

# 2019-20 Main Estimates: Government spending plans

Impartial briefing from House of Commons specialists



**SCRUTINY UNIT**  
*Strengthening scrutiny through specialist support*

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# What can you learn from this document?



## Overview:

- ✓ What **Main Estimates** are
- ✓ What **types of government spending** there are
- ✓ The **share of total government spending** planned for each Department
- ✓ How spending changes of **different departments compare**
- ✓ How additional **Brexit funding** for different departments compares

## For each department:

- ✓ **Spending trends**
- ✓ **Breakdown of changes in day-to-day and investment spending**

For more detailed spending information, use the Scrutiny Unit's interactive [government spending chart](#)

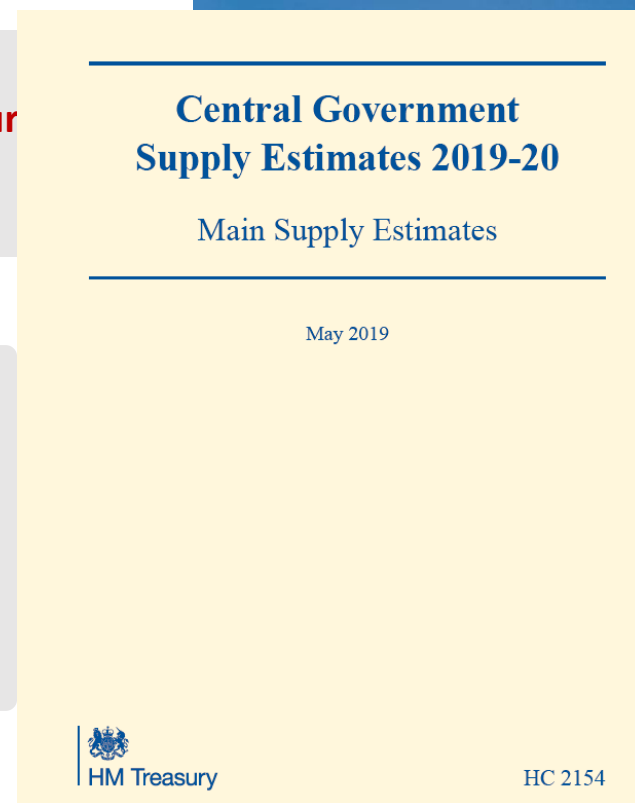
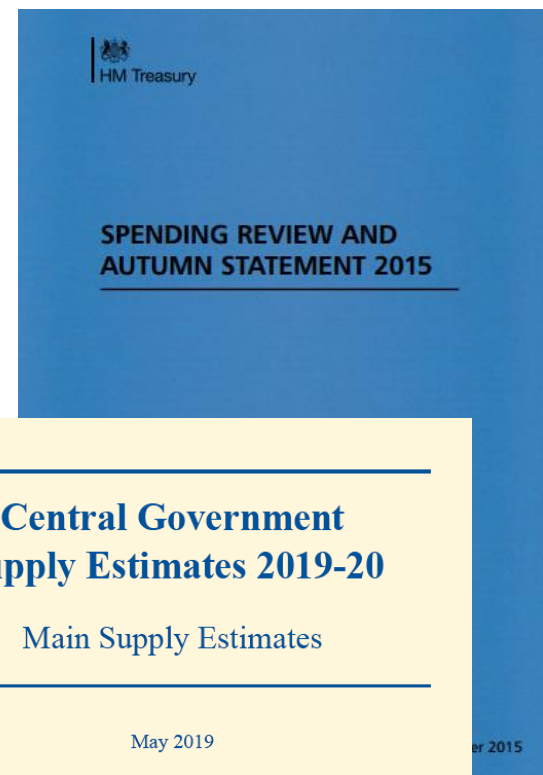
# What are the Main Estimates?

**Main Estimates** are the government's **spending plans for each department at the start of the year**. The 2019-20 Main Estimates have been developed from 2015's **Spending Review**, which planned spending for the four years 2016-17 to 2019-20

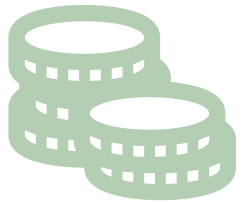
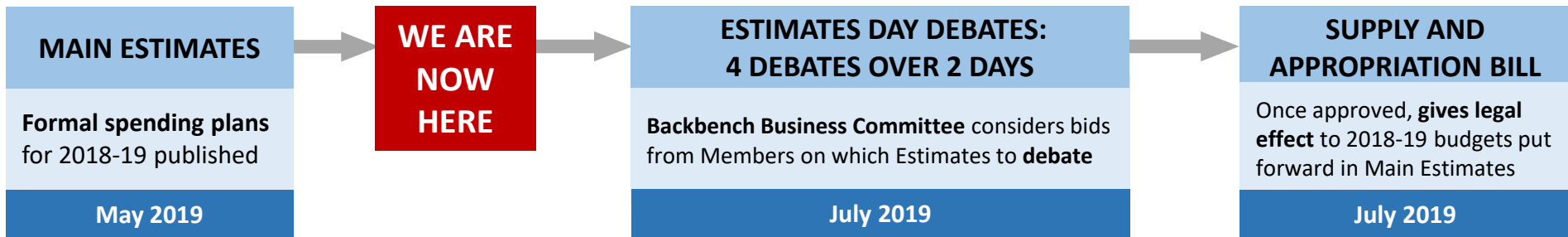
The **2015 Spending Review** announced the **headline planned spending totals for each Department** for each of the following **four years**, including a few specific **commitments**. Since the **2015 Review**, government has made some alterations to the plans.

**Main Estimates 2019-20** contain the **formal requests for government funding for the 2019-20 financial year**. Government needs the approval of Parliament before the funds can be released. Until such approval is obtained, government funding for 2019-20 is funded through a **Vote on Account** - an advance Parliament approved in March 2019, based on **45% of last year's approved budget**.

For more detailed spending information, use the Scrutiny Unit's interactive [government spending chart](#)



# How do departments get their funding?



# What are the different spending limits and what do they mean?

Most government spending is contained in Estimates and is known as **departmental spending**.  
 Departmental spending is divided into:

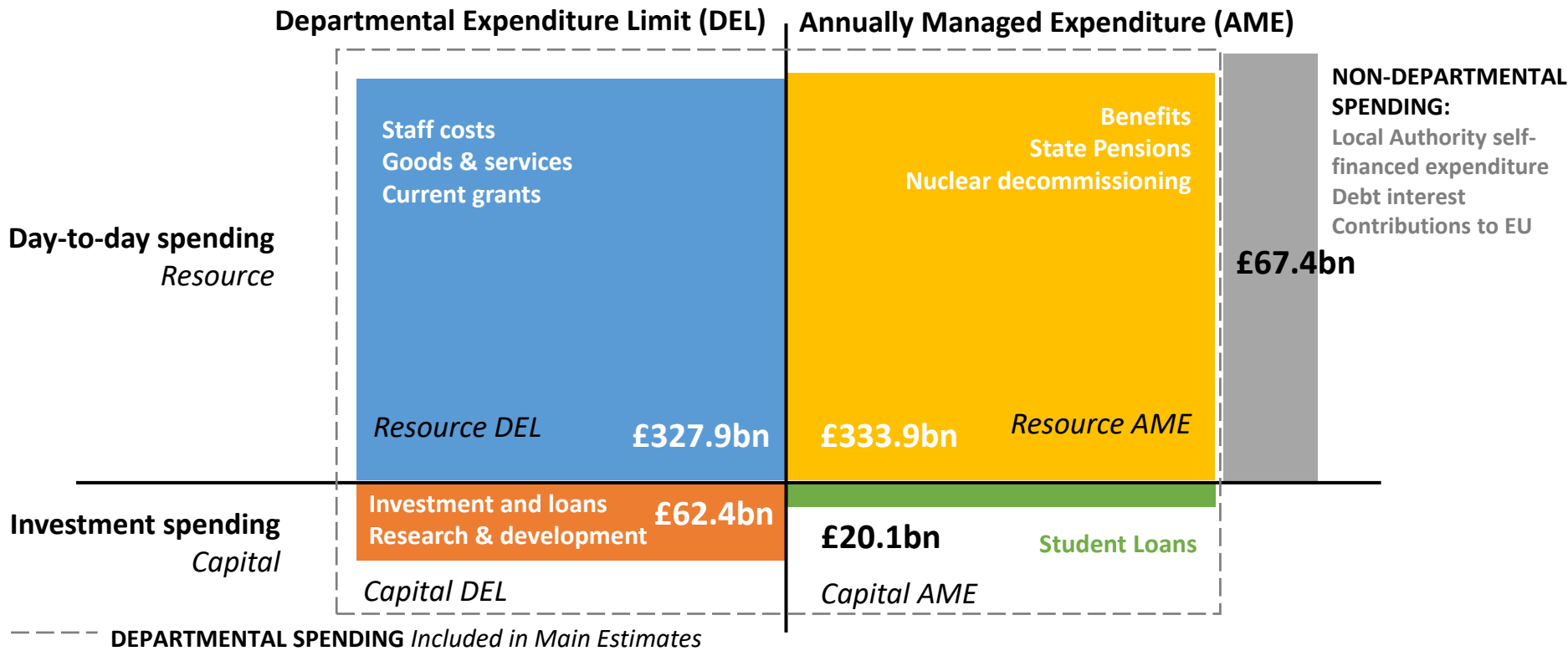
- **Departmental Expenditure Limits (DELs)** - spending planned through spending reviews
- **Annually Managed Expenditure (AME)** - spending which is demand-led and reforecast annually

Both types are further subdivided into :

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

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

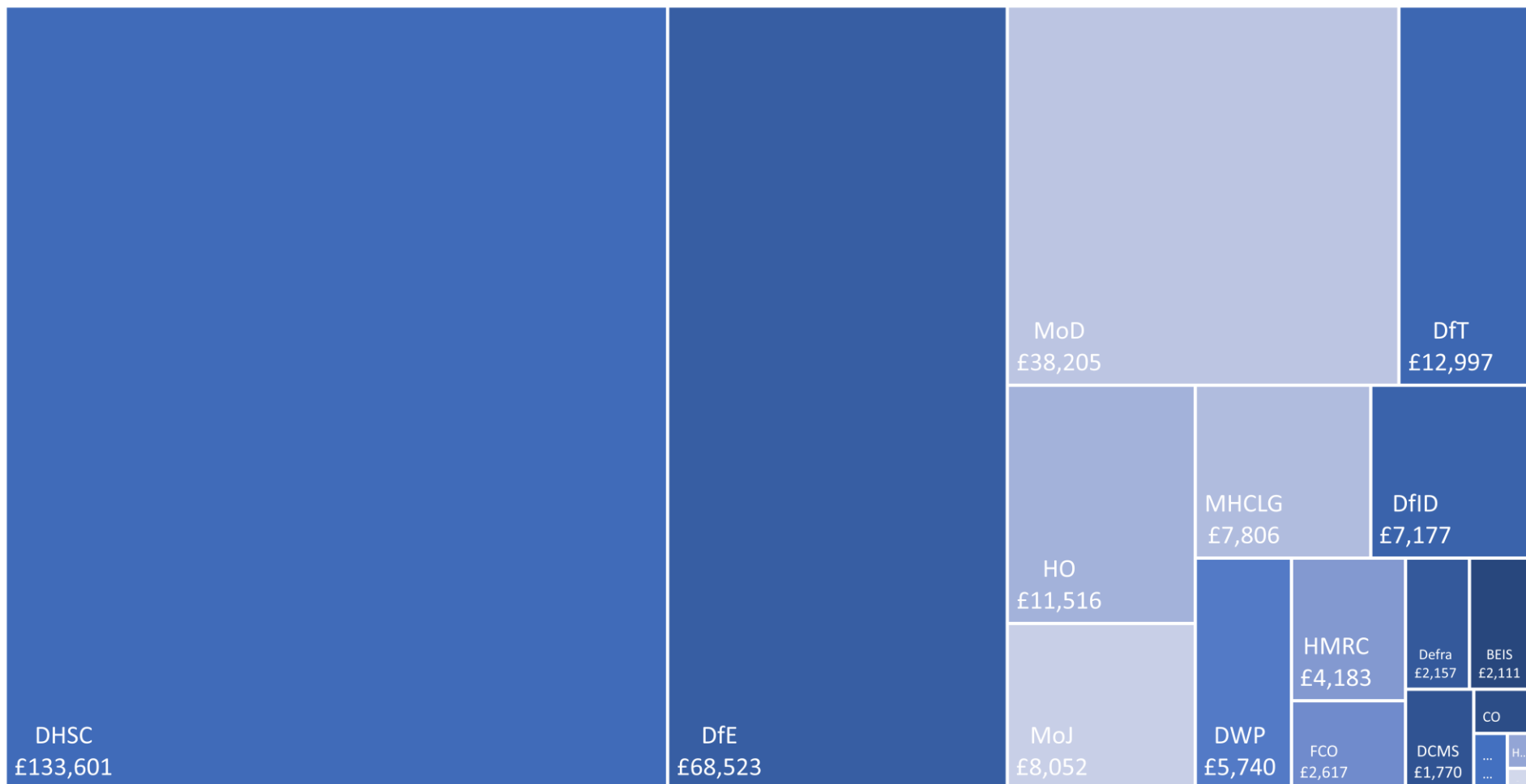
Total public spending in 2019-20 is forecast to be **£840.7bn**



Total Day-to-day spending controlled through Departmental Expenditure Limits: **£354 billion**

£million

(2% increase from last year)



For more detailed spending information, use the Scrutiny Unit's interactive [government spending chart](https://mzakharova.github.io/me/me1718.html) <https://mzakharova.github.io/me/me1718.html>

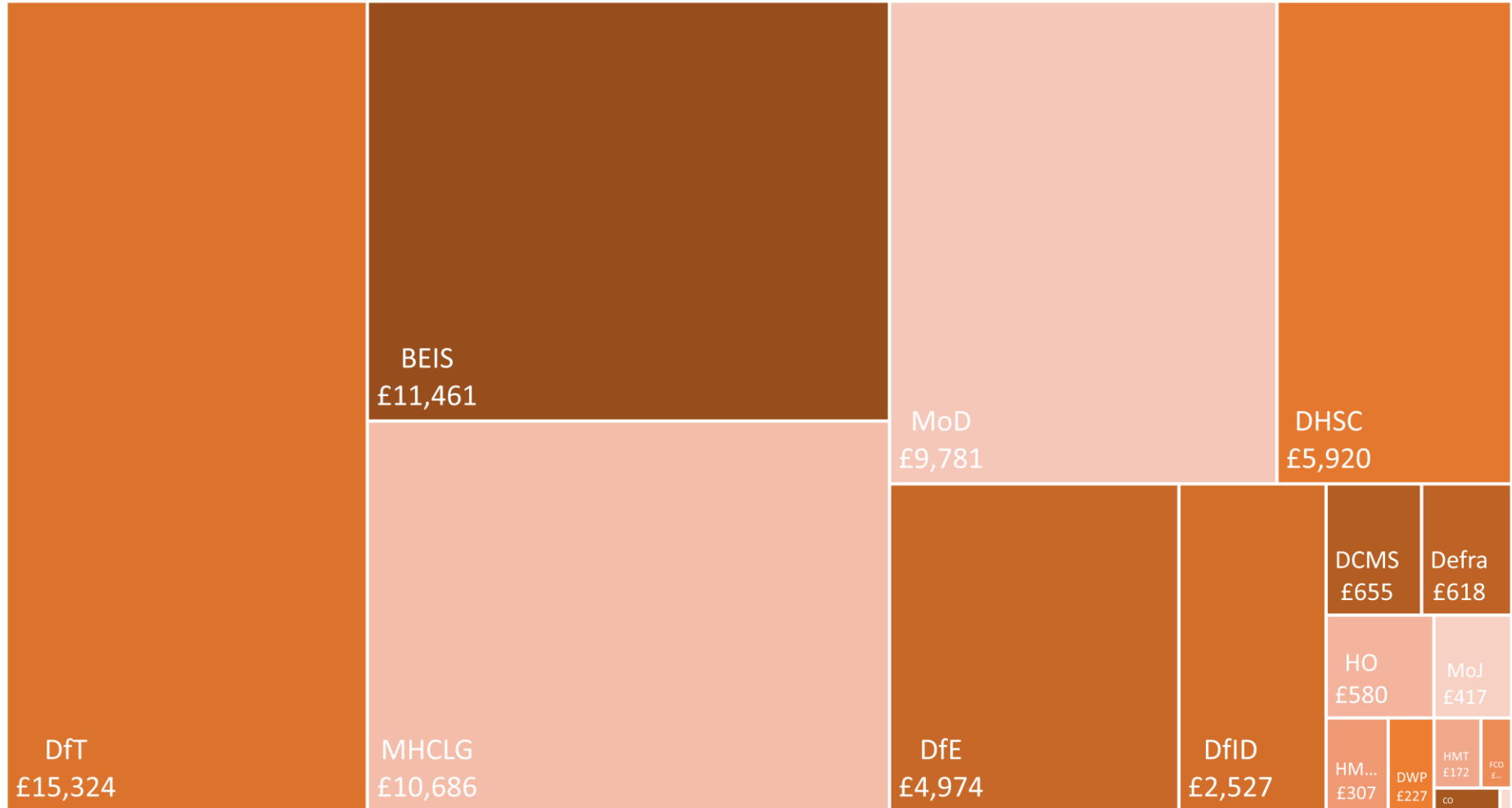
Area indicates proportion of total Resource DEL spending in Main Estimates, by department, for 2019-20.



Total Investment spending controlled through Departmental Expenditure Limits: **£73 billion**

(12% increase from last year)

£million

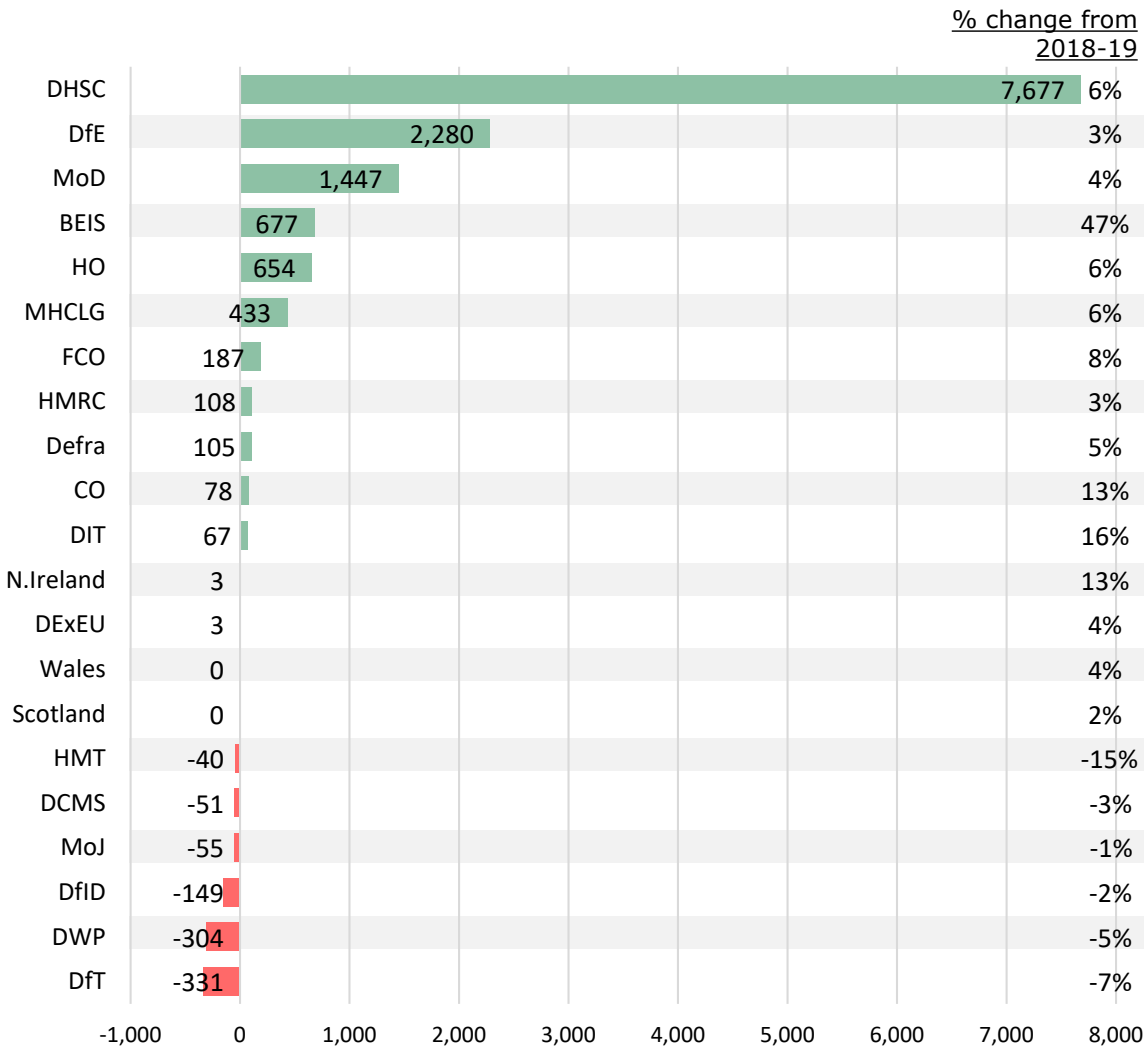


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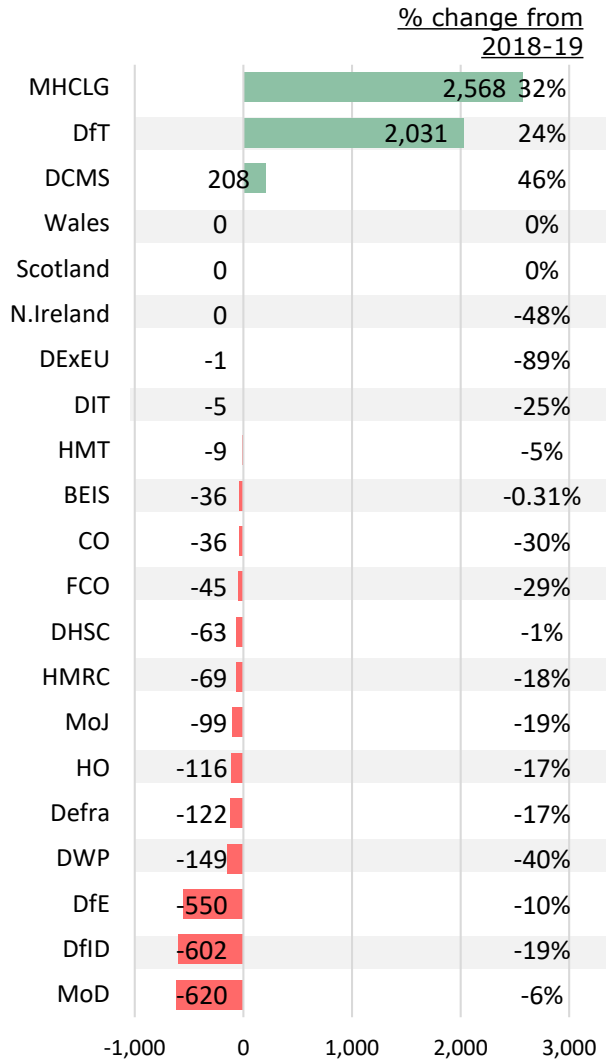
Area indicates proportion of total Capital DEL in Main Estimates, by department, for 2019-20.

## Changes to Departmental Expenditure Limits: 2019-20 compared to 2018-19

### Day-to-Day Spending, £million:



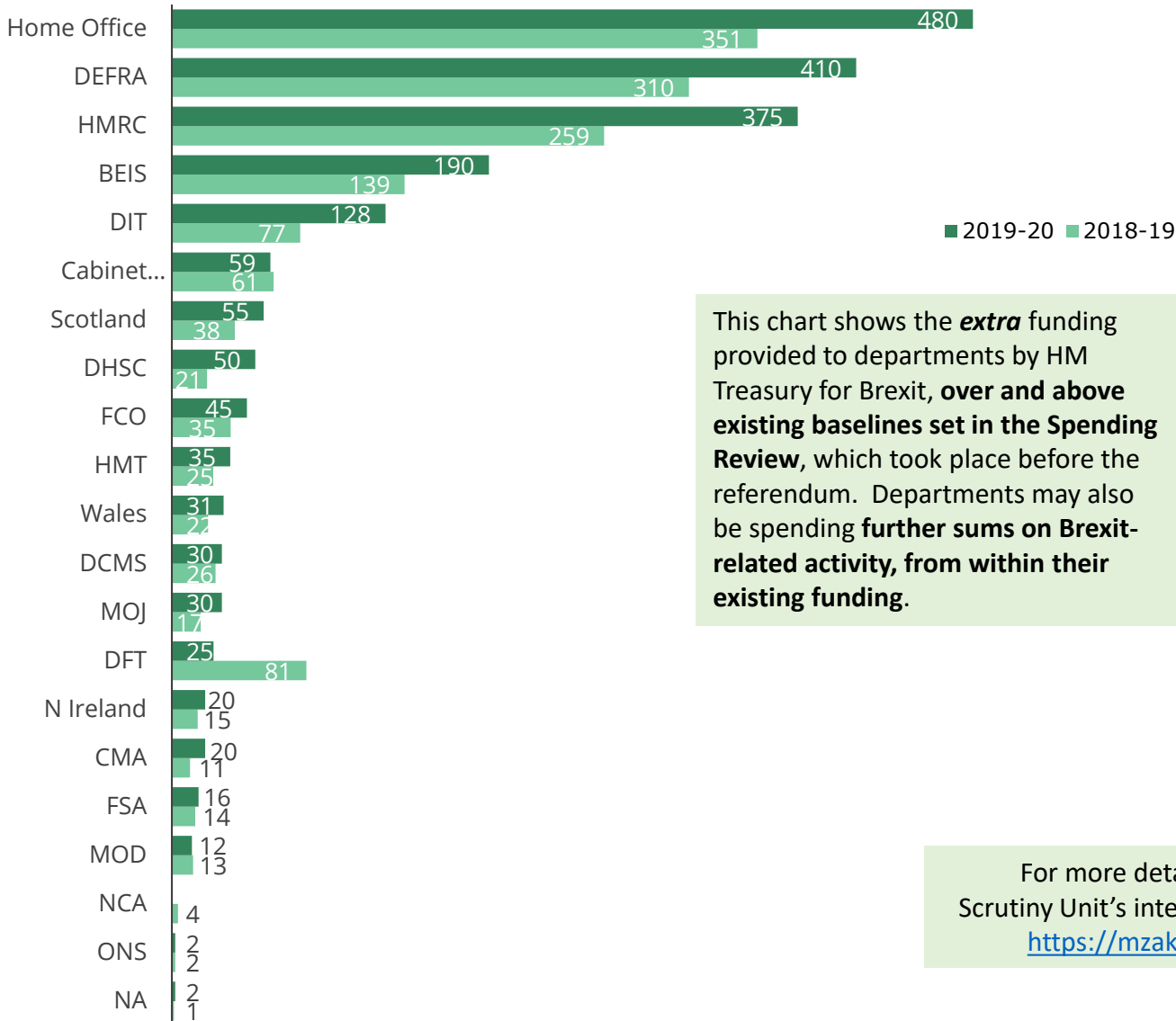
### Investment Spending, £million:



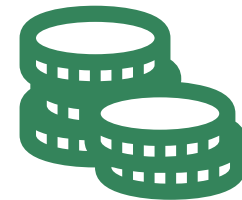
Selected departments and devolved authority grants. DfE's and DfT's figures have been adjusted to enable comparisons on a like-for-like basis. For more detailed spending information, use the Scrutiny Unit's interactive [government spending chart](#)



## Additional Brexit funding in 2018-19 and 2019-20, by department (£ million)



This chart shows the **extra** funding provided to departments by HM Treasury for Brexit, **over and above existing baselines set in the Spending Review**, which took place before the referendum. Departments may also be spending **further sums on Brexit-related activity, from within their existing funding**.



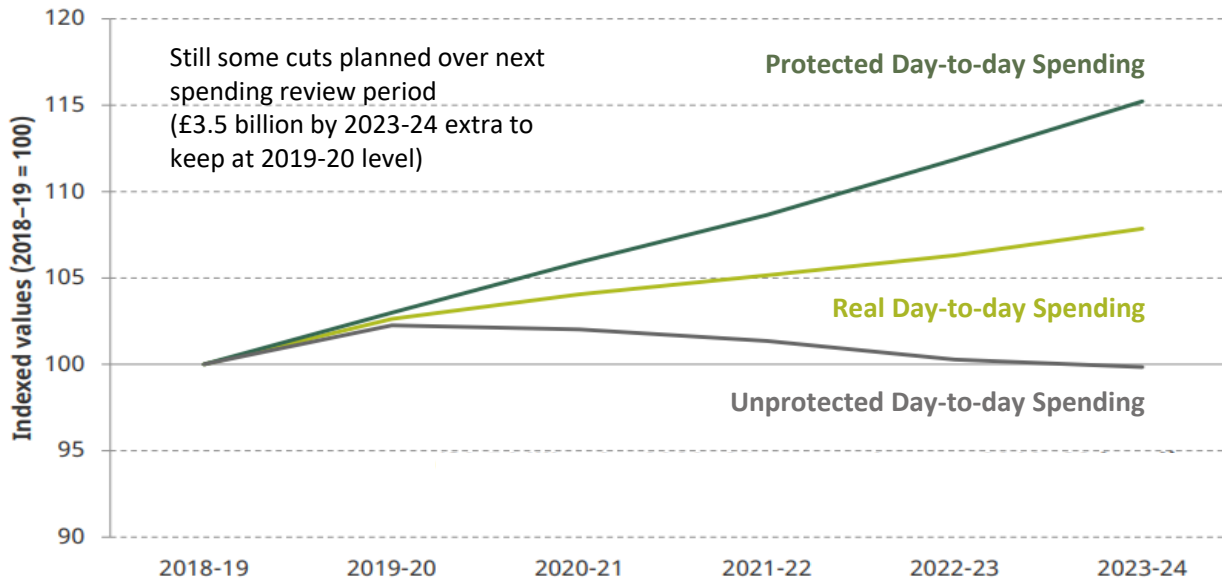
For more detailed spending information, use the Scrutiny Unit's interactive [government spending chart](https://mzakharova.github.io/me/me1718.html) <https://mzakharova.github.io/me/me1718.html>

Source: Supplementary Estimates 18-19 and Supplementary Estimates Memoranda, Main Estimates 19-20 and Main Estimates

# What are the prospects for public spending, looking ahead?

- The 2019 Spending Review will cover **spending plans for 2020-21, and possibly beyond.**
- The outcome of the review will be announced in **autumn 2019**

## Real freeze for unprotected departments between now and 2023-24



Note: RDEL refers to Public Sector Current Expenditure in Resource Departmental Expenditure Limits (PSCE in RDEL).  
 Source: Author's calculations using OBR Economic and Fiscal Outlook, October 2018

### The end of austerity?

**Total day-to-day spending** is expected to rise in real terms in **2020-21 and beyond.**

**Health spending will rise** in real terms. Other budgets like **education, defence and overseas aid** may also be "**protected**" in real terms, as before.

But if so, that may mean other "**unprotected**" budgets see a **freeze in real terms, or further real terms reductions.**

Since 2015, **protected** budgets have included the **NHS, schools, overseas aid, defence and science.**

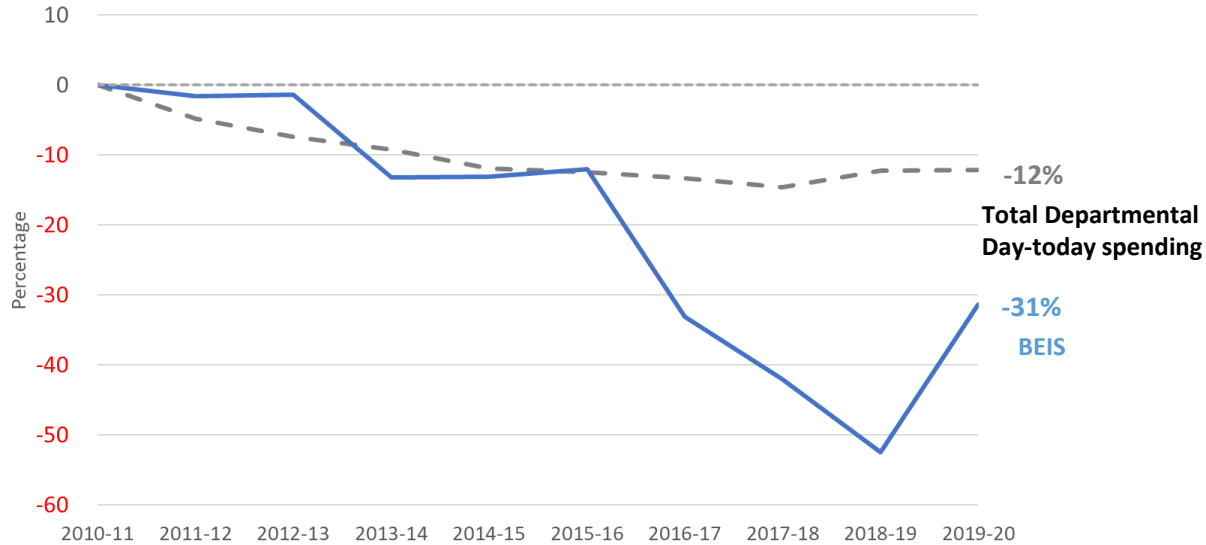
Most other budgets have been **unprotected, including local government and justice.**



# Department for Business, Energy and Industrial Strategy

## Long term trends in BEIS' Spending (in real terms)

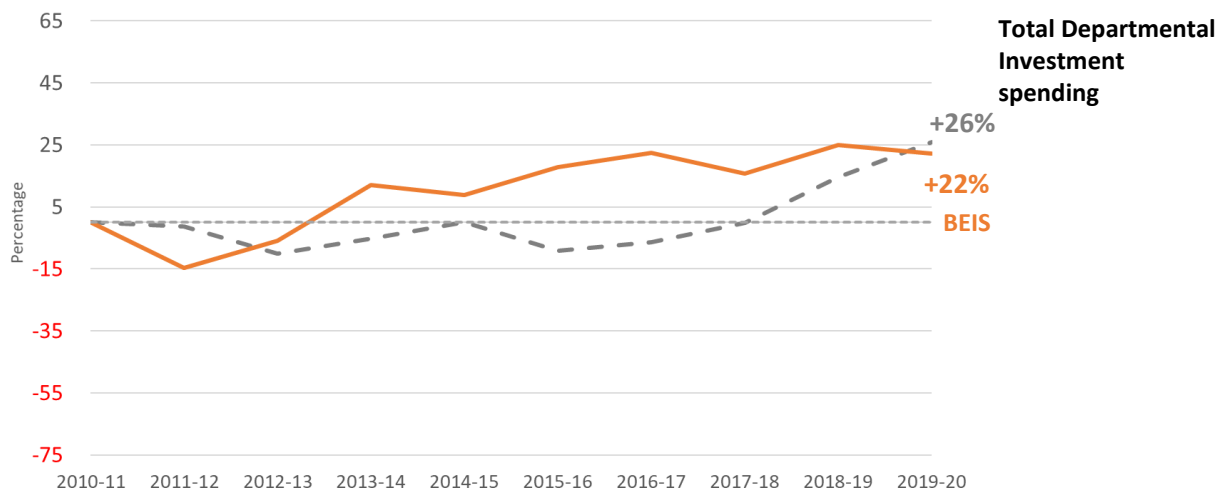
Percentage change in day-to-day spending compared to 2010 (*Resource DEL*):



### Day-to-day spending trends:

- In 2018-19 net spending dipped due to benefit of one off coal pension surpluses of **£475m**
- Expenditure on **industrial strategy and on government as shareholder** has fallen most over recent years, although there are large fluctuations from year to year
- Chart restates figures for current BEIS responsibilities, and the reclassification of R and D spend as capital

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



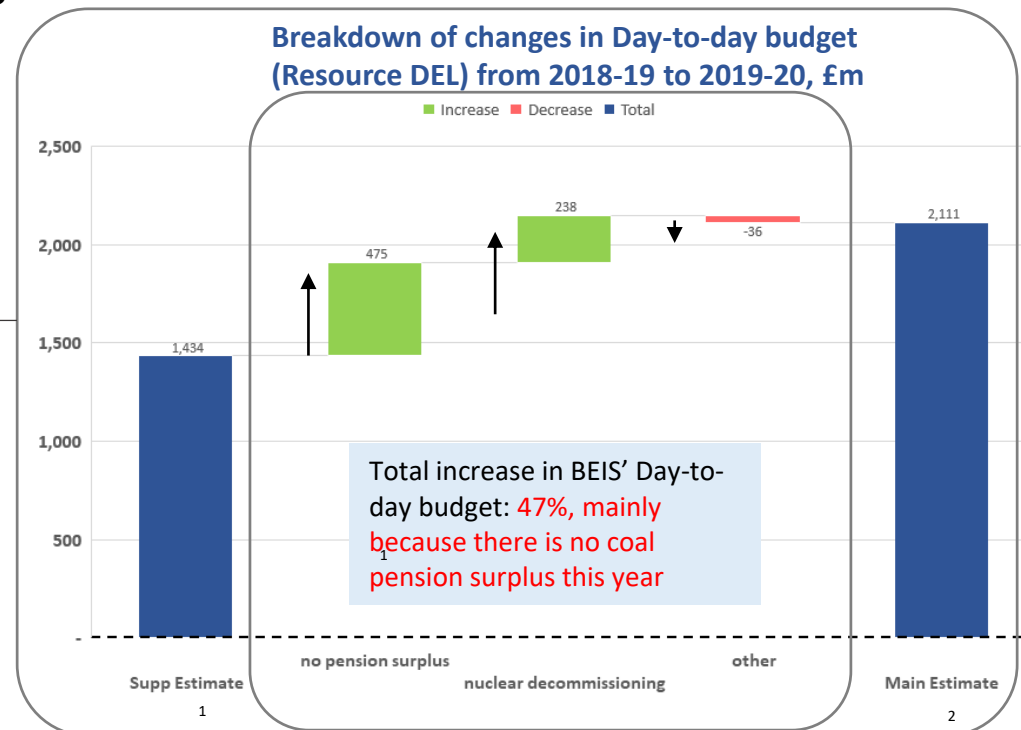
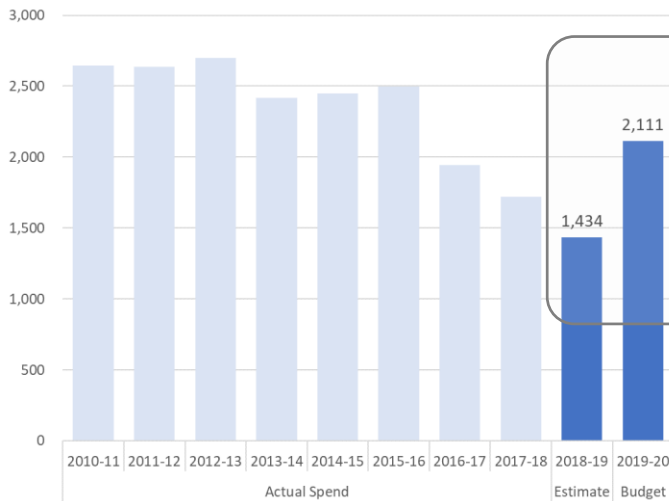
### Investment spending trends:

- **Science and research spending has grown by 57%** since 2012-13 from **£5,510m to £8,684m**
- **Nuclear decommissioning** consistently absorbs second largest share of BEIS' capital spending
- **Spending on tackling climate change up significantly in 2019-20** to £279m
- Net spending on investments and government as shareholder has fluctuated from year to year
- Overall capital spending has **increased in recent years**

## How is BEIS' day-to-day spending changing in 2019-20?

BEIS's day to day budget (Resource DEL) is 0.6% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

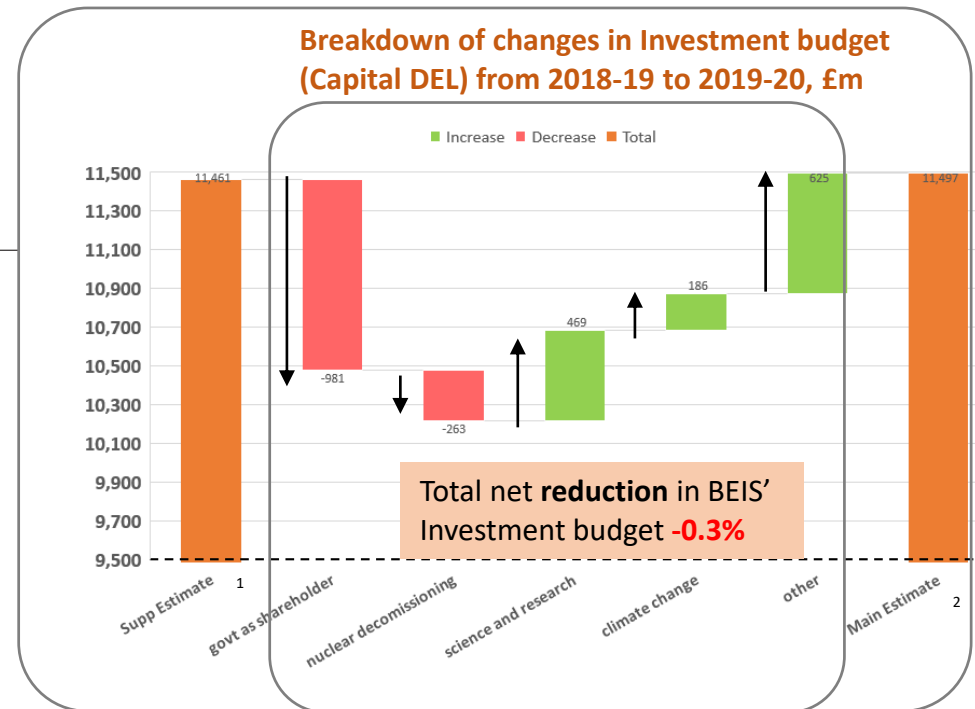
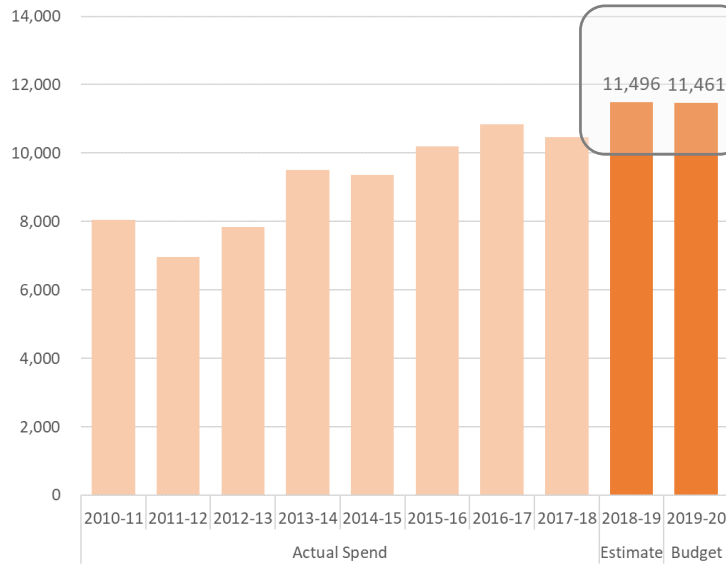
### Changes from last year

- **No repeat this year of a one-off £475m coal pension surplus** which reduced BEIS's net spending last year
- **More day-to-day spending on nuclear decommissioning** is currently planned this year. This may reduce later in the year with funds being moved across to the investment (Capital DEL) budget. **Overall nuclear decommissioning budget is broadly stable.**
- Funding for the **South Tees site company has yet to be added for 2019-20** (this will take place at supplementary estimates)
- There is an **extra £20m for Local business improvement networks** and **£10.7m for the Small business Leadership programme in 2019-20**
- **£21m is also added for unavoidable additional employers' pension costs.** Such changes affect most departments.

## How is BEIS' investment spending changing in 2019-20?

BEIS' investment budget (Capital DEL) is 15.7% of the total Capital DEL for government as a whole

### Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

### Changes from last year

- **Additional funding for science and research**, funded from the National Productivity and Investment fund, brings science and research funding up from £8,214 to **£8,684m**.
- **£186m more goes on climate change** including Energy Research, Development and Demonstration and Heat Networks Investment Project (HNIP)
- **£212m** is held centrally by BEIS is to be allocated later in the year
- Just under a **£1 billion less is to be spent on "government as stakeholder"**. This reflects the **forecast profile for British Business Bank; the winding down of the Post Office investment fund; and repayment of ENABLE funding** to BEIS
- Lower capital spend on **nuclear decommissioning** is currently planned this year. This may increase later in the year with funds being moved across from the day to day (resource DEL) budget

# What does BEIS spend its money on?

## Day to day spending (Resource DEL)

- BEIS has a **day-to-day spending budget that is less than a fifth of the size of its investment budget** overall
- **Industrial strategy and investment** includes funding for business and enterprise, “market frameworks”, the Insolvency service, British Business Bank, Post Office network subsidy, ACAS and international climate finance.
- Energy legacy spending consists mainly of **British Energy liabilities and concessionary fuel**.

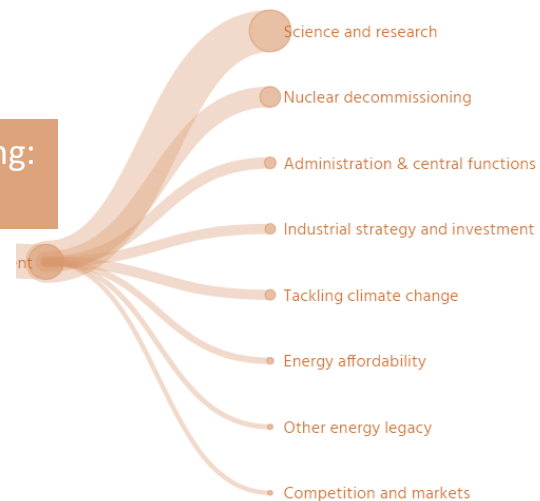
Day-to-day Spending:  
£2,109m



## Investment spending (Capital DEL)

- BEIS' investment budget is over five times the size of BEIS' day-to-day spending budget and now **the second biggest investment budget in Whitehall**.
- This budget is dominated **by science and research funding (over £8 billion)**: making up nearly **three quarters of BEIS' investment budget** after being protected in real terms under the last Spending Review.
- Other major elements including **£1.7 billion in-year spending on nuclear decommissioning**, and reducing levels of net investment and shareholdings

Investment Spending:  
£11,641m



For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html).  
<https://mzakharova.github.io/me/me1718.html>

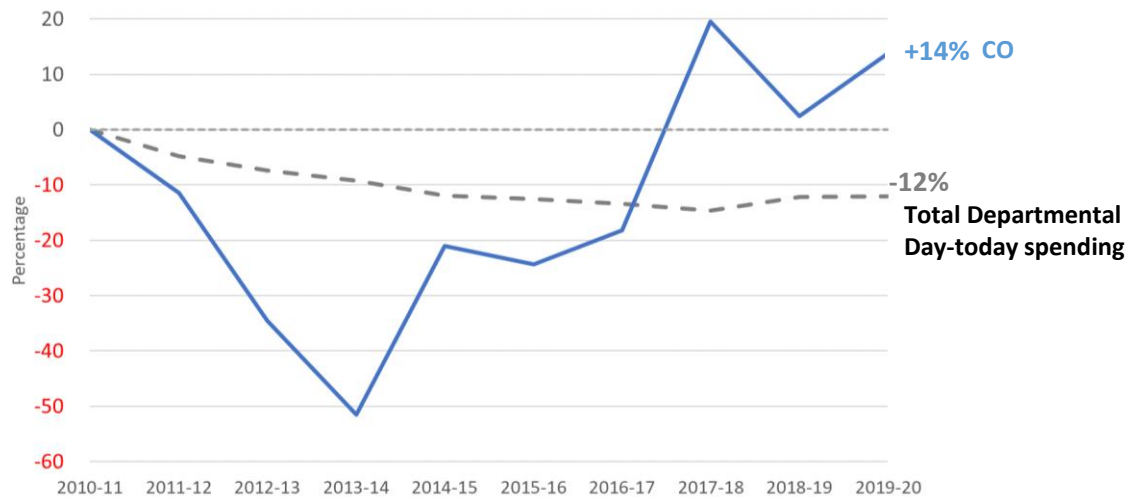




# Cabinet Office

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

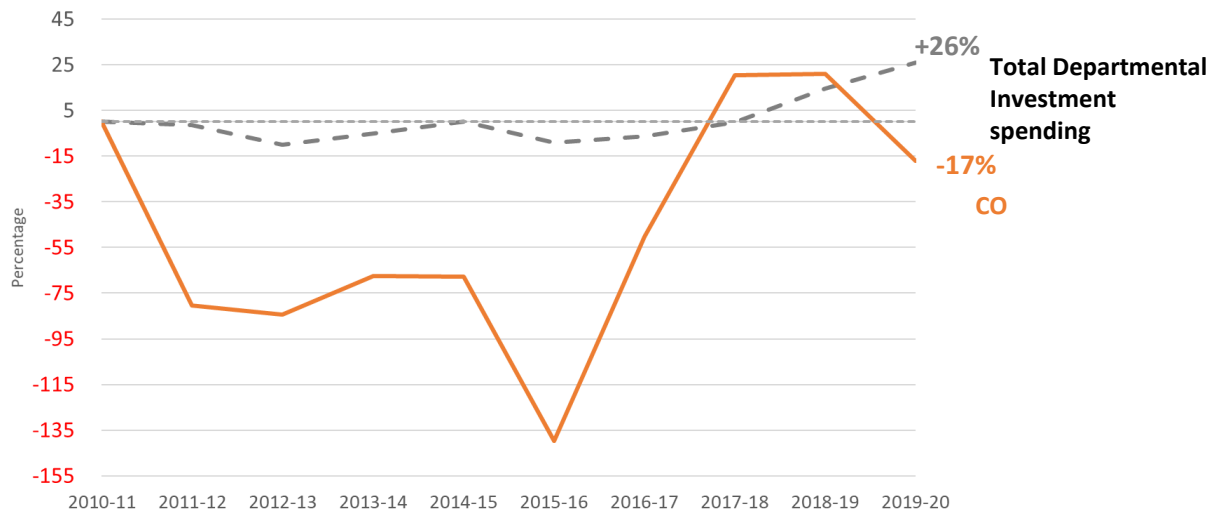
Percentage change in Day-to-day spending compared to 2010 (*Resource DEL*):



## Day-to-day spending trends:

- Cabinet Office budget is a **small department in terms of its spending**. It spends just **0.2% of total Resource DEL** of all departments combined (2019-20).
- Cabinet Office spend is **volatile from year-to-year** – one of the reasons is that **the cost of elections** is borne by Cabinet Office.

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



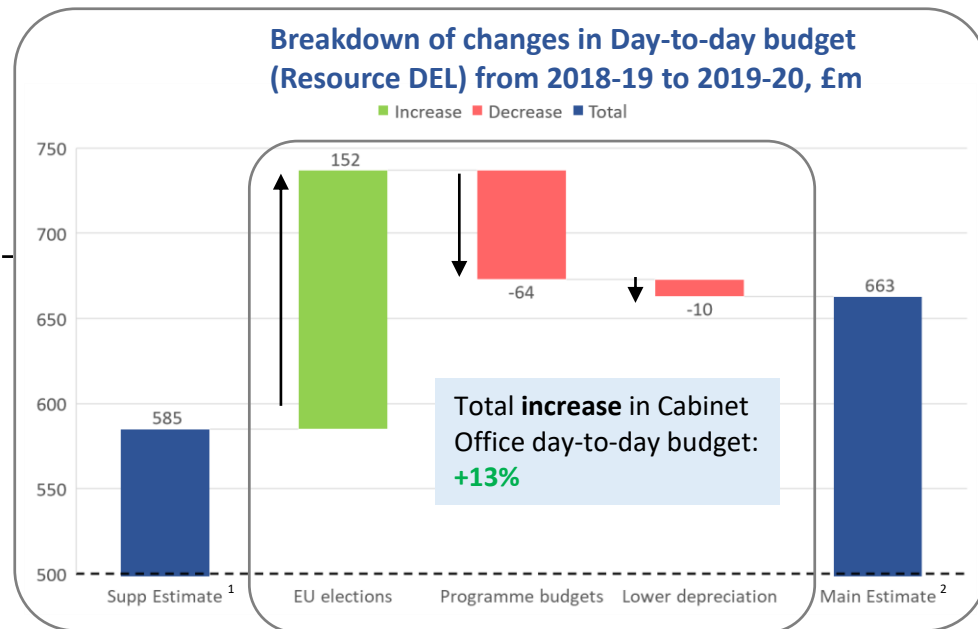
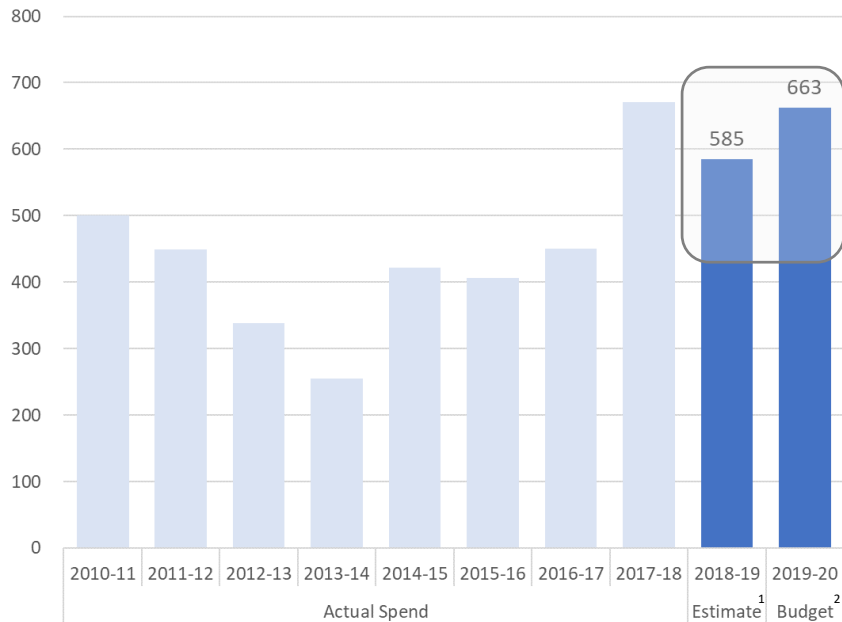
## Investment spending trends:

- Cabinet Office capital investment spending can **vary significantly each year** due to **one-off projects and events**.
- In 2015-16 the Department recorded **negative net spending reflecting income from the sale of Admiralty Arch** which was greater than other capital spending.

# How is the Cabinet Office's day-to-day spending changing in 2019-20?

Cabinet Office's day-to-day budget (Resource DEL) is 0.2% of the total Resource DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Investment Spending (Capital DEL)

**Cabinet Office has an initial investment budget of £84 million**

Cabinet Office's investment budget (Capital DEL) is **0.1% of the total for government Capital DEL as a whole**. The budget is **30% lower** than last year's final budget. Reasons include **no capital funding for the Government Property Agency** and a **lower investment budget for the Geospatial Commission**.

Note: The Investment budgets are not included in the charts on this slide.

### Changes from last year

- Cabinet Office has an initial day-to-day (Resource DEL) budget of **£663 million for 2018-19**, a **+13% increase** compared to 2018-19.
- Key changes include:
  - An increase for **EU election costs: £152m**
  - Programme budgets included in the 18-19 final budget which are not included in 19-20 budget – these include **cyber security and Grenfell inquiry**
  - Lower budget for depreciation (a non-cash cost)

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

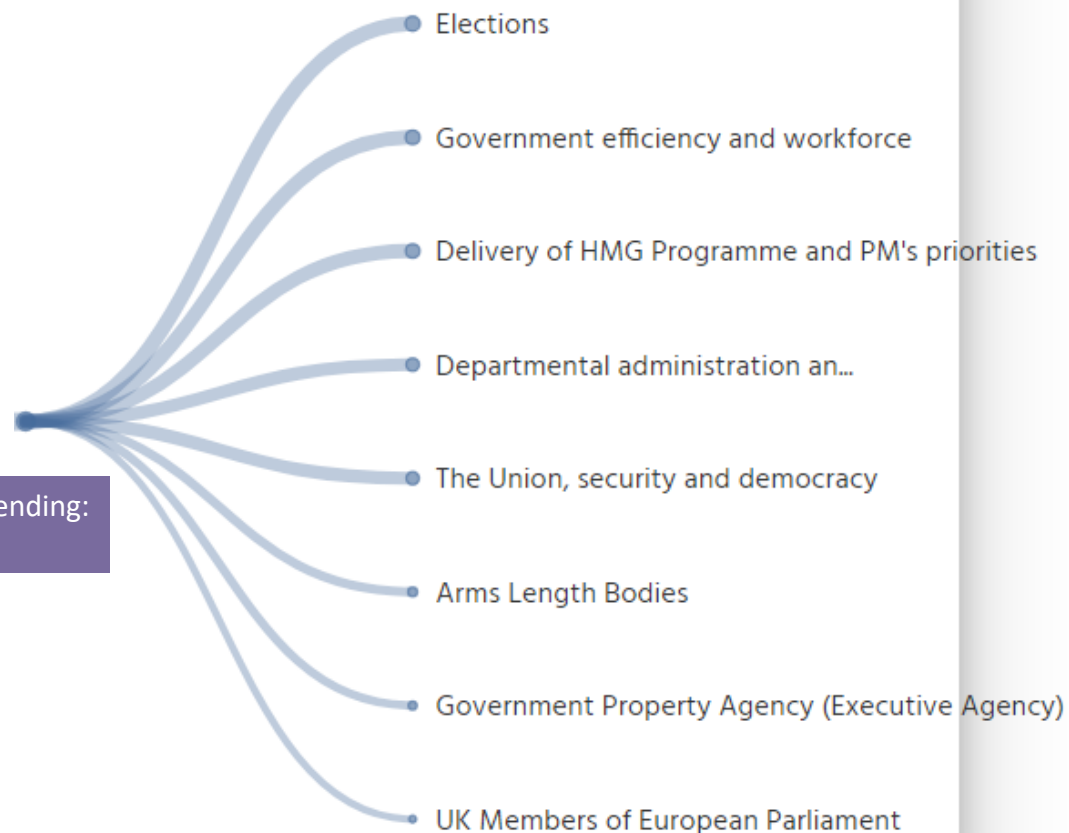
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# What does the Cabinet Office spend its money on?

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

- The Cabinet Office day-to-day budget is **£663 million in 2019-20**.
- Initial budgets for 2018-19 include:
  - **Elections: £159m.**
  - **Gov't efficiency and workforce: £142m**
  - **HMG Programme and PM's priorities: £134m**
  - **Departmental admin: £99m**
  - **Union, security and democracy: £94m**
  - **Arm's Length Bodies: £20m**
  - **Government Property Agency: £13m**
  - **UK members of EU parliament: £2.5m**

Day-to-day Spending:  
£663m



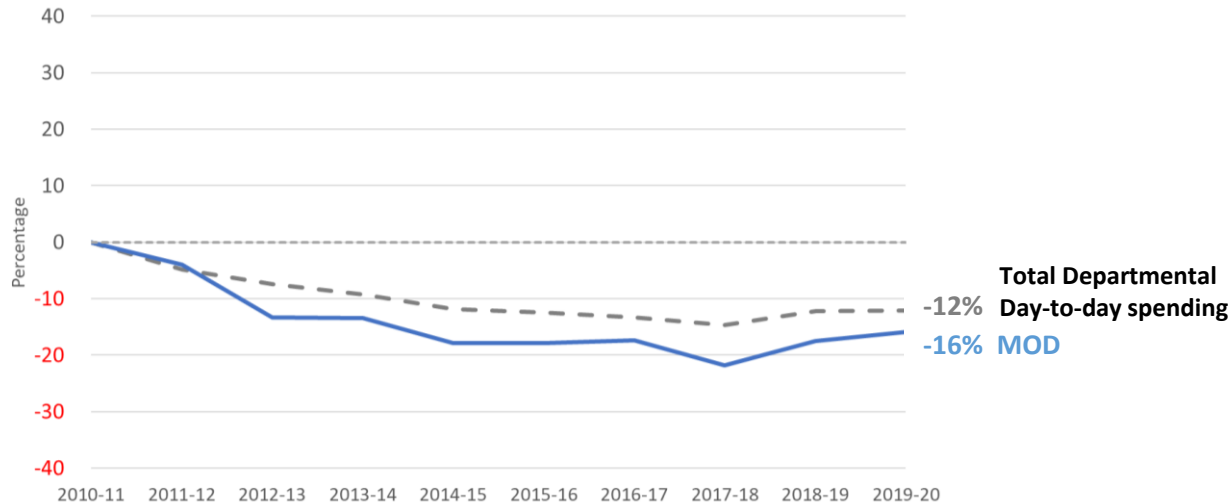
For breakdown of investment funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html).

<https://mzakharova.github.io/me/me1718.html>

# Ministry of Defence

# Long-term trends in the Ministry of Defence's spending (in real terms)

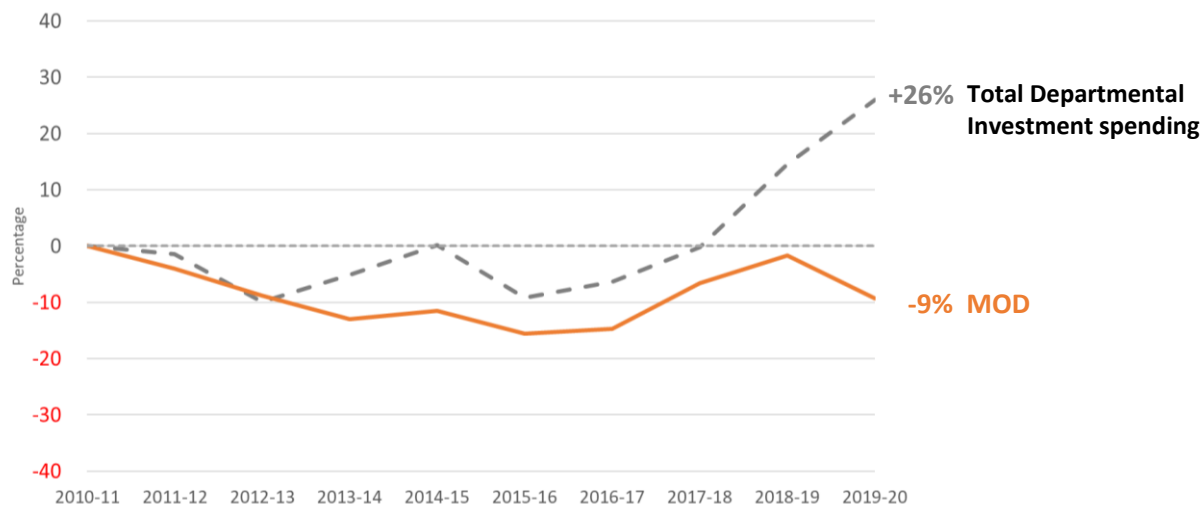
Percentage change in Day-to-day spending compared to 2010 (*Resource DEL*):



## Day-to-day spending trends:

- In real terms **the budget has been increasing since 2017-18**; in nominal terms it has increased since 2014-15.
- MOD usually receives additional funding in the Supplementary Estimates later in the financial year **for operations and peacekeeping**.

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



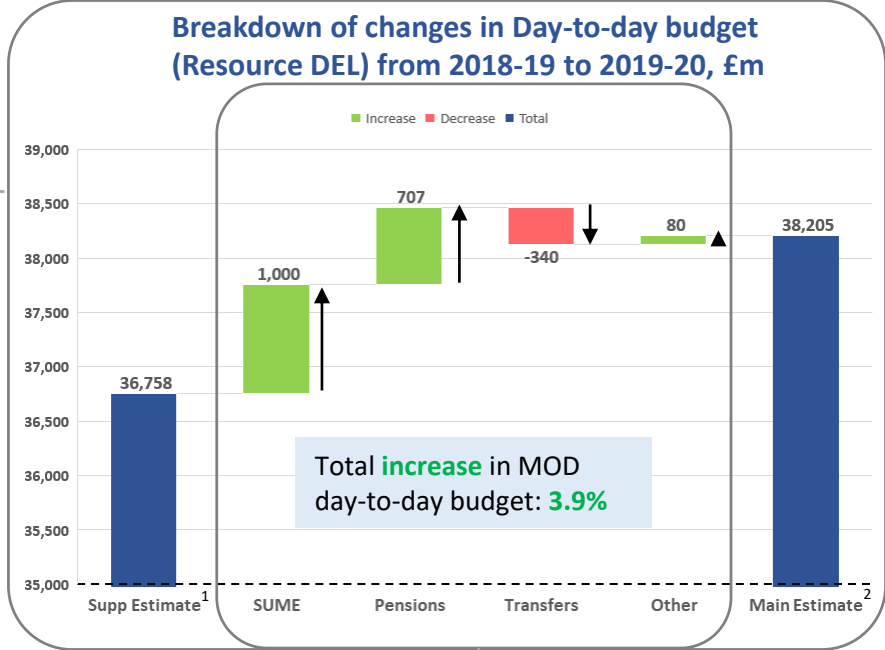
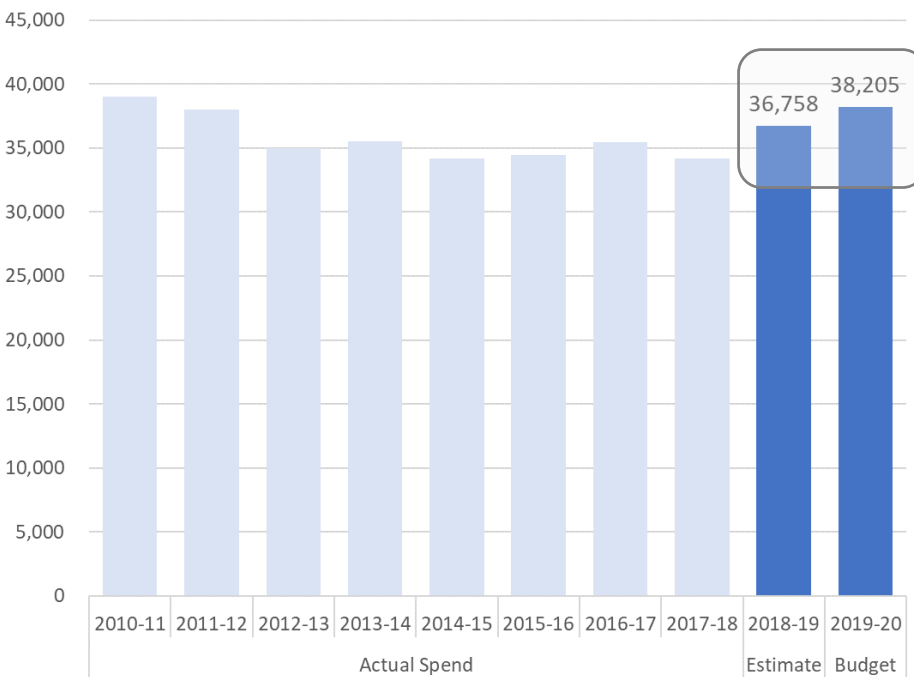
## Investment spending trends:

- The budget had been **increasing in real terms since 2015-16**, recovering earlier reductions, but this year is reduced by 8%.
- The budget tends to increase in Supplementary Estimates, when there is usually a **switch from day-to-day budgets for Single Use Military Equipment**.
- Investment (Capital DEL) underspend against its budget has been **less than 1% since 2014-15**.

# How is MOD's day-to-day spending changing in 2019-20?

MOD's day-to-day budget (Resource DEL) is 10.8% of the total Resource DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Changes from last year

- **Single Use Military Equipment (SUME):** Funds are held in the day-to-day budget for SUME – items such as munitions – at the start of the year, with some being transferred to the investment budget later in the year in Supplementary Estimates. Last year £1,000m was transferred - because this has not happened in 2019-20 yet, the day-to-day budget for 2019-20 is currently £1000m higher.
- **Pensions:** changes to the interest rate used to calculate employer contributions have caused these to increase for armed forces and civil service pensions.
- **Transfers:** £340m net transfers to other government departments, including £396m to Security and Intelligence Agencies for 'CYBER'.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)  
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

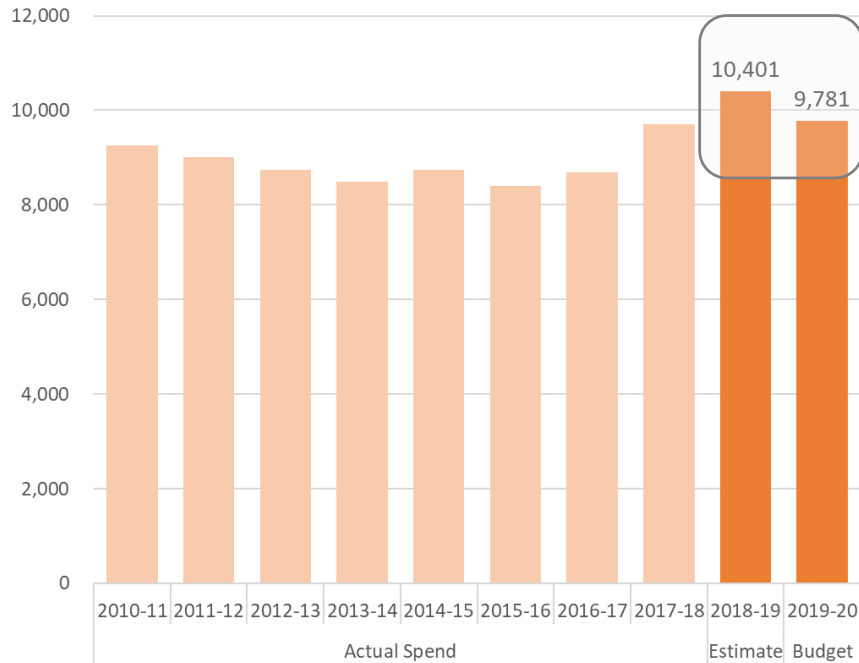




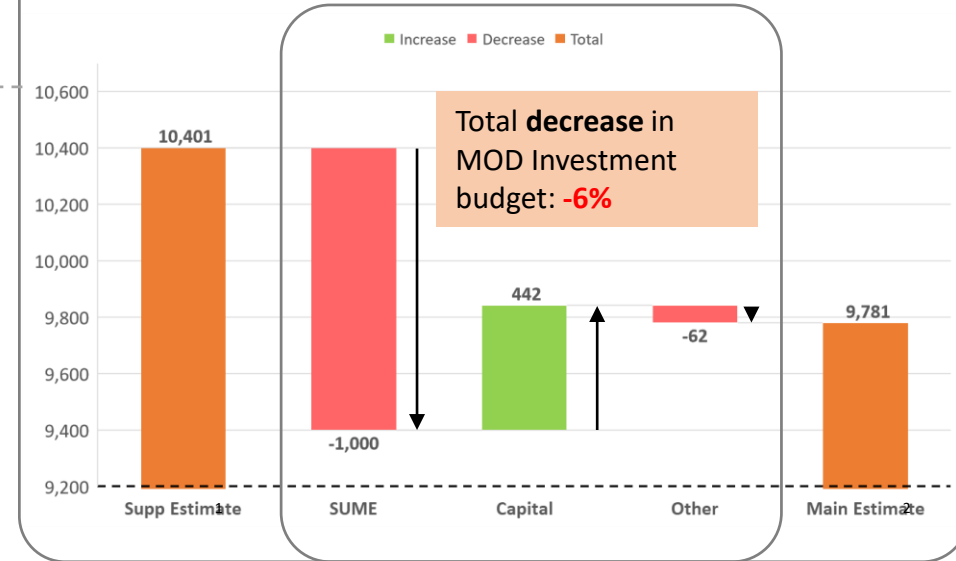
# How is MOD's investment spending changing in 2019-20?

MOD's investment budget (Capital DEL) is 13.4% of the total Capital DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



## Changes from last year

Changes occur for similar reasons to changes to MOD's day-to-day budget

- **Single Use Military Equipment (SUME): Funds are** not usually transferred to the investment budget until later in the year in Supplementary Estimates. Last year **£1,000m** was transferred - because this has not happened in 2019-20 yet, but may be repeated in February, the investment budget for 2019-20 is currently £1,000 m lower than the final budget for 2018-19 .
- **Capital:** An additional £442m funding for the elements of the investment budget which are 'dual use', such as infrastructure and IT.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# What does MOD spend its money on?

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

- **Infrastructure and depreciation** spending is the most significant part of the budget due to the large and expensive capital stock; spending on **depreciation** is £8,497m, spending on **infrastructure costs** such as property management and service charges is £3,179m.
- Within **equipment, inventory and R&D**, equipment support costs, which include leases and hire costs, is £8,997m.
- **Operations costs** are £394m, but extra money is often sought when the budget is adjusted later in the financial year.
- The largest operation costs are for '**counter-Daesh**' at £213m and the **Conflict, Stability and Security Fund** at £82m.

Day-to-day  
Spending:  
£38,205m

Infrastructure & depreciation

Service Personnel

Equipment, Inventory and R&D

Other

Civilian Personnel

Operations Costs

## Investment spending (Capital DEL)

- **Single Use Military Equipment (SUME)**, such as munitions, has a budget of £4,830m; this is likely to increase further in February when additional funds are usually transferred from the day-to-day spending budget.
- The budget for **other capital and the estate**, i.e. investments that have more than 'single use', is £3,672m; this has been increasing over time, despite MOD attempts to [rationalise the estate](#).
- **Operations costs** are £18m, but this is likely to increase when budgets are adjusted in February.

Investment  
Spending:  
£9,781m

Single Use Military Equipment

Other Capital & Estate (net)

Research and Development

Operations Costs

Other

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<https://mzakharova.github.io/me/me1718.html>

## Breakdown of spending: MOD

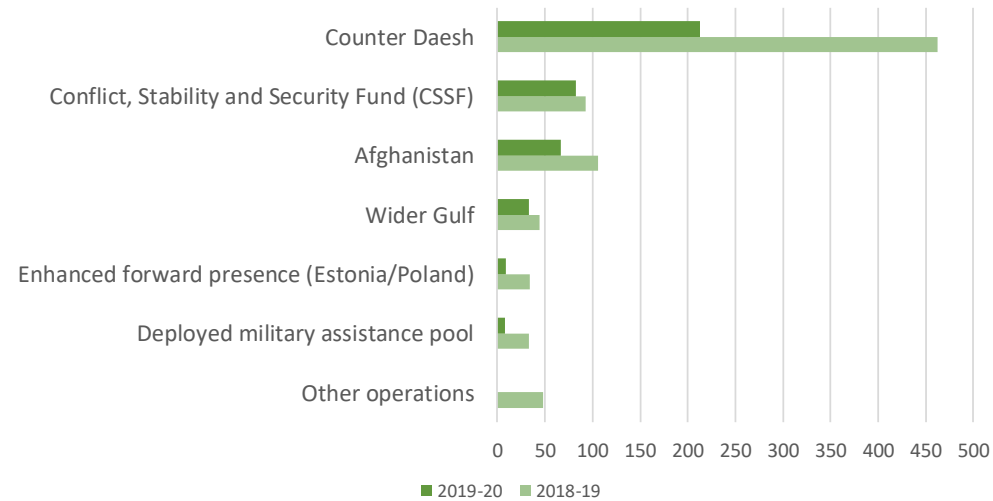
### Operations

- MOD **separates spending on operations** given it is harder to predict; additional funding is usually received in-year in when budgets are adjusted in February.
- The operations budget for this year is currently £412m, compared to £819m last year. However, **the original budget** in 2018-19 was for only £408m.
- Investment spending accounts for about 5% of total spending.
- Just over half the budget is dedicated to **Counter-Daesh** operations, such as airstrikes and airborne intelligence operations in Iraq and Syria.

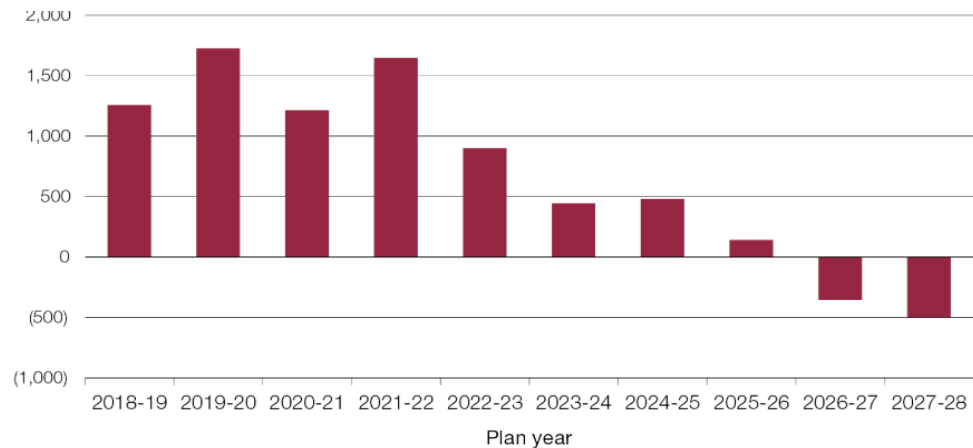
### Equipment plan

- The MOD annually publishes a [10-year Equipment Plan](#) and statement on its **affordability**.
- The NAO also reports on the robustness of the **assumptions** underlying this plan
- The [latest report](#) shows that over the next 10 years forecast costs are likely to **exceed budgets by £7,000m**, but this could rise to £14,800m if all identified risks materialise.
- More than 40% of MOD spending will be on the equipment plan.

### Combined day-to-day and investment spending on operations (£m)



### Forecast cost in excess of budget (£m)

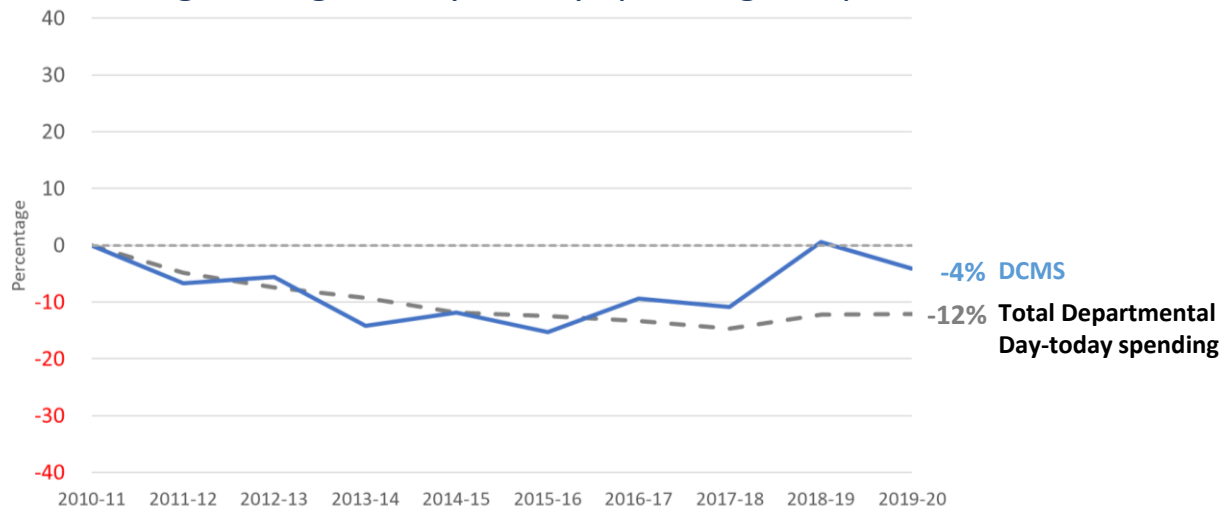


Source: [NAO](#)

# Department for Digital, Culture, Media & Sport

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

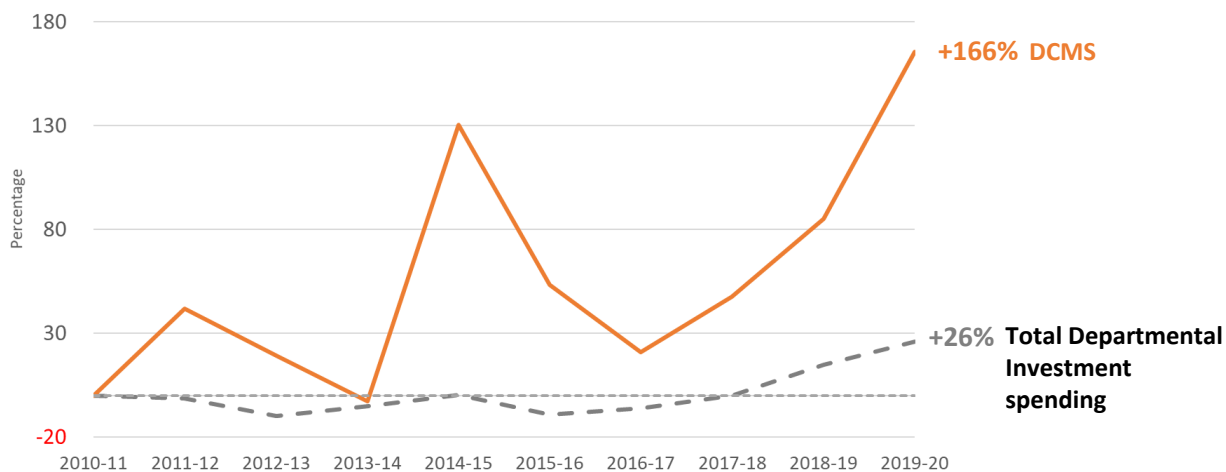
Percentage change in Day-to-day spending compared to 2010 (*Resource DEL*):



## Day-to-day spending trends:

- Spending on **London 2012 Olympics has been removed** from the trend.
- Nominal spending has been **increasing since 2015-16**, creating the upward trend until a reduction in this year's budget.
- The budget for the **Office for Civil Society has nearly doubled** over this period to around **£300 million**.

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



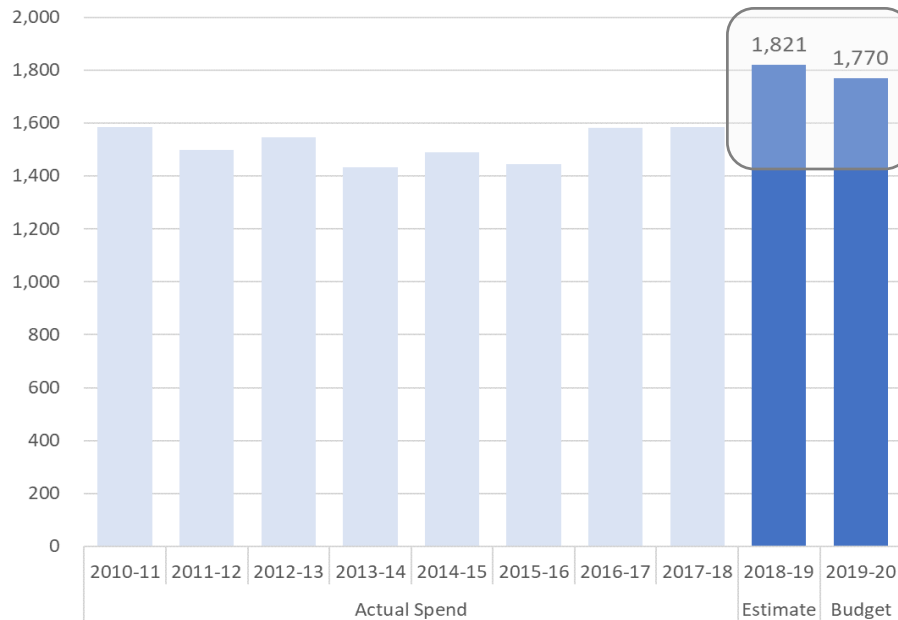
## Investment spending trends:

- Spending on **London 2012 Olympics has been removed** from this trend, including income generated from the sale of Olympic infrastructure which has continued in recent years.
- **Large increases since 2017-18** due to funds for **5G and 'Local Full Fibre Networks'** as part of the **£750m** digital allocation of National Productivity Investment Fund.

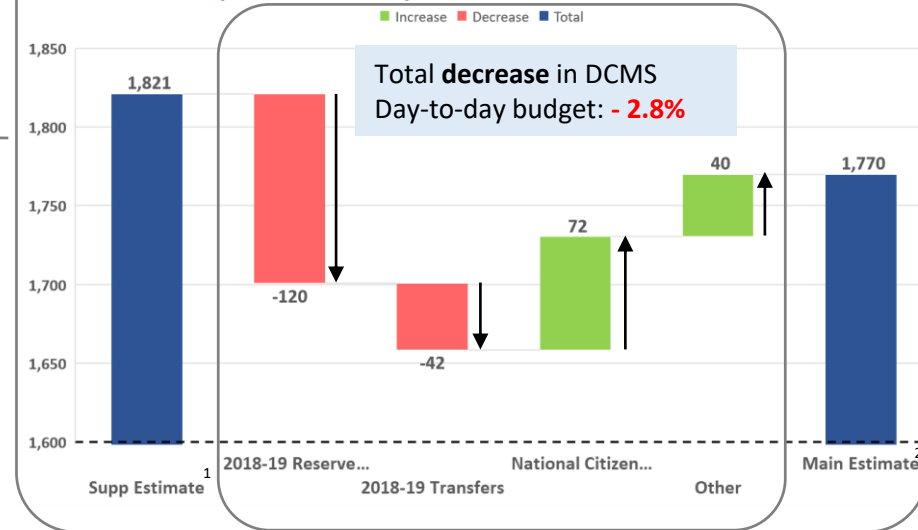
## How is DCMS' day-to-day spending changing in 2019-20?

DCMS's day to day budget (Resource DEL) is 0.5% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



### Breakdown of changes in Day-to-day budget (Resource DEL) from 2018-19 to 2019-20, £m



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

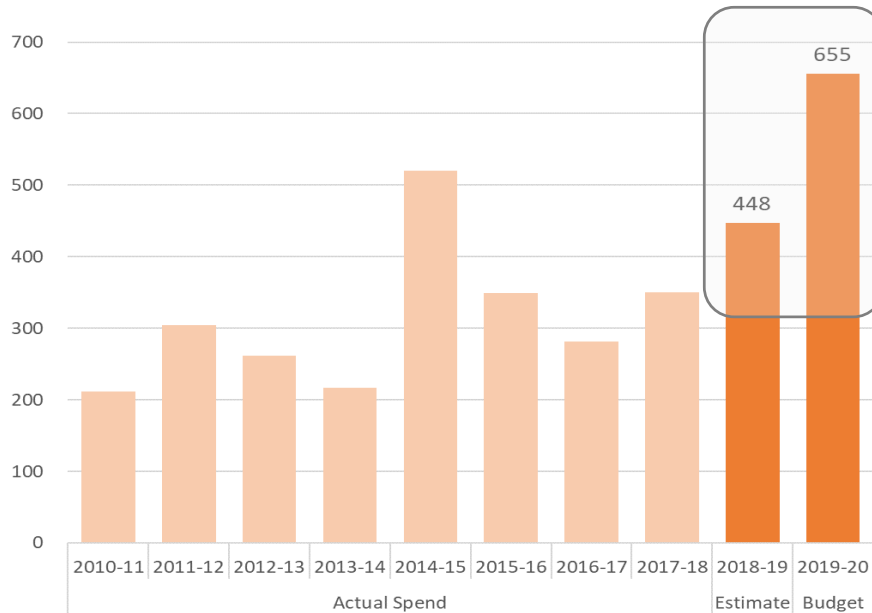
### Changes from last year

- **2019-20 budgets do not include a number of one off or late additions which increased last year's budgets towards the end of the year. These included:** additional funding of £34m to allow museums to use their own income, £21m for Birmingham 2022 Commonwealth Games, and £18m for the Listed Places of Worship scheme; and £26m transferred in from other departments for National Cyber Security. It is likely that similar transfers will increase the 2019-20 budget later in the year, through a Supplementary Estimate.
- **National Citizen's Service:** additional funding for the NCS, which may be reduced later in the year, depending on participation levels.
- **Other:** includes additional funds of £12m to the Arts Council as part of the Cultural Development Fund and £12m to cover extra employer contributions for staff pensions.

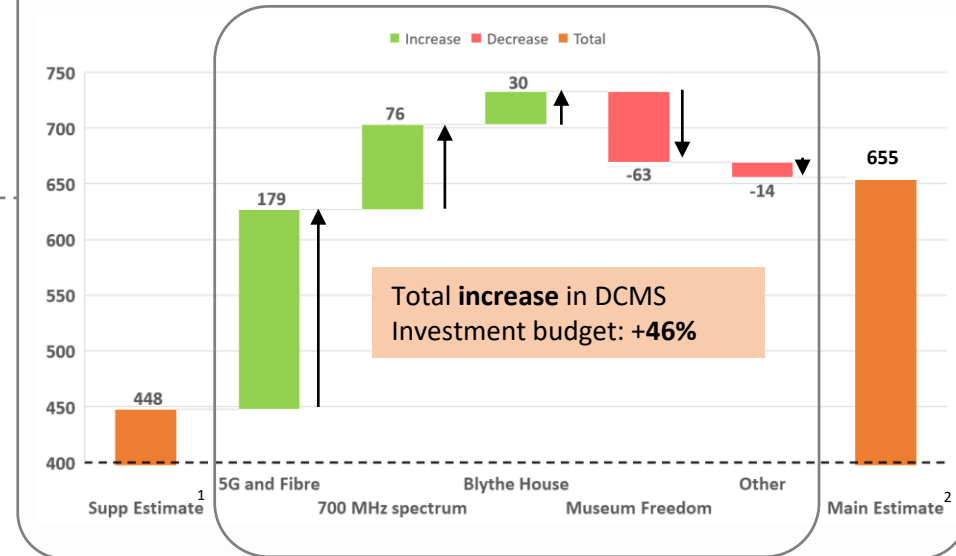
## How is DCMS' investment spending changing in 2019-20?

DCMS's investment budget (Capital DEL) is 0.9% of the total Capital DEL for government as a whole

### Long-term spending trends (£m, nominal)



### Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



### Changes from last year

- **5G and Fibre:** Additional funding of mobile and internet capital programmes as part of the National Productivity Investment Fund.
- **700 MHz spectrum:** additional funding for the clearance of spectrum to transfer use from TV to mobile broadband; much of this was carried over from last year's budget.
- **Blythe House:** the development of the archives of the national museums has had changes to its timetable, increasing investment this year.
- **Museum Freedoms:** additional funding was awarded last year to allow museums to access their own income; this is not currently repeated, but it may re-occur when the budget is adjusted in February.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# What does DCMS spend its money on?

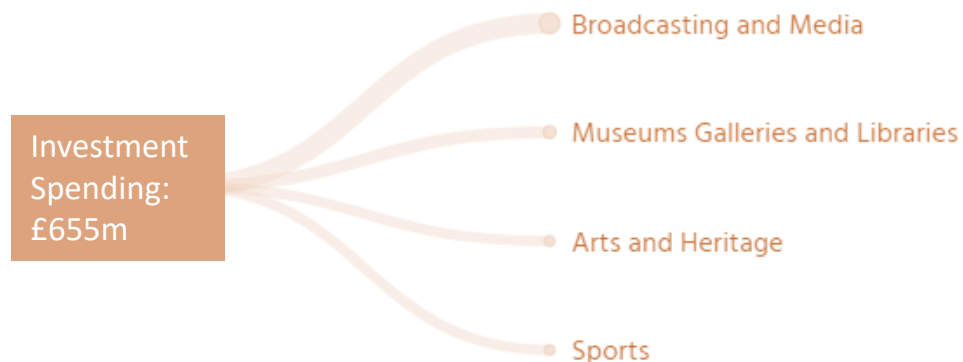
## Day-to-day spending (Resource DEL)

- Around a **third** of DCMS spending is on **Museums Galleries and Libraries**; the large national museums, such as the British Museum and Natural History Museum have budgets of around **£30m-£40m**.
- **Arts and Heritage** constitutes 28% of the budget, with **Arts Council England** receiving **£465m of the £496m** total of this spending.
- **Broadcasting and Media** budgets cover are relatively small as the majority of spending is on infrastructure



## Investment spending (Capital DEL)

- The budget for **Broadcasting and Media** of **£470m** is a third of all DCMS investment spending; this is due to the significant infrastructure requirements of **5G and Fibre networks (£275m)**, clearing the 700MHz spectrum (£149m) and BDUK superfast broadband (**£43m**).
- Within **Museums, Galleries and Libraries**, the renovation of **Blythe House** for museum archives (**£58m**) is over half the budget.
- **Sport England** has an investment budget of **£40m**.
- **The Arts Council** has an investment budget of **£21m**.



For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html).  
<https://mzakharova.github.io/me/me1718.html>

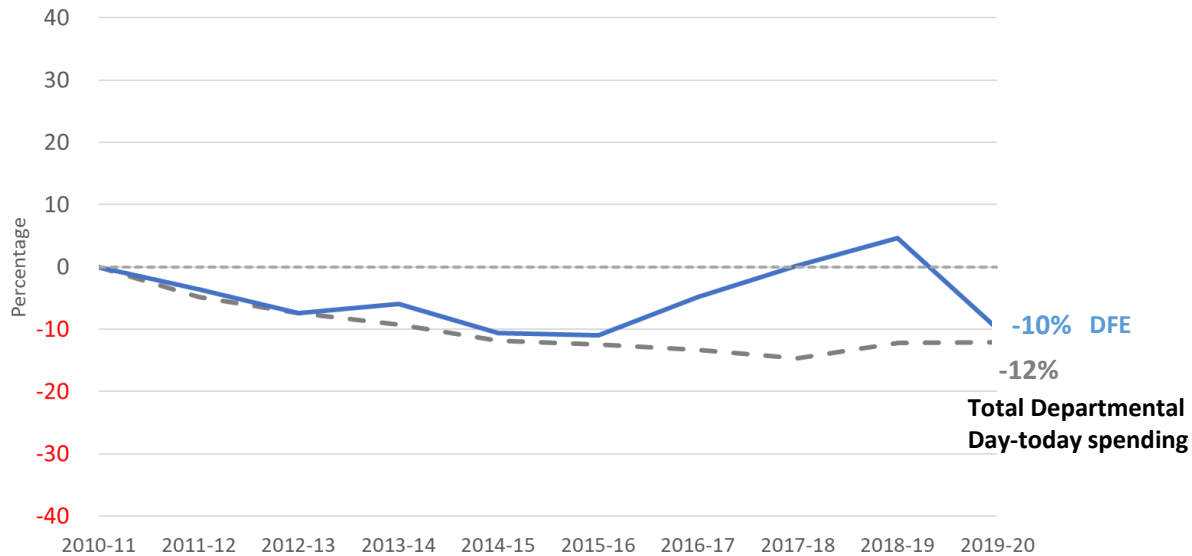




# Department for Education

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

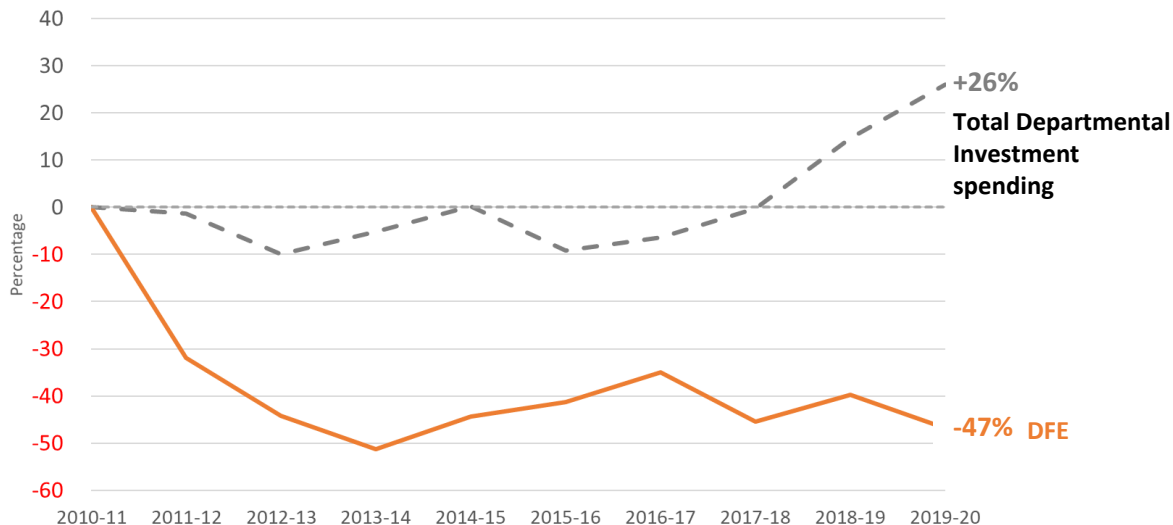
Percentage change in Day-to-day spending compared to 2010 (*Resource DEL*):



## Day-to-day spending trends:

- In real terms DFE's overall budget is **lower now than in 2010<sup>1</sup>**.
- According to the IFS, **total school spending per pupil was 8% lower in real terms in 2017-18 than 2010-11**.
- Since 2015, **cash spending per pupil has been protected, and since 2017-18 real terms spending per pupil (except pupil premium) has been protected**
- In recent years, reductions have been made to **central budgets and education services grant**.

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



## Investment spending trends:

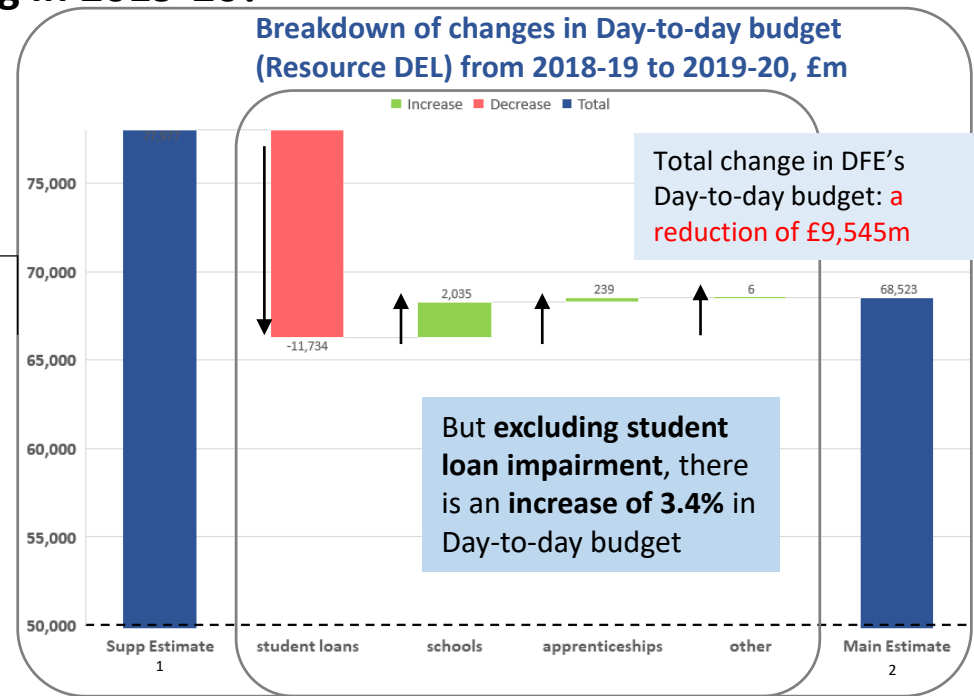
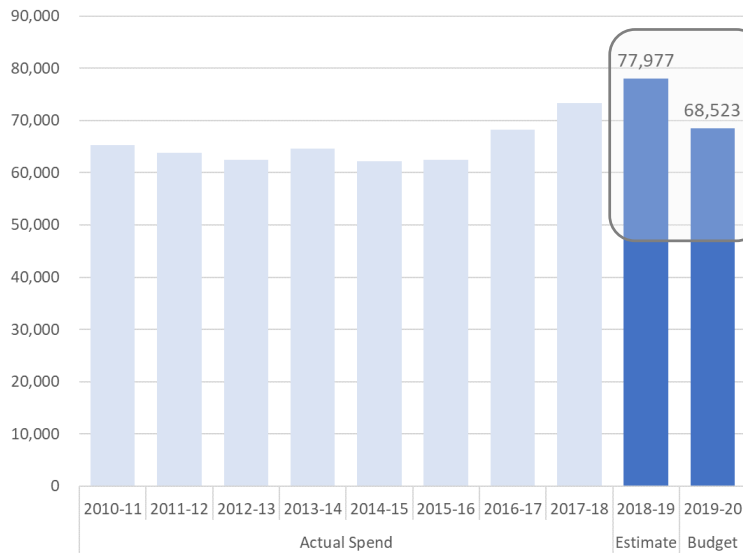
- DFE's investment spending<sup>1</sup> was **reduced substantially from 2010** as graph shows.
- While there have been some subsequent boosts to DFE's investment spending, it **remains significantly below 2010 levels**, while overall government investment spending has risen

<sup>1</sup> Restated to take account of changes in departmental responsibilities since 2010. 2017-18 and 2018-19 day to day spending includes large increases due to extra costs of student loan write downs.

## How is DFE's day-to-day spending changing in 2019-20?

DFE's day to day budget (Resource DEL) is 19.3% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

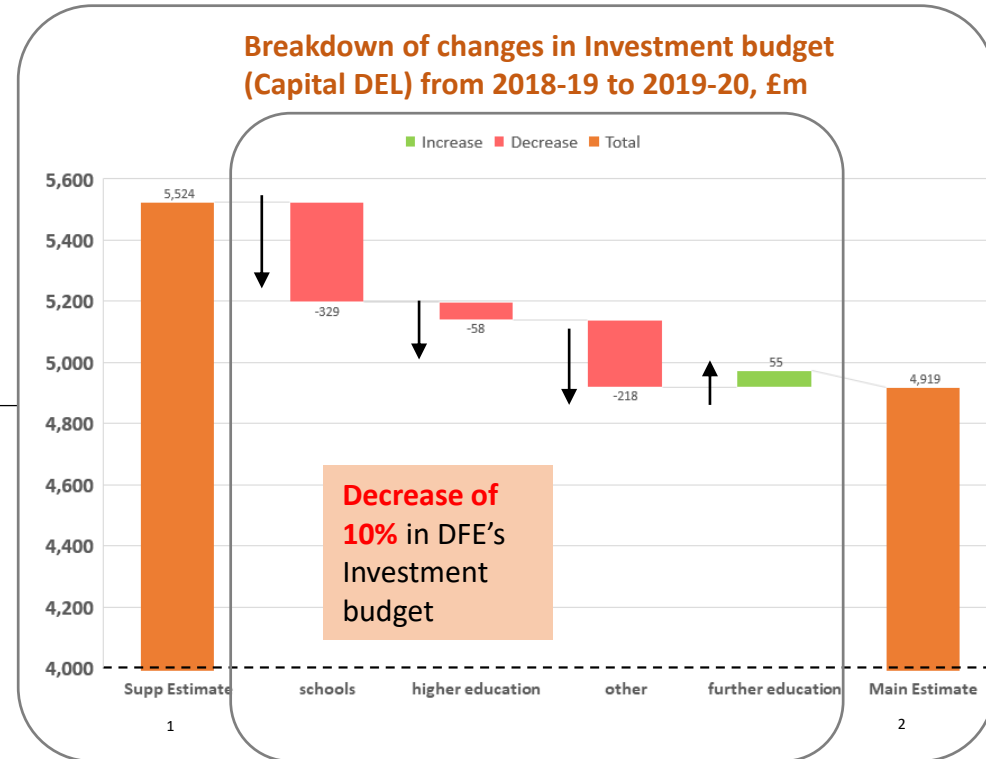
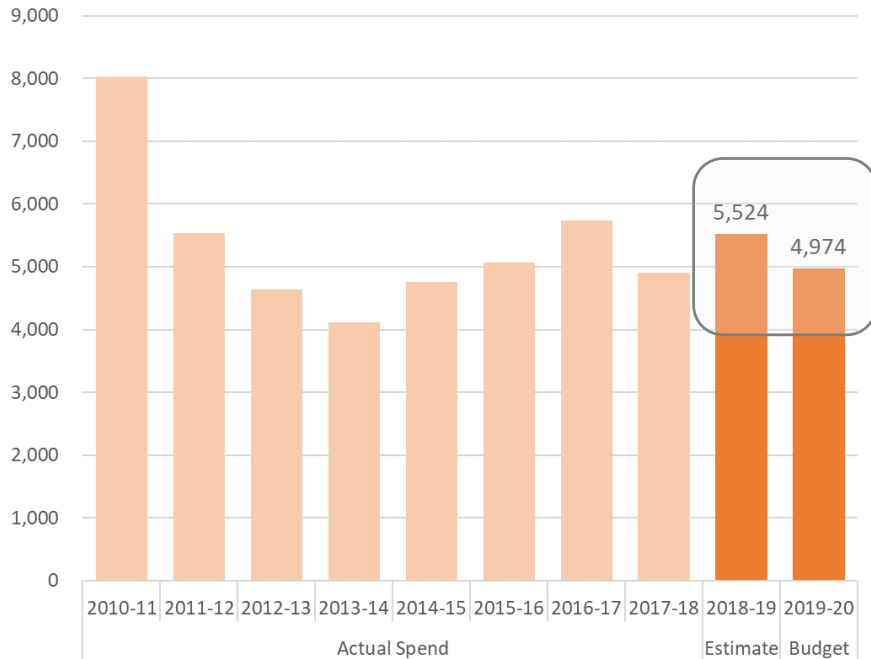
### Changes from last year

- While it looks like the DFE budget is going down significantly, **most of this is simply the result of a big student loan book write down last year, yet to be repeated. Excluding this, DFE's day to day spending goes up by 3.4%.**
- The overall **grant to schools in 2019-20 goes up by £2,035m (+4%)** compared to last year. **£857m of this increase, however, is merely to cover increased teachers' employers' pension costs**, with £645 m of this being funded by the Treasury, and the remainder (£212m) coming from other DFE budgets
- DFE is committed to **protecting spending per pupil on dedicated schools grant protected in real terms for 2018-19 and 2019-20**. However, DFE quotes in its Estimates memorandum **average spending per pupil rising from £4619 in 2017-18 to £4630 in 2018-19 (less than inflation)**. This may be because some elements of per pupil funding are **not protected in real terms**. There is no average per pupil figure provided as yet for 2019-20.
- There is an **extra £239m for apprenticeships this year**- part of the commitment made back in the 2015 Spending Review

# How is DFE's investment spending changing in 2019-20?

DfE's investment budget (Capital DEL) is 6.8% of the total for Capital DEL for government as a whole

## Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## Changes from last year

- There is **less capital funding this year for schools**- the £400 m extra capital given last year in the Budget is **not, as yet, repeated**
- A revised profile of capital grants issued by the Office for Students to higher education institutions has moved some spending back to 2020-21, **reducing higher education funding by £59 m this year**
- Conversely, there is **additional spend of £55 m on further education** (Institutes of Technology) and **the completion of the Restructuring Facility programme**.

# What does DFE spend its money on?

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

- Over three quarters of the day to day spending total relates to **grants to schools**. This includes **dedicated schools grant, pupil premium etc**
- **The share paid to academies continues to rise** as the numbers of **academies rise**, and the number of **local authority schools falls**. The final breakdown of funding between the two will depend on the number of conversions
- The further education budget now includes some funding which previously was included in central budgets
- **Equalities funding** is no longer included in DFE this year (now with Cabinet office)

## Investment spending (Capital DEL)

Capital funding for schools comprises the following:

- Basic needs funding, for **additional schools places: £908m**
- **Maintenance funding** including Devolved formula capital (£208m), Condition allocations (£783m) and the bid- based Condition improvement fund (£538m)
- **Priority schools building programme: £818m**
- **Additional maintenance needs: £192m**
- **Free schools, University Technical colleges and Studio schools: £1,036m**

In total **£4,483 m** of total **£4,975m** budget will be spent **directly on schools**.

For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html). <https://mzakharova.github.io/me/me1718.html>

Day-to-day  
Spending:  
£68,524m

Grants to local authority schools

Grants to academies

Higher education

Further education

Standards, EFSA & school infrastructure

Early years and schools

Social care, mobility and disadvantage

Administration & central functions

Investment  
Spending:  
£4,975m

Grants to local authority schools

Early years and schools

Grants to academies

Higher education

Further education

Administration & central functions

Standards, EFSA & school infrastructure

Social care, mobility and disadvantage

## Changes in funding for schools

The Institute for Fiscal Studies found that:

- Primary and secondary school spending per pupil **rose by over 50%** in real terms **between 2000–01 and 2010–11**, and was largely protected in real terms after 2010
- Total school spending per pupil **fell by 8%** in real terms **between 2009–10 and 2017–18**, and will only be about 14% higher in real terms in 2017–18 than in 2003–04

[source: IFS Annual report on Education spending in England](#), September 2018

The last **Spending Review** protected, until 2019-20

- the overall school budget in real terms
- per pupil funding (Dedicated schools grant/pupil premium) in cash terms

But education services grant was **cut by £600 m**.

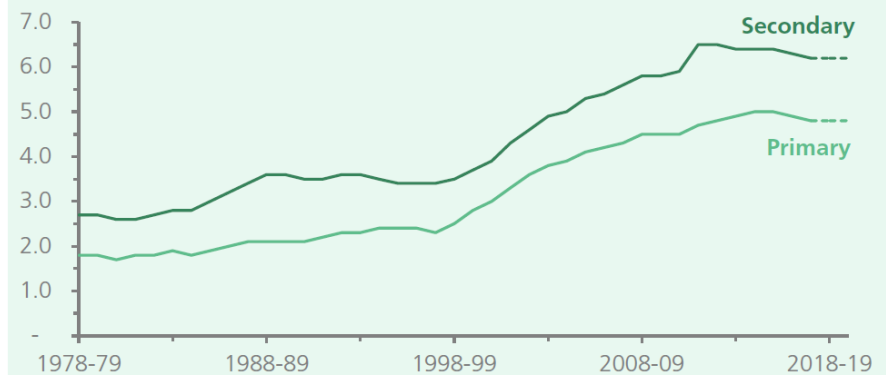
**Subsequent government commitments include:**

- **Core per pupil and high needs funding** maintained in real terms for 2018-19 and 2019-20
- **Spending per pupil funding provided to local authorities will rise** to a **minimum** of **£4,800** per secondary school pupil and **£3,500** per primary school pupil in 2019-20.
- At least **1% increase in per pupil funding for all schools** in 2019-20 compared to 2017-18
- But **local authorities will still have discretion on how they pass on funding** (using local formulae) until at least 2020-21

Source: the [National funding formulae for schools and high needs 2019 to 2020](#), DFE, July 2018

### THE IFS FORECASTS SCHOOL SPENDING PER PUPIL TO BE FROZEN BETWEEN 2017-18 AND 2019-20

£'000s per pupil, real terms (2017-18 prices), England



Source IFS evidence to the Education Committee inquiry on school & college funding

Recent additional funding for schools

- From internal DFE budgets:
  - An extra **£1,300 m**, spread across 2018-19 and 2019-20
  - An extra **£187 m** (2018-19) and **£321 m** (2019-20) to cover extra cost (above 1%) of the 2018 and 2019 teachers' pay awards
  - **£212 m** for some of the extra costs of teachers' employers' pension contributions
- From Treasury
  - an extra **£400 m** capital funding for 2018-19 only
  - an extra **£645 m** for 2019-20 to cover some of extra cost of teacher employers' pension contributions (The next Spending Review will need to address funding for this from 2020-21)

## Spending pressures on schools

### Pupil numbers

Funding protected and adjusted per pupil, but headline figures of total spending quoted often take no account of increased pupil numbers

### Teachers' pay

Extra funding provided for excess of 2018 and 2019 pay award above 1% norm.

### Increased pension costs

Schools faced increased NI costs from 2016-17. Extra funding for some of the increased costs of occupational schemes for 2019-20 from DFE and HMT

### Other inflation

Per pupil protection initially operated in cash terms. For 2018-19 and 2019-20 school budgets protected in real terms

### Apprenticeship levy

Has affected some schools where local authority or trust has payroll of over £3 million

### Policy changes

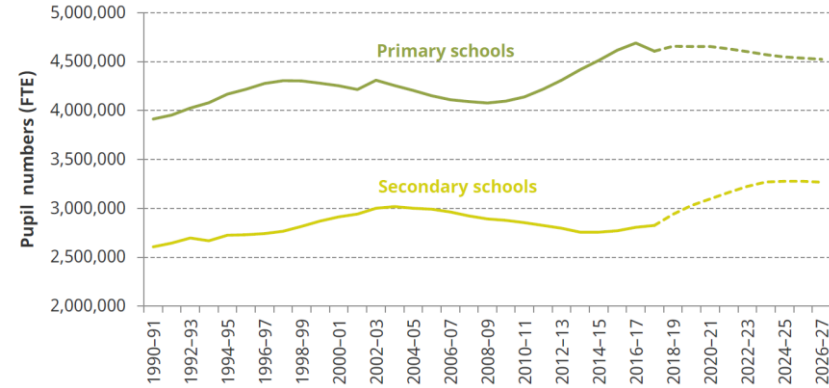
Changes to curricula, requirements such as GCSES and A levels, and compulsory resits may create extra costs

### Education Services Grant

The 2015 Spending Review reduced this grant for central services by £600 m which may have pushed additional costs onto schools

Chart Sources: [IFS Annual report on Education spending in England](#), September 2018 and: [NAO: Financial Sustainability of Schools](#), December 2016

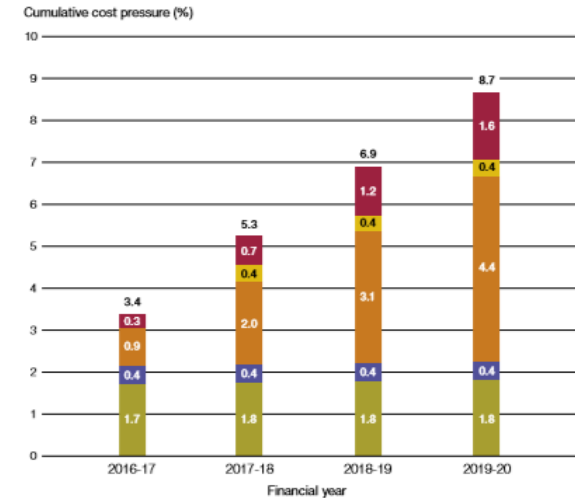
## Growth in pupil numbers



## Pressures facing schools

Cumulative cost pressures facing schools, 2016-17 to 2019-20

The Department estimates cumulative cost pressures on schools of 3.4% in 2016-17, rising to 8.7% by 2019-20



- Inflationary pressures on non-staff spending
- Apprenticeship levy
- Annual pay award and salary increases
- Teachers' pension scheme
- National insurance

Note

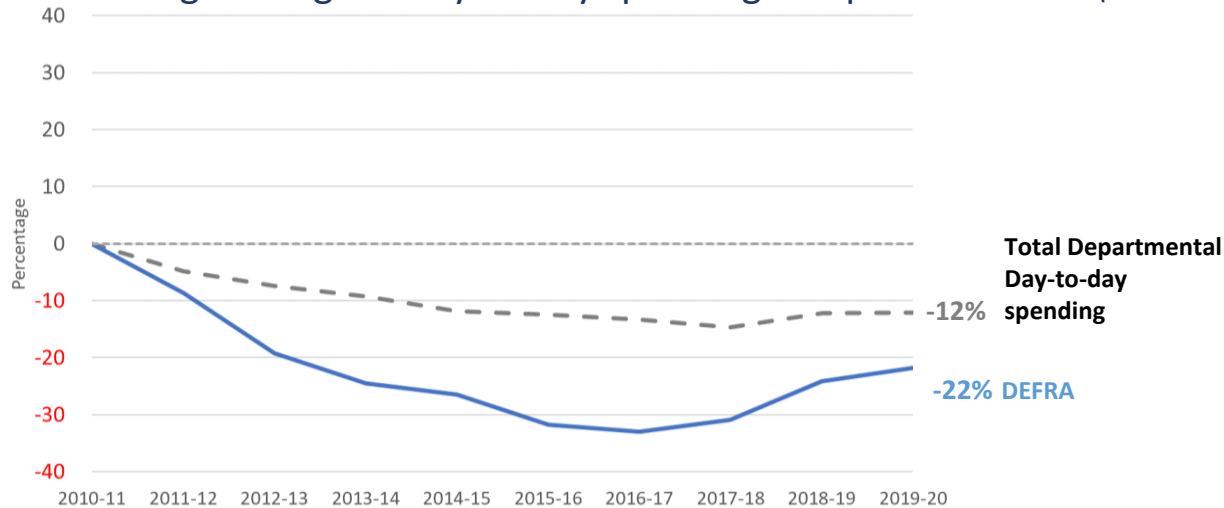




# Department for Environment, Food and Rural Affairs

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

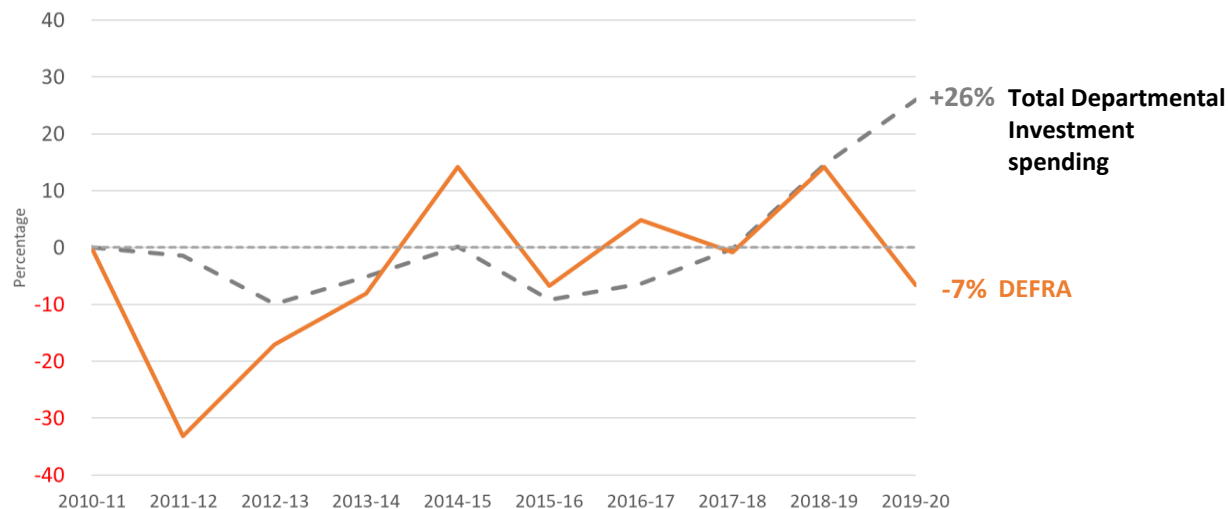
Percentage change in Day-to-day spending compared to 2010 (Resource DEL):



## Day-to-day spending trends:

- The budget **decreased significantly under austerity**, with real terms reductions in spending of **33% in 2016-17 compared to 2010-11**.
- Recent increases in the budget largely reflect **additional funding for EU Exit planning**.
- Additional funding was also received for flood defence maintenance in Budget 2016 and the Clean Air Fund in Budget 2017.

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



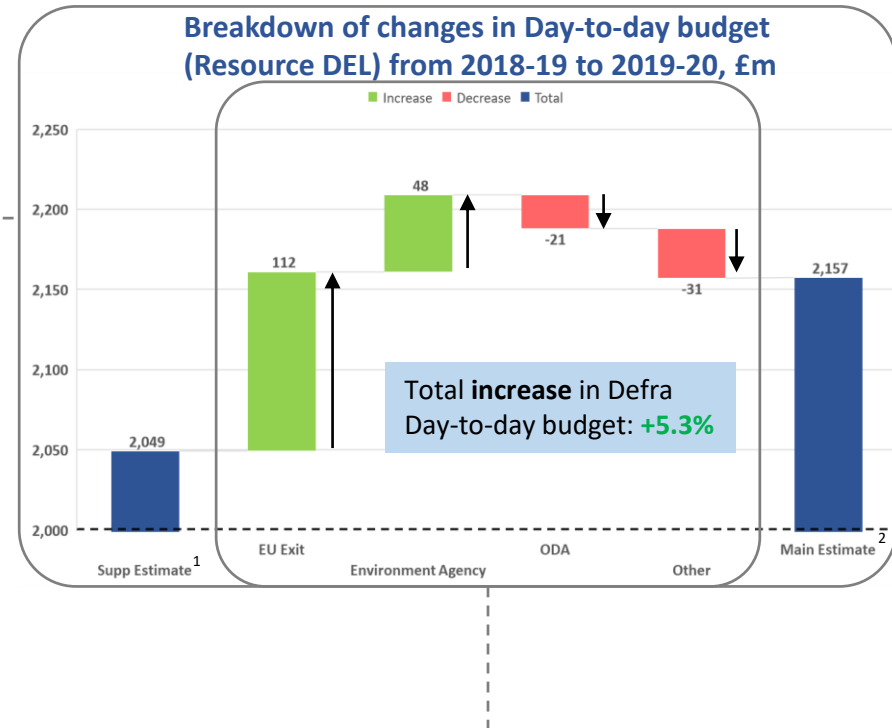
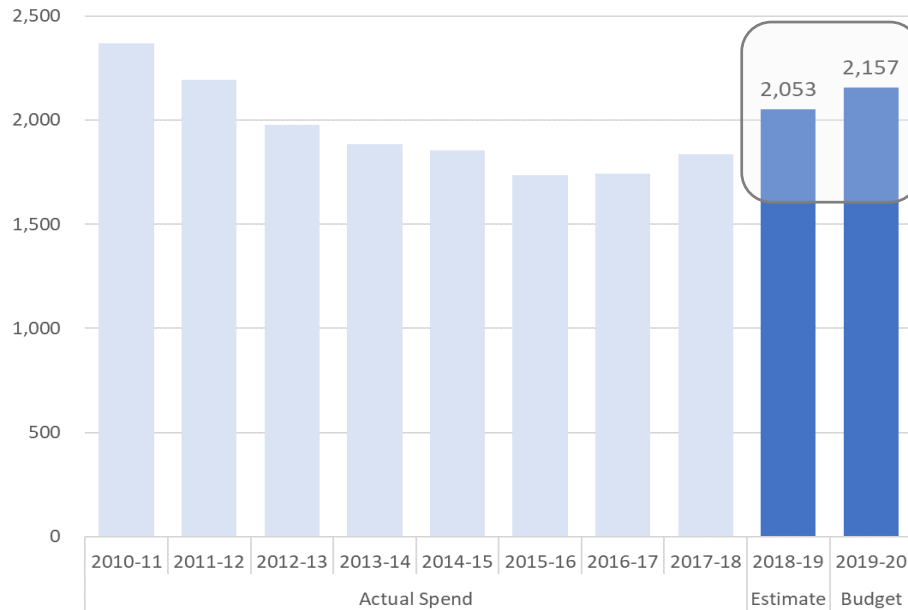
## Investment spending trends:

- The budget was **not squeezed as hard as that for day-to-day spending**, but has been lumpy over this period.
- Increased investment between 2016-17 and 2018-2019 reflects **investment in IT and property** to reduce day-to-day spending on corporate services.
- Additional funding for **EU Exit work added to changes**, but is less significant than for day-to-day spending.

## How is DEFRA's day-to-day spending changing in 2019-20?

DEFRA's day to day budget (Resource DEL) is 0.6% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



### Changes from last year

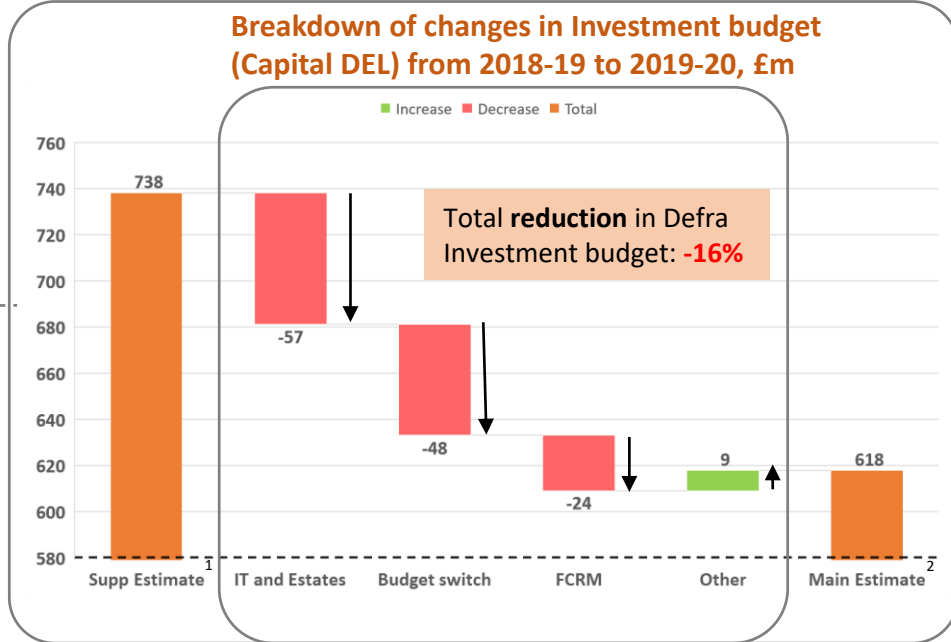
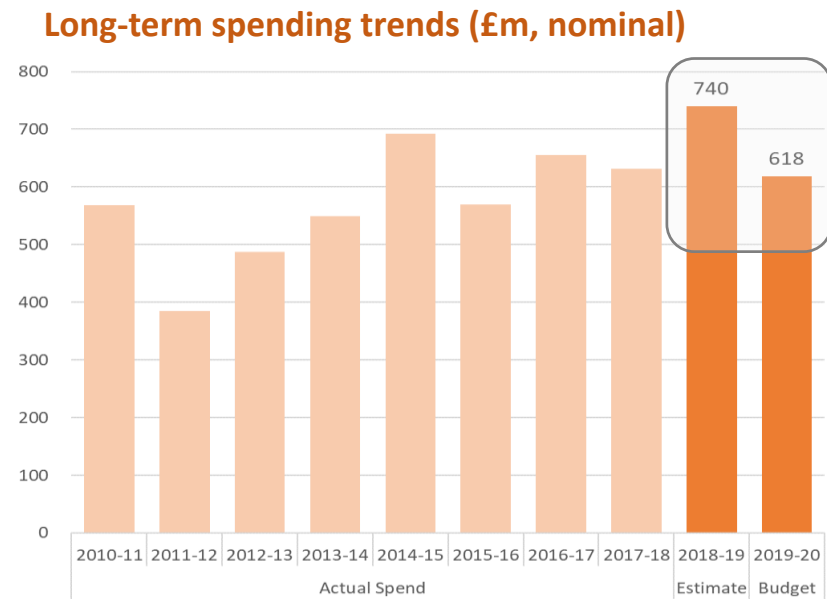
- **EU Exit:** additional spending, funded by additional resources from Treasury
- **Environment Agency:** an increase for EA projects, although it is likely that some of this will be moved to the investment budget later in the year as the agency better understands how much funding will be needed for capital projects.
- **ODA:** the Official Development Assistance budget is **reduced**, although **additional funding may be transferred** from the Department for International Development later in the year.
- **Other:** includes **reductions due to efficiency achievements** in the Defra property and IT estate, and an outstanding claim on the Treasury Reserve for **clean air funds** that is likely to be made later in the year.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# How is DEFRA's investment spending changing in 2019-20?

DEFRA's investment budget (Capital DEL) is 0.8% of the total Capital DEL for government as a whole



## Changes from last year

- **IT and Estates:** planned reductions in the budget following previous investment to create cost savings
- **Budget switch:** At the end of 2018-19, budgets were adjusted by moving some funding moved from the day-to-day spending budget to the investment budget. This has not reoccurred this year as yet- hence the 2019-20 investment budget is currently lower than the final 2018-19 investment budget. **But this may alter later in 2019-20.**
- **Flood and Coastal Risk Management:** there are outstanding claims on the Treasury Reserve for Flood and Coastal Risk Management that yet to be funded in 2019-20. Funding was provided last financial year- hence currently a budget reduction, year on year..

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)  
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)



# What does DEFRA spend its money on?

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

- **Departmental operating costs** constitute **34%** of the budget; this is because the **EU Exit** budget is held centrally by the department at the start of the year – at **£393m** this around **18%** of the entire Defra budget.
- The budget for **Improving the Environment** is £544m, with around **£219m** on “**natural environment and atmosphere improvement programmes**”, although this has **decreased by £28m** since last year.
- The **Flood Protection** budget of £340m is held almost entirely by the **Environment Agency**.

Day-to-day  
Spending:  
£2,158m

- Departmental operating costs
- Improve the environment
- Flood protection
- Food and farming
- Animal, fish and plant health
- Rural services

## Investment spending (Capital DEL)

- **Flood Protection** has a budget of **£501m**, **81%** of the total Defra investment budget, held entirely by the **Environment Agency**; this budget usually **increases further** when it is **adjusted later in the year**, as funds are transferred from the day-to-day spending budget.
- **Improving the Environment** splits the investment budget between programmes like “**wildlife, international, climate and forestry programme**”, “**waste**” and **Kew gardens**.

Investment  
Spending:  
£617m

- Flood protection
- Improve the environment
- Animal, fish and plant health
- Rural and departmental services
- Food and farming

For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html).  
<https://mzakharova.github.io/me/me1718.html>



# Department for Exiting the EU

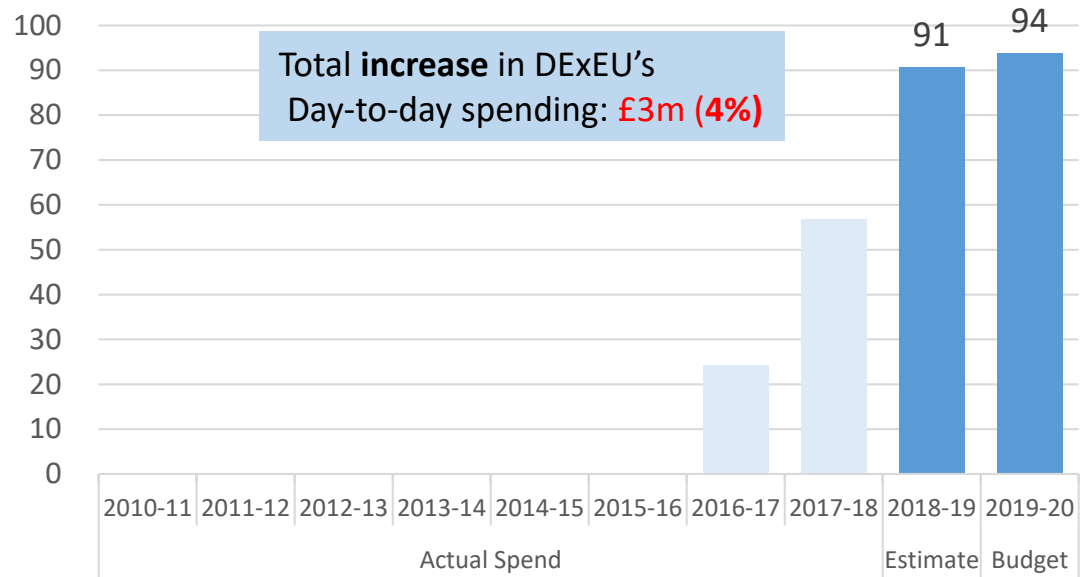


# How is DExEU's day-to-day spending changing in 2019-20?



The Department for Exiting the European Union (DExEU) is a relatively **new department** set up in 2016–17, responsible for **overseeing negotiations to leave the EU and establishing the future relationship** between the UK and EU.

## Spending trends (£m, nominal)



- DExEU plans a Day-to-day spending (Resource DEL) budget of **£94m, 4% above last year's final budget of £91m**. The single largest component of planned DEXEU expenditure is on **staff costs**, which makes up just **over half** of the Department's expenditure.
- After initial steep increases in expenditure between 2016-17 and 2018-19, **the Department's size has now begun to stabilise**, resulting in a modest increase between 2018-19 and 2019-20. The largest single planned increase since 2018-19 is an additional **£1.34m from HM Treasury towards increased employer pension costs**.

The Department has a **small Investment (Capital DEL) budget of £0.1m**.

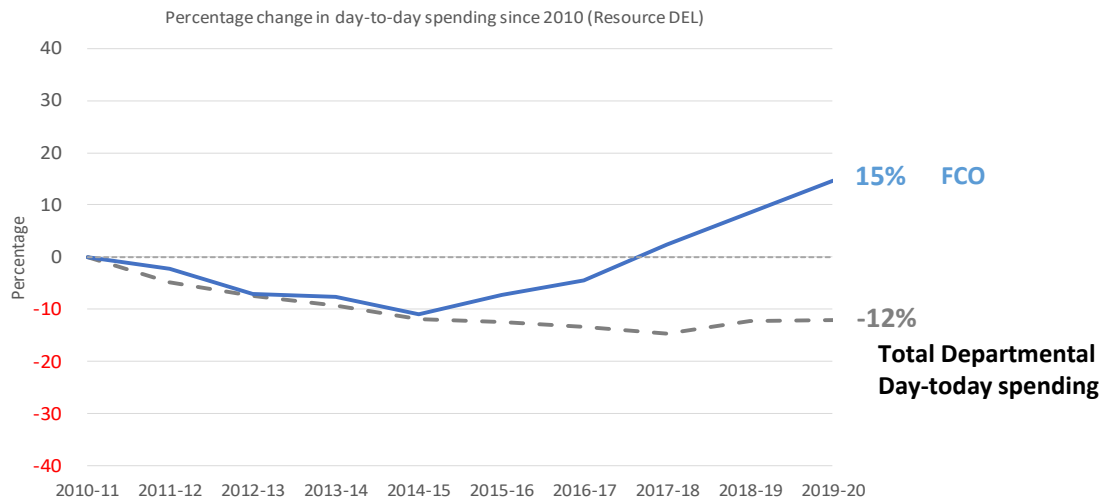
<sup>1</sup> Final budget at Supplementary Estimates 2018-19  
<sup>2</sup> Initial budget as at Main Estimates 2019-20



# Foreign & Commonwealth Office

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

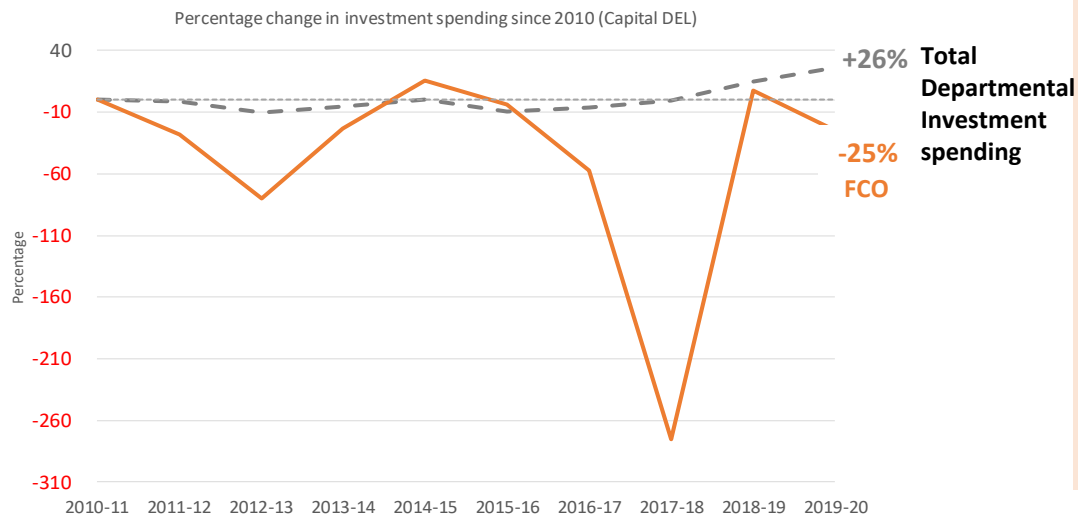
## Percentage change in Day-to-day spending compared to 2010 (*Resource DEL*):



### Day-to-day spending trends:

- In real terms FCO spending **reduced in the 2010 Spending Review period but increased in the 2015 Spending Review period.**
- In real terms, **FCO day-to-day spending is now greater than it was in 2010/11.** Over time there has been an increase in the proportion of the budget allocated to the **cross-government Prosperity Fund and the Conflict, Stability and Security Fund (CCSF).**

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



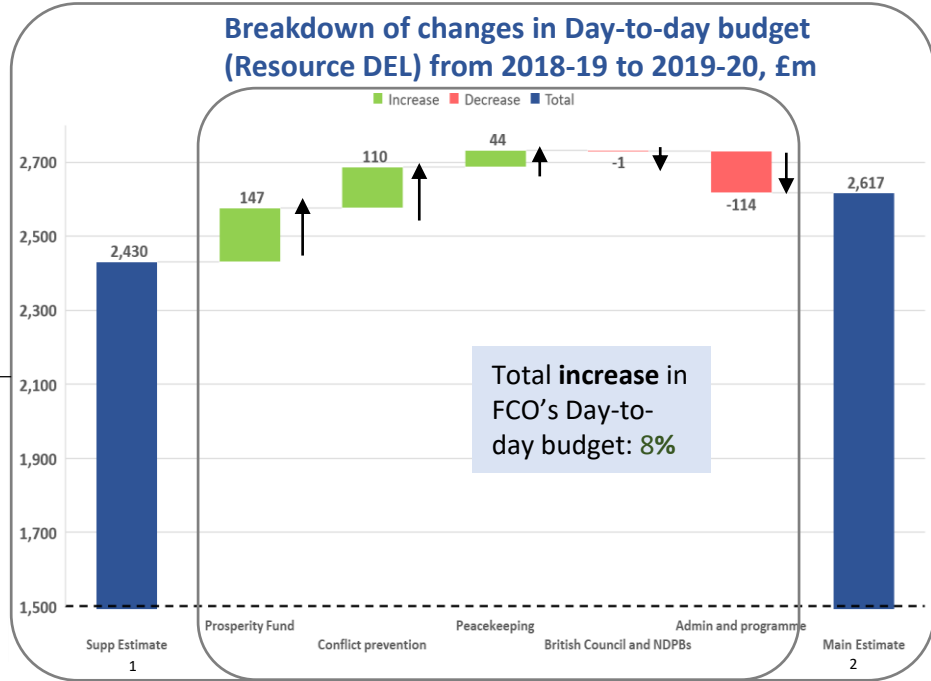
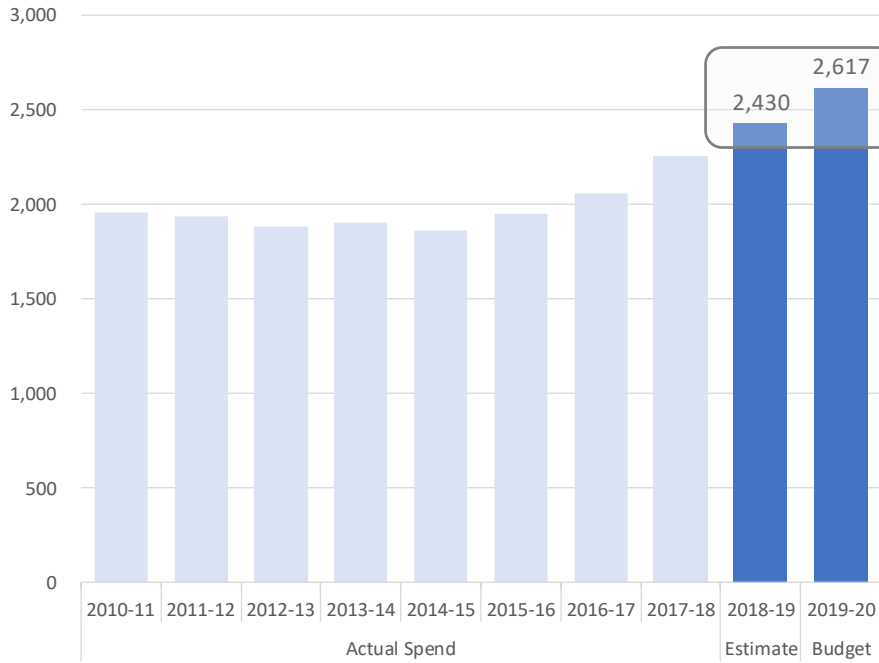
### Investment spending trends:

- There are often large **fluctuations** in FCO's investment budgets year-on-year due to **the investment profile of capital projects as well as one-off income gains from sales of assets.** In particular, the large 'negative' capital spend is a result of **£426m sale of the British embassy in Bangkok**, of which £385 million was recognised in the 2017-18 accounts and £41 million deferred to future years.
- The FCO's investment budget is dependent **on asset sales** (in particular the sale of the Bangkok embassy compound), and the Department has **flexibility from HM Treasury to draw down sale proceeds to reinvest** in later years.

# How is FCO's day-to-day spending changing in 2019-20?

FCO's day to day budget (Resource DEL) is 0.7% of the total Resource DEL for government as a whole

## Long-term spending trends (£m, nominal)



### Spending Review 2015

FCO's overall spending was "protected" in real terms in the 2015 Spending Review.

Note: to allow comparison between years this analysis excludes BBC World Service which used to be part of the FCO in the 2010 Spending Review

### Changes from last year

- The largest changes compared to last year's budget relate to the **Prosperity Fund and conflict prevention (increases of £147m and £100m respectively)**. This reflects an ongoing trend that an increasing proportion of FCO's spending is through the cross-Whitehall Prosperity Fund and Conflict Stability and Security Fund (CCSF), which are ring-fenced, and in funding classified as Official Development Assistance (ODA).
- FCO's core budget of **admin and programme spending has reduced by £114m**. This is a result of **efficiency measures such as increased use of locally-employed staff, the centralisation of corporate functions and increased usage of the FCO's offices in King Charles Street**. This is slightly offset by FCO plans to draw down £45m from the Treasury's Reserve for EU Exit Preparations.

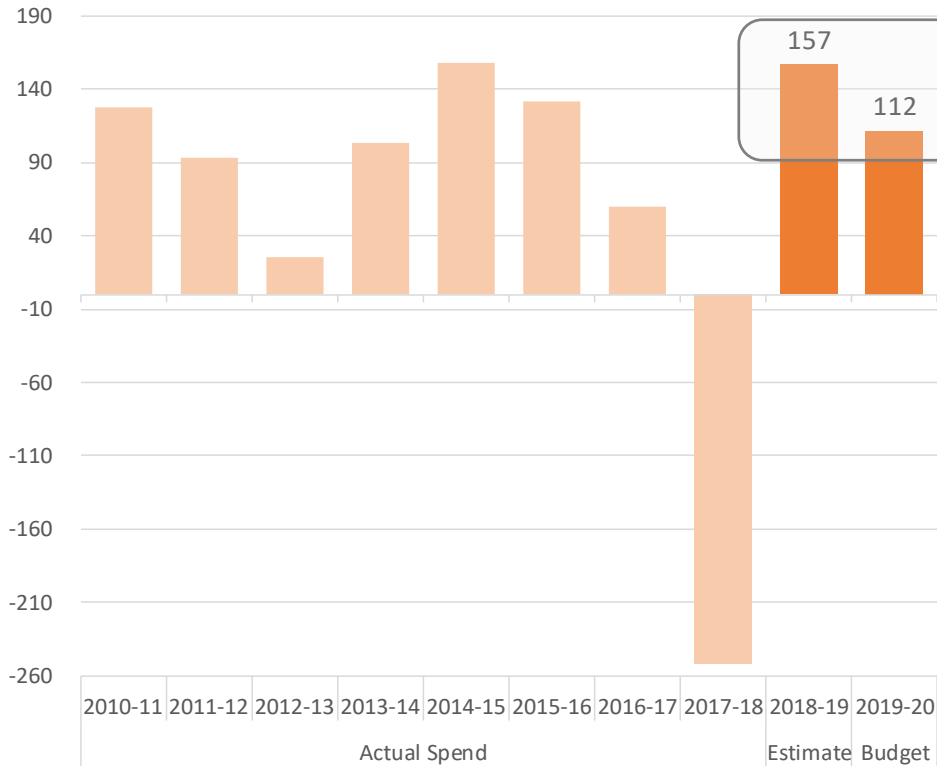
<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# How is FCO's investment spending changing in 2019-20?

FCO's investment budget (Capital DEL) is 0.2% of the total Capital DEL for government as a whole

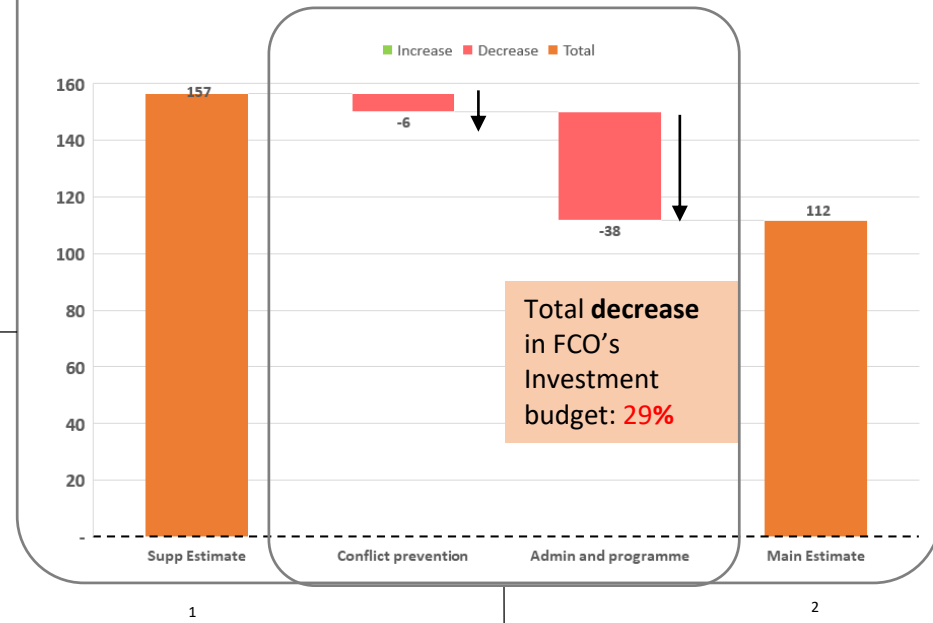
## Long-term spending trends (£m, nominal)



### Note on 2017-18 expenditure

The negative figure shown for 2017-18 relates to capital receipts in excess of spending, namely from **the £426 million sale of the Bangkok Embassy in 2018**.

## Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



## Changes from last year

- As part of the 2015 Spending Review the FCO was expected to receive a core **investment budget** of £98m in 2019-20. Budget transfers from **DFID** and **BEIS** since have led to this increasing to **£112m** in the actual Main Estimate.
- Overall there is a **£35m reduction compared to the 2018-19 final budget**, which included an uplift of £54m, added in a Supplementary Estimate (largely driven by a **draw down on the Bangkok Embassy sale proceeds**). The 2019-20 Main Estimate is £10m higher than the 2018-19 Main Estimate- the budget before last year's uplift.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)  
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# What does FCO spend its money on?

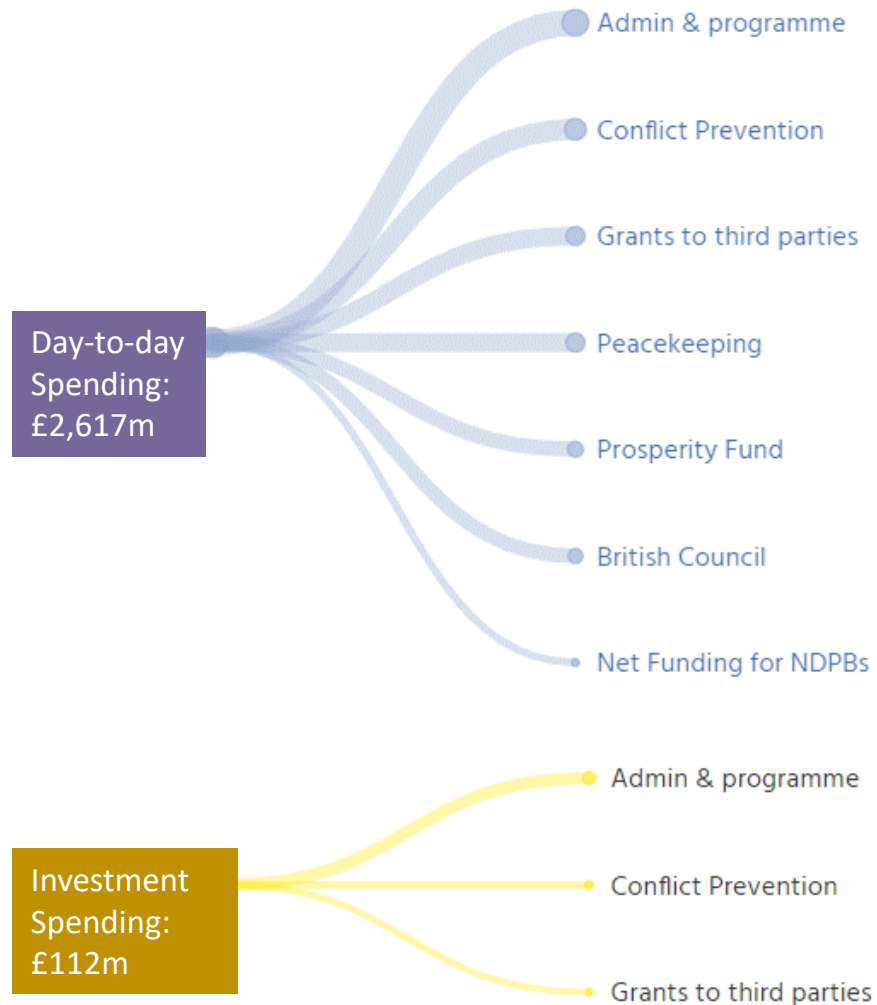
## Day-to-day Spending (Resource DEL)

- FCO's administration and programme budget (mostly covering **embassy running costs**) remains **the largest single component of its overall budget (36%)**.
- **The Prosperity Fund and Conflict Prevention (including the CCSF)** together now account for **28% of the total resource budget, up from 20% last year**. This reflects the increasing amount of FCO funding that is classed as **Overseas Development Assistance (ODA) funding**.

## Investment Spending (Capital DEL)

- The planned investment admin and programme budget for the 2019-20 makes up 90% of planned expenditure. The investment programme is dependent on **funding from the Bangkok embassy sale, and will support a number of projects under the FCO's Global Asset Management Plan (GLAMP, including remedial work in Paris, Washington, New Delhi, and Ottawa, as well as the re-build of the embassy and residence in Beijing.**

**Note:** Prosperity Fund is a cross-Government fund which aims to promote growth and prosperity in developing countries. For reporting purposes it also includes the Integrated Activity Fund



For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html). <https://mzakharova.github.io/me/me1718.html>

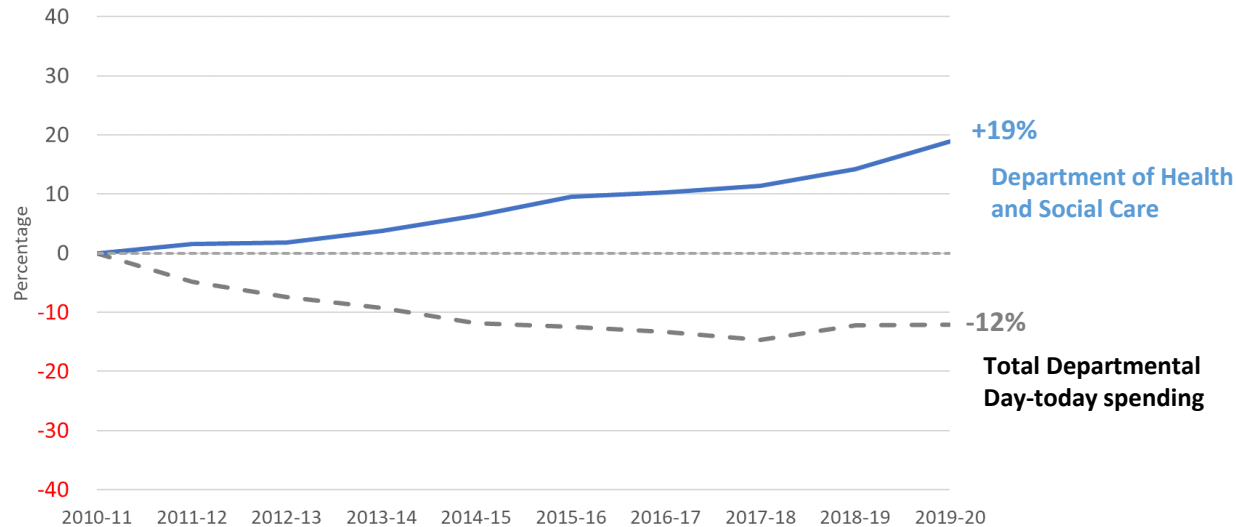


# Department of Health and Social Care



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

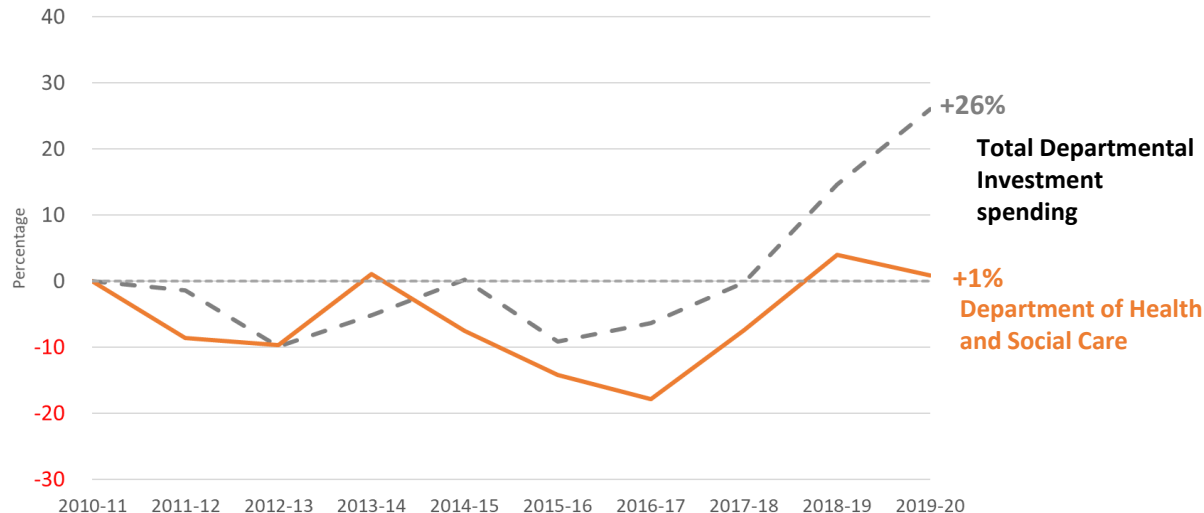
Percentage change in Day-to-day spending compared to 2010 (Resource DEL):



## Day-to-day spending trends:

- **Health spending for day-to-day costs, such as staff, has grown by 19% in real terms since 2010-11.** Over the same time period total departmental spending (of all departments) has fallen by 12%.
- The rate of growth slowed between 2015-16 and 2017-18 but has picked up again since then.

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



## Investment spending trends:

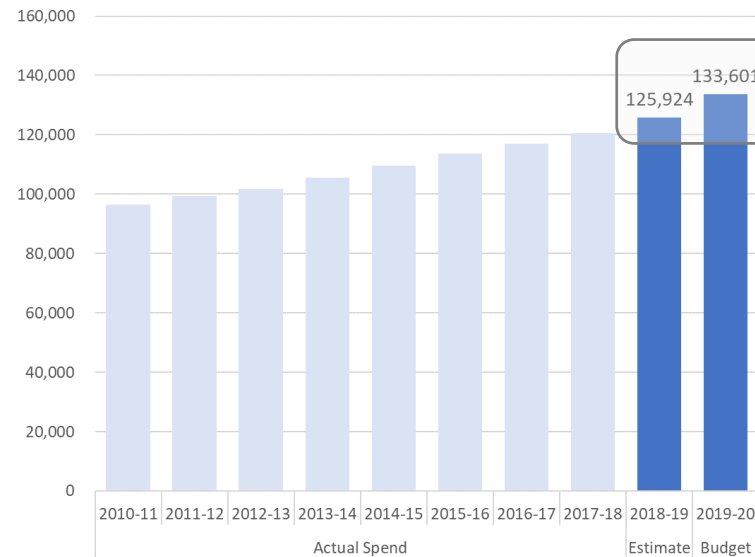
- The nature of capital projects means that **the level of investment can be volatile from year-to-year.**
- Between 2013-14 and 2016-17 investment spending fell significantly in real terms but has increased since. **The investment budget for 2019-20 is set to be 1% higher in real terms than investment levels were in 2010-11.**



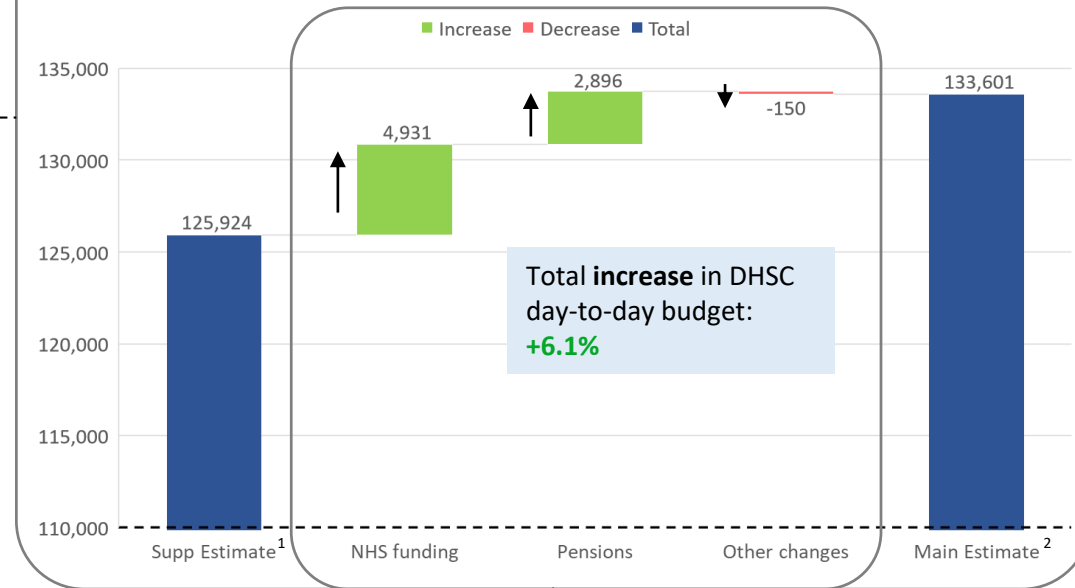
## How is DHSC's day-to-day spending changing in 2019-20?

DHSC's day to day budget (Resource DEL) is 37.7% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



### Breakdown of changes in Day-to-day budget (Resource DEL) from 2018-19 to 2019-20, £m



### Changes from last year

- DHSC's 2019-20 day-to-day budget is **£7.7 billion higher (a 6.1% increase)** than the 2018-19 final budget.
- The main changes are an extra **£4.9 billion for the NHS Long Term Plan**, which includes the Agenda for Change pay deal.
- There is also an extra **£2.9 billion for additional funding for employer's pension contributions**. £1.25 billion of this amount was previously committed to under the NHS Long Term Plan

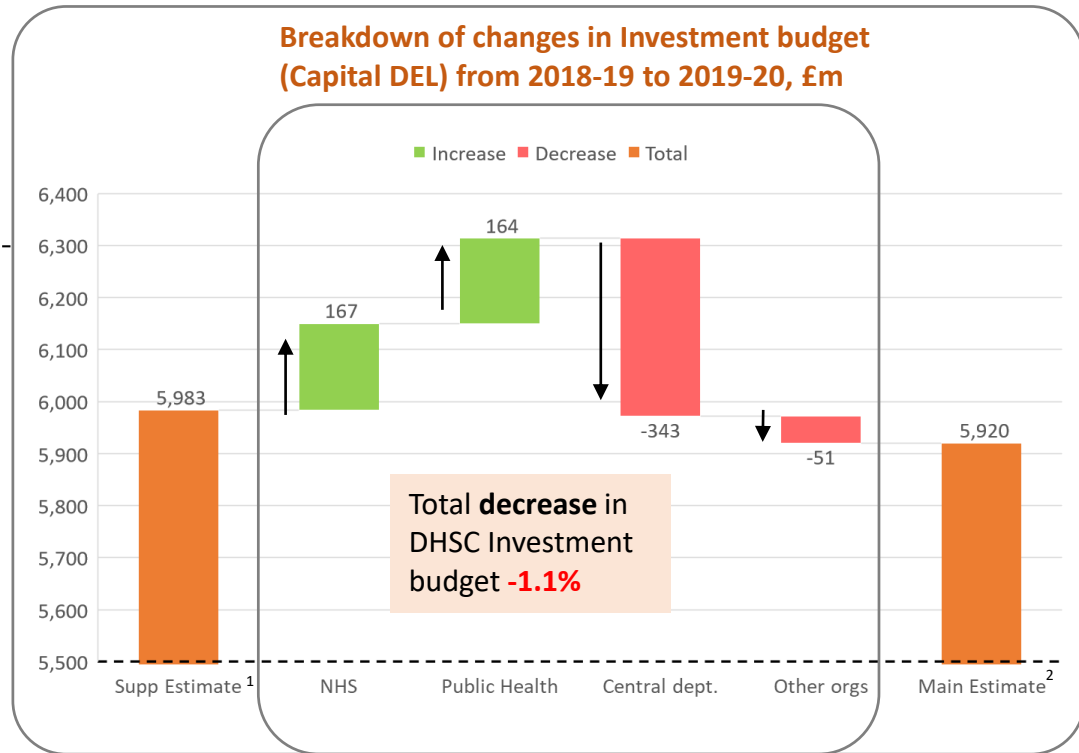
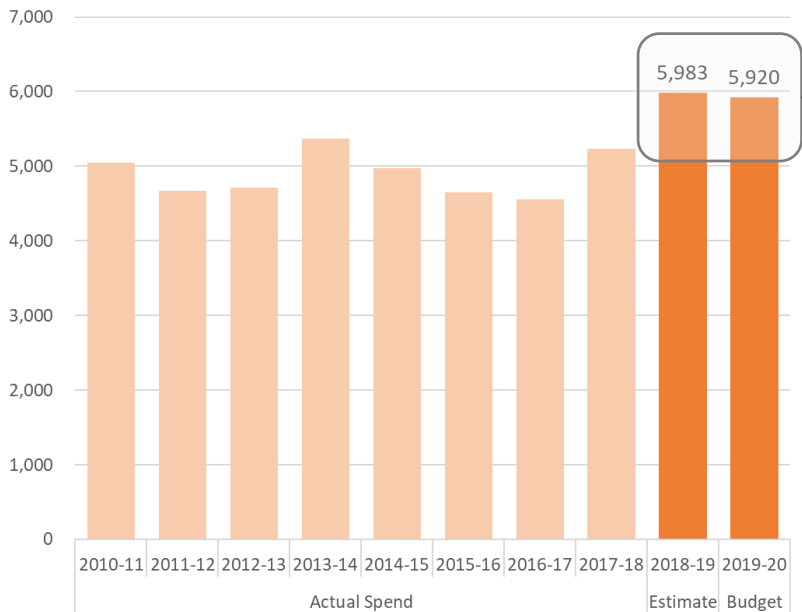
<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# How is DHSC's investment spending changing in 2019-20?

DHSC's investment budget (Capital DEL) is 8.1% of the total Capital DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Changes from last year

- DHSC's 2019-20 investment budget is **£63 million lower (a 1.1% decrease)** than the 2018-19 final budget.
- The investment budget in the **NHS (+£167m)** and for **Public Health England (+£164m)** is set to increase but this is **more than offset by decreases in the central department (-£343m)** and **other organisations (-£51m)**.
- These budget allocations are likely to **change** at the Supplementary Estimates later in the financial year.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# What does DHSC spend its money on?

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

- Most of DHSC day-to-day spending is **allocated to the NHS** as part of the NHS Providers and NHS England budget lines.

Day-to-day Spending:  
£133,602m

NHS Providers

NHS Commissioning Board (NHS England)

Local Authorities Health

Non-departmental and Arm's Length Bodies

Special Health Authorities

Central department

Health Education England

Public Health England

## Investment spending (Capital DEL)

- Most of DHSC Investment spending is allocated to **NHS Providers** and the **Central Department**. The allocations to different areas are likely to change as part of the Supplementary Estimates later in the financial year.

Investment Spending:  
£5,920m

NHS Providers

Central department

NHS Commissioning Board (NHS England)

Non-departmental and Arm's Length Bodies

Public Health England

Special Health Authorities

Health Education England

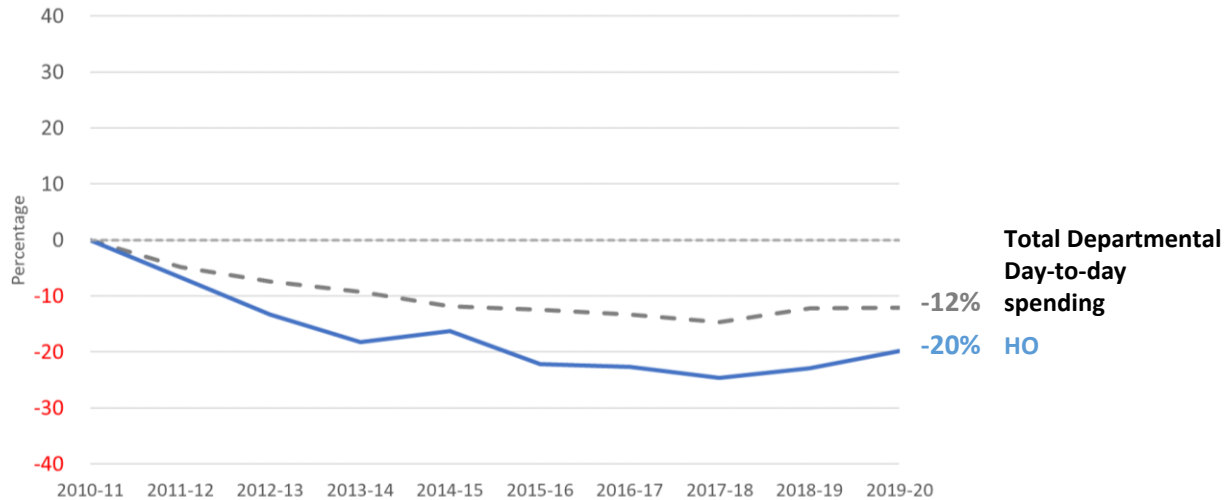
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# Home Office

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

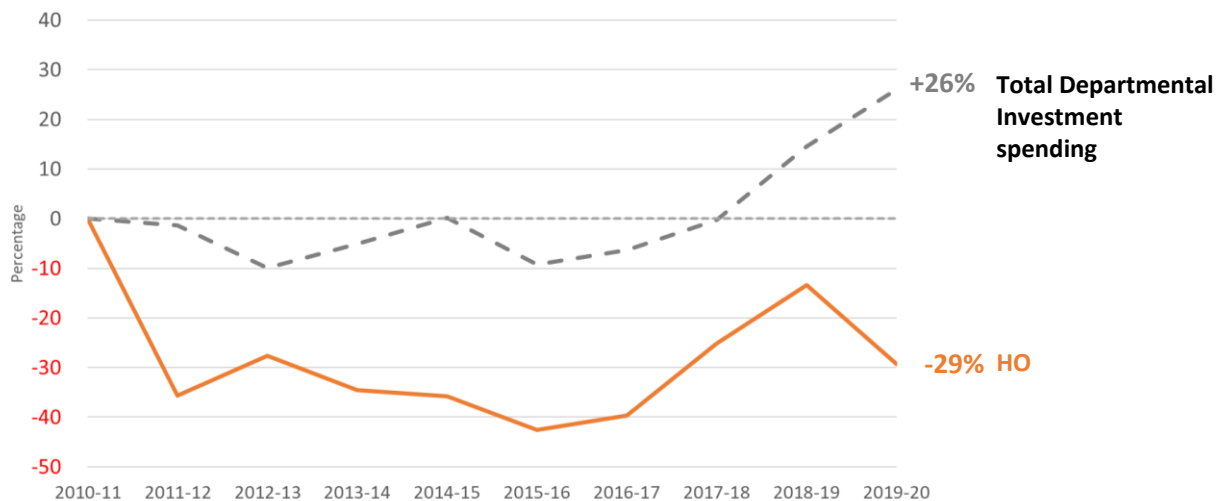
Percentage change in Day-to-day spending compared to 2010 (Resource DEL):



## Day-to-day spending trends:

- By 2017-18 the Home Office day to day budget had **decreased by 25% in real terms** compared to 2010-11.
- Since then increases have largely been driven by **additional funding for EU Exit preparations**.

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



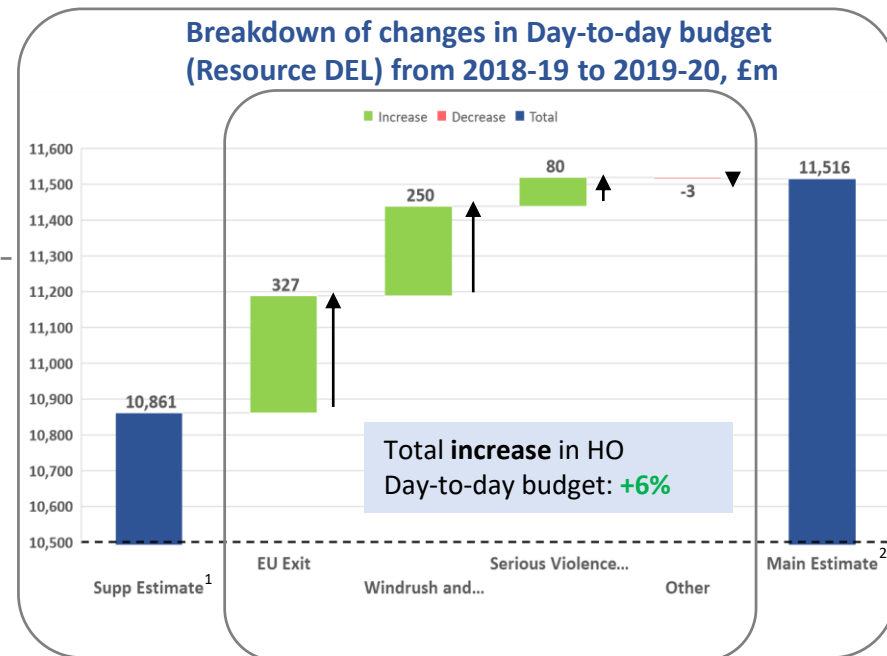
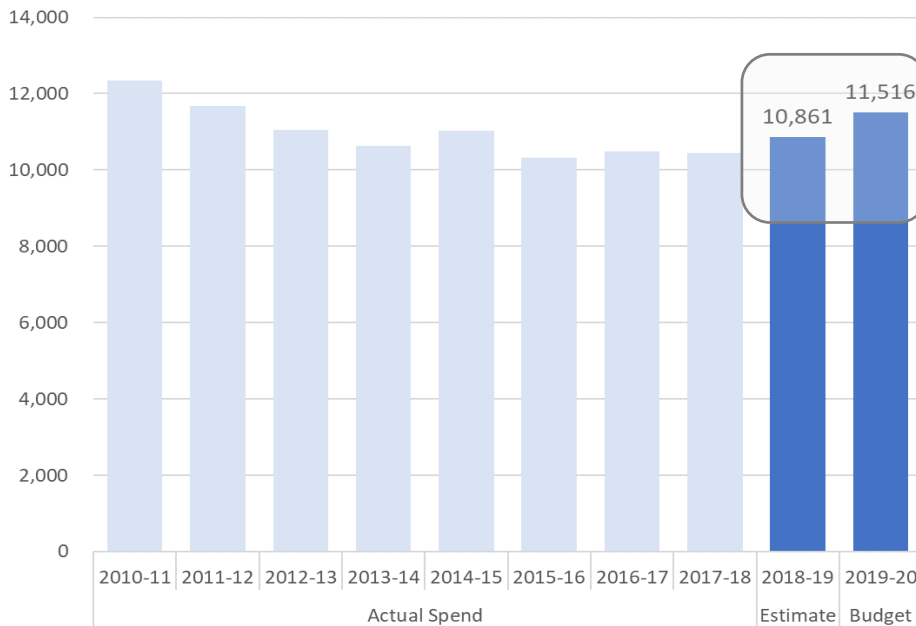
## Investment spending trends:

- As with day-to-day spending, the Home Office investment budget was **reduced under post 2010 austerity**; in 2015-16 it was **43% lower** than it had been in 2010-11.
- Recent increases largely represent **additional EU Exit funding**; whilst this has increased further in 2019-20, there has been a **significant reduction in investment in "Crime, Policing and Fire"** which offsets this.

## How is HO's day-to-day spending changing in 2019-20?

HO's day to day budget (Resource DEL) is 3.2% of the total for government Resource DEL as a whole

### Long-term spending trends (£m, nominal)



### Changes from last year

- **EU Exit:** Home Office receives the **most extra funding across government departments** to prepare for EU Exit in 2019-20, including **£327m** in day to day funding.
- **Windrush and asylum support:** **£250m** additional funding to support **Windrush generation immigration work** and extra asylum support.
- **Serious Violence Strategy Fund:** extra funding to **fight knife and gun crime** following the publication of a strategy in April 2018.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

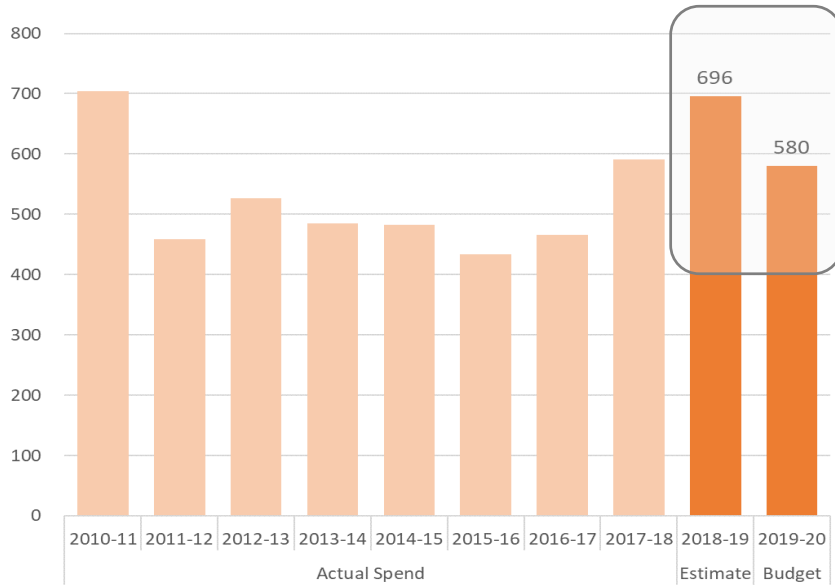
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)



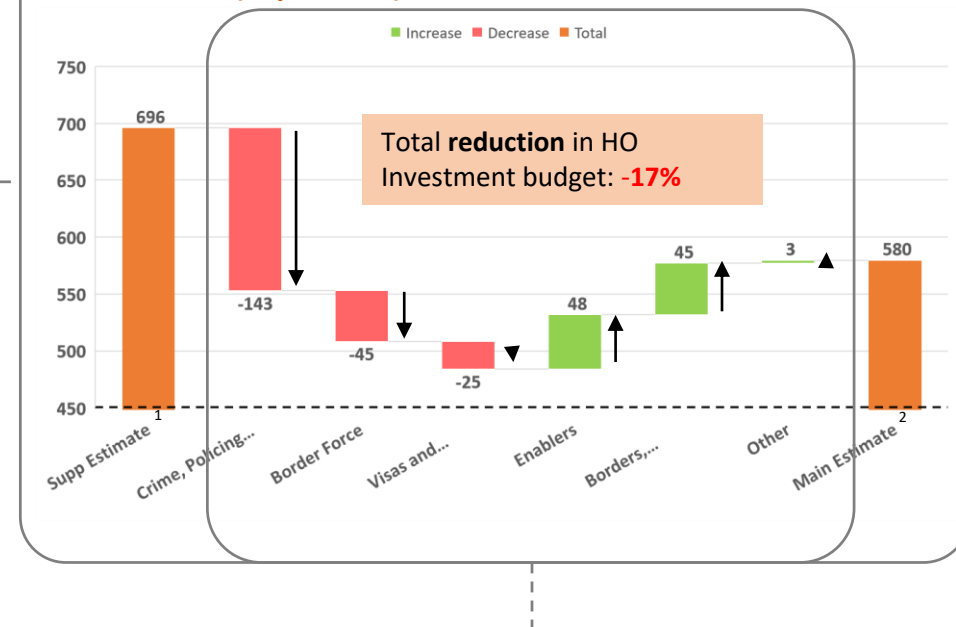
## How is HO's investment spending changing in 2019-20?

HO's investment budget (Capital DEL) is 0.8% of the total for government Capital DEL as a whole

### Long-term spending trends (£m, nominal)



### Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



### Changes from last year

Home Office analysis **does not identify significant drivers of change**, but explains some movements within directorates.

- **Crime, policing and fire:** reduction due to adjustments made to last year's budget in February, when an additional £120m was transferred from the day-to-day spending budget.
- **Border Force, visas and immigration:** reductions due to a **new administration arrangement** whereby budgets are held centrally in the 'Borders, Immigration, Citizen System, Policy and International' directorate; additional funding may be allocated to **Border Force and to Visas and Immigration** in February.
- **Enablers:** increase includes **funding for science and innovation equipment**.
- **Borders, Immigration, Citizen System, Policy and International:** increase due to holding budgets **centrally** that would normally have been distributed to Border Force and Visas and Immigration.

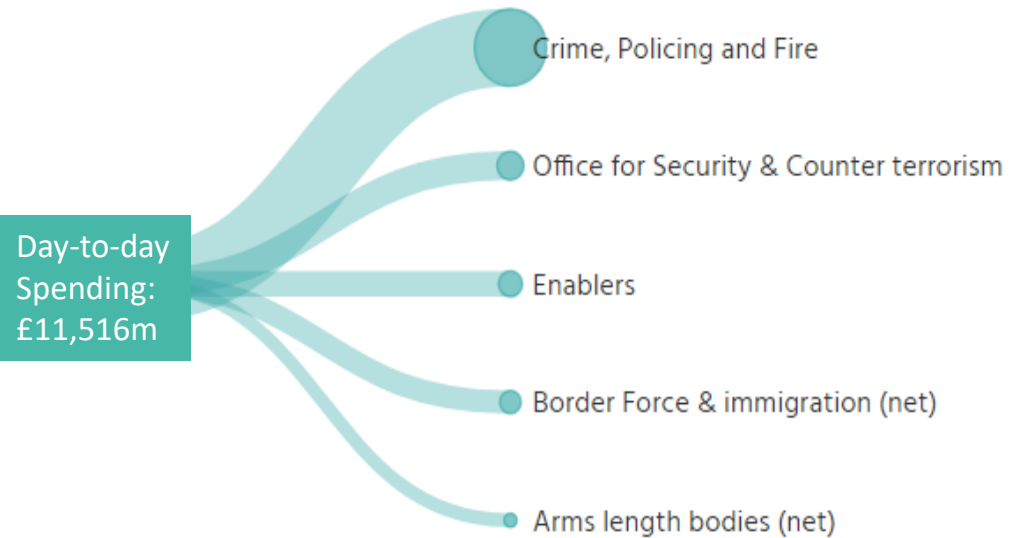
<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# What is HO spending its money on?

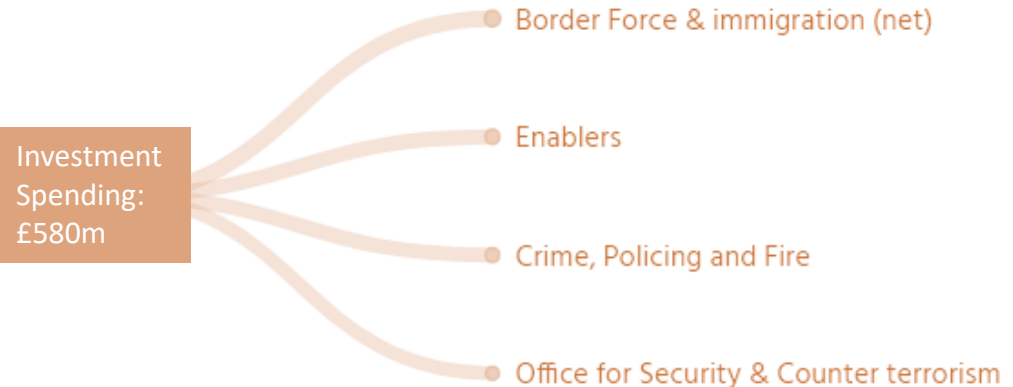
## Day-to-day spending (Resource DEL)

- **Crime, policing and fire** group accounts for over **80%** of total departmental spending; however, no additional breakdown between these services is included in the budget.
- There is an **increase of £620m** in the **Crime, policing and fire** budget this year, including **£42m for the new Serious Organised Crime Group**; however, money is often held in the day-to-day spending budget at the beginning of the year, and transferred to the investment budget in February.
- “**Enablers**” – **central department functions** – represent **6%** of the total budget, but this has decreased by 7% since last year.



## Investment spending (Capital DEL)

- **Border Force and immigration** has a dispersed investment budget, including **£33m for UK visas and immigration, £33m for the Passport Office, and £18m for Border Force.**
- **Enablers** represent **25%** of the budget; **Crime, policing and fire 23%**; and **Office for Security and Counter Terrorism 19%**.
- Within **Crime, policing and fire**, additional funds may be transferred from the day-to-day spending budget in February



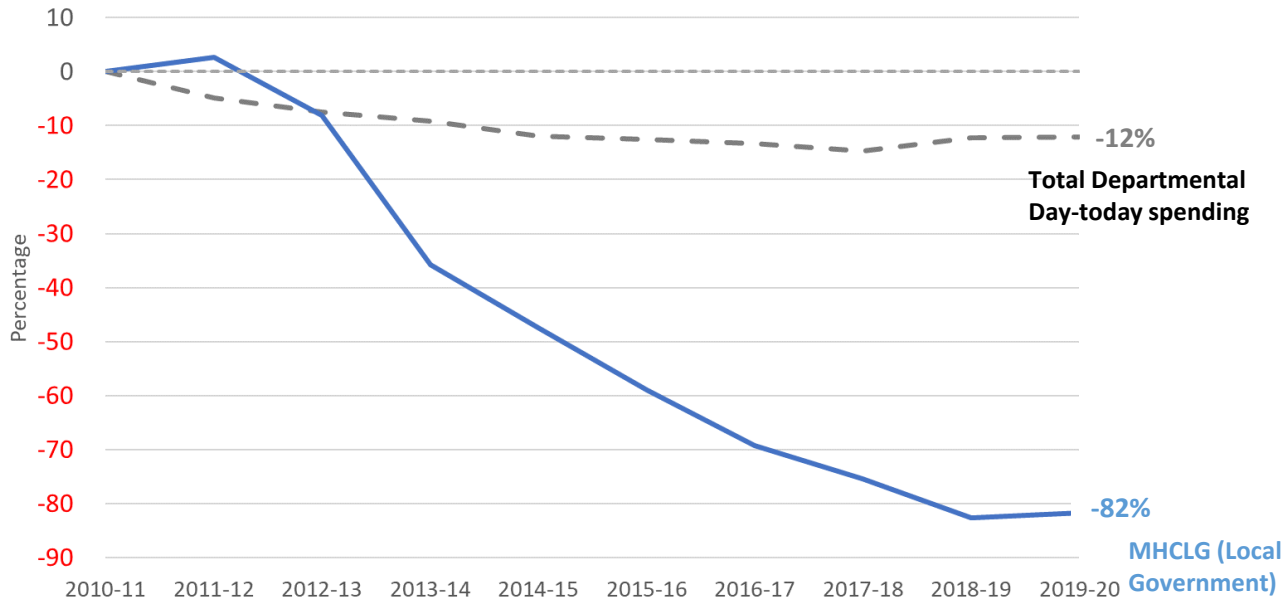
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<https://mzakharova.github.io/me/me1718.html>



# Ministry of Housing, Communities and Local Government

# Long term trends in MHCLG's spending on local government (in real terms)

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



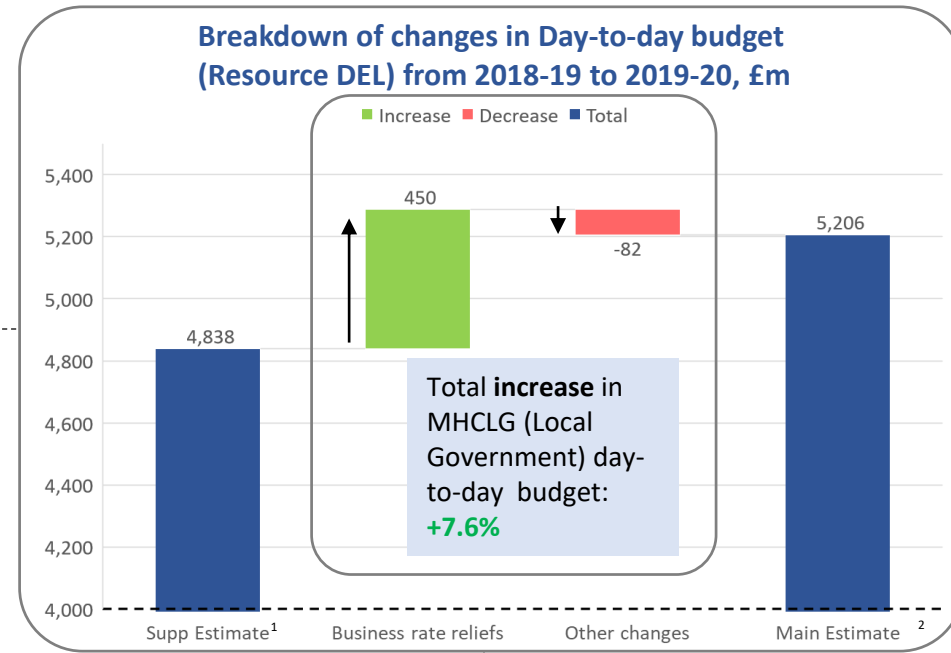
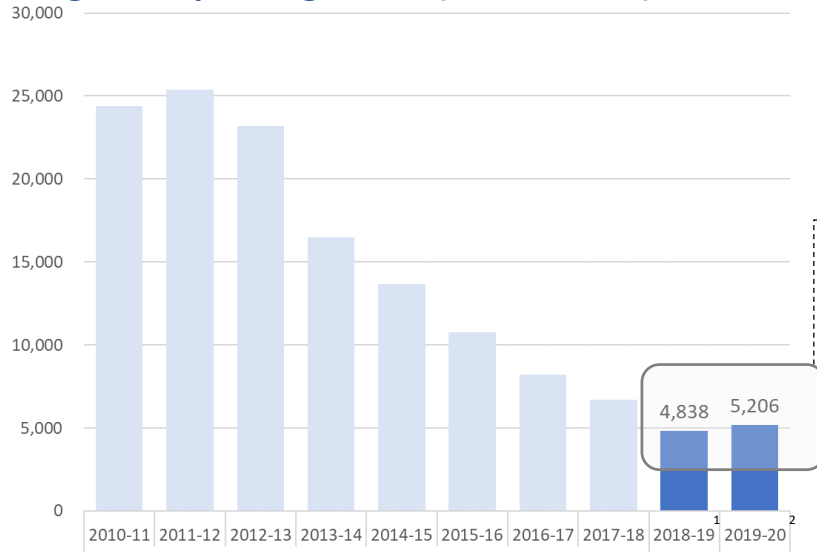
## Day-to-day spending trends:

- MHCLG day-to-day funding for local government **has reduced significantly since 2010-11 as grants have been reduced and replaced by retained business rates** which are not included in these figures.
- MHCLG forecasts that **core spending power of local government** (which includes business rate retention, council tax and central government grants) **will increase by around 2.8% in 2019-20.**

## How is MHCLG’s (Local Government\*) day-to-day spending changing in 2019-20?

MCLG’s (Local Government) day-to-day budget (Resource DEL) is 1.5% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



### Changes from last year

- MHCLG - Local Government day-to-day budget for 2019-20 is £368m higher, a 7.6% increase, compared to the final 2018-19 budget.
- The most significant change is an **increase of £450m related to Business rate reliefs**. Other changes amount to a net reduction of £82m.

### Day-to-day spending plans for 2019-20

- **MHCLG day-to-day budget amounts to £5.2 billion in 2019-20**. Most of this is for “**Other Grants and Payments**” which amounts to **£4.5 billion** - an increase of £1.1 billion compared to 2018-19. These grants include the Better Care Fund and funding for Business rate reliefs.
- **Revenue Support Grant budget for 2019-20 is £0.65 billion** – a reduction of £0.72 billion compared to 2018-19.

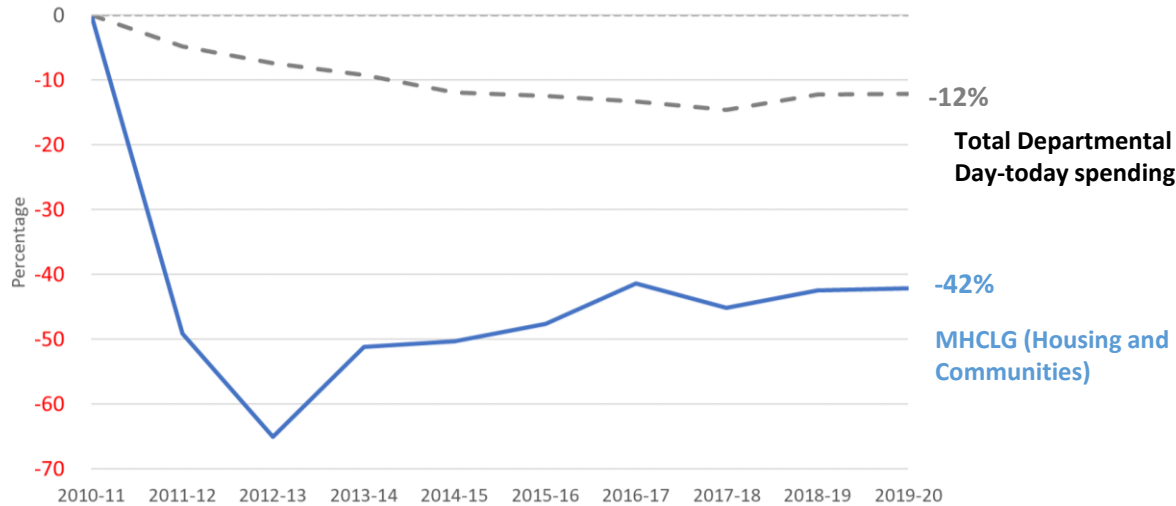
\* MHCLG Resource DEL spending is split into “Local Government RDEL” and “Housing & Communities RDEL”

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# Long term trends in MHCLG’s spending on housing and communities (in real terms)

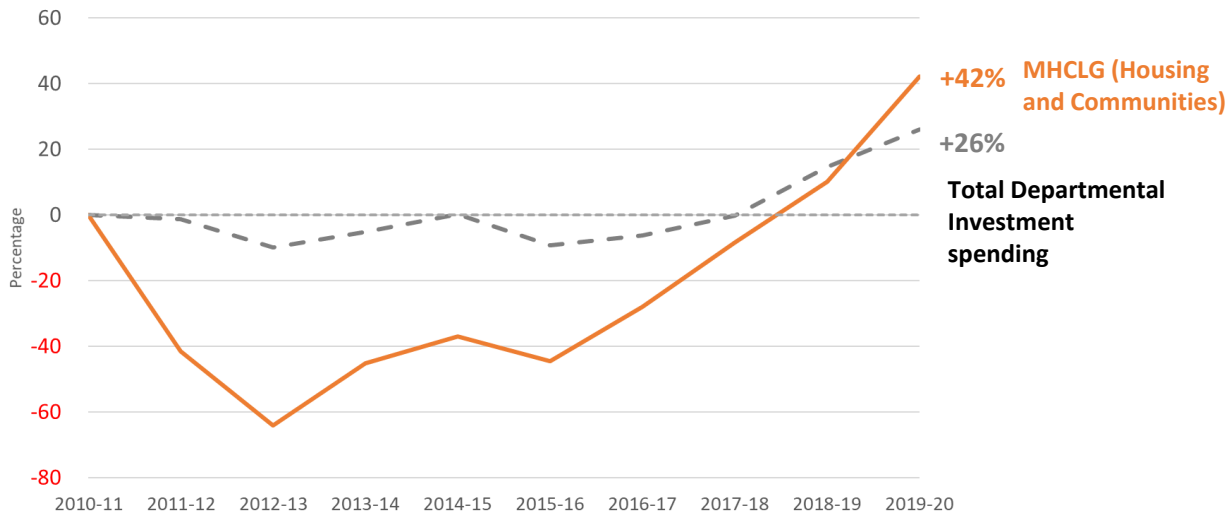
Percentage change in Day-to-day spending compared to 2010 (Resource DEL):



### Day-to-day spending trends:

- The **day-to-day budget** for MHCLG (Housing and Communities) fell significantly between 2010-11 and 2012-13 but since then it has risen.
- However the day-to-day **budget for 2019-20 is still much lower (42% lower in real terms)** than it was in 2010-11.

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



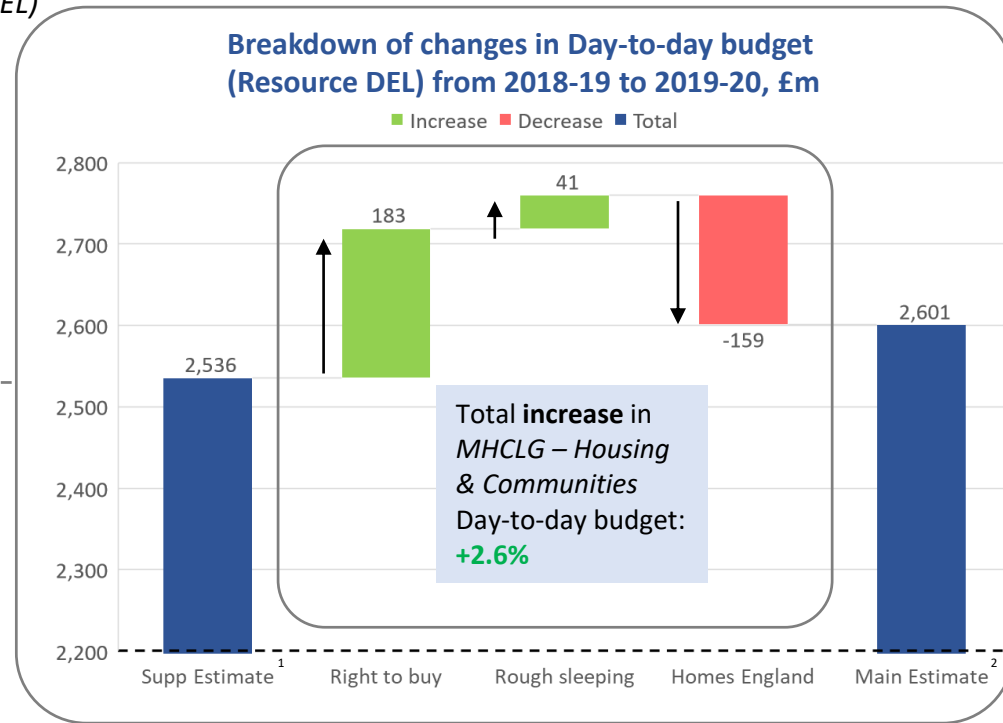
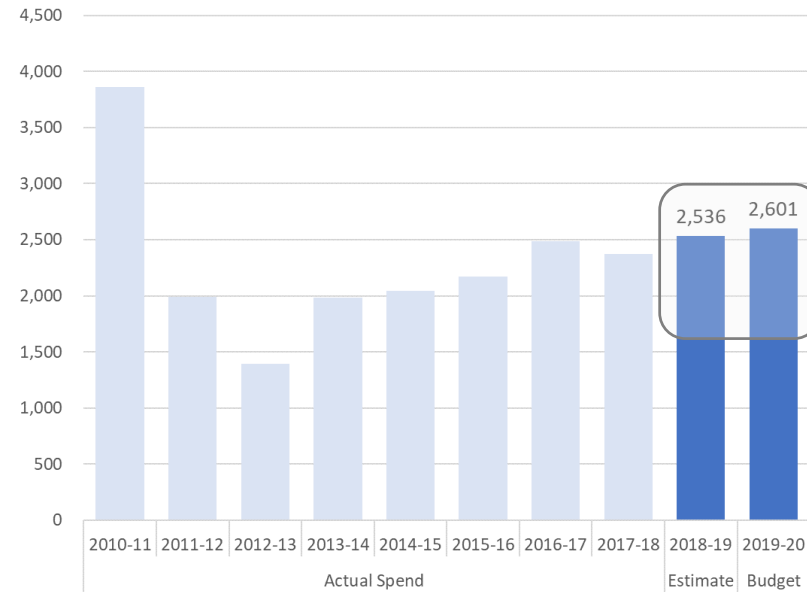
### Investment spending trends:

- The **investment budget** for MHCLG (Housing and Communities) fell significantly between 2010-11 and 2012-13 but since then has increased and is now **42% higher in real terms than investment was in 2010-11**.
- The main driver behind the increases in recent years are **higher levels of financial transactions** (mostly Help to Buy loans) which make up over half of the 2019-20 budget.

## How is MHCLG’s (Housing and Communities\*) day-to-day spending changing in 2019-20?

MCLG’s (Housing and Communities) day to day budget (Resource DEL) is 0.7% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



### Changes from last year

- MHCLG - Housing & Communities day-to-day budget **increased by 2.6%** to £2,601m compared to the final budget for 2018-19 of £2,536m .
- Changes include an **increase in the Right to Buy budget (+£183 million)**, an **increase in the budget for Rough sleeping (+£41m)**. There is also a **decrease in the Homes England budget (-£159m)** – this budget includes depreciation, a non-cash cost.
- There are numerous other smaller movements in budget lines compared to the prior year – these net off against each other.

\* MHCLG Resource DEL spending is split into “Local Government RDEL” and “Housing & Communities RDEL”

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

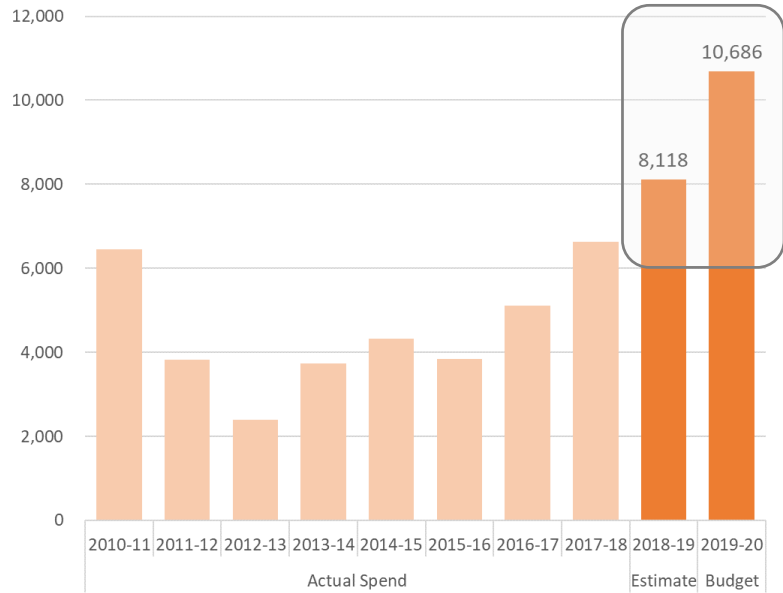
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)



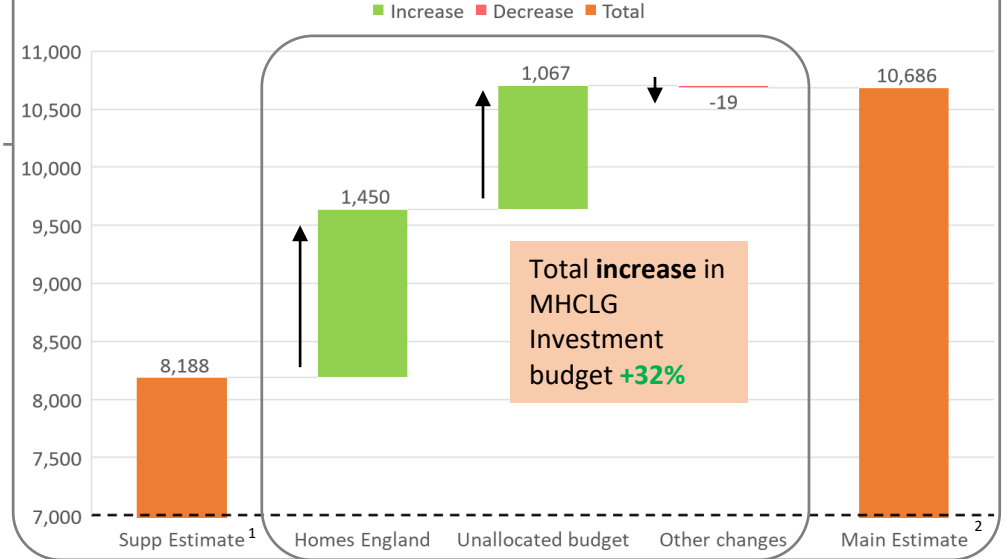
# How is MHCLG’s (Housing and Communities) investment spending changing in 2019-20?

MHCLG’s investment budget (Capital DEL) is 14.6% of the total Capital DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



## Changes from last year

- MHCLG’s investment budget is **£10,686m**, an **increase of 32%** compared to the 2018-19 final budget of £8,188m.
- Major changes include an **increase of £1,450m in Homes England capital budget** compared to the final budget for 2018-19
- There is also an **unallocated budget of £1,067m** for financial transactions investment in 2019-20.
- It is likely that changes will be made at the Supplementary Estimates later in the financial year– for example last year MHCLG’s investment budget was reduced by £1,106m at the end of 2018-19. The memorandum to the 2018-19 Supplementary Estimates explained that £552m of this unspent investment budget in 2018-19 was being moved into future years. So **some of the increase in 2019-20 is due to underspent budgets being carried forward.**

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

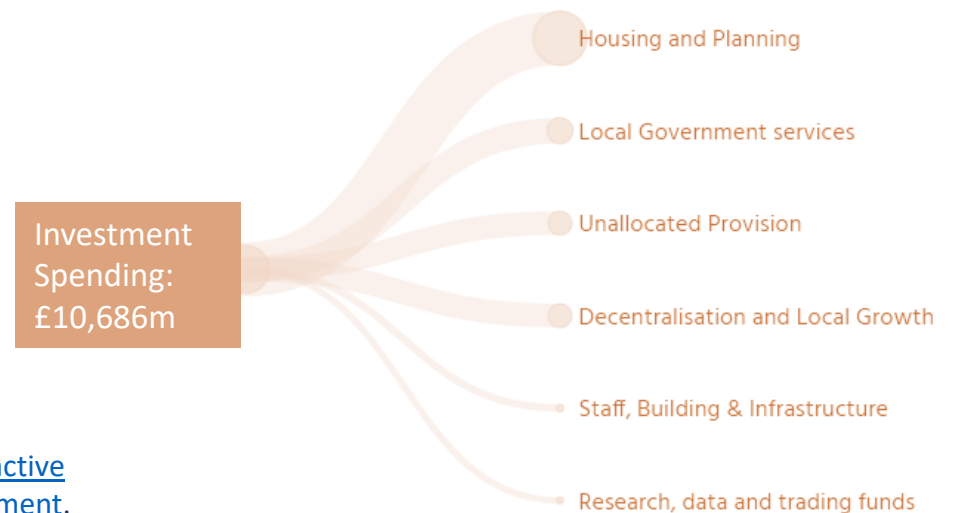
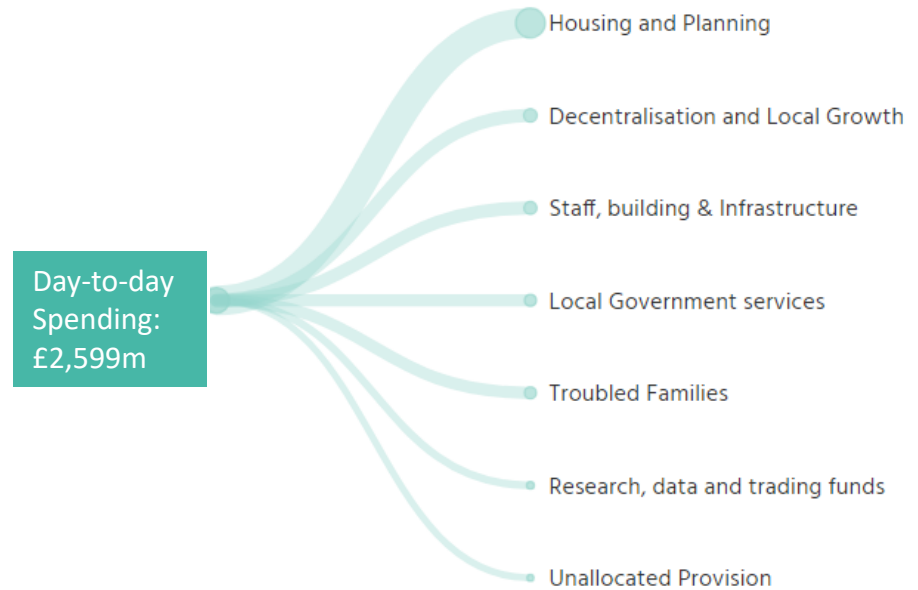
## What does MHCLG – Housing and Communities spend its money on?

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

- Most spending is on **Housing and Planning** – amounting to around **£1.9 billion (71% of 2019-20 budget)**. This spending includes budget for **Affordable homes, Homelessness and Rough sleeping** and the **Right to Buy pilots**.
- Spending by the core department on **staff, buildings and IT** is due to amount to around to **£0.2 billion** in 2019-20.

### Investment spending (Capital DEL)

- Investment spending on **Housing and Planning** has **increased significantly** in recent years and is forecast to be **£7.2bn in 2019-20 (68% of planned investment)**
- The majority of investment in housing is in the form of financial transactions – these are investments such as Help to Buy loans where the department expect to see a financial return. **Financial transactions are forecast to total £5.7bn in 2019-20 - the Help to Buy element of this is £4.1bn.**
- The 2019-20 also includes a budget of **£1.1 billion for financial transactions which is unallocated**. How this is invested will be set out in the Supplementary Estimates later in the financial year.



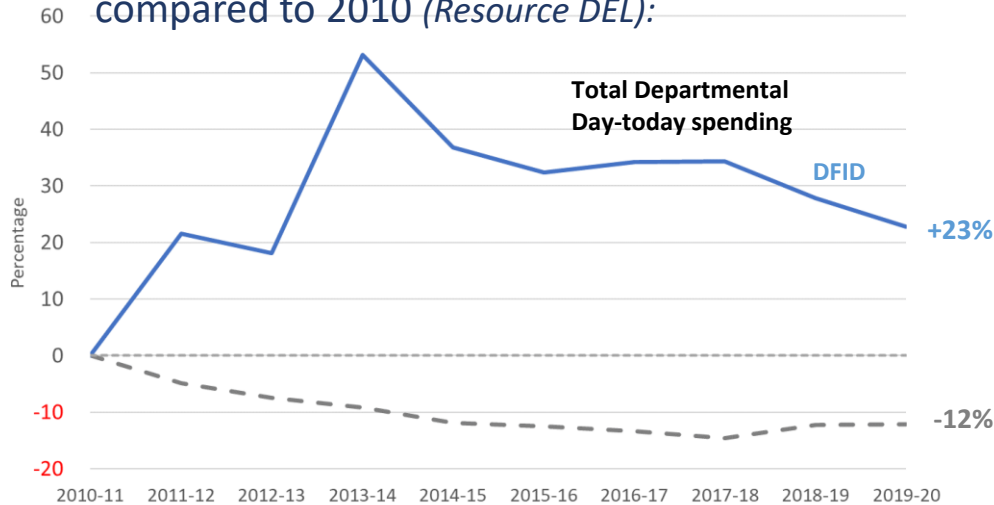
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# Department for International Development

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

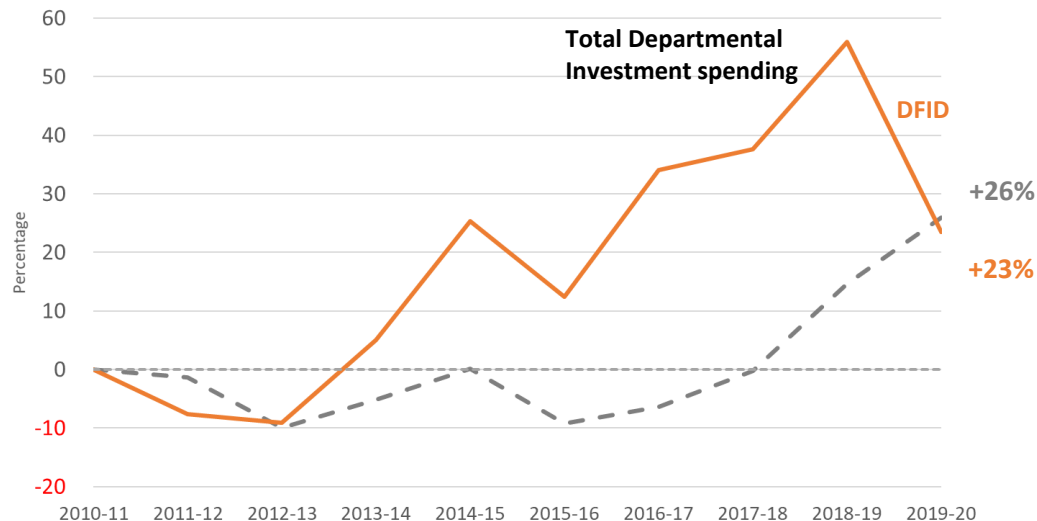
Percentage change in Day-to-day spending compared to 2010 (*Resource DEL*):



### Day-to-day spending trends

- Since 2010/11 there has been a **23% real terms increase** in DFID's day to day spending. DFID increased expenditure substantively in the 2010 Spending Review so that by 2013-14 the UK would meet the government's commitment to achieve the **UN target of spending 0.7% of Gross National Income on Overseas Development Assistance (ODA)**. The UK government signed up to this target in 1974, but only achieved it for the first time in 2013
- The commitment has meant that DFID, which is the primary ODA spending Department, has not experienced the same level of budget reductions as many other parts of government in recent years
- However, DFID day to day spending, while it has risen in real terms constitutes **only around 2% of total government day to day spending (in Resource DEL)**
- Not all the UK's ODA spending is spent by DFID, and some ODA spend is classified as capital expenditure.

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



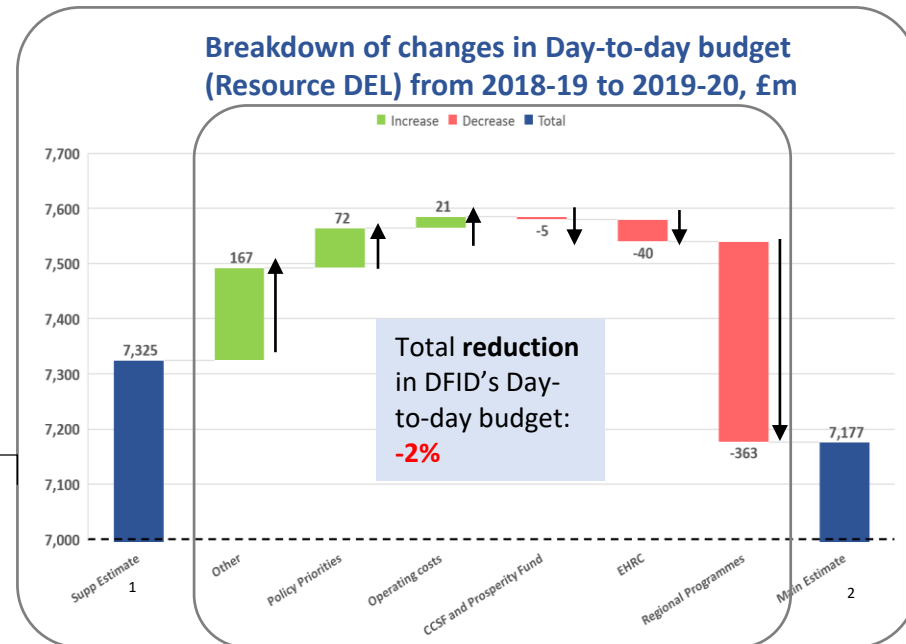
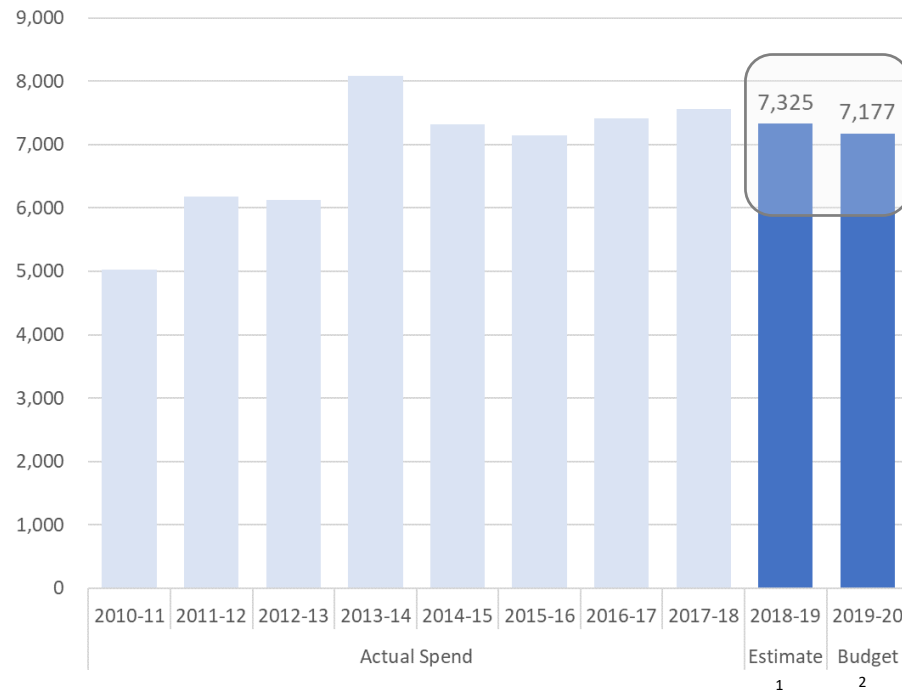
### Investment spending trends:

- Since 2010/11 there has also been a **23% real terms increase** in DFID's investment spending. Such spending can also be included in the definition (and hence the target of 0.7% of GNI) for ODA spending, supporting capital investment overseas.
- DFID's investment budget is around a third of the size of its budget for day to day spending

## How is DFID's day-to-day spending changing in 2019-20?

DFID's day to day budget (Resource DEL) is 2.0% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

### Spending Review 2015

DFID's spending was "protected" and set to increase in the 2015 Spending Review plans because the 2015 International Development (ODA target) Act committed the Government to achieving the UN target of spending 0.7% of Gross National Income (GNI) on Overseas Development Assistance (ODA).

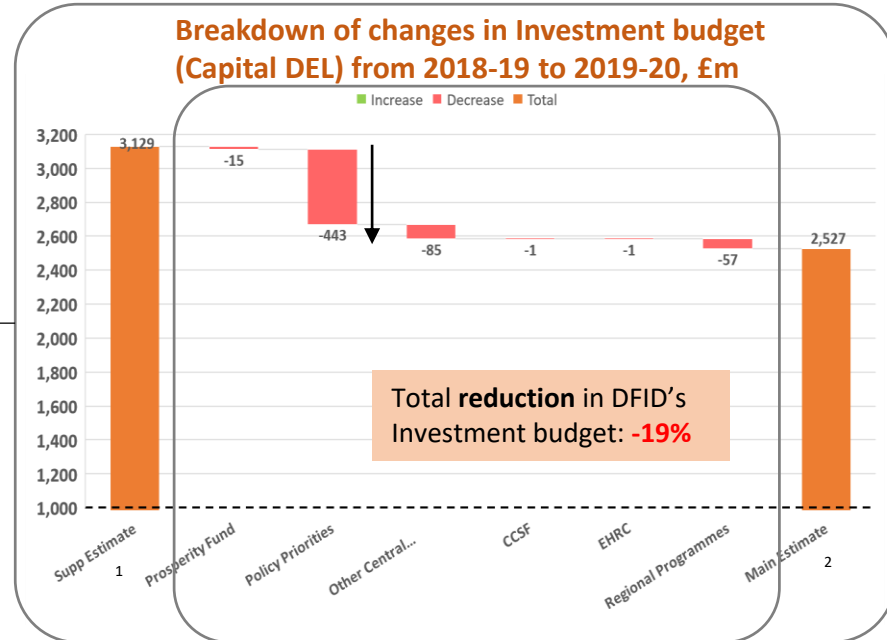
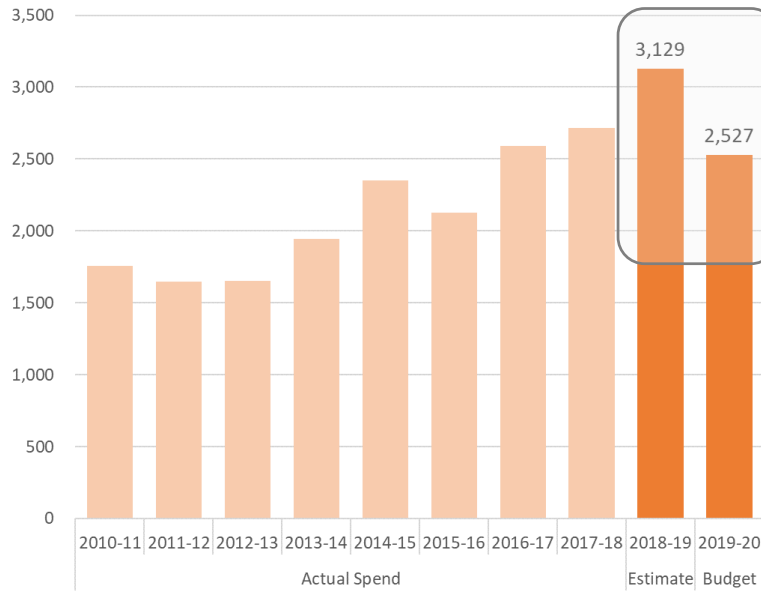
### Changes from last year

- DFID's Day-to-day budget has reduced compared to last year primarily because the amount of **ODA transferred to other Government Departments has increased from £2.2bn in 2018-19 to £2.6bn in 2019-20**. Most of the reduction has affected DFID's **regional programmes budget**. Meanwhile, DFID's "other central programmes" budget shows a **substantial increase of £167m in the Main Estimate compared to last year**.
- Changes to budgets later in the year in supplementary estimate are likely to be made when DFID has a better idea of the balance between different programmes and projects.
- The Government Equalities Office and Equality and Human Rights Commission moved from DFID to Cabinet Office with effect 1st April 2019**. As a result, **£40m** of associated costs (included in 2018-19) are not included in the 2019-20 DFID Main Estimate.

## How is DFID's investment spending changing in 2019-20?

DFID's investment budget (Capital DEL) is 3.5% of the total Capital DEL for government as a whole

### Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

### Changes from last year

The large drop in planned investment spending in 2019-20 is largely because DFID's capital funding was boosted in the previous year's supplementary estimate. This uplift arose because of **increased GNI**, transfers of funding into DFID **from other government departments**, **transfers from resource budgets** and **reprofiling** of some of DFID's expenditure from other years into 2018-19.

- Compared with the 2018-19 DFID Main Estimate- before that further funding was added- DFID's investment spending for 2019-20 has only reduced by £125m (5%). Further investment funding may be added later in 2019-20.
- The largest planned **reduction** this year is in **policy priorities, international organisations and humanitarian** spending.
- In 2019-20, an increasing portion of programme funding will be delivered through **Capital AME (see below)**.

**Capital AME:** on top of investment funding through capital DEL there is a separate budget for capital injections into DFID's wholly owned public corporation, **CDC**. Funding via this body is set to rise by 21% to £797 m in 2019-20.

# What does DFID spend its money on?

## Day-to-day spending

- Around **83%** of DFID's day to day spending DEL budget is spent on what it calls "**regional programmes**" and "**policy priorities**" in 2019-20.
- **The Conflict, Stability and Security Fund (CSSF)** is a cross-government fund set up in support of National Security Council objectives related to promoting security and projecting UK global influence. Although allocated in Spending Reviews to DFID, **funds are shared across various departments and spent by a number of departments including FCO**. In its 2019-20 Main Estimate, DFID includes only **£68m from the CSSF**, with **over £500m having already been allocated to FCO**.
- **EU attributed funds** are amounts attributed to DFID to reflect spending on development activities by the European Commission from its budget (**£483m**).

## Capital DEL (investment spending) & Capital AME

- Most of DFID's **£2,527m capital programme** is focussed on **policy priorities**, which makes up **81%** of the total spend.
- During the period covered by the 2015 Spending Review, there is an increase in DFID investing in the **CDC group** (UK's Development Finance Institution). In 2019-20, DFID plans to give **£897m to the CDC group**, up from £683m in 2018-19. This is in addition to the £2,527m of investment spending shown in the figure opposite (as it scores as Capital AME).

Day-to-day  
Spending:  
£7,177m

Regional programmes

Policy priorities

European Union Attributed Fund

Operating costs

Other central programmes

Conflict, Stability and Security Fund

Prosperity Fund

Scholarships

Independent Commission for Aid

Investment  
Spending:  
£2,527m

Policy priorities

Regional programmes

Prosperity Fund

Other central programmes

For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakarova.github.io/me/me1718.html). <https://mzakarova.github.io/me/me1718.html>



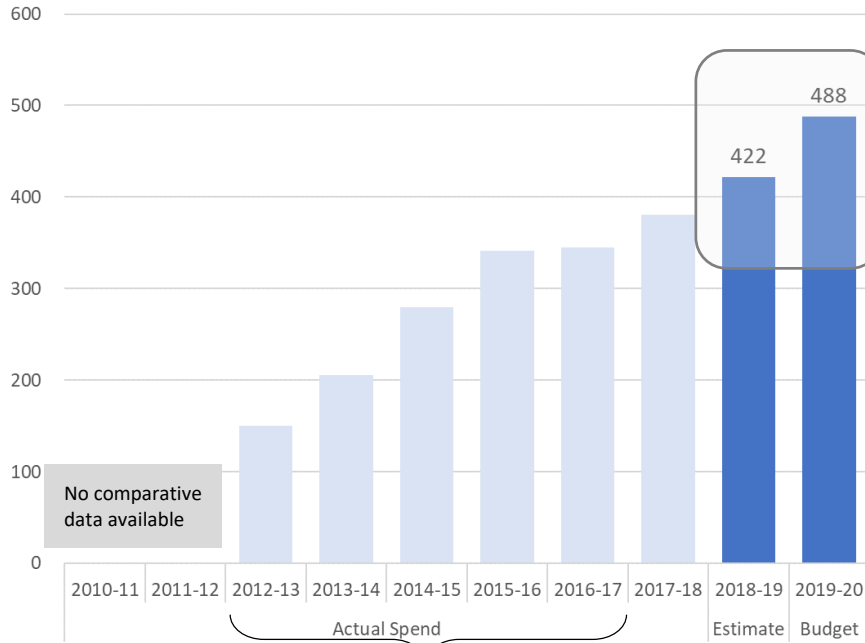


# Department for International Trade

# How is DIT's day-to-day spending changing in 2019-20?

DIT's day to day budget (Resource DEL) is 0.1% of the total Resource DEL for government as a whole

## Long-term spending trends (£m, nominal)



Comparative figures included in DIT 2016-17 annual report and accounts

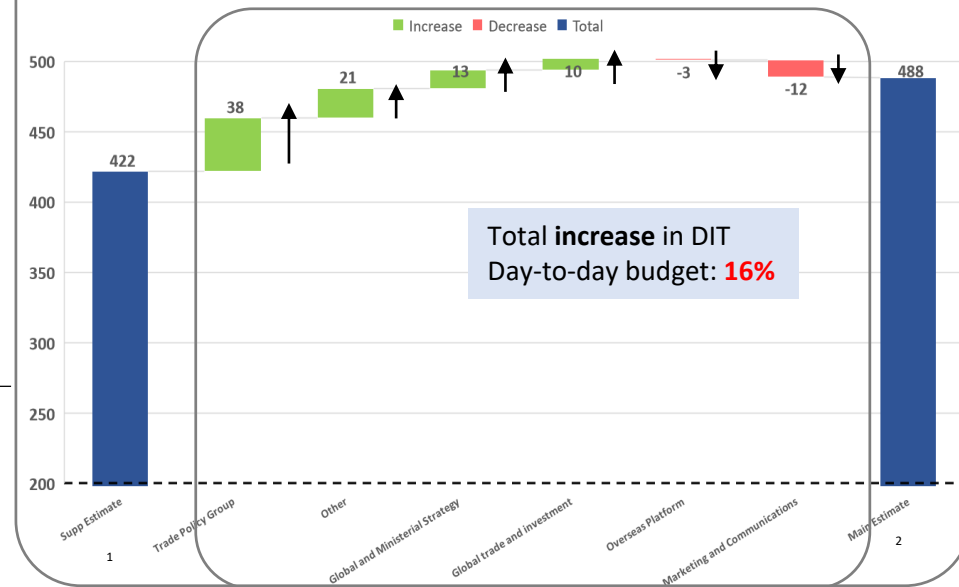
### Spending Review 2015

The Department was only formed in 2016 so was not included in the 2015 Spending Review.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## Breakdown of changes in Day-to-day budget (Resource DEL) from 2018-19 to 2019-20, £m



### Changes from last year

The initial Day-to-day budget is £488m, 16% higher than last year's.

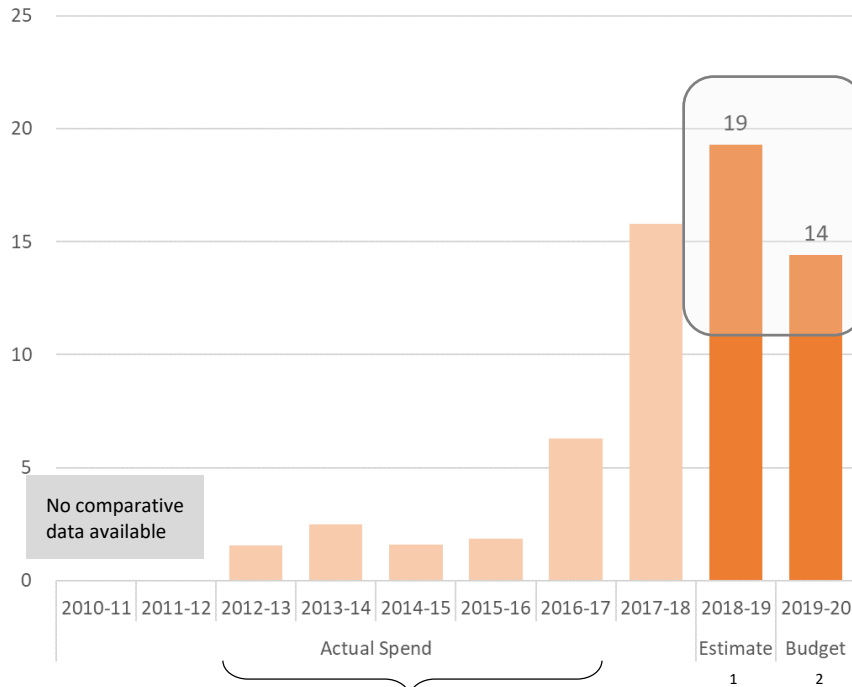
- The single largest factor in this increase is an additional **£118m for EU exit preparations** (split across different categories in the chart above), £41 million higher than the £77m of EU exit preparation funds to DIT in 2018-19.
- There has also been an **increase of £8m for the Dubai World Expo**. A budget exchange process is in place to manage the multi-year budget, and in 2018-19, a budget exchange was processed to move £7m of funds from 2018-19 to 2019-20.
- The biggest increase is the **Trade Policy Group**. Despite this, the Group is only operating at 82% of the desired staffing level.
- It is expected that the establishment of the **new Trade Remedies Authority (TRA)** has accounted for part of the increase to the Trade Policy Group's planned spending.



# How is DIT's investment spending changing in 2019-20?

DIT's investment budget (Capital DEL) is less than 0.1% of the total Capital DEL for government as a whole

## Long-term spending trends (£m, nominal)



Comparative figures included in DIT 2016-17 annual report and accounts

### Investment Spending (Capital DEL)

- The Department for International Trade only spends a **small amount of its overall budget on capital investment.**
- DIT plans a Capital DEL (investment) budget of **£14.4m in 2019-20, 25% below last year's final budget of £19.3m.** This follows a sharp increase as a result of **initial expansion after the Department's establishment in 2016, which required the procurement of equipment.**

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

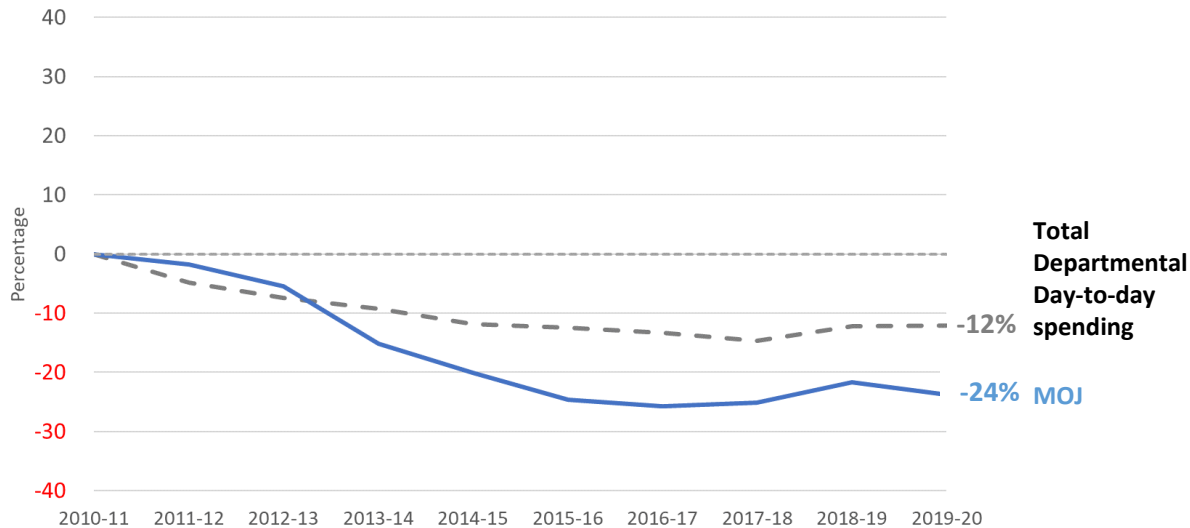
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)



# Ministry of Justice

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

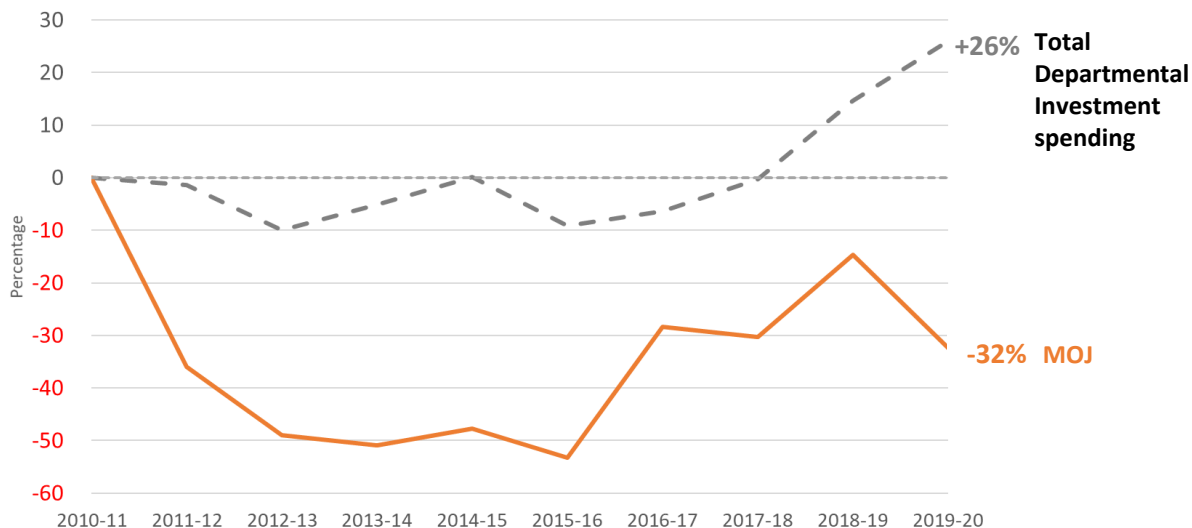
Percentage change in Day-to-day spending compared to 2010 (*Resource DEL*):



## Day-to-day spending trends:

- The budget for day-to-day spending has been reduced significantly under **austerity**.
- Further planned reductions outlined in the **Spending Review** have not been met, with additional funding allocated in February for the financial year 2018-19, and a similar sized increase in 2019-20, meaning the nominal budget has stayed **broadly flat**.

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



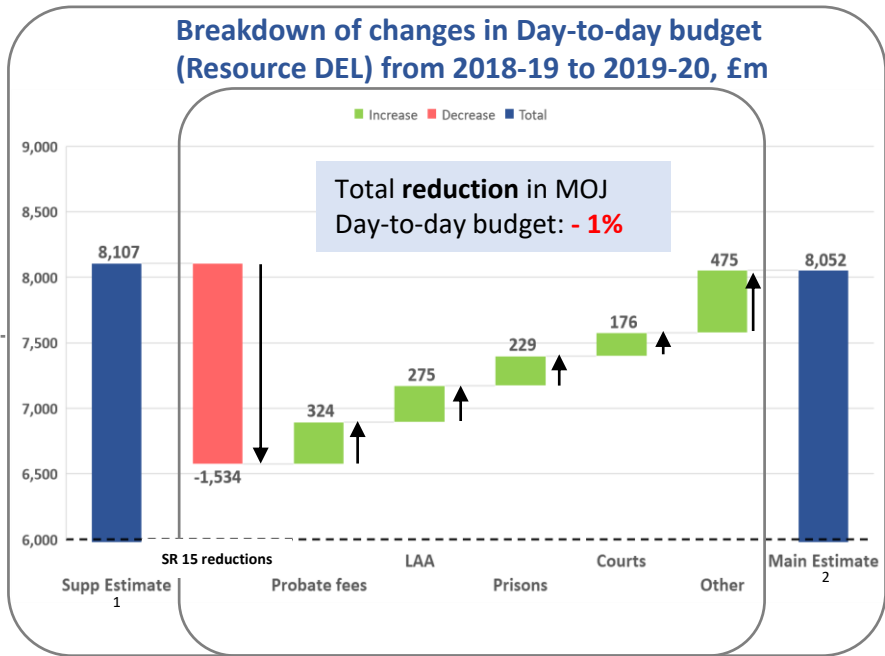
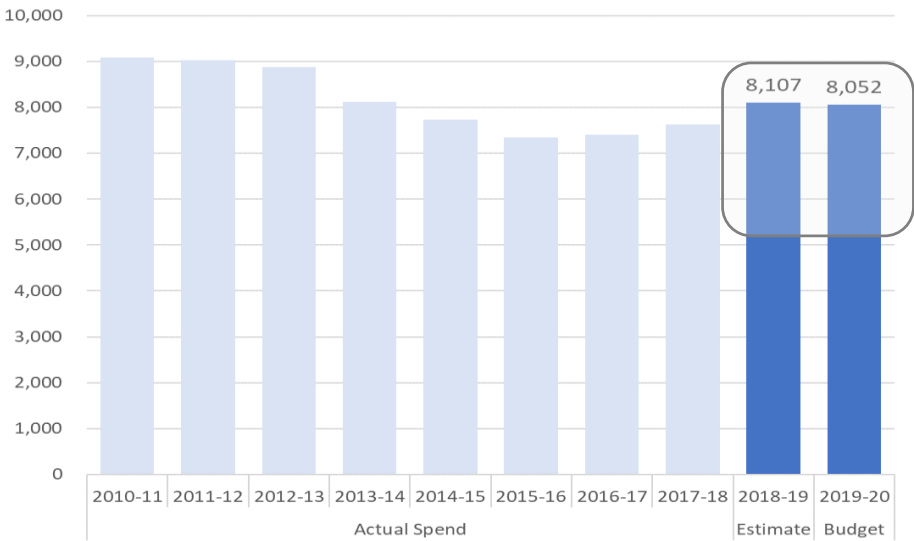
## Investment spending trends:

- Initial cuts to the budget under **austerity** were reversed in the 2015 Spending Review, with **significant investment** planned for both the court and prison estates.
- Spending has not been as high as planned, indicating **slippage**, and the department is now **'reviewing the profiling'** of its plans.
- Since 2015-16 the investment budget has been reduced when budgets are adjusted in February, often being **switched to day-to-day** spending to ease pressures.

# How is MOJ's day-to-day spending changing in 2019-20?

MOJ's day to day budget (Resource DEL) is 2.3% of the total Resource DEL for government as a whole

## Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)  
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## Changes from last year

The budget has changed very little since last year, but this masks significant changes compared to plans in the 2015 Spending Review.

- **SR 15 reductions:** Spending Review plans for the department set the budget for this year at £6,573m, but were based on many assumptions that were not met, leading to additional funds now committed by the Treasury for the areas outlined below:
  - **Probate Fees:** funding to cover a shortfall in fee income, mostly Probate but also for the provision of refunds of fees incorrectly charged.
  - **LAA:** Legal Aid Authority Legal Aid Fund, Legal Support and the Criminal Injuries Compensation Commission, all of which are demand-led, have encountered higher levels of demand than forecast.
  - **Prisons:** additional funding for operational pressures, including pay costs, estates maintenance and the maintenance of prison decency.
  - **Courts:** reform and investment in HM Courts And tribunals Service.
  - **Other:** includes £123m for increased employers pension contributions, £30 million for EU Exit preparations, and around £321m for various forecasts and policy adjustments.

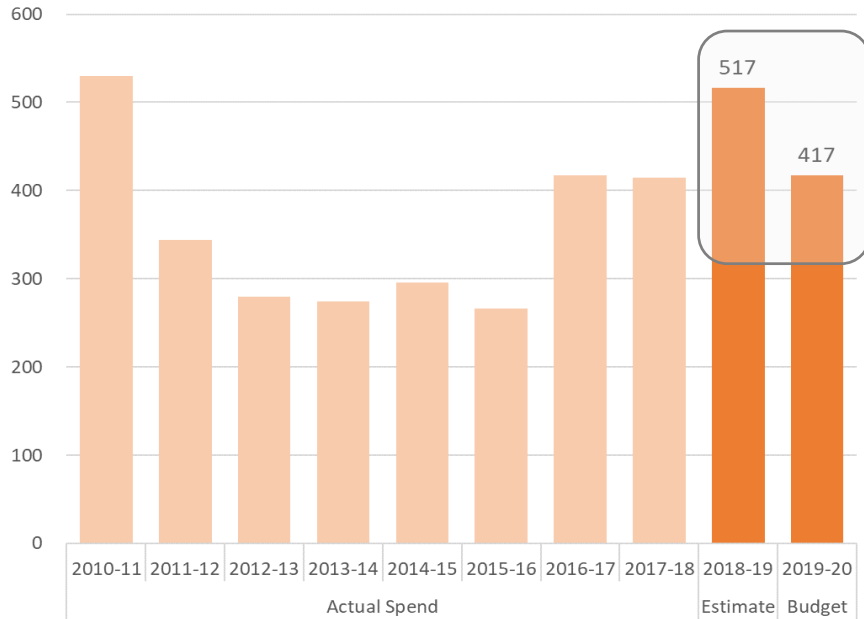




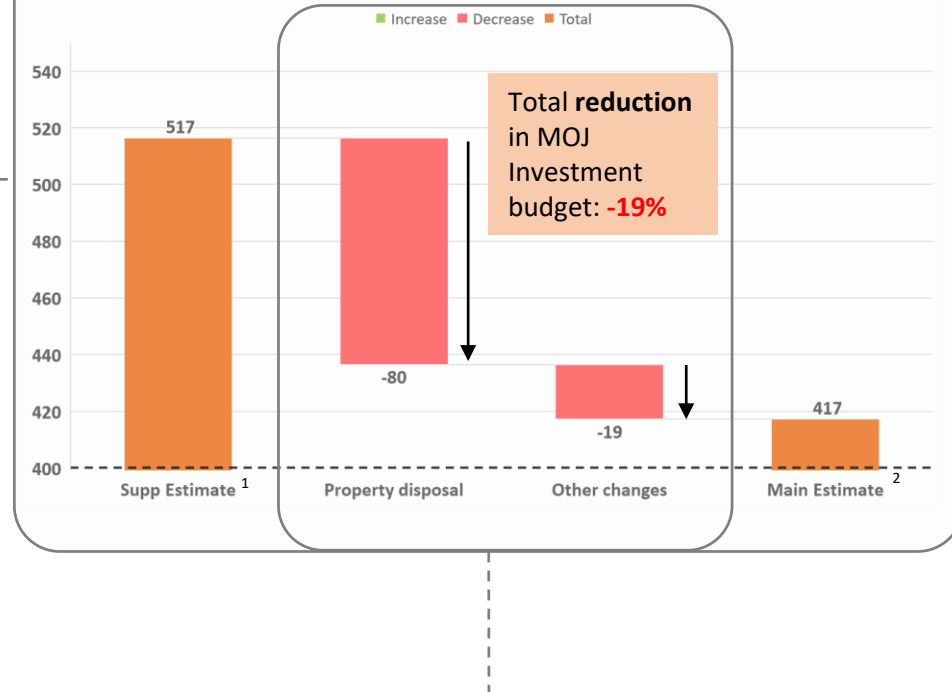
# How is MOJ's investment spending changing in 2019-20?

MOJ's investment budget (Capital DEL) is 0.6% of the total Capital DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



## Changes from last year

- **Property disposal:** last year's budget contained £80m of funding for property disposal contingent risks- essentially a bridging loan relating to a property sale with risks around timing. This was not used, and as a one-off item, removing it from the budget creates a better comparison.
- **Other changes:** small reductions in the budget due to changes to the profile of investment plans; the Spending Review planned capital spending for 2019-20 of £400m. Previously, between 2016-17 to 2018-19 the original investment profile in the Spending Review was later reduced.

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)  
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

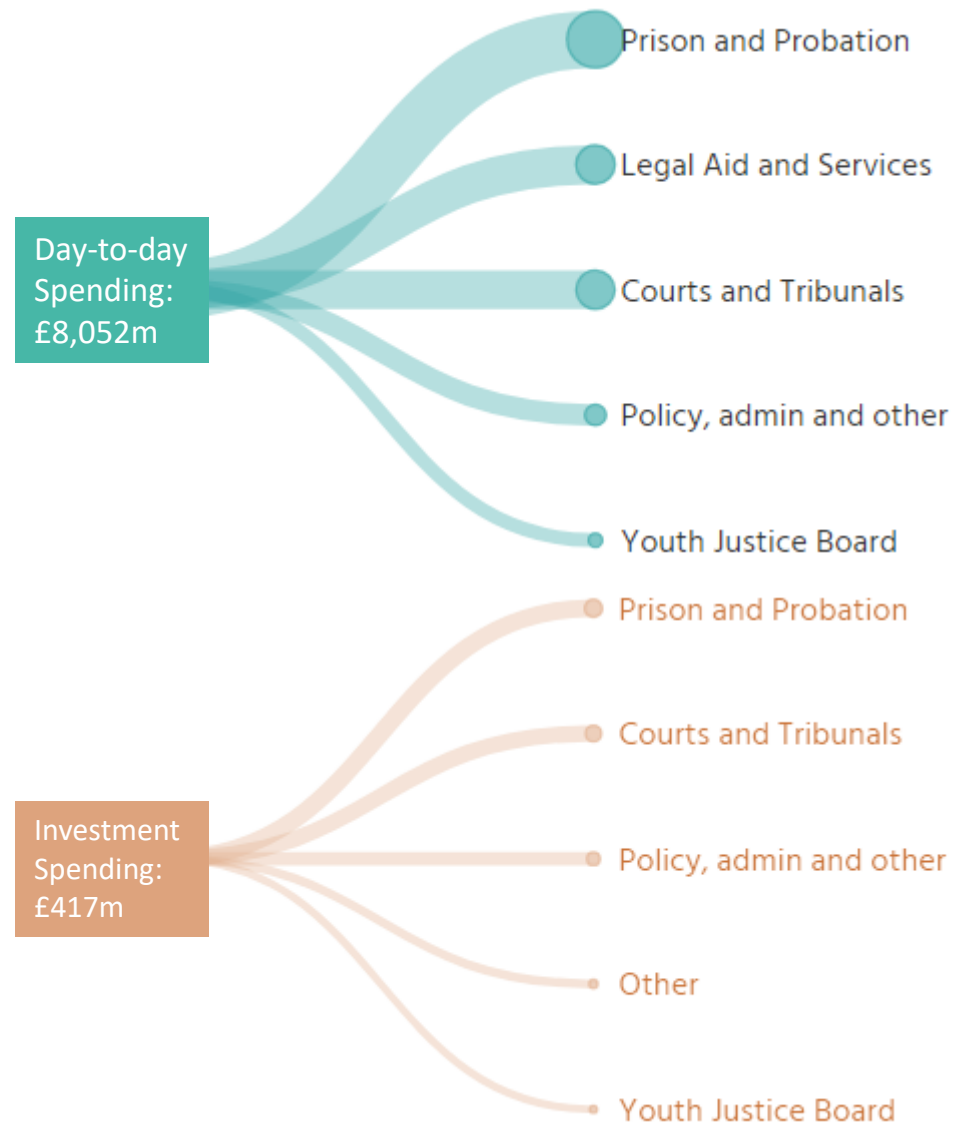
# What does MOJ spend its money on?

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

- MoJ spends around 52% (£4,177m) of its day-to-day spending budget on **Prisons and probation**, and around 21% each on **Legal aid and services** (£1,729m) and on **Courts and tribunals** (£1,697m).
- **Year-on-year comparisons** are made slightly difficult, as the department has changes its internal organisation to reflect “**system outcomes**” such as “**Access to justice**”; in additional, the significant additional funding awarded in February of last year was largely held centrally, whereas they appear to have been redistributed this year.
- That said, it appears the budget for “**decent and safe prisons**” has increased by 5% and “**public protection**” has increased by 4%, whereas “**access to justice**” has a decreased by 1%; the significant reduction appear to be in “**functional support**”, a reduction of 15%.

## Investment spending (Capital DEL)

- Around 48% (£199m) of investment is on **prisons and probation** and 35% (£145m) on **courts and tribunals**; however, spending on these areas has not been as high as intended in previous years.



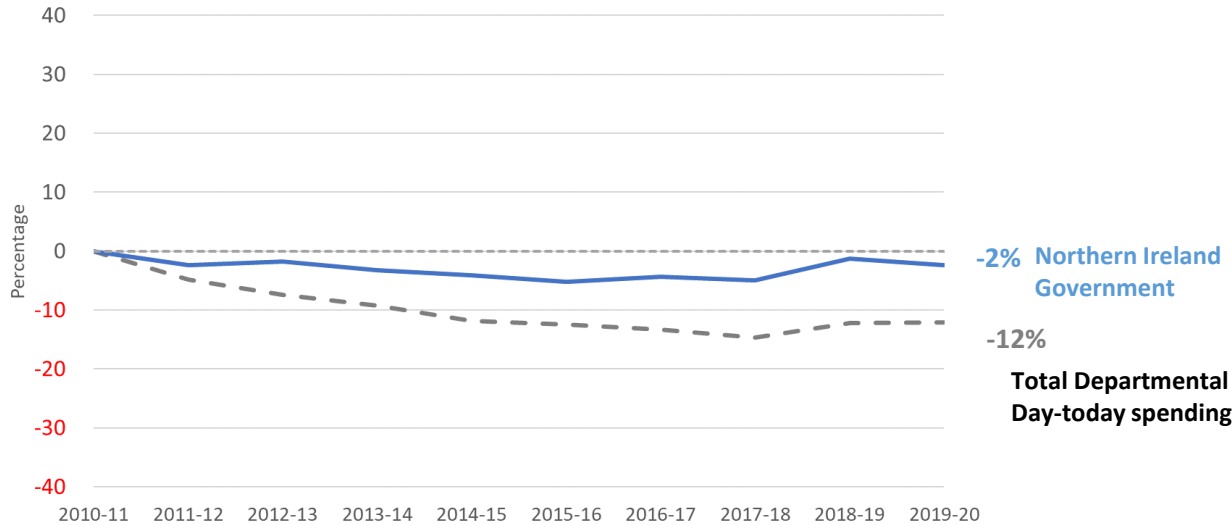
For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department.](https://mzakharova.github.io/me/me1718.html)  
<https://mzakharova.github.io/me/me1718.html>



# Northern Ireland

# Long term trends in Northern Ireland government funding (in real terms)

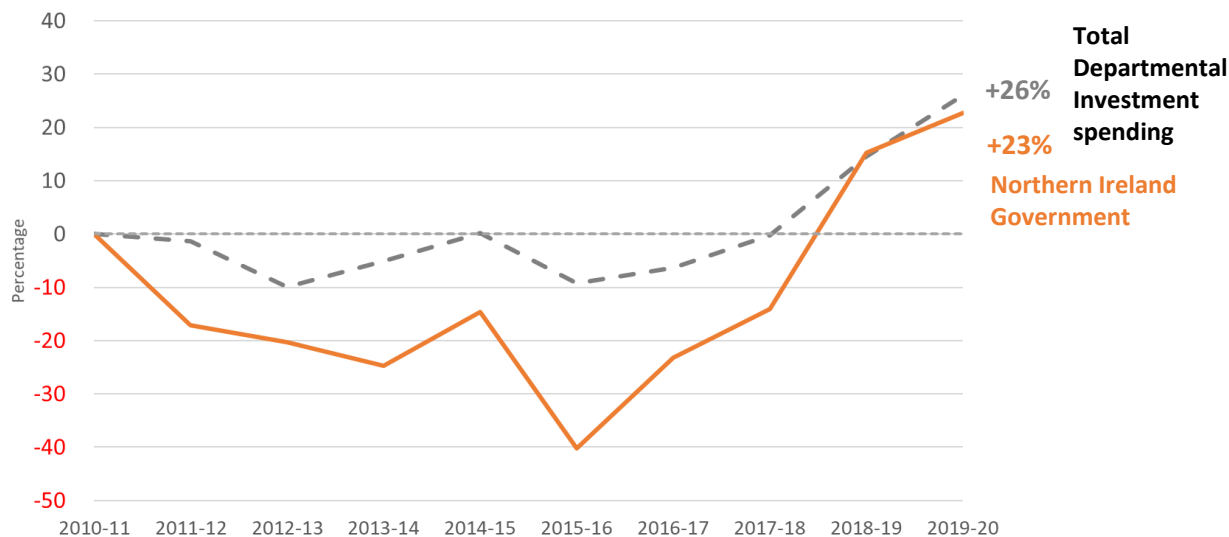
Percentage change in Day-to-day funding compared to 2010 (*Resource DEL*):



## Day-to-day spending trends:

- Funding for day to day spending for Northern Ireland has **fallen less fast than overall UK govt spending in real terms**. Changes, through the Barnett formula, largely reflect **where the UK Government has decided to allocate money**, and whether it is to functions that are **devolved** in NI. The percentage change also reflects **the size of changes in relation to the relative sizes of existing UK and NI budgets**.
- Some additional funding outside of the Barnett arrangements, such as **the extra funding under the Confidence and Supply agreement, City Deals and Fresh start** has also been provided, boosting NI's funding **above what it would otherwise have been**.

Percentage change in Investment funding compared to 2010 (*Capital DEL*):



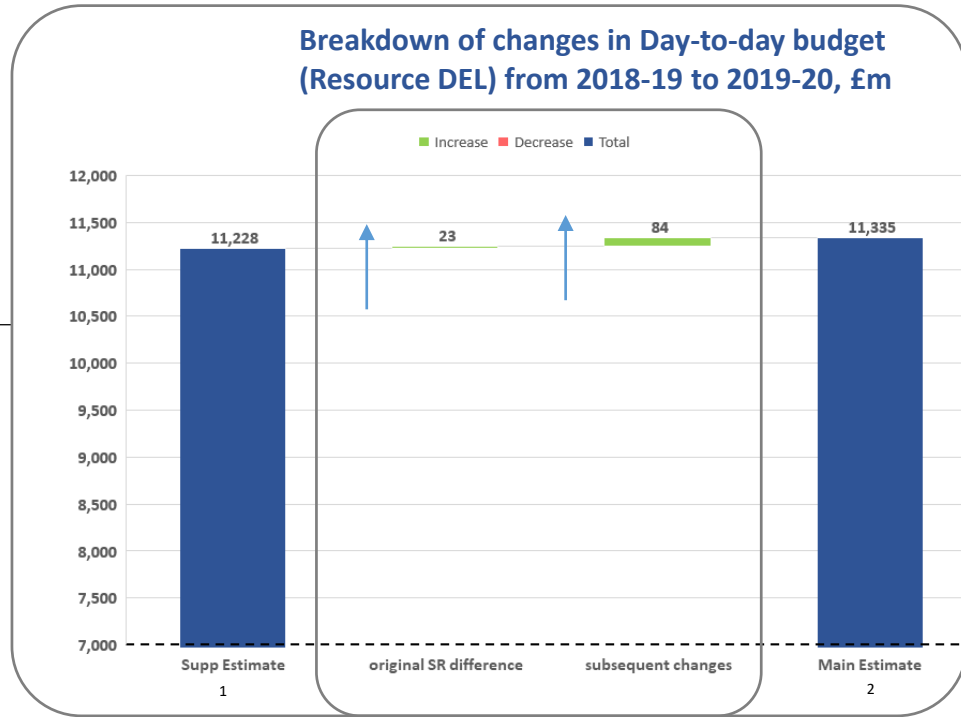
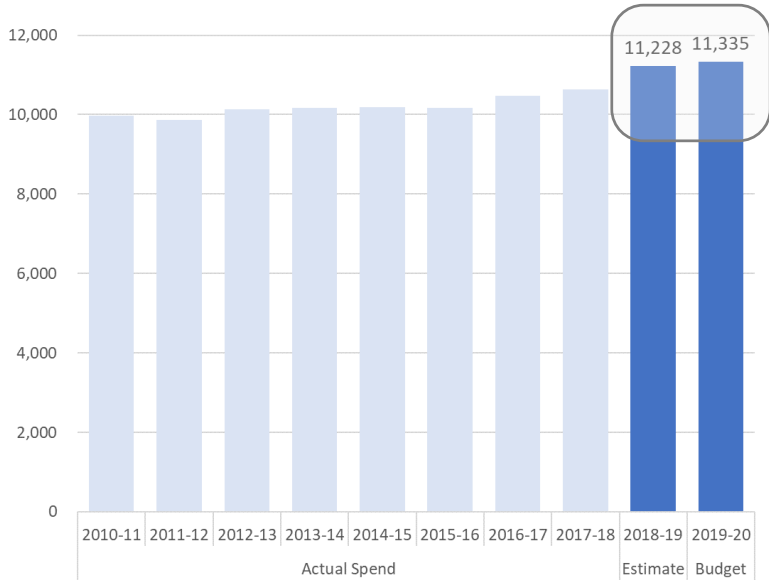
## Investment spending trends:

Funding for investment is **similarly affected by UK spending decisions and whether funding goes to devolved or non devolved functions**. For instance, more UK investment spending on **defence does not benefit NI budgets as defence is a non devolved function**, whereas **more UK funding on health does**.

# How is Northern Ireland’s day-to-day funding changing in 2019-20?

Northern Ireland’s day-to-day funding (Resource DEL) is 3.2% of the total Resource DEL for government as a whole

## Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)  
<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

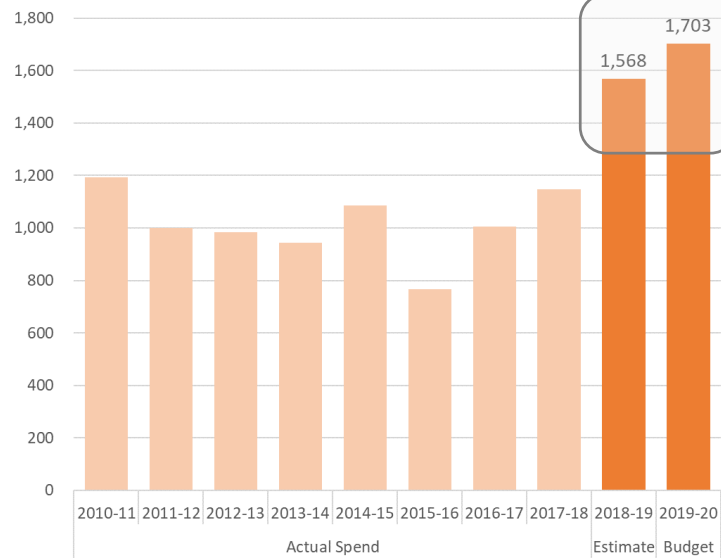
## Changes from last year

- The 2015 Spending Review proposed **2019-20 Northern Ireland funding £23 million higher than in 2018-19 in cash terms.**
- Subsequent funding changes have **boosted this increase to £107 m.** This includes **£184 m of extra funding arising from the NHS settlement**
- The 2019-20 total includes
  - £130 m resource, as **part of the confidence and supply agreement** (compared to last year’s £200m)
  - £140 m, [announced by the Secretary of State](#) in February 2019, **to support the delivery of financially stable public finances** in Northern Ireland
  - £28m for **EU Exit costs**
  - £93 m for additional costs of **employers’ pension contributions**

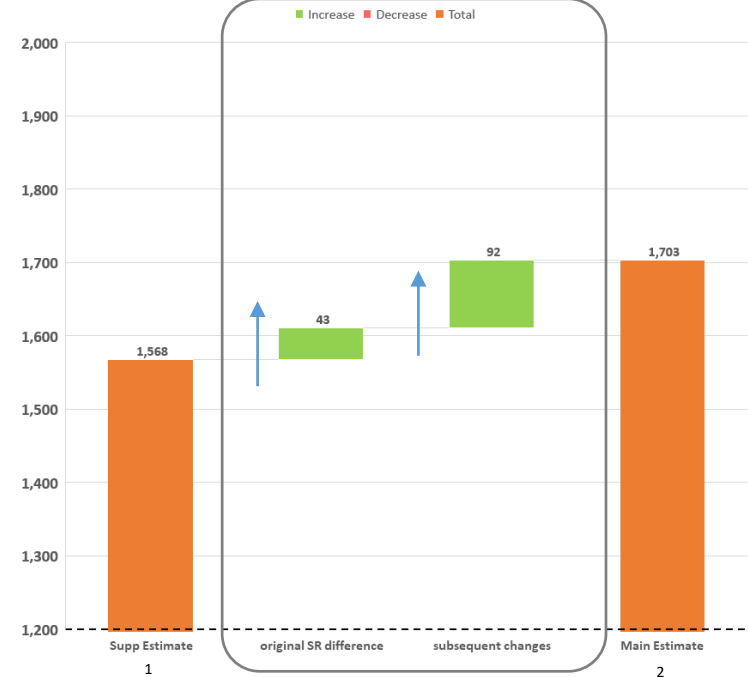
## How is Northern Ireland's investment funding changing in 2019-20?

Northern Ireland's investment funding (Capital DEL) is 2.3% of the total Capital DEL for government as a whole

### Long-term funding trends (£m, nominal)



### Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

### Changes from last year

- The original SR2015 spending review proposed that **NI investment funding would be £43 m higher in 2019-20 than in 2018-19 in cash terms**
- Subsequent changes have **boosted this change to £135 m, primarily arising from Barnett consequentials for housing and health**
- The 2019-20 total includes:
  - £203m capital, as part of **the confidence and supply agreement** (compared to £200m in 2018-19)
  - £8.9 million for **EU exit costs**
- £192 m is ring fenced for **financial transactions**

## What the UK Main Estimate for Northern Ireland Office includes:



### To the Northern Ireland Government

- ✓ *Cash grant to the Northern Ireland Government*  
**£15,998 million**

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)

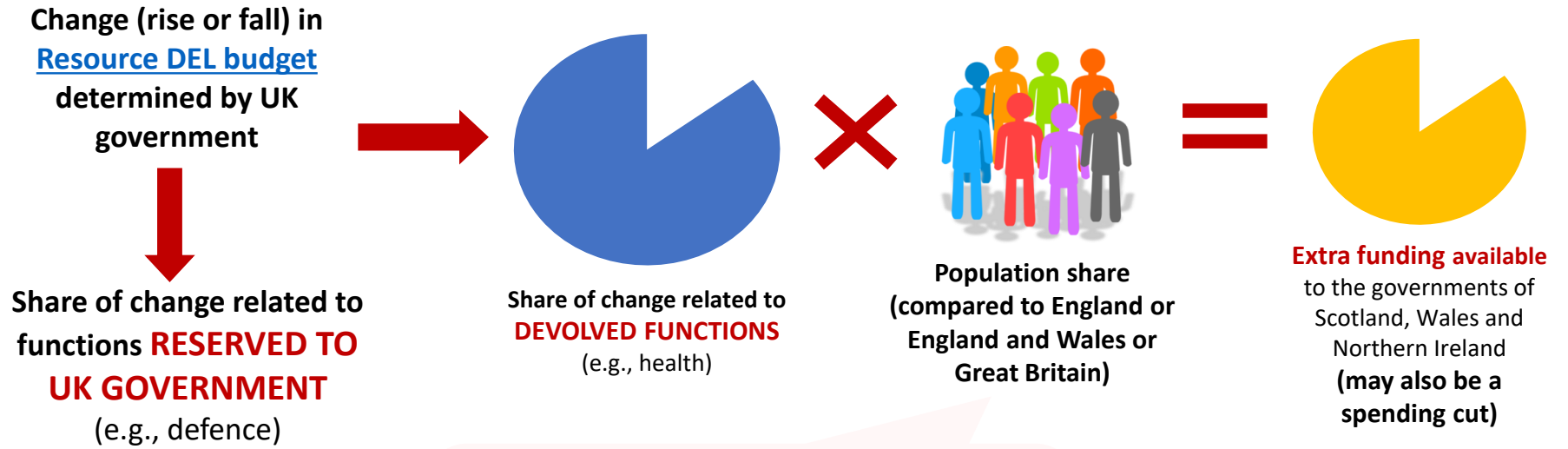
### To the Northern Ireland Office

- *Day to day spending (Resource DEL) : £28.7 million*
- *Investment spending (Capital DEL): £0.25 million*

While the NI assembly does not meet, the Westminster Parliament also authorises, **through separate legislation**, how the funding provided for the Northern Ireland government is to be spent.



## How the Barnett Formula works in Northern Ireland



**Northern Ireland compared to England:**  
 2010 Spending Review: 3.45%  
 2015 Spending Review: 3.39%  
 This reduction in population share will mean *slightly smaller increases and decreases* in funding for Northern Ireland from the *Barnett Formula* than would have resulted if the share had remained as before.

**NO CHANGE TO THE BLOCK GRANT** provided to Scotland, Wales and Northern Ireland

These funds can be spent on **ANY DEVOLVED FUNCTION**

**Example:**

Increase of **£100m** in UK Departments' Resource DEL budget.

**75%** relates to functions which are devolved; **25%** are UK reserved functions.

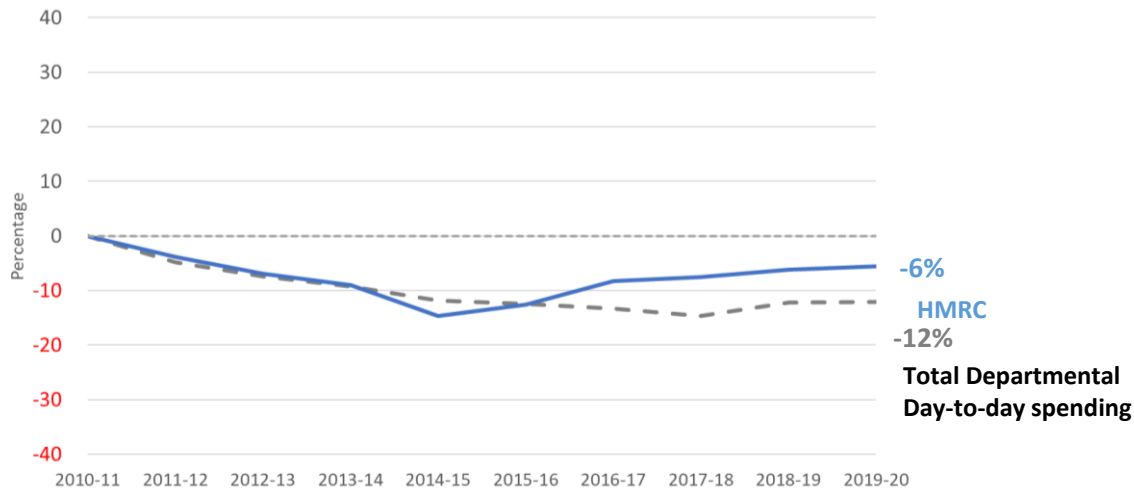
**3.39%** (Northern Ireland's population compared to England)

**£2.543m** Extra to Northern Ireland government

# HM Revenue & Customs

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

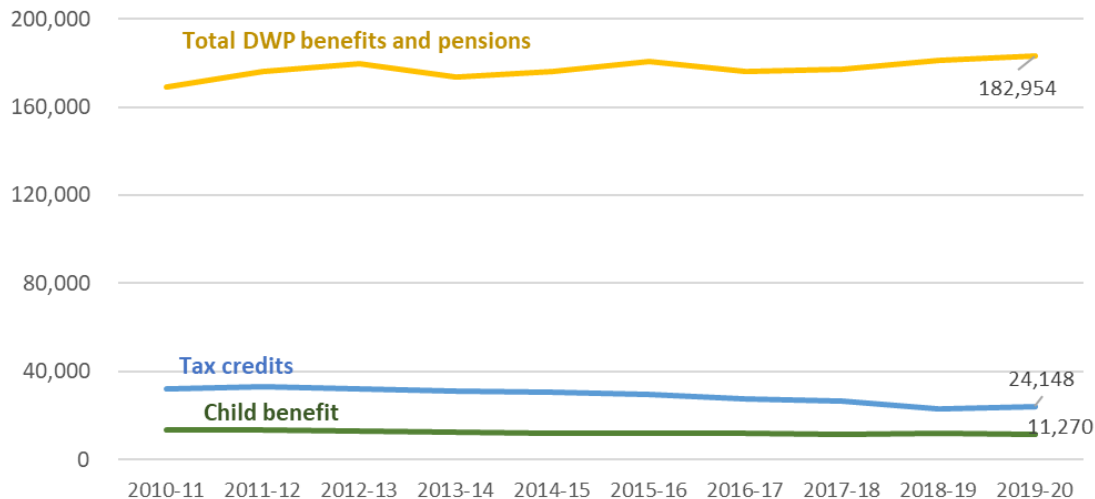
Percentage change in day-to-day spending compared to 2010 (*Resource DEL*):



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

- Real terms **efficiency reductions** were always planned for HMRC as part of the 2015 Spending Review, to be delivered through **investment in digitisation and smaller workforce**. But **over £350m of additional funding**, over and above original spending plans, has since been provided by Treasury in 2019-20.
- MHCLG has also transferred **£122m in to HMRC to cover Valuation Office costs**
- Further additional resources have also been provided for costs **unforeseen** at the time of the Spending Review, such as **additional employers' pension costs and costs of Brexit**.

## Spending on pensions and benefits compared to 2010



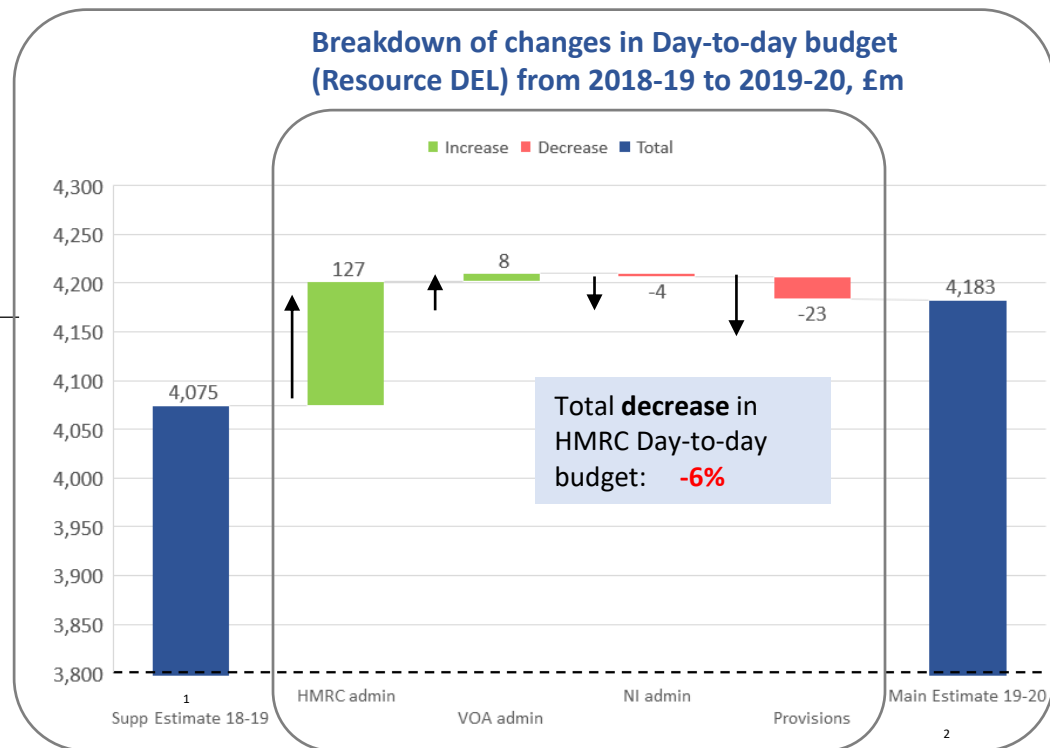
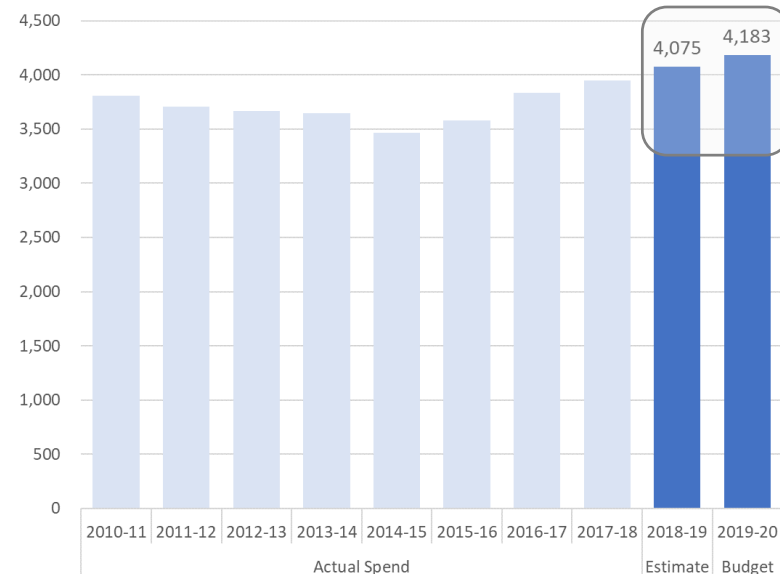
## Tax credits & child benefit (Resource AME) trends:

- **Tax credit spend is falling over time** as an increasing number of claimants receive **Universal Credit, paid for by DWP**, instead. Rates of tax credits have also been **frozen for four years**
- **Child benefit spending has also fallen in real terms** due to the **freeze in rates**, higher earners' taxation, and **restrictions on payments to those with more than two children**.

## How are HMRC's running costs changing in 2019-20?

HMRC's day to day budget (Resource DEL) is 1.2% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

### Changes from last year

- Net running costs of HMRC are **£3.7bn in 2019-20, comprising 95% of HMRC's Resource DEL budget**. This compares to £3.6 bn in 2018-19, and is a rise of **3.5%**. The total includes **£65m for additional employers' pension costs, and £375m for EU Exit costs**- in both cases **extra money** provided by Treasury, over and above the Spending Review plans
- A further **£165 m covers the Valuation Office agency's running costs**, including some additional costs previously paid by MHCLG
- There are also some other minor reductions in spending

**Investment Spending (Capital DEL):** there is also a **smaller investment budget of £306m covering IT and infrastructure costs** of HMRC and the Valuation Office Agency, down from £375m last year

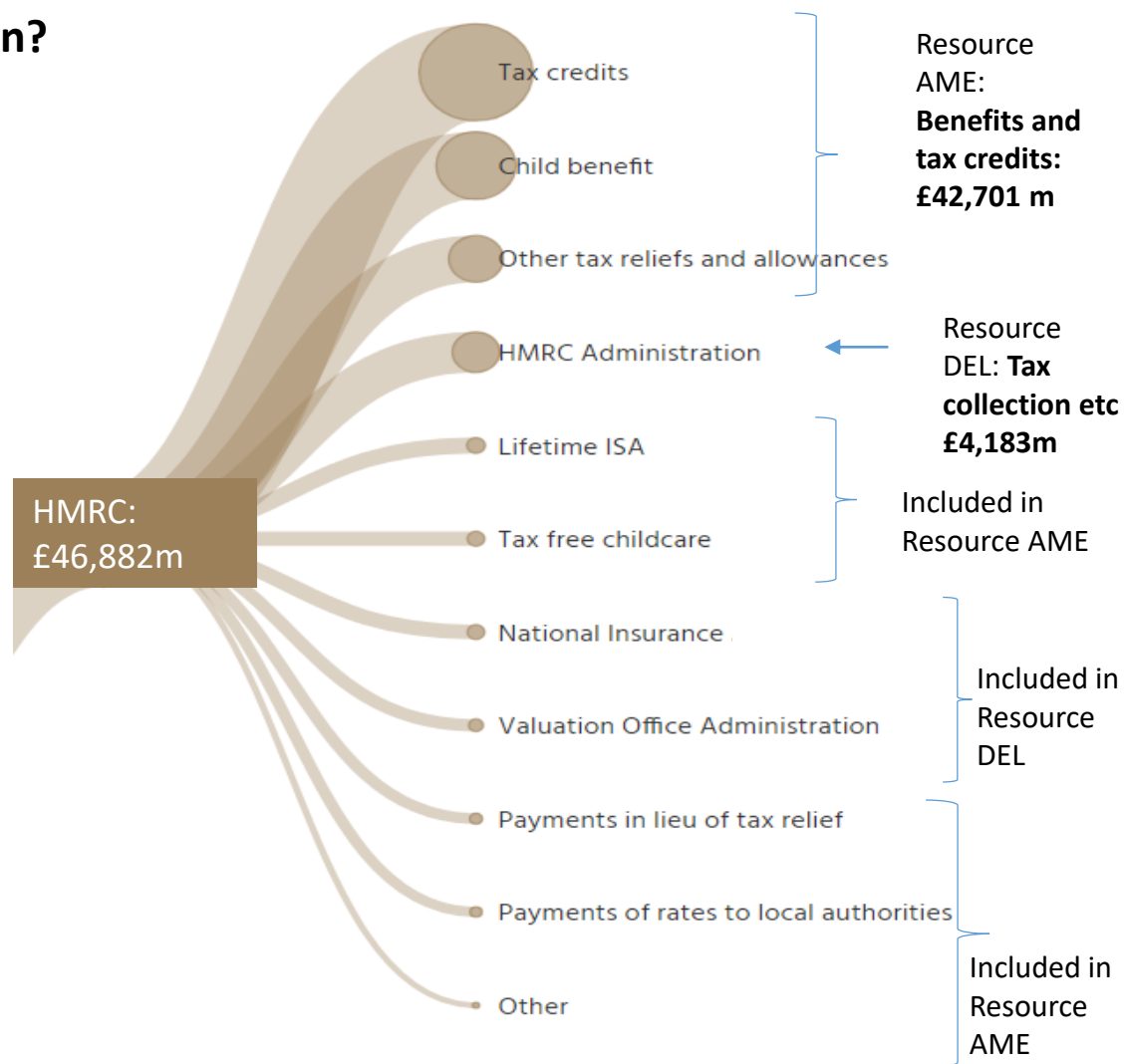
*Note: The investment budget is not included in the charts on this page.*

## What does HMRC spend its money on?

- **Tax credits** are forecast to cost just over **£25 bn** in 2019-20, compared to £23.5bn in 2018-19.
  - **Child benefit** comprises a further **£11.7bn**, down from £12bn last year
  - A further **£5.1bn** will go on **other reliefs and allowances**, up from £4.6bn last year
- These costs are included in Resource AME*

**Tax collection and administration** amounts to around **£3.7bn** in 2019-20, up from £3.6bn last year

These costs are included in Resource DEL

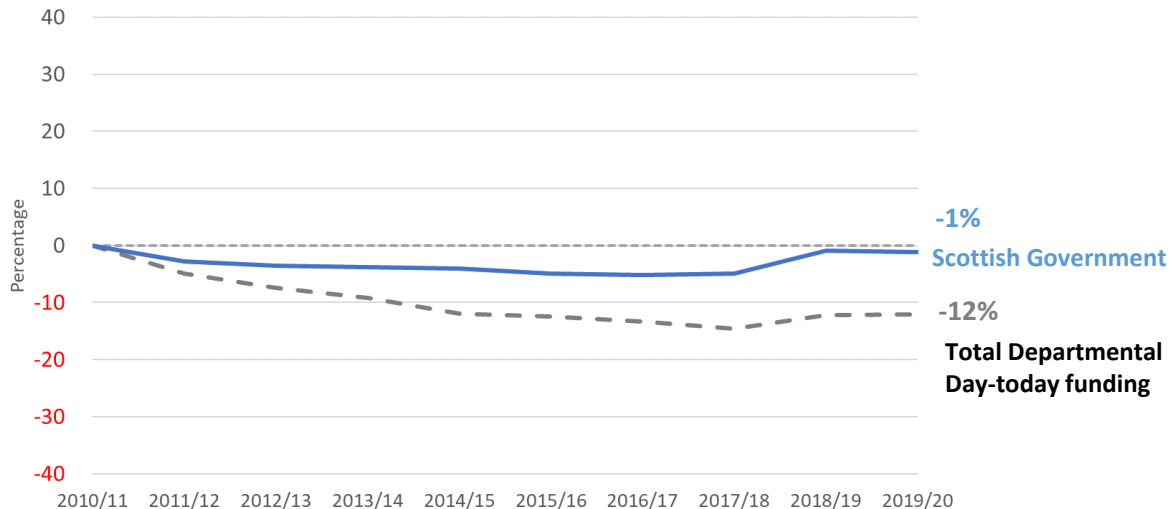


For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html). <https://mzakharova.github.io/me/me1718.html>

# Scotland

# Long term trends in Scotland's day to day funding (in real terms)

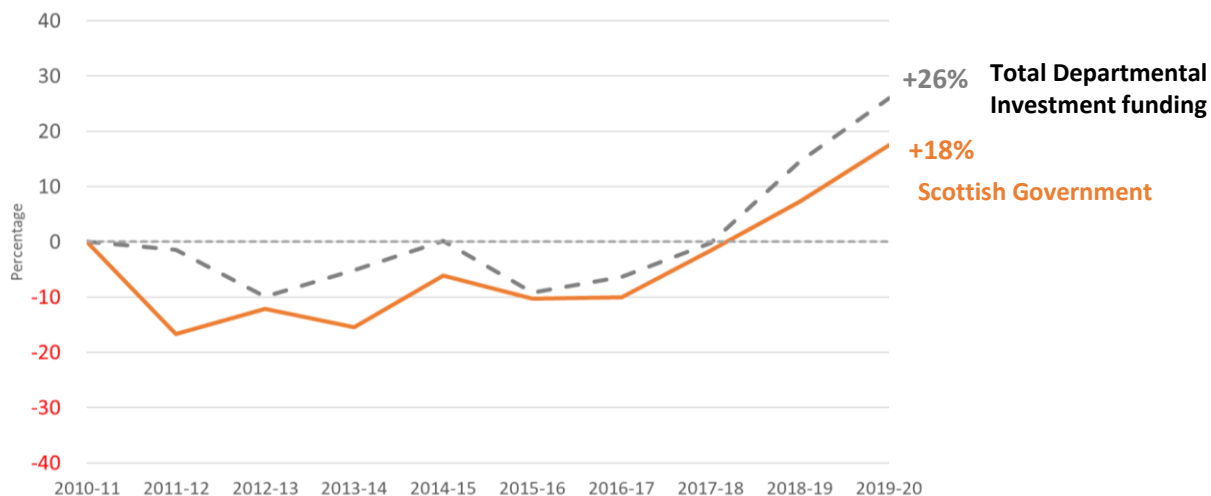
Percentage change in Day-to-day funding compared to 2010 (Resource DEL):



## Day-to-day funding trends:

- Funding for day to day spending for Scotland **has fallen less fast than overall UK govt spending in real terms**. Changes, through the Barnett formula, largely reflect **where the UK Government has decided to allocate money**, and whether it is to functions that are devolved in Scotland. The percentage change also reflects **the size of changes in relation to the relative sizes** of existing UK and Scottish govt budgets.
- Some additional funding outside of the Barnett arrangements, such as **City Deals** has also been provided, **boosting Scotland's funding above** what it would otherwise have been

Percentage change in Investment funding compared to 2010 (Capital DEL):



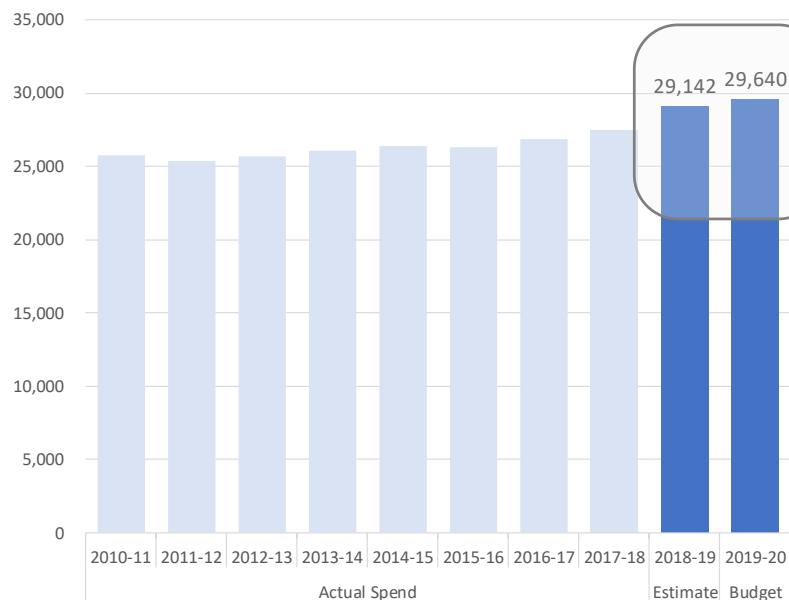
## Investment spending trends:

Funding for investment is similarly **affected by UK spending decisions and whether funding goes to devolved or non-devolved functions**. For instance, more UK investment spending on defence does **not** benefit Scotland budgets as **defence is a non-devolved function**, whereas **more UK funding on health does**.

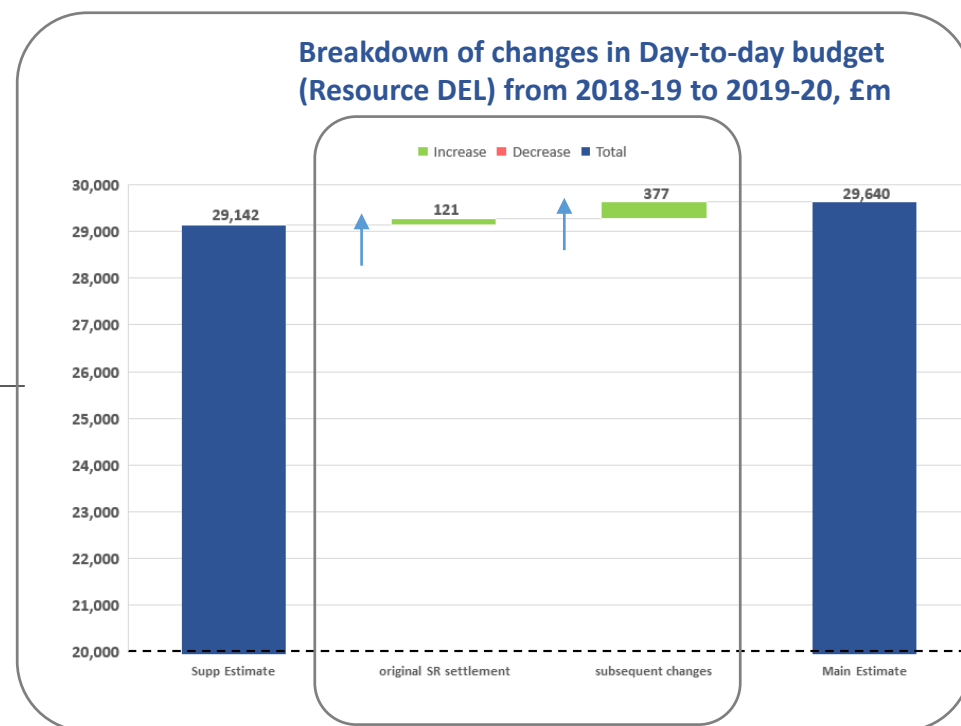
## How is Scotland's day to day funding changing in 2019-20?

Scotland's day-to-day funding (Resource DEL) is 8.4% of the total Resource DEL for government as a whole

### Long-term funding trends (£m, nominal)



### Breakdown of changes in Day-to-day budget (Resource DEL) from 2018-19 to 2019-20, £m



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

### Changes from last year

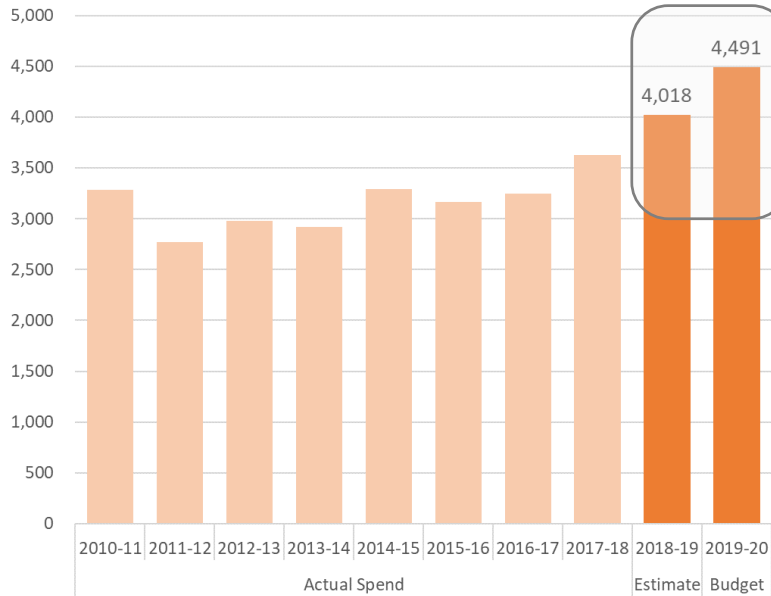
- The 2015 Spending Review proposed **2019-20 Scotland government funding for day to day to spending would be £121m above funding in 2018-19**
- This has since **increased to £498 million as a result of additional funding** through Barnett consequentials and other sources
  - **£550 m** of this is additional funding as a result of **the long term NHS settlement**
  - This is offset by some **lower levels of funding added since the Spending Review** in 2019-20 compared to 2018-19
  - Resource funding for **EU exit costs of £48.8m** is included in the total for 2019-20
  - **£270m** extra is provided for **additional employers' pension costs**
- 2019-20 Figures shown above are, for comparative purposes, **before reductions made for devolved taxes**, which now include income tax



# How is Scotland's investment funding changing in 2019-20?

Scotland's investment funding (Capital DEL) is 6.1% of the total Capital DEL for government as a whole

## Long-term funding trends (£m, nominal)



## Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## Changes from last year

- The original 2015 spending review proposed 2019-20 Scottish government investment **funding £130 m above 2018-19 funding**
- **The increase has since grown to £473 m as a result of Barnett consequentials** including additional funding for **Help to buy and Network Rail**
- **Funding for Aberdeen (£21.4m), Edinburgh (£35m), Inverness (£8.2m), Stirling (£5.9m) and Tay (£10m) city deals** is included. Of these, funding for Tay Cities is new for 2019-20, while funding for Aberdeen and Inverness is slightly higher than in 2018-19.
- **£5.9m** capital is provided for **EU Exit costs**
- Of the total, **£519m** is ring fenced for **financial transactions**

## What the UK Main Estimate for Scotland Office includes:

### To the Scottish Government:



#### ✓ *Cash grant to Scottish Government*

**£19,390 million**

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Deductions for devolved taxes (“Block grant adjustments”), including Scottish income tax
- Adjustments to reflect differences between spending and cash (timing differences, debtors, creditors, and non-cash spending such as depreciation and write downs)

#### ✓ *Scottish income tax collected on the Scottish government’s behalf by UK’s HMRC*

**£11,684 million**

This is the Scottish income tax that HMRC collects in Scotland on behalf of the Scottish government (Scotland collects other devolved taxes itself)

### To the Scotland Office

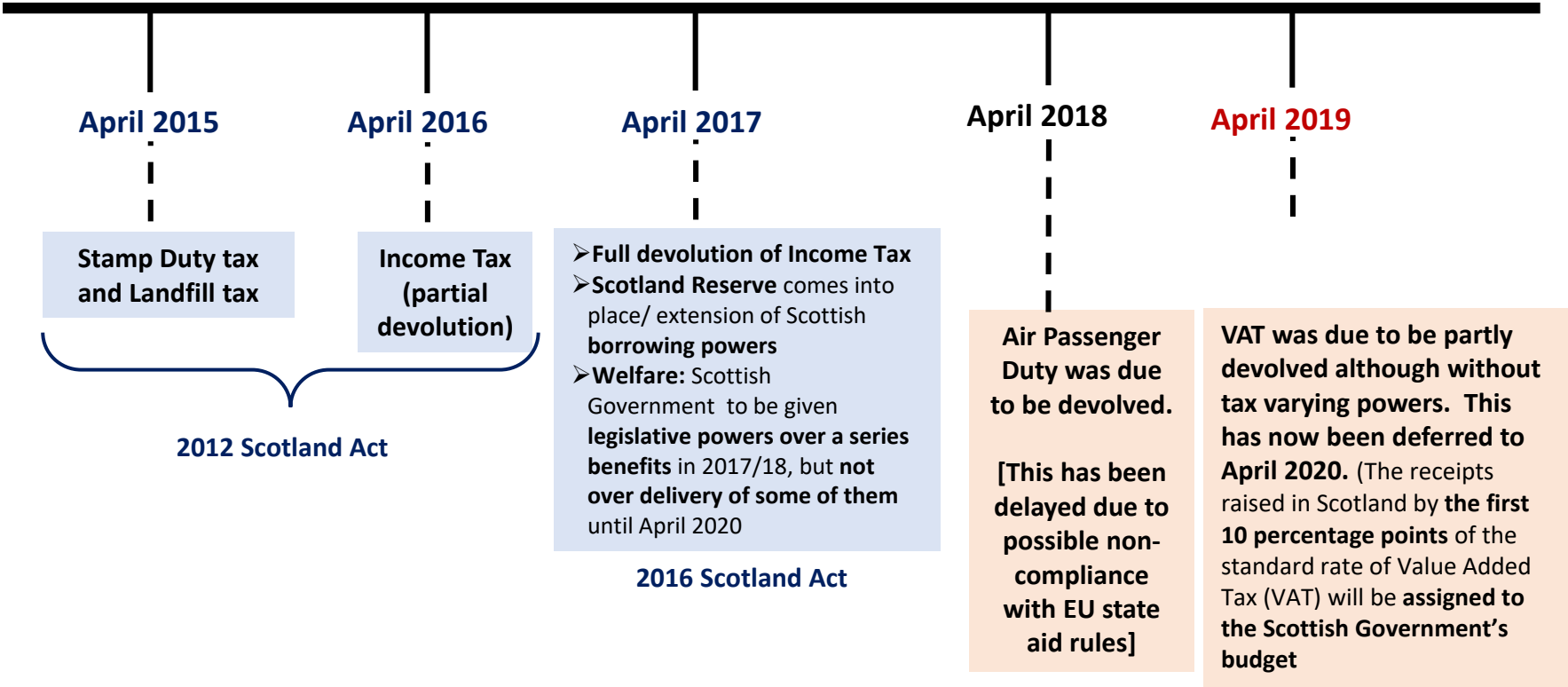
#### ✓ *Day to day spending (Resource DEL): £10.2 million*

#### ✓ *Investment spending (Capital DEL): £0.05 million*

# Devolution of Powers: **TIMELINE**

Holyrood

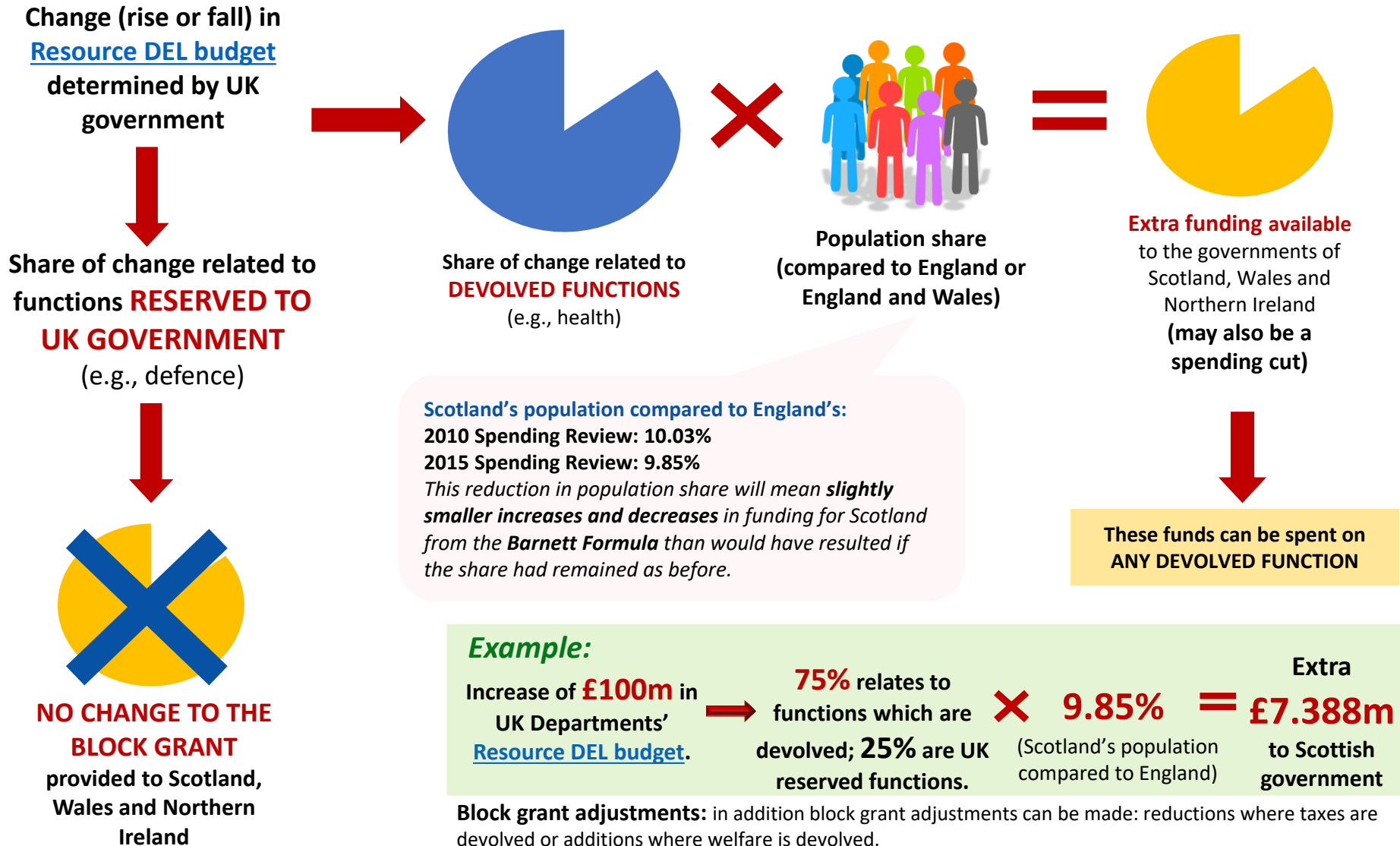
ADDITIONAL POWERS DEVOLVED:



**Block grant adjustments** are made to reduce funding from the UK government to recognise the Scottish government's new income streams.

Deductions are based on UK tax policy- Scotland may raise more or less than the amounts of the deductions

# How the Barnett Formula works for Scotland



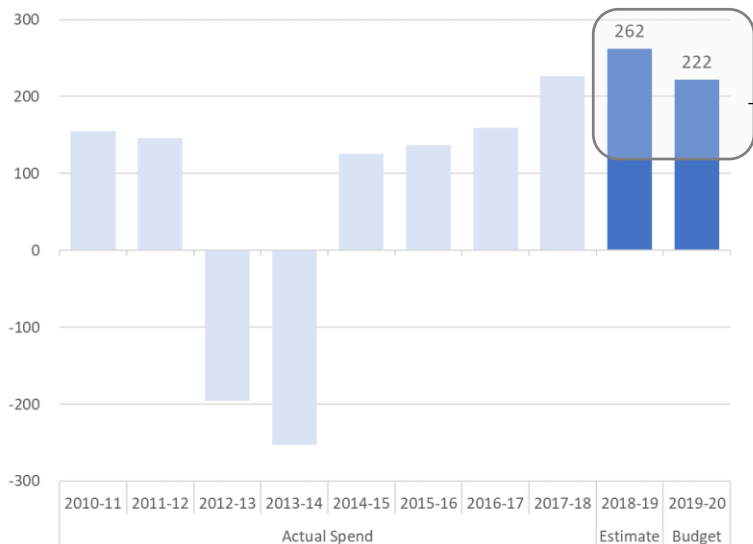


# HM Treasury

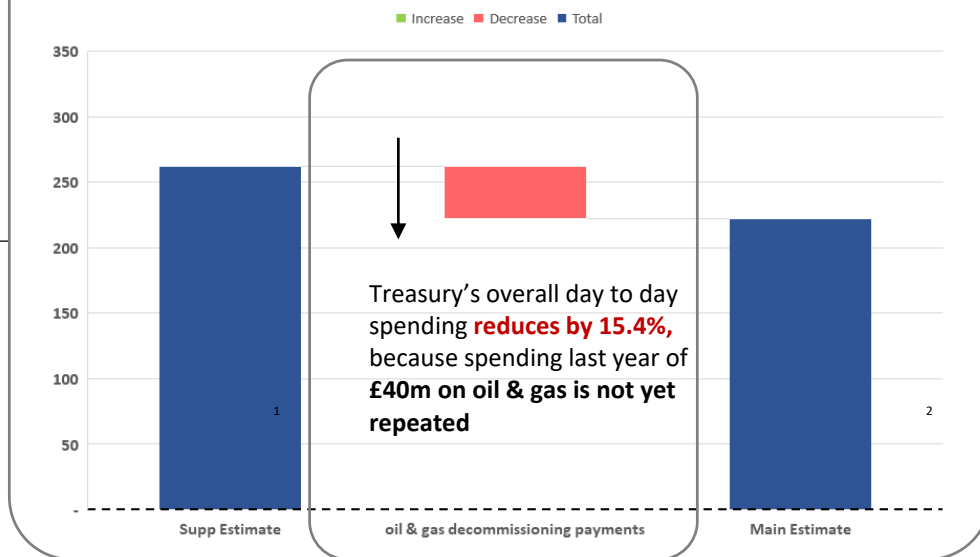
## How is Treasury's day-to-day spending changing in 2019-20?

HMT's day to day budget (Resource DEL) is 0.1% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



### Breakdown of changes in Day-to-day budget (Resource DEL) from 2018-19 to 2019-20, £m



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

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

- Most of Treasury's day to day spending is its **own running costs, amounting to £160m** of this year's total.
- The spending reduction in 2019-20 arises because of a **Reserve claim, boosting spending in 2018-19 to cover oil and gas decommissioning deeds, is not yet repeated in 2019-20.**
- Within the 2019-20 budget, apart from Treasury's own running costs, **£20m is included for Debt Management Office running costs**
- **The Office for Budget Responsibility's budget remains at £3m** a year, as part of a multi-year settlement.

### Investment Spending (Capital DEL)

An investment budget of £172m is proposed, a **reduction from £181 m in 2018-19 (-5.1%)**. This includes:

- **£90 m for the Infrastructure Finance Unit** -managing the **Digital Infrastructure Investment fund** and (electric vehicle) **Charging Infrastructure fund**.
- **£80m, as UK contribution to the Asian Infrastructure Investment Bank**

Note: The CDEL budgets are not included in the charts on this slide.

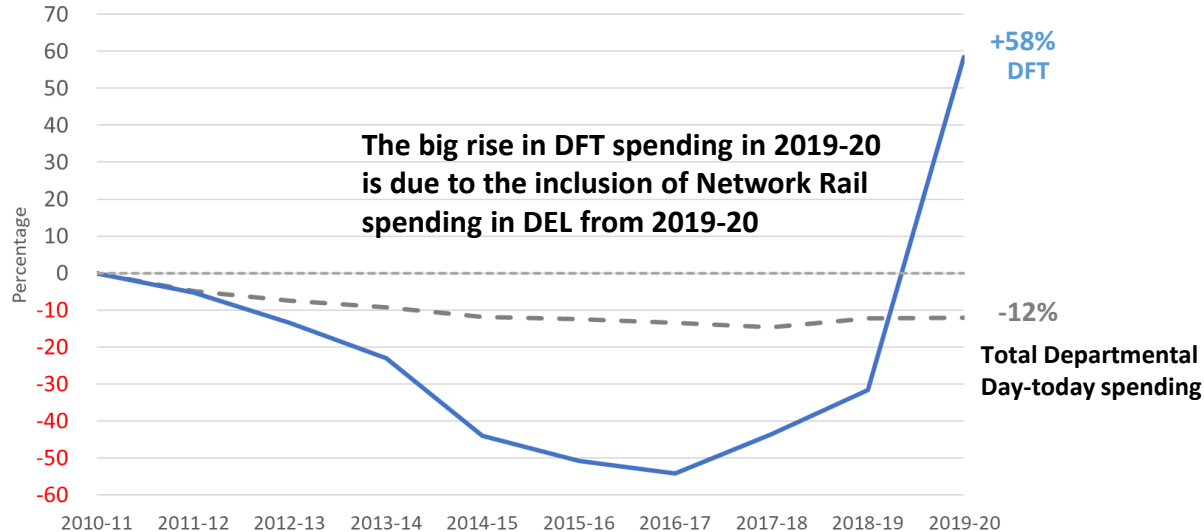
**Annually Managed Expenditure:** Treasury also expects net receipts, scored under its Annually Managed Expenditure budget- **primarily repayment of loan capital (£2.3 bn) and interest (£153m)**, including from **Ireland**; and from the remaining mortgage book. There is also spend of **£160m on Help to Buy ISAs, up from £138m last year.**

# Department for Transport



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

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

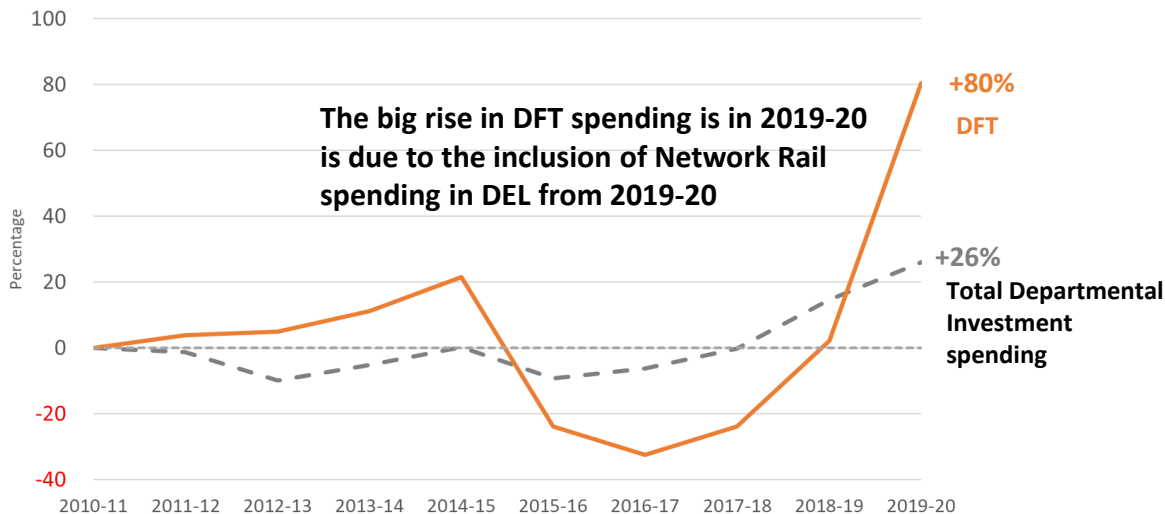


## Day-to-day spending trends:

- A factor in the spending reductions up until 2016-17 were **significant reductions in GLA transport grants for London**.
- The significant **increase** in 2019-20 has been caused **by the inclusion of Network Rail in DEL budgets** (see next slide).

*Note: The RDEL budget also includes depreciation which is a non-cash cost*

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



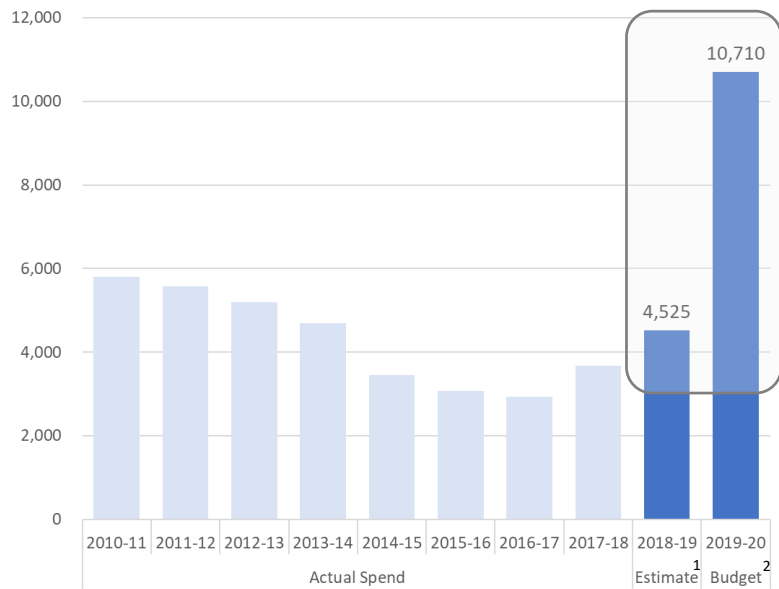
## Investment spending trends:

- Up until 2014-15 around £4bn of **Network Rail capital spending** scored in Capital DEL each year. Its **removal from the DEL budgets between 2015-16 and 2018-19** accounts for the lower spending levels in these years.
- **Network Rail investment spending returned to the DEL budget in 2019-20** causing a significant increase (see later slide)
- **Higher investment levels on HS2** have also caused **increases since 2016-17**.

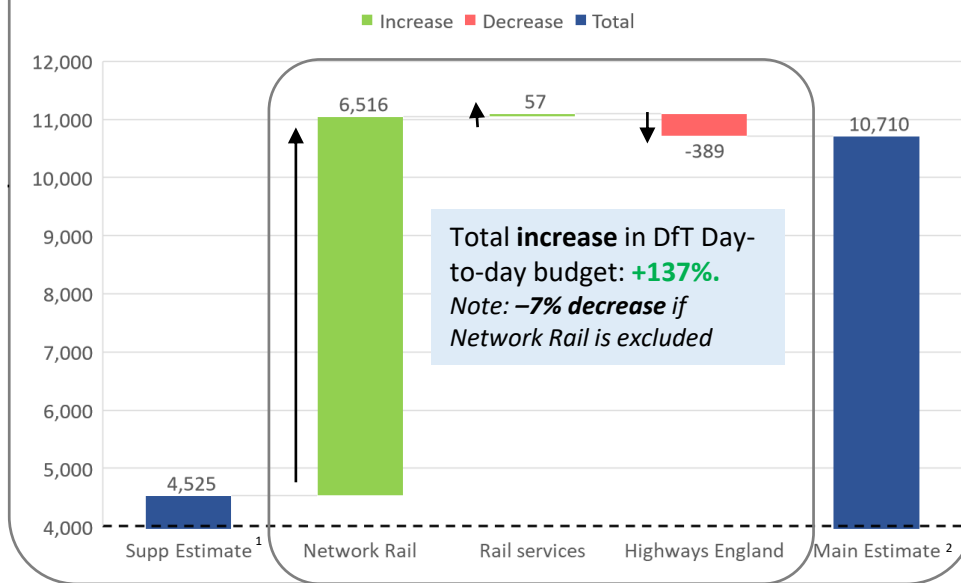
# How is DfT's day-to-day spending changing in 2019-20?

DfT's day to day budget (Resource DEL) is 3.0% of the total Resource DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Breakdown of changes in Day-to-day budget (Resource DEL) from 2018-19 to 2019-20, £m



## Changes from last year

- The **significant increase (+137%)** in the day-to-day DEL budget is **caused by the inclusion of a Network Rail budget of £6,516m in 2019-20**. In the previous year this was not included in the DEL budget. Excluding this, the day-to-day budget would have fallen by 7%.
- Other changes to the budget include **higher net spending on Support for Passenger Rail Services (+£57m)** – for 2019-20 net spending is forecast to be £24m compared to £33m net income in the previous year.
- **Highways England day-to-day budget is set to be lower (-£389m)** than last year.

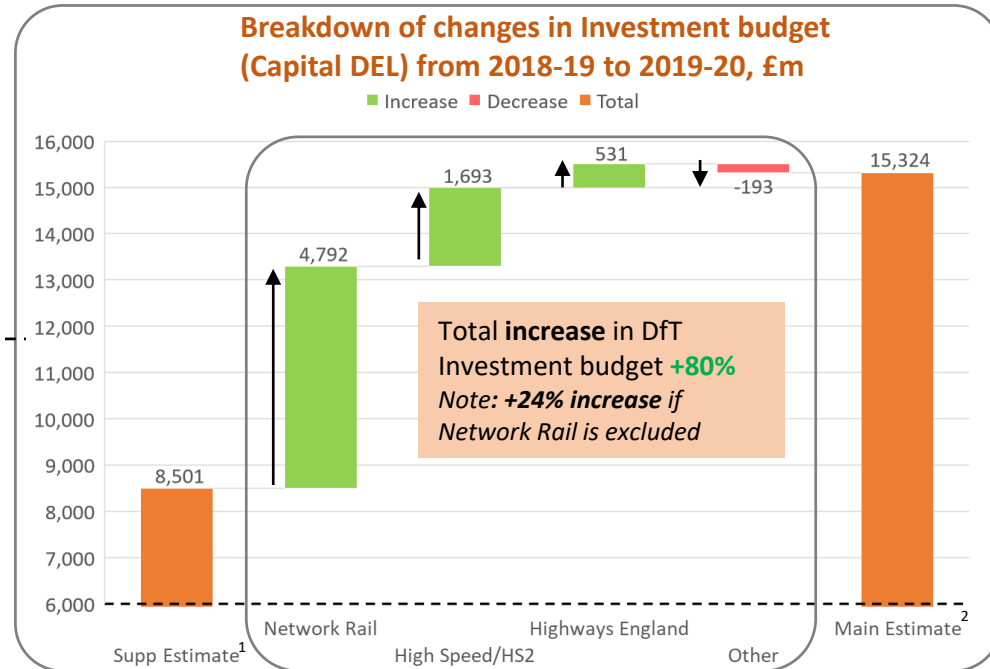
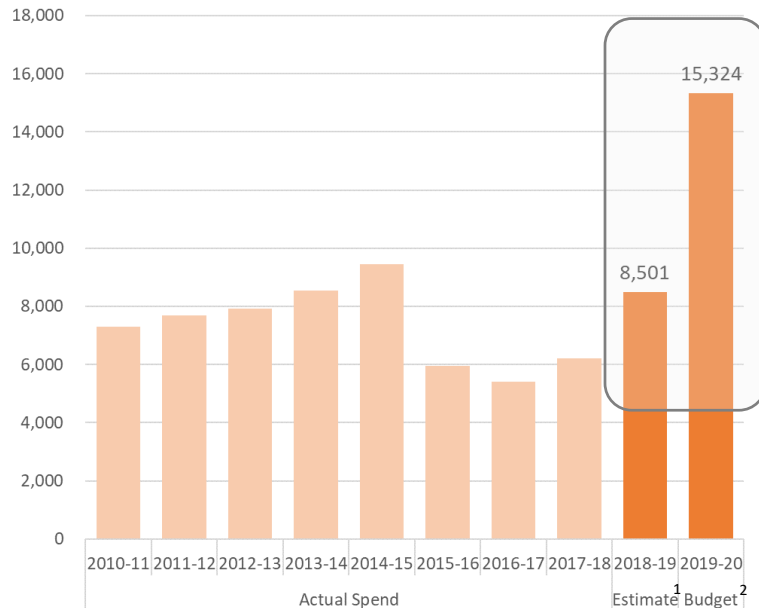
<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

# How is DfT's investment spending changing in 2019-20?

DfT's investment budget (Capital DEL) is 21.0% of the total Capital DEL for government as a whole

## Long-term spending trends (£m, nominal)



## Changes from last year

- The main reason for a **much higher investment budget (+80%)** is the **inclusion of Network Rail budget of £4,792m**. In the previous year this was not included in the DEL budget. Without this, the investment budget would have increased by a lower amount (+24%).
- Other reasons for the increase include increased forecast investment with the **High Speed Rail/HS2 budget lines (+£1,693m)** and a higher investment budget for **Highways England (+£531m)** compared to the last year.
- Other changes amount to a net reduction of £193 million

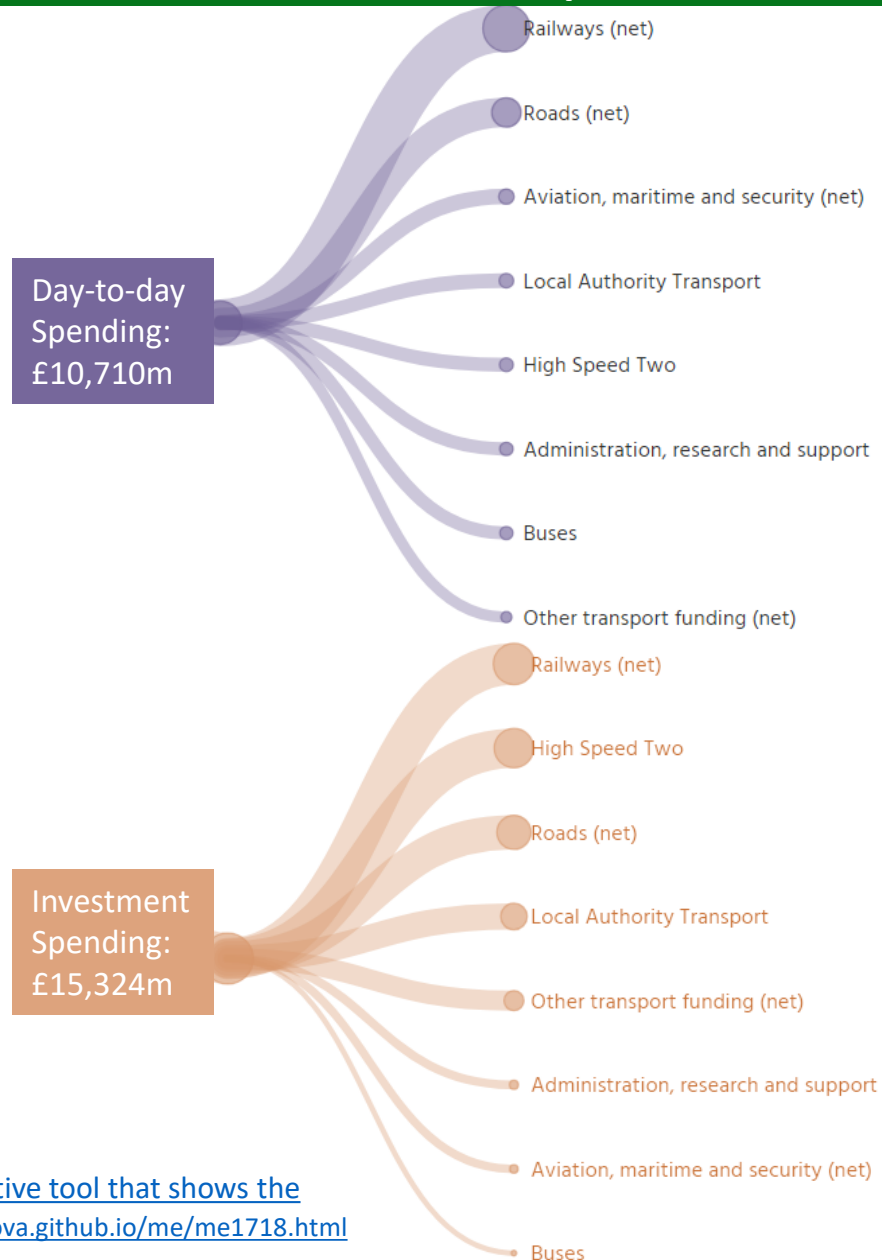
<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## What does DFT spend its money on?

- **Most day-to-day spending is for the railways** – it is forecast to the amount to **£6.6bn (62% of total Resource DEL for Transport)**. This spending, which excludes the budget for HS2, is nearly all for Network Rail.
- **Spending on roads** (mainly for Highways England) is the next largest areas of spending. This is set to **amount to £2.3 billion (21% of RDEL)**. This figure is net of income from tolled crossings and does not include the budget for **Local Authority Transport** which amounts to **£0.4bn** in 2019-20.

- **Investment in the railways is the largest area of transport capital spending.** The budget, which is mostly for Network Rail and doesn't include the HS2 budget, amounts to **£4.9bn (21% of total Capital DEL for Transport)**.
- The investment budget for **High Speed Rail/HS2 amounts to £4.4bn (29% of Capital DEL)**. This figure includes the budget line for "High Speed Rail" and the line for "High Speed 2" combined.
- Other significant capital investment budgets include **£3.1bn for Roads**. This is nearly all for Highways England and does not include the budget for **Local Authority transport investment** which is **£1.8bn**.



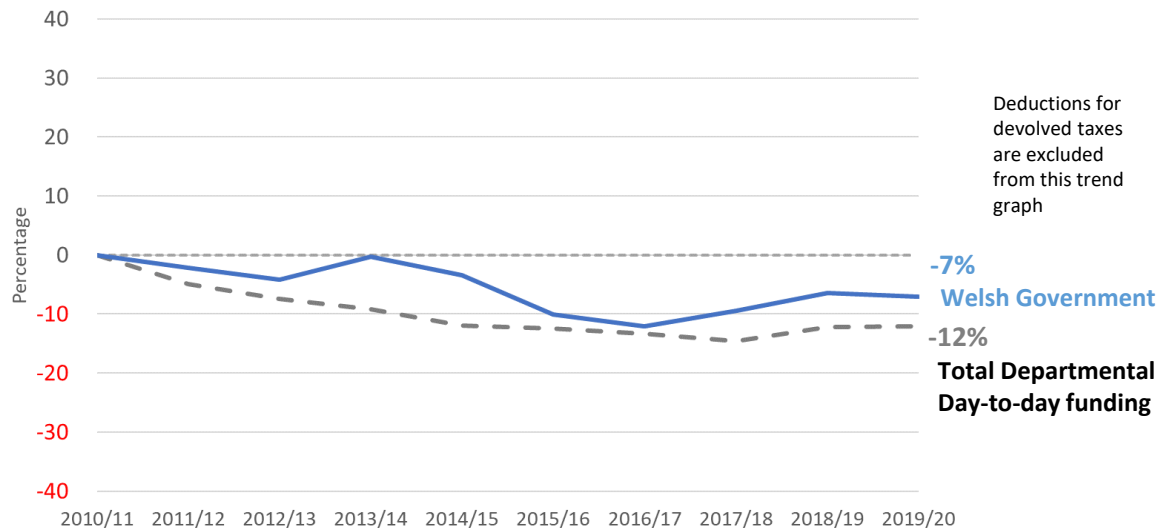
For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html). <https://mzakharova.github.io/me/me1718.html>



# Wales

# Long term trends in Welsh government funding (in real terms)

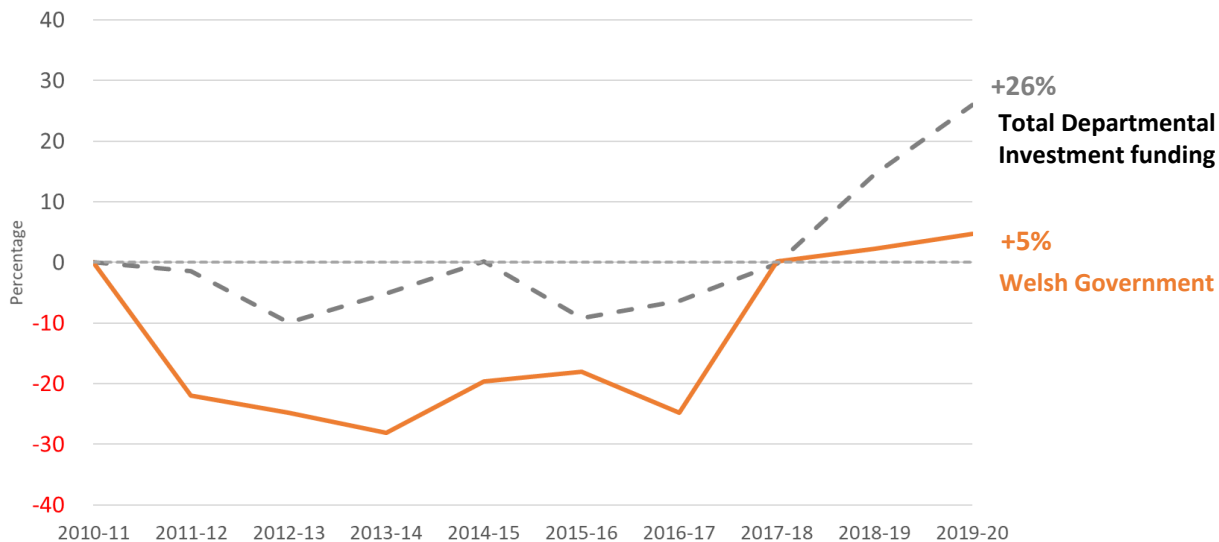
Percentage change in Day-to-day funding compared to 2010 (*Resource DEL*):



## Day-to-day funding trends:

- Funding for day to day spending for Wales has **fallen less fast than overall UK govt spending in real terms**. Changes, through the Barnett formula, largely reflect **where the UK Government has decided to allocate money**, and whether it is to functions that are **devolved** in Wales. The percentage change also reflects **the size of changes** in relation to the relative sizes of existing UK and Welsh govt budgets.
- Some additional funding outside of the Barnett arrangements, such as **City Deals** has also been provided, **boosting Wales' funding** above what it would otherwise have been

Percentage change in Investment funding compared to 2010 (*Capital DEL*):



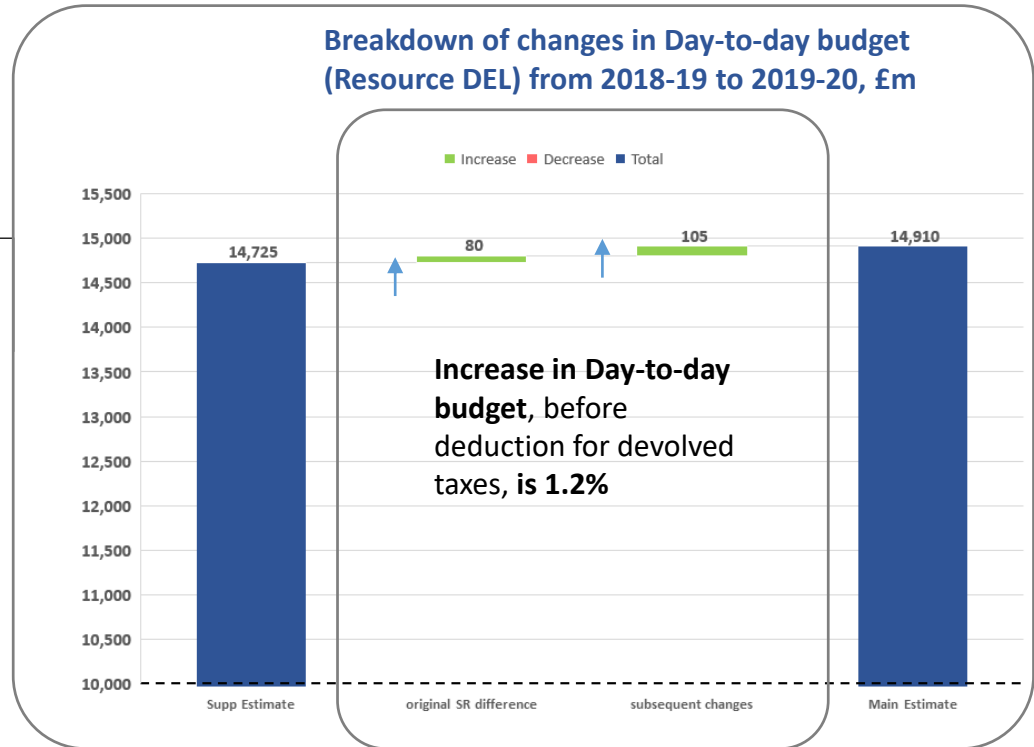
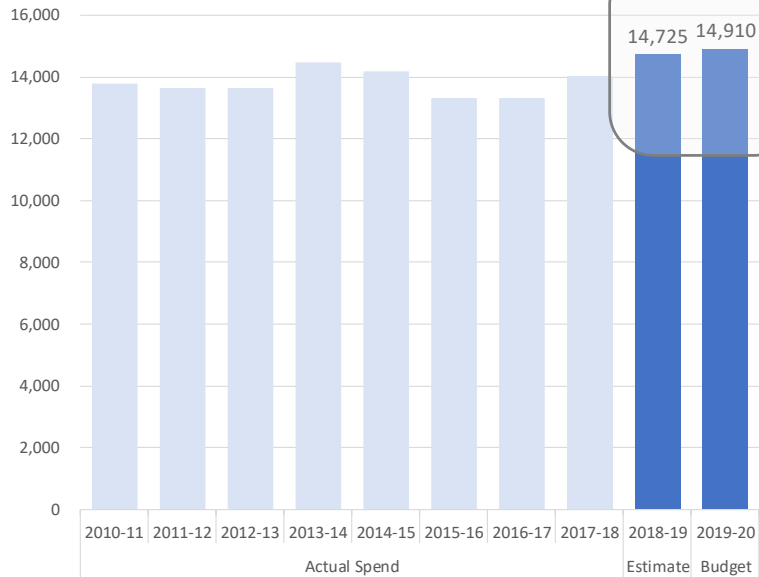
## Investment funding trends:

Funding for investment is **similarly affected by UK spending decisions** and whether funding goes to **devolved or non devolved functions**. For instance, **more UK investment spending on defence does not benefit Welsh budgets as defence is a non devolved function**, whereas **more UK funding on health does**.

# How is Wales' day to day funding changing in 2019-20?

Wales' day-to-day funding (Resource DEL) is 4.2% of the total Resource DEL for government as a whole

## Long-term funding trends (£m, nominal)



<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## Changes from last year

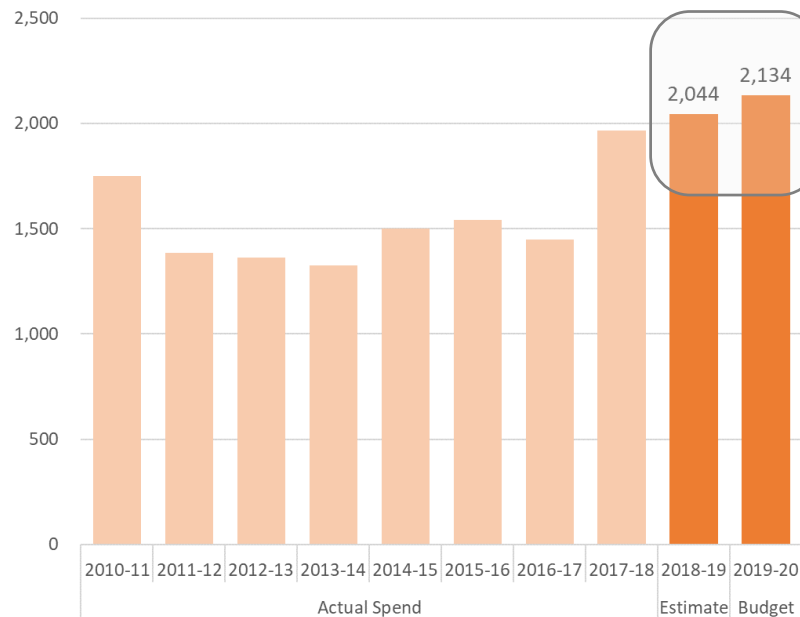
- The 2015 Spending Review proposed **2019-20 Welsh government day to day funding would be £80 million higher** in cash terms in 2019-20 compared to 2018-19. Subsequent funding has further **boosted the difference to £185 m**
- **Additional funding** provided for 2019-20 includes:
  - **£145 m for increased employers' pension costs**
  - **£317 m as a result of the NHS long term settlement**
- Funding for **EU Exit costs of £27.5 million** has also been provided, within the totals
- Funding for **Cardiff city deal of £10m** (as last year) is also included
- Figures shown above are **before reductions made for devolved taxes**, which now include 10p in the £ of income tax rates.



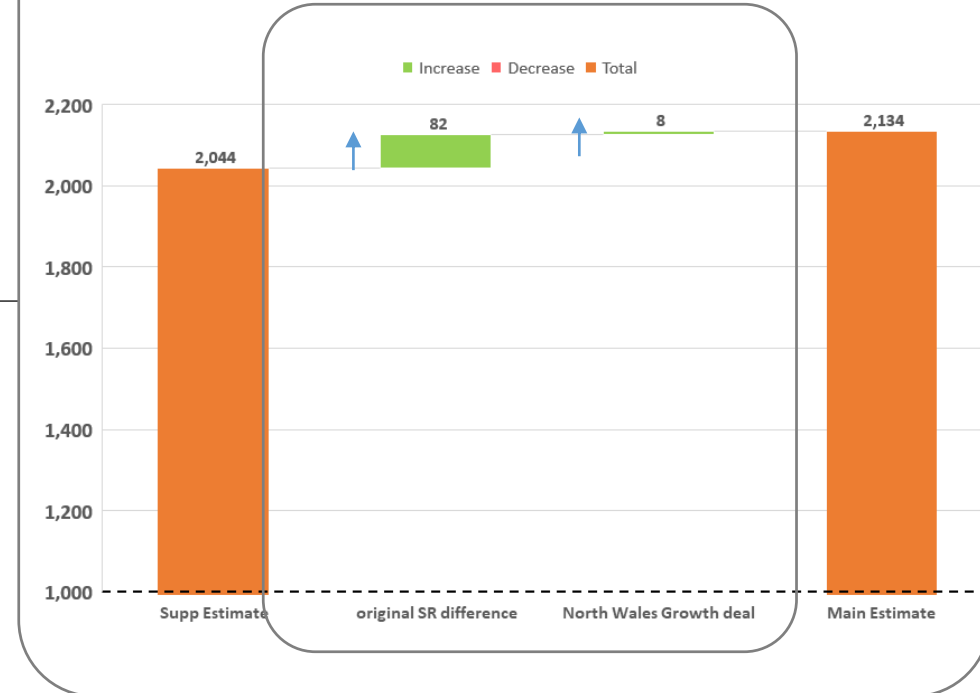
# How is Wales' investment funding changing in 2019-20?

Wales' investment funding (Capital DEL) is 2.9% of the total Capital DEL for government as a whole

## Long-term funding trends (£m, nominal)



## Breakdown of changes in Investment budget (Capital DEL) from 2018-19 to 2019-20, £m



## Changes from last year

- The original 2015 Spending Review proposed that Wales' investment funding would be £82 million higher in cash terms in 2019-20 compared to 2018-19
- Since then, additional funding of £8m has been provided in 2019-20 for the **North Wales Growth Deal**
- Funding for the **Swansea Growth Deal** of £8m is maintained, as last year
- Funding of £3.6 m is included for capital **EU Exit costs**
- £300m of the total is ring fenced for **financial transactions**

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## What the UK Main Estimate for Wales Office includes:



### To the Welsh Government

#### ✓ *Cash grant to the Welsh Government*

**£13,443 million**

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Deductions for devolved taxes (“Block grant adjustments”), including the 10p Welsh income tax
- Adjustments to reflect differences between spending and cash (timing differences, debtors, creditors, and non-cash spending such as depreciation and write downs)

#### ✓ *Welsh income tax collected on Welsh Government’s behalf by UK’s HMRC*

**£2,059 million**

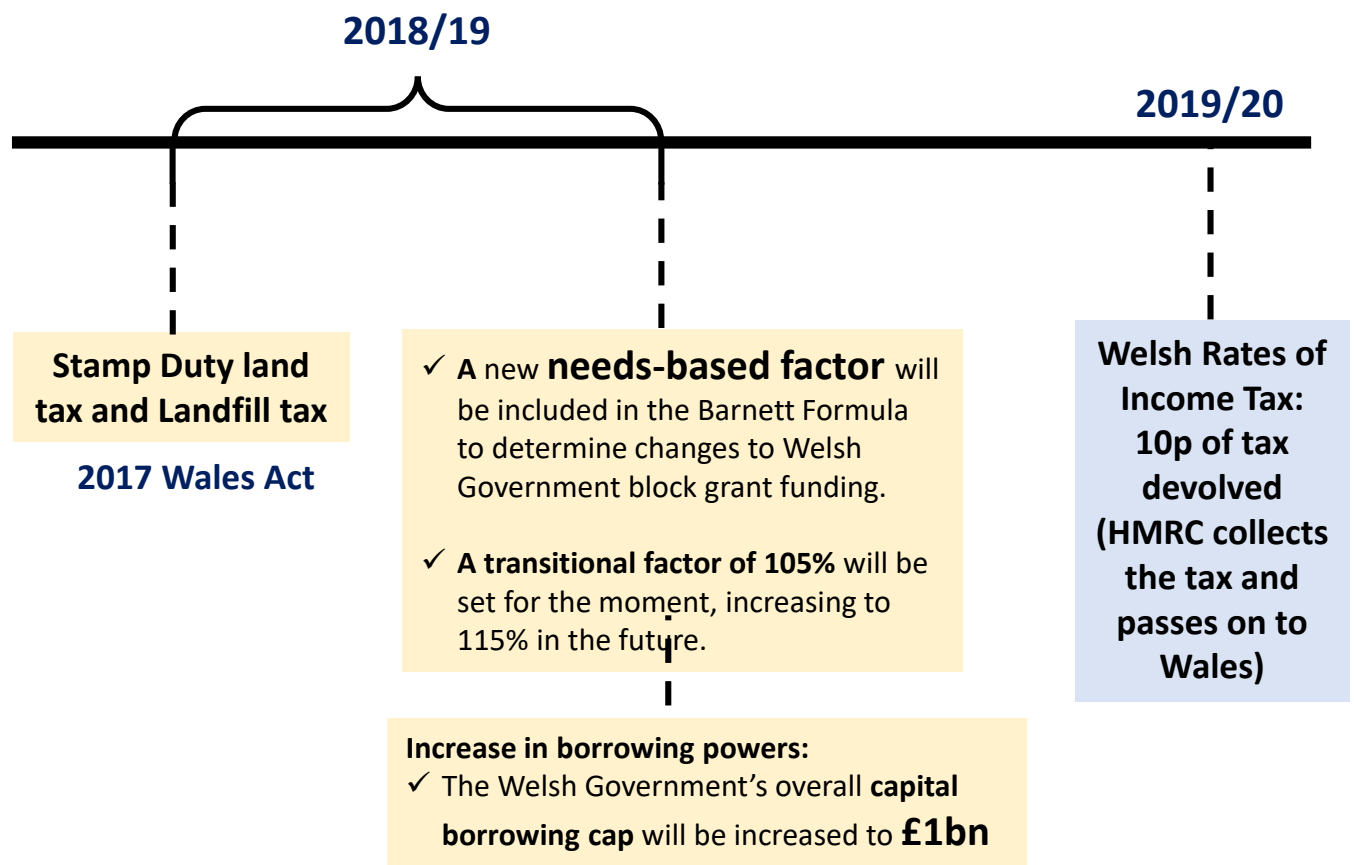
This is the 10p rate of income tax that HMRC collects in Wales on behalf of the Welsh government (Wales collects other devolved taxes itself)

### To the Wales Office

- *Day to day spending (Resource DEL) : £5.1 million*
- *Investment spending (Capital DEL): £0.030 million*

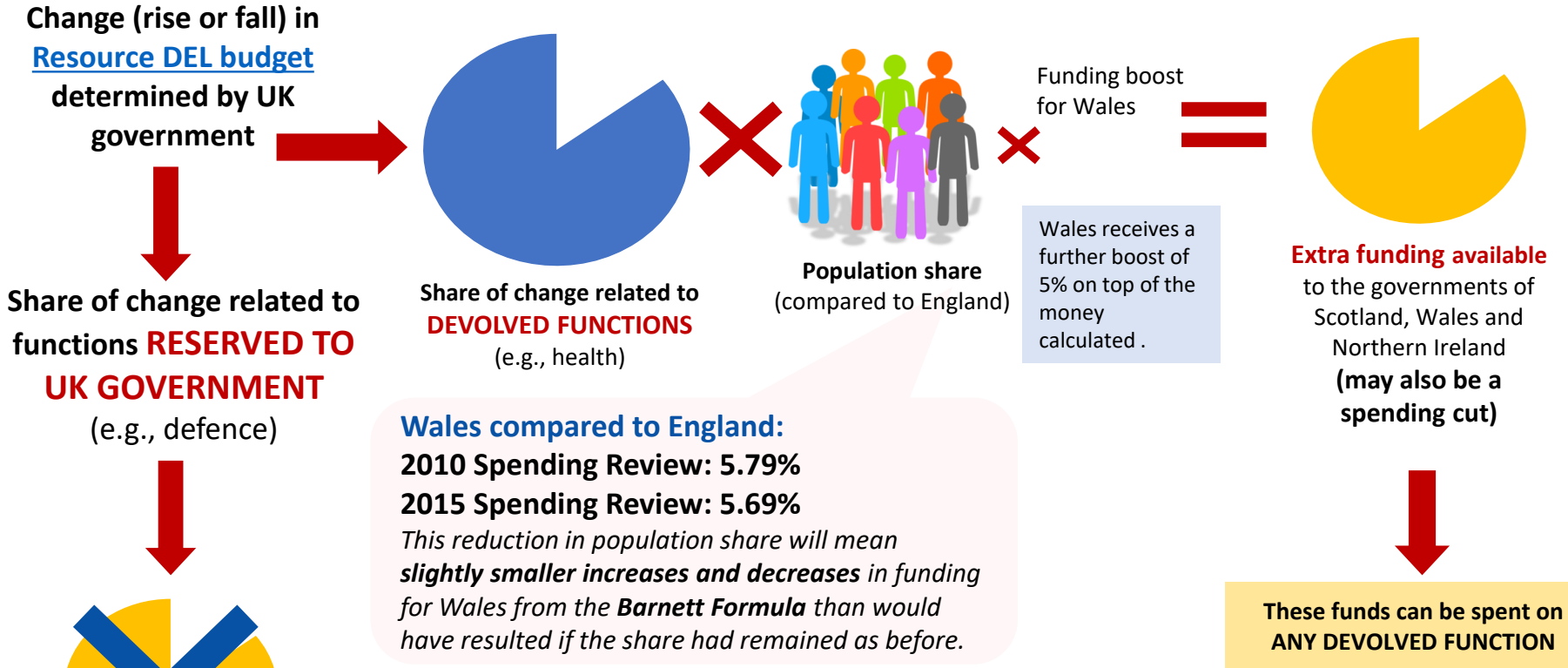
# Devolution of tax raising in Wales

ADDITIONAL POWERS DEVOLVED:



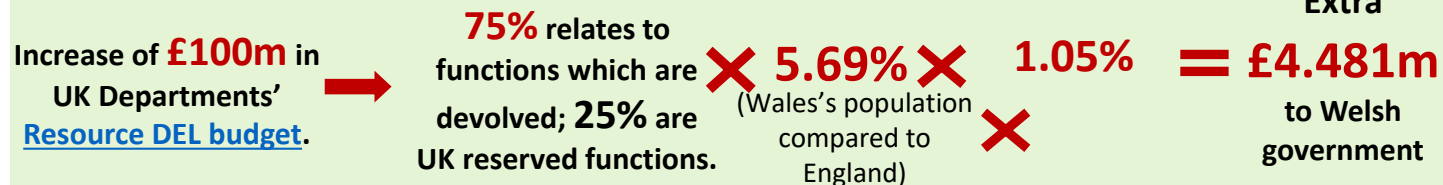
**Block grant adjustments** are made to reduce funding from the UK government to recognise the Welsh government's new income streams.  
Deductions are based on UK tax policy- Wales may raise more or less than the amounts of the deductions

# How the Barnett Formula works in Wales



**NO CHANGE TO THE BLOCK GRANT** provided to Scotland, Wales and Northern Ireland

## Example: CHANGE EXAMPLE

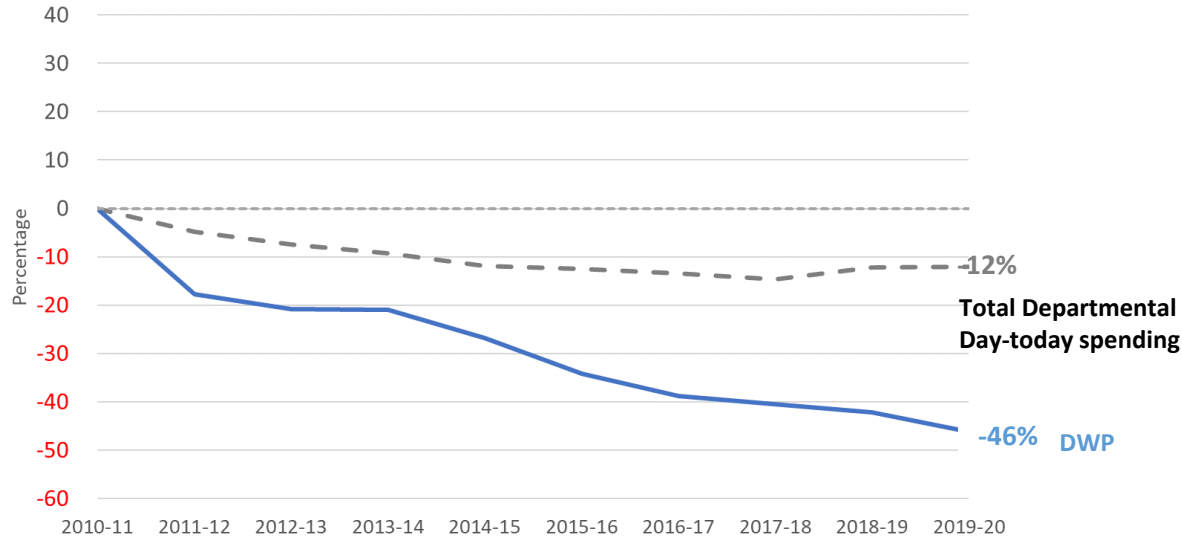




# Department for Work and Pensions

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

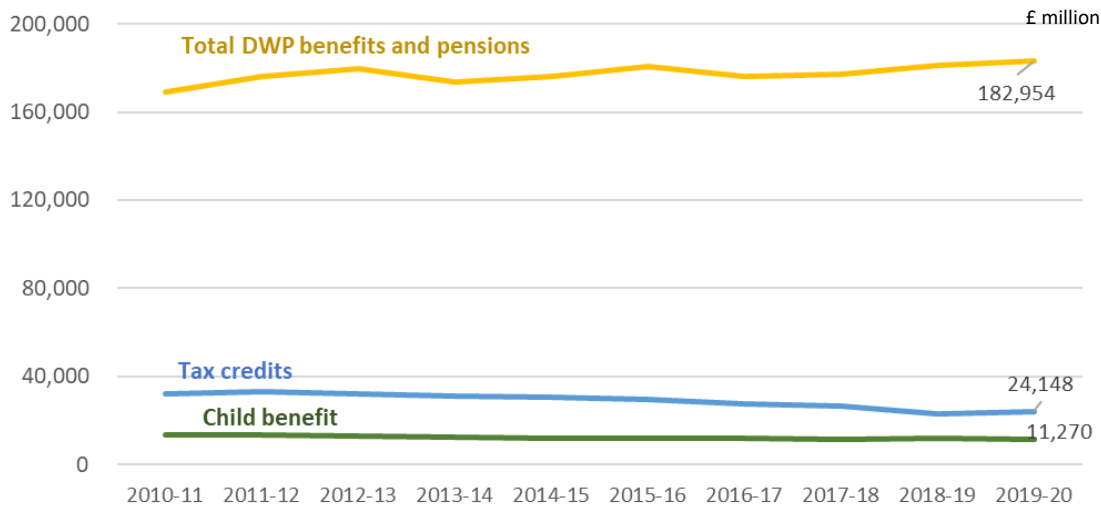
Percentage change in day-to-day spending (excluding benefits & pensions) compared to 2010 (*Resource DEL*)



### Day-to-day spending (excluding benefits and pensions) trends:

- Most of DWP's Day-to-day budget is spent on **staffing costs**. The **overall workforce of DWP and its arms length bodies and agencies** has fallen from 115,565 in 2010/11 to **74,054 in March 2019** (full time equivalents). *Source: [DWP workforce management information](#)*
- Spending on **employment programmes** has also reduced- from a high of over £1 bn in 2012-13 to **£0.225bn in 2019-20**, as unemployment has fallen

Spending on pensions and benefits compared to 2010 (*Resource AME*)



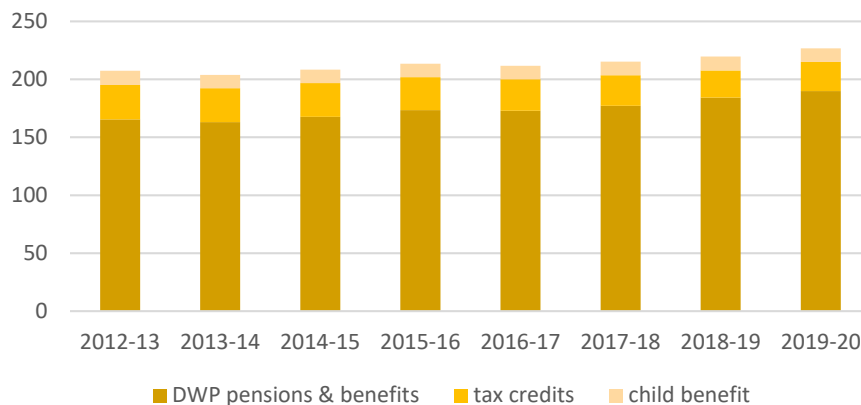
### Pensions and benefits trends:

- Spending has risen most rapidly on **state pensions and pensioner benefits, rising significantly in real terms**
- Cash spending on **working age benefits** has **stayed relatively static over the period of the benefits freeze**, leading to **real terms reductions**. Additional DWP spending has arisen due to **the transition to Universal Credit- gradually replacing tax credits**
- Spending on **disability and incapacity benefits** has **fluctuated**, increasing in cash terms and in some years also in real terms. **Disability benefits have not been subject to the freeze.**

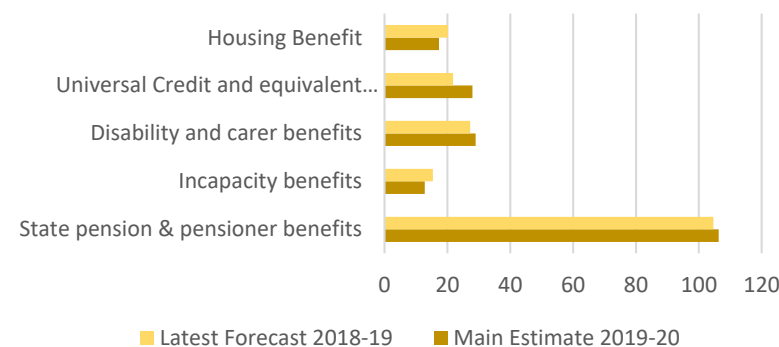
# How is DWP's spending on benefits and pensions changing in 2019-20?

(Resource Annually Managed Expenditure )

Total spending on benefits & pensions:  
DWP & HMRC  
£ billion



Changes in forecast spending on benefits  
and pensions:  
2018-19 to 2019-20, £ billion



## Changes from last year

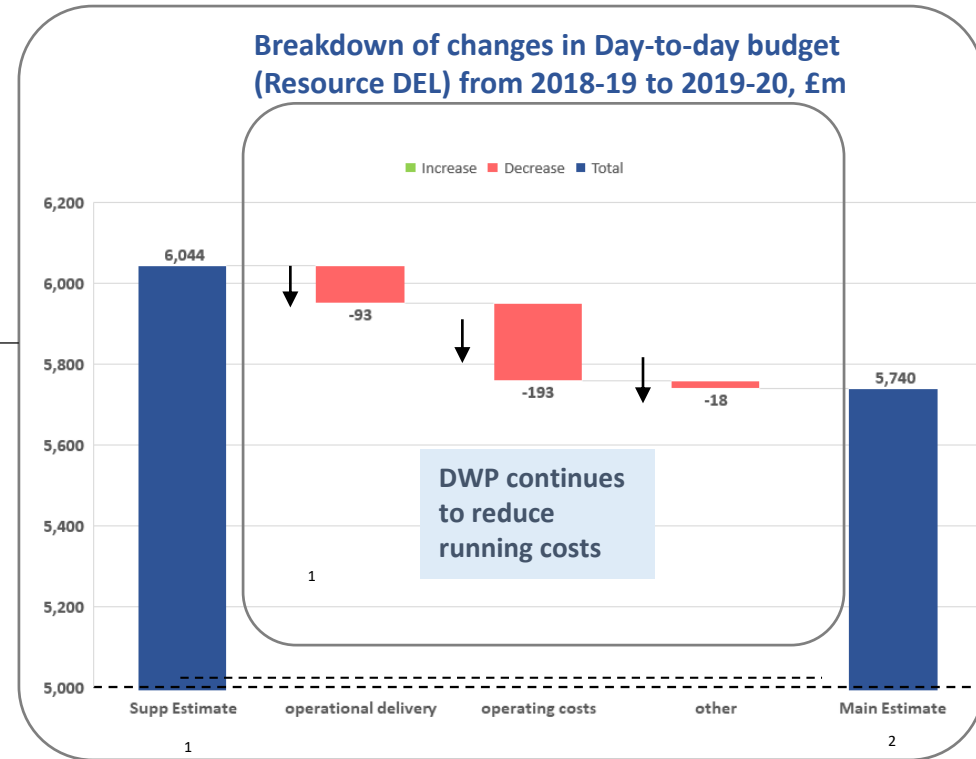
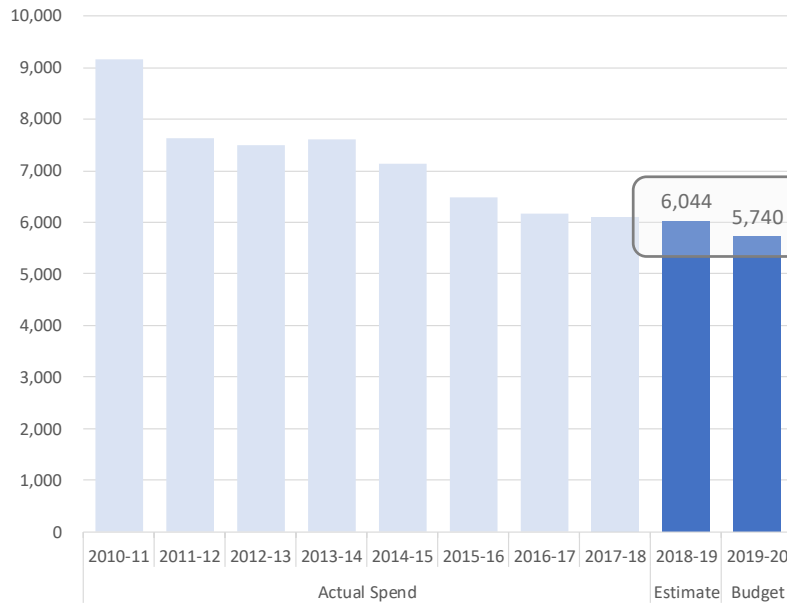
- **Housing benefit** spending is forecast to **fall by £2.9bn (-14%)** as support is increasingly provided through **Universal Credit** instead
- **Universal Credit** spending is forecast to **rise by £10.3 bn (+126%)**; on UC and equivalent DWP benefits **by £6.1bn or 28.3%**; and on UC , equivalent DWP benefits and HMRC's tax credits **by £7.7bn or 17%**
- **Disability and carer benefits** spending is forecast to **rise by £1.7bn or 6%**. There are **growing number of people on these benefits**; **the Personal Independence Payments caseload is rising** as it replaces Disability Living Allowance; **the decision to remove annual reviews for those over state pension age** has also added to the increase in caseload
- **Incapacity benefits** spending is forecast to **fall by £2.6 bn (-17%)** as this is **partly replaced by Universal Credit**.
- Spending on **state pensions and benefits for pensioners** is predicted to **rise by £1.7bn or 1.6%**. The increase in spending on state pension (**rising by £2.1 bn or 2.1%**) is partly offset by **reductions in spending on pensioner benefits**, notably **free tv licences for the over 75s**, where the government is **phasing out support from 2019-20**, spending an estimated **£221 m less (-47%)** in 2019-20 compared to last year.



## How is DWP's day to day spending changing in 2019-20?

DWP's day to day budget (Resource DEL) is 1.6% of the total Resource DEL for government as a whole

### Long-term spending trends (£m, nominal)



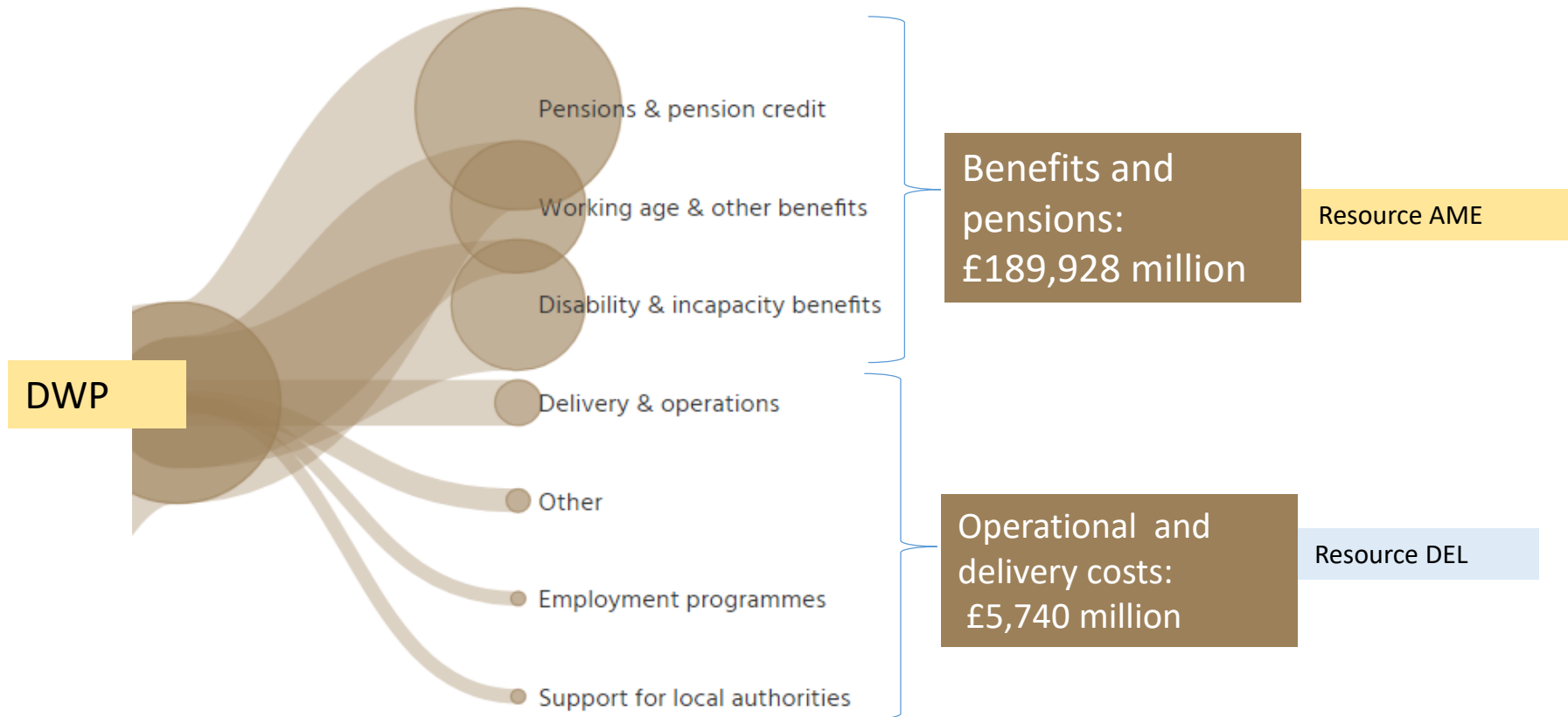
### Changes from last year

- DWP says continuing **efficiencies and strong financial management** are the main drivers of **reduced spending**
- **Frontline operational delivery spending reduces by £93 m (-4.4%)**, driven largely, the DWP says, by “**increasing automation and improving performance**”
- **Back office operating costs reduce by £193 m (-7.4%)** as a result of **reduced commercial spend** and **reduced IT expenditure**, following past investment
- These reductions are **despite DWP getting £76 million extra from Treasury** to cover **increased employers pension costs** ie actual savings are £76 million higher overall

<sup>1</sup> Final 2018-19 budget at Supplementary Estimates (Feb 2019)

<sup>2</sup> Initial 2019-20 budget as at Main Estimates (May 2019)

## What does DWP spend its money on?



For exact breakdown of funding, please take a look at our [interactive tool that shows the breakdown of spending within each Department](https://mzakharova.github.io/me/me1718.html).  
<https://mzakharova.github.io/me/me1718.html>

## How are benefits and pension rates changing in 2019-20?

### Benefits

#### Most benefits **frozen for four years**, including:

- ✓ Universal Credit
- ✓ Child Benefit
- ✓ Jobseekers' Allowance
- ✓ Work related Employment and Support Allowance
- ✓ Income Support
- ✓ Housing Benefit under women's state pension age
- ✓ Local Housing Allowance rates
- ✓ Child Tax Credit
- ✓ Working Tax Credit

#### Up by **2.4%** (CPI inflation index at September 2018):

- ✓ Attendance Allowance
- ✓ Personal Independence Payment
- ✓ Disability Living Allowance
- ✓ Carer's Allowance
- ✓ Maternity Allowance
- ✓ Statutory Maternity/Paternity etc Pay
- ✓ Statutory Sick Pay
- ✓ Support Group Employment and Support Allowance

#### Last year of planned freeze

- Benefit rates in 2019/20 are worth **6.1% less now** than if the freeze had not been introduced
- Benefits caps also frozen at **£23,000 (London) and £20,000 (elsewhere)**

### Pensions and Pension credit

Up by **2.6%** (triple lock: earnings):  
State pension

State pension now:  
**£129.20** (basic) or  
**£168.60** (new)  
per week

Up by **2.6%** (linked to earnings, May to July 2017):  
Pension credit

Pension credit guarantee **£167.25** (one person) or **£255.25** (couple)

For more information see House of Commons library paper: [2019 Benefits upratings](#)