HM Treasury

Statement of funding policy:

Funding the Scottish Government, Welsh Government and Northern Ireland Executive

October 2021

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Chapter 1
Introduction

1.1 This is the ninth edition of the Statement of Funding Policy (SFP), first published in March 1999. It sets out how UK Government funding for the devolved administrations is determined over the Spending Review 2021 period and highlights the other sources of funding available to them.

1.2 The Scottish Parliament, Welsh Parliament ('the Senedd') and Northern Ireland Assembly are established parts of the UK's democratic architecture. Their creation led to the need for clear definitions of the financial relationships to be established within the UK. The devolved administrations assumed responsibility for many of the functions once carried out by the UK Government, but their governance and accountability mechanisms are different from UK Government departments. Their funding arrangements are the subject of detailed scrutiny by the elected Members of each devolved legislature and those they represent.

1.3 The purpose of this Statement is to set out the policies and procedures which underpin the UK Government's funding of the devolved administrations, to set out the elements of that funding, and to explain the interactions with the funding the devolved administrations raise themselves. It is intended to inform those both inside and outside government how the funding process operates, particularly as the arrangements become less symmetric as the devolved administrations take responsibility for additional functions.

1.4 It is important that the way in which funding to the devolved administrations is determined should be clear, transparent, unambiguous and capable of timely examination and analysis by the devolved Assembly and Parliaments and the UK Parliament.

1.5 Many of the arrangements set out in this Statement were established when the devolved legislatures were created; others have emerged to reflect changes in the devolution settlements or in the overall UK Government budgeting regime over time. For example, the fiscal frameworks agreed with the Scottish[1] and Welsh[2] governments in 2016 were first included in the eighth edition of this Statement. It is consistent with the original Devolution White Papers[3] and the various Devolution Acts.[4]

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[1] www.gov.uk/government/publications/the-agreement-between-the-scottish-government-and-the-united-kingdom-government-on-the-scottish-governments-fiscal-framework

[2] www.gov.uk/government/news/fiscal-framework-for-the-welsh-government-agreed

[3] Scotland's Parliament (Cm 3658); A Voice for Wales (Cm 3718)

[4] Scotland Acts 1998,2012 and 2016, Government of Wales Acts 1998 and 2006, Wales Act 2014 and 2017, Northern Ireland Act 1998 and the devolution of policing and justice functions in Northern Ireland in 2010.

1.6 The text of this Statement has been the subject of consultation between HM Treasury and the devolved administrations in Scotland, Wales and Northern Ireland. HM Treasury will keep this Statement under review, in order to assess whether any amendments are necessary to reflect changing circumstances, such as material changes in policies or in the responsibilities of either the devolved administrations or UK Government departments. HM Treasury will consult with the devolved administrations regarding any proposed changes to the Statement. It will also be open to the devolved administrations to propose changes to this Statement.

The UK public expenditure framework

1.7 Responsibility for UK fiscal policy, macroeconomic policy and funding allocation across the UK remains with HM Treasury. As a result, funding from the UK Government, as well as devolved administration self-financing, continues to be determined within this framework.

1.8 Funding for the devolved administrations from the UK Government is determined with reference to the overarching requirement to meet the objectives set out in the Charter for Budget Responsibility[5]. This funding is normally determined at spending reviews alongside UK Government departments and in accordance with the policies set out in this Statement.

1.9 Spending by the devolved administrations is not funded exclusively by the UK Government. Elements of budgets are also funded by local and devolved taxation, other revenue-raising powers (including fees, charges and sales of goods, services and assets), grants from the European institutions, and borrowing. The annual Consolidated Budgeting Guidance[6] published by HM Treasury sets out the budgeting framework for expenditure control for UK Government departments. Its provisions also apply to the devolved administrations, except where bespoke arrangements have been agreed by HM Treasury ministers.

Funding available to the devolved administrations

1.10 A summary of the elements that fund each devolved administration budget is set out in the tables below, alongside references to the section of this Statement where more detail is available.

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5 www.gov.uk/government/publications/charter-for-budget-responsibility-autumn-2016-update

6 www.gov.uk/government/collections/consolidated-budgeting-guidance

Table 1.A: Elements of Scottish Government funding

	Page reference
UK Government block grant funding	9, 14, 16, 18
UK Government funding for Annually Managed Expenditure	20
Other sources	25
Non-domestic (business) rates	25
Land and buildings transaction tax and Scottish landfill tax	30
Scottish Income Tax	30
Capital and non-capital borrowing	31
Scotland Reserve	32

Table 1.B: Elements of Welsh Government funding

	Page reference
UK Government block grant funding	9, 14, 16, 18
UK Government funding for Annually Managed Expenditure	20
Other sources	25
Non-domestic (business) rates	25
Land transaction tax and landfill disposals tax	34
Welsh Rates of Income Tax	35
Capital and non-capital borrowing	35
Wales Reserve	36

Table 1.C: Elements of Northern Ireland Executive funding

	Page reference
UK Government block grant funding	9, 14, 16, 18
UK Government funding for Annually Managed Expenditure	20
Other sources	25
Non-domestic (business) rates	25
Air Passenger Duty	38
Capital and non-capital borrowing	39
Budget Exchange	39

Chapter 2

Intergovernmental financial relations

Principles for intergovernmental financial relations

2.1 In determining and operating the system of devolved finance, the UK Government and devolved administrations work together in a spirit of mutual respect and aim to reach agreement wherever possible. This is in accordance with the Memorandum of Understanding between the UK Government and the devolved administrations[7], the draft principles for intergovernmental relations[8] (or any subsequent arrangements that supersede these) and any bilateral agreements such as the fiscal frameworks agreed with the Scottish Government and Welsh Government.

2.2 The principles in this chapter therefore apply when the devolved administrations (the Scottish Government, Welsh Government and Northern Ireland Executive) are operating. The UK Government reserves the right to make financial decisions in the absence of one or more devolved administrations, which may involve pausing or temporarily overriding those principles.

2.3 The UK Government and the devolved administrations have shared interests including:

- encouraging sustainable economic growth in all parts of the UK
- maintaining and improving the disciplined management of public finances
- achieving the best value provision of high quality public services
- maintaining and improving the internationally competitive position of the UK as a whole and for the benefit of people in England, Scotland, Wales and Northern Ireland

2.4 The principles which underlie intergovernmental financial relations include:

1. accountability: the Scottish Government, Welsh Government and Northern Ireland Executive make decisions on managing and investing the resources available to them and are accountable to their respective Parliament or Assembly

[7] www.gov.uk/government/publications/devolution-memorandum-of-understanding-and-supplementary-agreement

[8] www.gov.uk/government/publications/draft-principles-for-intergovernmental-relations

2 autonomy: each administration has fiscal responsibilities and freedoms to match its executive and legislative powers within the terms of the devolution settlements and UK-wide public spending framework

3 transparency: the system is readily understood and its operation is open to scrutiny

4 economic efficiency: the system promotes sustainable economic growth and ensures that the costs and benefits of financial decisions are aligned

5 stability and predictability: the system promotes stability and manages volatility, to allow sensible planning and good management, and is predictable in operation

6 discipline: the system of devolved finance is subject to overall UK macroeconomic and fiscal policy

7 consent: the system commands the support of governments, Parliaments and people and is equitable and predictable in operation

Principles for allocating funding within the UK

2.5 The UK Government applies certain principles in allocating funding within the UK. These were initially described in the statement of principles to govern changes to the devolved administrations' budgets set out in the Chief Secretary's reply to a Parliamentary Question answered on 9 December 1997 (Official Report, WA Col 510 to 513).

2.6 The principles are updated here to reflect the additional powers transferred to the devolved administrations in the intervening years, and the changing nature of the financial relationships underpinning them. They are that:

1 UK Government tax revenues, analogous receipts and other income (where provided for by legislation) are passed to the UK Consolidated Fund

2 revenues from Scottish Income Tax and Welsh rates of Income Tax will also be passed to the UK Consolidated Fund, as these are administered by HMRC as part of a UK-wide Income Tax system, before being passed on to the Scottish Consolidated Fund and Welsh Consolidated Fund respectively

3 revenues from fully devolved taxes (and other devolved administration revenue-raising activities) are passed directly into the Consolidated Fund of the relevant devolved administration

4 changes in UK Government funding for the devolved administrations in relation to public services will generally be linked to changes in planned spending[9] on comparable areas by departments of the UK Government. This linkage will generally be achieved by means of the Barnett formula

5 changes in UK Government funding for the devolved administrations in relation to taxation and welfare will generally be linked to changes in

[9] Changes in planned spending are defined as changes to UK Government Departmental Expenditure Limits (DEL budgets) that are voted by parliament

corresponding UK Government tax revenues and welfare spending respectively. This linkage is set out in the Scottish and Welsh governments' fiscal frameworks

6 linking funding for the devolved administrations to UK Government spending and revenues largely removes the need to negotiate allocations directly

7 the devolved administrations will determine the allocation of funding (whether from the Barnett-based block grant or the devolved administrations' own resources) across their devolved responsibilities

8 the devolved administrations will be fully accountable for the proper control and management of their public expenditure allocation and for securing value for money through scrutiny by the relevant Parliament or Assembly, the detailed accountability and audit procedures listed in the Devolution Acts, and any additional arrangements put in place by the devolved administrations themselves

9 the devolved administrations will meet all the operational and capital costs associated with devolution. In exceptional circumstances, if agreement is reached, the UK Government may contribute funding towards these costs

10 where decisions taken by any of the devolved administrations or bodies under their jurisdiction have financial implications for departments or agencies of the UK Government or, alternatively, decisions of UK Government departments or agencies lead to additional costs for any of the devolved administrations, where other arrangements do not exist automatically to adjust for such extra costs (e.g. if the Barnett formula doesn't apply), the body whose decision leads to the additional cost will meet that cost

11 the UK Government reserves the right to make across-the-board adjustments to the funding for the devolved administrations in cases of a uniform general adjustment to funding for departments of the UK Government, taking into account any in-year effects on annual budgets already agreed by the devolved Parliament and Assemblies when implementing such adjustments

12 consistent with the arrangements for departments of the UK Government, the devolved administrations will normally be expected to accommodate additional pressures on their budgets. Unforeseen pressures should be catered for by offsetting savings, re-allocating priorities or, where options are available, raising revenue, accessing reserves or borrowing

13 the UK Government reserves the right to make allocations directly to one or more of the devolved administrations on top of the block grant funding determined by the Barnett formula and tax/welfare block grant adjustments. The UK Government will typically consult the relevant devolved administration(s) and continue to publish all allocations in Block Grant Transparency

2.7 The UK Government continues to judge that block grant funding consistent with these principles (via the Barnett formula and tax/welfare block grant adjustments) is generally the optimal way of funding the devolved administrations.

2.8 Alongside UK-wide UK Government responsibilities (notably most taxes, benefits and pensions) this is a key part of the arrangements for pooling and sharing risks and resources across the UK. UK-wide pooling and sharing ensures that all parts of the UK receive secure and stable levels of funding for public services. This means that a downturn in one area can be supported by other areas, rather than being dependent on local economic conditions – and a windfall can be shared with other areas.

2.9 The outcome is that spending per head in Scotland, Wales and Northern Ireland is higher than the UK average, broadly reflecting that the costs of providing public services are also higher in these nations than the UK average[10].

2.10 However, it should be noted that the UK Government is now providing certain funding to the devolved administrations separately from the block grant where it determines this is appropriate. For example, above-Barnett allocations are necessary to deliver the government's farm support commitment. This blended model demonstrates the government's commitment to ensuring that funding arrangements evolve as necessary to continue to meet the needs of all parts of the UK. Further details are set out in Chapter 5.

Disputes

2.11 If there is a disagreement between HM Treasury and the devolved administrations about the application of the Statement, the relevant devolved administration can pursue the matter with HM Treasury. HM Treasury will consider and respond to any such representation in taking this forward with the relevant party.

2.12 Disputes should focus on where it is believed the principles as outlined above have been broken. Funding policy and public expenditure allocation across the UK, as non-devolved or reserved matters, remain the responsibility of the UK Government.

2.13 HM Treasury will keep this procedure under review. In particular, this process will be updated in line with the conclusion of the intergovernmental relations review.

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10 https://www.gov.uk/government/collections/country-and-regional-analysis

Chapter 3
Barnett based block grant

Composition of the block grant

3.1 The devolved administrations' block grant funding is presented as Total Departmental Expenditure Limit (DEL) within the budgeting framework. It is split between resource DEL and capital DEL, with a depreciation ringfence within resource DEL and a financial transactions ringfence within capital DEL. More detail on HM Treasury's budgeting framework can be found in the Consolidated Budgeting Guidance[11].

3.2 Resource spending covers day-to-day costs (like wages, purchasing goods and services, and grants and subsidies) as well as the ongoing depreciation of capital assets. Capital spending covers longer-term investment (like hospitals, roads, and research and development). Financial transactions capital is sometimes called 'net lending' or 'policy lending' and includes loans or equity investment by the devolved administrations into the private sector.

Calculation of changes in the block grant via the Barnett formula

3.3 Changes in UK Government block grant funding for the devolved administrations in relation to public services are generally linked to changes in planned spending by UK Government departments. This link is generally achieved through the Barnett formula (hence these changes in devolved administration block grant funding are often referred to as Barnett consequentials).

3.4 This system was first used in the 1978 Public Expenditure Survey. The Devolution White Papers of the 1990s stated the then-UK Government's commitment to retaining the existing formula and arrangements. Consistent with commitments given by successive UK Governments, the Barnett formula will continue to apply to changes in departmental spending within DEL except[12] where these are funded by changes in English business rates revenues (as devolved administrations instead retain their own corresponding revenues).

3.5 Alongside the continued operation of the Barnett formula, there are agreed arrangements in place to adjust block grant funding in relation to the devolved administrations' evolving tax and welfare powers. These are set out in Chapter 4.

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[11] https://www.gov.uk/government/collections/consolidated-budgeting-guidance

[12] Business rates are currently the only England-only revenue stream where these arrangements are required. These arrangements would be expected to apply to any new England-only revenue streams that are similarly returned to the Consolidated Fund

Barnett formula

3.6 Under the Barnett formula the Scottish Government, Welsh Government and Northern Ireland Executive receive a population-based proportion of changes in planned UK Government spending on services in England, England and Wales, or Great Britain[13].

3.7 The Barnett formula therefore determines changes to each devolved administration's funding with reference to changes in DEL funding for UK Government departments; it does not determine the total allocation for each devolved administration afresh each time it is applied.

3.8 There are three factors that are multiplied together to determine changes to each devolved administration's block grant under the Barnett formula:

- (A) the change in planned spending by UK Government departments
- (B) the extent to which services delivered by UK Government departments correspond to services delivered by the devolved administrations
- (C) each nation's population as a proportion of England, England and Wales or Great Britain as appropriate

Barnett formula calculation

(A) Change to planned UK Government spending	X	(B) Comparability factor	X	(C) Appropriate population proportion

Comparability factors

3.9 Comparability is essentially the extent to which services delivered by UK Government departments correspond to services delivered by the devolved administrations.

3.10 Comparability therefore ranges from 0% (where services are delivered by the UK Government) up to 100% (where services are delivered by the devolved administration). A full explanation and the comparability factors used at Spending Review 2021 can be found in Annex B.

Population proportions

3.11 The population proportions used reflect the annual mid-year estimates published by the Office for National Statistics in the summer. For the Spending

[13] In some limited circumstances one or more devolved administrations may also receive funding due to changes in planned UK Government departmental spending covering a different geographic scope.

Review 2021, the population estimates for mid-2020 published in June 2021[14] will be applied. Previous and current population proportions are set out in Annex A.

3.12 The population proportions used in the formula reflect the coverage of the UK Government departmental programme to which they are applied. In most cases, the departmental programmes cover England only and the proportion of England's population is applied. However, where the UK departmental programme covers England and Wales, for example, then the proportion of the population of England and Wales is applied.

3.13 HM Treasury notifies the devolved administrations of the population proportions that will be applied in advance. Allocations which have already been set, such as those over a spending review period, will not be adjusted to reflect subsequent population estimate changes.

Applying the Barnett formula at spending reviews

3.14 At spending reviews, the Barnett formula is applied using changes to each UK Government department's DEL budget, the population proportion and the departmental comparability percentage. The formula is applied to changes in resource and capital DEL budgets separately.

3.15 The aggregate of these Barnett consequentials is added onto the devolved administrations' underlying resource and capital block grants. The underlying block grants (or "baselines") essentially reflect the original block grants and all previous Barnett allocations, excluding those that are one-off or time-limited. Baselines are not therefore revisited afresh at each spending review to reflect updated information about comparability or population.

3.16 At Spending Review 2020, given the exceptional circumstances in relation to Covid-19 and the end of the EU transition period, programme level comparability was applied in these areas. This was necessary to ensure the devolved administrations received comparable funding as departmental comparability factors (based on Main Estimates 2020-21) did not adequately reflect the geographic scope of planned departmental spending in these areas.

3.17 For example, the Department for Health and Social Care is procuring Covid-19 tests and vaccines for the whole of the UK so Scotland, Wales and Northern Ireland receive a share of the tests/vaccines rather than a share of the funding. Conversely, the Department for Transport is providing exceptional support to rail operators in England so a programme level approach again ensures the devolved administrations receive comparable funding.

3.18 For Spending Review 2021, the use of departmental comparability (whether based on Main Estimates 2020-21 or Main Estimates 2021-22) would again not provide the devolved administrations with comparable funding in all areas. As this means some programme comparability needs to be used, the departmental comparability calculated last year (for the first time since 2015) is being re-used. Programme level comparability is then being applied where departmental

[14] https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2020

comparability doesn't adequately reflect the geographic scope of planned departmental spending. This therefore includes certain programmes in relation to Covid-19, EU Exit and the use of the financial assistance powers in the UK Internal Market Act 2020.

3.19 In addition, as set out in Chapter 5, replacement EU funding for farmers and fisheries is being allocated to the devolved administrations outside the Barnett formula in order to deliver the UK Government's commitments.

Applying the Barnett formula at Fiscal Events and Estimates

3.20 At fiscal events and Parliamentary Estimates[15] the Barnett formula is applied at programme level. The calculation of each Barnett consequential uses the change in the planned spending on each programme, the relevant population proportion and the programme comparability factor, which is set to either 0% or 100%. The aggregate of these Barnett consequentials is added to existing block grants for each of the devolved administrations, again calculated separately for resource and capital DEL.

Welsh Government Barnett uplift

3.21 In the Welsh Government's fiscal framework[16] it was agreed that the Welsh Government's block grant would be uplifted by adding a new needs-based factor into the Barnett formula. This needs-based factor will ultimately be set at 115%, as recommended by the Holtham Commission[17]. However, while relative Welsh Government funding remains above 115%, changes in the Welsh Government's funding will use a transitional factor of 105%. For Spending Review 2021, HM Treasury and the Welsh Government reviewed relative funding and the transitional factor of 105% has been used.

Northern Ireland Executive Barnett VAT abatement

3.22 Changes to the Northern Ireland Executive's block grant through the Barnett formula are abated (i.e. reduced) in relation to VAT. This reflects the fact that the Northern Ireland Executive, unlike departments and the Scottish and Welsh governments, has many of the responsibilities of local authorities in the rest of the UK so has its VAT refunded by HM Revenue and Customs. Barnett formula changes for the Northern Ireland Executive are therefore abated by 2.5%.

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15 Estimates are the mechanism by which Parliament authorises departmental spending. They take place at the beginning and end of the financial year.

16 www.gov.uk/government/publications/the-agreement-between-the-welsh-government-and-the-united-kingdom-government-on-the-welsh-governments-fiscal-framework

17 commonslibrary.parliament.uk/research-briefings/sn06288/

Non-domestic (business) rates

3.23 Each devolved administration has full control of the structure and level of non-domestic (business) rates within its jurisdiction. They set business rates policy, retain all of the revenues generated, and determine how they are spent.

3.24 Therefore, devolved administrations should not additionally receive a share of the growth in English business rates revenues. Specifically, changes in spending in England that are funded by changes in English business rates revenues should not generate consequential changes in the block grants to the devolved administrations.

3.25 Where English local authorities retain business rates revenues (known as the 'Local Share'), the resulting spending has no impact on the devolved administration block grants. However, where revenues are returned to the Exchequer (known as the 'Central Share') UK Government departments spend these revenues and this generates Barnett consequentials for the devolved administrations. HM Treasury therefore need to offset these consequentials to deliver the outcome set out above.

3.26 To achieve this outcome, HM Treasury apply the Barnett formula to changes in the Central Share and apply the resulting consequentials to the devolved administration block grants. As a result:

- an increase in the Central Share generates negative Barnett consequentials to offset the positive consequentials generated by higher spending funded by the Central Share
- a decrease in the Central Share generates positive Barnett consequentials to offset the negative consequentials generated by lower spending funded by the Central Share

Elections

3.27 The costs of Parliamentary, Assembly and local authority elections in Scotland, Wales and Northern Ireland are deemed to be a cost of devolution. Funds for these are found from within the relevant block grant and where appropriate provision is transferred to the UK body responsible for running the appropriate election.

3.28 From 2021-22 onwards the Electoral Commission's costs are partly funded by the Scottish Parliament and Welsh Parliament, with the remaining funding still provided from the UK Consolidated Fund. The Scottish and Welsh governments' funding arrangements have been updated to reflect this new responsibility.

3.29 Where spending review settlements include provision for Westminster elections and the devolved administrations receive funding through the Barnett formula, then the costs of those elections will be met by the devolved administrations and transferred to the UK body running the relevant election.

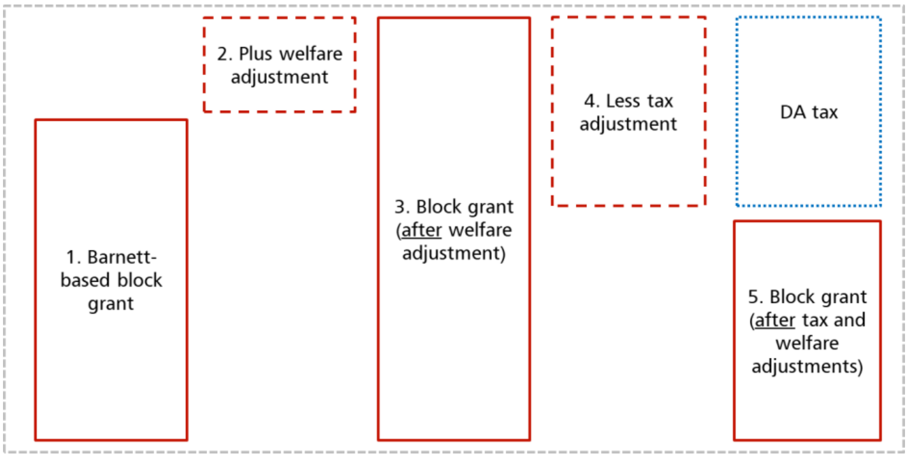
Chapter 4

Block grant adjustments

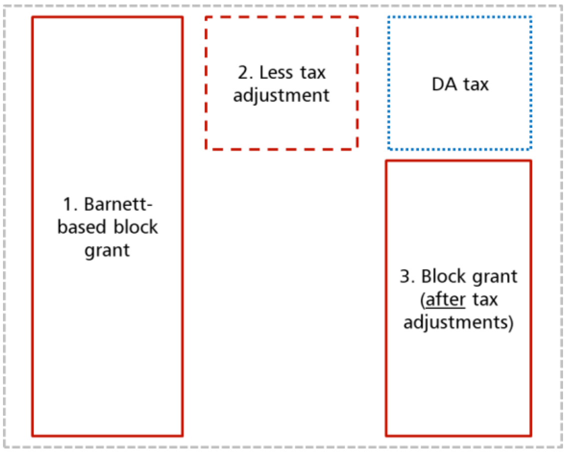
4.1 To reflect tax and welfare devolution in Scotland and Wales, the block grants are adjusted using the mechanisms agreed in the respective fiscal frameworks[18]. An agreed adjustment is also applied to the Northern Ireland Executive's block grant in relation to the devolution of long haul air passenger duty rates.

4.2 The UK Government funding provided to the devolved administrations is therefore the Barnett-based block grant after adjustments for welfare and tax devolution, as shown in the diagrams below[19].

Box 4.A: Scottish Government block grant



Box 4.B: Welsh Government & Northern Ireland Executive block grant



18 Wales: www.gov.uk/government/publications/the-agreement-between-the-welsh-government-and-the-united-kingdom-government-on-the-welsh-governments-fiscal-framework

Scotland: www.gov.uk/government/publications/the-agreement-between-the-scottish-government-and-the-united-kingdom-government-on-the-scottish-governments-fiscal-framework

19 The devolved administrations can use their tax powers to alter the "DA tax" component. Diagrams not shown to scale.

4.3 The block grant adjustments are initially equal to UK Government tax receipts or welfare expenditure in the relevant part of the UK at the point of devolution. Changes in the adjustments over time are linked to changes in corresponding UK Government tax revenues or welfare spending, similar to how the Barnett formula uses changes in UK Government departmental spending.

4.4 The agreed arrangements essentially mean that the devolved administrations feel the impact of local effects through their tax revenues (or welfare spending) but are shielded from the impact of UK-wide effects. For example, the Scottish Government has higher funding if Scottish Income Tax revenues grow more quickly per head than corresponding UK Government Income Tax revenues (and vice versa).

4.5 Adjustments expected to apply over the Spending Review 2021 period are listed below. Alongside these adjustments, the devolved administrations retain revenues from devolved taxes and are responsible for devolved welfare spending.

4.6 Block grant adjustments for the Scottish Government:

- Stamp Duty Land Tax (from 2015-16)
- Landfill Tax (from 2015-16)
- Income Tax (from 2017-18)
- Fines, Forfeitures and Fixed Penalties (from 2017-18)
- Proceeds of Crime (from 2017-18)
- Carer's Allowance (from September 2018)
- Personal Independence Payments (from 2020-21)
- Disability Living Allowance (from 2020-21)
- Attendance Allowance (from 2020-21)
- Industrial Injuries Disablement Allowance (from 2020-21)
- Severe Disablement Allowance (from 2020-21)
- Various smaller welfare benefits (from 2020-21)
- Cold Weather Payments (from 2022-23)

4.7 Block grant adjustments for the Welsh Government:

- Stamp Duty Land Tax (from 2018-19)
- Landfill Tax (from 2018-19)
- Welsh Rates of Income Tax (from 2019-20)

4.8 Block grant adjustments for the Northern Ireland Executive:

- Long Haul Air Passenger Duty (from January 2013)

Chapter 5

Other block grant funding from UK Government

5.1 The UK Government also provides block grant funding to the devolved administrations outside the Barnett-based arrangements set out in the previous two chapters. This funding is usually ringfenced, meaning it can only be spent for the purpose it was given. Some of the key areas are set out below – full details of the amounts provided are published in Block Grant Transparency each year[20].

City and Growth Deals

5.2 City Region Deals and Growth Deals are agreements between the UK Government, the devolved administrations and local partners that invest in projects tailored to the needs and strengths of the local regions across the UK. The UK Government's funding contribution is provided to the devolved administrations and ringfenced for this purpose. To date the UK Government has committed to provide nearly £2.9 billion across 20 deals in Scotland, Wales and Northern Ireland.

Agriculture funding

5.3 The UK Government has committed to maintain the funding available to farmers and land managers in every year of this Parliament, supplementing the remaining EU funding for agri-environment and rural development projects. The UK Government is therefore providing £3.7 billion to support farmers and land managers in Scotland, Wales and Northern Ireland over the 2021 Spending Review period. This includes a combined £85 million for the Scottish and Welsh governments building on the recommendations of the Bew Review.

Fisheries funding

5.4 The UK Government has committed to maintain fisheries funding in each part of the UK in every year of this Parliament. The UK Government is therefore providing the devolved administrations with £57.8 million to support the fisheries sector in Scotland, Wales and Northern Ireland over the 2021 Spending Review period.

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[20] https://www.gov.uk/government/publications/block-grant-transparency-june-2021

Further support for the Northern Ireland Executive

5.5 To help restore the Northern Ireland Executive in January 2020 the UK Government provided £1 billion of new funding through the New Decade New Approach[21] agreement, providing certainty and ensuring much-needed reforms across health, education and justice can be delivered. This builds on the funding commitments from the Stormont House / Fresh Start Agreement and the Confidence and Supply financial annex.

5.6 In addition to this, to boost Northern Ireland's economic growth and support its businesses to operate after the Transition Period, the Northern Ireland Executive has access to the £400m New Deal for Northern Ireland[22]. The UK Government has also committed to fund the costs associated with reaching the required level of compliance to implement the Northern Ireland Protocol's obligations.

Further support for the Scottish Government

5.7 While the longstanding principle remains that costs of devolution are met by the devolved administrations, given the scale of the Scottish Government's new tax and welfare powers in Scotland Act 2016, the UK Government is contributing additional funding towards the implementation and administration costs as part of the fiscal framework agreement. The UK Government contributed £200 million towards implementation costs (primarily in relation to Social Security Scotland) and is contributing £66 million per year towards administration costs (which at Spending Review 2021 is included in the Scottish Government's annual baseline funding with Barnett applied in the usual way to changes in the Department for Work and Pensions settlement).

5.8 In 2017 the UK Government and Scottish Government agreed rail funding outside the Barnett formula for 2019-20 to 2023-24. Beyond this period, changes in funding from the 2023-24 level will be through the Barnett formula.

Further support for the Welsh Government

5.9 To ensure the Welsh Government continues to receive a fair level of funding relative to England for the long-term, the UK Government agreed to provide additional funding as part of the fiscal framework agreement in 2016.

5.10 However, rather than providing a new funding stream on top of the Barnett formula, the UK Government instead agreed to make all Welsh Government Barnett consequentials 15% larger (though they are 5% larger for a transitional period while the Welsh Government's funding per head remains above 115% of corresponding funding in England).

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21 www.gov.uk/government/news/deal-to-see-restored-government-in-northern-ireland-tomorrow

22 https://www.gov.uk/government/news/uk-government-provides-400m-package-for-northern-ireland-in-post-transition-deal

Chapter 6

Financial Transactions

6.1 The UK Government supports some capital investment programmes and other projects through Financial Transactions Capital (FTC), which is sometimes referred to as 'net lending' or 'policy lending' but can also involve other financial instruments such as equity investment and guarantees. FTC does not affect Public Sector Net Borrowing (as it is treated as a financial transaction rather than spending) but does add to Public Sector Net Debt.

Funding for Financial Transactions

6.2 As set out in Chapter 3, FTC funding is a ringfenced element of the capital block grant. The Barnett formula is therefore applied to changes in FTC DEL investment by UK Government departments in much the same manner as for regular Capital DEL spending.

6.3 However, while all departmental capital DEL budgets are set on a net (of sales) basis, some FTC budgets are set net of loan repayments and some are set on a gross basis (with loan repayments being returned direct to the Consolidated Fund). The devolved administrations are therefore provided with FTC funding through the Barnett formula in a consistent manner to UK Government departments. Specifically:

- Funding for FTC is provided on a net basis, unless specifically stated otherwise. This means that repayments of loans the devolved administrations receive can be recycled indefinitely into new loans by the devolved administrations.
- Where funding is provided to the devolved administrations on a gross basis, HM Treasury will set the total amount to be returned over a specified period. This will be on comparable terms to the UK Government programme generating the Barnett consequentials. For example, HM Treasury has typically required the devolved administrations to return 80% of gross FTC funding within 20 to 25 years. Within the specified period, HM Treasury and devolved administrations will agree a provisional long-term schedule for funding to be returned. Amounts to be returned over the period covered by each spending review will be agreed at, or shortly after, each spending review. Repayments of loans received by the devolved administrations can therefore be recycled into new loans within the agreed profile for returning funding to HM Treasury.

6.4 While most FTC funding has historically been provided on a gross basis, the default net arrangement for departments means this may not always be the case. While the net treatment theoretically provides the devolved administrations with more flexibility to recycle funding, it also creates risk management issues given the link between long-term departmental repayment profiles and devolved administration FTC budgets. HM Treasury has therefore been working through the potential implications with the devolved administrations and will continue to do so.

6.5 Separate arrangements exist where the UK Government supports programmes through FTC which score as Annually Managed Expenditure – for example, some student loans programmes. This is explored further in Chapter 7.

Devolved administration use of Financial Transactions

6.6 While UK Government departmental FTC allocations are ring-fenced for the specific programmes for which they are allocated, devolved administrations may decide on their own programmes within their FTC funding allocation.

6.7 The use of FTC has impacts on both the FTC budget and the resource budget. In particular:

- devolved administration FTC budgets will include the original loan (or equity investment etc.) and the repayments (or sale of equity etc.)
- devolved administration resource budgets include the expected credit loss (at the time of the original investment) and subsequently any interest, dividends, fees or write-offs. Write-offs will be net of any previously recorded expected credit loss

6.8 As with capital and resource DEL budgets, where devolved administrations underspend this should be managed in line with Chapter 10 to 12.

6.9 Further guidance on FTC can be found in the Consolidated Budgeting Guidance which is updated annually[23].

Data Provision

6.10 HM Treasury will help the devolved administrations to understand likely future Barnett consequentials generated by repayments by sharing information relating to UK Government FTC such as expected profiles.

6.11 Devolved administrations are required to submit an annual return to HM Treasury setting out information on their FTC investments. This should include:

- details of programmes on which the allocations have been, or are intending to be, spent
- expected repayment profiles for devolved administration schemes
- where funding has been provided on a gross basis, profiles for returning funding to HM Treasury
- outturn data for the previous two years

23 www.gov.uk/government/collections/consolidated-budgeting-guidance

Chapter 7

UK Government funding for Annually Managed Expenditure programmes

7.1 Programmes are funded by the UK Government in Annually Managed Expenditure (AME) if they are demand-led and volatile in a way that could not adequately be controlled by departments and the devolved administrations; and/or are so large that the departments and the devolved administrations could not be expected to absorb the effects of volatility within DEL. AME therefore covers programmes such as (most) welfare payments and public service pensions.

7.2 This is separate from the arrangement whereby Scottish Government spending (funded by the DEL block grant and the Scottish Government's own resources) is now also recorded within AME (as explained in Chapter 10).

7.3 Where a devolved administration offers broadly similar terms for an AME programme, the UK Government will fund the cost of this programme. For example, the UK Government currently funds the devolved administrations' student loans (alongside the Department for Education's student loans in England) and the NHS pensions schemes run by the Scottish Government and Northern Ireland Executive (alongside the scheme run by the Department of Health and Social Care in England and Wales).

7.4 Where a devolved administration wishes to offer more generous terms for an AME programme, then the excess over that implied by adopting broadly similar terms for that programme (and therefore broadly comparable costs) must be met by the devolved administration.

7.5 Full details of the devolved administrations' AME programmes funded by the UK Government can be found in Annex C.

Welfare in Northern Ireland

7.6 The majority of responsibilities relating to welfare are devolved matters in Northern Ireland. However, the Northern Ireland Act 1998 [24]commits the relevant UK Government and Northern Ireland Executive ministers to seek to secure, to the extent agreed between them, single systems of social security, child support and pensions.

7.7 The UK Government is therefore committed to ensuring that the Northern Ireland Executive has sufficient funding available to maintain welfare payments to recipients in Northern Ireland to the same level as those funded by the equivalent

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24 www.legislation.gov.uk/ukpga/1998/47/contents

UK Government departments and agencies in Great Britain. This is achieved by the UK Government funding the relevant welfare payments in AME, consistent with the general arrangements set out above for funding AME programmes.

7.8 Therefore, if the Northern Ireland Executive's welfare programmes mirror the equivalent programmes in Great Britain, the UK Government will fund the costs. If the Northern Ireland Executive opts to make these programmes more generous then they will need to meet these additional costs in line with the principle outlined at paragraph 2.5, subparagraph 10.

The Office for Budget Responsibility and forecasting AME

7.9 The Office for Budget Responsibility (OBR) commissions forecasts of AME from the devolved administrations twice annually in order to inform its *Economic and Fiscal Outlook* reports, usually published alongside fiscal events. The devolved administrations will be expected to provide forecast data and other supporting data to the OBR as requested, and to work with HM Treasury to ensure a common understanding of the assumptions underlying forecasts is reached as required.

7.10 The devolved administrations, working closely with HM Treasury or other UK Government departments as appropriate, must forecast the expected costs associated with programmes funded through AME and review these forecasts regularly.

7.11 The cash required to support programmes funded by the UK Government in AME then forms part of the cash grant paid into the relevant consolidated fund. The devolved administrations will not normally need to find offsetting savings from elsewhere within their budgets when forecasts change at planning stage or during the financial year to cover increases in expenditure on these items. Similarly, excess provision cannot normally be carried forward from one year to the next.

Chapter 8

Managing budgets

Managing the Consolidated Funds

8.1 Each of the devolved administrations manages its own Consolidated Fund. These funds are the vehicle into which the cash associated with the block grant and other allocations from the UK Government is paid, alongside much of the funding raised by the administrations themselves.

8.2 The devolved administrations are responsible for managing their Consolidated Funds according to the following principles:

- balances should be placed on overnight deposit and the interest received should be returned to the UK Consolidated Fund, where appropriate, through the usual channels
- the balances held at the year-end should be reflected in the following year's calculation of cash grant requirement
- the process of calculating the cash grant should use data from HM Treasury's public expenditure database
- Consolidated Funds should not have negative balances and should not have positive balances in excess of need
- the state of the Consolidated Funds and account including end year balances should be transparently reported, including cross-references in the appropriate departmental reports to references in the Scottish Government/Welsh Government/Northern Ireland Executive accounts

Managing spending pressures

8.3 Devolved administrations, like UK Government departments must live within these block grant allocations (plus their own resources) and absorb unforeseen pressures, managing as necessary by using the tools available to them, which vary across the devolution settlements as set out in Chapters 10 to 12. They are responsible for ensuring sufficient arrangements are in place for the planning and control of spending on devolved services to mitigate and manage the impact of emerging pressures.

8.4 In practice this means the devolved administrations will manage emerging pressures on their budget by re-allocating funding from other priorities, seeking offsetting savings, deploying Budget Exchange arrangements or drawing down from their Reserve, and utilising the range of alternative sources of funding and budgetary management available. Devolved administrations also have the freedom to adopt whichever arrangements they deem suitable for establishing Departmental Unallocated Provisions or retaining budgets at the centre as contingencies.

Budget Exchange & Reserves

8.5 The devolved administrations all have arrangements to adjust the timing of spending across years, to manage underspends and to ensure they have the capacity to react to unforeseen changes in spending plans while maintaining the integrity of the annual budgets. The Scottish Government has the Scotland Reserve, explained further in Chapter 10, the Welsh Government has the Wales Reserve, explained further in Chapter 11 and the Northern Ireland Executive has access to Budget Exchange, explained further in Chapter 12.

Resource borrowing

8.6 All devolved administrations have resource borrowing powers reflecting the degree of volatility and forecast error associated with their tax, welfare and public services responsibilities. These arrangements are set out in Chapters 10 to 12.

Accessing HM Treasury's Reserve

8.7 In-year claims on the HM Treasury's DEL Reserve should be regarded as a last resort. As is the case with UK Government departments, successful claims are ineligible for carry forward and may result in devolved administrations' multi-year settlements being re-visited to ensure the overall level of funding remains consistent with the original settlements. As above, it is for the devolved administrations to manage longer-term pressures within their own resources, tools and powers.

8.8 Access to HM Treasury's DEL Reserve by the devolved administrations will be considered by HM Treasury ministers in exceptional circumstances, on a case-by-case basis and specifically where:

1. a UK Government department is granted access to the Reserve to enable it to meet exceptional pressures on a spending programme, and a devolved administration facing similar pressures unforeseen at the time spending plans were set is unable to meet them using the range of alternative sources of funding or budgetary management tools available to it.

2. a devolved administration faces exceptional and unforeseen domestic costs which cannot reasonably be absorbed within existing budgets or managed using the additional tools and powers available to them, without a major dislocation of existing services.

8.9 Reserve claims by the devolved administrations will therefore be judged on largely the same criteria as claims by UK Government departments as set out in the Consolidated Budgeting Guidance, but decisions on access to the HM Treasury's DEL Reserve will also recognise the additional tools and powers available to them. HM

Treasury ministers will expect reprioritisation within the devolved administrations budgets and the use of their additional tools and powers to have been fully explored prior to receiving a claim from a devolved administration.

8.10 Claims from a devolved administration will not necessarily be determined with reference to populations as with the Barnett formula, given the range of circumstances in which they might be made. All formal applications for HM Treasury DEL Reserve funding should be sent to the HM Treasury in the form of a ministerial letter to the Chief Secretary.

8.11 There is no automatic application of the Barnett formula to Reserve claims by departments of the UK Government, but the Barnett formula may apply if it is judged the devolved administrations face comparable pressures.

In-year changes to devolved administration funding

8.12 In considering in-year changes to UK Government spending plans, for example at a fiscal event, HM Treasury ministers will consider the implications for comparable programmes across the UK in making allocations in accordance with the funding rules. The devolved administrations will also be able to make representations directly to HM Treasury ministers ahead of fiscal events.

8.13 There are a number of other specific circumstances in which each devolved administration's budget may be exceptionally adjusted. Adjustments may be made where:

1. the UK Government makes a uniform general adjustment to public spending programmes across departments
2. action taken by a devolved administration in a devolved area has repercussive costs for the UK Government or vice versa. The devolved administration will be able to make or receive payments to departments of the UK Government directly in respect of such costs. Alternatively, the DEL of the devolved administration will be adjusted downwards to compensate for costs incurred by the UK Government as a result of the actions of a devolved administration, or upwards to compensate the devolved administration for costs which it incurs as a result of actions by the UK Government not already allowed for through the operation of the Barnett Formula. The DELs will not, however, be adjusted upwards to accommodate additional costs incurred as a result of decisions by the UK Government which UK Government departments with parallel responsibilities are expected to absorb within existing spending plans. The general principle for establishing the burden of cost is set out in paragraph 2.5, subparagraph 10 above.

Breaches of control totals

8.14 Breaches by the devolved administration of their control totals would represent serious financial mismanagement. The presumption is that the following year's block grant would be reduced by an amount equivalent to the breach. The same rule applies to departments of the UK Government.

Chapter 9

Other sources of devolved administration funding

9.1 Alongside funding provided by the UK Government, the devolved administrations are each able to generate further funding through various powers including taxation, charging and borrowing.

Taxation

9.2 Tax powers vary across the devolved administrations, recognising their particular circumstances and respecting the various agreements and political processes which have underpinned each settlement. The common arrangements for non-domestic (business) rates are set out below while information about specific tax powers for each devolved administration is set out in Chapters 10 to 12.

9.3 Devolving tax powers provides the devolved administrations with a broader set of levers to tackle their policy priorities and meet specific needs and circumstances. It also increases the devolved administrations' accountability to their electorate both in relation to deciding how to fund their spending and through decisions to vary the level of tax and spending.

9.4 However, there is a careful balance to strike between devolved and non-devolved taxation, as the UK-wide internal market and the pooling and sharing of tax revenues and risk are defining features of the UK. The UK Government also recognises the need to minimise the administrative burdens on individuals and businesses.

9.5 Ensuring the correct balance between sharing risks and resources, and delivering appropriate levels of flexibility for each devolved administration, is therefore an important part of the UK Government's overall commitment to support people right across the UK.

Non-domestic (business) rates

9.6 Each devolved administration has full control of the structure and level of non-domestic (business) rates within its jurisdiction. They set business rates policy, retain all of the revenues generated, and determine how they are spent.

Charges

9.7 The devolved administrations have the capacity to set charges for providing a wide range of public services which fall within their responsibilities under the devolution settlements. There is no requirement that they follow the structure or scale of fees and charges set by UK Government departments, or indeed by other devolved administrations, for the provision of similar services.

9.8 Income from recurrent fees and charges which are established to recover the costs of providing public services score against devolved administration budgets as negative public expenditure and are therefore available to be recycled by the devolved administrations themselves for spending.

Trading receipts

9.9 Where a devolved administration receives significant trading surpluses from the commercial exploitation of publicly funded assets, these may be taken into account by the UK Government when determining allocations, or by the devolved administration surrendering these to the UK Consolidated Fund.

9.10 The UK Government would not expect to take surpluses into account where they are generated by a body which – over a period – is expected to break even or where they are *de minimis* in public expenditure terms. To determine whether surpluses from trading receipts need to be taken into account in relation to any activity, HM Treasury will consult the devolved administration concerned to attempt to seek agreement.

Other revenue receipts

9.11 The treatment of receipts in devolved administration budgets is set out by HM Treasury in the Consolidated Budgeting Guidance[25] and in other guidance papers. These are generally based on Office for National Statistics definitions of what scores as a payment for a service, a tax, a levy or a fine in National Accounts. There is therefore scope for certain fines and taxes to be included in budgets as negative expenditure so they can be recycled for spending in the same way as income from charges.

9.12 Legislation sets out when HM Treasury has to list those receipts which have to be surrendered to the Consolidated Fund. For Scotland, these are listed in an order made under Section 64 (5) of the Scotland Act 1998. For Wales, HM Treasury direction under Section 120 (3) of the Government of Wales Act 2006 [26]lists those receipts that will be surrendered.

Capital receipts

9.13 Taxpayers across the UK will have a continuing interest in capital assets under the control of the devolved administrations where those assets were originally financed prior to devolution, and not therefore on the basis of decisions or investment undertaken by the devolved administrations themselves. The number of such assets necessarily diminishes over time. However, where assets are sold which

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25 www.gov.uk/government/collections/consolidated-budgeting-guidance

26 www.legislation.gov.uk/ukpga/2006/32/contents

were originally financed other than from devolved administration budgets, the UK Government reserves the right to take into account proceeds from the sales of such assets and offset them against the block grant.

9.14 For example, HM Treasury ministers reserve the capacity to make offsetting adjustments to the block grant allocated to a devolved administration when capital receipts are realised as a result of a privatisation of a public sector trading body or a major change in the role of the public sector such as might arise from a large scale asset disposal or a public-private partnership in which the public sector contracts with the private sector for the future delivery of a service.

Borrowing

9.15 All the devolved administrations have powers to borrow. Details of the specific borrowing powers for each devolved administration are set out in Chapters 10 to 12.

European funding

9.16 Under the Withdrawal Agreement, the UK will continue to participate in EU programmes funded under the EU's 2014-2020 multi-annual financial framework until their closure. All devolved administrations will therefore continue to receive some funding from the EU during the 2021 Spending Review period.

9.17 The UK will also participate in the PEACE Plus programme for 2021-27, to support peace and reconciliation across the island of Ireland.

Chapter 10
Funding policy in Scotland

10.1 Since devolution, the Scottish Parliament has been responsible for many of the key public services in Scotland. Its devolved responsibilities include health, social care, welfare, education, skills, local government, policing, justice and housing.

10.2 However, the Scottish Parliament's responsibilities for raising resources to fund its spending have historically been more limited. Prior to Scotland Act 2012[27], the Scottish Parliament was responsible for council tax and non-domestic (business) rates in Scotland, and had the power to vary the basic rate of Income Tax by up to 3p (the Scottish Variable Rate).

10.3 Scotland Act 2012, which implemented the recommendations of the Calman Commission[28], devolved further tax and borrowing powers to the Scottish Parliament. These fiscal powers were enhanced further in the Scotland Act 2016[29], which implemented the recommendations of the Smith Commission[30].

10.4 Alongside the transfer of these new powers, the Scottish Government's block grant is adjusted accordingly. The block grant is increased when a devolved administration takes on responsibility for additional areas of spending and reduced when taxes are devolved (or assigned).

10.5 Following the full implementation of the Scotland Act 2016, more than half of spending by the Scottish Government will be self-financed. Since April 2020, there is now also a greater level of devolved responsibility for substantial areas of welfare.

10.6 This means an increase in the accountability of the Scottish Government, as it will hold the risks and benefits of self-financing a significant proportion of its spending. The Scottish Government's budget will be increasingly determined by the performance of the Scottish economy, itself influenced by policy decisions that the Scottish Government takes. At the same time, the Scottish Government has further powers to directly vary the level of tax and spending in Scotland. It also has the ability to design new taxes, subject to agreement of the Scottish Parliament and the UK Parliament.

27 www.legislation.gov.uk/ukpga/2012/11/contents/enacted

28 commonslibrary.parliament.uk/research-briefings/sn04744/

29 www.legislation.gov.uk/ukpga/2016/11/contents/enacted

30 www.gov.uk/government/speeches/the-smith-commission

Controlling Scottish Government spending

10.7 Since 2018-19, all Scottish Government spending has been classified as Annually Managed Expenditure (AME) rather than being split between AME and Departmental Expenditure Limits (DEL). This reflects the scale of the Scottish Government's powers to vary the level of self-financed spending, which isn't appropriate to control within DEL.

10.8 As a result, Scottish Government DEL now only reflects UK Government block grant funding while Scottish Government AME shows total spending net of the receipt of the DEL block grant funding (therefore DEL plus AME still equals total Scottish Government spending).

Sources of funding

10.9 The Scottish Government and, where applicable, local authorities in Scotland, have responsibility for expenditure self-financed from various sources of revenue such as taxes, levies and charges. Determining the levels of revenue available to them, and where to spend it, is a matter for the Scottish Government and the local authorities themselves.

Box 10.A: Sources of self-financed expenditure in Scotland

Local taxes
• Non-domestic rates • Council tax
Devolved taxes
• Land and buildings transactions tax • Scottish landfill tax
Scottish Income Tax
Other receipts, levies and charges
Borrowing
• Scottish Government capital borrowing • Scottish Government borrowing for non-capital purposes • Borrowing by Scottish local authorities
Scotland Reserve

10.10 In 2014 the Smith Commission agreed that the receipts raised in Scotland by the first 10 percentage points of the standard rate of Value Added Tax (VAT) will be assigned to the Scottish Government's budget. The first 2.5 percentage points of the reduced rate of VAT will also be assigned.

10.11 The UK Government agreed to the Scottish Government's request to delay VAT assignment beyond April 2021. A new date for implementation will instead be agreed as part of the upcoming fiscal framework review.

10.12 The Smith Commission also agreed that the power to charge tax on air passengers leaving Scottish airports will be devolved to the Scottish Parliament, as will the power to charge tax on the commercial exploitation of aggregate in Scotland.

10.13 When these powers are commenced the agreed block grant adjustments will be applied in line with the Scottish Government's fiscal framework (and the Scottish Government will retain the revenues generated by their replacement devolved taxes).

Local taxation

10.14 Scottish local authorities are responsible for setting rates of council tax in Scotland, retaining all the revenue generated and deciding how to use this funding. The Scottish Parliament also has devolved responsibility for non-domestic rates.

Devolved taxes

10.15 From April 2015, stamp duty land tax (SDLT) and landfill tax (LfT) ceased to apply in Scotland and the Scottish Parliament became responsible for the taxation of land/building transactions and disposals to landfill in Scotland. The land and buildings transactions tax (LBTT) and Scottish landfill tax (SLfT) are the replacement taxes. The Scottish Government retains all the revenues generated by these taxes.

Scottish Income Tax

10.16 The Scotland Act 2016 provides the Scottish Parliament with the power to set all Income Tax rates and bands (except the personal allowance, which remains reserved) for Scottish taxpayers' non-savings, non-dividend (NSND) income.

10.17 A five band Scottish Income Tax system was implemented for 2018-19 with the introduction of two new bands (a Starter Rate and an Intermediate Rate). HMRC administer Scottish Income Tax as part of the UK-wide Income Tax system and the Scottish Government receives all revenues generated.

10.18 Under the fiscal framework agreed between the UK and Scottish governments in 2016, the Scottish Government's funding is initially based on forecasts (of both Income Tax revenues and the associated block grant adjustment) and updated once actual Scottish and UK Government Income Tax revenues are available.

Borrowing

10.19 Scottish Government ministers can borrow both to fund capital expenditure and for a defined range of purposes not related to capital expenditure. Borrowing, like spending within Departmental Expenditure Limits or Annually Managed Expenditure, affects the UK's fiscal position and is therefore subject to a range of legislative and administrative controls.

Borrowing for capital expenditure purposes

10.20 The Scotland Act 1998, as amended by the Scotland Act 2016, enables Scottish Government ministers to borrow for capital expenditure up to a cumulative maximum of £3 billion.

10.21 Annual capital borrowing is subject to a limit set by HM Treasury ministers. The annual limit on capital borrowing is 15% of the overall borrowing cap, i.e. £450 million per year.

10.22 Capital borrowing may be through the Secretary of State for Scotland from the National Loans Fund, by way of a commercial loan (directly from a bank or other lender), or through the Scottish Government issuing their own bonds.

Borrowing for purposes other than capital expenditure

10.23 The Scotland Act 1998, as amended by the Scotland Act 2012 and the Scotland Act 2016, enables Scottish Government ministers to borrow for purposes other than capital expenditure up to a cumulative maximum of £1.75 billion in circumstances where such borrowing is necessary to:

- help smooth fluctuations in tax receipts or welfare spending, in particular where devolved tax receipts fall short of forecasts or welfare spending is above forecasts
- provide a working balance or meet an in-year excess in expenditure over income within the Scottish Consolidated Fund

10.24 The fiscal framework set out the conditions and limits for elements of resource borrowing:

- for in-year cash management, an annual limit of £500 million
- for forecast errors, an annual limit of £300 million
- for any observed or forecast shortfall in tax revenues or welfare spending pressure where there is or is forecast to be a Scotland-specific economic shock, an annual limit of £600 million

Local authority borrowing in Scotland

10.25 A prudential borrowing regime for local authorities in Scotland was introduced in 2004-05. From 2011-12 all borrowing undertaken by local authorities became self-financed. This is classified as AME and forms part of the Local Authority Self-Financed Expenditure (LASFE) forecast produced by the OBR.

Scotland Reserve

10.26 Alongside further tax devolution, the Scottish Government's fiscal framework provided a new Scotland Reserve to support budget management. This allows the Scottish Government to move funding (for example from underspends or higher than expected tax revenues) from one year to the next. This replaced the previous cash reserve and access to the Budget Exchange facility.

10.27 There is no annual limit for payments into the Scotland Reserve, only annual drawdown limits of £250 million for resource and £100 million for capital. This facility can hold up to £700 million in aggregate and provides an additional tool, alongside borrowing powers, to help the Scottish Government manage its devolved tax powers. Specifically, the Scottish Government will be able to pay surplus tax receipts (after the repayment of any outstanding current borrowing) into the Reserve, which can be accessed in future years.

10.28 If the Scottish Government wish to carry forward funding outside of the Scotland Reserve, they should request this in writing to the Chief Secretary. This request must be made in advance of the publication of the Parliamentary Supplementary Estimates in the year into which allocations are being carried, to ensure appropriate adjustments can be made to the figures presented to Parliament. This will be treated as a claim on the UK Reserve, and only permitted in exceptional circumstances.

Scotland Specific Economic Shock

10.29 In January 2021 alongside the Scottish Budget, the Scottish Fiscal Commission (SFC) forecast triggered a "Scotland-Specific Economic Shock" in 2021-22, largely driven by timing differences between the respective SFC and OBR forecasts. A shock is triggered if on a rolling four-quarter basis both the following conditions are met: (a) Scottish GDP growth is below 1%; and (b) Scottish GDP growth is at least 1ppt below UK GDP growth.

10.30 The fiscal framework sets out that the following arrangements will apply in the year for which the shock is triggered and the subsequent two years. As a result between 2021-22 and 2023-24:

- The Scottish Government's annual resource borrowing limit will increase from £300m to £600m, which can be used for the purpose of offsetting any forecast error in relation to tax and welfare
- Annual drawdown limits from the Scotland Reserve (£250m resource; £100m capital) will be waived

Chapter 11

Funding policy in Wales

11.1 Since devolution, the Welsh Parliament has been responsible for many of the major public services in Wales, including health, social care, local government, education, skills and housing. However, for many years its spending was almost entirely funded by the block grant from the UK Government.

11.2 The Silk Commission recommended that the Welsh Government should become more accountable for funding its spending, through the devolution of a range of tax and borrowing powers.

11.3 The full devolution of non-domestic (business) rates took effect from April 2015, bringing the Parliament's powers in line with those already in effect in Scotland and Northern Ireland. The Wales Act 2014 provided the Welsh Parliament with further powers for stamp duty land tax, landfill tax, and for the setting of Welsh rates of Income Tax. Stamp duty land tax and landfill tax were devolved on 1 April 2018, being replaced by land transaction tax and landfill disposals tax. The first Welsh rates of Income Tax were set for the 2019-20 tax year.

11.4 Following the implementation of the Wales Act 2014, the Welsh Government will self-fund around a quarter of its spending. This increases the Welsh Government's accountability, as it will hold the risks and benefits of self-financing a significant part of its spending, while providing further powers to vary the level of tax and spending in Wales directly. These tax powers also provide further levers for the Welsh Government to meet the needs and circumstances of Wales. In addition, the Welsh Government has the ability to design new taxes to support policy priorities, subject to the agreement of the Welsh Parliament and the UK Parliament.

Sources of funding

11.5 The Welsh Government and, where applicable, local authorities in Wales, have responsibility for expenditure self-financed from various sources of revenue such as taxes, levies and charges.

Box 11.A: Sources of self-financed expenditure in Wales

Local taxes
• Non-domestic rates • Council tax
Devolved taxes
• Land transaction tax • Landfill disposals tax
Welsh rates of Income Tax
Other receipts, levies and charges
Borrowing
• Welsh Government capital borrowing • Welsh Government borrowing for non-capital purposes • Borrowing by Welsh local authorities
Wales Reserve

Local taxation

11.6 Welsh local authorities are responsible for setting rates of council tax in Wales, retaining all the revenue generated and deciding how to use this funding.

11.7 Non-domestic (business) rates have been fully devolved to the Welsh Parliament since April 2015, as in Scotland and Northern Ireland. While the Welsh Parliament already had legislative competence to set the poundage rates, from April 2015 the funding available from business rates has been directly available to spend in Wales. Previously, funding available related to business rates was linked to changes in UK Government spending funded by business rates.

Devolved taxes

11.8 Land transaction tax and landfill disposals tax are administered and collected by the Welsh Revenue Authority (WRA). The WRA is a non-ministerial department of the Welsh Government and accountable to the Welsh Parliament. The receipts from these devolved taxes are paid into the Welsh Consolidated Fund.

11.9 The legislation underpinning these taxes was passed by the Welsh Parliament in 2016 and 2017, with the two taxes operating from 1 April 2018. The rates are set by the Welsh Parliament.

Welsh Rates of Income Tax

11.10 From April 2019 onwards the Welsh Government can set Welsh rates of Income Tax, which form part of the overall Income Tax rates paid by Welsh taxpayers. Specifically, the three UK rates of Income Tax (basic, higher and additional) are all now reduced by 10 percentage points in Wales (to 10%, 30% and 35% respectively) with the Welsh Government setting Welsh rates on top. HMRC administer Welsh rates of Income Tax as part of the UK-wide Income Tax system and the Welsh Government receives all revenues generated.

11.11 To date the Welsh Government has set all three Welsh rates at 10%[31] so the overall rates of Income Tax paid by Welsh taxpayers have matched those in England and Northern Ireland.

Borrowing

11.12 Welsh Government ministers can borrow both to fund capital expenditure and for a defined range of purposes not related to capital expenditure. Borrowing, like spending within Departmental Expenditure Limits or Annually Managed Expenditure, affects the UK's fiscal position and is therefore subject to a range of legislative and administrative controls.

Borrowing for capital expenditure purposes

11.13 The Wales Act 2017 enables Welsh Government ministers to borrow for capital purposes up to a cumulative maximum of £1 billion. The annual capital borrowing limit was also increased to £150 million (15% of the overall cap) from April 2019. Borrowing may be through the Secretary of State for Wales (from the National Loans Fund), by way of a commercial loan (directly from a bank or other lender) or through the Welsh Government issuing their own bonds.

Borrowing for purposes other than capital expenditure

11.14 The Government of Wales Act 2006, as amended by the Wales Act 2014 and Wales Act 2017, enables Welsh Government ministers to borrow for purposes other than capital expenditure up to a cumulative maximum of £500 million in circumstances where such borrowing is necessary to:

- help smooth fluctuations in tax receipts, in particular where actual devolved tax receipts fall short of forecasts
- provide a working balance or meet an in-year excess in expenditure over income within the Welsh Consolidated Fund

11.15 The fiscal framework set out the conditions and limits for elements of resource borrowing:

- for forecast errors, an annual limit of £200 million
- for in-year cash management, an annual limit of £500 million

[31] www.gov.wales/welsh-rates-income-tax

11.16 Borrowing for purposes other than capital expenditure is by the Secretary of State on behalf of Welsh Government ministers, from the National Loans Fund.

Local authority borrowing in Wales

11.17 A prudential borrowing regime for local authorities in Wales was introduced in 2004-05. From 2011-12 all borrowing undertaken by local authorities became self-financed. This is classified as AME and forms part of the Local Authority Self-Financed Expenditure (LASFE) forecast produced by the OBR.

Wales Reserve

11.18 Alongside further tax devolution, the Welsh Government's fiscal framework provided a new Wales Reserve to support budget management. This allows the Welsh Government to move funding (for example from underspends or higher than expected tax revenues) from one year to the next. This replaced the previous cash reserve and access to the Budget Exchange facility.

11.19 There is no annual limit for payments into the Wales Reserve, only annual drawdown limits of £125 million for resource and £50 million for capital. This facility can hold up to £350 million in aggregate and provides an additional tool, alongside borrowing powers, to help the Welsh Government manage its devolved tax powers. Specifically, the Welsh Government will be able to pay surplus tax receipts (after the repayment of any outstanding current borrowing) into the Reserve, which can be accessed in future years.

11.20 If the Welsh Government wish to carry forward funding outside of the Wales Reserve they should request this in writing to the Chief Secretary. This request must be made in advance of the publication of the Parliamentary Supplementary Estimates in the year into which allocations are being carried, to ensure appropriate adjustments can be made to the figures presented to Parliament. This will be treated as a claim on the UK Reserve, and only permitted in exceptional circumstances.

Chapter 12

Funding policy in Northern Ireland

12.1 Since the return of devolved government to Northern Ireland following the Belfast/Good Friday Agreement, the Northern Ireland Assembly has been responsible for the delivery of most key public services. Its devolved responsibilities include health, social care, education, skills, local government, policing, justice and housing. The Northern Ireland Assembly also has extensive devolved powers over welfare as set out in Chapter 7.

12.2 As is the case right across the UK, the UK Government has recognised that each devolution settlement needs to reflect the circumstances and challenges faced by the devolved administration and the jurisdiction it covers. Previous governments ensured that Northern Ireland had capital borrowing powers to support economic regeneration in the early years of the Assembly's existence, and these powers have been supplemented and extended in response to various developments in Northern Ireland's wider political situation.

12.3 Most recently, the Northern Ireland Executive has access to the £400m New Deal for Northern Ireland to help boost economic growth and support businesses to operate after the Transition Period. Prior to that, the New Decade New Approach in January 2020 supported the full restoration of the institutions of the Belfast/Good Friday Agreement including the Executive, the Assembly and the North/South Ministerial Council.

Sources of funding

12.4 The Northern Ireland Executive and, where applicable, local councils have responsibility for expenditure self-financed from various sources of revenue such as taxes, levies and charges. Determining the levels of revenue available to them, and where to spend it, is a matter for the Northern Ireland Executive and the local councils themselves.

Box 12.A: Sources of self-financed expenditure in Northern Ireland

Local taxes
• Non-domestic rates • Domestic rates
Lang-haul Passenger Duty
Other receipts, levies and charges
Borrowing
• Northern Ireland Executive capital borrowing • Northern Ireland Executive borrowing for non-capital purposes

Local taxation

12.5 Domestic rates in Northern Ireland are set by a combination of the Northern Ireland Executive (the regional rate component) and individual local councils (the district rate component). Decisions on spending allocations between Northern Ireland departments and councils are also a devolved matter.

12.6 The Northern Ireland Executive and local councils also have full control over the level and structure of non-domestic (business) rates, and on spending the income generated.

Devolved taxes

12.7 From January 2013, the power to set Air Passenger Duty (APD) rates for long-haul flights was devolved to the Northern Ireland Assembly. The Northern Ireland Executive's block grant was initially adjusted to reflect the tax revenues foregone by the Exchequer as a result of the devolution of long-haul APD. This adjustment is updated each year according to an agreed mechanism.

Further tax devolution

12.8 The Corporation Tax (Northern Ireland) Act 2015 provides for the Northern Ireland Assembly to set the main rate of corporation tax in respect of certain trading profits. Commencement of the powers in the Act relies on the Northern Ireland Executive meeting the commitments entered into in the Stormont House Agreement, including those around ensuring that the Executive's finances are demonstrated to have been placed on a sustainable footing.

12.9 As with other devolved taxes, this will involve a block grant adjustment to reflect the tax revenues foregone by the Exchequer. The precise block grant adjustment arrangements will be agreed between HM Treasury and the Northern Ireland Executive as part of the arrangements for commencing the power, in line with commitments given in the Stormont House Agreement.

Borrowing

12.10 Northern Ireland Executive ministers can borrow both to fund capital expenditure and for a defined range of purposes not related to capital expenditure. Borrowing, like other spending within Departmental Expenditure Limits or Annually Managed Expenditure, affects the UK's fiscal position and is therefore subject to a range of legislative and administrative controls.

Borrowing for capital expenditure purposes

12.11 The Northern Ireland (Loans) Act 1975, as amended by the Northern Ireland (Miscellaneous Provisions) Act 2006, enables the Northern Ireland Executive to borrow for capital purposes up to a cumulative maximum of £3 billion. Capital borrowing is by the Secretary of State of Northern Ireland on behalf of the Northern Ireland Executive, from the National Loans Fund.

12.12 Annual limits on borrowing are determined by HM Treasury. The annual limit is routinely set at £200 million but has been increased (for defined purposes and specific time periods) on a number of occasions.

Borrowing for purposes other than capital expenditure

12.13 The Northern Ireland Act 1998 enables Northern Ireland Executive ministers to borrow for purposes other than capital expenditure up to a maximum of £250 million.

12.14 The sole purpose of these loans is to give the Northern Ireland Executive the ability to borrow over the short-term for cash management purposes, in circumstances where it is necessary to provide a working balance or meet an in-year excess in expenditure over income within the Northern Ireland Consolidated Fund.

12.15 Borrowing for purposes other than capital expenditure is by the Secretary of State on behalf of the Northern Ireland Executive, from the National Loans Fund.

Budget Exchange

12.16 Budget exchange is a mechanism that allows departments to carry forward a forecast DEL underspend from one year to the next. Under Budget Exchange arrangements unallocated DEL budget can be carried forward from one financial year to the next, within previously agreed limits and with the consent of HM Treasury ministers. In practical terms Budget Exchange is achieved by surrendering unspent provision to the Exchequer in one year, with an equivalent sum being added to the block grant in the subsequent year. Further information on Budget Exchange can be found in the Consolidated Budgeting Guidance.

12.17 The Northern Ireland Executive does not have a Reserve and therefore is able to access the Budget Exchange system. The amount of the Northern Ireland

Executive's block grant allocation which it can carry forward to a subsequent year is calculated with reference to the Resource and Capital DEL totals published in the Parliamentary Supplementary Supply Estimates in the year from which it is being carried forward. The agreed amount is then added to the initial DEL totals published in the Main Estimates in the year into which it is being carried forward and reflected in the DEL totals in the Supplementary Estimates later that year.

12.18 The limits are set out in the Budget Exchange chapter of the Consolidated Budgeting Guidance, which is updated annually. In planning for Budget Exchange requests, the Northern Ireland Executive must include within these limits any desired carry forward of in-year changes to their block grants, including in-year additions of Barnett consequentials, classification changes, machinery of government changes or other interdepartmental transfers of provision.

12.19 Any in-year funding provided as a result of a successful claim on the DEL Reserve by Norther Ireland Executive ministers will be ineligible for carry forward under Budget Exchange.

12.20 HM Treasury and Northern Ireland Executive officials will liaise to determine the funding which can be carried forward from one year to the next. This process will normally take place as the Executive calculates their provisional outturn for the previous year.

12.21 Northern Ireland Executive ministers should then write to the Chief Secretary in advance of the publication of the Parliamentary Supplementary Estimates in the year into which allocations are being carried, to ensure appropriate adjustments can be made to the figures presented to Parliament. The Chief Secretary will also formally record agreement to Budget Exchange in correspondence.

12.22 If the Northern Ireland Executive wish to carry forward funding outside of Budget Exchange they should again request this in writing to the Chief Secretary in advance of the publication of the Parliamentary Supplementary Estimates in the year into which allocations are being carried. This will be treated as a claim on the UK Reserve, and only permitted in exceptional circumstances.

Annex A

Application of the Barnett formula

A.1 Chapter 3 sets out the principles underpinning the operation of the Barnett formula. As set out in Chapter 3, the Barnett formula is applied in slightly different ways at spending reviews and Budgets.

Application of the Barnett formula in a spending review

A.2 If HM Treasury consider a single UK Government department, the three factors determining any change to the devolved administrations' DEL block grants at a spending review are:

(1) Change to the UK Government department's DEL	x	(2) Comparability percentage (see Annex B)	x	(3) Appropriate population proportion

A.3 Therefore, consider the position where:

1. the UK Government decides to increase department A's DEL by £100 million and decrease department B's DEL by £50 million
2. the comparability for each devolved administration in relation to department A is 75% (because department A already carries out some expenditure at a whole-UK level) while the comparability factor for department B is 100% (because all of department B's expenditure is England-only)
3. the population proportions are 9.67% for Scotland, 5.60% for Wales and 3.35% for Northern Ireland of England's population

A.4 In addition, there is a 5% uplift for the Welsh Government and a 2.5% VAT abatement (reduction) for the Northern Ireland Executive.

A.5 Then the following changes to each devolved administrations' DEL block grant are applied:

Scottish Government	in respect of department A	100 x 0.75 x 0.0967	=	£7.253 million
	in respect of department B	-50 x 1.00 x 0.0967	=	-£4.835 million
	Total change to Scottish Government block grant		=	£2.418 million
Welsh Government	in respect of department A	100 x 0.75 x 0.0560 x 1.05	=	£4.411 million
	in respect of department B	-50 x 1.00 x 0.0560 x 1.05	=	-£2.941 million
	Total change to Welsh Government block grant		=	£1.470 million
Northern Ireland Executive	in respect of department A	100 x 0.75 x 0.0335 x 0.975	=	£2.450 million
	in respect of department B	-50 x 1.00 x 0.0335 x 0.975	=	-£1.633 million
	Total change to Northern Ireland Executive block grant		=	£0.817 million

Application of the Barnett formula at fiscal events

A.6 At fiscal events, the Barnett formula is usually applied to individual spending programmes rather than a department's overall DEL. The comparability factor is set at either 0% or 100%, determined by assessing whether the spending benefits the UK as a whole or each of Scotland, Wales or Northern Ireland individually.

A.7 At a fiscal event, consider the position where:

1. the UK Government decides to increase a programme by £100 million at a fiscal event
2. the programme is of a devolved nature
3. the population proportions are 9.67% for Scotland, 5.60% for Wales and 3.35% for Northern Ireland of England's population

A.8 In addition there is a 5% uplift for the Welsh Government and a 2.5% VAT abatement for the Northern Ireland Executive.

A.9 Then the following changes to each devolved administrations' DEL block grant are applied:

Scottish Government	100 x 1.00 x 0.0967	=	£9.666 million
Welsh Government	100 x 1.00 x 0.0560 x 1.05	=	£5.885 million
Northern Ireland Executive	100 x 1.00 x 0.0335 x 0.975	=	£3.268 million

Historic data

A.10 The population proportions used at previous spending reviews and spending rounds are set out in the table below:

Table A.1: Historical population estimates

Year of the spending review	1998	2000	2002	2004	2007	2010	2015	2019	2020	2021
ONS mid-year population estimates (%) used	1996	1999	2001	2003	2006	2009	2014	2018	2019	2020
Scotland's population as a proportion of the population of England:	10.45	10.34	10.23	10.20	10.08	10.03	9.85	9.71	9.71	9.67
Scotland's population as a proportion of the population of England and Wales:	9.86	9.77	9.66	9.63	9.52	9.48	9.31	9.20	9.19	9.15
Wales' population as a proportion of the population of England:	5.95	5.93	5.89	5.89	5.84	5.79	5.69	5.61	5.60	5.60
Northern Ireland's population as a proportion of the population of England:	3.39	3.41	3.40	3.42	3.43	3.45	3.39	3.36	3.36	3.35
Northern Ireland's population as a proportion of the population of England and Wales:	3.20	3.22	3.21	3.23	3.24	3.26	3.21	3.18	3.19	3.17
Northern Ireland's population as a proportion of the population of Great Britain:	2.91	2.93	2.92	2.95	2.96	2.98	2.93	2.91	2.92	2.91

Annex B
Comparability factors

B.1 Comparability is essentially the extent to which services delivered by UK Government departments correspond to services delivered by the devolved administrations. The comparability factors applied in the Spending Review 2021 are summarised in the tables below.

B.2 A comparability factor is determined for each departmental programme within Departmental Expenditure Limits (DEL) for each devolved administration. This is set at 100% if the programme relates to services that are delivered by the devolved administration or is set at 0% otherwise.

B.3 Each programme is then weighted by its spending in the base year (usually the year immediately preceding the first year covered by a spending review) to give an overall departmental comparability percentage[1]. Departmental Unallocated Provision is assumed to have the weighted average departmental comparability and therefore does not affect the calculations of departmental comparability.

B.4 Expenditure is normally regarded as comparable at the programme level except in cases where:

- expenditure is incurred on behalf of the whole of the UK, or some combination of England, Scotland, Wales and Northern Ireland, at programme level
- other arrangements are in place to determine the share of funding to be distributed among the devolved administrations
- a programme is exceptionally regarded as unique at the UK level

B.5 Assessment of whether a programme is unique at a UK level should be exceptional. As such, any such assessment should be evidence-based, be undertaken in a timely manner, and be considered by HM Treasury ministers and their counterparts in the devolved administrations to ensure all viewpoints are understood before final decisions are taken.

B.6 Where classification, transfer or machinery of government changes occur in UK Government departments between spending reviews which have the effect of transferring provision from one departmental programme to another or changing the structure of a departmental programme, this may have a corresponding effect on comparability.

[1] For Spending Review 2021, the Spending Review 2020 comparability factors are being reused (as explained in Chapter 3) and these were based on Main Estimates 20-21funding, excluding Covid-19.

B.7 Comparability factors will not generally be revisited during the course of a spending review period. They will also not be revisited in the case of in-year reprioritisation and transfer of spending between UK Government departments where there is no net change in spending by UK departments.

B.8 HM Treasury consults with each devolved administration to allow comments and discussion prior to a spending review on the comparability percentages to be used in that review.

B.9 Specifically, HM Treasury will advise: which DEL contain comparable spending for the purpose of applying the Barnett formula; the comparability percentage of each programme within each DEL; and the provision for that programme in the base year (usually the year immediately preceding the first year covered by a spending review). If a new DEL is being established, normally this will be made up of existing programmes with established comparability percentages and the overall comparability factor for that DEL will be calculated in the normal way.

B.10 Where a different approach is proposed for establishing a new DEL, HM Treasury will advise why a different approach is being proposed, what the proposed comparability percentage is and what the evidence base is for the proposed comparability percentage. The availability of comparability percentages, population proportions and changes in UK Government departmental programmes will mean that the devolved administrations and the public will be able to verify that the Barnett formula methodology and arithmetic has been applied correctly.

B.11 Comparability factors are completed for almost all UK Government departments and other small and independent bodies. The exception is where a department consistently only undertakes activities relate to reserved policy, which includes the Foreign, Commonwealth and Development Office, the Ministry of Defence, and the Department for International Trade.

B.12 The departmental comparability factors applied in the Spending Review 2021 are:

Department	Scotland	Wales	Northern Ireland
Business, Energy, and Industrial Strategy	6.8%	6.5%	7.1%
Business Rates	100.0%	100.0%	100.0%
Cabinet Office	0.0%	0.0%	0.0%
DLUHC: Levelling Up, Housing and Communities	100.0%	99.6%	100.0%
DLUHC: Local Government	100.0%	100.0%	100.0%
Digital, Culture, Media, and Sport	68.0%	67.7%	69.9%
Environment, Food and Rural Affairs	96.9%	96.9%	96.9%
Education	100.0%	100.0%	100.0%
Transport	91.7%	36.6%	95.4%
Health and Social Care	99.5%	99.5%	99.5%
Work and Pensions	20.1%	0.0%	97.9%
HM Revenue and Customs	4.0%	4.0%	3.4%
HM Treasury	0.0%	0.0%	0.0%
Home Office	82.5%	1.7%	82.5%
Law Officers Departments	98.3%	0.0%	90.1%
Justice	100.0%	1.3%	99.9%

B.13 A programme level breakdown can be found for each department below.

B.14 The comparability factors for small and independent bodies applied in the Spending Review 2021 are:

Small & independent bodies	Scotland	Wales	Northern Ireland
Charity Commission	100.0%	0.0%	0.0%
Competition and Markets Authority	0.0%	0.0%	0.0%
Electoral Commission	100.0%	100.0%	0.0%
Export Credits Guarantee	0.0%	0.0%	0.0%
Food Standards Agency	100.0%	100.0%	100.0%
Government Actuary's Department	0.0%	0.0%	0.0%
HM Land Registry	100.0%	0.0%	100.0%
House of Commons: Administration	0.0%	0.0%	0.0%
House of Commons: Members	0.0%	0.0%	0.0%
House of Lords	0.0%	0.0%	0.0%
Independent Parliamentary Standards Authority	0.0%	0.0%	0.0%
Local Government Boundary Commission for England	100.0%	100.0%	100.0%
National Audit Office	0.0%	0.0%	0.0%
National Savings and Investment	0.0%	0.0%	0.0%
Office for Standards in Education, Children's Services and Skills	100.0%	100.0%	100.0%
Office of Gas and Electricity Markets	0.0%	0.0%	100.0%
Office of Qualifications and Exams Regulation	100.0%	100.0%	100.0%
Office of Rail and Road	0.0%	0.0%	100.0%
Office of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England	0.0%	0.0%	0.0%
Parliamentary Works Sponsor Body	0.0%	0.0%	0.0%
The National Archives	100.0%	0.0%	100.0%
The Statistics Board	0.0%	0.0%	100.0%
The Supreme Court	0.0%	0.0%	0.0%
Water Services Regulation Authority	100.0%	0.0%	100.0%

Schedule of comparable programmes

Department for Business, Energy, and Industrial Strategy

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Administration	476,969	0%	0%	0%
Advisory Conciliation and Arbitration Service	54,546	0%	0%	100%
Arts and Humanities Research Council	31,910	0%	0%	0%
Better Regulation	28,629	0%	0%	0%
Biotechnology and Biological Sciences Research Council	112,199	0%	0%	0%
British Academy	56,508	0%	0%	0%
British Business Bank	1,572,627	0%	0%	0%
British Energy liabilities	150,000	0%	0%	0%
British Shipbuilders	6,885	0%	0%	0%
BTI	52,000	0%	0%	0%
Business and Enterprise access to finance	26,488	0%	0%	0%
Business and Enterprise Miscellaneous	265,228	100%	100%	100%
Carbon Capture and Storage	783	0%	0%	0%
Central Programmes	381,044	0%	0%	0%
Coal Authority	30,795	0%	0%	0%
Committee on Climate Change	5,135	0%	0%	0%
Companies House	27,120	0%	0%	0%
Competition Service	4,430	0%	0%	0%
Concessionary Fuel	36,000	0%	0%	0%
Cornwall and Isles of Scilly Fund	9,204	0%	0%	0%
Diamond Light Source	40,000	0%	0%	0%
Drive Action on Climate Change	15,000	0%	0%	0%
Economic and Social Research Council	48,553	0%	0%	0%
Electricity Settlements Company	1	0%	0%	0%
Enemy Property	1,959	0%	0%	0%
Energy Innovation	311,814	0%	0%	0%

Energy Strategy & Futures and Electricity Market Reform	329	0%	0%	0%
Engineering and Physical Sciences Research Council	383,946	0%	0%	0%
Enterprise Capital Fund	-54,865	0%	0%	0%
Enterprise Finance Guarantee	32,500	0%	0%	0%
European Union Emission Trading Scheme & Tax	883	0%	0%	0%
Financial Reporting Council	524	0%	0%	0%
Fuel Poverty	2,613	100%	100%	100%
Global Threat Reduction Programme	130	0%	0%	0%
Green Deal	5,480	0%	0%	100%
Green Investment Bank	1,000	0%	0%	0%
Heat	153,468	0%	0%	0%
Historic Royal Mail Assets	2,700	0%	0%	0%
Innovate UK	562,321	0%	0%	0%
Insolvency Service	45,561	100%	0%	100%
International & EU Energy & Security	3,638	0%	0%	0%
International Climate Change	-32,100	0%	0%	0%
International Climate Fund	557,160	0%	0%	0%
Launch Investments	-325,500	0%	0%	0%
Low Carbon Contracts Company	276	0%	0%	0%
Market Frameworks	115,696	0%	0%	0%
Medical Research Council	155,380	0%	0%	0%
Met Office	53,960	0%	0%	0%
National Carbon Markets	993	0%	0%	0%
National Energy Efficiency	4,330	0%	0%	0%
National Measurement Service	59,381	0%	0%	0%
Natural Environment Research Council	100,395	0%	0%	0%
New Nuclear	6,769	0%	0%	0%
Civil Nuclear Police	4,652	0%	0%	0%
Nuclear Decommissioning Authority	2,606,000	0%	0%	0%
Nuclear Non-proliferation	20,990	100%	100%	100%
Nuclear Security	8,031	100%	100%	100%
Office for Product Safety and Standards	3,492	0%	0%	0%

Ofgem Costs	13,593	0%	0%	100%
Oil and Gas Authority	9,442	0%	0%	0%
Ordnance Survey	-20,600	0%	0%	100%
Post Office Network Subsidy & Restructuring	50,000	0%	0%	0%
Public Sector Energy Efficiency Loans	89,700	100%	100%	100%
Renewable Energy Deployment	1,896	0%	0%	100%
Research Base and Science Contingency	1,126,119	0%	0%	0%
Research Capital Investment Fund	21,570	100%	100%	100%
Research Councils	15,916	0%	0%	0%
Research England	696,460	100%	100%	100%
Royal Academy of Engineering	32,286	0%	0%	0%
Science and Society	16,928	0%	0%	0%
Science and Technology Facilities Council	240,774	0%	0%	0%
Smart Meters	8,252	0%	0%	100%
UK Research and Innovation	5,853,789	0%	0%	0%
UK Shared Business Services	1,500	0%	0%	0%
UK Space Agency	495,020	0%	0%	0%
United Kingdom Atomic Energy Authority	171,051	0%	0%	0%
	17,049,656	6.7%	6.5%	7.1%

Business Rates

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Business Rates Income	-12,791	100%	100%	100%
	-12,791	100.0%	100.0%	100.0%

Cabinet Office

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Arm's Length Bodies	20,561	0%	0%	0%
Central Spending	132,852	0%	0%	0%
Consolidated Fund Standing Services	-137	0%	0%	0%
Efficiency and Reform	343,953	0%	0%	0%
Government Property Agency	63,994	0%	0%	0%
Support to the Cabinet, Prime Minister	605,395	0%	0%	0%
Union & Democracy	83,010	0%	0%	0%
	1,249,628	0.0%	0.0%	0.0%

DLUHC: Levelling Up, Housing and Communities

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Administration	227,408	100%	100%	100%
Affordable Homes Programme	1,396,344	100%	100%	100%
Better Care Fund Contributions	1,250	100%	100%	100%
Bicester Garden Town	12,000	100%	100%	100%
Borderlands	29,000	100%	100%	100%
Building Safety Programme	1,162,930	100%	100%	100%
CED/East Bank	55,000	100%	100%	100%
Commonwealth Games Infrastructure funding	40,000	100%	100%	100%
Communications	3,150	100%	100%	100%
Communities	49	100%	100%	100%
Controlling Migration Fund	10,000	100%	100%	100%
Cyber Resilience	5,493	100%	100%	100%
Departmental Unallocated Provision	2,485,555	100%	100%	100%
Development Corporations	5,000	100%	100%	100%
Devolution Deals	363,250	100%	100%	100%
Digital Local	5,000	100%	100%	100%
Ebbsfleet Development Corporation	46,821	100%	100%	100%
ERDF	11,440	100%	100%	100%
Estate Agents Regulation	600	100%	100%	100%
EU Funded Cross Border Regeneration	2,100	100%	100%	100%
Family Annexes	6,000	100%	100%	100%
Flexible Homelessness Support Grant	211,668	100%	100%	100%
Future High Streets	115,760	100%	100%	100%
Garden Communities	9,000	100%	100%	100%
Great Crested Newts	1,300	100%	100%	100%
Grenfell Site and Recovery	48,414	100%	100%	100%
HCA Digital Programme	24,247	100%	100%	100%
HE land impairments	5,000	100%	100%	100%
Help To Buy	4,306,240	100%	100%	100%
Home Building Fund	256,551	100%	100%	100%
Home of 2030	650	100%	100%	100%

Homes and Communities Agency	3,586	100%	100%	100%
Housing Deals	109,450	100%	100%	100%
Housing Infrastructure Fund	520,500	100%	100%	100%
Housing Supply: Build to Rent	-25,572	100%	100%	100%
IICSA	6,000	100%	100%	100%
Infrastructure to Support Housing	3,347	100%	100%	100%
Integration & Tackling Extremism	14,000	100%	100%	100%
LA Accelerated Construction	98,100	100%	100%	100%
Land Assembly Fund	226,650	100%	100%	100%
Land Release	2,800	100%	100%	100%
Leasehold Advisory Service	1,922	100%	0%	100%
Leasehold Reform	1,500	100%	100%	100%
Local Enterprise Partnerships	20,000	100%	100%	100%
Local Growth Fund	1,243,999	100%	100%	100%
Local Plans	380	100%	100%	100%
Manchester Housing Investment Fund	-81,266	100%	100%	100%
Mandating Data Transparency[2]	3,882	100%	100%	100%
Midlands Engine	1,909	100%	100%	100%
Move on Fund	26,500	100%	100%	100%
Multiple Complex Needs	5,400	100%	100%	100%
National Body for Home Improvement Agencies	1,057	100%	100%	100%
Neighbourhood Planning	20,050	100%	100%	100%
New Homes Bonus	907,196	100%	100%	100%
Northern Powerhouse	620	100%	100%	100%
Office for Data Analysis	200	100%	100%	100%
Planning	1,405	100%	100%	100%
Planning Delivery Fund	4,000	100%	100%	100%
Planning Inspectorate	54,430	100%	0%	100%
Preston City Deal	10,200	100%	100%	100%
Preventing Homelessness	226,757	100%	100%	100%
Private Rented Sector	14,440	100%	100%	100%
Public Sector Land Programme	14	100%	100%	100%

[2] This edition now includes the baseline spending on this programme that was attributed to Help To Buy in the previous edition. This has had no impact on historic or future Barnett-based funding.

Regional Fire Control Centres	4,012	100%	100%	100%
Regional Growth Fund	1,000	100%	100%	100%
Right to Build	155	100%	100%	100%
Rough Sleeping Strategy	50,500	100%	100%	100%
Severe Weather Recovery	4,310	100%	100%	100%
Small Sites Fund	29,750	100%	100%	100%
Social Housing White Paper	1,090	100%	100%	100%
SSI Steelworks	4,240	100%	100%	100%
Supported Housing	8,400	100%	100%	100%
Sustainable Communities Act	30	100%	100%	100%
Tackling Loneliness	75	100%	100%	100%
Tenant Empowerment	10	100%	100%	100%
Thames Estuary	1,400	100%	100%	100%
The Commission for Local Administration in England	11,335	100%	100%	100%
The Housing Ombudsman	-385	100%	100%	100%
Town Deals Fund	70,000	100%	100%	100%
Troubled Families	166,000	100%	100%	100%
UK Holocaust Memorial Fund	7,200	100%	100%	100%
Valuation Tribunal service	6,465	100%	100%	100%
Western Gateway	100	100%	100%	100%
	14,636,363	100.0%	99.6%	100.0%

DLUHC: Local Government

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Private Finance Initiative Special Grant	27,800	100%	100%	100%
Revenue Support Grants	18,644	100%	100%	100%
Local Government	50,005	100%	100%	100%
Safety Net	3,353	100%	100%	100%
Localising Council Tax Admin Subsidy	566,000	100%	100%	100%
Independent Living Fund	160,600	100%	100%	100%
Rural Services Delivery	77,057	100%	100%	100%
Better Care Fund	1,748,251	100%	100%	100%
Specified Bodes	19,200	100%	100%	100%
Enterprise Zone Relief	4,613	100%	100%	100%
Social Care	1,641,139	100%	100%	100%
	4,316,662	100.0%	100.0%	100.0%

Department for Digital, Culture, Media and Sport

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Administration	100,954	100%	100%	100%
Arts Bodies & Cultural Investment	515,892	100%	100%	100%
BFI Film Academy	-40	0%	0%	0%
Birmingham 2022 Commonwealth Games	54,967	100%	100%	100%
Broadcasting and Media Bodies	108,288	0%	0%	0%
Central Libraries	137,721	0%	0%	0%
Data Protection	2,821	0%	0%	0%
Digital Economy	40,135	0%	0%	0%
Digital Infrastructure	392,341	0%	0%	0%
Europe; Cyber Security; and Counter Extremism	15,949	0%	0%	0%
Gambling Commission - regulation of commercial gambling	1,296	0%	0%	100%
Government Art Collection	792	0%	0%	0%
Heritage Bodies	118,085	100%	100%	100%
Heritage Investment incl. Listed Places of Worship	220	0%	0%	0%
Information Commissioner's Office	8,726	100%	0%	0%
Listed Places of Worship	17,094	0%	0%	0%
Museums and Galleries	475,053	100%	100%	100%
Music education hubs administration funding	-680	100%	100%	100%
National Citizen Service	181,517	100%	100%	100%
Office for Civil Society	70,825	100%	100%	100%
PFI Funding for Library Projects	16,926	100%	100%	100%
PFI Funding for Sports and Leisure Facilities	13,774	100%	100%	100%
Research	14,156	100%	100%	100%
Sports Bodies	174,593	100%	100%	100%
Support for Broadcasting and Media	10,365	0%	0%	0%
Support for the Arts Sector	-80,872	100%	100%	100%
Support for the Heritage Sector	12,083	100%	100%	100%
Support for the Museums and Galleries Sector	14,891	100%	100%	100%

Tourism Bodies	54,902	0%	0%	100%
UK Gigabit Transformation / SRN EAS	12,840	0%	0%	0%
	2,485,614	68.0%	67.7%	69.9%

Department for Environment, Food and Rural Affairs

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Administration	451,100	100%	100%	100%
Arm's Length Bodies	1,399,204	100%	100%	100%
Animal and Plant Health	147,171	0%	0%	0%
Animal Welfare	9,640	100%	100%	100%
Atmosphere and Industrial Emissions	105,194	100%	100%	100%
Better Regulation, EU & International	93,189	100%	100%	100%
Chemical, Biological, Radiological and Nuclear	4,548	0%	0%	0%
Chemicals, Pesticides & Hazardous Waste	4,985	100%	100%	100%
Chief Scientific Advisors	38,578	100%	100%	100%
Common Agricultural Policy	45,000	100%	100%	100%
Endemic Diseases	52,167	100%	100%	100%
Environmental	259,768	100%	100%	100%
Flood Risk Management	10,977	100%	100%	100%
Food and Farming	172,766	100%	100%	100%
Green Finance Programme	569	100%	100%	100%
Landscape and Outdoor Recreation	112,817	100%	100%	100%
Marine and Fisheries	87,419	100%	100%	100%
Rural Policy	1,833,817	100%	100%	100%
Strategy	9,752	100%	100%	100%
UK Co-Ordinating Body	2,533	0%	0%	0%
Veterinary Medicines	7,103	100%	100%	100%
Waste and Sustainable Business Resource	16,038	100%	100%	100%
Water (E&W)	1,084	100%	0%	100%
Water (England)	49,896	100%	100%	100%
Wildlife, International, Climate and Forestry Programme	104,747	100%	100%	100%
	5,020,062	96.9%	96.9%	96.9%

Department for Education

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Apprenticeships	2,535,262	100%	100%	100%
Child Wellbeing	5,384	100%	100%	100%
Children, Young People and Families	39,757	100%	100%	100%
Children’s Centres	4,100	100%	100%	100%
Corporate Services	211,232	100%	100%	100%
Children’s Social Care Improvement and Learning	102,675	100%	100%	100%
Children’s Social Care Practice and Workforce	213,732	100%	100%	100%
Early Years Childcare Funding	3,669,009	100%	100%	100%
Education Standards	89,482	100%	100%	100%
Further Education	13,026,481	100%	100%	100%
Higher Education - Student Support	435,316	100%	100%	100%
Higher Education including Student Loans	4,309,473	100%	100%	100%
International Education	8,942	100%	100%	100%
Office for Students	1,419,034	100%	100%	100%
Office of the Children's Commissioner	2,520	100%	100%	100%
Schools Expenditure	51,837,103	100%	100%	100%
Schools Teacher Supply & Development	133,036	100%	100%	100%
SEND and Family Trust	78,872	100%	100%	100%
Social Mobility and Opportunity Areas	21,298	100%	100%	100%
Standards and Testing Agency	53,376	100%	100%	100%
Student Loans Company	302,937	100%	100%	100%
	78,499,021	100.0%	100.0%	100.0%

Department for Transport

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Accessibility	7,520	100%	100%	100%
Administration	262,622	100%	100%	100%
Air Accident Investigation	8,376	0%	0%	0%
Air Travel Trust Fund	-37,981	0%	0%	0%
Airport Capacity	22,621	100%	100%	100%
Analysis & Science	6,551	100%	100%	100%
Aviation	48,392	0%	0%	0%
British Railways Board	-5,382	0%	0%	100%
British Transport Police	22,232	100%	0%	100%
Bus Service Operator Grants	484,218	100%	100%	100%
Capital Infrastructure Investment	12,348	100%	100%	100%
Cleaner Vehicles and Low Carbon	647,786	0%	0%	0%
Commercial Contracts	6,166	100%	100%	100%
Compliance & Agency Sponsorship	17,000	100%	100%	100%
Community Rail & Research	847	100%	100%	100%
Crossrail	2,577	100%	100%	100%
Cycling	19,033	100%	100%	100%
Dangerous Goods	2,076	0%	0%	100%
Dartford Tolls	-114,148	100%	100%	100%
Digital Railways	13,287	100%	100%	100%
Direct Gov Business Link	284	0%	0%	0%
DVLA	117,845	0%	0%	0%
East West Rail	36,776	100%	100%	100%
Europe	1,435	0%	0%	0%
Eurotunnel/Eurostar	13,396	0%	0%	0%
Freight Research	397	100%	100%	100%
Freight	20,043	0%	0%	100%
General Lighthouse Authorities	13,176	0%	0%	0%
Government Car Service	718	100%	100%	100%
Heathrow	-377,789	100%	100%	100%
High Speed 1 & Ashford	-8,335	0%	0%	0%
Highways England	6,571,000	100%	100%	100%

HS2	5,033,550	100%	0%	100%
HSR Phase 2 Sponsor	83,420	100%	100%	100%
Integrated Transport Block	232,540	100%	100%	100%
InterCity	2,960	100%	100%	100%
IT Programmes	11,423	0%	0%	100%
Local Transport	2,906,974	100%	100%	100%
London & Continental Railways Corp	1,439	0%	0%	0%
Major Rail Development Projects	7,500	0%	0%	0%
Marine Accident Investigation Branch	5,015	0%	0%	0%
Maritime	27,134	0%	0%	0%
Maritime & Coastguard Agency	500,545	0%	0%	0%
Nexus	77,000	100%	100%	100%
Northern Transport Strategy	28,823	100%	100%	100%
One Railway & Security	20,830	0%	0%	100%
Local Authority Schemes	584	100%	100%	100%
Passenger Services	83,000	100%	100%	100%
Project Delivery Improvement Programme	4,057	100%	100%	100%
Rail & Land Transport Compliance and Security	3,332	0%	0%	100%
Rail Accident Investigation Branch	5,284	0%	0%	0%
Rail Analysis Research	3,005	100%	100%	100%
Rail Pensions	13,706	0%	0%	100%
Rail Projects	26,100	100%	0%	100%
Rail Reform	18,686	0%	0%	100%
Rail Technical & Safety	175	0%	0%	0%
Regional Growth	300	100%	100%	100%
Regions, Cities and Devolution	250,000	100%	100%	100%
Research	7,945	100%	100%	100%
Road Safety Grants & Publicity	9,773	100%	100%	100%
Shared Services	25,949	100%	100%	100%
Smart Ticketing	10,500	100%	100%	100%
Statistics Personal Travel	4,679	100%	100%	100%
Strategic Roads	4,389	100%	100%	100%
Strategy	1,855	100%	100%	100%
Sustainable Transport	32,751	100%	100%	100%

Thameslink	423	100%	100%	100%
Tolled Crossings	200	100%	100%	100%
Transport Focus	5,400	0%	0%	100%
Vehicle & Operator Services Agency	-15,278	0%	0%	100%
Vehicle Certification Agency	4,099	0%	0%	100%
Network Rail	12,117,579	100%	0%	100%
For use for Scotland[1]	17,255,154	91.7%		
For use for Wales and Northern Ireland	29,372,733		36.6%	95.4%

1 The Scotland comparability factor excludes Network Rail because the UK and Scottish governments reached a separate funding agreement outside the Barnett formula for Control Period 6 (2019-20 to 2023-24). For 2024-25, the agreed funding for 2023-24 is being added to the Scottish Government's annual baseline funding and the Barnett formula applied to the change in Network Rail funding between 2023-24 and 2024-25. Beyond 2024-25 the Barnett formula will be applied in the usual way.

Department for Health and Social Care

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Arm's Length and Other Bodies	1,086,205	100%	100%	100%
DHSC Administration	373,125	100%	100%	100%
DHSC Programme spend	1,854,228	100%	100%	100%
EEA Medical Costs	720,000	0%	0%	0%
Health Education England	1,853,619	100%	100%	100%
Medicines and Healthcare Products Regulatory Agency	30,250	0%	0%	0%
NHS Blood and Transplant	81,000	100%	100%	100%
NHS Business Services Authority	165,698	100%	100%	100%
NHS Commissioning Board	22,116,931	100%	100%	100%
NHS Counter Fraud Authority	15,895	100%	100%	100%
NHS England	23,676,504	100%	100%	100%
NHS Litigation Authority	2,364,873	100%	100%	100%
NHS Providers	87,279,488	100%	100%	100%
NHS Trust Development Authority	2,519,196	100%	100%	100%
Non-Departmental Public Bodies	320,879	100%	100%	100%
Public Health	3,279,000	100%	100%	100%
Public Health England	938,733	100%	100%	100%
Research and Development	1,018,000	100%	100%	100%
	149,693,624	99.5%	99.50%	99.5%

Department for Work and Pensions

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Benefit Delivery - Additional Needs Benefits	863,968	100%	0%	100%
Benefit Delivery - Out of Work and Other Benefits	2,448,729	0%	0%	100%
Discretionary Housing Payments	219,500	100%	0%	100%
Health & Safety Executive	141,205	0%	0%	100%
Housing Benefit Administration	132,200	0%	0%	100%
Labour Market	1,494,547	0%	0%	100%
Long Term/Disadvantaged Employment Programmes	84,700	100%	0%	100%
Money & Pensions Service	129,900	0%	0%	0%
National Employment Savings Trust	113,000	0%	0%	100%
National Insurance Fund	431,769	0%	0%	100%
Office for Nuclear Regulation	4,135	0%	0%	100%
Other Employment Programmes	22,300	0%	0%	100%
Pensions Levy	-71,288	0%	0%	100%
Pensions Regulator	105,145	0%	0%	100%
Social Fund	75,378	100%	0%	100%
The Pensions Ombudsman	6,460	0%	0%	100%
	6,201,648	20.1%	0.0%	97.9%

HM Revenue and Customs

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Central Spending	281,999	0%	0%	0%
Lines of Business	4,226,622	0%	0%	0%
SDLT	20,034	100%	100%	0%
Landfill Tax	8,875	100%	100%	0%
Core VOA Spending	159,082	100%	100%	100%
	4,696,612	4.0%	4.0%	3.4%

HM Treasury

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Asian Infrastructure Investment Bank	9,500	0%	0%	0%
BOE - Debt Management & EEA	8,050	0%	0%	0%
Core Treasury	215,366	0%	0%	0%
Debt Management Office	24,390	0%	0%	0%
Government Internal Audit Agency	2,856	0%	0%	0%
IUK Investments	2	100%	100%	100%
National Infrastructure Commission	5,700	0%	0%	0%
Office for Budget Responsibility	3,825	0%	0%	0%
Office of Tax Simplification	1,012	0%	0%	0%
Royal Mint Advisory Committee	1	0%	0%	0%
Sukuk	1	0%	0%	0%
UK Government Investments	15,864	0%	0%	0%
	286,567	0.0%	0.0%	0.0%

Home Office

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Arm's Length Bodies (UK)	-203	0%	0%	0%
Arm's Length Bodies (England & Wales)	152,579	100%	0%	100%
Border Force	799,477	0%	0%	0%
Borders, Immigration, Citizenship Systems, Policy & International	199,119	0%	0%	0%
Central Administration	907,622	100%	0%	100%
Crime Directorate	165,676	100%	0%	100%
Crime, Policing and Fire Group	37,762	100%	0%	100%
Digital, Data and Technology	944,922	0%	0%	100%
Fire Directorate	240,807	100%	100%	100%
HM Inspector of Constabulary	23,895	100%	0%	100%
HM Passport Office	-178,767	0%	0%	0%
Immigration Enforcement	446,361	0%	0%	0%
National Crime Agency	518,107	0%	0%	0%
Office of Security & Counter Terrorism	1,184,781	100%	0%	100%
Police	8,819,136	100%	0%	100%
Serious Organised Crime Group	233,879	0%	0%	0%
UK Visa & Immigration	-522,406	0%	0%	0%
	13,972,747	82.5%	1.7%	82.5%

Law Officers Departments

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Crown Prosecution Service	634,156	100%	0%	100%
HM Procurator General and Solicitor General	12,280	0%	0%	0%
Serious Fraud Office	57,377	100%	0%	0%
	703,813	98.3%	0.0%	90.1%

Ministry of Justice

Programme	2020-21 Provision	Scotland	Wales	Northern Ireland
Administration	790,060	100%	0%	100%
Children & Young People Court Advisory Board	127,720	100%	100%	100%
Criminal Cases Review Commission	7,061	100%	0%	0%
Criminal Injuries Compensation Authority	135,570	100%	0%	100%
Government Facility Services	295	100%	0%	100%
Higher Judiciary Judicial Salaries	155,031	100%	0%	100%
HM Courts Service	1,936,361	100%	0%	100%
HM Prison and Probation Service	4,738,328	100%	0%	100%
Judicial Appointments Commission	7,746	100%	0%	100%
Legal Aid Agency	1,783,394	100%	0%	100%
Legal Services Board	24	100%	0%	100%
Office of Legal Complaints	71	100%	0%	100%
Office of the Public Guardian	-14,407	100%	0%	100%
Parole Board	21,650	100%	0%	100%
Youth Justice Board	87,532	100%	0%	100%
	9,776,436	100.0%	1.3%	99.9%

Annex C

List of Annually Managed Expenditure programmes funded by the UK Government

C.1 Chapter 7 sets out the terms under which the UK Government will fund the AME programmes listed below.

Table C.1: Scottish Government AME programmes funded by the UK Government

AME programmes
NHS pensions
Teachers' pensions
Student loans (except impairment, which scores as ring-fenced resource DEL)
Non-cash charges scoring as resource AME, including: • provisions • the write-off of bad debts • exchange rate losses/gains • revaluations below historic cost

Table C.2: Welsh Government AME programmes funded by the UK Government

AME programmes
Fire service pensions
Other pension schemes (e.g. National Library of Wales and National Museum of Wales)
Student loans (except impairment, which scores as ring-fenced resource DEL)
Non-cash charges scoring as resource AME, including: • provisions • the write-off of bad debts • exchange rate losses/gains • revaluations below historic cost

Table C.3: Northern Ireland Executive AME programmes funded by the UK Government

AME programmes
NHS pensions
Teachers' pensions
Fire Service pensions
Police pensions
Civil Service and NIJS pensions
Student loans (except impairment, which scores as ring-fenced resource DEL)
Welfare payments other than those funded from NI Executive DEL
Renewable Heat Incentive
Non-cash charges scoring as resource AME, including: • provisions • the write-off of bad debts • exchange rate losses/gains • revaluations below historic cost
Depreciation charges relating to services in Northern Ireland that are classified to the Central Government sector that are in the local authority sector in Great Britain (principally education, local transport and social services)

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This document can be downloaded from www.gov.uk

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