



## The outcome of the 2013 Spending Review

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The 2013 Spending Review divided Government spending between departments for the year 2015/16. The key points were:

### Spending

- Total public spending will be £745 billion in 2015/16 (43.1% of GDP). Of this, £50 billion or 7% will be capital spending.
- Total Departmental Expenditure Limits (DEL) in 2015/16 will be 2.3% lower in real terms than in 2014/15. Resource DEL will fall by 2.7%. Capital DEL will increase by 1.3%.
- The Department of Health, the schools budget and the international development budget will be protected, meaning that they will not fall in real terms.

### Welfare cap

- The Government will set a cap on a significant proportion of welfare spending. This will exclude state pension payments and Jobseeker's Allowance but include other social security and tax credits. Details of the cap for 2015/16 will be set out in the 2014 Budget. The cap is likely to apply to around £100 billion of spending, just under half the total.

### Capital spending

- Capital allocations for each department in 2015/16 were set out in the Spending Review. Longer term infrastructure plans were published in [Investing in Britain's future](#).

### Public sector pay

- Automatic pay increases (progression pay) in the civil service to be abolished by 2015/16.

### Single Local Growth Fund

- Following recommendations from Lord Heseltine, a Single Local Growth Fund will be set up in 2015/16, financed from departmental budgets, to support economic development in local areas.

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## 1 Introduction

The 2013 Spending Review was announced on 26 June and sets out plans for spending by Government departments for a single financial year, 2015/16. The [Spending Review 2013 website](#) features a range of resources on the Spending Review, including the [main document](#). Economic and public finances information relevant to the Spending Review is available in the Library Note, [Background to the 2013 Spending Review](#).

The 2013 Budget set out the total amount that the government will spend in 2015/16. The Spending Review divides this amount between departments. The table below shows total government spending in the following categories:

- **Current spending** is on items that are consumed in the process of providing public services and tend to recur each year. These include public sector salaries and social security payments. This type of spending is also referred to as 'resource spending.'
- **Investment spending** is on items that are counted as government assets, such as military equipment, buildings or land. Gross investment includes depreciation.

Capital and current spending are divided into:

- **Departmental Expenditure Limits (DEL)**: spending which can be planned several years ahead, such as public sector salaries and the administration costs for most government programmes.
- **Annually Managed Expenditure (AME)**: spending which it is more difficult to plan several years ahead, such as social security payments and national debt interest payments.

### Total Government Spending

*£ billion*

	2014/15	2015/16	% change
	Current prices		Real terms
Public sector current expenditure	679.9	694.2	0.3%
Public sector gross investment	50.4	50.4	-1.8%
Total Managed Expenditure	730.3	744.7	0.2%
<i>Memo: TME baseline for years after 2014/15</i>	735.9	744.7	-0.6%

Source: HM Treasury, *Spending Review 2013*, Table 1.1

## 2 Departmental Expenditure Limits

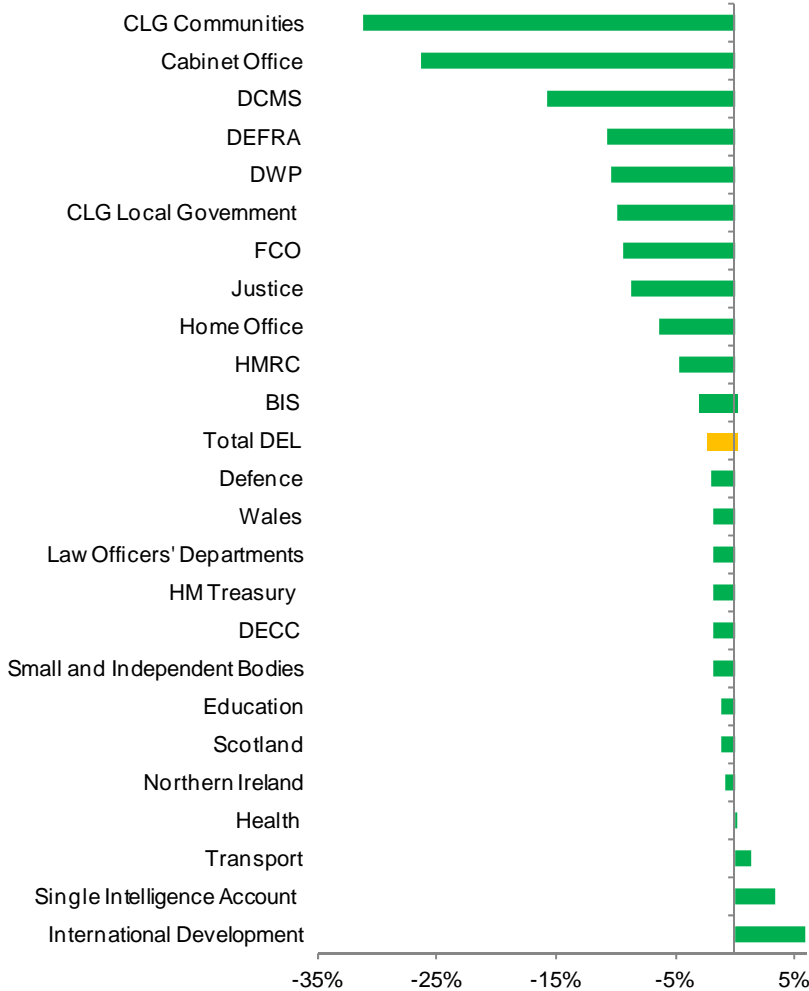
### 2.1 Total DEL

Total DEL (current and capital DEL) will fall from £363.0 billion in 2014/15 to £361.2 billion in 2015/16 (current prices). This is a 2.3% fall in real terms.

The fall in total DEL is not divided evenly between departments. The amount that some departments are able to spend has been protected, meaning that there will be greater reductions in the amount other departments are able to spend. The following chart shows the percentage change in total DEL in 2015/16 compared with 2014/15 for the main departments. Tables showing changes in resource, capital and total DEL are in the Appendix at the end of this note.

**Total DEL - real terms % change 2014/15 to 2015/16**

*Some small departments not shown but included in total DEL figure  
Source: 2013 Spending Review, Table A.2*



*Note: % changes for small departments approximate as based on figures rounded to nearest £100m*

The biggest fall in percentage terms is the Department for Communities and Local Government (DCLG) communities budget – which falls from £6.0 billion to £4.3 billion in

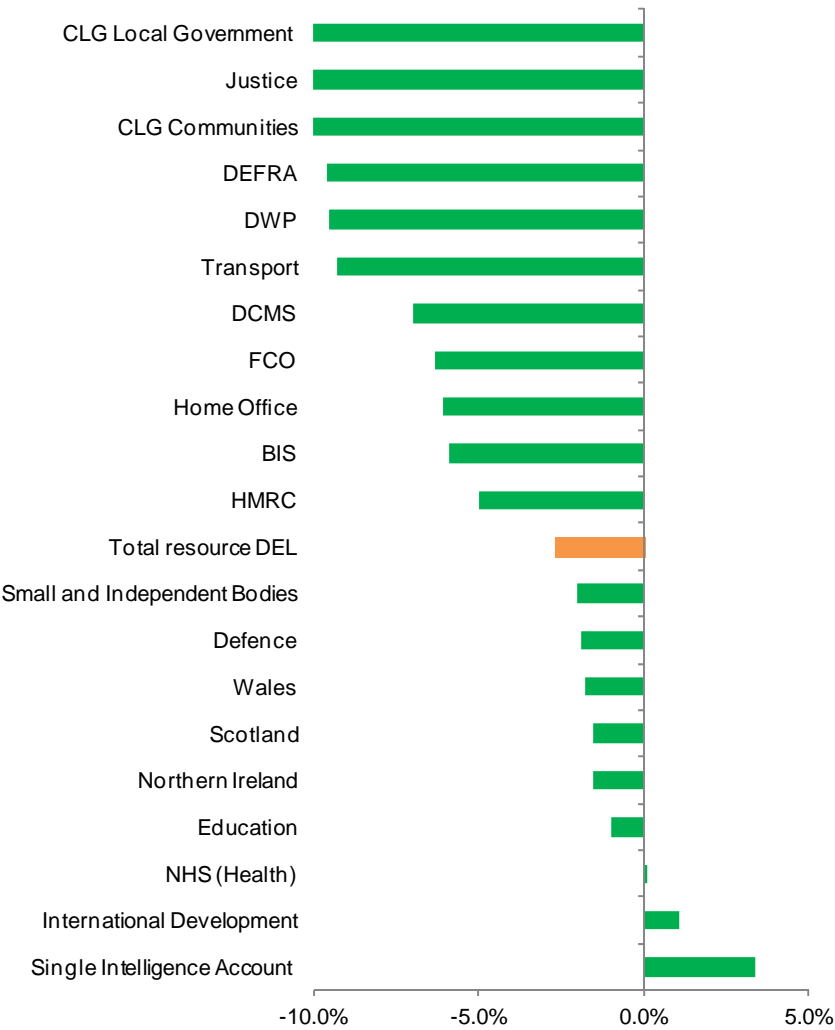
current prices – a 30% fall in real terms. The Cabinet Office budget sees a 26% fall, and the Department for Culture, Media and Sport budget falls by 16%.

Total DEL in some departments rises between 2014/15 and 2015/16. The International Development budget rises from £10.3 billion to £11.1 billion in current prices – a real terms increase of 5.9%. Total DEL for the Single Intelligence Account (which includes the security and intelligence agencies) rises by 3.4%, the Department for Transport’s total DEL rises by 1.4%, due to an increase in capital DEL of 5.5%. The Department of Health’s total DEL rises from £113.0 billion in 2014/15 to £115.1 billion in 2015/16. This is equivalent to a 0.1% real terms increase.

**2.2 Resource DEL**

The resource DEL (RDEL) budget for all departments fell from £316.0 billion in 2014/15 to £312.9 billion in 2015/16 (current prices), a 2.7% fall in real terms. As with total DEL, some departments saw their RDEL increase, meaning that other departments saw larger percentage falls.

**Resource DEL - real terms % change 2014/15 to 2015/16**  
*Excluding depts with <£1 billion Resource DEL*  
*Source: 2013 Spending Review, Table 1*



RDEL allocated to DCLG communities, DCLG local government and the Ministry of Justice budgets will fall by 10.0% in real terms in 2015/16.

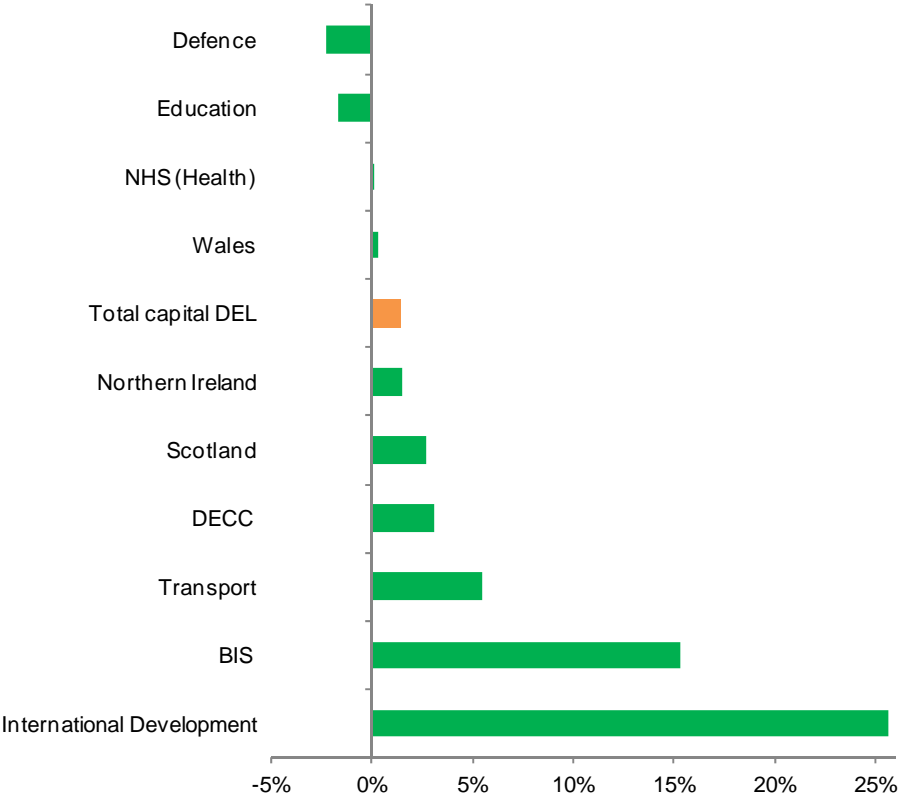
Other departments that will see above average falls in RDEL include the Home Office (which will see RDEL fall from £10.4 billion to £9.9 billion – 6.1% in real terms) and the Department for Business, Innovation and Skills which will see RDEL fall from £13.6 billion to £13.0 billion – 5.9% in real terms.

The Department of Health RDEL will be protected in real terms and the Department for International Development RDEL will rise by 1.1% in real terms. The only other major spending area to see a rise in RDEL in real terms is the Single Intelligence Account which will rise by 3.4% in real terms, the largest real terms percentage increase of RDEL in any spending area.

**2.3 Capital DEL**

The Capital DEL (CDEL) budget for all departments rose from £46.9 billion in 2014/15 to £48.3 billion in 2015/16, a real terms increase of 1.3%.

**Capital DEL - real terms % change 2014/15 to 2015/16**  
*Excluding depts with < £1 billion Capital DEL*  
*Source: 2013 Spending Review, Table 2*



Capital DEL allocated to the Ministry of Defence will fall by 2.3% in real terms, whilst the Department for Education CDEL will fall by 1.7%.

Capital DEL in the Department for Transport will rise from £8.9 billion to £9.5 billion, a 5.5% increase in real terms. Capital DEL in the Department for Business, Innovation and Skills will rise by 15.3% to £2.5 billion. The Capital DEL budget in the Department for International

development will rise to £2.6 billion, an increase of 26%, the largest percentage increase of any CDEL budget.

### 3 Comments on each department’s settlement

#### Department for Education

- The schools budget and the Pupil Premium protected in real terms
- Funding for up to 180 new Free Schools, 20 new Studio Schools and 20 new University Technical Colleges a year
- Reforms to progression pay for teachers
- Consultation on the national funding formula for schools to be announced
- Reduction in the Education Services Grants by around £200m in 2015/16, consultation on how this will be implemented
- [Review of efficiency in schools](#) also published

**Department for Education**  
£ billion

	<b>2014/15</b>	<b>2015/16</b>
Resource DEL (a)	52.8	53.2
Capital DEL	4.6	4.6
<b>Total DEL</b>	<b>57.3</b>	<b>57.7</b>

Source: HM Treasury, Spending Round 2013  
Note: (a) excludes depreciation

#### Department of Health

- Growth in overall NHS spending: 0.1% in real terms in 2015/16
- Additional £2bn a year to join up health and social care services, extra £200m in 2014/15 to speed this up
- Reforms to progression pay for health service staff
- Plans for an overhaul of NHS procurement that could save £1bn will be published in summer

**Department of Health**  
£ billion

	<b>2014/15</b>	<b>2015/16</b>
Resource DEL (a)	108.3	110.4
Capital DEL	4.6	4.7
<b>Total DEL</b>	<b>113.0</b>	<b>115.1</b>

Source: HM Treasury, Spending Round 2013  
Note: (a) excludes depreciation

## Department for Transport

- 5.5% real terms increase in capital provision for critical transport infrastructure
- Over £70bn of transport investment announced in *Investing in Britain's future* including £28bn in roads and £9bn for Network Rail

### Department for Transport

£ billion

	2014/15	2015/16
Resource DEL (a)	3.5	3.2
Capital DEL	8.9	9.5
Total DEL	12.3	12.7

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Department for Communities and Local Government

- £45m of capital spending for the Fire Efficiency Incentive Fund to ensure fire service assets are appropriately located
- £30m resource fund through Local Government to encourage joint working between fire and rescue authorities and other emergency services
- Social rents will increase by CPI plus one (currently RPI plus 0.5) a year from 2015/16 to 2024/25

### Department for Communities and Local Government

£ billion

	2014/15	2015/16
Resource DEL (a)	1.2	1.1
Capital DEL	4.8	3.1
Total DEL	6.0	4.3

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Local Government

- £3.8bn of pooled funding between the NHS and local authorities for integrated health and social care services
- £833m available for local authorities who freeze Council Tax
- £200m for 400,000 Troubled Families
- £335m available for local authorities to prepare for social care funding reforms



### Local Government (a)

£ billion

	2014/15	2015/16
Resource DEL (b)	25.6	23.5
Local Government Spending c)	54.8	54.5

Source: HM Treasury, Spending Round 2013

Note: (a) Local Government has no Capital DEL, however local authorities receive capital grants from other government departments and have the flexibility to raise capital locally (e.g through Prudential Borrowing)  
(b) In this table, Resource DEL includes the OBR's forecast for localised business rates that local authorities can now retain following changes to the local government finance system, but does not yet include the council tax freeze measures announced as part of the Spending Round, and excludes depreciation  
(c) Local Government Spending includes central government grants to local authorities (including Revenue Support Grant) plus the OBR's forecast of council tax and the local share of business rates, and is a measure of resources available for council services. Values are based on indicative allocations from departments.

### Department for Business, Innovation and Skills

- £1.1bn to maintain capital spending in real terms, to increase in line with inflation to 2020/21
- £4.6bn to maintain resource funding on science in cash terms
- £185m of additional resource funding for the Technology Strategy Board to support innovation
- Higher education student maintenance grants frozen in cash terms
- National Scholarship Programme refocused to postgraduate students
- Consultation on apprenticeships funding in summer

### Department for Business, Innovation and Skills

£ billion

	2014/15	2015/16
Resource DEL (a)	13.6	13.0
Capital DEL	2.1	2.5
Total DEL	15.7	15.5
Memo: Green Investment Bank (b)	0.0	1.3

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation  
(b) although excluded from these figures for comparison purposes this will form part of BIS CDEL control total in 2015/16

### Home Office

- Up to £50m innovation fund available for police forces to work jointly together and with local authorities
- Police counter-terrorism budget frozen in cash terms
- Reforms to progression pay for the police

## Home Office

£ billion

	2014/15	2015/16
Resource DEL (a)	10.4	9.9
Capital DEL	0.5	0.4
Total DEL	10.8	10.3

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Ministry of Justice

- Figures include £200m savings in the cost of courts, £180m reduction in the cost of public sector prisons and proposed savings from the reforms of legal aid
- Reforms to progression pay for prison staff

## Ministry of Justice

£ billion

	2014/15	2015/16
Resource DEL (a)	6.8	6.2
Capital DEL	0.3	0.4
Total DEL	7.1	6.6

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Ministry of Defence

- 1% real terms increase per year in the Equipment Plan from 2015/16 to 2020/21
- Level of armed forces personnel maintained
- Estimated £2bn of military equipment to be bought back from Afghanistan
- £1bn Conflict, Stability and Security Fund to pool resources to prevent conflict and tackle threats to UK that arise from abroad. Priorities to be set by the National Security Council

## Ministry of Defence

£ billion

	2014/15	2015/16
Resource DEL (a)	23.9	23.9
Capital DEL (b)	8.7	8.7
Total DEL	32.7	32.6

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

(b) This excludes any additional carry forward into the MoD 2014/15 control total as the exact profile is yet to be agreed with MoD and excludes minor baseline adjustments

## Foreign and Commonwealth Office

- £70m for work with UK Trade and Investment to support growth and exploit commercial opportunities
- Funding for UKTI tied to reforms to strengthen commercial focus
- Size and shape of embassies maintained
- £1bn Conflict, Stability and Security Fund to pool resources to prevent conflict and tackle threats to UK that arise from abroad. Priorities to be set by the National Security Council

### Foreign and Commonwealth Office

£ billion

	2014/15	2015/16
Resource DEL (a)	1.2	1.1
Capital DEL	0.1	0.1
Total DEL	1.3	1.2

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Department for International Development

- Funding for UK Official Development Assistance maintained at 0.7% of gross national income
- £969m for climate change projects in developing countries, funded by DFID, DECC and DEFRA

### Department for International Development

£ billion

	2014/15	2015/16
Resource DEL (a)	8.3	8.5
Capital DEL	2.0	2.6
Total DEL	10.3	11.1

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Department of Energy and Climate Change

- £969m for climate change projects in developing countries, funded by DFID, DECC and DEFRA

## Department of Energy and Climate Change

£ billion

	2014/15	2015/16
Resource DEL (a)	1.0	1.0
Capital DEL	2.2	2.3
Total DEL	3.3	3.3

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Department for Environment, Food and Rural Affairs

- Flood defences resource spending maintained in cash terms
- £40m available to South West Water in 2015/16 to enable it to continue to reduce customer bills by £50 per year
- £969m for climate change projects in developing countries, funded by DFID, DECC and DEFRA

## Department for Environment, Food and Rural Affairs

£ billion

	2014/15	2015/16
Resource DEL (a)	1.7	1.6
Capital DEL	0.5	0.5
Total DEL	2.2	2.0

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Department for Culture, Media and Sport

- 5% cuts to museums, arts and community sports – less than overall
- Four year pilot on operational freedoms for national museums

## Department for Culture, Media and Sport

£ billion

	2014/15	2015/16
Resource DEL (a)	1.2	1.1
Capital DEL	0.3	0.1
Total DEL	1.4	1.2

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Department for Work and Pensions

- Cap on welfare (AME) cash spending to be introduced (excluding state pensions and automatic stabilisers such as Jobseekers Allowance and passported benefits), will be announced in Budget 2014

- £350m in savings to be achieved through changes to benefits
- Support and requirements for those on Jobseekers Allowance increased
  - Wait seven days before becoming eligible for financial support
  - Upfront work search including registering on Universal job match
  - Weekly signing for around half of all jobseekers
  - Longer initial interview and quarterly restart interviews for all job seekers
  - Mandatory English course for those whose spoken language is a barrier to work
- All claimants required to verify claims once a year
- Work preparation for lone parents when their youngest child turns three
- From autumn 2015 Winter Fuel Payments no longer payable to people living in a European country with an average winter temperature higher than the UK

**Department for Work and Pensions**

£ billion

	<b>2014/15</b>	<b>2015/16</b>
Resource DEL (a)	5.5	5.0
Capital DEL	0.2	0.2
Total DEL	5.7	5.2

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation. DWP's settlement includes £0.9 billion of additional non-baselined funding in 2015/16 for the implementation of major reform programmes and some volume based employment activity

**Devolved Administrations**

- Real terms increase in capital spending for all three Devolved Administrations
- £31m for the Police Service of Northern Ireland to strengthen counter-terrorism
- Additional £100m of capital borrowing for the Northern Ireland Executive over 2014/15 and 2015/16 to fund shared future projects in housing and education
- £296m capital borrowing power for the Scottish Government in 2015/16 to support infrastructure investment
- Housing Revenue Account Subsidy in Wales to be reformed to give greater financial flexibility

## Devolved Administrations

£ billion

	2014/15	2015/16
<b>Scotland</b>		
Resource DEL (a) (b)	25.6	25.7
Capital DEL c)	2.8	3.0
Total DEL	28.4	28.6
<b>Wales</b>		
Resource DEL	13.6	13.6
Capital DEL	1.4	1.5
Total DEL	15.1	15.1
<b>Northern Ireland</b>		
Resource DEL (d)	9.6	9.6
Capital DEL	1.0	1.1
Total DEL	10.6	10.7

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

(b) Scottish Government RDEL will be adjusted to take account of devolved taxes in 2015/16 once the two Governments have agreed an adjustment mechanism

(c) Does not include new Scottish capital borrowing powers of £296m

(d) Northern Ireland Executive RDEL adjusted to take account of devolved air passenger duty

## HM Revenue and Customs

- Increase in HMRC's target for additional revenues to £24.5bn in 2015/16
- Debt collection agencies to be paid by results to collect £95m of tax credit debt over the next two years

### HM Revenue and Customs

£ billion

	2014/15	2015/16
Resource DEL (a)	3.2	3.1
Capital DEL	0.1	0.1
Total DEL	3.4	3.3

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## HM Treasury

### HM Treasury

£ billion

	2014/15	2015/16
Resource DEL (a)	0.1	0.1
Capital DEL	0.0	0.0
Total DEL	0.1	0.1

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## Cabinet Office

### Cabinet Office

£ billion

	2014/15	2015/16
Resource DEL (a)	0.4	0.3
Capital DEL	0.0	0.0
Total DEL	0.4	0.3

Source: HM Treasury, Spending Round 2013

Note: (a) excludes depreciation

## 4 Welfare cap

The 2013 Budget announced the Government's intention to introduce a cap on elements of welfare spending.<sup>1</sup> This was in response to rapid growth in this area of expenditure. The cap is designed to prevent "medium-term, structural deterioration in welfare".<sup>2</sup> The Spending Review set out details of how the cap would work. The cap will be given legislative backing.

Over £100 billion of welfare spending will be subject to the cap (just under half the total). Some significant elements of welfare will not be included, such as the basic and additional state pension. The cap will also allow the "automatic stabilisers" to operate. These are areas of spending which increase in a recession. Jobseeker's allowance and passported benefits will therefore also be outside the cap. All other social security and tax credit expenditure will be included. In his statement, the Chancellor said that housing benefit, tax credits, disability benefits and pensioner benefits will all be included.<sup>3</sup> The Government will assess whether other elements of expenditure should be covered by the cap.

The cap will be set in cash terms and will be announced at each Budget covering a period of four years. The 2014 Budget will set out the details of the first cap which will apply from April 2015. The Office for Budget Responsibility (OBR) will judge the Government's performance against the cap and state publicly if benefit spending looks likely to exceed the cap. The BBC's economics editor, Stephanie Flanders, has pointed out that there are no sanctions for exceeding the cap and noted that the government's debt target, also assessed by the OBR, has already been exceeded.<sup>4</sup>

## 5 Long-term investment plans

Danny Alexander, Chief Secretary to the Treasury, announced the Government's long term investment plans in a statement to the House of Commons on 27 June 2013, the day after the Spending Review.<sup>5</sup> In his statement, the Chief Secretary said:

We can guarantee £300 billion of capital spending by the end of the decade. Today, I can set out our plans for more than £100 billion of that for the infrastructure of our country: the biggest public housing programme for more than 20 years, the largest programme of rail investment since Victorian times, the greatest investment in our roads since the 1970s, fast online access for the whole country and the unlocking of massive investments in cleaner energy to power our economy forwards, all at a price

<sup>1</sup> HM Treasury, Budget 2013, para 1.62

<sup>2</sup> HM Treasury, Spending Round 2013, para 1.49

<sup>3</sup> HC Deb 26 June 2013 c314

<sup>4</sup> Stephanie Flanders, *Review that reflects political and economic reality* [Stephanomics blog], 26 June 2013

<sup>5</sup> HC Deb 27 June 2013 cc465-92

that we can afford to pay, without adding a single pound to our borrowing forecasts. Investing in stronger communities, in better infrastructure, in new sources of energy—that is how we will build a stronger economy in a fairer society, enabling everyone to get on in life.<sup>6</sup>

At the same time, the Treasury published *Investing in Britain's future*, giving further details of these plans.<sup>7</sup>

There are four elements to the Government's plan:

- a pipeline of public investment in infrastructure worth over £100 billion to 2020;
- policy reforms to stimulate new private sector investment in energy generation, building on the UK's world-leading track record in attracting investment;
- transforming the financing of major projects by the further roll-out and extension of the UK guarantees scheme; and
- strengthening public sector delivery of major projects and programmes, learning from successful approaches taken in the Olympics and elsewhere.<sup>8</sup>

Of the £100+ billion investment to 2020, over £70 billion is in transport (including roads and HS2), more than £20 billion in schools and over £10 billion is in science, housing and flood defences. Over £5 billion is being provided to support housing in England between 2015/16 and 2017/18.

*Investing in Britain's future* also made further announcements about the UK Guarantees Scheme. This scheme, launched in 2012, provides a government guarantee to help projects gain access to finance. The Spending Review announced that this scheme would be extended for two years to December 2016. It was also announced that the Mersey Gateway Bridge will receive a UK Guarantee of up to £500 million which will allow construction to start in early 2014.

## 6 Distributional analysis

The Treasury published an [assessment](#) of the impact of its policy measures on households at different points in the income distribution. The chart below is taken from this Treasury document. The chart shows the total impact of changes announced since the June 2010 Budget, including those announced in the 2013 Spending Review. The chart includes the impact of changes in public spending as well as changes to taxes, tax credits and benefits.

The chart shows that the top fifth of households have seen the largest fall in their incomes as a result of the Government's fiscal changes. The fall in their income at 4.0% is only marginally greater than that of the poorest quintile. The second richest quintile sees the smallest fall in its income as a result of the Government's policies.

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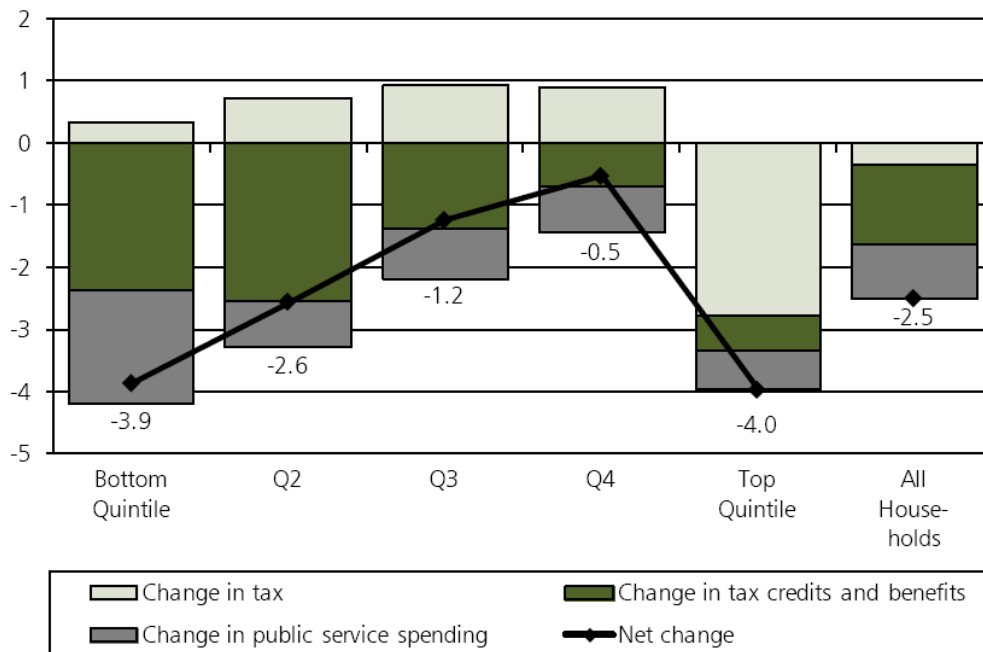
<sup>6</sup> HC Deb 27 June 2013 c465

<sup>7</sup> Cm 8669

<sup>8</sup> HM Treasury, *Investing in Britain's future*, June 2013, p5



**Chart 2.E: Overall impact of public service spending, tax, tax credit and benefit changes on households in 2015-16 as a per cent of 2010-11 net income (including households' benefits in kind from public services)**



Source: HM Treasury estimates based on a range of models and data sources

## 7 Reaction

### Labour Party

In his response to the Spending Review statement, the Shadow Chancellor, Ed Balls MP, stated that the Chancellor was “making the wrong choices on growth and social security spending, and he [was] making the wrong choices on departmental spending as well.”<sup>9</sup>

Three weeks before the Spending Review, the Shadow Chancellor and the Leader of the Opposition both made speeches which included, in outline, some of the spending measures which would be adopted were Labour to win the next General Election. On 3 June, Ed Balls stated that a Labour Government would use the 2015/16 departmental spending totals announced in the 2013 Spending Review as the “starting point” for any spending decisions. He also stated that a Labour Government would focus on how to “re-prioritise money within and between budgets for current spending” rather than proposing additional spending. On capital spending, he stated that were Labour in power, they would use the 2013 Spending Review to immediately increase capital spending for two years in order to boost house building in particular. This temporary rise would be funded from increased borrowing.<sup>10</sup>

Ed Miliband’s speech on 6 June made some more specific commitments, particularly around the subject of benefit expenditure. He stated that if Labour were in power in 2015/16, they would not reverse the Coalition Government’s decision to means test child benefit. In addition, he stated that a Labour Government would introduce means-testing into some

<sup>9</sup> HC Deb 26 June 2013 c317

<sup>10</sup> Ed Balls, *HStriking the right balance for the British economy*H, speech to Thompson Reuters, 3 June 2013

currently universal pensioner benefits, such as the Winter Fuel Allowance. In anticipation of the AME cap announced in the Spending Review but floated in 2013 Budget and earlier, Ed Miliband also argued that the current system of planning DEL over several financial years (the one year plans set out in the 2013 Spending Review are unusual) should be extended to the benefit component of AME, with three year plans for the “structural” elements of benefit expenditure set out in advance. These elements would exclude the “automatic stabilisers” such as most unemployment benefit, but would include housing benefit and expenditure on “structural unemployment.”<sup>11</sup>

### **Press comment**

The *Financial Times* described the spending plans set out in the 2013 Spending Review as the “first instalment of a second wave of austerity that will extend well into the next Parliament.” The paper praised the decision to “bear down on increases in public sector pay,” but questioned the decision to maintain the ring-fence around certain budgets, such as health, which, it argued, meant the Chancellor had “to bear down arbitrarily on unprotected departments.”<sup>12</sup>

The *Guardian* argued that the AME cap was “mean-spirited” and called on Labour to “reject the specifics of Mr Osborne’s cap.”<sup>13</sup> The *Telegraph* stated that the Chancellor “has shifted the argument” and that the public were now “willing to see the state cut down to size,” demonstrated by the fact that many of the most significant reductions in spending announced in the Spending Review were greeted with little or no reaction from the national media.<sup>14</sup>

### **Institute for Fiscal Studies**

The Institute for Fiscal Studies (IFS) stated that the 2013 Spending Review was a continuation of the “radical changes to the level and composition of public spending” which began with the 2010 Spending Review. They argued that the continuation of the ring-fences around schools and health spending whilst spending on other functions is reduced “is leading to “continued change in the shape of the state.”<sup>15</sup>

The IFS have calculated that, when taken cumulatively with the 2010 Spending Review, announcements in the 2013 Spending Review mean that, in real terms, overall total DEL will have fallen by 10.3% in 2015/16 compared with 2010/11. This figure is 18.5% if the protected areas of health, schools and international development are excluded.<sup>16</sup>

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<sup>11</sup> Ed Miliband, [HOne Nation plan for social security reform](#), H speech at Newham Dockside, 6 June 2013

<sup>12</sup> “Osborne keeps on with plan for pain”, [Editorial] *Financial Times*, 26 June 2013

<sup>13</sup> “HOsborne the axemanH”, [Editorial] *Guardian*, 26 June 2013

<sup>14</sup> “HOsborne has shifted the political groundH”, [Editorial] *Telegraph*, 26 June 2013

<sup>15</sup> HOpening remarksH by Paul Johnson at the IFS briefing on the 2013 Spending Review, 27 June 2013

<sup>16</sup> “HWe shall squeeze...until the pips squeakH”, Presentation by Gemma Tetlow at the IFS briefing on the 2013 Spending Review, 27 June 2013

## 8 Appendix: Departmental DEL tables

### DEPARTMENTAL EXPENDITURE PLANS, £ billion, 2014/15 prices

	2014/15 Plans	2015/16 Plans	% change
<b>Total DEL</b>			
Education	57.3	56.7	-1.1%
NHS (Health)	113.0	113.1	0.1%
Transport	12.3	12.5	1.4%
CLG Communities	6.0	4.3	-28.3%
CLG Local Govt	25.6	23.1	-9.8%
BIS	15.7	15.2	-3.0%
Home Office	10.8	10.1	-6.3%
Justice	7.1	6.5	-8.7%
Law Officers' departments	0.5	0.5	-1.8%
Defence	32.7	32.0	-2.1%
FCO	1.3	1.2	-9.3%
DfID	10.3	10.9	5.9%
Energy and Climate Change	3.3	3.2	-1.8%
DEFRA	2.2	2.0	-10.7%
Culture, Media and Sport	1.4	1.2	-15.8%
Work and Pensions	5.7	5.1	-10.4%
Scotland	28.4	28.1	-1.1%
Wales	15.1	14.8	-1.8%
Northern Ireland	10.6	10.5	-0.8%
HMRC	3.4	3.3	-2.9%
HM Treasury	0.1	0.1	-1.8%
Cabinet Office	0.4	0.3	-26.3%
Single intelligence account	1.9	2.0	3.4%
Small and independent bodies	1.4	1.4	-1.8%
Green Investment Bank	0.0	1.3	-
Spending commitments not yet in Budgets	-	1.5	-
Adjustment for Devolved Administration borrowing	0.1	0.3	194.7%
Reserve	3.7	3.2	-12.4%
Special Reserve	2.0	1.0	-50.9%
<i>Localised business rates</i>	-11.2	-11.4	1.7%
<b>Total DEL</b>	<b>363.0</b>	<b>354.8</b>	<b>-2.3%</b>

Source: HM Treasury, Spending Review 2013, Table A.2 page 60

Note: real terms % changes are calculated from data rounded to nearest £100m so may be approximate where spending totals are low due to rounding.

**DEPARTMENTAL EXPENDITURE PLANS, £ billion, real terms, 2014/15 prices**

	2014/15	2015/16	
	Plans	Plans	% change
<b>Departmental Programme and Administration Budgets</b>			
<b>(Resource DEL excluding depreciation)</b>			
Education	52.8	52.3	-1.0%
NHS (Health)	108.3	108.4	0.1%
Transport	3.5	3.1	-9.3%
CLG Communities	1.2	1.1	-10.0%
CLG Local Govt	25.6	23.1	-10.0%
BIS	13.6	12.8	-5.9%
Home Office	10.4	9.7	-6.1%
Justice	6.8	6.1	-10.0%
Law Officers' departments	0.5	0.5	-5.0%
Defence	23.9	23.5	-1.9%
FCO	1.2	1.1	-6.3%
DfID	8.3	8.3	1.1%
Energy and Climate Change	1.0	1.0	-8.0%
DEFRA	1.7	1.6	-9.6%
Culture, Media and Sport	1.2	1.1	-7.0%
Work and Pensions	5.5	4.9	-9.5%
Scotland	25.6	25.2	-1.5%
Wales	13.6	13.4	-1.8%
Northern Ireland	9.6	9.4	-1.5%
HMRC	3.2	3.0	-5.0%
HM Treasury	0.1	0.1	-10.0%
Cabinet Office	0.4	0.3	-10.1%
Single intelligence account	1.6	1.7	3.4%
Small and independent bodies	1.3	1.3	-2.0%
Spending commitments not yet in Budgets	-	1.1	-
Reserve	2.8	2.8	0.0%
Special Reserve	1.8	1.0	-44.1%
<i>Localised business rates</i>	-11.2	-11.4	-
<b>Total Resource DEL, excluding depreciation</b>	<b>316.0</b>	<b>307.4</b>	<b>-2.7%</b>
<i>Adjustment for Allowance for Shortfall, Budget Exchange and non-baselined funding</i>			
	-0.4	0.0	-
<b>OBR Resource DEL excluding depreciation forecast</b>	<b>315.7</b>	<b>307.4</b>	<b>-2.6%</b>

Source: 2013 Spending Review and Library calculations

**DEPARTMENTAL EXPENDITURE PLANS, £ billion, real terms, 2014/15 prices**

	2014/15 Plans	2015/16 Plans	% change
<b>Capital DEL</b>			
Education	4.6	4.5	-1.7%
NHS (Health)	4.6	4.6	0.1%
Transport	8.9	9.3	5.5%
CLG Communities	4.8	3.0	-35.6%
BIS	2.1	2.5	15.3%
Home Office	0.5	0.4	-17.6%
Justice	0.3	0.4	14.2%
Law Officers' departments	0.0	0.0	1.7%
Defence	8.7	8.5	-2.3%
FCO	0.1	0.1	-1.8%
DfID	2.0	2.6	25.6%
Energy and Climate Change	2.2	2.3	3.1%
DEFRA	0.5	0.5	-7.7%
Culture, Media and Sport	0.3	0.1	-57.6%
Work and Pensions	0.2	0.2	-22.5%
Scotland	2.8	2.9	2.7%
Wales	1.4	1.5	0.3%
Northern Ireland	1.0	1.1	1.5%
HMRC	0.1	0.1	-1.9%
HM Treasury	0.0	0.0	-26.3%
Cabinet Office	0.0	0.0	-31.7%
Single Intelligence Account	0.3	0.3	24.2%
Small and independent bodies	0.1	0.1	5.7%
Green investment Bank	0.0	1.3	-
Adjustment for Devolved Administration borrowing	0.1	0.3	-
Spending commitments not yet in budgets	0.0	0.4	-
Reserve	0.9	0.5	-
Special Reserve	0.3	0.0	-
<b>Total Capital DEL plans</b>	<b>46.9</b>	<b>47.4</b>	<b>1.3%</b>
	0.0	0.0	
CDEL not in PSGI	-9.0	-11.0	-
PSGI Allowance for Shortfall	-1.0	-1.0	-
PSGI in CAME	13.5	14.0	-
<b>PSGI</b>	<b>50.4</b>	<b>49.5</b>	<b>-1.7%</b>

Source: 2013 Spending Review and Library calculations