

Department for Work and Pensions

Introduction

1. This Supplementary Estimate is required for the following purposes:

Amount £

Changes in resources

RfR 1: Ensuring the best start for all children and ending child poverty in 20 years

Increases:

Transfers from Non-Voted Spending

1	Administration Section A Transfer from non-voted Unallocated Provision to support expenditure on CSA Operational Improvement Plan.	37,500,000
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Other Increases

1	Administration Section A Transfer from RfR5 following devolvement of budgets for accommodation costs.	21,493,000
2	Other Current Section A Transfer from RfR5 of Efficiency Challenge Funding in respect of the CSA.	4,396,000
3	Administration Section A Redistribution from RfR5 of IS/IT costs.	2,241,000
4	Administration Section A Transfer from RfR3 to support expenditure on CSA Operational Improvement Plan.	27,000,000

Decreases:

Other Decreases

1	Administration Section A Transfer to RfR5 in respect of HR Directorate L&D for delivery of Professionalism in Security, Training for Trainers and Generic Training.	-156,000
2	Administration Section A Transfer to RfR5 in respect of funding for centralised HR customer support service.	-54,000

Neutral Changes:Changes in spending offset by changes in income

1	Administration Section A An increase in forecast Appropriations in Aid leading to an equivalent increase in Administration expenditure of £ 2,337,000.	-
Total change in resources for RfR1		92,420,000

RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need**Increases:**Take up of End Year Flexibility

1	Administration Section A Additional funding to support expenditure on Jobcentre Plus Change Programme.	200,000,000
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Transfers from Non-Voted Spending

1	Grants Section K A draw down from the Housing Benefit Reform Fund in respect of expenditure in Housing Benefit Grants.	6,500,000
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Other Increases

1	Administration Section A Transfer from RfR5 following devolvement of budgets for accommodation costs.	437,428,000
2	Administration Section A Transfer from RfR4 in respect of move of Medical Appeal Tribunal work from Disability and Carers Service to Jobcentre Plus.	873,000
3	Administration Section A Transfer from RfR5 in respect of redistribution of Pre-Budget Report 2005 funding to promote financial inclusion.	4,200,000
4	Other Current Section A Transfer from RfR5 in respect of redistribution of Pre-Budget Report 2005 funding to promote financial inclusion.	10,800,000
5	Other Current Section A A redistribution across RfRs of the receipt due from the National Insurance Fund.	157,885,000
6	Other Current Section A Transfer from RfR5 of Efficiency Challenge funding in respect of Jobcentre Plus, the Rent Service and Work, Welfare and Equality Group.	32,118,000

7	Administration Section A Additional funding per the Pre-Budget Report 2006 in respect of In Work Credit.	151,000
8	Other Current Section A Additional funding per the Pre-Budget Report 2006 in respect of In Work Credit.	9,849,000
9	Annually Managed Expenditure Section O Revised forecast of expenditure on Severe Disablement Allowance.	60,000,000
10	Annually Managed Expenditure Section Q Revised forecast of expenditure on Income Support.	1,310,000,000
11	Annually Managed Expenditure Section R Revised forecast of expenditure on Jobseekers Allowance (Income Based).	120,000,000
12	Annually Managed Expenditure Section W Revised forecast of expenditure on Housing Benefit and Council Tax Benefit subsidies.	160,000,000
13	Annually Managed Expenditure Section X Revised forecast of expenditure on Rent Rebates.	240,000,000
14	Administration Section A Transfer from RfR5 in respect of Enhanced Failover Application Development.	403,000
15	Administration Section A Redistribution from RfR5 of IS/IT costs - Jobcentre Plus.	338,776,000
16	Administration Section F Redistribution from RfR5 of IS/IT costs - The Rent Service.	2,129,000
17	Non Budget Section AA Increase in Grant in Aid to NEP Limited.	2,285,000
18	Non Budget Section Z Revised forecast of expenditure on Statutory Sick Pay and Statutory Maternity Pay.	30,066,000

Decreases:Transfers to Other Government Departments

1	Annually Managed Expenditure Section Q Transfer to the Home Office in respect of the Refugee Integration Loan Scheme.	-833,000
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Other Decreases

1	Administration Section A Transfer to RfR5 in respect of the National Employment Panel's move of premises.	-45,000
2	Grants Section B Transfer to RfR4 in respect of Motability administration.	-1,000,000
3	Administration Section A Transfer to RfR5 in respect of additional IS/IT costs in Work, Welfare and Equality Group.	-122,000
4	Administration Section A Transfer to RfR5 in respect of Labour Market Data Warehouse.	-41,000
5	Administration Section A Transfer to RfR5 in respect of the Corporate Integration Backbone.	-274,000
6	Other Current Section A Revised expenditure forecast for Work Welfare and Equality Group offset by an increase in the non-voted spend of the Disability Rights Commission.	-264,000
7	Grants Section B Reduction in spend of National Employment Panel offset by an increase in non-voted spend by NEP Limited.	-2,285,000

Neutral Changes:Movement of provision between sections within RfR2

1	Grants Section J and K Movement in respect of consolidation of Housing Benefit counter-fraud funding into Administration subsidy of £ 109,000,000.
2	Grants Section K and B Transfer from Employment Programmes to Housing Benefit Administration of £ 50,000,000.
3	Administration Section C and A Transfer from Administration to Health and Safety Executive of £ 3,936,000.
4	Other Current Section C and B Transfer from Employment Programmes to Health and Safety Executive of £ 6,712,000.

Changes in spending offset by changes in income

- 1 Grants
Section G
An increase in forecast Appropriations in Aid leading to an equivalent increase in Grant expenditure in respect of the European Globalisation Fund £ 1,000.
- 2 Administration
Section A
A decrease in forecast Appropriations in Aid leading to an equivalent decrease in Administration expenditure £ 127,000.
- 3 Other Current
Section A
An increase in forecast Appropriations in Aid leading to an equivalent increase in Other Current expenditure £ 2,203,000.
- 4 Grants
Section A
An increase in forecast Appropriations in Aid leading to an equivalent increase in Grant expenditure £ 3,659,000.
- 5 Other Current
Section B
An increase in forecast Appropriations in Aid leading to an equivalent increase in Other Current expenditure £ 330,000.
- 6 Administration
Section C
An increase in forecast Appropriations in Aid leading to an equivalent increase in Administration expenditure £ 6,063,000.
- 7 Other Current
Section C
An increase in forecast Appropriations in Aid leading to an equivalent increase in Other Current expenditure £ 147,000.
- 8 Administration
Section D
An increase in forecast Appropriations in Aid leading to an equivalent increase in Administration expenditure £ 412,000.
- 9 Other Current
Section D
An increase in forecast Appropriations in Aid leading to an equivalent increase in Other Current expenditure £ 99,000.
- 10 Grants
Section G
An increase in forecast Appropriations in Aid leading to an equivalent increase in Grant expenditure £ 51,361,000.
- 11 Grants
Section H
An increase in forecast Appropriations in Aid leading to an equivalent increase in Grant expenditure £ 37,831,000.

12	Grants Section M An increase in forecast Appropriations in Aid leading to an equivalent increase in Grant expenditure £ 80,160,000.	
13	Grants Section N A decrease in forecast Appropriations in Aid leading to an equivalent decrease in Grant expenditure £ 36,852,000.	
Total change in resources for RfR2		3,118,599,000

RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners

Increases:

Other Increases

1	Administration Section A Transfer from RfR5 following devolvement of budgets for accommodation costs.	30,328,000
2	Other Current Section A A redistribution across RfRs of the receipt due from the National Insurance Fund.	120,868,000
3	Other Current Section A Transfer from RfR5 of Efficiency Challenge funding in respect of The Pension Service.	4,944,000
4	Administration Section A Redistribution from RfR5 of IS/IT costs.	63,383,000
5	Other Current Section A Revised Appropriations in Aid forecast for The Pensions Advisory Service offset by a decrease in non-voted spend.	73,000
6	Other Current Section A Revised forecast for The Pensions Ombudsman offset by a decrease in non-voted spend.	708,000
7	Other Current Section A Revised Appropriations in Aid forecast for The Pensions Regulator offset by a decrease in non-voted spend.	1,911,000
8	Non Budget Section F Revised expenditure forecast for Centre for Policy on Ageing Grant in Aid.	75,000

Decreases:Other Decreases

1	Administration Section A Transfer to RfR5 in respect of funding for Corporate Customer Affairs from Pensions Client Directorate to Strategy Directorate.	-1,015,000
2	Administration Section A Transfer to RfR5 in respect of funding for centralised HR customer support service.	-36,000
3	Administration Section A Transfer to RfR5 in respect of decommissioning of the Integrated Communications Network Service.	-2,379,000
4	Administration Section A Transfer to RfR1 to support expenditure on CSA Operational Improvement Plan.	-27,000,000
5	Non Budget Section F Revised expenditure forecast for The Pensions Advisory Service Grant in Aid.	-53,000
6	Non Budget Section F Revised expenditure forecast for The Pensions Regulator Grant in Aid.	-21,000
7	Non Budget Section F Revised expenditure forecast for The Pensions Ombudsman Grant in Aid.	-708,000

Transfers to Non-Voted Spending

1	Other Current Section A Decrease in respect of expenditure for Centre for Policy on Ageing Grant in Aid offset by an increase in non-voted expenditure.	-75,000
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Neutral Changes:Changes in spending offset by changes in income

1	Other Current Section A An increase in forecast Appropriations in Aid leading to an equivalent increase in Other Current expenditure of £ 2,005,000.
2	Administration Section A An increase in forecast Appropriations in Aid leading to an equivalent increase in Administration expenditure of £ 3,163,000.

Total change in resources for RfR3 **191,003,000**

RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive**Increases:**Other Increases

1	Administration Section A Transfer from RfR5 following devolvement of budgets for accommodation costs.	25,037,000
2	Grants Section B Transfer from RfR2 in respect of Motability administration.	1,000,000
3	Other Current Section A Transfer from RfR5 of Efficiency Challenge funding in respect of the Disability and Carers Service.	989,000
4	Annually Managed Expenditure Section C Revised forecast of expenditure on Attendance Allowance.	60,000,000
5	Annually Managed Expenditure Section D Revised forecast of expenditure on Disability Living Allowance.	70,000,000
6	Administration Section A Transfer from RfR5 in respect of Mobile Telephony budget.	21,000
7	Administration Section A Redistribution from RfR5 of IS/IT costs.	31,245,000

Decreases:Other Decreases

1	Administration Section A Transfer to RfR2 in respect of move of Medical Appeal Tribunal work from Disability and Carers Service to Jobcentre Plus.	-873,000
2	Administration Section A Transfer to RfR5 in respect of funding for centralised HR customer support service.	-42,000

Neutral Changes:Changes in spending offset by changes in income

1	Annually Managed Expenditure Section G An increase in forecast Appropriations in Aid for Motability Special Vehicle Fund leading to an equivalent decrease in Annually Managed Expenditure of £ 600,000.
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- 2 Other Current
Section A
An increase in forecast Appropriations in Aid leading to an equivalent increase in Other Current expenditure of £ 102,000.
- 3 Administration
Section A
A decrease in forecast Appropriations in Aid leading to an equivalent decrease in Administration expenditure of £ 127,000.

Total change in resources for RfR4 **187,377,000**

RfR 5: Corporate contracts and support services

Increases:

Take up of End Year Flexibility

- 1 Administration 25,000,000
Section A
Additional funding to cover non-cash costs.

Transfers from Other Government Departments

- 1 Administration 314,000
Section A
An increase in planned spend following the transfer of staff from the Government Actuary's Department to the Department for Work and Pensions. The increased voted spend is offset by a transfer of non-voted funding from HM Revenue and Customs.

Other Increases

- 1 Administration 156,000
Section A
Transfer from RfR1 in respect of HR Directorate L&D for delivery of Professionalism in Security, Training for Trainers and Generic Training.
- 2 Administration 1,015,000
Section A
Transfer from RfR3 in respect of funding for Corporate Customer Affairs from Pensions Client Directorate to Strategy Directorate.
- 3 Administration 45,000
Section A
Transfer from RfR2 in respect of the National Employment Panel's move of premises.
- 4 Administration 132,000
Section A
Transfer from RfR1, RfR3 and RfR4 in respect of funding for centralised HR customer support service.
- 5 Administration 122,000
Section A
Transfer from RfR2 in respect of excess Desktop anticipated business volumes in Work, Welfare and Equality Group.
- 6 Administration 41,000
Section A
Transfer from RfR2 in respect of Labour Market Data Warehouse.

7	Administration Section A Transfer from RfR2 in respect of the Corporate Integration Backbone.	274,000
8	Administration Section A Transfer from RfR3 in respect of decommissioning of the Integrated Communications Network Service.	2,379,000

Decreases:Other Decreases

1	Administration Section A Transfer to RfR2 in respect of redistribution of Pre-Budget Report 2005 funding to promote financial inclusion.	-4,200,000
2	Administration Section A Transfer to RfR1, RfR2, RfR3 and RfR4 following devolvement of budgets for accommodation costs.	-514,286,000
3	Other Current Section A Transfer to RfR2 in respect of redistribution of Pre-Budget Report 2005 funding to promote financial inclusion.	-10,800,000
4	Other Current Section A A redistribution across RfRs of the receipt from the National Insurance Fund.	-278,753,000
5	Other Current Section A Transfer from RfR5 to RfR1, RfR2, RfR3 and RfR4 of Efficiency Challenge Funding.	-42,447,000
6	Administration Section A Transfer to RfR2 in respect of Enhanced Failover Application Development.	-403,000
7	Administration Section A Transfer to RfR4 in respect of Mobile Telephony budget.	-21,000
8	Administration Section A Redistribution from RfR5 to RfR1, 2, 3 and 4 of IS/IT costs.	-437,774,000
9	Other Current Section A An increase in the amount due from the National Insurance Fund leading to an increase in Appropriations in Aid offset by an equivalent increase in non-voted DEL.	-314,000

Neutral Changes:Changes in spending offset by changes in income

- 1 Administration
Section A
An increase in forecast Appropriations in Aid leading to an equivalent increase in Administration expenditure of £ 649,000.
- 2 Other Current
Section A
An increase in forecast Appropriations in Aid leading to an equivalent increase in Other Current expenditure of £ 416,000.

Total change in resources for RfR5 -1,259,520,000

Changes in capital**RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need****Increase**Take up of End Year Flexibility

- 1 Capital
Section A
Additional funding to support expenditure on Jobcentre Plus Change Programme. 43,000,000

RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners**Decrease**Transfers to Non-Voted Spending

- 1 Capital
Section A
A decrease in Capital expenditure for The Pensions Regulator offset by an increase in non-voted DEL. -550,000
- 2 Capital
Section A
A decrease in Capital expenditure for The Pensions Advisory Service offset by an increase in non-voted DEL. -20,000

Total change in capital for Estimate 42,430,000

2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £2,299,395,000.
3. Symbols are explained in the Introduction to this booklet.

Part I

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RfR 1: Ensuring the best start for all children and ending child poverty in 20 years	†	92,420,000
RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need	†	3,118,599,000
RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners	†	191,003,000
RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society	†	187,377,000
RfR 5: Corporate contracts and support services	†	-1,259,520,000
Total additional net resource requirement		2,329,879,000
Additional net cash requirement		2,299,395,000

SUPPLEMENTARY amounts required in the year ending 31 March 2007 for expenditure by the Department for Work and Pensions on:

RfR 1: Ensuring the best start for all children and ending child poverty in 20 years

The administration of the child support system; and associated non-cash items.

RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need

The administration costs and benefit payments of Severe Disablement Allowance; pensions gratuities and sundry allowances for disablement and specified deaths arising from industrial causes; Income Support for the under 60's; Jobseeker's Allowance (contribution-based); Jobseeker's Allowance (income based); Analogous Industrial Injuries Scheme; earnings top up pilot; job grant; back to work bonus; compensation payments to the National Insurance Fund in respect of Statutory Sick and Statutory Maternity Pay; the provision of training and assessment programmes for adults; the promotion of enterprise and the encouragement of self employment; help for unemployed people and disability rights. Administration costs of payments and loans made from the Social Fund. Measures to help people, particularly those on welfare and at a disadvantage in the labour market, into work; National Employment Panel; the administration of, and where appropriate the payment of allowances to people participating in, the Welfare to Work programme, the Job Transition service and other employment programmes, pilot programmes and new measures to help people into work; temporary subsidies to employers; grants to voluntary bodies and local authorities towards the provision of supported employment; a Grant in Aid to National Employment Panel Ltd; a Grant in Aid and the provision of a temporary loan facility to Remploy Ltd; assistance and advice on employment service and labour market issues to international organisations; research; publicity and associated non-cash items. Development of the Employment Support Allowance. Subsidies to housing, billing, levying and local authorities towards the costs incurred in administering the Housing Benefit and/or Council Tax Benefit schemes; rent rebate; rent allowance; Council Tax Benefit; payments in respect of anti-fraud and similar administrative measures; discretionary housing sums payable for incentive payments in respect of Housing Benefit under occupation schemes; sums payable to third party providers of services to local authorities; compensation for sufferers, or their dependants, of certain dust related diseases; The Rent Service Agency; the Health and Safety Commission (HSC); the Health and Safety Executive (HSE); the Health and Safety Laboratory (HSL); grants to further health and safety in the workplace; the administration costs of the Work, Welfare and Equality Client Group; payments for education; training and employment projects assisted by the European Union and refunds to the European Union; the UK subscription to the International Labour Organisation; other international educational programmes; payments in respect of Local Area Agreements; measures to promote financial inclusion and associated non-cash items.

Part I (*continued*)

RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's

The administration costs and benefit payments of non-contributory retirement pensions; Christmas Bonus payments to pensioners; Age-related payments; One-off 70+ payment to Pensioners; Income Support for the elderly; Pension Credit; payments made to the BBC in respect of over 75s free TV licence scheme; expenditure to assist people make plans for their retirement; research into pensions; Private Pensions Industry regulatory work; costs associated with the collapse of private pension schemes; Grant in Aid for the administration costs of Better Government for Older People; expenditure in respect of the Pensions Regulator; the Financial Assistance Scheme; Grant in Aid to the Centre for Policy on Ageing; Grant in Aid to the Pensions Advisory Service; Grant in Aid to the Pension Protection Fund; Grant in Aid to the Pensions Regulator; Grant in Aid to the Office of the Pensions Ombudsman; Grant in Aid to the Pension Protection Fund Ombudsman; payment of the General Levy to the Pensions Regulator in respect of Public Sector Pension Schemes; sums payable to fund payments and loans made by the Social Fund; the administration costs of payments and loans made from the Social Fund; the administration of pilot programmes; programmes and new measures to help improve independence and social inclusion of older people; the administration costs of working age and pension age benefits to customers abroad; the administration costs of Housing Benefit, Council Tax Benefit, Attendance Allowance and Disability Living Allowance to Pensioners; grants to voluntary bodies and local authorities towards provision for the needs of older people and associated non-cash items.

RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society

The administration costs and benefit payments of Attendance Allowance; Disability Living Allowance; Carer's Allowance; Vaccine Damage; Grants in Aid to the Disability Rights Commission; Motability, Independent Living Fund and associated non-cash items.

RfR 5: Corporate contracts and support services

Corporate administration; measures to promote financial inclusion; collecting debt on behalf of other public sector bodies and private sector bodies; and associated non-cash items.

The Department for Work and Pensions will account for this Estimate.

† The reduction in the net resource requirement for RfR5 of £1,259,520,000 is offset by a reallocation of those resources as follows:

- 1) increase in RfR1 of £27,920,000
- 2) increase in RfR2 of £958,130,000
- 3) increase in RfR3 of £216,093,000
- 4) increase in RfR4 of £57,377,000

Part II: Changes proposed

£'000

Resources	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
RfR 1: Ensuring the best start for all children and ending child poverty in 20 years					
Spending in Departmental Expenditure Limits (DEL)					
<i>Central Government spending</i>					
RfR 1 - A Administration	407,912	94,757	2,337	92,420	500,332
Total RfR 1		94,757	2,337	92,420	
RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need					
Spending in Departmental Expenditure Limits (DEL)					
<i>Central Government spending</i>					
RfR 2 - A Administration	1,820,948	1,035,651	-152,150	1,187,801	3,008,749
RfR 2 - B Employment Programmes	983,701	-59,667	330	-59,997	923,704
RfR 2 - C Health and Safety Executive	227,164	16,858	6,210	10,648	237,812
RfR 2 - D Health and Safety Laboratory	-	511	511	-	-
RfR 2 - F The Rent Service Executive Agency	38,102	2,129	-	2,129	40,231
RfR 2 - G European Social Fund and European Globalisation Fund	-	51,362	51,362	-	-
RfR 2 - H European Social Fund payments in advance of receipts	32,700	37,831	37,831	-	32,700
<i>Support for Local Authorities</i>					
RfR 2 - J Challenge funding and similar administrative measures - Local Authorities	109,000	-109,000	-	-109,000	-
RfR 2 - K Housing benefit and council tax benefit administration grants	404,203	165,500	-	165,500	569,703
RfR 2 - M European Social Fund	-	80,160	80,160	-	-
RfR 2 - N European Social Fund payments in advance of receipts	-	-36,852	-36,852	-	-
Spending in Annually Managed Expenditure (AME)					
<i>Central Government spending</i>					
RfR 2 - O Severe Disablement Allowance	872,451	60,000	-	60,000	932,451
RfR 2 - Q Income support (under 60 years of age)	8,043,262	1,309,167	-	1,309,167	9,352,429
RfR 2 - R Jobseeker's allowance (income based)	1,931,047	120,000	-	120,000	2,051,047
<i>Support for Local Authorities</i>					
RfR 2 - W Housing benefit and council tax benefit subsidies	12,854,986	160,000	-	160,000	13,014,986
RfR 2 - X Rent rebates	5,124,658	240,000	-	240,000	5,364,658
Non-budget					
RfR 2 - Z Statutory benefits (SSP and SMP)	1,351,150	30,066	-	30,066	1,381,216

Part II: Changes proposed (continued)

£'000

Resources	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
RfR 2 - AA Working Age (Grants in Aid)	-	2,285	-	2,285	2,285
Total RfR 2		3,106,001	-12,598	3,118,599	
RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners					
Spending in Departmental Expenditure Limits (DEL)					
<i>Central Government spending</i>					
RfR 3 - A Administration	132,491	74,026	-117,684	191,710	324,201
Non-budget					
RfR 3 - F Pensions Grants in Aid	29,702	-707	-	-707	28,995
Total RfR 3		73,319	-117,684	191,003	
RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society					
Spending in Departmental Expenditure Limits (DEL)					
<i>Central Government spending</i>					
RfR 4 - A Administration	218,261	56,352	-25	56,377	274,638
RfR 4 - B Motability administration	1,800	1,000	-	1,000	2,800
Spending in Annually Managed Expenditure (AME)					
<i>Central Government spending</i>					
RfR 4 - C Attendance Allowance	4,121,144	60,000	-	60,000	4,181,144
RfR 4 - D Disability Living Allowance	9,113,647	70,000	-	70,000	9,183,647
RfR 4 - G Grants to independent bodies	261,988	600	600	-	261,988
Total RfR 4		187,952	575	187,377	
RfR 5: Corporate contracts and support services					
Spending in Departmental Expenditure Limits (DEL)					
<i>Central Government spending</i>					
RfR 5 - A Administration	2,095,162	-979,388	280,132	-1,259,520	835,642
Total RfR 5		-979,388	280,132	-1,259,520	
Total Changes to RfRs		2,482,641	152,762	2,329,879	

	Present Provision	Change in Provision	£000 New Provision
Capital and Cash			
Total Capital Expenditure	167,724	42,430	210,154
Non-Operating A in A	3,876	-	3,876
Net cash requirement	63,785,126	2,299,395	66,084,521

Part II: Revised subhead detail including additional provision

Resources						Capital	£'000
1	2	3	4	5	6	7	8
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A
RfR 1: Ensuring the best start for all children and ending child poverty in 20 years							
498,471	4,396	-	502,867	2,535	500,332	-	-
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Administration							
498,471	4,396	-	502,867	2,535	500,332	-	-
RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need							
3,644,423	1,221,492	34,970,307	39,836,222	1,941,155	37,895,067	107,384	495
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Administration							
3,352,372	129,601	50,151	3,532,124	523,375	3,008,749	96,005	-
B Employment Programmes							
-	793,679	130,355	924,034	330	923,704	-	-
C Health and Safety Executive							
225,190	65,584	-	290,774	52,962	237,812	8,906	475
D Health and Safety Laboratory							
30,830	5,129	-	35,959	35,959	-	1,800	20
E Capital Grants							
-	2,549	5,927	8,476	-	8,476	-	-
F The Rent Service Executive Agency							
36,031	4,200	-	40,231	-	40,231	673	-
G European Social Fund and European Globalisation Fund							
-	-	130,082	130,082	130,082	-	-	-
H European Social Fund payments in advance of receipts							
-	32,700	417,891	450,591	417,891	32,700	-	-
<i>Support for Local Authorities</i>							
I Employment Programmes							
-	-	37,047	37,047	-	37,047	-	-
J Challenge funding and similar administrative measures - Local Authorities							
-	-	-	-	-	-	-	-
K Housing benefit and council tax benefit administration grants							
-	-	569,703	569,703	-	569,703	-	-
L Capital grants to Local Authorities							
-	-	2,895	2,895	-	2,895	-	-
M European Social Fund							
-	-	90,000	90,000	90,000	-	-	-
N European Social Fund payments in advance of receipts							
-	-	32,028	32,028	32,028	-	-	-
Spending in Annually Managed Expenditure (AME)							
<i>Central Government spending</i>							
O Severe Disablement Allowance							
-	745	932,472	933,217	766	932,451	-	-
P Industrial injury benefits							
-	42,468	784,370	826,838	36,494	790,344	-	-
Q Income support (under 60 years of age)							
-	141,240	9,312,243	9,453,483	101,054	9,352,429	-	-
R Jobseeker's allowance (income based)							
-	320	2,051,164	2,051,484	437	2,051,047	-	-
S Jobseeker's allowance (contribution based)							
-	-	519,777	519,777	519,777	-	-	-
T Job Grant							
-	-	35,627	35,627	-	35,627	-	-
U Employment Allowances							
-	-	85,430	85,430	-	85,430	-	-
V Housing and Council tax benefit capital charge							
-	3,277	-	3,277	-	3,277	-	-

Part II: Revised subhead detail including additional provision

Resources						Capital	£'000
1	2	3	4	5	6	7	8
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A
Support for Local Authorities							
W	Housing benefit and council tax benefit subsidies	13,014,986	13,014,986	-	13,014,986	-	-
X	Rent rebates	5,364,658	5,364,658	-	5,364,658	-	-
Y	Discretionary housing payments	20,000	20,000	-	20,000	-	-
Non-budget							
Z	Statutory benefits (SSP and SMP)	1,381,216	1,381,216	-	1,381,216	-	-
AA	Working Age (Grants in Aid)	2,285	2,285	-	2,285	-	-
RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners							
	707,996	14,181	10,891,969	11,614,146	415,073	11,199,073	46,348
Spending in Departmental Expenditure Limits (DEL)							
Central Government spending							
A	Administration	16,435	739,274	415,073	324,201	46,348	-
Spending in Annually Managed Expenditure (AME)							
Central Government spending							
B	Pension benefits	764,563	764,558	-	764,558	-	-
C	Income support for the elderly and Pension Credit	7,106,436	7,105,779	-	7,105,779	-	-
D	TV licences for the over 75s	482,125	482,125	-	482,125	-	-
Non-budget							
E	Payments to the Social Fund	2,493,415	2,493,415	-	2,493,415	-	-
F	Pensions Grants in Aid	28,995	28,995	-	28,995	-	-
RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society							
	274,990	36,002	14,864,864	15,175,856	33,975	15,141,881	-
Spending in Departmental Expenditure Limits (DEL)							
Central Government spending							
A	Administration	1,091	276,081	1,443	274,638	-	-
B	Motability administration	2,800	2,960	160	2,800	-	-
Spending in Annually Managed Expenditure (AME)							
Central Government spending							
C	Attendance Allowance	4,182,071	4,184,775	3,631	4,181,144	-	-
D	Disability Living Allowance	9,182,241	9,211,788	28,141	9,183,647	-	-
E	Carer's Allowance	1,215,750	1,215,750	-	1,215,750	-	-
F	Vaccine Damage Payments	500	500	-	500	-	-

Part II: Revised subhead detail including additional provision

Resources						Capital		£'000
1	2	3	4	5	6	7	8	
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A	
G	Grants to independent bodies							
	-	2,500	260,088	262,588	600	261,988	-	-
Non-budget								
H	Disability Rights Commission (Grant in Aid)							
	-	-	21,414	21,414	-	21,414	-	-
RfR 5: Corporate contracts and support services								
	1,050,803	95,594	-	1,146,397	310,755	835,642	56,422	3,381
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A	Administration							
	1,050,803	95,594	-	1,146,397	310,755	835,642	56,422	3,381
Total for Estimate:								
	6,176,683	1,371,665	60,727,140	68,275,488	2,703,493	65,571,995	210,154	3,876

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
Net Resource Requirement	63,242,116	2,329,879	65,571,995
Voted capital items			
Capital	167,724	42,430	210,154
<i>Less:</i> Non-operating A in A	<u>3,876</u>	<u>-</u>	<u>3,876</u>
Total net voted capital	163,848	42,430	206,278
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-57,359	2,086	-55,273
Depreciation	-154,667	-75,000	-229,667
New provisions and adjustments to previous provisions	-730,777	-	-730,777
Profit/loss on sale of assets	1,325	-	1,325
Prior period adjustments	-	-	-
Other non-cash items	-1,086	-	-1,086
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	842,356	-	842,356
Increase(-)/decrease (+) in creditors	418,883	-	418,883
Use of provisions	<u>60,487</u>	<u>-</u>	<u>60,487</u>
Total accruals to cash adjustments	379,162	-72,914	306,248
Excess cash to be CFERd	-	-	-
Net Cash Requirement	63,785,126	2,299,395	66,084,521

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Operating Cost Statement

	£'000
	2006-07 provision
Net Administration Costs	
RfR1	495,936
RfR2	3,557,808
RfR3	703,140
RfR4	274,449
RfR5	1,019,956
Total Net Administration Costs	6,051,289
Net Programme Costs	
RfR1	4,396
RfR2	32,956,043
RfR3	8,002,518
RfR4	14,867,432
RfR5	-184,314
Non-voted	67,235,307
Total Net Programme costs	122,881,382
Total Net Operating Cost	128,932,671
<i>of which:</i>	
Net Resource Requirement	65,571,995
Non-voted expenditure	67,235,307
Consolidated Fund Extra Receipts	-
Resource Budget	128,940,469

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2006-07 Provision
Net Resource Requirement (Estimates)	65,571,995
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	67,235,307
Consolidated Fund extra receipts in the OCS	-
Other adjustments	-3,874,631
Net Operating Costs (Accounts)	128,932,671
<i>Adjustments to remove:</i>	
capital grants	-14,632
European Union income related to capital grants	-
voted expenditure outside the budget	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
resource consumption of non departmental public bodies	-20
unallocated resource provision	22,450
Other adjustments	-
Resource Budget (Budget)	128,940,469
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	7,992,779
Annually Managed Expenditure (AME)	120,947,690

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2006-07 Provision
Net Voted Capital (Estimates)	206,278
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	1,325
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	720
capital grants	14,632
European Union income related to capital grants	-
supported capital expenditure (revenue)	-
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	207,377
Capital Budget (Budget)	430,332
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	222,955
Annually Managed Expenditure (AME)	207,377

Notes to the Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

Request for Resources 1	Leigh Lewis, Permanent Head of the Department
Request for Resources 2	Leigh Lewis, Permanent Head of the Department
Request for Resources 3	Leigh Lewis, Permanent Head of the Department
Request for Resources 4	Leigh Lewis, Permanent Head of the Department
Request for Resources 5	Leigh Lewis, Permanent Head of the Department

Leigh Lewis as the Accounting Officer of the Department for Work and Pensions has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, remains in general overall charge of the Department for Work and Pensions.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims, and objectives and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

£'000

 2006-07
 Provision

RfR 1: Ensuring the best start for all children and ending child poverty in 20 years

Administration	2,535
<i>of which:</i>	
Sale of goods and services	2,535

Total RfR1	2,535 †
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† Amount that may be applied as appropriations in aid in addition to the net total arising from: receipts from staff for private telephone calls; services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public; receipts from other departments/organisations in respect of outward secondments; receipts from the sale of non-capital items; receipts from applicants for services provided by the Child Support Agency and receipts from the repayment of maintenance by non-resident parents, where the parent with care is in receipt of income support, reduced by the child maintenance premium paid directly to the parent with care.

RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need

Administration	86,615
<i>of which:</i>	
Sale of goods and services	86,615
Programme	1,854,540
<i>of which:</i>	
Sale of goods and services	969,204
EU income	670,001
CFERs	-
other income (including receipts)	215,335

Total RfR2	1,941,155 †
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† Amount that may be applied as appropriations in aid in addition to the net total arising from receipts from the National Insurance Fund for the estimated cost of administering National Insurance benefits; services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public; receipts from staff for private telephone calls; receipts from mortgage lenders; receipts from other departments/organisations in respect of outward secondments; receipts from the sale of non-capital items; receipts from EU twinning funded projects; receipts from match funded projects; the recovery of the cost of administering allowance payments for work based learning for adults in Scotland and Wales; proceeds from crime from Home Office in respect of benefit fraud and organised fraud; contribution from Scotland and Wales

towards Employment Zones; receipts from Local Authorities for services provided to them by Departmental Action Teams, including Neighbourhood Renewal Funds, rent and similar receipts; receipts from outside bodies in respect of partnership working in New Deal for Community areas; recovery from Home Office of the costs of administering the refugee and Asylum Seeker programmes; recovery from the EC of the costs of work on European Employment Services (EURES) and work undertaken on labour market issues in eastern Europe;

receipts from the EU for travel expenses, and subsistence allowances incurred by staff on European Union business; receipts from sponsors of supported placements in the ES; receipts in respect of vending machines; receipts from Working Links, Working Links management fee and dividend; receipts from selling services under the Wider Markets Initiative; receipts from partner organisations in respect of action teams; receipts in respect of LSC ambitions programme; the recovery of excess payments made on Jobcentre Plus employment measures; recoveries from authorities not achieving baseline targets set in respect of anti-fraud measures;

recoveries from authorities not achieving targets set in respect of extended payments; receipts from damages payable to recipients of Statutory Sick Pay; receipts via Compensation Recovery Unit in respect of benefits paid in lieu; payments on return to work after a trade dispute made to people who would normally be excluded from Income Support because they are in full time work; payments by liable relatives; amounts collected through a court order or on a voluntary basis from relatives of income support claimants; receipts from the Child Support Agency of payments of maintenance from absent parents for parents with care who are in receipt of Income Support;

repayment of Jobseeker's Allowance (contribution based) from the National Insurance Fund; receipts in respect of the Health and Safety Commission (HSC) including fees and charges levied by the HSC, receipts for research, administrative services, testing, fee paying enquiries, dissemination of information, royalties, the loan and hire of equipment, seminars, patent rights, conferences and publications (in print and non-print media) provided by the HSC; payments from other government departments, agencies, non-departmental public bodies and overseas governments to the HSC; sales of land and buildings, water, stores, plant, equipment, machinery and vehicles of the HSC;

recoveries of seconded staff salaries of the HSC; receipts for the use of HSC accommodation, rental income, receipts from HSC property and land, sponsorship, including contributions from co-sponsors towards the costs of research and surveys carried out by HSC; recoveries by the HSC from the European Union in respect of travelling expenses and subsistence allowances incurred by HSC staff on European Union business; contributions and recoveries from the European Union of costs of HSC research and projects, legal claims of the HSC, including awards of court costs and out of court settlements; refunds of advance of salaries of HSC staff, and repayment of loans

made by the HSC; receipts in respect of the European Fast Stream; receipts from the EC to meet payments to Local Authorities and non-exchequer bodies for education and training and employment projects training assisted by the European Social Fund; receipts from the EU Twinning funded projects; Joint International Unit administration receipts; payments from the Department for Education and Skills; Presidency receipts from the EU; Refunds from Local Authorities of Performance Standard Funding; National Employment Panel receipts.

RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners

Administration	4,856
<i>of which:</i>	
Sale of goods and services	4,856
Programme	410,217
<i>of which:</i>	
Sale of goods and services	410,217

Total RfR3	415,073 †
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† Amount that may be applied as appropriations in aid in addition to the net total arising from: receipts from the National Insurance Fund for the estimated costs of administering NI benefits, services carried out by Department for Work and Pensions on behalf of public and private sector bodies and members of the public; receipts from other departments/organisations in respect of outward secondments; receipts for levy funded bodies; receipts from mortgage lenders; receipts from staff for private telephone calls and receipts via Compensation Recovery Unit in respect of benefits paid in lieu.

RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society

Administration	541
<i>of which:</i>	
Sale of goods and services	541
Programme	33,434
<i>of which:</i>	
Sale of goods and services	-3,362
Other income (including receipts)	36,796

Total RfR4	33,975 †
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† Amount that may be applied as appropriations in aid in addition to the net total arising from services carried out by Department for Work and Pensions on behalf of public and private sector bodies and members of the public; receipts from other departments/organisations in respect of outward secondments; receipts from the European Union for the European year for disabled people 2003; receipts from staff for private telephone calls; receipts via Compensation Recovery Unit in respect of benefits paid in lieu, recoveries of payments from the Department of Social Development (Northern Ireland) towards Motability's car adaptation and administration costs and receipts from Tenth Anniversary Trust towards Motability's car adaptation costs.

RfR 5: Corporate contracts and support services

Administration	30,847
<i>of which:</i>	
Sale of goods and services	30,847
Programme	279,908
<i>of which:</i>	
Sale of goods and services	279,893
Interest and dividends	15

Total RfR5	310,755 †
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† Amount that may be applied as appropriations in aid in addition to the net total arising from: receipts from the National Insurance Fund for the estimated cost of administering NI benefits; services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public; receipts from other departments/organisations in respect of outward secondments; receipts from third parties for uninsured losses; receipts from staff for private telephone calls; recovery of law costs from defendant's; receipts from sub-let accommodation; receipts from sale of non-capital items; receipts from the Department for Education and Skills in respect of Modern Apprenticeships; receipts from other departments/organisations in respect of the European Fast Stream; receipts from IT services to other government departments; Early Departures prefunding interest.

Total Operating A in A	2,703,493
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Analysis of non - operating appropriations in aid (A in A)

RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need

Programme	495
<i>of which:</i>	
Sale of assets	495

Total RfR2	495 †
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† Amount that may be applied as non-operating appropriations in aid arising from: receipts from the sales of obsolete machinery, equipment, official vehicles, furniture and buildings.

RfR 5: Corporate contracts and support services

Administration	1,325
<i>of which:</i>	
Sale of assets	1,325
Programme	2,056
<i>of which:</i>	
Sale of assets	2,056

Total RfR5	3,381 †
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† Amount that may be applied as non-operating appropriations in aid arising from: receipts from the sales of obsolete machinery, equipment, official vehicles, furniture and fittings.

Total Non-Operating A in A	3,876
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Notes to the Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

	Change		New DEL		£'000
	Voted	Non-voted	Voted	Non-voted	Total
Resource DEL	278,595	-43,754	6,784,298	1,208,481	7,992,779
<i>of which:</i>					
<i>Administration budget*</i>	262,965	-37,500	6,051,289	1,310	6,052,599
<i>Near-cash in RDEL</i>	205,681	-42,414	6,497,384	1,247,269	7,744,653
Capital**	42,903	570	222,235	720	222,955
Less Depreciation†	-75,000	1,340	-229,667	-1,212	-230,879
Total	246,498	-41,844	6,776,866	1,207,989	7,984,855

* The total of 'Administration budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

**Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

†Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Cash which may be retained to offset expenditure

£'000
2,707,369

Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid

Expenditure resting on the sole authority of the Appropriation Act

The following subheads contain provision sought under the sole authority of Part I of the Estimate and of the confirming Appropriation Act:

RfR/Section	Service	£'000
RfR3	Better Government for Older People	600

Notes to the Estimate (*continued*)**Grants in Aid**

RfR/Section	Body	£ '000
RfR2	NEP Limited	2,285
RfR 3	The Pensions Regulator	25,780
RfR 3	The Pensions Advisory Service	2,540
RfR 4	Motability	8,587
RfR 4	Disability Rights Commission	21,414
		<hr/>
		60,606

Notes to the Estimate (*continued*)

Contingent Liabilities

As at 31 March 2006, the following liabilities fell to be met from the Department's Estimate:

Non-Statutory **£'000**

Child Support Agency Debt

The Agency operates a discretionary scheme for certain qualifying cases whereby a lump sum payment of arrears is made to a parent with care before that money is collected by the Agency from the non-resident parent. Entitlement to such a payment is neither automatic nor referred to in legislation. At 31 March 2006 a number of cases existed which may subsequently qualify under this scheme, giving rise to a potential liability. The amount of this liability is dependant on a number of factors, the outcome of which for each case is unable to be determined. For this reason no provision has been made in the accounts. Any future potential liability is mitigated by the fact that this scheme can be withdrawn without notice. Unquantifiable

Remploy Limited

The Secretary of State for Work and Pensions has given formal guarantee in respect of Remploy Limited, an Executive Non-Departmental Public Body. In the event of Remploy Limited becoming insolvent, the Secretary of State has agreed to pay Remploy Limited a sum equal to any and all of its remaining debts i.e. the excess of its liabilities over and above the proceeds from realisation of its assets. In addition to this guarantee over Remploy's net liabilities the Department also guarantees to cover any shortfall in its pension provision. Unquantifiable

Better Government for Older People (BGOP)

This is an initiative which is funded by several consortium partners with the Department providing the largest proportion of funds by way of Grant-in-Aid. Since BGOP has no legal identity, the usual 'Financial Memorandum' is replaced by a 'Consortium Agreement' that has Treasury approval. In addition to the funding which the Department provides, we have also agreed to indemnify Help the Aged, the host organisation, against any losses arising from BGOP activity to the sum of £1 million in any one year and, as the 'Consortium Agreement' year runs from October to September, £2 million in totality. 2,000

ESF Repayments

The Department has a potential liability in respect of ineligible claims for ESF programmes that operated during 1994-99. The Department estimates that it is highly likely that we will be unable to claim from the European Commission £14.4million already paid to contractors and this amount has been provided for within these accounts. The Department is negotiating a final settlement with the European Commission and there is the potential that a further liability could arise, however this figure cannot be estimated with any certainty at this time. Unquantifiable

Employment Tribunals

HSE is currently defending two equal-pay cases. In October 2003, HSE successfully appealed at an Employment Appeal Tribunal against an Employment Tribunal decision handed down in July 2002. That appeal was subject to cross appeal and in October 2004 the Court of Appeal referred a point of law to the European Court of Justice (ECJ). There was an oral hearing in front of the ECJ in March 2006 and the Advocate General's opinion was received in May 2006. This opinion will be used to assist the ECJ in reaching a decision. The decision of the ECJ is not expected until the end of the year.

Unquantifiable

Vaccine Damage Payments

Important changes to the Vaccine Damage Payments Scheme have been introduced. The level of disablement that is defined as severe has been reduced from 80% to 60 % and the period of time during which a claim can be made has been extended.

Unquantifiable

These changes mean that some people who have been disallowed in the past may be able to make another claim under these new rules. These further claims had to be received by 16 June 2005. All of the 389 claims received by this deadline were rejected. As they carry appeal rights there is no time limit for requesting a Vaccine Damage Appeal and it can be 10 years or more before they decide to go ahead. It is not currently possible to estimate the value or success of these claims and so no provision has been made in these accounts.

Deficiency Notices

Deficiency notices were not sent out for the tax years 1996-97 to 2001-02. Her Majesty's Revenue and Customs (formerly Inland Revenue) has contacted customers of working age. Between September 2004 and September 2005, The Pension Service contacted 414,427 pensioner customers affected by the suspension of deficiency notices. Customers who reached State Pension age between 6 April 1998 and 24 October 2004 (inclusive) were invited to consider paying voluntary contributions to provide them with the opportunity to improve their basic State pension or qualify for one for the first time.

11,000

As at March 2006, State Pension arrears of £76.2 million had been paid out in relation to the pensioner exercise, plus interest of £3.0 million. The administrative cost of the project to this date has been £31.3 million.

The estimated further cost of State Pension arrears to be paid during the remainder of the exercise is £8.5 million plus interest of £0.6 million, with a further administrative cost estimated at around £1.9 million, contingent upon contact from customers.

The Rent Service

There are a number of legal claims against The Rent Service, the outcome of which cannot at present be stated with certainty. None of these claims have been settled. A cost of £55,000 has been estimated based on previous experience of similar claims. A cost of £40,000 has also been estimated for three pending Employment Tribunal cases.

95

Health & Safety Laboratories

Claims have been received by HSL and a main contractor engaged by HSL, alleging that injuries were incurred by an employee of a subcontractor engaged by the main contractor to work on HSL's site at Buxton. The matter is currently the subject of a criminal investigation, and HSL is awaiting further information to enable it to assess its position with regard to any potential liability.

Unquantifiable

