



House of Commons
Procedure Committee

**Review of Estimates
memoranda by the
House of Commons
Scrutiny Unit: response
to the Committee's
Fifth Report of Session
2016–17**

First Special Report of Session 2017–19

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Procedure Committee

The Procedure Committee is appointed by the House of Commons to consider the practice and procedure of the House in the conduct of public business, and to make recommendations.

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Committee reports are published on the Committee's website at www.parliament.uk/proccom and in print by Order of the House.

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First Special Report

On 19 April 2017 the Procedure Committee published its Fifth Report of Session 2016–17, *Authorising Government expenditure: steps to more effective scrutiny*, HC 190.

The Government's response to the report was received on 19 December 2017, and is published on the inquiry page on the Committee's website.¹

In relation to Estimates memoranda sent to select committees to accompany and explain each Estimate laid before the House, the Committee made the following recommendation:

We recommend that the Treasury and other Government departments work with the Scrutiny Unit to ensure that memoranda better serve the needs of users in explaining and presenting the content and purpose of each Estimate. We recommend that the Scrutiny Unit, acting on behalf of the House of Commons Service, conduct a review of current Estimates memoranda guidance, its application and adherence to it and communicate and disseminate the results of this review and of existing best practice. Select committees should follow up concerns where their departments fail in future to fully meet requirements. (Paragraph 107)

We publish the report of the Scrutiny Unit's review as an Appendix to this Special Report.

¹ HC 739, 12 January 2018. Available at <https://www.parliament.uk/business/committees/committees-a-z/commons-select/procedure-committee/inquiries/parliament-2015/government-spending-15-16/publications/>

Appendix: Review of Estimates memoranda by the House of Commons Scrutiny Unit

The Procedure Committee's recommendations on Estimates memoranda

1. In its Fifth Report of Session 2016–17, *Authorising Government expenditure: steps to more effective scrutiny*, the Procedure Committee recommended that the House of Commons Scrutiny Unit, on behalf of the House of Commons Service, should “conduct a review of the current Estimate memoranda guidance, its application and adherence to it and communicate and disseminate the results of this review and existing best practice”. This document is the report of that review.

Estimates and Estimates memoranda

2. **Estimates** (Main Estimates and Supplementary Estimates) are the formal documents setting out Government spending plans, which are put before Parliament for authorisation each year. There is a separate Estimate for each Government department. Although prepared by individual Government departments, Estimates are currently published collectively on behalf of the Government² in a single volume by HM Treasury. This volume is laid before the House and is published on the Treasury's section of the gov.uk website.

3. Whenever an Estimate is presented, Government departments are required to produce an **Estimates memorandum**, explaining the content of the Estimate. The memoranda are sent to the relevant select committee, reviewed by the House of Commons Scrutiny Unit, and published by the relevant select committee on their webpages of the Parliament website. Estimates memoranda are prepared by departments, with little or no involvement from HM Treasury, and are not laid before the House alongside the Estimates to which they relate.

Summary of findings

4. The Scrutiny Unit's main findings are:

- There is a wide variation in the quality and content of different Estimates memoranda between major departments. Each department has developed its own template for production of the memoranda which has reinforced differences.
- There are many examples of current good practice in the Estimates memoranda prepared by departments. If these were adopted more widely the quality of memoranda overall would notably improve.
- The most common areas of weakness are the quality of explanations of the drivers and impacts of spending changes, and explanation of the relationship between spending and outcomes.

² With a few exceptions for non-Government bodies, such as the House of Commons, IPSA and the NAO, who publish their own Estimates separately.

- While many departments provide lower level detail of budgets within each Estimates line, this practice is not universal, and providing this information across the board would be beneficial.
- Memoranda often do not relate spending plans in Estimates clearly to past spending announcements.
- Further work—including focus on language and terminology—is needed to make memoranda more suited to a non-specialist audience. In addition, efforts should be made to make the documents more accessible—for instance meeting a request to provide them in a format suitable for the visually impaired.

5. The memoranda are currently difficult to find, not well publicised, often available to Members too late to be of use, and not published alongside the Estimates to which they relate. The new style Estimates debates, introduced in February 2018 as the result of a Procedure Committee recommendation, mean that a wider audience than previously are likely to wish to make use of memoranda in the future.

6. Provision of data within the memoranda is variable in detail, layout and format, with most departments providing only Word document tables, rather than in Excel format. This makes it time-consuming for the Scrutiny Unit to extract, compare and present data.

7. Barnett consequentials—the sums allocated to the devolved administrations as a consequence of changes in spending levels in England—are only detailed in the memoranda of the Scotland, Wales and Northern Ireland Offices. There is no reference within memoranda of UK government departments to the links between any additional funding allocations they have received and Barnett consequentials for devolved administrations.

8. The Scrutiny Unit recommends that:

- The guidance to departments on memoranda should be rewritten to make requirements much more specific. A common template (without driving departments into a form-filling approach) should be adopted, to help ensure all major departments provide a more common standard of information. Guidance should make clear the intended readership of the memoranda and encourage a style of writing to engage that readership. Guidance should also specify which elements of a common template are appropriate to the department or other body preparing the memorandum. Specific additional requirements of particular select committees for particular memoranda should continue to be met.
- Current best practice, and any new guidance, should be widely communicated to departments through established networks and face to face training and dialogue.
- Key data should be provided in Excel tables prepared to a common format. Lower level detail (i.e. beneath the level of Estimates lines) should always be provided, as should reconciliations to Spending Review allocations, including details of which spending allocations for UK departments have generated Barnett consequentials.
- Some simple graphs and charts should also be included in future memoranda to aid understanding.

- References to past spending announcements, where relevant, should be specified in the memoranda.
- Estimates memoranda should be made available to all Members and the public on the day of publication, alongside the Estimate to which they relate. This could be on the gov.uk website. Both Estimate and memorandum, or direct links to them, should be available on the same webpage at the same time.
- A common approach to enforcing the guidance should be adopted. The Scrutiny Unit can identify and communicate shortcomings in memoranda to departments more routinely, with select committees following up where appropriate.
- Reforms to Estimates memoranda should not await changes to the form or content of Estimates themselves, which may take some time to introduce. Guidance on memoranda should be modified as required once any changes to Estimates are agreed.
- Departments should make efforts to make memoranda more accessible to readers, by striving for plain English and accommodating requests to provide memoranda in alternative formats.

Detailed findings

Purpose of Estimates memoranda

9. Without an Estimate memorandum, it is very difficult for a reader—specialist or otherwise—to interpret much more than headline numbers from the Estimate itself. Despite being an enormous set of documents (often 600 pages plus for each round of Government Estimates), Estimates themselves contain little in the way of background information and explanation. Instead this has been felt more appropriate to include in the accompanying Estimates memoranda.

10. Estimates memoranda, therefore, enable departments to explain more about what and why the funding sought is proposed, and how funding has been provided. They can also provide information on reasons for changes, impacts, and likely outcomes, and put numbers in the context of past plans, past spending and other factors.

11. The memoranda have, up until recently, been aimed primarily at select committee members and those such as the Scrutiny Unit who brief select committee members. Now that Estimates day debates are being used genuinely to debate financial matters related to the Estimates, and bids are made by backbenchers to the Backbench Business Committee, Estimates memoranda have gained a wider audience. The memoranda are also being used directly by the Library and the Scrutiny Unit to prepare debate packs for estimates days, again for the use of Members. As a consequence, Estimates memoranda need to meet the needs of that wider audience in terms of content, comprehensibility and availability.

Existing guidance on memoranda

12. The existing guidance on what to include within an Estimates memorandum forms part of the Treasury's Estimates manual for departments (Annex F to Chapter 6).³ Despite its inclusion in the Treasury's manual, the guidance was in fact written by the House of Commons Scrutiny Unit. It was last updated in July 2011.

13. According to this guidance, the overall aim of Estimates memoranda is to “provide a plain English explanation of what, and why, funding is being sought” and to “provide an overview and analysis of the Estimate provision sought”. Memoranda should provide “a clear statement of what is in the Estimate, what has changed, and why” and answer the questions “What is the purpose of the planned spending? what are the expected outcomes? What has changed since the last Estimate? What efficiencies are being made, and how does the spending relate to the departments' overall objectives?”

14. Specifically, the guidance requires departments to provide:

- Details of changes to spending limits (compared to earlier plans, or previous years)
- Details of new programmes or bodies
- Details of changes to expected outcomes
- A breakdown of spending plans in greater detail than is contained in the Estimate itself
- Aggregate budgets for the last three years and for forward years

Adherence to current guidance

15. The Scrutiny Unit has looked at two recent rounds of Estimates memoranda (Main Estimates 2017–18 and Supplementary Estimates 2017–18) to see how they comply to and conform with this current guidance. The Scrutiny Unit found that:

most departments are providing:

- limited descriptions of changes to spending limits, of new programmes and bodies
- aggregate budgets for past and future years
- lists of spending changes within each Estimate line and how they are funded
- details of departmental priorities
- memoranda on time (although one department (DCLG) had been very late in providing its memorandum (on the last two occasions))

some departments are providing:

- detailed breakdowns of budgets within each Estimates line

3 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220744/estimates_manual_july2011.pdf, page 106

- underlying reasons for, or drivers of, changes in levels of funding sought

few departments are providing

- much information on how specific items of spending will deliver desired outcomes against priorities
- what impact changes in funding have on these outcomes

There is also a wide variation in formats, structures and design of memoranda, although most departments tend to have come up with their own “template” and adhered to it thereafter.

Good practice

16. There are a number of examples of good practice in the Estimates memoranda currently produced.

Explanations of changes in funding levels are taking place and of impacts

17. Most departments give a description of the programme under which money is to be spent, and how it is funded. Some departments go further and explain the reasons behind changes in funding levels reasonably effectively. The best memoranda explain reasons for changes and/or the likely impacts, indicating what has driven the change and what the consequences may be.

Tables

18. Departments have developed different approaches to setting out the detail of changes being made. Examples of useful tables include those which set out:

- Lower level detail of programmes within each Estimate line
- Detail of funding changes since the Spending Review
- Comparisons of spending levels sought with previous years

Tables are most helpful when they are accompanied by relevant narrative, when they are clearly set out, and when they avoid jargon or technical language. There are some good examples of how this has been done.

Focus

19. The most helpful memoranda focus on the major issues and most significant changes by value or impact, rather than giving more or equal detail to the less significant or the more routine. Where there are large changes but they are technical or routine, this is also explained.

20. Some examples of these are given in Annex A.

Current weaknesses

21. The most consistent weaknesses, and areas where there could be future improvement are:

- **Explanations of why changes in funding levels are taking place and of impacts.** While the funding arrangements and actual nature of changes are usually explained, some departments do not go much beyond this. Sometimes genuine explanations of the causes of cost changes are just missing; other times they merely restate the obvious e.g. a lower budget is required due to lower spending, slippage or efficiencies, rather than why this is happening. What is often missing is the underlying “why”—is the change a result of a deliberate decision or of external events? If it is the result of a decision, what has led to that decision? If it is a result of events or external factors changing, what are those factors and why do they lead to costs changing?
- **Expected outcomes.** It is rare for departments to give much or any information on the impact of spending reductions or increases on volume or quality of service provision, or delivery of outcomes. Memoranda rarely if ever include any information or links to key performance indicators, targets or quantifiable information on outputs or outcomes.
- **Use of complex language or specialist terminology.** Many departments, possibly unintentionally, slip into the use of acronyms or specialist language at times. Sometimes descriptions of programmes or Estimates lines are not explained.
- **Relationship to past announcements.** Whether departments link spending plans to past announcements is variable. There is certainly no routine way in which this is comprehensively done in memoranda. Most departments will reference extra money made available in Budgets and Autumn Statements, but it would be helpful to have a summary of past announcements and how they relate to spending plans.
- **Explanation of Barnett consequentials.** While not a specific requirement of the current guidance, the only departments which currently give any indication of Barnett consequentials arising from decisions of the UK government in their estimates memoranda are the Scotland Office, Wales Office and Northern Ireland Office. The Procedure Committee has recommended that future memoranda of *all* departments should include information on how UK spending decisions, and funding for UK departments, relate to corresponding funding provided to devolved administrations i.e. what spending decisions have led to Barnett consequentials. HM Treasury has now made more information available on how Barnett consequentials are calculated, although this is currently to be published only once a year, soon after the autumn Budget.
- **Inconsistency and layout.** Because no format is prescribed, most departments have developed their own templates over time. This means that not only can it be difficult to locate similar information in different memoranda, it is less easy to spot omissions, and the standard of the information provided can be variable and difficult to compare.

- **Tables provided in word or pdf format.** Most departments provide more detailed breakdowns of spending in the memoranda, beneath the levels of the totals in the estimate themselves. But because this data is usually provided in Word or PDF format it is difficult to extract and compare (e.g. for data visualisation purposes, or to amalgamate with the data provided in estimates) without labour intensive activity. Providing tables in excel would enable the Scrutiny Unit easily to extract the data and use for any purposes required.
- **Length and repetition.** There is a tendency for some of the memoranda to be lengthy and repetitive, rather than focused and explanatory. For instance, there may be similar tables setting out the same numbers in slightly different forms, but without adding explanations of reasons for allocations or changes.

Some examples of these shortcomings are given in Annex B.

Enforcing the guidance

22. At present, if a memorandum is so poor that it does not meet basic requirements, the Scrutiny Unit can advise the relevant select committee to seek an improved replacement. This would happen only if the memorandum were so poor it prevented understanding of the Estimate. This happened for the Parliamentary and Health Service Ombudsman in 2017. More normally, if a memorandum is below standard, the Scrutiny Unit discusses the issues with select committee staff and meets officials from the relevant department to explain what is needed to improve in the future. Sometimes the Scrutiny Unit has provided a draft letter for the select committee to send as well.

23. However, the existing requirement to include information on outcomes have generally been ignored. The Scrutiny Unit and committee teams have not routinely followed this up either, since the task would have involved pursuing most departments for most of the time.

Smaller departments and Estimates for non-Ministerial departments

24. Bodies producing their own Estimates fall into a number of categories:

- Major departments, which have their own Cabinet Minister and select committee
- Smaller bodies, such as the Food Standards Agency and the National Crime Agency including regulators and ombudsmen, such as Ofqual and Ofgem
- Unfunded pension schemes such as the civil service and armed forces schemes
- Bodies accountable to statutory committees of parliamentarians, such as the National Audit Office, IPSA and the Electoral Commission.

25. The existing guidance already makes a distinction between smaller departments and the major departments, for instance not requiring more detailed breakdowns or information on outcomes, but does not specify which departments fall into which category.

26. The memoranda of major departments and of Parliamentary bodies are used by the Scrutiny Unit to brief the relevant select committee or statutory parliamentary body. The

Scrutiny Unit will examine the memoranda of other bodies and pension funds but will not brief committees on those Estimates unless there are particular items of interest or which are unusual, or the committee has specifically asked to be briefed.

27. It is proposed that in future the requirements for each type of body are made clearer. This could be done by categorising bodies into groups and specifying where the full requirements are not relevant or appropriate.

Specific select committee requirements

28. Sometimes select committees have asked for specific additional information to be provided in particular departments' Estimates memoranda, on a regular basis. Examples of this include spending on operations by the Ministry of Defence, and per pupil spending levels for the Department for Education.

29. A standard style template could, in future, have a section specifically for additional select committee requirements, which could be completed where appropriate.

Reaching a wider audience

30. At present the guidance states both that departments should place a copy of the memorandum on the departmental website (now the departmental section of the government website); and committees should publish on their websites.

31. In reality, it is rare for government departments to publish the memoranda on their websites.⁴ Select committees *do* generally publish memoranda for the major departments on their websites, although this can take some time, as it requires committee approval to do so. Publication on select committee websites of memoranda for smaller departments is more patchy.

32. For Supplementary Estimates, in particular this means that the memorandum may not be available to Members more widely, and be in the public domain, until *after* the Estimate has been authorised and debates held.⁵ Some memoranda, for smaller departments, have sometimes not been published at all. Furthermore, even though they are usually published eventually, Estimates memoranda can be difficult to find on select committee websites, and there is no signposting or linking between the memoranda (on the select committee website) and the Estimates documents themselves (on the Government website). All in all, this makes the memoranda currently of limited value.

33. For the future, the memoranda will need to be available and accessible to all those interested. They will need to be understandable to a wide audience; they should be available at the same time as publication of the Estimates; and the memoranda and the Estimates to which they relate should both appear on the same webpages, or have clearly signposted links between webpages. This is because the memoranda will be a vital source of information for Members more widely than at present, both in terms of selecting Estimates for debate, and to support those participating in the debates selected, as well as remaining key documents for select committees' scrutiny of government.

4 A google search reveals only one on the gov.uk site: DECC's memo for its Main Estimate for 2014–15.

5 Because of the very short interval between publication and debates, there are occasions when a memorandum may not be published on a committee website until after a debate on the relevant estimate has taken place.

34. In February 2018 a further requirement came to light. A Member requested that all estimates memoranda be provided in 20-point font, so that the documents could be read by the visually impaired. A late request was made to government departments either to provide additional copies in editable format, or in 20-point font. Most provided editable versions, which the Scrutiny Unit attempted to enlarge. However, there were a number of problems in enlarging tables and the task of reformatting was time consuming, at the time when the Scrutiny Unit was pressed in working on debate packs for Members. As this is likely to be an ongoing requirement, a longer-term solution is required, and it would make sense to place this responsibility directly with the departments producing the memoranda in the future.

Communication and dissemination

35. When the previous guidance was introduced, the Scrutiny Unit and Treasury held a workshop to explain what was required. Both the Scrutiny Unit and Treasury continue to refer departments to the written guidance and advise on its interpretation when requested.

36. In future:

- The findings of this review need to be shared with those preparing the memoranda, in particular examples of good practice.
- Any revised guidance would need to be communicated and explained.

37. The Scrutiny Unit could do this through holding a seminar with those preparing the documents within government, and ensuring the Treasury included revised guidance within a revision to its Estimates manual. Guidance could also be published on the Scrutiny Unit or a new estimates webpage on the Parliament website.

Estimates format

38. A further recommendation of the Procedure Committee was that the format of Estimates should be reviewed. The Procedure Committee recommended “that the Treasury work with the House of Commons Scrutiny Unit and the National Audit Office to prepare proposals for change to the format and content of future Estimates, and explanatory material accompanying Estimates, for consideration by the House”. Reforms to the Estimates memoranda need to be consistent with any reforms to the content and format of Estimates themselves.

39. The Government has now accepted this recommendation and will be taking it forward shortly. While this may mean that further changes to Estimates memoranda may be needed in the future, it is not recommended that reforms to memoranda should await the outcome of the review of Estimates themselves. To do so would risk delay in improving the quality of information available to Members in the short term. If changes to Estimates format or content mean that consequent changes to memoranda are desirable the guidance on Estimates memoranda can be further modified as required in due course e.g. to add information which might be removed from the Estimate itself. Changes to Estimates format and content are likely to require further consideration by the Procedure Committee and by Parliament more widely and could take longer to achieve.

Improving future memoranda

40. Looking at its findings overall, the Scrutiny Unit makes the following specific proposals for improvement:

- Departments should *continue* to be required in their Estimates memoranda to
 - Give an **overview** of programmes and main changes from past spending and past spending plans
 - Give a programme by programme **breakdown** of spending, where Estimates lines consist of multiple spending programmes
 - Track how changes to spending plans have changed since the **Spending Review** and how they have been funded
 - **submit copies** of the memoranda to select committees and include additional information, where specified by select committees
- Guidance should be revised and clarified to ensure Estimates memoranda *better*
 - explain the **drivers** of the main changes in spending levels, compared to past plans and previous years (in terms of the overall Estimates, individual estimates lines, and individual programmes within those lines). At present, sometimes those drivers are not really explained
 - show **trend** information on spending under major headings over time and commentary on causes and effects, for a number of years. At present, if this is done, it tends to be at overall totals level, or comparing one year with another, rather than for programme areas over time
 - relate spending patterns to **past spending announcements**. At present announcements made in Budgets and Autumn statements are often detailed in a reconciliation since the Spending Review, but other announcements are not, and it is not always clear whether extra money is involved or if it has been diverted from other programmes.
 - relate **strategic priorities** of the department to spending patterns. Some departments do this better than others at the moment. Most do not specify which spending lines relate to which priority or priorities
 - explain the likely **impacts** of the proposed changes in spending levels in terms of outputs and outcomes. While a requirement, most departments tend to overlook this at the moment, perhaps because the guidance is in general terms rather than specific
 - explain, where **efficiencies** are being sought, how in practice these are planned to be achieved (e.g. staff reductions, reductions in office space, savings on IT costs). Often there are just general references to restructuring, greater efficiencies etc, without explanation of what they mean.
- To aid transparency and financial scrutiny, it is recommended that in future departments are also required in their Estimates memoranda to

- identify where additional or reduced funding provided to a UK department leads to **Barnett consequentials**, and the amounts allocated for devolved administrations in each case. At present, only the Scotland, Northern Ireland and Wales Office estimates give detail of Barnett consequentials. Members need to see not just what extra money has been gained, but which UK government spending changes for other departments are generating additional or reduced funding for devolved administrations
- give links to latest information on relevant **indicators (KPIs)**—whether part of the single departmental plan or otherwise—and information on steps being taken to address performance which is below expectations, targets or objectives
- follow a **specified format**: this will help identify any gaps, and enable improved consistency and comparison between departments
- **publish** the memoranda, on the day of publication, on their own websites alongside the relevant Estimates to which they relate. At the moment, government departments very rarely do this, although select committees generally report memoranda to the House for publication on their own websites in due course. As an interim or alternative measure, if Government is unwilling to do this, the Scrutiny Unit should publish the memoranda on its own webpages of the Parliament website, alongside links to the relevant Estimates
- routinely provide the memoranda in an alternative form suitable for the **visually impaired**

41. To accommodate these changes, and reinforce and strengthen existing requirements, the guidance for preparation of Estimates memoranda will need to be thoroughly revised and reissued by the Scrutiny Unit. The Scrutiny Unit, working with the Treasury as necessary, will need to disseminate the messages of new guidance, pointing to existing examples of best practice, where appropriate. The aim should be to make the guidance clearer, more relevant and more helpful and address requirements; and for government departments to be crystal clear about what is required of them and the consequences of non-compliance.

42. As now, the requirements for smaller departments should be set out separately and should not be disproportionate to the level of scrutiny and spending their estimates. The Scrutiny Unit should specify each year which Estimates are required to supply memoranda in which format.

43. Memoranda need to be made available on day of publication alongside the published Estimates to which they relate, in line with the Procedure Committee's recommendation. Ideally this should involve both Estimate and memoranda appearing on the same webpage, or via links from the same page, on the gov.uk website; if this does not prove possible an alternative would be post links to both Estimates and Estimates memoranda on the Parliament website.

44. Once memoranda follow a prescribed format, it should be easier to spot areas where departments have failed to provide satisfactory explanation or meet requirements

of guidance. The Scrutiny Unit could in future send a standard communication to departments each time pointing out specific shortcomings and seeking information to fill gaps. A meeting could be arranged if required, as now. Failure to provide this information would lead to this being escalated with the relevant select committee. This could also be raised at committee evidence sessions with the accounting officer.

Conclusion

45. Estimates memoranda perform a vital function in explaining the contents of government spending proposals. They can and should be further improved. They should be made more widely available. By taking some simple steps, they can become an increasingly useful tool for Members in performing scrutiny of the spending proposals put forward by the Government.

Scrutiny Unit, House of Commons

March 2018

Annex A: Current good practice (extracts from Estimates memoranda)

Good summary of main elements

Department for Transport

Below are the key announcements made during SR15 that affect the Department's budgetary control totals and that set the basis for expenditure in 2017–18.

- The Chancellor announced in Autumn Statement 2016 the National Productivity Investment Fund (NPIF) capital DEL funding for DfT which for 2017–18 includes £210m for local roads and local transport networks, £95m for strategic road pinchpoints, £40m for future transport, £25m for smart ticketing and £5m for strategic studies development.
- The Autumn Statement funding also included £77.9m for flood resilience measures of which £50m will be used for Roads and £27.9m for Rail.
- In line with the Government's priorities in this area, the Department is working with HM Treasury and Department for Communities and Local Government (DCLG) to reform the way the transport funding is allocated, in order to better support housing growth. As a result, the Department has transferred £937m of the Local Growth Fund to DCLG.

Network Rail

In 2017–18, Network Rail is going to deliver the fourth year of 'Control Period 5' or 'CP5', the Great Britain-wide programme of operations, maintenance, renewals and enhancements. The programme runs until March 2019 and the outputs Network Rail is required to deliver in that period were set by the regulator, the Office of Rail and Road, in its 2013 Final Determination.

Network Rail's capital AME Estimate is for major capital works and infrastructure upgrades and resource AME Estimate is predominantly used to operate and maintain the railway network. Network Rail is being provided £5.9bn capital AME and £8bn resource AME (which includes c£5bn non-cash depreciation) in the Main Estimate to help continue with its renewals and enhancement work and operate and maintain the railway network.

Highways England

In 2017–18, Highways England will deliver the third year of the Road Investment Strategy; a multi-year investment plan that will be used to improve the network and create better roads for users. In order to deliver against commitments, Highways England is being provided c£2.5bn resource DEL in 2017–18 (which includes c£1.4bn non-cash depreciation) and £2.1bn capital DEL.

High Speed 2 (HS2)

HS2 aims to help free up our transport networks and bring our country together as good transport networks open up paths and create opportunity. Royal Assent of the Phase 1 Hybrid bill provided clear authority for the construction of Phase 1 of HS2 and the increase in budget (£1.7bn capital) reflects the fact that the Department has now moved into the construction phase of the project.

The Department is in line to deliver HS2 from London to Birmingham by 2026, and to Leeds and Manchester by 2033. During construction, HS2 is anticipated to support up to 25,000 jobs and up to 2,000 apprenticeships.

National Productivity Investment Fund (NPIF)

NPIF is providing £1.3bn up to 2020 to cut congestion, provide important upgrades to improve journey times, ensure our roads are fit for the future to enhance transport links and to boost growth. The money will provide the necessary funding to councils to improve their roads and will be targeted at areas which need it most, providing a significant boost to the UK's economy. Section 2.3 above, provides the amount allocated at Autumn Statement 2016.

Good explanations of spending changes

Department for Education: Student loans

Compared to 2016–17, the RDEL budget has decreased by £9.4 billion. This is largely the result of the £11 billion reduction in the student loan impairment budget when compared to 2016–17. Due to the volatility of the student loan budgets there is an annual revaluation in the Supplementary Estimate, which in 2016–17 resulted in an £11 billion claim on the Reserve. This exercise has not been completed yet for 17–18; and the impact of the annual revaluation will be included in the Supplementary Estimate.

And more detail later in the document:

Student loan impairments are highly sensitive to changes in macroeconomic determinants. In 2016–17, as in previous years, a Reserve Claim was granted as part of the Supplementary Estimate. This was to reflect an increase in the impairment charge on the stock of student loans due to a deterioration in the macroeconomic outlook during the year, as well as contingency for the possible impact of further changes to macroeconomic factors before the end of the year. The Reserve Claim increased the non-cash budget in 2016–17 by £11.0 billion. An assessment of the level of contingency required for 2017–18 will be made ahead of the Supplementary Estimate as part of the annual revaluation.

Department for Work and Pensions: Pensioner benefits

Increases to State Pension more than account for the net increase in spending on pensioner benefits in 2017/18. Although the caseload is broadly flat, influenced by the equalisation of the State Pension age, the basic State Pension is being uprated by 2.5%, in line with the “triple lock”, and additional pensions by 1% in line with September 2016 Consumer Prices Index.

State Pension age equalisation has a more significant effect on Pension Credit and Housing Benefit. For Pension Credit the fall in caseload is partially offset by uprating at 2.4%, but for Housing Benefit cuts to social rents in England are expected to reduce expenditure further. Winter Fuel Payments expenditure is also set to fall slightly,

Department for Digital, Culture, Media and Sport: Royal Parks

The removal of The Royal Parks Executive Agency from DCMS Main Estimate

On 15th March 2017 the Royal Parks Charity took over the role of managing the parks from The Royal Parks Agency—a former executive agency of the Department for Culture, Media and Sport (DCMS) and the Royal Parks Foundation whose roles included fundraising for the parks and providing educational opportunities. The parks are owned by the Crown with their responsibility resting with the Secretary of State for Culture, Media and Sport. The Royal Parks charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income and so has been reclassified and removed from the DCMS Supply Estimate.

Department for Business, Energy and Industrial Strategy

A claim on the Reserve for £156.0m Resource DEL has been made to cover the ongoing costs of compensation to Energy Intensive Industries (EIIs). The EIIs are compensated for increased energy costs as a result of government energy policies; namely Renewables Obligation and Feed-in Tariff schemes. There was no agreed budget for 2017/18 as the expectation was that an exemption scheme would be in place for these schemes, which would exempt EIIs from the increased costs and have no direct cost to BEIS; however, this has not been able to be implemented yet for reasons outside of BEIS' control.

Foreign and Commonwealth Office

Claims on the Treasury Reserve included:

- £27.5m programme non-cash for pressures arising from the impact of the fall in the value of Sterling on depreciation of the overseas estate (Section A);
- £14.4m programme to contribute towards the excess cost of overseas inflation (Section A);
- £9.0m programme for non-ODA for BBC World Service work focussed on local initiatives, countering dis-information, and civil society engagement (Section B);
- £3.9m programme in respect of preparations for Britain's exit from the European Union (Section A);
- £1.2m programme expenditure for the Conflict, Stability and Security Fund (Section E) in respect of work following the Caribbean hurricanes of September 2017

Good explanation of priorities for the coming year

Ministry of Justice: priorities for 2017–18

Our key priority is the Prison Safety and Reform programme. This has been prioritised as it delivers the proposals of the November 2016 White Paper which is one of the key Departmental priorities and incorporates the recruitment of 2,500 prison officers.

Youth Justice Reform is another key priority for the business group following the publication of the Charlie Taylor report. We are delivering the commitments made by the Government in response to the Taylor report, including a programme to improve safety in the secure estate and the establishment of two secure schools in strategic locations close to the communities they serve.

We are also focused on improving the probation system. Our aim is to improve outcomes for offenders under probation supervision by improving quality and consistency in the delivery of community sentences and strengthening standards and accountability for delivery by CRCs and NPS.

Linked to the above, we are also focused on taking practical measures that will contribute to reducing reoffending within the existing bail and sentencing legal framework, including improving the effectiveness of remand on bail, community sentences, release and recall, and reducing the size of the Imprisoned for Public Protection (IPP) population.

We are addressing the distinct needs of women and other vulnerable groups in the justice system to help them turn their lives around and stop offending by publishing a strategy on Women offenders and supporting the Lammy Review into Black, Asian and Ethnic Minority Offenders.

Good short summary of what spending totals cover

HM Revenue and Customs

HMRC's funding is split between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). DEL, which comprises Resource and Capital, supports HMRC's operating costs and investment whilst AME includes payments of Tax Credits, Child Benefit, Tax Free Childcare and other reliefs and entitlements. Budgets are also split between those voted by Parliament and those where appropriation is covered in other legislation (non-voted).

Good explanation of what is contained within a particular estimates line

HM Treasury

Section B: Debt Management Office (DMO)

£20.4m (£18.3m) resource and £5m (£0.1m) capital—resource spending covers running costs of the United Kingdom Debt Management Office (DMO). The DMO is an executive agency of the Treasury specialising in the delivery of treasury management services and

related policy advice to central government. It incorporates the Public Works Loan Board (PWLB) and the Commissioners for the Reduction of the National Debt (CRND). The main objective of the PWLB is to lend capital sums to and collect repayments from local authorities and thereby minimise local authorities' cost of borrowing. The main objective of the CRND is to provide a fund management service to public sector clients. The large increase in capital spending is due to a major upgrade of DMO's IT system and software.

Section AA Money Advice Service (formerly known as the Consumer Financial Education Body)—£2m (£1k) resource.

MAS is an independent body offering free unbiased advice to the public to improve their understanding and knowledge of financial matters and their ability to manage their own financial affairs. The running costs of the CFEB are met by a levy on the financial services industry, raised through the Financial Conduct Authority (FCA) and no grant in aid payment is made by the Treasury. The budgetary increase this year is due to MAS utilising £2m of its cash reserves rather than charging levy payers.

Teacher's Pension Scheme

The £15.5 billion resource budget is a net budget that reflects the **long term cost** to the government rather than the pension benefits actually paid during the year. The cash pension payments are replaced by the following non-cash costs:

- **current service costs:** the amount we are setting aside, via the pension provision, to meet the future pension costs. This cost is based on total contributions paid into the scheme incremented using a formula agreed with GAD;
- **interest on scheme liabilities:** the pension liability provided by the scheme actuary is calculated on a net present value basis, discounting the liability that falls due in future years. The interest charge over the year is the cost of “unwinding” this discount, and reflects the fact that pension liabilities in any given future year are 12 months closer to realisation than they were previously.

The £3.6 billion cash limit is the net position, based on estimated income, totalling £6.3 billion, flowing in from employers and employees and the £9.9 billion estimated pension benefits paid to retirees in the financial year.

The 2017–18 Estimate resource request is £4.1 billion higher than the 2016–17 request. This increase is driven by changes in actuarial assumptions and discount rates, which have led to an increase in the current service cost.

Current service costs are a **non-cash** item as they relate to the provision for future pensions. Although the current service cost has increased, the contribution rate that determines cash receipts has remained constant. The contribution rate for Teachers is not expected to increase until 2019.

Good explanation of transfers of funds between departments

HM Revenue and Customs

The movements to our 2017–18 Resource DEL and Capital DEL budgets since Spending Review 2015 are detailed below.

Event (£m)	Resource DEL Excluding Depreciation	Resource DEL Including Depreciation	Capital DEL
Spending Review 2015	3,381.0	3,652.0	235.0
Movement of funding for VOA from DCLG	150.7	150.7	
Fiscal Events	74.8	74.8	20.8
Transfers with other Departments	10.4	10.4	(9.0)
Machinery of Government change	4.9	6.3	-
Adjustments for Depreciation	-	52.8	-
Main Estimate 2017–18	3,621.8	3,947.0	246.8

The movement of Resource DEL funding for the VOA from the Department for Communities and Local Government (DCLG) is an administrative change to simplify the way the VOA receives its funding, which does not increase spending power.

Resource DEL and Capital DEL funding has been received for additional new activity at Budget 2016 and Autumn Statement 2016.

A Machinery of Government change has taken place transferring the Government Gateway from the Department for Work and Pensions (DWP) to HMRC.

Transfers between HMRC and other Departments:

Since Spending Review 2015, transfers have been made between HMRC and other Departments affecting 2017–18 budgets:

- Administrative change moving funding from DCLG to the Valuation Office Agency
- Machinery of Government change from DWP for the Government Gateway
- Funding from DWP for the Universal Credit Programme for the transition of Personal Tax Credits to Universal Credit
- Funding from the Department for International Development (DFID) for HMRC's tax capacity and capability building in Official Development Assistance recipient countries
- Funding from the Foreign and Commonwealth Office (FCO) for One HMG Overseas
- Funding from the Conflict Stability & Security Fund for fiscal crime investigation

- Funding provided to the Ministry of Justice (MOJ), Home Office (HO) and Crown Prosecution Service (CPS) for operational measures announced at Summer Budget 2015 to tackle complex tax crime and the organised crime gangs behind the illicit tobacco and alcohol markets
- Funding provided to the Cabinet Office (CO) for the new Government Hub in Canary Wharf
- Funding provided to the MOJ to cover court costs for Accelerated Payments
- Funding provided to HM Treasury (HMT) for the Computable General Equilibrium model

Budget Transfers (£m)	Resource	Capital	Total DEL
Incoming			
DCLG—Valuation Office Agency	150.7	-	150.7
DWP—Universal Credit	32.0	-	32.0
DWP—Government Gateway	6.3	-	6.3
DFID—Official Development Assistance	2.8	-	2.8
FCO—One HMG Overseas	1.6	-	1.6
DFID—Conflict Stability & Security Fund	0.2	-	0.2
Outgoing			
CPS—Tax Crime Resourcing and Illicit Excise Tobacco	(9.6)	-	(9.6)
CO—Government Hub in Canary Wharf	-	(9.0)	(9.0)
MOJ—Accelerated Payments	(8.5)	-	(8.5)
MOJ—Illicit Excise Tobacco	(7.0)	-	(7.0)
HO—Illicit Excise Alcohol	(1.0)	-	(1.0)
HMT—Computable General Equilibrium model	(0.1)	-	(0.1)
Total	167.4	(9.0)	158.4

Good explanation by line of funding changes and reasons

Ministry of Justice

E—Parole Board (net)	18.125	14.764	3.361	22.76	This variance is driven by an increase in funding for additional sitting days during 2017–18 to reduce the backlog in processing cases.
F—Criminal Cases Review Commission (net)	5.394	5.338	0.055	1.03	Immaterial

G–Judicial Appointments Commission (net)	4.581	4.115	0.466	11.32	
H–Office for Legal Complaints	11.802	13.727	(1.925)	14.02	OLC is funded by a levy on the industry which has reduced year on year
I–Legal Services Board	3.904	3.998	(0.094)	2.35	LSB is funded by a levy on the industry which has reduced year on year
J–Criminal Injuries Compensation Agency	140.980	115.923	25.057	21.62	Additional Funding has been provided to assist in reducing CICA's active caseload service
K–Legal Aid Agency	1,624.330	1,627.269	(2.939)	0.02	Immaterial
L–Children and Family Court Advisory and Support Service	116.974	113.910	3.064	2.67	A small amount of additional funding has been given due to an increase in demand for services provided by Cafcass.
M–HM Prison and Probation Service	3,890.976	3,736.973 ⁶	154.003	4.12	The overall funding for HMPPS has increased due to further funding from HM Treasury to assist with prison security and safety costs, and staff recruitment.

Good example of funding tables—showing how funding has altered since the last Spending Review

Department for Education

This table reconciles the Spending Review to the Estimate:

This table shows the changes made to the main control totals for 2017–18, starting at the plans announced in the Spending Review 2015, and subsequent changes (e.g. Budget announcements and transfers between departments).

	RDEL Admin £000	RDEL Programme £000	RDEL TOTAL £000	Capital £000	RAME £000	CAME £000
Voted non-ringed fenced	297,783	55,02,640	55,320,423	4,646,000	-	-
Voted ring-fence (depreciation)	23,000	3,000	26,000	-	-	-
2017–18 Parliamentary control totals as per Settlement Letter	320,783	55,025,640	55,346,423	4,646,000	-	-
Changes to 2017–18 budgets included in Mains Estimate 2016–17						
Transfers to Other Government Departments						
Transfer out to Department of Health—contribution to Schools Fruit and Vegetable Scheme		(21,000)	(21,000)			
Transfer out to Home Office—school security grant		(3,000)	(3,000)			
Transfer out to Dept for Business Innovation and Science—Business Information Modelling		(837)	(837)			
Transfer in from Department for Culture, Media and Sport—GEO and EHRC	17,541	14,967	32,508			
a) Total Transfers (to)/from OGDs	17,541	(9,870)	7,671	-	-	-
Budget Day 2016 Changes						
Education School Reforms: Academisation		170,000	170,000			

	RDEL Admin £000	RDEL Programme £000	RDEL TOTAL £000	Capital £000	RAME £000	CAME £000
Education School Reforms: National Funding Formula		50,000	50,000			
Education School Reforms: Nation Funding Formula—exchange RDEL from 2016–17 to 2017–18		100,000	100,000			
Northern Schools Package		20,100	20,100			
Mentoring		3,000	3,000			
Longer School Day		67,500	67,500			
Breakfast Club		6,000	6,000			
PE and Sport Premium		93,000	93,000			
Re-profiled capital for Education School Reform programme			0	100,000		
b) Total Budget Day Changes		509,600	509,600	100,000		
Other Changes						
Updated depreciation budget	(8,156)	22	(8,134)			
Addition of AME budgets			-		(60,552)	
c) Total other changes	(8,156)	22	(8,134)	-	(60,552)	
Total changes to 2017–18 totals in the Mains Estimate (a+b+c)	9,385	499,752	509,137	100,000	(60,552)	
2017–18 Parliamentary control totals at 2016–17 Main Estimate	330,168	55,525,392	55,855,560	4,746,000	(60,522)	
Of which Voted Ring fenced Depreciation	14,844	3,022	17,866	-	-	-
Total Voted Ring-fenced control totals	14,844	3,022	17,866	0	-	-
Non ring-fenced control totals	315,324	55,522,370	55,837,694	4,746,000	(60,552)	-
Total 2017–18 Parliamentary control totals	330,168	55,525,392	55,855,560	4,746,000	(60,522)	-
2017–18 Parliamentary control totals at 2016–17 Main Estimate	330,168	55,525,392	55,855,560	4,746,000	(60,552)	-

Useful section updating performance since the last Estimate

Ministry of Justice

Progress against priorities since the Supplementary Estimate 2016–17

Prison Reform—Following the White Paper publication we have set up nine programmes to deliver these commitments. We have made progress in a number of key deliverables including:

- Providing an extra £14 million to bring in new ways of working at 10 public sector prisons which have amongst the worst levels of violence and self-harm;
- Exceeding our target to recruit 400 additional staff by April 2017;
- Opening HMP Berwyn in March 2017, a new rehabilitative male prison in North Wales, which when fully operational will provide 2,106 modern and efficient prison places;
- Introducing the Prisons and Courts Bill which sets out a new framework and clear system of accountability for prisons which—for the first time—enshrines into law the purpose of prison and sets out that a key aim for prisons is to reform and rehabilitate offenders; and
- On 1 April creating a new, operationally-focused executive agency, Her Majesty's Prison and Probation Service, which will be responsible for all operations across prison and probation. The Secretary of State will set standards, commission services, and hold them to account.

And from the Supplementary Estimate 2017–18 memorandum:

- Court fees: the Ministry launched the full refund scheme for Employment Tribunal Fees following the Supreme Court's judgement in *Unison* in November 2017 and a significant number of refunds have already been processed
- Family justice: Working with the judiciary, new family court rules were introduced in November to improve in-court protection (such as screens or video links) for vulnerable persons in court proceedings.

Good links to past announcements and policies

Department for Communities and Local Government

Preventing Homelessness—This line includes expenditure on Homelessness and Preventing Domestic Violence. The budget for Preventing Homelessness in 2017/18 includes £196m of funding in relation to the new flexible homelessness support grant which will give councils greater flexibility to prioritise homelessness prevention.

Further information on the new grant can found at <https://www.gov.uk/government/news/new-grant-for-council-homelessness-services>

Renewed clarity on the expected costs of the Homelessness Private Members Bill, £17.5m of funding was re-profiled into 2017/18.

Further information on the Department's approach to Homelessness can be found at <https://www.gov.uk/government/news/40-million-homelessness-prevention-programme-announced>

The launch of the Domestic Violence programme was announced by the Secretary of State on the 3rd November 2016 as part of the Government's £80m Violence Against Women and Girls Strategy. The later than expected announcement has resulted in a budget re-profile of £7.5m into 2017/18.

Further information on the Domestic Violence programme can be found at <https://www.gov.uk/government/news/new-20-million-fund-now-open-to-help-victims-of-domestic-abuse>

Complete list of Barnett consequentials

Wales Office

From time to time, the Treasury will adjust the budgets of UK departments with the devolved administrations receiving Barnett consequentials of these adjustments. The majority of these budgetary adjustments take place at major fiscal events such as the Budget.

In December 2017, the Treasury published a breakdown of changes in the devolved administrations' block grant funding from the 2015 Spending Review until Autumn Budget 2017 for all years covered by the SR. This includes details of included all Barnett Consequentials allocated to the devolved administrations since the conclusion of the 2015 SR.

<https://www.gov.uk/government/publications/block-grant-transparencydecember-2017-publication>

The table below details the Barnett consequentials for the financial year 2017- 18 received by the Welsh Government since the announcement of the 2015 Spending Review in Autumn 2015.

Additional Barnett consequentials for 2017–18 announced since the publication of the 2017–18 Main Estimate are shown at the foot of the table. This information is provided to assist the Committee to understand the composition of the block budgets of the Welsh Government.

Barnett Consequentials for 2017–18 since 2015 Spending Review

Fiscal Event	UK Government Measure	Resource/Capital	Barnet Consequential (£m)	
Budget 2016	Business Rates— Permanently double SBRR from 2017–18	Resource	35.619	
	Business Rates— Increasing the Small Business Rate Relief thresholds from 2017–18	Resource	39.887	
	Business Rate— Increasing the standard multiplier threshold from 2017–18	Resource	5.861	
	Making all schools academies by 2022	Resource	9.673	
	National Funding Formula	Resource	2.845	
	Northern Powerhouse	Resource	1.144	
	Mentoring for 25,000 disadvantaged students	Resource	0.171	
	Longer school day	Resource	3.841	
	Expanding breakfast clubs	Resource	0.341	
	Doubling the primary school sports premium	Resource	5.292	
	Flood package: maintenance funding	Resource	2.276	
	Partnership Support Fund	Capital	0.285	
	Six year programme top- up	Capital	0.683	
	Royal College of Arts	Capital	0.626	
	Drapers Hall—Coventry	Capital	0.057	
	Hall for Cornwall	Capital	0.114	
	S1 Artspace	Capital	0.028	
	Shakespeare North	Capital	0.228	
	Cathedrals	Resource	0.285	
	Hull City of Culture	Resource	0.142	
	Devolution Deals— resource	Resource	2.333	
	Sub-Total			111.729
	Autumn Statement 2016	Business Rates—Rural Rate Relief	Resource	0.341
Business Rates—Fibre relief		Resource	0.170	
Northern Power House: Investment Fund		Capital— Financial Transactions	0.226	

Fiscal Event	UK Government Measure	Resource/Capital	Barnet Consequential (£m)
	Midlands Engine: Investment Fund	Capital—Financial Transactions	0.967
	Mayfield Review of Management	Resource	0.283
	Wentworth Woodhouse	Resource	0.067
	Creative Media Centre Plymouth	Capital	0.057
	Studio 144 Southampton	Capital	0.091
	Royal Society of Arts School Pilots	Resource	0.025
	Rugby League World Cup 2021	Capital	0.057
	Rugby League World Cup 2021	Resource	0.113
	World Road Cycling	Capital	0.028
	World Road Cycling	Resource	0.065
	Right to Buy—extended pilot	Resource	8.490
	Midlands Rail Hub	Resource	0.113
	Invest in University Tech Transfers	Capital	1.415
	Grammar Schools	Capital	2.830
	Strategic roads—pinchpoints	Capital	5.377
	Local roads and local transport	Capital	11.886
	Smart ticketing	Capital	1.415
	Development funding for Oxford-Cambridge + M25	Capital	0.283
	Accelerated build-out (Conference)	Capital	13.584
	Affordable housing grants	Capital	25.753
	“Help-to-Build”, including “Roads for Homes”	Capital	2.830
	QR funding	Capital	1.191
	Sub-Total		77.656
Spring Budget 2017	Business Rates—Mitigating Impact of SBRR	Resource	1.019
	Business Rates—Discretionary Relief Fund	Resource	9.905
	Business Rates—Pubs	Resource	1.302
	LAs delivering Business Rates Reforms	Resource	0.238

Fiscal Event	UK Government Measure	Resource/Capital	Barnet Consequential (£m)
	Free Schools	Resource	0.906
	Social Care	Resource	57.188
	Health Capital A & E	Capital	5.660
	Social Transformation Programme Funding	Capital	6.195
	Work Coaches	Resource	0.311
	Midlands Skills Challenge (English Language Training)	Resource	0.057
	Returnships	Resource	0.119
	Suffragette Centenary	Resource	0.294
	Sub-Total	Resource	83.194
Totals	Resource DEL		90.558
	Capital DEL		83.858
	Capital—Financial Transactions		1.193
	All DEL		175.609

Note

Totals may not sum due to roundings

Additional information requested by a select committee

Ministry of Justice

Private and public prisons

The Justice Select Committee has previously requested a breakdown of the funding attributable to public and private prisons within HMPPS and its predecessor NOMS.

The following table sets this out:

HMPPS—Split of funding between public and private prisons

£m	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
Public prisons	1,790	1,657	1,579	1,594	1,556	1,630
Private prisons	400	410	433	441	452	460
Total	2,190	2,067	2,012	2,035	2,007	2,090

Annex B: Examples of areas where improvements are needed

Explanation that is difficult to understand, including use of acronyms

Department for Environment, Food and Rural Affairs

£424.0m decrease due to the profile of the CAP Disallowance provision across years. The CAP Disallowance provision increased in the 2016–17 Supplementary Estimate to create additional budget cover following the EC audits for BPS and cross compliance covering 2015 and 2016

Ministry of Defence

The Main Estimate has been structured by commodity cost block, based on the latest information available at the time of the HM Treasury deadline for populating the Online System for Central Accounting and Reporting (OSCAR), while also ensuring that the resource request does not exceed the Spending Review agreement. In addition, the underlying data may require some refinement and adjustment across commodity blocks at Supplementary Estimates to reflect changes as a result of Annual Budget Cycle (ABC) final decisions.

The DE&S Bespoke Trading Entity (BTE) sits outside the wider Administration Costs Regime (ACR) and the Control Totals shown by commodity blocks are in line with the Department's plans. DE&S itself is an executive agency and will publish separate plans and annual accounts at the end of FY 2016–17.

Foreign and Commonwealth Office

There are two major transfers (programme) **from** Department for International Development (DFID), £435,858,000 for conflict prevention (Section E) and £372,232,000 for peacekeeping (Section F) both funded from the Conflict, Stability and Security Fund (CSSF).

There is a further major transfer **from** DFID of £96,200,000 (programme) Resource DEL for Official Development Assistance (Sections A and B).

There is also a net transfer **to** the FCO of £14,220,000 (programme) in respect of redistribution of charges for use by other government departments of the FCO's overseas platform, details by department are listed in Table 1 below. The platform costs of the British Council and some smaller departments will be met directly by the FCO from the £14,220,000 net transfer (Section A).

Department for Business, Energy and Industrial Strategy

Annex A Tables typically give a lot of detail, but little explanation of why changes arise, and what their impact will be.

J—Government as Shareholder (DEL)	(53.6)	40.4
	£45.0m decrease in Post Office network subsidy, £5.1m reduction in Business and Enterprise access to finance, £1.0m Insolvency Service, plus increase in dividends from Companies House (£1.4m) and Ordnance Survey (£0.9m), plus £0.2m net other small changes.	£97.9m increase in Financial Transactions plus £2.0m increase in finance guarantees, partially offset by reductions of £35.0m funding for Post Office network transformation programme as set out in SR15, £17.0m Business and Enterprise access to finance, £3.9m Insolvency Service, and £3.0m British Business Bank general Capital.

Home Office

Sets out what the changes are and where money moves to and from without saying why

Explanation for the changes above are as follows:

Crime, Policing and Fire Group (CPFG)

The main changes are due to the exchange of Resource Del programme budget for additional Capital Del.

Office for Security and Counter Terrorism (OSCT)

The main increase was due to National Cyber funding received from the Cabinet Office and reserve claim funding for the response to the 2017 attacks.

Immigration Enforcement (IE)

The main changes are due to Brexit funding received.

UK Visas and Immigration (UK V&I)

The balance of changes relates to budget transfers out to Department of Health for the Immigration Health Surcharge against received reserve funding for Brexit and Asylum Support.

International & Immigration Policy (I&IP)

Main change relates to transfer of contingency funding to operational areas.

Border Force

The main change is due to receipt of Brexit reserve funding.

Her Majesty's Passport Office (HMPO)

The main changes are due to in year savings contribution.

Enablers

The main increase is the receipt of Brexit funding.

Arms Length Bodies (ALBs)

The main changes are due to in year savings contribution.

Omissions***Home Office***

Gives only summary tables, and thin on explanation. Nothing on outcomes. No reconciliation to SR2015. No trend data.

Department for Business, Energy and Industrial Strategy

Gives a very lengthy and detailed memorandum which primarily lists the changes. Explanations are usually of what has moved, rather than explaining what these programmes are, what they are designed to achieve and why funding is altering.

Department for Exiting the European Union

The memorandum is very thin on detail. Despite seeking over £100 million it is very unclear what this will buy: how many staff, what will be spent on legal or consultancy spending, travel etc.

Judicial Pension Scheme

Unlike the memorandum submitted for the Teachers' Pension Scheme, there is no simple explanation of what the lines represent.

Ministry of Defence

There is little in the way of summarising the key elements of the budget, spending pressures and drivers, and impacts. While a glossary of terms is provided it would be helpful to give an overview of where the money goes and what it is designed to achieve. Trends for key components and detail on big capital projects could also be provided. While a glossary is provided it would better to explain what spending actually covers in layman's language.

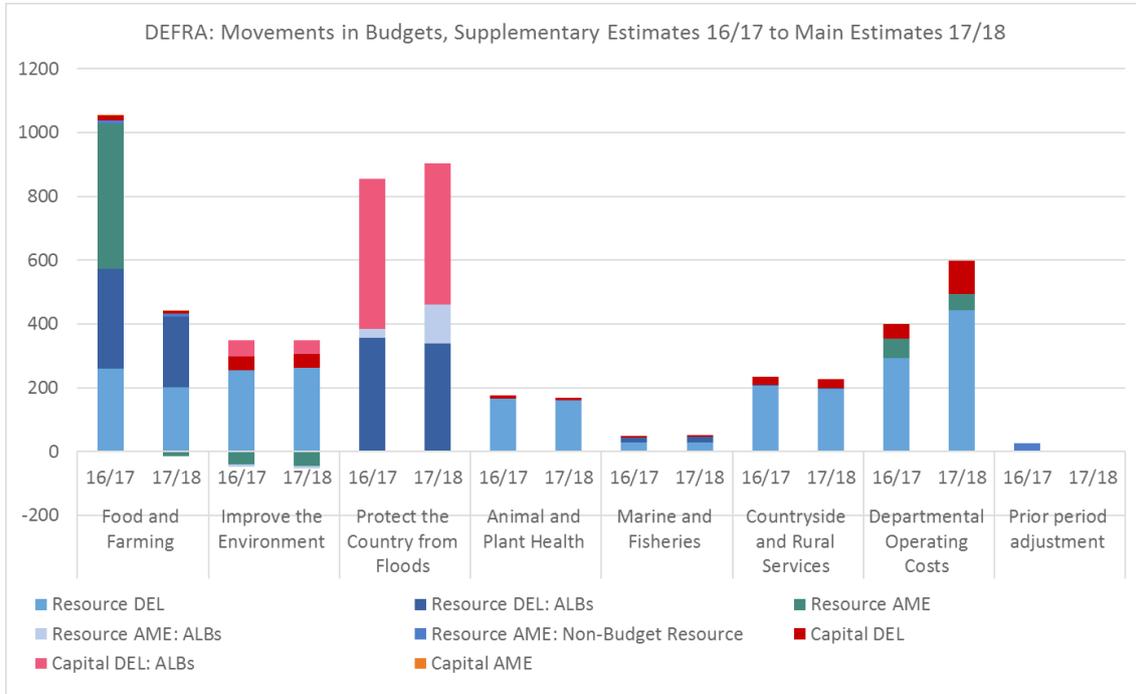
Late submission

The Ministry of Housing, Communities and Local Government (formerly DCLG) has been late in submitting both its last three estimates memoranda (Supplementary Estimates 2016–17 and Main and Supplementary Estimates 2017–18).

Annex C: Suggested future improvements

Comparisons

Simple bar charts could help compare budgets between years:



Barnett consequentials

Information could be better provided on how Barnett consequentials have been generated:

Funding provided in the following fiscal events has led to Barnett consequential as follows

Department for Communities and Local Government

Spring Budget 2017	England (via DCLG)	Scotland*	Wales*	Northern Ireland*	Total in red book scorecard
Social care	£0.850 million	£0.200 million	£0.100 million	£0.050 million	£1.200 million

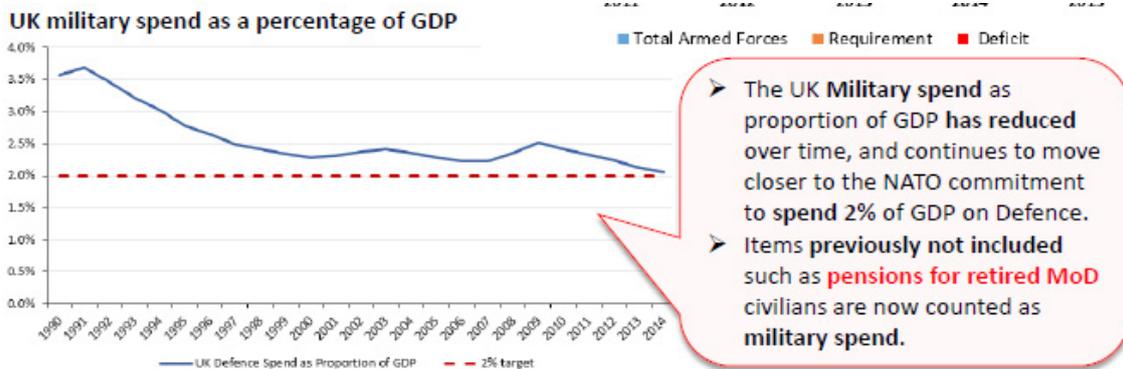
*—Barnett consequentials which can be used on any devolved functions

The following announcements of spending made have led to changes in budgets included within the estimate

Item	Fiscal event	Announced by/ when	Estimate line	Amount
Extra Social care funding	Spring Budget 2017	Statement by DCLG minister x March 2017	Line X	£1.0 million

Trend information

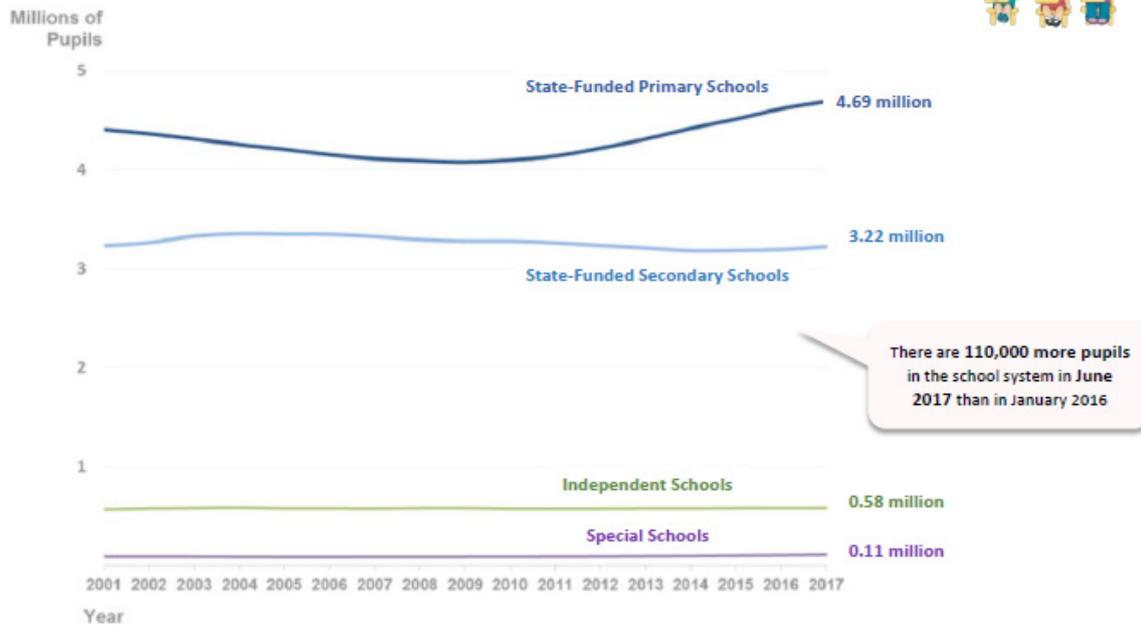
Spending trends of likely interest to members could be included:



Contextual information

Sometimes contextual information can be helpful:

Growing number of pupils:

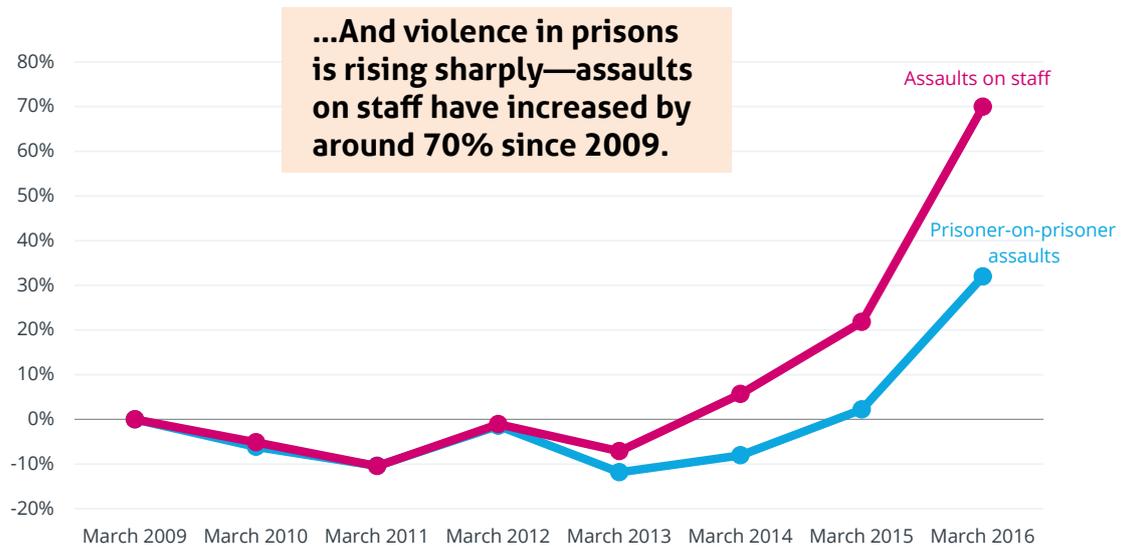


Outputs and outcomes

It would be helpful to present information on key outputs and outcomes over time, particularly where extra or lower resources are proposed.

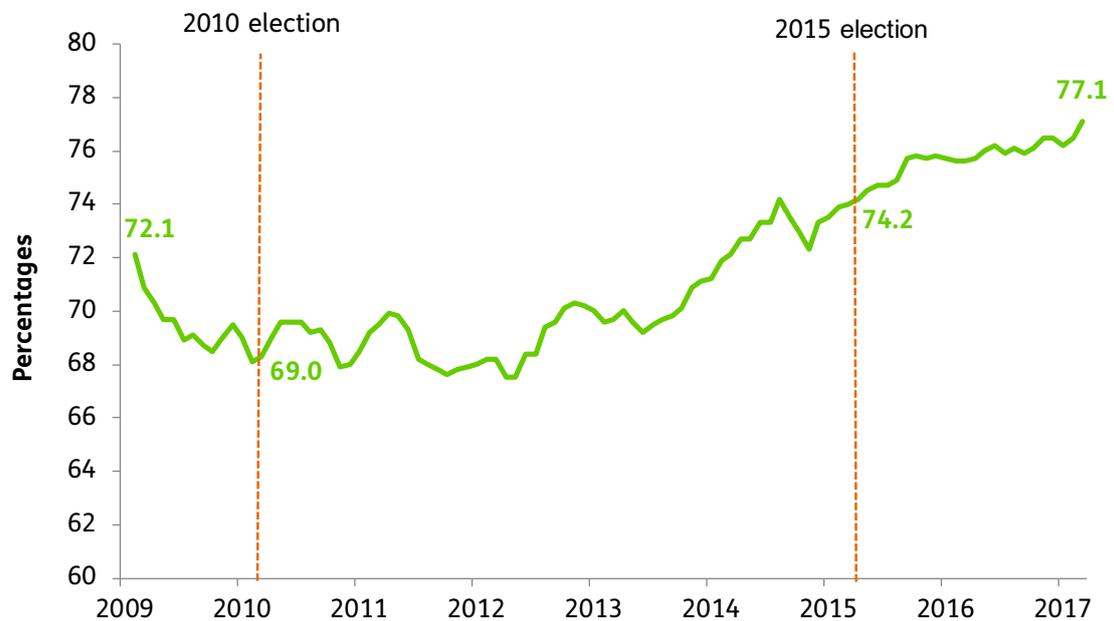
These examples are taken from the IFG and from DWP’s annual report and accounts:

Figure 5.4: Percentage change in the number of prison assaults, from year ending 31 March 2009



Source: MoJ, 'Safety in Custody Statistics, Summary Tables', Table 4, 28 July 2016

Percentage of young people (18-24) not in full-time education who are in employment (%)



Annex D: Existing guidance on producing an Estimates memorandum

Estimates memoranda are provided to the relevant departmental select committee in the House of Commons. The purpose of a memorandum is to provide an overview and analysis of the Estimate provision sought (explaining its purpose, the source of the funding, how this relates to departmental objectives, etc) in the departmental Estimate. The memorandum should be published alongside the relevant Estimate on the departmental website as soon as the departmental select committee has published it (on its website or with a report) or authorised its publication by the Department.

An Estimates memorandum needs to provide a clear statement of what is in the Estimate, what has changed, and why. It should act similarly to an explanatory note to a Public Bill and provide a plain English explanation of what, and why, funding is being sought. The alignment of Estimates with budgetary control limits removes the need for some of the detail that was previously needed in order to reconcile the differences between these two controls.

This Annex provides outline guidance about what should be covered by an Estimates memorandum and reflects the views of the House of Commons Scrutiny Unit. Main departments⁷ should cover all areas mentioned in this guidance but smaller departments may only need to cover certain areas. These differences are picked up below.

While this guidance provides details of the essential components of an Estimates memorandum, for the document to be of maximum benefit to the select committee, and other readers, it must aim to answer questions such as:

- What is the purpose of the planned spending?
- What are the expected outcomes?
- What has changed since the last Estimate (e.g., what will be done differently, or is no longer being done, or is new)?
- What efficiencies are being made?
- How does the planned spending relate to the department's overall aims, priorities and business plan?

Figures should be set out in £m, to one decimal place (i.e., to the nearest £100,000).

Introduction

A brief introduction should explain the key activities supported by provision in the Estimate. This should be broken down by budgetary limits (Resource DEL, Capital DEL, Resource AME, Capital AME) and any voted non-budget provision.

⁷ A "main department" for these purposes should be regarded as one where a parliamentary committee has an ongoing interest in the department's activities. Pension scheme Estimates would generally be regarded in the same way as small departments for these purposes. See page 106 of the current Estimates manual, here https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220744/estimates_manual_july2011.pdf

Specific mention should also be made of any ring-fenced provision (e.g., depreciation or specific programme ring-fences), any new areas of income or expenditure, and any differences in provision of 10% or more from the previous financial year.

For Supplementary Estimates, the memorandum should explain all changes in relation to the Main Estimate.

Key points

The memorandum should then set out the main activities and priorities for the department, giving the reasons for such prioritisation. This section of the memorandum should include brief details of any:

- Changes to budgetary limits (DEL or AME)—split by: (i) voted or non-voted; (ii) resource or capital; and (iii) administration or programme—and changes to voted non-budget spending. For the memorandum accompanying the Main Estimate, the changes should be compared with budgetary limits originally set in the last Spending Review and with provision in the previous year's final Estimate. For the memorandum accompanying the Supplementary Estimate, the changes should be compared with those set in the Main Estimate. Where changes involve restatement of provision (e.g., due to reclassification) this must be carefully explained. Any changes to AME provision must set out whether they are due to revised forecasts or policy changes and should briefly explain the background. It would be helpful to make it clear where AME forecasts are endorsed by the Office for Budget Responsibility.
- New programmes, as well as any that are being expanded or scaled back by 10% or more. The memorandum must explain the underlying reasoning behind such spending decisions and cannot simply refer to the mechanism through which the decision was made or who took the decision.
- Other significant changes; this might include establishing a new NDPB or directing funding in a new way. [This is not normally required for smaller departments.]
- Changes to the ambits. This requires a brief explanation of the reason for the change and of any additional functions the changes are designed to support.
- Restructuring of information within the Estimate; this would include any income or expenditure moving between different budgetary limits or any movement of provision between different sections in the Part II: Subhead detail table. Changes to structure should be clearly explained in broad terms and must cross refer to the breakdown of component programmes before and after the changes (see next section). [This is not normally required for smaller departments.]
- Revisions to the expected outcomes or to the way in which outcomes are measured. This should refer to any relevant business plan or other documents and to any measurable objective outputs and outcomes; including when and where such outcomes will be reported to Parliament. [This is not normally required for smaller departments.]

Detailed breakdown

The memorandum should then provide a breakdown of provision by programme within each Estimate line (section). For the memorandum accompanying the Main Estimate the comparison should be with the final Estimate for the previous year. For the memorandum accompanying the Supplementary Estimate the comparison should be with the Main Estimate. Explanations should be provided where variations are 10% or more.

Where restructuring has taken place, the memorandum must provide a full breakdown of Estimate Lines (sections) according to the previous structure for comparative purposes. Any movements in the treatment of provision, e.g., between budgetary limits or between voted and non-voted, should be fully explained.

Smaller departments are not required to provide the detailed breakdown.

Supplementary information

The memorandum must provide details of:

- Budgetary limits (DEL or AME)—split by: (i) voted or non-voted; (ii) resource or capital; and (iii) administration or programme—and any voted non-budget spending, for the previous three years and for all future years covered by the Spending Review. For the prior years, both plans and outturn data should be provided (forecast outturn can be provided for the most recent year where final figures are not yet available). Percentage variations between plans and outturn should be provided to one decimal place. [This is not normally required for smaller departments.]
- Any machinery of government changes reflected in the Estimate. Detail should be provided of the activities being transferred and their impact in terms of budgets, staff numbers and other resources.
- Any budgetary carry-forward entitlements operated by the Treasury. Any amounts drawn-down in the current financial year and a breakdown of the balance (by budgetary category and identifying any ring-fenced amounts separately) should also be shown.
- Details of any new, or amended, provisions for liabilities and/or contingent liabilities above £10m. An explanation of why the provision has been made, or amended, should be provided. For contingent liabilities, there should be an explanation of the cause, an assessment of the likelihood of the liability arising, and the expected timing, if known.
- Explanation of any footnotes included in the Estimate, e.g., for new services awaiting parliamentary approval or for any advances from the Contingencies Fund.
- Confirmation of formal approval by the Departmental Accounting Officer of the material contained in the memorandum. The Accounting Officer retains personal responsibility for the content of the Estimates Memorandum even if they delegate authority for it to be signed-off on their behalf.

Annex E: Proposed new guidance and format for Estimates memoranda

Title of department, Main/Supplementary Estimate, year

Figures should be set out in £ million, to one decimal place (i.e., to the nearest £100,000).

For ease of reference, please **quote these section numbers in your memorandum.**

1 Overview

1.1 A description of the main priorities of the Department

1.2 A graphic showing how major areas of spending relate to these priorities. This should include an indication of the share of resources devoted to each priority and the major programmes designed to deliver against each priority

1.3 A table showing the amounts sought for each spending limit (Resource DEL, Capital DEL, Resource AME, Capital AME), and the overall change in each spending limit since last year, % and £m. This should be consistent with Part I and Part II of the Estimate.

1.4 Explanations of what the key drivers of the overall changes to totals are (compared to last year, or the previous Estimate) i.e. why they are proposed and how the changes are being achieved. Cross reference to section 2.2 below for further detail.

1.5 Details of any major new policies or programmes and what they are designed to deliver.

1.6 A line graph showing spending trends for the Department over the last five years with a short commentary on the main causes and effects.

1.7 Details of any efficiency plans, how they are being achieved in practice (e.g. staffing reductions, reduction in the size of the estate) and the levels of savings expected. Details should also be given of whether savings reduce expenditure overall or enable higher spending elsewhere.

1.8 An explanation of any major differences between the sum of total resource and capital required and the net cash requirement.

2 Estimates (Spending) lines

2.1 By estimates line, details of new programmes or big changes in spending levels (10% or more, where this amount if £1 million or more). These details should be given both for each Estimates line in total, and in relation to the programmes within Estimates lines. In each case the budget category (Resource DEL, Capital DEL, Resource AME, Capital AME) affected should be clearly stated.

2.2 Explanations of the key drivers of changes and the impact of changes for each of the changes at 2.1 above, cross reference to 1.4 above

2.3 If relevant, significant changes in how spending is described, broken down or aggregated. (Where changes like this have been made, spending for last year should be restated in the new way for comparative purposes in a table)

3 Priorities and KPIs

3.1 Details of which Estimates lines/programmes contribute towards which priorities (in a graphic or a table)

3.2 Details of the KPIs for each priority under the Single Departmental Plan. Hyperlinks to the latest updates of these KPIs

3.3 Commentary on steps being taken to address performance issues, and in particular how these affect spending

4 Additional spending breakdowns or specific information regularly required by the relevant select committee

4.1 E.g. spending per pupil for the Department for Education; spending on operations by the Ministry of Defence

Tables

Table A: Spending breakdown

- An excel table showing, for current and past year
 - the programmes within each Estimate line (no acronyms)
 - the amounts sought for each programme

This table should also include a column giving a cross reference to the relevant part of Section 2.2 explanations

Table B: DEL Funding

An excel table showing, for the current year

- the original Spending Review totals, for Resource and Capital DEL funding additions and subtractions from the total.

A separate line and figure should be given for each change and source of funding, and Reserve claims, amounts transferred from other sources and amounts brought forward from prior years should be clearly labelled. The Budget/statement event and/or timing of the announcement of the change should also be given.

For each line of changes, the amounts of Barnett consequentials for Scotland, Wales or Northern Ireland should be clearly indicated.

- Cross-references (and hyperlinks to) to any past relevant spending announcements (including statements to the House), relevant publications, manifesto commitments, Budgets and Autumn statements

Group A: Major departments	Group B: smaller departments and regulators	Group C: pension funds	Group D: Parliamentary bodies
BEIS	Security and intelligence agencies	Armed forces pension schemes	Electoral Commission
Cabinet Office	Parliamentary and health services ombudsman	Civil superannuation	House of Commons: Administration
DCMS	Charity Commission	DFID overseas superannuation	House of Commons: Members
DCLG	Competitions and Markets Authority	Judicial pensions scheme	House of Lords
DEFRA	Crown Estate Office	NHS pension scheme	Independent Parliamentary Standards Authority (IPSA)
DEXEU	Crown Prosecution Service	Royal Mail pension scheme	Local Government Boundary Commission
MOD	ECGD	Teachers' pension scheme	National Audit Office
DFE	Food Standards Agency	UKAEA pension schemes	
FCO	Government Actuary's dept		
DH	National Archives		
Home Office	National Crime Agency		
DFID	National Savings and investments		
DIT	Ofgem		
MOJ	Ofqual		
Northern Ireland Office	ORR		
HMRC	Ofsted		
Scotland Office	Ofwat		
HM Treasury	Procurator General and Treasury Solicitor		
DFT	Serious Fraud Office		
Wales Office	Statistics Board		
DWP	UK Supreme Court		

Group A Estimates: all sections and tables should be provided. Departmental select committees/the Scrutiny Unit will indicate any additional requirements under Section 4.

Group B Estimates: all sections and tables should be provided. For Section 3, where there is no Single Departmental Plan, relevant KPIs used by the organisation should be quoted. Departmental select committees/the Scrutiny Unit will indicate any additional requirements under Section 4

Group C Estimates. Sections 1.3, 1.4, 1.6 and 1.8 should be provided. What each Estimates line covers should also be explained.

Group D Estimates: the relevant Parliamentary committee will set out what is required. As a minimum this will usually need to include sections 1.3, 1.4, 1.7, 2.1, 2.2, 2.3 of the guidance.