HM Treasury

Statement of Funding Policy:

Funding the Scottish Government, Welsh Government and Northern Ireland Executive

June 2025

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Chapter 1
Introduction

1.1 This is the eleventh edition of the Statement of Funding Policy (SoFP), first published in March 1999. It sets out how UK Government funding for the devolved governments is determined over the Spending Review 2025 period and highlights the other sources of funding available to them.

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

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

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

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

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

The UK public expenditure framework

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

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

1.9 Spending by the devolved governments is not funded exclusively by the UK Government. Elements of budgets are also funded by local and devolved taxation, other revenue-raising powers (including fees, charges and sales of goods, services and

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

2 The agreement between the Welsh government and the UK government on the Welsh government’s fiscal framework - GOV.UK

3 Scotland’s Parliament (Cm 3658); A Voice for Wales (Cm 3718)

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

5 Charter for Budget Responsibility: Autumn 2024 - GOV.UK

assets), grants from the European institutions, and borrowing. The annual Consolidated Budgeting Guidance[6] published by HM Treasury sets out the budgeting framework for expenditure control for UK Government departments. Its provisions also apply to the devolved governments, except where bespoke arrangements have been agreed by HM Treasury ministers.

Funding available to the devolved governments

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

Elements of Scottish Government funding

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Elements of Welsh Government funding

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Non-domestic (business) rates	41
Land transaction tax and landfill disposals tax	51
Welsh Rates of Income Tax	51
Capital and non-capital borrowing	52
Wales Reserve	53

6 Consolidated budgeting guidance 2025 to 2026 - GOV.UK

Elements of Northern Ireland Executive funding

	Page reference
UK Government block grant funding	17, 24, 27, 30
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Chapter 2

Intergovernmental financial relations

Principles for intergovernmental financial relations

2.1 In determining and operating the system of devolved finance, the UK Government and devolved governments work together in a spirit of mutual respect and aim to reach agreement wherever possible. This is in accordance with the Review of Intergovernmental Relations agreed between the UK Government and the devolved governments[7], (or any subsequent arrangements that supersede these) and any bilateral agreements such as the fiscal frameworks agreed with the Scottish Government and Welsh Government, and interim fiscal framework agreed with the Northern Ireland Executive.

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

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

- encouraging sustainable economic growth in all parts of the UK
- maintaining and improving the disciplined management of public finances
- achieving the best value provision of high-quality public services

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7 The Review of Intergovernmental Relations - OFFSEN.docx (publishing.service.gov.uk)

- maintaining and improving the internationally competitive position of the UK as a whole and for the benefit of people in England, Scotland, Wales and Northern Ireland

2.4 The principles which underlie intergovernmental financial relations include:

1. Accountability: the Scottish Government, Welsh Government and Northern Ireland Executive make decisions on managing and investing the resources available to them and are accountable to their respective Parliament or Assembly
2. Autonomy: each government has fiscal responsibilities and freedoms to match its executive and legislative powers within the terms of the devolution settlements and UK-wide public spending framework
3. Transparency: the system is readily understood, and its operation is open to scrutiny
4. Economic efficiency: the system promotes sustainable economic growth and ensures that the costs and benefits of financial decisions are aligned
5. Stability and predictability: the system promotes stability and manages volatility, to allow sensible planning and good management, and is predictable in operation
6. Discipline: the system of devolved finance is subject to overall UK macroeconomic and fiscal policy
7. Consent: the system commands the support of governments, Parliaments and people and is equitable and predictable in operation

Principles for allocating funding within the UK

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

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

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

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

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

4. changes in UK Government funding for the devolved governments in relation to public services, with the exception of non-Barnett funding, will be linked to changes in planned spending[8] on comparable areas by departments of the UK Government. This linkage will be achieved by means of the Barnett formula or other agreed funding mechanisms, including block grant adjustments for tax and welfare devolution

5. changes in UK Government funding for the devolved governments in relation to taxation and welfare will generally be linked to changes in corresponding UK Government tax revenues and welfare spending respectively. This linkage is set out in the Scottish and Welsh governments' fiscal frameworks

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

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

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8 Changes in planned spending are defined as changes to UK Government Departmental Expenditure Limits (DEL budgets) that are voted by the UK Parliament

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

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

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

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

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

13. the UK Government reserves the right to make allocations directly to one or more of the devolved governments on top of the block grant funding determined by the Barnett formula and tax/welfare block grant adjustments. The UK Government will

consult the relevant devolved government(s) and continue to publish all allocations in Block Grant Transparency

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

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

2.9 The outcome is that spending per head in Scotland, Wales and Northern Ireland is higher than the UK average, broadly reflecting that the costs of providing public services are also higher in these nations than the UK average[9].

2.10 It should be noted that the UK Government is now providing some funding to the devolved governments separately from the block grant where it determines this is appropriate.

Disputes

2.11 If there is a disagreement between HM Treasury and the devolved governments about the application of the Statement, the relevant devolved government can pursue the matter through the Finance Interministerial Standing Committee (F:ISC) Secretariat and Intergovernmental Relations (IGR) Secretariat and the dispute resolution mechanisms set out under the Review of Intergovernmental Relations[10].

2.12 Any Finance Minister can escalate a disagreement as a dispute by notifying the IGR Secretariat and F:ISC Secretariat by writing, if there is a disagreement between members of the F:ISC which cannot be resolved through normal channels or regular F:ISC discussions.

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

10 The Review of Intergovernmental Relations – (publishing.service.gov.uk)

2.13 Any government may refer a disagreement to the Intergovernmental Relations Secretariat as a dispute. Escalation of a disagreement between governments to a dispute will only be considered after due and full consideration has been given to resolving the disagreement at portfolio-level and if it has significant implications for the relationship between two or more governments.

2.14 The F:ISC is the primary mode of engagement between HM Treasury and devolved government Finance Ministers. The aim of the F:ISC is to consider the impact of finance and economic matters affecting the UK and has jointly agreed terms of reference which are kept under review by the F:ISC Secretariat[11].

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11 Terms of Reference for the Finance Interministerial Standing Committee - GOV.UK (www.gov.uk)

Chapter 3

Barnett based block grant

Composition of the block grant

3.1 The devolved governments' block grant funding is presented as Total Departmental Expenditure Limit (DEL) within the budgeting framework. It is split between resource DEL and capital DEL, with a depreciation ringfence within resource DEL and a financial transactions ringfence within capital DEL. More detail on HM Treasury's budgeting framework can be found in the Consolidated Budgeting Guidance[12].

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

Calculation of changes in the block grant via the Barnett formula

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

3.4 This system was first used in the 1978 Public Expenditure Survey. The Devolution White Papers of the 1990s stated the then-UK Government's commitment to retaining the existing formula and arrangements. Consistent with commitments given by successive UK Governments, the Barnett formula will continue to apply to changes in departmental spending within DEL

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

except[13] where these are funded by changes in English business rates revenues (as devolved governments instead retain their own corresponding revenues).

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

Barnett formula

3.6 Under the Barnett formula the Scottish Government, Welsh Government and Northern Ireland Executive receive a population-based proportion of changes in planned UK Government spending on services in England, England and Wales, or Great Britain[14].

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

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

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

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

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

Barnett formula calculation

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

3.9 The Welsh Government and Northern Ireland Executive have a needs-based factor in the Barnett formula. The Northern Ireland Executive also has a VAT abatement factor.

Comparability Factors

3.10 Comparability is the extent to which services delivered by UK Government departments correspond to services delivered by the devolved governments.

3.11 Comparability therefore ranges from 0% (where services are delivered by the UK Government) up to 100% (where services are delivered by the devolved government). Updated comparability factors for the Spending Review 2025 can be found in Annex B.

Population proportions

3.12 The population proportions used in the Barnett formula reflect the latest annual mid-year estimates published by the Office for National Statistics. For the Spending Review 2025, the mid-year 2023 estimates, published in October 2024, will be applied[15]. Previous and current population proportions are set out in Annex A.

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

3.14 HM Treasury notifies the devolved governments of the population proportions that will be applied in advance. Allocations which have already been set, such as those

[15] Population estimates for the UK, England, Wales, Scotland and Northern Ireland - Office for National Statistics

over a spending review period, will not be adjusted to reflect subsequent population estimate changes.

Applying the Barnett formula at Spending Reviews

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

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

3.17 There may be occasions, in exceptional circumstances, where programme level comparability is applied to ensure the devolved governments receive comparable funding. This was the case at Spending Review 2020 and 2021, for certain programmes in relation to Covid-19, EU Exit and the use of the financial assistance powers in the UK Internal Market Act 2020.

Applying the Barnett formula at Fiscal Events and Estimates

3.18 At fiscal events and Parliamentary Estimates[16] the Barnett formula is applied at programme level. The calculation of each Barnett consequential uses the change in the planned spending on each programme, the relevant population proportion and the programme comparability factor, which is set to either 0% or 100%. The aggregate of these Barnett consequentials is added to existing block grants for each of the devolved governments, again calculated separately for resource and capital DEL.

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

Welsh Government and Northern Ireland Executive needs-based factor

3.19 In the Welsh Government's fiscal framework[17], it was agreed that the Welsh Government's block grant would be uplifted by adding a new needs-based factor into the Barnett formula. This needs-based factor will ultimately be set at 15%, as recommended by the Holtham Commission[18]. However, while relative Welsh Government funding remains above 115%, changes in the Welsh Government's funding will use a transitional factor of 5%.

3.20 At Autumn Budget 2024 and Phase 1 of the Spending Review 2025, HM Treasury and the Welsh Government reviewed relative funding and the transitional-factor of 5% was applied to the Welsh Government 2025-26 settlement. At Phase 2 of the Spending Review 2025, a 5% needs-based factor will apply.

3.21 As set out in the 2024 Northern Ireland Executive Interim Fiscal Framework, a needs-based factor for the Executive will be set at 24%, based on the assessment of relative need published by the independent Northern Ireland Fiscal Council.

3.22 If the Northern Ireland Executive's un-ringfenced TDEL block grant funding per head falls below 124% relative to equivalent UK Government funding in England per head, a 24% needs-based factor will apply in the Barnett formula.

3.23 When Northern Ireland Executive relative funding is above its relative need of 124%, a 5% transitional needs-based factor will apply. This mirrors the approach taken in the needs-based funding factor model agreed in the Welsh Government's fiscal framework.

3.24 The 2024 restoration financial package, and agriculture funding un-ringfenced and baselined for the Northern Ireland Executive from 2025-26 at Phase 1 of Spending Review 2025, and comparable UK Government funding in England, will not be included in the Northern Ireland Executive un-ringfenced TDEL included in the relative funding calculation. This is set out in further detail in the Northern Ireland Executive ' s relative funding methodology[19], published on 11 June 2025.

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17 The agreement between the Welsh government and the UK government on the Welsh government's fiscal framework - GOV.UK

18 Holtham Commission - House of Commons Library

19 Northern Ireland Executive's relative funding methodology

3.25 At Autumn Budget 2024 and Phase 1 of the Spending Review 2025, HM Treasury and the Northern Ireland Executive reviewed relative funding and a 24% needs-based factor was applied to the Northern Ireland Executive's 2025-26 settlement. At Phase 2 of the Spending Review 2025, a 24% needs-based factor will apply.

Northern Ireland Executive Barnett VAT abatement

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

Non-domestic (business) rates

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

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

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

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

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

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

Elections

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

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

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

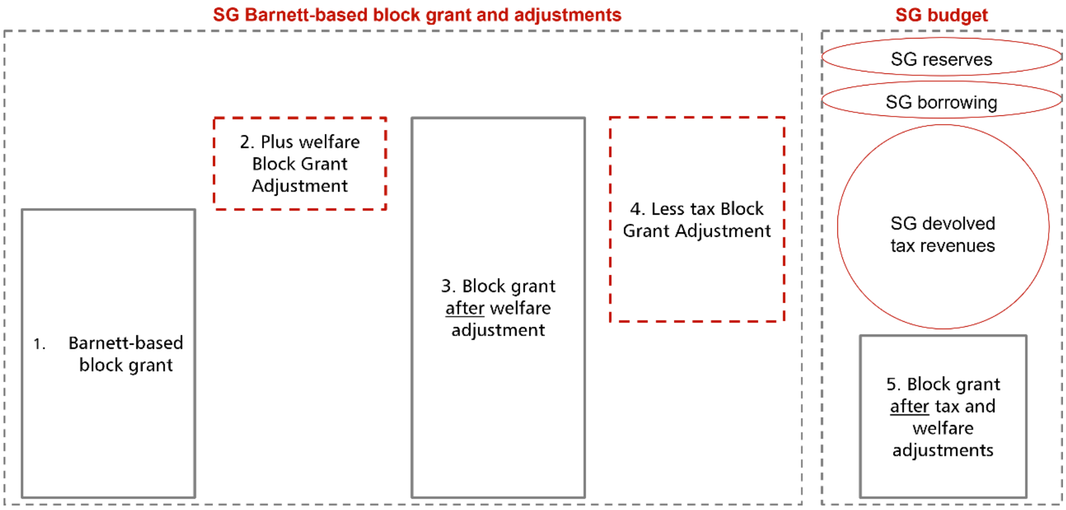
Chapter 4

Block grant adjustments

4.1 To reflect tax and welfare devolution in Scotland and Wales, the block grants are adjusted using the mechanisms agreed in the respective fiscal frameworks[20]. An agreed adjustment is also applied to the Northern Ireland Executive's block grant in relation to the devolution of long-haul air passenger duty rates.

4.2 The UK Government funding provided to the devolved governments is therefore the Barnett-based block grant after adjustments for welfare and tax devolution, as shown in the diagrams below[21].

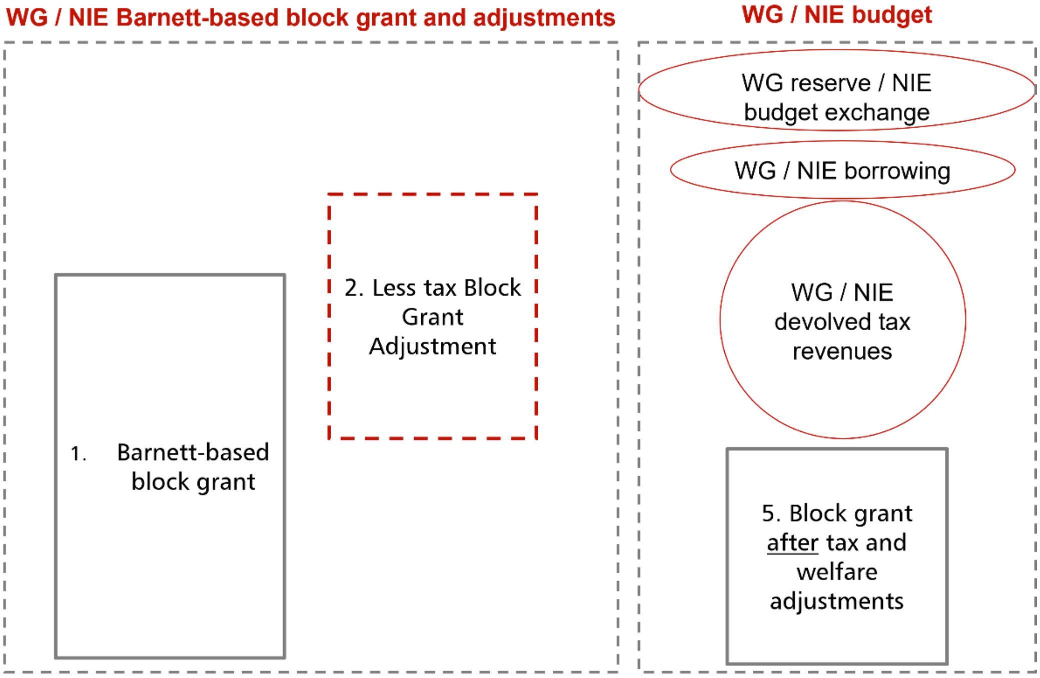
Scottish Government block grant



20 Wales: [The agreement between the Welsh government and the UK government on the Welsh government's fiscal framework - GOV.UK]
Scotland: https://www.gov.uk/government/publications/the-updated-agreement-on-the-scottish-governments-fiscal-framework

21 The devolved governments can use their tax powers to alter the "DG tax" component. Diagrams not shown to scale.

Welsh Government and Northern Ireland Executive block grant



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

4.4 Adjustments expected to apply over the Spending Review 2025 period are listed below. Alongside these adjustments, the devolved governments retain revenues from devolved taxes and are responsible for devolved welfare spending.

4.5 Block grant adjustments for the Scottish Government:

- Stamp Duty Land Tax (from 2015-16)
- Landfill Tax (from 2015-16)
- Income Tax (from 2017-18)
- Fines, Forfeitures and Fixed Penalties (from 2017-18)
- Proceeds of Crime (from 2017-18)
- Carer’s Allowance (from September 2018)
- Personal Independence Payments (from 2020-21)
- Disability Living Allowance (from 2020-21)

- Attendance Allowance (from 2020-21)
- Industrial Injuries Disablement Allowance (from 2020-21)
- Severe Disablement Allowance (from 2020-21)
- Various smaller welfare benefits (from 2020-21)
- Cold Weather Payments (from 2022-23)
- Winter Fuel Payments (from 2024-25)
- Aggregates Levy (from 2026-27)

4.6 Block grant adjustments for the Welsh Government:

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

4.7 Block grant adjustments for the Northern Ireland Executive:

- Long Haul Air Passenger Duty (from January 2013)

Chapter 5

Other block grant funding from UK Government

5.1 The UK Government also provides block grant funding to the devolved governments outside the Barnett-based arrangements set out in the previous two chapters. This funding is usually provided for a specific purpose agreed with the devolved governments and ringfenced for that purpose. Some of the key areas are set out below – full details of the amounts provided are published in Block Grant Transparency each year[22].

City and Growth Deals

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

Agriculture and fisheries funding

5.3 From 2025-26, the devolved governments will no longer receive a ringfenced addition to the block grant for agriculture and fisheries, as they did for Spending Review 2021. Funding from 2024-25 has been baselined and un-ringfenced in each devolved government's block grant with the Barnett formula applying to any future changes in UK Government funding from 2025-26 in the usual way.

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[22] Block Grant Transparency: July 2023 - GOV.UK

Further support for the Northern Ireland Executive

5.4 The UK Government has committed over £3.3 billion of additional funding to the Northern Ireland Executive as part of the 2024 restoration financial package from 2024-25 to 2028-29. An overview of the additional UK Government funding is included in the Northern Ireland Executive interim fiscal framework[23].

5.5 The UK Government agreed the Windsor Framework in February 2023 with the European Union to amend the Northern Ireland Protocol and set out a new way forward for Northern Ireland[24]. The UK Government will maintain its commitment to fund the direct costs associated with reaching the required level of compliance to implement the UK Government's obligations under the Northern Ireland Protocol as amended by the Windsor Framework.

5.6 To support the restoration of the Northern Ireland Executive in January 2020 the UK Government provided £1 billion of new funding through the New Decade New Approach[25] agreement, providing certainty and ensuring much-needed reforms across health, education and justice can be delivered.

Further support for the Scottish Government

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

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

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[23] https://assets.publishing.service.gov.uk/media/664b64964f29e1d07fadcb18/170524_NIEFF_Agreement__formatted__.pdf

[24] The Windsor Framework - GOV.UK

[25] 2020-01-08_a_new_decade__a_new_approach.pdf

Further support for the Welsh Government

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

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

Chapter 6
Financial Transactions

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

Funding for Financial Transactions

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

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

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

review. Repayments of loans received by the devolved governments can therefore be recycled into new loans within the agreed profile for returning funding to HM Treasury.

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

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

Devolved government use of Financial Transactions

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

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

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

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

6.9 Further guidance on FTC can be found in the Consolidated Budgeting Guidance which is updated annually[26] and the

[26] Consolidated budgeting guidance 2025 to 2026 - GOV.UK

Financial Transaction Control Framework, published in March 2025[27].

Financial Transaction Control Framework

6.10 The Financial Transaction Control Framework builds on the spending controls for managing FTC set out in Managing Public Money[28] and the Consolidated Budgeting Guidance. It does not change the budgeting rules set out in the Consolidated Budgeting Guidance, but it does provide guidance on how they are applied in some cases.

6.11 The Financial Transaction Control Framework does not apply to the devolved governments; however, UK Government is supportive of the devolved governments' ongoing use of FTC and will continue to engage with them on any impact from the implementation of the Financial Transaction Control Framework.

Data Provision

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

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

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

[27] https://assets.publishing.service.gov.uk/media/67e30b24d4a1b0665b8ee298/Financial_Transaction_Control_Framework_March_2025.pdf

[28] Managing Public Money May 2023

Chapter 7

UK Government funding for Annually Managed Expenditure programmes

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

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

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

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

7.5 AME funding is confirmed formally through the Parliamentary Estimates processes.

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

Student Loans

7.7 In order to assess whether a devolved government's student loans scheme is comparable, and therefore whether the UK Government will fund the cost, the UK Government will require the devolved government to demonstrate that their scheme costs the same or less than it would cost if they were to apply UK Government policy in their respective nation.

7.8 In making this assessment, HM Treasury will focus on the student loan system rather than looking at student support more broadly. It will also not be necessary for every aspect of the devolved government's loan scheme to cost the same or less than the equivalent in the UK Government scheme.

7.9 Where devolved governments are required to make policy changes in order to ensure their systems remain comparable, consideration will be given to the appropriate lead-in time taken to adopt changes and budget cover will generally be provided where HM Treasury is satisfied the devolved government is moving towards this as fast as practical.

7.10 The devolved governments also have ringfenced-resource DEL budgets for student loan impairments. Ringfenced-resource DEL expenditure on impairments consists of two elements: the expected future loss on loans issued that year (the Resource Accounting and Budgeting or RAB charge); and changes to impairments for loans issued in previous years (the Fair Value Revaluation, or FVR). Rather than apply the Barnett formula to changes in the Department for Education's overall ringfenced-resource DEL budget, HM Treasury plan to treat these two elements separately.

7.11 For the RAB, HM Treasury intends to determine changes to devolved government budgets through the Barnett formula. For the FVR, HM Treasury will cover costs providing they are within a reasonable range. To assess this, HM Treasury will consider the size of the relevant devolved government's loan book.

7.12 In addition, the principles set out in the Consolidated Budgeting Guidance (Appendix 2 to Chapter 8) will broadly apply to the devolved-governments.

7.13 These principles will be kept under review.

Welfare in Northern Ireland

7.14 The majority of responsibilities relating to welfare are devolved matters in Northern Ireland. However, the Northern

Ireland Act 1998[29] commits the relevant UK Government and Northern Ireland Executive ministers to seek to secure, to the extent agreed between them, single systems of social security, child support and pensions.

7.15 The UK Government is therefore committed to ensuring that the Northern Ireland Executive has sufficient funding available to maintain welfare payments to recipients in Northern Ireland to the same level as those funded by the equivalent UK Government departments and agencies in Great Britain. This is achieved by the UK Government funding the relevant welfare payments in AME, consistent with the general arrangements set out above for funding AME programmes.

7.16 Therefore, if the Northern Ireland Executive's welfare programmes mirror the equivalent programmes in Great Britain, the UK Government will fund the costs. If the Northern Ireland Executive opts to make these programmes more generous then they will need to meet these additional costs in line with the principle outlined at paragraph 2.6, subparagraph 10.

The Office for Budget Responsibility and forecasting AME

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

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

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

29 Devolution settlement: Northern Ireland - GOV.UK

Chapter 8

Managing budgets

Managing the Consolidated Funds

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

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

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

Managing spending pressures

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

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

Budget Exchange and Reserves

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

Resource borrowing

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

Accessing HM Treasury's Reserve

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

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

1. a UK Government department is granted access to the Reserve to enable it to meet exceptional pressures on a spending programme, and a devolved

government facing similar pressures unforeseen at the time spending plans were set is unable to meet them using the range of alternative sources of funding or budgetary management tools available to it.

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

8.9 Reserve claims by the devolved government~~s~~ will therefore be judged on largely the same criteria as claims by UK Government departments as set out in the Consolidated Budgeting Guidance, but decisions on access to the HM Treasury's DEL Reserve will also recognise the additional tools and powers available to them. HM Treasury will expect reprioritisation within the devolved government~~s~~ budgets and the use of their additional tools and powers to have been fully explored before receiving a claim from a devolved government.

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

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

In-year changes to devolved government funding

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

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

1. the UK Government makes a uniform general adjustment to public spending programmes across departments.

2. action taken by a devolved government in a devolved area has repercussive costs for the UK Government or vice versa. The devolved government will be able to make or receive payments to departments of the UK Government directly in respect of such costs. Alternatively, the DEL of the devolved government will be adjusted downwards to compensate for costs incurred by the UK Government as a result of the actions of a devolved government, or upwards to compensate the devolved government for costs which it incurs as a result of actions by the UK Government not already allowed for through the operation of the Barnett formula. The DELs will not, however, be adjusted upwards to accommodate additional costs incurred as a result of decisions by the UK Government which UK Government departments with parallel responsibilities are expected to absorb within existing spending plans. The general principle for establishing the burden of cost is set out in paragraph 2.6, subparagraph 10 above.

Breaches of control totals

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

Chapter 9

Other sources of devolved government funding

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

Taxation

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

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

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

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

Non-domestic (business) rates

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

Charges

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

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

Trading receipts

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

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

Other revenue receipts

9.11 The treatment of receipts in devolved government budgets is set out by HM Treasury in the Consolidated Budgeting Guidance[30] and in other guidance papers. These are generally based on Office for National Statistics definitions of what scores as a payment for a service, a tax, a levy or a fine in National Accounts. There is therefore scope for certain fines and taxes to

[30] Consolidated budgeting guidance 2025 to 2026 - GOV.UK

be included in budgets as negative expenditure so they can be recycled for spending in the same way as income from charges.

9.12 Legislation sets out when HM Treasury has to list those receipts which have to be surrendered to the Consolidated Fund. For Scotland, these are listed in an order made under Section 64 (5) of the Scotland Act 1998[31]. For Wales, HM Treasury direction under Section 120 (3) of the Government of Wales Act 2006[32] lists those receipts that will be surrendered.

Capital receipts

9.13 Taxpayers across the UK will have a continuing interest in capital assets under the control of the devolved governments where those assets were originally financed prior to devolution, and not therefore on the basis of decisions or investment undertaken by the devolved governments themselves. The number of such assets necessarily diminishes over time. However, where assets are sold which were originally financed other than from devolved government budgets, the UK Government reserves the right to take into account proceeds from the sales of such assets and offset them against the block grant.

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

Borrowing

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

European funding

9.16 Under the Withdrawal Agreement, the UK will continue to participate in EU programmes funded under the EU's 2014-2020 multi-annual financial framework until their closure. All devolved

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[31] Scotland Act 1998

[32] Government of Wales Act 2006

governments will therefore continue to receive some funding from the EU during the Spending Review 2025 period.

9.17 The UK also participates in the PEACE Plus programme for 2021-2027, to support peace and reconciliation across the island of Ireland.

9.18 Since 1 January 2024, the UK has also participated in the Horizon Europe EU science programme. The UK financial contribution to Horizon Europe programme is made by the UK Government. Private and public sector organisations based in Scotland, Wales and Northern Ireland are eligible to bid for research grants through the Horizon Europe programme.

Chapter 10

Funding policy in Scotland

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

10.2 However, the Scottish Parliament's responsibilities for raising resources to fund its spending have historically been more limited. Prior to Scotland Act 2012[33], the Scottish Parliament was responsible for council tax and non-domestic (business) rates in Scotland, and had the power to vary the basic rate of Income Tax by up to 3p (the Scottish Variable Rate).

10.3 The Scotland Act 2012, which implemented the recommendations of the Calman Commission[34], devolved further tax and borrowing powers to the Scottish Parliament. These fiscal powers were enhanced further in the Scotland Act 2016[35], which implemented the recommendations of the Smith Commission[36].

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

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

10.6 This means an increase in the accountability of the Scottish Government, as it will hold the risks and benefits of self-financing a significant proportion of its spending. The Scottish

33 Scotland Act 2012
34 commonslibrary.parliament.uk/research-briefings/sn04744/
35 Scotland Act 2016
36 The Smith Commission has reported – what's next? - GOV.UK

Government's budget will be increasingly determined by the performance of the Scottish economy, itself influenced by policy decisions that the Scottish Government takes. At the same time, the Scottish Government has further powers to directly vary the level of tax and spending in Scotland. It also has the ability to design new taxes, subject to agreement of the Scottish Parliament and the UK Parliament.

Controlling Scottish Government spending

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

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

Sources of funding

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

Sources of self-financed expenditure in Scotland

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

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

10.11 The UK Government agreed to the Scottish Government’s request to delay VAT assignment beyond April 2021. A new date for implementation will instead be agreed by the Joint Exchequer Committee (JEC).

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

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

Local taxation

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

Devolved taxes

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

Scottish Income Tax

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

10.17 A five band Scottish Income Tax system was implemented for 2018-19 with the introduction of two new bands (a Starter Rate and an Intermediate Rate). HMRC administer Scottish Income

Tax as part of the UK-wide Income Tax system and the Scottish Government receives all revenues generated.

10.18 Under the fiscal framework agreed between the UK and Scottish governments in 2016, and updated in 2023, the Scottish Government's funding is initially based on forecasts (of both Income Tax revenues and the associated block grant adjustment) and updated once actual Scottish and UK Government Income Tax revenues are available.

Borrowing

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

Borrowing for capital expenditure purposes

10.20 For 2025-26, using the OBR's GDP deflator, the annual limits on borrowing will be set at £629 million for resource within a cumulative limit of £1.83 billion. The annual limit for borrowing will be set at £472 million for capital, within a cumulative limit of £3.14 billion.

10.21 As agreed in the Scottish Government's fiscal framework, the annual limits on borrowing for future years will be set annually based on the OBR's GDP deflator.

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

Borrowing for purposes other than capital expenditure

10.23 The Scotland Act 1998, as amended by the Scotland Act 2012 and the Scotland Act 2016, enables Scottish Government ministers to borrow for purposes other than capital expenditure up to a cumulative maximum of £1.75 billion in 2023-24 prices (indexed in line with the OBR's GDP deflator forecast), in circumstances where such borrowing is necessary to:

- help smooth fluctuations in tax receipts or welfare spending, in particular where devolved tax receipts fall short of forecasts or welfare spending is above forecasts

- provide a working balance or meet an in-year excess in expenditure over income within the Scottish Consolidated Fund

10.24 The fiscal framework set out the conditions and limits for elements of resource borrowing for in-year cash management and forecast error. Annual resource borrowing for these purposes is subject to a £600 million annual limit, fixed in 2023-24 prices.

Local authority borrowing in Scotland

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

Scotland Reserve

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

10.27 There are no annual limits for payments into, or drawdowns from, the Scotland Reserve. This facility can hold up to £700 million (also fixed in 2023-24 prices) in aggregate and provides an additional tool, alongside borrowing powers, to help the Scottish Government manage its devolved tax powers. The Reserve could hold up to £700 million in 2023-24, increasing to £712 million for 2024-25, and was set at £734 million for 2025-26. Specifically, the Scottish Government will be able to pay surplus tax receipts (after the repayment of any outstanding current borrowing) into the Reserve, which can be accessed in future years.

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

Scotland Specific Economic Shock

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

10.30 In the revised fiscal framework of 2023, the "Scotland-Specific Economic Shock" was removed and can no longer be triggered.

Chapter 11

Funding policy in Wales

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

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

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

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

Sources of funding

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

Sources of self-financed expenditure in Wales

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

Local taxation

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

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

Devolved taxes

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

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

Welsh Rates of Income Tax

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

11.11 To date the Welsh Government has set all three Welsh rates at 10p[37] so the overall rates of Income Tax paid by Welsh taxpayers have matched those in England and Northern Ireland.

Borrowing

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

Borrowing for capital expenditure purposes

11.13 The Wales Act 2017 enables Welsh Government ministers to borrow for capital purposes up to a cumulative maximum of £1 billion. The annual capital borrowing limit was also increased to £150 million (15% of the overall cap) from April 2019.

11.14 Borrowing may be through the Secretary of State for Wales (from the National Loans Fund), by way of a commercial loan (directly from a bank or other lender) or through the Welsh Government issuing their own bonds.

Borrowing for purposes other than capital expenditure

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

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

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

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

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

Local authority borrowing in Wales

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

Wales Reserve

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

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

11.20 For 2025-26, the Wales Reserve annual drawdown limits of £125 million resource and £50 million in capital will be waived.

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

Chapter 12

Funding policy in Northern Ireland

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

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

12.3 Most recently, the over £3.3 billion 2024 restoration financial package supported the full restoration of the institutions of the Belfast/Good Friday Agreement including the Executive, the Assembly and the North/South Ministerial Council.

Sources of funding

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

Sources of self-financed expenditure in Northern Ireland

Local taxes
• Non-domestic rates • Domestic rates
Long-haul Air Passenger Duty

Other receipts, levies and charges
Borrowing
• Northern Ireland Executive capital borrowing • Northern Ireland Executive borrowing for non-capital purposes

Local taxation

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

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

Devolved taxes

12.7 From January 2013, the power to set Air Passenger Duty (APD) rates for long-haul flights was devolved to the Northern Ireland Assembly. The Northern Ireland Executive's block grant was initially adjusted to reflect the tax revenues foregone by the Exchequer as a result of the devolution of long-haul APD. This adjustment is updated each year according to an agreed mechanism, indexed to changes in UK-wide passenger numbers as published by the Office for Budget Responsibility in the most recent official forecast before the relevant spending review, and using the most recent Office for National Statistics population estimates.

Further tax devolution

12.8 The Corporation Tax (Northern Ireland) Act 2015 provides for the Northern Ireland Assembly to set the main rate of corporation tax in respect of certain trading profits. Commencement of the powers in the Act relies on the Northern Ireland Executive meeting the commitments entered into in the Stormont House Agreement, including those around ensuring that the Executive's finances are demonstrated to have been placed on a sustainable footing. The UK Government restated its commitment to the process of devolving corporation tax powers in the Safeguarding the Union Command Paper, published in January 2024[38].

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

Borrowing

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

Borrowing for capital expenditure purposes

12.11 The Northern Ireland Executive interim fiscal framework agreed an increase to the Executive's annual capital borrowing capacity.

12.12 In 2024-25, the Northern Ireland Executive could borrow up to £220 million per year for capital purposes within an overall cap of £3 billion on outstanding debt.

12.13 From 2025-26, the annual capital borrowing limit will increase each year using the OBR's GDP deflator published in the most recent official forecast before the Northern Ireland budget is introduced to the Assembly. This provides the Northern Ireland Executive with additional capital to invest in Northern Ireland in the coming years while remaining within the overall £3 billion overall cap.

12.14 In 2025-26, the Northern Ireland Executive's annual capital borrowing limit will increase to £226 million within the overall cap of £3 billion on outstanding debt.

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[38] https://www.gov.uk/government/publications/safeguarding-the-union

Borrowing for purposes other than capital expenditure

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

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

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

Budget Exchange

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

12.19 The Northern Ireland Executive does not have a Reserve and therefore is able to access the Budget Exchange system. The amount of the Northern Ireland Executive's block grant allocation which it can carry forward to a subsequent year is calculated with reference to the resource and capital DEL totals published in the Parliamentary Supplementary Supply Estimates in the year from which it is being carried forward. The agreed amount is then added to the initial DEL totals published in the Main Estimates in the year into which it is being carried forward and reflected in the DEL totals in the Supplementary Estimates later that year.

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

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

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

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

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

Annex A
Application of the Barnett formula

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

Application of the Barnett formula in a spending review

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

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

A.3 Therefore, consider the position where:

3. The UK Government decides to increase department A's DEL by £100 million and decrease department B's DEL by £50 million

A.4 The comparability for each devolved government in relation to department A is 75% (because department A already carries out some expenditure at a whole-UK level) while the comparability factor for department B is 100% (because all of department B's expenditure is England-only)

4. the population proportions are 9.52% for Scotland, 5.49% for Wales and 3.33% for Northern Ireland of England's population

A.5 In addition, there is a 5% needs-based factor for the Welsh Government, a 2.5% VAT abatement (reduction) for the Northern Ireland Executive and a 24% needs-based factor for the Northern Ireland Executive.

A.6 Then the following changes to each devolved governments DEL block grant are applied:

Scottish Government	in respect of department A	100 x 0.75 x 0.0952	=	£7.137 million
	in respect of department B	-50 x 1.00 x 0.0952	=	-£4.758 million
	Total change to Scottish Government block grant		=	£2.379 million
Welsh Government	in respect of department A	100 x 0.75 x 0.0549 x 1.05	=	£4.320 million
	in respect of department B	-50 x 1.00 x 0.0549 x 1.05	=	-£2.880 million
	Total change to Welsh Government block grant		=	£1.440 million
Northern Ireland Executive	in respect of department A	100 x 0.75 x 0.0333 x 0.975 x 1.24	=	£3.018 million
	in respect of department B	-50 x 1.00 x 0.0333 x 0.975 x 1.24	=	-£2.012 million
	Total change to Northern Ireland Executive block grant		=	£1.006 million

Application of the Barnett formula at fiscal events

A.7 At fiscal events, the Barnett formula is usually applied to individual spending programmes rather than a department's overall DEL. The comparability factor is set at either 0% or 100%, determined by assessing whether the spending benefits the UK as a whole or each of Scotland, Wales or Northern Ireland individually.

A.8 At a fiscal event, consider the position where:

5. The UK Government decides to increase a programme by £100 million at a fiscal event
6. The programme is of a devolved nature
7. The population proportions are 9.52% for Scotland, 5.49% for Wales and 3.33% for Northern Ireland of England's population

A.9 In addition, there is a 5% needs-based factor for the Welsh Government, a 2.5% VAT abatement for the Northern Ireland Executive and a 24% needs-based factor for the Northern Ireland Executive.

A.10 Then the following changes to each devolved governments' DEL block grant are applied:

Scottish Government 100 x 1.00 x 0.0967 = £9.666 million

Welsh Government 100 x 1.00 x 0.0560 x 1.05 = £5.885 million

Northern Ireland Executive 100 x 1.00 x 0.0335 x 0.975 x 1.24 = £3.268 million

Historic data

A.11 The population proportions used at previous spending reviews and spending rounds are set out in the table below:

Historical populations estimates

Year of the spending review	1998	2000	2002	2004	2007	2010	2015	2019	2020	2021	2025
ONS mid-year population estimates (%) used	1996	1999	2001	2003	2006	2009	2014	2018	2019	2020	2023
Scotland's population as a proportion of the population of England:	10.45	10.34	10.23	10.20	10.08	10.03	9.85	9.71	9.71	9.67	9.52
Scotland's population as a proportion of the population of England and Wales:	9.86	9.77	9.66	9.63	9.52	9.48	9.31	9.20	9.19	9.15	9.02
Wales' population as a proportion of the population of England:	5.95	5.93	5.89	5.89	5.84	5.79	5.69	5.61	5.60	5.60	5.49
Northern Ireland's population as a proportion of the	3.39	3.41	3.40	3.42	3.43	3.45	3.39	3.36	3.36	3.35	3.33

population of England:											
Northern Ireland’s population as a proportion of the population of England and Wales:	3.20	3.22	3.21	3.23	3.24	3.26	3.21	3.18	3.19	3.17	3.16
Northern Ireland’s population as a proportion of the population of Great Britain:	2.91	2.93	2.92	2.95	2.96	2.98	2.93	2.91	2.92	2.91	2.89

Annex B
Comparability factors

B.1 Comparability is essentially the extent to which services delivered by UK Government departments correspond to services delivered by the devolved governments. The comparability factors applied in the Spending Review 2025 are summarised in the tables below.

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

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

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

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

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

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

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

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

B.9 Specifically, HM Treasury will advise: which DEL contain comparable spending for the purpose of applying the Barnett formula; the comparability percentage of each programme within each DEL; and the provision for that programme in the base year (usually the year immediately preceding the first year covered by a spending review).

B.10 If a new DEL is being established, normally this will be made up of existing programmes with established comparability percentages and the overall comparability factor for that DEL will be calculated in the normal way.

B.11 Where a different approach is proposed for establishing a new DEL, HM Treasury will advise why a different approach is being proposed, what the proposed comparability percentage is and what the evidence base is for the proposed comparability percentage. The availability of comparability percentages, population proportions and changes in UK Government departmental programmes will mean that the devolved governments and the public will be able to verify that the Barnett formula methodology and arithmetic has been applied correctly.

B.12 Comparability factors are completed for almost all UK Government departments and other small and independent bodies. The exception is where a department consistently only undertakes activities related to reserved policy, which includes the Foreign, Commonwealth and Development Office and the Ministry of Defence.

B.13 The current departmental comparability factors are recorded in the table below. These are the comparability factors used at Spending Review 2025.

B.14 Adjustments have been made to the comparability factors for all departments since the tenth edition of the Statement of Funding Policy.

Department	Scotland	Wales	Northern Ireland
Business Rates	100.0%	100.0%	100.0%
Cabinet Office	0.0%	0.0%	0.0%
MHCLG: Communities	82.1%	82.1%	82.1%
MHCLG: Local Government	100.0%	100.0%	100.0%
Culture, Media, and Sport	80.6%	80.6%	82.6%
Environment, Food and Rural Affairs	97.9%	97.9%	97.9%
Education	100.0%	100.0%	100.0%
Transport[39]	95.6%	33.5%	95.6%
Health and Social Care	99.5%	99.5%	99.5%
Work and Pensions	15.0%	0.5%	98.2%
HM Revenue and Customs	4.6%	4.6%	4.2%
HM Treasury	0.0%	0.0%	0.0%
Home Office	73.3%	0.5%	74.5%
Law Officers Departments	98.6%	0.0%	91.3%
Justice	100.0%	0.0%	100.0%
Business and Trade	4.7%	2.6%	14.8%
Energy Security and Net Zero	16.9%	16.9%	18.5%
Science Innovation and Technology	17.3%	17.3%	17.3%

B.15 A programme level breakdown can be found for each department below. The comparability factors for small and independent bodies are:

Small and independent bodies	Scotland	Wales	Northern Ireland
Charity Commission	100.0%	0.0%	0.0%
Competition and Markets Authority	0.0%	0.0%	0.0%
Electoral Commission	100.0%	100.0%	0.0%
Export Credits Guarantee	0.0%	0.0%	0.0%
Food Standards Agency	100.0%	100.0%	100.0%

[39] HM Treasury is aware of a potential error with the Department for Transport department comparability factor used to calculate Barnett consequentials for the devolved governments. The impact of the potential error will be worked through ahead of the next Statement of Funding Policy publication. However, for Phase 2 of the Spending Review 2025, the Phase 1 Department for Transport comparability factor has been applied.

Government Actuary’s Department	0.0%	0.0%	0.0%
HM Land Registry	100.0%	0.0%	100.0%
House of Commons: Administration	0.0%	0.0%	0.0%
House of Commons: Members	0.0%	0.0%	0.0%
House of Lords	0.0%	0.0%	0.0%
Independent Parliamentary Standards Authority	0.0%	0.0%	0.0%
Local Government Boundary Commission for England	100.0%	100.0%	100.0%
National Audit Office	0.0%	0.0%	0.0%
National Savings and Investment	0.0%	0.0%	0.0%
Office for Standards in Education, Children’s Services and Skills	100.0%	100.0%	100.0%
Office of Gas and Electricity Markets	0.0%	0.0%	100.0%
Office of Qualifications and Exams Regulation	100.0%	100.0%	100.0%
Office of Rail and Road	0.0%	0.0%	100.0%
Parliamentary and Health Service Ombudsman	0.0%	0.0%	0.0%
Parliamentary Works Sponsor Body	0.0%	0.0%	0.0%
The National Archives	100.0%	0.0%	100.0%
The Statistics Board	0.0%	0.0%	100.0%
The Supreme Court	0.0%	0.0%	0.0%
UK Export Finance	0.0%	0.0%	0.0%
Water Services Regulation Authority	100.0%	0.0%	100.0%

Business Rates

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Business Rates Income	-12,287	100%	100%	100%
	-12,287	**100%**	**100%**	**100%**

Cabinet Office

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Administration	0	0.0%	0.0%	0.0%
Advance equality of opportunity	15,616	0.0%	0.0%	0.0%
Arm's Length Bodies	73,658	0.0%	0.0%	0.0%
Border & Security	6,794	0.0%	0.0%	0.0%
Efficiency and Reform	572,865	0.0%	0.0%	0.0%
Government Property Agency	329,614	0.0%	0.0%	0.0%
Hosted Functions	0	0.0%	0.0%	0.0%
National security and crisis response through science and technology	68,638	0.0%	0.0%	0.0%
Programme Spending	0	0.0%	0.0%	0.0%
Support to the Government and Prime Minister	289,450	0.0%	0.0%	0.0%
Total	**1,356,635**	***0.0%***	***0.0%***	***0.0%***

MHCLG – Local Government

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
BR Relief New Burdens	15,000	100%	100%	100%
City of London Offset	13,291	100%	100%	100%
Cyber and Digital Modernisation	28,600	100%	100%	100%
Discharge Funding	500,000	100%	100%	100%
Funding Guarantee	268,570	100%	100%	100%
IDB Levy Grant	3000	100%	100%	100%
Improved Better Care Fund	2,039,256	100%	100%	100%
LG DEL Contingency	5495	100%	100%	100%

MSIF Workforce Fund	1,050,000	100%	100%	100%
PFI Joint Services Centres	26,000	100%	100%	100%
Redmond Review implementation	15,000	100%	100%	100%
Revenue Support Grant	2,117,964	100%	100%	100%
Rural Services Delivery	104,645	100%	100%	100%
Services Grant	87,401	100%	100%	100%
Social Care	5,043,968	100%	100%	100%
Specified Bodies	19,200	100%	100%	100%
	11,337,390	**100.0%**	**100.0%**	**100.0%**

MHCLG – Communities

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Aberdeen Energy Transition Zone	5,000	0%	100%	100%
Admin	393,472	100%	100%	100%
Analysis and Data	2,200	100%	100%	100%
Analytical Services	12,445	0%	0%	0%
Borderlands	4,500	100%	100%	100%
Building Performance and Net Zero	230	100%	100%	100%
Building Safety Fund and ACM Remediation	55,587	100%	100%	100%
Cambridge Strategy	4,500	100%	100%	100%
Cities and Local Growth	6,650	100%	100%	100%

Commercial, Security and Property	17,635	100%	100%	100%
Communications	5,000	100%	100%	100%
Communities and Integration	10,700	100%	100%	100%
Covid-19 Inquiry	2,341	0%	0%	0%
Devo Deals	273,544	100%	100%	100%
Digital Services and Technology	40,724	100%	100%	100%
Economic Shocks	2,000	0%	0%	0%
Elections and Registration	108,269	0%	0%	0%
Electoral Integrity Programme	48,283	0%	0%	0%
Departmental Finance	243,551	100%	100%	100%
Freeports Devolved Administrations	4,863	0%	0%	0%
Freeports Programme	2,690	100%	100%	100%
Grenfell Site and Programme	867	100%	100%	100%
Homelessness and Rough Sleeping	835,341	100%	100%	100%
Homeownership	19,482	100%	100%	100%
Housebuilding - BIL Fund	412,031	100%	100%	100%
Housebuilding - Brownfield Housing	66,048	100%	100%	100%
Housebuilding - Housing Infrastructure Fund	679,603	100%	100%	100%
Housebuilding - Levelling Up Home Building Fund	170,675	100%	100%	100%
Housebuilding - Local Authority Housing Fund	104,500	100%	100%	100%

Housebuilding - New Homes Bonus	70,980	100%	100%	100%
Housebuilding Market	328,951	100%	100%	100%
Housing Quality	34,884	100%	100%	100%
Housing Quality - Domestic Abuse	131,067	100%	100%	100%
Housing Quality - PRS Reform	30,223	100%	100%	100%
Housing Quality - Social Housing Stewardship	25,689	100%	100%	100%
Investment Funds	320,040	100%	100%	100%
Levelling Up Pathfinders	1,685	100%	100%	100%
Local Government Finance	7,123	100%	100%	100%
Local Government Policy	38,053	100%	100%	100%
Local Growth Fund	48,000	100%	100%	100%
Long Term Plan for Towns	53,700	0%	0%	0%
LU Strategy & Policy Unit	11,492	0%	0%	0%
LUF	20,000	0%	0%	0%
Place Based Funding	297,500	0%	0%	0%
Place-Making	81,905	100%	100%	100%
Planning - Community Infrastructure Levy	333	0%	0%	0%
Planning System	73,083	100%	100%	100%
Planning Inspectorate	58,961	100%	100%	100%
Planning Inspectorate	11000	100%	100%	100%
Regulatory Regime	46,369	100%	100%	100%
Remediation Policy	802,221	100%	100%	100%
Resettlement Programmes	-97,239	0%	0%	0%

Resilience and Recovery	10,385	100%	100%	100%
Social Housing Supply	171,677	100%	100%	100%
Social Housing Supply (AHP)	2,597,220	100%	100%	100%
Spatial Data Unit	5,089	0%	0%	0%
Stewardship Portfolio and Grenfell Response	12,059	100%	100%	100%
Towns Fund / Future High Streets Fund	555,737	100%	100%	100%
UK Holocaust Memorial and Learning Centre	5,423	0%	0%	0%
UKSPF	1,439,435	0%	0%	0%
Union and Devolution	869	0%	0%	0%
	10726645	82.1%	82.1%	82.1%

Department for Culture, Media and Sport

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Administration and Research	152,838	100.0%	100.0%	100.0%
Arts Council England	556,107	100.0%	100.0%	100.0%
British Film Institute	24,648	0.0%	0.0%	0.0%
British Library	155,140	0.0%	0.0%	0.0%
British Tourist Authority	43,310	0.0%	0.0%	100.0%
Churches Conservation Trust	2,928	100.0%	100.0%	100.0%
Gambling Commission	1,327	0.0%	0.0%	100.0%
Historic England	94,159	100.0%	100.0%	100.0%
Museums and Galleries	607,446	100.0%	100.0%	100.0%
National Citizen Service (England)	47,129	100.0%	100.0%	100.0%
National Citizen Service (UK)	4,920	0.0%	0.0%	0.0%
National Heritage Memorial Fund	11,447	0.0%	0.0%	0.0%
National Lottery Commission	34,949	0.0%	0.0%	100.0%

Office for Civil Society	208,984	100.0%	100.0%	100.0%
Sports Bodies (England and Wales)	1,697	100.0%	0.0%	100.0%
Sports Bodies (England)	179,445	100.0%	100.0%	100.0%
Sports Bodies (UK)	100,329	0.0%	0.0%	0.0%
Support for Broadcasting and Media	23,675	0.0%	0.0%	0.0%
Support for the Arts Sector	-55,854	100.0%	100.0%	100.0%
Support for the Gambling Sector	-34,949	0.0%	0.0%	100.0%
Support for the Heritage Sector	34,094	0.0%	0.0%	0.0%
Support for the Museums and Galleries Sector	12,536	100.0%	100.0%	100.0%
Support for the Sports Sector	34,898	0.0%	0.0%	0.0%
	2,241,203	**80.6%**	**80.6%**	**82.6%**

Department for Environment, Food and Rural Affairs

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Administration	797,128	100%	100%	100%
Animal and Plant Health (England)	259,943	100%	100%	100%
Animal and Plant Health (UK)	74,900	0%	0%	0%
Arm's Length Bodies	1,872,443	100%	100%	100%
Chemicals, Pesticides & Hazardous Waste	34,645	0%	0%	0%
Chief Scientific Advisors	235,887	100%	100%	100%
Climate and Air Quality	39,564	100%	100%	100%
Collection and Packaging Reforms programme	147,454	100%	100%	100%
Communications	12,231	100%	100%	100%
Digital, Data and Technology and Security	439,972	100%	100%	100%
Endemic Diseases	38,822	100%	100%	100%

Environmental	5,241	100%	100%	100%
EU and International	28,294	100%	100%	100%
Flood Risk Management	500	100%	100%	100%
Food, Farming and Land Use	97,466	100%	100%	100%
Forestry, Wildlife and Biodiversity	360,401	100%	100%	100%
Green Finance (England)	2,688	100%	100%	100%
Green Finance (UK)	1,000	0%	0%	0%
Landscapes	200,305	100%	100%	100%
Marine and Fisheries (England)	88,253	100%	100%	100%
Marine and Fisheries (UK)	12,246	0%	0%	0%
Net Zero and Biomass	1,527	0%	0%	0%
Northern Ireland	21,390	0%	0%	0%
Property	243555	100%	100%	100%
Rural Policy	2,144,956	100%	100%	100%
Strategy, Science & Analysis	69,113	100%	100%	100%
Sustainability, Resource and Waste	-30,408	100%	100%	100%
Veterinary Medicines	9,277	100%	100%	100%
Water (E&W)	-1,480	100%	0%	100%
Water (England)	175,632	100%	100%	100%
Water, Flood, Chemical and Nuclear Emergencies	8,148	0%	0%	0%
Windsor Framework	1,200	100%	100%	100%
	7,392,293	**97.9%**	**97.9%**	**97.9%**

Department for Education

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Adult Skills Fund	1,415,103	100%	100%	100%
ALBs	213,590	100%	100%	100%
Apprenticeships	2,663,938	100%	100%	100%
Careers	85,029	100%	100%	100%
Childcare Delivery Admin	7,541	100%	100%	100%

Children's Social Care	484,894	100%	100%	100%
Core DfE	392,620	100%	100%	100%
Cross-cutting	130,007	100%	100%	100%
Curriculum	230,337	100%	100%	100%
Digital Data and Technology	75,693	100%	100%	100%
Early Years and Wraparound	6,462,991	100%	100%	100%
Education recovery	123,440	100%	100%	100%
ESFA	55,242	100%	100%	100%
Family Hubs & Start for Life	105,137	100%	100%	100%
Food programmes	70,031	100%	100%	100%
Further Education	8,569,706	100%	100%	100%
HE Student Loans - Debt Sale Provision	24,140	100%	100%	100%
HE student support	671,300	100%	100%	100%
Higher Technical Education	169,295	100%	100%	100%
Holiday Activities and Food	207,001	100%	100%	100%
Multiply	109,888	100%	100%	100%
Other Capital	141,389	100%	100%	100%
Other Families	188,543	100%	100%	100%
PE & Sport Premium	266,100	100%	100%	100%
PFI	785,134	100%	100%	100%
Regional School Commissioners	126,146	100%	100%	100%
Regional Services Division	7,435	100%	100%	100%
School Estate	89,084	100%	100%	100%
Schools Capital	4,376,188	100%	100%	100%
Schools Expenditure	60,186,139	100%	100%	100%
Schools O&I Others	-6,085	100%	100%	100%
Schools Others	2,538	100%	100%	100%
Schools Resource Management	4,972	100%	100%	100%
SEND & AP	193,974	100%	100%	100%
Shared Outcomes Fund Phase 2 - Admin	2,404	100%	100%	100%
Skills	663,506	100%	100%	100%
Skills Bootcamps	233,905	100%	100%	100%
Skills Others	-4,346	100%	100%	100%
SPG	1,455,700	100%	100%	100%

STA & TRA	67,190	100%	100%	100%
Strategy Others	750	100%	100%	100%
Student Loans Company	292,911	100%	100%	100%
Supporting Families	255,423	100%	100%	100%
Teacher recruitment and retention	438,178	100%	100%	100%
Turing & international	107,183	100%	100%	100%
UIFSM	603,999	100%	100%	100%
	92,745,283	**100.0%**	**100.0%**	**100.0%**

Department for Transport[40]

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Accessibility	3,494	100%	100%	100%
Active Travel England	111,441	100%	100%	100%
Administration	333,594	100%	100%	100%
Air Accident Investigation	9,342	0%	0%	0%
Air Travel Trust Fund	-39,857	0%	0%	0%
Airport Capacity	10,859	100%	100%	100%
Analysis & Science	5,526	100%	100%	100%
Aviation	62,107	0%	0%	0%
Aviation Serv Trans, Security & Royal Travel	32,311	0%	0%	0%
British Railways Board (Residuary)	-7,836	0%	0%	100%
British Transport Police	38,515	100%	0%	100%
Bus Service Operator Grants	728,933	100%	100%	100%
Capital Infrastructure Investment	159	100%	100%	100%
Chief Scientific Advisor	4,658	100%	100%	100%
Cleaner & Smarter Transport	30,748	0%	0%	0%

40 HM Treasury is aware of a potential error with the Department for Transport department comparability factor used to calculate Barnett consequentials for the devolved governments. The impact of the potential error will be worked through ahead of the next Statement of Funding Policy publication. However, for Phase 2 of the Spending Review 2025, the Phase 1 Department for Transport comparability factor has been applied.

Cleaner Vehicles Fund	543,934	0%	0%	0%
Commercial Contracts	7,127	100%	100%	100%
Community Rail & Research	1,040	100%	100%	100%
Crossrail	-216,589	100%	100%	100%
Cycling	11,930	100%	100%	100%
Dangerous Goods	3,197	0%	0%	100%
Dartford Tolls	-105,881	100%	100%	100%
Digital Railways	118	100%	100%	100%
DVLA	102,564	0%	0%	0%
DVSA	140,555	0%	0%	0%
East West Rail	143,732	100%	100%	100%
Economy, Union and Levelling Up	7,537	0%	0%	0%
Europe	6,839	0%	0%	0%
Eurotunnel/Eurostar	14,523	0%	0%	0%
Freight Grants	32,829	0%	0%	100%
Freight Research & Statistics	1,397	0%	0%	100%
General Lighthouse Authorities	18,257	0%	0%	0%
Government Car Service	685	100%	100%	100%
Group Property	18,586	0%	0%	100%
Heathrow	968	100%	100%	100%
High Speed 1 & Ashford	-12,488	0%	0%	0%
Highways England	6,438,300	100%	100%	100%
HR Programmes	7,576	0%	0%	100%
HS2	7,020,342	100%	0%	100%
Integrated Transport Block	170,035	100%	100%	100%
IT Programmes	15,904	0%	0%	100%
Local Authority Major Schemes	1,762	100%	100%	100%
Local Authority PFI Schemes	322,309	100%	100%	100%
Local Authority Road Maintenance	1,026,975	100%	100%	100%
Local Authority Road Scheme Strategy	344,620	100%	100%	100%
Local Transport	1,122,004	100%	100%	100%
London & Continental Railways Corp	2,383	0%	0%	0%

Major Rail Development Projects	10,500	0%	0%	0%
Marine Accident Investigation Branch	5,122	0%	0%	0%
Maritime	197,871	0%	0%	0%
Maritime & Coastguard Agency	475,882	0%	0%	0%
Network Rail	16,111,922	100%	0%	100%
Nexus	77,800	100%	100%	100%
Northern Transport Strategy	18,434	100%	100%	100%
NPR and Integrated Rail Plan	75,992	100%	100%	100%
Other Local Authority Schemes	100	100%	100%	100%
Project Delivery Improvement Programme	8,435	100%	100%	100%
'Project Hexagon'	29,897	100%	100%	100%
R&D Rail Projects	11,950	100%	100%	100%
Rail & Land Transport Compliance and Security	5,787	0%	0%	100%
Rail Accident Investigation Branch	6,048	0%	0%	0%
Rail Analysis Research	23,704	100%	100%	100%
Rail DG	230	100%	100%	100%
Rail Infrastructure	8,601	100%	100%	100%
Rail Pensions	11,192	0%	0%	100%
Rail Projects	1,104	100%	0%	100%
Rail Reform	20,938	0%	0%	100%
Rail Workforce Reform	52,493	100%	100%	100%
Research	8,840	100%	100%	100%
Road Investment Strategy	3,678	100%	100%	100%
Road Safety Grants & Publicity	28,959	100%	100%	100%
Road Safety Grants and Research	4,959	100%	100%	100%
Road Safety Research	25,720	100%	100%	100%
Shared Services	751	100%	100%	100%
Shareholding & Sponsorship	-19,759	0%	0%	100%
Smart Ticketing	78,528	100%	100%	100%

Statistics Personal Travel	24,793	100%	100%	100%
Strategy	300	100%	100%	100%
Support for Passenger Rail Services	1,532,896	100%	100%	100%
Sustainable Transport	1,450	100%	100%	100%
Train Fleet	192	100%	100%	100%
Transport Focus Roads	1,779	100%	100%	100%
Transport Focus	971	0%	0%	100%
Transport Focus - Rail	3,939	0%	0%	100%
Transport for London	6,601	100%	100%	100%
Transport Security	11,161	100%	100%	100%
Transport Statistics - Roads	8,772	100%	100%	100%
Vehicle & Operator Services Agency	-92,575	0%	0%	100%
Vehicle Certification Agency	5,100	0%	0%	100%
Zero Emission Buses	40,000	0%	0%	0%
	37,348,121	**95.6%**	**33.5%**	**95.6%**

Department for Health and Social Care

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Administration and Programme spend	2,573,911	100%	100%	100%
Arm's Length and Other Bodies	1,250,121	100%	100%	100%
Medicines and Healthcare Products Regulatory Agency	61,122	100%	100%	100%
NHS Business Services Authority	236,777	100%	100%	100%
NHS Counter Fraud Authority	23,007	100%	100%	100%
NHS England	64,076,263	100%	100%	100%
NHS Providers	122,080,250	100%	100%	100%
NHS Resolution	3,163,732	100%	100%	100%
Non-Departmental Public Bodies	155,628	100%	100%	100%
Public Health Local Authority Grant	3,368,797	100%	100%	100%

Research and Development	1,957,733	100%	100%	100%
UKHSA Covid Medicine	11,000	0%	0%	0%
UKHSA Covid Vaccines Unit	934,000	0%	0%	0%
UKHSA Other	399,551	100%	100%	100%
	200,291,893	**99.5%**	**99.5%**	**99.5%**

Department for Work and Pensions

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
PIP/DLA appeal hearings	-23,450	0%	0%	0%
50 PLUS Choices	6,000	0%	0%	100%
Access to Work	138,391	0%	0%	100%
Additional Work Coach Time for Health Journey claimants	100,800	0%	0%	100%
Administrative earnings threshold	9,982	0%	0%	100%
Auto-enrolment trials	5,100	0%	0%	100%
Budget cover transfers to Cabinet Office	-2154	0%	0%	100%
Carers of children	27,900	0%	0%	100%
CDEL Evaluation (NRF)	15,830	0%	0%	100%
Childcare Costs & Universal Credit	56,700	0%	0%	100%
Conditionality for non-working/low earning partners in Universal Credit	26,100	0%	0%	100%
Core Department depreciation costs	468,133	0%	0%	100%
Cyber Resilience	29,031	0%	0%	100%
Digital Capital	64,000	0%	0%	100%
Disability Benefits and Assessments - Green Paper	18,848	0%	0%	100%

Disability Confident	300	0%	0%	100%
Disability Employment Enabling Roles	24,600	0%	0%	100%
Disability Employment Support Measures	78,222	0%	0%	100%
Disability Services	242,219	0%	0%	100%
Disability Unit Joint Endowment Fund	12090	0%	0%	100%
Discretionary Housing Payments	125,400	100%	0%	100%
Drugs Strategy	1,300	100%	0%	100%
Efficiency & Savings	51,792	0%	0%	100%
Employers, Health and Inclusive Employment Portfolio Management Resource	700	0%	0%	100%
Employment Advice in IAPT	200	100%	100%	100%
Estates costs	111,000	0%	0%	100%
Estates overheads	150,000	0%	0%	100%
Expand Mid-Life MOT	15,300	0%	0%	100%
Extend Sector-based Work Academy Programme (SWAPs) and Train and Progress (TaP)	4,480	0%	100%	100%
Family Voice Project	-80	100%	100%	100%
Fit note reform	10,000	0%	0%	100%
Fraud and Error: Third Party Data Sharing	5,000	0%	0%	100%
Fraud Compensation Fund	86,000	0%	0%	100%
Fraud Error & Debt	475,494	0%	0%	100%
Functional Assessment Services (Health Assessments)	-5,000	0%	0%	100%
Health & Safety Executive	165,344	0%	0%	100%

Health Transformation Programme	38,700	0%	0%	100%
HMG platform	60	0%	0%	100%
Housing Benefit administration	211,700	0%	0%	100%
IFRS16 implementation	-55,426	0%	0%	100%
International Labour Organisation subscription	7,600	0%	0%	100%
Increase Administrative Earnings Threshold from 15 to 18 hours	36,180	0%	0%	100%
Individual Placement Support (Drugs & Alcohol)	1,900	100%	100%	100%
Individual Placement and Support in Primary Care	200	100%	100%	100%
Individual Placement and Support (IPS) and IPS alcohol and drugs	13,501	100%	100%	100%
Intensive Personalised Employment Support	8,800	100%	0%	100%
In-work progression	77,900	0%	0%	100%
Labour Markets Evaluation & Pilots Fund: Jobs Plus Pilot	4,281	100%	100%	100%
Mandatory Work Placements	31,000	100%	0%	100%
MaPS depreciation costs	1,614	0%	0%	0%
MaPS IFRS16 Capital	6,150	0%	0%	0%
Labour Markets Evaluation and Pilots Fund: Rent Support Pilot	110	100%	100%	100%
Money and Pensions Advice Service	175,781	0%	0%	0%

National Insurance Fund (NIF) administration	431,204	0%	0%	100%
NEST Loan Interest (net)	-3,577	0%	0%	100%
NICs funding adjustment	-26,715	0%	0%	100%
Occupational Health Reform	7,558	0%	0%	100%
Occupational Health SME pilot extension	9,000	0%	0%	100%
Official Development Assistance	6,000	0%	0%	100%
ONR Loan	4,069	0%	0%	100%
Other baseline activity	2,439,110	0%	0%	100%
Other baseline/non-baseline activity	807,063	0%	0%	100%
IFRS16 implementation RDELex adjustments	-32,468	0%	0%	100%
Other National Insurance Fund admin adjustment	113,244	0%	0%	100%
Other non-baseline activity	569,841	0%	0%	100%
Pensions Dashboard	1,250	0%	0%	100%
Pensions General Levy	-94,900	0%	0%	100%
PIP/FAS Volumes	112,000	100%	0%	100%
Post-Restart	5,000	100%	0%	100%
PPF - FAS admin	7,300	0%	0%	100%
Public Sector Pensions Levy	25,200	0%	0%	100%
Reducing Parental Conflict	11,000	100%	100%	100%
Remploy pension admin	2,300	0%	0%	100%
Restart	420,500	100%	0%	100%
Restart Extension	297,000	100%	0%	100%

Scottish Devolution Programme	1,000	0%	0%	0%
Sector-based Work Academy Programme	7,000	0%	100%	100%
Service Modernisation	-88,032	0%	0%	100%
Shared Outcome Fund	245	0%	0%	100%
Social Fund Sure Start Maternity Grants	23,400	100%	0%	100%
Social Funeral Expense Payments	57,000	100%	0%	100%
Special Rules for Terminal Illness	5,000	0%	0%	100%
Talking Therapies, Employment Advisers & Mental health	-22,500	100%	100%	100%
Targeted Case Review	218,100	0%	0%	100%
The Pensions Ombudsman	9,431	0%	0%	100%
The Pensions regulator	105,849	0%	0%	100%
TPO depreciation costs	142	0%	0%	100%
Universal Credit Future Support Offer	37,500	0%	0%	100%
Universal Credit Programme	220,580	0%	0%	100%
Universal Credit recharges	6,800	0%	0%	100%
Universal Credit Taper	47,000	0%	0%	100%
Universal Support	162,900	100%	0%	100%
Work and Health Programme	86,400	100%	0%	100%
Work Well Partnership Programme	25,667	100%	100%	100%
Youth Offer	11,000	0%	0%	100%
Total	**9,081,084**	**15.0%**	**0.5%**	**98.2%**

HM Revenue and Customs

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
All Lines of Business	5534572	0%	0%	0%
Central HMRC Spending	253000	0%	0%	0%
Core VOA Spending	252807	100%	100%	100%
Landfill Tax	7884	100%	100%	0%
Stamp Duty Land Tax	18163	100%	100%	0%
	6,066,426	**4.6%**	**4.6%**	**4.2%**

HM Treasury

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Core Treasury	214829	0%	0%	0%
Debt Management Office	17734	0%	0%	0%
Government Internal Audit Agency	2109	0%	0%	0%
United Kingdom Asset Resolution Limited (Net)	5325	0%	0%	0%
Office for Budget Responsibility (Net)	4474	0%	0%	0%
IUK Investments Limited (Net)	1	0%	0%	0%
IUK Investments Holdings Limited (Net)	1	0%	0%	0%
HM Treasury UK Sovereign SUKUK (plc Net)	1	0%	0%	0%
Royal Mint Advisory Committee on the design of coins (Net)	1	0%	0%	0%
Departmental Unallocated Provision	2500	0%	0%	0%
National Infrastructure Commission	6006	0%	0%	0%
UK Government Investments Limited (Net)	11727	0%	0%	0%

UK Infrastructure Bank (Net)	81200	0%	0%	0%
Banking and gilts registration services	2348	0%	0%	0%
	348,256	**0.0%**	**0.0%**	**0.0%**

Home Office

Programme	**2024-25 Provision (£000s)**	**Scotland**	**Wales**	**Northern Ireland**
Administration and Delivery	1831978	0%	0%	0%
Arm's Length Bodies	116985	0%	0%	0%
Asylum and Protection	2012186	0%	0%	0%
Border Force	764580	0%	0%	0%
Communications	12688	100%	0%	100%
Counter Terrorism Policing (E&W)	789018	100%	0%	100%
Counter Terrorism Policing (England)	13500	100%	100%	100%
Counter Terrorism Policing (GB)	216060	0%	0%	100%
Digital, Data and Technology	631124	0%	0%	0%
Economic Crime and Fraud Prevention	-28428	100%	0%	100%
Fire Directorate	77978	100%	100%	100%
Fire Directorate (Pensions and PFI)	123026	100%	0%	100%
HM Passport Office	-320677	0%	0%	0%
Immigration Enforcement	495646	0%	0%	0%
Legal	12131	0%	0%	0%
Migration and Borders	785323	0%	0%	0%
National Crime Agency	774909	0%	0%	0%
National security	327286	0%	0%	0%
Public Safety	12023579	100%	0%	100%
Tackling Illegal Migration	101000	0%	0%	0%
UK Visa & Immigration	-3001276	0%	0%	0%
Visas, Immigration & Passports	4475	100%	0%	100%
	17,763,092	**73.3%**	**0.5%**	**74.5%**

Law Officers' Departments

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Crown Prosecution Service	753,568	100%	0%	100%
HM Procurator General & Treasury Solicitor	11,786	0%	0%	0%
Serious Fraud Office	59,819	100%	0%	0%
	825,173	**98.6%**	**0.0%**	**91.3%**

Ministry of Justice

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
20k Prison place delivery & medium term prison capacity impacts	921,000	100%	0%	100%
Advisory Arm's Length Bodies	11144	100%	0%	100%
BAU Capital	52,397	100%	0%	100%
Departmental Unallocated Provision	-632264	100%	0%	100%
Centrally Managed Expenditure	29151	100%	0%	100%
Criminal Injuries Compensation Authority	180403	100%	0%	100%
Civil/ Family/ Tribunal Fees and Appropriations-in-Aid: Fee income	-1158483	100%	0%	100%
Chief Operating Officer Group Core	120848	100%	0%	100%
COOG Estates	554427	100%	0%	100%
Courts	1360868	100%	0%	100%
Delivering Swift Access to Justice - Court Reform programme	42,121	100%	0%	100%
Digital	67,426	100%	0%	100%
Efficiencies enablers (including probation reform)	38,050	100%	0%	100%

Electronic Monitoring	128147	100%	0%	100%
Front Line Delivery Arm's Length Bodies	307447	100%	0%	100%
HM Courts and Tribunals Service	719357	100%	0%	100%
IFRS16	68,112	100%	0%	100%
Judicial Arm's Length Bodies	64851	100%	0%	100%
Legal Aid Agency	2161124	100%	0%	100%
Legal Oversight Arm's Length Bodies	-791	100%	0%	100%
Multi-Jurisdiction/Cross Cutting	89750	100%	0%	100%
Office of the Public Guardian	-18197	100%	0%	100%
Other Government Department Strategic Enablers	13,350	100%	0%	100%
People Function	214389	100%	0%	100%
Performance, Strategy and Analysis (PSA) Group	76863	100%	0%	100%
Policy Group	252745	100%	0%	100%
Prison and Probation HQ	97732	100%	0%	100%
Prison maintenance	179,720	100%	0%	100%
Prison Supply Programmes	29349	100%	0%	100%
Prisons	1221297	100%	0%	100%
Probation	1147669	100%	0%	100%
Public Sector Prisons	2379857	100%	0%	100%
Reducing reoffending and accommodation	224567	100%	0%	100%
Scrutiny Arm's Length Bodies	21358	100%	0%	100%
Secure Schools	0	100%	0%	100%
Service Delivery Transformation Group	386619	100%	0%	100%
Strategic enabler - Courts maintenance	100,000	100%	0%	100%
Strategic Enabler - Digital Decommissioning & Legacy Risk Mitigation	20,196	100%	0%	100%
Youth Custody Service	195417	100%	0%	100%

	11,668,014	**100.0%**	**0.0%**	**100.0%**

Department for Business and Trade

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Trade Development	572,619,817	0%	0%	0%
Trade Development	264,486,323	0%	0%	0%
Corporate Services	20,000,000	0%	0%	0%
Better Regulation	36,895,000	0%	0%	0%
British Shipbuilders	8,170,758	0%	0%	0%
Energy Intensive Industries	175,000,000	0%	0%	100%
Business And Enterprise Miscellaneous	538,989,889	0%	0%	0%
Made Smarter	8,000,000	100%	100%	100%
Enterprise Capital Fund	24,516,714	0%	0%	0%
Launch Investments	-48,646,000	0%	0%	0%
Enterprise Finance Guarantee	-5,056	0%	0%	0%
BIS Admin	81,884,899	0%	0%	0%
BIS Central Programmes	1,886,266	0%	0%	0%
Standards	2,500,000	0%	0%	0%
Companies House	0	0%	0%	0%
Citizens Advice Funding (Including Scotland)	34,763,000	0%	0%	100%
Employment Tribunal Non-Payment Penalty	122,000	0%	0%	100%
EAS Enforcement	1,525,000	0%	0%	100%
Family Friendly Policies	4,600,000	0%	0%	100%
New Labour Market Enforcement Agency	200,000	0%	0%	100%
Business Education	386,000	0%	0%	100%
Trading Standards (Including Scotland)	13,242,000	0%	0%	100%
Market Frameworks Miscellaneous	39,007,500	0%	0%	0%
Insolvency Service	3,087,000	100%	0%	100%
Insolvency Service	56,037,596	100%	0%	100%

Post Office Network Subsidy & Restructuring	209,000,000	0%	0%	0%
Exceptional Regional Growth Fund	71,722,936	100%	100%	100%
British Business Bank (Core Bis)	9,812,906	0%	0%	0%
EX-RDAS-Access To Finance	-6,000,000	100%	100%	100%
Market Frameworks Corporate	12,150,000	0%	0%	0%
Business And Enterprise Markets	1,074,000	0%	0%	0%
Business And Enterprise Access To Finance	46,795,000	0%	0%	0%
Companies House (ALB)	28,768,000	0%	0%	0%
CBILS	36,297,083	0%	0%	0%
ACAS	7,520,000	0%	0%	100%
ACAS	48,390,000	0%	0%	100%
Competition Service	932,000	0%	0%	0%
Competition Service	4,505,000	0%	0%	0%
Financial Reporting Council	1,000,000	0%	0%	0%
Bis (Postal Services Act 2011) Company	2,300,000	0%	0%	0%
British Business Bank	530,366,779	0%	0%	0%
Northern Powerhouse Investment	-6,005,952	0%	0%	0%
Midlands Engine Investment Fund	-8,100,000	0%	0%	0%
Cornwall And Isles Of Scilly Fund	1,889,353	0%	0%	0%
		4.7%	***2.6%***	***14.8%***

Department for Energy Security and Net Zero

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Administration	297669	0%	0%	0%
British Energy Liabilities	88150	0%	0%	0%
Carbon Capture and Storage	430489	0%	0%	0%
Central Programmes	68914	0%	0%	0%

Civil Nuclear Liabilities	210	0%	0%	0%
Civil Nuclear Police Authority	12372	0%	0%	0%
Coal Authority	79032	0%	0%	0%
Coal Pensions	161	0%	0%	0%
Committee on Climate Change	5185	0%	0%	0%
Concessionary Fuel	38459	0%	0%	0%
Drive Action on Climate Change	1600	0%	0%	0%
Electricity Settlements Company	-20	0%	0%	0%
Energy Strategy & Futures and Electricity Market Reform	508925	0%	0%	0%
ETS	8000	0%	0%	0%
Fuel Poverty	4500	100%	100%	100%
Fusion	141500	0%	0%	0%
Global Threat Reduction Programme	8950	0%	0%	0%
Green Deal	21762	0%	0%	0%
HALEU	5000	0%	0%	0%
Heat	21675	0%	0%	0%
Industrial Energy Transformation Fund	84800	0%	0%	0%
International Climate Change	4650	0%	0%	0%
International Climate Fund	411800	0%	0%	0%
International Energy & Security	6578	0%	0%	0%
Low Carbon Contracts Company	9957	0%	0%	0%
National Carbon Markets	2550	0%	0%	0%
National Energy Efficiency	17430	0%	0%	0%
Net Zero Buildings and Heat	1711384	100%	100%	100%
Net Zero Industry	28542	0%	0%	0%
Net Zero Innovation Portfolio	392573	0%	0%	0%
New Nuclear	178043	0%	0%	0%

North Sea Transition Authority	2300	0%	0%	0%
Nuclear Decommissioning Authority	2959067	0%	0%	0%
Nuclear Non-proliferation	25263	0%	0%	0%
Nuclear Security	7525	0%	0%	0%
Ofgem Costs	27000	0%	0%	100%
Oil and Gas	11651	0%	0%	0%
Public Sector Energy Efficiency Loans	-43700	100%	100%	100%
Renewable Energy Deployment	120933	0%	0%	100%
Salix	11800	0%	0%	0%
Sizewell C	1931000	0%	0%	0%
Smart Meters	10657	0%	0%	100%
UK Atomic Energy Authority	258554	0%	0%	0%
	9,912,890	**16.9%**	**16.9%**	**18.5%**

Department for Science, Innovation and Technology

Programme	2024-25 Provision (£000s)	Scotland	Wales	Northern Ireland
Administration	162,927	0%	0%	0%
Advanced Research and Invention Agency	260,000	0%	0%	0%
Arts and Humanities Research Council	60,646	0%	0%	0%
Biotechnology and Biological Sciences Research Council	139,425	0%	0%	0%
British Academy	61,293	0%	0%	0%
British Technology Investments	22,000	0%	0%	0%
Building Digital UK	604,722	0%	0%	0%
Business and Enterprise	7,188	0%	0%	0%
Central Programmes	36,111	0%	0%	0%
Diamond Light Source	34,700	0%	0%	0%
Digital Economy	409,125	0%	0%	0%
Digital Infrastructure	1,000	0%	0%	0%
Economic and Social Research Council	45,494	0%	0%	0%

Engineering and Physical Sciences Research Council	487,760	0%	0%	0%
Europe; Cyber Security; and Counter Extremism	19,914	0%	0%	0%
Geospatial Commission	160,513	0%	0%	0%
Horizon and Copernicus Association	1,247,517	0%	0%	0%
Information Commissioner's Office	9,133	0%	0%	0%
Innovate UK	1,387,473	0%	0%	0%
Medical Research Council	193,183	0%	0%	0%
Met Office	367,863	0%	0%	0%
National Measurement Service	149,871	0%	0%	0%
Natural Environment Research Council	216,990	0%	0%	0%
Office of Communications	3,569	0%	0%	0%
Ordnance Survey	-4,000	0%	0%	100%
Research Base and Science Contingency	712,246	0%	0%	0%
Research Capital Investment Fund	25,379	0%	0%	0%
Research England	2,502,530	100%	100%	100%
Royal Academy of Engineering	42,331	0%	0%	0%
Science and Society	112,387	0%	0%	0%
Science and Technology Facilities Council	456,493	0%	0%	0%
Support for Broadcasting & Media	8,152	0%	0%	0%
UK Research and Innovation	3,889,851	0%	0%	0%
UK Shared Business Services	0	0%	0%	0%
UK Space Agency	618,880	0%	0%	0%
	14,452,666	**17.3%**	**17.3%**	**17.3%**

Annex C

List of Annually Managed Expenditure programmes funded by the UK Government

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

Scottish Government AME programmes funded by the UK Government

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

Welsh Government AME programmes funded by the UK Government

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

Northern Ireland Executive AME programmes funded by the UK Government

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

HM Treasury contacts

This document can be downloaded from www.gov.uk

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