

Estimates Memorandum - Department of Health 2015-16 Supplementary Supply Estimate

Introduction

1. The Department of Health's (DH) Supplementary Supply Estimate for 2015-16 seeks the necessary resources and cash to support the functions of the Department of Health, NHS and associated non-departmental public bodies. These are continuing functions from previous years and are categorised as follows:
 - NHS England and Clinical Commissioning Groups;
 - Healthcare Providers (NHS Trusts and NHS Foundation Trusts);
 - Public Health England (Executive Agency)
 - Special Health Authorities (including Health Education England);
 - Non Departmental Public Bodies; and
 - Department of Health Administration and Programme
2. The purpose of this memorandum is to provide the committee with a detailed explanation of the changes sought in the Supplementary Supply Estimate.

Summary of changes

3. A summary of changes contained within the Estimate are as follows:

	2015-16 Main Estimate	2015-16 Supp' Estimate	<i>Changes: (reduction) / increase</i>
	£m	£m	£m
Revenue Departmental Expenditure Limit (RDEL)	113,325.9	114,523.4	1,197.5
Transfer from savings achieved in CDEL			950.0
Additional resources claim from DEL reserve			205.0
HMT donations to women's charities, routed via DH			3.0
Transfers (to)/from Other Government Departments (OGDs):			
From DCLG – administration of the Better Care Fund			1.5
From MOD - relating to out of hours services and emergency cover			1.1
From HO - relating to the migrant surcharge scheme			14.0
From various OGDs - relating to the Government Finance Academy			0.4
From DfE - relating to the school fruit and vegetables scheme			28.0
From DWP - relating to fitnote data collection.			0.2
From CO - relating to bids under the national cyber security programme			2.9

To MOJ - relating to smoking in vehicles regulations			(0.02)
To HO - relating to savings made to Fleming Fund budget			(5.3)
To HMT - relating to contribution to the mental health task force			(0.1)
To HMT - relating to senior staff salary arrangements not approved by HMT.			(1.6)
To HMT - relating to HMT cash management scheme charges			(1.7)
Capital Departmental Expenditure Limit (CDEL)	4,635.0	3,689.7	(945.3)
Transfer to Revenue DEL			(950.0)
Transfers (to)/from Other Government Departments (OGDs):			
To fund HMT's equity investment in the first DH PF2 scheme - Sandwell			(0.3)
From DCLG - relating to Surplus Land			5.0
Annually Managed Expenditure (Resource AME)	6,600.0	31,271.8	24,671.8
European Economic Area (EEA) medical costs			152.0
Provisions discount rate change			24,519.8
Annually Managed Expenditure (Capital AME)	15.0	15.0	0.0
			0.0

More detailed explanations of changes can be found in Appendix i.

Key Changes

Departmental Expenditure Limits (DEL)

- £950 million transfer to the Revenue DEL budget from the Capital DEL budget. This utilises savings identified in capital programmes across the DH group to mitigate Revenue DEL pressures in the NHS provider sector.
- £205 million Revenue DEL funding transfer from HM Treasury reserve. This funding will cover minor central pressure, mostly relating to reduced Prescription Pricing Regulation Scheme (PPRS) income, which have arisen since budgets were approved at the beginning of the financial year

Annually Managed Expenditure (AME)

- A number of government departments will report a significant increase in non-fiscal Annually Managed Expenditure (AME) as a result of the change in valuation of long term provisions liabilities. This change is related to a recent HM Treasury decision to update the long term discount rate used for provisions to maintain compliance with International Financial Reporting Standards.
- For the DH, this will result in an increase to the AME budget of c£24.6 billion.

8. The change in discount rate does not change the underlying future costs that will be incurred by the taxpayer in meeting these obligations; it does not make these liabilities less affordable for government or affect front line public services.

Detailed breakdown

9. A detailed breakdown of the changes in this Estimate is set out in Appendix i, categorised below as follows:
 - a. changes to budgetary controls – summarised in the paragraphs above;
 - b. changes to intra-group eliminations - as a result of updated forecasts of the transactions between bodies within the Departmental Group. Both the Main Estimate and the Supplementary Estimate are based on forecast information and these transactions are likely to change again at the financial year-end. These changes are technical, net to zero at the 'DH group' level and thus do not impact on the overall spending power of the Department.
 - c. changes for intra-group redistribution - these changes are as a result of redistributing existing funding between spending sectors within the DH group. These changes are routine and reflect the Department's latest estimate of where spending will occur in each sector. These changes net to zero and thus do not affect the overall spending power of the Department.

Approval of Memorandum

10. This memorandum has been prepared with reference to HM Treasury's *Supply Estimates: a guidance manual*. The information in this memorandum has been approved by Andrew Baigent, Director, Group Financial Management.