



Work and Pensions Committee

4 March 2026

Gary Burns

Deputy Director – Financial Control and Policy
Department for Work and Pensions
(By e-mail only)

Dear Gary

Presentation of the Skills MoG in the Main Estimate

Thank you for your letter, dated 26 February, explaining the proposed update to DWP's Estimate structure to reflect the additional funding and expenditure following incorporation of the Machinery of Government change transferring responsibility for apprenticeships, adult further education, skills, training and careers, and Skills England from the Department for Education to the Department for Work and Pensions.

The Committee considered the proposed update at our meeting this morning, with input and advice from the House of Commons Scrutiny Unit.

We are content that the changes be made, so they can be incorporated in the Main Estimate.

We will publish this exchange of letters on our website in due course, as a public record of the change.

Yours sincerely,

Debbie Abrahams MP
Chair, Work and Pensions Committee



Department
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Date: 26th February 2026

Debbie Abrahams MP
Chair of the Work and Pensions Select Committee
House of Commons
London
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Dear Debbie,

Presentation of the Skills MoG in the Main Estimate

The Machinery of Government change transferring responsibility for apprenticeships, adult further education, skills, training and careers, and Skills England from the Department for Education (DfE) to the Department for Work and Pensions (DWP) takes effect from 1st April 2026. This was announced by the Prime Minister on 16th September 2025 in a Written Ministerial Statement (HCWS930).

While the transfer of policy responsibility took place on the 16th September 2025, the budgets will transfer in the Main Estimate with effect from the 1st April 2026. The Estimate structure will be updated to reflect the additional funding and expenditure following incorporation of the skills remit.

The proposed structure attached in the appendix, with changes described below, is in line with disclosure requirements and best practice and maintains the same level of granularity and visibility in public reporting as currently exists, being closely aligned to the reporting structure used in DfE. This has been agreed with HMT colleagues. We are seeking your endorsement of these changes.

DEL Estimate Lines

New lines added as follows:

- Apprenticeships - Protected budget. Separate estimate line gives appropriate level of disclosure and is consistent with current reporting in DfE.
- Adult Skills – Non-ringfenced budget reported separately from apprenticeships and DWP's existing spend. In 2026-27 this line will include the adult skills fund and Bootcamps. Additional, future, funding streams in the skills remit could be reported in this line when they arise. DfE spend for skills was included in their Further Education Estimate line which will remain in DfE's Estimate with remaining Further Education funding.
- Skills England – new estimate line. This is an Executive Agency. Best practice is to include on its own Estimate line. This will be DWP's only Executive Agency.

Existing lines used:

- Core department - Operational administrative spend would be included in the existing DWP Core Department Estimate line.

AME Estimate Lines

New line added:

- Industrial Training Boards (ALBs) (net) – New estimate line. For the Construction Industry Training Board (CITB) and the Engineering Construction Industry Training Board (ECITB), AME funded ALBs. DfE's structure included both CITB & ECITB on the same, 'Further Education' Estimate line. The boards are due to be merged in April 2027; therefore, we propose reporting together on a single Estimate line, similar to the aggregation on the 'Other ALBS' Estimate line in DEL.

Existing lines used:

- Other Expenditure – Additional, non-ALB, AME spend likely to be depreciation and small amounts for provisions. We propose such spend, arising from the Skills MoG, would be reported here with the department's existing similar spend.

I would be grateful if you could confirm your endorsement of these changes in your meeting on the 4th of March so the changes can be incorporated in the Main Estimate.

Kind regards,

Gary Burns

Deputy Director – Financial Control and Policy

Appendix – Proposed revised structure

New Estimate lines shown in yellow

Existing Estimate lines on which skills spend will be added shown in blue

Existing Estimate lines unchanged by the MoG in white

DEL Estimate Lines

Spending in Departmental Expenditure Limits (DEL)	
Voted Expenditure of which:	
Core Department	
Health and Safety Executive (Net)	
Money and Pensions Service (Net)	
Other Arm's Length Bodies (Net)	
Employment Programmes	
Support for Local Authorities	
Funding for Public Corporations	
Other Benefits	
Apprenticeships	
Adult Skills	
Skills England (executive agency)	

AME Estimate Lines

Spending in Annually Managed Expenditure (AME)	
Voted Expenditure of which:	
Severe Disablement Benefit	
Industrial Injuries Benefits Scheme	
Universal Credit	
Employment and Support Allowance (Income-Related)	
Income Support	
Pension Credit	
Financial Assistance Scheme	
Attendance Allowance	
Personal Independence Payment	
Disability Living Allowance	
Carer's Allowance	
Housing Benefit	
Statutory Maternity Pay	
Christmas Bonus (Non-Contributory)	
Jobseekers Allowance (Income-Related)	
State Pension (Non-Contributory)	
Support for Mortgage Interest	
Cost of Living support payments	
Other Expenditure	
Other Expenditure EALBs (Net)	
Industrial Training Boards (ALBs) (net)	