



BRIEFING PAPER

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Main Estimates: Government spending plans for 2019-20

By Larry Honeysett,
Philip Brien

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Summary

What are Estimates?

One of Parliament's longest standing functions is the consideration and authorisation of the Government's spending plans, requiring the Government to obtain parliamentary consent before spending public money.

Main Estimates are the documents that contain the detail of those spending plans for a particular year. There is a separate Estimate for each Government Department. Changes are presented at the end of each year through *Supplementary Estimates*. Each of the Estimates must be authorised by Parliament before they take effect. In the early part of the year, funding is provided through an advance, known as the *Vote on Account*.

The 2019-20 Main Estimates

The 2019-20 Main Estimates were published on 9 May 2019. They show the initial budgets which the government is seeking for each department, divided into separate limits for current, **day-to-day spending** - on staff and other running costs, on goods and services and grants; and capital (**investment**) **spending** - covering purchase and sale of assets, loans and capital grants. Costs are further divided into spending subject to fixed limits, based broadly on the plans outlined for 2019-20 in the 2015 Spending Review, known as **Departmental Expenditure Limits**; and less predictable and more demand led spending, known as **Annually Managed Expenditure**. **Cash block grant** proposed to Scotland, Wales and Northern Ireland is also included under a separate heading.

Public spending overall (including that within Estimates) in 2019-20 is forecast¹ to be 3.6% higher² than in 2018-19, rising from £811.8 billion in 2018-19 to £840.7 billion in 2019-20³. Not all of this spending is contained within Estimates.⁴

What has changed since last year?

- Day-to-day spending on **health is up by £7.7 billion** (+6.1%) and on **education by £2.3 billion** (+3%) compared to last year;⁵
- Over £4.3 billion in total (affecting most departments) is provided to cover a large increase, from 1 April 2019, to **employers' pension contributions**, with this extra funding being provided from Treasury, over and above previous plans;
- The boost to **justice spend of over £1 billion**, made last year to plug gaps in funding and unrealised income, and restore justice budgets to levels not seen for several years, is broadly maintained;
- Many departments continue to have been provided with **extra Brexit funding** in 2019-20, as many were in 2018-19. The amounts for 2019-20, included in the Main Estimates are shown [here](#).

¹ Office for Budget Responsibility, *Economic and Fiscal outlook*, March 2019, Table 4.12, p 91

² In nominal terms, i.e. before taking account of inflation.

³ Certain elements of public spending, such as debt interest, contributions to the EU, some election costs and judges' salaries are not included in the Estimates as they are paid under other legal arrangements. Hence totals in the Estimates are lower than the total of public spending forecast

⁴ The total amount Government has included in its Main Estimates for 2019-20 is £643.2 billion resource and £86.3 billion capital.

⁵ If a large write down in the estimated value of the student loan book, which added over £14 billion to DFE's Resource DEL budget for last year is excluded, to enable a like-for-like comparison.

- **Housing** and communities **investment rises by over £ 2 billion**, and spending on **HS2 also rises by £2 billion**;
- Spending on **pensions and benefits continues to rise**, now reaching over £226 billion or around a quarter of all public spending.

Parliament's role in considering Estimates

Before the latest Main Estimates can be approved, Estimates day debates will take place on the floor of the House of Commons. Under arrangements introduced in February 2018,⁶ any backbench member may bid for a topic for one of these debates, which should be linked to the spending, or an aspect of spending, contained in the Main Estimate of a department or other body.

The Backbench Business Committee will consider bids for debates at its meeting on Tuesday 18 June, and decisions will be announced in a future business statement. Two days of debates on the Main Estimates are provisionally scheduled for the first week in July 2019.⁷

Following the debates, the House is invited to agree motions on those Estimates selected for debate. Members may agree or reject these motions, or suggest amendments reducing expenditure. There is a further 'roll up motion' covering the remaining Estimates, which members may accept or reject. Under the 'Crown prerogative' only Government can propose spending, so amendments to increase spending are not permitted.

Once motions have been authorised, a Supply and Appropriation bill is presented. Unlike most bills there is no committee stage, and as with other financial legislation the House of Lords' role is purely formal. On receiving Royal Assent, departments are able to draw upon the agreed funds set out in the Act for the purposes Parliament has authorised.

⁶ On a pilot basis for the current parliament

⁷ Which would normally allow for four three-hour debates, although that is for the Backbench Business committee to decide

1. What are 'Estimates'?

1.1 Introduction

One of Parliament's longest standing functions is the consideration and authorisation of the Government's spending plans, requiring the Government to obtain parliamentary consent before spending public money.

Estimates, sometimes known as Supply Estimates, are the documents presented to Parliament setting out the Government's plans for spending for a given year. The process of obtaining Parliamentary approval to those plans is known as *Supply*. With a few specific exceptions,⁸ the Government is required to obtain authority from Parliament through the supply process before it can spend public money.⁹

1.2 The Estimates cycle

The approval of public spending through Estimates (the supply process) operates on the basis of 'annuality', whereby money is voted for use in a particular financial year only. The normal steps in this process are:

Vote on Account: consideration and approval of an advance of funding for the first four months of the financial year (April to July) for each government department. The Vote on Account is normally published in February and approved by Parliament in March, in time for the start of the new financial year commencing in April.

Main Estimates: consideration and approval of the spending plans for the new financial year for each government department. Main Estimates are normally published in April, but not approved until July. Money already authorised through the Vote on Account is deducted from the amounts required for the year to provide government with funding for the remainder of the financial year.

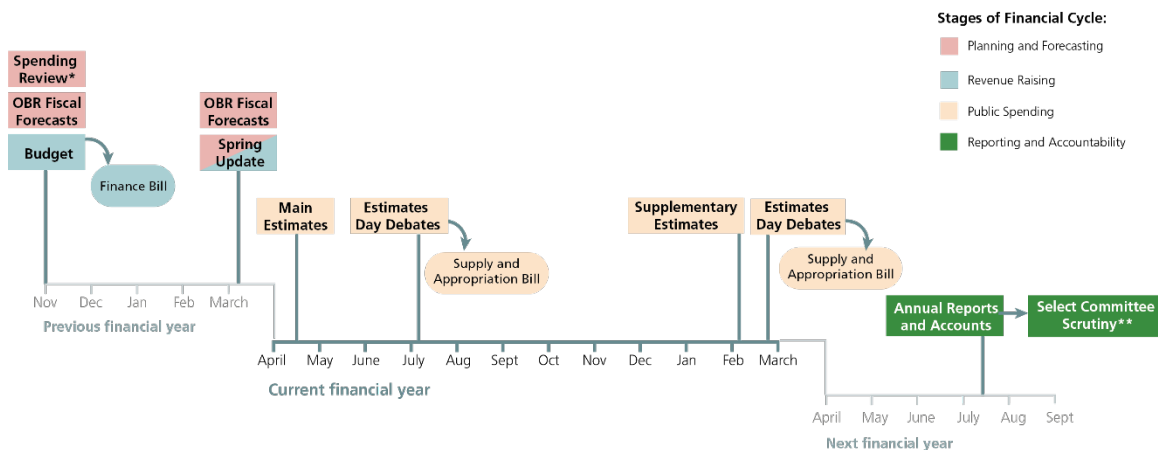
Supplementary Estimates (where required): consideration and approval of any changes to amounts or purposes of money required by departments. Supplementary Estimates are normally published in February and approved in early March to allow for any additional funds to be spent before the end of the financial year.

Statement of excesses (where required): consideration and retrospective approval of any spending beyond the level or coverage previously approved by Parliament. This normally occurs only where inevitable spending is incurred or where mistakes have arisen, and is exceptional.¹⁰

⁸ Exceptions are Consolidated Fund Standing Services, covering specific functions such as judges' salaries, returning officers' expenses and payments to the EU.

⁹ References to Parliament refer to the House of Commons only. The House of Lords has no role in the process of approval of public spending.

¹⁰ In such cases a report is prepared by the Comptroller and Auditor General, and the Public Accounts Committee may call for explanation and detail of measures taken to prevent recurrence.



Notes:

* Spending Review happens once every 3-4 years

** Select Committee Scrutiny of Departmental Annual Reports and Accounts may continue well into the financial year

1.3 Content of an Estimate

Separate Estimates and Votes on Account are produced for each government department and published together by HM Treasury in a single volume.

The key components of each Estimate are *spending limits* and *ambits*, which in each case apply to a single department for a single year only.

Spending limits

Within each Estimate, spending is divided into a number of distinct budgetary limits for each department, covering spending of a specific type determined by HM Treasury. (Changes to the categorisation of spending between categories require prior consultation with Parliament.)

Box 1: Types of spending

Departmental Expenditure Limits (DELs) cover net spending which is subject to limits set in Spending Reviews and which it is assumed government departments can control.

- **Resource DEL** (also referred to as 'day-to-day spending') covers costs of running and purchasing goods and services; staff costs; current grants; rent; and maintenance costs. It also includes profit or loss on the sale of assets; depreciation; and some impairments.¹¹
- **Capital DEL** (also referred to as 'investment spending') covers the purchase, disposal and major improvement of assets; capital grants (i.e. grants to purchase or enhance assets) and loans

Annually Managed Expenditure covers net spending which is more difficult to control and forecast:

- **Resource AME** covers benefits and state pensions; some impairments;¹² and provisions for liabilities.¹³
- **Capital AME** covers student loans and some financial transactions, mainly relating to the post 2008 financial crisis.

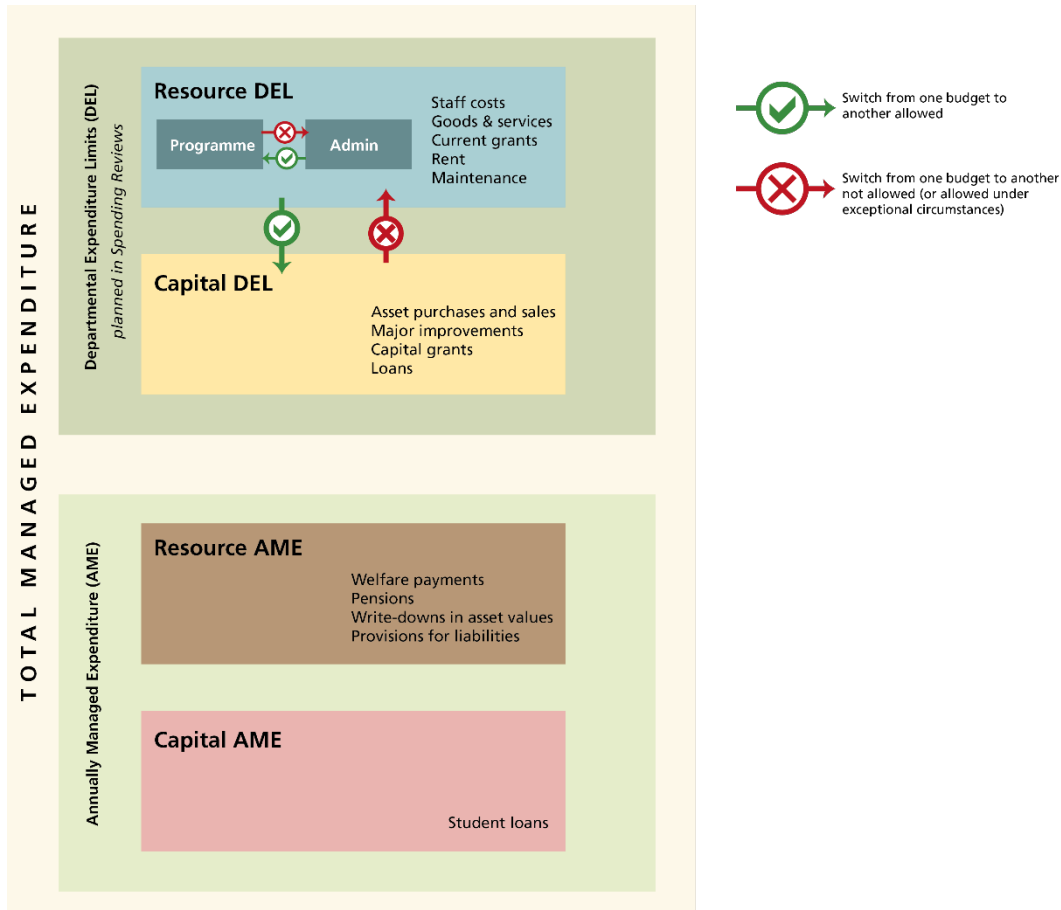
¹¹ Depreciation and impairments are reductions in the value of assets. Depreciation is routine reduction in the value of assets over their lifetime; impairments are specific reductions in asset values following a revaluation.

¹² HM Treasury determines which impairments score as DEL and which as AME.

¹³ Provisions for liabilities are current financial obligations as a result of past events, where cash may not be payable for some time.

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Switches of funding are not normally permitted by the Treasury from capital to resource (although exceptions, such as for health, are sometimes made), or from AME to DEL. Once Parliament has voted the limits, savings on *any* voted limit (DEL or AME) are not permitted to be used in support of spending under another.



Ambits

The ambit is the description of what the spending within each of the limits will be spent upon. Government departments must ensure that their ambits are accurate and, subsequently, that no spending falls outside their scope. Should it do so, it would constitute an 'excess vote', i.e. illegal spending outside the authority authorised by Parliament.

1.4 Detail of spending plans

Further detail of spending plans – breaking them down into a number of *subheads* within the totals above – is given within each Main and Supplementary Estimate. These breakdowns represent the Government's best estimation of planned spending within the totals at the time the Estimates are prepared, but do not constitute limits within the totals. Government departments are totally free to switch resources from one subhead to another, providing they do not exceed the overall spending limits, or incur expenditure beyond the scope of the ambit.

1.5 Estimates memoranda

Government departments are required to produce an explanatory memorandum to explain the content of each Main and Supplementary Estimate. This memorandum should compare spending plans to previous years and explain the reasons for changes proposed.

Select committees currently publish memoranda on their webpages and the Scrutiny Unit uses the memoranda to prepare briefings for select committees and other Members.¹⁴ Links to published memoranda can be found [here](#).

¹⁴ The Scrutiny Unit is a specialist support unit, within the House of Commons, which provides impartial advice and support to Committee members, primarily on financial and legal issues.

2. The 2019-20 Main Estimates

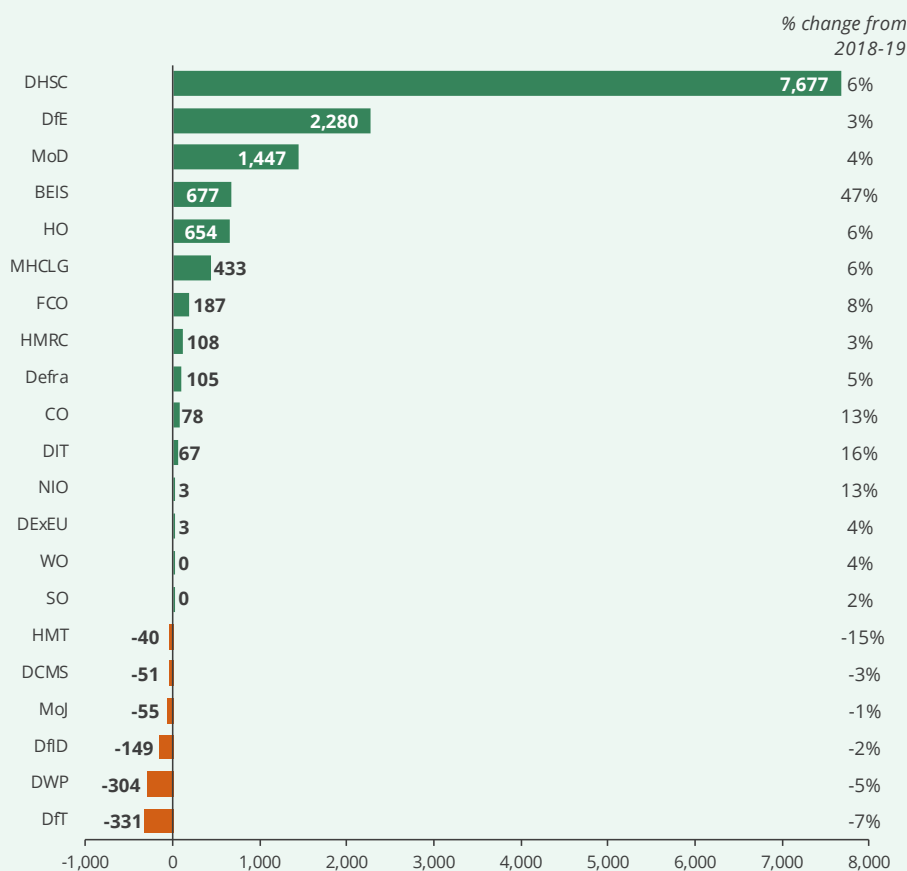
2.1 Overall spending plans

The Main Estimates for 2019-20 were published on 9 May 2019, following the Spring Statement given by the Chancellor on 13 March 2019. The Office for Budget Responsibility (OBR)'s latest forecasts for public spending were also published on the same day. The OBR's latest forecasts show that overall Total Managed Expenditure – the usual measure of total government spending – is expected to rise from £811.8 billion in 2018-19 to **£840.7 billion in 2019-20**, an increase of 3.6%.¹⁵ While Main Estimates do not include all of this spending, with some of it being authorised through other means, the individual departmental budgets contained within Estimates should be broadly consistent with these totals.

2.2 Key changes from last year

The charts below show changes to Resource and Capital DEL budgets planned, comparing 2019-20 Main Estimates (i.e. initial budgets) to 2018-19 Supplementary Estimates (final budgets).

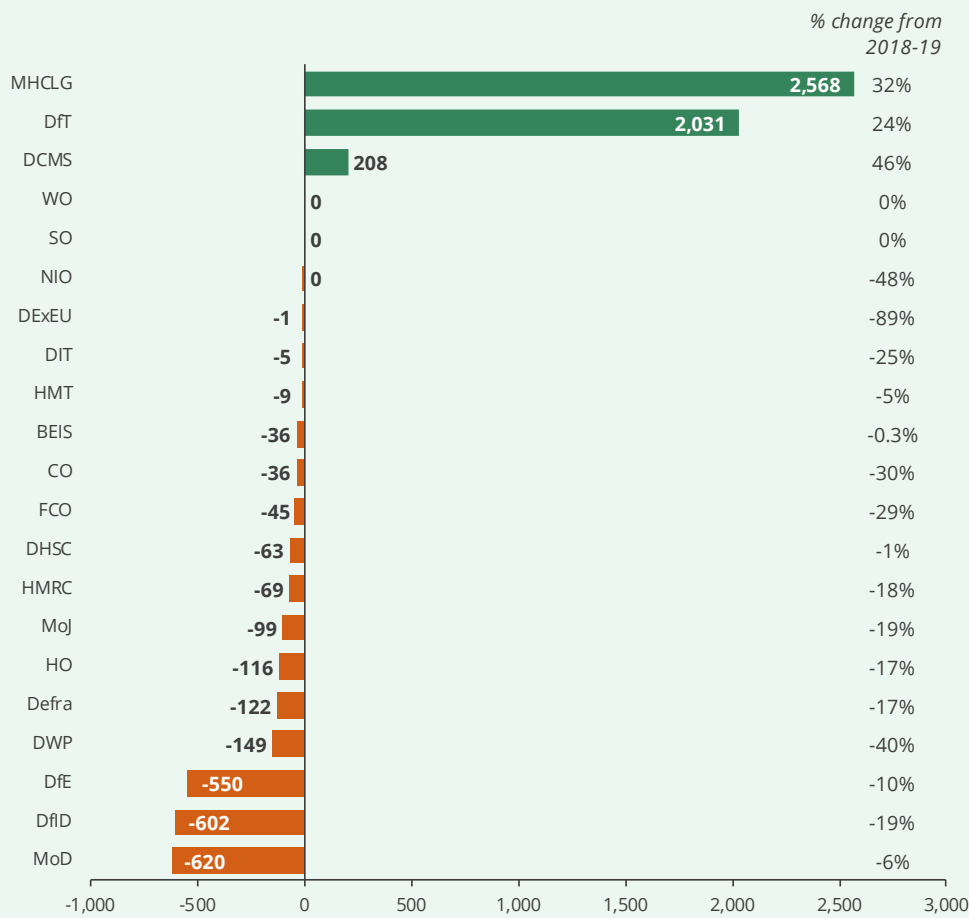
Changes in day-to-day spend (Resource DEL), by department, 2019-20 £ millions, relative to last year, not adjusted for inflation



Source: Main Estimates 2019-20; Supplementary Estimates 2018-19

¹⁵ [Economic and Fiscal outlook](#), March 2019, Table 4.12, p91

Changes in investment spend (Capital DEL), by department, 2019-20
 £ millions, relative to last year, not adjusted for inflation



Source: Main Estimates 2019-20; Supplementary Estimates 2018-19

Note: to enable like-for-like comparison, the DFT figures above exclude Network Rail, for which spending has been reclassified as DEL for 2019-20. DfE's 2018-19 Resource DEL figure also excludes a large student loan impairment. These adjustments are to enable better like-for-like comparisons.

In some cases, comparing an initial budget (Main Estimates 2019-20) with a final budget (Supplementary Estimates 2018-19) may overstate likely actual year-on-year differences. This is because, for some departments, significant changes take place at Supplementary Estimates (such as adding additional funds for Ministry of Defence operations or re-distributing joint funds between departments).

Actual spending in either year could also, in the end, differ from the budgets sought in Estimates.

Large absolute increases can often be small in percentage terms, and vice versa, as the charts show. All figures and comparisons are in nominal terms and take no account of inflation.

2.3 Day-to-day spending

Within Main Estimates, the biggest components of Resource DEL (day-to-day spending), together making up more than two thirds of the total, are:

- **Health:** £133,601 million (37.7% of the total);
- **Education:** £68,523 million (20% of the total);
- **Defence:** £38,205 million (10.8% of the total).

Notable changes include:

- Day to day spending on **health is up by £7.7 billion** (+6%) and **on education by £2.3 billion** (+3%) compared to last year;¹⁶
- Over £4.3 billion extra is provided to cover a large increase, from 1 April 2019, to **employers' pension contributions**. Treasury has agreed to provide departments with the funds for this, but the change means that headline rises in resource budgets look higher as a result. Increases for large public sector work forces include:
 - DFE (including teachers): £654 million;
 - DHSC (including NHS): £1,645 million;¹⁷
 - Home Office: £316 million (including police £154 million, fire £116 million);
 - MOD (including armed forces): £708 million;
 - Justice (including courts and prisons): £123 million;
 - Northern Ireland: £93 million;
 - Scotland: £270 million; and
 - Wales £145 million.
- The **boost to justice spend of over £1 billion**, made last year to plug gaps in funding and unrealised income, and restore justice budgets to previous levels, is broadly maintained. It is not known, however, whether this level of funding will continue into the next spending review period i.e. will form the baseline;
- There is **£450 million extra for business rates relief**, as previously announced;
- Many departments continue to have been provided **with extra Brexit funding** in 2019-20, as they were in 2018-19;

¹⁶ If a large write down in the estimated value of the student loan book, which added over £14 billion to DFE's Resource DEL budget for last year is excluded, to enable a like-for-like comparison.

¹⁷ A further 1.25bn of additional funding for NHS pension costs is also included as part of the long-term NHS settlement announced in June 2018

- Some budgets for day-to-day spending are lower than their equivalents last year. This is often the result of one-off or time-limited funding coming to an end.

2.4 Investment spending

Within Estimates, the biggest components of Capital DEL (investment spending), together making up more than half of the total,¹⁸ are:

- Transport: £15,324 million (21% of the total);
- Business, Energy and Industrial Strategy: £11,461 million (15.7% of the total);
- Housing and Communities: £10,686 million (14.6% of the total);
- Defence: £9,781 million (13.4% of the total)

Amongst departmental capital budgets:

- The Housing and Communities budget sees the biggest increase for Whitehall departments (some £2.5 billion or 32%) with an extra £1,450 million for Homes England and £1,067 million for programmes as yet unspecified;
- Transport's spending also rises significantly¹⁹ (by £2,031 million or 24%) as HS2 costs start to increase and an extra £531 million goes to Highways England;
- Digital, Culture Media and Sport gets a smaller uplift, totalling £258 million, mainly for the 5G and fibre capital programme;
- Education's capital budget reduces, largely because it received a one-off £400 million capital boost to last year's funding in the Budget;
- International Development and Defence currently show the largest capital reductions year on year, probably because of their tendency to move some resource into their capital budgets only towards the end of the year, in Supplementary Estimates.

Generally, capital budgets are more prone to fluctuation year-on-year – particularly where they are set primarily to manage time limited projects – than resource budgets.

2.5 Funding for EU Exit

Many departments have received additional funding (both resource and capital) for the costs associated with EU Exit. For 2018-19 these costs were included in the Supplementary Estimates. For 2019-20, they have been included in the Main Estimate. It is likely that amounts will be further adjusted later in the year in Supplementary Estimates. Over £1,500 million was provided in 2018-19; and over £2,000 million in 2019-20.

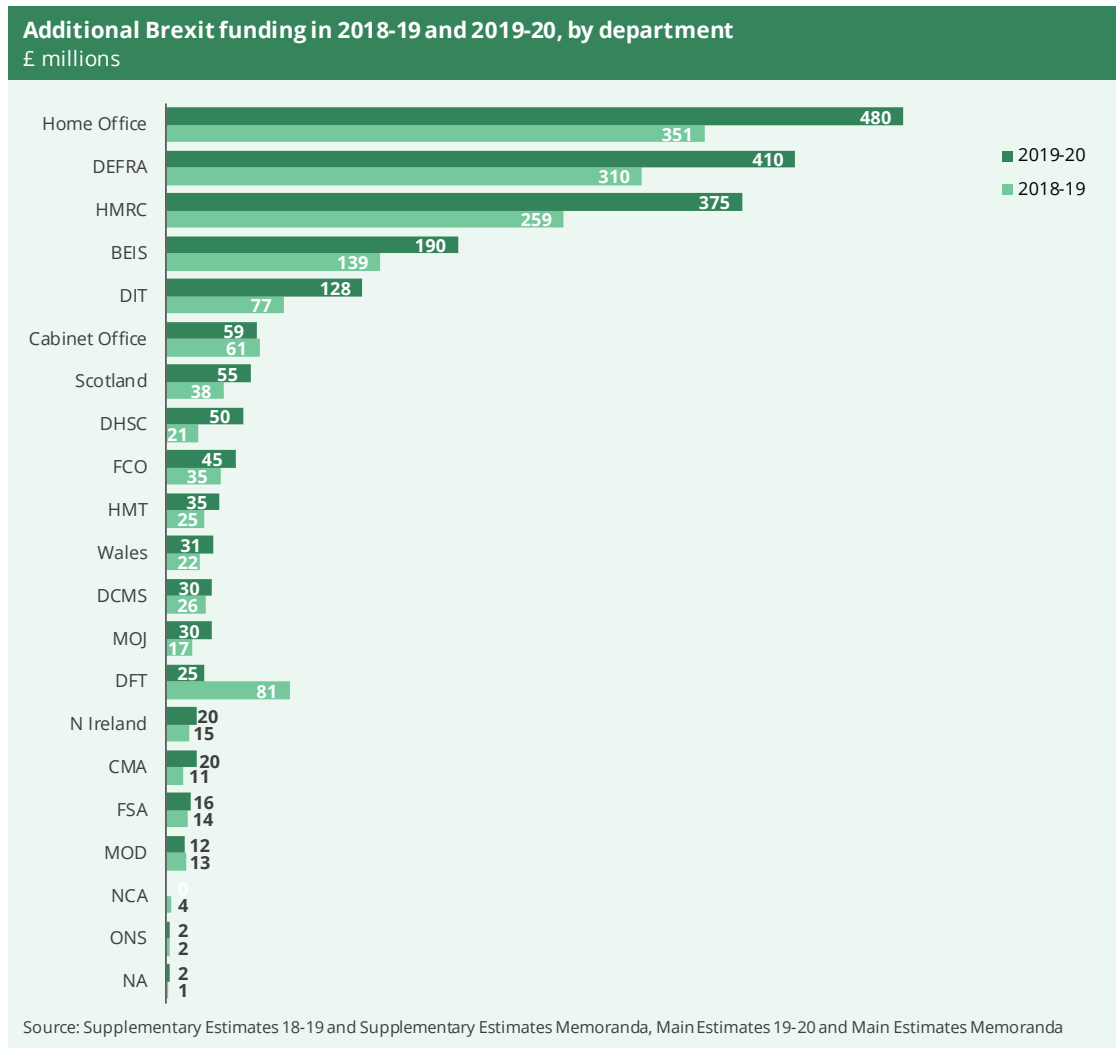
¹⁸ Totals taken from table 5, p 39, Main Estimates 2018-19

¹⁹ After allowing for the reclassification of most of Network Rail's spending from annually managed Expenditure to Departmental Expenditure Limits, as previously announced by the Chancellor

14 Main Estimates: Government spending plans for 2019-20

The chart below illustrates how these funds are distributed between departments.

(Departments may also fund some Brexit related spending from existing budgets, not shown in this chart).



2.6 Other budgets: Annually Managed Expenditure (AME)

Spending on benefits and pensions overall continues to increase, with DWP's spending forecast to rise to £189,928 million and HMRC's spending on tax credit and child benefit forecast to grow to £36,768 million. Within the totals, pensions and pension credit continue to rise, now accounting for nearly £106,000 million of the DWP total. Universal Credit is taking an increasing share of the total too, forecast at over £18,000 million.

While many working age benefits rates continue to be frozen, disability benefits and pensions have continued to be updated. Disability benefits spending is also forecast to rise, with the Personal Independence Payments caseload in particular growing rapidly.

Other AME spending (i.e. not benefits and pensions) is often more volatile. For instance, increases in the estimated share of student loans which will never be recovered; and provisions for liabilities such as nuclear decommissioning, are difficult to compare on a year on year basis, as the rises fluctuate so much from year to year, and are in any case best estimates of sometimes very long-term commitments.

2.7 Original plans for 2019-20 spending: The 2015 Spending Review

Plans for 2019-20 public spending by department were first set out in November 2015, following the 2015 Spending Review, in the context of Government plans to reduce the deficit (the annual gap between total government spending and total revenues) and eliminate it altogether by 2019-20. To meet that objective, the Government planned to modestly increase overall spending in cash terms, but to reduce current spending by an average of 0.8% each year in real terms.²⁰

Protections were given to NHS spending (a headline £10 billion real terms increase on NHS funding between 2014-15 and 2020-21); to maintain the schools, police and science budgets in real terms; to maintain international aid at 0.7% of GNI and to ensure defence spending did not fall below 2% of GDP (the NATO target). As a consequence, most other departments saw real terms falls in Resource DEL funding over the Spending Review period, quoted as cumulative real rates of reduction of 19% by 2019-20.²¹

Capital DEL spending was set to rise, with commitments to £120 billion of infrastructure over the Spending Review period.

In addition, the Government sought to reduce spending on benefits by around £12 billion by 2019-20. Pensions spending was forecast to continue to rise, despite the increased state pension age, as a result of policies such as the triple lock and as a consequence of increased life expectancy.²²

The Library briefing [Spending Review and Autumn Statement 2015: a summary](#) has more on the Spending Review.

2.8 Changes since the Spending Review

Since then a number of factors have led to amendments to the 2019-20 budgets originally planned:

- In 2016, the Chancellor decided to ease targets for reducing the deficit in the 'fiscal mandate'. Instead of eliminating the deficit by 2019-20, the Government amended its fiscal mandate target. Henceforth a new target would be measured on a 'cyclically

²⁰ Figure relates to Resource Department Expenditure Limits. See para 1.61 of [Spending Review and Autumn Statement 2015](#)

²¹ Also in para 1.61, see footnote above

²² Further details are contained in the Library briefing [Spending Review and Autumn Statement 2015: a summary](#).

adjusted' (sometimes known as 'structural') basis;²³ and rather than aiming to eliminate the deficit altogether, the new goal is now reduce it to less than 2% of GDP by 2020-21,²⁴ a less demanding objective;

- Budgets and Autumn Statements since Autumn 2015 have announced some significant changes to funding, for instance additional funding for social care announced in the Spring 2017 Budget; additional funding for health announced in the Autumn 2017 Budget; and additional funding for justice added in the 2018-19 Supplementary Estimate and, now, the 2019-20 Main Estimate;
- Additional funding has been added for costs related to EU exit (Autumn Budget 2017: £1,500 million in 2018-19 and £2,000 million in 2019-20);
- Some of the benefits changes planned in 2015 have since been amended, delayed or withdrawn;
- Annually Managed Expenditure (e.g. benefits and pensions) has been regularly reforecast by the Office for Budget Responsibility;
- Some new departments have been created (Department for Exiting the EU and Department for International Trade); and some changes to departmental responsibilities have also been made (e.g. the merger of the Department of Energy and Climate Change into the Department for Business, Innovation and Skills (BIS) to form the Department for Business, Energy and Industrial Strategy and the transfer of higher and further education from BIS to the Department for Education);
- There have been some other reprofiling changes – moving money between years – due to the timing of programme spending changing since the 2015 Spending Review. Planned investment spending has also been re-profiled in some cases as projects have progressed.

2.9 Next Spending Review

A further Spending Review is expected in 2019-20, because proposed baselines for 2020-21 and beyond are presently incomplete. While the 2015 Spending Review set some capital baselines for 2020-21, and health spending plans for a number of years ahead were announced in 2018, there are as yet no clear spending plans for most elements of departmental spending (DELs) beyond 2019-20.

The Office for Budget Responsibility has, however, already made some forecasts for 2020-21 and beyond, based on overall government fiscal policy.

²³ For more details see Box 3.5 of [Spring Statement 2018: Background briefing](#).

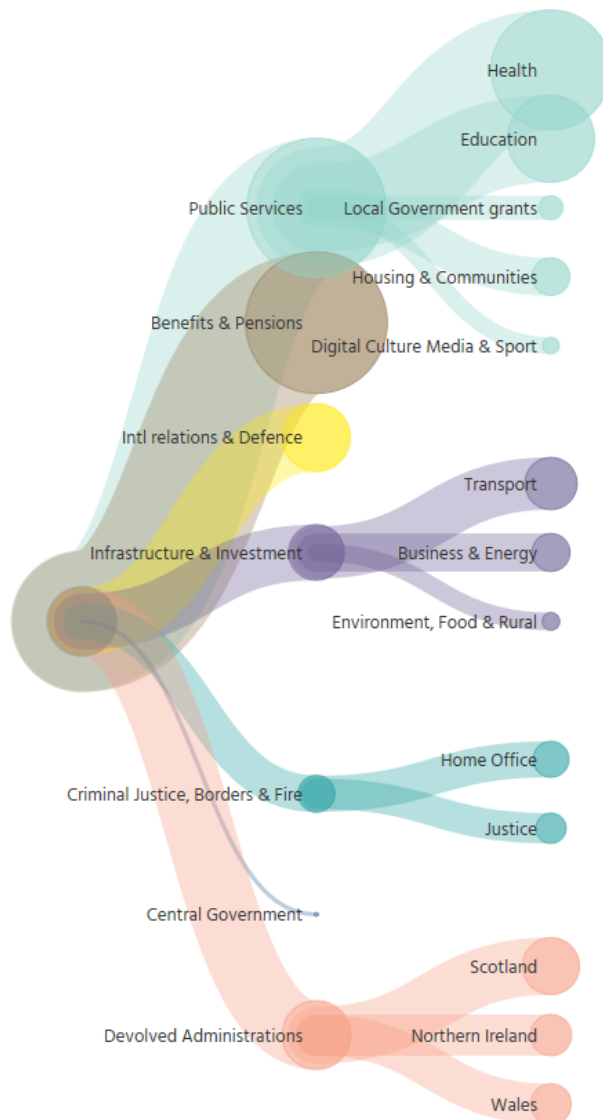
²⁴ The new fiscal mandate is contained within the revised Charter for Budget Responsibility, approved by the House in early 2017

It is not known as yet whether a new Spending Review will cover a single year only (as did the 2013 Spending Round), because of the uncertainties surrounding Brexit; or, as is more usual, a number of years ahead.

2.10 Interactive budget chart

The diagram below gives a visual representation of the balance of funding between different functions in government contained in the 2019-20 Main Estimates. For simplicity DEL and AME spending is not identified here separately, and only the spending of main departments is shown. Some AME spending (particularly in relation to accounting provisions) has also been excluded. Non-budget spending on cash grant to devolved administrations is also included, as these are included in the Estimates.

For an interactive version of this chart, which can be expanded to give further detail, follow this [link](#). This is best viewed in Google Chrome or Safari rather than Internet Explorer.



3. Parliament's role in considering Estimates

3.1 Estimates day debates

Three days are set aside for debates on Estimates each year. The Backbench Business Committee selects the Estimates topics for debate on these days.²⁵

Following recommendations from the Procedure Committee, in future these will be allocated as follows:

- Two days (usually four debates) for Main Estimates, in July;
- One day (usually two debates) for Supplementary Estimates, in late February or early March.

Roles of the Committees

This section mentions three House of Commons Committees. Below is a short summary of their respective roles:

- The [Backbench Business Committee](#) chooses the business to be debated in the House of Commons during backbench time.
- The [Liaison Committee](#) considers general matters relating to the work of select committees. It is made up of the Chairs of Select committees meeting together.
- The [Procedure Committee](#) considers, and makes recommendations on the practices and procedures of the House of Commons

3.2 Submitting a bid for an Estimates day debate

Bids for new Estimates day debates should give the names of those members who will take part in the debate and submitted to Backbench Business Committee using a new variant of the bid form which will be made available on the committee's webpage. The Committee will use the list of names to gauge the likely level of cross-party interest in a debate. The deadline for submission of bids is **2:30 pm, Friday 14 June 2019.**

In order to ensure that the Estimates day debates remain relevant to the public spending in the Estimates the title of the topic to be debated should take the form:²⁶

- The spending of [name of Department] *or*
- the spending of [name of Department] on [name of programme/name of arms length body/name of activity] *or*

²⁵ Under Standing Order 54, the liaison committee is required to determine topics for debate. Under a pilot agreed for the remainder of this Parliament, the Liaison Committee has agreed to endorse the recommendations of the Backbench Business Committee

²⁶ A few specific items of spending (e.g. judges' salaries) are not annually voted by Parliament in Estimates. For this reason, bids for debates on spending on these items should not be made.

- [name of Department] spending and its consequences for grants to the devolved institutions

The title of the debate restricts the scope of the debate. Members need to adhere to the topic of the debate, and may be warned or prevented from speaking by the Speaker if their remarks stray beyond this.

3.3 Selection of Estimates day debates

Debates will be considered by the Backbench Business Committee, and endorsed by the Liaison Committee, before being announced in the weekly Business Statement in the usual way. Successful bidders for debates will be notified in the usual way by the Backbench Business Committee.

Recent Estimates debates

The first new style Estimates debates, chosen by the Backbench Business Committee and focused on Estimates and spending, took place in February 2018. Topics selected for debate so far have been

February 2018: 2017-18 Supplementary Estimates:

- The spending of the Ministry of Defence
- The spending of the Department for Exiting the European Union
- The spending of the Ministry of Housing, Communities and Local Government on homelessness
- The spending of the Department for Transport

July 2018: 2018-19 Main Estimates

- The spending of the Ministry of Justice
- The spending of the Department of Health and Social Care and Ministry of Housing, Communities and Local Government on social care
- The spending of the Department for Education
- The spending decisions of HM Treasury and impact on devolved institutions

February 2019: 2018-19 Supplementary Estimates

- The spending of the Department for Education
- The spending of the Department for Work and Pensions

A further four debates are expected to be selected for July 2019, linked to the 2019-20 Main Estimates.

The Backbench Business Committee may consider which topics have previously been selected for debates in considering bids, in order to enable Estimates debates, over time, to cover a range of different spending issues of interest to Members.

3.4 Motions

Estimates selected for debate may be amended downwards or rejected outright by the House in motions following debates

Remaining Estimates which are not the subject of debates are put to the House as a 'roll up motion' – they cannot be amended, although they can theoretically be rejected outright.

All Estimates presented – those debated and those not debated – are then put into effect (if approved) through the passage of a Supply and Appropriation Act. Following Royal Assent, departments may draw down the additional funds contained in the Main Estimate. Up until this

point, funds for 2019-20 have been provided via the Vote on Account – an advance of funding approved by Parliament in March 2019.

3.5 Select committees

Select committees have a continuing role in financial scrutiny. The Liaison Committee has set out a number of core tasks which are common to select committees. There is a specific core task:

to examine the expenditure plans, outturn and performance of the department and its arms length bodies and the relationship between spending and the delivery of outcomes

Committees are supported in this role by the House of Commons Scrutiny Unit. The Scrutiny Unit routinely provides analysis and data visualisations of Estimates for committees, which are subsequently available on its webpages.

4. Recent and future possible reforms

4.1 The Procedure Committee's 2017 inquiry into the Estimates process

In 2016 the House of Commons Procedure Committee established an inquiry to look into reform of Estimates and Estimates procedure. The Procedure Committee's inquiry reported in 2017 making a number of recommendations for reform.²⁷

Some of these recommendations have now been either accepted by the Government or implemented by the House:

- Under a pilot arrangement for the current Parliament, the Backbench Business Committee now considers bids for Estimates days debates from backbenchers, on topics related to the Estimates, rather than Liaison Committee choosing topics based on bids from Select committees on their reports;
- The Government agreed to alter the allocation of Estimates days between spring and summer, with effect from July 2018 – increasing Estimates days from one to two each summer (Main Estimates) and reducing Estimates days from two to one in spring (Supplementary Estimates);
- The Government [published](#) detailed calculations in December 2017 for the first time on how the amounts payable to the devolved institutions have been calculated. Updated information is now published annually;
- The House of Commons Scrutiny Unit has conducted a review of Estimates memoranda, consulted government on changes to guidance and introduced new guidance. Government departments have now implemented the changes; and
- The Government has agreed to look at improvements to the format of Estimates, and to make more information available in spreadsheet format.

Other recommendations, such as suggested changes to allow greater time for Estimates consideration and bring this forward to before the start of each financial year, have not, as yet, been accepted.²⁸

²⁷ Procedure Committee, 5th report, session 2016-17, *Authorising government expenditure: steps to more effective scrutiny*, HC 190, 19 April 2017, <https://publications.parliament.uk/pa/cm201617/cmselect/cmproced/190/19002.htm>

²⁸ Government response to the fifth report of the Committee, Session 2016-17, *Authorising government expenditure: steps to more effective scrutiny* <http://www.parliament.uk/documents/commons-committees/procedure/hc739-response-fifth-report-201617-hc-190.pdf>

A further report, by the Procedure Committee of the new Parliament, was published on 22 January 2018,²⁹ following up the Government's response and implementation of changes.

4.2 Improved Estimates memoranda

Following the House of Commons Procedure Committee's 2017 inquiry, the House of Commons Scrutiny Unit was asked to conduct a thorough review of Estimates memoranda, highlighting examples of best practice and making suggestions for improvement. The Scrutiny Unit's review was endorsed by the Procedure Committee and published in July 2018.

Following that review, the Scrutiny Unit consulted government departments on revised guidance, including new formats and more specific content for future Estimates memoranda. Many departments implemented the changes with effect from the 2018-19 Supplementary Estimates; the remainder have now introduced the changes with effect from the 2019-20 Main Estimates.

The new style estimates memoranda are designed to incorporate best practice from past examples of memoranda, so that in future **all** departments provide good quality information; and in a more uniform format than in the past, so that information is easier to find.

4.3 New Procedure Committee inquiry into the idea of a Budget committee

In 2018, the House of Commons Procedure Committee embarked on a new [inquiry](#) into whether the House should have a Budget Committee, to examine Government spending plans set out in multiannual spending reviews and annual departmental Estimates. As part of the inquiry, the committee is also looking at what resources would be required to provide effective support for a committee of this nature.

The committee inquiry is still ongoing, and a report is expected during 2019.

²⁹ Procedure Committee, 3rd report, session 2017-19, *Debates on Estimates days: piloting new arrangements*
<https://publications.parliament.uk/pa/cm201719/cmselect/cmproced/739/73902.htm>

Annex A: Summary of content of 2019-20 Main Estimates

Definitions

Resource Department Expenditure Limits (RDEL): day to day spending on services, pay and running costs, including grants to support such spending

Capital Department Expenditure Limits (CDEL): investment spending, including loans and capital grants

Resource Annually Managed Expenditure (RAME): spending on benefits and pensions and other day to day spending which is demand led or difficult to forecast. Long term provisions for liabilities are also included

Capital Annually Managed Expenditure (CAME): spending on investment or loans which is demand led or difficult to forecast

Non-budget: cash block grant to the devolved institutions, which they decide how to spend. Devolved institutions use this cash, voted by the Westminster Parliament, to support the spending power which HM Treasury allows them through the DELs which it sets (but which are not voted by the Westminster Parliament), and which can be increased as a result of the Barnett formula and other changes

Cabinet Office

The Cabinet Office plans a **Resource DEL** (day-to-day spending) budget of **£662.8 million** in 2019-20, **13.3% above** the final budget for 2018-19 of £585.0 million.

The main differences compared to the final budget for last year are:

- additional funding of £151.7 million for the cost of European Parliamentary elections in 2019-20 – this is the primary cause of the increase;
- some reductions due to spending included in the final budget for 2018-19 which is not included in 2019-20. This includes funding in 2018-19 for the national cyber security programme and the Grenfell Tower inquiry which does not feature in the 2019-20 budget. There is also a decrease in forecast depreciation and impairment charges (a non-cash cost) of £10 million.

The Cabinet Office plans a **Capital DEL** (investment spending) budget of **£84.1 million** in 2019-20, **30.2% less** than the final budget for 2018-19 of £121.0 million.

Reasons for the difference compared to the final budget for last year include:

- the Government Property Agency – no capital funding is included in the Cabinet Office's Main Estimate for 2019-20, whereas this totalled £20.4 million in the 2018-19 final budget; and
- A reduction in funding of £8.3 million for the Geospatial Commission capital budget.

Department for Business, Energy and Industrial Strategy

BEIS plans a **Resource DEL** (day to day spending) budget in 2019-20 of **£2,111.3 million, 47.2% above** the final budget for 2018-19 of £1,434.4 million.

BEIS' resource budget covers industrial strategy and investment, including where Government acts as stakeholder (£297 million); nuclear decommissioning and other energy legacy spending (£711 million); competition and markets (£194 million); science and research (£284 million); energy (£55 million); tackling climate change (£44 million) and capability (central and administrative functions) (£513 million).

The biggest causes of changes from last year are:

- There is no repeat this year of a one-off coal pension surplus of £475 million, which lowered net spending by that amount (energy legacy spending) in 2018-19;
- The resource budget for nuclear decommissioning in 2019-20 is £238 million higher, as it includes some funding which may later in the year be moved to capital budgets (the overall *total* of resource and capital nuclear decommissioning spend is much the same, year on year);
- Funding for the South Tees site company (£17.7 million in 2018-19) has yet to be added in 2019-20 (BEIS expects it to be around £44 million when it is added in Supplementary estimates);
- There is an extra £20 million for Local business improvement networks and £10.7 million for the Small business Leadership programme in 2019-20.

BEIS plans a **Capital DEL** (investment spending) budget of **£11,460.7 million** in 2019-20, **0.3% less** than last year's final budget of £11,496.3 million.

The lion's share (around 75%) of BEIS' capital funding is accounted for by spending on science and research (some £8,684 million, an increase of 5.7% or £469 million). BEIS has one of the highest capital budgets of government.

Other major changes include:

- Nearly a billion less (£981 million) is provided for spending on "government as shareholder", due to a combination of lower profile spending and planned higher repayments of loans to the Enterprise Capital fund and British Business Bank. Funding under the Post Office Investment fund also tails off, in line with plans for transformation funding;
- £186 million more is provided for tackling climate change, primarily as a result of higher spending on energy, research, development and demonstration and the Heat Networks Investment Project;

- There are also some centrally held funds, which have yet to be distributed (£212 million) and £263 million less in currently planned capital nuclear decommissioning spending, which it is likely will alter later in the year, as the resource/capital split becomes clearer (as stated above, the overall total of resource and capital nuclear decommissioning spend forecast is much the same, year on year).

BEIS' **Resource Annually Managed Expenditure** (a separate budget for less predictable spending) for 2019-20 is much changed from last year (**£2,954 million**, compared to minus (-) £89,668 million last year).

This is largely because last year there were significant reductions in the long-term costs of provisions for liabilities (primarily, but not exclusively nuclear decommissioning) when Treasury altered the discount rate (used to 'discount' the value of future costs. This 'negative spike' has not (as yet) re-arisen this year, but further big changes may occur in supplementary estimates, if there is another change in discount rates, later in the year.

Department for Digital, Culture, Media and Sport

DCMS plans a **Resource DEL** (day-to-day spending) budget in 2019-20 of **£1,770.2 million**, £50.8 million or 2.9% lower than the final budget for 2018-19 of £1,820.9 million.

DCMS's budget includes spending on museums, galleries and libraries (£576 million); arts and heritage (£496 million); media and broadcasting (£102 million); sports (£138 million); and other sectors such as tourism and responsibility for Civil Society.

Funding is reduced for broadcasting and media, museums, libraries and galleries, arts and heritage and sports, while spending on civil society increases.

The reductions mainly arise because year-specific funding provided last year is not repeated, although this may alter later this year when Supplementary Estimates are presented. Amounts previously provided but yet to be repeated for this year (i.e. reductions in funding) include £34 million to allow Museums to use their own income; £21 million last year for Birmingham Commonwealth games; £29 million less for Visit Britain (including Discover England fund); and £18 million for the listed places of Worship scheme.

Additional funding provided this year includes:

- £72 million higher funding for National Citizen Service (this may be reduced later in the year depending on participation levels);
- £12 million extra for the Arts Council, due to their share of the Cultural Development fund;
- £12 million increase to cover extra employer contributions for staff pensions.

£30 million is also provided for EU Exit preparation on policy staff costs (a rise of £4.4 million, as £25.6 million resource was provided last year).

DCMS plans a **capital DEL** (investment spending) budget of **£656 million** in 2019-20, £208 million or **46% higher** than the final budget for 2018-19 of £447 million.

70% of this is for broadcasting and media (£470 million, up £251 million from last year); the remainder is for museums, libraries and galleries (£95 million, £20 million less than last year); arts and heritage (£47 million) and sports (£43 million).

The main reasons for the changes, compared to last year, are:

- £179 million extra is to be provided for 5G and fibre capital programme (Digital National Productivity Investment Fund);
- A £76 million increase for 700 MHz spectrum;
- A £40 million increase due to re-profiling of the Blythe House Estate move (for national museum archives);
- A £63 million reduction due to claims on the reserve last year that are not being repeated, mainly relating to Museum Freedoms.

Department for Education

DFE plans a **Resource DEL** (day-to-day spending) of **£68,522.6 million** in 2019-20. Although this is £9,454 million lower than last year's final budget of £77,977 million, last year's figure included an £11,734 million extra estimated cost due to estimated student loan impairments. Excluding this amount, DFE's Resource DEL for 2019-20 **rises** by **£2,279.9 million** or **3.4%**.

Grants to schools increase by £2,035 million (+4%). Within this increase is included funding for increased employer pension costs (A significant, but unspecified, proportion of the £654 million provided for these increase pension costs for DFE as a whole).

Other notable changes in funding compared within the totals, compared to last year are:

- An additional £239 million for apprenticeships, to fund increased starts and improved apprenticeship standards;
- An additional £40 million, allocated in the Autumn Budget, to the Strengthening families programme;
- An apparent reduction in funding provided for further education budget of £170 million or 3.3%, from £5,013 million to £4,843 million. This is despite the 2019-20 total including £83 million for additional employers' pension costs.

DFE plans a **Capital DEL** (investment spending) of **£4,974 million, 10% lower** than last year's total of £5,254 million.

Within this total, compared to last year there is

- £644 million *less* in capital *grants* to schools, partly offset by an extra £315 million for construction programmes for early years and schools. The reduction arises partly as a result of the one-off funding boost of £400 million last year announced in the Budget not being repeated, and partly as a result of the healthy pupils capital programme reaching completion;
- Within further education budgets, while there is additional funding for the Institutes of Technology, overall capital funding provided by DFE for FE reduces by £74 million or around 40%;
- £57.6 million less for higher education arms length bodies – primarily attributable to reprofiling of capital grants which the Office of Students gives to higher education institutions.

DFE also has large **Annually Managed Expenditure (AME)** budgets, covering less predictable spending.

- Resource AME – covering repayments of interest by students on loans and reductions in the value of the student loan book where the budget is **down** – suggesting higher levels of loan repayment and lower write downs forecast this year;
- Capital AME spending- covering loans paid to students, less repayments is also forecast to be **lower** this year

In both cases, however, the figures are subject to lots of uncertainty and are likely to be revised, perhaps significantly, at supplementary estimates later in the year.

Department for Environment, Food and Rural Affairs

For 2019-20 DEFRA proposes a **Resource DEL** (day-to-day spending) budget of **£2,157 million**, an **increase** of £108 million or **5.3%**, compared to last year's budget of £2,049 million.

The budget includes £393 million of EU Exit funding, being held centrally initially (under Departmental Operating costs) until decisions are made on its allocation later in the year. Other significant budget areas include improving the environment (£544 million); flood protection (£340 million) and food and farming (£203 million).

The main drivers of the proposed budget changes are:

- A £112 million increase for EU Exit preparations;
- A £48 million increase for Environment Agency (EA) projects, although it is likely some of this will be moved to the capital budget later in the year, in a Supplementary Estimate;
- A £21 million decrease in the Official Development Assistance budget; last year extra money was transferred in from DFID;
- A £31 million decrease for items including efficiencies achieved in the DEFRA property and IT estate, and an outstanding claim on

the Treasury Reserve for clean air funds that is likely to be made in the Supplementary Estimate.

Whilst the central and flood protection budgets have increased, most other areas have absorbed reductions of around £50 million each.

DEFRA proposes a **Capital DEL** (investment spending) budget of **£617.8 million** in 2019-20, a **reduction** of £120.3 million or **16%** compared to last year's budget of £738 million.

Within the budget most funding is for flood protection (£501 million, an increase of £15 million on last year).

The majority of the budget reduction is in central departmental operating costs. The main causes of the proposed change are:

- A £57 million decrease due to planned reductions in the IT and estates budget;
- A £48 million decrease due to transfers from resource to capital in the last Supplementary Estimate;
- A £24 million net decrease due to outstanding Reserve claims for flood and coastal risk management.

Department for Exiting the European Union

The Department for Exiting the European Union plans a **Resource DEL** (day-to-day spending) budget of £93.8 million in 2019-20, **4% above** last year's final budget of £90.6 million.

The Department plans a very small **Capital DEL** (investment spending) budget of £0.08 million for 2019-20, an **89% reduction** on the capital budget for the final 2018-19 budget of £0.7 million. As the Department becomes more established, there is a reduced need for additional IT and office equipment.

As a new department, DExEU's spending pattern is likely to continue to be small, but less predictable than many other departments as the nature, timing and costs of its activities will vary depending on decisions taken on the EU exit process.

Department of Health and Social Care

The Department of Health and Social Care (DHSC) plans a **Resource DEL** (day-to-day spending) budget of **£133,601 million** in 2019-20, **6.1% above** the final budget for 2018-19 of £125,924 million.

Around 90% of the DHSC resource budget is for the NHS (£120,842 million) – this includes spending by NHS England and NHS Providers. The rest – 'non-NHS' spending – is for: the administrative and programme costs of the central department; other health bodies, such as Public Health England, Health Education England and NHS Resolution; and Local Authorities.

According to DHSC, compared to 2018-19, NHS spending is set to rise by £8.7 billion (+7.8%); non-NHS spending to fall by £1.0 billion (-7.5%).

The biggest causes of the increases in the day-to-day budget are:

- additional funding for the NHS of £4.9 billion as part of the NHS Long Term Plan and the Agenda for Change pay deal.
- additional funding for employers' pension contributions which amounts to £2.9 billion in total (£1,645 million for increased employers' pension costs, plus £1,250 million previously committed as part of the long term NHS settlement.)

Other changes to the Resource DEL budget include an additional £50 million for Brexit preparations.

DHSC also plans a **Capital DEL** (investment spending) budget of **£5,920 million** in 2019-20, **1.1% less** than last year's final budget of £5,983 million.

However, capital spending on the NHS itself is set to rise by 4% compared to the final budget for last year.

The overall reduction is caused by non-NHS capital funding falling, including a reduction of £40 million for Genomics England, and £14 million less for NHS Digital.

Department for International Development

The Department for International Development (DFID) plans a **Resource DEL** (day-to-day spending) of £7,177 million in 2019-20, **2% below** last year's final budget of £7,285 million.

The main components of DFID's spending are:

- Regional programmes: £3,201 million (reduction of 10% from last year);
- Policy priorities: £2,790 million (increase of 3% from last year);
- Conflict, Stability and Security Fund: £68 million (reduction of 45% from last year);
- Operating costs: £338 million (increase of 7% from last year);
- Other central programmes: £204 million, compared with a revised budget of only £9 million last year. The explanation for this large difference is that Other central programmes includes the re-deployable crisis reserve, meaning that funds are to be transferred out of this budget line in year as/when crises occurred.
- Scholarships: £27 million (increase of 3% from last year);
- Independent Commission for Aid Impact: £4 million (reduction of 23% from last year);
- The Prosperity Fund: £61 million (this budget item was introduced in 2018-19, and the final budget for that year was £10 million);

- European Union Attributed Aid: £483 million (reduction of 6% from last year). (These are amounts attributed to DFID to reflect spending on development activities by the European Commission from its budget).

In addition to the above, as a result of a Machinery of Government change, the Equality and Human Rights Commission has transferred from DFID to Cabinet Office. The final 2018-19 budget for this item was £40 million, which no longer features in DFID's Main Estimate.

A significant proportion of DFID's spending is 'protected' and set to increase in the 2015 Spending Review plans because the 2015 International Development (Official Development Assistance target) Act commits the Government to achieving the UN target of spending 0.7% of Gross National income (GNI) on Overseas Development Aid.

DFID plans a **Capital DEL** (investment budget) of **£2,527 million** in 2019-20, **19% below** last year's final budget of £3,128 million. The Spending Review always planned lower capital spending by DFID in 2019-20 compared to last year. It is likely, however, some of DFID's resource budget will be transferred to capital later in the year when the nature of projects and programmes supported is clearer.

Department for International Trade

The Department for International Trade (DIT) plans a **Resource DEL** (day-to-day spending) budget of £488 million in 2019-20, **16% higher** than last year's final budget of £422 million. DIT is one of the lowest spending departments and the Main Estimate does not break down this total further. As a result of transfers of resource from other departments and additional EU Exit funding from Treasury, DIT's 2019-20 budget for day-to-day spending is £151 million (45%) higher than was planned for 2019-20 when the Department was created in 2016.

The Department for International Trade only spends a small amount of its overall budget on capital investment. DIT plans a **Capital DEL** (investment) budget of £14.4 million in 2019-20, **25% below** last year's final budget of £19.3 million.

The main drivers for planned changes to day-to-day spending are as follows:

- The Main Estimate 2019-20 budget includes £128 million of funding to prepare for EU Exit. This represents an increase of £51.1 million for Exiting the EU funding received, 50% higher than the final budget of £76.9 million received in 2018-19;
- In 2017, the Prime Minister committed the UK to participating at the Dubai World Expo 2020, resulting in an increase of £8 million. DIT is delivering on this commitment on behalf of HMG, although the UK's participation at the Expo remains a cross-Government priority. Unspent funds of £7 million, plus £1 million transferred from BEIS last year, have been brought forward from last year.

Department for Transport

Department for Transport plans a **Resource DEL** (day-to-day spending) budget of **£10,710.2 million** in 2019-20, which on the face of it, unadjusted, is 137% higher than the final budget for 2018-19 of £4,525.2 million. However, the increase is entirely the result of a decision by the government to move most of Network Rail spending – previously included in the Resource AME (Annually Managed Expenditure) budget – to the Resource DEL budget from 2019-20.

On a like-for-like basis, (excluding Network Rail day-to-day expenditure of £6,516.1 million from the 2019-20 budget) the Resource DEL budget for this year would be £4,194.1 million. This 2019-20 adjusted Resource DEL budget (excluding Network Rail) is **7.3% less** than the final equivalent budget for 2018-19.

Changes in the budget lines for day-to-day spending compared to last year's final budget include:

- a reduction in the Highways England resource budget of £389 million;
- £77 million less in income from tolled crossings, due to the Severn River Crossing going back into public ownership in December 2018, pushing up net costs to the department;
- increased net expenditure on support for passenger rail services of £57 million. For 2019-20 this is forecast to be £24 million net expenditure, compared to net *income* of £33 million last year.

In addition, total Network Rail day-to-day spending – across both the DEL and AME budget lines – is forecast to amount to £8,802.6 million in 2019-20, £535.3 million more (+6.5% increase) compared to the amount in 2018-19. This budget includes depreciation and amortisation which is a non-cash cost, so this change may not mean that Network Rail spends more cash on operational expenditure.

The inclusion of Network Rail budgets in the **Capital DEL** (investment) budgets for the first time in 2019-20 also results in a large increase in DFT's Capital DEL. Department for Transport plans a **Capital DEL** budget of **£15,323.8 million** in 2019-20, 80.3% higher than the final, unadjusted, budget for 2018-19 of £8,500.6 million.

If an adjustment is made to exclude Network Rail capital expenditure of £4,792.0 million from the 2019-20 budget, the Capital DEL budget would be £10,531.8 million. This adjusted budget (excluding Network Rail) is **23.9% higher** than the final budget for 2018-19.

Changes in the budget lines for investment spending compared to last year's final budget include:

- an increase of £1,693 million in the High Speed Rail and High Speed 2 budget lines. This 61.5% increase sees budgets go up from £2,751.0 million in 2018-19 to £4,443.8 million in 2019-20; and

- an increase of £531.2 million in the capital budget for Highways England.

Comparing total Network Rail investment spending across both the DEL and AME budget lines show that it is forecast to amount to £4,792.9 million in 2019-20 – this is a reduction of £947.7 million, or 16.5%, compared to the amount in 2018-19.

Department for Work and Pensions

Much of DWP's spending, including all spending on benefits and state pensions, lies within the budget known as **Resource Annually Managed Expenditure** (which is not subject to pre-set limits set in Spending Reviews). The budget sought for this spending in 2019-20 is **£189,928 million, 3.0% above** the final budget in 2018-19, or 3.5% above the amount sought at the beginning of last financial year.

Some of this increase arises from DWP taking a greater share of benefit costs as a whole, as Universal Credit not only replaces legacy DWP benefits, such as housing benefit, wholly funded by DWP, but also tax credits, where claimants previously will have received funding via HMRC.

Within the totals:

- Spending on specific incapacity benefits is forecast to fall by £2.6 billion or 17% as non-contributory Employment and Support Allowance is replaced by Universal Credit (identified separately);
- Spending on disability and carer benefits will increase by £1.7 billion or 6%, partly due to an uprating of 2.4% in 2019-20, and partly due to growing numbers of claimants. The amount spent on Personal Independence Payments is rising faster than the amount spent on Disability Living Allowance is falling;
- Overall spending on Universal Credit and the equivalent DWP benefits it is replacing, other than housing benefit, will be £6.2 billion (or 28%) higher than last year, with much of the increase to DWP resulting from the DWP's Universal Credit replacing HMRC's tax credits. Universal Credit is also increasingly replacing housing benefit;
- Housing benefit expenditure is forecast to fall by £2.9 billion or 14% as support is increasingly paid through Universal Credit instead;
- Payments of benefits and state pensions to pensioners are predicted to rise by £1.7 billion or 1.6% compared to last year, with spending on state pension, within this total, going up by 2.1% or £2.1 billion.

By contrast, DWP plans a **Resource DEL** budget (covering the administration of DWP and other, day-to-day, spending) of **£5,740 million, 5.3% below** last year's final budget. Over three quarters of this spending is operational delivery and departmental operating costs – essentially the staff and associated building costs of the department, which are continuing to fall.

DWP also plans capital spending (within **Capital DEL**) budget – funding DWP’s estate and IT – of **£227 million, 66% below** last year’s final budget. In proportion to DWP’s other spending, capital represents a very small fraction of DWP’s costs, and the reduction follows peak investment in digital and estates change programmes in prior years.

Foreign and Commonwealth Office

The Foreign and Commonwealth Office (FCO) plans a **Resource DEL** (day-to-day spending) budget in 2019-20 of **£2,617 million, 8% above** last year’s final budget of £2,430 million.

This rise is mainly driven by a £147 million (249%) increase in the Prosperity Fund and increases in the FCO’s conflict prevention and peacekeeping budgets (increasing by 26% and 13% respectively). However, the administration and programme budget (mainly the cost of running the embassies) has reduced by 11% from last year. (Many of the operational costs of running the FCO network are classified as programme rather than administration, because they support front-line diplomatic work).

FCO’s overall spending was protected in real terms in the 2015 Spending Review. The main components of FCO’s day-to-day spending are:

- Administration and programme (this is mainly costs of running the embassies): £946 million (reduction of 11% from last year);
- Grants to third parties (including international subscriptions e.g. OECD): £377 million (no change from last year);
- British Council: £167 million (reduction of 1% from last year);
- Net funding for non-departmental public bodies: £7 million (increase of 2% from last year);
- Prosperity Fund: £207 million (increase of 249% from last year);
- Conflict prevention: £536 million (increase of 26% from last year); and
- Peacekeeping (contributions to UN peacekeeping): £377 million (increase of 13% from last year).

FCO’s conflict prevention and peacekeeping budgets are funded through the Conflict, Stability and Security Fund (CSSF). This is a fund set up in support of National Security Council objectives related to promoting security and projecting UK global influence. At the start of each year, the funds are initially included in Department for International Development’s Main Estimate, but some of it is subsequently transferred out (in supplementary estimates) to be spent by other departments, although FCO usually remains the biggest funding department. Any department can bid for funding, as long as the funds are to be spent on CSSF’s objectives. Similar arrangements exist for the Prosperity Fund which aims to promote growth and prosperity in developing countries.

FCO plans a **Capital DEL** (investment) budget of **£112 million** for 2019-20, **29% below** last year's final budget of £157 million. There are often fluctuations in FCO's investment budgets year-on-year due to the investment profile of capital projects as well as one-off income gains from sales of assets. In particular, FCO's capital programme is dependent on asset sales such as the sale of the Bangkok embassy. The funding from the Bangkok embassy sale will support a number of projects under the FCO's Global Asset Management Plan (GLAMP). The GLAMP includes remedial work in Paris, Washington, New Delhi, and Ottawa, as well as the re-build of the embassy and residence in Beijing.

Home Office

The Home Office proposes a **Resource DEL** (day-to-day spending) budget of **£11,515.7 million** in 2019-20, an **increase** of £654 million or **6%** compared to the final budget for 2018-19 of £10,861 million.

The main drivers of the increase are:

- £327 million extra for EU exit planning.
- £250 million for Windrush and increased Asylum Support;
- £80 million increase for Serious Violence Strategy funding, to reduce violent crime including through upstream prevention work.
- additional employers' pension contributions totalling £317 million: including £154 million for police pensions and £116 million for fire pensions,

Within the overall budget the crime, policing and fire group is by far the largest element; it comprises some 80% of the total (£9,236 million), an increase of £578 million or nearly 7% from last year. This partly reflects a regular transfer from resource to capital within the budget group. There has also been the creation of a new serious organised crime group (£42 million). Other notable budget budgets include Office for Security and Counter Terrorism (£933 million); central department 'Enablers' (£693 million) and Border Force (£548 million).

The department is proposing a **Capital DEL** (investment spending) budget of **£579.7 million** in 2019-20, a **decrease** of £116.4 million or **16.7%** from the 2018-19 budget of £696 million.

Last year the capital budget was boosted by a £148 million switch from the resource budget to cover the Emergency Services Mobiles Communications Programme. This is not repeated in 2019-20, leading to a lower capital budget total this year.

The main capital budget areas remain 'Enablers' (£145 million, an increase of £49 million or 50%) and crime, policing and fire (£134 million, a decrease of £143 million or 52%).

HM Revenue and Customs

HM Revenue and Customs (HMRC) plans a **Resource DEL** (day-to-day spending) budget of **£4,183.0 million** in 2019-20, **2.6% above** the final budget for 2018-19 of £4,074.8 million. Most of this budget, 89%, is for HMRC Administration (£3,705.5 million). Other budgets include the administration of the National Insurance system (£283.3 million) and the administration of the Valuation Office Agency (VOA), (£164.2 million).

The changes in the budget lines compared to last year include:

- an increase in HMRC administration costs of £126.9 million,
- an increase in VOA administration costs of £7.9 million.

HMRC also plans a **Capital DEL** (investment spending) budget of **£306.7 million** in 2019-20, **18.4% less** than the final budget for 2018-19 of £375.9 million. Nearly all of the investment budget, 97%, is for the HMRC administration budget line (£298.7 million) with the remaining amount (£8.0 million) for the Valuation Office Agency (VOA).

The changes in the budget lines compared to last year include:

- a decrease in HMRC investment of £67.9 million,
- a decrease in VOA investment of £1.3 million.

HMRC's Annually Managed Expenditure (AME) budgets are much larger than its DEL budget. The AME budget consist primarily of Child Benefit, Personal Tax Credits and Corporation Tax Reliefs. The **Resource AME** budget for 2019-20 is **£42,700.3 million** – this is **4.9% above** last year's final budget of £40,705.7 million.

The main changes in the budget compared to last year include:

- a forecast increase in spending on Personal Tax Credits of £1,593.1 million;
- a forecast increase on "other tax reliefs and allowances" of £491.8 million – this includes increases for Research and Development tax reliefs (an increase of £373 million) and for Film tax relief (an increase of £44.6 million).

HM Treasury

HM Treasury plans a **Resource DEL** (day-to-day spending) budget of **£221.6 million** in 2019-20, **15.4% less** than the final budget for 2018-19 of £261.9 million. Most of this budget, 72%, is for the Core Treasury (£158.9 million). Other budgets provide funding for other Treasury bodies and activities. These include: Debt Management Office (£20.8 million); UK Government Investments (£12.5 million); Asian Infrastructure Investment Bank (£9.4 million); Banking and gilts registration services (£7.3 million); National Infrastructure Commission (£5.0 million) and; Office for Budget Responsibility (£0.8 million)

The final Treasury budget for 2018-19 included a number of reserve claims – the most significant of which was £43.3 million for Oil and Gas Decommissioning Relief payments. These payments have not yet been included in the 2019-20 budget – the main reason that the Main Estimate for 2019-20 is lower than the Supplementary Estimate for last year.

HM Treasury plans a **Capital DEL** (investment spending) budget of **£172.0 million** in 2019-20, **5.1% less** the final budget for 2018-19 of £181.3 million. Nearly all of the budget is split between two areas: Infrastructure Finance Unit (£90 million) and Asian Infrastructure Investment Bank (£80 million).

Compared to last year's final investment budget:

- Infrastructure Finance Unit shows an increase of £15 million;
- Asian Infrastructure Investment Bank shows a decrease of £17.3 million.

HM Treasury also has budgets for **Annually Managed Expenditure** (AME) – these are budgets which are less predictable as the level of spending tends to be outside of the direct control of the department.

- The **Resource AME** budget is **-£75.3 million** – this reflects income mostly from mortgages held by UK Asset Resolution.
- The **Capital AME** budget for 2019-20 is **-£2,153 million**. The negative figure reflects receipts. The budget for 2019-20 includes repayment of part of a £3.2 billion loan that HM Treasury agreed to make to Ireland in 2010 as part of an international assistance package. The Capital AME budget also includes capital receipts from mortgages owned by UK Asset Resolution.

Ministry of Defence

The MOD proposes a **Resource DEL** (day-to-day spending) **budget of £38,205 million** in 2019-20, an increase of £1,447 million or 3.9% since the final budget last year of £36,758 million.

This largely reflects the fact that initially each year budgets for Single Use Military Equipment (SUME) – missiles, for example – are included in the Resource budget, with adjustments later in the year moving some to capital.

The major changes to the resource DEL budget include:

- £1,000 million more for Single Use Military Equipment is included in the resource budget at the start of this year, compared to the end of last year (as some SUME funds are normally moved from resource to capital later in the year – such a difference is not unusual);
- £708 million extra for increased employers' pension contributions;

- Offset by £340 million being transferred to other government departments.

Year-on-year there is a significant increase in the budget for equipment support (now £8,997 million, an increase of £2,279 million or 34%), while infrastructure spending sees a large reduction (now £3,179 million, a reduction of £1,106 million, or 26% compared to last year).

The department is also receiving £12 million for EU Exit preparations, a similar figure to last year.

The MOD also plans a **capital DEL** (investment spending) budget of **£9,781 million** in 2019-20, a **decrease** of £620 million or **6%** since last year's final budget of £10,400.7 million.

The major changes to the capital DEL budget include:

- £1,000 million less capital for SUME (although some may later be transferred from the resource budget);
- A £442 million increase in the budget for other capital – i.e. dual use capital such as buildings or transport that could serve other purposes.

Both resource and capital DEL budgets include lower sums in their budgets for operations and peacekeeping, compared to the final budget for 2018-19. MOD routinely seeks authority for additional funds later in the year (in Supplementary Estimates) for ongoing operations such as missions in Afghanistan and to counter-Daesh.

Ministry of Housing, Communities and Local Government

The Ministry of Housing, Communities and Local Government (MHCLG) splits its Resource DEL (day-to-day spending) budget between 'Communities' and 'Local Government'.

The **Resource DEL** budget for **MHCLG (Communities)** is **£2,601 million** in 2019-20, **2.6% above** the final budget for 2018-19 of £2,535 million. Most of this is due to be spent on 'Housing and Planning' budgets which amount to 71% of the total (£1,858 million). Other budget lines include: Decentralisation & Local Growth (£215 million), MHCLG Staff, Building and Infrastructure (£199 million) and, Troubled Families (£146 million).

The **Resource DEL** budget for **MHCLG (Local government)** is of **£5,206 million** in 2019-20, **7.6% above** the final budget for 2018-19 of £4,838 million. This budget is all spent on current grants to local government.

The major change in the local government Resource DEL budget compared to last year's final budget is an increase of £450 million relating to Business Rate Reliefs.

MHCLG also plans a **Capital DEL** (investment spending) budget of **£10,686 million** in 2019-20, **32% above** last year's final budget of

£8,118 million. The budget for 2019-20 is split into 'Capital Grant' (£5,023 million) and 'Capital Financial Transactions' (£5,664 million).

Key differences compared to the final budget for last year include:

- An extra £1,450 million for Homes England – this includes additional funding for affordable homes programme and the Help to Buy scheme;
- An unallocated provision of £1,067 million – how this will be spent will be decided during the year. The supplementary Estimate will distribute the funds between various spending lines

Spending on capital projects can be difficult to predict and some of MHCLG's capital spending is driven by factors which are difficult to control, or not directly in its control, such as timing of projects around year end and take up of schemes. It is likely that the investment budget will be amended later in the year in a Supplementary Estimate. For example, at the end of last year MHCLG's investment budget was reduced by £1,106 million.

Ministry of Justice

The MOJ proposes a **Resource DEL** (day-to-day spending) **budget of £8,051.7 million** in 2019-20, a **decrease** of £55 million or around **0.7%** compared to last year's final budget of £8,107 million (which included a large increase in last year's Supplementary Estimate).

Significant extra funding for MOJ was provided by the Treasury from its Reserve in last year's Supplementary Estimate (an extra £1,180 million or 17%), and a similar (even higher) top up of £1,325 million is provided in 2019-20's Main Estimate, simply to keep the MOJ budget at around the same, higher, level in 2019-20. This has been necessary because original budget plans for MoJ for 2019-20, set out in the 2015 Spending Review and decreasing this year, contained critical assumptions which did not materialise.³⁰ There have also been significant operational challenges within the prison service, and additional funding has also been provided for court reform.

As a result, MoJ's Resource DEL budget for 2019-20, at £8,051 million, will be around 9.5% more (not taking into account inflation) than it was in 2015-16; but it still remains below what it was in 2013-14 (again not taking into account inflation).

The funding gap (between original 19-20 plans and current ones) which the government has sought to meet through additional funding from the Treasury Reserve comprises:

- £324 million for the shortfall of fee income (including probate) and provisions for fees incorrectly charged;
- £275 million for the Legal Aid Fund and other legal support;

³⁰ The most significant assumptions concerned Probate income, and an anticipated reduction in demand-led Legal Aid expenditure.

- £229 million for operational pressures in prisons such as pay and estate maintenance;
- £176 million for reforms of HM Courts and Tribunals.

It is not known whether the new, higher, spending levels will form the base from which future spending for the years 2020-21 onwards will be planned.

Compared to last year's final budget, there is, overall 0.7% less provided, despite the inclusion of additional funding of £123 million in 2019-20 for increased employers' pension costs (which means in reality the reduction is greater).

Over a third (£2,786 million) of MOJ's resource budget funds prisons; with £1,369 million allocated to access to justice; and £1,058 million to public protection.

On the face of the Estimate there are year-on-year changes of:

- a £145.1 million (+5%) increase for prisons;
- a £40.9 million (+4%) increase for public protection;
- a £35.6 million increase (+10%) for reduced re-offending;
- a £4.3 million reduction (-38%) for legal services;
- an £8.3 million reduction (-1%) for access to justice;
- a £262.8 million reduction (-15%) to central budgets;

However, because some of last year's additional funds were shown against central budgets in the Supplementary Estimate (despite actually being spent against other budgets in reality), whereas this year budgets have already been distributed out, these comparisons may not be fully reflective of actual changes.

£30 million resource has been provided for EU exit preparations, compared to £12.3 million last year.

The MoJ also plans a **Capital DEL** (investment spending) **budget of £417.2 million** in 2019-20, a **reduction** of £99.3 million or **19%** compared to the final budget for 2018-19 of £516.5 million.

Last year MoJ received an additional £80 million, essentially as a bridging loan relating to a property sale with risks around timing. This went unused, and removing it from last year's budget would mean a year-on-year reduction in budget of nearer 5%.

About 45% of this investment funding goes towards prisons, a significant increase of over 600%, which will help fund enhancements to prison safety and security and address maintenance backlogs across the estate. There is £20 million less for courts, following enhancements to the courts estate last year. Again, because some of last year's additional funds were shown against central budgets in the Supplementary Estimate (despite actually being spent against other budgets in reality), whereas this year budgets have already allocated, these comparisons may exaggerate the extent of internal budget changes.

Northern Ireland

The Northern Ireland Office Main Estimate seeks authorisation for:

- the cash grant to the Government of Northern Ireland. The cash grant (shown in the Estimates as 'Non-Budget' expenditure) provides funding for the Northern Ireland Consolidated Fund - the main source of funding for Northern Ireland Government expenditure; and
- funds for the Northern Ireland Office (this is a UK ministerial department responsible for the smooth working of the devolution settlement and relations between the UK and NI Governments).

Northern Ireland Government grant

The cash grant proposed for the Northern Ireland Government is £15,998 million for 2019-20, 0.6% above the amount sought last year, £16,086 million.

The cash grant is based on a calculation worked out by taking the spending power (the Departmental Expenditure Limits allowed for the NI Government by the UK Treasury) plus Annually Managed Expenditure (this is expenditure such as welfare payments that is deemed more difficult to control than DEL), less non-cash items such as depreciation, and adjusted for timing differences.

Changes in DEL budgets

The Northern Ireland Government total DEL budget sought for 2019-20 is £13,038 million (£11,335 million resource and £1,703m capital), **increases of 1% (resource) and 9% (capital)** compared to last year's final budget.

Since the original 2015 Spending Review settlement for 2019-20 was determined in 2015 the Northern Ireland Executive has received £811 million (£565 million resource and £246 million capital) of 'Barnett Consequentials' – additional funding for NI, given because the UK Government has decided to allocate additional money for other parts of the UK, and needs to give NI an equivalent amount. Of this, £169 million arises from increases in UK departments' 2019-20 Main Estimate. A breakdown is shown in the table below:

Northern Ireland's Barnett Consequentials from the 2019-20 Main Estimates			
Programme/Department	Measure	Resource/capital	£ millions
Business Rates	Changes to forecast	Resource	16.5
Department of Health and Social Care	NHS	Resource	1.3
Home Office	Police	Resource	2.7
	Counter-terrorism policing	Resource	5.0
	Knife crime	Resource	2.5
Justice	Reserve claim	Resource	41.1
Various	Pension pressures	Resource	93.0
Transport	Network Rail CP 6 settlement	Resource	20.3
	Network Rail CP 6 settlement	Capital	-16.6
Office for National Statistics	2021 Census	Resource	3.2
Total Resource			185.6
Total Capital			-16.6
Overall total			169.0

Other notable increases include:

- £35 million capital funding for the Belfast City Deal;
- A reserve claim of £37 million (£28 million resource and £9 million capital) in respect of EU Exit Funding; and
- A reserve claim of £333 million (£130 million resource and £203 million capital) in respect of the 2017 Support Package.

Northern Ireland Office spending

Northern Ireland Office's Resource DEL (day-to-day) spending budget for 2019-20 is £29 million, 23% higher than last year's final budget. The main reason for this is that election expenses of £4.5 million have been budgeted for 2019-20 to fund local and European elections. An additional £1 million of EU Exit preparations has also been planned.

Northern Ireland Office's Capital DEL (investment) spending budget for is forecast to be £0.3 million for 2019-20, which is broadly consistent with last year's final budget.

Scotland

The Scotland Office Main Estimate seeks authorisation for:

- **the cash grant to the Government of Scotland.** The cash grant (shown in the Estimates as 'Non-Budget' expenditure) provides funding for the Scottish Consolidated Fund - a main source of funding for Scottish Government expenditure. The cash grant has been reduced to reflect the fact that taxes such as stamp duty, landfill tax and income tax are now devolved to Scotland (these adjustments are referred to as block grant adjustments);
- **pay-over of Scottish rate of income tax to the Government of Scotland.** Income tax (on non-savings, non-dividend income) is

a fully devolved tax³¹ for Scotland and is determined by Scottish Government policy. However, HMRC continues to collect it on behalf of Scotland. (Scotland collects its own stamp duty and landfill tax so these do not show up in the Main Estimate unlike income tax); and

- funds for the **Scotland Office** (this is a UK ministerial department responsible for relations between the UK and the Scottish Government).

Scottish Government grant and pay-over of income tax

The cash grant proposed for the Scottish Government is £19,390 million for 2019-20, 8% above the amount sought last year, £17,877 million. The cash grant is based on a calculation worked out by taking the spending power (the Departmental Expenditure Limits allowed for the Scottish Government by the UK Treasury) plus Annually Managed Expenditure (this is expenditure that is deemed more difficult to control than DEL), less non-cash items such as depreciation, and adjusted for timing differences. Changes to the Departmental Expenditure Limit (DEL) budget, which affect the cash grant are outlined below.

Deductions have been made to the Departmental Expenditure Limit (DEL) budget to take account of the fact that the grant no longer includes Scotland's share of devolved taxes. These deductions are referred to as block grant adjustments and calculated by estimating income from devolved taxes, had the Scottish government retained taxes in line with the rest of the UK.

In the case of income tax, while the tax is devolved, HMRC continues to collect the funds on the Scottish government's behalf. The actual amount of tax revenue expected, forecast by the Scottish Fiscal Commission and based on Scottish Government tax policies, is included as a separate line in the Estimate. The pay-over of Scottish rate of income tax to the Scottish government in the Main Estimate is £11,684 million (**a decrease of 4%** from 2018-19).

Changes in DEL budget

The Scottish Government total DEL budget sought for 2019-20 is £21,936 million (£17,445 million resource and £4,491 million capital), **increases of 4% (resource) and 12% (capital)** compared to last year's final budgets. The Scottish Government have received £2,390.2m in Barnett Consequentials for 2019-20 since the 2015 Spending Review (£1,611.2m RDEL, £444.9m CDEL, £334.1m CDEL (Financial Transactions)). This includes a further £485.1 million of Barnett Consequentials arising from Reserve claims by UK Government Departments included in their Main Estimates. A breakdown of these new Barnett Consequentials is provided in the table below:

³¹ Except the personal allowance

Scotland's Barnett Consequentials from the 2019-20 Main Estimates			
Programme/Department	Measure	Resource/capital	£ million
Business Rates	Changes to forecast	Resource	49.0
Department of Health and Social Care	NHS	Resource	3.8
Home Office	Police	Resource	8.3
	Counter-terrorism policing	Resource	14.8
	Knife crime	Resource	7.4
Justice	Reserve claim	Resource	122.3
Various	Pension pressures	Resource	269.9
Office for National Statistics	2021 Census	Resource	9.6
		Total Resource	485.1
		Total Capital	0
		Overall total	485.1

Further notable increases have been set out below:

- £35 million capital funding for the Edinburgh City Deal, £12 million (£4 million resource and £8 million capital) for the Inverness City Deal, £3 million capital funding for the Stirling City Deal and £10 million of capital funding for the Tay Cities Deal;
- £241 million funding (£40 million resource and £201 million capital) for Network Rail; and
- A reserve claim of £54 million (£49 million resource and £6 million capital) in respect of EU Exit Funding.

Scotland Office spending

The Scotland Office's Resource DEL (day-to-day) budget for 2019-20 is £10 million, **4% below** last year's final budget. The Scotland's Office's proposed Capital DEL (investment) budget for 2019-20 is small at £0.05 million, which is consistent with 2018-19. The 2015 Spending Review sought to protect the spending of Territorial Offices in real terms.

Wales

The Wales Office Main Estimate seeks authorisation for:

- the cash grant to the **Government of Wales**. The cash grant (shown in the Estimates as 'Non-Budget' expenditure) provides funding for the Welsh Consolidated Fund – a main source of funding for Welsh Government expenditure; and
- funds for the **Wales Office** (the UK ministerial department responsible for relations between the UK and Welsh Governments).

Welsh Government grant

The cash grant proposed for the Welsh Government is £15,502 million for 2019-20, 2% higher than the amount sought last year of £15,161 million.

Within this total, compared to last year

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- block grant reduces, as the UK Government collects 10p in the £ less from Welsh taxpayers;
- this is now offset by an amount HMRC pays over, representing income tax HMRC collects on behalf of the Welsh government (at present another 10p in the £, as Wales can, but has not yet, varied its income tax rates from those set for England and N Ireland).

Other devolved taxes are the Welsh replacements for Stamp Duty Land Tax and Landfill Tax (the Land Transaction Tax and Landfill Disposal Tax respectively) which are collected by the Welsh Revenue authority.

The cash grant is based on a calculation worked out by taking the spending power (the Departmental Expenditure Limits allowed for the Wales Government by the UK Treasury) plus Annually Managed Expenditure (this is expenditure that is deemed more difficult to control than DEL), less non-cash items such as depreciation, and adjusted for timing differences.

Deductions have been made to the Departmental Expenditure Limit (DEL) budget to take account of the fact that the grant no longer includes Wales's share of devolved taxes. These deductions are referred to as block grant adjustments and calculated by estimating income from devolved taxes, had the Welsh government maintained all taxes in line with the rest of the UK.

Changes in DEL budget

The Welsh Government total DEL budget for 2019-20 is £14,710 million (£12,575 million resource and £2,134 million capital). The resource DEL has been reduced by £2,059.3 million to take account of the devolution of 10p in the £ of Welsh income tax, from April 2019. Excluding this adjustment, **Resource DEL** is up by £185 million or **1.25%**; Capital DEL rises by £70 million or **3.4%**.

The Welsh Government has received £1,272.7 million extra in Barnett Consequentials for 2019-20 since the 2015 Spending Review (£833m RDEL, £247m CDEL, £192m CDEL (Financial Transactions)). This includes a further £177 million of Barnett Consequentials arising from Reserve claims by UK Government Departments included in their Main Estimates. A breakdown of these new Barnett Consequentials is provided in the table below:

Wales's Barnett Consequentials from the 2019-20 Main Estimates			
Programme	Measure	Resource/capital	£ million
MHCLG	Business rates	Resource	29.7
DHSC	DHSC	Resource	2.3
Various	Pensions	Resource	145.2
		Total resource	177.2

Additional amounts include:

- £9 million resource and £16 million capital (5% uplift on Barnett Consequentials) – this is a result of the introduction of the needs-based formula agreed in the Welsh Fiscal Framework because evidence indicated the needs of the Welsh population were higher than the rest of the UK. This is a new adjustment for 2018–19 and 2019–20;
- £45 million resource transfers from the Home Office in respect of the Immigration Health surcharge (£15 million) and police funding (£30 million);
- £8 million capital funding for the North Wales Growth Deal; and
- £31 million (£28 million resource and £3 million capital) reserve claim in respect of funding for exiting the EU.

Wales Office spending

The Wales Office plans a Resource DEL (day-to-day) spending budget for 2019–20 of £5.1 million. This is 4% higher than last year's final budget. The Wales Office Capital DEL (investment) budget is small at £0.03 million, which is consistent with the prior year. The 2015 Spending Review sought to protect the spending of Territorial Offices in real terms.

Other departments

Charity Commission

The Charity Commission seeks a Resource DEL of £27 million, an increase of 6.2% on last year's final budget. £0.5 million of this is carried forward from last year. There is also a planned Capital DEL of £1.2 million, 45% lower than sought last year.

Competition and Markets Authority (CMA)

The Competition and Markets Authority seeks a Resource DEL of £93.5 million, a reduction of 0.7% on last year's final budget.

This amount includes £19.5 million to cover further essential spending on preparations for the CMA's expanded role after the UK exits the EU. £1.7 million is also included to cover additional employers' pension costs.

CMA also seeks a Capital DEL of £17.3 million, £14.7 million of which funds fitting out of new premises.

Crown Estate Office

The Crown Estate Office raises most of its funds from revenue it generates. Approval to a Resource Annually Managed Expenditure budget of £2.3 million is sought however, the same as in 2018–19, to cover salary and administrative costs of the Commissioners and associated non-cash items.

Crown Prosecution Service (CPS)

The Crown Prosecution Service plans a Resource DEL of £541.3 million, a rise of 5.6% or £29 million compared to last year.

- £12 million of this relates to increased employer's pension costs;
- £9 million is brought forward from last year, to cover implementation of section 28 of the Youth Justice and Criminal Evidence Act (YJCEA) 1999, which allows for a vulnerable or intimidated witness to pre-record their cross-examination before the trial; and delivery of the National Disclosure Improvement Plan, which incorporates recommendations from the Attorney General and Justice Select Committee; ; and
- £9.6 million to prosecute Tobacco Fraud and Tax Evasion cases.

Food Standards Agency (FSA)

The Food Standards Agency plans a Resource DEL of £98.3 million, an increase of £9.8 million or 11% compared to last year's final budget.

The main reasons for the increase are:

- Additional costs of EU exit (+£3.9 million);
- Funding carried forward from last year (+£3.2 million);
- Additional employers' pension costs (+£1.3 million);
- Lower amount switched to capital this year (meaning +£1.1 million extra for resource);

FSA's planned capital DEL is £5.4 million, £3.4 million lower (-36%) than last year's final budget. This is due to:

- Less capital funding for EU Exit this year (-£1.9 million); and
- Lower amount switched to capital this year (meaning -£1.1 million less for capital).

Government Actuary's Department (GAD)

Government Actuary's Department seeks a token net resource DEL of £0.001 million, as it covers its day to day costs from the fees it charges.

The gross costs, entirely covered by charges, rise to £22.3 million (from £21.0 million last year), with increased revenue from charges and from rents covering increased costs.

HM Procurator General and Treasury Solicitor

HM Procurator General and Treasury Solicitor seeks a Resource DEL of £16.9 million, with a further £260.6 million covered by income from fees and charges.

The net resource DEL sought has increased to cover the costs of lease overlap and relocation of office accommodation.

Hourly rates for litigation have risen for the first time since 2008, following fee reductions in some areas in past years. Demand for services is also rising, pushing up costs and revenues.

The National Archives

The National Archives seeks a net Resource DEL of £36.9 million, of which £5.2 million is for depreciation. Overall this is a rise of 2.3%, or £0.8 million.

In addition, there is a further £10 million further receipts forecast which funds additional spending.

Included in total spending is funding, over and above Spending Review plans, of £2.1 million for EU exit costs and £0.7 million increased employers' pension costs.

National Crime Agency (NCA)

The National Crime Agency seeks a net Resource DEL budget of £443.5 million, a reduction of 5% compared to last year. The net budget is supplemented by estimated income of £191 million, which will give the NCA a gross budget of £634 million, if all of the income is realised.

National Savings and Investments (NS & I)

National Savings and Investments seeks a resource DEL of £123.3 million, a reduction of £6.8 million or 5.2%, compared to last year.

NS & I has been driving its costs down for a number of years. Last year this stalled due to one off refurbishment costs, but the downward trajectory has now continued.

Gross costs for 2019-20 are, as usual, much higher (£244.3 million) than the net amount sought, as a further £121 million of costs is planned to be covered by revenue from leverage of infrastructure and capabilities.

Ofgem (Office of Gas and Electricity Markets)

Ofgem seeks a net Resource DEL of £0.7 million. Most of its income comes not from voted funds, but from fees charged, expected to generate £103.2 million this year and fund most of Ofgem's expenditure of £104 million. A capital DEL budget of £1 million is also sought.

Ofqual (Office of Qualifications and Examinations Regulation)

Ofqual seeks a Resource DEL of £18.1 million, a reduction of 3% on the previous year.

This is based on reductions planned under the Spending Review settlement, plus some additional funding provided to cover reform of GCSES and A levels, vocational and technical qualifications reform, the National Reference test. Specifically, the Estimate includes £2 million for apprenticeships and essential digital skills and £0.3 million for employers' pension costs.

ORR (Office of Rail and Road)

The Office of Rail and Road seeks a token net resource DEL of £0.003 million, covering its day to day costs from the fees it charges. The gross costs, entirely covered by charges, rise to £33.6 million from £30.3 million last year, a rise of 12%. The rise is accounted for by a one-off rise due to relocation costs (£2 million) and extra employers' pension costs.

ORR's plans a Capital DEL of £6.3 million, £5.6 million higher than last year, and sought to cover one-off fitting out costs of its new building.

Ofsted (Office of Standards in Education, Children's Services and Skills)

Ofsted seeks a Resource DEL of £127.6 million, an increase of £0.2 million compared with last year's final budget.

This comprises:

- a planned fall in net funding met through a range of inspection policy savings and efficiencies;
- Increased fees for early years, social care and independent schools providers, generating expected revenues of £25.8 million (+£3.4 million, +15% compared to last year) which is available to Ofsted in addition to the voted funding, and helps address the planned fall in net funding;
- £1 million unspent funds brought forward from previous years; and
- £3 million additional funding provided to cover the increased contributions by employers to the civil service pension scheme.

Ofwat (Water Services Regulation Authority)

Ofwat plans a small net Resource DEL of £0.15 million, with the bulk of its day to day spending (£36.5 million) covered by fees and charges. This compares to £31.7 million last year and represent a rise of 4.8%.

£2.9 million of this increase in costs and charges is to establish a water Regulators' Alliance for Progressing Infrastructure Development (RAPID), with the aim of enabling a smooth regulatory path for strategic water transfers and joint infrastructure projects.

Parliamentary and Health service ombudsman (PHSO)

The Ombudsman seeks a Resource DEL budget of £28.1 million, a fall of 7.6% compared to last year's total of £30.4 million.

The Capital DEL budget sought for 2019- 20 is currently £0.7 million, although the ombudsman is currently bidding for additional capital funding, which if successful will be added through a supplementary estimate later in the year.

Security and Intelligence agencies (SIA)

The Security and Intelligence Agencies plan a net Resource DEL of £2,777 million, an increase of 8% over last year's final net budget. The net budget is supplemented by estimate income of £183 million, mainly from other departments, giving gross estimated resource budget of £2,959 million. The agencies also seek a net Capital DEL budget of £685 million, an increase of 13% over last year's final budget.

Serious Fraud Office (SFO)

The Serious Fraud Office plans a Resource DEL of £52.5 million. Although this is a 12% reduction compared to last year's final budget, that included a £7 million increase and this year's initial budget is comparable to last year's initial budget, in Main Estimates.

SFO also plans a Capital DEL of £2.9 million, 30% above last year's £2.2 million final budget.

Statistics Board

The Statistics Board seeks a net Resource DEL of £297.6 million, a 5% increase on last year. In addition, the board expects to generate income of £26.5 million which will support additional expenditure.

The Statistics Board also plans a Capital DEL of £7 million, significantly below last year's budget of £19 million.

UK Export Finance

UK Export Finance (more formally known as the Export Credit Guarantees Department) seeks a Resource DEL of £1.3 million.

Most of UKEF's spending is classified as Annually Managed Expenditure. Resource AME covers underwriting and export finance activities, including income received while supporting exporters. UKEF seeks a net £124.8 million for these activities: of which £638 million to be paid out, and £514 million estimated receipts. This is 6.4% lower than last year

Capital AME covers lending activity – drawings less repayments. UKEF plans net spending of £936.8 million: £1,010 million payments less £74 million receipts. This is 29% more net spending than last year.

UKEF's targets include increasing the number of customers and the value of support overall.

UK Supreme Court

The Supreme Court seeks a Resource DEL of £5.9 million, an increase of 4.8%. The net budget is supplemented by income of a further £7.9 million, providing a total budget of £13.9 million.

The increase in budget compared with the previous year reflects additional funding to meet the potential impact of the withdrawal from the European Union, an expected increase in the depreciation charge and funding to cover increased employers' pension contributions.

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