

Department for Work and Pensions

Introduction

This Supplementary Estimate is required for the following purposes:

£

Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
<p>The reduction in provision is due to: a transfer from Resource to Capital £121m; returning dual key funding to HM Treasury £314m; returning depreciation funding to HM Treasury £68m; funding transfer to HM Revenue & Customs to support delivery and implementation of Universal Credit £13m; and funds returned to HM Treasury to support delivery of new initiatives funded in AME £7m.</p>		-523,301,000	
Total change in Resource DEL (Voted)	-	-523,301,000	-523,301,000
<p>The reduction in income is due to the inclusion of consolidated fund extra receipts (line M).</p>		-192,000	
Total change in Resource DEL (Non-Voted)	-	-192,000	-192,000
<p>The increase in provision reflects the latest outturn data and forecasting assumptions. Noteworthy voted increases are: Jobseeker's Allowance £123m (line P); Employment and Support Allowance £335m (line Q); Income Support £257m (line R); Housing Benefit (Rent Allowance) £715m (line Y); and Council Tax Benefit £114m (line Z). Noteworthy voted reductions are Pension Credit and Minimum Income Guarantee £220m (line S); Financial Assistance Scheme £564m (line T); and Attendance Allowance £120m (line V).</p>	1,755,535,000	-962,535,000	
Total change in Resource AME (Voted)	1,755,535,000	-962,535,000	793,000,000
<p>The increase in provision reflects the latest outturn data and forecasting assumptions. Noteworthy non-voted increases are: Incapacity Benefits £417m (line AF); State Pension £215m (line AJ); and Social Fund £237m (line AL). Noteworthy non-voted reductions are: Jobseekers Allowance £245m (line AG); and Employment and Support Allowance £253m (line AH).</p>	901,335,000	-498,148,000	
Total change in Resource AME (Non-Voted)	901,335,000	-498,148,000	403,187,000

The increase in provision is due to a transfer from Resource to Capital £121m. The reduction in provision is due to: funding for Universal Credit returned to HM Treasury £18m; and funding transfer to HM Revenue & Customs to support delivery and implementation of Universal Credit £5m.

120,513,000 -22,860,000

Total change in Capital DEL (Voted)

120,513,000 -22,860,000 97,653,000

The increase in provision reflects an increase in the cash paid into the Social Fund, primarily to cover potential demand for cold weather payments (line AN).

237,335,000

Total change in Non-Budget

237,335,000 - 237,335,000

The increase in the voted net cash requirement is a result of the cash impact of the changes to voted resources and voted capital as set out above. In addition, the net cash requirement has increased due to the draw down of dual key funds.

2,133,672,000

Total change in Net Cash Requirement

2,133,672,000 - 2,133,672,000

Part I

£

	Voted	Non-Voted	Total
Departmental Expenditure Limit †			
Resource	-523,301,000	-192,000	-523,493,000
Capital	97,653,000	-	97,653,000
Annually Managed Expenditure			
Resource	793,000,000	403,187,000	1,196,187,000
Capital	-	-	-
Total Net Budget			
Resource	269,699,000	402,995,000	672,694,000
Capital	97,653,000	-	97,653,000
Non-Budget Expenditure	237,335,000		
Net cash requirement	2,133,672,000		

Supplementary amounts required in the year ending 31 March 2013 for expenditure by Department for Work and Pensions on:

Departmental Expenditure Limit:Expenditure arising from:

Funding for the administration and operating costs of the Department, including grants, loans and payments to other Government Departments, private, public and voluntary organisations. This will enable the Department to fulfil its obligations to support people who are out of work move into work quickly, support the most vulnerable people in society, alleviating poverty and supporting responsible behaviour and deliver simplification reforms to the welfare system.

The provision of employment and training programmes and payments of appropriate allowances to help people back to work, including the support of cross-government initiatives related to employment.

Assisting people to make plans for their retirement, including research into pensions, private pension industry regulatory work, programmes and new measures to help improve independence and social inclusion for older people.

Provision for general levy payments to the Pension Regulator in respect of Public Sector Pension Schemes, the costs and payments associated with the collapse of private pension schemes.

The provision of expenditure promoting the Department's objectives in other Government Departments; Crown and Executive Non-Departmental Public Bodies, including the Child Maintenance and Enforcement Commission, the Health and Safety Executive; private, public and voluntary organisations.

Training and employment projects assisted by the European Union through the European Social Fund, including programme losses and disallowances, refunds to the European Union and exchange rate gains and losses.

Subsidies to housing, billing, levying and local authorities for administering the Housing Benefit and Council Tax Benefit.

The costs incurred from the collection of debt arising from overpayments of benefit and on behalf of other public and private sector bodies.

The provision of IT, employee and financial services to other public sector bodies; policy; research; publicity; the UK subscription to the International Labour Organisation; international educational, training and employment programmes; assistance and advice on employment service and labour market issues to international organisations; measures to promote financial inclusion; associated depreciation and any other non-cash costs relating to DEL.

* The provision of expenditure promoting the Department's objectives in, and the payment of grants to, Local Authorities and Devolved Administrations.

Income arising from:

In accordance with the prevailing legislation and regulations, income arising from the administration of the Department for Work and Pensions, Crown and Executive Non-Departmental Public Bodies in delivering its statutory responsibilities, including receipts from staff, outward secondments, sale of non-capital items, recovery of court costs, services carried out on behalf of public and private sector bodies and members of the public, EU activity, levy funded bodies and other associated income.

Annually Managed Expenditure:

Expenditure arising from:

The payment of social security benefits to people of working age, pensioners, and people with disabilities and their carers in accordance with the prevailing legislation and regulations. Significant social security benefits include Jobseekers Allowance, Income Support, Employment Support and Allowance, Disability Living Allowance, Pension Credit and other associated benefits, including housing and council tax benefits, rent rebates, temporary subsidies to employers. Compensation for dust related diseases, payments for education and provisions and other non-cash costs relating to AME.

Income arising from:

Income arising from the receipt from damages payable to recipients of Statutory Sick Pay, receipts in respect of benefits paid in lieu and recoveries of payments towards Motability costs.

Non-Budget Expenditure:

Expenditure arising from:

Payment of the Grant to the Social Fund to fund Regulated, Discretionary and Winter Fuel payments.

Department of Work and Pensions will account for this Estimate.

† The Child Maintenance and Enforcement Commission, a Crown arms' length body of the Department, has been absorbed into the Department. The Supplementary Estimate includes a new subhead for the Child Maintenance Group within the Voted Departmental Expenditure Limit. The Child Maintenance Group assumed the functions of the Child Maintenance and Enforcement Commission from 1 August 2012.

Part II: Changes Proposed

£'000

Present		Net Resources Changes		Revised		Present	Net Capital Changes	Revised
Admin	Prog	Admin	Prog	Admin	Prog			
1	2	3	4	5	6	7	8	9
Spending in Departmental Expenditure Limits (DEL)								
Voted Expenditure								
1,593,115	5,747,519	-341,104	-182,197	1,252,011	5,565,322	328,900	97,653	426,553
<i>Of which:</i>								
A Operational Delivery								
252,322	2,170,387	-91,715	262,740	160,607	2,433,127	-	6,543	6,543
B Child Maintenance Group								
-	-	84,942	241,682	84,942	241,682	-	15,000	15,000
C Child Maintenance and Enforcement Commission (net)								
154,254	360,833	-111,877	-247,930	42,377	112,903	-	7,700	7,700
D Health and Safety Executive (net)								
106,356	75,548	7,767	-24,189	114,123	51,359	-	5,974	5,974
E Financial Assistance Scheme								
-	42,000	-	68,000	-	110,000	-	-	-
F European Social Fund								
-	5,869	-	118,843	-	124,712	-	-	-
G Executive Non-Departmental Public Bodies (Net)								
22,440	359,247	-5,888	-2,594	16,552	356,653	676	539	1,215
H Employment Programmes								
-	1,100,531	-	-224,735	-	875,796	-	-	-
I Housing Benefit and Council Tax Benefit Administration								
-	397,000	-	142,000	-	539,000	-	-	-
J Other Programmes								
-	90,398	-	-20,493	-	69,905	70,888	-2,345	68,543
K Departmental operating costs								
1,057,743	337,151	-224,333	313,034	833,410	650,185	65,436	256,142	321,578
Unallocated provision								
-	808,555	-	-808,555	-	-	191,900	-191,900	-
Non Voted Expenditure								
-	706,107	-	-192	-	705,915	-	-	-
<i>Of which:</i>								
M Consolidated Fund Extra Receipts								
-	-	-	-192	-	-192	-	-	-
Total Spending in DEL								
		-341,104	-182,389			97,653		
Spending in Annually Managed Expenditure (AME)								
Voted Expenditure								
-	76,133,149	-	793,000	-	76,926,149	-	-	-
<i>Of which:</i>								
P Jobseekers Allowance								
-	4,537,258	-	123,000	-	4,660,258	-	-	-
Q Employment and Support Allowance								
-	4,088,431	-	335,000	-	4,423,431	-	-	-

R Income Support	-	5,120,587	-	257,000	-	5,377,587	-	-	-
S Pension Credit and Minimum Income Guarantee	-	7,780,626	-	-220,000	-	7,560,626	-	-	-
T Financial Assistance Scheme	-	829,000	-	-564,000	-	265,000	-	-	-
V Attendance Allowance	-	5,647,453	-	-120,000	-	5,527,453	-	-	-
W Disability Living Allowance	-	13,558,803	-	-56,000	-	13,502,803	-	-	-
X Carers Allowance	-	1,859,471	-	68,000	-	1,927,471	-	-	-
Y Housing Benefit	-	17,066,129	-	715,000	-	17,781,129	-	-	-
Z Council Tax Benefit	-	4,760,439	-	114,000	-	4,874,439	-	-	-
AA Rent Rebates	-	5,696,134	-	75,000	-	5,771,134	-	-	-
AB Statutory Sick Pay and Statutory Maternity Pay	-	2,382,243	-	66,000	-	2,448,243	-	-	-
AD Other Expenditure	-	-17,780	-	2,535	-	-15,245	-	-	-
AE Other Expenditure ENDPBs (net)	-	-	-	-2,535	-	-2,535	-	-	-
Non Voted Expenditure	-	89,465,400	-	403,187	-	89,868,587	85,083	-	85,083
<i>Of which:</i>									
AF Incapacity Benefit	-	2,847,241	-	417,000	-	3,264,241	-	-	-
AG Jobseeker's Allowance	-	917,873	-	-245,000	-	672,873	-	-	-
AH Employment and Support Allowance	-	2,466,323	-	-253,000	-	2,213,323	-	-	-
AJ State Pension	-	79,850,661	-	215,000	-	80,065,661	-	-	-
AK Bereavement benefits	-	570,698	-	32,000	-	602,698	-	-	-
AL Expenditure incurred by the Social Fund	-	2,425,084	-	237,335	-	2,662,419	85,083	-	85,083
AM Consolidated Fund Extra Receipts	-	-	-	-148	-	-148	-	-	-
Total Spending in AME				1,196,187					
Non-Budget spending									
Voted Expenditure	-	2,561,145	-	237,335	-	2,798,480	-	-	-
<i>Of which:</i>									
AN Cash paid in to the Social Fund	-	2,561,145	-	237,335	-	2,798,480	-	-	-
Total Non-Budget Spending				237,335					

Total for Estimate			
	-341,104	1,251,133	97,653
<i>Of which:</i>			
Voted Expenditure	-341,104	848,138	97,653
Non Voted Expenditure	-	402,995	-
			£'000

	Present Plans	Changes	Revised Plans
Net Cash Requirement	85,007,986	2,133,672	87,141,658

Part II: Revised subhead detail including additional provision

£'000

Revised Plans								
Resources						Capital		
Administration			Programme					
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
1	2	3	4	5	6	7	8	9
Spending in Departmental Expenditure Limits (DEL)								
Voted expenditure								
1,316,772	-64,761	1,252,011	5,938,447	-373,125	5,565,322	426,778	-225	426,553
<i>Of which:</i>								
A Operational Delivery								
160,913	-306	160,607	2,441,236	-8,109	2,433,127	6,543	-	6,543
B Child Maintenance Group								
84,952	-10	84,942	243,591	-1,909	241,682	15,000	-	15,000
C Child Maintenance and Enforcement Commission (NET)								
42,377	-	42,377	112,903	-	112,903	7,700	-	7,700
D Health and Safety Executive (NET)								
114,123	-	114,123	51,359	-	51,359	5,974	-	5,974
E Financial Assistance Scheme								
-	-	-	110,000	-	110,000	-	-	-
F European Social Fund								
-	-	-	384,712	-260,000	124,712	-	-	-
G Executive Non-Departmental Public Bodies (Net)								
16,552	-	16,552	356,653	-	356,653	1,215	-	1,215
H Employment Programmes								
-	-	-	897,097	-21,301	875,796	-	-	-
I Housing Benefit and Council Tax Benefit Administration								
-	-	-	539,000	-	539,000	-	-	-
J Other Programmes								
-	-	-	106,131	-36,226	69,905	68,543	-	68,543
K Departmental operating costs								
897,855	-64,445	833,410	695,765	-45,580	650,185	321,803	-225	321,578
Non-voted expenditure								
-	-	-	706,107	-192	705,915	-	-	-
<i>Of which:</i>								
L National Insurance Fund								
-	-	-	706,107	-	706,107	-	-	-
M Consolidated Fund Extra Receipts								
-	-	-	-	-192	-192	-	-	-
Total Spending in DEL								
1,316,772	-64,761	1,252,011	6,644,554	-373,317	6,271,237	426,778	-225	426,553
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
-	-	-	76,955,943	-29,794	76,926,149	-	-	-
<i>Of which:</i>								
N Severe Disablement Allowance								
-	-	-	894,620	-	894,620	-	-	-
O Industrial Injuries Disablement Benefit								
-	-	-	911,509	515	911,509	-	-	-

Part II: Revised subhead detail including additional provision

£'000

Revised Plans									
Resources						Capital			
Administration			Programme						
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
1	2	3	4	5	6	7	8	9	
P Jobseekers Allowance	-	-	-	4,662,500	-2,242	4,660,258	-	-	-
Q Employment and Support Allowance	-	-	-	4,423,569	-138	4,423,431	-	-	-
R Income Support	-	-	-	5,404,999	-27,412	5,377,587	-	-	-
S Pension Credit and Minimum Income Guarantee	-	-	-	7,560,626	-	7,560,626	-	-	-
T Financial Assistance Scheme	-	-	-	265,000	-	265,000	-	-	-
U TV Licences for the over 75s	-	-	-	590,669	-	590,669	-	-	-
V Attendance Allowance	-	-	-	5,527,453	-	5,527,453	-	-	-
W Disability Living Allowance	-	-	-	13,502,803	-	13,502,803	-	-	-
X Carer's Allowance	-	-	-	1,927,471	-	1,927,471	-	-	-
Y Housing Benefit	-	-	-	17,781,129	-	17,781,129	-	-	-
Z Council Tax Benefit	-	-	-	4,874,439	-	4,874,439	-	-	-
AA Rent Rebates	-	-	-	5,771,134	-	5,771,134	-	-	-
AB Statutory Sick Pay and Statutory Maternity Pay	-	-	-	2,448,243	-	2,448,243	-	-	-
AC Other Benefits	-	-	-	427,558	-1	427,557	-	-	-
AD Other Expenditure	-	-	-	-15,244	-1	-15,245	-	-	-
AE Other Expenditure ENDPBs (net)	-	-	-	-2,535	-	-2,535	-	-	-
Non-voted expenditure	-	-	-	89,870,320	-1,733	89,868,587	85,083	-	85,083
<i>Of which:</i>									
AF Incapacity Benefit	-	-	-	3,264,241	-	3,264,241	-	-	-
AG Jobseekers Allowance	-	-	-	674,458	-1,585	672,873	-	-	-
AH Employment and Support Allowance	-	-	-	2,213,323	-	2,213,323	-	-	-
AI Maternity Allowance	-	-	-	387,520	-	387,520	-	-	-
AJ State Pension	-	-	-	80,065,661	-	80,065,661	-	-	-

Part II: Revised subhead detail including additional provision

£'000

Revised Plans								
Resources						Capital		
Administration			Programme					
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
1	2	3	4	5	6	7	8	9
AK Bereavement benefits								
-	-	-	602,698	-	602,698	-	-	-
AL Expenditure incurred by the Social Fund								
-	-	-	2,662,419	-	2,662,419	85,083	-	85,083
AM Consolidated Fund Extra Receipts								
-	-	-	-	-148	-148	-	-	-
Total Spending in AME								
-	-	-	166,826,263	-31,527	166,794,736	85,083	-	85,083
Non-Budget spending								
Voted expenditure								
-	-	-	2,798,480	-	2,798,480	-	-	-
<i>Of which:</i>								
AN Cash paid in to the Social Fund								
-	-	-	2,798,480	-	2,798,480	-	-	-
Total Non-Budget Spending								
-	-	-	2,798,480	-	2,798,480	-	-	-
Total for Estimate								
1,316,772	-64,761	1,252,011	176,269,297	-404,844	175,864,453	511,861	-225	511,636
<i>Of which:</i>								
Voted Expenditure								
1,316,772	-64,761	1,252,011	85,692,870	-402,919	85,289,951	426,778	-225	426,553
Non Voted Expenditure								
-	-	-	90,576,427	-1,925	90,574,502	85,083	-	85,083

Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	176,206,435	910,029	177,116,464
Net Capital Requirement	413,983	97,653	511,636
Accruals to cash adjustments	-1,355,842	1,528,985	173,143
<i>Of which:</i>			
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-331,405	74,545	-256,860
New provisions and adjustments to previous provisions	-871,000	496,000	-375,000
Departmental Unallocated Provision	-1,000,455	1,000,455	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-212,185	-105,457	-317,642
<i>Adjustment for NDPBs:</i>			
Remove voted resource and capital	-382,363	-323,958	-706,321
Add cash grant-in-aid	381,786	319,449	701,235
<i>Adjustments to reflect movements in working balances:</i>			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	400,000	-	400,000
Increase (-) / Decrease (+) in creditors	600,000	-	600,000
Use of provisions	59,780	67,951	127,731
Removal of non-voted budget items	-90,256,590	-402,995	-90,659,585
<i>Of which:</i>			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-90,256,590	-402,995	-90,659,585
Net Cash Requirement	85,007,986	2,133,672	87,141,658

Part III: Note A - Statement of Comprehensive Net Expenditure & Reconciliation Table

£'000

	Revised Plans
Gross Administration Costs	1,299,531
<i>Less:</i>	
Administration DEL Income	-64,761
Net Administration Costs	1,234,770
Gross Programme Costs	173,689,619
<i>Less:</i>	
Programme DEL Income	-373,317
Programme AME Income	-31,527
Non-budget income	-
Net Programme Costs	173,284,775
Total Net Operating Costs	174,519,545
<i>Of which:</i>	
Resource DEL	6,757,634
Capital DEL	-
Resource AME	166,923,959
Capital AME	-
Non-budget	837,952
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the SoCNE	-
<i>Adjustments to remove:</i>	
Capital in the SoCNE	-
Non-Budget Consolidated Fund Extra Receipts in the SoCNE	-
Other adjustments	-201,561
Total Resource Budget	174,317,984
<i>Of which:</i>	
Resource DEL	7,523,248
Resource AME	166,794,736
<i>Adjustments to include:</i>	
Prior period adjustments	-
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	340
Other adjustments	2,798,140
Total Resource (Estimate)	177,116,464

Part III: Note B - Analysis of Departmental Income

£'000

Revised
Plans

	Revised Plans
Voted Resource DEL	-437,886
<i>Of which:</i>	
Administration	
Sales of Goods and Services	-47,115
<i>Of which:</i>	
A Operational Delivery	-304
B Child Maintenance Group	-10
K Departmental operating costs	-46,801
Other Grants	-180
<i>Of which:</i>	
K Departmental operating costs	-180
Other Income	-17,466
<i>Of which:</i>	
A Operational Delivery	-2
K Departmental operating costs	-17,464
Total Administration	<u>-64,761</u>
Programme	
EU Grants Received	-260,000
<i>Of which:</i>	
F European Social Fund	-260,000
Sales of Goods and Services	-60,563
<i>Of which:</i>	
A Operational Delivery	-6,343
B Child Maintenance Group	-1,909
J Other Programmes	-36,226
K Departmental operating costs	-16,085
Other Grants	-14,113
<i>Of which:</i>	
K Departmental operating costs	-14,113
Other Income	-38,449
<i>Of which:</i>	
A Operational Delivery	-1,766
H Employment Programmes	-21,301
K Departmental operating costs	-15,382
Total Programme	<u>-373,125</u>
Voted Resource AME	-29,794
<i>Of which:</i>	
Programme	
Other Income	-29,794
<i>Of which:</i>	
P Jobseekers Allowance	-2,242
Q Employment and Support Allowance	-138
R Income Support	-27,412

AC Other Benefits	-1
AD Other Expenditure	-1
Total Programme	<u>-29,794</u>
Total Voted Resource Income	<u>-467,680</u>
Voted Capital DEL	-225
<i>Of which:</i>	
Programme	
Sales of Assets	-225
<i>Of which:</i>	
K Departmental operating costs	-225
Total Programme	<u>-225</u>
Total Voted Capital Income	<u>-225</u>

Part III: Note C - Analysis of Consolidated Fund Extra Receipts

In addition to income retained by the Department the following income is payable to the Consolidated Fund:

£'000

	Present		Changes		Revised	
	Income	Receipts	Income	Receipts	Income	Receipts
Income in budgets surrendered to the Consolidated Fund (resource)	-	-	-340	-340	-340	-340
Income in budgets surrendered to the Consolidated Fund (capital)	-	-	-	-	-	-
Non-budget amounts collectable on behalf of the Consolidated Fund (in the SoCNE)	-	-	-	-	-	-
Total	-	-	-340	-340	-340	-340

Detailed description of CFER sources

£'000

	Present		Changes		Revised	
	Income	Receipts	Income	Receipts	Income	Receipts
Departmental Expenditure Limit						
Unattributed receipts	-	-	-192	-192	-192	-192
Annually Managed Expenditure						
Unattributed receipts			-148	-148	-148	-148
Total	-	-	-340	-340	-340	-340

Part III: Note D - Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following individuals are responsible for the expenditure within this Estimate:

Accounting Officer: Robert Devereux

In accordance with Chapter 3 of Managing Public Money (issued by the Treasury), the following individuals are NDPB Accounting Officer appointments:

ALB/NDPB Accounting Officers:

Noel Shanahan	Child Maintenance and Enforcement Commission
Geoffrey Podger	Health and Safety Executive
James Sanderson	Independent Living Fund
Marta Phillips OBE	The Pensions Advisory Service
Bill Gavin	The Pensions Regulator
Tony King	The Pensions Ombudsman

Robert Devereux has personal responsibility for the proper presentation of the department's resource accounts and their transmission to the Comptroller & Auditor General, and is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities, particular regard is given to:

- observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the Financial Reporting Manual (FRM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for regularity and propriety of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are also set out in Chapter 3 of Managing Public Money.

In accordance with Managing Public Money requirements, the relationship between the Principal Accounting Officer and Additional Accounting Officer(s), and with their Ministers, together with their respective responsibilities, is set out in writing. Similarly, the relationship between the Principal/Additional Accounting Officer and the NDPB Accounting Officer(s) is set out in writing.

Part III: Note E - Non-Departmental Public Bodies

£'000

Section in Part II: Subhead Detail	Body	Resources	Capital	Grant-in-aid
C - DEL	Child Maintenance and Enforcement Commission	155,280	7,700	170,200
D - DEL	Health and Safety Executive	165,482	5,974	157,650
G - DEL	The Independent Living Fund	314,854	86	314,700
G - DEL	The Pensions Regulator	52,142	599	52,031
G - DEL	The Pensions Advisory Service	3,282	100	3,261
G - DEL	The Pensions Ombudsman	2,927	430	3,393
AE - AME	Child Maintenance and Enforcement Commission	-2,535		
Total		691,432	14,889	701,235

Part III: Note G - Expenditure resting on the sole authority of the Supply and Appropriation Act

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

Section in Part II: Subhead Detail	Service	£'000
K - DEL	Establishment and Development of Regional Forums on Ageing	164

Part III: Note J - Staff Benefits

For the financial year 2012-13 budget holders have delegated authority to award reward vouchers to staff under the terms of the Department's Special Bonus Scheme. The vouchers are for a range of well known retail outlets and are given in recognition of valuable or exceptional contributions to business performance. Individual awards will not exceed £50 and, in total, the expenditure for the Special Bonus Scheme will not exceed 0.25% of the DWP paybill. In practice the total expenditure is likely to be less than £2.5 million.

The Department operates an Employee Discount Scheme which provides staff with the opportunity to purchase a range of on-line goods and retail vouchers at a reduced price. The cost of items purchased is met by the employee, however the Department pays an annual fee to a third party provider for the operation of the contract. This cost is determined by the number of employees registered with the scheme and is likely to be in the region of £60,000.

Budget holders have delegated authority to provide staff with childcare assistance. This includes provision of on site facilities and contributions to the cost of private childcare made directly to the employee through payroll. The availability, method and amount of assistance is at the discretion of the budget holder.

Part III: Note K - Contingent Liabilities

Nature of liability	£'000
Contingent Liabilities disclosed under IAS 37	
<p>Remploy Limited</p> <p>The Secretary of State for Work and Pensions has given a formal guarantee in respect of Remploy Limited. 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. In addition to this guarantee over Remploy's net liabilities, the Department also guarantees to cover any shortfall in its pension provision.</p>	Unquantifiable
<p>European Social Fund (ESF) Repayments</p> <p>As Managing Authority of the European Social Fund (ESF) in England and Gibraltar, the Department has a potential liability in respect of ineligible claims for ESF programmes.</p> <p>There is no provision in the Department's accounts to cover financial corrections in the 2007-13 ESF programme. The Audit Authority produces an annual control report and opinion for the EU. The opinion is largely based on the amount of error found during checks of claims submitted by the Managing Authority to the EU over a calendar year. If this exceeds the EU's defined 2 per cent tolerable error the opinion is likely to be qualified, with the risk that the EU would impose a financial correction, which may not be recoverable. The 2011 annual opinion was unqualified but it is possible that future years may be qualified.</p> <p>A further risk arises because ESF commitments are made in sterling, whereas funds are reimbursed from the EU in euros and are fixed at the start of the seven year programme. An overspend against the euro allocation is not expected but should it arise, it would have to be funded by the Department.</p> <p>Because of the complexity of European Regulations governing ESF, there is an ongoing risk that unforeseen liabilities could arise in future which cannot be recovered by the Department. The risk and amount of any unforeseen future liabilities cannot be assessed with any degree of certainty.</p>	Unquantifiable
<p>Financial Assistance Scheme (FAS)</p> <p>In December 2007, the Government announced its intention for the Financial Assistance Scheme (FAS) to take over payments of some fully funded pensions and other associated benefits in qualifying schemes and, in return, to take the assets of those pension schemes into Government. The FAS Review of Assets estimated the value of these assets to be £1.7b.</p> <p>Further regulations came into force on 2 April 2010 which enables the transfer of assets, remaining in FAS qualifying schemes, to Government. As a result, the liabilities associated with FAS will increase as the assets transfer from individual schemes to Government. The provision has increased by another £99m for liabilities associated with the assets transferred so far in 2012/13.</p>	Unquantifiable

Vaccine Damage Payments

Unquantifiable

Currently there are approximately 3,300 Vaccine Damage Payment claims which have existing appeal rights. As there is no time limit for requesting Vaccine Damage Payment Appeals there is no means of establishing if, or when, these appeal rights may be exercised. It is therefore not currently possible to estimate the value or success of these claims and so no provision has been made in the Accounts.

Incorrect payment of Disability Living Allowance (DLA) or Attendance Allowance (AA)

Unquantifiable

During 2010, the Pension, Disability and Carers Service (PDCS) concluded its review of data matching opportunities between DLA/AA and State Pension and identified 34,866 cases for investigation of customers who are in receipt of an incorrect combined payment of State Pension with either DLA/AA.

Errors have occurred due to a breakdown in communication between Pension Centres and Disability Centres and in particular, the reliance on a clerical process involving Authorities to Pay (ATPs). These errors are considered to be avoidable and steps have been taken to prevent it happening again.

Since the 34,866 cases were identified, some of the errors have been resolved via normal work processes, and the estimate of cases still to be actioned was 22,000.

Ministers gave permission to review the cases identified and during 2011/12, 5,478 cases were reviewed. 1,382 cases were found underpaid, resulting in arrears payments of £7.0m. In addition to this, special payments of £0.3m were paid to 998 customers as financial redress. Overpayments totalling £1.8m arose on 595 cases and are disclosed within the Losses section of the accounts.

Based on the findings of the work carried out in 2011/12, it was estimated that further arrears of benefit will need to be paid out on c5,500 cases amounting to £28.2m, with special payments of £1.4m expected on c4,000 cases. However, as the number of cases in the exercise fluctuates, these numbers can only be estimated and are expected to reduce.

During the period 1 April 2012 - 30 September 2012, 10,110 cases were corrected leaving 14,263 cases outstanding.

Of the 10,110 cases reviewed 952 cases were found underpaid, resulting in arrears payments of £7.4m. In addition to this, special payments of £0.2m were paid to 646 customers as financial redress. Overpayments totalling £1.2m arose on 569 cases and will be disclosed within the Losses section of the accounts.

Transfer of State Pensions and Benefits

Unquantifiable

Since 2007 regulations have been in place allowing staff employed in certain EU institutions to transfer an enhanced cash value of potential entitlement to their state pension and other contributory benefits to the Pension Scheme for Officials and Servants of Community Institutions. Until the transfer value has been calculated, a contingent liability arises.

The overall time limit is 10 months between the date of application and the transfer payment, however the limits can be extended if needed. No information is held on the number of eligible applicants but since 2007 1092 transfer applications have been received, 80% of which have resulted in transfer payments. For 2012/13 the cash equivalent transfer valuation is around £1.3m amounting to an average transfer value of £30,780 a case. Recent changes to the status and rules of certain EU institutions could result in circa 500 additional potential applicants.

Lump sum compensation payments in respect of pneumoconiosis and certain other dust related diseases	Unquantifiable
<p>The Department is accountable for lump sum compensation payments in relation to pneumoconiosis and certain other dust related diseases.</p> <p>The diseases covered by the Pneumoconiosis etc. (Workers' Compensation) Act 1979 and the Mesothelioma Scheme (2008) have a long latency period which makes the number of years over which claims will continue to be made unclear. No reliable estimate of the financial effect can therefore be given.</p>	
Compensation claims	Unquantifiable
<p>The Department has contingent liabilities arising from possible compensation payments that may become due as a result of compensation claims against the Department by staff and members of the public. Claims relate to employment tribunal, personal injury and Civil Service Appeals Board cases. There is significant uncertainty surrounding the estimated liability and the timing of payments, which can fluctuate based on various factors such as medical evidence received, witness statements and whether claims proceed to trial or are settled early.</p>	
Bearer connection charges	970
<p>A contingent liability exists in respect of bearer connection charges incurred by British Telecom. These costs will only become payable by the Department if a site closes within three years of connection. At 30 September 2012, the total potential liability is £0.97m.</p>	
IT Supplier Disputes	Unquantifiable
<p>The Department has a contingent liability arising from a dispute with one of its IT suppliers in relation to the termination of the contract in March 2011 for the provision of desktop IT equipment.</p> <p>Negotiations are ongoing and the information usually required by IAS37 is not being disclosed because the Department believes that to do so would seriously prejudice the outcome of these discussions.</p>	
Debt Manager Contract	Unquantifiable
<p>The contract with the supplier for support and maintenance of the Debt Manager system covers volumes of up to 3.1 million accounts and the Department is contractually obliged to pay for additional cover for up to 3.8 million accounts. If the past volumes are found to be in excess of 3.8 million when the supplier completes the audits, expected in March and September 2013, then the additional liability may be up to 14 pence per account over and above the level already accounted for.</p>	
Fixed Term Appointments	Unquantifiable
<p>The Department's position is that the release of Fixed Term Appointment employees at the agreed end date of their contract of employment does not constitute a redundancy situation. That view is challenged by the Department's Trade Unions and lead cases will be robustly defended at Employment Tribunal. The Department has not disclosed the information usually required for IAS 37 because it believes that to do so would seriously prejudice the outcome of these cases.</p>	

Intellectual Property Rights

Unquantifiable

The Health and Safety Executive (HSE) has received notification of a potential claim for a breach of copyright by a company alleging use of their intellectual property which had not been agreed in advance. No formal claim has been received and at this stage there is a significant element of uncertainty concerning liability.

Refunds of deductions made during Bankruptcy

2,700

On 14 December 2011 the Supreme Court passed judgment that recoveries made by deduction from benefits against Social Fund or overpayment debts included in a Bankruptcy Order were unlawful. On legal advice, the liability to refund deductions is limited to those made since 15 December 2005. The Department has now received the relevant data from the Insolvency Service. This has been filtered to determine the exposure in relation to Benefit Overpayments and that relating to the Social Fund. For Benefit Overpayments this is 745 former bankrupts with associated refunds required of approximately £0.2m. For Social Fund customers the total exposure for the six years in question relates to a total of 4,530 individuals with an associated maximum refund estimated at £2.5m. This figure is an estimate and will be finalised as the records are worked through and customer refunds are made.

Part III: Note L - International Subscriptions

Section in Part II: Subhead Detail	Body	£'000
Section J - DEL	International Labour Organisation	17,277

