

By Philip Brien

14 December 2021

Public spending by country and region

Summary

- 1 Introduction
- 2 Spending per person, 2020/21
- 3 Detailed comparisons of countries and regions
- 4 Further reading

Disclaimer

The Commons Library does not intend the information in our research publications and briefings to address the specific circumstances of any particular individual. We have published it to support the work of MPs. You should not rely upon it as legal or professional advice, or as a substitute for it. We do not accept any liability whatsoever for any errors, omissions or misstatements contained herein. You should consult a suitably qualified professional if you require specific advice or information. Read our briefing [‘Legal help: where to go and how to pay’](#) for further information about sources of legal advice and help. This information is provided subject to the conditions of the Open Parliament Licence.

Feedback

Every effort is made to ensure that the information contained in these publicly available briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Please note that authors are not always able to engage in discussions with members of the public who express opinions about the content of our research, although we will carefully consider and correct any factual errors.

You can read our feedback and complaints policy and our editorial policy at commonslibrary.parliament.uk. If you have general questions about the work of the House of Commons email hcenquiries@parliament.uk.

Contents

Summary	5
1 Introduction	6
2 Spending per person, 2020/21	7
3 Detailed comparisons of countries and regions	9
3.1 Current and capital spending	9
3.2 Spending per job	10
3.3 Changes over time	11
3.4 Spending by function	12
4 Further reading	17

Summary

This briefing paper gives figures on the level of public spending in England, Scotland, Wales and Northern Ireland. It also gives figures for the English regions.

In 2020/21, public spending per person in the UK as a whole was £13,414. In England, it was £13,166 (2% below the UK average). This compares with:

- Scotland: £14,842 (11% above the UK average)
- Wales: £14,222 (6% above the UK average)
- Northern Ireland £15,357 (14% above the UK average).

Among the English regions, public spending per person was lowest in the East Midlands at £12,133 (10% below the UK average) and highest in London at £15,490 (15% higher than the UK average).

The data shown are for public spending per person and are taken from HM Treasury's [Country and regional analysis: 2021](#), which contains more detailed information including spending by function (health, education etc).

Spending figures for 2020/21 reflect the unusual spending situation caused by the Covid-19 pandemic, and are different in some respects from spending patterns in previous years.

1

Introduction

For many types of spending, we have a good idea of how much goes to each region or nation within the UK. This ‘identifiable expenditure’ (or identifiable spending) covers around 90% of total public spending¹ and is the focus of this briefing.² The remaining 10% is regarded as benefiting the UK as a whole and therefore is not attributed to a particular region or nation – a classic example is spending on defence.

For Scotland, Wales and Northern Ireland, the data include spending by the devolved administrations but also spending in these countries by UK Government departments. For example, the Department for Work and Pensions is responsible for social security spending throughout Great Britain. So, for example, DWP spending on social security in Scotland is included under Scotland in the tables below.

These figures show the amount of money that was spent in each country and region; however, this does not reflect the process of allocating money in the first place. Spending is first divided up among the Government departments in Spending Reviews every few years, and it is then up to each department to decide what to spend this money on.³

Parliament has no direct role in allocating spending, but it does approve the Government’s departmental spending plans as part of the Estimates process. For more on the most recent set of Estimates, see the Library’s briefing paper [Main Estimates: Government spending plans for 2021-22](#).

¹ Public spending includes spending by central government, local government and public corporations.

² For further information on the classification see [section 6.3 of the guidance document](#) accompanying HM Treasury’s Country and regional analysis: 2021 publication.

³ For information on the most recent Spending Review, see the Library briefing papers [Background to the Autumn Budget and Spending Review 2021](#) and [Autumn Budget and Spending Review 2021: A summary](#).

2

Spending per person, 2020/21

The chart below shows public spending per person for each country and region. The figures show considerable variation between the different parts of the UK. For example, public spending per person is £13,166 in England compared with £15,357 in Northern Ireland – a difference of around £2,200. Public spending per person in Northern Ireland is 14% higher than the UK average, in Scotland it is 11% higher and in Wales 6% higher. There are also differences in spending levels between the English regions, where spending per person ranges from £12,113 in the East Midlands to £15,490 in London.



Source: HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, table A1.b

To interpret these figures correctly, it's important to bear two points in mind. First, the scope of the public sector varies between countries. For example, water supply is in the public sector in Scotland and Northern Ireland but in the private sector in England and Wales. Second, the figures are intended to give a broad overview and cannot be regarded as a precise measure. This is because it is not always easy to decide who benefits from particular spending and simplifying assumptions are made in compiling the data. Small differences in spending between regions should not, therefore, be regarded as significant.

Spending figures for 2020/21 are distorted relative to those in previous years because of the extra public spending associated with the Covid-19 pandemic.

The differing needs of certain areas of the country resulted in patterns of spending that may not reflect those in normal times; for example, higher spending on healthcare or on support for businesses due to the pandemic may not have followed the same distribution as spending on those areas in previous years. This is discussed further in section 3.4.

It is therefore important not to draw overall conclusions about which areas generally receive particular levels of funding based only on a single year's data. For more information, please see the Library's briefing on [Public spending during the Covid-19 pandemic](#).

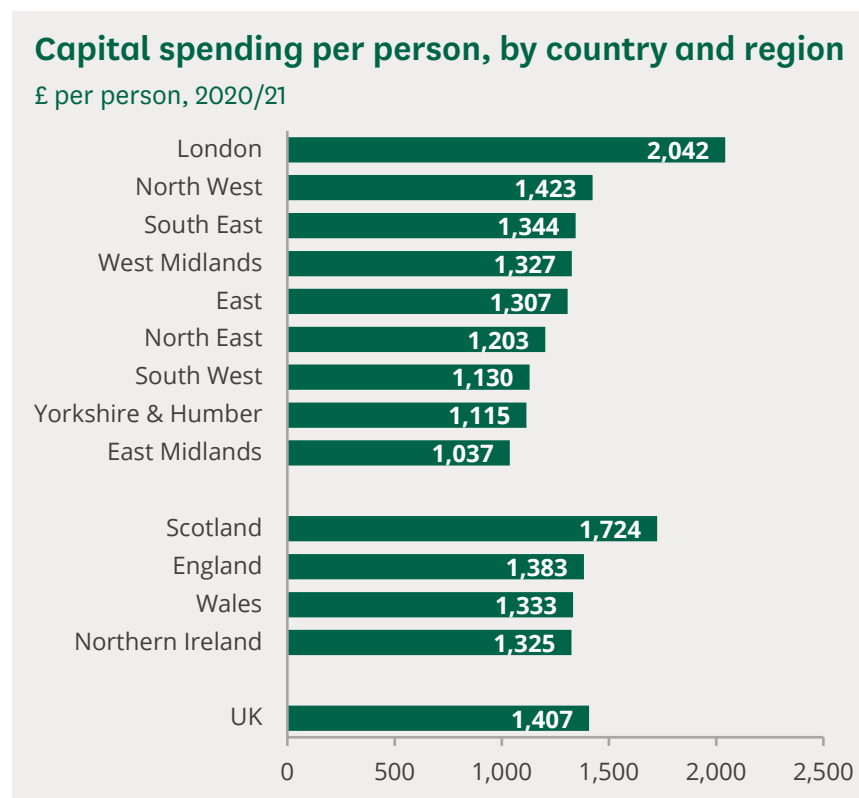
3 Detailed comparisons of countries and regions

3.1 Current and capital spending

Public spending in the UK can be divided up into two main categories:

- **‘Current’** or ‘resource’ spending is money spent on things that are used up, such as salaries;
- **‘Capital’** or ‘investment’ spending is money spent on things that last, such as buildings, vehicles or financial assets.

In 2020/21, 10.5% of identifiable spending in the UK was capital spending. This broke down across the different countries and regions as follows:



Source: HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, table A3.b

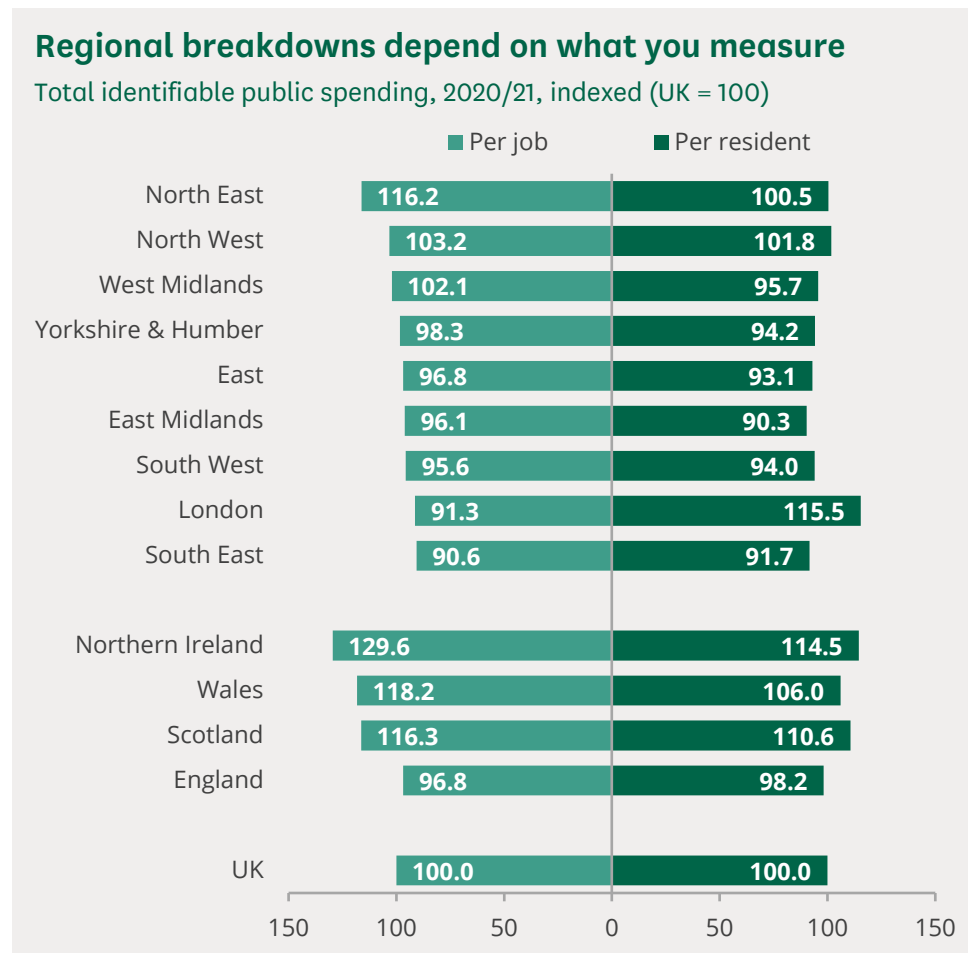
Scotland had the highest capital spending out of the four nations of the UK by this measure, at £1,724 per person, while Northern Ireland had the lowest at £1,325. Among the English regions, London had the highest spending, at £2,042 per person, while the East Midlands had the lowest at £1,037.

The Institute for Fiscal Studies explain in their 2020 Green Budget report that London's capital spending is largely driven by high spending on transport, particularly spending on the railways.⁴ However, this is not the whole story – Wales, Northern Ireland, and every region of England other than the North West would have had levels of capital spending per person lower than London in 2020/21 even if London's transport spending were removed.⁵ See section 3.4 for more information on spending by government function.

3.2

Spending per job

Spending per person is a fairly standard way of representing spending and is the figure that appears in the Treasury's analysis. However, it is not the only option for presenting spending figures. If we present the total spending figures divided by the number of jobs in each region, rather than the number of residents, this changes the breakdown:



Source: Library calculations, based on HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, and ONS, dataset [S01: Regional labour market summary](#), 16 November 2021

⁴ Institute for Fiscal Studies, [Levelling up: where and how?](#) (Chapter 7 of Green Budget 2020), 2 October 2020

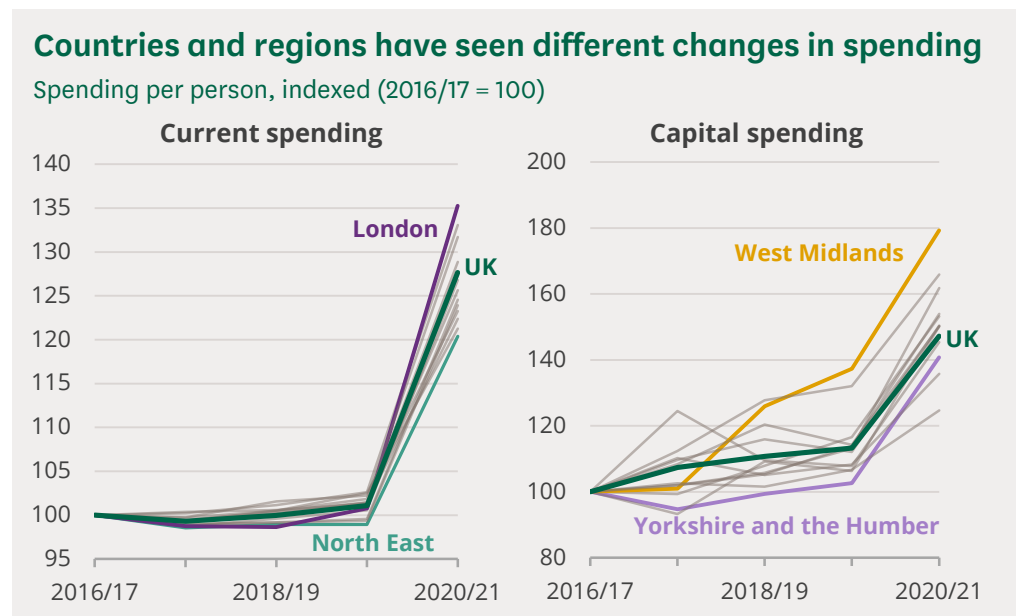
⁵ Library calculation, based on HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021

In particular, London's position completely shifts between the two measures. Its large number of jobs relative to its number of residents (because so many people commute in) means that its spending per resident is the highest of any English region (at 115.5% of the UK average), but its spending per job is lower than almost all other countries and region of the UK (91.3% of the UK average).

3.3

Changes over time

Following a few years of identifiable spending being nearly flat in real terms across the UK, spending increased sharply in all countries and regions during the Covid-19 pandemic. The changes were far more uniform for current spending than they were for capital spending, as the charts below show.



Source: HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, table A4.b

These charts show spending per person in every country and region, indexed so that the level of spending in 2016/17 is shown as 100. This lets us compare what happened to each area for each type of spending.

Current spending had a fairly consistent pattern between the countries and regions before the pandemic, with the level slowly increasing for most regions in 2018/19 and 2019/20, before increasing everywhere in 2020/21. This expansion in spending was not uniform across countries and regions, with London's spending per person increasing proportionally more than any other region.

Capital spending tends to be much more volatile, and some areas did much better than others. The West Midlands' capital spending per person increased in every year over the period even before the pandemic, particularly in 2018-19 and 2019-20 as [spending on the High Speed 2 rail line](#) started to

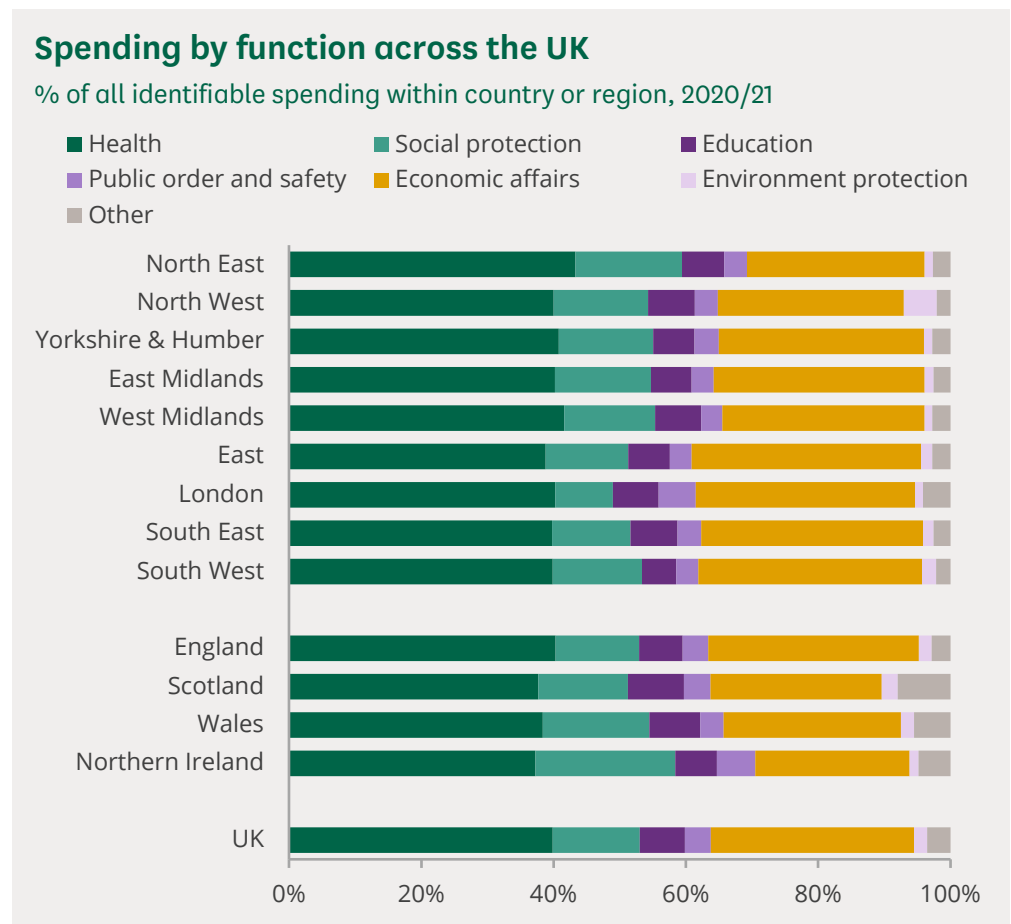
accelerate; at the other end of the scale, capital spending in Yorkshire and the Humber had barely made it above its 2016/17 level by 2019/20.

3.4

Spending by function

Total spending

The analysis published by the Treasury also includes a breakdown of spending by function – that is, what the money has been spent on. We can use this to show that spending is typically spent on largely the same kind of things in the different countries and regions across the UK.



Source: HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, database

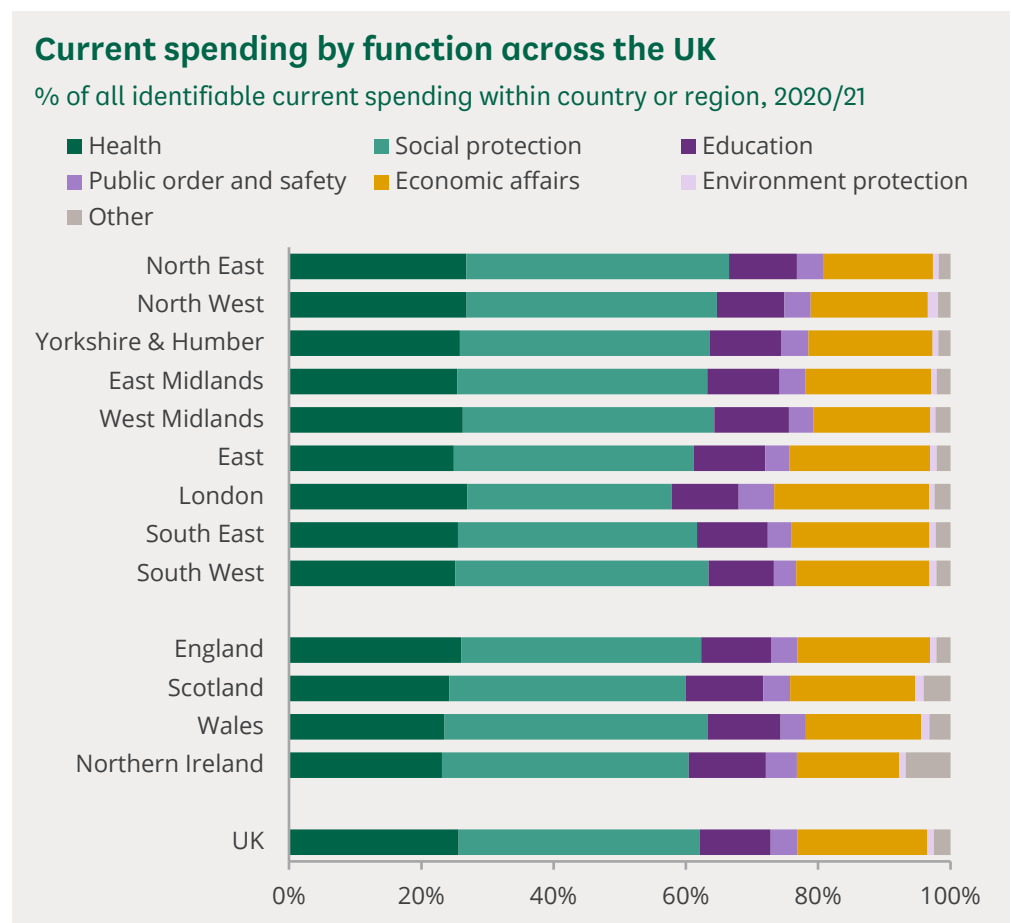
There are some key differences – for example, London spends proportionally less on social protection than any other country or region, and England as a whole spends more on health than any of the other nations – but the overall pattern is consistent. Health makes up the largest proportion of spending in every country and region, followed by economic affairs, social protection and education. Spending on economic affairs made up a far larger proportion in 2020/21 than it had in 2019/20, largely because of extra spending on things like the Coronavirus Job Retention Scheme (CJRS).

Digging more deeply into the data, we can find some specific areas of spending that are very different between different areas. The largest difference is found in spending on “religious and other community services” – in Northern Ireland, spending on this function in 2020/21 came to about £24 per person, while in most countries and regions of the UK net spending on this function was much smaller, and in some cases negative (that is, the public sector received more money than it spent).

Other functions reflect different ways that the public sector is organised in different places. Spending on “water supply” was £174 per person in Northern Ireland and £82 per person in Scotland (where the water supply is nationalised), and pennies per person everywhere else in the UK (where it is in the private sector). Similarly, spending on “broadcasting and publishing services” was £29 per person in Wales and no higher than around £8 per person anywhere else, largely because the Government currently partly funds the Welsh-language TV channel S4C.⁶

Current and capital spending

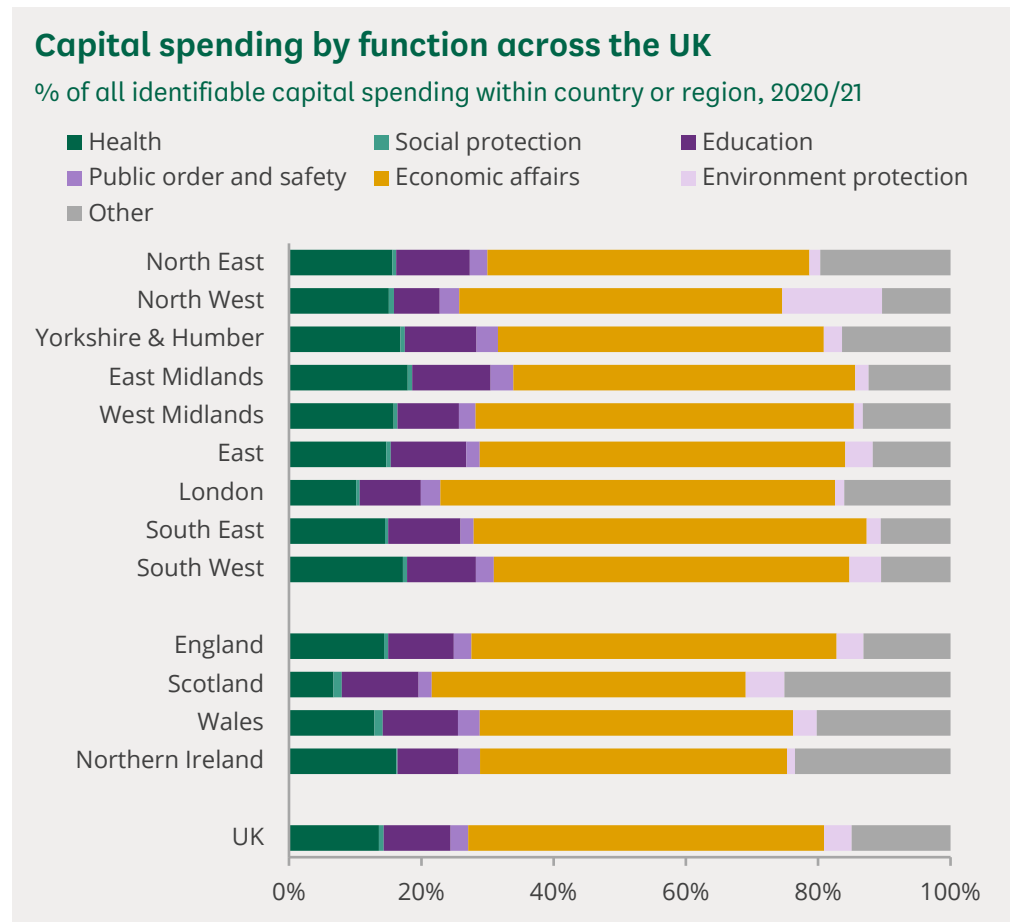
We can also do similar analysis for current and capital spending, as follows:



Source: HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, database

⁶ The Government’s long-term plan is for S4C to be [funded entirely by the TV licence fee](#).

The proportion of current spending allocated to different functions of government is reasonably consistent between countries and regions. The biggest variation from the UK average is seen in London, which had a higher proportion of spending on economic affairs and a lower proportion on social protection than in any other country or region.



Source: HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, database

The capital spending breakdown is very different to that for current spending (largely because very little social protection spending is capital) and is much more varied. The largest variations are seen in spending on economic affairs (which includes transport, as discussed above) and on environment protection. The North West's 15% of capital spending on this function is over three times higher than the proportion spent on it by any other region or country, probably because the Sellafield nuclear site is in this region and processes much of the UK's spent nuclear fuel.

Changes from 2019/20

The Covid-19 pandemic resulted in much higher spending in 2020/21 than in 2019/20, and these increases were not evenly distributed across the country. The map on page 16 shows how much spending per person increased for the four functions of government where the overall increase was greatest: economic affairs (which included several of the Covid-19 employment and business support schemes), health, education, and social protection. Note

that these increases represent all public spending on these functions, not just that specifically intended to deal with the effects of the pandemic.

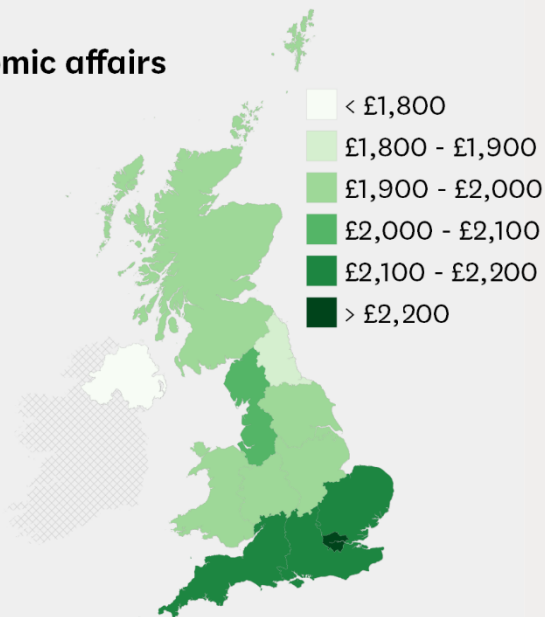
The map shows that spending on economic affairs accounted for a much larger increase in spending than any other function. Increases in this spending were particularly high in London (where spending on economic affairs increased by £3,012 per person between 2019/20 and 2020/21) and lowest in Northern Ireland (an increase of £1,660 per person).

However, health spending increased more in the North West of England (£885 per person) than it did anywhere else, with the lowest increase being found in Wales (£659 per person). Spending increases in general were much more modest for education and social protection; for education, the largest increase was found in Northern Ireland (£234 per person) while for social protection it was London (£514 per person).

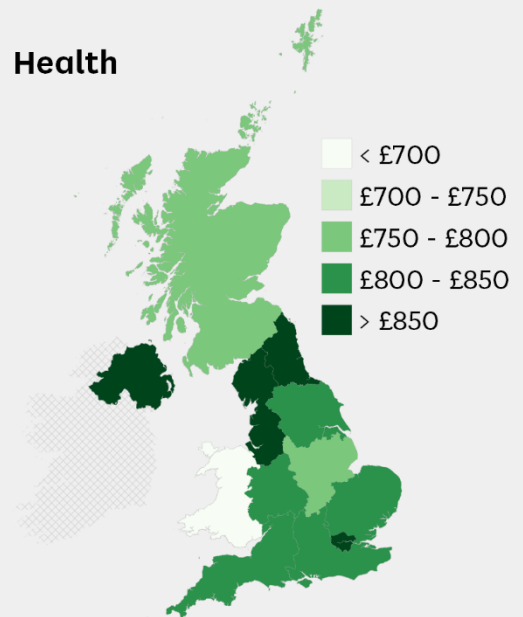
Changes in public spending per person in 2020/21, by country and region

£ per person, increase in spending on specific function between 2019/20 and 2020/21

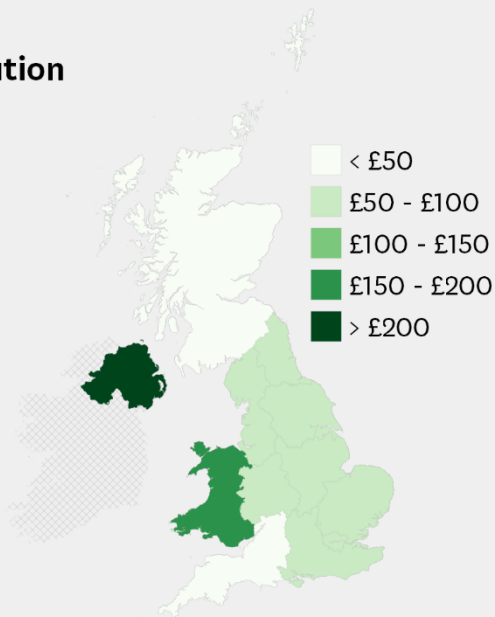
Economic affairs



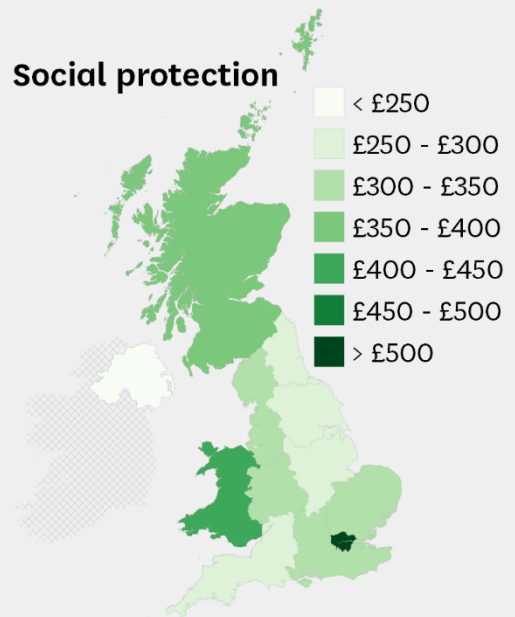
Health



Education



Social protection



Note: Colour ranges represent different amounts of money for each function in order to show differences more clearly.

Source: HM Treasury, [Country and regional analysis: 2021](#), 24 November 2021, database

4

Further reading

Analysis of an alternative way of breaking down public spending between countries and regions, along with a comparison of the amount that each country and region contributes in tax receipts, can be found in the Library's briefing paper [Country and regional public sector finances](#) (CBP 08027).

Information on each country and region's economic performance can be found in [Regional and National Economic Indicators](#) (SN 06924).

Statistics and analysis on the economic impact of the 2020 coronavirus pandemic, and the spending measures that the Government took to deal with it, can be found in our briefing paper [Coronavirus: Economic impact](#) (CBP 08866).

Other Library briefings on public spending include:

- [Public spending: a brief introduction](#) (CBP 08046)
- [The public finances: a historical overview](#) (CBP 08256)
- [Main Estimates: Government spending plans for 2021-22](#) (CBP 09248)
- [Public spending during the Covid-19 pandemic](#) (CBP 09309)

The House of Commons Library is a research and information service based in the UK Parliament. Our impartial analysis, statistical research and resources help MPs and their staff scrutinise legislation, develop policy, and support constituents.

Our published material is available to everyone on commonslibrary.parliament.uk.

Get our latest research delivered straight to your inbox. Subscribe at commonslibrary.parliament.uk/subscribe or scan the code below:



 commonslibrary.parliament.uk

 [@commonslibrary](https://twitter.com/commonslibrary)