



BRIEFING PAPER

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The Barnett formula

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Summary

The majority of the devolved administrations' spending is funded by grants from the UK Government – the block grant being the largest. Since the late 1970s the non-statutory Barnett formula has determined annual changes in the block grant. The formula doesn't determine the total amount of the block grant, just the yearly change.

When there is a change in funding for comparable services in England, the Barnett formula aims to give each country the same pounds-per-person change in funding. In general, if a service is devolved it is considered to be comparable.

When a change is made to a UK Government department's budget (normally at a spending review) the Barnett formula takes the budget change, considers how comparable the services provided by the department are to those provided by the devolved administration, and applies a population proportion, as shown below. This calculation is carried out for all UK departments and the results are added to the devolved administrations' block grants.

$$\begin{array}{l} \text{Change to the} \\ \text{UK} \\ \text{Government} \\ \text{department's} \\ \text{budget} \end{array} \quad \times \quad \begin{array}{l} \text{Comparability} \\ \text{percentage} \end{array} \quad \times \quad \begin{array}{l} \text{Appropriate} \\ \text{population} \\ \text{proportion} \end{array}$$

The UK Government provides other grants outside of the block grant. These grants are for less predictable demand driven spending. Changes in these grants are negotiated by the UK Government and devolved administrations; the Barnett formula is not used to determine their change.

There have been frequent calls for a review of the Barnett formula and the wider funding system for devolved administrations. Some detractors point to what they see as unfair relative differences in public spending across the UK, while others highlight that the formula pays no attention to differing need.

Recent further devolution, and proposed devolution, of tax and spending powers to Scotland, Wales and Northern Ireland have left the Barnett formula largely unchanged. However block grants will be adjusted to accommodate the new powers. Additional spending powers will see block grants increase, while additional tax powers will see block grants decrease.

Details of how the devolved administrations are funded, including the Barnett formula, are laid out in HM Treasury's [Statement of Funding Policy](#). This was last updated for the 2015 Spending Review.

1. The formula

1.1 Introduction

The devolved administrations in Scotland, Wales and Northern Ireland receive grants from the UK Government, which fund the majority of their spending. The Barnett formula determines how the largest of these grants – the block grants – change from one year to the next.

The Barnett formula aims to give each country the same pounds-per-person change in funding as the change in funding for comparable government services in England.¹ For instance if the funding for education in England increases by the equivalent of £100 per person, the devolved administrations' block grants will increase by £100 per person. In general, if a service is devolved it is considered to be comparable.

The devolved administrations can spend the Barnett-formula-determined block grant as they wish. If block grants increase because education spending has increased in England, the devolved administrations do not have to spend the additional money on education.

The Barnett formula is mainly used at spending reviews, where the UK Government set their departments' budgets. The formula uses the change in UK Government departments' budgets to calculate the annual change in the devolved administrations' budgets.

The UK Government may change departments' budgets outside of the spending review, perhaps at other fiscal events such as the Budget or Autumn Statement. If this happens the Barnett formula is again used to calculate changes to the block grant.

The Barnett formula determines how devolved administrations' block grants change from one year to the next. The formula does not determine the absolute level of the grants.

Spending Reviews divide total Government spending between departments. Generally they cover a number of forthcoming years.

Box 1: UK spending system and the devolved administrations

DEL and AME: definitions

UK public spending is divided between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME).

DELs are the amounts that Government departments have been allocated to spend, determined usually in spending reviews. They are firm spending limits set for up to four years. Things that DELs can be spent on include the running of services and the everyday costs of resources such as staff.

AME is more difficult to control as it is spent on demand-led areas such as welfare, tax credit or public sector pensions. As these items are unpredictable or not easily controlled it is not appropriate for departments to be set strict budgets for them.

DEL and AME: the devolved administrations

The Barnett-formula-determined-block-grant makes up the majority of the devolved administrations' DEL; AME allocations are provided in a separately negotiated grant.

The devolved administrations' block grant make up the majority of their DELs – which are spent on the day-to-day running of services. The majority of changes in the devolved administrations' DELs are determined by the Barnett formula. However, there are some items in DEL for which the population-based Barnett formula is not appropriate. DEL items outside of Barnett, often known as non-assigned

¹ Or England and Wales, or Great Britain depending on the population served by the UK Government department.

items, are ring-fenced and specific to their particular spending priority. Such items, including depreciation, are determined separately between the devolved administration and UK Government. The population-based approach of the Barnett formula is not appropriate for determining changes in AME grants, because of their demand-led nature, so these are determined periodically between the devolved administration and UK Government.

Each of the devolved administrations' AME includes spending on public sector pensions and student loans.² Other items of AME spend include housing support grant for the Scottish Government and housing revenue account subsidy for the Welsh Government. The Northern Ireland Assembly's AME spending is most significant as it includes social security benefits. The Northern Ireland Assembly is responsible for spending on benefits, whereas in Scotland and Wales this role is performed by the UK Government's Department for Work and Pensions.

1.2 How does the formula work?

The Barnett formula takes the change in a UK Government department's budget, specifically their DEL, and applies two figures that take into account the relative population of the devolved administration (population proportion) and the extent to which the UK department's services are devolved (comparability percentage).

$$\text{Change to the UK Government department's budget (DEL)} \times \text{Comparability percentage} \times \text{Appropriate population proportion}$$

Changes to Northern Ireland's budget determined by the Barnett formula are reduced by 2.5%. This is because the Northern Ireland executive does not require provision to meet VAT expenditure as any VAT paid is refunded by HMRC. This is not the case in the rest of the UK.

Changes to UK Government departments' budgets are generally announced at spending reviews, but may also be announced at other fiscal events such as the Budget or Autumn Statement. The two remaining factors of the Barnett formula are discussed below.

Comparability percentage

Comparability percentages capture the extent to which spending by a UK Government department corresponds to services provided by devolved administrations. It measures the extent to which the UK department's services have been devolved.

Comparability percentages range from 0% to 100%. Broadly speaking, a department's comparability percentage is 0% if none of its services have been devolved to the devolved administration. A department's comparability percentage is 100% if all of its services have been devolved.

For example, all of the Department for Education's spending is in England. Education is an area which is fully devolved. Education therefore has a comparability factor of 100%.

In practice most UK departments are responsible for a range of devolved and reserved services. The comparability percentage allows for such differences as it reflects the proportion of a department's budget spent

² Specifically the issue and repayment of principle of student loans.

on services which have been devolved.³ Appendix 1 provides an example of how the Home Office's comparability percentage was calculated for the 2015 spending review.

The comparability percentages used in the 2015 Spending Review are below.

Comparability percentages used in Spending Review 2015

	Scotland	Wales	Northern Ireland
Business, Innovation and Skills	66.4%	66.3%	66.7%
Business Rates	100.0%	100.0%	100.0%
Cabinet Office and SIA	6.5%	6.5%	10.3%
Chancellor's Departments	0.4%	0.0%	0.3%
CLG: Communities	99.7%	99.7%	99.7%
CLG: Local Government	100.0%	100.0%	100.0%
Culture, Media & Sport	76.9%	76.9%	77.6%
Education	100.0%	100.0%	100.0%
Energy & Climate Change	1.8%	1.8%	15.3%
Environment, Food & Rural Affairs	99.8%	99.0%	99.8%
Health	99.4%	99.4%	99.4%
Home Office	91.7%	0.0%	91.7%
Justice	100.0%	0.0%	99.9%
Law Officers' Departments	100.0%	0.0%	91.6%
Transport	91.0%	80.9%	91.3%
Work & Pensions	1.4%	1.4%	100.0%

source: HM Treasury. Statement of Funding Policy

HM Treasury. Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly: Statement of Funding Policy, November 2015

Population proportions

So that each government receives the same pounds-per-person change in funding the Barnett formula also incorporates population proportions. The populations used are the latest mid-year estimates from the ONS.

The population proportions used in the formula depend on the coverage of the UK Government department concerned. In most cases this is England only, so the proportion of the English population is used. The table below shows the latest population proportions.

Population proportions used in 2015 Spending Review

Scotland's population as a proportion of the population of England	9.85%
Scotland's population as a proportion of the population of England & Wales	9.31%
Wales' population as a proportion of the population of England	5.69%
Northern Ireland's population as a proportion of the population of Great Britain	2.93%
Northern Ireland's population as a proportion of the population of England	3.39%
Northern Ireland's population as a proportion of the population of England & Wales	3.21%

source: HM Treasury. Statement of Funding Policy

³ Each programme area, or service, is given a comparability of either 100% or 0%. A service is 0% comparable if: other arrangements are in place to determine each devolved administration's share of a budget; expenditure is incurred on behalf of the UK as a whole by the UK department; or, the service is deemed unique at a UK level, such as the Channel Tunnel Rail link.

Examples

If planned spending on health in England had increased by £100 million in 2016/17, the increase for Wales would be:

£100 million x 99.4% [health comparability % for Wales] x 5.69% [Wales's population proportion] = £5.7 million

The outcome from the calculation is often known as the Barnett consequential.

At the spending review the calculation is carried out for each department; these 'Barnett consequentials' are then summed to come up with changes in the block grants.

Appendix 2 shows how the Scotland's 2018/19 block grant changes were calculated in the 2015 Spending Review.

1.3 A non-statutory formula

The Barnett formula is non-statutory – it is not set out in legislation. It is Treasury policy and is laid out in the [Statement of Funding Policy](#) (the Statement) which is updated and published alongside the spending review.⁴ More frequent updates of the Statement are expected from 2015 to reflect further devolution of spending and taxation powers to the devolved administrations (see [section 3](#)).

The terms of the Statement are agreed between the Chief Secretary to the Treasury and the Secretaries of State for Scotland, Wales and Northern Ireland, following consultation with the devolved administrations.

In practice the Treasury dictates how the formula works and how it should be applied, although there is a policy for dealing with disputes.⁵ In theory the formula can be used or changed by the UK Government as it wishes.

Box 2: Spending on the Olympics

In 2007 all spending for the Olympics was deemed by the Treasury to be UK-wide and therefore not within the scope of the Barnett formula. The devolved administrations felt that the Barnett formula should have applied to regeneration and transport elements of Olympic funding. They argued that this spending, focused on East London, would have resulted in Barnett consequentials if carried out outside of the Olympic banner. Each of the devolved administrations raised the issue as a formal dispute.

[An agreement](#) was reached in June 2011 through the [Joint Ministerial Committee](#), the body responsible for co-ordination between the UK Government and the devolved administrations. The agreement provided the devolved administrations with Barnett consequentials for changes to Olympics funding after the Coalition Government took office in May 2010 – spending on the Olympics prior to this was not included. The agreement saw Scottish Government receive £16 million, the Welsh Government £8.9 million and the Northern Ireland Executive £5.4 million.⁶

⁴ HM Treasury, [Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly: Statement of Funding Policy](#), November 2015

⁵ *ibid*, [section 11](#)

⁶ This issue is discussed further, from a Northern Ireland perspective, in [box 1](#) of a briefing from Northern Ireland Assembly's Research and Information Service on Barnett Consequentials.

1.4 Formula bypass

Although the Barnett formula represents normal procedure, changes to the block grant can be made outside it - a process often referred to as 'formula bypass'. Some have argued that there is now less scope for formula bypass than in previous years.⁷

If the Barnett formula is applied strictly it should lead to convergence in spending per head across the UK's countries (see [section 2.3](#)). Formula bypass is thought to be one factor working against convergence.

Box 3: A grant floor for Wales

The UK Government introduced a grant floor introduced for Wales's block grant in the 2015 Spending Review.⁸ The floor will ensure that funding provided to the Welsh Government will not fall below 115% of comparable UK Government spending per head.

The Holtham Commission recommended the introduction of a floor to prevent underfunding of public service in Wales. The Commission, which considered funding for devolved government in Wales, had identified a potential gap in the funding provided to the Welsh Government for services, relative to what it would receive if its services were funded on the same basis as in England. The Commission recommended a floor be introduced to prevent this gap widening.^{9,10}

1.5 Origins

The Barnett formula was first used for Scotland in 1978 and is named after Joel (latterly Lord) Barnett, the then Chief Secretary to the Treasury. The formula was extended to Northern Ireland in 1979 and Wales in 1980. It was supposed to be a temporary measure, to avoid the annual negotiations that took place during the 1960s and early 1970s, but it has been used with some modification ever since.¹¹

A similar formula was introduced in 1888 by the then Chancellor, George Goschen. This formula allocated probate duties to local authorities in England & Wales (80%), Scotland (11%) and Ireland (9%). A variation of this formula continued to be used to distribute support to Scotland over a range of expenditure until 1959 – it even entered into statute for certain education expenditure from 1918 to 1959.¹²

⁷ David Heald and Alastair McLeod, "Embeddedness of UK Devolution Finance within the Public Expenditure System", *Regional Studies*, June 2005

⁸ HM Treasury, *Spending Review and Autumn Statement 2015*, November 2015, [para 1.233](#)

⁹ Welsh Assembly Research Service, [Barnett reform: Future funding for Wales](#)

¹⁰ National Assembly for Wales, [Explore the Assembly: St David's Day announcement](#), 2015

¹¹ For further information on Barnett's origins see: [The Barnett formula](#), Commons Library Research Paper 07/91, 14 December 2007; Treasury Committee, [The Barnett Formula](#), 22 December 1997, HC 341 1997-98; HM Treasury, evidence to the Treasury Committee, *The Barnett Formula*, 22 December 1997, HC 341 1997-98, Ev12; David Heald, *Stair Encyclopaedia* chapter on UK and Scottish public expenditure, 2002, [para 535](#)

¹² Institute for Fiscal Studies, [Business as usual? The Barnett formula, business rates and further tax devolution](#), November 2014, Box 1

2. Issues

2.1 A needs-based formula

The change in population is the only consideration of ‘need’ in the Barnett formula. However, the cost of providing public services is influenced by a range of other factors including, but not limited to, characteristics of the population, deprivation and population density.

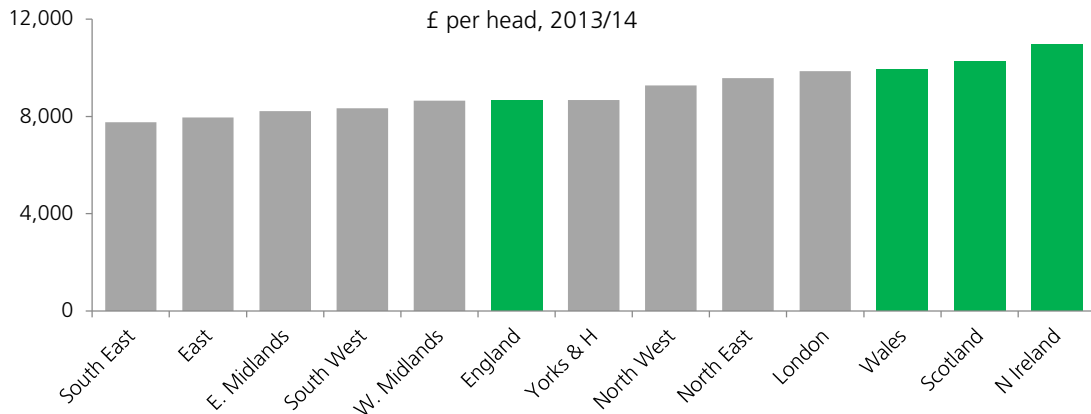
There have been frequent calls for the Barnett formula to take greater account of need, or to be replaced with a needs-based formula.

In 2010 the Holtham Commission, which considered funding for devolved government in Wales, recommended that a need-based formula should determine the block grant.¹³ After considering devolution in Scotland, the Calman Commission recommended in 2009 that the block grant should be justified by an assessment of need.¹⁴

Lords Committees in 2009¹⁵ and 2015¹⁶ recommended replacing the Barnett formula with a needs-based formula. Similar recommendations were put forward by the House of Commons Justice Committee in 2009¹⁷ and by other Parliamentary committees in the past.¹⁸

Box 4: Why is public expenditure higher in Scotland, Wales and Northern Ireland?

Public spending per head is higher in N Ireland, Scotland and Wales than in England



Various arguments have been put forward as to why Scotland, Wales and Northern Ireland need higher levels of public spending per head:¹⁹

- Populations are sparser, making the cost of providing the same level of public services higher
- The size of the public sector differs between UK countries. For instance, in Scotland the water industry is publicly owned while in England the water industry is in the private sector.
- In some areas there are higher levels of demand and need for public services

¹³ The Holtham Commission, Final Report., July 2010, [para A1.2](#)

¹⁴ The Calman Commission, Final Report. Serving Scotland Better: Scotland and the United Kingdom in the 21st Century, June 2009, [para 3.206](#)

¹⁵ HL Committee on the Barnett Formula, *The Barnett Formula*, 17 July 2009, HL Paper 139, [conclusions and recommendations](#)

¹⁶ HL Economic Affairs Committee, *A Fracturing Union? The Implications of Financial Devolution to Scotland*, 20 November 2015 9, HL Paper 55

¹⁷ Justice Committee, *Devolution: a decade on*, 24 May 2009, HC 529-I 2008-09, [pp 4](#)

¹⁸ HL Select Committee on The Constitution, *Devolution: Inter-Institutional Relations In The United Kingdom*, 17 December 2002, HL Paper 28

¹⁹ Scottish Government, GERS 2013-2014, March 2015, [page 58](#)

2.2 Equity

The distribution of public spending across the UK (see Box 4) has been criticised by some for not being equitable.²⁰ Since devolution such criticisms have increased as devolved administrations have pursued policies different to those of the UK Government. Amongst some there is a perception that devolved administrations have been able to afford better public services, such as free prescriptions and university tuition, as a result of a “subsidy” from England.²¹

Some argue that there are good reasons as to why devolved administrations require per head funding above the English average (see Box 4). For example populations are more sparsely populated so providing the same level of service is more expensive. On the other hand, others point out that Scotland’s per capita income is greater than a number of English regions which receive less public money.

It has been argued that introducing a transparent assessment of needs into the funding of devolved administrations would give legitimacy to differing spending levels, perhaps defusing arguments about equity.²²

Box 5: What is the Barnett formula’s role in differences in spending per head?

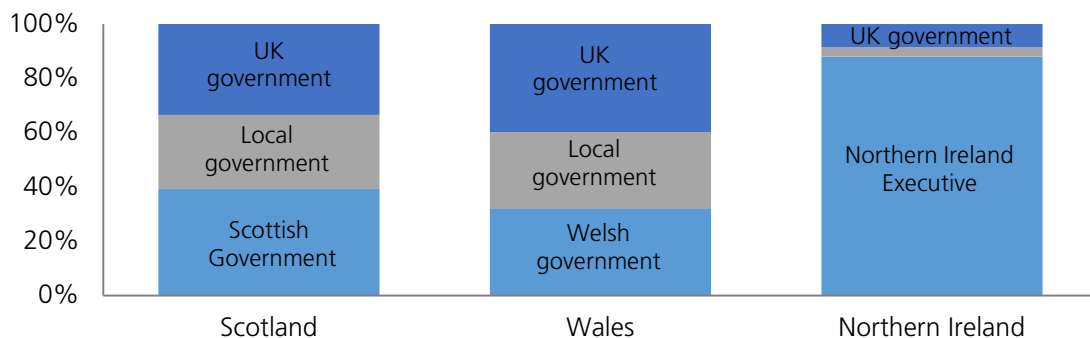
The Barnett formula plays a relatively small role in determining total spending per head in England and the devolved administrations:

- as the chart below shows, public spending in the devolved countries includes spending by the UK Government which is clearly outside of Barnett.
- the Barnett formula only determines the change in the block grant, not its absolute level

Further, if applied properly the formula should in fact lead to convergence in public spending across the UK (see section 2.3)

For Scotland it has been argued that the relatively high levels of public spending precede the Barnett formula’s introduction. The Goschen formula (see [section 1.5](#)) did not update population proportions after 1888; however, Scotland’s population fell substantially relative to England & Wales and by 1959 Scotland received more than its population-based share of UK Government spending.²³

% of identifiable expenditure made by public sector organisations, 2013/14



source: HM Treasury. PESA 2015, Table 9.21

²⁰ For instance see: [HC Deb 12 June 2007:c636](#); [HC Deb 21 November 2007 c:154 WH](#); IPPR. [Fair shares? Barnett and the politics of public expenditure](#), July 2008

²¹ For instance see: “Scotland freezes council tax – with English subsidy”, *Daily Telegraph*, 15 November 2007

²² For instance see: [HC Deb 21 November 2007: c156WH](#); The Holtham Commission, Final Report. Fairness and accountability: a new funding settlement for Wales, July 2010, [para 2.19](#); The Calman Commission, Final Report. Serving Scotland Better: Scotland and the United Kingdom in the 21st Century, June 2009, [paras 36-37](#)

²³ IFS, [Business as usual? The Barnett formula, business rates and further tax devolution](#), November 2014, Box 1

2.3 Barnett squeeze

Under certain assumptions the Barnett formula would lead to convergence of public spending per head in the four nations of the UK: this is commonly known as the Barnett squeeze.²⁴

If the Barnett formula is followed strictly, the increase in public spending per head is the same in all countries of the UK. Over time, as each country receives the same increase, the higher public spending per head of Scotland, Wales and Northern Ireland should progressively erode away. Looking at this another way, the percentage increase in spending per head in Scotland, Wales and Northern Ireland is lower than in England as the base from which they start is higher.

It is hard to verify the extent to which Barnett squeeze is happening, largely due to a lack of comparable data. However the Holtham Commission, which reported on funding and finance for Wales, found some evidence of Barnett squeeze in Wales by considering functions that are funded by the Welsh Assembly's DEL.²⁵ Holtham reported that the gap in spending per head on such Barnett related functions had roughly halved between Wales and England, since the introduction of the Welsh Assembly. To address this issue the Government introduced a funding floor for Wales in the 2015 Spending Review (see Box 3).

There are some factors which may slow or prevent Barnett squeeze.

Formula bypass

For Barnett squeeze to happen the formula must be applied strictly – there must be no formula bypass (see [section 1.4](#)). Payments made outside of the formula may slow the speed of convergence.

Population levels

Firstly, if population proportions are not regularly updated convergence can be affected. For instance until 1992, the 1976 population estimates were used for the Barnett formula. During this time Scotland's population was falling relative to England's, which would have worked against the Barnett squeeze.

Secondly, even if up-to-date populations are used, changes in population may work against the Barnett squeeze. If a country's population is falling in absolute terms, this will push up its spending per head. This is because the lower population is only reflected in the change in spending determined by the Barnett formula – the inherited spending, established over previous years, will be divided among a smaller population. Such a scenario would work against convergence.

²⁴ Treasury Committee, The Barnett Formula, 22 December 1997, HC 341 1997-98, [para 6](#)

²⁵ The Holtham Commission, First Report. Funding devolved government in Wales: Barnett & beyond, July 2009, [paras 2.22 – 2.24](#)

3. Recent devolution

Recent devolution of tax and spending powers to Scotland,²⁶ Wales²⁷ and Northern Ireland²⁸ has not been accompanied by wholesale changes to the Barnett formula. Even after the Scottish Parliament receives the relatively significant revenue raising powers provided in the Scotland Bill 2015-16²⁹ the formula looks likely to remain unchanged.

The UK Government and major parties of the UK have generally advocated Barnett's continued use, and rejected any calls for substantial reform.³⁰ However, block grants have been or will be reduced in recognition of the greater revenue raising powers of the devolved administrations, or increased for new spending powers.

Box 6: Adjusting the block grant

Where new tax powers or spending responsibilities are being devolved, or have been devolved, block grants are being adjusted. This ensures that neither the UK Government nor the devolved administration is left worse off simply from the transfer of power.

In the first year of devolution an adjustment along these lines should be straightforward. A new tax power would see a decrease in Scotland's block grant equivalent to the revenue forgone by the UK Government, whilst a new spending power would see an increase equivalent to the UK Government's spending on the area in the devolved country.

But making these adjustments in the years that follow in a way that is fair and acceptable to both Governments, and leaves neither worse off, could be difficult. The adjustment made for the first year cannot generally be applied in subsequent years because economic growth and inflation typically lead tax revenues and spending to grow over time. Future adjustments will have to adjust each year to reflect this.

The Library briefing [Devolution of financial powers to the Scottish Parliament: recent developments](#) discusses adjusting the block grant further in the context of Scottish devolution.

Scotland Act 2012

The Scotland Act gave the Scottish Parliament greater responsibility for raising its own revenue. Power to deviate income tax from the UK rate was devolved, as were taxes on land transactions and disposals to landfill.

Scotland's block grant is being adjusted in recognition that the Scottish Parliament will have more locally raised tax revenues at their disposal. No change is being made to the Barnett formula.

The UK Government ruled out any changes to the Barnett formula, whilst leaving the door open to possible change in the future, when the preceding Bill was published. In Strengthening Scotland's Future the Government recognised concerns expressed about the Barnett formula

²⁶ [Scotland Act 2012](#). Discussion of the preceding Bill is available in the Library Paper [Scotland Bill](#), RP11/06, 18 January 2011

²⁷ [Wales Act 2014](#). Discussion of the preceding Bill is available in the Library Paper [Wales Bill 2013-14](#), RP14/19, 27 March 2014

²⁸ [Corporation Tax \(Northern Ireland\) Act 2015](#). Discussion of the preceding Bill is available in the Library Paper [Devolution of corporation tax to Northern Ireland](#), SN07078, 12 February 2015

²⁹ [Scotland Bill 2015-16](#)

³⁰ See for instance: HM Government. [Wales Bill: Financial Empowerment and Accountability](#), Cm8838, March 2014

block grant system, but ruled out any changes before the public finances returned to normal.³¹

Scotland Bill 2015-16

The Scotland Bill will devolve further tax raising powers, giving the Scottish Parliament control over income tax, air passenger duty and aggregates levy, whilst also assigning an element of VAT receipts. It will also devolve further spending powers, including elements of welfare.

As with the Scotland Act 2012, whilst the block grant will be adjusted to recognise the increase in locally raised tax revenues and increased spending, it is highly unlikely that the Barnett formula will change.

Prior to the Bill's publication the Smith Commission, brought together to make recommendations on devolution to Scotland, reached agreement that the Barnett formula should continue to determine changes in the block grant.³²

Wales Act 2014

Tax raising powers over business rates, land transaction tax and landfill tax were all devolved to the National Assembly of Wales in the Wales Act 2014. Subject to a referendum, the Act also introduces a Welsh rate of income tax.

As with the changes being made in Scotland, Wales's block grant will be adjusted, but no significant change will be made to the Barnett formula.

The UK Government published [Wales Bill: Financial Empowerment and Accountability](#) alongside the Bill. In the Command Paper the Government discussed why it wishes to keep the Barnett formula. Much the same arguments were made in the context of the Scottish legislation discussed above:

While the UK Government recognises some of the concerns expressed about the Barnett formula, the system has many strengths. Resources and risks are shared across the UK, which ensures that the Assembly is provided with stable levels of funding to deliver devolved public services. The system is also simple, transparent and efficient; key requirements for any funding system. The UK Government's priority is to reduce the deficit and it does not have any plans to reform the Barnett formula before the stabilisation of the public finances.³³

Northern Ireland Corporation Tax (Northern Ireland) Act 2015

The Act devolves corporation tax to Northern Ireland, provisionally from April 2017.³⁴

³¹ HM Government, [Strengthening Scotland's Future](#), cm 7979, November 2010, pages 22-23

³² The Smith Commission, Report of the Smith Commission for further devolution powers to the Scottish Parliament, 27 November 2014, [para 95 \(1\)](#)

³³ HM Government, Wales Bill: Financial Empowerment and Accountability, March 2014, [para 6](#)

³⁴ Parliament Bill page [Corporation Tax \(Northern Ireland\) Act 2015](#)

Again, the block grant will be adjusted and there will be no change to the Barnett formula.³⁵

4. Further reading

Select Committees

House of Lords Committee on Economic Affairs, [A Fracturing Union? The Implications of Financial Devolution to Scotland](#), 1st Report of Session 2015-16, HL Paper 55, 20 November 2015

House of Commons Justice Committee, [Devolution: A Decade on](#), 5th Report of Session 2008-09, HC 529-I, May 2009

House of Lords Select Committee on the Barnett Formula, [The Barnett Formula](#), HL Paper 139, July 2009

Commons Library

[The Barnett Formula](#), Commons Library Briefing, RP07/91, 14 December 2007

[The Barnett formula: recent developments](#), Commons Library Briefing, SN04750, 3 July 2009

[Devolution of financial powers to the Scottish Parliament: recent developments](#), Commons Library Briefing, SN07077, 16 October 2015

Other

HM Government, [Statement of Funding Policy](#), 7^h edition, November 2015.

The Calman Commission, Final Report. Serving Scotland Better: Scotland and the United Kingdom in the 21st Century, June 2009, [para 3.206](#)

Welsh Government, [Holtham Commission reports](#), July 2010

The Silk Commission on Devolution in Wales, [Empowerment and responsibility: financial powers to strengthen Wales](#), November 2012

³⁵ HM Government. [The Stormont House Agreement - Financial Annex](#), December 2014

Appendix 1. Calculating the Home Office's comparability percentage

Example comparability calculation: Home Office

Column	a	b	c	d	e = a x b	f = a x c	g = a x d
	2015-16 provision	Comparability			Calculation		
		Scotland	Wales	NI	Scotland	Wales	NI
Administration	728,337	100%	0%	100%	728,337	0	728,337
Border Force	537,500	0%	0%	0%	0	0	0
European Solidarity Mechanism	1	0%	0%	0%	0	0	0
General Register Office	11,251	100%	0%	100%	11,251	0	11,251
Her Majesty's Inspectorate of Constabulary	5,406	100%	0%	100%	5,406	0	5,406
HM Passport Office	-126,729	0%	0%	0%	0	0	0
Immigration & International Policy Group	37,261	0%	0%	0%	0	0	0
Immigration Enforcement	432,603	0%	0%	0%	0	0	0
National Crime Agency	463,700	0%	0%	0%	0	0	0
Office of Security & Counter Terrorism	805,054	100%	0%	100%	805,054	0	805,054
Police	8,401,007	100%	0%	100%	8,401,007	0	8,401,007
UK Visa & Immigration	-445,262	0%	0%	0%	0	0	0
Total provision	10,850,129	Weighted sum			9,951,055	0	9,951,055
Comparability percentage = weighted sum/ total provision					91.7%	0.0%	91.7%

Appendix 2. Calculating Scotland's Barnett consequentialials for 2018/19

Scotland's 2018/19 consequentialials from the Spending Review 2015, changes on 2015/16 baseline

UK Department	Comparability percentage	Population proportion	Resource, £ billion		Capital, £ billion	
			UK change on 2015/16 baseline	Scottish consequentialials	UK change on 2015/16 baseline	Scottish consequentialials
Education	100.0%	9.85%	2.8	0.3	-0.1	0.0
Health	99.4%	9.85%	9.7	1.0	0.0	0.0
Transport	91.0%	9.85%	-0.4	0.0	2.9	0.3
CLG: Communities	99.7%	9.85%	-0.2	0.0	0.8	0.1
CLG: Local Government	100.0%	9.85%	-5.4	-0.5	0.0	0.0
Business Rates Income	100.0%	9.85%	-0.7	-0.1
Business Innovation & Skills	66.4%	9.85%	-1.1	-0.1	-0.5	0.0
Home Office	91.7%	9.31%	0.3	0.0	0.1	0.0
Justice	100.0%	9.31%	-0.4	0.0	0.3	0.0
Law Officers	100.0%	9.31%	0.0	0.0	0.0	0.0
Energy & Climate Change	1.8%	9.85%	0.0	0.0	0.0	0.0
Environment, Food & Rural Affairs	99.8%	9.85%	-0.1	0.0	0.1	0.0
Culture Media & Sport	76.9%	9.85%	0.1	0.0	0.0	0.0
Work & Pensions	1.4%	9.85%	0.1	0.0	-0.1	0.0
HM Revenue & Customs	0.4%	9.85%	-0.2	0.0	0.1	0.0
HM Treasury	0.4%	9.85%	0.0	0.0	0.0	0.0
Cabinet Office	6.5%	9.85%	0.2	0.0	0.0	0.0
Single Intelligence Account	6.5%	9.85%	0.3	0.0	0.0	0.0
Small Depts & Independent Bodies	100.0%	9.85%	0.0	0.0	0.1	0.0
Total Scottish consequentialials				0.5		0.4

notes: figures are approximate as Spending Review figures are rounded to the nearest £0.1 billion

¹ Business rates income to the Treasury are included as devolved administrations have control over business rates income

source: Scottish Parliament Information Centre, Summary of Scottish Government budget from the Comprehensive Spending Review 2015

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