

Estimates Memorandum for the 2015-16 Main Estimate for the Department of Health

Introduction.

1. The Department of Health's Main 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. The structure of the 2015-16 Estimate reflects the health and social care system and organisations as set out below:

- The NHS Commissioning Board (known as NHS England);
- Provision of Healthcare (NHS Trusts and NHS Foundation Trusts);
- Department of Health Administration and Programme
- Local Authorities (Public Health)
- Public Health England (Executive Agency)
- Health Education England
- Other Special Health Authorities; and
- Other Non Departmental Public Bodies;

2. The total resources and capital contained within this Estimate are as follows:

TABLE 1: BUDGETARY LIMITS	RESOURCE £m	CAPITAL £m
DEL, of which:	113,325.9	4,635.0
<i>Ring-fenced depreciation & impairments</i>	<i>1,387.0</i>	
<i>Administration</i>	<i>3,118.7</i>	
AME	6,600.0	15.0
TOTAL	119,925.9	4,650.0

3. An explanation of key terms used in the memorandum is provided below.

Key Points.

Main Areas of Expenditure

4. The main activities for the Department of Health in 2015-16 are as follows:

- Expenditure of The NHS Commissioning Board (known as NHS England), special health authorities, NHS trusts and NHS Foundation Trusts, Non Departmental Public Bodies and Public Health England.
- Central budget expenditure through departmental programmes (including vaccines, research and development, EEA medical costs, healthy start, etc).

- Administration for the core department, non-departmental public bodies and special health authorities.
- Local Authority – Public Health
- A proportion of health expenditure financed by income from National Insurance Contributions. This is recorded as non-voted expenditure in Estimates as it has already been approved by the Social Security Act 1992.
- Annually Managed Expenditure (AME) for the bodies mentioned above, this includes expenditure on provisions for future liabilities and certain types of asset impairments.

Changes to budgetary limits

The table below provides a comparison of budgetary limits between the Main Estimate and the Spending Round 13 (Published June 2013 Cm 8639):

TABLE 2: COMPARISON OF BUDGETARY LIMITS WITH SR	RESOURCE £m	CAPITAL £m
Spending Round SR13		
DEL - June 2013	111,663.0	4,735.0
AME	5,431.0	0.0
TOTAL	117,094.0	4,735.0
Main Estimate 2015-16		
DEL	113,325.9	4,634.9
<i>Of which Non Voted DEL</i>	<i>18,898.8</i>	
AME	6,600.0	15.0
TOTAL	119,925.9	4649.9
Difference		
DEL	1,662.9	-100.1
AME	1,169.0	15.0
TOTAL	2,831.9	85.1
Differences from SR to ME (DEL), comprising:	1,662.9	-100.1
Autumn Statement	1,208.0	75.0
Budget 2015	254.0	11.0
Depreciation adjustment	96.0	
Transfers between Other Government Departments	119.9	-1.0
Machinery of Government transfer from Wales	0.6	
Transfer from capital to revenue	185.0	-185.0
June 2015 savings for non NHS funding	-200.0	
Differences from SR to ME (AME), comprising:	1,169.0	15.0
Increase in financial assets that score to AME		15.0
Increased provisions and impairments – mainly NHS Litigation Authority.	1,169.0	

5. A comparison of the final 2014-15 Estimate and the 2015-16 Main Estimate is set out in Annex B (1)

Format of the Estimate:

6. The 2015-16 Main Estimate takes account of the health and social care system and organisations – it follows the 2014-15 estimate structure.
7. The Estimate is presented on a consolidated income and expenditure basis, which is after the elimination of forecast transactions between bodies within the Departmental Group.
8. The Estimate contains details of the net expenditure of the NHS Commissioning Board (known as NHS England) - that is after the elimination of forecast transactions with other bodies within the Departmental Group. Funding issued to the Board was set out in the Finance Directions issued at the same time as The Mandate. A reconciliation between the financial directions and the figures contained within the Estimate is provided at Annex B (4).
9. The figures in the Main Estimate for the NHS assume financial balance in both the Commissioning and Provider Sectors. The DH continues to work with the NHS to clarify the financial position and options to address this. An update will be provided to the sectors if required at the Supplementary Estimate.

Detailed breakdown.

10. A detailed breakdown of planned and actual expenditure figures are included in Annex B (Excel document):
 - a. Annex B (1) compares the 2015-16 Main Estimate DEL to the 2014-15 final Estimate DEL provision;
 - b. Annex B (2) compares the 2015-16 Main Estimate AME to the 2014-15 final Estimate AME provision;
 - c. Annex B (3) compares Plans and Outturn by DEL/ AME Budget for the period 2011-12 to 2015-16; and.
 - d. Annex B(4) Reconciliation to the financial directions to the NHS Commissioning Board (known as NHS England).

Supplementary information.

Machinery of government changes

11. Since the last Spending Review there has been a Machinery of Government change for ongoing funding to the Medicines and Healthcare Regulatory Authority provided by Wales.

Contingent Liabilities

12. A list of Contingent Liabilities is shown in the notes to the Estimate and has been

updated since 2014-15 Main Estimate.

Approval of Memorandum

13. 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 David Williams the Director General for Finance and NHS.

Glossary of Key Terms

Annually Managed Expenditure (AME) – a Treasury budgetary control for spending that is generally difficult to control, large as a proportion of the department's budget, and volatile in nature

Departmental Expenditure Limits (DEL) - a Treasury budgetary control for spending that is within the department's direct control and which can therefore be planned over an extended (Spending Review) period (such as the costs of its own administration, payments to third parties, etc).

Administration (DEL) - a Treasury budgetary control for spending within the overall DEL that relates specifically to administration of the department, NDPBs (including the NHS Commissioning Board) set out in the Spending Review.