

Department for Work and Pensions

Introduction

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

	Amount £
RfR 1: Ensuring the best start for all children and ending child poverty in 20 years	
Increases:	
<u>Take up of End Year Flexibility</u>	
1. Other Current Section A Additional spending by the Child Support Agency	4,000,000
<u>Transfers from non-voted spending</u>	
1. Administration Section A A drawdown from the Welfare Modernisation Fund for additional expenditure by the Child Support Agency	64,564,000
<u>Other increases</u>	
1. Administration Section A A transfer from RfR5 due to the redistribution of the budget following the sale of Ranmoor Hall accommodation	18,000
Neutral Changes:	
<u>Changes within the RfR</u>	
<u>Changes in spending offset by changes in income</u>	
1. Administration Section A An increase in forecast appropriations in aid leading to an equivalent increase in administration expenditure	-4,000 4,000
Total change in resources for RfR1	68,582,000

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. Other Current and Grants Sections A B and C Additional expenditure by Jobcentre Plus (£50,688,000), Employment Programmes (£37,000,000) and the Health and Safety Executive (£8,763,000)	96,451,000
2. Grants Section K Additional expenditure on Housing Benefit programmes	14,549,000

Transfers from non-voted spending

1.	Other Current Section B Transfer of Commission for Equality and Human Rights funding from the Disability Rights Commission to Work, Welfare and Equality Group	200,000
2.	Administration Section A A drawdown from the Welfare Modernisation Fund for additional expenditure by Jobcentre Plus	70,000,000
3.	Administration Section A A drawdown from the Employment Development Fund for additional expenditure by Jobcentre Plus	285,000,000

Other increases

1.	Administration Section A A transfer of staff from RfR5 to Children and Housing Analysis Division	263,000
2.	Administration Section A A transfer of Centre for Economic Policy Research (CEHR) subscription from RfR5	16,000
3.	Administration Section A A transfer of Medical Appeal Tribunal work from RfR4 to Jobcentre Plus	841,000
4.	Administration Section A A transfer from RfR5 due to the redistribution of the budget following the sale of Ranmoor Hall accommodation	226,000
5.	Administration Section A A transfer of funding for a transfer of staff from RfR5 to Benefit Reform Division	63,000
6.	Administration Section A A transfer from RfR5 HR Directorate in respect of the replacement of the Legal Services contract	323,000
7.	Other current Section A A revised calculation of the amount due from the National Insurance Fund leading to a decrease in appropriations in aid and an equivalent decrease in non-voted DEL	254,725,000
8.	Other current Section B A transfer from RfR4 to correct a misposting in the Winter Supplementary Estimate	400,000
9.	Annually Managed Expenditure Section S Revised forecast of expenditure on Jobseekers Allowance (income based)	170,000,000
10.	Annually Managed Expenditure Section P Revised forecast of expenditure on Severe Disablement Allowance	40,000,000

11.	Annually Managed Expenditure Section Y Revised forecast of expenditure on Council Tax Benefit (£70,000,000) and Rent Allowance (£80,000,000)	150,000,000
12.	Annually Managed Expenditure Section Z Revised forecast of expenditure on Rent Rebates	150,000,000
13.	Non-budget Section AB Revised forecast of expenditure on Statutory Sick Pay and Statutory Maternity Pay	10,000,000

Decreases:**Transfer to other Government Department**

1.	Other Current Section A A transfer to Department of Trade and Industry in respect of the transition costs of the Commission for Equality and Human Rights	-229,000
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Other decreases

1.	Administration Section A A transfer of staff from Information Directorate to RfR5	-27,000
2.	Administration Section A A transfer of responsibility for data sharing work to RfR5	-33,000
3.	Administration Section A A transfer to RfR5 in respect of recruitment work	-881,000
4.	Administration Section A A transfer to RfR5 due to the move of the Matching, Intelligence and Data Analysis Services	-9,348,000
5.	Administration Section A A transfer of responsibility for recovery of Social Fund Funeral Payments to RfR5	-71,000
6.	Administration Section A A transfer of estates funding to RfR3 (The Pensions Service) due to a delay in a transfer of accommodation	-57,000
7.	Administration Section A A transfer of funding from RfR2 to RfR3 (The Pensions Service) to reflect revised spending plans	-145,000,000
8.	Other Current Section A A transfer of funding to capital to reflect revised spending plans	-62,000,000

Neutral Changes:Changes within the RfR

1.	Other current Sections B and C A transfer from Jobcentre Plus to the Health and Safety Executive	-1,681,000 1,681,000
2.	Other current Sections B and C A transfer from the Work, Welfare & Equality Client Group to the Health and Safety Executive	-36,000 36,000
3.	Administration Sections A and C A transfer from the Work, Welfare & Equality Client Group to the Health and Safety Executive for EU Presidency funding for the Occupational Health and Safety Conference	-234,000 234,000
4.	Administration Sections A and C A transfer from Work, Welfare & Equality Client Group to the Health and Safety Executive for EU Presidency funding for the Occupational Health and Safety Conference for the Senior Labour Inspectors Committee	-40,000 40,000
5.	Grants Sections G, H, N and O A reallocation of European Social Fund funding from Section G (£49,322,000), Section N (£7,358,000) and Section O (£20,783,000) to Section H (£77,463,000) to more accurately reflect spending plans	-49,322,000 77,463,000 -7,358,000 -20,783,000
6.	Administration Sections A and C A transfer of provision from Section A (Jobcentre Plus) to Section C (Health and Safety Executive) to more accurately reflect spending plans	-4,022,000 4,022,000
7.	Administration and Other Current Section A A transfer of provision within Jobcentre Plus from administration to other current to more accurately reflect spending plans	-30,000,000 30,000,000
8.	Administration and Other Current Section A A transfer of provision within Jobcentre Plus from administration to other current to more accurately reflect spending plans	-39,000,000 39,000,000
9.	Grants Sections J, K and L A transfer of provision from Section J (£23,464,000) and Section L (£5,000,000) to Section K (£28,464,000) to more properly reflect spending plans	-23,464,000 28,464,000 -5,000,000
10.	Administration Sections A and B A transfer due to the closure of the New Deal administration line	2,993,000 -2,993,000

Changes in spending offset by changes in income

1.	Administration and Other Current Section C An increase in appropriations in aid leading to an increase of £450,000 (administration) and £187,000 (other current)	-637,000 450,000 187,000
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2.	Administration and Other Current	-1,771,000
	Section D	2,342,000
	An increase in appropriations in aid leading to an increase of £2,342,000 (administration) and a decrease of £571,000 (other current)	-571,000
3.	Administration and Other Current	19,040,000
	Section A	-19,040,000
	A decrease in forecast appropriations in aid of £19,040,000 leading to an equivalent decrease in administration expenditure of £22,800,000 and an increase in other current of £217,000 and grants of £3,543,000	
4.	Other Current	23,315,000
	Section B	-23,315,000
	An increase in forecast appropriations in aid of £23,315,000 leading to an equivalent increase in other current expenditure	
5.	Grants	5,000
	Section K	-5,000
	A decrease in forecast appropriations in aid of £5,000 leading to an equivalent decrease in grants expenditure	
	Total change in resources for RfR2	1,025,411,000

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

Increases:

Take up of End Year Flexibility

1.	Other Current	3,000,000
	Section A	
	Additional expenditure by The Pensions Service	

Transfers from non-voted spending

1.	Administration	26,000,000
	Section A	
	A drawdown from the Welfare Modernisation Fund for additional expenditure by The Pensions Service	
2.	Other Current	17,000,000
	Section A	
	A transfer of provision from non-voted for the Financial Assistance Scheme	

Other increases

1.	Administration	579,000
	Section A	
	A transfer from RfR5 in respect of a movement of staff from Information Analysis Directorate to Pensions Analysis Directorate	
2.	Administration	11,000
	Section A	
	A transfer from RfR5 due to the redistribution of the budget following the sale of Ranmoor Hall accommodation	

3.	Grants Section A An increase in Pensions Ombudsman funding within Pensions Client Group due to a transfer of reporting responsibility from RfR5	225,000
4.	Administration Section A A transfer of estates funding from RfR3 (The Pensions Service) due to a delay in transfer of accommodation	57,000
5.	Non-budget Section E Revised forecast of expenditure on Winter Fuel payments	20,000,000
6.	Non-budget Section E Revised forecast of expenditure on Cold Weather payments	30,000,000
7.	Administration Section A A transfer from RfR 2 to the Pensions Service to reflect revised spending plans	145,000,000
8.	Annually Managed Expenditure Section C Revised forecast of expenditure on Age-related payments	100,000,000
9.	Other current Section A A revised estimate of appropriations in aid for Pension Protection Fund and the Pensions Regulator leading to an overall increase in Section A other current which is offset by a decrease in non-voted spending	3,825,000

Decreases:**Other decreases**

1.	Administration Section A A transfer to RfR5 in respect of a transfer of accommodation	-67,000
2.	Other current Section A A revised calculation of the amount due from the National Insurance Fund leading to an increase in appropriations in aid and an equivalent increase in non-voted DEL	-201,665,000
3.	Grants Section F An adjustment to grants in aid to take account of revised spending plans	-11,872,000

Neutral Changes:**Changes in spending offset by changes in income**

1.	Administration and Other Current Section A An increase in forecast appropriations in aid of £293,000 leading to an increase in expenditure of £70,000 (administration) and £223,000 (other current)	293,000 -293,000
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2.	Other Current	4,200,000
	Section A	-4,200,000
	An increase in forecast appropriations in aid leading to an equivalent increase in other current	

Total change in resources for RfR3 132,093,000

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

Take up of End Year Flexibility

1.	Other Current	2,000,000
	Section A	
	Additional expenditure by the Disability and Carers Service Agency	

Transfers from Non-voted spending

1.	Administration	18,000,000
	Section A	
	A drawdown from the Welfare Modernisation Fund for additional expenditure by the Disability and Carers Service Agency	

Other increases

1.	Administration	6,000
	Section A	
	A transfer from RfR5 due to the redistribution of the budget following the sale of Ranmoor Hall accommodation	

Decreases:

Other decreases

1.	Administration	-841,000
	Section A	
	A transfer of Medical Appeal Tribunal work to RfR2 (Jobcentre Plus)	
2.	Grants	-200,000
	Section H	
	Transfer of Commission for Equality and Human Rights funding from Disability Rights Commission Grant in Aid to Work, Welfare and Equality Group	
3.	Grants	-400,000
	Section B	
	A transfer to RfR2 to correct a misposting in the Winter Supplementary Estimate	
4.	Grants	-19,000
	Section H	
	A reduction in the Disability Rights Commission grant in aid to bring it in line with spending plans	

Neutral Changes:

Changes within the RfR

1.	Grants	100,000
	Sections B and H	-100,000
	A transfer from Disability Rights Commission grant in aid to Motability due to a reallocation of resources	

2.	Grants	-722,000
	Sections A and H	722,000
	A transfer from Disability Client Group to Disability Rights Commission grant in aid in respect of appropriations in aid received	

Changes in spending offset by changes in income

1.	Administration and Other Current	-692,000
	Section A	663,000
	An increase in forecast appropriations in aid of £692,000 leading to an increase of £663,000 (administration) and an increase of £29,000 (other current)	29,000
2.	Grants	160,000
	Section B	-160,000
	An increase in forecast appropriations in aid of £160,000 leading to an equivalent increase in expenditure	
Total change in resources for RfR4		18,546,000

RfR 5: Corporate contracts and support servicesTransfers from other Government Departments

1.	Administration	387,000
	Section A	
	A transfer of funds from Cabinet Office for the transfer of the functions of the Parliamentary Counsel Office	

Other increases

1.	Administration	67,000
	Section A	
	A transfer from RfR3 in respect of a transfer of accommodation	
2.	Administration	27,000
	Section A	
	A transfer of staff from RfR2 to Information Directorate	
3.	Administration	33,000
	Section A	
	A transfer of responsibility for data sharing work from RfR2	
4.	Administration	881,000
	Section A	
	A transfer from RfR2 in respect of recruitment work	
5.	Administration	9,348,000
	Section A	
	A transfer due to the move of the Matching, Intelligence and Data Analysis Services from RfR2	
6.	Administration	71,000
	Section A	
	A transfer of responsibility for recovery of Social Fund Funeral Payments from RfR2	

Decreases:Other decreases

1.	Administration Section A A transfer of staff to RfR2 Children and Housing Analysis Division	-263,000
2.	Administration Section A A transfer of Centre for Economic Policy Research (CEHR) subscription to RfR2	-16,000
3.	Administration Section A A transfer to RfR3 in respect of a movement of staff from Information Analysis Directorate to Pensions Analysis Directorate	-579,000
4.	Administration Section A Transfers to RfR1, RfR2, RfR3 and RfR4 due to the redistribution of the budget following the sale of Ranmoor Hall accommodation	-261,000
5.	Administration Section A A transfer of funding for a transfer of staff to RfR2 (Benefit Reform Division)	-63,000
6.	Administration Section A A transfer to RfR2 from HR Directorate in respect of replacement of the Legal Services contract	-323,000
7.	Other current Section A A revised calculation of the amount due from the National Insurance Fund leading to an increase in appropriations in aid and an equivalent increase in non-voted DEL	-766,000
8.	Administration Section A A transfer to RfR3 to increase the Pensions Ombudsman within Pensions Client Group due to a change in reporting responsibility	-225,000

Neutral Changes:Changes within the RfR

1.	Administration and Other Current Section A A movement from other current to administration to reflect revised spending plans	-39,000,000 39,000,000
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Changes in spending offset by changes in income

1.	Administration and Other Current Section A An increase in forecast appropriations in aid of £23,387,000 leading to an equivalent increase of £23,334,000 (administration) and £53,000 (other current)	23,387,000 -23,387,000
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Total change in resources for RfR5 8,318,000

Total change in resources for Estimate 1,252,950,000

Changes in capital**Increase**

1. Capital	62,000,000
Section A	
A transfer of funding from RfR2 other current to reflect revised spending plans	

Decrease

1. Capital	-1,900,000
Section A	
An increase in forecast non-operating appropriations in aid due to a profit on disposal on Capital sales leading to an overall reduction in capital provision on the Estimate (but no change in the overall capital budget).	

Neutral changes

1. Capital	-1,114,000
Sections A and F	1,114,000
A transfer of capital from the Work, Welfare & Equality Client Group to the Rent Service	
2. Capital	-2,420,000
Sections C and D	2,420,000
A transfer of capital from Health and Safety Laboratory to the Health and Safety Executive	
3. Capital	-1,225,000
Section C	1,225,000
An increase in non-operating appropriations in aid leading to an increase in capital expenditure	
4. Capital	-378,000
Section D	378,000
A decrease in non-operating appropriations in aid leading to a decrease in capital expenditure	
5. Capital	510,000
Section A	-510,000
An increase in forecast non-operating appropriations in aid leading to an equivalent increase in capital spending	

Total change in capital for Estimate 60,100,000

2. As a result of these changes there is an increase in the net cash requirement of £1,567,204,000
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	68,582,000
RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need	1,025,411,000
RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners	132,093,000
RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society	18,546,000
RfR 5: Corporate contracts and support services	8,318,000
Total additional net resource requirement	1,252,950,000
Additional net cash requirement	1,567,204,000

SUPPLEMENTARY amounts required in the year ending 31 March 2006 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 costs 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; Family Credit; 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. Measures to help people, particularly those on welfare and at a disadvantage in the labour market, into work; 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; awards for achievements in overcoming barriers to employment; 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. 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 to local authorities in respect of anti-fraud and similar administrative measures; discretionary housing payments; 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); grants to further health and safety in the workplace; the administration costs of the Children's Client group and the Disabled People 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 to local authorities in respect of Local Area Agreements; measures to promote financial inclusion and associated non-cash items.

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

The administration costs and benefit payments of non-contributory retirement pensions; Christmas Bonus payments to pensioners; Age-related payments 2005; One-off 70+ payments to Pensioners; Income Support for the elderly; Pension Credit; payments made to the BBC in respect of over 75's free TV licence scheme; expenditure to assist people make plans for their retirement; research into pensions; Private Pensions Industry regulatory work; Grant in

Part I (*continued*)

Aid for the administration costs of Better Government for Older People; payments in respect of the Pension Protection Fund; 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 Ombudsman; sums payable to fund payments and loans made by the Social Fund; the administration of pilot programmes and new measures to help improve independence and social inclusion of older people; 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; Disability Working 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, the costs associated with the Appeals Service; measures to promote financial inclusion and associated non-cash items.

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

Part II: Changes proposed

Resources	£'000				
	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	341,630	68,586	4	68,582	410,212
Total RfR 1		68,586	4	68,582	
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	1,505,331	169,431	-273,765	443,196	1,948,527
RfR 2 - B Employment programmes	991,221	56,205	23,315	32,890	1,024,111
RfR 2 - C Health and Safety Executive	231,319	15,413	637	14,776	246,095
RfR 2 - D Health and Safety Laboratory	-	1,771	1,771	-	-
RfR 2 - G European Social Fund	82,936	-49,322	-	-49,322	33,614
RfR 2 - H European Social Fund payments in advance of receipts	349,642	77,463	-	77,463	427,105
<i>Support for Local Authorities</i>					
RfR 2 - J Challenge funding and similar administrative measures - Local Authorities	163,464	-23,464	-	-23,464	140,000
RfR 2 - K Housing benefit and council tax benefit administration grants	459,487	43,008	-5	43,013	502,500
RfR 2 - L Third Party providers	5,000	-5,000	-	-5,000	-
RfR 2 - N European Social Fund	10,367	-7,358	-	-7,358	3,009
RfR 2 - O European Social Fund payments in advance of receipts	72,569	-20,783	-	-20,783	51,786
Spending in Annually Managed Expenditure (AME)					
<i>Central Government spending</i>					
RfR 2 - P Severe Disablement Allowance	876,704	40,000	-	40,000	916,704
RfR 2 - S Jobseeker's allowance (income based)	1,663,512	170,000	-	170,000	1,833,512
<i>Support for Local Authorities</i>					
RfR 2 - Y Housing benefit and council tax benefit subsidies	12,022,789	150,000	-	150,000	12,172,789
RfR 2 - Z Rent rebates	5,074,387	150,000	-	150,000	5,224,387
Non-budget					
RfR 2 - AB Statutory benefits (SSP and SMP)	1,316,538	10,000	-	10,000	1,326,538
Total RfR 2		777,364	-248,047	1,025,411	

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

Spending in Departmental Expenditure Limits (DEL)

Central Government spending

RfR 3 - A Administration	165,420	196,298	202,333	-6,035	159,385
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Spending in Annually Managed Expenditure (AME)

Central Government spending

RfR 3 - B Pension benefits	1,074,059	100,000	-	100,000	1,174,059
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Non-budget

RfR 3 - E Payments to the Social Fund	2,321,647	50,000	-	50,000	2,371,647
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RfR 3 - F Pensions Grants in Aid	48,303	-11,872	-	-11,872	36,431
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Total RfR 3		334,426	202,333	132,093	
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RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society

Spending in Departmental Expenditure Limits (DEL)

Central Government spending

RfR 4 - A Administration	190,639	19,135	692	18,443	209,082
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RfR 4 - B Motability administration	3,100	-140	160	-300	2,800
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Non-budget

RfR 4 - H Disability Rights Commission (Grant in Aid)	21,238	403	-	403	21,641
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Total RfR 4		19,398	852	18,546	
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RfR 5: Corporate contracts and support services

Spending in Departmental Expenditure Limits (DEL)

Central Government spending

RfR 5 - A Administration	2,134,404	32,471	24,153	8,318	2,142,722
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Total RfR 5		32,471	24,153	8,318	
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Total Changes to RfRs		1,232,245	-20,705	1,252,950	
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			£000
	Present Provision	Change in Provision	New Provision
Capital and Cash			
Total Capital Expenditure	398,995	63,357	462,352
Non-Operating A in A	7,134	3,257	10,391
Net cash requirement	62,567,449	1,567,204	64,134,653

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							
406,410	4,000	-	410,410	198	410,212	14,000	-
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Administration							
406,410	4,000	-	410,410	198	410,212	14,000	-
RfR 2: Promote work as the best form of welfare for people of working age, whilst protecting the position of those in greatest need							
2,816,306	1,014,361	33,704,714	37,535,381	1,993,525	35,541,856	339,249	1,720
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A Administration							
2,510,931	65,559	40,523	2,617,013	668,486	1,948,527	325,188	-
B Employment programmes							
-	872,487	174,939	1,047,426	23,315	1,024,111	-	-
C Health and Safety Executive							
232,089	68,986	-	301,075	54,980	246,095	10,147	1,700
D Health and Safety Laboratory							
29,889	4,780	-	34,669	34,669	-	1,800	20
E Capital Grants							
-	2,549	5,927	8,476	-	8,476	-	-
F The Rent Service Executive Agency							
43,397	-	-	43,397	-	43,397	2,114	-
G European Social Fund							
-	-	33,614	33,614	-	33,614	-	-
H European Social Fund payments in advance of receipts							
-	-	427,105	427,105	-	427,105	-	-
<i>Support for Local Authorities</i>							
I Employment Programmes							
-	-	37,047	37,047	-	37,047	-	-
J Challenge funding and similar administrative measures - Local Authorities							
-	-	140,000	140,000	-	140,000	-	-
K Housing benefit and council tax benefit administration grants							
-	-	502,500	502,500	-	502,500	-	-
L Third Party providers							
-	-	-	-	-	-	-	-
M Capital grants to Local Authorities							
-	-	2,895	2,895	-	2,895	-	-
N European Social Fund							
-	-	3,009	3,009	-	3,009	-	-
O European Social Fund payments in advance of receipts							
-	-	51,786	51,786	-	51,786	-	-

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
Spending in Annually Managed Expenditure (AME)							
<i>Central Government spending</i>							
P	Severe Disablement Allowance						
-	-	916,704	916,704	-	916,704	-	-
Q	Industrial injury benefits						
-	-	800,373	800,373	-	800,373	-	-
R	Income support (under 60 years of age)						
-	-	9,337,265	9,337,265	207,196	9,130,069	-	-
S	Jobseeker's allowance (income based)						
-	-	1,833,512	1,833,512	-	1,833,512	-	-
T	Jobseeker's allowance (contribution based)						
-	-	489,243	489,243	489,243	-	-	-
U	Job Grant						
-	-	35,436	35,436	-	35,436	-	-
V	Employment Allowances						
-	-	92,988	92,988	-	92,988	-	-
W	Housing and Council tax benefit capital charge						
-	-	3,277	3,277	-	3,277	-	-
X	Non-continuing benefits debt activity						
-	-	35	35	-	35	-	-
Support for Local Authorities							
Y	Housing benefit and council tax benefit subsidies						
-	-	12,172,829	12,172,829	40	12,172,789	-	-
Z	Rent rebates						
-	-	5,224,387	5,224,387	-	5,224,387	-	-
AA	Discretionary housing payments						
-	-	20,000	20,000	-	20,000	-	-
Non-budget							
AB	Statutory benefits (SSP and SMP)						
-	-	1,326,620	1,326,620	82	1,326,538	-	-
AC	European Social Fund						
-	-	32,700	32,700	515,514	-482,814	-	-
RfR 3: Combat poverty and promote security and independence in retirement for today's and tomorrow's pensioners							
	630,691	28,112	10,626,529	11,285,332	499,607	10,785,725	85,077
Spending in Departmental Expenditure Limits (DEL)							
<i>Central Government spending</i>							
A	Administration						
	630,691	28,112	189	658,992	499,607	159,385	85,077
Spending in Annually Managed Expenditure (AME)							
<i>Central Government spending</i>							
B	Pension benefits						
-	-	1,174,059	1,174,059	-	1,174,059	-	-
C	Income support for the elderly and Pension Credit						
-	-	6,593,187	6,593,187	-	6,593,187	-	-

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	
D	TV licences for the over 75s							
-	-	451,016	451,016	-	451,016	-	-	
Non-budget								
E	Payments to the Social Fund							
-	-	2,371,647	2,371,647	-	2,371,647	-	-	
F	Pensions Grants in Aid							
-	-	36,431	36,431	-	36,431	-	-	
RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society								
208,502	2,090	14,005,543	14,216,135	4,170	14,211,965	-	-	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A	Administration							
208,502	2,090	-	210,592	1,510	209,082	-	-	
B	Motability administration							
-	-	2,960	2,960	160	2,800	-	-	
Spending in Annually Managed Expenditure (AME)								
<i>Central Government spending</i>								
C	Attendance Allowance							
-	-	3,901,178	3,901,178	-	3,901,178	-	-	
D	Disability Living Allowance							
-	-	8,648,508	8,648,508	-	8,648,508	-	-	
E	Carer's Allowance							
-	-	1,193,773	1,193,773	-	1,193,773	-	-	
F	Vaccine Damage Payments							
-	-	500	500	-	500	-	-	
G	Grants to independent bodies							
-	-	236,983	236,983	2,500	234,483	-	-	
Non-budget								
H	Disability Rights Commission (Grant in Aid)							
-	-	21,641	21,641	-	21,641	-	-	
RfR 5: Corporate contracts and support services								
2,109,504	118,484	-	2,227,988	85,266	2,142,722	24,026	8,671	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A	Administration							
2,109,504	118,484	-	2,227,988	85,266	2,142,722	24,026	8,671	
Total for Estimate:								
6,171,413	1,167,047	58,336,786	65,675,246	2,582,766	63,092,480	462,352	10,391	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	£'000 <u>Revised</u>
Net total Resources	61,839,530	1,252,950	63,092,480
Voted capital items			
Capital expenditure	398,995	63,357	462,352
<i>Less:</i> non-operating A in A	<u>7,134</u>	<u>3,257</u>	<u>10,391</u>
Total net voted capital	391,861	60,100	451,961
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-60,709	-986	-61,695
Depreciation	-108,628	629	-107,999
New provisions and adjustments to previous provisions	-107,010	357	-106,653
Profit/loss on sale of assets	-	3,400	3,400
Prior period adjustments	-	-	-
Other non-cash items	-23,269	-	-23,269
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	316,791	250,000	566,791
Increase(-)/decrease (+) in creditors	318,883	-	318,883
Use of provisions	<u>-</u>	<u>754</u>	<u>754</u>
Total accruals to cash adjustments	336,058	254,154	590,212
Excess cash to be CFERd	-	-	-
Net cash requirement	62,567,449	1,567,204	64,134,653

Forecast Operating Cost Statement

		£'000
		2005-06 provision
Net Administration Costs		
RfR 1	406,212	
RfR 2	2,731,449	
RfR 3	628,690	
RfR 4	207,082	
RfR 5	2,049,742	
	<hr/>	
Total Net Administration Costs		6,023,175
Net Programme Costs		
RfR 1	4,000	
RfR 2	33,436,133	
RfR 3	10,538,916	
RfR 4	14,004,883	
RfR 5	117,692	
Non-voted expenditure	59,798,183	
	<hr/>	
Total Net Programme costs		117,899,807
Total Net Operating Cost		123,922,982
<i>of which:</i>		
Net Resource Outturn		63,092,480
CFERs		-
Non-voted expenditure		63,202,149
Resource Budget Outturn		124,431,469

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2005-06 Provision
Net Resource Outturn (Estimates)	63,092,480
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	63,202,149
Consolidated Fund extra receipts (CFERS) in the OCS	-
Other adjustments	-2,371,647
Net Operating Costs (Accounts)	123,922,982
<i>Adjustments to remove:</i>	
capital grants to local authorities	-3,253
capital grants financed from the Capital Modernisation Fund	-
European Union income and related adjustments	535,714
voted expenditure outside the budget	-32,700
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-22
resource consumption of non departmental public bodies	2,989
unallocated resource provision	4,825
Other adjustments	934
Resource Budget Outturn (Budget)	124,431,469
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	8,588,610
Annually Managed Expenditure (AME)	115,842,859

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2005-06 Provision
Net Voted Capital Outturn (Estimates)	451,961
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	3,400
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	9,928
capital grants to local authorities	3,053
capital grants financed by the Capital Modernisation Fund	-
local authority credit approvals	-
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	93,502
Capital Budget Outturn (Budget)	561,844
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	468,342
Annually Managed Expenditure (AME)	93,502

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 appointment for the Requests for Resources within this Estimate.

Request for Resources 1	Leigh Lewis, Principal Accounting Officer and Permanent Head of Department
Request for Resources 2	Leigh Lewis, Principal Accounting Officer and Permanent Head of Department
Request for Resources 3	Leigh Lewis, Principal Accounting Officer and Permanent Head of Department
Request for Resources 4	Leigh Lewis, Principal Accounting Officer and Permanent Head of Department
Request for Resources 5	Leigh Lewis, Principal Accounting Officer and Permanent Head of Department

Leigh Lewis as the Principal Accounting Officer (PAO) of the Department for Work and Pensions has personal responsibility for the proper presentation of the Department for Work and Pensions' resource accounts as prescribed in legislation or by the Treasury and their transmission to the Comptroller and Auditor General. The PAO, as the permanent head, in addition to the responsibilities for the assigned RfRs, 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 the 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 available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the Department for Work and Pensions' policies, aims, and objectives; and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)

Analysis of appropriations in aid (A in A)

	£'000	
	2005-06 Provision	
	Operating A in A	Non- operating A in A
RfR 1: Ensuring the best start for all children and ending child poverty in 20 years		
Services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public	44	-
Receipts from non-resident parents following an advance payment for maladministered maintenance to a parent with care	145	-
Receipts from applicants for services provided by the Child Support Agency	3	-
Receipts from staff for private telephone calls	6	-
Total RfR 1	198 *	-
* 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 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		
Receipts from the National Insurance Fund for the estimated cost of administering National Insurance Benefits	625,726	-
Receipts for services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public	395	-
Receipts from other Departments/Organisations in respect of outward secondments	3,697	-
Receipts from matched funded projects	806	-
Recovery of the costs of administering allowance payments for work based learning for adults in Scotland and Wales	209	-
Contribution from Scotland and Wales toward Employment Zones	375	-
Receipts from Local Authorities and partner organisations for services provided to them by Departmental Action Teams	1,339	-
Receipts for expenses from the EU	137	-
Repayment of temporary loans to Remploy	-	-
Challenge funding and similar measures	-	-
Receipts from staff for private telephone calls	192	-
Receipts from mortgage lenders	446	-
Income support (under 60 years of age)	207,196	-
Jobseeker's allowance (contribution based)	489,243	-
Receipts from Working Links management fee	100	-
Housing benefit and council tax benefit subsidies	40	-
Statutory benefits (SSP and SMP)	82	-
Health and Safety Executive	54,980	1,700
Health and Safety Laboratory	34,669	20
Receipts from outside bodies in respect of partnership working in New Deal for Community areas	285	-
Receipts from EU twinning funded projects	437	-
Payments from Department for Education and Skills for International Programmes	34,166	-
Receipts in respect of the European Social Fund	515,514	-
Presidency receipts from the EU	-	-
Refunds from Local Authorities of Performance Standard Funding	-	-
Recovery from the EC of the costs of work on European Employment Services (EURES)	211	-
Receipts from the Home Office in respect of refugee pilot schemes	280	-
Receipts from the Department for Education and Skills in respect of short intensive basic skills training (SIBS)	23,000	-
Total RfR 2	1,993,525 *	1,720 **

Notes to the Estimate (*continued*)

*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 costs of administering allowance payments for work based learning for adults in Scotland and Wales;

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 the 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 Jobcentre Plus; 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.

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

Receipts from the National Insurance Fund for the costs of administering National Insurance Benefits	457,748	-
Services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public	1,590	-
Receipts for levy funded bodies	38,546	-
Receipts from other departments/organisations in respect of outward secondments	425	-
Receipts from mortgage lenders	410	-
Receipts from staff for private telephone calls	1	-
Partnership Funding	887	-
Total RfR 3	499,607 *	-

* 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 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.

Notes to the Estimate (*continued*)

£'000

2005-06 Provision

	Operating A in A	Non- operating A in A
RfR 4: Improve the rights and opportunities for disabled people in a fair and inclusive society		
Motability administration	160	-
Motability grant	2,500	-
Services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public	1,420	-
Receipts from staff for private telephone calls	-	-
Receipts from other departments/organisations in respect of outward secondments	90	-
Total RfR 4	4,170 *	-

* 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 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

Receipts from the National Insurance Fund for the costs of administering National Insurance Benefits	24,712	-
Services carried out by the Department for Work and Pensions on behalf of public and private sector bodies and members of the public	35,738	-
Receipts from mortgage lenders	566	-
Receipts from staff towards the cost of private use of official vehicles	1,167	-
Receipts from sub-let accommodation	20,796	-
Receipts from staff for private telephone calls	23	-
Recovery of law costs from defendants	1,280	-
Receipts from other departments/organisations in respect of outward secondments	792	-
Receipts from the sale of obsolete machinery, equipment, official vehicles, furniture and buildings	-	8,671
Early Departures pre-funding interest	135	-
Receipts in respect of European Fast Stream	57	-
Total RfR 5	85,266 *	8,671 **

* 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 third parties for uninsured losses; receipts from staff for private telephone calls; recovery of law costs from dependants; 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 pre-funding interest.

** Amount that may be applied as non-operating appropriations in aid arising from receipts from sales of obsolete machinery, equipment, official vehicles, furniture and fittings.

Total A in A	2,582,766	10,391
<i>of which: Administration budgets</i>	<i>147,985</i>	<i>-</i>

Notes to the Estimate (*continued*)

Departmental Expenditure Limits and Administration Budgets

As announced to the House of Commons, the Department for Work and Pensions' Departmental Expenditure Limit will change as follows:

		New DEL		£'000
	Change	Voted	Non-voted	Total
Resource DEL	58,158	7,409,690	1,178,920	8,588,610
<i>of which : Administration Budget</i>	<i>30,335</i>	<i>6,023,192</i>	<i>5,735</i>	<i>6,028,927</i>
Capital DEL	62,000	458,414	9,928	468,342
Less Depreciation*	629	-107,999	-762	-108,761
Total DEL	120,787	7,760,105	1,188,086	8,948,191

*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
2,593,157

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:

Subhead	Service		£'000
RfR 2	Awards for achievement in overcoming barriers to unemployment	■	300
RfR 3	Payments in respect of Better Government for Older People	■	400
RfR 3	Payment to the Centre for Policy on Ageing	■	70

Grants in Aid over £ 1 million

Independent Living Fund	♥	226,359
Motability	♥	10,624
Disability Rights Commission	♥	21,641
The Pension Regulator	♥	23,670
Pension Protection Fund		9,991
Pensions Advisory Service		2,300
TOTAL		294,585

Contingent liabilities

As at 31 March 2005, the following liabilities fell to be met from the Department's Estimate: £'000

Non - Statutory

From April 1995 some Child Support Agency debt has been deferred and will not be recoverable from clients provided certain conditions are met. This could result in the Child Support Agency taking over such debt from non-resident parents. In 2004-05, £0.5 million (2003-04, £1.21 million) was paid by the Agency to parents with care under this arrangement. The maximum potential liability at 31 March 2005 is £31.0 million (31 March 2004, £33.7 million), subject to all cases meeting the criteria. As it is not practicable to estimate the amount that may be paid out, no provision has been made in the accounts. 33,700

In a judicial review brought by a parent with care under the Human Rights Act 1998, it was judged that the parent with care's human rights had not been breached, but that she can apply for damages under the Human Rights Act, where the Secretary of State has failed, unreasonably, to enforce the collection of maintenance due. The Agency lodged a successful appeal against this decision and the parent with care subsequently lodged an appeal to the House of Lords. The parent with care lost their appeal (decision 14 July 2005), with the House of Lords ruling in favour of the Secretary of State. The parent with care has six months from the date of the decision to lodge an Appeal with the European Court. As the outcome of this case cannot be predicted any consequential obligation cannot be measured with sufficient reliability to enable a value to be recognised in the accounts. Unquantifiable

Due to a structural problem, the Department has a future liability to fund the reconstruction of one of its buildings. All legal implications relating to this liability have been resolved, and it has been determined that this will be funded through Departmental resources. Not known

Jobcentre Plus has given formal guarantee in respect of a bank overdraft for Remploy Limited, an Executive Non-Departmental Public Body. The guarantee is up to a maximum of £15 million. As at 31 March 2005, £14.3 million of the overdraft facility had been utilised. 15,000

There is an unquantifiable liability in respect of the legal responsibility that the Secretary of State has as sole guarantor of Remploy Limited. The liability is secured by an all monies debenture. Unquantifiable

Better Government for Older People (BGOP) is an initiative which is funded by several consortium partners with DWP 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. But in addition to the funding which DWP 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 calendar year). As the 'Consortium Agreement' year runs from October to September, this could amount to £2 million in totality. 2,000

Contingent liabilities (continued)

The former Department for Education and Employment Ministers gave their agreement that the former Training and Enterprise Councils could be offered indemnities in respect of certain liabilities that arose or continued after the contractual relationship with Government ended on 25 March 2001. The purpose of these indemnities was to give the former Training and Enterprise Council Directors, or a liquidator, sufficient assurances to conclude that relationship and either return residual reserves owing to the Secretary of State, or distribute these with the Secretary of State's agreement at the earliest opportunity. Responsibility for these contingent liabilities transferred to Jobcentre Plus on 1 April 2002 from the Employment Service. 12,000

Consequently, Jobcentre Plus has agreed to offer indemnities of up to £12 million in respect of existing contracts with the former Training and Enterprise Councils that were novated as a result of the former Training and Enterprise Council's wind up, or in respect of repayments claimed following audit of past contract activity.

Following the ruling of the Employment Appeal Tribunal in the lead dress standard case, the Public and Commercial Services Union has withdrawn its support for further action. Consequently the 7,000 plus compensation claims that were outstanding reduced to less than 4,000 and this figure is expected to reduce further. Due to uncertainty regarding the outcome of the discussions and size of any financial remedy it is not possible to provide a reliable estimate of the financial effect. Unquantifiable

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 a cross appeal and in October 2004 the Court of Appeal referred a point of law to the European Court of Justice. Depending upon the outcome of that reference, the case could be decided in HSE's favour or remitted to an Employment Tribunal to be heard again. The legal process could, therefore, continue for a considerable period of time. HSE won another equal pay case in December 2003 as a result of the Employment Appeal Tribunal decision but that case is subject to a cross appeal from the other side, which has been stayed pending the outcome of the first case. If HSE were to lose these cases, the financial consequences would depend on the nature of the final judgement in relation to the two employees who brought the cases and the degree to which the judgements would apply more widely in HSE. Unquantifiable

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 and there is no time limit for requesting a Vaccine Damage Appeal 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.

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 £13.7 million already paid to contractors and a provision for this has been created in the 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

Contingent liabilities (continued)

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 those customers of working age who may be affected by this. The Department is currently in the process of contacting approximately 470,000 pensioner customers affected by the suspension of deficiency notices. Customers who reached State Pension age between 6 April 1999 and 24 October 2004 (inclusive) are being 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. As yet, the level of take up cannot be estimated with sufficient reliability to enable a value to be determined.

Unquantifiable

The Department is in commercial negotiations with EDS, the supplier of the Child Support 2 computer system, around the cost of remedial work on the system. At the balance sheet date no confirmed liability has been agreed.

Unquantifiable

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 has been settled. A cost of £77,000 has been estimated based on previous experience of similar claims. A cost of £15,000 has also been estimated for two pending Employment Tribunal cases. These costs have not been provided for in these financial statements.

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