HM Treasury

SPENDING REVIEW 2025

CP 1336

June 2025

SPENDING REVIEW 2025

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

June 2025

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SPENDING REVIEW 2025 (CP 1336) - CORRECTION SLIP

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The document provides a comprehensive summary of the policy measures in the Chancellor of the Exchequer's Spending Review 2025.

This correction slip rectifies 6 errors: three in the departmental settlements chapter, one in the growth and clean energy chapter and two in the SWANI annex, of the hard copies of the document. These will be resolved in the online version.

Correction 1 – Paragraph 5.81 (bullet 3):

The page currently reads:

Providing the largest multi-year settlement for London in over a decade, with **£2 billion** of funding between 2026-27 and 2029-30 for Transport for London's (TfL) capital renewals programme. The government also recognises the potential growth and housing benefits of the Docklands Light Railway (DLR) Thamesmead extension and is committed to working with TfL to explore options for delivery

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Correction 2 – Paragraph 5.82 (bullet 2):

The page currently reads:

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Correction 3 – Paragraph 5.83 (bullet 6):

The page currently reads:

Funding to progress the next stage of **Midlands Rail Hub West**, strengthening connections from Birmingham across the West Midlands and to other regions.

The page should read:

Funding to progress the next stage of **Midlands Rail Hub**, strengthening connections from Birmingham across the West Midlands and to other regions.

Correction 4 – Paragraph 4.49 (bullet f):

The page currently reads:

Life sciences – up to £600 million from 2026-27 to 2029-30 in collaboration with the **Department for Science, Innovation and Technology (DSIT) and the Wellcome Trust** to launch the world's first Health Data Research Service to accelerate the discovery of life-saving drugs, and up to £520 million life sciences manufacturing funding from 2025-26 to 2029-30 to build resilience for future health emergencies; and,

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Correction 5 – Paragraph A.13 (bullet 2):

The page currently reads:

Confirms the sector and geography focus for the Glasgow City Region Investment Zone, which will focus on advanced manufacturing. The Investment Zone will be focused around sites in Renfrewshire, alongside existing Innovation Districts and underdeveloped sites near critical infrastructure around Glasgow Airport. Local partners expect it to generate **at least £1.7 billion of investment and up to 18,000 full-time equivalent jobs over 10 years,** and boost the region's research and innovation economy;

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million of initial private sector investment, support up to 10,000 jobs, and boost the region's research and innovation economy;

Correction 6 – Paragraph A.13 (bullet 3):

The page currently reads:

Confirms the sector and geography for the North East Scotland Investment Zone, which will centre on sites in Aberdeen City and Aberdeenshire local authorities, including the Energy Transition Zone. The sector focus is green industries and the digital and technology sector, particularly floating offshore wind and green hydrogen, and harnessing digital technology to drive innovation in green energy solutions. Local Partners expect it to generate **over £220 million of initial private sector investment, create over 8,000 jobs**, and boost the region's research and innovation economy;

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Contents

Executive summary

Spending Review 2025 (SR25) sets out the government's plans to invest in Britain's renewal: its security, health and economy. SR25 sets departmental budgets for day-to-day spending until 2028-29, and until 2029-30 for capital investment, with total departmental budgets growing by 2.3% across the Spending Review (SR) period. It also sets devolved government block grants for the same period.

SR25 delivers on the government's Plan for Change: building strong foundations, kick-starting economic growth, cutting hospital waiting lists, giving children the best start in life, securing control of the country's borders, putting police back on the beat, building 1.5 million new homes, and securing home-grown energy.

Over the last year, the government has taken action to fix the foundations of the economy, put the public finances on a sustainable path, and support growth. At the Budget last autumn, the government set out a clear fiscal strategy which included fundamentally reforming the fiscal framework by changing the government's approach to spending to support transparency, certainty and stability, and introducing new, non-negotiable fiscal rules. The government has now confirmed its plans for spending within the totals set out at the Spring Statement.

The steps the government has taken to restore stability have supported the independent Monetary Policy Committee of the Bank of England to cut interest rates four times since last July, leading to a fall in the cost of new mortgages. Real wages are rising, and have risen by more since July 2024 than during the entirety of the 2010s. Millions of working people have also seen a pay rise of up to £1,400 a year following the government's decision to increase the national living wage.

Since the autumn, the international context has fundamentally changed. Global economic policy uncertainty has increased, and security threats have grown.

The UK economy has proven resilient and the UK has seen the fastest growth in the G7 for the first quarter of this year. Both the Bank of England and the International Monetary Fund have upgraded their forecasts for GDP growth in 2025.

The government has acted quickly to strengthen partnerships with allies around the world through new trade deals with the United States, India and the European Union, and will take further steps in the upcoming trade strategy, to be published later this year.

There is still further to go to address the long-term challenges that the country faces. By delivering necessary investment in combination with fundamental reform, and ruthlessly bearing down on waste through the first zero-based review in nearly 18 years, this SR takes the difficult but necessary decisions to ensure that funding is spent on national priorities: the country's security, health and economy.

Security

The first duty of the government is to keep the country safe. This is why in February, the government announced that defence spending will rise to 2.6% of GDP from 2027, with an ambition to reach 3% in the next Parliament when economic and fiscal conditions allow. This SR confirms the government's plans for defence spending, consistent with the announcement in February, and sets out further investment in the UK's intelligence agencies, whose budget will rise by £600 million in real terms over the SR period, enabling them to remain at the cutting edge of technology and keep pace with rising threats from hostile states. It also supports the ambition set out in the recently published Strategic Defence Review.

Dangerous small boat crossings are undermining security and costing lives. The government's plans will reduce irregular migration and the flow of illicit commodities into the UK, and safeguard victims of trafficking and smuggling. Phase 1 of the SR provided initial funding for a new Border Security Command to tackle criminal gangs. Phase 2 takes the next steps to deliver these plans, providing up to £280 million additional RDEL in 2028-29 for the Border Security Command, to tackle the people-smuggling gangs running the small boats.

Energy security is core to the government's national security plans. By failing to invest at scale over many years in clean, secure, home-grown power, the UK has been left exposed to volatile international fossil fuel markets. This SR addresses this, ending decades of delay on critical energy projects by giving the green light to Sizewell C, a Small Modular Reactor, and Carbon Capture, Usage and Storage programmes.

Health and public services

The government is providing a £29 billion real terms increase (£53 billion cash increase) in annual NHS day-to-day spending from 2023-24 to 2028-29. This will take spending to £226 billion by 2028-29, equivalent to a 3.0% average annual real terms growth rate over the SR period. This investment will support the NHS to deliver the government's Plan for Change commitment, meaning that by the end of the Parliament, 92% of patients will start consultant-led treatment for non-urgent conditions within 18 weeks of referral. The SR also announces a £2.3 billion real terms increase (£4 billion cash increase) in DHSC's annual capital budgets from 2023-24 to 2029-30 to invest in the NHS, including in new technology, hospitals and primary care. This will deliver the largest ever health capital budget, representing a more than 20% real terms increase by the end of the SR period.

The government is taking action to return local government to a sustainable financial position, providing an additional £3.4 billion of grant funding in 2028-29 compared to 2024-25. This equates to an average annual real terms increase in overall local authority core spending power of 3.1% across the SR period.

The schools budget will grow by £2 billion in real terms over this SR. This provides a £4.7 billion cash increase per year by 2028-29 (compared to 2025-26), which ensures average real terms growth of 1.1% a year per pupil. Around £2.4 billion per year will be invested in the School Rebuilding Programme over the next four years, reaffirming the government's commitment to rebuild over 500 schools. Alongside this, the SR will provide funding for skills, including to ensure 1.3 million 16-19 year-olds can access high-quality training opportunities.

To support the justice system and keep the country safe, this SR provides £7 billion from 2024-25 to 2029-30 to build 14,000 new prison places, alongside up to £700 million per year by 2028-29, compared with 2025-26, to transform the probation system. The government is therefore providing the funding necessary to deliver transformative reforms to sentencing, based on the recommendations set out in the recent Sentencing Review.

Police spending power will increase by an average 2.3% per year in real terms over the SR period. This will support frontline policing levels across England and Wales and help restore public confidence in policing. This reflects the government's Plan for Change commitment to put an additional 13,000 police officers, police community support officers and special constables into neighbourhood policing roles over this Parliament and help keep communities safe.

Investment must go hand in hand with reform. This SR therefore sets out plans to reform key public services, including improving productivity and reducing bureaucracy in the NHS, promoting earlier intervention in children's social care, and delivering transformative reforms to sentencing in order to ensure stronger, more effective punishment.

As a result of the changes outlined in the SR, the devolved governments will receive, on average, an additional £4.8 billion per year for day-to-day spending between 2026-27 and 2028-29 and £930 million capital between 2026-27 and 2029-30 through the operation of the Barnett formula. This includes on average per year £2.4 billion resource and £510 million capital for the Scottish Government, £1.4 billion resource and £200 million capital for the Welsh Government and £1 billion resource and £220 million capital for the Northern Ireland Executive. The devolved government SR settlements are the largest in real terms since devolution in 1998.

Economic growth

The government increased the capital envelope by over £100 billion at Autumn Budget 2024 (£107 billion from 2025-26 to 2029-30) and by a further £13 billion over the same period at Spring Statement 2025. Taken together, the government is investing an additional £120 billion over the SR period compared with the plans set out at Spring Budget 2024. SR25 allocates this additional investment while remaining within Spring Statement 2025 total capital spending plans.

This has enabled substantial new capital investment to ensure growth is felt across the country. The government is providing:

- £15.6 billion in total by 2031-32 through the new Transport for City Regions (TCR) settlements to give metro mayors of some of England's largest city regions long-term transport settlements;
- £39 billion for a new 10-year Affordable Homes Programme;
- £14.2 billion for Sizewell C over the SR period, the first state-backed nuclear power station since 1988; and

- £22.6 billion per year for research and development by 2029-30, in support of the government's forthcoming modern Industrial Strategy.

To ensure that the growth benefits of this investment are realised more quickly and drive improvements in public services, SR25 brings forward £3.3 billion capital spending into 2026-27 from later years while maintaining total capital spending over the period at the level set out at Spring Statement 2025.

SR25 also allocates £9.6 billion in additional financial transactions, such as loans and equity investments, to support growth. This has enabled the government to expand the financial capacity of the British Business Bank and Great British Energy, and to confirm £4.8 billion in financial transactions from 2026-27 to 2029-30 to catalyse private investment in house building. The government's use of financial transactions is subject to robust controls. These measures have been enabled by the fiscal framework reforms announced at Autumn Budget 2024.

The government is committed to ensuring that the benefits of this funding are felt across all nations and regions of the United Kingdom. To support this, the government is:

- Devolving power and decision-making from Whitehall to local leaders, including through implementing five new integrated settlements, and providing funding for new mayoral strategic authorities through the Devolution Priority Programme;
- Investing directly in local communities, including establishing a new local growth fund for specific mayoral city regions in the North and Midlands with the highest productivity catch-up and agglomeration potential, and new investment in up to 350 deprived communities across the UK; and
- Implementing a new approach to appraisal in the public sector by reforming the Green Book and how it is used to provide objective, transparent advice on public investment across the country, including outside London and the South East.

The government is also taking steps to bring down cost of living pressures for working families. This includes expanding Free School Meals eligibility in England to all children with a parent receiving Universal Credit, capping bus fares at £3, capping the cost of school uniforms, and committing a further £13.2 billion between 2025-26 and 2029-30 for the Warm Homes Plan.

Reforming the state

The government will drive fundamental reform to ensure the state is set up to deliver, and every pound of taxpayers' money is spent well. To support these plans, the £3.25 billion Transformation Fund, first announced at Spring Statement 2025, will drive a preventative approach to public services and modernise the state.

The SR sets out plans for a step change in investment in digital and artificial intelligence (AI) across public services, including in the NHS. The government will build strong digital and technology foundations, tackle urgent cybersecurity and technical resilience risks, modernise public service delivery and drive a major overhaul in government productivity and efficiency. An additional £1.2 billion will be provided across the SR period to drive forward cross-cutting digital priorities.

The government will modernise the civil service and make the public sector more productive and agile, to ensure that it operates more efficiently and at lower cost to the taxpayer while delivering high quality outcomes. The SR announces reductions in back-office costs, with all departments reducing their administration budgets by at least 16% in real terms by 2029-30. This will support a rebalancing of day-to-day spending away from central government and towards the services that the public rely on.

Through the SR, the government has rooted out waste and inefficiency. For the first time in 18 years, this SR has included a zero-based review of spending. Every department has undertaken line-by-line scrutiny of its accounts to identify the lowest value for money expenditure. All departments will deliver at least 5% savings and efficiencies by 2028-29. The Office for Value for Money has worked closely with departments to agree bespoke and stretching technical efficiency targets, underpinned by credible delivery plans.

These savings, efficiencies and reforms will make sure that public spending is focused on what matters most: delivering for working people. By taking a mission-led approach, this government is supporting public services, driving investment and generating sustainable long-term growth, all while bolstering economic stability.

Spending Review

1 Productive and agile state

1.1 Through this Spending Review (SR), the government is taking long-term decisions to fundamentally rewire the state:

- using new technology to digitise services and transform how government operates;
- creating a cost-conscious culture that relentlessly roots out waste, drives efficiency, and protects taxpayers' money; and
- establishing a leaner, higher-skilled civil service that is closer to the communities it serves.

1.2 This is underpinned by investment from the £3.25 billion Transformation Fund, and accompanied by reforms to key public services.

1.3 These steps are necessary to improve public sector productivity. The latest Office for National Statistics data shows that total public sector productivity in 2024 was estimated to be 4.6% below pre-pandemic levels, while healthcare productivity was estimated to be 9.6% lower.[1]

Investing in digital, data and technology

1.4 Digital, data and technology are fundamental to the way government operates and how public services are delivered.

1.5 Over this SR period, the government is committing to a step change in investment in digital and Artificial Intelligence (AI) across public services, including in the NHS. The government is providing funding directly to departments to build strong digital and technology foundations, modernise public service delivery, and drive a major overhaul in government productivity and efficiency.

1.6 The Department for Science, Innovation and Technology (DSIT) will continue to bring together the digital transformation of public services under one department, with strategic oversight provided by the Digital Inter-Ministerial Group. This work will be underpinned by a Government Digital and AI Roadmap, to be published in the autumn, which will set out the government's digital priorities to deliver better public services. An uplift of £1.2 billion total departmental expenditure limit (DEL) investment is being provided to DSIT over the SR period to drive forward cross-cutting digital priorities, bringing total investment over Spending Review 2025 (SR25) to £1.9 billion.

[1] 'Public service productivity, quarterly, UK' – Office for National Statistics.

1.7 To drive the digital transformation of public services, the government has prioritised funding for digital programmes across the following areas:

- **Digital public infrastructure, for the public and for government:** the government is modernising and transforming the citizen's relationship with the state by introducing the GOV.UK Wallet and a GOV.UK App, which will deliver more personalised user experiences and verifiable digital credentials for citizens. The government is also creating a new National Data Library to join up data across the public sector; and
- **Modernised public services by harnessing the power of AI:** the government is delivering a step-change in public service quality and reducing the cost of service delivery through AI adoption and digital transformation, including the introduction of a single patient NHS record so that every part of the health service has a full picture of a patient's care with appropriate safeguards and privacy. Funding will also be used to help scale the most promising opportunities for AI adoption in the public sector, from reducing hospital waiting times to making faster planning decisions and increasing the productivity of the civil service.

Box 1.A: HMRC digital transformation

The government will invest a further £500 million in His Majesty's Revenue & Customs (HMRC's) digital services over this SR period to make HMRC a truly digital first organisation. By 2029-30, a minimum of 90% of customer interactions will be digital self-serve, up from around 70% in 2025. This will improve services so people can easily and quickly get the information they need without having to call or write to HMRC. The government will continue to ensure that alternative channels, including phonelines, are still there for those who need them.

1.8 To ensure that investments in digital, data and technology deliver their intended outcomes, the government will continue to implement recommendations from the Performance Review of Digital Spend.[2] This will include testing and scaling new funding models for digital delivery and ensuring that digital investments have clearly defined and tracked outcome metrics.

Creating a cost-conscious culture

1.9 The government has used this SR to maximise the value from every taxpayer pound. This multi-year SR marks the first zero-based review (ZBR) in 18 years, with every line of government spending scrutinised to make sure it is delivering value for money. All government departments have identified at least 5% savings and efficiencies by 2028-29, with funding repurposed towards core priorities.

[2] 'Performance Review of Digital Spend' – GOV.UK.

Box 1.B: Office for Value for Money

Autumn Budget 2024 established the Office for Value for Money (OVfM) as a time-limited unit based in HM Treasury, with an independent Chair, to support decision-making in SR25 and to develop reforms to improve the value for money of public spending. In line with the mandate set by the Chancellor of the Exchequer, the OVfM has:

- Conducted an assessment of where and how to improve efficiency, by working with departments to agree bespoke technical efficiency targets underpinned by credible delivery plans. This amounts to almost £14 billion of annual efficiency gains by 2028-29 against planned day-to-day budgets for 2025-26. The plans and bespoke departmental targets have been published alongside the SR, providing transparency that will enable delivery to be assessed, and lessons to be learned;
- Undertaken value for money studies into two high-risk areas of cross-departmental spending: governance and budgeting arrangements for mega projects, and procurement of short-term residential accommodation. Summaries of these studies and their outputs will be set out shortly; and
- Scrutinised a subset of capital and invest-to-save proposals in line with the OVfM's published investment appraisal criteria, to inform advice to the Chief Secretary to the Treasury.

The government has already accepted the OVfM's recommendation to introduce a programme of thematic value for money reviews in the years between SRs, drawing on the approach it has taken to value for money studies for SR25. The subject of the thematic reviews to take place in 2026 will be announced in the autumn, alongside the publication of terms of reference.

The OVfM has also recommended that the government require all departments to deliver at least 1% per year technical efficiencies on an ongoing basis. This should be supported by the biennial publication of bespoke departmental efficiency targets underpinned by credible delivery plans. This recommendation has been accepted by the government and will embed a culture of continuous improvement backed up by deliverable and auditable plans.

1.10 Beyond the almost £14 billion per year of technical efficiency gains being delivered by 2028-29, the government is also going further to create a cost-conscious culture and protect taxpayers' money.

1.11 The SR provides £1.7 billion over four years to fund an additional 5,500 compliance and 2,400 debt management staff. This will enable HMRC to raise £7.5 billion a year in extra tax by 2029-30 to close the tax gap and fund public services.[3] Unpaid tax deprives UK public services of vital funding and puts businesses who pay the right tax at a competitive disadvantage.

[3] Autumn Budget 2024 / Spring Statement 2025.

1.12 The government will continue to bring down the costs of spending on external consultants over the SR period. After announcing savings of £550 million in 2024-25 at the July Public Spending Audit by stopping non-essential spending on consultancy, the government expects to save over £700 million per year by 2028-29, reducing spend by half compared to previous trends.[4]

1.13 The Government Communications Service is on track to save £85 million per year from reducing unnecessary communications spend compared to 2023-24 by 2028-29. This exceeds the £50 million target published in the July Public Spending Audit.

1.14 The government has directed all departments to reduce their use of Government Procurement Cards (GPCs) and to crack down on wasteful spending, including away days and government-branded merchandise. Cabinet Office has instructed all departmental Accounting Officers to assure themselves that their staff are spending public money responsibly and efficiently, and that they adhere to transparency and publication requirements.

1.15 Counter-fraud experts from the Public Sector Fraud Authority are taking proactive steps to combat fraud and protect the public purse. Through SR25, departments have completed Initial Fraud Impact Assessments for the highest risk and largest programmes across government, in order to embed fraud prevention in major projects.

1.16 In December, the Chancellor appointed Tom Hayhoe as the Covid Counter-Fraud Commissioner to scrutinise COVID spending and provide assurance that everything possible is being done to recover public funds lost to pandemic-related fraud. An interim report on scrutinising personal protective equipment (PPE) contracts marks the end of phase one. The Commissioner is now turning to government-wide recovery activities and lessons learned to strengthen future fraud prevention.

Creating a cost-effective, high performing civil service

1.17 Delivering mission-led government and change across the public sector requires a more cost-effective, skilled and empowered civil service working in partnership with communities across the UK.

1.18 The government is reducing administration costs to rebalance day-to-day spending towards the services on which the public relies. SR25 confirms that UK government departments will deliver reductions in administration budgets of at least 11% in real terms by 2028-29, and 16% in real terms by 2029-30. These reductions will be made against 2025-26 administration budgets and will save an expected £2.2 billion in 2029-30. This reduction will be delivered through savings and efficiencies, supported by the £150 million announced at Spring Statement 2025 to help deliver employee exit schemes, and with greater embedding of a cost-conscious culture across Whitehall, including reducing travel costs.

[4] Based on a six-year average of spending on consultants from 2017-18 to 2022-23.

Table 1.1: Departmental Administration Budgets

						Cumulative real growth[1]	
£ million (current prices)	**Plans 2025-26**	**Plans 2026-27**	**Plans 2027-28**	**Plans 2028-29**	**Plans 2029-30**	**2025-26 to 2028-29**	**2025-26 to 2029-30**
Health and Social Care[3]	2,958	2,958	2,958	2,815	2,709	-10%	-15%
Education	537	534	518	509	490	-10%	-15%
Home Office	482	474	466	458	441	-10%	-15%
Justice	554	554	554	527	507	-10%	-15%
Law Officers' Departments	67	70	66	63	61	-11%	-15%
Defence	2,051	2,018	1,985	1,952	1,878	-10%	-15%
Single Intelligence Account	101	120	121	116	113	-10%	-15%
Foreign, Commonwealth and Development Office	345	328	328	319	307	-13%	-17%
MHCLG Housing, Communities and Local Government	285	284	281	272	262	-10%	-15%
Culture, Media and Sport	217	216	209	207	199	-10%	-15%
Science, Innovation and Technology[2]	336	372	341	272	261	-10%	-15%
Transport	359	359	350	341	329	-10%	-15%
Energy Security and Net Zero	425	419	409	402	387	-10%	-15%
Environment, Food and Rural Affairs	1,050	1,133	1,106	999	962	-10%	-15%
Business and Trade	487	448	434	432	424	-12%	-15%
Work and Pensions[2]	1,284	1,356	1,381	1,270	1,076	-10%	-15%
HM Revenue and Customs[2]	1,154	1,136	1,104	1,044	994	-13%	-17%
HM Treasury	294	289	281	276	265	-10%	-15%
Cabinet Office	514	510	455	456	464	-16%	-16%
Small and Independent Bodies	582	659	547	472	468	-23%	-25%
Total	**14,080**	**14,234**	**13,894**	**13,202**	**12,597**	**-11%**	**-16%**

[1] Cumulative real growth excludes time-limited Transformation Fund allocations, and welfare reform and fraud and error measures announced at Spring Statement 2025.
[2] Shared services funding is excluded from the cumulative real growth rates for Science, Innovation and Technology, Work and Pensions, and HM Revenue and Customs.
[3] DHSC's administration budget figures do not yet reflect the full ambition for the integration of NHS England into DHSC, as this work is ongoing. These will be updated in due course.

Source: HM Treasury DEL plans.

1.19 The government will also take action to build capability across the civil service and ensure it can attract, develop and retain a high-performing workforce. This will include specialist digital talent, where the government has committed to one in ten civil servants working in digital roles by 2030. The government will also publish the first ever civil service strategic workforce plan later this year, and monitor progress against this plan to ensure that departments are successful in delivering an efficient and cost-effective workforce.

1.20 Entry paths to the civil service for expert and speciality talent are being strengthened through streamlining recruitment and expanding the use of secondments for critical priorities, including the government's missions. Minimum performance standards for senior civil servants are being implemented and Permanent Secretaries will be held accountable for managing underperformance.

1.21 The government has also allocated £50 million from the Transformation Fund to increase workforce productivity, including to transform the model of civil service learning and development, and reduce dependency on costly external training provision. This will ensure civil servants are more skilled and better able to deliver on public priorities.

1.22 The government is committed to developing a civil service which is more integrated with the communities it serves. Successes like the Darlington Economic Campus have demonstrated how the civil service can operate effectively in different communities while supporting regional growth. The government will continue to relocate more roles out of London, and, by 2030, will reduce the number of civil servants based in London by 12,000 and have 50% of UK-based senior civil servants in regional offices across the UK. The relocation strategy is designed to save taxpayers' money and ensure the government better reflects the country it serves.

1.23 To support the relocation of roles out of Whitehall, SR25 invests £244 million to complete the development of new government hubs. This includes the Darlington Economic Campus in Brunswick Street, which will be home to 1,400 civil servants from across a range of government departments, the Manchester First Street Hub, which will accommodate 2,600 civil servants, and the York Central Hub, home to 2,600 civil servants. This investment will help redevelop these areas and provide a boost to their regional economies.

1.24 The government is taking decisive action to reduce the government estate in London. Over the SR period, 11 central London offices will be closed, including 102 Petty France and 39 Victoria Street. This will result in £94 million in annual savings by 2032. The government will dispose of surplus estate, delivering at least £1 billion of receipts by 2030 that will be reinvested in the retained estate to improve its condition and sustainability.

Box 1.C: Arm's length bodies

There is a complex landscape of arm's length bodies (ALBs) across government that can, at times, impede delivery and slow down the rate of action. The government has demonstrated that it is willing to take bold decisions by announcing that NHS England will be merged into the Department of Health and Social Care (DHSC). The government is also moving quickly to merge the Valuation Office Agency into HMRC by the end of 2025-26.

The government has commenced a review of all ALBs that will identify further opportunities for closures, mergers and consolidations. Further details on the outcomes of this review will be announced in due course.

The government is committed to streamlining the operations of ALBs through targeted efficiency measures through the OVfM technical efficiency process.

1.25 The government will ensure it continues to use high-quality data and modern systems to inform critical decisions. To improve the robustness of its corporate systems, the government is investing over £800 million to unlock the full benefits of the existing Shared Services programmes. This will streamline HR, commercial and finance processes, and data, resulting in over £115 million per year of efficiency and productivity benefits across government by 2028-29.

1.26 Furthermore, the government is investing an initial £20 million to update its finance operating model by transforming the digital and data architecture of public spending. This will allow a smarter, data-driven approach to understanding and evaluating expenditure.

1.27 This will be supported by a new planning and performance framework, to be published by Budget 2025 to support business planning for 2026-27 and public transparency. Together with transformed finance systems, this will ensure better tracking of government spending, with assessment of performance against both outcomes and value for money, resulting in more evidence-based decision making and greater accountability.

Box 1.D: Transformation Fund

The government is backing the transformation of public services through the £3.25 billion Transformation Fund.

Table 1.2: Transformation Fund Allocations

£ million (current prices)	Plans 2025-26	Plans 2026-27	Plans 2027-28
Digital			
Support for the Digital Centre of Government and cross-cutting digital priorities	13	194	116
Cross-government shared services and finance systems	–	59	58
Enhanced technology for probation officers	–	50	50
Improved HMRC customer services and IT	–	210	88
Transformation in Defra ALBs	–	17	9
Prevention			
Reform of children's social care through earlier intervention	79	271	207
Reform of the SEND system to improve pupil outcomes	–	547	213
Support for adults with complex needs (community help partnerships)	15	40	45
Prevention of homelessness and rough sleeping	–	52	35
Productivity and efficiency			
Reform of the asylum system	–	150	50
Implementation of the Post Office's strategic transformation plan	–	86	–
Civil Service transformation	–	25	25
Civil Service employee exit schemes	73	70	–
Funding announced at Spring Statement 2025			
Recruitment of a further 400 new fostering households	10	13	–
New technology for probation officers	–	8	–
Frontier AI exemplars	41	–	–
Devolved Governments			
Allocations through the Barnett formula	21	210	106
Total	**250**	**2,000**	**1,000**

Source: HM Treasury DEL plans.

The Transformation Fund will:

- Support the reform of public services so that they are focused on prevention. This will include investing in reform of children's social care and the Special Educational Needs and Disabilities (SEND) system, and deploying innovative approaches to support vulnerable cohorts;
- Prevent homelessness through investing in early intervention measures;
- Invest in transformative programmes to seize the opportunities of digital technology and cutting-edge AI capability to drive productivity improvements and help to deliver the government's missions; and
- Deliver transformation in the civil service to enable a productive and agile state. This includes funding for exit schemes and enhanced training, learning and development to enable a high-skilled civil service.

2 Strong foundations

2.1 In an increasingly unstable and volatile world, it is vital to ensure the United Kingdom remains resilient in the face of potential future shocks – be they conflict overseas, threats to the UK's shores, global economic shifts or humanitarian crises.

2.2 Without the foundations of a stable economy, secure borders and national security, the government will not be able to deliver its missions and a decade of national renewal. The Spending Review (SR) therefore sets out how the government will build these strong foundations in line with its Plan for Change.

National security and defence

2.3 In recent years, Russian aggression in Ukraine, increased threats from malign actors and rapid technological change have caused global instability and disrupted the rules-based international order.

2.4 To counter this, the government will continue to work with international partners to deter and disrupt threats and protect the UK from harm, including strengthening the UK's unshakeable commitment to NATO, maintaining the transatlantic alliance, and deepening security cooperation with the EU. This includes the government's triple lock guarantee to maintain and renew the nuclear deterrent. Support for Ukraine will remain steadfast for as long as is needed.

2.5 The first duty of the government is national security. This is why, in February, the government announced that NATO qualifying defence spending will rise to 2.6% of Gross Domestic Product (GDP) by 2027, with an ambition to reach 3% in the next Parliament as economic and fiscal conditions allow.[1] Recognising the key role that the intelligence agencies play in ensuring the security of the nation, the government has increased the share of intelligence spending that is spent as NATO-qualifying defence expenditure.

2.6 The Strategic Defence Review (SDR), published on 2 June 2025, sets out a shift in the UK's approach to deterrence and defence: moving to warfighting readiness, adopting a 'NATO First' approach, using defence as an engine for growth, and promoting a whole-of-society approach to defence.[2]

2.7 The Ministry of Defence budget supports the ambition set out in the SDR. Further detail on how the government will deliver this ambition will be published in the Defence Investment Plan later in the year. It will include:

a. **Nuclear:** £15 billion over this Parliament for a sovereign warhead programme, supporting over 9,000 jobs in the UK;

[1] 'Prime Minister sets out biggest sustained increase in defence spending since the Cold War, protecting British people in new era for national security' – GOV.UK.
[2] 'The Strategic Defence Review 2025 – Making Britain Safer: secure at home, strong abroad' – GOV.UK.

b. **Directed energy weapons:** nearly £1 billion of new funding this Parliament to deliver the first European laser-directed energy weapon in service;

c. **Autonomous systems:** over £4 billion in autonomous systems. This will include £2 billion of new investment this Parliament, including for land drone swarms;

d. **Munitions:** £6 billion for munitions this Parliament, including £1.5 billion for an 'always on' pipeline and at least six new energetics and munitions factories in the UK, generating over 1,000 jobs; and

e. **Infrastructure:** at least £7 billion in this Parliament for a once in a generation renewal of military accommodation, including over £1.5 billion new investment for rapid work to fix forces family housing.

2.8 The government will ensure that its substantial increase in defence spending helps boost economic growth. As well as delivering against national security objectives, the upcoming Defence Industrial Strategy will set out how the government will maximise the untapped growth potential of defence, as one of the eight priority sectors under the government's modern Industrial Strategy, including capitalising on synergies between defence and other priority sectors such as advanced manufacturing and digital and technology.

2.9 The Ministry of Defence will deliver efficiencies and savings across the SR period and beyond, to ensure every pound of taxpayers' money is well spent. The detail will be published in the Defence Reform and Efficiency Plan in the autumn, which will set out plans to deliver further efficiency and productivity savings, civilian workforce changes and structural simplification.

2.10 Delivering security requires an integrated approach beyond the armed forces, including a growing number of departments and agencies across the national security community. As part of this SR, the government has delivered significant new investments across the national security system, focused on strengthening underlying enablers and making the UK a harder target, reflecting the rising tide of threats from hostile states and the pace of technological change.

2.11 At this SR, the government will deliver an increase of £0.6 billion to the Single Intelligence Account (comprised of MI5, SIS and GCHQ) by 2028-29, reflecting the rising demand on the Intelligence Community to illuminate and deter threats. This settlement will deliver further investment in core infrastructure and an ongoing programme of digital transformation and research and development (R&D). This settlement also provides funding to support the National Cyber Security Centre and the National Protective Security Authority in continuing their important role in the government's growth mission.

2.12 The Foreign, Commonwealth and Development Office (FCDO) plays an essential role in protecting the interests of the UK and its allies, complementing the UK's military and intelligence capabilities. Through its diplomatic network and programming overseas, the FCDO supports allies such as Ukraine while addressing threats to collective security. At this SR, the government will deliver a renewed ability to counter threats upstream, while continuing to work through alliances and key partnerships to strengthen the UK's global efforts on conflict resolution and strategic risk reduction.

2.13 At this SR, the government is maintaining the Integrated Security Fund, which supports a joined-up response to threats. The Fund's flexible, programme-based structure means it can adapt quickly and pivot to more acute threats. It will support investment in homeland security, cybersecurity, biosecurity and resilience where delivery relies on partnership across a number of government departments, as well as the private sector.

2.14 Further investment is also being provided to deliver common enablers, including a single top secret cloud platform and investment in the UK's high containment laboratory estate to bolster UK biosecurity.

2.15 As set out at the Spring Statement, the government has taken the difficult decision to reduce Official Development Assistance (ODA) spending to the equivalent of 0.3% of Gross National Income (GNI) by 2027. This will enable greater investment in security and defence, reflecting the changing global threat picture. Nevertheless, the government is continuing to invest in international development priorities to build a safer world. The government remains committed to returning spending on ODA to 0.7% of GNI when the fiscal circumstances allow.

Homeland security

2.16 At this SR, the government will fund a real terms increase in the Home Office's national security spending. The government will increase counter-terror policing budgets to maintain capabilities and protect officer numbers. The government will provide at least £100 million per year by 2028-29, through the Integrated Security Fund, to support current national security priorities.

Asylum and border security

2.17 The government is committed to ensuring the border is secure and the UK has a properly functioning asylum system. This includes increasing funding for border security to ensure that the UK's rules are respected and enforced.

2.18 The government will provide up to £280 million additional RDEL per year by 2028-29 for the Border Security Command to tackle the people-smuggling gangs running small boats.

2.19 The SR settlement includes £200 million of transformation funding to accelerate the transformation of the asylum system and end the costly use of asylum hotels in this Parliament by clearing the asylum backlog, increasing appeals capacity and continuing to return those with no right to be here. This will deliver the Plan for Change commitment to restore order to the asylum system.

2.20 These reforms will deliver a more affordable and sustainable asylum system, meaning that asylum costs will reduce by at least £1 billion per year by 2028-29 compared with 2024-25.

Economic security and resilience

2.21 Supply chains are increasingly volatile, security threats are rising, and international partnerships are changing. Other countries are increasingly taking action to protect their economic security and promote their strategic strengths. In this era of increased geopolitical competition, the government's strategic investments in critical technologies and supply chains will help drive resilient growth.

2.22 The government will set out further detail on the action it is taking to improve the UK's economic resilience as part of the modern Industrial Strategy (see Chapter 4). The SR confirms:

a. **A significant increase to investment in strategic and critical technologies, driving growth and supporting national security by keeping the UK on the cutting edge of the innovation curve.** This includes an expansion of the National Security Strategic Investment Fund (NSSIF), to invest in companies addressing the UK's national security and defence capability requirements. This is alongside defence innovation reform, investments from UK Research and Innovation (UKRI), and increased access to finance measures – supporting the most innovative firms and helping them to scale up;

b. **Up to £27.8 billion capital to be invested through the National Wealth Fund (NWF)**, which will drive growth and create jobs across the UK. The NWF prioritises investment into the clean energy, digital and technologies, advanced manufacturing, and transport sectors. The NWF will consider investments in dual-use technologies and investments to support supply chain resilience across its priority sectors; and

c. **£300 million Great British Energy support over the SR for Offshore Wind supply chains** – as part of the government's investment in resilient and clean energy security, boosting domestic jobs, mobilising additional private investment, and securing manufacturing facilities for critical clean energy supply chains such as floating offshore platforms.

3 An NHS fit for the future, opportunity for all and safer streets

3.1 Public service outcomes have been declining and are at historic lows. The previous government had planned for day-to-day departmental spending to grow in real terms at 0.7% per year on average from 2023-24 to 2028-29. This government is taking a different approach.

3.2 At Autumn Budget 2024, the government therefore took decisions on tax which support an extra £53 billion per year of day-to-day spending by 2028-29. These decisions mean that day-to-day spending will increase in real terms by 1.7% per year on average from 2023-24 to 2028-29. The government is also delivering record levels of capital investment into public services, reversing historic underinvestment.

3.3 The Spending Review (SR) sets out how the government will use this funding to deliver on its core missions and Plan for Change, including making the NHS fit for the future, providing opportunity for all and ensuring safer streets.

3.4 By focusing on these missions, the government will increase public confidence in the criminal justice system, give every child the opportunity to succeed and build a high-performing healthcare system which ensures people can live life to the fullest.

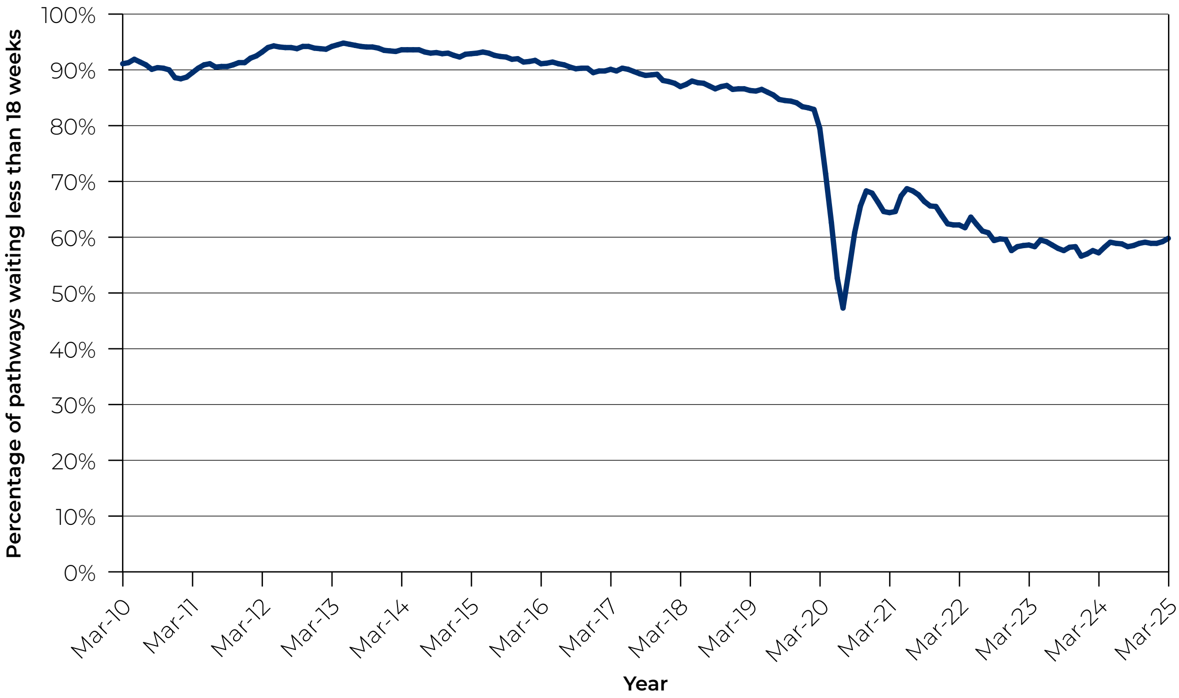
3.5 Increased funding will be matched by an ambitious programme of public service reform to transform services, invest in prevention and push power to local areas. This SR sets out the steps the government will take to deliver this.

An NHS fit for the future

3.6 The government was elected with a mandate to get the NHS back on its feet and to reduce hospital waiting lists. The government is prioritising the NHS through significant investment and reform. On average, across the SR period (from 2023-24 to 2028-29), the NHS in England will receive 3.0% real terms growth in day-to-day spending, equivalent to a £29 billion real terms increase in annual resource budgets. The Department of Health and Social Care (DHSC) capital budget will increase by £2.3 billion in real terms by 2029-30, compared to 2023-24, representing a more than 20% real terms increase by the end of the SR period.

3.7 The government's record investment will support the delivery of the Plan for Change commitment to cut waiting times, meaning that by the end of the Parliament, 92% of patients will start consultant-led treatment for non-urgent health conditions within 18 weeks of referral. Currently, under 60% of patients are waiting less than 18 weeks and, while the waiting list has fallen by over 200,000 under this government, it still stands at 7.4 million.

Chart 3.1: Percentage of pathways waiting less than 18 weeks on the elective waiting list



Source: NHS England.

3.8 The government will move the system past recovery and deliver an NHS that is fit for the future. At Autumn Budget 2024, the Chancellor announced funding for an additional two million appointments in the government's first year. Through this SR and the upcoming 10 Year Health Plan, the government will make three big shifts to move the system from analogue to digital, treatment to prevention, and hospital to community. The government will:

- Invest up to £10 billion in NHS technology and digital transformation by 2028-29, an almost 50% increase from 2025-26;[1]
- Improve the health of the nation and reduce demand on the health service, for example, by investing at least £80 million per year for tobacco cessation programmes and enforcement to support delivery of the Tobacco & Vapes bill; and
- Move money and care closer to where people live. This includes additional funding by 2028-29 to bring back the family doctor through supporting the training of thousands more GPs, delivering millions more appointments each year.

3.9 Record health investment will be accompanied by reform to deliver better care and ensure that the NHS is financially sustainable, with every pound of taxpayers' money well spent. The abolition of NHS England shows that the government is willing to make the important decisions needed to improve public services. Acute productivity is currently around 8% below pre-pandemic levels.[2] Funding provided at this SR will enable the NHS to deliver 2% productivity growth each year, unlocking £17 billion savings over three years. All of these savings will be reinvested back into the NHS to improve patient care.

[1] Department of Health and Social Care estimate
[2] 'NHS England – NHS productivity update', NHS England, February 2025

3.10 The government recognises the significant challenges facing the adult social care system and is committed to transforming the sector and supporting the care workforce. Baroness Louise Casey is leading an independent commission to build consensus on reform of adult social care. The first phase will report in 2026 and will focus on how to make the most of existing resources to improve the system. The SR allows for an increase of over £4 billion of funding available for adult social care in 2028-29, compared to 2025-26. This includes an increase to the NHS's minimum contribution to adult social care via the Better Care Fund, in line with DHSC's SR settlement. This will support the sector to improve adult social care provision, with further details to be set out shortly.

Opportunity for all

3.11 The UK should be a country where hard work means people can get on in life. For too many children, their background restricts the life they can build. This SR sets out how the government will widen opportunity and give all children the best start in life.

Schools

3.12 To raise school standards for every child and break down the barriers to opportunity, the government will increase the core schools budget by £2 billion in real terms over this SR. This provides a £4.7 billion cash increase per year by 2028-29, compared to 2025-26, which ensures average real terms growth of 1.1% a year per pupil. This will support the government's plan to ensure opportunity for all by delivering an excellent, inclusive education for every child with a world class curriculum and highly trained, expert teachers.

3.13 Improving the school estate gives children the best environment in which to learn. The government has reaffirmed its commitment to rebuild over 500 schools through the School Rebuilding Programme, providing around £2.4 billion in each of the next four years. The government will also commit to expanding the programme beyond the current SR period as part of the forthcoming 10 Year Infrastructure Strategy, providing long-term certainty for the programme out to 2034-35.

3.14 The settlement also provides an increase in annual maintenance investment in line with inflation, rising to £2.3 billion in 2029-30 to improve the condition of the school estate, an increase of over £400 million per year by 2029-30, compared with 2024-25.

Child poverty and life chances

3.15 Poverty scars the lives and life chances of children. By 2023-24, child poverty had increased by 900,000 since 2010, with 4.5 million children living in relative poverty after housing costs in the UK.[3]

3.16 The government will provide £410 million per year by 2028-29 to expand Free School Meals eligibility to all pupils in England with a parent receiving Universal Credit. The government will also provide £80 million per year by 2028-29 for early years and post-16 settings to support this expansion. This supports parents and

[3] Households below average income: for financial years ending 1995 to 2024 – GOV.UK, Department for Work and Pensions, May 2025.

will lift 100,000 children out of poverty by the end of the Parliament, in decisive action as a downpayment ahead of publication of the Child Poverty Strategy in the autumn.

3.17 The government will continue to invest in and expand the Family Hubs programme, working with parents to help give children the best start in life.

3.18 The government has set out its plans to deliver breakfast clubs to every primary-aged child in England. From the start of this term, 750 schools are receiving funding to deliver a free breakfast club as Early Adopters, reaching more than 180,000 children and 70,000 pupils from schools in the most deprived parts of the country. The government will use the learning from these Early Adopters to confirm details of national rollout in due course.

3.19 This SR also invests a total of almost £370 million across the next four years to support the government's commitment to deliver school-based nurseries across England.

3.20 For many people, work is an important source of purpose and relationships in their lives. It also significantly reduces their risk of poverty and is the best way to raise living standards. The government will therefore provide an additional £1.6 billion per year by 2028-29, compared to 2025-26, to continue the expansion of government-funded childcare for working parents, boosting children's life chances and work choices for their parents.

3.21 This SR also includes support for:

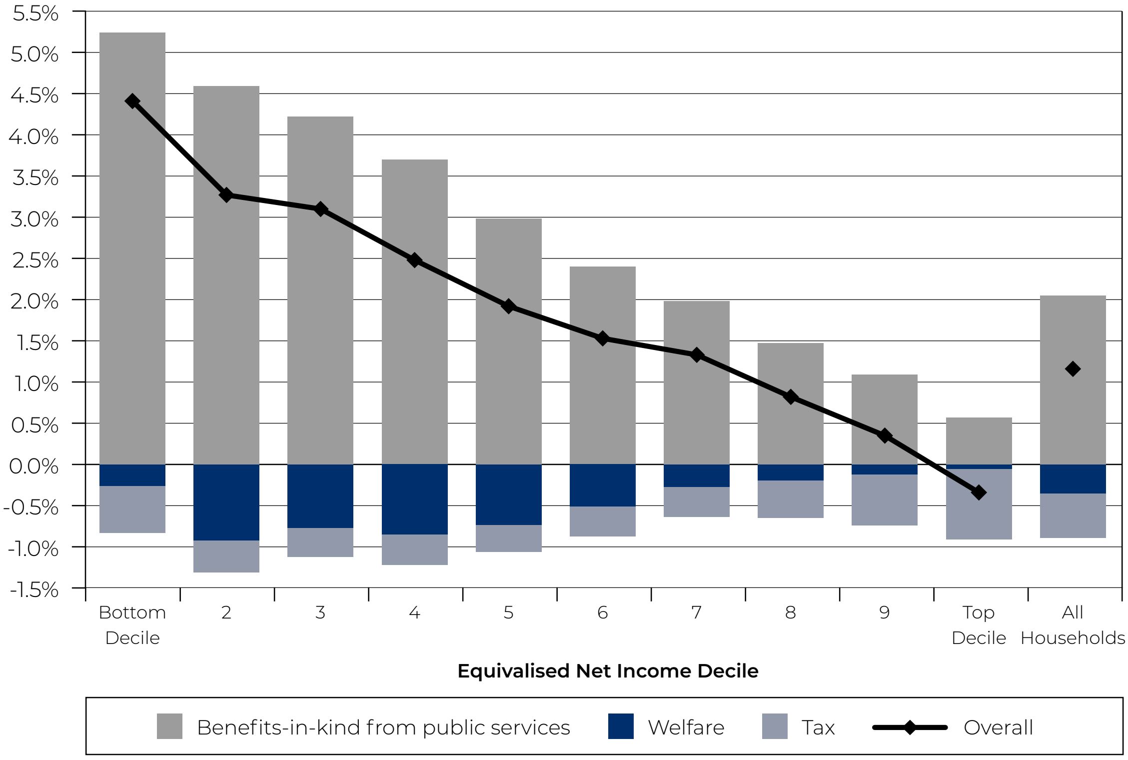
- **Cost of living:** the government is providing direct assistance to families most at risk of poverty through the Healthy Start scheme, and establishing a new Crisis and Resilience Fund supported by £1 billion a year (including Barnett impact) through the SR period to replace the Household Support Fund;
- **Social housing and energy efficiency:** the government is addressing high housing costs, and improving access to safe and decent homes, through the biggest boost to investment in social and affordable housing in a generation, including a new, 10 Year Affordable Homes Programme.[4] The government will also address high home energy costs by improving energy efficiency through the Warm Homes Plan. The Warm Homes Plan will help to cut bills by hundreds of pounds per year for families across the country by upgrading homes through insulation, heating and solar panels; and
- **Mental health and family help:** the government is expanding mental health support teams to 100% of schools in England by 2029-30. Through the Families First Partnership programme, the government is giving families and children access to better local support services to break the cycle of late intervention and help more children and families to stay safely together.

[4] Internal Ministry of Housing, Communities and Local Government data.

Box 3.A: Distributional impact on households

Increases in spending on public services, such as health and education, benefit households on lower incomes the most. Distributional analysis published alongside the SR shows that, on average, households in the lowest income deciles in 2028-29 will benefit most from the policy decisions made after Autumn Budget 2024, as a percentage of net income. Increases in tax will be concentrated on the highest income households. On average, all but the richest 10% of households will benefit as a percentage of income from policy decisions in 2028-29.

Chart 3.2: Impact of decisions from Autumn Budget 2024 onwards on households in 2028-29, as a percentage of net income, by income decile



Source: HM Treasury Distributional Analysis model, OBR Economic and Fiscal Outlook, March 2025.

See the 'Impact on Households' publication for more details on the impact of decisions from Autumn Budget 2024 onwards on households across the income distribution.

Young people

3.22 This autumn, the Department for Culture, Media and Sport (DCMS) will publish a new National Youth Strategy, which will set out how the government will support young people in all aspects of their lives. Ahead of that, the government is committing to a significant programme of capital investment to build new youth centres, and improve and equip existing facilities, as well as funding for activities that young people want to take part in. Between 2024 and 2028, £132.5 million of dormant assets will be unlocked to support disadvantaged young people to access music, sport, and drama through investment in facilities and libraries.

Safer streets

3.23 The government is committed to ensuring that people feel safe and secure in their neighbourhoods. In recent years, confidence in policing has declined. On average, across the SR (from 2023-24 to 2028-29), police spending power will increase by 2.3% a year in real terms. This will support frontline policing levels across England and Wales and help restore public confidence in policing, reflecting the government's Plan for Change commitment to put an additional 13,000 police officers, police community support officers and special constables into neighbourhood policing roles over this Parliament, boosting visible policing and helping to keep communities safe.

3.24 Alongside this investment, the government will deliver a programme of police reform, raising standards, harnessing technology, increasing efficiency, and improving accountability as part of the forthcoming Police Reform white paper.

Justice

3.25 In summer 2024, prisons were operating at over 99% capacity and emergency measures were required to avoid running out of prison places. The government is rebuilding confidence in the justice system by providing an average real terms increase in total funding of 3.1% per year from 2023-24 to 2028-29. This investment will expand prison, probation and court capacity to record levels and reform sentencing based on the Independent Sentencing Review, putting the justice system back on a sustainable footing.[5]

3.26 The government will ensure there are enough prison places to punish offenders and protect the public. Only 500 additional prison places were created between 2010 and 2024.[6] The government is providing £7 billion between 2024-25 and 2029-30 to deliver the commitment to build 14,000 new prison places by 2031.

3.27 The government will make greater use of punishment outside of prison and encourage offenders to turn their backs on a life of crime. The probation service will receive up to £700 million additional funding per year by 2028-29, compared to 2025-26, to deliver transformative reforms to sentencing based on the recommendations of the Independent Sentencing Review.

3.28 The settlement provides up to £450 million additional investment per year for the courts system by 2028-29, compared to 2025-26, increasing Crown Court sitting days to record levels. This will help tackle court backlogs and improve court productivity. There will be increased capacity every year to process asylum appeals, to help reduce illegal and irregular migration and bear down on asylum costs.

Public service reform

3.29 Alongside record investment, the government will implement a programme of public service reform that will support delivery of the Plan for Change.

3.30 The government's approach to public sector reform is guided by three principles:

- To integrate services, so that they are organised around people's lives;

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[5] Independent Sentencing Review: Final report – GOV.UK, Ministry of Justice, May 2025.
[6] The number of prison places built and closed (2010-2024), Ministry of Justice, October 2024.

- To improve long-term outcomes for people through a focus on prevention, relying less on expensive crisis management; and
- To devolve power to local areas that understand the needs of their communities best, with services that are designed with and for people, in partnership with civil society and the impact economy.

3.31 In addition to the reforms already outlined to create a more productive and agile state, and improve outcomes from the NHS and the criminal justice system, this SR supports:

- **Reforming children's social care:** the government is committed to delivering children's social care reform. £555 million from the Transformation Fund over the SR period will help more children stay with their families, ensuring families have timely support and fixing the broken care market. The government will also provide £560 million, between 2026-27 and 2029-30, to refurbish and expand children's homes and foster care placements;
- **Reforming SEND:** To make the system more inclusive and improve outcomes for all children and young people, the government will reform the current Special Educational Needs and Disabilities (SEND) system. Details of the government's intended approach to SEND reform will be set out in a Schools white paper in the autumn. The government will also set out further details on supporting local authorities as the government transitions to a reformed system as part of the upcoming local government funding reform consultation;
- **Local government reorganisation:** the government will continue to deliver against the commitments in the English Devolution white paper to move to a single tier of local authorities in all parts of the country. This will create simpler structures and stronger accountability, and improve the join-up between local services, enabling councils to deliver services more efficiently;
- **Devolution:** the government confirms that integrated settlements will be expanded to five further Mayoral Strategic Authorities, giving Mayors a single flexible pot to invest in growth and public services, and recommits to the Devolution Priority Programme as part of an ambitious devolution agenda;
- **Reforming local government:** the government will take action to return local government to a sustainable financial position, including by providing an additional £3.4 billion of grant funding per year by 2028-29, compared to 2024-25, as part of an overall average real terms increase in local authority core spending power of 3.1% across the SR period (2023-24 to 2028-29). Wider reforms will ensure funding is effectively targeted, based on an updated assessment of need, and will consolidate funding to give local authorities greater flexibility to innovate;
- **Action to address the causes of homelessness:** the government is providing the biggest boost to investment in social and affordable housing in a generation, including £39 billion for a new Affordable Homes Programme. Alongside protecting spending on homelessness and rough sleeping, the government is providing £100 million, including from the Transformation Fund, for early interventions to prevent homelessness. The government is also providing £950 million of capital investment for a fourth round of the Local Authority Housing Fund, between 2026-27 and 2029-30, over the SR to support

local authorities in England to increase the supply of good quality temporary accommodation and drive down the use of costly bed and breakfasts and hotels;

- **Community help partnerships:** a £100 million investment integrated with wider spending across government, representing a fundamental step-change in the government's support for adults with complex needs. By working closely with local areas to tackle barriers and change incentives, the new community help partnerships will bring together a range of services, providing better support for adults in crisis and reaching vulnerable individuals earlier, before problems escalate; and
- **Social impact investment vehicle:** as stated in the Autumn Budget 2024, the government is developing a social impact investment vehicle to support mission delivery and tackle complex social problems. HM Treasury, DCMS and the Office for Investment have been working closely with the sector, including through the Social Impact Investment Advisory Group, bringing together socially motivated investors, philanthropy, civil society and other impact investment experts. An announcement on the vehicle will be made over the summer.

4 Growth and clean energy

4.1 As set out in the Plan for Change, the government's priority mission is to deliver strong, secure and sustainable economic growth to boost living standards for working people in every part of the UK. The Plan for Change also set out the government's mission to deliver clean power by 2030 and accelerate to net zero.

4.2 The government inherited an economy with stagnant real wage growth over the past 14 years, alongside flatlining productivity growth.[1, 2] This resulted in almost no growth in living standards over the last Parliament.[3]

4.3 The government is addressing these challenges by restoring stability, investing in renewal and reforming the economy.

4.4 This Spending Review (SR) marks a key next step in the growth mission, allocating substantial new capital investment to ensure growth is felt across the country, creating good jobs and raising living standards. In doing so, the SR addresses one of the primary causes of the UK's relatively slow growth since the global financial crisis: underinvestment.

4.5 At Autumn Budget 2024 the government put the public finances on a sustainable path, underpinned by tax reforms that protected working people and new, robust fiscal rules that embed stability, while supporting sustainable investment in public services and growth. The government increased the capital envelope by over £100 billion at Autumn Budget 2024 and by a further £13 billion at Spring Statement 2025. Taken together, the government is investing an additional £120 billion over the SR period, compared to the plans set out at Spring Budget 2024. This additional investment means public sector net investment (PSNI) averages 2.6% over the Parliament, compared to the previous government's plans to reduce PSNI to 1.7% of GDP.[4]

4.6 Since the autumn, the government has taken significant steps to drive growth, including:

a. Revising the National Planning Policy Framework;

b. Introducing the Planning and Infrastructure Bill to Parliament;

c. Approving planning proposals for 18 nationally significant infrastructure projects;

d. Securing £50 billion of investment from pension funds for productive investment, including in UK businesses and for major infrastructure projects;

e. Backing Heathrow Airport expansion;

[1] 'Real average weekly earnings using consumer price inflation (seasonally adjusted)', Office for National Statistics, June 2025.
[2] 'Output per hour worked, UK', Office for National Statistics, May 2025.
[3] As measured by real household disposable income (RHDI) per capita. The previous Parliament (Q4 2019 to Q2 2024) was the worst Parliament for living standards growth (annual average 0.1%) since ONS records began in 1955.
[4] 'Economic and Fiscal Outlook', Office for Budget Responsibility, March 2025.

f. A renewed focus on supporting growth in the Oxford to Cambridge Growth Corridor, including confirming delivery of East West Rail between Oxford, Milton Keynes and Cambridge;

g. Growing the artificial intelligence (AI) sector and ramping up AI adoption across the UK through the AI Opportunities Action Plan; and,

h. Signing landmark trade deals with the US, the EU and India.

4.7 The government's approach is beginning to bear fruit. While only one quarter, the UK economy grew by 0.7% in the first quarter of 2025, making it the fastest-growing G7 economy in that period.[5,6] Restoring stability has supported the Bank of England to cut interest rates four times over this Parliament, leading to a fall in the cost of new mortgages and loan repayments for people across the country.

4.8 The SR builds on this progress with investments underpinned by the upcoming 10-Year Infrastructure Strategy, a new, modern Industrial Strategy to ensure the UK's growth-driving sectors reach their full potential across the country, and a focus on regional growth.

4.9 The government is also delivering on its plan to make Britain a clean energy superpower and protecting bill payers through the deployment of clean, home-grown, low-carbon electricity generation. This SR capitalises on the growth opportunities of accelerating to net zero by supporting key decarbonisation sectors, delivering jobs and local growth.

4.10 This SR embeds clear delivery expectations and reporting requirements into priority growth programmes from the outset. By bringing together a single central view and sustained focus on the progress of work across departments, the government is making delivery central to growth policy and ensuring that the positive impacts of the growth mission and improvements to living standards are felt as soon as possible. This work is led by HM Treasury's Growth Delivery Unit.

4.11 The rest of this chapter provides an overview of decisions the government has taken through this SR to drive economic growth across the UK and to support the government's clean energy mission. Full details on departmental settlements are set out in the last chapter of this document.

Infrastructure

4.12 At this SR, the government is investing in economic and social infrastructure to drive growth, facilitate better public services, boost digital connectivity, upgrade the country's transport network, secure its energy system and improve people's lives in every part of the UK.

4.13 The government will publish its 10-Year Infrastructure Strategy later in June. This will set out a long-term plan for how infrastructure projects are planned and delivered. The strategy will set out a new approach to infrastructure, providing certainty and stability to industry, reforming institutions and removing barriers to delivery.

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[5] 'GDP first quarterly estimate, UK', Office for National Statistics, May 2025.
[6] 'Quarterly real GDP growth', OECD Data Explorer, Organisation for Economic Co-operation and Development, June 2025.

Transport

4.14 Transport is critical to the delivery of the growth mission. Over Phase 2 of the SR, the government will increase transport capital investment to give people across the country greater access to jobs, education, training and public services.

4.15 The government is investing in transport in city regions across England, pivoting new investment towards the country's cities and surrounding towns and addressing historic underinvestment in the North and Midlands, while giving local areas more control over how this investment is spent. This includes:

a. Providing £15.6 billion in total by 2031-32 for the elected mayors of some of England's largest city regions via the Transport for City Regions (TCR) settlements, supporting them to invest in their local transport priorities, including zero emission buses, trams and local rail. This will more than double real terms city region transport spending per year by 2029-30, compared to 2024-25;

b. Investing £2.3 billion in the Local Transport Grant over Phase 2 for local transport improvements including bus lanes, cycleways and congestion improvement measures in places outside of those areas receiving TCR settlements. This will deliver a fourfold increase in funding in 2029-30 compared to 2024-25; and,

c. Providing the largest multi-year settlement for London in over a decade, with £2.2 billion of funding between 2026-27 and 2029-30 for Transport for London's capital renewals programme.

4.16 Furthermore, through this SR, the government will fund key, growth-driving major projects that will improve connectivity between cities and towns, including:

a. The Transpennine Route Upgrade, for which the government will provide £3.5 billion. This will reduce the journey time for commuters travelling between Manchester and Leeds by a quarter; and,

b. Allocating £2.5 billion to progress the delivery of East West Rail, supporting housing developments and unlocking the potential of the Oxford to Cambridge Growth Corridor.

Housing

4.17 A major shortage of housing is one of the country's biggest blockers to growth, limiting people's ability to access well-paid jobs and constraining the growth of the country's most productive towns and cities. The government's commitment to build 1.5 million homes seeks to address this by driving a radical increase in house building to provide secure, affordable and quality homes for all.

4.18 Phase 1 of the SR delivered the biggest annual budget for affordable housing in over a decade. The government has also introduced ambitious reforms to the planning system, including the Planning and Infrastructure Bill and rewriting the National Planning Policy Framework (NPPF). The NPPF was judged by the Office for Budget Responsibility (OBR) to boost GDP by 0.2% and add £6.8 billion to the economy by 2030.[7]

[7] In 2025 prices, HM Treasury calculations.

4.19 Through Phase 2 of the SR, the government is going further to deliver on its housebuilding ambition. This includes:

a. Delivering the biggest boost to investment in social and affordable housing in a generation, confirming £39 billion for a new 10-year Affordable Homes Programme;

b. Catalysing additional private investment to further boost house building by confirming £4.8 billion in financial transactions (FTs) from 2026-27 to 2029-30; and,

c. Investing in infrastructure and land remediation to deliver new housing schemes in partnership with the private sector.

4.20 The government will launch a permanent, UK-wide Mortgage Guarantee Scheme in July to ensure the consistent availability of mortgages for buyers with small deposits.

Box 4.A: Financial transactions

- The government is fostering an entrepreneurial state, which will support business investment and catalyse growth. FTs allow government to invest alongside the private sector, through equity investments, loans and guarantees.
- The government's fiscal rules recognise financial assets held by government, encouraging investments that support growth while generating a return for the Exchequer, delivered largely through expert public financial institutions including the National Wealth Fund and British Business Bank. This has allowed the government to increase the capacity of public financial institutions by around 40% this Parliament, to £137 billion.
- These investments are supported by a robust control framework that the government published at Autumn Budget 2024, including using expert public financial institutions to deliver large and complex FTs, ensuring investments either generate a financial return or a clear benefit for taxpayers, and publishing an annual report on the performance of government's financial assets.
- The government has identified new opportunities to use FTs to drive growth and so has increased its envelope for FTs by £9.6 billion over the SR period, which will be reflected in Autumn Budget 2025.
- The government is providing the devolved governments with a combined £1 billion increase to their FT capacity through the Barnett formula.
- The total capacity of a public financial institution is the available funding it has to make and recycle FTs and guarantees. The table below sets out the total capacity for each of the government's growth-focused public financial institutions, as well as the changes to this capacity announced in this Parliament.

Table 4.1: Public Financial Institution Capacity

Public Financial Institution	Total Capacity (£ billion)			Additional Capacity Announced this Parliament (£ billion)		
	Total	of which: Loans and Equity	of which: Guarantees	Total	of which: Loans and Equity	of which: Guarantees
National Wealth Fund (NWF)	27.8	17.8	10.0	5.8	5.8	0.0
British Business Bank (BBB)[1]	25.6	17.5	8.0	10.3	7.1	3.2
UK Export Finance (UKEF)[2]	80.0	10.0	70.0	20.0	2.0	18.0
Great British Energy[3]	4.0	4.0	0.0	4.0	4.0	0.0
Total	**137.4**	**49.3**	**88.0**	**40.1**	**18.9**	**21.2**

[1] Loans and equity figure represents additional BBB investment commitments which are partly funded through returns on past investments.
[2] UKEF has fixed limits on its direct lending and overall portfolio capacity. UKEF may deploy fewer direct loans and could underwrite a correspondingly higher level of guarantees.
[3] This FT capacity is part of the £8.3bn of funding for Great British Energy and Great British Energy - Nuclear. Great British Energy is not currently a designated Public Financial Institution. The government plans to designate it as a Public Financial Institution once it is established in line with the FT Control Framework.

Source: HM Treasury DEL plans, NWF and UKEF policy statements.

Innovation

Research and development

4.21 Government investment in research and development (R&D) underpins the UK's excellence in its universities and research institutes and stimulates private sector innovation, driving growth and higher living standards. On average, every £1 of government spending delivers £7 of economic benefits in the long term.[8, 9]

4.22 At this SR, the government has therefore prioritised R&D, complementing the transformative investments in infrastructure set out above. R&D investment will also contribute to the success of the growth-driving sectors, and the places in which they cluster, as will be set out in the modern Industrial Strategy.

4.23 The government is increasing R&D funding to £22.6 billion per year by 2029-30, an above-inflation increase.[10] This includes increased support for the UK's exceptionally strong science base, including through UK Research and Innovation and association to Horizon Europe and its successor.[11]

4.24 This increase will deliver:

a. £500 million for the new R&D Missions Accelerator Programme, which will leverage a further £1.5 billion of private investment into innovation challenges that support the government's missions;

b. New opportunities for top talent, including fellowship schemes which will attract the brightest scientists to the UK. The government is exploring expanding eligibility of the High Potential Individual visa, looking to double the number of qualifying institutions, whilst maintaining the focus of the route on

[8] '[Evidence on the balance and effectiveness of research and innovation spending](#)', written evidence submitted by UK Research and Innovation to the Science and Technology Select Committee, published November 2018.
[9] '[The relationship between public and private R&D funding](#)', Department for Business, Energy and Industrial Strategy, March 2020.
[10] '[Research and development expenditure by the UK government: 2023](#)', Office for National Statistics, April 2025.
[11] The government will of course consider associating to Horizon Europe's successor, assuming it is open, relevant and provides good value for the UK researcher community and taxpayers.

individuals that will have the most benefit to the UK workforce, and ensuring that any necessary safeguards are in place; improving access to the Global Talent visa, and reviewing the Innovator Founder visa to support entrepreneurs;

c. At least £1 billion over the SR to scale up the Advanced Research and Invention Agency (ARIA), the UK's high-risk, high-reward research agency; and,

d. Up to £750 million for a new supercomputer at Edinburgh University. This will be the largest supercomputer in the UK, serving scientists across the country in a broad range of fields from the development of future drugs and vaccines to climate and weather prediction and fusion power research.

4.25 The government will take further steps to ensure the benefits of innovation are felt across the UK. As part of this it is launching a new £410 million Local Innovation Partnerships Fund, giving local leaders a central role in co-creating R&D programmes to support local economies.

Table 4.2: Capital Departmental Expenditure Limits (DEL): Research and Development (R&D)

£ billion (current prices)	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30
Total Capital DEL on R&D	**20.4**	**20.7**	**21.5**	**21.8**	**22.6**
Science, Innovation and Technology	13.9	14.0	14.5	14.8	15.2
Defence	1.7	2.0	2.2	2.3	2.4
Health and Social Care	2.0	2.0	1.9	1.9	2.0
Energy Security and Net Zero	0.7	0.6	0.7	0.7	0.8
Business and Trade	0.4	0.4	0.5	0.5	0.5
Other	1.7	1.6	1.6	1.6	1.7
Memo:					
Total R&D Official Development Assistance	0.8	0.5	0.4	0.4	0.4

Source: HM Treasury DEL plans.

Artificial intelligence

4.26 At this SR, the government is allocating £2 billion for artificial intellgence (AI) from 2026-27 to 2029-30, fully delivering on the government's commitment to harness the transformative potential of AI, as set out in the AI Opportunities Action Plan.

4.27 This investment will build the UK's sovereign AI capabilities, funding at least a 20-fold expansion of the UK's AI Research Resource and backing UK AI companies to grow and scale through the new UK Sovereign AI Unit.

4.28 The government is funding collaboration between business and the UK's world-class universities to develop new AI courses, launch new AI fellowships and establish a prestigious new AI talent scholarship to develop the AI skills of the future. The government will also support AI diffusion through a new AI Adoption Fund.

Access to finance

4.29 The government is transforming the resources and capabilities of the British Business Bank (BBB), marking a major step change in financing companies to start and scale in the UK and supporting the Industrial Strategy.

4.30 The BBB's total financial capacity will be increased to £25.6 billion, supporting a two-thirds increase in support for UK innovative businesses compared to 2025-26 and crowding in tens of billions of pounds more in private capital. This expansion will take BBB investments to around £2.5 billion each year and has been enabled by the changes to the fiscal rules made at Autumn Budget 2024.

4.31 With additional capital, and greater flexibilities from a set of strategic reforms, the BBB will be able to continue flagship programmes, such as Start-Up Loans and the Nations and Regions Investments Fund.

Skills and labour markets

4.32 To deliver the growth mission, the government is focused on unleashing the potential of people across all nations and regions of the UK, with an ambition of an 80% employment rate.

4.33 At this SR, the government is increasing funding for employment support to over £3.5 billion by 2028-29, helping people to access the skills they need to progress, tackling inactivity and ensuring more people are in better jobs. This includes providing personalised employment and health support for anyone on out of work benefits with a work-limiting health condition or disability, as set out in the Pathways to Work green paper.[12]

4.34 The government will also continue to provide intensive support to those in England and Wales who are long-term unemployed, and will continue to roll out Connect to Work, a supported employment programme across England and Wales designed to help disabled people, those with health conditions, and people with complex barriers to employment into work.

4.35 At this SR, the government is extending funding for eight youth guarantee trailblazers and nine inactivity trailblazers, as set out in the Get Britain Working white paper.[13] These trailblazers will test new approaches of supporting young people into employment and education, and bring together health, employment, and skills support to those who are inactive.

4.36 The skills system is central to achieving economic growth and breaking down barriers to opportunity. The government is providing £1.2 billion of additional investment per year by 2028-29. This includes funding to support over 1.3 million 16-19 year olds to access high-quality training, supporting 65,000 additional learners per year by 2028-29. It will also deliver £625 million between 2025-26 and 2028-29 to train up to 60,000 skilled construction workers, as announced at Spring Statement 2025. This investment underpins opportunity, supports skills and fuels future growth.

4.37 The government will set out further detail on its plans in a strategy for post-16 education and skills later in the year.

Regional growth and devolution

4.38 The government's investment decisions at this SR, including on transport, housing and innovation, are all part of its strategy for regional growth. The government is investing in the potential that exists in places across the country.

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[12] 'Pathways to Work: Reforming Benefits and Support to Get Britain Working', Department for Work and Pensions, March 2025..
[13] 'Get Britain Working', Department for Work and Pensions, November 2024.

This includes driving growth in city regions, for example by improving connectivity between cities and the towns that surround them, fostering high-potential sectoral clusters, and ensuring that the benefits of growth are spread widely across the country.

4.39 The government is providing targeted, long-term local growth funding to support regional growth across the UK, completing the transition from the UK Shared Prosperity Fund. This includes:

a. Establishing a new local growth fund, including a 10-year capital settlement from 2026-27 to 2035-36, for specific mayoral city regions in the North and Midlands with the highest productivity catch-up and agglomeration potential.[14] The government is also providing financial investments to capitalise a new recyclable mayoral growth fund for mayors in the North and Midlands with an integrated settlement. This will complement record investment in local transport, reforms to the Green Book and the expansion of devolution to up to 8.8 million more people. In Scotland, Wales and Northern Ireland, the Offices for the Nations will work with the Ministry of Housing, Communities and Local Government (MHCLG) to implement the new local growth fund; and,

b. Investing in up to 350 deprived communities across the UK, to fund interventions including community cohesion, regeneration and improving the public realm.

4.40 For 2026-27 to 2028-29, funding for Scotland, Wales and Northern Ireland across these schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26.

4.41 At this SR, the government is supporting English devolution so that more areas can access the benefits of strong local leadership. The government is providing funding for new mayoral strategic authorities (MSAs) through the Devolution Priority Programme.

4.42 The government is also confirming that the integrated settlement will be expanded to London from 2026-27 and is reconfirming its commitment to implement new integrated settlements for the North East, West Yorkshire, South Yorkshire and Liverpool City Region from 2026-27. These five MSAs will join Greater Manchester and the West Midlands, so that mayors representing nearly 40% of people in England will have local control over a single flexible pot for growth and public services priorities.

4.43 The government is committed to expanding the scope of the integrated settlement, with a default presumption that relevant funding for these institutions is routed through their integrated settlement. The final scope and quantum of these integrated settlements will be set out in due course.

4.44 As a result of decisions at this SR, the devolved governments are receiving a combined £92.5 billion per year on average between 2026-27 and 2028-29 to deliver on priorities such as the NHS, education, transport and housing: £50.9 billion per year on average for the Scottish Government, £22.4 billion for the Welsh Government and £19.3 billion for the Northern Ireland Executive. This is the largest

[14] The Ministry of Housing, Communities and Local Government will provide more information on specific mayoral city regions to receive the local growth fund in due course.

funding settlement in real terms since devolution in 1998. This chapter also includes spending that is UK-wide – for example, the majority of investment in R&D and defence – to further support growth across the nations.

4.45 The government is also establishing a Growth Mission Fund to directly support local economic growth. This fund will invest £240 million of capital from 2026-27 to 2029-30 in projects that enable local job creation and the economic regeneration of local communities. Further detail on this fund and the criteria that will be applied for project selection will be set out later this summer.

4.46 Alongside the SR, HM Treasury has published the findings of its review into the Green Book – the government's guidance on appraisal – and how it is being used to provide objective, transparent advice on public investment across the country.[15] The review marks a new approach to appraisal in the public sector. Following the review, HM Treasury will:

a. Introduce 'place-based business cases', bringing together the projects needed to achieve the objectives of a particular place. They will make sure that central government properly assesses the complementarities between different projects, such as housing and transport;

b. Simplify and shorten the Green Book and the accompanying business case guides, publishing an updated Green Book at the start of 2026;

c. Continue to address the overemphasis on benefit-cost ratios (BCRs) in government appraisal, banning the use of arbitrary BCR thresholds as a simple means of determining if a project should be funded; and,

d. Improve the Green Book guidance on transformational change, to help public servants better assess the potential of projects to bring about growth.

Industrial Strategy

4.47 The government will publish its modern Industrial Strategy later in June. It will set out how the government will accelerate growth in eight growth-driving sectors and strengthen economic resilience.

4.48 The growth-driving sectors – advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services, life sciences, and professional and business services – are active across the regions and nations, each with their own specialisms. Supporting the success of these sectors, and the places where they are based, will be crucial in delivering high-quality jobs, new opportunities and higher living standards across the whole country. The government will deliver this in partnership with businesses, devolved governments, regions and wider stakeholders.

4.49 The Industrial Strategy will be a whole-of-government endeavour. Consequently, Industrial Strategy priorities are hardwired into this SR, including through R&D and access to finance spending. Ahead of the Industrial Strategy's publication, the SR sets out the government's latest steps to support the growth-driving sectors, with full details to be set out in forthcoming sector plans:

a. Advanced manufacturing – over £3 billion R&D and capital funding over the next four years to unlock investment across the UK;

[15] 'Green Book Review 2025: Findings and actions', HM Treasury, June 2025.

b. Clean energy industries – significant additional funding to ensure the clean energy mission delivers growth across the UK;

c. Creative industries – a significant increase in funding to support regional growth and drive innovation, develop creative places, and ensure the UK's creative industries remain world-leading;

d. Digital and technologies – over £2 billion to drive the AI Action Plan including a 20-fold increase in support for compute capacity, with £160 million for TechFirst to ensure people have the right skills to deliver technological change;

e. Financial services – the Financial Services Growth and Competitiveness Strategy will be published alongside the Chancellor of the Exchequer's Mansion House address on 15 July;

f. Life sciences – up to £600 million from 2026-27 to 2029-30 in collaboration with the Wellcome Trust to launch the world's first Health Data Research Service to accelerate the discovery of life-saving drugs, and up to £520 million life sciences manufacturing funding from 2025-26 to 2029-30 to build resilience for future health emergencies; and,

g. Professional business services – significant additional support to cement the UK's position as a global leader.

4.50 Ahead of the publication of the Defence Industrial Strategy sector plan, the government is also taking steps to ensure the funding provided for defence drives growth. Defence spending will be weighted towards capital and will prioritise R&D and innovation. The defence R&D budget will be over £2 billion in 2026-27 and will rise each year; 10% of the Ministry of Defence's equipment procurement budget will be protected for the pull-through of innovative technologies; and UK Defence Innovation will be established with an initial budget of £400 million per year from 2025-26 to fast-track innovative technology to the frontline while supporting the UK tech sector.

4.51 The Defence Industrial Strategy sector plan will set out measures to grow the skills base needed for defence; ambitious reforms to contracting, regulation and procurement to remove barriers to delivery; and will launch Defence Growth Deals across the UK, leveraging defence investment to create regional industrial clusters across priority sectors. The Defence Investment Plan in the autumn will build on this by demonstrating a shift in how defence investment is being geared towards long-term economic growth.

Energy security and climate resilience

4.52 Making Britain a clean energy superpower is one of the government's five missions, as set out in the Plan for Change.

4.53 Achieving clean power by 2030 will deliver energy security and protect billpayers, by reducing exposure to volatile international fossil fuel markets. At the same time, as the UK accelerates to net zero, the government will support sectors across the economy to drive economic growth. This will create hundreds of thousands of good jobs, driving investment and innovation across all parts of the UK. The clean energy industry is one of the key growth-driving sectors identified in the Industrial Strategy.

4.54 Through the SR, the government is providing significant investment in the nuclear sector, with £14.2 billion for Sizewell C over the SR period, the first state-backed nuclear power station since Sizewell B began construction in 1988; over £2.5 billion to enable one of Europe's first Small Modular Reactor programmes, with Rolls-Royce SMR selected as preferred bidder to partner with Great British Energy – Nuclear, subject to all relevant approvals; and over £2.5 billion for nuclear fusion, including support for the UK's world-leading programme to design and build a prototype energy plant in Nottinghamshire.

4.55 The government is also providing a pathway for privately-led advanced nuclear technologies. Great British Energy - Nuclear has been tasked with assessing proposals within a new framework, to be published shortly, with the National Wealth Fund exploring potential investment opportunities and the Department for Energy Security and Net Zero exploring revenue support for viable projects.

4.56 At the SR, the government is further supporting the development of home-grown clean power, and the growth and good jobs that will follow, including by confirming up to £80 million over the SR period for port investment to support floating offshore wind deployment in Port Talbot, subject to final due diligence.

4.57 Great British Energy and Great British Energy – Nuclear will invest more than £8.3 billion over this Parliament in homegrown clean power.

4.58 The SR supports the Plan for Change commitment to accelerate to net zero while driving growth, including by:

a. Allocating £9.4 billion to Carbon Capture, Usage and Storage (CCUS) over the SR period. The government's support will attract private investment and support thousands of jobs across the supply chain;

b. Committing £2.6 billion capital investment to decarbonise transport from 2026-27 to 2029-30. This includes £1.4 billion to support the continued uptake of electric vehicles, including vans and HGVs, and £400 million to support the rollout of charging infrastructure, building on the almost 80,000 public charging devices already available;[16]

c. Supporting the production of Sustainable Aviation Fuel in the UK by extending the Advanced Fuels Fund through the SR period, allocating £616 million for Active Travel England from 2026-27 to 2029-30 to support local authorities (LAs) to build and maintain walking and cycling infrastructure, and funding research into transport decarbonisation to unlock innovation and support technologies of the future; and,

d. Investing to upgrade homes and support tens of thousands of good jobs in every part of the country through the Warm Homes Plan.

4.59 The government's Clean Energy Industries and Advanced Manufacturing sector plans, to be published as part of the Industrial Strategy later in June, will set out how the government will capture the growth benefits from sectors driving the net zero transition.

[16] 79,326 public charging devices in operation as at 1 May 2025, Department for Transport and Office for Zero Emission Vehicles, May 2025.

4.60 The government is fully committed to meeting its legally binding carbon budgets and to reaching net zero by 2050, and this SR supports that. The government will set out further details in its Carbon Budget and Growth Delivery Plan in October, including its plans to decarbonise industry.

4.61 The government is also investing in climate adaptation and the natural environment to increase the UK's resilience to the effects of climate change and to protect the ecosystems that underpin the economy and food security. This includes investing more than £2.7 billion a year in sustainable farming and nature's recovery until 2028-29.

4.62 This settlement also prioritises progress on the government's growth mission by committing £4.2 billion over three years, from 2026-27 to 2028-29, to build and maintain flood defences, protecting communities across England from the dangers of flooding.

Box 4.B: Cost of living

- The Plan for Change committed to improving living standards for people in every part of the UK. The government has already taken key decisions which will mean more money in people's pockets, including increasing the National Living Wage by 6.7%, freezing fuel duty and extending the temporary 5p cut for one year, and increasing the State Pension by 4.1%.
- At this SR, the government is funding further measures to drive growth and productivity, and therefore higher living standards, across the whole of the UK.
- In addition, the government is taking forward the following measures, designed to further reduce living costs:
    - The Warm Homes Plan will help to cut bills by up to £600 for families across the country by upgrading homes through energy efficiency measures, alongside installing heat pumps and other low-carbon technologies, such as solar panels and batteries. The government has committed £13.2 billion, including Barnett consequentials;
    - Increasing the means test threshold for Winter Fuel Payments to £35,000 from 2025-26, meaning that nine million pensioners in England and Wales will benefit from these payments this winter;
    - Extending the £3 National Bus Fare Cap by over a year to March 2027 – reducing the cost of everyday journeys for working people;
    - Investing £410 million per year by 2028-29 to expand Free School Meals in England to all children with a parent receiving Universal Credit, lifting 100,000 children out of poverty by the end of the Parliament;
    - The government has set out its plans to deliver breakfast clubs to every primary-aged child in England. From the start of this term, 750 schools will receive funding to deliver a free breakfast club, reaching more than 180,000 children and 70,000 pupils from schools in the most deprived parts of the country;
    - Establishing a long-term Crisis and Resilience Fund worth £1 billion per year, including Barnett impact, to provide preventative support to households as well as assist them when in crisis;

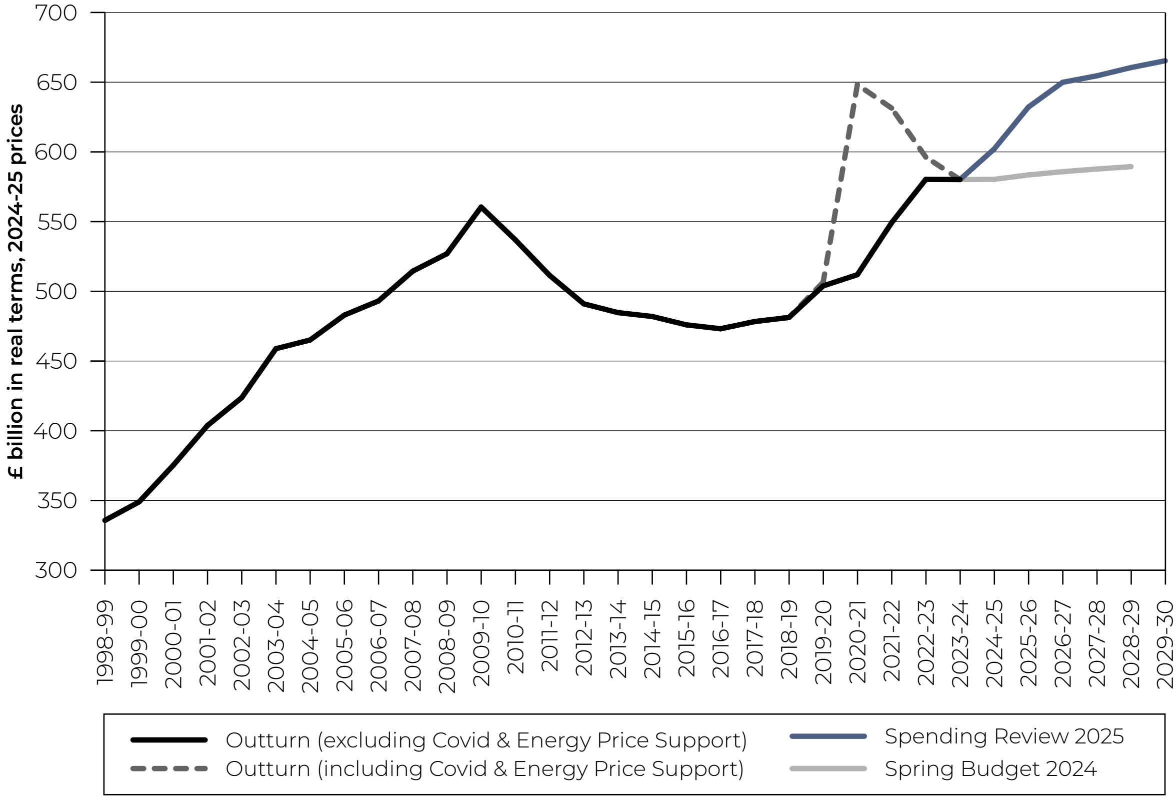
- Providing an additional £1.6 billion per year by 2028-29 to continue the expansion of childcare entitlements for working parents; and,
- Capping the number of branded school uniform items, saving families up to £50 a year per child.

5 Departmental settlements

Introduction

5.1 The Spending Review (SR) envelope was confirmed at the Spring Statement in March. Phase 1 of the SR reset budgets for 2024-25 and confirmed departmental settlements for 2025-26. Through Phase 2, the government has finalised departmental settlements for the full Spending Review 2025 (SR25) period. Budgets have now been set until 2028-29 for day-to-day resource spending and until 2029-30 for capital spending.

Chart 5.1: Total Departmental Expenditure Limits (DEL)[1]



[1] Real terms figures at Spring Budget 2024 use the OBR's Spring 2024 GDP deflator forecast. Real terms figures at Spending Review 2025 use the OBR's Spring 2025 GDP deflator forecast.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans, Office for Budget Responsibility, HM Treasury calculations.

Table 5.1: Total Departmental Expenditure Limits (DEL)[1]

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth 2025-26 to 2028-29	Average Annual Real Growth 2023-24 to 2028-29
Health and Social Care	188.5	204.9	215.6	225.0	234.9	246.7	2.7%	2.8%
Education	87.9	94.9	100.9	106.6	107.8	109.2	0.8%	1.5%
Home Office	20.3	20.2	22.0	22.6	22.1	22.3	-1.4%	-2.2%
of which: Home Office (excl. asylum forecast)	15.6	16.3	18.4	19.0	19.2	19.8	0.5%	0.2%
Justice	11.9	12.9	13.9	14.9	15.3	15.6	2.0%	3.1%
Law Officers' Departments	0.9	1.0	1.1	1.1	1.2	1.3	5.3%	6.2%
Defence	53.9	60.3	62.2	65.5	71.0	73.5	3.8%	3.6%
Single Intelligence Account	4.2	4.5	4.5	5.1	5.1	5.4	3.7%	2.7%
Foreign, Commonwealth and Development Office	11.1	11.1	12.1	9.8	9.2	9.9	-8.3%	-5.0%
MHCLG Local Government	9.6	11.4	15.0	15.4	15.6	15.8	1.1%	5.2%
MHCLG Housing, Communities and Local Government	10.1	12.7	12.9	14.0	13.5	13.5	-0.6%	3.0%
Culture, Media and Sport	2.1	2.4	2.3	2.3	2.4	2.8	-1.4%	-0.2%
Science, Innovation and Technology	12.7	13.9	15.2	15.9	16.4	16.5	0.9%	2.8%
Transport (excl. High Speed 2)	22.3	22.0	23.0	25.1	24.9	25.9	0.5%	-0.4%
Transport – High Speed 2	7.8	6.9	7.1	7.1	7.1	5.6	-9.3%	-8.6%
Energy Security and Net Zero (excl. Sizewell C)	5.3	5.6	11.4	10.0	11.1	12.6	2.7%	16.0%
Energy Security and Net Zero – Sizewell C	1.1	1.8	2.7	2.9	3.2	2.5	-3.7%	15.6%
Environment, Food and Rural Affairs	6.8	7.3	7.5	7.5	7.5	7.4	-2.3%	-0.7%
Business and Trade	2.6	3.2	3.3	3.7	3.8	3.8	3.0%	5.8%
Work and Pensions	9.0	9.8	11.0	11.8	11.8	11.5	-0.2%	2.1%
HM Revenue and Customs	6.7	5.9	6.8	7.3	7.1	6.9	-1.5%	0.6%
HM Treasury	0.4	1.1	1.2	1.3	0.5	0.5	-1.9%	-0.4%
Cabinet Office	1.3	1.1	1.3	1.6	1.6	1.3	0.4%	-2.2%

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth 2025-26 to 2028-29	Average Annual Real Growth 2023-24 to 2028-29
Scottish Government	43.4	45.8	48.1	49.8	50.8	52.1	0.8%	1.1%
Welsh Government	19.5	20.4	21.2	21.9	22.3	22.9	0.7%	0.6%
Northern Ireland Executive	16.9	17.7	18.4	18.8	19.2	19.8	0.5%	0.5%
Small and Independent Bodies	2.7	3.3	3.2	3.6	3.4	3.4	-0.5%	2.2%
Growth Mission Fund	–	–	–	0.1	0.1	0.1	–	–
Reserves	–	–	4.5	6.7	6.7	7.1	–	–
Provision for intra-governmental leases	–	–	–	0.7	1.2	1.2	–	–
Total DEL	**558.9**	**602.1**	**648.4**	**678.2**	**696.9**	**716.9**	**1.5%**	**2.3%**

[1] Refer to Annex B for full footnotes.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

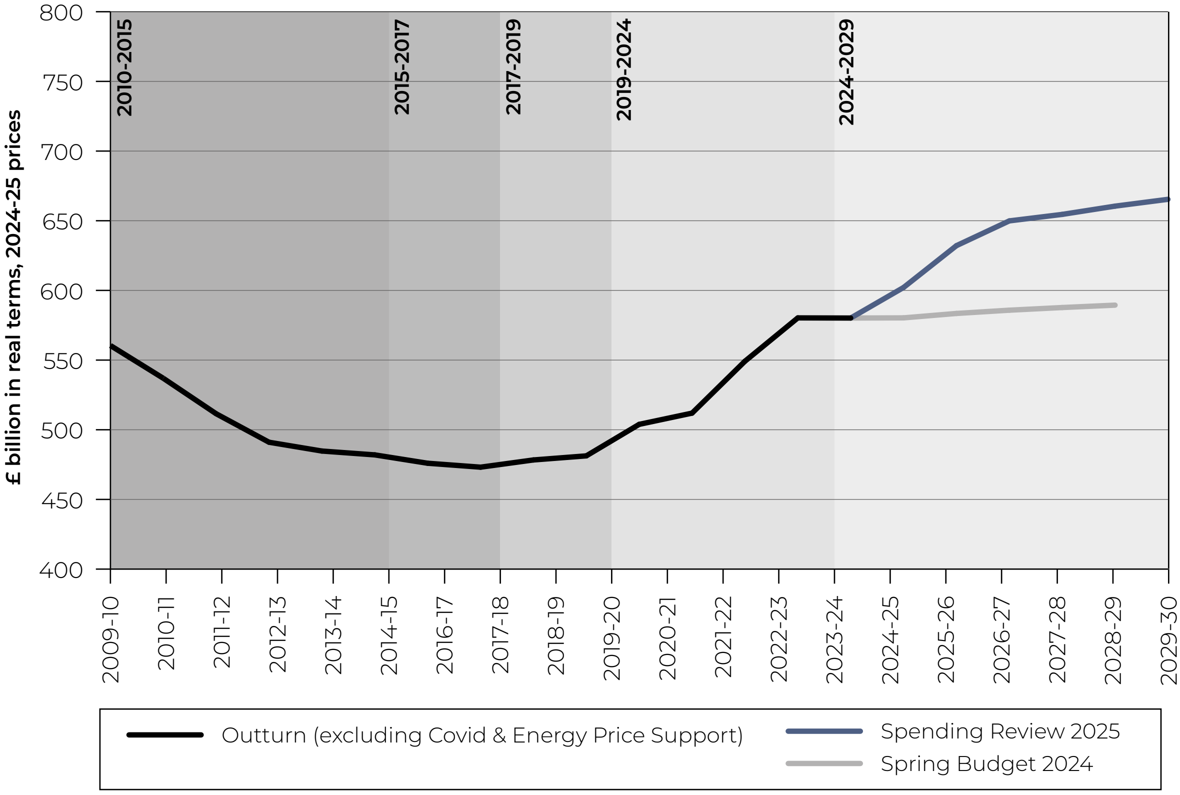
Table 5.2: Change in Total Departmental Expenditure Limits (DEL)[1]

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30
Spending Review 2025							
Resource DEL excl. depreciation	452.2	487.5	517.5	535.5	551.6	567.8	583.9
Annual Real Growth Rate (excl. technical IFRS9 changes)	–	*2.7%*	*2.4%*	*1.8%*	*1.0%*	*1.0%*	*1.0%*
Capital DEL	106.8	114.6	131.3	142.7	145.3	149.1	151.9
Annual Real Growth Rate	–	*3.4%*	*11.6%*	*6.9%*	*-0.2%*	*0.7%*	*0.0%*
Total DEL	**558.9**	**602.1**	**648.8**	**678.1**	**696.9**	**716.9**	**735.8**
Changes since Spring Statement 2025							
Resource DEL excl. depreciation	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Of which: technical changes to RDEL in relation to IFRS9 that do not increase Public Sector Current Expenditure	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.1*	*0.0*
Capital DEL	0.0	0.0	0.0	3.5	0.3	2.6	3.2
Of which: net neutral reprofile of Spring Statement 2025 Capital spending	*0.0*	*0.0*	*0.0*	*3.3*	*-0.6*	*-0.9*	*-1.8*
Of which: increase in Financial Transactions	*0.0*	*0.0*	*0.0*	*0.2*	*0.9*	*3.5*	*5.0*
Change in Total DEL	**0.0**	**0.0**	**0.0**	**3.5**	**0.4**	**2.7**	**3.2**
Memo: Spring Statement 2025							
Resource DEL excl. depreciation	*452.2*	*487.5*	*517.5*	*535.5*	*551.6*	*567.7*	*583.9*
Capital DEL	*106.8*	*114.6*	*131.3*	*139.2*	*145.0*	*146.5*	*148.7*
Total DEL	*558.9*	*602.1*	*648.8*	*674.6*	*696.5*	*714.2*	*732.6*

[1] Resource DEL excluding ringfenced depreciation is HM Treasury's primary control within resource budgets. Capital DEL is HM Treasury's primary control within capital budgets.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Chart 5.2: Total Departmental Expenditure Limits (DEL) by Parliament[1]



[1] Real terms figures at Spring Budget 2024 use the OBR's Spring 2024 GDP deflator forecast. Real terms figures at Spending Review 2025 use the OBR's Spring 2025 GDP deflator forecast.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans, Office for Budget Responsibility, HM Treasury calculations.

5.2 As Table 5.2 shows, total departmental budgets are set to grow by an average of 2.3% per year in real terms between 2023-24 and 2028-29, providing essential support to public services and capital investment to drive growth.

5.3 The plans set out in the SR, and detailed in Table 5.3, mean that departments' day-to-day spending will increase by an average of 1.7% per year in real terms over the SR period – a real terms increase of over £40 billion between 2023-24 and 2028-29. As set out in Table 5.1 and the individual departmental settlement pages, this funding will support the delivery of the government's core priorities, as outlined in the Plan for Change.

Table 5.3: Resource Departmental Expenditure Limits (DEL) excluding depreciation[1]

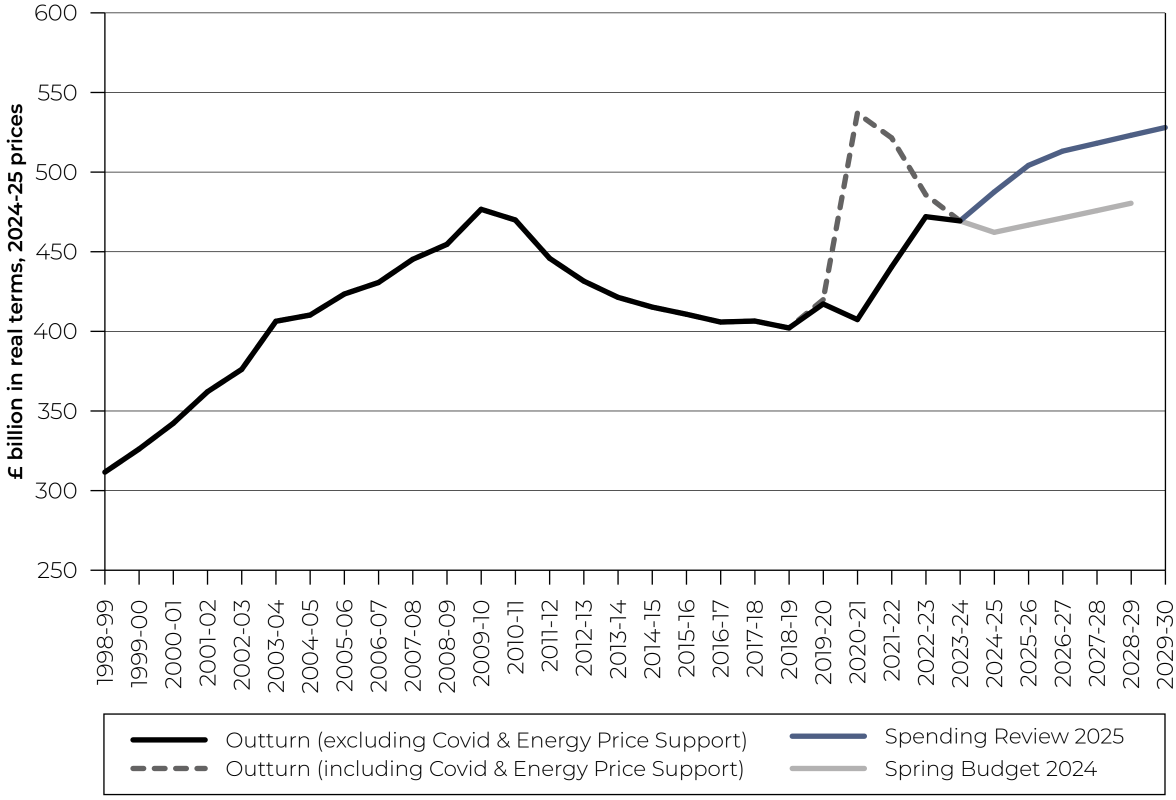
£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth 2025-26 to 2028-29	Average Annual Real Growth 2023-24 to 2028-29
Health and Social Care	177.9	193.3	202.0	211.0	221.3	232.0	2.8%	2.7%
of which: NHS England	171.0	186.8	195.6	204.9	215.4	226.1	3.0%	3.0%
Education	81.8	89.2	94.1	98.3	100.1	101.5	0.7%	1.4%
of which: core schools	57.7	61.6	64.8	67.0	68.4	69.5	0.4%	0.6%
Home Office	19.0	18.4	20.5	20.9	20.4	20.6	-1.7%	-2.6%
of which: Home Office (excl. asylum forecast)	14.3	14.5	16.9	17.3	17.5	18.1	0.4%	-0.1%
Memo: Police Core Spending Power	*16.5*	*17.6*	*18.7*	*19.6*	*20.3*	*20.8*	*1.7%*	*2.3%*
Justice	10.4	11.2	11.9	12.6	12.9	13.2	1.8%	2.4%
Law Officers' Departments	0.8	0.9	1.0	1.1	1.1	1.1	1.4%	3.5%
Defence	34.8	37.6	38.9	39.6	41.0	42.0	0.7%	0.9%
Single Intelligence Account	2.8	3.1	3.0	3.2	3.4	3.6	3.7%	2.8%
Foreign, Commonwealth and Development Office	7.7	8.3	8.4	6.6	7.0	7.1	-6.9%	-4.3%
MHCLG Local Government	9.6	11.4	15.0	15.4	15.6	15.8	1.1%	5.2%
Memo: Local Government Core Spending Power	*60.4*	*65.0*	*69.4*	*73.2*	*76.1*	*79.3*	*2.6%*	*3.1%*
MHCLG Housing, Communities and Local Government	3.3	4.3	4.1	4.2	4.2	4.2	-1.4%	1.4%
Culture, Media and Sport	1.5	1.6	1.5	1.6	1.6	2.0	-1.2%	-2.0%
Science, Innovation and Technology	0.3	0.6	0.6	0.8	0.8	0.7	7.4%	8.6%
Transport	7.9	8.3	8.3	8.1	7.7	7.5	-5.0%	-3.6%
Energy Security and Net Zero	1.3	1.6	1.9	2.0	2.0	1.7	0.5%	3.3%
Environment, Food and Rural Affairs	4.7	5.0	4.8	4.8	4.7	4.7	-2.7%	-2.7%
Business and Trade	1.6	1.7	1.8	1.9	1.8	1.8	-1.8%	0.1%
Work and Pensions	8.4	9.1	10.2	10.8	11.0	10.9	0.4%	2.5%
HM Revenue and Customs	6.0	5.2	5.9	6.4	6.5	6.4	0.7%	1.8%

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth 2025-26 to 2028-29	Average Annual Real Growth 2023-24 to 2028-29
HM Treasury	0.4	0.4	0.4	0.4	0.4	0.4	-1.7%	-0.5%
Cabinet Office	0.9	0.7	0.8	1.0	1.2	1.0	2.7%	-1.8%
Scottish Government	37.4	39.9	41.5	42.7	43.8	45.0	0.8%	1.1%
Welsh Government	16.4	17.2	17.9	18.4	18.9	19.4	0.9%	0.7%
Northern Ireland Executive	14.8	15.7	16.2	16.3	16.8	17.3	0.4%	0.5%
Small and Independent Bodies	2.4	2.8	2.8	3.1	3.0	2.9	-0.7%	1.9%
Reserves	–	–	3.4	4.3	4.3	4.7	–	–
Total Resource DEL excluding depreciation	**452.2**	**487.5**	**517.1**	**535.5**	**551.6**	**567.8**	**1.2%**	**1.7%**
Technical changes for IFRS9 that do not affect Public Sector Current Expenditure	–	–	–	0.0	-0.1	-0.1	–	–
Total Resource DEL excluding depreciation and technical changes for IFRS9	**452.2**	**487.5**	**517.1**	**535.5**	**551.6**	**567.7**	**1.2%**	**1.7%**

[1] Refer to Annex B for full footnotes.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Chart 5.3: Resource Departmental Expenditure Limits (DEL)[1]



[1] Real-terms figures at Spring Budget 2024 use the OBR's Spring 2024 GDP deflator forecast. Real-terms figures at Spending Review 2025 use the OBR's Spring 2025 GDP deflator forecast.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans, Office for Budget Responsibility, HM Treasury calculations.

5.4 Total capital departmental expenditure limit (DEL) increases to £152 billion per year by 2029-30, as set out in Table 5.4. This equates to an average annual real terms increase of 3.6% between 2023-24 and 2029-30.

Table 5.4: Capital Departmental Expenditure Limits (DEL)[1]

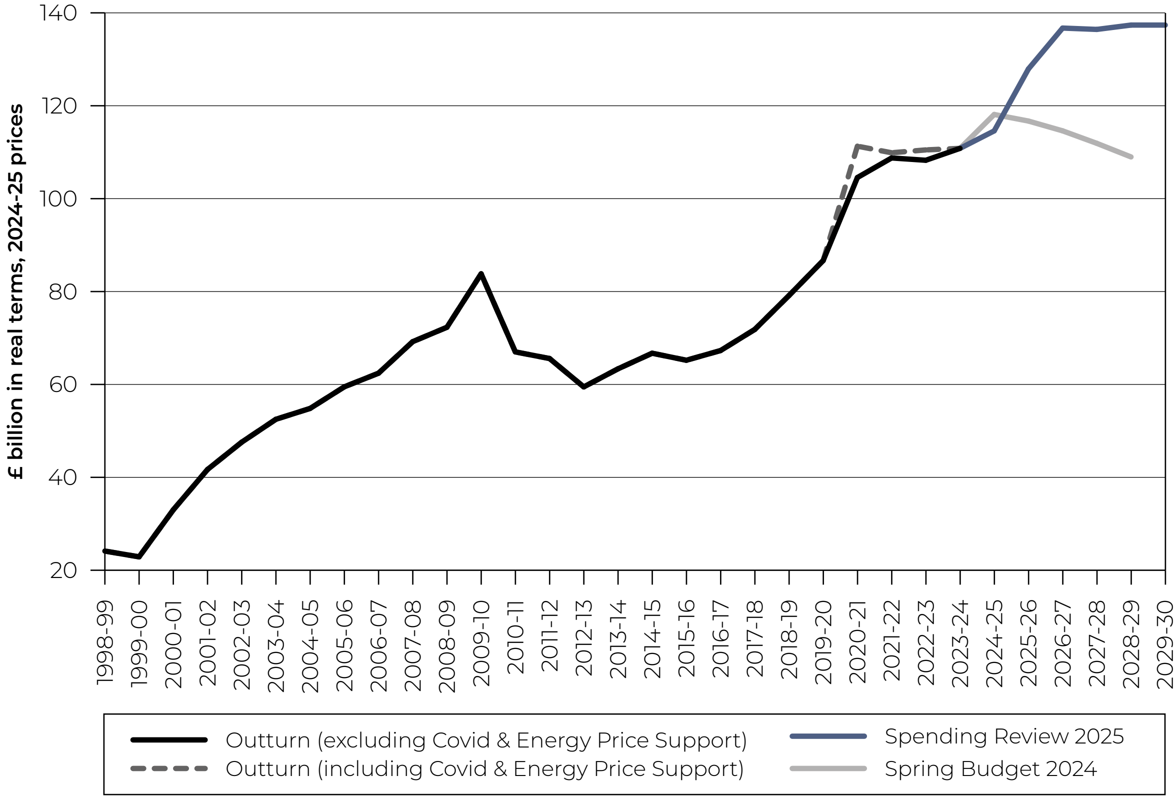
£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30	Average Annual Real Growth 2025-26 to 2029-30	Average Annual Real Growth 2023-24 to 2029-30
Health and Social Care	10.5	11.6	13.6	14.0	13.5	14.8	14.6	0.0%	3.2%
Education	6.2	5.7	6.8	8.3	7.7	7.7	7.7	1.3%	1.4%
Home Office	1.3	1.8	1.5	1.7	1.7	1.7	1.7	0.7%	1.9%
Justice	1.5	1.7	2.0	2.3	2.3	2.3	2.0	-2.1%	3.0%
Law Officers' Departments	0.0	0.1	0.1	0.1	0.1	0.2	0.0	-14.0%	-1.7%
Defence	19.1	22.7	23.2	25.9	30.0	31.5	33.2	7.3%	7.1%
Single Intelligence Account	1.4	1.4	1.5	1.9	1.7	1.8	1.6	0.1%	0.4%
Foreign, Commonwealth and Development Office	3.4	2.7	3.7	3.2	2.2	2.7	3.0	-6.8%	-4.2%
MHCLG Housing, Communities and Local Government	6.8	8.4	8.8	9.8	9.2	9.2	9.5	0.0%	3.2%
Culture, Media and Sport	0.5	0.7	0.7	0.7	0.7	0.7	0.7	-2.8%	2.9%
Science, Innovation and Technology	12.4	13.3	14.7	15.1	15.7	15.8	16.2	0.5%	2.2%
Transport (excl. High Speed 2)	14.4	13.8	14.7	17.0	17.3	18.3	19.6	3.9%	1.9%
Transport – High Speed 2	7.8	6.9	7.1	7.1	7.1	5.6	5.5	-7.9%	-7.8%
Energy Security and Net Zero (excl. Sizewell C)	4.0	4.0	9.4	8.0	9.1	10.9	11.3	2.6%	16.0%
Energy Security and Net Zero – Sizewell C	1.1	1.8	2.7	2.9	3.2	2.5	2.8	-0.7%	14.5%
Environment, Food and Rural Affairs	2.1	2.3	2.7	2.8	2.8	2.8	2.7	-1.8%	2.5%
Business and Trade	1.0	1.5	1.5	1.8	2.0	2.0	1.9	4.1%	9.4%
Work and Pensions	0.6	0.6	0.7	1.0	0.8	0.6	0.5	-10.4%	-5.8%
HM Revenue and Customs	0.7	0.7	0.9	0.9	0.6	0.5	0.3	-24.3%	-15.3%
HM Treasury	0.0	0.8	0.8	0.8	0.1	0.1	0.1	-19.2%	12.2%
Cabinet Office	0.4	0.4	0.5	0.6	0.5	0.3	0.2	-18.5%	-12.8%
Scottish Government	6.0	5.9	6.5	7.1	7.0	7.1	7.1	0.3%	0.7%
Welsh Government	3.1	3.2	3.4	3.6	3.5	3.5	3.5	-0.9%	-0.4%

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30	Average Annual Real Growth 2025-26 to 2029-30	Average Annual Real Growth 2023-24 to 2029-30
Northern Ireland Executive	2.1	2.0	2.2	2.4	2.4	2.4	2.4	0.7%	0.1%
Small and Independent Bodies	0.3	0.4	0.4	0.5	0.4	0.4	0.4	0.1%	2.9%
Growth Mission Fund	–	–	–	0.1	0.1	0.1	0.1	–	–
Reserves	–	–	1.1	2.4	2.4	2.4	2.3	–	–
Provision for intra-governmental leases	–	–	–	0.7	1.2	1.2	0.9	–	–
Total Capital DEL	**106.8**	**114.6**	**131.3**	**142.7**	**145.3**	**149.1**	**151.9**	**1.8%**	**3.6%**
Remove CDEL Financial Transactions (FT)	-0.6	0.2	-2.2	-3.7	-4.6	-7.1	-8.8	–	–
Capital DEL excl. FTs	**106.2**	**114.8**	**129.1**	**139.0**	**140.7**	**142.0**	**143.1**	**–**	**–**
Of which: net neutral reprofile of Spring Statement 2025 non-FT envelope	–	–	–	3.3	-0.6	-0.9	-1.8	–	–
Memo: Spring Statement 2025 CDEL excl. FTs	–	–	–	135.6	141.3	142.9	145.0	–	–

[1] Refer to Annex B for full footnotes.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Chart 5.4: Capital Departmental Expenditure Limits (DEL)[1]



[1] Real terms figures at Spring Budget 2024 use the OBR's Spring 2024 GDP deflator forecast. Real terms figures at Spending Review 2025 use the OBR's Spring 2025 GDP deflator forecast.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans, Office for Budget Responsibility, HM Treasury calculations.

5.5 Some financial transactions are part of departmental capital DEL budgets. Table 5.5 below details departmental plans for financial transactions in DEL.

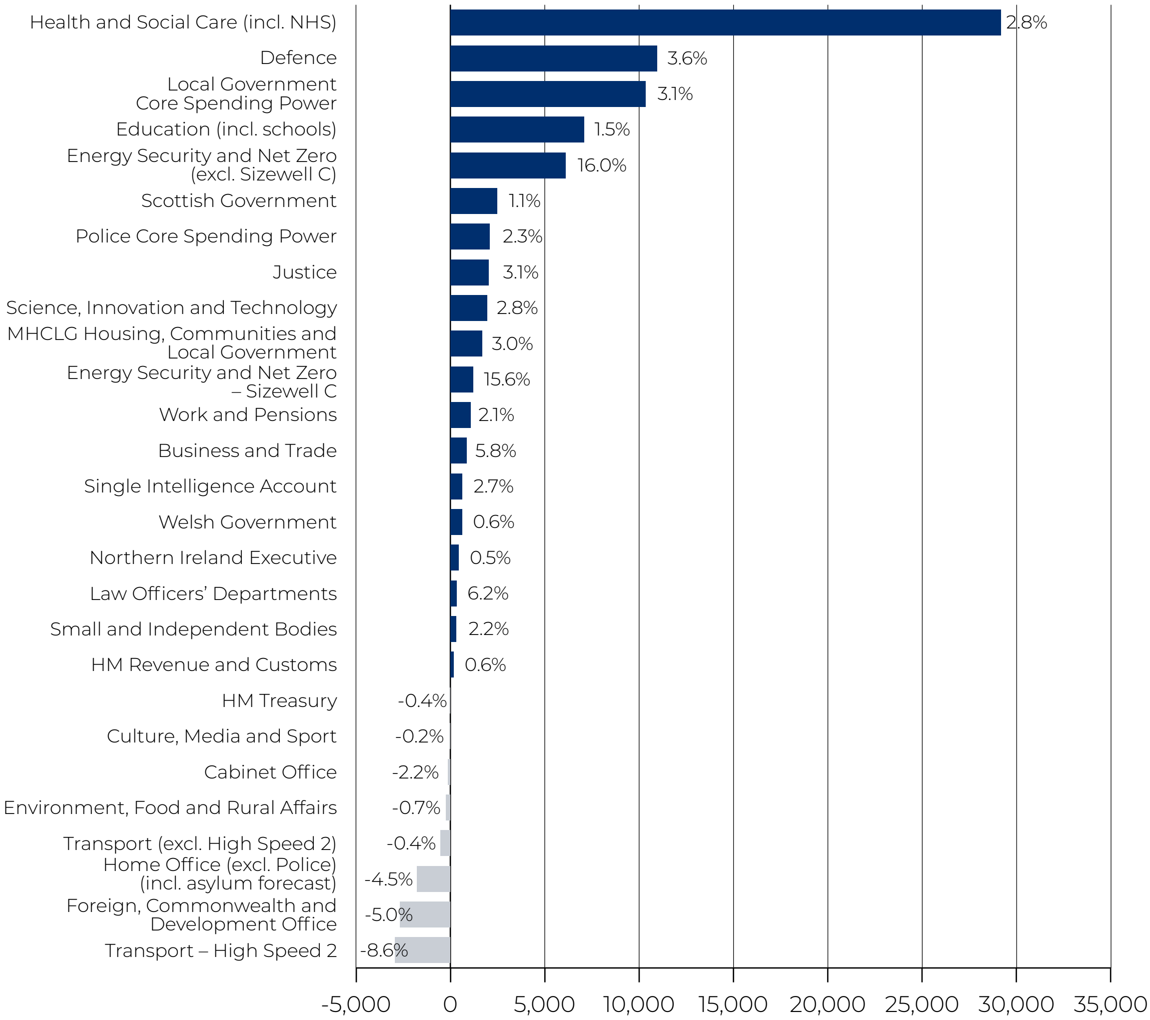
Table 5.5: Capital Departmental Expenditure Limits (DEL): Financial Transactions (FTs)

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30
Health and Social Care	0.0	–	–	–	–	–	–
Education	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Defence	0.1	0.2	0.2	0.3	0.3	0.4	0.4
Foreign, Commonwealth and Development Office	0.2	0.2	0.6	0.4	0.3	0.3	0.3
MHCLG Housing, Communities and Local Government	-0.2	0.4	0.4	1.2	1.0	1.4	1.8
Culture, Media and Sport	0.0	0.0	–	–	–	–	–
Science, Innovation and Technology	0.0	0.1	0.1	0.2	0.2	0.3	0.2
Transport	-0.1	–	–	–	–	–	–
Energy Security and Net Zero	-0.4	-2.2	–	0.3	1.2	3.2	4.5
Environment, Food and Rural Affairs	0.0	–	–	0.1	0.1	0.1	0.1
Business and Trade	0.4	0.8	0.4	0.7	0.9	0.8	0.7
Work and Pensions	0.1	0.1	0.1	0.1	0.0	0.0	0.0
HM Treasury	–	–	0.1	0.1	0.1	0.1	0.1
Cabinet Office	0.0	–	–	–	–	–	–
Scottish Government	0.3	0.1	0.2	0.2	0.3	0.3	0.4
Welsh Government	0.1	0.2	0.1	0.1	0.1	0.2	0.2
Northern Ireland Executive	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Small and Independent Bodies	–	0.0	–	–	–	–	–
Total Financial Transactions in CDEL	**0.6**	**-0.2**	**2.2**	**3.7**	**4.6**	**7.1**	**8.8**

[1] The Department for Energy Security and Net Zero 2024-25 budget reflects the income from the sale of Bulb Energy.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Chart 5.5: Real terms increase in total DEL between 2023-24 and 2028-29 (£ million, 2024-25 prices)[1], and average annual real growth rate (%)[2]



[1] Using the OBR's Spring 2025 GDP deflator forecast.
[2] TDEL figures and average annual growth rates are consistent with those shown in RDEL, CDEL and TDEL tables.

Source: Office for Budget Responsibility, HM Treasury calculations.

Public sector pay

5.6 The government is committed to delivering fair and timely pay awards for public sector workforces over the SR period. Pay awards will need to be funded within the departmental settlements set out below. Departments will set out their affordability positions to the Pay Review Bodies (PRBs) over the SR period in the usual way. There will be no reserve access for public sector pay, if the PRBs recommend pay increases above the level departments have budgeted for, departments will need to carefully consider the justification for these awards and determine whether these additional costs can be borne either through offsetting savings or through further productivity gains.

Spending framework

5.7 Budgets set at this SR for 2028-29 and 2029-30 will be reviewed at the next SR in 2027. This is in line with the reforms to the spending framework announced last year. The government has updated the Charter for Budget Responsibility to require SRs to be held every two calendar years, and with a minimum duration of three years of the five-year forecast period to ensure public services are always planned over the medium term. This will improve value for money and the planning of public expenditure, and provide greater budgetary certainty.

5.8 The government also confirmed in the updated Charter for Budget Responsibility that the Treasury will share with the Office for Budget Responsibility (OBR) its assessment of pressures against DELs for the current and following financial year. These changes, which have already been implemented, ensure that the OBR is kept fully up to date with the evolving spending picture and can accurately forecast spending.

Department of Health and Social Care

Table 5.6: Department of Health and Social Care

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	177.9	193.3	202.0	211.0	221.3	232.0	–	2.8%	2.7%
of which: NHS England[7]	171.0	186.8	195.6	204.9	215.4	226.1	–	3.0%	3.0%
Capital DEL	10.5	11.6	13.6	14.0	13.5	14.8	14.6	0.0%	3.2%
of which: Financial Transactions	0.0	–	–	–	–	–	–	–	–
Total DEL	**188.5**	**204.9**	**215.6**	**225.0**	**234.9**	**246.7**	**–**	**2.7%**	**2.8%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] The "of which: NHS England" line contains updated figures for DHSC funding spent via NHS England, including historic transfers and savings redirected to frontline services. Growth rates additionally adjust for non-baselined technical transfers (mainly pay).

5.9 The Department of Health and Social Care (DHSC) settlement provides record investment in the healthcare system and lays the foundations for reform to continue the government's mission of building an NHS fit for the future. This will shift the focus of the healthcare system from analogue to digital, from hospital to community and from treatment to prevention.

5.10 DHSC has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings and efficiencies identified through the department's zero-based review (ZBR) and the technical efficiencies which DHSC has worked with the Office for Value for Money (OVfM) on. This includes £17 billion savings over three years released by achieving 2% productivity. The NHS will also reduce the need for temporary staff by setting limits on agency spend, including eliminating agency usage for entry level roles. This will build on the near £1 billion reduction in agency spend delivered in 2024-25.

5.11 The government is providing a £29 billion real terms increase (£53 billion cash uplift) in annual NHS day-to-day spending from 2023-24 to 2028-29.[1] This will take spending to £226 billion by 2028-29, equivalent to a 3.0% average annual real terms growth rate over the SR period. The SR also announces a £2.3 billion real terms increase (£4 billion cash uplift) in DHSC's annual capital budgets from 2023-24 to 2029-30 to invest in the NHS, including in new technology, hospitals and primary care. This will deliver the largest ever health capital budget, representing a more than 20% real terms increase by the end of the SR period.

[1] As with the RDEL average annual growth rates, the cash and real-terms increase figures have been adjusted to account for non-baselined technical transfers expected (mainly pay)

5.12 This record investment will support the NHS to deliver the government's Plan for Change commitment to cut waiting times meaning that, by the end of the Parliament, 92% of patients will start consultant-led treatment for non-urgent health conditions within 18 weeks of referral. This investment builds on the two million appointments delivered in 2024-25 and the Elective Reform Plan published in January 2025 to bring down the waiting list.

5.13 This settlement also builds on the record capital investment provided in Phase 1 to repair the NHS estate:

a. Continuing delivery of 25 new hospitals via the New Hospitals Programme including replacing the seven hospitals built entirely from Reinforced Autoclaved Aerated Concrete (RAAC).

b. Investing £30 billion over the next five years in day-to-day maintenance and repair of the NHS estate with over £5 billion allocated specifically to address the most critical building repairs, reducing the most serious and critical infrastructure risk in a targeted way. This will also reduce the number of hospitals containing RAAC by half and enable the government to meet its commitment to eradicate RAAC from the NHS estate entirely by 2035.

5.14 Investment must come with reform. The abolition of NHS England shows that the government is willing to make the important decisions that are needed to drive efficiency and deliver better care. The forthcoming 10 Year Health Plan will lay the foundations for the future of health and healthcare in England, delivering on the three shifts from analogue to digital, hospital to community and treatment to prevention. The plan will restore financial sustainability and provide more transparency for patients and the public. This SR settlement will enable the NHS to deliver 2% productivity growth a year, unlocking £17 billion savings over three years to be reinvested back into the health service and support the radical transformation, which will be set out in the 10 Year Health Plan.

5.15 This settlement supports the shift from analogue to digital, with a total investment of up to £10 billion in NHS technology and transformation by 2028-29, an almost 50% increase from 2025-26. This will:

a. Begin to turn the NHS App into the digital front door to the NHS, enabling patients to manage medicines and prescriptions, receive NHS communications securely and increase their access to medical services such as tests directly, freeing up millions of appointments.

b. Deliver a single patient record, giving patients a unified view of their medical history and enabling two-way communication and active management of their healthcare.

5.16 Building on the funding decisions taken at Phase 1 of the SR, this settlement begins to put money outside of hospitals, bringing care closer to where people live to deliver more proactive and personalised care through:

a. Building on the 1,700 additional GPs that have been recruited in Phase 1 of the Spending Review, additional funding will be provided to help bring back the family doctor through supporting the training of thousands more GPs, delivering millions more appointments a year.

b. Providing 700,000 additional urgent NHS dentist appointments per year over the SR.

c. Employing 8,500 additional mental health staff by the end of the Parliament and expanding mental health support teams to 100% of schools by 2029-30.

5.17 This settlement also supports the shift from treatment to prevention, improving the health of the nation and reducing demand on the health service, for example by investing at least £80 million per year for tobacco cessation programmes and enforcement to support delivery of the Tobacco & Vapes Bill.

5.18 The government recognises the significant challenges facing the adult social care system and is committed to transforming the sector and supporting the care workforce. Baroness Louise Casey is leading an independent commission to build consensus on reform of adult social care. The first phase will report in 2026 and will focus on how to make the most of existing resources to improve the system. The Spending Review allows for an increase of over £4 billion of funding available for adult social care in 2028-29 compared to 2025-26. This includes an increase to the NHS' minimum contribution to adult social care via the Better Care Fund, in line with DHSC's Spending Review settlement. This will support the sector to improve adult social care, with further details to be set out shortly.

5.19 The government is committed to supporting the UK's strengths in life sciences, which will unlock new investment and ensure patients get rapid access to the most clinically and cost-effective new technologies. This includes up to £600m in partnership with DSIT and the Wellcome Trust to launch the world's first Health Data Research Service in Cambridge, to accelerate the discovery of life-saving drugs. The Life Sciences Sector plan will also be published later this month, as part of the Industrial Strategy, setting out measures to strengthen the UK's global leadership in clinical genomics, boost the UK's clinical trials offer, streamline regulation and encourage investment in cutting-edge technologies.

Department for Education (DfE)

Table 5.7: Department for Education

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	81.8	89.2	94.1	98.3	100.1	101.5	–	0.7%	1.4%
of which: Core Schools	57.7	61.6	64.8	67.0	68.4	69.5	–	0.4%	0.6%
Capital DEL	6.2	5.7	6.8	8.3	7.7	7.7	7.7	1.3%	1.4%
of which: Financial Transactions	0.0	0.0	0.0	0.1	0.1	0.1	0.1	–	–
Total DEL	**87.9**	**94.9**	**100.9**	**106.6**	**107.8**	**109.2**	**–**	**0.8%**	**1.5%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Resource figures include Spring Statement 2025 plans, plus Machinery of Government changes. Capital figures include Spring Statement 2025 plans with recurring adjustments.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.20 The Department for Education (DfE) settlement provides total DEL funding of £109.2 billion in 2028-29. This is equivalent to an annual average real terms increase of 1.5% over the SR25 period, with £101.5 billion of day-to-day spending by 2028-29, a 1.4% average annual real terms increase from 2023-24; and over £31 billion of capital investment from 2026-27 to 2029-30, a 1.4% average annual real terms increase from 2023-24.

5.21 To raise school standards for every child and break down the barriers to opportunity, the government will increase the core schools budget by £2 billion in real terms over this SR (2023-24 to 2028-29). This provides a £4.7 billion cash increase per year by 2028-29 (compared with 2025-26), which ensures average real terms growth of 1.1% a year per pupil.[2]

5.22 The increase to the core schools budget will provide £410 million per year by 2028-29 to expand Free School Meals eligibility to all pupils with a parent in receipt of Universal Credit. The government will also provide £80 million per year by 2028-29 for early years and post-16 settings to support this expansion. Under this expansion, over half a million more children will become eligible for Free School Meals, in support of the government's upcoming Child Poverty Strategy.

5.23 To make the system more inclusive and improve outcomes for all children and young people, the government will reform the current Special Educational Needs and Disabilities (SEND) system. Details of the government's intended approach to SEND reform will be set out in a Schools White Paper in the autumn. The

[2] Excluding the funding which the government has provided for the expansion of Free School Meals, the core schools budget will grow by an average of 0.9% per pupil in real terms each year.

government will also set out further details on supporting local authorities as we transition to a reformed system as part of the upcoming local government funding reform consultation.

5.24 The government has set out its plans to deliver breakfast clubs to every primary-aged child in England. From the start of this term, 750 schools are receiving funding to deliver a free breakfast club as Early Adopters, reaching more than 180,000 children and 70,000 pupils from schools in the most deprived parts of the country. The government will use the learning from these Early Adopters to confirm details of national rollout in due course.

5.25 The settlement also provides significant capital funding for schools, including:

a. Around £2.4 billion per year for the School Rebuilding Programme over the next four years, reaffirming the government's commitment to improve the school estate. As part of the 10 Year Infrastructure Strategy, the government will also commit to expand the programme, providing long-term certainty out to 2034-35;

b. An increase in annual maintenance investment per year in line with inflation, rising to around £2.3 billion in 2029-30 to improve the condition of the school estate, an increase of over £400 million per year by 2029-30, compared with 2024-25; and

c. Making available £2.6 billion from 2026-27 to 2029-30 to fund provision of mainstream school places needed to meet future demographic needs.

5.26 The Opportunity Mission starts with children's crucial early years, where families build strong relationships and children develop the skills they need for life. This settlement helps support the government's ambition, set out in the Plan for Change, to give all children the best start in life. This includes:

a. An additional £1.6 billion per year by 2028-29 for government-funded childcare entitlements for working parents, boosting both children's life chances and the choices parents can make about work;

b. The government will continue to invest in and expand the Family Hubs programme, working with parents to help give children the best start in life; and

c. A total of almost £370 million across the next four years to support the government's commitment to deliver school-based nurseries across England.

5.27 This settlement will improve support for England's most vulnerable children and young people by setting aside £555 million over the SR period from the Transformation Fund for the Ministry of Housing, Communities and Local Government (MHCLG) and DfE, as well as total capital investment of over £560 million to reform the children's social care system and support the refurbishment and expansion of the children's homes estate. This will help more children and families stay safely together, expand support for care leavers and fix the broken care market.

5.28 The skills system is central to achieving economic growth and breaking down barriers to opportunity. This SR provides an additional £1.2 billion per year by 2028-29. This includes funding to support over 1.3 million 16-19 year-olds to access high-quality training, supporting 65,000 additional learners per year by

2028-29. It will also deliver £625 million between 2025-26 and 2028-29 to train up to 60,000 skilled construction workers, as announced at Spring Statement 2025. This investment protects opportunity, supports skills and fuels future growth.

5.29 Additional income from measures set out in the Immigration White Paper, including increases to the Immigration Skills Charge and an intention to explore introducing a levy on higher education provider income from international students (to be reinvested into the higher education and skills system), will provide further support for upskilling the domestic workforce. These measures will help to reduce reliance on overseas labour and ensure workers have the skills that employers need. Final allocations for these measures will be set out in due course.

5.30 This settlement for schools and colleges supports the government's commitment to recruit 6,500 more teachers over the course of this Parliament across secondary schools, further education settings and specialist schools.

5.31 DfE has committed to delivering at least 5% savings and efficiencies. This includes savings identified through the ZBR. For example, the government will move Level 7 apprenticeship funding away from those already in work with prior learning and qualifications to support a more flexible offer at lower levels, creating more opportunities for young people at the start of their working lives. DfE has also worked with the OVfM to identify £248 million of technical efficiencies.

Home Office

Table 5.8: Home Office

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	19.0	18.4	20.5	20.9	20.4	20.6	–	-1.7%	-2.6%
of which: Home Office (excl. asylum forecast)[7]	14.3	14.5	16.9	17.3	17.5	18.1	–	0.4%	-0.1%
Memo: Police Core Spending Power[8]	16.5	17.6	18.7	19.6	20.3	20.8	–	1.7%	2.3%
Capital DEL	1.3	1.8	1.5	1.7	1.7	1.7	1.7	0.7%	1.9%
of which: Financial Transactions	–	–	–	–	–	–	–	–	–
Total DEL	**20.3**	**20.2**	**22.0**	**22.6**	**22.1**	**22.3**	**–**	**-1.4%**	**-2.2%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] Asylum support cost forecasts contain some inherent uncertainty. These figures are based on estimates provided by the Home Office as part of the Spending Review process.
[8] Police core spending power refers to the projected total police settlement funding including counter terrorism funding. This includes projected spending from additional income, including estimated funding from the police council tax precept. Full details of annual police funding will be set out in the Police Funding Settlement.

5.32 The Home Office settlement provides total DEL funding of £22.3 billion in 2028-29. This is equivalent to an annual average real terms growth rate of -2.2% over the SR (2023-24 to 2028-29). Excluding the reduction in the Home Office's budget that will result from the planned reductions in asylum support costs, the Home Office's total DEL grows in real terms.

5.33 This settlement includes £200 million of Transformation Funding to help end the costly use of asylum hotels in this Parliament and accelerate transformation of the asylum system by clearing the backlog, boosting appeals capacity and continuing to return those with no right to be here.

5.34 Up to an additional £280 million RDEL per year will be provided by 2028-29 for the Border Security Command, established as part of the government's Plan for Change, to tackle the people-smuggling gangs running small boats.

5.35 The Phase 2 settlement supports the government's safer streets mission, providing:

a. An average 1.7% real terms increase per year in police spending power. This will support frontline policing levels in England and Wales and help restore public confidence in policing, reflecting the government's Plan for Change commitment to put an additional 13,000 police officers, police community support officers (PCSOs) and special constables into neighbourhood policing roles over the Parliament, boosting visible policing and helping to keep communities safe; and

b. Alongside this, the government will deliver a programme of police reform; raising standards, harnessing technology, increasing efficiency and improving accountability as part of the forthcoming Police Reform White Paper.

5.36 The Phase 2 settlement will increase the budget for counter-terrorism policing, maintaining capabilities and protecting officer numbers. The government will provide at least £100 million per year by 2028-29 to support current national security priorities.[3]

5.37 The Home Office has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings of £153 million by 2028-29 from reducing third party resources and insourcing digital roles.

[3] This investment will be funded via the Integrated Security Fund and as such does not appear in the Home Office DEL baseline.

Ministry of Justice

Table 5.9: Ministry of Justice

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	10.4	11.2	11.9	12.6	12.9	13.2	–	1.8%	2.4%
Capital DEL	1.5	1.7	2.0	2.3	2.3	2.3	2.0	-2.1%	3.0%
of which: Financial Transactions	–	–	–	–	–	–	–	–	–
Total DEL	**11.9**	**12.9**	**13.9**	**14.9**	**15.3**	**15.6**	**–**	**2.0%**	**3.1%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.38 The Ministry of Justice (MoJ) settlement provides total DEL funding of £15.6 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 3.1% from 2023-24 to 2028-29.

5.39 In summer 2024, prisons were operating at over 99% capacity, and emergency measures were required to prevent capacity breaching. Through the Phase 2 settlement, MoJ will expand prison, probation and courts capacity to record levels alongside long-term reform to deliver a sustainable and effective justice system.

5.40 There must be enough prison places to punish offenders and protect the public. The government is providing £7 billion between 2024-25 and 2029-30 to deliver the commitment to build 14,000 new prison places by 2031.

5.41 Through the Phase 2 settlement, the probation service will receive up to £700 million additional funding per year by 2028-29 compared with 2025-26, to deliver the transformative reforms recommended through the Independent Sentencing Review.

5.42 The Phase 2 settlement provides up to £450 million additional investment per year for the courts system by 2028-29 compared with 2025-26, increasing Crown Court sitting days to record levels and helping to implement the recommendations from the Independent Review of Criminal Courts. This will help tackle court backlogs and improve court productivity. There will be increased capacity every year to process asylum appeals, to help reduce illegal and irregular migration and bear down on asylum costs.

5.43 MoJ has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period, including savings identified through the ZBR. These include reductions to back-office headcount and using AI to reduce administrative burdens, helping focus resources towards frontline services that reduce reoffending and keep the public safe. MoJ has also worked with the OVFM to identify £360 million of technical efficiencies by 2028-29.

Law Officers' Departments (LODs)

Table 5.10: Law Officers' Departments

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	0.8	0.9	1.0	1.1	1.1	1.1	–	1.4%	3.5%
Capital DEL	0.0	0.1	0.1	0.1	0.1	0.2	0.0	-14.0%	-1.7%
of which: Financial Transactions	–	–	–	–	–	–	–	–	–
Total DEL[7]	**0.9**	**1.0**	**1.1**	**1.1**	**1.2**	**1.3**	**–**	**5.3%**	**6.2%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] Total DEL growth rates are driven by time-limited non-fiscal IFRS leases in 2028-29.

5.44 The Law Officers' Departments (LODs) settlement provides total DEL funding of £1.3 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 6.2% over SR25. Day-to-day spending will increase by £160 million in real terms from 2023-24 to 2028-29.

5.45 The settlement demonstrates the government's commitment to protecting the public through independent and fair prosecutions. It will provide record investment into the Crown Prosecution Service (CPS) to bring criminals to justice, with total funding of £1 billion in 2028-29. The CPS will recruit more Crown Advocates and frontline staff to prosecute cases, build workforce capacity and capability, and improve the quality and efficiency of prosecutions. The settlement will help tackle court backlogs and contribute to efforts to improve timeliness in the criminal justice system. The CPS will enhance the victim and witness experience of the prosecution process, with £5 million of further funding each year.

5.46 The Serious Fraud Office will receive £98 million per year by 2028-29 to enable it to defend and support economic growth, using proactive intelligence to bring more criminals to justice. The Government Legal Department will provide legal services and deliver the government's legislative agenda, and the work of the Attorney General to strengthen the rule of law will continue.

5.47 The LODs have committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period, aimed at lowering costs and improving performance. This includes savings identified in the ZBR from reducing the costs of human translation and transcription services by utilising digital tools instead. The LODs have also worked with the OVfM to identify 3% of technical efficiencies by 2028-29. Digital technology will support productivity and efficiency improvements, including the development of AI tools that will enable the CPS to respond to the growing volume and complexity of criminal cases.

Official Development Assistance (ODA)

Table 5.11: Official Development Assistance[1]

£ billion (current prices)	Plans 2026-27	Plans 2027-28	Plans 2028-29
Total DEL	10.0	8.9	9.4

[1] Table excludes non-DEL ODA spending which contributes to the UK's ODA GNI % outturn each calendar year

Source: HM Treasury DEL plans.

5.48 The ODA settlement delivers on the government's commitment to fund ODA at the equivalent of 0.3% of Gross National Income (GNI) by 2027. The profile tracks a gradual reduction, allowing time for programming to be reprioritised. The government will continue to work closely with partners to deliver ODA through both multilateral and bilateral channels.

5.49 The SR focuses ODA spending on delivering the UK's development priorities, which have been determined following a Foreign Secretary-led process including all ODA programming departments. The ODA settlement prioritises UK multilateral investment across issues where the international system needs to deliver at scale and to reform: the climate and nature crisis, global health and humanitarian emergencies.

5.50 ODA investment will be underpinned by the government's work to develop economies, so countries become more resilient and are able to better support themselves. The government will continue to support multilateral development banks, including the World Bank's International Development Association, which can leverage the UK's contribution to maximise development impact. The government will also work with international partners to unlock and mobilise private capital for international development and climate projects.

5.51 FCDO will prioritise spending on humanitarian crises, including through continued bilateral support to Ukraine, Gaza and Sudan, and contributions to key multilateral organisations. FCDO, DESNZ and Defra will maintain progress on the UK's domestic and international objectives on clean energy, climate and nature, including with continued support to global initiatives such as the Global Environment Facility and Green Climate Fund. FCDO and DHSC will keep delivering on global health security, including by continuing support to key health multilaterals such as Gavi, the Vaccine Alliance, the Global Fund to fight AIDS, Tuberculosis and Malaria, and the World Health Organization.

5.52 ODA programming allocations are set out below:

Table 5.12: Official Development Assistance programming allocations[1]

£ million (current prices)	Plans 2026-27	Plans 2027-28	Plans 2028-29
Culture, Media and Sport	5	5	5
Environment, Food and Rural Affairs	115	115	115
Energy Security and Net Zero	247	256	266
Health and Social Care	160	123	125
Science, Innovation and Technology	93	64	64
Work and Pensions	9	9	10
Foreign, Commonwealth and Development Office	6815	6188	6945
HM Revenue and Customs	7	6	6
HM Treasury	46	46	48
Home Office	16	16	16
Integrated Security Fund	194	197	200
Office for National Statistics	4	3	3

[1] Table shows Total DEL ODA programming allocations and excludes forecasted DEL spending on in-donor refugee costs (the first year of costs associated with supporting refugees and asylum seekers in the UK) and estimates for ODA R&D spending funded by UK Research and Innovation (UKRI).

Source: HM Treasury DEL plans

5.53 The government is committed to ensuring that asylum costs fall and has already acted to prioritise this by taking measures that aim to reduce the asylum backlog, end the use of expensive hotel accommodation in this Parliament, and increase detention capacity to facilitate more removals. It is anticipated that these decisions will drive down overall in-donor refugee costs over this SR period.

5.54 Moreover, the government has acted to improve budget stability for FCDO ODA to allow for better long-term planning of programming, essential to targeting spending and delivering value for money. FCDO's budgets will no longer be automatically adjusted for GNI fluctuations or for unforeseen changes to the ODA budget, such as if asylum forecasts change.

5.55 The government remains committed to returning spending on ODA to 0.7% of GNI when the fiscal circumstances allow. The government will continue to monitor future forecasts closely, and each year will review and confirm, in accordance with the International Development (Official Development Assistance Target) Act 2015, whether a return to spending 0.7% of GNI on ODA is possible against the latest fiscal forecast.

Foreign, Commonwealth and Development Office

Table 5.13: Foreign, Commonwealth and Development Office

								Average annual real growth[4]	
£ billion (current prices)	**Outturn 2023-24**	**Plans[1] 2024-25**	**Plans[2] 2025-26**	**Plans 2026-27**	**Plans 2027-28**	**Plans 2028-29**	**Plans 2029-30[3]**	**Phase 2 Period[5]**	**SR 2025 Period[6]**
Resource DEL	7.7	8.3	8.4	6.6	7.0	7.1	–	-6.9%	-4.3%
Capital DEL[7]	3.4	2.7	3.7	3.2	2.2	2.7	3.0	-6.8%	-4.2%
of which: Financial Transactions	0.2	0.2	0.6	0.4	0.3	0.3	0.3	–	–
Total DEL	**11.1**	**11.1**	**12.1**	**9.8**	**9.2**	**9.9**	**–**	**-8.3%**	**-5.0%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Resource figures include Spring Statement 2025 plans, plus Machinery of Government changes. Capital figures include Spring Statement 2025 plans with recurring adjustments.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] As set out in Spring Statement 2025, the Departmental ODA Capital DEL budget has been reduced by £0.2 billion to contribute to the increase in 2025-26 defence spending. Growth rates are impacted by Capital DEL to AME switches in 2023-24 and 2024-25 for British International Investment.

5.56 The Foreign Commonwealth and Development Office (FCDO) settlement provides total DEL funding of £9.9 billion in 2028-29. This enables the department to deliver the government's core diplomatic, development and consular priorities. The overall size of the department's budget will reduce over the SR period, reflecting the decision to reduce Official Development Assistance (ODA) spending to 0.3% of Gross National Income (GNI) by 2027, allowing the government to invest more in security and defence while remaining committed to the fiscal rules.

5.57 The settlement provides for one of the world's largest and most effective diplomatic presences, serving over 30 government departments. Building on Phase 1 of the SR, it supports the UK's ability to project a coherent international voice across the government's economic, security and development objectives.

5.58 Through its ODA budget, the FCDO will advance multilateral reform efforts, unlocking finance at scale and ensuring the UK remains a leading voice in key global institutions such as the World Bank, the Global Fund for AIDS, Tuberculosis and Malaria and Gavi, the Vaccine Alliance. The department will continue to provide humanitarian assistance in Ukraine, the Occupied Palestinian Territories and Sudan, and support displaced people in or near their countries of origin. The FCDO will invest in climate and nature and deliver on global health security, underpinned by economic development. The department is also strengthening links with the financial sector and international partners to mobilise private capital for development and climate goals.

5.59 The FCDO's non-ODA budget primarily funds operating costs, including the UK's diplomatic capability, 24/7 consular services and rapid crisis response to support British nationals worldwide. The settlement also supports the FCDO's priorities across security, growth, migration and the UK's relationship with Europe, alongside constitutional obligations to the Overseas Territories. A portion of this funding will contribute to the UK's NATO-attributed defence spending, including FCDO-led programming in partnership with the Ministry of Defence and the Intelligence Community to counter cyber attacks, election interference, disinformation and other threats to stability.

5.60 The settlement funds the Integrated Security Fund (ISF) to deliver interventions across government's national security priorities under the direction of the National Security Council. The ISF will continue to address the most serious threats to UK national security, both at home and abroad. This includes state-based threats, cyber risks and transnational challenges such as counter-terrorism.

5.61 The FCDO has committed to delivering at least 5% savings and efficiencies, including through the FCDO2030 strategic change programme. The settlement includes a bespoke transformation package to support this ambition. It also provides sustained investment in the overseas estate throughout the SR25 period, including 2029-30, moving away from reliance on one-off sales of valuable assets. The department has also worked with the OVfM to identify £85 million of technical efficiencies by 2028-29, including replacing outdated IT and building in-house expertise to cut costs, improve services and reduce reliance on contractors.

Ministry of Defence (MOD)

Table 5.14: Ministry of Defence

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	34.8	37.6	38.9	39.6	41.0	42.0	–	0.7%	0.9%
Capital DEL	19.1	22.7	23.2	25.9	30.0	31.5	33.2	7.3%	7.1%
of which: Financial Transactions	0.1	0.2	0.2	0.3	0.3	0.4	0.4	–	–
Total DEL	**53.9**	**60.3**	**62.2**	**65.5**	**71.0**	**73.5**	**–**	**3.8%**	**3.6%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Resource figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.62 The Ministry of Defence (MOD) settlement provides total DEL funding of £73.5 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 3.6% over SR25. This means that total NATO-qualifying defence spending is on a clear path to reach 2.6% of Gross Domestic Product (GDP) by 2027, reflecting the additional investment announced at the Spring Statement. This includes an increase in the share of intelligence spending that is spent as NATO-qualifying, as the Prime Minister previously announced.

5.63 This settlement will support the government's national security and growth priorities:

a. The funding outlined in Table 5.14 sets out the detailed MOD budget, consistent with the Prime Minister's commitment to spending 2.6% of GDP on defence by 2027;

b. This settlement supports the ambition set out in the recently published Strategic Defence Review (SDR) which provides the high-level vision for the future of UK defence. Further detail will be published in the Defence Investment Plan later this year;

c. MOD will spend at least 10% of its equipment procurement budget on novel technologies such as uncrewed, autonomous and AI-enabled capabilities. This will deliver greater efficiency and productivity, as well as securing an advantage over the UK's adversaries;

d. Defence is one of the eight priority sectors in the government's Industrial Strategy. The forthcoming Defence Industrial Strategy will identify the key ways in which defence spending and procurement can drive economic growth and strengthen industry, meeting the challenges of this new era of threats by making the UK a defence industrial superpower by 2035 and supporting the creation of new jobs across the country; and

e. The MOD settlement is underpinned by a commitment to deliver significant savings and efficiencies. Working with the OVfM, MOD has already identified £905 million of technical efficiencies by 2028-29, covering digitisation and modernisation, acquisition reform and sustainability initiatives. As set out in the SDR, further work is under way to identify additional savings and efficiencies of nearly £6 billion by 2029-30. The detail of these efficiencies will be published in the Defence Reform and Efficiency Plan in the autumn, which will include plans to deliver further efficiency and productivity savings, civilian workforce changes and structural simplification.

Single Intelligence Account

Table 5.15: Single Intelligence Account

								Average annual real growth[4]	
£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	2.8	3.1	3.0	3.2	3.4	3.6	–	3.7%	2.8%
Capital DEL	1.4	1.4	1.5	1.9	1.7	1.8	1.6	0.1%	0.4%
of which: Financial Transactions	–	–	–	–	–	–	–	–	–
Total DEL	**4.2**	**4.5**	**4.5**	**5.1**	**5.1**	**5.4**	**–**	**3.7%**	**2.7%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.3 The Capital DEL average annual growth rates have been adjusted to account for Machinery of Government changes and budget cover transfers.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.64 The Single Intelligence Account (SIA) settlement provides total DEL funding of £5.4 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 2.7% over SR25.

5.65 The settlement represents continued major investment in the UK's national security capabilities. The government's significant funding increase over the Parliament underpins the ability of the UK intelligence community to keep pace with technological advances and continue its world-class work in a challenging global environment.

5.66 The settlement includes significant investment in core national security infrastructure and an ongoing programme of digital transformation. It also boosts investment in R&D to ensure that the UK intelligence community stays at the cutting edge of technology. This funding recognises the crucial underpinning role that the intelligence agencies play in ensuring the safety and security of the UK and its allies.

5.67 This settlement will also provide funding to support the National Cyber Security Centre and the National Protective Security Authority to continue their important role in the government's growth mission.

5.68 The SIA has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings identified through the ZBR. The SIA has also worked with the OVFM to identify £203 million of technical efficiencies by 2028-29.

Ministry of Housing, Communities and Local Government (MHCLG)

Table 5.16: Ministry of Housing, Communities and Local Government

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	3.3	4.3	4.1	4.2	4.2	4.2	–	-1.4%	1.4%
Capital DEL	6.8	8.4	8.8	9.8	9.2	9.2	9.5	0.0%	3.2%
of which: Financial Transactions	-0.2	0.4	0.4	1.2	1.0	1.4	1.8	–	–
Total DEL	**10.1**	**12.7**	**12.9**	**14.0**	**13.5**	**13.5**	**–**	**-0.6%**	**3.0%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.69 The Ministry of Housing, Communities and Local Government (MHCLG) settlement provides total DEL funding of £13.5 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 3.0% over the SR period, with annual average real terms growth in capital investment of 3.2%.

5.70 The SR sets out the government's plans for the delivery of its commitment to build 1.5 million homes in England. This includes a 10-year commitment to the Affordable Homes Programme.

5.71 This settlement builds on Phase 1 of the SR, which delivered the biggest annual budget for affordable housing in over a decade. The government has also introduced ambitious reforms to the planning system, which were judged by the OBR to add £6.8 billion to the economy and boost housebuilding to its highest level in 40 years by 2029-30. The government is now:

- Providing the biggest boost to social and affordable housing investment in a generation, confirming £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026-27 to 2035-36. Spending will reach £4 billion per year in 2029-30 and rise in line with inflation subsequently;
- Announcing a 10-year social housing rent settlement from 2026 at Consumer Price Index + 1%, alongside a consultation to follow shortly on how to implement social rent convergence;
- Providing £2.5 billion of low-interest loans over the SR for social housing providers to further boost their capacity to invest in new development;

- Confirming over £1 billion of new investment between 2026-27 and 2029-30 to accelerate the remediation of social housing, by giving social housing providers equal access to government funding as private building owners. This will support providers of social housing to supply more affordable homes, while also improving the living conditions of tenants;
- Catalysing additional private investment to further boost house building by confirming £4.8 billion in financial transactions from 26-27 to 29-30. This additional capacity will be managed by Homes England in a manner consistent with the government's Financial Transactions Control Framework.
- Providing the biggest boost to social and affordable housing investment in a generation, confirming £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026-27 to 2035-36. Spending will reach £4 billion per year in 2029-30 and rise in line with inflation subsequently;
- Investing in infrastructure and land remediation to deliver new housing schemes in partnership with the private sector. The government will shortly set out plans for New Towns and Cambridge;
- Providing £950 million of investment for the fourth round of the Local Authority Housing Fund – the largest investment in the fund to date – to support local authorities in England to increase the supply of good-quality temporary accommodation and drive down the use of costly bed and breakfasts and hotels; and
- Alongside addressing the core drivers of homelessness through investment in social and affordable housing, the government is protecting spending on tackling homelessness and rough sleeping, and providing £100 million, including from the Transformation Fund, for early interventions to prevent homelessness

5.72 The government is supporting local leaders and investors to drive regional growth across the country by:

- Establishing a new local growth fund, including a 10-year capital settlement from 2026-27 to 2035-36, for specific mayoral city regions in the North and Midlands with the highest productivity catch-up and agglomeration potential. The government is also providing financial investments to capitalise a new recyclable mayoral growth fund for Mayors in the North and Midlands with an integrated settlement[4];
- Investing in up to 350 deprived communities across the UK, to fund interventions including community cohesion, regeneration and improving the public realm.
- For 2026-27 to 2028-29, funding for Scotland, Wales and Northern Ireland across these schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26;
- Protecting existing local growth investment plans across the UK, including for Freeports and Investment Zones, and in-flight high street and regeneration projects;

[4] MHCLG will provide more information on specific mayoral city regions to receive the local growth fund in due course.

- Committing to English devolution, through funding for the Devolution Priority Programme and confirmation that the integrated settlement will be expanded to the Greater London Authority from 2026-27. The SR also reconfirms the commitment to implement new integrated settlements for mayoral authorities in the North East, West Yorkshire, South Yorkshire and Liverpool City Region from 2026-27. These five Mayoral Strategic Authorities will join Greater Manchester and the West Midlands, so that Mayors representing nearly 40% of people in England will have local control over a single flexible pot for growth and public services priorities.

5.73 MHCLG has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings identified through the ZBR, including from cutting communications and marketing spending by 70%, reduced external legal costs, and abolishing the Office for Local Government. MHCLG has also worked with the OVfM to identify £50 million of technical efficiencies by 2028-29.

MHCLG: Local Government

Table 5.17: Local Government

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	9.6	11.4	15.0	15.4	15.6	15.8	–	1.1%	5.2%
Memo: Local Government Core Spending Power[7]	60.4	65.0	69.4	73.2	76.1	79.3	–	2.6%	3.1%
Capital DEL	–	–	–	–	–	–	–	–	–
of which: Financial Transactions	–	–	–	–	–	–	–	–	–
Total DEL	**9.6**	**11.4**	**15.0**	**15.4**	**15.6**	**15.8**	**–**	**1.1%**	**5.2%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Includes Spring Statement 2025 plans, plus Machinery of Government changes
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The average annual real growth rates for Local Government have been adjusted to reflect the impact of MHCLG retaining grant funding from 2026-27 onwards that has been surrendered in previous years to offset the impacts of additional business rates retained in Greater Manchester and the West Midlands. This funding will instead be allocated as additional grant funding from 2026-27 onwards, with no impact on existing business rates retention arrangements.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] Figures for Local Government core spending power from 2026-27 are estimates based on additional grant funding and council tax referendum principles confirmed through the Spending Review, and are averages across all local authorities. The Ministry of Housing, Communities and Local Government will publish updated estimates as part of the Local Government Finance Settlement (LGFS) 2026-27, including the specific core spending power figures for each local authority.

5.74 The Local Government settlement provides an additional £3.3 billion of grant funding in real terms for local authorities in 2028-29 compared with 2023-24.[5] Together with a 3% core council tax referendum principle and a 2% adult social care precept, this results in an average overall real terms increase in local authority core spending power between 2023-24 and 2028-29 of 3.1% per year.

5.75 This settlement will support local authorities to deliver the services that their communities rely on. The government is committed to ensuring that funding is targeted effectively at the places and services that need it most and allocated in a way that empowers local leaders to deliver against local priorities. This includes committing to multi-year allocations and moving to a more up-to-date assessment of each council's needs and resources through the upcoming 2026-27 Local Government Finance Settlement (LGFS).

[5] This includes grant funding that MHCLG has surrendered in previous years to offset the impacts of additional business rates retained in Greater Manchester and the West Midlands. This funding will instead be allocated as additional grant funding from 2026-27 onwards.

5.76 The government is also delivering on its commitment to simplify the local government funding landscape, by consolidating as much revenue funding as possible from across government departments into the LGFS. This will be supported by setting out and measuring progress on the key services and outcomes that the government wants to work with local government to deliver.

5.77 The government is committed to delivering children's social care reform and breaking the cycle of late intervention so that every child is safe and can thrive. The government is investing over £500 million from the Transformation Fund over the SR period to help more children stay with their families and prevent children going into care, by ensuring families have the right support at the right time. This is on top of maintaining the existing £523 million per year for children's social care prevention within the LGFS.

5.78 The government remains committed to transforming adult social care and supporting the care workforce. The SR provides for an increase in funding available for adult social care of over £4 billion in 2028-29 compared with 2025-26. This includes an increase to the NHS' minimum contribution to adult social care via the Better Care Fund, in line with the DHSC SR settlement. This will support the sector to improve adult social care, with further details to be set out shortly.

5.79 The Local Government settlement also includes funding for local authorities to deliver Simpler Recycling as part of the Collection and Packaging waste reforms, which will help to stimulate investment in recycling services across the UK. Local authorities will continue to receive additional income through the Extended Producer Responsibility scheme for packaging.

Department for Transport (DfT)

Table 5.18: Department for Transport

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	7.9	8.3	8.3	8.1	7.7	7.5	–	-5.0%	-3.6%
Capital DEL (excl. High Speed 2)[7]	14.4	13.8	14.7	17.0	17.3	18.3	19.6	3.9%	1.9%
of which: Financial Transactions	-0.1	–	–	–	–	–	–	–	–
High Speed 2[8]	7.8	6.9	7.1	7.1	7.1	5.6	5.5	-7.9%	-7.8%
Total DEL (excl. High Speed 2)	**22.3**	**22.0**	**23.0**	**25.1**	**24.9**	**25.9**	**–**	**0.5%**	**-0.4%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] The Department for Transport Capital DEL growth rate has been adjusted for the impact of Business Rates Retention which switches spending from DEL to AME (£1.2 billion per annum from 2026-27).
[8] Given their size High Speed 2 and Sizewell C have been split out from departmental DEL totals to improve transparency on trends in spending over time.

5.80 The Department for Transport (DfT) settlement provides total DEL funding of £31.5 billion in 2028-29. Capital investment, excluding spending on High Speed 2 (HS2), increases at an annual average real terms growth rate of 3.9% per year between 2025-26 and 2029-30. Resource DEL funding falls in real terms over the period, primarily driven by a declining rail passenger services subsidy as passenger ridership and revenue continue to recover post COVID-19 and efficiencies and savings are made through public ownership.

5.81 This settlement will deliver increased local transport investment in England's towns and cities, prioritising funding in the North and Midlands and giving local areas more control over how this money is spent. This includes:

- £15.6 billion in total by 2031-32 for the elected Mayors of some of our largest city regions via the Transport for City Regions (TCR) settlements, supporting them to invest in their local transport priorities including zero emission buses, trams and local rail. This means city-region transport spending will more than double in 2029-30 compared with 2024-25, in real terms. Over Phase 2 (2026-27 to 2029-30), the total investment in England's city regions is £9 billion;
- £2.3 billion for the Local Transport Grant over Phase 2 for local transport improvements including bus lanes, cycleways and congestion improvement measures in places outside of those areas receiving TCR settlements. This will deliver around a four-fold increase in funding in 2029-30 compared with 2024-25; and

- Providing the largest multi-year settlement for London in over a decade, with £2.2 billion of funding between 2026-27 and 2029-30 for Transport for London's (TfL) capital renewals programme. The government also recognises the potential growth and housing benefits of the Docklands Light Railway (DLR) Thamesmead extension and is committed to working with TfL to explore options for delivery.

5.82 The government will deliver notable improvements to people's everyday travel, improving commutes, school drop-offs and journeys into town, by:

- Providing £24 billion of capital funding between 2026-27 and 2029-30 to maintain and improve motorways and local roads across the country. This funding increase will allow National Highways and local authorities to invest in significantly improving the long-term condition of England's road network, delivering faster, safer and more reliable journeys;
- Providing around £900 million per year to maintain and improve bus services, including taking forward franchising pilots in areas including York and North Yorkshire and Cheshire West and Cheshire West and Chester; and
- This includes extending the £3 bus fare cap – due to end this year – by over a year until March 2027, covering 5,000 bus routes and supporting with cost of living pressures.

5.83 The government will invest in the critical national infrastructure needed to connect this country's cities and towns. The settlement will provide £10.2 billion for rail enhancements (excluding HS2) over Phase 2, including:

- £3.5 billion to drive delivery of the TransPennine Route Upgrade, improving connectivity and reducing journey times between Manchester and Leeds, from 55 to 41 minutes. This will be delivered by the early 2030s;
- Continued delivery of East-West Rail with £2.5 billion investment to provide new connectivity and unlocking growth across the Oxford-Cambridge corridor;
- £300 million for rail investment in Wales, including for the Burns Review stations, North Wales Level Crossing, Padeswood Sidings and Cardiff West Junction. This SR and the upcoming 10-year Infrastructure Strategy will recognise Wales' long-term infrastructure needs and will deliver at least £445 million of rail enhancements to realise them;
- £240 million to enhance Leeds station, improving capacity and relieving congestion;
- Funding to progress this government's long-term strategic rail ambitions, in the North of England, with further detail to be set out through the 10-year Infrastructure Strategy; and
- Funding to progress the next stage of Midlands Rail Hub, strengthening connections from Birmingham across the West Midlands and to other regions.

5.84 £25.3 billion is provided under this settlement to progress delivery of HS2 from Birmingham Curzon Street to London Euston. This funding will support the full reset of the HS2 programme under the leadership of the new Chief Executive, addressing longstanding delivery challenges.

5.85 As part of the government's Clean Energy mission, this settlement commits £2.6 billion over Phase 2 to decarbonise transport, including:

- £1.4 billion to support continued uptake of electric vehicles, including vans and heavy goods vehicles (HGVs);
- £400 million for the further rollout of charging infrastructure, building on the almost 80,000 public charging devices already available;[6]
- Extending the Advanced Fuels Fund to 2029-30 to support the production of sustainable aviation fuel; and
- Investing £616 million to build and maintain walking and cycling infrastructure.

5.86 DfT has committed to delivering at least 5% savings and efficiencies. This includes savings identified through the ZBR such as reform, modernisation and use of AI in DfT's executive agencies. The department has also worked with the OVfM to identify £663 million of technical efficiencies by 2028-29. These efficiencies will be delivered through a combination of changes such as:

- DfT becoming a smaller, more skilled, and more agile department;
- The transfer of rail services into public ownership over the coming years which will enable the removal of duplication of functions currently spread across 14 Operators, and create economies of scale; and
- Increased use of AI initiatives to increase automation in the Driving and Vehicle Licensing Authority (DVLA) processes.

[6] DfT statistics, 79,326 public charging devices as at 1 May 2025. Electric vehicle charging infrastructure statistics – GOV.UK.

Department for Energy Security and Net Zero

Table 5.19: Department for Energy Security and Net Zero

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	1.3	1.6	1.9	2.0	2.0	1.7	–	0.5%	3.3%
Capital DEL[7] (excl. Sizewell C)	4.0	4.0	9.4	8.0	9.1	10.9	11.3	2.6%	16.0%
of which: Financial Transactions	-0.4	-2.2	–	0.3	1.2	3.2	4.5	–	–
Sizewell C[8]	1.1	1.8	2.7	2.9	3.2	2.5	2.8	-0.7%	14.5%
Total DEL (excl. Sizewell C)	**5.3**	**5.6**	**11.4**	**10.0**	**11.1**	**12.6**	**–**	**2.7%**	**16.0%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), budget cover transfers in 2023-24, and lower Nuclear Decommissioning Authority income in 2025-26.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] Capital DEL growth rates are driven by an increase in Financial Transactions.
[8] Given their size High Speed 2 and Sizewell C have been split out from departmental DEL totals to improve transparency on trends in spending over time.

5.87 The Department for Energy Security and Net Zero (DESNZ) settlement provides total DEL funding excluding Sizewell C of £12.6 billion in 2028-29. On CDEL, this is equivalent to an annual average real terms growth rate of 16% over both phases of the SR.

5.88 The Plan for Change milestone is to secure the UK's electricity system with homegrown, clean power by 2030. By delivering record public investment and crowding in private investment, the government is taking back control and protecting billpayers from volatile international fossil fuel markets.

5.89 Energy security is paramount to the UK's security and growth. The government is providing £14.2 billion of investment this SR to fund the building of Sizewell C, the first state-funded nuclear power station since Sizewell B began construction in 1988. It will deliver power for 6 million homes and secure thousands of high-skilled jobs. The government intends to take a final investment decision this summer, subject to value for money and relevant approvals.

5.90 The government is delivering a new generation of publicly owned clean power. Great British Energy and Great British Energy–Nuclear will together invest more than £8.3 billion over the SR in homegrown clean power: two allied publicly owned companies with a shared mission.

5.91 The settlement includes over £2.5 billion over the SR period to enable one of Europe's first Small Modular Reactor Programmes, with Rolls-Royce SMR selected as preferred bidder to partner with Great British Energy–Nuclear subject to all relevant approvals. Small Modular Reactors could play an important role in helping achieve energy security and clean power and at the same time supporting thousands of good, skilled jobs.

5.92 The government is investing over £2.5 billion in nuclear fusion including progressing with the STEP programme (Spherical Tokamak for Energy Production), the world-leading fusion plant in Nottinghamshire, creating thousands of new jobs and with the potential to unlock limitless clean power.

5.93 The settlement provides £13.9 billion CDEL for the Nuclear Decommissioning Authority (NDA). This will enable the NDA to continue performing its core mission, keeping the UK's former nuclear sites and facilities safe and secure as it decommissions sites and manages nuclear waste.

5.94 Carbon capture, usage and storage (CCUS) clusters play an important role in helping the UK achieve energy security and clean power and secure thousands of good, skilled jobs in our industrial heartlands. The government is providing increased backing to UK CCUS by allocating £9.4 billion in capital budgets over the SR period. This will maximise deployment to fill the storage capacity of the East Coast Cluster and HyNet Cluster. The government is announcing its support for the Acorn and Viking clusters and providing the development funding to advance their delivery. A final investment decision will be taken later this Parliament, subject to project readiness and affordability.

5.95 To cut bills, tackle fuel poverty and accelerate to net zero, the government is funding the Warm Homes Plan with a total of £13.2 billion over the SR, including £5 billion of financial transactions, and Barnett consequentials. This investment will be allocated across schemes that support the rollout of heat pumps, alongside energy efficiency measures and other low-carbon technologies, such as solar and batteries. The government will work with the UK's expert public finance institutions, including the NWF (National Wealth Fund), to support the delivery of the Warm Homes Plan. Further details will be confirmed by October.

5.96 DESNZ has committed to delivering at least 5% savings and efficiencies. This includes savings identified through the ZBR. It has also worked with the OVfM to identify £157 million of technical efficiencies. This includes operational efficiencies by the NDA through corporate restructuring, increased sharing of services, improving the effectiveness of corporate functions and through asset and performance management.

Department for Business and Trade (DBT)

Table 5.20: Department for Business and Trade

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	1.6	1.7	1.8	1.9	1.8	1.8	–	-1.8%	0.1%
Capital DEL	1.0	1.5	1.5	1.8	2.0	2.0	1.9	4.1%	9.4%
of which: Financial Transactions	0.4	0.8	0.4	0.7	0.9	0.8	0.7	–	–
Total DEL	**2.6**	**3.2**	**3.3**	**3.7**	**3.8**	**3.8**	**–**	**3.0%**	**5.8%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.97 The Department for Business and Trade (DBT) settlement provides total DEL funding of £3.8 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 5.8% over the SR period, with annual average real terms growth in capital spending of 9.4%.

5.98 The settlement supports DBT to deliver its core outcomes: making the UK the best place in the world to do business and the best-connected global economy, whilst delivering great services to business. A key part of this will be implementing the DBT-delivered elements of the government's modern Industrial Strategy which will unlock a step change in growth, investment and good jobs across the UK. The settlement includes:

a. Over £3 billion funding from 2026-27 to 2029-30 for the advanced manufacturing sector, anchoring the supply chain of zero emission vehicles, batteries and ultra-low and zero-carbon emission aircraft; and

b. £2.9 billion CDEL for the British Business Bank (BBB) to support companies to start, scale and grow in the UK. This settlement increases the BBB's overall total financial capacity (including guarantees) to £25.6 billion, allowing the BBB to offer two-thirds more support.

5.99 The SR supports the forthcoming Trade Strategy, through investment in reducing global trade barriers and building new export opportunities for UK businesses of all sizes.

5.100 The DBT settlement supports trade and investment promotion. DBT will optimise its presence in overseas markets to maximise opportunities in the highest potential markets. It will also transform and refocus the Office for Investment, setting it up to land the biggest investments in UK infrastructure and growth projects.

5.101 The SR confirms the government's commitment to the future of the steel industry working in partnership with the private sector. The settlement confirms funding for a £500 million grant to Tata Steel in Port Talbot as part of a £1.25 billion transformation deal. The government acted in April 2025 to safeguard 2,700 jobs at British Steel in Scunthorpe. Alongside DBT's settlement, funding to support the government's commitment to invest further in the steel sector will be allocated when the strategy for the sector has been finalised.

5.102 The SR supports delivery of good jobs for everyone through the Plan to Make Work Pay, including the establishment of the Fair Work Agency to tackle low pay, poor working conditions and poor job security.

5.103 The settlement provides investment of over £500 million over the Parliament to modernise the Post Office, including £86 million from the Transformation Fund. This will allow the Post Office to implement its Strategic Transformation Plan, including the replacement of the legacy Horizon computer system, and will put the Post Office and the crucial services its network provides on a more sustainable footing, providing the right foundations for the future, improving services in communities and supporting a better deal for postmasters.

5.104 In addition, the settlement ensures DBT will have maximum capacity and flexibility to provide full redress to the victims of the Post Office Horizon IT Scandal as quickly as possible. At Autumn Budget 2024, the government set aside £1.8 billion of funding for redress payments from 2024-25 in addition to around £200 million that had already been distributed. As of 2 June 2025, approximately £1 billion has been paid to over 7,300 claimants across four schemes.[7] This is not a target or a limit. The final amount will depend on how many victims come forward and their specific circumstances.

5.105 This settlement will enable the transformation of DBT and its partner organisations to be more lean and agile, focused on delivering the highest growth impact policies, investment and services for business. This means funding can be reprioritised towards business investment and services with the highest impact on growth.

5.106 DBT has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR. This includes savings identified through the ZBR, such as moving key services to a digital first model. DBT has worked with the OVfM to identify £75 million of technical efficiencies, including transformation of corporate functions such as improved procurement and automation of processes.

[7] Source: Post Office Horizon financial redress data as of 2 June 2025 – GOV.UK.

Department for Science, Innovation and Technology (DSIT)

Table 5.21: Department for Science, Innovation and Technology

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	0.3	0.6	0.6	0.8	0.8	0.7	–	7.4%	8.6%
Capital DEL	12.4	13.3	14.7	15.1	15.7	15.8	16.2	0.5%	2.2%
of which: Financial Transactions	0.0	0.1	0.1	0.2	0.2	0.3	0.2	–	–
Total DEL	**12.7**	**13.9**	**15.2**	**15.9**	**16.4**	**16.5**	**–**	**0.9%**	**2.8%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Resource figures include Spring Statement 2025 plans, plus Machinery of Government changes. Capital figures include Spring Statement 2025 plans with recurring adjustments.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.107 The Department for Science, Innovation and Technology (DSIT) settlement provides total DEL funding of £16.5 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 2.8% over SR25.

5.108 This includes increased research and development (R&D) funding, reaching £15.2 billion per year by 2029-30. This funding will flow to the world-leading scientists and innovators in UK businesses, universities, and R&D institutions across the UK. Between 2026-27 and 2029-30, these budgets include:

a. £500 million for a R&D Missions Accelerator Programme to break down barriers and accelerate the delivery of the government's missions;

b. £410 million for a Local Innovation Partnership Fund to support local leaders to drive innovation excellence across the UK;[8]

c. New sectoral and technology programmes directly focused on the modern Industrial Strategy. More detail will be set out in the Industrial Strategy;

d. Funding for UK Research and Innovation (UKRI), and association to Horizon Europe and its successor, supporting vital investment in universities, research institutes and businesses across the UK;[9]

e. At least £1 billion to significantly scale up the Advanced Research and Invention Agency (ARIA), to fund breakthrough R&D designed to catalyse future growth; and

f. Up to £750 million for a new supercomputer at Edinburgh University.

[8] This fund is £500 million in total. Of this, £410 million falls between 2026-27 and 2029-30.
[9] The government will of course consider associating to Horizon Europe's successor, assuming it is open, relevant and provides good value for the UK researcher community and taxpayer.

5.109 This settlement provides over £2 billion over the SR period to implement the AI Opportunities Action Plan in full, including:

a. Funding to enable a twentyfold expansion of the UK's AI Research Resource capacity compared with the existing programmes. This new compute capacity will enable UK researchers and start-ups to lead in AI discoveries and advancements;

b. Up to £500 million for the creation of a new UK Sovereign AI Unit working with the British Business Bank to support the emergence of national AI champions;

c. £48 million for the Tech Expert programme to drive collaboration with universities to expand AI course provision, develop new AI educational pathways, and support AI talent scholarships which will attract the brightest minds to UK universities; and

d. £240 million for the AI Security Institute to remain at the forefront of frontier AI research.

5.110 The SR provides £1.9 billion over the SR period for Building Digital UK (BDUK) to deliver the next phase in the transformation of the country's digital infrastructure. This includes:

a. Connecting more homes and businesses to gigabit-capable broadband to reach 99% of UK premises by 2032. BDUK will focus delivery in this SR period on achieving greater coverage in Scotland and Wales, and refresh delivery plans ahead of the Spending Review 2027; and

b. Working with industry to deliver the Shared Rural Network so the most remote areas have 4G coverage.

5.111 This settlement provides up to £1.9 billion over the SR period to deliver a modern digital government. This includes the rollout of new products and services such as the GOV.UK Wallet and App, and productivity-enhancing AI tools across the public sector, and replacing legacy systems.

5.112 The SR provides up to £600 million investment over the SR period, in partnership with DHSC and the Wellcome Trust, to launch the world's first Health Data Research Service in Cambridge, to accelerate the discovery of life-saving drugs.

5.113 SR25 confirms up to £520 million life sciences manufacturing funding over the SR period to capitalise on the UK's world-leading research and development capabilities and build resilience for future health emergencies. Further plans will be published later in June in the Life Sciences Sector Plan as part of the government's modern Industrial Strategy.

5.114 DSIT has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings identified through the ZBR, including reducing back-office headcount to focus funding towards frontline services. DSIT has also worked with the OVfM to identify £32 million of technical efficiencies net of investment by 2028-29. For example, AI and automation will save £7.4 million in 2028-29 by reducing time spent on routine and repetitive tasks and processes.

Department of Culture, Media and Sport

Table 5.22: Department for Culture, Media and Sport

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	1.5	1.6	1.5	1.6	1.6	2.0	–	-1.2%	-2.1%
Capital DEL[7]	0.5	0.7	0.7	0.7	0.7	0.7	0.7	-2.8%	2.9%
of which: Financial Transactions	0.0	0.0	–	–	–	–	–	–	–
Total DEL	**2.1**	**2.4**	**2.3**	**2.3**	**2.4**	**2.8**	**–**	**-1.4%**	**-0.2%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), budget cover transfers in 2023-24, and expected one-off costs in 2028-29.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] Capital DEL 2023-24 and 2024-25 figures include expenditure from self-generated income by Arm's Length Bodies which is not included in future years settlements.

5.115 The Department for Culture Media and Sport (DCMS) settlement provides RDEL funding of £2 billion in 2028-29 and CDEL funding of £700 million in 2029-30.

5.116 The SR provides a significant increase in funding for the creative industries as one of the government's eight growth driving sectors. This settlement will help drive regional growth and innovation and develop creative places. The settlement will also provide:

a. Transformative capital investment for culture, heritage, youth and sports infrastructure. Over the SR period, DCMS will invest more than £2.9 billion across its entire capital programme. This funding will safeguard and modernise much-loved cultural and heritage institutions in towns and cities, while expanding access to local sport and physical activity;

b. Funding for the UK's world-leading culture and heritage sector, with billions over the SR period to fund celebrated institutions such as the National Museums and Galleries and organisations like Arts Council England, which support local projects across the country and ensure that the best of British culture is accessible to all;

c. Support for young people from all backgrounds to thrive. DCMS's National Youth Strategy will set out how the government will empower young people and support them to build connections and skills. This settlement provides funding across the SR period to develop new youth facilities and improve existing ones, as well as further funding to support local youth service provision; and

d. Funding to deliver world-class major sporting events to unite communities across the United Kingdom. Following on from plans to host the Women's Rugby World Cup this summer, this settlement will secure the UK's position as a world leader in the delivery of major sporting events by delivering on plans for the Grand Départ for the Tour de France and Tour de France Femmes in 2027.

5.117 In addition, £132.5 million of dormant assets will be unlocked to support disadvantaged young people to access new opportunities in their communities, schools, or libraries. and increase access to welcoming safe spaces. This is using money that would otherwise have gone unused and forgotten and is instead being invested it in our young people.

5.118 DCMS has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings identified through the ZBR, including reducing its estate footprint across eight of its public bodies and the core department. DCMS has also closed the National Citizen Service, saving millions in administrative costs, and streamlined youth funding in support of our new National Youth Strategy. It has also worked with the OVfM to identify £52 million of technical efficiencies by 2028-29.

Department for Environment, Food and Rural Affairs

Table 5.23: Department for Environment, Food and Rural Affairs

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	4.7	5.0	4.8	4.8	4.7	4.7	–	-2.7%	-2.7%
Capital DEL	2.1	2.3	2.7	2.8	2.8	2.8	2.7	-1.8%	2.5%
of which: Financial Transactions	0.0	–	–	0.1	0.1	0.1	0.1	–	–
Total DEL	**6.8**	**7.3**	**7.5**	**7.5**	**7.5**	**7.4**	**–**	**-2.3%**	**-0.7%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.119 The Department for Environment, Food and Rural Affairs (Defra) settlement provides total funding of £7.4 billion in 2028-29. Over the SR period, Defra will receive £16 billion of capital funding, equivalent to an annual average real terms growth rate of 2.5%.

5.120 This settlement maintains the government's steadfast commitment to farming, food security, and nature's recovery. The government will invest more than £2.7 billion per year in sustainable farming and nature recovery from 2026-27 until 2028-29. Farmers will benefit from an average of £2.3 billion through the Farming and Countryside Programme and up to £400 million from additional nature schemes. This will boost productivity and protect the natural ecosystems underpinning food production and broader economic activity, supporting food and economic security. This includes increasing support for nature-friendly farming through Environmental Land Management schemes from £800 million in 2023-24 to £2 billion by 2028-29, sustained by rapidly winding down subsidy payments that do not provide a return on investment. This will make a significant contribution to the Environment Act targets, including improving the quality of water, air, and spaces for wildlife so biodiversity can thrive.

5.121 This settlement also prioritises progress on the government's growth mission by committing £4.2 billion TDEL over three years (2026-27 to 2028-29) to build and maintain flood defences, protecting communities across England from the dangers of flooding.

5.122 The government is committed to delivering an agile, productive and digitally enabled state. Defra will therefore invest over £300 million TDEL between 2026-27 and 2028-29 into programmes to improve services, deliver better outcomes and reduce costs by:

a. Addressing historic legacy IT challenges in order to reduce the risk of system failures and cyber-attacks, and move towards a modern, fit-for-purpose, resilient and secure core technology system;

b. Transforming the Environment Agency's digital systems to lower costs and improve customer services for businesses and developers; and

c. Investing in AI-enabled improvements to reduce the costs of regulation, improve the management of disease risks and streamline the delivery of grants.

5.123 Defra has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings identified through the ZBR, including increasing in-house digital expertise to reduce spend on contractors. It has also worked with the OVfM to identify £144 million of technical efficiencies by 2028-29.

Department for Work and Pensions

Table 5.24: Department for Work and Pensions

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	8.4	9.1	10.2	10.8	11.0	10.9	–	0.4%	2.5%
Capital DEL	0.6	0.6	0.7	1.0	0.8	0.6	0.5	-10.4%	-5.8%
of which: Financial Transactions	0.1	0.1	0.1	0.1	0.0	0.0	0.0	–	–
Total DEL	**9.0**	**9.8**	**11.0**	**11.8**	**11.8**	**11.5**	**–**	**-0.2%**	**2.1%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.124 The Department for Work and Pensions (DWP) settlement provides RDEL funding of £10.9 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 2.5% over the SR.

5.125 In addition, the department will receive a 30% cash increase in capital funding in 2026-27 compared with 2025-26, to support the renewal of its estate, including jobcentres.

5.126 DWP's RDEL budget increases by more than £1.1 billion in real terms from 2023-24 to 2028-29, with a focus on tackling economic inactivity as set out in the Get Britain Working white paper, and reducing fraud and error in the welfare system.

5.127 This settlement further increases funding for employment support to over £3.5 billion in 2028-29, supporting more people into better jobs as a key pillar of the government's growth mission. This includes the additional funding dedicated to helping sick and disabled people back to work, which will rise to £400 million in 2028-29, and £1 billion (including Barnett impact) in 2029-30, as set out in the Pathways to Work green paper.

5.128 The SR allocates £842 million per year (£1 billion including Barnett impact) to reform crisis support. This includes the first ever multi-year settlement to transform the Household Support Fund into a new, Crisis and Resilience Fund incorporating Discretionary Housing Payments and funding councils to support some of the poorest households so that their children do not go hungry outside of term time. This longer-term funding approach enables local authorities to provide preventative support to communities – working with the voluntary and community sector – as well as to assist people when faced with a financial crisis, to support our ambition to end mass dependence on emergency food parcels.

5.129 DWP has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR. This includes savings identified through the ZBR, such as reducing its back-office estate and exploring opportunities for co-location with other public services through its estates strategy. DWP has also worked with the OVfM to identify £312 million per year of technical efficiencies by 2028-29. For example, DWP will continue to reform benefit administration through the Service Modernisation Programme, which will save almost £100 million per year from 2028-29.

5.130 The SR also allocates funding to continue to tackle fraud and error in the welfare system. The OBR forecasted savings of £9.6 billion by 2030 at Autumn Budget 2024 and Spring Statement 2025 based on decisions taken by the government, which represented the biggest ever package of measures to tackle fraud and error.

HM Revenue and Customs (HMRC)

Table 5.25: HM Revenue and Customs

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	6.0	5.2	5.9	6.4	6.5	6.4	–	0.7%	1.8%
Capital DEL	0.7	0.7	0.9	0.9	0.6	0.5	0.3	-24.3%	-15.3%
of which: Financial Transactions	–	–	–	–	–	–	–	–	–
Total DEL	**6.7**	**5.9**	**6.8**	**7.3**	**7.1**	**6.9**	**–**	**-1.5%**	**0.6%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, budget cover transfers in 2023-24, increased pension contributions (SCAPE), and £0.8 billion of time-limited Cost of Living Payments in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.

5.131 The HM Revenue and Customs (HMRC) settlement provides RDEL funding of £6.4 billion in 2028-29. This is equivalent to an annual average real terms growth rate of 1.8% over the SR period.

5.132 This funds HMRC to deliver the most ambitious ever package of measures to close the tax gap, first announced at Autumn Budget 2024. This package, including measures to modernise HMRC's use of data, increase the use of digital tax services, and fund an additional 5,500 compliance staff and 2,400 debt management staff, will raise £7.5 billion additional tax revenue a year by 2029-30. This settlement reflects the importance of HMRC in collecting tax revenue to fund vital public services, and all five of the government's missions in the Prime Minister's Plan for Change.

5.133 The government is providing an additional £500 million TDEL from 2026-27 to 2028-29 to make HMRC a digital-first organisation. By 2029-30, a minimum of 90% of customer interactions will be digital self-serve, up from around 70% this year. This investment will improve digital services so people can easily get the information they need without having to call or write to HMRC. It will enable the use of AI to help taxpayers with their enquiries and to raise productivity within HMRC. The government will continue to ensure alternative channels, including phonelines, are still there for those who need them. HMRC will eliminate all outbound post, with limited exceptions such as letters which generate revenue for the Exchequer, reducing the number of letters HMRC sends by 75% and saving £50 million a year by 2028-29.

5.134 The government is also providing an additional £1.6 billion TDEL from 2026-27 to 2028-29 to modernise and reform HMRC's IT and data infrastructure. This investment will ensure HMRC is a productive and resilient organisation, generating significant efficiencies.

5.135 This settlement reflects a shift from a falling real terms growth rate over the previous SR period to a positive real terms growth rate over this SR[10]. This, together with the Exchequer Secretary to the Treasury becoming Chair of HMRC's Board and the merger of Valuation Office Agency into HMRC, reflects a continued commitment to the step change in the government's efforts to close the tax gap, improve customer service, and modernise and reform HMRC.

5.136 HMRC has committed to delivering at least 5% savings and efficiencies over Phase 2 of the SR period. This includes savings identified through the ZBR, including from moving to digital services, modernising the IT estate, and restructuring the physical estate. HMRC has also worked with the OVfM to identify £773 million of technical efficiencies by 2028-29.

[10] HM Treasury calculations. The last SR period covered the years 2022-23, 2023-24, and 2024-25.

HM Treasury (HMT)

Table 5.26: HM Treasury

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL	0.4	0.4	0.4	0.4	0.4	0.4	–	-1.7%	-0.5%
Capital DEL[7]	0.0	0.8	0.8	0.8	0.1	0.1	0.1	-19.2%	12.2%
of which: Financial Transactions	0.0	0.0	0.1	0.1	0.1	0.1	0.1	–	–
Total DEL	**0.4**	**1.1**	**1.2**	**1.3**	**0.5**	**0.5**	**–**	**-1.9%**	**-0.4%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] The 2023-24 to 2029-30 Capital DEL growth rate has been adjusted to remove one-off IFRS16 lease spending, European Bank for Reconstruction and Development capitalisation and NISTA R&D, with residual growth driven by one-off underspends in 2023-24 (with outturn of £1 million). Higher spend across 2024-25 to 2026-27 is driven by the c.£760 million per annum Ukraine Extraordinary Revenue Acceleration scheme, funding loaned to Ukraine via HM Treasury with repayments coming from extraordinary profits from Russian sovereign assets immobilised in the EU and spent by the Ministry of Defence.

5.137 HM Treasury's settlement provides total DEL funding of £0.5 billion in 2028-29. This is equivalent to a flat cash RDEL settlement over Phase 2 and an annual average TDEL real terms growth rate of -0.4% over the SR25 period.

5.138 The department has conducted a review of its activities to ensure it is focused on meeting the government's objectives while continuing to meet its core objectives to drive economic growth and protect the public finances.

5.139 HM Treasury has committed to delivering at least 5% savings and efficiencies by 2028-29. This includes savings identified through the ZBR from AI and automation, IT transformation, and bearing down on spend in estates, legal and arm's length bodies (ALBs). The department has also worked with the OVfM to identify £13 million of technical efficiencies by 2028-29.

5.140 This settlement will fund:

a. Delivery of the department's core objectives to drive economic growth and protect the public finances;

b. The expansion of the National Wealth Fund, the government's investor and policy bank, supporting the growth mission by mobilising billions of pounds of investment;

c. The establishment of the National Infrastructure and Service Transformation Authority (NISTA), ensuring improvements in infrastructure and service transformation deliver economic growth; and

d. The UK's continuing support for Ukraine: participation in the Extraordinary Revenue Acceleration (ERA) Loans for Ukraine scheme supporting the procurement of military equipment, strengthening the European Bank for Reconstruction and Development's (EBRD) capacity to support Ukraine, and the implementation of the most severe package of sanctions ever imposed on Russia through the work of the Office of Financial Sanctions Implementation (OFSI).

Cabinet Office

Table 5.27: Cabinet Office

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Resource DEL[7]	0.9	0.7	0.8	1.0	1.2	1.0	–	2.7%	-1.8%
Capital DEL	0.4	0.4	0.5	0.6	0.5	0.3	0.2	-18.5%	-12.8%
of which: Financial Transactions	0.0	–	–	–	–	–	–	–	–
Total DEL	**1.3**	**1.1**	**1.3**	**1.6**	**1.6**	**1.3**	**–**	**0.4%**	**-2.2%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rates have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), budget cover transfers in 2023-24, and the cost of hosting the G7 presidency in 2028-29.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] Resource and Capital DEL growth rates have been adjusted to exclude accounting changes according to IFRS16 of leases for government property.

5.141 The Cabinet Office (CO) settlement provides RDEL funding of £1 billion in 2028-29. This is equivalent to an annual average real terms reduction of 1.8% over the SR25 period.

5.142 The Cabinet Office is focused on:

a. Supporting the Prime Minister and ensuring the effective running of government, by delivering the government's missions and foundations, as set out in the Plan for Change;

b. Strengthening international partnerships to support growth;

c. Making the country safer, more secure and increasingly resilient; and

d. Running a high-quality civil service; and delivering an ambitious public sector reform agenda.

5.143 As part of this, CO will deliver the following priorities for government:

a. Paying compensation to the victims of the infected blood scandal;

b. A step change in public sector reform through Test, Learn and Grow (announced at Autumn Budget 2024 as the Public Sector Innovation Fund), and £100 million for the new community help partnerships, working closely with local areas to provide more integrated support for adults with complex needs, reaching vulnerable individuals earlier before problems escalate;

c. Fundamentally changing the government's property footprint – bringing it closer to the people it serves. This includes plans to reduce the government's London office estates and to build a new hub in York; and

d. Reforming the civil service, making it more productive and agile. CO has been allocated £50 million from the Transformation Fund to support this, including to transform the model of civil service learning and development.

5.144 CO has committed to a structural reorganisation to boost efficiency and cut costs by at least 5%. This includes savings identified through the ZBR to reduce managerial overheads, and the announcement of staff reductions of around 1,200, with a further 900 moving to other government departments. The department has also worked with the OVfM to identify efficiency gains of £40 million by 2028-29, including workforce, estates, and digital efficiencies.

Devolved governments (DGs)

Table 5.28: Devolved Governments

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30[3]	Average annual real growth[4] Phase 2 Period[5]	SR 2025 Period[6]
Scottish Government									
Resource DEL	37.4	39.9	41.5	42.7	43.8	45.0	–	0.8%	1.1%
Capital DEL	6.0	5.9	6.5	7.1	7.0	7.1	7.1	0.3%	0.7%
of which: Financial Transactions	0.3	0.1	0.2	0.2	0.3	0.3	0.4	–	–
Total DEL	**43.4**	**45.8**	**48.1**	**49.8**	**50.8**	**52.1**	**–**	**0.8%**	**1.1%**
Welsh Government									
Resource DEL	16.4	17.2	17.9	18.4	18.9	19.4	–	0.9%	0.7%
Capital DEL	3.1	3.2	3.4	3.6	3.5	3.5	3.5	-0.9%	-0.4%
of which: Financial Transactions	0.1	0.2	0.1	0.1	0.1	0.2	0.2	–	–
Total DEL	**19.5**	**20.4**	**21.2**	**21.9**	**22.3**	**22.9**	**–**	**0.7%**	**0.6%**
Northern Ireland Executive[7]									
Resource DEL	14.8	15.7	16.2	16.3	16.8	17.3	–	0.4%	0.5%
Capital DEL	2.1	2.0	2.2	2.4	2.4	2.4	2.4	0.7%	0.1%
of which: Financial Transactions	0.0	0.1	0.1	0.1	0.1	0.1	0.1	–	–
Total DEL	**16.9**	**17.7**	**18.4**	**18.8**	**19.2**	**19.8**	**–**	**0.5%**	**0.5%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[3] Resource DEL plans have been set for all departments for years up to 2028-29, and Capital DEL plans for years up to 2029-30.
[4] The RDEL average annual growth rate has been adjusted to account for technical changes in relation to IFRS9 which do not increase Public Sector Current Expenditure.
[5] This refers to the period starting in 2025-26, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[6] This refers to the period starting in 2023-24, and ending in 2028-29 for Resource DEL and Total DEL, and 2029-30 for Capital DEL.
[7] Due to the scale of tax and welfare devolution in Scotland, Scottish Government DEL funding is presented excluding tax and welfare Block Grant Adjustments. Welsh Government DEL funding is presented including tax Block Grant Adjustments.

5.145 The UK government is providing the devolved governments with a £14.9 billion cash increase between 2023-24 and 2028-29, which is equivalent to a real terms growth rate of 1% per year on average over the SR period.

5.146 These are the largest SR settlements, in real terms, since devolution in 1998. On top of their combined annual baseline of £86.4 billion, the devolved governments will receive through the Barnett formula an average of £4.8 billion per year for day-to-day spending between 2026-27 and 2028-29 and £930 million per year for capital between 2026-27 and 2029-30

5.147 The Scottish Government is receiving an average of £50.9 billion each year. This includes an additional £2.9 billion each year on average through the Barnett formula, with £2.4 billion of day-to-day spending for the next three years and over £510 million of capital for the next four years.

5.148 The Welsh Government is receiving an average of £22.4 billion each year. This includes an additional £1.6 billion each year on average through the Barnett formula, with £1.4 billion of day-to-day spending for the next three years and £200 million of capital for the next four years.

5.149 The Northern Ireland Executive is receiving an average of £19.3 billion each year. This includes an additional £1.2 billion each year on average through the Barnett formula, with £1 billion of day-to-day spending for the next three years and £220 million of capital for the next four years.

5.150 In addition to funding provided through the Barnett formula, the UK government is providing £2.2 billion in targeted funding to the devolved governments, with £966 million of day-to-day spending and £1.2 billion capital for the devolved governments between 2026-27 and 2029-30. This includes:

- Over £975 million to continue the delivery of City and Growth Deals, including £452 million for Scotland, £218 million for Wales and £310 million for Northern Ireland;
- £118 million for the Welsh Government for essential work to keep coal tips maintained and safe;
- £48 million for the Welsh Government for enhancements of the Core Valley Lines rail network;[11]
- £469 million for the Northern Ireland Executive from the 2024 restoration financial package, including £185 million for public service transformation. This is on top of the £2.15 billion provided to the Executive from the package since restoration in February 2024;
- £113 million for the Police Service of Northern Ireland's Additional Security Fund and £24 million for the Executive Programme on Paramilitarism and Organised Crime. This is on top of £45.8 million provided in 2025-26; and
- £50 million to support the Northern Ireland Executive to redevelop the Casement Park stadium. The UK government will agree the profile of funding with the Northern Ireland Executive to allow them to draw down funding within this SR period.

5.151 People and businesses in Scotland, Wales and Northern Ireland will also benefit from the UK government's direct investments in the nations, as set out in Annex A – Delivering in Scotland, Wales and Northern Ireland.

[11] This is in addition to the £300 million of rail enhancement funding in the Department for Transport (DfT) settlement for schemes in Wales. See DfT's settlement page for further information.

5.152 These settlements reflect the UK government's continued commitment to ensuring the devolved governments have the resources and certainty they need to set their own multi-year budgets and deliver high-quality public services in Scotland, Wales and Northern Ireland, including the NHS, schools and local transport. All devolved governments continue to receive at least 20% more per person than equivalent UK government spending in the rest of the UK and are funded above their independently assessed levels of need.

5.153 A jointly agreed methodology between the UK government and Northern Ireland Executive for calculating the Northern Ireland Executive's relative funding and a historic back-series of data on relative funding have been published alongside this SR.

5.154 The devolved governments' settlements have been determined in accordance with the eleventh edition of the Statement of Funding Policy, which has also been published today.

Small departments and independent bodies

Table 5.29: Small Departments and Independent Bodies (Resource DEL excluding depreciation)

£ million (current prices)	Outturn[1] 2023-24	Plans[2] 2024-25	Plans[3] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29
Scotland Office	13.4	13.6	15.5	15.8	16.4	16.9
Northern Ireland Office	31.3	53.0	62.6	70.2	66.7	62.0
Wales Office	5.3	5.8	5.9	7.0	7.0	7.0
National Savings and Investments	181.4	298.0	306.3	380.3	273.9	201.2
Charity Commission	28.8	28.6	29.8	37.9	36.4	34.4
Competition and Markets Authority	110.1	138.2	137.4	130.4	130.4	130.4
UK Statistics Authority	349.2	368.2	370.0	469.0	468.0	468.0
HM Land Registry	394.4	413.7	463.0	486.0	503.0	505.0
Office for Standards in Education, Children's Services and Skills	145.7	147.9	139.8	159.4	159.0	153.3
Office of Qualifications and Examinations Regulation	29.5	29.8	29.5	29.5	29.5	29.5
Food Standards Agency	109.6	112.1	117.2	117.2	117.2	117.2
The National Archives	41.3	40.1	42.3	46.2	46.3	46.0
UK Supreme Court	4.6	6.9	8.8	9.1	9.5	9.8
Office of Gas and Electricity Markets	13.1	78.8	1.8	1.8	1.8	1.8
Other Economic Regulators[4,5]	-12.5	-6.0	0.2	0.2	0.2	0.2
Independent Bodies[6]	932.0	1,116.1	1,100.7	1,109.0	1,118.6	1,148.9
Total	**2,377.2**	**2,844.8**	**2,830.7**	**3,068.8**	**2,983.7**	**2,931.4**

[1] Outturn 2023-24 figures reflect outturn in PESA. This does not include the Electoral Commission who did not submit a return for PESA.
[2] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[3] Figures include Spring Statement 2025 plans, plus Machinery of Government changes.
[4] The economic regulators and income or levy-funded bodies include: the Government Actuary's Department (GAD), the Office of Rail and Road (ORR), Water Services Regulation Authority (Ofwat), UK Export Finance (UKEF) and the Office of Gas and Electricity Markets (Ofgem). Ofgem's figures are presented separately from other economic regulators.
[5] Negative figures for 2023-24 and 2024-25 for other economic regulators reflect net spending (including levy income). Plans from 2026-27 reflect RDELex budgets set at Phase 2.
[6] Independent Bodies include: the Electoral Commission, House of Commons, House of Lords, Parliamentary Works Sponsor Body, Parliamentary and Health Service Ombudsman, Independent Parliamentary Standards Authority, the Local Government Boundary Commission for England and the National Audit Office. They are not formally subject to the Spending Review process and their plans reflect forecasted values which may be subject to change.

5.155 The settlement for small departments and independent bodies includes funding for the Offices for the Nations:

- To allow the Northern Ireland Office (NIO) to continue its work as the UK Government's centre of expertise on Northern Ireland while representing the interests of Northern Ireland in Government. The settlement for the NIO supports priorities related to the legacy of the Troubles, including the Omagh Bombing Inquiry and the Inquiry into the death of Patrick Finucane, and continuing with the £250 million funding commitment to support the ongoing work of addressing the legacy of the past. It also funds £11.6 million across the Phase 2 period to support community projects;

- For the Scotland Office to maximise UK Government mission delivery in Scotland and ensure Scotland's interests are fully represented within the UK Government. The Phase 2 settlement also allocates £0.8 million each year to champion 'Brand Scotland'; and
- For the Wales Office to promote and advocate for Wales at home and abroad, and collaborate more closely with the Welsh Government. The Phase 2 settlement also allocates £0.8 million each year to champion 'Brand Wales' and £0.3 million to continue its support for the transition work at Port Talbot.

5.156 Other small departments and independent bodies' settlements include:

- Funding for Ofsted (Office for Standards in Education, Children's Services and Skills) to support the government's mission to Break Down Barriers to Opportunity, including developing and implementing Multi Academy Trust (MAT) inspections to increase accountability of MAT leaders; and
- Funding for the UK Statistics Authority (UKSA) for ongoing production and improvement of national statistics, with priority given to national accounts, prices, employment, and population data. This includes work to recover the quality of critical national labour market statistics and allows UKSA to continue to provide data to support the government's missions. Additional funding has been provided primarily to allow UKSA to start preparatory work for Census 2031, subject to the government's decision on the census, expected this summer.

Annexes

A Delivering in Scotland, Wales and Northern Ireland

A.1 This Spending Review (SR) delivers for Scotland, Wales and Northern Ireland, showing the UK Government's commitment to all the nations and ensuring they are at the heart of industrial transformation with projects such as the UK's most powerful supercomputer in Scotland, rail investment across Wales, and City and Growth Deals in Northern Ireland.

A.2 As a result of the decisions taken at the SR, the devolved governments are receiving an additional £5.7 billion per year on average through the operation of the Barnett formula, with £4.8 billion resource between 2026-27 and 2028-29 and £0.9 billion capital between 2026-27 and 2029-30, on top of their combined annual baseline of over £85 billion to deliver on their priorities such as the NHS, education, transport and housing.

UK-wide support

A.3 The government has set out a plan to grow the economy while maintaining momentum on mission priorities, which will benefit all nations of the UK.

A.4 The government will publish its modern Industrial Strategy later in June, which will set out plans to drive growth across the UK by focusing on the sectors with the highest growth potential: advanced manufacturing, creative industries, clean energy industries, defence, digital and technologies, financial services, life sciences, and professional and business services.

A.5 The Industrial Strategy will generate opportunities for the people and businesses of Scotland, Wales and Northern Ireland. Through partnership work to date with the devolved governments, the UK Government has built a shared understanding of each of the nations' strengths, challenges and opportunities. The UK Government will continue to work closely with the devolved governments, respecting devolved arrangements and coordinating with their economic strategies.

A.6 Public finance institutions will work in collaboration with the devolved governments and local stakeholders to invest in businesses and technologies, and drive growth across all the nations of the UK. The British Business Bank, National Wealth Fund, and Great British Energy are already investing in businesses across Scotland, Wales and Northern Ireland. This includes:

- Delivering at least £350 million across Scotland, Wales and Northern Ireland to break down access to finance barriers and drive economic growth through the British Business Bank's Nations and Regions Investment programme;
- The National Wealth Fund (NWF) trialling a Strategic Partnership with Glasgow City Region to provide enhanced, hands-on support to help it develop and finance long-term investment opportunities. The NWF has dedicated directors in each of the UK's four nations to support the NWF's view of markets across

the country. It will continue to work collaboratively with the Scottish National Investment Bank (SNIB), Development Bank of Wales, and the Northern Ireland Executive. The NWF has made its first equity investment in Scotland alongside the SNIB, with £43.5 million invested in a sustainable packaging company, to build its first commercial-scale manufacturing facility near Glasgow; and

- Great British Energy delivering £9.3 million for local communities across Scotland, Wales and Northern Ireland.[1]

A.7 Devolved governments will also receive a substantial increase in financial transactions through the Barnett formula across the next four years to go further in equity investments or loans to the private sector, including through the SNIB and the Development Bank of Wales.

A.8 The UK defence industry has a critical role to play not only in ensuring the safety of the nation but also in delivering this government's mission of economic growth across the UK. The UK defence sector already delivers shipbuilding in Scotland, missile manufacturing in Northern Ireland and land vehicle development in Wales. In 2023-24, the UK Government spent £2.1 billion through Scotland's defence sector, £914 million through Wales's defence sector and £240 million through Northern Ireland's defence sector.[2] This supported up to 25,600 jobs in Scotland, 7,700 jobs in Wales and 600 jobs in Northern Ireland.[3] The UK Government will announce further detail on the Defence Industrial Strategy and work with the devolved governments to launch Defence Growth Deals in Scotland, Wales and Northern Ireland. The Defence Investment Plan to be published in the autumn will build upon significant existing defence investment in Scotland, Wales and Northern Ireland. This will include:

- Delivering the £5.5 billion contract for the Ajax armoured fighting vehicles, being built in Wales; and
- Embarking on a multi-decade multi-billion pound redevelopment of HM Naval Base Clyde through the 'Clyde 2070' programme. The government is announcing an initial investment of £250 million over the next three years.

A.9 Following this SR, major UK Government initiatives will also directly deliver in Scotland, Wales and Northern Ireland. This will include:

- £410 million for a Local Innovation Partnership Fund to support local leaders to drive innovation excellence across the UK;
- Over £3 billion funding from 2026-27 to 2029-30 for the advanced manufacturing sector, anchoring the supply chain of zero emission vehicles, batteries and ultra-low and zero-carbon emission aircraft;
- The UK's recent US trade deal, which will benefit Wales's automotive industry;
- The India trade deal, which will reduce tariffs on whisky for Scottish exporters – halving the current 150% on day one of the deal, reaching just 40% after 10 years;

[1] 'Great British Energy to cut bills for hospitals and schools' – GOV.UK.
[2] 'Ministry of Defence regional expenditure with industry 2023/24' – GOV.UK.
[3] 'Ministry of Defence regional expenditure with UK industry and supported employment: 2021/22' – GOV.UK.

- The European Union trade deal, which will reduce paperwork and checks on agrifood and plants moving between Great Britain and Northern Ireland, reducing costs and improving access to EU markets for Scotland and Wales, benefitting exports like Scottish salmon;
- The upcoming Child Poverty Strategy, which will deliver for England, Scotland, Wales and Northern Ireland's children;
- The UK Government will be delivering world-class major sporting events in a way which will bring together communities across and within all parts of the United Kingdom. This includes the Grand Départ for the Tour de France and Tour de France Femmes in 2027; and
- For each year of Phase 2 of the SR period, funding for Scotland, Wales and Northern Ireland across the UK government's local growth schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26.

Scotland

A.10 The Scottish economy is integral to growth across the whole of the UK and is already worth £204 billion per year.[4] The government is investing in Scotland's economic potential and unique contributions to the UK.

A.11 Scotland's landscape, climate and expertise put it at the front of the global race for clean energy and the UK's net zero strategy. The low carbon and renewable energy sector in Scotland employs around 26,000 people and is worth around £13 billion per year.[5] The UK Government will collaborate with the Scottish Government to harness Scotland's natural resources to meet net zero priorities and drive growth in line with the Industrial Strategy. This SR therefore confirms:

- Great British Energy (which is headquartered in Aberdeen) and Great British Energy – Nuclear, which will together invest more than £8.3 billion over the Parliament in homegrown clean power, alongside establishing a new government campus for energy, drawing on the city's world leading engineering expertise;
- Development funding to advance the delivery of the Acorn carbon capture and storage project, capitalising on expertise in the oil and gas sector around Aberdeen. A final investment decision will be taken later this Parliament, subject to project readiness and affordability; and
- Funding for hydrogen production projects, including Cromarty and Whitelee in Scotland, which were awarded contracts in the first Hydrogen Allocation Round. This will support up to 303 jobs across north-east and central Scotland. A further eight projects in Scotland have been shortlisted in the second allocation round, which aims to award contracts in the Q1 2026.

A.12 This UK Government will grow its annual spend on research and development (R&D) across the UK from £20.4 billion in 2025-26 to over £22.6 billion per year by 2029-30, including significant investment in Scotland. Scotland has a distinguished history in R&D and the government wants to support and strengthen the sector.

[4] Gross Domestic Product (GDP) at current prices in 2023 using Office for National Statistics (ONS) (2025) data. Regional gross domestic product: all ITL regions – ONS.
[5] '2022 Low Carbon and Renewable Energy Economy turnover, Low Carbon and Renewable Energy Economic Survey', ONS (2024).

This SR commits up to £750 million for a new supercomputer at Edinburgh University. This will be the largest supercomputer in the UK and will give scientists in all UK universities access to computational power that can be found in only a handful of other nations.

A.13 This government recognises the importance of Scotland's economy in unlocking growth across the UK. The UK Government has recommitted hundreds of millions of pounds to support trade and investment in Scotland. This SR:

- Reaffirms the government's commitment to deliver four Investment Zones and Green Freeports in Scotland. This includes £160 million each over 10 years for Investment Zones in the North East of Scotland and in Glasgow City Region; and up to £25 million each for the Inverness and Cromarty Firth, and Forth Green Freeports, creating tens of thousands of new jobs across the Green Freeports and Investment Zones programmes;
- Confirms the sector and geography focus for the Glasgow City Region Investment Zone, which will focus on advanced manufacturing. The Investment Zone will be focused around sites in Renfrewshire, alongside existing Innovation Districts and underdeveloped sites near critical infrastructure around Glasgow Airport. Local partners expect it to generate £300 million of initial private sector investment, support up to 10,000 jobs, and boost the region's research and innovation economy;
- Confirms the sector and geography for the North East Scotland Investment Zone, which will centre on sites in Aberdeen City and Aberdeenshire local authorities, including the Energy Transition Zone. The sector focus is green industries and the digital and technology sector, particularly floating offshore wind and green hydrogen, and harnessing digital technology to drive innovation in green energy solutions. Local Partners expect it to generate £1.7 billion of investment and up to 18,000 full-time equivalent jobs over ten years, and boost the region's research and innovation economy;
- Confirms that Inverness and Cromarty Firth Green Freeport has been fully approved by both the UK and Scottish Governments. The Green Freeport will receive £25 million seed capital funding from the UK Government to unlock sites for development and help it deliver on its vision to become a global leader in offshore wind and renewable energy. It is expected to generate more than £6 billion of private sector investment and create up to 18,300 jobs; and
- Provides £2.25 million over 2026-27 to 2028-29 to continue the Brand Scotland programme, to continue promoting Scotland's investment opportunities and its globally celebrated products around the world.

A.14 The UK Government wants to ensure every part of Scotland benefits from this SR, including through a new local growth fund and investing in up to 350 deprived communities across the UK, to fund interventions including community cohesion, regeneration and improving the public realm. For each year of Phase 2 of the SR period, funding for Scotland across these schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26. As one of the representatives for the nations, the Scotland Office will work with the Ministry of Housing, Communities and Local Government (MHCLG) to implement the new local growth fund, working in partnership with the Scottish Government. This will ensure that this funding is spent on projects that matter to the people of Scotland and will drive growth across the country. The UK Government is further investing in Scottish communities through:

- Confirming £100 million joint investment with the Scottish Government over 10 years for the Falkirk and Grangemouth Growth deal (£50 million from UK Government and £50 million from Scottish Government), demonstrating the UK Government's continued commitment to the Grangemouth industrial area. The Prime Minister also confirmed in February that the NWF will provide £200 million of investment to support new opportunities in Grangemouth as part of a major intervention to support the long-term future of the site;
- Confirming in-flight local growth commitments including Drumchapel Town Centre Regeneration; and
- Confirming £452 million over four years for City and Growth Deals in Scotland to support economic growth and regional development in the Glasgow and Clyde Valley, Aberdeen City, Inverness and Highland Council, Edinburgh and South East Scotland, Stirling and Clackmannanshire, Tay Cities, Ayrshire, Moray, Islands, Falkirk and Grangemouth, Argyll and Bute, and Border regions. These deals will create thousands of jobs over their lifetime and deliver growth in every region of Scotland.

A.15 As well as directly delivering in Scotland, the UK Government is also providing £50.9 billion per year on average for the Scottish Government between 2026-27 and 2028-29. This means that the Scottish Government will continue to receive over 20% more funding per head than the equivalent UK Government spending across the UK, meaning it will be able to spend more on its priorities such as funding NHS Scotland, education, transport and welfare. Overall, the settlement for the Scottish Government is the largest settlement in real terms since devolution in 1998.

Wales

A.16 The Welsh economy is integral to unlocking growth across the whole country and is already worth £93 billion per year.[6] This SR recognises and invests in Wales's economic potential and unique contribution to the UK, including across advanced manufacturing, the clean energy of its natural resources and R&D.

A.17 This SR and the upcoming 10-year Infrastructure Strategy will recognise Wales's long-term infrastructure needs and will deliver at least £445 million of rail enhancements to realise them. This includes providing £48 million over four years to the Welsh Government to upgrade the Core Valley Lines and increase connectivity across Wales. This new investment will improve links, including for Padeswood on the Borderlands Line through Wrexham (connecting centres of excellence in advanced manufacturing), and between Cardiff and Bristol, where the digital technologies, clean energy, and creative industry businesses are clustered, supporting the UK-wide Industrial Strategy.

A.18 The UK Government is further investing in local communities with £118 million new spend over three years, building on UK Government collaboration with the Welsh Government on coal tip safety. This funding will support a joint programme of vital work to maintain the safety of disused coal tips. The funding will be used to:

- Prevent costly disasters;
- Drive local economic growth, with coal tip safety programmes generating employment, especially in deprived South Wales communities; and

[6] 'GDP at current prices in 2023 using ONS (2025) data. Regional gross domestic product: all ITL regions' – Office for National Statistics.

- Unlock long-term value with land being repurposed for housing, industry and recreation.

A.19 The UK Government wants to ensure every part of Wales benefits from this SR, including through a new local growth fund and investing in up to 350 deprived communities across the UK, to fund interventions including community cohesion, regeneration and improving the public realm. For each year of Phase 2 of the SR period, funding for Wales across these schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26. As one of the representatives for the nations, the Wales Office will work with MHCLG to implement the new local growth fund, working in partnership with the Welsh Government. This will ensure that this funding is spent on projects that matter to the people of Wales and will drive growth across the country. The UK Government is further investing in Welsh communities through:

- Confirming in-flight local growth commitments including Port Talbot Town Centre Regeneration; and
- Confirming £218 million UK Government funding over four years for City and Growth Deals in Wales, to support economic growth and development in Cardiff, Swansea Bay, Mid-Wales and North Wales regions. These will create thousands of jobs over their lifetime and deliver growth across every region of Wales.

A.20 This SR provides £2.4 million over 2026-27 to 2028-29 to launch a new Brand Wales programme, promoting Welsh investment opportunities and exports around the world. It also recognises Wales's place as an advanced manufacturing centre. Wales employs over 15,000 people across the automotive and aerospace industries and is home to many advanced aerospace manufacturing specialists.[7] The SR recognises Wales's unique role in them through:

- Over £3 billion over 2026-27 to 2020-30 in UK-wide funding for the advanced manufacturing sector, anchoring the supply chain of zero emission vehicles, batteries and ultra-low and zero-carbon emission aircraft.

A.21 Port Talbot is one of the UK's most important industrial sites, worth around £2.6 billion to the UK economy and supporting over 50,000 jobs.[8] This SR confirms significant funding from 2026-27 to 2029-30 for the Port Talbot area and recognises the significant role it will continue to play in steel production, clean energy, and manufacturing through:

- Committing almost £1 million over three years for the Wales Office to drive UK Government support for Port Talbot's transition and regeneration;
- Confirming the UK Government's commitment to the future of Welsh steel and the Port Talbot area, with £500 million investment in Tata Steel and the new Electric Arc Furnace, protecting 5,000 jobs; and
- Confirming up to £80 million for port investment to support floating offshore wind deployment in Port Talbot, subject to final due diligence.

A.22 The UK Government will also continue to work closely with the Welsh Government on the establishment of their Freeports and Investment Zones, supporting the Industrial Strategy's growth-driving sectors. This includes

[7] Office for National Statistics (ONS), published 4 November 2024, ONS website, statistical bulletin, 'Employees in Great Britain: 2023.'
[8] 'Welsh Government Neath Port Talbot Economic Recovery Plan.'

£160 million each over 10 years for Investment Zones in the Cardiff City Region and Wrexham and Flintshire; and up to £25 million each for Celtic Freeport (centered on Port Talbot and Milford Haven) and Anglesey Freeport, creating tens of thousands of new jobs across the Freeports and Investment Zones programmes. Autumn Budget 2024 designated the tax sites in Celtic Freeport in South Wales, and businesses have been able to benefit from tax reliefs on new investment and employment in those sites since November. Celtic Freeport has now been fully approved by both the UK and Welsh Governments following signoff of its Full Business Case. The Freeport will provide the backbone for a cleaner future based on floating offshore wind, the hydrogen economy, sustainable fuels, carbon capture and storage, cleaner steel and low-carbon logistics. The Freeport will receive £25 million of seed capital funding from the UK Government to unlock high-potential sites and is expected to create 11,500 jobs.

A.23 The UK Government is further supporting Wales to capitalise its opportunities in energy and the transition to net zero through:

- Carbon Capture, Usage and Storage (CCUS) clusters play an important role in helping the UK achieve energy security and clean power and secure thousands of good, skilled jobs in the UK's industrial heartlands. The government is providing increased backing to UK CCUS by allocating £9.4 billion in capital budgets over the SR period. This will maximise deployment to fill the storage capacity of the East Coast Cluster and the HyNet Cluster in North East Wales and Merseyside, following the government's signing of contracts on HyNet in April 2025. The government is engaging in negotiations with multiple important emitters, including in Wales, to connect them to the HyNet network; and
- Confirming funding for hydrogen production projects, including West Wales Hydrogen, which were awarded contracts in the first Hydrogen Allocation Round. A further three projects in Wales have been shortlisted in the second allocation round, which aims to award contracts in the Q1 2026.

A.24 Welsh R&D is a cornerstone of innovation, and plays a critical role in shaping the future of industry and enhancing global competitiveness. The UK Government will grow its annual spend on R&D across the UK from £20 billion in 2025-26 to over £22.6 billion per year by 2029-30, delivering funding for world-leading Welsh research such as compound semiconductors, creative industries and agritech.

A.25 As well as directly delivering in Wales, the UK Government is also providing £22.4 billion per year on average for the Welsh Government between 2026-27 and 2028-29. This means that the Welsh Government will continue to get over 20% more funding per head than the equivalent UK Government spending across the UK, meaning it will be able to spend more on its priorities, such as NHS Wales. This means the Welsh Government is funded above the independently assessed relative need of 115% compared to UK Government spending.[9] This is the largest settlement in real terms since devolution in 1998.

Northern Ireland

A.26 This SR commits to a secure and stable Northern Ireland, recognising Northern Ireland's unique circumstances and higher relative need than the rest of the UK. The UK Government recognises that Northern Ireland's economy is integral

[9] 'Agreement on the Welsh Government's fiscal framework' – GOV.WALES.

to unlocking growth across the whole country and is already worth £63 billion per year.[10] The UK Government is investing in Northern Ireland's economic potential and unique contributions to the UK, including as part of the Industrial Strategy with support for R&D and aerospace industries.

A.27 The UK Government is committed to supporting Northern Ireland both to address the legacy of the Troubles, and to repeal and replace the Legacy Act. This SR:

- Promotes security and stability with £137 million over three years in continued support for tackling paramilitarism and organised crime, and the Police Service of Northern Ireland's Additional Security Fund;
- Supports public services by confirming £185 million over three years for public services transformation and £2 million for integrated education;
- Offers £50 million over four years to the Northern Ireland Executive to support the redevelopment of Casement Park, subject to sufficient finance being raised elsewhere to deliver the project; and
- Provides a total of £11 million across the three years for community development projects in Northern Ireland.

A.28 R&D in Northern Ireland employs over 16,000 people and is world leading in several areas, including cyber.[11] This SR grows UK R&D spending across the UK from £20.4 billion in 2025-26 to over £22.6 billion per year by 2029-30, delivering funding for Northern Ireland-based research. The SR also confirms the previously committed £2 million for Queen's University Belfast's Cyber AI (artificial intelligence) Hub, to continue developing research, skills and innovation across a range of cybersecurity themes and develop a skills pipeline of cybersecurity professionals with strong industry links.

A.29 The SR recognises and invests in Northern Ireland's strengths, including through:

- Backing Northern Ireland's aerospace industries, already employing over 5,000 people, through the over £3 billion in UK-wide funding announced for the advanced manufacturing sector, anchoring the supply chain of zero emission vehicles, batteries and ultra-low and zero-carbon emission aircraft; and[12]
- Confirming funding for an Enhanced Investment Zone, supporting key industries to grow.

A.30 The UK Government wants to ensure every part of Northern Ireland benefits from this SR, including through a new local growth fund and investing in up to 350 deprived communities across the UK, to fund interventions including community cohesion, regeneration and improving the public realm. For each year of Phase 2 of the SR period, funding for Northern Ireland across these schemes will be at the same overall level in cash terms as under the UK Shared Prosperity Fund in 2025-26. As one of the representatives for the nations, the Northern Ireland Office will work with MHCLG to implement the new local growth fund, working in partnership

[10] GDP at current prices in 2023 using ONS (2025) data. 'Regional gross domestic product:all ITL regions' – Office for National Statistics.
[11] 2023 annual R&D employee headcount. 'Research and Development Activity in Northern Ireland.' Ulster University Economic Policy Centre (2023).
[12] Department for Business and Trade (DBT) Analysis of employee jobs, self-employed jobs and business registers and employment data 'JOBS03:Employee jobs by industry' – Office for National Statistics (2025).

with the Northern Ireland Executive. This will ensure that this funding is spent on projects that matter to the people of Northern Ireland and will drive growth across the country. The UK Government is further investing in Northern Ireland's communities through:

- Confirming in-flight local growth commitments including for the redevelopment of the Fermanagh Lakeland Forum leisure centre; and
- Confirming £310 million over four years for City and Growth Deals in Northern Ireland to support economic growth and regional development in Belfast, Derry-Londonderry & Strabane, Causeway Coast & Glens and Mid South West regions. Over their lifetime, these Deals will create thousands of jobs and deliver growth across every region of Northern Ireland.

A.31 As well as directly delivering in Northern Ireland, this SR also provides £19.3 billion per year on average for the Northern Ireland Executive between 2026-27 and 2028-29. The Northern Ireland Executive will continue to receive over 24% more per person than equivalent UK Government spending in the rest of the UK, which is above their independently assessed level of need.

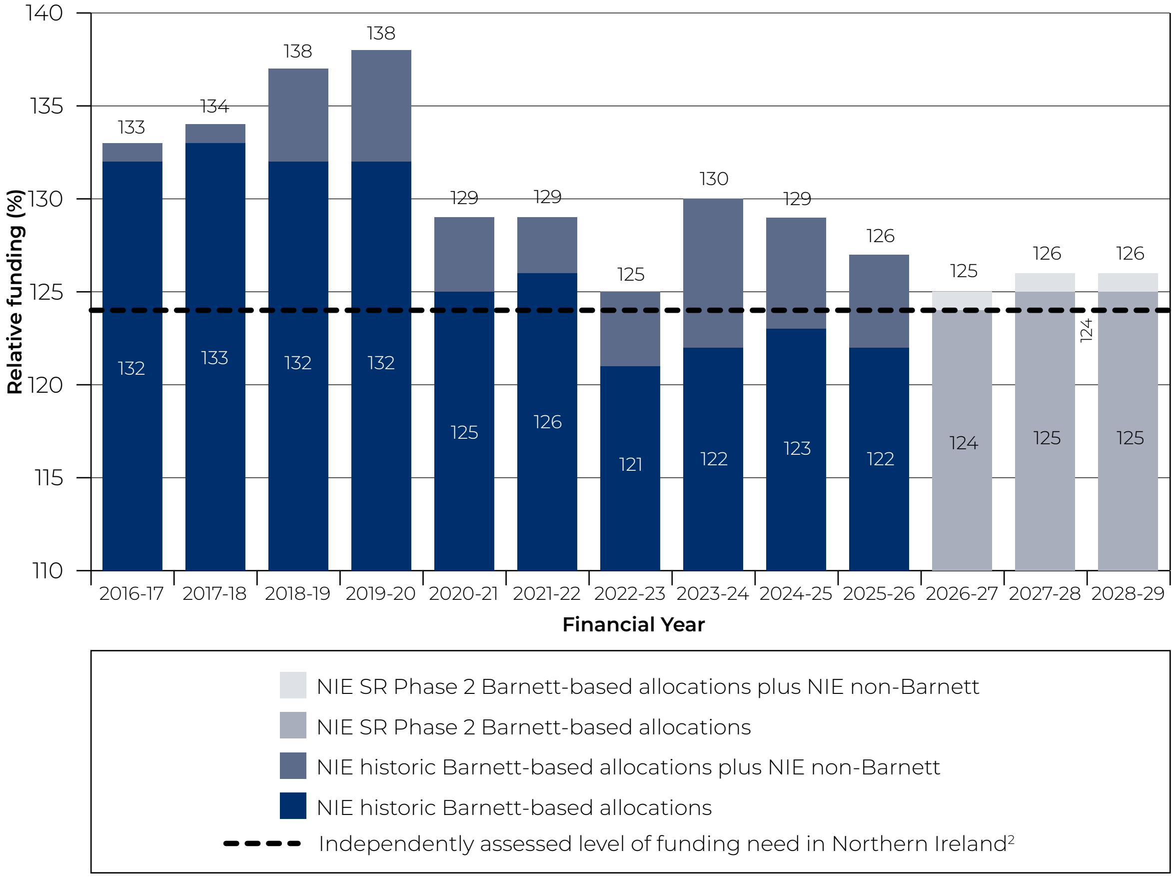
A.32 Alongside the SR, the UK Government has published the methodology for calculating Northern Ireland Executive relative funding. This has been jointly agreed with the Northern Ireland Executive.

A.33 The UK Government and Northern Ireland Executive have also agreed to immediately begin negotiations on a full Northern Ireland Executive Fiscal Framework. The scope of negotiations will include Northern Ireland Housing Executive borrowing and the Holtham Review of Northern Ireland's relative need also published today.

A.34 The Northern Ireland Executive block grant is increasing in real terms between 2024-25 and 2028-29. This is the largest settlement in real terms since devolution in 1998.

A.35 The Barnett formula and the 24% needs-based factor means the Northern Ireland Executive will continue to have more to spend per person on devolved areas than equivalent UK Government spending across the UK. This reflects the unique needs of Northern Ireland. This significant settlement strengthens the Northern Ireland Executive and means it will be able to spend more on its own priorities, such as health and schools in Northern Ireland, responding to Northern Ireland's differing needs.

Chart A.1: Northern Ireland Executive relative funding per head, 2016-17 to 2028-2029[1]



[1] Relative funding per head refers to the Northern Ireland Executive's un-ringfenced RDEL excluding depreciation and CDEL general block grant funding per head compared to comparable UK government funding per head. This compares funding plans at Spending Reviews in 2015, 2019, 2020, 2021 and 2025.

For years up to and including 2025-26, UK government comparable funding is divided by the population in England. Funding in years 2026-27 onwards is presented in line with the agreed Northern Ireland relative funding methodology where UK government comparable funding is divided by the relevant population of England, England and Wales or Great Britain. The government will revise this back series in line with the methodology published as an Annex to the Northern Ireland Executive's Interim Fiscal Framework and publish an updated version in future.

'NIE non-Barnett funding' denotes funding allocated through Stormont House/Fresh Start Agreement, Confidence and Supply Financial Annex, New Decade New Approach, New Deal and the 2024 restoration financial package. It also includes further UK government funding for tackling paramilitarism, reserve claims for general pressures and reserve claim repayments. This non-Barnett funding was added to the Northern Ireland Executive's block grant on top of Barnett-based funding to reflect Northern Ireland's unique needs. The Executive also received other non-Barnett funding in each year which has not been included.

[2] Updated estimate of the relative need for public spending in Northern Ireland – Northern Ireland Fiscal Council (2023).

Source: HMT calculations using internal HMT data, Block Grant Transparency (July 2023), 2022-based Population Projections – ONS (2025), 2023-based Population Estimates – ONS (2024). This back series has been agreed with the Northern Ireland Department of Finance.

B Statistical annex

B.1 This annex provides further details of the projections of public expenditure that result from decisions made at Spending Review 2025.

B.2 In the spending framework, spending is broken down into departmental expenditure limits (DEL) and annually managed expenditure (AME). Fixed DEL budgets are set for each department. Spending that is considered difficult to control within fixed budgets due to its size or volatility is categorised as AME. Budgets are separated into capital, which generally equates to spending within public spending gross investment (PSGI) in the national accounts, and resource, generally within public sector current expenditure (PSCE). Accounting adjustments reconcile DEL and AME budgets with the National Accounts definitions of PSCE and PSGI. An explanation of these adjustments is provided at Annex D of PESA 2024.

B.3 Spending Review 2025 sets resource DEL budgets to 2028-29 and capital DEL budgets to 2029-30. AME is only published as part of an OBR forecast and is therefore not included in the tables here.

B.4 Table B.1 sets out total DEL by department. Tables B.2 and B.3 set out resource and capital DEL by department.

B.5 The 2025-26 resource DEL and capital DEL figures in Tables B.2 and B.3 differ from Table B.5. This is because Tables B.2 and B.3 show 2025-26 resource DEL in line with Spring Statement 2025 plus Machinery of Government changes, and capital DEL in line with Spring Statement 2025 plus recurring adjustments, whereas Table B.5 includes all in-year changes (mostly from the Main Estimates process). The figures in Tables B.2 and B.3 are therefore more consistent with 2026-27 onwards. As usual, real growth figures and growth rates are calculated using GDP deflators consistent with the OBR's latest forecast – these are set out in Table B.6.

B.6 A proportion of resource DEL, in particular depreciation, is not currently used in measurement of the fiscal aggregates by the ONS and so does not directly impact on the government's fiscal rules. Tables B.1, B.2, and B.5 therefore exclude depreciation.

B.7 Financial transactions are a part of departmental capital DEL budgets (covering, for example, equity investments and loans) that do not directly impact public spending. Table B.4 below details departmental plans for financial transactions.

Table B.1: Total Departmental Expenditure Limits (DEL)[1]

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth 2025-26 to 2028-29	Average Annual Real Growth 2023-24 to 2028-29
Health and Social Care	188.5	204.9	215.6	225.0	234.9	246.7	2.7%	2.8%
Education	87.9	94.9	100.9	106.6	107.8	109.2	0.8%	1.5%
Home Office	20.3	20.2	22.0	22.6	22.1	22.3	-1.4%	-2.2%
of which: Home Office (excl. asylum forecast)	15.6	16.3	18.4	19.0	19.2	19.8	0.5%	0.2%
Justice	11.9	12.9	13.9	14.9	15.3	15.6	2.0%	3.1%
Law Officers' Departments[2]	0.9	1.0	1.1	1.1	1.2	1.3	5.3%	6.2%
Defence	53.9	60.3	62.2	65.5	71.0	73.5	3.8%	3.6%
Single Intelligence Account	4.2	4.5	4.5	5.1	5.1	5.4	3.7%	2.7%
Foreign, Commonwealth and Development Office	11.1	11.1	12.1	9.8	9.2	9.9	-8.3%	-5.0%
MHCLG Local Government	9.6	11.4	15.0	15.4	15.6	15.8	1.1%	5.2%
MHCLG Housing, Communities and Local Government	10.1	12.7	12.9	14.0	13.5	13.5	-0.6%	3.0%
Culture, Media and Sport	2.1	2.4	2.3	2.3	2.4	2.8	-1.4%	-0.2%
Science, Innovation and Technology	12.7	13.9	15.2	15.9	16.4	16.5	0.9%	2.8%
Transport (excl. High Speed 2)	22.3	22.0	23.0	25.1	24.9	25.9	0.5%	-0.4%
Transport – High Speed 2	7.8	6.9	7.1	7.1	7.1	5.6	-9.3%	-8.6%
Energy Security and Net Zero (excl. Sizewell C)	5.3	5.6	11.4	10.0	11.1	12.6	2.7%	16.0%
Energy Security and Net Zero – Sizewell C	1.1	1.8	2.7	2.9	3.2	2.5	-3.7%	15.6%
Environment, Food and Rural Affairs	6.8	7.3	7.5	7.5	7.5	7.4	-2.3%	-0.7%
Business and Trade	2.6	3.2	3.3	3.7	3.8	3.8	3.0%	5.8%
Work and Pensions	9.0	9.8	11.0	11.8	11.8	11.5	-0.2%	2.1%
HM Revenue and Customs	6.7	5.9	6.8	7.3	7.1	6.9	-1.5%	0.6%
HM Treasury	0.4	1.1	1.2	1.3	0.5	0.5	-1.9%	-0.4%
Cabinet Office	1.3	1.1	1.3	1.6	1.6	1.3	0.4%	-2.2%

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth 2025-26 to 2028-29	Average Annual Real Growth 2023-24 to 2028-29
Scottish Government	43.4	45.8	48.1	49.8	50.8	52.1	0.8%	1.1%
Welsh Government	19.5	20.4	21.2	21.9	22.3	22.9	0.7%	0.6%
Northern Ireland Executive	16.9	17.7	18.4	18.8	19.2	19.8	0.5%	0.5%
Small and Independent Bodies	2.7	3.3	3.2	3.6	3.4	3.4	-0.5%	2.2%
Growth Mission Fund	–	–	–	0.1	0.1	0.1	–	–
Reserves	–	–	4.5	6.7	6.7	7.1	–	–
Provision for intra-governmental leases	–	–	–	0.7	1.2	1.2	–	–
Total DEL	**558.9**	**602.1**	**648.4**	**678.2**	**696.9**	**716.9**	**1.5%**	**2.3%**

[1] Total DEL is the sum of resource DEL and capital DEL. The growth rates presented include the adjustments set out in the resource DEL and capital DEL tables. See footnotes to those tables for further details.
[2] The Law Officers' Departments TDEL growth rates are driven by time-limited non-fiscal IFRS leases in 2028-29.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Table B.2: Resource Departmental Expenditure Limits (DEL) excluding depreciation

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth[3] 2025-26 to 2028-29	Average Annual Real Growth[3] 2023-24 to 2028-29
Health and Social Care[4]	177.9	193.3	202.0	211.0	221.3	232.0	2.8%	2.7%
of which: NHS England	171.0	186.8	195.6	204.9	215.4	226.1	3.0%	3.0%
Education	81.8	89.2	94.1	98.3	100.1	101.5	0.7%	1.4%
of which: core schools	57.7	61.6	64.8	67.0	68.4	69.5	0.4%	0.6%
Home Office	19.0	18.4	20.5	20.9	20.4	20.6	-1.7%	-2.6%
of which: Home Office (excl. asylum forecast)[5]	14.3	14.5	16.9	17.3	17.5	18.1	0.4%	-0.1%
Memo: Police Core Spending Power[6]	*16.5*	*17.6*	*18.7*	*19.6*	*20.3*	*20.8*	*1.7%*	*2.3%*
Justice	10.4	11.2	11.9	12.6	12.9	13.2	1.8%	2.4%
Law Officers' Departments	0.8	0.9	1.0	1.1	1.1	1.1	1.4%	3.5%
Defence	34.8	37.6	38.9	39.6	41.0	42.0	0.7%	0.9%
Single Intelligence Account	2.8	3.1	3.0	3.2	3.4	3.6	3.7%	2.8%
Foreign, Commonwealth and Development Office	7.7	8.3	8.4	6.6	7.0	7.1	-6.9%	-4.3%
MHCLG Local Government[7]	9.6	11.4	15.0	15.4	15.6	15.8	1.1%	5.2%
Memo: Local Government Core Spending Power[8]	*60.4*	*65.0*	*69.4*	*73.2*	*76.1*	*79.3*	*2.6%*	*3.1%*
MHCLG Housing, Communities and Local Government	3.3	4.3	4.1	4.2	4.2	4.2	-1.4%	1.4%
Culture, Media and Sport[9]	1.5	1.6	1.5	1.6	1.6	2.0	-1.2%	-2.0%
Science, Innovation and Technology	0.3	0.6	0.6	0.8	0.8	0.7	7.4%	8.6%
Transport	7.9	8.3	8.3	8.1	7.7	7.5	-5.0%	-3.6%
Energy Security and Net Zero[10]	1.3	1.6	1.9	2.0	2.0	1.7	0.5%	3.3%
Environment, Food and Rural Affairs	4.7	5.0	4.8	4.8	4.7	4.7	-2.7%	-2.7%
Business and Trade	1.6	1.7	1.8	1.9	1.8	1.8	-1.8%	0.1%
Work and Pensions	8.4	9.1	10.2	10.8	11.0	10.9	0.4%	2.5%
HM Revenue and Customs[11]	6.0	5.2	5.9	6.4	6.5	6.4	0.7%	1.8%

£ billion (current prices)	Outturn 2023-24	Plans[1] 2024-25	Plans[2] 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Average Annual Real Growth[3] 2025-26 to 2028-29	2023-24 to 2028-29
HM Treasury	0.4	0.4	0.4	0.4	0.4	0.4	-1.7%	-0.5%
Cabinet Office[12]	0.9	0.7	0.8	1.0	1.2	1.0	2.7%	-1.8%
Scottish Government[13]	37.4	39.9	41.5	42.7	43.8	45.0	0.8%	1.1%
Welsh Government[13]	16.4	17.2	17.9	18.4	18.9	19.4	0.9%	0.7%
Northern Ireland Executive[13]	14.8	15.7	16.2	16.3	16.8	17.3	0.4%	0.5%
Small and Independent Bodies	2.4	2.8	2.8	3.1	3.0	2.9	-0.7%	1.9%
Reserves	–	–	3.4	4.3	4.3	4.7	–	–
Total Resource DEL excluding depreciation	**452.2**	**487.5**	**517.1**	**535.5**	**551.6**	**567.8**	**1.2%**	**1.7%**
Technical changes for IFRS9 that do not affect Public Sector Current Expenditure	–	–	–	0.0	-0.1	-0.1	–	–
Total Resource DEL excluding depreciation and technical changes for IFRS9	**452.2**	**487.5**	**517.1**	**535.5**	**551.6**	**567.7**	**1.2%**	**1.7%**

[1] Figures for 2024-25 represent departments' final plans as of Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Figures for 2025-26 include Spring Statement 2025 plans (excluding the Reform and Innovation Fund and the Transformation Fund) plus Machinery of Government changes.
[3] The RDEL average annual growth rates for all departments have been adjusted to account for employer NICs changes, Machinery of Government changes, increased pension contributions (SCAPE), and budget cover transfers in 2023-24.
[4] The "of which: NHS England" line contains updated figures for DHSC funding spent via NHS England, including historic transfers and savings redirected to frontline services. Growth rates additionally adjust for non-baselined technical transfers (mainly pay).
[5] Asylum support cost forecasts contain some inherent uncertainty. These figures are based on estimates provided by the Home Office as part of the Spending Review process.
[6] Police core spending power refers to the projected total police settlement funding including counter terrorism funding. This includes projected spending from additional income, including estimated funding from the police council tax precept. Full details of annual police funding will be set out in the Police Funding Settlement.
[7] The average annual real growth rates for Local Government have been adjusted to reflect the impact of MHCLG retaining grant funding from 2026-27 onwards that has been surrendered in previous years to offset the impacts of additional business rates retained in Greater Manchester and the West Midlands. This funding will instead be allocated as additional grant funding from 2026-27 onwards, with no impact on existing business rates retention arrangements.
[8] Figures for Local Government core spending power from 2026-27 are estimates based on additional grant funding and council tax referendum principles confirmed through the Spending Review, and are averages across all local authorities. The Ministry of Housing, Communities and Local Government will publish updated estimates as part of the Local Government Finance Settlement (LGFS) 2026-27, including the specific core spending power figures for each local authority.
[9] The average annual real growth rates for the Department for Culture, Media and Sport have been adjusted for expected one-off costs in 2028-29.
[10] The average annual real growth rates for the Department for Energy Security and Net Zero have been adjusted to account for lower Nuclear Decommissioning Authority income in 2025-26.
[11] The average annual real growth rates for HM Revenue and Customs have been adjusted for £0.8 billion of time-limited Cost of Living Payments in 2023-24.
[12] The average annual real growth rates for the Cabinet Office have been adjusted to exclude the cost of hosting the G7 presidency in 2028-29.
[13] Due to the scale of tax and welfare devolution in Scotland, Scottish Government DEL funding is presented excluding tax and welfare Block Grant Adjustments. Welsh Government DEL funding is presented including tax Block Grant Adjustments.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Table B.3: Capital Departmental Expenditure Limits (DEL)

£ billion (current prices)	Outturn 2023-24	Plans 2024-25[1]	Plans 2025-26[2]	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30	Average Annual Real Growth[3] 2025-26 to 2029-30	2023-24 to 2029-30
Health and Social Care	10.5	11.6	13.6	14.0	13.5	14.8	14.6	0.0%	3.2%
Education	6.2	5.7	6.8	8.3	7.7	7.7	7.7	1.3%	1.4%
Home Office	1.3	1.8	1.5	1.7	1.7	1.7	1.7	0.7%	1.9%
Justice	1.5	1.7	2.0	2.3	2.3	2.3	2.0	-2.1%	3.0%
Law Officers' Departments	0.0	0.1	0.1	0.1	0.1	0.2	0.0	-14.0%	-1.7%
Defence	19.1	22.7	23.2	25.9	30.0	31.5	33.2	7.3%	7.1%
Single Intelligence Account	1.4	1.4	1.5	1.9	1.7	1.8	1.6	0.1%	0.4%
Foreign, Commonwealth and Development Office[4]	3.4	2.7	3.7	3.2	2.2	2.7	3.0	-6.8%	-4.2%
MHCLG Housing, Communities and Local Government	6.8	8.4	8.8	9.8	9.2	9.2	9.5	0.0%	3.2%
Culture, Media and Sport[5]	0.5	0.7	0.7	0.7	0.7	0.7	0.7	-2.8%	2.9%
Science, Innovation and Technology	12.4	13.3	14.7	15.1	15.7	15.8	16.2	0.5%	2.2%
Transport (excl. High Speed 2)[6]	14.4	13.8	14.7	17.0	17.3	18.3	19.6	3.9%	1.9%
Transport – High Speed 2[7]	7.8	6.9	7.1	7.1	7.1	5.6	5.5	-7.9%	-7.8%
Energy Security and Net Zero (excl. Sizewell C)[8]	4.0	4.0	9.4	8.0	9.1	10.9	11.3	2.6%	16.0%
Energy Security and Net Zero – Sizewell C[7]	1.1	1.8	2.7	2.9	3.2	2.5	2.8	-0.7%	14.5%
Environment, Food and Rural Affairs	2.1	2.3	2.7	2.8	2.8	2.8	2.7	-1.8%	2.5%
Business and Trade	1.0	1.5	1.5	1.8	2.0	2.0	1.9	4.1%	9.4%
Work and Pensions	0.6	0.6	0.7	1.0	0.8	0.6	0.5	-10.4%	-5.8%
HM Revenue and Customs	0.7	0.7	0.9	0.9	0.6	0.5	0.3	-24.3%	-15.3%
HM Treasury[9]	0.0	0.8	0.8	0.8	0.1	0.1	0.1	-19.2%	12.2%
Cabinet Office[10]	0.4	0.4	0.5	0.6	0.5	0.3	0.2	-18.5%	-12.8%
Scottish Government	6.0	5.9	6.5	7.1	7.0	7.1	7.1	0.3%	0.7%
Welsh Government	3.1	3.2	3.4	3.6	3.5	3.5	3.5	-0.9%	-0.4%

£ billion (current prices)	Outturn 2023-24	Plans 2024-25[1]	Plans 2025-26[2]	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30	Average Annual Real Growth[3] 2025-26 to 2029-30	2023-24 to 2029-30
Northern Ireland Executive	2.1	2.0	2.2	2.4	2.4	2.4	2.4	0.7%	0.1%
Small and Independent Bodies	0.3	0.4	0.4	0.5	0.4	0.4	0.4	0.1%	2.9%
Growth Mission Fund	–	–	–	0.1	0.1	0.1	0.1	–	–
Reserves	–	–	1.1	2.4	2.4	2.4	2.3	–	–
Provision for intra-governmental leases[11]	–	–	–	0.7	1.2	1.2	0.9	–	–
Total Capital DEL	**106.8**	**114.6**	**131.3**	**142.7**	**145.3**	**149.1**	**151.9**	**1.8%**	**3.6%**
Remove CDEL Financial Transactions (FT)[12]	-0.6	0.2	-2.2	-3.7	-4.6	-7.1	-8.8	–	–
Capital DEL excl. FTs	**106.2**	**114.8**	**129.1**	**139.0**	**140.7**	**142.0**	**143.1**	**–**	**–**
Of which: net neutral reprofile of Spring Statement 2025 non-FT envelope	–	–	–	3.3	-0.6	-0.9	-1.8	–	–
Memo: Spring Statement 2025 CDEL excl. FTs	–	–	–	135.6	141.3	142.9	145.0	–	–

[1] Capital DEL 2024-25 plans reflect Supplementary Estimates 2024-25. Official outturn figures will be published in Public Expenditure Statistical Analyses 2025 later this year.
[2] Capital DEL 2025-26 plans reflect Spring Statement 2025 with recurring adjustments.
[3] The Capital DEL average annual growth rates have been adjusted to account for Machinery of Government changes and budget cover transfers.
[4] As set out in Spring Statement 2025, the Departmental ODA Capital DEL budget has been reduced by £0.2 billion to contribute to the increase in 2025-26 defence spending. Growth rates are impacted by Capital DEL to AME switches in 2023-24 and 2024-25 for British International Investment.
[5] The Department for Culture, Media and Sport 2023-24 and 2024-25 figures include expenditure from self-generated income by Arm's Length Bodies which is not included in future years settlements.
[6] The Department for Transport growth rate has been adjusted for the impact of Business Rates Retention which switches spending from DEL to AME (£1.2 billion per annum from 2026-27).
[7] Given their size High Speed 2 and Sizewell C have been split out from departmental DEL totals to improve transparency on trends in spending over time.
[8] The Department for Energy Security and Net Zero growth rates are driven by an increase in Financial Transactions.
[9] The 2023-24 to 2029-30 HM Treasury Capital DEL growth rate has been adjusted to remove one-off IFRS16 lease spending, European Bank for Reconstruction and Development capitalisation and NISTA R&D, with residual growth driven by one-off underspends in 2023-24 (with outturn of £1 million). Higher spend across 2024-25 to 2026-27 is driven by the c.£760 millon per annum Ukraine Extraordinary Revenue Acceleration scheme, funding loaned to Ukraine via HM Treasury with repayments coming from extraordinary profits from Russian sovereign assets immobilised in the EU and spent by the Ministry of Defence.
[10] Cabinet Office growth rates have been adjusted to exclude accounting changes relating to IFRS16 leases for government property.
[11] Provision for intra-governmental leases, capitalised in accordance with IFRS16, has been revised down based on latest forecasts.
[12] Financial Transactions (FTs) are in Capital DEL but do not increase PSGI Capital DEL and therefore do not directly impact PSNB or net financial debt (defined as public sector net financial liabilities).

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Table B.4: Capital Departmental Expenditure Limits (DEL): Financial Transactions (FTs)

£ billion (current prices)	Outturn 2023-24	Plans 2024-25	Plans 2025-26	Plans 2026-27	Plans 2027-28	Plans 2028-29	Plans 2029-30
Health and Social Care	0.0	–	–	–	–	–	–
Education	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Defence	0.1	0.2	0.2	0.3	0.3	0.4	0.4
Foreign, Commonwealth and Development Office	0.2	0.2	0.6	0.4	0.3	0.3	0.3
MHCLG Housing, Communities and Local Government	-0.2	0.4	0.4	1.2	1.0	1.4	1.8
Culture, Media and Sport	0.0	0.0	–	–	–	–	–
Science, Innovation and Technology	0.0	0.1	0.1	0.2	0.2	0.3	0.2
Transport	-0.1	–	–	0.0	0.0	0.0	0.0
Energy Security and Net Zero[1]	-0.4	-2.2	–	0.3	1.2	3.2	4.5
Environment, Food and Rural Affairs	0.0	–	–	0.1	0.1	0.1	0.1
Business and Trade	0.4	0.8	0.4	0.7	0.9	0.8	0.7
Work and Pensions	0.1	0.1	0.1	0.1	0.0	0.0	0.0
HM Treasury	–	–	0.1	0.1	0.1	0.1	0.1
Cabinet Office	0.0	–	–	–	–	–	–
Scottish Government	0.3	0.1	0.2	0.2	0.3	0.3	0.4
Welsh Government	0.1	0.2	0.1	0.1	0.1	0.2	0.2
Northern Ireland Executive	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Small and Independent Bodies	–	0.0	–	–	–	–	–
Total Financial Transactions in CDEL	**0.6**	**-0.2**	**2.2**	**3.7**	**4.6**	**7.1**	**8.8**

[1] The Department for Energy Security and Net Zero 2024-25 budget reflects the income from the sale of Bulb Energy.

Source: HM Treasury Public Spending Statistics, HM Treasury DEL plans.

Table B.5: Departmental Expenditure Limits (DEL) for 2025-26[1]

£ billion (current prices)	Resource DEL Excluding Depreciation	Capital DEL
Health and Social Care	202.9	13.6
Education	95.2	6.8
Home Office	19.6	1.6
Justice	12.0	2.0
Law Officers' Departments	1.0	0.1
Defence	38.6	23.1
Single Intelligence Account	3.3	1.7
Foreign, Commonwealth and Development Office	8.0	3.3
MHCLG Local Government	13.9	0.0
MHCLG Housing, Communities and Local Government	4.5	9.1
Culture, Media and Sport	1.6	0.8
Science, Innovation and Technology	0.7	14.7
Transport	8.1	21.6
Energy Security and Net Zero	1.9	11.4
Environment, Food and Rural Affairs	4.8	2.7
Business and Trade	2.0	1.5
Work and Pensions	10.3	0.8
HM Revenue and Customs	6.0	0.9
HM Treasury	0.4	0.8
Cabinet Office	0.9	0.5
Scottish Government[2]	41.7	6.6
Welsh Government[2]	18.0	3.4
Northern Ireland Executive	16.4	2.2
Small and Independent Bodies	2.9	0.4
Reform and Innovation Fund	0.0	0.0
Reserves	2.7	1.6
Total	**517.5**	**130.8**

[1] Departmental plans for 2025-26. The plans include allocations from the Transformation Fund announced at Spring Statement 2025 and a reduction in the Departmental ODA DEL budget to contribute to the increase in 2025-26 defence spending.
[2] Due to the scale of tax and welfare devolution in Scotland, Scottish Government DEL funding is presented excluding tax and welfare Block Grant Adjustments. Welsh Government DEL funding is presented including tax Block Grant Adjustments.

Source: HM Treasury Main Supply Estimates 2025 to 2026, Departmental DEL budgets.

Table B.6: GDP deflators

Percentage change year-on-year						
2023-24	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
6.1	3.8	2.6	1.7	2.0	1.9	1.9

Source: OBR Economic and Fiscal Outlook, March 2025.

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This document can be downloaded from www.gov.uk

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