

Main Estimates 2023-24



SCRUTINY UNIT

Impartial briefing from House of Commons finance specialists

What can you learn from this document?

Overview

- How government sets out its spending plans and Parliament's role in considering them ([slide 3](#))
- The timetable for further updates to spending plans ([slide 4](#))
- How the government classifies different kinds of spending ([slide 5](#))
- How government spending plans for 2023-24 differ from last year ([slide 6](#))
- Government spending across departments ([slide 7](#))

For each department

- Spending trends
- Changes in spending compared to last year
- Where the money goes within the department
- What we know about future spending

How government seeks funding

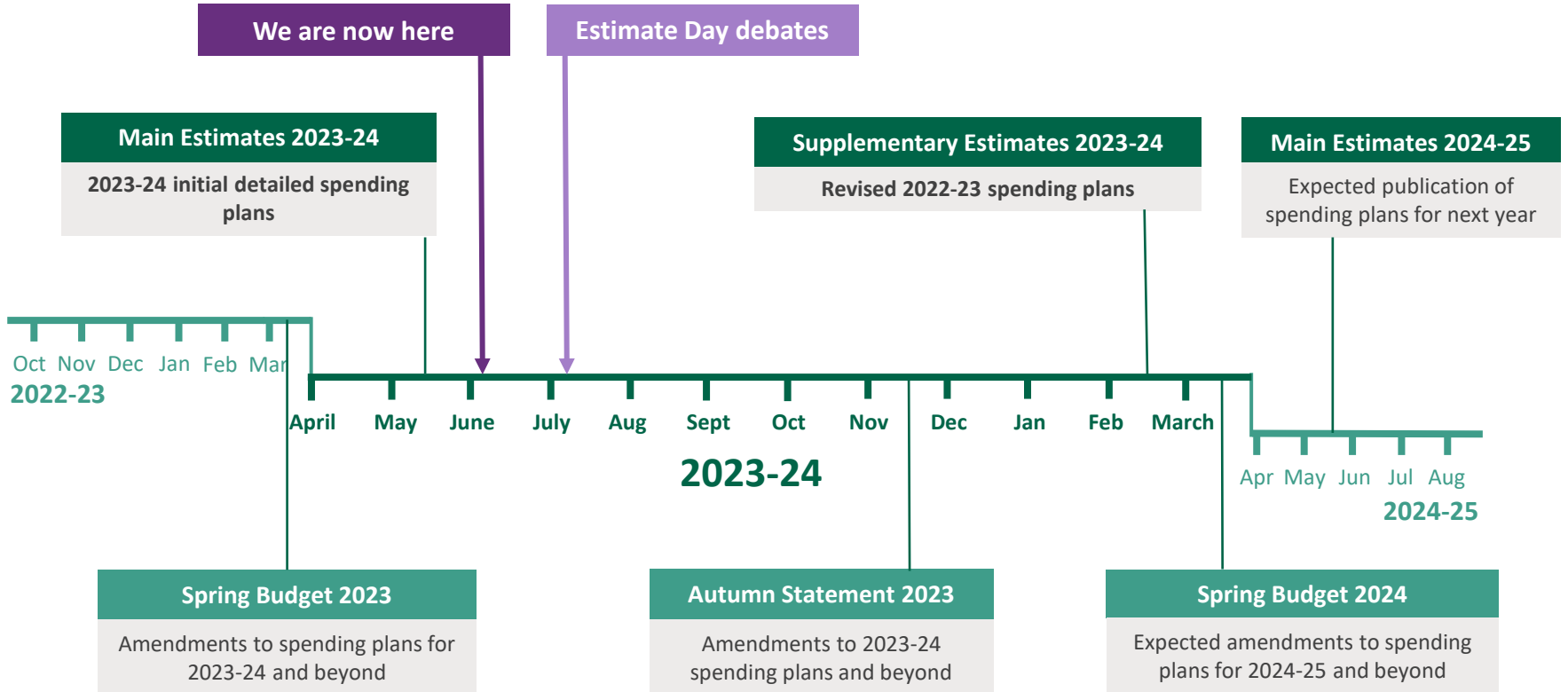
- **Main Estimates** (published in May) are the government's initial **spending plans** at the start of the financial year. Each department has a separate Main Estimate.
- The 2021 Spending Review set out government spending plans to 2024-25; Estimates develop these plans and include any subsequent spending announcements.
- Main Estimates do not include all expenditure expected in 2023-24; further changes are expected in the Supplementary Estimates, likely to be published in February 2024.

Parliament's role

- Estimates contain the formal request for government funding for the financial year.
- Parliament debates selected Estimates on "**Estimates days**". Members may bid to the Backbench Business committee to **hold a debate** on one of those days.
- Parliament must authorise spending plans before they can come into effect.
- Urgent spending may be funded by advances (a "Vote on Account") and from the Contingencies Fund.

2023-24 financial time line

This year should see a return to conventional fiscal event timing, following a number of extraordinary events and announcements last year



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:

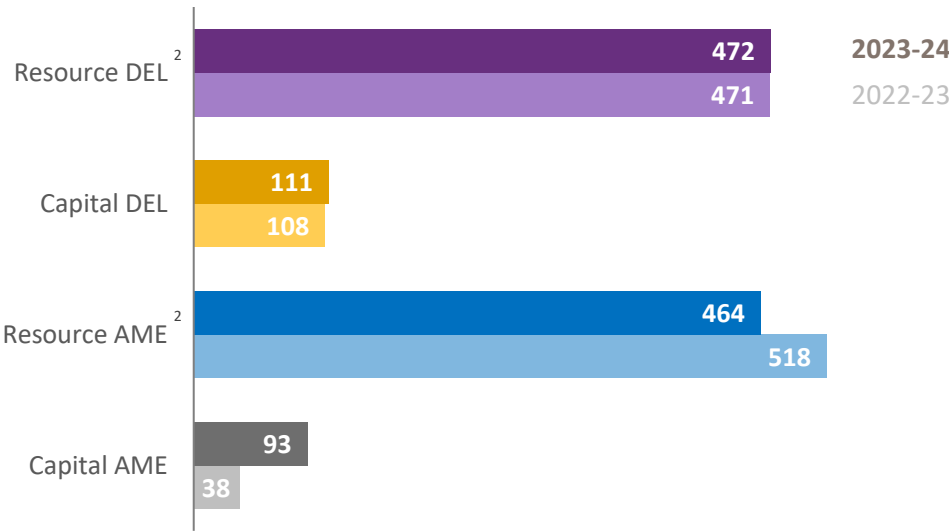
- **Day-to-day** spending (known as **Resource**)
- **Investment** spending (known as **Capital**)

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

Departmental Spending included in Main Estimates 2023-24: £1,139.7 billion

This is an increase of £5.0 billion (+0.4%) since last year, with small increases for planned day-to-day and investment spending

Departmental Spending in 2023-24 by category (£ billion) ¹



Spending includes:

- Staff costs
- Goods & services
- Current grants
- Investment and loans
- Research & development
- Benefits
- State Pensions
- Provisions such as nuclear decommissioning
- Student Loans

Notes:

¹ 2022-23 departmental spending as published in Main Estimate 2023-24. AME spending supplied by HM Treasury; excludes non-departmental spending such as debt interest and local authority self-financed expenditure. Includes non-cash spending on provisions for future expected costs e.g. for nuclear decommissioning and clinical negligence

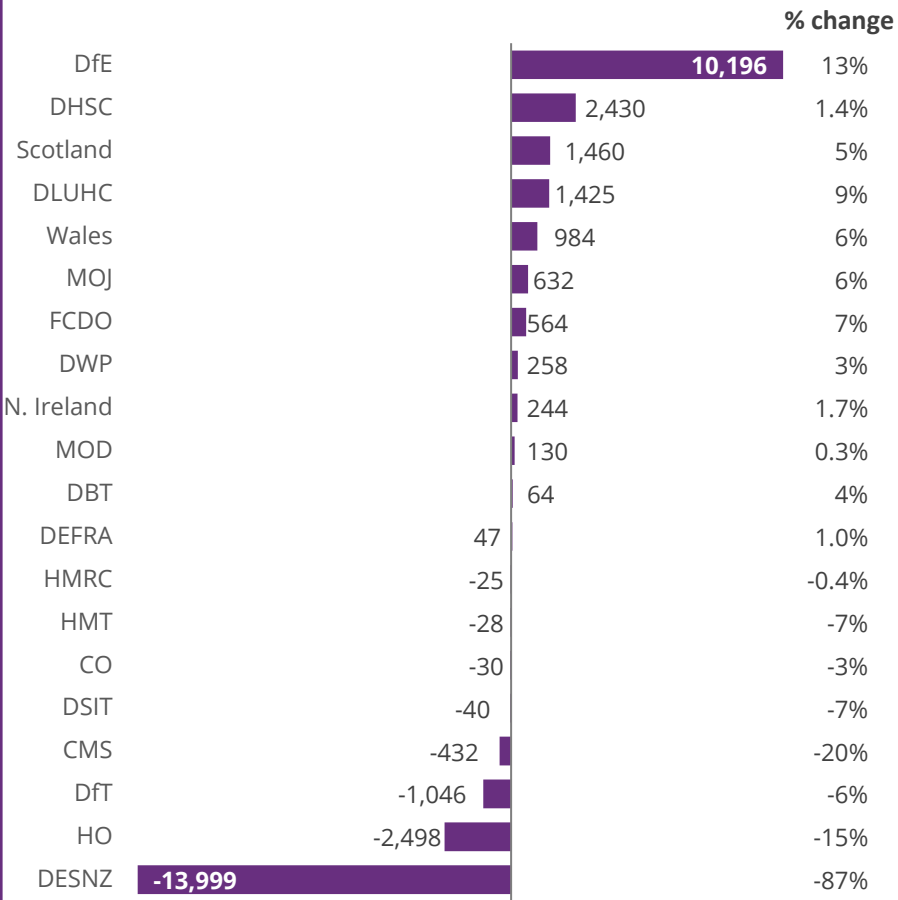
² Resource spending includes depreciation

2023-24 planned spending (DEL) has increased marginally since last year

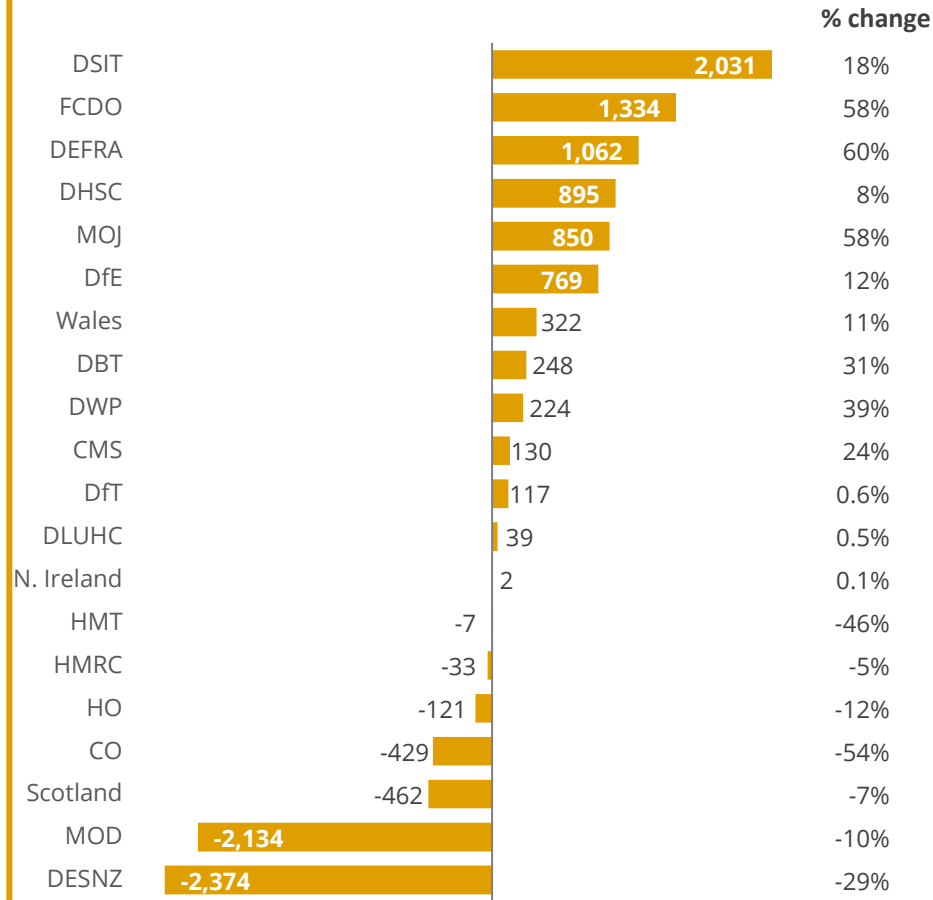
Changes to departmental spending vary, but in total lead to slightly higher spending. The withdrawal of energy bill support drives reductions

Changes in planned Departmental Expenditure Limits (DEL) since Supplementary Estimate 2022-23 (£ millions)

Day-to-day spending (Resource DEL)



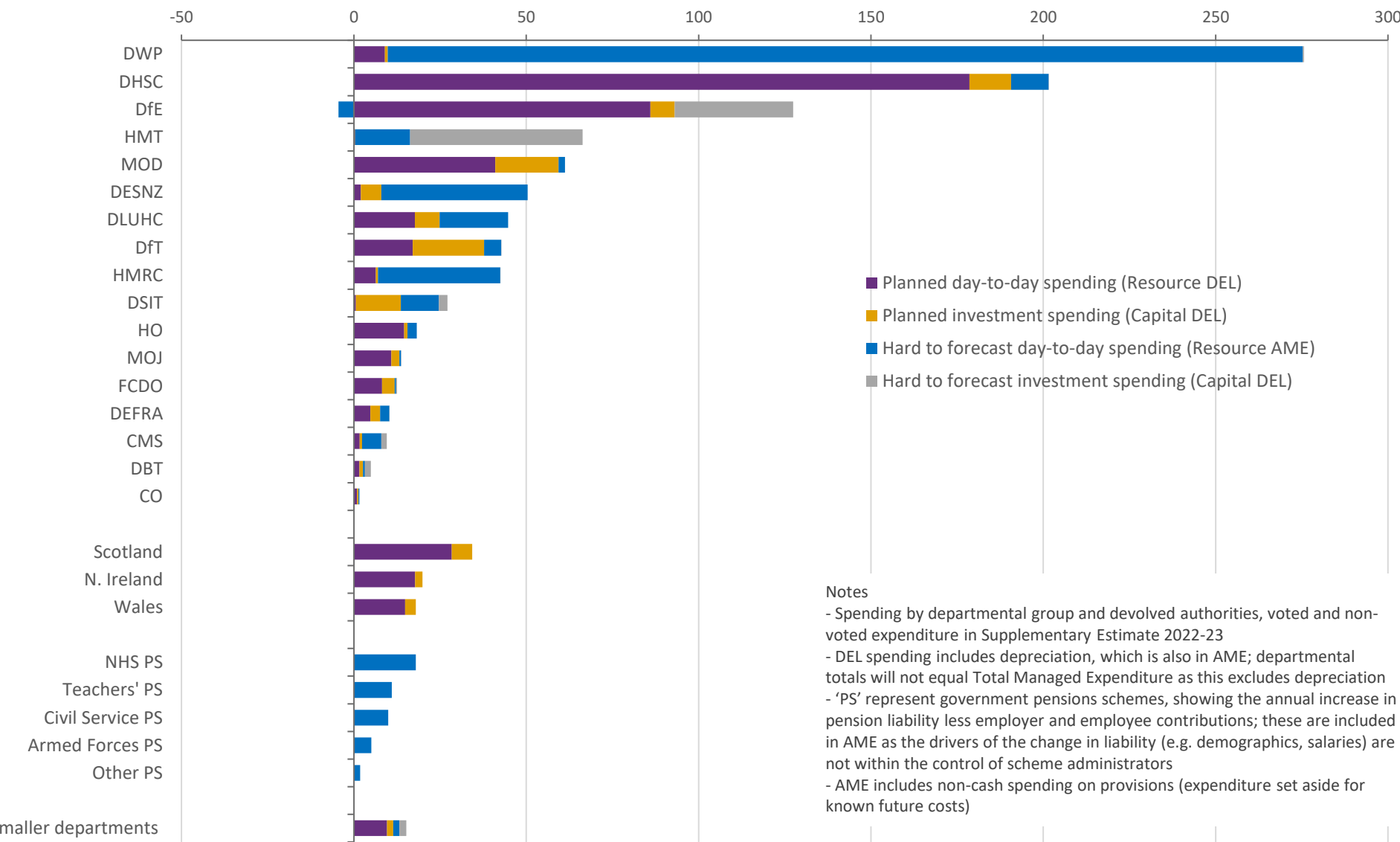
Investment spending (Capital DEL)



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

Pensions and benefits remains the most substantial area of spending

Total spending by department in Main Estimates 2023-24 (£ billions)



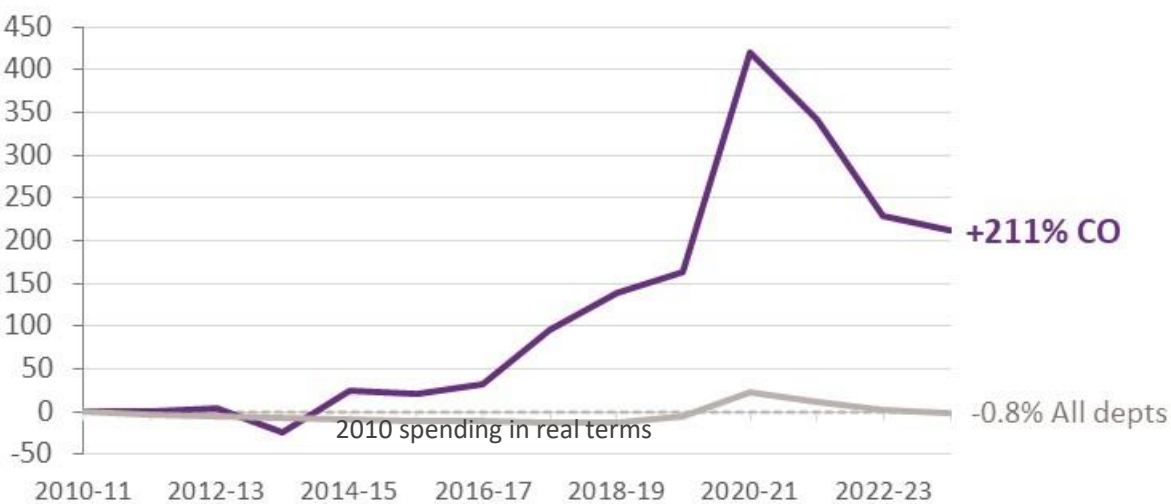
Notes

- Spending by departmental group and devolved authorities, voted and non-voted expenditure in Supplementary Estimate 2022-23
- DEL spending includes depreciation, which is also in AME; departmental totals will not equal Total Managed Expenditure as this excludes depreciation
- 'PS' represent government pensions schemes, showing the annual increase in pension liability less employer and employee contributions; these are included in AME as the drivers of the change in liability (e.g. demographics, salaries) are not within the control of scheme administrators
- AME includes non-cash spending on provisions (expenditure set aside for known future costs)

Cabinet Office (CO)

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

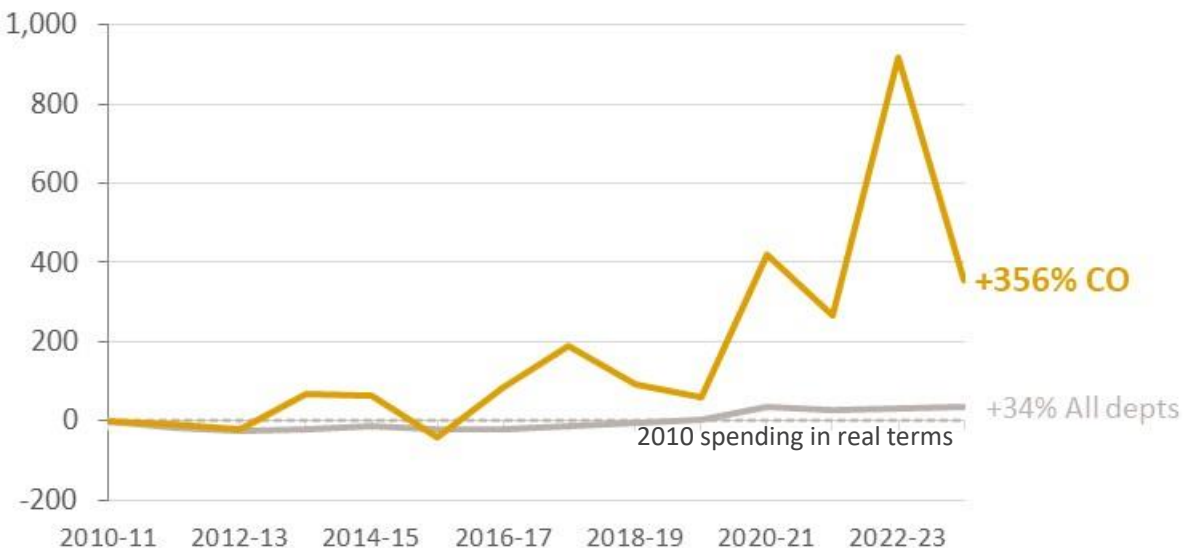
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- Day-to-day spending (Resource DEL) was cut below the 2010-11 baseline only once since, which was in 2013-14. It has since recovered.
- Day-to-day spending peaked in 2020-21 at 420% higher than 2010-11. This was due to the impact of the COVID-19 pandemic (including public information campaigns and ventilator procurement). Since this high, it has decreased year-on-year.
- It has also dropped since 2021-22 because of one-off events in that year, such as COP26 and the G7 summit.
- Day-to-day spending is set to be 21% higher in 2023-24 than in 2010-11 in real terms.

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



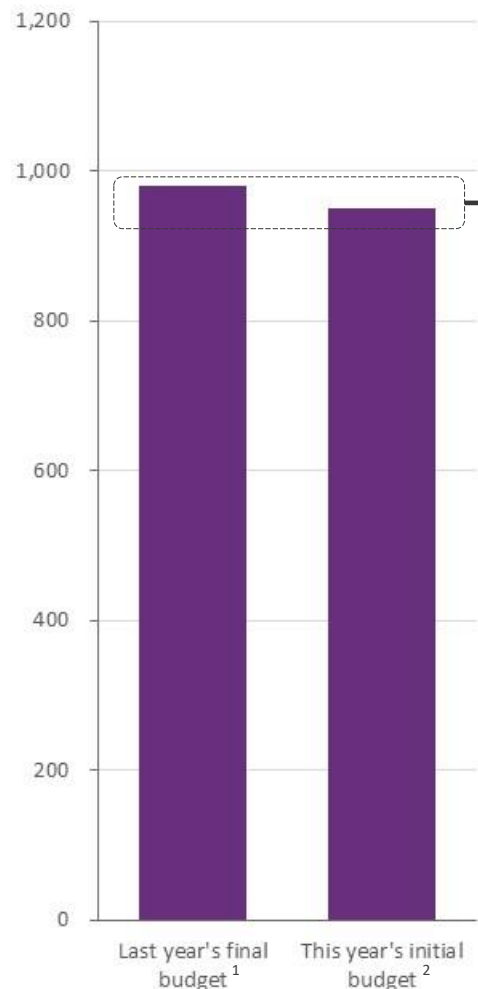
Investment spending trends

- Investment spending (Capital DEL) has been volatile but the overall trend is a real-terms increase since 2010-11.
- Most of Cabinet Office's investment spending is for the Government Property Agency.
- Investment spending spiked in 2022-23 because of the introduction of IFRS16, which changed the accounting treatment for leases. Spending in 2023-24 may be similarly high, as IFRS16 costs will be claimed at Supplementary Estimate.

How is Cabinet Office's day-to-day spending changing in 2023-24?

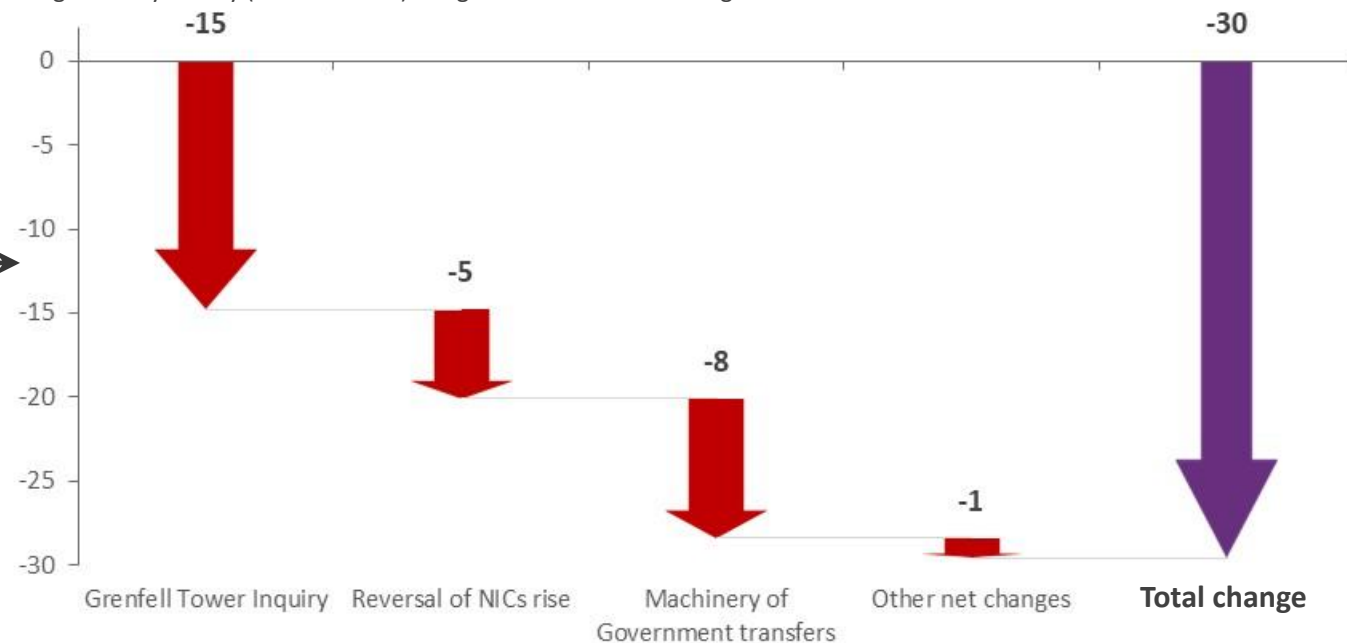
CO's day-to-day budget decreased by **£23.5m (-2.4%)**

Resource DEL budget in £m



CO's day-to-day spending decrease is driven by lower activity on the Grenfell Tower Inquiry

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Grenfell Tower Inquiry:** £14.8 million reduction due to lower activity on the inquiries;
- **Reversal of NICs rise:** £5.3 million had been included in the budget to cover the planned rise in National Insurance Contributions, but this has been removed since the rise has been reversed;
- **Machinery of Government transfers:** £8.3 million of Machinery of Government transfers includes £19.9 million transferred to other departments (£15.9 million to DSIT, £2.5 million to DBT, and £1.5 million to HMT) and £11.6 million transferred from the former Department for Business, Energy and Industrial Strategy (BEIS).

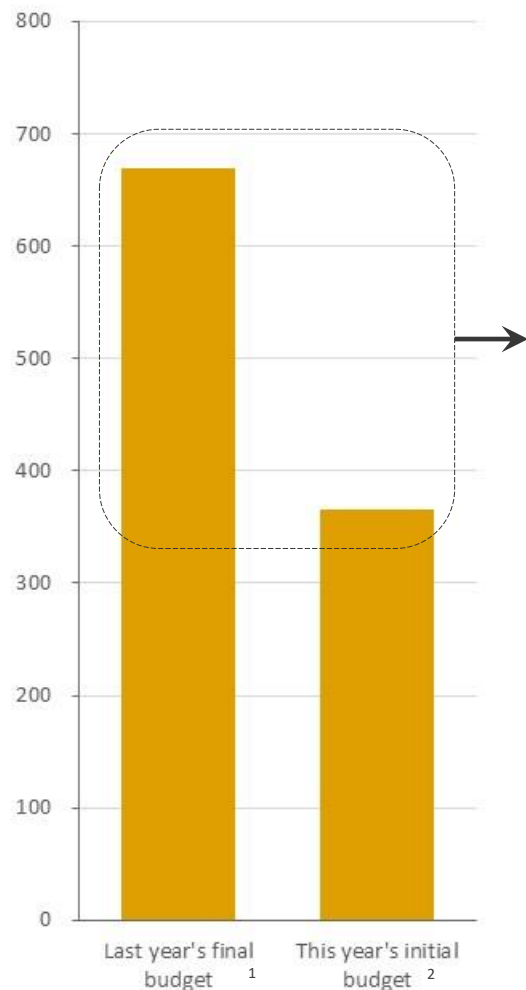
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is Cabinet Office's investment spending changing in 2023-24?

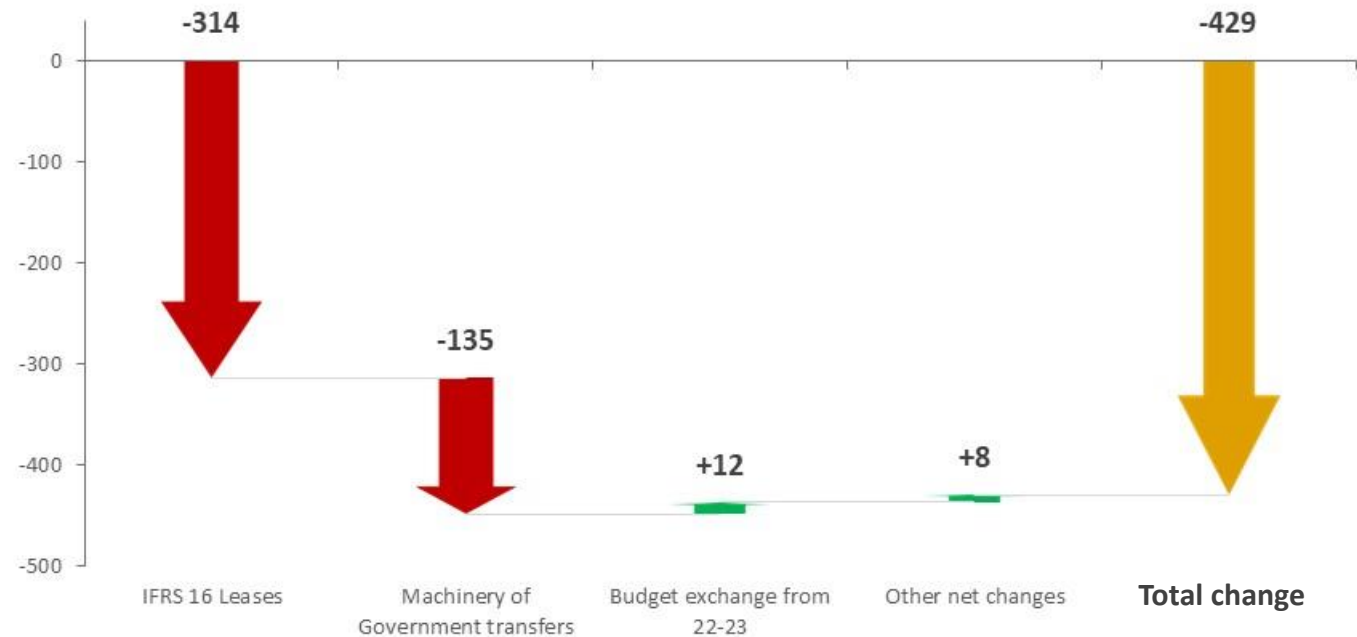
CO's investment budget
decreased by £429.0m (-54.0%)

Capital DEL budget in £m



CO's net investment spending decrease is mainly from budgetary and accounting reclassifications

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

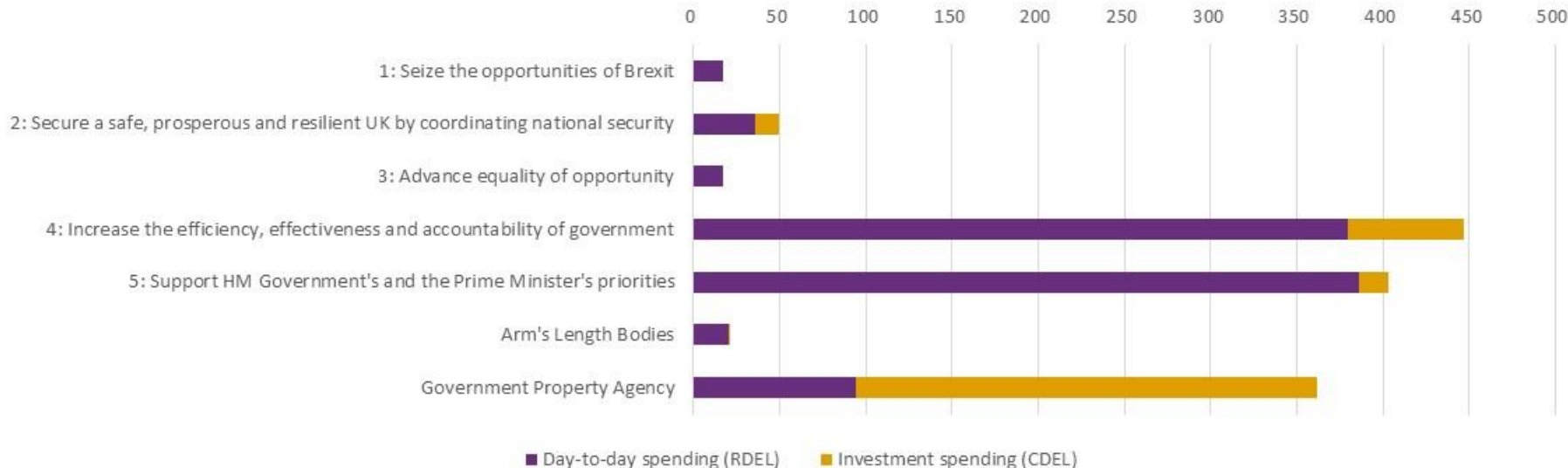
- **IFRS 16 Leases:** £313.9 million less has been claimed to cover the impact of adopting the IFRS 16 accounting standard on leases, but a claim will be made in Supplementary Estimate;
- **Machinery of Government transfers:** £134.7 million was transferred to DSIT for the work of the Geospatial Commission;
- **Budget exchange from 22-23:** £12.0 million of budget exchanges from 22-23 relate to the Government Property Agency (GPA) capital programme and funding for the Evaluation Fund within the Civil Service Modernisation and Reform Unit.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the Cabinet Office budget is in the GPA and to support HM Government

Breakdown of Cabinet Office budget 2023-24 (£ million)



Cabinet Office objectives

- The total budget for Cabinet Office in 2023-24 is £1,316 million, comprising £950 million of day-to-day budget (Resource DEL) and £366 million of investment budget (Capital DEL).
- Cabinet Office has 5 objectives, which are numbered in the table above as they are in the Cabinet Office's annual report documents.
- Objective 4, increasing the efficiency, effectiveness and accountability of government, is the highest budget at Main Estimates. It includes funding for One Login and other administrative improvements across Government and the Civil Service.
- Objective 5, supporting the priorities of Government and the Prime Minister, has a higher RDEL but lower CDEL than objective 4. This objective is especially varied and serves as something of a catch-all. Structural changes have affected this objective in 23-24, losing the Geospatial Commission to DSIT but gaining the Office of Veteran Affairs and the Investment Security Unit.

Other spending

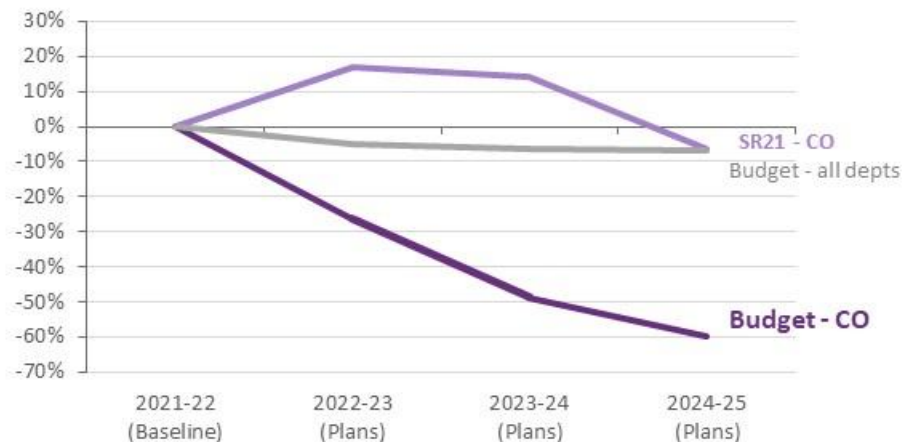
- The Government Property Agency (GPA) has a budget of £362 million in 2023-24, comprising £94 million in Resource DEL and £267 million in Capital DEL.
- £21 million is for the Cabinet Office's Arm's Length Bodies, including the Equalities and Human Rights Commission (EHRC).

Cabinet Office's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

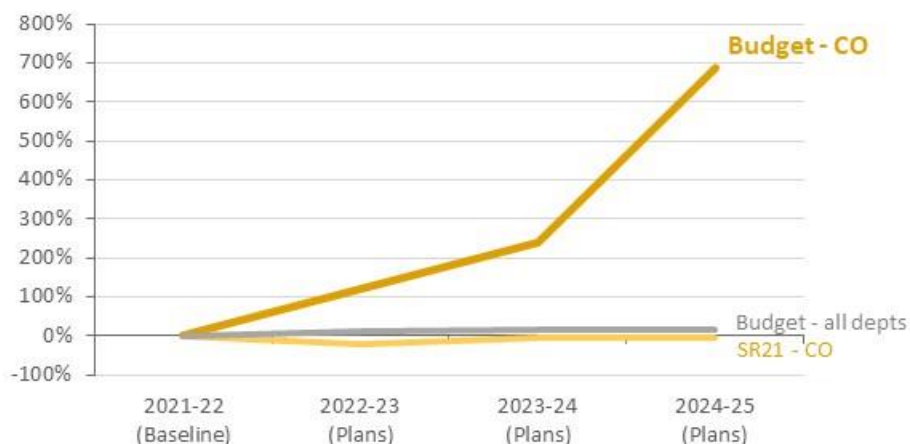
Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in day-to-day spending plans

- Current RDEL spending plans provide a real-terms cut over the next few years, down to 59.6% below baseline in 2024-25.
- Although this is significantly below the percentage movements in SR21, this is largely because of higher than expected actual spend in 2021-22, which significantly increased the baseline in the Budget (£0.9bn compared to £0.5bn).
- In 2024-25, the Budget predicts that RDEL spending at Cabinet Office will be 20% lower (in 2021-22 prices) than was predicted in SR21.

Trends in investment spending plans

- Current CDEL spending plans provide a 687.5% real-terms increase over the baseline by 2024-25, compared to a 6.5% real-terms decrease in SR21. This is despite CDEL spending in the Budget baseline being below what was predicted in SR21.
- This indicates significant new spending in CDEL in each year for the remainder of the period, with 2024-25 spending planned to be over £2 billion higher than actual spend in 2021-22, and almost as much higher than the 2024-25 value predicted in SR21 (in 2021-22 prices). New spending relates to increased costs for leases in the Government Property Agency because of the new IFRS16 accounting standard.

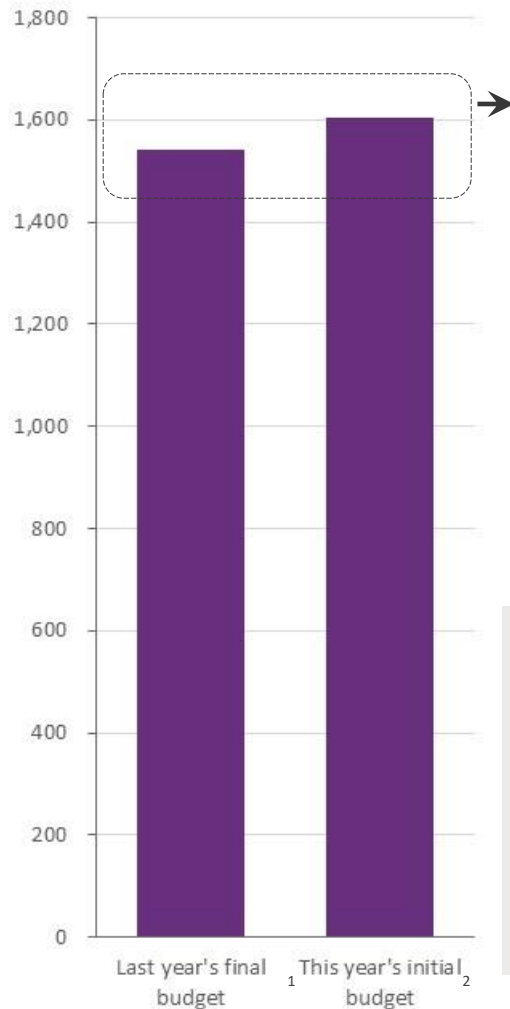
Note: baseline year for Spending Review 2021 is 2021-22
SR15 and SR10 gave five-year Capital DEL settlements

Department for Business and Trade (DBT)

How is DBT's day-to-day spending changing in 2023-24?

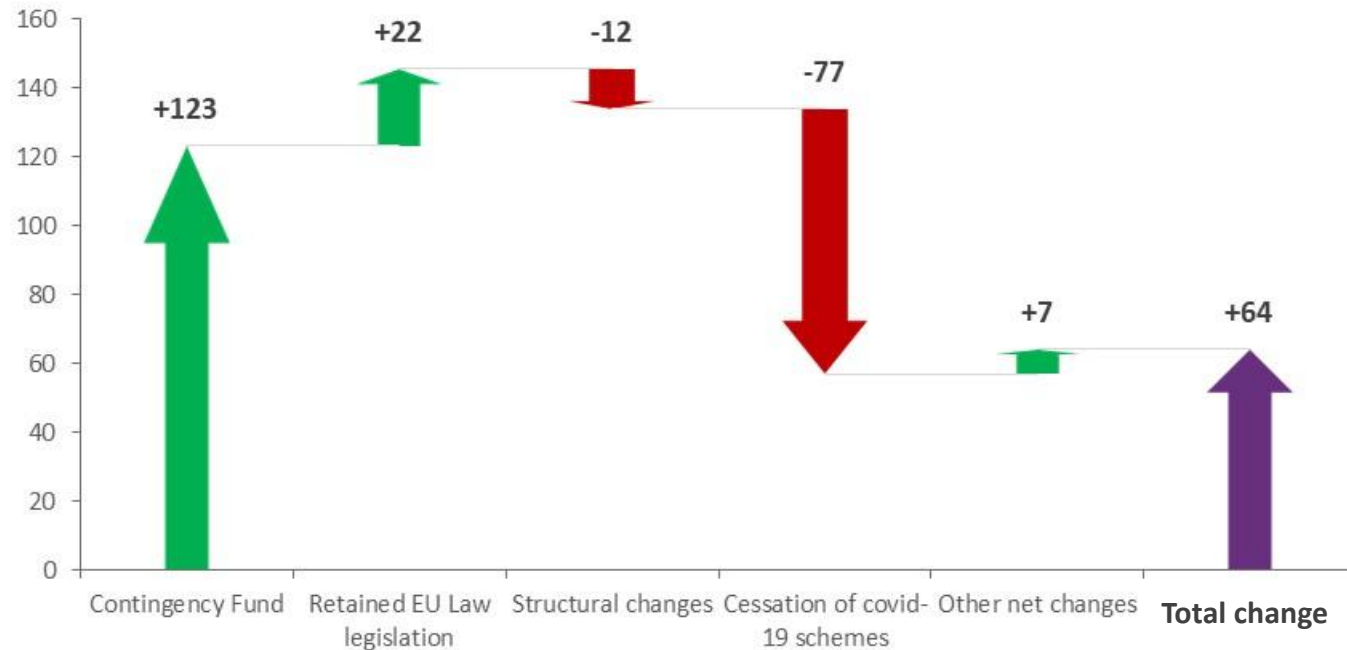
DBT's day-to-day budget increased by £64.2m (+4.2%)

Resource DEL budget in £m



DBT's day-to-day spending increase is driven by holding a contingency fund at the Main Estimate

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Contingency Fund:** the growth in RDEL funding within Centrally Managed Resources is attributable to the holding of contingency funding centrally until the exact allocation within DBT is determined.
- **Retained EU Law legislation:** additional funding of £22 million to support delivery of the Retained EU Law (REUL) (Revocation and Reform) Bill, including activity in Department for Science Innovation and Technology as well as Department for Energy Security and Net Zero.
- **Covid-19 schemes:** cessation of payments relating to the COVID-19 loan guarantee schemes (including the Bounce Back Loan Scheme (BBLs), Coronavirus Business Interruption Loan Scheme (CBILs) and Coronavirus Large Business Interruption Loan Scheme (CLBILs)) in 2022-23.

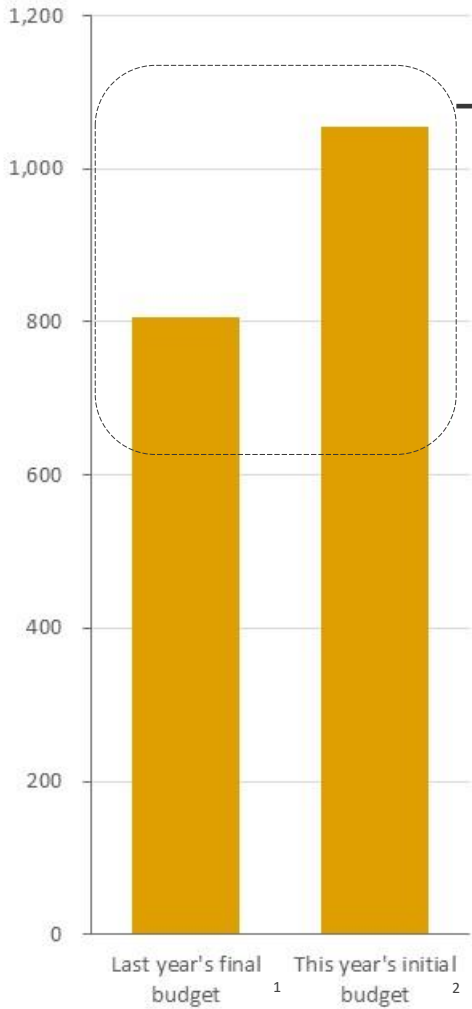
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is DBT's investment spending changing in 2023-24?

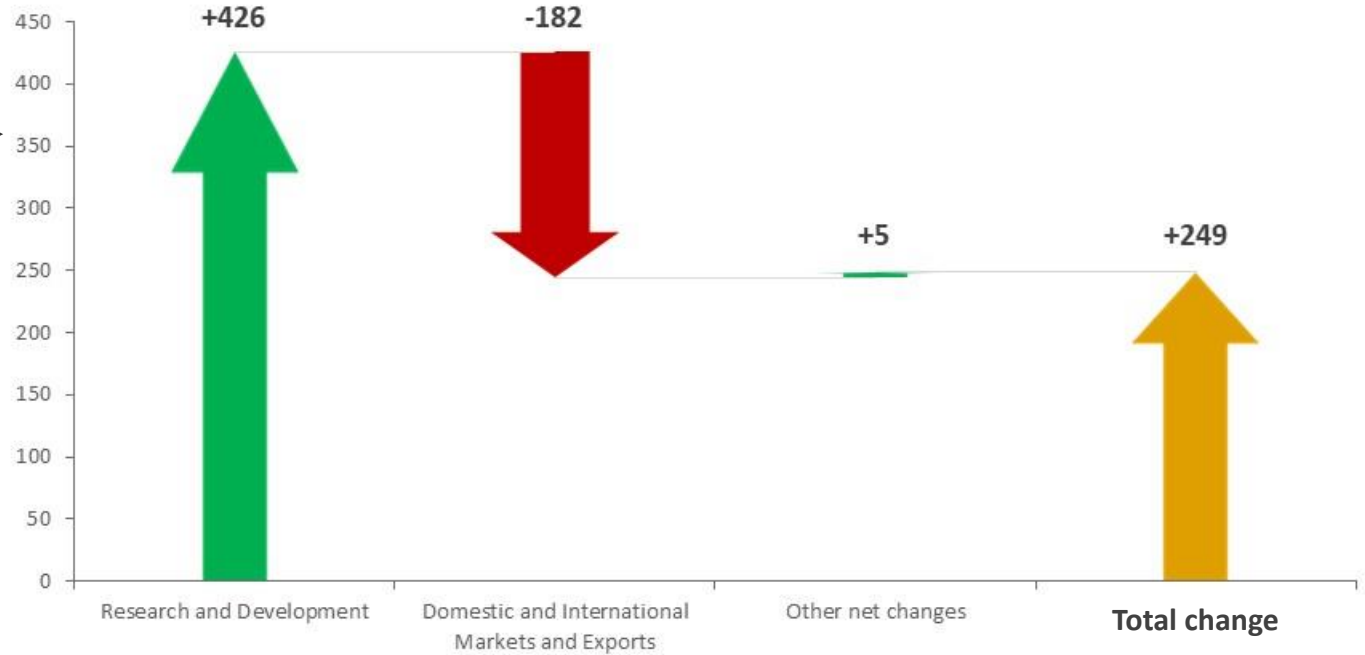
DBT's investment budget increased by £248.5m (+30.9%)

Capital DEL budget in £m



DBT's investment spending increase is driven by higher expenditure of research and development

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



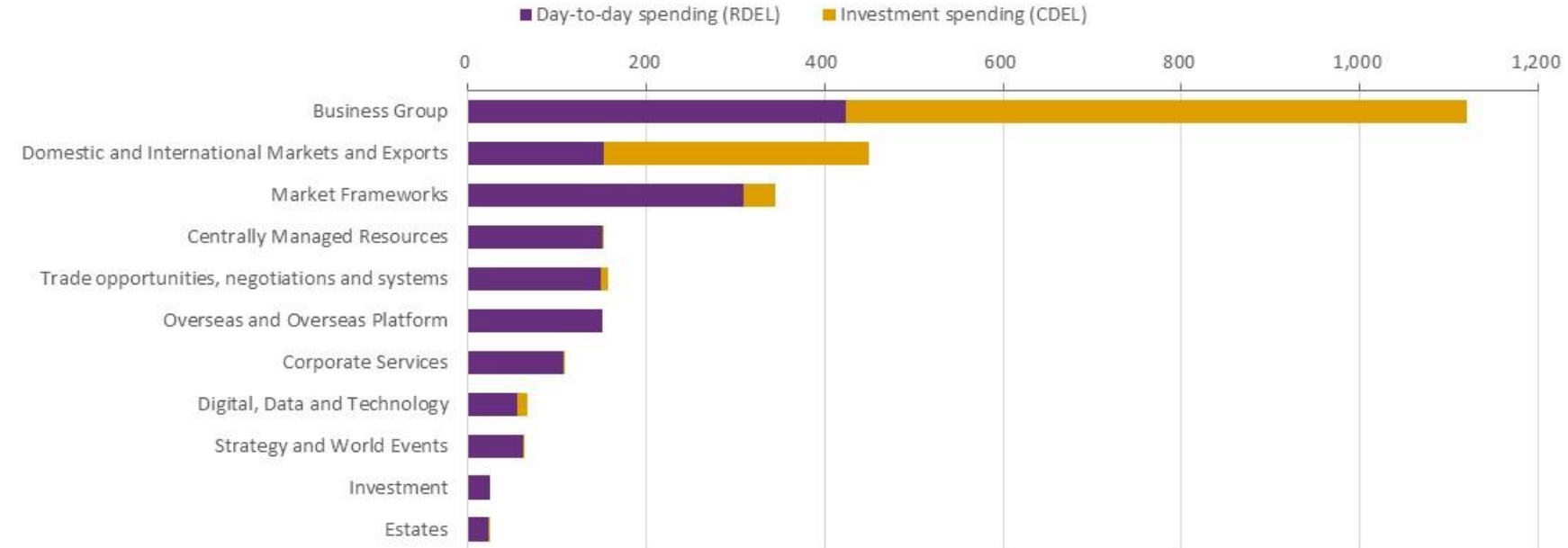
Changes in 2023-24

- **Research and Development:** These costs were previously reflected in the Department for Science Innovation and Technology's Estimate but following the Machinery of Government announcement these are now formally within the DBT's Estimate.
- **Domestic and International Markets and Exports:** The £426.1 million decrease in overall Domestic and International Markets and Exports funding is driven by the inherent nature of the BBB Financial Framework where figures set at Main Estimates are based on a 'mid-range' scenario; this is supplemented at successive Supplementary Estimates by HM Treasury up to a realistic scenario based on the latest information. This makes a comparison between Supplementary and Main Estimate figures challenging, year-on-year.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)
² Initial budget in Main Estimates 2023-24 (May 2023)

The DBT budget is split across multiple areas, with the “Business Group” being the largest

Breakdown of DBT budget 2023-24 (£ million)



Departmental spending

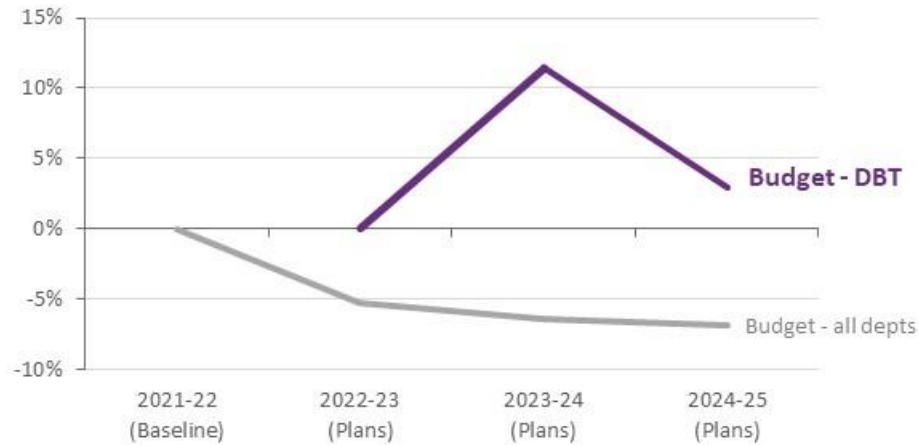
- **Business Group** budget of £1,120 million (£423.3 million RDEL and £696.7 million CDEL) is by far the largest budget area, making up 42% of departmental expenditure. This relates to the Department’s work with business sectors to invest, grow and export. It includes the Automotive Transformation Fund.
- **Domestic and International Markets and Exports** has a budget of £448.9 million (£152.8 million RDEL and £296.1 million CDEL). This relates to delivery of practical support to help business grow. This includes support for smaller businesses through British Business Bank interventions.
- **Market Frameworks** has a budget of £345.1 million, most of which is day-to-day expenditure. This relates to policy and regulation that supports businesses, workers and consumers through a wide range of policy and regulatory areas. This includes, for example, interventions to tackle economic crime.
- **Trade opportunities, negotiations and systems** relates to the negotiation and implementation of free trade agreements, supporting a rules-based trading environment globally and measures to improve UK international competitiveness. It has a budget of £156.6 million, almost all of which is day-t-day expenditure.

DBT's spending plans

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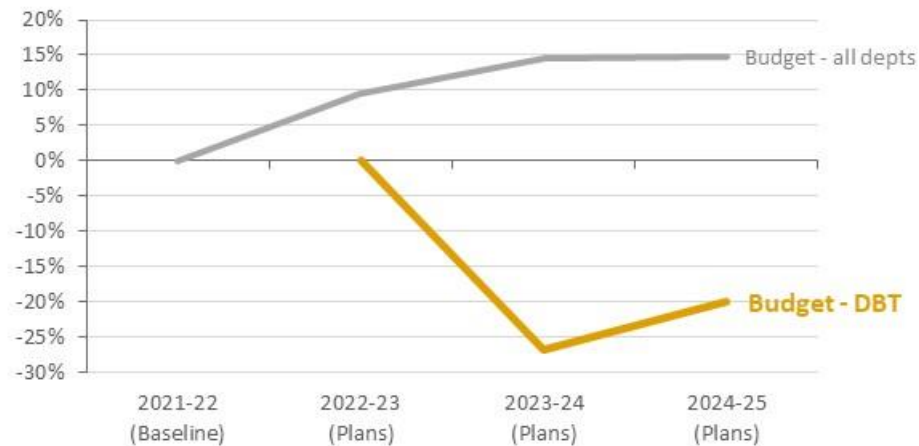
Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



Investment spending in Spring Budget 2023 and Spending Review 2021

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



These graphs compare real term growth assumptions using latest inflation forecasts and uplifts to the nominal settlement.

Some of the previous functions of the Department for Business, Energy & Industrial Strategy (BEIS) and the Departmental for International Trade (DIT) have been combined in the newly formed Department for Business and Trade (DBT). This Department therefore does not have a baseline from Spending Review 21, which pre-dated the creation of DBT. As such 2022-23 plans have been used instead.

Trends in day-to-day spending plans

- Current RDEL spend provides a real-terms increase in funding of 2.9% against spending plans in 2022-23.
- This is an indicative allocation and subject to some uncertainty, depending on the exact nature of the Department's future activities.

Trends in investment spending plans

- Current CDEL spend provides a real-terms decrease in funding of 6.9% against spending plans in 2022-23. This potentially relates to plans to stop support for Local Enterprise Partnerships from 2024-25 onwards.

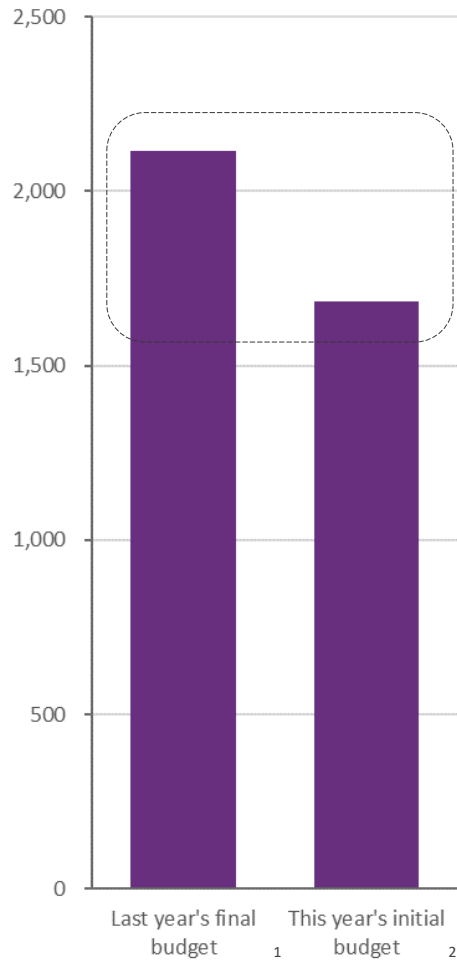
Note: baseline year for Spending Review 2021 is 2021-22
SR15 and SR10 gave five-year Capital DEL settlements

Department for Culture, Media and Sport (CMS)

How is CMS's day-to-day spending changing in 2023-24?

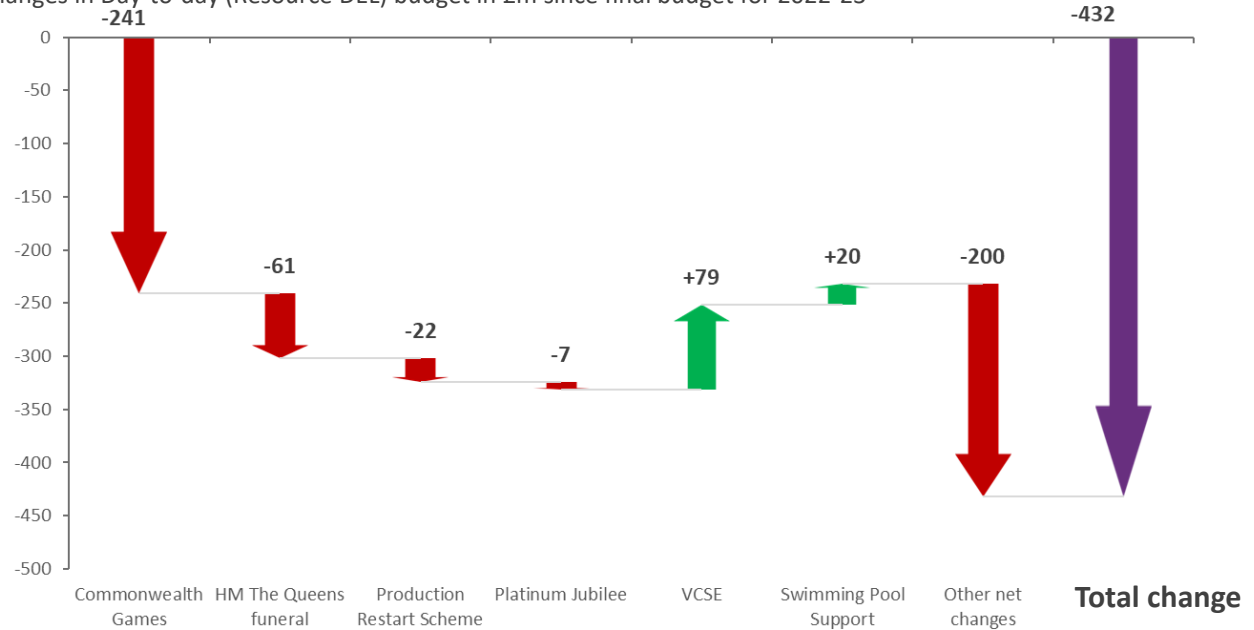
CMS's day-to-day budget decreased by £431.6m (-20.4%)

Resource DEL budget in £m



CMS's spending decrease is driven by the reduction of one-off funding for 2022-23.

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

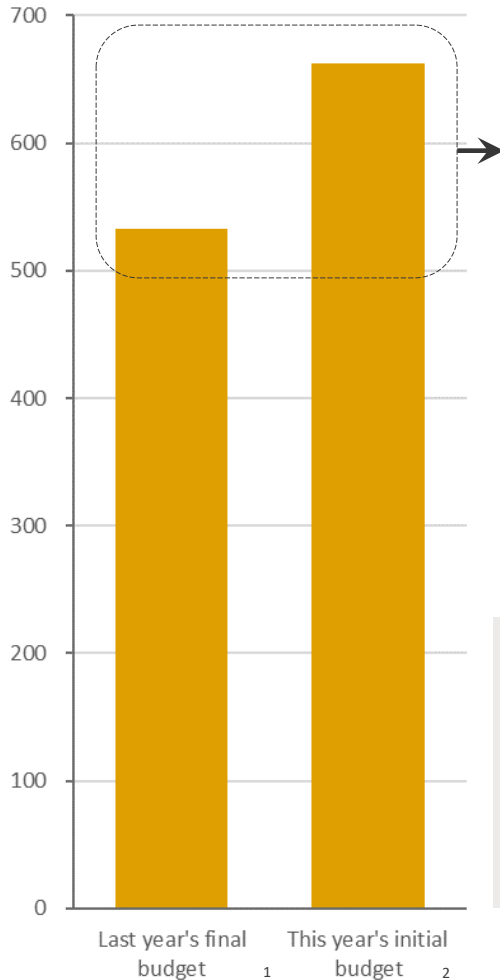
- **Commonwealth Games:** a decrease of £241.0 million due to one-off funding provided last year for the Birmingham 2022 Commonwealth Games.
- **HM The Queens funeral:** a reduction of £60.7 million one-off funding provided last year for HM The Queens funeral.
- **Production Restart Scheme:** a decrease of £21.7 million in funding for the Production Restart Scheme compared to final plans in 2022-23.
- **Platinum Jubilee:** a reduction of £6.8 million one-off funding provided last year for the Platinum Jubilee.
- **Voluntary Community & Social Enterprise (VCSE):** £79.0 million additional funding for VCSE, providing a support to the NHS, such as in helping community voices to be heard, in delivering services.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

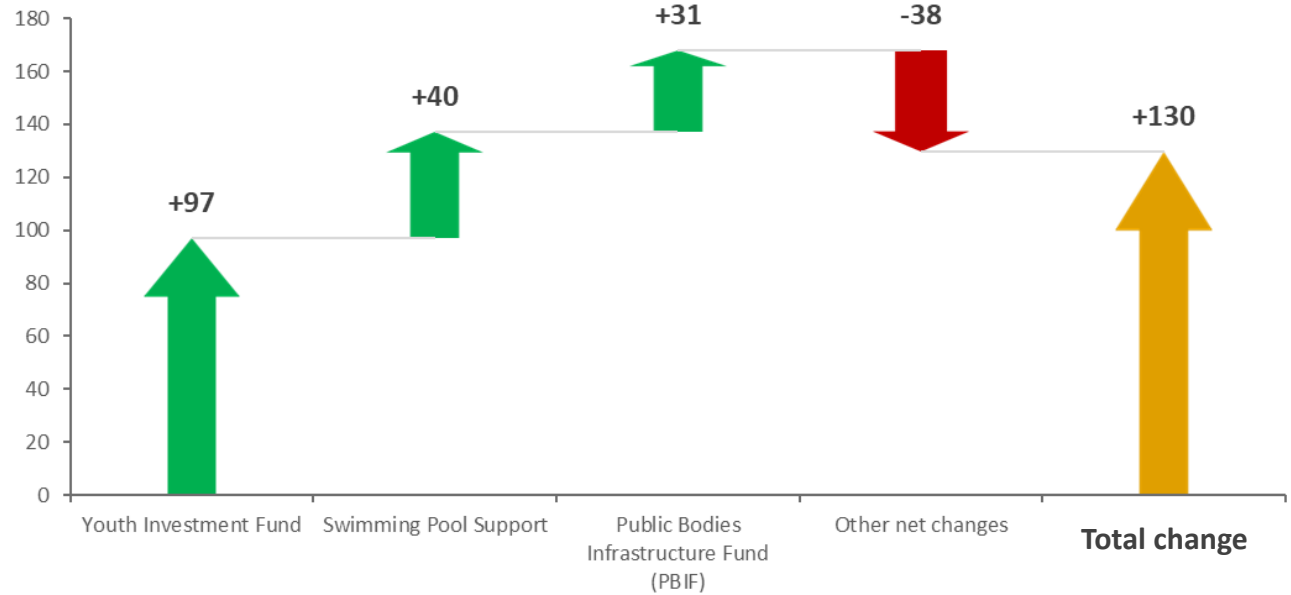
² Initial budget in Main Estimates 2023-24 (May 2023)

How is CMS's investment spending changing in 2023-24?

CMS's investment budget increased by £129.8m (+24.4%)
Capital DEL budget in £m



CMS's investment spending increases largely reflects funding for the Youth Investment Fund
Changes in Investment (Capital DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

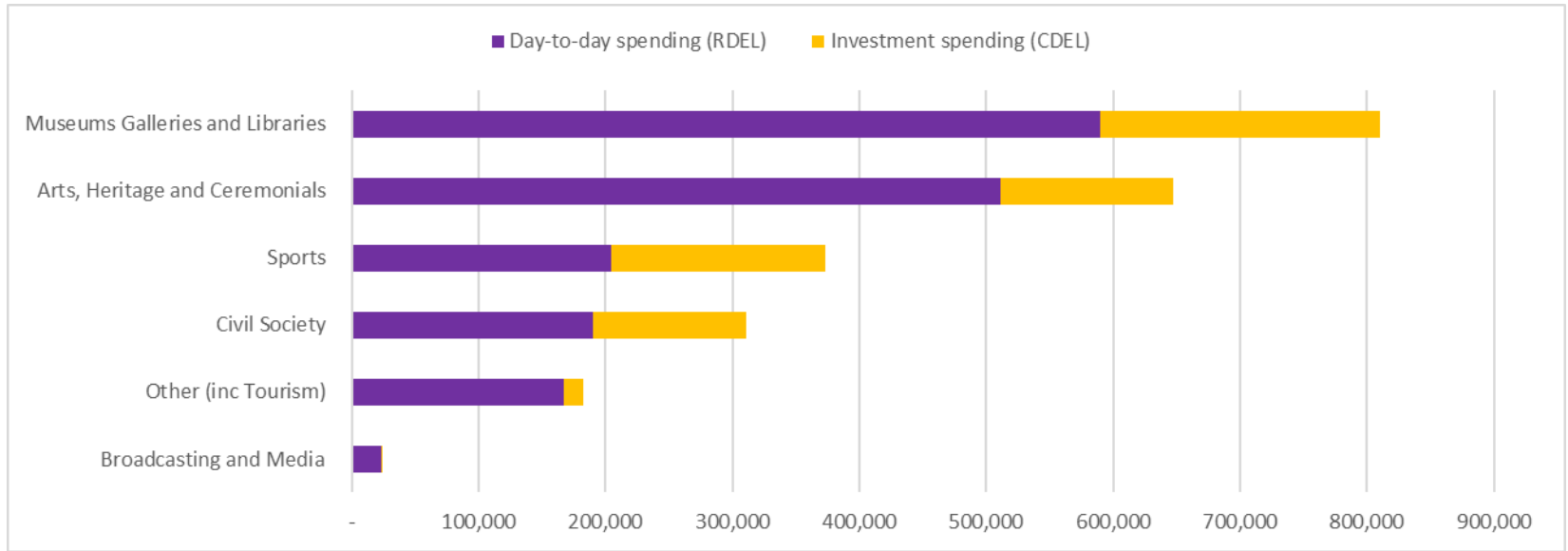
- **Youth Investment Fund:** a £97.0 million increase in funding for the Youth Investment Fund, a commitment to young people to transform and level up the out-of-school youth sector.
- **Swimming Pool Support:** a £40.0 million increase in funding for Swimming Pool Support, a support package for public leisure facilities with swimming pools.
- **Public Bodies Infrastructure Fund (PBIF):** £31.1 million increase in unallocated funding to enhance public access to national heritage and collections, and maintain historic buildings nationwide.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the CMS budget is for Museums & Galleries, and Arts & Culture

Breakdown of CMS budget 2023-24 (£'000)



Day-to-day spending (Resource DEL)

CMS Resource DEL: £1,685.6 million in 2023-24

Museums, Galleries & Libraries is the largest spending area, and comprises of a range of funding for organisations of all sizes. It also includes the cultural protection fund and makes up 35% of the overall CMS budget.

Arts & Heritage includes Arts Council England and Heritage England which make up most of this budget, which also includes the Listed Places of Worship Grant Scheme.

Sports a reduction in funding for this year is largely driven by one off funding in 2022-23 for the Birmingham 2022 Commonwealth Games.

Investment spending (Capital DEL)

CMS Capital DEL: £662.3 million in 2023-24

Museums, Galleries & Libraries is currently the largest element of the CMS budget and accounts for 33% of all investment. This is due to capital projects related to the British Museum, Natural History Museum and an increase related to the Public Bodies Infrastructure Fund (PBIF)

Arts & Heritage includes investment spending across Historic England and Heritage High Streets, with an increase in the Cultural Investment Fund (£7.5m) agreed through the 2021 spending review.

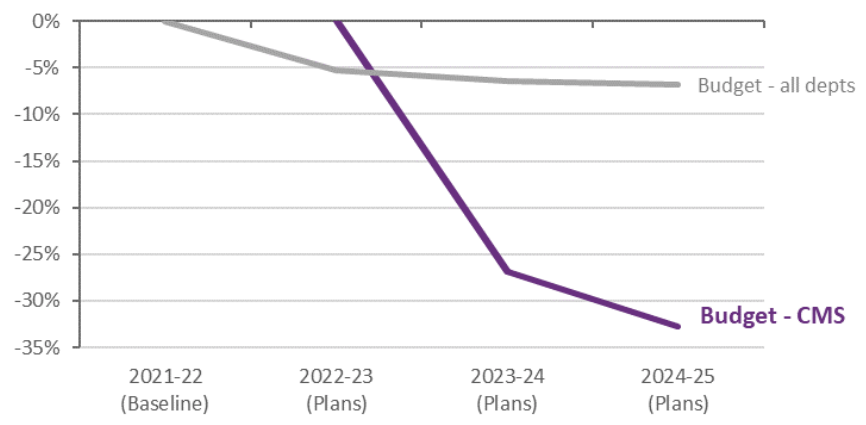
Other notable areas of investment include the Youth Investment Fund, the Swimming Pool Support Fund, Grassroot Sports Facilities and the Euro 2028 bid.

Culture, Media and Sport's spending plans

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Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



These graphs compare real term growth assumptions using latest inflation forecasts and uplifts to the nominal settlement.

Department for Digital, Culture, Media and Sport has been replaced by Department for Science, Innovation and Technology and Department for Culture, Media and Sport.

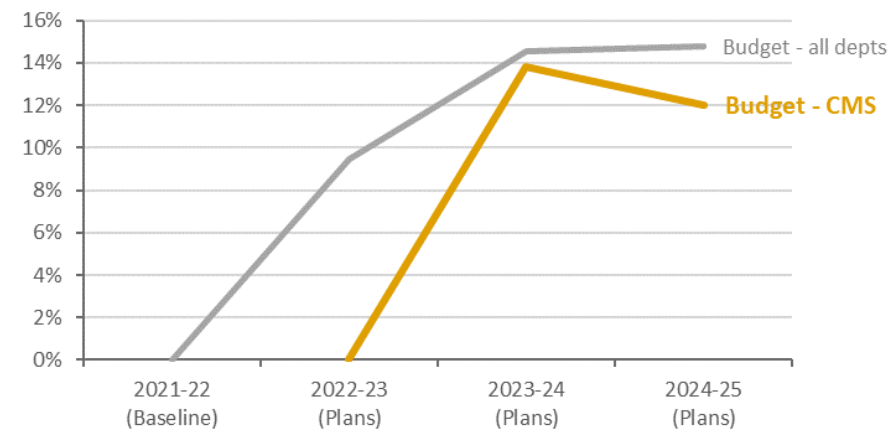
Due to Machinery of Government changes announced by the Prime Minister the Department for Culture, Media & Sport does not currently have a baseline from Spending Review 21, as such 2022-23 plans have been used instead.

Trends in day-to-day spending plans

Current RDEL spend provides a real-terms decrease in funding of 33% against spending plans in 2022-23, this is due in part to one off events in 2022 including the Birmingham Commonwealth Games, the Queens Platinum Jubilee and Operation London Bridge.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

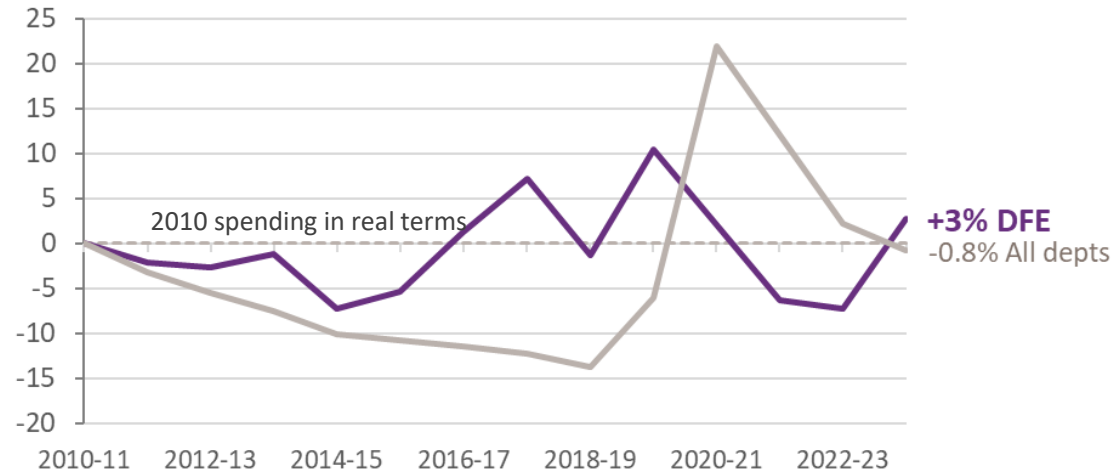
- Current CDEL spend provides a real-terms increase in funding of 12% against spending plans in 2022-23.
- This is driven predominantly by £850 million announced in SR21 for cultural and heritage infrastructure, including museum renovations.

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

Department for Education (DfE)

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

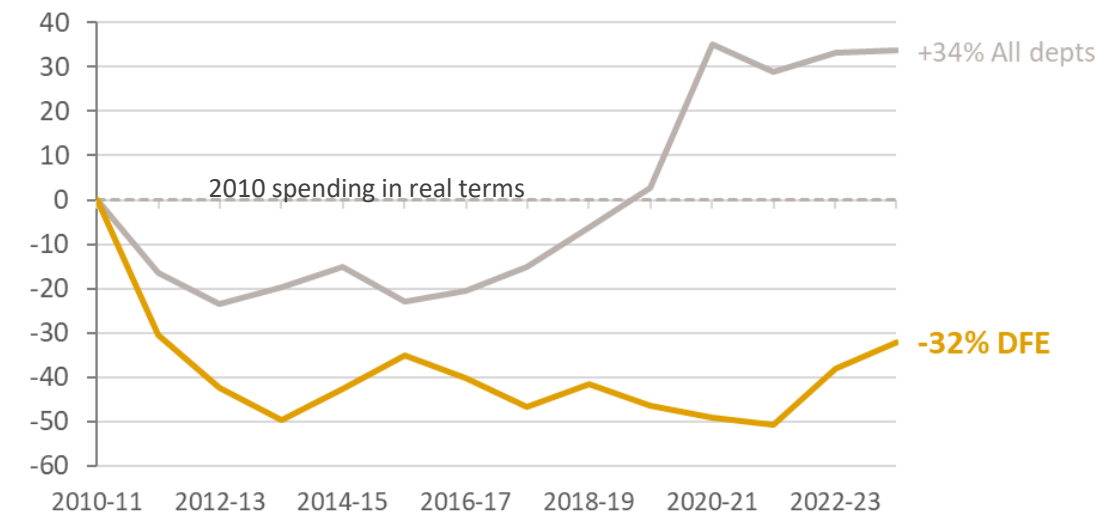
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- The DfE RDEL budget dropped to 7.5% below 2010 levels in 2014-15 following austerity cuts.
- The RDEL budget then increased modestly, peaking in 2017-18 at 6.8% above the 2010 baseline.
- Funding decreased again in 2018-19, before increasing due to covid in 2019-20, when it peaked at 10.1% above 2010 levels.
- Covid spending in 2020-21 and 2021-22 kept the budget at over 5% above 2010 levels.
- The allocation for 2023-24 is a significant increase from the prior-year, giving DfE a real terms RDEL budget 3% higher than in 2010.

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

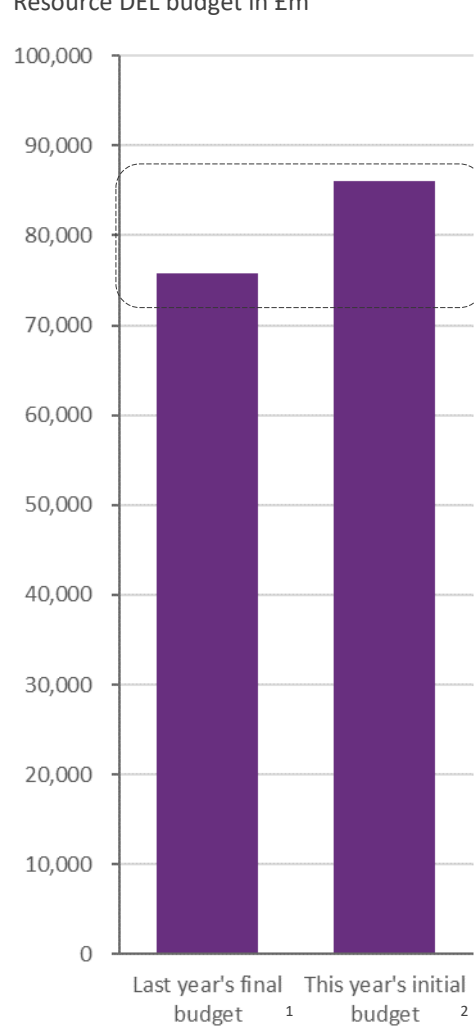


Investment spending trends

- Following severe capital budget cuts over the austerity period, DfE received capital budgets consistently lower than the 2010 baseline from 2012-2022.
- DfE's capital budgets are 32% lower in 2023-24 compared to 2010.
- The average across all government departments is 34% growth compared to 2010, meaning DfE has seen severely less capital budget growth in that period.

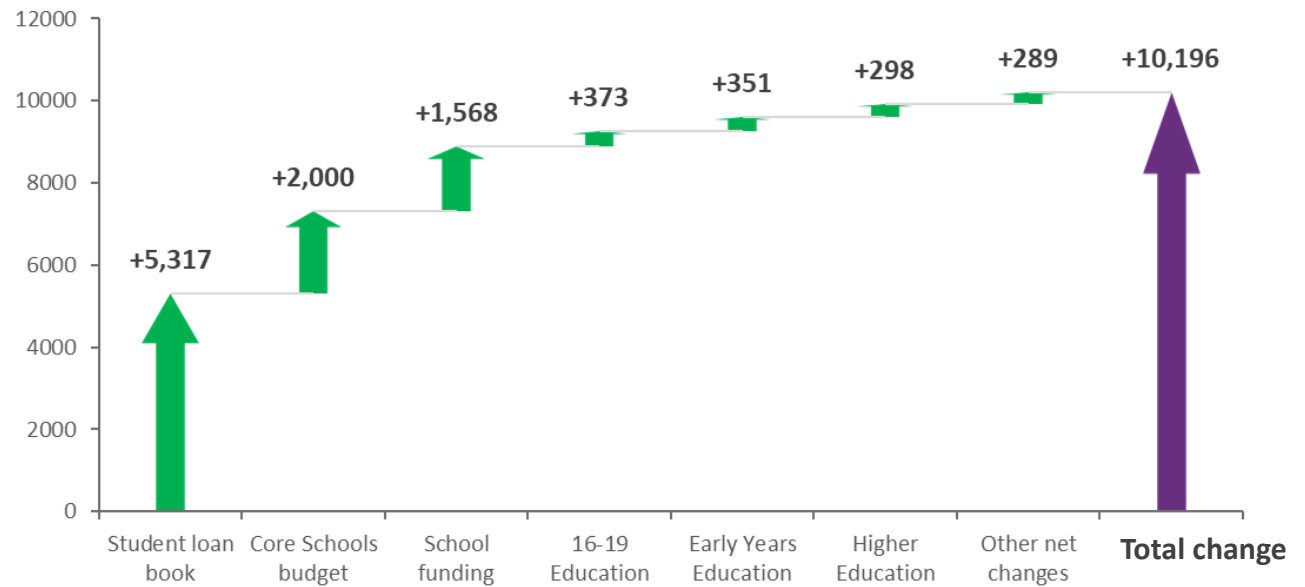
How is Education's day-to-day spending changing in 2023-24?

Education's day-to-day budget increased by £10,195.9m (+13.5%)
Resource DEL budget in £m



Education's spending increase is driven by School Funding and the Student Loan Book

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Student Loan Book:** higher initial budget of £5,317 million for costs that include the annual revaluation and impairment charge.
- **School funding:** an increase of £3,568 million in school funding including £2,000 million for core schools budget announced in the Autumn Statement 2022.
- **16-19 Education:** an increase of £373 million in funding for 16-19 year olds compared to the final budget in 2022-23.
- **Early Years Education:** an increase of £351 million in funding for Early Years compared to the final budget in 2022-23.
- **Higher Education:** an increase of £298 million in funding for Higher Education compared to the final budget in 2022-23.

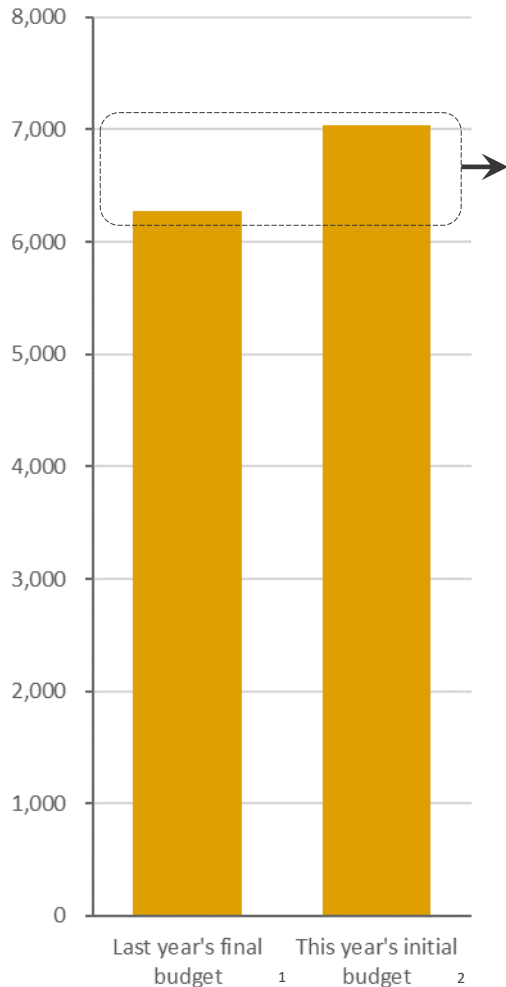
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is Education's investment spending changing in 2023-24?

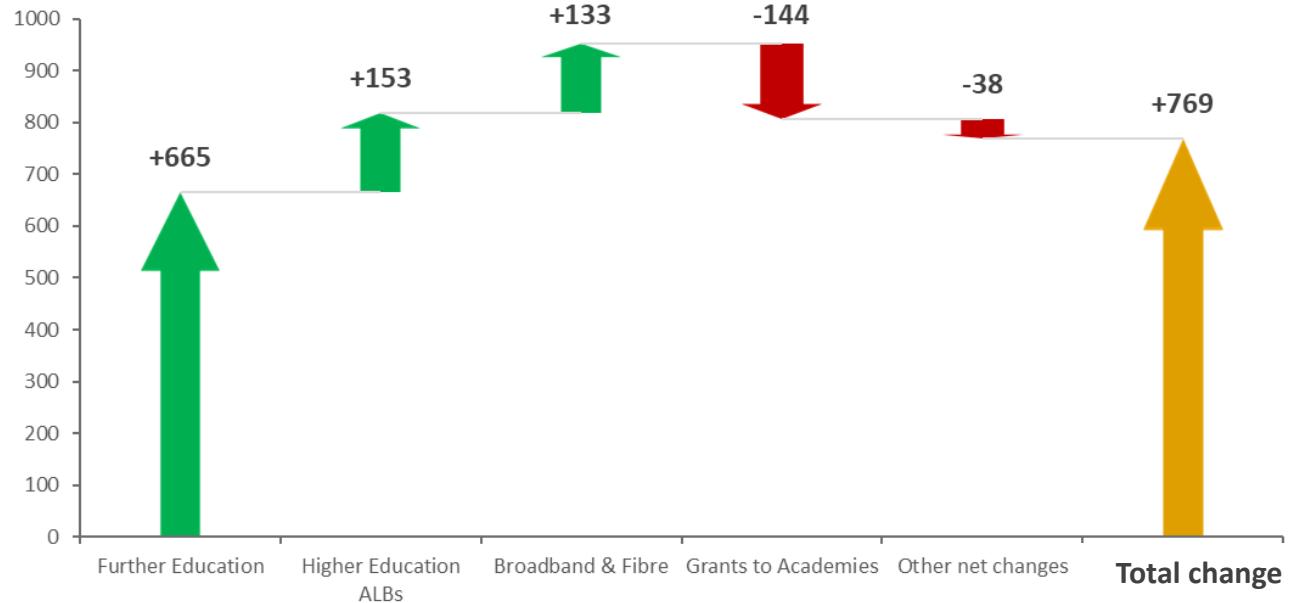
Education's investment budget increased by £769.2m (+12.3%)

Capital DEL budget in £m



Education's investment spending increases reflects reclassification and capital transformation

Changes in Investment (Capital DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

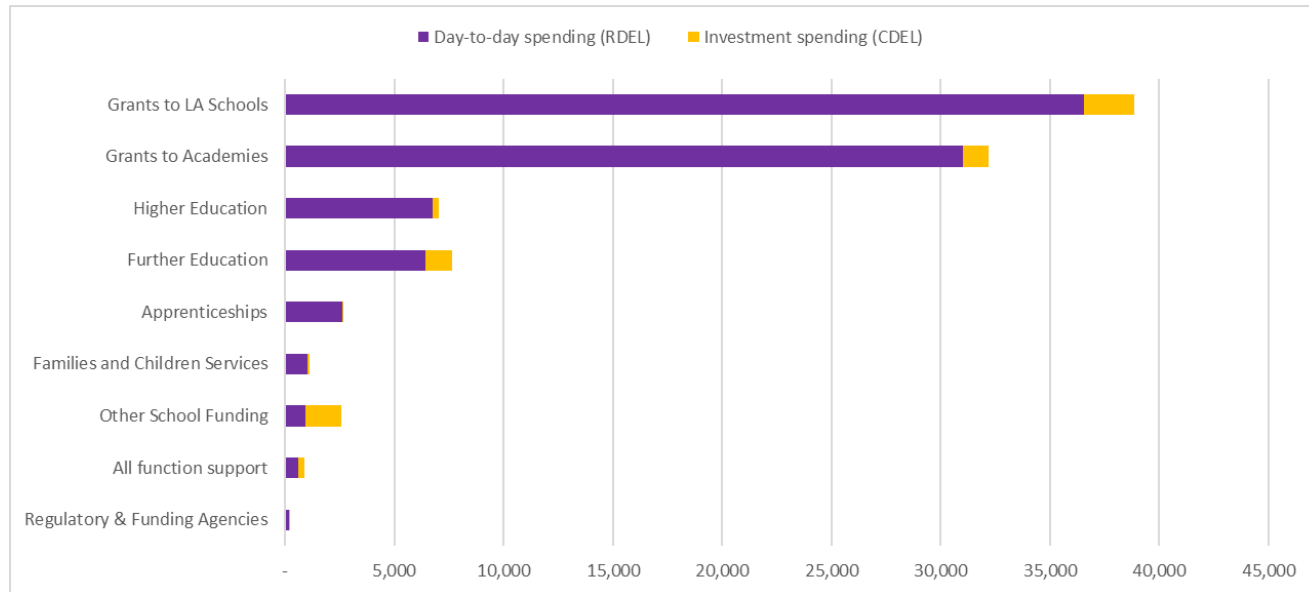
- **Further Education:** an increase of £665 million due to costs relating to reclassification and the capital transformation programme.
- **Higher Education Arms Length Bodies (ALBs):** an increase in funding related to the Office for Students and the Student Loan Company.
- **Broadband & Fibre:** an increase of £133 million in budget for broadband and fibre in schools; and sustainability and decarbonisation.
- **Grants to Academies:** a reduction of £144 million due to a one-off allocation in 2022-23 for energy efficiency.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the Education budget is for Grants to Schools and Academies

Breakdown of Education budget 2023-24 (£ million)



Day-to-day spending (Resource DEL)

DfE Resource DEL: £85,993.3 million in 2023-24

- **Grants to Schools and Academies** is the largest spending area, comprising 79% of all resource DEL. This is predominately grants to cover every day running costs.
- **Other School Funding** is funding provided direct to the education system by the DfE. This is less than 2% of the total DfE budget.
- **Regulatory & Funding Agencies** is comprised of Standards & Testing, Teaching Regulation but mainly the Education and Skills Funding (ESFA) agency which covers 98% of this budget.

Investment spending (Capital DEL)

DfE Capital DEL: £7,037.9 million in 2023-24

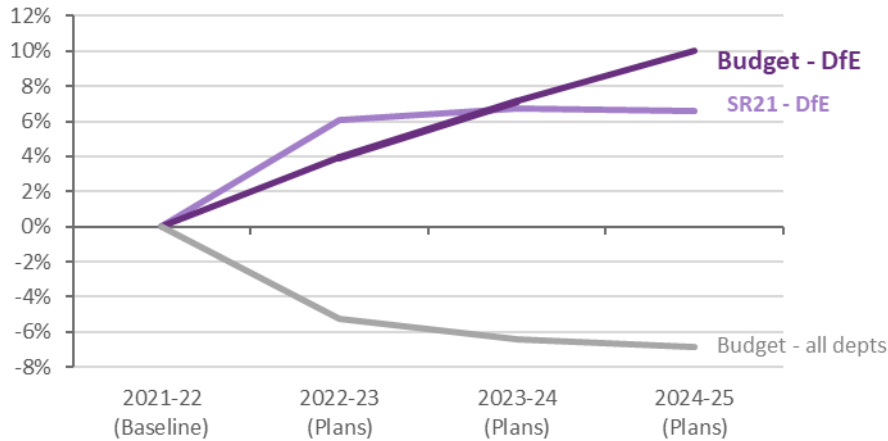
- **Grants to Schools and Academies** remains the largest area of investment in education and includes capital expenditure on building conditions, utilising 50% of the overall investment budget.
- **Further Education & other school funding** accounts for most of the remainder of investment at 40% of the capital budget. This budget is driven by the FE Capital Transformation programme to deliver upgrades to the further education college estate.

Education's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



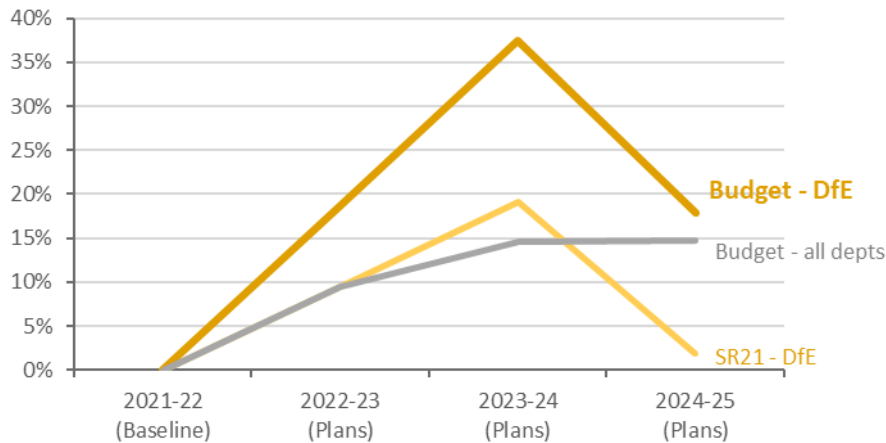
These graphs compare the real term growth assumptions in the 2021 spending settlement (SR21) compared to the 2023 budget (Budget) using latest inflation forecasts and uplifts to the nominal settlement.

Trends in day-to-day spending plans

- Current RDEL spending plans provide a 10.1% real-terms increase over the baseline by 2024-25, compared to 6.6% in SR21.
- The Budget is in line with SR21 over 2021-22 and 2022-23 but provides more RDEL to DfE on a percentage real-terms basis in financial years 2023-24 and 2024-25, this is due to the extension of free childcare being phased in from April 2023 with full funding in place by the end of the spend review period.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

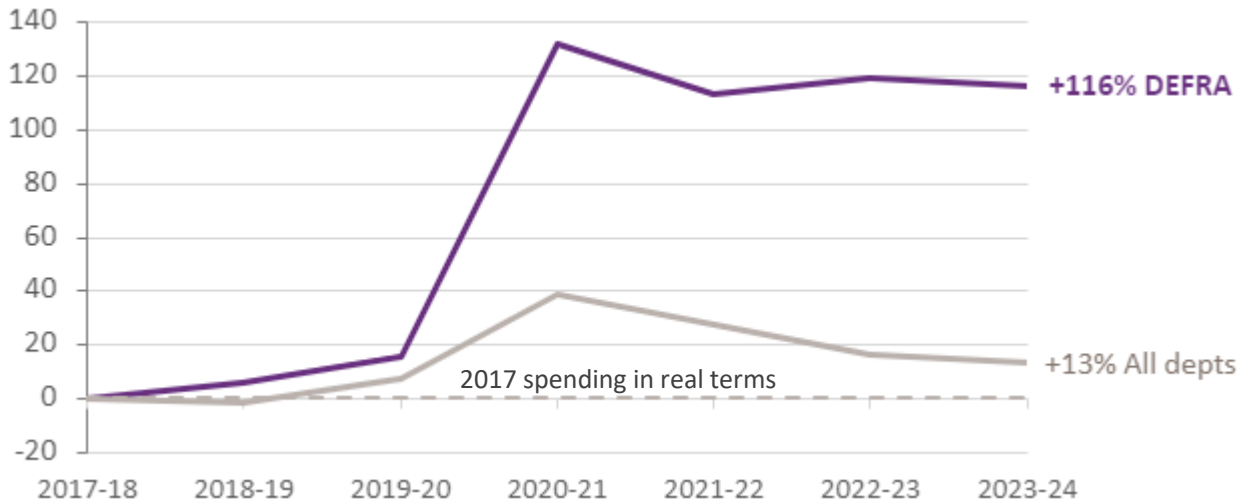
- Current CDEL spending plans provide a 17.9% real-terms increase over the baseline by 2024-25, compared to 1.9% in SR21.
- This is due to the budget baseline being £1 billion lower than the SR21 baseline, caused by delivery challenges delaying investment.
- The budget continues to account for less capital funding than SR21 over the period of the spend review despite the higher % change.

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

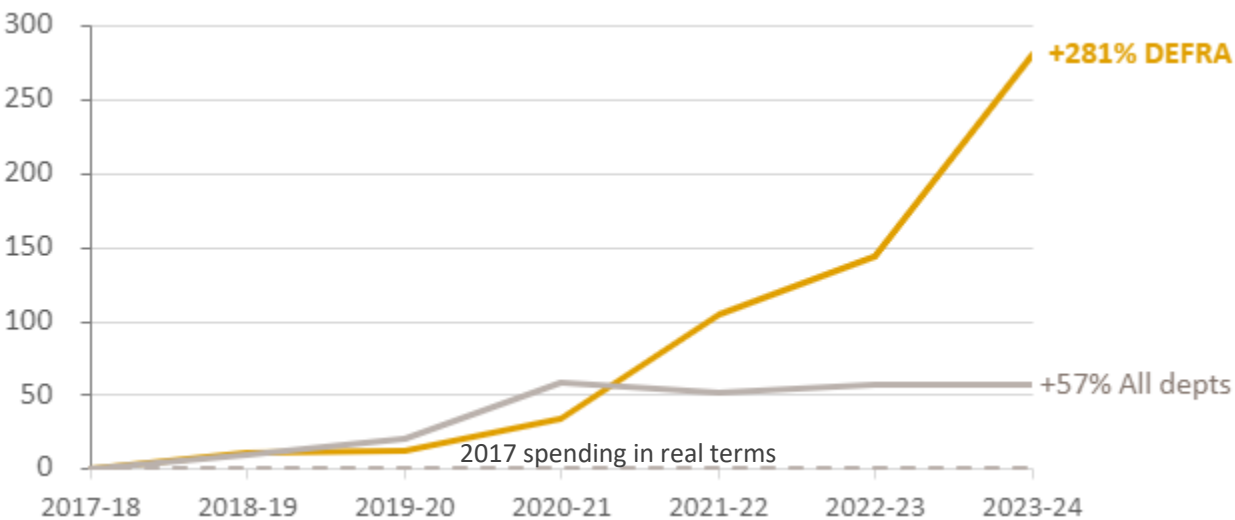
Department for Environment, Food and Rural Affairs (DEFRA)

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

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



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



Day-to-day spending trends

- The increase in 2020-21 reflects the additional budget received for direct **payments to farmers** following the UK's departure from the EU. This activity was previously funded by the EU.
- The increase in 2020-21 included additional budget given to the department to support its response to the **COVID-19 pandemic**.
- The budgets for future years reflect those agreed at SR21 which require a commitment to **make savings and efficiencies** across corporate service areas, including across the Defra IT and property estate. There is also an expectation that Defra can **increase external income** generation.

Investment spending trends

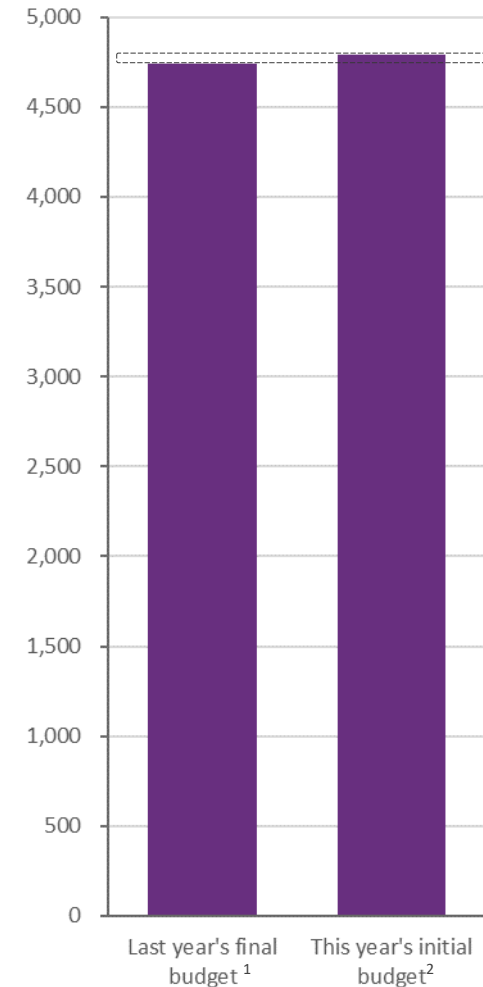
The Capital DEL budget shows an overall increase from 2017-18 up to 2023-24. This reflects:

- additional funding for **EU exit** preparations across IT and **border controls**;
- funding for **flood defences** and coastal risk management;
- capital **payments to farmers**;
- **Science Capability in Animal Health** and the Critical Works programme;
- **biodiversity** funding; and
- the **Nature for Climate Fund**.

How is DEFRA's day-to-day spending changing in 2023-24?

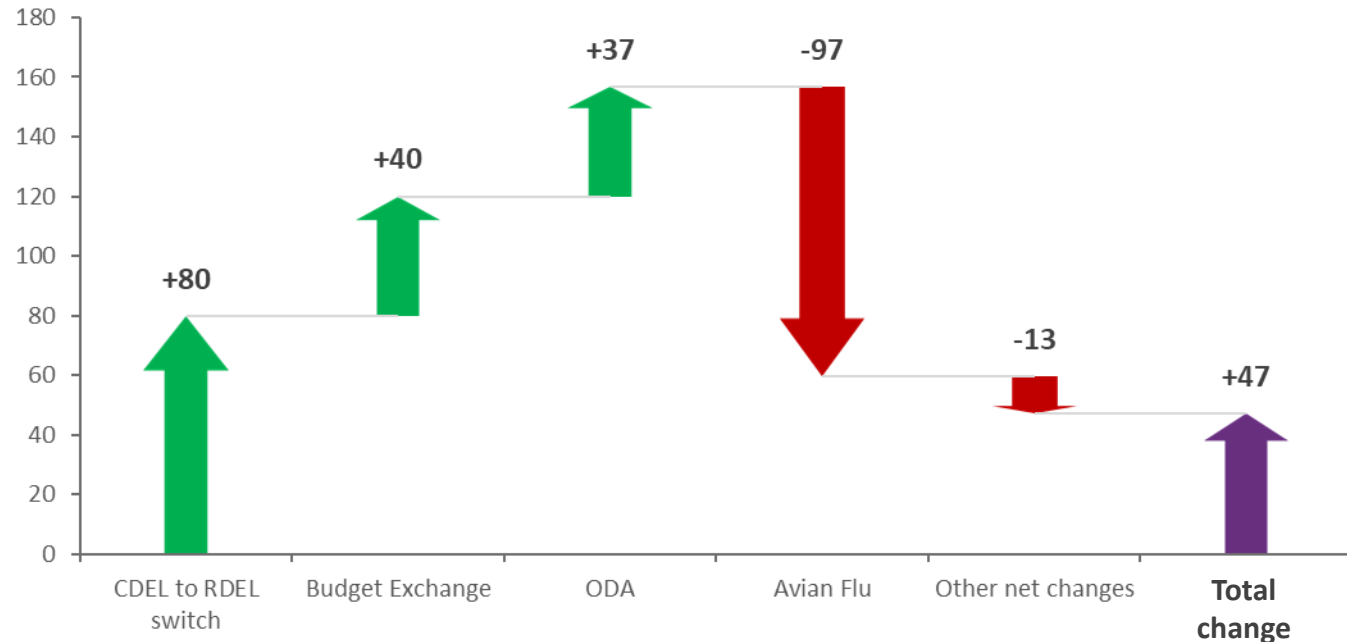
DEFRA's day-to-day budget increased by £47m (+1.0%)

Resource DEL budget in £m



DEFRA's spending increase is driven by a reallocation of investment funding into day-to-day spending

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **£80 million CDEL (investment spending) to RDEL (day-to-day spending) switch:** agreed with HM Treasury to better align project expenditure with accounting standards; this was one of the factors behind DEFRA's Annual Report and Account qualifications in 2021/22;
- **£40 million reprofiled funding through budget exchange;** £21.1 million for the UK seafood fund and £18.9 million for the Borders programme;
- **£36.8 million increase in the ring-fenced ODA budget** (as per the Spending Review 2021 spend profile) for environmental targets; and
- **£97.2 million decrease due to funding for the Avian Influenza outbreak allocated in 2022/23** and not repeated in 2023/24.

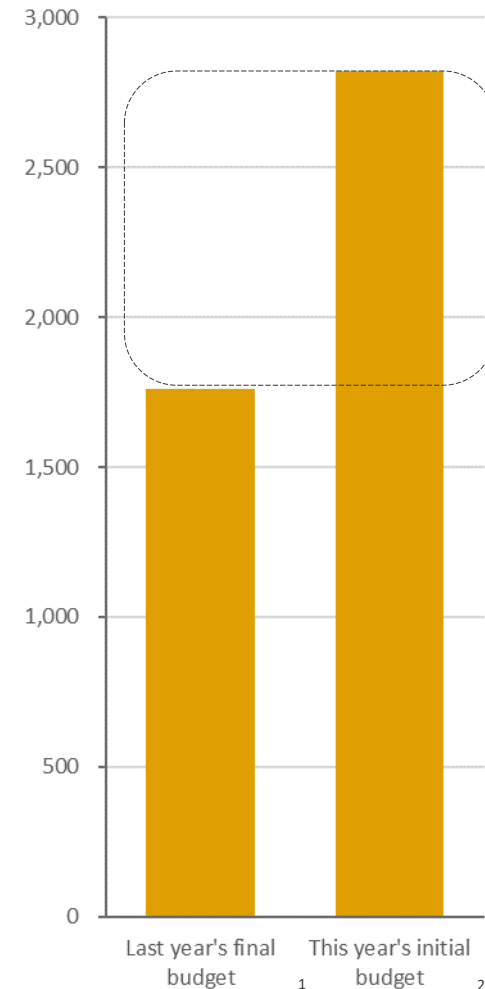
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

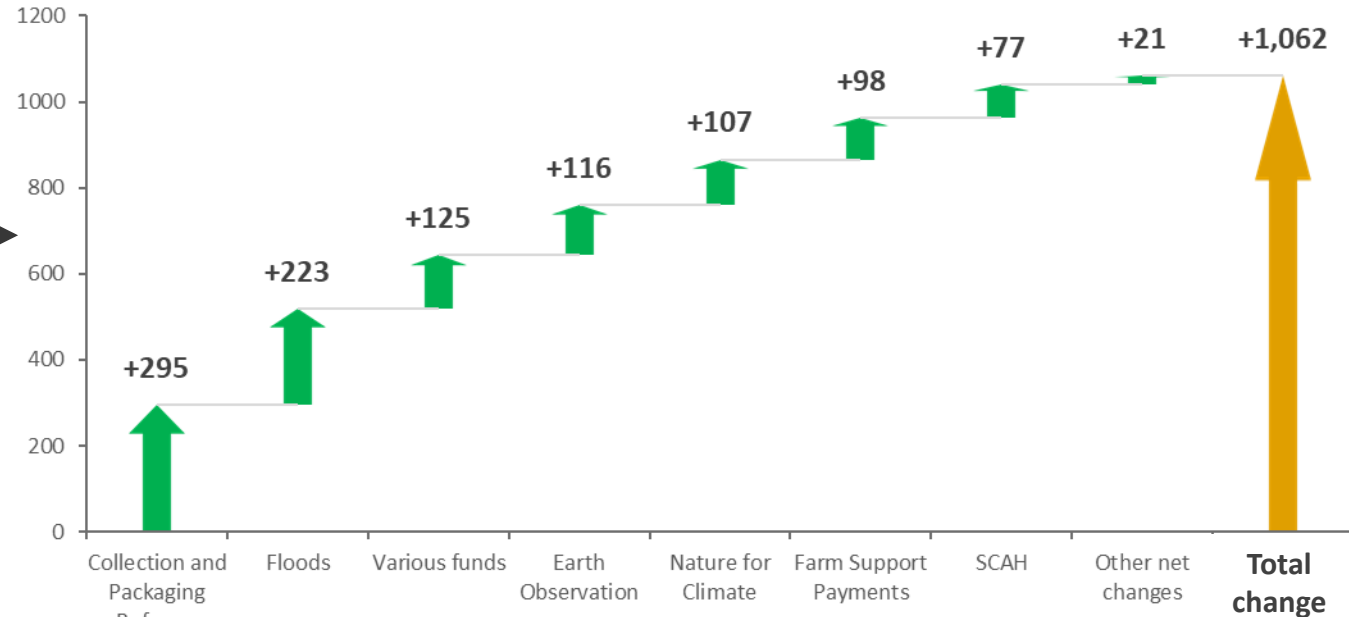
How is DEFRA's investment spending changing in 2023-24?

DEFRA's investment budget increased by £1061.5m (+60.3%)

Capital DEL budget in £m



DEFRA's investment spending increases are driven by a new major programme and budget reprofiling
Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

Investment spending is expected to **increase by 60.3%** this year due to:

- 1) a **reallocation of budgets from prior years** in relation to flooding, nature for climate funds, the species survival fund, the rural England prosperity fund and the science capability in animal health and critical works programme at Weybridge; and
- 2) a new **'collection and packaging reform'** programme.

There is also continued ambiguity in whether the UK can re-join the **EU's Copernicus earth satellite** programme following the UK's exit from the EU. Budget is allocated for this purpose but previously this has been transferred to BEIS for UK based programmes.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

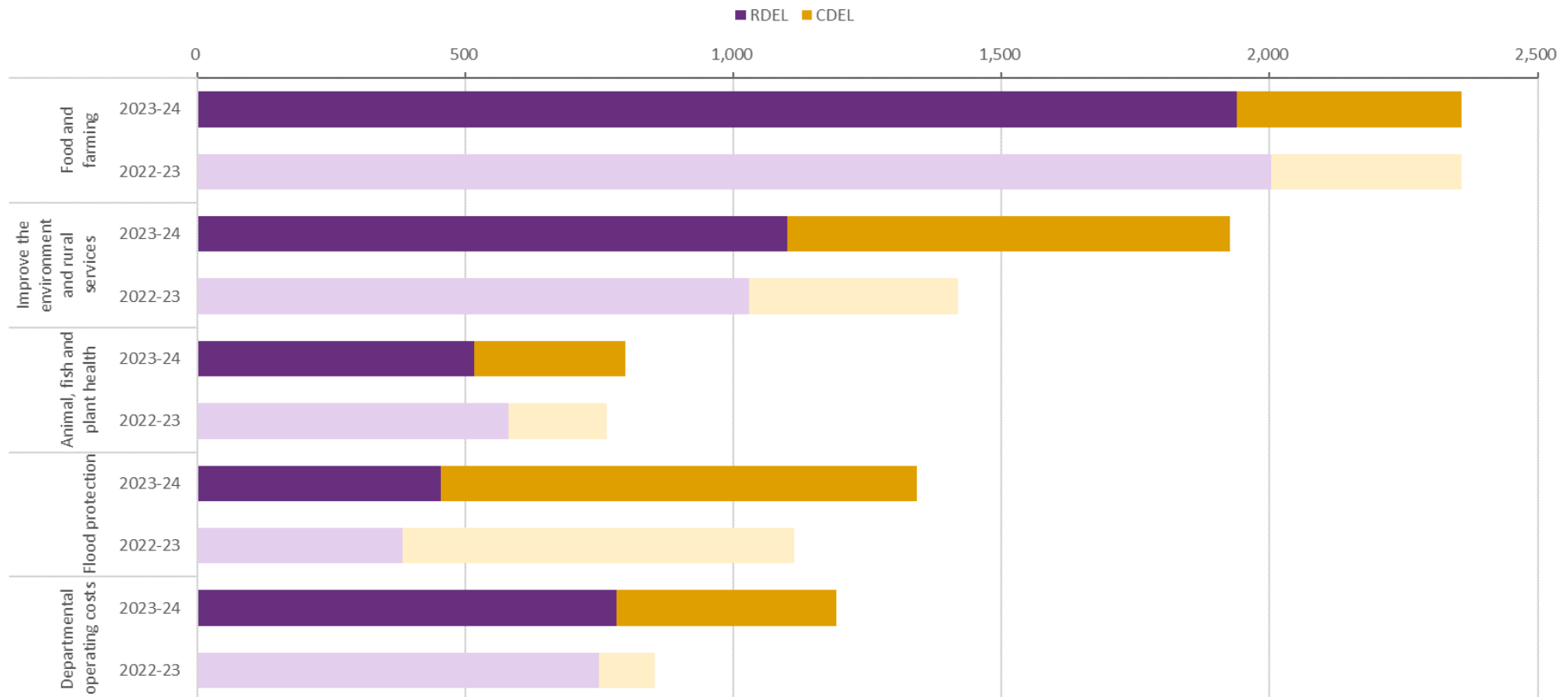
² Initial budget in Main Estimates 2023-24 (May 2023)

Farm support payments represent 36% of DEFRA's resource budget and is the department's largest area of spending.

With only a 1% RDEL growth overall, the department is expected to make efficiencies; there has been a 3.2% reduction in the food and farming budget, the farm support payment budget has decreased by £54m.

Capital Expenditure has increased by 60% following budget re-profiled from prior years and new programmes. Last year £190m unspent capital budget was surrendered back to Treasury.

Breakdown of Defra budget 2023-24 (£ million)

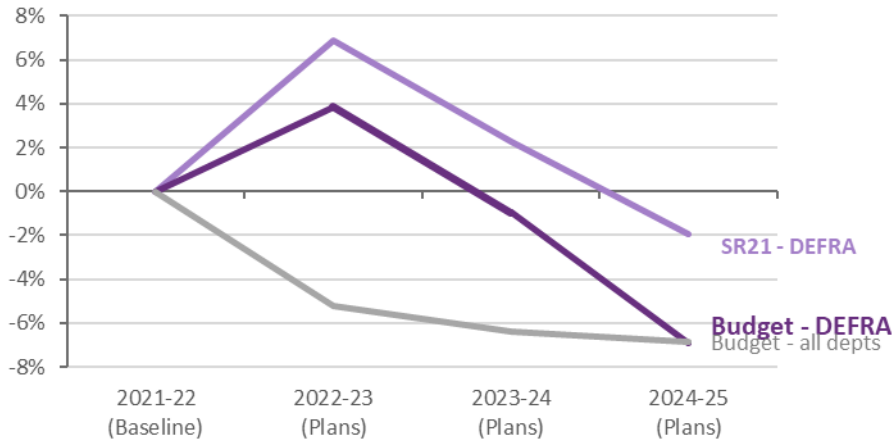


DEFRA's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

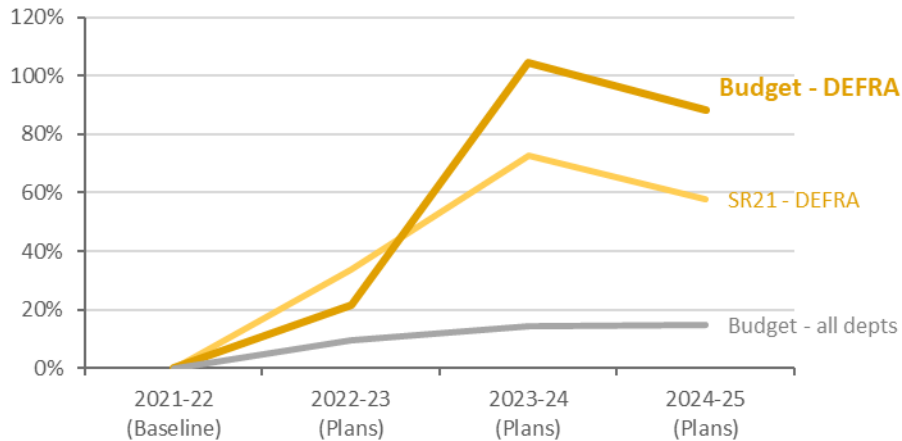
Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in day-to-day spending plans

The spending review settlement in October 2021 (SR21) kept the resource budget relatively flat in cash terms over the three years; this has meant that with growing inflation DEFRA is constrained by real term reductions.

The latest long term forecast provided in the Spring Budget 2023 will see DEFRA's resource budget reduced by 6.9% by 2024-25 in real terms since 2021-22.

Trends in investment spending plans

The SR21 provided an additional £2.6bn of capital investment above 2021-22 levels of investment over the three year period. To date, DEFRA has not been able to keep up with the pace of this expenditure – handing some back to Treasury (c.£200m last year) and re-profiling some into outer years. This year sees the highest spike in investment expenditure – partly as a result of that re-profiling.

In real terms the increase in investment remains higher than inflation, as a result of this investment expenditure is forecast to be 88% more in 2024-25 than in 2021-22.

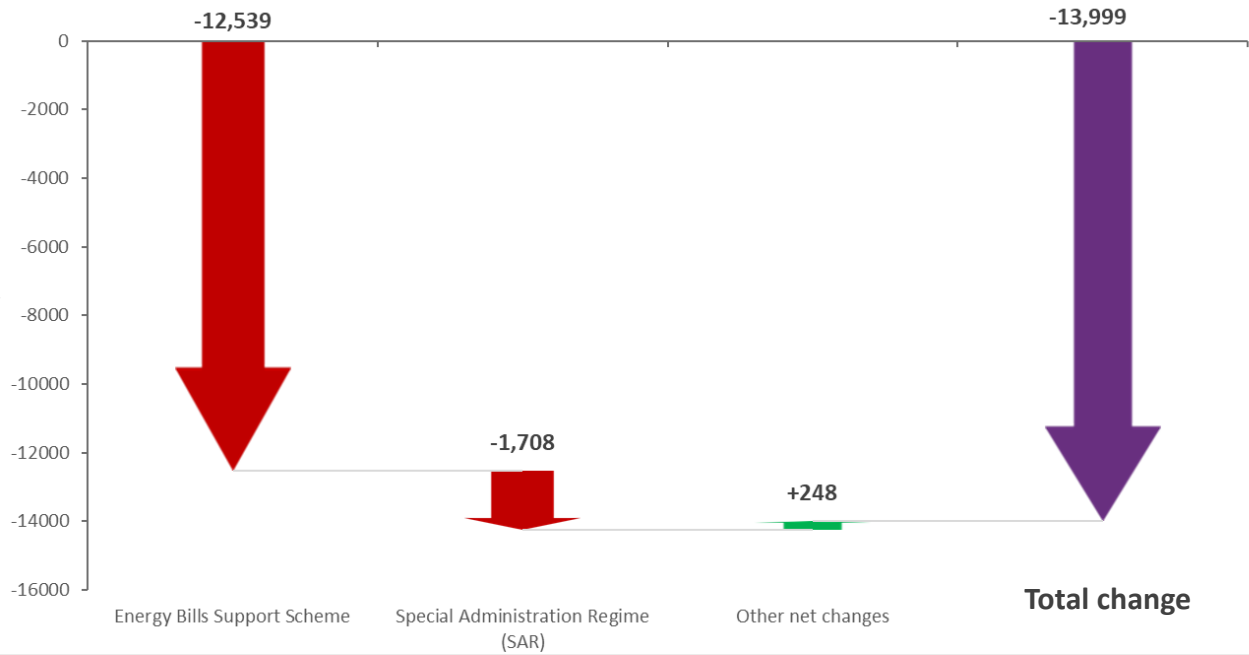
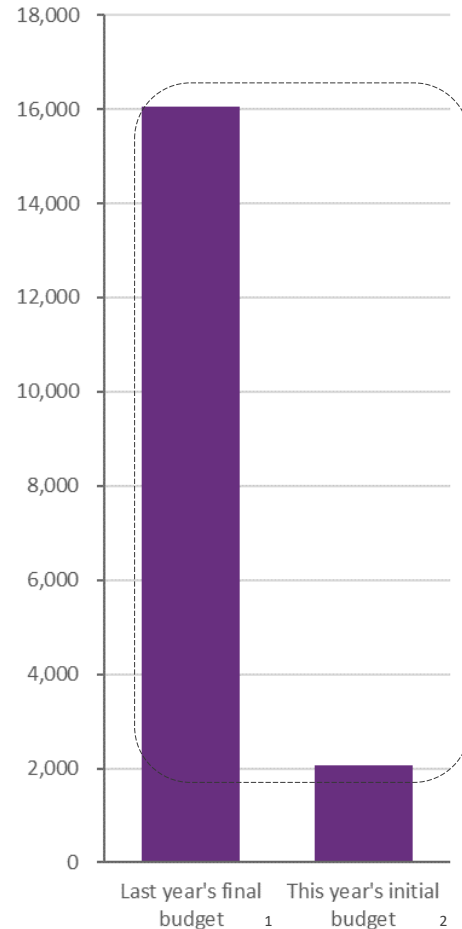
Note: baseline year for Spending Review 2021 is 2021-22
SR15 and SR10 gave five-year Capital DEL settlements

Department for Energy Security and Net Zero (DESNZ)

How is DESNZ's day-to-day spending changing in 2023-24?

DESNZ's day-to-day budget decreased by £13,999.1m (-87.2%)
Resource DEL budget in £m

DESNZ's spending decrease is driven by the ending of the Energy Bills Support Scheme
Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



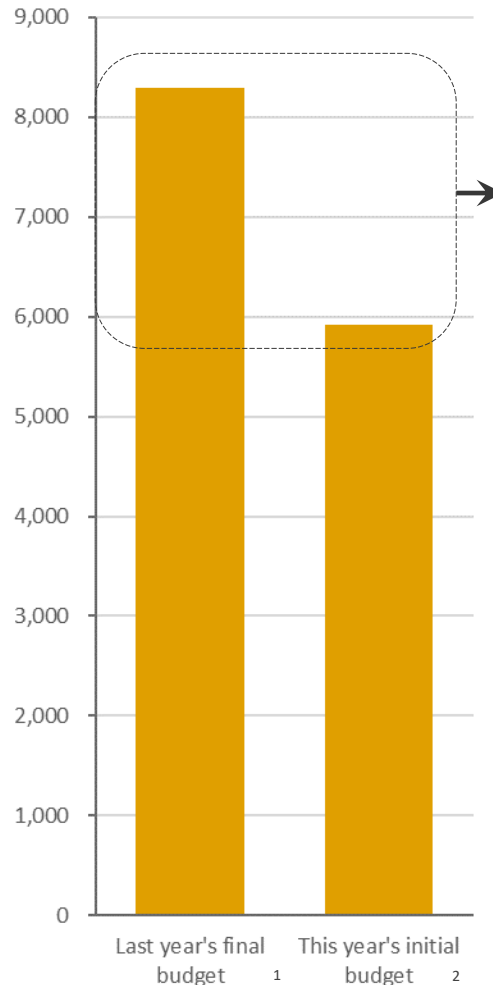
Changes in 2023-24

- **Energy Bills Support Scheme:** a reduction of £12,539 million for the Energy Bills Support Scheme compared to 2022-23.
- **Special Administration Regime (SAR):** a reduction of £1,708 million due to the ending of the Special Administration Regime (SAR) in relation to the takeover of the energy company Bulb.
- **Nuclear Decommissioning Authority (NDA):** an increase of £83.7 million in the budget for the NDA compared to final budget in 2022-23.

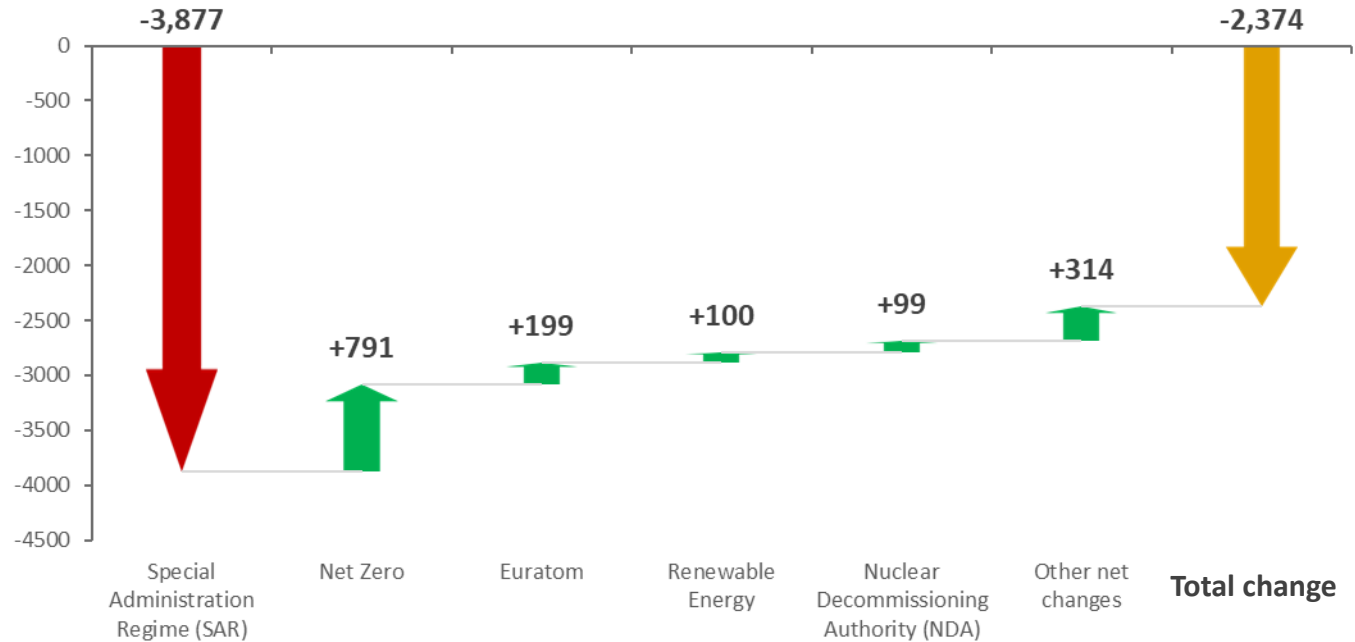
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)
² Initial budget in Main Estimates 2023-24 (May 2023)

How is DESNZ's investment spending changing in 2023-24?

DESNZ's investment budget decreased by £2,374.0m (-28.6%)
Capital DEL budget in £m



DESNZ's investment spending increases largely reflect the absence of SAR funding this year
Changes in Investment (Capital DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

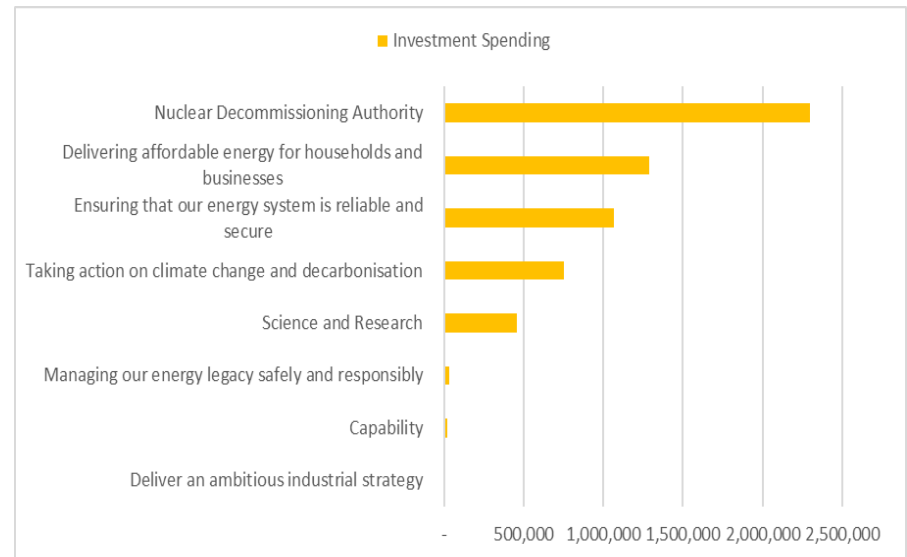
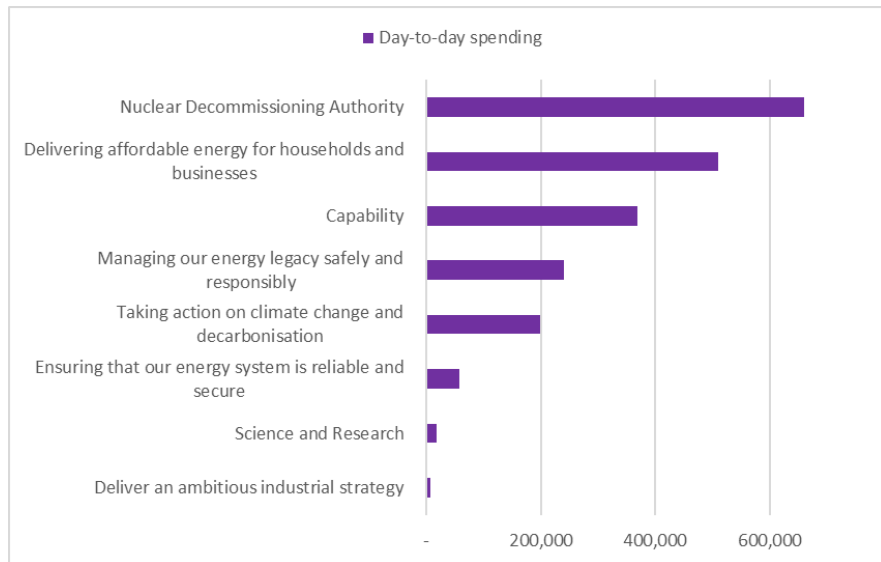
- **Special Administration Regime (SAR):** a reduction of £3,877 million due to the ending of the Special Administration Regime (SAR) in relation to the takeover of the energy company Bulb.
- **Net Zero:** an increase of £791 million in funding for Net Zero compared to the final budget in 2022-23.
- **Euratom:** funding of £199 million in 2023-24 only for the European Atomic Energy Community (Euratom).
- **Nuclear Decommissioning Authority (NDA):** an increase in investment for the NDA of £99.1 million compared to the final budget in 2022-23.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the DESNZ budget is for the operation and decommissioning of Nuclear sites

Breakdown of DESNZ budget 2023-24 (£ million)



Day-to-day spending (Resource DEL)

DESNZ Resource DEL: £2,056.9 million in 2023-24

Nuclear Decommissioning Authority is spend allocated to the operation and decommissioning of sites to the Site Licence Companies (SLCs). This is currently the largest element of the DESNZ day-to-day budget and accounts for 32% of all day-to-day spend.

Delivering affordable energy remains a large proportion (25%) of DESNZ day-to-day spend despite the ending of the main scheme in 2022-23 for energy bill support.

Taking action on climate change includes day-to-day spending across Energy Innovation, Carbon Capture & Storage and Renewable Energy, utilising 10% of the overall RDEL budget.

Investment spending (Capital DEL)

DESNZ Capital DEL: £5,913.6 million in 2023-24

Nuclear Decommissioning Authority is spend allocated to the operation and decommissioning of sites to the Site Licence Companies (SLCs). This is currently the largest element of the DESNZ investment budget and accounts for 39% of all capital spend.

Delivering affordable energy is still an area of significant investment and remains in line with SR21 for Net Zero Buildings and Heat.

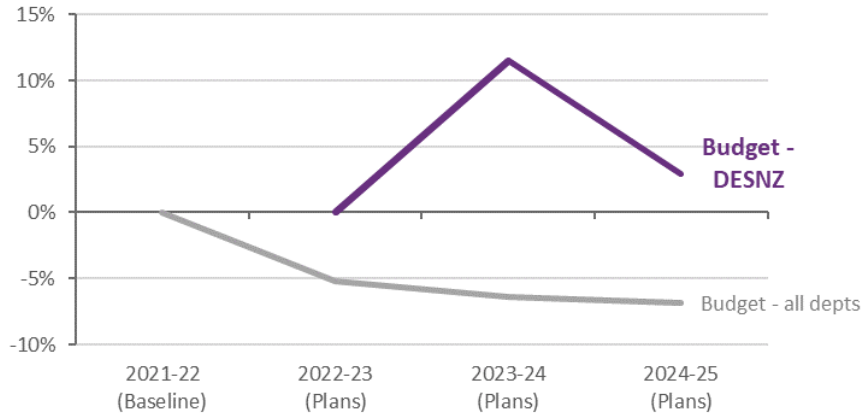
Other notable areas of investment include New Nuclear, Sizewell C, the Offshore Transmission Network Review (OTNR) and Energy Innovation funding.

Energy Security and Net Zero's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



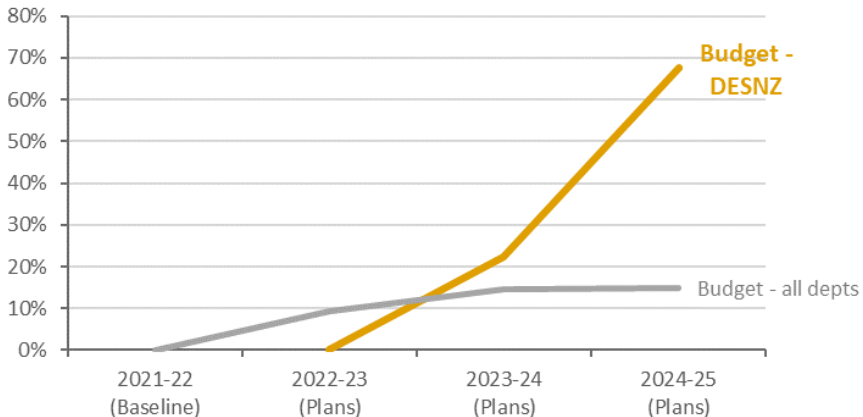
These graphs compare real term growth assumptions using latest inflation forecasts and uplifts to the nominal settlement.

Department for Business, Energy & Industrial Strategy has been split into Department for Energy Security & Net Zero, Department for Business & Trade and Department for Science & Technology.

Due to Machinery of Government changes announced by the Prime Minister the Department for Energy Security & Net Zero does not currently have a baseline from Spending Review 21, as such 2022-23 plans have been used instead.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in day-to-day spending plans

Current RDEL spend provides a real-terms increase in funding of 2.9% against spending plans in 2022-23, although the main energy bills support scheme has ended uncertainty remains around energy prices due to the war in Ukraine and continued high inflation.

Trends in investment spending plans

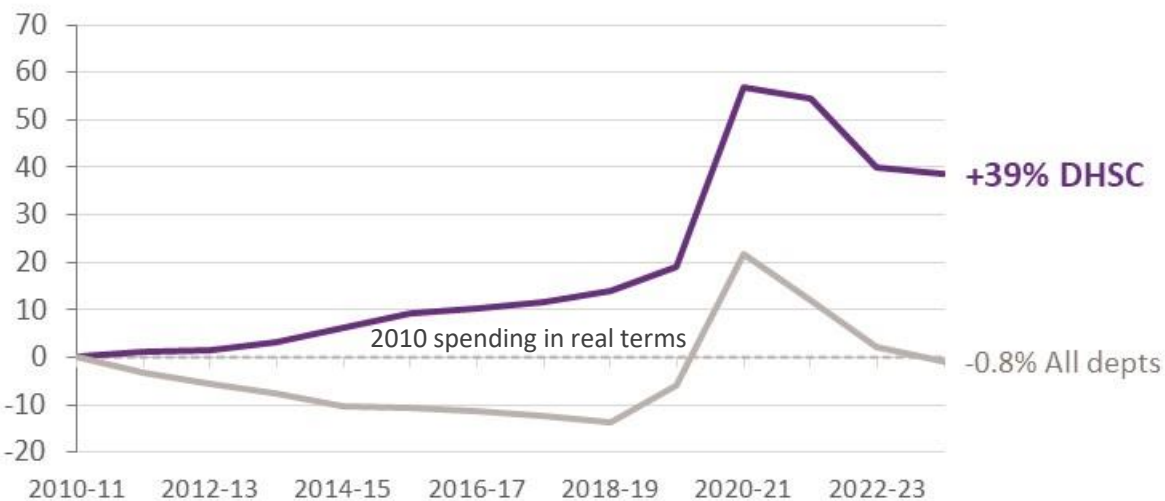
- Current CDEL spend provides a real-terms increase in funding of 67.5% against spending plans in 2022-23.
- The government announced plans in the Spring Budget 2023 to invest in carbon capture, usage and storage (CCUS) and accelerating new nuclear power.

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

Department of Health and Social Care (DHSC)

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

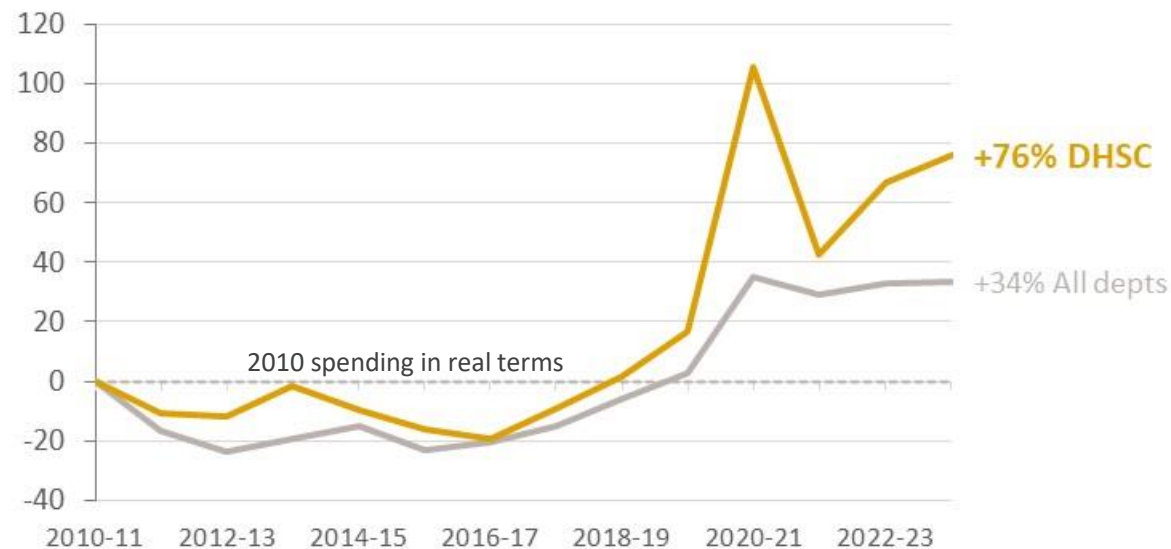
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- DHSC continued to experience real-terms spending growth through the austerity period, compared to real terms decreases in other departments.
- Day-to-day spending peaked in 2020-21 at 57% higher than 2010-11, because of COVID-19.
- Day-to-day spending has dropped in real terms since the COVID-19 peak largely due to recent high inflation. (It continues to grow in cash terms year-on-year.)
- Day-to-day spending is set to be 39% higher in 2023-24 than in 2010-11 in real terms.

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



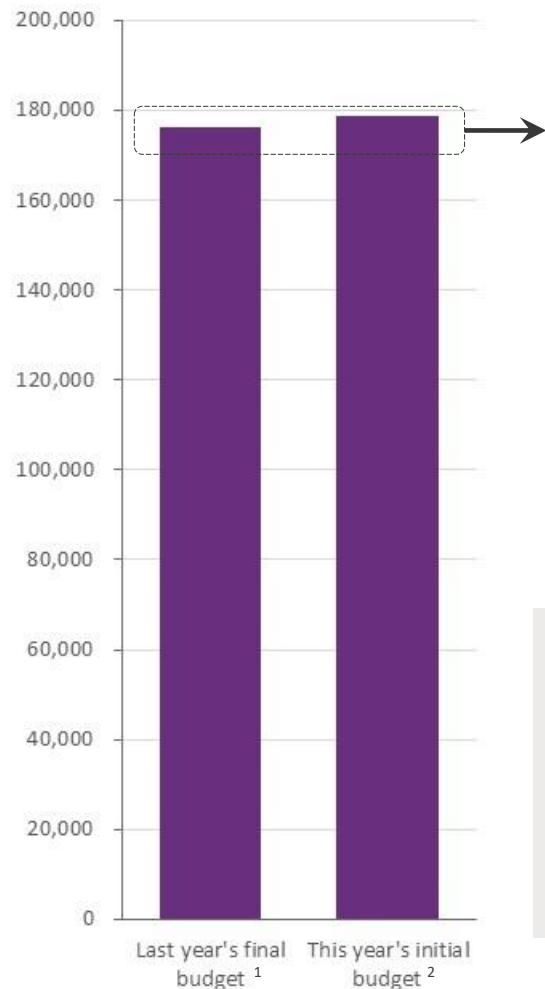
Investment spending trends

- DHSC experienced some real-terms cuts in investment spending during austerity, but not as much as other departments.
- Investment spending peaked in 2020-21 at 106% higher than 2010-11, because of the COVID-19 pandemic.
- It remains volatile due to inflation.
- Investment spending is set to be 76% higher in 2023-24 than in 2010-11 in real terms.

How is DHSC's day-to-day spending changing in 2023-24?

DHSC's day-to-day budget increased by £2,429.6m (+1.4%)

Resource DEL budget in £m



DHSC's day-to-day spending has increased relatively little since 2022-23

Changes in Day-to-day (Resource DEL) budget in £billions since final budget for 2022-23



Changes in 2023-24

- **From Spending Review:** The largest increase in DHSC's day-to-day spending is £5.5 billion that was planned in the 2021 Spending Review;
- **Additional support for NHS England:** £3.3 billion was pledged as extra support for NHS England in response to financial pressures;
- **One-off reserve claim in 2022-23:** The overall increase in DHSC's funding is relatively low because the planned and additional increases only serve to match the 2022-23 spending as a result of a £5.7 billion one-off reserve claim made in that year.

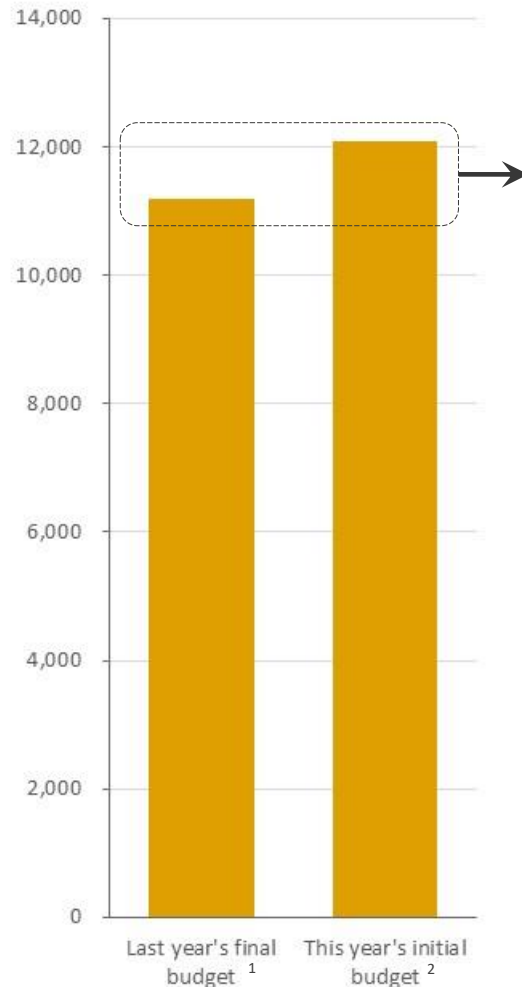
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

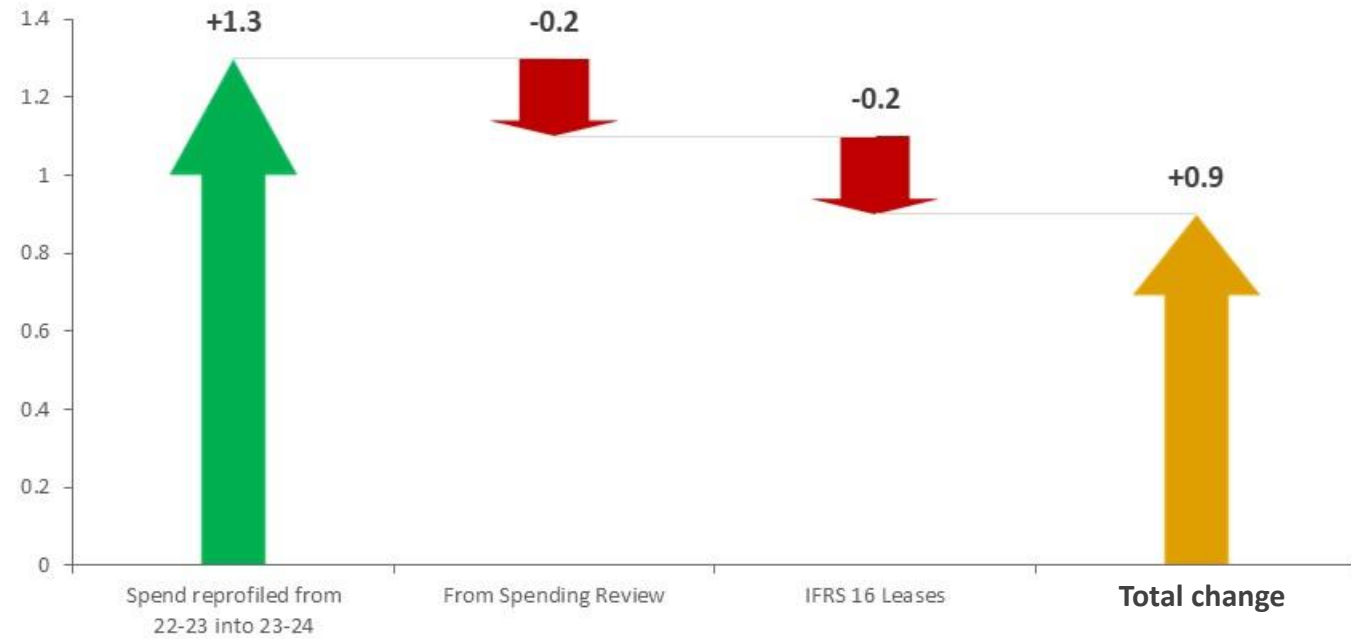
How is DHSC's investment spending changing in 2023-24?

DHSC's investment budget increased by £895.0m (+8.0%)

Capital DEL budget in £m



DHSC's investment spending has increased this year because of prior year underspends reprofiled
Changes in Investment (Capital DEL) budget in £billions since final budget for 2023-24



Changes in 2023-24

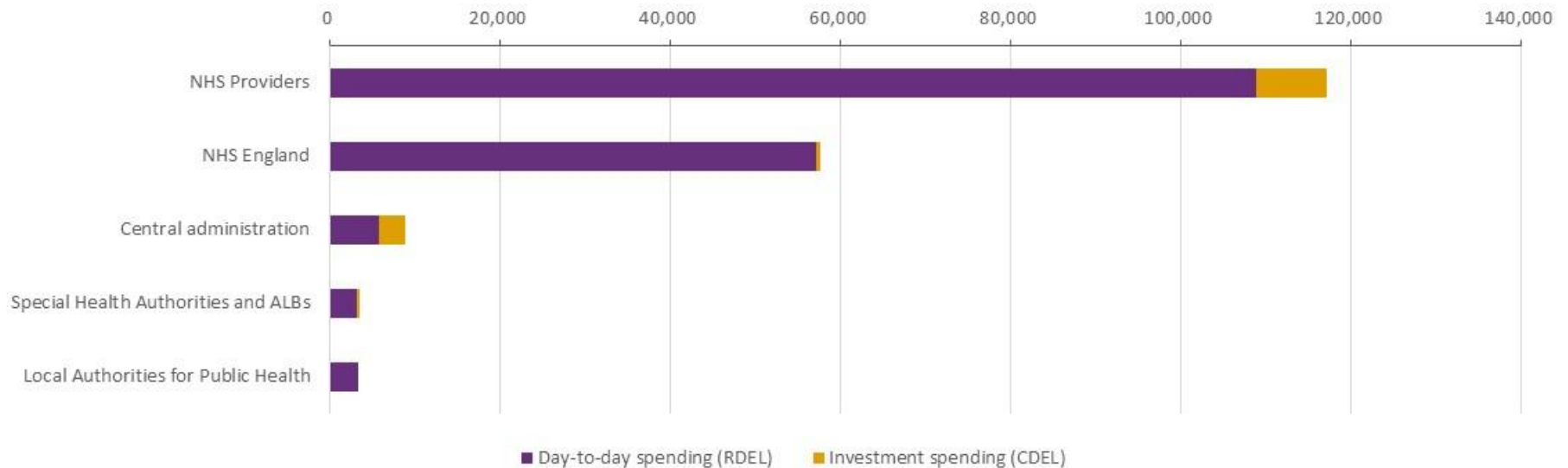
- **Spend reprofiled from 22-23 into 23-24:** £1.3 billion of underspends in 2022-23 have been reprofiled so that the spending is now expected in 2023-24;
- **From Spending Review:** A reduction of £0.2 billion reflects plans from the Spending Review 2021;
- **IFRS 16 Leases:** The new accounting standard on leases, introduced in 2022-23, has an ongoing affect on the capital treatment of leases, but does not reflect a change in how assets are used.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the DHSC's spending goes straight to the NHS

Breakdown of DHSC budget 2023-24 (£ million)



Day-to-day spending (Resource DEL)

- The **Resource DEL budget** for DHSC is **£178,578 million**.
- **The NHS** is by far the largest element in the DHSC budget, receiving **£166,055 million**. Of this, £108,811 million goes direct to NHS providers and £57,123 million goes to the NHS Commissioning Board (NHS England).
- Almost half of NHS England's RDEL budget is funded by National Insurance Contributions.
- **Central administration** includes spending in DHSC itself as well as its executive agencies. This is around 3% of the total budget, less than a quarter of its proportion at the height of the COVID-19 pandemic.

Investment spending (Capital DEL)

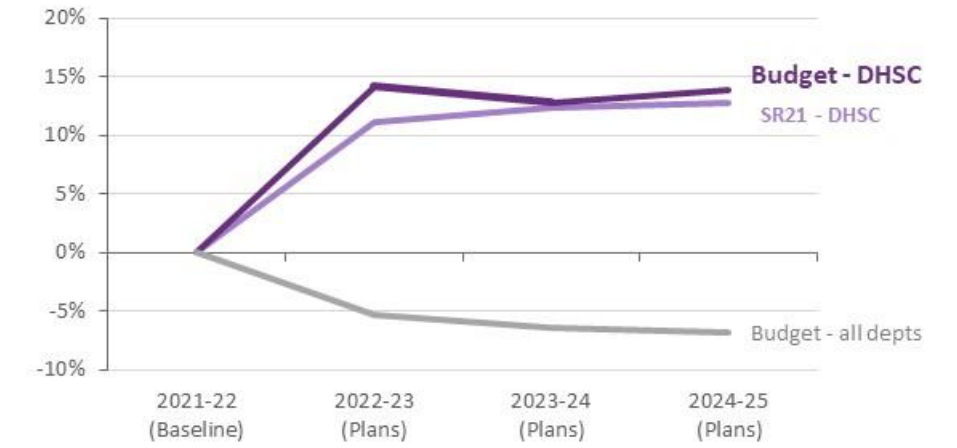
- The **Capital DEL budget** for DHSC is **£12,088 million**.
- As with Resource DEL, most of this (**£8,742 million**) is spent on **the NHS**. Unlike Resource DEL, this is even more heavily weighted to NHS providers, who receive £8,298 million, compared to NHS Commissioning Board (NHS England) receiving £444 million.
- Nearly a quarter of the Capital DEL budget is for **central administration** (i.e. investment spending at the department and its executive agencies), at **£2,308 million**.

DHSC's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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

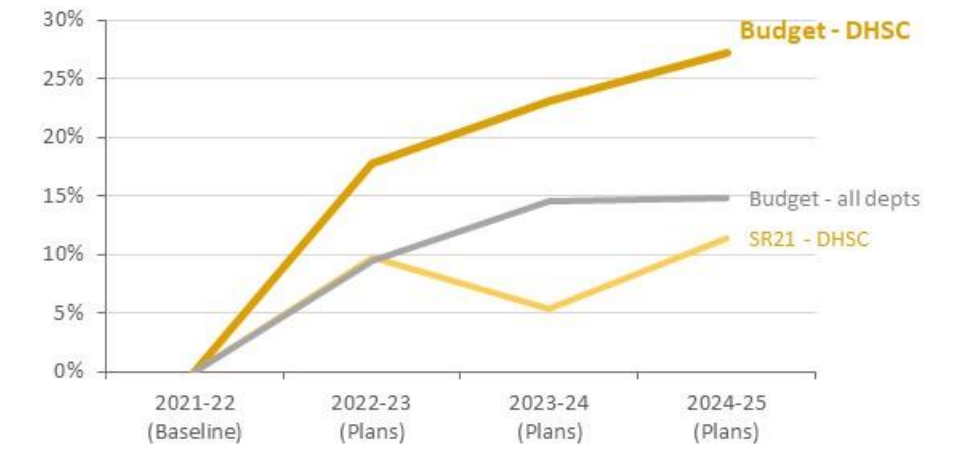


Trends in day-to-day spending plans

- Current RDEL spending plans provide a 13.8% real-terms increase over the baseline by 2024-25, one percentage point higher than the SR21 settlement.
- The Budget baseline is £3 billion lower than the SR21 baseline, because less was spent than expected in 2021-22. Despite the lower baseline, the Budget provides more RDEL to DHSC (both on an actual nominal basis and on a percentage real-terms change since 2021-22 basis) in every subsequent year up to 2024-25.
- 92% of the Budget RDEL settlement will be allocated to NHS England, which is consistent with SR21.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

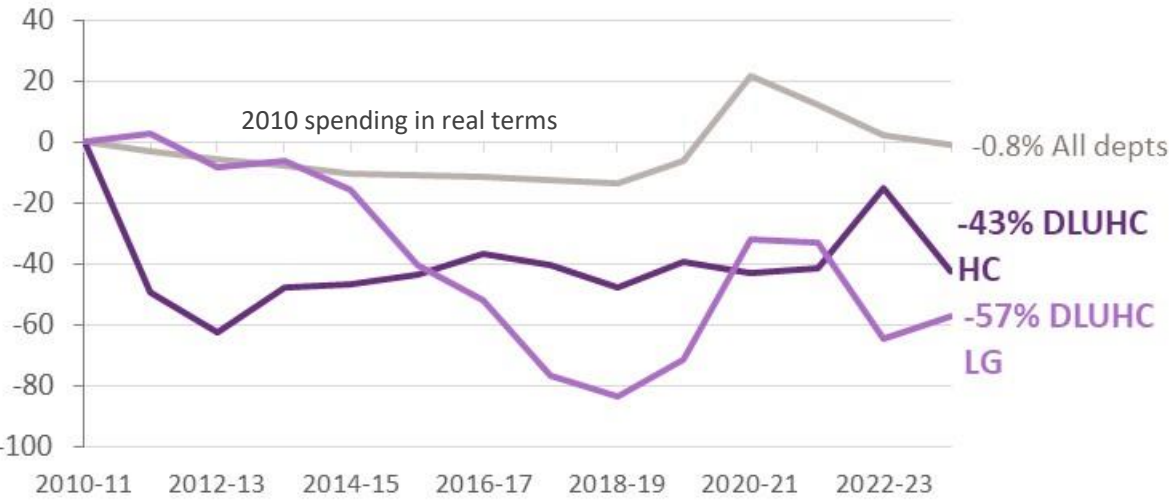
- Current CDEL spending plans provide a 27.2% real-terms increase over the baseline by 2024-25, compared to 11.4% in SR21.
- Again, the Budget baseline is lower than the SR21 baseline (by £0.4bn), because less was spent than expected in 2021-22. Despite the lower baseline, the Budget provides more CDEL to DHSC (on both an actual nominal basis and a percentage real-terms basis) in every subsequent year up to 2024-25.
- Some of the increase will be put towards digitisation of, for example, mental health and cardiovascular condition services.

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

Department for Levelling Up, Housing and Communities (DLUHC)

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

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



Day-to-day spending trends

- Housing and Communities spending was reduced significantly after 2010-11, but it has recovered slightly. A spending increase in 2022-23, mainly for Homes for Ukraine, has not continued in 2023-24, which is expected to be 43% lower than in 2010-11, in real terms.
- Spending on Local Government was reduced gradually after 2010, reaching its lowest in 2018-19. Spending is now forecast to be 57% lower than in 2010-11, in real terms.

Investment spending trends

- All investment spending is under the Housing and Communities budget, which has largely recovered from significant reductions after 2010-11.
- At Main Estimate 2023-24, CDEL is predicted to be 14% below 2010-11 in real terms.

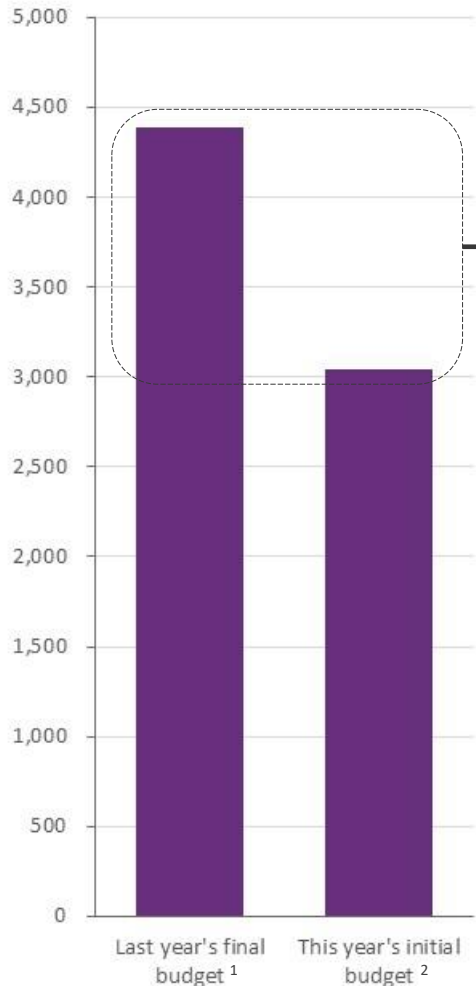
Percentage change in **investment spending** compared to 2010 (Capital DEL):



How is DLUHC's Housing and Communities day-to-day spending changing in 2023-24?

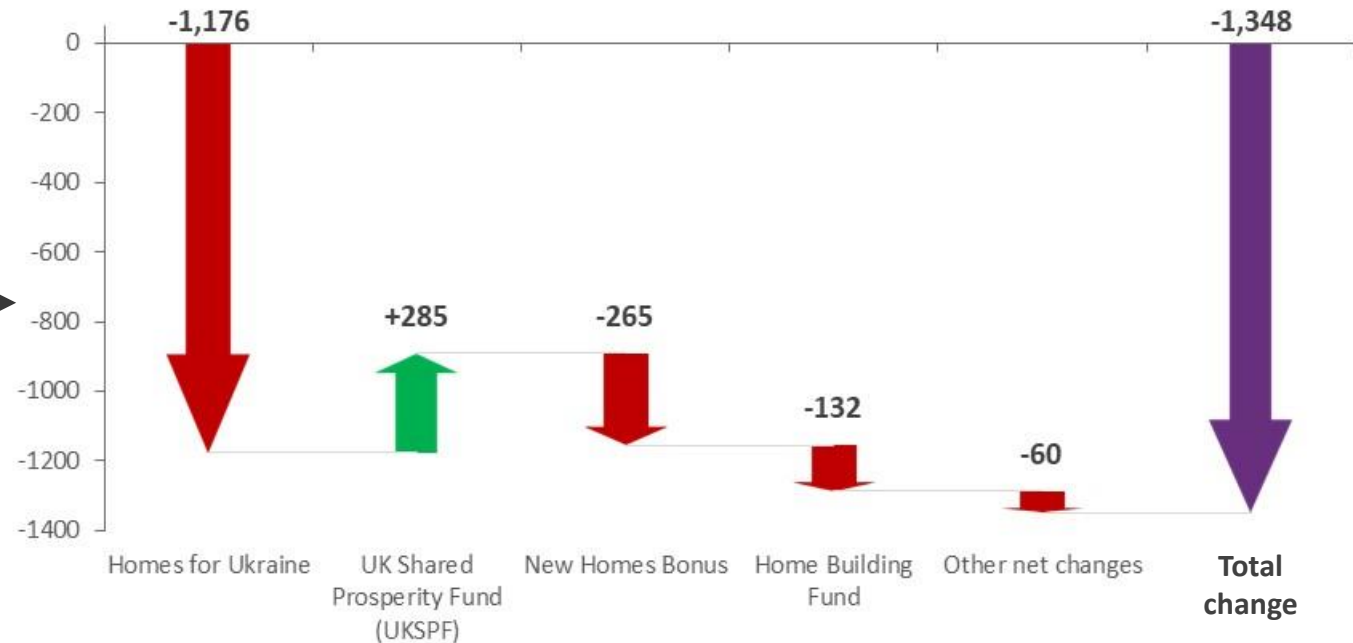
DLUHC's HC day-to-day budget decreased by £1,348.2m (-30.7%)

Resource DEL budget in £m



DLUHC's Housing and Communities spending decrease is driven by the Homes for Ukraine scheme

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Homes for Ukraine:** £1,176 million decrease relating to reductions in the tariffs and the forecast number of arrivals in 2023-24;
- **UK Shared Prosperity Fund (UKSPF):** £285 million increase in line with annual increase from the 2021 Spending Review;
- **New Homes Bonus:** £265 million reduction in this grant is from the Local Government Finance Settlement;
- **Home Building Fund:** £132 million reduction, but this is not a true decrease in spending because DLUHC intends to make a reserve claim for the fund in the 2023-24 Supplementary Estimate.

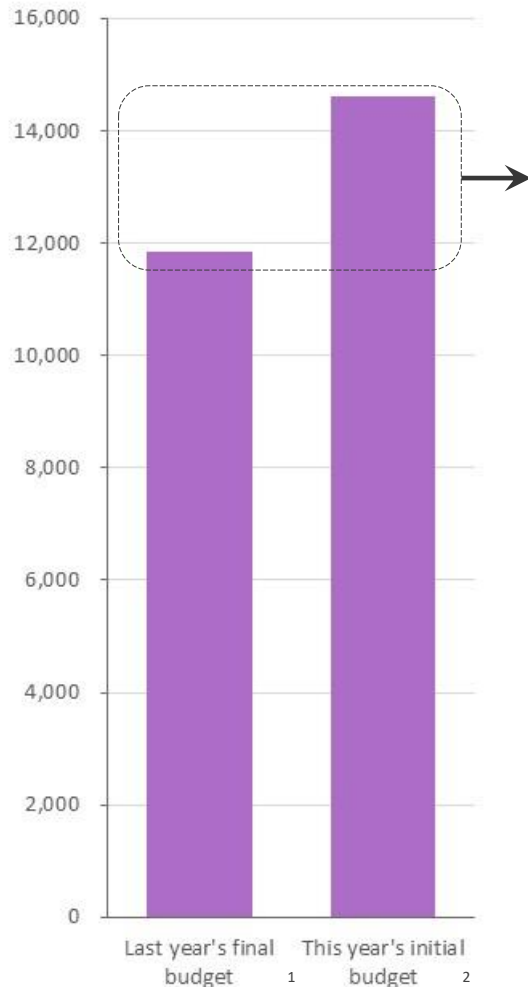
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is DLUHC's Local Government day-to-day spending changing in 2023-24?

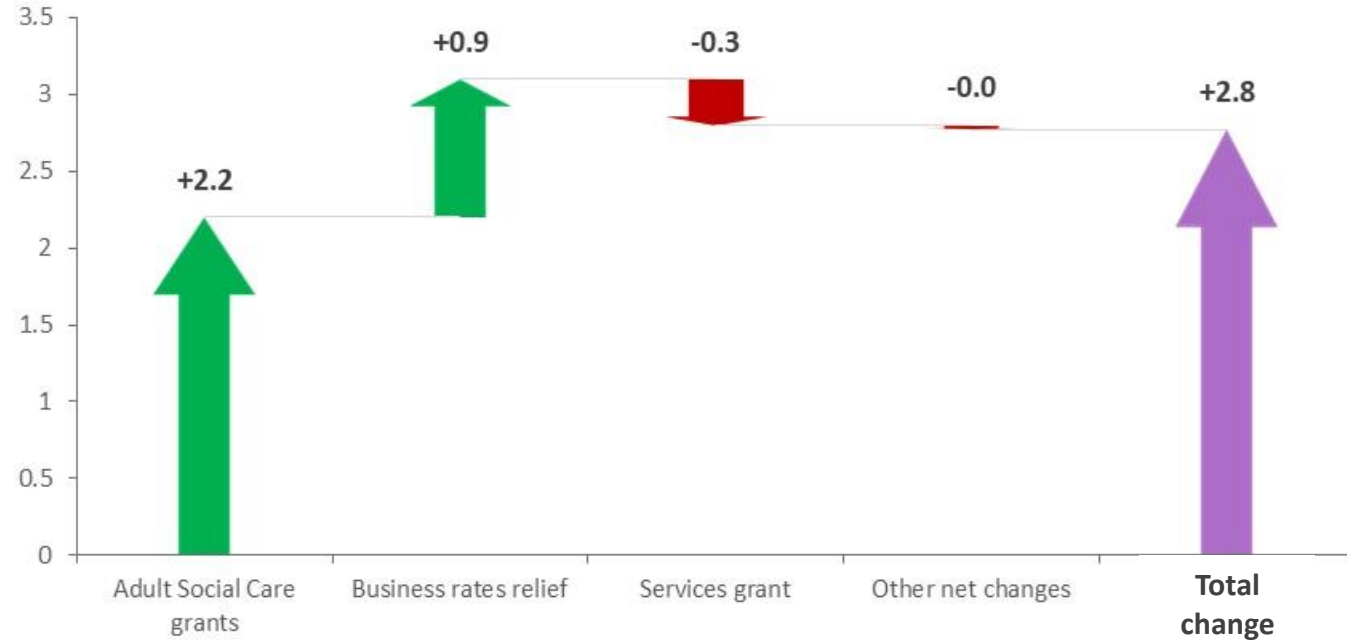
DLUHC's LG day-to-day budget increased by £2,772.7m (+23.4%)

Resource DEL budget in £m



DLUHC's Local Government spending increase is driven by Adult Social Care grants

Changes in Day-to-day (Resource DEL) budget in £billions since final budget for 2022-23



Changes in 2023-24

- **Adult Social Care grants:** £2.2 billion increase in Adult Social Care grants;
- **Business rates relief:** £0.9 billion increase in business rates reliefs;
- **Services grant:** £0.3 billion decrease in Services grant;
- **Other net changes:** other net changes include gross increases in the Revenue Support Grant, Funding Guarantee, and Council Tax Support, offset by decreases in the Independent Living Fund, Lower Tier Services, and Council Tax Rebates New Burdens.

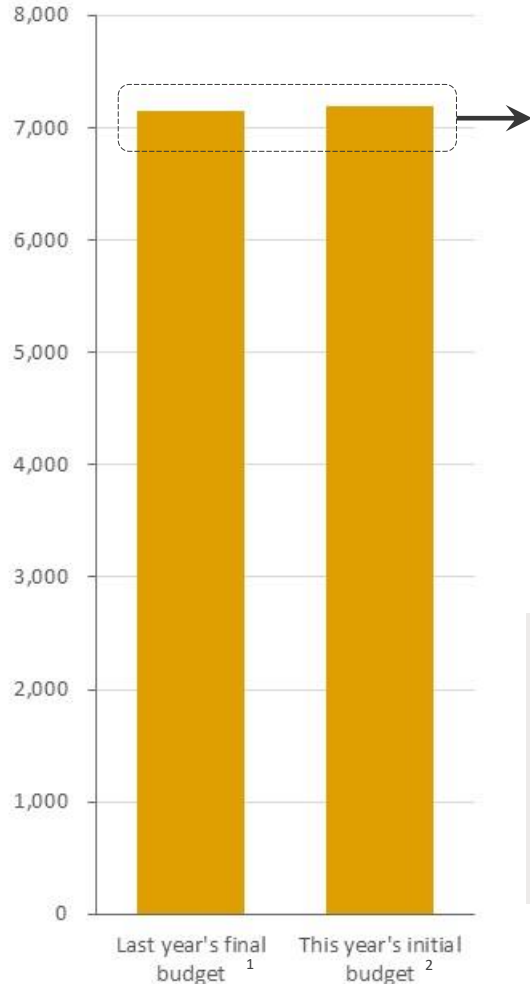
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is DLUHC's investment spending changing in 2023-24?

DLUHC's investment budget increased by £38.9m (+0.5%)

Capital DEL budget in £m



DLUHC's net investment spending has changed relatively little despite movements in specific schemes

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

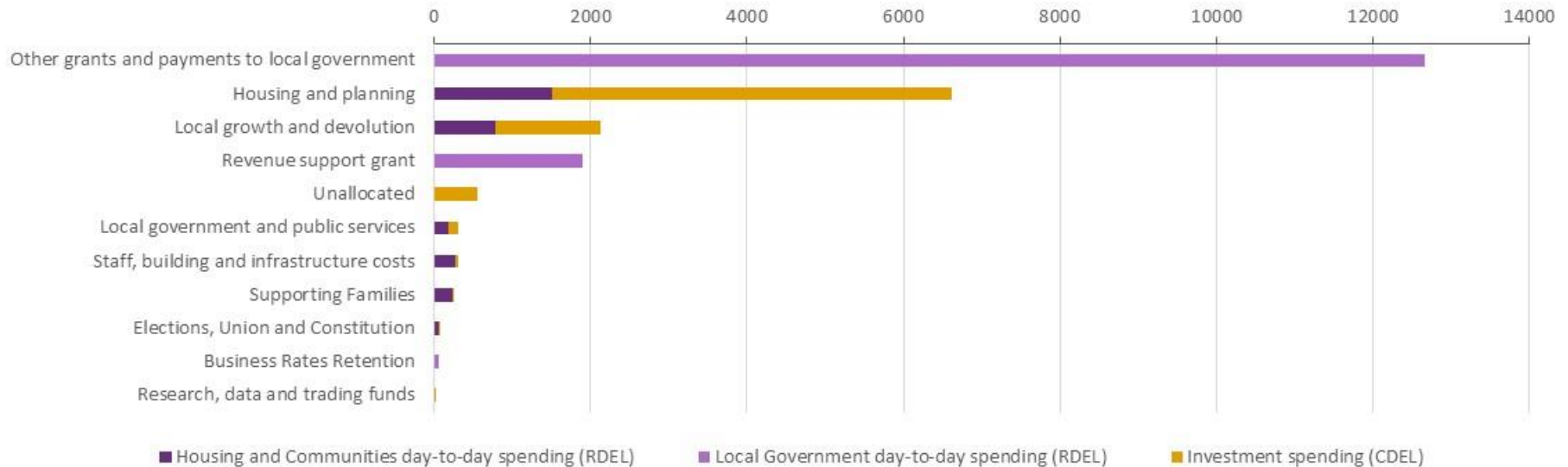
- **Affordable Homes Programme:** £1,074 million reflects positive response by developers to the revised offer in the Affordable Homes Programme in 22-23, as a result of market conditions;
- **Help to Buy scheme:** £2,269 million decrease reflects closure of Help to Buy in 23-24;
- **Local Authority Housing Fund:** the Local Authority Housing Fund was launched in December 2022;
- **Other net changes:** various other movements, and £556 million is held as unallocated provision for financial transactions until Supplementary Estimate 23-24.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the DLUHC budget is for grants and payments to local government

Breakdown of DLUHC budget 2023-24 (£ million)



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

- The total Resource DEL budget for **Local Government** is £14,625 million, of which 87% (£12,657 million) is for **Other Grants and Payments**. These include Adult Social Care grants, New Services grants and Business Rate Relief.
- The **Revenue Support Grant** has a total budget of £1,905 million.

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

- Resource DEL budget for **Housing and Communities** (effectively the funding of the department itself) is £3,039 million, of which 50% (£1,517 million) is for **housing and planning** and 26% (£777 million) is for **local growth and devolution**.
- The rest is largely for **local government and public services** (£176 million), **staff, building and infrastructure costs** (£266 million), and the **Supporting Families** programme (£235 million).

Investment spending (Capital DEL)

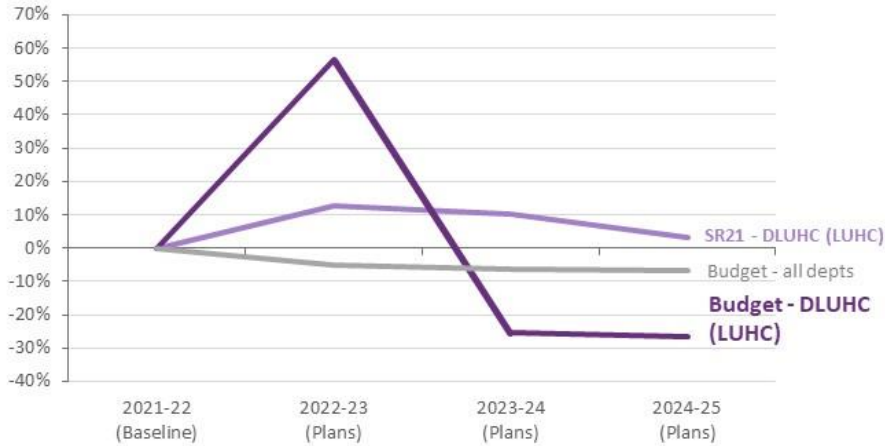
- The total Capital DEL budget is £7,194 million.
- £5,095 million, or 71% of the total, is for **housing and planning**, which includes the Help to Buy scheme, the Building Safety Fund, and the Levelling Up Home Building Fund.
- £1,350 million, or 19% of the total, is for **local growth and devolution** (i.e. levelling up).
- £556 million, or 8% of the total, is held unallocated at Main Estimate, and will be reclassified at Supplementary Estimate.
- The remaining 3% is split between public services; building and infrastructure costs; research, data and trading funds; elections; and Supporting Families.

DLUHC's Housing and Communities future spending plans

The latest departmental spending plans were published in the Spring Budget in March 2023. These plans were made in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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

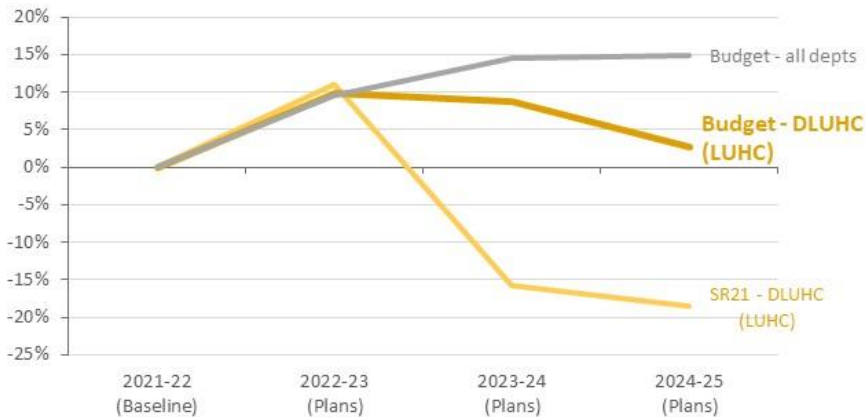


Trends in day-to-day spending plans

- Resource DEL plans show average annual real growth of -9.8%, compared to SR21 plans for growth of 1.1%; spending in 2024-25 is now set to be 27% lower than in 2021-22, whereas at SR21 it was set to be 3.4% higher.
- Partly this reflects an overspend against SR21 plans of £0.7 billion in 2021-22, as well as the effect of a higher inflation forecast.
- The significant increase in 2022-23 compared to SR21 plans is largely caused by funding for Homes for Ukraine.
- Nominal funding in 2023-24 is largely unchanged since SR21, at around £2.1 billion per year.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

- Capital DEL plans show average annual real growth of 0.9%, compared to SR21 plans for growth of -6.6%; spending in 2024-25 is now set to be 2.6% higher in real terms, whereas at SR21 it was set to fall by 19%.
- This largely reflects a significant underspend in 2021-22 of £1.6 billion (21%), although cash spending in later years is also planned to be higher than at SR21, further offsetting the higher inflation forecast.
- Spending in 2022-23 is £1.7 billion lower than in SR21 plans, reflecting significant surrender of funds back to HMT (as illustrated above); effectively some of this spending is being re-profiled to later years.

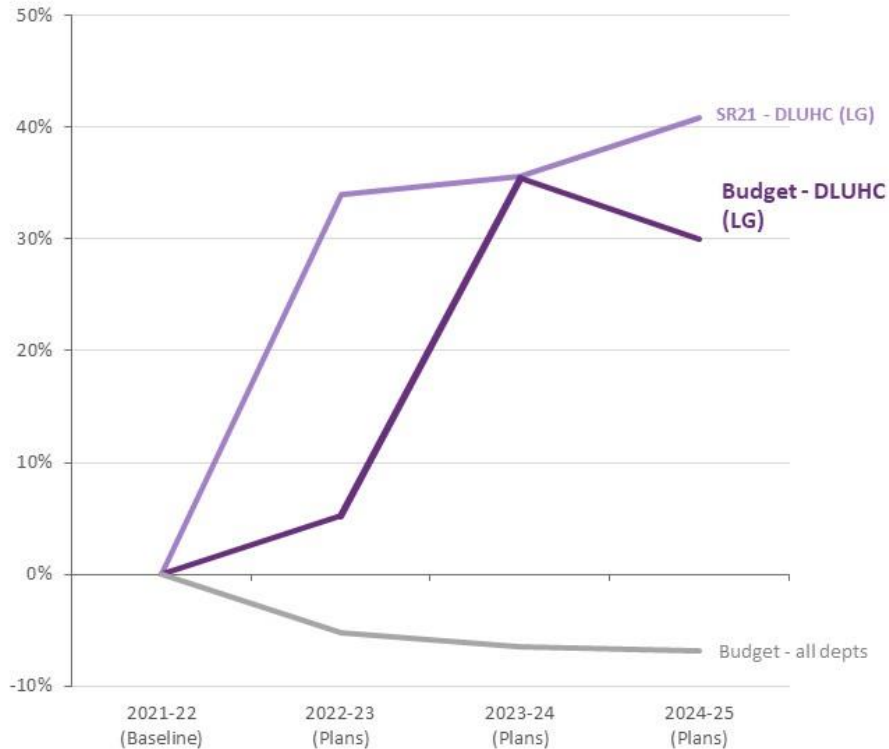
Note: baseline year for Spending Review 2021 is 2021-22

DLUHC's Local Government future spending plans

The latest departmental spending plans were published in the Spring Budget in March 2023. These plans were made in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



Trends in day-to-day spending plans

- Resource DEL plans show average annual real growth of 9.1% from 2021-22 to 2024-25, compared to the SR21 published figure of 9.4% (the cash budgets suggested this would be nearer 12%).
- Spending in 2024-25 is set to be 30% higher than in 2021-22, compared to SR21 plans of 41%.
- There have been significant changes in nominal spending plans; there was an overspend of £2.2 billion in 2021-22 compared to SR21, and budgets for 2023-24 and 2024-25 are £3.6 billion and £2.5 billion higher respectively.
- Spending this year is only £0.2 billion higher than planned, indicating a far lower real-terms increase in spending than had been planned at SR21.

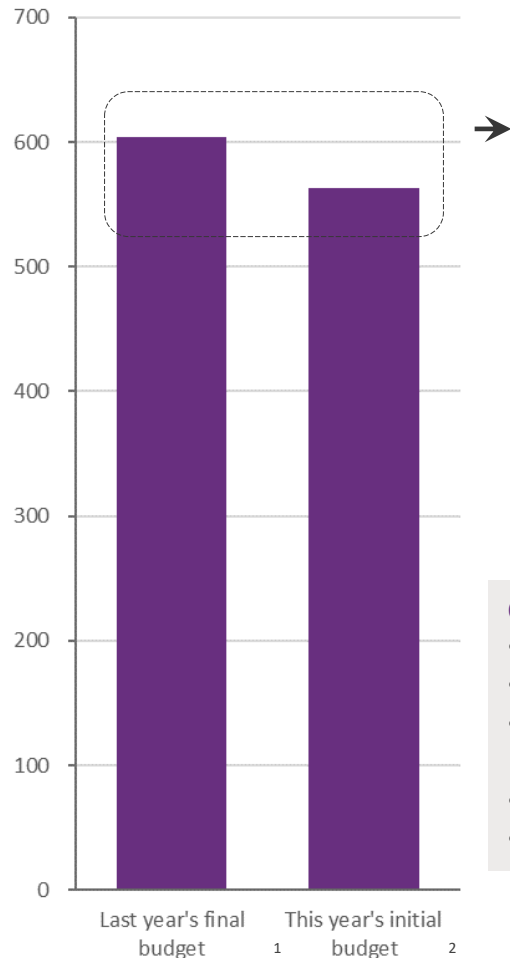
Note: baseline year for Spending Review 2021 is 2021-22
SR15 and SR10 gave five-year Capital DEL settlements

Department for Science, Innovation and Technology (DSIT)

How is DSIT's day-to-day spending changing in 2023-24?

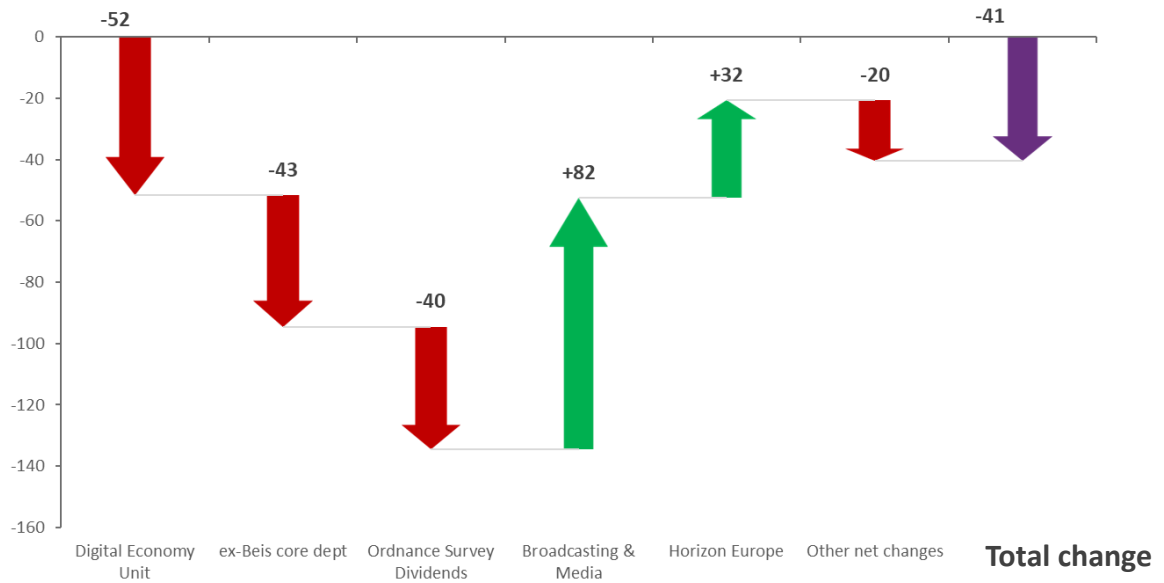
DSIT's day-to-day budget decreased by £40.5m (-6.7%)

Resource DEL budget in £m



DSIT's spending decrease is driven by Machinery of Government (MOG) changes

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

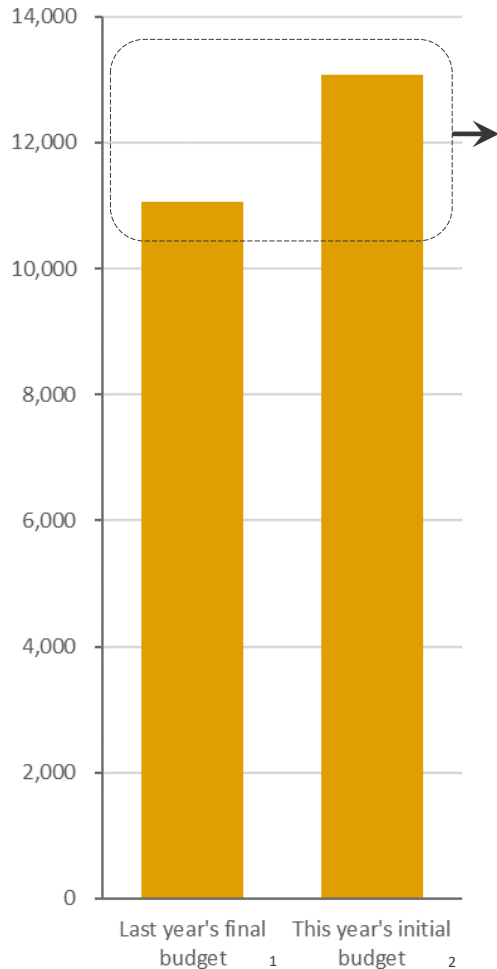
- **Digital Economy Unit:** £51.5 million removal of funding in 2023-24 for the Digital Economy Unit.
- **Ex BEIS core dept:** £42.9 million decrease in administration costs for ex-BEIS core department.
- **Ordnance Survey Dividends:** £40 million increases in Ordnance Survey dividends compared to 2022-23.
- **Broadcasting & Media:** £82.2 million increase in funding for Broadcasting and Media.
- **Horizon Europe:** £32 million additional funding for Horizon Europe in 2023-24.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

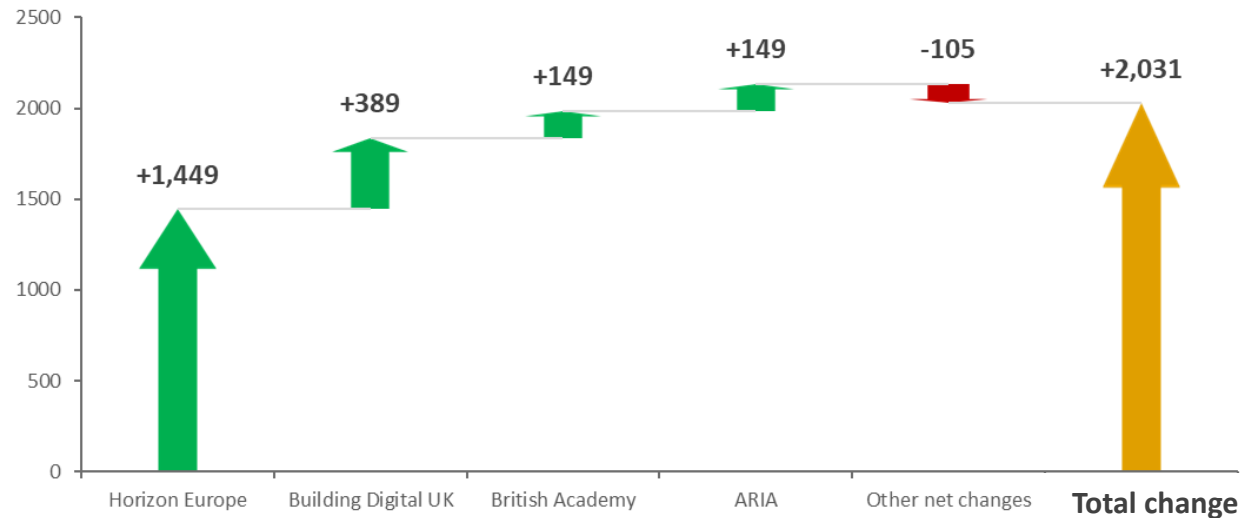
² Initial budget in Main Estimates 2023-24 (May 2023)

How is DSIT's investment spending changing in 2023-24?

DSIT's investment budget increased by £2,031.0m (+18.4%)
Capital DEL budget in £m



DSIT's investment spending increases largely reflects funding for Horizon Europe
Changes in Investment (Capital DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

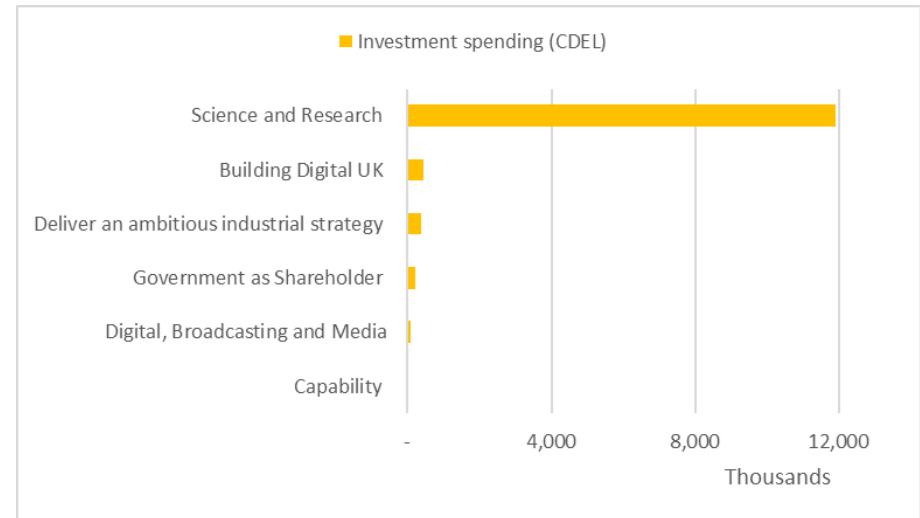
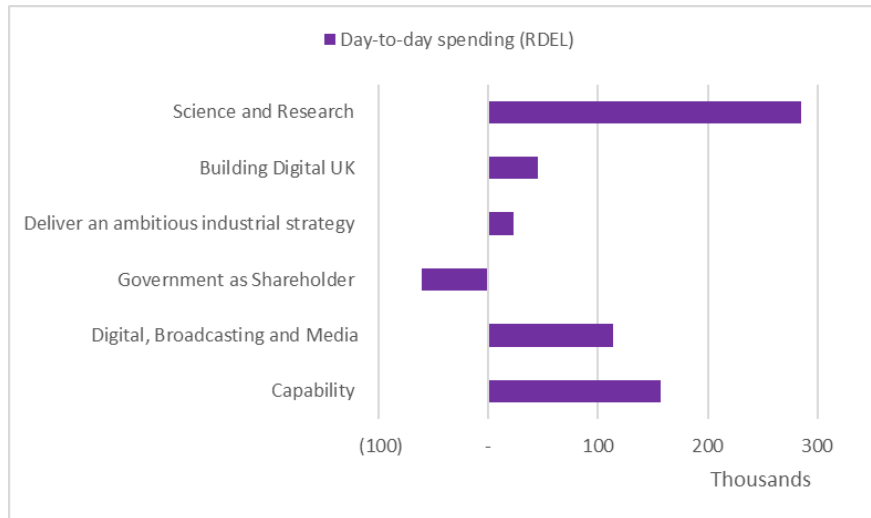
- **Horizon Europe:** £1,449.0 million additional funding for Horizon Europe, reflecting the surrender of unused funding in 2022/23.
- **Building Digital UK:** £389.1 million additional funding for Building Digital UK, reflecting the surrender of £117.5 million funding in 2022/23.
- **British Academy:** £149.3 million additional budget for the British Academy compared to the Supplementary Estimate 2022-23.
- **ARIA:** £149.0 million funding for the Advanced Research and Invention Agency (ARIA) compared to the Supplementary Estimate 2022-23.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the DSIT budget is investment funding for Science and Research

Breakdown of DSIT budget 2023-24 (£ million)



Day-to-day spending (Resource DEL)

DSIT Resource DEL: £563.2 million in 2023-24

- **Science and Research** accounts for the largest proportion of day-to-day spending in the DSIT budget (58%) with a small increase of 5.7% compared with the Supplementary Estimate 2022-23.
- **Capability** is also a significant area of spend in the DSIT budget (28%) though forecast to decrease by 13.5% compared to 2022-23. This is a central budget that encapsulates core and agency administration and Other programmes.
- **Other notable areas** include Ordnance Survey dividends, the Met Office, and interest income on the EUMETSAT loan.

Investment spending (Capital DEL)

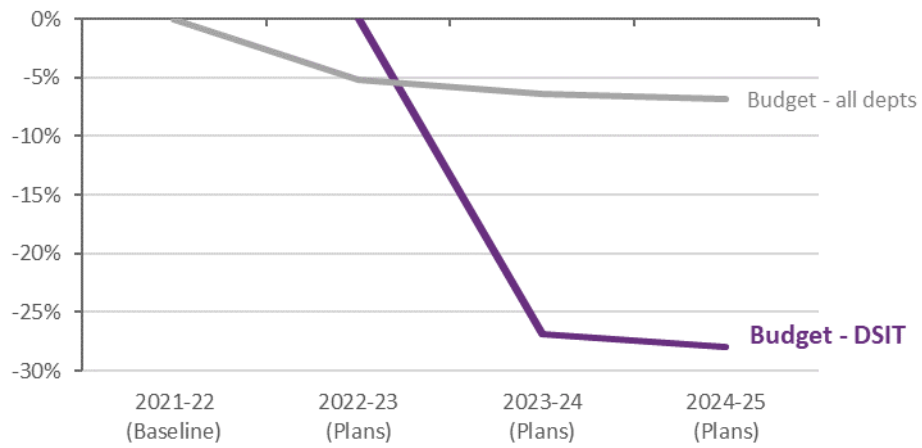
DSIT Capital DEL: £13,081.5 million in 2023-24

- **Science and Research** is the largest area of investment spending for DSIT, comprising 91% of the budget. This budget is mostly allocated to UK Research and Innovation.
- **Other notable areas** of investment spend include Building Digital (reflecting surrender of funds in 2022-23), the Met Office, funding for Broadband and funds carried over from 2022-23 for OFCOM.

Science, Innovation and Technology's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021
Resource DEL excluding depreciation (real-terms % change since baseline year)

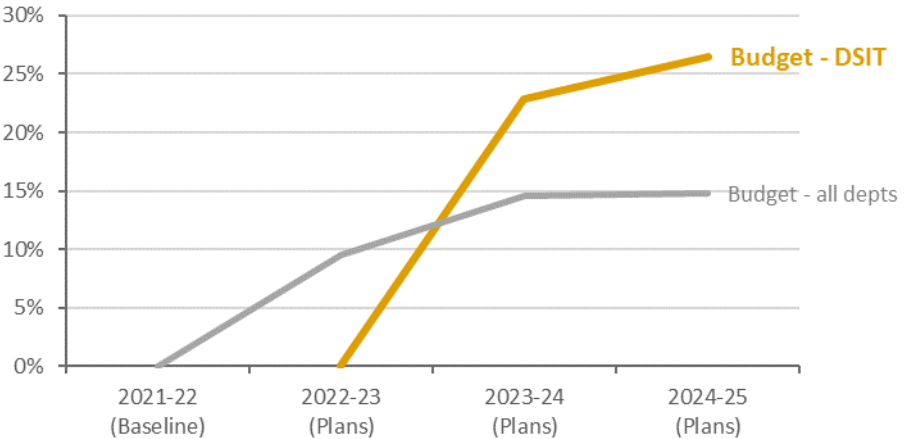


These graphs compare real term growth assumptions using latest inflation forecasts and uplifts to the nominal settlement.

Department for Science, Innovation and Technology is a new department comprising of functions taken from the Department of Business, Energy and Industrial Strategy and Department of Digital, Culture, Media and Sport.

Due to Machinery of Government changes announced by the Prime Minister the Department for Science, Innovation and Technology does not currently have a baseline from Spending Review 21, as such 2022-23 plans have been used instead.

Investment spending in Spring Budget 2023 and Spending Review 2021
Capital DEL (real-terms % change since baseline year)



Trends in day-to-day spending plans

Current RDEL spend provides a real-terms decrease in funding of 28.0% against spending plans in 2022-23, this is due in part to one-off Machinery of Government changes, the removal of funding for the Digital Economy Unit, and increases to Ordnance Survey Dividends.

Trends in investment spending plans

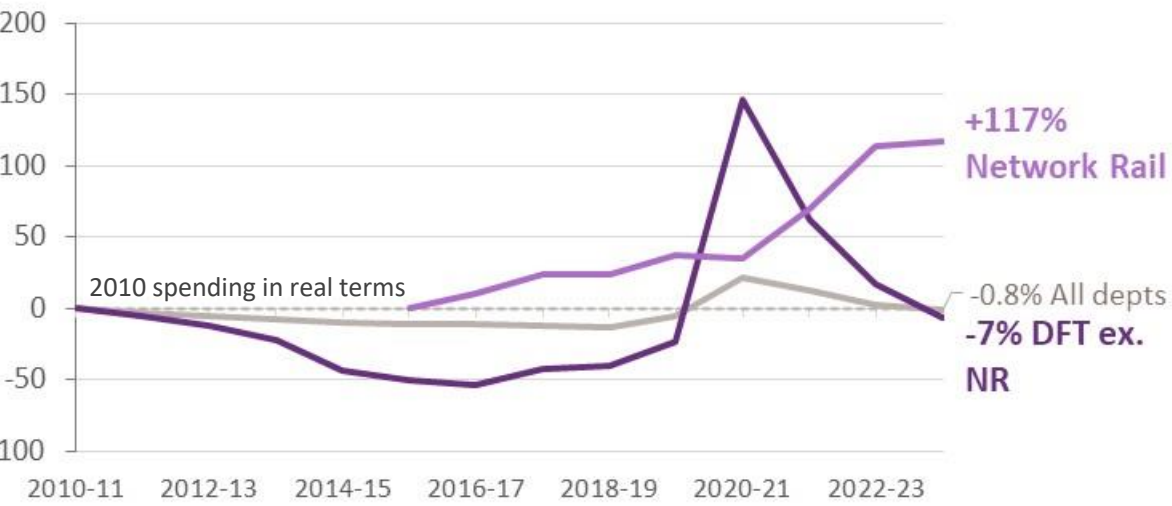
- Current CDEL spend provides a real-terms increase in funding of 26.5% against spending plans in 2022-23.
- This is driven predominantly by the reintroduction of funds in 2023-24 for Project Horizon previously surrendered in 2022-23.

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

Department for Transport (DfT)

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

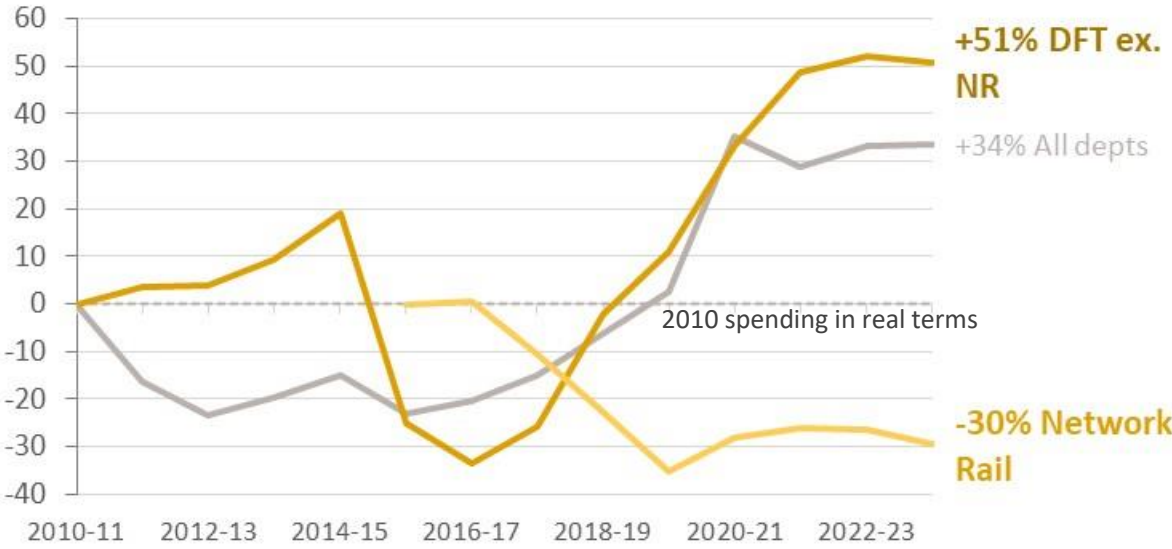
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- After real-terms cuts during austerity, DfT's RDEL budget (excluding Network Rail) had significant boosts in the form of COVID-19 support measures in 2020-21 (£12.8bn), 2021-22 (£8.3bn) and 2022-23 (around £3bn).
- DfT's day-to-day spending has dropped since the high of 2020-21, and the day-to-day budget for 2023-24 (excluding Network Rail) is set to be 7% lower than in 2010-11 in real terms.

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



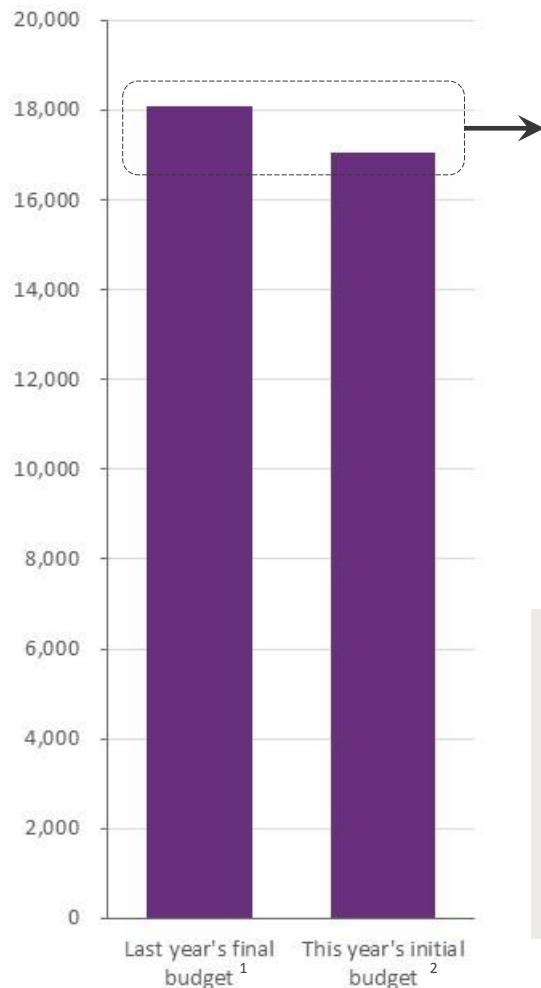
Investment spending trends

- The investment budget has been volatile since 2010-11 but construction activity on High Speed Two and EU exit costs have driven spending increases in recent years.
- Investment spending in 2022-23 is expected to be 51% higher than in 2010-11, in real terms and excluding Network Rail.

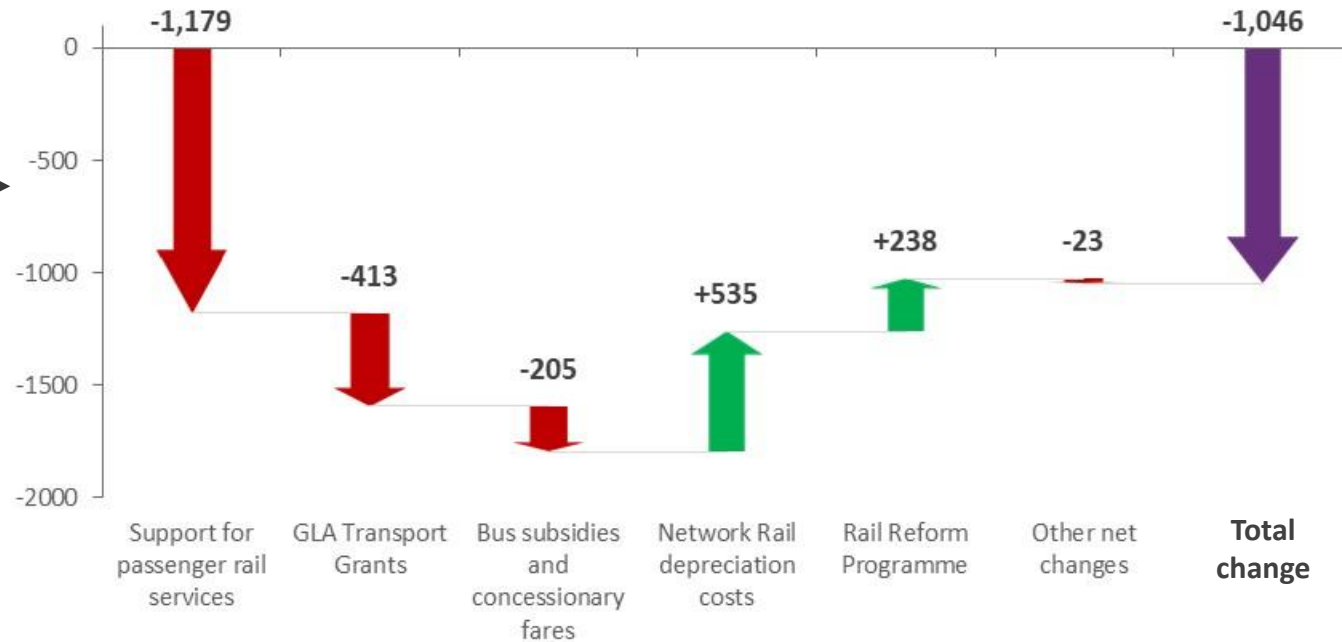
(Network Rail was reclassified from the private to the public sector in 2014. Spending for Network Rail has moved between DEL and AME budgets. These graphs present DEL values for the department excluding DEL components of Network Rail (since 2019-20), and combined DEL and AME values for Network Rail since brought under public control.)

How is DfT's day-to-day spending changing in 2023-24?

DfT's day-to-day budget
decreased by £1,045.7m (-5.8%)
Resource DEL budget in £m



DfT's day-to-day spending decrease is driven by rail recovery leading to less support for the sector
Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Support for passenger rail services:** reduction reflects recovery of the rail sector and planned efficiencies from the reform programme (below);
- **GLA Transport Grants:** due to priorities of the new TfL Longer Term funding deal;
- **Bus subsidies and concessionary fares:** due to expected recovery of the buses sector.
- **Network Rail depreciation costs:** additional funding due to inflationary increase on the value of the rail network; and
- **Rail Reform Programme:** increase from the Spending Review and funding exchanged from 22-23;

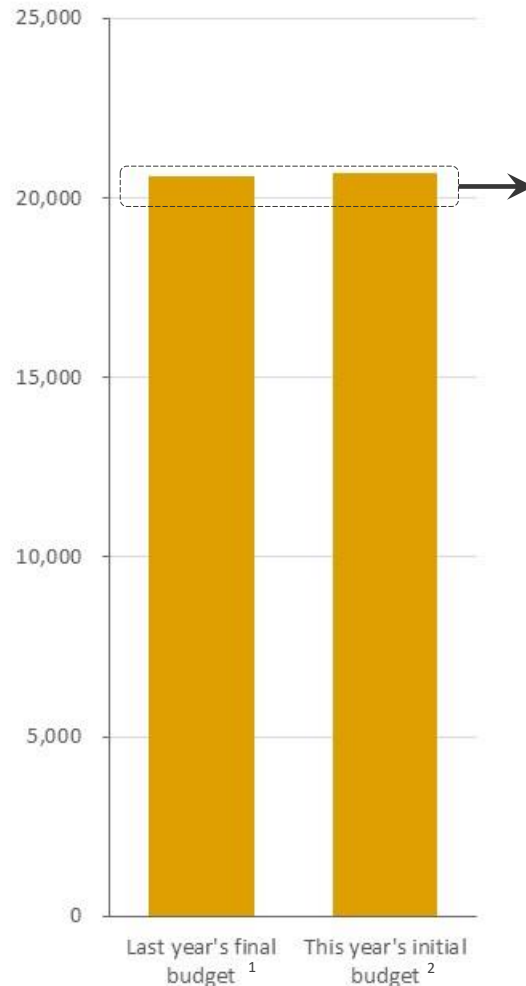
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is DfT's investment spending changing in 2023-24?

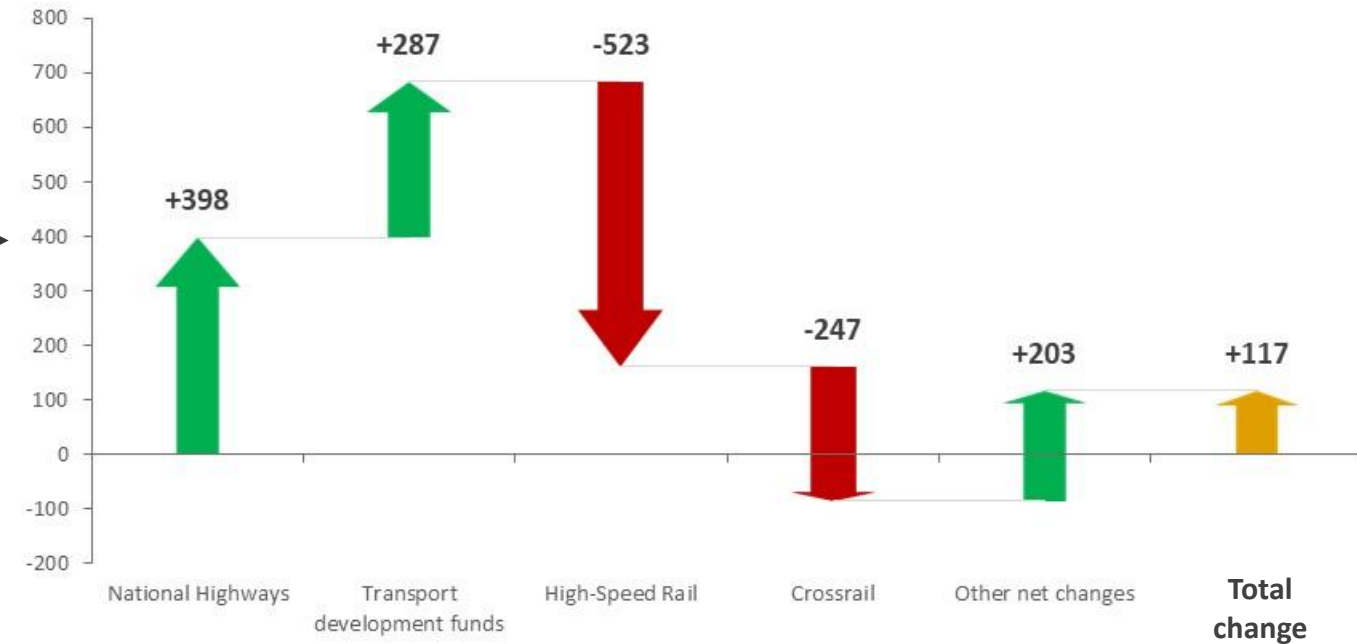
DfT's investment budget
increased by £116.9m (+0.6%)

Capital DEL budget in £m



DfT's net investment spending's small increase contains large movements in specific schemes

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

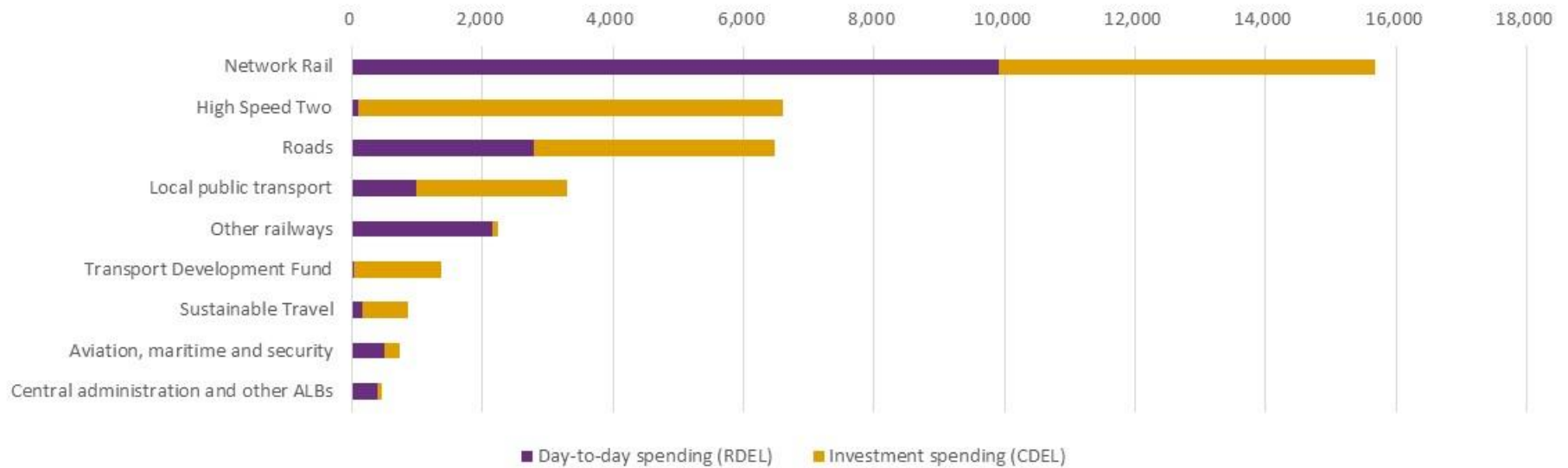
- **National Highways:** increase in line with the Road Investment Strategy 2 budget profile from SR21;
- **Transport development funds:** mainly spend on the Transforming Cities Fund reprofiled from 22-23 to 23-24;
- **High-Speed Rail:** this includes HS2 Ltd, although DfT intends to make claims in the Supplementary Estimate to relieve cost pressures in HS2 Phase 1;
- **Crossrail:** reduction because the full Crossrail Loan has been drawn down and is being repaid;
- **Other net changes:** various other movements, including increases for Local Authority transport, sustainable travel, and buses, as well as decreases for Network Rail and passenger rail services.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the DfT budget is for grants and payments to local government

Breakdown of DfT budget 2023-24 (£ million)



Day-to-day spending (Resource DEL)

- **Railways** (including **Network Rail** and **High Speed Two**) continues to be the largest element of the day-to-day budget at £12,158 million or 71% of the total, of which over four fifths relates to Network Rail. The '**other railways**' heading includes East West Rail Company Ltd and support for passenger rail services.
- **Roads** comprise £2,797 million or 16% of total spend. It includes funding for National Highways, motoring agencies, and tolled crossings, and covers projects including Road Investment Strategy 2 (RIS2).
- **Local public transport** is £987 million or 6% of the total. It includes funding for local authorities and for the Greater London Authority, as well as for bus subsidies and concessionary fares.
- Other funding is mainly for **aviation, maritime and security costs** (£517 million), **administration costs and arm's-length bodies** (£361 million), and **sustainable travel** (£158 million).

Investment spending (Capital DEL)

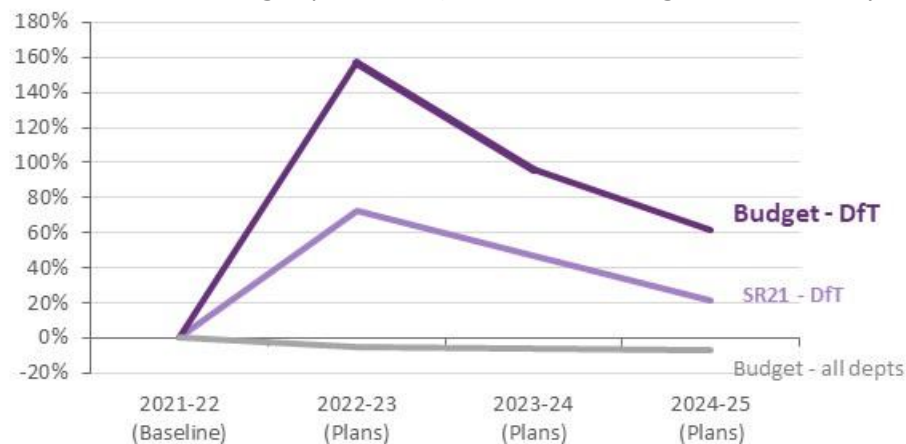
- Investment spending is over £3 billion higher in total than day-to-day spending, and mainly comprises construction-intensive projects relating to **railways** and **roads**, such as High Speed Two and RIS2.
- Other funding includes £2,313 million for **local public transport** (mainly to local authorities), £1,354 million for the **Transport Development Fund**, £689 million for **Sustainable Travel**, and £230 million for **aviation, maritime and security costs**.

DfT's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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

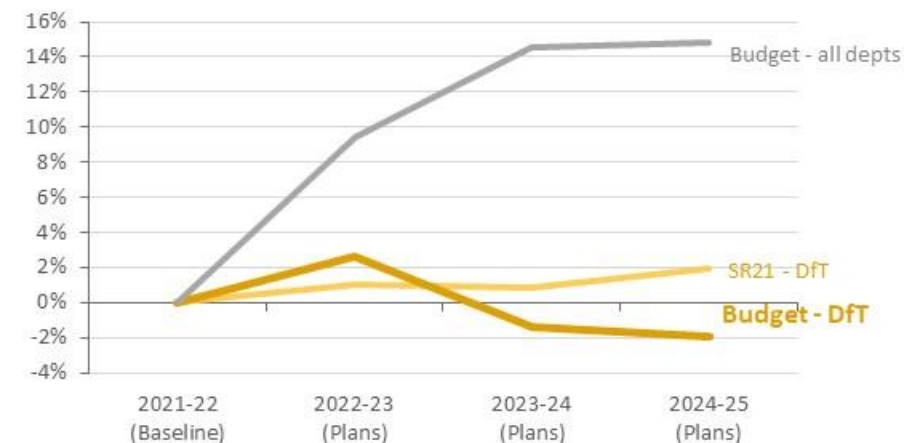


Trends in day-to-day spending plans

- Both the Spring Budget 2023 and the Spending Review 2021 show Resource DEL plans of £5.7 billion in 2024-25.
- The Budget therefore shows real-terms growth of 61.9% between the baseline year of 2021-22 and 2024-25, whereas across all departments, average day-to-day spending is expected to fall by 6.9% over the same period.
- (DfT's expected real-terms growth in RDEL is higher than the real-terms growth of 21.1% predicted by SR21 because the actual spending in 2021-22 was £1.2 billion lower than planned at SR21.)

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

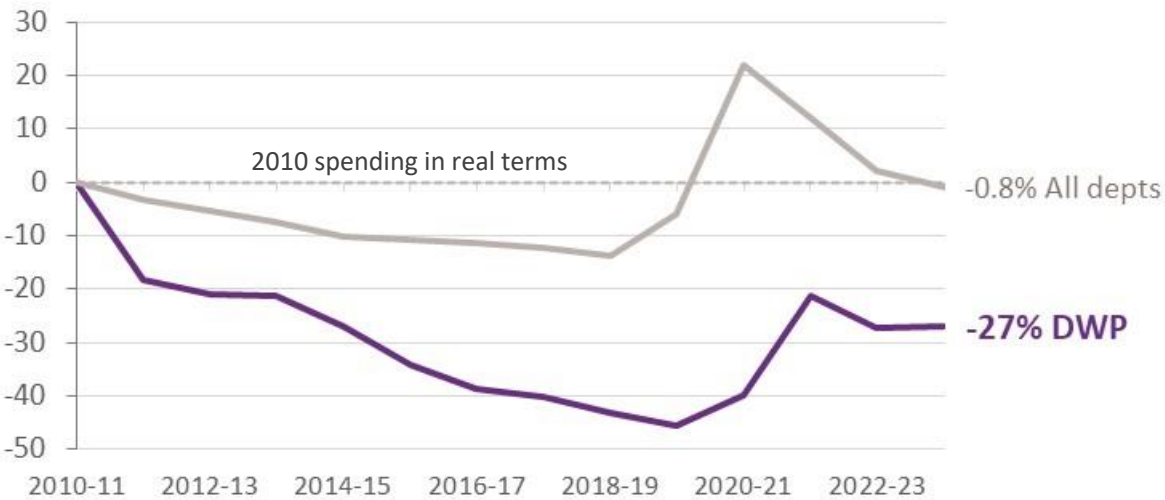
- Both the Spring Budget 2023 and the Spending Review 2021 show Capital DEL plans of £20.5 billion in 2024-25.
- The Budget therefore shows a real-terms reduction of 2.0% between the baseline year of 2021-22 and 2024-25, whereas across all departments average CDEL is expected to grow by 14.8%.
- (According to Spending Review 2021, CDEL's funding would grow in real terms by 2.0% between 2021-22 and 2024-25, but this is because there was an overspend in 2021-22, affecting the baseline set in that year.)

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

Department for Work and Pensions (DWP)

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

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



Day-to-day spending trends

- Day-to-day spending was cut significantly during the austerity period, and remains below 2010-11 levels. At its lowest in 2019-20, day-to-day spending was 45.5% lower than in 2010-11.
- The budget rose between 2019-20 and 2021-22 due to emergency COVID-19 spending, then decreased in 2022-23. The 2023-24 position has held the same as the previous year, with a real-terms budget 27% below the 2010-11 baseline.
- Although AME budgets (pensions and benefits) make up the bulk of DWP expenditure, they are excluded, as they are driven by external forecasts and respond to demand.

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



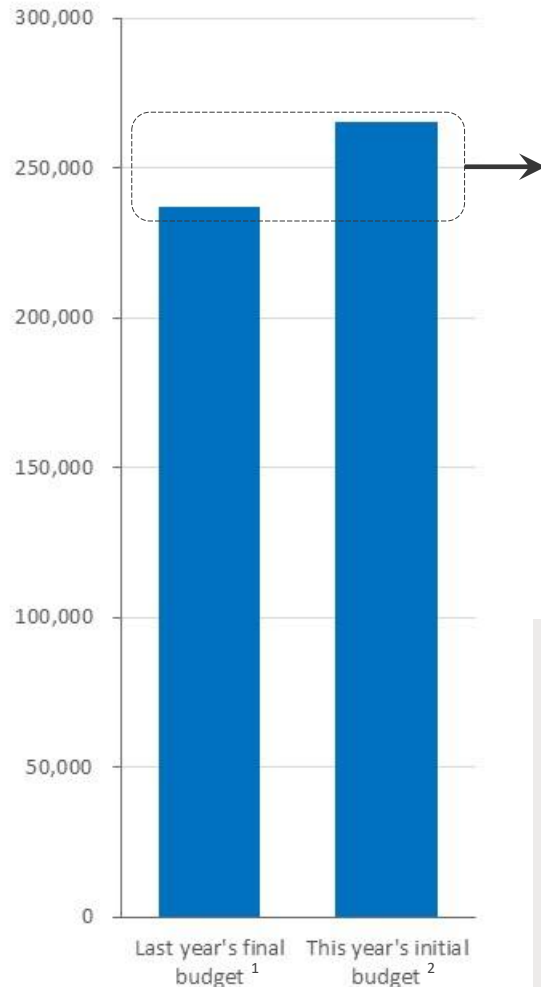
Investment spending trends

- DWP's investment spending has experienced budget cuts and significant fluctuations since 2010. It reached its lowest real-terms value in 2019-20, at 81% below 2010-11 baseline, and its highest real-terms value this year in 2023-24, at 62% above 2010-11 baseline.
- The DWP capital budget is small relative to its AME budgets (benefit and pension payments) and its RDEL budgets (administration and running costs). Small changes can lead to big percentage swings.

How is DWP's demand-led spending changing in 2023-24?

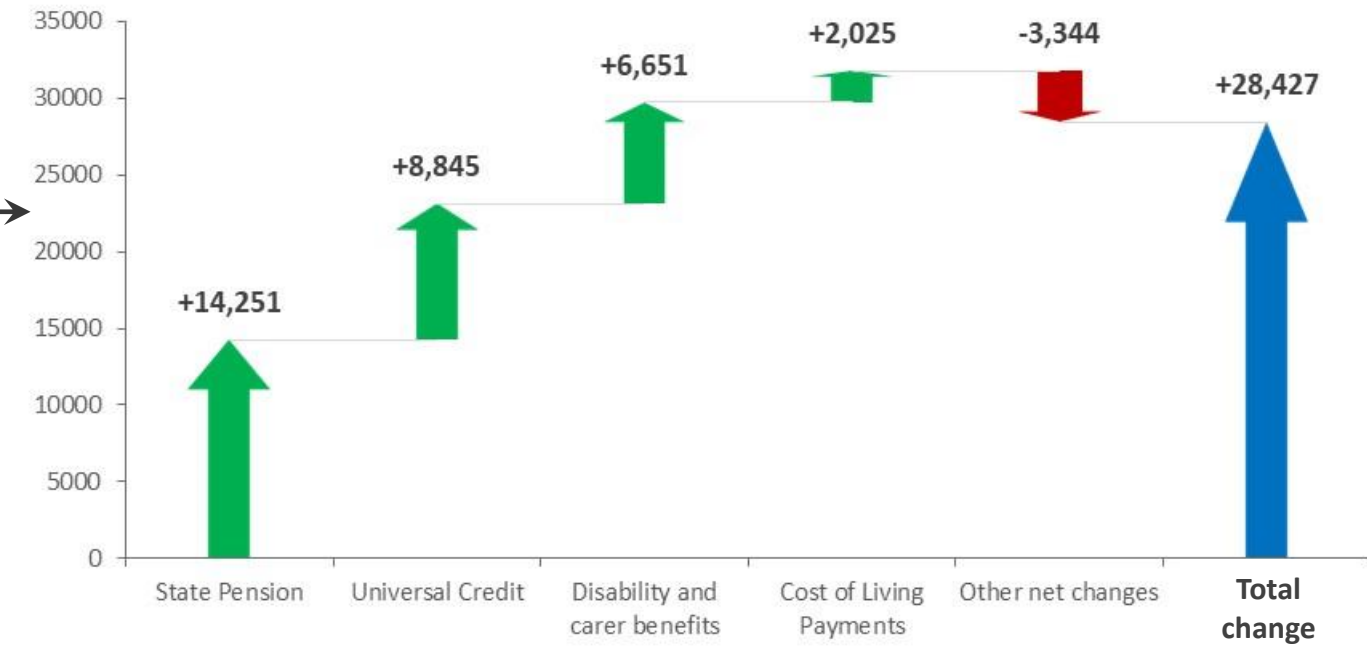
DWP's demand-led budget increased by £28,427.4m (+12.0%)

Resource AME budget in £m



DWP's demand-led spending increase is due to State Pension and benefits like Universal Credit

Changes in Day-to-day (Resource AME) budget in £m since final budget for 2022-23



Changes in 2023-24

- **State Pension:** £14,250.9 million increase due to the ageing population and benefit uprating by CPI inflation of 10.1%;
- **Universal Credit:** £8,844.6 million increase due to continued roll-out to replace other benefits (e.g. non-contributory ESA and JSA), benefit uprating, and more ill-health cases;
- **Disability and carer benefits:** covers Personal Independence Payments, Attendance Allowance, Disability Living Allowance, and Carer's Allowance; and
- **Cost of Living Payments:** £2,025.0 million increase due to the increase in caseloads for qualifying benefits and an increase in the value of Means-Tested Benefit payments.

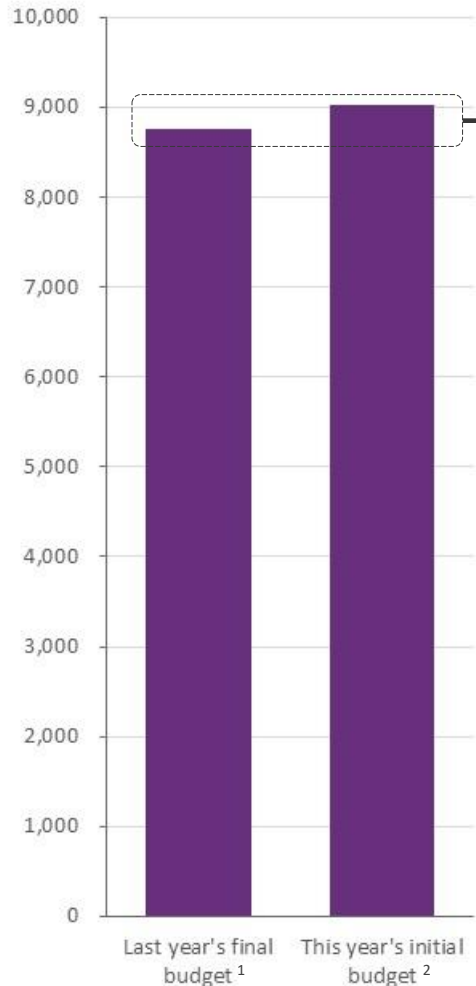
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is DWP's day-to-day spending changing in 2023-24?

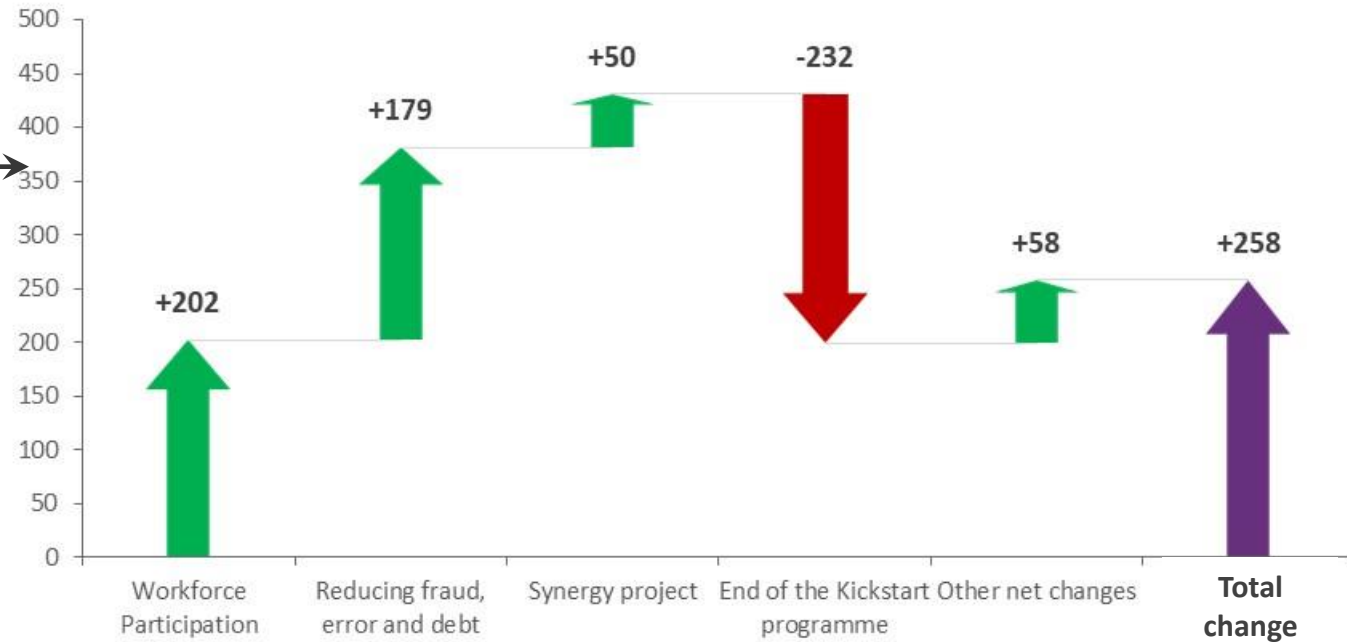
DWP's day-to-day budget increased by £257.6m (+2.9%)

Resource DEL budget in £m



DWP's day-to-day spending increase is driven by fraud reduction and workforce participation

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Workforce Participation:** £202.2 million of measures announced in the Spring Statement 2023 to increase employment;
- **Reducing fraud, error and debt:** £178.7 million new funding to reduce fraud, error and debt;
- **Synergy project:** a cross-government transformation programme for a singular Enterprise Resource Planning platform; and
- **End of the Kickstart programme:** the Kickstart programme ended in 2022-23.

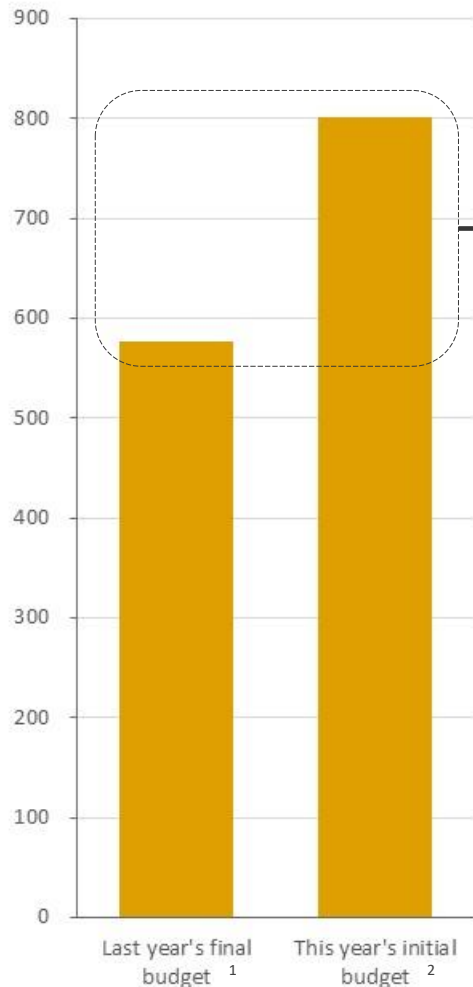
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is DWP's investment spending changing in 2023-24?

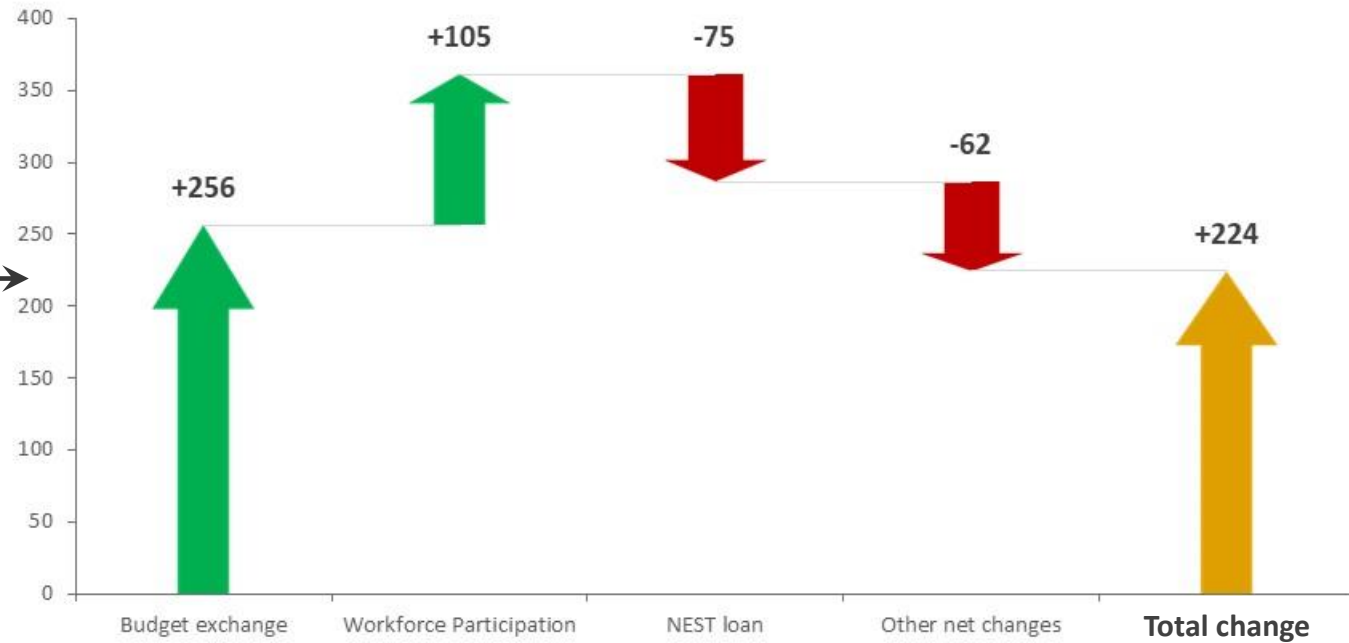
DWP's investment budget
increased by £224.3m (+38.9%)

Capital DEL budget in £m



DWP's investment spending increase is mainly from reprofiling of costs from the prior year

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

- **Budget exchange:** estates costs reprofiled from 2022-23 to 2023-24;
- **Workforce Participation:** £105.1 million of measures announced in the Spring Statement to increase employment; and
- **NEST loan:** the National Employment Savings Trust (NEST) loan was temporarily increased in 2022-23 to support transition to a new administration services provider, and has been reduced again in 2023-24.

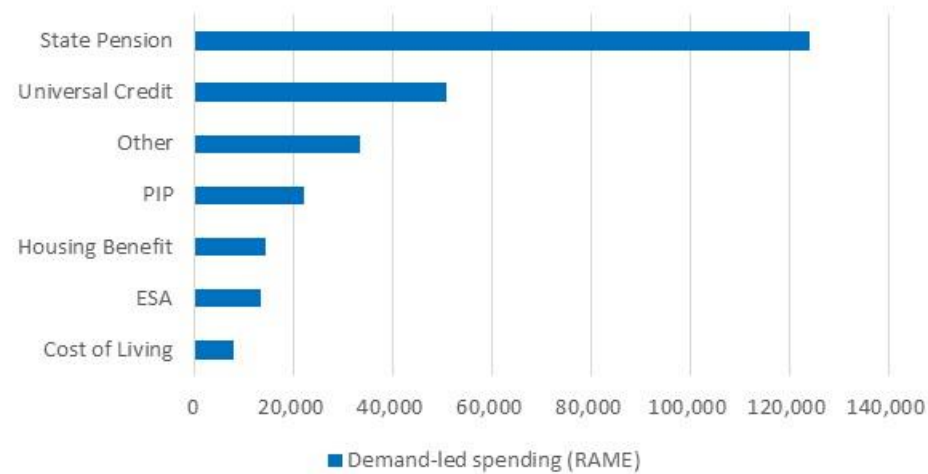
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the DWP budget is for State Pension, Universal Credit and other benefits

Breakdown of DWP budget 2023-24 (£ million)

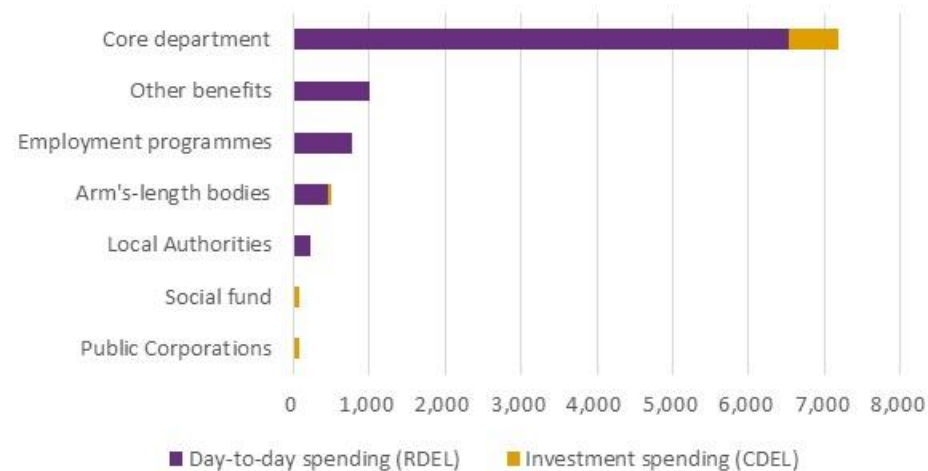
Demand-led spending (RAME)



Demand-led spending (Resource AME)

- Most of DWP's spending, including all spending on benefits and pensions, is classified as Resource AME because it is demand-led and can't be directly controlled. The RAME budget is £265 billion.
- The largest element, and one of the largest in government, is **State Pension**, which is £124.1 billion, or 47% of the total.
- The next largest elements of spending are **Universal Credit** (19% or £44 billion), **Personal Independence Payments** (£21 billion or 8%), and **Housing Benefit** (£14.3 billion or 6%).
- 'Other' RAME funding includes **Disability Living Allowance**, **Attendance Allowance**, **Pension Credit**, **Employment and Support Allowance**, payments to the **Social Fund**, and more.

Day-to-day and investment spending (DEL)



Day-to-day spending (Resource DEL)

- The total Resource DEL budget is £9.0 billion, of which the largest element is £6.5 billion (or 72%) to the **core department**.
- Funding for **other benefits** (£1.0 billion), **employment programmes** (£0.7 billion) and **arm's-length bodies** (£0.5 billion) are the next largest elements of day-to-day spend.

Investment spending (Capital DEL)

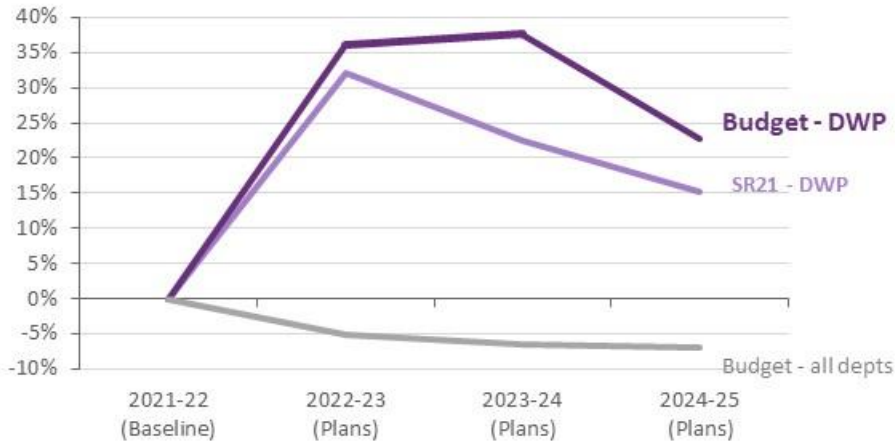
- The total Capital DEL budget is £0.8 billion, of which the largest element is £0.6 billion (81%) to the **core department**.
- The other components of investment spending are for **public corporations**, the **Social Fund** and **arm's-length bodies**.

DWP's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

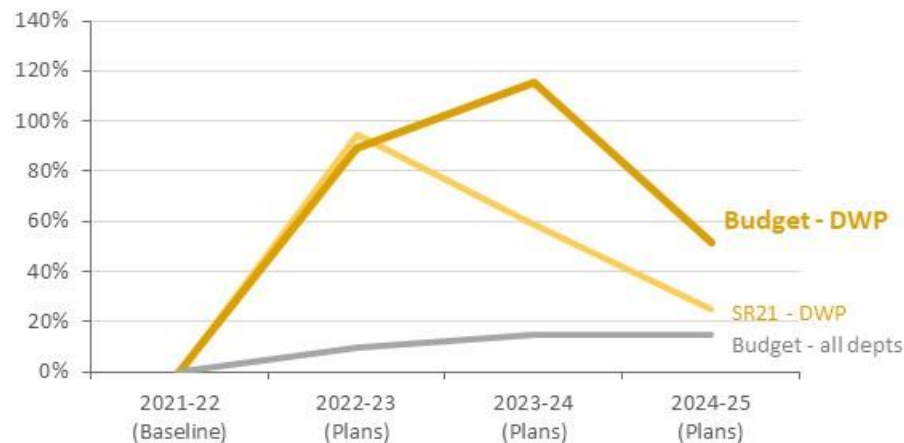
Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in day-to-day spending plans

- Current RDEL spending plans from the Spring Budget 2023 provide £7.7 billion to DWP in 2024-25 (in 2021-22 prices), which in real terms is a 23% increase above the 2021-22 baseline.
- This is higher than the 15% increase over that period provided by the SR21 settlement, and significantly higher than the 7% reduction experiences on average by all departments over the same period.
- Much of the difference between the Budget and SR21 reflects the measures announced to help older people and those in ill health return to work. These programmes are likely to constitute Resource spending rather than AME benefit payments.

Trends in investment spending plans

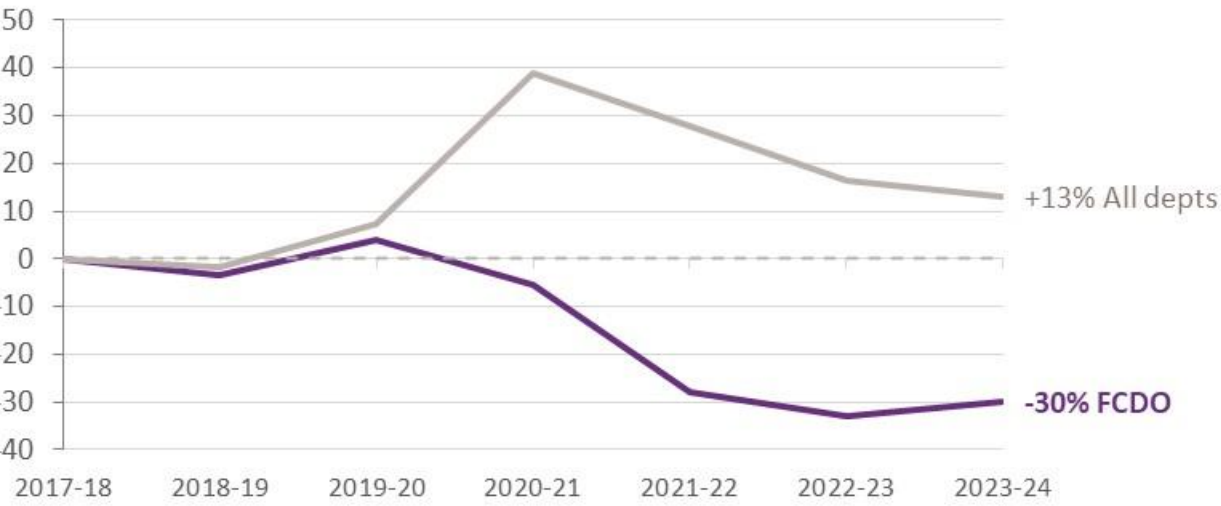
- Current CDEL spending plans from the Spring Budget 2023 provide £0.5 billion to DWP in 2024-25 (in 2021-22 prices), which in real terms is a 51% increase above the 2021-22 baseline.
- This is higher than both the 25% real-terms increase predicted by SR21, and the 15% average real-terms increase for all departments.
- Budget 2023 provides no detail for these changes, but they may reflect additional IT requirements for the return-to-work programmes.

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

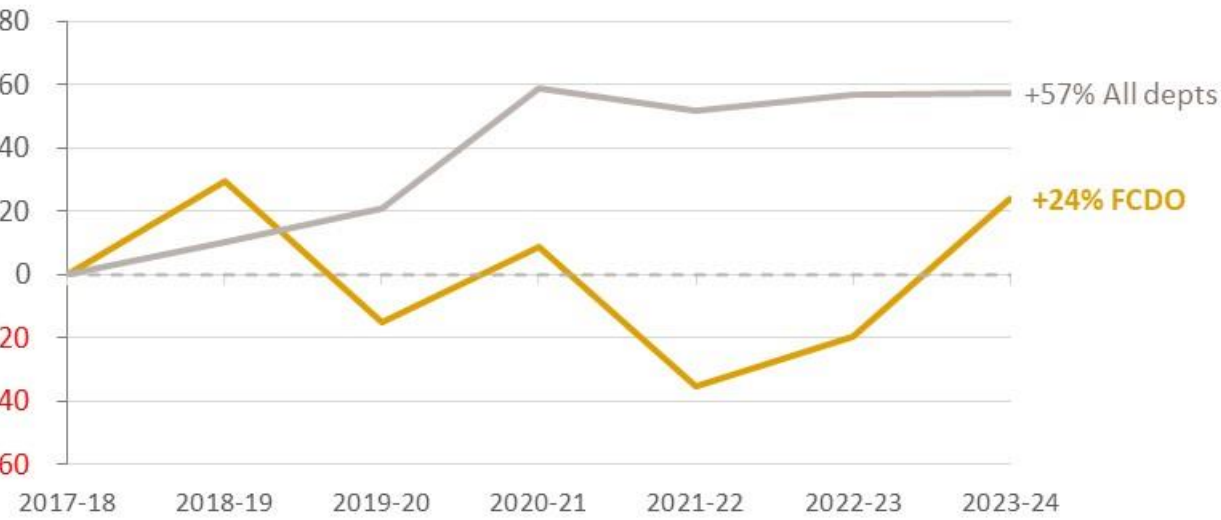
Foreign, Commonwealth & Development Office (FCDO)

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

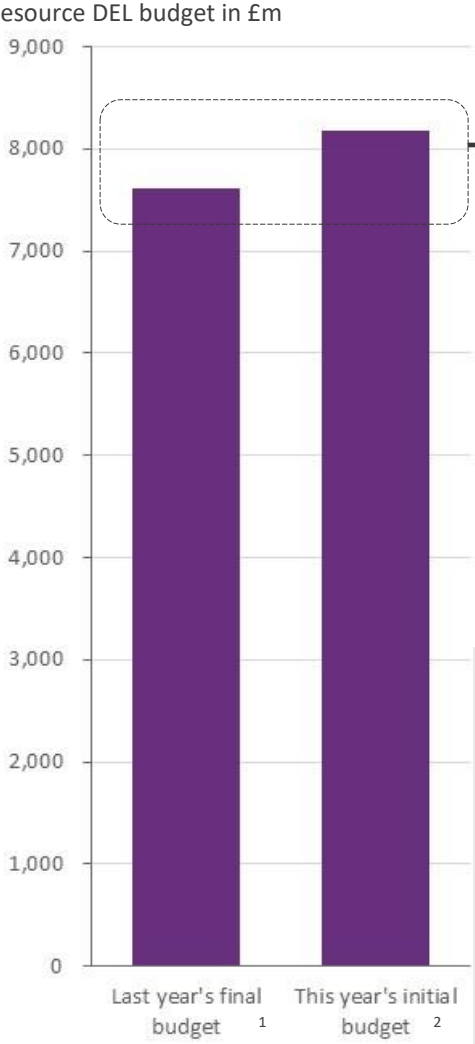
- The combined budgets of the former DFID and FCO broadly **tracked general departmental spending trends** until 2019-20. FCDO's budget **decreased significantly due to reductions in Official Development Assistance (ODA)**. As a result, the FCDO's real-term day-to-day expenditure is 30% less than it was in 2017-18.
- 2022/23 expenditure was particularly low due to a transfer of ODA to the Home Office for Asylum Seekers. It is not yet known whether a similar transfer will happen later this year.

Investment spending trends

- FCDO's capital expenditure has **tended to be fairly volatile** due to a mixture of one-off asset sales, the profile of spending on the overseas estate and replenishment cycles to Multilateral organisations.
- Similarly to day-to-day spending, investment spending has also been affected by **reduced ODA spend**, however has increased significantly this year due to the profile of aid expenditure being more heavily weighted towards capital expenditure.

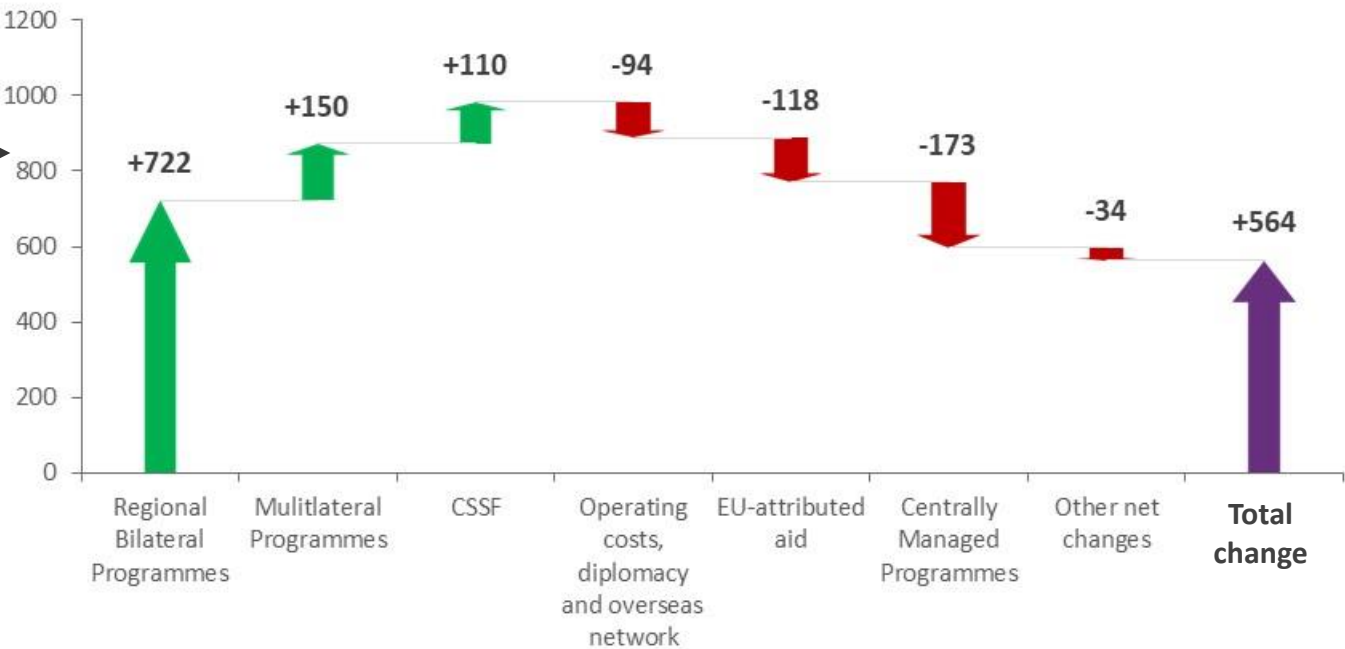
How is FCDO's day-to-day spending changing in 2023-24?

FCDO's day-to-day budget increased by £564.3m (+7.4%)
Resource DEL budget in £m



FCDO's day-to-day spending increase is driven by increases to the ODA budget

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



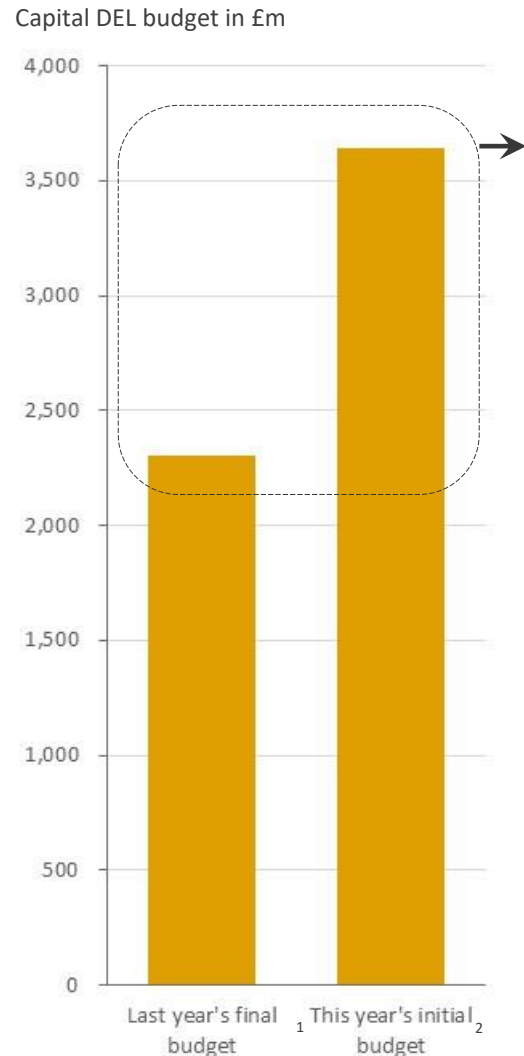
Changes in 2023-24

- **Official Development Assistance (ODA) increase:** last year's day-to-day spending was unusually low as a significant proportion of the ODA budget was effectively transferred to the Home Office for Asylum Seeker costs. The main ODA budgets are Regional Bilateral Programmes (+£721.8 million), Multilateral Programmes (+£150.4 million) and Centrally Managed Programmes (-£172.5 million).
- **Conflict Stability and Security Fund (CSSF):** CSSF retains 20% of the amount requested by its portfolios and the balance will be transferred to other departments at the Supplementary Estimates if still required. The CSSF budget includes a £15 million uplift. The CSSF is to be replaced by the new cross-government UK Integrated Security Fund (UKISF).
- **Operating costs, diplomacy and overseas network:** reduced by £93.9 million

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)
² Initial budget in Main Estimates 2023-24 (May 2023)

How is FCDO's investment spending changing in 2023-24?

FCDO's investment budget increased by £122.7m (+13.6%)
Capital DEL budget in £m



FCDO's investment spending increase is driven by increased funding to multilateral organisations
Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

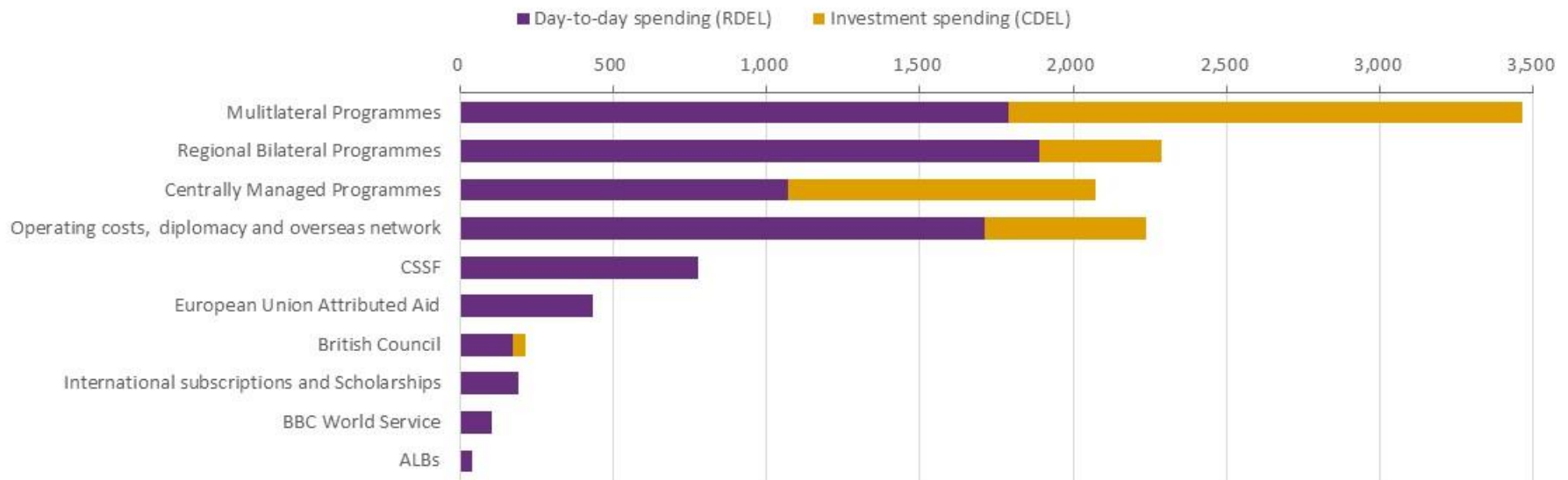
- **Multilateral Programmes:** includes funding provided to multilateral institutions such as the World Bank, and has increased by £819 million compared with last year.
- **Centrally Managed Programmes:** funding for programmes managed directly by the FCDO increased by £320.8 million due to ODA increases.
- **Regional Bilateral Programmes:** consists of funding delivered bilaterally, and increases by £233.1 million.
- **British Council:** The FCDO made up to £200 million in loan financing available to the British Council, and £40 million in loan support is being provided in 2023-24.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of the FCDO budget is for overseas aid

Breakdown of FCDO budget 2023-24 (£ million)



Day-to-day spending (Resource DEL)

- **Regional Bilateral Programmes** budget of £1,889.3 million is now the largest day-to-day spending area, relating mainly to overseas aid funding provided directly to recipients.
- **Multilateral Programmes** is the next largest budget area at £1,788 million, and largely consists of UK contributions to international multilateral institutions that distribute aid on behalf of the UK and others.
- **Operating costs, diplomacy and the overseas network** constitutes the day-to-day running costs of the FCDO, including the costs of diplomatic posts overseas.

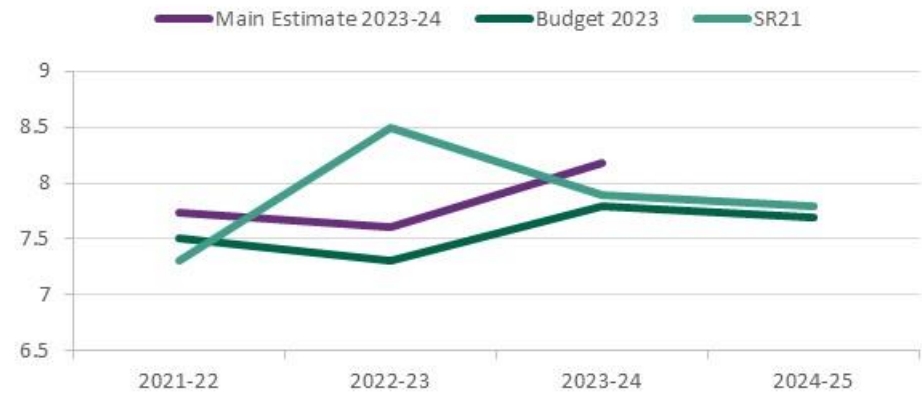
Investment spending (Capital DEL)

- **Multilateral Programmes** is by far the largest investment budget area at £1,677 million, representing 41.6% of the investment budget.
- **Operating costs, diplomacy and the overseas network costs of £526** represents investments in the overseas estate, including the refurbishment and refit of overseas embassies. Significant investments have previously been made to the US, Ottawa and Beijing embassies.

FCDO's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

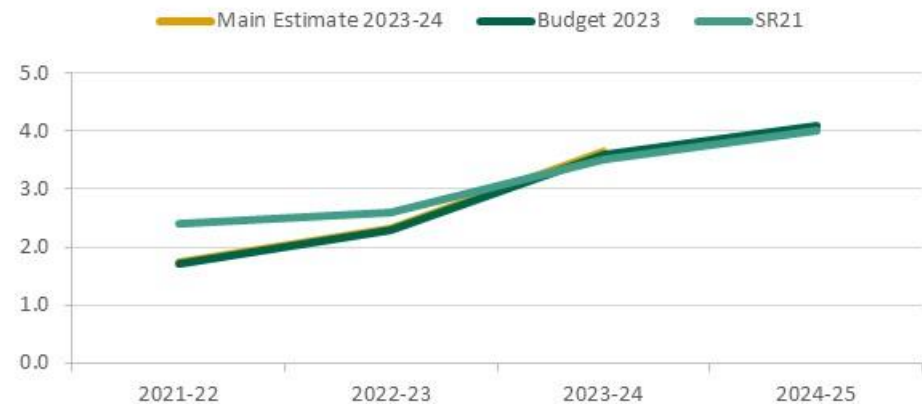
Day-to-day spending in Spring Budget 2023 and Spending Review 2021 (Resource DEL, £ billion)



Trends in day-to-day spending plans

- The FCDO's day-to-day expenditure has not in practice aligned very closely with its original Spending Review (SR21) settlement. This is due to a large reduction in spend in 2022-23 due to ODA budget being effectively transferred to the Home Office for Asylum costs.
- Next year will be the final year of the SR settlement, and the FCDO expects to see a slight reduction in day-to-day expenditure on the basis of original settlements. The FCDO's settlement of £7.7 billion in 2024-25 would represent a 4.6% cut on the 2023-24 Main Estimate.

Investment spending in Spring Budget 2023 and Spending Review 2021 (Capital DEL, £ billion)



Trends in investment spending plans

- Investment expenditure has closely tracked the FCDO's settlement at the 2021 Spending Review.
- Between the 2021-22 SR baseline and 2024-25 it is expected to increase by £1.7 billion (+71%) in nominal terms. This represents a shift over time towards investment expenditure, consistent with the FCDO's latest International Development Strategy.

Note: For Main Estimate 2023-24 figures show Resource DEL figures including depreciation for (i) 2021-22; outturn data from PESA 2022 (ii) 2022-23; final budget in Supplementary Estimate 2022-23 (iii) 2023-24; initial budget in Main Estimate 2023-24. Budget 2023 and SR21 show Resource DEL excluding depreciation.

Home Office (HO)

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

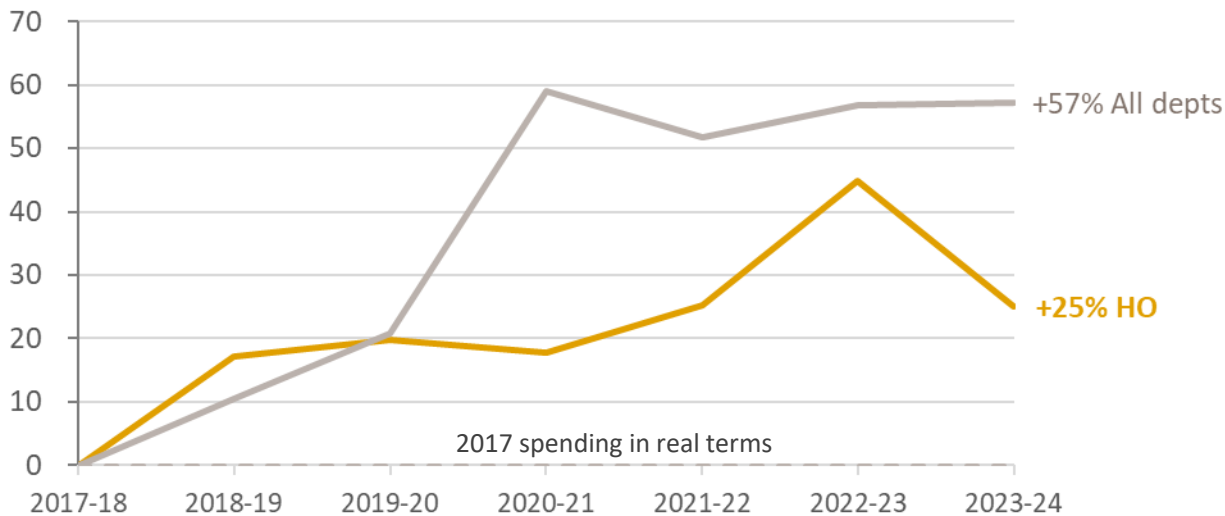
Percentage change in **day-to-day spending** compared to 2017-18 (Resource DEL):



Day-to-day spending trends

- HO spending grew rapidly in 2020-21 due to the **covid pandemic** and **asylum** pressures. Asylum expenditure increased further in 2022-23, funded by a claim on the Reserves and an increase in ODA funding.
- The **2023-24 Main Estimate does not include all expenditure for asylum**, adjustments are expected at the Supplementary Estimate.
- Other increases during this time period relate to the recruitment of **20,000 more police officers and border control** updates since Britain left the EU.

Percentage change in **investment spending** compared to 2017-18 (Capital DEL):



Investment spending trends

Recent increases in HO investment have been driven by:

- new infrastructure to meet the requirements of new **border controls**,
- **accommodation centres**, and
- a non-cash adjustment to fund changes in the **accounting treatment of leases** under International Financial Reporting Standards 16 (IFRS16).

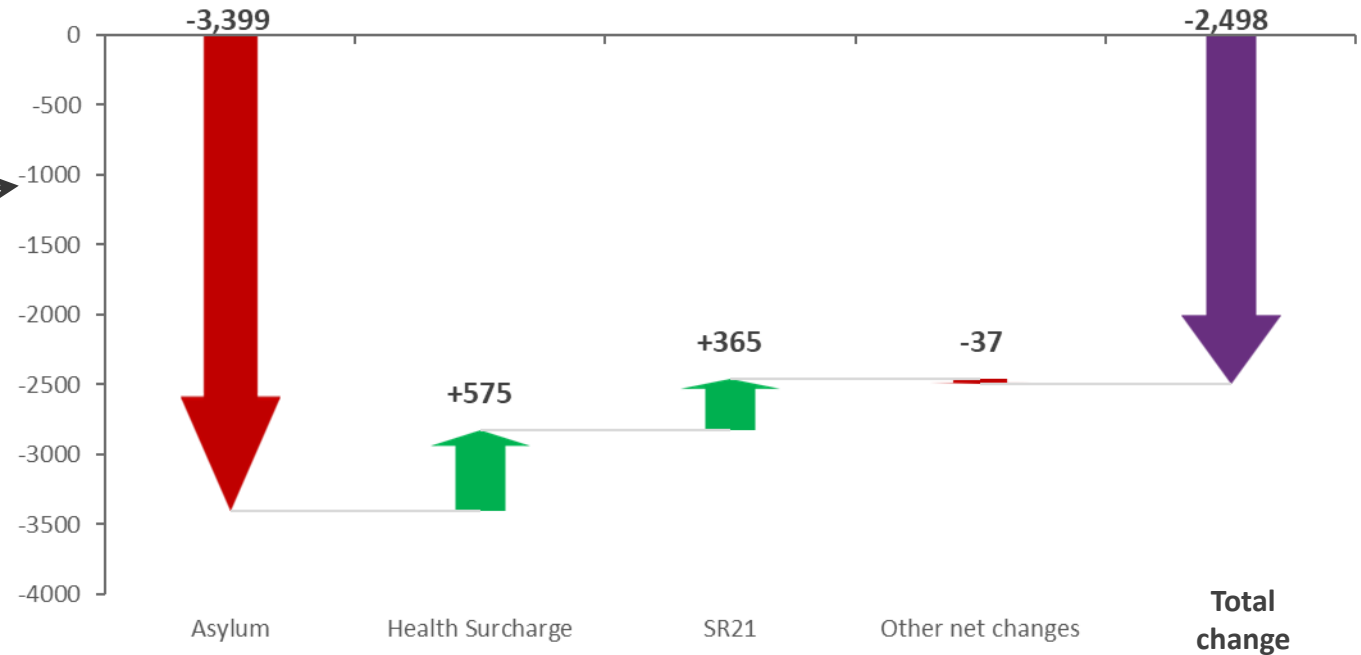
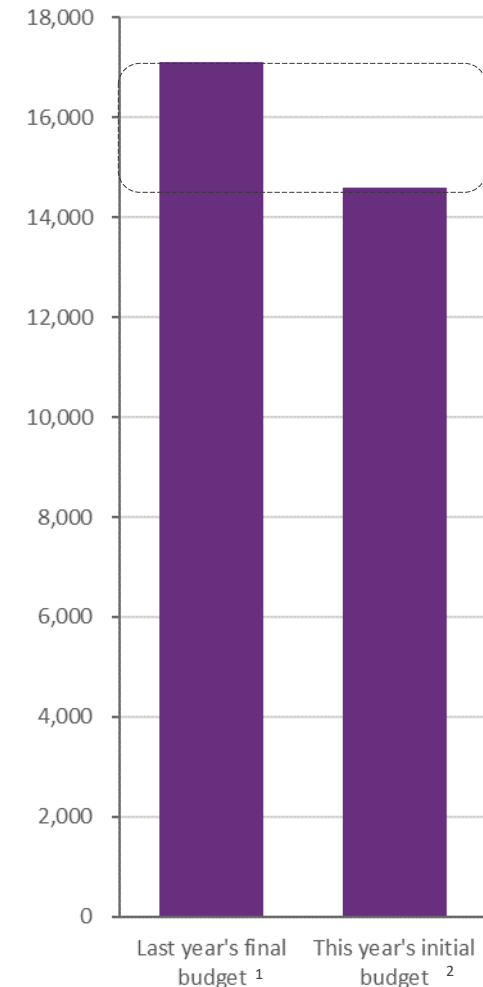
How is the HO day-to-day spending changing in 2023-24?

HO's day-to-day budget decreased by **£2,497.6m (-14.6%)**

Asylum expenditure has been excluded from the Main Estimate

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23

Resource DEL budget in £m



Changes in 2023-24

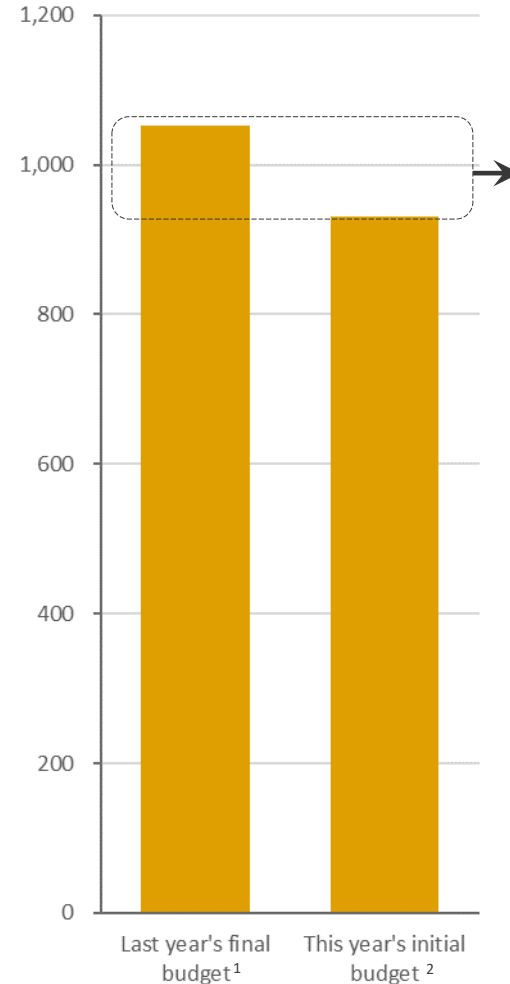
- A **£3,399 million claim on the Reserves in 2022/23 to alleviate pressures in the Asylum system** is not included in this year's Estimate and will be considered during the Supplementary Estimate. These claims were for i) asylum support costs, £1,614.9 million, ii) tackling illegal migration, £719.8 million, and iii) Afghan resettlement schemes, £658.1 million.
- **£575 million relating to the health surcharge.** The health surcharge is transferred to DHSC. Last year's full year transfer was £1,415.6 million compared to £841.0 million included in the Main Estimate this year. More will be transferred at the Supplementary Estimate if required; and
- **£365 million increase following budget updates in line with the SR21 plan.** See slide 12 for more details on where these movements have taken place.

¹ Initial budget in Main Estimates 2023-24 (May 2023)

How is the HO investment spending changing in 2023-24?

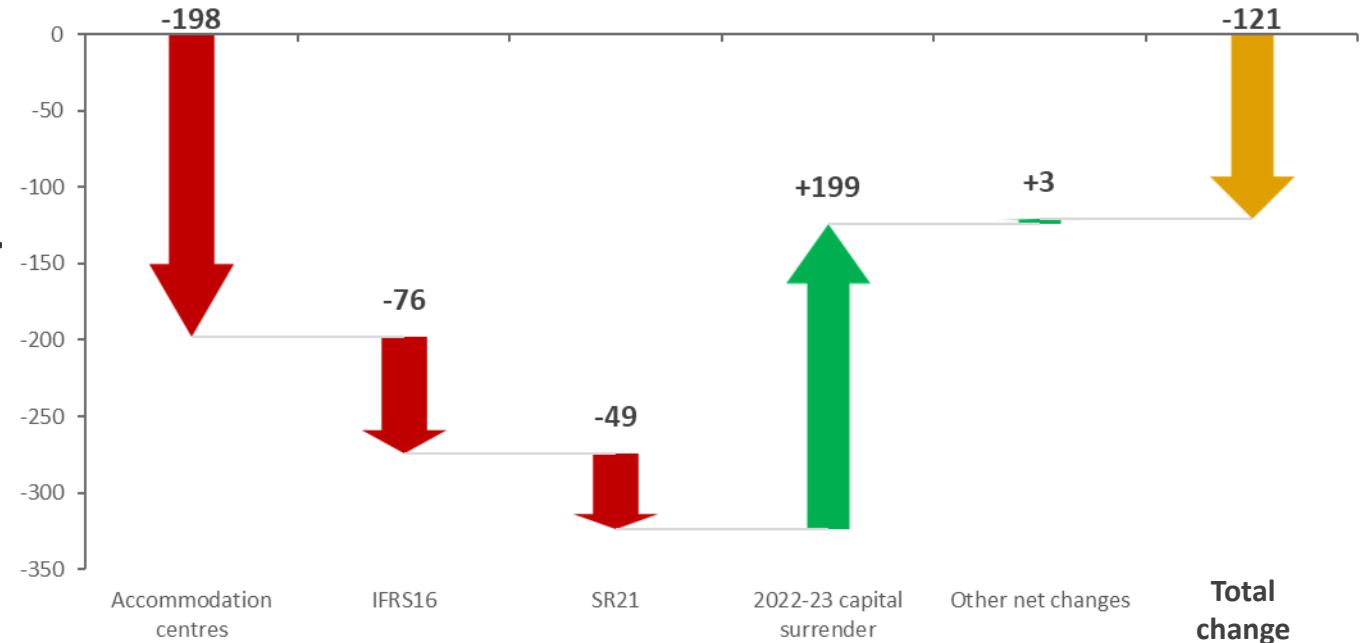
HO's investment budget
decreased by £121m (-11.5%)

Capital DEL budget in £m



Last year's accommodation centre costs aren't replicated this year

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

- £198 million was drawn down from the Reserves in **2022/23** to fund accommodation centres to assist with tackling illegal migration; this has not been claimed in the 2023/24 Estimate.
- £76.1 million less funding required for the **IFRS 16** accounting standard change (£49.4 million in 2023/24 and £125.5 million in 2022/23);
- £49.4 million less funding as per the budget updates in the **SR21** spending plan.
- These reductions are partially offset by a £199.4 million **capital surrender** that took place in 2022/23, not repeated in 2023/24.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

The Police Settlement is the largest area of spend for the Home Office.

Breakdown of the HO budget 2023-24 (£ million)

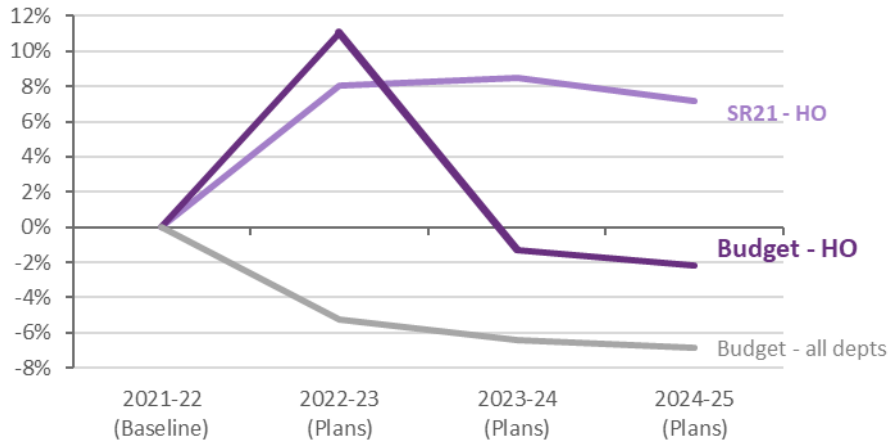


Home Office spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



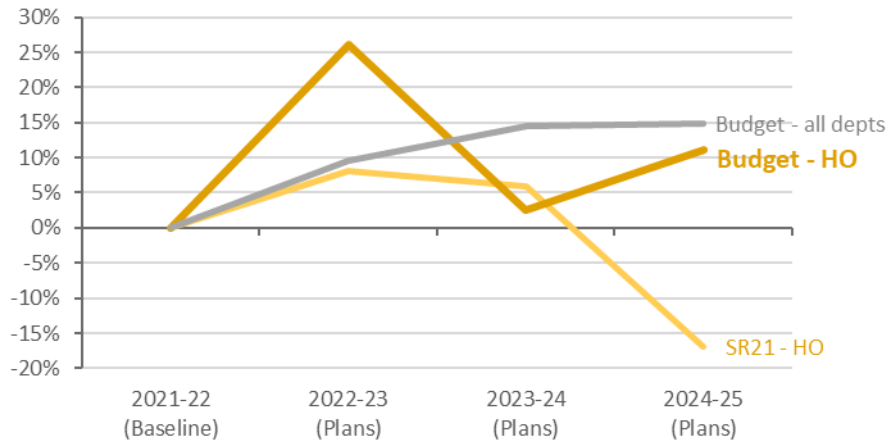
Trends in day-to-day spending plans

The spending review settlement in October 2021 (SR21) provided a c.£1 billion increase in RDEL, this cash boost was due to generate a 7.2% real terms increase by 2024-25. High inflation has meant nominal increases are having a lower real terms impact, with current projections forecasting a fall in real terms funding by -2.2% by 2024-25.

The nominal cash forecast however excludes additional claims on the Reserve for asylum pressures.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

The investment budget represents 6% of the HO budget. Annual fluctuations represent programme profiling and recently additional budget has been required for changes to accommodate changes to accounting standard IFRS 16 in respect of leases.

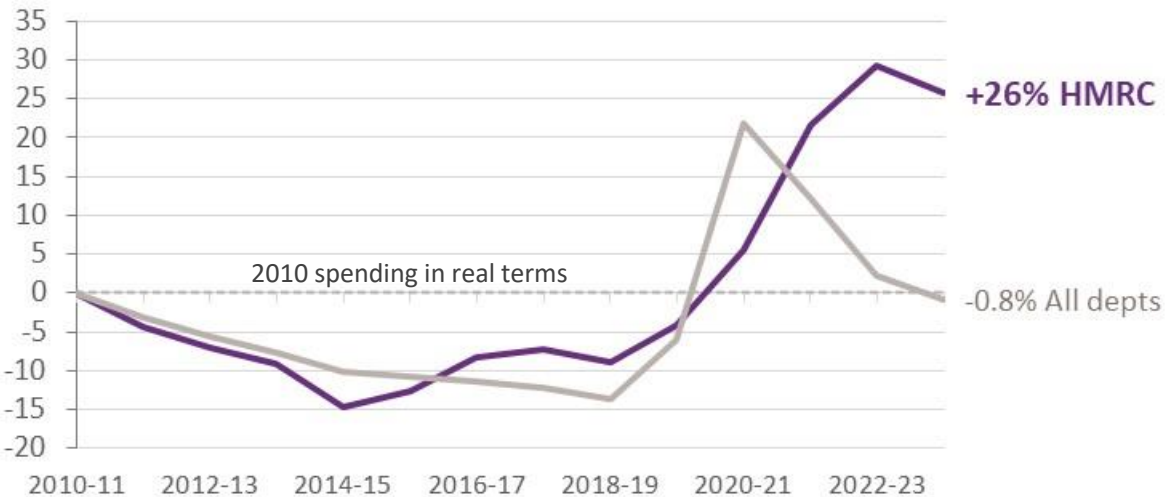
Investment levels in 2024-25 are forecast to be £200 million more than in 2021-22, this represents an 11% increase in real terms.

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

HM Revenue and Customs (HMRC)

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

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



Day-to-day spending trends

- HMRC Resource DEL spending has recovered from the reductions after 2010-11, largely due to increased spending during the pandemic. It is now set to be 26% higher in 2023-24 than in 2010-11, in real terms.
- Although AME budgets (pensions and benefits) make up the bulk of HMRC's expenditure, they are excluded, as they are generally driven by external forecasts and respond to demand. (Although note that resource AME is reducing in recent years due to gradual replacement of Personal Tax Credits by Universal Credit, run by DWP.)

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



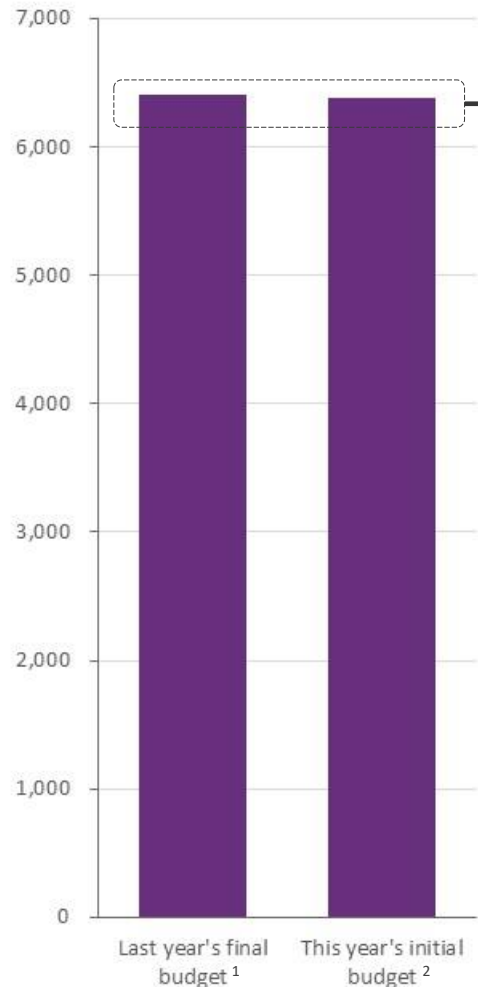
Investment spending trends

- The Investment spending (Capital DEL) budget is relatively low at £662 million in 2021-22 and is set to be £627 million in 2023-24. Because the value is low, moderate increases in spending lead to large percentage changes. It is 177% above the 2010-11 baseline in real terms.
- Increases in recent years are mainly due to investment in HMRC's IT systems and EU exit.

How is HMRC's day-to-day spending changing in 2023-24?

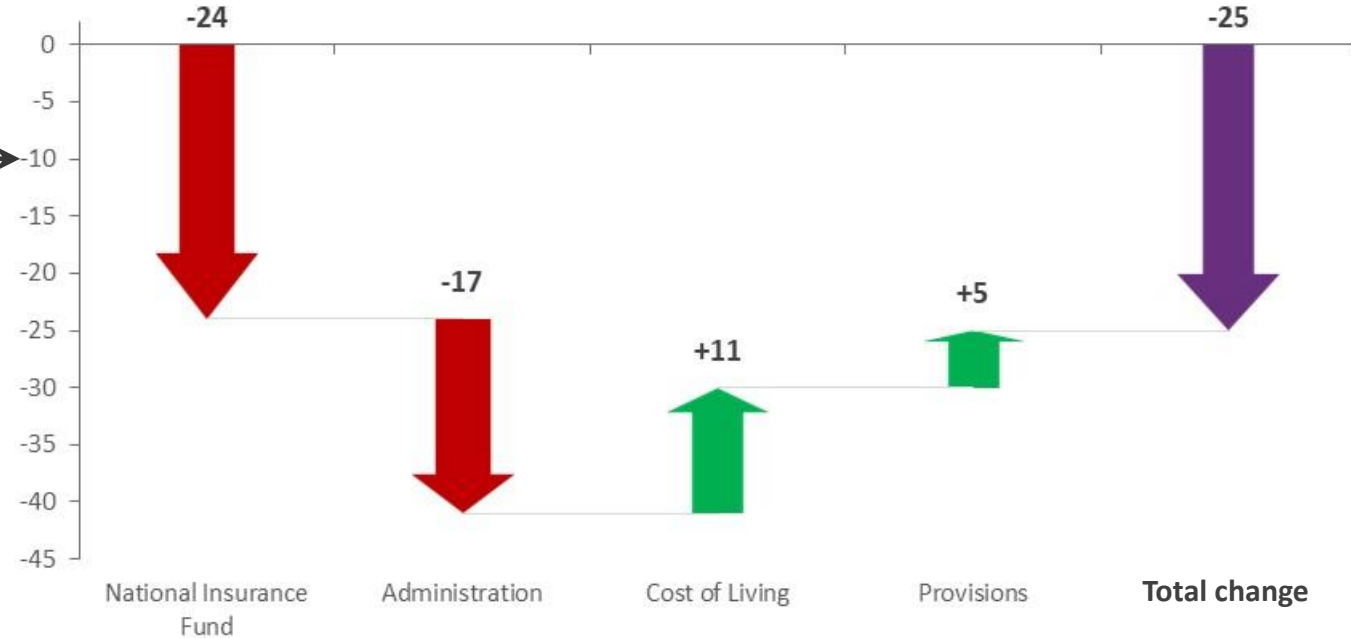
HMRC's day-to-day budget decreased by £25.2m (-0.4%)

Resource DEL budget in £m



HMRC's day-to-day spending decrease is driven by NIF forecasts, with some admin moves netting off

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

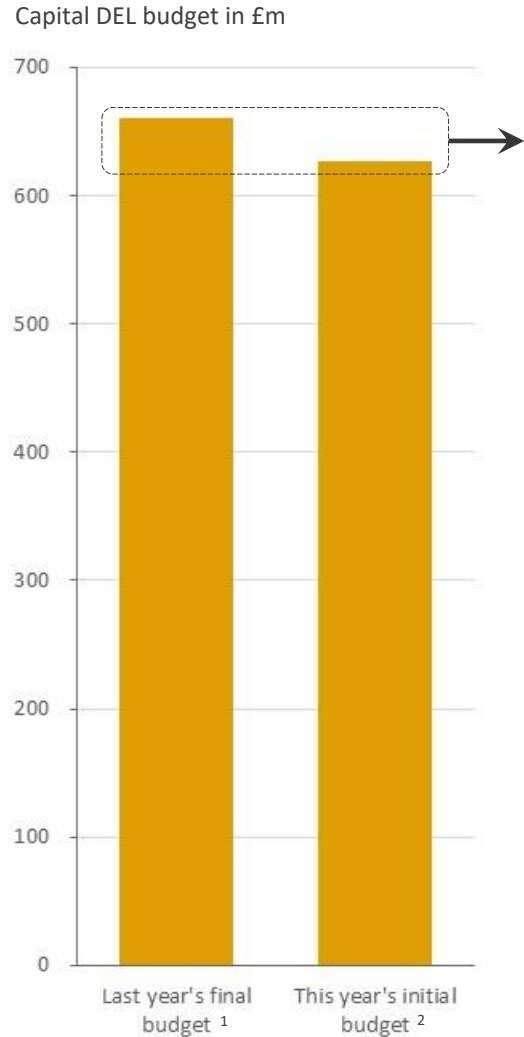
- **National Insurance Fund:** decreased due to updated activity forecasts;
- **Administration:** covers both HMRC and VOA, and includes significant gross movements that net off against each other. This includes: £125m reduction in the UK Transition budget, £160m increase in depreciation, £22m reduction due to reversal of the Health and Social Care Levy, £28m increase for Spend to Raise. Further claims, e.g. for the Windsor Framework, will be made at Supplementary Estimate;
- **Cost of Living:** relates to newly announced Cost of Living payments to low-income households;
- **Provisions:** relates to provisions raised previously and now used, which are transferred from AME.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

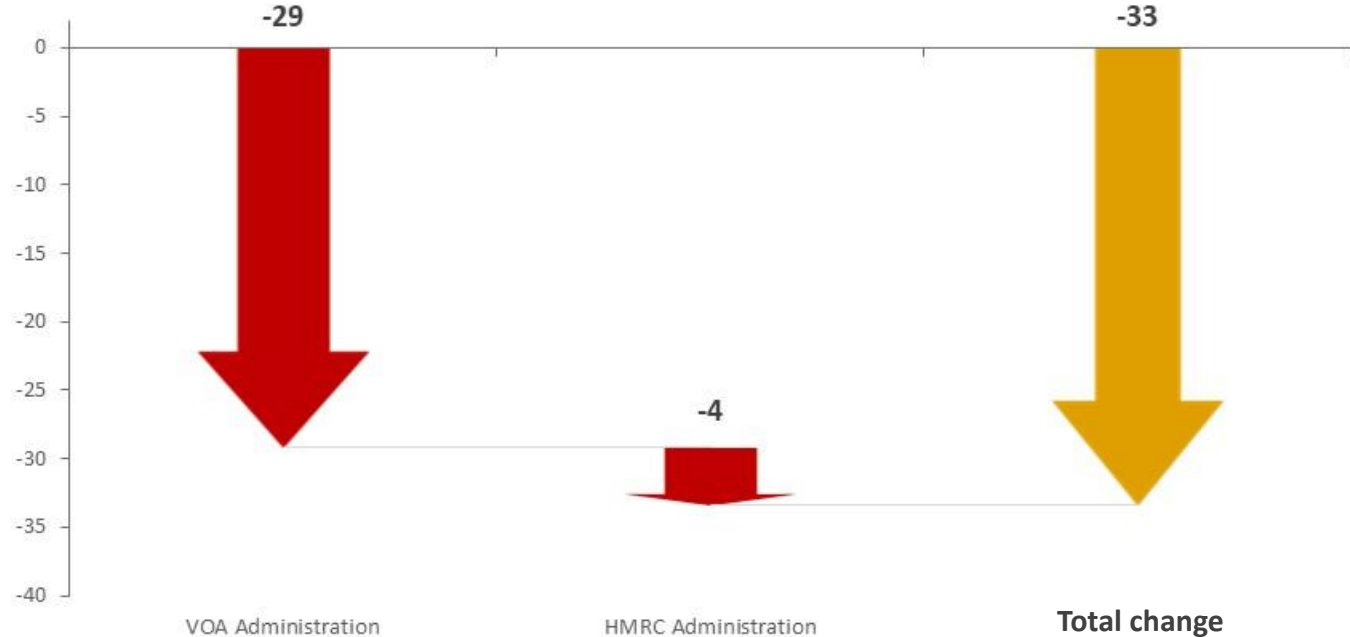
How is HMRC's investment spending changing in 2023-24?

HMRC's investment budget decreased by £32.8m (-5.1%)
Capital DEL budget in £m



HMRC's net investment spending has decreased because of administration

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

- **VOA Administration:** the decrease reflects the planned spend profile of the Business Systems Transformation programme and Fundamental Review of Business Rates programme at SR21;
- **HMRC Administration:** the decrease is driven by reduction in UK Transition of £37 million, offset by various increases such as the Pensions Programme (£10 million) and Spend to Raise (£5 million).

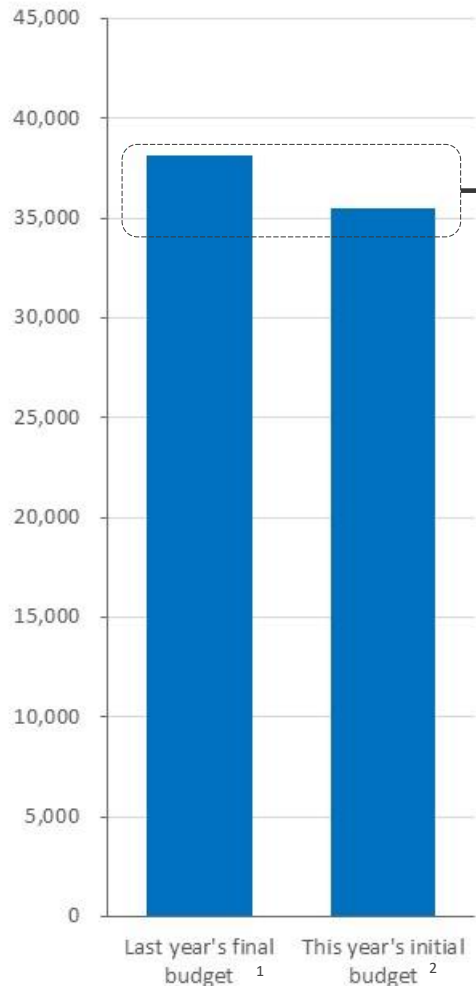
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is HMRC's demand-led spending changing in 2022-23?

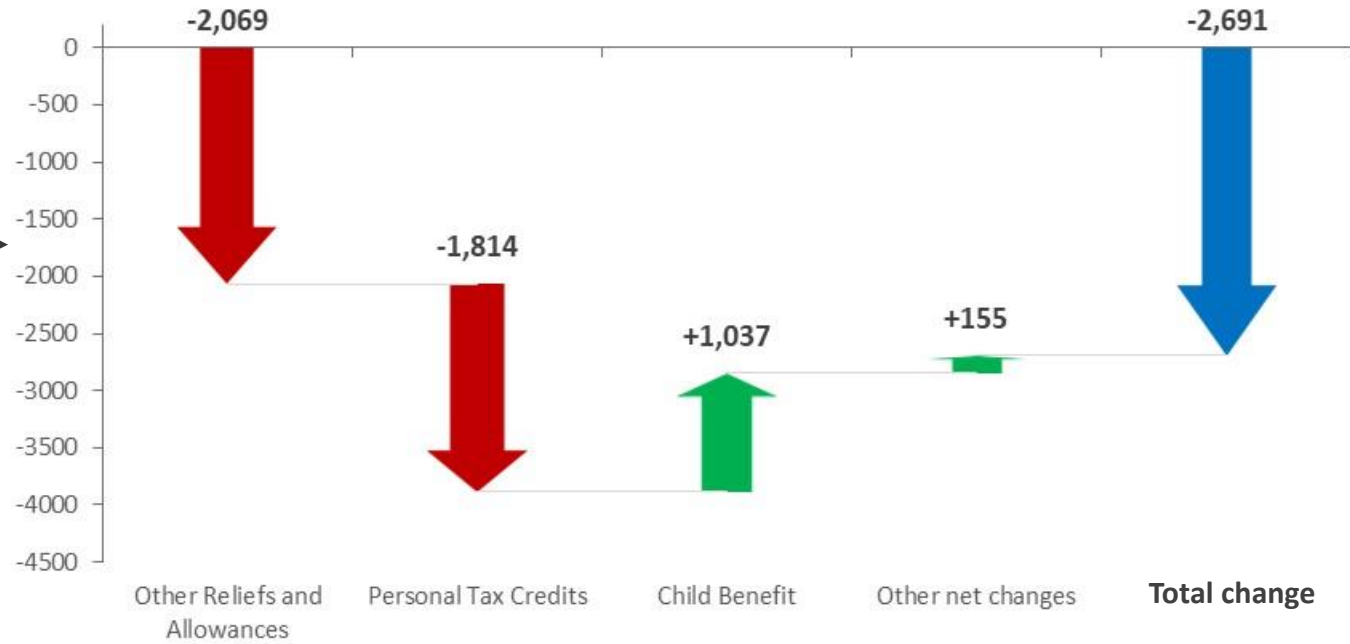
HMRC's demand-led budget increased by £2,691m (-7.1%)

Resource AME budget in £m



HMRC's demand-led spending decrease is due to lower caseloads in several benefit categories

Changes in Demand-led (Resource AME) budget in £m since initial budget for 2022-23



Changes in 2022-23

- **Other Reliefs and Allowances:** includes Large Companies Research and Development Relief, Small Companies Research and Development Relief, Film Tax Relief, and the Guardians Allowance;
- **Personal Tax Credit:** caseloads are projected to fall as more claimants move to Universal Credit, but this is partly offset by a 7% rise in average awards, driven primarily by the uprating of award elements by CPI in April 2023;
- **Child Benefit:** this increase is due to the 10.1% uprating in CPI applied to awards in April 2023, offset by falling caseloads due to declining take-up and reduced birth rates; and
- **Other net changes:** includes Tax Free Childcare, Lifetime ISA, Help to Save, and more.

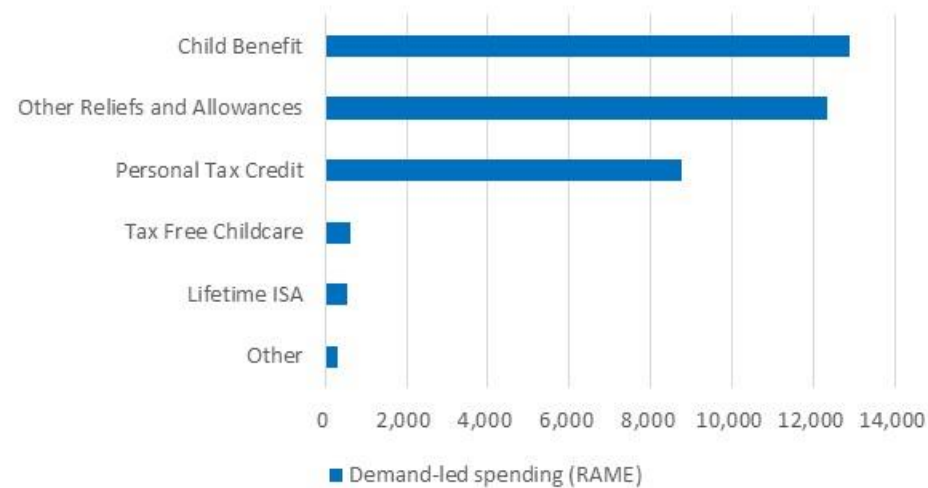
¹ Initial Budget in Main Estimate 2022-23 (June 2022)

² Final Budget in Supplementary Estimates 2022-23 (Feb 2023)

Most of the HMRC budget is on tax reliefs, allowances, Child Benefit and Personal Tax Credit

Breakdown of HMRC budget 2023-24 (£ million)

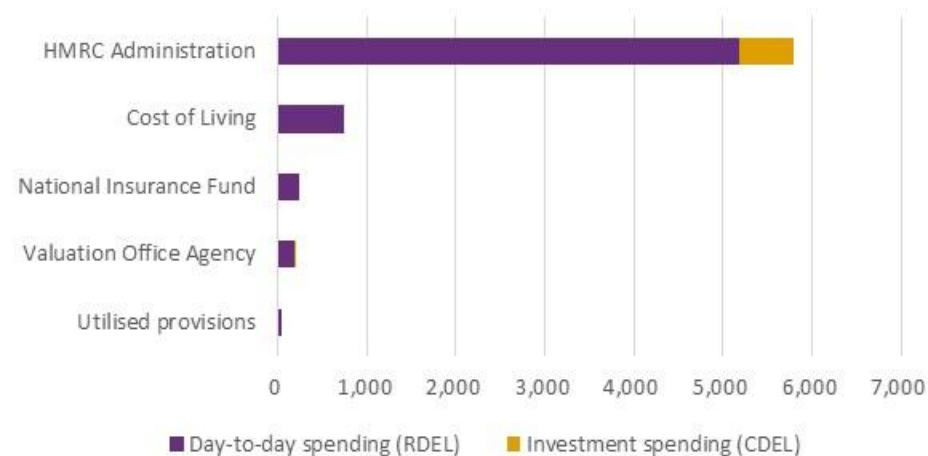
Demand-led spending (RAME)



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

- Total resource AME budget is £35,471 million.
- **Child Benefit** is the largest single component of resource AME at £12,897 million, or 36% of the total. **Tax Free Childcare** is a further £618 million, or 2% of the total.
- **Personal Tax Credit** accounts for £8,768 million or 25% of the total. This is reducing year-on-year as claimants are gradually being moved onto Universal Credit, administered by DWP.
- **Other reliefs and allowances** include Large Companies Research and Development Relief, Small Companies Research and Development Relief, Film Tax Relief, and the Guardians Allowance. They total £12,337 million.
- Other Resource AME costs include £86 million for the Valuation Office Agency, £44 million for Help to Save, and £30 million on HMRC administration.

Day-to-day and investment spending (DEL)



Day-to-day spending (Resource DEL)

- The total resource DEL budget for HMRC is £6,375 million.
- Over 80% of this is for **HMRC administration** (£5,182 million).
- £735 million (12%) is for the payments to households to alleviate the **Cost of Living**.
- Other funding is for the **National Insurance Fund** (£257 million), the **Valuation Office Agency** (£186 million), and **utilising provisions** (£35 million).

Investment spending (Capital DEL)

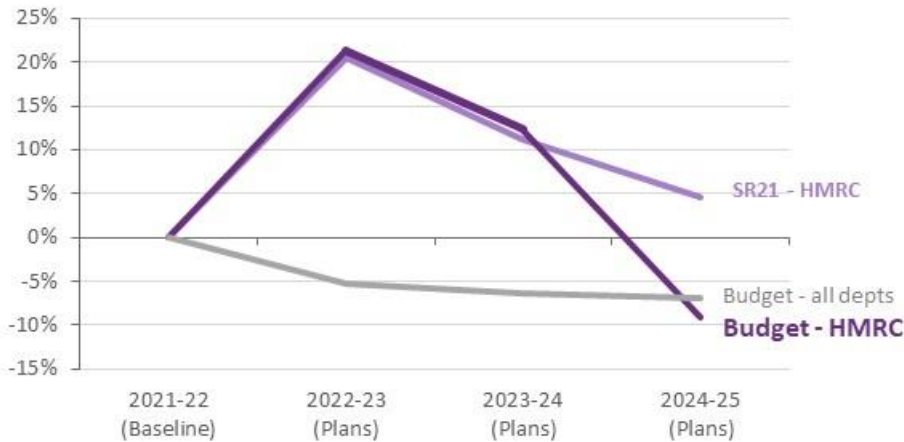
- The total capital DEL budget is £627 million.
- This is made up of just £618 million (99%) for **HMRC administration** and £9 million for the **Valuation Office Agency**.

HMRC's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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

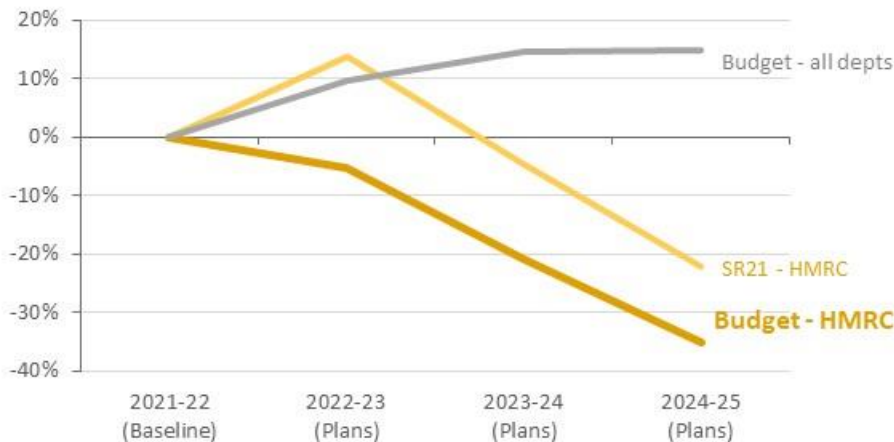


Trends in day-to-day spending plans

- According to the latest spending plans from the Spring Budget 2023, Resource DEL spending in 2024-25 is set to be 9.1% lower in 2024-25 than 2021-22 in real terms, compared to a 6.9% reduction across all departments.
- The real-terms movement from the Budget is lower than that expected per SR21, which predicted growth of 4.6% over the period. This reduction between the reflects lower nominal spending in 2024-25 (reduced by £0.1 billion from £4.7 billion to £4.6 billion) and an overspend of £0.4 billion in 2021-22.
- Spending was higher in 2022-23 and 2023-24 largely due to cost of living measures.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

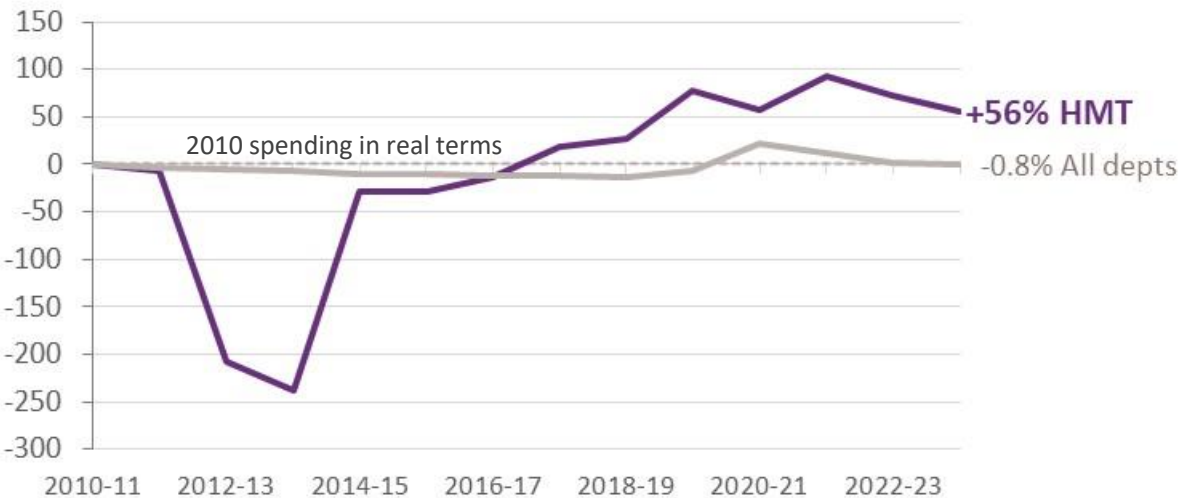
- Both the Spring Budget 2023 and the Spending Review 2021 show Capital DEL spending plans of £0.5 billion in 2024-25.
- The Budget therefore shows a real-terms reduction of 35.1% between the baseline year of 2021-22 and 2024-25, whereas across all departments average CDEL is expected to grow by 14.8%.
- (According to Spending Review 2021, the real-terms reduction in CDEL over the period would be 22.1%, but this is because there was an overspend in 2021-22, affecting the baseline set in that year.)

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

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 reduced significantly in 2012-13 and 2013-14, largely because the years up to 2011-12 included large non-cash costs relating to macroeconomic factors from the financial crisis of 2008, and when those costs were not needed, spending decreased.
- Day-to-day spending is set to be 56% higher in 2022-23 than in 2010-11, in real terms.

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



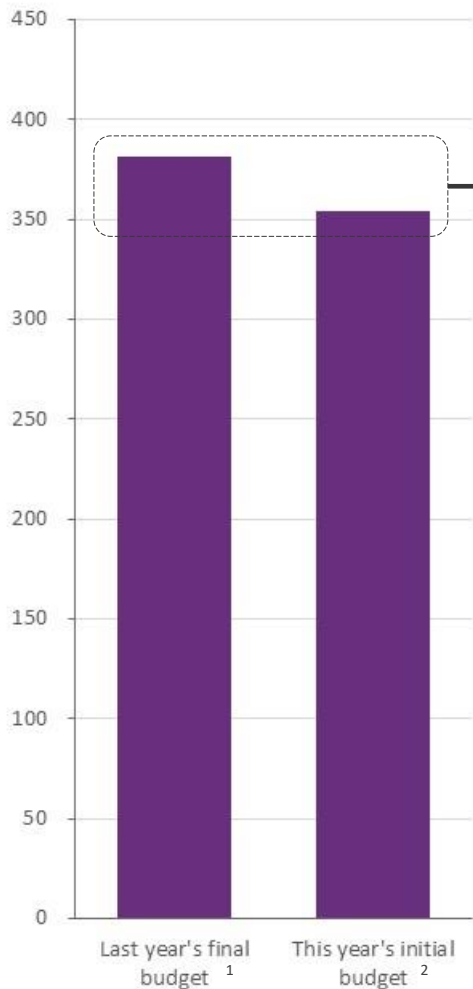
Investment spending trends

- Investment spending fluctuates significantly because investment budget at HMT is relatively low and, in some years, becomes a 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.
- As a result, moderate movements in the budget value can lead to large percentage swings.
- In 2023-24, investment spending is set to be 86% lower than in 2010-11 in real terms.

How is HMT's day-to-day spending changing in 2023-24?

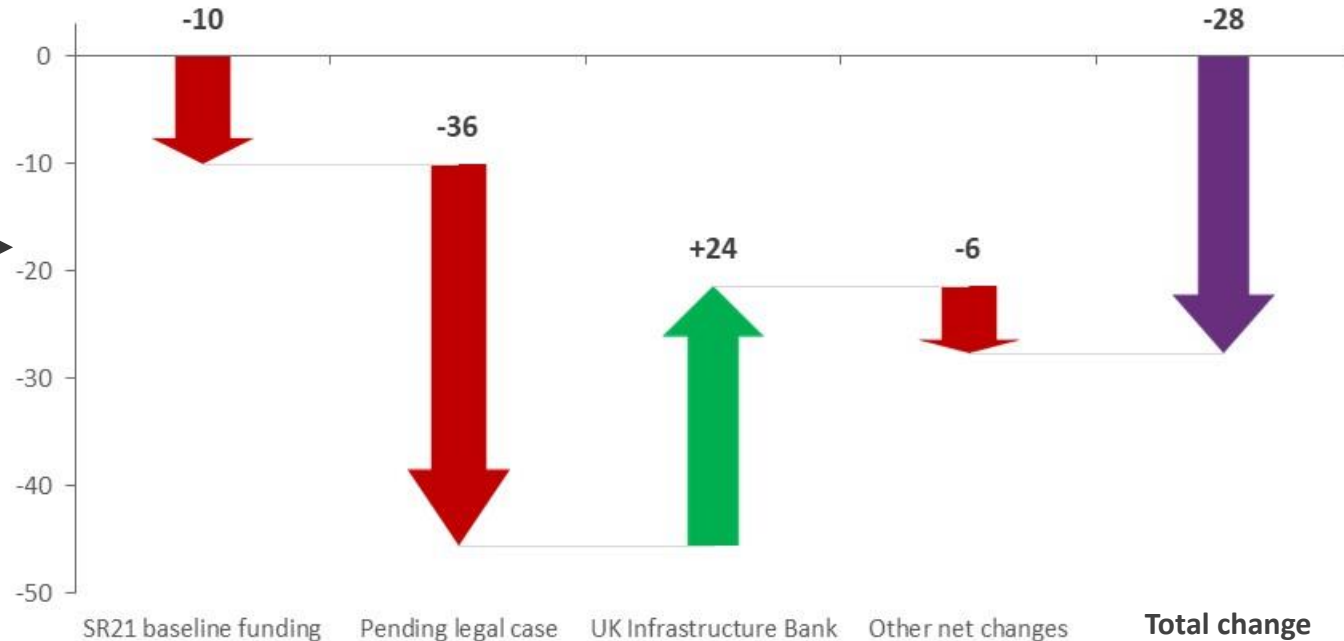
HMT's day-to-day budget decreased by £27.7m (-7.3%)

Resource DEL budget in £m



HMT's day-to-day spending decrease is driven by a pending legal case

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **SR21 baseline funding:** the funding settlement from the 2021 Spending review provided £280.8 million for HMT in 2023-24, compared to £290.9 million in 2022-23;
- **Pending legal case:** no further information on this is provided in HMT's Main Estimate Memorandum;
- **UK Infrastructure Bank:** increase of £24.2 million reflects the continued ramp up of capacity in people and systems to deliver on investment and impact outcomes.

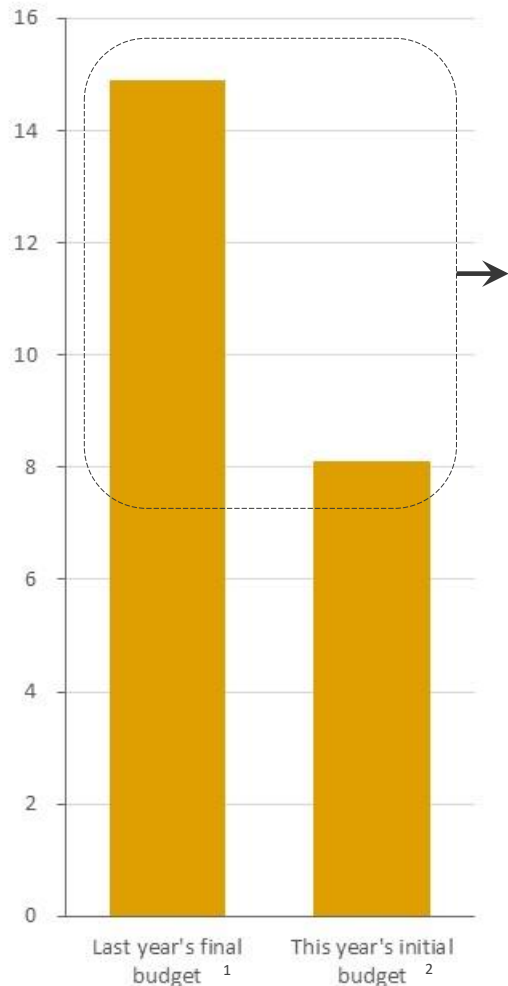
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is HMT's investment spending changing in 2023-24?

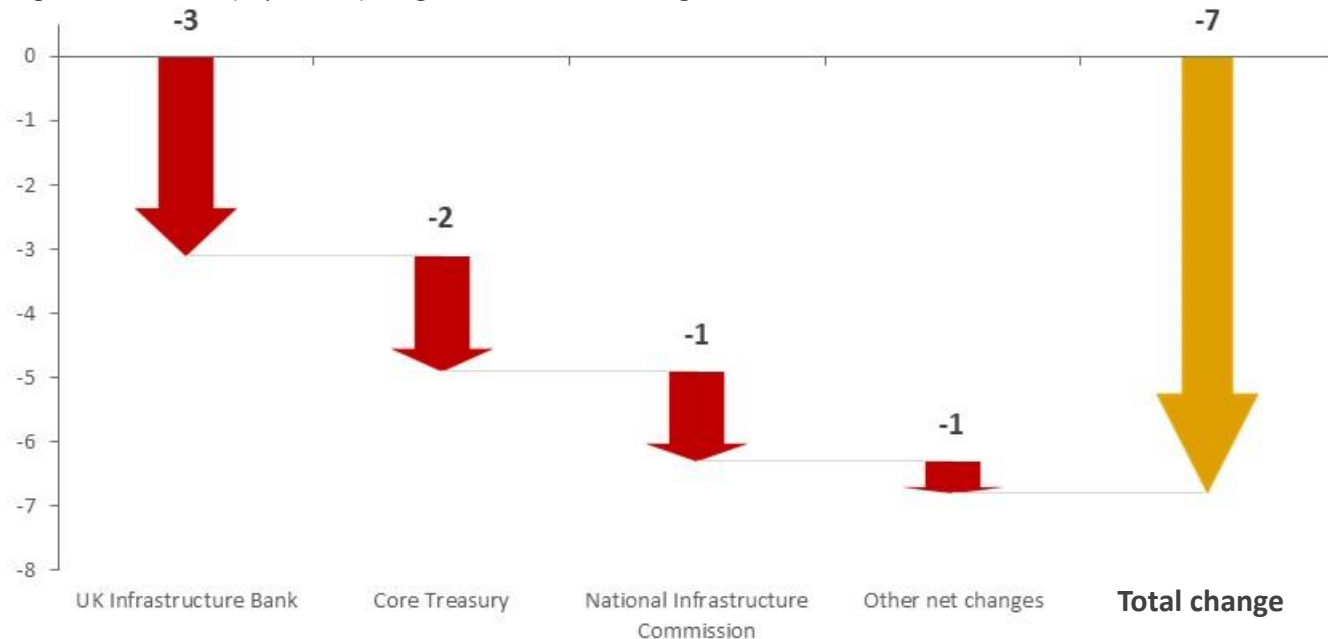
HMT's investment budget decreased by £6.8m (-45.6%)

Capital DEL budget in £m



HMT's investment spending decrease is mainly in the UK Infrastructure Bank and Core Treasury

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

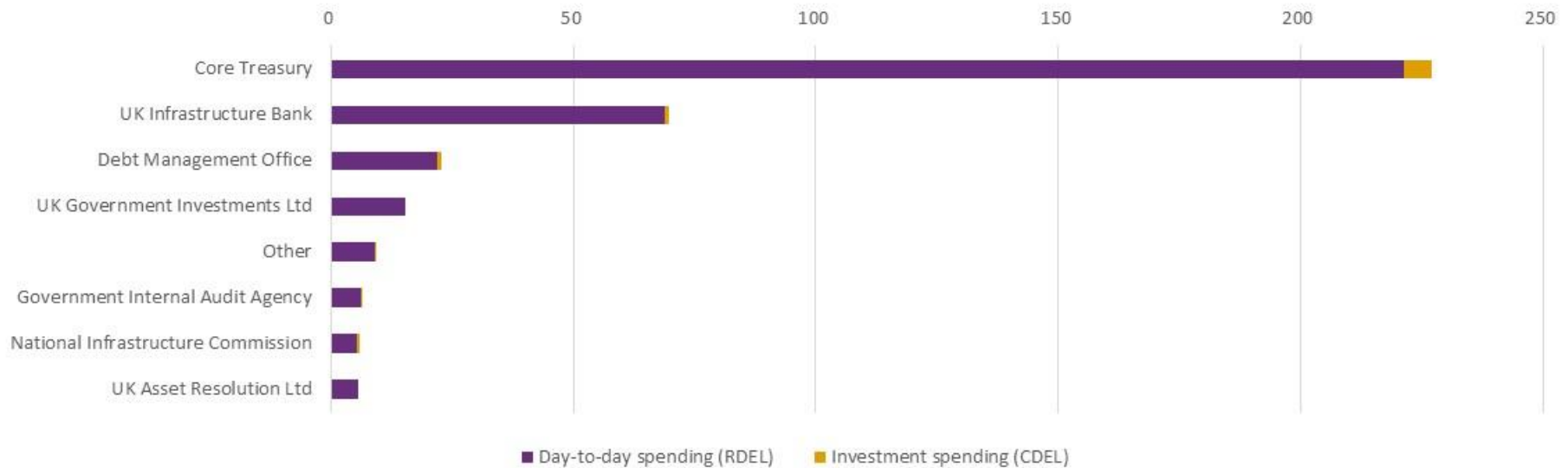
- **UK Infrastructure Bank:** funding reduced by £3.1 million, or 79.3%;
- **Core Treasury:** funding reduced by £1.8 million, or 23.9%;
- **National Infrastructure Commission:** funding reduced by £1.4 million, or 66.4%;
- **Other net changes:** this includes the Debt Management Office (funding reduced £0.2 million) and the Government Internal Audit Agency (funding reduced £0.3 million).

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Most of HMT's predictable budget is for the running of the core department

Breakdown of HMT budget 2023-24 (£ million)



Day-to-day spending (Resource DEL)

- The total Resource DEL budget for HMT is £353.7 million.
- **Core Treasury** makes up the largest element in the day-to-day budget at £221.3 million, or 63% of the total.
- The next most significant bodies receiving funding are:
 - **UK Infrastructure Bank** at £69 million or 20% of the total;
 - **Debt Management Office** at £22 million or 6% of the total;
 - **UK Government Investments Ltd** at £15 million or 4% of the total.
- The rest of the budget combined is £26 million, or 7% of the total, and includes Government Internal Audit Agency, National Infrastructure Commission, UK Asset Resolution Ltd, Office of Budget Responsibility, banking and gilt registration, and more.

Investment spending (Capital DEL)

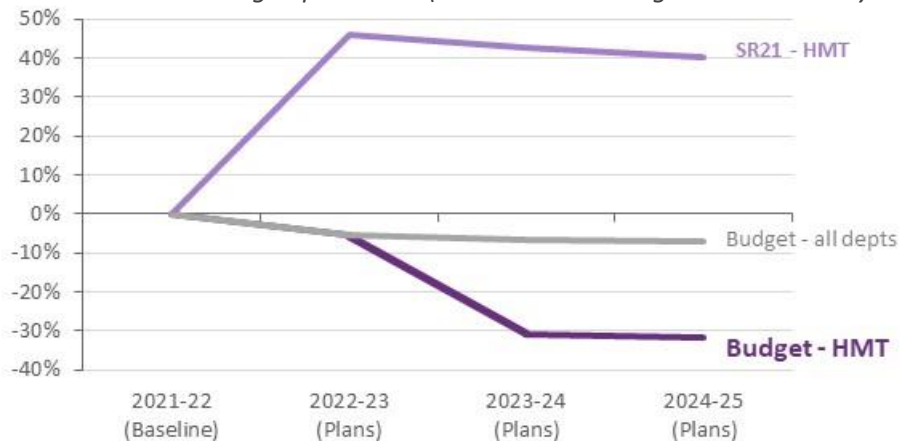
- The total Capital DEL budget is £8.1 million.
- **Core Treasury** makes up the largest element in the investment spending budget at £5.7 million, or 71% of the total.
- The bodies receiving the next most significant amounts of funding are **UK Infrastructure Bank** and **Debt Management Office**, each receiving £0.8 million or 10% of the total, and the **National Infrastructure Commission**, with £0.7 million of 9% of the total.
- The remainder of the Capital DEL budget goes to the **Government Internal Audit Agency** and **IUK Investments**.

HMT's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

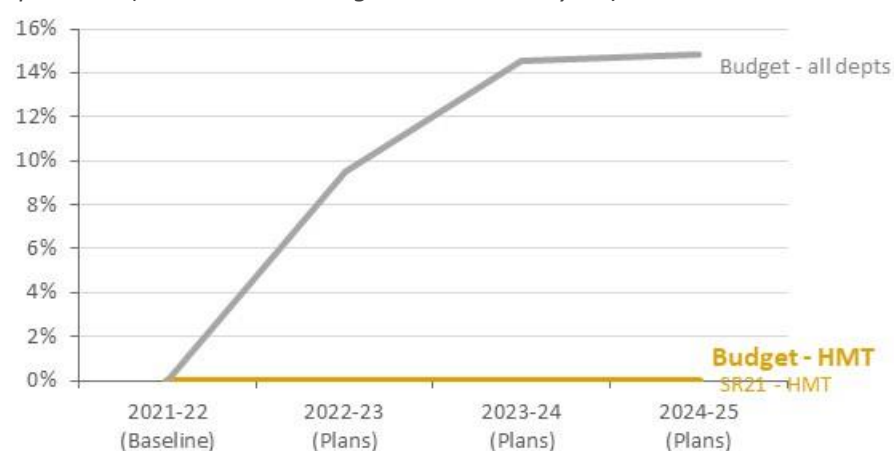
Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in day-to-day spending plans

- Budget 2023 and SR21 plans are published in £ billions, meaning HMT's small DEL settlements can be hard to analyse.
- Resource DEL plans show average annual real growth of -12% from 2021-22 to 2024-25, compared to SR21 plans which indicated +12% growth (although the published calculation stated this was 0.9%).
- Spending in 2024-25 is now set to be 32% lower in 2024-25 than in 2021-22, compared to SR21 plans of a 40% increase.
- HMT spent £0.4 billion in 2021-22, against SR21 plans of £0.2 billion, which makes subsequent spending plans appear proportionately smaller, compounding the effect of a higher inflation forecast on spending in real terms.
- Nominal spending for 2024-25 is set to match SR21 plans of £0.3 billion a year.

Trends in investment spending plans

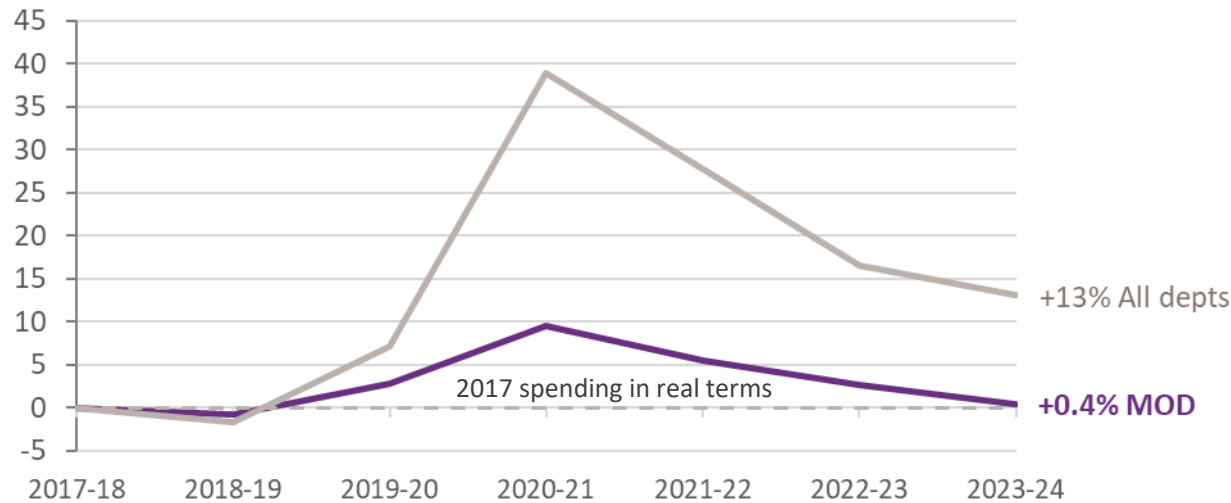
- HMT's nominal investment budget figures have been rounded down to nil in both the Budget and SR21 plans.
- Investment spending is usually relatively low, as evidenced by this year's £8.1 million budget.

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

Ministry of Defence (MoD)

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

Percentage change in **day-to-day spending** compared to 2017 (Resource DEL):



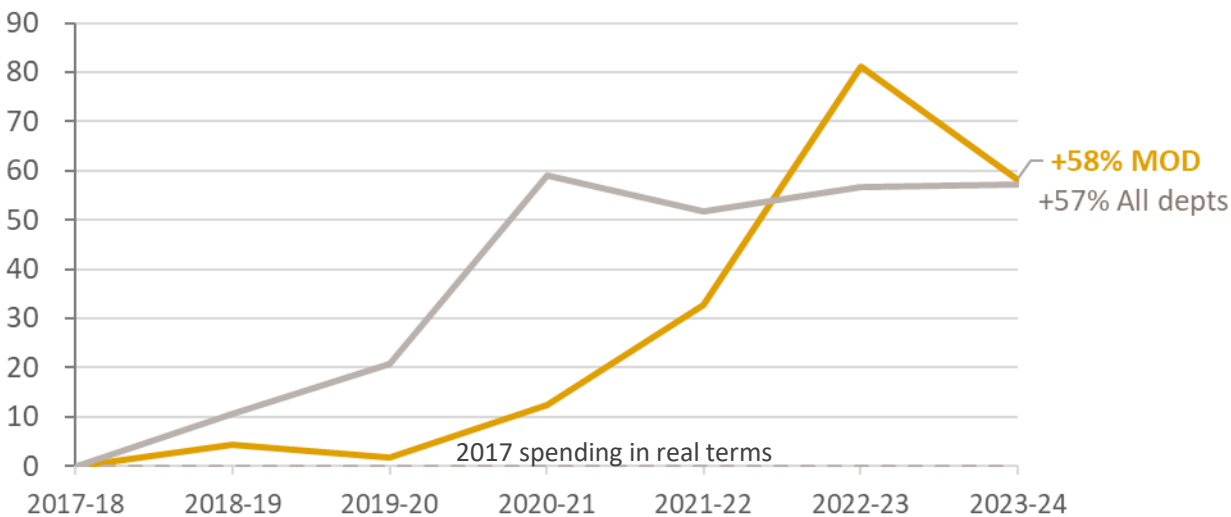
Day-to-day spending trends

- Nominal RDEL has increased by £6.8bn since 2017-18; in **real terms this is an increase of 0.4%**.
- High energy consumers (such as the MoD) are more **exposed to inflationary impacts** than other departments and the true real terms impact could be higher.

Investment spending trends

- The levels of investment funding for 2023-24 are based on plans published in the Spending Review 2020, 2021 and Spring Budget Statement 2023 which incorporated the updates from the **2023 Integrated Review Refresh**.
- Funding in 2022-23 incorporates **Operational expenditure which is not included in the Department's Main Estimate for 2023-24**.

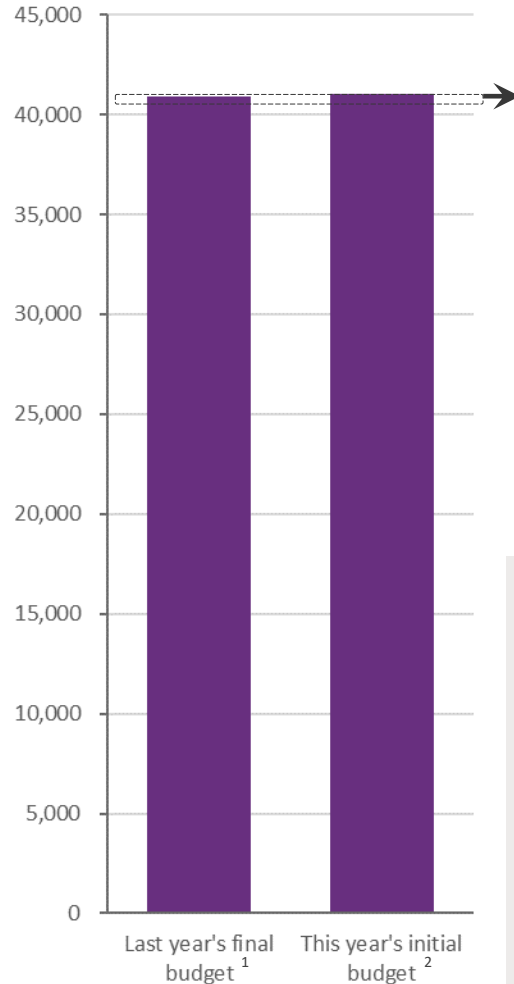
Percentage change in **investment spending** compared to 2017 (Capital DEL):



How is MoD's day-to-day spending changing in 2023-24?

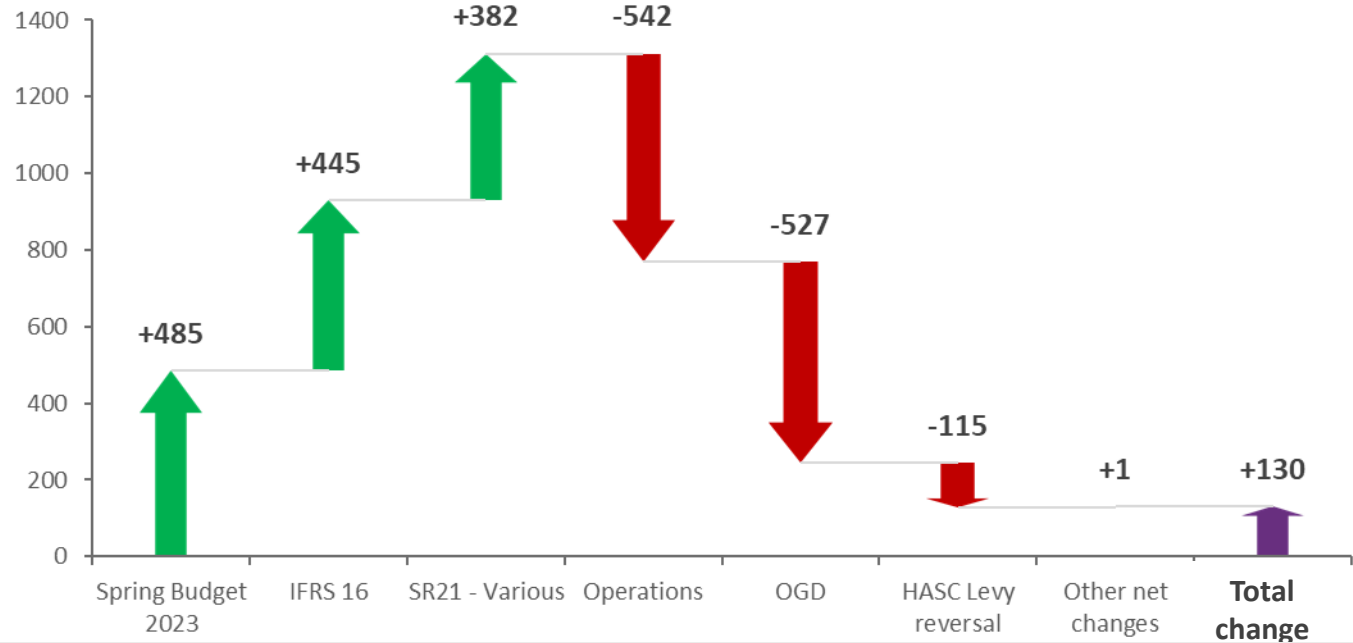
MoD's day-to-day budget increased by £129.8m (+0.3%)

Resource DEL budget in £m



MoD's increase is driven by additional funding announced at the Spring Statement 2023

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- £485 million agreed as part of the **additional £5 billion over two years** announced in the **Spring Statement 2023** (£250 million for Nuclear funding and £235 million for Resilience and Readiness);
- £445.4 million additional funding for an **accounting standard change**, this does not impact cash;
- £382.2 million increase in expenditure across various commodity spend areas in line with the 2021 Spending Review (see slide 12 for movements by commodity blocks);
- £541.7 million less in Operations. Operational budgets will be included during the Supplementary Estimate later this financial year.
- £526.5 million in net movements to other government departments; and
- £115.4 million returned to HM Treasury for the Health & Social Care Levy that was reversed.

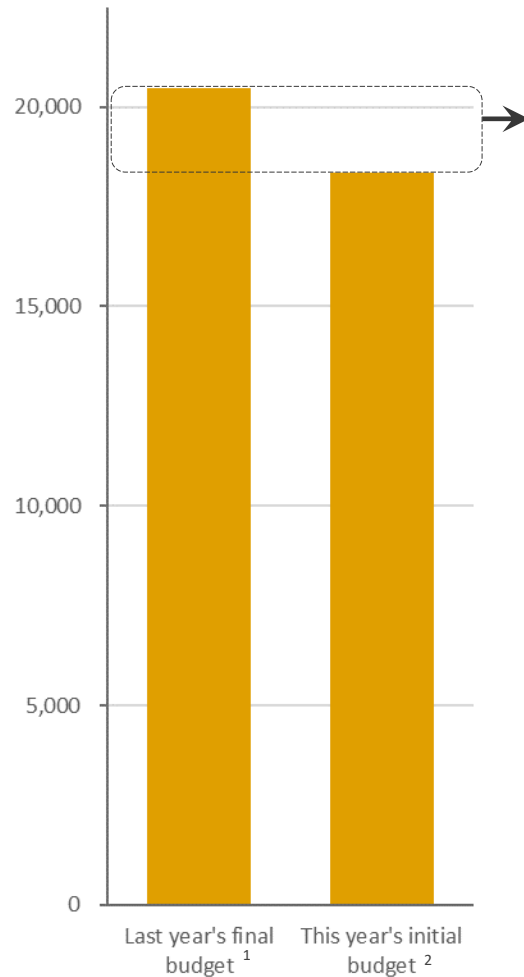
Slide 12 examines where these changes in expenditure are allocated within the department.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

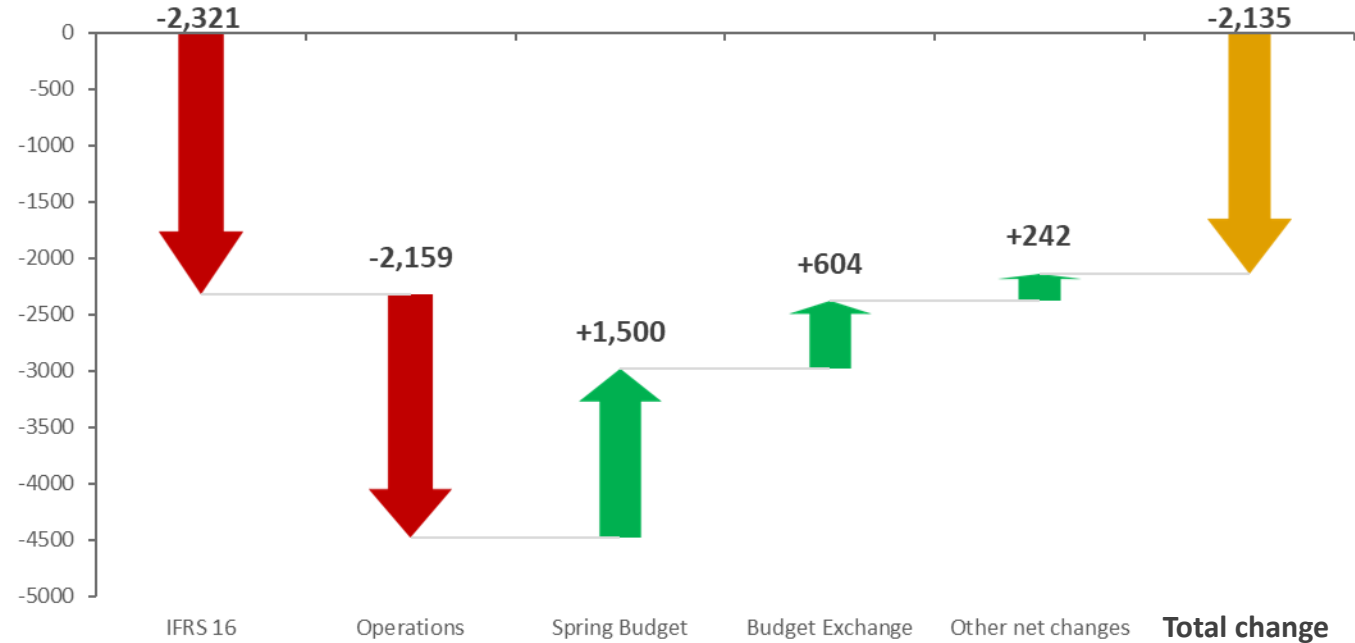
² Initial budget in Main Estimates 2023-24 (May 2023)

How is MoD's investment spending changing in 2023-24?

MoD's investment budget decreased by £2134.5m (-10.4%)
Capital DEL budget in £m



Funding for Operations is not included until the final budget, driving a reduction in the Main Estimate
Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

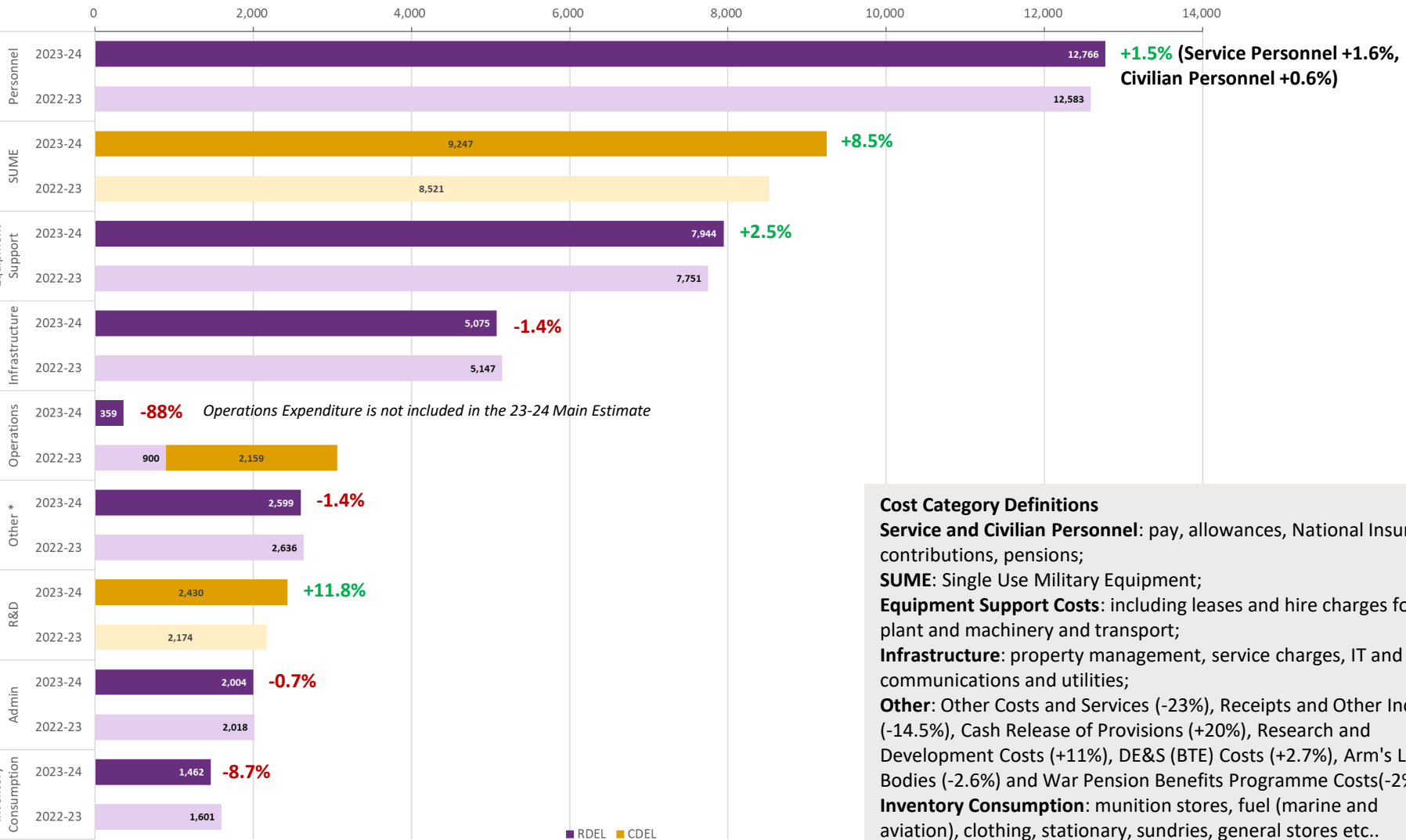
- £2,321 million less funding provided for changes to accounting standard IFRS 16;
 - £2,159 million less funding for operations. As mentioned in the previous slide, funding for operations, such as Ukraine will be requested at the Supplementary Estimate;
 - £1,500 million additional funding for: i) Defence Nuclear Enterprise (£750 million) and ii) Resilience and Readiness (£750 million). This is part of the £5 billion uplift in spending over two years announced in the Spring Budget 2023; and
 - £604 million re-profiled funding from 2021/22 and 2022/23 through Budget Exchange.
- Slide 12 examines where these changes in expenditure are allocated within the department.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

Breakdown of MoD expenditure vs last year

Breakdown of MOD budget 2023-24 (£ million) (excluding non-cash items: depreciation, impairments and other fiscal capital)



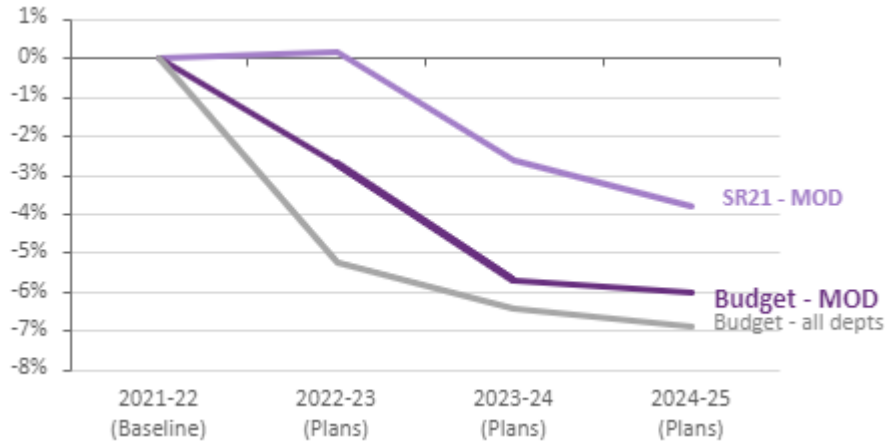
Cost Category Definitions
Service and Civilian Personnel: pay, allowances, National Insurance contributions, pensions;
SUME: Single Use Military Equipment;
Equipment Support Costs: including leases and hire charges for plant and machinery and transport;
Infrastructure: property management, service charges, IT and communications and utilities;
Other: Other Costs and Services (-23%), Receipts and Other Income (-14.5%), Cash Release of Provisions (+20%), Research and Development Costs (+11%), DE&S (BTE) Costs (+2.7%), Arm's Length Bodies (-2.6%) and War Pension Benefits Programme Costs(-2%),
Inventory Consumption: munition stores, fuel (marine and aviation), clothing, stationary, sundries, general stores etc..

MoD's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



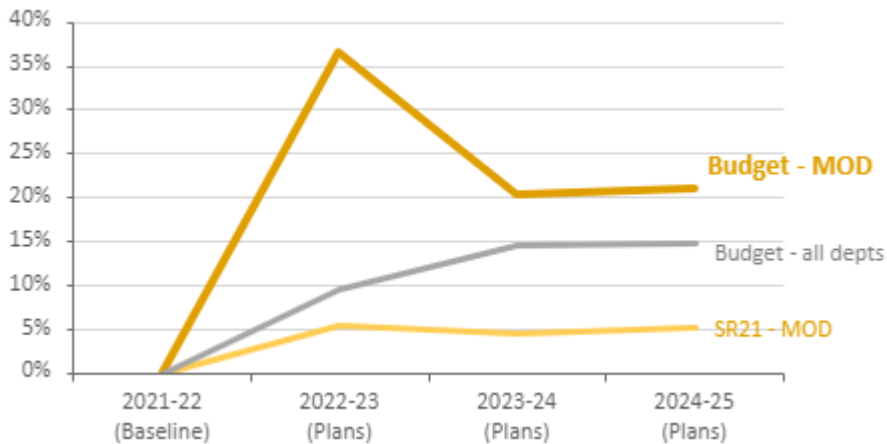
Trends in day-to-day spending plans

The RDEL settlement provided to the MoD over the spending review period 2022-23 to 2024-25 was expected to increase by £0.9bn in year 1 and then remain the same for the following two years. This meant there would be an average annual real terms reduction of -1.4%.

Increases to this nominal settlement following the 2023 Spring Budget have not been enough to combat growing inflation. The latest forecasts suggest RDEL will have decreased by 6% in real terms by the end of 2024-25.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

The spike in funding for 2022-23 is driven by Operations and Peacekeeping. The Prime Minister has committed to a similar amount of funding for 2023-24, but this is not yet reflected in the budget.

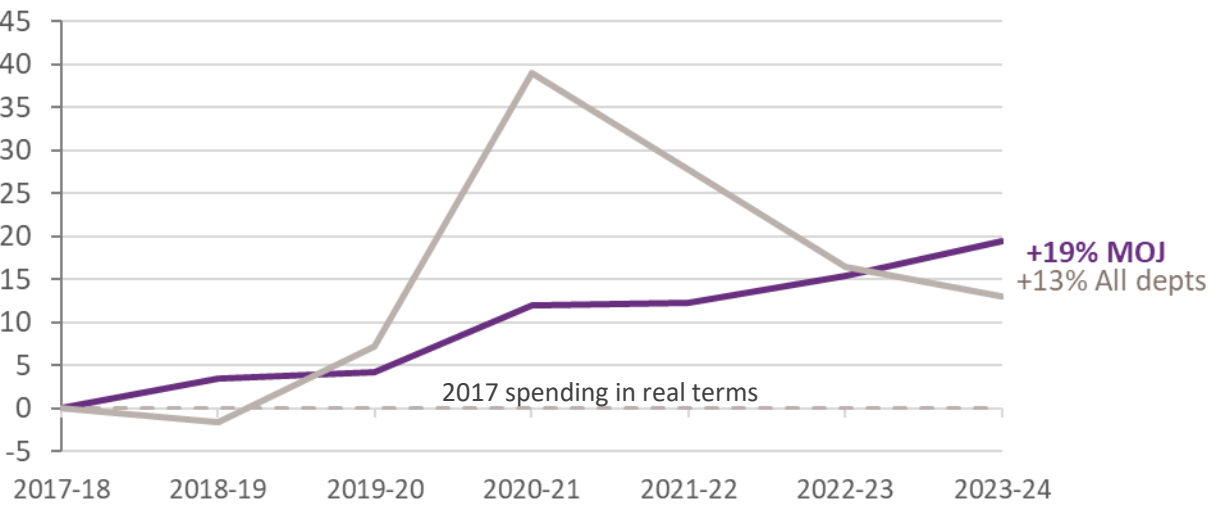
Investment funding for the department following the integrated review and Spring Budget 2023 means that in real terms capital is expected to increase by 21% by the end of 2024-25.

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

Ministry of Justice (MoJ)

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

Percentage change in **day-to-day spending** compared to 2017 (Resource DEL):



Day-to-day spending trends

In real terms, **Resource DEL is 19% higher in 2023-24 than it was in 2017-18.**

This increase has been driven by more funding for prisons, victim support, legal aid, maintenance across the prison estate, courts and tribunals and funding to recover from court backlogs.

Investment spending trends

In real terms, the Capital DEL budget is forecast to be 367% higher in 2023-24 than in 2017-18, this equates to an additional £1.7bn in cash terms. This increase is driven by funding for an additional 20,000 prison places by the mid 2020's.

Over the past two years the MoJ has not been able to keep up with the pace of funding provided in the budget for prison capacity and has had to re-profile 37% of its prison budget in both 2021-22 and 2022-23 into future years.

Investment in prison capacity would have to increase by £1bn or 135% if the department were to fully utilise this year's budget.

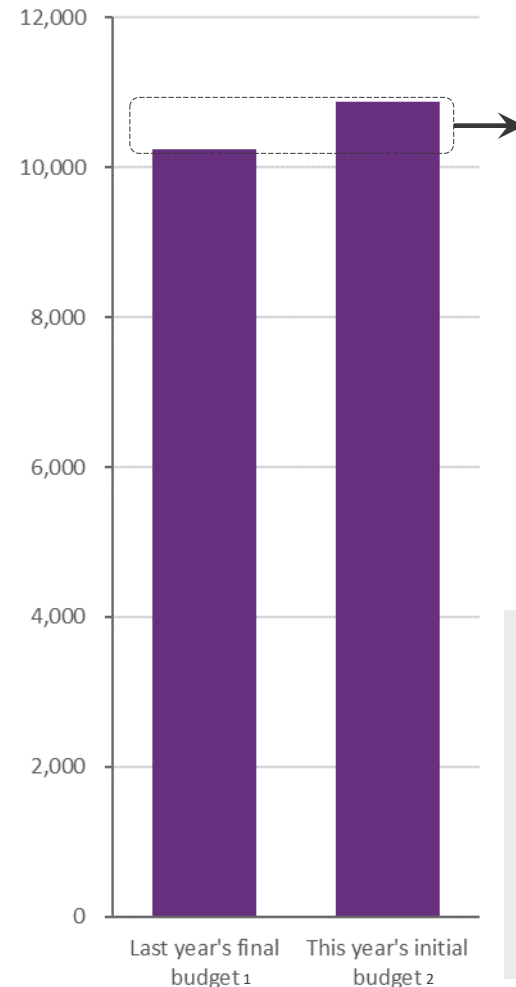
Percentage change in **investment spending** compared to 2010 (Capital DEL):



How is MoJ's day-to-day spending changing in 2023-24?

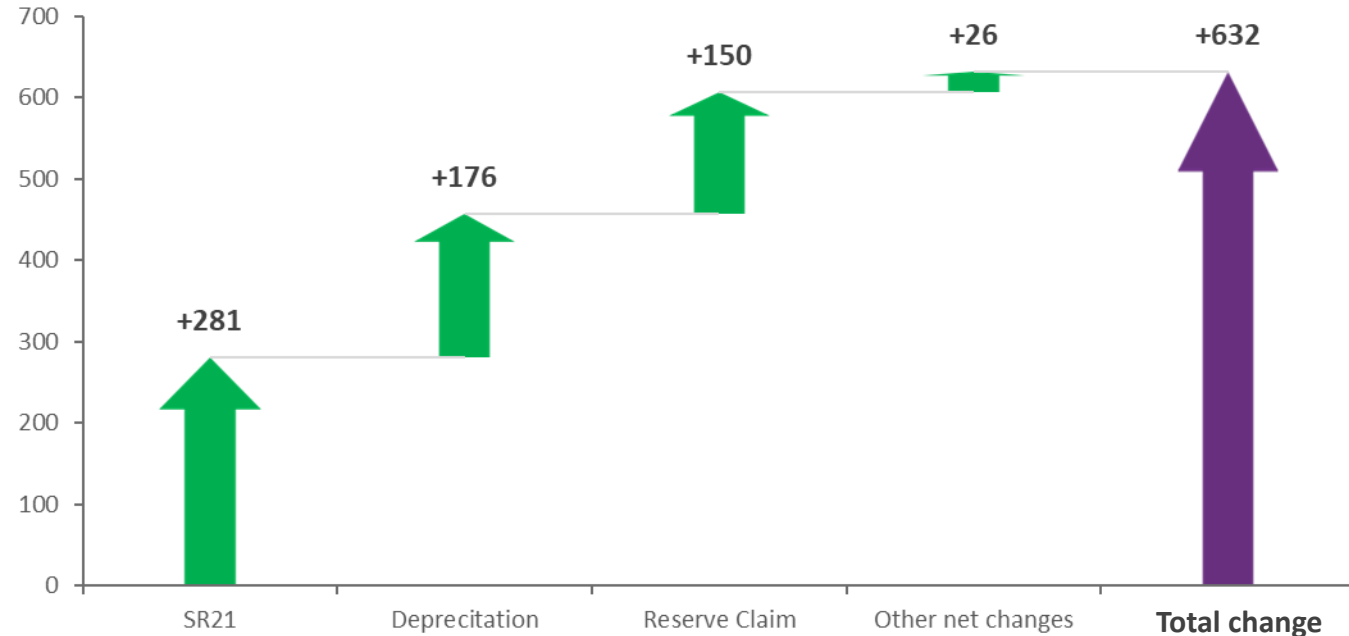
MoJ's day-to-day budget increased by £632.3m (+6.2%)

Resource DEL budget in £m



MoJ's spending increase is driven by planned increases as part of the SR21 settlement

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

The three largest movements driving the budgetary increase are:

- £280.8 million additional funding in line with the **2021 Spending Review (SR21) profile**, the largest increases in funding have been across the **HM Prisons and Probation Service** and the **Legal Aid Agency**;
- £175.9 million additional funding for **depreciation** requirements; and
- £150 million claim on the Reserve following a prior year **budget exchange**.

NB: [Slide 12](#) provides a further breakdown of where this additional funding from the SR21 and budget exchange has been allocated.

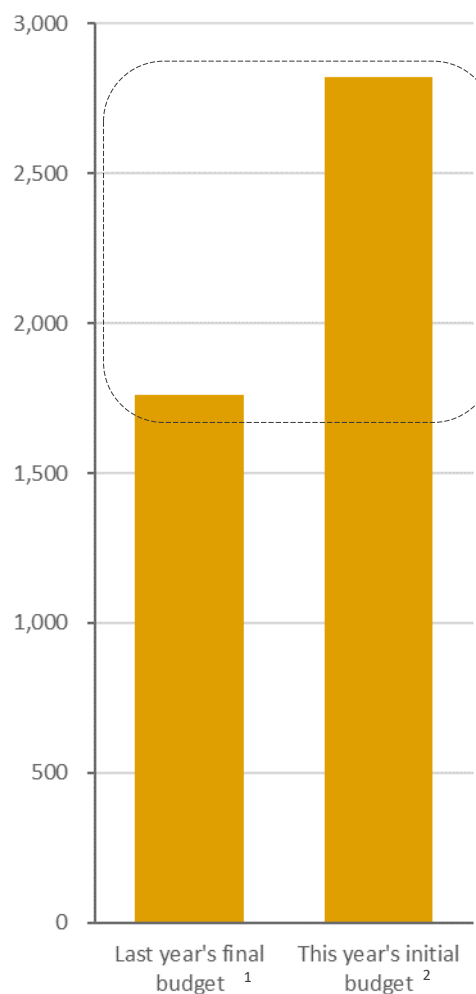
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is MoJ's investment spending changing in 2023-24?

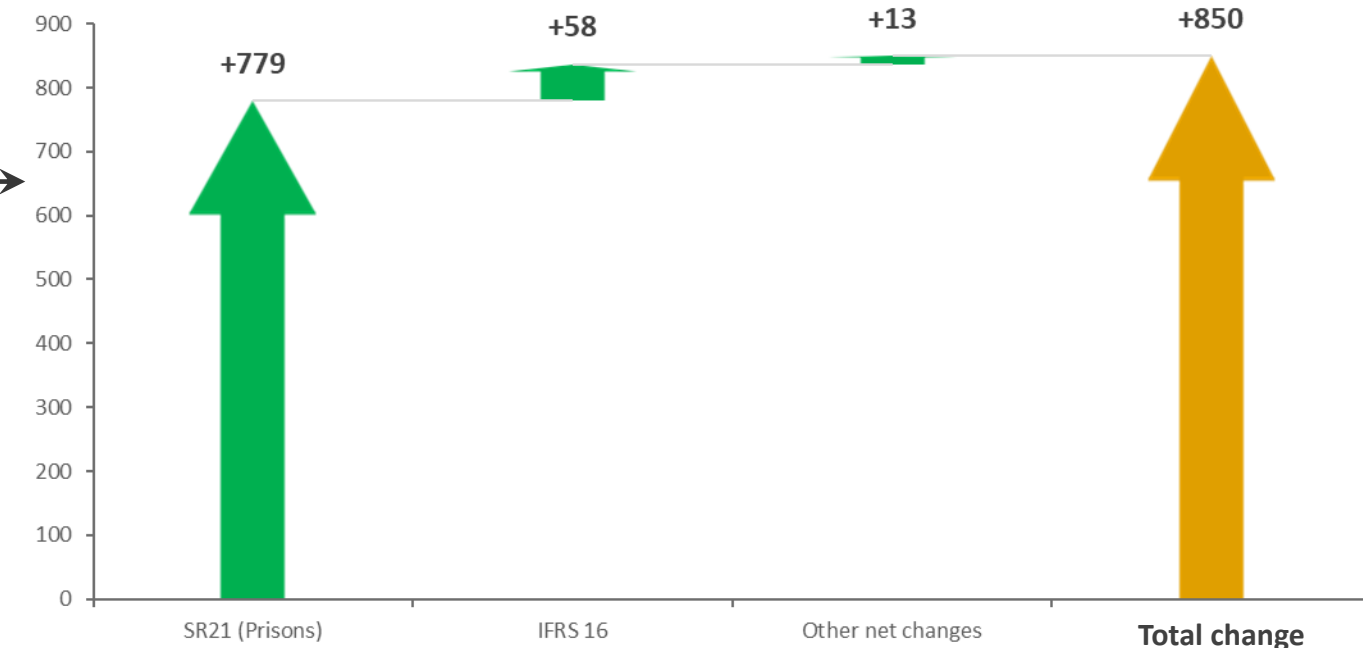
MoJ's investment budget increased by £849.9m (+58.3%)

Capital DEL budget in £m



Investment expenditure to create "20,000 new prison places" drives capital uplift.

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

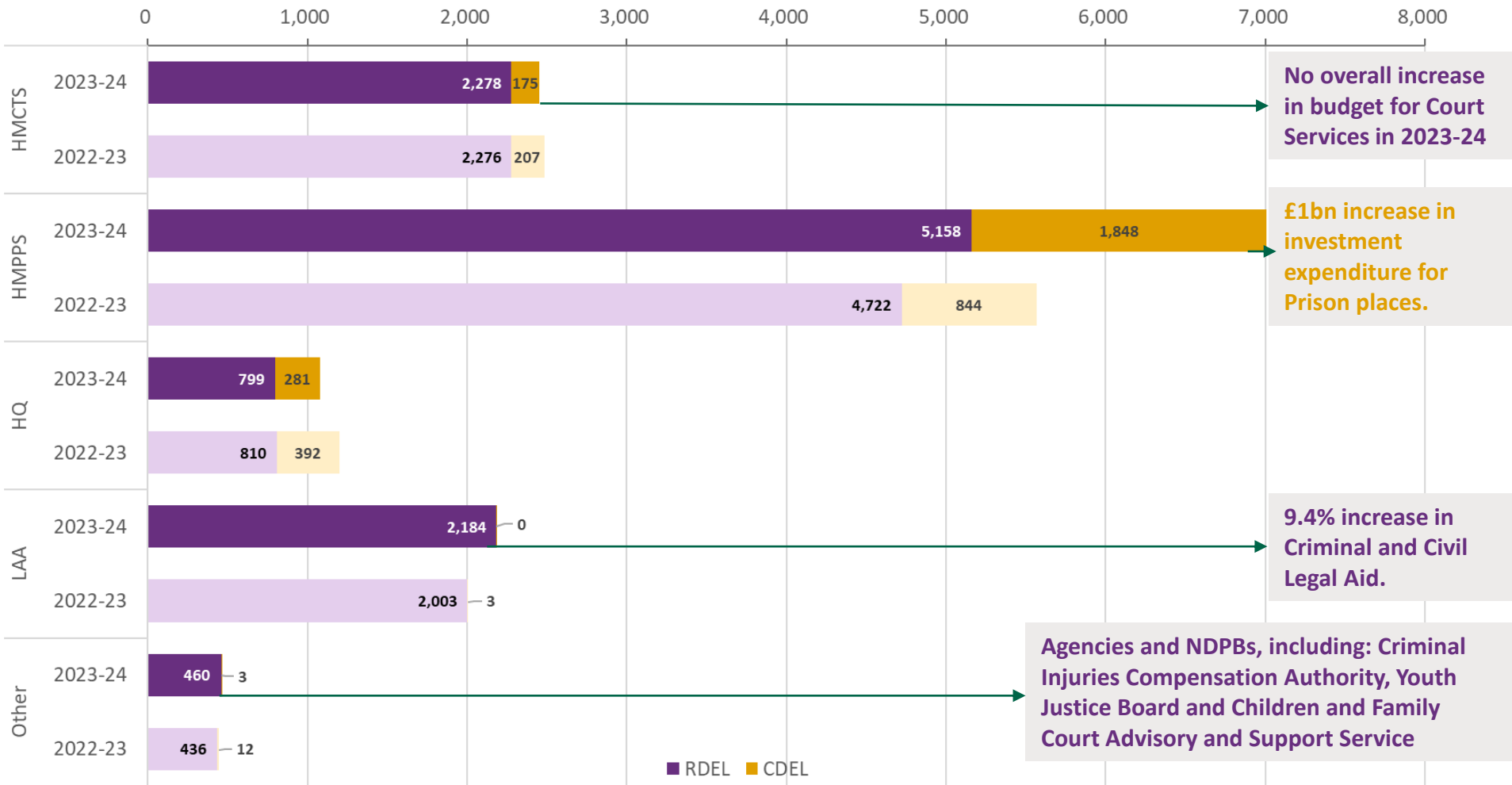
- £779 million additional funding as part of the 2021 Spending Review profile for 2023/24 this is driven by increased investment to deliver 20,000 additional **prison places** by the mid-2020s; and
 - £58 million for **IFRS 16** implementation, this is an accounting standard change in relation to leases.
- NB: Slide 12 provides a further breakdown of where additional funding from the SR21 has been allocated.*

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How does the MoJ spend its money?

A breakdown of the 2023-24 budget compared to 2022-23 budget £ million

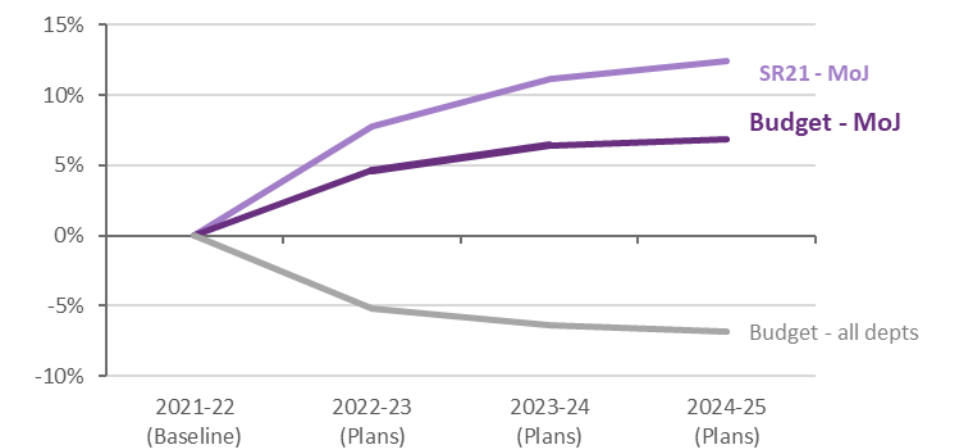


MoJ's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

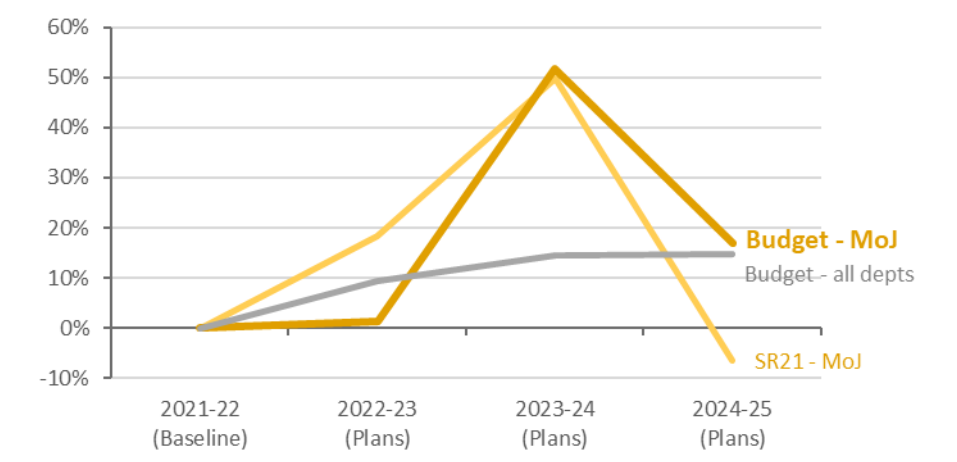
Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in day-to-day spending plans

Over the three-year spending review period (SR21), RDEL was expected to increase by £1.7bn or 12.4% in real terms. Since then, higher inflation has meant the real terms growth is now expected to be 6.9% by the end of 2024-25, with small real term movements expected between 2023-24 and 2024-25.

Trends in investment spending plans

Investment spend annual movements fluctuate in line with programme profiling; this causes the spikes and troughs when displayed graphically over a relatively short time-period.

There are 4 major programmes to increase prison capacity which dominate the department's capital spend, they are:

- i) **Glen Parva** due to finish Nov 2023;
- ii) **Accelerated houseblocks** due to finish May 2024;
- iii) **Estate Expansion** due to finish in May 2025; and
- iv) **New Prisons** due to finish March 2027.

The phasing of this expenditure is likely to extend until at least 2027 given the latest completion dates outlined above. Current plans to have expenditure spike in 2023-24 may therefore be pushed to the right.

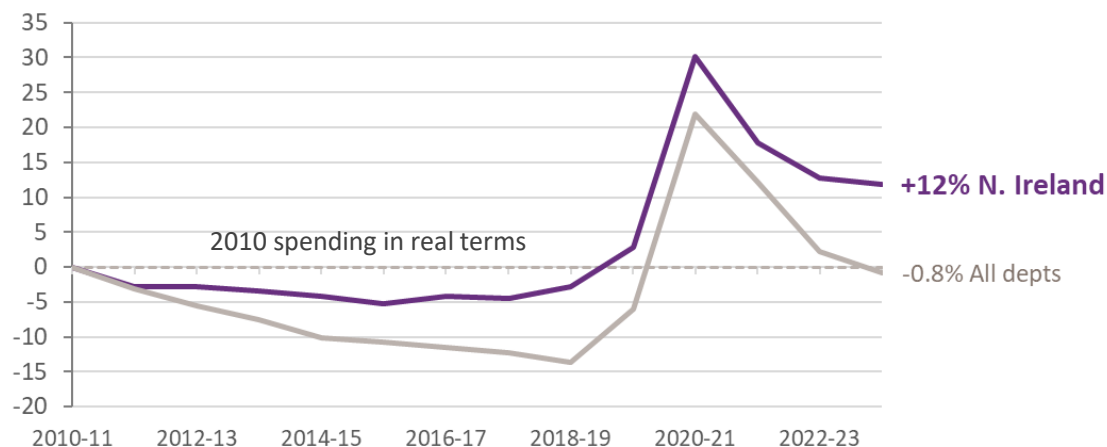
Note: baseline year for Spending Review 2021 is 2021-22 SR15 and SR10 gave five-year Capital DEL settlements

Devolved Administrations

Northern Ireland and the Secretary of State for Northern Ireland (Northern Ireland Office)

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

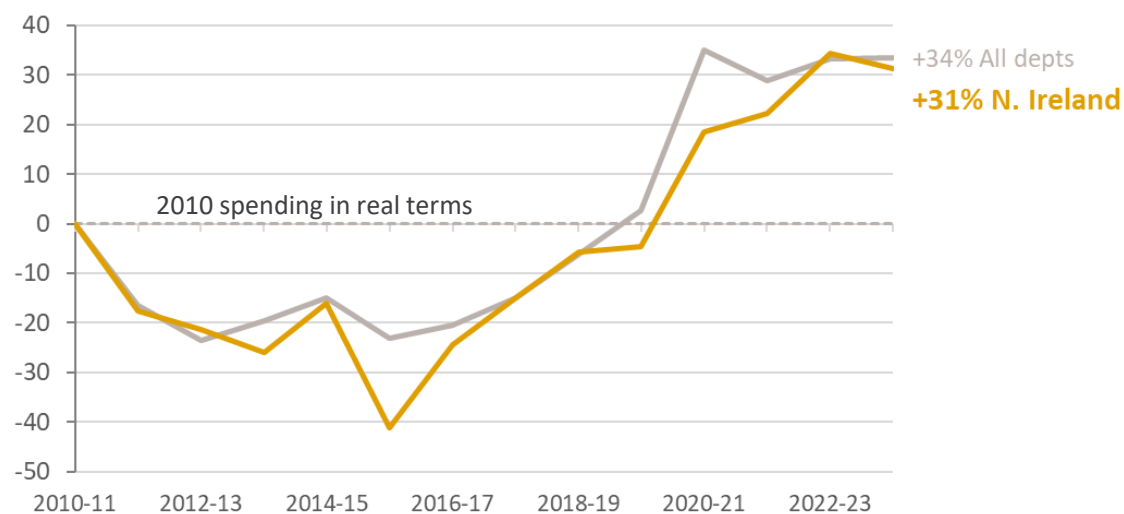
Percentage change in **day-to-day spending** compared to 2010 (Resource DEL):



Day-to-day spending trends

- Northern Ireland's budget experienced real terms reductions in spending of 5.4% in 2015-16 compared to 2010-11. These reductions were not as significant as other departments.
- The significant increase in the budget in 2020-21 was largely due to Barnett Consequentials relating to COVID-19 funding.
- Some additional funding outside of Barnett arrangements, such as post-EU Exit Farm Support, NDNA funding and City Deals has also been provided, boosting Northern Ireland's funding above what it would otherwise have been.
- Northern Ireland's RDEL allocation for 2023-24 is 12% larger than in 2010. This compares to a -0.8 decrease across all departments.

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



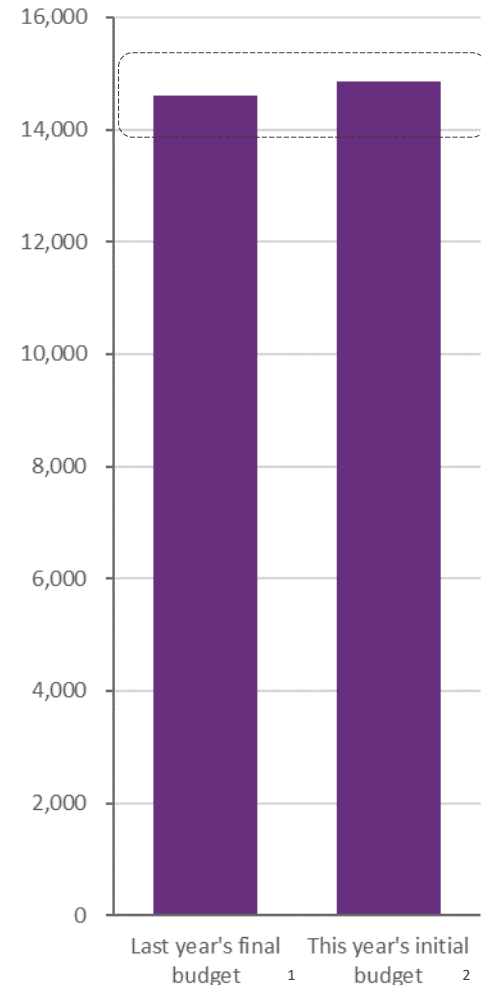
Investment spending trends

- Northern Ireland's capital budget was severely cut in the period 2010-2015, with real-terms reductions of 42.2% in 2015-16.
- Capital funding has **risen consistently since 2016-17** as a result of Barnett consequentials of increased capital spend elsewhere and has levelled off at a 31% increase on 2010 funding for 2023-24 compared to 34% across all departments.

How is Northern Ireland's day-to-day spending changing in 2023-24?

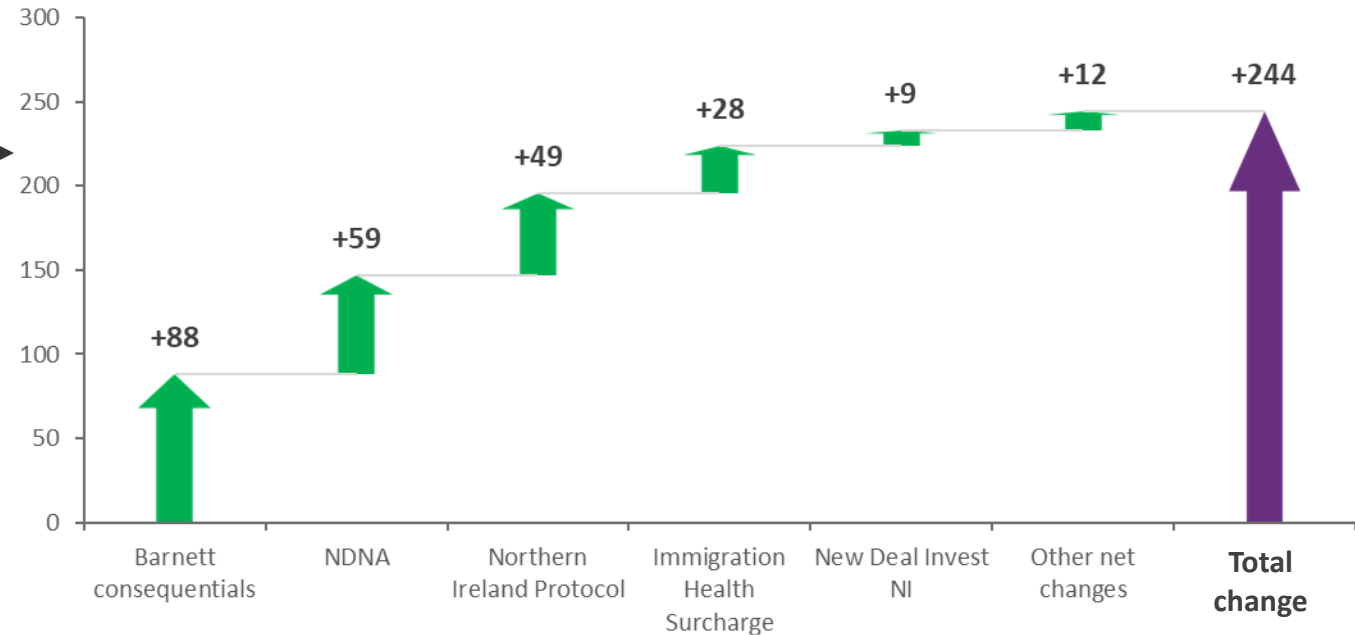
Northern Ireland's day-to-day budget increased by £244.4m (+1.7%)

Resource DEL budget in £m



Northern Ireland's spending increase is driven by adjustments to the Block Grant

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Barnett Consequentials:** Higher spending across government has meant Northern Ireland has incurred an increase of £88 million from Barnett consequentials in 2023-24.
- **NDNA:** £59 million funding for New Decade, New Approach (NDNA), this relates to a number of programmes including Tackling Paramilitarism and Transforming Public Services.
- **Protocol funding:** £49 million Northern Ireland Protocol Funding.
- **Immigration Health surcharge:** Budget transfer of £28 million from the Home Office for the Immigration Health Surcharge.

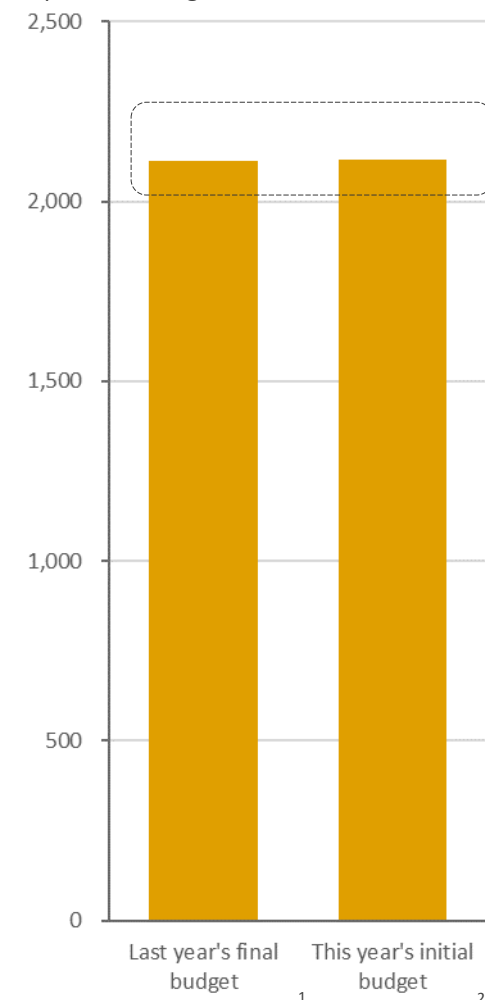
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is Northern Ireland's investment spending changing in 2023-24?

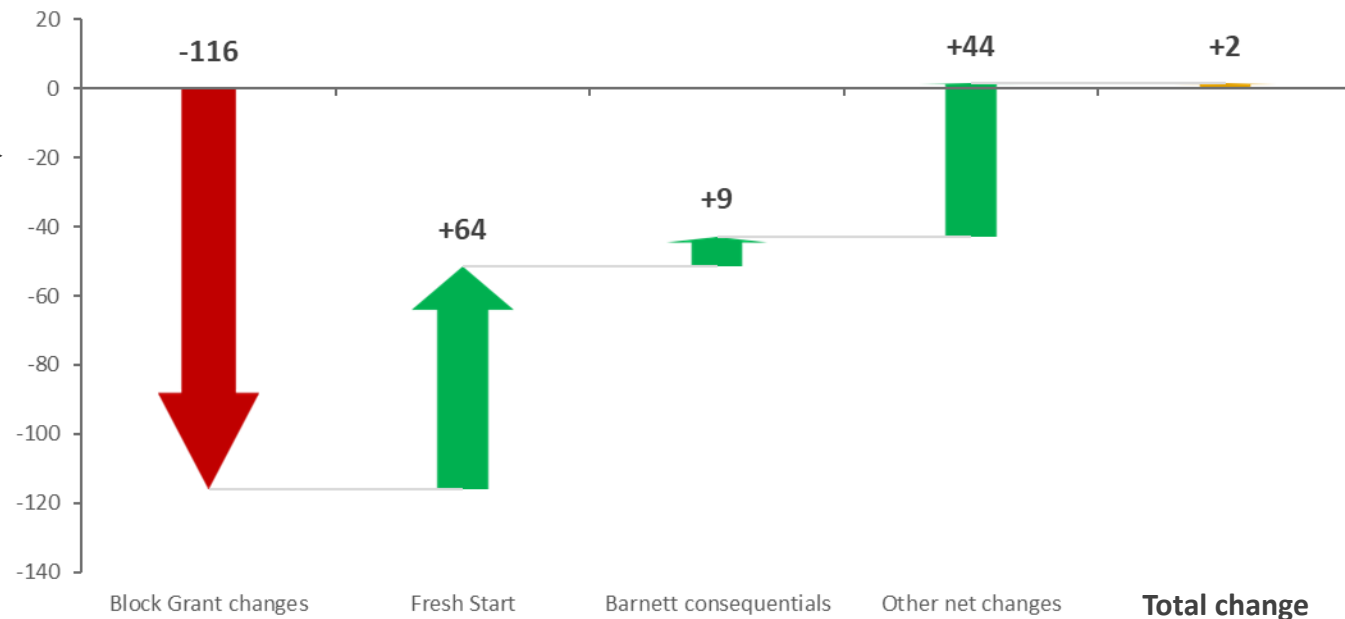
Northern Ireland's investment budget increased by £1.6m (+0.1%)

Capital DEL budget in £m



Northern Ireland's investment spending increase reflects Fresh Start funding for Education and Housing

Changes in Investment (Capital DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Block Grant changes:** The block grant is the largest source of funding for the Northern Ireland government. It covers a wide range of areas, including health, education, transport, housing, and other devolved policy areas. The size of the block grant is subject to annual negotiations between the UK and Northern Ireland governments.
- **Fresh Start:** increased funding of £64 million for Fresh Start Shared Education and Housing allocated outside the Barnett Formula calculation (referred to as 'formula bypass')
- **Barnett consequentials:** Higher spending across government has meant Northern Ireland has incurred an increase of £9 million from Barnett consequentials in 2023-24.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

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

To the Northern Ireland Government

Cash grant to the Northern Ireland Government

£22,360.0 million (+£1,012.6 million (+4.5%) compared to the final budget for 2022-23.)

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Funding for Annually Managed Expenditure (AME)
- 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) : £41.4 million (-£11.3 million (-27%) compared to the final budget for 2022-23)*
- *Investment spending (Capital DEL): £3.3 million (+£1.2 million (+36%) compared to the final budget for 2022-23)*

Capital DEL increases in 2023-24 are driven by:

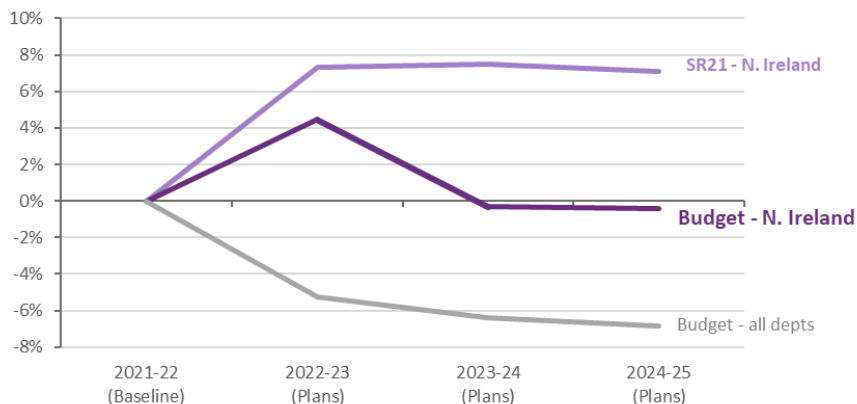
- Funding for implementation of Legacy legislation; and
- Delayed Peace Plus payment from prior year, resulting in increased payment in current year.

Northern Ireland's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



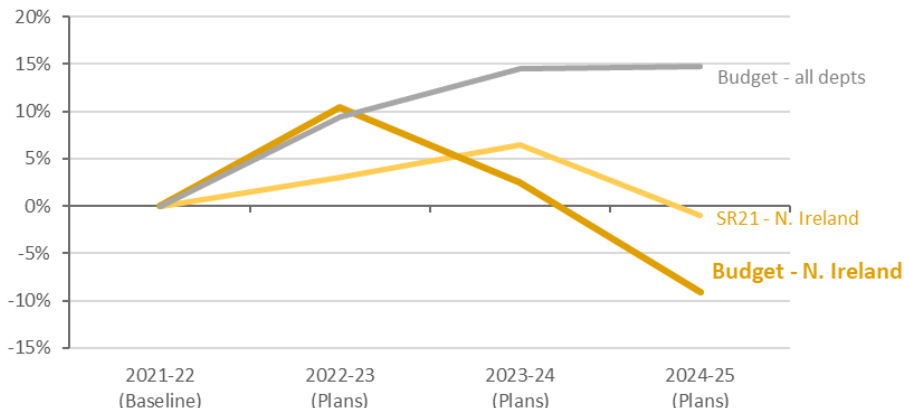
These graphs compare the real term growth assumptions in the 2021 spending settlement (SR21) compared to the 2023 budget (Budget) using latest inflation forecasts and uplifts to the nominal settlement.

Trends in day-to-day spending plans

- Current RDEL spending plans provide a -0.4% real-terms decrease over the baseline by 2024-25, compared to a +7.1% increase in SR21.
- This is due to the budget baseline being £0.8 billion higher than the SR21 baseline, and increased day to day spend in 2022-23. This was caused by:
 - Covid 19 Barnett consequentials of £329 million in 2021-22
 - Council tax rebates totalling £280.3 million across 2021-22 and 2022-23

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

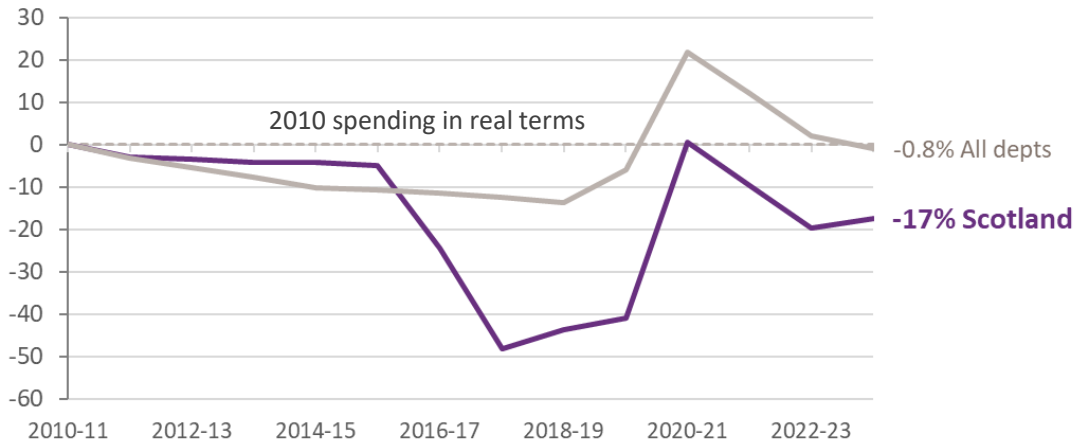
- Current CDEL spending plans provide a -9.1% decrease over the baseline by 2024-25, compared to -1.0% in SR21.
- This is due to the budget baseline being £0.1 billion higher in 2021-22 than SR21 and increased investment spend in 2022-23, this has risen as a result of:
 - Barnett Consequentials caused by the capital costs of the Special Administrative Regime for Bulb.
 - Increased costs due to the IFRS 16 accounting standard changes.

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

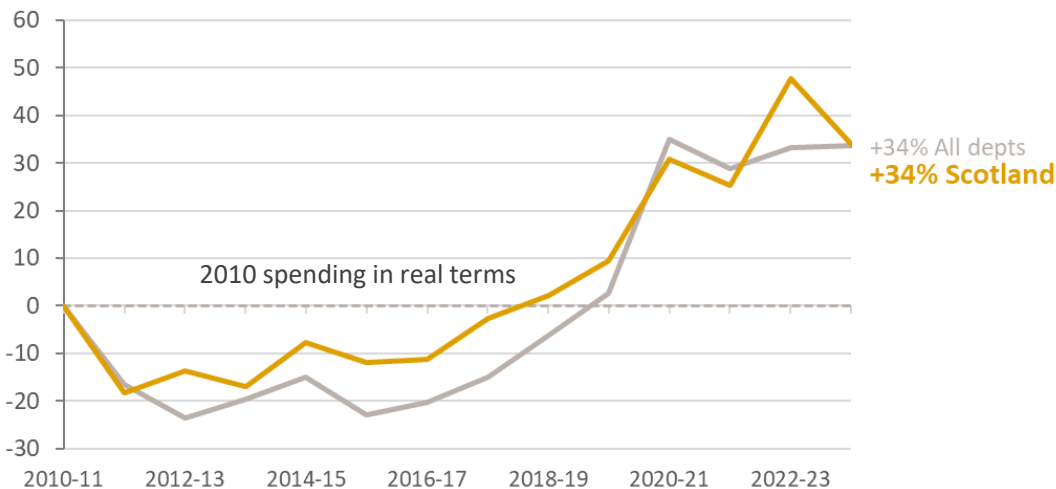
Scotland and the Secretary of State for Scotland (Scotland Office)

Long-term trends in Scotland'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

- Scotland's budget experienced real terms reductions in spending of **48% in 2017-18 compared to 2010-11**.
- The significant increase in the budget in 2020-21 from Barnett Consequentials derived from **COVID-19 funding**.
- Some additional funding outside of the Barnett formula, 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.
- Scotland's resource allocation for 2023-24 is 17% lower than in 2010. This compares to an average of -0.8% decrease across all departments.

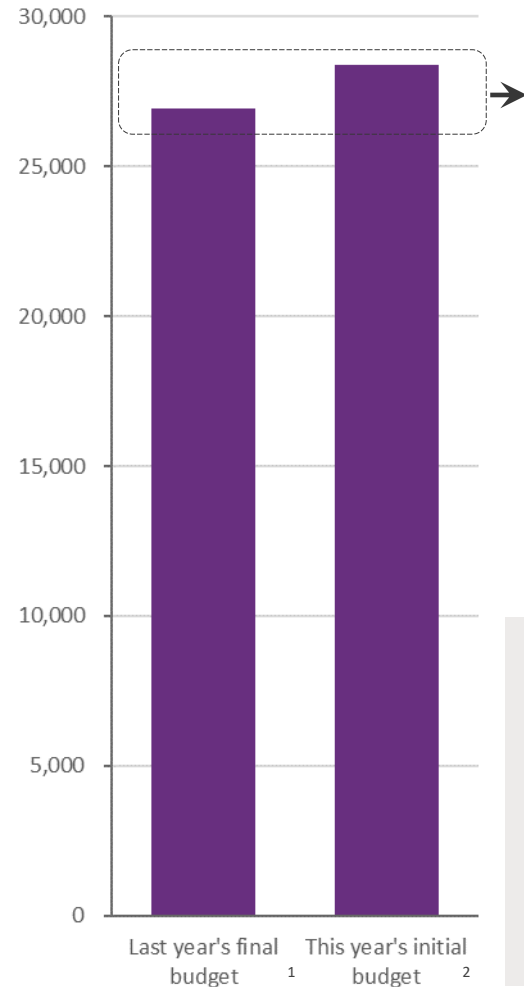
Investment spending trends

- Scotland's capital budget has **risen consistently since 2016-17** as a result of Barnett Consequentials from increased capital spend elsewhere.
- Scotland's 2023-24 capital allocation is 34% larger in real terms than in 2010. This is comparable with the average growth across all departments.

How is Scotland's day-to-day spending changing in 2023-24?

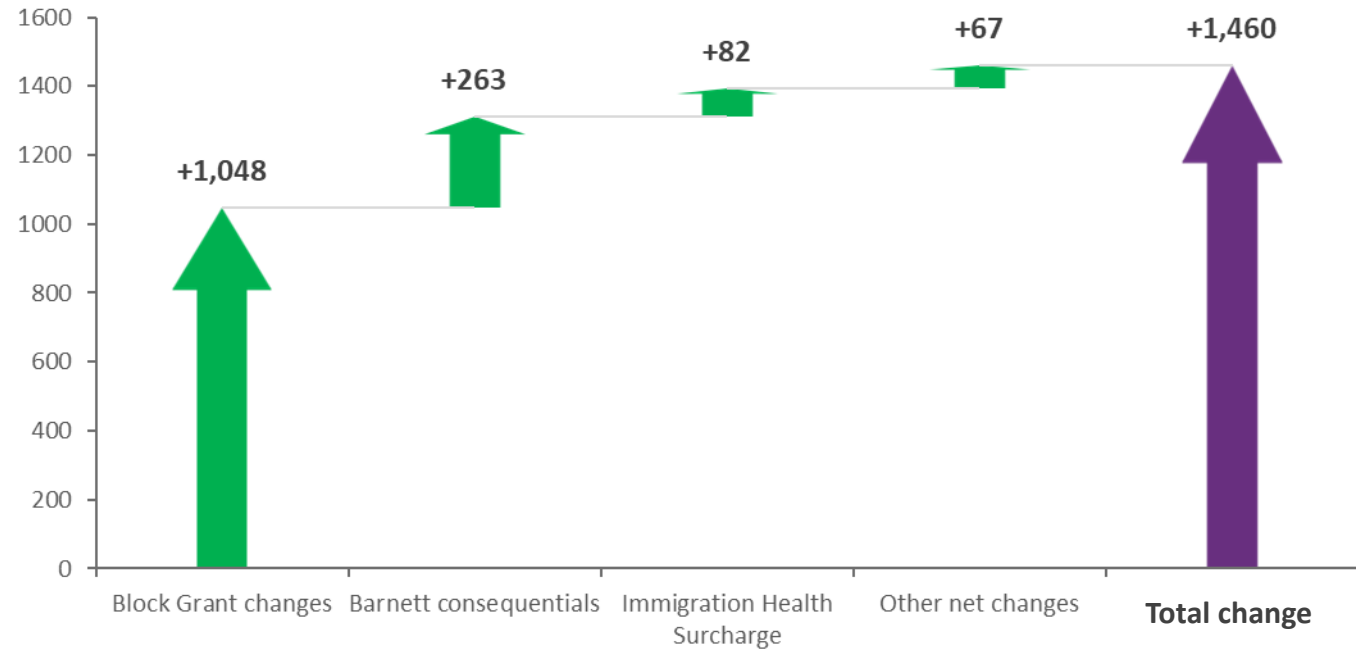
Scotland's day-to-day budget increased by £1459.7m (+5.4%)

Resource DEL budget in £m



Scotland's spending increase is driven by adjustments to the Block Grant

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- **Block Grant changes:** The block grant is the largest source of funding for the Welsh government. It covers a wide range of areas, including health, education, transport, housing, and other devolved policy areas. The size of the block grant is subject to annual negotiations between the UK and Welsh governments.
- **Barnett Consequentials:** Higher spending across government has meant Scotland has incurred an increase of £263 million from Barnett consequentials in 2023-24.
- **Immigration Health surcharge:** Budget transfer of £82 million from the Home Office for the Immigration Health Surcharge.

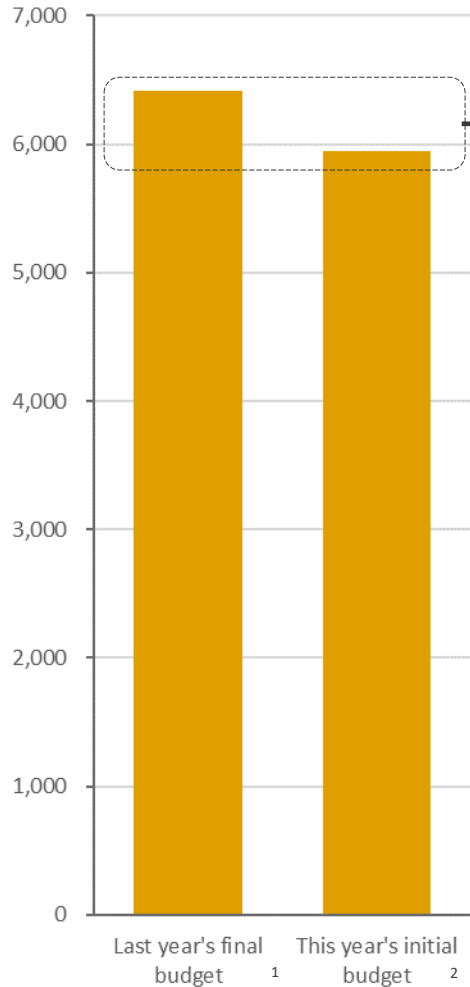
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is Scotland's investment spending changing in 2023-24?

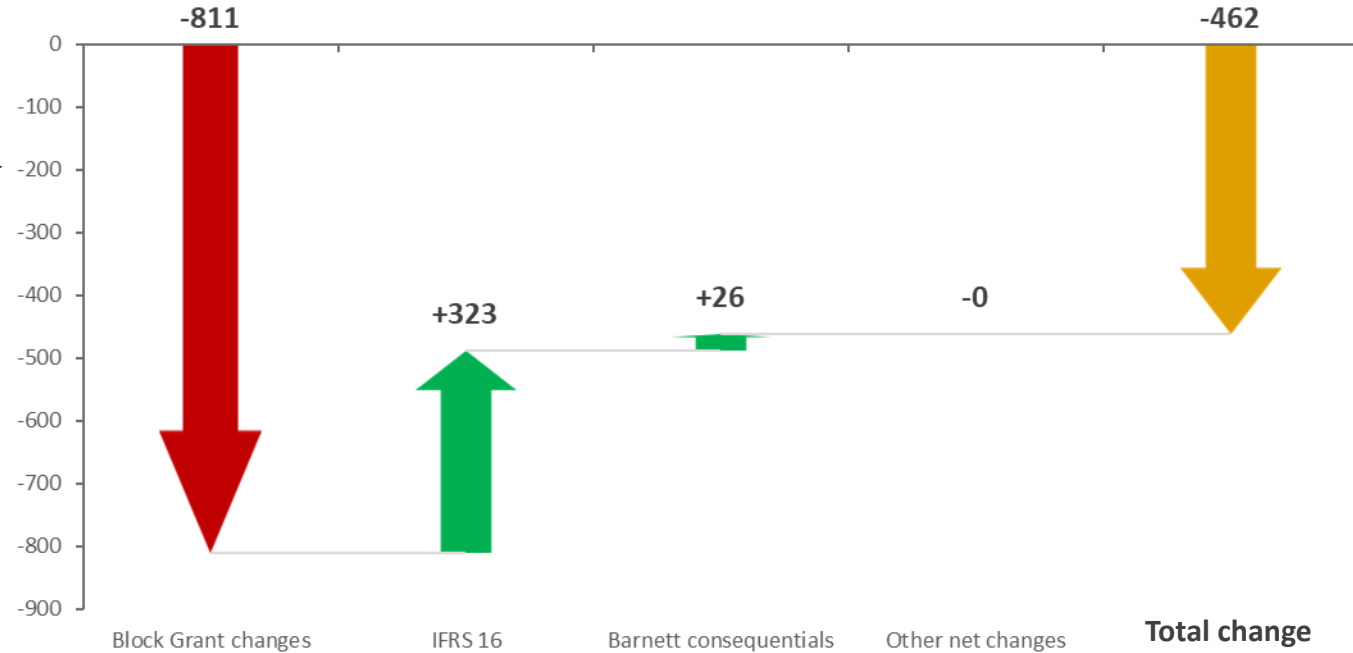
Scotland's investment budget decreased by £462.3m (-7.2%)

Capital DEL budget in £m



Scotland's investment spending decreases reflects annual adjustments to the Block Grant

Changes in Investment (Capital DEL) budget in £m since final budget for 2023-24



Changes in 2023-24

- **Block Grant Adjustment:** The block grant is the largest source of funding for the Welsh government. It covers a wide range of areas, including health, education, transport, housing, and other devolved policy areas. The size of the block grant is subject to annual negotiations between the UK and Welsh governments.
- **IFRS 16:** reclassification costs for the accounting standard IFRS 16 for leases has incurred additional funding of £323 million for 2023-24.
- **Barnett consequentials:** Higher spending across government has meant Scotland has incurred an increase of £26 million from Barnett consequentials in 2023-24.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

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

To the Scottish Government

Cash grant to the Scottish Government

£29,860.0 million (+£775.0 million (+2.7%) compared to the final budget for 2022-23.)

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Funding for Annually Managed Expenditure (AME)
- 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

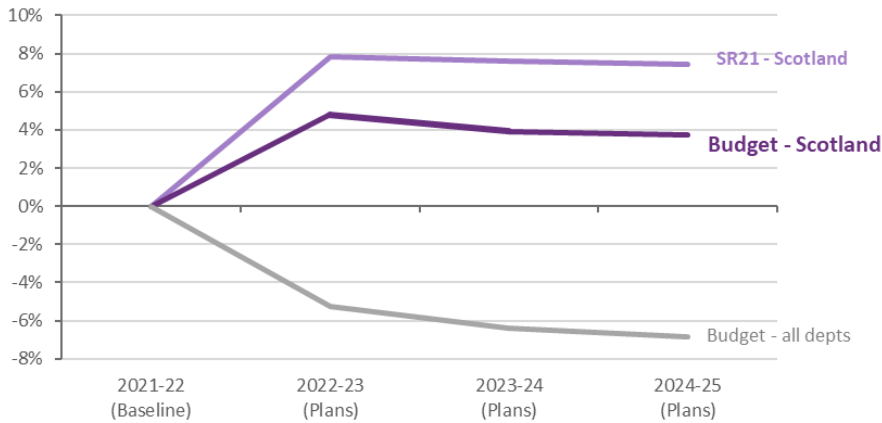
- *Day to day spending (Resource DEL) : £13.6 million (+£0.2 million (+2%) compared to the final budget for 2022-23)*
- *Investment spending (Capital DEL): £0.5 million (+£0.4 million (+900%) compared to the final budget for 2022-23)*

Scotland's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



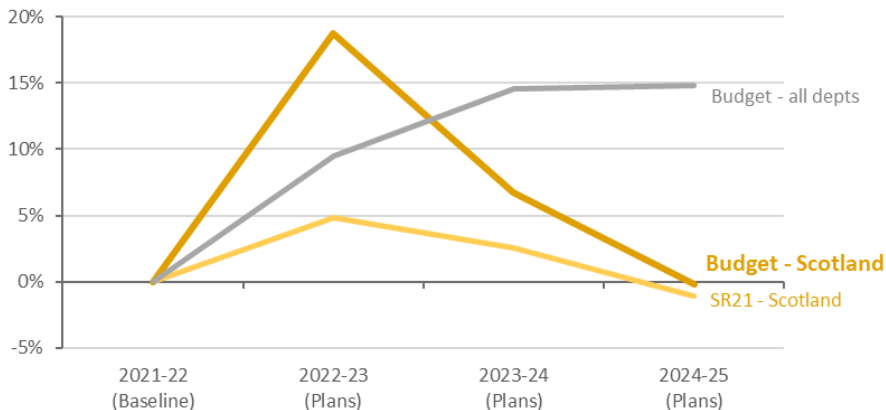
These graphs compare the real term growth assumptions in the 2021 spending settlement (SR21) compared to the 2023 budget (Budget) using latest inflation forecasts and uplifts to the nominal settlement.

Trends in day-to-day spending plans

- Current RDEL spending plans provide a 3.7% real-terms increase over the baseline by 2024-25, compared to 7.4% in SR21.
- This is due to the budget baseline being £0.9 billion higher than the SR21 baseline, caused primarily by:
 - Covid-19 related Barnett Consequentials
 - Budget transfer from DHSC for post covid catch up
 - Budget transfer from the Cabinet Office to cover costs of hosting COP 26.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

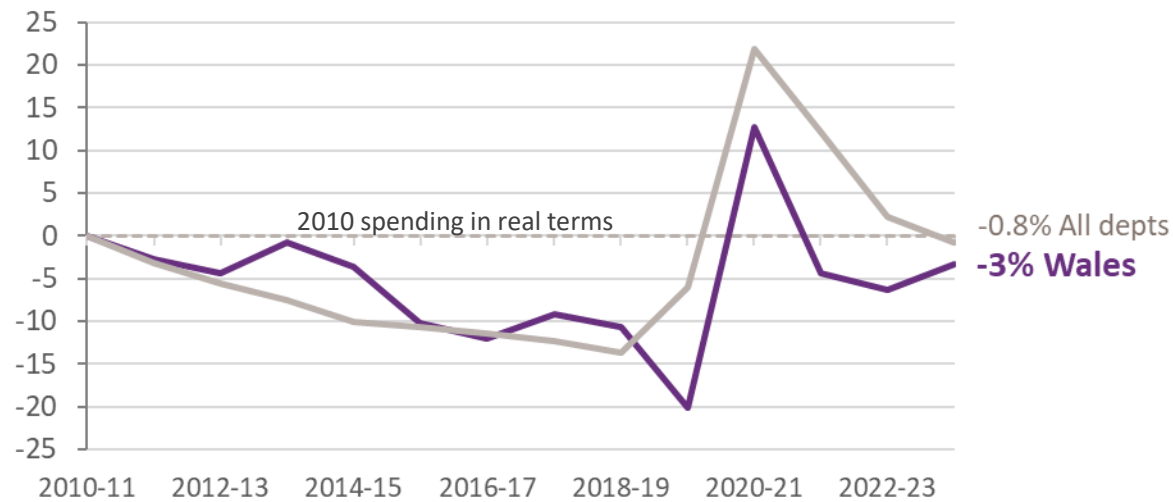
- Current growth assumptions for CDEL spending plans are broadly in line with SR21 baseline.
- Investment spend increased significantly in 2022-23 largely due to additional budget for the IFRS 16 accounting standard changes requiring lease reclassifications.
- Additional capital funding was also allocated in 2022-23 for City Deals across Scotland.

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

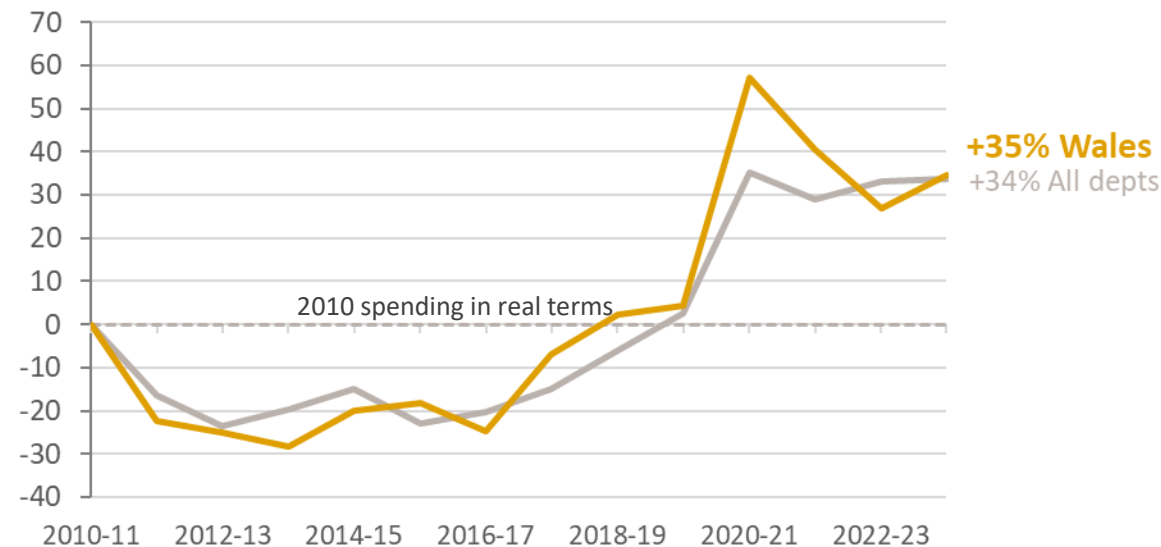
Wales and the Secretary of State for Wales (Wales Office)

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

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



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



Day-to-day spending trends

- Wales's budget decreased since 2010, broadly in line with other departments, with real terms reductions in spending of 12.3% in 2016-17 compared to 2010-11.
- The significant increase in the budget in 2020-21 was largely as a result of Barnett Consequentials relating to **COVID-19 funding**.
- Some additional funding outside of the Barnett arrangements, such as **post-EU Exit Farm Support** funding and **City Deals**, has also been provided, **boosting Wales's funding above** what it would otherwise have been.
- Wales's RDEL allocation for 2023-24 is 3% smaller than in 2010. This compares to a -0.8% decrease across all departments.

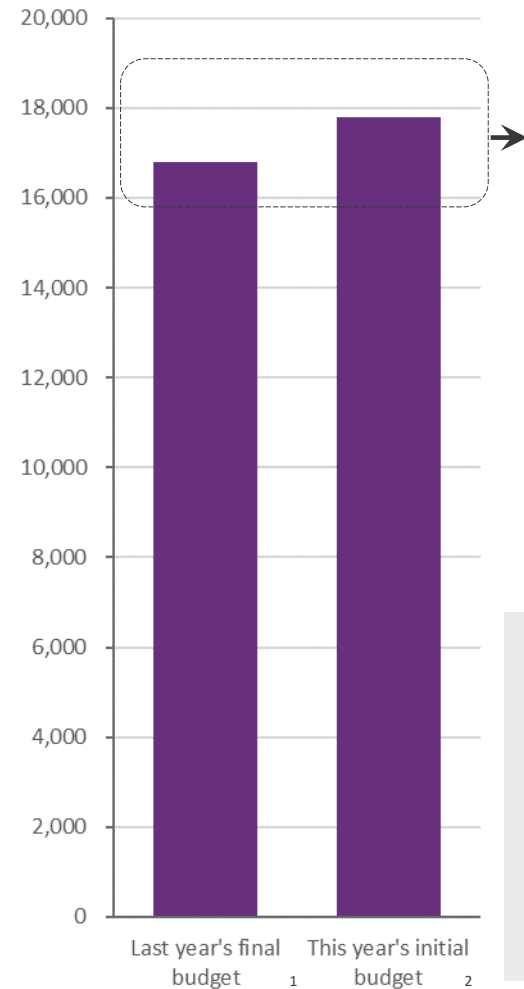
Investment spending trends

- Wales's capital budget was cut over the period 2010-2015 and has risen consistently since 2016-17 as a result of Barnett Consequentials of increased capital spend elsewhere.
- Wales CDEL allocation for 2023-24 is 35% larger than in 2010. This compares to 34% growth for all departments.

How is Wales's day-to-day spending changing in 2023-24?

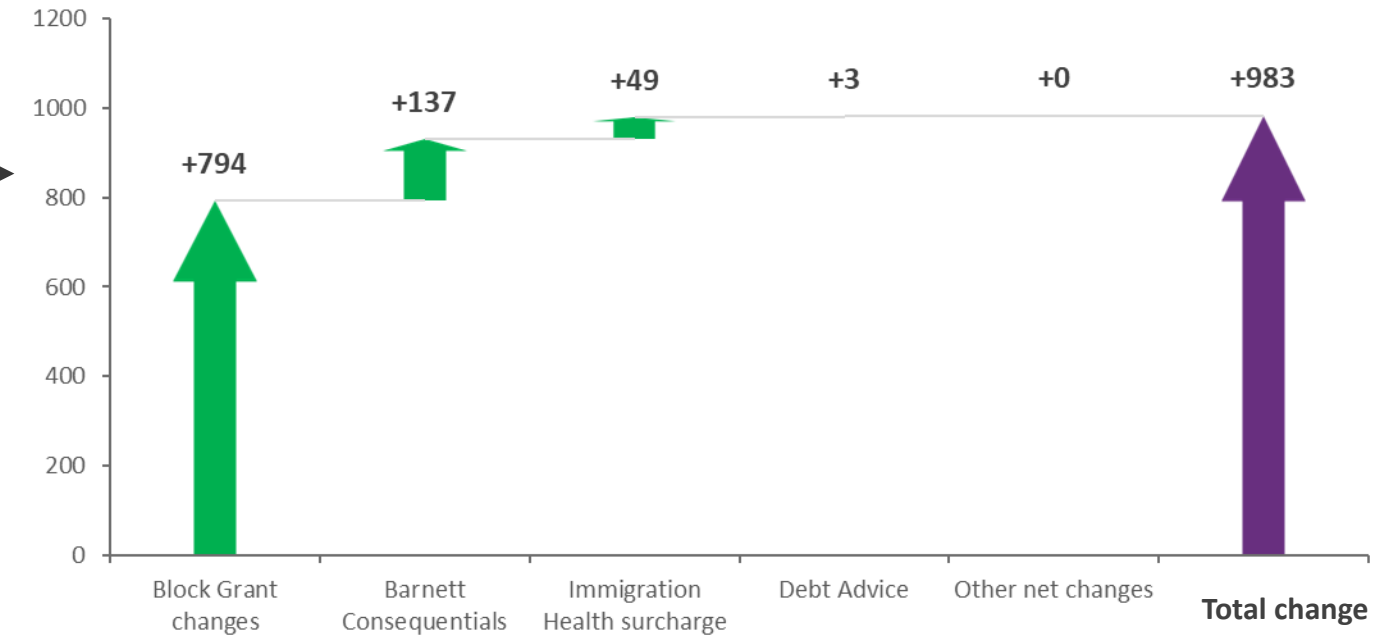
Wales's day-to-day budget increased by £983.3 (+5.9%)

Resource DEL budget in £m



Wales's spending increase is driven by annual adjustments to the Block Grant

Changes in Day-to-day (Resource DEL) budget in £m since final budget for 2022-23



Changes in 2023-24

- Block Grant changes:** The block grant is the largest source of funding for the Welsh government. It covers a wide range of areas, including health, education, transport, housing, and other devolved policy areas. The size of the block grant is subject to annual negotiations between the UK and Welsh governments.
- Barnett Consequentials:** Higher spending across government has meant Wales has incurred an increase of £137 million from Barnett Consequentials in 2023-24.
- Immigration Health surcharge:** Budget transfer from the Home Office for the Immigration Health Surcharge.

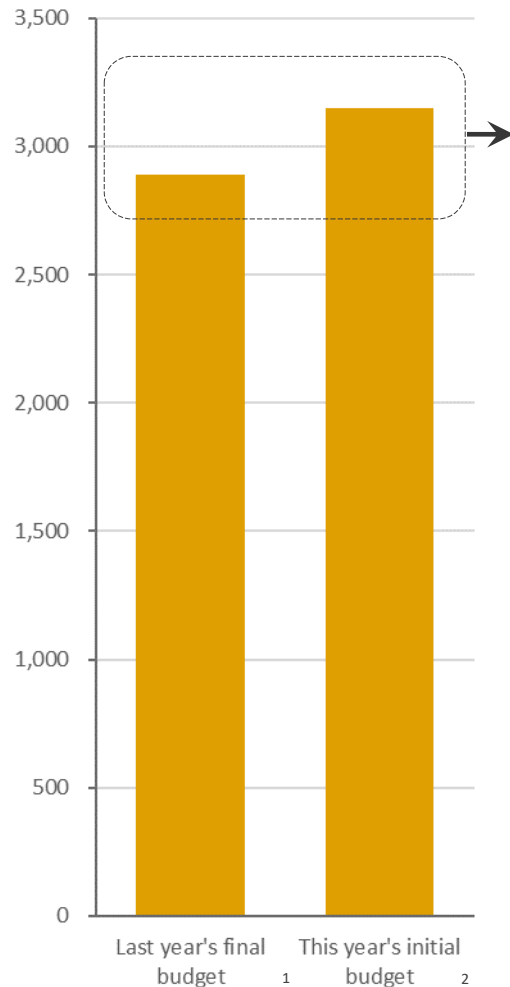
¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

How is Wales's investment spending changing in 2023-24?

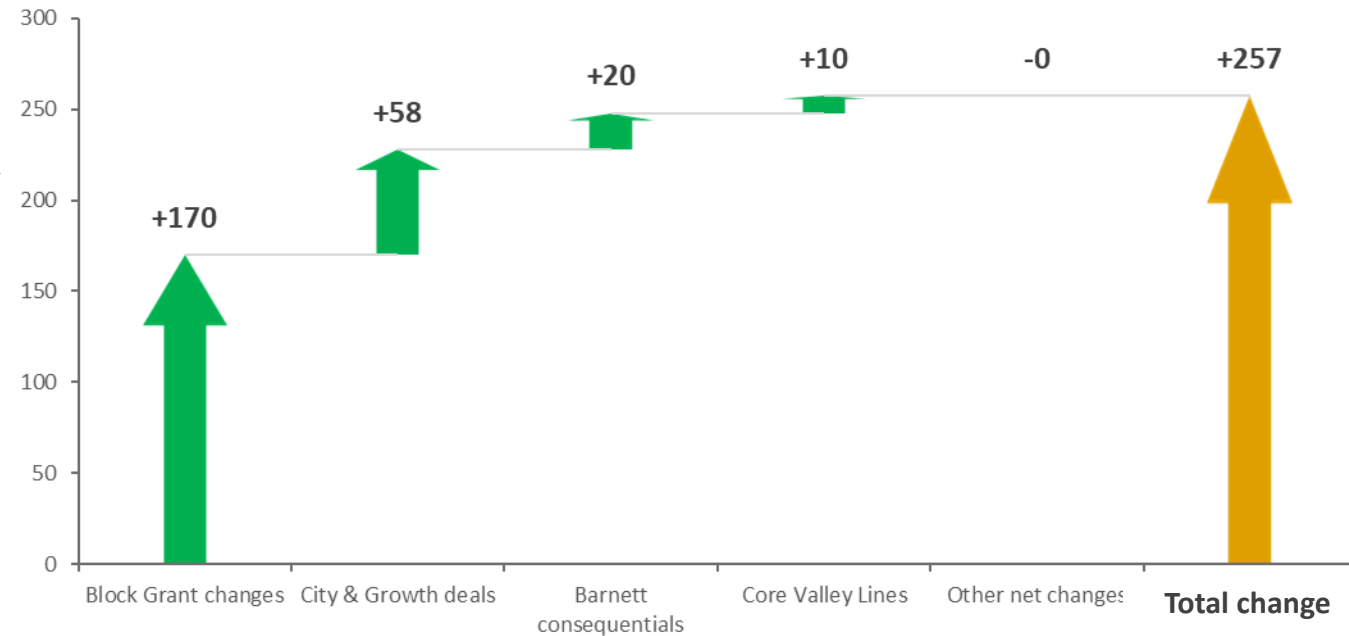
Wales's investment budget increased by £257.4m (+8.9%)

Capital DEL budget in £m



Wales's investment spending increases largely reflects adjustments to the Block Grant

Changes in Investment (Capital DEL) budget in £m since final budget for 2022-23⁷



Changes in 2023-24

- **Block Grant changes:** The block grant is the largest source of funding for the Welsh government. It covers a wide range of areas, including health, education, transport, housing, and other devolved policy areas. The size of the block grant is subject to annual negotiations between the UK and Welsh governments.
- **City & Growth deals:** an increase of £58 million in funding outside of the Barnett Formula calculation, commonly referred to as 'formula bypass'.
- **Barnett consequentials:** Higher spending across government has meant Wales has incurred an increase of £20 million from Barnett consequentials in 2023-24.

¹ Final budget in Supplementary Estimate 2022-23 (Feb 2023)

² Initial budget in Main Estimates 2023-24 (May 2023)

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

To the Welsh Government

Cash grant to the Welsh Government

£18,659.3 million (+£1,194.3 million (+6.4%) compared to the final budget for 2022-23)

This is the sum of

- Funding for day to day spending (Resource DEL)
- Funding for investment spending (Capital DEL)
- Funding for Annually Managed Expenditure (AME)
- 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

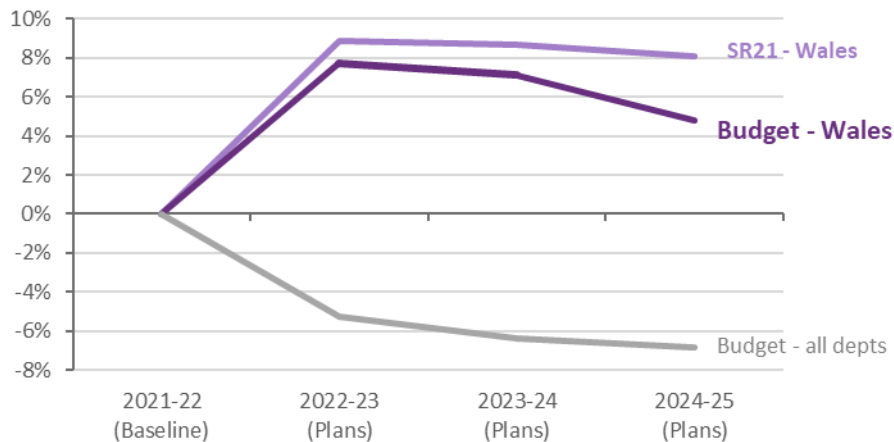
- *Day to day spending (Resource DEL)* : **£5.8 million (£0.2 million (+4%) compared to the final budget for 2022-23)**
- *Investment spending (Capital DEL)*: **£0.03 million (no change since the final budget for 2022-23)**

Wales's spending plans

The latest long-term departmental spending plans were published in the Spring Budget in March 2023. These were in cash terms for 2022-23 to 2024-25. Earlier spending plans in Spending Review 2021 covered the same period. This slide compares these two spending forecasts.

Day-to-day spending in Spring Budget 2023 and Spending Review 2021

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



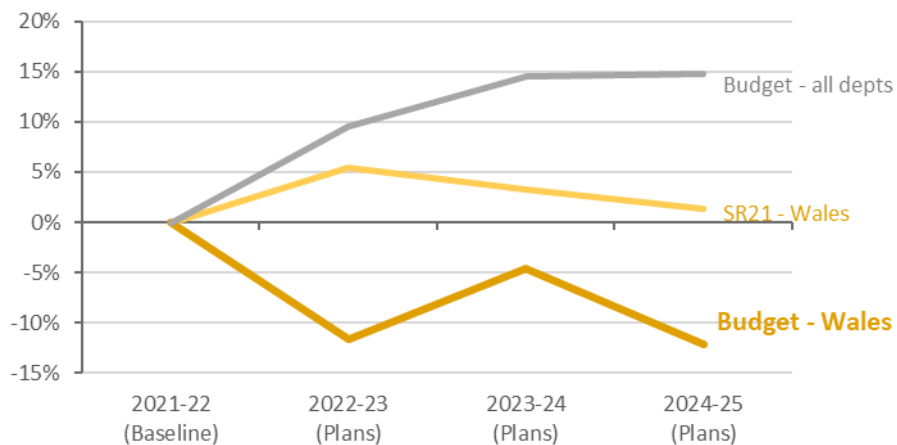
These graphs compare the real term growth assumptions in the 2021 spending settlement (SR21) compared to the 2023 budget (Budget) using latest inflation forecasts and uplifts to the nominal settlement.

Trends in day-to-day spending plans

- Current RDEL spending plans provide a 4.8% real-terms increase over the baseline by 2024-25, compared to 8.1% in SR21.
- Despite this variance budget and SR21 remain broadly in line, and small movements in forecast are caused by multiple Barnett consequentials reflecting the changes in spending across numerous central departments.

Investment spending in Spring Budget 2023 and Spending Review 2021

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



Trends in investment spending plans

- Current CDEL spending plans provide a -12.2% decrease over the baseline by 2024-25, compared to +1.3% in SR21.
- This is due to the budget baseline being £0.6 billion higher in 2021-22 than SR21, this has risen as a result of Barnett consequentials caused by increased capital spend elsewhere.

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