

SPENDING ROUND 2019

HM Treasury contacts

This document can be downloaded from
www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk

CCS0819917756
978-1-5286-1583-9

CP 170

September 2019



SPENDING ROUND 2019

Presented to Parliament
by the Chancellor of the Exchequer
by Command of Her Majesty

September 2019

CP 170



© Crown copyright 2019

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN 978-1-5286-1583-9

PU2281

CCS0819917756 09/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

	Page
Chapter 1 Introduction	1
Chapter 2 Departmental Settlements	9
Annex A Statistical Annex	27
Annex B Impact on Equalities	35
Annex C Statement of Funding Policy Addendum	39
List of abbreviations	41
List of tables	43

1

Introduction

1.1 This Spending Round sets out the government's spending plans for 2020-21. It funds the people's priorities: high quality, readily-accessible healthcare; schools and colleges that ensure every child receives a superb education; reducing crime and making people safe. It also gives government departments and the devolved administrations the financial certainty needed to focus on delivering Brexit on 31 October. A full multi-year spending review will follow in 2020.

1.2 This Spending Round delivers the fastest planned real growth in day-to-day departmental spending in 15 years. From 2019-20 to 2020-21, day-to-day departmental spending will now grow at 4.1 per cent in real terms. Since 2010 the amount the government borrows each year has reduced and is now just 1.1 per cent of gross domestic product (GDP), enabling the government to spend more on the UK's public services in a sustainable way.¹

1.3 The Spending Round has been delivered within the current fiscal rules: keeping the structural deficit below 2 per cent of GDP in 2020-21 and debt falling as a percentage of GDP.² It remains important to have a fiscal anchor that ensures the public finances are sustainable and the government retains the capacity to respond to global economic challenges.

1.4 The Spending Round takes a responsible approach to increasing spending. It targets additional money on the people's priorities of healthcare, education and tackling crime. As ever, prioritising means making choices. But for the first time since Spending Review 2002, no department faces a cut to its day-to-day budget.

1.5 It is essential the increased spending announced in this Spending Round delivers the greatest benefit to the British people. Every pound spent of taxpayers' money should make a meaningful difference in people's everyday lives. The Spending Round marks a new focus on the outcomes the government will deliver. This approach will be further developed at the Spending Review in 2020.

Departmental spending in 2020-21: choices and priorities

1.6 This Spending Round focuses on day-to-day resource spending. Departments and the devolved administrations already have capital budgets for 2020-21, which were set at the Spending Review in 2015. This Spending Round largely leaves these capital budgets unchanged. However, additional funding is confirmed to support the government's commitments on healthcare, policing and prisons. Later in the autumn, the government will announce its ambitious plans for future capital spending, including through the publication of the National Infrastructure Strategy.

1.7 A further forecast for Annually Managed Expenditure (AME) will be made by the Office for Budget Responsibility (OBR) at the Budget.

¹ 'Public Sector Finances: July 2019', ONS, August 2019.

² Based on the OBR's March 2019 forecast.

Health and social care

1.8 The government is committed to ensuring quick access to quality healthcare for those who need it, and to giving every older person the dignity and security they deserve.

1.9 To support this, the Spending Round reaffirms the five-year settlement for the NHS with an additional £33.9 billion more per year by 2023-24 compared to 2018-19 budgets. It also confirms:

- an increase to the Health Education England budget, including an additional £150 million for Continuing Professional Development, providing a £1,000 central training budget over three years for each nurse, midwife and allied health professional, as well as increased funding for wider education and training budgets to support delivery of the NHS Long Term Plan;
- additional funding to deliver the government's commitment to upgrade outdated facilities and equipment in 20 hospitals – sharing an £854 million pot of new funding. This is alongside a £1 billion boost to NHS capital spending in 2019-20 to allow existing upgrades to proceed and to tackle the most urgent infrastructure projects;
- a real terms increase to the Public Health Grant budget, which will ensure local authorities can continue to provide prevention and public health interventions;³
- £250 million of investment in artificial intelligence from 2020-21 to help solve some of healthcare's toughest challenges, including earlier cancer detection and discovering new treatments; and
- an additional £1 billion for adult and children's social care. In addition, the government will consult on a 2 per cent Adult Social Care precept that will enable councils to access a further £0.5 billion. This funding will support local authorities to meet rising demand and continue to stabilise the social care system.

Education and skills

1.10 This Spending Round has prioritised ensuring every child receives a superb education – regardless of which school or college they attend, or where they grow up. The Spending Round confirms:

- the government's commitment to a £7.1 billion increase in funding for schools by 2022-23 (£4.6 billion above inflation), compared to 2019-20 funding levels. Ahead of that, the schools budget will rise by £2.6 billion in 2020-21 and £4.8 billion in 2021-22, compared to 2019-20 funding levels;
- in 2020-21, the government will ensure that per pupil funding for all schools can rise in line with inflation (1.8 per cent). The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021-22 in line with the government's commitment;
- the additional schools funding includes over £700 million more in 2020-21 compared to 2019-20 funding levels to support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential; and

³ Inflation in this document means the GDP deflators for the relevant financial years, consistent with the OBR's Spring Statement 2019 forecast as set out in Table A.6 in the Statistical Annex, unless stated otherwise.

- £400 million in 2020-21 for Further Education, recognising the vital role of this sector in delivering the skills needed in the UK. This includes £190 million to increase core funding for 16-19 year-olds at a faster rate than core schools funding, and £210 million in targeted interventions such as high-cost programmes, English and Maths resits, T Levels, the Advanced Maths Premium and workforce investments.

Tackling crime

1.11 The government is committed to tackling crime and keeping people safe. To support this, the Spending Round confirms for 2020-21:

- an extra £750 million for policing to begin delivery of the government's commitment to recruit 20,000 additional officers by 2023 (up to 6,000 officers are to be in place by the end of 2020-21). In addition, the government is spending £45 million in 2019-20 to kick start recruitment, bringing in up to 2,000 additional officers this year. The Home Office will provide further detail in due course on how these officers will be allocated between the territorial police forces, counter-terrorism policing and serious and organised crime;
- increasing the budget for counter-terrorism policing in line with inflation, including continuing the additional £160 million announced at Budget 2018, which maintains current counter-terrorism capability and protects officer numbers;
- funding to begin delivery of the government's £2.5 billion commitment to create an additional 10,000 prison places, which forms an important part of the government's wider work to reduce crime;
- £100 million to increase security in prisons through the introduction of more airport-style security scanners, mobile phone detection and prevention technology, and anti-corruption and intelligence operations;
- £55 million for the Ministry of Justice and £80 million for the Crown Prosecution Service to support the work of the 20,000 additional police officers and manage the increasing complexity of crime; and
- additional funding for crucial probation reforms that will help reduce reoffending and improve post-custody supervision.

Preparing for Brexit

1.12 Making sure the UK is prepared to leave the European Union on 31 October is the government's top priority. In total, HM Treasury has made available over £6.3 billion to prepare for Brexit, including £2.1 billion in August this year to increase no deal preparations in critical areas. This has allowed departments and the devolved administrations to step up vital operational preparations across the country, including for border and customs operations, critical medical supplies and support for UK nationals abroad. In the event the UK leaves the EU without a deal, the government has also guaranteed funding for UK organisations in receipt of money from EU programmes, if required.⁴

1.13 This Spending Round confirms £2 billion of core funding provided to departments for Brexit in 2019-20 will be continued into 2020-21. This money will be used to help pay for the costs of establishing a new relationship with the EU.

⁴<https://www.gov.uk/government/publications/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brexit-deal/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brexit-deal>

Strengthening the Union

1.14 The government is fully committed to strengthening the Union and making sure people throughout the United Kingdom can thrive and enjoy a prosperous future. Through the normal operation of the Barnett formula, the decisions the government has taken in this Spending Round will provide over £1.2 billion of additional funding to the Scottish Government next year, over £600 million to the Welsh Government, and over £400 million to the Northern Ireland Administration.

1.15 This is on top of the UK-wide impacts of reserved policies, such as defence and security, and builds on existing higher levels of spending per head in Scotland, Wales and Northern Ireland. This demonstrates the benefits of pooling and sharing resources across the fifth largest economy in the world, while the devolution of tax and welfare powers is increasing the devolved administrations' choices and their accountability.

1.16 The Spending Round also delivers on the government's commitment to provide £160 million to farmers and land managers in Scotland in relation to historic allocations of Common Agricultural Policy 'convergence' funding.

Spending responsibly

1.17 The Spending Round has been delivered within the current fiscal rules as set out in the Charter for Budget Responsibility.⁵ These are to: keep the cyclically adjusted deficit below 2 per cent of GDP by 2020-21 (the borrowing rule) and have debt falling as a proportion of GDP in 2020-21 (the debt rule).

1.18 The deficit was 1.1 per cent in 2018-19 compared to nearly 10 per cent of GDP in 2010.⁶ This means it is now possible to spend more on vital public services.

1.19 The government will increase current and capital spending by £13.4 billion in 2020-21, compared to the OBR's forecast at Spring Statement 2019. In 2020-21, Total Managed Expenditure (TME) – the total amount of money the government spends through departments, local authorities, other public bodies and on social security – will be £878.6 billion, including £783.8 billion current and £94.8 billion capital spending. The average annual real growth rate of TME will be 2.4 per cent between 2019-20 and 2020-21 as a result of the Spending Round. This means that TME as a share of GDP will increase to 38.6 per cent in 2020-21.

1.20 Table 1.1 sets out the increases to resource and capital departmental expenditure limits (DEL) committed at the Spending Round compared to the OBR's most recent forecast. It shows the impact of these increases on TME, public sector current expenditure (PSCE) and public sector gross investment (PSGI) up to 2020-21.

⁵ Charter for Budget Responsibility, January 2017.

⁶ 'Public Sector Finances: July 2019', ONS, August 2019.

Table 1.1: Total Managed Expenditure

	£ billion			Per cent
	2018-19	2019-20	2020-21	Year-on-year real growth 2019-20 to 2020-21 ⁶
Current Expenditure				
Resource AME ¹	396.5	394.9	402.4	
Ring-fenced depreciation ²	23.3	29.1	29.1	
Resource DEL excluding depreciation, Spring Statement 2019 ^{3,4}	308.6	328.7	340.7	1.3%
+ RDEL additions at Spending Round	0.0	2.1	11.7	
Resource DEL excluding depreciation, Spending Round 2019	308.6	330.8	352.3	4.1%
Public Sector Current Expenditure	728.4	754.7	783.8	2.0%
Capital Expenditure				
Capital AME ⁵	21.0	12.6	12.9	
Capital DEL, Spring Statement 2019 ⁴	62.5	75.5	80.1	2.7%
+ CDEL additions at Spending Round	0.0	0.0	1.7	
Capital DEL, Spending Round 2019	62.5	75.5	81.9	5.0%
Public Sector Gross Investment	83.5	88.1	94.8	5.6%
Total Expenditure				
Total Managed Expenditure, Spring Statement 2019	811.8	840.7	865.2	1.0%
+ Spending Round additions	0.0	2.1	13.4	
Total Managed Expenditure, Spending Round 2019	811.8	842.8	878.6	2.4%
Total Managed Expenditure % of GDP	38.1%	38.3%	38.6%	

¹ Resource AME includes accounting adjustments and OBR Allowance for Shortfall. The AME forecast will be updated by the OBR at the next fiscal event.

² Ring-fenced depreciation for 2018-19 is based on outturn data published in Public Expenditure Statistical Analyses (PESA, July 2019); the figure for 2019-20 is based on plans also published in PESA 2019. The figure for 2020-21 is assumed to be the same cash value as the previous year.

³ Resource DEL excluding ring-fenced depreciation is the Treasury's primary control within resource budgets and is the basis on which departmental spending review settlements are agreed. The OBR publishes Public Sector Current Expenditure (PSCE) in DEL and AME, and Public Sector Gross Investment (PSGI) in DEL and AME. A reconciliation will be published by the OBR at the next fiscal event.

⁴ Resource DEL excluding depreciation and capital DEL for 2018-19 have been updated for outturn data published in PESA 2019; figures for 2019-20 are based on plans also published in PESA 2019. Figures for 2020-21 are based on the OBR's Spring Statement 2019 forecast.

⁵ Capital AME includes accounting adjustments and OBR Allowance for Shortfall. The AME forecast will be updated by the OBR at the next fiscal event.

⁶ DEL in 2018-19 and 2019-20 is reduced by Business Rates Retention pilots that switched spending into AME. To ensure consistency, growth rates for RDEL and CDEL in 2020-21 have been adjusted to reverse this DEL-AME switch.

1.21 In its March 2019 forecast, the OBR set out that the government had headroom against its borrowing rule in 2020-21.⁷ This Spending Round has been completed within the existing fiscal rules based on the most recent OBR forecast.

Focusing on outcomes

1.22 It is essential the increase in spending in this Spending Round delivers the greatest benefit to the British people. Every pound spent of taxpayers' money should make a meaningful difference in people's everyday lives. So this Spending Round marks a new focus on the outcomes the government will deliver.

1.23 Table 1.2 sets out examples of the medium to long-term outcomes for public services the government aims to deliver in some of the people's priority areas, as well as examples of the metrics that can be used to inform and improve performance against them. Outcomes and

⁷ OBR Economic and Fiscal Outlook, March 2019.

metrics are being developed across government, and further detail will be published in the autumn. These agreed outcomes and metrics will form a central part of Single Departmental Plans for 2020-21, which will set out detailed implementation plans for the funding agreed in this Spending Round.

1.24 The government is embedding a new Public Value Framework to maximise the value the government delivers with the money it spends, based on the recommendations of Sir Michael Barber's report *Delivering better outcomes for citizens*.⁸ These reforms will mean future spending decisions, including the multi-year spending review next year, will be shaped by a greater focus on the outcomes to be delivered and informed by better evidence on performance and impact. They will help ensure the government delivers the best value for taxpayers' money, and will put the UK at the forefront of international approaches to driving public value.

Table 1.2: Example outcomes

Example outcome	Relevant department(s)	Example performance metrics
Ensure schools provide universally high-quality education so young people are better prepared with the skills they need	Department for Education (DfE)	Proportion of pupils reaching the expected standards in reading, writing and maths at the end of Key Stage 2 (DfE) Proportion of 16 year-olds who receive grade 4 or above in GCSE English and Maths; and the proportion entering and achieving the EBacc qualification (DfE) Proportion of newly qualified teachers retained after 3 years (DfE)
Improve the skills pipeline needed to support a productive economy, fit for the future – through excellent technical and higher education	Department for Education and Department for Business, Energy and Industrial Strategy (BEIS)	Average earnings 1, 3 and 5 years after graduation from Further Education or Higher Education (DfE) Proportion of 19 year-olds who receive a grade 4 or above in GCSE English and Maths (DfE) The UK's field-weighted citation impact (a measure of the quality of Higher Education research) (BEIS)
Help people live healthier, more independent lives for longer	Department for Health and Social Care	Disability-free life expectancy at birth in England (ONS) Social care: rates of older people over 65 still at home 91 days after date of discharge (NHS Digital) Proportion of people that survive cancer for at least 1 year and 5 years after diagnosis (NHS Digital)
Improve health and care through a supported health and care workforce fit for the future	Department for Health and Social Care	Sickness absence rates (NHS Digital) Proportion of NHS staff who recommend their organisation as a place to work (NHS Survey) Non-medical NHS staff (e.g. nurses and health visitors, midwives, ambulance staff) vacancy rates (NHS Digital)
Reduce crime	Home Office	Overall crime (Crime Survey for England and Wales, ONS) Police numbers, including progress to 20,000 additional warranted officers (Home Office) Serious violence (Police recorded crime, ONS and NHS Digital)
Improve the safety, security and conditions of prisons	Ministry of Justice (MoJ)	Rate of assaults by prisoners (on prisoners and staff) per 1,000 prisoners (MoJ) Rate of incidents of self-harm per 1,000 prisoners (MoJ) Rate of self-inflicted deaths per 1,000 prisoners (MoJ)
Drive economic growth through improved digital infrastructure and digital technology	Department for Digital, Culture, Media and Sport (DCMS)	Number of premises covered by gigabit-capable networks (Ofcom) Digital sector contribution to UK Gross Value Added (DCMS) Percentage of UK landmass with good geographical coverage from at least one mobile network operator (Ofcom)

⁸ 'Delivering better outcomes for citizens: practical steps for unlocking public value', HM Treasury, November 2017.

1.25 In addition, the government wants to ensure the public sector is set up to deliver better outcomes where those outcomes rely on more than one part of the public sector. This Spending Round confirms a fund of £0.2 billion in 2020-21 to pilot innovative approaches to cross-public sector working. The aim is to build a better evidence base and test how joint working between two or more public sector organisations can improve outcomes and deliver better value for money.

Spending Review 2020

1.26 A full multi-year spending review will be conducted in 2020 for capital and resource budgets beyond 2020-21. The review will take into account the nature of Brexit and set out further plans for long-term reform.

1.27 The following section sets out the individual departmental settlements agreed in Spending Round 2019.

2

Departmental Settlements

Department of Health and Social Care

Table 2.1: Department of Health and Social Care

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	132.3	138.9
<i>of which: NHS England</i>	123.7	129.9

2.1 The Department of Health and Social Care’s resource budget will rise by 3.1 per cent in real terms. This settlement reaffirms the government’s commitment to health and social care, giving the NHS a cash increase of £33.9 billion a year by 2023-24 compared to 2018-19 budgets, as well as boosting other vital budgets to deliver better health outcomes for patients and the public.

2.2 The settlement includes:

- a 3.4 per cent real terms increase in the Health Education England (HEE) budget. This will include an additional £150 million for Continuing Professional Development, providing a £1,000 central training budget for each nurse, midwife and allied health professional over three years, as well as increased funding for wider education and training budgets to support delivery of the NHS Long Term Plan;
- a real terms increase to the Public Health Grant budget, which will ensure local authorities can continue to provide prevention and public health interventions;
- additional funding to deliver the government’s commitment to upgrade outdated facilities and equipment in 20 hospitals – sharing an £854 million pot of new funding. This is alongside a £1 billion boost to NHS capital spending in 2019-20 to allow existing upgrades to proceed and to tackle the most urgent infrastructure projects; and
- the government will invest £250 million in artificial intelligence, including £78 million in 2020-21, to help solve some of healthcare’s toughest challenges, including earlier cancer detection and discovering new treatments.

2.3 For social care, the Local Government settlement contains an additional £1 billion for adult and children’s social care. The government will also consult on a 2 per cent precept that will enable councils to access a further £0.5 billion for adult social care. This funding will support local authorities to meet rising demand and continue to stabilise the social care system. Separately, the government remains committed to putting adult social care on a fairer and more sustainable footing and will bring forward proposals in due course.

2.4 The Department for Health and Social Care will receive a new multi-year capital settlement at the next capital review. This will look to deliver a smarter, more strategic long-term approach to the country’s health infrastructure, with investment focused on local areas where the need is greatest. The plan will include capital to build new hospitals, modernise diagnostics and technology, and help eradicate current critical safety issues in the NHS estate.

Department for Education

Table 2.2: Department for Education

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	64.0	67.8

2.5 This Spending Round delivers on the government’s commitment to increase the schools budget by £7.1 billion (£4.6 billion above inflation) by 2022-23, compared to 2019-20 funding levels. To fulfil this commitment, the Spending Round exceptionally sets budgets for schools until 2022-23.

2.6 The schools budget will rise by £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20 funding levels. Separate to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions. Table 2.3 sets out the schools budget for each year.

2.7 The government will use part of this funding to continue to implement the schools National Funding Formula. The government will ensure that per pupil funding for all schools can rise in line with inflation (1.8 per cent) in 2020-21. For schools already on their National Funding Formula allocation, the per pupil values in the formula will increase by at least 4 per cent in nominal terms in 2020-21. The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021-22 in line with the government’s commitment.

2.8 This settlement also provides over £700 million more in 2020-21 compared to 2019-20 funding levels to support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential.

Table 2.3: Schools settlement

	£ billion			
	2019-20	2020-21	2021-22	2022-23
Schools Resource DEL excluding depreciation	44.4	47.6	49.8	52.2
<i>of which pensions funding¹</i>	0.9	1.5	1.5	1.5
<i>of which Spending Round 2019 cash uplift compared to 2019-20 funding levels²</i>	n/a	2.6	4.8	7.1

¹ The rise in pensions funding from £0.9 billion in 2019-20 to £1.5 billion from 2020-21 onwards reflects that in 2019-20 the government begins paying pensions compensation from September 2019, when the costs start to accrue. From 2020-21 the funding covers the full year cost.

² The core 5-16 schools budget, excluding pensions compensation funding, in 2019-20 is £43.5 billion. *Spending Round 2019 cash uplift compared to 2019-20 funding levels* is calculated by comparing the schools resource DEL for years 2020-21 onwards, excluding the pensions compensation funding, to this baseline.

2.9 The government is also making a £400 million investment in Further Education in 2020-21, recognising the vital role of this sector in delivering the skills needed for our economy. This package includes £190 million to increase core funding for 16-19 year-olds at a faster rate than core schools funding, and £210 million of funding in targeted interventions such as high-cost programmes, English and Maths resits, T Levels, the Advanced Maths Premium and workforce investments.

2.10 The government will also increase early years spending by £66 million to increase the hourly rate paid to childcare providers through the government’s free hours offers.

2.11 The Department for Education settlement, taking into account the schools, Further Education and early years funding, represents a 3.3 per cent increase in real terms to the overall resource budget from 2019-20 to 2020-21 and also includes:

- funding to deliver high-quality apprenticeships;
- funding to support world-class higher education;
- funding to develop the National Retraining Scheme to equip people with the skills they need for the future; and
- funding for programmes supporting local authorities to deliver high quality children's social care services to support and protect children. The local government settlement includes an additional £1 billion for adult and children's social care to help local authorities meet rising demand in social care services and continue to help stabilise the system.

Home Office

Table 2.4: Home Office

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	11.9	12.9

2.12 The Home Office settlement includes:

- a 6.3 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21. This is the largest planned annual growth rate in at least 15 years;
- an extra £750 million for policing to begin delivery of the government's commitment to recruit 20,000 additional officers by 2023 (up to 6,000 officers are to be in place by the end of 2020-21), providing them with the resources they need to tackle serious violence, and make the UK's streets safer. In addition, the government is spending £45 million in 2019-20 to kick start recruitment, bringing in up to 2,000 additional officers this year. The Home Office will provide further detail on how these officers will be allocated between territorial police forces, counter-terrorism policing, and serious organised crime in due course;
- an additional £30 million to safeguard children from child sexual exploitation and abuse. Increasing funding for cutting-edge technology and the best intelligence and law enforcement capabilities will enable police officers to continue to target the worst and most sophisticated offenders;
- increasing the budget for counter-terrorism policing in line with inflation, including continuing the additional £160 million announced at Budget 2018, which maintains current counter-terrorism capability and protects officer numbers;
- £110 million additional funding, plus £65 million of Official Development Assistance (ODA), for the asylum system and continuing £150 million funding for the Global Resettlement Programme, to support and protect the most vulnerable refugees; and
- maintaining £480 million of Brexit funding in real terms, including continued funding for Border Force capability and delivery of the EU Settlement Scheme.

2.13 The government is committed to tackling crime and keeping the UK's streets safe. The UK needs a system fit for the modern world in order to combat the highest harm crimes and the organised criminals who feel they can operate with impunity. The additional 20,000 police

officers will give police forces more capacity to tackle this threat. However, given the scale and complexity of the threat, it is important to understand the best way for the government to respond.

2.14 The government will therefore undertake a formal review of the powers, capabilities, governance and funding needed across the policing and law enforcement landscape, including the National Crime Agency and the wider justice system, to enable it to improve its response to serious and organised crime in all its forms. This will report in advance of Spending Review 2020. The terms of reference for the review will be agreed between HM Treasury and Home Office and announced in due course.

Ministry of Justice

Table 2.5: Ministry of Justice

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	7.6	8.1

2.15 The Ministry of Justice settlement includes:

- a 4.9 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21;
- funding to begin delivery of the government's £2.5 billion commitment to create an additional 10,000 prison places, which forms an important part of the government's plan to crack down on crime;
- £100 million to increase security in prisons through the introduction of more airport-style security scanners, mobile phone detection and prevention technology, and anti-corruption and intelligence operations;
- £55 million across the criminal justice system to support the work of 20,000 additional police officers; and
- additional funding to support the ongoing reform of the probation system, which will help reduce reoffending and improve the quality of post-custody supervision.

Law Officers' Departments

Table 2.6: Law Officers' Departments

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	0.6	0.7

2.16 The Law Officers' Departments settlement includes:

- a 12.4 per cent increase in real terms to the departments' resource budgets from 2019-20 to 2020-21, including an additional £80 million of funding in 2020-21 for the Crown Prosecution Service (CPS) to support the work of 20,000 additional police officers. This will also help the CPS to respond effectively to the increasing complexity of cases.

Ministry of Defence

Table 2.7: Ministry of Defence

	£ billion	
	2019-20	2020-21
Total DEL excluding depreciation ¹	39.5	41.3

¹ Total DEL is used as an input to calculate the government commitments to grow the defence budget by 0.5% and to spend 2% of GDP on defence.

2.17 The Ministry of Defence settlement ensures the government will continue to exceed its commitment to grow the defence budget by 0.5 per cent in real terms, with a real terms increase of 2.6 per cent from 2019-20 to 2020-21. It also means the UK is continuing to exceed its commitment to NATO, further increasing the proportion of forecasted GDP spend on defence above 2 per cent.¹

2.18 The settlement makes available £2.2 billion of additional funding, comprising of:

- up to an additional £1.2 billion to ensure the UK's world-class Armed Forces can continue to modernise, meet ever-changing threats and continue to protect the country's national security. This includes prioritising key capabilities such as cyber, shipbuilding and the nuclear deterrent;
- £700 million to address the increased cost of employer pension contributions;
- up to £7 million to finalise construction of the British Normandy Memorial; and
- a further £300 million in 2019-20 to press on with funding priority capability programmes.

Single Intelligence Account

Table 2.8: Single Intelligence Account

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	2.0	2.1

2.19 The Single Intelligence Account settlement includes:

- a 2.5 per cent real terms increase in funding for the security and intelligence agencies, enabling them to deliver national security and prosperity priorities and protect UK citizens against threats;
- funding for additional resources and capabilities in 2020-21, and maintaining funding to preserve the 1,900 increase in intelligence officers from 2015-16 onwards; and
- continued support to deliver the Single Intelligence Account's (SIA's) commitment to increase collaboration between the three agencies, enabling the SIA to operate more efficiently.

2.20 The Spending Round also confirms the previously agreed growth in the National Cyber Security Programme's budget in 2020-21. This is a key part of the total £1.9 billion investment over the Spending Review 2015 period to implement the National Cyber Security Strategy. This includes supporting the National Cyber Security Centre and other partners across government, the private sector and wider society to defend the UK's people, deter its adversaries and develop the country's capabilities, ensuring that the UK continues to be a world-leader in cyber security.

¹This commitment is based on the NATO definition of defence expenditure, for details see: http://www.nato.int/cps/on/natohq/topics_49198.htm

Foreign and Commonwealth Office

Table 2.9: Foreign and Commonwealth Office

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	1.1	1.1

2.21 The Foreign and Commonwealth Office settlement includes:

- an increase to the Foreign and Commonwealth Office's (FCO's) resource budget in line with inflation from 2019-20 to 2020-21. This will allow the department to project the UK's influence overseas, promote the UK's prosperity, provide consular services to protect UK citizens overseas and facilitate the work of UK government departments and agencies across 174 countries;
- £333 million in Official Development Assistance (ODA) funding from the Department for International Development (DFID) in 2020-21, which is in addition to the FCO budget set out above. This includes an extra £50 million to support the UK's existing foreign policy objectives and commitments, while expanding the FCO's ability to deliver the government's Global Britain agenda and expand UK leadership on international issues. FCO spending across its core budget and DFID transfers will increase by 3.6 per cent in real terms from 2019-20 and 2020-21; and
- continued funding to support the Africa Strategy, Brexit preparations and Global Britain initiative, including 1,000 staff positions, and a total of 14 new and upgraded posts opening by 2021. This also supports the UK's soft power influence with funding for the British Council, the BBC World Service's World 2020 programmes and Chevening Scholarships.

Official Development Assistance and Department for International Development

Table 2.10: Department for International Development

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	9.3	9.6

2.22 The UK's spending on Official Development Assistance (ODA) needs to be in the country's national interest and every pound spent should deliver value for taxpayers. The government will continue to develop ODA spending capability across government ahead of the multi-year spending review in 2020, which will reflect the UK's strategic priorities for development.

2.23 The UK will continue to meet its commitment to spend 0.7 per cent of the country's Gross National Income (GNI) on ODA in each calendar year.² This includes:

- saving lives by reducing poverty and hunger, and providing healthcare, clean water and sanitation for the world's poorest people;
- ensuring that children, particularly girls, growing up in societies affected by poverty and violence get the education they deserve;
- investing in global health security, by tackling dangerous disease outbreaks like Ebola, supporting new research and immunising millions of children against deadly diseases;

²The most recent final calendar year statistics on UK ODA are provided at: <https://www.gov.uk/government/statistics/statistics-on-international-development-final-uk-aid-spend-2017>.

- supporting those affected by ongoing crises, including those in Syria, the Middle East and North Africa;
- research to tackle the most dangerous infectious diseases, including malaria;
- supporting ambitious projects to reduce global emissions and supporting developing communities and countries, especially the most vulnerable, to prepare for the effects of climate change;
- promoting inclusive economic development, including increasing economic opportunities for women; and
- contributing to funding high value for money multilateral organisations, for example the World Bank.

2.24 The Department for International Development settlement includes:

- a 1.5 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21, which will ensure it continues to support the government's legal commitment to spend 0.7 per cent of GNI on ODA in 2020;
- at least £170 million to deliver humanitarian support to Yemen and Syria and support for refugees in the region, including Jordan and Lebanon, leveraging UK expertise and resources to address the needs of the world's most vulnerable while protecting UK national security interests;
- at least £250 million to the international climate and environment funds, including the Green Climate Fund – the leading fund dedicated to help meet the landmark Paris Agreement on climate change – to limit global warming to well below two degrees and help developing countries prepare for its impacts;
- an additional £30 million to support developing nations to conserve and enhance their biodiversity, to help halt and then reverse the decline in global biodiversity; and
- scaled-up support for cross-government ODA capability building through the provision of additional DFID staff to assist other departments spending ODA to ensure UK aid delivers value for money for British taxpayers.

2.25 The Conflict, Stability and Security Fund (CSSF) and Prosperity Fund are cross-government funds that use both ODA and non-ODA funding to support delivery of the Aid Strategy and implement programmes to advance National Security Council policy priorities across multiple departments. The CSSF supports and delivers activity to tackle instability and to prevent conflicts that threaten UK interests. The CSSF has been allocated an additional £50 million of ODA funding in 2020-21, providing £1.35 billion of resource funding in total towards the Aid Strategy and national security priorities. The Prosperity Fund supports programmes with the goal of promoting inclusive economic growth and development overseas, with a particular focus on economic reforms and institution building. The Prosperity Fund has been allocated a total of £305 million in 2020-21.

Ministry of Housing, Communities and Local Government

Table 2.11: Ministry of Housing, Communities and Local Government

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation ¹	1.6	1.6

¹ In this table, Resource DEL excludes the New Homes Bonus, reflecting a transfer to Local Government DEL.

2.26 The Ministry of Housing, Communities and Local Government settlement includes:

- a 2.7 per cent real terms increase to the department's resource budget from 2019-20 to 2020-21;³
- £422 million resource funding to help reduce homelessness and rough sleeping, including an additional £54 million in 2020-21. This represents a real terms increase of 13 per cent compared to 2019-20;
- £24 million additional funding for the Building Safety Programme to support the new building safety regime and help prevent a tragedy like Grenfell happening again. This comes on top of £600 million of government funding for the removal of aluminium composite material (ACM) cladding in the private and social residential sectors;
- £10 million additional funding for English as a second language provision. This will enable the second wave of the Integration Areas Programme;
- a total of £241 million from the Towns Fund in 2020-21 to support the regeneration of high streets, town centres and local economies;
- continued funding for the Midlands Engine and Northern Powerhouse;
- continued support to increase home ownership through the Help to Buy equity loan and other housing programmes, including providing Homes England additional funding to deliver more homes where people need them; and
- continued funding for the Troubled Families programme, which is transforming the way public services are delivered to support families with complex needs.

Local Government

Table 2.12: Local Government

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation ¹	6.1	8.6
Local Government Core Spending Power ²	46.2	49.1

¹ In this table, Resource DEL reflects a transfer of the New Homes Bonus from MHCLG Housing and Communities DEL. The adjusted baseline used to calculate the growth rate is £7.5 billion, which excludes the effect of 2019-20 Business Rate Retention pilots.

² The figure for Core Spending Power is an estimate and subject to data changes and will be published following final decisions in the 2020-21 Local Government Finance Settlement.

2.27 Local Government DEL will increase by £1.1 billion in cash terms on the adjusted baseline.

2.28 With this increase in grant, Local Government Core Spending Power is estimated to increase by £2.9 billion in total in 2020-21. Within this:

³ Figures in the table have been rounded to the nearest £0.1 billion. MHCLG's Resource DEL excluding depreciation will increase from £1.57 billion to £1.64 billion.

- the settlement includes an additional £1 billion grant for adult and children's social care;⁴
- the government will consult on a 2 per cent Adult Social Care precept that will enable councils to access a further £0.5 billion, bringing the total increase in funding for social care to £1.5 billion;⁵ and
- Local Government's business rate baseline funding levels will also increase in line with inflation.

2.29 This funding will help local authorities to meet rising demand in social care services and continue to help stabilise the system. These changes will be reflected in the Local Government Finance Settlement for 2020-21. The Ministry of Housing, Communities and Local Government will consult on the detailed methodology in due course.

2.30 Outside of the main Local Government settlement, high-needs funding for schools is increasing by more than £700 million in 2020-21, an increase of more than 11 per cent on 2019-20 funding levels. This funding will support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential.

2.31 In addition, the Spending Round confirms that local authorities will receive additional resources through a real terms increase in the Public Health Grant and through the NHS contribution to adult social care through the Better Care Fund, which will increase by 3.4 per cent in real terms, in line with the overall NHS long-term settlement.

2.32 Combined with the £2.9 billion increase in Core Spending Power, these announcements mean local authorities can benefit from more than £3½ billion of additional resources made available in this Spending Round.

Department for Transport

Table 2.13: Department for Transport

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	3.7	4.1

2.33 The Department for Transport settlement includes:

- an 11.4 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21;
- £1.1 billion funding to ensure the Strategic Road Network runs safely and smoothly, enabling a high-performing road network that will support the economy;
- support for rail passengers and the wider rail network – for example, by committing a further £275 million for maintaining rail infrastructure in 2020-21 compared to 2019-20;
- over £200 million of increased funding to transform bus services, making best use of technology and promoting decarbonisation, to help people make the everyday journeys that matter most to them. Further details will be announced in due course; and
- continued support for the development of major transport projects, including pushing on with work on the Leeds to Manchester route of Northern Powerhouse Rail, and driving forward East West rail links in the Oxford to Cambridge Arc.

⁴The £1 billion additional funding for social care is in addition to maintaining £2.5 billion of existing social care grants.

⁵This estimate of Core Spending Power assumes a 2 per cent Core Referendum Principle and a 2 per cent Adult Social Care Precept for illustrative purposes. As is customary, the government will consult on Council Tax Referendum Principles later this year as part of the Local Government Finance Settlement.

Department for Business, Energy and Industrial Strategy

Table 2.14: Department for Business, Energy and Industrial Strategy

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	2.2	2.5

2.34 The Business, Energy and Industrial Strategy settlement includes:

- a 2.1 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21, excluding the Nuclear Decommissioning Authority;
- an additional £30m to accelerate progress on developing decarbonisation schemes that will help to move the UK towards its Net Zero greenhouse gas emissions target by 2050. Further detail on how the UK will make progress towards this ambitious target will be set out in the National Infrastructure Strategy this autumn;
- £28 million to deliver compliance and enforcement activities against firms underpaying workers under National Minimum Wage and National Living Wage rules. This includes improving employer awareness, identifying underpayment, helping return any lost wages to workers, and taking action on employers for underpayment;
- support for small businesses to grow, including providing access to finance via the British Business Bank;
- improving the impact of the government's funding for parental leave and pay arrangements by reviewing the effectiveness of existing schemes and consulting on how the government should prioritise and balance different levels of support to ensure they meet the needs of parents and their employers;
- continuing to provide £191 million of funding to support delivery of Brexit-related activities, including the development of a UK Global Navigation Satellite System option and delivering business stability for company law and audit;
- £87 million of Official Development Assistance funding to deliver the government's commitments to help developing countries reduce their carbon emissions and adapt to the effects of climate change;
- £243 million additional funding for the Nuclear Decommissioning Authority to enable it to continue the work of safely decommissioning the UK's nuclear legacy sites; and
- £8 million funding for Companies House to deliver new policies relating to economic crime and anti-money laundering.

2.35 The government is committed to increasing levels of research and development (R&D) to at least 2.4 per cent of GDP by 2027. In the autumn, the government will set out plans to significantly boost public R&D funding, provide greater long-term certainty to the scientific community, and accelerate its ambition to reach 2.4 per cent of GDP.⁶

⁶The majority of BEIS's capital settlement funds research and development (R&D). An accounting change means BEIS's capital budget has not been fully set for 2020-21.

Department for Digital, Culture, Media and Sport

Table 2.15: Department for Digital, Culture, Media and Sport

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	1.5	1.6

2.36 The Department for Digital, Culture, Media and Sport settlement includes:

- a 4.1 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21. This includes increasing the department's resource budget in line with inflation and providing £46 million for the Birmingham Commonwealth Games, part of the government's commitment of almost £600 million to the games, which will benefit the city and the West Midlands;
- growing budgets in line with inflation which will provide:
 - over £300 million to support the UK's world-class national museums and galleries;
 - over £500 million for Arts Council England and Sport England to drive participation in cultural and sporting activities; and
 - £50 million for UK Sport to support Team GB and Paralympics GB to success in Tokyo 2020;
- continued investment in the UK's world leading digital economy to drive growth and innovation, with programmes to support the UK tech sector and help people to stay safe online; and
- continuation of the Discover England Fund to promote inbound tourism and showcase visitor destinations across England.

2.37 Further detail on how the UK will make progress towards its ambitious targets for full fibre broadband will be set out in the National Infrastructure Strategy this autumn.

Department for Environment, Food and Rural Affairs

Table 2.16: Department for Environment, Food and Rural Affairs

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	1.9	2.0

2.38 The Department for the Environment, Food and Rural Affairs settlement includes:

- a 3.3 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21;
- £432 million of Brexit funding to deliver a safe and ambitious departure from the European Union (EU), while setting global standards in protecting and harnessing value from the natural environment. This includes an additional £20 million to support delivery of Defra's replacement for the Common Agricultural Policy in England, which will prioritise environmental outcomes;
- funding to deliver the government's commitment to pass on to the next generation a natural environment protected and enhanced for the future, including:
 - more than £30 million increase in funding for air quality;

- an additional £30 million for terrestrial and marine biodiversity measures, to support the maintenance and restoration of vital habitats for wildlife, progress nature-based solutions for climate change mitigation and adaptation, and deliver the 25 Year Environment Plan. This will also help deliver commitments made on the Blue Belt, implement the Ivory Act and enhance the UK's global leadership on biodiversity; and
- an additional £8 million for animal health to tackle anti-microbial resistance and bovine tuberculosis.

2.39 The government will maintain the commitment to provide the same cash total in funds for farm support until the end of the Parliament. The government will confirm the exact funding available in due course.

Department for Exiting the European Union

Table 2.17: Department for Exiting the European Union

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	0.1	0.1

2.40 The Department for Exiting the European Union settlement includes:

- a resource budget increase in line with inflation from 2019-20 to 2020-21. This will ensure appropriate resource to successfully support Brexit on 31 October and build a new, ambitious future partnership between the UK and the EU.

Department for International Trade

Table 2.18: Department for International Trade

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	0.5	0.5

2.41 The Department for International Trade settlement includes:

- an increase of 2.3 per cent in real terms to the department's resource budget from 2019-20 to 2020-21;
- additional funding to deliver an ambitious Free Trade Agreement programme;
- funding for the new trade policy framework as the UK leaves the EU;
- funding for the DIT overseas network, regional and sector teams and programme of activities to support UK businesses around the world, break down barriers to trade and strengthen the UK's leading position as a destination for inward investment;
- continued funding for the DIT-led cross-government GREAT Britain campaign, promoting a truly Global Britain;
- ongoing investment in priority international trade capital projects including to support work to agree free trade agreements and establish an independent trade policy; and
- overall, increases that will take spending to more than 52 per cent over planned spending when the department was created in 2016 and allow the number of staff to increase by 49 per cent and rising.

Department for Work and Pensions

Table 2.19: Department for Work and Pensions

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	5.6	5.8

2.42 The Department for Work and Pensions settlement includes:

- a 1.9 per cent increase in real terms to the department's resource budget from 2019-20 to 2020-21; and
- a £106 million package to fund the Plan for DWP Excellence, which will deliver reform to support the most vulnerable in society:
 - £40 million additional funding for Discretionary Housing Payments to tackle affordability pressures in the private rented sector in England and Wales;
 - £36 million to ensure DWP decision-making is accurate and the application processes are straightforward and accessible, as well as improving safeguarding by creating a new independent Serious Case Panel;
 - £7 million to expand Jobcentre advisor support in schools for young people with special educational needs and extending eligibility for Access to Work to internships for disabled people; and
 - £23 million to fund a range of other measures, including support for vulnerable claimants and people with complex needs migrating to Universal Credit, additional outreach activities to support those who are homeless, and increasing the number of Armed Forces champions to support veterans when entering the labour market.

2.43 In addition to this, DWP's resource budget will enable the department to continue to:

- help people move into work and support their progression in work, through targeted employment support programmes and tailored interventions for disadvantaged groups;
- improve financial security through the accurate and timely administration of benefit payments, including the secure delivery of Universal Credit;
- deliver frontline services to ensure that individuals receive the best customer service experience; and
- ensure older people are able to live with the dignity and respect they deserve by supporting private pension saving and delivering the State Pension.

HM Revenue and Customs

Table 2.20: HM Revenue and Customs

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	3.8	3.8

2.44 The HM Revenue and Customs settlement includes:

- a resource budget increase in line with inflation from 2019-20 to 2020-21;

- £382 million for Brexit, to develop and deliver improved critical internal systems, support businesses and taxpayers in all scenarios, develop long-term transit and infrastructure solutions, and make further progress on Alternative Arrangements;
- continued funding to tackle tax avoidance, evasion and other forms of non-compliance, which has helped secure and protect over £200 billion of tax revenue since 2010; and
- continued funding to support HMRC's ongoing transformation programme and deliver future additional sustainable efficiency savings. This will continue the successful rollout and operation of Making Tax Digital for VAT, increase the uptake of HMRC's digital services, maintain HMRC's IT infrastructure and consolidate the HMRC estate into 13 large, modern regional centres by 2023.

HM Treasury

Table 2.21: HM Treasury

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	0.2	0.2

2.45 The HM Treasury settlement includes a resource budget increase in line with inflation from 2019-20 to 2020-21. This will ensure the department is equipped to: support sustainable public finances; increase productivity and employment; enable a stable macroeconomic environment; prepare effectively for Brexit on 31 October and support other departments to do the same.

Cabinet Office

Table 2.22: Cabinet Office

	£ billion	
	2019-20	2020-21
Resource DEL excluding depreciation	0.4	0.4

2.46 The Cabinet Office settlement includes:

- a 7.4 per cent increase in real terms to the department's resource budget, to ensure the Cabinet Office is able to drive delivery of the government's policy priorities, including: delivering Brexit on 31 October; maintaining and strengthening the Union; sustaining a flourishing democracy; coordinating the security of the realm; and achieving cross-cutting efficiencies and reform;
- £10 million of additional funding to strengthen the links between the four nations of the Union as the UK leaves the EU, supporting the work of the Prime Minister as Minister for the Union. Of this, £5 million will be allocated to the Territorial Offices;
- £5 million for the new Office for Veterans' Affairs, which will coordinate across the public sector to improve support for veterans – from ensuring they get the medical treatment they require, to further training and skills after they have transitioned from service to keep them in good jobs, to targeted interventions to prevent veteran homelessness;
- £13 million of initial funding to prepare for the UK's G7 presidency in 2021, ensuring the UK is positioned as an outward-looking and confident nation on the world stage; and
- continued funding for the work of the National Leadership Centre and the Geospatial Commission.

Devolved Administrations

Table 2.23: Devolved Administrations

	£ billion	
	2019-20	2020-21
Scottish Government¹		
Resource DEL excluding depreciation before block grant adjustments ²	28.3	29.4
Resource DEL excluding depreciation	16.2	16.6
Welsh Government³		
Resource DEL excluding depreciation before block grant adjustments ²	14.2	14.8
Resource DEL excluding depreciation	11.9	12.4
Northern Ireland Administration		
Resource DEL excluding depreciation ⁴	10.7	11.1

¹ Excludes non-Barnett additions relating to farm support ‘convergence’ funding.

² Block grant adjustments have been agreed with the Scottish Government for tax and welfare devolution, and with the Welsh Government for tax devolution.

³ Includes the 5% needs-based Barnett formula uplift.

⁴ Includes the 2.5% VAT abatement.

2.47 Compared to 2019-20, the above resource DEL settlements for 2020-21 provide:

- an increase for the Scottish Government of £1.1 billion, 2.1 per cent real terms growth;
- an increase for the Welsh Government of £0.6 billion, 2.3 per cent real terms growth; and
- an increase for the Northern Ireland Administration of £0.4 billion, 1.8 per cent real terms growth.

2.48 The settlements ensure that the devolved administrations have the means to grow the economy, spend more on public services and support people across Scotland, Wales and Northern Ireland.

2.49 To determine these settlements the Barnett formula has been applied in accordance with the arrangements set out in the Statement of Funding Policy,⁷ an addendum to which is provided at Annex C.

2.50 The people in Scotland, Wales and Northern Ireland will also benefit from increased spending across the UK in reserved areas such as defence, security and international trade.

2.51 In addition, the government is providing £160 million to farmers and land managers in Scotland in relation to historic allocations of Common Agricultural Policy ‘convergence’ funding.

2.52 The government will maintain the commitment to provide the same cash total in funds for farm support until the end of the Parliament. The government will confirm the exact funding available in due course.

2.53 Block grant adjustments in relation to tax and welfare devolution in Scotland and Wales will be set at Budget 2019 as agreed in the fiscal frameworks. This will include adjustments for further welfare powers being devolved in Scotland in April 2020.

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479717/statement_of_funding_2015_print.pdf

Small and Independent Bodies

Table 2.24: Small and Independent Bodies

	£ million	
	2019-20	2020-21
Resource DEL excluding depreciation		
Office of the Secretary of State for Scotland	10.4	10.6
Northern Ireland Office	21.7	22.1
Office of the Secretary of State for Wales	5.0	5.1
National Savings and Investments	117.8	125.0
Charity Commission	24.9	27.3
Competition and Markets Authority	90.0	91.8
Office for National Statistics ¹	276.3	426.2
Office for Standards in Education, Children's Services and Skills	123.0	125.2
Office of Qualifications and Examinations Regulation	17.6	17.9
Food Standards Agency	97.9	102.7
The National Archives	31.2	33.5
UK Supreme Court	4.4	5.5
Economic Regulators ²	Neg	Neg
Independent Bodies ³	949.8	901.8
Total	1,770.1	1,894.7

¹ Increase in ONS budget in 2020-21 due to increasing profile of spend on the 2021 Census.

² The economic regulators and income or levy-funded bodies include: the Government Actuary's Department (GAD), the Office of Gas and Electricity Markets (Ofgem), the Office of Rail and Road (ORR), Water Services Regulation Authority (Ofwat) and UK Export Finance (UKEF).

³ Independent bodies include: the Electoral Commission, House of Commons, House of Lords, Parliamentary and Health Service Ombudsman, Independent Parliamentary Standards Authority (IPSA), the Local Government Boundary Commission for England (LGBCE) and the National Audit Office (NAO). They are not formally subject to the spending review process and their plans reflect forecasted values.

2.54 Small and independent bodies' settlements include:

- increased funding in line with inflation for the Competition and Markets Authority's work supporting competition and consumers, including taking over responsibility for the largest and most complex competition cases from the European Commission when the UK leaves the EU;
- funding the Office for National Statistics for preparatory work for the delivery of the benefits of the Census through administrative data post-Census 2021, delivering on the promise of the Digital Economy Act and meeting Parliament's expectations for improvements to the statistical system;
- an increase in line with inflation for the Territorial Offices to continue to strengthen the Union and maintain strong relationships between the UK government and the devolved administrations;
- a 29 per cent increase in real terms to UK Export Finance's resource budget, funded from premium income, to enable increased support for UK exporters; and
- funding for the Food Standards Agency to protect its core function in maintaining food safety and standards, including after the UK leaves the EU.

2.55 The independent economic regulators include: the Office of Gas and Electricity Markets (Ofgem), the Office of Rail and Road (ORR) and the Water Services Regulation Authority (Ofwat). The budgeting treatment applied to the regulators differs from other spending departments.

2.56 Independent Bodies include the Electoral Commission, House of Commons, House of Lords, Parliamentary and Health Service Ombudsman, Independent Parliamentary Standards Authority (IPSA), the Local Government Boundary Commission for England (LGBCE) and the National Audit Office (NAO). These bodies do not form part of the Executive and are not formally subject to the Spending Round process. However, their spending is classified as public expenditure and so Table 2.24 reflects their forecast spending plans.

A

Statistical Annex

A.1 This annex provides further details of the projections of public expenditure that result from decisions made in the Spending Round. All projections for Annually Managed Expenditure (AME) are based on the Office for Budget Responsibility's (OBR) forecast for Spring Statement 2019.

A.2 Table A.1 sets out the composition of Total Managed Expenditure (TME) over the forecast period. TME is the totality of public sector spending; the difference between TME and current receipts is Public Sector Net Borrowing (PSNB). Table A.1 also shows total current and capital spending for the Spending Round and how this breaks down into Resource Departmental Expenditure Limits (RDEL), Resource AME, Capital Departmental Expenditure Limits (CDEL) and Capital AME.

A.3 In the spending framework, spending is broken down into DEL and AME. Fixed DEL budgets are set for each department. Spending that is considered difficult to control within fixed budgets due to its size or volatility is categorised as AME. Budgets are separated into capital, which generally equates to spending that scores within Public Sector Gross Investment (PSGI), and resource, generally within Public Sector Current Expenditure (PSCE).

A.4 Accounting adjustments reconcile DEL and AME budgets with the National Accounts definitions of PSCE, PSGI and TME. An explanation of these adjustments is provided at Annex D of the Public Expenditure Statistical Analyses 2019 (PESA).

A.5 Tables A.2, A.3 and A.5 set out resource and capital DEL by department. In Tables A.2 and A.3 the 2019-20 RDEL figures differ from departmental plans because the tables show RDEL baselines. As at all spending reviews and spending rounds, baselines are adjusted to represent ongoing spend, with one-off or time limited spend removed and ongoing spend funded from the reserve baselined. This provides a consistent starting point from which to conduct the Spending Round. Annual growth figures are calculated with reference to these 2019-20 baselines using the deflators set out in Table A.6, as with all spending reviews and spending rounds. Spending plans for 2020-21 are based on the decisions set out in the Spending Round.

A.6 A proportion of RDEL, in particular depreciation, is not currently used in measurement of the fiscal aggregates by the Office for National Statistics (ONS) and so does not directly impact on the government's fiscal mandate or on the level of Public Sector Net Debt (PSND) or PSNB. Tables A.1, A.2 and A.3, which set out Programme and Administration Budgets, therefore exclude depreciation.

A.7 Table A.4 shows departmental administration budgets within RDEL. Administration budgets limit expenditure on running costs of central government which do not directly support frontline public services, for example, business support services, the provision of policy advice, accommodation and office services. These represent limits within the overall RDEL settlements set out elsewhere in this document, rather than additional spending.

A.8 Changes to departmental CDEL have been made to account for the latest plans and recent announcements by the government. These include an additional £0.8 billion for the Ministry of Defence, £0.5 billion for the Ministry of Justice and £0.3 billion for the Department for Health and Social Care.

A.9 There are separate resource and capital reserves in DEL, shown in Tables A.2, A.3 and A.5, which provide a contingency to meet any unforeseeable costs.

A.10 Distributional analysis shows the impact of tax, welfare and public service spending changes on household incomes. HM Treasury will publish a full distributional analysis of this Spending Round alongside the next Budget, which will also capture the impact of the Budget's other relevant announcements.

Table A.1: Total Managed Expenditure

	£ billion		Per cent	
	2018-19	2019-20	2020-21	Year-on-year real growth 2019-20 to 2020-21 ⁶
Current Expenditure				
Resource AME ¹	396.5	394.9	402.4	
Ring-fenced depreciation ²	23.3	29.1	29.1	
Resource DEL excluding depreciation, Spring Statement 2019 ^{3,4}	308.6	328.7	340.7	1.3%
+ RDEL additions at Spending Round	0.0	2.1	11.7	
Resource DEL excluding depreciation, Spending Round 2019	308.6	330.8	352.3	4.1%
Public Sector Current Expenditure	728.4	754.7	783.8	2.0%
Capital Expenditure				
Capital AME ⁵	21.0	12.6	12.9	
Capital DEL, Spring Statement 2019 ⁴	62.5	75.5	80.1	2.7%
+ CDEL additions at Spending Round	0.0	0.0	1.7	
Capital DEL, Spending Round 2019	62.5	75.5	81.9	5.0%
Public Sector Gross Investment	83.5	88.1	94.8	5.6%
Total Expenditure				
Total Managed Expenditure, Spring Statement 2019	811.8	840.7	865.2	1.0%
+ Spending Round additions	0.0	2.1	13.4	
Total Managed Expenditure, Spending Round 2019	811.8	842.8	878.6	2.4%
Total Managed Expenditure % of GDP	38.1%	38.3%	38.6%	

¹ Resource AME includes accounting adjustments and OBR Allowance for Shortfall. The AME forecast will be updated by the OBR at the next fiscal event.

² Ring-fenced depreciation for 2018-19 is based on outturn data published in Public Expenditure Statistical Analyses (PESA, July 2019); the figure for 2019-20 is based on plans also published in PESA 2019. The figure for 2020-21 is assumed to be the same cash value as the previous year.

³ Resource DEL excluding ring-fenced depreciation is the Treasury's primary control within resource budgets and is the basis on which departmental Spending Review settlements are agreed. The OBR publishes Public Sector Current Expenditure (PSCE) in DEL and AME, and Public Sector Gross Investment (PSGI) in DEL and AME. A reconciliation will be published by the OBR at the next fiscal event.

⁴ Resource DEL excluding depreciation and Capital DEL for 2018-19 have been updated for outturn data published in PESA 2019; figures for 2019-20 are based on plans also published in PESA 2019. Figures for 2020-21 are based on the OBR's Spring Statement 2019 forecast.

⁵ Capital AME includes accounting adjustments and OBR Allowance for Shortfall. The AME forecast will be updated by the OBR at the next fiscal event.

⁶ DEL in 2018-19 and 2019-20 is reduced by Business Rates Retention pilots that switched spending into AME. To ensure consistency, growth rates for RDEL and CDEL in 2020-21 have been adjusted to reverse this DEL-AME switch.

Table A.2: Departmental Programme and Administration Budgets (Resource DEL excluding depreciation)

	£ billion		Per cent	
	Outturn² 2018-19	Baseline³ 2019-20	Plans 2020-21	Year-on-year real growth 2019-20 to 2020-21
Resource DEL excluding depreciation¹				
Health and Social Care	124.4	132.3	138.9	3.1%
<i>of which: NHS England</i>	114.5	123.7	129.9	3.1%
Education ⁴	61.5	64.0	67.8	3.3%
<i>of which: schools⁴</i>	42.4	44.4	47.6	3.9%
Home Office	10.9	11.9	12.9	6.3%
Justice	7.5	7.6	8.1	4.9%
Law Officers' Departments	0.5	0.6	0.7	12.4%
Defence ⁵	27.7	29.7	30.8	1.8%
Single Intelligence Account	2.1	2.0	2.1	2.5%
Foreign and Commonwealth Office ⁶	2.2	1.1	1.1	0.0%
International Development ⁷	7.2	9.3	9.6	1.5%
MHCLG Housing and Communities ⁸	2.3	1.6	1.6	2.7%
MHCLG Local Government ⁹	4.8	6.1	8.6	12.4%
Transport	2.5	3.7	4.1	11.4%
Business, Energy and Industrial Strategy ¹⁰	0.9	2.2	2.5	2.1%
Digital, Culture, Media and Sport	1.5	1.5	1.6	4.1%
Environment, Food and Rural Affairs	1.7	1.9	2.0	3.3%
Exiting the European Union	0.1	0.1	0.1	0.0%
International Trade	0.4	0.5	0.5	2.3%
Work and Pensions	5.8	5.6	5.8	1.9%
HM Revenue and Customs	3.7	3.8	3.8	0.0%
HM Treasury	0.2	0.2	0.2	0.0%
Cabinet Office	0.5	0.4	0.4	7.4%
Scotland ¹¹	14.7	16.2	16.6	0.9%
Wales ¹²	13.3	11.9	12.4	2.1%
Northern Ireland	10.5	10.7	11.1	1.8%
Small and Independent Bodies ¹³	1.4	1.8	1.9	5.1%
Reserves ¹⁴	—	6.0	7.0	—
Adjustment for baselined funding ³	—	-1.7	—	—
Total Resource DEL excluding depreciation¹⁵	308.6	330.8	352.3	4.1%
Memo:				
Local Government Core Spending Power ¹⁶	45.1	46.2	49.1	4.3%

¹ Resource DEL excluding depreciation is the Treasury's primary control total within resource budgets and the basis on which Spending Round settlements were made.

² 2018-19 outturn from Public Expenditure Statistical Analyses (PESA, July 2019).

³ As at all spending reviews and spending rounds, baselines are adjusted to represent ongoing spend, with one-off or time limited spend removed and ongoing spend funded from the Reserves baselined.

⁴ In 2019-20, the cost of the pensions SCAPE rate change is lower than in 2020-21 due to the change being introduced in September 2019 rather than at the start of the financial year. Real growth is adjusted to ensure consistency.

⁵ Defence spending will increase by 2.6% in real terms across resource and capital spending.

⁶ In 2019-20 and 2020-21 the budgets shown for the FCO do not include transfers from DFID. The FCO growth rate is 3.6% in real terms from 2019-20 to 2020-21 once planned transfers from DFID to the FCO are included.

⁷ Figures in 2019-20 and 2020-21 do not reflect transfers which will be made from DFID to other government departments.

⁸ MHCLG Housing and Communities DEL figures from 2019-20 onwards exclude the New Homes Bonus, reflecting a transfer to Local Government DEL.

⁹ Local Government DEL in 2018-19 and 2019-20 is reduced by Business Rates Retention pilots that switched spending into AME. To ensure consistency, the real terms growth rate in 2020-21 has been adjusted to reverse this DEL-AME switch. The adjusted baseline used to calculate the growth rate is £7.5 billion.

¹⁰ Real growth rate is adjusted to remove additional funding provided to the Nuclear Decommissioning Authority in 2020-21 to offset a decrease in income.

¹¹ The Scottish Government's Resource DEL block grant before adjustments will grow by 2.1% in real terms between 2019-20 and 2020-21. The funding shown for Scotland above has been decreased to reflect tax and welfare devolution as agreed in the Scottish Government's Fiscal Framework.

¹² The Welsh Government's Resource DEL block grant before adjustments will grow by 2.3% in real terms between 2019-20 and 2020-21. The funding shown for Wales above has been decreased to reflect tax devolution as agreed in the Welsh Government's Fiscal Framework.

¹³ A detailed breakdown of Small and Independent Bodies is set out in Table 2.24.

¹⁴ The Reserves line shows the baseline for the Reserves in 2019-20, before the payment of ordinary reserve claims at Main Estimates.

¹⁵ DEL in 2018-19 and 2019-20 is reduced by Business Rates Retention pilots that switched spending into AME. To ensure consistency, the growth rate for 2020-21 has been adjusted to reverse this DEL-AME switch.

¹⁶ The figure for Core Spending Power is an estimate and subject to data changes. Final figures will be published following final decisions in the 2020-21 Local Government Finance Settlement.

Table A.3: Departmental Programme and Administration Budgets (Resource DEL excluding depreciation) in real terms

	£ billion (2020-21 prices)			
	Outturn ² 2018-19	Baseline ³ 2019-20	Plans 2020-21	Real terms uplift from 2019-20 to 2020-21
Resource DEL excluding depreciation¹				
Health and Social Care	129.2	134.7	138.9	4.1
<i>of which: NHS England</i>	119.0	125.9	129.9	3.9
Education ⁴	63.9	65.2	67.8	2.2
<i>of which: schools⁴</i>	44.0	45.2	47.6	1.8
Home Office	11.3	12.1	12.9	0.8
Justice	7.8	7.8	8.1	0.4
Law Officers' Departments	0.6	0.6	0.7	0.1
Defence	28.8	30.3	30.8	0.6
Single Intelligence Account	2.2	2.0	2.1	0.1
Foreign and Commonwealth Office ⁵	2.3	1.1	1.1	0.0
International Development ⁶	7.5	9.5	9.6	0.1
MHCLG Housing and Communities ⁷	2.4	1.6	1.6	0.0
MHCLG Local Government ⁸	5.0	6.2	8.6	1.0
Transport	2.6	3.7	4.1	0.4
Business, Energy and Industrial Strategy ⁹	1.0	2.2	2.5	0.0
Digital, Culture, Media and Sport	1.6	1.5	1.6	0.1
Environment, Food and Rural Affairs	1.8	1.9	2.0	0.1
Exiting the European Union	0.1	0.1	0.1	0.0
International Trade	0.4	0.5	0.5	0.0
Work and Pensions	6.0	5.7	5.8	0.1
HM Revenue and Customs	3.8	3.8	3.8	0.0
HM Treasury	0.3	0.2	0.2	0.0
Cabinet Office	0.5	0.4	0.4	0.0
Scotland ¹⁰	15.3	16.5	16.6	0.1
Wales ¹¹	13.8	12.1	12.4	0.3
Northern Ireland	10.9	10.9	11.1	0.2
Small and Independent Bodies ¹²	1.5	1.8	1.9	0.1
Reserves ¹³	–	6.1	7.0	0.9
Adjustment for baselined funding ³	–	-1.8	–	1.8
Total Resource DEL excluding depreciation¹⁴	320.5	336.9	352.3	13.8
Memo:				
Local Government Core Spending Power ¹⁵	46.8	47.1	49.1	2.0

¹ Resource DEL excluding depreciation is the Treasury's primary control total within resource budgets and the basis on which Spending Round settlements were made.

² 2018-19 outturn from Public Expenditure Statistical Analyses (PESA, July 2019).

³ As at all spending reviews and spending rounds, baselines are adjusted to represent ongoing spend, with one-off or time limited spend removed and ongoing spend funded from the Reserves baselined.

⁴ In 2019-20, the cost of the pensions SCAPE rate change is lower than in 2020-21 due to the change being introduced in September 2019 rather than at the start of the financial year. Real terms uplift is adjusted to ensure consistency.

⁵ In 2019-20 and 2020-21 the budgets shown for the FCO do not include transfers from DFID.

⁶ Figures in 2019-20 and 2020-21 do not reflect transfers which will be made from DFID to other government departments.

⁷ MHCLG Housing and Communities DEL figures from 2019-20 onwards exclude the New Homes Bonus, reflecting a transfer to Local Government DEL.

⁸ Local Government DEL in 2018-19 and 2019-20 is reduced by Business Rates Retention pilots that switched spending into AME. To ensure consistency, the real terms uplift in 2020-21 has been adjusted to reverse this DEL-AME switch.

⁹ Real terms uplift is adjusted to remove additional funding provided to the Nuclear Decommissioning Authority in 2020-21 to offset a decrease in income.

¹⁰ The Scottish Government's Resource DEL block grant before adjustments will grow by 2.1% in real terms between 2019-20 and 2020-21. The funding shown for Scotland above has been decreased to reflect tax and welfare devolution as agreed in the Scottish Government's Fiscal Framework.

¹¹ The Welsh Government's Resource DEL block grant before adjustments will grow by 2.3% in real terms between 2019-20 and 2020-21. The funding shown for Wales above has been decreased to reflect tax devolution as agreed in the Welsh Government's Fiscal Framework.

¹² A detailed breakdown of Small and Independent Bodies is set out in Table 2.24.

¹³ The Reserves line shows the baseline for the Reserves in 2019-20, before the payment of ordinary reserve claims at Main Estimates.

¹⁴ DEL in 2018-19 and 2019-20 is reduced by Business Rates Retention pilots that switched spending into AME. To ensure consistency, the real terms uplift in 2020-21 has been adjusted to reverse this DEL-AME switch.

¹⁵ The figure for Core Spending Power is an estimate and subject to data changes. Final figures will be published following final decisions in the 2020-21 Local Government Finance Settlement.

Table A.4: Administration budgets (Resource DEL excluding depreciation)

	£ million	
	Plans 2019-20	Plans 2020-21
Administration budgets^{1, 2, 3}		
Health and Social Care (inc. NHS)	2,454	2,454
Education	427	433
Home Office	354	361
Justice	378	426
Law Officers' Departments	56	53
Defence ⁴	1,587	1,983
Single Intelligence Account	76	77
Foreign and Commonwealth Office	162	175
International Development	101	109
MHCLG Housing and Communities	258	341
Transport	293	293
Business, Energy and Industrial Strategy ⁵	490	599
Digital, Culture, Media and Sport	183	210
Environment, Food and Rural Affairs	686	720
Exiting the European Union	94	96
International Trade	190	205
Work and Pensions	739	753
HM Revenue and Customs	861	877
HM Treasury	186	200
Cabinet Office	213	291
Small and Independent Bodies	282	298
Total administration budgets	10,070	10,953

¹ MHCLG Local Government DEL and the devolved administrations do not have administration budgets.

² Small and independent bodies include only those subject to the administration budget regime.

³ 2019-20 plans are consistent with Public Expenditure Statistical Analyses (PESA, July 2019), but exclude depreciation.

⁴ 2019-20 figures do not reflect the reclassification of the Submarine Delivery Agency.

⁵ The 2020-21 administration budget for BEIS is not comparable with previous years, largely as it includes budget for administration of R&D which is switched to capital at Main Estimates due to National Accounting rules. This switch has not yet been made for 2020-21 figures.

Table A.5: Departmental Capital Budgets

	£ billion	
	2019-20	2020-21
Capital DEL		
Health and Social Care	7.0	7.1
Education	5.0	4.5
Home Office	0.6	0.6
Justice	0.4	0.6
Law Officers' Departments	0.0	0.0
Defence	9.8	10.5
Single Intelligence Account	0.7	0.7
Foreign and Commonwealth Office	0.1	0.1
International Development ¹	2.5	4.4
MHCLG Housing and Communities	10.7	10.8
MHCLG Local Government	0.0	0.0
Transport	15.3	17.8
Business, Energy and Industrial Strategy ²	11.5	6.4
Digital, Culture, Media and Sport	0.7	0.5
Environment, Food and Rural Affairs	0.6	0.5
Exiting the European Union	0.0	0.0
International Trade	0.0	0.0
Work and Pensions	0.2	0.2
HM Revenue and Customs	0.3	0.3
HM Treasury	0.2	0.1
Cabinet Office	0.1	0.0
Scotland	4.6	5.0
Wales	2.2	2.3
Northern Ireland ³	1.7	1.6
Small and Independent Bodies	0.5	0.4
Reserves	0.8	1.2
Adjustment for R&D RDEL to CDEL switch ⁴	0.0	6.5
Total	75.5	81.9

¹ Figures in 2019-20 reflect transfers to other departments and switches. Figures in 2020-21 do not reflect transfers and switches that DFID will make.

² Full BEIS capital DEL budgets for 2020-21 have not yet been set. See footnote 4.

³ Northern Ireland capital DEL includes one-off funding for 2019-20. Excluding this one-off funding, capital DEL would be £1.5 billion.

⁴ Due to changes in National Accounts related to R&D, some elements of RDEL have been reclassified to CDEL. The departmental allocations for this will be confirmed before 2020-21.

Table A.6: GDP deflators

	Percentage change year-on-year				
	2018-19	2019-20	2020-21	2021-22	2022-23
GDP deflator	1.78	2.00	1.84	1.94	1.95
<i>GDP deflators consistent with the OBR's Spring Statement 2019 forecast.</i>					

B

Impact on Equalities

B.1 The government remains committed to championing equality and working with people inside and outside government to help make Britain a place where everyone can succeed without facing discrimination. An essential part of the practices adopted within HM Treasury in preparing for, and coming to, decisions during the Spending Round reflect the government's aspiration to create a fair and just society for all. This includes fulfilling legal obligations and responsibilities under the Public Sector Equality Duty (PSED) in the Equality Act 2010.

B.2 Ministers recognise the impact their decisions have on people who share one or more of the Equalities Act's nine protected characteristics, allowing them to make better, fairer and more transparent decisions. The protected characteristics are: race, sex, disability, sexual orientation, age, gender-reassignment, religious/other belief, pregnancy/maternity and, for the purpose of the duty not to discriminate, marriage/civil partnership.

B.3 The PSED imposes three aims to which the public sector bodies, including the government, must pay 'due regard' in coming to any decisions when making new or reviewing existing policy. The aims are:

- preventing discrimination for those sharing any of the nine 'protected characteristics';
- promoting equality of opportunity for those sharing protected characteristics; and
- fostering good relations between those sharing protected characteristics and those who do not.

B.4 As is the usual practice during fiscal events, HM Treasury has worked with departments across government during the Spending Round on the need to meet legal requirements on equalities and, more generally, help promote fair outcomes and value for money.

B.5 Departments were reminded of the legal requirements to pay 'due regard' to the aims of the PSED when taking decisions. While HM Treasury has important and specific responsibilities on equalities compliance with respect to Spending Round decisions, departments remain responsible for their areas of policy and for ensuring that equalities are appropriately considered in their work.

B.6 Assessments of equality impacts were carefully made and included in relevant advice to ministers during the Spending Round 2019 process, and before final decisions were made. This enabled ministers to take account of the impact of their decisions in respect of work leading to the allocation of departmental settlements and other individual policy announcements. The government continues to take account of advice on its approach to equalities from the Equality and Human Rights Commission (EHRC), who have an oversight role on the PSED.

Illustrative examples

B.7 This annex lists illustrative examples where spending allocations at Spending Round 2019 will have a positive impact on those sharing the protected characteristics. This indicative list focuses on those protected characteristics most likely to be disproportionately affected by the decisions taken: age, disability, gender and race. Evidence provided by departments to HM Treasury also included budget level impacts on the other protected groups, enabling ministers to take account of these groups as decisions were taken.

Age

B.8 The government is committed to providing the appropriate support for everyone at every stage in their lives, ensuring the elderly can live with the dignity they deserve and young people have the chance to realise their potential. This is reflected in the decisions made at this Spending Round. For instance:

- funding for adult social care will benefit the elderly, who account for two thirds of clients of these services;
- the elderly will also likely benefit from the NHS settlement agreed in 2018, where the government increased NHS funding by £33.9 billion by 2023-24 compared to 2018-19 budgets;
- children and young people are the main direct beneficiaries of the significant increases to schools and 16-18 further education spending;
- the Department for Work and Pensions will continue to support young people by expanding Access to Work to include internships and further jobcentre support for young people with disabilities and special educational needs; and
- younger people, who are over-represented on community sentences and suspended sentences compared to the general population, will likely benefit from the additional funding for the probation system which will give them greater access to rehabilitative interventions and reduce the likelihood of them reoffending.

Disability

B.9 Decisions made in this Spending Round have considered the possible impact on people with a disability. This has been reflected in the spending allocations, for instance:

- continued funding of initiatives such as the Enhanced Support Offer will allow disabled people to receive tailored support from jobcentre advisers. DWP will also test more holistic personalised interventions for those furthest from the labour market;
- disabled adults will be direct beneficiaries from funding for adult social care services;
- MHCLG will consult on mandatory accessible housing standards in building regulations, ensuring new properties are built with good accessibility standards to reflect the needs of older and disabled people;
- additional funding is provided to tackle rough sleeping and homelessness, including improving the use of support services to address the significant needs of rough sleepers, many of whom have complex mental and physical health needs; and

- additional funding is provided to children and young people with special educational needs through the high needs block of the Dedicated Schools Grant. This enables top-up funding from local authorities to support the education of children and young people with special educational needs while also funding the provision of special schools, pupil referral units and other specialist special educational needs units.

Gender

B.10 The decisions made in this Spending Round have reflected this government's commitment to full, genuine gender equality. For instance:

- the Government Equalities Office programme will continue to reduce disadvantage faced by protected groups, with a focus on women and LGBT people, and encourage people from protected groups to participate in public life, helping deliver on their strategic objective to empower all women to reach their full potential;
- childcare entitlements funded from the Department for Education's budget have a positive impact on maternal employment rates; and
- beyond the UK, the government recently announced £90 million of UK aid to help children, especially girls, living in countries affected by conflict and humanitarian emergencies to access education.

Race

B.11 In making decisions as part of the Spending Round, consideration has been given to the possible impacts on people from ethnic minorities, reflecting the importance of promoting opportunity for everyone regardless of background. For instance:

- continued funding for the Troubled Families programme, which supports vulnerable families with a range of issues, including those from ethnic minorities;
- additional police funding is intended to reduce crime and therefore benefit victims of crime, amongst whom some ethnic minority groups are over-represented;
- increased funding for Health Education England is likely to disproportionately benefit those from ethnic minority communities who make up 21 per cent of the NHS workforce, which is higher than the percentage across England's wider population; and
- increased funding for Further Education, a sector where students from ethnic minorities are more likely to be overrepresented compared to the population average.



Statement of Funding Policy Addendum

C.1 The Barnett formula has been applied in accordance with the funding arrangements for the devolved administrations set out in the seventh edition of the Statement of Funding Policy published in November 2015¹ and in the fiscal frameworks agreed with the Scottish and Welsh governments in 2016.²

C.2 The tables below set out the comparability and population factors applied during this Spending Round. These factors are inputs into the Barnett formula. A comparability factor is a measure of the extent to which each department's expenditure is in areas that are devolved in Scotland, Wales and Northern Ireland. Population factors enable adjustment for current population shares.

C.3 In Spending Round 2019, while the comparability factors have generally been rolled forward from 2015, there are changes relating to the creation of the Department for Business, Energy and Industrial Strategy and the reclassification of Network Rail spending from AME to DEL. The population proportions reflect the annual mid-year estimates published by the Office for National Statistics in summer 2019.³

C.4 A full update of the Statement of Funding Policy is due to be published alongside the next spending review.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479717/statement_of_funding_2015_print.pdf

² The Scottish Government's fiscal framework: <https://www.gov.uk/government/publications/the-agreement-between-the-scottish-government-and-the-united-kingdom-government-on-the-scottish-governments-fiscal-framework>. The Welsh Government's fiscal framework: <https://www.gov.uk/government/publications/the-agreement-between-the-welsh-government-and-the-united-kingdom-government-on-the-welsh-governments-fiscal-framework>

³ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforkenglandandwalesscotlandandnorthernireland>

Table C.1: Comparability factors applied in this Spending Round

Department	Scotland	Wales	Northern Ireland
Business, Energy and Industrial Strategy	10.70%	10.50%	15.50%
Business Rates ¹	100.00%	100.00%	100.00%
Cabinet Office and Single Intelligence Account	6.50%	6.50%	10.30%
Chancellor's Departments	0.40%	0.00%	0.30%
Digital, Culture, Media and Sport	76.90%	76.90%	77.60%
Education	100.00%	100.00%	100.00%
Environment, Food and Rural Affairs	99.80%	99.00%	99.80%
MHCLG: Housing and Communities	99.70%	99.70%	99.70%
MHCLG: Local Government	100.00%	100.00%	100.00%
Health and Social Care	99.40%	99.40%	99.40%
Home Office	91.70%	0.00%	91.70%
Justice	100.00%	0.00%	99.90%
Law Officers' Departments	100.00%	0.00%	91.60%
Network Rail	n/a ²	0.00%	100.00%
Transport (excluding Network Rail)	91.00%	80.90%	91.30%
Work and Pensions	1.40%	1.40%	100.00%

¹ Around £3 billion of grants to English authorities in 2020-21 are offset within the Barnett formula as they are funded by increased English business rates revenues retained by the Exchequer. The treatment of business rates within the Barnett formula is explained in paragraph 4.5 of the 2015 Statement of Funding Policy.

² There is no Network Rail comparability factor for Scotland because the UK and Scottish governments reached a separate funding agreement outside the Barnett formula for Control Period 6 (2019-20 to 2023-24).

Table C.2: Population proportions applied in this Spending Round

Population proportion	Percentage
Scotland as a proportion of England	9.71%
Scotland as a proportion of England and Wales	9.20%
Wales as a proportion of England	5.61%
Northern Ireland as a proportion of England	3.36%
Northern Ireland as a proportion of England and Wales	3.18%
Northern Ireland as a proportion of Great Britain	2.91%

Source: ONS population estimates summer 2019.

List of abbreviations

ACM	Aluminium Composite Material
AME	Annually Managed Expenditure
BBC	British Broadcasting Corporation
BEIS	Department for Business, Energy and Industrial Strategy
CDEL	Capital Departmental Expenditure Limits
CPS	Crown Prosecution Service
CSSF	Conflict, Security and Stability Fund
DCMS	Department for Digital, Culture, Media and Sport
Defra	Department for Environment, Food and Rural Affairs
DEL	Departmental Expenditure Limits
DfE	Department for Education
DFID	Department for International Development
DfT	Department for Transport
DHSC	Department of Health and Social Care
DIT	Department for International Trade
DWP	Department for Work and Pensions
EBacc	English Baccalaureate
EHRC	Equality and Human Rights Commission
EU	European Union
FCO	Foreign and Commonwealth Office
G7	A group of 7 major industrial nations (comprising Canada, France, Germany, Italy, Japan, UK and US)
GAD	Government Actuary's Department
GCSE	General Certificate of Secondary Education
GDP	Gross Domestic Product
GNI	Gross National Income
HEE	Health Education England
HMRC	Her Majesty's Revenue and Customs
HM Treasury	Her Majesty's Treasury
IPSA	Independent Parliamentary Standards Authority

LGBCE	Local Government Boundary Commission for England
LGBT	Lesbian, Gay, Bisexual and Transgender
MHCLG	Ministry of Housing, Communities and Local Government
MoJ	Ministry of Justice
NAO	National Audit Office
NATO	North Atlantic Treaty Organisation
NHS	National Health Service
OBR	Office for Budget Responsibility
ODA	Official Development Assistance
Ofcom	Office of Communications
Ofgem	Office of Gas and Electricity Markets
Ofwat	Water Services Regulation Authority
ONS	Office for National Statistics
ORR	Office of Rail and Road
PESA	Public Expenditure Statistical Analyses
PSCE	Public Sector Current Expenditure
PSED	Public Sector Equality Duty
PSGI	Public Sector Gross Investment
PSNB	Public Sector Net Borrowing
PSND	Public Sector Net Debt
R&D	Research and Development
RDEL	Resource Departmental Expenditure Limits
SCAPE	Discount rate for calculating unfunded public service pension contribution rates
SIA	Single Intelligence Account
TDEL	Total Departmental Expenditure Limits
TME	Total Managed Expenditure
UK	United Kingdom
UKEF	UK Export Finance
VAT	Value Added Tax

List of tables

Chapter 1

- Table 1.1 Total Managed Expenditure
Table 1.2 Example outcomes

Chapter 2

- Table 2.1 Department of Health and Social Care
Table 2.2 Department for Education
Table 2.3 Schools settlement
Table 2.4 Home Office
Table 2.5 Ministry of Justice
Table 2.6 Law Officers' Departments
Table 2.7 Ministry of Defence
Table 2.8 Single Intelligence Account
Table 2.9 Foreign and Commonwealth Office
Table 2.10 Department for International Development
Table 2.11 Ministry of Housing, Communities and Local Government
Table 2.12 Local Government
Table 2.13 Department for Transport
Table 2.14 Department for Business, Energy and Industrial Strategy
Table 2.15 Department for Digital, Culture, Media and Sport
Table 2.16 Department for Environment, Food and Rural Affairs
Table 2.17 Department for Exiting the European Union
Table 2.18 Department for International Trade
Table 2.19 Department for Work and Pensions
Table 2.20 HM Revenue and Customs
Table 2.21 HM Treasury
Table 2.22 Cabinet Office
Table 2.23 Devolved Administrations
Table 2.24 Small and Independent Bodies

Annex A

- Table A.1 Total Managed Expenditure
Table A.2 Departmental Programme and Administration Budgets (Resource DEL excluding depreciation)
Table A.3 Departmental Programme and Administration Budgets (Resource DEL excluding depreciation) in real terms
Table A.4 Administration budgets (Resource DEL excluding depreciation)
Table A.5 Departmental Capital Budgets
Table A.6 GDP deflators

Annex C

- | | |
|-----------|---|
| Table C.1 | Comparability factors applied in this Spending Round |
| Table C.2 | Population proportions applied in this Spending Round |