



Department  
for Transport

# Memorandum for Main Estimate 2019-20

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# 1. Overview

## 1.1 Objectives

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

The Department's strategic objectives as set out in the updated version of its Single Departmental Plan are:

1. Support the creation of a stronger, cleaner, more productive economy
2. Help to connect people and places, balancing investment across the country
3. Make journeys easier, modern and reliable
4. Make sure transport is safe, secure and sustainable
5. Prepare the transport system for technological progress, and a prosperous future outside the EU
6. Promote a culture of efficiency and productivity in everything we do

## 1.2 Spending Controls

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

The spending totals which Parliament votes are:

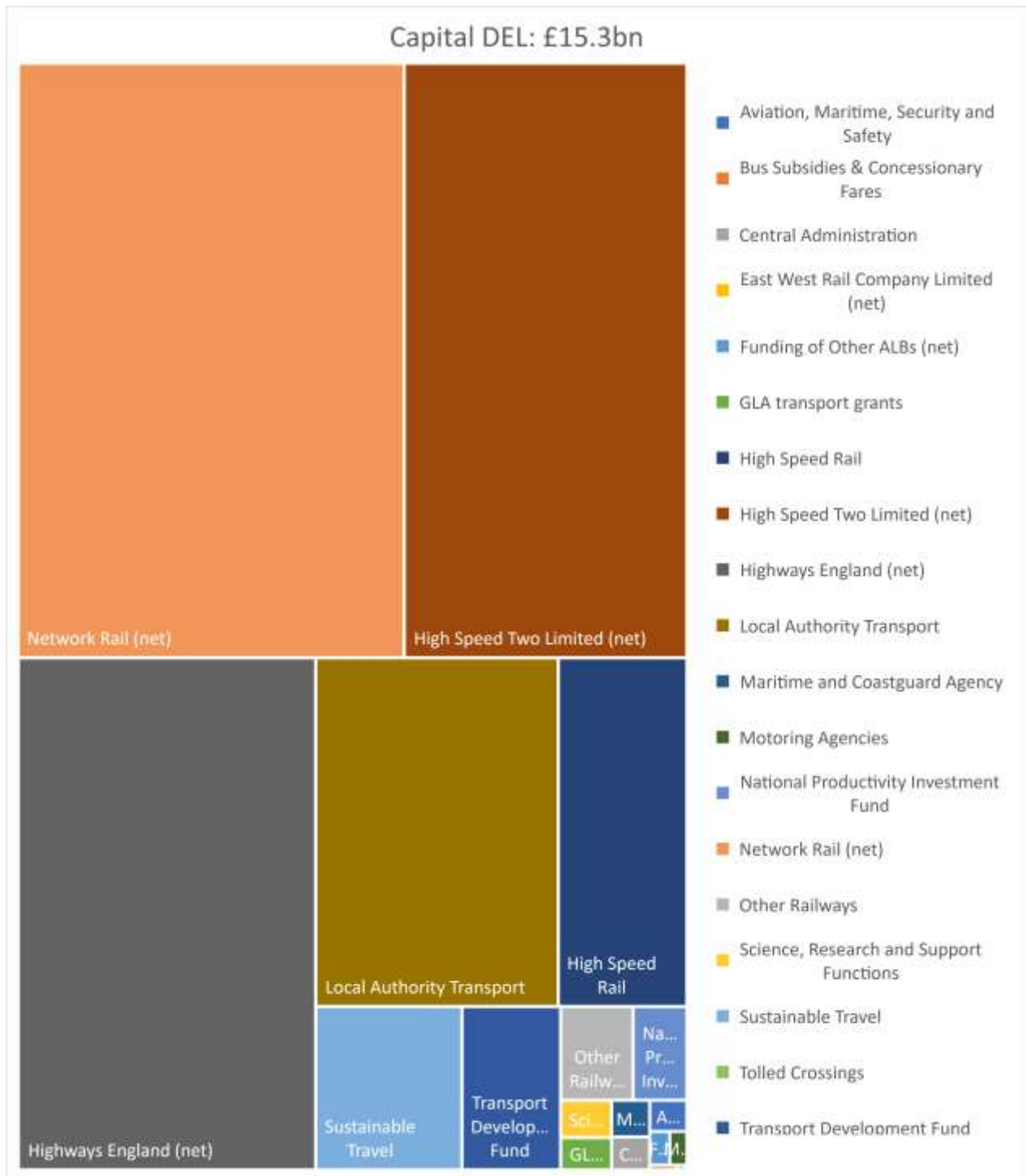
- Resource Departmental Expenditure Limit ("Resource DEL"): day to day running costs
- Capital Departmental Expenditure Limit ("Capital DEL"): investment in infrastructure
- Resource Annually Managed Expenditure ("Resource AME"): in DfT's case mainly Network Rail
- Capital Annually Managed Expenditure ("Capital AME"): in DfT's case mainly Network Rail

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

# 1.3 Main areas of Spending

The graph below shows the key areas of DfT's DEL funding sought in the latest Main Estimate 2019-20. The numbers include depreciation.





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

The Main Estimate also includes £2.4bn AME, split between £2.7bn resource and -£0.35bn capital. The majority of AME (£2.3bn) is allocated to Network Rail.

## 1.4 Comparison of spending totals sought

The Table and graph below show how the totals sought in the Main Estimate 2019-20 compare to final budgets sought in the Supplementary Estimate 2018-19 as well as to last year's Main Estimate 2018-19.

Spending Total Amounts sought this year (Main Estimate 2019-20)	Compared to final budget last year. (Supplementary Estimate 2018-19)			Compared to original budget last year. (Main Estimate 2018-19)	
	£m	£m	%	£m	%
Resource DEL	10,710.2	+6,184.8	136.7%	6,949.2	184.8%
Capital DEL	15,324.0	+6,823.2	80.3%	7,253.2	89.9%
Resource AME	2,662.9	-5,997.4	-69.3%	- 6,429.1	-70.7%
Capital AME	- 355.3	-6,897.0	-105.4%	- 6,101.5	-106.2%

## 1.5 Key drivers of spending changes since Main Estimate 2019-20

The main cause of changes in Resource DEL are:

- Increase in administration costs primarily relates to additional funding from HM Treasury to deal with pressures resulting from EU Exit preparation and increases in employer pension contributions. Refer to Subhead L, note 7 in section 2.1.
- Increase resulting from moving Network Rail (NR) budgets from RAME to RDEL. Refer to Subhead U, note 12 in section 2.1

The main cause of the change in Capital DEL is an increase resulting from moving the Network Rail funding from CAME to CDEL. Refer to Subhead U, note 26 in section 2.1.

The main change in Resource AME is the movement of Network Rail's income and expenditure budgets to RDEL. Refer to Subhead X, notes 27 in section 2.1.

The main changes in Capital AME are the movement of all of Network Rail's budgets to CDEL and the reduction in High-Speed Rail (HSR) due to changes in provisions. Refer to Subhead AE, note 30 in section 2.1.

## 1.6 New policies and programmes: ambit changes

- **IMPACT ON BUDGETS OF SHORT-TERM LOANS OF STAFF WITHIN THE CIVIL SERVICE:**

The budgetary treatment of short-term loans of staff within the civil service, volume of these loans is expected to increase as departments continue their preparation for the UK's exit from the European Union. As part of the preparation across government for the UK's exit from the European Union, in December 2017 the Civil Service Human Resources function issued 'Transfers within the Civil Service', detailing the principles to be applied to transfers of staff across the civil service, including loans and permanent transfers.

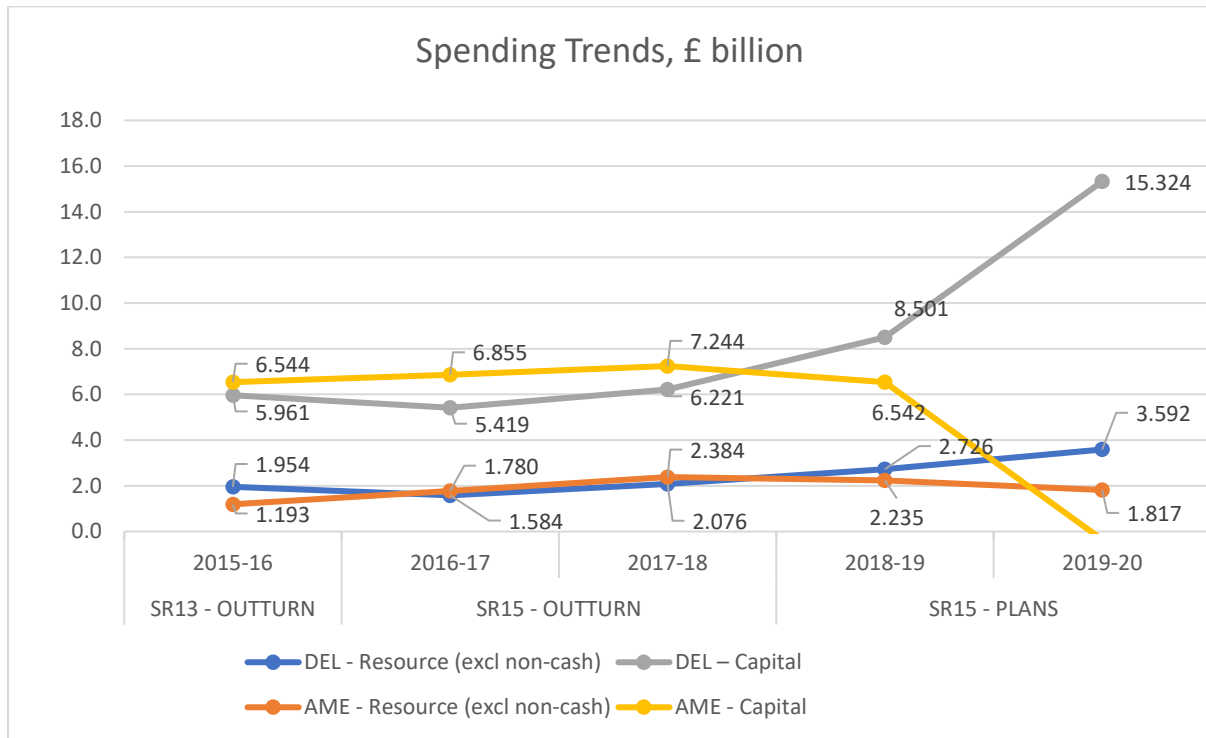
In February 2019, this guidance was updated. The February 2019 version of 'Transfers within the Civil Service' sets out that, for short-term loans of staff of up to 6 months, staff will continue to be on the payroll and terms and conditions of their home (original) department, and the host (new) department will bear no responsibility for the costs of the loaned staff.

The only exception to this would be existing exceptions to charging arrangements. As preparations for the UK's exit from the European Union continue, HM Treasury expect short-term staff loans to increase. It is therefore important that departments are budgeting consistently for these short-term staff loans.



## 1.7 Spending trends

The chart below shows overall spending trends for the last five years, revised plans presented in Estimates for 2019-20 and current future sending plans. Numbers exclude depreciation and other non-cash.



Resource DEL has broadly remained stable in cash terms up to 2018-19, but increases from 2019-20 because of Network Rail transferring out of AME and into the Department's DEL boundary.

Capital DEL has been steadily increasing in cash terms since 2016-17 because of increasing work for Highways England and HS2. In 2019-20 this increases significantly with the incorporation of Network Rail into the Department's DEL boundary.

Resource AME has broadly remained stable in cash terms up to 2018-19, but decreases because of Network Rail transferring out of AME and into the Department's DEL boundary.

Capital AME has broadly remained stable in cash terms up to 2018-19, but decreases because of Network Rail transferring into the Department's DEL boundary.

## 1.8 Administration costs and efficiency plans

Administration costs are set to increase by 6.5% compared to Supplementary Estimate and 11.6% compared to last year's Main Estimate.

Spending Total Amounts sought this year (Main Estimate 2019-20)	Compared to final budget last year. (Supplementary Estimate 2018-19)			Compared to original budget last year. (Main Estimate 2018-19)	
	£m	£m	%	£m	%
Administration costs	300.3	+18.4	6.5%	+31.3	11.6%

Increase in administration costs primarily relates to EU Exit contingency programmes and increased employer pension contributions.

## 1.9 Funding: Budget Measures and Reserve Claims

The Department requested and received Reserve Claims in relation to the following:

- **EU Exit contingency funding: £25m Resource DEL (£12.5 programme + £12.5 admin) and £21.8m Resource DEL (admin).** This has been provided from the HM Treasury reserve to support the Department's EU Exit contingency planning and pension cost uplift.

The Department agreed to move budgets across boundaries for the following:

- **Network Rail (NR) funding: £7,302m RDEL:** The budget uplift mainly reflects movement of Network Rail from AME to DEL for Control Period 6. Of which £5,468m is depreciation, this is predominantly a switch from AME to DEL.
- **Network Rail funding: £4,792m CDEL:** This budget uplift mainly reflects movement of Network Rail from AME to DEL for Control Period 6. This is a switch from AME to DEL.

In addition to the above, the Department is transferring **£100m Capital DEL** Highways England funding from 2020-21 to 2019-20 budgets due to acceleration of the Roads Investment Strategy.

## 2. Spending detail

### 2.1 Explanations of changes in spending

#### *Resource DEL*

The table below shows a breakdown of changes by programme within each RDEL Estimate line compared with the 2018-19 Supplementary Estimate.

Subheads	Description	Resource DEL				note number
		£ million		%		
		This year Main Estimate 19/20	Last year Supplementary Estimate 18/19	Change from last year Supplementary Estimate		
A	Tolled Crossings	-115.3	-191.9	<b>76.6</b>	<b>-40%</b>	1
B	Local Authority Transport	367.9	374.9	<b>-7.0</b>	<b>-2%</b>	
C	Highways England ALB (net)	2,324.4	2,713.3	<b>-388.9</b>	<b>-14%</b>	2
D	Funding of Other ALBs (net)	-23.2	-24.1	<b>0.9</b>	<b>-4%</b>	
E	Other railways	35.1	76.7	<b>-41.6</b>	<b>-54%</b>	3
F	Sustainable Travel	111.7	92.0	<b>19.6</b>	<b>21%</b>	4
G	Bus Subsidiaries and Concessionary Fares	269.0	257.2	<b>11.8</b>	<b>5%</b>	
H	GLA Transport grants	29.1	-23.9	<b>52.9</b>	<b>-222%</b>	5
I	Crossrail	2.6	4.4	<b>-1.8</b>	<b>-42%</b>	
J	Aviation, Maritime, Security & Safety	79.5	67.6	<b>11.9</b>	<b>18%</b>	6
K	Maritime & Coastguard Agency	358.5	349.1	<b>9.4</b>	<b>3%</b>	
L	Motoring Agencies	54.1	82.8	<b>-28.7</b>	<b>-35%</b>	7
M	Science, research and support functions	26.0	44.3	<b>-18.3</b>	<b>-41%</b>	8
N	Central Administration	264.9	320.9	<b>-56.1</b>	<b>-17%</b>	9
O	Support for Passenger Rail Services	23.8	-33.4	<b>57.2</b>	<b>-171%</b>	3
P	High Speed Rail	73.0	60.1	<b>12.9</b>	<b>21%</b>	10
Q	Transport Development Fund	18.4	2.8	<b>15.6</b>	<b>552%</b>	11
S	High Speed Two Limited (net)	246.1	330.0	<b>-83.9</b>	<b>-25%</b>	10
T	East West Rail Company Limited (net)	35.4	9.3	<b>26.1</b>	<b>280%</b>	10
U	Network Rail	6,516.2	0.0	<b>6,516.2</b>		12
V	Funding of Other ALBs (net) non-voted	13.2	13.2	<b>0.0</b>	<b>0%</b>	
	<b>Total voted and non voted</b>	<b>10,710.2</b>	<b>4,525.3</b>	<b>6,184.9</b>	<b>137%</b>	

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

1. Tolled Crossings

Resource DEL income under these subheads is, overall, forecast to reduce by £76.6m or 40%.

This is explained below:

- The Department stopped receiving income for the Severn River Crossing from Highways England in December 2018 when the crossing returned to public ownership. Approx. £84m of Severn River crossing income was received in FY 2018/19.

2. Highways England (net)

Net Resource DEL budget under these subheads has reduced by £388.9m or 14% since

Supplementary Estimate. This is mainly driven by:

- £50m reduction in non-cash depreciation from SE2018-19
- A reduction in the value of this subhead to accommodate budget pressures. This does not reflect a reduction in investment plans in the Road network, but relates to the balance of risks and opportunities held by the Department in the ME2019-20 compared to those held at SE2018-19. The Department expects additional funding from HMT to meet budget pressures in the forthcoming SE2019-20.

3. Other Railways & Support for Passenger Rail Services

Resource DEL spending under these subheads is, overall, forecast to reduce by £41.6m & £57.2m or 54% & 171% since Supplementary Estimate.

This is driven by:

- Rail projects (including Thameslink & Digital) - £41.6m reduction from the Supplementary Estimate, largely due to the recognition of income in relation to on-train Wifi, where costs are incurred through franchising under Support for Passenger Services.
- Across the Support for Passenger Services (SPRS) portfolio there are several significant movements between 2018/19 Supplementary Estimate (SE) and 2019/20 Main Estimate (ME). These include expected changes to Franchise arrangements (such as a new franchise award, with a new contracted premium/subsidy position), changes from CP5 to CP6 and one-off events that occurred in 2018/19. Some of the main movements include:
  - The CP6 Charging Review covers Network Rail Track Access Charges and Performance Benchmarks, which impact on DfT through premium and subsidy in rail franchising. At the time of the Main Estimate, based on limited information, these were estimated to result in a net receipt to the Department of (£119m). This specifically relates to 2019/20, so would not have been included in the 2018/19 Supplementary Estimate.
  - VTEC/LNER franchise £176m. The transfer of operations of the East Mainline to LNER, from VTEC, in 2018/19 has resulted in a forecast of £176m less income to be returned to the Department.
  - Welsh Border Franchise (£68m). 2018/19 saw the first year of the new operation on the Welsh Borders franchise. The Welsh Government paid the required premium via

budget transfer (so the Supplementary Estimate was £0). The 2019/20 Main Estimate includes the forecast income of £68m, pending confirmation from the Welsh Government of the method of transfer in 2019-20.

- The contracted premium for South Western Railway increases from (£238m) to (£342m) from 2018/19 to 2019/20.

#### 4. Sustainable Travel

Resource DEL spending under these subheads is, overall, forecast to increase by £19.6m or 21%. This is driven by:

- £7.4m increase in air quality expenditure supporting Local Authority air quality plans (includes funds previously announced at Autumn Budget 2018).
- £5m increase in E10 fuel and ultra-low emission vehicles communications campaigns.
- £1.5m increase in grant support for the Plug in Car Grant programme.
- An increase in forecast against the Cycling programme by £7.8m. This is mainly attributable to initiatives on accessibility innovations (£3.8m); the acquisition of e-cargo bikes (£2m) and increased funding to Mobility Centres (£0.5m).

#### 5. GLA Transport Grants

Resource DEL spending for GLA Transport Grants is forecast to increase by £52.9m or 222% since Supplementary Estimate. This is largely driven by:

- DfT received a one-off income of £50m due to the Croxley refund from TFL was estimated at Supplementary Estimate 2018-19.

#### 6. Aviation, Maritime, Security and Safety

Resource DEL spending under these subheads is, overall, forecast to increase by £11.9m or 18%. This is driven by:

- An increase of £2m to develop policy and communications for the airspace modernisation programme (alterations to flight-paths across the UK).
- An increase in subsidies to support regional airport connectivity of £2.5m.
- £2m expenditure in support of sea cadet training as part of the agreed SMART+ training programme.
- £0.8m increase in the Heathrow Expansion programme.

#### 7. Motoring Agencies

Resource DEL spending under these subheads is, overall, forecast to reduce by £28.7m or 35%. This is driven by:

- The Supplementary Estimate in 2018/19 included additional budget cover for EU Exit contingency programmes via a reserve claim.

#### 8. Science, Research and Support Functions

Resource DEL spending under these subheads is, overall, forecast to reduce by £18.3m or 41%. This is driven by:

- An allocation of additional funding agreed in the Settlement letter of 16th March 2018, in relation to the department's EU exit preparations.

#### 9. Central Administration

Resource DEL spending under these subheads reduce by £56.1m or 17%. This is driven by:

- Supplementary Estimate included additional budget cover for revaluation of HS2 Ltd's property portfolio, this is not included in the Main Estimate.

#### 10. High Speed Rail, High Speed Two Limited (net) & East West Rail Company Limited (net)

Resource DEL spending under these subheads is, overall, forecast to reduce by £44.9m. This is largely driven by:

- RDEL funding for HS2 Ltd has decreased compared to prior year as there is no cover for VAT repayment in the Main Estimate 2019/20 budget. The reduction in RDEL for HS2 is offset by increased funding to the East West Rail Company for the Central Section design.
- EWR are a newly formed organisation only starting up in 18/19. The growth in budget reflects the natural progression to them reaching the point where they can deliver.

#### 11. Transport Development Fund

Resource DEL spending under these subheads is, overall, forecast to increase by £15.6m. This is largely driven by:

- Transport Development Fund (TDF) £15.6m – this change is mainly driven by £4m due to the profiling of LA majors plus expenditure for Light Rail Safety Board £1.5m and World Roads Association £2m which did not feature in the Supplementary Estimate 2018/19.

#### 12. Network Rail

Resource DEL spending under these subheads is, overall, forecast to increase by £6,531.8m. This is largely driven by:

- Network Rail (NR) Resource AME has been partially re-classified into DEL leaving non-cash items excluding Depreciation in RAME.

## Capital DEL

Subheads	Description	Capital DEL				note number
		£ million		%		
		This year Main Estimate 19/20	Last year Supplementary Estimate 18/19	Change from last year Supplementary Estimate		
A	Tolled Crossings	0.8	1.0	-0.2	-25%	
B	Local Authority Transport	1,764.4	1,806.9	-42.5	-2%	
C	Highways England ALB (net)	3,179.5	2,648.3	531.2	20%	13
D	Funding of Other ALBs (net)	14.0	15.3	-1.3	-9%	
E	Other railways	141.7	40.1	101.6	253%	14
F	Sustainable Travel	498.2	376.8	121.3	32%	15
G	Bus Subsidiaries and Concessionary Fares	2.7	8.7	-6.1	-70%	
H	GLA Transport grants	34.0	-42.5	76.5	-180%	16
I	Crossrail	-120.0	550.0	-670.0	-122%	17
J	Aviation, Maritime, Security & Safety	24.2	129.0	-104.8	-81%	18
K	Maritime & Coastguard Agency	29.1	11.9	17.2	145%	19
L	Motoring Agencies	12.1	-3.7	15.7	-430%	20
M	Science, research and support functions	39.8	63.1	-23.3	-37%	21
N	Central Administration	26.1	4.2	21.9	526%	22
O	Support for Passenger Rail Services	0.0	0.1	-0.1	-100%	
P	High Speed Rail	936.1	561.2	374.9	67%	23
Q	Transport Development Fund	336.4	140.0	196.4	140%	24
R	National Productivity Investment Fund	105.0	0.0	105.0		25
S	High Speed Two Limited (net)	3,507.7	2,189.8	1,317.9	60%	23
T	East West Rail Company Limited (net)	0.2	0.2	0.0	-5%	
U	Network Rail	4,792.2	0.0	4,792.2	100%	26
	<b>Total voted and non voted</b>	<b>15,324.0</b>	<b>8,500.6</b>	<b>6,823.4</b>	<b>80%</b>	

Differences of more than 10% and which are more than £+/-10m are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the table in Table A (provided separately).

### 13. Highway England (net)

Capital DEL spending under these subheads is, overall, forecast to increase by £531.2m or 20%. This is largely driven by:

- An extra £100m of CDEL, which moves funding from 2020-21 into 2019-20. This is to enable Highways England to accelerate works on some major capital schemes as part of ensuring they can be delivered on time and advance works on renewals in preparation for construction work at the start of RIS2.
- Highways are currently entering the last period of the Road Investment Strategy 1 which is a five-year programme of spend that has an increasing capital budget year on year to meet their delivery targets. Therefore, the increase from last year is part of the planned increase in expenditure to meet the requirements of the road investment strategy (RIS 1). For example, safety spend is doubling in 2019/20 to ensure they meet the RIS 1 requirements. Similarly, in the designated funds space spending in the areas of Environment, innovation, air quality, growth and housing and cycling, safety and integration should increase to meet the objectives for these.

### 14. Other railways

Net Capital DEL spending under these subheads is forecast to increase by £101.6m. This is driven by:

- Rail Grants including Nexus – the £25.1m increase from Supplementary Estimate (SE) relates to the initial in-year cost of the £330m investment in the Tyne and Wear Metro rolling stock fleet.
- Rail projects (including Thameslink & Digital) - £56.5m increase from SE primarily due to re-profiling of station improvement projects.
- Intercity Express Programme - £21.3m increase from SE primarily due to reprofiling from 2018-19 and expenditure to further enhance compatibility with Network Rail infrastructure.

### 15. Sustainable Travel

Net Capital DEL spending under these subheads is, overall, forecast to increase by £121.3 or 32%.

This is driven by:

- An additional £18.5m targeted to support local authority air quality initiatives.
- An increase of £12m in grants to support electric vehicle charging infrastructure.
- An additional £12m being spent on research and development associated with low emission vehicles.
- A £33m reduction in the plug-in car and plug in van grant schemes.
- An increase of £115.1m reflects the balance of risks and opportunities held by the Department in the ME2019-20 compared to those held at SE2018-19.

### 16. GLA Transport Grants

Capital DEL spending under these subheads is forecast to increase by £76.5m because of the £82m one off income we received in FY 2018-19.

### 17. Crossrail

£670m reduction from SE – The 2018-19 SE included £400m of the agreed additional £1.3bn loan. The 2019-20 ME only includes provision of £120m income from third parties and not the remaining



element of the GLA loan, for which 2019-20 budget cover will be provided through the SE, dependent on the required profile from Crossrail.

18. Aviation, Maritime, Security & Safety

Capital DEL spending under these subheads is forecast to reduce by £104.8m or 81% since Supplementary Estimate. This is explained below:

- The Supplementary Estimate 2018-19 includes the net borrowing requirement of Trust Ports (£108m) whereas the Main Estimate does not include any allocation for borrowing. The Department has an agreement with HM Treasury that any net borrowing requirement for Trust Ports will be considered as part of a Supplementary Estimate adjustment each year.

19. Maritime & Coastguard Agency

Capital DEL spending under these subheads is forecast to increase £17.2m since Supplementary Estimate.

This is driven by:

- Radio Network Infrastructure Replacement programme. This is a programme of works for replacing obsolete radio site connectivity circuits with alternative technology solutions. It is an essential requirement necessary to maintain statutory services.

20. Motoring Agencies

Capital DEL income under these subheads is forecast to decrease by £15.7m since Supplementary Estimate. This is related to the dividend we expected to receive from DVSA.

21. Science, Research and Support Functions

Capital DEL spending under these subheads is, overall, forecast to reduce by £23.3m or 37%.

This is driven by:

- The allocation of additional funding agreed in Settlement letter of 16th March 2018, in relation to the department's EU exit preparations.

22. Central Administration

Net Capital DEL spending under these subheads is, overall, forecast to increase by £21.9m. This is driven by a series of refurbishment works on the Department's property estate.

23. High Speed Rail & High Speed Two Limited (net)

Net Capital DEL spending under these subheads is, overall, forecast to increase by £1,692.8m.

This is driven by

- The ME2019-20 being set according to the funding profile for HS2 agreed at SR2015 which included an increase in planned expenditure in 2019-20.

24. Transport Development Funding (TDF)

Capital DEL spending under these subheads is, overall, forecast to increase by £196.4m. This is driven by:

- Reprofiting of funding for the TDF block, mainly £40m extra on LA majors and Pinch points respectively.

- SE 2018-19 figure includes the mayoral allocations. The mayoral allocation for ME2019/20 does not appear in the ME2019/20 figure and will come in at SE 2019/20.

25. National Productivity Investment Fund (NPIF)

Capital DEL spending under these subheads is forecast to be £105m.

This relates to:

- funding for Digital Rail programme and will be allocated accordingly in the Supplementary Estimate 2019-20.

26. Network Rail

Capital DEL spending under these subheads is, overall, forecast to increase by £4,792.2m.

This is driven by:

- CAME has been fully re-classified into DEL for Network Rail (NR).

## Resource AME

Subheads	Description	Resource AME				note number
		£ million			%	
		This year Main Estimate 19/20	Last year Supplementary Estimate 18/19	Change from last year Supplementary Estimate		
W	Highways England (net)	10.0	6.0	4.0	67%	
X	Network Rail (net)	2,286.5	8,267.3	-5,980.7	-72%	27
Y	Funding of Other ALBs (net)	84.4	79.9	4.4	6%	
Z	Other Railways	187.1	188.5	-1.4	-1%	
AA	Aviation, Maritime, Security & Safety	-2.1	-2.5	0.4	-16%	
AB	Maritime & Coastguard Agency	3.9	1.0	2.9	286%	
AC	Motoring Agencies	-1.9	-2.3	0.4	-17%	
AD	Central Administration	94.1	93.4	0.7	1%	
AG	East West Rail Company Limited (net)	1.0	0.0	1.0		
AF	High Speed Two Limited (net)	0.0	18.0	-18.0	-100%	28
AH	Funding of Other ALBs (net)	0.0	10.9	-10.9	-100%	29
	<b>Total voted and non voted</b>	<b>2,662.9</b>	<b>8,660.2</b>	<b>-5,997.4</b>	<b>-69%</b>	

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

### 27. Network Rail (NR)

Net Resource AME spending has been reduced by £5,980.7m or 72% from the Supplementary Estimate. Resource AME has been partially re-classified into DEL leaving Non-cash items excluding Depreciation in RAME.

### 28. High Speed Two Ltd (net)

The reduction of £18m reflects changes in provisions in HS2 Ltd.

### 29. Funding of Other ALBs (net)

Reduction of £10.9m reflects changes in provision that Trinity House previously included is now no longer included within their numbers.

## Capital AME

Subheads	Description	Capital AME				note number
		£ million		%		
		This year Main Estimate 19/20	Last year Supplementary Estimate 18/19	Change from last year Supplementary Estimate		
W	Highways England (net)	40.0	40.0	<b>0.0</b>	<b>0%</b>	
X	Network Rail (net)	0.0	5,739.7	<b>-5,739.7</b>	<b>-100%</b>	30
Z	Other Railways	0.0	0.0	<b>0.0</b>	<b>0%</b>	
AA	Aviation, Maritime, Security & Safety	-20.0	-20.0	<b>0.0</b>	<b>0%</b>	
AE	High Speed Rail	-375.3	750.0	<b>-1,125.3</b>	<b>-150%</b>	31
AF	High Speed Two Limited (net)	0.0	32.0	<b>-32.0</b>	<b>-100%</b>	31
	<b>Total voted and non voted</b>	<b>-355.3</b>	<b>6,541.7</b>	<b>-6,897.0</b>	<b>-105%</b>	

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

### 30. Network Rail (NR)

Net Capital AME spending reduced by £5,739.7 as it has been fully re-classified into DEL.

### 31. High Speed Rail (HSR) & High Speed Two Limited (net)

Net decrease in CAME relates to movement in capital provisions & changes in Capital provisions.

## 2.2 Ring fenced budgets

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

Spending Total Amounts sought this year (Main Estimate 2019-20)	Compared to final budget last year. (Supplementary Estimate 2018-19)		Compared to original budget last year. (Main Estimate 2018-19)		
	£m	£m	%	£m	%
High Speed Two Limited (Resource DEL)	246.1	118.6	35.9%	118.6	93.1%
High Speed Two Limited (Capital DEL)	3,507.7	1,851.7	84.6%	1,851.7	111.8%
Highways England (Capital DEL)	3,179.5	473.2	17.9%	473.2	17.5%
Depreciation (Resource DEL)	7,118.0	5,419.0	301.2%	5,419.0	319.0%
Depreciation (Resource AME)	514.3	- 6,210.7	-99.0%	- 6,210.7	-92.4%

## 2.3 Contingent liabilities

The following non-statutory liabilities have been revised since Supplementary Estimate:

- Other contingent liabilities, including legal claims decreased to £1.053bn from £1.278bn due to the removal of the HS2 VAT budgets for 2017-18, which is now in provision, and the inclusion of Network Rail litigation.

### Table A

Table provided separately.

### Table B

Table provided separately

## Glossary of Terms

**Administration Budget:** Expenditure incurred by departments and agencies in providing those services which are not directly associated with frontline service delivery. Includes pay, training, travel, accommodation, stationery, utilities, etc.

**Ambit:** The ambits describe the activities for which provision sought in the Estimate will be used. They are set out in Part I of the departmental Estimate. Separate ambits are required for both expenditure and income in each budgetary category included in the Estimate (DEL, AME and Non- Budget).

**Annually Managed Expenditure (AME):** A Treasury budgetary control for expenditure which is generally less predictable and controllable than expenditure in DEL.

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

**Budget Exchange:** A mechanism that allows Departments either a) to carry forward a forecast DEL underspend from one financial year to the next or b) surrender a forecast DEL underspend in advance of the end of the financial year (through a DEL reduction in the Supplementary Estimate) in return for a corresponding DEL increase in the following year.

**Contingent liabilities:** Potential liabilities that are uncertain but recognise that future expenditure may arise if certain conditions are met or certain events happen.

**Departmental Expenditure Limit (DEL):** A Treasury budgetary control for expenditure which is generally within the department's control and can be managed within fixed four-year limits (Comprehensive Spending Review period).

**Departmental Unallocated Provision (DUP):** An amount held back by a department to meet unforeseen pressures in expenditure and is not allocated at the start of the year to any particular programme. It forms part of the DEL.

**Derivatives:** A derivative is a financial contract that derives its value from an underlying asset. The buyer agrees to purchase the asset on a specific date at a specific price. Derivatives can be used for a number of purposes, including insuring against price movements, increasing exposure to price movements for speculation or getting access to otherwise hard-to-trade assets or markets. Network Rail has in the past bought derivatives, such as interest rate swaps, to offset changes in the prices of their borrowing arrangements, or purchases of plant. This helped them to forecast their financial position more accurately over a five-year control period, and to plan other aspects of their budgets and activities more effectively over that period.

**Grant-in-Aid:** Financing payment made by a department to a Non-Departmental Public Body or other Arm's Length Bodies.

**Non-budget:** This is a parliamentary control, one of the main items that appear in this limit relates to Prior Period Adjustments.

**Provision:** A provision is set up to cover recognised liabilities which either have to be paid out by departments over a period of more than one year (such as pensions or contractual obligations), or are held back by the departments pending decision for eventual payment if directed by a ruling body.

**Reserve:** A small amount of both resource and capital DEL budgetary provision that has not been allocated by HM Treasury to a department. The function of the Reserve is to assist departments with the costs of genuinely unexpected and unforeseeable events, which are also large relative to the department's available resources.

**Spending Review (SR):** A Cross-Government review of the departmental aims and objectives and analysis of all spending programmes, with the resultant allocation of four-year Departmental Expenditure Limits (DEL).

**Supplementary Estimate:** A single opportunity for a Department to seek parliamentary authority for additional resources and/or cash above that obtained in the Main Estimate, or vary the way in which resources are allocated. Supplementary Estimates are normally presented in February.

**Voted Expenditure:** That which has been authorised by Parliament in response to Supply Estimates.

**Non-voted Expenditure:** Public expenditure outside that voted by Parliament in Supply Estimates. It is largely used for ALB budgets.