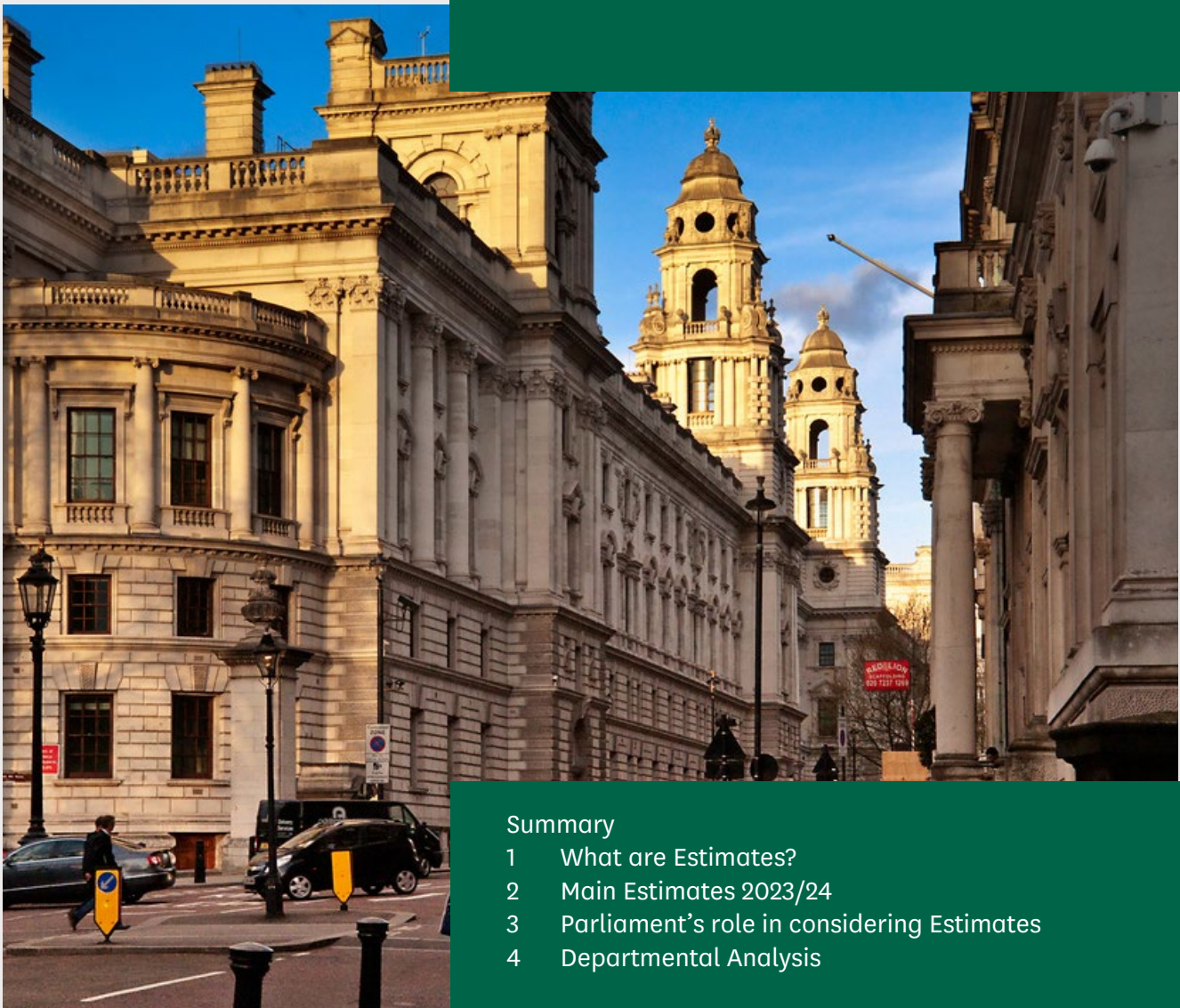


Research Briefing

26 May 2023

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Main Estimates: Government spending plans for 2023/24



Summary

- 1 What are Estimates?
- 2 Main Estimates 2023/24
- 3 Parliament's role in considering Estimates
- 4 Departmental Analysis

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Summary

What are Estimates?

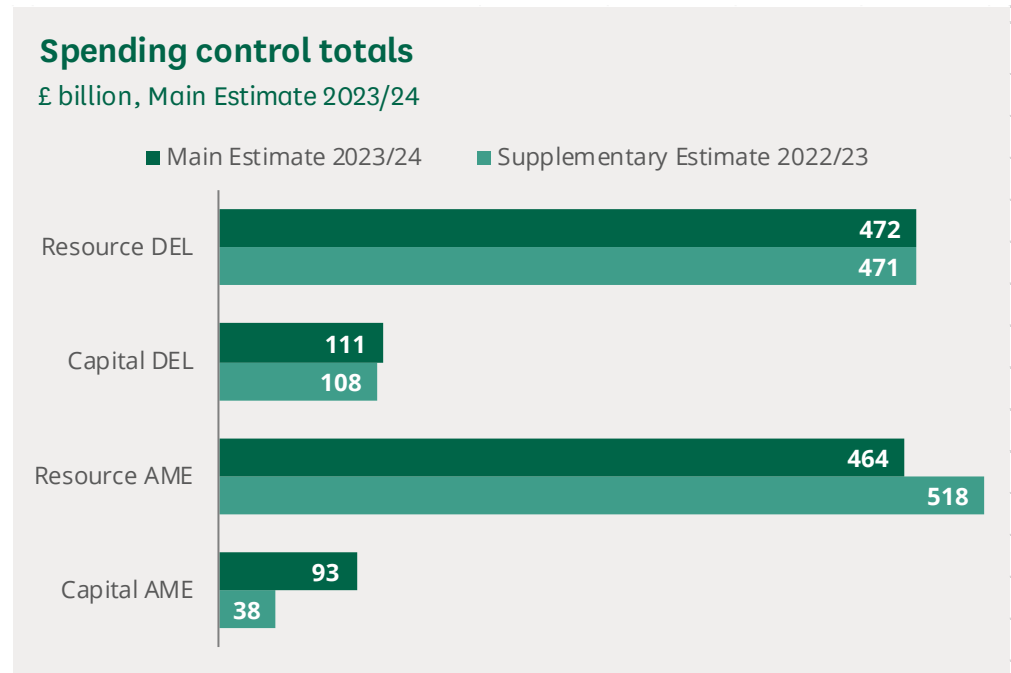
One of Parliament's longest-standing functions is the consideration and authorisation of government's spending plans, requiring the government to obtain parliamentary consent before spending public money. Main Estimates are the documents that contain the detail of those spending plans for a particular year. There is a separate Estimate for each government department. Changes are presented at the end of each year through Supplementary Estimates (final spending plans). A previous Library briefing paper set out details of the [government's final spending plans for the previous financial year, 2022/23](#).

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.

What has changed since last year?

The Main Estimates contain requests for spending for 2023/24 that amount to the following totals:

- Resource DEL (day-to-day spending) of **£472.0 billion**, an **increase of £0.6 billion (+0.1%)** compared with last year's final budget of £471.4 billion;
- Capital DEL (investment spending) of **£110.6 billion**, an **increase of £3 billion (+2.8%)** compared with last year's final budget of £107.6 billion;
- Resource AME (annually managed expenditure) of **£463.9 billion**, a **decrease of £54 billion (-10.4%)** compared with last year's final budget of £517.9 billion; and
- Capital AME (annually managed expenditure) of **£93.2 billion**, an **increase of £55.4 billion (146.3%)** compared with last year's final budget of £37.8 billion.



There are no new drivers of spending in the 2023/24 Main Estimates of the magnitude contained in the estimates of previous years – which included significant funding packages relating to Covid-19, the war in Ukraine and measures to combat the increasing cost of living.

The main drivers of spending in 2023/24 derive from the plans laid out in Spending Review 2021 and subsequent announcements. These include the additional £5.1 billion for the NHS and social care, and £2.8 billion for schools, committed at Autumn Statement 2022;¹ and the £2.0 billion for defence and national security priorities committed at the Spring Budget 2023.²

Original departmental spending plans for this year and last year, set out in the Spending Review 2021, included budget to cover the Health and Social Care Levy (HSCL) from April 2023, and the transitional increases in National Insurance Contributions (NIC) until the HSCL came into effect. However, the September 2022 announcement of the reversal of the HSCL means this funding is no longer required.

Other notable spending changes relative to last year's final budget include:

- £10.2 billion Resource DEL increase in education spending. Just over half this increase reflects the costs associated with the student loan book, which is revalued each year. The rest reflects increased funding plans as set out in the Spending Review, and following announcements for core school funding and childcare in the Autumn Statement and Spring Budget 2023;
- £14.0 billion Resource DEL reduction for DESNZ, largely due to a reduction of £12.5 billion for the Energy Bills Support Scheme compared

¹ HM Treasury, [Autumn Statement 2022](#), 17 November 2022

² HM Treasury, [Spring Budget 2023](#), 15 March 2023

to last year, and the £1.7 billion last year for the Energy Special Administration Regime that does not feature this year;

- £2.5 billion Resource DEL reduction for the Home Office. Last year the HO received an additional £2.6 billion in the Supplementary Estimates; this included £2.3 billion for pressures and new measures in the asylum system, and £0.7 billion for Afghan resettlement schemes, and some offsetting transfers out of the department. This funding has not been repeated in the Main Estimate this year;
- £2.0 billion Capital DEL increase for DSIT, of which £1.4 billion is an increase in funding for Horizon Europe, the European funding programme for research;
- £1.3 billion Capital DEL increase for FCDO. The main driver of the increase this year is an increase in the FCDO's ODA allocation for 2023/24; and
- £2.4 billion Capital DEL reduction for DESNZ; £3.9 billion was provided for the Special Administration Regime (SAR) for Bulb Energy last year, which is not currently repeated. There is an increase in budget of £0.8 billion for Net Zero and other smaller measures that offset this figure.

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 Committee will consider bids for debates at a meeting and decisions will be announced in a future Business Statement. Two days of debates on the Main Estimates are expected to occur in July. Dates have not yet been confirmed.

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 the 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,³ the Government is required to obtain authority from Parliament through the supply process before it can spend public money.⁴

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:

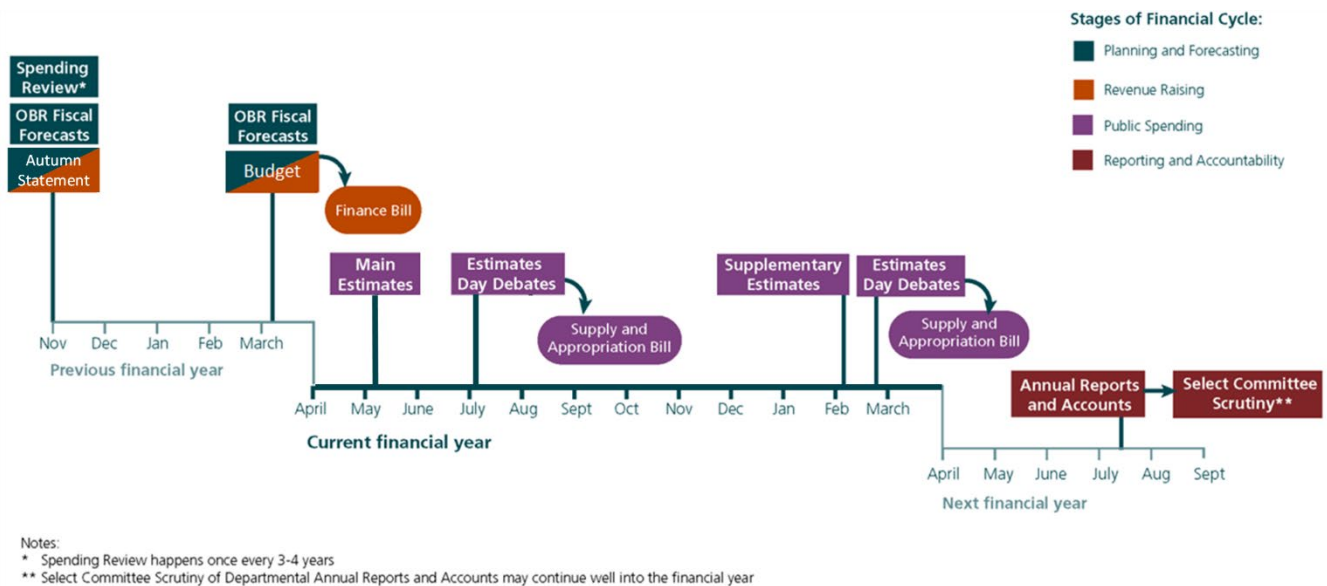
- **Vote on Account:** consideration and approval of an advance of funding for the first four months of the financial year (April to July) for each government department. The Vote on Account is normally published in February and approved by Parliament in March, in time for the start of the new financial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

³ Exceptions are Consolidated Fund Standing Services, covering specific functions such as judges' salaries, returning officers' expenses and payments to the EU.

⁴ 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.

to be spent before the end of the financial year. Exceptionally, government may present an **‘out-of-turn’ Supplementary Estimate** outside of the usual cycle, where urgent provision is required at short notice and this cannot wait for a normal Estimates round.

- **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.⁵



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.)

⁵ 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.

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.
- 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.
- 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.

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.

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.

1.4 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 House of Commons Scrutiny Unit uses the memoranda to prepare briefings for select committees and other Members.

1.5 Funding for devolved administrations

The devolved administrations 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 (for example, 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 institutions need both to operate within the cash limits approved by the Westminster Parliament and the spending limits (that is, 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

Main Estimates 2023/24

The Main Estimates for 2023/24 were [published on 18 May 2023](#).

This includes Estimates for four new departments, created as part of Machinery of Government changes announced by the Prime Minister in February 2023.⁶ These departments are:

- The Department for Business and Trade (DBT);
- The Department for Culture, Media and Sport (CMS);
- The Department for Energy Security and Net Zero (DESNZ); and
- The Department for Science, Innovation and Technology (DSIT);

The departments above absorbed different functions of the former Department for Business, Energy and Industrial Strategy, Department for International Trade and the Department for Digital, Culture, Media and Sport. Last year's final budgets have been re-stated to reflect the related spending of these new departments.

2.1

Overall spending in the Main Estimates

Compared to the final spending plans for 2022/23, overall spending in Estimates is up by £5.0 billion (+0.4%).⁷

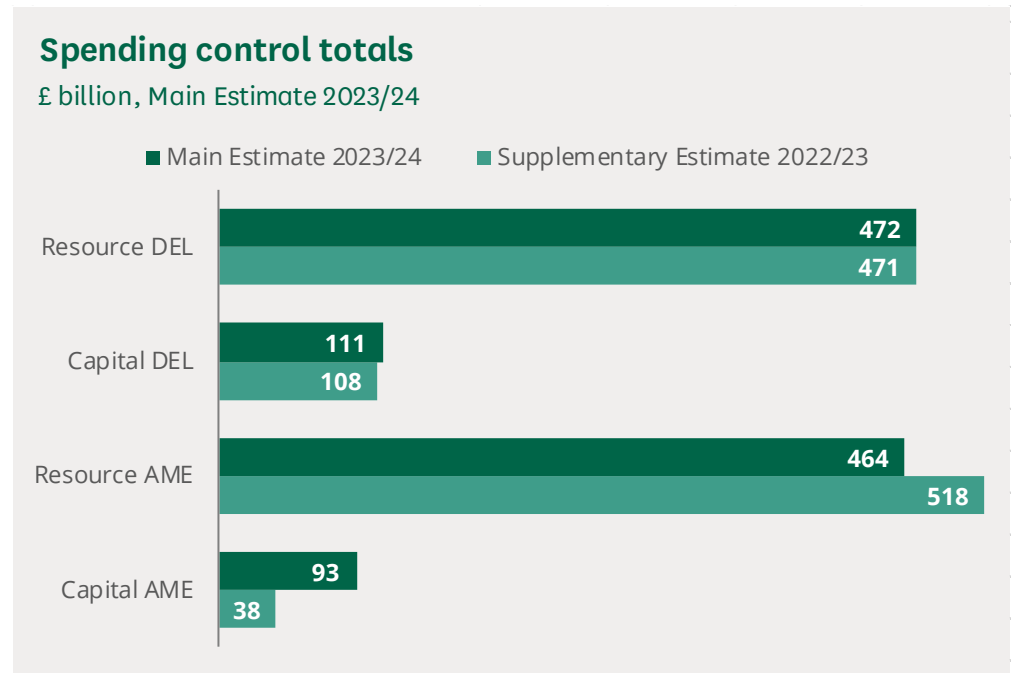
Within Estimates themselves:

- Resource DEL increases from £471.4 billion in 2022/23 to £472.0 billion in 2023/24 (+0.1%).
- Capital DEL increases from £107.6 billion in 2022/23 to £110.6 billion in 2023/24 (+2.8%).
- Resource AME falls from £517.9 billion in 2022/23 to £463.9 billion in 2023/24 (-10.4%); and

⁶ Cabinet Office and Prime Minister's Office, [Making Government Deliver for the British People](#), 7 February 2023

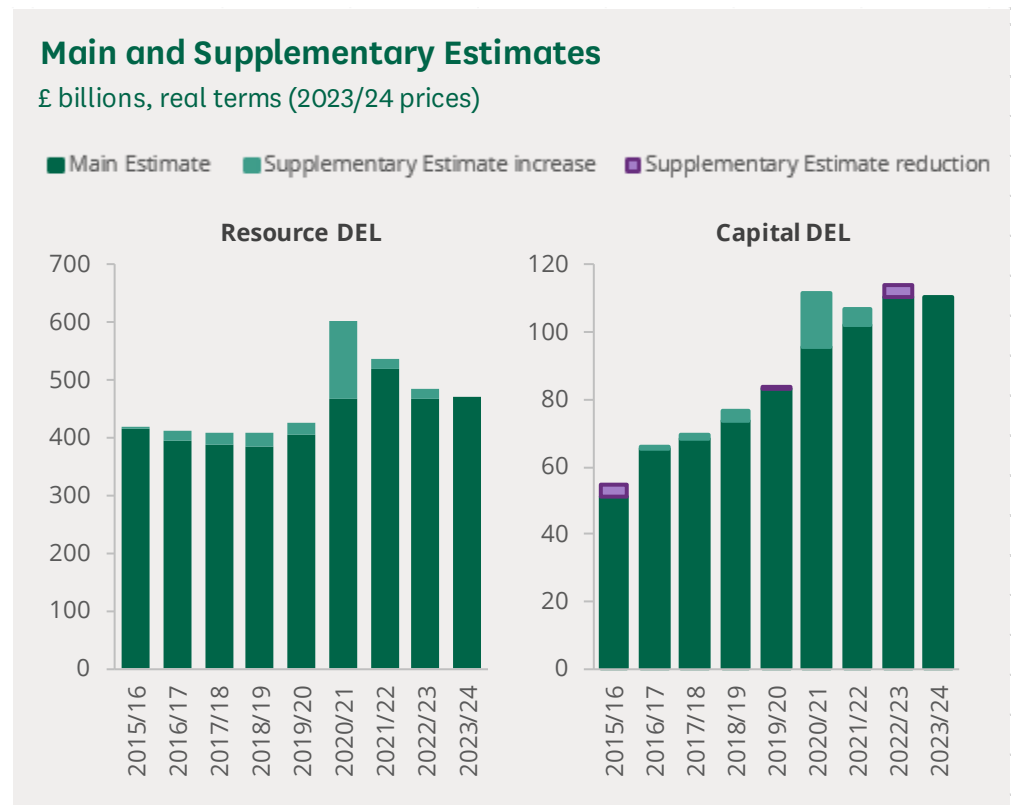
⁷ Comparison of Main Estimate 2023/24 to final budgets contained in Supplementary Estimates of the previous year. Further changes to this year's budget are expected in the Supplementary Estimates 2023/24, due in February 2024.

- Capital AME increases from £37.8 billion in 2022/23 to £93.2 billion in 2023/24 (+146.3%).



Compared to last year's Main Estimates there is an increase of £16.1 billion (+3.5%) in Resource DEL, and a fall of £0.3 billion (-0.3%) in Capital DEL. When adjusting for inflation this is reduced to an increase of 1.0% in Resource DEL, and a reduction of -2.8% in Capital DEL.

The charts below shows the trend in Main Estimate budgets in real terms, and the relative size of the adjustments that are common in the Supplementary Estimates, usually published in February.



2.2

Drivers of spending across departments

In recent years there have often been significant occurrences that affect the spending plans of multiple departments, notably Covid-19, the war in Ukraine, and measures to combat increases in the cost of living.⁸

There are no new drivers of spending of this magnitude contained in the 2023/24 Main Estimates, but there are issues that are noted by a few departments.

Original departmental spending plans for this year and last year, set out in the Spending Review 2021, included budget to cover the Health and Social Care Levy (HSCL) from April 2023, and the transitional increases in National Insurance Contributions (NIC) until the HSCL came into effect. However, the September 2022 announcement of the reversal of the HSCL means this funding is no longer required. This effectively means last year's budgets required funding for 6 months of higher NICs compared to this year.

Several departments noted this reason for a reduction in their Resource DEL budget, including around £600 million for the Department of Health and

⁸ For departments where this spending was included in 2022/23, but is not repeated, this may drive spending reductions.

Social Services (DHSC), £124 million for the Home Office, and £115 million for the Ministry of Defence (MoD).

Many departments also continue to adjust their budgets for the change in accounting standards, known as “IFRS 16”, which governs how leases are treated in government accounts. These changes are not within the control of departments and do not alter the cash spending on leases, so can largely be ignored. Larger movements that feature in the Estimates include a Capital DEL increase of £0.6 billion for MoD and a reduction of £0.2 billion for DHSC.

Beyond these largely technical changes the main drivers of spending in 2023/24 derive from the plans laid out in Spending Review 2021 and subsequent announcements. These include the additional £5.1 billion for the NHS and social care, and £2.8 billion for schools, committed at Autumn Statement 2022;⁹ and the £2.0 billion for defence and national security priorities committed at the Spring Budget 2023.¹⁰

The sections below detail the headline changes for individual departments resulting from these drivers. More detailed departmental analysis is given in chapter 4.

2.3 Day-to-day spending (Resource DEL)

The overall increase of £0.6 billion in Resource DEL since last year’s final budget reflects some significant departmental changes in spending, which largely even out in aggregate.

The most significant increases in spending compared to last year include:

- Education spending (DfE) increases by £10.2 billion. Just over half this increase reflects the costs associated with the student loan book, which is revalued each year. The rest reflects increased funding plans as set out in the Spending Review, and following announcements for core school funding and childcare in the Autumn Statement and Spring Budget 2023;
- Health spending (DHSC) increases by £2.4 billion. This is mainly the additional funding announced in the Autumn Statement 2022, in response to the “significant financial pressures” faced by NHS England;
- The Department for Levelling Up, Housing and Communities (DLUHC) spending increases by £1.4 billion. The Local Government budget is set to increase by £2.8 billion, mainly due to £2.2 billion in adult social care grants, whilst the Communities budget is set to fall by £1.4 billion, primarily due to a reduction in the Homes for Ukraine scheme.

⁹ HM Treasury, [Autumn Statement 2022](#), 17 November 2022

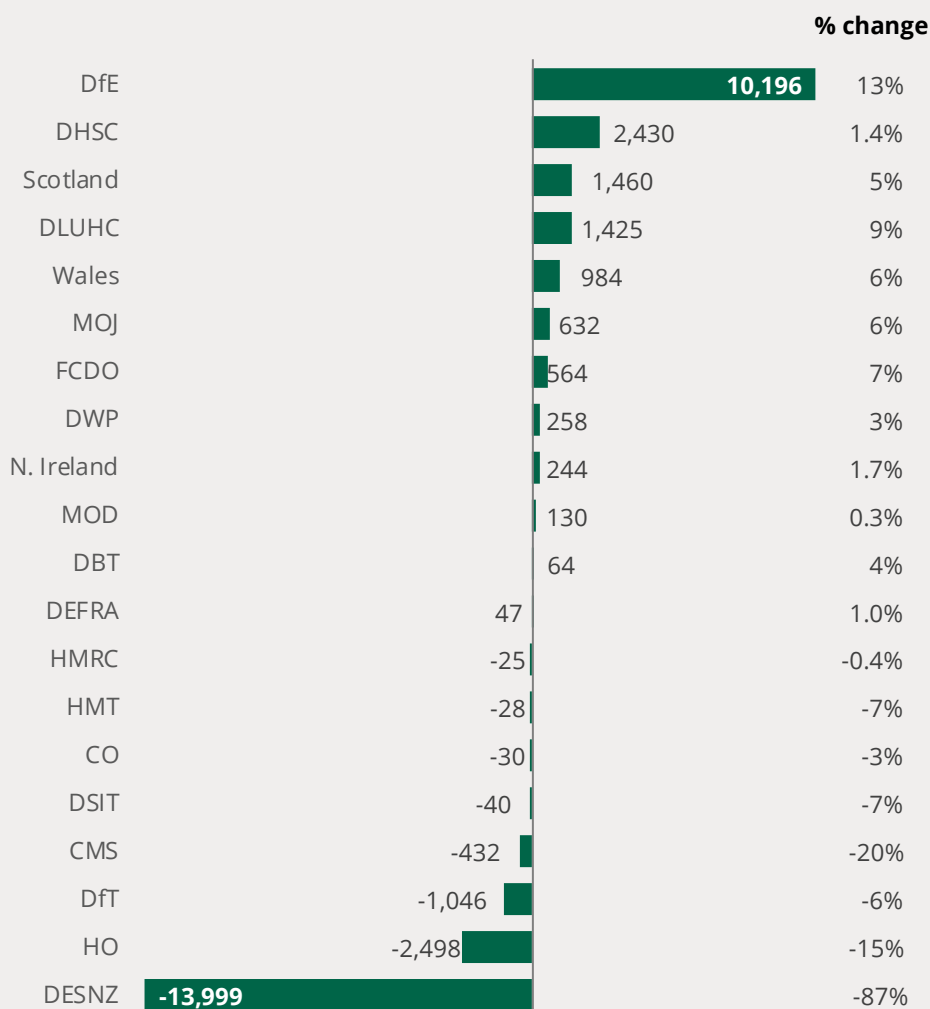
¹⁰ HM Treasury, [Spring Budget 2023](#), 15 March 2023. Figures are taken from policy scorecard and may not match those used in the speech or press releases.

There are several departments set to have a fall in their budgets. These reductions include:

- £14.0 billion reduction for DESNZ, largely due to a reduction of £12.5 billion for the Energy Bills Support Scheme compared to last year, and the £1.7 billion last year for the Energy Special Administration Regime that does not feature this year;
- £2.5 billion reduction for the Home Office (HO). Last year the HO received an additional £2.6 billion in the Supplementary Estimates; this included £2.3 billion for pressures and new measures in the asylum system, and £0.7 billion for Afghan resettlement schemes, and some offsetting transfers out of the department. This funding has not been repeated in the Main Estimate this year.

Changes in planned day-to-day spending (Resource DEL)

£ millions, change since Supplementary Estimate 2022/23



Notes: CMS - Department for Culture Media and Sport; CO - Cabinet Office; DBT - Department for Business and Trade; DEFRA - Department for Environment, Food and Rural Affairs; DESNZ - Department for Energy Security and Net Zero; DfE - Department for Education; DfT - Department for Transport; DHSC - Department for Health and Social Care; DLUHC - Department for Levelling Up, Housing and Communities; DSIT - Department for Science, Innovation and Technology; DWP - Department for Work and Pensions; FCDO - Foreign, Commonwealth and Development Office; HMRC - HM Revenue and Customs; HMT - HM Treasury; HO - Home Office; MoD - Ministry of Defence; MoJ - Ministry of Justice

2.4 Investment spending (Capital DEL)

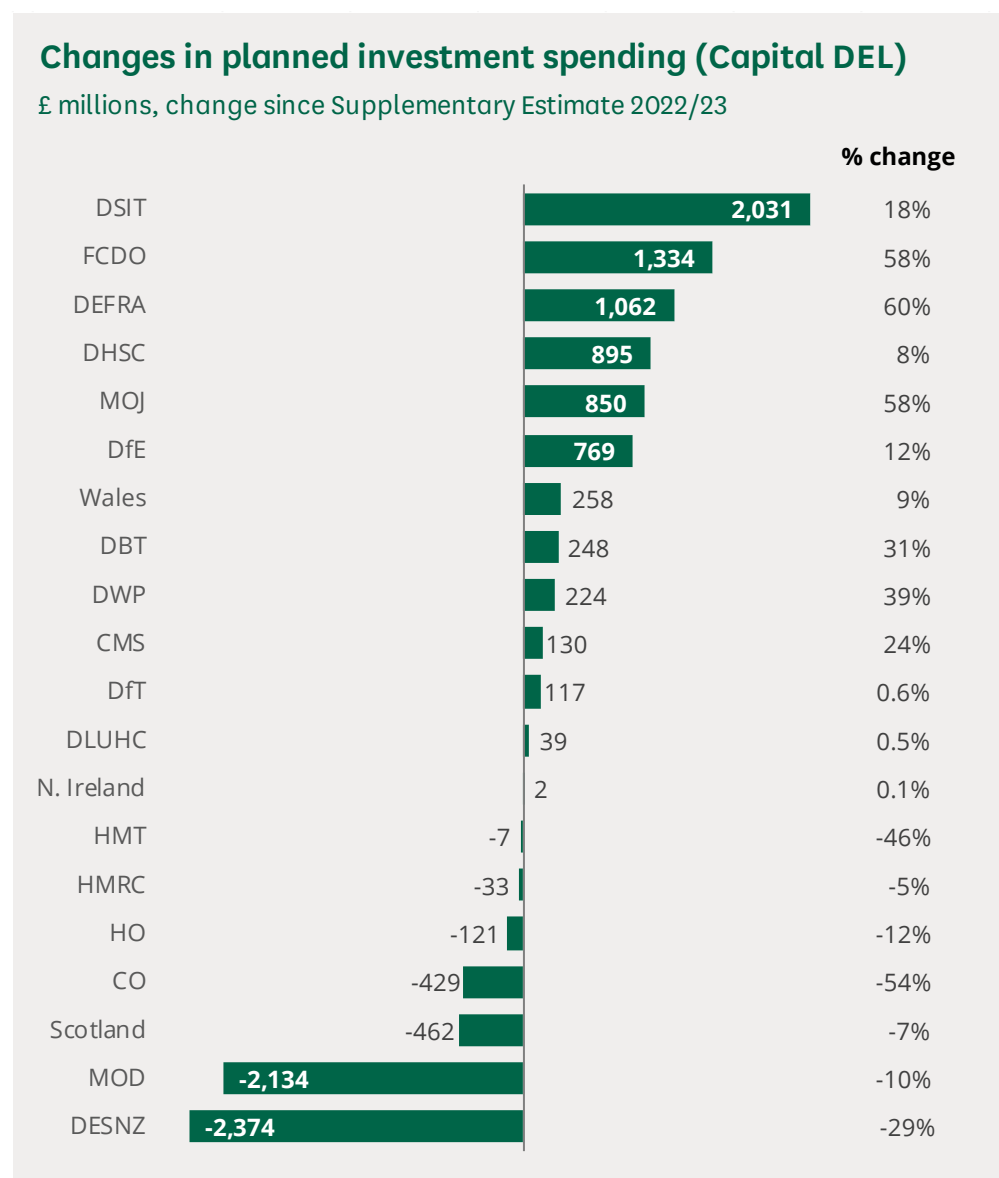
The increase in Capital DEL of £3.0 billion compared to last year's final budget represents large and offsetting movements by many departments.

Increases in spending compared to last year include:

- £2.0 billion for DSIT, of which £1.4 billion is an increase in funding for Horizon Europe, the European funding programme for research;
- £1.3 billion for FCDO. Last year's final budget included a reduction of £1.7 billion of Overseas Development Assistance (ODA), as funds were transferred to the Home Office for costs associated with asylum seekers and refugees, meaning the budget was unusually low. The main driver of the increase this year is an increase in the FCDO's ODA allocation for 2023/24; and
- £1.1 billion for Defra, comprised of many smaller measures such as £0.3 billion for collection and packaging reform, and £0.2 billion following re-profiling of flood risk management spending.

These increases in departmental budgets are offset by reductions in spending that include:

- £2.4 billion reduction for DESNZ; £3.9 billion was provided for the Special Administration Regime (SAR) for Bulb Energy last year, which is not currently repeated. There is an increase in budget of £0.8 billion for Net Zero and other smaller measures that offset this figure.
- £2.1 billion reduction for MoD, largely due to decreased funding for operations. This follows the convention that MoD claims operations spending in the Supplementary Estimate – last year this was £2.2 billion including funding for Ukraine.



2.5

Annually Managed Expenditure (AME)

The Resource AME (RAME) reduction of £54.0 billion largely reflects changes that will not affect the cash spending of the government this year; these “non-cash” elements are described below.

Spending by DWP on pensions and benefits, which is cash spending and usually the largest component of AME, is set to increase by £28.4 billion. DWP identifies increases in caseloads and benefit uprating as drivers of the following changes:

- £14.9 billion increase in pension spending;
- £9.0 billion increase for UC and equivalent benefits; and

- £6.7 billion increase for disability and carer benefits

There is also a £2.0 billion increase for cost-of-living payments, following the extension of the support package.

The largest driver of non-cash spending is a reduction in RAME of £183.6 billion for HM Treasury. In the last Supplementary Estimates HM Treasury made a claim of £200 billion to cover possible movements in the Bank of England Asset Purchase Facility (APF).¹¹ The requested budget cover this year is lower, reflecting more stable interest rates.

Offsetting this are increases in non-cash AME for DHSC of £46.8 billion and DESNZ of £42.5 billion (and other smaller increases for other departments), reflecting changes to provisions as a result of movement in the discount rate.¹²

There is also a reduction of £50.1 billion from public sector pension schemes. The RAME budget for pension scheme shows the amount by which liabilities under these schemes are estimated to change during the year, less contributions paid by employers and employees. This estimate of the liability is also affected by changes to discount rates.

The increase in Capital AME of £55.4 billion is largely driven by £45.4 billion for HMT for amounts payable to the APF, driven by the higher interest rates. A further £7.2 billion increase is from DfE for the student loan book revaluation.

¹¹ The fair value of the APF decreased, as increasing interest rates drove down the market price of gilts. HM Treasury is responsible for covering this shortfall for the Bank of England. For more information see the Library briefing on the [2022/23 Supplementary Estimates](#).

¹² The Library briefing on the [2021/22 Supplementary Estimates](#) explains how changes to the “discount rate” used to calculate the present value of these future payments can cause significant changes in the “provision” required for uncertain liabilities

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, although the formal allocation is made by the Liaison Committee. These are allocated as follows:

- Two days (usually four debates) for Main Estimates in July; and
- 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.

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 (such as judges' salaries and 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

Bids for debates are considered by the Backbench Business Committee, whose decision must be endorsed by the Liaison Committee, before being announced in the weekly Business Statement in the usual way.

Successful bidders for debates are 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.

4 Departmental Analysis

4.1 Major departments

Cabinet Office

The Cabinet Office proposes a Resource DEL (day-to-day spending) budget of **£949.8 million** for 2023/24, a **decrease of £29.6 million (-3.0%)** compared with last year's final budget of £979.4 million. However, the 2022/23 figures from the 2023/24 Main Estimate have been restated since the 2022/23 Supplementary Estimate, potentially due to Machinery of Government changes. The restated 22/23 balance is £973.4 million, so the actual decrease between comparable figures is **£23.5 million (-2.4%)**.

The main drivers of the decrease in Resource DEL are:

- £14.8 million reduction for the Grenfell Tower Inquiry due to lower activity on the Inquiries in 2023/24;
- £5.3 million returned due to the reversal of the planned National Insurance Contributions rise; and
- £19.9 million for Machinery of Government transfers to other government departments, including:
 - £15.9 million transferred to the Department for Science, Innovation and Technology (DSIT) for the work of the Geospatial Commission and the Office for Science and Technology Strategy;
 - £2.5 million transferred to the Department for Business and Trade (DBT) for the work of the Brexit Opportunities Unit; and
 - £1.5 million transferred to HM Treasury for the work of the Government Debt Management Function.

This decrease is partially offset by £11.6 million for the Machinery of Government transfer of the Investment Security Unit to Cabinet Office from the Department for Business, Energy and Industrial Strategy (BEIS).

The Cabinet Office proposes a Capital DEL (investment spending) budget of **£365.8 million** for 2023/24, a **decrease of £429.0 million (-54.0%)** compared with last year's final budget of £794.9 million. However, the 2022/23 figures from the 2023/24 Main Estimate have been restated since the 2022/23 Supplementary Estimate, potentially because of Machinery of

Government changes. The restated 22/23 balance is £668.7 million, so the actual decrease between comparable figures is **£302.8 million (-45.3%)**.

The main drivers of the decrease in Capital DEL are:

- £313.9 million to cover the impact of adopting the IFRS 16 accounting standard on leases; however, this is not an actual reduction as the Cabinet Office plans to claim funding for this in the Supplementary Estimate; and
- £134.7 million transferred by Machinery of Government to DSIT for the work of the Geospatial Commission.

This decrease is partially offset by £12.0 million of budget exchanges from 2022/23 relating to the Government Property Agency (GPA) capital programme and funding for the Evaluation Fund within the Civil Service Modernisation and Reform Unit.

The Cabinet Office proposes a Resource AME budget of **£270.5 million** for 2023/24, a **decrease of £1.0 million (-0.35%)** compared with last year's final budget of £271.4 million. The main driver of this decrease is the decision to claim funding for IFRS 16 only at Supplementary Estimates.

The Cabinet Office proposes a Capital AME budget of **nil** for 2023/24. This compares to a Capital AME budget of £13.9 million at last year's final budget. Last year's Capital AME budget was for the GPA for dilapidation provisions on capital lease. Some amount of capital budget may be claimed through the Supplementary Estimate.

Department for Business and Trade

The Department for International Trade (DIT) and parts of the Department for Business, Energy and Industrial Strategy (BEIS) merged to form the Department for Business and Trade (DBT) in line with the Machinery of Government changes announced on 7 February 2023. The disaggregation of funding to the DBT's Arms Length Bodies will be finalised at the Supplementary Estimate.

DBT did not submit its explanatory memorandum to the House of Commons Business and Trade Committee on the day that the Main Estimates were published. The drivers of changes compared with last year's budget are therefore not explained.

DBT proposes a Resource DEL (day-to-day spending) budget of **£1,605.3 million** for 2023/24, an **increase of £64.2 million (+4.2%)** compared with last year's final budget of £1,541.1 million.

DBT proposes a Capital DEL (investment spending) budget of **£1,053.9 million** for 2023/24, an **increase of £248.5 million (+30.9%)** compared with last year's final budget of £805.4 million.

DBT proposes a Resource AME budget of **£97.2 million** for 2023/24, a **decrease of £280.8 million (-74.3%)** compared with last year's final budget of £378.0 million.

DBT proposes a Capital AME budget of **£1,707.2 million** for 2023/24, a **decrease of £90.6 million (-5.0%)** compared with last year's final budget of £1,797.8 million.

Department for Culture, Media and Sport

On 7 February 2023, the Prime Minister announced Machinery of Government changes resulting in the Digital portfolio (including BDUK, Ofcom, Information Commissioner's Office and Phone-paid Services Authority) transitioning to the new Department for Science, Innovation and Technology (DSIT).

Machinery of Government transfers to DSIT equate to £176.5 million of Resource DEL and £532.4 million of Capital DEL funding in 2023/24.

The 2022/23 plans and 2021/22 outturn figures have been revised to account for these changes.

DCMS proposes a Resource DEL (day-to-day spending) budget of **£1,685.6 million** for 2023/24, a **decrease of £431.6 million (-20.4%)** compared with last year's final budget of £2,117.2 million.

The main drivers of this decrease are:

- £241.0 million one-off funding provided last year for the Birmingham 2022 Commonwealth Games;
- £60.7 million one-off funding provided last year for HM The Queen's funeral;
- £21.7 million decrease in funding for Production Restart Scheme compared with last year; and
- £6.8 million one-off funding provided last year for the Platinum Jubilee 2022.

This is partially offset by the following increases:

- £79.0 million additional funding for the Voluntary Community and Social Enterprise (VCSE) support package; and
- £20.1 million additional funding for the Swimming Pool Support Fund.

DCMS proposes a Capital DEL (investment spending) budget of **£662.3 million** for 2023/24, an **increase of £129.8 million (+24.4%)** compared with last year's final budget of £532.6 million.

The main drivers of this increase are:

- £31.1 million increase in unallocated funding for the Public Bodies Infrastructure Fund (PBIF);
- £97.0 million increase in funding for the Youth Investment Fund;
- £40.0 additional funding for the Swimming Pool Support Fund; and
- £10.0 million additional funding for the Voluntary Community and Social Enterprise (VCSE) support package

DCMS proposes a Resource AME budget of **£4,374.0 million** for 2022/23, an **increase of £50.6 million (+1.2%)** compared with last year's final budget of £4,323.4 million. This is driven by a £51.5 million increase relating to technical accounting adjustments for the BBC.

DCMS proposes a Capital AME budget of **£1,209.3 million** for 2023/24, an **increase of £254.7 million (+26.7%)** compared with last year's final budget of £954.6 million. The drivers of this increase are the BBC's continued expenditure on major strategic investments, higher renewals, new finance leases and higher expected external borrowings.

DCMS also utilises a Departmental Unallocated Provision (DUP) which is set at £17.8 million for use in 2023/24. The DUP was fully allocated to other subheads in 2022/23.

Department for Education

The Department for Education (DfE) proposes a Resource DEL (day to day spending) budget of **£85,993.3 million** for 2023/24, an **increase of £10,195.9 million (+13.5%)** compared with last year's final budget of £75,797.4 million.

The main drivers of this increase are:

- £5,316.6 million higher initial budget for costs associated with the student loan book. This increase includes the annual revaluation and impairment charge;¹³ and
- £3,568.2 million increase in school funding including £2,000 million for core schools' budget announced in the Autumn Statement 2022.

DfE proposes a Capital DEL (investment spending) limit of **£7,037.9 million** for 2023/24, an **increase of £769.2 million (+12.3%)** compared with last year's final budget of £6,268.7 million.

The main drivers of this increase are:

¹³ This is a highly variable area sensitive to wider economic variables, and the budget set at Main Estimate is always reviewed at Supplementary Estimate to ensure appropriate budget cover for the remainder of the year.

- £665.0 million increase in the budget for Further Education due to costs relating to reclassification and the capital transformation programme;
- £153.2 million increase in funding for Higher Education Arm's Length Bodies (ALBs) related to the Office for Students and the Student Loan Company; and
- £133.0 million increase in budget for broadband and fibre in schools; and sustainability and decarbonisation.

These are partially offset by a £143.5 million reduction in the budget for Grants to Academies due to a one-off allocation in 2022/23 for energy efficiency.

DfE proposes a Resource AME limit of **£-4,431.6 million** for 2023/24, an **increase of £5,959.8 million (+57.4%)** compared with last year's final budget of £-10,391.4 million.

This forecast is net income related to the student loan book and is expected to reduce in 2023/24 due to reduced RPI forecasts. The budget required to cover the annual revaluation of the student loan book is highly variable and the final position for 2023/24 is expected to be covered within the Supplementary Estimate, in line with usual practice.

DfE proposes a Capital AME limit of **£34,428.7 million** for 2023/24, an **increase of £7,175.5 million (+26.3%)** compared with last year's final budget of £27,253.2 million. The increase in Capital AME since the 2022/23 Supplementary Estimate also stems from the revaluation of the student loan book due to increase interest rates. The budget required to cover the annual revaluation of the student loan book is highly variable and the final position for 2023/24 is expected to be covered within the Supplementary Estimate.

Further Education Reclassification

In November 2022 the Office for National Statistics (ONS) announced it has reclassified FE colleges, sixth form colleges and designated institutions in England to the central government sector. Work continues with HM Treasury on the impact of this upon the Estimate, and DfE have obtained a derogation for Main Estimate 2023/24.

Department for Energy Security and Net Zero

The Department for Energy Security and Net Zero (DESNZ) was established in February 2023 as part of wider Machinery of Government changes. The new department absorbed some of the functions of the former Department for Business, Energy, and Industrial Strategy (BEIS). Prior year figures will therefore represent re-stated figures for the related spend of these departments.

DESNZ proposes a Resource DEL (day-to-day spending) budget of **£2,056.9 million** for 2023/24, a **decrease of £13,999.1 million (-87.2%)** compared with last year's final budget of £16,055.9 million.

The main drivers of this decrease are:

- £12,538.9 million reduction in funding for the Energy Bills Support Scheme, reflecting the ending of the main scheme on 31 March 2023; and
- £1,708.0 million one off funding provided last year for the Energy Special Administration Regime (SAR).

This is partially offset by:

- £83.7 million increase in budget for the Nuclear Decommissioning Authority (NDA);
- £44.0 million increase for International Climate Finance (ICF);
- £31.7 million transfer of budget from the Foreign, Commonwealth and Development Office (FCDO); and
- £29.3 million increase in funding for Energy Innovation.

DESNZ proposes a Capital DEL (investment spending) budget of **£5,913.6 million** for 2023/24, a **decrease of £2,374.0 million (-28.6%)** compared with last year's final budget of £8,287.7 million.

The main driver of this decrease is a £3,877.0 million reduction in one off funding provided last year for the Energy Special Administration Regime (SAR).

This is partially offset by:

- £199.0 million one off funding provided in 2023/24 for Euratom;
- £100.0 million additional allocation for Renewable Energy;
- £99.1 million increase in budget for the Nuclear Decommissioning Authority (NDA); and
- £791.0 million increase in budget for Net Zero

DESNZ proposes a Resource AME¹⁴ of **£42,461.7 million** for 2023/24, an **increase of £88,181.9 million** compared with last year's final budget of -£45,720.2 million.

¹⁴ Resource AME is subject to significant fluctuation from year to year due to non-cash costs arising from movements in the fair value of Contracts for Difference and the impact of changes to discount rates on provisions. Changes to discount rates can have a particularly significant impact on the

The main drivers of this increase are:

- £113,580.2 million increase in provisions for the Nuclear Decommissioning Authority (NDA);¹⁵ and
- £18,791.8 million increase in the forecast for the movement in fair value for Contracts for Difference for the Low Carbon Contracts Company.

This is partially offset by:

- £34,740 million decrease in budget provided last year for the Energy Price Guarantee;
- £11,350 million decrease in funding for the Energy Bill Relief Scheme;
- £4,547 million decrease in funding for the Energy Bills Discount Scheme; and
- £1,689 million credit arising from the Energy Special Administration Regime (SAR) in 2022/23.

DESNZ proposes a Capital AME budget of **-£24.3 million** for 2023/24, a **decrease of £49.5 million** compared with last year's final budget of £25.2 million. The main driver of this increase was a £44.6 million reduction in funding for Euratom.

Department for Environment, Food and Rural Affairs

The Department for Environment Food and Rural Affairs (DEFRA) proposes a Resource DEL (day-to-day spending) budget of **£4,790.1 million** for 2023/24, an **increase of £47.0 million (+1.0%)** compared with last year's final budget of £4,743.1 million. The main drivers of this increase are:

- £80 million additional funding shift from Capital DEL to Resource DEL agreed with HM Treasury to better align project expenditure with accounting standards; this was one of the factors behind DEFRA's Annual Report and Account qualifications in 2022/23;
- £40 million reprofiled funding through budget exchange; £21.1 million for the UK seafood fund and £18.9 million for the Borders programme; and
- £36.8 million increase in the ring-fenced ODA budget (as per the Spending Review 2021 spend profile) for environmental targets.

large, long-term provision for nuclear decommissioning held by the NDA, as can be seen by the substantial variation in 2021-22.

¹⁵ Provisions represent the present value of necessary future payments, in this case the future cost of decommissioning nuclear power plants and storing nuclear waste. Changes to the provisions will score in Resource AME each year, although this is a "non-cash" budget – the Department will not need to actually pay out the money.

These increases are partially offset by:

- £97.2 million decrease due to funding for the Avian Influenza outbreak allocated in 2022/23 and not repeated in 2023/24.

DEFRA proposes a Capital DEL (investment spending) budget of **£2,823.1 million** for 2023/24, an **increase of £1,061.5 million (+60.3%)** compared with last year's final budget of £1,761.6 million. The main drivers of this increase are:

- £295 million for the 'collection and packaging reforms programme';
- £222.8 million increase due to profiling of the flood risk management budget across financial years within the Spending Review period;
- £125.1 million increase across various programmes and funds from last year in line with the Spending Review 2021 spend profile. The largest movements within this are: £27.6 million for the new Species Survival Fund and £27.5 million for the new Rural England Prosperity Fund;
- £116.0 million for the Earth Observation budget. Previously this budget has been transferred to the Department for Business, Energy and Industrial Strategy, any similar transfer for 2023/24 will be done at the Supplementary Estimate;
- £107.0 million increase in the 'Nature for Climate' fund. Last year £77 million of this fund was surrendered to HM Treasury;
- £98.0 million increase in the ring-fenced farm support payments;
- £77.0 million increase from the Science Capability in Animal Health and the Critical Works Programme at Weybridge; and
- £70.6 reprofiled funding through budget exchange.

These increases are partially offset by a decrease of £80 million to fund a shift from Capital DEL to Resource DEL, as mentioned above.

DEFRA proposes a Resource AME of **£2,665 million** for 2023/24, an **increase of £2,182 million (451.8%)** compared with last year's final budget of £483 million. The main drivers of this increase are:

- £1,702.0 million for future direct payments for farmers relating to land area. These payments are being phased out from 2021 to 2028 and replaced by new schemes to support sectoral productivity, resilience, and environmental performance. The government has committed that from 2024 the residual direct payments due to farmers will be "delinked" from land area. Farmers will receive the delinked payment annually by virtue of having claimed this year and will not need to submit further applications or evidence. This Estimate includes the budget cover for these payments to 2027/28 to recognise the commitment to make these future payments to farmers.

- £480 million increase for pre-existing provisions because of discount rate changes. Fluctuations in discount rates can be volatile and are beyond the department's control.

DEFRA proposes a Capital AME budget of **£110.4 million** for 2023/24 a **decrease of £445.6 million (-80.1%)** compared with last year's final budget of £556 million. This mainly relates to the possible commitment to participate in and contribute towards the EU's 2021-2027 Copernicus Programme of Earth Observation Satellites. The value included in the Estimate has reduced since last year to reflect that this programme is part way through so any costs for participation will be reduced.

Department of Health and Social Care

The Department of Health and Social Care (DHSC) proposes a Resource DEL (day-to-day spending) budget of **£178,577.8 million** for 2023/24, an **increase of £2,429.6 million (+1.4%)** compared with last year's final budget of £176,148.2 million. The main drivers of this increase are:

- £5.5 billion in line with the Spending Review 2021;
- £3.3 billion to support NHS England in response to financial pressures it faces; and
- £0.3 billion additional funding for the Better Care Fund.

These increases are partially offset by:

- £5.7 billion one-off reserve claim from the 2022/23 Supplementary Estimate, not replicated in 2023/24;
- £0.6 billion reduction in funding relation to the reversal of changes to National Insurance Contribution charges;
- £0.2 billion reduction in funding relating to implementation of new accounting standard IFRS 16 Leases in 2022/23; and
- £0.2 billion of net transfers to other government departments and adjustments to depreciation.

DHSC proposes a Capital DEL (investment spending) budget of **£12,087.8 million** for 2023/24, an **increase of £895.0 million (+8.0%)** compared with last year's final budget of £11,192.8 million. The main driver of this increase is £1.3 billion reprofiled from 2022/23 into 2023/24. The increase is partially offset by:

- £0.2 billion reduction in line with the Spending Review 2021; and
- £0.2 billion reduction in funding relating to accounting for leases under the new accounting standards IFRS 16.

DHSC proposes a Resource AME budget of **£10,880.0 million** for 2023/24, an **increase of £46,837.4 million** compared with last year's final budget of -£35,957.4 million. This is mainly due to a change, in 2022/23, in the discount rates used to measure the value of long-term liabilities, mainly clinical negligence provisions. The discount rates are fixed by HM Treasury and are beyond DHSC's control. They are not currently expected to change in 2023/24, so the significant negative Resource AME of 2022/23 is not budgeted to repeat in 2023/24.

DHSC proposes a Capital AME budget of **£105.6 million** for 2023/24, which remains the same as last year's final budget. This is for capital leases accounted for under the IFRS 16 accounting standard.

Department for Levelling Up, Housing and Communities

The Department for Levelling Up, Housing and Communities (DLUHC) proposes a Housing and Communities Resource DEL (day-to-day spending) budget of **£3,038.5 million** for 2023/24, a **decrease of £1,348.2 million (-30.7%)** compared with last year's final budget of £4,386.7 million. The main drivers of this decrease are:

- £1,176 million reduction in the Homes for Ukraine scheme, driven by reductions in both the tariff and the number of forecast arrivals in 2023/24;
- £265 million decrease in funding relating to the New Homes Bonus; and
- £132 million reduction in the Home Building Fund, although DLUHC intends to make a reserve claim for this fund in the 2023/24 Supplementary Estimate.

This decrease is partially offset by £285 million of additional funding for the UK Shared Prosperity Fund (UKSPF), in line with the annual increase from the 2021 Spending Review.

DLUHC proposes a Local Government Resource DEL (day-to-day spending) budget of **£14,624.6 million** for 2023/24, an **increase of £2,772.7 million (+23.4%)** compared with last year's final budget of £11,851.9 million. The main drivers of this increase are:

- £2.2 billion for Adult Social Care grants;
- £0.9 billion for business rates relief;
- £0.2 billion for Revenue Support Grant;
- £0.1 billion for Funding Guarantee; and
- £0.1 billion for Council Tax Support.

This increase is partially offset by:

- £0.3 billion for Services grant;
- £0.2 billion for Independent Living Fund, which has been consolidated within adult social care grants;
- £0.1 billion for Lower Tier Services grant; and
- £0.1 billion for Council Tax Rebates New Burdens.

DLUHC proposes a Housing and Communities Capital DEL (investment spending) budget of **£7,193.9 million** for 2023/24, an **increase of £38.9 million (+0.5%)** compared with last year's final budget of £7,155.1 million. Despite this relatively small overall movement, there are significant increases and decreases on specific lines within Capital DEL that net off against each other. The most significant increases are:

- £1,074 million additional capital grant funding for the Affordable Homes Programme;
- £417 million additional capital grant funding for the Local Authority Housing Fund;
- £267 million additional capital grant funding for Land programmes; and
- £111 million additional capital grant funding for Safer, Greener Buildings.

The most significant decreases are:

- £2,269 million reduction for the demand-led Help to Buy scheme, reflecting the closure of the scheme in 2023/24; and
- £300 million reduction of capital grant funding for the Levelling Up Fund.

DLUHC proposes a Resource AME budget of **£19,875.3 million** for 2023/24, an **increase of £6,151.9 million (+45%)** compared with last year's final budget of £13,723.4 million. The main drivers of this increase are:

- £3.5 billion for one-off business rate reliefs in 2023/24;
- £2.1 billion for Business Rate Retention (which is £2.9 billion increase for the local share of business rates, offset by a reduction of £0.8 billion for business rate relief outturn payments); and
- £1 billion in Help to Buy.

This increase is partially offset by a £339 million reduction in the Audit Commission Pension Scheme because of liability-driven investment exposure in 2022/23 that is no longer a risk.

DLUHC proposes a Capital AME budget of **nil** for 2023/24. It also had a nil Capital AME budget in 2022/23.

Department for Science, Innovation and Technology

The Department for Science, Innovation and Technology (DSIT) was established in February 2023 as part of wider Machinery of Government changes. The new department absorbed some of the functions of the Department for Culture, Media and Sport (DCMS) and some of the functions of the former Department for Business, Energy, and Industrial Strategy (BEIS). Prior year figures will therefore represent re-stated figures for the related spend of these departments.

DSIT proposes a Resource DEL (day-to-day spending) budget of **£563.2 million** for 2023/24, a **decrease of £40.5 million (-6.7%)** compared with last year's final budget of £603.7 million.

The main drivers of this decrease are:

- £51.5 million removal of funding in 2023/24 for the Digital Economy Unit;
- £42.9 million decrease in administration costs for ex-BEIS core department; and
- £40 million increases in Ordnance Survey dividends.

This is partially offset by:

- £82.2 million increase in funding for Broadcasting and Media; and
- £32 million additional funding for Horizon Europe.

DSIT proposes a Capital DEL (investment spending) budget of **£13,081.5 million** for 2023/24, an **increase of £2,031.0 million (+18.4%)** compared with last year's final budget of £11,050.5 million.

The main drivers of this increase are:

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

DSIT proposes a Resource AME budget of **£11,025.9 million** for 2022/23, a **decrease of £4,525.8 million (-29.1%)** compared with last year's final budget of £15,551.6 million.

The main drivers of this decrease are:

- £4,462.4 million in provisions for Horizon Europe; and
- £81.0 million in funding for UK Research and Innovation (UKRI).

DSIT proposes a Capital AME budget of **£2,480.0 million** for 2023/24, an **increase of £1,456.3 million (+142.3%)** compared with last year's final budget of £1,023.7 million. This is due to £1,456.3 million additional funding for Horizon Europe transactions.

Department for Transport

The Department for Transport (DfT) proposes a Resource DEL (day-to-day spending) budget of **£17,041.7 million** for 2023/24, a **decrease of £1,045.7 million (-5.8%)**¹⁶ compared with last year's final budget of £18,087.4 million. The main drivers of this decrease are:

- £1,178.7 million reduction in support for passenger rail services in line with the Spending Review 2021, reflecting the recovery of the rail sector and planned efficiencies from the reform programme;
- £412.5 million reduction in Greater London Authority Transport Grants, because the new TfL Longer Term funding deal, signed in August 2022, prioritises Capital DEL renewals and investments in 2023/24; and
- £204.5 million reduction in bus subsidies and concessionary fares, because of the expected recovery of the buses sector.

This decrease is partially offset by:

- £534.6 million additional funding for Network Rail to cover increased depreciation costs caused by last year's inflationary increases on the value of the rail network; and
- £237.9 million additional funding for the Rail Reform Programme, both from a baseline increase in the Spending Review and a reduction in the 2022/23 budget due to delays in implementation.

DfT proposes a Capital DEL (investment spending) budget of **£20,705.2 million** for 2023/24, an **increase of £116.9 million (+0.6%)** compared with last year's final budget of £20,588.3 million. The main drivers of this increase are:

- £397.5 million for National Highways in line with the Road Investment Strategy 2 budget profile agreed at Spending Review 2021;
- £286.7 million for transport development funds, primarily from a re-profiling of spend on the Transforming Cities Fund from 2022/23 into 2023/24;

¹⁶ This percentage was corrected on 29 June 2023. It previously read -6.1%.

- £155.2 million for Local Authority transport, mainly for potholes and other infrastructure improvements from the Spring Budget 2023;
- £132.4 million for sustainable travel, particularly Cleaner Vehicles and Lorry Parking, offset by a reduction in Active Travel budgets; and
- £82.8 million for bus subsidies and concessionary fares, including funding to Local Authorities towards their Bus Service Improvement Plans, and an increase in expenditure on Zero Emission Buses.

These increases are partially offset by:

- £523.0 million reduction for High-Speed Rail and High Speed Two Ltd in line with the budget profile agreed at Spending Review 2021, although DfT plans to use the Supplementary Estimate to help alleviate ongoing cost pressures in HS2 Phase 1;
- £247.0 million reduction in funding for Crossrail, as the full Crossrail Loan has been drawn down and is starting to be repaid;
- £125.1 million reduction for Network Rail, in line with the Control Period 6 profile agreed at Spending Review 2021; and
- £112.4 million lower budget for support for passenger rail services, although in line with DfT's usual practice, an amount of Resource DEL will be reclassified to Capital DEL at the Supplementary Estimate for Train Operating Companies.

DfT proposes a Resource AME budget of **£4,976.0 million** for 2023/24, a **decrease of £1,100.2 million (-22.1%)** compared with last year's final budget of £6,076.2 million. The main driver of this decrease is £1,000.0 million that was budgeted in the 2022/23 Supplementary Estimate, relating to changes in market price of rail projects, but which is not expected to repeat in 2023/24.

DfT proposes a Capital AME budget of **£83.0 million** for 2023/24, an **increase of £160.0 million** compared with last year's final budget of -£77.0 million. The main drivers of this increase are:

- £109 million increase relating to utilisation of provisions for High-Speed Rail that was accounted for in 2022/23 but are not currently budgeted for in 2023/24; and
- £50 million of new movements in provisions for National Highways' infrastructure projects in 2023/24.

Department for Work and Pensions

Much of the spending of the Department for Work and Pensions (DWP), including all spending on benefits and pensions, is classified as Resource AME. DWP proposes a Resource AME budget of **£265,464.3 million** for

2023/24, an **increase of £28,427.3 million (+12.0%)** compared with last year's final budget of £237,036.9 million. The main drivers of this increase are:

- £14,250.9 million (+12.9%) increase in State Pension, due to both the ageing population and benefit uprating by CPI inflation of 10.1%;
- £8,844.6 million (+21.1%) increase in Universal Credit, due to the continued roll-out of Universal Credit (replacing other benefits including non-contributory ESA and JSA), benefit uprating, and more ill-health cases;
- £6,650.9 million (+20.5%) increase in disability and carer benefits (Personal Independence Payments, Attendance Allowance, Disability Living Allowance, and Carer's Allowance), due to increasing caseloads and benefit uprating;
- £2,025.0 million (+35.5%) increase in Cost of Living Payments, due to the increase in caseloads for qualifying benefits and an increase in the value of Means-Tested Benefit payments;
- £514.3 million (+10.4%) increase in Pension Credit, primarily due to uprating by CPI inflation (10.1%) rather than earnings;
- £330.7 million (+4.2%) increase in non-contributory Employment and Support Allowance, which increases (primarily due to benefit uprating) despite the scheme being gradually replaced with Universal Credit; and
- £216.9 million (+8.3%) increase in Statutory Maternity Pay, due to the uprating of the Standard Rate from £156.66 to £172.48 per week, along with higher forecast fertility and employment rates.

These increases are partially offset by a £160.3 million reduction in Housing Benefit expenditure, driven by housing costs for eligible recipients being increasingly paid through Universal Credit.

DWP proposes a Capital AME budget of **£330.0 million** for 2023/24, an **increase of £174.3 million (+113.9%)** compared with last year's final budget of £155.7 million. The main drivers of this increase are:

- £89.8 million for Universal Credit Advances, due to the benefit uprating of Universal Credit, increase in caseloads and the extension of repayment terms for new claimants;
- £55.5 million for Support for Mortgage Interest (SMI) loans, due to an expected increase in the number of claimants after a change to eligibility requirements in April 2023; and
- £35.0 million of other expenditure, mainly funding for leased estate dilapidations, as required under the IFRS 16 accounting standard.

DWP proposes a Resource DEL (day-to-day spending) budget of **£9,024.1 million** for 2023/24, an **increase of £257.6 million (+2.9%)** compared with last year's final budget of £8,766.5 million. The main drivers of this increase are:

- £202.2 million from the Spring Statement for Workforce Participation measures to increase employment;
- £178.7 million to reduce fraud, error, and debt; and
- £50.3 million for the Synergy project, a cross-government transformation programme for a singular Enterprise Resource Planning platform.

These increases are partially offset by a £232.0 million reduction for money previously spent on the Kickstart programme, which ended in 2022/23.

DWP proposes a Capital DEL (investment spending) budget of **£800.4 million** for 2023/24, an **increase of £224.3 million (+38.9%)** compared with last year's final budget of £576.1 million. The main drivers of this increase are:

- £256.2 million relates to a budget exchange, relating to reprofiling of estates costs, of £128.1 million from 2022/23 to 2023/24 (the total impact being double the value, as it reduces the 2022/23 Supplementary Estimate and increases the 2023/24 Main Estimate); and
- £105.1 million to support Workforce Participation measures announced in the Spring Statement 2023.

These increases are partially offset by £75 million reduced funding for the National Employment Savings Trust (NEST) loan, which had been increased in 2022/23 to support transition to a new administration services provider.

Foreign, Commonwealth and Development Office

The Foreign, Commonwealth and Development Office (FCDO) proposes a Resource DEL (day-to-day spending) budget of **£8,178.0 million** for 2023/24, an **increase of £564.3 million (+7.4%)** compared with last year's final budget of £7,613.7 million. Last year's final budget was unusually low due to a rebalancing of the aid budget from the FCDO to the Home Office for costs associated with asylum seekers and refugees. The main driver of the increase this year is an increase in the FCDO's ODA allocation. Indicative total ODA allocations increased from £7,572 million in 2022/23 to £8,095 million in 2023/24.

Other drivers of this increase include:

- £73 million reserve claim from the proceeds of the Bangkok Embassy sale and other sale proceeds to fund maintenance projects that are part of the estates programme;
- £15 million uplift to the Conflict, Stability and Security Fund (CSSF); and

- £10 million budget uplift for the BBC World Service announced in the 2023 Spring Budget.

These increases are slightly offset by:

- £80.4 million in net transfers to other government departments, mainly for the overseas platform and CSSF;
- £30.6 million surrender of non-cash depreciation following a review exercise in Summer 2022; and
- £6.6 million surrender of National Insurance Contributions following the reversal of the 1.25% budget uplift.

The FCDO proposes a Capital DEL (investment spending) budget of **£3,640.8 million** for 2023/24, an **increase of £1,334.3 million (57.8%)** compared with last year's final budget of £2,306.5 million. As with day-to-day spending, investment spending was unusually low last year due to a rebalancing of the aid budget from the FCDO to the Home Office for costs associated with asylum seekers and refugees. The main driver of the increase this year is an increase in the FCDO's ODA allocation for 2023/24.

Other drivers of this increase include:

- £315.5 million reserve claim for the implementation of IFR16, an accounting standard related to the treatment of leases;
- £105 million reserve claim from the proceeds of the Bangkok Embassy sale, and other asset sales for contractually committed projects that are part of the estates programme of global new builds and refurbishments; and
- £40 million loan support to the British Council.

This increase is partially offset by:

- £280 million switch from Capital DEL to Capital AME in respect of the FCDO's investment in British International Investment; and
- £28.1 million in net budget transfers to other government departments, mainly for International Climate Finance programmes;

The FCDO proposes a Resource AME budget of **£418.8 million** for 2023/24, a **decrease of £515.0 million (-55.2%)** compared with last year's final budget of £933.8 million. Resource AME is used primarily for accounting adjustments, and is by nature volatile. The net reduction in 2023/24 is mainly driven by a reduction in provisions and financial guarantees of £813 million, partially offset by an increase in revaluations and impairments of £273 million.

The FCDO proposes a Capital AME budget of **£280.0 million** for 2023/24 representing its investment in British International Investment – the UK

government's development finance company. This is a **decrease of £9.5 million (-3.3%)** compared with last year's total investment of £289.5 million.

There has been an increase of £163 million to contingent liabilities since last year, mainly because of drawdown of £125 million by the Government of Gibraltar on the loan facility guaranteed by the FCDO.

HM Revenue & Customs

HM Revenue and Customs (HMRC) proposes a Resource DEL (day-to-day spending) budget of **£6,375.0 million**, a **decrease of £25.2 million (-0.4%)** compared with last year's final budget of £6,400.2 million.

The main driver of this reduction is a £22.1 million surrender of the Health and Social Care Levy for costs that will no longer be incurred.

There are additional movements in the HMRC budget, including a reduction of £161.8 million for UK Transition due to reduced funding requirements, and an offsetting increase of £160.0 million in the depreciation budget to reflect latest forecasts.

HMRC proposes a Capital DEL (investment spending) budget of **£627.1 million**, a **decrease of £32.8 million (-5.1%)** compared to last year's final budget of £660.5 million. This reduction reflects the planned investment profile for work on 'business systems transformation' and the 'Fundamental Review of Business Rates' programmes.

HMRC proposes a Resource AME budget of **£35,470.9 million**, a **decrease of £2,691.2 million (-7.1%)** compared with last year's final budget of £38,162.1 million. The main drivers of this decrease are:

- £2,069 million for "other reliefs and allowances" – this covers a wide range of reliefs such as research and development relief and film tax relief. The adjustment reflects updated forecasts; and
- £1,814 million for personal tax credits, which is projected to fall as more claimants move to Universal Credit (despite an increase in the average award due to uprating credits in line with inflation).

This decrease is offset by:

- £1,037 million increased funding for Child Benefit due to uprating in line with inflation, despite a slight reduction in caseloads due to declining take-up and reduced birth rates.

HMRC proposes a small Capital AME budget of **£0.1 million**, unchanged from last year, mainly for impacts of accounting adjustments for IFRS 16.

HM Treasury

HM Treasury proposes a Resource DEL (day-to-day spending) budget of **£353.7 million** for 2023/24, a **decrease of £27.7 million (-7.3%)** compared with last year's final budget of £381.4 million. The main drivers of this decrease are:

- £35.5 million for a “pending legal case”; and
- £10.1 million lower baseline funding settlement from the 2021 Spending Review provided for HM Treasury in 2023/24 (£280.8 million) compared with 2022/23 (£290.9 million);

These decreases are partially offset by an increase in UK Infrastructure Bank funding of £24.2 million, which reflects the continued ramp up of capacity in people and systems to deliver on investment and impact outcomes.

HM Treasury proposes a Capital DEL (investment spending) budget of **£8.1 million** for 2023/24, a **decrease of £6.8 million (-45.6%)**¹⁷ compared with last year's final budget of £14.9 million. The main drivers of this decrease are:

- £3.1 million reduction in funding for the UK Infrastructure Bank; and
- £1.4 million reduction in funding for the National Infrastructure Commission.

HM Treasury proposes a Resource AME of **£15,923.4 million** for 2023/24, a **decrease of £183,567.6 million (-92.0%)** compared with last year's final budget of £199,491.0 million. This reduction is driven by an expected increase in the fair value of the Bank of England Asset Purchase Facility Fund (APF). The fair value of the APF derivative represents the best estimate of the amount due to HM Treasury from the Bank of England on settlement of the scheme. It is arrived at by calculating the difference between the fair value of the assets as at the reporting date, less the associated liabilities. The fair value of the APF fell in 2022/23 due to movements in the gilts market and a significant rise in interest rates, and therefore a high level of Resource AME was needed to cover that movement. The requested budget cover this year is lower as no further significant fair value movements are expected in the current year, and the Resource AME budget value is closer to the value from years before 2022/23.

HM Treasury proposes a Capital AME budget of **£50,077.4 million** for 2023/24, a **£45,436.8 million (+979.1%)** increase on last year's final budget of £4,640.6 million. The increase in requested Capital AME budget for 2023/24 mainly relates to assistance to financial institutions, businesses and individuals, which increased by £44,090.1 million. The main driver of this relates to funding payable from HM Treasury to the APF following the reversal of cash flows in October 2022. The cashflows from HM Treasury to the APF

¹⁷ This percentage was corrected on 29 June 2023. It previously read -1.6%.

primarily cover changes arising from net interest costs (coupon income on the APF portfolio (primarily gilts) net against interest costs charged at Bank Rate on the APF loan) and changes from assets being sold or redeemed (which are determined by market conditions and the unwind strategy set by the MPC). The increase in budget cover for the APF compared to last financial year is largely driven by higher current and expected interest rates.

Other significant increases in Capital AME include:

- £832.1 million in share disposals last year, with no shares disposed in this year's Main Estimate; and
- £434.4 million increase in funding to UK Infrastructure Bank Capital AME, reflecting additional drawdowns on existing commitments as well as estimated draws on new commitments entered into during 2023/24.

Home Office

The Home Office (HO) proposes a Resource DEL (day-to-day spending) budget of **£14,608.0 million** for 2023/24, a **decrease of £2,497.6 million (-14.6%)** compared with last year's final budget of £17,105.5 million. The main drivers of this decrease are:

- £3,399.4 million claim on the Reserves in 2022/23, the largest were: i) asylum support costs, £1,614.9 million, ii) tackling illegal migration, £719.8 million, and iii) Afghan resettlement schemes, £658.1 million. Funding for these areas for this year will be finalised during the Supplementary Estimates; and
- £29.4 million reduction in net government transfers from last year (excluding the health surcharge mentioned below).

These reductions are partially offset by:

- £574.6 million relating to the health surcharge. The health surcharge is transferred to the Department for Health and Social Care, last year's full year transfer was £1,415.6 million compared to £841.0 million included in the Main Estimate this year. Additional funding, if required, will be transferred at the Supplementary Estimate; and
- £364.5 million increase following budget updates in line with the SR21 plan.

The HO proposes a Capital DEL (investment spending) budget of **£931.3 million** for 2023/24, a **decrease of £121.0 million (-11.5%)** compared with last year's final budget of £1,052.3 million. The main driver of this decrease is:

- £198 million was drawn down from the Reserves in 2022/23 to fund accommodation centres to assist with tackling illegal migration; this has not been claimed in the 2023/24 Estimate.

- £76.1 million less funding required for the IFRS 16 accounting standard change (£49.4 million in 2023/24 and £125.5 million in 2022/23);
- £49.4 million less funding as per the budget updates in the SR21 spending plan.

These reductions are partially offset by a £199.4 million capital surrender that took place in 2022/23, not repeated in 2023/24.

The HO proposes a Resource AME of **£2,717.7 million** for 2023/24, an **increase of £589.9 million (27.7%)** compared with last year's final budget of £2,127.8 million. This increase is due to a forecast increase in police pensions charges and loans. There is greater than usual volatility for AME forecasts due to the expected number of retirements and Immediate Detriment cases linked to the McCloud/Sergeant litigations.

The HO proposes a Capital AME of **nil** for 2023/24, unchanged from last year's final budget.

Ministry of Defence

The initial Ministry of Defence (MoD) budget given in the Main Estimates each year generally differs from the final budget from last year as significant adjustments are made during the Supplementary Estimates.

The MoD expects to adjust for the following at the Supplementary Estimates:

- Drawdown from the Dreadnought Contingency;
- Additional resource and capital funding to cover the remaining net additional costs of military operations, including Ukraine;
- Refinement and re-allocation of costs between commodity blocks;
- Refinement of the AME requirements following release of HM Treasury's Discount Rates.

The department has included in their Main Estimate an additional £1,985 million (£485 million RDEL and £1,500 million CDEL), for Defence Nuclear Enterprise and Resilience and Readiness as part of the £5 billion uplift in spending over two years announced in the Spring Budget 2023.

The MoD proposes a Resource DEL (day-to-day spending) budget of **£41,011 million** for 2023/24, an **increase of £129.8 million (+0.3%)** compared with last year's final budget of £40,881.1 million.

This increase is driven by:

- £485 million RDEL funding agreed as part of the additional £5 billion over two years announced in the Spring Statement 2023 (£250 million for Nuclear funding and £235 million for Resilience and Readiness);

- £445.4 million additional funding for IFRS 16 (this is an accounting standard change and does not impact cash); and
- £382.2 million adjustment to increase nominal expenditure across various commodity spend areas in line with the SR21 spend profile.

These cost increases are partially offset by:

- £541.7 million less in Operations, as mentioned above, this is to be adjusted at the Supplementary Estimates;
- £526.5 million in net movements to other government departments; and
- £115.4 million budget surrender to HM Treasury for the Health and Social Care Levy that was reversed.

The MoD proposes a Capital DEL (investment spending) budget of **£18,337.9 million** for 2023/24, a **decrease of £2,134.5 million (-10.4%)** compared with last year's final budget of £20,472.4 million. The main drivers of this decrease are:

- £2,320.9 million less Reserve funding provided for IFRS 16 movements than in the Supplementary Estimate last year; and
- £2,159.0 million less funding for operations. As mentioned above, funding for operations, such as Ukraine has not been included in this Main Estimate, the department will be requesting this at the Supplementary Estimate.

These reductions are partially offset by:

- £1,500 million additional funding for Defence Nuclear Enterprise (£750 million) and Resilience and Readiness (£750 million) as part of the £5 billion uplift in spending over two years announced in the Spring Budget 2023; and
- £603.8 million being re-profiled from 2021/22 and 2022/23 through Budget Exchange.

The MoD proposes a Resource AME budget of **£1,928.1 million** for 2023/24, an **increase of £10,428 million** compared with last year's final budget of -£8,500 million.

Resource AME, due to its nature, is volatile and reflects the changing Treasury Discount Rates on provisions and fluctuations in financial instruments.

Ministry of Justice

The Ministry of Justice (MoJ) proposes a Resource DEL (day-to-day spending) budget of **£10,878.8 million** for 2023/24, an **increase of £632.3 million (+6.2%)** compared with last year's final budget of £10,246.5 million. The main drivers of this increase are:

- £280.8 million additional funding in line with the 2021 Spending Review profile, the largest increases in funding have been across the HM Prisons and Probation Service and the Legal Aid Agency;
- £175.9 million additional funding for depreciation requirements;
- £150 million claim on the Reserve following a prior year budget surrender; and
- £65.5 million increase following transfers to and from other government departments.

These increases are partially offset by:

- £38 million reduction following a National Insurance contribution levy increase being reversed.

The MoJ proposes a Capital DEL (investment spending) budget of **£2,307.5 million** for 2023/24, an **increase of £849.9 million (58.3%)** compared with last year's final budget of £1,457.6 million. The main drivers of this increase are:

- £779 million additional funding as part of the 2021 Spending Review profile for 2023/24; driven by investment across England and Wales over three years to progress delivery of 20,000 additional prison places by the mid-2020s; and
- £58 million for IFRS 16 implementation, this is an accounting standard change in relation to leases.

The MoJ proposes a Resource AME of **£481.6 million** for 2023/24, a **decrease of £151.9 million (-24.0%)** compared with last year's final budget of £633.4 million, this is due to a reduction in provisions for legal aid, pension costs and legal cases.

The MoJ proposes a Capital AME budget of **£23.3 million** for 2023/24. There is no change compared with last year's final budget.

4.2

Devolved administrations

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;

- pay-over of income tax to the Welsh Government. Income tax (on non-savings, non-dividend income) is partially devolved to Wales and is determined by Welsh Government policy. However, HMRC continues to collect it on behalf of Wales; and
- Funds for the Wales Office (the UK ministerial department responsible for relations between the UK and Welsh Governments).

Welsh Government grant and pay-over of income tax

The Main Estimate seeks a cash grant for the Welsh Government of **£18,659.3 million** for 2023/24, an **increase of £1,194.3 million (+6.4%)** compared to last year's final budget of £17,465.1 million.¹⁸

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 sought at the 2023/24 Main Estimate is **£20,719.1 million** (£17,791.5 million Resource DEL and £3,146.7 million Capital DEL), an **increase of £1,240.7 million (+6.3%)** from the 2022/23 Supplementary Estimate position of £19,607.1 million.

These changes to the Departmental Expenditure Limit (DEL) budget, which affect the cash grant, consist of:

- an increase in Resource DEL of £983.3 million (+5.9%) to £17,791.5 million; and
- an increase in Capital DEL of £257.4 million (+8.9%) to £3,146.7 million

Barnett Consequentials

The DEL changes above are driven in part by Barnett Consequentials – funding arising from UK spending decisions, corresponding to that provided for UK government departments; and additional funding from the Treasury Reserve.

The Main Estimate 2023/24 included the following Barnett Consequentials for the Welsh Government:

- £136.9 million increase in Resource DEL; and

¹⁸ 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.

- £19.9 million increase in Capital DEL.

This is broken down as follows:

Barnett consequentials for Wales				
£ millions, 2023/24				
Department/programme	Measure	RDEL	CDEL	Total
Various Departments	Shared Outcome Funds	1.2	0.5	1.7
CMS	Govt Property Agency Costs	0.2	-	0.2
DfE	Depreciation	115.9	-	115.9
DEFRA	Floods Reclassification: CDEL to RDEL	4.6	-4.6	-
	Farming Programme: CDEL to RDEL	-	-11.5	-11.5
DLUHC	Non-voted elections funding	0.4	-	0.4
	Grants to Local Authorities	5.6	-	5.6
DfT	TfL funding	0.9	31.6	32.5
	Crossrail switch (RDEL claim)	8	-3	5
Small and Independent Bodies	Health & Social Care Levy	0	-	0
	Hospital Upgrades Programme reprofile	-	6.9	6.9
Total		136.9	19.9	156.8

Non-Barnett funding

Wales also receives non-Barnett contributions and adjustments to its DEL budget. Further notable (non-Barnett) increases in funding allocated at the Main Estimate have been set out below:

- £48.5 million budget transfer from the Home Office for the Immigration Health Surcharge (Resource DEL);
- £9.8 million transport funding for the Core Valley Lines (Capital DEL);
- £3.1 million in funding for Debt Advice (Resource DEL); and
- £58.0 million in City & Growth Deals funding (Capital DEL), including:
 - £27.0 million for Cardiff
 - £13.1 million for Swansea Bay and
 - £12.4 million for North Wales.

Wales Office spending

The Wales Office itself proposes a Resource Departmental Expenditure Limit (RDEL) of **£5.8 million**, an **increase of £0.2 million (+4%)** from its final RDEL for 2022/23 of £5.6 million.

There is no proposed change to the Capital DEL budget which remains in line with the Supplementary Estimate 2022/23 at **£0.03 million**.

The net increase in RDEL is in line with allocations announced at the Spending Review 2021.

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 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; and
- funds for the Scotland Office (this is the UK ministerial department responsible for relations between the UK and the Scottish Governments).

Scottish Government grant and pay-over of income tax

The Main Estimate seeks a cash grant for the Scottish Government of **£29,860.0 million** for 2023/24, an **increase of £775.0 million (+2.7%)** from the 2022/23 Supplementary Estimate position of £29,085.0 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 in DEL budget

The Scottish Government total DEL budget sought at the 2023/24 Main Estimate is **£34,353.7 million** (£28,403.6 million Resource DEL and £5,950.1 million Capital DEL), an **increase of £997.4 million (+3.0%)** from the 2022/23 Supplementary Estimate position of £33,356.3 million.

These changes to the Departmental Expenditure Limit (DEL) budget, which affect the cash grant, consist of:

- an increase in Resource DEL of £1,459.7 million (+5.4%) to £28,403.6 million; and
- a decrease in Capital DEL of £462.3 million (-7.2%) to £5,950.1 million.

Barnett Consequentials

The DEL changes above are driven in part by Barnett Consequentials – funding arising from UK spending decisions, corresponding to that provided for UK government departments; and additional funding from the Treasury Reserve.

The Main Estimate 2023/24 included the following Barnett Consequentials for the Scottish Government:

- £263.1 million increase in Resource DEL; and
- £26.3 million increase in Capital DEL.

This is broken down as follows:

Barnett consequentials for Scotland				
£ millions, 2023/24				
Department/programme	Measure	RDEL	CDEL	Total
Various Departments	Shared Outcome Funds	2.4	0.9	3.3
	Depreciation	211	-	211
DCMS	Govt Property Agency Costs	0.4	-	0.4
DEFRA	Floods Reclassification: CDEL to RDEL	7.8	-7.8	-
	Farming Programme: CDEL to RDEL	-	-19.4	-19.4
DLUHC	Non-voted elections funding	0.7	-	0.7
	Grants to Local Authorities	9.3	-	9.3
DfT	TfL funding	1.6	53.2	54.8
	Crossrail switch (rdel claim)	13.5	-12.3	1.2
	UK Cloud budget exchange	-0.8	-	-0.8
Home Office	UK Cloud Operational Costs	-0.2	-	-0.2
Law Officer's Department	Increase in Prosecution Bar Fees	2.6	-	2.6
MOJ	UK Cloud budget exchange	0	-	0
	Glencore fine roll-over	13.8	-	13.8
Small and Independent Bodies	Budget exchange Dept Health & Social Care	-0.1	-	-0.1
	RDEL surrender - CIVET	0	-	0
	Reserve claim - Census	1.1	-	1.1
DHSC	Hospital Upgrades Programme reprofile	-	11.6	11.6
Total		263.1	26.3	289.4

Non-Barnett funding

Scotland also receives non-Barnett contributions and adjustments to its DEL budget. Further notable (non-Barnett) increases in funding allocated at the Main Estimate have been set out below:

- £322.8 million reclassification costs due to the accounting standard IFRS 16 for leases (Capital DEL);

- £81.5 million budget transfer from the Home Office for the Immigration Health Surcharge (Resource DEL);
- £34.8 million reclassification costs due to the accounting standard IFRS 16 for leases (Resource DEL);
- £20.2 million costs related to a Home Office comparability Error (Resource DEL);
- £5.8 million budget for Debt Advice; and
- £5.6 million funding for Ukrainian refugees (Education Tariff)

Scotland Office spending

The Scotland Office itself proposes a Resource Departmental Expenditure Limit (RDEL) of **£13.6 million for 2023/24**, an **increase of £0.2 million (+2%)** compared to the final budget for 2022/23 of £13.4 million.

The Scotland Office also proposes a Capital Departmental Expenditure Limit (CDEL) of **£0.5 million for 2023/24**, an **increase of £0.4 million (+900%)** compared to the final budget for 2022/23 of £0.1 million.

The net increases are in line with allocations announced at the Spending Review 2021.

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 the 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 Main Estimate seeks a cash grant for the Northern Ireland Government of **£22,360.0 million for 2023/24**, an **increase of £1,012.6 million (+4.5%)** from the 2022/23 Supplementary Estimate position of £21,347.3 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 in DEL budget

The Northern Ireland Government total DEL budget sought at the 2023/24 Main Estimate is **£16,970.0 million** (£14,854.2 million Resource DEL and £2,115.5 million Capital DEL), an **increase of £246.0 million (+1.5%)** from the 2022/23 Supplementary Estimate position of £16,723.8 million.

These changes to the Departmental Expenditure Limit (DEL) budget, which affect the cash grant, consist of:

- an increase in Resource DEL of £244.4 million (+1.7%) to £14,854.2 million; and
- an increase in Capital DEL of £1.6 million (+0.1%) to £2,115.5 million

Barnett Consequentials

The DEL changes above are driven in part by Barnett Consequentials – funding arising from UK spending decisions, corresponding to that provided for UK government departments; and additional funding from the Treasury Reserve.

The Main Estimate 2023/24 included the following Barnett Consequentials for the Northern Ireland Government:

- £88.1 million increase in Resource DEL; and
- £8.8 million increase in Capital DEL.

This is broken down as follows:

Barnett consequentials for Northern Ireland

£ millions, 2023/24

Department	Measures	RDEL	CDEL	Total
Various Departments	Shared Outcome Fund	0.8	0.4	1.2
	Depreciation	71.6	-	71.6
DCMS	Tampon tax	0	-	0
	Govt Property Agency Costs	0.1	-	0.1
DEFRA	Floods Reclassification: CDEL to RDEL	2.6	-2.6	0
	Farming Programme	-	-6.6	-6.6
DLUHC	Non-voted elections funding	0.3	-	0.3
	Grants to Local Authorities	3.2	-	3.2
DfT	TfL funding	0.5	18	18.5
	Crossrail	4.6	-4.3	0.3
DWP	UK Cloud budget exchange	-1.4	-	-1.4
Home Office	UK Cloud Operational Costs	-0.1	-	-0.1
Moj	UK Cloud budget exchange	0	-	0
	Glencore fine roll-over	4.7	-	4.7
Law Officer's Departments	Increase in Prosecution Bar Fees	0.9	-	0.9
Small and Independent Bodies	RDEL surrender - CIVET	0	-	0
	Budget exchange Dept Health & Social Care	0	-	0
	Reserve claim - Census	0.4	-	0.4
DHSC	Hospital Upgrades Programme reprofile	-	3.9	3.9
Total		88.1	8.8	96.9

Non-Barnett funding

Northern Ireland also receives non-Barnett contributions and adjustments to its DEL budget. Further notable (non-Barnett) increases in funding allocated at the Main Estimate have been set out below:

- £64.4 million funding for Fresh Start Shared Education and Housing (Capital DEL);
- £58.5 million funding for New Decade, New Approach (NDNA), this relates to a number of programmes including Tackling Paramilitarism and Transforming Public Services (Resource DEL);
- £49.3 million budget for costs relating to the Northern Ireland Protocol (Resource DEL);
- £27.6 million budget transfer from the Home Office for the Immigration Health Surcharge (Resource DEL); and
- £9.4 million funding for New Deal Invest NI and Skills Fund (Resource DEL).

Northern Ireland Office spending

The Northern Ireland Office itself proposes a Resource Departmental Expenditure Limit (RDEL) of **£41.4 million** for 2023/24, a **decrease of £11.3 million (-27%)** compared to the final budget for 2022/23 of £52.8 million.

The Northern Ireland Office also proposes a Capital Departmental Expenditure Limit (CDEL) of **£3.3 million for 2023/24, an increase of £1.2 million (+36%)** compared to the final budget for 2022/23 of £2.1 million.

The Northern Ireland Office also proposes a Resource Annually Managed Expenditure (RAME) of **£313.4 million** for 2023/24, an **increase of £204.7 million (+65%)** compared to the final budget for 2022/23 of £108.6 million.

The main drivers of increase in the Northern Ireland Office's Capital DEL and AME in 2023/24 are:

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

4.3

Other departments

Charity Commission

The Charity Commission proposes a Resource DEL budget of **£31.3 million** for 2023/24, a **decrease of £1.0 million (-3.1%)** compared with last year's final budget of £32.3 million.

The Charity Commission proposes a Capital DEL budget of **£3.0 million** for 2023/24, a **decrease of £0.1 million (-3.2%)** compared with last year's final budget of £3.1 million.

The Charity Commission proposes no Resource AME budget for 2023/24, a **reduction of £0.2 million (-100%)** compared to last year's final budget of £0.2 million.

The Charity Commission proposes no Capital AME budget for 2023/24, with no change from last year's final budget.

Competition and Markets Authority (CMA)

The CMA proposes a Resource DEL budget of **£136.7 million** for 2023/24, an **increase of £13.1 million (+10.6%)** compared with last year's final budget of £123.6 million. This increase is mainly due to £15.1 million allocation in the Spending Review 2021 (SR21) to support the introduction of new statutory powers for the Digital Markets Unit (DMU).

The CMA proposes a Capital DEL budget of **£8.0 million** for 2023/24, a **decrease of £0.7 million (-8.0%)** compared with last year's final budget of £8.7 million.

The CMA proposes a Resource AME budget of **£15.0 million** for 2023/24; there is no change when compared with last year's final budget.

The CMA proposes a Capital AME budget of **£1.0 million** for 2023/24; there is no change when compared with last year's final budget.

HM Land Registry

HM Land Registry proposes a Resource DEL budget of **£424.3 million** for 2023/24, an **increase of £15.1 million (+3.7%)** compared with last year's final budget of £409.1 million. This increase is due to the Local Land Charges programme continuing to increase its deliveries.

HM Land Registry proposes a Capital DEL budget of **£60.2 million** for 2023/24, an **increase of £1.9 million (+3.2%)** compared with last year's final budget of £409.2 million. This increase is due to the Local Land Charges programme continuing to increase its deliveries.

HM Land Registry proposes a Resource AME budget of **£19.0 million** for 2023/24, an **increase of £2.0 million (+11.8%)** compared with last year's final budget of £17.0 million. This increase reflects contingency against adverse movement in the property market affecting IFRS 16 Right of Use assets, alongside indemnity provision.

HM Land Registry proposes a Capital AME budget of **nil**, a **reduction of £2 million (-100%)** compared with last year's final budget of £2 million.

Crown Estate Office

The Crown Estate Office proposes a Resource DEL, Capital DEL and Capital AME budget of **£0**, which remains unchanged from last year's final budget.

The Crown Estate Office proposes a Resource AME budget of **£2.4 million**, which remains unchanged from last year's final budget.

Crown Prosecution Service

The Crown Prosecution Service (CPS) prosecutes criminal cases that have been investigated by the police and other law enforcement agencies in England and Wales. The CPS is a non-ministerial department and makes decisions independently of the police and government.

The CPS proposes a Resource DEL budget of **£773.6 million** for 2023/24, an **increase of £68.9 million (+9.8%)** compared with last year's final budget of £704.6 million. This increase is due in part, to:

- £14.7 million transferred from 2022/23 using the Budget Exchange Mechanism; and
- £0.4 million funding received from the FCDO for platform costs.

These increases are partially offset by £4.4 million returned to HM Treasury for National Insurance Contribution increases that were later reversed.

The CPS proposes a Capital DEL budget of **£28.8 million** for 2023/24, a **decrease of £20.5 million (-41.6%)** compared to last year's final budget of £49.3 million.

The CPS proposes a Resource AME budget of **£6.0 million** for 2023/24; there is no change from last year's final budget.

The CPS proposes a Capital AME budget of **£2.9 million** for 2023/24; there is no change from last year's final budget.

Food Standards Agency

The Food Standards Agency (FSA) proposes a Resource DEL budget of **£115.6 million** for 2023/24, a **decrease of £1.3 million (-1.1%)** compared with last year's final budget of £116.9 million. This decrease is due to:

- £0.8 million transferred to DLUHC for new burden payments on Local Authorities relating to new allergen-labelling requirements for prepacked food (aka Natasha's Law);
- £0.5 million surrendered relating to the Government's decision to reverse the rise in National Insurance Contributions from November 2022 and cancel the introduction of the Health and Social Care Levy from April 2023; and
- £0.4 million year-on-year reduction of Shared Outcomes Funding.

This decrease is offset by £0.3 million of additional funding for depreciation after expected increased capital investment in the Shared Outcomes Fund.

FSA proposes a Capital DEL budget of **£14.1 million** for 2023/24, an **increase of £2.6 million (+22.6%)** compared with last year's final budget of £11.5 million. This increase is due to:

- £1.2 million for the PATH-SAFE project, which uses the latest DNA-sequencing technology and environmental sampling to improve the detection and tracking of foodborne disease and antimicrobial resistance;
- £0.7 million of IT infrastructure investments from Spending Review 2021;
- £0.4 million increased funding for vehicle leases;

- £0.1 million additional budget for Research and Development; and
- £0.2 million that, in 2022/23 was transferred to BEIS for the Evaluation Accelerator Fund, but in 2023/24 is not being transferred.

FSA proposes a Resource AME budget of **£9.6 million** for 2023/24, which remains the same as last year's final budget. This is for non-cash costs and provisions for early retirements, pensions, property dilapidations, and legal obligations.

FSA proposes a Capital AME budget of **nil** for 2023/24, which remains the same as last year's final budget.

Government Actuary's Department

The Government Actuary's Department (GAD) proposes a Resource DEL budget of **£0.24 million** for 2023/24, an **increase of £0.05 million (+25.7%)** compared with last year's final budget of £0.19 million. This increase is due to a reduction of £2.10 million of rental income due to GAD ceasing to sublet its office space from June 2023, along with a corresponding reduction of £2.05 million of expenditure to compensate.

GAD proposes a Capital DEL budget of **£9.85 million** for 2023/24, an **increase of £9.50 million (+2,714.3%)** compared with last year's final budget of £0.35 million. This is because of the expected acquisition of a property lease when GAD moves offices in June 2023. The new lease will count as Capital DEL because of the new IFRS 16 accounting standard for leases.

GAD proposes a Resource AME budget of **£0.03 million** for 2023/24, a **decrease of £0.07 million (-70%)** compared with last year's final budget of £0.10 million. This is because of a technical accounting change from IFRS 16, as the dilapidations provision for their new lease will score to Capital AME (below) instead of Resource AME for the existing property. The remaining Resource AME budget is a provision for historic injury benefit.

GAD proposes a Capital AME budget of **£0.37 million** for 2023/24, an **increase of £0.36 million (+3,600%)** compared with last year's final budget of £0.01 million. As mentioned above, this is because the dilapidations provision for their new leased property (following GAD's office move in June 2023) will score to Capital AME whereas provisions for their existing owned property score to Resource ACE.

HM Procurator General and Treasury Solicitor

The Estimate for HM Procurator General and Treasury Solicitor (HMPG&TS) provides for the expenditure and income of the Government Legal Department (GLD), the Attorney General's Office (AGO) and HM Crown Prosecution Service Inspectorate (HMCPSI).

HM Procurator General and Treasury Solicitor (HMPG&TS) proposes a Resource DEL budget of **£11.7 million** for 2023/24 (£2.2 million for GLD, £6.5 million for AGO and £3.1 million for HMCPSI), an overall **increase of £1.4 million (+13.6%)** compared with last year's final budget of £10.3 million. This increase is due to £1.5 million of GLD RDEL funding transferred to CDEL at the Supplementary Estimate in 2022/23.

HMPG&TS proposes a Capital DEL budget of **£2.0 million** for 2023/24, a **decrease of £2.4 million (-54.5%)** compared with last year's final budget of £4.4 million. This is driven by lease additions required last year that are not required for 2023/24.

HMPG&TS proposes no Resource AME for 2023/24; this is a **decrease of £0.5 million** compared with last year's final budget where provisions were made for potential future litigation.

HMPG&TS proposes no Capital AME budgets for 2023/24; there is no change from 2022/23.

National Archives

The National Archives proposes a Resource DEL (day-to-day spending) budget of **£46.8 million** for 2023/24, a **decrease of £0.1 million** compared with last year's final budget of £46.9million.

The National Archives proposes a Capital DEL (investment spending) budget of **£4.3 million** for 2023/24, a **decrease of £1.6 million (-27.1%)** compared with last year's final budget of £5.9 million. This reduction is driven by transfers to other government departments

The National Archives proposes a Resource AME budget and Capital AME budget of **nil**; this is unchanged from last year's final budget.

National Crime Agency

The National Crime Agency (NCA) is a non-ministerial department which has operational independence and is accountable to the Home Secretary.

The NCA is funded directly by Parliament via the Supply Estimate. They also receive funding for ring-fenced projects from other government departments, and contributions from the Scottish Government and the Police Service of Northern Ireland. These contributions show as income in their Estimate. The Supply Estimate is therefore net of these contributions.

The NCA proposes a Resource DEL (day-to-day spending) budget of **£633.6 million** for 2023/24, a **decrease of £3.9 million (-0.6%)** compared with last year's final budget of £637.5 million. Additional funding will be sought during the Supplementary Estimate for the National Cyber Security Programme and Organised Immigration Crime programme.

The NCA proposes a Capital DEL (investment spending) budget of **£105.9 million** for 2023/24, a **decrease of £1.8 million (-1.7%)** compared with last year's final budget of £107.7 million. This reduction is driven by transfers to other government departments.

The NCA proposes no changes to its Resource AME budget and Capital AME budget since last year's final budget; these remain at £50 million and £0.4 million respectively.

National Savings and Investments

The National Savings and Investments (NS&I) proposes a Resource DEL budget of **£250.8 million** for 2023/24, an **increase of £74.2 million (+42.0%)** compared with last year's final budget of £176.6 million. This increase is driven by an additional £97.6 million for business transformation and re-procurement of business processes.

NS&I proposes a Capital DEL budget of **£9.5 million** for 2023/24, a **decrease of £18.7 million (-66.4%)** compared with last year's final budget of £28.1 million. This is driven by £8.8 million for business transformation and re-procurement of business processes.

NS&I proposes a Resource AME budget of **£0.7 million** for 2023/24, a **decrease of £6.0 million (-89.6%)** compared with last year's final budget of £6.7 million.

NS&I proposes a Capital AME budget of **nil** for 2023/24. This compares to a Capital AME budget of £1.3 million at last year's final budget.

Office of Gas and Electricity Markets (Ofgem)

Ofgem proposes a Resource DEL budget of **£24.1 million** for 2023/24, an **increase of £17.2 million (+249.3%)** compared with last year's final budget of £6.9 million.

The significant increase is due to green gas support scheme costs. The cost of the green gas support scheme and administration was less than the income generated through the Green Gas Levy in 2022/23, leading to a decrease in income for 2023/24. The surplus in 2022/23 will be carried forward and considered in future levy rate calculations.

Ofgem proposes a Capital DEL budget of **£2.5 million** for 2023/24, a **decrease of £2.6 million (-51.0%)** compared with last year's final budget of £5.1 million. This increase is mainly driven by the purchasing of equipment and for systems development.

Ofgem has no Resource AME or Capital AME budgets for 2023/24, with no change from last year's final budget.

Office of Qualifications and Examinations Regulation (Ofqual)

Ofqual proposes a Resource DEL budget of **£29.8 million** for 2023/24, an **increase of £1.4 million (+4.9%)** compared with last year's final budget of £28.4 million.

Ofqual proposes a Capital DEL budget of **£0.6 million** for 2023/24, a **decrease of £0.1 million (-14.3%)** compared with last year's final budget of £0.7 million.

Ofqual has no Resource AME or Capital AME budgets for 2023/24, with no change from last year's final budget.

Office of Standards in Education (Ofsted)

Ofsted proposes a Resource DEL budget of **£155.8 million** for 2023/24, a **decrease of £0.2 million (-0.1%)** compared with last year's final budget of £156.0 million.

Ofsted proposes a Capital DEL budget of **£4.2 million** for 2023/24, a **decrease of £2.6 million (-38.2%)** compared with last year's final budget of £6.8 million.

The overall reduction in Ofsted DEL is because in 2021/22 Ofsted surrendered £2.7 million in funding in return for a reciprocal increase in 2022/23 (last financial year). This funding is not rolled forward into future years.

Ofsted proposes a Resource AME budget of **nil**, a **decrease of £0.1 million** compared with last year's final budget of £0.1 million.

Ofsted proposes a Capital AME budget of **nil**, with no change from last year's final budget.

Office of Rail and Road

The Office of Rail and Road (ORR) proposes a Resource DEL budget of £1,000 for 2023/24, a decrease of £3,000 (-75%) compared with last year's final budget of £4,000. This is significantly below the usual rounding of £1 million and is the difference between expected gross income and gross expenditure (both of which are £41.7 million, compared to both being £41.8 million in 2022/23).

ORR proposes a Capital DEL budget of **£0.7 million** for 2023/24, which remains the same as last year's final budget. This is for investment in equipment to support the running of the offices.

ORR proposes a Resource AME budget of **nil** and a Capital AME budget of **nil** for 2023/24. It also had a nil Resource AME budget and a nil Capital AME budget in last year's final budget.

Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO), referred to in the Estimate as the Office of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England, proposes a Resource DEL budget of **£41.8 million** for 2023/24, an **increase of £0.8 million (+1.8%)** compared with last year's final budget of £41.1 million. This increase is largely in line with the increase from the Spending Review 2021 (SR21), but the Estimate budget tracks slightly above the SR21 figure because the number of cases is still higher than expected since COVID-19 and because of the costs of the 2023/24 pay award.

PHSO proposes a Capital DEL budget of **£11.7 million** for 2023/24, a **decrease of £2.5 million (-17.5%)** compared with last year's final budget of £14.2 million. This decrease relates to the ongoing impact of the introduction of the new IFRS 16 accounting standard for leases; without this impact, Capital DEL remains constant.

PHSO proposes a Resource AME budget of **£0.8 million** for 2023/24, an **increase of £0.4 million (+94.8%)** compared with last year's final budget of £0.4 million. This increase relates to legal fees estimates.

PHSO proposes a Capital AME budget of **£0.4 million** for 2023/24, an **increase of £0.3 million (+216.6%)** compared with last year's final budget of £0.1 million. This increase relates to office dilapidation costs.

Security and Intelligence Agencies

The Security and Intelligence Agencies (SIA), which covers MI5, Secret Intelligence Service (MI6) and GCHQ, propose a Resource DEL of **£3,518.4 million** for 2023/24, an **increase of £198.5 million (+6.0%)** compared to last year's final budget of £3,313.9 million.

SIA proposes a Capital DEL of **£1,283.0 million**, an **increase of £110.6 million (+9.4%)** compared to last year's final budget of £1,172.4 million.

SIA proposes a Resource AME budget of **£38.3 million**, an **increase of £4.4 million (+12.9%)** compared to last year's final budget of £33.9 million.

SIA proposes a Capital AME Budget of **£2.2 million**, which remains the same as last year's final budget.

Due to the sensitive nature of SIA work, detailed information on spending plans is not published. SIA are scrutinised by the Intelligence and Security Committee of Parliament.

Statistics Board

The Statistics Board, commonly known as the UK Statistics Authority (UKSA), proposes a Resource DEL budget of **£348.5 million** for 2023/24, a **decrease of**

£15.4 million (-4.2%) compared with last year's final budget of £363.8 million. This decrease is due to:

- £21.2 million reduction in programme funding;
- £7.0 million reduction in depreciation, including relating to IFRS 16 changes; and
- £2.0 million surrender of funding for the Health and Social Care Levy.

This decrease is offset by:

- £12.3 million increase relating to the Future Population and Migrations Statistics Programme (FPMS);
- £3.4 million Budget Cover Transfer (BCT) with DLUHC for levelling up; and
- £2.0 million BCT with Home Office for Crime Survey expansion work.

The Statistics Board proposes a Capital DEL budget of **£23.8 million** for 2023/24, a **decrease of £14.4 million (-37.6%)** compared with last year's final budget of £38.2 million. The main reason for the decrease is the one-off significant capitalisation in 2022/23 because of the implementation of the IFRS 16 accounting standard on leases as well as funding for the Government Property Agency.

The Statistics Board proposes a Resource AME budget of **-£2.0 million** for 2023/24, a **decrease of £10.4 million** compared with last year's final budget of £8.4 million. The negative budget reflects the Statistics Board's anticipated use of provisions. It will be subject to a full review in the 2023/24 Supplementary Estimates.

The Statistics Board proposes a Capital AME budget of **nil** for 2023/24. It also had a nil Capital AME budget in 2022/23.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) proposes a Resource AME budget of **£10,979.0 million** for 2023/24, a **decrease of £11,192.1 million (-50.5%)** compared with last year's final budget of £22,171.0 million. This decrease is mainly due to service costs reducing by £14,922.9 million because of a change in the underlying rate used to calculate the current service cost, prescribed by the Scheme actuary. This is partially offset by the interest on Scheme liabilities increasing by £4,145.9 million due to an increase in the interest rate set by HM Treasury to 4.15%, up from 1.55% in 2022/23.

The net cash requirement is £2,388.2 million for 2023/24, an increase of £403.8 million compared with last year's final budget of £1,984.4.

UK Supreme Court

The UK Supreme Court (UKSC) is the final court of appeal for all United Kingdom civil cases, and criminal cases from England, Wales, and Northern Ireland.

The UKSC proposes a Resource DEL budget of **£7.8 million** for 2023/24; there is no change from last year's final budget.

The UKSC proposes a Capital DEL budget of **£3.3 million** for 2023/24, an **increase of £2.6 million (+362.2%)** compared with last year's final budget of £0.7 million. This is driven by technology costs as part of the department's change programme to improve online services.

The UKSC proposes a Resource AME budget of **£1.0 million** for 2023/24; there is no change from last year's final budget.

The UKSC proposes a Capital AME budget of **nil** for 2023/24; there is no change from last year's final budget.

UK Export Finance

UK Export Finance (UKEF, the trading name of the Export Credits Guarantee Department) proposes a Resource DEL budget of **£0**, which remains the same as last year's final budget. As previously agreed with HM Treasury, UKEF continues to operate on a zero net cost to the taxpayer basis, where it offsets its operational costs with income generated from the premium it charges for its products.

UKEF proposes a Capital DEL budget of **£3.5 million** for 2023/24, an **increase of £1.3 million (+59.1%)** compared with last year's final budget of £2.2 million. Increases are largely a result of the budget update agreed with HMT where 2022/23 unutilised funding will be moved into 2023/24, with a corresponding increase in 2023/24 DEL budgets.

UKEF proposes a Resource AME budget of **£1,633.3 million** for 2023/24, an **increase of £523.9 million (+47.2%)** compared with last year's final budget of £1,109.4 million. This is driven by:

- an increase in expected export guarantee claims;
- foreign exchange movements in relation to the direct lending portfolio (approximately 50% of which is denominated in US Dollars and Euros); and
- provision to support known Ukraine deals, and deals under the Ukraine Reconstruction Initiative which may come forward at short notice in 2023/24; this is to support a ministerial direction where UKEF is expected to support UK exports to Ukraine in the national interest.

Since Covid-19, UKEF has seen a significant increase in claims, mainly relating to the downturn in the Aero sector. Any resultant claims have been included in the Estimate within Resource AME. UKEF seeks to recover any claims paid, so the payment of a claim does not indicate the ultimate loss to taxpayers. Also included in the Estimate are accelerated claims and changes to claims provision to reflect the downturn in certain markets where UKEF operates. Finally, an allowance for loan impairments on direct lending activities has also been included which reflects the challenges in markets where UKEF provides support.

UKEF proposes a Capital AME budget of **£2,036 million** for 2023/24, an **increase of £1,237 million (+154.8%)** compared with last year's final budget of £799 million. This reflects the latest Direct Lending pipeline/forecast. Direct lending forecasts are based on the judgements of UKEF's underwriters who draw on available transaction pipeline information, market intelligence and the estimated likelihood of transactions materialising within the financial year. Customer demand can vary due to external market conditions making the forecasting challenging and therefore subject to variability.

UK Atomic Energy Authority Pension Scheme

UKAEA Pension Scheme proposes a Resource AME budget of **£246.6 million** for 2023/24, a **decrease of £21.6 million (-8.1%)** compared with last year's final budget of £268.2 million. This decrease is mainly due to the current service cost being significantly lower as a percentage of pensionable pay due to the discount rate net of CPI inflation increasing

The net cash requirement is £257.4 million for 2023/24, a decrease of £21.1 million compared with last year's final budget of £236.2 million.

Serious Fraud Office

The Serious Fraud Office (SFO) proposes a Resource DEL budget of **£58.3 million** for 2023/24, a **reduction of £20.3 million (-25.8%)** from last year's final budget of £78.6 million. This reduction is reflective of the circumstances of the SFO whereby access to the Reserve is available for the additional cost of cases above 4% of non-ringfenced Resource DEL; this adjustment will be carried out at the Supplementary Estimates.

The SFO proposes a Capital DEL budget of **£2.9 million** for 2023/24, a **decrease of £2.6 million (-47.3%)** from last year's final budget of £5.5 million.

The SFO proposes a nil Resource AME budget for 2023/24, a **decrease of £4.5 million** from last year's final budget. AME at the SFO is used exclusively for the recording of new, or increases in existing, legal provisions at the end of the financial year.

Water Services Regulation Authority

The Water Services Regulation Authority (WSRA or OFWAT) is the economic regulator of the water industry in England and Wales as principally set out in the Water Industry Act 1991, Water Act 2003, and Water Act 2014.

OFWAT proposes a Resource DEL budget of **£0.1 million** for 2023/24, a **reduction of £0.86 million (-84.3%)** from last year's final budget of £1.0 million. This is mainly due to funding required last year for professional services not being repeated.

OFWAT proposes a Capital DEL budget of **£0.86 million** for 2023/24, a **decrease of £2.2 million (-72.0%)**; this is mainly due to the capital budget for 2022/23 reflecting additional funding required for the IFRS 16 accounting standard changes.

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