource Annually Managed Expenditure ("RAME"): to cover provisions and other such expenditure that cannot reasonably be subject to firm multi-year limits.

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

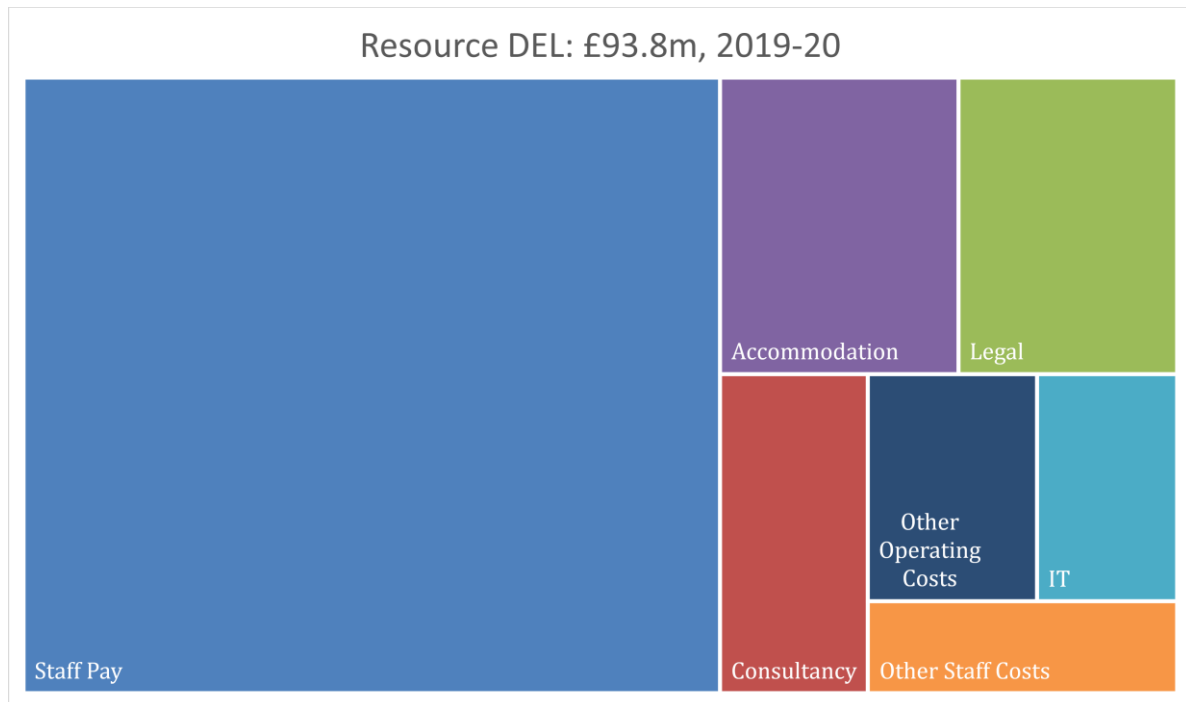
### 2.2 Main Estimate 2019-20 provision by budgetary limits

2019-20	£m
<b>Resource Departmental Expenditure Limit (RDEL) - Administration</b>	93.8
<i>Of which ring-fenced depreciation</i>	0.5
<b>Capital Departmental Expenditure Limit (CDEL)</b>	0.1
<b>Resource Annually Managed Expenditure (RAME)</b>	0.5
<b>Total</b>	<b>94.4</b>



### 2.3 Main areas of spending

The graphic below shows the main components of DExEU’s proposed budget, included in the latest Estimate, and the proportions spent on its main activities.



### 2.4 Comparison of spending totals sought

The table and graphic below demonstrates how the totals sought by DExEU compare with last year’s totals:

Spending total	Amounts sought this year	Compared to 2018-19 final budget (Supplementary Estimates)	
		£ m	%
RDEL	£93.8	+3.3	+3.6
CDEL	£0.1m	-0.7	-87.5
AME	£0.5m	-2.5	-83.3



## Department for Exiting the European Union

The main drivers of the changes in spending totals versus prior year are:

- A small increase in RDEL to support a department which has grown considerably since the beginning of 2018-19
- Reduced CDEL spend as the Department's size, and therefore IT and Accommodation, begins to stabilise
- A reduction in AME budgetary control following underutilisation in 2018-19

The levels of funding for DExEU for 2019-20 are based on plans published as part of the initial Spending Review conducted upon the formation of the Department. This is the final year of those plans and a subsequent Spending Review for future years will commence in 2019-20.

### 2.6 Net cash requirement

The Net Cash Requirement (NCR) for 2019-20 is £109.3m, which is an increase from £91.3m in 2018-19. The requested increase is primarily to cover expected balance sheet movements during the year.

### 2.7 Previous budgetary limits

The following table details DExEU's budgetary limits from the 2013-14 to 2019-20 financial years, all of which is voted budget:

Year	RDEL, £m	CDEL, £m	RAME, £m
2019-20	93.8	0.1	0.5
2018-19	90.5	0.8	3.0
2017-18	74.7	0.8	3.0
2016-17	47.7	1.5	0.5
2015-16	6.5	-	-
2014-15	6.4	-	-
2013-14	6.5	-	-

- RDEL saw significant increases whilst the Department was still in a significant period of growth, but has now stabilised as headcount has settled and administrative efficiency has improved
- CDEL has seen a reduction since the Department's inception, and has remained low with few areas of capital expenditure
- AME has fluctuated with Departmental activity and is reviewed at both Mains and Supplementary Estimates



### 3 Other areas of note

#### 3.1 Reserve claim

The Department has received an additional £1.34m from HM Treasury towards increased employer pension costs. Employer contributions to the Civil Service Pension Scheme for 2019-20 have increased by an average of 6%. This increase in costs is partially met by this contribution and the remainder absorbed by the Department's existing allocated budget.

This increase is included in the above figures. Alongside a small discrepancy (£0.4m) subsequently identified, these represent the change from the budget shown in the Department's 2018-19 Supplementary Estimate Memorandum.

#### 3.2 Provisions and contingent liabilities

The Department carried forward a provision and contingent liability from 2017-18 relating to an ongoing legal case (see Annual Report and Accounts for more detail). This matter was resolved in 2018-19 therefore, at the time of writing, the Department has no further recorded provisions or contingent liabilities.