

How government spending has grown in 2020-21; and prospects for future public spending following the Budget

Supplementary Estimates 2020-21, and beyond

Impartial briefing from House of Commons specialists



SCRUTINY UNIT

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What can you learn from this document?



Overview:

- ✓ What the Supplementary Estimates are
- ✓ How Supplementary Estimates fit into the government's budget timeline for 2020-21 and beyond
- ✓ How the government classifies different kinds of spending
- ✓ How government spending plans for 2020-21 differ from initial budgets for this year, including where additional spending arises because of the Covid-19 pandemic.
- ✓ Changes to spending plans for 2021-22 and beyond announced in the March 2021 budget

For each department:

- ✓ Spending trends
- ✓ Changes in spending compared to initial budgets for this year, as a result of Covid-19 and other changes
- ✓ Where the money goes within the department
- ✓ What we know about future spending

What are the Supplementary Estimates ?

- **Main Estimates** (published in May) are the government's initial **spending plans** at the start of the financial year
- **Supplementary Estimates** (published in February) allow changes to be made to **alter budget totals** towards the end of the financial year, in light of latest forecasts and pressures
- This year the Supplementary Estimates include around **£166 billion in additional spending due to Covid-19.**; this money may have already been spent during the year using advances from the Treasury Contingencies Fund, but is now formally requested and repaid.

Main Reasons for Supplementary Estimates

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

Spending in 2020-21

Spending Round 2019
September 2019

Set 2020-21 spending plans



Budget 2020 & Coronavirus measures
March 2020

Amendments to 2020-21 spending plans.
Further spending announcements to combat Covid-19 as pandemic unfolded



Contingencies Fund Act 2020
March 2020

Allows departments significant advances from the Contingencies Fund to pay for measures



Main Estimates 2020-21
May 2020

2020-21 spending plans published, including some (but not all) Covid-19 costs



Supplementary Estimates 2020-21
February 2021

Revised 2020-21 spending plans published; includes final budgets for Covid-related spending

Included in this briefing

Budget timeline

Spending in 2021-22 and beyond

Conservative Party Manifesto
November 2019

Spending commitments



Spending Review 2020
December 2020

Set departmental spending plans for 2021-22. Usual multi-year settlements delayed due to Covid-19, now expected in Autumn 2021. Also includes breakdown of Covid-response spending.



Budget 2021
March 2021

Amendments to 2021-22 spending plans

We are now here



Main Estimates 2021-22
April/May 2021

2021-22 spending plans published



Supplementary Estimates 2021-22
February 2022

Revised 2021-22 spending plans

The different spending limits and what they include

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

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

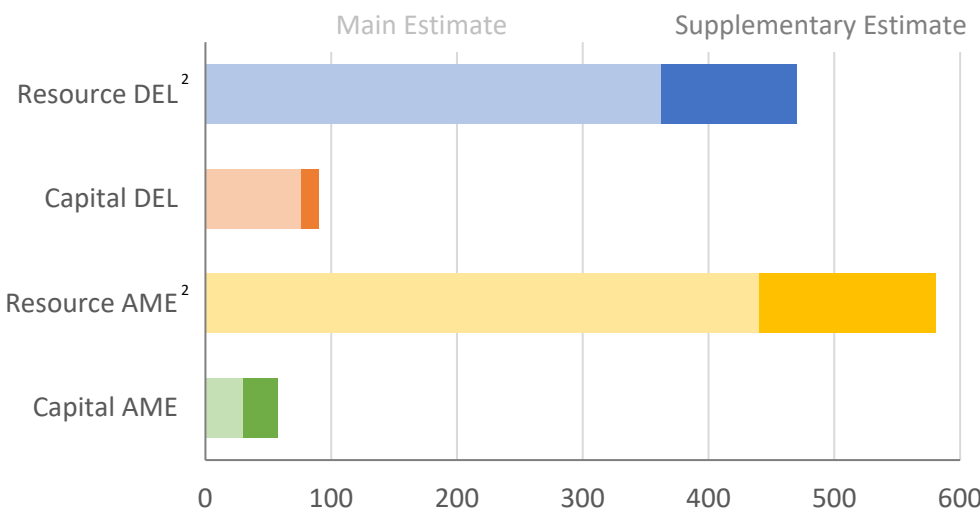
Both types are further subdivided into :

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

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

Departmental Spending included in Supplementary Estimates 2020-21: **£1,198 billion**
 This is an increase of **£290 billion (32%)** since the beginning of the year

Departmental Spending in 2020-21 by category (£ billion) ¹



Spending includes:

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

Coronavirus measures include:

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

Notes:

¹ 2020-21 departmental spending as published in Supplementary Estimate 2020-21 . AME spending supplied by HM Treasury; excludes non-departmental spending such as debt interest and local authority self-financed expenditure.

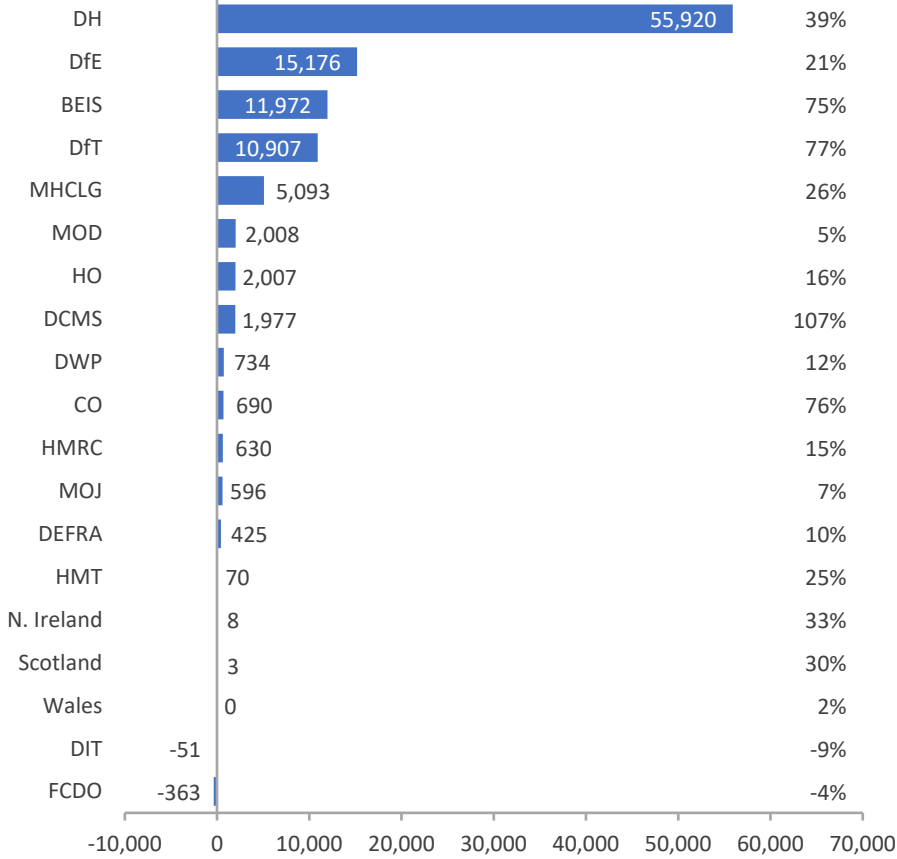
² Resource spending includes depreciation

2020-21 spending has increased significantly since the start of the year

Changes in Departmental Expenditure Limits (DEL) since Main Estimate 2020-21 (£ millions)

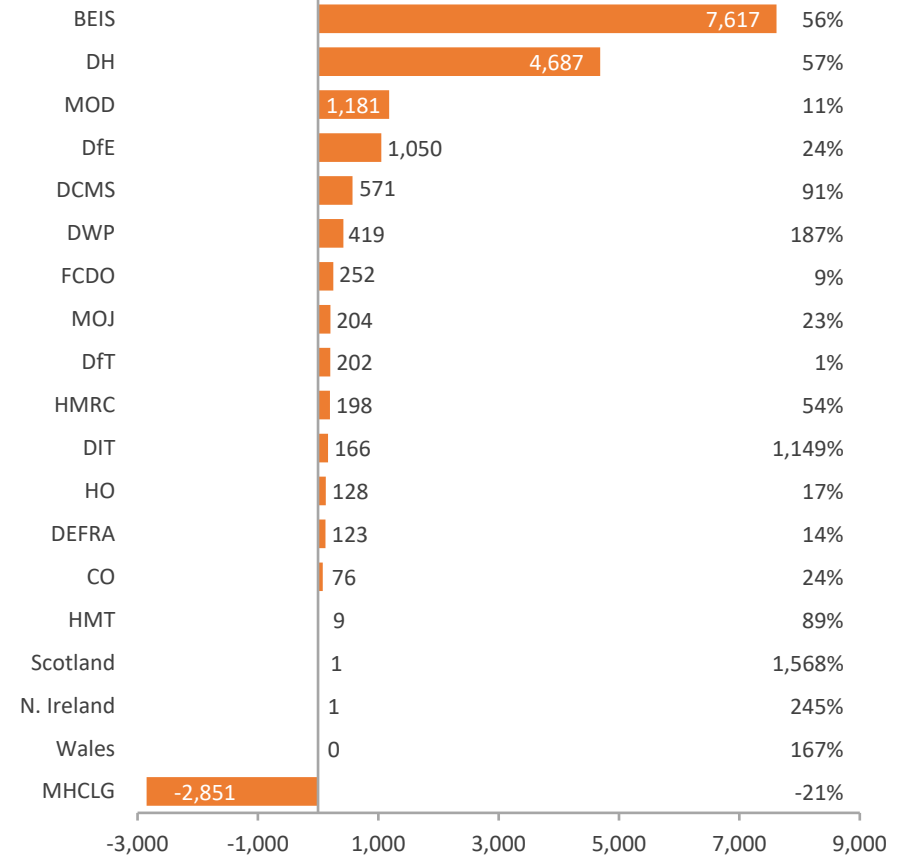
Day-to-day spending (Resource DEL)

% change



Investment spending (Capital DEL)

% change



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

The increase is largely due to additional spending on Covid-19

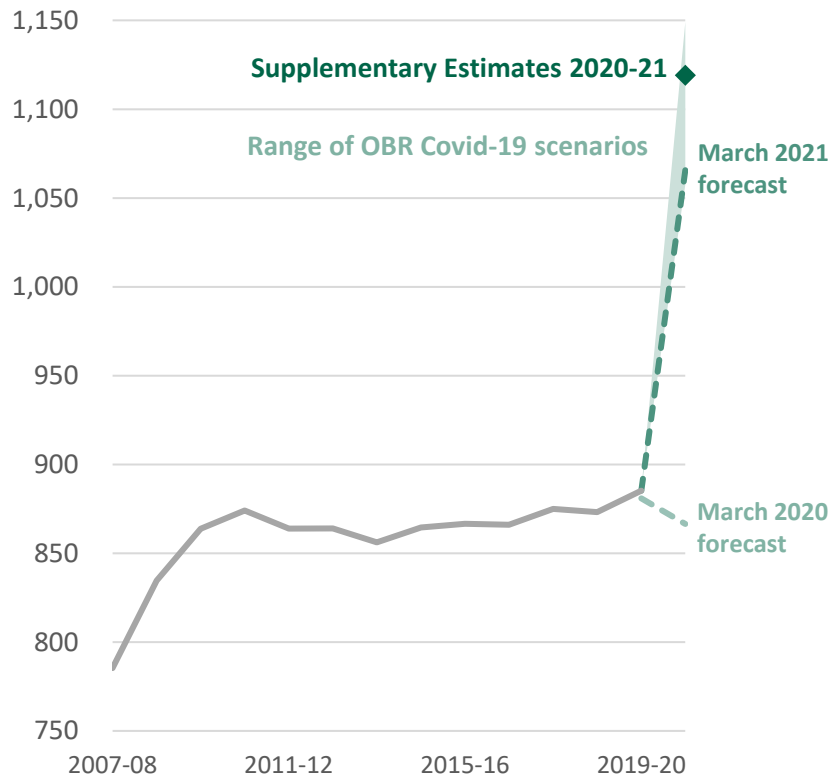
A total of £166 billion additional spending on Covid-19 is identifiable in the Supplementary Estimates, bringing total **Covid-19 spending for 2020-21 to £285 billion**, massively exceeding plans from as recently as March 2020.

This figures reflects the £280 billion of support the government referenced in Spending Review 2020, and is within the range of estimates of the (lifetime) costs of Covid-19 measures of £271 billion (NAO) and £344 billion (OBR).

Around 65% of the increase is in planned (DEL) spending – although the largest measures are for income support in AME

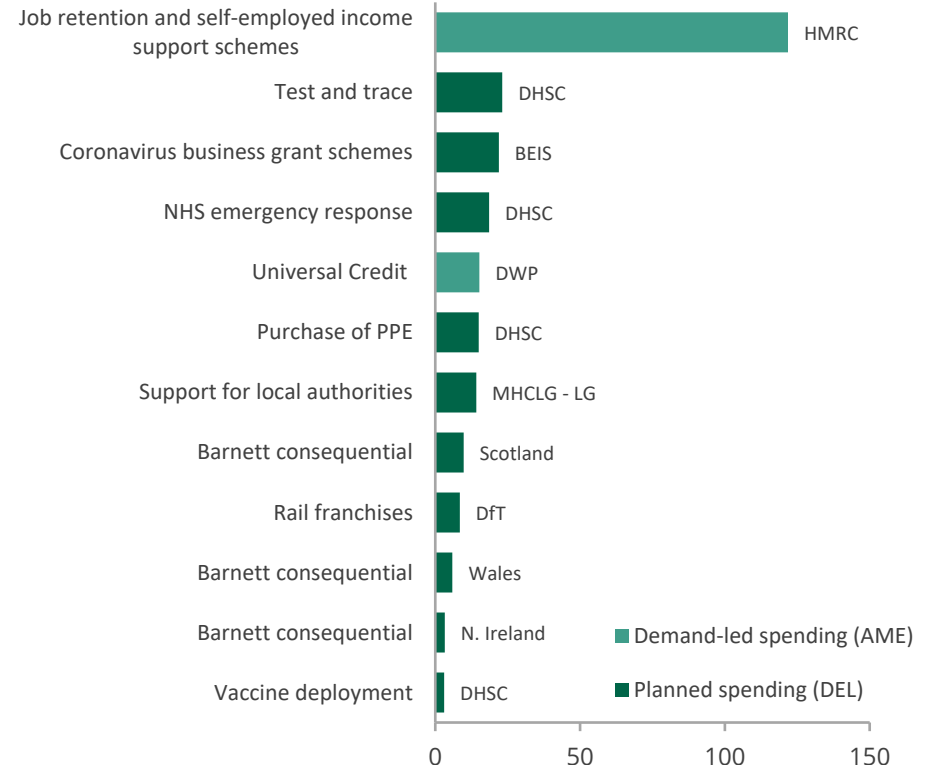
Total government spending in 2020-21

£ billions (2019-20 prices)



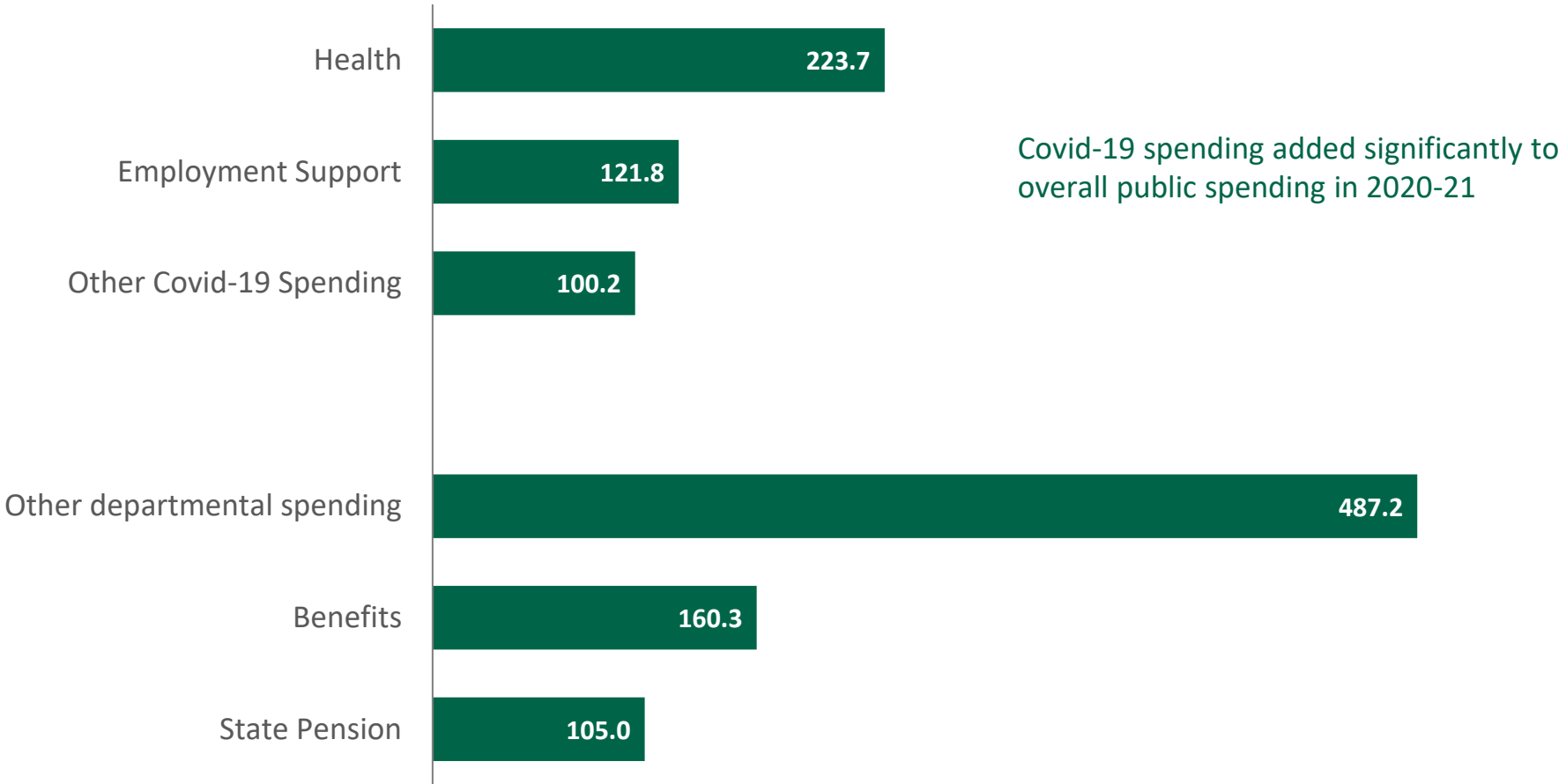
Covid-19 spending in 2020-21, by scheme

£ billions identified in Supplementary Estimate



Spending on health, financial support and other Covid-19 spending made up over 37% of all forecast government spending in 2020-21

£ billion, Departmental Resource and Capital DEL and AME in Supplementary Estimate 2020-21



Note: Spending by departmental group and specific identified Estimate subheads, for all spending categories in Supplementary Estimate 2020-21

Departmental spending

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

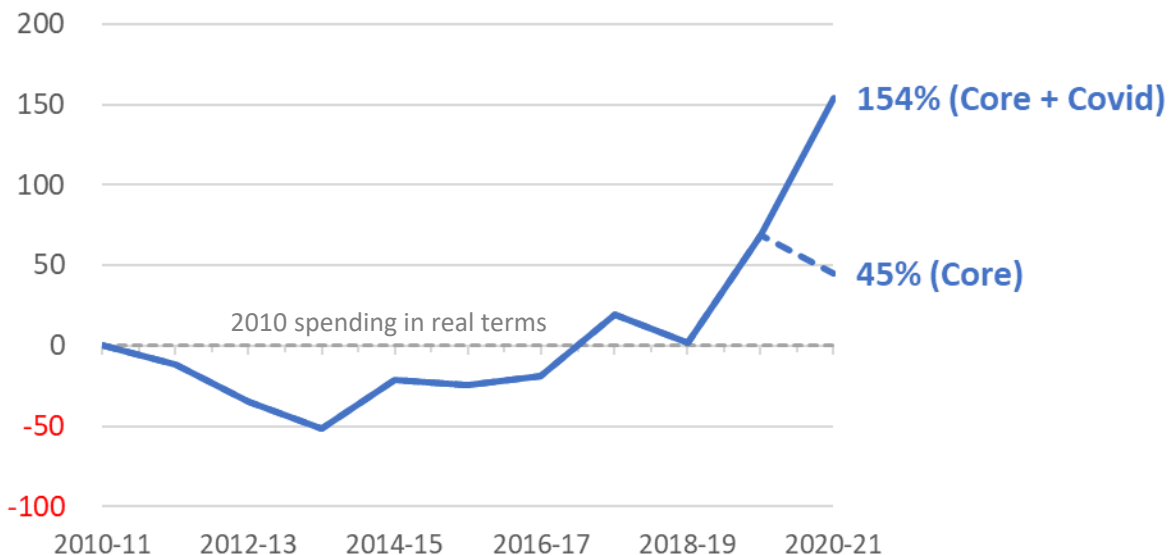
- [Cabinet Office](#)
- [Department for Business, Energy and Industrial Strategy](#)
- [Department for Digital, Culture, Media and Sport](#)
- [Department for Education](#)
- [Department for Environment, Food and Rural Affairs](#)
- [Department of Health and Social Care](#)
- [Department for International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



Cabinet Office

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

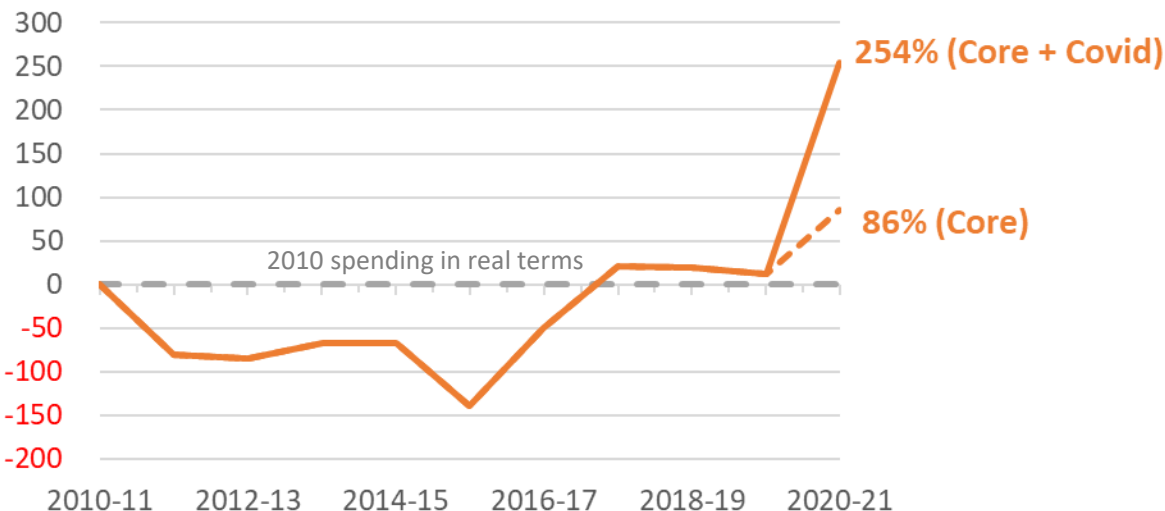
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- Day-to-day spending was cut after 2010-11 reaching its lowest level in 2013-14, but has since recovered.
- Core spending is set to be 45% higher in 2020-21 than in 2010-11, in real terms.
- **£687 million** was allocated for Covid-19 costs in 2020-21, £447 million of which was for the public information campaign and £101 million for ventilator procurement and design.

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



Investment spending trends

- Investment spending is prone to fluctuation depending on which projects the department is undertaking.
- In 2015-16 there was net Capital DEL income of £37 million due to the gain on the sale of the Admiralty Arch building.
- In 2020-21, core investment spending is set to be 86% higher than in 2010-11 in real terms.
- **£184 million** was allocated for Covid-19 costs, mainly for ventilator procurement and design (£163 million).

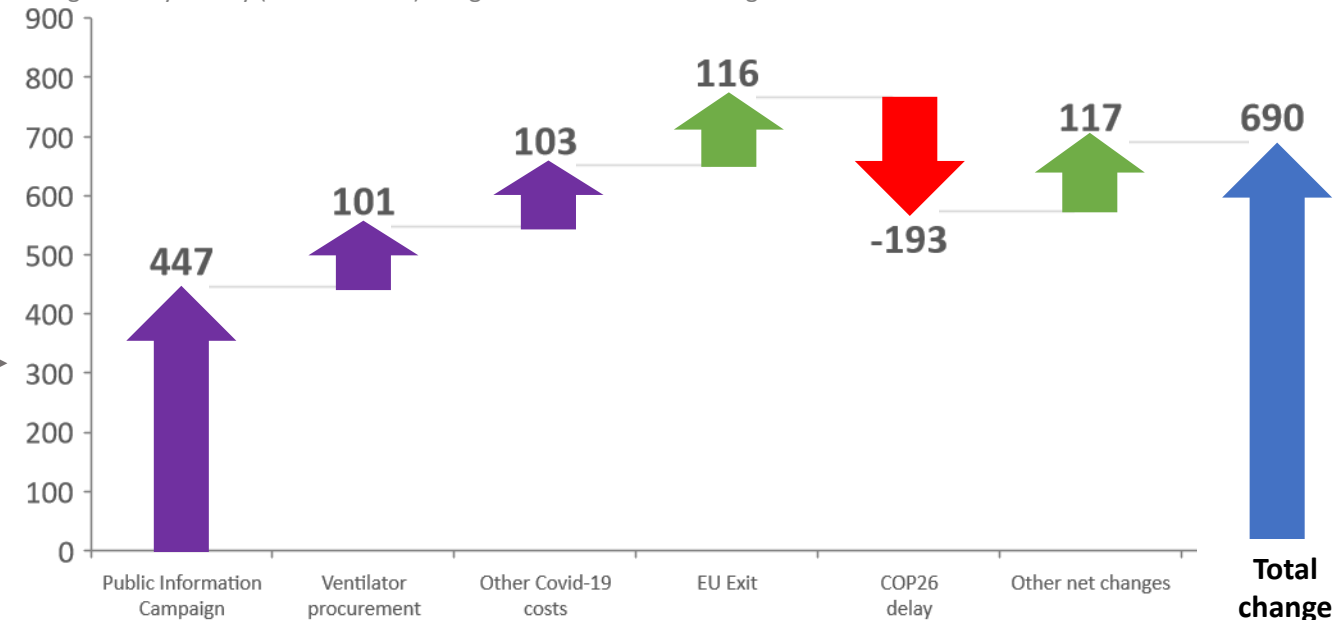
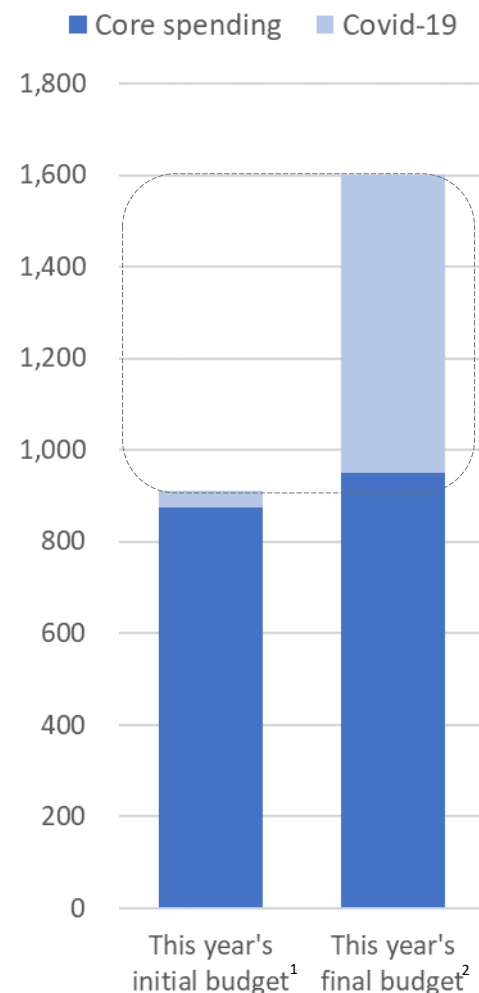
How Cabinet Office's day-to-day spending changed in 2020-21

Cabinet Office's day-to-day budget increased by £690.3m (+75.8%)

Most of the Cabinet Office's day-to-day budget increase was for Covid-19 costs

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

Resource DEL budget in £m



Changes in 2020-21

- Covid-19 measures:** £447 million for the public information campaign; £101 million for ventilator procurement and design; £35 million for the Covid-19 taskforce and International Comparators Joint Unit; £25 million for the cost of delayed Police Crime Commissioner elections; £15 million for the Government Digital Service; £14 million for body storage and transportation costs; £5 million for Government Property Agency costs and; £5 million for the ONS Opinions and Lifestyles survey.
- EU Exit:** £116 million for the EU Exit transition communication campaign.
- Conference of Parties 26 delay:** £94 million moved into 2021-22 and; £99 million returned to FCDO.
- Net other changes** relate to: £48 million for the Grenfell Tower inquiry; £23 million for Machinery of Government changes; £15 million for the 2020-21 reprioritisation exercise; £81 million of incoming budget transfers from other departments; offset by £53 million in outgoing budget transfers

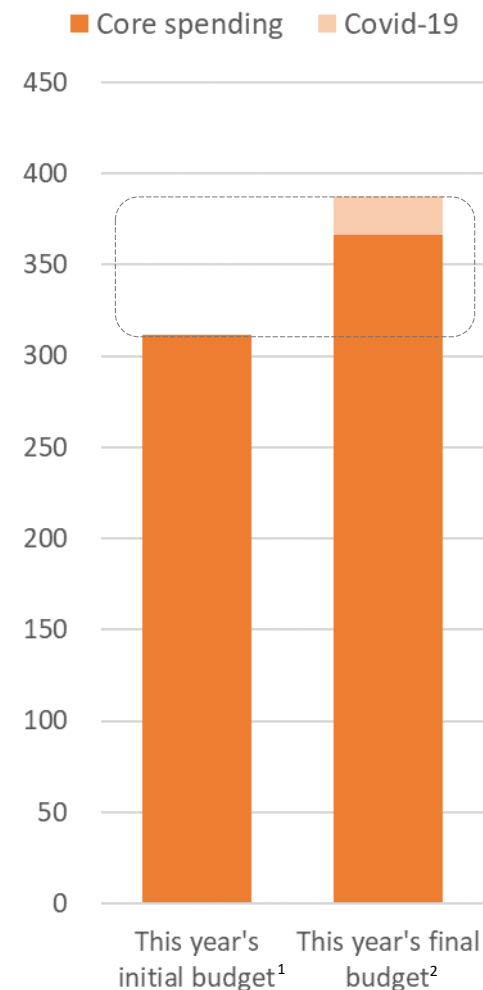
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How Cabinet Office's investment spending changed in 2020-21

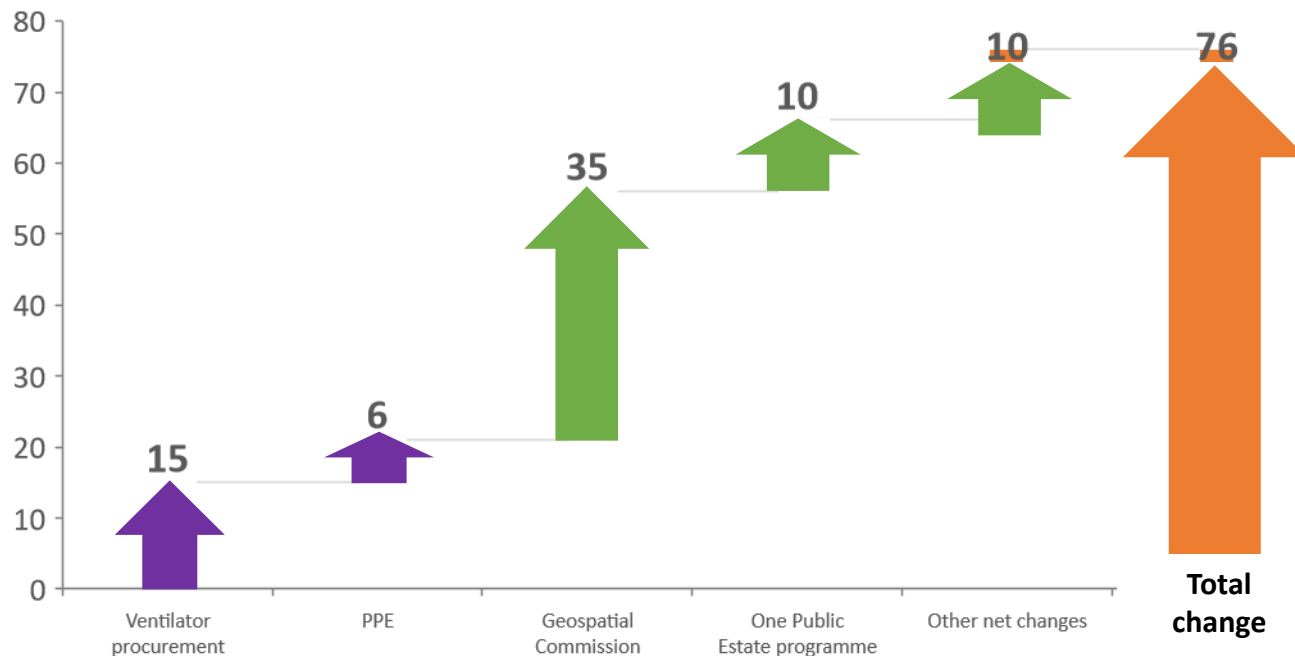
Cabinet Office's investment budget increased by £76m (+24.4%)

Capital DEL budget in £m



Cabinet Office's investment budget's largest increase was Geospatial Commission VAT costs

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



Changes in 2020-21

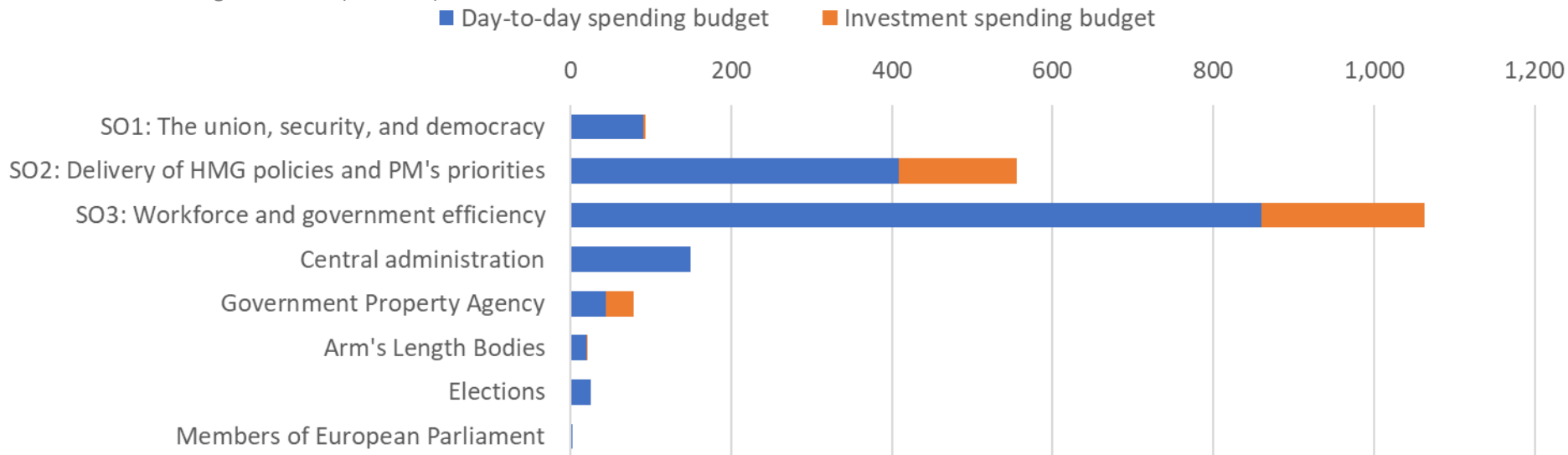
- **Covid-19 measures:** £15 million for ventilator procurement and design, and; £6 million masks and other PPE.
- **Geospatial Commission:** £35 million for VAT costs on contracts in the Geospatial Commission.
- **One Public Estate programme:** £10 million from MHCLG to cover the delivery and grant administration of the One Public Estate programme by the Office of Government Property
- **Other net changes** relate to: £3m for Machinery of Government changes; £5 million of incoming budget transfers from other departments.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the Cabinet Office budget is day-to-day spending

Breakdown of CO budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Total Resource DEL** budget for CO in 2020-21 is **£1,600.9 million**.
- CO has allocated **£1,359.4 million** to deliver the department's **Strategic Objectives**. SO3 makes up the largest element in the day-to-day budget (£860 million), followed by SO2 (£409 million) and SO1 (£91 million).
- **Central administration** accounts for 9% (£149 million) of the total Resource DEL budget.
- The **Government Property Agency** makes up 3% (£44 million), and the **Arm's Length Bodies** 1% (£20 million).
- **£25 million** is allocated for **elections** and **£2.5 million** for **Members of European Parliament (MEPs)**.
- Covid-19 costs make up 42% (£687 million) of the day-to-day budget in 2020-21, most (£567 million) of which was under the SO3 budget.

Investment spending (Capital DEL)

- **Total Capital DEL** budget for CO in 2020-21 is **£387.4 million**.
- Of this, **£352 million** is for the delivery of **Strategic Objectives**: £202 million is for SO3, £147 million for SO2 and £3.5 million for SO1.
- A further **£34.5 million** is for the **Government Property Agency** and **£0.5 million** for the **Arm's Length Bodies**.
- £184 million was allocated for Covid-19 costs, making up 47% of the Capital DEL budget for 2020-21 which is allocated to the SO3 budget.

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

Cabinet Office's spending beyond 2020-21

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes under the investment spending budget. .

Major future commitments have included*:

- £228 million to support the government's Levelling Up agenda through investment in the Government Property Agency's hubs programme, relocating 22,000 civil service roles outside London by 2030.
- £97 million to support the government's ambition to modernise and reform the Civil Service. £4.7 million to establish a central capability to manage contingent liabilities.

Day-to-day spending:

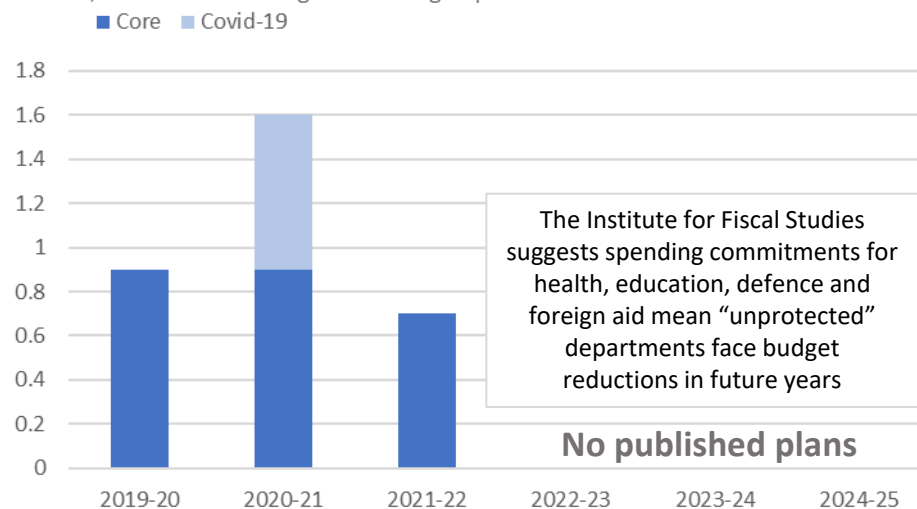
- No Resource DEL budget has been allocated for Covid-19 costs beyond 2020-21.
- Cabinet Office's RDEL budgets are not allocated beyond 2021-22 and may be facing future spending reductions
- Based on figures announced in the 2021 Budget, unprotected departments face an average spending cut of 1% in 2022-23. It is unclear how this will be achieved.

Investment spending:

- There is currently no Capital DEL budget allocated for 2022-23 or beyond.
- Much of the £228 million of investment announced in the 2020 Spending Review to support the Levelling Up agenda is likely to be Capital DEL, but CO has not published the details.

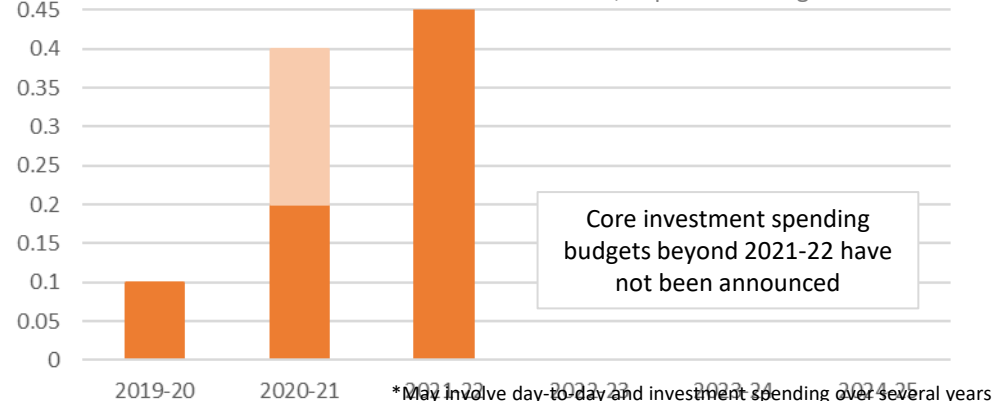
Cabinet Office's future day-to-day spending beyond 2021-22 is largely unknown

£ billion, Resource DEL budget excluding depreciation



Cabinet Office has yet to announce details of any multi-year capital programmes

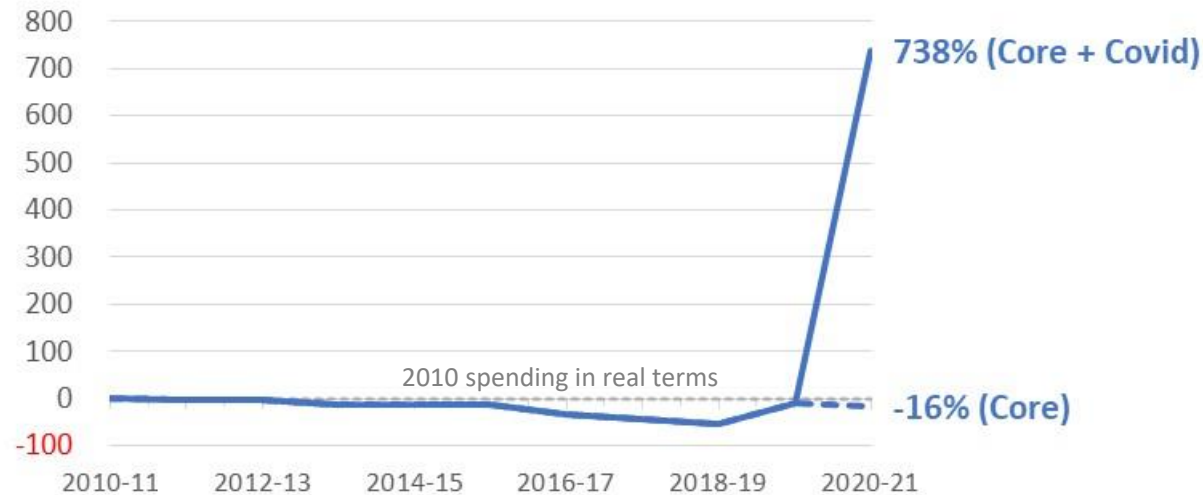
£ billion, Capital DEL budget



Department for Business, Energy and Industrial Strategy (BEIS)

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

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



Day-to-day spending trends:

BEIS' day to day spending rocketed in 2020-21 from £2.8 to nearly £28 billion due to Coronavirus. Spending included:

- business support grants of nearly £22 billion
- business interruption loans: £1.6 billion in lost interest and possible write downs.
- £1.7 billion for the Vaccine Task Force
- Other spending has fluctuated year on year

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



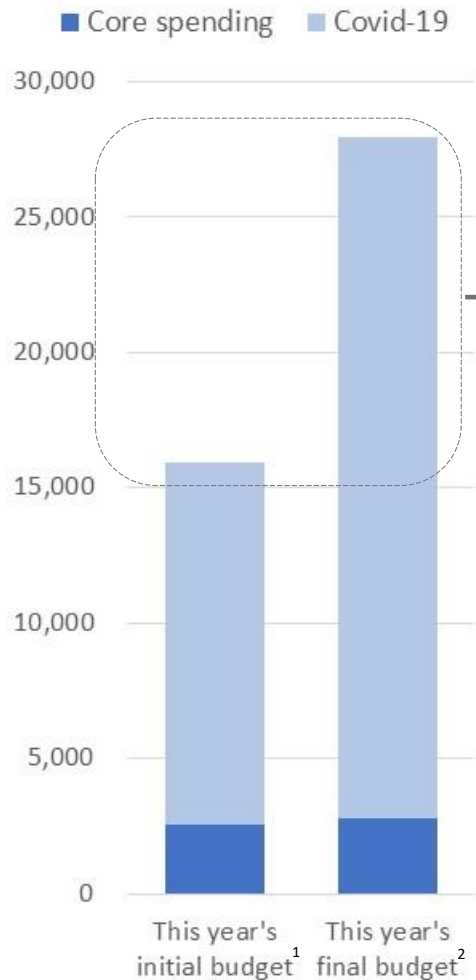
Investment spending trends:

- The uptick in BEIS' capital spending in 2020-21 was primarily due to the £5bn investment this year in the Nuclear Liabilities fund.
- Other drivers of the increase included over £1 billion for net zero buildings, £0.3 billion for energy innovation and £1 billion for the Future fund to support business innovation following the pandemic

How BEIS's day-to-day spending changed during 2020-21

BEIS's day-to-day budget increased by £11,972 m (+75.1%)

Resource DEL budget in £m



BEIS's support for business during the pandemic dwarfed its normal day to day spending

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



Changes in 2020-21

- **Covid-19 measures:** Funding was provided from the Treasury's Reserve (adding to the Covid funding already provided in Main Estimates):
 - £10,370 million extra for Coronavirus business support grants
 - £634 million extra for Coronavirus loans
 - Less savings of £803 million on grants and loans
 - £1,717 million for the Vaccines task force
- Other changes included:
 - £100 million extra for net zero buildings (most of the spend is capital, not resource)
 - A £220 million saving on trade credit insurance
 - £141 million extra resource spending on Nuclear decommissioning

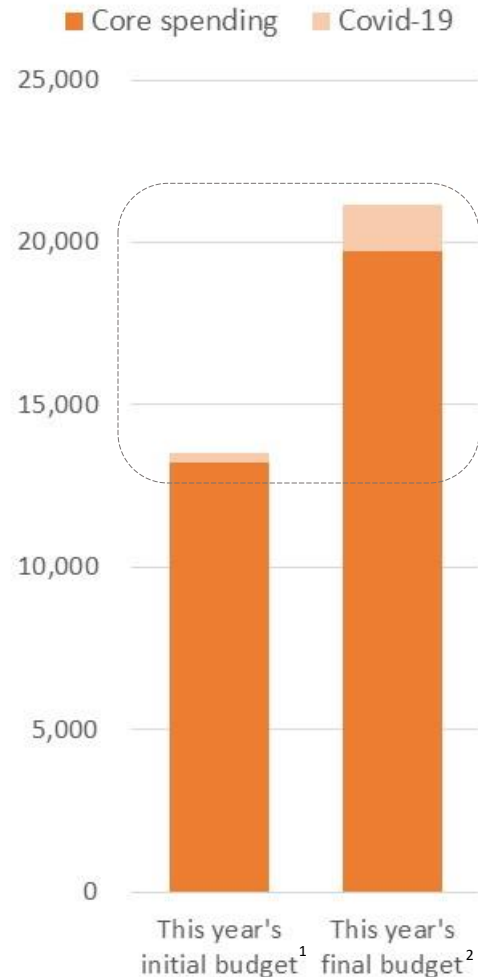
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How BEIS's investment spending changed in 2020-21

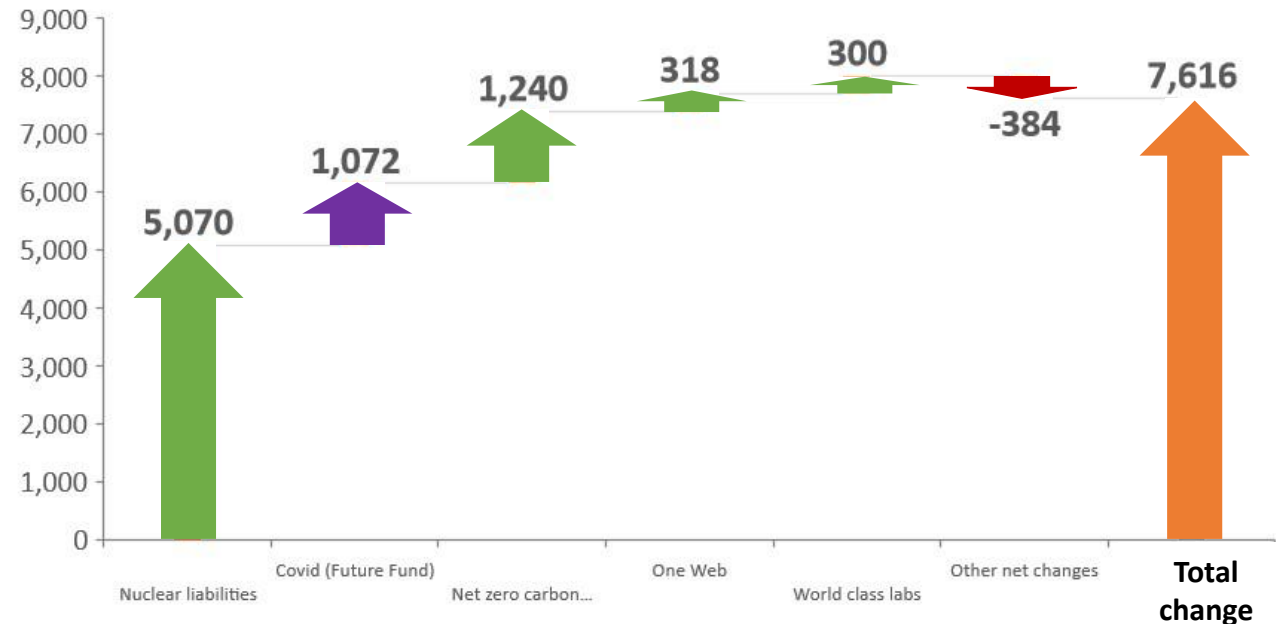
BEIS's investment budget increased by £7616m (+56.3%)

Resource DEL budget in £m



Extra funding for Covid business loans, and for zero carbon buildings

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



Changes in 2020-21

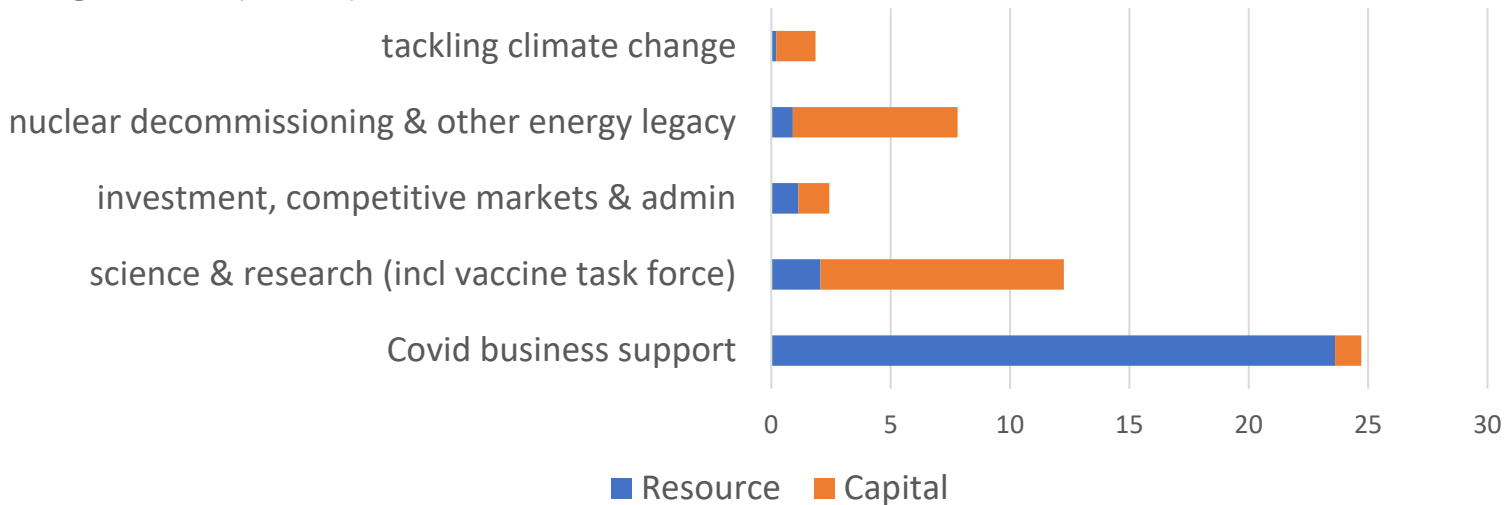
- £5,070 million (from Treasury Reserve) paid to the Nuclear Liabilities fund, enabling the deposit to be invested.
- **Covid measures:** £1,072 million, also from the Reserve, was for the Future Fund : Covid loans to business, subject to equal matching by investors, for business unable to access other forms of support
- £1,240 million for net zero buildings including £600 million for the Public Sector decarbonisation scheme, £575 million for the Green Homes grant and £65 million for the Social Housing Decarbonisation fund
- £318 million for strategic investment in satellite company One Web
- a further £300 million for world class labs - providing UK researchers with advanced equipment, facilities and technology

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

Covid support and science & research dominated BEIS's spending in 2020-21

Breakdown of BEIS budget 2020-21 (£ billion)*



Day-to-day spending (Resource DEL): £28 billion in 2020-21

- 85% (some £23.6 billion) of BEIS' day to day budget was for Covid business support (grants and loans)
- Of the remainder:
 - £1.8 billion was for the Vaccines task force
 - £0.65 billion was for nuclear decommissioning
 - £0.26 billion supported "competitive markets" including regulation, market frameworks and ACAS
 - £0.14 billion was non Covid related business support
 - £0.2 billion was for energy efficiency and tackling climate change, with a further £0.09 billion for international climate finance;
 - £0.25 billion for other energy legacy spending
 - £0.5 billion was for BEIS' administration costs

Investment spending (Capital DEL): £21.1 billion in 2020-21

- 48% (£10.2 billion) was for science and research
- £5 billion was a deposit to the Nuclear Liabilities fund and a further £1.8 billion for in- year nuclear decommissioning costs
- £1.2 billion was for net zero buildings
- £0.4 billion was for other measures to tackle climate change
- £1.1 billion was for Bounce Back loans

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

BEIS's spending beyond 2020-21

Day-to-day spending:

- Covid -19 support is budgeted to drop to £1.3 billion in 2021-22;
- Core BEIS day-to-day spending will grow from £2.2 to £2.4 billion in 2021-22.
- No day to day spending commitments have yet been made for BEIS beyond 2021-22.

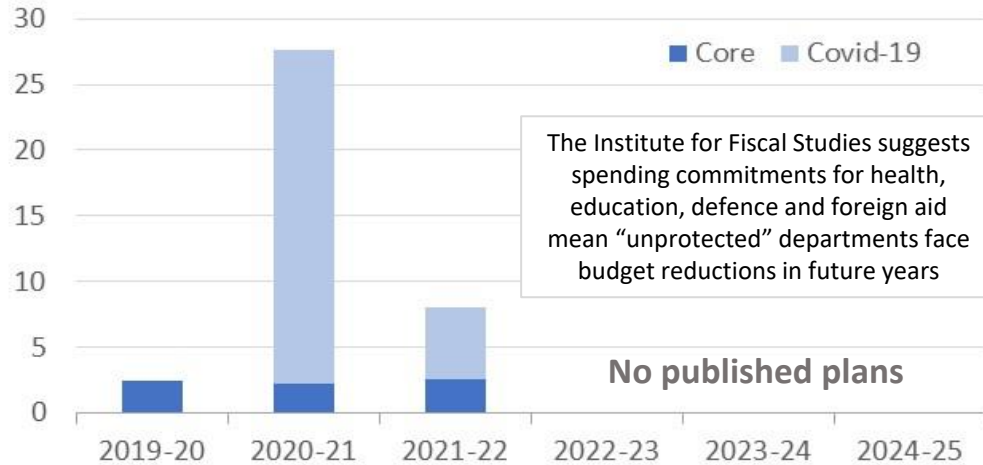
Investment spending:

The 2020 Spending Review committed to certain elements of BEIS' investment budget for up to four years ahead, including:

- an uplift of over £400 million on average each year until 2023-24 for core UK Research and Innovation science
- £1 billion over four years for high risk, high payoff research
- £1.9 billion over four years for multi year net zero programmes.
- A longer term commitment of £3 billion of funding for climate change including £1 billion for carbon capture and storage by 2030
- £10.5 bn for the British Business Bank

Once Covid support ends, BEIS' day-to-day spending drops back down

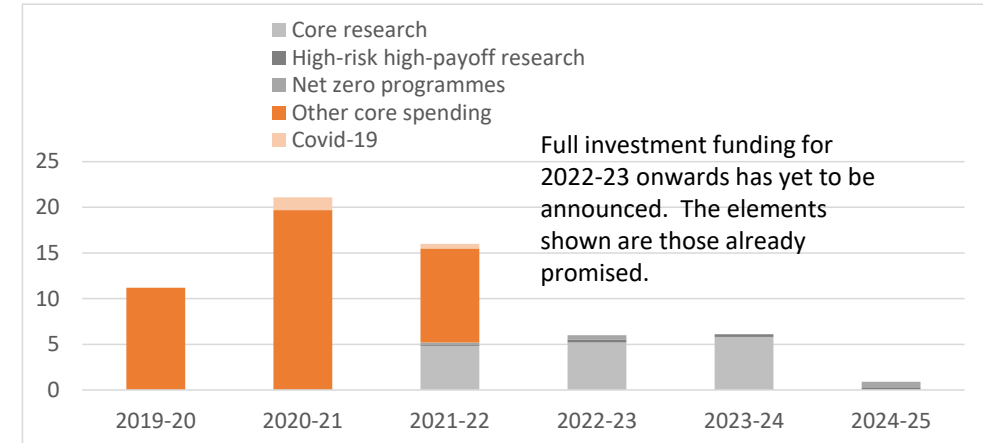
£ billion, Resource DEL budget excluding depreciation



The Institute for Fiscal Studies suggests spending commitments for health, education, defence and foreign aid mean "unprotected" departments face budget reductions in future years

Some science and research commitments have been made to BEIS's future investment spending beyond 2021-22s

£ billion, Capital DEL budget



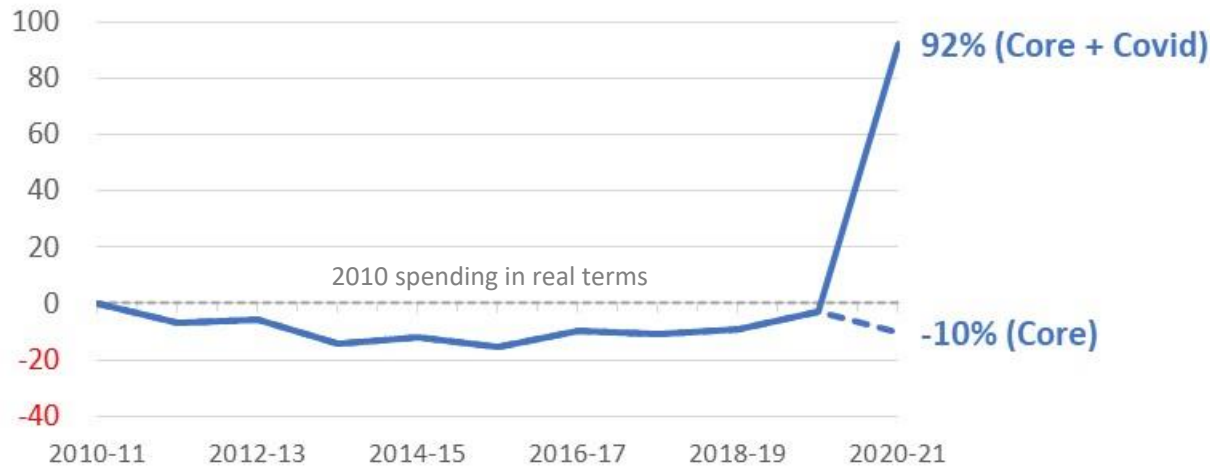
Full investment funding for 2022-23 onwards has yet to be announced. The elements shown are those already promised.

*May involve day-to-day and investment spending over several years

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

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

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



Day-to-day spending trends

- **Covid measures** have effectively doubled DCMS budget.
- Nominal spending had been **increasing since 2015-16**, largely due to higher staffing
- Increases in budget for the **Office for Civil Society** and **National Citizens Service** to nearly £280 million have contributed to the overall trend
- Core spending dropped more than initially planned

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



Investment spending trends

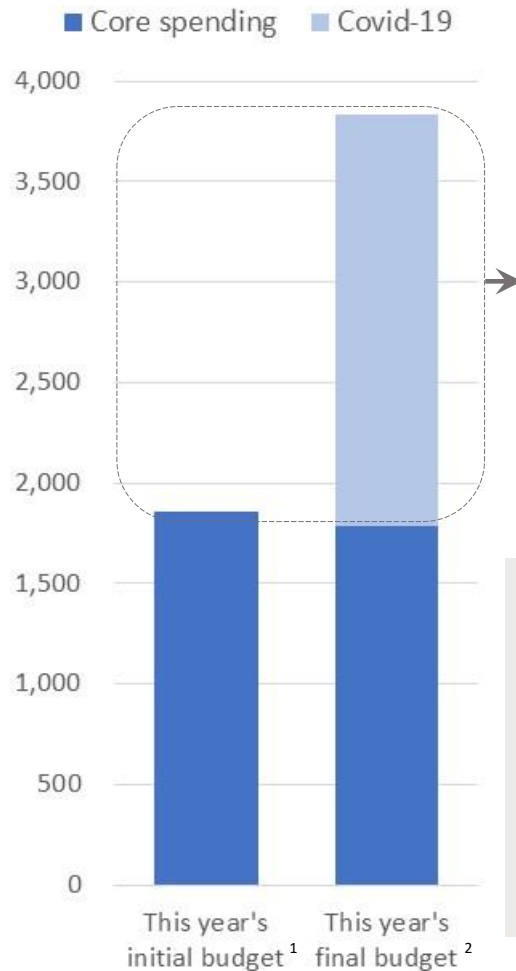
- **Covid measures** (largely loans) have dwarfed previously significant increases
- **Large increases since 2017-18** due to **funds for 5G** and **'Local Full Fibre Networks'** as part of the **£750m** digital allocation of National Productivity Investment Fund.
- An **accounting change** last year (IFRS16 on capitalisation of leases) also caused a significant spike.

Note: spending on London 2012 Olympics have been removed from trends

How DCMS' day-to-day spending changed in 2020-21

DCMS' day-to-day budget increased by £1,855.6m (+107%)

Resource DEL budget in £m



DCMS' spending increase was driven by Covid-19 measures

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



Changes in 2020-21

- **Covid-19 measures:** £2,044 million in consisting of:
 - **Cultural and heritage organisations:** grants and targeted support
 - **Charities support:** funding for charities affected by pandemic.
 - **"Production restart":** for film and TV productions unable to insure against Covid risks
 - **Sport winter package:** support for major spectator sports
 - **Leisure centre recovery:** £100 million to support local authority leisure centres
- **Other:** includes £63 million for drawdowns by museums under the Freedoms scheme, £91 million of re-profiling (of which £34 million is underspend by National Citizens Service and the rest largely digital/broadband) and £99 million net transfers to other departments (of which £125 million is for the charity support package).

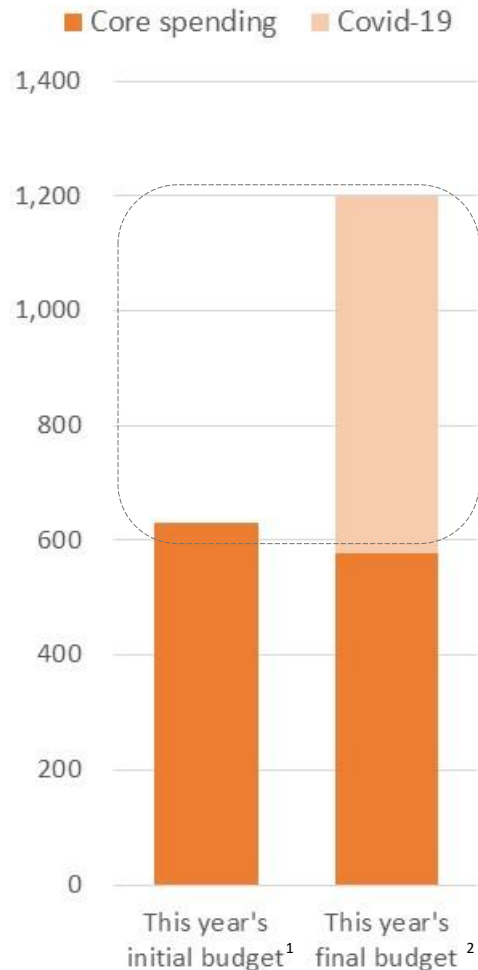
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How DCMS' investment spending changed in 2020-21

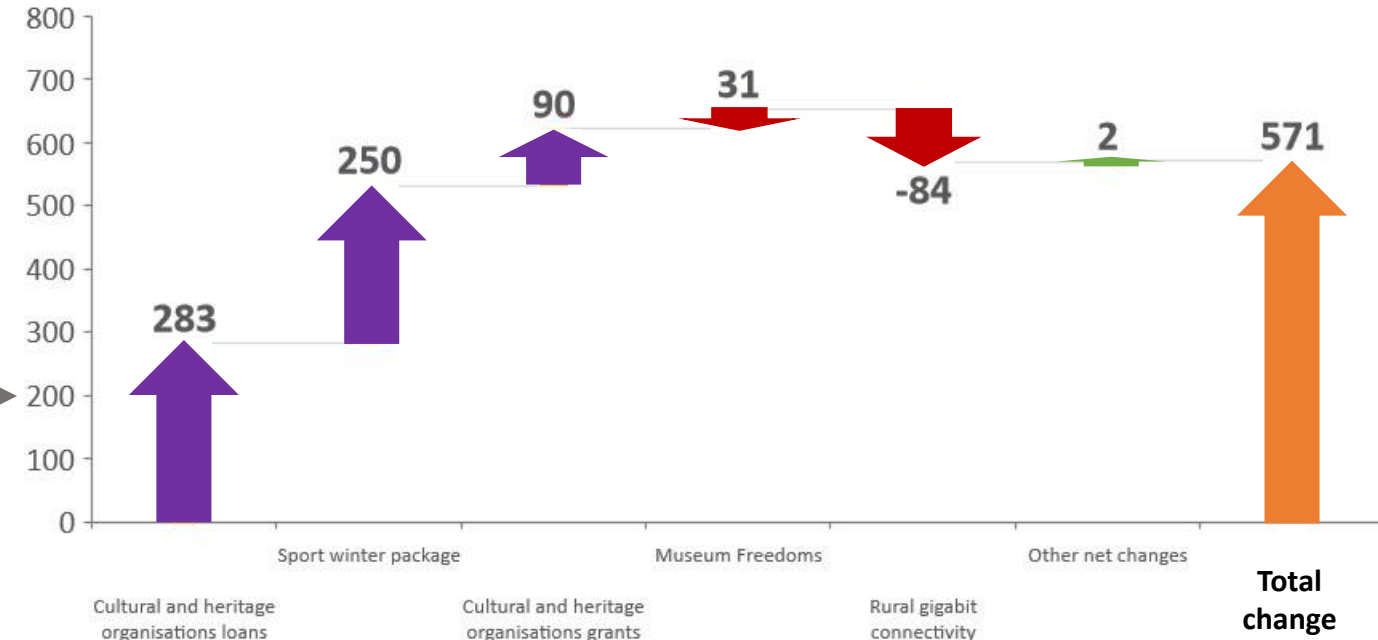
DEFRA's investment budget increased by £571.2m (+90.7%)

Capital DEL budget in £m



DCMS' increase in spending was driven by Covid-19 measures, most of which is loans

Changes in Investment (Capital DEL) budget in £m since final budget for 2019-20



Changes in 2020-21

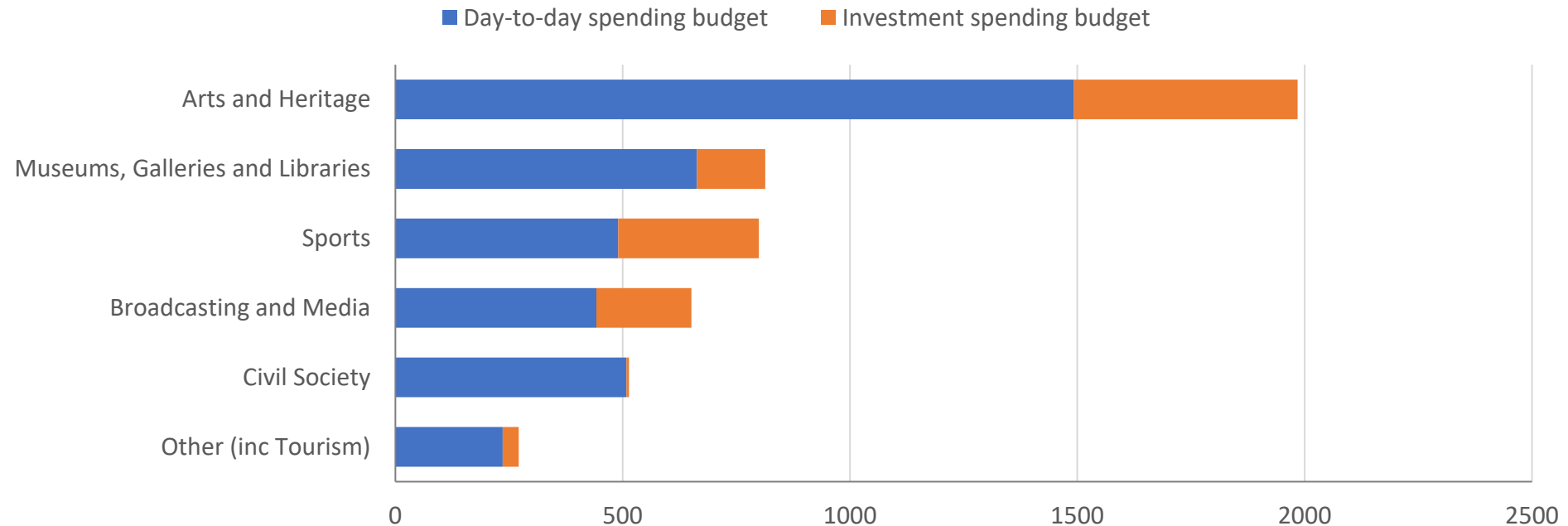
- **Covid-19 measures:** £622.2 million increase in funding, consisting of:
 - **Cultural and heritage organisations loans**
 - **Sport winter package:** loans to support major spectator sports
 - **Cultural and heritage organisation grants:** direct payments used for investment projects
- **Museum Freedoms:** drawdown of reserves by museums for investment projects
- **Rural gigabit connectivity:** re-profiling of £84 million of this year's budget to future years
- **Other:** includes £38 million transfer from DEFRA for Green Recovery Challenge Fund, £23 million reduction from re-profiling of budget for development of 700 MHz spectrum, and further reductions in budget due to re-profiling of other digital/broadband projects

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

Nearly 40% of the DCMS budget in 2020-21 was for 'Arts and Heritage'

Breakdown of DCMS budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Arts and Heritage** spending day-to-day spending is 30% of all DCMS spending; it is dominated by the “Cultural Sectors Support Package” for Covid (£966 million) and the Arts Council England (£470 million)
- **Museums, Galleries and Libraries** spending includes £72 million Covid support package, and British Library (£101 million), Victoria and Albert Museum (£49 million) and Tate Gallery (£48 million).
- **Sport** is mainly through Sport England (£215 million) and the winter sports Covid package “Project Arena” (£139 million).

Investment spending (Capital DEL)

- Investment spending has nearly doubled since last year, as Covid loans are classed as capital; in normal years Broadcasting and Media would be the largest spending area.
- **Arts and Heritage** investment spending is 10% of total spending, with £403 million in the Covid support package
- **Sports** total £309 million includes £250 million for Covid package
- **Broadcasting and media** includes Local Full Fibre Networks (£87 million), 5G (£32 million), 700 MHz Spectrum (£29 million) and UK gigabit Programme (£28 million).

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

DCMS' spending beyond 2020-21

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

Major future commitments have included*:

- £1.2 billion for the rollout of gigabit-capable broadband across the UK.
- £50 million for 5G in 2021-22 as part of a £250 million commitment to building secure and resilient network
- £200 million for flagship digital infrastructure programmes (Share Rural Network for 4G, Local Full Fibre Networks, 5G Testbed and Trials programmes)
- £320 million for internationally renowned galleries/museums
- £150 million in 2021-22 for events including Commonwealth Games and Festival UK
- £100 million for the National Citizen Service to invest in youth

Day-to-day spending:

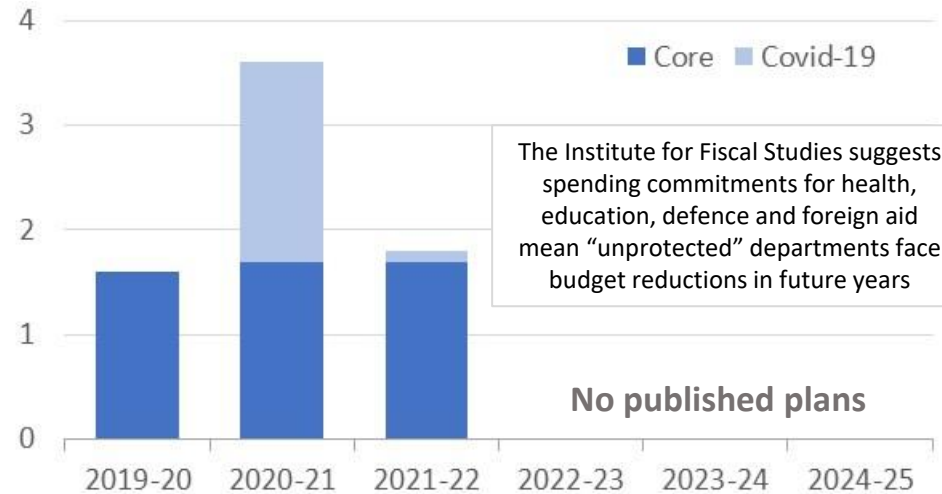
- As of Budget 2021 only £0.1 billion in Covid spending has been committed for 2021-22
- Core budget remains flat
- DCMS may be one of the departments facing future spending reductions from 2022-23

Investment spending:

- £135 million increase in core budget committed in SR20
- Gigabit broadband is the only long-term capital project, with a budget of £1.2 billion over 4 years, increasing by £0.1 billion per year

DCMS' future day-to-day spending is largely unknown

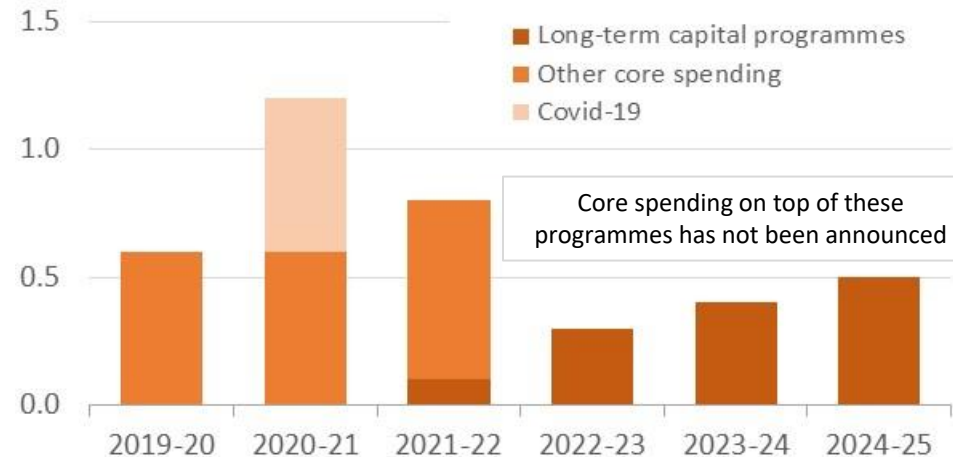
£ billion, Resource DEL budget excluding depreciation



The Institute for Fiscal Studies suggests spending commitments for health, education, defence and foreign aid mean "unprotected" departments face budget reductions in future years

DCMS' future investment has large Gigabit broadband component

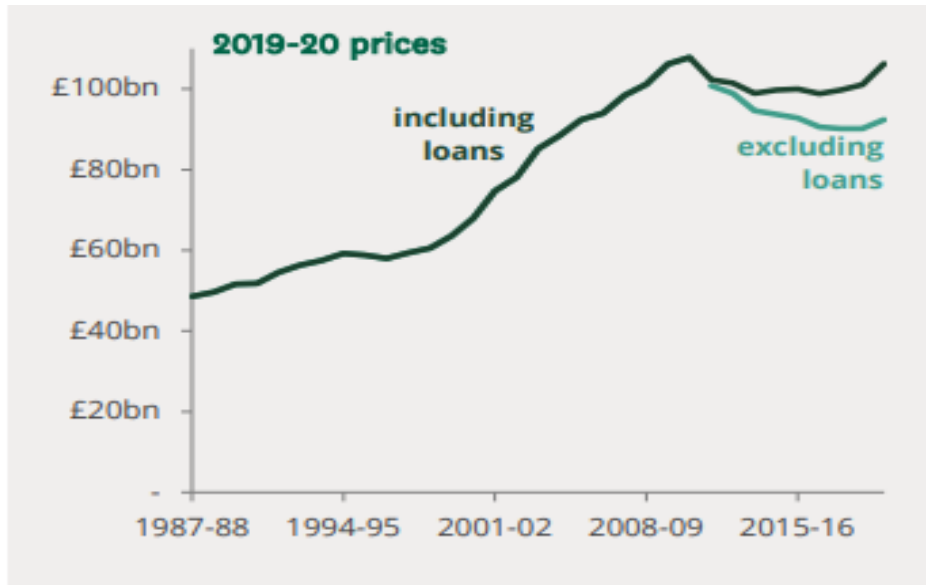
£ billion, Capital DEL budget



*May involve day-to-day and investment spending over several years

Department for Education (DfE)

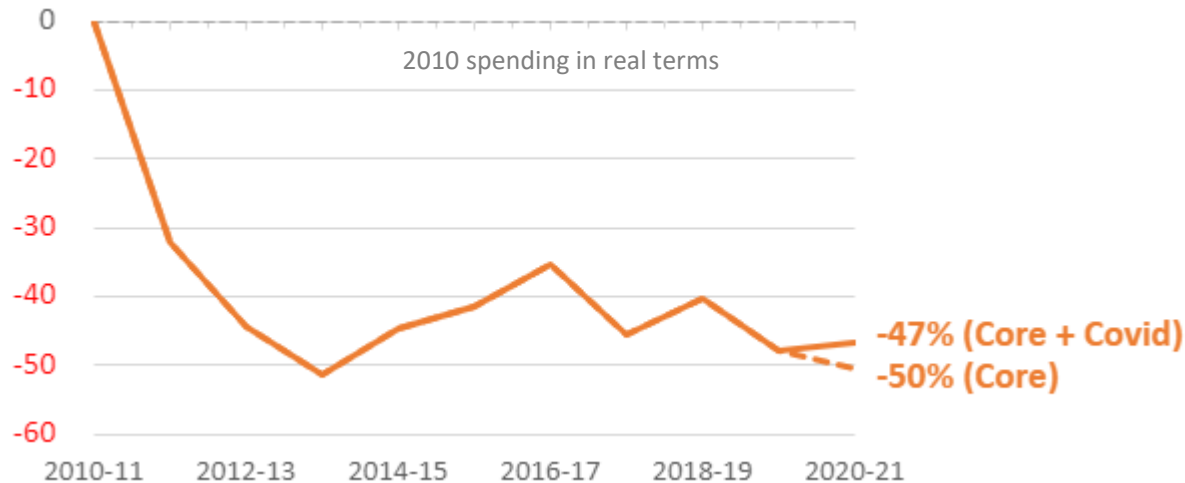
Long-term trends in DfE's spending (in real terms)



Day-to-day spending trends

- The chart to the left shows the House of Commons Library's analysis of trends in real terms spending on education over the last thirty years.
- While this is adjusted for inflation it takes no account of variations in pupil and student numbers.
- For further detail see [Education spending in the UK](#)

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



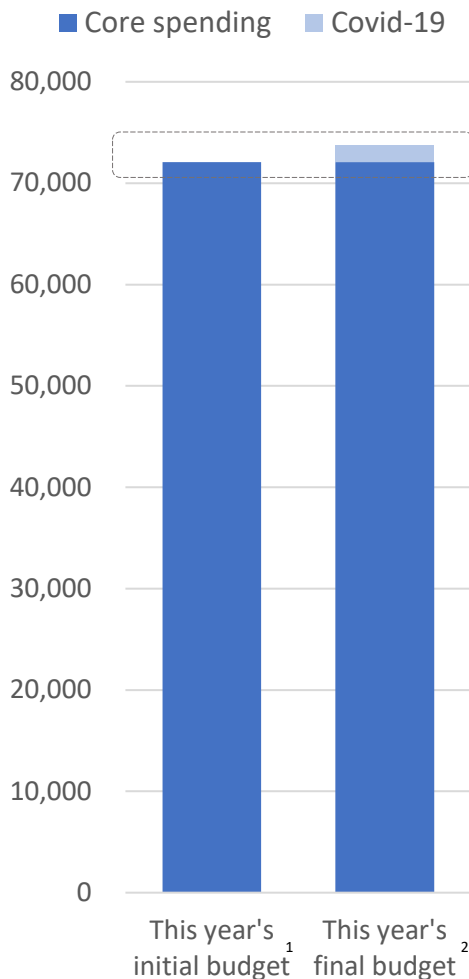
Investment spending trends

- DfE's capital budget fell significantly in real terms after 2010. Despite further funds being provided after 2014 in real terms capital funding still remains below 2010 levels

How DfE's day-to-day spending changed in 2020-21

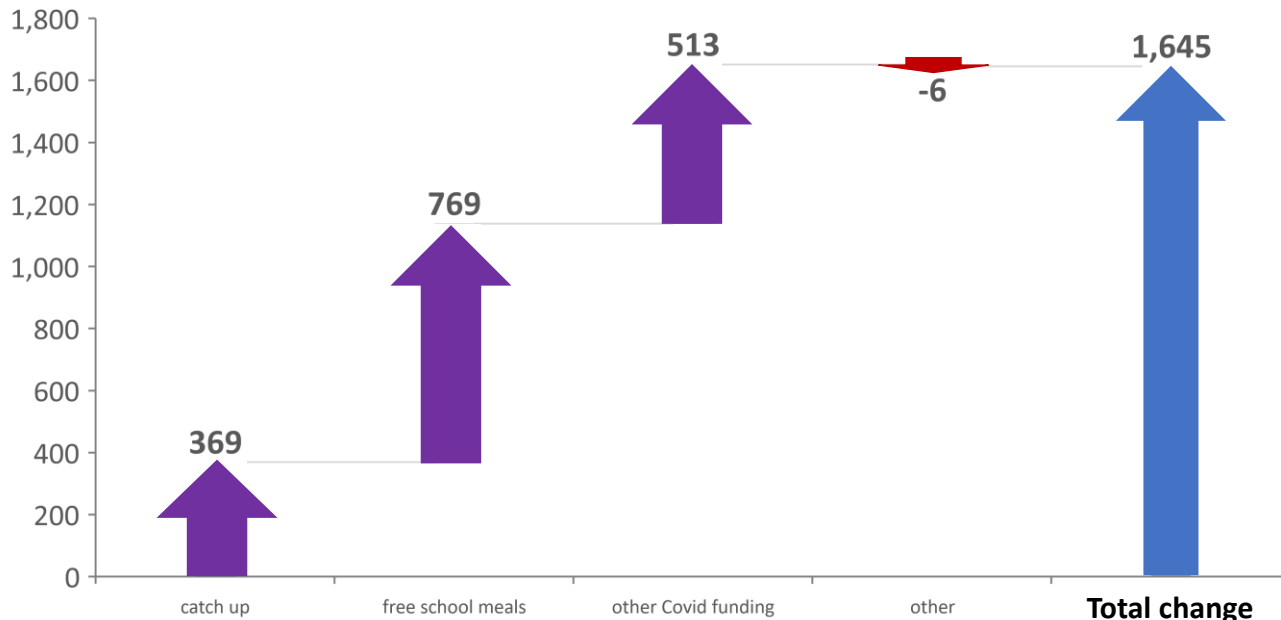
DfE's day-to-day budget increased by £1645m (+30.6%)*

Resource DEL budget in £m



Part of the catch up funding was drawn upon in 2020-21, plus extra funds for other Covid related costs

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



Changes in 2020-21

Covid measures:

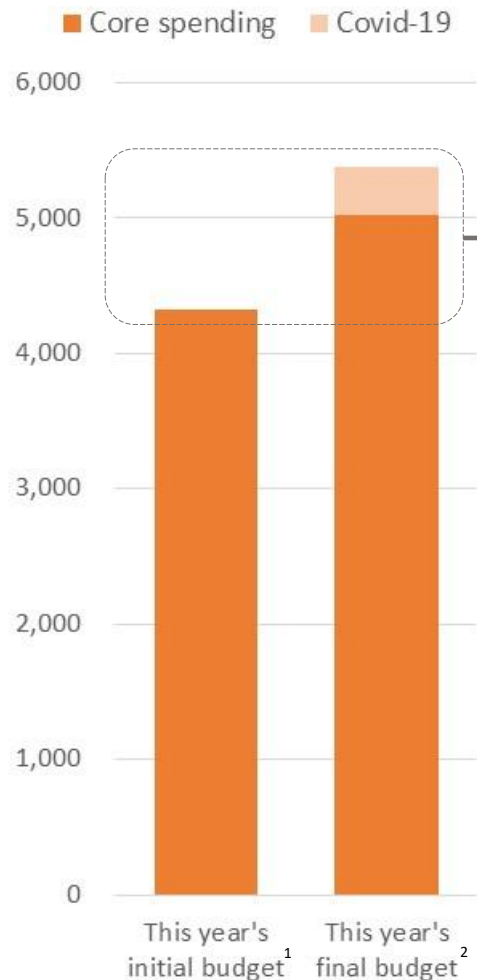
- £369 million: education catch up funding, including national tutoring programme
- £769 million free schools meals funding
- £513 million of other measures, including:
 - £158 million: additional school transport costs
 - £143 million: plan for jobs (additional funding for careers service, expanded traineeships scheme, funding for leavers without employment to study, and a new sector based academy programme)
 - £105 million for Higher Education (; £70 million student hardship fund; £35 million for restructuring loans)
 - Additional spending of £65 million to keep schools and colleges open last autumn (staff absence costs), £20 million for holiday activities, £16 million for vulnerable children charities, £6 million for exam contingency

There was also a £13.5 billion increase in the provision for the student loan book, a result of the annual revaluation of loan debt which takes place (not shown in figures and charts above)

How DfE's investment spending changed in 2020-21

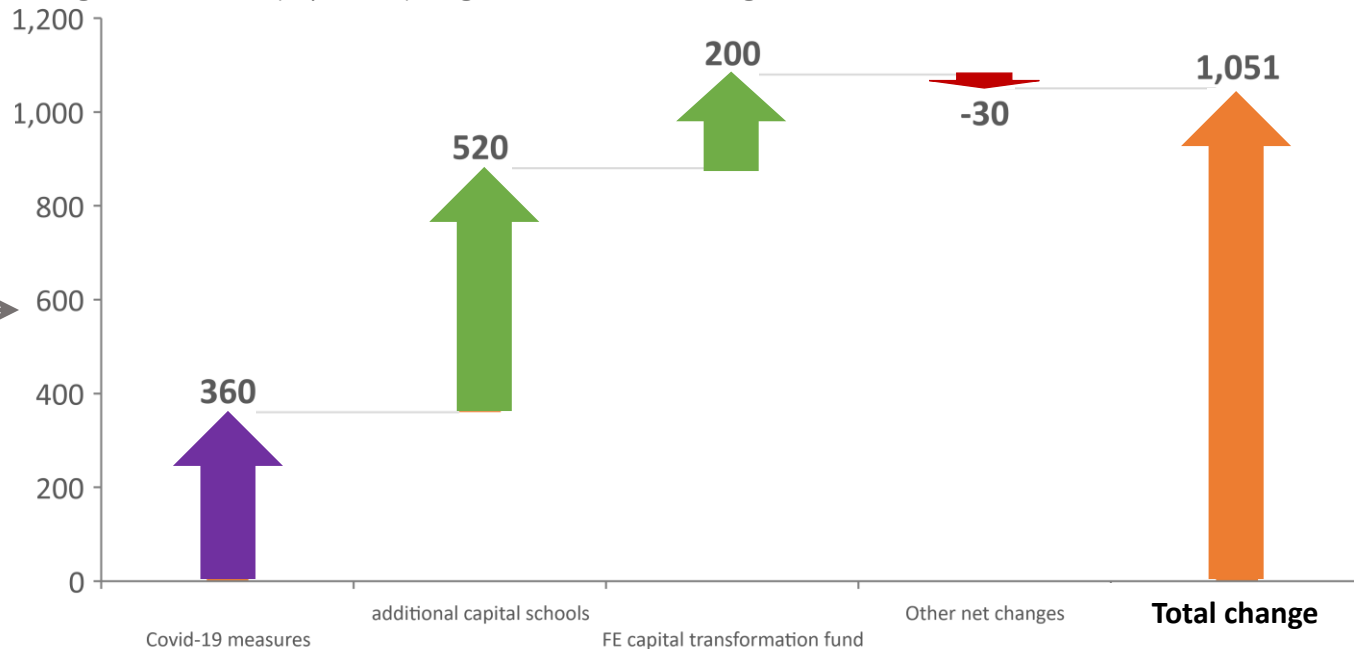
DfE's investment budget increased by £1050m (+24.3%)

Resource DEL budget in £m



Additional capital funding for schools and FE plus covid loans for HE

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



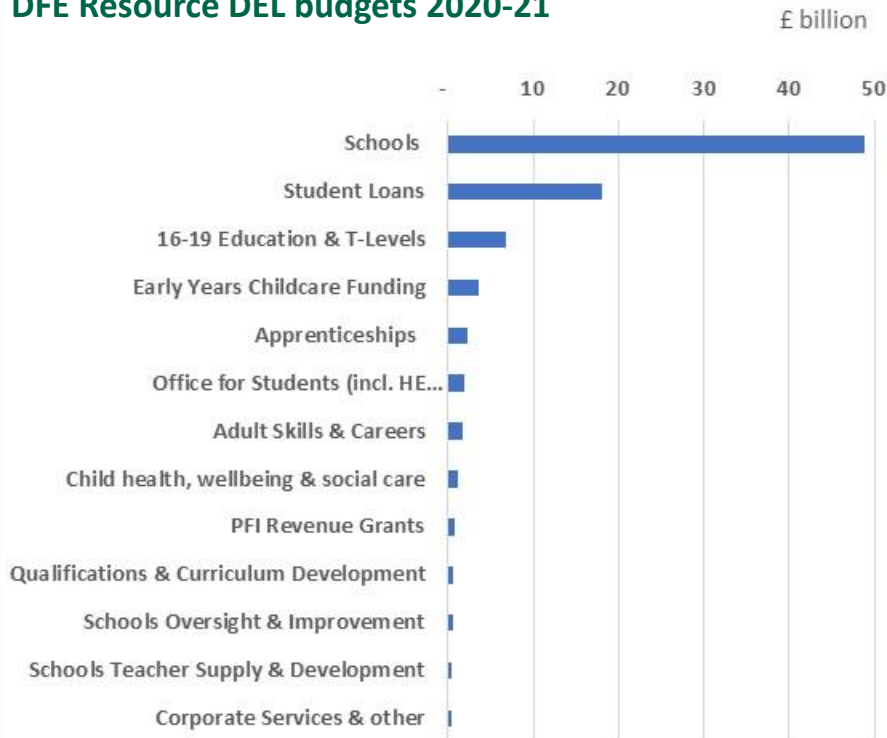
Changes in 2020-21

- **Covid-19 measures:**
 - Extra £100 million for a further 300,000 devices for schools
 - £260 million for loan funding for higher education institutions.
- £520 million extra is provided for the schools capital programme
- £200 million is for the FE capital transformation fund

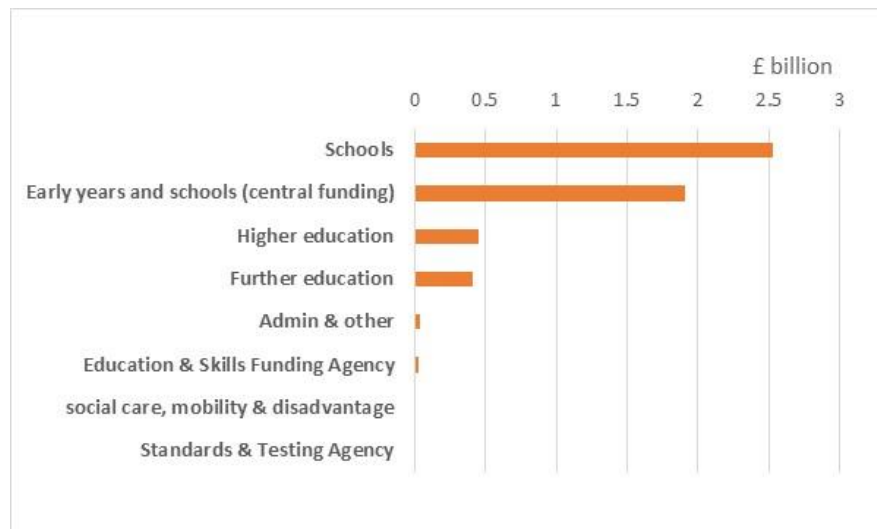
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

DFE Resource DEL budgets 2020-21



DFE Capital DEL budgets 2020-21



Day-to-day spending (Resource DEL)

- Schools funding is grant distributed by the Education and Skills Funding Agency and local authorities
- Spending on student loans consists of an annual provision for expected impairments in the value of the student loan book ie loans that are not expected to be repaid

Investment spending (Capital DEL)

- Capital spending on schools included the additional funding announced by the Prime Minister in June 2020
- Central funding for schools includes Covid funding for devices, connectivity and e learning
- HE funding shown is primarily loans
- FE funding cover the Further Education capital transformation fund

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

DfE's spending beyond 2020-21

Day-to-day spending plans:

Future day to day spending commitments include:

- Core schools budget to rise from £47.6 billion in 2020-21 to £49.8 billion in 2021-22 to £52.2 billion in 2022-23. This represents a 4.6% increase in 2021-22, and a further 4.8% in 2022-23
- The overall DfE resource DEL budget will rise from £67.8 to £70.7 billion in 2021-22 (+4.2%). No overall settlement has been announced for 2022-23 or beyond
- Real terms funding per learner for FE to be maintained in 2021-22 (funding of £291 million)
- £375 million for the National Skills fund in 2021-22
- making available £2.5 billion of funding for apprenticeships and further improvements for employers

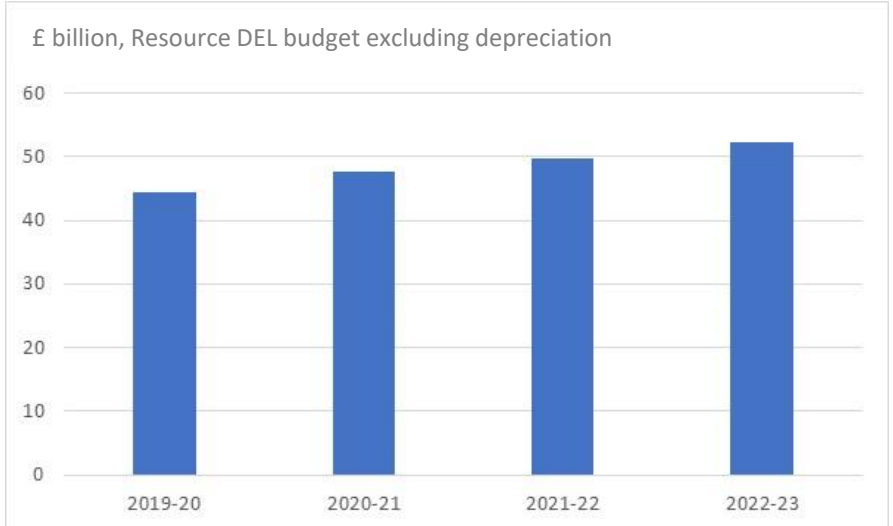
Investment spending plans:

- A commitments of £1 billion over four years for the FE college estate

In 2021-22

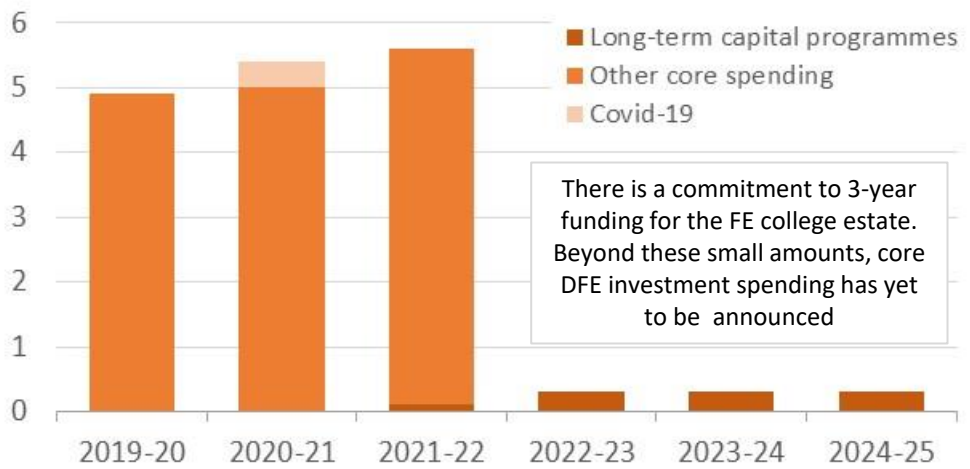
- £1.8 billion for the school estate
- £300 million for new special educational needs places
- £83 million for expected rises in the numbers of 16-19 year olds in education
- £162 million for T levels waves 2 and 3
- £72 million for the commitment for 20 institutes of technology
- £64 million for student loan company
- £24 million form expanded capacity of secure childrens' homes

Schools funding to rise in cash terms, but this needs to cover inflation and growth in pupil numbers



Capital spending to rise but still not back to 2010 levels

£ billion, Capital DEL budget



*May involve day-to-day and investment spending over several years

Department for Environment, Food and Rural Affairs (DEFRA)

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

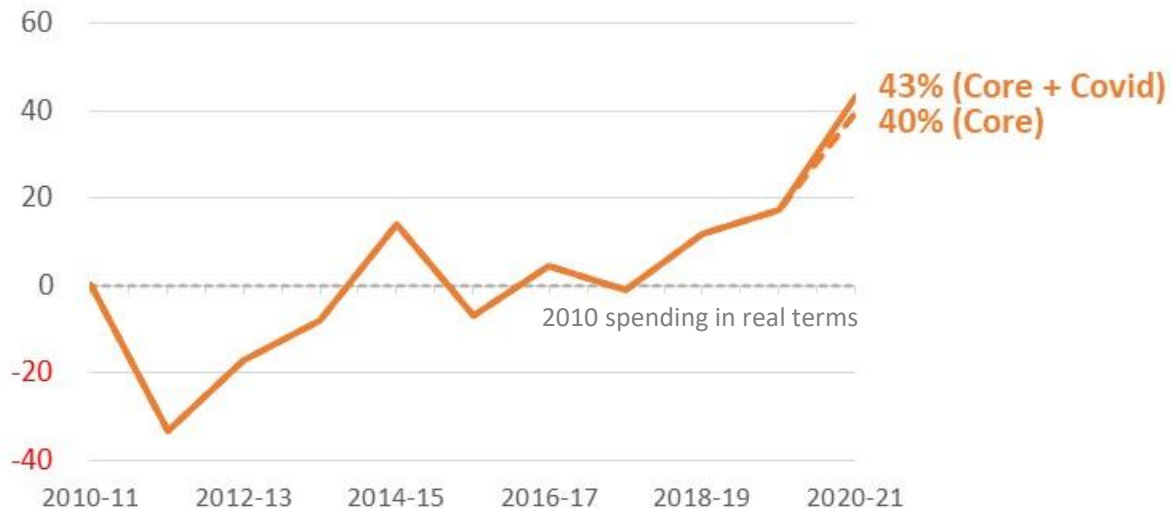
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

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

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



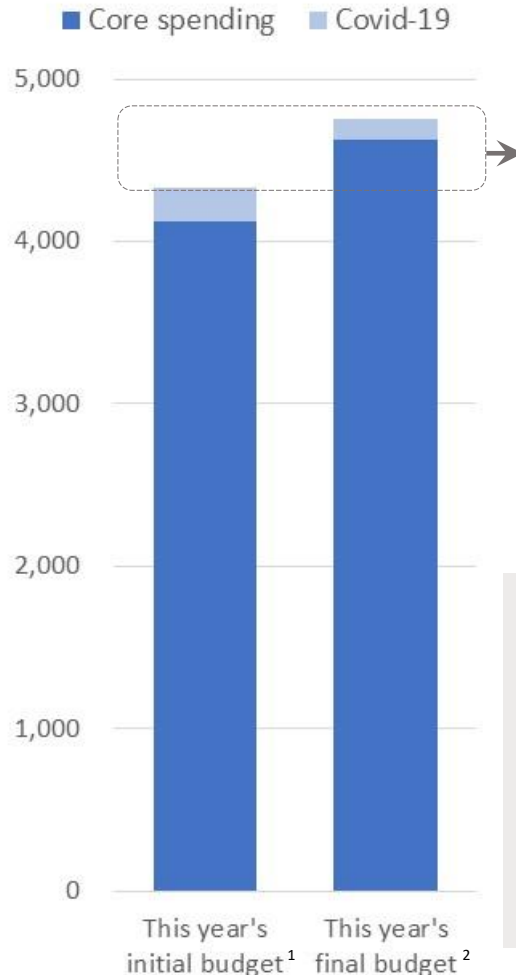
Investment spending trends

- DEFRA's capital budget was **not squeezed as hard as that for day-to-day spending**, but has been lumpy over this period.
- Since 2015-16 there has been increased investment in **IT and property** to reduce day-to-day spending on corporate services **and EU Exit** preparations
- More recently spending has increased on **flooding** repair and defence work

How DEFRA's day-to-day spending changed in 2020-21

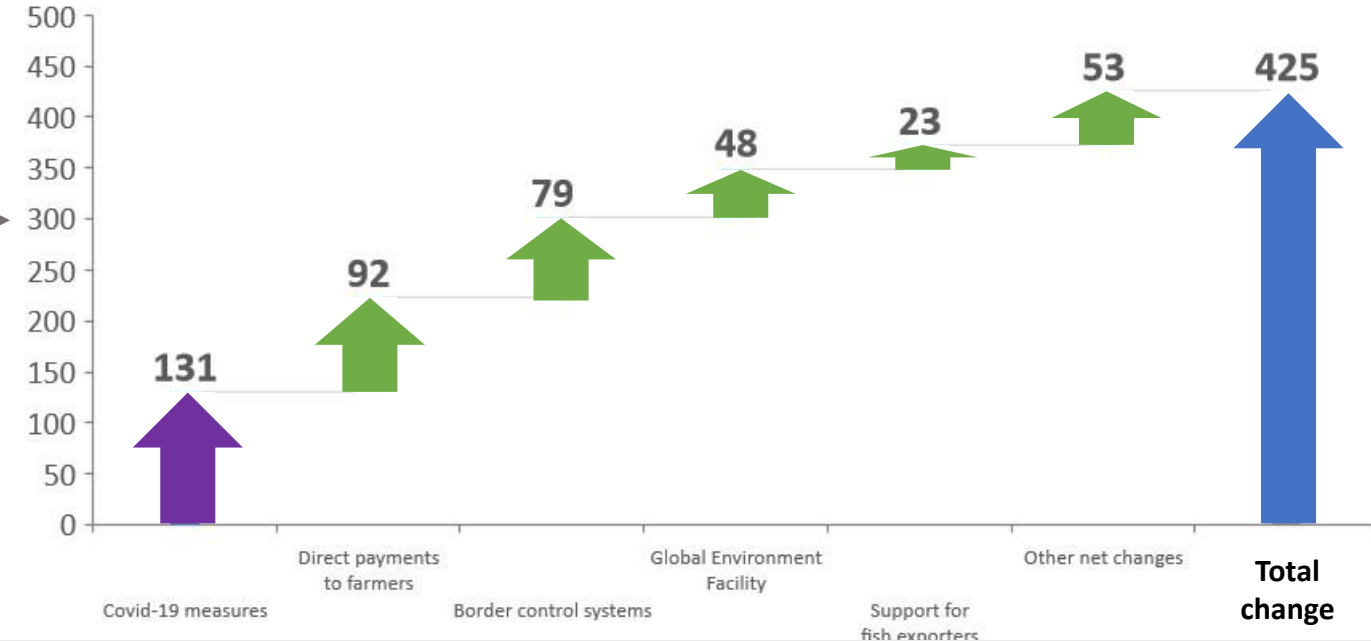
DEFRA's day-to-day budget increased by £425.3m (+9.8%)

Resource DEL budget in £m



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

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



Changes in 2020-21

- **Covid-19 measures:** includes £63 million for local authority grants for vulnerable people, £19 million to replace income lost by arms-length bodies, £16 million for food charity schemes, and £12 million each for zoos and the DEFRA department to convert IT to home-working.
- **Direct Payments to farmers:** addition to the new spend of £1,751 million in the Main Estimate; previously paid by the European Commission but now paid by Rural Payments Agency follow EU Exit.
- **Border control systems:** includes N. Ireland Protocol requirements and products of animal origin
- **Global Environment Facility:** transfers from the investment budget for international work
- **Support for fish exporters:** for those affected by new export requirements (and Covid-19)

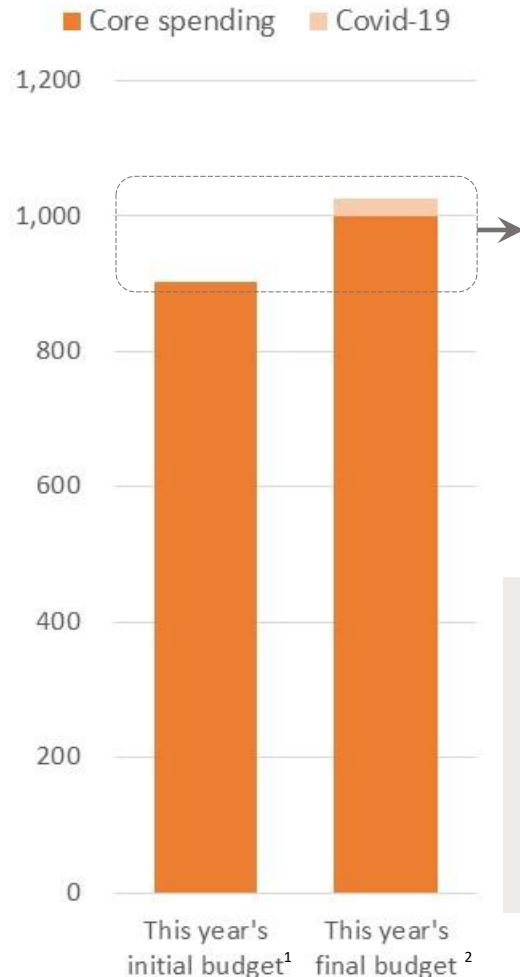
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How DEFRA's investment spending changed in 2020-21

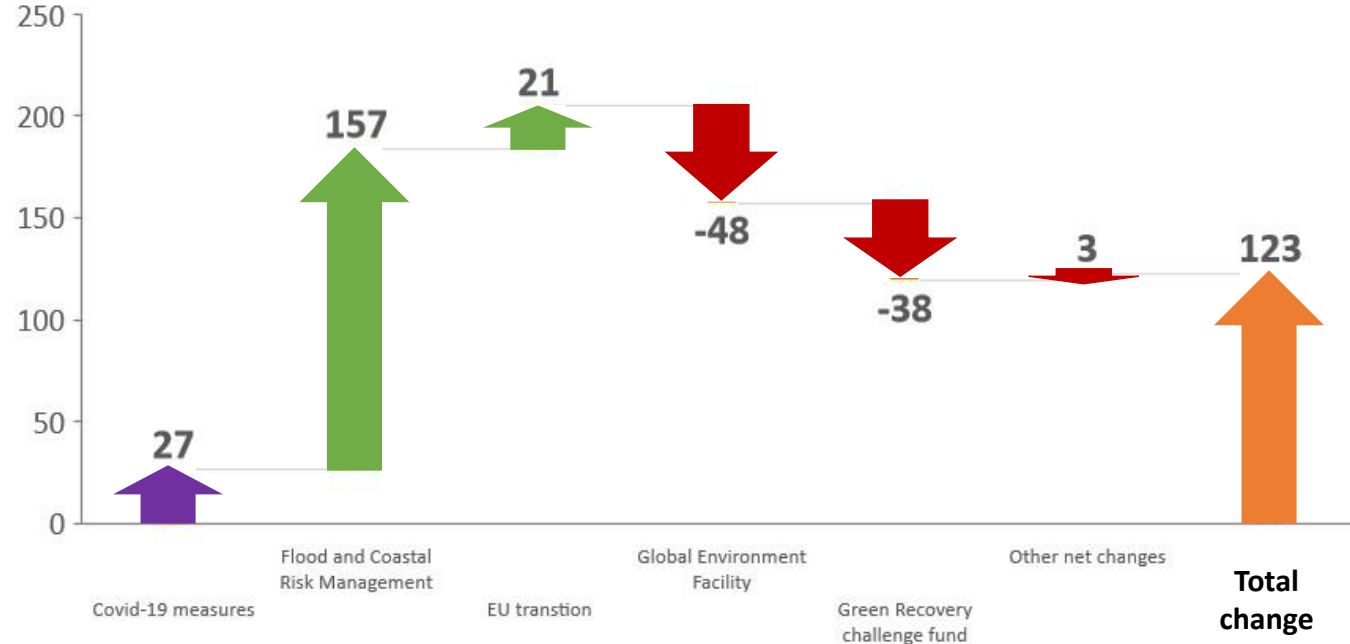
DEFRA's investment budget increased by £122.7m (+13.6%)

Capital DEL budget in £m



DEFRA's investment spending increases largely reflected funding for flood defences

Changes in Investment (Capital DEL) budget in £m since final budget for 2019-20



Changes in 2020-21

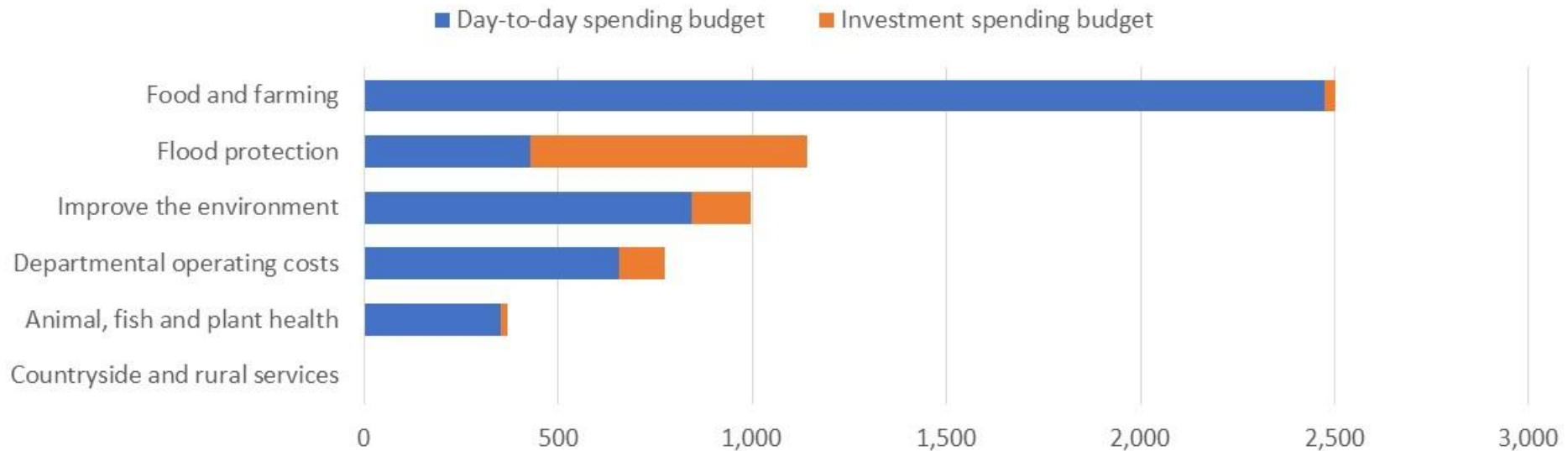
- **Covid-19 measures:** includes £19 million for Green Recovery challenge fund and £7.9 million for IT, largely for the department to adapt to remote working.
- **Flood and Coastal Risk Management:** includes funding raised from Insurance Tax premium.
- **EU transition:** primarily for IT to support new border controls and N. Ireland Protocol.
- **Global Environment Facility:** transferred to day-to-day budget.
- **Green Recovery challenge fund:** funds transferred to DCMS, including the additional funding received as part of the Covid-19 response.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the DEFRA budget is for 'food and farming' for direct payments to farmers

Breakdown of Defra budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Food and farming** budget is now the largest spending area, due to direct payments to farmers. The Rural Payments Agency now accounts for over a third of the Defra budget.
- **Flood protection** is almost entirely composed of the Environment Agency (EA) budget, and the combined budget with investment spending is more important (EA regularly moves funding to the investment budget through the year).
- **Improve the environment** constitutes many programmes, including natural environment and atmosphere improvement (£317 million) wildlife, international, climate and forestry programme (£157 million), and EA funding (£186 million)

Investment spending (Capital DEL)

- **Flood protection** investment spending has previously been the largest element of the Defra budget but following introduction of direct payments it now accounts for 70% of investment, but only 12% of total spending; flood protection is administered by the EA who published a new [National Flood and Coastal Erosion Risk Management Strategy](#) in July 2020.
- **Improve the environment** includes spending of £58 million by the EA for environment protection and £57 million on the wildlife, international and climate

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

Defra's spending beyond 2020-21

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

Major future commitments have included*:

- Doubling the flood and coastal defence investment to £5,200 million over six years, including £200 million for an innovation programme supporting 25 local areas to develop schemes
- £2,400 million in 2021-22 to maintain current annual budget to farmers
- To tackle climate change and emissions, £92 million for the Nature For Climate Fund, £75 million for National Parks and an extra £40 million for nature recovery through the Green Recovery Challenge Fund

Day-to-day spending:

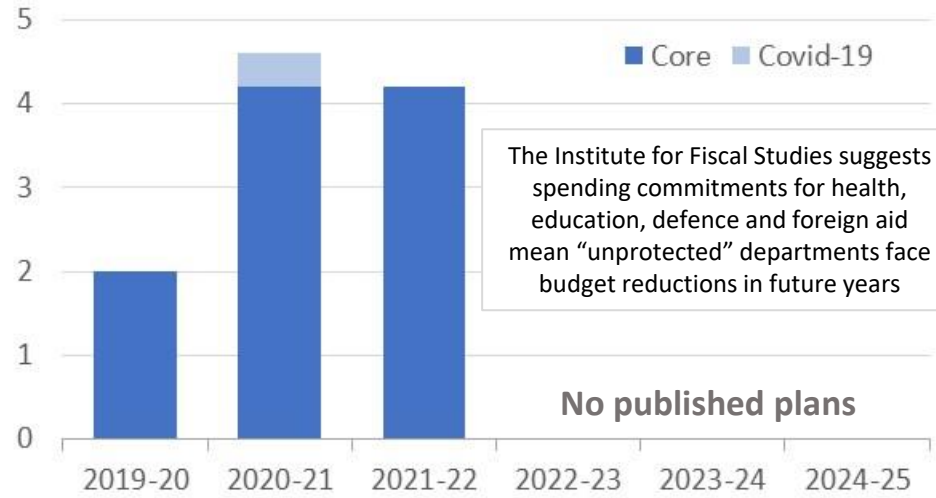
- No additional Covid spend planned for 2021-22.
- Spending Review detailed a £400 million increase in core funding, but Budget plans now show increased spending in 2020-21 and a flat profile in 2021-22
- Defra may be one of the departments facing future spending reductions from 2022-23

Investment spending:

- Capital budget increases by around £600 million in 2021-22
- Flood defence programme commits £900 million per year until 2024-25, suggesting £1,600 million will need to be spent in 2025-26 to meet the government's commitment

DEFRA's future day-to-day spending is largely unknown

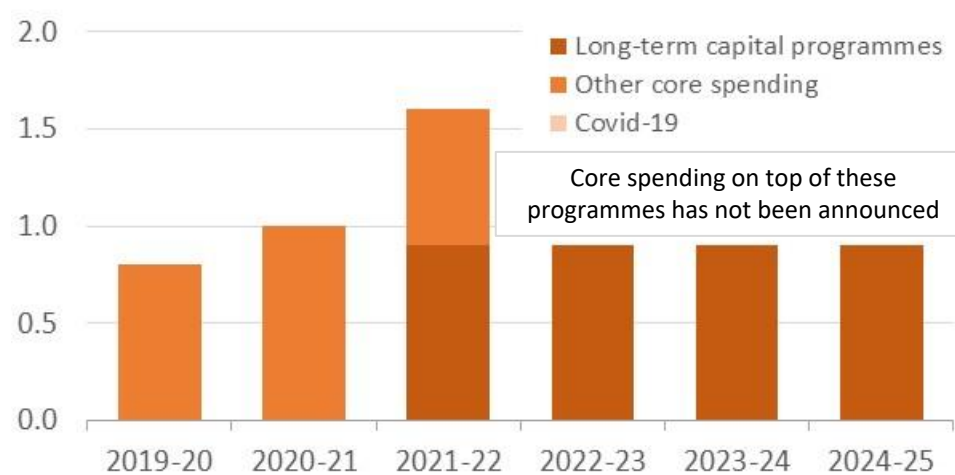
£ billion, Resource DEL budget excluding depreciation



The Institute for Fiscal Studies suggests spending commitments for health, education, defence and foreign aid mean "unprotected" departments face budget reductions in future years

DEFRA's future investment spending includes funding for long-term projects

£ billion, Capital DEL budget



Core spending on top of these programmes has not been announced

*May involve day-to-day and investment spending over several years

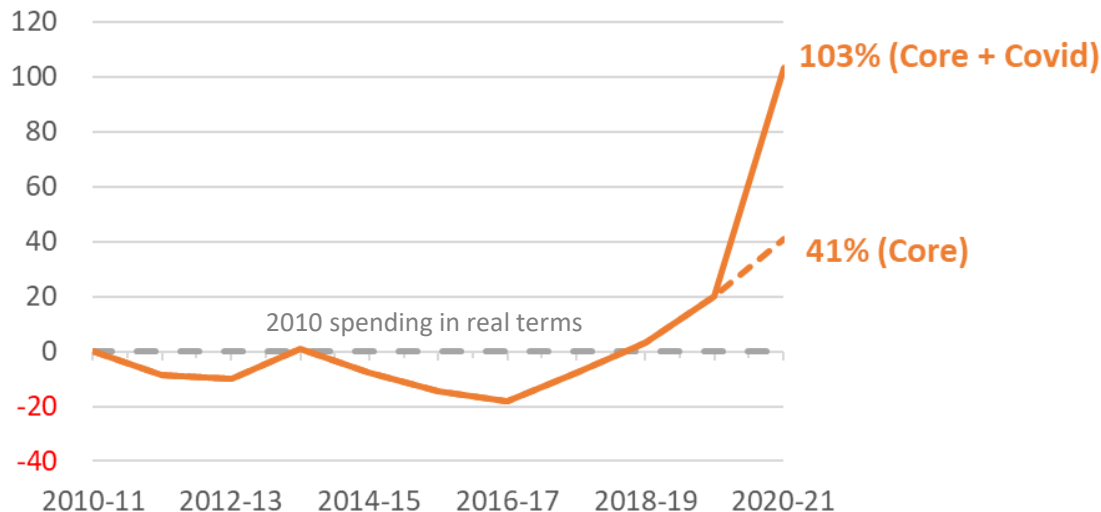
Department for Health and Social Care (DHSC)

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

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



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



Day-to-day spending trends

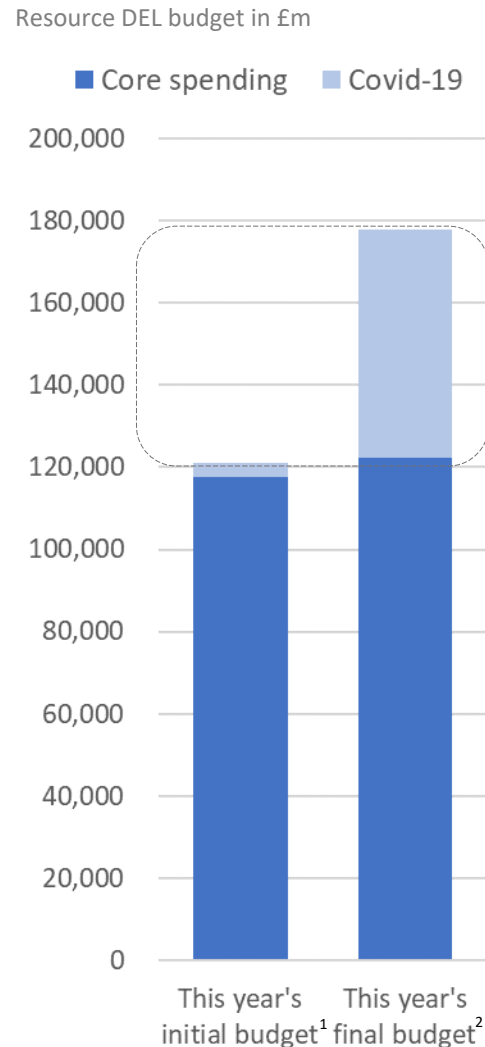
- In real terms, the 2020-21 core Health and Social Care budget decreased year-on-year for the first time since 2010. While the nominal budget increased year-on-year, there was unusually high inflation for 2020-21, of around 7% for the economy as a whole. Much of this is due to the method used to measure inflation in government spending; Covid-19 has caused significant increases in nominal expenditure, but a reduction in real measured outputs, such as GP consultations and outpatient services.
- **£59 billion** was provided in day-to-day Covid-19 support measures, £20 billion of which was for Test and Trace, £15 billion for the NHS emergency response to the pandemic and £14.8 billion for PPE.

Investment spending trends

- The nature of capital projects means that the level of investment can be more volatile from year-to-year.
- From 2016-17, there has been several years of growth. Investment spending in 2020-21 is set to be 41% higher than 2010-11 in real terms.
- **£4 billion** was provided in capital Covid-19 support measures, including £2.7 billion for Test and Trace.

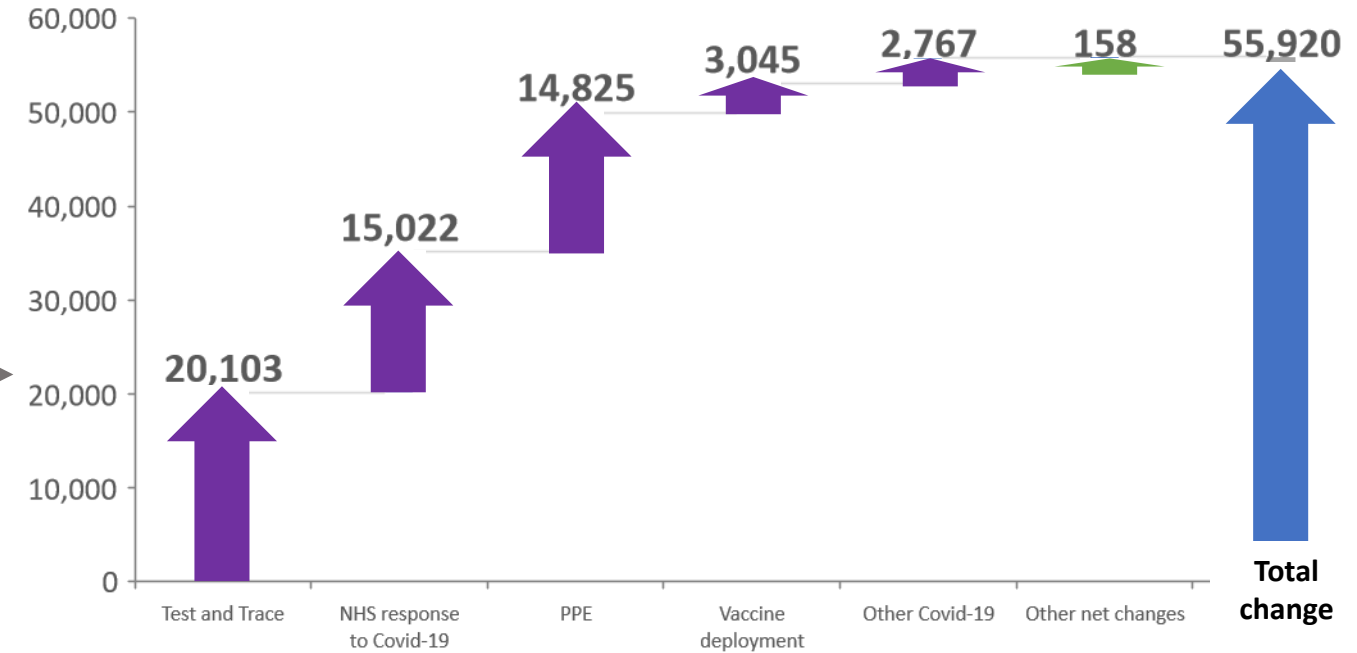
How DHSC's day-to-day spending changed in 2020-21

DHSC's day-to-day budget increased by £56,773m (+57%)



Most of DHSC's budget increase has been due to significant Covid-19 support measures

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



Changes in 2020-21

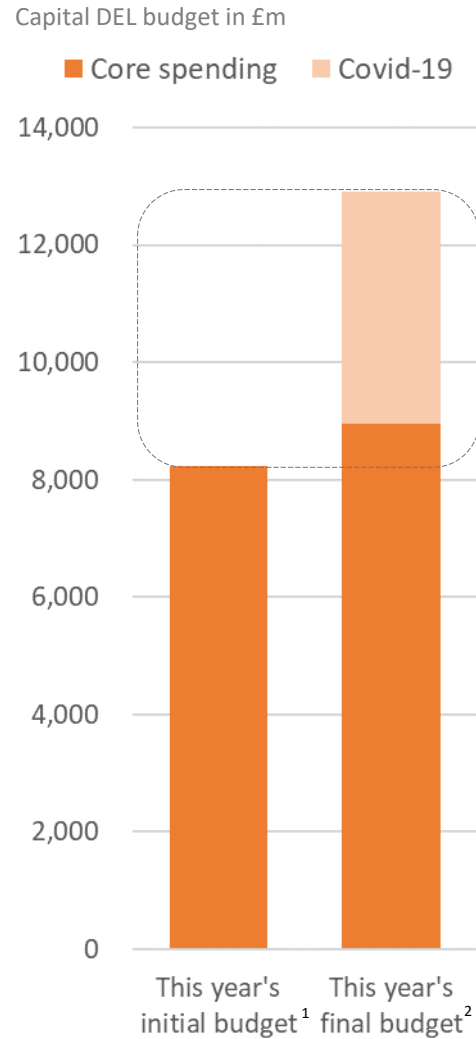
- Covid-19 measures:** £20,103 million for Test and Trace; £15,022 million for the NHS emergency response to Covid-19; £14,825 to procure PPE; £3,045 for vaccine deployment; £1,139 million for Local Authority Infection Control grants; £946 million for therapeutic Covid-19 treatments; £145 million for ventilators and the Critical Care National Stockpile; £120 million for additional adult social care costs; £290 million for depreciation on assets and; £127 million on other Covid-19 measures.
- Net other changes** relate to: £65 million for EU continuity of supply and freight capacity procurement funding and; £536 million for non-cash costs such as depreciation and impairments. This is netted off by a £213 million reduction relating to Business Rates; £151 million in transfers to other departments for the cost of PPE and; £88 million net transfers to other departments for other Covid-19 costs.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

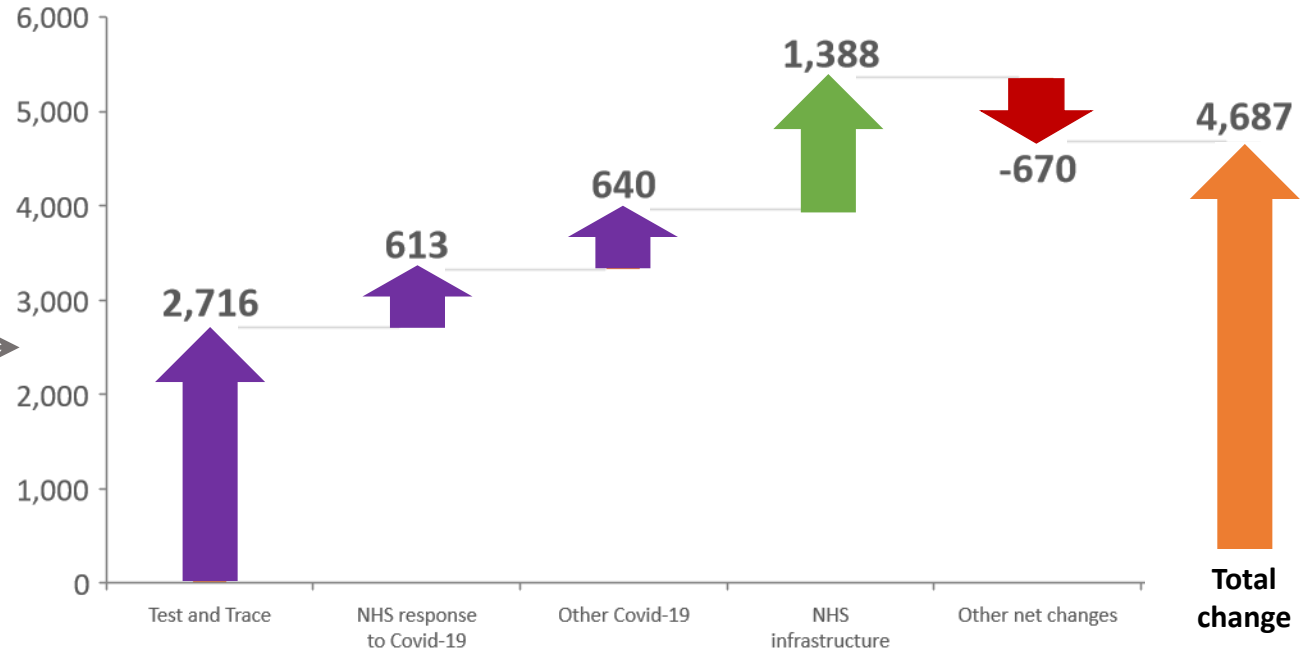
How DHSC's investment spending changed in 2020-21

DHSC's investment budget reduced by £2,851m (-21%)



DHSC's investment spending has increased mainly due to Covid-19 costs

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



Changes in 2020-21

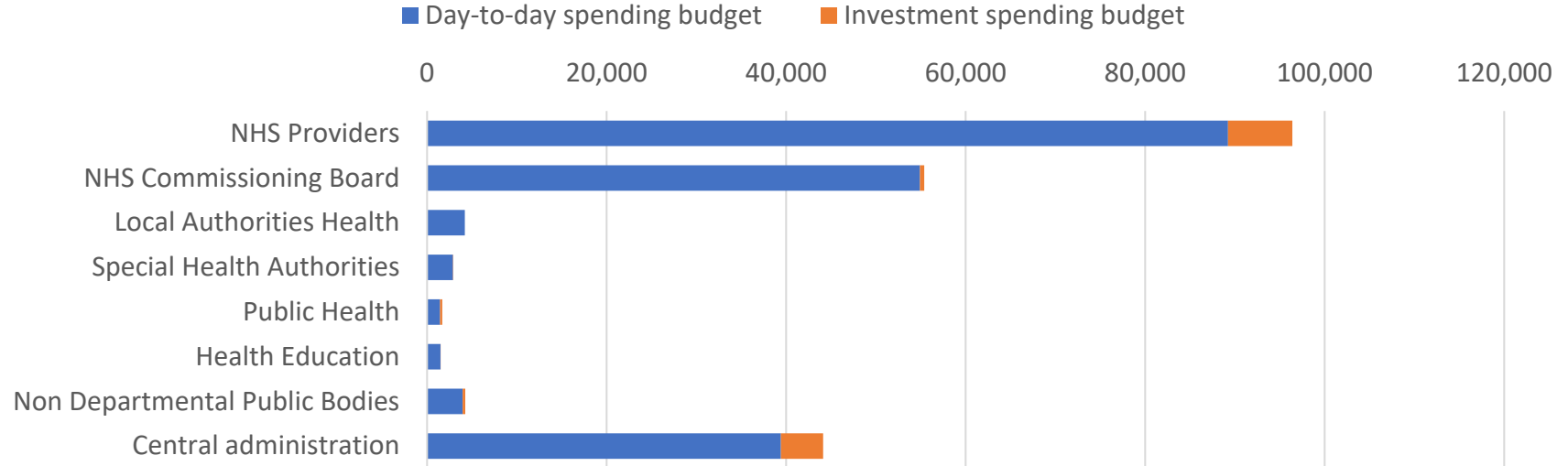
- Covid-19 measures:** £2,716 million for Test and Trace; £613 million for the NHS emergency response; £439 million for ventilators and the Critical Care National Stockpile £60 million for the purchase of PPE; £117 million for therapeutic Covid-19 treatments; £10 million for vaccine deployment and; £14 million for other Covid-19 related costs.
- NHS infrastructure:** £1,388 million allocated for NHS infrastructure as part of the summer acceleration announcements.
- Other net changes:** £649 million re-purposed from business as usual budget to cover Covid-19 capital spending and; £28 million returned to HM Treasury due to reduction in Official Development Assistance (ODA) budget.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the DHSC budget goes straight to the NHS, but central DHSC spending has grown

Breakdown of DHSC budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Total Resource DEL budget** for DHSC in 2020-21 is **£197,534 million**.
- **The NHS** makes up the largest element in the DHSC budget (**£144,149 million**), split between NHS providers at £89,240 million and the NHS Commissioning Board (NHS England) at £54,909 million. Of this, around £18,750 million was in Covid-19 support measures.
- **Central administration** also makes up a substantial portion of funding at 20% (**£39,425 million**) of the total budget. This has increased significantly since the Main Estimates, when central administration made up 4% (£5,629 million) of the Resource budget. This increase is because most of the PPE, Test and Trace and vaccine deployment costs are allocated to central administration. Of the total central administration budget, around £38,250 million is allocated for Covid-19 costs, primarily for PPE and Test and Trace. For comparison, the previous year's total central administration budget in the Supplementary Estimates 2019-20 was £1,271 million.

Investment spending (Capital DEL)

- **Total Capital DEL budget** for DHSC in 2020-21 is **£12,918 million**.
- As with the Resource DEL budget, most of this is spent on the NHS: **£7,166 million** on **NHS providers** and **£476 million** on the **NHS Commissioning Board**.
- 36% of the Capital DEL budget is for **central administration**, at **£4,702 million**. £2,786 million of this is for Test and Trace.

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

DHSC's spending beyond 2020-21

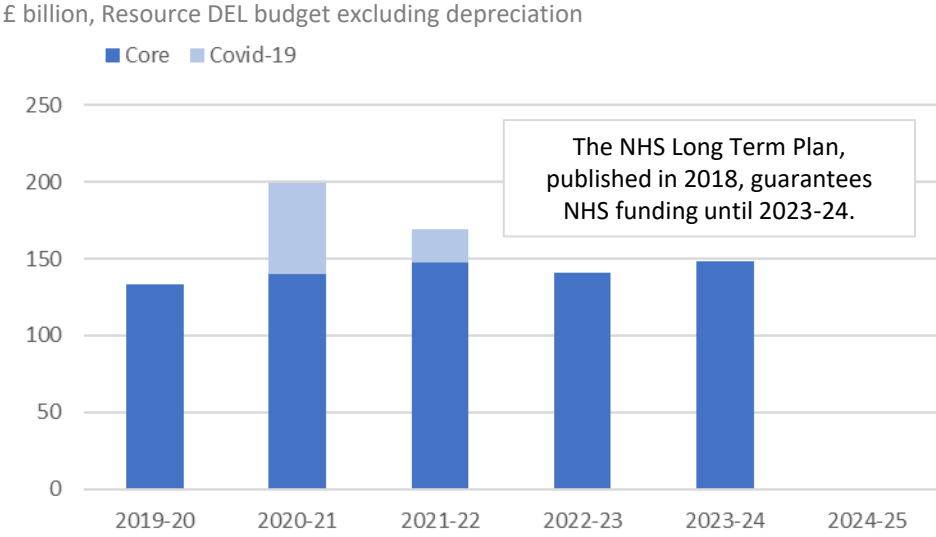
The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes under the investment budget.

- Major future commitments have included*:
- Confirmed day-to-day funding levels for NHS until 2023-24, under the NHS Long Term Plan.
 - £3.8 billion for the Hospital Building Programme (to 2024-25)
 - £1.7 billion for the Hospital Upgrade Programme (to 2024-25)
 - £1.65 billion in 2021-22 to support vaccine deployment

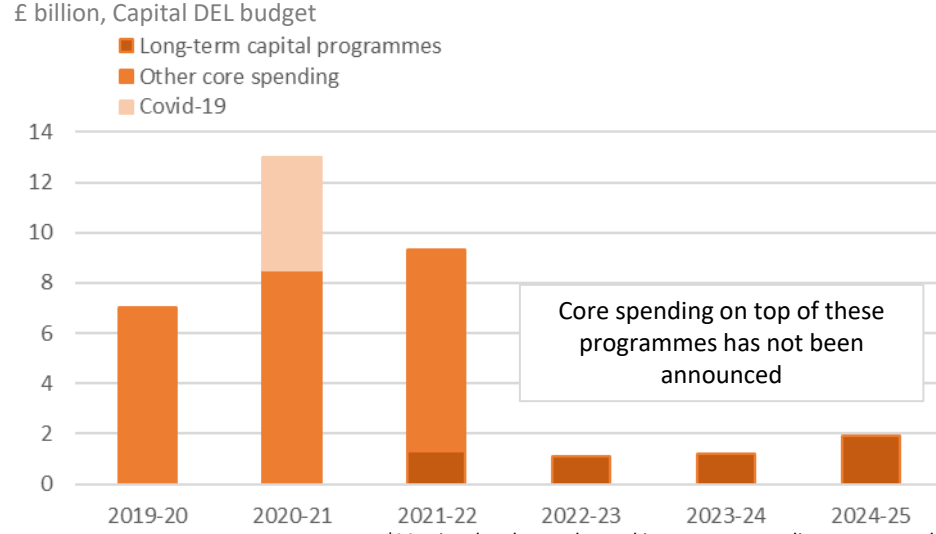
- Day-to-day spending:**
- The government has confirmed Resource DEL funding for the NHS up to 2023-24, reaching £148.5 billion at the end of this period.
 - For Covid-19 support measures in 2020-21, the government has allocated £58.9 billion and £22 billion for 2021-22.

- Investment spending:**
- The government has allocated Capital DEL Covid-19 support of £4.5 billion for 2020-21, but none beyond this.
 - The core capital budget will increase by 9% in 2021-22, 14% of which relates to the Hospital Building Programme and Hospital Upgrade Programme.

DHSC's future day-to-day spending is guaranteed until 2023-24



DHSC is set to invest £5.5 billion over 4 years in improving hospitals

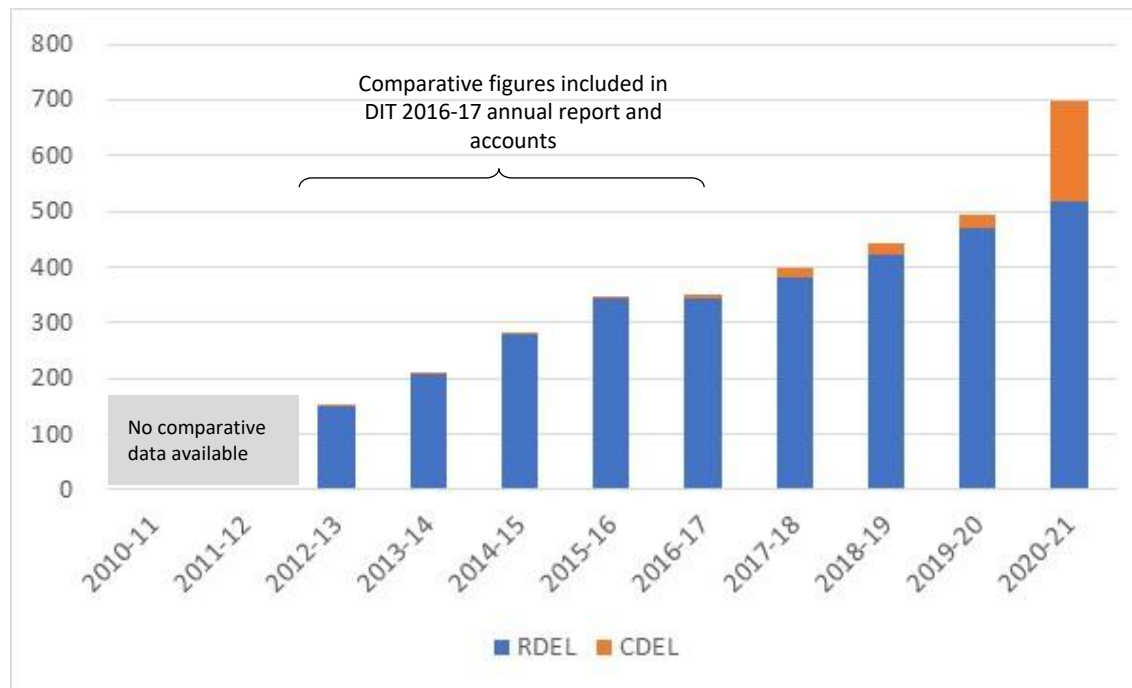


*May involve day-to-day and investment spending over several years

Department for International Trade (DIT)

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

Percentage change in **Total DEL (Resource DEL + Capital DEL)**:



Day-to-day spending trends

- The Department was established on **14 July 2016**. Comparative data on international trade public spending is available as far back as 2012-13, using data from **UKTI and the Trade Policy Unit in the former Department for Business, Innovations and Skills**.
- DIT's spending and budgets have increased year on year since 2016-17 to deliver the Government's trade agenda.
- The expansion in funding has primarily been caused by **the need to establish an independent trade policy function** as the UK leaves the European Union.

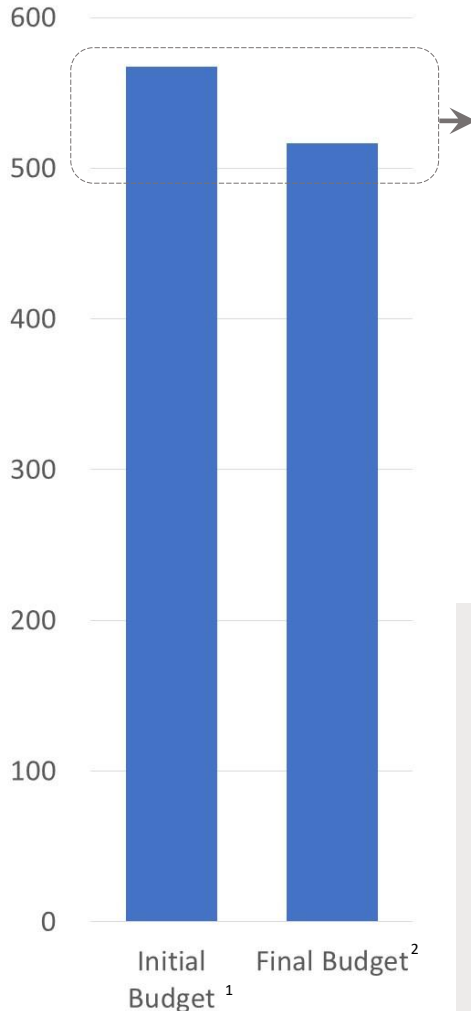
Investment spending trends

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

How DIT's day-to-day spending changed in 2020-21

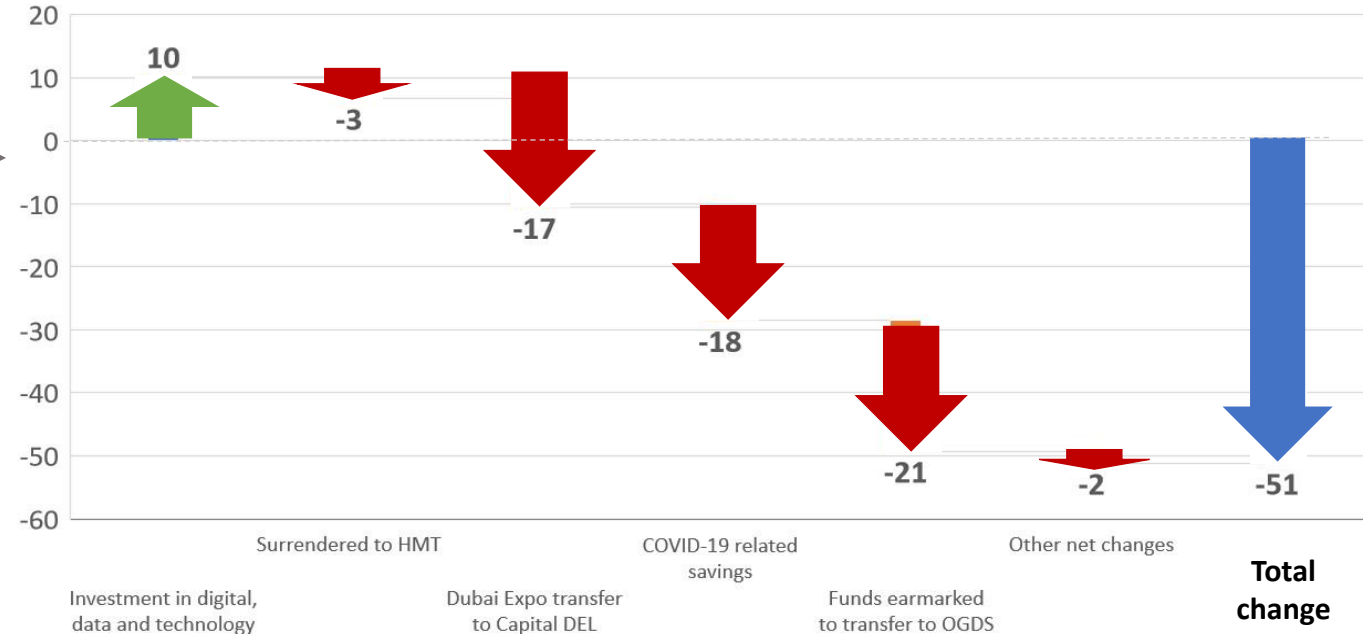
DIT's day-to-day budget decreased by £52.1m (-9%)

Resource DEL budget in £m



DIT's spending reduction has been driven by reduced trade negotiation costs

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



Changes in 2020-21

- **Transfers to other departments** account for the biggest reduction. These funds had been earmarked with the intention of transferring to other departments at the Supplementary Estimate.
- **COVID-19 related changes:** DIT has seen lower than expected costs for areas such as overseas travel and the Dubai Expo.
- **Surrender to HM Treasury:** DIT surrendered £3.4 million of GREAT funding following delays to implementation caused by reasons including COVID-19.
- **Digital, data and technology:** the reductions above were slightly offset by an increase of £10.1 million to support Digital, Data and Technology investment including for systems and content needed for the end of the EU Transition Period.

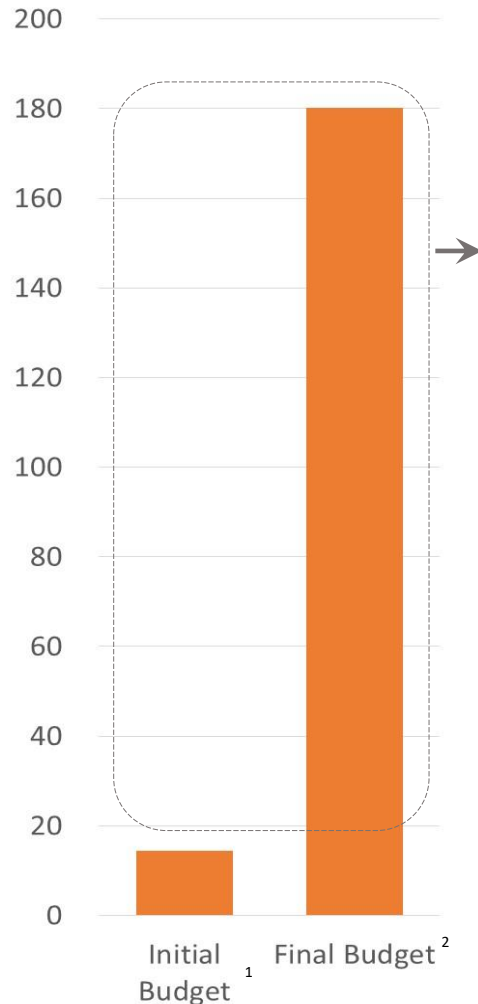
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How DIT's investment spending changed in 2020-21

DIT's investment budget
increased by £165.7m (+1,159%)

Capital DEL budget in £m



DIT's investment spending has increased largely due to taking on a lease for the Old Admiralty Building

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



Changes in 2020-21

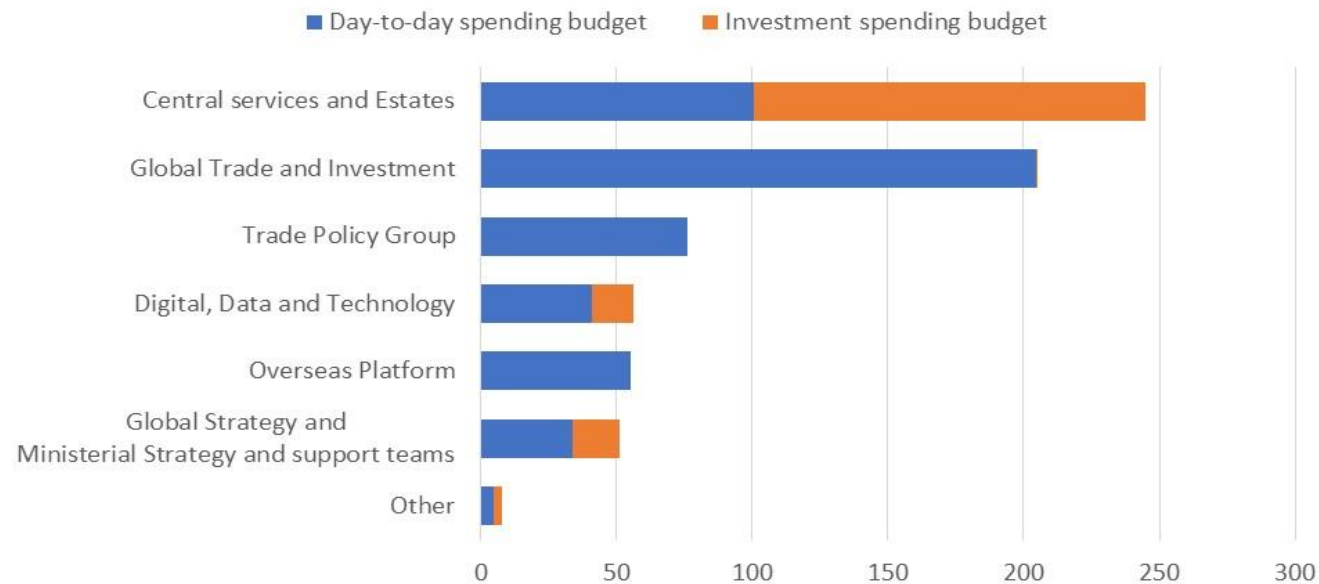
- **Old Admiralty Building:** The Department is due to enter into a lease agreement with the Government Property Agency for the use of Old Admiralty Building. Most of the increase is therefore associated with taking this building onto DIT's balance sheet (£144 million)
- **Resource to Capital Transfer:** A funding-neutral transfer from day-to-day to capital spending took place in respect of funding for the Dubai Expo.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the DIT budget is for global trade and investment

Breakdown of DIT budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **The Global Trade and Investment** budget of £204.6 million accounts for 40% of DIT's day-to-day budget. It aims to drive growth in the value of UK exports and supporting investment into and out of the UK.
- **The Trade Policy Group** (£76.2 million) aims to get the most favourable international frameworks for the UK.
- **The Overseas Platform** (£55.4 million) relates to DIT's contribution to the FCO for their delivery on behalf of HMG of the overseas infrastructure which DIT uses to deliver its objectives.

Investment spending (Capital DEL)

- **Estates:** The Department is due to enter into a lease agreement with the Government Property Agency for the use of Old Admiralty Building. Most of the increase is therefore associated with taking this building onto DIT's balance sheet (£144 million).

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

DIT's spending beyond 2020-21

The most recent spending plans were published in [Spending Review 2020](#), with some further announcements in [Budget 2021](#). Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

There have been so significant future funding commitments for DIT.

Day-to-day spending:

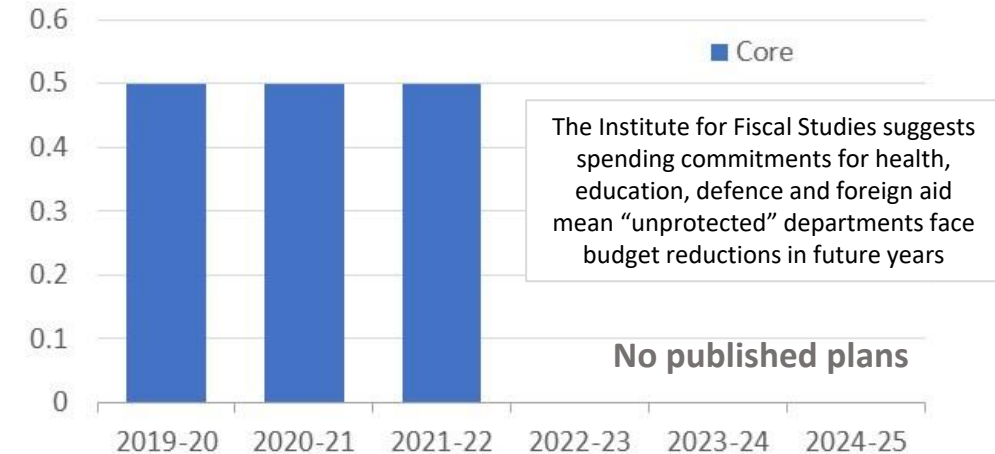
- There is no additional COVID-19 spending allocated to 2020-21.
- Day-to-day spending is expected to remain relatively stable in the near-term. The global pandemic has resulted in lower than expected staff travel expenses in the current year, and this may continue for some time if trade negotiations remain virtual.

Investment spending:

- DIT tends to maintain a very small capital investment budget. The exception to this is the current financial year, as a result of the new leasehold of the Old Admiralty Building.
- Future capital investment is likely to remain at a low level, with further investments in digital, data and technology expected.

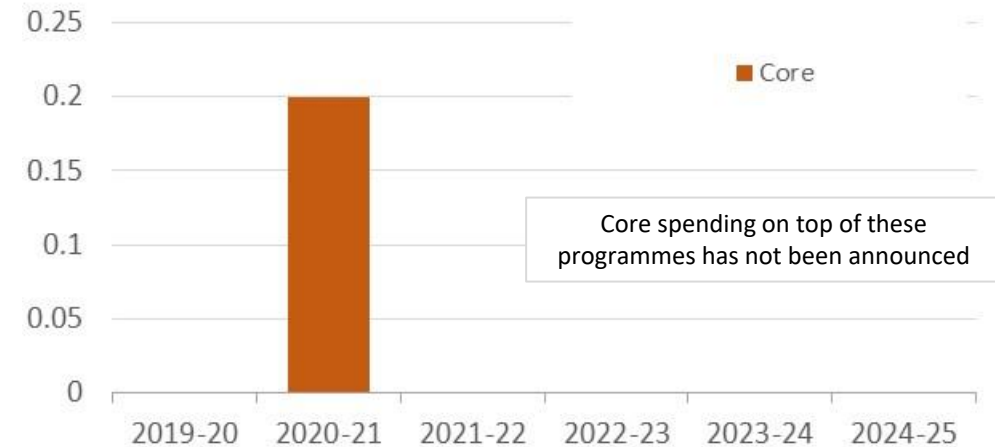
DIT's future day-to-day spending is not expected to change significantly

£ billion, Resource DEL budget excluding depreciation



DIT's future investment spending is largely unknown

£ billion, Capital DEL budget

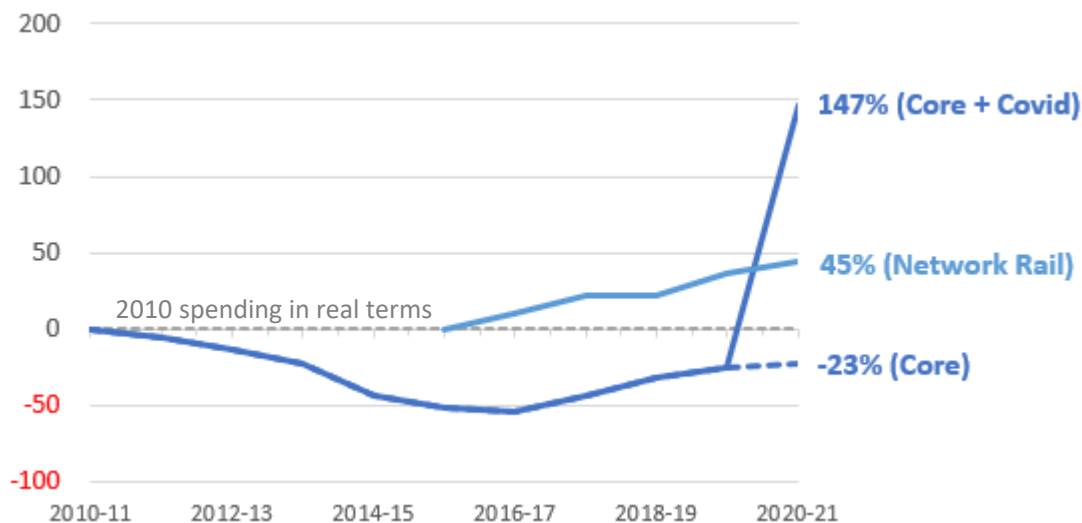


*May involve day-to-day and investment spending over several years

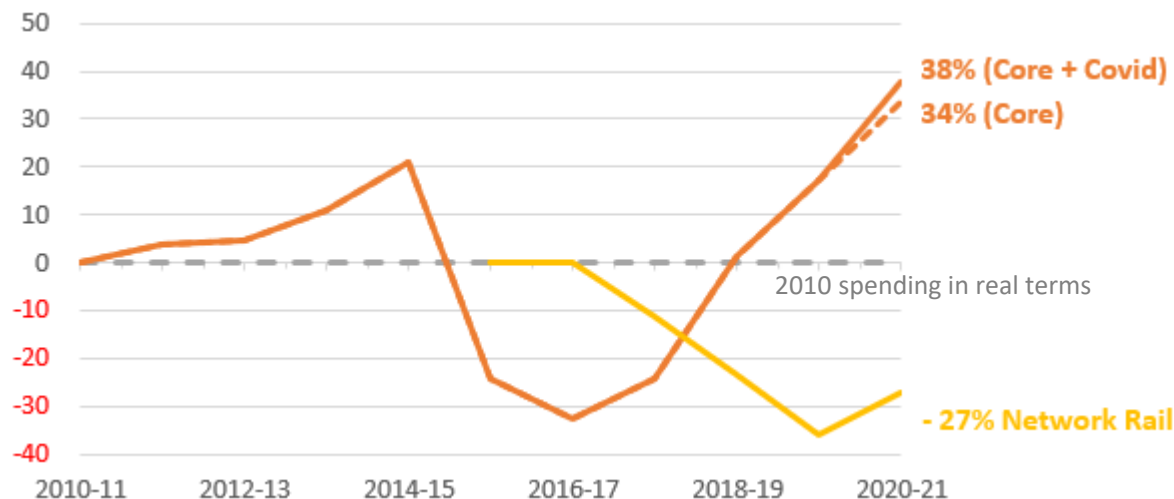
Department for Transport (DfT)

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

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



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



Day-to-day spending trends

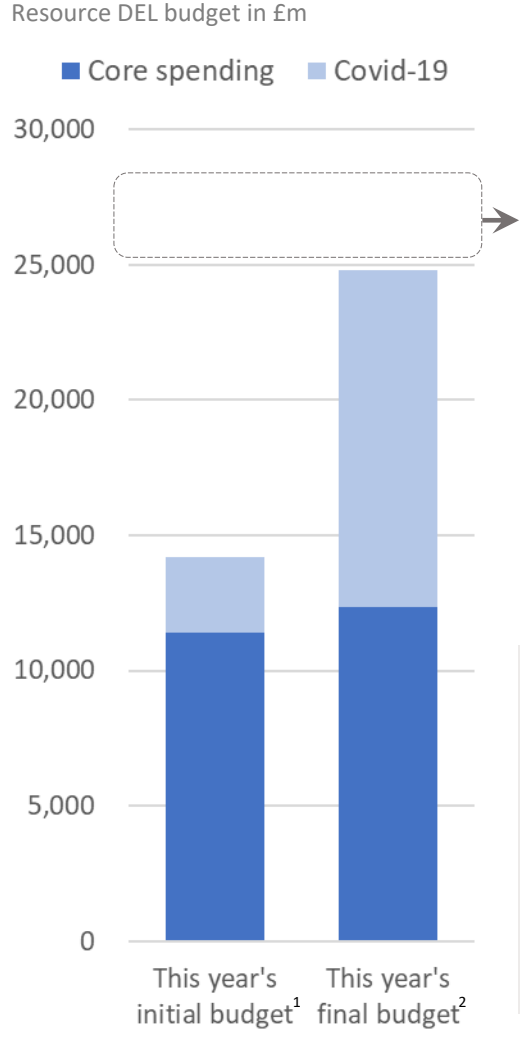
- Core DfT spending in real terms has **not returned to 2010 levels**, excluding spending on Network Rail which was reclassified from the private to the public sector in 2014.
- Network Rail's funding line combines its Resource DEL and Resource AME expenditure as funding moved between the two spending lines over the years.
- DfT provided **£12.4 billion in day-to-day Covid-19 support measures** in 2020-21 (in nominal terms), most of which was for the rail franchises (£8.3 billion).

Investment spending trends

- As above, Network Rail's funding line combines its Capital DEL and Capital AME.
- There has been relatively little Covid-19 spending on Capital DEL (**£355 million**), most of which has been to support the rail franchises.
- The **Notice to Proceed on High Speed Two** has driven the increase in 2020-21.
- The spending forecast has reduced from the 2020-21 Main Estimates as £1.4 billion has been transferred in 2021-22 budgets relating to HS2 and Highways England.

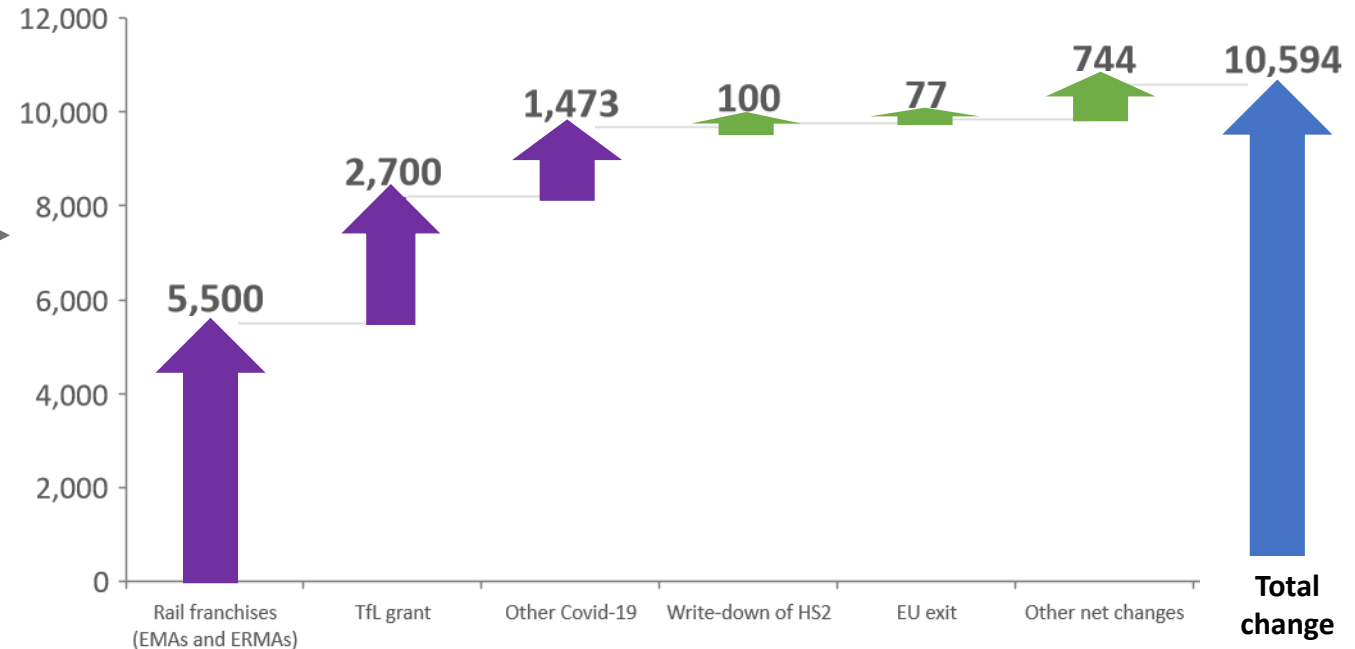
How DfT's day-to-day spending changed in 2020-21

DfT's day-to-day budget increased by £10,594m (+75%)
Resource DEL budget in £m



DfT's spending increase has been driven primarily by Covid-19 support measures

Changes in day-to-day (Resource DEL) budget in £m since final budget for 2019-20



Changes in 2020-21

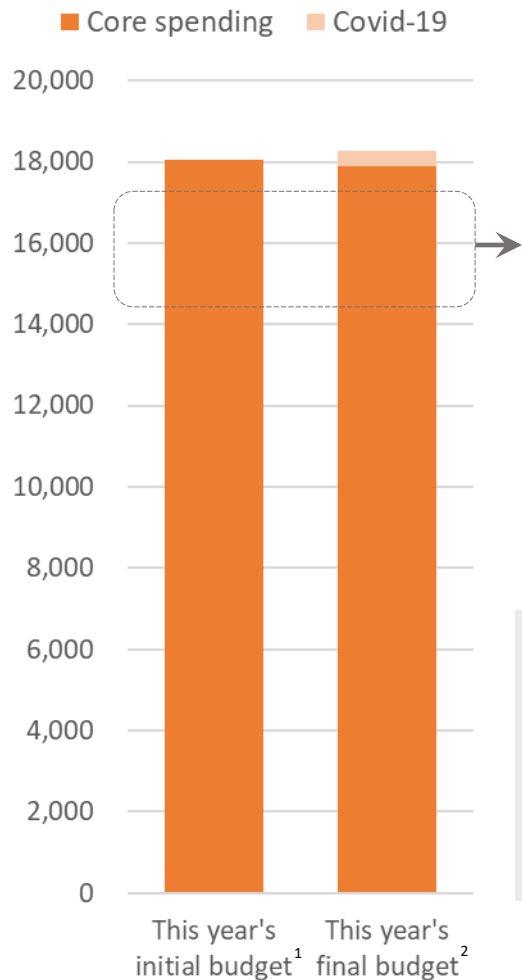
- **Covid-19 measures:** includes a further £5,500 million in emergency support measures for the rail franchises; £2,700 million to provide an extraordinary grant to TfL; £1,190 million for the Bus Service Support Grant; £124 million for light rail support; £82 million in business rate support for airports; and £77m for the Active Travel Commitment to encourage walking and cycling.
- **Other support for passenger rail services:** an additional £267 million in non Covid-19 support.
- **Write-down of HS2 inventory:** a further assessment of the write-down is underway, but the results will not be available before the end of this financial year.
- **EU Exit:** £77 million for EU Exit arrangements, including traffic management in Kent.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)
² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How DfT's investment spending changed in 2020-21

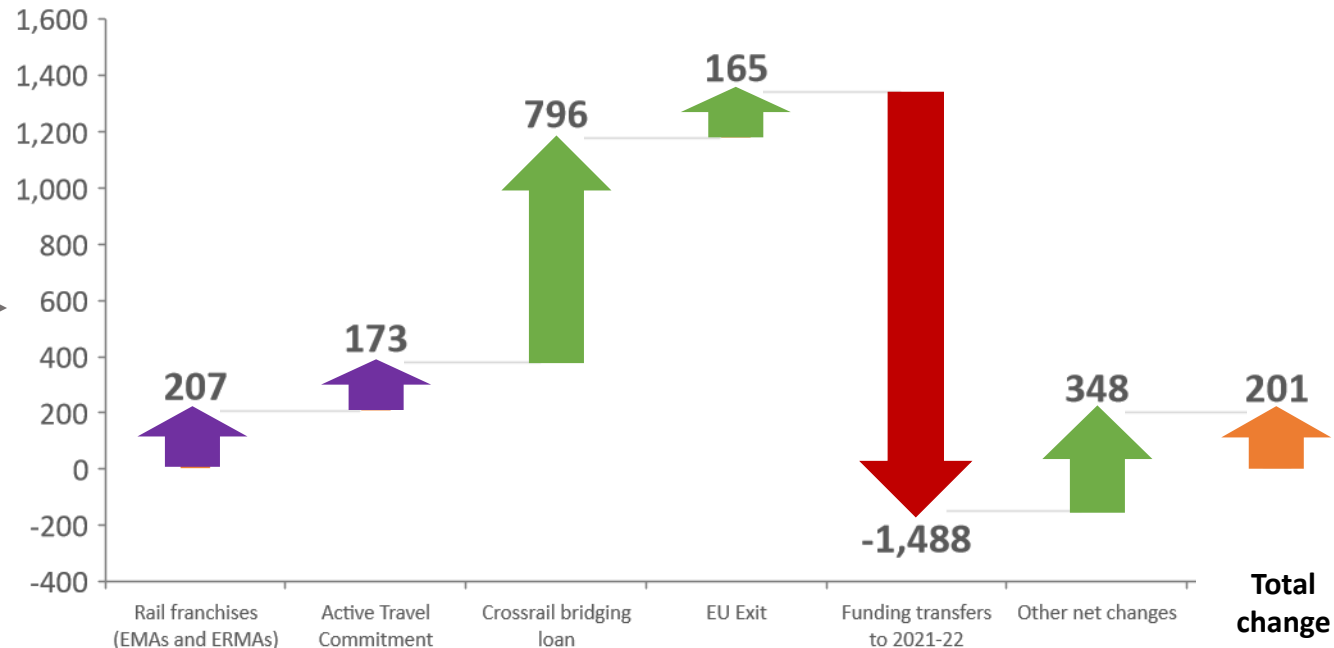
DfT's investment budget increased by £201m (+1.1%)

Resource DEL budget in £m



DfT's investment spending increases are largely offset by underspends in 2020-21

Changes in Investment (Capital DEL) budget in £m since final budget for 2019-20



Changes in 2020-21

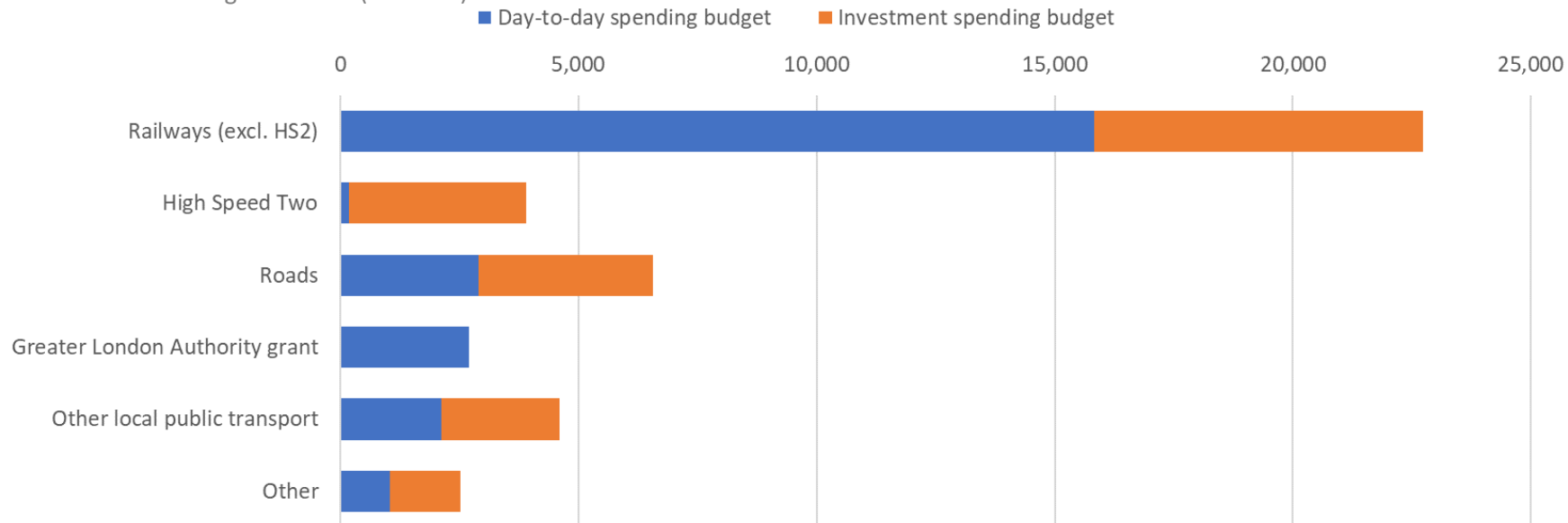
- **Covid-19 measures:** includes £207 million in emergency support measures for the rail franchises and £173 million for the Active Travel Commitment to encourage walking and cycling.
- **Crossrail bridging loan:** previously agreed with Crossrail Ltd to address funding issues.
- **EU Exit:** £165 million to provide resilience in traffic management and for haulier advice sites.
- **Funding transfers to 2021-22:** underspending in 2020-21 led to funding transfers of £1,053 million for HS2; £360 million for Highways England and; £75 million for the Joint Air-Quality Unit

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the DfT budget is designated for railways, including HS2 and Network Rail

Breakdown of DfT budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- *Note: Estimate subheads have been combined so will not match the Estimate descriptions exactly*
- **Railways (including High Speed 2)** continues to be the largest element of the day-to-day budget at 65%, just under half of which relates to Network Rail.
- **Other funding** mainly comprises £631 million for aviation, maritime and security costs, as well as £200 million for administration costs and arms-length-bodies, and £184 million for sustainable travel.

Investment spending (Capital DEL)

- **Other funding** mainly comprises £764 million for Sustainable Travel, £436 million for the Transport Development Fund and £109 million for aviation, maritime and security costs.

Groupings

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

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

DfT's spending beyond 2020-21

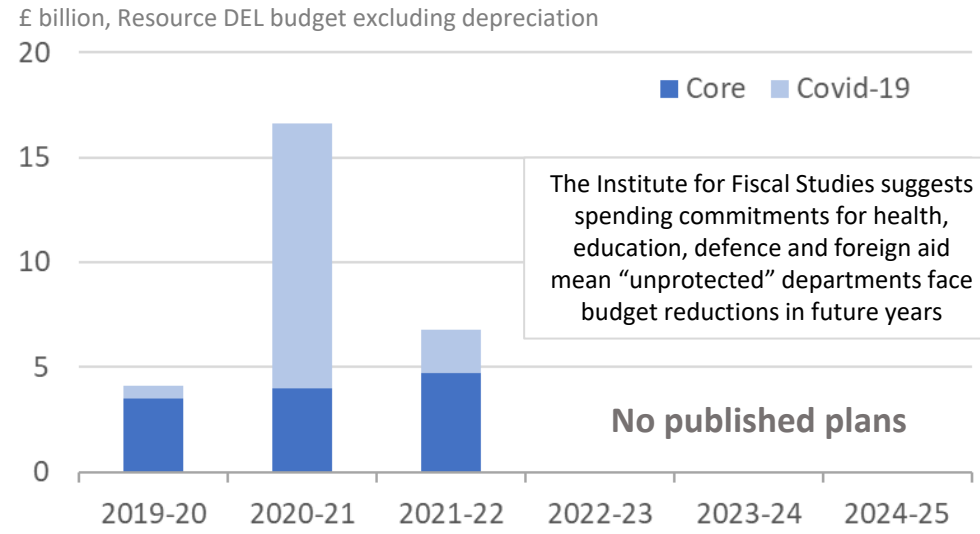
The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

- Major future commitments have included*:
- £22.6 billion for High Speed Two (to 2024-25)
 - £18 billion for the Road Investment Strategy (to 2024-25)
 - £17.5 billion for Network Rail (control period 6 to 2023-24)
 - £4.2 billion for Intra-City Transport Settlements from 2022-23 through 5-year consolidated funding settlements for 8 city regions.
 - £3 billion to transform bus services
 - £1.9 billion for electric vehicle charging infrastructure (to 2024-25)

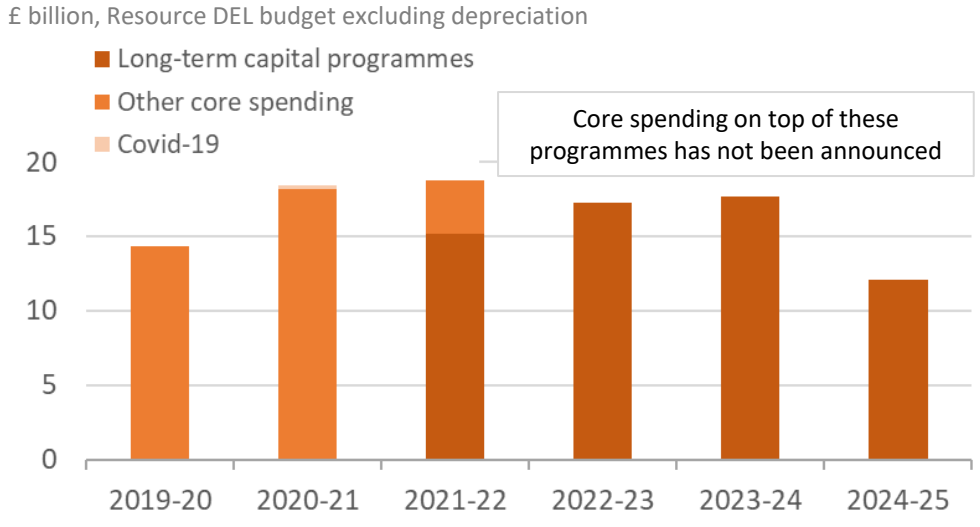
- Day-to-day spending:**
- £2.1 billion in Covid-19 support measures in 2021-22
 - DfT's RDEL budget is not allocated beyond 2021-22 and may be facing future spending reductions as a result.
 - Based on figures announced in the 2021 Budget, unprotected departments face an average spending cut of 1% in 2022-23. It is unclear how this will be achieved.

- Investment spending:**
- DfT investment spending in 2021-22 is set to rise by 3% to £18.8 billion.
 - Of this, 81% is for the major future commitments outlined above, and none relates to Covid-19 support measures.
 - No further investment plans have been published.

DfT's future day-to-day spending is largely unknown



DfT's future investment spending includes funding for long-term projects

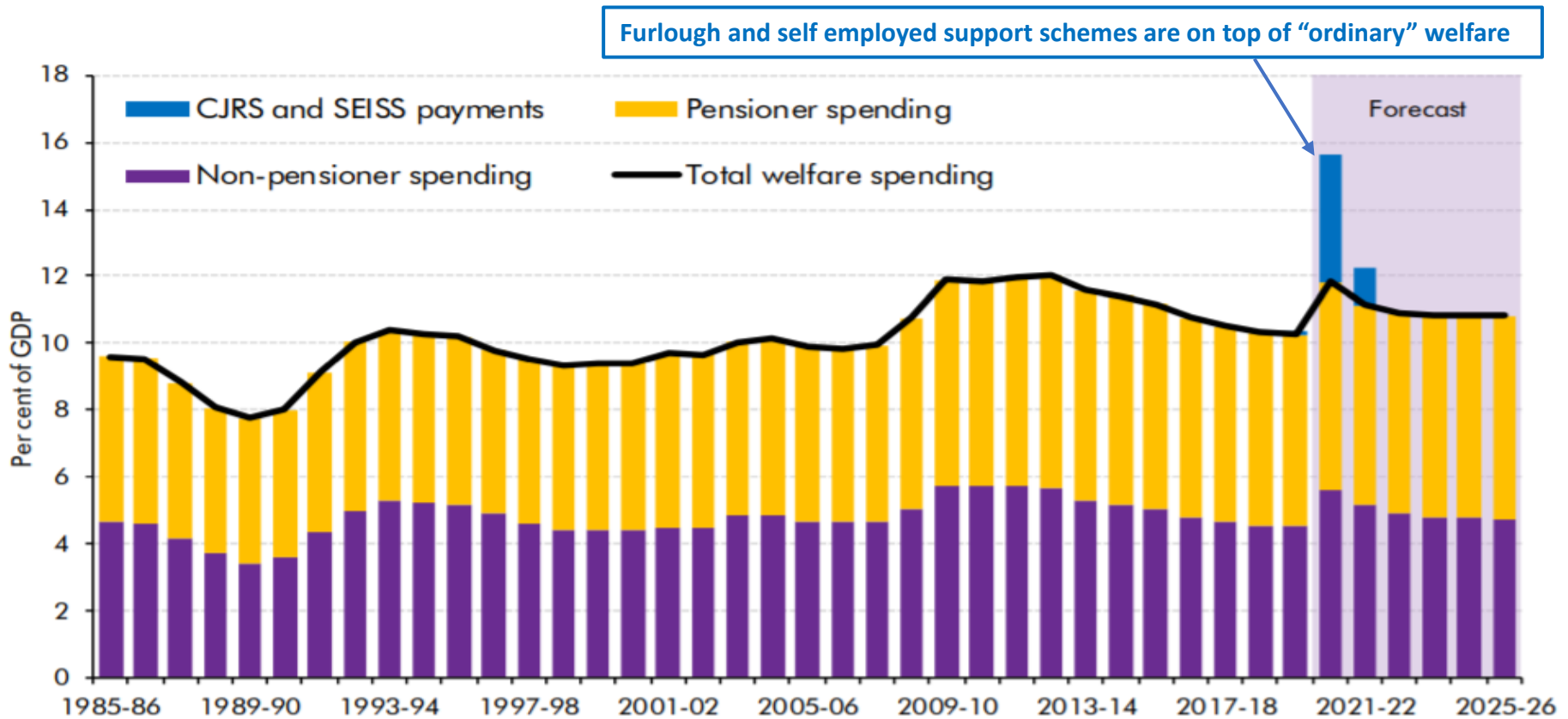


*May involve day-to-day and investment spending over several years

Department for Work and Pensions (DWP)

DWP and HMRC welfare spending was up in 2020-21, but the furlough schemes prevented it rising much higher.

The OBR expects the rise in welfare spending to reverse quickly as GDP recovers and assuming the £20 per week uplift to Universal Credit ends



Note: Scottish welfare BGA has been added in forecast years to show on an equivalent basis with outturn years.

Source: [Welfare trends](#), Office for Budget Responsibility, March 2021

Long-term trends in DWP's other (ie non-benefits) spending (in real terms)

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



Day-to-day spending trends

- There have been long term reductions in the costs of running DWP and its agencies, including large staff reductions, since 2010.
- In 2020-21 over £1 billion was added in Covid related spending, under the Government's "Plan for jobs"- much of this on employing an additional 13,500 work coaches

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

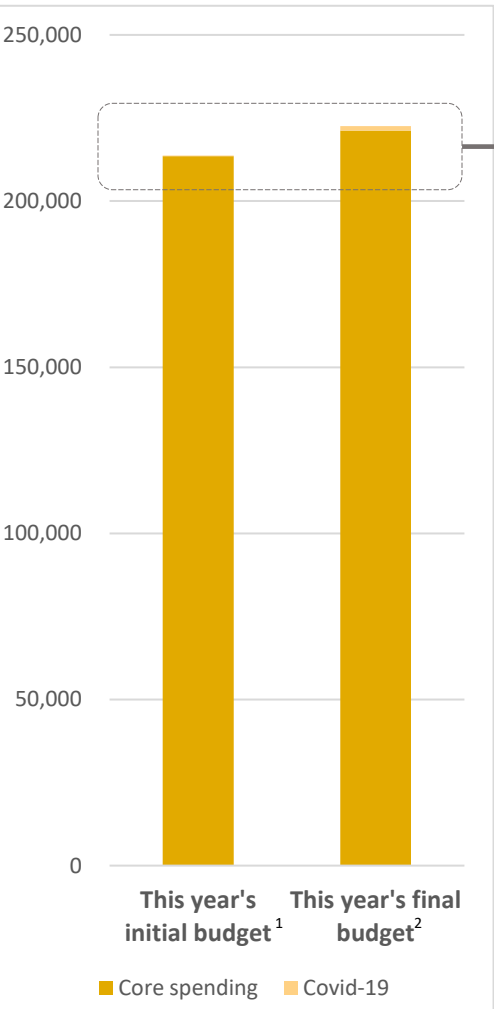


Investment spending trends

- DWP's capital budget is small in relation to its other spending.
- Most relates to its estate and IT costs. Additional funding provided in 2020-21 for accommodation for the 13,500 work coaches

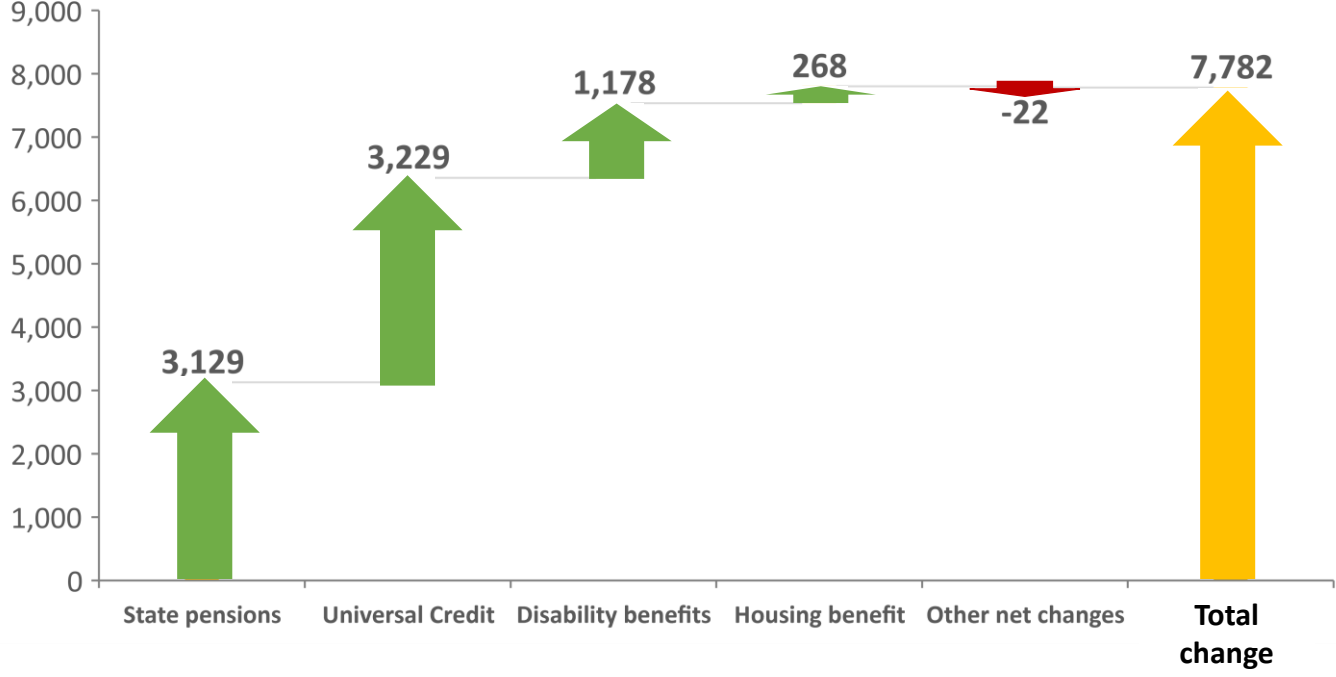
How DWP's spending on benefits and pensions in 2020-21 altered from previous plans

DWP's day-to-day budget increased by £7,782m (+3.3%)
Resource DEL budget in £m



Despite only a 3.3% increase since the Main Estimate, overall benefits and pension are likely to be nearly 16% more than in 2019-20

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



Changes in 2020-21

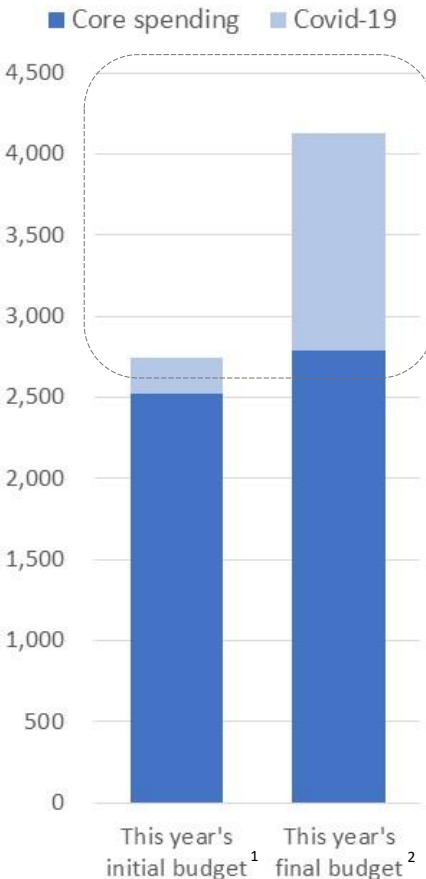
- **Covid-19 policy measures:** Universal Credit was uplifted by £20 per week at the start of the year
- Claim numbers were also up, and Universal Credit also absorbed claims previously paid through tax credits by HMRC. In addition there was the routine addition of forecasting margins at year end to avoid unnecessary overspends
- Overall spending rose from £190.7 billion in 2019-20 to a budget of £221.3 billion after the 2020-21 Supplementary Estimate (+16%)

¹ Initial Budget in Main Estimate 2020-21 (May 2020)
² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How DWP's 2020-21 spending on administration and work programmes altered from previous plans

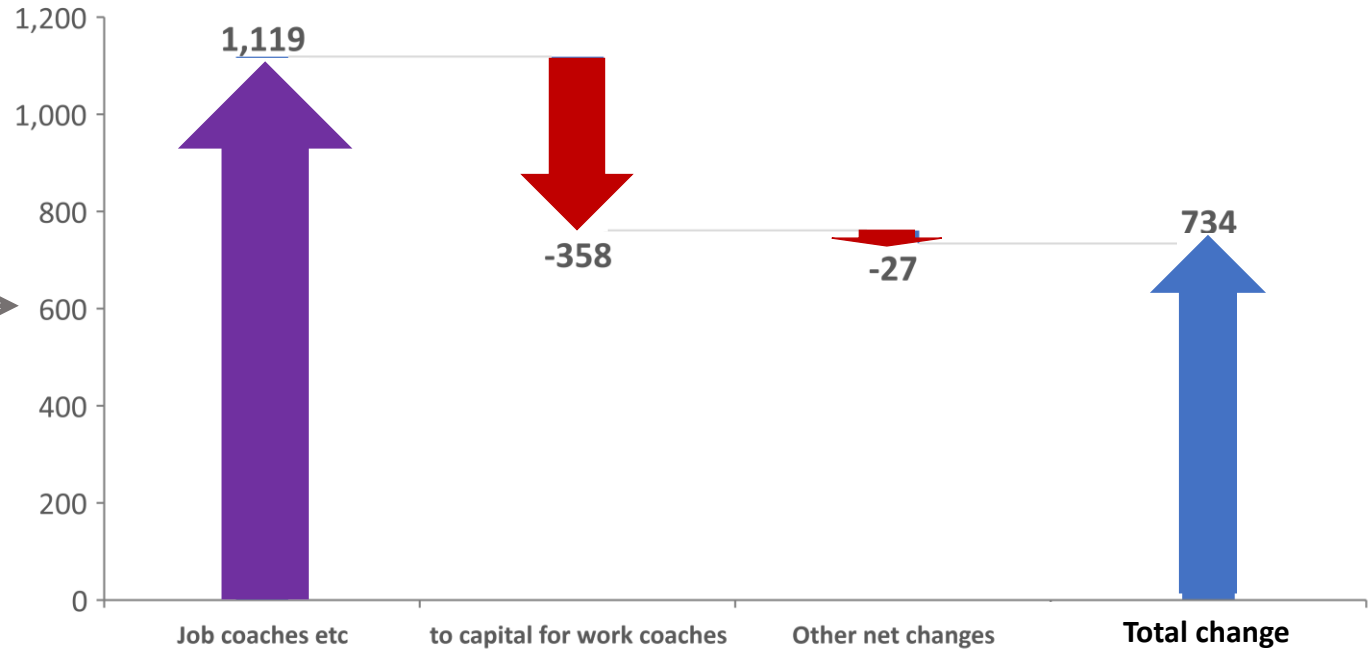
DWP's budget for administration and work programmes has increased by **£734 m (+11.8%)**

Resource DEL budget in £m



After years of falls, DWP is spending more on administration costs and work programmes as it recruits thousands of work coaches

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



Changes in 2020-21

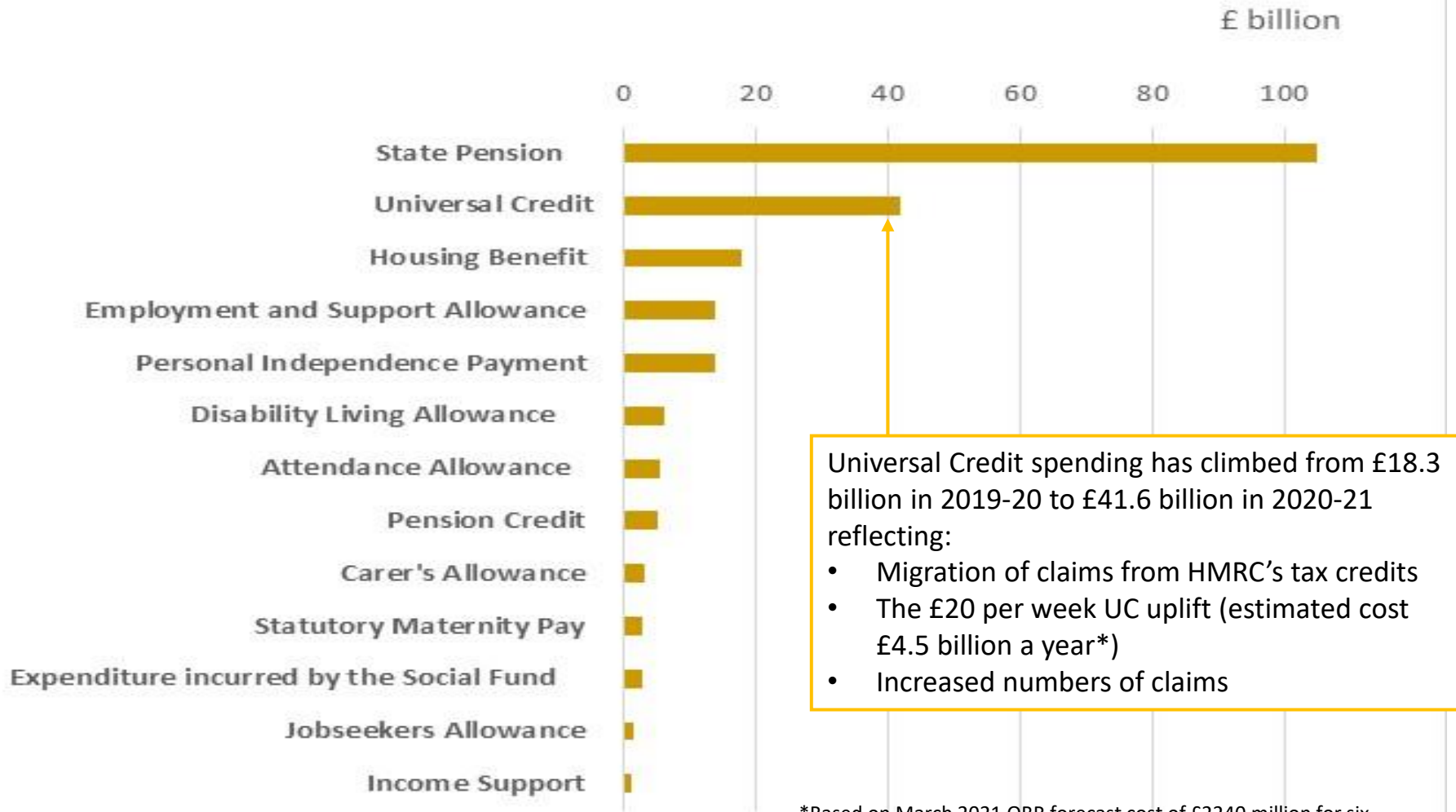
- **Covid-19 measures:** additional £1.1 billion for 13,500 work coaches is provided, some of which is transferred to the capital budget to provide accommodation
- Offsetting reductions have been seen due to the redeployment of corporate staff to the front line deliver roles to support the Department's response to Covid-19 and savings resulting from re-prioritisation within the Department to support the Department's response to Covid-19

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

State pensions made up 47% of all DWP's spending on pensions and benefits in 2020-21

DWP budgets after Supplementary Estimate 2020-21



*Based on March 2021 OBR forecast cost of £2240 million for six month extension in 2021-22

DWP's spending beyond 2020-21

Welfare spending (benefits and pensions)

- OBR now forecasts total benefits and pensions spending to be 25.7 % higher in cash terms (£286 billion) by 2025-26 than it was pre-pandemic in 2019-20 (£228 bn).
- That represents a 13.7 % rise in real terms (relative to CPI) and leaves spending up 0.6 % of GDP.
- Before the pandemic, OBR forecast welfare spending to be broadly stable as a share of GDP over the medium term.

Other day-to-day spending

- DWP has been allocated a doubling of Covid funding from £1.8 billion in 2020-21 to £3.6 billion in 2021-22 to deliver labour market support and get people back into work

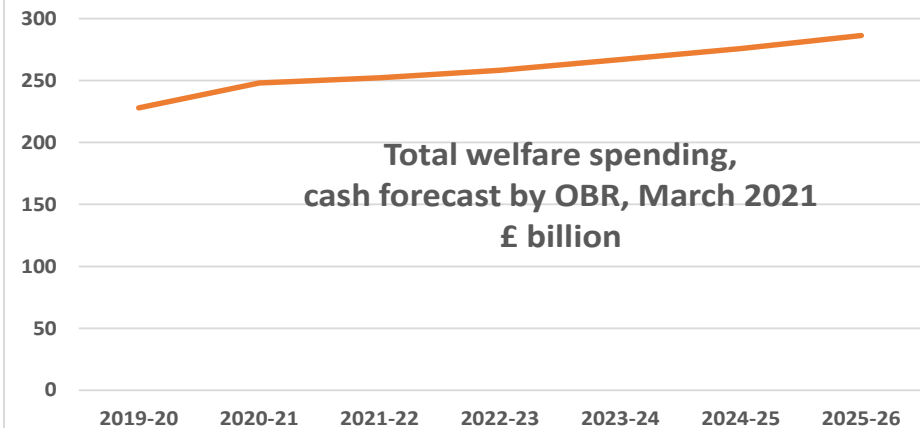
Other commitments include:

- £2.9 billion three-year Restart programme to provide intensive and tailored support to over 1 million unemployed people and help them find work
- Work search support measures announced in Plan for Jobs
- £2 billion Kickstart Scheme for over 250,000 jobs.

*May involve day-to-day and investment spending over several years

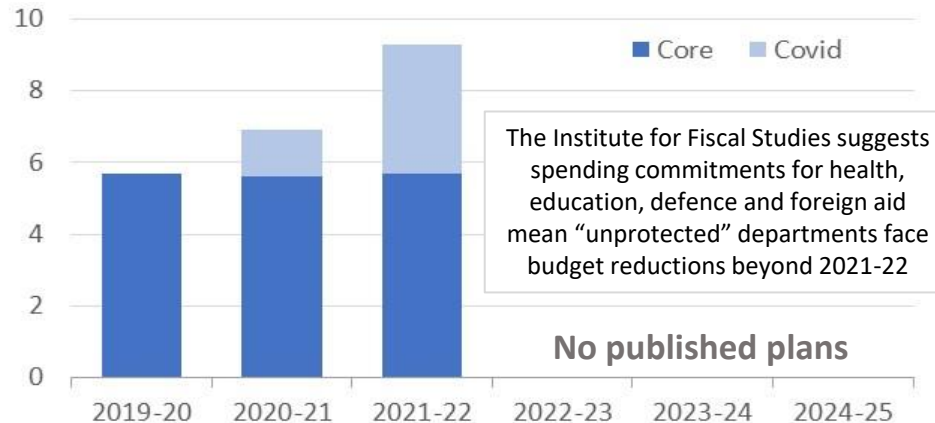
Welfare spending is now expected to grow by 13.7% in real terms by 2025-26 compared to pre-pandemic

£ billion, Resource AME budget excluding depreciation



The government has not yet set the overall size of DWP's entire resource DEL budget beyond 2021-22

£ billion, Resource DEL budget excluding depreciation



The Institute for Fiscal Studies suggests spending commitments for health, education, defence and foreign aid mean "unprotected" departments face budget reductions beyond 2021-22

No published plans

Foreign, Commonwealth and Development Office* (FCDO)

*Combined Estimate for the former Department for International Development (DFID) and Foreign and Commonwealth Office (FCO)

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

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



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



Day-to-day spending trends

- The day-to-day spending trends show the combined budgets of what had previously been the separate Departments DFID and the FCO. DFID's budgets have historically been far higher than the FCO's, and had been protected from cuts by the UK's 0.7% ODA spending target.
- For the first time since 2013, the UK will not spend at least 0.7% of GNI on ODA, which accounts for the bulk of the reduction since 2019-20.

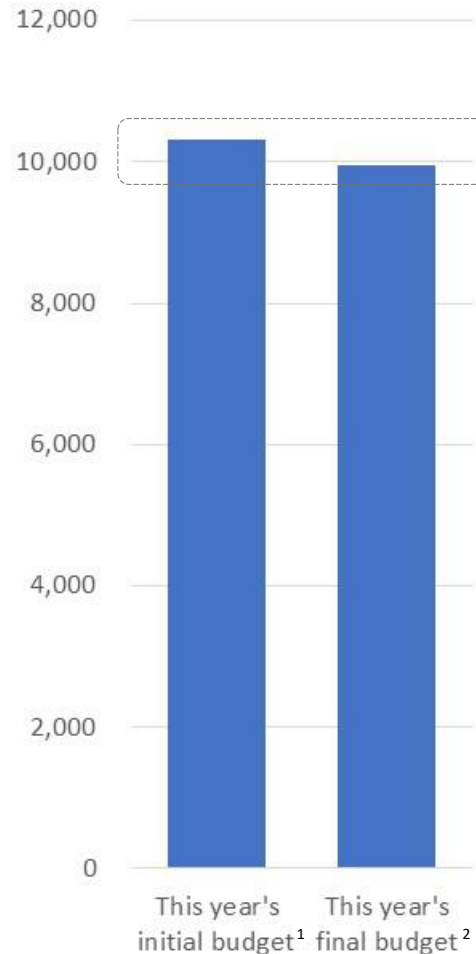
Investment spending trends

- Both the FCO and DFID's capital spending profiles have tended to be fairly volatile.
- The FCO's volatility was due to a mixture of one-off asset sales and the profile of spending on the overseas estate.
- DFID's volatility was due to replenishment cycles to Multilateral organisations, although on the whole capital spending was largely protected by the ODA spending commitment.

How FCDO's day-to-day spending changed in 2020-21

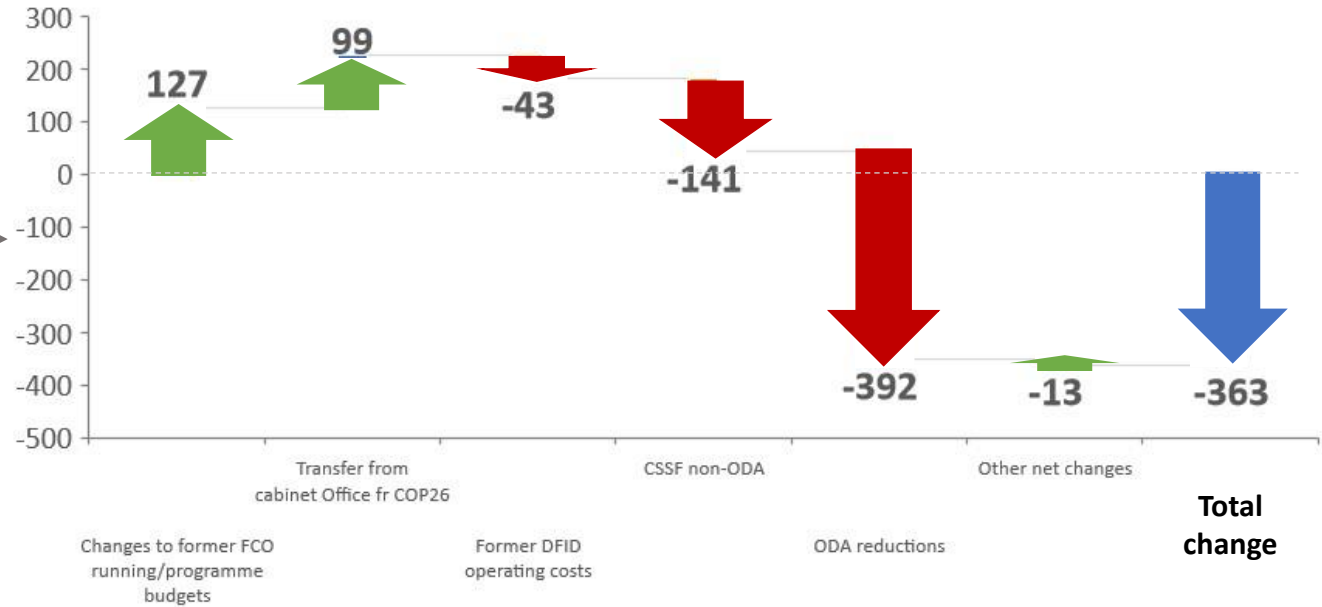
FCDO's day-to-day budget decreased by £362.9m (-3.5%)

Resource DEL budget in £m



FCDO's reduction was driven by ODA reductions

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



Changes in 2020-21

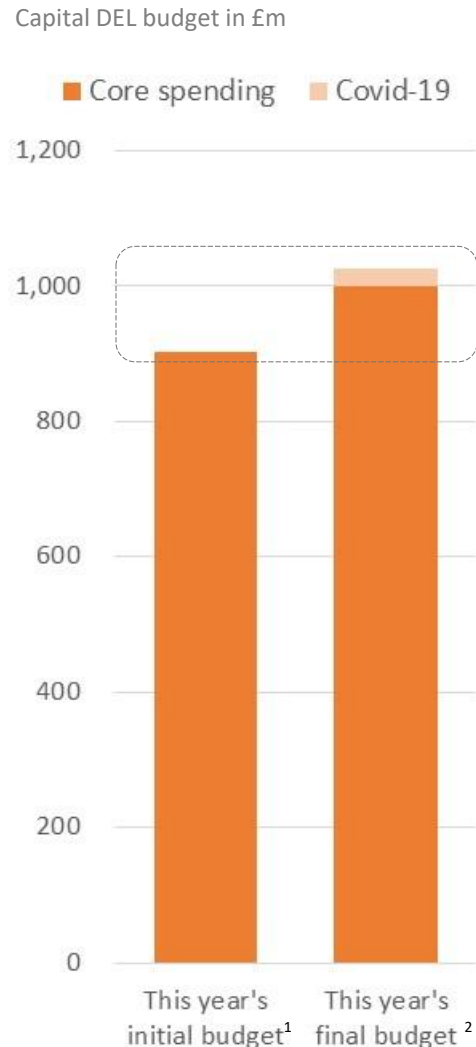
- **The UK Government revised its ODA spending target from 0.7% of GNI to 0.5% of GNI in November 2020.** This, combined with the reduction in GNI caused a reduction in the overall day-to-day spending.
- **ODA reductions** in RDEL account for £392 million of the reduction.
- **The CSSF saw £141 million of non-ODA reductions.** In addition, CSSF also saw a £39.8 million ODA reduction, included in the £392 million above.
- **COP-26:** The Cabinet Office transferred FCDO £99 million for the UN Climate Change Conference.
- **Frontline/operating costs:** what had been DFID's operating costs fell by £43 million, whereas what had been the FCO's running/programme budgets increased by £127 million.
- Additionally, FCDO have set aside £500 million as match funding for COVAX funding.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

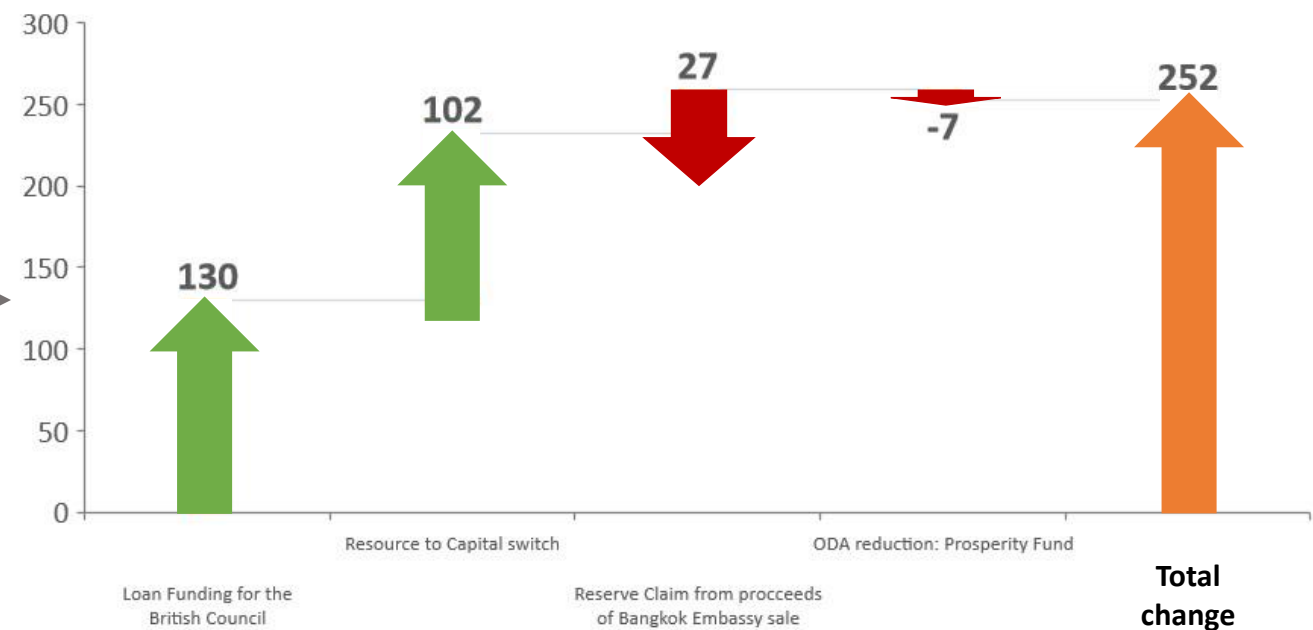
² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How FCDO's investment spending changed in 2020-21?

FCDO's investment budget increased by £252.2m (+9.3%)
Capital DEL budget in £m



FCDO's investment spending increases largely reflected emergency loan funding for the British Council
Changes in Investment (Capital DEL) budget in £m since final budget for 2020-21



Changes in 2020-21

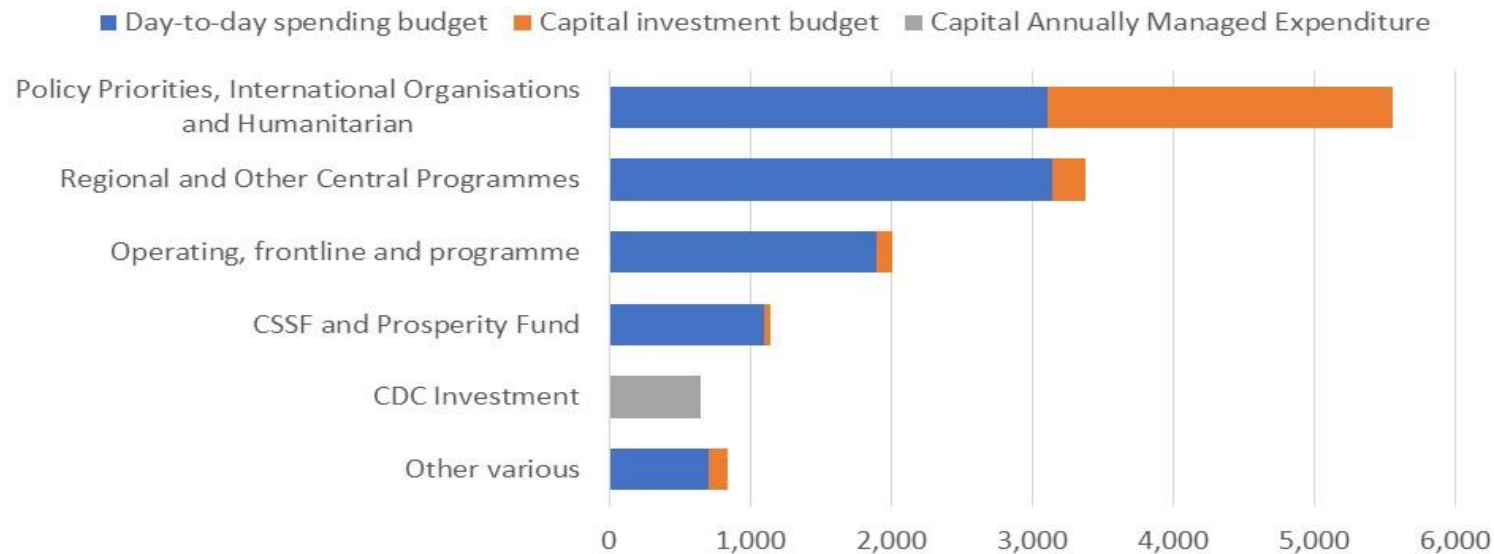
- **British Council:** the single largest increase is £130 million of loan funding to the British Council.
 - **Resource to Capital:** there was a budget switch from day-to-day to investment spending of £102 million, which had a neutral impact on overall DEL.
 - **Bangkok Embassy Sale:** the FCO has historically drawn down on the proceeds of the previous sale of the UK Embassy in Bangkok, and has drawn down a further £27 million at the Supplementary Estimate.
 - **ODA reduction:** There has been a small £7 million reduction on ODA spend from the Prosperity Fund.
- In addition to and not included in the above, **FCDO's investment in the CDC** reduced by £484 million (43%). This is categorised as **Capital AME**.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the FCDO'S budget is for policy priorities, international organisations and humanitarian

Breakdown of FCDO budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Policies, Priorities, International Organisations and Humanitarian** accounts for the largest portion of the FCDO day-to-day budget. This includes multi-lateral commitments and responses to humanitarian disasters, including COVID-19.
- **Operating, frontline and programme costs** consist of the aggregated former DFID and FCO frontline, programme and operating budgets.
- **The Cross-Government Conflict, Stability and Security Fund and Prosperity Fund** account for £890 million and £210 million respectively.

Investment spending (Capital DEL)

- **policy priorities, including payments to international organisations and humanitarian aid**, accounts for £2,450 million (83%) of FCDO's capital investment budget.
- The remaining capital budget is split between other budget areas.
- **FCDO's investment in the CDC** makes up its entire Capital Annually Managed Expenditure budget of £650 million.

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

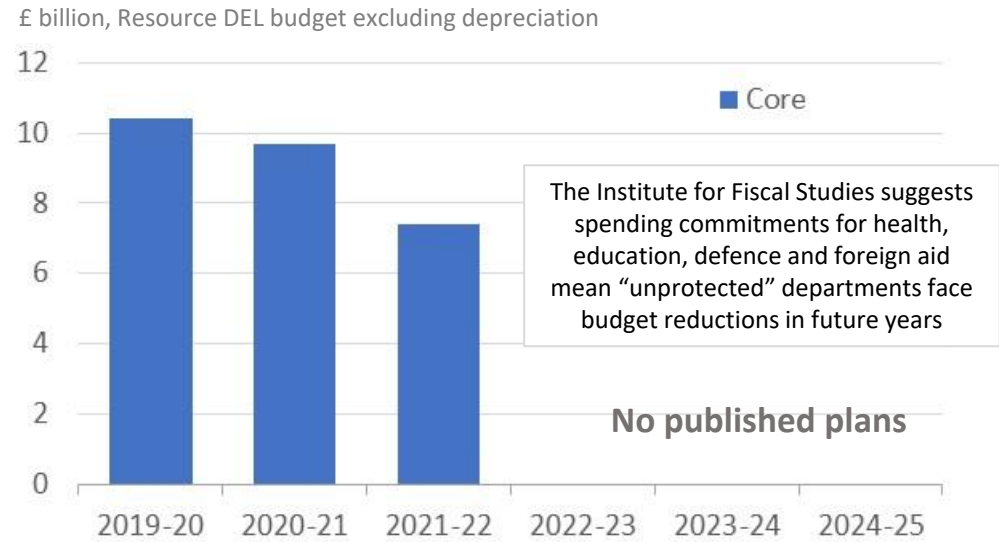
FCDO's spending beyond 2020-21

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

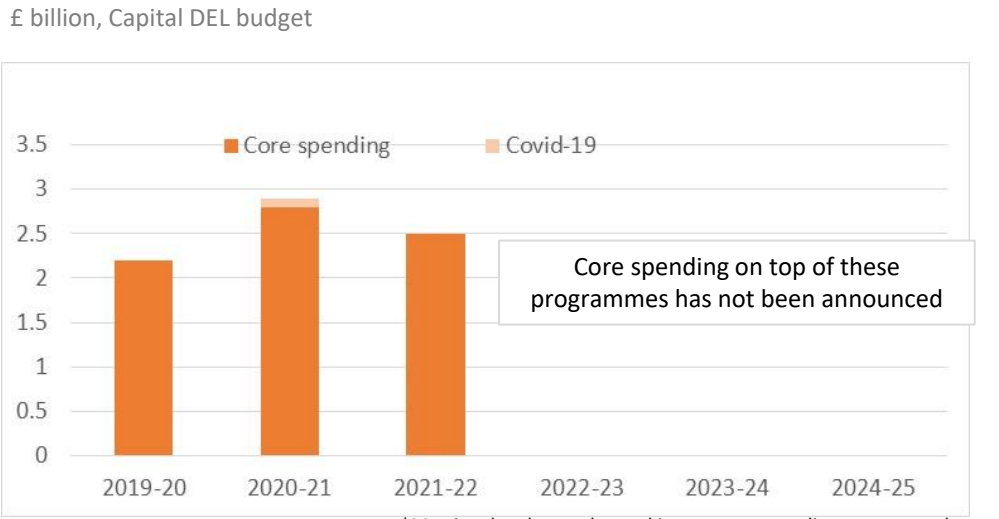
- Day-to-day spending:**
- FCDO's spending is largely driven by Overseas Development Assistance (ODA) expenditure.
 - As a result of the UK Government's decision to reduce its spending target for ODA from 0.7% to 0.5%, it is likely that day-to-day spending will see initial large reductions before stabilising at a lower level.
 - Whilst ODA spending is reducing, the future settlements include a 5.5 per cent average real terms increase in core non-ODA resource funding per year since 2019-20.
 - There may be some efficiency savings as a result of the departmental merger.

- Investment spending:**
- FCDO's investment spending is also driven largely by ODA expenditure.
 - Future settlements include funding for an increased FCDO presence in East Kilbride and a new FCDO hub outside of London.
 - FCDO is also allocating funding to build and modernise the UK's embassies in Washington, Paris and Ottawa.

FCDO' future day-to-day spending is largely unknown



FCDO's future investment spending includes funding for long-term projects



*May involve day-to-day and investment spending over several years

Home Office

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

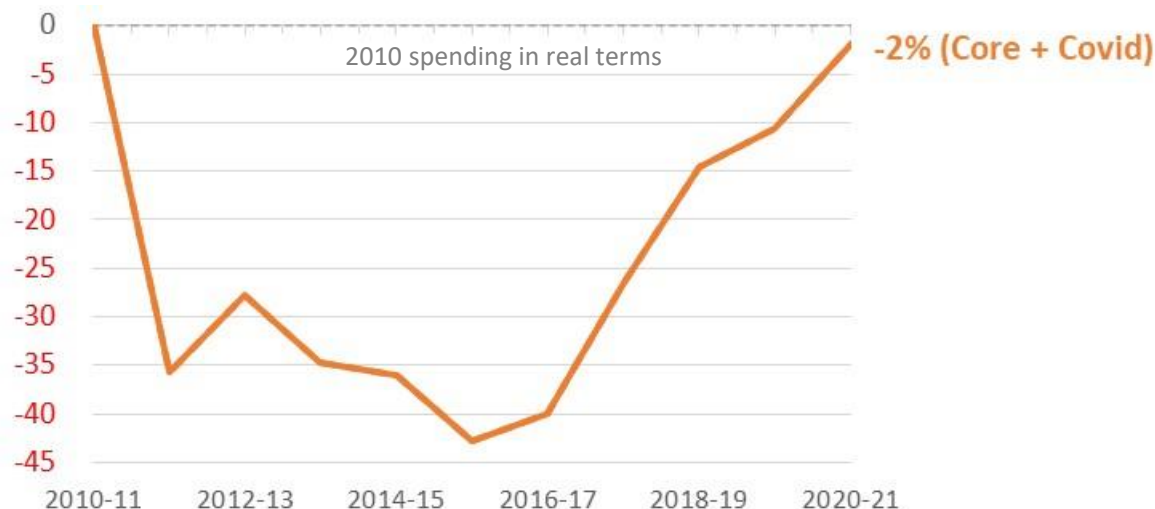
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- By 2017-18 the budget had **decreased by 25% in real terms** compared to 2010-11.
- Since then increases have largely been driven by **additional funding for EU Exit preparations**, and additional funding for **new police officers**
- This continues to drive core spending in 2020-21, but significant Covid spending drives the total back towards 2010 levels of spending (in real terms).

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



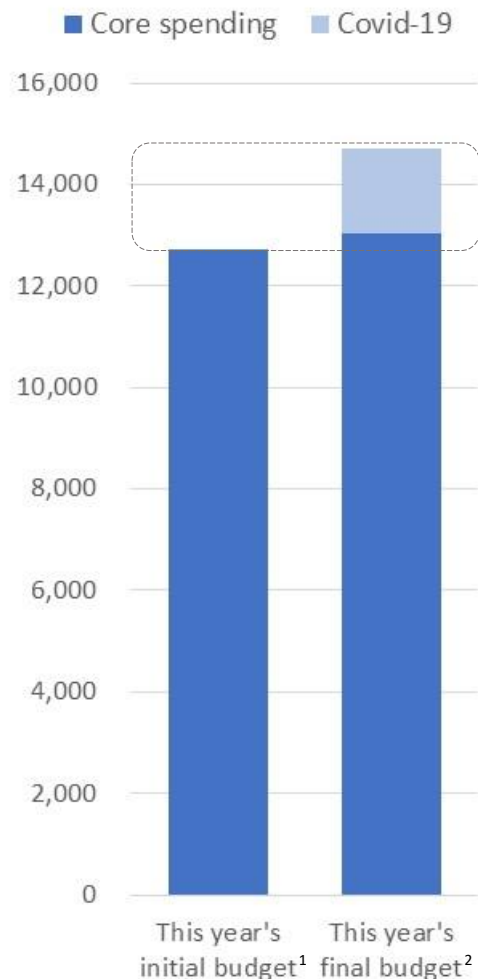
Investment spending trends

- As with day-to-day spending, the investment budget was **reduced under austerity**; in 2015-16 it was **43% lower** than it had been in 2010-11.
- Recent increases are driven by **additional EU Exit funding**, particularly for border controls
- There is no additional Covid-related investment spending

How the Home Office's day-to-day spending changed in 2020-21

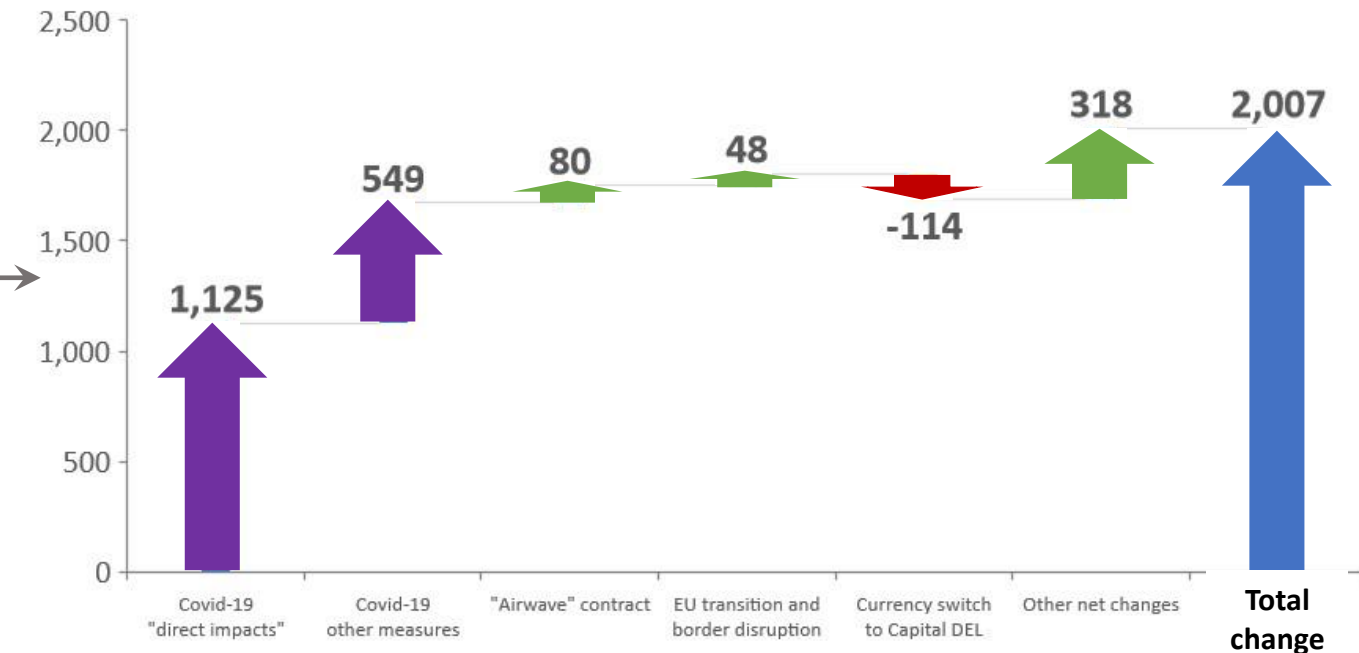
Home Office's day-to-day budget increased by £2,006.9 (+15.8%)

Resource DEL budget in £m



Home Office's spending increase was driven by Covid-19 and other technical changes

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



Changes in 2020-21

- **Covid-19 "direct impacts"**: funding largely to replace the £2 billion income stream for travel services and documents that suffered from reduced demand during the pandemic.
- **Covid-19 other measures**: includes £261 million for asylum costs, £223 million for the Borders, Immigration and Citizen Services directorate, and £66 million for policing.
- **"Airwave contract"**: bringing forward recognition of expenditure on emergency service radio comms.
- **EU transition**: includes £25 million for increased policing to manage border disruption.
- **Currency switch**: annual switch to Capital DEL account for currency swap.
- **Other**: includes £168 million increase in depreciation costs and net transfers from other departments.

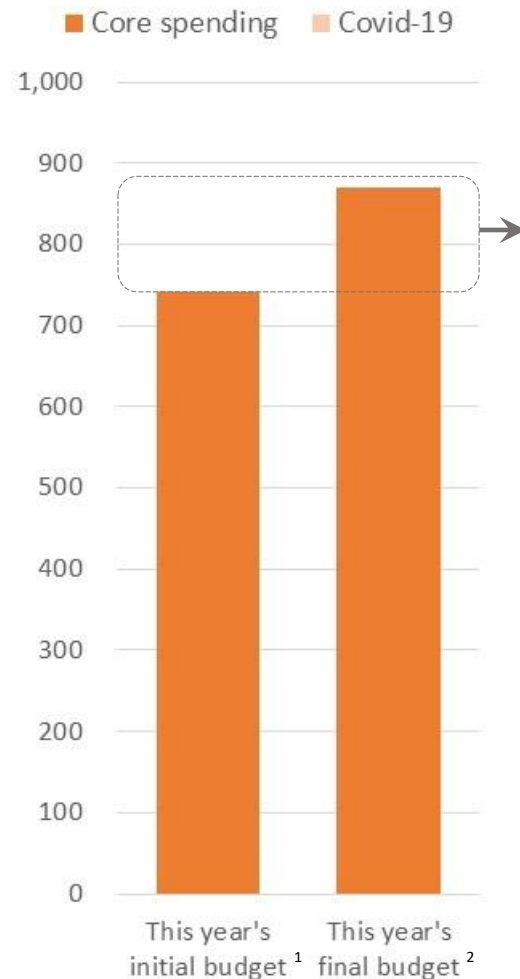
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How Home Office's investment spending changed in 2020-21

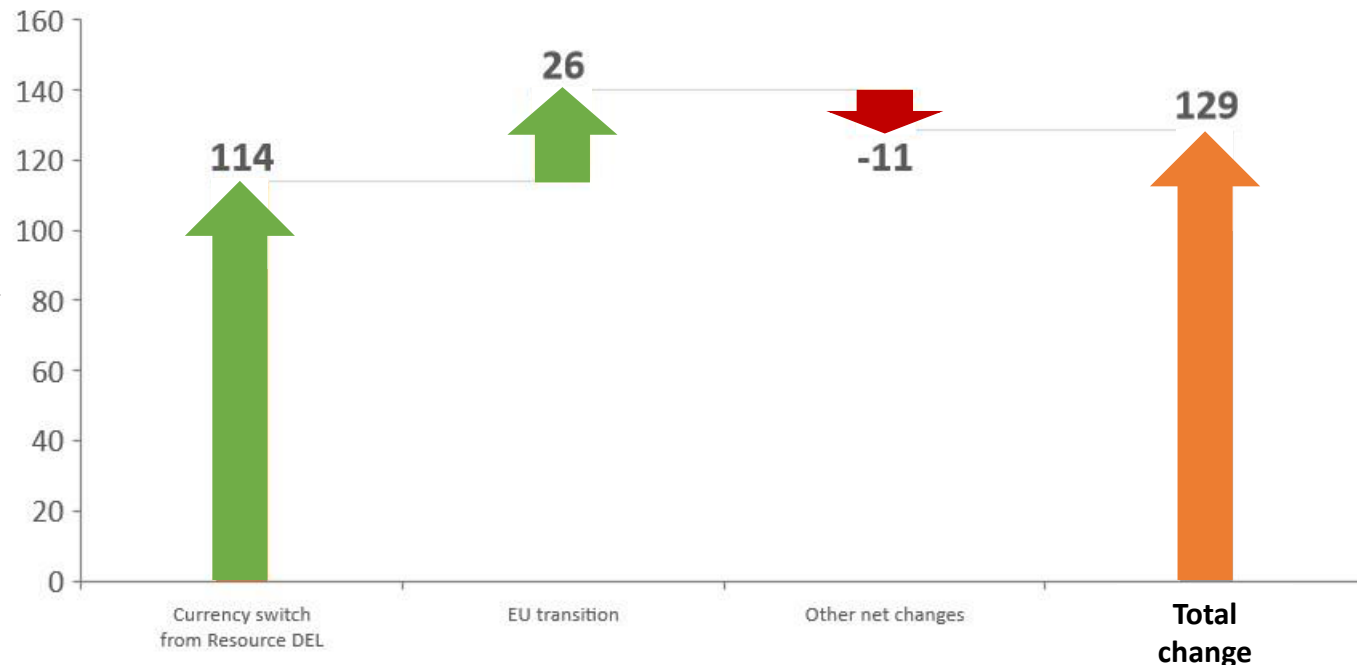
Home Office's investment budget increased by £128.5m (+17.5%)

Resource DEL budget in £m



Home Office's investment spending increases due to accounting treatment of an annual currency swap

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



Changes in 2020-21

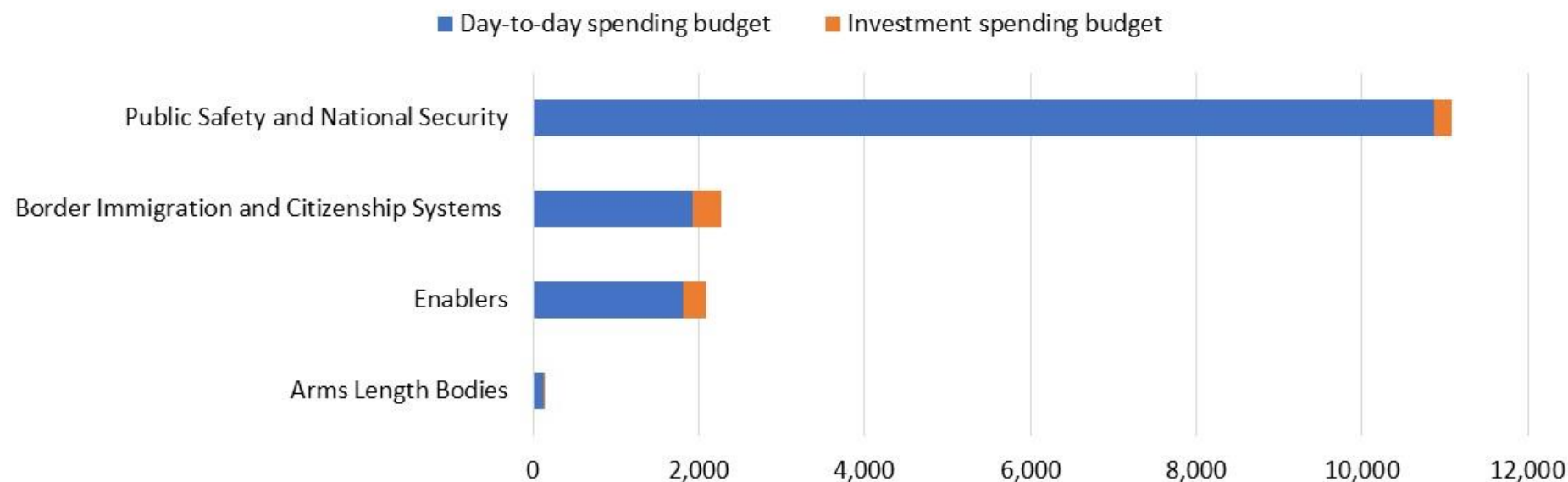
- **Currency switch:** annual switch from Resource DEL to Capital DEL due to accounting treatment of currency switch.
- **EU transition:** mainly for border transition infrastructure.
- **Other:** includes a £9 million transfer to Ministry of Defence for the Central of Applied Science Technology

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

Most of the Home Office's budget in 2020-21 was for public safety- mainly police spending

Breakdown of Home Office final budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Public safety and National Security** represents 75% of the day-to-day budget, the majority of which is the £8,395 million Police Settlement (57% of budget). The Office for Security and Counter Terrorism budget was £1,160 million
- **Enablers** represents cross-departmental functions such as digital, data and technology.
- **Border Immigration and Citizenship** includes Border Force (£698 million) and Immigration Enforcement (267 million); also includes UK Visas and Immigration and HM Passport Office with income of £1,476 million – this reduces net spend, but is lower than in 2019-20 (£2,772 million).

Investment spending (Capital DEL)

- Investment spending is very low compared to day-to-day spending, reflecting the labour intensive nature of policing and immigration work
- **Border Immigration and Citizenship** spending of £351 million represents 40% of the budget; this is mainly on Border Force and other core operations
- **Enablers** budget of £290 million represents 33% of investment spending, due to its heavy use of IT, and the transfer of the Major Law Enforcement group from the CPF, which is also capital-heavy.

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

Home Office's spending beyond 2020-21

The most recent spending plans were published in [Spending Review 2020](#), with some further announcements in [Budget 2021](#). Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

Major future commitments have included*:

- £881 million cash increase from 2020-21 to 2021-22
- £400 million for the recruitment of 20,000 police officers by 2023
- Continuing the additional £70 million for counter-terrorism awarded in 2020-21
- Enhancing nuclear detection capability with £22 million day-to-day funding in 2021-22 and £329 capital funding to 2024-25
- £153 million investment and £64 million day-to-day for the new points-based immigration system.
- £64 million to tackle economic crime.

Day-to-day spending:

- HO does not have any further funding for Covid-19 measures in 2020-21.
- Core spending is set to increase by £881 million
- HO may be one of the departments facing future spending reductions from 2022-23

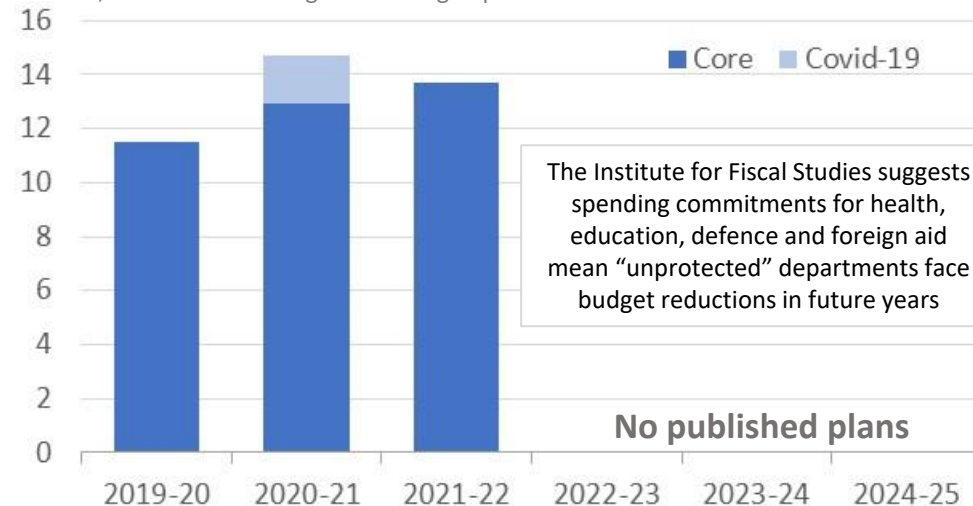
Investment spending:

- Core spending is flat in 2021-22.
- The only multi-year investment programme is in domestic nuclear security, which peaks at £127 million in 2023-24

*May involve day-to-day and investment spending over several years

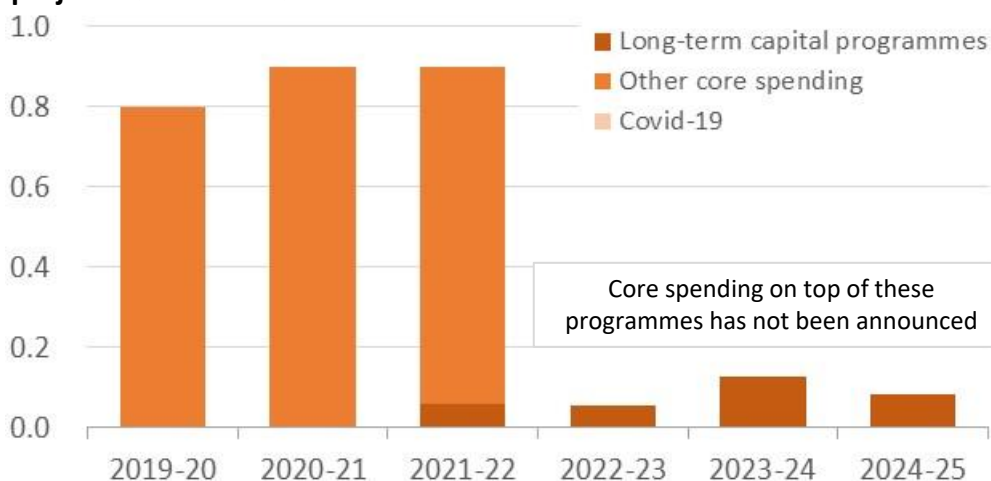
Home Office's future day-to-day spending is largely unknown

£ billion, Resource DEL budget excluding depreciation



Home Office's future investment spending includes funding for long-term projects

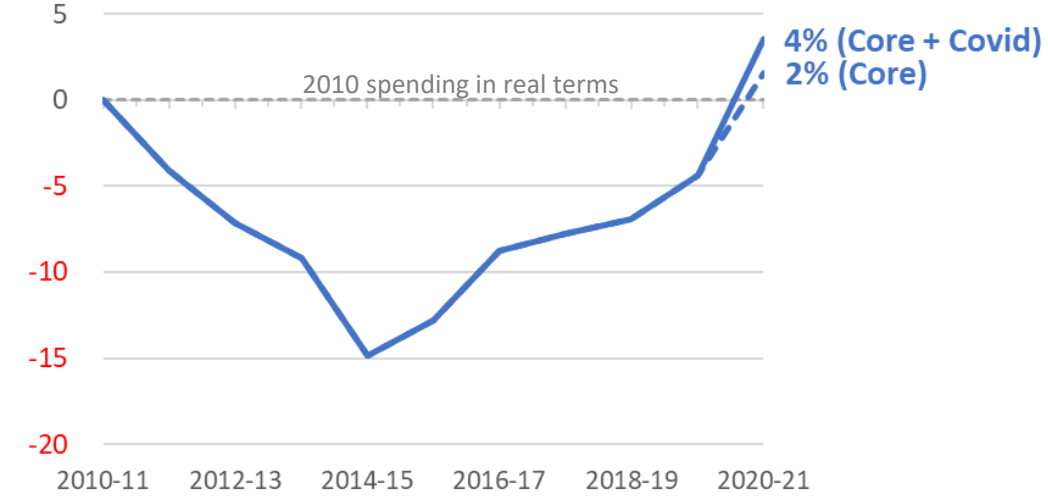
£ billion, Capital DEL budget



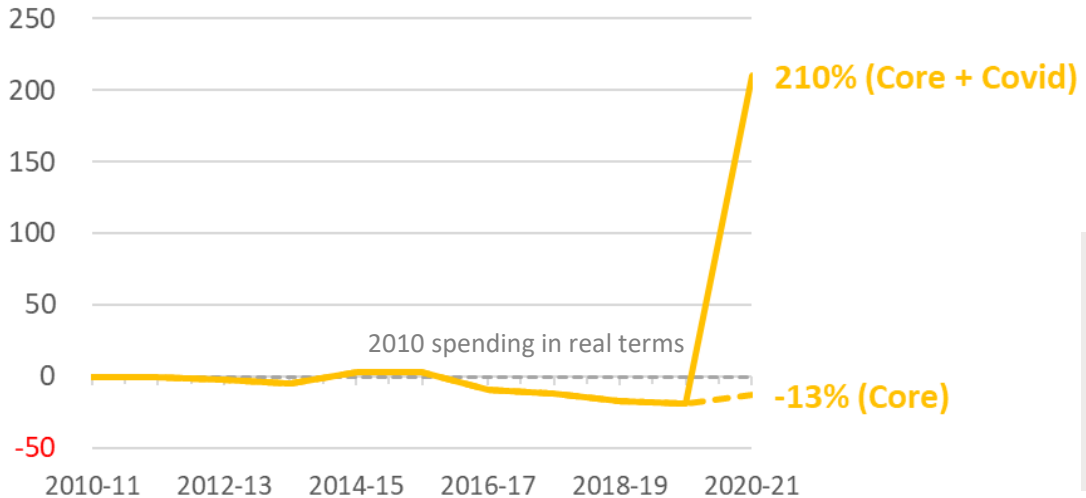
HM Revenue and Customs (HMRC)

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

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



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



Day-to-day planned spending trends

- HMRC day-to-day planned spending has recovered from the cuts following 2010-11. Core spending is set to be 2% higher in 2020-21 than in 2010-11, in real terms.
- **£94 million** was provided in Covid-19 support measures within the Resource DEL budget which was for increasing IT and staff costs.

Day-to-day demand-led spending trends

- In HMRC, this spending mainly comprises Personal Tax Credits and Child Benefit payments.
- **£122 billion** was allocated for Covid-19 furlough and income support schemes in 2020-21.
- The Personal Tax Credit budget for 2020-21 is set at £18.3 billion, the actual spending in 2019-20. At the Main Estimate in May 2020, and initial increase of £10 billion was recognised. Since then, HMRC has revised the estimate downwards by £13.1 billion, so the overall Covid-19 impact is a **reduction of £3.1 billion**.

Investment spending trends

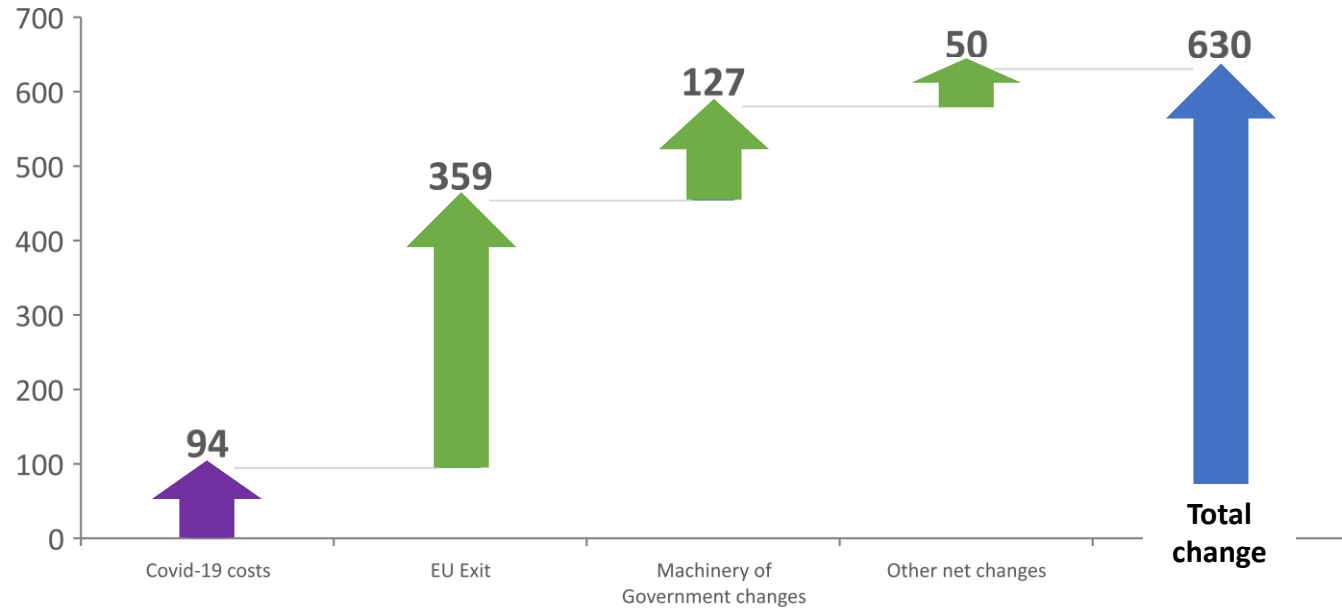
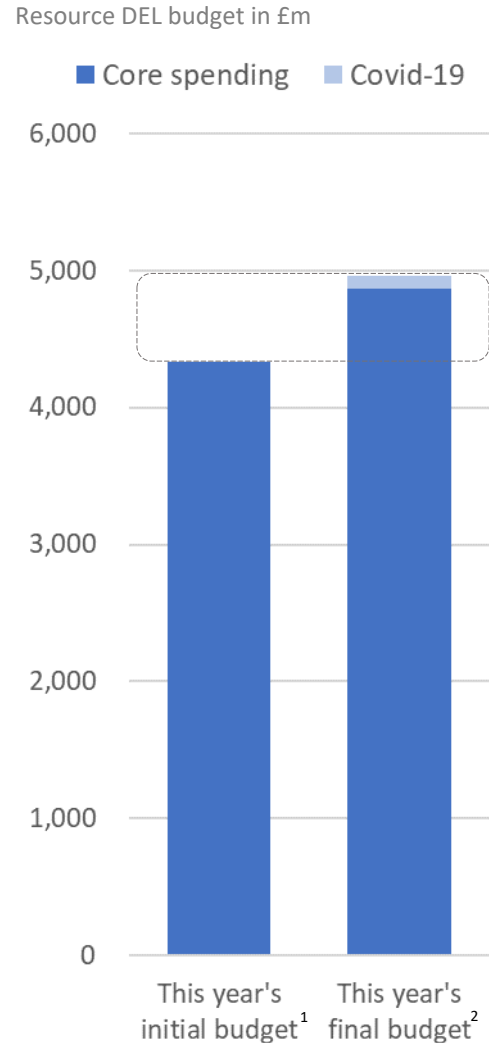
- Investment spending (Capital DEL) is relatively low at £335 million in 2019-20 and is set to be £564 million in 2020-21. Most of this is spent on HMRC administration, such as purchasing assets.

How HMRC's day-to-day planned spending changed in 2020-21

HMRC's day-to-day budget increased by £630m (+15%)

Most of HMRC's planned budget increase was due to EU exit costs

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



Changes in 2020-21

- **Covid-19 measures:** £94 million for additional staffing and IT costs relating to HMRC's Covid-19 income support schemes.
- **EU Exit:** £359 million for EU Exit costs, including staffing costs and grants to customs intermediaries
- **Machinery of Government changes:** £127 million for additional administration costs including machinery of government changes, reserve funding and budget movements between HMRC and other government departments.
- **Other net changes:** £75 million for payments against provisions disclosed in the accounts; and £6.6 million for changes in Valuation Office Agency administration; offset by £31 million decrease in Non-Voted Expenditure which has been moved to Voted Expenditure.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

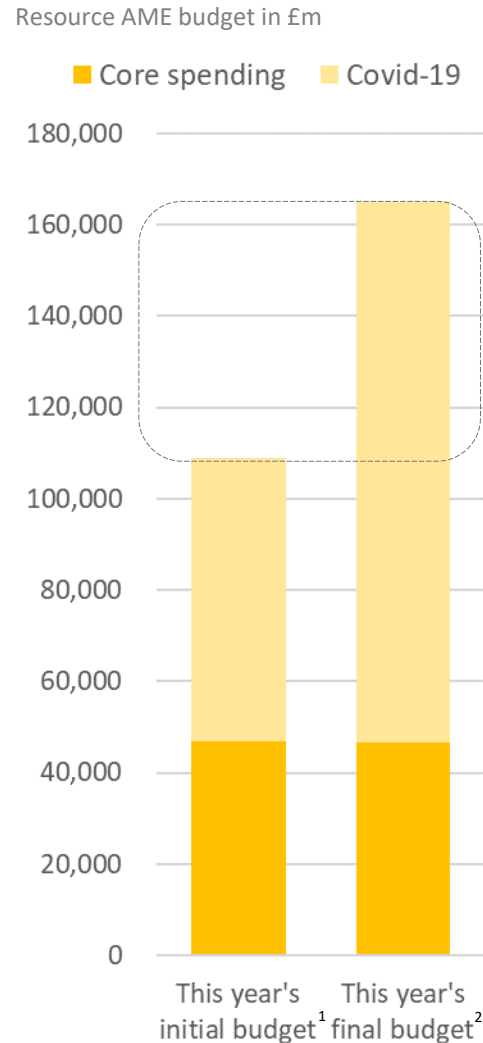
² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How HMRC's day-to-day demand-led spending changed in 2020-21

HMRC's Resource AME budget increased by £56,294m (52%)

HMRC's demand-led spending has increased mainly due to Covid-19 income support schemes

Changes in the Resource AME budget in £m since initial budget for 2020-21



Changes in 2020-21

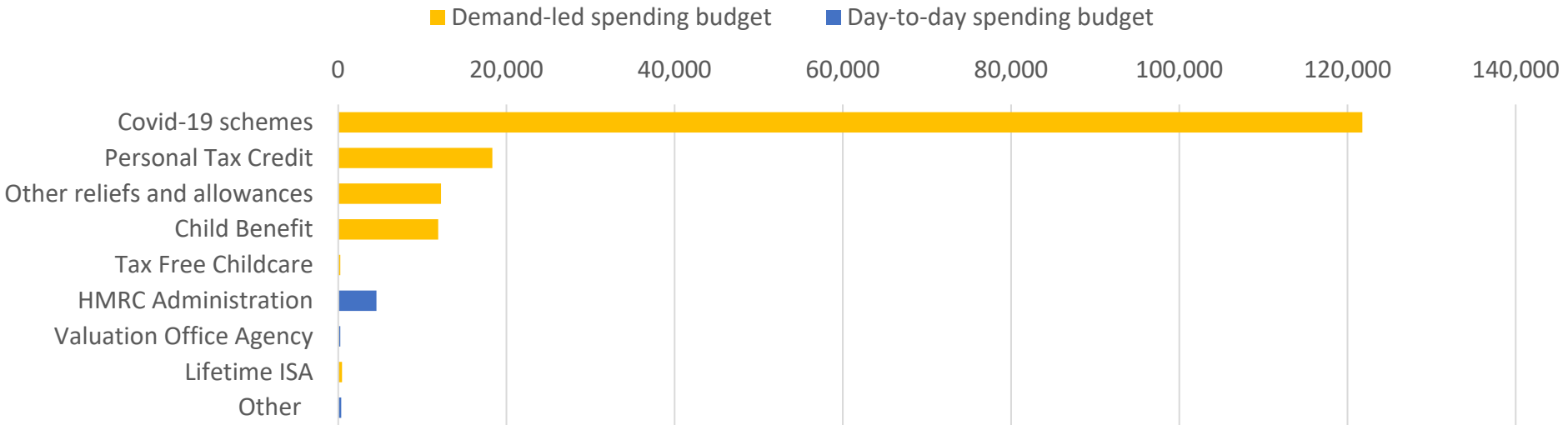
- **Covid-19 measures:** £69,765 million for the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme; offset by a £13,117 million reduction in Personal Tax Credit payments budget, based on latest forecasts. **Child Benefit:** increase of £100 million
- **Tax Free Childcare:** decrease of £457 million
- **Other net changes:** £43.3 million increase in Lifetime ISA costs; £35 million non-cash increase in new provisions; £75 million decrease due to payments against provisions (this is a budgeting treatment whereby provisions are initially recognised against AME and paid out against DEL, see previous slide for corresponding increase in DEL)

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the HMRC budget in 2020-21 was for Covid-19 support schemes

Breakdown of HMRC budget 2020-21 (£ million)*



Day-to-day demand-led expenditure (Resource AME)

- **Total Resource AME** budget for HMRC in 2020-21 is **£165,126 million**.
- **Covid-19 support schemes** make up the largest element at **£121,765 million**, most of which is for the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme. The budget for each of these schemes has not been provided in the Estimate. HMRC also funded the Eat out to Help Out scheme (£850 million).
- **Personal tax credit** payments account for **£18,331 million**, usually a substantial part of RAME spending (45% in 2019-20; 11% in 2020-21).
- **Child Benefit (£11,887 million)** and **Tax Free Childcare (£252 million)** make up 7% of the budget this year (29% in 2019-20).
- **Other reliefs and allowances** comprise £12,231 million of the budget for 2020-21.
- Other Resource AME costs include: **£463 million** on **Lifetime ISAs**; **£96 million** on the **Valuation Office Agency** and; **£65 million** on **HMRC administration**.

Day-to-day planned expenditure (Resource DEL)

- **Total Resource DEL** budget for HMRC in 2020-21 is **£4,962 million**.
- 90% of this is for **HMRC administration (£4,478 million)**
- **£158 million** is for the **Valuation Office Agency** and a further **£326 million** is for **other costs**.

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

HMRC's spending beyond 2020-21

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes under the investment budget.

Day-to-day demand-led spending:

Because of the demand-led nature of Resource AME spending, this budget is not announced in advance of the Main Estimates for the relevant financial year. The government has announced the extension of the following Covid-19 support schemes which are part of the Resource AME budget:

- £11.2 billion to extend the Self Employment Income Support Scheme with 2 further grants covering the period until 30 September 2021.
- £6.9 billion for extension of the Coronavirus Job Retention Scheme until 30 September 2021.

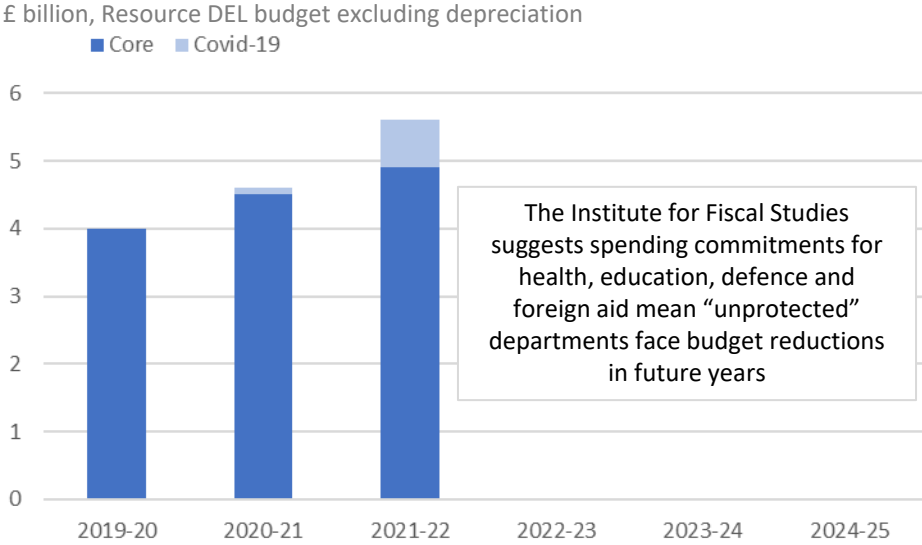
Day-to-day planned spending:

- For Covid-19 costs, the department allocated £0.1 billion in 2020-21 and £0.7 billion in 2021-22.
- Based on figures announced in the 2021 Budget, unprotected departments such as HMRC face an average spending cut of 1% in 2022-23. It is unclear how this will be achieved.

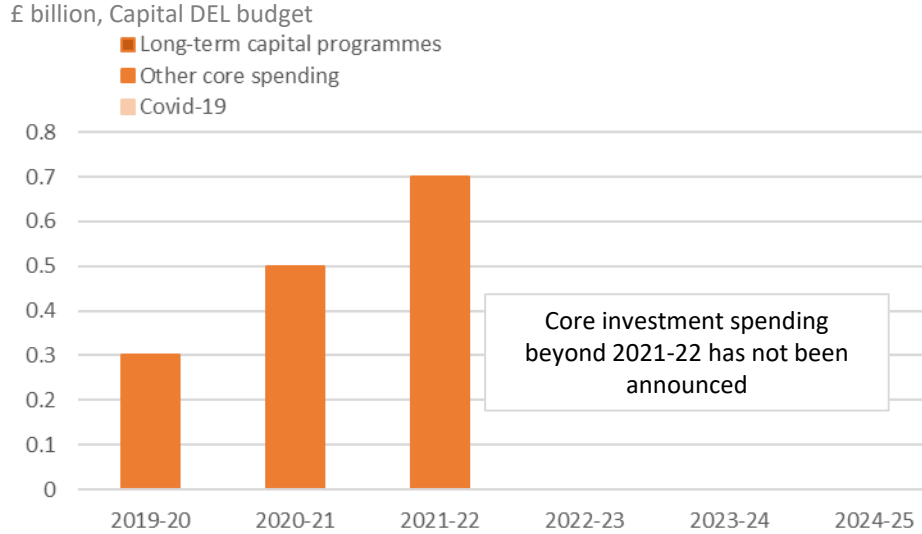
Investment spending:

- HMRC's Capital DEL budget will increase from £0.3 billion in 2019-20 to £0.7 billion in 2021-22.
- There is no investment budget allocated beyond 2021-22.

HMRC's future day-to-day spending beyond 2021-22 is largely unknown



DHSC is set to invest £5.5 billion in improving hospitals

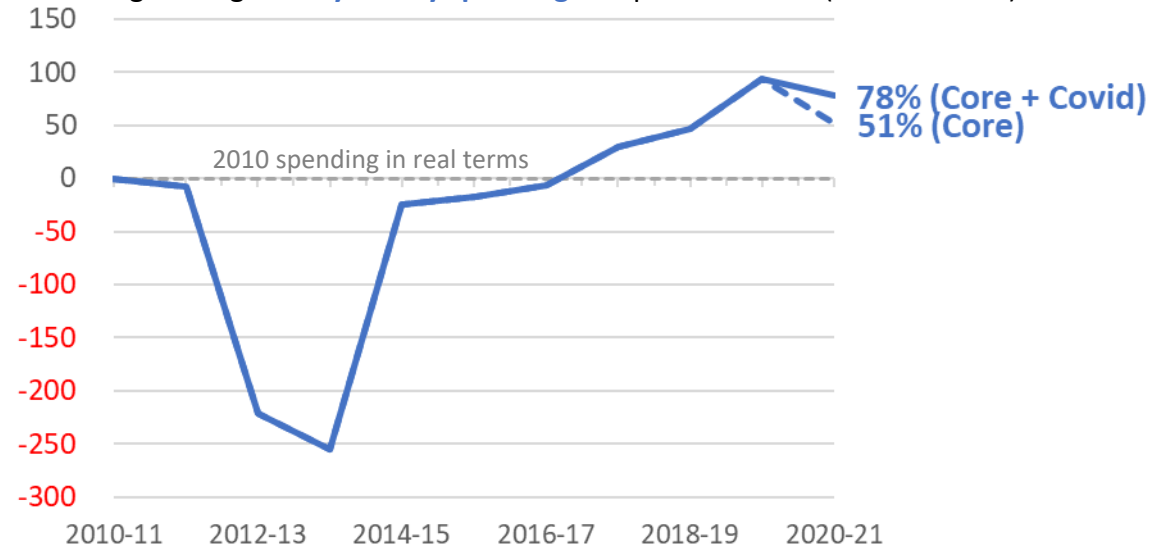


*May involve day-to-day and investment spending over several years

HM Treasury (HMT)

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

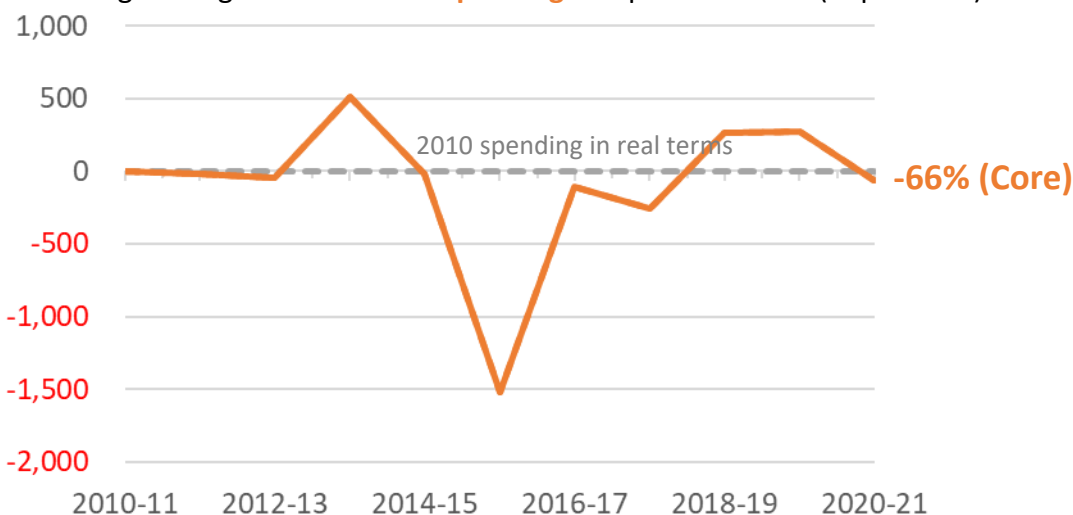
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- Day-to-day spending was cut significantly after 2010-11 reaching its lowest level in 2013-14, but has since recovered.
- Core spending is set to be 51% higher in 2020-21 than in 2010-11, in real terms.
- **£52 million** was allocated for Covid-19 costs in 2020-21, £44 million of which was for the HMT response to the pandemic and the remaining £8 million for UK Government Investment's additional costs.

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



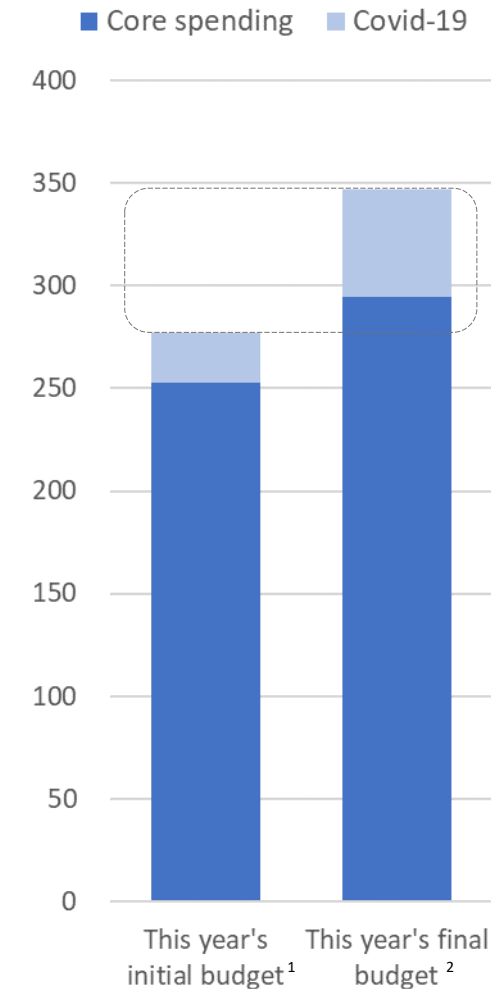
Investment spending trends

- Investment spending has fluctuated significantly because, in some years, there was net income rather than net expenditure. For example, in 2015-16 net Capital DEL income was £660 million due to the gain on the sale of the government's stake in Eurostar.
- In 2020-21, investment spending is set to be £18 million, 66% lower than in 2010-11 in real terms.
- There was no budget allocated for Covid-19 costs.

How HMT's day-to-day spending changed in 2020-21

HMT's day-to-day budget increased by £69.7m (+25%)

Resource DEL budget in £m



Most of the HMT's day-to-day budget increase was for Oil and Gas Decommissioning Relief Deeds

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



Changes in 2020-21

- **Covid-19 measures:** £20 million for HMT's response; £8 million for UK Government Investment
- **Oil and Gas Decommissioning:** £49 million reserve claim under the Oil and Gas Decommissioning Relief Deeds. Similar RDEL claims have been made in the three preceding years (2019-20: £54 million)
- **New Ministerial Campus:** £15 million reduction in funding due to project delays.
- **Debt Management Office:** £4 million increase for the DMO relocation project.
- **Net other changes** relate to: £10 million increase in administration costs; £3 million in transfers from other departments; £1.5 million in transfers from other HMT budgets; offset by a £6.4 million reduction in the banking and gilts services budget due to an increase in income and; a £3.5 million reduction in the HMT's unallocated budget.

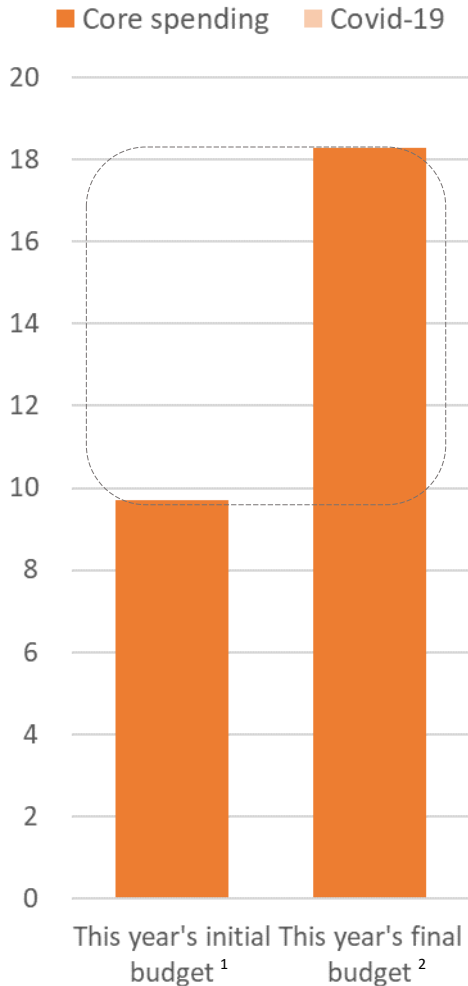
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How HMT's investment spending changed in 2020-21

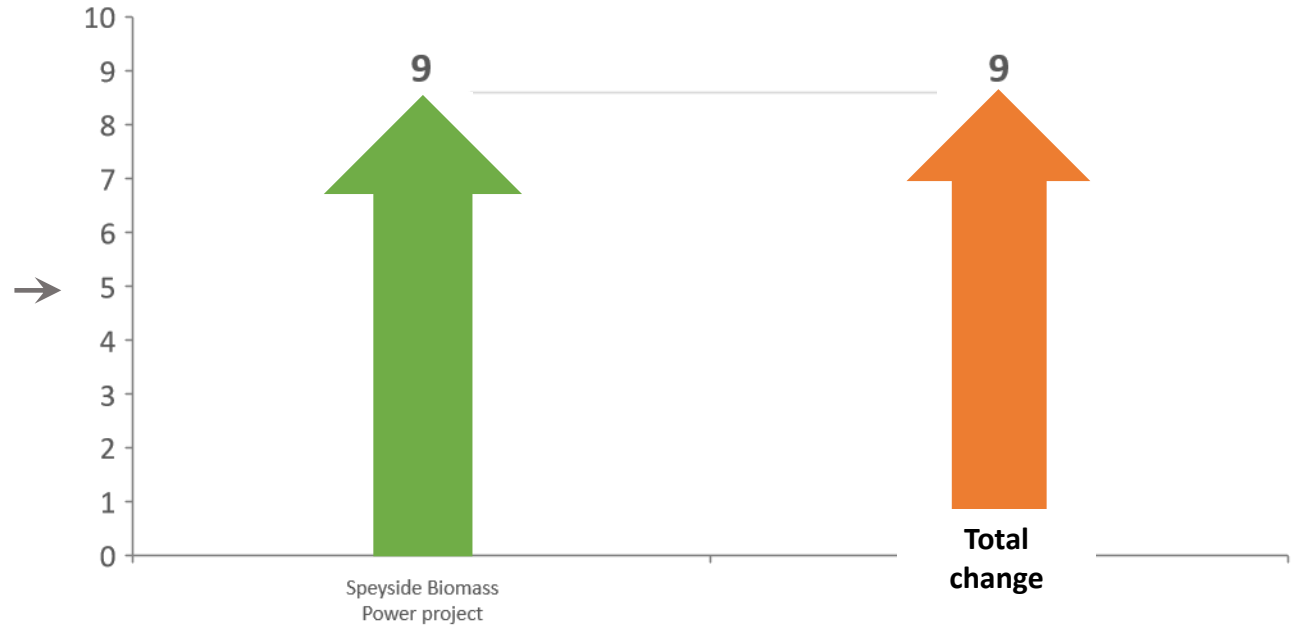
HMRC's investment budget increased by £8.6m (80%)

Capital DEL budget in £m



HMT's investment budget increase was for a loan facility for the Speyside Biomass project

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



Changes in 2020-21

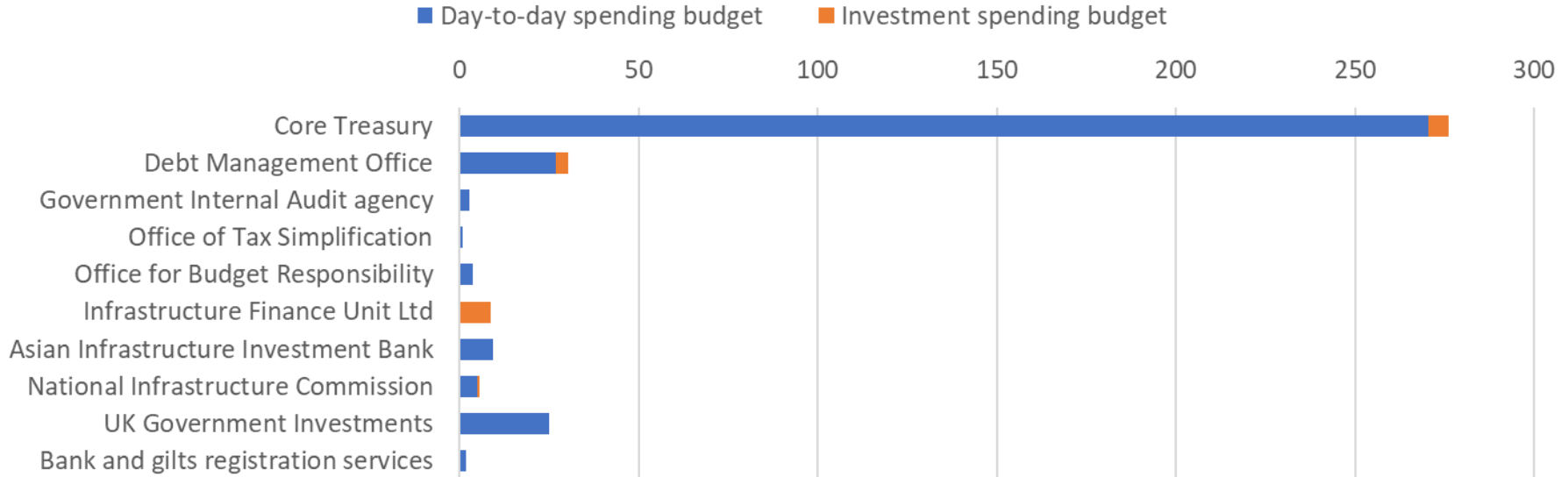
- **Covid-19 measures:** there was no investment budget allocated for Covid-19 costs.
- **Speyside Biomass Power project:** £8.6 million for a loan facility to the Speyside Biomass Power project which has a guarantee granted under the UK Guarantees Scheme.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the HMT budget is for day-to-day spending on core HMT administration

Breakdown of HMT budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Total Resource DEL** budget for HMT in 2020-21 is **£346.6 million**.
- **Core Treasury** makes up by far the largest element in the day-to-day budget (**£271 million**).
- Of the other bodies which sit within HMT, the Debt Management Office makes up 8% (**£27 million**), UK Government Investments 7% (**£25 million**) and the other bodies combined also 7% (**£24 million**).
- Covid-19 costs make up 8% (**£28 million**) of the day-to-day budget in 2020-21, £20 million of which sits within the Core Treasury budget and £8 million within the UK Government Investments budget.

Investment spending (Capital DEL)

- **Total Capital DEL** budget for HMT in 2020-21 is **£18.3 million**.
- Of this, **£8.6 million** is for the **Infrastructure Finance Unit Ltd**. This body only spends Capital DEL given the nature of its work in supporting capital projects.
- **£5.6 million** of Capital DEL is for **Core Treasury**, **£3.4 million** for the **Debt Management Office** and **£0.7 million** for the **National Infrastructure Commission**.

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

HMT's spending beyond 2020-21

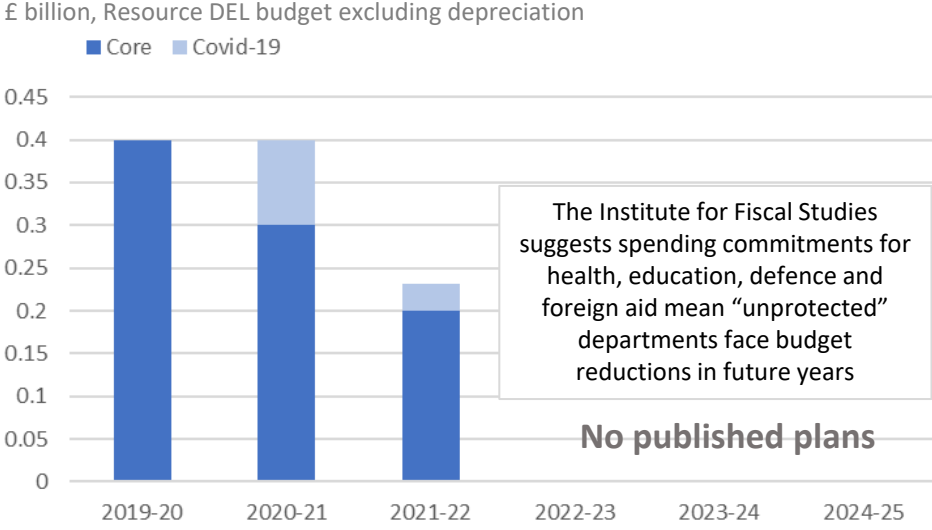
The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes under the investment spending budget. .

- Major future commitments have included*:
- £22 million to establish a new economic campus in the north of England and to increase HMT's presence in Edinburgh.
 - £4.7 million to establish a central capability to manage contingent liabilities.

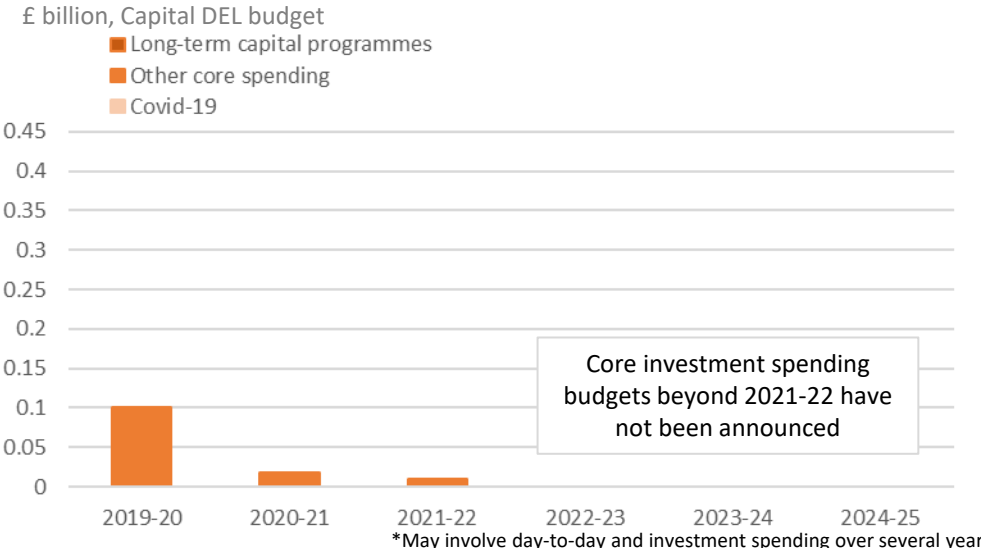
- Day-to-day spending:**
- For Covid-19 support measures in 2021-22, £31 million of Resource DEL budget has been allocated.
 - HMT's RDEL budgets are not allocated beyond 2021-22 and may be facing future spending reductions as a result.
 - Based on figures announced in the 2021 Budget, unprotected departments face an average spending cut of 1% in 2022-23. It is unclear how this will be achieved.

- Investment spending:**
- There is currently no Capital DEL budget allocated for 2022-23 or beyond.
 - Of the £22 million announced in the 2020 Spending Review for establishing the new economic campus and to increase HMT's presence in Edinburgh, £6 million is allocated to the Capital DEL budget.

HMT's future day-to-day spending beyond 2021-22 is largely unknown



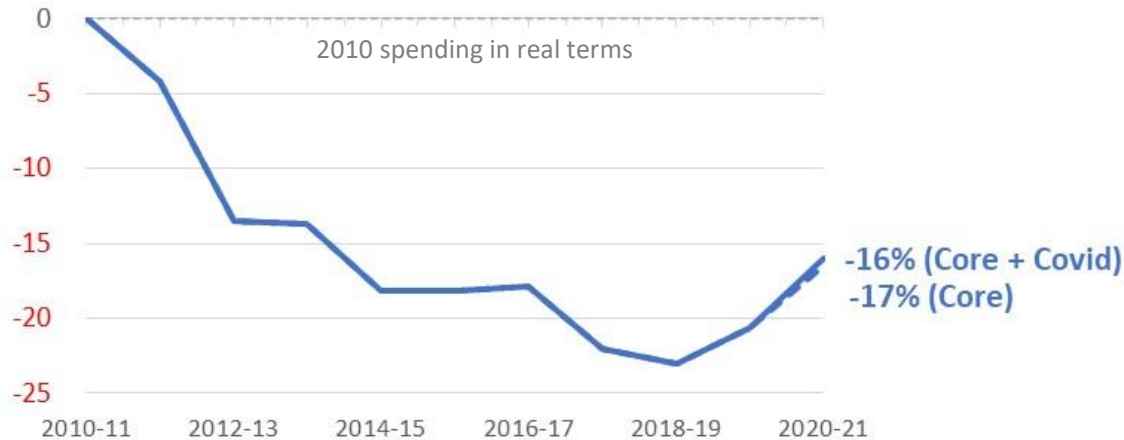
HMT has not announced the details of any multi-year capital programmes



Ministry of Defence (MOD)

Long-term trends in MOD spending (in real terms)

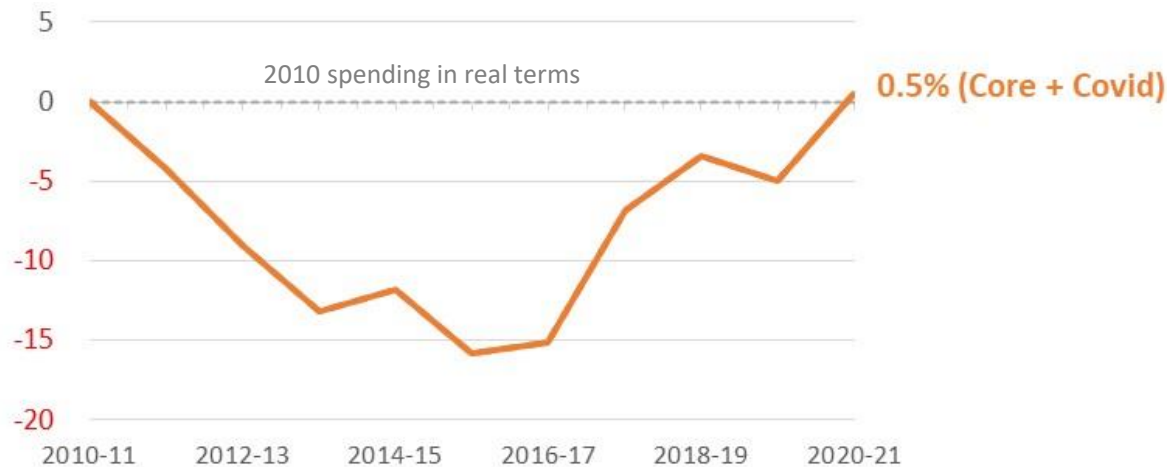
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- MOD's budget for day to day spending has been **broadly flat since 2014-15**, following more significant real-terms cuts earlier in the decade.
- Annual changes in spending are often driven by variance in depreciation; final spending by the department, excluding depreciation- which is a better indicator of actual expenditure- is usually very close to its budget limits.

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



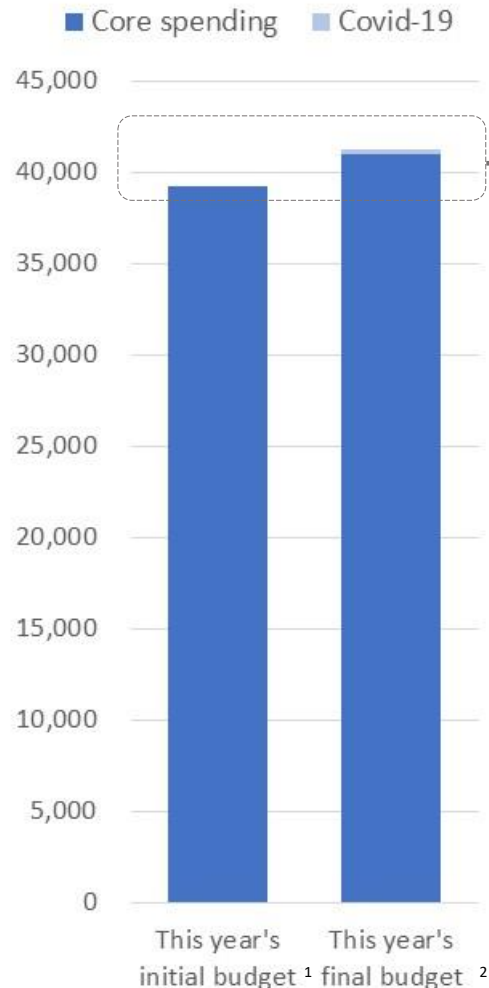
Investment spending trends

- MOD's capital budget **increased in real terms from 2015-16**, recovering some of the earlier reductions, but has been broadly flat for the last two years.
- In 2020-21 capital investment spending has once gain reached the levels seen in 2010-11.
- The underspend against the Capital DEL budget has been less than 1% since 2014-15.
- The present level of funding may be causing pressure on the Equipment Plan

How MOD's day-to-day spending changed in 2020-21

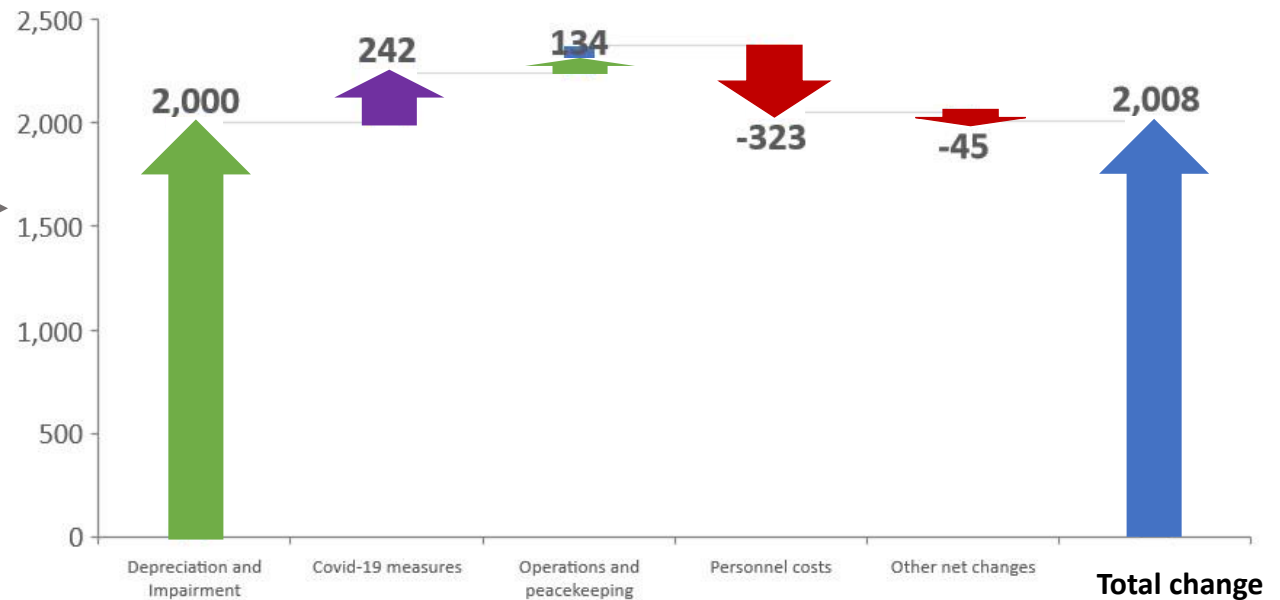
MOD's day-to-day budget increased by £2,007.8m (+5.1%)

Resource DEL budget in £m



MOD's spending increase has been driven by depreciation and impairment costs

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



Changes in 2020-21

- **Depreciation and impairment:** non-cash adjustments increased by £2 billion. This does not affect the (cash) spending available to the department.
- **Covid-19 measures:** Budget adjustments of £242 million reflect untaken leave accruals driven by the impact of COVID-19.
- **Operations and peacekeeping:** This budget includes expenditure on the cross-government Conflict, Stability and Security Fund, and has increased by £134 million. This is driven by ongoing Counter-Daesh operations and an uplift in Afghanistan and operational activities in the Gulf.

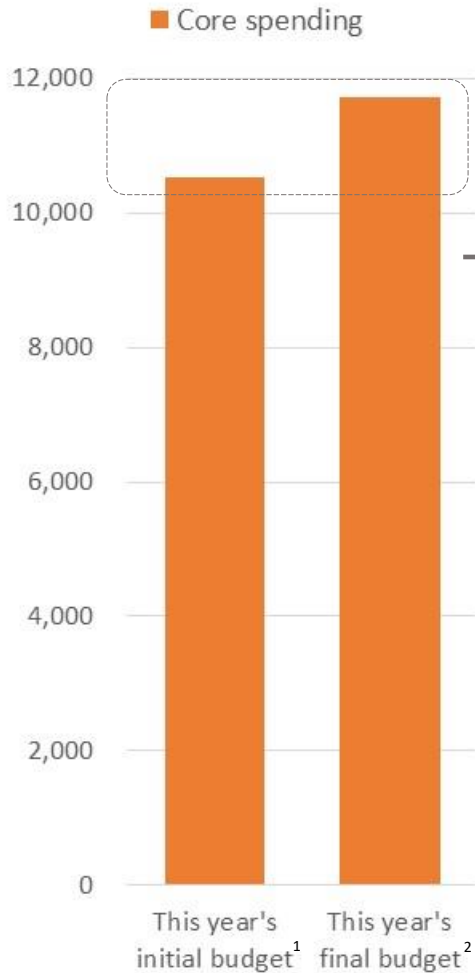
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How MOD's investment spending changed in 2020-21

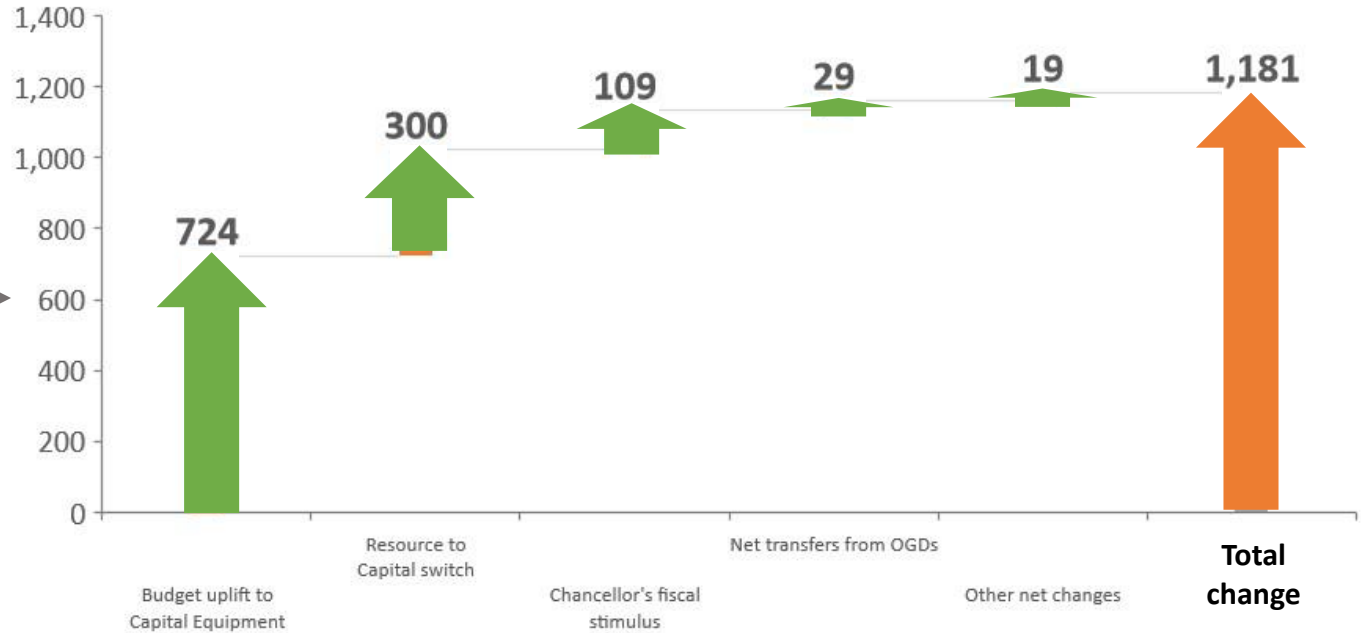
MOD's investment budget increased by £1,184.1m (+11.2%)

Capital DEL budget in £m



MOD's investment spending increases largely reflected funding for new capital equipment

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



Changes in 2020-21

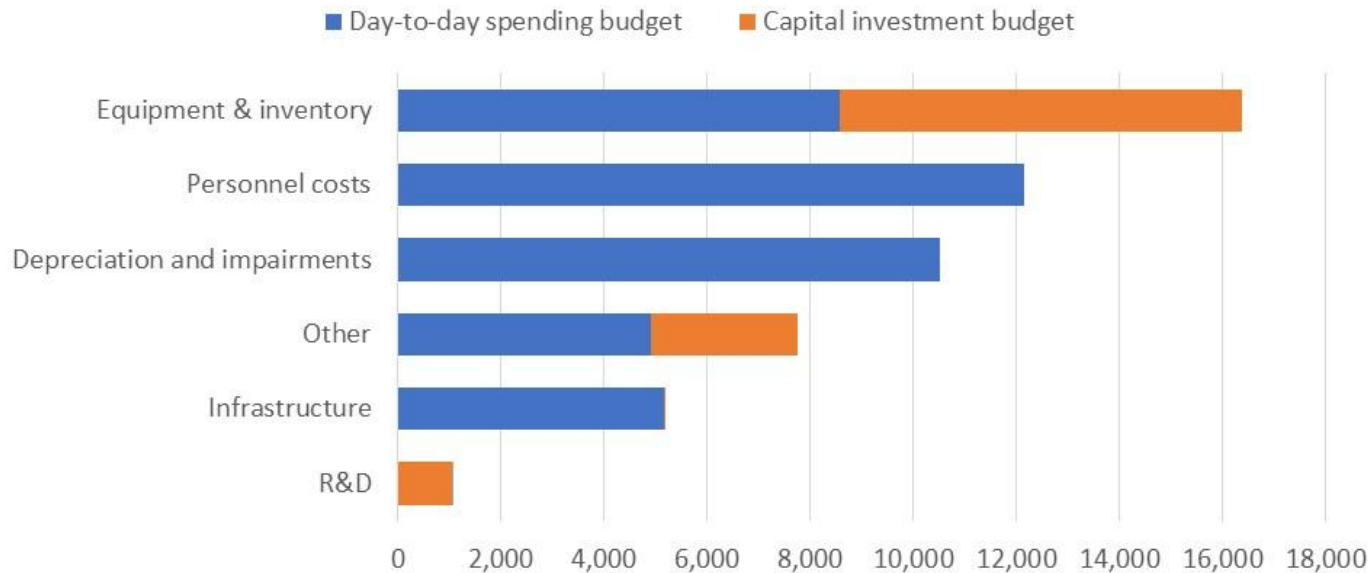
- **Capital Equipment:** A budget uplift of £724 million to reflect the Capital Equipment Programme, including Dreadnought.
- **Resource DEL to Capital DEL switch:** A movement from RDEL to CDEL of £300 million to align the Department's control totals with the forecast cost of the Defence programme.
- **Fiscal stimulus:** An uplift of £109 million in the Infrastructure Programme from the Chancellor's fiscal stimulus announcement.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the MOD budget is for equipment and inventory

Breakdown of MOD budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Equipment and inventory** includes equipment support costs, representing 20.7% of the day-to-day budget; this contributes to the Department's annual [Equipment Plan](#); the [NAO assessment](#) suggests this plan is unaffordable.
- **Personnel costs** represent a 29.4% of day-to-day spending; 85% of this is on military personnel (£10,350 million).
- **Infrastructure costs** of £5,152.1 million includes costs related to property management, service charges, IT & communications costs and utilities costs.

Investment spending (Capital DEL)

- **Equipment and inventory** investment spending consists of Single Use Military Equipment of £7,780.5 million, making up 66.4% of the investment budget.
- **R&D spending** of £1050.1 million Such is primarily incurred on the development of new single use military equipment (SUME) and on the improvement of the effectiveness and capability of existing single use military equipment.

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

MOD's spending beyond 2020-21

The most recent spending plans were published in [Spending Review 2020](#), with some further announcements in [Budget 2021](#). Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

Major future commitments have included:

- Research into artificial intelligence and other battle-winning technologies, with an investment of at least £6.6 billion in R&D.
- The establishment of a new Space Command.
- Renewal of the UK's nuclear deterrent
- Development the next generation of naval vessels, including Type 32 frigates and Fleet Solid Support ships.
- A new Combat Air system for the RAF, along with delivering upgraded Typhoon radars

Day-to-day spending:

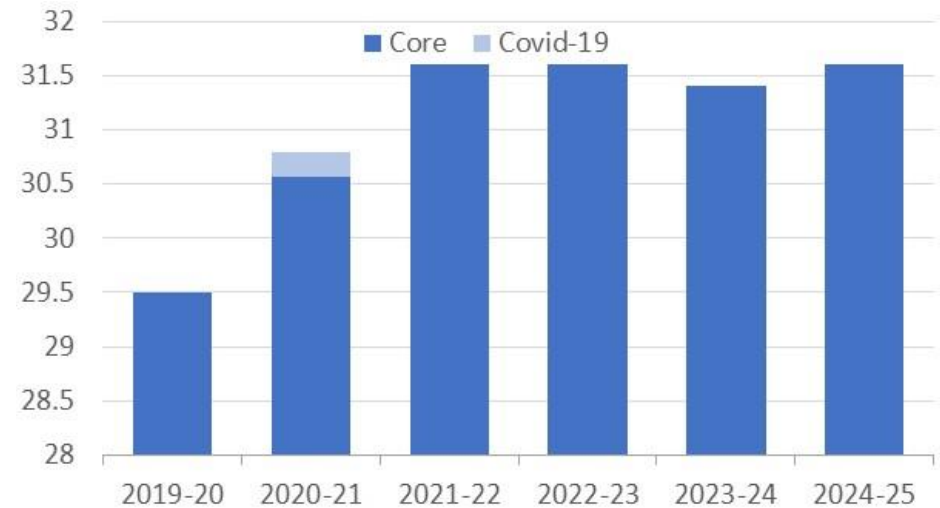
- **The only additional COVID-19 funding allocated to the MOD for 2020-21 is in relation to untaken leave accruals (£242 million).**
- MOD is one of the few departments to receive a long-term spending settlement for day-to-day spending.

Investment spending:

- MOD plans to gradually increase investment spending over time.
- Long-term capital programmes include the UK's new Space Command and the development of future technology and defence infrastructure.

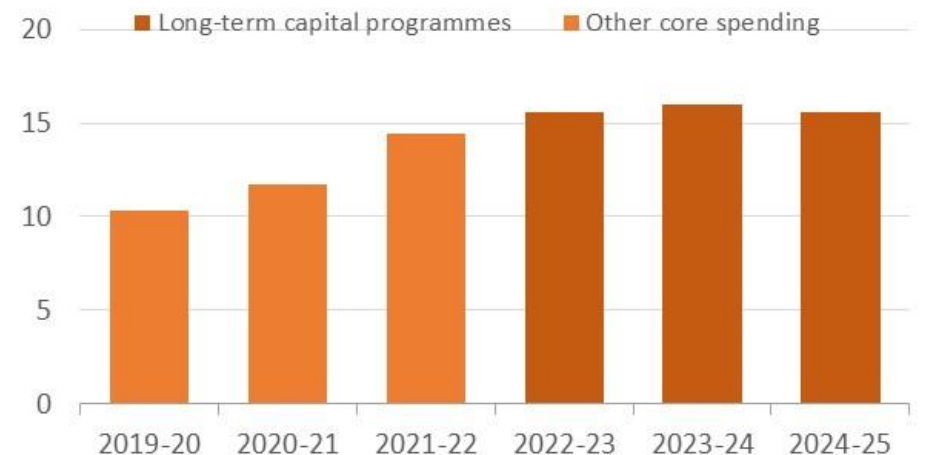
MOD's future day-to-day spending includes allocations up to 2024-25

£ billion, Resource DEL budget excluding depreciation



MOD's future investment spending includes funding for long-term projects

£ billion, Resource DEL budget excluding depreciation

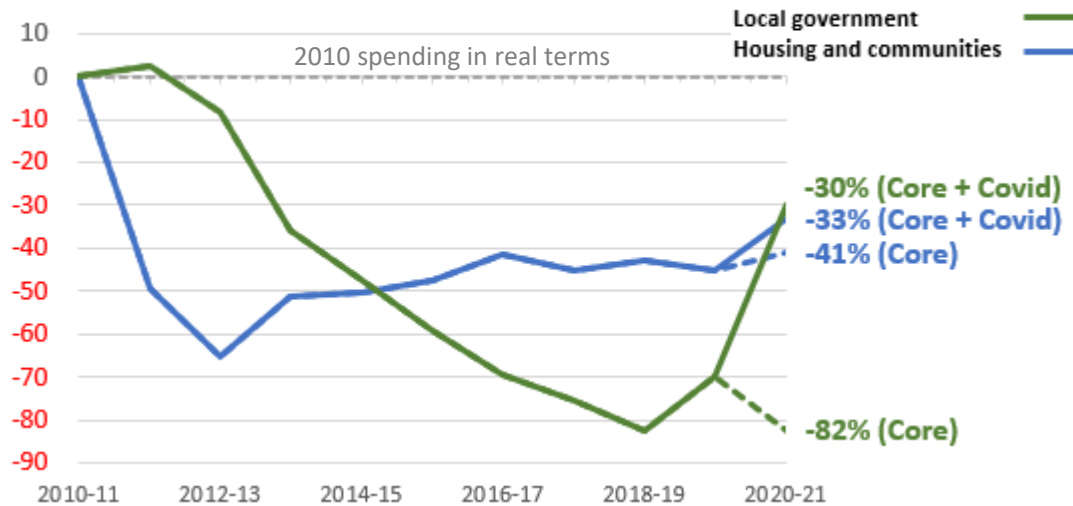


*May involve day-to-day and investment spending over several years

Ministry for Housing, Communities and Local Government (MHCLG)

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

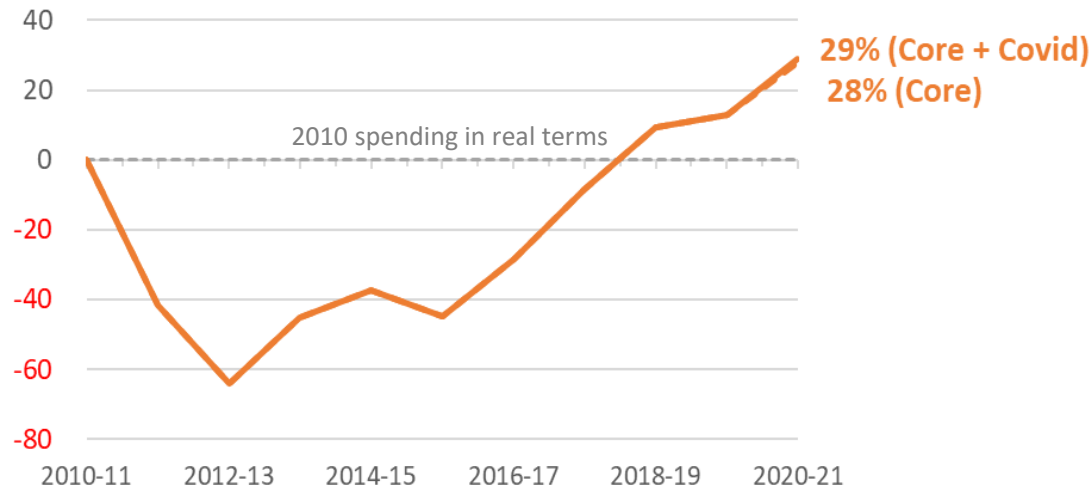
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- Core Housing and Communities spending was cut significantly after 2010, although there were some years of growth in spending from 2012-13. In 2020-21, core day-to-day spending is forecast to be at its lowest level since 2016-17.
- Spending on local government was cut gradually from 2010, reaching its lowest in 2018-19. Core spending is now forecast to be 82% lower than in 2010.
- £16.5 billion** was provided in Covid-19 support measures, mostly to support local authorities (£14.2 billion).

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



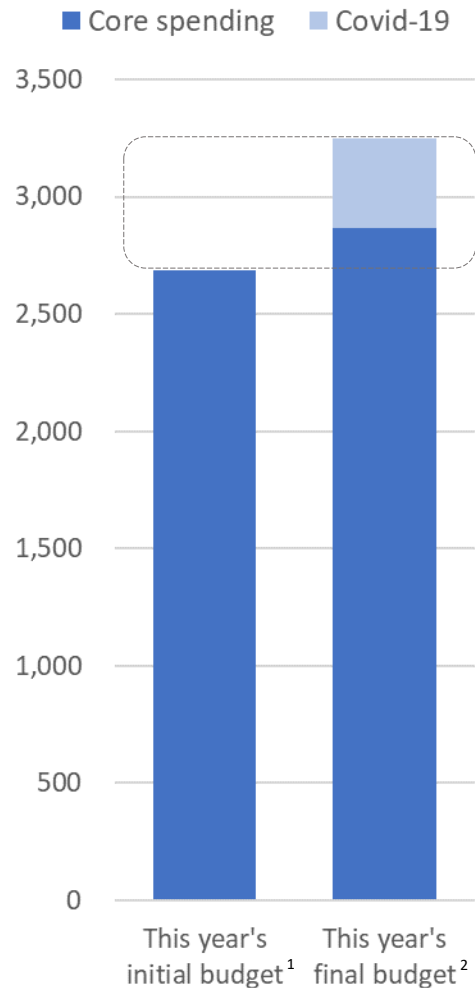
Investment spending trends

- All investment is under the Housing and Communities budget; there is no investment budget for local government.
- The core investment budget has recovered from the significant cuts and is now forecast to be 28% higher in real terms than 2010-11.
- Increases are mainly due to Help to Buy loans, which make up 45% of the 2020-21 investment budget.
- There has been relatively little Covid-19 spending on Capital DEL (**£95 million**) which was to support those sleeping rough during the pandemic.

How MHCLG's Housing and Communities day-to-day spending changed in 2020-21

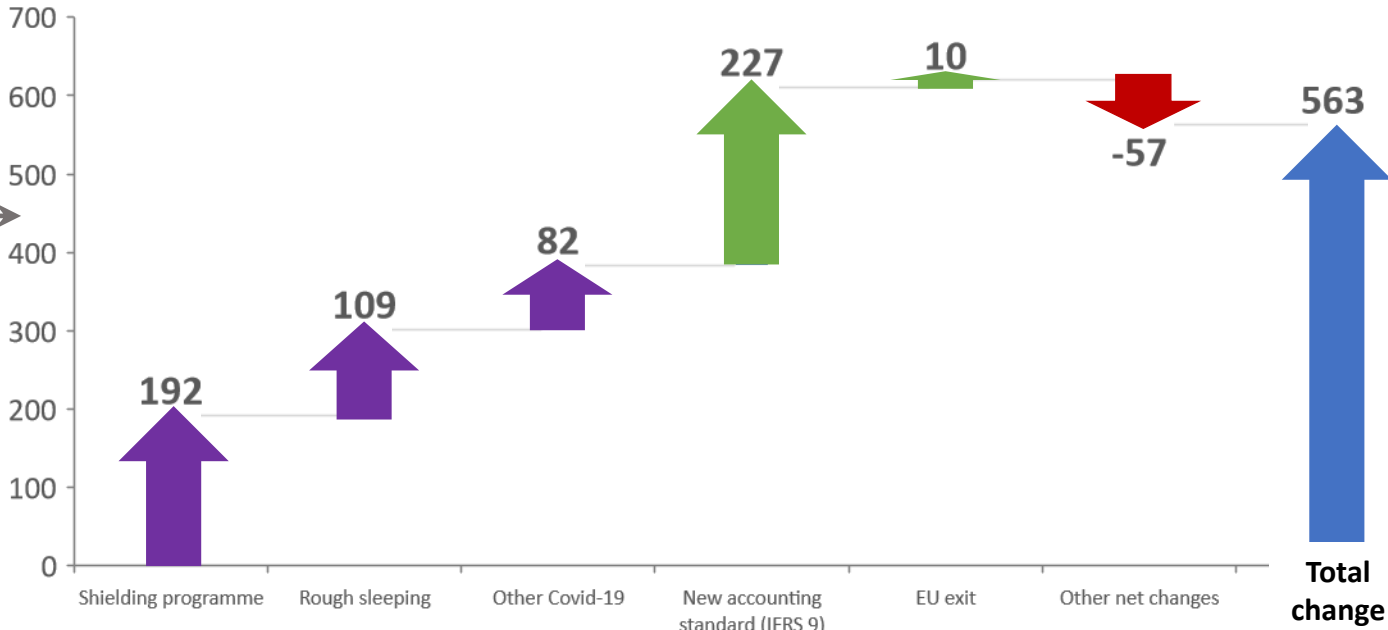
MHCLG's Housing and Communities day-to-day budget increased by **£563m (+21%)**

Resource DEL budget in £m



Most of the Housing and Communities' budget increase was due to Covid-19 measures

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



Changes in 2020-21

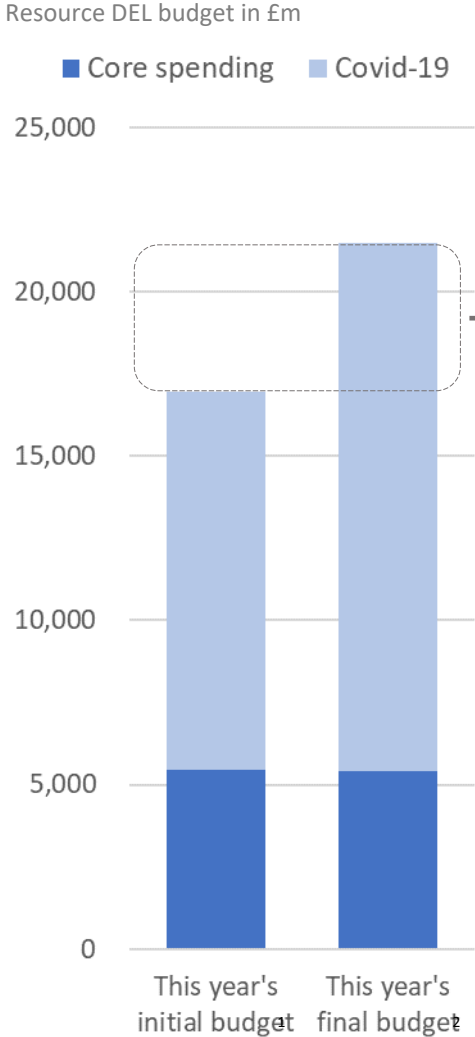
- **Covid-19 measures:** £192 million for the shielding programme; £109 million to support those sleeping rough during lockdowns; £30 million for enforcing Covid-19 restrictions; £25 million for community champions and; £27 million to cover lost income on land programmes
- **IFRS 9:** Due to the introduction of a new accounting standard, additional non-cash budget of £226 million is required to cover an accounting loss on financial instruments.
- **EU exit transition costs:** £10 million for local authorities with ports
- **Net other changes** relate to: £35 million in budget transfers to other departments and £18.6 million of unspent budget surrendered.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

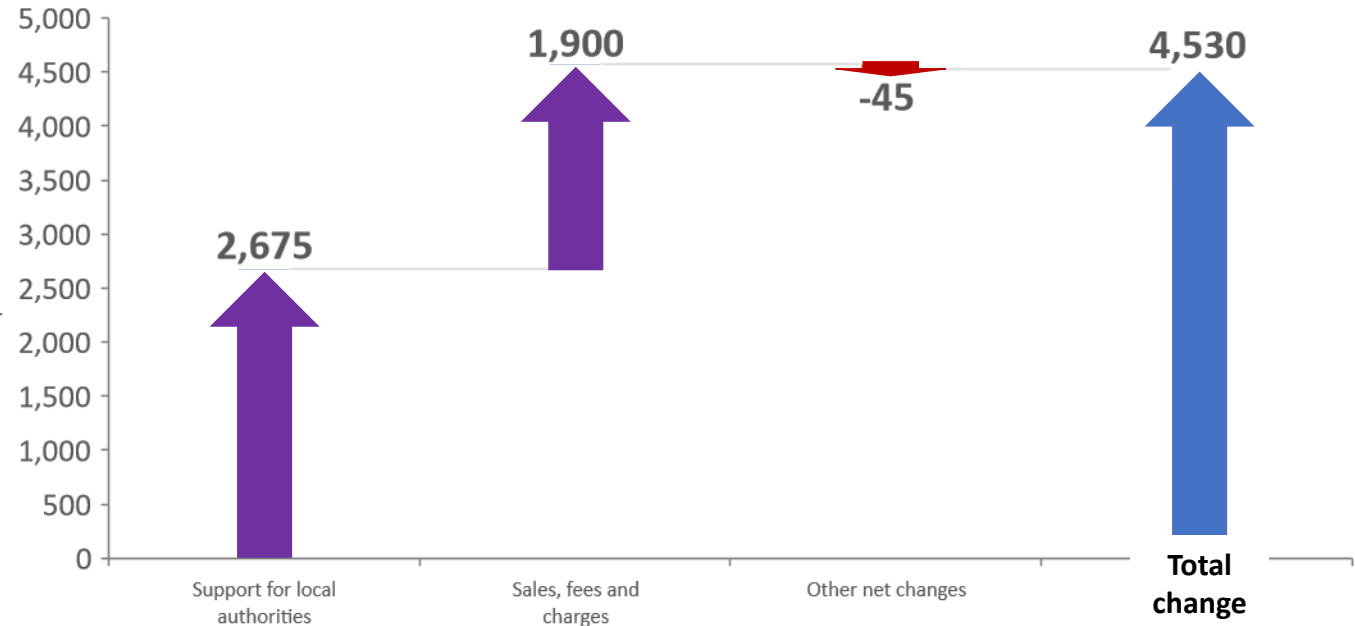
How MHCLG's Local Government day-to-day spending changed in 2020-21

MHCLG's Local Government day-to-day budget increased by **£4,530m (+27%)**
Resource DEL budget in £m



Almost all of the Local Government day-to-day budget increase was due to Covid-19 measures

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



Changes in 2020-21

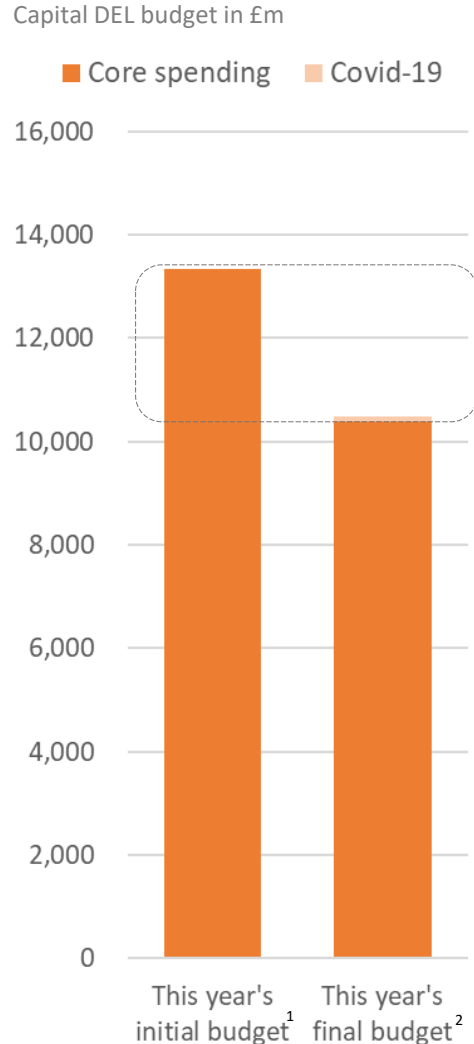
- Covid-19 measures:** £2,675 million in support for local authorities and; £1,900 million to reimburse local authorities for irrecoverable and unavoidable losses from sales, fees and charges income. Authorities will absorb losses of 5% of planned 2020-21 income, and will be compensated for 75% of remaining loss thereafter. The first payment of £538 million to authorities in England was made in November 2020.
- Net other changes:** £9 million in New Burdens funding for Business Rates Retention and Council Tax; £13 million net incoming budget transfers; offset by £66 million of unutilised budget surrendered to HM Treasury.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

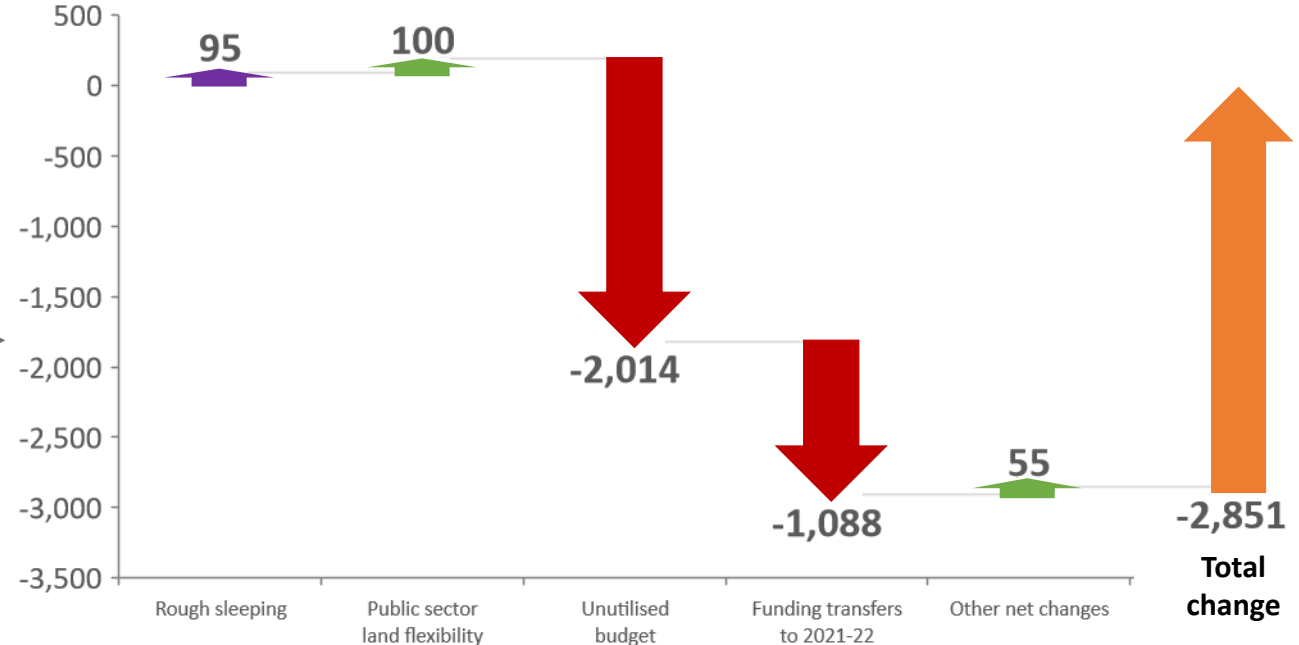
How MHCLG's investment spending changed in 2020-21

MHCLG's Housing and Communities investment budget reduced by £2,851m (-21%)
Capital DEL budget in £m



MHCLG's investment spending forecast was reduced due to underspends and delays caused by Covid-19

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



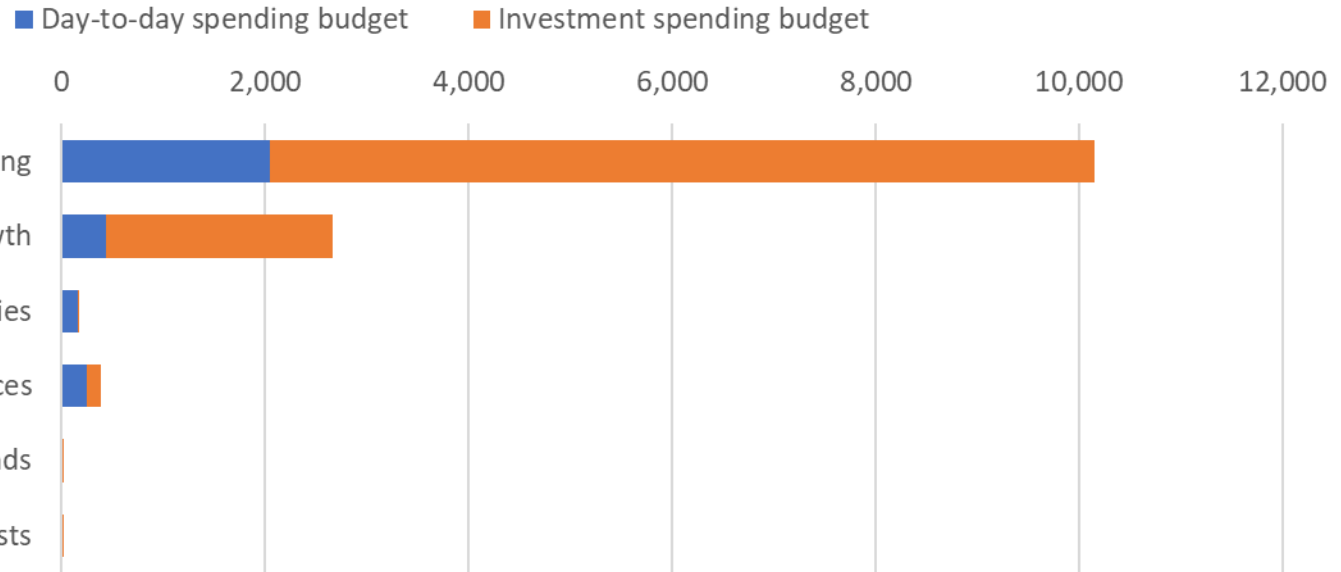
Changes in 2020-21

- **Covid-19 measures:** £95 million to deliver the Rough Sleeping Accommodation Programme.
- **Public sector land flexibility:** £100 million for remediation work to make land suitable for development.
- **Unutilised budgets:** £2,014 of budget surrendered to HM Treasury, including £1,153 million under the Capital Financial Transactions budget (mostly Help to Buy) and; £673 million relating to the Affordable Homes Programme and; £188 million under the Capital Grant budget.
- **Funding transfers to 2021-22:** £1,088 million of spending delayed until next year, including £584 million for cladding remediation; £181 million for the Home Building Fund and ; £111 million for the Housing Infrastructure Fund.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)
² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the MHCLG Housing and Communities budget is for investment in housing

Breakdown of MHCLG Housing and Communities budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- Total Resource DEL budget for Housing and Communities in 2020-21 is **£2,924.2 million**.
- **Housing and planning** makes up the largest element in the Housing and Communities day-to-day budget (£2,042 million), of which £1,093 million (51%) is for building affordable housing and £437 million (21%) is for alleviating homelessness and rough sleeping.
- Just under half of the **decentralisation and local growth** day-to-day spending is for the Covid-19 shielding programme (£194 million).
- **Other funding** includes £162 million for the Troubled Families programme; £114 million to alleviate homelessness as part of the local government and public services budget and; £11 million for the Department's response to the Grenfell Tower tragedy.

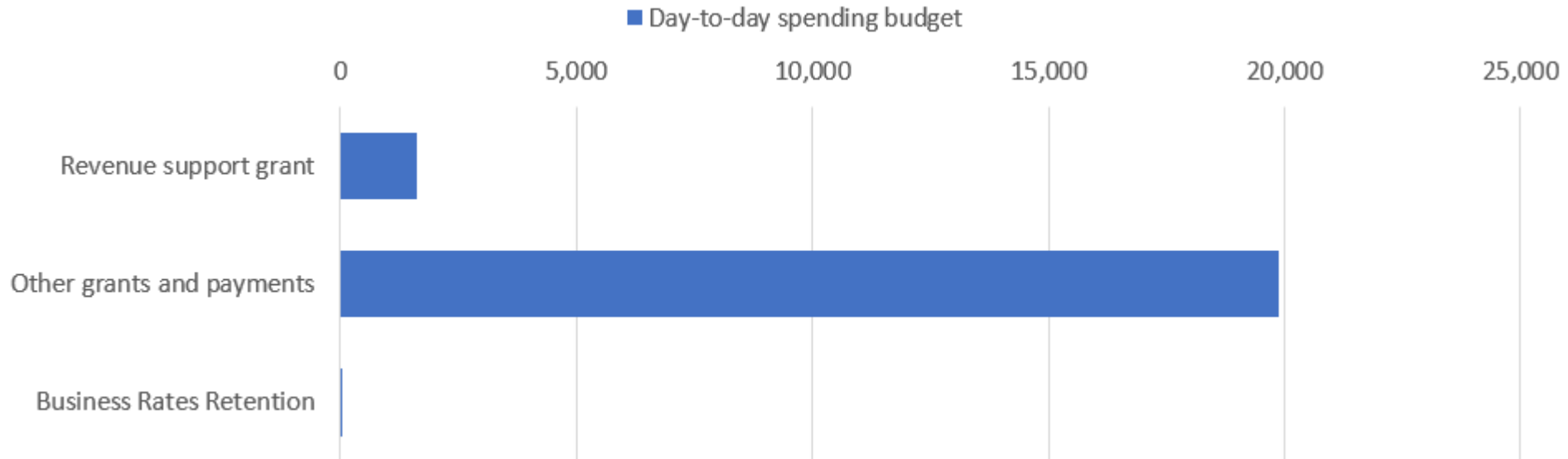
Investment spending (Capital DEL)

- Total Capital DEL budget for Housing and Communities in 2020-21 is **£10,485.8 million**.
- Help to Buy makes up over half of the **housing and planning** budget at £4,493 million (55%).
- Most of the **decentralisation and local growth budget** is for Local Enterprise Partnerships at £1,247 million (58%).
- **Other funding** includes £162 million to alleviate homelessness as part of the local government and public services budget and; £31.1 million for the Department's response to the Grenfell Tower tragedy.

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

Most of this year's Local Government budget is for Covid-19 support measures

Breakdown of MHCLG Local Government budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- Total Resource DEL budget for Local Government in 2020-21 is **£21,484.8 million**.
- 75% (**£16,075 million**) of the total Local Government budget is for **Covid-19 support measures**, all of which sits within the **Other grants and payments** budget.
- Of this: £11,000 million to compensate local authorities for the Covid-19 Business Rate Reliefs; £1,900 million to compensate for lost sales, fees and charges income; a further £2,675 million in unspecified Covid-19 support and; £500 million to allow local authorities to discount council tax for those struggling to pay during the lockdowns.
- **Revenue support grant** and **Business Rates Retention** budgets remain unchanged from the Main Estimates at **£1,613 million** and **£3.4 million**, respectively.

Investment spending (Capital DEL)

- There is no Capital DEL budget for Local Government.

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

MHCLG's spending beyond 2020-21

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes under the Housing and Communities investment budget. .

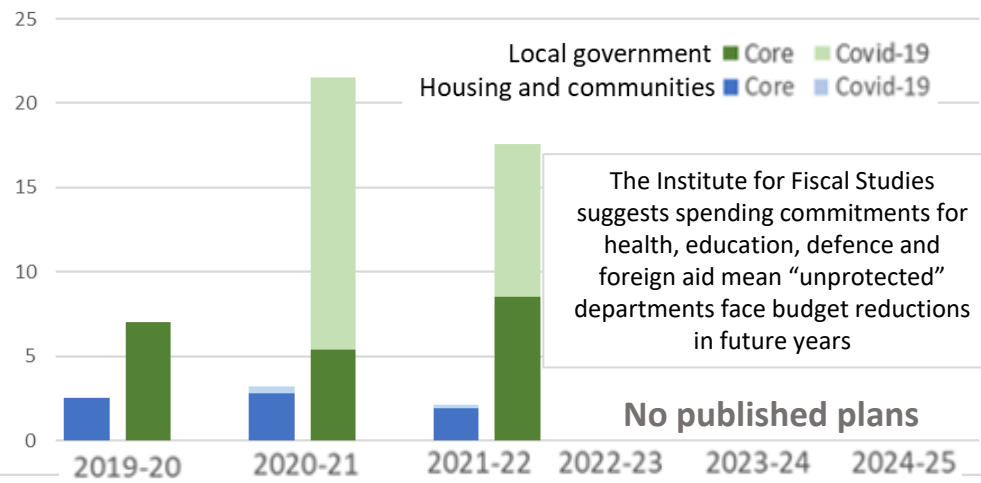
- Major future commitments have included*:
- £9.6 billion for the Affordable Housing Programme (to 2024-25)
 - £7.1 billion for the National Home Building Fund (to 2024-25)
 - £5.3 billion for Help to Buy equity loans (to 2022-23)
 - £5.1 billion to remove unsafe cladding from all residential buildings over 18 metres/6 storeys
 - £3.6 billion Towns Fund as part of the Levelling Up agenda

- Day-to-day spending:**
- For Covid-19 support measures in 2021-22, £0.2 billion has been allocated for Housing and Communities, and £9.1 billion for Local Government.
 - MHCLG's RDEL budgets are not allocated beyond 2021-22 and may be facing future spending reductions as a result.
 - Based on figures announced in the 2021 Budget, unprotected departments face an average spending cut of 1% in 2022-23. It is unclear how this will be achieved.

- Investment spending:**
- There is currently no Covid-19 capital budget allocated for 2021-22 or beyond.
 - The core capital budget will reduce by 41% in 2021-22, 79% of which relates to the major capital projects outlined above.

MHCLG's future day-to-day spending beyond 2021-22 is largely unknown

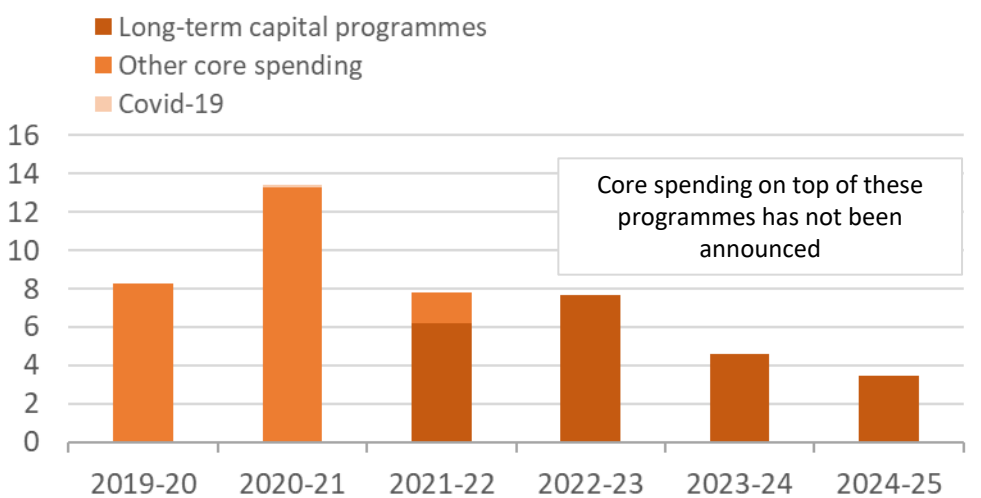
£ billion, Resource DEL budget excluding depreciation



The Institute for Fiscal Studies suggests spending commitments for health, education, defence and foreign aid mean "unprotected" departments face budget reductions in future years

Future investment spending includes funding for long-term projects

£ billion, Capital DEL budget



*May involve day-to-day and investment spending over several years

Ministry of Justice (MOJ)

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

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



Day-to-day spending trends

- The budget for day-to-day spending was reduced significantly under **austerity**.
- Further planned reductions outlined in the **2015 Spending Review** have not been achieved, and since 2018-19 significant spending increases have been included in Estimates to address funding pressures within the department, particularly in prisons.
- Additional Covid funding for prisons and courts accentuates this trend

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



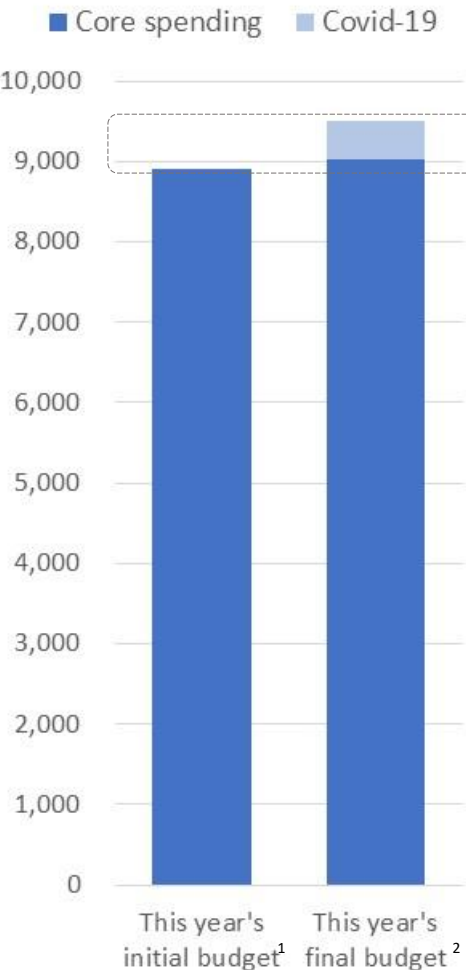
Investment spending trends

- Initial cuts to the budget under **austerity** were reversed in the 2015 Spending Review, with **significant investment** planned for both the court and prison estates.
- There has been significant **slippage** against these plans, but investment is increasing.
- Since 2015-16 the investment budget has been reduced when budgets are adjusted in February, often being **switched to day-to-day** spending to ease pressures.
- Increased investment spending outweighs some additional Covid measures.

How MOJ's day-to-day spending changed in 2020-21

MOJ's day-to-day budget increased by £596.4m (+6.7%)

Resource DEL budget in £m



MOJ's spending increase was largely driven by Covid-19

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



Changes in 2020-21

- **Covid-19 measures:** £480.2 million increase in spending, including:
 - **Prison and probation:** £155 million to support operational delivery
 - **Court fee income:** £151 million to replace income lost during the pandemic
 - **Support for courts:** £105 million for courts (does not include remote working adjustments)
- **Independent Monitoring Authority:** implementation and running of the new organisation to monitor Citizen's Rights following EU Exit.
- **Other net changes:** transfers from other departments, including £30 million from DHSC for personal protective equipment, and £23 million from DCMS for Covid-19 related charity

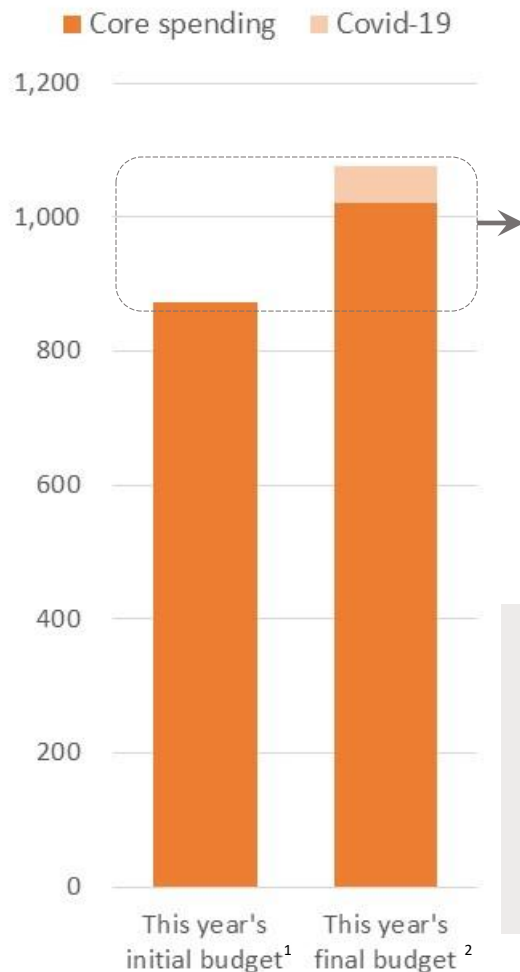
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How MOJ's investment spending changed in 2020-21

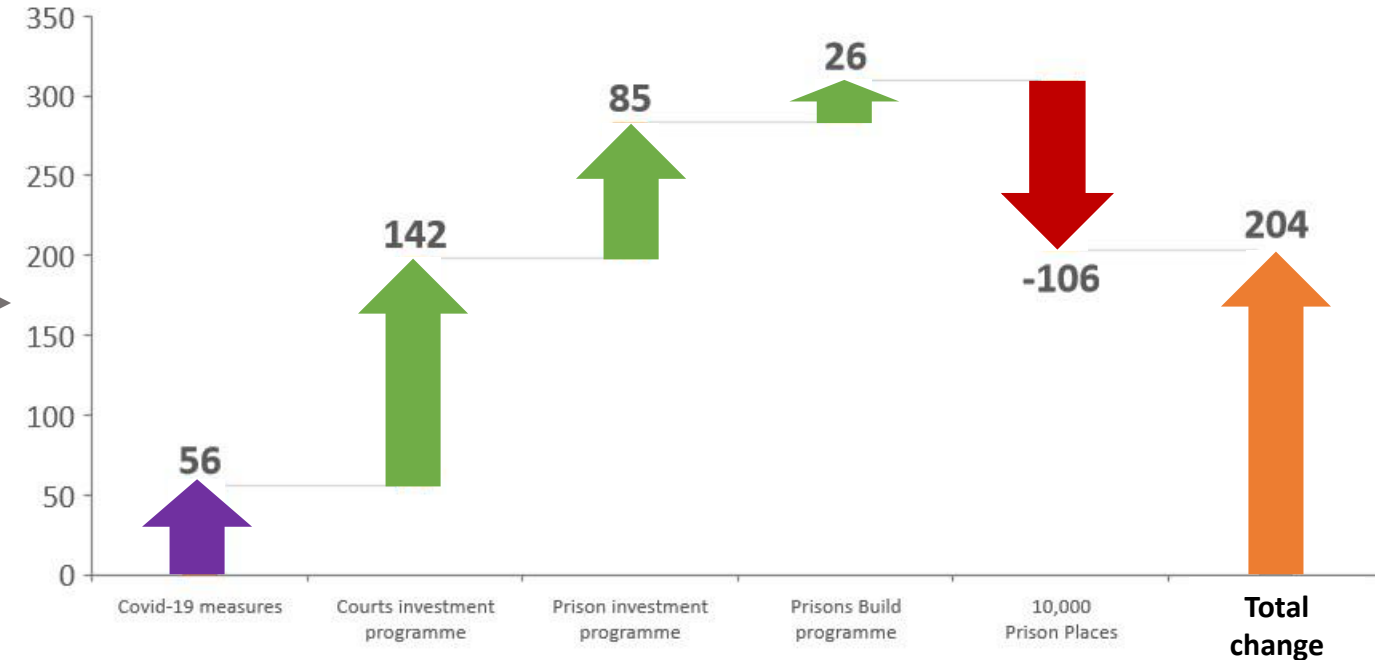
MOJ's investment budget increased by £203.7m (+23.3%)

Capital DEL budget in £m



MOJ's investment spending increases include increased courts investment

Changes in Investment (Capital DEL) budget in £m since final budget for 2019-20



Changes in 2020-21

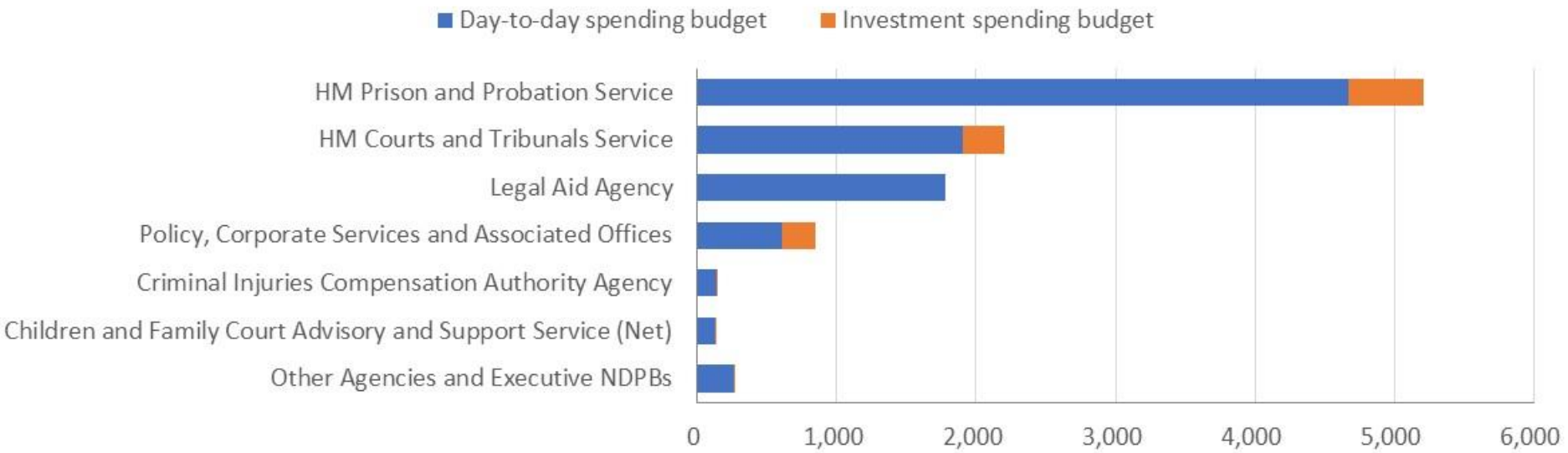
- **Covid-19 measures:** £48 million to support operational delivery in prisons and MOJ's IT infrastructure, and £8 million for court adaptations.
- **Court investment programme:** additional investment committed in the Summer Economic Update.
- **Prison investment programme:** additional investment committed in the Summer Economic Update.
- **Prison Build programme:** budget brought forward
- **10,000 Prison Places:** offsetting reduction following the re-profiling of budget and shifting funds to future years (now called the "18,000 Prison Places" programme)

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

The majority of the MOJ budget is for the Prison and Probation Service

Breakdown of MOJ budget 2020-21 (£ million)*



Day-to-day spending (Resource DEL)

- **Prison and probation:** day-to-day spending of £4,674 million represents half of day-to-day spending and around 44% of total planned spending.
- From the memorandum around £2,960 million is identifiable for prisons, £547 million for the National Probation Service and £375 million for Community Rehabilitation Companies.
- **Courts and Tribunals** day-to-day spending of £1,902 million represents 18% of total planned spending.
- **Legal Aid Agency** day-to-day spending of £1,782 million has around £61 million in operations and the rest in the LAA fund

Investment spending (Capital DEL)

- **Prison and probation** investment spending of £533 million represents 50% of the investment budget; the memorandum identifies. Around £336 million is allocated to a “change” budget, for the investment programme, whilst ongoing spending by prisons is around £72 million
- **Courts and Tribunals** investment spending of £300 million represents 28% of investment, with only £78 million in the “change” budget.
- **Policy, corporate services** (“headquarters”) investment spending is £240 million (22%), of which Estates represent £178 million and IT £72 million (offset by income).

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

MOJ's spending beyond 2020-21

The most recent spending plans were published in **Spending Review 2020**, with some further announcements in **Budget 2021**. Due to uncertainty caused by Covid-19 plans were only given for 2021-22 and some specific multi-year capital programmes.

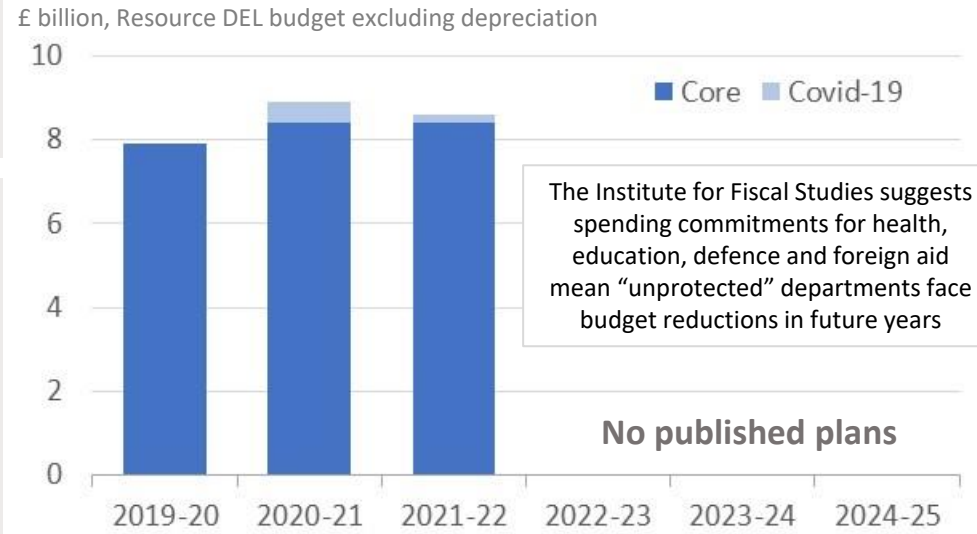
- Major future commitments have included*:
- £4 billion capital funding over the next four years to make “significant progress” in delivering 18,000 additional prison places across England and Wales – the “largest prison building programme in more than a century”.
 - £337 million for the criminal justice system, including £275 million to manage the downstream impact of an additional 20,000 police officers
 - £119 million for the justice system response to Covid, including £76 million for family court and employment tribunal capacity, and £43 million for Covid-safety

- Day-to-day spending:**
- MOJ receives £145 million increase in core funding
 - Covid funding is reduced by around £0.1 billion
 - MOJ may be one of the departments facing future spending reductions from 2022-23

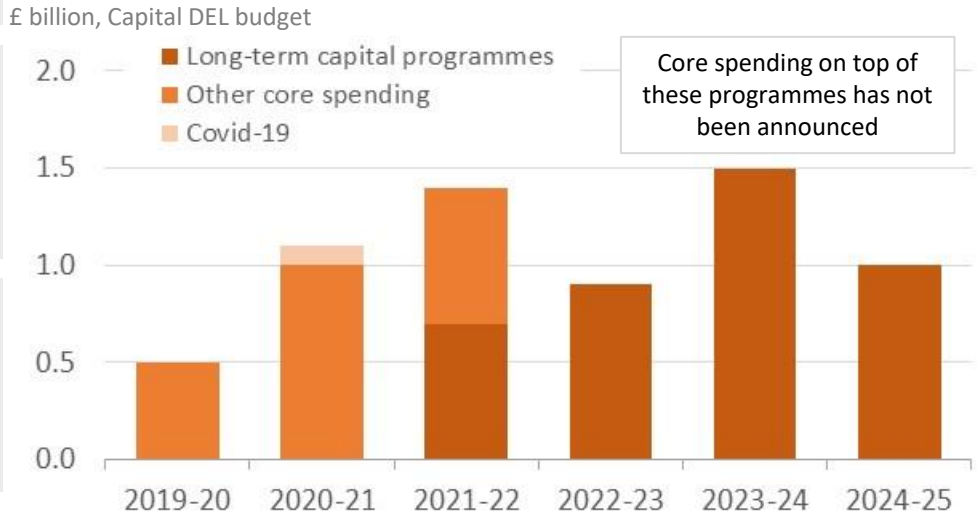
- Investment spending:**
- MOJ receives an additional £237 million in 2021-22
 - MOJ's one identified capital programme is 18,000 Prison Places, totalling £4 billion over four years – this is likely to represent the majority of MOJ investment spending.

*May involve day-to-day and investment spending over several years

MOJ's future day-to-day spending is largely unknown



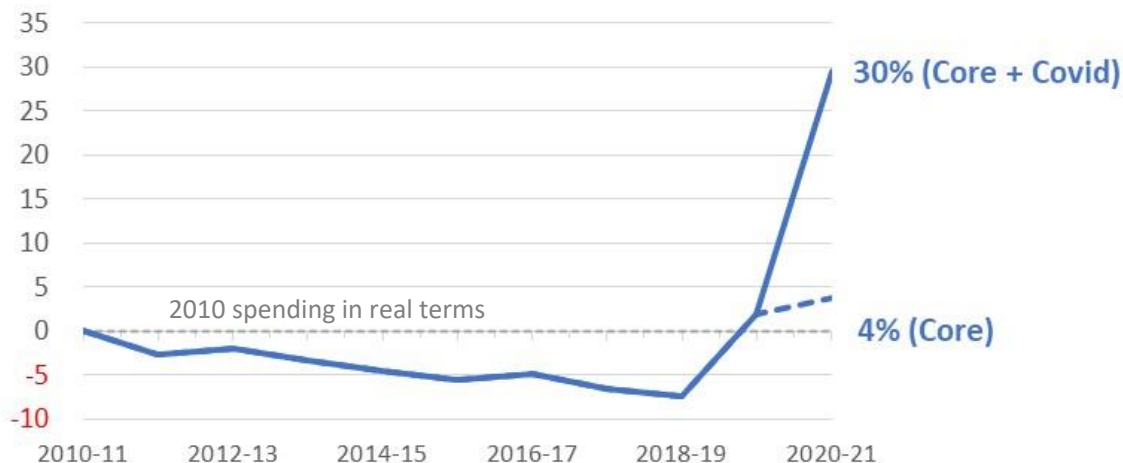
MOJ's future investment spending includes funding for long-term projects



Grant to the Northern Ireland Executive and Office of the Secretary of State for Northern Ireland

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

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



Day-to-day funding trends

- Funding for day-to-day spending for NI **has fallen slower than overall UK gov't spending in real terms**, and as of the 2019-20 once again reached 2010 levels. Changes, through the Barnett formula, largely reflect where the UK Government has decided to allocate money, and whether it is to functions that are devolved in NI.
- Some additional funding outside of Barnett, such as **the extra funding under the Confidence and Supply agreement, City Deals and Fresh start** has also been provided, boosting NI's funding above what it would otherwise have been.

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

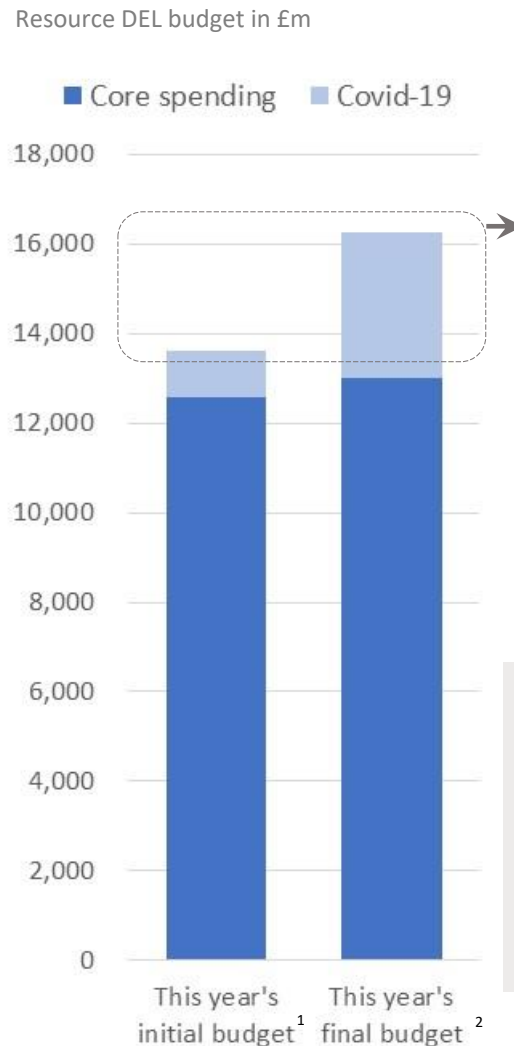


Investment funding trends

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

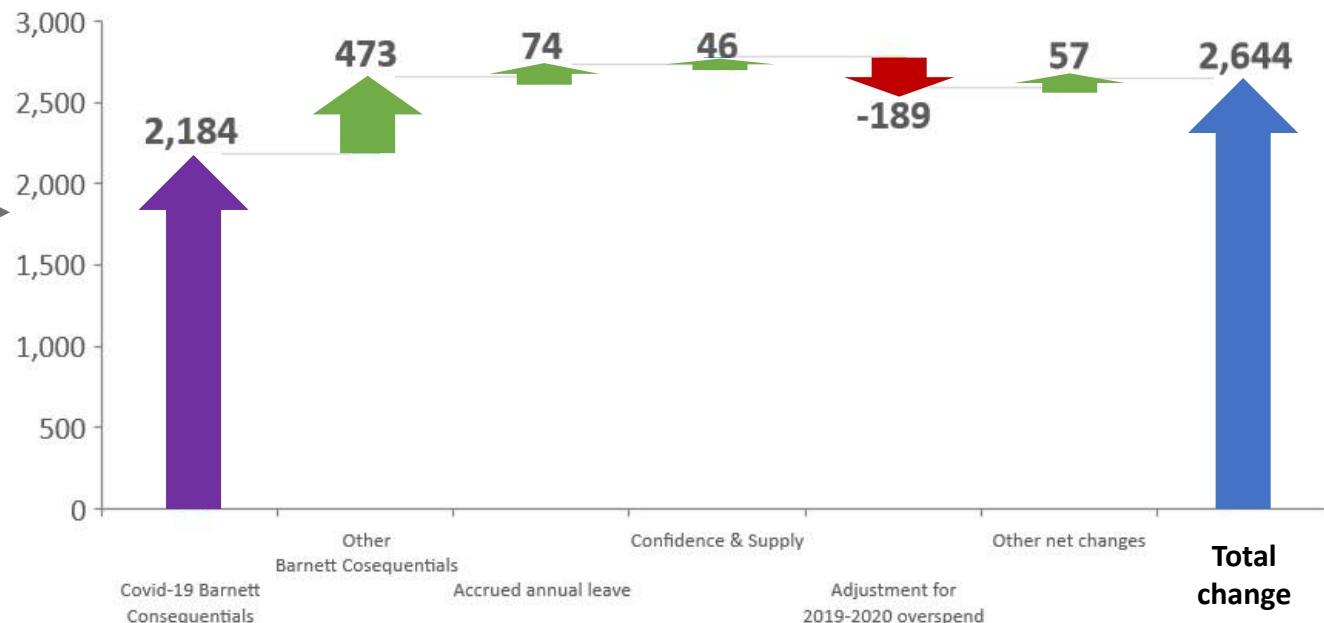
How Northern Ireland's day-to-day funding changed in 2020-21

N. Ireland's day-to-day budget increased by **£2,643.7m (+19.4%)**
Resource DEL budget in £m



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

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



Changes in 2020-21

- **Covid-19 measures:** Northern Ireland received over £2 billion in Barnett Consequentials relating to funding announced in response to the Covid-19 pandemic.
- **Other Barnett Consequentials:** this is driven by student loans impairment of £443.8, slightly offset by a large number of smaller Barnett Consequentials and adjustments.
- **Accrued Annual Leave:** £74 million in relation to accrued annual leave since the initial budget
- **Confidence & Supply:** at the Supplementary Estimate NI drew down £25 million for fraud & error, £12 million for education and £8.9 million for tackling paramilitary activity.

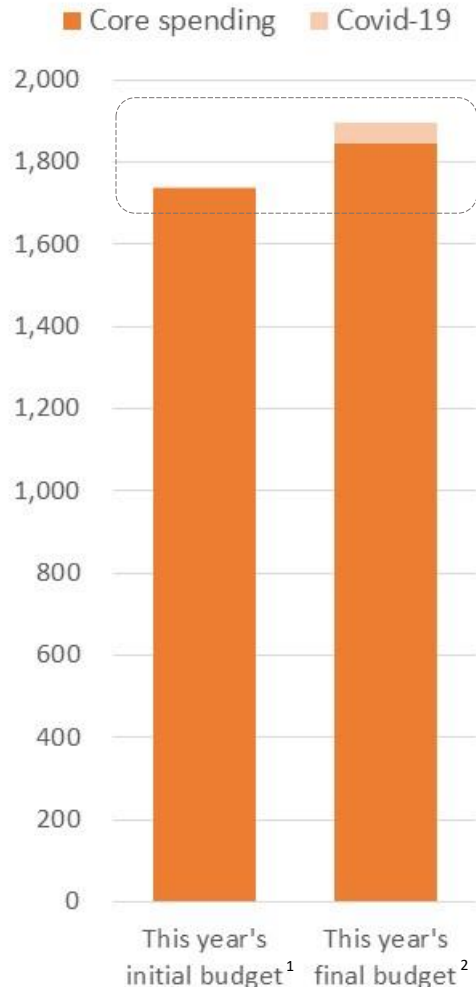
¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

How Northern Ireland's investment funding changed in 2020-21

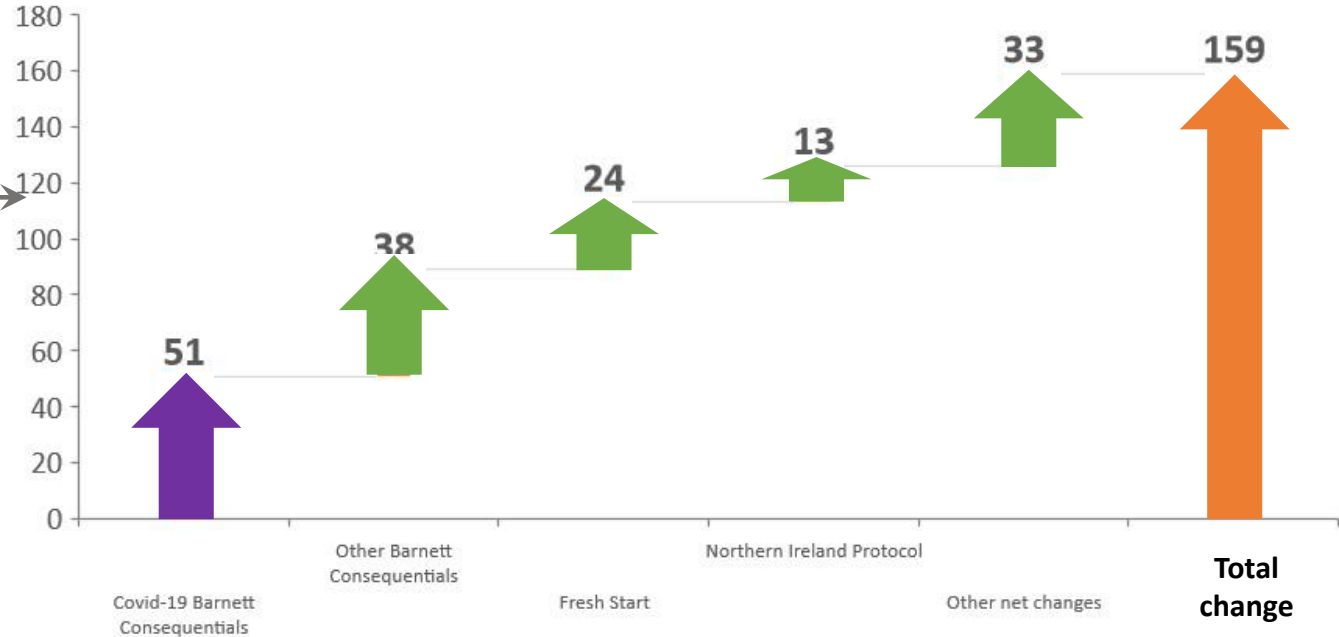
N. Ireland's investment budget increased by £158.9m (+9.1%)

Capital DEL budget in £m



Northern Ireland's investment funding increases largely reflects Covid-19 Barnett Consequentials

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



Changes in 2020-21

- **Covid-19 measures:** Northern Ireland received £51 million in Barnett Consequentials relating to funding announced in response to the Covid-19 pandemic.
- **Other Barnett Consequentials:** this is driven by BEIS Barnett Consequentials of £38.5 million for the Net Zero Buildings programme, slightly offset by a number of smaller Barnett Consequentials and adjustments.
- **Fresh Start:** £24 million for the Fresh Start initiative
- **Northern Ireland Protocol:** £13 million investment funding for the implementation of the Northern Ireland Protocol.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

Cash grant to the Northern Ireland Assembly and funding for the Northern Ireland Office

To the NI Assembly

Cash grant to the NI Assembly

£22,602.3 million (-£0.5 million compared to this year's initial budget)

This is the sum of

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

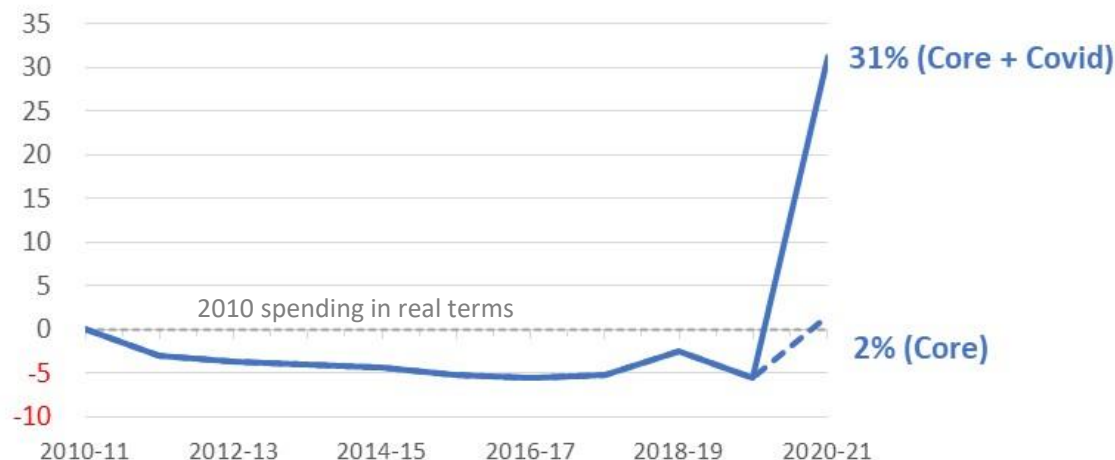
To the Northern Ireland Office

- *Day to day spending (Resource DEL) : £32.2 million (+£7.9 million (+32.3%) compared to last year's final budget)*
- *Investment spending (Capital DEL): £0.9 million (+£0.6 million (+245%) compared to last year's final budget)*

Scotland and the Office of the Secretary of State for Scotland (Scotland Office)

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

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



Day-to-day funding trends

- Funding for day to day spending for Scotland **reduced in real terms between 2010-11 and 2019-20** before rising sharply in 2020-21, largely as a result of Barnett Consequentials relating to **COVID-19 funding**.
- Some additional funding outside of the Barnett arrangements, such as **post-EU Exit Farm Support** funding and **City Deals**, has also been provided, **boosting Scotland's funding above** what it would otherwise have been.

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



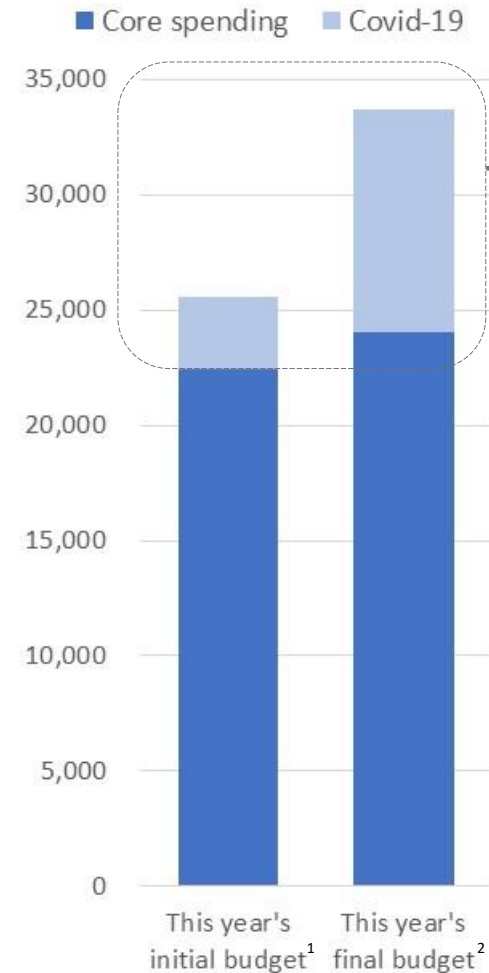
Investment funding trends

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

How Scotland's day-to-day funding changed in 2020-21

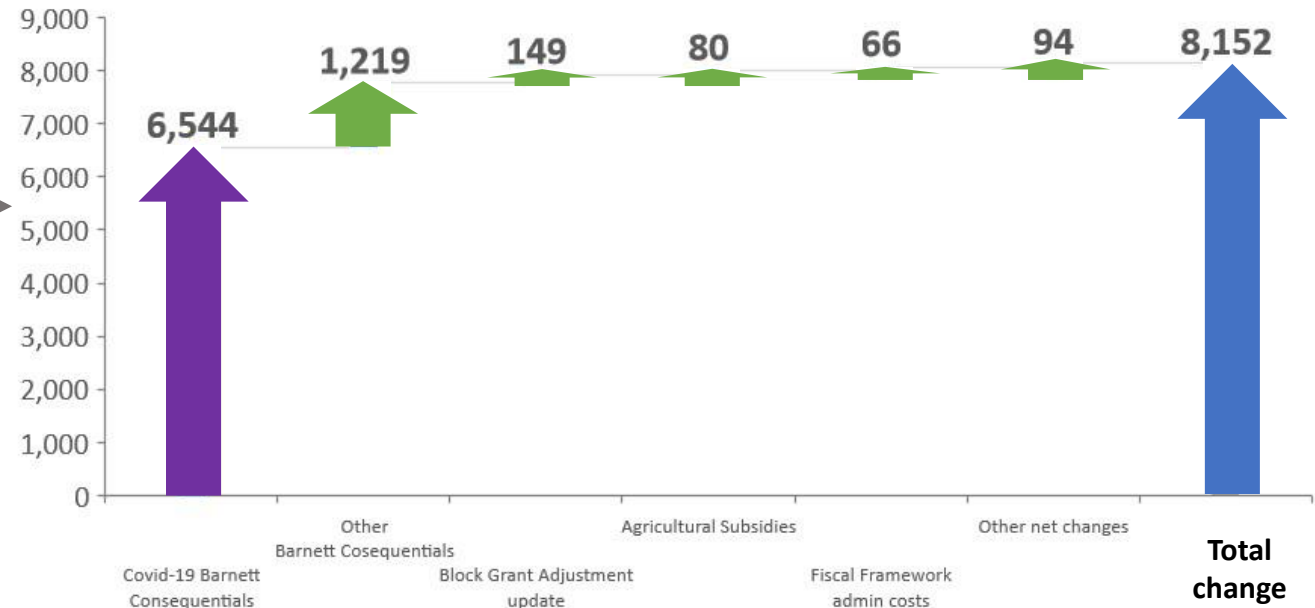
Scotland's day-to-day budget increased by £8,152.m (+31.2%)

Resource DEL budget in £m



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

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



Changes in 2020-21

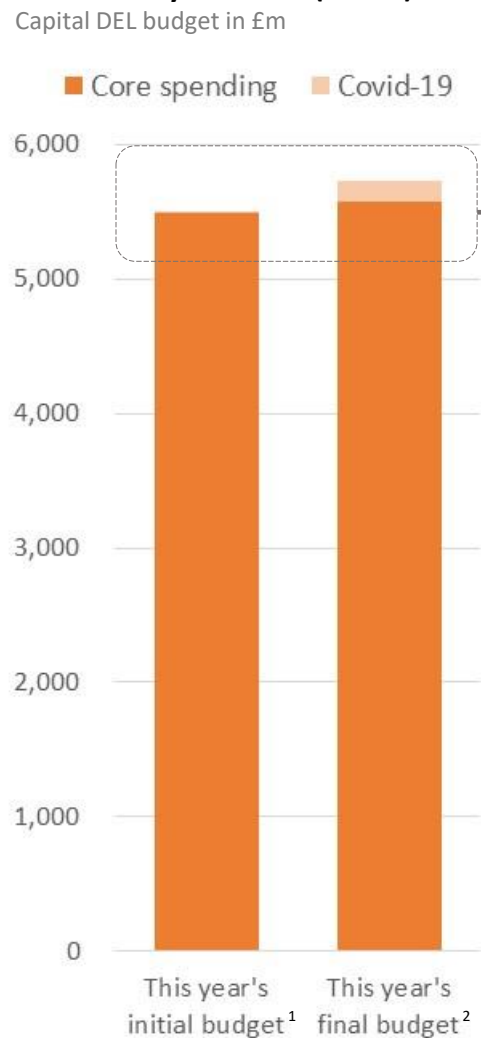
- **Covid-19 measures:** UK Government funding for Covid-19 that relates to devolved areas such as health has resulted in an around £6,544 million of additional Barnett Consequentials for Scotland.
- **Other Barnett Consequentials:** this is driven by student loans impairment of £1,313.3, slightly offset by a large number of smaller Barnett Consequentials and adjustments.
- **Agricultural subsidies:** Scotland received £80 million in post-Brexit agricultural subsidies
- **Fiscal Framework:** funding of £66 million to cover administration costs of the Scottish Fiscal Framework.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

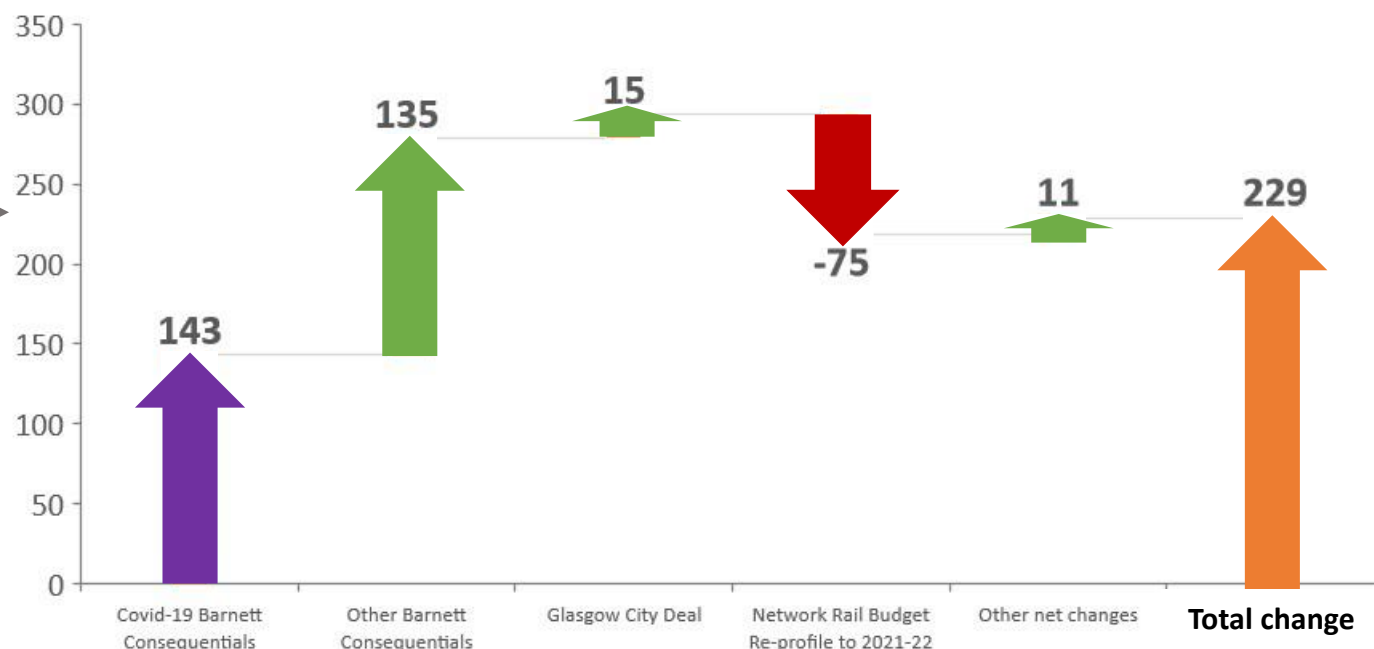
How Scotland's investment funding changed in 2020-21

Scotland's investment budget increased by £228.9m (+4.2%)
Capital DEL budget in £m



Scotland's increase in investment funding is driven by COVID-19 Barnett Consequentials

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



Changes in 2020-21

- **Covid-19 measures:** £143 million in Covid-19 related Barnett Consequentials.
- **Other Barnett Consequentials:** includes UK Government capital funding covering devolved areas that do not relate to Covid-19, resulting in an uplift of £135 million in Scotland's Block Grant.
- **Glasgow City Deal:** £15 million of capital funding for the Glasgow City Deal, funded outside of the Barnett Formula.
- **Network Rail:** budget transfer of £75 million from 2020-21 to 2021-22.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

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

To the Scottish Government

Cash grant to the Scottish Government

£35,823.9.4 million (+£6,418.5 million (+33%) compared to this year's initial budget)

This is the sum of

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

To the Scotland Office

- *Day to day spending (Resource DEL) : £13.8 million (+£3.2 million (+23%) compared to last year's final budget)*
- *Investment spending (Capital DEL): £0.8 million (+£0.8 million (+1,568%) compared to last year's final budget)*

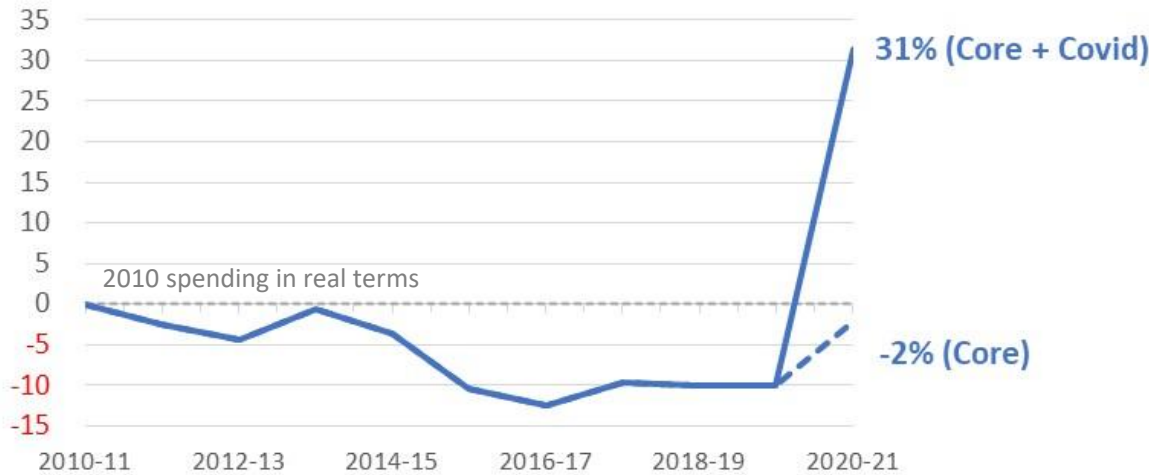
The key drivers of this change are:

- Increased funding for VAT of staff salaries which did not form part of the Spending Review Settlement, but is expected to be the subject of a bid at Supplementary Estimates later in the year; and
- Increased funding for the UK Government Hub in Edinburgh.

Grant to the Welsh Government and Office of the Secretary of State for Wales

Long-term trends in Wales' funding (in real terms)

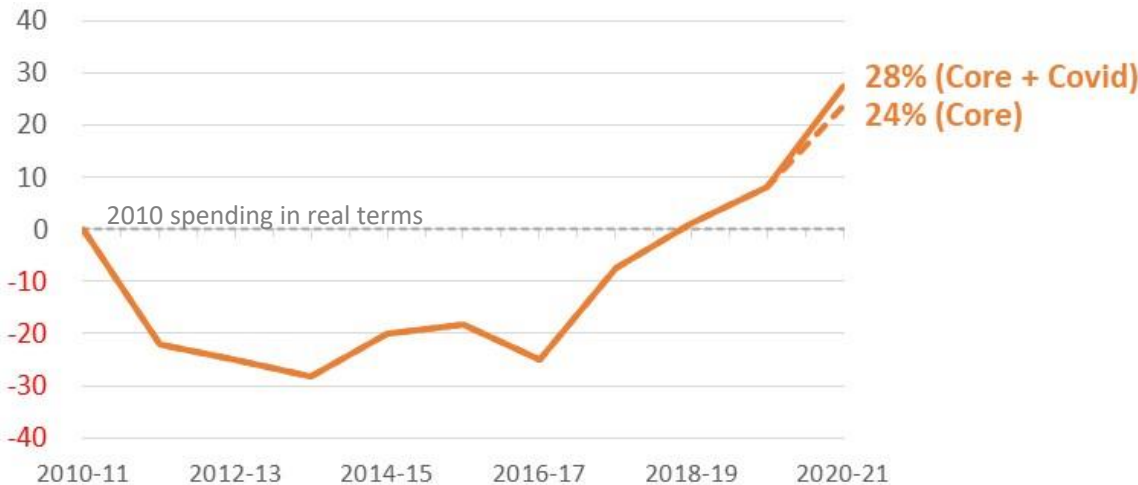
Percentage change in **day-to-day funding** compared to 2010 (Resource DEL):



Day-to-day funding trends

- Since 2010 funding for day to day spending for Wales initially fell **less fast than overall UK gov't spending in real terms** and has since risen sharply is for the first time **above the 2010 levels**, driven by Barnett Consequentials.
- Some additional funding outside of the Barnett arrangements, such as **post-EU Exit Farm Support**, has also been provided.

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



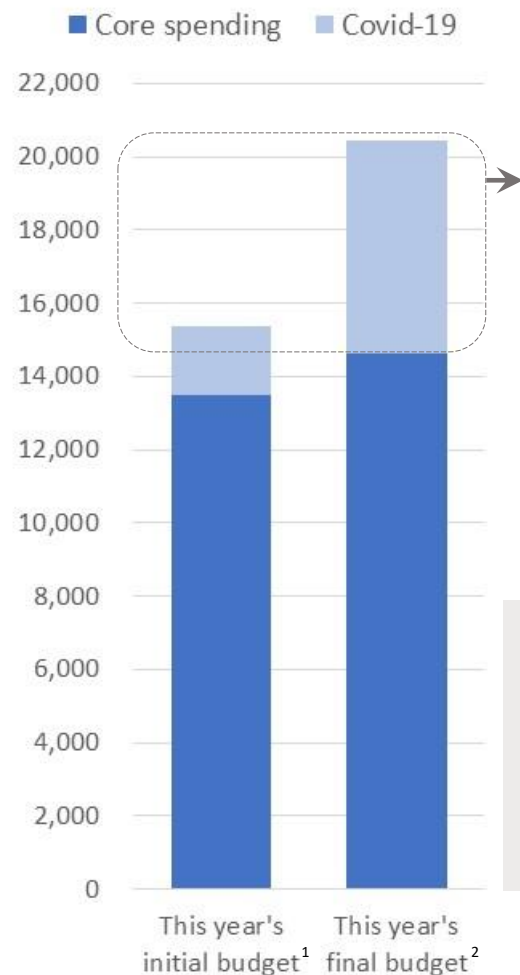
Investment funding trends

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

How Wales' day-to-day funding changed in 2020-21

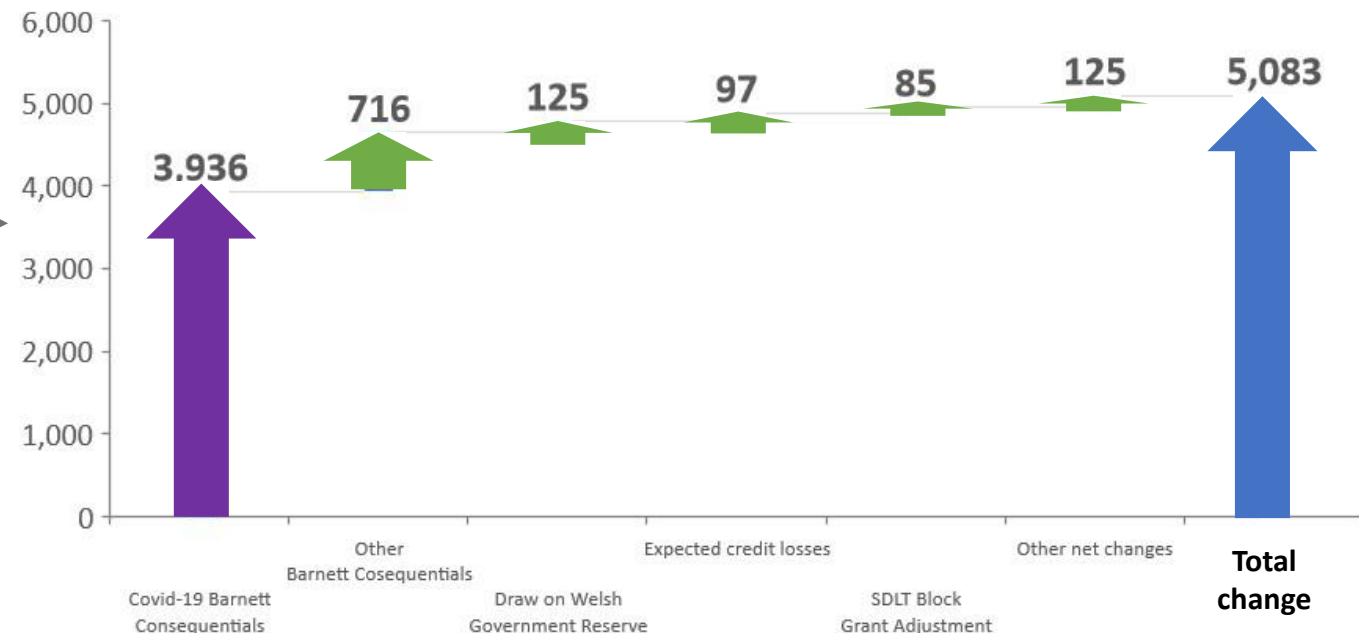
Wales' day-to-day budget increased by £5,083.4m (+33.1%)

Resource DEL budget in £m



Wales' funding increase was driven by Covid-19 Barnett Consequentials

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



Changes in 2020-21

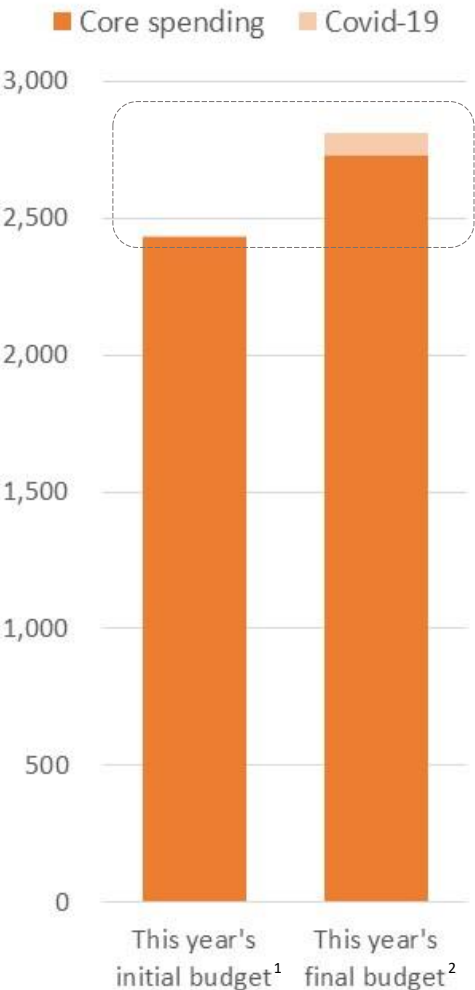
- **Covid-19 measures:** Wales received close to £4 billion in Barnett Consequentials relating to funding announced in response to the Covid-19 pandemic.
- **Other Barnett Consequentials:** this is driven by student loans impairment of £795.8, slightly offset by a large number of smaller Barnett Consequentials and adjustments.
- **Welsh Reserve:** under the terms of the Welsh Fiscal Framework, the Welsh Government is able to draw down £125 million from the Welsh Reserve annually for day-to-day spending.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

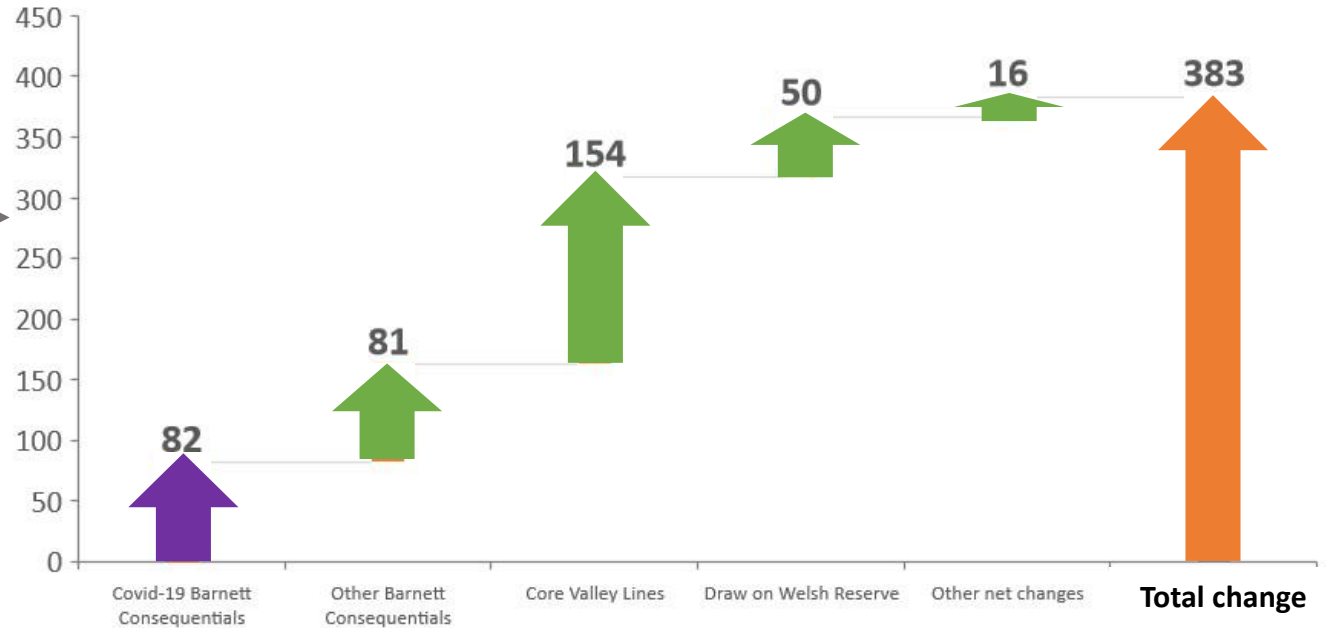
How Wales' investment funding changed in 2020-21

Wales' investment budget increased by £383.1m (+15.8%)
Capital DEL budget in £m



Wales' investment funding increases largely reflected funding for the Core Valley lines

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



Changes in 2020-21

- **Covid-19 measures:** Wales received £82 million in Barnett Consequentials relating to funding announced in response to the Covid-19 pandemic.
- **Other Barnett Consequentials:** this is driven by BEIS Barnett Consequentials of £69.1 million for the Net Zero Buildings programme.
- **Core Valley Lines:** Non-Barnett funding of £154 million in respect of the Core Valleys rail line.
- **Welsh Reserve:** under the terms of the Welsh Fiscal Framework, the Welsh Government is able to draw down £50 million from the Welsh Reserve annually for investment spending.

¹ Initial Budget in Main Estimate 2020-21 (May 2020)

² Final Budget in Supplementary Estimates 2020-21 (Feb 2021)

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

To the Welsh Government

Cash grant to the Welsh Government

£20,791.2 million (+£4,360.6 million (+21%) compared to this year's initial budget)

This is the sum of

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

To the Wales Office

- *Day to day spending (Resource DEL) : £5.3 million (+0.1 million (+2%) compared to last year's final budget)*
- *Investment spending (Capital DEL): £0.1 million (+£0.1 million compared to last year's final budget)*

The key drivers of this change are:

- Funding for the UK Government's awareness campaigns in Wales of the end of EU transition period and recovery from Covid-19.
- Budget switch from Resource DEL to Capital DEL to reflect increase in asset base.