

Block Grant Transparency

October 2025 publication

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Chapter 1

Introduction

- 1.1** This publication provides a detailed breakdown of the devolved governments' block grant funding and is intended to increase transparency of the block grant calculation process.
- 1.2** This seventh edition provides information for the years covered by the Spending Review 2015, Spending Round 2019, Spending Review 2020, Spending Review 2021 and Spending Review 2025.
- 1.3** Once the block grants have been determined, the devolved governments have freedom to make their own spending decisions in areas of devolved responsibility within the overall totals. This publication does not give a breakdown of the devolved governments' spending decisions.
- 1.4** Spending by the devolved governments is not funded exclusively by the block grant. The devolved governments are also funded by local and devolved tax revenues, other revenue-raising powers (including fees and charges, and sales of goods, services and assets), and borrowing.
- 1.5** As a result of tax devolution, the devolved governments have greater autonomy and accountability for the level of their funding. This publication shows how their block grants are adjusted to reflect their revenue-raising power but does not show how each of the devolved governments choose to raise revenue.
- 1.6** Information on compliance with the Code of Practice for Statistics can be found in Annex B.

Chapter 2

Background to block grant funding

Composition of the block grant

2.1 The devolved governments' block grant funding is presented as Total Departmental Expenditure Limit (DEL) within the Treasury's budgeting framework. It is split between resource DEL excluding depreciation (RDEL) and capital DEL (CDEL), with a financial transactions ringfence within CDEL.

2.2 A brief description of DEL categories is set out below. More detail on the Treasury budgeting framework can be found in the Consolidated Budgeting Guidance 2025 to 2026¹.

2.3 Resource spending is money that is spent on day-to-day costs (like wages, purchasing goods and services, and grants and subsidies). Within RDEL, there is also a separate ringfence for depreciation of capital assets. Capital spending is money that is spent on longer-term investment (like hospitals, roads, and research and development). Financial transactions capital is sometimes called 'net lending' or 'policy lending' and includes loans or equity investment by the government into the private sector.

Calculation of the block grant via the Barnett formula

2.4 Changes in block grant funding for the devolved governments are linked to changes in planned² spending by UK Government departments. This link is generally achieved through the Barnett formula.

Barnett formula

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

¹ [Consolidated Budgeting Guidance 2025-26 - for publication.docx](#)

² Changes in planned spending are defined as changes to UK Government Departmental Expenditure Limits (DEL budgets) that are voted by the UK Parliament

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

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

Barnett formula calculation

(A) Change to planned UK Government spending	X	(B) Comparability percentage	X	(C) Appropriate population proportion
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2.7 The population proportions used reflect the annual mid-year estimates of population published by the Office for National Statistics in the summer. For Spending Review 2025, the population estimates for mid-2023 published in October 2024³ were applied.

Applying the Barnett formula at Spending Reviews

2.8 At Spending Reviews, this calculation is undertaken using changes to each UK Government department's overall DEL budget, the population proportion and the departmental comparability percentage. The formula is applied to changes in resource and capital DEL budgets separately. The aggregate of these Barnett consequentials is added onto the devolved governments' underlying (or "baseline") resource and capital block grants.

2.9 For Spending Review 2020 and 2021 the use of departmental comparability would not have provided the devolved governments with comparable funding in all areas. Programme level comparability was applied where departmental comparability did not adequately reflect the geographic scope of planned departmental spending. Further details are set out in the Statement of Funding Policy 2025.⁴

³[Population estimates for the UK, England, Wales, Scotland and Northern Ireland - Office for National Statistics](#)

⁴[Statement of Funding Policy.pdf](#)

Applying the Barnett formula at Fiscal Events and Estimates

2.10 At each fiscal event, for example Spring Statement 2025 and Parliamentary Estimates⁵ rounds, the calculation is undertaken at programme level. The calculation uses the change in the planned spending on each programme, the relevant population proportion and the programme comparability factor, which is set to either 0% or 100% dependent on whether the relevant UK Government programme is reserved/UK-wide (0%) or devolved/England-only (100%). The aggregate of these Barnett consequentialia is added to existing block grants for each of the devolved governments, again calculated separately for resource and capital DEL.

2.11 For Autumn Budget 2024, the calculation of Barnett consequentialia for 2024-25 at programme level was not possible as a breakdown was not available. The departmental comparability factors from Spending Review 2025 Phase 1 were applied to changes in UK Government departments' DEL budgets. Departments provided programme level data following Autumn Budget 2024 and the position was reconciled at Supplementary Estimates 2024-25 to ensure that the devolved governments received the Barnett consequentialia as if a programme level calculation had been undertaken at Autumn Budget 2024.

Welsh Government and Northern Ireland Executive needs-based factor

2.12 In the Welsh Government's Fiscal Framework⁶, it was agreed that the Welsh Government's block grant would be uplifted by adding a new needs-based factor into the Barnett formula. This needs-based factor will ultimately be set at 15%, as recommended by the Holtham Commission⁷. However, while relative Welsh Government funding remains above 115%, changes in the Welsh Government's funding will use a transitional factor of 5%.

2.13 As set out in the 2024 Northern Ireland Executive's Interim Fiscal Framework⁸, a needs-based factor for the Executive will be set at 24%, based on the assessment of relative need published by the independent Northern Ireland Fiscal Council. At Spending Review 2025, a 24% needs-based factor was applied to the Barnett formula for the Northern Ireland Executive.

2.14 Further information on the Welsh Government and the Northern Ireland Executive's needs-based factor can be found in Chapter 3 of the Statement of Funding Policy⁹.

⁵ Estimates are the mechanism by which Parliament authorises departmental spending. They take place at the beginning (Main Estimates) and end of the financial year (Supplementary Estimates).

⁶ [The agreement between the Welsh Government and the United Kingdom Government on the Welsh Government's fiscal framework](#)

⁷ <https://commonslibrary.parliament.uk/research-briefings/sn06288/>

⁸ [Northern Ireland Interim Fiscal Framework Implementation Update: Relative Funding Methodology - GOV.UK](#)

⁹ [Statement of Funding Policy.pdf](#)

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

Other funding

2.16 The UK Government also provides block grant funding to the devolved governments outside the Barnett formula. These are classified as "Other funding" in the publication. For example, this includes funding for City and Growth Deals.

Chapter 3

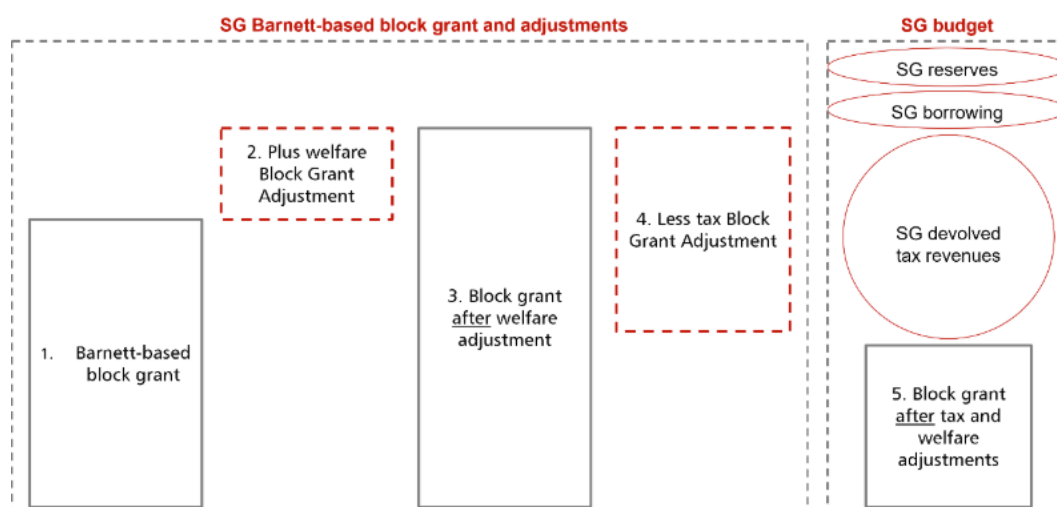
Adjustments for tax and welfare devolution

Block Grant Adjustments

3.1 To reflect tax and welfare devolution in Scotland and Wales, the block grants are adjusted using the mechanisms agreed in the respective fiscal frameworks¹⁰. An agreed adjustment is also applied to the Northern Ireland Executive's block grant in relation to long haul air passenger duty.

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

Scottish Government block grant

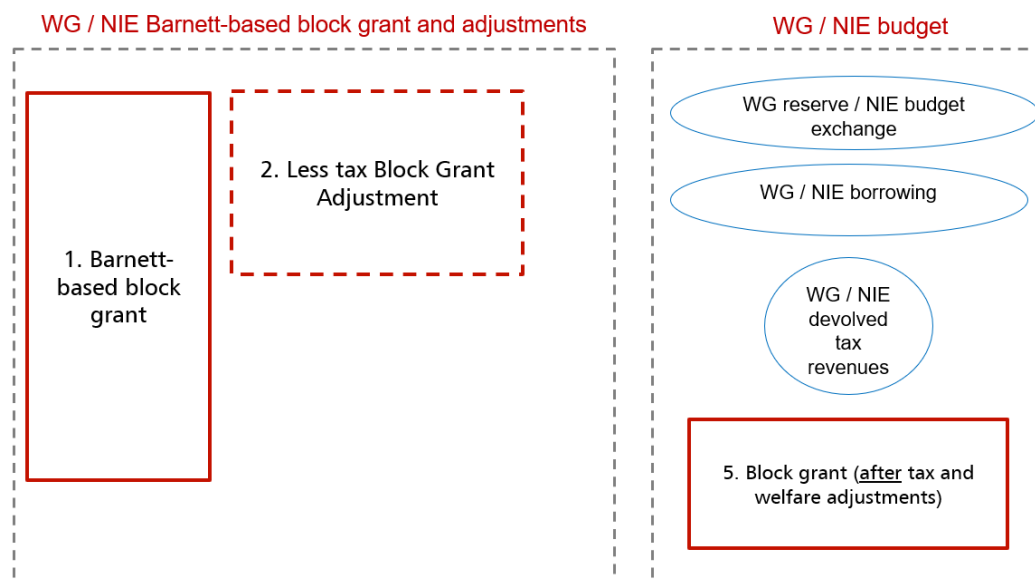


¹⁰ Wales: [The agreement between the Welsh government and the UK government on the Welsh government's fiscal framework - GOV.UK](#)

Scotland: [The updated agreement on the Scottish Government's Fiscal Framework - GOV.UK](#)

The Scottish Government can use their tax powers to alter the “SG devolved tax revenues” component.

Welsh Government and Northern Ireland Executive block grant



The Welsh Government and Northern Ireland Executive can use their tax powers to alter the “WG / NIE devolved tax revenues” component.

3.3 The Block Grant Adjustments are initially equal to UK Government tax receipts or welfare expenditure in the relevant part of the UK at the point of devolution. Changes in the adjustments over time are linked to changes in corresponding UK Government tax revenues¹¹ or welfare spending, similar to how the Barnett formula uses changes in UK Government departmental spending.

3.4 The agreed arrangements essentially mean that the devolved governments feel the impact of place-specific financial effects through their tax revenues (or welfare spending) due to policy choices or wider effects but are shielded from the impact of UK-wide effects. For example, the Scottish Government has higher funding if Scottish Income Tax revenues grow more quickly per head than corresponding UK Government Income Tax revenues. The formulas used are set out in the respective fiscal frameworks.

3.5 A full breakdown of the devolved taxes which the devolved governments retain revenues for, and the devolved areas of welfare spending can be found in Chapter 4 of the Statement of Funding Policy 2025.¹²

¹¹ The adjustment to the Northern Ireland Executive’s block grant funding for long-haul Air Passenger Duty is an exception to this and is based on passenger numbers rather than tax revenues.

¹² [Statement of Funding Policy.pdf](#)

Chapter 4

Publication Summary

4.1 This chapter outlines the main changes since the publication in July 2023. The July 2023 publication covered all funding provided to the devolved governments up to and including Main Estimates 2023-24. The following section summarises key changes since Mains Estimates 2023-24, up to and including Spending Review 2025.

Changes in devolved government block grants for the Spending Review 2021 period since Main Estimates 2023-24

4.2 The devolved governments have received an additional £10.683 billion on top of the Spending Review 2021 settlements, as set out below.¹³

Scottish Government (£m)	2023-24	2024-25
Main Estimates 2023-24	195	-
Autumn Statement 2023	223	317
Supplementary Estimates 2023-24	1,104	-
Spring Budget 2024	-	293
Main Estimates 2024-25	-	608
Autumn Budget 2024	-	1,733
Supplementary Estimates 2024-25	-	137

Welsh Government (£m)	2023-24	2024-25
Main Estimates 2023-24	162	-
Autumn Statement 2023	133	172
Supplementary Estimates 2023-24	307	-
Spring Budget 2024	-	168
Main Estimates 2024-25	-	565
Autumn Budget 2024	-	807

¹³ Before any adjustments for tax and welfare devolution.

Supplementary Estimates 2024-25	-	109
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Northern Ireland Executive (£m)	2023-24	2024-25
Main Estimates 2023-24	287	-
Autumn Statement 2023	76	109
Supplementary Estimates 2023-24	1,114	-
Spring Budget 2024	-	99
Main Estimates 2024-25	-	1,146
Autumn Budget 2024	-	731
Supplementary Estimates 2024-25	-	88

Spending Review 2025 changes in devolved governments' block grants

4.3 As a result of Spending Review 2025 settlements, the devolved governments are receiving an additional £6.6 billion through the operation of the Barnett formula in 2025-26 and £1 billion in targeted funding.

4.4 Further, 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 for capital between 2026-27 and 2029-30 through the operation of the Barnett formula. The devolved governments are receiving the largest Spending Review settlements, in real terms, since devolution in 1998. In addition to funding through the Barnett formula, the UK Government is providing £2.2 billion in targeted funding, with £966 million resource and £1.23 billion capital for the devolved governments between 2026-27 and 2029-30.

4.5 The devolved governments' settlements have been determined in accordance with the eleventh edition of the Statement of Funding Policy, which was also published at the Spending Review.

Scottish Government (£m)	2025-26	2026-27	2027-28	2028-29	2029-30
Spending Review 2025, Phase 1 Plans	47,687	-	-	-	-
Spring Statement 2025	28	-	-	-	-

Main Estimates 2025-26	572	-	-	-	-
Spending Review 2025, Phase 2 Plans	7	49,763	50,786	52,057	7,129

Welsh Government (£m)	2025-26	2026-27	2027-28	2028-29	2029-30
Spending Review 2025, Phase 1 Plans	24,686	-	-	-	-
Spring Statement 2025	16	-	-	-	-
Main Estimates 2025-26	-3,314*	-	-	-	-
Spending Review 2025, Phase 2 Plans	4	21,919	22,334	22,920	3,498

*Inclusive of tax BGA

Northern Ireland Executive (£m)	2025-26	2026-27	2027-28	2028-29	2029-30
Spending Review 2025, Phase 1 Plans	18,245	-	-	-	-
Spring Statement 2025	14	-	-	-	-
Main Estimates 2025-26	369	-	-	-	-
Spending Review 2025, Phase 2 Plans	4	18,779	19,235	19,755	2,437

Annex A

Frequently asked questions

Q: What is the block grant?

Funding from the UK Government to the devolved governments falls into two broad categories: block grant (or Departmental Expenditure Limits) funding and funding in relation to Annually Managed Expenditure (AME). This publication only refers to the block grant funding from the UK Government.

Q: What is the Barnett formula and why is it used?

The Barnett formula determines changes to the block grant funding allocated to the devolved governments by the UK Government in relation to departmental spending within Departmental Expenditure Limits. Under the formula, the Scottish Government, Welsh Government and Northern Ireland Executive receive a population-based proportion of changes in planned UK Government spending on comparable services in England, England and Wales or Great Britain as appropriate. Successive UK Governments have committed to the continued use of the Barnett formula.

Q: Why is the data split between resource DEL, capital DEL and capital DEL financial transactions?

The publication differentiates between these areas as the devolved governments are provided with separate amounts of funding to spend on each area.

Q: Why are there totals ‘before adjustment’ and ‘after adjustment’?

The block grants for the Scottish and Welsh Governments are adjusted to reflect tax and welfare devolution as agreed in their respective fiscal frameworks. Tax Block Grant Adjustments are a deduction from the Scottish and Welsh Governments' block grants while an addition is applied to the Scottish Government's block grant where responsibility for welfare has been devolved. The publication presents the total block grant both before and after the adjustment is applied.

Q: Does this show all sources of funding for the Scottish Government, Welsh Government and Northern Ireland Executive?

No. The publication does not show AME funding, for example for certain public service pensions. It also does not show the revenue raised by the devolved governments through devolved taxes and other revenue raising powers (including fees, charges and sales of goods, services and assets), grants from European institutions, and borrowing. Further information is set out in Chapter 7 of the Statement of Funding Policy

Q: Why doesn't the data show UK Government spending in areas such as defence and welfare?

This publication just shows how the devolved governments are funded (i.e. the Scottish Government, Welsh Government and Northern Ireland Executive). Information about UK Government spending in Scotland, Wales and Northern Ireland is published in Public Expenditure Statistical Analyses (PESA)¹⁴.

Q: Is there more detailed guidance on how the devolved governments are funded?

The Statement of Funding Policy sets out how the devolved governments are funded. The latest Statement of Funding Policy was published alongside the Spending Review 2025.

¹⁴ <https://www.gov.uk/government/collections/public-expenditure-statistical-analyses-pesa>

Annex B

The Code of Practice for Statistics

Although this publication is not treated as Official Statistics because of the nature of the data (for example policy forecasts and funding allocations) it has been produced as far as possible in line with the Code of Practice for Statistics¹⁵.

The Code is built around three main concepts, or pillars: trustworthiness, which is about having confidence in the people and organisations that publish statistics; quality, which is about using data and methods that produce assured statistics; and value, which is about publishing statistics that support society's needs for information. The below explains how we have applied the pillars of the Code in a proportionate way for this publication.

Trustworthiness

The provenance of all the data used in the publication is comprehensively explained in it.

Any external data used in the publication, including any Official and National Statistics, are clearly linked, while the relationships to the data including the Office for National Statistics, HM Revenue and Customs and HM Treasury Official Statistics are explained transparently.

The timing of the publication is clearly signposted, and the publication dates are pre-announced.

There is a separation between this publication on funding data and funding policy itself although the implications of the policy for the data are clearly explained.

The publication is produced by members of the analytical professions within the Treasury and the Treasury's Head of Profession for Statistics is consulted on the production and publication process.

Quality

The calculations used to produce the data in the publication use sound methodologies and are comprehensively and clearly explained in it.

The data are thoroughly quality assured by the production team in HM Treasury before publication including by comparison against records of funding decisions and other administrative records.

¹⁵ <https://code.statisticsauthority.gov.uk/>

The data is provided to the contacts in the devolved governments for further quality assurance.

The publication gives an incomplete picture of the funding for devolved governments, excluding for example AME funding, revenue from devolved taxes and other sources, grants from European Institutions and borrowing. It also does not have information on how the funding is spent by devolved governments.

Value

The publication aims to support the information needs of society, parliamentarians and stakeholders across the UK and devolved governments.

The publication is part of a family of releases described by the Office for Statistics Regulation as “vital to Parliaments, Assemblies, and people to hold governments to account for the money they spend and services they deliver.”¹⁶

Complex data and the context in which it exists, are clearly explained in the publication for the benefit of users including via summary sections and tables, and a comprehensive Frequently Asked Questions section.

The information in the publication is accessible to users via pivot tables (which allow granular and summarised views of the data) and underlying data tables that allow easy extraction for analysis.

¹⁶ [Code of Practice for Statistics](#)

HM Treasury contacts

This document can be downloaded from www.gov.uk

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