



**To: Chair, Health Select Committee**

Date: 31 January 2017

## **ESTIMATES MEMORANDUM**

### **2016-17 Supplementary Estimate for the Food Standards Agency (FSA)**

An overview and analysis of the Food Standards Agency's 2016-17 Supplementary Estimate.

#### **Introduction**

The purpose of this memorandum is to provide the Select Committee with an explanation of the changes sought by the FSA in the 2016-17 Supplementary Estimate.

#### **Budget adjustments:**

##### **Resource DEL (RDEL)**

Switch from CDEL to RDEL	£2.1m
Reduction in non ring-fenced RDEL - to fund depreciation	(£0.4m)
Increase to ring-fenced depreciation	<u>£0.4m</u>
Total RDEL adjustments	£2.1m

##### **Capital DEL (CDEL)**

Switch to RDEL re R&D	(£3.8m)
Switch from RDEL for standard capital expenditure	£1.7m
Increase to Capital Income budget	(£0.3m)
Increase to CDEL expenditure in relation to Capital Income	<u>£0.3m</u>
Total CDEL adjustments	(£2.1m)

#### **Non Budget adjustments:**

##### **Resource to cash reconciliation - changes to accruals to cash adjustments**

Reduction in Creditors (requiring additional cash funding)	£4.4m
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The overall reduction in Capital expenditure of £2.1m and corresponding increase to RDEL is due to reducing the estimated Research and Development Capital budget calculated at the Main Estimate, this was over allocated by £3.8m and is required to be transferred back to RDEL. This is partially offset by a switch required from RDEL to CDEL for increased investment in IT development expenditure of (£1.7m).

A further increase is required to CDEL to allow for an increase to the Capital Income budget of £0.3m. This has a neutral impact on the CDEL budget overall.

An increase of £0.4m in ring-fenced depreciation is also required and is funded from programme (£0.4m) RDEL budget.

A Non Budget adjustment is required for an adverse movement in working capital due to a significant forecast reduction in creditors due to timings of payments and crystallisation of accruals.

### **Ambit update**

No changes required.

## Summary of changes in relation to the FSA Main Estimate

	2016-17 Main Estimate £m	Change Request - Total £m	2016-17 Supplementary Estimate £m
<b>Budget Voted</b>			
Administration Expenditure exc dep'n	35.142	-0.488	34.654
Of which ring-fenced Depreciation	1.758	0.344	2.102
<b>Total Admin</b>	<b>36.900</b>	<b>-0.144</b>	<b>36.756</b>
Programme Expenditure exc dep'n	39.467	2.192	41.659
Of which ring-fenced Depreciation	0.335	0.050	0.385
<b>Total Programme Expenditure</b>	<b>39.802</b>	<b>2.242</b>	<b>42.044</b>
<b>Total RDEL</b>	<b>76.702</b>	<b>2.098</b>	<b>78.800</b>
<b>Total RDEL excluding depreciation</b>	<b>74.609</b>	<b>1.704</b>	<b>76.313</b>
Capital Expenditure (CDEL)	0.310	1.971	2.281
Capital Income (CDEL)	0.000	-0.300	-0.300
R&D Capital	7.000	-4.257	2.743
R&D support costs	0.500	0.488	0.988
<b>Total CDEL</b>	<b>7.810</b>	<b>-2.098</b>	<b>5.712</b>
<b>Total DEL</b>	<b>84.512</b>	<b>0.000</b>	<b>84.512</b>
<b>Total DEL excluding depreciation</b>	<b>82.419</b>	<b>-0.394</b>	<b>82.025</b>
<b>Annually Managed Expenditure (AME)</b>	<b>9.603</b>	<b>0.000</b>	<b>9.603</b>
Total Delegation From Treasury	94.115	0.000	94.115
<b>Total Resource Budget (RDEL + RAME)</b>	<b>86.305</b>	<b>2.098</b>	<b>88.403</b>
<b>Total Departmental Spending*</b>	<b>92.022</b>	<b>-0.394</b>	<b>91.628</b>
<b>Non Budget **</b>	0.000	4.400	4.400

\* Total Delegation (Resource and Capital) less depreciation

\*\*Resource to cash reconciliation - changes to accruals to cash adjustments

## Summary of the main spending control figures contained in the Estimate

### Voted provision

Total DEL Budget in 16/17 remains constant. The Budget switches of £2.1m are Total DEL Budget neutral. The 16/17 Net cash requirement will increase by £4.0m - due to increased depreciation of (£0.4m) offset by a decrease in creditors £4.4m which is a non budget adjustment.

### **Budgetary data**

The changes to key 2016-17 budgetary figures are:

Resource DEL – an increase of **£2.1m** – switch from R&D Capital over estimation at Main Estimate partially offset by increased IT investment Capital expenditure.

Capital DEL – a reduction of **(£2.1m)** as stated above.

### **Approval of Memorandum**

This memorandum has been prepared with reference to guidance in the Estimates Manual provided by HM Treasury and that found on the House of Commons, Scrutiny Unit website. The information in this memorandum has been approved by Catherine Brown the FSA's Accounting Officer.

**Chris Hitchen**

Director of Finance and Performance

## Annex - Departmental Expenditure Limits

This Supplementary Estimate will result in an increase of £1.7m to 2016-17 RDEL excluding depreciation and a reduction to CDEL of (£2.1m.)

	2011-12 Plans	2011-12 Outturn	2012-13 Forecast Outturn	2012-13 Plans	2012-13 Outturn	2013-14 Plans	2013-14 Outturn	2014-15 Plans	2014-15 Outturn	2015-16 Plans	2015-16 Outturn	2016-17 Plans
<b>Voted</b>	£m	£m	£m	£m	£m	£m		£m		£m		£m
<b>Resource DEL (RDEL excluding depreciation)</b>												
Main Estimate <sup>††</sup>												74.6
Of which: Admin												35.1
Programme												39.5
Changes to Admin*												(0.5)
Changes to Programme**												2.2
Supplementary Estimate / Total	111.0	87.0	88.8	107.0	88.0	93.2	88.8	87.8	90.2	81.4	90.2	76.3
Of which: Admin	44.1	38.0	41.3	42.4	39.6	37.8	37.6	34.6	34.3	34.5	34.3	34.7
Programme	66.9	49.0	47.5	64.6	48.4	55.4	51.3	53.3	55.9	46.9	55.9	41.7
<b>Capital DEL (CDEL)</b>												
Main Estimate <sup>††</sup>												7.8
Changes***												(2.1)
Supplementary Estimate / Total	1.1	1.0	1.2	1.4	1.5	5.1	3.1	3.4	2.6	1.0	2.6	5.7
<b>Total DEL (excluding depreciation)</b>												
Main Estimate <sup>††</sup>												82.4
Changes												(0.4)
Supplementary Estimate / Total ****	112.1	88.0	90.0	108.4	89.5	98.3	92.0	91.2	92.8	82.4	92.8	82.0
<b>Resource AME</b>												
Main Estimate <sup>††</sup>												9.6
Changes												0.0
Supplementary Estimate / Total	10.0	0.8	0.7	10.0	1.2	10.0	3.4	10.0	3.0	9.6	3.0	9.6
<b>Non Budget</b>												
Main Estimate <sup>††</sup>												0.0
Changes												4.4
Supplementary Estimate / Total *****								6.5		4.2		4.4

\* RDEL decrease of (£0.5m) admin is the switch from RDEL admin to CDEL for Research and Development support costs.

\*\*RDEL increase of £2.2m programme is the switch of £4.3m from CDEL for overestimated Capital R&D expenditure, partially offset by increased IT investment Capital of (£1.7m) and the switch to ring fenced depreciation of (£0.4m).

\*\*\*CDEL budget reduction due to the net switch from CDEL of £2.1m as detailed above. This also includes a budget neutral increase to both Capital expenditure and income of £0.3m.

\*\*\*\*Depreciation, which forms part of RDEL, is excluded from Total DEL since CDEL includes capital spending and to include depreciation of those assets would lead to double counting.

\*\*\*\*\*Non Budget increase of £4.4m for a forecast decrease in creditors.