



Department  
for Education

# **Department for Education Supplementary Estimate 2015-16**

**Memorandum to the Education Select  
Committee**

**February 2016**

# Department for Education Supplementary Estimate 2015-16 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 Supplementary Estimate for 2015-16. The memorandum includes information on the department's key priorities, as well as outlining the departmental budget control totals and the movements since the 2013 Spending Review settlement.
2. The Supplementary Estimate voted provision (and comparison to Main Estimate equivalent budgets) is summarised in the table below:

**Table 1 – Estimate Control Totals 2015-16**

| <b>Budget</b>   | <b>Main Estimate<br/>2015-16<br/>£m</b> | <b>Supplementary<br/>Estimate<br/>2015-16<br/>£m</b> | <b>Increase /<br/>(Decrease)<br/>£m</b> |
|---|---|--|---|
| <b>Departmental Expenditure Limit</b>                           |   |  |   |
| <b>A. Resource</b>  | <b>54,717.7</b>                         | <b>54,556.8</b>                                      | <b>(160.9)</b>                          |
| <i>Of which ringfenced:</i>                                     | 4,512.5                                 | 4,401.4  | (111.1)                                 |
| Pupil Premium   | 2,595.0                                 | 2,567.0  | (28.0)                                  |
| Depreciation  | 1,227.5                                 | 1,216.5  | (11.0)                                  |
| Free School Meals   | 635.0                                   | 562.9  | (72.1)                                  |
| Age Apprenticeships   | 55.0                                    | 55.0   | -                                       |
| <b>B. Capital</b>   | <b>4,700.0</b>                          | <b>4,885.1</b>                                       | <b>185.1</b>                            |
| <i>Of which ringfenced:</i>                                     | -                                       | -  | -                                       |
| <b>C. Total Departmental Expenditure Limit</b>                  | <b>59,417.7</b>                         | <b>59,442.0</b>                                      | <b>24.3</b>                             |
| <b>D. Annually Managed Expenditure<br/>Resource<sup>1</sup></b> | <b>(19.8)</b>                           | <b>1,179.1</b>                                       | <b>1,198.9</b>                          |
| <i>Of which ringfenced:</i>                                     | 0.0                                     | 240.0  | 240.0                                   |
| Depreciation  | 0.0                                     | 240.0  | 240.0                                   |
| <b>E. Total Managed Expenditure (LineC+D)</b>                   | <b>59,397.9</b>                         | <b>60,621.1</b>                                      | <b>1,223.2</b>                          |
| <i>Of which ringfenced:</i>                                     | 4,512.5                                 | 4,641.4  | 128.9                                   |
| Pupil Premium   | 2,595.0                                 | 2,567.0  | (28.0)                                  |
| Depreciation  | 1,227.5                                 | 1,456.5  | 229.0                                   |
| Free School Meals   | 635.0                                   | 562.9  | (72.1)                                  |
| Age Apprenticeships   | 55.0                                    | 55.0   | -                                       |
| <b>F. Net Cash Requirement</b>                                  | <b>58,324.0</b>                         | <b>58,488.6</b>                                      | <b>164.6</b>                            |

<sup>1</sup> The AME budgets have increased in the Supplementary Estimate because the Main Estimate AME budgets did not include the academies non-cash budgets for provisions, depreciation etc.

3. The total Departmental Expenditure Limit (DEL) budget is £59,442.0 million, a net increase of £24.3 million on the £59,417.7 million limit in the 2015-16 Main Estimate. The main reason for this increase is the transfer of the equality and human rights related budgets from the Department for Culture, Media and Sport. Within the Total DEL limit, Resource DEL (RDEL) has decreased and Capital DEL (CDEL) has increased. This majority of this transfer, £190 million, is because academies (including free schools) are expected to underspend their overall

RDEL budget and will use those funds to finance additional capital expenditure. More information on these transfers and other factors affecting the spending control totals is provided on page 25.

4. The majority of the department's resource budget is paid through the Education Funding Agency (EFA). EFA issues resource grants totalling £53.1 billion, the largest element of which is the Dedicated Schools Grant (DSG) (£27.6 billion). This grant is paid by the department to local authorities and is either delegated to schools and early education providers, or used for centrally managed provision. Another significant budget managed by EFA is the £13.9 billion General Annual Grant (GAG) funding to academy trusts and free schools. More information on schools budgets is provided in Annex F.
5. Similarly to resource, the majority of the £4.9 billion capital DEL limit is managed by the EFA (£4.1 billion, excluding expenditure by academies), to provide funding for capital projects in existing schools and to finance new school buildings. More information on the changes to capital budgets, and how they are financed, is provided on page 11.
6. The £1.2 billion Annually Managed Expenditure (AME) budgets comprise movements in provisions held by the department, and budgets for non-cash items affecting the academy sector, primarily movements in pension liabilities and impairments of assets. The latter were not included in the Main Estimate, and the Supplementary reflects subsequent data from academies. More information on the AME budgets is contained in paragraph 36 onwards.

### **Key Activities Supported by the Above Provision**

7. The Department for Education's overall aim is to provide world-class education and care so that all children and young people have the opportunity to succeed and reach their potential, regardless of background. To achieve this, we want to make progress in three areas.
  - Safety and Wellbeing – we want all children and young people being protected from harm and vulnerable children being supported to succeed with opportunities as good as those for any other child.
  - Educational Excellence Everywhere – we want every child having access to high-quality provision, achieving to the best of his or her ability regardless of location, prior attainment and background.
  - Prepared for Adult Life – we want all 19-year-olds completing school or college with the skills and character to contribute to the UK's society and economy, and being able to access high-quality work or study options.
8. A high-quality education system creates benefits for the individual receiving the education, their parents, their communities and for society as a whole. A strategy setting out how we are approaching this will be published in the coming months. Our progress and impact against this strategy will be measured by the indicators set out in our Single Departmental Plan, which is due to be published within the month.

## Explanation of Estimate Funding

### Departmental Expenditure Limit

9. The Departmental Expenditure Limit (DEL) includes expenditure by the department, its agencies, and academy trusts on pay, purchase of goods and services, current grants, capital expenditure on grants and assets, and non-cash costs including depreciation.
10. The 2015-16 limits are based on the department's 2013 Spending Review Settlement which has been adjusted for baseline movements such as Budget announcements, transfers to and from other government departments, other funding drawdowns and changes in budgeting treatment of particular transactions. The annual baseline movements since the Spending Review are listed in Table 7 on page 14-15.
11. The three separate DEL control totals:
  - Resource DEL - administration £313.1 million
  - Resource DEL - programme £54,243.7 million
  - Capital DEL - £4,885.1 million
12. In addition to the high level summary in Table 1, comparative information on the DEL budgets from 2008-09 to 2015-16 is detailed in Annex D. The DEL control totals for future years set in the 2015 Spending Review will be included in the 2016-17 Main Estimate.

### Annually Managed Expenditure

13. Annually Managed Expenditure (AME) budgets cover expenditure that is demand led or exceptionally volatile, which makes it difficult for departments to control. Our AME budgets are all classified as programme budgets in the Estimate.
14. The only items in our AME budget are non-cash transactions, which include:
  - the creation and release of provisions covering the department, its agencies, and academies,
  - the movement in pension deficits / surpluses allocated to academy trusts by the Local Government Pension Scheme (LGPS) in respect of some of their employees,
  - depreciation on academy trusts donated assets,
  - revaluations and impairments of assets,
15. The Main Estimate only included the creation and release of departmental provisions for liabilities, as the academies' non-cash budgetary forecasts were not available when the Main Estimate was prepared. Following the annual exercise to collate their forecast data, an additional £1.175 billion has been added in the Supplementary Estimate's AME budgets for academy non-cash costs. More information on the AME budgets is provided in paragraphs 36 - 41.

## Structural Changes to the Estimate

16. The Estimate structure is based on the programme activities of the directorates within the department, with each executive agency having its own budget line. The structure has not changed this year.
17. The Committee will be aware that we have been working with HM Treasury on the introduction of a new sector account, for academies and free schools, from 2016-17 onwards. The voted budget in the Estimate will cover grants paid to academies and free schools, instead of the expenditure by them: this will require changes to the structure of the Estimate. This new approach has been discussed with the Committee in December 2015, and more recently with the Liaison Committee. We plan to implement the new basis of reporting, and the new Estimate structure, in 2016-17.

## Significant Changes to Programmes and those with Increased Remit

### Departmental Expenditure Limit

#### Resource DEL – Administration Costs - £313.1million

18. The administration cost control total includes the department, its agencies, and its other Arm's Length Bodies (ALBs). The main departmental administration budgets are in Section A, with the administration budgets for the agencies and ALB's shown separately in Sections E, F, G and H. The administration costs of academy trusts are classed as programme expenditure and consequently are not included in the DEL administration cost control total.
19. The administration cost control total has increased by £20.2 million in the Supplementary Estimate. The changes at estimate line level are summarised in the Table 2a below.

**Table 2a RDEL Administration budget changes**

| Section  | Description   | 2015-16<br>Main<br>Estimate<br>£m | 2015-16<br>Supp<br>Estimate<br>£m | Increase /<br>(Decrease)<br>£m | %<br>Change |
|--|---|-----------------------------------|-----------------------------------|--------------------------------|-------------|
| A  | Activities to support all functions                 | 200.5                             | 207.0                             | 6.5                            | 3.2         |
| E  | Children's Services and Departmental Strategy (ALB) | 1.9                               | 17.2                              | 15.3                           | 805.3       |
| F  | Standards and Testing Agency (STA)                  | 5.7                               | 4.0                               | (1.7)                          | (29.8)      |
| G  | National College for Teaching and Leadership (NCTL) | 15.6                              | 13.0                              | (2.6)                          | (16.7)      |
| H  | Education Funding Agency (EFA)                      | 69.2                              | 71.9                              | 2.7                            | 3.9         |
| <b>TOTAL Administration cost control total</b> |   | <b>292.9</b>                      | <b>313.1</b>                      | <b>20.2</b>                    | <b>6.90</b> |

20. The £20.2m increase is mainly due to the transfer of budgets to and from other government departments; the most significant transfer is the £19.6m administration cost budget for the Government Equalities Office and the Equality (Section A) and Human Right Commission from the DCMS (Section E). The reason for the increases and decreases are explained below.
- Section A - the increase is due to £4.2m transferring from DCMS for the Government Equality Office, further changes totalling £2.4 million from the reprioritisation of

administration costs across the department, offset by (£0.1m) transferring to HM Treasury to contribute to the Financial Management Reform programme.

- Section E – the £15.3m increase in the ALBs' administration costs is the result of the £15.4m transfer of the Equality and Human Rights Commission budget from DCMS, offset by (£0.1m) reduction in OCC's administration budget.
- Section F - the STA's administration costs have reduced by £1.7m due to HM Treasury's agreement to reclassify frontline delivery costs from administration to programme expenditure.
- Section G – some of the NCTL's delivery costs relating to teacher regulation and registration have been reclassified from administration to programme expenditure by HM Treasury. As a result the NCTL's administration costs budget has reduced by £3.9million. This was offset by a £1.3 million net increase resulting from budget transfers to and from other parts of the department.
- Section H – the EFA's administration cost budget has increased by £2.7 million as a result of re-prioritising budgets.

21. Further information on the movements in the Administration control total and comparison to previous years is provided in Annex A.

### **Resource DEL – Programme Costs £54,243.7 million**

22. The 2015-16 programme budgets have undergone a number of changes since the Spending Review in 2013. The full history of these changes can be found in Annex C. The most recent changes which impacted on the DEL budgets this year are:

- Additional £10 million in the 2015 Budget for Universal Infant Free School meals
- Additional £156 million depreciation budget for academies
- £190.3 million has been transferred from academies resource budget to the academies capital budget
- £11.2 million has been transferred out to other departments (see Tables 3a and 3b for details).

23. Annex A provides further detail on budgets within each section of the Estimate. The following paragraphs provide further information on the more significant movements on programme budgets i.e. those Estimate sections which have changed by more than 10%, plus the Education Funding Agency's budgets for its own expenditure and net academies (as EFA holds the largest budgets within the department). The sections with the significant changes are shown in Table 2b:

**Table 2b RDEL Programme budget changes greater than 10%**

| Section | Description   | 2015-16 Main Estimate £m | 2015-16 Supp Estimate £m | Increase / (Decrease) £m | % Change |
|---------|---|--------------------------|--------------------------|--------------------------|----------|
| A       | Activities to support all functions                             | 29.7                     | 39.7                     | 10.0                     | 33.8%    |
| C       | Education Standards, Curriculum and Qualifications (Department) | 357.2                    | 160.0                    | (197.2)                  | -55.2%   |
| E       | Children's Services and Departmental Strategy (ALB)             | 1.1                      | 7.8                      | 6.8                      | 624.4%   |
| H*      | Education Funding Agency (EFA) - Excluding Academies            | 36,618.8                 | 36,719.0                 | 100.2                    | 0.3%     |
| I*      | Academies - Net   | 16,455.3                 | 16,378.5                 | (76.8)                   | -0.5%    |

\* Although the decrease in EFA's and the net academies' budgets are less than 10%, they have been included because they are such significant budgets.

24. The following paragraphs provide more detail on the changes in the sections listed in table 2b.

*Section A: Activities to support all functions*

|  | £000    | £000          |
|--|---------|---------------|
| <b>Main Estimate Section A net programme budget</b>      |         | <b>29,709</b> |
| Budgets transferred out to OGDs                          | (185)   |               |
| Risk Protection Arrangement                              | 9,750   |               |
| Transfer to DUP  | (2,541) |               |
| Budget allocated from the DUP                            | 3,012   |               |
| Net change in Section A                                  |         | 10,036        |
| <b>Supplementary Estimate Section A programme budget</b> |         | <b>39,745</b> |

25. The £39.7m programme budget includes communications, research and other expenses that support programme delivery by the directorates across the department. This year the £9.75m costs associated with the Risk Protection Arrangement (RPA), (a scheme offered by the department to academies, which replaces the commercial insurance they previously held), have been added to programme budgets. In addition, a net £471,000 has been transferred to the Departmental Unallocated Provision (DUP), our central contingency budget; and £185,000 of the department's depreciation budget has been transferred to Ofqual.

*Section C: Education Standards, Curriculum and Qualification*

|  | £000      | £000           |
|--|-----------|----------------|
| <b>Main Estimate Section C net programme budget</b>      |           | <b>357,227</b> |
| Budgets transferred out to OGDs                          | (6,000)   |                |
| Virements to other parts of the department               | (160,800) |                |
| Transfer to DUP  | (31,781)  |                |
| Budget allocated from the DUP                            | 1,224     |                |
| Net change in Section C                                  |           | (197,357)      |
| <b>Supplementary Estimate Section C programme budget</b> |           | <b>159,870</b> |

26. The £197.4 million reduction in this section is not due to cuts in these programmes; the main changes are the £160 million transfer of the PE and Sport Premium budget from Education Standards Directorate (ESD) to the EFA, who then administer it; and the £6 million transfer to Ofqual to fund various initiatives related to raising standards. During the year ESD received updated funding forecasts and was able to transfer surplus budgets from programmes (including the College of Teaching and Professional Development Fund, Careers Company, school food contracts) to the DUP. Consequently £31.8 million was reallocated to other departmental priorities.

*Section E: Children's Services and Departmental Strategy (ALBs)*

|  | £000  | £000         |
|--|-------|--------------|
| <b>Main Estimate Section E net programme budget</b>          |       | <b>1,083</b> |
| Budgets transferred in from OGDs                             | 6,762 |              |
| Other budget reduction                                       | (20)  |              |
| Net change in Section E                                      |       | 6,742        |
| <b>Supplementary Estimate Section E net programme budget</b> |       | <b>7,825</b> |

27. During the year, budget responsibility for the Equalities and Human Rights Commission (EHRC) transferred from DCMS to the department. The £6.8 million budget funds the EHRC's advisory services, legal and mediation services, research and development, publicity and the issue of grants. The increase is partially offset by a (£0.2 million) reduction in the programme budget for the Office of the Children's Commissioner (OCC).

*Section H: Education Funding Agency (EFA)*

|  | £000      | £000              |
|--|-----------|-------------------|
| <b>Main Estimate Section H net programme budget</b>          |           | <b>36,618,800</b> |
| Budgets transferred in/ (out) to OGDs                        | (23,348)  |                   |
| Net transfers (to) / from DUP                                | 110,742   |                   |
| Budget virements (to) / from academies budgets               | (149,540) |                   |
| Budget virements (to) / from other parts of the department   | 160,500   |                   |
| EFA delivery costs reclassified from admin to programme      | 1,800     |                   |
| Net change in Section H                                      |           | 100,154           |
| <b>Supplementary Estimate Section H net programme budget</b> |           | <b>36,718,954</b> |

28. The £100.2 million net increase in EFA's resource budgets is mainly due to adjustments to the allocation of funding between grants to local authorities, and grants paid to academies and free schools. The adjustments are necessary to reflect more accurate information on school places. The main changes are

- The £23.3 million transfers to OGDs is made up of three transfers: (£28 million) transferred out to Department of Health for their scheme to deliver the Schools Fruit and Vegetable Scheme; (£0.5 million) transferred out to Ministry of Justice for children and young people with special needs in custody; and £5.2 million transferred - in from Business Innovation and Science for age 19+ continuous learners in sixth form colleges.

- £110.7million net transfer from the DUP consists of an additional £290 million for Dedicated Schools Grants (DSG), which had not been included in the DSG budget in the Main Estimate; and £12.1 million extra for Apprenticeships. This is offset by decreases totalling £191.4 million in various budgets (including DSG, 16-18 Foundation Learning, Local Authority Sixth Form schools, EFA Learner Support and Youth Contract) due to more accurate forecasts becoming available.
- The net (£149.5 million) transferred to the Section I Net Academies budgets consists of £156million transferred from the General Annual Grant (GAG) budget to the DSG budget in Section H as a result of more accurate information on academy / free school places. This increase was offset by a £305.5 million transfer to Section I for the allocation of the academy and free school portion of the Pupil Premium, Universal Infant Free School Meals, Sixth Form Academy, Education Service Grant budgets and PE and Sport.
- £160.5 million transferred from other departmental budgets consists of £160 million transferred from Section C for the PE and Sport Primary Pupil Premium Budget to EFA to manage, and £0.5 million from Section C to support sixth form colleges which have been identified as underperforming by Ofsted
- HM Treasury has agreed to reclassify the £1.8 million budget for supporting the effective opening and conversion of schools to academies from administration costs to programme budget.

*Section I: Academies (Net)*

|  | £000      | £000              |
|--|-----------|-------------------|
| <b>Main Estimate Section I net programme budget</b>          |           | <b>16,455,252</b> |
| Net transfers (to) / from DUP                                | (33,077)  |                   |
| Budget virements (to) / from EFA budgets                     | 149,540   |                   |
| Transfer to capital  | (190,250) |                   |
| Other virements  | (2,973)   |                   |
| Net change in Section I                                      |           | (76,760)          |
| <b>Supplementary Estimate Section I net programme budget</b> |           | <b>16,378,492</b> |

29. The Net Academies budget in Section I in the Main Estimate was based on the grant funding issued to the academies and free schools by EFA. In the Supplementary Estimate the grants-based budgets are replaced with the forecast of net expenditure by academies and free schools. The main adjustments are based on the annual budget forecasting returns supplied by the academies and free schools, and the reallocation of budgets between the local authority budgets in Section H and academies. As a result the following changes have been made;

- The £33 million net transfer to the DUP consists of an additional £157.5 million for GAG which had not been included in the Main Estimate, offset by a net (£190.6 million) transfer to the DUP

- £149.5 million has transferred from the EFA to reappropriation GAG/DSG budgets in line with the latest forecasts of academy/frees school places, and the allocation of Pupil Premium, Universal Infant Free School Meals, Sixth Form Academy and Education Service Grant budgets
- (£190.3 million) has been transferred from academy resource budgets, to meet the expected additional expenditure on capital purchases by the academies and free schools
- In addition to the above significant budget movements, there were further minor changes totalling (£2.9 million) which include transfers to other parts of the department.

30. See Annex B for details of all the section budgets, including comparatives for the budgets in the Main Estimates, 2014-15 Supplementary Estimates and the 2013-14 outturn.

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

31. We frequently transfer budgets to, and receive transfers from, other departments. The transfers can be the result of budgets for functions transferring to the department (e.g. the transfer of the equalities and human rights related budgets), or to transfer funding for joint projects.

32. The net impact of the changes included in the Supplementary is to decrease departmental programme budgets by £11.2 million. Tables 3a and 3b list the individual changes.

#### 3a) Transfers from other departments - RDEL Programme

| Section  | Source Department                             | Reason  | Amount<br>£000 |
|--|---|---|----------------|
| D Children's Services and Departmental Strategy (Department) | Department for Culture Media and Sport (DCMS) | Government Equalities Office transferred to DfE           | 11,531         |
| E Children's Services and Departmental Strategy (ALB)        | Department for Culture Media and Sport        | Equalities and Human Rights Commission transferred to DfE | 6,762          |
| H Education Funding Agency                                   | Business, Innovation and Science (BIS)        | Transfer in from BiS for 19+ continuous learners          | 5,152          |
| <b>TOTAL BUDGET TRANSFERRED IN FROM OGDs</b>                 |   |   | <b>23,445</b>  |

#### 3b) Transfers to other departments - RDEL Programme

| Section   | Destination Department     | Reason   | Amount<br>£000  |
|---|----------------------------|--|-----------------|
| A Activities to support all functions                             | Ofqual                     | Additional depreciation                          | (185)           |
| C Education Standards, Curriculum and Qualifications (Department) | Ofqual                     | Additional funding for reforms and testing       | (5,460)         |
|   |                            | IT transformation                                | (540)           |
| H Education Funding Agency  | Ministry of Justice (MOJ)  | Funding for children and young people in custody | (500)           |
| H Education Funding Agency  | Department of Health (DoH) | Funding for Fruit and Veg Scheme                 | (28,000)        |
| <b>TOTAL BUDGET TRANSFERRED OUT TO OGDs</b>                       |                            |  | <b>(34,685)</b> |

## Capital DEL

33. The department's £4.9 billion capital budget is mainly spent on: enabling Local Authorities to discharge their duty to ensure there are enough school places; maintaining the school estate; undertaking major replacement and refurbishment projects for schools in the worst condition through the Priority Schools Building Programmes; and facilitating educational reform through the Free Schools programme. The budgets by Estimate section are summarised in Table 4.

**Table 4 Capital DEL summary**

| Section Title  | Capital Budget<br>Main Estimate<br>2015-16<br>(£000s) | Increase /<br>(Decrease) in<br>budget<br>(£000s) | Revised<br>Capital Budget<br>2015-16<br>(£000s) |
|--|---|--|---|
| A: Activities to support all functions                 | 13,821  | 7,026  | 20,847  |
| B: School Infrastructure and Funding of Education      | 2,500   | -  | 2,500   |
| E: Children's Services and Departmental Strategy (ALB) | -   | 387  | 387   |
| H: Education Funding Agency - excluding academies      | 4,115,299   | (44,948)   | 4,070,351                                       |
| I: Academies (Net)                                     | 568,380   | 222,672  | 791,052   |
| <b>CAPITAL DEL CONTROL TOTAL</b>                       | <b>4,700,000</b>                                      | <b>185,137</b>                                   | <b>4,885,137</b>                                |

34. The budgets in Table 4 reflect the continued investment in the refurbishment and replacement of those school buildings in the worst condition, and educational reform through the delivery of the Free Schools programme. The main changes to capital budgets are:

- Section A has increased by a net £7 million to fund the refurbishment of the Old Admiralty Building ahead of the move to our new London site in 2017. In addition to the refurbishment costs, the gross expenditure and income budgets have both increased by £74 million to reflect the transfer of the net book value of the property from the Foreign and Commonwealth Office to the DfE.
- The new capital budget in Section E is the transfer of EHRC's £0.387 million capital budget from DCMS.
- EFA's capital budget in Section H has reduced by (£44.9 million) as a result of transfers to Section A for the Old Admiralty Building project (£7 million); a (£5.5 million) transfer from capital to resource that was announced as part of the In-year Savings exercise after the Spring 2015 Budget, and transfers to the academies capital budgets (£32.4 million) to meet capital pressures.
- We predict Academies will spend more on capital than the £568 million that we allocated in the Main Estimate – doing this by utilising their reserves and some of their resource allocations. We have therefore increased the Academies capital budget with £190.3 million transferred from academy resource budgets and a further £32.4million transferred from the EFA budget where underspends on centrally delivered capital programmes have emerged. Our forecasts indicate that expenditure may be higher than

the £791 million in this budget, but we expect to be able to absorb this from further underspends that are likely to emerge on EFA's central budgets – see Section H.

35. See Annex E for a detailed analysis of capital budgets and forecasts.

## Annually Managed Expenditure

36. The Main Estimate AME budget of (£19.8) million was solely related to the net movement in departmental provisions. The budget was a negative amount at the start of the year because it only included releases from provisions as a liability becomes due. The release is offset by cash payments which score against the resource DEL budgets. The Supplementary Estimate includes our estimated net movement in departmental provisions, including the creation of new provision for future costs arising from this year's activities.

37. During the year the academies and free schools provide budgetary forecast information to support the preparation of the Supplementary Estimate. Following this exercise, the department has increased the total AME budget by £1.197 billion in relation to the academies non-cash related budgets.

38. The key elements of the budgets are set out in the table below:

**Table 5 AME Budgets**

| Type of Budget   | Section | AME<br>Main Estimate<br>2015-16<br>(£000s) | Increase /<br>(Decrease)<br>(£000s) | AME<br>Supp Estimate<br>2015-16<br>(£000s) |
|--|---------|--|-------------------------------------|--|
| Property Provision                                       | A       | (289)                                      | 8,000                               | 7,711                                      |
| Early Departure Provisions                               | A       | (17,199)                                   | 2,297                               | (14,902)                                   |
| Risk Protection Arrangement                              | A       |  | 13,079                              | 13,079                                     |
| Other provisions   | A       | (2,000)                                    |                                     | (2,000)                                    |
| Agency Provisions  | H       | (270)                                      |                                     | (270)                                      |
| Academies related budgets:                               |         |  |                                     | -  |
| Depreciation on donated assets                           | I       | -  | 60,000                              | 60,000                                     |
| Net movement in LGPS pension scheme                      | I       | -  | 930,000                             | 930,000                                    |
| Increase in other academy trust / free school provisions | I       | -  | 5,500                               | 5,500                                      |
| Academy impairments                                      | I       | -  | 180,000                             | 180,000                                    |
| <b>TOTAL AME</b>   |         | <b>(19,758)</b>                            | <b>1,198,876</b>                    | <b>1,179,118</b>                           |

39. The academies non-cash budgets include

- £60 million for the depreciation on assets donated to academies / free schools when they open or on conversion
- £930 million for the estimated movement in the Local Government Pension Scheme pension liability in relation to academies' employees who are members of that scheme.
- £5.5 million for the net increase in provisions held by academies and free schools
- £180 million for the estimated cost of revaluing assets in line with departmental policies when an academy /free school opens or converts.

40. In addition to the academies non-cash costs, we have also

- increased the property provision by £8 million for the potential dilapidation costs when we vacate our current London Head Office site.
- increased the Risk Protection Arrangement provision by a net £13 million to cover future claims for property and travel related claims.
- increased the early departure provision by a net £2.3 million to set aside more money for staff releases, and to take account of the impact of the annual change in the discount rate.

41. More information on the provisions is included in paragraphs 46 to 51.

## Net Cash Requirement

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

43. 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, NDPBs resource expenditure, notional audit fee).

**Table 6 Net Resource to Net Cash reconciliation**

|   | <b>Main Estimate<br/>2015-16<br/>£000</b> | <b>Supp Estimate<br/>2015-16<br/>£000</b> | <b>Increase /<br/>(Decrease)<br/>£000</b> |
|---|---|---|---|
| Net Resource  | 54,697,906                                | 55,735,908                                | 1,038,002                                 |
| Net Capital   | 4,700,000                                 | 4,885,137                                 | 185,137                                   |
|   | <b>59,397,906</b>                         | <b>60,621,045</b>                         | <b>1,223,139</b>                          |
| Departmental depreciation   | (28,777)                                  | (28,592)                                  | 185                                       |
| New provisions and adjustment to existing provision (eg discount rate change) | -   | (33,126)                                  | (33,126)                                  |
| Use of provisions   | 19,758                                    | 29,508                                    | 9,750                                     |
| Adjustment to replace ALB resource outturn with Cash Grant in Aid*            | (1,064,043)                               | (2,230,365)                               | (1,166,322)                               |
| Other non-cash items  | (841)                                     | (841)                                     | -   |
| Movement in debtors/creditors   | -   | 131,000                                   | 131,000                                   |
| Net resource to cash adjustments  | (1,073,903)                               | (2,132,416)                               | (1,058,513)                               |
| <b>Net Cash Requirement</b>   | <b>58,324,003</b>                         | <b>58,488,629</b>                         | <b>164,626</b>                            |

\* This adjustment is the net result of removing the OCC, EHRC, academies net resource budgets in Sections E and I, and adding the cash funding paid by DfE to OCC and EHRC, and by EFA to academies and free schools

44. The most significant changes in the final column are the £1 billion increase in Net Resource and the £1.17 billion increase in the ALB resource/grant-in-aid adjustment. Both increases are the result of the increase in the academies non-cash AME budget. As a result, the increases offset each other and do not impact on the overall cash requirement. The other changes to the cash requirements are: a (£0.185 million) decrease in the depreciation adjustment due to the transfer of depreciation to Ofqual; a (£33.1 million) adjustment for the change in departmental

provisions; a £9.7 million increase in the use of provisions, due to expected increase in the claims to be paid from the RPA provision; and an additional £131 million mainly required to finance the repayment of supply to HM Treasury relating to previous financial years.

## Departmental Control Totals

45. Table 7 shows how the Department's control totals have been changed since the Comprehensive Spending Review in 2010. It summarises changes to control totals during the Spending Reviews held in 2010 and 2013. A more detailed breakdown of 2015-16 in year changes from the 2013 Spending Review is provided at Annex B.

**Table 7 Changes to control totals**

|                             | £000s             | £000s             | £000s             | £000s             | £000s             |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                             | 2011-12           | 2012-13           | 2013-14           | 2014-15           | 2015-16           |
| <b>DEL Admin Resource</b>   |                   |                   |                   |                   |                   |
| CSR10                       | 485,000           | 451,000           | 421,000           | 392,000           | -                 |
| Main Estimate 2011-12       | (15,989)          | (17,192)          | (16,487)          | (15,817)          | -                 |
| Supp 2011-12                | (53,326)          | 438               | 443               | 448               | -                 |
| Autumn Budget in Supp 11-12 | -                 | (4,000)           | (25,000)          | (42,000)          | -                 |
| Main Estimate 2012-13       | -                 | (23,000)          | -                 | -                 | -                 |
| Supp 2012-13                | -                 | 100               | -                 | -                 | -                 |
| Main Estimate 2013-14       | -                 | -                 | -                 | -                 | -                 |
| SR 2013                     | -                 | -                 | -                 | -                 | 304,835           |
| Supp 2013-14                | -                 | -                 | (1,254)           | (228)             | (138)             |
| Main Estimate 2014-15       | -                 | -                 | -                 | (9,458)           | (11,048)          |
| Supp 2014-15                | -                 | -                 | -                 | (1,987)           | 1,622             |
| Main Estimate 2015-16       | -                 | -                 | -                 | -                 | (2,400)           |
| Supp 2015-16                | -                 | -                 | -                 | -                 | 20,189            |
|                             | <b>415,685</b>    | <b>407,346</b>    | <b>378,702</b>    | <b>322,958</b>    | <b>313,060</b>    |
| <b>DEL Prog Resource</b>    |                   |                   |                   |                   |                   |
| CSR10                       | 50,723,000        | 51,682,000        | 52,519,000        | 53,502,000        | -                 |
| Main Estimate 2011-12       | 105,080           | 264,785           | (247)             | (275)             | -                 |
| Supp 2011-12                | 98,496            | (18,848)          | (20,800)          | 414,800           | -                 |
| Autumn Budget in Supp 11-12 | -                 | 131,800           | 257,600           | 0                 | -                 |
| Main Estimate 2012-13       | -                 | (15,000)          | (37,000)          | (36,000)          | -                 |
| Supp 2012-13                | -                 | (68,459)          | 134,611           | (233,181)         | -                 |
| Main Estimate 2013-14       | -                 | -                 | 33,842            | 298,682           | -                 |
| SR 2013                     | -                 | -                 | -                 | -                 | 53,778,435        |
| Supp 2013-14                | -                 | -                 | (396,095)         | 215,509           | 476,000           |
| Main Estimate 2014-15       | -                 | -                 | -                 | (6,658)           | (8,777)           |
| Supp 2014-15                | -                 | -                 | -                 | (400,538)         | 23,035            |
| Main Estimate 2015-16       | -                 | -                 | -                 | -                 | 156,100           |
| Supp 2015-16                | -                 | -                 | -                 | -                 | (181,063)         |
|                             | <b>50,926,576</b> | <b>51,976,278</b> | <b>52,490,911</b> | <b>53,754,339</b> | <b>54,243,730</b> |
| <b>DEL Total Resource</b>   |                   |                   |                   |                   |                   |
| CSR10                       | 51,208,000        | 52,133,000        | 52,940,000        | 53,894,000        | -                 |
| Main Estimate 2011-12       | 89,091            | 247,593           | (16,734)          | (16,092)          | -                 |
| Supp 2011-12                | 45,170            | (18,410)          | (20,357)          | 415,248           | -                 |
| Autumn Budget in Supp 11-12 | -                 | 127,800           | 232,600           | (42,000)          | -                 |
| Main Estimate 2012-13       | -                 | (38,000)          | (37,000)          | (36,000)          | -                 |
| Supp 2012-13                | -                 | (68,359)          | 134,611           | (233,181)         | -                 |
| Main Estimate 2013-14       | -                 | -                 | 33,842            | 298,682           | -                 |
| SR 2013                     | -                 | -                 | -                 | -                 | 54,083,270        |
| Supp 2013-14                | -                 | -                 | (397,349)         | 215,281           | 475,862           |
| Main Estimate 2014-15       | -                 | -                 | -                 | (16,116)          | (19,825)          |
| Supp 2014-15                | -                 | -                 | -                 | (402,525)         | 24,657            |
| Main Estimate 2015-16       | -                 | -                 | -                 | -                 | 153,700           |
| Supp 2015-16                | -                 | -                 | -                 | -                 | (160,874)         |
|                             | <b>51,342,261</b> | <b>52,383,624</b> | <b>52,869,613</b> | <b>54,077,297</b> | <b>54,556,790</b> |

**Table 7 Changes to control totals (continued)**

|                             | £000s             | £000s             | £000s             | £000s             | £000s             |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>DEL Capital</b>          | <b>2011-12</b>    | <b>2012-13</b>    | <b>2013-14</b>    | <b>2014-15</b>    | <b>2015-16</b>    |
| CSR10                       | 4,932,000         | 4,213,000         | 3,266,000         | 3,378,000         | -                 |
| Main Estimate 2011-12       | 125,856           | -                 | -                 | -                 | -                 |
| Supp 2011-12                | 6,000             | -                 | -                 | 435,000           | -                 |
| Autumn Budget in Supp 11-12 | -                 | 290,000           | 475,000           | -                 | -                 |
| Main Estimate 2012-13       | -                 | 60,000            | (60,000)          | -                 | -                 |
| Supp 2012-13                | -                 | (61,400)          | 301,600           | 755,700           | -                 |
| Main Estimate 2013-14       | -                 | -                 | -                 | -                 | -                 |
| SR 2013                     | -                 | -                 | -                 | -                 | 4,569,000         |
| Supp 2013-14                | -                 | -                 | (1)               | 470,000           | -                 |
| Main Estimate 2014-15       | -                 | -                 | -                 | (8,550)           | -                 |
| Supp 2014-15                | -                 | -                 | -                 | (273,973)         | 275,000           |
| Main Estimate 2015-16       | -                 | -                 | -                 | -                 | (144,000)         |
| Supp 2015-16                | -                 | -                 | -                 | -                 | 185,137           |
|                             | <b>5,063,856</b>  | <b>4,501,600</b>  | <b>3,982,599</b>  | <b>4,756,177</b>  | <b>4,885,137</b>  |
| <b>AME</b>                  | <b>2011-12</b>    | <b>2012-13</b>    | <b>2013-14</b>    | <b>2014-15</b>    | <b>2015-16</b>    |
| CSR10                       | 156,447           | 282,342           | 384,221           | 472,092           | -                 |
| Main Estimate 2011-12       | (27,497)          | (758)             | (658)             | (535)             | -                 |
| Supp 2011-12                | (127,943)         | (287,000)         | (389,000)         | (477,000)         | -                 |
| Autumn Budget in Supp 11-12 | -                 | -                 | -                 | -                 | -                 |
| Main Estimate 2012-13       | -                 | -                 | -                 | -                 | -                 |
| Supp 2012-13                | -                 | 1,076,384         | -                 | -                 | -                 |
| Main Estimate 2013-14       | -                 | -                 | (10,948)          | 1,544             | -                 |
| SR 2013                     | -                 | -                 | -                 | -                 | (18,894)          |
| Supp 2013-14                | -                 | -                 | 258,893           | (460)             | -                 |
| Main Estimate 2014-15       | -                 | -                 | -                 | (14,763)          | 4,304             |
| Supp 2014-15                | -                 | -                 | -                 | 669,335           | -                 |
| Main Estimate 2015-16       | -                 | -                 | -                 | -                 | (5,168)           |
| Supp 2015-16                | -                 | -                 | -                 | -                 | 1,198,876         |
|                             | <b>1,007</b>      | <b>1,070,968</b>  | <b>242,508</b>    | <b>650,213</b>    | <b>1,179,118</b>  |
| <b>Totals</b>               | <b>2011-12</b>    | <b>2012-13</b>    | <b>2013-14</b>    | <b>2014-15</b>    | <b>2015-16</b>    |
| CSR10                       | 56,296,447        | 56,628,342        | 56,590,221        | 57,744,092        | -                 |
| Main Estimate 2011-12       | 187,450           | 246,835           | (17,392)          | (16,627)          | -                 |
| Supp 2011-12                | (76,773)          | (305,410)         | (409,357)         | 373,248           | -                 |
| Autumn Budget in Supp 11-12 | -                 | 417,800           | 707,600           | (42,000)          | -                 |
| Main Estimate 2012-13       | -                 | 22,000            | (97,000)          | (36,000)          | -                 |
| Supp 2012-13                | -                 | 946,626           | 436,211           | 522,519           | -                 |
| Main Estimate 2013-14       | -                 | -                 | 22,894            | 300,226           | -                 |
| SR 2013                     | -                 | -                 | -                 | -                 | 58,633,376        |
| Supp 2013-14                | -                 | -                 | (138,457)         | 684,821           | 475,862           |
| Main Estimate 2014-15       | -                 | -                 | -                 | (39,429)          | (15,521)          |
| Supp 2014-15                | -                 | -                 | -                 | (7,163)           | 299,657           |
| Main Estimate 2015-16       | -                 | -                 | -                 | -                 | 4,532             |
| Supp 2015-16                | -                 | -                 | -                 | -                 | 1,223,139         |
|                             | <b>56,407,124</b> | <b>57,956,193</b> | <b>57,094,720</b> | <b>59,483,687</b> | <b>60,621,045</b> |

## Provisions and Liabilities

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

- early departure cost provision
- retirement compensation provision
- property provision
- Risk Protection Arrangement (RPA) provision
- other provisions.

47. Details of these provisions are provided below.

48. The purpose of the early departure provision is to recognise the department's financial liability to meet the additional costs, of benefits beyond normal Principal Civil Service Pension Scheme (PCSPS) benefits, which are paid to DfE employees who retire early; and compensation payments payable to employees who take early severance.

49. The Retirement Compensation provision was created to cover the department's liability to pay premature retirement compensation to non-departmental staff. The provision currently covers costs relating to the former teaching staff of ex-Grant Maintained Schools and Colleges, and pension payments relating to the staff of former departmental bodies (Schools Council, Training Commission) and other NDPBs.

50. The property provision provides for the future liabilities relating to former property leases which were re-assigned to the Secretary of State on the closure of the relevant programmes. The provision was based on the assumption that the property leases for buildings used by NDPBs would expire in 2015, and the anticipated disposal for the last Training and Enterprise Council property will be in 2016; consequently the provision would not be required after 2016-17. However, this is provision being extended as we have set aside an additional £8 million provision for dilapidations on our current London HQ site which we will vacate in 2017.

51. The Risk Protection Arrangement (RPA) for academy trusts is a new scheme that provides an alternative to insurance where losses that arise are covered by government funds. A new provision has been created to meet future liabilities, in respect of events that occurred in 2015-16, based on an actuarial model of expected claims.

52. Other provisions include various different categories of provisions held by ALBs and former ALBs. This category of provision includes a provision resulting from the finding of a Judicial Review of decisions on promotion and retirement rights of European School Teachers' disputed utilities costs and equal pay claims. The Judicial Review created an obligation for the group to make these payments to European School Teachers. Details of other provisions held by the executive agencies and NDPBs can be found in their individual annual reports and accounts.

## Contingent Liabilities

53. 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 Supplementary Estimate, the department has eight current contingent liabilities. Four contingent liabilities that were reported in the Main Estimate will have expired by 31 March 2016, and these are:

- Kent County Council - £5 million indemnity relating to the Duke of York Royal Military school site
- Redundancy costs - £62,000 for possible costs that arise from Commercial / Educational Procurement Centre staff who have been made redundant, and may seek redress through an Employment Tribunal
- East London University Technical College - up to £466,989 indemnity for lease costs in the event of the termination of the Funding Agreement,
- Tottenham University Technology College - up to £16.5 million indemnity for the lease costs on the site.

54. The following paragraphs provide more details of the eight current individual indemnities and guarantees.

### Statutory contingent liabilities

55. 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

56. 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 to be 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. Parliament was notified on 26 February 2015 that as a result of the increase in the number of academies, the department now estimates the potential liability at £7.3 billion. The potential liability will be reviewed by the end of the financial year. To date the department has not received any claims against these PFI arrangements.

57. The department has provided a £12.5 million guarantee to the Tottenham Hotspur Property Co. Ltd in relation to a commercial lease arrangement for an academy trust site.

58. 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.

59. 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 group 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 current balance for this guarantee will reduce from £330,000 to £168,000 during this financial year.

60. For the purpose of calculating employee contributions, the Local Government Pension Scheme (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 £6.5 million in 2014-15 to £8.5 million. 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.
61. CET Westminster Free School, a free school project, 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.
62. 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 £2.5 million.

### **Departmental Accounting Officer**

63. This Memorandum has been prepared with reference to the guidance in the Estimate Manual provided by HM Treasury and available on the House of Commons and Scrutiny Unit website.
64. The Departmental Accounting Officer has personal responsibility for the content of the memorandum, and formal approval of the memorandum has therefore been obtained prior to submission to the Select Committee.

## Annex A Control Totals – Summary of Changes

| Control Budget  | Resource        |                |               |                |                      |            |                 |                 | Capital        |               |          |            |                      |                 |                | 2014-15 Budgets  |                 | 2013-14 Outturn |                 |                |
|---|-----------------|----------------|---------------|----------------|----------------------|------------|-----------------|-----------------|----------------|---------------|----------|------------|----------------------|-----------------|----------------|------------------|-----------------|-----------------|-----------------|----------------|
|   | Main Estimate   | Line Movement  | DUP           | AME            | Transfers with OGD's | Re-classes | Budget Exchange | Resource Total  | Main Estimate  | Line Movement | DUP      | Re-classes | Transfers with OGD's | Budget Exchange | Capital Total  | Department Total | Resource        | Capital         | Resource        | Capital        |
| Estimate Line   | £m              | £m             | £m            | £m             | £m                   | £m         | £m              | £m              | £m             | £m            | £m       | £m         | £m                   | £m              | £m             | £m               | £m              | £m              | £m              | £m             |
| <b>Administration</b>   |                 |                |               |                |                      |            |                 |                 |                |               |          |            |                      |                 |                |                  |                 |                 |                 |                |
| A Activities to Support all Functions                             | 200.5           | (6.9)          | 9.3           | -              | 4.1                  | -          | -               | 207.0           | -              | -             | -        | -          | -                    | -               | -              | 207.0            | 221.8           | -               | 240.3           | -              |
| E Children's Services and Departmental Strategy (ALB)             | 1.8             | -              | -             | -              | 15.3                 | -          | -               | 17.2            | -              | -             | -        | -          | -                    | -               | -              | 17.2             | 1.8             | -               | 12.2            | -              |
| F Standards and Testing Agency                                    | 5.7             | (2.7)          | 1.0           | -              | -                    | -          | -               | 4.0             | -              | -             | -        | -          | -                    | -               | -              | 4.0              | 5.7             | -               | 5.6             | -              |
| G National College for Teaching and Leadership                    | 15.6            | (4.0)          | 1.4           | -              | -                    | -          | -               | 13.0            | -              | -             | -        | -          | -                    | -               | -              | 13.0             | 18.5            | -               | 21.4            | -              |
| H Education Funding Agency (Excluding Academies)                  | 69.2            | 0.8            | 1.8           | -              | -                    | -          | -               | 71.9            | -              | -             | -        | -          | -                    | -               | -              | 71.9             | 75.1            | -               | 80.4            | -              |
| <b>Administration Total</b>                                       | <b>292.9</b>    | <b>(12.7)</b>  | <b>13.5</b>   | <b>-</b>       | <b>19.4</b>          | <b>-</b>   | <b>-</b>        | <b>313.1</b>    | <b>-</b>       | <b>-</b>      | <b>-</b> | <b>-</b>   | <b>-</b>             | <b>-</b>        | <b>313.1</b>   | <b>322.96</b>    | <b>-</b>        | <b>359.9</b>    | <b>-</b>        | <b>-</b>       |
| <b>Programme</b>  |                 |                |               |                |                      |            |                 |                 |                |               |          |            |                      |                 |                |                  |                 |                 |                 |                |
| A Activities to Support all Functions                             | 29.7            | 9.8            | 0.5           | -              | (0.2)                | -          | -               | 39.7            | 13.8           | 7.0           | -        | -          | -                    | -               | 20.8           | 60.6             | 33.8            | 15.1            | 33.4            | 2.4            |
| B School Infrastructure and Funding of Education (Department)     | 155.7           | 8.0            | (2.6)         | -              | -                    | -          | -               | 161.0           | 2.5            | -             | -        | -          | -                    | -               | 2.5            | 163.5            | 151.8           | 14.8            | 128.1           | (4.9)          |
| C Education Standards, Curriculum and Qualifications (Department) | 357.2           | (160.8)        | (30.4)        | -              | (6.0)                | -          | -               | 160.0           | -              | -             | -        | -          | -                    | -               | -              | 160.0            | 219.7           | -               | 174.0           | -              |
| D Children's Services and Departmental Strategy (Department)*     | 324.1           | (2.5)          | (1.2)         | -              | 11.5                 | -          | -               | 331.9           | -              | -             | -        | -          | -                    | -               | -              | 331.9            | 356.7           | -               | 296.2           | (0.2)          |
| E Children's Services and Departmental Strategy (ALB)*            | 1.1             | -              | -             | -              | 6.8                  | -          | -               | 7.8             | -              | -             | -        | -          | 0.4                  | -               | 0.4            | 8.2              | 1.1             | -               | 119.0           | 1.9            |
| F Standards and Testing Agency                                    | 47.2            | 2.7            | (2.6)         | -              | -                    | -          | -               | 47.3            | -              | -             | -        | -          | -                    | -               | -              | 47.3             | 39.7            | -               | 36.7            | -              |
| G National College for Teaching and Leadership                    | 435.8           | 21.7           | (59.1)        | -              | -                    | -          | -               | 398.4           | -              | -             | -        | -          | -                    | -               | -              | 398.4            | 384.3           | -               | 375.7           | -              |
| H Education Funding Agency (Excluding Academies)                  | 36,618.8        | 12.3           | 111.2         | -              | (23.3)               | -          | -               | 36,719.0        | 4,115.3        | (44.9)        | -        | -          | -                    | -               | 4,070.4        | 40,789.3         | 37,733.6        | 4,204.0         | 37,871.1        | 2,893.7        |
| I Academies (Net)   | 16,455.3        | (43.7)         | (33.1)        | -              | -                    | -          | -               | 16,378.5        | 568.4          | 222.7         | -        | -          | -                    | -               | 791.1          | 17,169.5         | 14,833.5        | 522.2           | 12,619.3        | 712.5          |
| <b>Programme Total</b>  | <b>54,424.8</b> | <b>(152.6)</b> | <b>(17.3)</b> | <b>-</b>       | <b>(11.2)</b>        | <b>-</b>   | <b>-</b>        | <b>54,243.7</b> | <b>4,700.0</b> | <b>184.8</b>  | <b>-</b> | <b>-</b>   | <b>0.4</b>           | <b>-</b>        | <b>4,885.1</b> | <b>59,128.9</b>  | <b>53,754.3</b> | <b>4,756.2</b>  | <b>51,653.5</b> | <b>3,605.4</b> |
| <b>Total DEL</b>  | <b>54,717.7</b> | <b>(165.3)</b> | <b>-</b>      | <b>-</b>       | <b>8.2</b>           | <b>-</b>   | <b>-</b>        | <b>54,556.8</b> | <b>4,700.0</b> | <b>184.8</b>  | <b>-</b> | <b>-</b>   | <b>0.4</b>           | <b>-</b>        | <b>4,885.1</b> | <b>59,441.9</b>  | <b>54,077.2</b> | <b>4,756.2</b>  | <b>52,013.4</b> | <b>3,605.4</b> |
| J Activities to Support all Functions                             | (19.5)          | (9.8)          | -             | 33.1           | -                    | -          | -               | 3.9             | -              | -             | -        | -          | -                    | -               | -              | 3.9              | (12.3)          | -               | (9.8)           | -              |
| K Activities to Support all Functions (EA's)                      | (0.3)           | -              | -             | 0.0            | -                    | -          | -               | (0.3)           | -              | -             | -        | -          | -                    | -               | -              | (0.3)            | 5.5             | -               | (0.8)           | -              |
| L Academies (Net)   | -               | -              | -             | 1,175.5        | -                    | -          | -               | 1,175.50        | -              | -             | -        | -          | -                    | -               | -              | 1,175.5          | 657.0           | -               | 412.5           | -              |
| <b>AME Total</b>  | <b>(19.8)</b>   | <b>(9.8)</b>   | <b>-</b>      | <b>1,208.6</b> | <b>-</b>             | <b>-</b>   | <b>-</b>        | <b>1,179.1</b>  | <b>-</b>       | <b>-</b>      | <b>-</b> | <b>-</b>   | <b>-</b>             | <b>-</b>        | <b>1,179.1</b> | <b>650.2</b>     | <b>-</b>        | <b>401.9</b>    | <b>-</b>        | <b>-</b>       |
| <b>Grand Total</b>  | <b>54,697.9</b> | <b>(175.0)</b> | <b>-</b>      | <b>1,208.6</b> | <b>8.2</b>           | <b>-</b>   | <b>-</b>        | <b>55,735.9</b> | <b>4,700.0</b> | <b>184.8</b>  | <b>-</b> | <b>-</b>   | <b>0.4</b>           | <b>-</b>        | <b>4,885.1</b> | <b>60,621.0</b>  | <b>54,727.4</b> | <b>4,756.2</b>  | <b>52,415.3</b> | <b>3,605.4</b> |

The DUP is the Departmental Unallocated Provision, the mechanism the department uses to collate savings before redistribution to priority areas, or to be returned to HM Treasury

## Annex B Detailed breakdown of changes to expenditure

| Section / Expenditure   | 2015-16 Main Estimate Budgets<br>(£m) | 2015-16 Supplementary Estimate Budgets<br>(£m) | Increase / (Decrease)<br>(£m) | 2014-15 Budgets | 2013-14 Outturn<br>(£m) |
|---|---------------------------------------|--|-------------------------------|-----------------|-------------------------|
| <b>Departmental Expenditure Limit</b>                                     |                                       |  |                               |                 |                         |
| <b>A. Activities to Support all Functions</b>                             | <b>244.1</b>                          | <b>267.6</b>                                   | <b>23.5</b>                   | <b>270.8</b>    | <b>276.1</b>            |
| Administration  | 200.5                                 | 207.0  | 6.5                           | 221.8           | 240.3                   |
| Capital   | 13.8                                  | 20.8   | 7.0                           | 15.1            | 2.4                     |
| Other Resource  | 29.7                                  | 39.7   | 10.0                          | 33.8            | 33.4                    |
| <b>B. School Infrastructure and Funding of Education (Department)</b>     | <b>158.2</b>                          | <b>163.5</b>                                   | <b>5.4</b>                    | <b>166.6</b>    | <b>123.1</b>            |
| Resource  | 155.7                                 | 161.0  | 5.4                           | 151.8           | 128.1                   |
| Capital   | 2.5                                   | 2.5  | 0.0                           | 14.8            | (5.0)                   |
| <b>C. Education Standards, Curriculum and Qualifications (Department)</b> | <b>357.2</b>                          | <b>160.0</b>                                   | <b>(197.2)</b>                | <b>219.7</b>    | <b>174.0</b>            |
| Programme   | 357.2                                 | 160.0  | (197.2)                       | 219.7           | 174.0                   |
| <b>D. Children's Services and Departmental Strategy (Department)</b>      | <b>324.1</b>                          | <b>331.9</b>                                   | <b>7.9</b>                    | <b>356.7</b>    | <b>296.2</b>            |
| Programme   | 324.1                                 | 331.9  | 7.9                           | 356.7           | 296.2                   |
| <b>E. Children's Services and Departmental Strategy (ALB) (Net)*</b>      | <b>2.9</b>                            | <b>25.4</b>                                    | <b>22.5</b>                   | <b>2.9</b>      | <b>133.1</b>            |
| Administration  | 1.8                                   | 17.2   | 15.3                          | 1.84            | 12.2                    |
| Programme   | 1.1                                   | 7.8  | 6.8                           | 1.08            | 119.0                   |
| Capital   | -                                     | 0.4  | 0.4                           | -               | 1.9                     |
| <b>F. Standards and Testing Agency</b>                                    | <b>52.8</b>                           | <b>51.3</b>                                    | <b>(1.5)</b>                  | <b>45.4</b>     | <b>42.3</b>             |
| Administration  | 5.7                                   | 4.0  | (1.7)                         | 5.7             | 5.6                     |
| Programmes  | 47.2                                  | 47.3   | 0.1                           | 39.7            | 36.7                    |
| <b>G. National College for Teaching and Leadership</b>                    | <b>451.5</b>                          | <b>411.4</b>                                   | <b>(40.1)</b>                 | <b>402.8</b>    | <b>397.1</b>            |
| Administration  | 15.6                                  | 13.0   | (2.6)                         | 18.5            | 21.4                    |
| Programmes  | 435.8                                 | 398.4  | (37.3)                        | 384.3           | 375.7                   |

\*The outturn is taken from the 2013-14 Consolidated Annual Report and Accounts and includes outturn for the Childrens And Family Court Advisory and Support Service, which transferred to the Ministry of Justice on 1 April 2014.

**Annex B Detailed breakdown of changes to expenditure (continued)**

| Section / Expenditure  | 2015-16 Main Estimate Budgets<br>(£m) | 2015-16 Supplementary Estimate Budgets<br>(£m) | Increase / (Decrease)<br>(£m) | 2014-15 Budget<br>(£m) | 2013-14 Outturn<br>(£m) |
|--|---------------------------------------|--|-------------------------------|------------------------|-------------------------|
| <b>Departmental Expenditure Limit continued</b>                    |                                       |  |                               |                        |                         |
| <b>H. Education Funding Agency (Excluding Academies)</b>           | <b>40,803.3</b>                       | <b>40,861.2</b>                                | <b>57.9</b>                   | <b>42,012.7</b>        | <b>40,845.1</b>         |
| Administration   | 69.2                                  | 71.9   | 2.7                           | 75.1                   | 80.4                    |
| Programmes   | 36,618.8                              | 36,719.0                                       | 100.2                         | 37,733.6               | 37,871.1                |
| <i>Of which:</i>   |                                       |  |                               |                        |                         |
| <i>Dedicated Schools Grant</i>                                     | 27,183.0                              | 27,569.7                                       | 386.7                         | 27,755.0               |                         |
| <i>Foundation Learning</i>   | 3,853.8                               | 3,787.4  | (66.4)                        | 4,628.8                |                         |
| <i>Maintained Sixth Forms</i>                                      | 821.0                                 | 743.4  | (77.6)                        | 991.0                  |                         |
| <i>Pupil Premium</i>   | 1,843.0                               | 1,669.6  | (173.4)                       | 1,900.0                |                         |
| <i>Apprenticeships</i>   | 779.0                                 | 736.1  | (42.9)                        | 781.6                  |                         |
| <i>Educational Services Grant</i>                                  | 566.0                                 | 558.0  | (8.0)                         | 711.0                  |                         |
| <i>Other</i>   | 1,573.00                              | 1,654.8  | 81.8                          | 966.2                  |                         |
| Capital  | 4,115.3                               | 4,070.4  | (44.9)                        | 4,204.0                | 2,893.6                 |
| <i>Of which:</i>   |                                       |  |                               |                        |                         |
| <i>Devolved</i>  | 1,933.0                               | 2,007.5  | 74.5                          | 2,230.0                |                         |
| <i>Targeted</i>  | 2,156.6                               | 1,967.1  | (189.5)                       | 2,060.6                |                         |
| <i>Building Schools for the Future</i>                             | 20.0                                  | 10.5   | (9.5)                         | 95.0                   |                         |
| <i>Other</i>   | 5.8                                   | 85.2   | 79.4                          | (181.6)                |                         |
| <b>I. Education Funding Agency - Academies (Net)</b>               | <b>17,023.6</b>                       | <b>17,169.5</b>                                | <b>145.9</b>                  | <b>15,355.7</b>        | <b>13,331.8</b>         |
| Programme  | 16,455.3                              | 16,378.5                                       | (76.9)                        | 14,833.5               | 12,619.3                |
| Capital  | 568.4                                 | 791.1  | 222.7                         | 522.2                  | 712.5                   |
| <b>Total Departmental Expenditure Limit</b>                        | <b>59,417.7</b>                       | <b>59,441.9</b>                                | <b>24.3</b>                   | <b>58,833.5</b>        | <b>55,618.8</b>         |
| <b>Annually Managed Expenditure</b>                                |                                       |  |                               |                        |                         |
| <b>J. Activities to Support all Functions</b>                      | <b>(19.5)</b>                         | <b>3.9</b>                                     | <b>23.4</b>                   | <b>(12.3)</b>          | <b>(9.8)</b>            |
| Provisions   | (19.5)                                | 3.9  | 23.4                          | (12.3)                 | (9.8)                   |
| <b>K. Activities to Support all Functions (Executive Agencies)</b> | <b>(0.3)</b>                          | <b>(0.3)</b>                                   | <b>0.0</b>                    | <b>5.5</b>             | <b>(0.8)</b>            |
| Provisions   | (0.3)                                 | (0.3)  | 0.0                           | 5.5                    | (0.8)                   |
| <b>Activities to Support all Functions (NDPBs)</b>                 |                                       |  |                               |                        | <b>7.1</b>              |
| Provisions   | -                                     | -  | -                             |                        | 7.0                     |
| <b>L. Academies (Net)</b>  | <b>-</b>                              | <b>1,175.5</b>                                 | <b>1,175.5</b>                | <b>657.0</b>           | <b>412.6</b>            |
| Provisions, Pensions & Depreciation                                | -                                     | 1,175.5  | 1,175.5                       | 657.0                  | 412.6                   |
| <b>Annually Managed Expenditure</b>                                | <b>(19.8)</b>                         | <b>1,179.1</b>                                 | <b>1,198.9</b>                | <b>650.2</b>           | <b>409.1</b>            |

## Annex C Changes to control totals since Spending Review 2013

This table shows the history of the changes made to the main control totals for 2015-16, as implemented in successive fiscal events (eg Spending reviews, Budgets etc) and successive Main Estimate and Supplementary Estimate rounds.

| Changes to 2015-16 control totals since Spending Review 2013 | 2015-16        |                   |                    |                  |                 |
|--|----------------|-------------------|--------------------|------------------|-----------------|
|  | Admin<br>£000  | Programme<br>£000 | Total RDEL<br>£000 | Capital<br>£000  | AME<br>£000     |
| <b>Spending Review 2013</b>                                  | <b>304,835</b> | <b>53,778,435</b> | <b>54,083,270</b>  | <b>4,569,000</b> | <b>(18,894)</b> |
| <i>of which:</i>   |                |                   |                    |                  |                 |
| Depreciation Ring Fence                                      | 24,000         | 1,049,387         | 1,073,387          | -                | -               |
| Pupil Premium Ring Fence                                     | -              | 2,545,000         | 2,545,000          | -                | -               |
| Non Ring-Fenced  | 280,835        | 50,184,048        | 50,464,883         | 4,569,000        | (18,894)        |
| <b>2015-16 Control Total at Spending Review 2013</b>         | <b>304,835</b> | <b>53,778,435</b> | <b>54,083,270</b>  | <b>4,569,000</b> | <b>(18,894)</b> |

| <b>Changes in Main Estimate 2012-13</b>               |                |                   |                   |                  |               |
|---|----------------|-------------------|-------------------|------------------|---------------|
| <b>Budget Cover Transfers</b>                         |                |                   |                   |                  |               |
| To Ministry of Justice for Youth Justice Board        | -              | (36,000)          | (36,000)          | -                | -             |
| From DCMS for Basic Needs                             | -              | 0                 | 0                 | -                | -             |
| To DCMS from Basic Needs                              | -              | 0                 | 0                 | -                | -             |
| <b>Total Net Changes</b>                              | <b>-</b>       | <b>(36,000)</b>   | <b>(36,000)</b>   | <b>-</b>         | <b>-</b>      |
| <b>2015-15 Control Total at Main Estimate 2012-13</b> | <b>334,631</b> | <b>53,880,525</b> | <b>54,215,156</b> | <b>3,813,000</b> | <b>-5,443</b> |
| <i>of which:</i>                                      |                |                   |                   |                  |               |
| Depreciation Ring Fence                               | 20,000         | 6,586             | 26,586            | -                | -             |
| Overseas Development Ring Fence                       | -              | 3,000             | 3,000             | -                | -             |
| Pupil Premium Ring Fence                              | -              | 2,500,000         | 2,500,000         | -                | -             |
| Non Ring-Fenced                                       | 314,631        | 51,370,939        | 51,685,570        | 3,813,000        | -5,443        |
| <b>2015-15 Control Total at Main Estimate 2012-13</b> | <b>334,631</b> | <b>53,880,525</b> | <b>54,215,156</b> | <b>3,813,000</b> | <b>-5,443</b> |

| <b>Changes in Supplementary 2012-13</b>  |          |                 |                  |                |          |
|--|----------|-----------------|------------------|----------------|----------|
| <b>Budget Cover Transfers</b>            |          |                 |                  |                |          |
| Transfer to CO National Citizens Service | -        | (140,000)       | (140,000)        | -              | -        |
| Transfer to BIS Estates (CSR10 Error)    | -        | (2,800)         | (2,800)          | -              | -        |
| Transfer to OFSTED Thematic Surveys      | -        | (361)           | (361)            | -              | -        |
| Transfer to DFID for ODA                 | -        | (3,000)         | (3,000)          | -              | -        |
| Transfer from BIS ISPs                   | -        | -               | -                | 7,500          | -        |
| Transfer to MOD Cadet Funding            | -        | (900)           | (900)            | (1,700)        | -        |
| <b>Autumn Statement</b>                  |          |                 |                  |                |          |
| <i>Of which:</i>                         |          |                 |                  |                |          |
| Resource Budget Savings                  | -        | (306,120)       | (306,120)        | 0              | -        |
| Basic Need                               | -        | -               | -                | 592,900        | -        |
| Schools Maintenance                      | -        | -               | -                | 157,000        | -        |
| <b>Budget Exchange</b>                   | <b>-</b> | <b>220,000</b>  | <b>220,000</b>   | <b>-</b>       | <b>-</b> |
| <b>Total Net Changes</b>                 | <b>-</b> | <b>-233,181</b> | <b>(233,181)</b> | <b>755,700</b> | <b>-</b> |

|   |                |                   |                   |                  |               |
|---|----------------|-------------------|-------------------|------------------|---------------|
| <b>2015-16 Control Totals at Supplementary Estimate 2012-13</b> | <b>334,631</b> | <b>53,647,344</b> | <b>53,981,975</b> | <b>4,568,700</b> | <b>-5,443</b> |
| <i>of which:</i>  |                |                   |                   |                  |               |
| Depreciation Ring Fence   | 20,000         | 6,586             | 26,586            | -                | -             |
| Pupil Premium Ring Fence  | -              | 2,500,000         | 2,500,000         | -                | -             |
| Non Ring-Fenced   | 314,631        | 51,140,758        | 51,455,389        | 4,568,700        | -5,443        |
| <b>2015-16 Control Totals at Supplementary Estimate 2012-13</b> | <b>334,631</b> | <b>53,647,344</b> | <b>53,981,975</b> | <b>4,568,700</b> | <b>-5,443</b> |

| <b>Main Estimate 2013-14 Changes affecting 2015-16</b> |                |                   |                   |                  |                |
|--|----------------|-------------------|-------------------|------------------|----------------|
| <b>Transfers</b>                                       |                |                   |                   |                  |                |
| Transfer to CLG (EIG)                                  | -              | (1,600,026)       | (1,600,026)       | -                | -              |
| Transfer from CLG LACSEG                               | -              | 1,028,806         | 1,028,806         | -                | -              |
| Transfer from DWP Early Intervention Foundation        | -              | 500               | 500               | -                | -              |
| Transfer to BIS Career Helpline                        | -              | (4,695)           | (4,695)           | -                | -              |
| Academy Depreciation                                   | -              | 1,025,000         | 1,025,000         | -                | -              |
| Budget Reduction                                       | -              | (150,903)         | (150,903)         | -                | -              |
| <b>AME</b>   | <b>-</b>       | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>       |
| Provision Utilisation changes                          | -              | -                 | -                 | -                | 1,544          |
| <b>Total Net Changes</b>                               | <b>-</b>       | <b>298,682</b>    | <b>298,682</b>    | <b>-</b>         | <b>1,544</b>   |
| <b>2015-16 Control Totals at Main Estimate 2013-14</b> | <b>334,631</b> | <b>53,946,026</b> | <b>54,280,657</b> | <b>4,568,700</b> | <b>(3,899)</b> |
| <i>of which:</i>                                       |                |                   |                   |                  |                |
| Depreciation Ring Fence                                | 20,000         | 1,031,586         | 1,051,586         | -                | -              |
| Pupil Premium Ring Fence                               | -              | 2,500,000         | 2,500,000         | -                | -              |
| Non Ring-Fenced  | 314,631        | 50,414,440        | 50,729,071        | 4,568,700        | (3,899)        |
| <b>2015-16 Control Totals at Main Estimate 2013-14</b> | <b>334,631</b> | <b>53,946,026</b> | <b>54,280,657</b> | <b>4,568,700</b> | <b>(3,899)</b> |

**Annex C Changes to control totals since Spending Review 2013 (continued)**

| Changes to 2015-16 control totals since Spending Review 2013 | 2015-16       |                   |                    |                 |             |
|--|---------------|-------------------|--------------------|-----------------|-------------|
|  | Admin<br>£000 | Programme<br>£000 | Total RDEL<br>£000 | Capital<br>£000 | AME<br>£000 |
| <b>Supplementary Estimate 2013-14 Changes</b>                |               |                   |                    |                 |             |
| <b>Transfers</b>   |               |                   |                    |                 |             |
| Transfer to DCMS - Child Internet Safety                     | (138)         | -                 | (138)              | -               | -           |
| BIS - ERASMUS  | -             | (3,000)           | (3,000)            | -               | -           |
| <b>Autumn Statement</b>                                      |               |                   |                    |                 |             |
| Of which:  |               |                   |                    |                 |             |
| Unprotected Resource back to Treasury                        | -             | (156,000)         | (156,000)          | -               | -           |
| Free School Meals - Infant                                   | -             | 590,000           | 590,000            | -               | -           |
| Free School Meals - 6th Forms                                | -             | 45,000            | 45,000             | -               | -           |
| <b>Total Net Changes</b>                                     | <b>(138)</b>  | <b>476,000</b>    | <b>475,862</b>     | <b>-</b>        | <b>-</b>    |

|   |                |                   |                   |                  |                 |
|---|----------------|-------------------|-------------------|------------------|-----------------|
| <b>2015-16 Control Totals at Supplementary Estimate 2013-14</b> | <b>280,697</b> | <b>50,660,048</b> | <b>50,940,745</b> | <b>4,569,000</b> | <b>(18,894)</b> |
| of which:   |                |                   |                   |                  |                 |
| Depreciation Ring Fence   | 24,000         | 1,049,387         | 1,073,387         | -                | -               |
| Free School Meals Ring Fence                                    | -              | 635,000           | 635,000           | -                | -               |
| Pupil Premium Ring Fence  | -              | 2,545,000         | 2,545,000         | -                | -               |
| Non Ring-Fenced   | 280,697        | 50,025,048        | 50,305,745        | 4,569,000        | (18,894)        |
| <b>2015-16 Control Totals at Supplementary Estimate 2013-14</b> | <b>304,697</b> | <b>54,254,435</b> | <b>54,559,132</b> | <b>4,569,000</b> | <b>(18,894)</b> |

| <b>Main Estimate 2014-15 Changes to 2015-16</b> |                 |                |                 |          |              |
|---|-----------------|----------------|-----------------|----------|--------------|
| <b>Transfers</b>                                |                 |                |                 |          |              |
| MOG CAF/CASS to MoJ                             | (10,958)        | (107,900)      | (118,858)       | -        | -            |
| MOG Contact to MoJ                              | -               | (6,500)        | (6,500)         | -        | -            |
| MOG Erasmus to BIS                              | (90)            | -              | (90)            | -        | -            |
| MOG from OFSTED ORCD                            | -               | 623            | 623             | -        | -            |
| <b>Budget Measures</b>                          |                 |                |                 |          |              |
| Apprenticeships                                 | -               | 55,000         | 55,000          | -        | -            |
| Pupil Premium                                   | -               | 50,000         | 50,000          | -        | -            |
| <b>AME</b>                                      |                 |                |                 |          |              |
| AME Provisions                                  | -               | -              | -               | -        | 4,304        |
| <b>Total Net Changes</b>                        | <b>(11,048)</b> | <b>(8,777)</b> | <b>(19,825)</b> | <b>-</b> | <b>4,304</b> |

|  |                |                   |                   |                  |                 |
|--|----------------|-------------------|-------------------|------------------|-----------------|
| <b>2015-16 Control Totals at Main Estimate 2014-15</b> | <b>293,649</b> | <b>54,245,658</b> | <b>54,539,307</b> | <b>4,569,000</b> | <b>(14,590)</b> |
| of which:  |                |                   |                   |                  |                 |
| Depreciation Ring Fence                                | 23,434         | 1,049,387         | 1,072,821         | -                | -               |
| Free School Meals Ring Fence                           | -              | 635,000           | 635,000           | -                | -               |
| Age Apprenticeships Grants for Employers               | -              | 55,000            | 55,000            | -                | -               |
| Pupil Premium Ring Fence                               | -              | 2,595,000         | 2,595,000         | -                | -               |
| Non Ring-Fenced  | 270,215        | 49,911,271        | 50,181,486        | 4,569,000        | (14,590)        |
| <b>2015-16 Control Totals at Main Estimate 2014-15</b> | <b>293,649</b> | <b>54,245,658</b> | <b>54,539,307</b> | <b>4,569,000</b> | <b>(14,590)</b> |

| <b>Supplementary Estimate 2014-15 Changes to 2015-16</b> | <b>Admin</b> | <b>Prog</b>   | <b>Total</b>  | <b>CDEL</b>    | <b>AME</b> |
|--|--------------|---------------|---------------|----------------|------------|
| <b>Transfers</b>   |              |               |               |                |            |
| MOG to DCMS - Booktrust project                          | -            | (5,400)       | (5,400)       | -              | -          |
| MOG to DWP - Relationship Support                        | -            | (4,500)       | (4,500)       | -              | -          |
| MOG to DWP - Relationship Support                        | (33)         | -             | (33)          | -              | -          |
| MOG to MoJ - Contact Centres                             | -            | (65)          | (65)          | -              | -          |
| MOG to MoJ - Contact Centres                             | (131)        | -             | (131)         | -              | -          |
| <b>Reclassification</b>                                  |              |               |               |                |            |
| RPA admin costs  | -            | -             | -             | -              | -          |
| <b>Increase in Budget</b>                                |              |               |               |                |            |
| Autumn Statement VAT baseline adj                        | (914)        | -             | (914)         | -              | -          |
| Autumn Statement Early Years intervention                | -            | 3,000         | 3,000         | -              | -          |
| Autumn Statement Careers                                 | -            | 20,000        | 20,000        | -              | -          |
| Autumn Statement Character                               | -            | 10,000        | 10,000        | -              | -          |
| <b>Budget Exchange</b>                                   | <b>2,700</b> | <b>-</b>      | <b>2,700</b>  | <b>275,000</b> | <b>-</b>   |
| <b>Total Net Changes</b>                                 | <b>1,622</b> | <b>23,035</b> | <b>24,657</b> | <b>275,000</b> | <b>-</b>   |

**Annex C Changes to control totals since Spending Review 2013 (Continued)**

| Changes to 2015-16 control totals since Spending Review 2013    | 2015-16        |                   |                    |                  |                 |
|---|----------------|-------------------|--------------------|------------------|-----------------|
|   | Admin<br>£000  | Programme<br>£000 | Total RDEL<br>£000 | Capital<br>£000  | AME<br>£000     |
| <b>2015-16 Control Totals at Supplementary Estimate 2014-15</b> | <b>295,271</b> | <b>54,268,693</b> | <b>54,563,964</b>  | <b>4,844,000</b> | <b>(14,590)</b> |
| <i>of which:</i>  |                |                   |                    |                  |                 |
| Depreciation Ring Fence   | 23,434         | 1,049,387         | 1,072,821          | -                | -               |
| Free School Meals Ring Fence                                    | -              | -                 | -                  | -                | -               |
| Age Apprenticeships Grants for Employers                        | -              | -                 | -                  | -                | -               |
| Youth Contract  | -              | -                 | -                  | -                | -               |
| Pupil Premium Ring Fence  | -              | -                 | -                  | -                | -               |
| Non Ring-Fenced   | 271,837        | 53,219,306        | 53,491,143         | 4,844,000        | (14,590)        |
| <b>2015-16 Control Totals at Supplementary Estimate 2014-15</b> | <b>295,271</b> | <b>54,268,693</b> | <b>54,563,964</b>  | <b>4,844,000</b> | <b>(14,590)</b> |

| <b>Main Estimate 2015-16 Changes</b>                            |                |                |                |                  |                |
|---|----------------|----------------|----------------|------------------|----------------|
| <b>Transfers</b>  |                |                |                |                  |                |
| BCT to DCLG for Troubled Families                               | -              | (10,000)       | (10,000)       | -                | -              |
| BCT to Cabinet Office for Kids Club                             | -              | (1,000)        | (1,000)        | -                | -              |
| Transfer depreciation to OfSTED                                 | -              | (1,300)        | (1,300)        | -                | -              |
| <b>Budget Statement</b>   |                |                |                |                  |                |
| Additional funding for UIFSM                                    | -              | 10,000         | 10,000         | 10,000           | -              |
| Depreciation ringfence  | -              | 156,000        | 156,000        | -                | -              |
| <b>Reclassification</b>   |                |                |                |                  |                |
| Reclassification of delivery related admin budgets to programme | (2,400)        | 2,400          | -              | -                | -              |
| <b>In-Year Savings Exercise</b>                                 |                |                |                |                  |                |
| Reduction in Capital DEL budget                                 | -              | -              | -              | (154,000)        | -              |
| <b>AME</b>  |                |                |                |                  |                |
| Additional utilisation of provisions                            | -              | -              | -              | -                | (5,168)        |
| <b>Total Net Changes</b>  | <b>(2,400)</b> | <b>156,100</b> | <b>153,700</b> | <b>(144,000)</b> | <b>(5,168)</b> |

| <b>Control Totals Main Estimate 2015-16</b> |                |                   |                   |                  |                 |
|---|----------------|-------------------|-------------------|------------------|-----------------|
| <b>2015-16 Control Totals</b>               | <b>292,871</b> | <b>54,424,793</b> | <b>54,717,664</b> | <b>4,700,000</b> | <b>(19,758)</b> |
| <i>of which:</i>                            |                |                   |                   |                  |                 |
| Depreciation Ring Fence                     | 23,434         | 1,204,087         | 1,227,521         | -                | -               |
| Pupil Premium                               | -              | 2,595,000         | 2,595,000         | -                | -               |
| Free School Meals                           | -              | 635,000           | 635,000           | -                | -               |
| Age Apprenticeships                         | -              | 55,000            | 55,000            | -                | -               |
| Non Ring-Fenced                             | 269,437        | 49,935,706        | 50,205,143        | 4,700,000        | (19,758)        |
| <b>2015-16 Control Totals</b>               | <b>292,871</b> | <b>54,424,793</b> | <b>54,717,664</b> | <b>4,700,000</b> | <b>(19,758)</b> |

**Annex C Changes to control totals since Spending Review 2013 (Continued)**

| Changes to 2015-16 control totals since Spending Review 2013 | 2015-16        |                   |                    |                  |                  |
|--|----------------|-------------------|--------------------|------------------|------------------|
|  | Admin<br>£000  | Programme<br>£000 | Total RDEL<br>£000 | Capital<br>£000  | AME<br>£000      |
| Supplementary Estimate 2015-16 Changes                       | Admin          | Prog              | Total              | CDEL             | AME              |
| <b>Spring Budget Statement</b>                               |                |                   |                    |                  |                  |
| Adoption Reform  |                | 15,000            | 15,000             |                  |                  |
| <b>In Year savings exercise</b>                              |                | 5,500             | 5,500              | (5,500)          |                  |
| <b>Transfers In</b>  |                |                   |                    |                  |                  |
| Transfer from DCMS for GEO and EHRC                          | 19,590         | 18,293            | 37,883             | 387              |                  |
| Transfer from BIS - 19+ Continuous Learners                  |                | 5,152             | 5,152              |                  |                  |
| <b>Transfers Out</b>   |                |                   |                    |                  |                  |
| Transfer Out to HMT - Financial Leadership Programme         | (25)           |                   | (25)               |                  |                  |
| Transfer Out to HMT - FM Review                              | (75)           |                   | (75)               |                  |                  |
| Transfer Out to DoH - Schools Fruit and Vegetable Scheme     |                | (28,000)          | (28,000)           |                  |                  |
| Transfer Out to MOJ - Children and Young People in custody   |                | (500)             | (500)              |                  |                  |
| Transfer Out to Ofqual                                       |                | (6,185)           | (6,185)            |                  |                  |
| <b>AME</b>   |                |                   |                    |                  |                  |
| Academies non-cash costs                                     |                |                   | -                  |                  | 1,175,500        |
| RPA net movement in provisions                               |                |                   | -                  |                  | 13,079           |
| Early Departure Cost - net provision movements               |                |                   | -                  |                  | 2,297            |
| Property - net provision movements                           |                |                   | -                  |                  | 8,000            |
| <b>Budget Switch RDEL to CDEL</b>                            |                | (190,250)         | (190,250)          | 190,250          |                  |
| <b>Other Adjustments</b>                                     |                |                   |                    |                  |                  |
| Cash Management rebate                                       | 798            |                   | 798                |                  |                  |
| Reduction in OCC baseline                                    | (99)           |                   | (99)               |                  |                  |
| Reduction in Academies' baseline                             |                | (73)              | (73)               |                  |                  |
| <b>Total</b>   | <b>20,189</b>  | <b>(181,063)</b>  | <b>(160,874)</b>   | <b>185,137</b>   | <b>1,198,876</b> |
| <b>Supplementary Estimate 2015-16</b>                        | <b>313,060</b> | <b>54,243,730</b> | <b>54,556,790</b>  | <b>4,885,137</b> | <b>1,179,118</b> |
| of which:  |                |                   |                    |                  |                  |
| Depreciation Ring Fence                                      | 23,434         | 1,203,902         | 1,227,336          | -                | -                |
| Free School Meals Ring Fence                                 | -              | 635,000           | 635,000            | -                | -                |
| Age Apprenticeships Grants for Employers                     | -              | 55,000            | 55,000             | -                | -                |
| Pupil Premium Ring Fence                                     | -              | 2,567,000         | 2,567,000          | -                | -                |
| Non Ring-Fenced  | 289,626        | 49,782,828        | 50,072,454         | 4,885,137        | 1,179,118        |
| <b>Supplementary Estimate 2015-16 Control Total</b>          | <b>313,060</b> | <b>54,243,730</b> | <b>54,556,790</b>  | <b>4,885,137</b> | <b>1,179,118</b> |

**Annex D Budgetary limits: outturn and plans 2008-09 to 2015-16**

| Budgetary Limits                                   | Outturn<br>2008-09<br>£m | Outturn<br>2009-10<br>£m | Outturn<br>2010-11<br>£m | Outturn<br>2011-12<br>£m | Outturn<br>2012-13<br>£m | Outturn<br>2013-14<br>£m | Plans<br>2014-15<br>£m | Plans<br>2015-16<br>£m |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|------------------------|
| <b>Departmental Expenditure Limit<br/>Resource</b> |                          |                          |                          |                          |                          |                          |                        |                        |
| Administration                                     | 392.5                    | 395.5                    | 409.9                    | 373.9                    | 387.6                    | 359.9                    | 323.0                  | 313.1                  |
| Programme  | 46,265.0                 | 49,016.3                 | 50,071.0                 | 49,907.5                 | 51,689.1                 | 51,653.4                 | 53,754.3               | 54,243.7               |
| <b>Total Resource</b>                              | <b>46,657.5</b>          | <b>49,411.8</b>          | <b>50,480.9</b>          | <b>50,281.4</b>          | <b>52,076.7</b>          | <b>52,013.3</b>          | <b>54,077.3</b>        | <b>54,556.8</b>        |
| <b>Capital</b>                                     |                          |                          |                          |                          |                          |                          |                        |                        |
| Programme  | 5,523.7                  | 7,441.9                  | 7,124.3                  | 5,042.2                  | 4,258.8                  | 3,605.5                  | 4,756.2                | 4,885.1                |
| <b>Total Capital</b>                               | <b>5,523.7</b>           | <b>7,441.9</b>           | <b>7,124.3</b>           | <b>5,042.2</b>           | <b>4,258.8</b>           | <b>3,605.5</b>           | <b>4,756.2</b>         | <b>4,885.1</b>         |
| <b>Annually Managed Expenditure<br/>Resource</b>   |                          |                          |                          |                          |                          |                          |                        |                        |
| Programme  | (11.3)                   | (30.2)                   | (50.7)                   | 63.6                     | 178.3                    | 409.0                    | 650.0                  | 1,179.1                |
| <b>Total Resource</b>                              | <b>(11.3)</b>            | <b>(30.2)</b>            | <b>(50.7)</b>            | <b>63.6</b>              | <b>178.3</b>             | <b>409.0</b>             | <b>650.0</b>           | <b>1,179.1</b>         |

## Annex E 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;
- facilitating education reform through the Free Schools programme.

There is also a small amount of funding still being provided to support the closure of past 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.

| Spending programme  | Open to new applications | Type of school/body eligible | Funding allocation /approach | 2015-16 forecast (£m) | 2014-15 budget (£m) |
|---|--------------------------|------------------------------|------------------------------|-----------------------|---------------------|
| <b>Ensuring there are enough school places</b>  |                          |                              |                              |                       |                     |
| <b>Basic Need Funding</b><br>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. Funding is released as a capital grant with no ring fence to local authorities because they have a legal duty to provide sufficient school places. 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                    | <b>1,100</b>          | 800                 |

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| Spending programme  | Open to new applications | Type of school/body eligible  | Funding allocation /approach | 2015-16 forecast (£m) | 2014-15 budget (£m) |
|---|--------------------------|---|------------------------------|-----------------------|---------------------|
| <b>Maintaining the school estate</b>  |                          |   |                              |                       |                     |
| The overall maintenance fund is apportioned based on pupil numbers to local authorities, schools, academies and sixth-form colleges.  |                          |   |                              |                       |                     |
| <b>Devolved Formula Capital</b><br>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 Education Funding Agency (EFA).   | N/A                      | All schools   | Formulaic                    | <b>202.3</b>          | 199                 |
| <b>Condition Allocations</b> (formerly Maintenance Allocations)<br>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. | N/A                      | Maintained and voluntary aided schools, Sure Start centres, non-maintained special schools, specialist post-16 institutions | Formulaic                    | <b>692.8</b>          | 700.5               |
| <b>Condition Improvement Fund (CIF)</b><br>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.  | Annually                 | Academies, sixth forms and City Technical Colleges  | Bid based                    | <b>436</b>            | 499.6               |
| <b>Multi-Academy Trust Condition Allocations</b><br>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).   | N/A                      | Academies   | Formulaic                    | <b>68.7</b>           | 0                   |

| Spending programme   | Open to new applications | Type of school/body eligible | Funding allocation /approach | 2015-16 forecast (£m) | 2014-15 budget (£m) |
|--|--------------------------|------------------------------|------------------------------|-----------------------|---------------------|
| <p><b>Academies – Capital spend beyond the capital allocation we provide</b><br/>Any capital spend by Academies scores against CDEL, including spend funded from their own reserves or from revenue allocations rather than the capital allocations we provide. £331 represents the difference between the in-year allocation we have provided (£568m) and our estimate of total academy CDEL scoring spend.</p> | N/A                      | Academies                    | Pressure                     | 331                   | 0                   |
| <p><b>Secure Accommodation Condition Funding</b><br/>Capital grants are awarded for rebuilds and refurbishments, paid to the 15 local authorities who own and manage secure children’s homes.</p>  | Annually                 | Local authorities            | Bid based                    | 5                     | 10                  |
| <p><b>Priority School Building Programme 1</b><br/>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. PSBP contracts are being delivered centrally through the EFA.</p>  | No                       | All                          | Bid based                    | 990                   | 603                 |
| <p><b>Priority School Building Programme 2</b><br/>The second phase of the programme, targeting individual school buildings rather than whole school projects. Successful schools were announced in February 2015.</p>   | No                       | All                          | Bid based                    | 9                     | 0                   |

**Facilitating education reform through Free Schools provision**

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| Spending programme  | Open to new applications | Type of school/body eligible               | Funding allocation /approach | 2015-16 forecast (£m) | 2014-15 budget (£m) |
|---|--------------------------|--|------------------------------|-----------------------|---------------------|
| <b>Free Schools, University Technical Colleges (UTCs) and Studio Schools</b><br>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                    | 980                   | 1,194               |

| Past programmes still receiving capital funding  |    |                                 |  |    |     |
|--|----|---------------------------------|--|----|-----|
| <b>Universal Infant Free School Meals</b><br>Funding to support the introduction of the universal entitlement to infant free school meals.<br>No further funding is planned after this year.   | No | Local authorities and academies | Combination of formulaic and bid based | 10 | 150 |
| <b>Building Schools for the Future (BSF) Legacy Costs</b><br>This programme was cancelled in 2010, but a number of projects that were underway were allowed to continue and are being completed.<br>No further costs are forecast after this year. | No | Local authorities               | N/A                                    | 20 | 95  |
| <b>BSF Academies Legacy Costs</b><br>71 projects that were in BSF were moved to the Education Funding Agency's contractors' framework to be completed.<br>No further costs are forecast after this year.   | No | Academies                       | N/A                                    | 20 | 88  |

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| Spending programme   | Open to new applications | Type of school/<br>body eligible | Funding allocation<br>/approach | 2015-16<br>forecast<br>(£m) | 2014-15<br>budget<br>(£m) |
|--|--------------------------|----------------------------------|---------------------------------|-----------------------------|---------------------------|
| <b>Traditional Sponsored Academies Legacy Costs</b><br>This budget covers the residual costs of construction for the first ninety academy building projects.<br>No further costs are forecast after this year. | No                       | Academies                        | N/A                             | 0.5                         | 5                         |
| <b>Total</b>   |                          |                                  |                                 | <b>4,865.3</b>              | <b>4,344</b>              |

## Annex F Breakdown of Schools budgets and expected spending per pupil

The table below provides the Resource DEL (RDEL) budget data included in the Estimates. 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.

| Budget                                     | 2014-15           |  | 2015-16            |  |
|--|-------------------|--|--------------------|--|
|  | RDEL budget<br>£m | Per pupil rate<br>(where available)<br>£ | RDEL budget<br>£m  | Per pupil rate<br>(where available)<br>£ |
| Early years budget                         | 2,987             | 4,283                                    | 2,856              | 4,282                                    |
| Schools budget (5-16 including high needs) |                   |  |                    |  |
| Academies:                                 | 11,013            | {4,555 <sup>1</sup>                      | 12,593             | {4,612 <sup>2</sup>                      |
| Other schools:                             | 25,274            |  | 24,354             |  |
| Pupil Premium:                             | 2,500             | N/A <sup>3</sup>                         | 2,545 <sup>4</sup> | N/A                                      |
| 16-19 education budget                     |                   |  |                    |  |
| Academies:                                 | 1,453             | {4,550 <sup>5</sup>                      | 1,442              | {4,431 <sup>6</sup>                      |
| Other schools:                             | 791               |  | 776                |  |

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Pupil premium rates are as follows:

|                  | 2014-15 | 2015-16 |
|------------------|---------|---------|
| FSM Primary      | £1,323  | £1,320  |
| FSM Secondary    | £935    | £935    |
| Service Children | £300    | £300    |
| LAC/Post-LAC     | £1,900  | £1,900  |

An average per pupil is not available.

<sup>4</sup> Exact amount subject to final allocations. Please note this does not include the £50m Early Years Pupil Premium budget

<sup>5</sup> Applies equally to all institutions

<sup>6</sup> Applies equally to all institutions

## **Annex G 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.