



Department
for Transport

Memorandum for Supplementary Estimate 2021-22

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1. Overview

1.1 Objectives

The Department's overall mission is to create a safe, secure, efficient, and reliable transport system that works for the people who depend on it; supporting a strong, productive economy and the jobs and homes people need.

The Department's strategic objectives as set out in its Priority Outcomes at Spending Review 2020 are:

1. Improve connectivity across the United Kingdom and grow the economy by enhancing the transport network on time and on budget.
2. Tackle climate change and improve air quality by decarbonising transport.
3. Build confidence in the transport network as the country recovers from Covid-19 and improve transport users' experience, ensuring that the network is safe, reliable, and inclusive.

1.2 Spending Controls

Department for Transport's (DfT) spending is broken down into control totals, for which Parliamentary approval is sought.

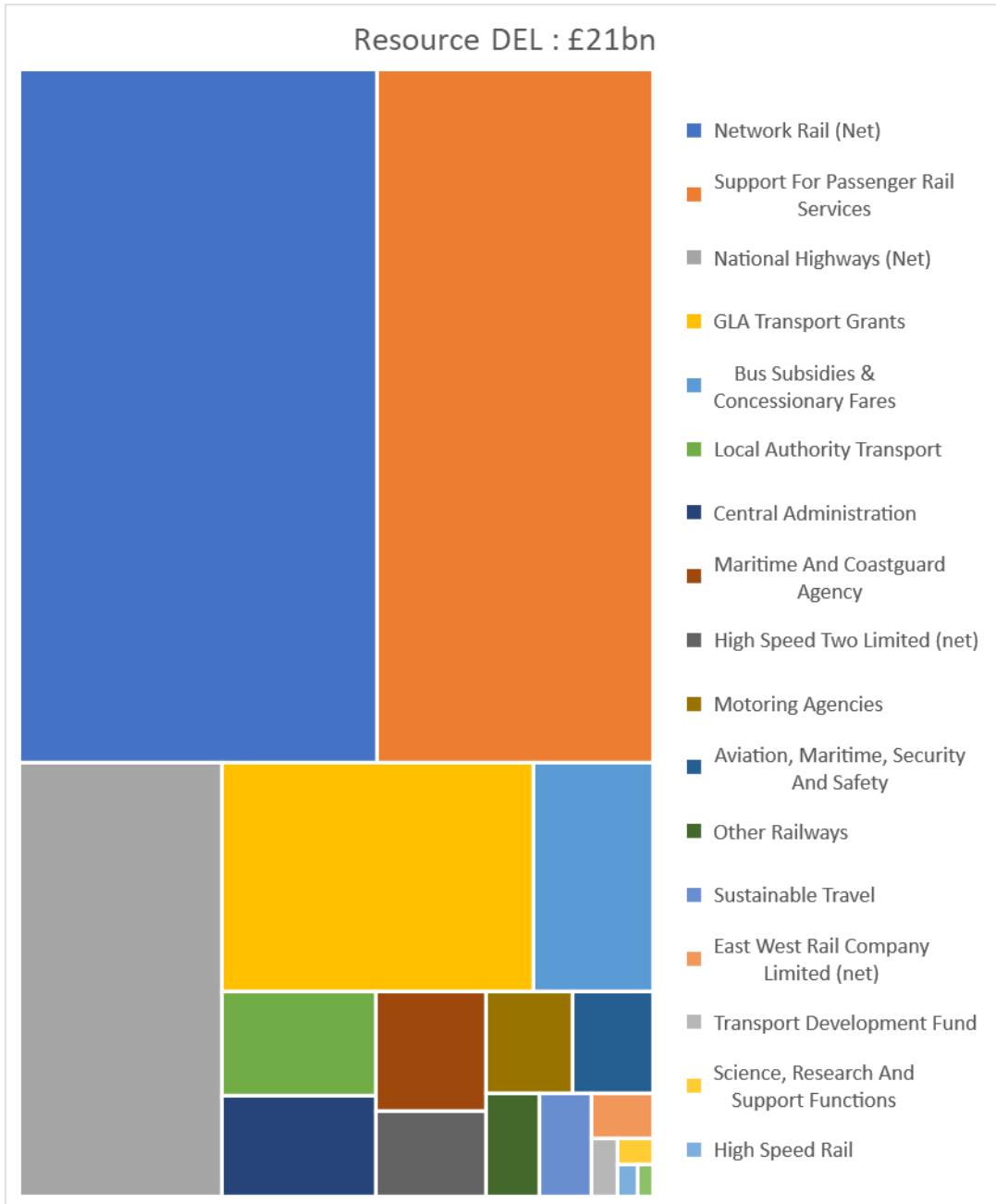
The spending totals which Parliament votes are:

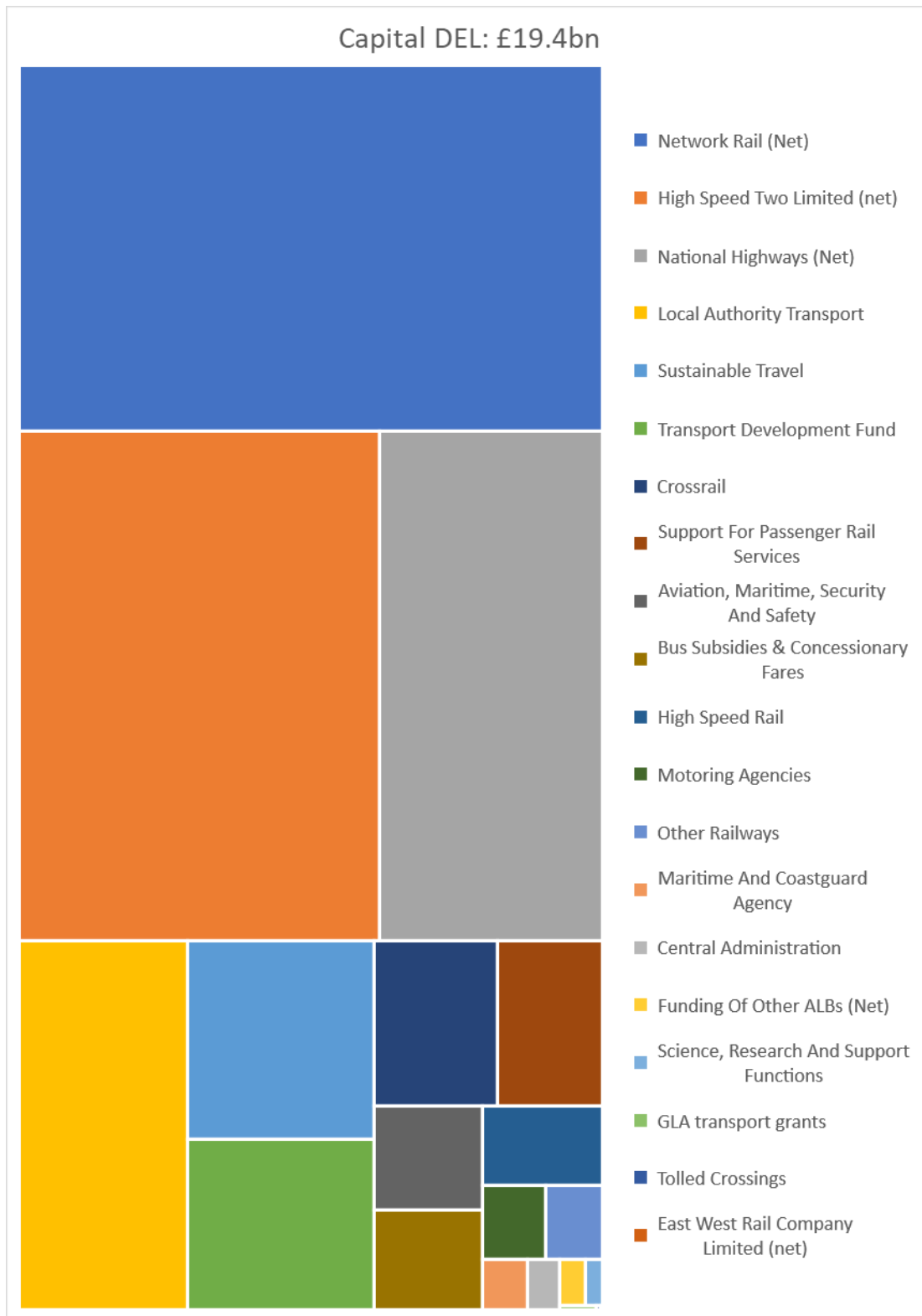
- Resource Departmental Expenditure Limit ("Resource DEL"): day to day running costs, split between:
 - Administration costs: staff and associated costs
 - Resource programme costs: resources used directly to support policy objectives
- Capital Departmental Expenditure Limit ("Capital DEL"): primarily investment in infrastructure
- Resource Annually Managed Expenditure ("Resource AME"): mainly provisions, interest costs and deferred tax charges - in DfT's case mainly in respect of Network Rail.
- Capital Annually Managed Expenditure ("Capital AME"): in DfT's case mainly capitalised provisions for High Speed Rail Land and Property and Highways England projects.

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

1.3 Main areas of Spending

The graph below shows the key areas of DfT's DEL funding sought in the latest Supplementary Estimate 2021-22. The numbers include non-cash depreciation.





Note: Negative values were omitted from all the Tree-maps for presentational alignment.

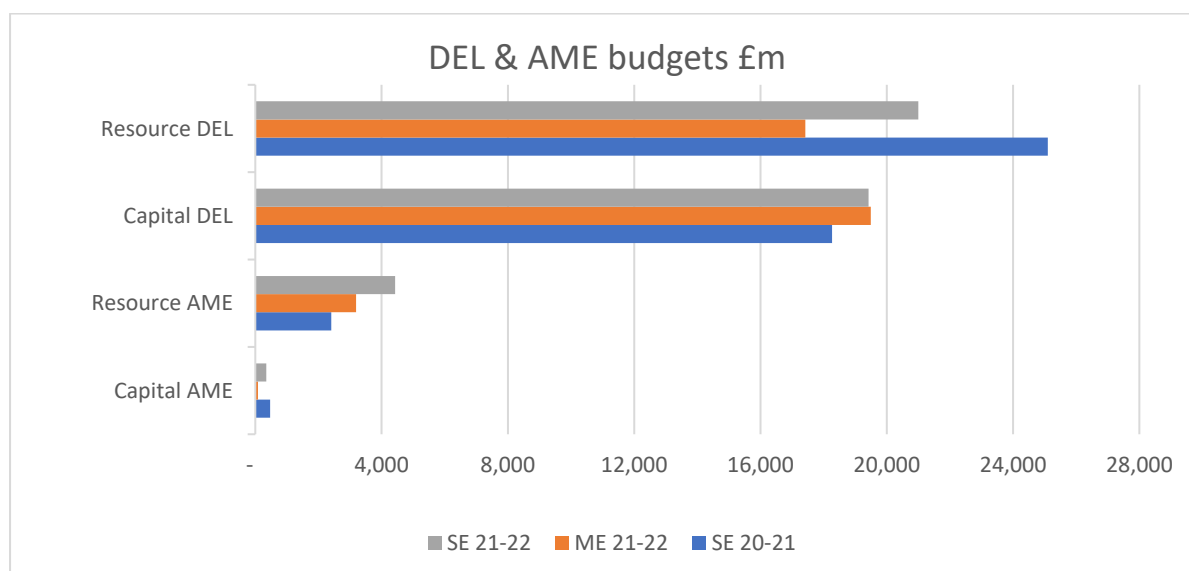
The Supplementary Estimate also includes £4.8bn AME, split between £4.4bn resource and £0.35bn capital. Most of Resource AME is allocated to Network Rail. Most of Capital AME is allocated to High Speed Rail Land and Property.

The new Net Cash Requirement for FY2021-22 as in the Supplementary Estimate is £37.08bn.

1.4 Comparison of spending totals sought

The Table and graph below show how the totals sought in the Supplementary Estimate 2021-22, compare to budgets sought in the Main Estimate 2021-22, as well as to the Final Outturn in 2020-21.

Spending Total	Amounts sought this year (Supplementary Estimate 2021-22)		Compared to original budget this year. (Main Estimate 2021-22)		Compared to final outturn last year (Accounts outturn 2020-21)	
	£m		£m	%	£m	%
Resource DEL	21,001.8		+3,581.9	+20.6%	- 2,669.1	-11.3%
Capital DEL	19,420.9		-74.6	-0.4%	+2,388.5	+14.0%
Resource AME	4,430.6		+1,239.0	+38.8%	+2,991.2	+207.8%
Capital AME	350.2		+265.0	+310.9%	+296.3	+549.2%



1.5 Key drivers of spending changes

Key drivers of spending changes compared to Main Estimate 2021-22

The main cause of changes in Resource DEL is an increase in budgets for Covid-19 related support measures, the most significant of these relates to Transport for London (£1.6bn) and Rail (£1.6bn). Sections 1.9 and 2.1 provide more details on the changes.

The main change in Resource AME is owing to the Network Rail interest costs which are index-linked to RPI inflation. Inflation has been significantly higher than forecast at the Main Estimate. In addition,

Network Rail requires additional Resource AME to cover deferred tax charges, representing temporary differences in calculations for accounting and tax purposes. Refer to section 2.1.

The main change in Capital AME is the increase in High Speed Rail due to changes in provisions. Refer to section 2.1, subhead AD.

Key drivers of spending changes compared to 2020-21 Outturn

Our Resource DEL Supplementary Estimate position is £2.7bn lower than our 2020-21 Resource DEL outturn. This is driven by lower spend on Covid-19 support measures as the transport industry needs less support as lockdown measures ease.

Our Capital DEL Supplementary Estimate position is £2.4bn higher than our 2020-21 Capital DEL outturn. This is mostly driven by an increase in High Speed 2 Ltd (HS2 Ltd) in 2021-22 spend as the project enters a critical build phase.

Our Resource AME Supplementary Estimate position is £3bn higher than our 2020-21 Resource AME outturn. This is due to higher rates of inflation in 2021-22 impacting Network Rail interest costs that are index-linked to RPI inflation and Network Rail requiring more AME to cover deferred tax charges.

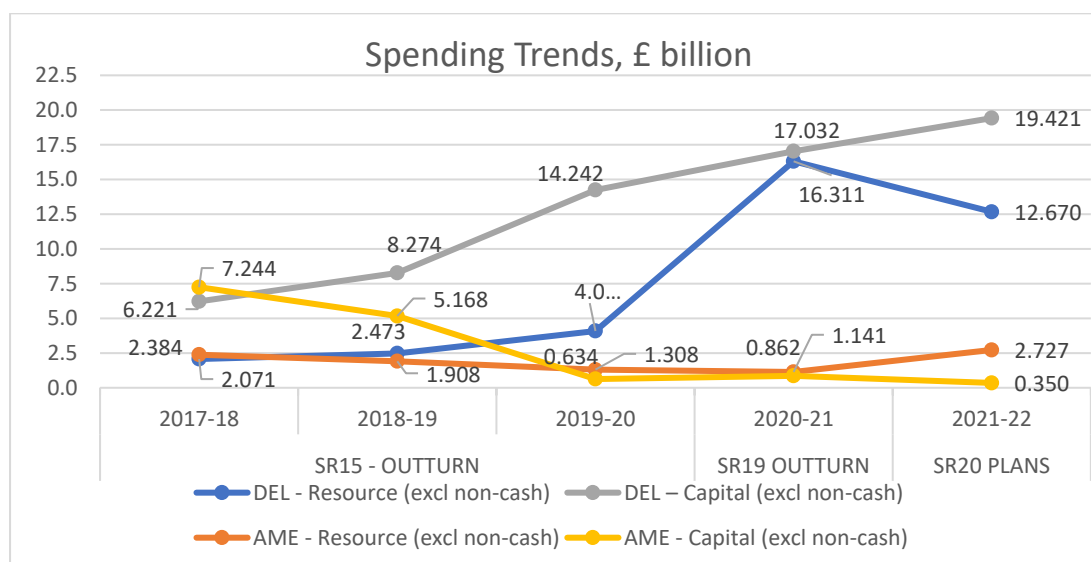
1.6 New policies and programmes: ambit changes

The following changes have been made to the Department's Ambit:

- DEL Expenditure: added "rail reform" in response to the rail transformation programme announced in the 'Great British Railways: The Williams-Shapps Plan for Rail' white paper.
- DEL Income: added "Fees for use of clean air zones central services," reflecting the commencement of charging to local authorities under The Clean Air Zones Central Services Regulations.

1.7 Spending trends

The chart below shows overall spending trends for the last five years and plans presented in Supplementary Estimates for 2021-22. Numbers exclude depreciation and other non-cash.



Resource DEL broadly remained stable in cash terms up to 2018-19. The increases since 2019-20 mainly relate to Network Rail transferring out of AME into the Department's DEL boundary in the financial year 2019-20 and the support measures put in place for public transport as a result of the Covid-19 pandemic in financial year 2020-21. The reduction in 2021-22 reflects the fact that Covid-19 support packages are gradually reducing.

Capital DEL has been steadily increasing in cash terms since 2017-18. The increases in 2019-20 are due to the incorporation of Network Rail into the Department's DEL boundary. Further budget was secured at the SR19 and SR20 because of the increasing programmes of work for Highways England and HS2 Ltd.

Resource AME dropped in 2019-20 when Network Rail's resource funding transferred from AME to DEL. The increase in 2021-22 is due to a higher rate of RPI inflation which increases Network Rail interest costs that are index-linked to RPI.

Capital AME broadly remained stable up to 2018-19, but then decreased in 2019-20 due to Network Rail transferring out of AME and into the Department's DEL boundary.

1.8 Administration costs

Administration costs are not set to reduce, or increase compared to this year's Main Estimate, but they are set to increase by £65.7m (22%) compared to last year's outturn. This is due to higher pay costs as the department has grown in 2021-22.

Spending Total Amounts sought this year (Supplementary Estimate 2021-22)		Compared to original budget this year. (Main Estimate 2021-22)		Compared to final outturn last year. (Accounts outturn 2020-21)	
	£m	£m	%	£m	%
Administration costs	360.2	0.1	0.0%	+65.7	+22%

1.9 Funding: Reserve Claims and Budget Exchanges

The Department received Reserve Claims in relation to COVID-19:

- Transport for London (TfL) Funding Package: £1.6bn Resource DEL
- Train Operating Companies (TOC): £1.6bn Resource DEL and £457m Capital DEL
- Bus Support and Recovery Grants: £238m Resource DEL
- Airport and Ground Operations Support (AGOSS): £86.9m Resource DEL
- Light Rail: £96.5m Resource DEL

The Department also received additional budget cover for the following:

- Shared Outcomes Fund (SOF): £1.8m Resource DEL and £4.3m Capital DEL
- Trust Ports: £107.8m Capital DEL
- EU funding: Inland Traffic management: £41.4m Capital DEL
- Levelling Up Fund: £47m Capital DEL
- Non-cash cover relating to the HS2 project design: £92.6m
- Non-cash depreciation cover for potential HS2 inventory write-downs to market value: £100m

The Department is surrendering £407m Capital DEL for Highways England underspend.

In addition, the Department is transferring the following funding to 2022-23:

- Network Rail: £350m Capital DEL
- Highways England: £175m Capital DEL
- Cycling and Walking: £54m Capital DEL
- Union Connectivity (UCR): £14.6m Resource DEL
- Budget cover for Group Property Agency (GPA) transfers: £25.2m Capital DEL & £1.3m Resource DEL

Finally, the Department transferred a net of £5.5m Resource DEL to and received a net of £5.3m Capital DEL from Other Government Departments. Refer to Table B for a complete list of the budget cover transfers.

2. Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows a breakdown by programmes within each Resource DEL Estimate line compared with the 2021-22 Main Estimate.

Subheads	Description	Resource DEL				note number
		£ million		%		
		Supplementary Estimate 21/22	Main Estimate 21/22	Change from Main Estimate		
A	Tolled Crossings	-101.6	-104.5	2.9	-3%	
B	Local Authority Transport	476.7	380.9	95.7	25%	1
C	Highways England ALB (net)	2,595.7	2,554.3	41.4	2%	
D	Funding of Other ALBs (net)	-1.5	-34.3	32.8	-96%	2
E	Other railways	161.2	154.9	6.3	4%	
F	Sustainable Travel	159.2	143.9	15.2	11%	3
G	Bus Subsidies and Concessionary Fares	811.4	574.2	237.2	41%	4
H	GLA Transport grants	2,106.5	500.0	1,606.5	321%	5
I	Crossrail	-27.6	0.0	-27.6		6
J	Aviation, Maritime, Security & Safety	242.6	134.2	108.4	81%	7
K	Maritime & Coastguard Agency	389.9	386.4	3.5	1%	
L	Motoring Agencies	154.0	144.0	10.0	7%	
M	Science, research, and support functions	28.4	26.8	1.6	6%	
N	Central Administration	460.4	367.5	92.8	25%	8
	Departmental Unallocated Provision	0.0	0.0	0.0	0%	
O	Support for Passenger Rail Services	5,670.8	4,074.5	1,596.4	39%	9
P	High Speed Rail	18.5	17.1	1.3	8%	
Q	Transport Development Fund	44.7	50.0	-5.3	11%	
R	High Speed Two Limited (net)	279.9	207.6	72.3	35%	10
S	East West Rail Company Limited (net)	82.5	72.1	10.4	14%	11
T	Network Rail	7,330.0	7,756.2	-426.2	-5%	
U	Funding of Other ALBs (net) non-voted	15.0	14.0	1.0	7%	
	Total voted and non-voted	20,896.7	17,419.9	3,476.8	20%	

Differences of more than 10% and which are more than £10m are explained below. Numbers relate to the relevant row in the table above. Further details are given in Table A.

1. Local Authority Transport
Resource DEL spending under these subheads is, overall, forecast to increase from the Main Estimate by £95.7m or 25%. This is driven by funding received for Light Rail to enable operators to maintain service levels for essential journeys during the Covid-19 pandemic.
2. Funding of other ALBs (net)
Resource DEL spending under these subheads is, overall, forecast to increase from the Main Estimate by £32.8m or 96%. This is primarily due to a reduction in forecast income in the Air Travel Trust Fund, as the ongoing impact of the pandemic on international air travel has reduced income from ATOL Protection Contributions.
3. Sustainable Travel
Resource DEL spending under these subheads is, overall, forecast to increase from the Main Estimate by £15.2m or 11%. This is primarily due to increased spending on clean vehicles and cycling.
4. Bus Subsidies and Concessional fares
Resource DEL spending under these subheads is, overall, forecast to increase from the Main Estimate by £237.2m or 41%. This is driven by Covid-19 funding received to enable bus operators to maintain service levels for essential journeys during the pandemic.
5. GLA Transport Grants
Resource DEL spending under these subheads is forecast to increase from the Main Estimate by £1,606m. This is driven by the Covid-19 TfL funding package which supports TfL in maintaining essential transport services in London during the pandemic.
6. Crossrail
Net Resource DEL spending under this subhead is forecast to reduce from the Main Estimate by £27.6m because of the income expected from loan interest receipts.
7. Aviation, Maritime, Security, Safety
Resource DEL spending under these subheads is forecast to increase from the Main Estimate by £108.4m or 81%. This is driven by:
 - £87m Covid-19 funding received for Airports and Ground Operations Support Scheme
 - £26m for support provided to the Civil Aviation Authority
 - Offset by various budget transfers to Other Government Departments as contributions to schemes, funds, and operations. Details on budget transfers in Section 1.9.
8. Central Administration
Resource DEL spending under these subheads is forecast to increase from the Main Estimate by £92.8m or 25%. This is driven by non-cash cover received for potential write downs to market value of HS2 Land & Property assets which are accounted for as inventory.
9. Support for Passenger Rail Services
Resource DEL spending under these subheads is forecast to increase from the Main Estimate by £1,596m or 39%. This is driven by Covid-19 funding to support Train Operating Companies in maintaining essential rail services during the pandemic.
10. High Speed Two Limited (net)
Resource DEL spending under these subheads is forecast to increase from the Main Estimate by £72.3m or 35%. This is driven by
 - £92.6m budgetary cover for impairment to design works; and
 - £22m reduction for pressures that did not materialise in-year

11. East West Rail Company Limited

Resource DEL spending under these subheads is forecast to increase from the Main Estimate by £10.4m or 14% following a review of the EWR (East West Rail) requirements for the year.

Capital DEL

The table below shows a breakdown by programmes within each Capital DEL Estimate line compare with the 2021-22 Main Estimate.

Subheads	Description		Capital DEL			Note Number
			£ million	%		
		Supplementary Estimate 21/22	Main Estimate 21/22	Change from Main Estimate		
A	Tolled Crossings	0.6	0.8	-0.2	-24%	
B	Local Authority Transport	1,662.5	1,685.6	-23.1	-1%	
C	Highways England (net)	3,045.7	3,816.6	-770.8	-20%	12
D	Funding of Other ALBs (net)	30.6	16.3	14.3	88%	13
E	Other railways	113.8	127.0	-13.2	-10%	14
F	Sustainable Travel	987.2	821.7	165.5	20%	15
G	Bus Subsidies and Concessionary Fares	289.5	139.9	149.7	107%	16
H	GLA Transport grants	5.0	0.0	5.0		
I	Crossrail	547.1	610.0	-62.9	-10%	17
J	Aviation, Maritime, Security & Safety	303.1	164.3	138.8	85%	18
K	Maritime & Coastguard Agency	61.2	61.1	0.1	0%	
L	Motoring Agencies	123.4	107.2	16.1	15%	19
M	Science, research, and support functions	22.3	22.1	0.2	1%	
N	Central Administration	44.3	27.1	17.1	63%	20
	Departmental Unallocated Provision	0.0	84.1	-84.1	-100%	21
O	Support For Passenger Rail Services	464.2	9.2	455.0	4945%	22
P	High Speed Rail	254.5	738.0	-483.5	-66%	23
Q	Transport Development Fund	850.0	850.0	0.0	0%	
R	High Speed Two Limited (net)	4,907.9	4,423.5	484.4	11%	See 23
S	East West Rail Company Limited (net)	0.3	0.2	0.1	71%	
T	Network Rail	5,707.7	5,791.0	-83.3	-1%	
	Total voted and non-voted	19,420.9	19,495.5	-74.7	0%	

Differences of more than 10% and more than £10m 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 in Annex A.

12. Highways England (net)

Overall Capital DEL spending under these subheads is forecast to reduce from the Main Estimate by £770.8m. This includes: a £556m reduction in HE funding agreed at Spending Review 2021 largely reflecting delays in major schemes; £175m of funding being moved into next year's HE budget; and £40m being used to offset agreed in-year Departmental pressures. The readjustment of HE funding will allow HE to continue to deliver the Road Investment Strategy effectively, by aligning funding more closely to the delivery schedules of schemes delayed for various reasons including extended Development Consent Order timetables.

13. Funding of Other ALBs

Capital DEL under these subheads is forecast to increase from the Main Estimate by £14.3m or 88%. This is due to increases in British Transport Police funding requirements.

14. Other Railways

Capital DEL spending under these subheads is overall forecast to reduce from the Main Estimate by £13.2m or 10%. This primarily relates to income from Local Authority contributions towards Gatwick Airport station improvements.

15. Sustainable Travel

Capital DEL spending under these subheads is overall forecast to increase from the Main Estimate by £165.5m or 20%. This is driven by increased demand for Plug-In-Car and Van grants.

16. Bus Subsidies and Concessionary Fares

Capital DEL spending under these subheads is overall forecast to increase from the Main Estimate by £149.7. This is driven by increased spending on Zero Emission buses.

17. Crossrail

Capital DEL under this subhead is forecast to reduce from the Main Estimate by £62.9m or 10%. The Department is expecting a net increase of loan repayments, compared with assumptions made at the Main Estimate.

18. Aviation, Maritime, Security & Safety

Capital DEL spending under these subheads is overall forecast to increase from the Main Estimate by £138.8m. This is driven by

- £107.8m budgetary cover for Trust Ports' new external borrowing in National Accounts.
- £42.2m received from Cabinet Office as budget cover transfer for the Port Infrastructure Fund.

19. Motoring Agencies

Capital DEL spending under these subheads is overall forecast to increase from Main Estimate by £16.1m or 15%. This driven by

- £52.6m of funding received for the inland traffic management –, of which £41.4m directly from HMT (HM Treasury) and £11.2m as a budget cover transfer from Defra

- offset by £33.1m budget cover transfer to HMRC in relation to the construction of Dover White Cliffs border checking facility.

20. Central Administration

Capital DEL spending under these subheads is overall forecast to increase from the Main Estimate by £17.1m or 63%. This is driven by a reprofiling of development spend on the Department's new ERP system.

21. Departmental Unallocated Provision

The Department has now allocated £84.1m Capital DUP (Departmental Unallocated Provision) from the Main Estimate to relevant budget areas.

22. Support for Passenger Rail Services

Capital DEL in these subheads is forecast to increase from the Main Estimate by £455m. The Department received Covid-19 support funding towards Train Operating Companies' capital costs for the year.

23. High Speed Rail and High Speed Two

Taken in aggregate, Capital DEL movements under these subheads are immaterial and there is no meaningful change to the budgets.

Resource AME

The table below shows a breakdown by programmes within each Resource AME Estimate line compared to the 2021-22 Main Estimate.

Sub-heads	Description		Resource AME			note number
			£ million	%		
		Supplementary Estimate 21/22	Main Estimate 21/22	Change from Main Estimate		
V	Highways England (net)	2.9	10.0	-7.1		
W	Network Rail (net)	3,983.4	2,829.3	1,154.1	41%	24
X	Funding of Other ALBs (net)	101.6	81.9	19.7	24%	25
Y	Other Railways	230.8	174.9	55.8	32%	26
Z	Aviation, Maritime, Security & Safety	-1.4	-1.3	-0.1	8%	
AA	Maritime & Coastguard Agency	13.5	1.0	12.5	1251%	27
AB	Motoring Agencies	-2.3	-2.8	0.5	17%	
AC	Central Administration	96.1	95.8	0.3	0%	
AD	High Speed Rail	1.4	-0.2	1.6	-800%	
AE	High Speed Two Limited (net)	0.0	0.0	0.0		
AF	East West Rail Company Limited (net)	5.0	6.0	-1.0	-17%	
AG	Funding of Other ALBs (net)	-0.5	-3.1	2.6	-84%	
	Total voted and non-voted	4,430.6	3,191.6	1,239.0	39%	

Differences of more than 10% and more than £10m 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 in Annex A.

24. Network Rail

Resource AME spending under this subsegment is forecast to increase from the Main Estimate by £1,154m or 41%. This due to an uplift against the anticipated impact inflation movements will have on the interest costs on Network Rail's external debt and for deferred tax charges.

25. Funding of Other ALBS (net)

Resource AME spending under this subsegment is forecast to increase from the Main Estimate by £19.7m or 24%. This is driven by

- £26.2m increase related to pension costs for British Transport Police.
- -£6.5m additional AME credit for utilisation of provisions on ATOL claims.

26. Other Railways

Resource AME spending under this subsegment is forecast to increase from the Main Estimate by £55.8m or 32%. This is driven by

- An uplift of £39m to cover a potential onerous contract provision under the High Speed One (HS1) Domestic Underpinnings
- £16m increase in interest costs on index-linked legacy debt administered by the Department's Finance companies, due the rise in the RPI inflation index during the year.

27. Maritime & Coastguard Agency

Resource AME spending under this subsegment is forecast to increase from the Main Estimate by £12.5m. This is driven by deferral of freehold estates transfers to the Government Property Agency until FY 22-23.

Capital AME

The table below shows a breakdown by programmes within each Capital AME Estimate line compared to the 2021-22 Main Estimate.

Subheads	Description	Capital AME				
		£ million		%		note number
		Supplementary Estimate 21/22	Main Estimate 21/22	Change from Main Estimate		
W	Highways England ALB (net)	89.0	100.0	-11.0	-11%	28
Z	Aviation, Maritime, Security & Safety	-11.7	-20.0	8.3	-42%	
AD	High Speed Rail	267.9	5.2	262.6	5008%	29
AE	High Speed Two Limited (net)	5.0	0.0	5.0		
	Total voted and non-voted	350.2	85.2	265.0	311%	

Differences of more than 10% and more than £10m are explained below. Numbers relate to the relevant row in the table above

28. Highways England ALB (net)

Capital AME spending under this subsegment is forecast to reduce from the Main Estimate by £11m or 11%. This is driven by change in the use of capital provisions.

29. High Speed Rail

Capital AME spending under this subsegment is forecast to increase by £262.6m. This is due to an uplift in budget to cover the slower utilisation of capital provisions for HS2 Land and Property.

2.2 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e.: savings in these budgets cannot be used to fund pressures on other budgets, unless agreed with HMT.

Spending Total Amounts sought this year (Supplementary Estimate 2021-22)	Compared to original budget this year. (Main Estimate 2021- 22)		Compared to final outturn last year. (Accounts outturn 2020-21)		
	£m	£m	%	£m	%
High Speed Two Limited (Resource DEL)	287.3	+79.7	+38.4%	+180.5	+169.0%
High Speed Two Limited (Capital DEL)	4,982.7	+559.2	+12.6%	+1,732.6	+53.3%
High Speed Rail (Capital DEL)	253.9	- 484.1	-65.6%	-10.7	-4.0%
Highways England (Capital DEL)	3,045.7	- 770.8	-20.2%	-249.4	-7.6%
Depreciation (Resource DEL)	8,286.6	+226.3	+2.8%	+ 873.1	+11.8%
Depreciation (Resource AME)	431.0	- 930.2	-68.3%	+ 578.6	-392.0%

2.3 Contingent liabilities

The following statutory liabilities have been revised since Main Estimate 2021-22:

- Railways Act 1993, Transport Act 2000: Contingent liabilities arise from signing of new, replacement and extended passenger rail franchise agreements, and other agreements to encourage railways investment. The liability reduced by £183m, from £1,024m to £841.2m, because the Department's exposure reduces over time.
- CTRL Act 1996. Undertaking under the HS1 concession agreement. The liability reduced by £730m, from £4,767m to £4,037m, to reflect the latest position as provided by HS1 Ltd, on the amounts for which the Department would be potentially liable.

The following non-statutory liability has been revised since Main Estimate 2021-22:

- In 2013 the Secretary of State agreed to quantifiable (disclosed) and unquantifiable assurances, warranties, indemnities, and potential losses to external parties under the Thameslink Rolling Stock contracts with Siemens, Network Rail and Cross London Trains. The liability reduced by £41m, from £743m to £702m. The cost of the contingent liability is calculated by the cost of the lease over time. As the lease is paid off the expected cost of the contingent liability reduces.

Table A

Table provided separately in excel.

Table B

Table provided separately in excel.

Glossary of Terms

Administration Budget: A Treasury control on resources consumed directly by departments and agencies/NDPBs that forms part of the Departmental Expenditure Limit (DEL). Includes things such as staff costs, accommodation, etc, 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): AME is spending included in Total Managed Expenditure (TME), which does not fall within Departmental Expenditure Limits (DELs). Expenditure in AME is less predictable and controllable than expenditure in DEL.

Arm's Length Body (ALB): A Non-Departmental Public Body (NDPB), company in which the department has a significant shareholding, or other sponsored body.

Budget Exchange: A mechanism that allows departments to surrender an underspend in advance of the end of the financial year in return for a corresponding increase in the following year, subject to Treasury agreement.

Contingent liabilities: Potential liability that is uncertain but recognises that future expenditure may arise if certain conditions are met, or certain events happen.

Departmental Expenditure Limit (DEL): A Treasury budgetary control. DEL spending forms part of Total Managed Expenditure (TME) and includes that expenditure which is within the departments control and can be managed with fixed multi-year limits. Some elements may be demand led. There is a small DEL Reserve from which the Treasury may support unavoidable costs that cannot be absorbed within the existing limit.

Grant-in-Aid: Financing payment made by a department to an NDPB or other arm's length body.

Non-budget: Income and expenditure normally refers to income and expenditure that pass through a government department's books and that are not included in DEL or departmental.

Net Cash Requirement (NCR): 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. In the case of a negative net cash requirement, the department must generate a surplus of at least that amount.

Non-Departmental Public Body (NDPB): A body that has a role in the process of government but is not a government department or part of one (though NDPBs fall inside the budgetary, Estimates and accounting boundary of government departments). NDPB's operates, to a greater or lesser extent, at arm's length from Ministers.

Provision: A liability that has arisen but where the timing and/or amount of the payment is uncertain.

Reserve Claim: An amount within DEL not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies.

Spending Review (SR): A cross-government review of departmental aims and objectives and analysis of spending programmes. Results in the allocation of multi-year budgetary limits.

Supplementary Estimate: The means by which departments seek to amend parliamentary authority provided through Main Estimates by altering the limits on resources, capital and/or cash or varying the way in which provision is allocated. Normally presented in January each year.

Supply Expenditure: Is expenditure that is voted by Parliament either in the annual Main Estimates (at the start of the year) or in Supplementary Estimates in-year.

Non-voted Expenditure: Expenditure is expenditure that is not voted by Parliament through the Supply procedure. It includes spending funded from various funds, such as the National Insurance Fund.