



BRIEFING PAPER

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Main Estimates: Government spending plans for 2021-22

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HM TREASURY

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Summary

What are Estimates?

One of Parliament's longest-standing functions is the consideration and authorisation of 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 via an advance of 45% of last year's approved spending, through what is known as the Vote on Account.

The Contingencies Act 2021 also allows, exceptionally in 2021-22, for further advances of up to 12% of last year's budget to be made before the authorisation of Main Estimates, on top of this 45%, in order that departments do not risk running out of money in the early part of the 2021-22 financial year.

What has changed since last year?

Public spending rose significantly last year (2020-21), primarily as a result of the coronavirus pandemic, leading to unprecedented interventions from government with significant spending implications.

For 2021-22, some of this spending continues, at least for part of the year.

Because eases of lockdown have already taken place and more are planned, the amounts sought in Main Estimates generally assume winding down from June 2021 onwards, although it is very likely that further adjustments to budgets will be needed in Supplementary Estimates. For now, spending by most departments on coronavirus support measures and consequences is budgeted as being lower than for 2020-21. Notable reductions in spending include:

- **Health**, where reduced spending is expected on Personal Protective Equipment, Test and Trace, NHS emergency response, other Covid-19 spending and ventilators. Despite this, 2021-22 health spending remains over £40 billion higher than in 2019-20;
- **Support for business, transport, cultural and other institutions** as a result of the pandemic will continue but at a reduced level as support schemes are scaled back and wound down;
- **Devolved administrations' funding** is affected by many of the above changes in funding – as a result Scotland, Wales and Northern Ireland currently see lower levels of funding from the UK Government this year;
- **Overseas Development Assistance (ODA)** funding falls following the government's decision to temporarily reduce the UK's ODA spending to 0.5% of gross national income (from 0.7%).

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. 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

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Committee will consider bids for debates at a meeting in June, and decisions will be announced in a future business statement.

Two days of debates on the Main Estimates are expected around the last week of June 2021.

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. Advances from the Contingencies Fund are repaid.

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,¹ the Government is required to obtain authority from Parliament through the supply process before it can spend public money.²

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 or May, 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; and
- **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.³

¹ Exceptions are Consolidated Fund Standing Services, covering specific functions such as judges’ salaries and returning officers’ expenses.

² 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.

³ 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.

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.

1.4 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; and
- **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; and provisions for liabilities; and

Capital AME covers student loans and some financial transactions, mainly relating to the post 2008 financial crisis.

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.

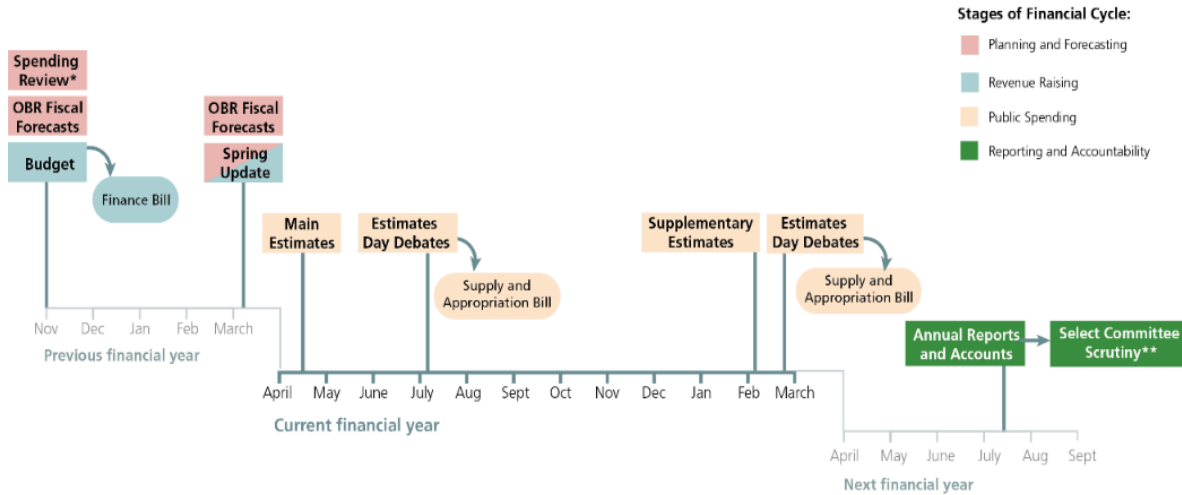
1.5 Ambits

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.

1.6 Detail of spending plans

Further detail of spending plans – breaking them down into a number of lines, known as 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.



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

1.7 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.

Following publication of Estimates, the relevant committee will approve publication of the associated memorandum. Memoranda which have been published will appear on the relevant committee and Scrutiny Unit webpages of the Parliament website.

1.8 Funding for devolved administrations

The devolved Parliaments/assemblies receive cash funding through Estimates approved by the Westminster Parliament. The amount of cash they receive relates to calculations made using the Barnett formula and other increases to spending limits, and takes account of revised estimates of cash from other sources (e.g. devolved taxes). The Barnett formula is designed to ensure that where funding is announced in Spending Reviews and Budgets, the devolved governments receive equivalent funding per head for services that are devolved. Devolved administrations do not routinely receive equivalent shares of funding where UK departments have been granted additional in-year funds from Treasury’s Reserve, but devolved administrations may make a claim on the Reserve should they feel it justified, which is for HM Treasury to consider. The Westminster Parliament also needs to approve, through Estimates, the amount which the UK Government is collecting in tax on behalf of the Scottish Government and planning to pay over. Devolved

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institutions need both to operate within the cash limits approved by the Westminster Parliament and the spending limits (i.e. Resource and Capital DELs, which also cover non-cash costs) set by HM Treasury. Subject to these, devolved administrations have freedom to spend the resources allocated to them on any devolved functions.

2. The 2021-22 Main Estimates

2.1 Overall spending in Main Estimates

The Main Estimates for 2021-22 were published on 13 May 2021. The plans they show include significant changes to public spending compared to past years:

- Compared to 2020-21 (which included a full year of coronavirus related spending), overall spending in Estimates is *down* 20.1%;
- Compared to 2019-20 (which included little coronavirus spending),⁴ overall spending in Estimates is *up* 43.4%.

Within Estimates,

- **Resource DEL** falls from £469.9 billion in 2020-21 to £415.7 billion in 2021-22 (-11.5%), but remains 37.5% higher than 2019-20's £302.7 billion;
- **Capital DEL** falls from £89.8 billion in 2020-21 to £83.6 billion in 2021-22 (-7%), but remains 45.2% higher than 2019-20's £57.6 billion;
- **Resource AME** falls from £581.0 billion in 2020-21 to £428.5 billion in 2021-22 (-26.3%), but remains 50.9% higher than 2019-20's £284.0 billion;
- **Capital AME** falls from £57.4 billion in 2020-21 to £29.7 billion in 2021-22(-48.2%), but remains 27.6% higher than 2019-20's £23.3 billion.

Main Estimates do not contain all public spending. Items such as debt interest, election costs and local authorities' self-financed expenditure are excluded, as separate legal arrangements exist.

Taking a wider view of public spending as a whole (whether in Estimates or not), the Office for Budget Responsibility's latest update⁵ showed overall public expenditure, including those items outside of Estimates, forecast to fall to **£1,053.3 billion in 2021-22** compared to £1,140.9 billion in 2020-21, but still significantly higher than 2019-20's outturn of £885.2 billion.

2.2 The impact of the coronavirus outbreak on spending

The coronavirus pandemic has led to unprecedented interventions from government with significant spending implications. Alongside additional spending on health, an array of support arrangements and schemes were introduced for individuals and businesses, to be paid and accounted for by a range of departments – from BEIS, HMRC, DWP, MHCLG and others. In many cases the money allocated or forecast to be spent on these is lower in 2021-22 than it was in 2020-21.

⁴ Actual spending did in some cases exceed budgets in Estimates for 2019-20, due to the pandemic hitting after supplementary estimates were published.

⁵ [Economic and Fiscal outlook](#), OBR, March 2021

2.3 Day-to-day spending (Resource DEL)

The overall drop in resource DEL is heavily focused on departments whose DEL spending was boosted as a result of Covid-19 related spending last year. In addition, falls in Overseas Development Assistance (ODA) spending reflect the government's decision to temporarily reduce such spending to 0.5% (rather than the previous 0.7%) of gross national income.

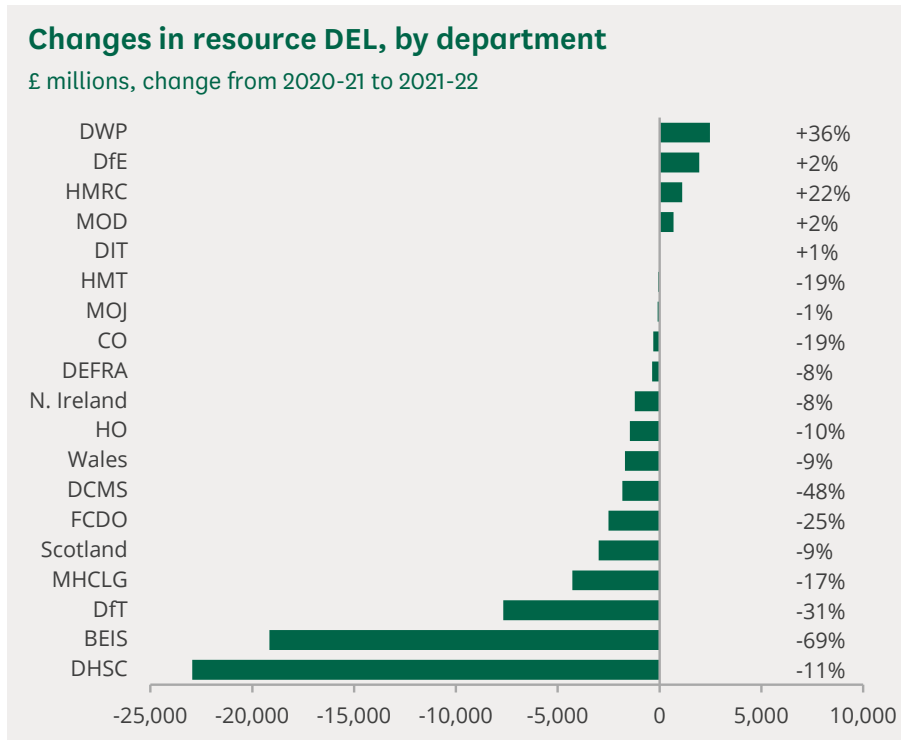
Major reductions in day-to-day spending (within Departmental Expenditure Limits) compared to last year include:

- **Health** spending, currently planned to reduce by £22.9 billion compared to last year's exceptional levels, with £12.8 billion less set to be spent on Personal Protective Equipment (PPE), £8.4 billion less on other Covid-19 costs and £5.4 billion less on Test and Trace. Despite this, health spending will still be over £50 billion more than it was in 2019-20;
- **Support for business and other organisations**, as a result of the pandemic, where spending will continue but at a reduced level as schemes are scaled back and wound down. Reductions include £17.8 billion less in BEIS' business grants and other support; £4.6 billion less on MHCLG's business rates relief; and £1.7 billion less in emergency support for arts, culture, heritage and sport;
- **Support for some public services** affected by the pandemic is also currently planned to be lower than last year. Public transport sees a reduction of £8.1 billion in specific Covid-19 funding and the Home Office sees a reduction of £1.8 billion. It is likely that some at least of this extra funding will be "restored" in Supplementary Estimates, as 2021-22 requirements become clearer;
- **Devolved administrations' funding** is affected by many of the above changes in funding – as a result Scotland, Wales and Northern Ireland currently see lower levels of Resource DEL funding from the UK Government this year, compared to the exceptionally high levels last year;
- **Overseas Development Assistance (ODA)** funding falls following the government's decision to temporarily reduce the UK's ODA spending to 0.5% of gross national income (from 0.7%). 80% of this is delivered by the newly combined Foreign, Commonwealth and Development Office, which sees a reduction of over £2.5 billion in spending compared to plans for 2020-21.

Conversely some departments see increases to their day to day spending (within DELs) in 2021-22:

- **Education** receives nearly £2.5 billion of extra funding, with some extra per-pupil funding and part of the catch-up funding previously announced (only some of which was drawn upon last year);
- **Work and Pensions** receives an extra £2 billion for the kickstart and restart programmes, with nearly £0.5 billion in extra resources for staff and associated costs;

- **HMRC** receives £0.8 billion for a new support scheme (previous ones such as furlough fall within the Resource AME, not DEL budget) and extra funds to tackle fraud and invest in IT;
- **MOD's** day-to-day spending rises by around 2% arising from commitments made in the 2020 Spending Review to boost defence spending.



2.4 Investment spending (Capital DEL)

Some of the same factors affect capital spending within Departmental Expenditure Limits. Reductions include:

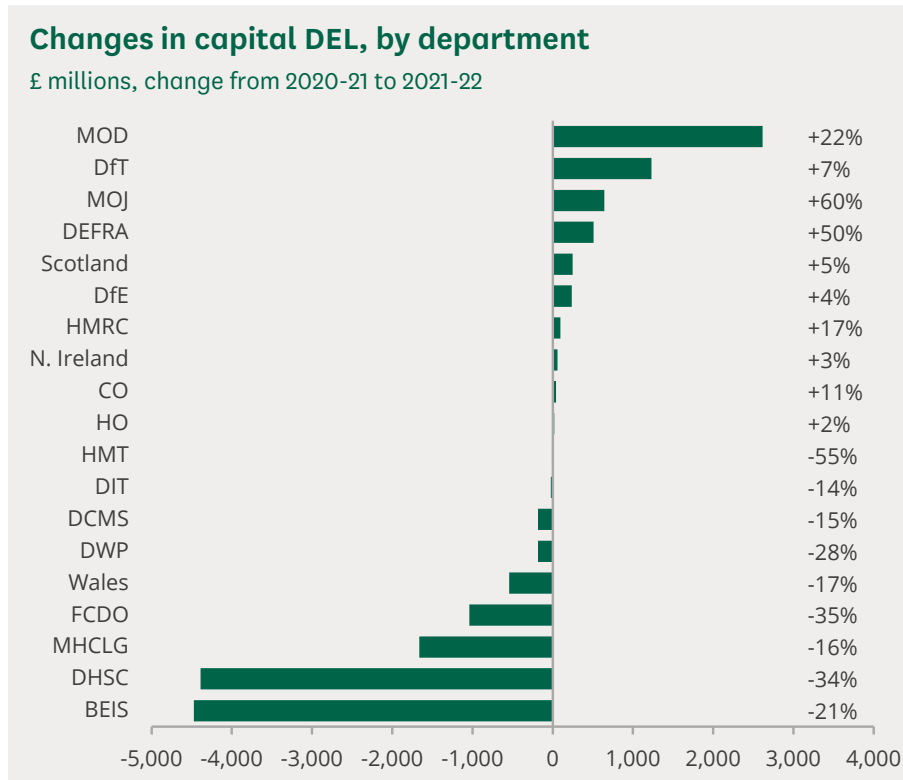
- **Covid-19 related spending** including nearly £4 billion less in health (where additional spending took place last year for Test and Trace, NHS emergency response and ventilators) and £1.3 billion less for BEIS' Future Fund;
- Reduced **Help to buy** funding of £1.9 billion due to lower demand;
- Lower capital **ODA** spending because of the government's decision to temporarily reduce such spending to 0.5% of gross national income; and
- No repeat (for now) of the £5 billion allocated for the **Nuclear Liabilities Fund** last year.

Notable increases in capital spending limits include

- Extra **defence** spending of £2.6 billion, the start of commitments made in the 2020 Spending Review to renew, replace and invest in defence equipment and other assets;
- An extra £1.5 billion for **High Speed 2** as work on the ground gears up;

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- Some extra funding for other **capital projects** including schools (£0.5 billion), prisons (£0.26 billion), flood defence (£0.17 billion), transforming cities' transport (£0.41 billion), and Highways England (£0.36 billion).



2.5 Annually Managed Expenditure

Annually Managed Expenditure grew significantly last year with increased spending on benefits, the furlough scheme and self-employed income support. For 2021-22:

- Furlough and self-employed income support wind down during 2021-22:** a reduction of £102.6 billion (-85%) in spending compared to last year is currently forecast, down from £121.8 billion to £19.2 billion. This may be adjusted in Supplementary Estimates;
- Benefits and pensions:** Spending forecast overall is £218.3 billion – up from last year's latest *forecast* of £210.5 billion (+3.7%), but down (-1.3%) from last year's final *budget* (which included forecasting margins of error) of £221.3 billion.

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. These are allocated as follows:

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

3.2 Submitting a bid for an Estimates day debate

Any backbench member can submit a bid for an Estimates day debate. The key requirements are:

The topic must relate to spending included in one or more of the Estimates presented to, and yet to be approved by, Parliament;

The title of the debate should be in the form:

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

Bids for new Estimates day debates should give the names of those members who will take part in the debate and be submitted to the 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 will be published by the Backbench Business Committee and is likely to be around mid-June 2021. 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. A few specific items of spending (e.g. judges' salaries, debt interest) are not annually voted by Parliament in Estimates. For this reason, bids for debates on spending on these items should not be made.

3.3 Selection of Estimates day debates

Debate bids will be considered and selected 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.

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.

3.5 Approving, rejecting or amending motions

When Estimates day debates are held, votes may take place on the floor of the House on those Estimates relevant to the Estimates day debates. But it is a long-standing convention that only the government may propose additional spending (the Crown Prerogative). While it is possible for an Estimate selected for debate to be rejected or amended downwards (if proposed, a token reduction of £1,000 is conventional), for such a vote to be successful is, in practice, extremely rare. The remainder of Estimates not selected for debate – the vast majority – are put together in a 'roll up' motion and voted without debate. The funds are formally authorised first by Supply Resolutions, and subsequently through a Supply and Appropriation Bill. There are two of these Bills each year: one for the Main Estimates, and one for the Supplementary Estimates and Vote on Account.

3.6 Role of 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. Committees also publish the memoranda on Estimates sent to them by departments.

3.7 Role of House of Lords

The House of Lords involvement in approval of Estimates is purely formal, with no debates or votes taking place.

Annex A: Summary of content of 2021-22 Main Estimates

Box 2: 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 proposes a **Resource DEL of £1,300 million**, a decrease of £300.7 million (-19%) to its Resource DEL budget. The main causes of this decrease are:

- A £569.6 million reduction in budget for Covid-19 costs, down from £674 million in 2020-21 to £117.5 million in 2021-22. All of the 2021-22 budget is for the Covid-19 Public Information Campaign;
- A £24 million reduction in the Grenfell Inquiry costs, due to the timing of funding arrangements. Half of the expected funding is included within the Main Estimate, with the remainder being expected to be added later in a Supplementary Estimate; and
- A £35.9 million reduction in funding for the Government Property Agency due to the receipt of freehold rebate income.

These decreases are offset by:

- £195.5 million extra for the Conference of Parties (COP26 climate change conference) due to take place in Glasgow in November 2021. This follows £94.4 million being offered as a saving in 2020-21 and now being carried forward in 2021-22;
- A £97.7 million increase to fund the G7 Summit, due to take place in June 2021;
- A £55.4 million increase in funding for local elections and the delayed Police Crime Commissioner elections which took place in May 2021.

The Cabinet Office is also proposing a **Capital DEL of £428.8 million**, an increase of £41.3 million (+11%) to its Capital DEL. The main changes are:

- £178 million increase for the Government Hubs programme;

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- £48 million increase for the Border Protocol Delivery Group.
- £27.3 million increase for the Digital Identify and Verify service, delivered by the Government Digital Service.

These increases are offset by:

- No Covid-19 capital funding being included in 2021-22, compared to £184 million in 2020-21;
- A £12.5 million decrease relating to irrecoverable VAT in respect of the Public Sector Geospatial Agreement (PSGA). The claim was £35 million in 2020-21 because VAT was due on multiple contracts, but in future the Cabinet Office will only be paying VAT on the PSGA contract.

The Cabinet Office's Resource AME budget is set to fall by £318.7 million (-100%). The main reason for this decrease is that the level of property impairments and dilapidations for the Government Property Agency is not yet known. This will be reviewed at the 2021-22 Supplementary Estimate and the budget may be increased back to levels more comparable with 2020-21.

Department for Business, Energy and Industrial Strategy

The Department for Business, Energy and Industrial Strategy (BEIS) proposes a **Resource DEL** of **£8,754.1 million**, a reduction of £19,159 million or 68% from its final Resource DEL for 2020-21 of £27,913.1 million.

The reduction is caused by lower Covid-19 related expenditure currently planned in 2021-22, compared to 2020-21, including:

- a reduction of £17,765 million budgeted for coronavirus business grants (£4,210 million in 2021-22 expected, compared to £21,975 million in 2020-21);
- £1,103 million less on the vaccines task force;
- and £500 million less for Covid-19 loan schemes.

Excluding Covid-19 related spending, BEIS's Resource DEL spending is set to actually increase. Notable changes include:

- £108 million extra for the Government's new Help to Grow scheme, designed to help small and medium businesses learn new skills, reach new customers and boost profits;
- £220 million in trade credit reinsurance income received in 2020-21 which is not repeated in 2021-22, having the impact of increasing net spend;
- £141 million less in resource spending by the Nuclear Decommissioning Authority, compared to last year.

BEIS's **Capital DEL** is also set to fall, by £4,472 million or 21.2%, to **£16,665.2 million**. The overall reduction is made up of various changes, most notably reductions to:

- One-off expenditure last year, not repeated in 2021-22, of £5,070 million paid to the Nuclear Liabilities Fund;

- Covid-19 support not repeated in 2021-22 of £1,298 million, mainly the Future Fund;
- £171 million in international climate funding;

Offset by increases of:

- £880 million extra for science and research;
- £218 million extra of capital spending by the Nuclear Decommissioning Authority;
- Additional spending on climate change of £374 million, including funding for Salix (£124 million), renewables (£110 million) and carbon capture and storage (£140 million);
- New nuclear funding of £125 million;
- £177 million for the Post Office network subsidy (none was provided last year).

Department for Digital, Culture, Media and Sport

The Department for Digital, Culture and Media and Sport (DCMS) proposes a **Resource DEL** budget in 2021-22 of **£2,011.4 million**. This is a decrease of £1,821.3 million (-47.5%) compared to the final budget last year of £3,832.7 million.

Notable changes to budgets which contribute to this overall decrease include:

- A £1,772.4 million reduction in Covid-19 relief support comprising:
 - £72 million less for Museums, Galleries and Libraries;
 - £868.4 million less for Arts and Heritage;
 - £347.2 million less for Civil Society (the Charities package)
 - £284.4 million less for Production TV and Film Restart & Cultural Sector Support Package; and
 - £200.4 million less for Sport Sector Support Package (£147 million Leisure Centre recovery fund, £53.4 million Winter Sports survival package).
- A £43 million reduction in funding of the National Citizen Service (NCS). As part of the 2020 Spending Review, HM Treasury announced a youth review which will conclude in May 2021; this review will consider the next steps on the NCS programme.
- A £47.1 million reduction in cultural institutions' freedoms ring-fenced funding.

DCMS also proposes a **Capital DEL** budget in 2021-22 of **£1,018.5 million**. This is a decrease of £182.5 million (-15.2%) compared to the final budget last year of £1,200.0 million.

Notable changes to budgets which contribute to this overall decrease include:

- A £491.2 million reduction in Covid-19 relief support, of which there is:

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- £393.6m less for the Cultural Sectors Support Package; and
- £97.6m less for the Sports Winter Survival Programme.
- A £180.3 million increase in digital infrastructure funding. The funding has increased in the following areas: the UK Gigabit Programme (£120 million), Telecoms Diversification (£50 million), 5G (£50 million), Shared Rural Network (£85.5 million), Local Full Fibre Networks (£56.5 million) and BDUK Superfast (£11 million).
- £55.1 million additional funding to recognise the capitalisation of leases as a result of the adoption of a new accounting standard, IFRS16. Funding is to be held centrally and the level of requirement will be reviewed for the 2021-22 Supplementary Estimates.

Department for Education

The Department for Education proposes a **Resource DEL** budget of **£89,201.2 million**, an increase of £1,953.2 million or 2.2% over the final 2020-21 budget.

This increase reflects the following main changes, compared to 2020-21:

- £1,434.3 million extra in schools funding (+2.8%);
- £392.2 million extra for 16-19 education (+6.5%);
- £242.8 million extra for apprenticeships (+9.7%);
- £196.8 million extra for further education (+8.9%);
- Less a reduction of £190.5 million for early years provision (-5.5%).

DFE's **Capital DEL** is set to rise to **£5,614.9 million**, an increase of £237.2 million or 4.4%.

This includes:

- additional capital funding for schools of £560.7 million;
- reductions in centrally funded capital of £250.4 million, as a result of lower funding compared to last year for devices, school connectivity and digital education platforms, and for the Priority Schools Building Programme.

Department for Environment, Food and Rural Affairs

The Department for Environment, Food and Rural Affairs (DEFRA) proposes a **Resource DEL** budget in 2021-22 of **£4,390.2 million**. This is a decrease of £366.8 million (-7.7%) compared to the final budget last year of £4,757.0 million.

Notable changes to budgets which contribute to this overall decrease include:

- a £300.1 million (12%) reduction in the food and farming budget due to a fall in Covid-19 support funding. Last year support was given for local authority welfare grants and charity support such as food banks;

- an £80.7 million (19%) reduction in Flood Protection funding – driven by a one off uplift in the 2020-21 budget to support work for flood defence asset repairs;
- a £40 million increase to facilitate the structural transformation of the fisheries sectors, as outlined in the 2020 Spending Review;
- a £83.2 million reduction in operating costs, driven by some centrally held Covid-19 relief budget last year and prior year transfers to Cabinet Office to partly fund COP26 (The 26th UN Climate Change Conference).

DEFRA proposes a **Capital DEL** budget in 2021-22 of **£1,535.6 million**. This is an increase of £510.4 million (49.8%) compared to the final budget last year of £1,025.2 million.

Notable changes to budgets which contribute to this overall increase include:

- a £58.1 million increase (213%) in food and farming spending, driven by an increase for capital scheme costs for future farming following the UK's departure from the EU;
- a £78.4 million (51.5%) increase for environment and rural services, specifically an uplift for the 'Nature for Climate' fund focussing on tree planting and peatland restoration;
- a £170.2 million (24%) increase in Flood Protection funding, driven by a commitment in the 2020 Spending Review to deliver increased protection for at least 336,000 properties by 2026/27; and
- a £198.2 million (173%) increase in operating costs, driven by funding for the DEFRA Science and Weybridge Estate and funding to support EU exit transition (this budget is currently held centrally but will be allocated out during the year).

Department of Health and Social Care

The Department for Health and Social Care (DHSC) proposes a **Resource DEL** budget of **£177,814.6 million**, a decrease of £22,941 million (-11.4%) compared to last year's exceptionally high Resource DEL budget of £200,755.2 million. The main causes of this decrease are:

- A £30,127 million decrease in Covid-19 funding compared to 2020-21, which brings the 2021-22 budget for Covid-19 costs to £29,007 million. This consists of:
 - A £12,825 million decrease in funding for personal protective equipment (PPE);
 - A £8,395 million decrease in the NHS's Covid-19 costs;
 - A £5,403 million decrease in funding for Test and Trace;
 - A £1,395 million decrease in vaccine deployment funding;
 - A £936 million decrease in Infection Control Grants;
 - A £783 million decrease in research, development and purchase of therapeutic Covid-19 treatments; and
 - A £391 million decrease in other Covid-19 costs, such as ventilators and the Critical Care National Stockpile.

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- This is offset by a £6,600 million increase in the NHS budget as part of the NHS Long Term Plan and 2020 Spending Review Core Revenue Settlement.

DHSC is also proposing a decrease of £4,388 million (-34%) to its **Capital DEL**, taking it to **£8,529.6 million**. The main changes are:

- There is no Capital DEL allocation for Covid-19 costs in 2021-22, compared to £3,969 million in 2020-21. Last year's Capital Covid-19 budget mostly related to Test and Trace (£2,716 million), the NHS emergency response (£613 million) and ventilators (£439 million);
- A £807 million decrease for a technical accounting adjustment regarding the NHS Test and Trace inventory;
- A £750 million decrease relating to the one-off £1.5 billion announced as part of the Plan for Jobs 2020 in July 2020. £750 million was surrendered to HM Treasury as an underspend in the 2020-21 Supplementary Estimate;

This is offset by a:

- £1,138 million increase for the Hospital Building Programme and the Hospital Upgrade Programme.

DHSC's **Resource AME** budget is set to remain at 2020-21 levels, at **£10,002 million**.

Department for International Trade

The Department for International Trade (DIT) plans an initial **Resource DEL** (day-to-day spending) budget of **£521.3 million** in 2021-22, 1% higher than last year's final budget of £516.3 million.

The main changes in DIT's day-to-day budget since the 2020-21 Supplementary Estimate are:

- £20.3 million increase in funding for the Trade Policy Group;
- £13.6 million in centrally held reserves for the 2% contingency, earmarked by the Department to meet the cost of unforeseen pressures and risks that may emerge through 2021-22;
- £5.1 million increase in funding for the DIT Overseas Platform;
- £11.3 million reduction in the budget for the Global and Ministerial Strategy, primarily due to a reduction in ODA funded projects following the review of ODA funding in 2020-21; and
- £24 million reduction in the budget for Marketing and Communications, predominantly due to the Machinery of Government Change where the policy responsibility for the GREAT Campaign has been transferred to the Cabinet Office.

DIT plans a **Capital DEL** (investment) budget of **£154.6 million** in 2021-22, 14.2% below last year's final budget of £180.2 million. The main driver of this change is a reduction of £14.3 million due to the capital expenditure for the construction of the pavilion for the Dubai Expo which was largely incurred in 2020-21.

Department for Transport

The Department for Transport (DfT) proposes a decrease of £7,679.2 (-31%) to its **Resource DEL** budget, taking it to **£17,419.8 million**. The main changes are:

- A £8,140.4 million decrease in funding for Covid-19 support, taking it from £12,828 million in 2020-21 to £4,687.6 million in 2021-22. This decrease mainly comprises:
 - £4,553 million less in emergency Covid-19 support for the railway franchises/contracts. This takes Covid-19 support from £8,275 million in 2020-21 to £3,722 million in 2021-22;
 - £2,202 million less in Greater London Authority (GLA) extraordinary transport grants (including funding for Transport for London). The 2021-22 Main Estimate includes £500 million which covers the period from 1 April to 18 May 2021;
 - £915 million decrease in Covid-19 Bus Service Support Grant (CBSSG). £275 million is ring-fenced in the 2021-22 Main Estimate for Covid-19 support;
 - £470.5 million decrease for other Covid-19 support measures, including support for local authorities, light rail and trams, airports and “Active Travel”, some of which is included in 2021-22 as a business-as-usual budget. Additional budget cover for further Covid-19 costs will be provided at the 2021-22 Supplementary Estimate.
- This decrease is offset by a £708 million increase for the Network Rail budget to allow for increased levels of delivery, risk and depreciation costs.

DfT is also proposing an increase of £1,230.5 million (+7%) to its **Capital DEL**, taking it to **£19,495.5 million**. The main changes are:

- £190 million reduction in funding for Covid-19 support measures, including:
 - A £207 million decrease in capital Covid-19 support funding for rail franchises/contracts. Any additional budget cover will be agreed at the 2021-22 Supplementary Estimate;
 - A £17 million increase in funding for the Active Travel Commitment (now moved to a “business-as-usual” budget);
- A £400 million decrease in funding for highways maintenance, agreed in the 2020 Spending Review;
- A £316 million decrease in funding for Local Authority transport, mainly due to the funding profile of local authority major programmes;
- A £132 million decrease resulting from the end of Capital DEL funding for EU-transition related activities,

offset by:

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- A £1,450 million increase in funding for High Speed Two, due to increased construction activity on Phase 1 following Notice to Proceed approval in 2020;
- A £413.9 million increase for the Transforming Cities Fund in line with its multi-year settlement profile;
- A £361.8 million increase for Highways England funding, due to increased level of delivery under the Road Investment Strategy 2.

DfT's **Resource AME** budget is set to increase by £783 million (+24.5%), taking it to **£3,191.6 million**. The main driver of this is a £774 million increase in funding for Network Rail, comprising:

- £975 million deferred tax liability due to future corporation tax rises,

offset by:

- £200 million reduction in interest cost forecasts.

DfT's Capital AME is set to decrease by £384.4 million (-81.8%), taking it to £85.2 million. The main reason for this is a £351 million decrease in funding for High Speed Rail Land and Property provisions for liabilities.

Department for Work and Pensions

Much of DWP's spending, including all spending on benefits and state pensions, lies within **Resource AME** (which is not subject to pre-set limits set in Spending Reviews). The budget sought for this spending in 2021-22, based on DWP and OBR assumptions, is **£218,314.5 million**, 3.7% or £7,836.7 million above the latest forecast for 2020-21 of £210,477.8 million. (The Supplementary Estimate budget last year, at £221,264 million, was higher than the latest forecast as it included a margin for error.)

Of this increase:

- £3,069 billion (+6.4%) is to cover the estimated increased costs of Universal Credit, non-contributory Jobseeker's Allowance, Employment and Support Allowance and Income Support arising from the continued migration of legacy benefits (including tax credits paid by HMRC) to Universal Credit, forecast increased unemployment and a 0.5% uprating, as well as the withdrawal of the £20 per week extra UC from September;
- £4,113 billion (+3.8%) extra for state pensions and pension credit is largely a consequence of the triple lock increase of 2.5% for basic and new state pension and a 0.5% in additional state pension rates, as well as changes in forecast claimant counts;
- £1,157 million extra (+4.2%) is forecast to be needed for disability and carer benefits, driven by increasing average awards of Personal Independence Payments and Attendance Allowance; increased numbers of PIP claims payable, partly offset by lower numbers of Disability Living Allowance claims, and a general uprating of 0.5%; and
- Spending on some other benefits is expected to fall, partly because they are replaced by Universal Credit.

DWP is also proposing a **Resource DEL** of **£9,411.7 million**, an increase of £2,479 million (+35.8%) in its Resource DEL. This limit covers DWP's running costs, support for local authorities and the costs of employment programmes.

The bulk of this is additional funding in response to Covid-19, including:

- An extra £1,592 million for Kickstart (£1,617 million in 2021-22, £25 million in 2020-21), a grant programme to encourage employers to take on young people;
- £391 million for Restart, a labour market initiative to target those who have been unemployed for between 12 and 24 months;
- An extra £155 million for job entry, including targeted support, the youth offer and job finding support (£213 million in 2021-22, £58 million in 2020-21);
- An extra £479 million for the Plan for Jobs (£1,315 million in 2021-22, £836 million in 2020-21), which includes additional staff resources.

DWP also proposes a **Capital DEL** for 2021-22 of **£461.3 million**, a reduction of £182.8 million or 28.4%.

While this funding includes continuing work on the DWP Estate to accommodate an additional 13,500 work coaches, the level of expenditure required for this is lower than that incurred during 2020-21.

Foreign, Commonwealth and Development Office

The Foreign, Commonwealth and Development Office (FCDO) was created as a result of the merger of the Department for International Development (DFID) and the Foreign and Commonwealth Office (FCO) in September 2020.

The merger has been reflected in the Estimates by including both former FCO and former DFID spending within a new combined Main Estimate. At the 2020-21 Supplementary Estimates when the departments were first merged, previous budget sub-heads for the separate departments were retained as before, but for the 2021-22 Main Estimates new budget sub-heads have been created for the newly merged department, presenting information differently to before. 2021-22 will be the first full financial year for the FCDO as a new department.

Overseas Development Assistance spending

Overseas Development Assistance (ODA) funding makes up a significant proportion of the FCDO budget. The amount of ODA expenditure is determined by the overall size of the economy, as measured by Gross National Income (GNI), and the Government's target for the percentage of GNI that they aim to spend on ODA each calendar year. On 25 November 2020, the Chancellor of the Exchequer announced a reduction in the overseas aid budget from 0.7% to 0.5% of GNI. This means, for the first time since 2013, the UK will not meet the UN recommended target of spending 0.7 per cent of GNI on ODA.

The FCDO plans a **Resource DEL** budget in 2021-22 of **£7,432.2 million**, 25% below last year's final budget of £9,941.2 million and 28% below last year's initial budget for DFID and the FCO combined. This reduction mainly reflects significant reductions in Overseas Development Assistance expenditure, as described in the section above.

The main components of the FCDO's day-to-day spending are:

- Strategic priorities and other programme spend: £3,963.9 million;
- Operating costs, frontline diplomacy and overseas network: £1,651.7 million;
- Conflict, Stability and Security Fund: £720.6 million;
- European Union attributed aid: £608 million;
- International subscriptions, scholarships and BBC World Service: £258.7 million;
- British Council: £189 million; and
- Funding for Non-Departmental Public Bodies: £40.2 million.

FCDO plans a **Capital DEL** budget of **£1,938.1 million** for 2021-22, 34.9% below last year's final budget of £2,977.3 million and 29% below last year's combined initial budgets of DFID and the FCO. The main components of this funding are:

- Operating costs, frontline diplomacy and overseas network: £108.5 million;
- British Council: £70 million;
- Strategic priorities and other programme spend: £1,759.5 million; and
- Conflict, Stability and Security Fund: £0.1 million.

The FCDO's capital programme includes planned refurbishments to the overseas estate (embassies and consulates), including Washington DC, Ottawa, Paris and Mexico City. This is dependent on the proceeds of asset sales such as the past sale of the Bangkok embassy.

FCDO's Capital Annually Managed Expenditure, which reflects investments in the wholly owned CDC company, is set to decrease by £4 million (-0.6%), from £650 million to £646 million.

HM Revenue and Customs

HM Revenue and Customs (HMRC) is proposing a **Resource DEL** of **£6,072.9 million**, an increase of £1,111 million (+22.4%) compared to last year. The main changes are:

- A £865 million increase for Covid-19 support measures, including:
 - An extra £765 million for a new support grant payment to working households who receive tax credits, which unlike the other, previous, income support schemes, is classified as Resource DEL, not Resource AME;

- A £100 million increase to combat fraud within Covid-19 support packages.
- £180 million increase for resources and technology to bring in additional tax revenues;
- £90 million increase for central HMRC administration to deliver post EU-transition period requirements;
- £20 million increase in Valuation Office Agency (VOA) to prepare for the next revaluation in 2023.

HMRC is also proposing an increase of £95 million (+16.9%) to its **Capital DEL**, taking it to **£659 million**. This increase is for the Valuation Office Agency to begin the second phase of its IT transformation project.

HMRC's **Resource AME** is set to decrease by £107,943 million (-65.4%) taking it to **£57,182.9 million**. The main drivers of this are:

- A £102,608 million decrease in Covid-19 support as the major schemes provided to individuals during the pandemic in 2020-21 are planned to wind down. Despite this reduction, £19,157 million is still being provided for Covid-19 income support in 2021-22, comprising:
 - £10,882 million for the continuation of the Coronavirus Job Retention Scheme or 'furlough scheme' until 30 September 2021;
 - £8,275 million for the continuation of the Self-Employment Income Support Scheme until 30 September 2021.
- A £5,117 million decrease in Personal Tax Credits (PTC). The reduction is due to claimants leaving the system, whether being migrated to Universal Credit (paid by DWP) or out of the welfare system. There are now no new claims for PTC so the caseload will continue to decrease over time;
- A £504 million decrease in other reliefs and allowances, including Research and Development Relief for large and small companies, Film Tax Relief and the Guardians Allowance. The budget is adjusted based on the latest Office for Budget Responsibility forecasts.

These reductions are offset by:

- A £148 million increase in Tax Free Childcare due to a projected increase in the proportion of the eligible population making use of this tax break, compared to 2020-21. Take-up was lower than expected in 2020-21 due to the pandemic;
- A £45 million increase in Child Benefit, based on the latest Office for Budget Responsibility forecasts.

HM Treasury

HM Treasury (HMT) proposes a decrease in its **Resource DEL** of £67.1 million (-19.4%), taking it to **£279.5 million**. The main changes are:

- A £16.1 million decrease in Covid-19 response costs, down from £47.1 million in 2020-21 to £31 million in 2021-22;

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- A £49 million decrease relating to the Oil and Gas Decommissioning Relief Deeds (DRD), taking this budget to nil. The £49 million reserve claim in 2020-21 was made in the Supplementary Estimates and it is likely that additional budget cover for 2021-22 will be sought again later this year.

HMT is also proposing a decrease of £10 million (-54.6%) to its **Capital DEL**, taking it to **£8.3 million**. The main changes are:

- £8.6 million reduction to the Infrastructure Finance Unit Ltd budget, taking it to nil for 2021-22. The £8.6 million in the previous year was for a loan facility for the Speyside Biomass Power project;
- £6 million ringfenced for the new economic campus in Darlington.

HMT's **Resource AME** budget is set to fall by £39,632.4 million (-65.8%) to **£20,639.2 million**. Two notable factors for this decrease are:

- £34,991.5 million decrease in the budget for a potential decrease in the Bank of England Asset Purchase Facility Fund (BEAPFF). The fair value of the BEAPFF derivative is highly volatile and represents the best estimate of the amount due to HMT from the Bank of England on settlement of the schemes; and
- £4,234 million decrease in the budget provided for the EU Exit Withdrawal Agreement Financial Settlement, taking this to nil for 2021-22. This provision will be updated at 31 March for each subsequent reporting year - due to uncertainty regarding the likely provision movement at 31 March 2022 no budget has yet been requested for 2021-22. Payment of the EU Financial Settlement will begin in June 2021.

There is also a £92.6 million increase to cover running costs and residual pension and provisions payments of UK Asset Resolution (UKAR), the sale of which took place in 2020-21 and is due for completion in 2021-22.

HMT's **Capital AME** budget is set to be **£754.3 million** in 2021-22, up from -£1,635.5 million in 2020-21. The negative budget in the prior year was due to forecast income from the sale of UKAR and repayments under the Loans to Ireland Act 2010, which allowed HMT to loan up to £3.25 billion to Ireland as part of an €85 million European Union bailout package. The increase in the budget for 2021-22 is due to:

- No further income from sale of UKAR or from repayments under the Loans to Ireland Act 2010. Ireland made the final repayment on 26 March 2021;
- £702 million increase for Infrastructure Finance Unit Limited, taking it to £807 million. This includes funding for the new UK Infrastructure Bank's investment activities;
- £265 million decrease in capital budget for the EU Withdrawal Agreement, due to the return of the UK's paid-in capital from the European Investment Bank. £265 million (€300 million) is due to be paid back in 2021-22. The capital is being repaid in annual

instalments which commenced in October 2020, with the final instalment due in October 2031;

- £29 million increase in Help to Buy ISA budget, taking it to £204 million. The increase is due to the closing of the housing market for several months during the pandemic.

Home Office

Home Office proposes a **Resource DEL** budget in 2021-22 of **£13,257.6 million**. This is a decrease of £1,462.6 million (-10%) compared to the final budget last year of £14,720.2 million.

Notable changes to budgets proposed include:

- £1,800 million of Covid-19 related additional funding for Home Office services and loss of income was included in last year's Supplementary Estimate. This year's Covid support requirements have yet to be added and will be requested in 2021-22 Supplementary Estimates at the end of the year;
- £175 million increase across Homeland Security, Public Safety & Migration & Borders, which includes an additional £95 million towards Immigration and £61 million for Youth Violence.

Other Home Office Resource DEL budget requirements continue to be in line with spend outlined in the 2020 Spending Review, including:

- the recruitment of 20,000 additional police officers by 2023, of which the 2020-21 Budget has allowed for an extra 6,000 to be recruited;
- £253 million for the Emergency Service Mobile Communication Programme;
- £191 million of Official Development Assistance; and
- £154 million for asylum support and refugee resettlement.

Home Office proposes a **Capital DEL** budget in 2021-22 of **£890.5 million**. This is an increase of £20.7 million (2.4%) compared to the final budget last year of £869.8 million.

Notable changes to budgets which contribute to this overall increase include:

- A £71.6 million reduction across Homeland Security, Public Safety and Migration and Borders, where currency swaps into Capital DEL were made last year in the Supplementary Estimate. It is usual practice for this budget to be refined at the end of the year in the Supplementary Estimate;
- £27 million additional funding for Domestic Nuclear Security;
- £32 million additional funding for Counter Terrorism Operating Centre;
- £15 million additional funding for the New Plan for Immigration.

These uplifts are in line with the Spending Review 2020 in which £153 million was put forward for the delivery of the Future Border and Immigration System (FBIS).

There is also £50 million of currently unallocated budget provision that will be reviewed and may be allocated in the Supplementary Estimates.

Ministry of Defence

The initial Ministry of Defence (MoD) budget given in the Main Estimates each year generally differs significantly from the final budget due to two common practices in MoD's Supplementary Estimates:

- claims on the Treasury Reserve for ongoing military operations;
- switches from the Resource DEL budget to Capital DEL for Single Use Military Equipment (SUME) – ammunition and missiles, for example – reflecting the latest MoD usage forecast.

The MoD proposes a **Resource DEL** budget in 2021-22 of **£41,943.4 million**. This is an increase of £686.8 million (+1.6%) compared to the final budget last year of £41,256.6 million. The 2020 Spending Review committed the government to grow defence spending by 0.5 per cent above inflation, with average real growth of 1.8 per cent between 2019-20 and 2024-25; and to spend at least 2 per cent of GDP on defence.

The MoD also proposes a **Capital DEL** budget of **£14,332.7 million**. This is an increase of £2,616.3 million (+22.3%) compared to the final budget last year of £11,716.4 million. This provides the first year of a multi-year capital settlement announced last year.

The Ministry of Defence has yet to supply a detailed Estimate memorandum for the 2021-22 Main Estimate.

Ministry of Housing, Communities and Local Government

The Ministry for Housing, Communities and Local Government (MHCLG) proposes a reduction in its **Housing and Communities Resource DEL** of £262 million (-8%), taking it to **£2,989.2 million**. The main factors in this decrease are:

- £248 million reduction in Covid-19 costs, taking this budget from £383 million in 2020-21 to £135 million (which relates to homelessness intervention and prevention);
- A £285 million decrease in the budget for the New Homes Bonus;
- A £231 million decrease in budget provision for a change in accounting adjustment under IFRS 9 (a new accounting standard).

These decreases were offset by:

- A £200 million increase in the UK Community Renewal Fund;
- A £134 million increase in support for homelessness and rough sleeping;
- A £98 million increase in domestic abuse support.

MHCLG also proposes a reduction in its **Local Government Resource DEL** of £4,014 million (-19%), taking it to **£17,471 million**. This is due to:

- £6,300 million reduction in Covid-19 support for local government, from £16,075 million in 2020-21 to £9,775 million in 2021-22, which is offset by;
- A £1,700 million increase in section 31 Business Rate Reliefs;
- A £603 million increase made up of 2020 Spending Review adjustments and transfers of funding from other departments.

MHCLG is also proposing a decrease of £1,664 million (-16%) to its **Capital DEL**, taking it to **£8,822.2 million**. The main changes are:

- A £1,908 million decrease in the Help-to-Buy budget due to lower demand;
- A £852 million decrease in the Local Growth Investment budget, offset by;
- A £425 million increase in the Affordable Housing budget
- A £475 million increase for Investment in Land, Infrastructure and Regeneration;
- A £139 million increase in the Building Safety Funds budget

MHCLG's **Resource AME** budget is set to decrease by £3,389 million (-18%), taking it to **£15,242 million**. This is primarily due to a reduction in the Business Rates Retention budget, which is caused by:

- £7,400 million decrease in the retained element of business rates (the 'Local Share'). This is due to the shortfall in Business Rates collected in 2020-21 as a result of the Covid-19 Business Rates holiday for certain businesses;
- £4,200 million increase in deficit payments to local authorities. In July 2020, the government announced it would allow local authorities to spread the tax deficit of 2020-21 over 3 years, instead of the usual 1 year.

Ministry of Justice

The Ministry of Justice (MoJ) proposes a **Resource DEL** budget in 2021-22 of **£9,409.7 million**. This is a decrease of £90.1 million (-1%) compared to the final budget last year of £9,499.8 million.

Notable changes to budgets which contribute to this overall decrease include:

- A £406.9 million decrease in "functional support", including: £64.9 million less in funding for MoJ's change management processes; and reduced funding needed to cover court income shortfalls arising from the pandemic;
- A £154.1 million increase for the court system including funding to modernise and transform courts and tribunal services; and
- A £162.1 million increase for public protection, primarily to deliver the Probation Reform Programme. This programme has been running since 2017 and its end date (previously April 2021) has been extended.

The MoJ also proposes a **Capital DEL** budget of **£1,718.3 million**. This is an increase of £641.6 million (+60%) compared to the final budget last year of £1,076.7 million.

Of this,

- £324 million simply reflects the impact of implementing a new international accounting standard for leased premises (IFRS16), and scoring transactions differently, rather than actual additional capital investment;
- £75 million extra is for new prisons, boosting spending on new prisons to £251 million in 2021-22 and covering in-year costs of the build of HMP Five Wells and HMP Glen Parva; and
- £262 million extra for a further 13,000 prison places in existing prisons (bringing total spending on new prison places in 2021-22 to £403.8 million.)

Northern Ireland

The Northern Ireland Office's 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 £21,465.9 million for 2021-22, 5% below the final amount sought last year, £22,602.9 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 plans a total DEL settlement of £16,673.6 million (**£14,806.2 million Resource DEL** and **£1,876.4 million Capital DEL**), a decrease of 6% relative to last year's final budget. This is made up of a decrease to the Resource DEL of £1,212.4 million (-8%), and an increase in Capital DEL of £60.7 million (+3%).

Spending decisions taken by the UK Government result in additional funding being directed to Northern Ireland through Barnett Consequentials. The UK Government's 2020 Budget generated around £204 million of Barnett Consequentials (£77 million Resource DEL and £127 million Capital DEL). Subsequent Barnett Consequentials have

been to a large extent a result of UK Government responses to Covid-19. The reduction in this year's DEL budget relative to last year is due to the exceptionally large Barnett Consequentials generated by high UK Government spending last year.

Barnett Consequentials relating to Covid-19 announced at the 2021-22 Main Estimate total £338 million Resource DEL and £5.3 million Capital DEL. This has mainly been driven by health and social care Barnett Consequentials (£233.4 million Resource DEL).

Additional non-Barnett funding at the 2021-22 Main Estimates include:

- £327.1 million of Covid-19 funding carried forward from the prior financial year (£238.1 million Resource DEL and £89 million);
- £162.1 million of New Decade, New Approach funding (£134.3 million Resource DEL and £27.8 million Capital DEL); and
- £91 million relating to closure of the Non-domestic Renewable Heat Incentive Scheme (Resource DEL).

The Northern Ireland Office

Northern Ireland Office itself plans a **Resource DEL of £33.8 million**, an 8% increase relative to the final 2020-21 budget. The main reason for this increase is that £4.5 million was awarded in 2021-22 at the Main Estimate to the Northern Ireland Electoral Office to support the 2021 Canvass in Northern Ireland.

The Northern Ireland Office has a very small investment (**Capital DEL**) budget of **£0.3 million** for 2020-21.

Scotland

The Scotland Office's Main Estimate 2021-22 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 tax 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 Main Estimate seeks a cash grant for the Scottish Government of £31,655.9 million for 2021-22, a substantial decrease of £15,591.7 million (-31.6%) compared to last year's final budget of £46,247.6 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. The driving factor behind the increased cash grant is a substantial increase in Scotland's the Departmental Expenditure Limit (DEL) budget. Changes to this have been set out below.

Changes in DEL Budget

The Scottish Government total DEL budget sought at the 2021-22 Main Estimate is £35,535.8 million (**£29,839.2 million Resource DEL and £5,696.6 million Capital DEL**), a decrease of £2,746.3 million (-7.2%). Changes to the Departmental Expenditure Limit (DEL) budget, which affect the cash grant, consist of decreases in Resource DEL of £2,994.1 million (-9.1%) and an increase in Capital DEL of £247.8 million (+4.6%).

The level of UK centrally provided funding was determined at Spending Review 2015 (SR15) and Spending Round 2019 (SR19). Since the outcome of SR15 and SR19, funding has increased following Barnett consequentials and non-Barnett allocations from UK Government budgets and estimates rounds.

The decrease in DEL for 2021-22 is to a large extent the result of exceptionally large Barnett Consequentials arising in the previous year in response to Covid-19. As the government's fiscal response to this reduces over time, it is expected that DEL funding to the devolved administrations will follow. Barnett Consequentials are funding arising from UK spending decisions, corresponding to that provided for UK government departments; and additional funding from the Treasury Reserve.

Barnett Consequentials relating to Covid-19 announced at the 2021-22 Main Estimate total £1,000.1 million Resource DEL and £15.6 million Capital DEL. This has mainly been driven by health and social care funding Barnett Consequentials of £690.8 million (Resource DEL).

Further notable (non-Barnett) increases in funding at the Main Estimate have been set out below:

- £1,151.9 million Covid-19 funding carried forward from the prior year (£873.5 Resource DEL and £278.4 million Capital DEL);
- £112.8 million in City Deals funding (Capital DEL);
- £51.5 million in Business Rates Relief repayments (Resource DEL); and
- £46.5 million in UK Cyber Security Funding (Resource DEL).

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 is forecast by the Scottish Fiscal Commission and based on Scottish Government tax policies. The pay-over of Scottish rate of income tax to the Scottish government in the Main Estimate is £12,263 million.

In April 2020, around £3 billion of welfare benefits were devolved to the Scottish Government, which has driven a large proportion of the increase in DEL since then. This includes Personal Independence Payments, Disability Living Allowance, Attendance Allowance, Severe Disablement Allowance and Industrial Injuries Disablement Benefit.

Scotland Office spending

The Scotland Office itself plans day-to-day expenditure (**Resource DEL**) of **£11.2 million**, a reduction of £2.6 million compared to last year's final budget (-24%). Almost all of the Office's budget is Resource DEL, with a modest investment budget of £0.05 million. The Main Estimate for 2021-22 includes the funding for VAT of staff salaries which did not form part of the Spending Review Settlement. The Supplementary Estimate provision for 2020-21 was also inflated since the provision included additional funding relating to the Departments IT Transition and move to the UK Government Hub in Edinburgh.

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 at the 2021-22 Main Estimate is £18,249.8 million, £2,541.3 million (-12.2%) lower than the amount sought in the 2020-21 final budget of £20,791.1 million.

The cash grant is based on a calculation worked out by taking the spending power (the Departmental Expenditure Limits allowed for the Welsh 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 in DEL budget

The Welsh Government total DEL budget sought at the Main Estimate is **£20,367.2 million**, a decrease of **£2,245 million** (9%). This consists of:

- **£17,757.1 million** of **Resource DEL** (day-to-day spending); and
- **£2,610.1 million** of **Capital DEL** (investment spending)

Deductions have been made to the Departmental Expenditure Limit (DEL) budget to take account of the fact that the grant no longer includes Wales' 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 retained taxes in line with the rest of the UK.

The decrease in DEL for 2021-22 is to a large extent the result of exceptionally large Barnett Consequentials arising in the previous year in response to Covid-19. As the government's fiscal response to this reduces over time, it is expected that DEL funding to the devolved administrations will follow. Barnett Consequentials are funding arising from UK spending decisions, corresponding to that provided for UK government departments; and additional funding from the Treasury Reserve.

Barnett Consequentials relating to Covid-19 announced at the 2021-22 Main Estimate total £606 million Resource DEL and £9.5 million Capital DEL. This has mainly been driven by health and social care funding Barnett Consequentials of £418.6 million (Resource DEL).

Further notable (non-Barnett) increases in funding at the Main Estimate have been set out below:

- £676.3 million of funding carried forward from the prior year (£497.6 Resource DEL and £178.7 million Capital DEL);
- £61.2 million in budgets transfers from other departments (Resource DEL);
- £41.3 million in City Deals funding (Capital DEL); and
- £8.4 million in Business Rates Relief repayments (Resource DEL);

Wales Office spending

The Wales Office itself plans a **Resource DEL** of **£5.1 million**, 4% lower than last year's final budget. This reduction is driven by exceptional funding last year for EU Exit and Covid-19 costs.

The Wales Office has a modest investment budget (**Capital DEL**) of **£0.03 million** at the 2021-22 Main Estimate.

Other departments

Charity Commission

The Charity Commission is seeking a Resource DEL budget for 2021-22 of £30.2 million, an increase of £1 million since last year.

The Commission is also seeking a Capital DEL budget for 2021-22 of £2.2 million, which is in line with last year's budget.

Competition and Markets Authority

The Competition and Markets Authority (CMA) is seeking a Resource DEL of £115.6 million, an increase of £13.9 million (+13.7%) compared to 2020-21. The increase, allocated at the 2020 Spending Review, is for the development and operations of new functions. These include the Office for the Internal Market, Digital Markets Unit and potentially an Office of Subsidy Control.

The CMA's Capital DEL sought is £7.5 million, an increase of £4.2 million or 127%. The increase is in line with CMA's revised capitalisation policy, changes in the treatment of research spend (which now scores as capital) and investment to develop and operate the new functions.

Crown Prosecution Service

The Crown Prosecution Service is proposing a Resource DEL budget for 2021-22 of £675.7 million, an increase of £61.6 million (10%) from last year's final budget.

The most notable year on year change is £12 million carried forward from last year under the Treasury's budget exchange scheme, due to prior year delays in hearing cases due to the pandemic.

During 2021-22, the CPS is also receiving additional funding to enable it to respond effectively to the expected increase in caseload resulting from the recruitment of 20,000 additional police officers and backlog of court cases predominantly in the Crown court due to the ongoing Covid-19 pandemic; better meet disclosure obligations; work with investigators to pursue all reasonable lines of inquiry; and to deliver on the outcome of the review relating to external counsel fees.

Specifically, additional funding is proposed for Illicit Excise Tobacco (£6.4 million) and Tax Crime (£3.2 million).

The CPS is proposing a Capital DEL budget for 2021-22 of £6.2 million, an increase of £3.4 million (122%) from last year's final budget. This increase is a one-off adjustment resulting from the new IFRS 16 accounting standards for leases, reflecting the different future treatment of some leases in financial statements.

Food Standards Agency

The Food Standards Agency (FSA) is proposing an increase of £6.5 million (+6%) to its Resource DEL, taking it to £110.4 million. The main drivers of this increase are:

- £3 million of funding awarded in the 2020 Spending Review for the post-EU transition period;
- £3.5 million of funding carried forward from 2020-21 due to projects delayed during the pandemic.

Government Actuary's Department

The Government Actuary's Department (GAD) proposes a token £0.001 million Resource DEL. This comprises:

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- £2.1 million increase in actuarial income, resulting in a reduction in the budget proposed. This is due to increased client demand and an increase in fees; and
- £2.2 million increase in direct staff costs as a result of increased client demand, additional IT costs after moving applications to the Cloud and a contractual increase in rental costs.

The GAD is also proposing a Capital DEL of £0.2 million, an increase of £0.05 million (+33%) to its Capital DEL. £0.05 million was surrendered to HM Treasury in the 2020-21 Supplementary Estimates but the Capital DEL budget has returned to £0.2 million in the 2021-22 Main Estimates to fund the planned purchase of new assets.

HM Land Registry

HM Land Registry seeks a Resource DEL of £376 million, an increase of £29.6 million or 8.6% compared to 2020-21. 2020-21 was an untypical year with expenditure below normal, whereas a more typical level of activity is expected in 2021-22.

HMLR seeks a Capital DEL of £132.7 million, an increase of £92.5 million or 230%. £75 million of this is to cover new leases for properties transferred to the Government Property Agency in 2020-21. Additional Capital DEL funding is also included to support the acceleration of the Local Lands Charges programme, as well as HMLR's wider digital investment.

HM Procurator General and Treasury Solicitor

HM Procurator General and Treasury Solicitor (HMPGTS) proposes a decrease of £3.7 million (-24%) to its Resource DEL, taking it to £11.6 million. The main reason for this reduction is a £4 million increase due to untaken annual leave in 2020-21 due to the pandemic.

HMPGTS is also proposing a decrease of £0.9 million (-31%) to its Capital DEL, taking it to £2 million. Additional Capital DEL was requested in 2020-21 to fit out the new Attorney General's Office and to support IT infrastructure.

The National Archives

The National Archives (NA) are seeking a Resource DEL budget for 2021-22 of £45 million. This is an increase of £6.6 million from last year's final budget of £38.4 million.

This increase is driven by:

- £3.1 million for securing and expanding the digital archiving infrastructure
- £1.3 million for honouring military personnel.

The NA is also seeking a Capital DEL budget for 2021-22 of £4.6 million. This is an increase of £0.8 million from last year's final budget. The NA's Capital budget was increased last year by a transfer from Resource DEL to Capital DEL, to fund capital projects such as the digital infrastructure.

National Crime Agency

The National Crime Agency is proposing a Resource DEL budget for 2021-22 of £489.5 million. This is a decrease of £14.5 million from last year's budget of £504 million.

Notable changes driving this budget change are as follows:

- £9.9 million reduction, as no Covid support relief has been put forward in this budget;
- £7 million reduction in funding from the Foreign, Commonwealth and Development Office from the Conflict, Stability and Security Programme Funding (CSSF) to fund overseas work;
- £9.3 million reduction in depreciation requirements;
- £9 million additional funding from the Home Office for European Union transition work;
- £12 million additional funding from the National Security Programme to increase capability in areas of increasing criminality.

Further adjustments to budgets are expected to be proposed in the Supplementary Estimates later in the year.

The NCA is proposing a Capital DEL budget for 2021-22 of £45.0 million. This is a decrease of £3 million from last year's final budget of £48 million. This is primarily driven by a reduction for core delegation programme funding.

National Savings and Investments

National Savings and Investments (NS&I) proposes an increase of £17.8 million (+10.6%) to its Resource DEL to £185.6 million. The main drivers of this change are:

- £40 million increase in funding to prepare for the re-tendering process for the new outsourcing contract. This is part of the Rainbow Programme, for which NS&I received business case approval from HM Treasury in early March 2021. The programme and additional investment will transition NS&I to a multi-supplier operating model, with re-tender of services in four core packages to be completed by 2024; and
- £17 million decrease due to the return of ring-fenced funding for Covid-19 costs which has not been rolled forward into 2021-22.

Ofgem

Ofgem is seeking a Resource DEL of minus £7.3 million (i.e. £7.3 million more in income than expenditure), compared to net spending of £14.8 million last year. In 2020-21 spending exceeded income from fees etc; in 2021-22 income exceeds spending planned.

For 2021-22, Ofgem seeks a capital DEL of £1.5 million, compared to £4.3 million in 2020-21, a reduction of 65%.

Office of Rail and Road (ORR)

The Office of Rail and Road (ORR)'s Resource DEL expenditure is offset entirely by its forecast income for 2021-22. Regulatory costs have risen by £0.5 million due to an increase in size of the highways monitoring

team as Highways England increase their activity under the Road Investment Strategy 2.

The ORR's net Capital DEL budget remains unchanged from 2020-21 at £0.7 million.

Ofsted

Ofsted is seeking a Resource DEL of £138.2 million, an increase of £4.6 million or 3% compared to last year. This increase includes:

- £1.5m funding for investigation and inspection of unregistered schools. (This funding was previously in the DfE's budget and Ofsted invoiced the DfE for the cost of undertaking this work.)
- £0.8m funding for investigation and inspection of unregistered children's social care providers. This is new funding to enhance Ofsted's response in taking action against unregistered provision in the children's social care sector.

Ofsted is seeking a capital DEL of £3.5 million, a reduction of £1.8 million or 34%. If Ofsted requires further capital funding in 2020-21 it will transfer this from resource.

Ofqual

Ofqual is seeking a Resource DEL of £25.1 million, an increase of 10% or £2.3 million compared to 2020-21.

Additional Programme funding is allocated for the reform of GCSEs and A levels and for vocational and technical qualifications reform. In 2021/22, the DfE is providing £5.7 million to enable Ofqual to continue delivery of reforms in vocational and technical qualifications

Ofwat (Water Services Regulation Authority)

Ofwat is seeking a Resource DEL budget for 2021-22 of £0.15 million, representing no change from last year's final budget.

Ofwat is seeking a Capital DEL budget for 2021-22 of £0.6 million, an increase of £0.45 million from last year's final budget of £0.15 million. This was agreed in the 2020 Spending Review to fund IT hardware upgrades.

Ofwat is largely funded through fees levied on water and sewage companies and is subject to cost control.

Parliamentary and Health Services Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) proposes an increase of £3.2 million (+11%) to its Resource DEL, taking it to £33.5 million. The main changes are:

- £3.16 million decrease due to reduced Covid-19 support in 2021-22;
- £0.04 million increase due to legal fees recovered in 2020-21. There is no expected income in 2021-22.

The PHSO also proposes an increase of £0.1 million (+5%) to its Capital DEL taking it to £2 million. This funding relates to the modernisation of IT infrastructure.

The PHSO's Resource AME is set to increase by £0.8 million (+114%) due to an increase in budget provided to cover legal and dilapidations costs.

Security and Intelligence Agencies

The Security and Intelligence Agencies are seeking a Resource DEL of £3,002.3 million, an increase of 4% compared to last year.

The SIA is also seeking a capital DEL of £1,014.0 million an increase of £187.6 million or 6.5%.

Serious Fraud Office (SFO)

The SFO is seeking a Resource DEL budget for 2021-22 of £55.9 million. This is a decrease of £11 million since last year.

The SFO is seeking a Capital DEL budget for 2021-22 of £3.9 million. This is an increase of £0.3 million since last year.

Statistics Board

The Statistics Board proposes an increase of £13.7 million (+2.7%) to its Resource DEL, taking it to £517.7 million. The main changes are:

- £9 million increase for the Census and Data Collection Transformation Programme. The overall funding of the programme has not changed at £906 million, but some flexibility was required due to the uncertainties caused by the pandemic;
- £4 million increase for the Integrated Data Programme which supports the Office for National Statistics' contribution to the government's National Data Strategy. A full business case for the strategy was submitted to HM Treasury in March 2021 but this £4 million budget cover was required to maintain the IDP for April and May whilst awaiting approval from HM Treasury;
- £3.2 million increase for additional rental costs following the planned transfer of land and buildings to the Government Property Agency in 2021-22,

offset by:

- £4 million decrease in budget cover for depreciation costs.

The Statistic Board's Capital DEL is set to fall by £3.5 million to £10 million in 2021-22.

UK Export Finance (Export Credits Guarantees Department)

Most of UKEF's expenditure falls within Resource and Capital AME.

UKEF's Resource AME is set to reduce to £748 million, a fall of £5 million or 0.7% from last year. UK's Capital AME is set to increase to £1,881.2 million, a rise of £394.2 million or 26.5%.

UKEF's AME spending supports or develops UK exports, including insuring UK investments overseas and for transaction and portfolio management.

UK Supreme Court

The Supreme Court is proposing a Resource DEL budget of £6.9 million for 2021-22, a decrease of £0.2 million from last year's final budget. This reduction is driven by the removal of all Brexit related funding.

The Supreme Court is proposing a Capital DEL budget of £0.5 million for 2021-22, which remains level with last year's budget.

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