

How government spending has changed in 2021-22;  
and prospects for future public spending following the Spring Statement 2022

# Supplementary Estimates 2021-22, and beyond

Impartial briefing from House of Commons specialists



**SCRUTINY UNIT**

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# What can you learn from this document?



## Overview:

- ✓ What the Supplementary Estimates are
- ✓ How Supplementary Estimates fit into the government's budget timeline for 2021-22 and beyond
- ✓ How the government classifies different kinds of spending
- ✓ How government spending plans for 2021-22 differ from initial budgets for this year
- ✓ Changes to spending plans for 2022-23 and beyond as announced at the Spending Review 2021 and Spring Statement 2022

## For each department:

- ✓ Spending trends
- ✓ Changes in spending compared to initial budgets for this year
- ✓ Where the money goes within the department
- ✓ What we know about future spending

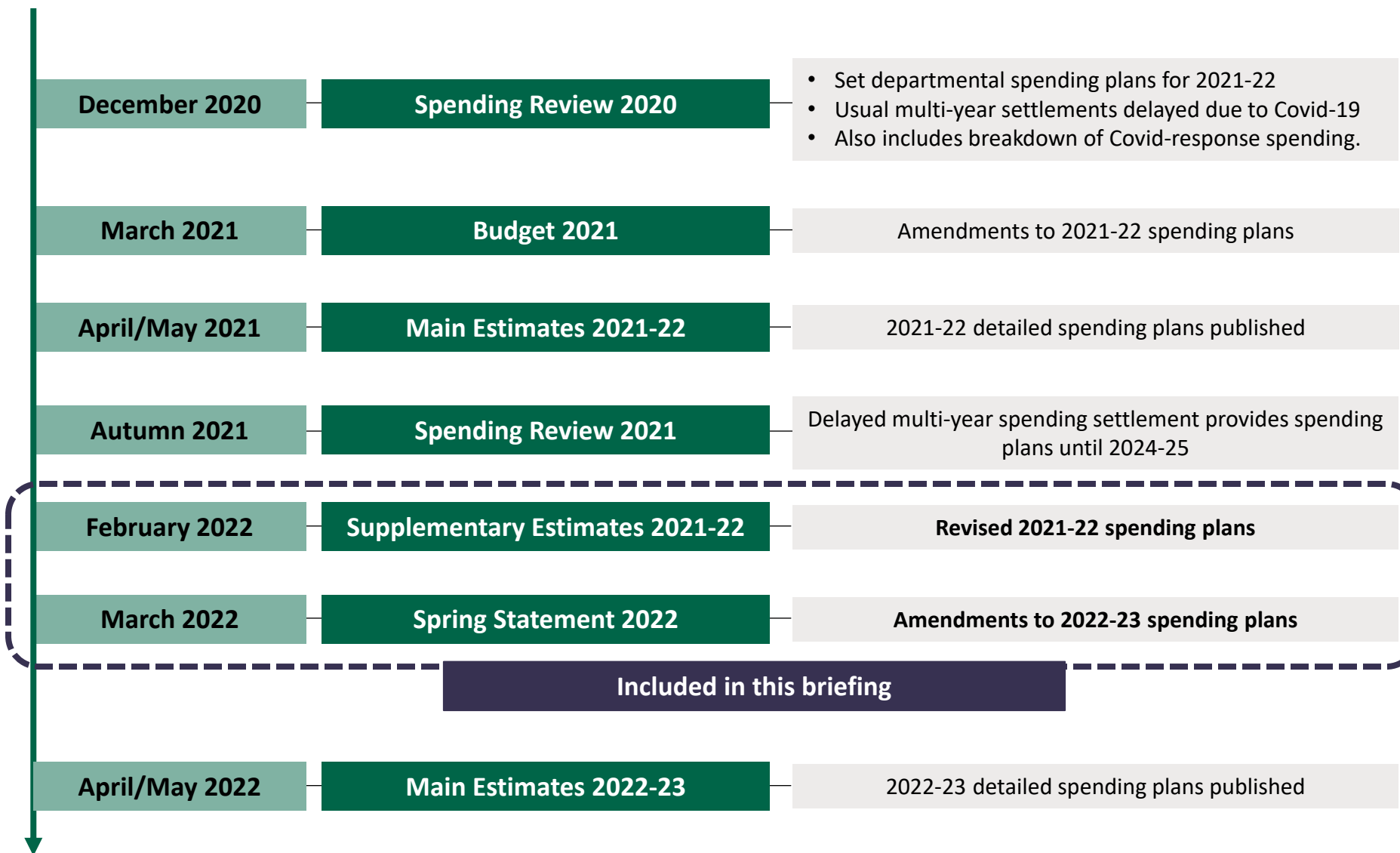
## What are the Supplementary Estimates ?

- **Main Estimates** (published in May) are the government's initial **spending plans** at the start of the financial year
- **Supplementary Estimates** (published in February) allow changes to be made to **alter budget totals** towards the end of the financial year, in light of latest forecasts and pressures

### Main Reasons for Supplementary Estimates

- **Claims on the Reserve:** new money from Treasury for specific, unforeseen items – in recent year claims are dominated by Covid-19 spending
  - **Moving money** between Resource and Capital (see [slide 5](#))
  - **Machinery of Government** changes: establishing new Departments and reallocating funding as responsibilities alter
  - **Transfers** of money between departments (e.g. joint projects)
  - **Changes to forecasts** for spending areas that are difficult to predict (e.g. welfare)
  - **Underspending:** departments may return money they know they will not spend. Offering it up now means they may be able to draw down the money again next year (known as 'Budget Exchange').
- Supplementary Estimates also provide an opportunity for departments to change their **internal allocations** between different areas (or "Estimate subheads") within spending totals. These reallocations mean that total changes to particular budgets may differ from the amount of extra money provided (or given up)

# Budget timeline: spending in 2021-22 and beyond



# The different spending limits and what they include

Most government spending is contained in Estimates and is known as **departmental spending**. It is divided in to:

- **Departmental Expenditure Limits (DELs):** spending planned through spending reviews
- **Annually Managed Expenditure (AME):** spending which is demand-led and reforecast annually

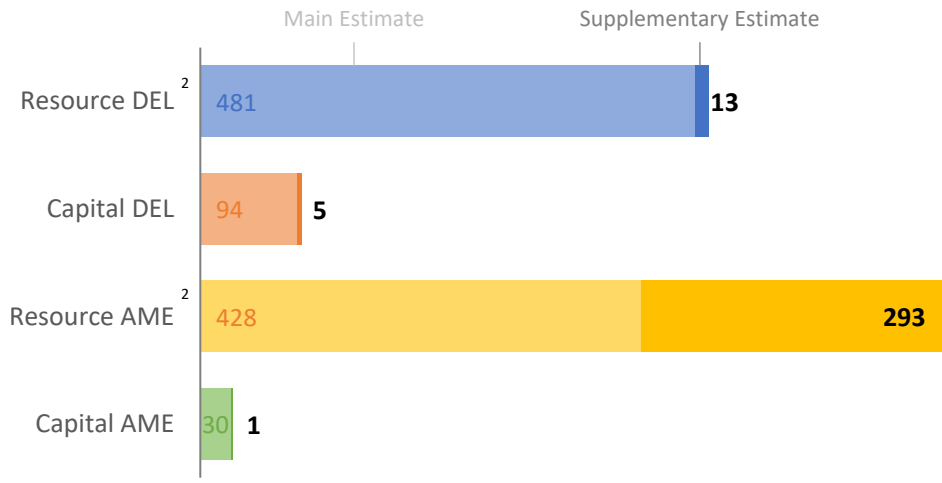
Both types are further subdivided into :

- **Day-to-day** spending (known as **Resource**)
- **Investment** spending (known as **Capital**)

Some further spending is not included in Estimates. This is known as **non-departmental spending**.

**Departmental Spending** included in Supplementary Estimates 2021-22: **£1,345 billion**  
 This is an increase of **£312 billion (30%)** since the beginning of the year – mainly in Resource AME

Departmental Spending in 2021-22 by category (£ billion) <sup>1</sup>



Spending includes:

- Staff costs
- Goods & services
- Current grants
- Investment and loans
- Research & development
- Benefits
- State Pensions
- Nuclear decommissioning
- Student Loans

Coronavirus measures include:

- Increased NHS budget
- Business support grants
- Rail franchise support
- Test and Trace IT
- Loans to spectator sports teams and cultural institutions
- Job retention and self-employed income support
- Increased Universal Credit
- Universal Credit advances

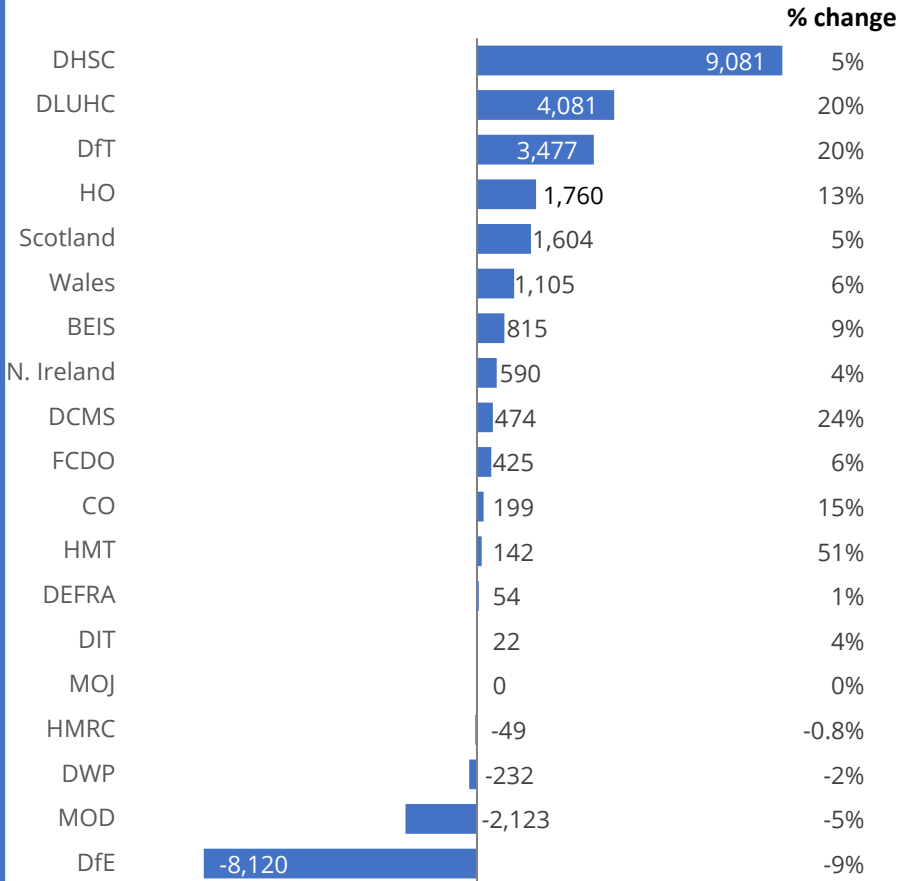
Notes:  
<sup>1</sup> 2020-21 departmental spending as published in Supplementary Estimate 2020-21 . AME spending supplied by HM Treasury; excludes non-departmental spending such as debt interest and local authority self-financed expenditure. Includes non-cash spending on provisions for future expected costs e.g. for nuclear decommissioning and clinical negligence  
<sup>2</sup> Resource spending includes depreciation

# 2021-22 planned spending has increased slightly since the beginning of the year

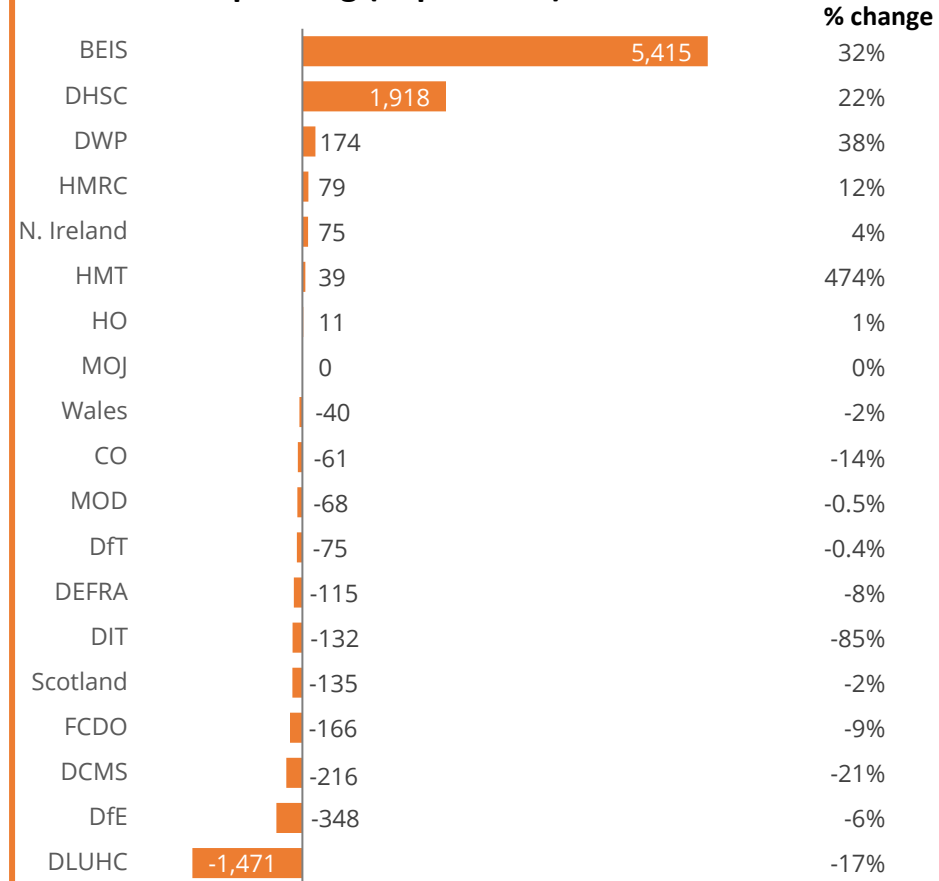
Increases are largely driven by Covid-19 and for some departments the withdrawal from Afghanistan

Changes in planned Departmental Expenditure Limits (DEL) since Main Estimate 2021-22 (£ millions)

## Day-to-day spending (Resource DEL)



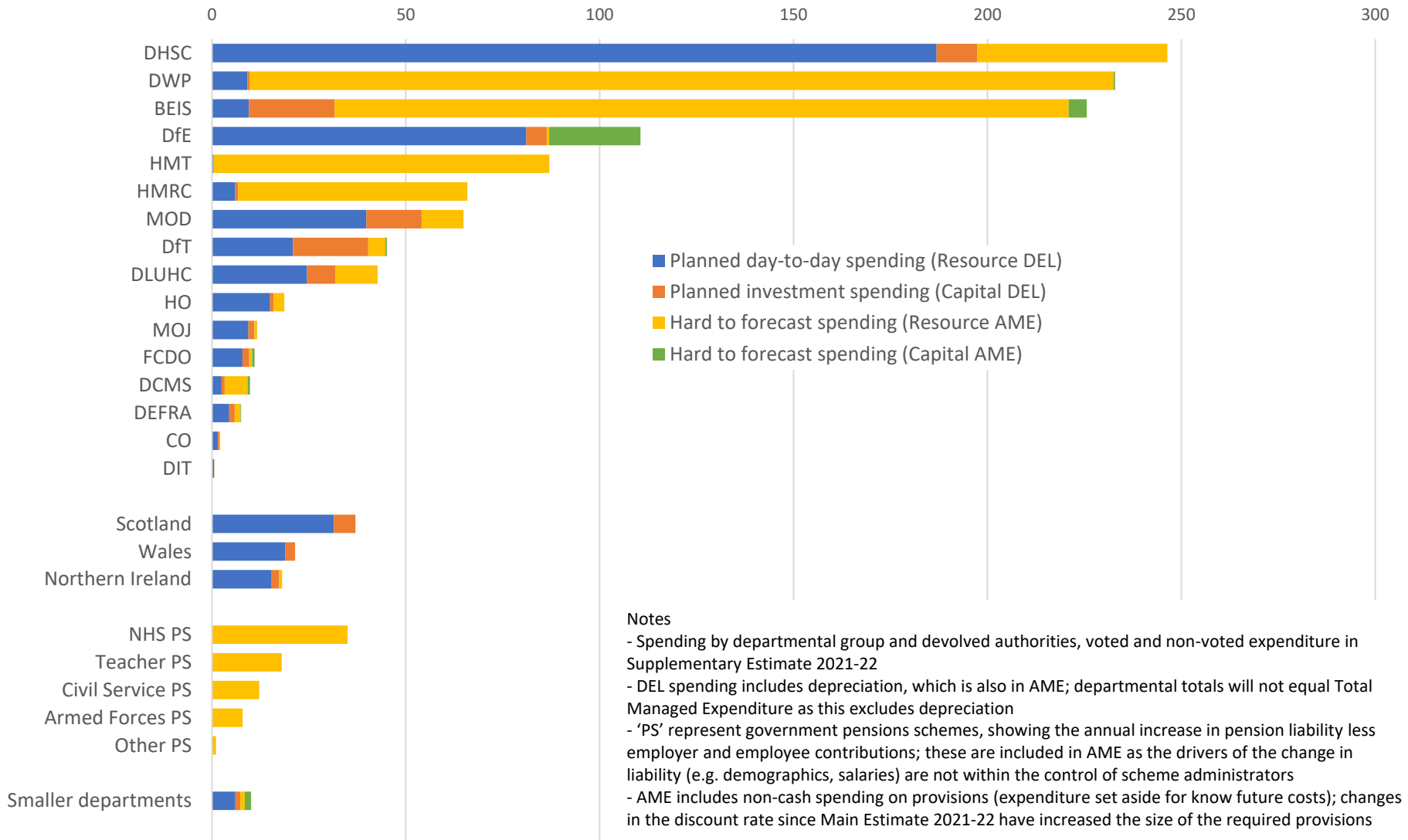
## Investment spending (Capital DEL)



Notes: Selected department and devolved authority grants – does not include Barnett consequentials

# Day-to-day pending on health and pensions/benefits remain the most substantial items

Total Spending by department in 2021-22 in Supplementary Estimate (£ billions)



Notes

- Spending by departmental group and devolved authorities, voted and non-voted expenditure in Supplementary Estimate 2021-22
- DEL spending includes depreciation, which is also in AME; departmental totals will not equal Total Managed Expenditure as this excludes depreciation
- 'PS' represent government pensions schemes, showing the annual increase in pension liability less employer and employee contributions; these are included in AME as the drivers of the change in liability (e.g. demographics, salaries) are not within the control of scheme administrators
- AME includes non-cash spending on provisions (expenditure set aside for know future costs); changes in the discount rate since Main Estimate 2021-22 have increased the size of the required provisions

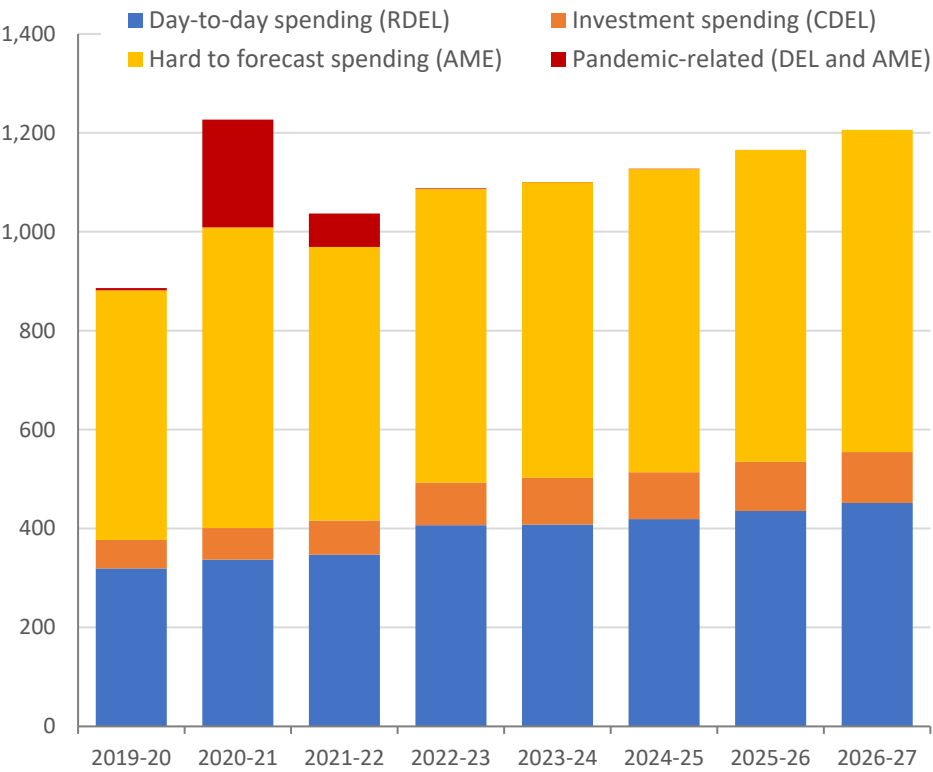


# Official forecasts show a spike in government spending due to Covid-19

- The Office for Budget Responsibility that spending on Covid will be around £67.4 billion in 2022-23, and fall to around £0.5 billion per year from 2023-24; Government spending (“Total Managed Expenditure”) peaked in 2020-21.
- However, the true cost of Covid-19 measures remains uncertain, with estimates varying between authorities

## Government spending peaked last year due to Covid

Total Managed Expenditure, £ billions



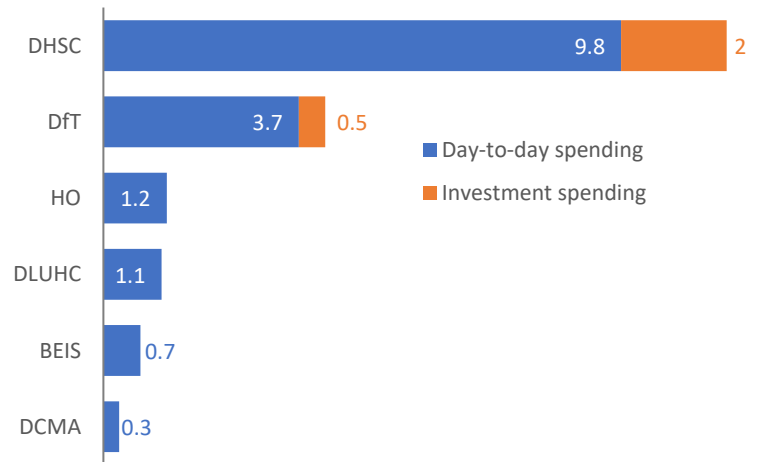
## Estimates of Covid-19 spending vary by institution

Life-time costs of Covid-19 measures, £ billions



## DHSC has highest Covid spend in 2021-22

Covid measures identified in Supplementary Estimates, £ billions



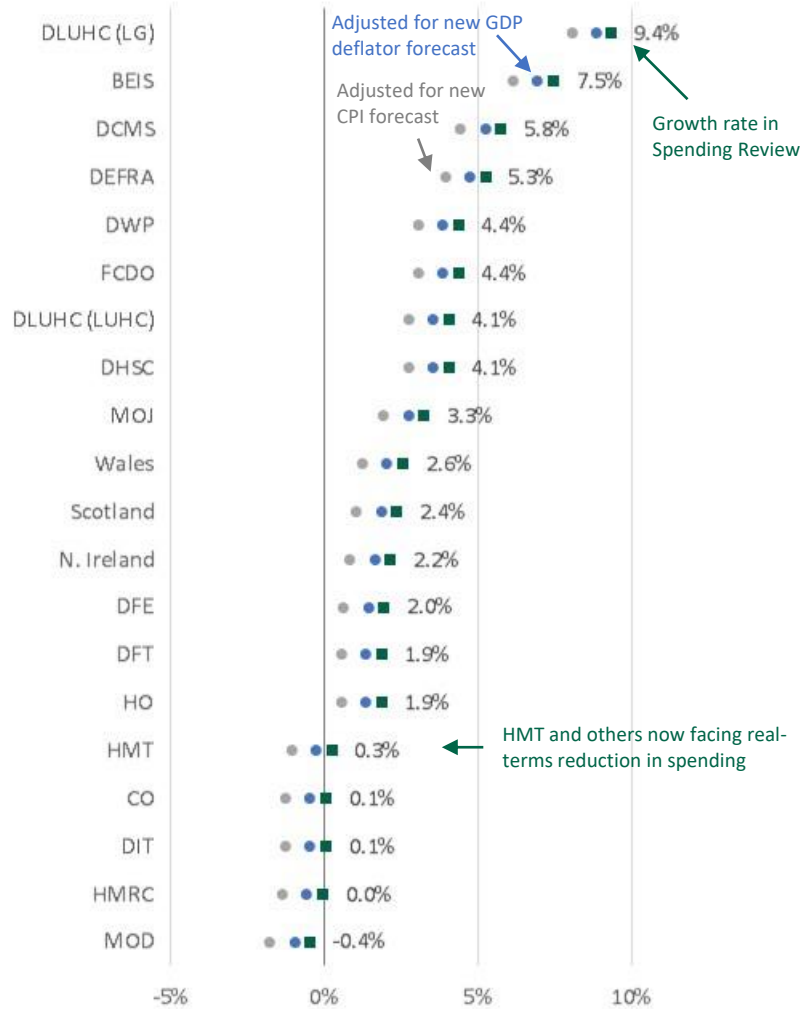


## Future spending

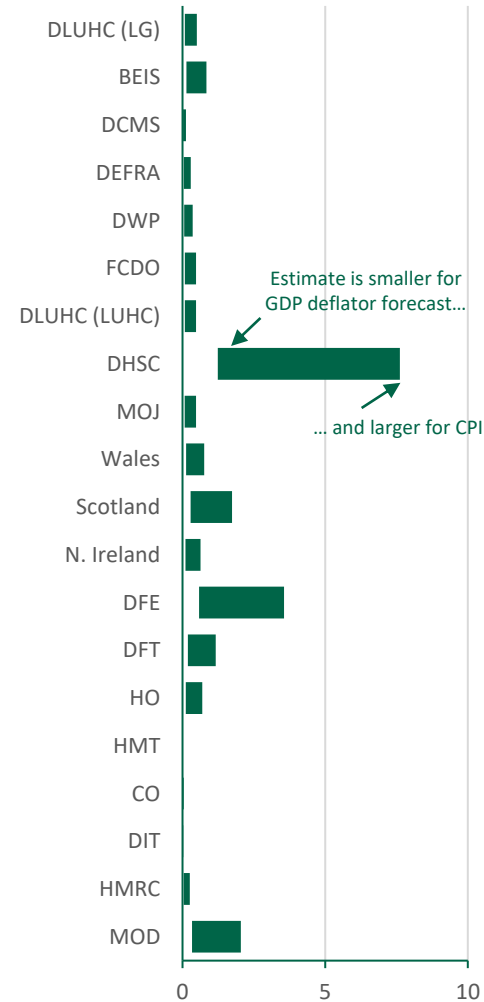
- Spending Review 2021 set out departmental spending totals in cash terms; with the inflation expectations at the time, all major departments apart from Defence were set to receive real-terms increases.
- Worsening inflation expectations mean more departments are now likely to face real-terms reductions in spending.
- There are different measures of inflation, and it is not clear which best reflects departmental pressures.
- Adjusting for the new GDP deflator measure means departments suffer 0.5 percentage points lower growth each year of the Spending Review; adjusting for CPI inflation means a reduction of around 1.3 percentage points.

### Several departments expected to face real-terms cuts

Average annual real-terms growth rate in Total DEL from 2021-22 to 2024-25



Implied extra funding needed in 2022-23 to maintain SR21 real growth rates (£bn)



## Departmental spending

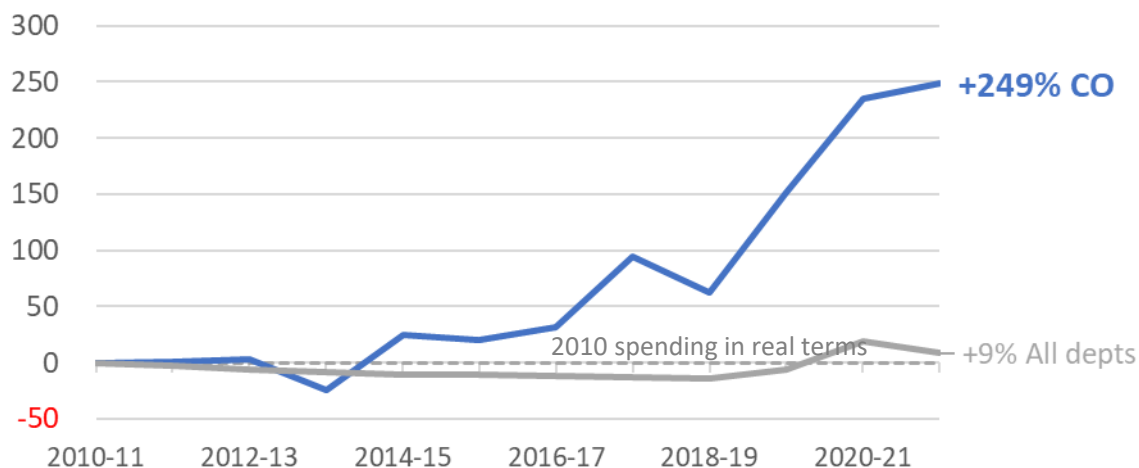
The remainder of this slide pack provides a detailed analysis of the changes contained in the Supplementary Estimate 2020-21, spending trends and future spending plans for the following departments and devolved authorities (follow link):

- [Cabinet Office](#)
- [Department for Business, Energy and Industrial Strategy](#)
- [Department for Digital, Culture, Media and Sport](#)
- [Department for Education](#)
- [Department for Environment, Food and Rural Affairs](#)
- [Department of Health and Social Care](#)
- [Department for International Trade](#)
- [Department for Levelling Up, Housing and Communities](#)
- [Department for Transport](#)
- [Department for Work and Pensions](#)
- [Foreign, Commonwealth and Development Office](#)
- [Home Office](#)
- [HM Revenue and Customs](#)
- [HM Treasury](#)
- [Ministry of Defence](#)
- [Ministry of Justice](#)
- [Northern Ireland](#)
- [Scotland](#)
- [Wales](#)

# Cabinet Office (CO)

# Long-term trends in the Cabinet Office's spending (in real terms)

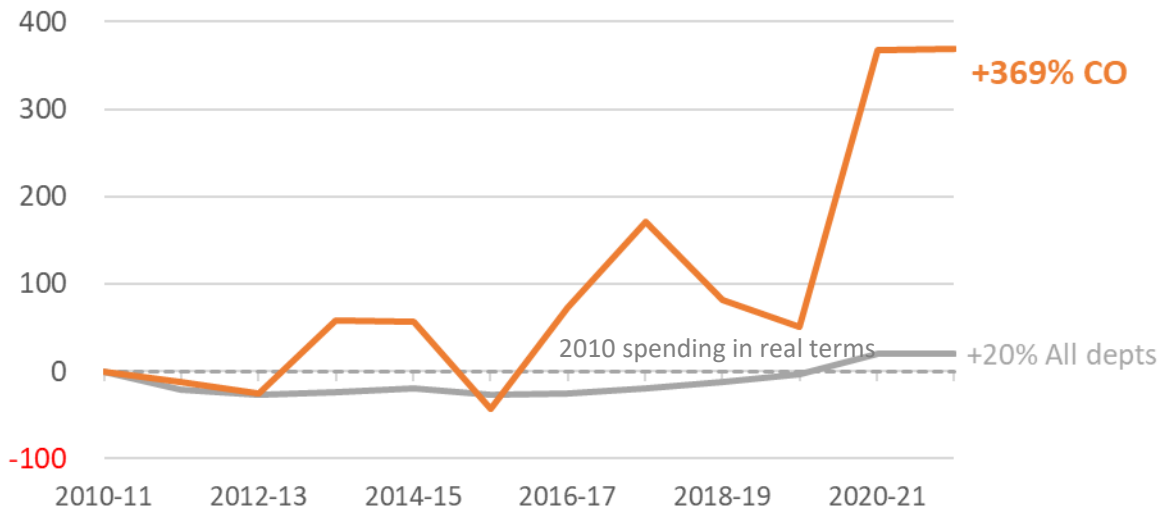
Percentage change in **day-to-day spending planned** compared to 2010 (Resource DEL):



## Day-to-day spending trends

- Day-to-day spending was cut after 2010-11 reaching its lowest level in 2013-14, but has since recovered.
- Total spending is set to be **249% higher** in 2020-21 than in 2010-11, in real terms.
- **£687 million** was allocated for Covid-19 costs in 2020-21, £447 million of which was for the public information campaign and £101 million for ventilator procurement and design.
- This compares to **£298 million** allocated for Covid-19 costs in 2021-22, £186 million of which is for the Covid-19 Public Information Campaign.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



## Investment spending trends

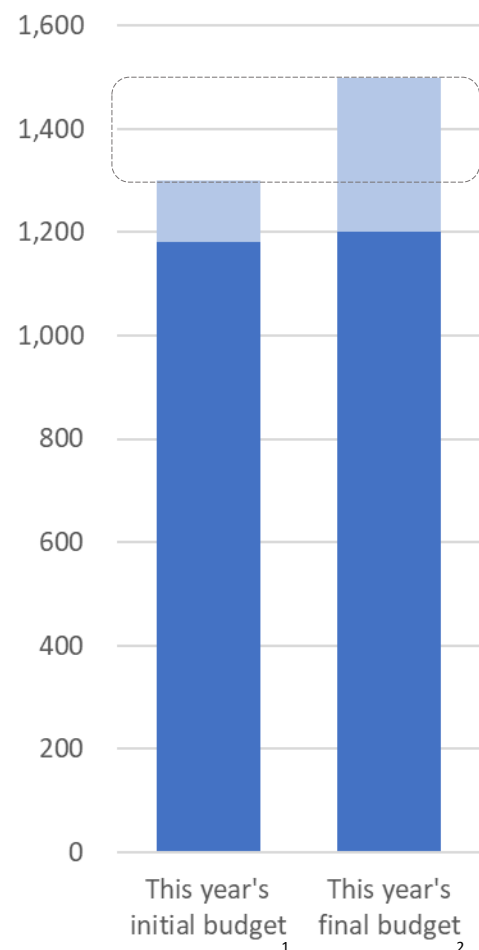
- Investment spending (Capital DEL) was £564 million in 2020-21 and is set to be £368 million in 2021-22, a £60 million decrease from the Main Estimates.
- Most of this is spent on HMRC and VOA administration.
- There is no Capital budget for Covid-19 measures.

## How is the Cabinet Office's day-to-day planned spending changing in 2021-22?

CO's day-to-day planned budget increased by **£198.6m (+15.3%)**

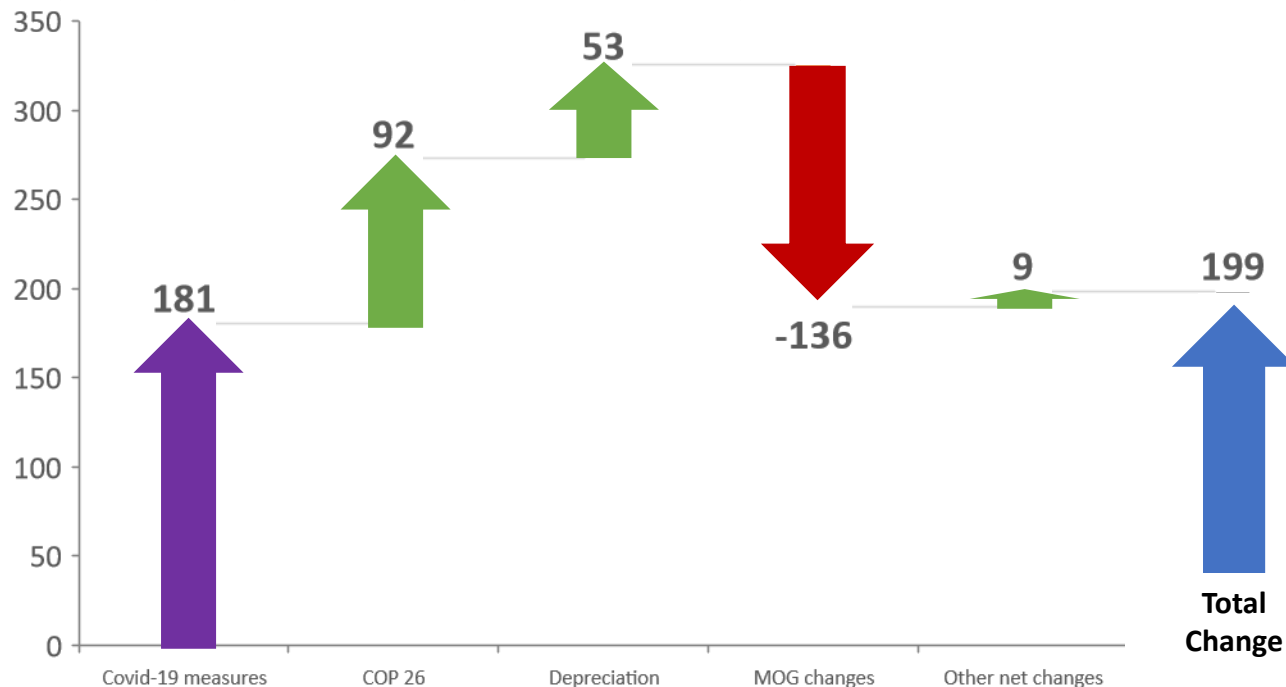
Resource DEL budget in £m

■ Core spending ■ Covid-19



The Cabinet Office's RDEL budget increase is mainly due to additional Covid-19 costs

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2021-22



### Changes in 2021-22

- **Covid-19 measures:** this includes £72.5 million for measures at COP26; £68.5 million for the Covid-19 Public Information Campaign and; £36.5 million for the Covid-19 taskforce.
- **COP 26:** £92.4 million to cover further costs for co-ordinating COP 26
- **Depreciation:** £52.7 million budget cover for additional depreciation
- **Machinery of Government changes:** £136.2 million decrease due to budget transfers to DLUHC including £84.4 million to cover transfer of responsibility for Elections and £38.8 million for the integrity of the Union.

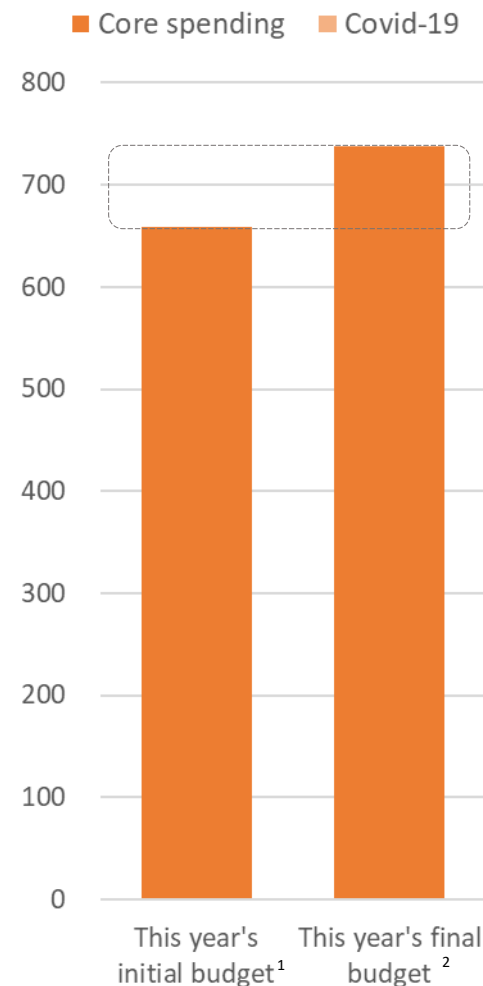
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## How is the Cabinet Office's investment spending changing in 2021-22?

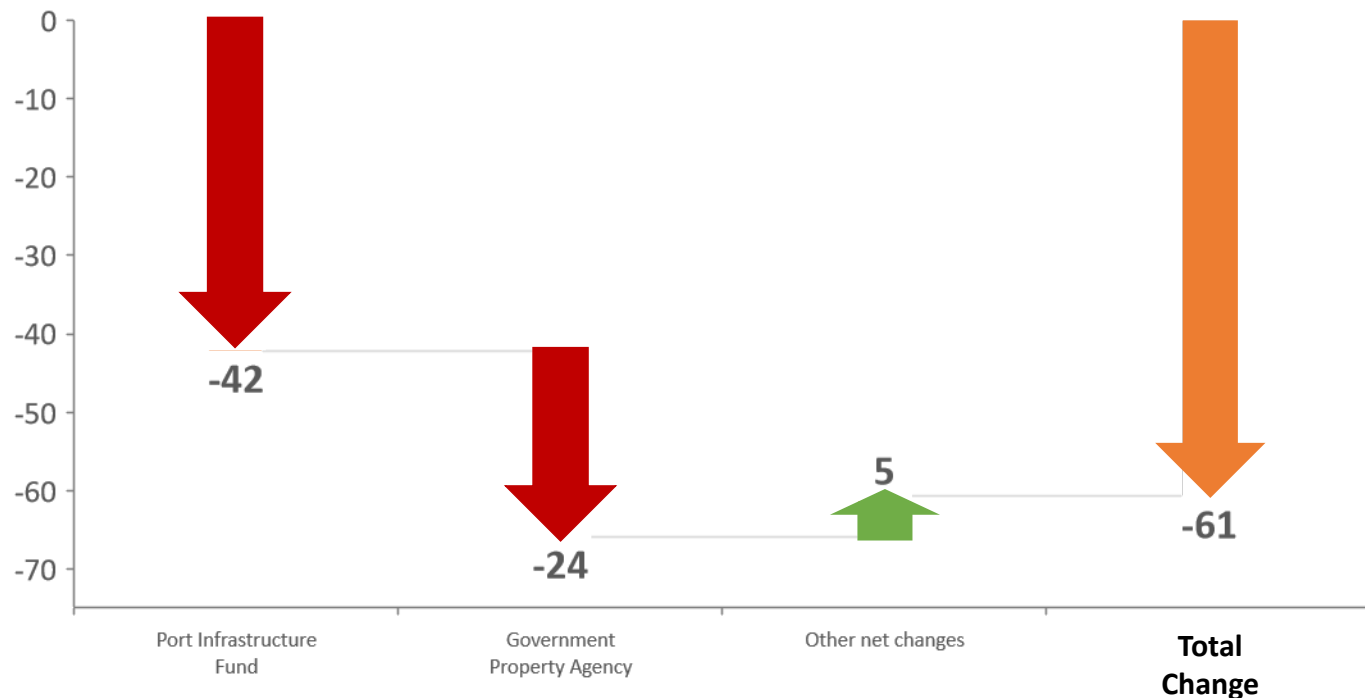
CO's investment budget decreased by £60.7m (-14.2%)

Resource DEL budget in £m



The Cabinet Office's investment spending is decrease due to budget transfers and underspends

Changes in Investment (Capital DEL) budget in £m since initial budget for 2021-22



### Changes in 2021-22

- **Port Infrastructure Fund:** £42.2 million decrease due to budget transfers to the Department for Transport for the Port Infrastructure Fund
- **Government Property Agency:** £23.7 million decrease in the Government Property Agency budget due to surrenders of budget underspends on capital projects.

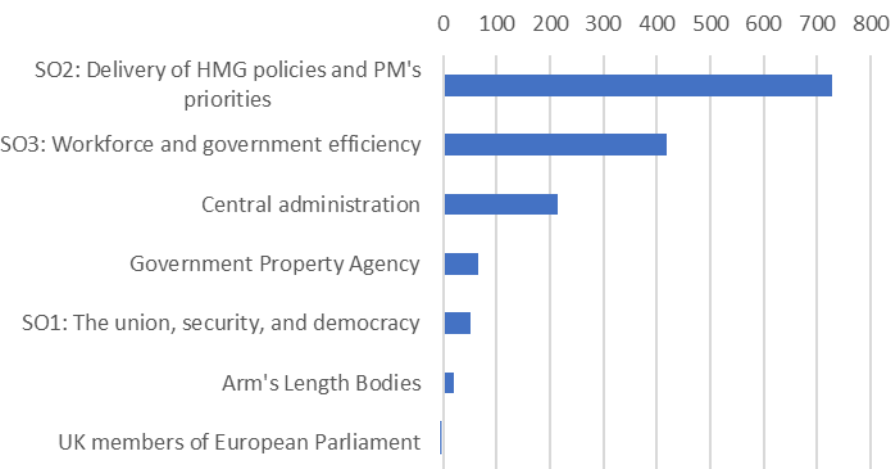
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

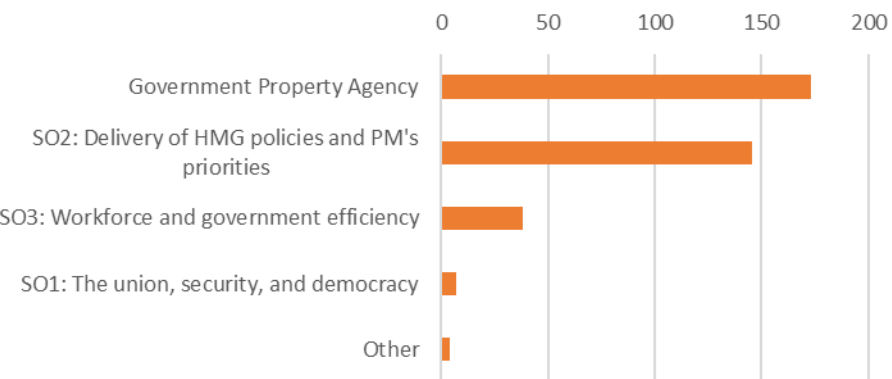
# Most of the Cabinet Office's spending is on the delivery of strategic objectives

Breakdown of Cabinet Office budget for 2021-22 (£ million)\*

## Day-to-day spending budget



## Investment spending budget



## Day-to-day spending (Resource DEL)

- The **Resource DEL** budget for the Cabinet Office in 2021-22 is **£1,498.6 million**.
- CO has allocated **£1,197 million** to deliver the department's **Strategic Objectives**. SO2 makes up the largest element in the day-to-day budget (£728.5 million), followed by SO3 (£417.9 million) and SO1 (£50.6 million).
- Central administration** accounts for 14% (£213.8 million) of the total Resource DEL budget.
- Arm's Length Bodies** make up 1.3% (£20 million) and the **Government Property Agency** 4.3% (£65.6 million).
- Covid-19 costs make up 19.9% (£298 million) of the day-to-day budget.

## Investment spending (Capital DEL)

- The **Capital DEL** budget for the Cabinet Office in 2021-22 is **£368 million**.
- Of this, **£190.1 million** is for the delivery of **Strategic Objectives**: £145.5 million is for SO2, £38.2 million for SO3 and £6.9 million for SO1.
- A further **£173.2 million** is for the **Government Property Agency**.
- There is no budget allocated for Covid-19 costs in 2021-22, compared to £184 million in 2020-21.

\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

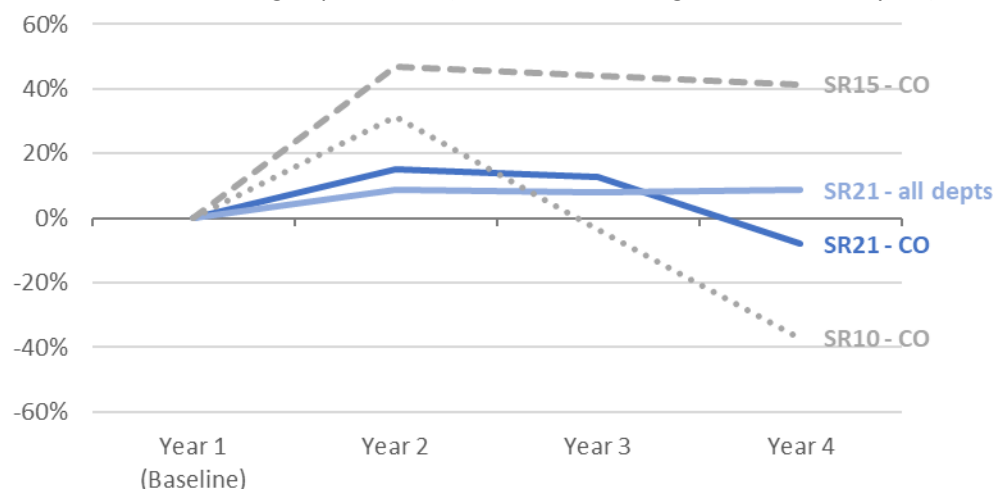


## The Cabinet Office's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

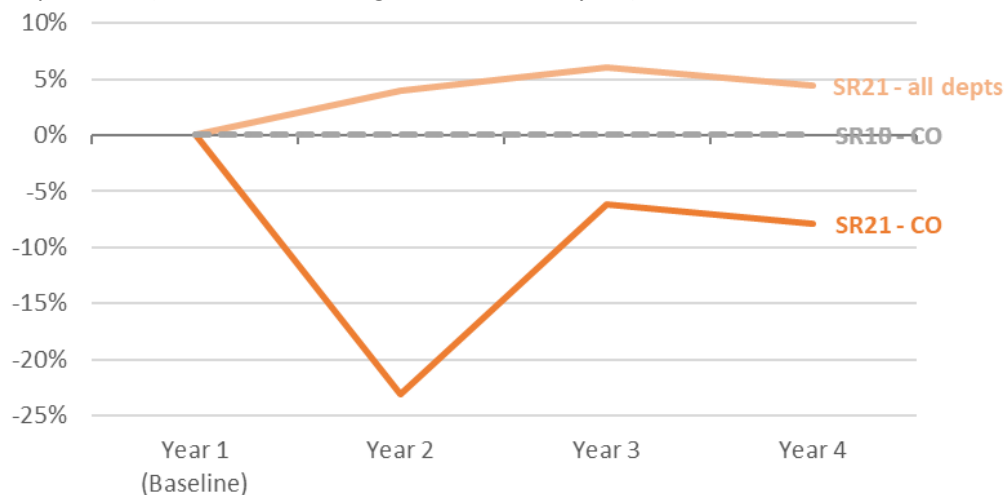
### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

- The Cabinet Office day-to-day settlement is front-loaded and, by Year 4 of the Spending Review period, **the decrease compared to the baseline will be 8%**, a 2 percentage point decrease since October 2021 due to increased inflation.
- The allocation includes:
  - £60 million in 2024-25 to establish a Single Trade Window to streamline trader interactions with border agencies
  - £15 million over the Spending Review period for an evaluation accelerator fund to fill strategic evidence gaps across government.
  - £5 million in 2022-23 for the Veterans' Health Innovation Fund to allow veterans to access treatment for physical injury and mental health challenges.

### Trends in investment spending plans

- The Cabinet Office Capital DEL allocation over the Spending Review period is set to be, by Year 4, **8% lower than the baseline**, a 2 percentage point decrease since October 2021 due to increased inflation.
- The investment allocation includes £348 million to build new government offices in regional 'hubs' across the UK, in places such as Darlington, Cardiff and Glasgow.
- The allocation also includes funding of around £400 million to develop 'One Login', a new system to allow users to access government services such as paying taxes and registering births.

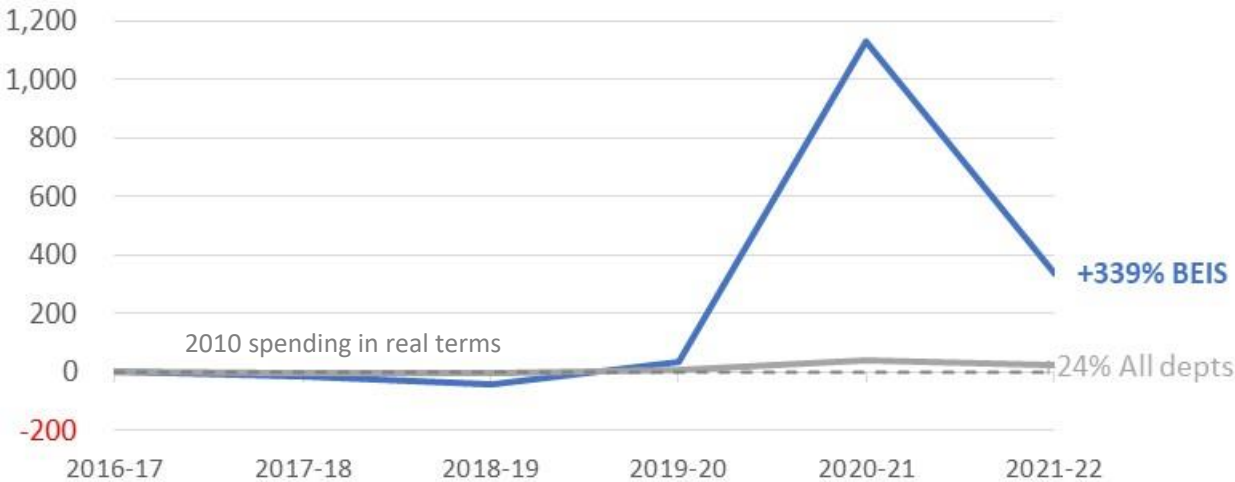
Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

# Department for Business, Energy and Industrial Strategy (BEIS)

## Long-term trends in BEIS's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2016 (Resource DEL):



### Day-to-day spending trends

- In 2018-19, the BEIS RDEL budget was cut to -39% compared to 2016. The budget then increased dramatically in 2019-20 due to emergency Covid spending.
- BEIS RDEL budget peaked in 2020-21 at 1133% compared to 2016 funding levels, with the bulk of the increase being Covid-19 business support funding.
- The finalised 2021-22 position shows a significant decrease from 2020-21, finishing the year with a budget 339% bigger than the 2016 baseline.

Percentage change in **investment spending** compared to 2016 (Capital DEL):

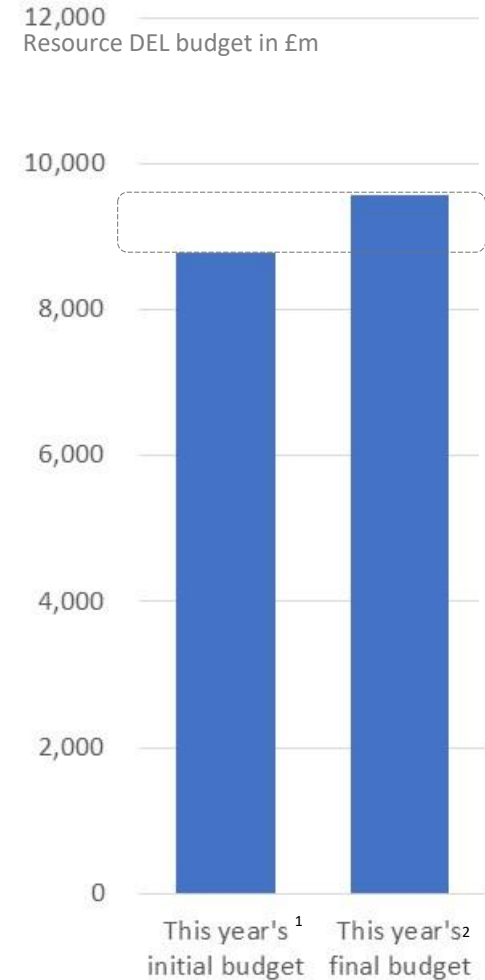


### Investment spending trends

- Following severe capital budget cuts over the austerity period, and flat capital budgets from 2016-2019, BEIS received consistent increases in in 2019-20 to 2021-22.
- BEIS capital budgets were 85% larger in 2021-22 compared to 2010.

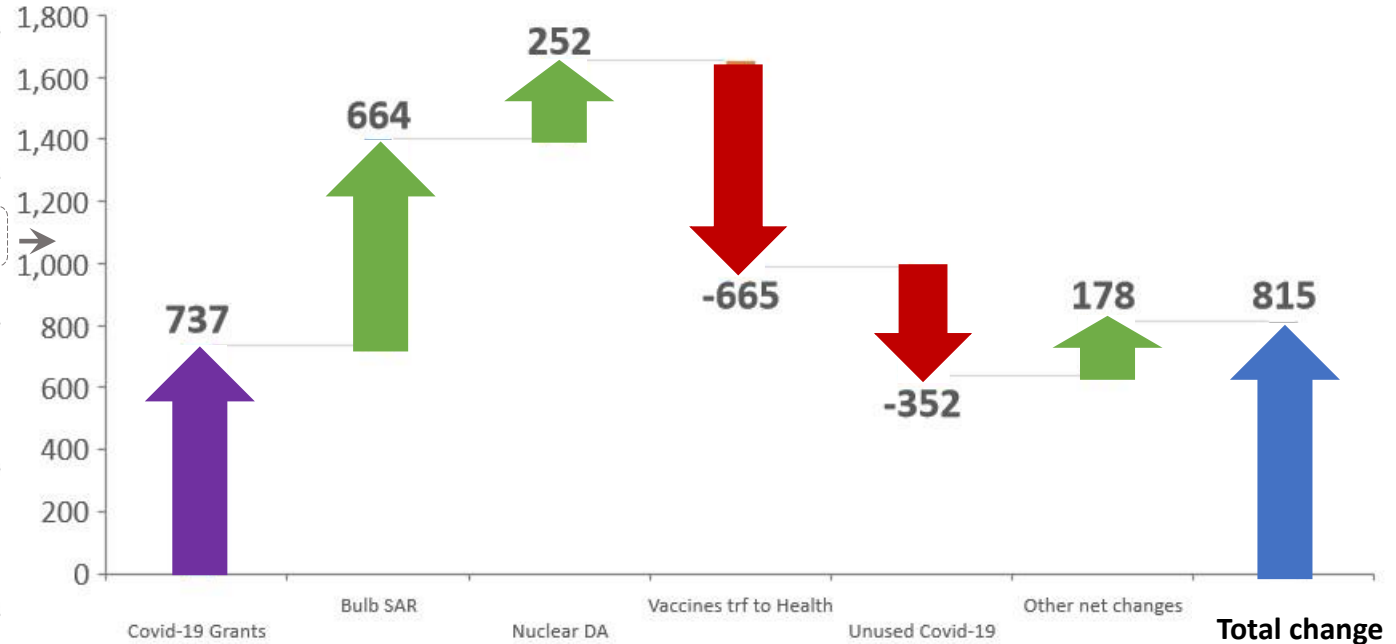
## How is BEIS's day-to-day spending changing in 2021-22?

BEIS's day-to-day budget increased by **£814.6m (+9.3%)**



BEIS's spending increase is driven by Covid-19 Barnett Consequentials

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

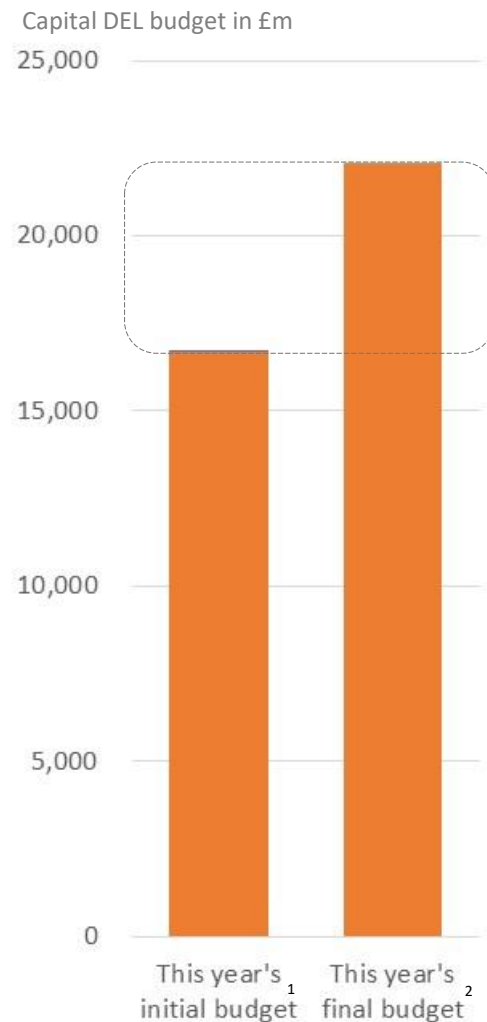
- **Covid-19 business support grants:** £737 million additional funding for Covid-19 Business Support.
- **Bulb SAR:** £664 million to support the Special Administration Regime of Bulb energy, to fund operations of the company.
- **Nuclear Decommissioning Authority:** Additional £252 million in NDA funding needed due to lower revenue than forecast.
- **Budget Exchange:** BEIS surrendered £665 million of funding as the Vaccines Taskforce was transferred into the Department for Health.
- **Unused Covid-19 Funding:** £352 million handed back as unused covid business support grants.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

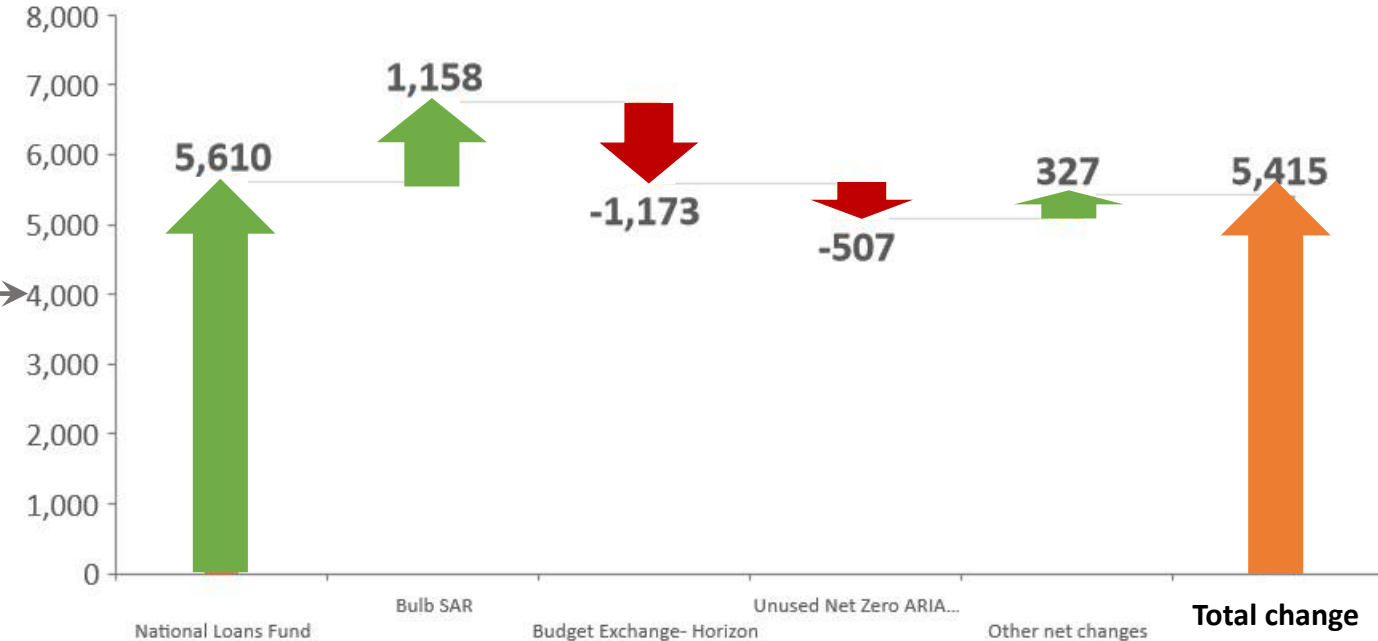
## How is BEIS's investment spending changing in 2021-22?

BEIS's investment budget increased by £5,414.8m (32.5%)



BEIS's investment spending decreases largely reflect Barnett Consequentials

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **National Loans Fund:** £5610 million deposit into the NLF for nuclear liabilities, funded from the Treasury Reserve
- **Bulb Special Administrative Regime:** £1,158 million of capex required to prop up Bulb Energy and fund operations.
- **Budget Exchange:** £1,173 million exchanged to be utilised in 2022-23 for Horizon Europe project.
- **Unused Funding:** £507 million surrendered in unused Net Zero, ARIA and OneWeb funding.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

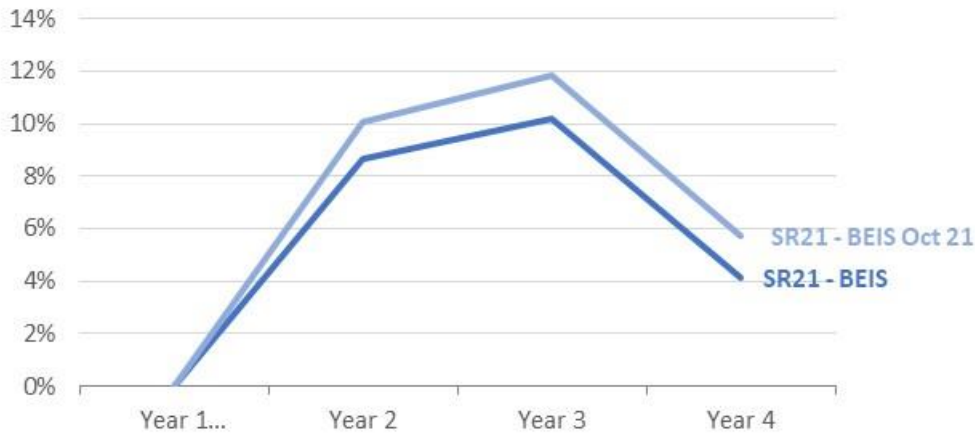
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## BEIS's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)

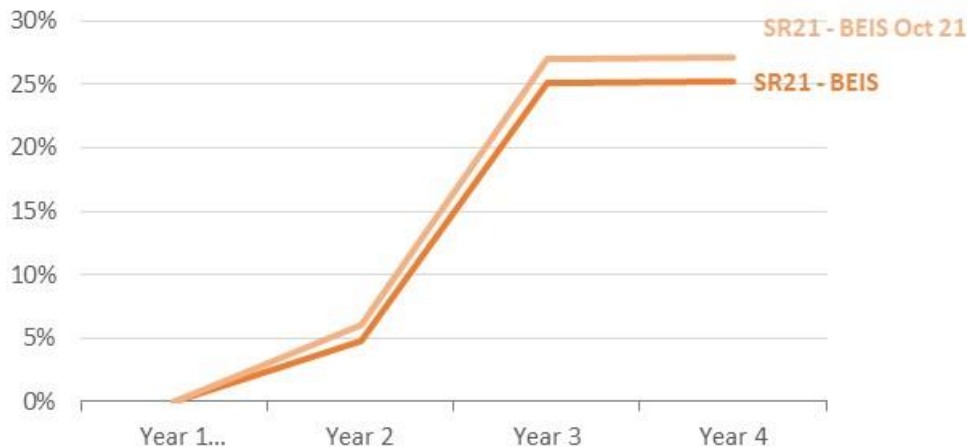


### Trends in day-to-day spending plans

- The RDEL settlement provides an 10% increase over the baseline by Year 3 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- RDEL will then reduce to a 4% increase over the baseline by year 4. This is a decrease of 2% from October 2021.
- BEIS have committed to increasing spending on UK universities and research institutions by £1.1 billion per year.
- BEIS have committed to increasing funding for Innovate UK by £1.1 billion per year.

### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in investment spending plans

- The CDEL settlement provides an 25% increase over the baseline by Year 4 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- This includes the £15 billion promised over the period for Net Zero Strategy spending.
- The Capital DEL settlement also includes:
  - £1.7 billion for Sizewell C funding.
  - £3.5 billion for energy efficiency improvements, and clean heat installation.

Note: SR15 and SR10 gave five-year Capital DEL settlements

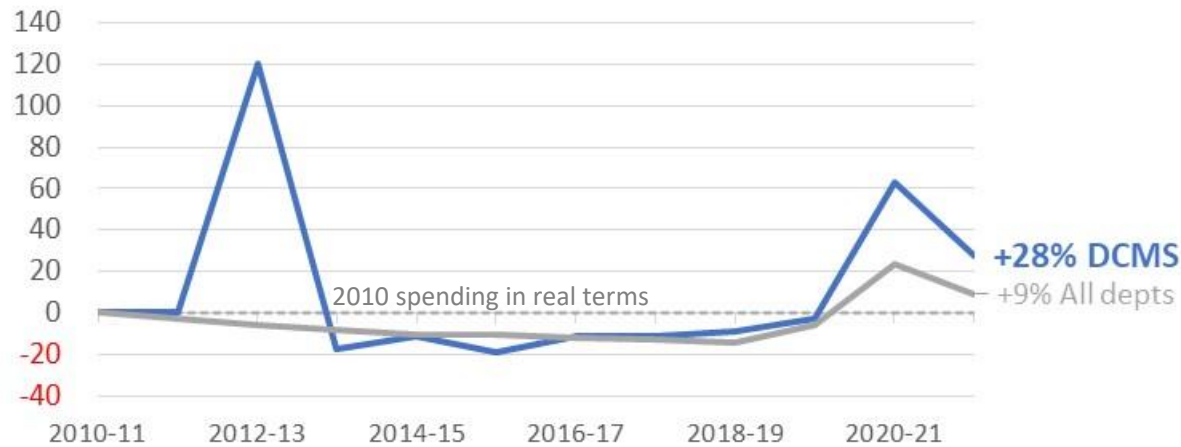
Note: baseline year for Spending Review 2021 is 2021-22

# Department for Digital, Culture, Media and Sport (DCMS)

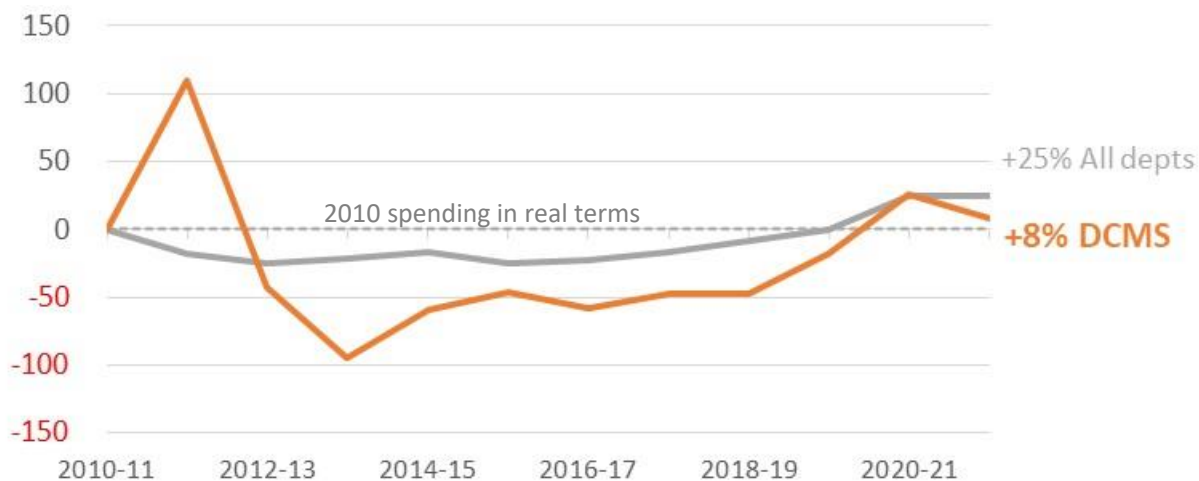


## Long-term trends in DCMS's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Percentage change in **investment spending** compared to 2010 (Capital DEL):



### Day-to-day spending trends

- DCMS faced long-term budget cuts comparable to the average across government during the austerity period, excluding a significant spike for the 2012 London Olympics.
- The DCMS RDEL budget peaked in 2020-21 at 62.8% higher than 2010 funding levels, with the bulk of the increase being Covid-19 cultural institution support funding.
- The finalised 2021-22 position shows a significant decrease from 2020-21, finishing the year with a budget 27.7% above the 2010 baseline, reflecting lower Covid-19 support spending.

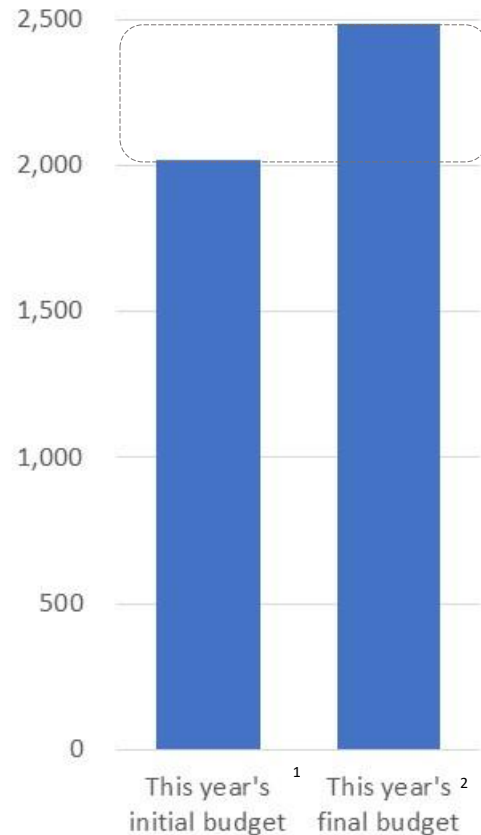
### Investment spending trends

- DCMS suffered more significant budget cuts than the government average over the austerity period, dropping to a low of -95% compared to 2010, in 2013-14.
- Following severe capital budget cuts over the austerity period, DCMS capital budgets increased slowly from 2017, reaching the 2010 baseline only in 2020-21, including significant Covid-19 support.
- Capital budgets were 8% larger in 2021-22 compared to 2010.

## How is DCMS's day-to-day spending changing in 2021-22?

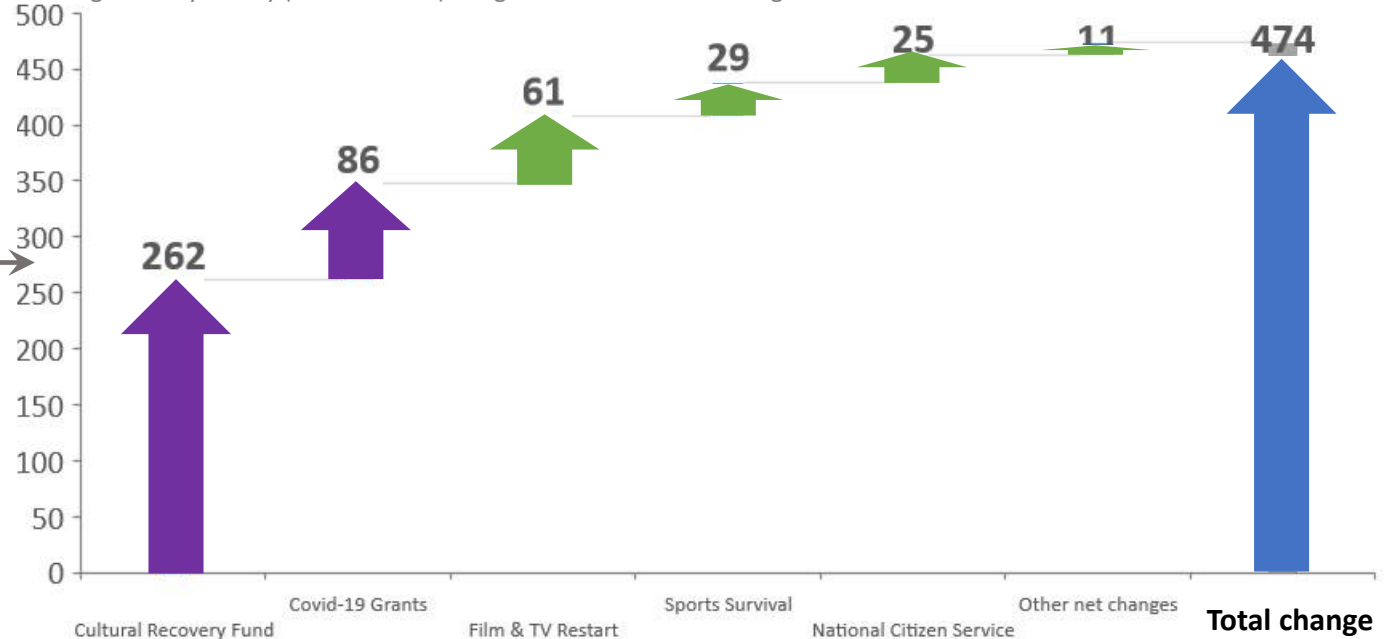
DCMS's day-to-day budget increased by **£473.6m (+23.6%)**

3,000  
Resource DEL budget in £m



DCMS's spending increase is driven by

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

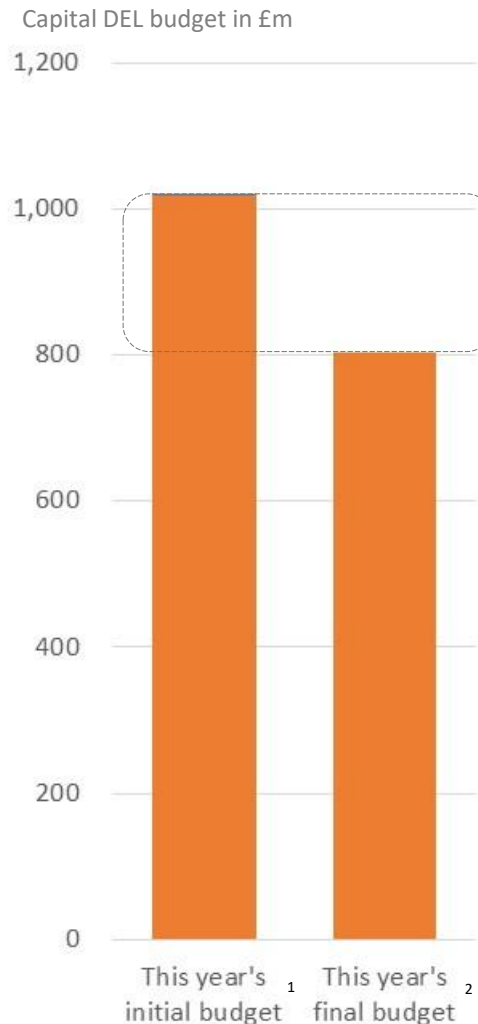
- **Covid-19 grants:** £262 million additional funding for Cultural Recovery Fund, in response to Covid-19 pandemic. £86.4 million additional support for Museums, Galleries and Libraries impacted by Covid-19.
- **Film and TV Production Restart:** £60.7 million additional funding for film and TV production companies to restart production after pandemic.
- **Sports Survival Package:** £29.2 million additional RDEL funding for sports clubs to help their finances following pandemic.
- **National Citizen Service:** £25 million prepayment funding for NCS for their 2022-23 programme.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

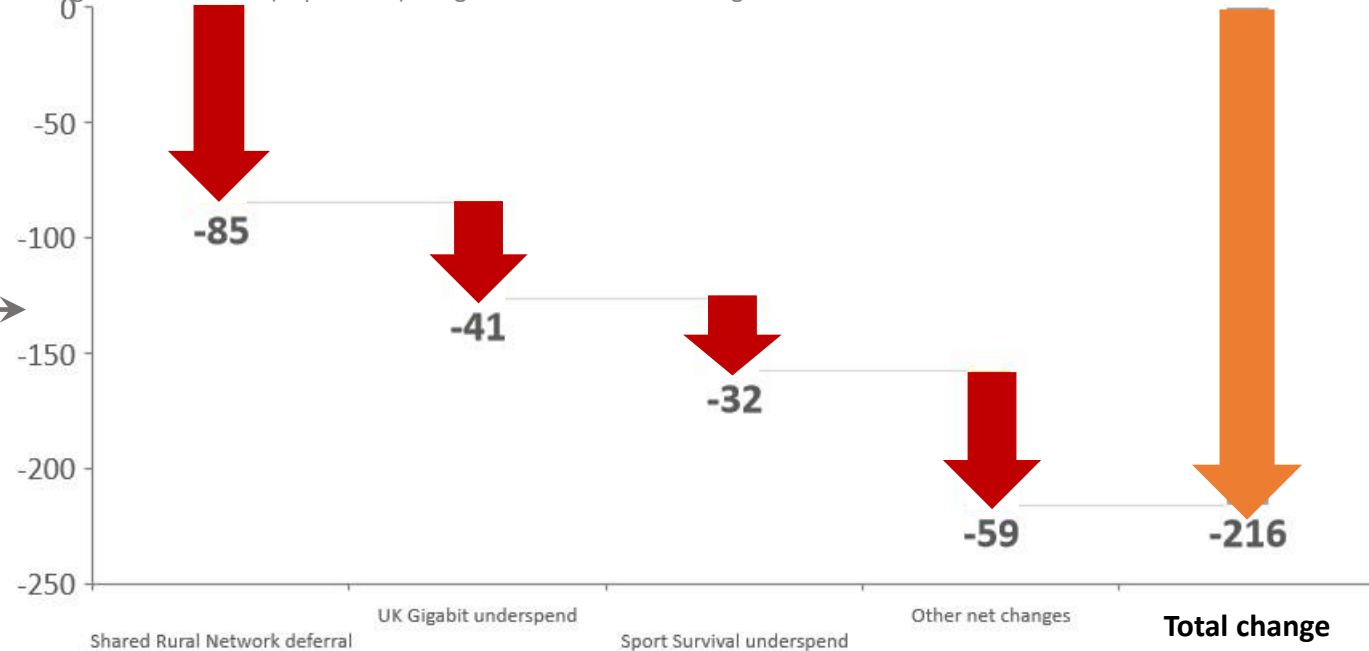
## How is DCMS's investment spending changing in 2021-22?

DCMS's investment budget decreased by £216.4m (-21.2%)



DCMS's investment spending decreases driven by underspending in year on capital projects.

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Shared Rural Network:** -£85 million reduction in Shared Rural Network funding as work deferred into future years.
- **UK Gigabit Programme:** -£41.4 million reduction resulting from site access issues due to Covid-19, supplier delays and supply chain issues.
- **Sport Survival Package:** -£31.5 million reduction to Sport Survival Package covid grants, due to under-allocation of funding.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

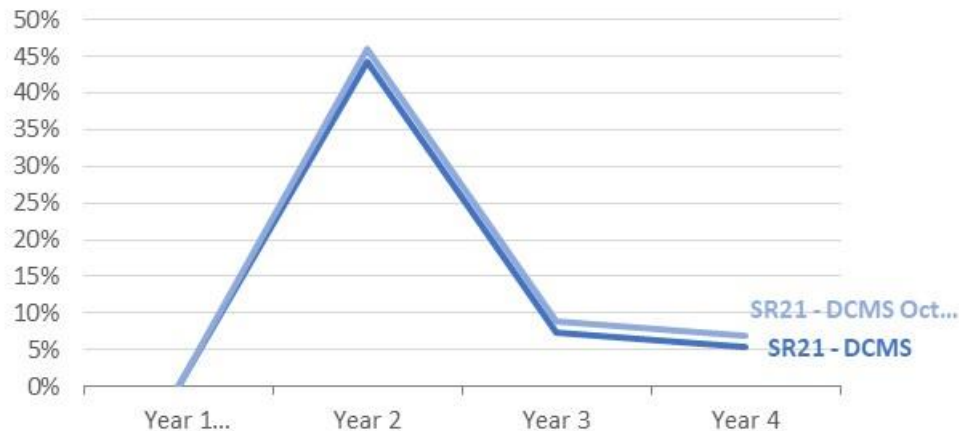
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## DCMS's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

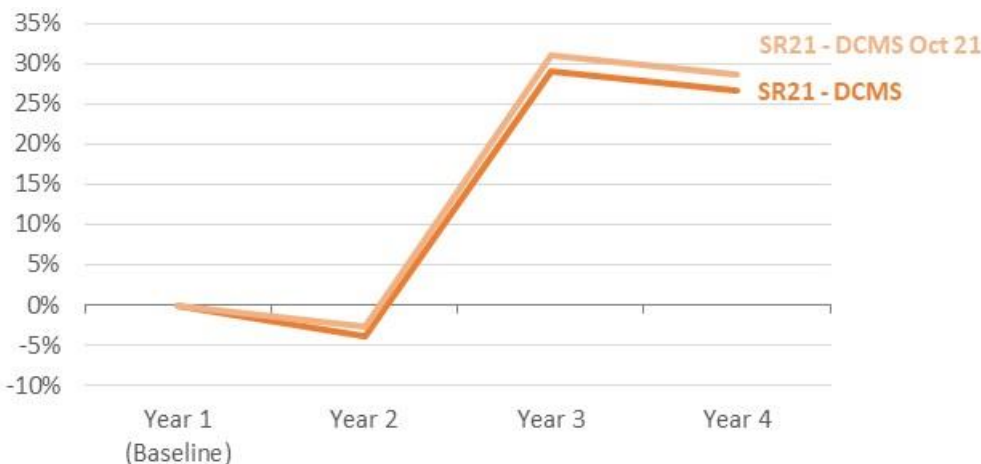
### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

- The RDEL settlement provides a 44% increase over the baseline by Year 2 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation. This significant increase in 2022-23 is to fund significant one off events including the Commonwealth Games and the Jubilee.
- RDEL will then reduce to a 7% increase over the baseline by year 3, and a 5% increase over the baseline by year 4. These are both a decrease of 2% from October 2021.
- The RDEL settlement also includes:
  - £110 million funding for a new online safety regime
  - £50 million for new digital technology education
  - £560 million for youth services in England.

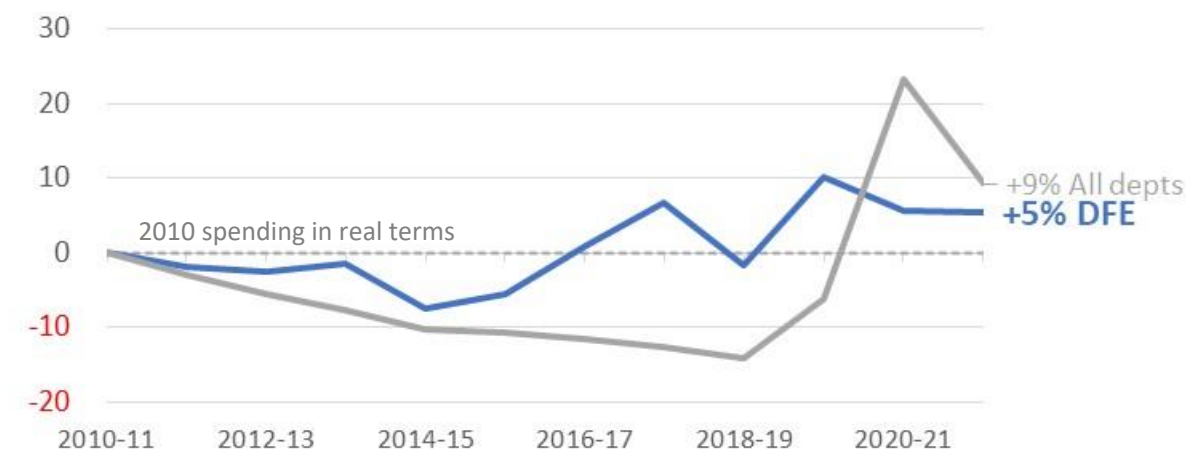
### Trends in investment spending plans

- The CDEL settlement provides an 29% increase over the baseline by Year 3 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- By year 4, CDEL will reduce slightly to 27% above the year 1 baseline, also a decrease of 2 percentage points from October 2021.
- The Capital DEL settlement also includes:
  - £1.2 billion for Project Gigabit digital infrastructure improvements.
  - £850 million for cultural and heritage infrastructure, including museum renovations .

# Department for Education (DfE)

# Long-term trends in DfE's spending (in real terms)

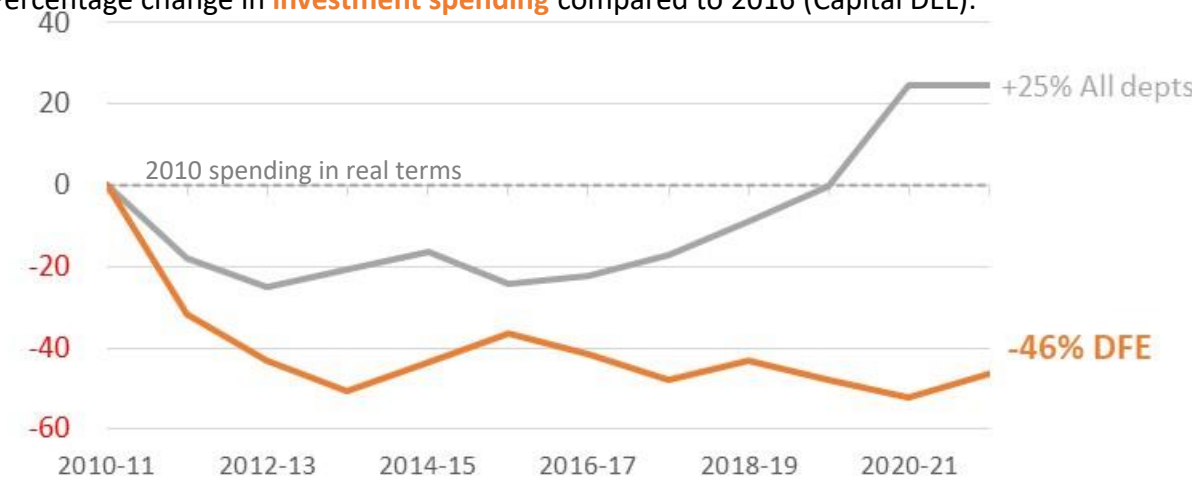
Percentage change in **day-to-day spending** compared to 2016 (Resource DEL):



## Day-to-day spending trends

- The DfE RDEL budget was smallest at 7.5% below 2010 in 2014-15 following austerity cuts.
- The RDEL budget then increased modestly, peaking in 2017-18 at 6.8% above the 2010 baseline.
- Funding decreased again in 2018-19, before increasing due to covid in 2019-20, when it reached 10.1%.
- Covid spending in 2020-21 kept the budget at 5.6% above 2010 levels.
- The finalised 2021-22 position shows a similar position to 2020-21, finishing the year with a budget 5.4% bigger than the 2010 baseline.

Percentage change in **investment spending** compared to 2016 (Capital DEL):

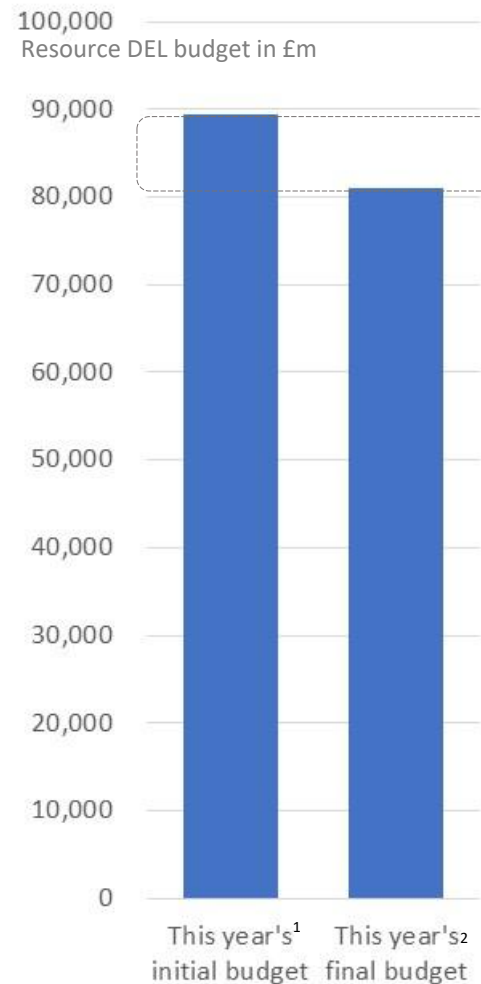


## Investment spending trends

- Following severe capital budget cuts over the austerity period, DfE received capital budgets consistently lower than the 2010 baseline from 2012-2022.
- DfE's capital budgets were 46% lower in 2021-22 compared to 2010.

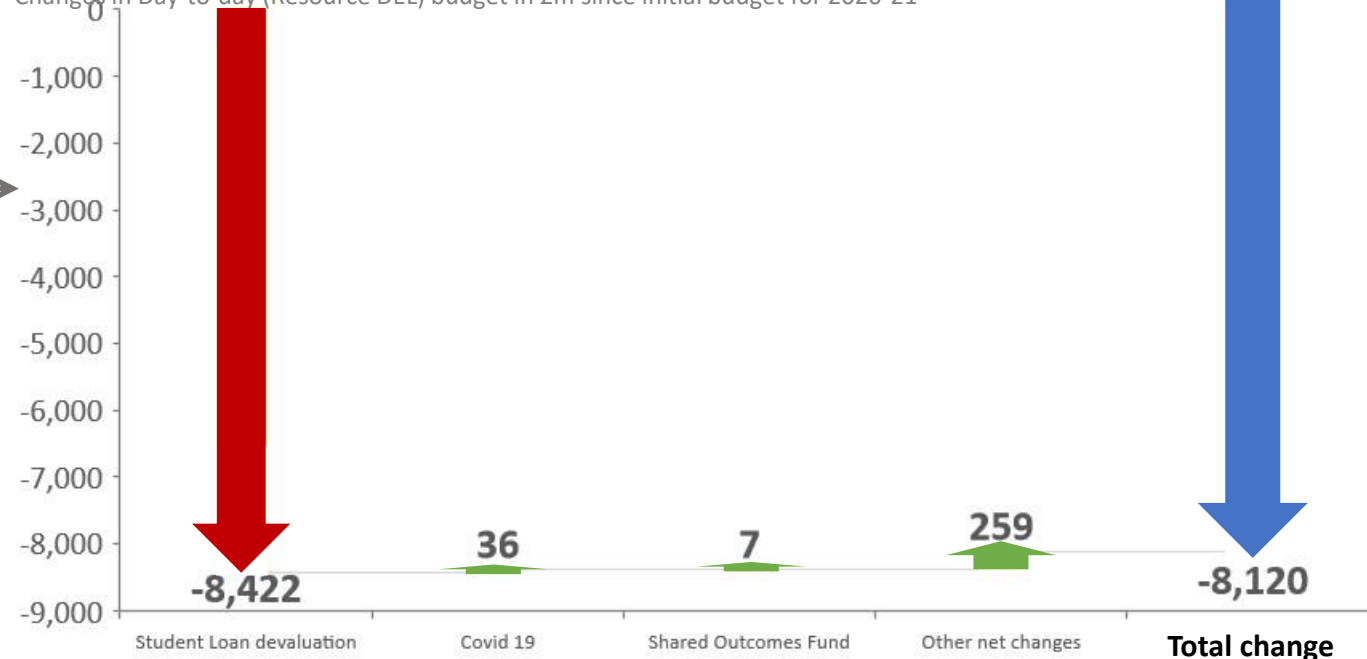
## How is DfE's day-to-day spending changing in 2021-22?

DfE's day-to-day budget decreased by £8,120.3m (-2.8%)



DfE's spending increase is driven by Covid-19 Barnett Consequentials

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Student Loan book devaluation:** £8,422 million decrease in RDEL mainly from the changes in the measurement of the fair value of the loans. This is due to the impact of the management charge, which has led to costs being scored through AME instead of DEL, as well as an increase in the fair value of the loan book due to discount rate changes
- **Covid 19:** £36 million increase in budgets to cover the ongoing corporate costs of responding to Covid 19.
- **Shared Outcomes Fund:** £7 million increase in the budget for the SOF.

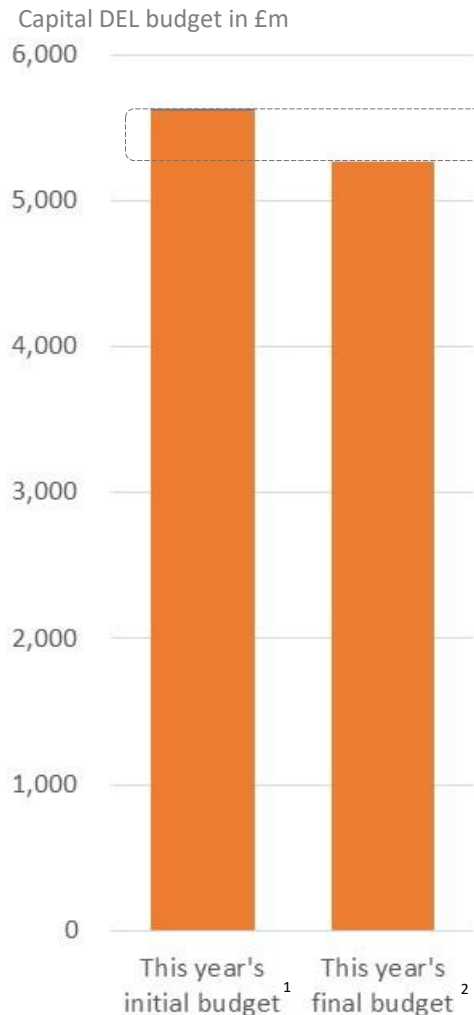
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)



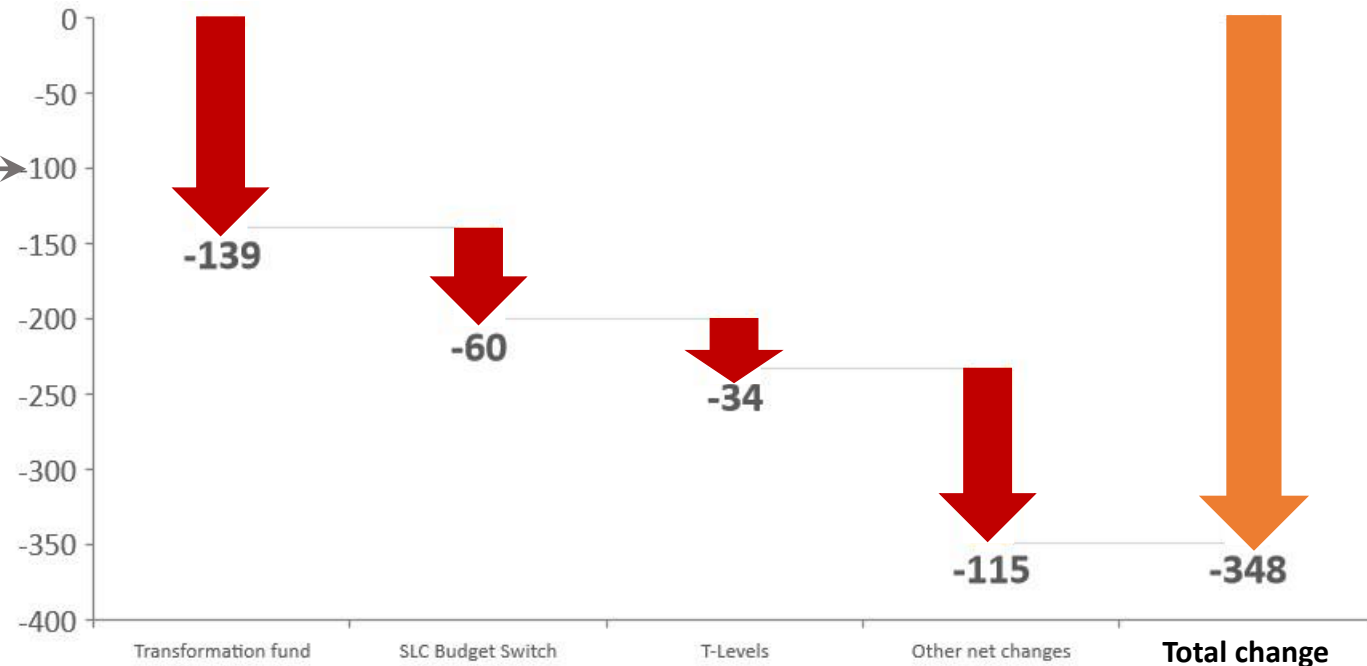
# How is DfE's investment spending changing in 2021-22?

DfE's investment budget increased by £348.4m (-6.2%)



DfE's investment spending decreases largely reflect Barnett Consequentials

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Transformation and Capacity Fund:** Reduction of £139 million in funding for further education transformation and capacity fund.
- **SLC Budget Switch:** £60 million switch in SLC budget from capital to resource.
- **T-Levels:** £33.7 million reduction for T-Level rollout budget.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

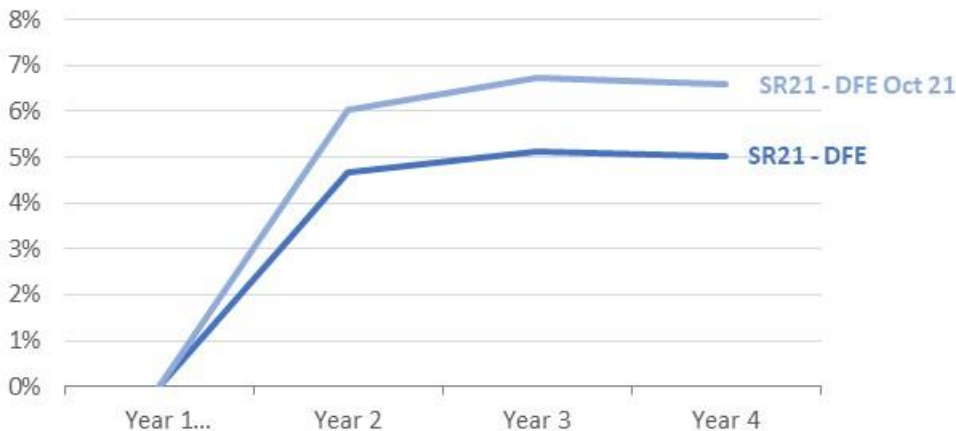
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## DfE's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)

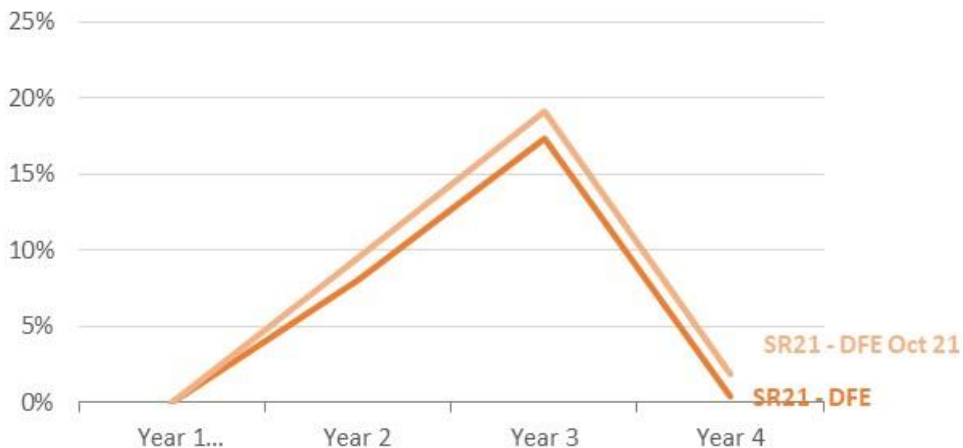


### Trends in day-to-day spending plans

- The RDEL settlement provides an 5% increase over the baseline by Year 3 of SR21, a decrease of almost 2 percentage points from October 2021. This is due to higher than forecast inflation.
- RDEL will then plateau at a 5% increase over the baseline by year 4. This is a decrease of almost 2 percentage points from October 2021.
- DfE's per-pupil schools budget has broadly returned to 2010 levels through this SR.
- The budget includes £1.7 billion of Covid-19 catch up funding.

### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in investment spending plans

- The CDEL settlement provides an 17% increase over the baseline by Year 3 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- Capital funding then drops back in line with the year 1 baseline in year 4.
- The Capital DEL settlement includes:
  - £2.6 billion for special educational needs school places.
  - Funding to establish Institutes of Technology across England.

Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

# Department for Environment, Food and Rural Affairs (Defra)

## Long-term trends in DEFRA's spending (in real terms)

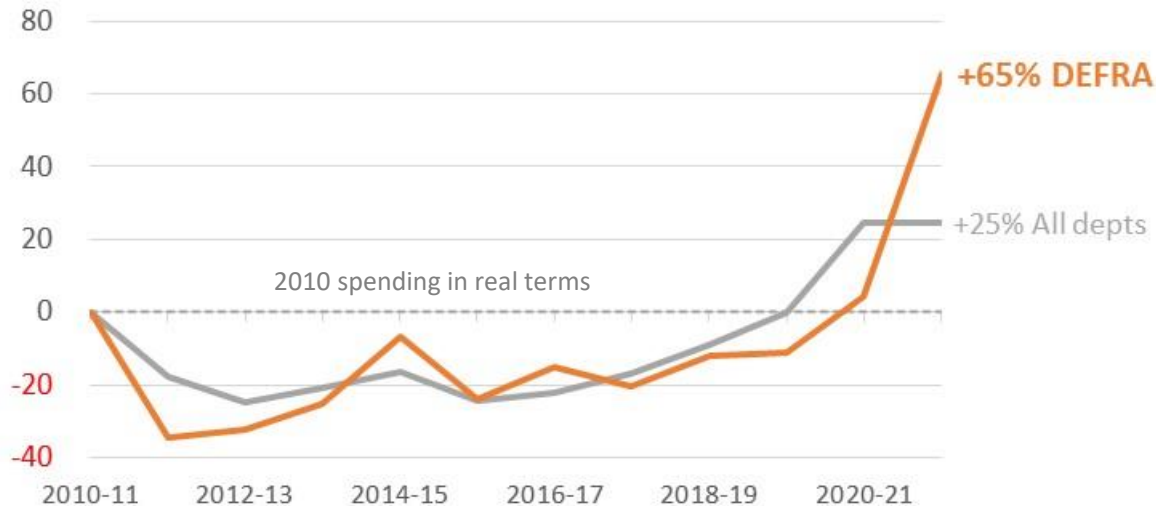
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



### Day-to-day spending trends

- DEFRA's budget **decreased significantly under austerity**, with real terms reductions in spending of **33% in 2016-17 compared to 2010-11**.
- Gradual increases in the budget then largely reflect **additional funding for EU Exit planning** and for flooding.
- The large increase in 2020/21 is primarily due to taking on responsibility for **direct payments** to farmers.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



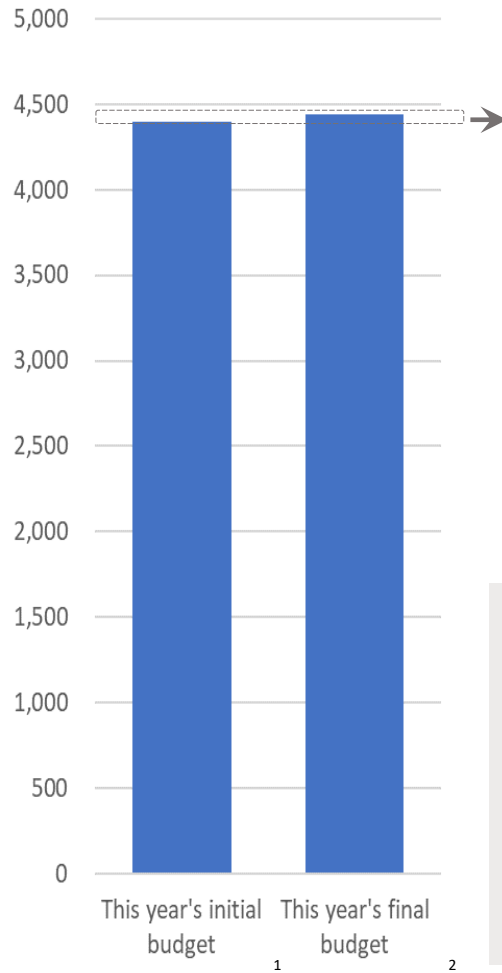
### Investment spending trends

- Since 2015-16 there has been increased investment in **IT and property** to reduce day-to-day spending on corporate services and **EU Exit** preparations.
- More recently spending has increased on **floodings** repair and defence work

# How is DEFRA's day-to-day spending changing in 2021-22?

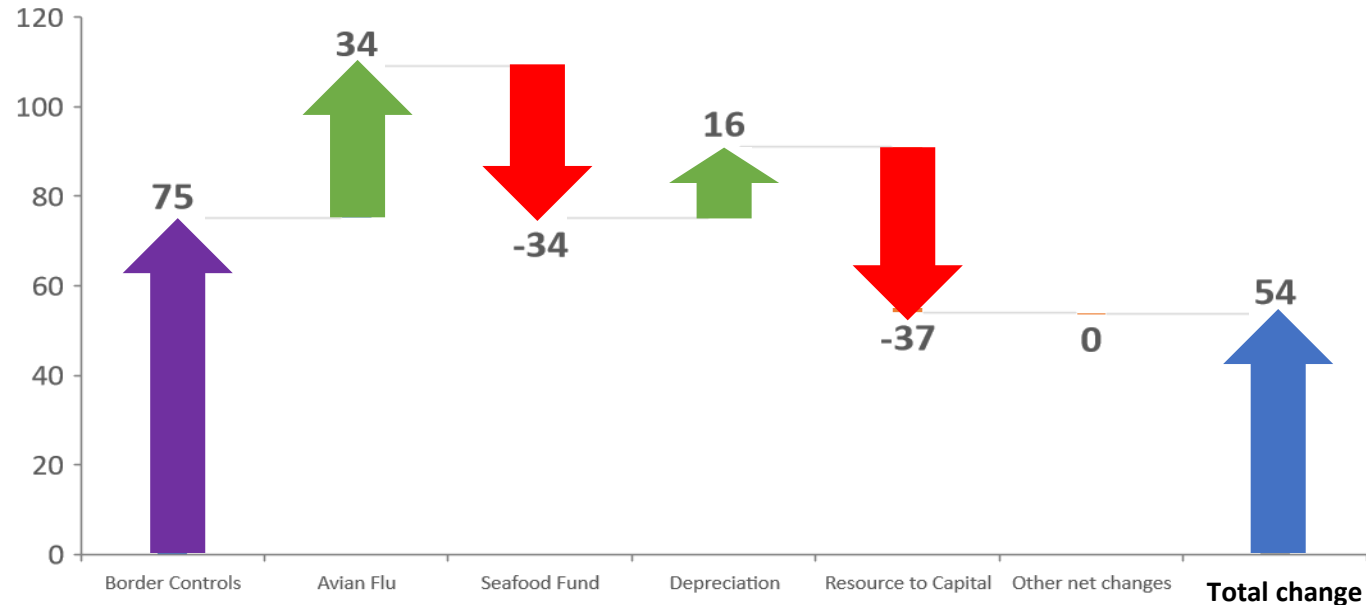
**DEFRA's day-to-day budget increased by £54m (+1.2%)**

Resource DEL budget in £m



**DEFRA's spending increase is driven by Covid-19 and direct payments to farmers**

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



**Changes in 2021-22** DEFRA proposes an increase of £54 million (+1.2%) to its Resource DEL. The main changes are:

- £75 million in additional funding for border controls, (£55 million additional funding for EU SPS “sanitary and phytosanitary” border controls including policy delivery, creating a charging mechanism and new IT support; £13 million additional funding for the Movement Assistance Scheme to support the movement of agri-food products between Great Britain and Northern Ireland and £8 million extra funding for the Digital Assistance Scheme (DAS) to achieve the Northern Ireland Protocol Command Paper commitment).
- £34 million funding for the Avian Influenza outbreak to cover the costs of culling, clean-up, disposal and compensation;
- £34 million of the Seafood Fund re-profiled through Budget Exchange into the new style grants set out in the Spending Review;
- £16 million funding for depreciation for the Animal and Plant Health Agency relating to incinerators at the Weybridge site;
- £37 million decrease following resource to capital transfers, mainly for the future farming and countryside schemes

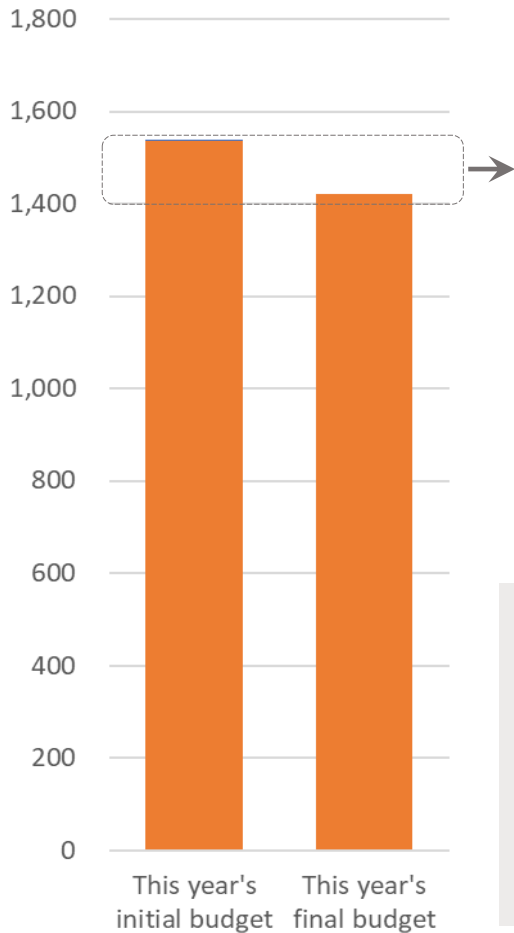
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# How is DEFRA's investment spending changing in 2021-22?

**DEFRA's investment budget increased by £115m (-7.5%)**

Resource DEL budget in £m

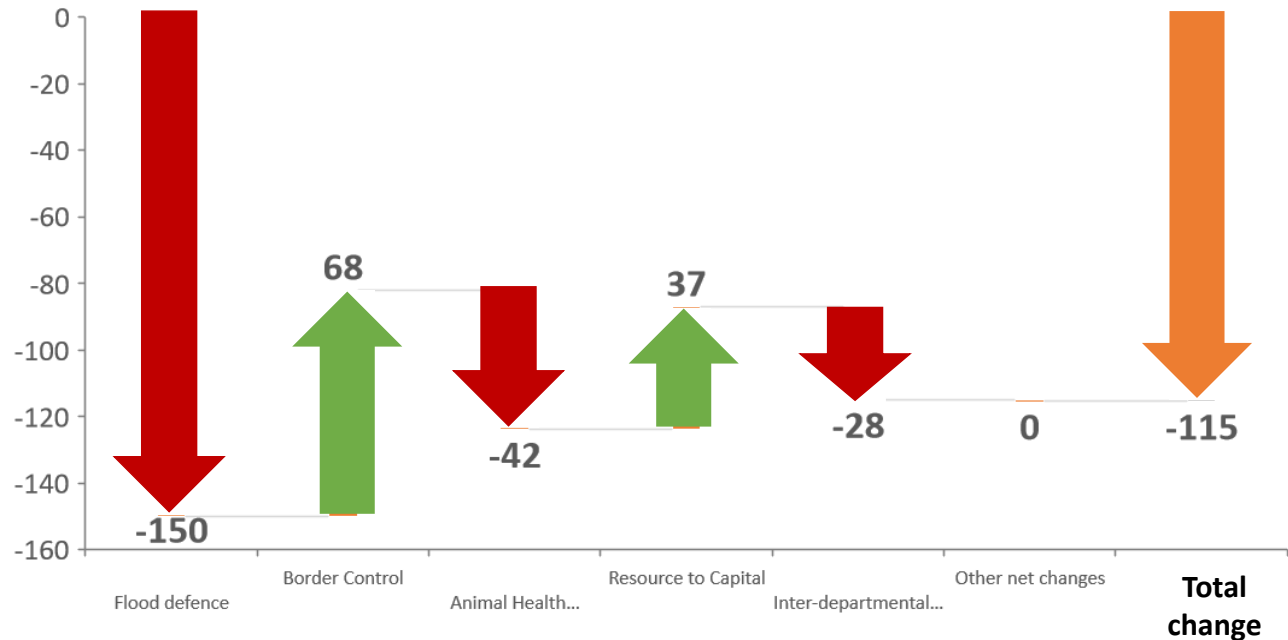


1

2

**DEFRA's investment spending decrease is driven by reprofiling of flood defence spend.**

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



**Changes in 2021-22 DEFRA proposes a decrease of CDEL of £115 million (-7.5%). The main changes are:**

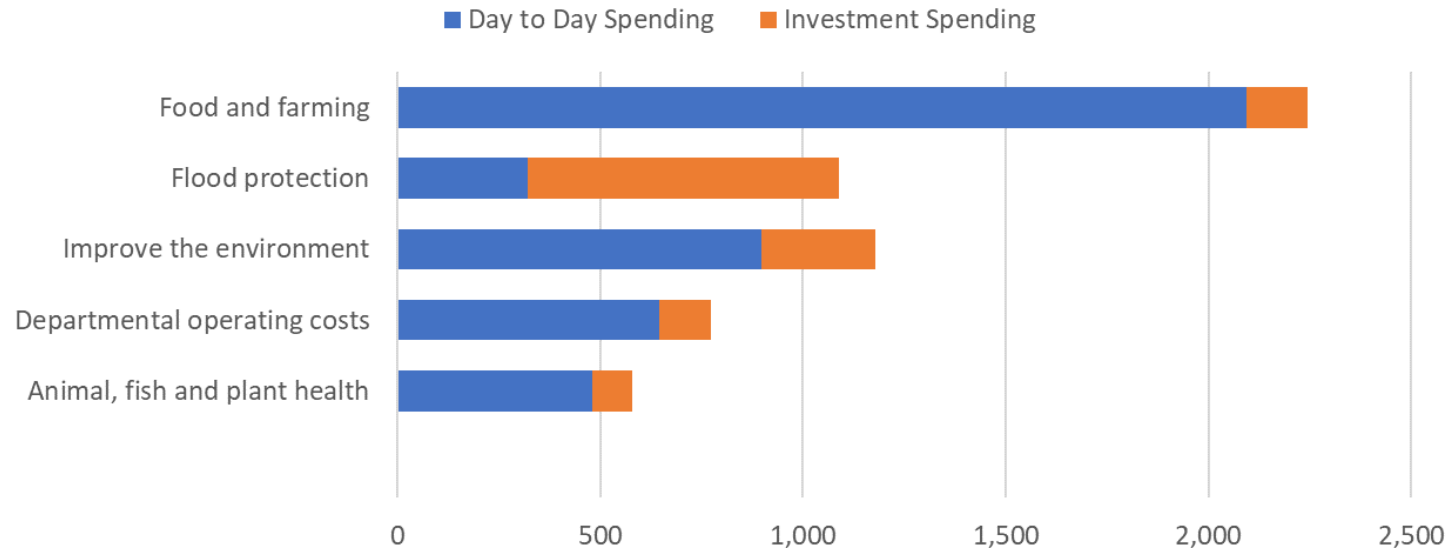
- £150 million decrease in the Flood and Coastal Risk Management capital investment programme as DEFRA has requested to reprofile the budgets allocated in Spending Review 2020 - supply chain disruptions and the Covid-19 pandemic have both impacted the Environment Agency's ability to deliver to the original spend profile;
- £68 million capital funding for SPS borders and DAS;
- £42 million decrease in the Science Capability in Animal Health Programme and the Critical Works programme at Weybridge, following a requirement to reprofile the programmes;
- £37 million increase following the transfer from the resource budget; and
- Inter-departmental transfers and small reprofiling of budgets make up the remaining £28 million.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# Most of the DEFRA budget is for 'food and farming' for direct payments to farmers

Breakdown of Defra budget 2021-22 (£ million)\*



## Day-to-day spending (Resource DEL)

- **Food and farming** budget is now the largest spending area, due to direct payments to farmers. The Rural Payments Agency now accounts for over a third of the Defra budget.
- The budget for **flood protection** is split 30:70, day to day: investment.
- **'Improve the environment'** is made up of many programmes. The largest is 'natural environment and atmosphere improvement programme'
- The department's **operating costs** are 15% of the total day to day expenditure.

## Investment spending (Capital DEL)

Investment spend is driven by the thirteen major projects. These are: Future Farming and Countryside Programme, Science Capability for Animal Health, Nature for Climate Fund, NO2 programme, Northern Ireland Programme, Workplace and Facilities Management, Collections and Packaging Reforms, Defra Biosecurity, Borders and Trade Programme, UK Seafood Fund and the flood defence projects.

**Flood defence projects make up 54% of the total investment.**

\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

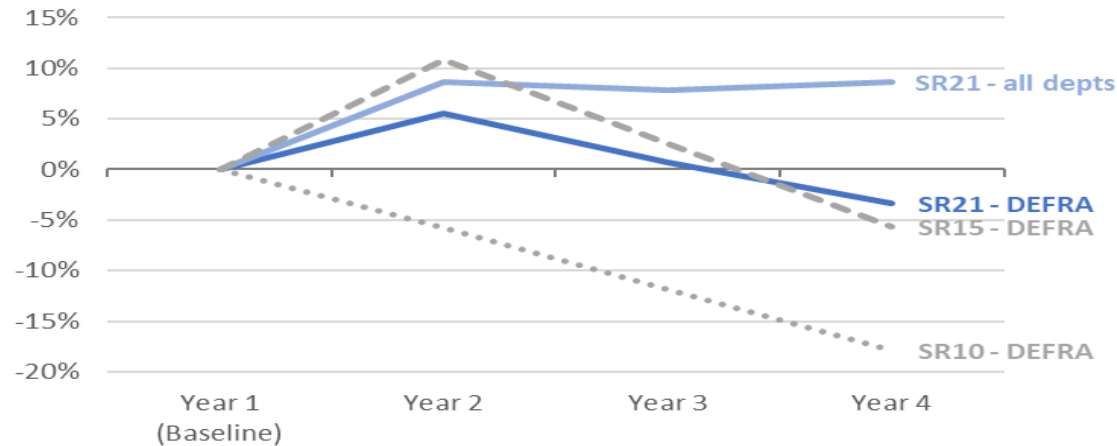


## DEFRA's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

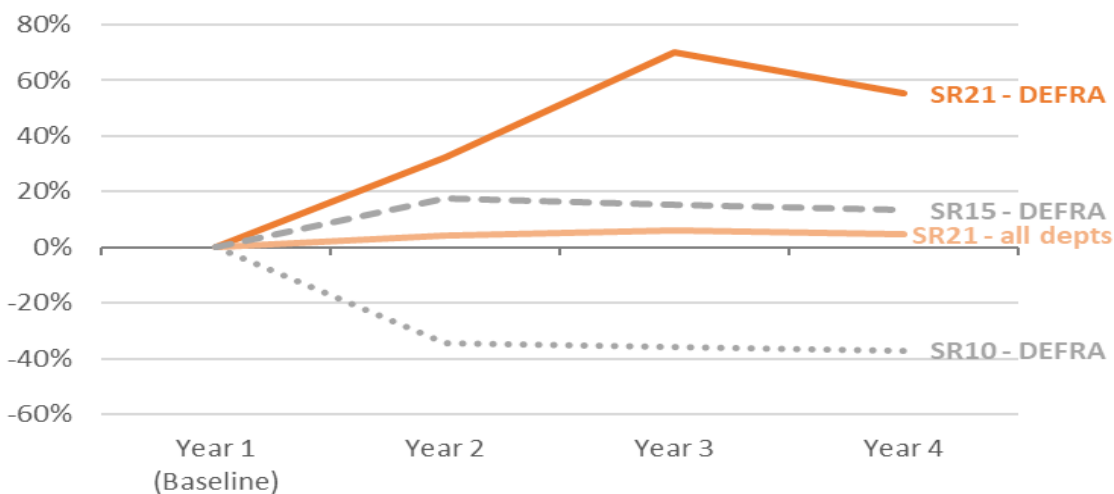
### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

The October 2021 Spending Review (SR21) settlement projected an average annual growth rate of 3.1%. Revised inflation projections from the IFS have meant that this real rate of growth will be less. (See slide 9 for further details on this). The final year of the settlement expenditure would need to increase to avoid slipping into a real rate decline compared with the 2021/22.

Comparisons can be made to other multi-year settlements – such as 2010 where deep cuts were made to the department's resource budget.

### Trends in investment spending plans

Investment growth is driven by the flood defence programme and continues to deliver real rates of growth despite inflation changes.

Compared with the average across all departments and prior year multi year settlements the level of investment shows a higher real rate of change since their relative baseline years.

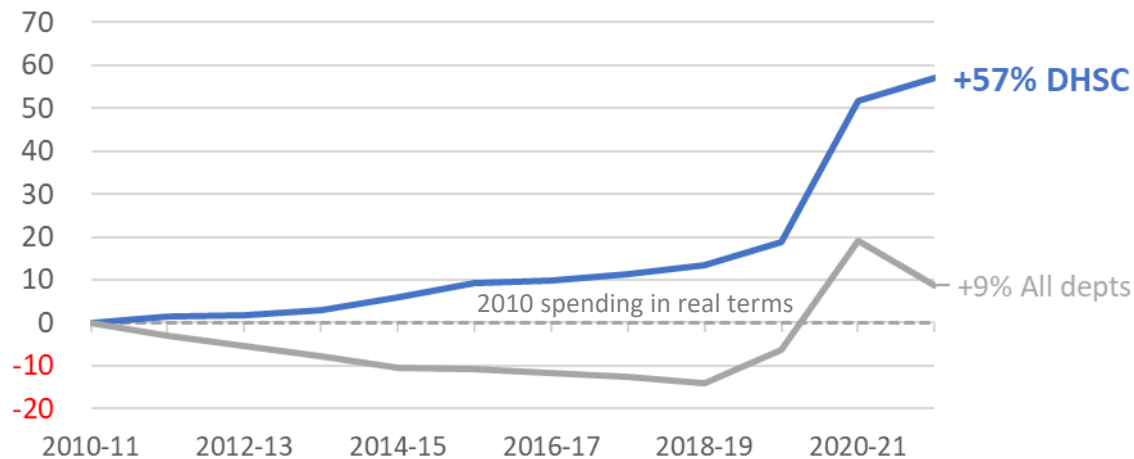
Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

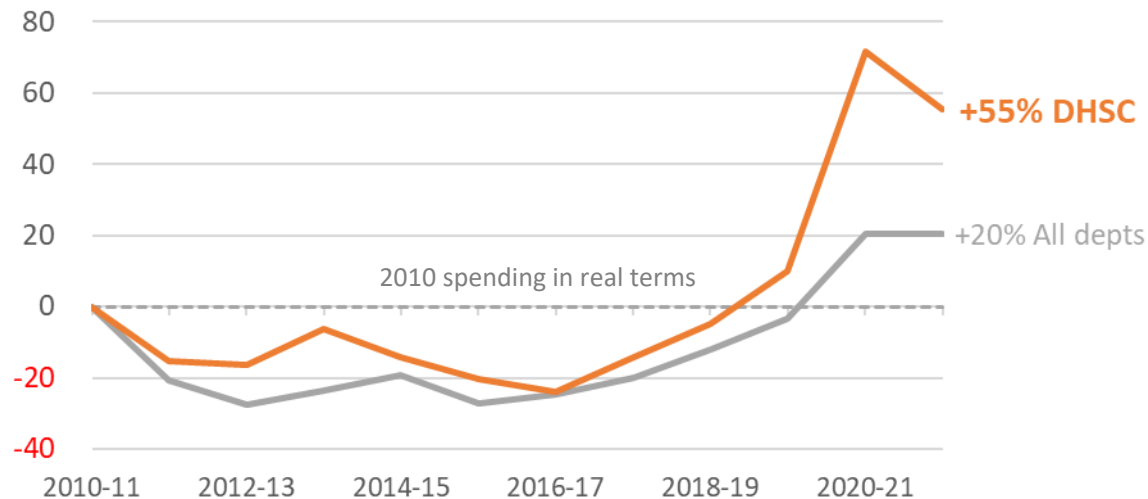
# Department for Health and Social Care (DHSC)

## Long-term trends in DHSC's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Percentage change in **investment spending** compared to 2010 (Capital DEL):



### Day-to-day spending trends

- In real terms, the Health and Social Care budget has increased year-on-year since 2010 and is now set to be 57% higher than in 2010-11.
- In 2020-21, **£59 billion** was provided in day-to-day Covid-19 support measures, £20 billion of which was for Test and Trace, £15 billion for the NHS emergency response to the pandemic and £14.8 billion for PPE.
- This compares to **£38.8 million** allocated in 2021-22, including £10.7 billion for Test and Trace, £6.6 billion for the NHS emergency response and £2.3 billion for PPE.
- The 2021-22 budget also includes £1 billion to tackle the NHS backlog caused by the pandemic.

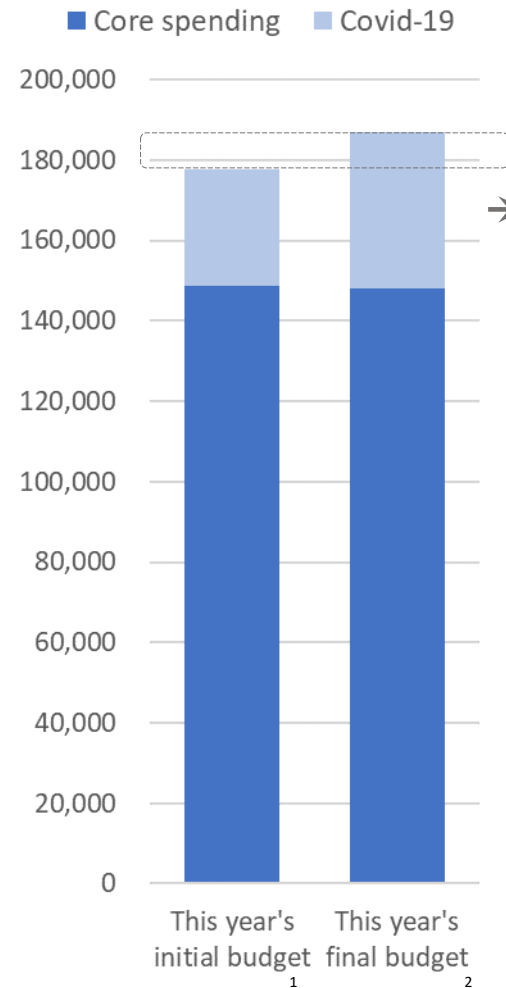
### Investment spending trends

- Investment spending in 2021-22 is set to be 55% higher than 2010-11 in real terms.
- In 2020-21, **£4 billion** was provided in capital Covid-19 support measures, including £2.7 billion for Test and Trace.
- **£2.2 billion** was allocated in the 2021-22 Supplementary Estimates for Covid-19 measures, including £0.6 billion for the NHS response and £0.6 billion for Test and Trace.

## How is DHSC's day-to-day spending changing in 2021-22?

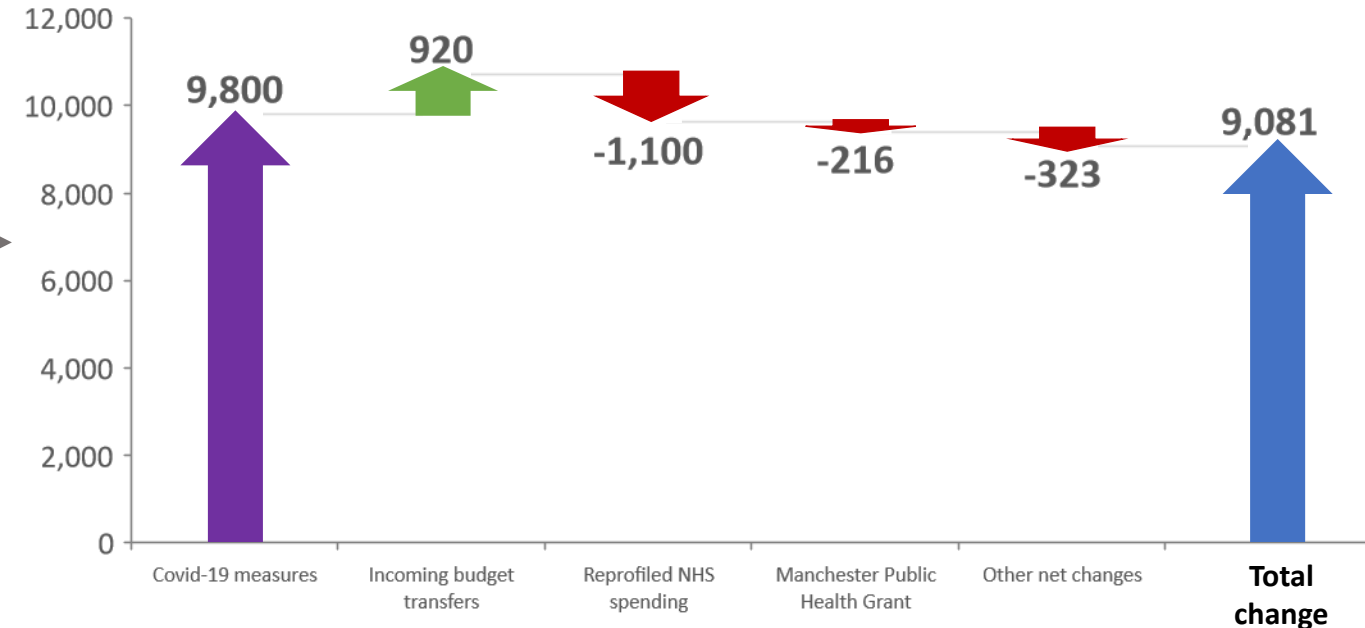
DHSC's day-to-day budget increased by **£9,080.6m (+5.1%)**

Resource DEL budget in £m



DHSC's spending increase is driven by additional funding for its Covid-19 response

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

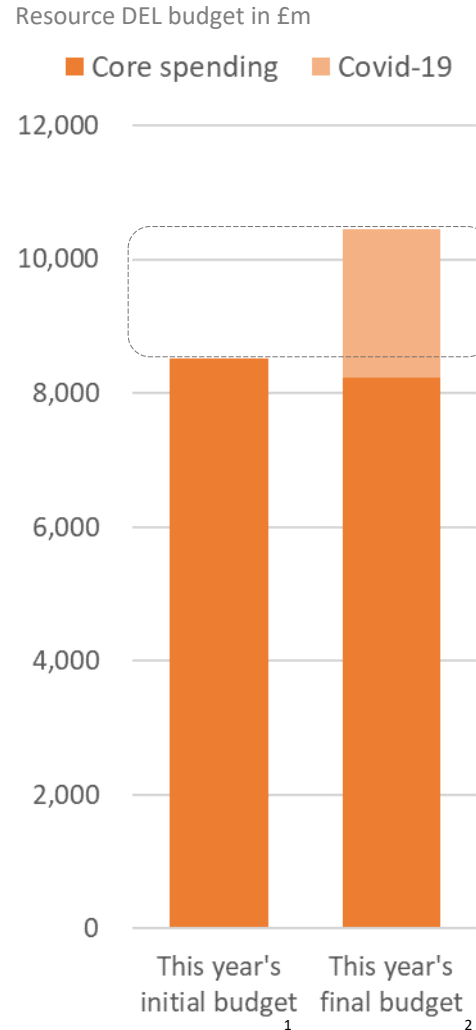
- **Covid-19 measures:** includes £4,100 million for the NHS; £1,100 million for vaccine deployment; £1,000 for Test and Trace; £542 million for grants; £277 million for therapeutic treatments including antivirals; £274 million for PPE and; £274 million for the Managed Quarantine Service.
- **Incoming budget transfers:** mainly includes £695 million from BEIS for the transfer of the Vaccine Taskforce.
- **Reprofiled NHS spending:** £1,100 million decrease due to reprofiling the NHS' spending forecast.
- **Manchester Public Health Grant:** £216 million decrease due to Manchester receiving its public health funding instead via retention of business rates.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

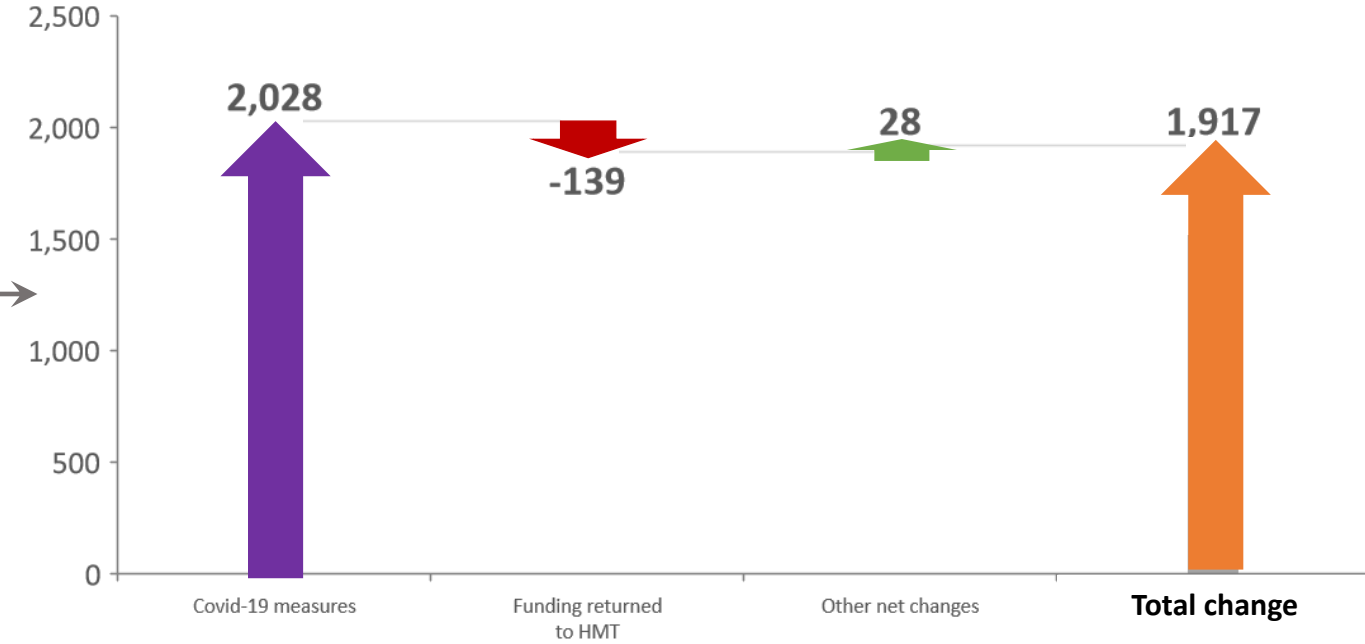
# How is DHSC's investment spending changing in 2021-22?

**DHSC's investment budget increased by £1,917.4m (+22.5%)**



**DHSC's spending increase is driven by additional funding for its Covid-19 response**

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** includes £858 million for the Vaccines Task Force; £580 million for the NHS response; £567 million for Test and Trace; £12 million for vaccine deployment, £6 million for therapeutic treatments and; £5 million for PPE.
- **Funding returned to HMT:** includes £120 million of NHS Sustainability and Transformation Partnership funding which will be reprofiled over SR21, and £19 million of underspending on a ring-fenced budget.

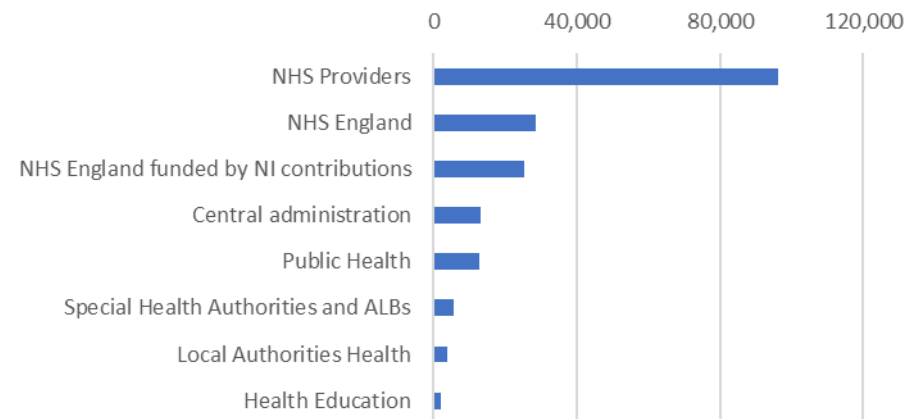
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

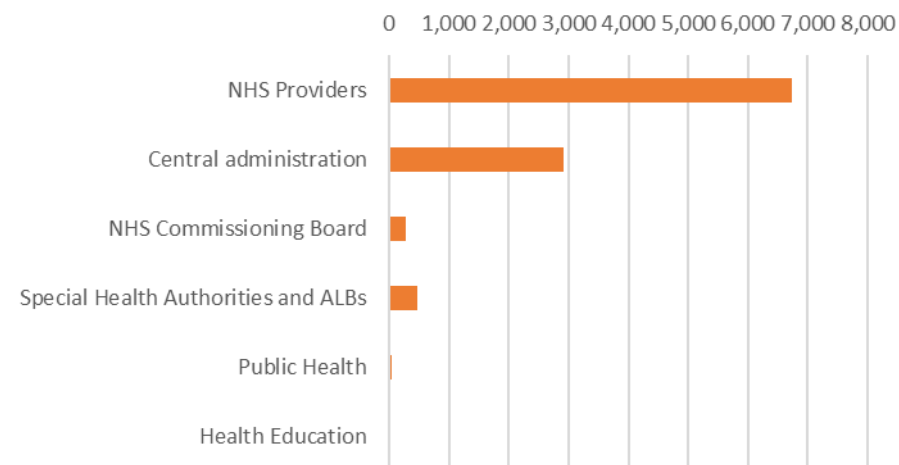
# Most of DHSC's spending goes straight to the NHS, however central administration costs have increased during the pandemic

Breakdown of DHSC initial budget for 2021-22 (£ million)\*

## Day-to-day spending budget



## Investment spending budget



## Day-to-day spending (Resource DEL)

- The **Resource DEL budget** for DHSC in 2021-22 is **£186,895 million**.
- **The NHS** makes up the largest element in the DHSC budget (**£149,877 million**), split between NHS providers at £96,075 million and the NHS Commissioning Board (NHS England) at £28,605 million.
- **Central administration** makes up 7% of funding at **£13,074 million** of the total budget. At the Main Estimate, it made up 13% of total funding as this line included funding for the Vaccine Taskforce, Covid-19 treatments and Test and Trace, which have now been transferred to the Public Health budget.
- The **Public Health** budget also makes up 7% of the total Resource DEL budget at **£12,725 million**. Of this, around £9,200 million is for NHS Test and Trace.

## Investment spending (Capital DEL)

- **Total Capital DEL budget** for DHSC in 2021-22 is **£10,447.3 million**.
- As with the Resource DEL budget, most of this is spent on the NHS: **£6,729 million** on **NHS providers** and **£279 million** on the **NHS Commissioning Board**.
- 28% of the Capital DEL budget is for **central administration**, at **£2,912 million**.
- £2,028 million of the Capital DEL budget is allocated for Covid-19 costs in 2021-22, compared to £3,969 million in 2020-21.

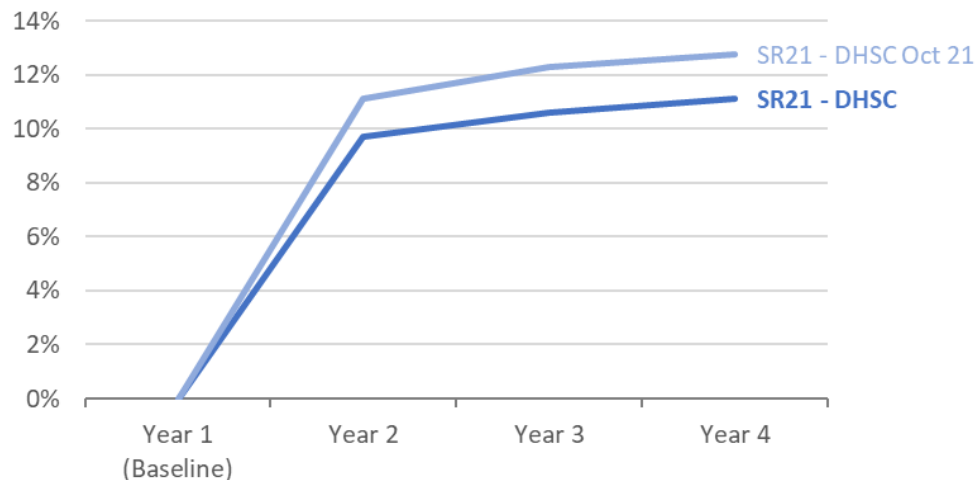
\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

## DHSC's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)

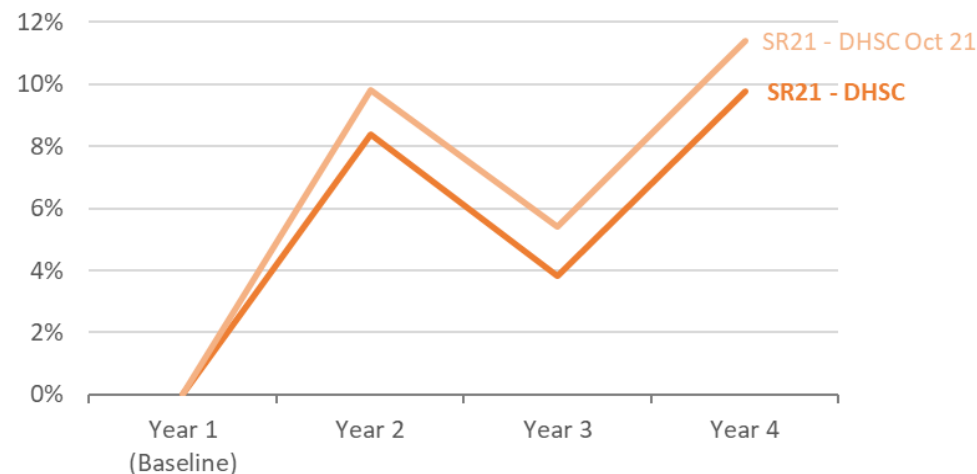


### Trends in day-to-day spending plans

- The RDEL settlement provides an 11% increase over the baseline by Year 4 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- Of the total settlement, 90% will be allocated to NHS England and Improvement in 2022-23 (£151.8 billion), rising to 91% in 2023-24 (£157.4 billion) and 92% in 2024-25 (£162.6 billion).
- The Health and Social Care Levy is set to raise £37.5 billion. £26.4 billion is allocated to the NHS and £5.4 billion to adult social care (£3.6 billion will go through local government).
- Other major spending commitments include £8 billion for the elective operations backlog and £9.6 billion for Covid-19 spending such as the booster vaccination programme.

### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in investment spending plans

- The CDEL settlement provides an 10% increase over the baseline by Year 4 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- This includes the £4.2 billion announced in 2020 for building 48 hospitals and improving a further 70.
- The Capital DEL settlement also includes:
  - £5 billion for health-related research and development
  - £2.3 billion for diagnostic services
  - £2.1 billion for digital technology to drive innovation
  - £1.5 billion for new surgical hubs, increased bed capacity and equipment to help elective services recover.

Note: SR15 and SR10 gave five-year Capital DEL settlements

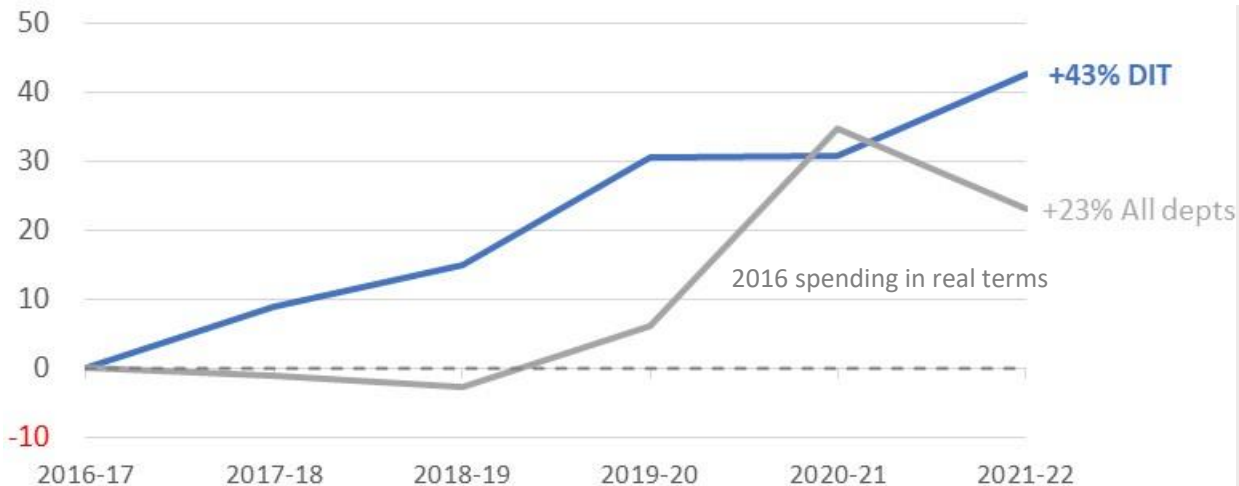
Note: baseline year for Spending Review 2021 is 2021-22

# Department for International Trade (DIT)

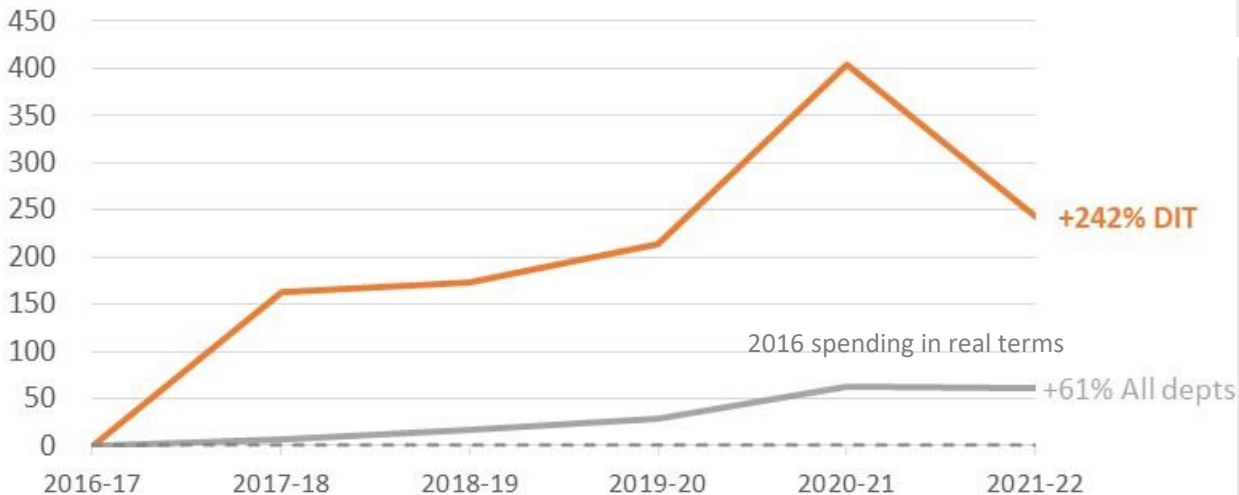


## Long-term trends in DIT's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Percentage change in **investment spending** compared to 2010 (Capital DEL):



### Day-to-day spending trends

- DIT was established on **14 July 2016**, bringing together elements of the former **UKTI** and the **Trade Policy Unit** in the **Department for Business, Innovations and Skills**.
- DIT's spending and budgets have increased year on year since 2016-17, in excess of the cross-departmental trend, to deliver the Government's trade agenda.
- The expansion in funding has primarily been caused by **the need to establish an independent trade policy function** following EU exit.

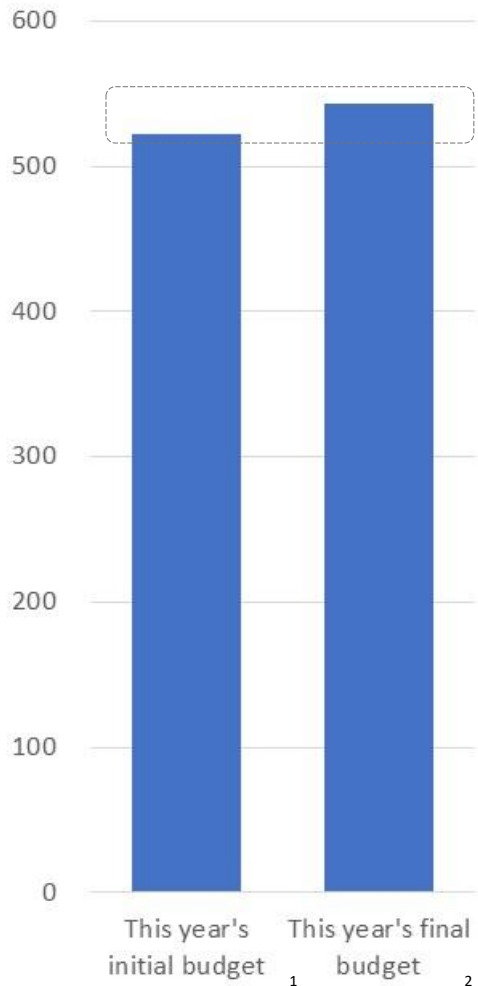
### Investment spending trends

- DIT has had a modest but generally increasing investment budget since 2016-17, mainly related to digital, data and technology.
- The significant rise observed in 2020-21 Capital DEL budgets is due to the transfer of the Old Admiralty Building onto DIT's balance sheet, which has subsequently been removed.

## How is DIT's day-to-day spending changing in 2021-22?

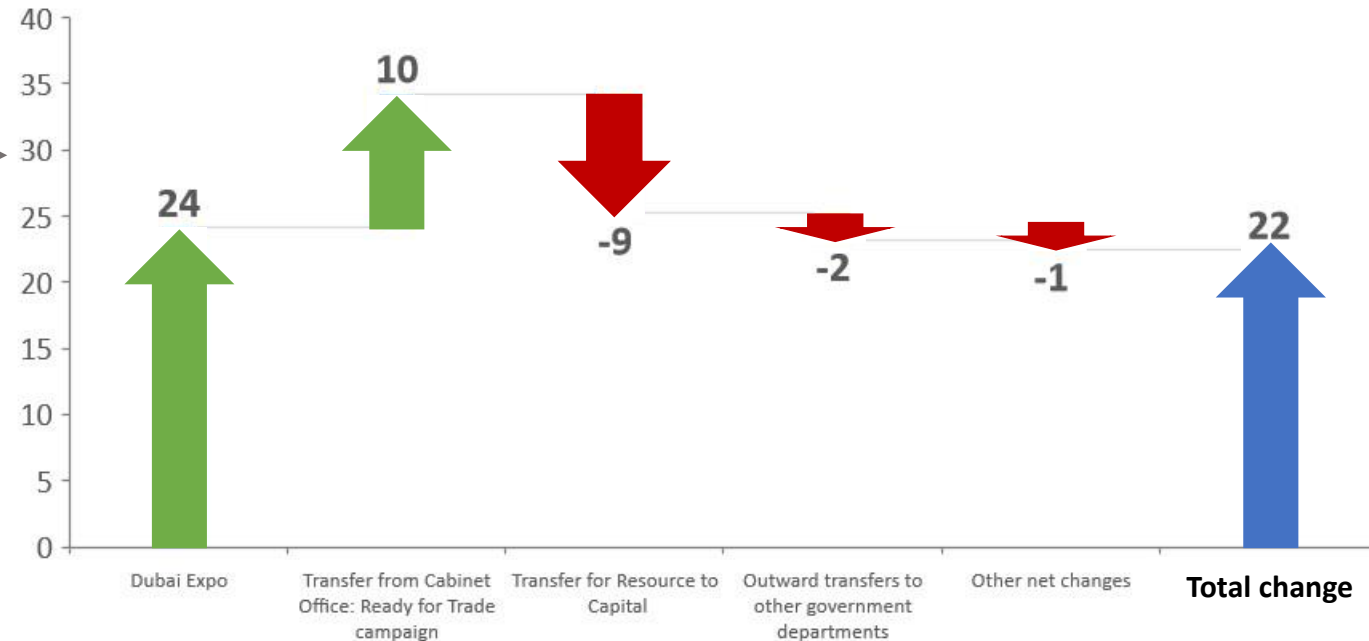
DIT's day-to-day budget increased by **£22.5m (+4.3%)**

Resource DEL budget in £m



DIT's spending increase is driven by non-cash accounting adjustments

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Dubai Expo:** the largest increase of £24.1 million is due to the adjustments in funding for the Dubai World Expo including allocation of non-cash depreciation charges.
- **Budget transfers:** DIT received a £10 million transfer from the Cabinet Office to help fund the "Ready for Trade" campaign – a global campaign aimed at attracting foreign-trade partners beyond the EU. DIT provided £2 million to other government departments in budget transfers, most of which went to the FCDO.
- **Resource to capital transfers:** DIT made a budget neutral transfer of £9 million from its day to day budget to its investment budget.

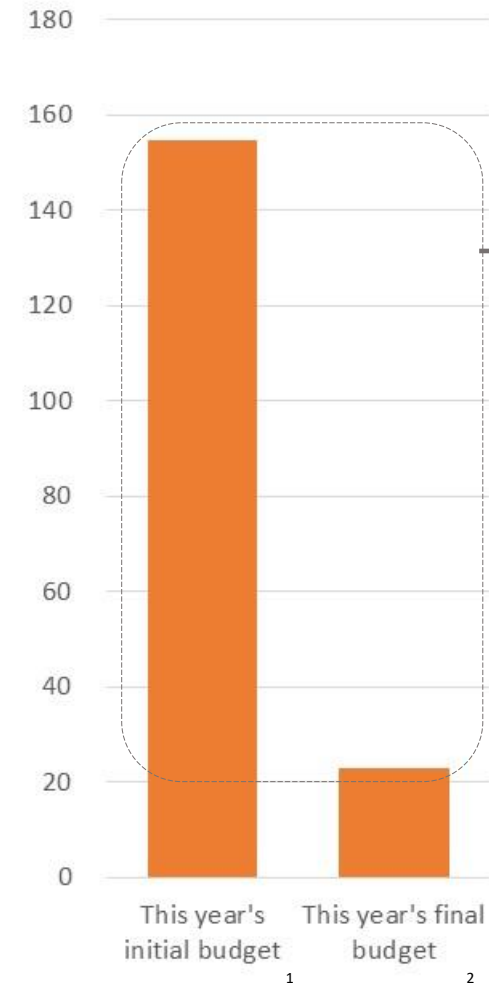
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## How is DIT's investment spending changing in 2021-22?

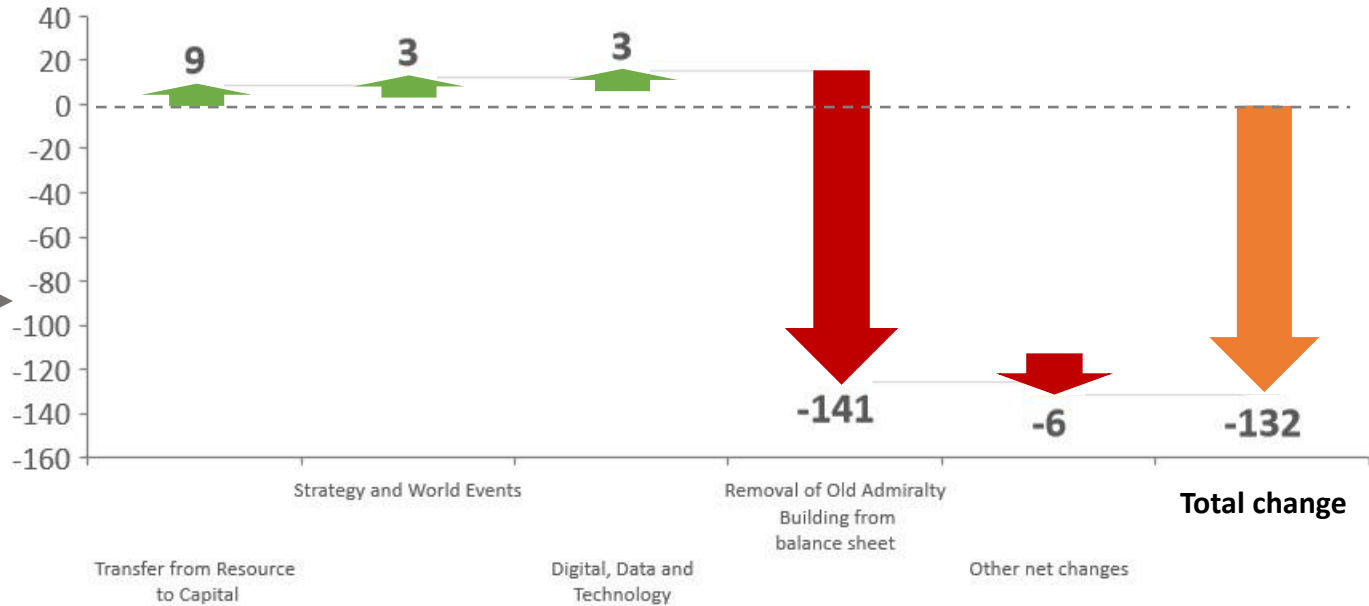
DIT's investment budget  
increased by £131.7m (-85.2%)

Resource DEL budget in £m



DIT's investment spending decrease largely reflects the removal of the Old Admiralty Building from its balance sheet

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

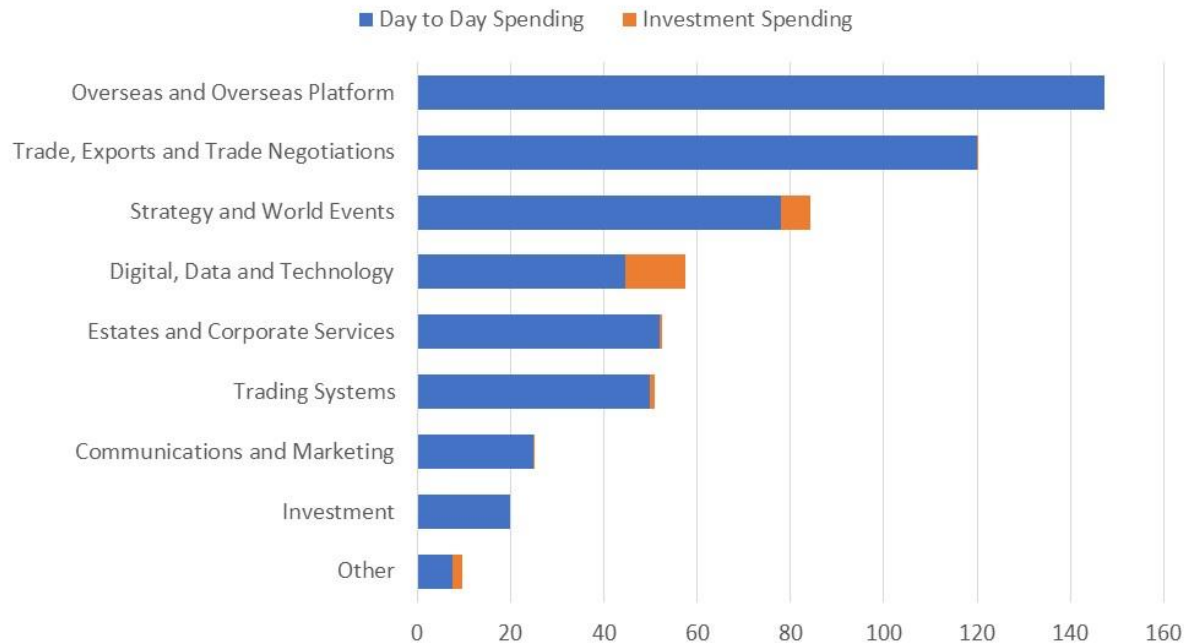
- **Resource to capital transfers:** DIT made a budget neutral transfer of £9 million from its day to day budget to its investment budget.
- **Strategy and world events and Digital, Data and Technology:** there was a modest increase in DIT's budgets in respect of strategy and world events and digital, data and technology. Both of these budget sub-heads received a £3 million uplift.
- **Old Admiralty Building:** In the initial budget £140.7 million was allocated for DIT to enter a lease agreement with the Government Property Agency (GPA) for the use of Old Admiralty Building. This is now not being recognised as a finance lease as it was judged that the risks and rewards of the lease sit with the GPA and is therefore being surrendered to HM Treasury.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# DIT's budget consists of a number of different areas

Breakdown of DIT budget 2021-22 (£ million)\*



## Investment spending (Capital DEL)

- **Digital, data and technology** makes up the largest portion of DIT's investment budget (57%). This relates to digital services to support trade negotiations, trading systems, exporters and investors as well as the infrastructure required for the achievement of DIT's priority outcomes.
- **Strategy and word events** is the second largest area of investment spending (27%), relating to supporting the Department's work for national security, the Dubai World Expo and other world events.

## Day-to-day spending (Resource DEL)

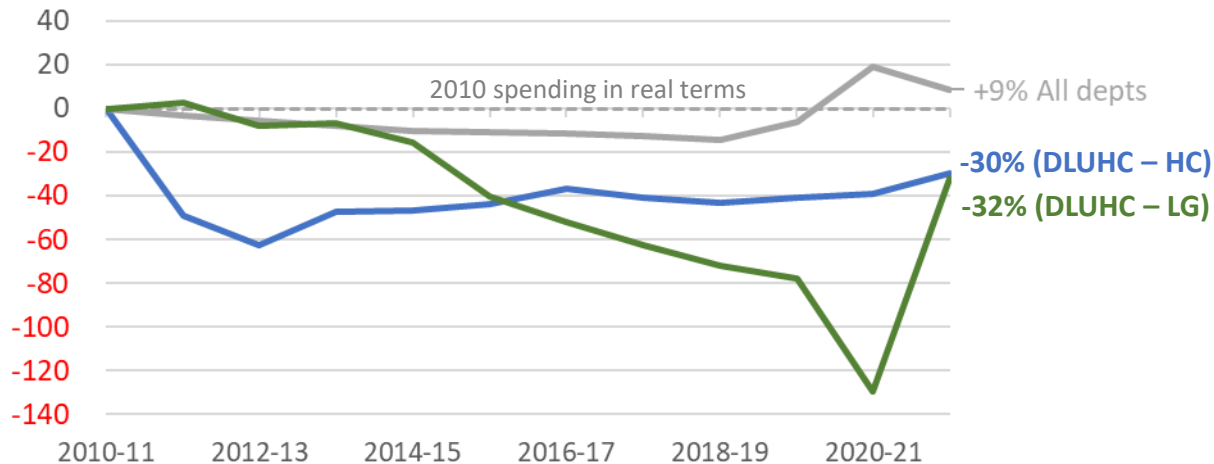
- **Overseas (£86 million)** and the **Overseas Platform (£61.3 million)** together make up the largest area of day-to-day spending. This includes funding for HM Trade Commissioners - each responsible for delivering a Regional Trade Plan to support UK exports and investment across the world – and a contribution to the FCDO for their delivery, on behalf of HMG, of the overseas infrastructure which DIT uses to deliver its objectives.
- **Trade, Exports and Trade Negotiations** consists of costs related to the UK's negotiation of free trade agreements (£32.2 million) and activities to promote UK exports (£87.9 million).

\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

# Department for Levelling Up, Housing and Communities (DLUHC)

## Long-term trends in DLUHC's spending (in real terms)

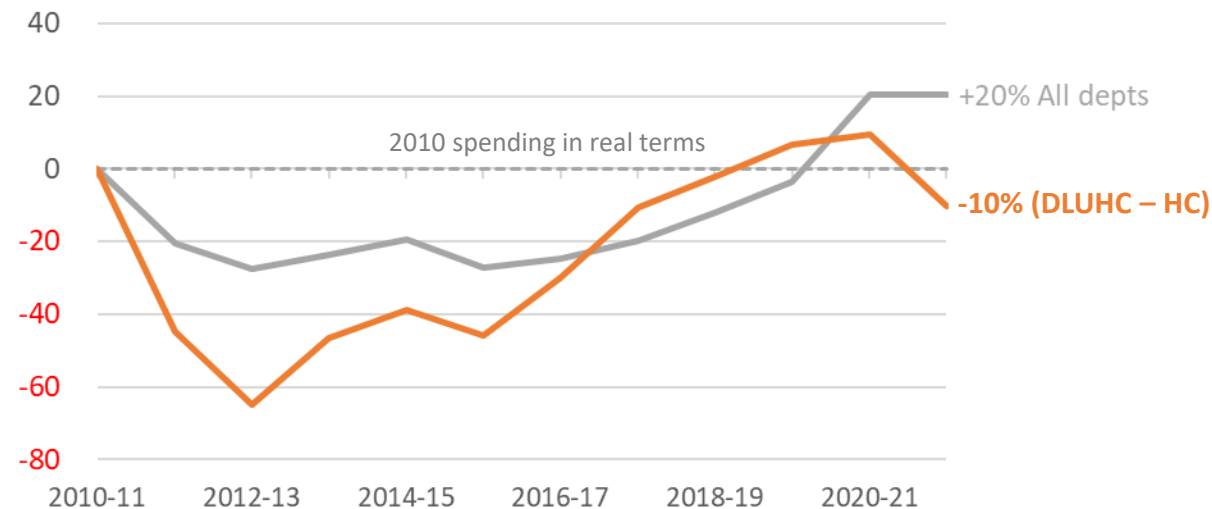
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



### Day-to-day spending trends

- Housing and Communities spending was cut significantly after 2010, but it has recovered slightly and is now forecast to be **30% lower** than in 2010.
- Spending on local government was cut gradually from 2010, reaching its lowest in 2018-19. Spending is now forecast to be **32% lower** than in 2010.
- For 2021-22, **£10.9 billion** has been allocated for Covid-19 support, mostly for Local Government. This is an increase of just over £1 billion from the Main Estimates.

Percentage change in **investment spending** compared to 2010 (Capital DEL):

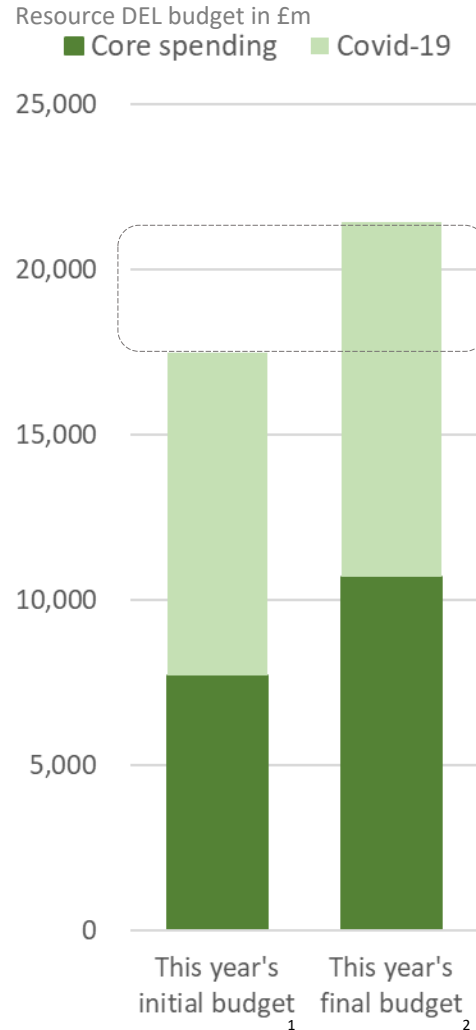


### Investment spending trends

- All investment spending is under the Housing and Communities budget, which has recovered from significant cuts after 2010. It is now forecast to be **10% lower** in real terms than 2010-11, which is a decrease from the Main Estimates when it was estimated to be 10% higher than in 2010.
- Increases in recent years are mainly due to **Help to Buy loans**.

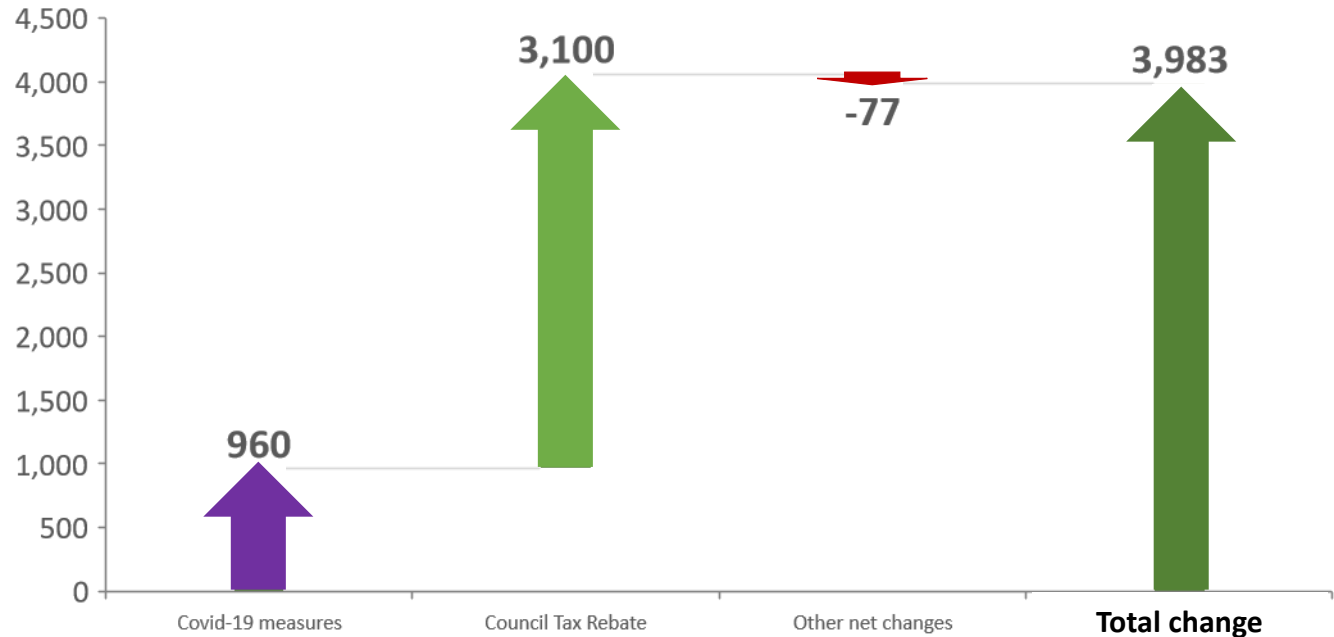
# How is DLUHC's Local Government day-to-day spending changing in 2021-22?

**DLUHC's LG day-to-day budget increased by £3,983.1m (+22.8%)**



**DLUHC's LG spending increase is mainly driven the £150 Council Tax rebate**

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



**Changes in 2021-22**

- **Covid-19 measures:** includes £1,500 million for Business Rates Relief; offset by surrenders of £274 million under Business Rate reliefs, £191 million under the Tax Income Guarantee and £75 million under the Sales, Fees and Charges scheme.
- **Council Tax rebate:** £3,100 million increase to deliver the Council Tax rebate measures

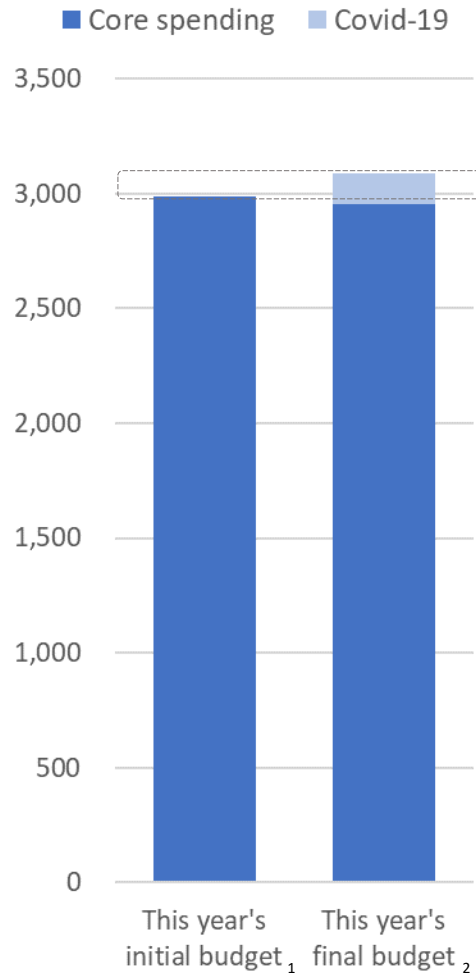
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# How is DLUHC's Housing and Communities day-to-day spending changing in 2021-22?

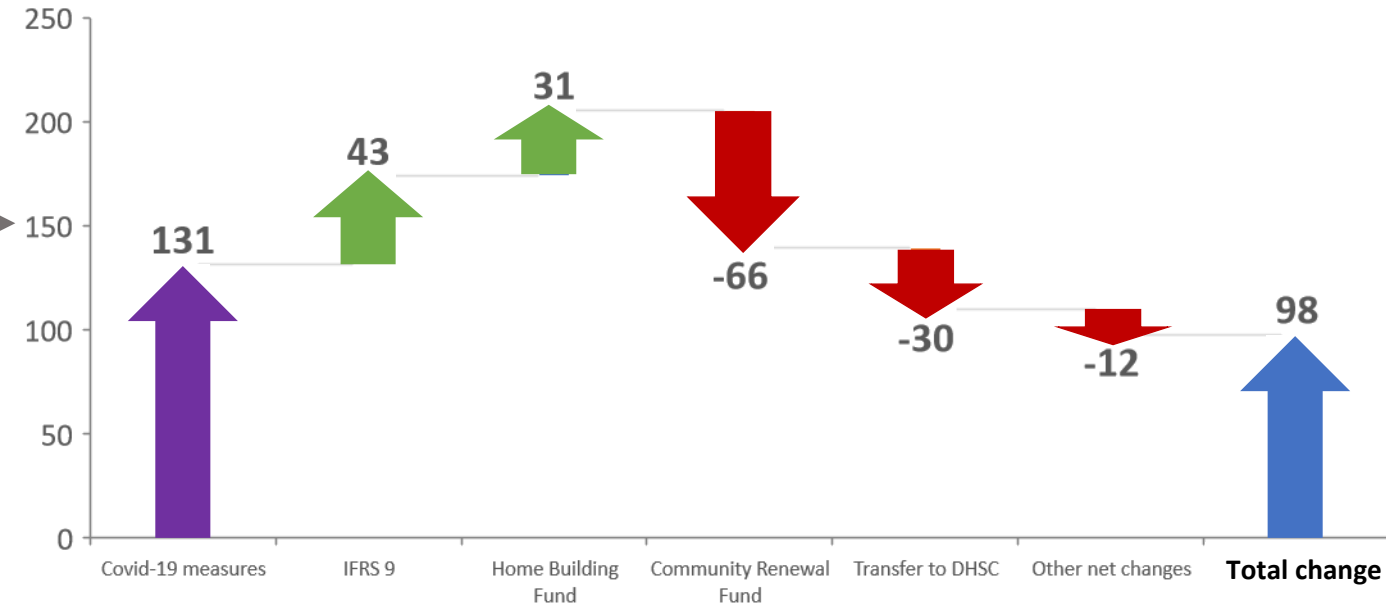
**DLUHC's HC day-to-day budget increased by £97.7m (+3.3%)**

Resource DEL budget in £m



**DLUHC's Housing and Communities spending increase is driven by Covid-19 measures**

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** includes £65 million for vulnerable renters and to support victims of domestic abuse; £28.1 million to protect and vaccinate those sleeping rough and; £23.4 million for the Community Vaccine Champions Programme in response to the Omicron variant.
- **IFRS 9:** £43 million additional budget for a change in accounting treatment. This has no cash effect.
- **Home Building Fund:** £31 million to cover expected credit losses on the Home Building Fund
- **Community Renewal Fund:** £65.6 million moved into 2022-23 due to a 3-month extension of the programme
- **Budget transfer to DHSC:** £30.1 million transferred to DHSC to deliver the Rough Sleeping Programme

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

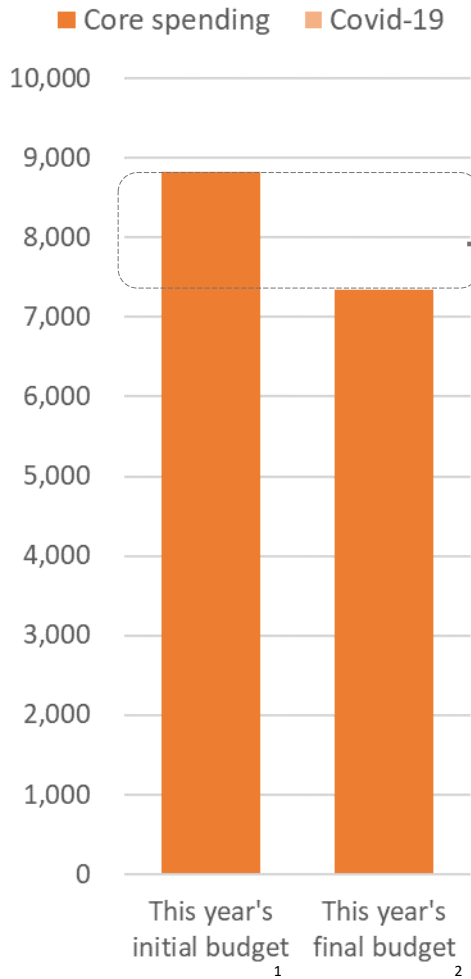
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)



# How is DLUHC's Housing and Communities investment spending changing in 2021-22?

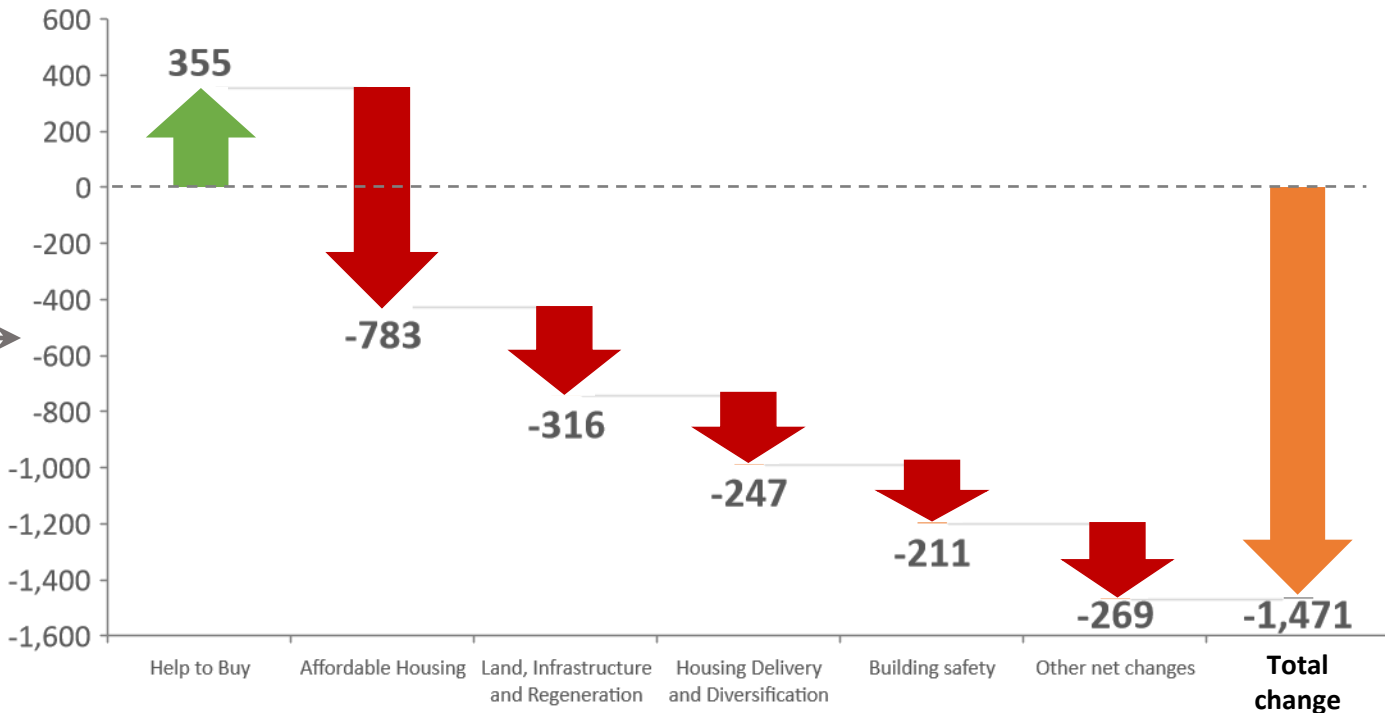
DLUHC's HC investment budget decreased by £1,470.6m (-16.7%)

Resource DEL budget in £m



DLUHC's HC investment spending decrease is mainly due to slow progress in its housing programmes

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Help to Buy:** £355.3 million increase due to strong demand for the Help to Buy programme.
- **Affordable Housing Supply:** £783.4 million decrease due to changes in delivery pipelines, mainly on the Greater London Authority programmes.
- **Land, Infrastructure and Regeneration budget:** £316 million decrease due to delays on site.
- **Housing Delivery and Market Diversification:** £246.7 million decrease due to mobilisation delays.
- **Building Safety budget:** £210.7 million moved to 2022-23 due to slow progress on remedial works.

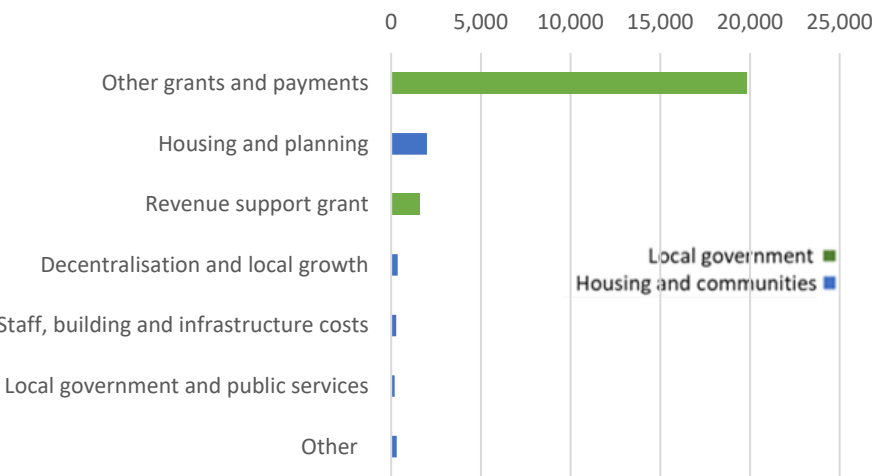
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

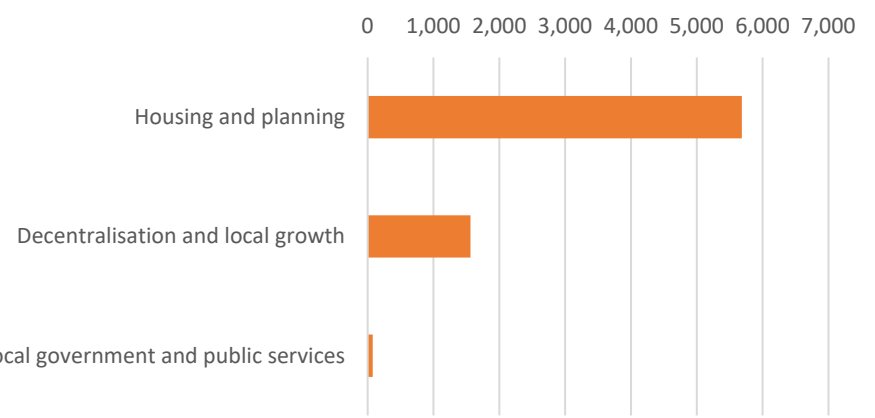
# Most of DLUHC’s budget is for grants and payments to Local Government

Breakdown of DLUHC initial budget for 2021-22 (£ million)\*

Day-to-day spending budget



Investment spending budget



## Day-to-day spending (Local Government Resource DEL)

- The total Resource DEL budget for **Local Government** is **£21,453.6 million**, of which **50%** (£10,735 million) is for **Covid-19 support** for local authorities within the **Other Grants and Payments** line.
- This line also includes **Business Rates Relief** of around **£7,000 million**, and **£3,100 million** for the Council Tax rebate.
- The **Revenue Support Grant** has a total budget of **£1,622 million**.

## Day-to-day spending (Housing and Communities Resource DEL)

- Resource DEL budget for **Housing and Communities** is **£3,086.9 million**, of which **64%** (£1,990 million) is for **Housing and Planning**.
- **£362 million** is allocated for **Decentralisation and Local Growth**, including the Towns Fund and the UK Community Renewal Fund.
- Other funding includes **£276 million** for staff, building and infrastructure costs; **£189 million** for local government and public services; and **£168 million** for the Troubled Families programme.

## Investment spending (Capital DEL)

- Total Capital DEL budget is **£7,351.6 million**, **77%** of which is for **Housing and Planning**. Of this, **54%** (**£3,048 million**) is for **Help to Buy**.
- The **Affordable Housing Supply** budget makes up a further **£1,217 million** of the total Housing and Planning budget.
- **£1,561 million** is allocated for **Decentralisation and Local Growth**, including the Towns Fund and the UK Community Renewal Fund.

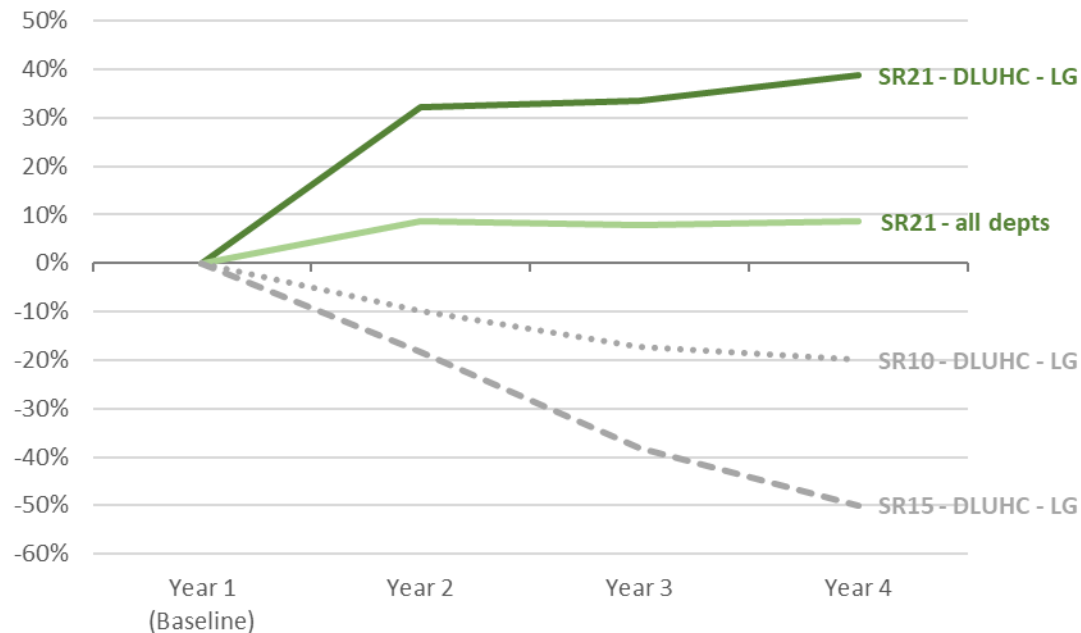
\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

## DLUHC's Local Government spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Trends in day-to-day spending plans

- The settlement for Local Government provides a **41% increase over the baseline** by Year 4 of the Spending Review period, compared to a 10% increase across government.
- The day-to-day settlement includes **£4.8 billion in new grant funding** for local authorities, a substantial part of which is likely to be used to meet the costs of adult social care.
- It also includes **£3.6 billion of ring-fenced funding** for adult social care, which will be funded by the Health and Social Care Levy and increase to dividend rates announced on 7 September 2021.
- **£500 million** for the Household Support Fund in 2022-23, as announced in the Spring Statement 2022.
- The Chancellor also announced the following tax relief for businesses, for which local authorities will be fully compensated in their budget allocation:
  - The business rates multiplier will be frozen in 2022-23, a tax relief of £4.6 billion.
  - A one-year Retail, Hospitality and Leisure relief which provides a 50% discount on Business Rates.

Note: SR15 and SR10 gave five-year Capital DEL settlements

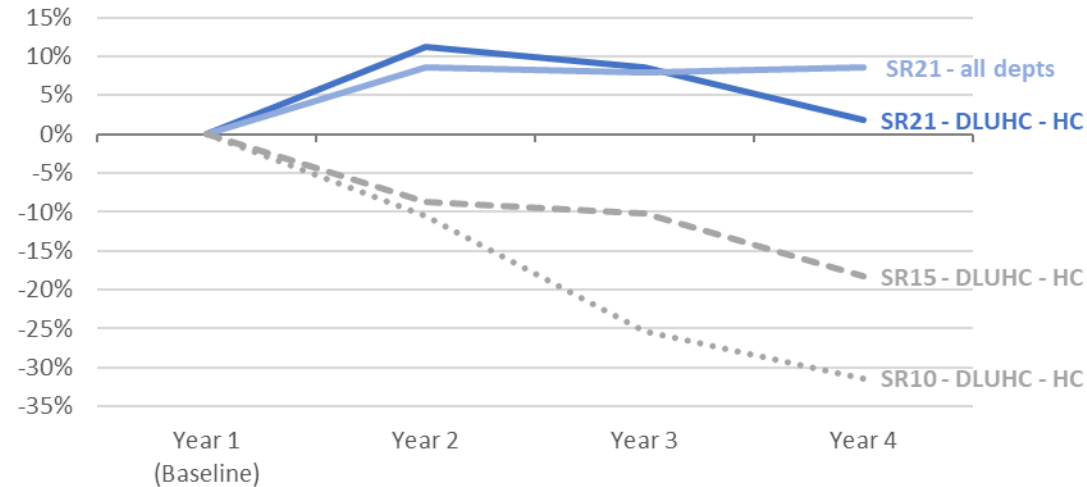
Note: baseline year for Spending Review 2021 is 2021-22

## DLUHC's Housing and Communities spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

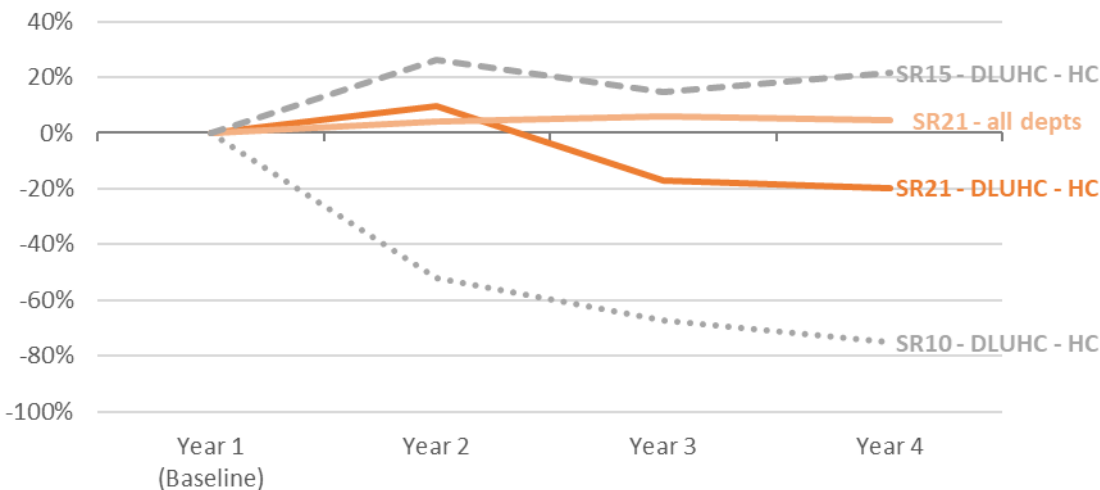
### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

- The Housing and Communities day-to-day spending settlement provides real terms growth of 2% by Year 4 of the Spending Review period. This includes **£2.3 billion for the UK Shared Prosperity fund** over the 3-year settlement period. This replaces funding from the European Structural and Investment Funds (ESIF).
- The day-to-day settlement also includes **£1.9 billion to alleviate homelessness** and rough sleeping.

### Trends in investment spending plans

- The investment spending settlement provides a real terms decrease of 20% by Year 4 of SR21.
- £7.5 billion** is allocated for **the Affordable Homes Programme** over SR21, which has a budget of £11.5 billion between 2021 and 2026.
- £1.8 billion** has also been allocated **to build around 160,000 homes** on derelict or 'brownfield' sites.
- The Levelling Up fund** has an allocation of **£3.7 billion** over the Spending Review period.
- The government has allocated **£3 billion** over the 3-year settlement period **to remove unsafe cladding from buildings above 18 metres**.

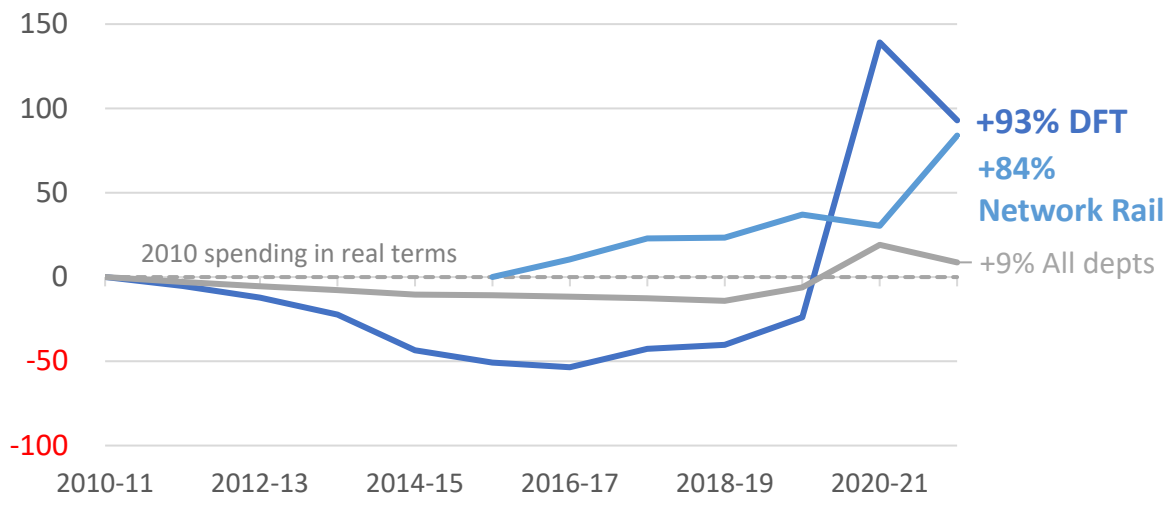
Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

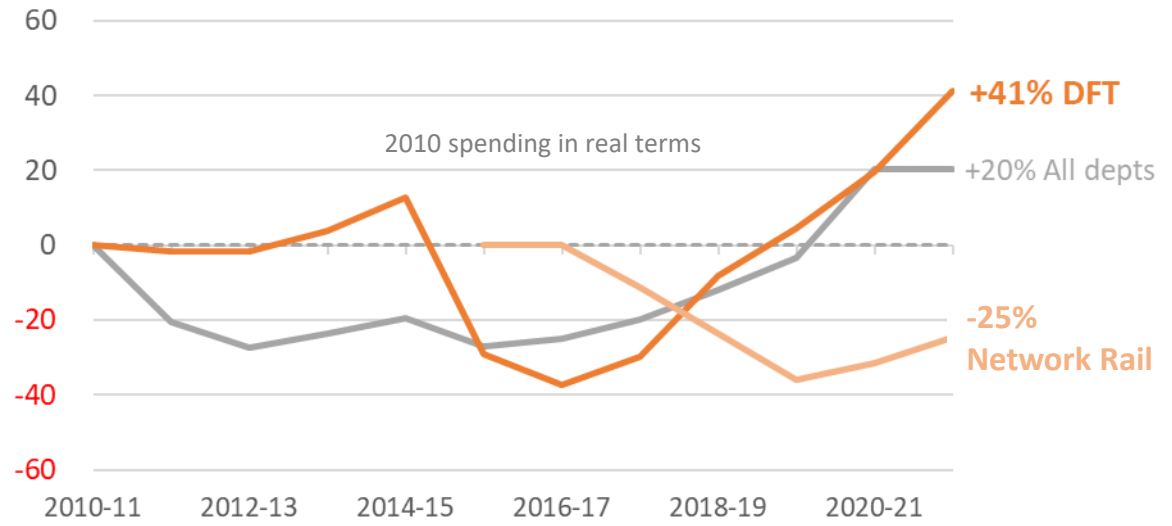
# Department for Transport (DfT)

# Long-term trends in DfT's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Percentage change in **investment spending** compared to 2010 (Capital DEL):



## Day-to-day spending trends

- In 2020-21, DfT's budget (excluding Network Rail) was 147% higher than in 2010-11. It received **£12.8 billion** to fund **Covid-19 support measures**, driving spending above 2010-11 levels.
- DfT's day-to-day budget for 2021-22 is set to be 93% higher than in 2010-11, in real terms.
- Network Rail was reclassified from the private to the public sector in 2014. The graph combines Resource DEL and Resource AME funding as this has moved between the two spending lines.
- In **2021-22, £8.3 billion** has been allocated for **Covid-19 support**, an increase of £3.7 billion from the Main Estimates in May 2021.

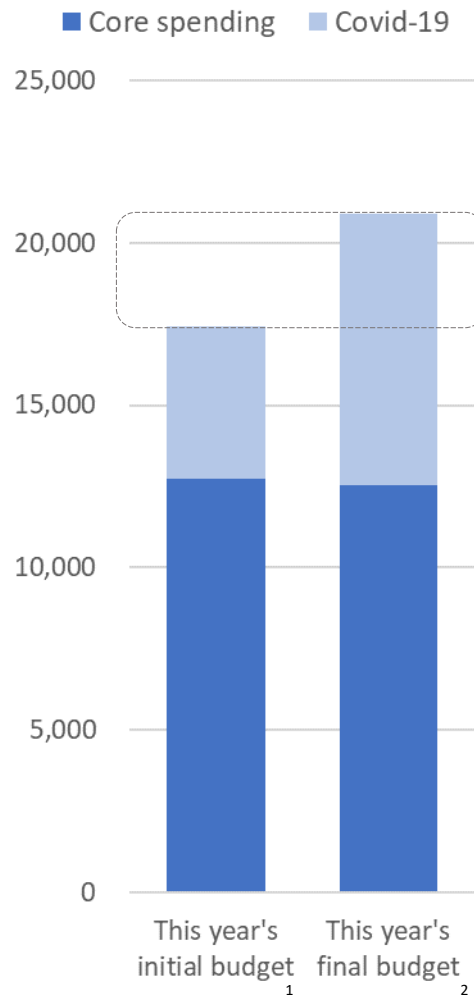
## Investment spending trends

- The investment budget has been volatile since 2010-11 but **construction activity on High Speed Two and EU exit costs** have driven spending increases in recent years. Spending is now set to be 41% higher than in 2010-11, in real terms and excluding Network Rail.
- DfT has spent relatively little on capital **Covid-19** costs: **£645 million** has been allocated for 2021-22, compared to £380 million in 2020-21.

# How is DfT's day-to-day spending changing in 2021-22?

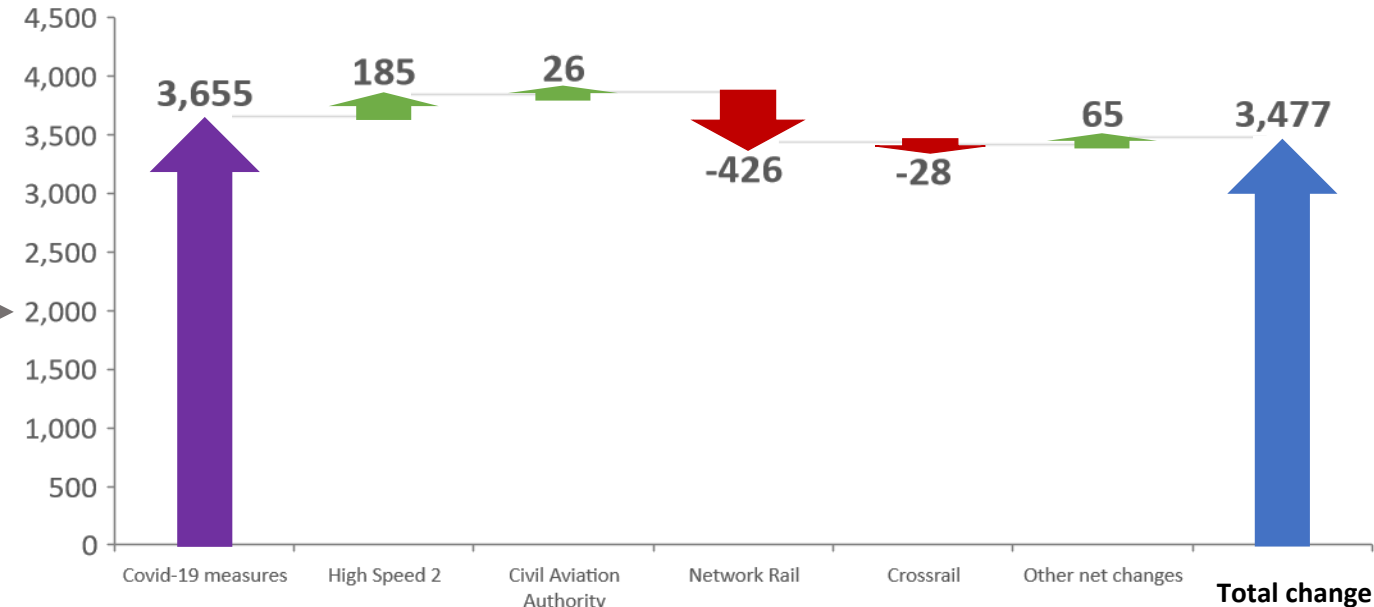
DfT's day-to-day budget increased by **£3,476.9m (+20.0%)**

Resource DEL budget in £m



DfT's spending increase is driven mainly by additional funding for Covid-19 measures

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** includes £1,606 million for the TfL funding package; £1,596 million to support train operating companies; £237 million for bus subsidies and concessional fares; £96 million for local authority transport; £87 million for the Airports and Ground Operations Support Scheme; £33 million to cover a reduction in income in the Air Travel Trust Fund
- **High Speed 2:** includes £93 million for a potential write down of HS2 land and property assets and; £93 million for downwards valuation of High Speed 2 design works
- **Civil Aviation Authority:** £26 million for additional support
- **Network Rail:** £426 million decrease in budget
- **Crossrail:** £27.6 million reduction due to income from loan interest receipts

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

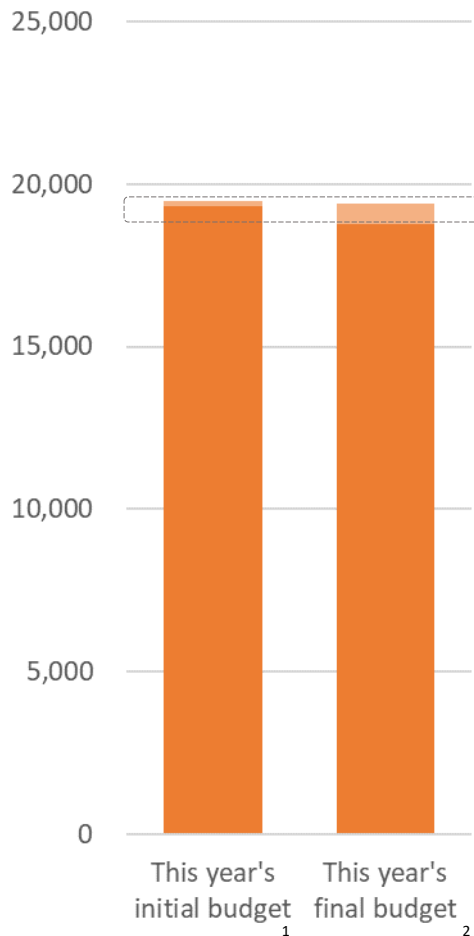
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# How is DfT's investment spending changing in 2021-22?

DfT's investment budget decreased by £74.6m (-0.4%)

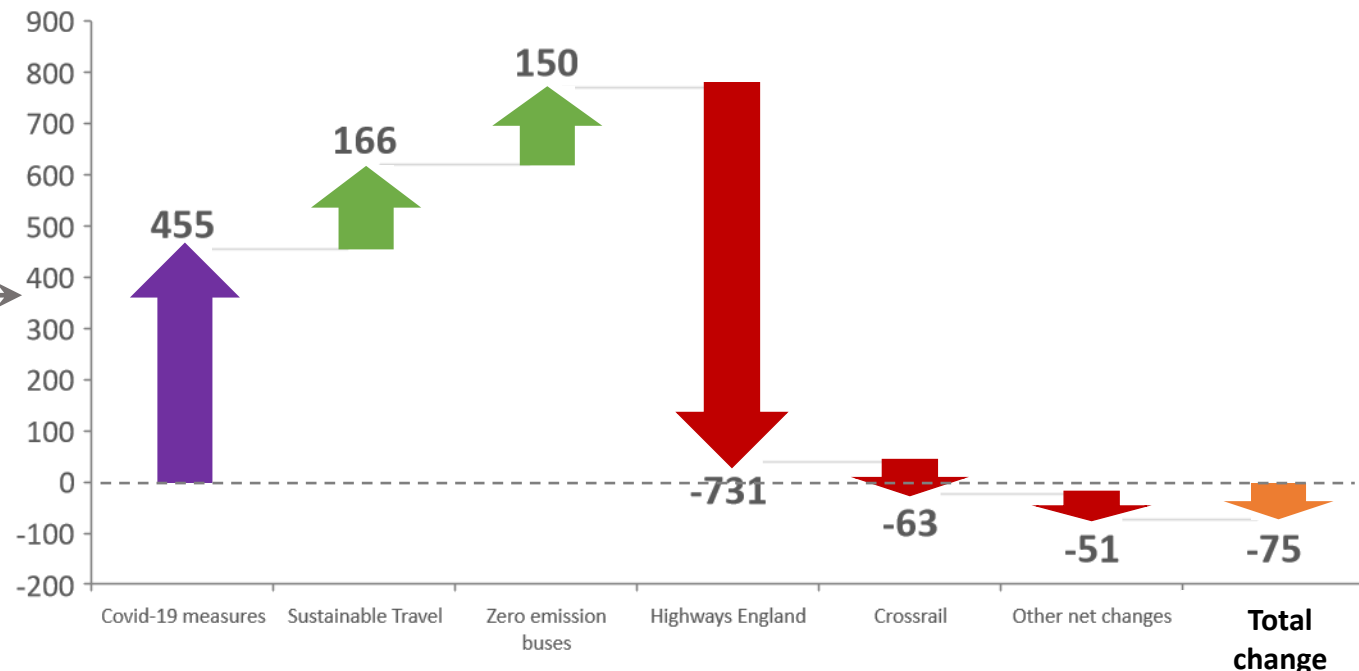
Resource DEL budget in £m

Core spending Covid-19



DfT's investment spending is reducing slightly, with Covid-19 measures offsetting a reduction in the Highways England budget

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** £455 million for additional support for train operating companies' capital costs.
- **Sustainable Travel:** £165.5 million increase in the Sustainable Travel budget, driven by increased demand for Plug-In-Car and Van grants.
- **Zero emission buses:** £149.7 million increase due to additional spending for zero emission buses
- **Highways England:** includes £556 million reduction agreed at the 2021 Spending Review reflecting delays in major schemes and £175 million of Highways England funding moved into 2022-23.
- **Crossrail:** £62.9 million reduction due to an increase in loan repayments

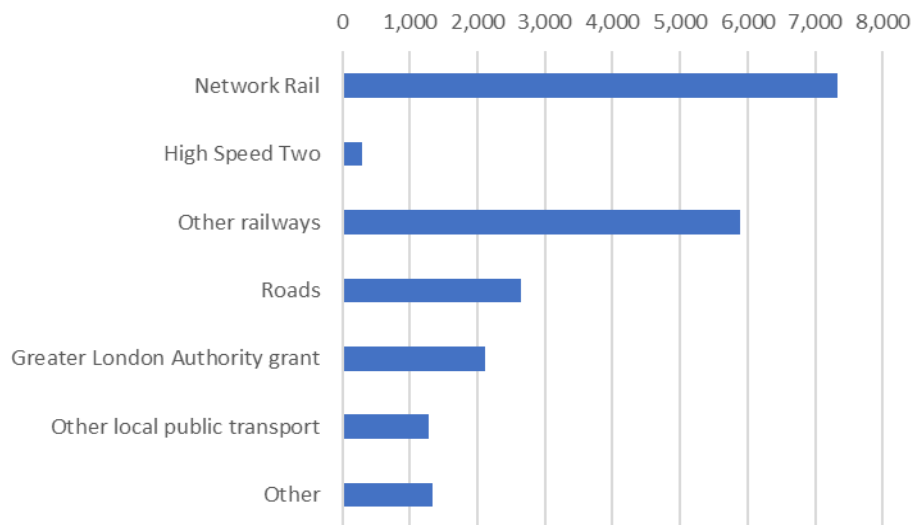
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

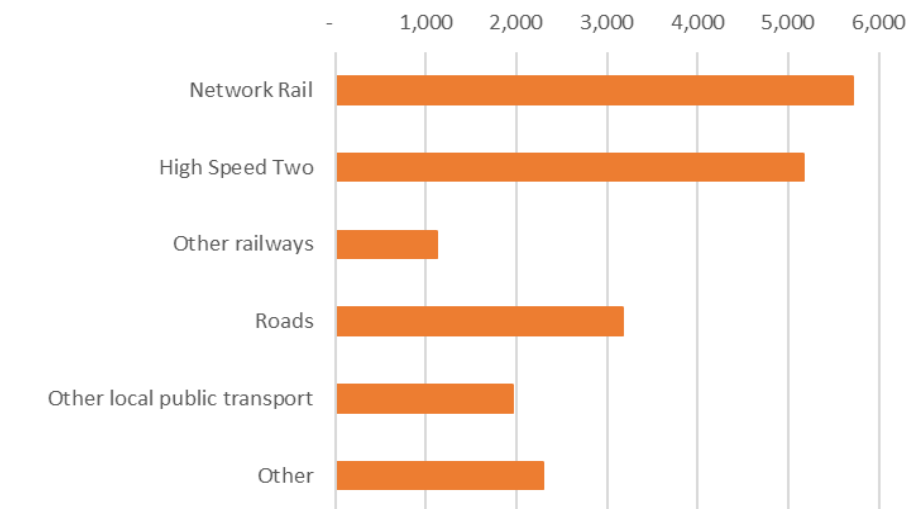


# Most of DfT's budget is for the railways, and Network Rail in particular

Breakdown of DfT's day-to-day budget for 2021-22 (£ million)\*



Breakdown of DfT's investment budget for 2021-22 (£ million)\*



## Day-to-day spending (Resource DEL)

- **Railways (including Network Rail and High Speed 2)** continues to be the largest element of the day-to-day budget at 65% (£13,515 million), over half of which relates to Network Rail.
- **Roads** comprise 13% (£2,648 million) of the Department's budget which is mostly for Highways England.
- The **Greater London Authority grant** is £2,107 million in funding for Transport for London, covering the whole financial year.
- **Other funding** mainly comprises £633 million for aviation, maritime and security costs, as well as £474 million for administration costs and arms-length-bodies, and £159 million for sustainable travel.

## Investment spending (Capital DEL)

- Investment spending is slightly lower in total than the day-to-day spending, and mainly comprises several construction-intensive projects such as High Speed Two.
- **Other funding** includes £850 million for the Transport Development Fund, £987 million for Sustainable Travel and £364 million for aviation, maritime and security costs.

### Groupings

- **Other railways:** Other Railways; East West Rail Company Limited; and Support for Passenger Rail Services.
- **High Speed Two:** High Speed Rail; and High Speed Two Limited.
- **Roads:** Highways England; Motoring Agencies; and Tolled Crossings.
- **Other local public transport:** Local Authority Transport; and Bus Subsidies and Concessionary Fares

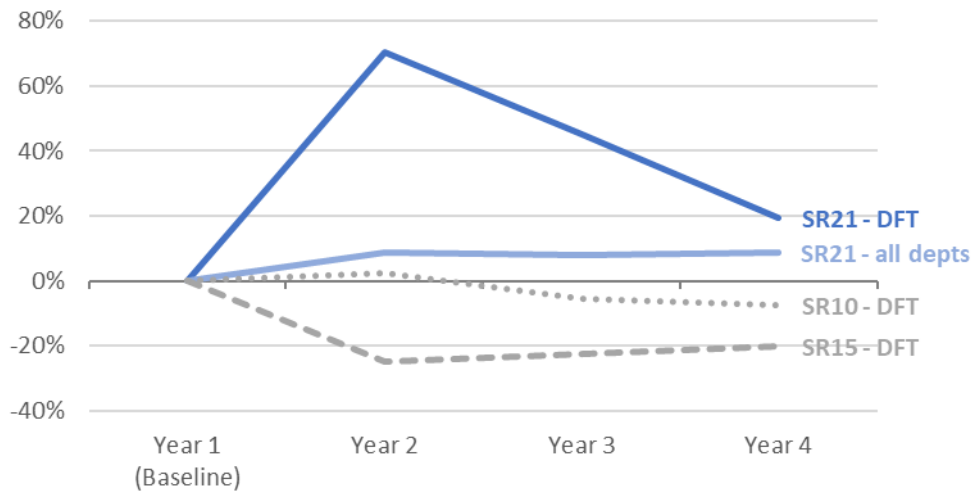
\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

## DfT's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

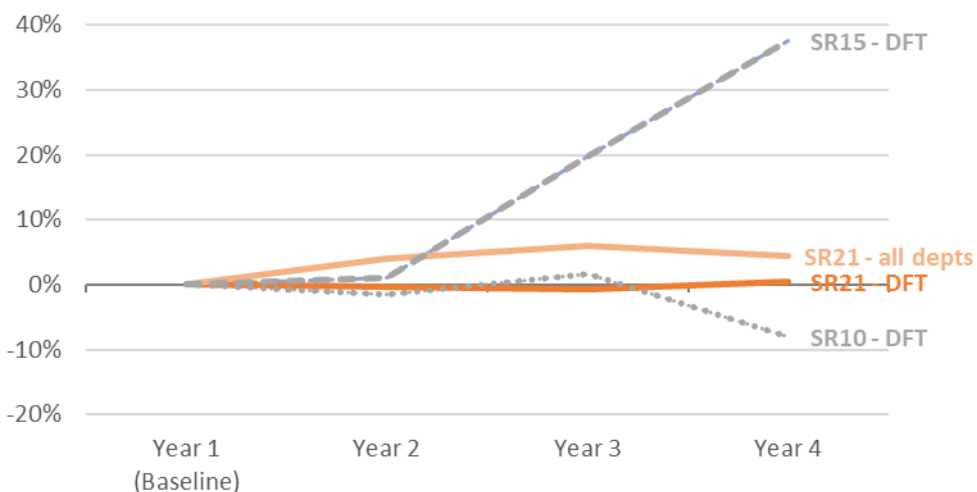
### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

- The settlement for DfT provides a 19% increase over the baseline by Year 4 of the Spending Review period.
- Most of the DfT's day-to-day spending is for running **Network Rail and Highways England**, and providing grants to **Transport for London**.

### Trends in investment spending plans

- DfT's investment spending settlement provides average annual real terms growth of nil over the Spending Review period.
- For rail investment, the government has provided £35 billion (including **£17.4 billion for High Speed Two** as announced at SR20) over the 3-year settlement period.
- **For road investment, £24 billion** has been allocated between 2020 and 2025. This represents a £3.4 billion decrease from the £27.4 billion total announced in 2020 for the Road Investment Strategy 2 in March 2020.
- The Chancellor also **announced £5.7 billion over 5 years for TfL-style City Region Sustainable Transport Settlements**. This stems from a 2019 announcement that £4.2 billion would be allocated to 8 metropolitan areas for local transport infrastructure, so an increase of £1.5 billion. Notably, the SR21 announcement excludes the North East Combined Authority which was originally included in 2019.

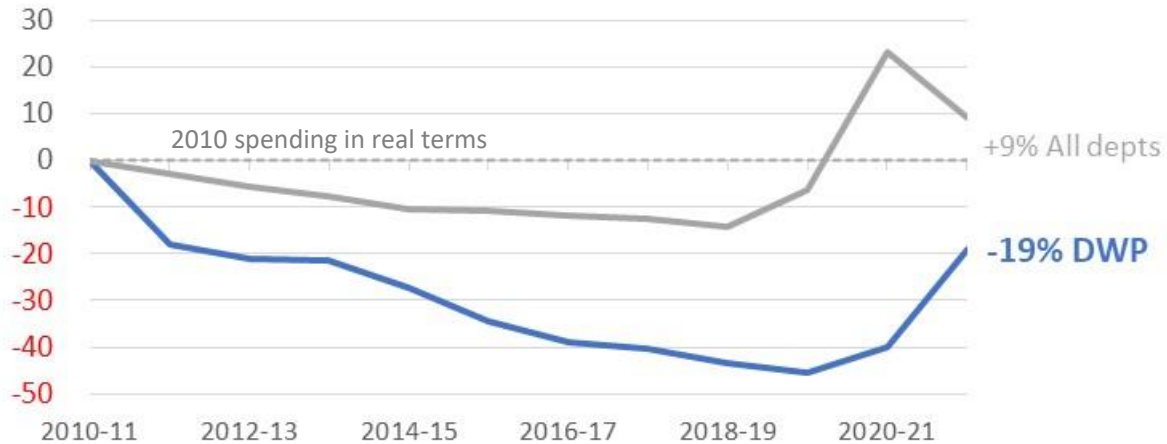
Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

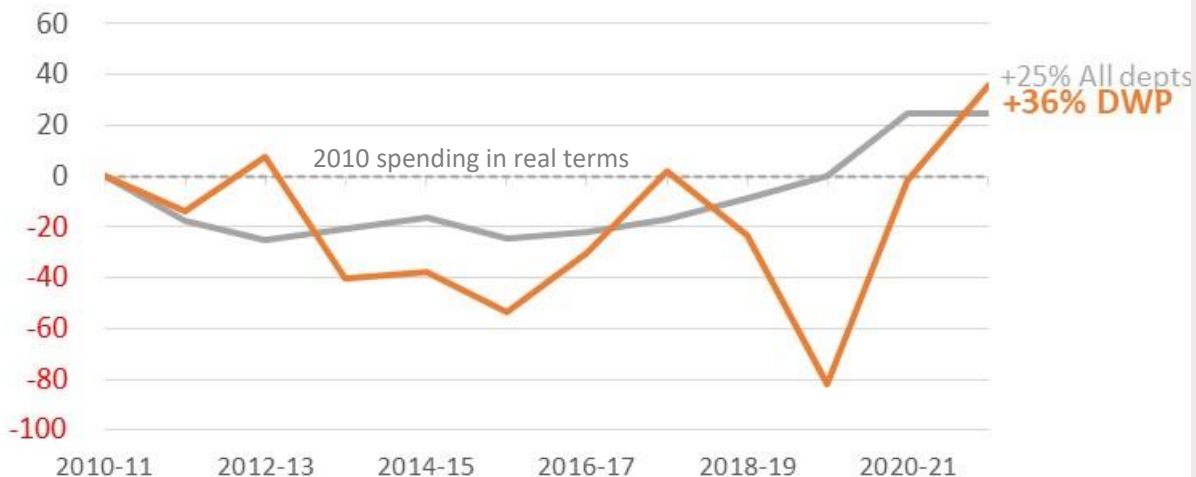
# Department for Work and Pensions (DWP)

## Long-term trends in DWP's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2016 (Resource DEL):



Percentage change in **investment spending** compared to 2016 (Capital DEL):



## Day-to-day spending trends

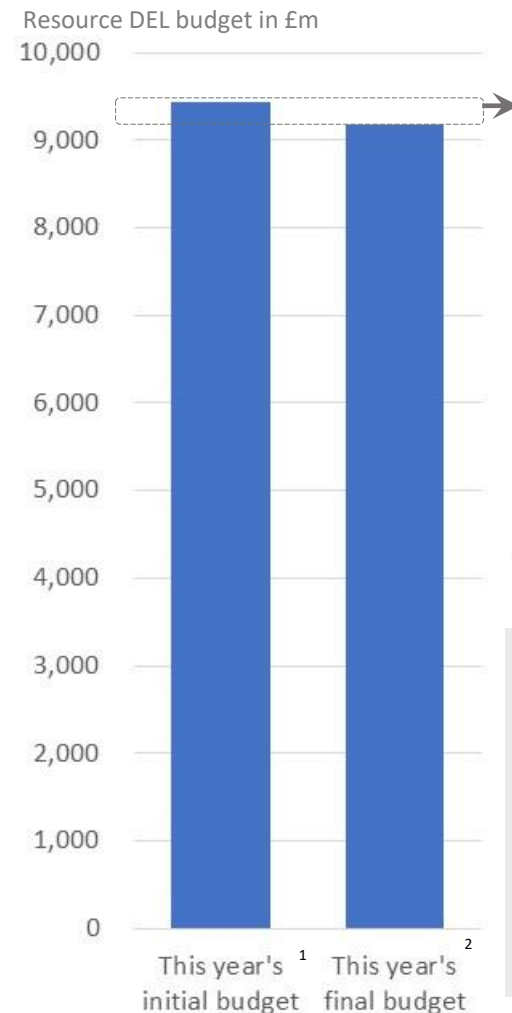
- The DWP RDEL budget was cut significantly throughout the austerity period, and had not recovered to 2010 levels by the end of 2021-22.
- At the lowest in 2019-20, the RDEL budget was cut by -45.6% compared to 2010. The budget then increased slightly in 2020-21 due to emergency Covid spending.
- The finalised 2021-22 position shows a significant decrease from 2010, finishing the year with a budget 19% smaller than the 2010 baseline in real terms.
- This compares to an average increase across government of 9%.
- AME budgets (pensions and benefits) make up the bulk of DWP expenditure, and are excluded, as they are driven by external forecasts and simply respond to demand.

## Investment spending trends

- Following severe capital budget cuts over the austerity period, and fluctuating capital budgets from 2016-2019, DWP received consistent increases in 2019-20 to 2021-22.
- DWP capital budgets were 36% larger in 2021-22 compared to 2010.
- The DWP capital budget is small relative to its AME budgets (benefit and pension payments) and its RDEL budgets (administration and running costs).

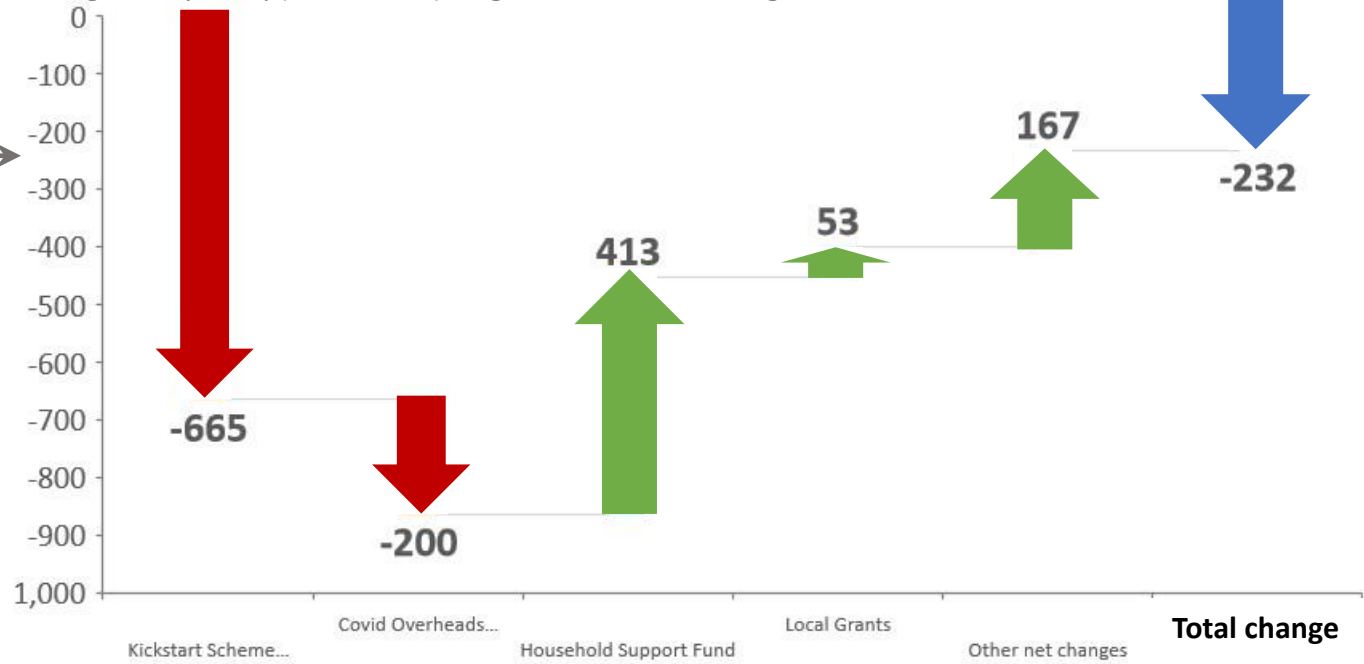
## How is DWP's day-to-day spending changing in 2021-22?

DWP's day-to-day budget decreased by £231.6m (-2.5%)



DWP's RDEL spending decreased due to underspends.

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Kickstart Scheme Underspend:** DWP handed back £665 million in RDEL which it failed to spend on the Kickstart Scheme, to get more people into employment.
- **Covid-19 Overheads Underspend:** DWP's budget was reduced by £200 million as expected Covid-19 overhead expenditure was below expected levels.
- **Household Support Fund:** £143 million additional funding was provided to run the Household Support Fund, announced in year.
- **Local Grants:** £53 million RDEL funding was provided as additional funding for Winter Grants/Local Authority Grants to support vulnerable people.

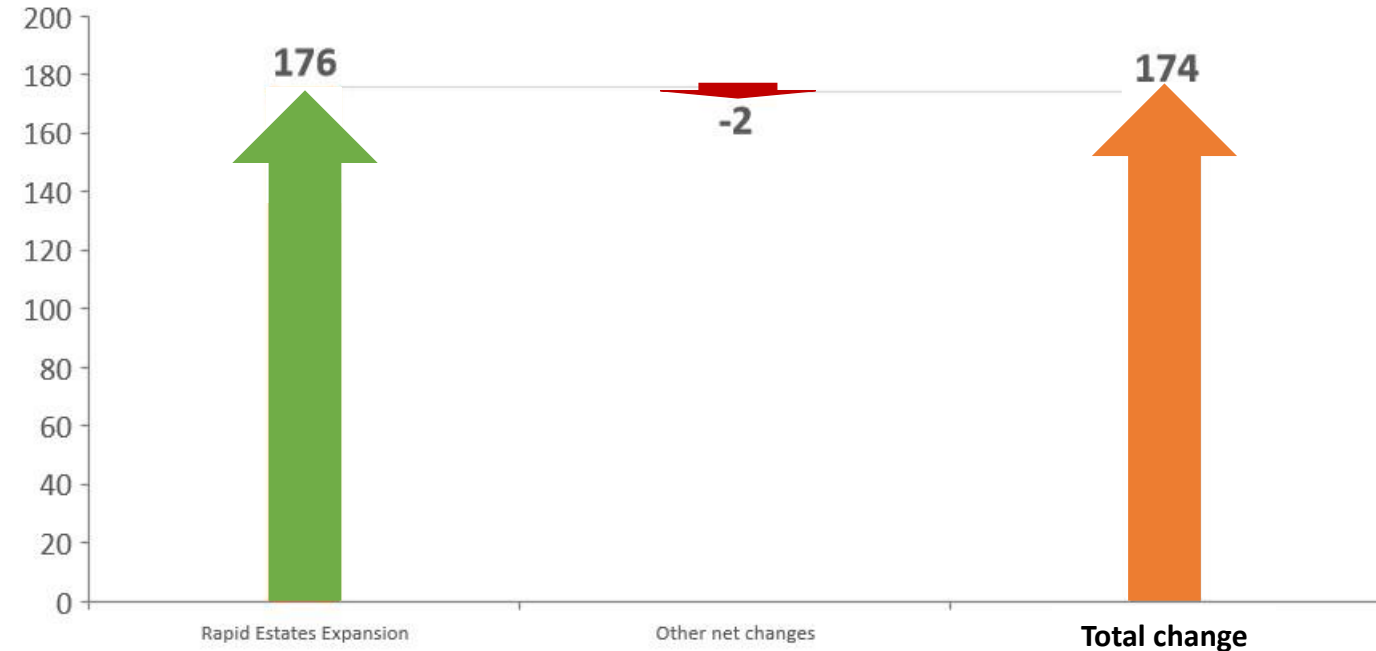
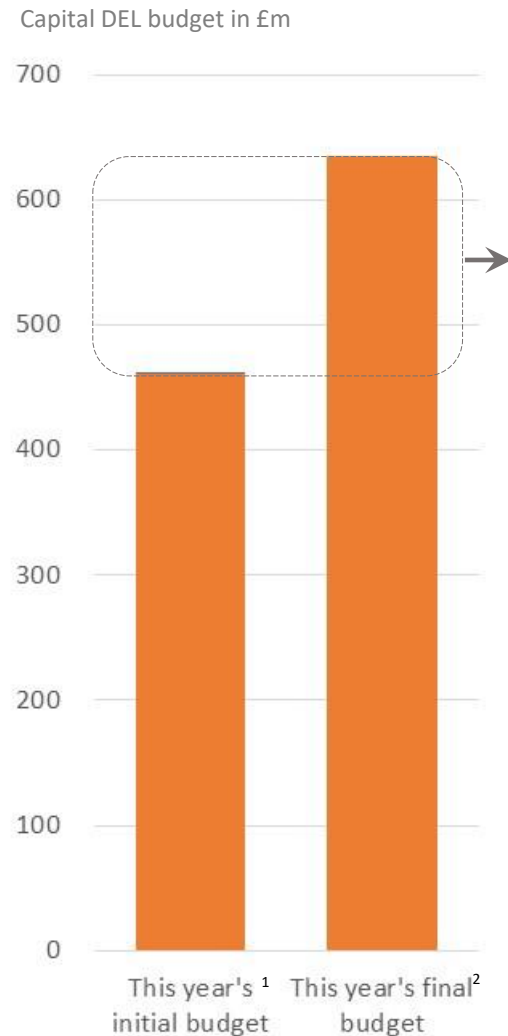
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# How is DWP's investment spending changing in 2021-22?

**DWP's investment budget increased by £174.1m (37.7%)**

**DWP's investment spending**  
Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Rapid Estates Expansion Programme (REEP):** DWP's increased CDEL budget was almost entirely due to the increase in the REEP. The programme required an additional £176 million, and is in place to expand the number of DWP premises housing work coaches, and sits alongside the Kickstart Scheme.
- **Other net changes:** Smaller budgetary adjustments resulted in a £2 million net reduction in the capital DEL budget.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

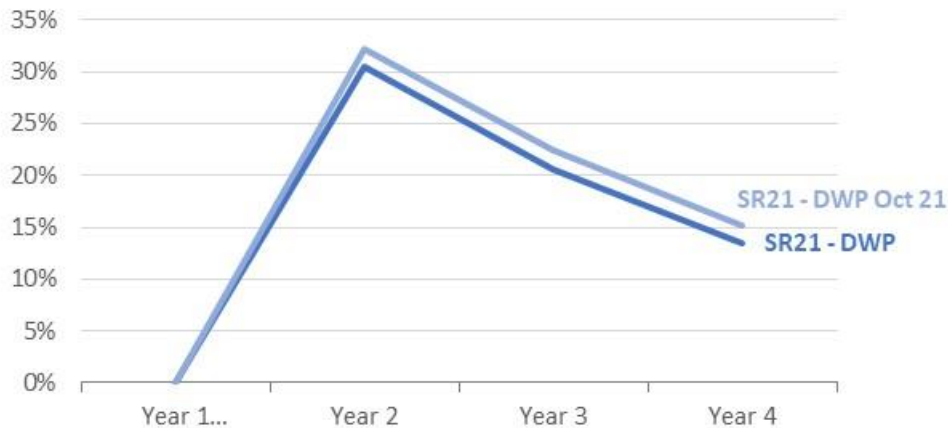
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## DWP's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

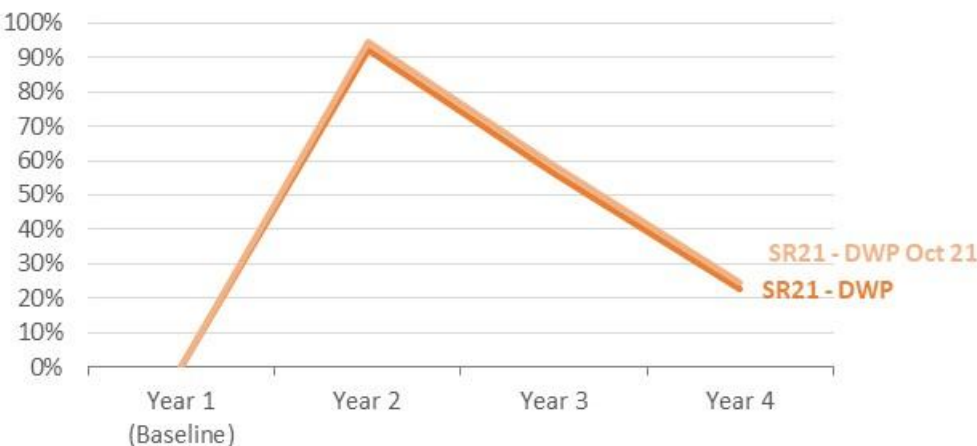
### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

- The RDEL settlement provides an 30% increase over the baseline by Year 2 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- RDEL will then reduce to a 21% increase over the baseline by year 3, and 14% by year 4. Both are decreases of 2% points from October 2021.
- The RDEL settlement includes:
  - £504 million to complete the rollout of Universal Credit over the next three years;
  - £2.6 billion for digital activity to support the delivery of benefits and transform how customers interact with the welfare system.
  - £421m for the Household Support Fund which provides Local Authorities in England with additional support for vulnerable households to cover the cost of essentials such as food and energy bills this winter.

### Trends in investment spending plans

- The CDEL settlement provides an 95% increase over the baseline by Year 2 of SR21, a decrease of 2 percentage points from October 2021. This is due to higher than forecast inflation.
- CDEL then decreases annually, ending at a 25% increase on the baseline by Year 4.
- The Capital DEL settlement includes:
  - £54 million capital funding to complete UC rollout.

Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

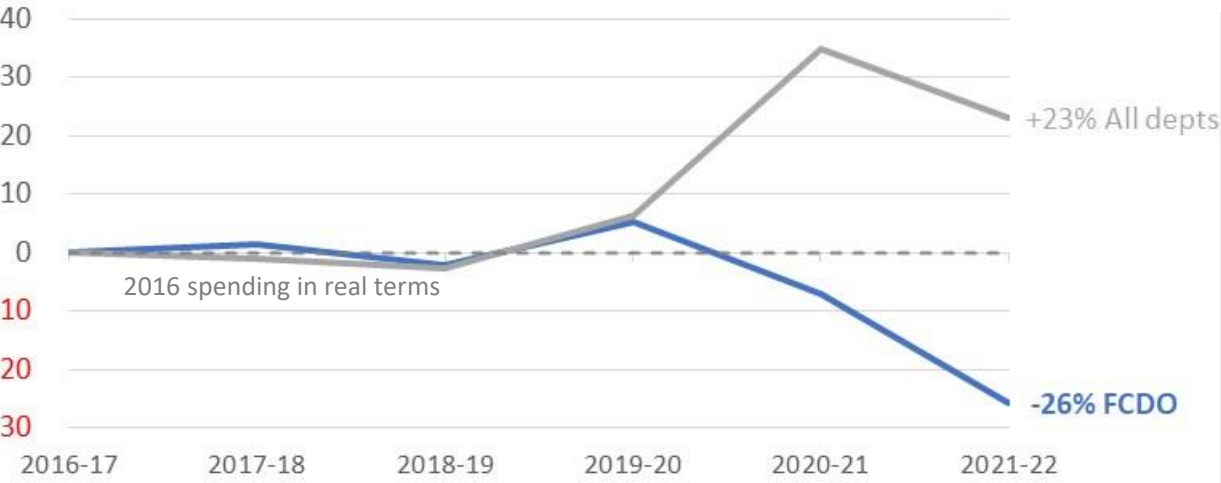
# Foreign, Commonwealth and Development Office (FCDO)



# Long-term trends in FCDO's\* spending (in real terms)

\*Pre – 2019-20 figures reflect aggregated figures from the then separate Department for International Development and the Foreign & Commonwealth Office

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



## Day-to-day spending trends

- The combined budgets of the former DFID and FCO broadly tracked general departmental spending trends until 2019-20.
- In June 2020 the Prime Minister announced that FCDO and DFID would be merged.
- In November 2020 the Chancellor of the Exchequer announced that the UK would no longer meet its commitment to spending 0.7% of GNI on Overseas Development Assistance, leading to rapid and large cuts to the FCDO's budget.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



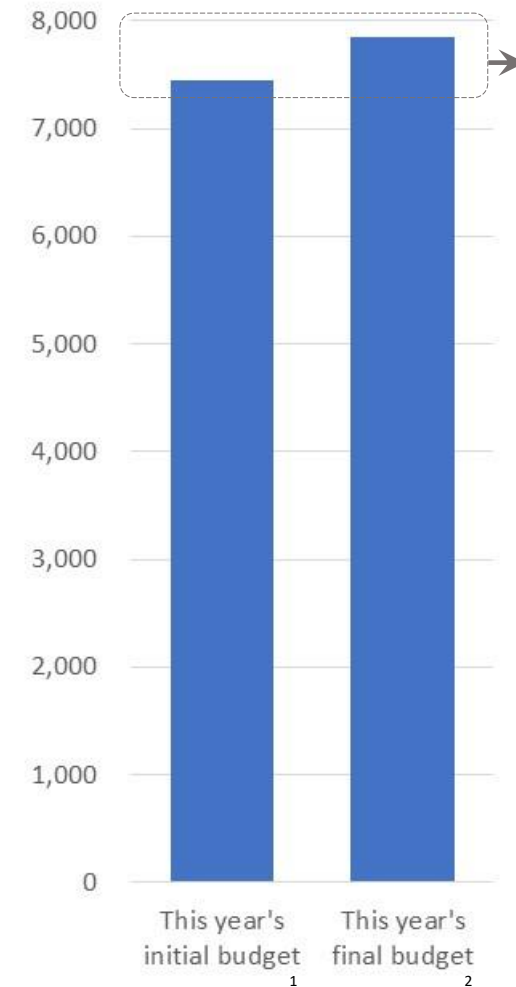
## Investment spending trends

- Both the FCO and DFID's capital spending profiles have tended to be fairly volatile due to a mixture of one-off asset sales, the profile of spending on the overseas estate and replenishment cycles to Multilateral organisations.
- Similarly to day-to-day spending, investment spending has been affected by reduced ODA spend.

## How is FCDO's day-to-day spending changing in 2021-22?

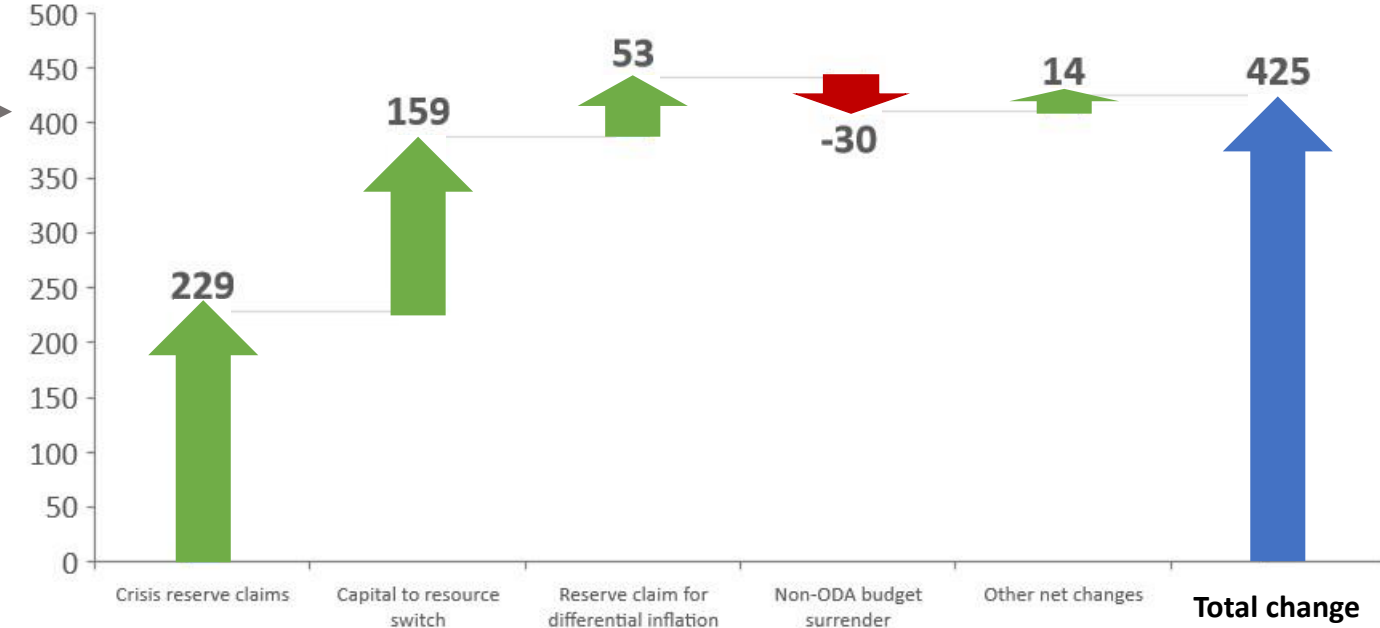
**FCDO's day-to-day budget increased by £424.6m (+5.7%)**

Resource DEL budget in £m



**FCDO's spending increase is driven by crisis reserve claims**

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Crisis reserve claims:** there were reserve claims totalling £229 million, consisting of
  - £141 million in Afghanistan humanitarian assistance;
  - £68 million new support to help vulnerable countries tackle Omicron. This budget has been brought forward from the FCDO's 2022-23 ODA allocation; and
  - £20 million for the Consular Directorate in response to the Afghanistan repatriation effort.
- **Capital to resource switch:** of £159 million
- **Inflation:** a reserve claim of £53 million to cover differential inflation
- **Non-ODA budget surrender:** a surrender to the Treasury of £30 million

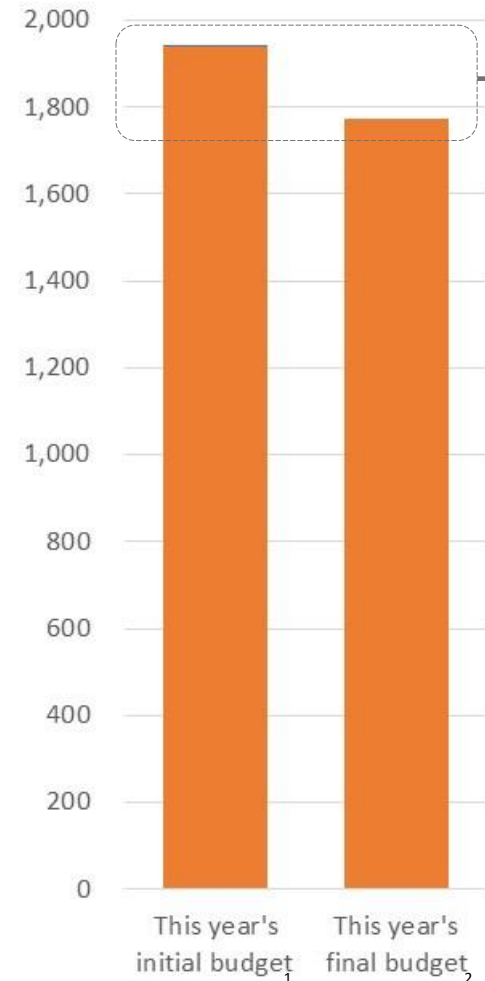
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# How is FCDO's investment spending changing in 2021-22?

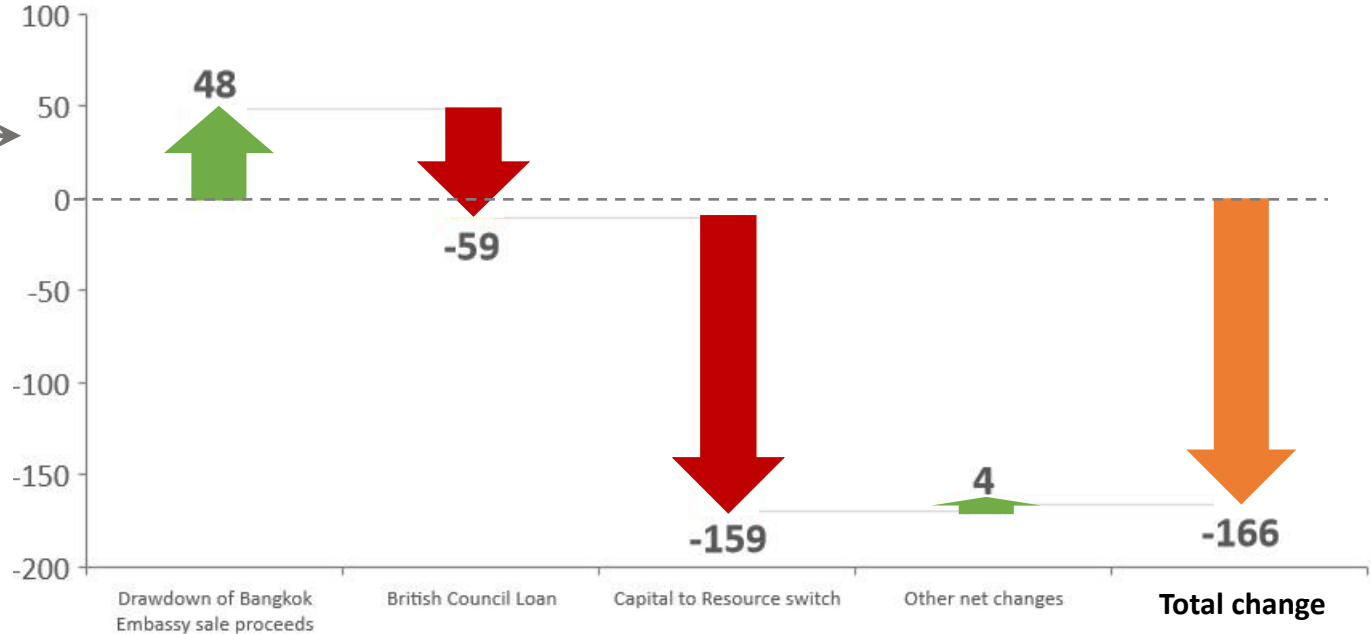
**FCDO's investment budget decreased by £166.2m (-8.6%)**

Resource DEL budget in £m



**FCDO's investment spending decrease largely reflects transfers to the day-to-day spending budget**

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

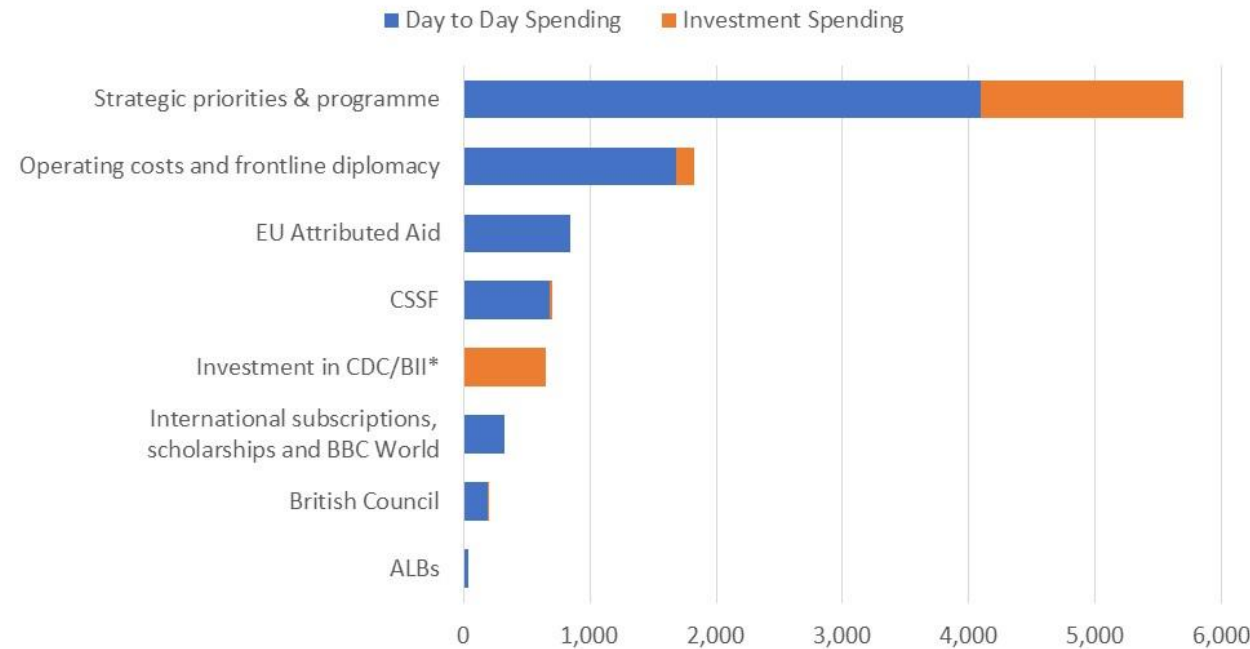
- **Bangkok Embassy:** There has been a drawdown of Bangkok asset sale receipts for estate investment of £48.2.
- **British Council loan:** a reduction of £59 million in relation to a loan previously provided to British Council, reflecting a £52 million repayment and a £7 million reduction in the credit facility required this financial year
- **Capital to resource switch:** £159 transferred to day-to-day budget to cover some of the increased cost of EU Attributed Aid.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# Most of the FCDO budget is for ‘food and farming’ for direct payments to farmers

Breakdown of Defra budget 2021-22 (£ million)\*



## \*Investment in CDC/BII (Capital AME)

- The CDC is the UK Government’s privately owned development finance company. Each year the FCDO invests in the CDC on a demand-led basis.
- CDC was renamed to British International Investment (BII) in April 2022.
- FCDO’s investment for this financial year is £651 million.

### Day-to-day spending (Resource DEL)

- **Strategic priorities and programme** budget is by far the largest spending area, containing the majority of the department ODA expenditure (£4,097 million).
- **Operating costs and frontline diplomacy** accounts for £1,681 of FCDO’s day-to-day budget, and includes funding for the FCDO overseas estate.
- **EU attributed aid** covers the UK’s outstanding commitments under the EU-UK Withdrawal Agreement to EU development programmes, the EU budget and the European Development Fund.

### Investment spending (Capital DEL)

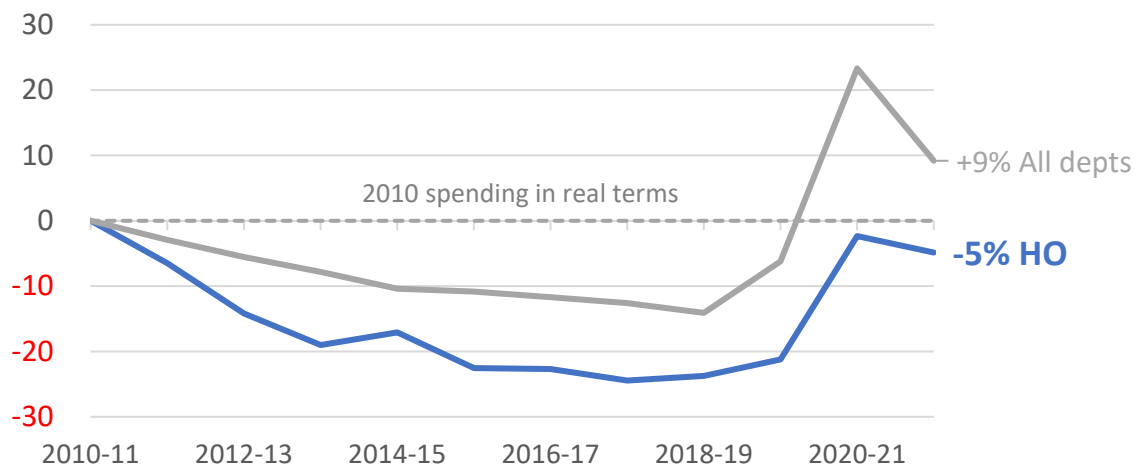
- **Strategic priorities and programme** budget is by far the largest spending area, containing the majority of the department ODA expenditure (£1,596 million).
- **Operating costs and frontline diplomacy** (£146 million) includes capital investment in new systems for the merged department.
- The **Conflict, Stability and Security Fund (CSSF)** has a relatively small capital budget of £19.1 million.

\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

# Home Office (HO)

## Long-term trends in HO's spending (in real terms)

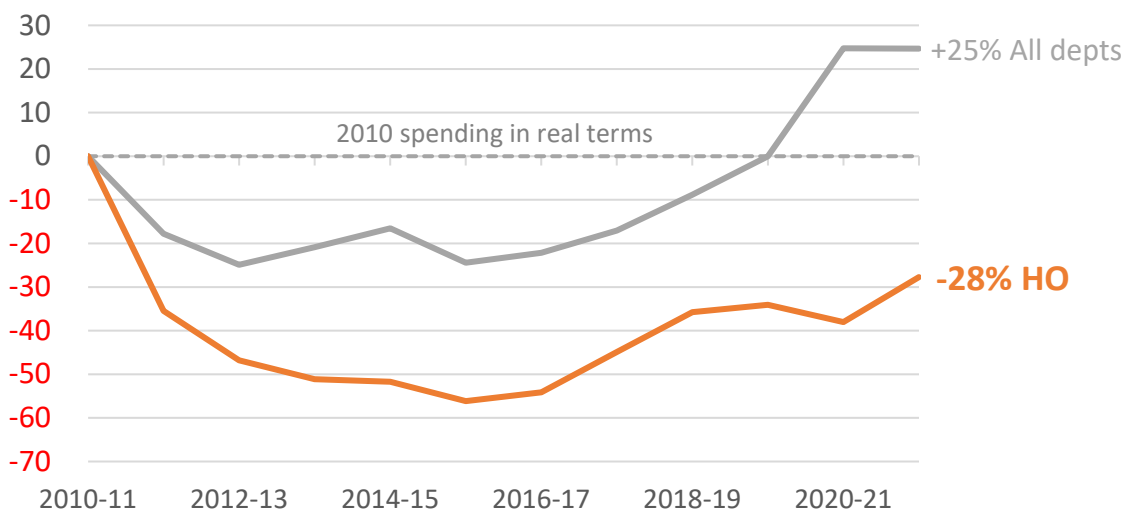
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



### Day-to-day spending trends

- HO's budget decreased significantly under austerity, with real terms reductions in spending of 25% in 2017-18 compared to 2010-11.
- In 2020-21 HO received additional funding for Covid support, EU exit preparations and for new police officers, this drove spending back towards 2010 levels.
- Requirements in these areas remain high; the supplementary estimate for 2021/22 included additional covid spending of £1.2 bn
- Despite these increases, Home Office expenditure remains below 2010 levels in real terms.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



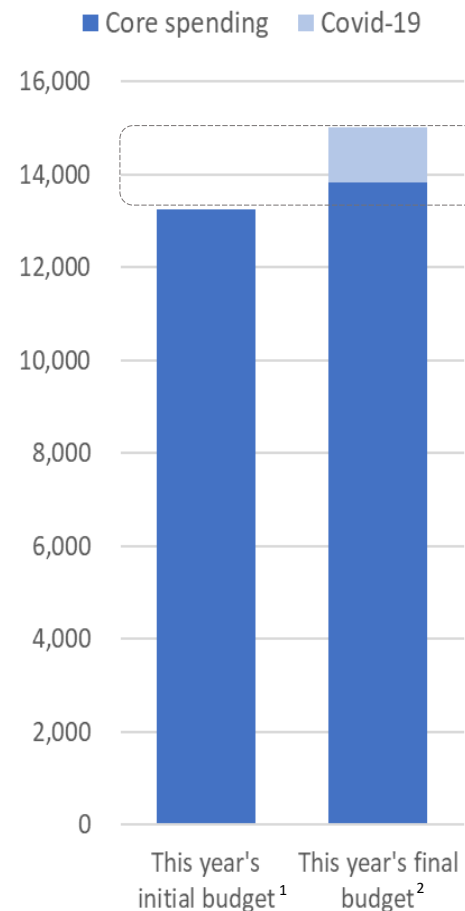
### Investment spending trends

- As with day-to-day spending, the investment budget was **reduced under austerity**; in 2015-16 it was **56% lower** than it had been in 2010-11.
- The 2015 Spending review included additional investment funding for further security infrastructure at the borders as well as an additional £1bn for the Emergency Services Network overhaul.
- Recent increases are driven by border controls such as the Future Border and Immigration System Programme.
- However, overall investment remains below 2010 (pre austerity) levels.

## How is HO's day-to-day spending changing in 2021-22?

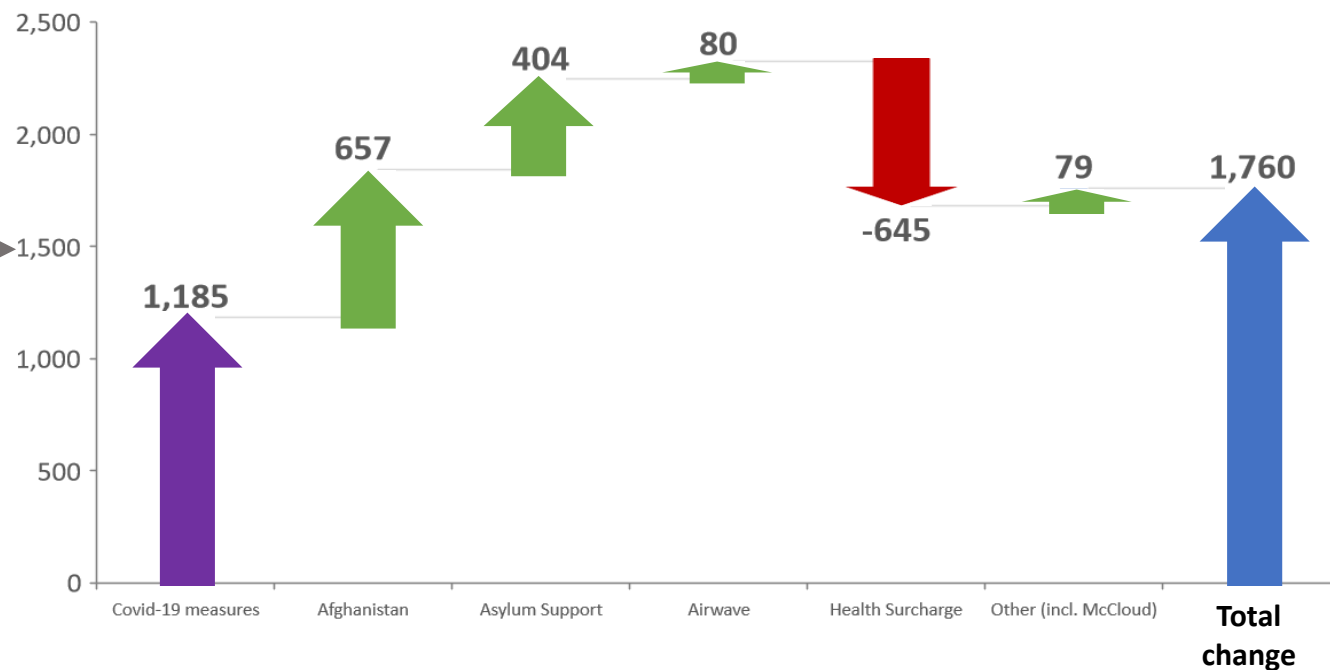
### Home Office's day-to-day budget increased by £1,759.8m (+13%)

Resource DEL budget in £m



### HO's spending increase is driven by Covid-19 and the Afghanistan relocation scheme.

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



#### Changes in 2021-22

- **Covid-19 measures:** include support for loss of income in relation to passports and visas, asylum support and additional police funding. £657.4 million for Afghanistan Relocation and Assistance Programme (ARAP) & Afghanistan Citizens Resettlement Scheme schemes
- £404 million for Asylum support, driven by an increase in the number of people arriving and the market price for accommodation;
- £79.6 million funding for contractual obligations to Airwave relating to the Emergency Service Mobile Communication Programme (ESMCP);
- Offsetting this is £645.3 million in relation to the 'Immigration Health Surcharge' made from the Department of Health and Social Care and the Devolved Administrations.
- £50 million settlement for Cohort 1 for 'injury to feelings' claims in relation to the McCloud judgement which concluded that pension changes were age discriminatory; and
- £30.7m for Project Vigilant & Safer Streets initiatives, with a focus on preventing violence against women and girls

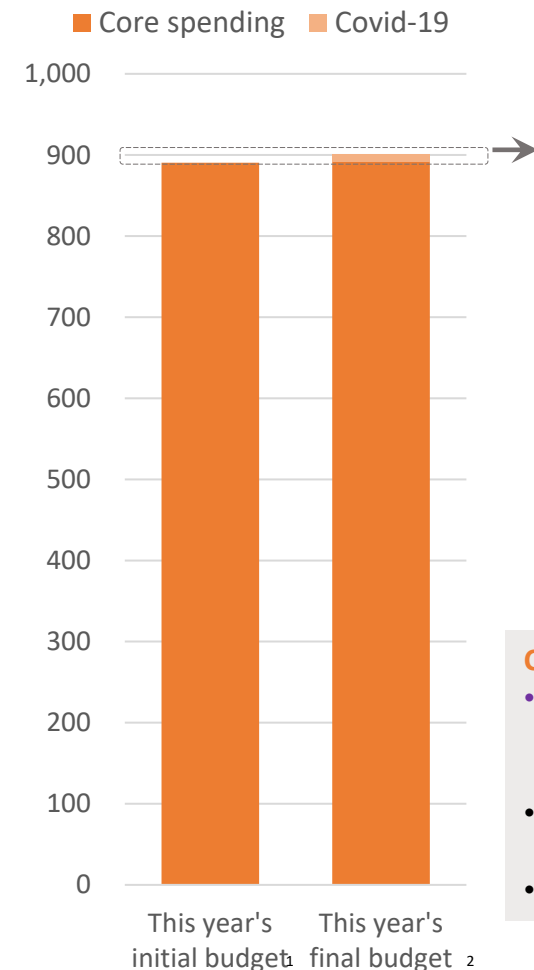
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## How is Home Office's investment spending changing in 2021-22?

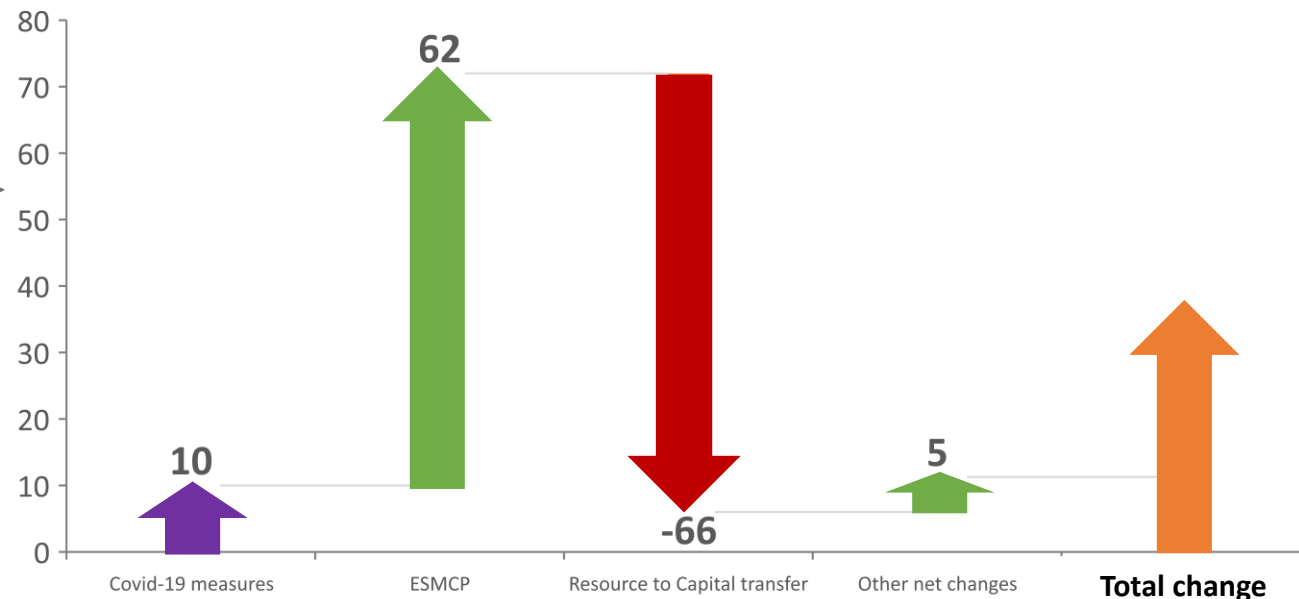
HO's investment budget increased by **£11.3m (+1%)**

Resource DEL budget in £m



HO's investment spending increase driven by COVID support for Health Measures at the Border.

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** Within Borders and Enforcement additional £10 million funding was received from HM Treasury for technology investment for Health Measures at the Border solutions including automating the 'Passenger Location Form' and additional tablets for the additional staff.
- £62 million additional investment required for the Emergency Services Mobile Communication Programme, which was offset by a
- £66 million resource to capital transfer.

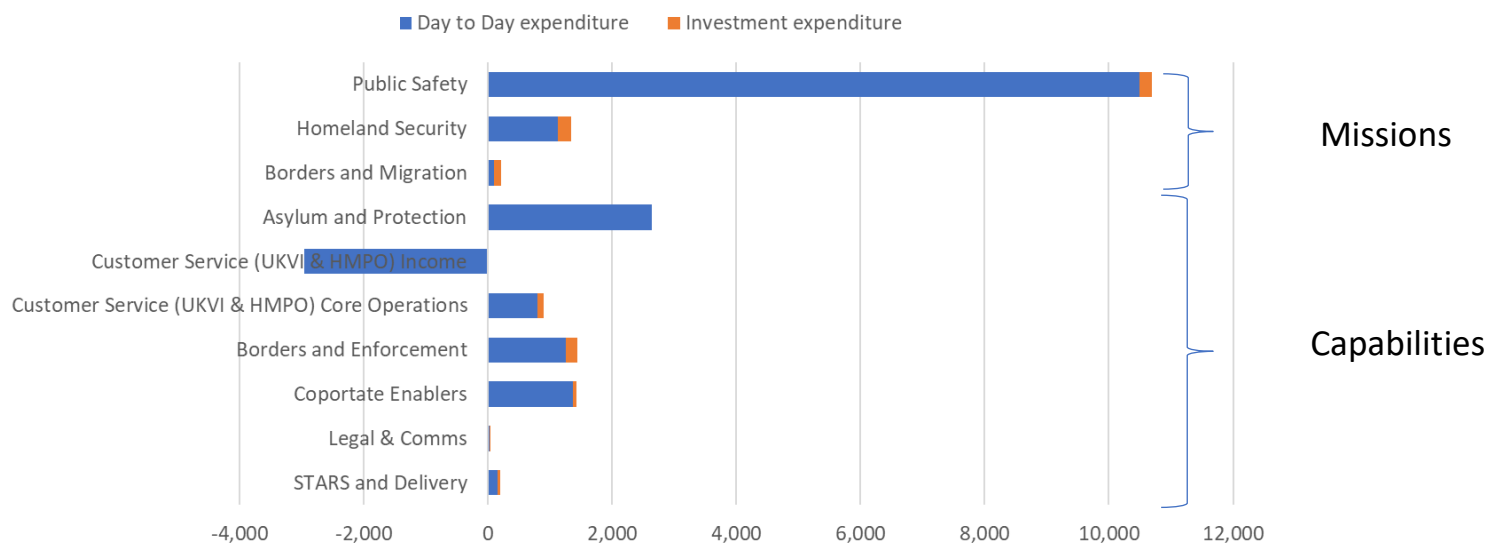
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)



## Home Office expenditure breakdown

The Home Office structure was re-organised in 2021/22 'to align leadership with outcomes/missions and cross-cutting capabilities'. 70% of its day to day expenditure is spent on Public Safety – the majority of which is Policing.



### Day-to-day spending (Resource DEL)

- **'Public Safety'** includes all costs associated with 'protecting the public from mainstream and domestic harms', the main element of this is the Policing settlement of £9,664.3 million; this is broadly in line with last year's settlement.
- **'Homeland Security'** is responsible for the government's strategy, policy and legislative response to the threats of terrorism.
- **Asylum & Protection** is £2,645.4 million +207% from last year, driven by the additional funding requested for the Afghanistan resettlement scheme
- **'Customer Service'** incorporates: 1) **Income from UK Visas and Immigration and HM Passport (£-2,952.6 million)**. This income has not returned to pre-pandemic levels and as such the HO sought additional COVID support funding of £597.4 million to cover lost revenue.
- **Corporate Enablers** provide centralised support that underpin the department's key functions, such as: HR, Finance, Commercial and Estates.

### Investment spending (Capital DEL)

There are 15 Major Programmes across the Home Office, 66% of the investment spend this year was in 3 areas:

- **Homeland Security** includes funding for 3 major programmes: 1) Suspicious Activity Reports (SARs) Reform, 2) Fraud & Cyber Crime Reporting Analysis Service & 3) Radiological and Nuclear Security Portfolio.
- **Public Safety** includes funding for 4 major programmes: 1) Emergency Services Mobile Communication Programme, 2) National Law Enforcement Data Programme, 3) Police Uplift Programme, 4) International Law Enforcement Alert Platform
- **Border & Enforcement** includes funding for 2 major programmes: 1) Digital Services at the Border and 2) Cerberus.

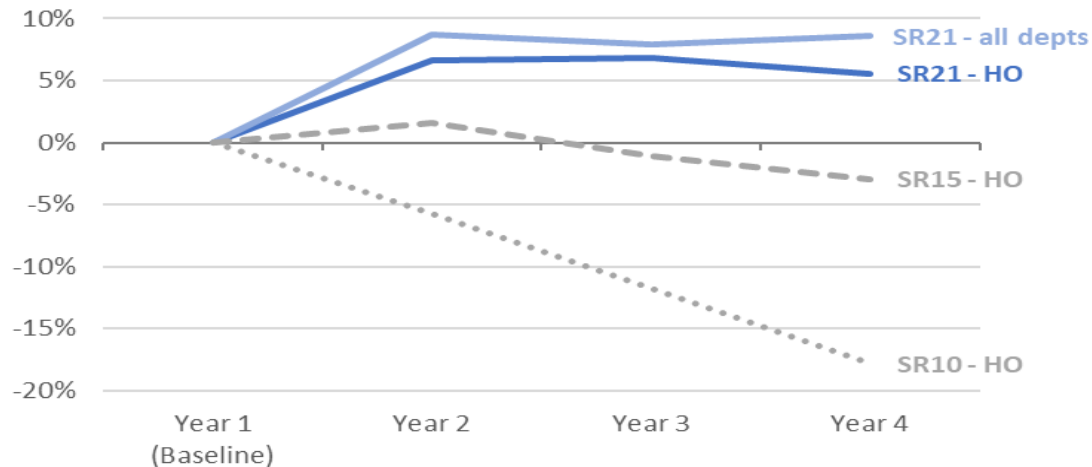
NB: Although Major Programmes drive investment spend, some programme expenditure cannot be capitalised and will fall into RDEL / day to day expenditure.

## Home Office's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)

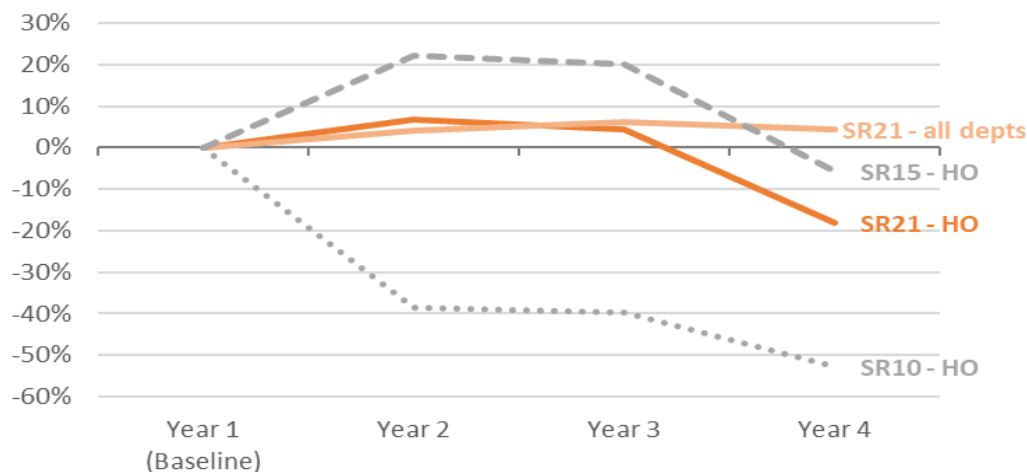


### Trends in day-to-day spending plans

- The 2010 and 2015 spending reviews saw large cuts to the Home Office RDEL budget. During these years of austerity the number of police officers fell by c.17,000.
- In October 2021, the average annual growth rate for the 3 year settlement was 2.5% in real terms. Following the Spring statement (March 2022) and the latest inflation forecast, this growth rate has now fallen to roughly 2%.

### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in investment spending plans

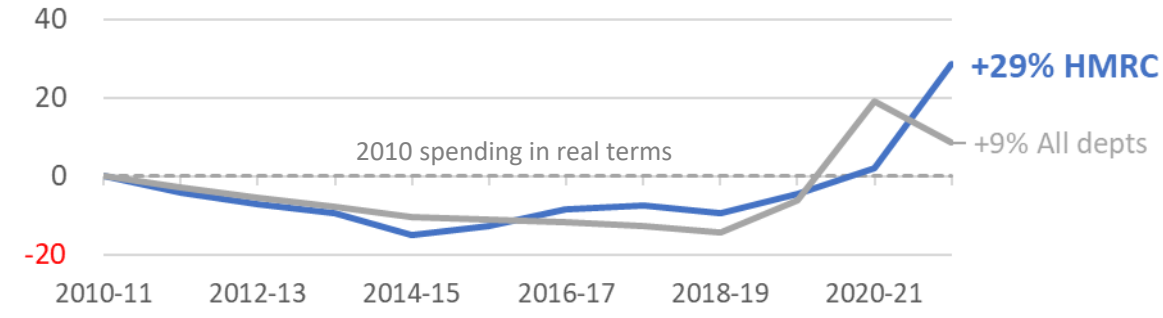
- The 2010 spending review saw real cuts to the investment budget, this was reversed during the 2015 spending review as investment spend increased in real terms for the first 2 years driven by £1bn for the Emergency Services Mobile Communications Programme.
- The 2021 Investment settlement is weighted heavily in the first 2 years; this profiling could change through the budget exchange mechanism.

Note: SR15 and SR10 gave five-year Capital DEL settlements  
 Note: baseline year for Spending Review 2021 is 2021-22

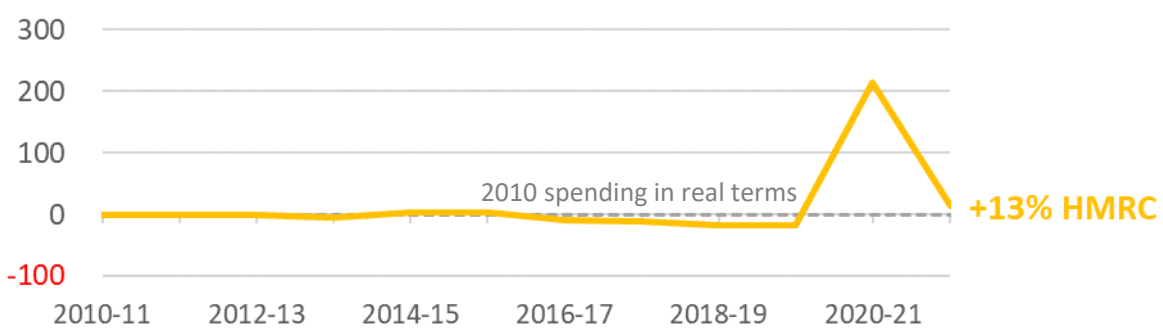
# HM Revenue and Customs (HMRC)

# Long-term trends in HMRC's spending (in real terms)

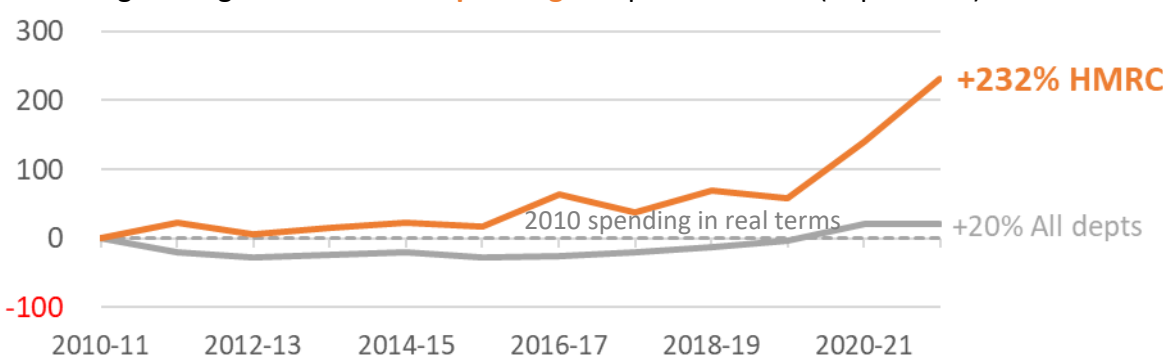
Percentage change in **day-to-day spending planned** compared to 2010 (Resource DEL):



Percentage change in **day-to-day demand-led spending** compared to 2010 (Resource AME):



Percentage change in **investment spending** compared to 2010 (Capital DEL):



## Day-to-day spending trends

- HMRC Resource DEL spending has recovered from cuts after 2010-11 and is now set to be **29% higher** in 2021-22 than in 2010-11, in real terms.
- **£771 million** has been allocated for **Covid-19** support in 2021-22. This is for a one-off grant payment for households who receive tax credits. This is classified as Resource DEL whereas the other HMRC Covid-19 schemes are recognised in Resource AME.

## Day-to-day demand-led spending trends

- The spike in spending in 2020-21 was due to the **£121.8 billion** allocated for Covid-19 furlough and income support schemes in 2020-21. This compares to **£19 billion** in 2021-22.

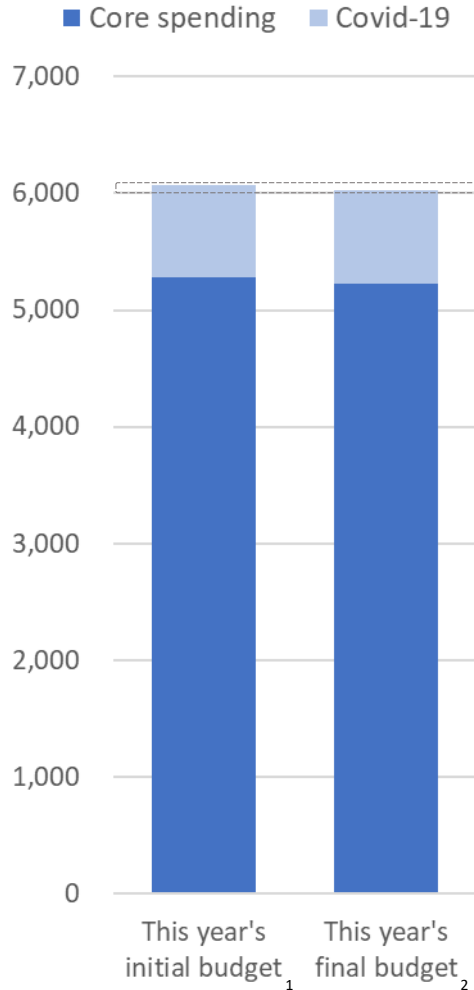
## Investment spending trends

- Investment spending (Capital DEL) is relatively low at £564 million in 2020-21 and is set to be £738 million in 2021-22.
- Most of this is spent on HMRC and VOA administration.
- There is no Capital budget for Covid-19 measures.

# How is HMRC's day-to-day planned spending changing in 2021-22?

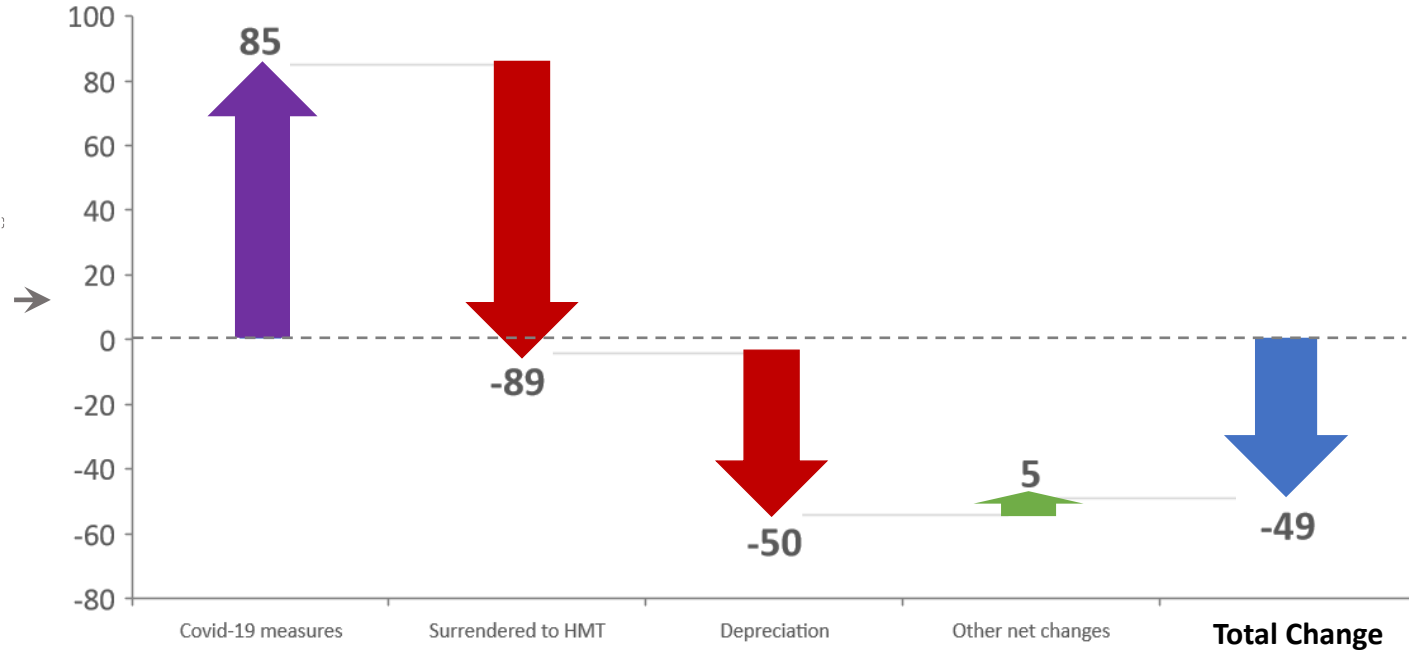
HMRC's day-to-day planned budget decreased by £48.9m (-0.8%)

Resource DEL budget in £m



HMRC's RDEL budget decrease is mainly due to underspends and reduced depreciation costs

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2021-22



### Changes in 2021-22

- **Covid-19 measures:** £79.1 million for additional costs of running the Covid-19 income support schemes and £6 million increase for the Working Household Payments Scheme.
- **Surrendered to HMT:** decrease of £88.8 million in ring-fenced budgets and £0.5 million in non ring-fenced budgets.
- **Depreciation:** £50 million decrease due to reduced depreciation estimate

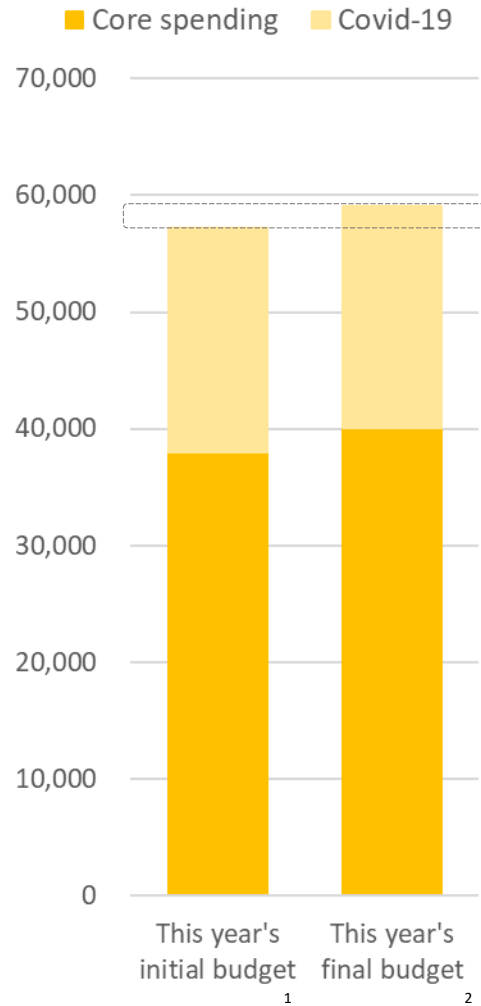
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# How is HMRC's day-to-day demand-led spending changing in 2021-22?

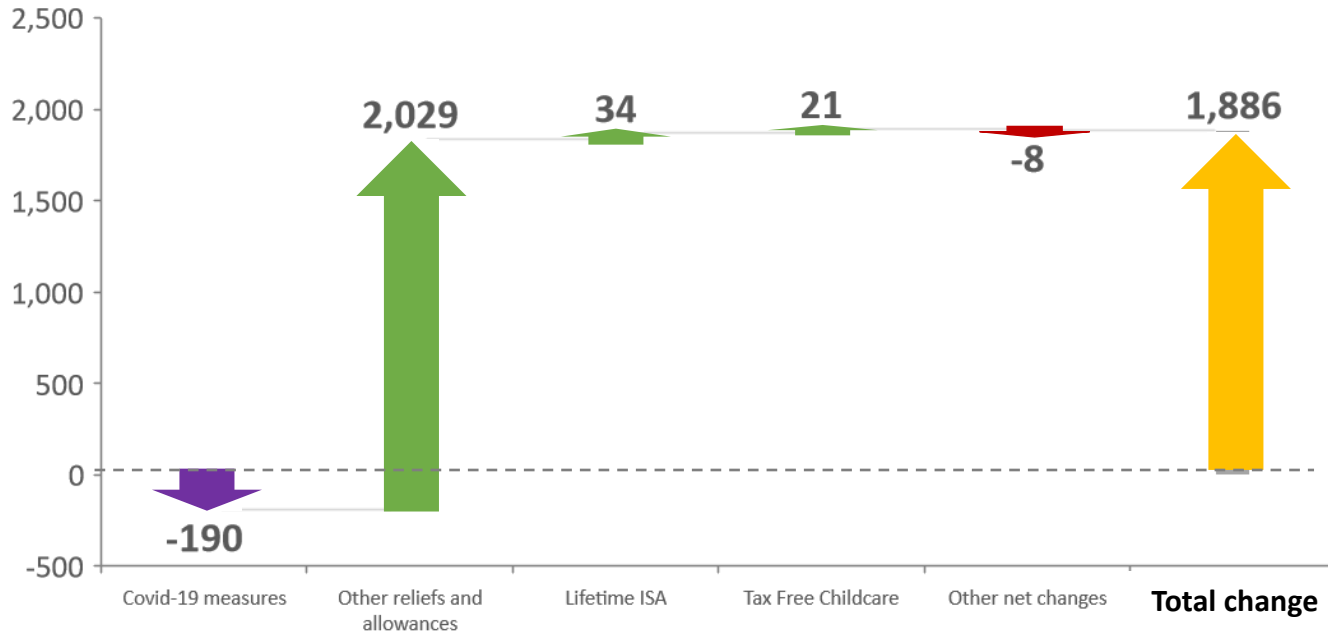
HMRC's day-to-day demand-led budget increased by £1,886.1m (+3.3%)

Resource DEL budget in £m



HMRC's demand led spending increase is mainly due to changes in forecast demand for tax reliefs

Changes in Investment (Capital DEL) budget in £m since initial budget for 2021-22



### Changes in 2021-22

- **Covid-19 measures:** £190 million decrease for Covid-19 income support schemes to reflect actual take-up of the schemes
- **Other reliefs and allowances:** £2,028.7 million increase in line with latest forecast of demand for tax reliefs, such as Research and Development tax relief and Film Tax relief.
- **Lifetime ISA:** £33.8 million to reflect latest demand for the scheme.
- **Tax Free Childcare:** £21.3 million increase due to adjustments in the forecast

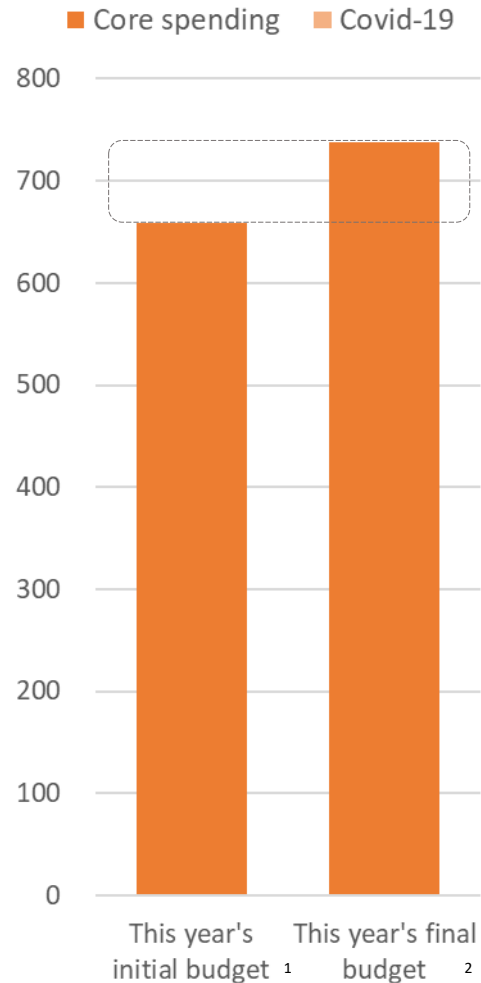
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# How is HMRC's investment spending changing in 2021-22?

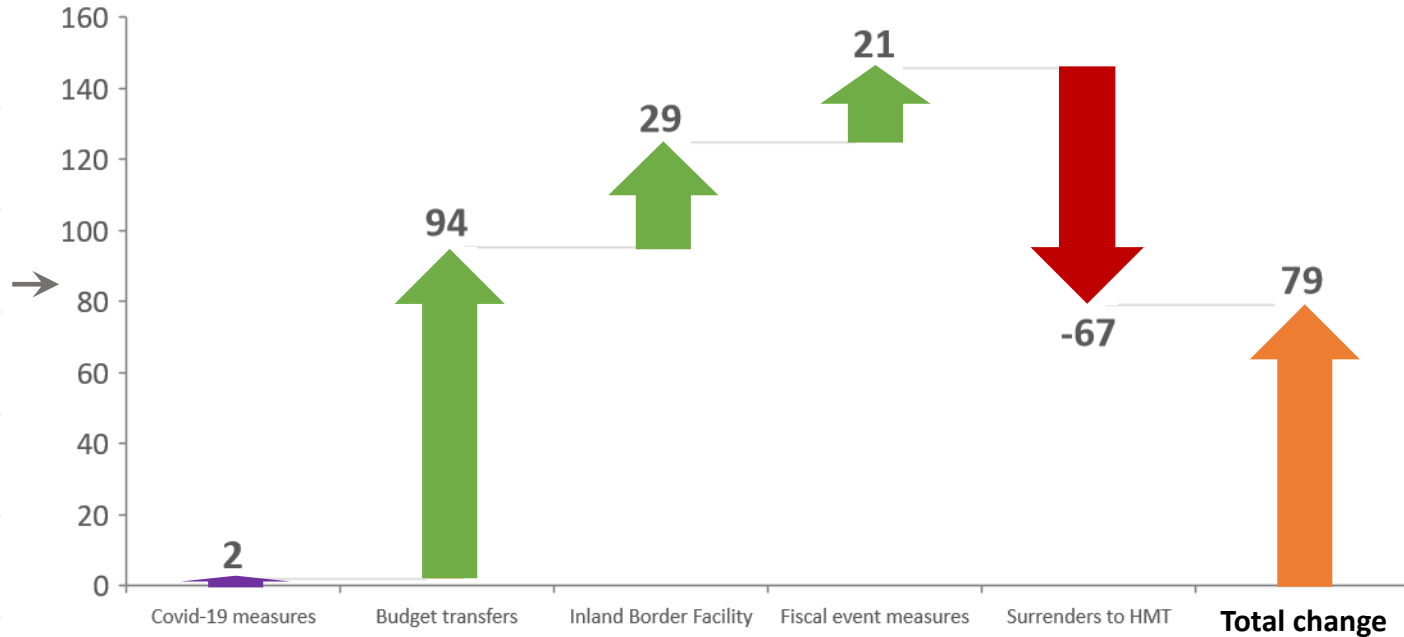
HMRC's investment budget increased by £79m (-12%)

Resource DEL budget in £m



HMRC's investment spending is increasing, mainly due to transfers from HMRC's RDEL budget and from other government departments

Changes in Investment (Capital DEL) budget in £m since initial budget for 2021-22



### Changes in 2021-22

- **Covid-19 measures:** £1.7 million for additional costs of running the Covid-19 schemes.
- **Budget transfers:** £60.4 million switch from HMRC's RDEL budget and £33.2 million from other government departments.
- **Inland Border Facility:** £29.3 million for Inland Border Facilities as part of UK transition
- **Fiscal event measures:** £21.1 million for measures announced in the Budget and Spending Review.
- **Surrenders to HMT:** £48.6 million budget surrender (ring-fenced) and £18.1 million (non ring-fenced)

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

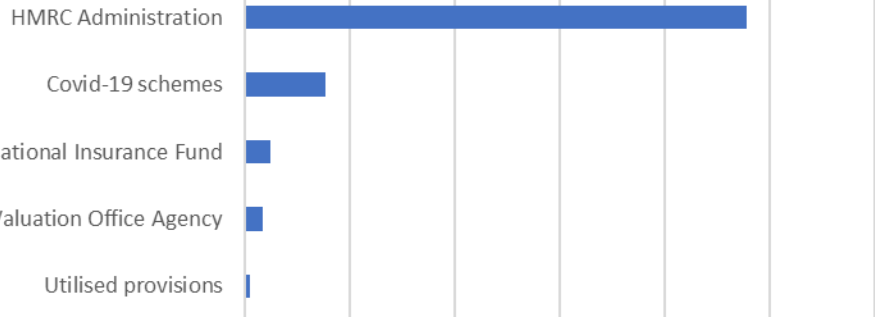
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# Most of HMRC's spending in 2021-22 is on Covid-19 schemes which ended on 30 September 2021

Breakdown of HMRC budget for 2021-22 (£ million)\*

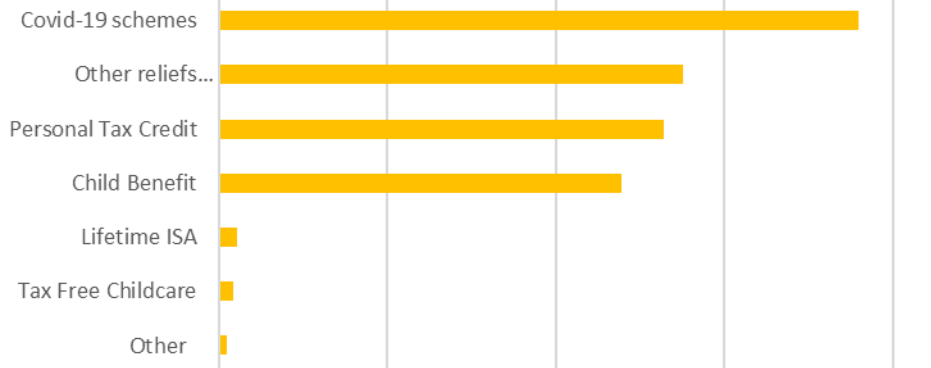
## Day-to-day spending budget

0 1,000 2,000 3,000 4,000 5,000 6,000



## Demand-led spending budget

0 5,000 10,000 15,000 20,000



### Day-to-day spending (Resource DEL)

- The total Resource DEL budget for HMRC is **£6,023.9 million**.
- 79% of this is for **HMRC administration (£4,782 million)**
- **£771 million** (13%) is for the one-off £500 payment for households who receive working tax credit.
- **£245 million** is for the **National Insurance Fund** and **£174 million** is for running the **Valuation Office Agency**.

### Demand-led day-to-day spending (Resource AME)

- Total Resource AME budget is **£59,069 million**.
- **Covid-19 support schemes** make up the largest element at **£18,976 million**. The Estimate Memorandum didn't provide a breakdown by scheme but at the Main Estimates, 57% was for the furlough scheme and the remainder for the Self-Employment Income Support Scheme.
- **Personal tax credit** payments account for **£13,214 million**, usually a substantial part of RAME spending (45% in 2019-20, compared to 11% in 2020-21 and 22% in 2021-22).
- **Child Benefit (£11,932 million)** and **Tax Free Childcare (£421 million)** make up 21% of the budget this year (29% in 2019-20, 7% in 2020-21).
- **Other reliefs and allowances** comprise **£13,756 million** of the budget for 2021-22 which includes Research and Development Relief for large and small companies and Film Tax Relief.
- Other Resource AME costs include: **£546 million** on **Lifetime ISAs**; **£80 million** on the **Valuation Office Agency** and; **£36 million** on **HMRC administration**.

\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

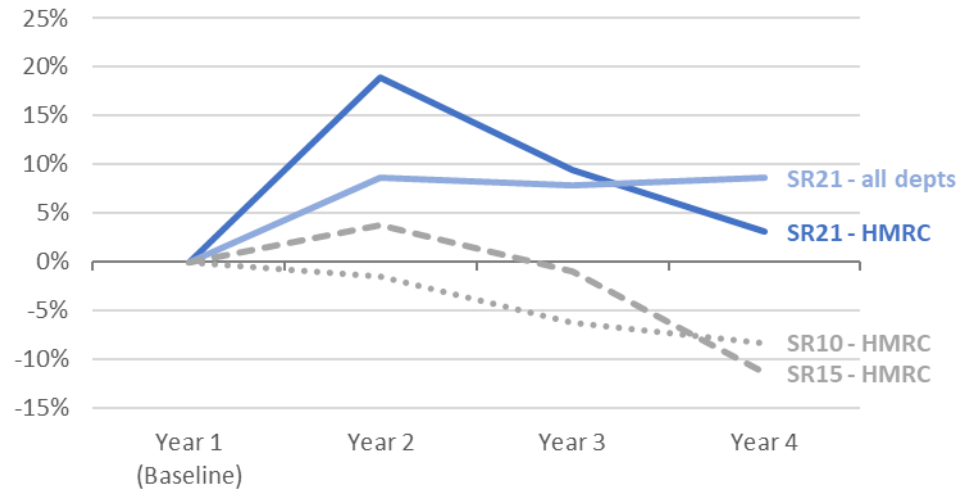


## HMRC's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

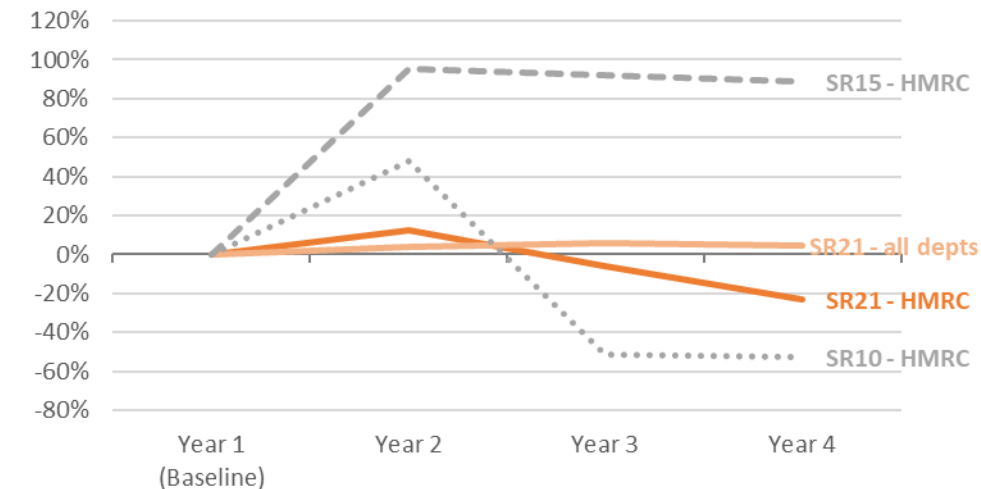
### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

HMRC's day-to-day settlement provides real terms growth of 3% by Year 4 of the Spending Review period.

Using the GDP deflator, the latest inflation figures suggest that HMRC will need a further £100 million maintain this real terms increase. Funding announcements include:

- £292 million to tackle non-compliance and the tax gap
  - £55 million in 2022-23 for the Taxpayer Protection Taskforce
- The Spring Statement 2022 included a projected increase in tax intake due to the investment in tackling non-compliance of £455 million in 2022-23, rising to £855 million in 2023-24.

### Trends in investment spending plans

HMRC's investment settlement provides real terms growth of 12% in Year 1 of SR21, but there is a decrease following this reaching -23% by Year 4. Funding announcements include:

- £838 million to complete the delivery of critical customs IT, including the new Customs Declaration Service
- £468 million to improve the resilience of the IT system to system failures and cyberattacks.
- £277 million to transform HMRC's procurement system
- £136 million investment to deliver the Single Customer Record and Account, allowing taxpayers manage their in one place.
- £107 million in 2022-23 for the Trader Support Service, which helps traders move goods into Northern Ireland.

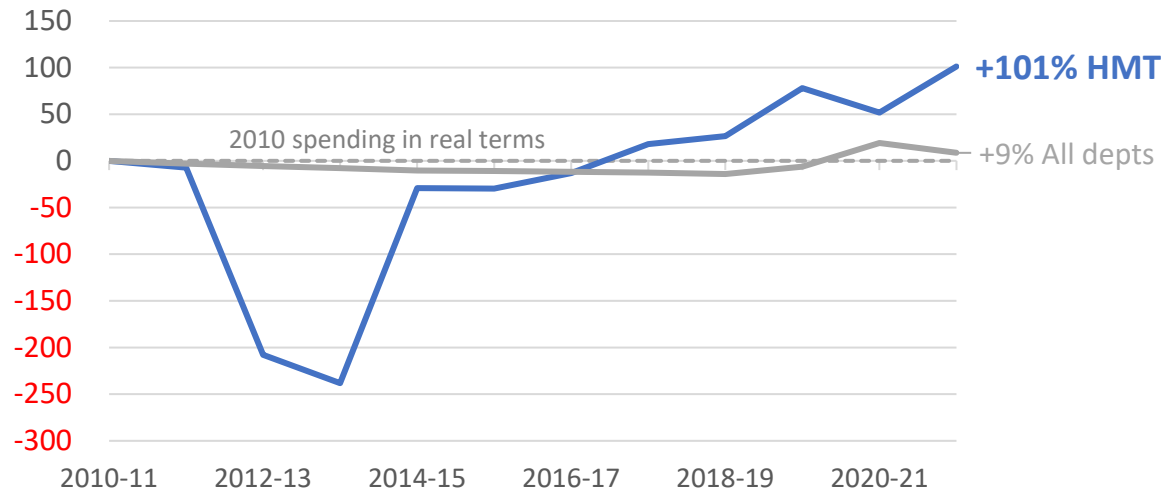
Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

# HM Treasury (HMT)

## Long-term trends in HMT's spending (in real terms)

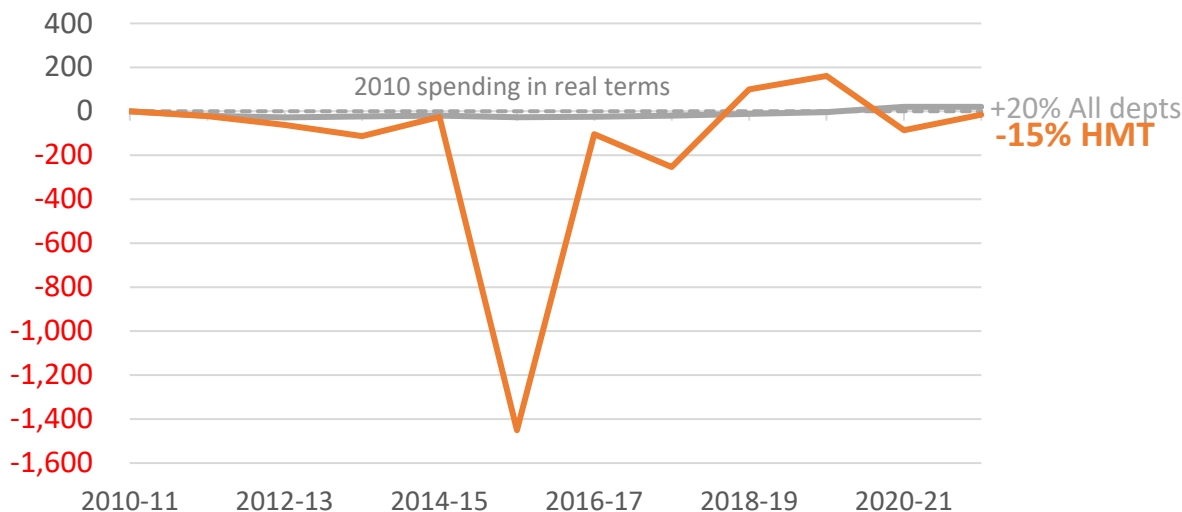
Percentage change in **day-to-day spending planned** compared to 2010 (Resource DEL):



### Day-to-day spending trends

- Day-to-day spending was cut significantly after 2010-11 reaching its lowest level in 2013-14, but has since recovered.
- Day-to-day spending is set to be **101% higher** in 2021-22 than in 2010-11, in real terms.
- **£65 million** has been allocated for Covid-19 costs in 2021-22, compared to **£52 million** in 2020-21.

Percentage change in **investment spending** compared to 2010 (Capital DEL):

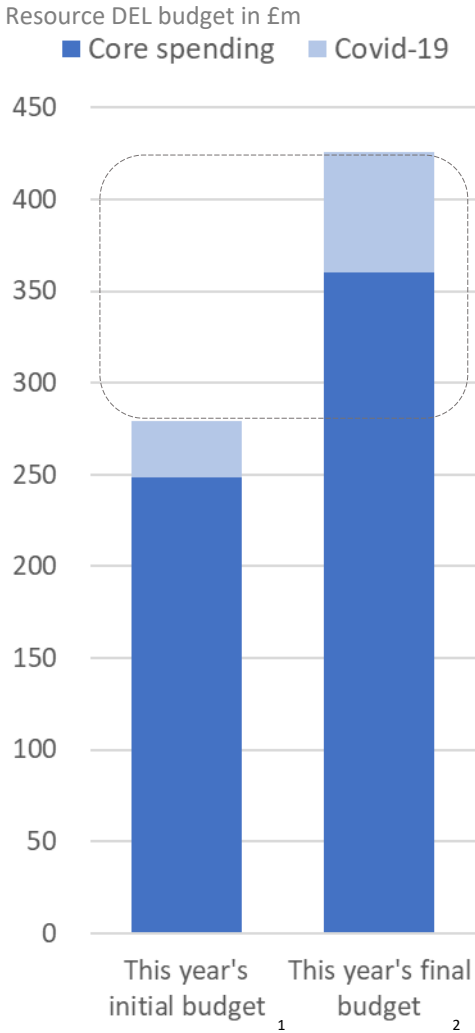


### Investment spending trends

- Investment spending has fluctuated significantly because, in some years, there was net income rather than net expenditure. For example, in 2015-16 net Capital DEL income was £660 million due to the gain on the sale of the government's stake in Eurostar.
- In 2021-22, investment spending is set to be **£48 million, 15% lower** than in 2010-11 in real terms.
- There is no budget allocated for Covid-19 costs.

# How is HMT's day-to-day planned spending changing in 2021-22?

HMT's day-to-day planned budget increased by £146m (+52.2%)



HMT's day-to-day spending increase is mainly for additional compensation scheme payments

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2021-22



### Changes in 2021-22

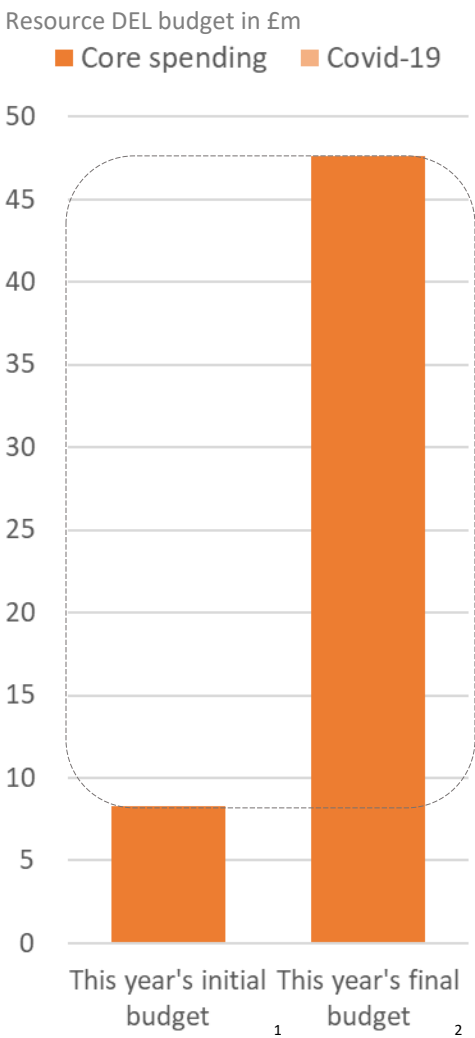
- **Covid-19 measures:** £34.4 million increase to support the economic response to the Covid-19 pandemic.
- **London Capital & Finance Compensation Scheme:** £117.4 million increase to fund payments under this compensation scheme.
- **Darlington Economic Campus:** £12.8 million decrease which has been surrendered

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

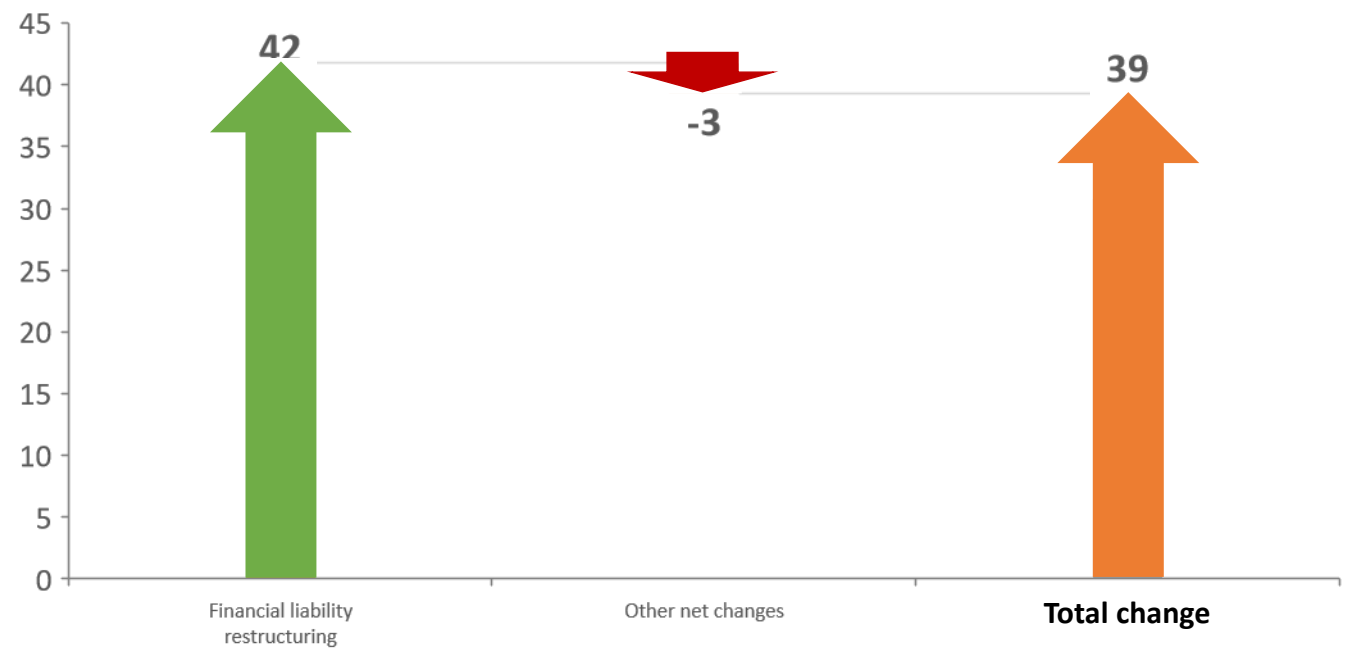
# How is HMT's investment spending changing in 2021-22?

HMT's investment budget increased by £39.3m (+47%)



HMT's investment spending is increasing due to a potential intervention to restructure a financial liability

Changes in Investment (Capital DEL) budget in £m since initial budget for 2021-22



**Changes in 2021-22**

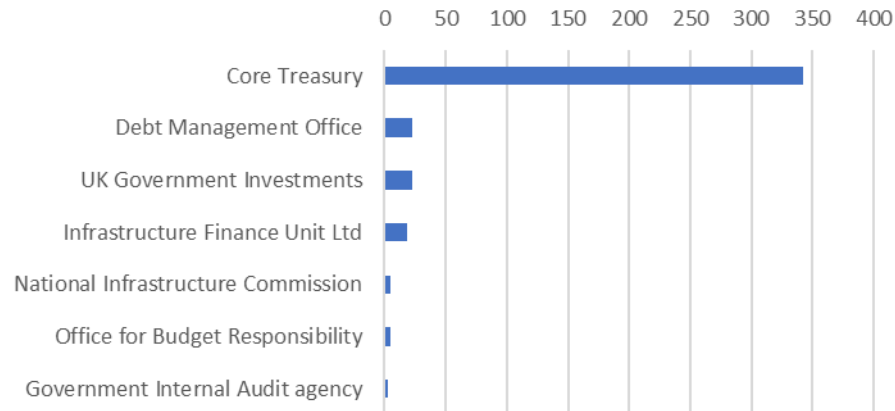
- Financial liability restructuring:** £41.8 million for a potential intervention to restructure a financial liability held on the balance sheet, in order to preserve its value for the Exchequer.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)  
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

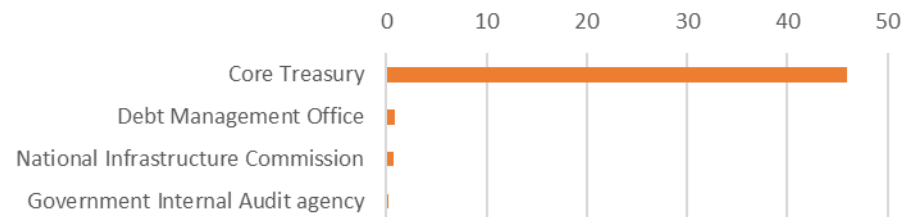
# Most of HMT's spending is on core administration, although there is significant budget cover for possible valuation movements in Bank of England assets

Breakdown of HMT budget for 2021-22 (£ million)\*

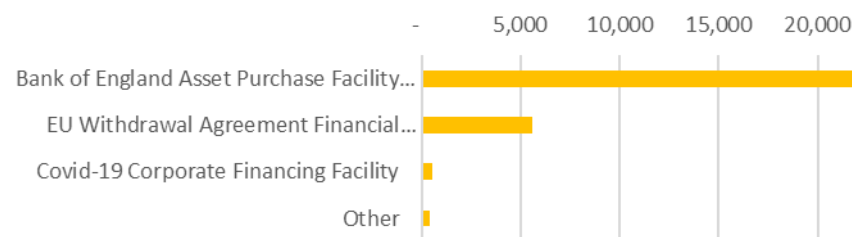
## Day-to-day spending budget



## Investment spending budget



## Demand-led day-to-day budget



### Day-to-day spending (Resource DEL)

- The total Resource DEL budget for HMT is **£421.5 million**.
- Core Treasury** makes up by the far the largest element in the day-to-day budget at **£342.8 million (81%)**.
- Of the other bodies which sit within HMT, the Debt Management Office makes up 5% (**£23 million**), UK Government Investments 5% (**£22.4 million**), UK Infrastructure Bank 4% (**£18 million**) and the other bodies combined also 4% (**£15.3 million**). There was £3.5 million of unallocated budget at the Main Estimate which has since been allocated.
- Covid-19 costs make up 16% (**£65.4 million**) of the day-to-day budget in 2021-22, all of which sits within the Core Treasury budget.

### Investment spending (Capital DEL)

- Total Capital DEL budget is **£47.6 million**, **£46 million** of which is for Core Treasury functions.
- £0.8 million** is for the Debt Management Office, **£0.7 million** for the National Infrastructure Commission and **£0.1 million** for the Government Internal Audit Agency.

### Demand-led day-to-day spending (Resource AME)

- Total Resource AME budget is **£86,576.3 million**, **92%** of which is budget cover for possible movements in the value of the **BEAPFF**.
- £5,585 million** is for payment of the EU Withdrawal Agreement Financial Settlement.
- Other funding includes **£573 million** for the **COVID Corporate Financing Facility** and **£110 million** for the **Sovereign Grant to the Royal Household**.

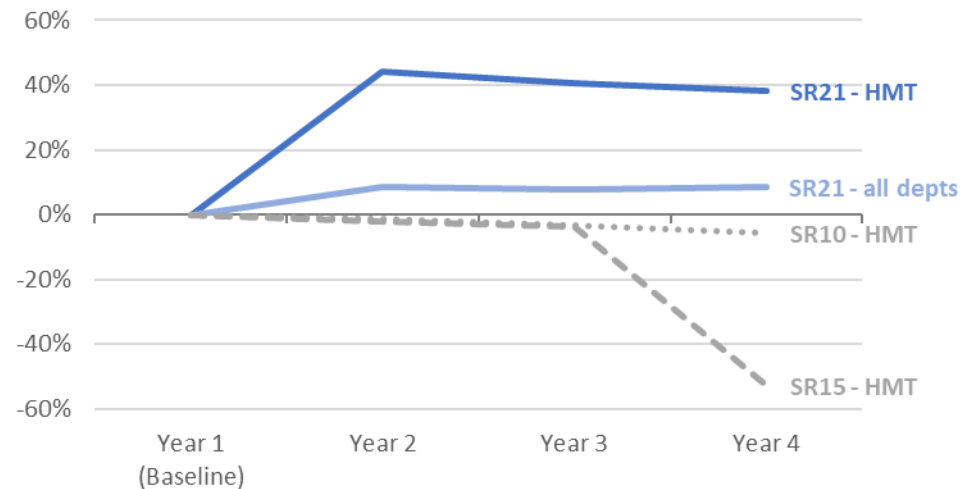
\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

## HM Treasury's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

### Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)

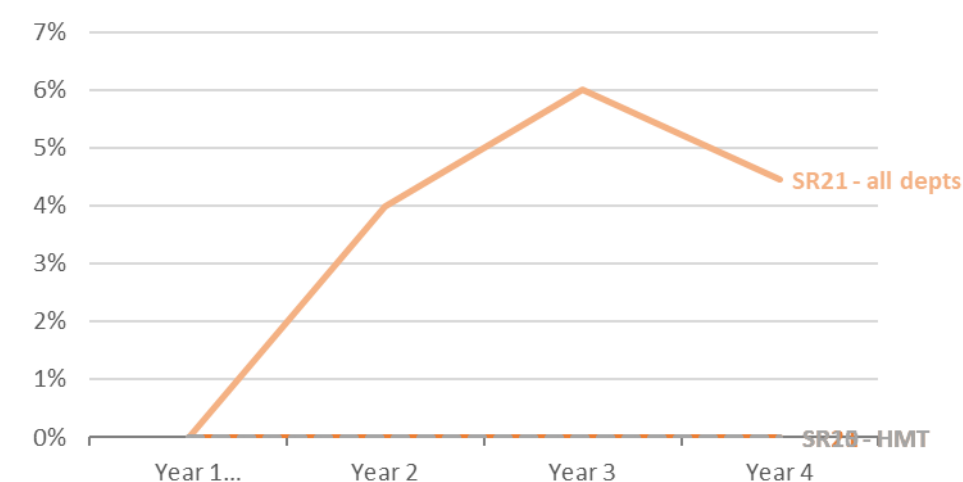


### Trends in day-to-day spending plans

- The HM Treasury (HMT) settlement provides real terms growth of 38% by Year 4 of the Spending Review period, compared to 9% across all departments.
- There are no major spending commitments within this.

### Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in investment spending plans

- The nominal investment budget figures have been rounded down to nil in the SR21 documents. HMT's investment spending is usually relatively low.
- The capital budget will include funding for the Darlington economic campus. In 2021-22, £6 million was allocated for this project but it's unclear how much will be allocated in future years.

Note: SR15 and SR10 gave five-year Capital DEL settlements

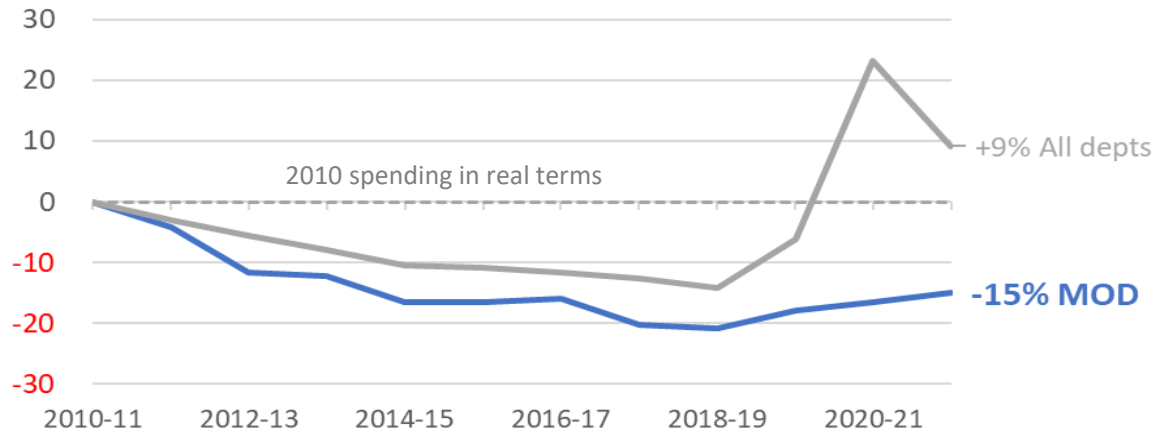
Note: baseline year for Spending Review 2021 is 2021-22

# Ministry of Defence (MOD)



## Long-term trends in MOD's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



### Day-to-day spending trends

- MOD's budget for day to day spending has been **broadly flat since 2014-15**, following more significant real-terms cuts earlier in the decade.

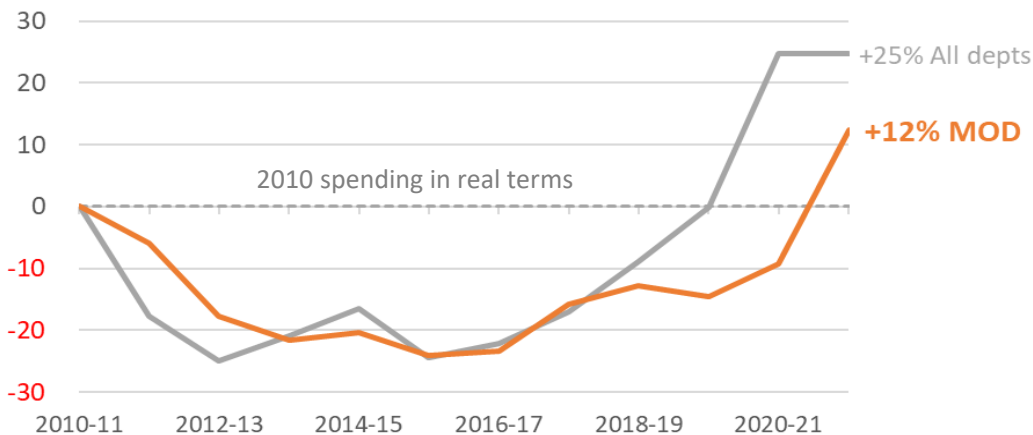
### Investment spending trends

- Since 2010, the MOD has seen reduced real-term investment budgets, though the level of funding reductions was less severe than other Departments.

- MOD's capital budget **increased in real terms from 2015-16**, recovering some of the earlier reductions.

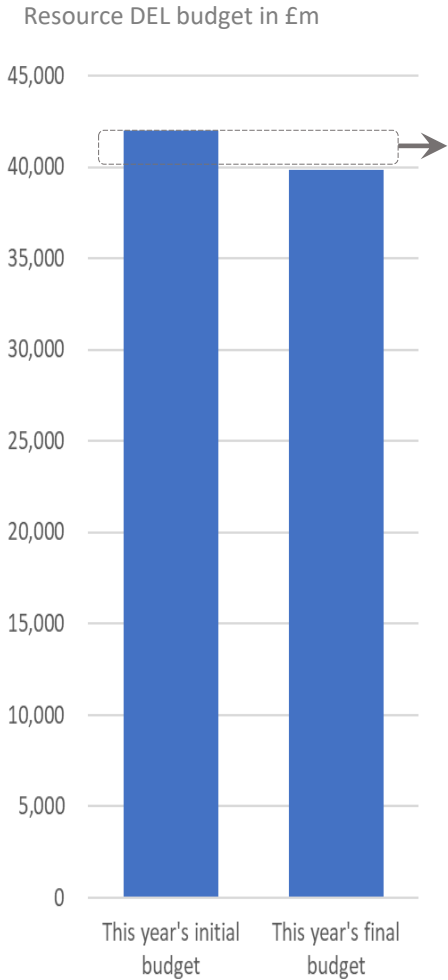
- Recently, alongside the Integrated Review of Security, Defence, Development and Foreign Policy, the MOD has received a significant increase in funding.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



# How is MOD's day-to-day spending changing in 2021-22?

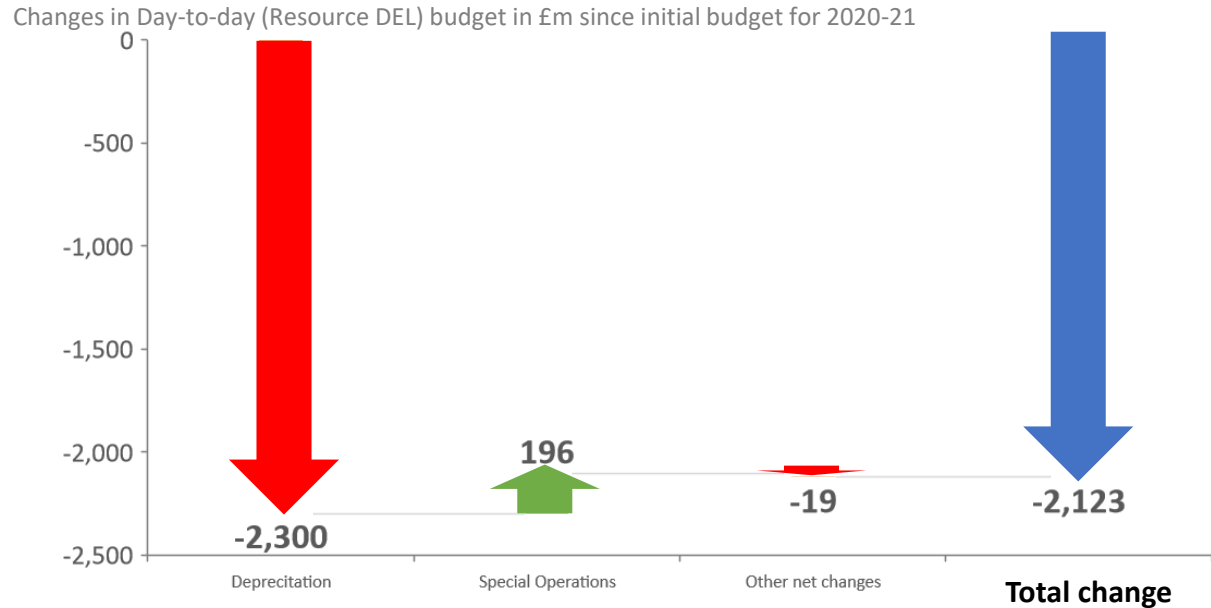
**MOD's day-to-day budget decreased by £2,122m (-5%)**



1

2

**MOD's spending decrease is driven by depreciation**



### Changes in 2021-22

The MOD proposed a reduction in its Resource DEL budget by £2.1 billion (- 5%). This was driven by:

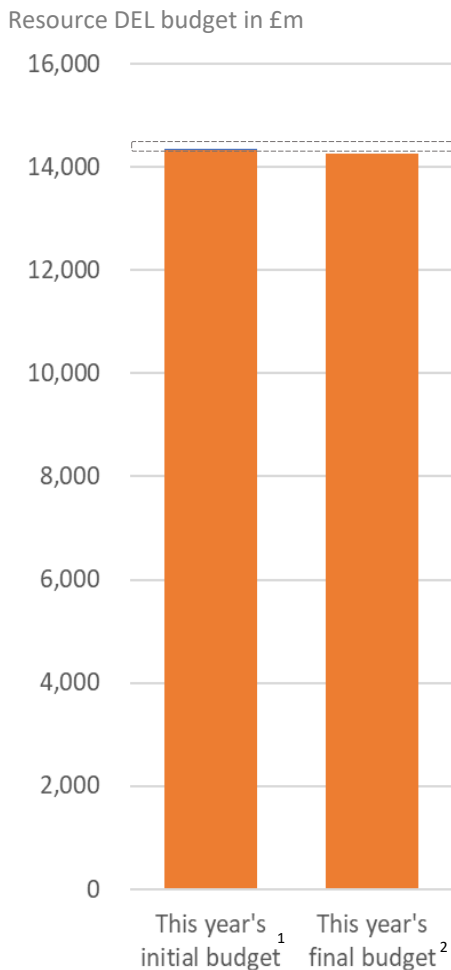
- a **£2.3 billion reduction in depreciation charges** due to an over allocation in the Main Estimate. Depreciation and impairment costs are non-cash items and make up roughly 21% of Defence's total Resource DEL budget. The depreciation and impairment budget is ring fenced and cannot be used to fund pressures on other elements within Resource DEL.
- an **additional £0.2 billion for 'Operations and Peacekeeping'** driven by: ongoing Counter-Daesh operations, operational activities in the Gulf and 'Operation Pitting' - the operation to evacuate British nationals and eligible Afghans from Afghanistan following the Taliban offensive in 2021.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

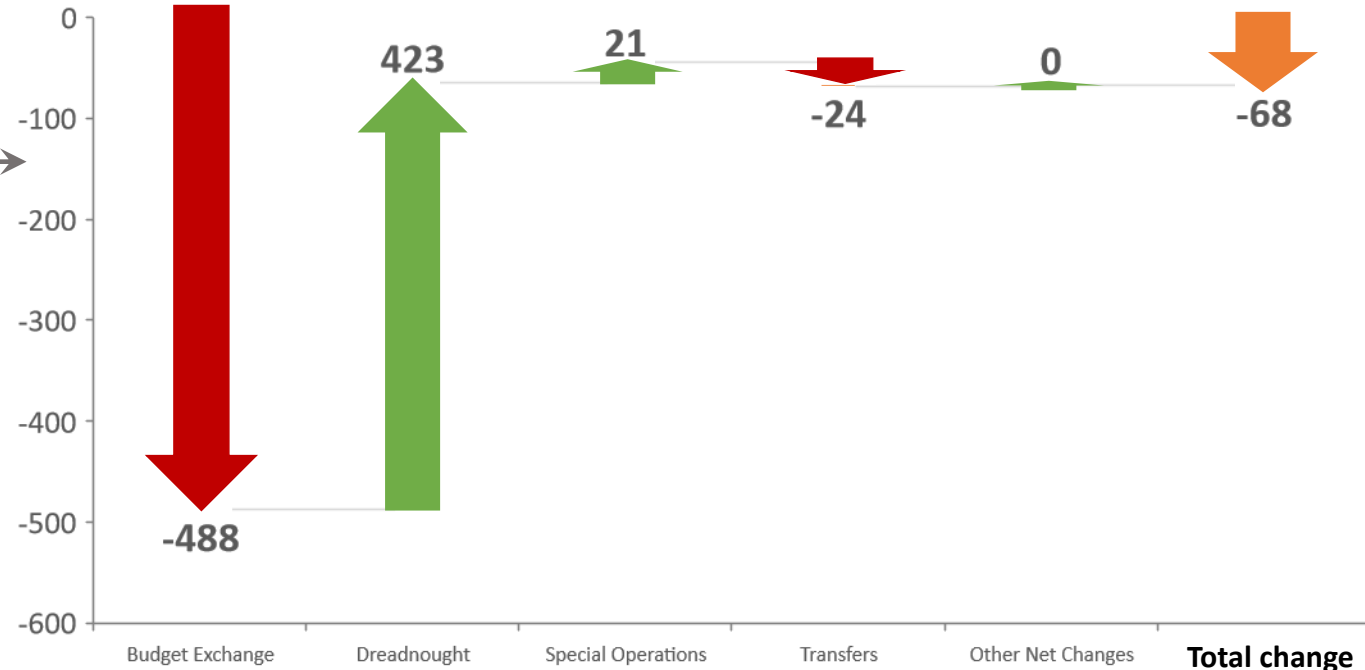
# How is MOD's investment spending changing in 2021-22?

**MOD's investment budget decreased by £68m (-0.5%)**



**MOD draws down on the Dreadnought contingency fund.**

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

The reduction in the Capital DEL budget is driven by:

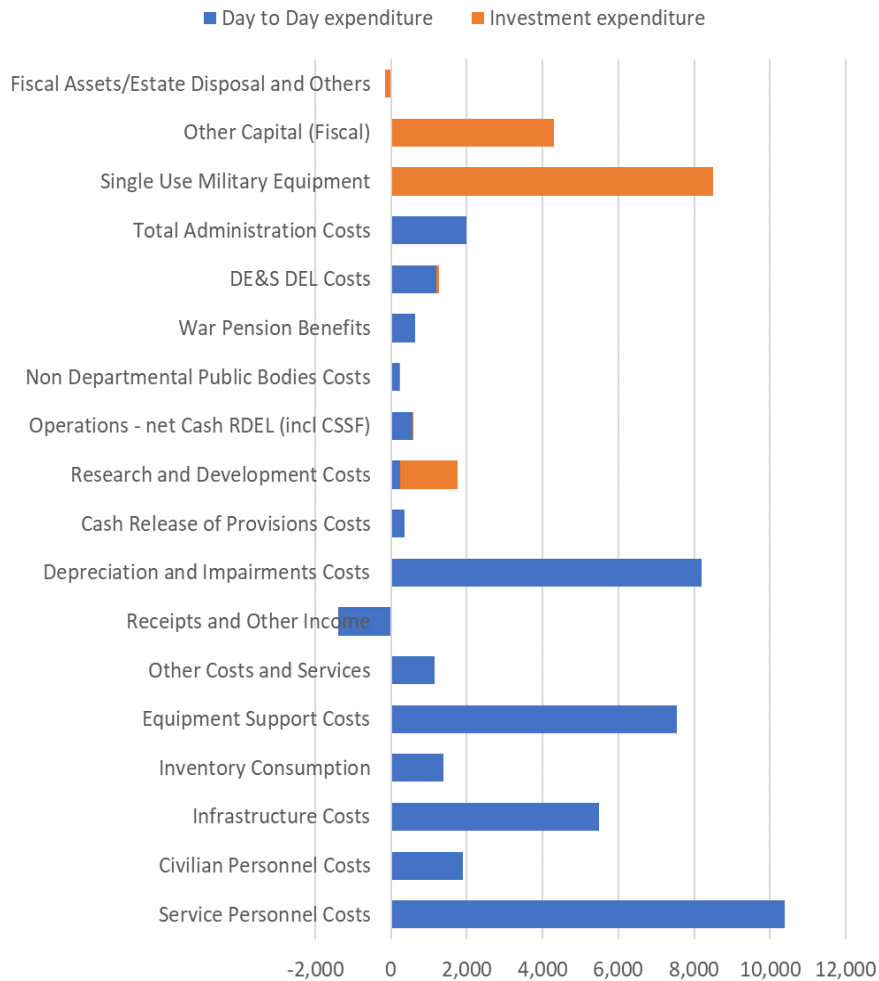
- £488 million reduction following a Budget Exchange into future periods, there are no details on the areas that this relates to,
- £423 million increase to reflect the draw down on the 'Dreadnought' contingency fund; £1.3 billion of the £10 billion contingency fund has been made available for drawdown from 2021 – 2025 from the central reserve should it be required.
- a £21 million increase required for 'Operations and Peacekeeping', such as: Counter-Daesh operations, operational activities in the Gulf and 'Operation Pitting' - the operation to evacuate British nationals and eligible Afghans from Afghanistan following the Taliban offensive in 2021, and
- a £24 million reduction as a result of smaller inter departmental transfers from the Home Office and to the Security and Intelligence Agencies

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# Most of the MOD's budget is for personnel and single use military equipment

Breakdown of MOD budget 2021-22 (£ million)\*



## Day-to-day spending (Resource DEL)

- **Personnel costs** account for nearly a third of day-to-day expenditure, at just over £12.3 billion.
- Non-current assets incur **depreciation and impairment costs**, which have no real cash impact on the budget. In 2021-22 this accounts for £8.2 billion, 20%, of the day-to-day budget.
- **Equipment support costs and infrastructure costs** makes up £7.5 billion (18.9%) and £5.5 billion (13.8%) of the day-to-day budget respectively.

## Investment spending (Capital DEL)

- **Single Use Military Equipment Single** is equipment that could not be used by civilian organisations to produce goods and services (i.e. weapons and equipment that supports and delivers such weapons). It is by far the largest are of capital expenditure at nearly £8.5 billion (60% of the investment budget).
- **Research and Development costs** is primarily incurred on the development of new single use military equipment (SUME) and on the improvement of the effectiveness and capability of existing single use military equipment. In 2021-22 R&D accounted for £1.5 billion (11%) of investment spending.

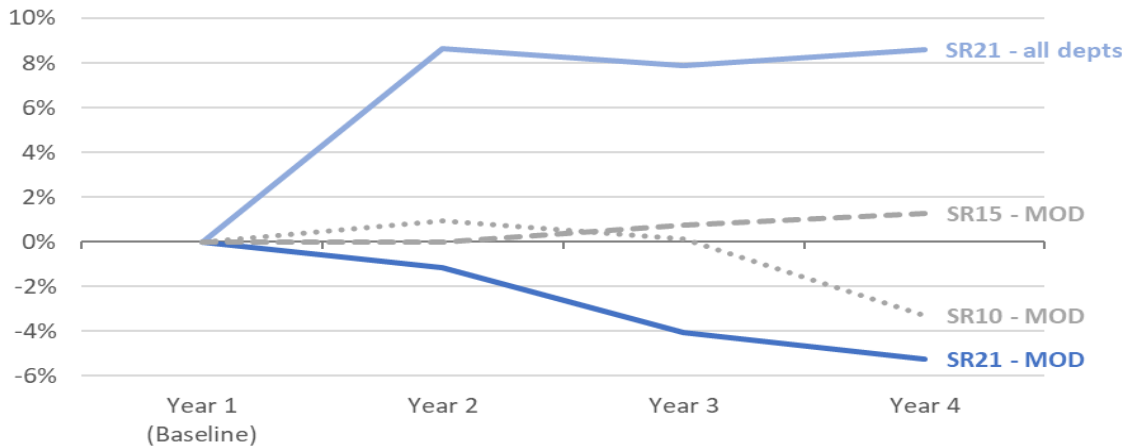
\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

# MOD's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

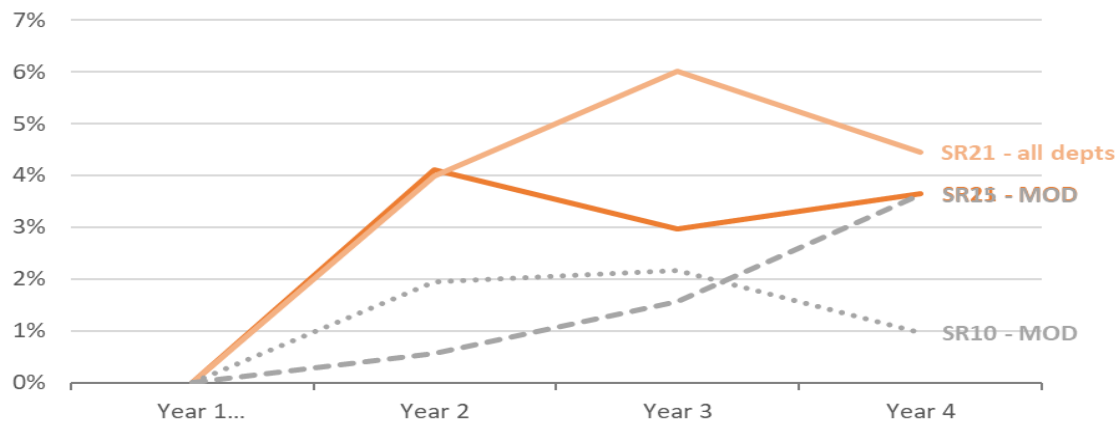
## Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)



## Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



### Trends in day-to-day spending plans

The October 2021 Spending Review highlighted that the Resource settlement would be worse off in real terms than the current year (2021/22). Since the Spring Statement (March 2022) and the new inflation forecasts from the IFS, worsening inflation expectations mean further real term reductions. (See slide 9 for further details on this).

Resource expenditure has been cut more dramatically in SR21 compared with other multi year settlements in 2010 and 2015.

### Trends in investment spending plans

Following the Integrated Review of Security, Defence, Development and Foreign Policy, the MOD has received a significant increase in investment funding.

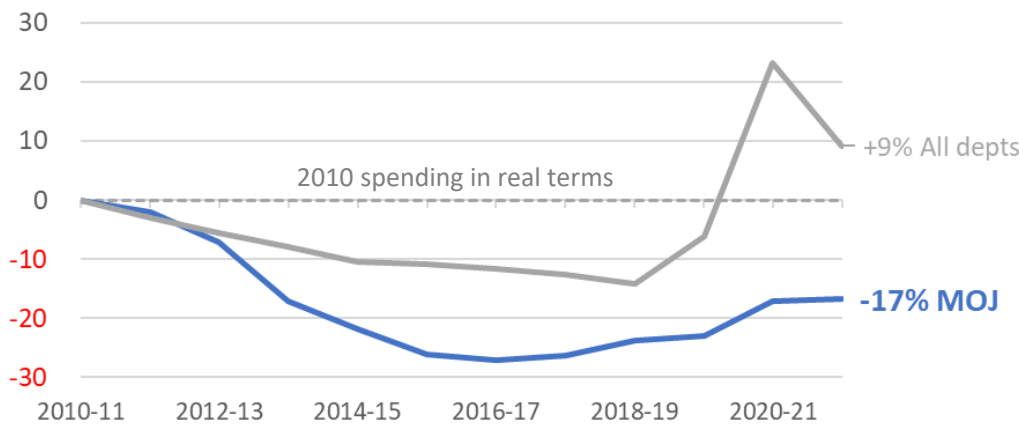
Note: SR15 and SR10 gave five-year Capital DEL settlements

Note: baseline year for Spending Review 2021 is 2021-22

# Ministry of Justice (MOJ)

# Long-term trends in MoJ's spending (in real terms)

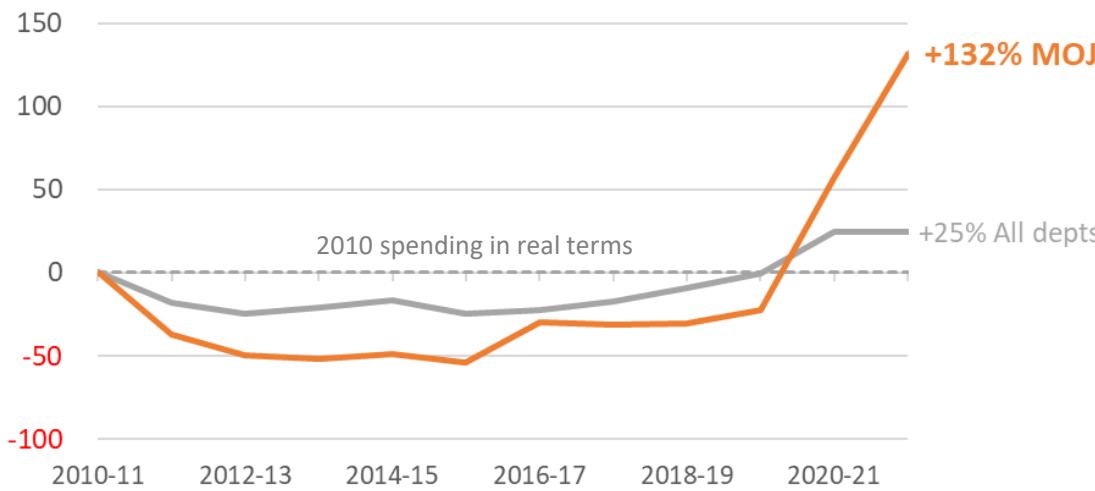
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



## Day-to-day spending trends

- The 2015 Spending Review set out to implement a 15% real term reduction in day-to-day spending and 50% reduction in administrative services. This was not fully achieved, and funding was transferred from investment spending to prop up crucial services.
- In 2018/19 the Department requested a further £1.2 billion in the Supplementary Estimates based on the impracticality of the reductions implemented in the budget. This was granted.
- The 2020 spending review saw a 3.3% average real terms increase.
- Current day-to day spend is still not back to 2010 levels in real terms.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



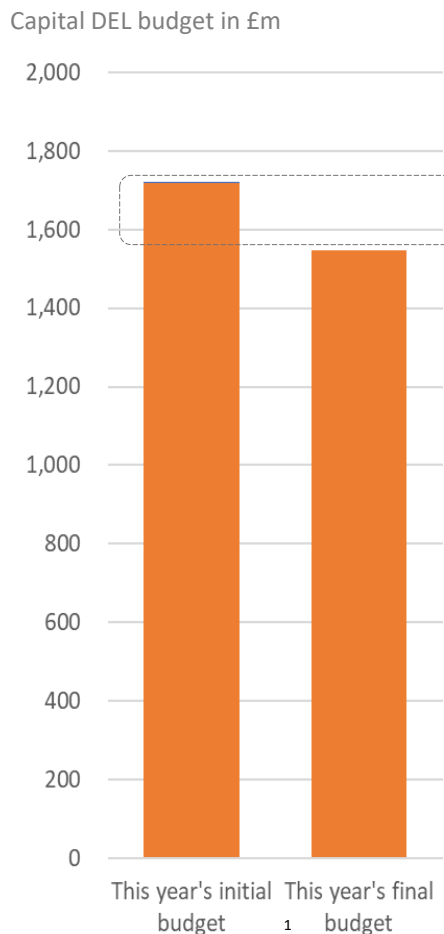
## Investment spending trends

- The 2015 Spending Review declared a £1.3bn additional investment funding over 5 years, in order to “transform the prison estate to better support rehabilitation” and £0.7bn for a “swifter, more proportionate Justice system”.
- Whilst there has been some investment increase, (as seen in 2016/17) the projects in SR15 have slipped and some investment funding has been transferred to cover day to day spending pressures.
- In the 2020 Spending Review, £4bn additional funding over 4 years was allocated to provide 18,000 additional prison places across England and Wales.

# How is MOJ's spending changing in 2021-22?

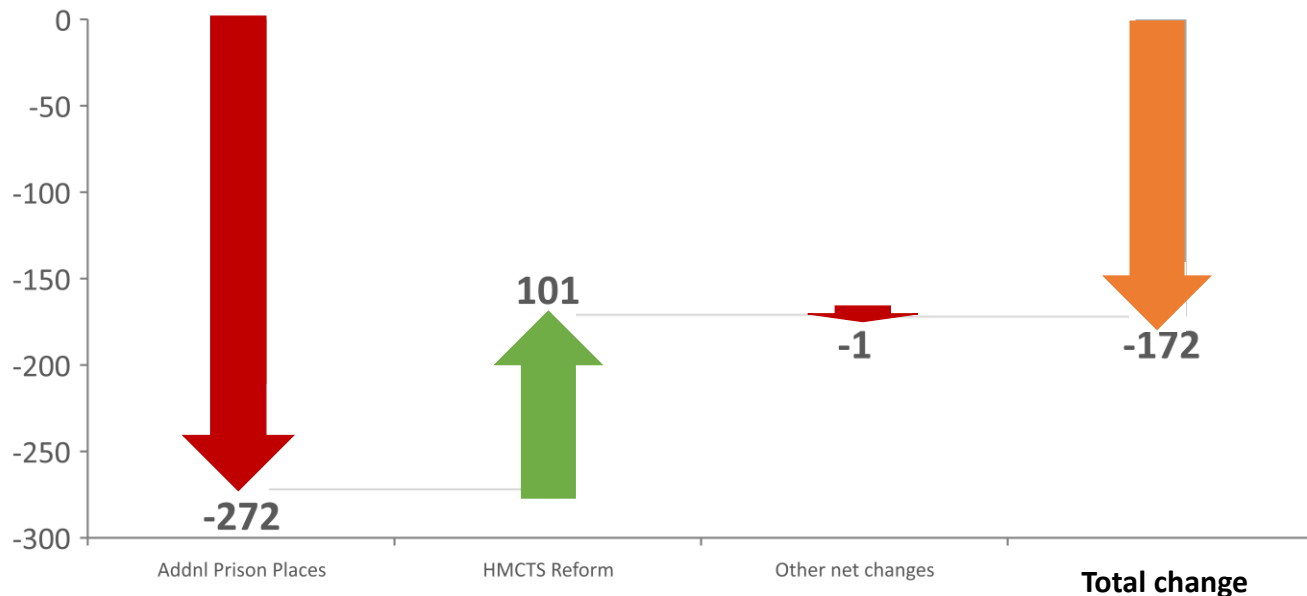
The MOJ did not request any changes to their Resource / day-to-day expenditure.

## MOJ's investment budget decreased by £172m (-10%)



## MOJ's investment spending reduces due to programme reprofiling

Changes in Investment (Capital DEL) budget in £m since initial budget for 2021-22



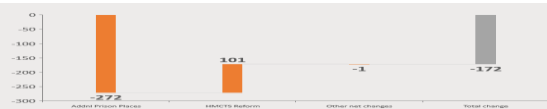
### Changes in 2021-22

The MOJ proposed a reduction in Capital DEL of £172.1 million (-10%). This is driven by:

- Reprofile £272 million of the 'Additional Prison Places Programme' expenditure into next year - this funding spans a number of capital projects creating 20,000 more prison places; and
- £101 million additional funding for to the 2015 'HM Courts Tribunal Service Reform Programme', an on-going programme to modernise the infrastructure for court users, and modernising courts and tribunal services to increase efficiency. The programme is expected to complete in 2023 at a total cost of £2,153 million.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

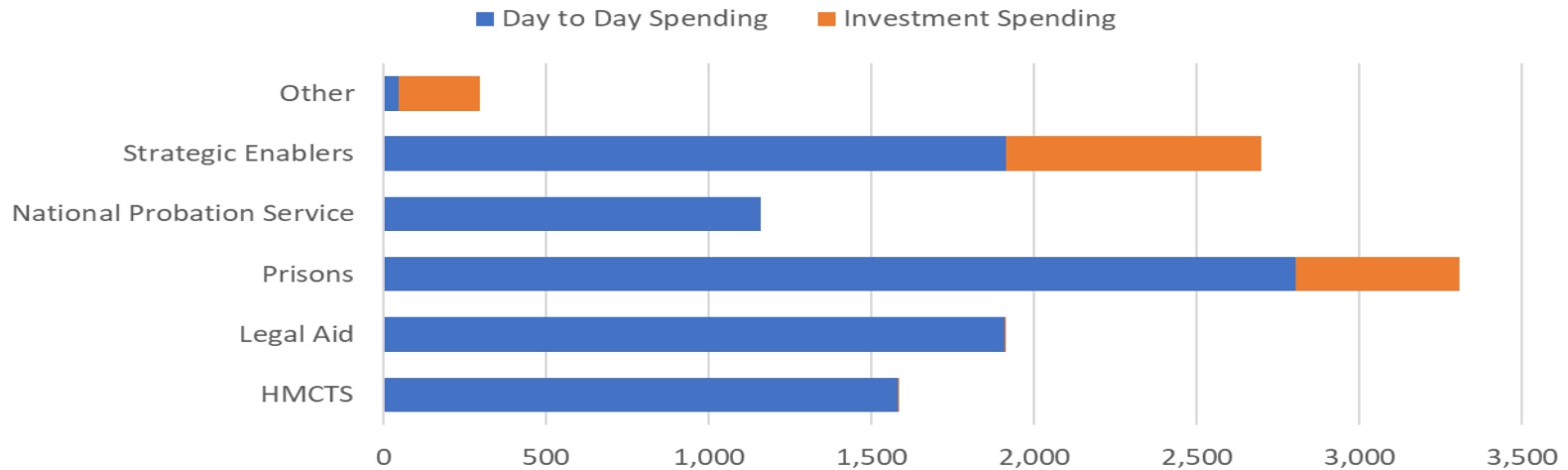
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)





# Prison running costs dominate MOJ expenditure in 2021/22

Breakdown of MOJ budget 2021-22 (£ million)\*



## Day-to-day spending (Resource DEL)

- HM Prison & Probation Service spent £2,470 million during 2021/22. Private prisons account for 20% of this. Other prison costs include change programmes and initiatives to reduce reoffending.
- Strategic Enablers are the centralised functions such as: MOJ Estates, Technology, HR, HMCTS, HQ. The MOJ Estates account for 42% of the spend in this category.
- Legal Aid spend is split by the 'fund' and the 'operational cost', the proportions of which are; 97%:3% respectively.
- HM Courts & Tribunals Service makes up 17% of the department's day to day expenditure and is responsible for the administration of criminal, civil and family courts and tribunals in England and Wales.

## Investment spending (Capital DEL)

There are **16 Major Programmes** across the MOJ which drive the investment spend, 5 of these programmes relate to the delivery of 20,000 additional prison places.

- The **prison programmes** are: i) Glen Parva, ii) HMP Five Wells, iii) 10,000 additional places: New Prisons, iv) 10,000 additional places : Estate expansions and v) Accelerated Houseblocks. Other Prison programmes include: Security Investment Programme and Prison Retail.

Other Larger investment programmes include:

- **HMCTS Reform:** to modernise the technological infrastructure.
- **Probation Reform Programme:** to replace current structures for probation services with a unified Probation Service.

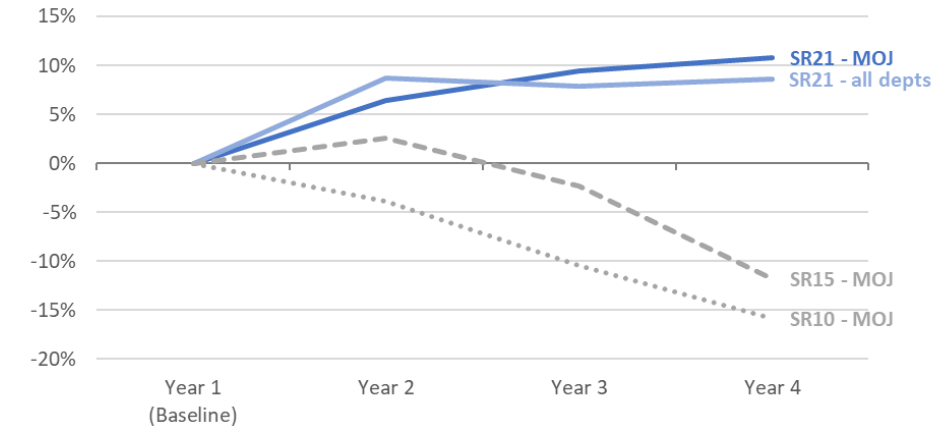
\*Day-to-day spending includes depreciation; totals above will overstate cash spending as a result

# MOJ's spending beyond 2021-22

The latest departmental spending plans were published in Spending Review 2021 in October last year. These plans were made in cash terms for 2022-23 to 2024-25. Subsequent increases to the inflation forecast have meant that in real terms these budgets have tightened.

## Day-to-day spending in Spending Review 2021

Resource DEL excluding depreciation (real-terms % change since baseline year)

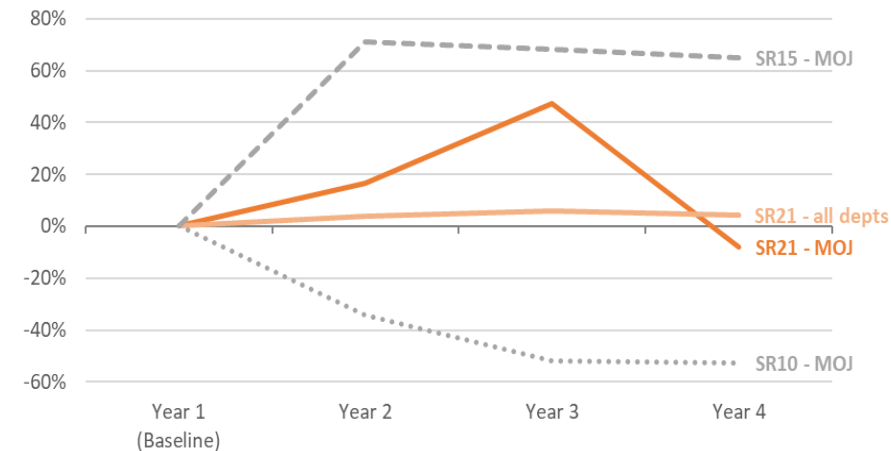


## Trends in day-to-day spending plans

- In October 2021, the average annual growth rate was 4.1% over the 3 year Spending review period. This has now been reduced (see slide 9 for further commentary on this), based on higher inflation forecasts. It remains however, above the all department average and has not slipped into a real terms decline.
- Prior multi-year spending reviews in 2010 and 2015 saw deep cuts to Justice's day-to-day spending. In reality the outturn was not quite this steep as day-to-day expenses could not be met so budget was transferred from capital.

## Investment spending in Spending Review 2021

Capital DEL (real-terms % change since baseline year)



## Trends in investment spending plans

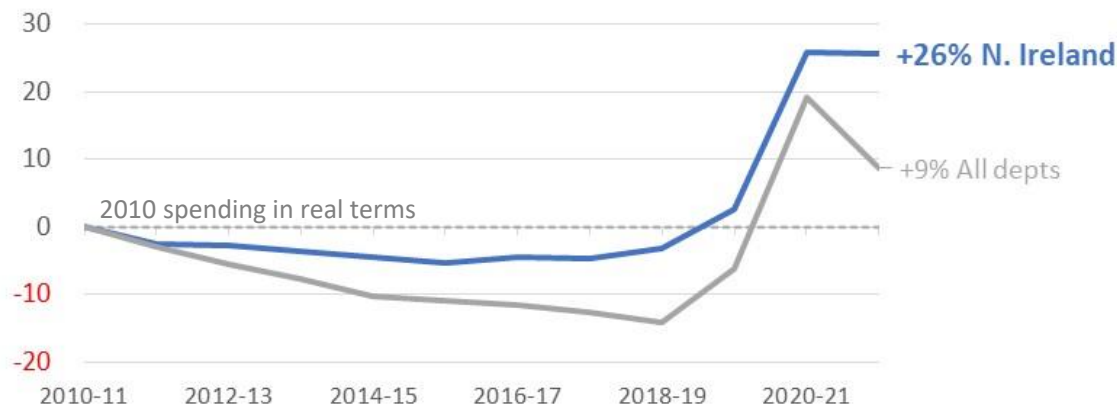
- High levels of investment into the Prison builds remain a dominant feature of the investment portfolio.
- Changes in inflation forecasts has reduced the real terms growth % since October 2021.
- Deep cuts were made to the investment budget during the austerity years from 2010.
- Larger spending commitments were made during the 2015 spending review – however, the outturn was not as large as projected graphically, as funding had to be transferred to support day-to-day pressures.

Note: SR15 and SR10 gave five-year Capital DEL settlements  
 Note: baseline year for Spending Review 2021 is 2021-22

# Northern Ireland

## Long-term trends in Northern Ireland's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



### Day-to-day spending trends

- Northern Ireland's budget **decreased under austerity**, with real terms reductions in spending of 5.4% in **2015-16 compared to 2010-11**. These reductions were not as significant as other departments.
- The significant increase in the budget in 2020-21 was largely as a result of Barnett Consequentials relating to **COVID-19 funding**.
- Some additional funding outside of the Barnett arrangements, such as **post-EU Exit Farm Support, NDNA funding** and **City Deals** has also been provided, **boosting Northern Ireland's funding above** what it would otherwise have been.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



### Investment spending trends

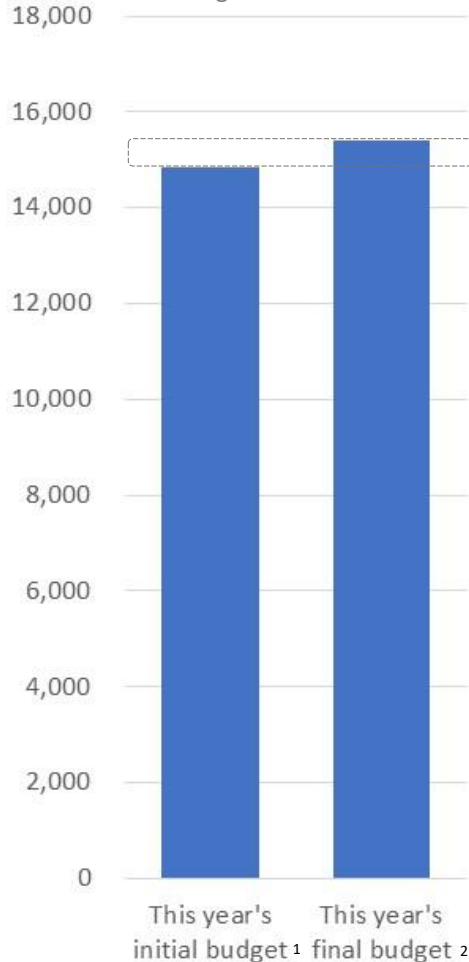
- Northern Ireland's capital budget was severely cut over the austerity period, with real terms reductions of 42.2% in 2015-16. Capital funding has **risen consistently since 2016-17** as a result of Barnett Consequentials of increased capital spend elsewhere and specific capital funding pledges under NDNA and other packages.

## How is Northern Ireland's day-to-day spending changing in 2021-22?

Northern Ireland's day-to-day budget increased by £589.9m

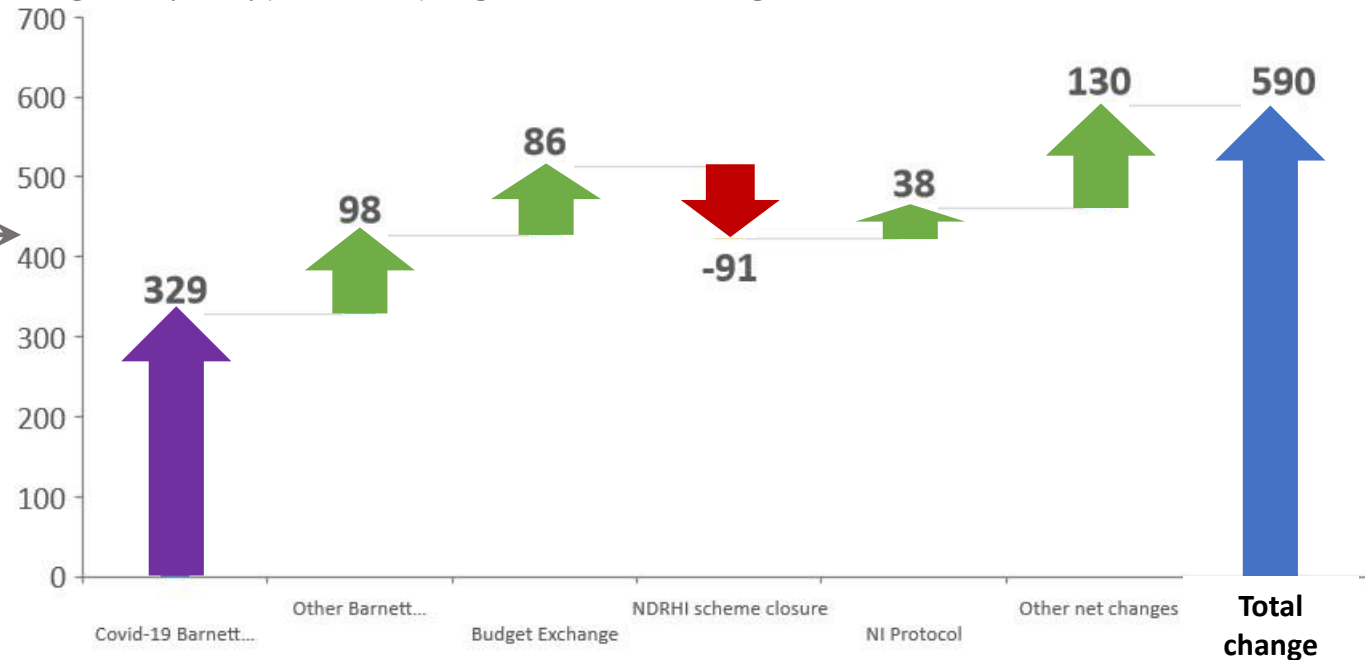
(+4%)

Resource DEL budget in £m



### Northern Ireland's spending increase is driven by Covid-19 Barnett Consequentials

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



#### Changes in 2021-22

- **Covid-19 measures:** £329 million in Covid-19 related Barnett Consequentials.
- **Other Barnett Consequentials:** this is many smaller Barnett Consequentials and adjustments.
- **Budget Exchange:** Northern Ireland received £49 million for Track and Trace operation from the UK Department of Health. There were multiple other smaller budget transfers in.
- **NDRHI Scheme Closure:** Northern Ireland handed back £91 million after the closure of the Non-Domestic Renewable Heat Scheme.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

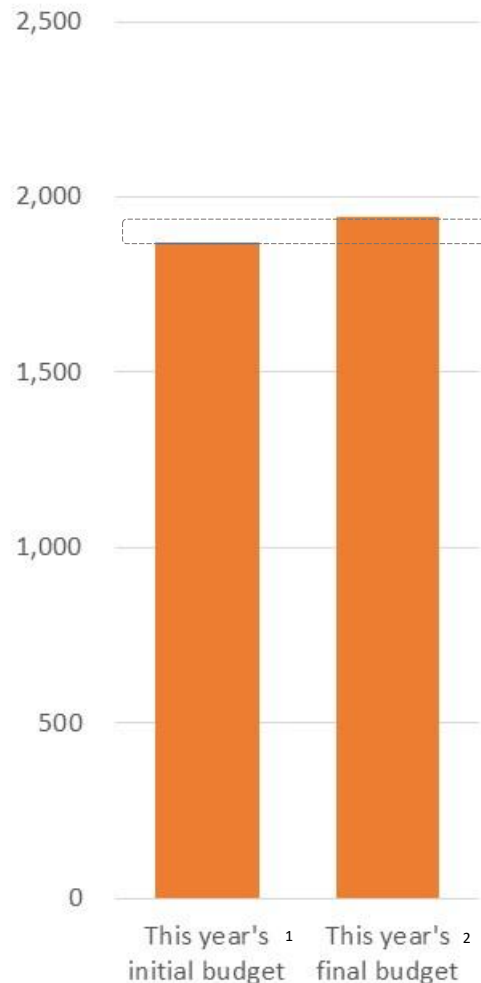
<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## How is Northern Ireland's investment spending changing in 2021-22?

Northern Ireland's investment budget increased by £74.9m (4.0%)

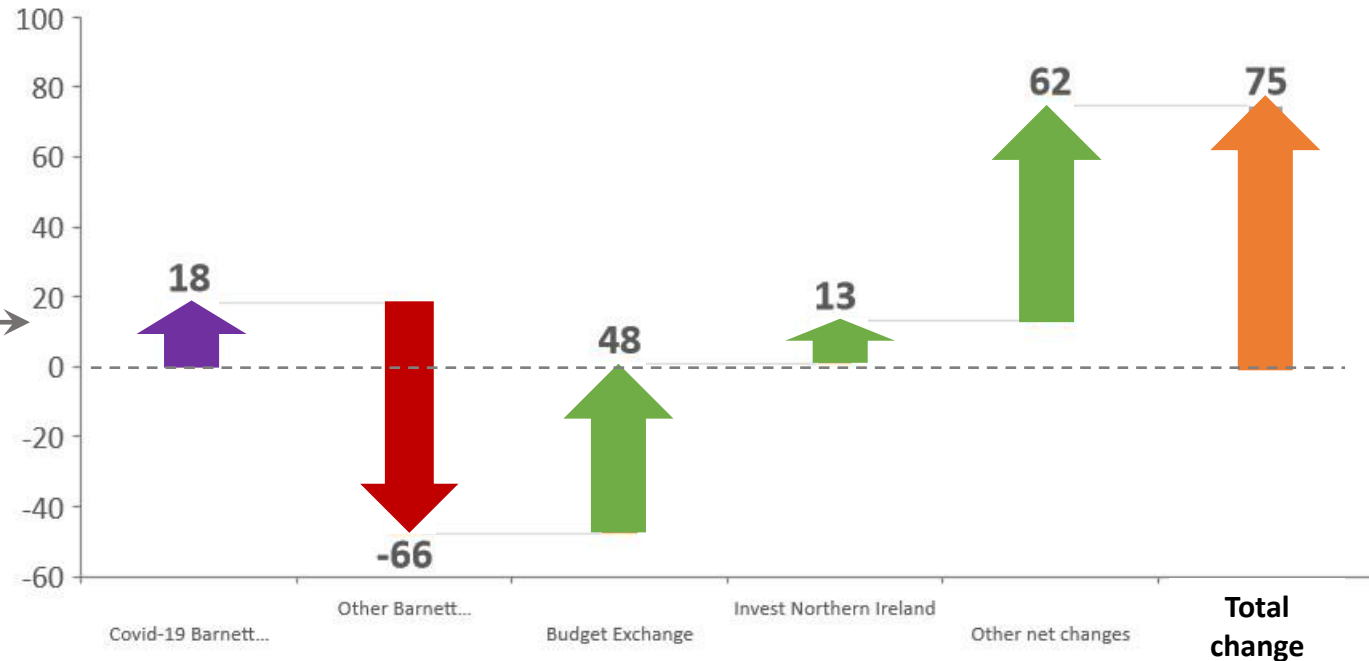
(4.0%)

Resource DEL budget in £m



Northern Ireland's investment spending decreases largely reflect Barnett Consequentials

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** £18 million in Covid-19 Barnett Consequentials.
- **Other Barnett Consequentials:** this is many smaller Barnett Consequentials and adjustments reflecting capital decreases across other departments.
- **Budget Exchange:** Northern Ireland received £48 million which it had carried forward from 2020-21.
- **Invest NI:** £13 million was provided in funding from BEIS for Invest NI.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# Cash grant to the Northern Ireland Government and funding for the Northern Ireland Office

## To the Northern Ireland Government

*Cash grant to the Northern Ireland Government*

**£20,975.1 million (-£490.8 million (-2%) compared to this year's initial budget)**

This is the sum of:

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Adjustments to reflect differences between spending and cash (timing differences, debtors, creditors, and non-cash spending such as depreciation and write downs)

## To the Northern Ireland Office

- *Day to day spending (Resource DEL) : £40.8 million (+£6.1 million (+17.5%) compared to this year's initial budget)*
- *Investment spending (Capital DEL): £2.0 million (+£1.7 million (+656.5%) compared to this year's initial budget)*

The key drivers of this change are:

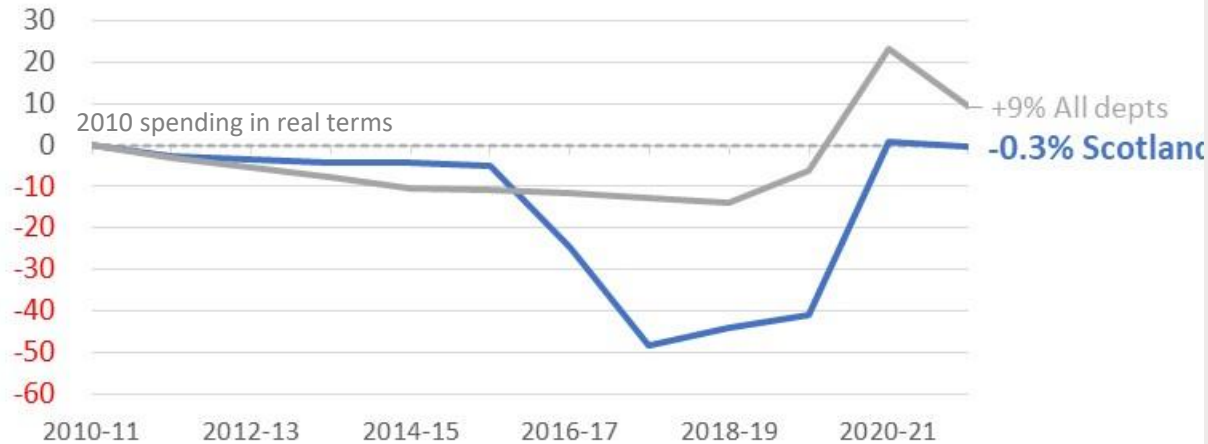
- Inclusion of non-recurrent ring-fenced funding in order to conduct an electoral canvass ahead of planned Northern Ireland Assembly elections;
- New Decade New Approach funding;
- Receipt of funding to support the Department's move in to the new UK Government hub in Belfast, Erskine House;
- The initiation of a new electoral management system and associated design and implementation costs.

# Scotland



## Long-term trends in Scotland's spending (in real terms)

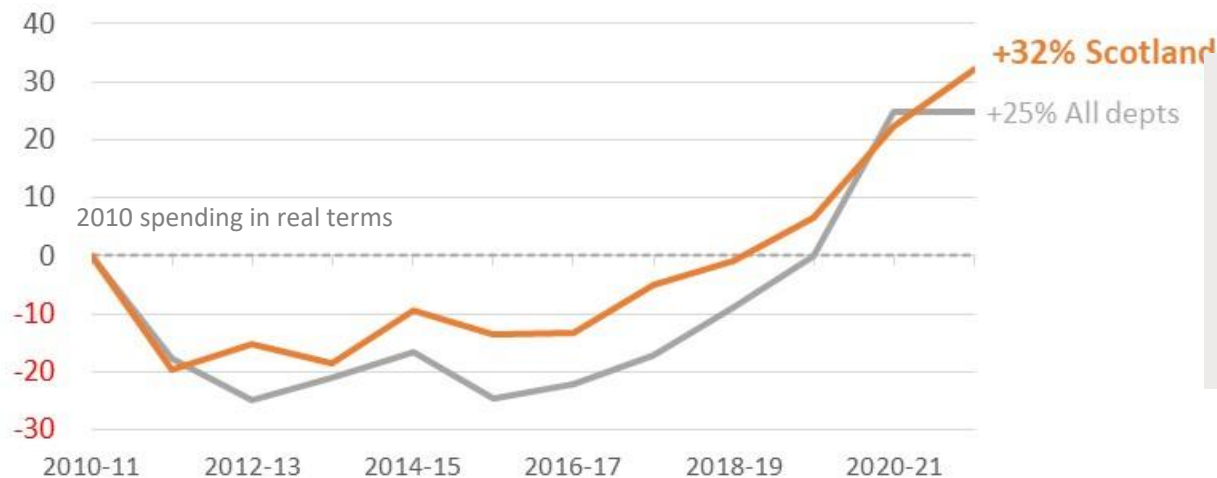
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



### Day-to-day spending trends

- Scotland's budget **decreased significantly under austerity**, with real terms reductions in spending of **48% in 2017-18 compared to 2010-11**.
- The significant increase in the budget in 2020-21 was largely as a result of Barnett Consequentials relating to **COVID-19 funding**.
- Some additional funding outside of the Barnett arrangements, such as **post-EU Exit Farm Support** funding and **City Deals**, has also been provided, **boosting Scotland's funding above** what it would otherwise have been.

Percentage change in **investment spending** compared to 2010 (Capital DEL):



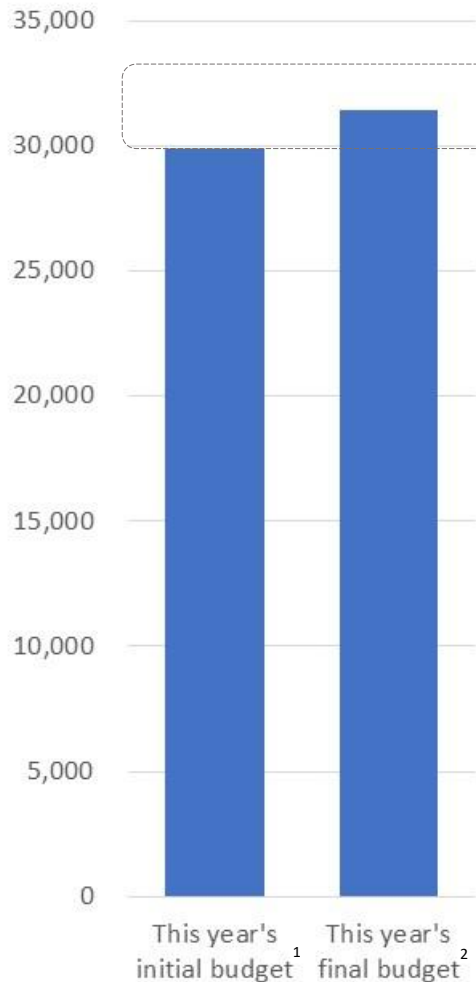
### Investment spending trends

- Scotland's capital budget was not as severely cut over the austerity period and has **risen consistently since 2016-17** as a result of Barnett Consequentials of increased capital spend elsewhere.

## How is Scotland's day-to-day spending changing in 2021-22?

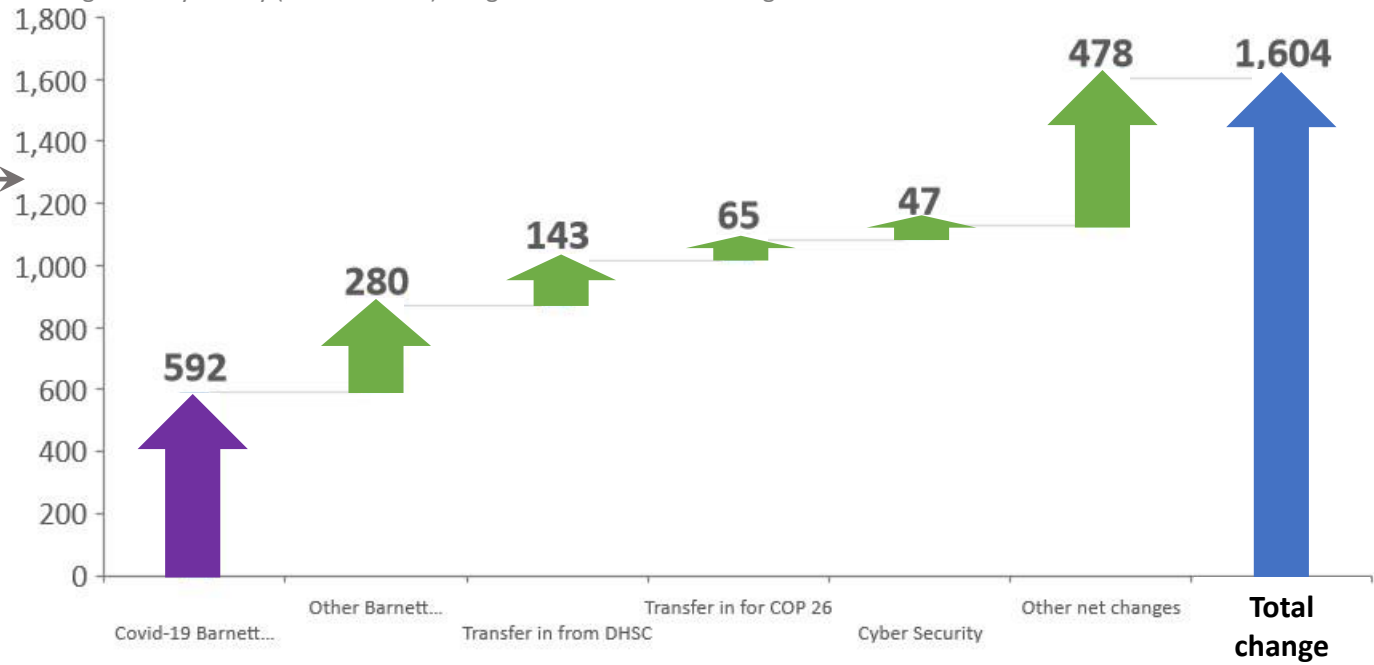
Scotland's day-to-day budget increased by **£1604.3m (+5.4%)**

Resource DEL budget in £m



Scotland's spending increase is driven by Covid-19 Barnett Consequentials

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** £592 million in Covid-19 related Barnett Consequentials.
- **Other Barnett Consequentials:** this is many smaller Barnett Consequentials and adjustments.
- **Cyber Security:** Scotland received £47 million in UK wide cyber security funding from the Cabinet Office.
- **Transfers in:** funding of £143 million from DHSC for post-covid catch up and £65 million from Cabinet Office to cover costs of hosting COP 26.

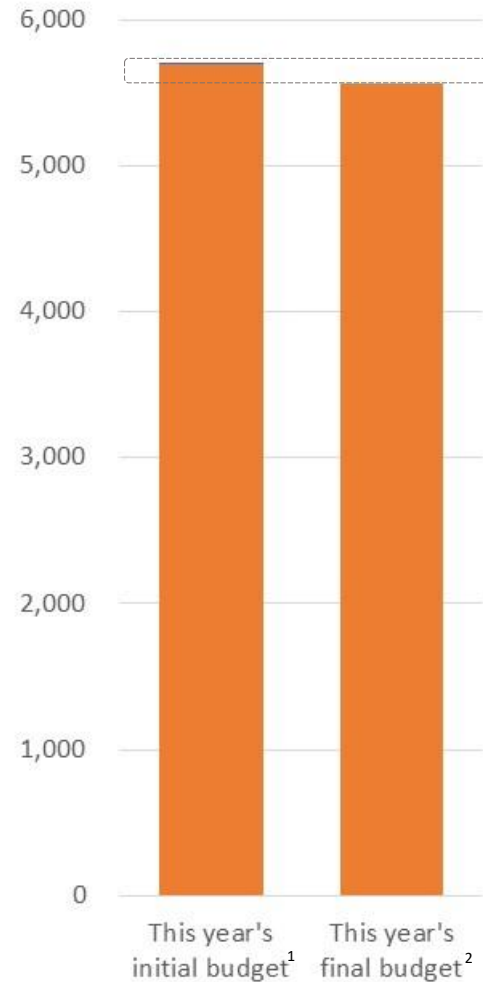
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## How is Scotland's investment spending changing in 2021-22?

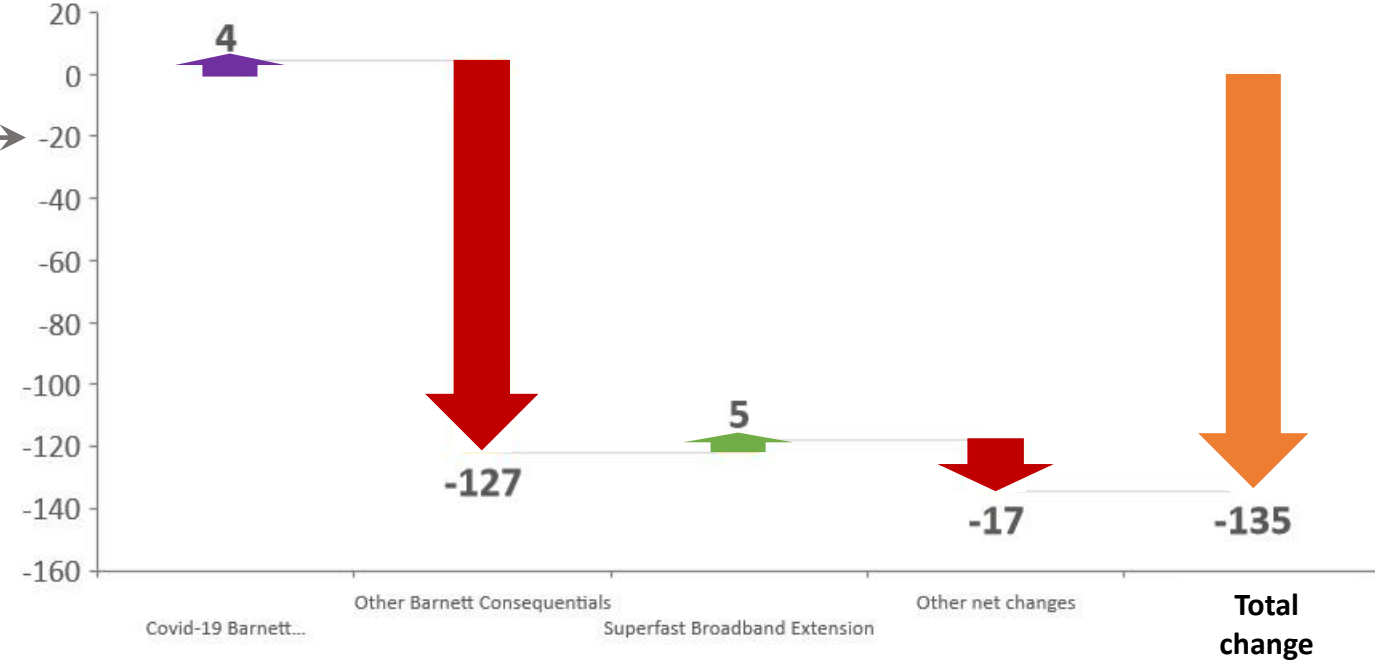
Scotland's investment budget decreased by £135.6m (-2.4%)

Resource DEL budget in £m



Scotland's investment spending decreases largely reflect Barnett Consequentials

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** £4 million in Covid-19 Barnett Consequentials.
- **Other Barnett Consequentials:** this is many smaller Barnett Consequentials and adjustments reflecting capital decreases across other areas.
- **Broadband Extension:** Scotland received £4.5 million from DCMS to support superfast broadband rollout in Scotland.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

# Cash grant to the Scottish Government and funding for the Scotland Office

## To the Scottish Government

*Cash grant to the Scottish Government*

**£32,769 million (+£1,113 million (+3%) compared to this year's initial budget)**

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Adjustments to reflect differences between spending and cash (timing differences, debtors, creditors, and non-cash spending such as depreciation and write downs)

## To the Scotland Office

- *Day to day spending (Resource DEL) : £12.1 million (+£0.9 million (+9%) compared to this year's initial budget)*
- *Investment spending (Capital DEL): £0.05 million (no change compared to this year's initial budget)*

The key drivers of this change are:

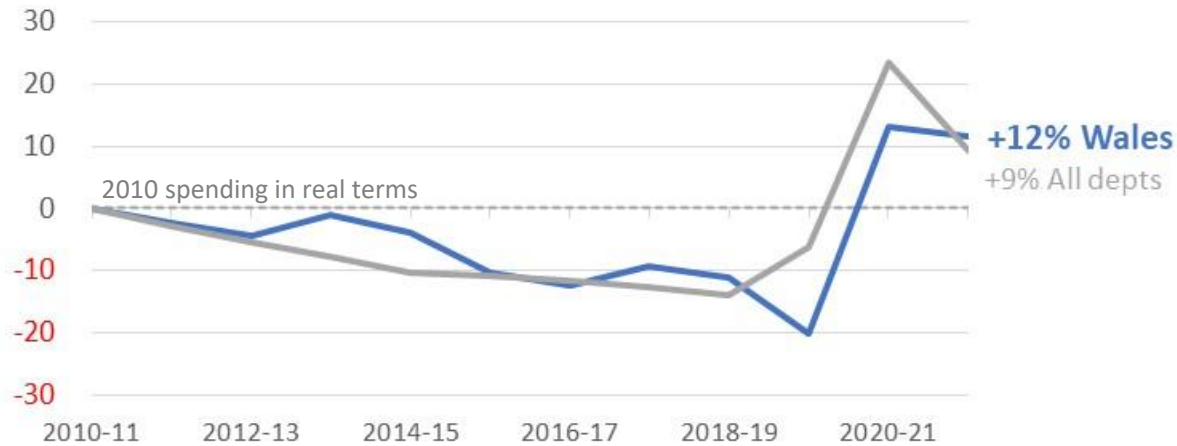
- Increase of £755 thousand to cover cross government administration costs;
- Increase of £90 thousand to cover increased depreciation costs;
- Transfer in of £72 thousand from MoJ to cover increased staff costs.

## Departmental spending

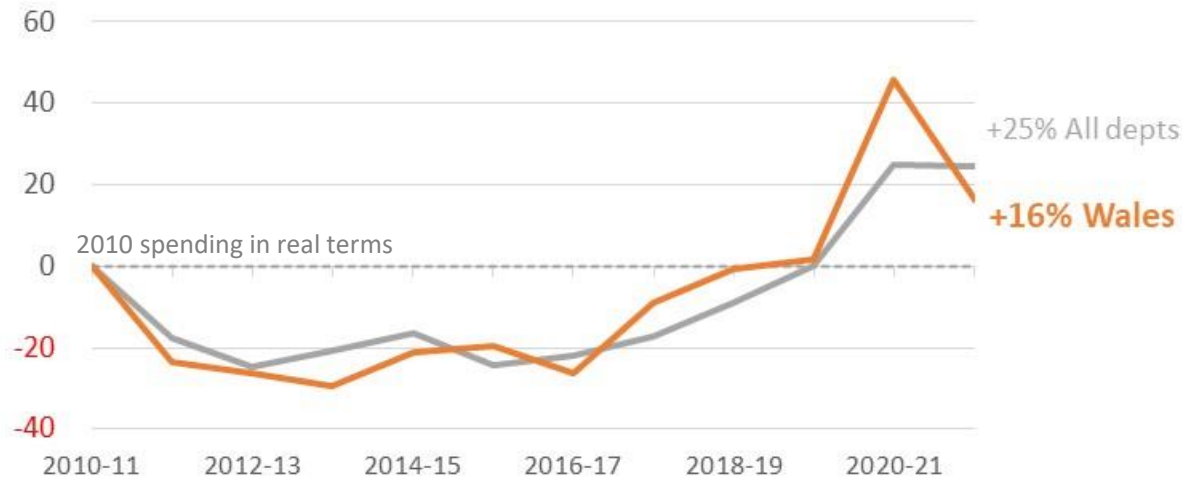
# Wales

## Long-term trends in Wales's spending (in real terms)

Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Percentage change in **investment spending** compared to 2010 (Capital DEL):



### Day-to-day spending trends

- Wales's budget **decreased under austerity**, broadly in line with other departments, with real terms reductions in spending of 12.3% in 2016-17 compared to 2010-11.
- The significant increase in the budget in 2020-21 was largely as a result of Barnett Consequentials relating to **COVID-19 funding**.
- Some additional funding outside of the Barnett arrangements, such as **post-EU Exit Farm Support** funding and **City Deals**, has also been provided, **boosting Wales's funding above** what it would otherwise have been.

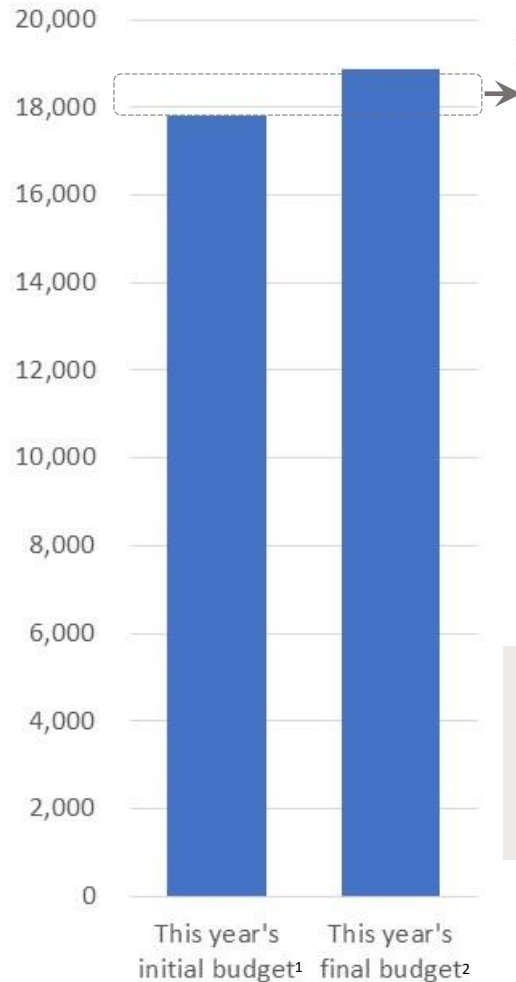
### Investment spending trends

- Wales's capital budget was more severely cut over the austerity period and has **risen consistently since 2016-17** as a result of Barnett Consequentials of increased capital spend elsewhere.

## How is Wales's day-to-day spending changing in 2021-22?

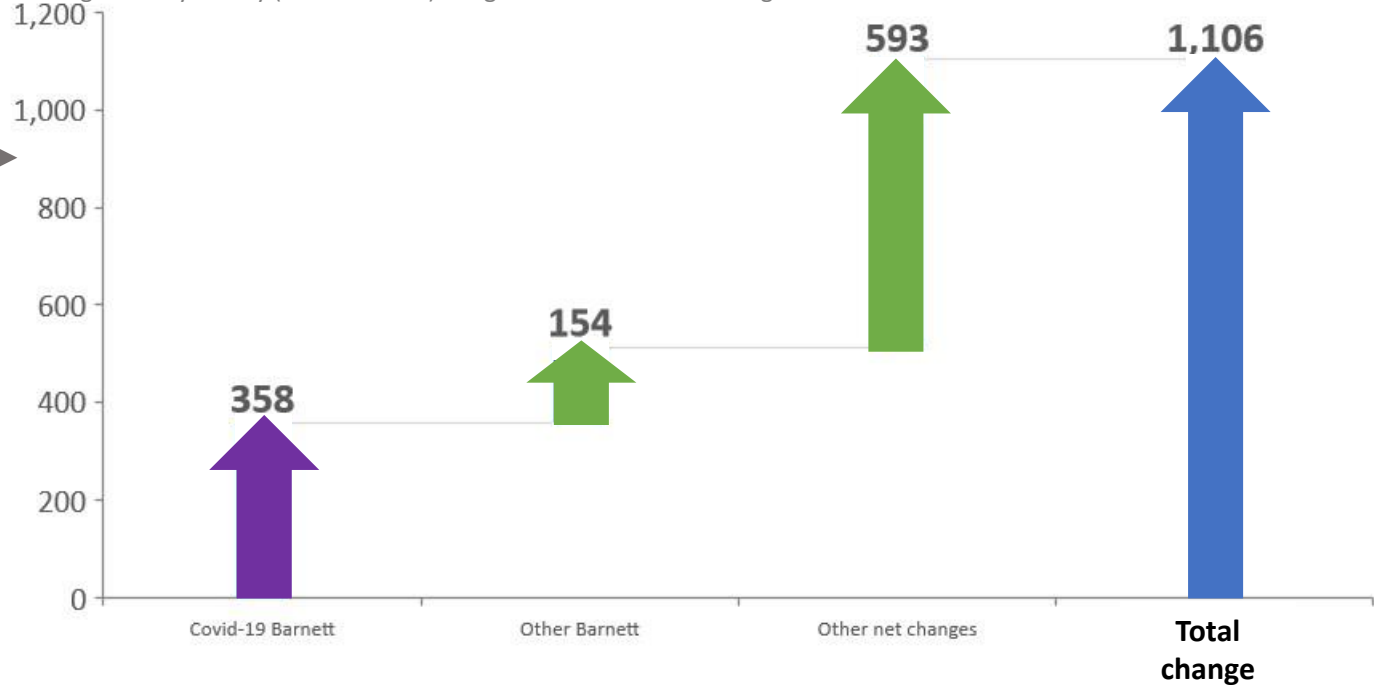
**Wales's day-to-day budget increased by £1,505.5m (+6.2%)**

Resource DEL budget in £m



**Wales's spending increase is driven by Covid-19 Barnett Consequentials**

Changes in Day-to-day (Resource DEL) budget in £m since initial budget for 2020-21



### Changes in 2021-22

- **Covid-19 measures:** £358 million in Covid-19 related Barnett Consequentials. These are Barnett increases for Wales due to significant Covid-19 spending elsewhere in government.
- **Other Barnett Consequentials:** £154 million increase for RDEL in Wales due to many smaller Barnett Consequentials and adjustments elsewhere across government.

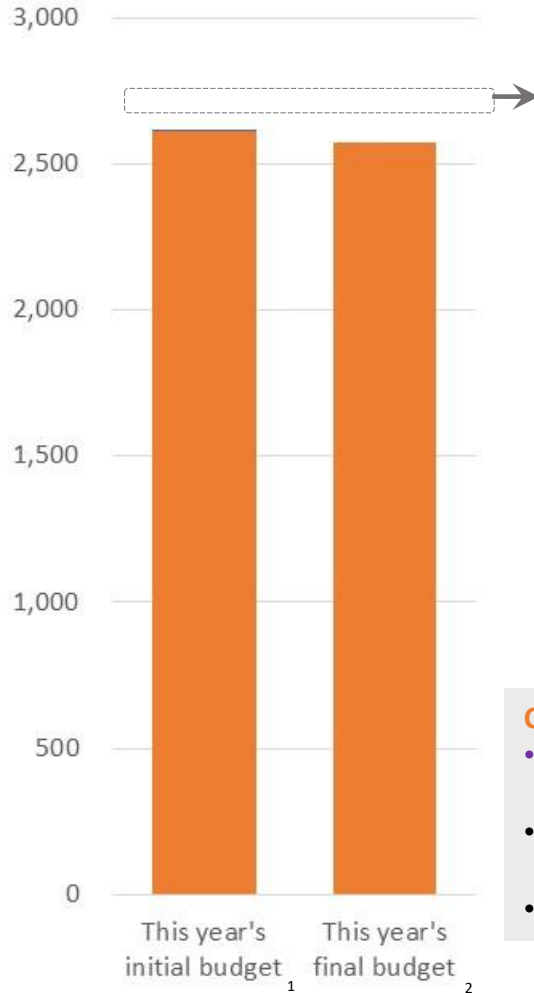
<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)

## How is Wales's investment spending changing in 2021-22?

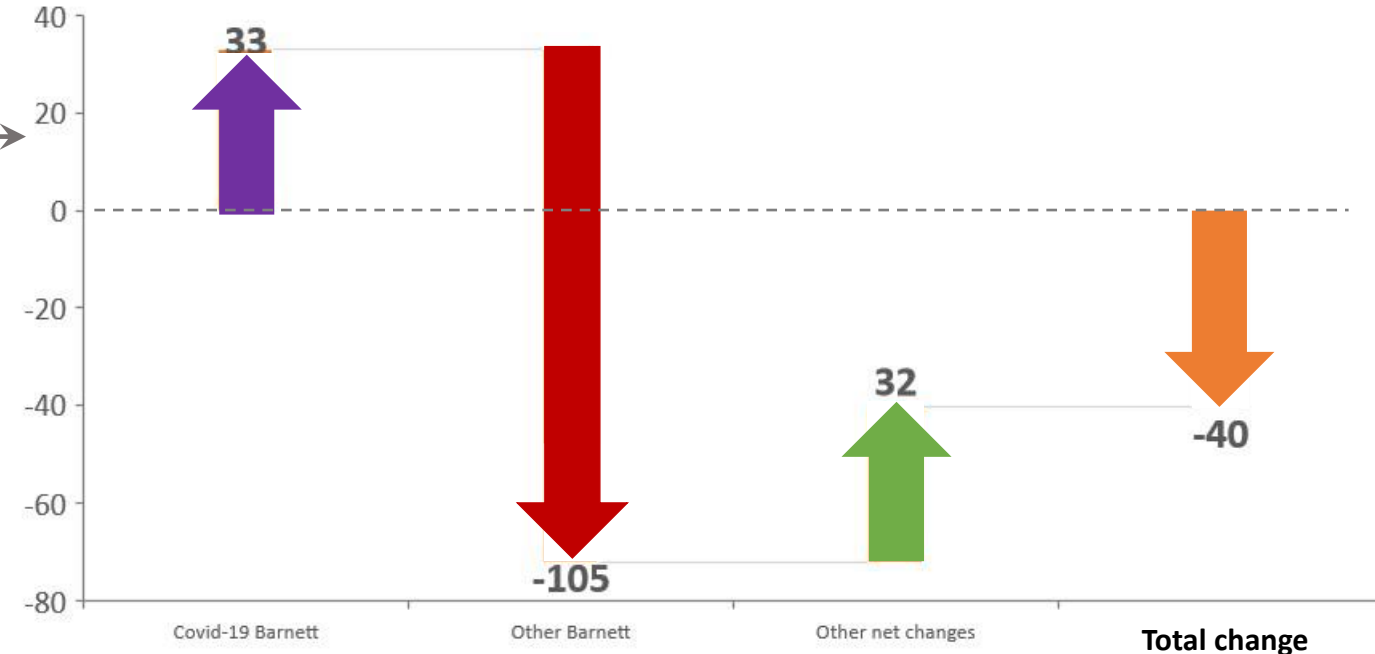
### Wales's investment budget decreased by £40.1m (-1.5%)

Resource DEL budget in £m



### Wales's investment spending decreases largely reflect Barnett Consequentials

Changes in Investment (Capital DEL) budget in £m since initial budget for 2020-21



#### Changes in 2021-22

- **Covid-19 measures:** £33 million in Covid-19 related Barnett Consequentials. These are Barnett increases to Wales's capital budgets due to significant Covid-19 spending elsewhere in government.
- **Other Barnett Consequentials:** this is many smaller Barnett Consequentials and adjustments reflecting capital decreases across other areas, and totalling -£105 million.
- **Other net changes:** Multiple smaller adjustments increase the capital budget by net £32 million.

<sup>1</sup> Initial Budget in Main Estimate 2021-22 (May 2021)

<sup>2</sup> Final Budget in Supplementary Estimates 2021-22 (March 2022)



## Cash grant to the Welsh Government and funding for the Wales Office

### To the Welsh Government

*Cash grant to the Welsh Government*

**£18,799.1 million (+£549.3 million (+3%) compared to this year's initial budget)**

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Adjustments to reflect differences between spending and cash (timing differences, debtors, creditors, and non-cash spending such as depreciation and write downs)

### To the Wales Office

- *Day to day spending (Resource DEL) : £6.4 million (+£1.2 million (+19%) compared to this year's initial budget)*
- *Investment spending (Capital DEL): £0.03 million (no change compared to this year's initial budget)*

The key drivers of this change are:

- Increase of £966 thousand to cover cross government administration costs;
- Increase of £240 thousand to cover exit costs for the Department's previous office in Cardiff;
- Transfer in of £131 thousand from Ministry of Justice to cover increased staff costs.