SPENDING REVIEW 2020

Presented to Parliament
by the Chancellor of the Exchequer
by Command of Her Majesty

November 2020

CP 330

This publication is available at www.gov.uk/official-documents

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ISBN 978-1-5286-2260-8

CCS1020315750 11/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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Executive summary

1 Spending Review 2020 (SR20) prioritises funding to support the government's response to Covid-19, invest in the UK's recovery and deliver on promises to the British people. It sets departmental budgets for 2021-22 and devolved administrations' block grants for the same period, confirming that core day-to-day spending – that is, before taking into account Covid-19 spending – will grow at an average of 3.8 per cent a year in real terms from 2019-20 to 2021-22. This is the fastest rate in 15 years.

2 SR20 also provides £100 billion of capital investment next year, a £27 billion real terms increase compared to 2019-20. This is another significant step towards achieving the government's objective of over £600 billion of gross public investment over the next five years, reaching the highest sustained levels of public sector net investment as a proportion of GDP since the late 1970s.

3 The Covid-19 pandemic has caused exceptional hardship for individuals, families and businesses across the UK. The health emergency has been accompanied by unprecedented economic uncertainty and the deepest recession on record.[1] The Office for Budget Responsibility's (OBR's) forecast expects GDP to shrink by 11.3 per cent in 2020 – the largest annual fall since the Great Frost of 1709.[2]

4 Since the start of the crisis the government has taken extensive and unprecedented action to tackle the virus and mitigate these impacts across all areas of the UK. The International Monetary Fund (IMF) described these steps as "one of the best examples of coordinated action globally".[3] This action comes at significant fiscal cost. However, providing the funding necessary to respond to the virus is the right thing to do: as the OBR set out, "the costs of inaction would certainly have been higher".[4]

5 SR20 confirms an additional £38 billion for public services to continue to fight the pandemic this year, bringing total support for public services to £113 billion in 2020-21, and total spending on the Covid-19 response this year to over £280 billion.

6 SR20 provides a further £55 billion of support for the public services response to Covid-19 next year. This funding is targeted to:

- control and suppress the virus
- increase support to public services
- support jobs and businesses.

7 SR20 also invests in the UK's economic recovery, providing £100 billion of capital spending next year to kickstart growth and support jobs. This investment will level up opportunity across all regions of the UK to ensure that the recovery supports everyone, no matter where they live. Building on the increased investment next year, SR20 goes further to maintain momentum on

[1] ONS GDP First Quarterly Estimates April to June 2020
[2] Economic and fiscal outlook, OBR, November 2020
[3] IMF, United Kingdom: Staff Concluding Statement of the 2020 Article IV Mission, 29 October 2020
[4] Commentary on the OBR Coronavirus Reference Scenario, 14 April 2020

key infrastructure projects with select multi-year settlements. This includes targeted investment to deliver a green industrial revolution, tackle climate change and support hundreds of thousands of jobs.

8 SR20 maintains momentum on delivering the government's promises to the British people. Building on record increases announced at Spending Round 2019 (SR19), it invests further in key public services. This investment will deliver the government's priorities: to support a high quality, resilient healthcare system; to level up education standards and provide all learners with a quality education experience; to continue tackling crime to keep people safe; and to support local authorities in their efforts to serve local communities.

9 The UK is one of the largest Official Development Assistance (ODA) spenders in the world and has the third largest overseas diplomatic network of any nation. SR20 strengthens the UK's place in the world, providing the resources to support the UK's leadership in tackling the world's toughest problems. SR20 ensures that the UK will remain a world leader in science, as well as in tackling global challenges such as Covid-19 and climate change. SR20 also maintains a cutting-edge military and world-class intelligence community, reaffirming the UK's commitment to its allies and making the UK the largest European spender on defence in NATO and the second largest in the Alliance.[5] It also supports UK exporters and enhances the promotion of the UK around the world through the new Office for Investment.

10 SR20 takes steps to do things differently and drives forward the government's reform agenda. It focuses on the outcomes of spending, not inputs; it strengthens financial oversight; and it takes steps to break down silos. It also changes how the government invests in places to put levelling up at the heart of policy making, including by updating the Green Book and its application.[6]

Economic and fiscal context

11 The Covid-19 pandemic has posed an unprecedented challenge to the UK economy and to economies around the world. The restrictions needed to limit the spread of the virus meant people could not live their lives as normal and many businesses saw significant falls in turnover or were forced to close temporarily. Output fell by 25 per cent between February and April.[7] In response, the government introduced exceptional UK-wide support measures to protect jobs and incomes. As the IMF said, this response "helped mitigate the damage, holding down unemployment and insolvencies…limiting the potential long-term damage to productive capacity.".[8]

12 Initially, cases fell sharply, allowing for restrictions to be eased.[9] The UK economy then grew rapidly from late spring onwards and by September GDP was around 8 per cent below its pre-pandemic level.[10]

13 However, since the beginning of the autumn, the UK – like many countries – has seen a resurgence of the virus.[11] The increase in cases has demanded a return to greater restrictions in order to contain the spread of Covid-19, save lives and protect the economy in the longer term. The government has provided further support, directly and through devolved administrations, to protect livelihoods and limit damage to the economy.

[5] Information on Defence Expenditure, NATO, 22 October 2020
[6] Green Book, HM Treasury, 2020
[7] ONS GDP April 2020
[8] IMF, United Kingdom: Staff Concluding Statement of the 2020 Article IV Mission, October 29, 2020
[9] Coronavirus cases in the UK, Gov.uk
[10] ONS GDP September 2020
[11] Coronavirus cases in the UK, Gov.uk

14 Amid unusually high levels of uncertainty, the OBR forecasts that GDP will fall by 11.3 per cent in 2020 , before returning to growth in 2021. However, the economy is not expected to reach pre-crisis level until the end of 2022.[12]

15 The increase in borrowing and debt over the near term to fund the spending at SR20 is both necessary and affordable. It is the government's responsibility to ensure that the next generation will inherit a strong economy backed by sustainable public finances and that the country will continue to have the space to fund vital public services and prepare for future shocks. Therefore, over time, and once the economic recovery is secured, the government will take the necessary steps to ensure the public finances are on a sustainable path. In the meantime, the government will continue to make responsible spending decisions that do not make that process harder than it needs to be.

16 Despite government action, unemployment has risen as a result of Covid-19. SR20 continues the significant action the government is taking to support jobs, as outlined below. This includes committing £2.9 billion to fund a new three-year UK-wide programme which will provide innovative and tailored support to help over 1 million long-term unemployed people. To protect the lowest paid the government will also increase the National Living Wage in line with the recommendations of the independent Low Pay Commission.

17 In order to ensure fairness between the public and private sectors, and protect public sector jobs and investment in services as Covid-19 continues to impact the public finances, the government will temporarily pause headline pay awards for some workforces. Pay rises for over 1 million NHS workers and the lowest paid will continue despite the challenging economic context.

Responding to Covid-19

18 Allocating funding now to support the response to the pandemic will allow the government to control the spread of the virus, mitigate its harms and build the environment for the economy to bounce back strongly. SR20 confirms a further £38 billion to tackle the virus in 2020-21 and provides £55 billion to support the response to Covid-19 in 2021-22, including £2.6 billion for the devolved administrations. This funding is targeted in three key areas:

- controlling and mitigating the virus: SR20 supports the mitigation of the virus by funding the development and purchase of successful vaccines, and NHS Test and Trace. The government has now made available £6 billion in total to research and procure Covid-19 vaccines
- public services support and recovery: SR20 ensures public services across the UK have the resources they need to continue tackling the virus and address service backlogs
- supporting jobs and businesses: SR20 continues to prioritise supporting jobs and livelihoods across the UK. The government is investing an additional £3.7 billion to build on the commitments made in the Plan for Jobs.

19 As the trajectory of the pandemic remains uncertain, SR20 sets aside £21 billion of contingency funding within the £55 billion support package for public services. This will allow the necessary support to be put in place and adapted through the course of next year.

[12] Economic and fiscal outlook, OBR, November 2020

Investing in a recovery for all regions of the UK

20 Alongside responding to the immediate impacts of Covid-19, SR20 provides investment to kickstart the UK's economic recovery and rebuild for a stronger, greener, more equal future.

Building a stronger future

21 SR20 announces the next phase of the government's infrastructure revolution with £100 billion of capital expenditure next year, to kickstart growth and support jobs. SR20 gives multi-year funding certainty for existing projects – such as school and hospital rebuilding, and flagship transport schemes – and targets additional investment in areas which will improve the UK's competitiveness in the long-term, backing new investments in cutting-edge research and clean energy sources of the future.

22 Increased infrastructure investment is supported by a new National Infrastructure Strategy, which sets out the government's plans to transform the UK's economic infrastructure. It is based around three central objectives: economic recovery, levelling up and unleashing the potential of the Union, and meeting the UK's net zero emissions target by 2050. These objectives will be supported by the creation of a new infrastructure bank to catalyse private investment in projects across the UK; as well as through a comprehensive set of reforms to the way infrastructure is delivered.

Levelling up and the Union

23 The economic recovery from Covid-19 must work for everyone in the UK and SR20 continues to drive forward the government's commitment to level up opportunity across all regions. Infrastructure investment is a key part of this and SR20 targets investment to support regional cities as engines of growth through the Transforming Cities Fund and intra-city transport settlements; rejuvenate towns and communities in need in England through the Towns Fund; and ensure each place is well connected through increased investment in road, rail and broadband.

24 The government is launching a new Levelling Up Fund worth £4 billion for England, that will attract up to £0.8 billion for Scotland, Wales and Northern Ireland in the usual way. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years. The government will set out further details on how to support levelling up across the UK in the New Year.

25 By levelling up, SR20 also unleashes the potential of the Union, recognising that England, Scotland, Wales and Northern Ireland are stronger and more prosperous together. The Union will benefit from plans to create up to 10 freeports as hubs for global trade and investment; from UK-wide investment in areas such as mobile coverage; and from the UK Shared Prosperity Fund (UKSPF). Funding for the UKSPF will ramp up so that total domestic UK-wide funding will at least match receipts from EU structural funds, on average reaching around £1.5 billion per year. In addition, to help local areas prepare over 2021-22 for the introduction of the UKSPF, the government will provide additional UK-wide funding to support communities to pilot programmes and new approaches.

26 SR20 also confirms increased funding of £4.7 billion to the devolved administrations through the Barnett formula in 2021-22, including £2.6 billion related to Covid-19, on top of their combined baseline of over £60 billion. This provides an additional £2.4 billion for the

Scottish Government, £1.3 billion for the Welsh Government and £0.9 billion for the Northern Ireland Executive. This builds on the unprecedented £16 billion of upfront resource funding the UK government has provided to the devolved administrations in 2020-21, in addition to their Budget 2020 funding for that year.

27 SR20 also delivers bespoke support, accelerating multi-year projects under four existing City and Growth Deals in Scotland to drive forward the local economic priorities of Tay Cities, Borderlands, Moray and the Scottish Islands. It also invests a further £1.1 billion to support farmers, land managers and the rural economy, and £20 million to support fisheries in Scotland, Wales and Northern Ireland.

28 To embed levelling up in future policy making, the government is changing how it invests in places. The government has published a refreshed Green Book to ensure that project appraisals properly analyse how proposals deliver the government's key priorities, including levelling up, and how they will impact different places. The government is also bringing policy makers closer to the communities they serve by moving more civil servants out of London.

Green Industrial Revolution

29 The recovery from Covid-19 must be green. SR20 provides funding for the Prime Minister's Ten Point Plan, which has set out the government's vision to tackle climate change whilst simultaneously supporting hundreds of thousands of jobs across the UK. As transport is one of the highest-emitting sectors, SR20 prioritises investment to transition to zero emission vehicles, including by providing £1.9 billion for charging infrastructure and consumer incentives. SR20 also provides £1.1 billion to make homes and buildings net zero-ready.

30 To push the limits of what is currently possible, SR20 also invests in innovative clean energy technologies, building on existing UK strengths and venturing into exciting new industries. This includes £1 billion for a Carbon Capture and Storage Infrastructure Fund, and additional investment in low hydrogen carbon production, offshore wind, and nuclear power. This brings total investment to support a green industrial revolution to £12 billion.

Delivering on promises to the British people

Improving outcomes in public services

31 SR20 invests in public services to deliver the government's priorities: to support a high quality, resilient healthcare system; to level up education standards and provide all learners with a quality education experience; to continue tackling crime to keep people safe; and to support local authorities in their efforts to serve local communities. Devolved administrations will receive funding in line with these investments. SR20:

- reaffirms the historic long-term settlement for the NHS which provides a cash increase of £33.9 billion a year by 2023-24
- reaffirms the government's commitment to increase the schools budget by £7.1 billion by 2022-23, compared to 2019-20 funding levels. This three-year investment represents the biggest school funding boost in a decade and includes an uplift of £2.2 billion from 2020-21 to 2021-22

- provides the police with the resources they need to tackle crime, with more than £400 million additional funding to continue the recruitment of 20,000 additional police officers by 2023. This funds recruitment of an extra 6,000 officers in 2021-22, on top of £750 million provided at SR19 to recruit the first 6,000 officers and pay for the infrastructure for all 20,000

- supports local authorities through increasing core spending power by an estimated 4.5 per cent in cash terms next year, which follows the largest real terms increase in core spending power for a decade at SR19. Local authorities will be able to increase their council tax bills by 2 per cent without needing to hold a referendum, and social care authorities will be able to charge an additional 3 per cent precept to help fund pressures in social care. SR20 also provides £254 million of additional funding to help end rough sleeping – a 60 per cent cash increase compared to SR19.

32 To match the UK's ambitions on economic infrastructure, which are set out in the National Infrastructure Strategy, SR20 invests in key infrastructure that supports the UK's world-class public services, delivering on commitments to build hospitals, schools and prisons.[13] It provides multi-year funding to build 40 new hospitals, launches a ten-year programme to build 500 schools, and provides more than £4 billion to make significant progress in delivering 18,000 prison places across England and Wales by the mid-2020s.

Ensuring public money is spent well

33 The government is committed to ensuring that taxpayers' money is spent well. SR20 ties spending more directly to what the government is aiming to deliver through announcing provisional priority outcomes - and corresponding metrics to monitor these - for each area of spending. It builds on the UK's well-regarded system for managing public money, and bolsters central oversight and control. SR20 also takes further steps to break down departmental silos and improve join up across government, building on the first round of projects funded through the Shared Outcomes Fund launched at SR19.

34 The government's increased investment in infrastructure through SR20 must be matched by faster, smarter delivery. Project Speed, a new taskforce, takes steps to cut down the time it takes to develop, design and deliver vital projects. Projects funded through SR20 will also make increased use of Modern Methods of Construction.

Strengthening the UK's place in the world

35 Covid-19 has highlighted the importance of stronger international cooperation and collaboration, and the role of the UK as an international leader in tackling global challenges. UK labs are at the forefront of vaccine research, UK firms are creating technological innovations to help tackle climate change, and the UK will host the UN Climate Change Conference of the Parties (COP26) in Glasgow next year.

36 SR20 ensures that the government matches the ambitions of a global Britain. It provides the first settlement for the newly-formed Foreign, Commonwealth and Development Office (FCDO), bringing together the UK's development and diplomatic expertise into one department. This will help to maximise the UK's influence as a force for good and maintain the UK's position as a global leader in international development.

[13] National Infrastructure Strategy, HM Treasury, 2020

37 The UK will spend the equivalent of 0.5 per cent of gross national income (GNI) as overseas aid in 2021. SR20 therefore provides £10 billion of ODA in 2021-22. This settlement will ensure that the UK remains one of the largest ODA spenders in the world and well above the OECD average.[14] At a time of emergency, sticking to 0.7 per cent is not an appropriate prioritisation of resources. The government intends to return to the 0.7 per cent target when the fiscal situation allows.

38 The UK is the world's largest donor to the COVAX Advance Market Commitment,[15] an international mechanism to support equitable access for developing countries to Covid-19 vaccines, as well as the largest donor to the World Bank's lending arm for the poorest countries. The UK was also the first country to commit new financing to the IMF's Catastrophe Containment and Relief Trust[16] and is the second-largest Member State contributor to the World Health Organisation.[17]

39 To cement the UK's future as a scientific superpower and drive economic growth, the government is providing almost £15 billion for R&D next year. This will boost the UK's world-class research base and increase the productivity and international competitiveness of its innovative firms. This will also reinforce UK international leadership by harnessing innovation with international partners to address the greatest global challenges, from Covid-19 to climate change.

40 Defence is a central pillar of the government's ambitions to safeguard the UK's interests and values, strengthen its global influence, and work with allies to defend free and open societies. SR20 provides Defence with additional funding of over £24 billion in cash terms over four years, including £6.6 billion of R&D, to maintain a cutting-edge military. This settlement means that the Defence budget will grow at an average of 1.8 per cent per year in real terms from 2019-20 to 2024-25. This reaffirms the UK's commitment to its allies, making the UK the largest European spender on defence in NATO and the second largest in the Alliance.

41 SR20 provides the UK Intelligence Community with a £173 million funding increase in 2021-22, representing a 5.4 per cent average annual real-terms increase since 2019-20. It also includes over £1.3 billion of capital investment from 2021-22 to 2024-25.

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[14] ODA 2019 summary, OECD, April 2020
[15] ACT – Accelerator Commitment Tracker, WHO, 2020
[16] IMF Press Release, March 2020
[17] Contributors: 2018-2019, World Health Organisation

1 Economic and fiscal context

1.1 UK economy

1.1 The Covid-19 pandemic has brought with it significant disruption to the UK economy and countries around the world. From the outset, the government took necessary action both to slow the spread of the virus, placing considerable restrictions on people and businesses, and to provide exceptional support to jobs and incomes. The Office for National Statistics (ONS) estimates that output fell 25 per cent between February and April as the economy entered the largest recession on record.[1]

1.2 As cases fell[2] this allowed for restrictions to be eased over the summer and activity recovered sharply, with GDP rising by 15.5 per cent between July and September, leaving output 8.2 per cent below the February level.[3]

1.3 However, as with other countries, cases have risen again in the UK since the summer,[4] requiring a return to greater restrictions in order to contain the spread of Covid-19, save lives and protect the economy in the longer term. Economic growth has slowed and output is likely to have fallen in November.[5] The government has provided further support to protect livelihoods and limit damage to the economy.

1.4 The pace of growth slowed to 1.1 per cent on the month in September.[6] While retail sales have risen 6.7 per cent above February's pre-pandemic level in October,[7] consumer sentiment has since fallen back to levels last seen in May.[8] Business conditions have continued to worsen in recent months.[9] Of those continuing to trade, nearly half have reported abnormal falls in turnover,[10] while the majority of businesses who continue to operate do not expect demand to recover until well into next year.[11]

1.5 Unemployment has risen, but reflecting the government's support for jobs, has continued to remain well below the level implied by its historical relationship with output. For the three months to September, the unemployment rate rose 0.9 percentage points on the year to 4.8 per cent. However, more timely data suggests that further rises in unemployment are to come. Between March and October, the number of employees on payroll fell by 782,000 (2.7 per cent). Redundancies rose to 314,000 in the three months to September – the highest level on record. Meanwhile, vacancies this year fell further and more rapidly than during the 2008-2009 recession and in October were still around 35 per cent down on the year.[12]

[1] ONS GDP April 2020
[2] Coronavirus cases in the UK, gov.uk
[3] ONS GDP September 2020
[4] Coronavirus cases in the UK, gov.uk
[5] Economic and Fiscal Outlook, OBR, November 2020
[6] ONS GDP September 2020
[7] ONS Retail Sales October 2020
[8] GFK November 2020
[9] Bank of England DMP Survey, October 2020
[10] ONS Business Impact of COVID19 Survey
[11] Deloitte CFO Survey 2020 Q3 October 2020
[12] Labour Market Overview, ONS, November 2020

1.6 The impact of Covid-19 has been felt across all parts of the UK with employment falling in all regions. Employment fell the most in London, by 4.6 per cent, reflecting the importance of hospitality and entertainment in that region, while Northern Ireland saw the smallest decline of 1.6 per cent between March and October.[13]

1.2 Economic Response

1.7 In the face of the significant and far-reaching impacts of Covid-19, the government's priority has been to protect lives and livelihoods. Unprecedented fiscal action has been needed to minimise the short-term damage to the economy. Furthermore, by protecting jobs and supporting firms the government has acted to minimise permanent economic effects. Without such action many firms and jobs would have been lost, leading to persistently higher unemployment, which would have weakened the economy and the public finances in the future. This is in addition to the strong growth in public investment announced in Budget 2020, which the Office for Budget Responsibility (OBR) conclude will support the economic recovery in the medium-term.[14]

1.8 In the first phase of the crisis, beginning in March, the government responded to wide-ranging restrictions to economic activity by supporting jobs and incomes using the Coronavirus Job Retention Scheme (CJRS), the Self-Employment Income Support Scheme (SEISS) and by providing valuable support for businesses using loans, grants and tax deferrals. As it became possible to ease some restrictions over the summer and into the autumn, the government designed an economic approach focused on jobs. This provided continued wage support to individuals, incentives for businesses to retain staff beyond the end of the furlough scheme and new job creation and training schemes, such as the Kickstart Scheme.

1.9 Increased transmission of the virus into the autumn meant the only viable solution left to protect the NHS was the temporary reintroduction of significantly enhanced restrictions. Therefore, given the change in public health restrictions and the economic impact they would have through job losses and business closures, the government reintroduced its support for incomes through the CJRS, SEISS and its support for affected businesses.

1.10 As highlighted by the OBR and the Bank of England, without the measures the government has taken, the outlook would be much worse.[15] The OBR today confirms that the CJRS has prevented a larger rise in unemployment.[16] The IMF has also remarked on the strength of the UK's economic policy response, saying that "the authorities' aggressive policy response – one of the best examples of coordinated action globally – has helped mitigate the damage, holding down unemployment and insolvencies".[17]

1.11 Given these unprecedented circumstances, the government has provided a fiscal policy response of remarkable scale with targeted support for public services, workers and businesses. Since March, the government has spent over £280 billion on one of the largest and most comprehensive packages of economic support in the world. The government will continue to do whatever it takes to support the economy through the Covid-19 pandemic.

1.12 Over the course of the Covid-19 pandemic, the economic and fiscal policy response has evolved to support the changing economic landscape and will continue to evolve to ensure the right support is in place.

[13] Earnings and Employment from Pay As You Earn Real Time Information, ONS, November 2020
[14] Economic and Fiscal Outlook, OBR, November 2020
[15] Bank of England Monetary Policy Report, November 2020 and Economic and Fiscal Outlook, OBR, November 2020
[16] Economic and Fiscal Outlook, OBR, November 2020
[17] IMF, United Kingdom: Staff Concluding Statement of the 2020 Article IV Mission, 29 October 2020

1.13 Spending Review 2020 (SR20) represents the next step in the government's fiscal response to Covid-19. It provides significant support for the government's priority to control and mitigate the virus by funding significant increases in testing capacity and making provisions for the rapid, mass deployment of a successful vaccine. This will allow the government to loosen economic restrictions whilst continuing to protect lives. Responding to the increase in unemployment, SR20 provides additional funding to build on the commitments of the government's Plan for Jobs, taking further steps to provide unprecedented support to help unemployed people find a job.

1.14 Table 1.1 shows the cost or yield of all decisions made since Budget 2020, with a direct effect on Public Sector Net Borrowing (PSNB) in the years up to 2025-26. This includes tax measures, changes to Departmental Expenditure Limits (DEL) and measures affecting Annually Managed Expenditure (AME).

1.15 The government remains committed to the robust and credible policy frameworks and institutions that have made such a substantial policy response possible. The OBR's independent and transparent assessment of the economy and the public finances continues to provide important scrutiny of the government's fiscal position. The Bank of England's independent policy committees have played an important role by using levers at their disposal to support the economy within their mandates. This includes a reduction of the Bank Rate to 0.1 per cent by the Monetary Policy Committee, the announcement of an additional £450 billion of asset purchases[18] and the expansion of the Term Funding Scheme with additional incentives to lend to SMEs, alongside the measures undertaken by the Financial Policy Committee to support lending in the real economy.

[18] Bank of England, Monetary Policy Committee November 2020

Table 1.1: Policy decisions since Budget 2020 (£ million)[1]

	Head[2]	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Covid-19							
1 Funding for public services in 2020-21: resource[3]	Spend	-37,895	0	0	0	0	0
2 Funding for public services in 2021-22: resource	Spend	0	-55,000	0	0	0	0
Spending Review 2020							
3 Resource DEL: difference to Budget 2020 envelope in 2021-22, maintain Budget 2020 2.1% real terms growth assumption for future years	Spend	0	+9,645	+13,635	+15,270	+15,865	+16,110
4 Local authorities: reserves implications of Council Tax referendum principles	Tax	0	+15	+20	+20	+20	+20
Other decisions							
5 Local authorities: reserves implications of grant funding for tax collection deficits	Spend	0	+255	+255	+255	0	0
6 Business rates: continuation of retention pilots in 2021-22	Spend	0	-155	+50	0	0	0
7 Business rates: freeze multiplier for one year	Tax	+5	-125	-120	-120	-120	-120
8 Public Works Loan Board: lending terms reform	Spend	0	0	+50	+95	+145	+190
9 Public Works Loan Board: cut interest margin by 100 basis points	Spend	-20	-135	-170	-200	-230	-255
Previously announced policy decisions							
Jobs and Employment							
10 Coronavirus Job Retention Scheme: March to October 2020	Spend	-34,080	-10	0	0	0	0
11 Coronavirus Job Retention Scheme: extension to March 2021	Spend	-19,640	0	0	0	0	0
12 Self-employed income support scheme: first and second grants[4]	Spend	-12,730	+1,635	0	0	0	0
13 Self-employed income support scheme: third grant[4]	Spend	-6,875	+885	0	0	0	0
14 VAT: temporary reduced rate for hospitality and tourism sectors until 31 March 2021	Tax	-2,540	0	0	0	0	0
15 Eat Out to Help Out	Spend	-840	0	0	0	0	0
16 Stamp Duty Land Tax: increase nil-rate band threshold to £500k until 31 March 2021	Tax	-2,295	-1,040	+5	*	+5	*
Supporting public services							
17 Covid-19: previously announced funding for public services: resource[3]	Spend	-58,330	0	0	0	0	0
18 Previously announced capital funding: including Plan for Jobs infrastructure package[3]	Spend	-11,455	0	0	0	0	0
19 Funding for Devolved Administrations: Barnett guarantee[3]	Spend	-16,000	0	0	0	0	0
Supporting people and families							
20 Universal Credit and Working Tax Credit: increase standard allowance and basic element by £20 per week for 2020-21	Spend	-6,060	-10	+5	*	*	*

	Head[2]	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
21 Universal Credit: suspend the Minimum Income Floor for self-employed claimants	Spend	-350	-255	-210	0	0	0
22 Local Housing Allowance: increase rates to the 30th percentile in 2020-21 and maintain in cash terms thereafter	Spend	-955	-960	-840	-675	-520	-345
23 Pension Credit: uprate the Standard Minimum Guarantee	Spend	0	-340	-355	-355	-370	-380
24 Employment Support Allowance: remove seven day wait	Spend	-5	*	0	0	0	0
25 Breathing space: legal protections from creditor enforcement action, interest, fees and charges for up to 60 days	Tax	0	-85	-10	-5	-5	-5
26 Covid-19: HMRC easements	Tax	-175	-125	-85	-60	-35	-15
27 Covid-19: DWP easements	Spend	-750	-350	-175	-50	+25	+50
Supporting businesses							
28 Small Business Grant Fund, Retail Hospitality and Leisure Grant Fund, and Discretionary Grant Fund	Spend	-11,685	0	0	0	0	0
29 Local restrictions support grants for businesses	Spend	-1,130	0	0	0	0	0
30 Additional restrictions grant	Spend	-1,130	0	0	0	0	0
31 Business rates: 12-month full business rates holiday for eligible properties in the retail, hospitality, leisure and nursery sectors	Tax	-11,830	+220	-5	0	0	0
32 Support for culture, charities and sport	Spend	-2,185	0	0	0	0	0
33 Trade Credit Reinsurance Scheme	Spend	-170	0	0	0	0	0
34 Business support: other funding, including targeted industrial support	Spend	-275	0	0	0	0	0
35 Statutory Sick Pay: rebate for small and medium enterprises	Spend	-50	0	0	0	0	0
36 VAT: Deferral [5]	Tax	-1,470	0	0	0	0	0
37 VAT: New Payment Scheme [5]	Tax	-440	-30	0	0	0	0
38 Import VAT and customs duty: relief for goods to tackle Covid-19 until 31 December	Tax	-1,090	0	0	0	0	0
39 VAT: temporary zero rate for personal protective equipment	Tax	-960	0	0	0	0	0
40 VAT on e-publications: bring forward implementation date to 1 May 2020	Tax	-95	0	0	0	0	0
41 VAT: construction sector reverse charge: further delay implementation to 1 March 2021	Tax	-55	+10	+5	*	0	0
42 Income Tax Self-Assessment: Deferral	Tax	-2,615	+1,660	+405	0	0	0
43 Income Tax Self-Assessment: Enhanced Time to Pay	Tax	-4,630	+5,195	-730	0	0	0
44 HGV Road User Levy: suspend for 12 months from August 2020	Tax	-135	-70	0	0	0	0
45 Off-payroll reform: delay extension of the reform to the private and voluntary sectors by one year	Tax	-1,090	+405	-10	-25	-20	0
46 Annual Investment Allowance: extension of £1m allowance until 31 December 2021	Tax	-120	-395	-80	+110	+60	+50

	Head[2]	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
47 Notification of uncertain tax treatment: delay of one year to April 2022	Tax	*	-15	-25	-5	*	*
Other decisions							
48 Tobacco Duty: RPI+2% on all categories plus additional +4% (RPI+6%) HRT increase	Tax	-5	+5	+5	+5	+5	+5
49 Future of Making Tax Digital	Tax	0	0	+20	+50	+210	+400
50 VAT Retail Export Scheme: withdraw from January 2021	Tax	+35	+195	+310	+400	+440	+460
51 Outbound VAT-free airport shopping: withdraw from January 2021	Tax	+15	+85	+130	+170	+185	+195
52 Outbound duty-free: extension to EU bound passengers from January 2021	Tax	-5	-85	-145	-200	-220	-235
53 Inbound personal allowances: extension to EU and increasing alcohol allowance from January 2021	Tax	*	*	+5	+5	+5	+5
54 VAT parcel reforms: introduce seller and online marketplace liability for goods under £135 and remove Low Value Consignment Relief	Tax	+85	+360	+320	+305	+295	+280
55 VAT: zero rate for certain financial services exports to the EU from January 2021	Tax	-205	-855	-915	-950	-985	-1,025
56 VAT: refund scheme for museums and galleries	Tax	-5	-20	-20	-15	-5	-5
Financial transactions							
57 Public sector net borrowing impact of changes to financial transactions and guarantees	Spend	-31,685	+135	+255	+275	+290	+290
Total policy decisions[6]		**-283,915**	**-39,355**	**+11,580**	**+14,300**	**+15,040**	**+15,670**
Total spending policy decisions[6]		-254,295	-44,660	+12,500	+14,615	+15,205	+15,660
Total tax policy decisions[6]		-29,620	+5,305	-920	-315	-165	+10

* Negligible.

[1] Costings reflect the OBR's latest economic and fiscal determinants.

[2] Many measures have both tax and spend impacts. Measures are identified as tax or spend on the basis of their largest impact.

[3] Funding for public services also shown in Table 2.1.

[4] Self-Employment Income Support Scheme grants are taxable income and also subject to National Insurance contributions.

[5] The cost shown here does not include the effect on the timing of cash receipts, as this does not affect Public Sector Net Borrowing.

[6] Totals may not sum due to rounding. Does not include OBR RDEL baseline adjustment of -£375 million in 2020-21, -£5,240 million in 2021-22 and -£110 million in 2022-23.

1.3 Economic Outlook

1.16 As the OBR have noted the economic outlook remains "highly uncertain"[19] and depends upon the future path of the virus, measures to combat it and responses of firms and households to all of this. As in their July Fiscal Sustainability Report, the OBR have outlined various scenarios to demonstrate the range of possible outcomes embodying different assumptions regarding the course of the pandemic, In their forecast the OBR expect GDP to shrink by 11.3 per cent in 2020. In the upside and downside scenarios GDP shrinks by between 10.6 per cent and 12 per cent in 2020.[20]

[19] Economic and fiscal outlook, OBR, November 2020

[20] ibid

1.17 In the OBR's upside scenario, consistent with a vaccine becoming widely available in spring of 2021, activity rebounds quickly as expanding testing and the effective roll-out of a vaccination programme allows for the removal of restrictions. GDP returns to its pre-virus level by the end of 2021 and there is no enduring economic scarring. However, under the downside scenario, where subsequent waves of infection require periodic re-imposition of health restrictions and a sufficiently effective vaccine does not become available, output recovers to its pre-virus level only in the third quarter of 2024, consistent with persistently higher unemployment.

1.18 The OBR's forecast assumes a higher infection rate necessitates keeping a set of public health restrictions over winter, but an effective vaccine becomes widely available in the latter half of 2021 permitting a gradual return to normal life. The OBR expects the unemployment rate to average 4.4 per cent across 2020, rising to 7.5 per cent at its peak in Q2 2021.[21] The unemployment rate is then projected to fall to 4.4 per cent by 2025, compared to a pre-crisis rate of 3.8 per cent in 2019.[22] However, under the downside scenario the unemployment rate peaks at a high of 11 per cent in Q1 2022.[23]

1.4 Fiscal Outlook

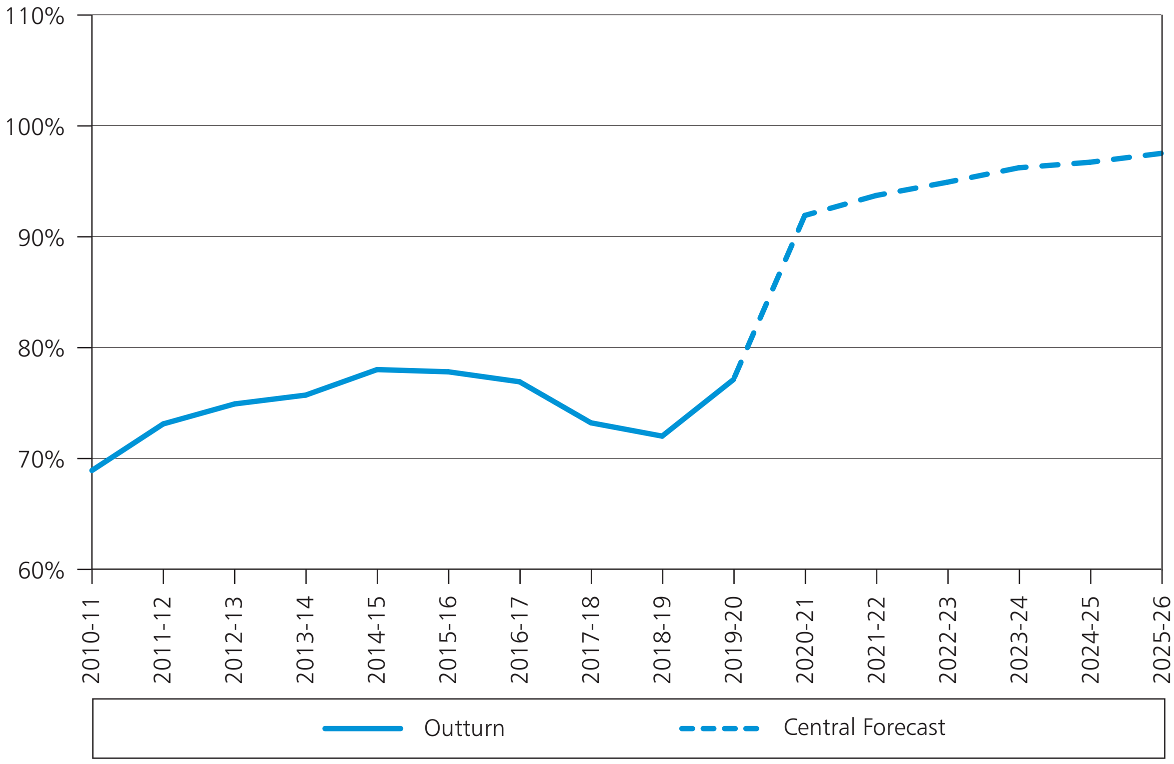
1.19 The economic impacts of Covid-19 and the unprecedented fiscal support announced by the government has led to a significant but necessary increase in borrowing and debt. While the actions the government has taken have come at a significant cost, the costs of inaction would have been far higher.

1.20 Reflecting the current high levels of uncertainty, the OBR has set out a range of scenarios for the outlook for the public finances. In the central forecast borrowing peaks at £393.5 billion or 19.0 per cent of GDP in 2020-21, the highest peacetime level on record, before falling across the rest of the forecast period to 3.9 per cent in the final year. Reflecting different assumptions on the path of the virus and its impact on the economy, in the final year borrowing ranges from 1.7 per cent of GDP in the upside Covid-19 scenario, to 6.1 per cent of GDP in the downside scenario.[24]

1.21 Underlying debt (Public Sector Net Debt excluding the Bank of England) as a share of GDP is higher in every year of the forecast in all scenarios, compared to Budget 2020, reaching 91.9 per cent in 2020-21 in the central forecast. Chart 1.1 shows the forecast for underlying debt, which continues to rise over the forecast period. In the final year of the forecast, underlying debt reaches 83.4 per cent in the upside scenario, 97.5 per cent in central scenario, and 115.7 per cent in the downside scenario. However, in all scenarios borrowing costs continue to be very low, driven by interest rates that are low by historical standards, making the current costs of servicing this increase in debt affordable. As shown in chart 1.2, the OBR forecasts that spending on debt interest as a per cent of GDP falls further this year, despite higher borrowing.[25]

[21] ibid
[22] ibid
[23] ibid
[24] ibid
[25] ibid

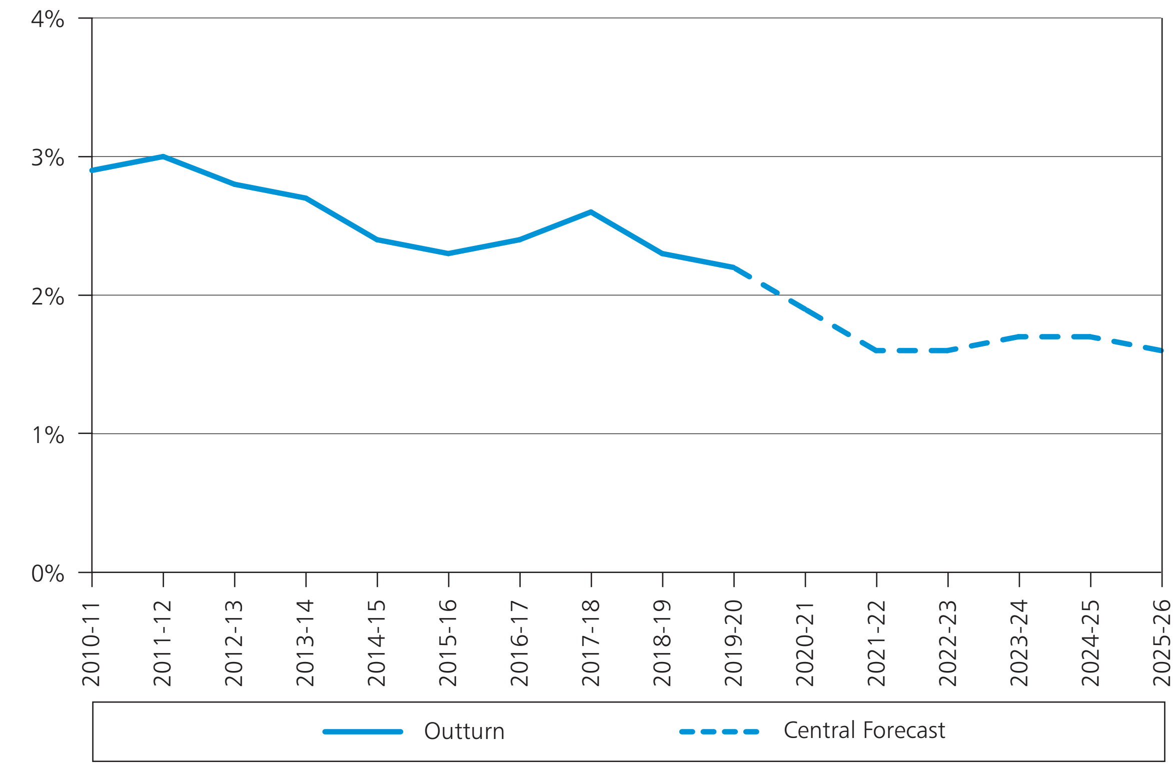
Chart 1.1: Public Sector Net Debt (PSND) excluding the Bank of England as a percentage of GDP



Calculated using the Public Sector Net Debt (PSND) excluding Bank of England measure at end of March as a percentage of nominal GDP centred on end of March

Source: Office for Budget Responsibility (OBR) and Office for National Statistics (ONS)

Chart 1.2: Central Government gross debt interest as a percentage of GDP



Source: Office for Budget Responsibility (OBR) and Office for National Statistics (ONS)

1.22 The government's unprecedented economic and fiscal policy response has been possible because the UK entered the Covid-19 pandemic with the public finances under control. The action of governments over the past decade has brought borrowing down from a peak of 10.2 per cent of GDP in 2009-10[26] after the financial crisis to 1.8 per cent of GDP in 2018-19.[27] By rebuilding the strength of the public finances, and underpinned by the UK's strong institutional framework, the government has been able to borrow to provide a comprehensive package of support for the economy.

1.23 The current high levels of uncertainty mean now is not the right time to set out a detailed medium-term fiscal strategy. However, over time, and once the economic recovery is secured, the government is fully committed to taking the necessary steps to ensure borrowing and debt are on a sustainable path. The government will set out further details of a medium-term fiscal strategy, alongside a framework to support its delivery, once the current level of uncertainty recedes. In the meantime, the government will make responsible spending decisions that do not make that process harder than it needs to be. With sound fiscal management and careful prioritisation, fiscal sustainability can be achieved while continuing to deliver first-class frontline public services and funding vital public investment to level up across the country, drive economic recovery and deliver the people's priorities.

1.5 Path of Public Spending

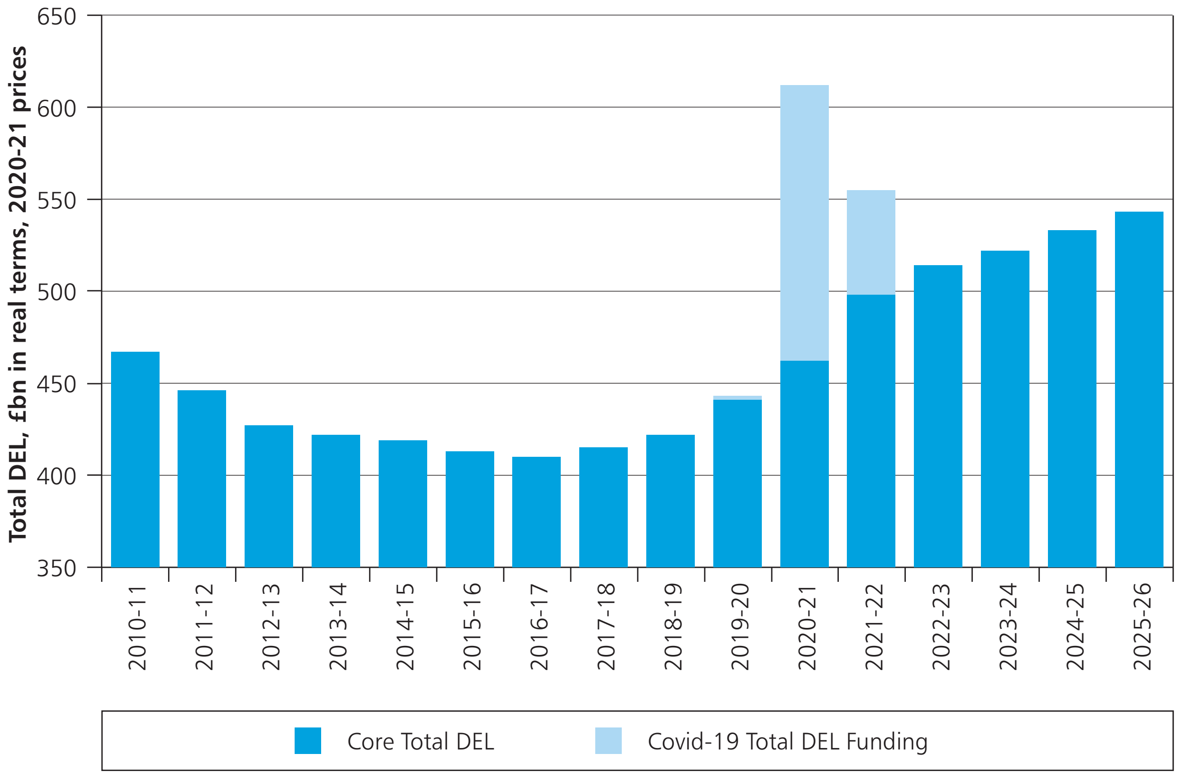
1.24 SR20 provides substantial additional funding for public services to support the response to Covid-19 and continue to increase day-to-day departmental spending. It sets aside £113 billion in total this year for the public services response to Covid-19. Resource DEL spending in 2021-22 is £45 billion higher than indicatively set out in March. This change is comprised of core day-to-day departmental spending growing at 3.8 per cent a year on average in real terms from 2019-20 to 2021-22 (the fastest rate in 15 years) and £55 billion set aside to respond to Covid-19. Reflecting changed circumstances, core day-to-day departmental spending is £10 billion less than the indicative spending envelope in Budget 2020, but represents a £14.8 billion year-on-year increase in cash terms on top of the £21.5 billion increase this year announced at SR19.

1.25 SR20 also provides £100 billion of capital investment next year, a £27 billion real terms increase compared to 2019-20.

1.26 As part of the OBR forecast process, the government provides an assumption for the future path of departmental spending. At SR20, the government has kept capital spending over the forecast period as set out at Budget 2020, consistent with delivering the highest sustained levels of public sector net investment as a proportion of GDP since the late 1970s. For core day-to-day spending after 2021-22, the government has maintained the assumption of 2.1 per cent real terms increases per year made at Budget 2020. Chart 1.3 shows the path of total DEL spending, divided into core allocations and provision for Covid-19.

[26] ONS public sector finances, October 2020
[27] ibid

Chart 1.3: Total DEL



1.27 Table 1.2 sets out planned Total Managed Expenditure (TME), public sector current expenditure (PSCE) and public sector gross investment (PSGI) up to 2025-26. Chart 1.4 shows the change in government spending as a share of GDP over time. [closed]

Table 1.2: Total managed expenditure[1] (£ billion, unless otherwise stated)

	2019-20[2]	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2019-20 to 2021-22 AARG[3]	2021-22 to 2025-26 AARG[3]
Current expenditure									
Resource AME	409.1	494.0	422.9	435.6	450.0	463.4	481.0		
Resource DEL excluding depreciation[4]	345.2	506.1	439.6	397.0	412.8	430.5	449.1		
of which:									
Core RDEL excluding depreciation[5]	*343.0*	*369.9*	*384.6*	*397.0*	*412.8*	*430.5*	*449.1*	*3.8%*	*2.1%*
of which:									
Covid-19 Funding	*2.2*	*141.1*	*55.0*	*0.0*	*0.0*	*0.0*	*0.0*		
Ring-fenced depreciation	35.6	28.8	30.3	31.3	32.5	33.9	35.4		
Total public sector current expenditure	**790.0**	**1028.9**	**892.8**	**863.8**	**895.3**	**927.8**	**965.4**	**1.2%**	**1.8%**
Capital expenditure									
Capital AME	23.3	29.4	18.3	19.4	22.9	23.3	23.3		
HMT Capital DEL	70.4	106.3	100.4	107.3	109.1	112.8	117.4		
of which:									
Core CDEL[6]	*70.4*	*97.2*	*99.8*	*107.3*	*109.1*	*112.8*	*117.4*	*15.9%*	*2.1%*
of which:									
Covid-19 Funding	*0.0*	*9.1*	*0.6*	*0.0*	*0.0*	*0.0*	*0.0*		
Total public sector gross investment	**93.7**	**135.7**	**118.7**	**126.7**	**132.0**	**136.1**	**140.7**	**10.2%**	**2.7%**
Total managed expenditure	**883.7**	**1164.6**	**1011.5**	**990.5**	**1027.4**	**1064.0**	**1106.1**	**2.2%**	**1.9%**
Total managed expenditure % of GDP	*39.8%*	*56.3%*	*45.6%*	*42.1%*	*42.1%*	*42.0%*	*41.9%*		
of which:									
Core Total DEL	*413.4*	*467.1*	*484.4*	*504.3*	*521.9*	*543.3*	*566.5*	*6.0%*	*2.1%*

1. Resource DEL excluding ring-fenced depreciation (RDEL ex.) is the Treasury's primary control within resource budgets and is the basis on which departmental Spending Review settlements are agreed. HMT Capital DEL is the Treasury's primary control within capital budgets and is the basis on which departmental Spending Review settlements are agreed. The OBR publishes Public Sector Current Expenditure (PSCE) in DEL and AME, and Public Sector Gross Investment (PSGI) in DEL and AME. A reconciliation is published by the OBR.

2. 2019-20 is shown as outturn except for Core Resource DEL, which is based on Spending Round 2019 plans, and Covid-19 funding, which is approved Budget cover.

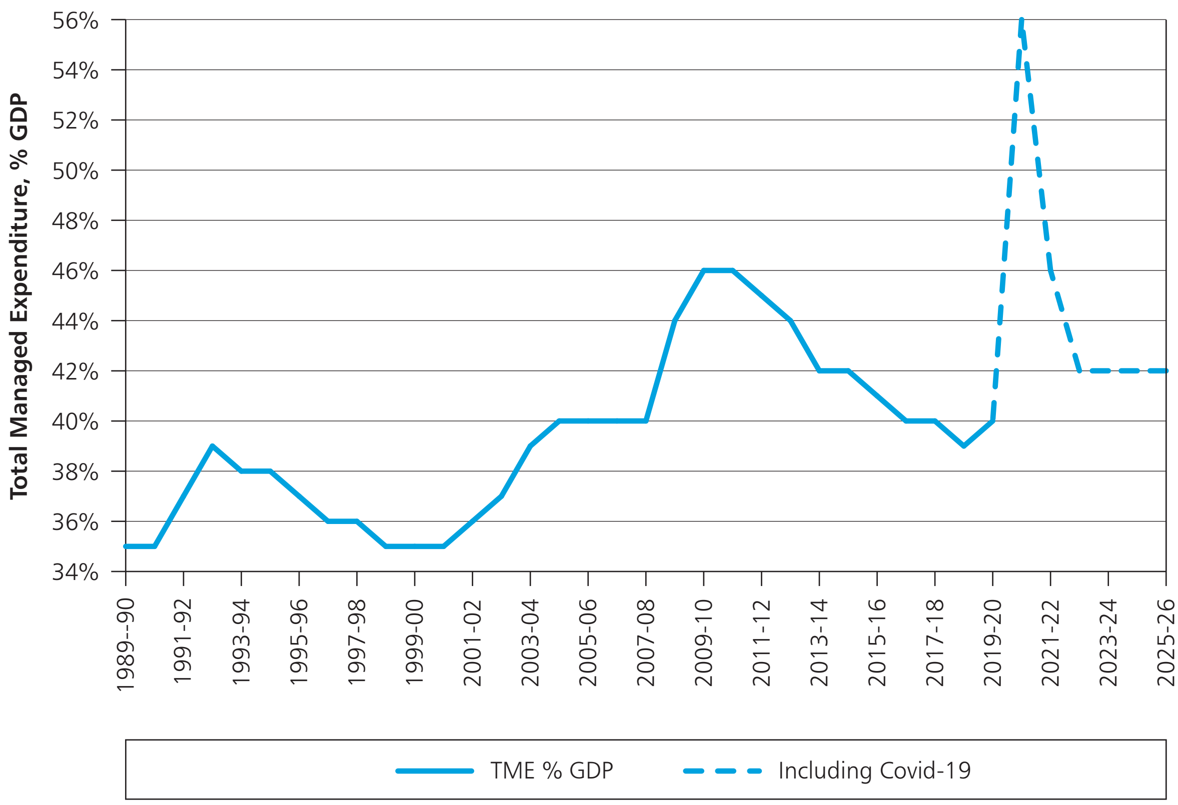
3. The annual average real growth rates (AARG) exclude DEL Covid-19 expenditure. Growth rates for Core Resource DEL and Core Capital DEL are also adjusted for one-off and time-limited funding. The AARG covers 2019-20 to 2021-22 due to the atypical movement of the GDP deflator caused by Covid-19.

4. Resource DEL excluding ring-fenced depreciation (RDEL ex.) is shown on a redefined basis following the reclassification of Scottish Block Grant Adjustments, which are now excluded from RDEL ex. This increases RDEL ex. by up to £12 billion in a given year, relative to Spring Budget 2020. The reclassification is fiscally neutral and does not impact Scottish Government spending power.

5. Core Resource DEL and Covid-19 funding in 2020-21 does not sum to Resource DEL due to the use of £5 billion from the core reserve to provide funding for Covid-19.

6. Core HMT Capital DEL in 2020-21 is as shown in the Capital DEL table and includes Spring Budget 2020 plans, Plans for Jobs capital package and additional one-off expenditure. In 2021-22, the number reflects a fiscally neutral reduction for business rates retention pilots.

Chart 1.4: Total Managed Expenditure (% GDP)



1.6 Labour Market and Public Sector Pay

1.27 The government has taken significant action this year to protect jobs, but given the unprecedented impact of Covid-19, unemployment has risen. Through SR20 the government is taking further action to support jobs and help the unemployed back into work.

Public Sector Pay

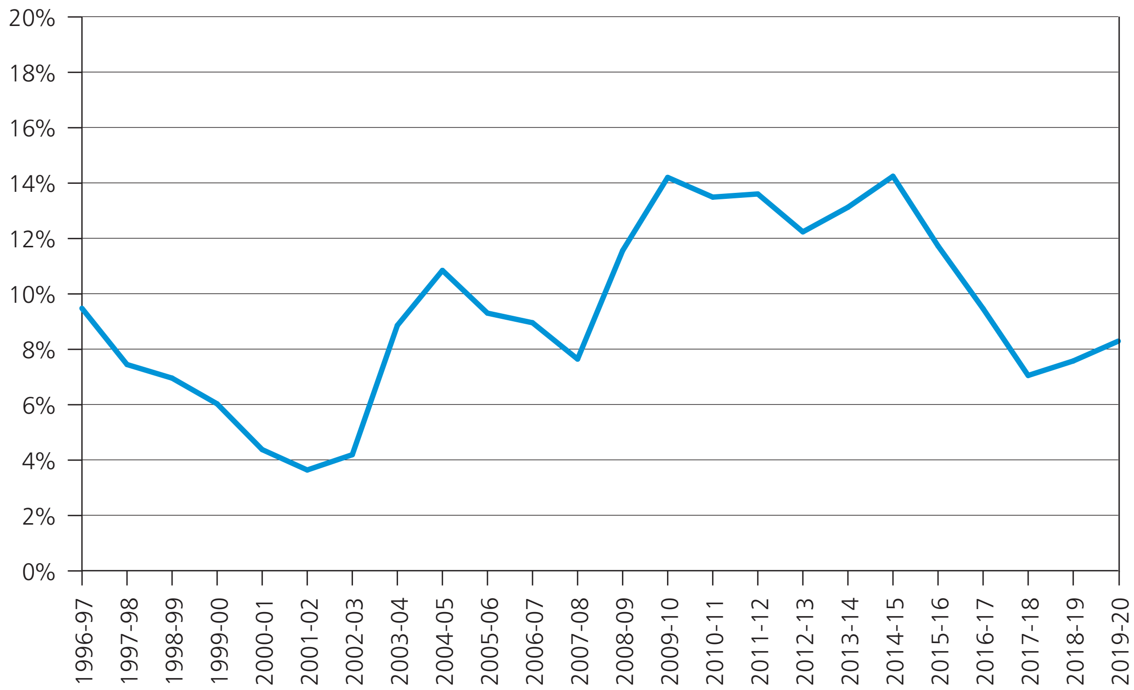
1.29 Unemployment and redundancies are rising in the private sector and many are seeing significant wage cuts. In the six months to September, private sector wages fell by nearly 1 per cent compared to the previous year, while over the same period public sector pay rose by 3.9 per cent.[28]

1.30 This disparity in recent wage growth between the public and private sector exacerbates the pre-existing position, where the public sector tended to be paid more than the private sector. In 2020, published data shows the median salary in the public sector was £1,770 higher than in the private sector[29], and the public sector has benefitted from several years of pay rises above inflation. In 2019 public sector remuneration including pensions was approximately 7 per cent higher than in the private sector, rising from 5 per cent in 2017, even after accounting for differences in employee and job characteristics.[30] Public service pensions are generous, with most enjoying Defined Benefit schemes where employer contributions are around 20 per cent of

[28] ONS, Average Weekly Earnings
[29] Annual survey of Hours and Earnings, ONS, 2020
[30] Public and Private Sector Earnings: 2019, ONS, 2020

earnings – around double the typical contribution rate in the private sector. Chart 1.5 shows the difference between mean gross annual earnings for full-time employees in the public and private sectors.

Chart 1.5: Percentage differential between public and private sector pay



Source: ONS ASHE data, gross, mean full-time employees

1.31 In order to protect jobs and ensure fairness, pay rises in the public sector will be restrained and targeted in 2021-22. Given the unique impact of Covid-19 on the health service, and despite the challenging economic context, the government will continue to provide for pay rises for over 1 million NHS workers. In setting the level for these rises the government will need to take into account the challenging fiscal and economic context. The NHS Pay Review Body and Doctor and Dentist's Review Body will report as usual next spring, and the government will take their recommendations into account. The government will also prioritise the lowest paid, with 2.1 million public sector workers earning less than £24,000 receiving a minimum £250 increase.

1.32 For the rest of the public sector the government will pause pay rises in 2021-22. The pay bill represents around 25 per cent of total government expenditure. Pausing headline pay awards next year for some workforces will allow the government to protect public sector jobs and investment in public services to respond to spending pressures from Covid-19. It will also avoid further expansion of the gap between public and private sector reward.

National Living Wage and personal tax thresholds

1.33 The government also remains committed to continuing to support the low-paid. Therefore, following the recommendations of the independent Low Pay Commission (LPC), the government will increase the National Living Wage (NLW) for individuals aged 23 and over by 2.2 per cent from £8.72 to £8.91, effective from April 2021. This follows the government's acceptance of a previous recommendation from the LPC that the NLW apply to those 23 and over from April 2021.

1.34 This decision balances the ambitions of the government's long-term target for the NLW to reach two thirds of median earnings by 2024 (subject to economic conditions) and helps ensure that the lowest-paid workers continue to see pay rises without significant risks to their employment prospects. In total, the annual earnings of a full-time worker on the NLW will have increased by £4,030 since its introduction in April 2016.

1.35 The government has also accepted the LPC's recommendations for the other National Minimum Wage (NMW) rates to apply from April 2021 including:

- increasing the rate for 21 to 22-year-olds by 2.0 per cent from £8.20 to £8.36 per hour
- increasing the rate for 18 to 20-year-olds by 1.7 per cent from £6.45 to £6.56 per hour
- increasing the rate for 16 to 17-year-olds by 1.5 per cent from £4.55 to £4.62 per hour
- increasing the rate for apprentices by 3.6 per cent from £4.15 to £4.30 per hour
- increasing the daily accommodation offset rate by 2.0 per cent from £8.20 to £8.36.

1.36 Further, the government will increase the 2021-22 Income Tax Personal Allowance and Higher Rate Threshold in line with the September CPI figure. The government will also use the September CPI figure as the basis for setting all National Insurance limits and thresholds, and the rates of Class 2 & 3 National Insurance contributions, for 2021-22.

Support for employment

1.37 A priority for the government is to protect and support jobs. To help ensure that the Department for Work and Pensions (DWP) can tackle unemployment, get people back into work and improve their lives. SR20 provides a 28.1% per cent average yearly increase in overall spending in real terms since 2019-20, including support for the department during the Covid-19 crisis.

1.38 SR20 provides £3.6 billion of additional funding in 2021-22 for DWP to deliver labour market support. This includes funding for:

- the new 3-year long £2.9 billion Restart programme to provide intensive and tailored support to over 1 million unemployed people and help them find work
- work search support measures announced in the Plan for Jobs
- the £2 billion Kickstart Scheme to create hundreds of thousands of new, fully subsidised jobs for young people across the country. To date, tens of thousands of Kickstart jobs have been created. This settlement confirms funding for over 250,000 Kickstart jobs.

1.39 The government is also providing funding to get more disabled people into work and to improve DWP's health assessments system.

1.40 Further detail on the government's extensive support for jobs is set out below in Chapter 2.

2 Responding to Covid-19

2.1 Since the emergence of Covid-19, the government has taken swift action to save lives, support the NHS and mitigate damage to the economy. Spending Review 2020 (SR20) builds on action so far and prioritises funding to support the government's continued response to the virus.

2.2 Throughout this crisis, the government has sought to protect people's jobs and livelihoods across the UK, support businesses, and public services. The government has spent over £280 billion to do so this year. Of that, SR20 confirms that £113 billion will have been provided across the UK in the course 2020-21 to support public services– from the NHS, to local government, transport and employment support, including £38 billion of further funding for public services announced today. It also announces £55 billion of support to public services in responding to Covid-19 in 2021-22.

2.1 Supporting businesses and livelihoods

Action already taken in 2020-21

2.3 Since March, the government has helped to pay the wages of people in 9.6 million jobs[1] across the UK through the Coronavirus Jobs Retention Scheme (CJRS), protecting jobs that might otherwise have been lost. The government has also supported the livelihoods of an additional 2.6 million self-employed workers.[2]

2.4 Businesses have received significant government support in loans, tax deferrals, business rate reliefs, and general and sector-specific grants. Around a million business properties received over £11.6 billion worth of grants through the Small Business Grant Fund, the Retail, Hospitality and Leisure Grant Fund, and the Local Authority Discretionary Grant Fund.[3] These schemes provided support to small businesses in some of the sectors hit hardest by Covid-19. These schemes closed to new applicants at the end of August 2020. In recognition of the fact that many businesses are continuing to face a very challenging environment, the government has announced the Local Restrictions Support Grant schemes which support businesses that are facing reduced demand as well as those that are legally closed. Over £1.1 billion has already been provided to Local Authorities to enable them to make payments to businesses under these new schemes.

2.5 These unprecedented economic support schemes have benefited all regions of the United Kingdom. Figure 2.1 illustrates the regional and national breakdown of large schemes, including the CJRS, Self-Employment Income Support Scheme (SEISS), Bounce Back Loan Scheme (BBLS), Coronavirus Business Interruption Loan Scheme (CBILS), Local Restriction Support Grants (LRSG) and Additional Restrictions Grant. In Scotland, Wales and Northern Ireland over 1.4 million jobs have been protected by the CJRS, and almost £6 billion in loans under BBLS and CBILS have been provided.

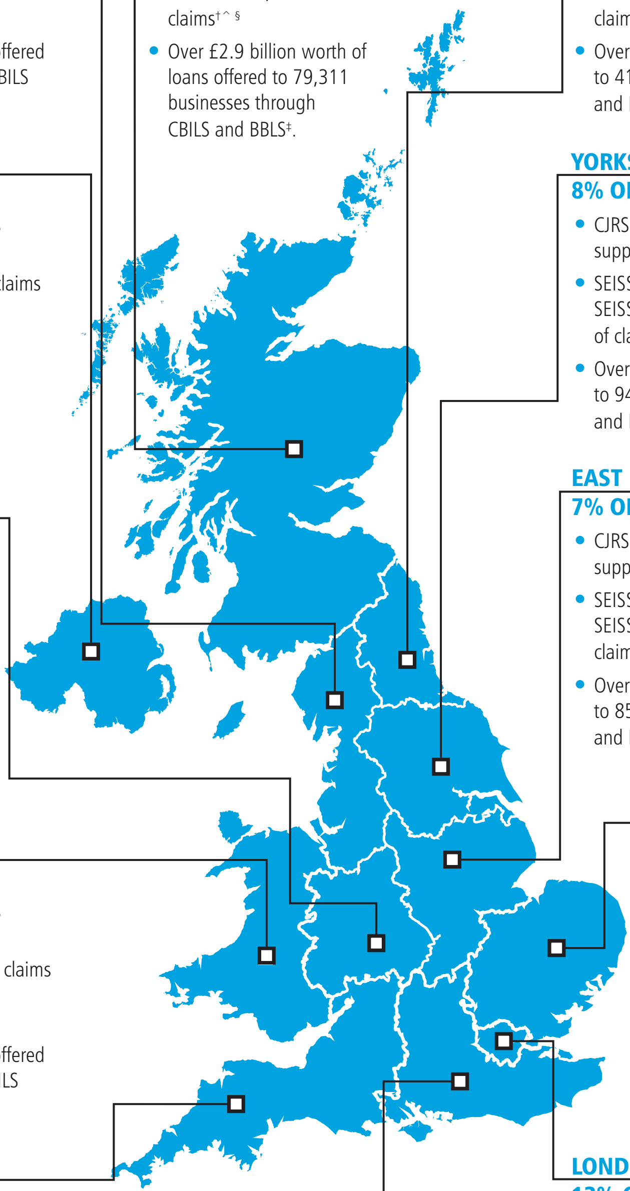
[1] HMRC Coronavirus statistics, HMRC, 2020
[2] ibid
[3] Coronavirus grant funding; local authority payments to small and medium businesses, BEIS, 2020

2.6 Throughout the crisis, the government has adapted its economic support as the path of the virus changed. As the restrictions have evolved, the government has gone further with its support package. This includes:

- an extension to the UK-wide CJRS to 31 March 2021
- an extension of the SEISS with two further grants covering the period from November to April 2021
- cash grants of up to £3,000 per month for businesses in England which are legally closed
- cash grants of up to £2,100 per month for hospitality, leisure and accommodation businesses which are permitted to remain open but which are suffering from reduced demand due to restrictions on socialising. Local authorities which were subject to these sorts of restrictions between 1 August and 5 November have received additional funding so that they can make backdated grants
- £1.1 billion of one-off funding for councils through the Additional Restrictions Grant in England to enable them to support businesses, as a key part of the local economy
- extending the application period for the existing UK-wide Loan Schemes and the Future Fund to the end of January and an ability to top-up Bounce Back Loans
- extending the UK-wide mortgage and consumer credit payment holiday for borrowers
- extending the £1 million level of the UK-wide Annual Investment Allowance for a further year to the end of 2021, providing businesses with more upfront support, and encouraging them to invest and grow
- £750 million of support to charities supporting those directly affected by Covid-19, £300 million to support professional sports through the winter, and £1.57 billion through the Cultural Recovery Fund to provide a lifeline to vital cultural organisations hard-hit by the pandemic.

2.7 HM Treasury has also established an advisory credit committee to provide additional advice on potential financial interventions in companies.

Figure 2.1: Covid-19 Map Stats



NORTH WEST:
11% OF UK POPULATION

- CJRS: 1,035,600 total employments supported*
- SEISS 1: 243,000 total number of claims
  SEISS 2: 213,000 total number of claims†^§
- Over £5.4 billion worth of loans offered to 140,970 businesses through CBILS and BBLS‡.

SCOTLAND:
8% OF UK POPULATION

- CJRS: 779,500 total employments supported*
- SEISS 1: 157,000 total number of claims
  SEISS 2: 137,000 total number of claims†^§
- Over £2.9 billion worth of loans offered to 79,311 businesses through CBILS and BBLS‡.

NORTH EAST:
4% OF UK POPULATION

- CJRS: 350,700 total employments supported*
- SEISS 1: 72,000 total number of claims
  SEISS 2: 63,000 total number of claims†^§
- Over £1.4 billion worth of loans offered to 41,511 businesses through CBILS and BBLS‡.

NORTHERN IRELAND:
3% OF UK POPULATION

- CJRS: 249,600 total employments supported*
- SEISS 1: 78,000 total number of claims
  SEISS 2: 66,000 total number of claims†^§
- Over £1.3 billion worth of loans offered to 34,736 businesses through CBILS and BBLS‡.

YORKSHIRE AND THE HUMBER:
8% OF UK POPULATION

- CJRS: 749,700 total employments supported*
- SEISS 1: 187,000 total number of claims
  SEISS 2: 163,000 total number of claims†^§
- Over £3.6 billion worth of loans offered to 94,083 businesses through CBILS and BBLS‡.

EAST MIDLANDS:
7% OF UK POPULATION

- CJRS: 696,700 total employments supported*
- SEISS 1: 166,000 total number of claims
  SEISS 2: 142,000 total number of claims†^§
- Over £3.3 billion worth of loans offered to 85,478 businesses through CBILS and BBLS‡.

WEST MIDLANDS:
9% OF UK POPULATION

- CJRs: 866,400 total employments supported*
- SEISS 1: 202,000 total number of claims
  SEISS 2: 175,000 total number of claims†^§
- Over £4.2 billion worth of loans offered to 107,044 businesses through CBILS and BBLS‡.

EAST OF ENGLAND:
9% OF UK POPULATION

- CJRS: 879,600 total employments supported*
- SEISS 1: 266,000 total number of claims
  SEISS 2: 230,000 total number of claims†^§
- Over £5.0 billion worth of loans offered to 127,644 businesses through CBILS and BBLS‡.

WALES:
5% OF UK POPULATION

- CJRS: 400,800 total employments supported*
- SEISS 1: 110,000 total number of claims
  SEISS 2: 93,000 total number of claims†^§
- Over £1.7 billion worth of loans offered to 50,584 businesses through CBILS and BBLS‡.

SOUTH WEST:
8% OF UK POPULATION

- CJRS: 808,900 total employments supported*
- SEISS 1: 239,000 total number of claims
  SEISS 2: 200,000 total number of claims†^§
- Over £4.0 billion worth of loans offered to 107,689 businesses through CBILS and BBLS‡.

SOUTH EAST:
14% OF UK POPULATION

- CJRS: 1,294,600 total employments supported*
- SEISS 1: 379,000 total number of claims
  SEISS 2: 326,000 total number of claims†^§
- Over £7.4 billion worth of loans offered to 184,972 businesses through CBILS and BBLS‡.

LONDON:
13% OF UK POPULATION

- CJRS: 1,385,500 total employments supported*
- SEISS 1: 498,000 total number of claims
  SEISS 2: 447,000 total number of claims†^§
- Over £11.4 billion worth of loans offered to 269,547 businesses through CBILS and BBLS‡.

*Coronavirus Job Retention Scheme (CJRS) - Source: HMRC Coronavirus Job Retention Scheme statistics: August 2020

†Self-Employment Income Support Scheme (SEISS) - Source: SEISS 1: HMRC Self-Employment Income Support Scheme statistics: August 2020; SEISS 2: HMRC Self-Employment Income Support Scheme statistics: October 2020

‡Bounce Back Loan Scheme (BBLS)/ Coronavirus Business Interruption Loan Scheme (CBILS) - Source: British Business Bank: Regional analysis of Coronavirus loan schemes shows continued even distribution across the UK

^ October 2020 figures – further data to be published 25 November 2020

§These figures reflect the number of claims for the first and second SEISS grant. An individual may have claimed for both grants or only one. An individual who claimed both grants will be counted in the number of claims for SEISS 1 and also the number of claims for SEISS 2

2.8 In addition to supporting businesses through these uniquely challenging times, the government has extended considerable support to individuals and families who have benefited from increased welfare payments, improved access to Statutory Sick Pay (SSP), a stay on repossession proceedings and mortgage holidays. To support those on low incomes throughout the outbreak, the government has announced a package of temporary welfare measures in place until spring 2021:

- a £20 per week increase to the Universal Credit (UC) standard allowance and Working Tax Credit basic element for 2020-21. This means that for a single UC claimant (aged 25 or over), the standard allowance has increased from £317.82 to £409.89 per month until April 2021
- an increase in the Local Housing Allowance rates for UC and Housing Benefit claimants so that it covers the lowest third of local rents. This increase will mean nearly £1 billion of additional support for private renters claiming UC or Housing Benefit in 2020-21 and benefits over 1 million households, including those in work. Claimants will gain on average an additional £600 per year in increased housing support
- a relaxation of UC minimum income floor for self-employed claimants
- a rebate scheme reimbursing employers with more than 250 employees for up to 2 weeks of SSP per employee. SSP has also been extended to those who are ill or self-isolating due to Covid-19 or who are clinically extremely vulnerable and unable to work as a result
- a £500 million hardship fund that the government expects local authorities to use to discount the council tax bills of all working age local council tax support claimants by £150. This scheme provides funding for more than 3 million council tax discounts. Local authorities should use any remaining grant to support those most in need.

2.9 In addition to the UK-wide measures, the government has provided unprecedented support to the devolved administrations to facilitate their response to Covid-19 through an upfront funding guarantee of at least £16 billion for this year. This has provided a total increase this year of at least £8.2 billion of additional funding for the Scottish Government, £5 billion for the Welsh Government and £2.8 billion for the Northern Ireland Executive, on top of their Budget 2020 funding.

Further support for businesses announced at SR20

2.10 SR20 builds on the support offered to businesses to help them grow through these uncertain times and meet the challenges of the virus. SR20:

- confirms £519 million of funding in 2021-22 to support the continued delivery of Covid-19 loans, including paying for the 12-month interest free period on the BBLS and the CBILS
- freezes the business rates multiplier in 2021-22, saving businesses in England £575 million over the next five years. The government is also considering options for further Covid-19 related support through business rates reliefs. In order to ensure that any decisions best meet the evolving challenges presented by Covid-19, the government will outline plans for 2021-22 reliefs in the New Year
- provides an additional £56.5 million in 2021-22 to support the vitality and entrepreneurship of the UK by expanding the British Business Bank's Start-Up Loans to meet the increase in demand and support entrepreneurs to start and grow their business

2.2 Supporting public services

Funding in 2020-21

2.11 In addition to the substantial support offered to individuals and businesses, the government has already taken extensive actions to ensure public services are resilient to the pressures of this pandemic and support them through the crisis.

2.12 SR20 announces a further £38 billion of support for public services this year, bringing the total made available to over £113 billion across the UK. This funding includes:

- £52 billion for frontline health services to tackle the pandemic including £22 billion for the Test and Trace programme, over £15 billion for the procurement of personal protective equipment (PPE) Equipment and £2.7 billion to support the development and procurement of vaccines
- over £5.4 billion to help local authorities in England respond to the impacts of Covid-19 in 2020-21, on top of £1.6 billion awarded in 2019-20, bringing the total to date to over £7 billion. Additional financial support will also be available to local authorities facing the highest ongoing restrictions. This will support local public health initiatives through the Contain Outbreak Management Fund[4]
- £12.8 billion to keep the country's transport networks moving, so that those who need to travel can do so safely and reliably. This includes an estimated £8 billion for rail passenger services in England[5] and £4.8 billion of further support, including for buses, light rail, cycling, and Transport for London
- education funding of £1.4 billion, including funding for schools in England to help children catch up on lost learning and supplementary support for free school meals
- £1.9 billion for DWP to deliver labour market support, including through the Kickstart Scheme
- over £270 million in 2020-21 to support the recovery of the justice system, including funding to ensure safety in prisons and courts and funding to reduce backlogs in the Crown Court caused by Covid-19.

Funding in 2021-22

2.13 SR20 provides £55 billion to support the public services response to Covid-19 in 2021-22, including £2.6 billion for the devolved administrations. Allocating funding now to support the response to the pandemic will allow the government to:

- control and mitigate the virus: SR20 supports the mitigation of the virus by funding the development and purchase of successful vaccines, and NHS Test and Trace. The government has now made available over £6 billion in total to develop and procure Covid-19 vaccines
- support public services in their recovery: SR20 ensures that public services across the UK have the resources they need to continue tackling the virus and start to address service backlogs

[4] Total payments from the Contain Outbreak Management Fund from December could reach up to £903 million depending on levels of local restrictions and their duration
[5] This is the midpoint of a £7-9 billion estimate, as used by the DfT Permanent Secretary at the Public Accounts Committee on 15 October 2020. This estimate remains highly uncertain, as it depends on future decisions about public health restrictions.

- support jobs: SR20 continues to prioritise supporting jobs, including by investing an additional £3.7 billion to support frontline services and build on the commitments made in the Plan for Jobs,[6] including funding for the Kickstart Scheme for young people, the doubling of work coaches in Job Centre Plus, and investing in a new, three-year programme to help over one million people.

Controlling and mitigating the virus

2.14 Greater understanding of the virus and technological advances have made available new strategies to control and mitigate the virus over the next year. The government is committed to ensuring that these are well funded throughout 2021-22 to facilitate a strong economic recovery and reduce the number of people affected by the virus. SR20 therefore invests in the structures needed to lift the burdens of the virus, protecting lives and livelihoods.

2.15 A safe and effective vaccine will be a decisive step forward in the government's ability to mitigate the impacts of the virus. This year, the UK has secured access to a diversified portfolio of 7 vaccine candidates across 4 different vaccine types. SR20 confirms that the government has now made available more than £6 billion in total to develop and procure Covid-19 vaccines. Of that, SR20 confirms £733 million in 2021-22 for the UK Vaccines Taskforce to purchase successful vaccines and £128 million for research and development (R&D) and vaccines manufacturing. Further funding will be allocated from the Covid-19 reserve as needed.

2.16 Test and Trace is key in reducing transmission and fighting Covid-19. SR20 provides £15 billion in 2021-22 that will support enhanced testing capacity, including regular testing of NHS staff and social care workers. The government will keep this under review, taking into account the possibility of a vaccine and the path of the virus

2.17 Medicines play a crucial role in improving patient outcomes and care. SR20 commits a further £163 million to increase supplies of key medicines for treating Covid-19 patients.

Public services support and recovery

2.18 SR20 builds on the substantial support provided in 2020-21 for the pandemic response in public services. The government is providing further targeted funding to meet the challenges of Covid-19. This includes:

- health Services: the government will provide an additional £3 billion next year to support the NHS recovery from the impacts of Covid-19. This includes around £1 billion to begin tackling the elective backlog, enough funding to enable hospitals to cut long waits for care by carrying out up to one million extra checks, scans and additional operations or other procedures. The remainder of the funding will address waiting times for mental health services, give more people the mental health support they need, invest in the NHS workforce and help ease existing pressures in the NHS caused by Covid-19. The government also remains committed to providing PPE to frontline workers to protect them from Covid-19 and reduce transmission. On top of over £15 billion for PPE purchases and logistics already provided in this financial year, SR20 provides £2.1 billion to purchase and store PPE, sufficient funding to meet expected demand and maintain a 4 month stockpile across 2021-22
- local government in England: Covid-19 has placed additional pressures on local authorities who play a crucial role in enabling an effective response to the pandemic. At SR20 the government expects to provide over £3 billion of additional funding to local authorities to support them in meeting these Covid-19 pressures. SR20 also provides funding to support

[6] A Plan for Jobs 2020, HM Treasury, July 2020

rough sleepers and those at risk of homelessness during Covid-19 through an additional £254 million of resource funding, including £103 million announced earlier this year for accommodation and substance misuse. This takes total resource funding for rough sleeping and homelessness in 2021-22 to £676 million, a 60 per cent cash increase compared to SR19

- public transport: it is essential that the country's transport system continues to allow people to make their journeys safely and reliably. SR20 provides funding to support public transport services, including allocating over £2 billion to the Department for Transport to ensure continued operation of the railways in 2021-22
- justice system: SR20 provides £246 million next year for the justice system's continued recovery from Covid-19, including funding to continue tackling backlogs in Crown and family courts and employment tribunals, as well as £43 million to ensure the continued safety of prisons and courts. It also provides a total of £40 million funding to support victims of crime.

2.19 As the trajectory of the pandemic remains uncertain, SR20 sets aside £21 billion of contingency funding within the £55 billion support package for public services. This money is not yet allocated but will allow the necessary support to be put in place and adapted through the course of next year.

Supporting jobs

2.20 SR20 confirms 2021-22 funding for the Plan for Jobs, as part of a £1.8 billion uplift which will mean average annual growth in DWP's budget of 28.1 per cent from 2019-20 to 2021-22. This includes:

- investing £1.4 billion to build on the Plan for Jobs commitment to increase capacity in Job Centre Plus and double the number of work coaches
- funding the £2 billion Kickstart scheme which will create hundreds of thousands of new, fully subsidised jobs for young people at risk of long-term unemployment across Great Britain. The SR20 settlement includes £1.6 billion in 2021-22 which will ensure funding for over 250,000 Kickstart jobs
- announcing the new £2.9 billion Restart programme that will provide intensive and tailored support to over 1 million unemployed people and help them find work, with approximately £0.4 billion of funding in 2021-22
- investing £0.2 billion in other job search support measures announced in the Plan for Jobs this Summer, including the Job Entry: Targeted Support and Job Finding Support schemes, the Youth Offer and Sector-based Work Academy Programme placements.

Table 2.1: Covid-19 spend summary (Total DEL) - public services

	£ billion			
	2019-20[1]	2020-21[2]	2021-22[3]	Total
Support for public services[4]	**2.2**	**113.5**	**54.7**	**170.4**
Health services	**0.0**	**52.4**	**21.2**	**73.6**
of which: Test and Trace and Mass Screening[5]	*0.0*	*22.0*	*15.0*	*37.0*
of which: NHS recovery package	*0.0*	*0.0*	*3.0*	*3.0*
of which: Covid-19 vaccines procurement[6]	*0.0*	*2.7*	*0.9*	*3.6*
of which: Personal Protective Equipment[7]	*0.0*	*15.2*	*2.1*	*17.3*
of which: Other NHS and health and care services	*0.0*	*12.5*	*0.2*	*12.6*
Local government funding for England[8]	**1.6**	**6.3**	**3.2**	**11.1**
of which: Local authority grant funding	*1.6*	*3.1*	*2.2*	*6.9*
of which: Support for rough sleeping	*0.0*	*0.2*	*0.2*	*0.4*
of which: Other local government support including funding LAs for their lost tax revenue in 2020-21	*0.0*	*3.0*	*0.8*	*3.8*
Transport	**0.6**	**12.8**	**2.1**	**15.4**
of which: Support for passenger rail services[9]	*0.6*	*8.0*	*2.1*	*10.6*
of which: Further support, including buses, light rail, cycling and Transport for London	*0.0*	*4.8*	*0.0*	*4.8*
Education[10]	**0.0**	**1.4**	**0.4**	**1.8**
of which: Education including schools catch-up and supplementary support for free school meals	*0.0*	*1.4*	*0.4*	*1.8*
DWP funding to support employment and frontline services	**0.0**	**1.9**	**3.7**	**5.5**
of which: Additional staff and overheads for delivering front line labour market services	*0.0*	*1.1*	*1.4*	*2.5*
of which: Kickstart	*0.0*	*0.2*	*1.6*	*1.8*
of which: Restart	*0.0*	*0.0*	*0.4*	*0.4*
of which: Other including Employment support announced at Plan for Jobs	*0.0*	*0.5*	*0.3*	*0.8*
Other public services	**0.0**	**2.9**	**0.3**	**3.3**
of which: Covid-19 response in the Justice system	*0.0*	*0.3*	*0.2*	*0.5*
of which: Other support for public services	*0.0*	*2.7*	*0.1*	*2.7*
Funding for Scotland, Wales and Northern Ireland[11]	**0.0**	**10.5**	**2.6**	**13.1**
of which: Barnett consequentials of Spending Review Covid-19 allocations	*0.0*	*0.0*	*2.6*	*2.6*
of which: Guaranteed funding for the Devolved Administrations	*0.0*	*10.5*	*0.0*	*10.5*
Covid-19 reserve: allowance for further Covid-19 costs	**0.0**	**25.3**	**21.3**	**46.6**

[1] 2019-20 represents budget cover for Covid-19 support in 2019-20

[2] 2020-21 figures subject to revision through the Supplementary Estimates.

[3] 2021-22 figures represent departmental settlements at the Spending Review, with potential additional Covid-19 costs funded from the Covid-19 reserve.

[4] Total Covid-19 public services support shown here differs from total Covid-19 allocations shown in Table C.2: Departmental Budgets (Total DEL excluding depreciation), which includes departmental funding for business support, totalling £150.3 billion in 2020-21 and £55.6 billion in 2021-22.

[5] 2020-21 covers all of NHS Test and Trace activity, including mass testing and regional testing as set out in the announcement by the Prime Minister on 23rd November 2020. 2021-22 funding provides an initial envelope that will support continued testing, including regular testing of the NHS and Social Care. The Government will keep these costs under review, and will allocate further funding from the Covid-19 reserve for mass testing as needed.

[6] 2020-21 represents estimates of vaccine procurement costs. In 2021-22 they show minimum costs already committed irrespective of the outcome of regulatory approvals for vaccine candidates. The Government has made available £6 billion in total for procurement. Additional costs, including vaccine deployment, will be funded from the Covid-19 reserve as necessary.

[7] HMG have stabilised the UK PPE supply chain and this month will have a four-month stockpile of all Covid-19-critical PPE in place. Combined with the fact that long-term contracts and UK manufacturing has driven down costs, this means less funding is needed in 2021-22 without seeing shortages in supply.

[8] The £6.3 billion includes up to £903 million for the Contain Outbreak Management Fund from December, total expenditure under which depends on levels and duration of local restriction.

[9] The 2020-21 figure is shown as the midpoint of a £7-9 billion estimate, as used by the DfT Permanent Secretary at the Public Accounts Committee on 15 October 2020 https://committees.parliament.uk/oralevidence/1038/default. This estimate remains highly uncertain, as it depends on future decisions about public health restrictions. It cannot be directly compared with the figure for 2021-22, which only represents the departmental SR settlement. Potential additional Covid-19 costs will be funded from the Covid-19 reserve.

[10] Funding in 2021-22 includes funding committed for Academic Year 2020/21, which falls across Financial Year 2020-21 and Financial Year 2021-22.

[11] The devolved administrations received an upfront Resource DEL guarantee of £16 billion in 2020-21, above their Spring Budget 2020 funding due to unprecedented and uncertain levels of HMG spending in response to Covid-19 (of which £10.5 billion relates to public services). Based on current plans for Departmental funding in 2020-21, £2 billion of this guaranteed funding is yet to be generated through the Barnett formula. The Spending Review is additionally providing the devolved administrations with £2.6 billion of Covid-19 funding through the Barnett formula in 2021-22 on top of their core funding.

3 Investing in a recovery for all regions of the UK

3.1 Building a stronger future

3.1 Spending Review 2020 (SR20) sets out the government's plans for targeted investment that will support an economic recovery for all and build a stronger future. At the heart of this is the government's mission to level up across the UK, ensuring economic opportunities for everyone and unleashing the potential of the Union.

3.2 At Budget 2020 the government announced ambitious plans to deliver over £600 billion of gross public investment over the next five years, reaching the highest sustained levels of public sector net investment since the late 1970s. These plans will underpin growth across the UK and start to tackle the longstanding weaknesses which have for too long held back UK infrastructure.

3.3 To respond to the immediate impact of Covid-19, this summer the government accelerated £8.6 billion of capital spending to support the construction sector and its vital role in supporting jobs and the recovery across the UK.

3.4 SR20 continues to make progress on these commitments, transforming UK infrastructure while supporting the country's economic recovery. SR20 announces £100 billion of capital spending in 2021-22, a £27 billion real terms increase compared to 2019-20, targeted towards investment that will drive economic recovery and support jobs and businesses across the UK. This funding will target high-value, jobs-rich projects that are deliverable next year. This includes:

- almost £19 billion of transport investment next year, including £1.7 billion for local roads maintenance and upgrades
- significant increases in research and development (R&D) with almost £15 billion in 2021-22 including funding for clinical research to support delivery of new drugs, treatments and vaccines
- £4.2 billion for NHS operational investment next year to allow hospitals to refurbish and maintain their infrastructure, and £325 million of new investment in NHS diagnostics equipment to improve clinical outcomes
- over £260 million for transformative digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Diversification and Testbeds and Trials Programmes.

3.5 In addition to significant increases in capital spending next year, SR20 also maintains momentum on the government's infrastructure plans with select multi-year capital settlements. These allocations give funding certainty for existing infrastructure projects as well as targeting investment towards areas which will improve the UK's competitiveness in the longer term – for example by backing new investments in cutting-edge research and clean energy sources of the future. This includes multi-year funding to deliver:

- a step-change in investment to tackle climate change and deliver the Prime Minister's Ten Point Plan for a Green Industrial Revolution,[1] including funding for electric vehicle charging infrastructure, and new Carbon Capture and Storage (CCS) clusters by 2030
- over £58 billion of investment confirmed for road and rail, levelling up across the country
- nearly £20 billion of investment underpinning the government's long-term housing strategy, including £7.1 billion for a National Home Building Fund and confirming over £12 billion for the Affordable Homes Programme
- a multi-billion pound capital investment to deliver the government's commitments on building hospitals, schools and prisons
- a doubling of flood and coastal investment across England investing £5.2 billion over six years
- £1.2 billion to subsidise the rollout of gigabit-capable broadband, as part of the government's £5 billion commitment to support rollout to the hardest to reach areas of the UK
- an ambitious programme of defence modernisation, including funding to develop the next generation of naval vessels, as well as £6.6 billion of R&D funding for areas such as artificial intelligence, future combat air power and other battle-winning technologies.

3.6 Significant capital spending next year, together with select multi-year spending commitments, means that SR20 will support confidence and wider investment across the economy. It will also progress the government's agenda to level up and unleash the potential of the Union, with the devolved administrations also receiving funding through the Barnett formula.

3.7 SR20 also transforms how investment in infrastructure is targeted across the UK with:

- a new National Infrastructure Strategy (NIS), outlining the government's longer-term vision for transforming UK infrastructure and plans to create a new infrastructure bank to catalyse private investment in infrastructure projects across the UK[2]
- a refreshed Green Book[3] updating the government's guidance on how to assess potential investments, to help achieve the aim of addressing regional imbalances
- the implementation of recommendations made by the Project Speed taskforce to enable faster and smarter delivery of projects across the government's infrastructure portfolio.

3.8 By prioritising capital investment now when the cost of borrowing is low by historic standards and when returns are greatest, SR20 paves the way for record levels of capital investment across this parliament and beyond – driving economic recovery so we can build a stronger future across the whole of the UK.

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[1] The Ten Point Plan for a Green Industrial Revolution, HM Government, November 2020
[2] National Infrastructure Strategy, HM Treasury, 2020
[3] Green Book Review, HM Treasury, 2020

3.2 Levelling up and the Union

3.9 The economic impact of Covid-19 is being felt across all regions of the UK, and the economic recovery must support everyone, no matter where they live. This is why the government is driving forward on its ambition to level up opportunity across the UK through SR20.

3.10 The government wants people to feel that they can succeed in their local area. SR20 will deliver this by boosting jobs, wages and prospects for all communities, and by re-wiring government to better deliver for the communities it serves.

3.11 By levelling up, SR20 also unleashes the potential of the Union: together, England, Scotland, Wales and Northern Ireland are safer, stronger and more prosperous. The infrastructure investment in SR20 will provide support across the UK: whether in ship building in Scotland, in net zero R&D in Wales or in faster broadband in Northern Ireland.

3.12 To help people get on, the government is taking steps to strengthen skills and education, and support wellbeing across every region of England. SR20 continues to level up schools funding, upgrades further education estates and invests in skills, supporting local areas as they recover from Covid-19.

3.13 Across every region of the UK, the government is supporting jobs and wages through the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS).

3.14 Through SR20, the government will also support local economies to grow by:

- investing in new green industries to support green growth clusters, including supporting coastal and post-industrial communities with investment in offshore wind capacity, port infrastructure, a global underwater engineering hub, CCS and low-carbon hydrogen
- delivering major investment for local transport priorities in English cities through the Transforming Cities Fund and, building upon this, through five-year intra-city transport settlements for eight Mayoral Combined Authorities
- accelerating multi-year projects under four City and Growth Deals in Scotland, driving forward local economic priorities in Tay Cities, Borderlands, Moray and the Scottish Islands
- supporting housing delivery and regeneration, unlocking brownfield sites, regenerating estates and releasing serviced plots on public sector land across the country through an additional £100 million in 2021-22 on top of the £400 million Brownfield Fund announced at Budget 2020
- providing £1.1 billion to support farmers, land managers and the rural economy, and £20 million to support fisheries in Scotland, Wales and Northern Ireland.

3.15 Through SR20 the government is investing to ensure that each place, whether rural or urban, is well-connected, including:

- investing in local infrastructure, local transport and digital connectivity to ensure that the services people use most often are well-maintained and accessible in all places. This investment will transform bus services and cycling infrastructure, provide high-quality 4G mobile coverage and rollout gigabit-capable broadband across the UK
- strengthening the spine of the UK's transport connectivity to connect across regions, including through High Speed 2, the largest ever investment in motorways and A-roads, and the Union Connectivity Review.

3.16 The government is supporting the regeneration of towns and communities by targeting further investment at places most in need by:

- launching a new Levelling Up Fund worth £4 billion for England, that will attract up to £0.8 billion funding for Scotland, Wales and Northern Ireland in the usual way. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. Moving away from a fragmented landscape with multiple funding streams, this new cross-departmental Fund for England will invest in a broad range of high value local projects up to £20 million, or more by exception, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years. SR20 makes available up to £600 million in 2021-22. The government will publish a prospectus for the fund and launch the first round of competitions in the New Year
- supporting the long-term regeneration of 167 towns across England to increase jobs, deliver growth and improve living standards through the Towns Fund
- supporting places, such as former industrial areas, deprived towns and coastal communities, by setting out what the UK Shared Prosperity Fund (UKSPF) will invest in and how it will be targeted (see Box 3.1)
- delivering 10 Freeports across the UK – at least one in each of England, Scotland, Wales and Northern Ireland – to bring jobs, investment and prosperity to some of the most deprived communities. The programme aims to establish Freeports as national hubs for global trade and investment across the UK, promote regeneration and job creation and create hotbeds for innovation.

3.17 SR20 confirms an additional £4.7 billion to the devolved administrations through the Barnett formula in 2021-22, including £2.6 billion related to Covid-19, on top of their combined baselines of over £60 billion. This provides an additional £2.4 billion for the Scottish Government, £1.3 billion for the Welsh Government and £0.9 billion for the Northern Irish Executive. This builds on the unprecedented £16 billion of upfront resource funding the UK government has guaranteed to the devolved administrations in relation in 2020-21, in addition to their Budget 2020 funding for that year.

3.18 SR20 also takes steps to change how the government invests in places and embed changes across government to ensure national policy-making better serves the communities it works for. SR20 takes action to:

- support better appraisal of investment in places through the refreshed Green Book[4]
- improve the government's understanding of, and its impact on, places, through supporting investment in departments' IT estates and strengthening guidance enabling better data capturing and data sharing
- bring policy makers closer to the communities they serve, setting out plans to deliver a new government economic campus in the North of England and progresses work on government Hubs in Cardiff and Belfast, to operate alongside the new Queen Elizabeth House 'Edinburgh Hub'. These steps will support the Places for Growth programme to enable further relocations of civil service roles outside of London.

[4] Green Book Review, HM Treasury 2020

3.19 The government will apply this approach through future fiscal events and Spending Reviews to continue to level up opportunity for communities across the UK, and in doing so, unleash the potential of the Union.

Box 3.1 – UK Shared Prosperity Fund – Heads of Terms

The UKSPF will help to level up and create opportunity across the UK for people and places.

It will operate UK-wide, using the new financial assistance powers in the UK Internal Market Bill. Investments and programmes will display common branding.

The government will ramp up funding, so that total domestic UK-wide funding will at least match current EU receipts, on average reaching around of £1.5 billion a year.

A portion of the UKSPF will target places most in need across the UK, such as ex-industrial areas, deprived towns and rural and coastal communities. It will support people and communities, opening up new opportunities and spurring regeneration and innovation. Its funding profile will be set out at the next Spending Review. The government will develop a UK-wide framework for investment in places receiving funding and prioritising:

- **investment in people** and skills tailored to local needs, such as work-based training, supplementing and tailoring national programmes (e.g. the Adult Education Budget); and other local support (e.g. for early years)
- **investment in communities and place** including cultural and sporting facilities, civic, green and rural infrastructure, community-owned assets, neighbourhood and housing improvements, town centre and transport improvements and digital connectivity
- **investment for local business** including to support innovation, green and tech adoption, tailored to local needs.

Places receiving funding will be asked to agree specific outcomes to target within the UK-wide framework. They will then develop investment proposals to be approved by the government among a representative stakeholder group. Investment should be aligned with the government's clean growth and net zero objectives.

A second portion of the UKSPF will be targeted differently: to people most in need through bespoke employment and skills programmes that are tailored to local need. This will support improved employment outcomes for those in and out of work in specific cohorts of people who face labour market barriers.

The government will set out further details of the UKSPF in a UK-wide investment framework published in the spring.

Additional Funding in 2021-22

To help local areas prepare over 2021-22 for the introduction of the UKSPF, the government will provide additional funding to support our communities to pilot programmes and new approaches. This additional funding will be delivered UK-wide, using the new financial assistance powers in the UK Internal Market Bill. Further details will be published in the New Year.

Figure 3.1: Selected projects and programmes of regional significance

NORTH WEST

- Supporting the regeneration of 33 towns in the North West; Town Deals confirmed with Blackpool, Barrow and Warrington
- Over £500 million in Greater Manchester, Preston and Liverpool City Regions to improve local transport through the Transforming Cities Fund
- Over £400 million in funding across 18 projects as part of the Housing Infrastructure Fund, including an 8km link road to the south of Carlisle City and unlocking more than 10,000 homes.

NORTHERN IRELAND

- £618 million in 4 City and Growth Deals: £163 million in Mid/ South/ West of Northern Ireland, Causeway Coast and Glens; £105 million in Derry/Londonderry and Strabane; and £350 million in Belfast*
- £315 million to support farmers and land managers, and £3 million to support fisheries in Northern Ireland
- At least one Freeport in Northern Ireland, to be a hub for global trade and investment across the UK, promoting regeneration, job creation and innovation

WEST MIDLANDS

- Funding from the Cultural Investment Fund for Coventry's UK City of Culture 2021 programme
- Over £350 million in the West Midlands Combined Authority and Stoke-on-Trent to improve local transport through the Transforming Cities Fund
- £118.5 million one-year Birmingham Commonwealth Games funding to support the games in 2022.

WALES

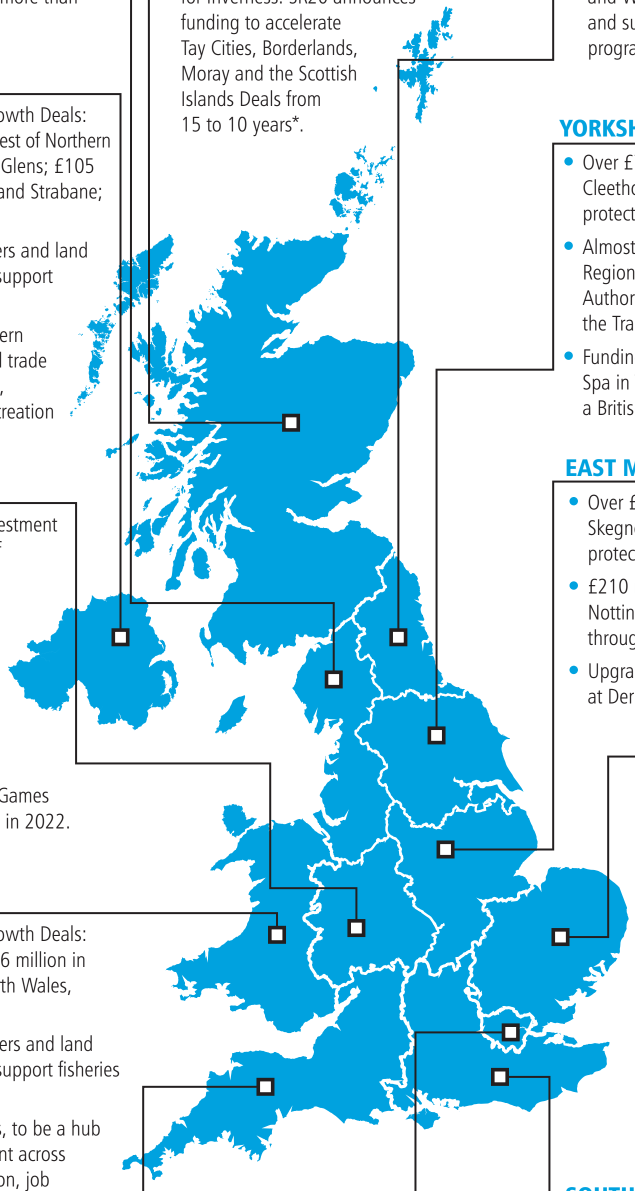
- £820 million in 4 City and Growth Deals: £500 million in Cardiff, £115.6 million in Swansea, £150 million in North Wales, £55 million in Mid Wales*
- £240 million to support farmers and land managers, and £2 million to support fisheries in Wales
- At least one Freeport in Wales, to be a hub for global trade and investment across the UK, promoting regeneration, job creation and innovation.

SOUTH WEST

- Supporting the regeneration of 21 towns in the South West. Town Deal confirmed with Torquay
- Over £240 million in Plymouth, South East Dorset and West of England Combined Authority to improve local transport through the Transforming Cities Fund
- Upgrading the A303 at Stonehenge, dualling the A358 Taunton to Southfields and improving the A417 missing link.

SCOTLAND

- At least one Freeport in Scotland, to be a hub for global trade and investment across the UK, promoting regeneration, job creation and innovation
- £570 million to support farmers and land managers, and £14 million to support fisheries in Scotland
- £1.5 billion investment in 12 City and Growth Deals, including: £500 million for Glasgow; £125 million for Aberdeen; and £53.1 million for Inverness. SR20 announces funding to accelerate Tay Cities, Borderlands, Moray and the Scottish Islands Deals from 15 to 10 years*.



LONDON

- London to pilot additional transition support for offenders aged 17-25
- Continuing to address capacity issues by financing the completion of Crossrail, and upgrading the M4 from Junctions 3 to 12
- Over £600 million in funding across 13 projects as part of the Housing Infrastructure Fund, including £80 million for capacity enhancements on the East London Line to unlock over 14,000 homes in Southwark and Lewisham.

NORTH EAST

- Thee £20 million Clean Maritime Demonstration Competition will support feasibility studies including plans for a hydrogen port in Teesside; £3 million will also be provided for a Tees Valley Hydrogen Transport Hub
- £285 million in the Tees Valley and the North East to improve local transport through the Transforming Cities Fund
- £64 million to modernise Nexus Metro in Tyne and Wear, including replacing the current fleet and supporting the ongoing asset renewals programme.

YORKSHIRE AND THE HUMBER

- Over £70 million for flood defences in Cleethorpes, Goole and Sheffield to better protect over 9,500 properties
- Almost £500 million in the Sheffield City Region and West Yorkshire Combined Authority to improve local transport through the Transforming Cities Fund
- Funding for the British Library site at Boston Spa in Yorkshire, underpinning plans to create a British Library of the North in Leeds.

EAST MIDLANDS

- Over £90 million for flood defences in Skegness, Tattershall and Boston to better protect over 17,000 properties
- £210 million in Leicester, Derby and Nottingham to improve local transport through the Transforming Cities Fund
- Upgrading the A46 Newark Bypass and A38 at Derby with over £500 million investment.

EAST OF ENGLAND

- Over £130 million in Norwich, Cambridgeshire and Peterborough to improve local transport through the Transforming Cities Fund
- Major upgrades to the A47 and A428
- Nearly £800 million in funding across 15 projects as part of the Housing Infrastructure Fund, including Cambridge Northern Fringe East, providing £227 million for the relocation of a waste water treatment plant in order to unlock nearly 9,000 homes on a brownfield site.

SOUTH EAST

- Investment in the Oxford-Cambridge Arc, including funding for East West Rail between Bicester and Bletchley, and towards the development of a Spatial Framework
- Building the new Lower Thames Crossing, increasing road capacity east of London by over 90%
- Over £1.1 billion in funding across 35 projects as part of the Housing Infrastructure Fund, including £95 million for road improvements, a school and a healthcare centre to unlock 5,000 homes in Milton Keynes East.

* To be paid out at Main/Supplementary Estimates each year

3.3 Green industrial revolution

3.20 The UK was the first major economy to legislate for net zero in 2050[5] and has already taken significant action to reduce carbon emissions and tackle climate change. The UK met its first and second carbon budgets and is on track to overachieve on the third;[6] has expanded GDP by 75 per cent while cutting emissions by 43 per cent;[7] and has pioneered renewable energy, with more offshore wind than any other country.

3.21 The economic recovery from Covid-19 must build on this, and it must be green. The Prime Minister's Ten Point Plan has set out a vision for Britain to lead a Green Industrial Revolution, protecting future generations from the effects of climate change and destruction of habitats, whilst simultaneously supporting hundreds of thousands of new jobs across the UK.

3.22 The NIS, published alongside SR20, is rooted in the expert advice of the highly respected National Infrastructure Commission (NIC), and responds to its ground-breaking 2018 assessment of the country's infrastructure needs. The NIS sets out how we will deliver the greener infrastructure that is fundamental to the Ten Point Plan, and as part of this announces the creation of a UK-wide bank focused on infrastructure and headquartered in the North of England. The bank will support private infrastructure projects to help meet the government's objectives on economic growth, levelling up, and transitioning to net zero.

3.23 SR20 sets out how the government will begin to fund the Ten Point Plan, providing long-term settlements in critical areas. The Ten Point Plan mobilises £12 billion to give industry the certainty it needs to invest, supports up to 250,000 green jobs and saves 180 megatonnes of carbon dioxide equivalent. That is the equivalent to taking all of today's cars off the road for around two years.

3.24 Through SR20 the UK will also lead the international effort against climate change. Further details on international leadership are set out in Chapter 5.

Greener transport

3.25 Transport accounted for 28 per cent of domestic emissions in 2018, making it the highest emitting sector in the UK.[8] The government has therefore taken decisive action to end the sale of new petrol and diesel cars and vans by 2030 with all vehicles being required to have a zero emissions capability (e.g. plug-in and full hybrids) from 2030 and be 100 per cent zero emission from 2035.

3.26 In order to support the transition to zero-emission vehicles, the government will invest a total of £1.9 billion in charging infrastructure and consumer incentives. This includes:

- £950 million to support the rollout of rapid electric vehicle (EV) charging hubs at every service station on England's motorways and major A-roads, so that motorists can charge their car on long journeys in the time it takes to have a cup of coffee
- £582 million for the Plug-in Car, Van, Taxi, and Motorcycle Grant until 2022-23, reducing the sticker price of zero and ultra-low emission vehicles for the consumer
- £275 million to extend support for charge point installation at homes, workplaces and on-street locations, while reforming these schemes so that they target difficult parts of the market such as leaseholders and small and medium-sized enterprises (SMEs)

[5] UK becomes first major economy to pass net zero emissions law, gov.uk, 2019
[6] Updated energy and emissions projections: 2019, BEIS, 2020
[7] Gross Domestic Product: chained volume measures: Seasonally adjusted £m, ONS, 2019; and Final UK greenhouse gas emissions national statistics: 1990 to 2018, BEIS, 2020
[8] Final UK greenhouse gas emissions national statistics: 1990 to 2018, BEIS, 2020

- £90 million to fund local EV charging infrastructure to support the roll out of larger on-street charging schemes and rapid hubs in England.

3.27 As well as supporting the decarbonisation of private vehicles, the government is making major investments in other clean forms of transport. To encourage more active travel, the government has provided £257 million for cycling and walking in 2021-22, part of the Prime Minister's £2 billion commitment to cycling and walking across the parliament. SR20 also provides £120 million for zero emission buses in 2021-22 which, in combination with the Department for Transport's existing commitment to complete the first All Electric Bus Town this financial year, will support delivery of over 800 cleaner, greener, quieter zero emission buses, helping to deliver the Prime Minister's commitment to 4,000 of these buses.

3.28 To drive progress beyond the limits of what is currently possible, SR20 also provides £81 million of R&D funding in 2021-22 to launch a programme of investment in low and zero emission transport technologies. This includes new initiatives on sustainable aviation fuels, clean maritime demonstrations, zero emission freight trials, innovative electric vehicle charging solutions, and funding for a Hydrogen Transport Hub in the Tees Valley.

Investing in new technologies

3.29 SR20 also prioritises investment in clean energy technologies that are critical to net zero. These investments play on the UK's strengths, and build exciting new technologies.

3.30 CCS will be essential to meeting net zero globally, and the UK has an unrivalled asset – the North Sea – that can be used to store captured carbon under the seabed. To capitalise on this global opportunity, SR20 provides £1 billion for a Carbon Capture and Storage Infrastructure Fund and will help establish four CCS clusters by 2030, capturing up to 10 megatonnes of carbon dioxide a year by 2030. These clusters will bring jobs and investment to industrial heartlands in areas of North East and North West England, the Humber, Scotland and Wales.

3.31 The UK is also well positioned to develop an exciting new industry in low carbon hydrogen production, which could help decarbonise transport, industry, homes and power. Working alongside partners in industry, the UK aims to develop 5 gigawatts (GW) of low-carbon hydrogen production capacity by 2030, supporting up to 8,000 jobs. This will be supported by a range of measures, including a £240 million Net Zero Hydrogen Fund and £81 million for pioneering hydrogen heating trials.

3.32 The UK already has more offshore wind than any other country.[9] By 2030 the government plans to quadruple offshore wind capacity to 40 GW and maximise the opportunities this presents for jobs and investment. To grow the UK manufacturing base, SR20 invests £160 million into modern ports and manufacturing infrastructure, providing high quality employment in coastal regions.

3.33 The UK is a leading manufacturer of EVs. The Nissan Leaf, produced in the UK, is the second highest selling EV in the world.[10] To support the UK's EV manufacturing industry, the government will spend nearly £500 million in the next four years for the development and mass-scale production of electric vehicle batteries and associated EV supply chain. This will boost investment into the UK's strong manufacturing bases, including in the Midlands and North East.

3.34 Nuclear power provides a reliable source of low-carbon electricity. SR20 provides over £125 million for nuclear technologies in 2021-22, as part of up to £525 million set out in the Ten Point Plan, including £385 million for an Advanced Nuclear Fund.

[9] The Ten Point Plan for a Green Industrial Revolution, HM Government, November 2020 and RenewableUK (2020)
[10] The Top Selling Electric Cars Around the World, Uswitch, November 2020

3.35 The Net Zero Innovation Portfolio (NZIP) will accelerate near-to-market low-carbon energy innovations, stimulating private sector investment and green growth. The government is committing £200 million for NZIP in 2021-22 to support new decarbonisation solutions and bolster emerging technologies such as direct air capture and low carbon hydrogen.

Warmer homes and buildings

3.36 SR20 also continues steps to make homes and buildings, which contribute nearly one fifth of all UK emissions,[11] more energy efficient and less carbon intensive.

3.37 To upgrade the UK's buildings to make them warmer, more comfortable and cheaper to heat, SR20 extends the Green Buildings package announced through the Plan for Jobs[12] to support jobs and help buildings be net zero ready.

3.38 SR20 allocates £475 million to make public buildings greener, £150 million to help some of the poorest homes become more energy efficient and cheaper to heat with low-carbon energy, and a further £60 million to retrofit social housing. It also extends the popular Green Homes Grant voucher scheme with £320 million of funding in 2021-22. The government is committed to spending £3 billion on building decarbonisation, and will review this allocation in the spring, together with how it can best deliver this agenda over the course of this parliament.

3.39 SR20 also confirms £122 million in 2021-22 to support creation of clean heat networks. This, together with the measures to be set out in the government's forthcoming Heat and Buildings Strategy, will help meet the target of installing 600,000 heat pumps by 2028, and scale up the other low carbon heating and energy efficiency measures necessary to make buildings fit for net zero.

Protecting the environment and investing in natural resources

3.40 To complement improvements to infrastructure, the UK must also invest in the protection and enhancement of the natural environment, which is crucial for national prosperity and wellbeing.

3.41 The government is taking action through SR20 to deliver on its commitment to be the first generation to leave the natural environment in a better condition than it was inherited. SR20 provides:

- more than £90 million for the Nature for Climate Fund – to increase tree planting and peatland restoration in England in line with Climate Change Commission recommendations for nature-based climate solutions.[13] This will help deliver England's share of the government's target to plant 30,000 hectares of trees a year UK wide by 2025.
- a doubling of the Green Recovery Challenge Fund with a further £40 million to fund a second round of natural capital projects next year
- £7 million to improve public access to green space by taking forward the Coast to Coast National Trail and England Coast Path and more than £75 million in funding for National Parks and Areas of Outstanding Natural Beauty.

3.42 The government is also funding the implementation of key Environment Bill measures including biodiversity net gain for development, Local Nature Recovery Strategies and the Office for Environmental Protection.

[11] Provisional UK greenhouse gas emissions by CCC sector, BEIS, 2019
[12] A Plan for Jobs, HM Treasury, July 2020
[13] Reducing UK emissions: 2020 progress Report to Parliament, CCC, 2020

3.43 SR20 delivers on the government's commitment to maintain the current annual budget to farmers while taking advantage of new freedoms to commence the agricultural transition in England towards a new system that delivers far greater environmental and productivity benefits.

4 Delivering on the government's promises to the British people

4.1 Improving outcomes in public services

4.1 Spending Review 2020 (SR20) prioritises funding to ensure that the UK's public services have the support they need. Chapter 2 outlined the exceptional support provided to help public services respond to Covid-19. This chapter sets out increased support for their day-to-day operations.

4.2 Delivering improvements in day-to-day public services is at the heart of the government's vision to rebuild for a stronger future. SR20 invests in public services to deliver on the government's promises to:

- support a high quality, resilient healthcare system
- level up education standards and provide all learners with a quality education experience
- continue tackling crime to keep people safe
- support local authorities in their efforts to serve local communities.

4.3 Overall core day-to-day spending, excluding exceptional funding to fight Covid-19, will rise to £384.6 billion in 2021-22. This is an increase of £14.8 billion in 2019-20 and comes on top of the £21.5 billion cash increase announced at Spending Round 2019.

4.4 This includes:

- a £6.3 billion cash increase in NHS spending in 2021-22, compared to 2020-21
- a £2.2 billion uplift for the core schools' budget in 2021-22 compared to 2020-21 levels of funding
- an additional £400 million to help recruit 20,000 additional police officers by 2023
- increasing core spending power for local authorities by an estimated 4.5 per cent in cash terms.

4.5 The government has reconfirmed multi-year resource settlements for the NHS and schools, providing long-term certainty on the priorities of the British people and delivering on the promise to enable positive, long-term changes across key public services.

4.6 SR20 also delivers a step change in investment in critical social infrastructure like schools and hospitals. The government's ambitions on economic infrastructure are matched in the social sector by increased multi-year investment to deliver on promises to build 40 new hospitals by 2030, launch a ten-year school rebuilding programme, and deliver 18,000 prison places by the mid-2020s.

Investing in our public services: Health

4.7 Britain's health services have met unprecedented challenges in the face of Covid-19. SR20 upholds the government's long-standing commitment to support the NHS. Overall, core resource budgets will grow 3.5 per cent on average per year in real terms between 2019-20 and 2021-22 to £147.1 billion. Core capital budgets will grow by £2.3 billion in cash terms compared to 2019-20, delivering a 13.4 per cent average real terms increase per year.

4.8 Within this, SR20 reconfirms the government's historic long-term settlement for the NHS. This provides a cash increase of £33.9 billion a year by 2023-24, taking the core NHS England budget from £114.6 billion in 2018-19[1] to £148.5 billion in 2023-24. This includes an increase in core funding of £6.3 billion in 2021-22.

4.9 To further support the health system next year, SR20 includes:

- £325 million for the NHS to invest in new diagnostics equipment
- an additional £260 million for Health Education England in 2021-22, to support the training and retention of our vital NHS workforce
- multi-year funding to build 40 new hospitals and upgrade 70 more by 2030
- £4.2 billion for hospitals to refurbish and maintain their infrastructure
- £559 million to support the modernisation of technology across the health and care system
- £165 million for the eradication of mental health dormitories.

4.10 Announcements at SR20 also enable local authorities to access over £1 billion of spending for social care through £300 million of social care grant and the ability to levy a 3 per cent adult social care precept. This funding is additional to the £1 billion social care grant announced last year which is being maintained. The government expects to provide local authorities with over £3 billion to address Covid-19 pressures, including in adult social care. This will support councils to maintain care services while keeping up with rising demand and recovering from the impact of Covid-19. In the longer term, the government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year.

Upskilling for the Future: Education and Skills

4.11 The government is committed to providing learners with excellent educational opportunities at all stages of their lives. Building on commitments made at SR19, the government has prioritised investment in education and skills at SR20.

4.12 At SR19 the government set out a commitment to increase the core schools budget by £7.1 billion by 2022-23, compared to 2019-20 funding levels. SR20 reaffirms this commitment, with the government's three-year investment representing the biggest school funding boost in a decade. The schools budget will increase from £47.6 billion in 2020-21 to £49.8 billion in 2021-22 – an uplift of £2.2 billion.

4.13 SR20 also provides additional education funding in 2021-22 to:

- invest in Further Education to ensure that core funding for 16 to 19-year-olds is maintained in real terms per learner, rising in line with demographic growth
- continue delivering opportunities for lifelong learning, helping those who want or need to reskill to do so at any stage of their life or career

[1] NHS Mandate 2020 to 2021, DHSC, 2020

- confirm changes to support employers offering apprenticeships by delivering further improvements to the system.

4.14 The government will also provide £220 million for the Holiday Activities and Food programme to provide enriching activities and a healthy meal for disadvantaged children in the Easter, Summer and Christmas holidays in 2021. This provides funding up to the end of 2021-22 and supports the government's commitment to establish a Flexible Childcare Fund to increase the availability of high quality and affordable flexible childcare.

Protecting the Public: Crime and Justice

4.15 SR20 delivers on the government's commitments to tackle crime, strengthen the criminal justice system and make the UK a safer place to live. SR20 provides:

- an additional £400 million to help deliver the government's commitment to recruit 20,000 extra police officers by 2023. Building on the 6,000 officers recruited this year,[2] the SR20 settlement means a further 6,000 police officers will be in place by the end of 2021-22
- an additional £63 million to tackle economic crime, including support for the National Economic Crime Centre (NECC), along with £20 million for Companies House reform
- £337 million extra funding for the criminal justice system, including £275 million to bring more offenders to justice. This ensures the justice system will deliver swift and effective justice to convict offenders, support victims, and protect the wider public.

Supporting Local Authorities

4.16 As well as providing over £3 billion of additional Covid-19 support to local authorities, the government is also committed to ensuring that they can meet rising demand across their services. As part of SR20:

- core spending power for local authorities is estimated to increase by 4.5 per cent in cash terms in 2021-22, following the largest real terms increase in core spending power for a decade at SR19
- the referendum threshold for increases in council tax will remain at 2 per cent in 2021-22
- social care authorities will be able to charge an adult social care precept of up to 3 per cent
- the government will provide £254 million of additional resource funding to tackle homelessness and rough sleeping in 2021-22, a 60 per cent cash increase compared to SR19, to bolster vital accommodation, substance misuse and frontline support services.

Building hospitals, schools and prisons

4.17 Improving Britain's social infrastructure – its schools, hospitals and public spaces – is a priority for the government.

4.18 The Covid-19 pandemic, including the assembly of the Nightingale hospitals in record time, has shown that the UK can deliver critical infrastructure at pace. The government is taking steps to ensure that infrastructure funded by SR20 will be delivered better, faster and greener. This is supported by the wide-ranging reforms arising from the Project Speed taskforce, including to speed up the planning system, improve the way projects are chosen and run, reform how the government procures, and promote the use of cutting-edge construction technologies.

[2] Police grants in England and Wales: 2020 to 2021, Home Office, 2020

4.19 To match the government's ambitions on economic infrastructure, as set out in the National Infrastructure Strategy, SR20 invests in key social infrastructure by:

- providing £3.7 billion for the hospital building programme and £1.7 billion for the hospital upgrade programme up to 2024-25 to drive long-term improvements in the health sector and deliver on the government's SR19 commitment to invest in hospital infrastructure
- launching a 10-year school rebuilding programme, with a commitment to rebuilding 500 schools in England over the next decade
- providing £1.5 billion over six years to deliver the government's commitment to bring all Further Education college estates in England up to a "good" condition
- confirming more than £4 billion over the next four years to make significant progress in delivering 18,000 modern prison places across England and Wales by the mid-2020s. This is the largest prison building programme in over a century and will provide a decent, secure and rehabilitative environment for offenders.

4.2 Ensuring public money is spent well

4.20 SR20 is taking further steps to ensure taxpayers' money is spent well. It announces measures to: strengthen the government's approach to planning and delivery, ensuring strong oversight and control; change the way the government invests in places to level up economic opportunity and improve the management of the government's capital portfolio to build back faster and smarter.

A focus on outcomes

4.21 The success of spending decisions is measured by their impact on people's daily lives. SR20 places a renewed focus on outcomes and ties spending and performance more closely together. This approach is part of implementing the Public Value Framework.[3]

4.22 To implement this approach, the government has developed three to four provisional priority outcomes for each UK government department, including a number of cross-cutting outcomes. These capture the government's long-term policy objectives, from reducing crime to improving education standards across the country. The government has also identified a set of provisional metrics for each outcome against which progress towards delivering the outcomes will be measured. The departmental breakdown of these metrics against each outcome will be published in the coming weeks.

4.23 These outcomes will be refined as part of a reformed planning and performance framework, putting them front and centre in departmental planning. Ministers will receive regular updates, enabling them to track performance and take early action where delivery may be under pressure. Citizens will be able to track government performance against finalised outcomes through public reporting. The provisional priority outcomes can be found in the departmental chapter below.

4.24 To help improve delivery of these outcomes, the government is placing greater emphasis on high-quality evaluation, which is critical to understanding what works. Departments have provided a detailed overview of their evidence bases and evaluation plans, which have informed the government's decisions at SR20. Improved knowledge of what truly delivers for citizens over this SR period, supported by a new Evaluation Taskforce, will drive future choices.

[3] Public Value Framework and supplementary guidance'; HM Treasury; March 2019

Strong oversight and control

4.25 SR20 builds on the UK's well-regarded system for ensuring public money is managed as taxpayers and parliament expect, set out in *Managing Public Money*.[4] It affirms the framework of Departmental Accounting Officers and their roles in ensuring the principles of regularity and propriety in the use of public funds as the government works at speed to beat Covid-19 and support the UK's recovery. Box 4.1 sets out the steps that HM Treasury has taken through the Covid-19 crisis to ensure funds get to where they are needed most, with proportionate governance and delegations in line with the Managing Public Money framework.

4.26 In addition, SR20:

- announces that the government has already provided an additional £4.5 million for the Fraud, Error, Debt and Grants Function in Cabinet Office this year, to tackle fraud within schemes set up to respond to Covid-19 in 2020-21. A new whistleblowing hotline has been stood up alongside a Ministerial Board to assess and respond to threats of fraud
- extends commercial spending controls, exercised by the Cabinet Office, to a number of arm's-length bodies (ALBs) that are currently exempt. This will provide assurance that they have the basic elements of good governance in place, identify efficiencies, and lay the groundwork for a future rolling programme of ALB reviews
- invests over £600 million to fix outdated government IT to ensure core systems are secure and can support better administration. This includes new funding of £268m in HMRC, £232 million in the Home Office, £40 million in the Ministry of Justice and £64 million in the Department for Education to bring technology up to date. This investment reduces the risk of failures, improves efficiency and ultimately means a better service for the public.

4.27 HM Treasury has developed the OSCAR II platform, which will be rolled out during 2021-22 to enable more users from across government to submit and interrogate financial data in near real time. This will support better spending control by making progress towards creating a "single source of truth" for spending data. It will improve government capability in data exploration and analysis.

BOX 4.1 Managing public money and the Covid-19 crisis

Since the start of the Covid-19 crisis, HM Treasury, on behalf of parliament and the taxpayer, has sought to ensure that all necessary responses to the crisis are resourced, working with the principles for managing public funds set out in *Managing Public Money*. To quickly get money to where it's needed most, HM Treasury has developed agile and proportionate governance, delegated funds for specific purposes and worked to assure how money given to departments is deployed.

Departmental Accounting Officers, in compliance with their responsibilities set out under Managing Public Money, have acted as the day-to-day custodians of the public purse. The government has established new decision-making structures to process approvals at pace, while still applying proportionate scrutiny to manage risk. Every case for additional funding for Covid-19 has been subject to appropriate challenge. The work of auditors, both internally and in the National Audit Office (NAO), has provided invaluable third-party assurance and insight into how funding has been deployed and will provide lessons to improve future spending decisions.

In addition to the work done within HM Treasury, scrutiny over the use of taxpayers' money is carried out by partner functions in Cabinet Office through the formal delegation of specialist controls, ensuring the government is relentless in its stewardship of funds and future spending decisions.

The government is actively tackling fraud both within departments and through the Counter Fraud Function in Cabinet Office, and central board of Ministerial Oversight.

[4] Managing Public Money, HM Treasury, 2019

Breaking down silos

4.28 SR20 recognises that many policy challenges require cooperation across multiple departments and public bodies, as has been emphasised by the UK's Public Accounts Committee.[5] To address these challenges, the government needs to break down silos and maximise cross-public sector coordination and collaboration.

4.29 Departments have worked together on spending plans in key areas announced at SR20. For example, SR20 funds joint programmes of work in 2021-22, including:

- additional UK-wide funding to help local areas prepare over 2021-22 for the introduction of the UK Shared Prosperity Fund (UKSPF) delivered by the Ministry of Housing, Communities and Local Government and the Department for Work and Pensions.
- £165 million for local authorities through the Troubled Families programme, providing intensive support to families facing multiple interconnected problems. Funding is distributed by the Ministry of Housing, Communities and Local Government, with input from the Department for Education, the Department of Health and Social Care, the Ministry of Justice, HM Treasury and the Home Office
- £821 million for the Conflict, Stability and Security Fund, which brings together multiple government departments and agencies to support the UK's national security interests overseas. The fund works with partner governments and civil societies around the world to protect people from the scourge of conflict and insecurity
- £2.1 billion provided to local authorities through the improved Better Care Fund which will be pooled with the NHS to help meet adult social care needs and reduce pressures on the NHS
- £57 million on a joint programme between the Department for Business, Energy & Industrial Strategy and the Ministry of Housing, Communities & Local Government to regenerate the former SSI Steelworks site in the Tees Valley.

4.30 SR20 also commits an additional £200 million from 2021-22 to fund a second round of pilots under the Shared Outcomes Fund (SOF). This continues progress made on funding join-up across government through the SOF launched at SR19, which funded a wide range of pilot projects that cut across multiple departments. The projects will be subject to thorough evaluation to inform future policy development and programmes. A list of projects funded under the SOF is set out at Annex B.

Changing the way the government invests in places

4.31 Alongside SR20 the government has published a review of the Green Book, designed to ensure that investment decisions are made in a way that spreads opportunity across the UK. The Green Book is the government's guidance on best-practice for appraisal and is therefore a vital tool for ensuring value for money for taxpayers.

4.32 A central finding of the review is that the appraisal process often fails to properly consider how a proposal will deliver the government's policy ambitions, including levelling up. This leads to appraisals being focused on a benefit cost ratio (BCR) that does not fully reflect social policy objectives or give ministers the information they need about where costs and benefits fall.

4.33 HM Treasury has therefore updated the Green Book to end the dominance of the BCR in decision making. Starting at SR20, appraisals must give a comprehensive picture of cost and benefits, including impacts that are difficult to monetise. In particular, options will be assessed

[5] Improving Government planning and spending, Public Account Committee, 2019

first and foremost based on whether they deliver relevant policy objectives. Any option which fails to do so cannot be considered value for money and will not progress to shortlisting stage. The government is also changing the guidance so it will no longer be acceptable for proposals to be 'place blind'. Business cases should be developed to align with relevant local strategies and major interventions in the area. In addition, for the first time, business cases for all proposals will have to set out how they will impact different places on a comply or explain basis.

4.34 These changes will mean that appraisals and advice to ministers should include much better analysis on how options will deliver their policy goals, as well as which parts of the country look to gain most from them, supporting better-informed decisions.

4.35 These updates will feed into future Spending Reviews and HM Treasury will also roll out a tailored programme of training across departments to ensure that the new Green Book guidance is fully embedded in future appraisals.

4.36 Alongside these updates to the Green Book, departments will develop relocation plans over the coming year as part of the government's commitment to levelling up. The government is committed to relocating 22,000 roles out of London and the South East by 2030 and will make progress against this target in the next financial year through investment in the Government Hubs and departmental relocation programmes. The Places for Growth Programme will establish a reporting mechanism through which progress on levelling up will be tracked across government.

Building faster and smarter

4.37 SR20 takes steps to accelerate and improve the delivery of the government's infrastructure portfolio, while maximising value for money in project delivery.

4.38 Through 'Project Speed' the government will improve the delivery of vital infrastructure and its capital programme by:

- reforming infrastructure planning and improving environmental regulations
- overhauling procurement rules and modernising the construction sector with better use of data and new technology
- ensuring more effective decision making
- initiating a step change in capability and leadership.

4.39 At a project level, Project Speed has found savings of up to 50 per cent in the construction process of the A66, cutting this down from 10 to 5 years through innovative solutions such as standardised, modular and offsite design and construction, alongside more intensive and concurrent delivery.

4.40 The reforms identified by Project Speed will be rolled out across the government's portfolio, dramatically cutting delivery times and providing benefits to users earlier.

Balance Sheet Review

4.41 Alongside SR20 the government is also publishing the concluding report of the Treasury's world-leading Balance Sheet Review (BSR). The BSR will improve returns on assets, reduce the costs of liabilities, and minimize asset risks across the government's asset portfolio. This will strengthen the sustainability of the public finances and increase value for money for taxpayers over the long-term.

4.42 The report sets out a balance sheet management framework and highlights key successes of the BSR, including the retirement of the public finance initiative, greater recognition of the value of the government's knowledge assets, a programme to reduce the government's inflation exposure, better management of property, and a new body to improve how government manages its contingent liabilities.

5 Strengthening the UK's place in the world

5.1 The Covid-19 pandemic has highlighted the importance of stronger international cooperation and collaboration against an increasingly challenging, competitive and uncertain global context. The UK is already playing a pivotal role on the world stage and will continue to build on this as it holds the G7 Presidency and hosts COP-26 in 2021.

5.2 Spending Review 2020 (SR20) will continue to strengthen the UK's place in the world, providing the right resources to support its leadership in tackling the world's toughest and most urgent problems, and reflecting the UK's values overseas.

5.3 SR20 ensures that the government matches the ambitions of a global Britain. This includes reinforcing the UK's role as a scientific superpower by investing in research and development (R&D); supporting the global economy in the wake of the pandemic; championing global health; leading the world to achieve net zero and help tackle climate change; and maintaining a cutting-edge military and world-class intelligence community.

5.4 This all supports a reinvigorated international approach, which the government will set out in the New Year with the publication of the Integrated Review (IR) of Security, Defence, Development and Foreign Policy. The IR will outline the government's long-term vision for the UK's place in the world over the next decade.

5.1 Maximising global influence

Shaping an open and stable international order

5.5 The UK will spend the equivalent of 0.5 per cent of gross national income (GNI) as overseas aid in 2021. SR20 therefore provides £10 billion of Official Development Assistance (ODA) in 2021-22. This settlement will ensure that the UK remains one of the largest ODA spenders in the world and well above the OECD average.[1]

5.6 The government remains committed to international development. At a time of emergency, sticking to 0.7 per cent is not an appropriate prioritisation of resources. The government intends to return to the 0.7 per cent target when the fiscal situation allows.

5.7 The government will continue to spend ODA in the most focused and effective way possible, tackling key global challenges where the UK is already a well-recognised international leader, including in the international response to Covid-19 and climate change.

5.8 To ensure coherence and maximum value for money from ODA spending, the Foreign Secretary will run a cross-government process after SR20 to review in detail how ODA is allocated against the government's priorities.

[1] ODA 2019 Summary, OECD, April 2020

5.9 Overseas aid is only one way in which the government projects Britain's place in the world. SR20 also provides resources to support wider leadership efforts on the world stage. It provides the first settlement for the newly-formed Foreign, Commonwealth and Development Office (FCDO), bringing together the UK's development and diplomatic expertise into one department. This settlement will maximise the UK's influence as a force for good, support the third largest overseas network in the world and maintain its position as a global leader in international development in the years ahead.

5.10 The FCDO will also continue to protect the UK's soft power assets. Following a £60 million loan[2] and £26 million of additional grant funding already provided,[3] further financial support will be provided to support the British Council to reform and invest.

5.11 SR20 also provides £821 million for the Conflict, Stability and Security Fund to support the UK's national security and resilience through overseas engagement. This is focused on tackling instability, preventing conflict, and supporting capacity building.

5.12 Trade is at the heart of the government's foreign policy. The government's ambition is to secure free trade agreements with prospective partners around the world, opening new markets and more choice for businesses and consumers and bringing increased investment into the UK. In under two years, the UK government has signed or agreed in principle free trade agreements with 53 countries including Canada, Japan and Switzerland.[4]

5.13 SR20 helps to ensure continued implementation of the UK's new independent trade policy – including ongoing trade negotiations with the United States, Australia and New Zealand – with the aim of enabling 80 per cent of UK trade to be covered by free trade agreements by the end of 2022. The government will also step up international engagement, including as an independent member of the World Trade Organisation, to strengthen the rules-based global trading system.

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[2] Written Statement, June 2020
[3] FCDO Annual Report and Accounts, July 2020
[4] Department for International Trade, November 2020

Box 5.1: Preparations for the end of the Transition Period

The UK has left the European Union (EU), and in January 2021 will leave the Single Market and the Customs Union as the Transition Period comes to an end. This will bring both changes and opportunities.

At Spending Round 2019, the government provided £2 billion of funding to departments to prepare for the UK's exit from the EU. These preparations have continued over the course of 2020. SR20 provides over £2 billion to support repatriation of functions from the EU and to take back control of UK borders. This includes:

- £1 billion to HMRC to reform and enhance the UK customs system after the end of the transition period, including investment in vital physical and IT infrastructure and additional support for UK traders
- £363 million to recruit 1,100 Border Force officers to deliver transit customs arrangements and to continue supporting law enforcement cooperation with EU member states from 1 January 2021
- £572 million to the Department for Environment, Food and Rural Affairs to seize the opportunities resulting from environmental, regulatory and economic independence for the UK, including ambitious regulatory reforms which will enable the UK to take ownership of its own agenda.

While the end of the Transition Period brings changes for which businesses and individuals must prepare, it also brings opportunities for the UK to seize. SR20 supports this by:

- ensuring the UK's economy is ready to attract the best and brightest from around the world as the government introduces a new points-based immigration system, with an additional £217 million to deliver the Future Borders and Immigration System
- ensuring departments can make the most of the opportunities this freedom provides, with effective promotion of the UK to investors around the world, including through the new Office for Investment
- £60 million for the FCDO to support the UK's new relationship with the EU and to maintain and strengthen diplomatic relations with EU institutions and member states.

5.2 Tackling global challenges

Making the UK a scientific superpower

5.14 The UK has a rich history of pioneering scientific discovery and driving global technological progress. With the second most Nobel Laureates of any nation,[5] the UK has long been a destination of choice for the brightest scientific talent. New discoveries and technologies will continue to underpin the UK's response to the challenges ahead. The important role of UK science leadership has been demonstrated during the current pandemic: UK labs and businesses are at the forefront of Covid-19 vaccines and therapeutics research, and of the development of fast, accurate and low-cost testing technology. Government-funded research is also delivering breakthroughs in the fight against climate change, including to reduce and capture atmospheric pollution.

5.15 In recent years, the government has increased funding for R&D at the fastest pace since records began, and has made clear its ambition to make the UK the most open research nation in the world. To widen access to visas for scientists, researchers and innovators, the government

[5] World in Figures, The Economist, 2019; Nobel Prize Winners, the Nobel Prize Organisation, 2020.

is introducing a new points-based system and has established a Global Talent Route. It has also established an Office for Talent to take a new and proactive approach to attracting and retaining the most promising global talent. SR20 sets out the government's plan to cement the UK's status as a global leader in science and innovation by investing nearly £15 billion in R&D in 2021-22. These investments will allow UK researchers and businesses to continue to push the frontiers of knowledge, driving innovation and technological change, and support collaboration with international partners to address global challenges.

5.16 The government recognises the importance of long-term planning for research and has therefore provided an ambitious multi-year settlement for the National Academies and UK Research and Innovation's core research budgets. These will grow at an unprecedented rate: by more than £400 million on average per year for the next three years. By 2023-24 the government will be investing £1.4 billion more per year in core funding for its world-leading research base. This will enable institutions across the UK to push the frontiers of knowledge in areas ranging from quantum technologies for cryptography to new imaging technologies for cancer treatment. To help deliver this ambition, UK Research and Innovation will next year open its grant competitions to the dispersed network of outstanding public sector labs across the country.

5.17 Negotiations over the UK's future relationship with the EU, including Horizon, are still ongoing. Whatever the outcome of those negotiations, the government is committed to maintaining and enhancing the UK's position at the forefront of global science collaboration.

5.18 SR20 also announces a number of specific investments:

- up to £17 million in 2021-22 to establish a new unit and fund that will focus on the last mile of innovation to help ensure that public sector knowledge assets (R&D, intellectual property and other intangible assets) translate into new high-tech jobs, businesses and economic growth
- £450 million in 2021-22 to support government priorities, drive the development of innovative ways to build new science capability and support the whole research and innovation ecosystem. SR20 allocates £350 million of this investment to UK Research and Innovation. This includes the first £50 million towards an £800 million investment by 2024-25 in high-risk, high-payoff research.

5.19 Supporting innovators is vital to ensure that the UK translates its world class research into technological breakthroughs, enhancing the productivity and competitiveness of UK business. That is why the government is committed to raising economy-wide investment in R&D to 2.4 per cent by 2027. Innovative businesses require access to growth capital and funding for high-risk, high-reward innovation activities. Innovate UK's grant programmes and the Catapult Network provide critical support for innovative small and medium-sized enterprises and SR20 provides at least £490 million for Innovate UK's core budgets next year. This will support high-tech firms across the UK in developing the technologies of the future. The government is investing in R&D across a wide range of areas, from 5G through to climate change programmes, driving innovation across the economy.

Responding to Covid-19 and supporting public health

5.20 The UK is spearheading efforts to drive unprecedented global collaboration and resourcing for the development and delivery of Covid-19 vaccines, therapeutics and diagnostics at the speed and scale required to bring the virus under control at home and across the world.

5.21 SR20 invests in critical R&D for vaccines and treatments for Covid-19. It provides £128 million in 2021-22 to support vaccine R&D in the UK, including for clinical trials and to build UK manufacturing capacity. The uplift to science will also support wide-ranging research on the nature, transmission and impact of the virus. This is in addition to the UK's significant contribution of £240 million in 2020 to the Coalition for Epidemic Preparedness Innovations (CEPI) – the largest contribution this year by any country to the key international fund working to find a vaccine for Covid-19 and other infectious diseases.[6] This funding has helped CEPI to build a diverse portfolio of nine leading Covid-19 vaccine candidates currently undergoing rapid development.

5.22 To further support the global response to the Covid-19 pandemic, SR20 confirms the government's commitment to:

- make £548 million available towards supporting developing country access to Covid-19 vaccines through the COVAX Advance Market Commitment, to which the UK is the world's largest donor[7]
- support the World Health Organisation (WHO) in its role coordinating the global response to Covid-19 and strengthening developing country health systems, with a core contribution of £340 million over the next four years. This represents a 30 per cent increase to existing funding, which cements the UK's place as the second-largest Member State contributor[8]
- support Gavi, the Vaccine Alliance, a global health organisation to which the UK is the largest donor,[9] with £1.65 billion over five years to support the immunisation of close to 75 million children in the world's poorest countries against infectious diseases. This helps to ensure that Covid-19 does not undermine global efforts to protect against preventable diseases
- work through the International Monetary Fund (IMF), the World Bank Group (WBG) and other high-value Multilateral Development Banks to shape their Covid-19 response and to amplify the UK's voice and impact as a force for good in the world.

5.23 The UK has been publicly recognised by the IMF for its leadership in responding to Covid-19.[10] It has played an active role in the G7 and G20, steering the G20's macro-economic deliberations and leading agreement on an ambitious G20 Action Plan to drive forward the world's international economic response.

5.24 The UK has also been an early supporter of the IMF and WBG's emergency response to Covid-19. This included providing a new £2.2 billion loan in April to the IMF's Poverty Reduction and Growth Trust, maintaining the UK's position as one of the largest lenders, and in March becoming the first country to commit new financing of £150 million to the IMF's Catastrophe Containment and Relief Trust,[11] which the UK was instrumental in establishing during the Ebola crisis of 2015.[12]

Leading the world in tackling climate change

5.25 The government is committed to supporting a green recovery from the pandemic and reaching the global goal of reducing greenhouse gas emissions. The UK is a proud signatory of the Paris Agreement and has led the world in becoming the first major economy to legislate for net zero emissions, demonstrating that working to reduce emissions while growing the economy can go hand in hand. The Prime Minister's Ten Point Plan has set out a vision for Britain to lead a Green Industrial Revolution, which mobilises £12 billion of government investment. Through

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[6] UK boosts support for CEPI to spur Covid-19 vaccine development, CEPI, March 2020
[7] ACT- Accelerator Commitment Tracker, WHO, 2020
[8] Contributors: 2018-2019, World Health Organisation
[9] Donor Contributions: 2016 – 2020, Gavi, February 2020
[10] Managing Director's Opening Remarks at United Kingdom Article IV Press Conference, October 2020
[11] IMF Press Release, March 2020
[12] Chancellor pledges $50m to help countries fighting Ebola, HM Treasury, 2015

the G7 Presidency and hosting COP26 in 2021, the UK also aims to galvanize high levels of policy ambition and finance from the international community on the most pressing climate and environmental issues.

5.26 The UK's commitment to achieving net zero emissions by 2050 will require a major economic transformation, and the government is increasing support for net zero innovation to support this objective. Investments will support and shape the economies of the future, delivering new decarbonisation solutions for high-emitting sectors like transport and demonstrate emerging technologies in a sustainable systems context. SR20 provides over £280 million in 2021-22 for net zero R&D, including an £81 million multi-year commitment for pioneering hydrogen heating trials. These technologies will have a global reach. Further details on net zero innovation is set out in Chapter 3.

5.27 Through international work, the UK will support other countries to follow its lead. The UK's International Climate Finance (ICF) has already supported 66 million people to cope with the effects of climate change and reduced or avoided 31 million tonnes of greenhouse gas emissions.[13] The Prime Minister committed in 2019 to double the UK's public ICF to at least £11.6 billion between 2021 and 2025. An allocation process will be run to confirm splits between government departments for 2021-22. ICF provided through SR20 will help developing countries limit their greenhouse gas emissions and adapt to the impacts of climate change.

5.28 The UK has a world leading financial sector and the ambitious transformation ahead will require collective action. To support this, the government is mobilising the sector to support innovation and manage climate-related financial risks. The government will introduce mandatory reporting of climate-related financial information across the economy by 2025 with the vast majority of requirements in place by 2023. The UK will also implement a green taxonomy that defines which economic activities tackle climate change and environmental degradation to help better guide investors.

5.3 Defence and security

5.29 Defence and security are a central pillar of the government's ambitions to safeguard the UK's interests and values, strengthen its global influence, and work with its allies to defend free and open societies.

5.30 SR20 provides Defence with additional funding of over £24 billion in cash terms over four years, including £6.6 billion of R&D, to maintain a cutting-edge military. This settlement means that the Defence budget will grow at an average of 1.8 per cent per year in real terms from 2019-20 to 2024-25. This reaffirms the UK's commitment to its allies, making the UK the largest European defence spender in NATO and the second largest in the Alliance.[14] The government will also continue with the renewal of the UK's nuclear deterrent.

5.31 This four-year settlement invests in a long-term programme of modernisation in the space and cyber domains, funding the armed forces to be more persistently engaged across the world, and allowing the UK to forward-deploy more naval assets to protect shipping lanes, and using artificial intelligence, for example in developing a new Combat Air system. Defence will also continue to play its role supporting the response to humanitarian disasters.

5.32 SR20 provides the UK Intelligence Community (UKIC) with a £173 million funding increase in 2021-22, representing a 5.4 per cent average annual real-terms increase since 2019-20. It also includes over £1.3 billion of capital investment from 2021-22 to 2024-25.

[13] 2020 UK Climate Finance Results, 2020
[14] Information on Defence Expenditure, NATO, 22 October 2020

5.33 This significant uplift strengthens UKIC's ability to protect the security of the UK and its overseas interests in an increasingly challenging environment. It includes:

- £695 million of additional R&D funding between 2021-22 and 2024-25 to support the development of cutting-edge capabilities
- investment in the digital transformation of UKIC to further enhance their technologies and enable them to stay ahead in an evolving digital environment
- the delivery of a world-leading new Counter-Terrorism Operations Centre. This will bring UKIC, counter-terrorism policing and other parts of the criminal justice system together into one location. This new, fully integrated approach will keep the public safer from terrorism by enhancing the ability to discover and prevent attacks, improve the speed of response, and work together more efficiently.

5.34 SR20 will also provide continued investment in the National Cyber Security Programme, funding transformational cyber security projects to support government departments, the private sector and wider society.

6 Departmental settlements

Department of Health and Social Care

Table 6.1: Department of Health and Social Care

	£ billion		
	2019-20	**2020-21[1]**	**2021-22**
Core resource DEL excluding depreciation	132.4	140.5	147.1
Core capital DEL[2]	7.0	9.3	9.4
Covid-19 resource DEL excluding depreciation	0.0	50.1	20.3
Covid-19 capital DEL	0.0	1.8	0.0
Total DEL	**139.4**	**201.7**	**176.7**

[1] 2020-21 figures subject to revision through Supplementary Estimates

[2] DHSC budget in 2020-21 is higher than 2021-22 due to one off additional infrastructure funding provided in-year as part of the Plan for Jobs

Table 6.2: Multi-year capital health programmes

	£ billion				
	2021-22	**2022-23**	**2023-24**	**2024-25**	**Total**
Hospital Building Programme	0.6	0.6	0.9	1.7	**3.7**
Hospital Upgrade Programme	0.7	0.5	0.3	0.2	**1.7**

6.1 The Department of Health and Social Care (DHSC) settlement provides a £6.6 billion cash increase in core resource funding from 2020-21 to 2021-22, delivering a 3.5 per cent average real terms increase per year since 2019-20. The department's capital budget increases by £2.3 billion in cash terms compared to 2019-20, delivering a 13.4 per cent average real terms increase per year, taking core total DEL to £156.4 billion. Average real growth in core total DEL is 4 per cent per year from 2019-20 to 2021-22.

6.2 The government remains committed to the historic long-term settlement for the NHS which provides a cash increase of £33.9 billion a year by 2023-24. This takes the NHS England budget from £114.6 billion in 2018-19 to £148.5 billion in 2023-24, with an increase of £6.3 billion in 2021-22. It is also confirming its commitment to deliver 50,000 more nurses and to create an additional 50 million appointments in general practice a year.

6.3 Spending Review 2020 (SR20) supports the country's ongoing response to Covid-19. In 2021-22, this includes £15 billion for Test and Trace, £2.1 billion to continue to maintain and distribute stocks of personal protective equipment, and £163 million for medicines and therapeutics. This builds on over £50 billion of funding the government has made available to the health services for Covid-19 in 2020-21, including £22 billion for Test and Trace. The government stands ready to continue this pragmatic approach in 2021-22, including by providing further funding to make vaccines widely available as necessary, building on the total of more than £6 billion that the government has now made available to develop and procure Covid-19 vaccines.

6.4 It also provides an additional £3 billion to support the NHS's recovery from the impact of Covid-19:

- this includes around £1 billion to begin tackling the elective backlog, enough funding to enable hospitals to cut long waits for care by carrying out up to one million extra checks, scans and additional operations or other procedures
- around £500 million to address waiting times for mental health services, give more people the mental health support they need, and invest in the NHS workforce
- around £1.5 billion to help ease existing pressures in the NHS caused by Covid-19.

6.5 This will be supported by £325 million for the NHS to invest in new diagnostic machines (such as MRI and CT scanners) to improve clinical outcomes, enough funding to replace over two thirds of imaging equipment that is over 10 years old.

6.6 The government also remains committed to ensuring the NHS has the certainty it needs to plan and will agree further funding for operationally necessary direct Covid-19 costs with the NHS next year.

6.7 SR20 provides capital investment to continue to improve the NHS estate, including:

- multi-year capital funding commitments of £3.7 billion until 2024-25 to make progress on building 40 new hospitals by 2030 and £1.7 billion until 2024-25 for over 70 hospital upgrades to improve health infrastructure across the country over the long term. These projects will span the length and breadth of England, supporting the government's levelling up agenda
- £4.2 billion in 2021-22 for NHS operational capital investment to allow hospitals to refurbish and maintain their infrastructure. Additionally, the government will provide £165 million in 2021-22, ringfenced to replace outdated mental health dormitories with single en suite rooms.

6.8 The DHSC settlement provides further investment in the NHS workforce. This includes £260 million for Health Education England to continue to grow our NHS workforce and support commitments made in the NHS Long Term Plan. This includes training more new nurses and doctors, delivering some of the biggest undergraduate intakes ever, and funding to increase the mental health workforce and deliver training to highly valued NHS staff.

6.9 SR20 confirms an additional £25.8m to increase the value of Healthy Start Vouchers to £4.25 in line with the recommendation of the National Food Strategy. Local authority spending through the public health grant will also continue to be maintained and the government will set out further significant action that it is taking to improve the population's health in the coming months.

6.10 The government will enable local authorities to access over £1 billion of spending for social care through a £300 million social care grant and the ability to levy a 3 per cent adult social care precept. This funding is additional to the £1 billion social care grant announced last year which is being maintained. The government expects to provide local authorities with over £3 billion to address Covid-19 pressures, including in adult social care. This will support councils to maintain care services while keeping up with rising demand and recovering from the impact of Covid-19. In the longer term, the government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year.

6.11 SR20 includes an investment of £573 million in Disabled Facilities Grants and £71 million in the Care and Support Specialised Housing Fund, supporting people to live independently for longer.

6.12 SR20 also includes £9.4 million to improve maternity safety, including through pilots aimed at reducing incidence of birth-related brain injuries. To continue to improve patient safety and tackle the rising costs of clinical negligence, the government will publish a consultation next year.

6.13 The government is providing a DHSC research and development (R&D) budget of £1.3 billion to continue the world-leading work of the National Institute for Health Research (NIHR) and Genomics England (GEL) and their research into better patient outcomes, including on Covid-19, as well as supporting the wider UK life sciences sector. SR20 also provides £559 million to support the modernisation of technology across the health and care system, including the NHS's Artificial Intelligence Lab.

Delivering public value

6.14 This settlement includes the following priority outcomes:

- Improve healthcare outcomes for people by providing high-quality and sustainable care at the right time in the right place
- Improve healthcare outcomes through a supported workforce fit for the future
- Improve and protect the public's health, including from Covid-19, while reducing health inequalities
- Improve social care outcomes through an affordable, high-quality and sustainable adult social care system.[1]

Department for Education

Table 6.3: Department for Education

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	64.0	67.8	70.7
Core capital DEL	4.9	5.1	5.6
Covid-19 resource DEL excluding depreciation	0.0	1.4	0.4
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**68.9**	**74.3**	**76.8**

Table 6.4: Schools settlement

	£ billion			
	2019-20	2020-21	2021-22	2022-23
Schools resource DEL excluding depreciation	44.4	47.6	49.8	52.2

Table 6.5: Department for Education multi-year capital programme

	£ billion				
	2021-22	2022-23	2023-24	2024-25	Total
Further Education College Estate[1]	0.1	0.3	0.3	0.3	1.0

[1] The Further Education College Estate programme runs to 2025-26 and is £1.5 billion in total (previous commitment to £1.8 billion includes indicative Barnett consequentials). SR20 also launches a 10-year school rebuilding programme of 50 school projects a year, with budget profiles to be confirmed at a future fiscal event.

[1] This is a cross-cutting outcome. MHCLG is a contributing department.

6.15 The Department for Education (DfE) settlement provides a £2.9 billion cash increase in core resource funding from 2020-21 to 2021-22, delivering a 3.2 per cent average real terms increase per year since 2019-20. The department's capital budget increases by £0.5 billion in cash terms next year, taking core total DEL to £76.4 billion. Average real growth in core total DEL is 3.4 per cent per year from 2019-20 to 2021-22.

6.16 SR20 supports the government's commitment to level up education standards by providing for an increase in the schools budget from £47.6 billion in 2020-21 to £49.8 billion in 2021-22 – an increase of £2.2 billion. This reaffirms the government's commitment at Spending Round 2019 (SR19) to increase the core schools budget by £7.1 billion by 2022-23, compared to 2019-20 funding levels – with the government's three year investment representing the biggest funding boost for schools in a decade.

6.17 SR20 also supports the government's commitment to improve skills in the economy and level up productivity across England by:

- providing £291 million for Further Education in 2021-22, to ensure that core funding for 16 to 19-year-olds is maintained in real terms per learner. This is in addition to the £400 million that the government provided at SR19
- investing £375 million from the National Skills Fund in 2021-22, which will provide:
    - £138 million for the government's commitment to fund in-demand technical courses for adults, equivalent to A level, and to expand the employer-led boot camp training model
    - £127 million to continue support for people to build the skills they need to get into work, building on the summer Plan for Jobs, including funding for traineeships, sector-based work academy placements and the National Careers Service
    - £110 million, including £50 million of capital investment, to drive up higher technical provision in support of the future rollout of a Flexible Loan Entitlement to test and develop innovative models for local collaboration between skills providers and employers.
- making available £2.5 billion of funding for apprenticeships and further improvements for employers:
    - from August 2021, employers who pay the Apprenticeship Levy will be able to transfer unspent levy funds in bulk to small and medium-sized enterprises (SMEs) with a new pledge function. Unspent levy funds will still expire after 24 months. The government will also introduce, from August 2021, a new online service to match levy payers with SMEs that share their business priorities
    - from April 2021 allowing employers in construction, followed by health and social care, to front-load training for certain apprenticeship standards. The government will explore whether this offer can also be made available in other sectors
    - during 2021-22, the government will test approaches to supporting apprenticeships in industries with more flexible working patterns, including consideration of how best to support apprenticeship training agencies
    - incentive payments for hiring a new apprentice introduced in the Plan for Jobs will be extended to 31 March 2021.

6.18 SR20 additionally provides capital investment in the education estate to support levelling up education across England, including:

- further detail on the government's ten-year school rebuilding programme. The programme will launch with a commitment to 50 new school rebuilding projects a year across England
- investment of £1.8 billion in 2021-22 to maintain and improve the condition of school buildings
- £300 million in 2021-22 for new school places for children with special educational needs and disabilities, almost four times as much as the government provided to local authorities in 2020-21
- funding towards meeting the government's commitment to £1.5 billion to bring all Further Education college estates in England up to a good condition
- £83 million in 2021-22 to ensure that post-16 providers can accommodate the expected demographic increase in 16 to 19-year-olds
- £64 million in 2021-22 for the Student Loan Company, including for its transformation programme
- £162 million in 2021-22 to support the rollout of T Levels wave 2 and 3
- £72 million in 2021-22 to support the commitment to build 20 Institutes of Technology
- £24 million in 2021-22 to start a new programme to maintain capacity and expand provision in secure children's homes. This will provide high quality, safe homes for some of our most vulnerable children and will mean children can live closer to their families and support networks, in settings that meet their needs.

6.19 The DfE settlement also:

- confirms £22 million to continue improving the quality of teaching, including funding for mentor time as part of the Early Careers Framework
- provides funding towards delivering a £220 million Holiday Activities and Food programme to provide enriching activities and a healthy meal for disadvantaged children in the Easter, summer and Christmas holidays in 2021. This provides funding up to the end of 2021-22 and supports the government's commitment to establish a Flexible Childcare Fund to increase the availability of high quality and affordable flexible childcare
- provides £44 million for early years education in 2021-22 to increase the hourly rate paid to childcare providers for the government's free hours offers. This is on top of the £66 million increase confirmed at SR19
- provides funding to prepare for a UK-wide domestic alternative to Erasmus+, in the event that the UK no longer participates in Erasmus+, to fund outward global education mobilities. The government will set out further details in due course.

Delivering public value

6.20 This settlement includes the following priority outcomes:

- Drive economic growth through improving the skills pipeline, levelling up productivity and supporting people to work[2]
- Level up education standards so that children and young people in every part of the country are prepared with the knowledge, skills, and qualifications they need

[2] This is a cross-cutting outcome. Contributing departments are BEIS, DCMS, DWP and MHCLG.

- Provide the best start in life through high-quality early education and childcare to raise standards and help parents to work[3]
- Support the most disadvantaged and vulnerable to maximise opportunity and reduce dependency, supported by high quality local services.[4]

Home Office

Table 6.6: Home Office

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	12.0	12.8	13.7
Core capital DEL	0.8	0.8	0.9
Covid-19 resource DEL excluding depreciation	0.0	1.2	0.0
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**12.8**	**14.8**	**14.6**

Table 6.7: Home Office multi-year capital programme

	£ million				
	2021-22	2022-23	2023-24	2024-25	Total
Domestic nuclear security resource DEL	22.1				22.1
Domestic nuclear security capital DEL	59.8	57.3	127.3	84.6	329.0

6.21 The Home Office (HO) settlement provides a £881 million cash increase in core resource funding from 2020-21 to 2021-22, delivering a 4.9 per cent average real terms increase per year since 2019-20. The department's capital budget increases by £128 million in cash terms next year, taking core total DEL to £14.6 billion. Average real growth in core total DEL is 5 per cent per year from 2019-20 to 2021-22.

6.22 SR20 provides the police with the resources they need to tackle crime, with more than £400 million additional funding to continue the recruitment of 20,000 extra police officers by 2023 in England and Wales. This funds recruitment of an additional 6,000 officers in 2021-22 and is on top of £750 million provided to policing at SR19 to recruit the first 6,000 officers in 2020-21 and to help pay for the infrastructure for all 20,000. Of the 6,000 officers to be recruited in 2020-21, over 5,000 have already been recruited.

6.23 The settlement gives Police and Crime Commissioners (PCCs) in England flexibility to increase funding in 2021-22 with a £15 council tax referendum limit on a Band D property. If all PCCs take advantage of this flexibility, this would raise up to an additional £320 million based on current forecasts. In total, the increases in grant funding and police precept will make up to an additional £720 million available to police forces next year.

6.24 The government will keep people safe by maintaining the budget for counter-terrorism policing in England and Wales, including continuing the additional £70 million provided for 2020-21 in 2021-22. The government will also invest in enhancing nuclear detection capability, with an additional £22 million resource funding in 2021-22 and £329 million capital funding from 2021-22 to 2024-25.

[3] This is a cross-cutting outcome. Contributing departments are DWP and HMRC.
[4] This is a cross-cutting outcome. Contributing departments are DCMS, DHSC, DWP, HO, MHCLG and MoJ.

6.25 SR20 provides £363 million resource funding to maintain law enforcement cooperation with EU member states and recruit additional Border Force officers to deliver transit customs arrangements following the end of the transition period. This will give Border Force the operational capability to support the UK's status as an independent trading nation, and support law enforcement collaboration with international partners to keep people safe.

6.26 The settlement provides £66.4 million in resource funding and £459.5 million in Official Development Assistance (ODA) resource funding to support and protect vulnerable people in the asylum system, to deliver refugee resettlement, and to support victims of modern slavery.

6.27 The HO settlement also:

- provides an additional £64 million resource and £153 million capital funding to deliver the new points-based migration system. This will improve the experience of people and businesses crossing the border and contribute to the government's ambition to have the most effective border in the world by 2025
- continues the additional £30 million resource funding provided at SR19 to tackle child sexual exploitation
- increases the government's efforts to tackle economic crime by providing an additional £30.5 million in resource and £32.5 million in capital funding in 2021-22, including support for the National Economic Crime Centre (NECC) which coordinates law enforcement's response to money laundering.

Delivering public value

6.28 This settlement includes the following priority outcomes:

- Reduce crime[5]
- Reduce the risk from terrorism to the UK and UK interests overseas[6]
- Enable the legitimate movement of people and goods contributing to the UK's status as a top destination to live, visit and do business
- Improve border security and reduce opportunities to enter illegally or to smuggle illicit goods, and protect vulnerable people.

Ministry of Justice

Table 6.8: Ministry of Justice

	£ billion		
	2019-20	**2020-21**	**2021-22**
Core resource DEL excluding depreciation	7.6	8.3	8.4
Core capital DEL	0.5	1.2	1.4
Covid-19 resource DEL excluding depreciation	0.0	0.3	0.2
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**8.1**	**9.7**	**10.1**

[5] This is a cross-cutting outcome. Contributing departments are: DCMS, DfE, DHSC, DWP, LODs, MHCLG, and MoJ.
[6] This is a cross-cutting outcome. Contributing departments are CO, FCDO and MOD.

Table 6.9: Ministry of Justice multi-year capital programme

	£ billion				
	2021-22	2022-23	2023-24	2024-25	Total
18,000 prison places	0.7	0.9	1.5	1.0	**4.0**

6.29 The Ministry of Justice (MoJ) settlement includes a £145 million cash increase in core resource funding from 2020-21 to 2021-22, delivering a 3.3 per cent average real terms increase per year since 2019-20. The department's capital budget increases by £237 million in cash terms next year, taking core total DEL to £9.84 billion. Average real growth in core total DEL is 8.0 per cent per year from 2019-20 to 2021-22.

6.30 SR20 provides more than £4 billion capital funding over the next four years to make significant progress in delivering 18,000 additional prison places across England and Wales by the mid-2020s. This is the largest prison building programme in more than a century, and will provide a decent, secure and rehabilitative environment for offenders. This investment will utilise modern construction methods to build more sustainably and more efficiently.

6.31 The MoJ settlement also provides:

- an additional £337 million for the criminal justice system in England and Wales. This includes £275 million to manage the downstream demand impact of 20,000 additional police officers and reduce backlogs in the Crown Court caused by Covid-19. This settlement provides a total of £40 million to offer additional support to victims of crime, including victims of domestic abuse. It continues the £15 million provided at Budget 2020 to deliver the government's commitment on victim support
- £119 million additional funding to support the ongoing response of the wider justice system to Covid-19. This includes £76 million to further increase family court and employment tribunal capacity to reduce backlogs and £43 million to ensure that courts and prisons remain Covid-safe
- continued funding to progress the probation reform programme, which will help to strengthen offender supervision and reduce reoffending
- £315 million capital funding to improve the condition of the existing prison estate and £105 million for improvements to the court estate.

Delivering public value

6.32 This settlement includes the following priority outcomes:

- Protect the public from serious offenders and improve the safety and security of our prisons
- Reduce reoffending
- Deliver swift access to justice.[7]

[7] This is a cross-cutting outcome. Contributing departments are BEIS, DfE, DWP, HO and LODs.

Law Officers' Departments

Table 6.10: Law Officers' Departments

	£ billion		
	2019-20	**2020-21**	**2021-22**
Core resource DEL excluding depreciation	0.6	0.7	0.7
Core capital DEL	0.0	0.0	0.0
Covid-19 resource DEL excluding depreciation	0.0	0.0	0.0
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**0.6**	**0.7**	**0.7**

6.33 The Law Officers' Departments (LODs) settlement includes a £26.4 million cash increase in core resource funding from 2020-21 to 2021-22 for the Crown Prosecution Service (CPS), Serious Fraud Office and HM Procurator General and Treasury Solicitor, delivering an 8 per cent average real terms increase per year since 2019-20. The departments' capital budget increases by £0.1 million in cash terms next year, taking core total DEL to £715 million. Average real growth in core total DEL is 7.9 per cent per year from 2019-20 to 2021-22.

6.34 SR20 also provides additional funding to ensure the CPS is fully equipped to support the work of 20,000 additional police officers and to improve its response to rape and sexual assault cases, supporting the government's commitment to fight crime against women and girls.

Delivering public value

6.35 This settlement includes the following priority outcomes:

- Improve public safety by delivering justice through independent and fair prosecutions
- Enhance the effectiveness of the criminal justice system through timely prosecutions and improved casework quality
- Protect society through the independent investigation and prosecution of top tier crimes involving serious or complex fraud, bribery and corruption.

Ministry of Defence

Table 6.11: Ministry of Defence

	£ billion					
	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Core resource DEL excluding depreciation	29.7	30.7	31.5	31.6	31.4	31.6
Core capital DEL	10.3	10.5	14.4	15.6	16.0	16.0
Covid-19 resource DEL excluding depreciation[1]	0.0	0.0	0.0	0.0	0.0	0.0
Covid-19 capital DEL	0.0	0.0	0.0	0.0	0.0	0.0
Total DEL[2]	**40.0**	**41.2**	**46.0**	**47.2**	**47.4**	**47.6**

[1] Costs of the Covid-19 response from defence are paid for by the departments requesting support

[2] Does not include Dreadnought contingency of £1.3 billion for 2021-22 to 2024-25 which is provisioned for in the HMT Reserve

6.36 The Ministry of Defence (MOD) settlement provides an increase in defence spending of over £24 billion in cash terms over the next four years against the 2020-21 budget, meaning that the defence budget is £6.4 billion higher in 2024-25 compared to 2020-21 funding levels. This means:

- core resource funding increases by £885 million in cash terms from 2020-21 to 2021-22, delivering a 1.1 per cent average real terms increase per year from 2019-20 to 2021-22
- the department's capital budget increases by £3.9 billion in cash terms next year
- core total DEL will be £46.0 billion in 2021-22. The average real growth in core total DEL is 5.2 per cent between 2019-20 and 2021-22.

6.37 This is the largest sustained increase in the core defence budget for 30 years, making the UK the largest European defence spender in NATO and the second largest in the Alliance. It exceeds the government's commitment to grow defence spending by 0.5 per cent above inflation, with average real growth of 1.8 per cent between 2019-20 and 2024-25. It also exceeds the government's commitment to spend at least 2 per cent of GDP on defence in every year of the settlement, bringing UK expenditure to 2.2 per cent as a proportion of GDP in 2024-25. This investment reinforces the UK's pivotal role in NATO, putting defence onto a solid footing and investing in the UK's Armed Forces of the future.

6.38 The additional funding in this settlement will:

- enable research into artificial intelligence and other battle-winning technologies, with an investment of at least £6.6 billion in R&D
- reshape the UK's Armed Forces for the age of networked warfare
- establish a new Space Command and enhance the breadth of our space capabilities
- continue the renewal of the UK's nuclear deterrent
- develop the next generation of naval vessels, including Type 32 frigates and Fleet Solid Support ships, and deliver our plans for eight Type 26 and five Type 31 frigates
- progress our Carrier Strike capabilities, with at least 48 F-35s by 2025
- develop a new Combat Air system for the RAF, along with delivering upgraded Typhoon radars
- enhance the UK's position as a world-leading responsible cyber power.

Delivering public value

6.39 This settlement includes the following priority outcomes:[8]

- Protect the UK and its Overseas Territories
- Enhance global security through persistent engagement and response to crises
- Contribute to NATO collective deterrence and defence
- Modernise and integrate defence capabilities by taking a whole force approach to our people and increasing the use of technology and innovation.

[8] The may be reviewed following the publication of the Integrated Review

Single Intelligence Account

Table 6.12: Single Intelligence Account

	£ billion		
	2019-20	2020-21[1]	2021-22
Core resource DEL excluding depreciation	2.0	2.4	2.2
Core capital DEL	0.6	0.8	0.9
Covid-19 resource DEL excluding depreciation	0.0	0.0	0.0
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**2.6**	**3.3**	**3.1**

[1] Figures for 2020-21 are from Main Estimates and include transfers to and from other government departments.

6.40 Net of transfers to and from other departments, the Single Intelligence Account (SIA) settlement provides a £79 million cash increase in core resource funding from 2020-21 to 2021-22, delivering a 2.3 per cent average real terms increase per year since 2019-20. The capital budget increases by £93 million in cash terms next year, taking core total DEL to £3.1 billion.

6.41 These increases take core total DEL to £3.1 billion. Average real growth in core total DEL is 5.4 per cent per year from 2019-20 to 2021-22. This increase will ensure the UK Intelligence Community (UKIC) can retain their world-leading capabilities to counter national security threats to the UK.

6.42 This settlement includes:

- £695 million of additional R&D funding between 2021-22 to 2024-25 to support the development of cutting-edge capabilities
- investment in the digital transformation of UKIC to further enhance their technologies and to stay ahead in an evolving digital environment
- support for the delivery of a new Counter-Terrorism Operations Centre. This centre will be world-leading, bringing UKIC, counter-terrorism policing and other parts of the criminal justice system together into one location. This new, fully-integrated approach will keep the public safer from terrorism by enhancing the ability to discover and prevent attacks and improve the speed of response.

Delivering public value

6.43 This settlement includes priority outcomes. For reasons of security, these outcomes will not be made public.

National Cyber Security Programme

6.44 SR20 also provides continued investment in the National Cyber Security Programme, funding transformational cyber security projects to support departments, the private sector and wider society. This investment will enable the UK to stay at the forefront of global action to secure a safe digital future and successfully adopt new technology to drive resilience and economic growth.

Foreign, Commonwealth & Development Office and Official Development Assistance

Table 6.13: Foreign, Commonwealth & Development Office

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	9.5	10.3	7.4
Core capital DEL	2.2	2.7	2.4
Covid-19 resource DEL excluding depreciation[1]	0.0	0.0	0.0
Covid-19 capital DEL	0.0	0.1	0.0
Total DEL	**11.7**	**13.1**	**9.8**

[1] Covid-19 resource DEL and capital DEL only include additional funding provided to FCDO on top of their 2020-21 budget, and therefore does not capture all Covid-19 related spending, including ODA.

6.45 The Foreign, Commonwealth & Development Office (FCDO) settlement includes:

- a 5.5 per cent average real terms increase in core non-ODA resource funding per year since 2019-20, to maximise the department's influence as a force for good and support the third largest overseas network in the world
- funding to deliver against the government's levelling up agenda by committing to an increased FCDO presence in East Kilbride and a new FCDO hub outside of London. SR20 also provides an additional £14 million non-ODA investment for a new IT system to enable the newly formed department to operate as effectively and efficiently as possible, supporting the delivery of the UK's development and diplomacy objectives around the globe
- funding to build and modernise the UK's embassies in Washington, Paris and Ottawa so that they better represent the UK's global role and ambition. This settlement provides further resource and capital investment to improve FCDO's global estate, including in more modern, secure, and green diplomatic posts in New Delhi and Mexico City
- funding of £60 million to prepare for the UK's new relationship with the EU, including strengthening bilateral diplomatic relations with EU institutions and member states.

6.46 The FCDO will also continue to protect the UK's soft power assets. Following a £60 million loan and £26 million of additional grant funding already provided, further financial support will be provided to support the British Council to reform and invest.

Official Development Assistance

6.47 The UK will spend the equivalent of 0.5 per cent of its national income as overseas aid in 2021. SR20 therefore provides £10 billion of official development assistance (ODA) in 2021-22. This settlement will ensure that the UK remains one of the largest ODA spenders in the world and well above the OECD average.

6.48 The government remains committed to international development. At a time of emergency, sticking to 0.7 per cent is not an appropriate prioritisation of resources. The government intends to return to the 0.7 per cent target when the fiscal situation allows.

6.49 The government will continue to spend ODA in the most focused and effective way possible, tackling key global challenges where the UK is already a well-recognised international leader, including in our international response to Covid-19 and climate change.

6.50 To ensure coherence and maximum value for money from the UK's ODA spending, the Foreign Secretary will run a cross-government process after SR20 to review in detail how ODA is allocated against the government's priorities.

6.51 Aid is one way we project Britain's place in place in the world. But the UK uses these resources to support its wider leadership efforts on the world stage, which it will step up as it chairs the G7 and COP in 2021.

6.52 The Foreign, Commonwealth and Development Office's ODA funding will enable the UK to:

- remain the largest donor to the World Bank's lending arm for the poorest countries, the International Development Association (IDA)
- support developing countries to 'build back greener', including through research and development on clean energy technologies and business models supported through the Ayrton Fund
- support Gavi, the Vaccine Alliance, with £1.65 billion over five years to support the immunisation of close to 75 million children in the world's poorest countries against infectious diseases. This helps to ensure that Covid-19 does not undermine global efforts to protect against preventable diseases
- support the World Health Organisation in its role coordinating the global response to Covid-19 and strengthening developing country health systems, with a core contribution of £340 million over the next four years. This represents a 30 per cent increase to existing funding, which cements the UK's place as the second-largest Member State contributor
- deliver humanitarian support in current and emerging crises, such as in Yemen and the Horn of Africa, and tackle the combined threat of coronavirus and famine
- improve access to education for girls, starting by co-hosting a successful Global Partnership for Education summit in 2021.

Conflict, Stability and Security Fund

6.53 The Conflict, Stability and Security Fund (CSSF) is a fund that draws on expertise from across government. It supports UK national security and resilience by promoting a more peaceful, stable and secure international environment. SR20 provides £821 million of funding to the CSSF in 2021-22.

6.54 The CSSF works with partner governments and civil societies around the world to protect people from the scourge of conflict and insecurity. It supports UK national security and delivers on our commitments to be a force for good, including by funding the UK contributions to UN peacekeeping missions (where the UK is the fifth largest contributor).

Delivering public value

6.55 This settlement includes the following priority outcomes:[9]

- Ensure the UK is a force for good in the world, supporting sustainable development, humanitarian needs, and promoting human rights and democracy
- Make the UK safer and more resilient to global threats

[9] The may be reviewed following the publication of the Integrated Review

- Extend and amplify the UK's influence in the world, including through successful application for ASEAN dialogue partner status.

Ministry of Housing, Communities & Local Government

Table 6.14: Ministry of Housing, Communities & Local Government

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	1.6	2.7[2]	1.9
Core capital DEL[1]	8.3	13.3	7.8
Covid-19 resource DEL excluding depreciation	0.0	0.2	0.2
Covid-19 capital DEL	0.0	0.1	0.0
Total DEL	**9.9**	**16.3**	**9.9**[3]

[1] MHCLG Housing and Communities CDEL budget in 2020-21 is higher than in 2021-22 due to transitions in housing and local growth programmes (including the transition from the current Help to Buy scheme to the new 2021-23 scheme targeted at first time buyers only), updated forecasts and a technical adjustment to MHCLG's Financial Transactions total. The 2021-22 number does not include the Levelling Up Fund, which is provisioned for in the HMT Reserve and will be allocated in due course.

[2] MHCLG Housing Communities Main Estimates figure in 2020-21 includes a number of Budget Cover Transfers, including £0.9 billion from Local Government DEL for the New Homes Bonus. Adjusting for this, MHCLG's cash uplift from 2020-21 to 2021-22 will be £0.2 billion.

[3] In addition, to help local areas prepare over 2021-22 for introduction of the UK Shared Prosperity Fund, the government will provide a further £220 million of UK-wide funding to support our communities to pilot programmes and new approaches separate to MHCLG Main DEL.

Table 6.15: Ministry of Housing, Communities & Local Government multi-year capital settlementt

	£ billion				
	2021-22	2022-23	2023-24	2024-25	Total
National Home Building Fund (incl. loans)	2.0	2.2	2.0	0.9	**7.1**
Affordable Housing Programme	2.0	2.5	2.6	2.6	**9.6**[1]
Help to Buy: Equity Loan (new scheme)	2.2	3.0	0.0	0.0	**5.3**[2]

[1] Total funding for the AHP is £12.2 billion profiled out to 2025-26

[2] Profile based on latest forecasts of uptake and will be kept under review. The settlement figure in 2021-22 includes the policy costs of the limited customer forbearance measures announced in July 2020. The new scheme will end in March 2023.

6.56 The Ministry of Housing, Communities & Local Government (MHCLG) settlement provides a £0.2 billion cash increase in core resource funding from 2020-21 to 2021-22, delivering an 8.9 per cent average real terms increase per year since 2019-20. The department's capital budget in 2021-22 will be £7.8 billion and core total DEL will be £9.9 billion.

6.57 As set out on the Department for Transport page, the government is launching a new Levelling Up Fund worth £4 billion for England, that will attract up to £0.8 billion for Scotland, Wales and Northern Ireland in the usual way. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. Moving away from a fragmented landscape with multiple funding streams, this new cross-departmental Fund for England will invest in a broad range of high value local projects up to £20 million, or more by exception, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. SR20 makes available up to £600 million in 2021-22. The government will publish a prospectus for the Fund and launch the first round of competitions in the New Year.

6.58 SR20 also provides £254 million of additional resource funding, including £103 million announced earlier this year for accommodation and substance misuse, to support rough sleepers and those at risk of homelessness during Covid-19. This takes total resource funding in 2021-22 to £676 million, a 60 per cent cash increase compared to SR19. This additional funding will support frontline services through the Rough Sleeping Initiative and enable local authorities to fund their statutory duties to prevent homelessness. The government will also provide new funding to support prison leavers at risk of homelessness into private rental tenancies and will commit £87 million of capital funding in 2021-22 primarily to support the delivery of long-term accommodation for rough sleepers.

6.59 SR20 also provides nearly £20 billion in multi-year capital investment to underpin the government's long-term housing strategy:

- a National Home Building Fund (NHBF), with initial funding of £7.1 billion over the next four years to unlock up to 860,000 homes, including:
    - confirming £4.8 billion of capital grant funding, including for land remediation, infrastructure investment, and land assembly
    - delivery of the Brownfield Fund, announced at Budget 2020 for Mayoral Combined Authorities (MCAs)
    - an additional £100 million for non-Mayoral Combined Authorities in 2021-22 to support housing delivery and regeneration, including unlocking brownfield sites, regenerating estates and releasing public sector land – including serviced plots for self and custom builders
    - £2.2 billion of new loan finance to support housebuilders across the country. This includes delivering Help to Build for custom and self-builders, and funding for SMEs and modern methods of construction
    - further funding for the NHBF will be confirmed at the next multi-year spending review, delivering on the government's commitment to provide £10 billion to unlock homes through provision of infrastructure
- reconfirming £12.2 billion for the Affordable Homes Programme (AHP). The new AHP will deliver up to 180,000 new homes for affordable homeownership and rent, with a greater proportion outside of London than the previous programme.

6.60 To support the government's objective to promote local growth, SR20:

- sets out how the UK Shared Prosperity Fund (UKSPF) will help to level up and create opportunity for people and places across the UK and provides £220 million additional funding to help local areas prepare over 2021-22 for the introduction of the UKSPF
- continues investment from the Towns Fund to regenerate high streets, town centres and communities, providing £621 million in 2021-22
- provides up to £10 million of resource funding, and the first tranche of a total of £175 million of capital funding, in England – partly funded from the Towns Fund – to establish Freeports as national hubs for global trade and investment, promoters of regeneration and job creation, and hotbeds of innovation.

6.61 SR20 also:

- provides an additional £30 million to help deliver the new building safety regime, taking resource funding to at least £70 million in 2021-22, in the wake of the Grenfell Tower tragedy and Dame Judith Hackitt's recommendations to raise building safety standards. This includes funding for a new building safety regulator to oversee a more stringent regime for higher-risk buildings. SR20 also confirms £1.6 billion of capital to remove unsafe cladding from high rise buildings

- provides an additional £12 million to take forward the government's radical planning reform agenda and £4 million towards its ongoing Oxford-Cambridge Arc programme, building on the government's commitments to accelerate housing and infrastructure delivery
- provides £98 million of additional resource funding, bringing total funding to £125 million, to enable local authorities to deliver the new duty to support victims of domestic abuse and their children in safe accommodation in England
- confirms of £165 million of resource funding for local authorities through the Troubled Families programme, providing intensive support to families facing multiple interconnected problems.

Delivering public value

6.62 This settlement includes the following priority outcomes:

- More, better quality, safer, greener and more affordable homes
- End rough sleeping through more effective prevention and crisis intervention services, and reduce homelessness by enabling local authorities to fully meet their statutory duties[10]
- Raise productivity and empower places so that everyone across the country can benefit from levelling up.[11,12]

Local Government

Table 6.16: Local Government

	£ billion		
	2019-20	2020-21	2021-22
Resource DEL excluding depreciation[1]	7.5	8.6	9.1
Covid-19 resource DEL excluding depreciation	1.6	3.5[2]	3.0
Total DEL[3]	9.1	12.1	12.0
Core Spending Power (CSP)	**46.2**	**49.0**	**51.2**

[1] Local government DEL figures provide a consistent series for core local government grant, adjusting for technical budget switches and movements in grant between years. They reverse the switch from DEL to AME for Business Rates Retention Pilots, of £1.4 billion in 2019-20, £0.8 billion in 2020-21 and £0.6 billion in 2021-22. They remove the £0.9 billion New Homes Bonus switch from LG DEL to MHCLG Communities DEL in 2020-21 and the early payment of £1.5 billion business rates reliefs compensation, moved from 2020-21 to 2019-20.

[2] Covid-19 Resource DEL does not include compensation for the additional Covid-19 business rates reliefs, which totals £11.0 billion in 2020-21.

[3] Total DEL figures represent the sum of rows above, including adjustments to provide a more consistent time series. They therefore differ from the LG DEL control totals in the DEL table in the statistical annex.

6.63 Core spending power for local authorities in 2021-22 is estimated to increase by 4.5 per cent in cash terms, which follows the largest real terms increase in core spending power for a decade at SR19. The government is increasing core grant funding for local authorities, and expects to provide over £3 billion of additional support for Covid-19 pressures in 2021-22.

6.64 Full details of the proposed Local Government DEL settlement for 2021-22 will be set out shortly by the Ministry of Housing, Communities and Local Government (MHCLG).

[10] This is a cross-cutting outcome. Contributing departments are MoJ, HO, DHSC, DWP and DfE.

[11] This is a cross-cutting outcome. Contributing departments are BEIS, DCMS, Defra, DfE, DfT, DIT and DWP.

[12] Other departments' priority outcomes reflect the government's levelling up ambitions, including, but not limited to: 'Deliver economic growth to all the nations and regions of the UK through attracting and retaining inward investment' (DIT); 'Drive economic growth through improving the skills pipeline, levelling up productivity and supporting people to work' (DfE); 'Improve connectivity across the United Kingdom and grow the economy by enhancing the transport network on time and on budget' (DfT); and 'Maximise employment across the country to aid economic recovery following Covid-19' (DWP).

6.65 To support local authorities in England with Covid-19 pressures next year, the government expects to provide over £3 billion in additional support by:

- providing an additional £1.55 billion of grant funding to local authorities to meet additional expenditure pressures as a result of Covid-19
- providing local authorities with £670 million of additional grant funding to help local authorities support the more than 4 million households that are least able to afford council tax payments
- providing an estimated £762 million to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years
- extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021

6.66 The underlying core settlement for local authorities in 2021-22 includes:

- £300 million of new grant funding for adult and children's social care, in addition to the £1 billion announced at SR19 that is being maintained in 2021-22 in line with the government's commitment
- increasing Revenue Support Grant in line with inflation
- maintaining the existing New Homes Bonus scheme for a further year with no new legacy payments
- providing £16 million to support modernisation of local authorities' cyber security systems.

6.67 In addition, local authorities will be able to levy a 3 per cent adult social care precept. This means that they will have access to over £1 billion of funding for social care. This funding is additional to the £1 billion social care grant announced last year which is being maintained. As set out above, the government expects to provide local authorities with over £3 billion in additional support for Covid-19 pressures. This will support councils to maintain care services while keeping up with rising demand and recovering from the impact of Covid-19. In the longer term, the government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year.

6.68 The referendum threshold for increases in council tax will remain at 2 per cent in 2021-22. MHCLG will set out full details of the council tax referendum principles and adult social care precept flexibility as part of the consultation on the detailed methodology for the Local Government Finance Settlement for 2021-22.

6.69 The government is undertaking a fundamental review of the business rates system and is currently considering responses to the call for evidence. A final report setting out the full conclusions of the review will be published in spring 2021. To support businesses in the near-term, the government has decided to freeze the business rates multiplier in 2021-22, saving businesses in England an estimated £575 million over the next five years. Local authorities will be fully compensated for this decision.

6.70 Earlier this year, the government announced that it would delay the move to 75 per cent Business Rates Retention and the implementation of the fair funding review. This decision allowed local authorities to focus on meeting the public health challenge posed by the pandemic. In order to provide further stability to the sector, the government has decided not to proceed with a reset of business rates baselines in 2021-22 and will maintain the existing 100 per cent business rates pilots for a further year. The government will consult on reforms to the New Homes Bonus shortly, with a view to implementing reform in 2022-23.

6.71 The government will reform the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield, which presents a risk for both national and local taxpayers. The government will cut PWLB lending rates to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate. The government has also announced the outcome of the Local Infrastructure Rate competition. Six authorities will benefit from £336 million in discounted lending for local infrastructure priorities.

Delivering public value

6.72 This settlement includes the following priority outcome:

- a sustainable and resilient local government sector that delivers priority services and empowers communities.

Department for Transport

Table 6.17: Department for Transport

	£ billion		
	2019-20	**2020-21**	**2021-22**
Core resource DEL excluding depreciation	3.5	4.0	4.7
Core capital DEL	14.3	18.2	18.8
Covid-19 resource DEL excluding depreciation	0.6	12.6	2.1
Covid-19 capital DEL	0.0	0.2	0.0
Total DEL	**18.4**	**35.0**	**25.5**

Table 6.18: Department for Transport multi-year capital programmes

	£ billion				
	2021-22	**2022-23**	**2023-24**	**2024-25**	**Total**
High Speed 2 capital DEL	5.2	5.7	5.8	5.9	**22.6**
Road Investment Strategy 2 capital DEL	3.8	4.4	4.8	5.0	**18.0**
Network Rail's Control Period 6 capital DEL	5.8	5.8	5.8	–	**17.5**
Intra-city settlements capital DEL	–	0.8	0.8	0.8	**2.5**
Electric vehicle charging and grants capital DEL	0.4	0.6	0.5	0.4	**1.9**

6.73 The Department for Transport's (DfT) settlement includes a £700 million cash increase in core resource funding from 2020-21 to 2021-22, delivering a 13.8 per cent average real terms increase per year since 2019-20. The department's capital budget increases by £600 million in cash terms next year, taking core total DEL to £23.5 billion. Average real growth in core total DEL is 12.6 per cent per year from 2019-20 to 2021-22. This will ensure delivery of the government's priorities and commitments to improve local transport for all, level up regions across the country and contribute to achieving net zero carbon emissions through the decarbonisation of transport.

6.74 This settlement includes:

- a continued contribution to the ongoing response to Covid-19 by supporting public transport services to ensure that people can make the journeys they need to safely and reliably. This includes over £2 billion of confirmed funding in 2021-22 for rail services and builds on the estimated £12.8 billion of support for transport services that the government has already committed to provide in 2020-21

- over £58 billion of investment confirmed for road and rail transport between 2021-22 and 2024-25, delivering some of government's largest capital portfolios and levelling up across the country. This includes record investment in strategic roads and rail
- over £2.5 billion confirmed for eight city regions across England[13] from 2022-23, maintaining the government's commitment of £4.2 billion for five-year, consolidated intra-city transport settlements, subject to appropriate governance being in place. A further £50 million of resource funding will be provided in 2021-22 to support the relevant Mayoral Combined Authorities with preparations for these settlements
- £1.7 billion in 2021-22 for local roads maintenance and upgrades to tackle potholes, relieve congestion and boost connectivity
- £300 million in 2021-22 to drive transformation of bus services. This funding will be drawn down in the first instance for any further Covid-19 support that may be required, while progressing reform to deliver better outcomes
- £120 million in 2021-22 which, in combination with DfT's existing commitment to complete the first All Electric Bus Town this financial year, will support delivery of over 800 cleaner, greener, quieter zero emission buses
- almost £2 billion of investment in electric vehicle charging infrastructure and grants for zero and ultra-low emission vehicles until 2024-25. This includes funding to support the rollout of rapid charging hubs at every service area on England's motorways and major A roads.

6.75 As set out on the MHCLG page, the government is launching a new Levelling Up Fund worth £4 billion for England, that will attract up to £0.8 billion for Scotland, Wales and Northern Ireland in the usual way. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. Moving away from a fragmented landscape with multiple funding streams, this new cross-departmental Fund for England will invest in a broad range of high value local projects up to £20 million, or more by exception, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. SR20 makes available up to £600m in 2021-22.[14] The government will publish a prospectus for the Fund and launch the first round of competitions in the New Year.

Delivering public value

6.76 This settlement includes the following priority outcomes:

- Improve connectivity across the United Kingdom and grow the economy by enhancing the transport network on time and on budget
- Tackle climate change and improve air quality by decarbonising transport
- Build confidence in the transport network as the country recovers from Covid-19 and improve transport users' experience, ensuring that the network is safe, reliable, and inclusive.

[13] Funding for the first year of intra-city transport settlements (2022-23) will include a portion of the final year of the Transforming Cities Fund.
[14] DfT's CDEL number for 2021-22 does not include the Levelling Up Fund, which is provisioned for in the HMT Reserve and will be allocated in due course.

Department for Business, Energy and Industrial Strategy

Table 6.19: Department for Business, Energy and Industrial Strategy

	£ billion		
	2019-20	**2020-21**	**2021-22**
Core resource DEL excluding depreciation	2.2	2.2	2.4
Core capital DEL	11.2	16.6	15.6
Covid-19 resource DEL excluding depreciation	0.0	18.6	1.3
Covid-19 capital DEL	0.0	1.9	0.5
Total DEL	**13.4**	**39.2**	**19.7**

Table 6.20: Department for Business, Energy and Industrial Strategy multi-year capital programmes

	£ billion				
	2021-22	**2022-23**	**2023-24**	**2024-25**	**Total**
Core Research	4.8	5.2	5.8	-	**15.8**
High-risk high-payoff research	0.1	0.3	0.3	0.3	**1.0**
Net Zero programmes (multi-year only)	0.3	0.5	0.5	0.6	**1.9**

6.77 The Department for Business, Energy, and Industrial Strategy (BEIS) settlement includes £2.4 billion resource spending and £15.6 billion capital spending. BEIS's core resource budget has grown by 3.3 per cent and its capital budget by 15.7 per cent in real terms since 2019-20. Core total DEL is now £18 billion and has increased by 13.8 per cent in real terms each year from 2019-20 to 2021-22.

6.78 This funding primarily goes towards record-breaking investment in R&D and programmes to help the UK achieve its goal of reaching Net Zero greenhouse gas emissions by 2050.

6.79 To support the response to Covid-19, BEIS's settlement includes:

- £733 million for the UK Vaccines Taskforce to purchase successful vaccines for Covid-19. This is part of the total £6 billion the government has provided to procure vaccines. This includes £128 million for UK vaccines R&D and funding for the Vaccines Manufacturing Innovation Centre, which will be capable of producing enough vaccine doses for the entire UK population in 6 months
- over £500 million to support the continued delivery of Covid-19 loans, including paying for the 12-month interest-free period on the Bounce Back Loans and Coronavirus Business Interruption Loan Schemes.

6.80 To drive economic growth and forge the UK's future as a global scientific superpower, as set out in the R&D Roadmap, BEIS has been allocated £11.1 billion R&D funding (out of an overall government R&D package of £14.6 billion). This will include:

- an uplift of over £400 million on average per year until 2023-24 for core UK Research and Innovation science, building on our outstanding science base in a range of areas
- at least £490 million in 2021-22 for Innovate UK core programmes and infrastructure to support ground-breaking technologies and businesses

- £350 million in 2021-22 for UK Research and Innovation to support strategic government priorities, build new science capability and support the whole research and innovation ecosystem. This includes the first £50 million towards an £800 million investment by 2024-25 in high risk, high-payoff research
- funding for critical research to tackle Covid-19
- increased support for net zero innovation, including £200 million in 2021-22 for the Net Zero Innovation Portfolio, to develop new decarbonisation solutions and accelerate near-to-market low-carbon energy innovations.

6.81 To support the government's Ten Point Plan to accelerate the UK's progress towards Net Zero, ahead of hosting COP26 in 2021, BEIS have been allocated over £3 billion of new funding. This includes:

- providing over £1 billion towards the construction of 4 new Carbon Capture and Storage plants by 2030
- confirmation of over £1 billion to make further progress towards delivering the government's commitment to invest in the energy efficiency and heat decarbonisation of schools, hospitals and homes
- £160 million to upgrade our portside manufacturing capabilities to help build the next generation of offshore wind farms
- £240 million to support industry to produce low-carbon hydrogen at scale and over £80 million to test its use in heating buildings
- up to £525 million towards the development of a large-scale nuclear project, subject to value for money assessment, and advanced nuclear technologies, including novel small modular reactors and next generation advanced modular reactors
- £500 million to be spent in the next four years on the development and mass-scale production of electric vehicle batteries and support for associated supply chains, boosting investment into our strong manufacturing bases including in the Midlands and North East.

6.82 To support businesses to grow, BEIS has been allocated £557.5 million capital funding for the British Business Bank (excluding Covid-19 business support schemes), including:

- £422 million for the Bank's planned activities in 2021-22, providing access to finance to small businesses across the UK and supporting them to grow
- £56.5 million to fund an expansion of the Bank's Start-Up Loans scheme. This will provide an additional 1,000 loans to help catalyse new entrepreneurship in the economic recovery from Covid-19
- resources to make £270 million in new commitments to support priorities in innovation and growth finance, regional finance, and the National Security Strategic Investment Fund.

6.83 The BEIS settlement also includes:

- up to £17 million in 2021-22 to support the exploitation of government owned intangible assets by launching a new unit and fund to scout for and develop government 'knowledge assets' (IP, data, R&D, tech and other intangibles)
- £50.7 million for business support programmes to improve SME productivity through leadership, management and technology adoption
- £2.7 billion for the Nuclear Decommissioning Authority to enable it to continue the work of safely decommissioning the UK's nuclear legacy sites, across England, Scotland and Wales.

Delivering public value

6.84 This settlement includes the following priority outcomes:

- Reduce UK greenhouse gas emissions to net zero by 2050[15]
- Support increased productivity through unleashing innovation and new knowledge throughout the country
- Back business by making the UK the best place in the world to start and grow a business
- Fight Covid-19 by helping businesses to bounce back from the impacts of Covid-19, supporting a safe return to work and accelerating the development and manufacture of a vaccine.

Department for Digital, Culture, Media and Sport

Table 6.21: Department for Digital, Culture, Media and Sport

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	1.5	1.7	1.6
Core capital DEL	0.6	0.6	0.8
Covid-19 resource DEL excluding depreciation	0.0	2.0	0.0
Covid-19 capital DEL	0.0	0.6	0.0
Total DEL	**2.1**	**5.0**	**2.4**

Table 6.22: Department for Digital Culture, Media and Sport multi-year capital programme

	£ billion				
	2021-22	2022-23	2023-24	2024-25	Total
Gigabit broadband	0.1	0.3	0.4	0.5	1.2

6.85 The Department for Digital Culture Media and Sport's (DCMS) settlement provides a 2.3 per cent average real terms increase per year in core resource funding from 2019-20 to 2021-22. The department's capital budget increases by £135 million in cash terms next year, taking core total DEL to £764 million. Average real growth in core departmental total DEL is 5.2 per cent per year from 2019-20 to 2021-22.

6.86 This includes a major investment in digital, making the UK economy more innovative and supporting levelling up across the UK:

- £1.2 billion from 2021-22 to 2024-25 to support the rollout of gigabit-capable broadband across the UK, essential in an increasingly digital age for supporting the UK economy. This is part of the government's £5 billion commitment to support gigabit-capable broadband rollout to the hardest to reach areas of the UK
- £50 million next year, as part of a £250 million commitment to building a secure and resilient 5G network
- over £200 million UK-wide to continue flagship digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Testbeds and Trials Programme

[15] This is a cross-cutting outcome. Contributing departments are Defra, DfT, HMT and MHCLG.

- £45 million for programmes to drive growth through digital technologies and data, while improving online safety and security.

6.87 To support the world-leading culture and heritage sectors, SR20 includes:

- over £150 million to continue to strengthen our cultural and heritage infrastructure, including through the Cultural Investment Fund and Museums Infrastructure Fund, enabling the development of British Library North and continued investment in the Heritage High Streets programme
- more than £100 million of capital investment for DCMS-supported bodies working across culture, heritage, and sports
- over £320 million for our internationally renowned galleries and museums.

6.88 The settlement also provides:

- over £150 million in 2021-22 for upcoming major events, including the 2022 Commonwealth Games in Birmingham, Festival UK and the celebrations for the Queen's Jubilee
- over £60 million for Sport England to increase participation in sport and support vital projects in communities across the country
- almost £100 million to deliver the National Citizen Service (NCS) and invest in youth facilities. The government will review its programmes to support youth services including the NCS in the spring.

6.89 The government will achieve efficiencies in the Office for Civil Society by rationalising work to better deliver the government's priorities for the sector.

Delivering public value

6.90 This settlement includes the following priority outcomes:

- Increase economic growth and productivity through improved digital connectivity
- Grow and evolve our sectors domestically and globally, in particular those sectors most affected by Covid-19, including culture, sport, civil society, and the creative industries
- Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society
- Enhance the cohesiveness of our communities and nations including through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people.

Department for Environment, Food and Rural Affairs

Table 6.23: Department for Environment, Food and Rural Affairs

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	1.9	3.9[1]	4.3
Core capital DEL	0.8	0.9	1.6
Covid-19 resource DEL excluding depreciation	0.0	0.5	0.0
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**2.7**	**5.3**	**5.8**

[1] £1.8 billion resource DEL was funded by the Exchequer in 2020-21 to maintain direct payments to farmers at the same level as the previous year under the EU Common Agricultural Policy.

Table 6.24: Department for Environment, Food and Rural Affairs multi-year capital programmes

	£ billion				
	2021-22	2022-23	2023-24	2024-25	Total
Flood defences[1]	0.9	0.9	0.9	0.9	3.6

[1] The 2021-27 Flood and Coastal Defence Programme totals £5.2 billion of which £0.1 billion was brought forward into 2020-21 for preparatory work. The totals above also include funding for the six-year £200 million resilience innovation fund, and £155 million of acceleration funding in 2021-22.

6.91 The Department for Environment, Food and Rural Affairs (Defra) settlement provides a £0.4 billion cash increase in core resource funding from 2020-21 to 2021-22. The department's capital budget increases by £0.6 billion in cash terms next year, taking core total DEL to £5.8 billion.

6.92 SR20 includes a doubling of the government's flood and coastal defence investment to £5.2 billion over six-years, commencing next year, which will better protect 336,000 properties across England by 2027. This commitment includes a £200 million six-year flood and coastal resilience innovation programme which will support over 25 local areas to take forward wider innovative actions that improve their resilience to flooding and coastal erosion, and up to £155 million to accelerate 22 shovel-ready flood defence schemes announced earlier this year.

6.93 This settlement will ensure total farm support in England of £2.4 billion in 2021-22 to meet the government's commitment to maintain the current annual budget to farmers in every year of this Parliament. The government will also take advantage of new freedoms to commence a transition towards a system in England that delivers far greater environmental and productivity benefits. The government will also maintain funding for fisheries in England in 2021-22 with £13.5 million.

6.94 To support the government's ambition to tackle climate change and reduce carbon emissions, this settlement includes:

- £92 million for the Nature for Climate Fund to keep the UK on track to restore more peatlands and plant England's share of 30,000 hectares of trees a year by the end of this Parliament. This will include expansion of the Urban Trees Challenge Fund and new investment in Community Forests, to bring trees and woodlands closer to where people live. This will support an additional 1,000 green jobs
- an increase to the funding for National Parks and Areas of Outstanding Natural Beauty to more than £75 million, with a further £7 million to progress the England Coast Path and Coast-to-Coast National Trail. Additional funding for England's National Nature Reserves will also help more people enjoy the benefits of time outdoors

- an additional £40 million investment in nature recovery through an extended Green Recovery Challenge Fund
- fulfilling the commitment made at Budget 2020 to provide an additional £7 million for biodiversity conservation in the UK Overseas Territories
- support to implement the flagship Environment Bill measures including biodiversity net gain for development, the setting of legally-binding environmental targets, and the Office for Environmental Protection
- support for increasing recycling and reducing waste, allowing Defra to progress with extended producer responsibility for packaging waste, introduce a deposit return scheme, and implement consistent collection of waste – including food waste – in every local authority in England by the end of this Parliament.

6.95 This settlement provides an uplift in Defra's science capability, including extending the pilot of the Natural Capital and Ecosystems Assessment.

Delivering public value

6.96 This settlement includes the following priority outcomes:

- Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife
- Reduce greenhouse gas emissions and increase carbon storage in the agricultural, waste, peat and tree planting sectors to help deliver net zero
- Reduce the likelihood and impact of flooding and coastal erosion on people, businesses, communities and the environment

Department for International Trade

Table 6.25: Department for International Trade

	£ billion		
	2019-20	**2020-21**	**2021-22**
Core resource DEL[1] excluding depreciation	0.5	0.5	0.5
Core capital DEL[2]	0.0	0.0	0.0
Covid-19 resource DEL excluding depreciation	0.0	0.0	0.0
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**0.5**	**0.6**	**0.5**

[1] Resource DEL for 2019-20 has been reduced by £5.1 million to avoid double counting a switch to capital DEL. 2020-21 resource DEL figures have been adjusted to ensure they are comparable with 2021-22 plans

[2] Capital budgets round down to 0 (nearest £100 million)

6.97 The Department for International Trade's (DIT) settlement provides a 1.8 per cent average real terms increase in resource DEL per year from 2019-20 to 2021-22, bringing core resource funding to £531.4 million. The department's capital budget is maintained at £14.4 million next year, taking core total DEL to £545.8 million. Average real growth in core departmental total DEL is 1.3 per cent per year from 2019-20 to 2021-22. This will:

- continue implementation of the UK's new independent trade policy. This includes free trade agreement negotiations with the aim of enabling 80 per cent of trade to be covered by the end of 2022 and international engagement to strengthen the rules-based global trade system
- enhance services for inward investors through the new Office for Investment, to drive foreign investment into the UK and ensure such investment plays its part in levelling up across the UK
- tackle market access barriers UK businesses may face around the world as they seek to trade internationally, and support businesses seeking to grow by starting to export or by exporting more
- ensure coordination across government of critical supply chains to enhance the UK's economic resilience through international trade
- continue to contribute to the £60 million cross-government GREAT Britain and Northern Ireland Campaign that plays a key role promoting the UK to visitors, students and investors.

Delivering public value

6.98 This settlement includes the following priority outcomes:

- Secure world-class free trade agreements and reduce market access barriers, ensuring that consumers and businesses can benefit from both
- Deliver economic growth to all the nations and regions of the UK through attracting and retaining inward investment
- Support UK business to take full advantage of trade opportunities, including those arising from delivering FTAs, facilitating UK exports
- Champion the rules-based international trading system and operate the UK's new trading system, including protecting UK businesses from unfair trade practices.

Department for Work and Pensions

Table 6.26: Department for Work and Pensions

	£ billion		
	2019-20	**2020-21**	**2021-22**
Core resource DEL excluding depreciation	5.6	5.8	5.6
Core capital DEL	0.1	0.2	0.3
Covid-19 resource DEL excluding depreciation	0.0	1.8	3.6
Covid-19 capital DEL	0.0	0.0	0.1
Total DEL	**5.7**	**7.9**	**9.6**

6.99 The Department for Work and Pensions (DWP) settlement provides a £1.8 billion cash increase in overall resource funding from 2020-21 to 2021-22, delivering a 25.9 per cent average real terms increase per year since 2019-20. The department's capital budget increases by £0.1 billion in cash terms next year, taking total DEL to £9.6 billion. Average real growth in total DEL is 28.1 per cent per year from 2019-20 to 2021-22.

6.100 This settlement will provide £3.6 billion of funding in 2021-22 to deliver labour market support, reflecting the government's priority of getting people into work. This includes funding for:

- the new 3-year long £2.9 billion Restart programme to provide intensive and tailored support to over 1 million unemployed people and help them find work
- work search support measures announced in the Plan for Jobs. This includes the Job Entry: Targeted Support, Job Finding Support, the Youth Offer, and Sector-Based Work Academy Programme placements. It also provides additional funding to build on the commitment to double the number of work coaches
- the £2 billion Kickstart Scheme to create hundreds of thousands of new, fully-subsidised jobs for young people across the country. To date, tens of thousands of Kickstart jobs have been created. This settlement confirms funding for over 250,000 Kickstart jobs.

6.101 SR20 additionally provides investment to get more disabled people into work and to improve DWP's health assessments system. It also provides funding to enable DWP to deliver efficient frontline services and ensure that support will be targeted where it is needed most, including supporting the most vulnerable in society.

Delivering public value

6.102 This settlement includes the following priority outcomes:

- Maximise employment across the country to aid economic recovery following Covid-19[16]
- Improve opportunities for all through work, including groups that are currently under-represented in the workforce
- Address poverty through enabling progression into the workforce and increasing financial resilience[17]
- Deliver a reliable, high-quality welfare and pensions system which customers have confidence in.

HM Revenue and Customs

Table 6.27: HM Revenue and Customs

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	3.7[1]	4.0	4.8
Core capital DEL	0.3	0.4	0.6
Covid-19 resource DEL excluding depreciation	0.0	0.1	0.0
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**4.1**	**4.4**[2]	**5.4**

[1] This figure excludes an additional £139 million resource DEL provided to HMRC during 2019-20.
[2] This figure excludes an additional £549 million total DEL provided to HMRC during 2020-21 for borders and trade activity.

6.103 The HM Revenue and Customs's (HMRC) settlement provides a £0.8 billion cash increase in core resource funding from 2020-21 to 2021-22. The department's capital budget increases by £219 million in cash terms next year, taking core total DEL to £5.3 billion.

[16] This is a cross-cutting outcome. Contributing departments are BEIS, HMT, DfE and MHCLG
[17] This is a cross-cutting outcome. Contributing departments are HMT, DfE and MHCLG

6.104 This will include:

- £1 billion funding to reform and enhance the UK customs system after the end of the Transition Period, including investment in critical physical and IT infrastructure and support for UK traders and businesses. The settlement builds on more than £1.7 billion funding provided to HMRC since 2017 to deliver the changes and opportunities brought about from the UK's exit from the EU
- funding to continue HMRC's transformation into one of the most digitally-advanced tax authorities in the world. This includes £146 million to extend the successful rollout and operation of Making Tax Digital for VAT for businesses below the VAT threshold and for Income Tax Self-Assessment businesses and landlords with income over £10,000. This investment will help more taxpayers to get their tax right first time and will deliver an additional £0.7 billion of tax revenue by 2026
- £268 million to improve the agility, resilience and security of HMRC's existing IT estate.
- funding to continue HMRC's programme to consolidate its office estate into 13 large, environmentally-sustainable regional centres by 2024. This contributes to HMRC becoming a net zero carbon business and ensures there continues to be a strong HMRC presence in regions and nations across the UK
- £22 million to modernise the Valuation Office Agency's (VOA) IT systems, enabling the agency to become more flexible, efficient and resilient, and £31 million to support the revaluation of Business Rates in 2023
- The HMRC settlement also includes £20 million to fund additional resource to implement and ensure compliance with Covid-19 support schemes.

Delivering public value

6.105 This settlement includes the following priority outcomes:

- Collect the right tax and pay the right financial support
- Make it easy to get tax right and hard to bend or break the rules
- Maintain taxpayers' consent by treating everyone fairly and protecting society from harm.

HM Treasury

Table 6.28: HM Treasury

	£ billion		
	2019-20	2020-21	2021-22
Core resource DEL excluding depreciation	0.2	0.2	0.2
Core capital DEL	0.1[1]	0.0	0.0
Covid-19 resource DEL excluding depreciation	0.0	0.0	0.0[2]
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**0.3**	**0.2**	**0.3**

[1] HM Treasury's 2019-20 budget includes funding for the Digital Infrastructure Investment Fund and Charging Infrastructure Investment Fund which has been reclassified into AME and excluded from DEL growth rates

[2] HM Treasury's 2021-22 budget includes £31 million Covid-19 funding, which is not included in the department's annual average real growth rate

6.106 The HM Treasury (HMT) settlement includes:

- a £5.5 million cash increase in core resource funding from 2019-20 to 2021-22, delivering a 2 per cent average real terms increase per year since 2019-20. HM Treasury's capital budget in 2021-22 is £9 million. Average real growth in core total DEL is 3.2 per cent per year from 2019-20. Together with Covid-19 funding of £31 million this settlement ensures that HM Treasury is equipped to lead the economic response to the pandemic and capitalise on its new sovereign responsibilities and trading relationships arising from EU Exit
- £15.7 million RDEL and £6 million CDEL funding towards establishing a new economic campus in the north of England and increasing HMT's presence in Edinburgh, decentralising policy decision-making out of London and contributing to the government's ambitious levelling up agenda
- £4.7 million to establish a central capability to manage contingent liabilities which will improve our understanding and management of government's portfolio of guarantees and insurance risk.

Delivering public value

6.107 This settlement includes the following priority outcomes:

- Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes
- Level up the economy, by ensuring strong employment and increasing productivity across the regions and nations of the UK
- Ensure the stability of the macro-economic environment and financial system.

Cabinet Office

Table 6.29: Cabinet Office

	£ billion		
	2019-20	**2020-21**	**2021-22**
Core resource DEL excluding depreciation	0.5	0.8	0.6
Core capital DEL	0.1	0.1	0.5
Covid-19 resource DEL excluding depreciation	0.0	0.4	0.0
Covid-19 capital DEL	0.0	0.5	0.0
Total DEL	**0.6**	**1.8**	**1.1**

6.108 The Cabinet Office settlement includes:

- A 3.3 per cent[18] average real terms increase per year since 2019-20. The department's capital budget increases by £333 million in cash terms next year, taking core total DEL to £1.1 billion. Average real growth in core total DEL is 29.5 per cent per year from 2019-20 to 2021-22
- £228 million to support the Government's levelling up agenda through investment into the Government Property Agency. Investment in the government hubs programme supports departments in relocating 22,000 roles out of London and the South East by 2030

[18] This does not include funding for Cabinet Office to deliver the G7 summit.

- funding to support the government's ambition to modernise and reform the Civil Service and improve outcomes in public services, including:
  - £33 million to enable gov.uk to provide the public with better, more personalised public services
  - £32 million to develop a consistent way of signing into government services online
  - £30 million for the Infrastructure and Projects Authority to reform project delivery capability across government
  - £1.7 million to establish an evaluation taskforce to improve knowledge of what works
- a programme of reform to unify government communications with the ambition of bringing all communicators together under one operating model and a single employer model. The result will provide more effective, efficient, unified communication to deliver the government's priorities with one voice
- £5 million to strengthen the links across the UK by ensuring that the benefits of the Union are clear, visible and understood by all citizens
- funding to recognise the vital role played by the Cabinet Office at the centre of government in seizing the opportunities of EU Exit, and strengthening the UK's place in the world. This includes £4.1 million to create simpler and more flexible procurement rules, and £16 million seed funding for the Border and Protocol Delivery Group to develop a Single Trade Window. It also provides funding for the department to continue its crucial work on border readiness and transition through the Ports Infrastructure Fund, and £10 million to support border flow.

Delivering public value

6.109 This settlement includes the following priority outcome

- Ensure the benefits of the Union are clear, visible and understood to all citizens[19]
- Increase the efficiency, effectiveness and accountability of government through modernization and reform
- Improve levels of equality across the UK
- Seize the opportunities of EU Exit, through creating the world's most effective border to increase UK prosperity and enhance security[20]
- Secure a safe, prosperous and resilient United Kingdom by coordinating national security strategy and crisis response

[19] This is a cross-cutting outcome. Contributing departments are Scotland Office, Northern Ireland Office and Wales Office
[20] This is a cross-cutting outcome. Contributing departments are HO, Defra and HMRC

Devolved administrations

Table 6.30: Devolved administrations

	£ billion		
	2019-20	2020-21[1]	2021-22
Scottish Government[2]			
Core resource DEL excluding depreciation[3]	28.3	30.4	31.7
Core capital DEL	4.3	5.5	5.2
Covid-19 resource DEL excluding depreciation	0.0	8.2	1.3
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**32.5**	**44.1**	**38.2**
Welsh Government[2,4]			
Core resource DEL excluding depreciation[3]	11.9	12.8	13.5
Core capital DEL	2.1	2.4	2.4
Covid-19 resource DEL excluding depreciation	0.0	5.0	0.8
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**14.0**	**20.3**	**16.6**
Northern Ireland Executive[5]			
Core resource DEL excluding depreciation[3]	10.7	12.0	11.9
Core capital DEL	1.3	1.7	1.7
Covid-19 resource DEL excluding depreciation	0.0	2.8	0.5
Covid-19 capital DEL	0.0	0.0	0.0
Total DEL	**12.0**	**16.5**	**14.1**
Devolved administrations Total DEL	**58.6**	**80.9**	**68.9**

[1] These numbers are from Main Estimates 2020-21 so include one-off and time-limited spending. The underlying baselines used in the operation of the Barnett formula are published in the Statement of Funding Policy

[2] Block grant adjustments have been provided to the Scottish Government for tax and welfare devolution, and to the Welsh Government for tax devolution

[3] Figures are before block grant adjustments for tax and welfare devolution

[4] Includes the 5% needs-based Barnett formula uplift

[5] Includes the 2.5% VAT abatement

6.110 SR20 confirms an additional £4.7 billion to the devolved administrations through the Barnett formula in 2021-22, including £2.6 billion related to Covid-19, on top of their combined baseline of over £60 billion. This builds on the unprecedented £16 billion of upfront resource funding the UK government has guaranteed to the devolved administrations in 2020-21, in addition to their Budget 2020 funding for that year.

6.111 This means that:

- the Scottish Government will receive an additional £2.4 billion through the Barnett formula, with £1.1 billion of core funding and £1.3 billion in relation to Covid-19
- the Welsh Government will receive an additional £1.3 billion through the Barnett formula, with £560 million of core funding and £770 million in relation to Covid-19
- the Northern Ireland Executive will receive an additional £0.9 billion through the Barnett formula, with £380 million of core funding and £540 million in relation to Covid-19.

6.112 The core funding settlements enable the devolved administrations to invest further in public services, infrastructure and other priorities.

6.113 The Covid-19 funding ensures the devolved administrations have the means to grow the economy and support people across Scotland, Wales and Northern Ireland as we continue our response.

6.114 To determine these settlements the Barnett formula has been applied in accordance with the arrangements set out in the updated Statement of Funding Policy, published today.

6.115 On top of Barnett-based funding the UK government is also providing funding to the devolved administrations for specific purposes.

6.116 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 that farmers and land managers across the UK will receive for agri-environment and rural development projects. The UK government is providing £1.1 billion to support farmers and land managers in Scotland, Wales and Northern Ireland in 2021-22.

6.117 The UK government has committed to maintain fisheries funding across the UK in every year of this Parliament. The UK government is therefore providing almost £20 million to support the fisheries sector in Scotland, Wales and Northern Ireland in 2021-22.

6.118 Alongside the updated tax and welfare block grant adjustments that are based on the OBR's forecasts today, these SR20 settlements provide the devolved administrations with the certainty they need to set their budgets for 2021-22.

6.119 The funding for the devolved administrations sits alongside UK-wide government funding, such as increased investment in R&D, to improve digital connectivity across the UK and for the UKSPF. Investment in UK-wide programmes such as these will benefit Scotland, Wales and Northern Ireland.

Small departments and independent bodies

Table 6.31: Small departments and independent bodies (Resource DEL excluding depreciation)

	£ million		
	2019-20[1]	2020-21	2021-22[2]
Office of the Secretary of State for Scotland & Office for the Advocate General for Scotland	10.4	10.6	11.4
Northern Ireland Office	21.7	22.1	28.0
Office of the Secretary of State for Wales	5.0	5.1	5.1
National Savings and Investments	117.8	125.0	143.0
Charity Commission	24.9	27.3	28.3
Competition and Markets Authority	90.0	91.8	109.6
UK Statistics Authority[3]	276.3	426.2	483.7
HM Land Registry[4]	n/a	350.5	364.3
Office for Standards in Education, Children's Services and Skills[5]	124.0	125.2	128.8
Office of Qualifications and Examinations Regulation[5]	17.9	17.9	19.3
Food Standards Agency	97.9	102.7	105.7
The National Archives	31.2	33.5	37.8
UK Supreme Court	4.4	5.5	5.5
Economic Regulators[6]	Neg	Neg	Neg
Independent Bodies[7]	949.8	807.1	900.9
Total	**2,068.4[8]**	**2,150.5[9]**	**2,371.4**

[1] 2019-20 figures are those published at Spending Review 2019.
[2] 2021-22 totals include both core and covid-19 funding.
[3] Increases in UKSA budget in 2020-21 and 2021-22 primarily due to additional funding required for the 2021 Census.
[4] Prior to 20-21, HMLR operated as a Trading Fund and did not receive DEL budgets from HMT. In 20-21 HMLR was reclassified as a Non-Ministerial Department.
[5] The 2021-22 settlements for Ofsted and Ofqual are the same as the 2020-21 budgets set at SR19 after taking into account the permanent transfer of funding to deliver certain functions that are usually transferred in-year from the Department for Education.
[6] The economic regulators and income or levy-funded bodies include: the Government Actuary's Department (GAD), the Office of Gas and Electricity Markets (Ofgem), the Office of Rail and Road (ORR), Water Services Regulation Authority (Ofwat) and UK Export Finance (UKEF).
[7] Independent Bodies include: the Electoral Commission, House of Commons, House of Lords, Parliamentary Works Sponsor Body, Parliamentary and Health Service Ombudsman, Independent Parliamentary Standards Authority (IPSA), the Local Government Boundary Commission for England (LGBCE) and the National Audit Office (NAO). They are not formally subject to the Spending Review process and their plans reflect forecasted values.
[8] The published total for Small and Independent bodies at Spending Review 2019 was £1,770 billion. The difference of £298 million in this table is due to an addition of the HMLR figure for 2019-20 to enable a more meaningful comparison between 2021-22 budgets with 2019-20 budgets.
[9] The total for small and independent bodies published at Spending Review 2019 was £1,894 billion in 2020-21. The difference between that figure and £2,151 billion above is due to i) HMLR costs above are now included in the 2020-21 total, and ii) the remaining difference relates to a differing treatment of House of Commons funding.

6.120 The settlement for small departments and independent bodies include:

- the Territorial Offices – the Office of the Secretary of State for Scotland & the Advocate General for Scotland, the Office of the Secretary of State for Wales, and the Northern Ireland Office will receive funding to ensure they can unleash the potential of the Union and support the UK government in Scotland, Wales and Northern Ireland, respectively. This includes time-limited funding for the Northern Ireland Office in 2021-22, including to implement the New Decade, New Approach agreement and to mark the Northern Ireland Centenary in 2021
- funding to ensure Ofgem can develop regulatory regimes and enable the infrastructure needed to support the transition to net zero at least cost to consumers. The settlement will also ensure that Ofgem can make investments which will unlock the benefits of digitalisation for the organisation and for consumers.

- funding for the Competition and Markets Authority (CMA) to ensure it can continue its vital work promoting competition for the benefit of consumers, both within and outside of the UK, keeping prices low for consumers and driving innovation and productivity, which will be crucial in supporting the post-Covid-19 economic recovery. This includes additional funding to establish a new, dedicated Digital Markets Unit within the CMA in 2021-22 which will will build on the work of the Digital Markets Taskforce and begin to operationalise the key elements of the UK's regime to unlock competition in digital markets for the benefit of UK consumers and businesses
- £493.7 million total DEL for the UK Statistics Authority to deliver the Census in 2021 and support the ongoing delivery of high-quality core statistics that underpin government policy making. This includes £6.5 million of new investment to monitor the economic and social impacts of Covid-19, and to maintain the credibility of the UK's economic and fiscal framework as the UK leaves the European Statistical System
- an £18.2 million increase to UK Export Finance's resource budget, funded from premium income, to enable increased support for UK exporters and ensure continued strong risk management as the world economy recovers from Covid-19
- funding for the Food Standards Agency (FSA) to protect its vital core function in maintaining food safety and standards in the consumer interest, including following EU Transition

Delivering public value

6.121 This settlement includes the following priority outcomes:

Office of the Secretary of State for Scotland & Advocate General for Scotland:

- Support economic growth in Scotland
- Strengthen and sustain the Union and Scotland's role within it
- Increase the visibility of the UK government's commitment to Scotland.

Northern Ireland Office

- Support the levelling up of Northern Ireland's economy with the rest of the UK
- Support greater inclusion, tolerance, and openness in Northern Ireland
- Contribute to a safer Northern Ireland, where terrorist and paramilitary groups are less able to cause harm to communities
- Ensure that governance in Northern Ireland is responsive, transparent, and able to deliver effective public services.

Office of the Secretary of State for Wales

- Support economic growth in Wales
- Strengthen and sustain the Union and Wales's role within it
- Increase the visibility of the UK government's commitment to Wales.

A Impact on Equalities

A.1 The government will continue with its ambitious agenda to support the public services relied on by everyone in the UK.

A.2 Further, in line with the government's legal duties and its commitment to equalities, care has been taken to ensure that ministerial decisions at Spending Review 2020 (SR20) are informed by assessments of their impacts for those from protected characteristics. SR20 takes place against the backdrop of the Covid-19 pandemic, which the evidence suggests has disproportionately impacted some in society – in particular those with certain protected characteristics - and the government's decision to set up an independent commission to examine how to address persistent disparities between ethnic groups.[1]

A.3 The three aims of the Public Sector Equality Duty (PSED) to which public sector bodies, including government departments, must pay 'due regard' in their work are:

- preventing unlawful discrimination for those sharing any of the nine 'protected characteristics'
- promoting equality of opportunity for those sharing protected characteristics
- fostering good relations between those sharing protected characteristics and those who do not.

A.4 The protected characteristics are: race, sex, disability, sexual orientation, age, gender-reassignment, religious/other belief, pregnancy/maternity and, for the purpose of the duty not to discriminate, marriage/civil partnership.

A.5 Government departments remain responsible for their individual areas of policy and for ensuring that equalities are appropriately considered in their work, including the duty to pay 'due regard' to the aims of the PSED in coming to decisions about future spending.[2]

Illustrative examples

A.6 This section provides illustrative examples where spending allocations at SR20 will have a positive impact on those sharing the relevant protected characteristics. This indicative list focuses on those protected characteristics most likely to be disproportionately affected by the decisions taken: age, disability, race and sex.

Age

A.7 The government is committed to providing support for everyone at every stage in their lives, both during the Covid-19 pandemic and beyond, ensuring the elderly can live with the dignity they deserve and young people have the chance to realise their full potential. This is reflected in the decisions made at SR20. For instance:

[1] https://www.gov.uk/government/organisations/commission-on-race-and-ethnic-disparities

[2] Further detail on the government's legal obligations is set out at: https://www.gov.uk/government/organisations/hm-treasury/about/equality-and-diversity

- the Plan for Jobs programme focuses on helping unemployed people back to work. Most of the provision is available to all working age claimants, including work coach support, Sector-Based Work Academies, the Job Entry: Targeted Support offer and Job Finding Support. Given the particular impact the crisis has had on young people, as part of the Plan for Jobs, young people will benefit from the Kickstart Scheme. They will continue to be supported by initiatives such as: the New Youth Offer, designed to improve employability through its 13-week Youth Employment Programme, the creation of supportive youth hubs and the introduction of youth employability coaches for those with complex needs
- SR20 will support the delivery of the Long Term Plan for the NHS. It also provides significant funding for the adult social care sector. This spending disproportionally benefits older individuals
- Funding for schemes to improve air quality benefits the health and wellbeing of children and the elderly in particular as poor air quality has a disproportionate impact on these groups.

Disability

A.8 The government has ensured that the decisions made in SR20 have considered the possible impact on people with a disability to ensure they receive the support they need. This has been reflected in the spending allocations, for instance:

- targeted support helping those with disabilities to get into work, such as through the Work and Health Programme
- significant new funding in 2021-22 for new school places for children with special educational needs and disabilities
- funding for the Disabled Facilities Grant and the Care and Support Specialised Housing Fund, supporting people to live independently for longer.

Race

A.9 The potential impacts on people from ethnic minorities were carefully considered throughout SR20. For instance:

- continued funding of programmes from the British Business Bank, including an expansion of the Start-Up Loans scheme, provides funding and mentoring to people starting a business. 21 per cent of the loans under this programme have been issued to ethnic minority entrepreneurs, who make up just 4 per cent of the small and medium-sized enterprise (SME) population
- increased investment in adult skills through the National Skills Fund in 2021-22 will disproportionately benefit adult learners from ethnic minorities, whose representation in further education exceeds the population average
- by maintaining local authority spend on the public health grant (PHG), which is largely concentrated in areas of the country where there is a disproportionate representation of ethnic minorities.

Sex

A.10 In making decisions as part of SR20, the impacts on gender equality have been considered to reflect this government's commitment to full, genuine gender equality. For instance:

- the National Living Wage (NLW) is being increased to £8.91 an hour from April 2021, which is likely to disproportionately benefit women, who are more likely to be on the NLW
- new funding is being provided for early years in 2021-22 to increase the hourly rate paid to childcare providers for the government's free hours offers. This is on top of the increase confirmed at Spending Round 2019. This will support working parents and is expected to have a positive impact on maternal employment rates
- new funding is being provided to enable local authorities to meet their new duties once the Domestic Abuse Bill is enacted. The funding will ensure victims of domestic abuse, who are predominantly women, and their children, can access the support they need in safe accommodation when they need it.

Further steps being taken

A.11 Evidence provided by departments to HM Treasury also included assessments of the impact of policies on other protected groups. This informed the decisions made at the Spending Review. Illustrative examples include:

- funding for maternity and wider clinical safety, which will positively impact pregnancy/maternity to ensure mothers stay safe during their maternity care
- increasing support to the asylum system, helping more people who have fled their country in fear of persecution because of their religious beliefs, sexual orientation or gender identity.

B Shared Outcomes Fund

B.1 Spending Round 2019 announced £200 million for the Shared Outcomes Fund to fund pilot projects to test innovative ways of working across the public sector, with an emphasis on thorough plans for evaluation. The first round of the Shared Outcomes Fund is funding a wide range of projects that will run between 2020-21 and 2022-23. Spending Review 2020 announces a further £200 million will be made available for a second round of the Shared Outcomes Fund. The pilots funded by the first round are set out below, with each project's evaluation to inform future policy development and programmes:

- **drugs enforcement and treatment** (£28.0 million – Home Office (HO), Department of Health and Social Care (DHSC), Public Health England (PHE), National Crime Agency, Ministry of Justice (MoJ), Ministry of Housing, Communities & Local Government (MHCLG), National Police Chiefs Council): Five pilots across England and Wales to take a whole-system response to tackling drug use through better join up of local law enforcement agencies, prisons and health and social care services
- **transition to adulthood hubs** (£3.0 million– MoJ, Youth Justice Board, MHCLG, DHSC): This pilot aims to reduce reoffending by meeting the needs of young adults (18-25) and 17-year olds due to transition from youth offending services into adult probation services in London. The pilot will co-locate Youth Offending Services and probation staff alongside other services for young adults to create smoother transitions
- **prison leavers** (£20.0 million – MoJ, Department for Work and Pensions (DWP), MHCLG, Department for Digital, Culture, Media & Sport (DCMS), DHSC, Department for Education (DfE), NHS England): The project will work closely with service users and stakeholders from across government, and the third and private sectors to test ways to improve the social inclusion of people leaving prison, and reduce reoffending
- **creating opportunities forum for tackling serious violence** (£3.7 million – HO, DWP, DCMS, DHSC, DfE): This pilot will work with the private and third sectors to generate employment opportunities and wraparound support packages for vulnerable young people at risk of serious violence
- **grand avenues** (£0.5 million – MoJ, Her Majesty's Prison and Probation Service): This pilot aims to bring service providers together to work with offenders and their families in a community focussed way to address issues around intergenerational offending
- **early intervention** (£1.8 million – MoJ, HO, MHCLG, DHSC): This pilot will work with police and health specialists to better join up services for police forces to manage offences outside of court, understand which interventions are effective, and improve data on the impact of the interventions on reoffending
- **criminal justice system demand insights** (£1.0 million – MoJ, HO, Crown Prosecution Service): This pilot aims to improve understanding of the whole system dynamics between policing and prisons, improving resource planning and enhancing future demand forecast capability

- **regionalisation of serious and organised crime powers and the management of serious crime prevention orders** (SCPOs) (£0.3 million – HO, MoJ): This pilot will test a new approach to improve the management and monitoring of SCPOs in the South East region
- **data improvement** (£9.6 million – DfE, HO, MHCLG, DHSC, MoJ, DCMS, CO): A pilot designed to improve the cross-departmental evidence base and use of data to inform policy decisions and service delivery for children and young people
- **open regulation platform** (£4.6 million – Department for Business, Energy & Industrial Strategy (BEIS), Department for International Trade (DIT), DCMS, Government Digital Service): This pilot will test processing and enriching business regulation into machine readable data, and making it publicly available to enable third parties to develop tools that help businesses identify and comply with regulatory obligations
- **small cell 5G development** (£7.0 million – DCMS, Department for Transport (DfT)): This project aims to increase 5G network capacity by working with local authorities to purchase multi-use 'street furniture'
- **online harms** (£2.7 million – DCMS, HO, Cabinet Office (CO), DHSC): This pilot will test innovative solutions to establish permanent systems to improve data sharing, reducing online harms
- **emerging drone technology** (£1.6 million – DfT, BEIS): This pilot provides access to match-funding to UK businesses and other organisations to undertake drone trialling activity and share learning on commercial drone use
- **multiple complex needs** (£46.0 million – MHCLG, DHSC, MoJ, HO, CO, DCMS, NHS England, PHE): Fifteen pilots to establish multi-agency partnerships testing interventions to improve the lives of adults who are affected by a combination of three or more of: homelessness; criminal offending; substance misuse; domestic abuse; or poor mental health
- **out-of-hospital care models** (£15.9 million – DHSC, MHCLG, MoJ, HO): This pilot is designed to improve access to a pathway of step-down accommodation and support from hospital for individuals who are homeless
- **cross-government refugee transitions outcomes fund** (£10.0 million – HO, DWP, MHCLG, LAs): This pilot will help support the self-sufficiency of newly granted refugees across the UK, by delivering employment support and housing support
- **loneliness** (£5.9 million – DfT, MHCLG, DCMS, CO, NHS England): This pilot will provide grants for organisations to use transport-related schemes to reduce loneliness
- **early legal advice** (£5.0 million – MoJ, MHCLG, DWP): This pilot will trial early legal advice in social welfare law to those whose issues have the propensity to reach crisis point and later require representation in court
- **growing up well** (£11.8 million – DfE, DHSC, DWP, MHCLG, CO): This pilot aims to improve cognitive and non-cognitive outcomes (such as language skills and health) for disadvantaged and vulnerable 0-5 year olds through improving the family user experience of early years services
- **green social prescribing and mental health** (£4.3 million– Department for Environment, Food & Rural Affairs (DEFRA), DCMS, DHSC, MHCLG, Natural England, PHE, NHS England): The project will examine how to scale-up green social prescribing services to help improve mental health outcomes and reduce health inequalities

- **place-based working** (£5.0 million– MHCLG, DCMS, DEFRA, DfE, DHSC, DWP, HO, MoJ, CO): This pilot will test a new place-based model of policy design and delivery which drives greater cross-Whitehall coordination
- **unlocking Solent housing** (£3.9 million– DEFRA, MHCLG, Natural England, Environment Agency, Forestry Commission): The pilot will develop and trial a nutrient trading platform and reverse auction process, connecting developers with land managers willing to deliver nature-based solutions for nitrate pollution mitigation
- **increasing non-woodland tree cover** (£2.5 million– DEFRA, MHCLG and other key stakeholders): This pilot will develop new approaches to planting or encouraging trees outside woodlands, to improve tree cover, ecological restoration and climate change mitigation and adaptation
- **offshore wind enabling actions programme** (£4.3 million– DEFRA, BEIS): A programme designed to increase understanding of the environmental impacts of offshore wind and find strategic solutions to reduce barriers to its expansion in English waters.

C Statistical annex

C.1 This annex provides further details of the projections of public expenditure that result from decisions made in the Spending Review.

C.2 In the spending framework, spending is broken down into departmental expenditure limits (DEL) and annually managed expenditure (AME). Fixed DEL budgets are set for each department. Spending that is considered difficult to control within fixed budgets due to its size or volatility is categorised as AME. Budgets are separated into capital, which generally equates to spending that scores within Public Spending Gross Investment (PSGI) in the national accounts, and resource, generally within Public Sector Current Expenditure (PSCE).

C.3 Table C.1 sets out the composition of Total Managed Expenditure (TME) over the forecast period. TME is the totality of public sector spending, DEL and AME, current and capital. The difference between TME and current receipts is Public Sector Net Borrowing (PSNB). Table C.1 sets out total current and capital spending for the Spending Review and how this breaks down into resource departmental expenditure limits (RDEL), resource annually managed expenditure (AME), capital departmental expenditure limits (CDEL) and Capital AME. RDEL and CDEL are further broken down to show core RDEL and Covid-19 funding.

C.4 Accounting adjustments reconcile DEL and AME budgets with the National Accounts definitions of PSCE, PSGI and TME. An explanation of these adjustments is provided at Annex D of PESA 2020.

C.5 Table C.2 sets out total departmental expenditure limits (TDEL) by department. Tables C.3 and C.4 set out resource and capital DEL by department. In Tables C.2, C.3 and C.4, expenditure is broken down into core funding, Covid-19 funding and total funding including Covid-19. Covid-19 funding is shown separately as it is temporary, and ringfenced in departmental settlements.

C.6 In Tables C.2 and C.3 the 2019-20 RDEL figures differ from departmental outturn because the tables show RDEL baselines. As at all spending reviews and spending rounds, baselines are adjusted to represent ongoing spend, with one-off or time limited spend removed and ongoing spend funded from the reserve baselined. This provides a consistent starting point from which to conduct the Spending Review. As with all spending reviews and spending rounds, year-on-year real growth figures are calculated using GDP deflators consistent with the OBR's latest forecast.

C.7 A proportion of RDEL, in particular depreciation, is not currently used in measurement of the fiscal aggregates by the ONS and so does not directly impact on the government's fiscal mandate or on the level of Public Sector Net Debt (PSND) or Public Sector Net Borrowing (PSNB). Tables C.2 and C.3, which set out Programme and Administration Budgets, therefore exclude depreciation.

C.8 Table C.4 shows departmental administration budgets within RDEL. Administration budgets limit expenditure on running costs of central government which do not directly support frontline public services, for example, business support services, the provision of policy advice, accommodation and office services. These represent limits within the overall RDEL settlements set out elsewhere in this document, rather than additional spending.

C.9 Select multi-year capital commitments have been agreed to drive progress on existing infrastructure plans as well as targeting investment towards areas which will improve the UK's competitiveness in the longer-term. Table C.6 details these capital commitments for the period 2021-22 to 2024-25.

C.10 Financial transactions are a part of departmental capital DEL budgets. Table C.7 below details departmental plans for financial transactions that contribute to net lending in 2021-22.

C.11 Distributional analysis shows the impact of tax, welfare and public service spending changes on household incomes. HM Treasury will publish a full distributional analysis of this Spending Review alongside the next Budget, which will also capture the impact of the Budget's other relevant announcements.

Table C.1: Total managed expenditure[1] (£ billion, unless otherwise stated)

	2019-20[2]	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2019-20 to 2021-22 AARG[3]	2021-22 to 2025-26 AARG[3]
Current expenditure									
Resource AME	409.1	494.0	422.9	435.6	450.0	463.4	481.0		
Resource DEL excluding depreciation[4]	345.2	506.1	439.6	397.0	412.8	430.5	449.1		
of which:									
Core RDEL excluding depreciation[5]	*343.0*	*369.9*	*384.6*	*397.0*	*412.8*	*430.5*	*449.1*	*3.8%*	*2.1%*
of which:									
Covid-19 Funding	*2.2*	*141.1*	*55.0*	*0.0*	*0.0*	*0.0*	*0.0*		
Ring-fenced depreciation	35.6	28.8	30.3	31.3	32.5	33.9	35.4		
Total public sector current expenditure	**790.0**	**1028.9**	**892.8**	**863.8**	**895.3**	**927.8**	**965.4**	**1.2%**	**1.8%**
Capital expenditure									
Capital AME	23.3	29.4	18.3	19.4	22.9	23.3	23.3		
HMT Capital DEL	70.4	106.3	100.4	107.3	109.1	112.8	117.4		
of which:									
Core CDEL[6]	*70.4*	*97.2*	*99.8*	*107.3*	*109.1*	*112.8*	*117.4*	*15.9%*	*2.1%*
of which:									
Covid-19 Funding	*0.0*	*9.1*	*0.6*	*0.0*	*0.0*	*0.0*	*0.0*		
Total public sector gross investment	**93.7**	**135.7**	**118.7**	**126.7**	**132.0**	**136.1**	**140.7**	**10.2%**	**2.7%**
Total managed expenditure	**883.7**	**1164.6**	**1011.5**	**990.5**	**1027.4**	**1064.0**	**1106.1**	**2.2%**	**1.9%**
Total managed expenditure % of GDP	*39.8%*	*56.3%*	*45.6%*	*42.1%*	*42.1%*	*42.0%*	*41.9%*		
of which:									
Core Total DEL	*413.4*	*467.1*	*484.4*	*504.3*	*521.9*	*543.3*	*566.5*	*6.0%*	*2.1%*

1. Resource DEL excluding ring-fenced depreciation (RDEL ex.) is the Treasury's primary control within resource budgets and is the basis on which departmental Spending Review settlements are agreed. HMT Capital DEL is the Treasury's primary control within capital budgets and is the basis on which departmental Spending Review settlements are agreed. The OBR publishes Public Sector Current Expenditure (PSCE) in DEL and AME, and Public Sector Gross Investment (PSGI) in DEL and AME. A reconciliation is published by the OBR.

2. 2019-20 is shown as outturn except for Core Resource DEL, which is based on Spending Round 2019 plans, and Covid-19 funding, which is approved Budget cover.

3. The annual average real growth rates (AARG) exclude DEL Covid-19 expenditure. Growth rates for Core Resource DEL and Core Capital DEL are also adjusted for one-off and time-limited funding. The AARG covers 2019-20 to 2021-22 due to the atypical movement of the GDP deflator caused by Covid-19.

4. Resource DEL excluding ring-fenced depreciation (RDEL ex.) is shown on a redefined basis following the reclassification of Scottish Block Grant Adjustments, which are now excluded from RDEL ex. This increases RDEL ex. by up to £12 billion in a given year, relative to Spring Budget 2020. The reclassification is fiscally neutral and does not impact Scottish Government spending power.

5. Core Resource DEL and Covid-19 funding in 2020-21 does not sum to Resource DEL due to the use of £5 billion from the core reserve to provide funding for Covid-19.

6. Core HMT Capital DEL in 2020-21 is as shown in the Capital DEL table and includes Spring Budget 2020 plans, Plans for Jobs capital package and additional one-off expenditure. In 2021-22, the number reflects a fiscally neutral reduction for business rates retention pilots.

Table C.2: Departmental Budgets (Total DEL excluding depreciation)

£ billion	Core funding					Covid funding		Total inc Covid		
	2019 baseline 2019-20	2020 baseline 2020-21	Plans 2021-22	Nominal uplift, 2020-21 vs 2021-22	Year-on-year real growth 2019-20 to 2021-22[1]	Plans 2020-21	Plans 2021-22	Plans 2020-21	Plans 2021-22	Year-on-year real growth 2019-20 to 2021-22
Total DEL excluding depreciation[2]										
Health and Social Care	139.4	149.8	156.4	6.6	4.0%	51.9	20.3	201.7	176.7	10.5%
Education	68.9	72.9	76.4	3.5	3.4%	1.4	0.4	74.3	76.8	3.6%
Home Office	12.8	13.6	14.6	1.0	5.0%	1.2	0.0	14.8	14.6	5.1%
Justice	8.1	9.5	9.8	0.4	8.0%	0.3	0.2	9.7	10.1	9.4%
Law Officers' Departments	0.6	0.7	0.7	0.0	7.9%	0.0	0.0	0.7	0.7	7.9%
Defence	40.0	41.2	46.0	4.8	5.2%	0.0	0.0	41.2	46.0	5.2%
Single Intelligence Account	2.6	3.3	3.1	0.2	5.4%	0.0	0.0	3.3	3.1	5.4%
Foreign, Commonwealth and Development Office	11.7	13.0	9.8	-4.4	-15.2%	0.1	0.0	13.1	9.8	-15.2%
MHCLG Local Government	6.1	5.4	8.5	2.0	7.8%	14.5	3.0	19.9	11.5	24.2%
MHCLG Housing and Communities	9.9	16.0	9.7	-5.4	-2.6%	0.3	0.2	16.3	9.9	-1.8%
Transport	17.9	22.2	23.5	1.3	12.6%	12.8	2.1	35.0	25.5	17.4%
Business, Energy and Industrial Strategy	13.4	18.7	18.0	-0.7	13.8%	20.5	1.7	39.2	19.7	19.0%
Digital, Culture, Media and Sport	2.1	2.3	2.4	0.1	5.2%	2.7	0.0	5.0	2.4	5.2%
Environment, Food and Rural Affairs	2.7	4.8	5.8	1.0	44.6%	0.5	0.0	5.3	5.8	44.6%
International Trade	0.5	0.5	0.5	0.0	1.3%	0.0	0.0	0.6	0.5	1.3%
Work and Pensions	5.7	6.0	5.9	-0.1	0.5%	1.9	3.7	7.9	9.6	28.1%
HM Revenue and Customs	4.1	4.3	5.3	1.0	12.3%	0.1	0.0	4.4	5.4	12.5%
HM Treasury	0.3	0.2	0.2	0.0	3.2%	0.0	0.0	0.2	0.3	10.0%
Cabinet Office	0.6	0.9	1.1	0.2	21.7%	0.9	0.0	1.8	1.1	21.7%
Scotland	32.5	36.1	36.9	0.7	4.5%	8.2	1.3	44.3	38.2	6.3%
Wales	14.0	15.3	15.9	0.6	4.5%	5.0	0.8	20.3	16.6	7.0%
Northern Ireland	12.0	13.7	13.6	-0.1	4.4%	2.8	0.5	16.5	14.1	6.4%
Small and Independent Bodies	2.6	2.7	2.9	0.2	3.5%	0.0	0.0	2.7	2.9	3.5%
Reserves	6.0	13.9	15.8	1.9	59.5%	25.3	21.3	34.3	37.1	144.2%

£ billion	Core funding					Covid funding		Total inc Covid		
	2019 baseline 2019-20	2020 baseline 2020-21	Plans 2021-22	Nominal uplift, 2020-21 vs 2021-22	Year-on-year real growth 2019-20 to 2021-22[1]	Plans 2020-21	Plans 2021-22	Plans 2020-21	Plans 2021-22	Year-on-year real growth 2019-20 to 2021-22
Costs for leases reclassification exercise (IFRS16)	0.0	0.0	1.5	1.5	N/A	0.0	0.0	0.0	1.5	N/A
Adjustment for baselined funding	-1.1	0.0	0.0	0.0	N/A	0.0	0.0	0.0	0.0	N/A
Total DEL excluding depreciation	**413.4**	**467.1**	**484.4**	**16.3**	**6.0%**	**150.3**	**55.6**	**612.4**	**540.0**	**11.9%**
Allowance for shortfall	-	-	-	-	-	-	-	**-21.8**	**-13.4**	**N/A**
Total DEL excluding depreciation, post allowance for shortfall	**413.4**	**467.1**	**484.4**	**16.3**	**6.0%**	**150.3**	**55.6**	**590.6**	**526.6**	**10.5%**

[1] The year-on-year real growth covers 2019-20 to 2021-22 due to the atypical movement of the GDP deflator caused by Covid-19.

[2] Total DEL is the sum of Resource DEL ex and Capital DEL and includes the adjustments set out in the Resource DEL and Capital DEL tables. See footnotes to those tables for further details.

Table C.3: Departmental Programme and Administration Budgets (Resource DEL excluding depreciation)

£ billion	Core funding					Covid-19 funding		Total including Covid-19		
	2019 baseline[1] 2019-20	2020 baseline[2] 2020-21	Plans[3] 2021-22	Nominal uplift, 2020-21 vs 2021-22	Year-on-year real growth 2019-20 to 2021-22[4]	Plans[5,6] 2020-21	Plans[6] 2021-22	Plans 2020-21	Plans 2021-22	Year-on-year real growth 2019-20 to 2021-22
Resource DEL excluding depreciation[7]										
Health and Social Care	132.4	140.5	147.1	6.6	3.5%	50.1	20.3	190.6	167.4	10.4%
of which: NHS England	123.7	129.9	136.1	6.3	3.0%	9.5	3.0	139.4	139.1	4.1%
Education	64.0	67.8	70.7	2.9	3.2%	1.4	0.4	69.2	71.1	3.5%
of which: schools	44.4	47.6	49.8	2.2	3.9%	0.0	0.0	47.6	49.8	3.9%
Home Office	12.0	12.8	13.7	0.9	4.9%	1.2	0.0	14.0	13.7	5.0%
Justice	7.6	8.3	8.4	0.1	3.3%	0.3	0.2	8.6	8.7	4.8%
Law Officers' Departments	0.6	0.7	0.7	0.0	8.0%	0.0	0.0	0.7	0.7	8.0%
Defence	29.7	30.7	31.5	0.9	1.1%	0.0	0.0	30.7	31.5	1.1%
Single Intelligence Account[8]	2.0	2.4	2.2	0.1	2.3%	0.0	0.0	2.4	2.2	2.3%
Foreign, Commonwealth and Development Office[9]	9.5	10.3	7.4	-2.9	-15.5%	0.0	0.0	10.4	7.4	-15.5%
MHCLG Local Government[10]	6.1	5.4	8.5	2.0	7.8%	14.5	3.0	19.9	11.5	24.2%
MHCLG Housing and Communities[11]	1.6	2.7	1.9	0.2	8.9%	0.2	0.2	2.9	2.1	13.6%
Transport	3.5	4.0	4.7	0.7	13.8%	12.6	2.1	16.6	6.8	36.4%
Business, Energy and Industrial Strategy	2.2	2.2	2.4	0.3	3.3%	18.6	1.3	20.8	3.7	27.1%
Digital, Culture, Media and Sport	1.5	1.7	1.6	0.0	2.3%	2.0	0.0	3.7	1.6	2.3%
Environment, Food and Rural Affairs[12]	1.9	3.9	4.3	0.4	46.1%	0.5	0.0	4.3	4.3	46.1%
International Trade	0.5	0.5	0.5	0.0	1.8%	0.0	0.0	0.5	0.5	1.8%
Work and Pensions	5.6	5.8	5.6	-0.2	-1.7%	1.8	3.6	7.6	9.2	25.9%
HM Revenue and Customs	3.7	4.0	4.8	0.8	10.6%	0.1	0.0	4.1	4.8	10.9%
HM Treasury	0.2	0.2	0.2	0.0	2.0%	0.0	0.0	0.2	0.3	8.9%
Cabinet Office[13]	0.5	0.8	0.6	-0.2	3.3%	0.4	0.0	1.2	0.6	3.3%
Scotland[14]	28.3	30.6	31.7	1.0	3.9%	8.2	1.3	38.8	33.0	6.0%
Wales[15]	11.9	12.8	13.5	0.7	4.7%	5.0	0.8	17.8	14.3	7.6%

£ billion	Core funding					Covid-19 funding		Total including Covid-19		
	2019 baseline[1]	2020 baseline[2]	Plans[3]	Nominal uplift, 2020-21 vs	Year-on-year real growth 2019-20 to	Plans[5,6]	Plans[6]	Plans	Plans	Year-on-year real growth 2019-20 to
	2019-20	2020-21	2021-22	2021-22	2021-22[4]	2020-21	2021-22	2020-21	2021-22	2021-22
Northern Ireland	10.7	12.0	11.9	0.0	3.8%	2.8	0.5	14.8	12.5	6.1%
Small and Independent Bodies[16]	2.1	2.2	2.4	0.2	5.1%	0.0	0.0	2.2	2.4	5.1%
Reserves	6.0	7.7	8.1	0.4	14.3%	21.3	21.3	24.1	29.4	117.4%
Adjustment for baselined funding	-1.1	0.0	0.0	0.0	N/A	0.0	0.0	0.0	0.0	N/A
Total Resource DEL excluding depreciation	**343.0**	**369.9**	**384.6**	**14.8**	**3.8%**	**141.1**	**55.0**	**506.1**	**439.6**	**11.0%**
Allowance for shortfall	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-12.0**	**-6.1**	**N/A**
Total Resource DEL excluding depreciation, post allowance for shortfall	**343.0**	**369.9**	**384.6**	**14.8**	**3.8%**	**141.1**	**55.0**	**494.1**	**433.5**	**10.2%**
Memo:										
Local Government Core Spending Power[17]	46.2	49.0	51.2	2.2	3.3%					

[1] Baselines are adjusted to represent ongoing spend, with one-off or time limited spend removed.

[2] 2020-21 figures reflect latest control totals. The underlying baselines used in the operation of the Barnett formula are published in the Statement of Funding Policy.

[3] Settlements include a provisional amount of ODA. The Foreign Secretary will run a cross-government process after Spending Review 2020 to review how ODA is allocated against the government's priorities.

[4] The year-on-year real growth covers 2019-20 to 2021-22 due to the atypical movement of the GDP deflator caused by Covid-19.

[5] Core Resource DEL and Covid-19 funding in 2020-21 does not sum to Resource DEL, due to the use of £5 billion from the core reserve to provide funding for Covid-19.

[6] The Covid-19 numbers include funding for public services in DEL (as set out in table 2.1) and business support in DEL.

[7] Resource DEL excluding depreciation is the Treasury's primary control total within resource budgets and the basis on which Spending Review settlements were made.

[8] The 2020-21 main estimate, for the Single Intelligence Account, includes transfers to and from other government departments. Nominal uplift figures are adjusted to be net of these transfers.

[9] All years include the Conflict Security and Stability Fund and Prosperity Fund. 2019-20 and 2020-21 figures have been adjusted to ensure they are comparable with 2021-22 plans. The FCDO's Resource DEL growth rate has been adjusted to account for a £0.4 billion Capital DEL to Resource DEL switch in 2019-20. For 2019-20, DFID received £0.4 billion Resource DEL at Supplementary Estimates which is not reflected here.

[10] 2021-22 figures are not comparable with previous years because 2019-20 and 2020-21 are reduced by Business Rates Retention pilots that switched spending into AME from DEL. A switch at main estimates in 2020-21 of £0.9 billion from Local Government DEL to MHCLG Housing and Communities DEL, has been adjusted for in the nominal uplift calculation. The Main Estimate in 2020-21 is also reduced by £1.5 billion due to that amount being brought forward into 2019-20.

[11] MHCLG Housing and Communities Main Estimates figure in 2020-21 includes a number of Budget Cover Transfers, including £0.9 billion from Local Government DEL for the New Homes Bonus. Adjusting for this, MHCLG's cash uplift from 20-21 to 21-22 will be £0.2 billion.

[12] The Department for Environment and Rural Affairs settlement includes CAP and Fisheries EU replacement funding, with 2020-21 adjusted to make it comparable. The growth rate is due to the inclusion of CAP and Fisheries, with no comparable spend in 2019-20.

[13] The Cabinet Office growth rate has been adjusted for one-off G7 costs included in their 2021-22 control total.

[14] Resource DEL excluding ring-fenced depreciation (RDEL ex.) is shown on a redefined basis following the reclassification of Scottish Block Grant Adjustments, which are now excluded from RDEL ex. This increases RDEL ex. by up to £12 billion in a given year, relative to Spring Budget 2020. The reclassification is fiscally neutral and does not impact Scottish Government spending power.

[15] The Welsh Government's Resource DEL block grant is shown after adjustments for tax devolution.

[16] A detailed breakdown of Small and Independent Bodies is set out in Table 6.32.

[17] The figure for Core Spending Power is an estimate and subject to data changes. Final figures will be published as part of the 2021-22 Local Government Finance Settlement.

Table C.4: Departmental Administration Budgets

	Total administration budget (£million)	
	2020-21 plans[1]	2021-22 plans[2]
Resource DEL excluding depreciation[3]		
Health and Social Care	2,454	2,464
Education[4]	488	488
Home Office	361	361
Justice	466	456
Law Officers Departments	53	58
Defence[5]	1,982	1,982
Single Intelligence Account	77	81
Foreign, Commonwealth and Development Office[6]	336	284
MHCLG Housing and Communities	301	300
Transport	286	333
Business, Energy and Industrial Strategy	546	577
Digital, Culture, Media and Sport	238	221
Environment, Food and Rural Affairs	750	805
International Trade	209	217
Work and Pensions	792	869
HM Revenue and Customs	890	890
HM Treasury	252	239
Cabinet Office[7]	300	306
Small and Independent Bodies[8]	298	343
Total administration budgets	**11,078**	**11,275**

[1] 2020-21 administration budgets are the figures as of Spring Budget 2020, with the exception of Small and Independent Bodies where the figure is based on 2020-21 plans published at the Spending Round 2019.

[2] 2021-22 administration budgets include both core administration funding as well as additional ringfenced administration costs for Covid-19.

[3] Small and independent bodies include only those subject to the administration budget regime.

[4] The 2020-21 administration budget for the Department for Education is not comparable with previous years, as there will be budgetary switches largely from a number of classification changes due to accounting rules, for example revisions in the structure of rental payments, school resource management and for the student loan company.

[5] The Ministry of Defence's administration budget is provisional and will be finalised at Main Estimates.

[6] The Foreign Commonwealth and Development Office's figures in 2020-21 are the sum of administration budgets for the previous Foreign and Commonwealth Office and Department for International Development.

[7] Once the Department for Exiting the EU was closed down, £68 million of its administration costs went to the Cabinet Office, and £28m went to other government departments.

[8] This includes the administration budgets for the Food Standards Agency (FSA). FSA Resource DEL budgets have been reclassified to 100% administration from 2021-22, which means their administration budget increases significantly when compared to 2020-21.

Table C.5: Departmental Capital Budgets (Capital DEL)

£ billion	Core Funding					Covid-19 funding		Total including Covid-19		
	Outturn 2019-20	Core Spending[1] 2020-21	Plans[2] 2021-22	Nominal uplift, 2020-21 vs 2021-22	Year-on-year real growth 2019-20 to 2021-22[3]	Plans 2020-21	Plans 2021-22	Plans 2020-21	Plans 2021-22	Year-on-year real growth 2019-20 to 2021-22
Capital DEL										
Health and Social Care[4]	7.0	9.3	9.4	0.1	13.4%	1.8	0.0	11.1	9.4	13.4%
Education	4.9	5.1	5.6	0.5	5.6%	0.0	0.0	5.1	5.6	5.6%
Home Office	0.8	0.8	0.9	0.1	6.4%	0.0	0.0	0.8	0.9	6.4%
Justice	0.5	1.2	1.4	0.2	63.1%	0.0	0.0	1.2	1.4	63.1%
Law Officers' Departments	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0	0.0%
Defence[5]	10.3	10.5	14.4	3.9	16.4%	0.0	0.0	10.5	14.4	16.4%
Single Intelligence Account	0.6	0.8	0.9	0.1	14.5%	0.0	0.0	0.8	0.9	14.5%
Foreign, Commonwealth and Development Office[6]	2.2	2.7	2.4	-1.5	-14.3%	0.1	0.0	2.8	2.4	-14.3%
MHCLG Housing and Communities[7]	8.3	13.3	7.8	-5.6	-5.0%	0.1	0.0	13.4	7.8	-5.0%
Transport[8]	14.3	18.2	18.8	0.6	12.3%	0.2	0.0	18.3	18.8	12.3%
Business, Energy and Industrial Strategy[9]	11.2	16.6	15.6	-1.0	15.7%	1.9	0.5	18.4	16.1	17.4%
Digital, Culture, Media and Sport	0.6	0.6	0.8	0.1	12.4%	0.6	0.0	1.3	0.8	12.4%
Environment, Food and Rural Affairs	0.8	0.9	1.6	0.6	40.6%	0.0	0.0	0.9	1.6	40.6%
International Trade	0.0	0.0	0.0	0.0	-14.5%	0.0	0.0	0.0	0.0	-14.5%
Work and Pensions	0.1	0.2	0.3	0.1	100.5%	0.0	0.1	0.3	0.5	134.7%
HM Revenue and Customs	0.3	0.4	0.6	0.2	29.6%	0.0	0.0	0.4	0.6	29.6%
HM Treasury[10]	0.1	0.0	0.0	0.0	83.1%	0.0	0.0	0.0	0.0	83.1%
Cabinet Office[11]	0.1	0.1	0.5	0.3	106.2%	0.5	0.0	0.6	0.5	106.2%
Scotland	4.3	5.5	5.2	-0.3	8.2%	0.0	0.0	5.5	5.2	8.2%
Wales[12]	2.1	2.4	2.4	-0.1	3.4%	0.0	0.0	2.4	2.4	3.4%
Northern Ireland[13]	1.3	1.7	1.7	-0.1	8.8%	0.0	0.0	1.7	1.7	8.8%
Small and Independent Bodies	0.5	0.5	0.5	-0.1	-3.8%	0.0	0.0	0.5	0.5	-3.8%
Reserves[14]	0.0	6.2	7.7	1.5	-	4.0	0.0	10.2	7.7	-
Funding for leases reclassification exercise (IFRS16)	0.0	0.0	1.5	1.5	N/A	0.0	0.0	0.0	1.5	N/A

£ billion	Core Funding					Covid-19 funding		Total including Covid-19		
	Outturn 2019-20	Core Spending[1] 2020-21	Plans[2] 2021-22	Nominal uplift, 2020-21 vs 2021-22	Year-on-year real growth 2019-20 to 2021-22[3]	Plans 2020-21	Plans 2021-22	Plans 2020-21	Plans 2021-22	Year-on-year real growth 2019-20 to 2021-22
Total Capital DEL	**70.4**	**97.2**	**99.8**	**1.5**	**15.9%**	**9.1**	**0.6**	**106.3**	**100.4**	**16.2%**
o/w Spring Budget 2020 plans	-	*88.5*	-	-	-	-	-	-	-	*N/A*
o/w additional infrastructure spending: Plan for Jobs capital package	-	*5.6*	-	-	-	-	-	-	-	*N/A*
o/w other one-off spending excluding Covid-19	-	*3.1*	-	-	-	-	-	-	-	*N/A*
Remove CDEL not in PSGI[15]	-12.4	-	-	-	-	-	-	-24.5	-11.2	N/A
Allowance for Shortfall[16]	-	-	-	-	-	-	-	-9.8	-7.3	N/A
Public Sector Gross Investment in CDEL	**58.0**	**-**	**-**	**-**	**-**	**-**	**-**	**72.0**	**81.9**	**N/A**

[1] 2020-21 core spending is Main Estimates 2020-21 totals with additional funding on top that was agreed at the Plan for Jobs. It also includes a £3.1bn adjustment in the Reserve to reflect non-fiscal and other budgetary adjustments. It excludes any Covid-19 funding.

[2] All settlements include a provisional amount of ODA. ODA allocations will be subject to a post-SR review process led by the Foreign Secretary.

[3] The year-on-year real growth covers 2019-20 to 2021-22 due to the atypical movement of the GDP deflator caused by Covid-19.

[4] DHSC Capital DEL in 2020-21 is higher than 2021-22 due to additional infrastructure funding provided in-year as part of the Plan for Jobs and Covid-19 spending.

[5] MoD Capital DEL does not include Dreadnought contingency, which is provisioned for in the Reserve.

[6] All years include the Conflict Security and Stability Fund and Prosperity Fund. 2019-20 and 2020-21. FCDO Capital DEL does not include £1 billion (2019-20) and £1.1 billion (2020-21) which was switched to Capital AME. 2021-22 figures do include this in Capital DEL, so the year-on-year real growth and uplift have been corrected for this inconsistency.

[7] MHCLG Housing and Communities' Capital DEL budget in 2020-21 is higher than in 2021-22 due to transitions in housing and local growth programmes (including the transition from the current Help to Buy scheme to the new 2021-2023 scheme targeted at first time buyers only), updated forecasts and a technical adjustment to MHCLG's Financial Transactions total. The 2021-22 number does not include the Levelling Up Fund, which is provisioned for in the HMT Reserve and will be allocated in due course.

[8] DfT Capital DEL in 2021-22 does not include the Levelling Up Fund, which is provisioned for in the HMT Reserve and will be allocated in due course.

[9] BEIS Capital DEL in 2020-21 is higher than 2021-22 due to homes and buildings decarbonisation funding provided in-year as part of Plan for Jobs and Covid-19 spending.

[10] HM Treasury 2019-20 outturn includes funding for the Digital Infrastructure Investment Fund and Charging Infrastructure Investment Fund which has been reclassified into AME. The HM Treasury growth rate has been adjusted for this.

[11] Cabinet Office Capital DEL increase reflects transfer of functions from other government departments including borders spending.

[12] Welsh Government Capital DEL includes the 5% needs-based uplift.

[13] Northern Ireland Capital DEL funding includes the 2.5% VAT abatement.

[14] The Reserve line includes funding for the Covid-19 response.

[15] Capital DEL that does not form part of public sector gross investment in Capital DEL, including financial transactions in Capital DEL and Scottish Government capital.

[16] The OBR's forecast of underspends in Capital DEL.

Table C.6: Multi-year capital programme settlements

	£ billion[9]				
	2021-22	2022-23	2023-24	2024-25	Total
Transport					
High Speed[2]	5.2	5.7	5.8	5.9	**22.6**
Network Rail's Control Period 6[1]	5.8	5.8	5.8	-	**17.5**
Road Investment Strategy[2]	3.8	4.4	4.8	5.0	**18.0**
Intra-city transport settlements	-	0.8	0.8	0.8	**2.5**
Digital Infrastructure					
Gigabit broadband[2]	0.1	0.3	0.4	0.5	**1.2**
Climate Change					
Flood Defences[3]	0.9	0.9	0.9	0.9	**3.6**
Electric vehicle charging and plug-in grants	0.4	0.6	0.5	0.4	**1.9**
Carbon Capture and Storage	0.1	0.2	0.3	0.4	**1.0**
Low-carbon hydrogen production and trialling[4]	0.0	0.1	0.1	0.1	**0.3**
Offshore Wind: ports and manufacturing infrastructure	0.1	0.1	-	-	**0.2**
Automotive Transformation Fund	0.0	0.1	0.1	0.1	**0.4**
Housing					
National Home Building Fund (including loans)	2.0	2.2	2.0	0.9	**7.1**
Affordable Homes Programme[5]	2.0	2.5	2.6	2.6	**9.6**
Public Services					
Hospital building programme (40 new hospitals)	0.6	0.6	0.9	1.7	**3.7**
Hospital upgrade programme	0.7	0.5	0.3	0.2	**1.7**
18,000 prison places	0.7	0.9	1.5	1.0	**4.0**
Further Education College Estate[6]	0.1	0.3	0.3	0.3	**1.0**
Defence, Security and Science					
Defence capital settlement[7]	14.4	15.6	16.0	16.0	**62.0**
Research and Development[8]	4.8	5.5	6.0	0.3	**16.6**
Domestic nuclear security	0.1	0.1	0.1	0.1	**0.3**
Total	**41.8**	**47.1**	**49.2**	**37.0**	**175.2**

[1] Control Period 6 ends in 2023-24. Funding for Control Period 7 will be set out in due course.
[2] This is the first 4 years of the £5 billion Gigabit Broadband programme.
[3] The 2021-27 Flood and Coastal Defence Programme totals £5.2 billion of which £0.1 billion was brought forward into 2020-21 for preparatory work. The totals above also include funding for the six-year £200 million resilience innovation fund, and £155 million of acceleration funding in 2021-22.
[4] Includes £81 million of R&D for hydrogen heating trialling.
[5] Total funding for the Affordable Homes Programme is £12.2 billion from 2021-22 to 2025-26.
[6] The Further Education College Estate programme runs to 2025-26 and is £1.5 billion in total. SR20 also launches a 10-year school rebuilding programme of 50 school projects a year, with budget profiles to be confirmed a future fiscal event.
[7] Includes R&D funding. Does not include Dreadnought contingency of £1.3 billion for 2021-22 to 2024-25 inclusive, which is provisioned for in the Reserve. See full details of MoD's settlement.
[8] Includes multi-year settlements on high-risk, high-payoff research and Core Research. Some R&D funding is included in other lines in this table for example in the MoD settlement.
[9] Consequentials for the devolved administrations for years beyond 2021-22 will be confirmed in future spending reviews.

Table C.7: Departmental Capital Financial Transaction budgets (Capital DEL FTs)[1]

£ billion	Core Funding			Covid-19 funding		Total inc. Covid funding	
	2019-20	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Financial Transaction budgets							
Foreign, Commonwealth and Development Office	1.2	1.3	0.9	0.1	0.0	1.3	0.9
Work and Pensions	0.1	0.2	0.2	0.0	0.0	0.2	0.2
Business, Energy and Industrial Strategy	0.0	0.1	0.6	1.5	0.4	1.6	1.0
MHCLG Housing and Communities	4.1	4.1	2.8	0.0	0.0	4.1	2.8
Environment, Food and Rural Affairs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Digital, Culture, Media and Sport	0.1	0.1	0.0	0.5	0.0	0.6	0.0
Wales	0.2	0.3	0.1	0.0	0.0	0.3	0.1
Northern Ireland	0.0	0.2	0.1	0.0	0.0	0.2	0.1
Scotland	0.5	0.6	0.3	0.0	0.0	0.6	0.3
Total Financial Transactions	**6.1**	**6.9**	**4.9**	**2.1**	**0.4**	**9.0**	**5.3**

[1] 2019-20 and 2020-21 figures are based on Spring Budget 2020 plans.

D Welfare cap

D.1 The welfare cap, a limit on the amount the government can spend on certain social security benefits and tax credits, is an important tool for managing welfare spending and ensuring it is sustainable in the medium term.

D.2 In accordance with the Charter for Budget Responsibility, the government reset the welfare cap at Budget 2020. The cap is based on the OBR's forecast of the benefits and tax credits in scope and applies to spending in 2024-25. There is a margin rising to 3% above the forecast to manage unavoidable fluctuations in spending. The cap is breached if spending exceeds the cap plus the margin at the point of assessment. Performance against the cap will be formally assessed by the OBR at the first fiscal event of the next Parliament.

D.3 The government is restating the welfare cap and pathway to account for a methodological change to the modelling of Universal Credit and legacy benefits forecast expenditure. The restated cap and pathway exclude all spending on jobseeking Universal Credit claimants (defined as claimants in the 'Intensive Work Search' conditionality group), whereas the previous cap specifically excluded spending on the equivalent categories in legacy benefits, Jobseeker's Allowance and its passported Housing Benefit. The change in methodology reflects the items in and out of scope of the cap, as set out at Budget 2020, as accurately as possible under the new modelling approach, and is independent of changes to welfare policy that have a fiscal impact.

D.4 The government is also correcting errors made when resetting the cap and pathway at Budget 2020. These relate to the figures used for the Block Grant Adjustment and the cost of devolving certain disability benefits to the Scottish Government.

Table D.1: Restated welfare cap (in £ billion, unless otherwise stated)

	2020-21	2021-22	2022-23	2023-24	2024-25
Cap	-	-	-	-	126.8
Interim pathway	119.4	119.2	121.2	124.1	-
Margin (%)	1.0	1.5	2.0	2.5	3.0
Cap, pathway and margin	120.6	121	123.6	127.2	130.6

Source: HM Treasury

Table D.2: Benefits and tax credits in scope of the welfare cap

In scope	Not in scope
Attendance Allowance[1]	Benefits paid from DEL[2]
Bereavement benefits	Jobseeker's Allowance and its passported Housing Benefit
Carer's Allowance[1]	Northern Ireland social security outside welfare cap
Child Benefit (including Guardian's Allowance)	State Pension (basic and additional)
Christmas Bonus	Transfers within government (e.g. Over 75s TV licences)
Disability Living Allowance[1]	Universal Credit payments to jobseekers[3]
Employment and Support Allowance	
Financial Assistance Scheme	
Housing Benefit (except HB passported from JSA)	
Incapacity Benefit	
Income Support	
Industrial injuries benefits[1]	
Maternity Allowance	
Northern Ireland social security in welfare cap	
Other DWP benefits below £0.1bn pa in welfare cap	
Pension Credit	
Personal Independence Payment[1]	
Personal Tax Credits	
Severe Disablement Allowance[1]	
Social Fund – Cold Weather Payments	
Statutory Adoption Pay	
Statutory Maternity Pay	
Statutory Paternity Pay	
Tax Free Childcare	
Universal Credit (except payments to jobseekers)	
Winter Fuel Payment	

[1] Including linked Scottish Government block grant addition

[2] These payments are subject to firm spending control through the usual DEL process.

[3] Claimants in 'Intensive Work Search' conditionality group

List of abbreviations

ALB	Arms Length Body
AME	annually managed expenditure
AP	Alternative Provision
ASHE	Annual Survey for Hours and Earnings
BBLS	Bounce Back Loan Scheme
BCR	Benefit Cost Ratio
CBILS	Coronavirus Business Interruption Loan Scheme
CCC	Climate Change Commission
CCS	Carbon Capture and Storage
CEPI	Coalition for Epidemic Preparedness
CJRS	Coronavirus Job Retention Scheme
COP26	UN Climate Change Conference
CPI	Consumer Price Index
CSSF	Conflict Stability and Security Fund
DEL	Departmental Expenditure Limits
DfE	Department for Education
DHSC	Department for Health and Social Care
EFO	Economic and Fiscal Outlook
EU	European Union
GDP	Gross Domestic Product
GEL	Genomics England
GNI	Gross National Income
GW	Gigawatt
IMF	International Monetary Fund
IR	Integrated Review of Security, Defence, Development and Foreign Policy
LPC	Low Pay Commission
LRSG	Local Restriction Support Grants
NAO	National Audit Office
NATO	North Atlantic Treaty Organisation
NECC	National Economic Crime Centre
NIC	National Infrastructure Commission
NIHR	National Institute for Health Research
NIS	National Infrastructure Strategy
NLW	National Living Wage
NMW	National Minimum Wage
NZIP	Net Zero Innovation Portfolio
OBR	Office for Budget Responsibility
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
Ofsted	Office for Standards in Education, Children's Services and Skills

ONS	Office for National Statistics
PPE	Personal Protective Equipment
PSNB	Public Sector Net Borrowing
PSND	Public Sector Net Debt
R&D	Research and Development
RIS2	Road Investment Strategy 2
SEISS	Self-Employment Income Support Scheme
SMEs	small and medium-sized enterprises
SOF	Shared Outcomes Fund
SR19	Spending Round 2019
SR20	Spending Review 2020
SSP	Statutory Sick Pay
UC	Universal Credit
UKIC	UK Intelligence Community
UKRI	UK Research and Innovation
UKSPF	UK Shared Prosperity Fund
WTO	World Treaty Organisation