



Research briefing

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5 September 2019

The 2019 Spending Round

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Introduction

The 2019 Spending Round sets non-capital (or “Resource”) budgets for all Government Departments for the financial year 2020-21, determining how much money Departments and associated Arms-Length Bodies have to spend on pay, recruitment, and other running costs for that year. It therefore has important consequences for civil servants and anyone working in the public sector, and also for the public at large.

Earlier this year a full “Spending Review” covering three years to 2022-23 had been planned, but proved impractical given ongoing political and economic uncertainty. The current Government plans to conduct a further “multi-year” spending review in 2020.

It is of course possible that the Government will change in the coming months, in which case the Spending Round might be reviewed and changed. This will however become less practical as the start of the new financial year – ie, April 2020 – draws nearer.

Budget settlements

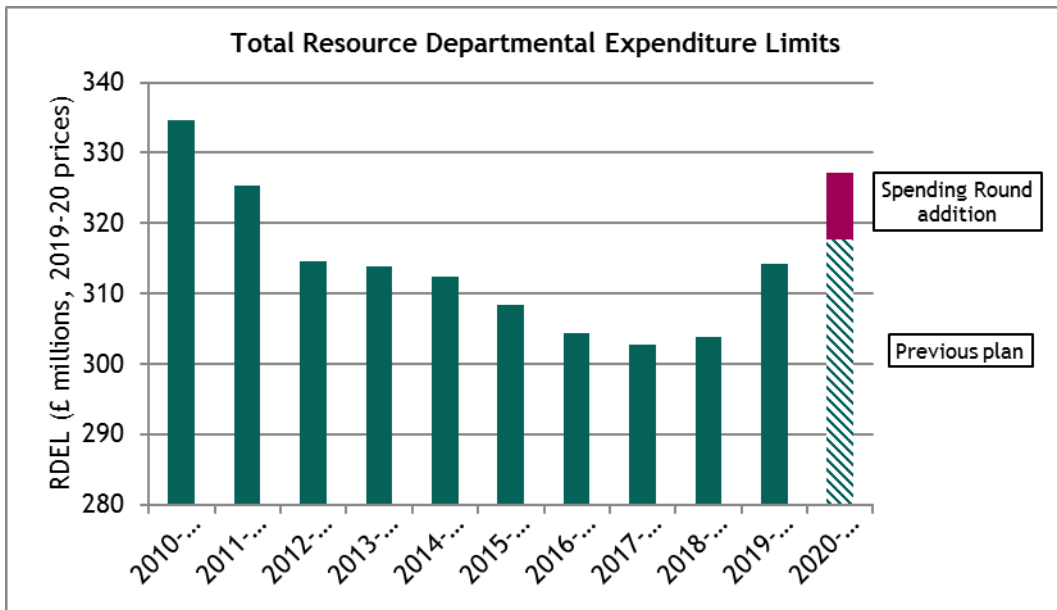
The Spending Round was presented by the Chancellor as heralding an end to “austerity”. It does indeed amount to a larger increase in total Resource spending than has been seen for some time, and a larger increase than had been pencilled in by the previous Chancellor at the Spring Statement in March.

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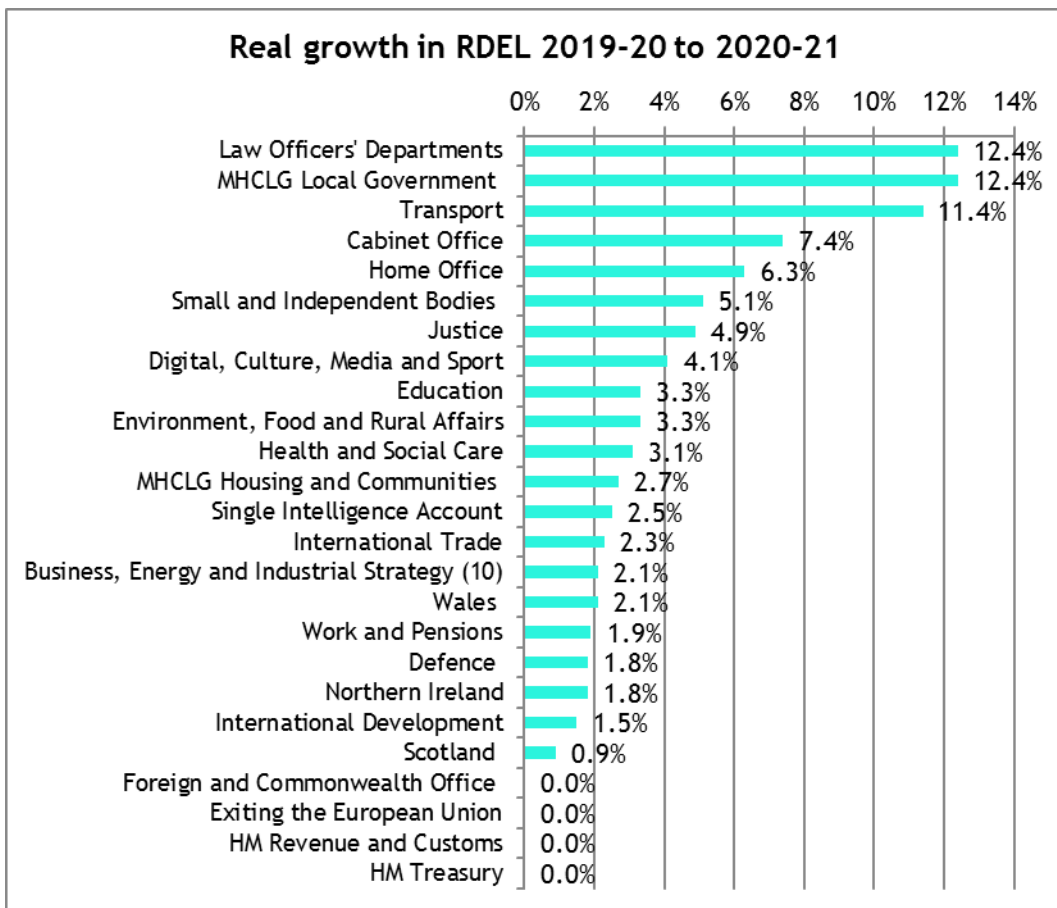
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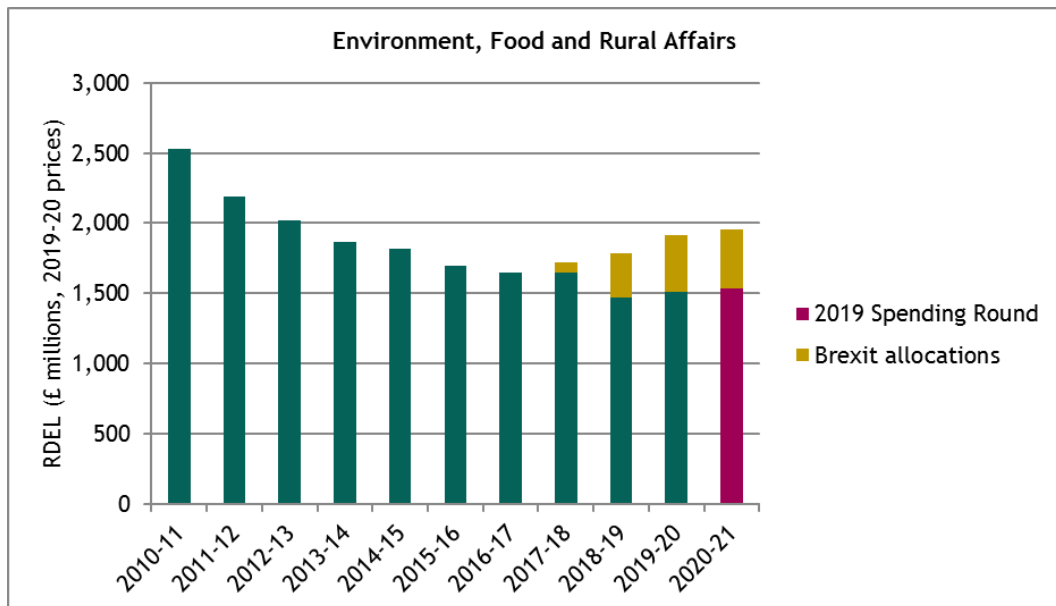


This increase is not, however, distributed evenly across departments. The lion's share goes to the largest spending areas, health and social care, and education, which together receive 6.3 billion of the £13.8 billion total increase.

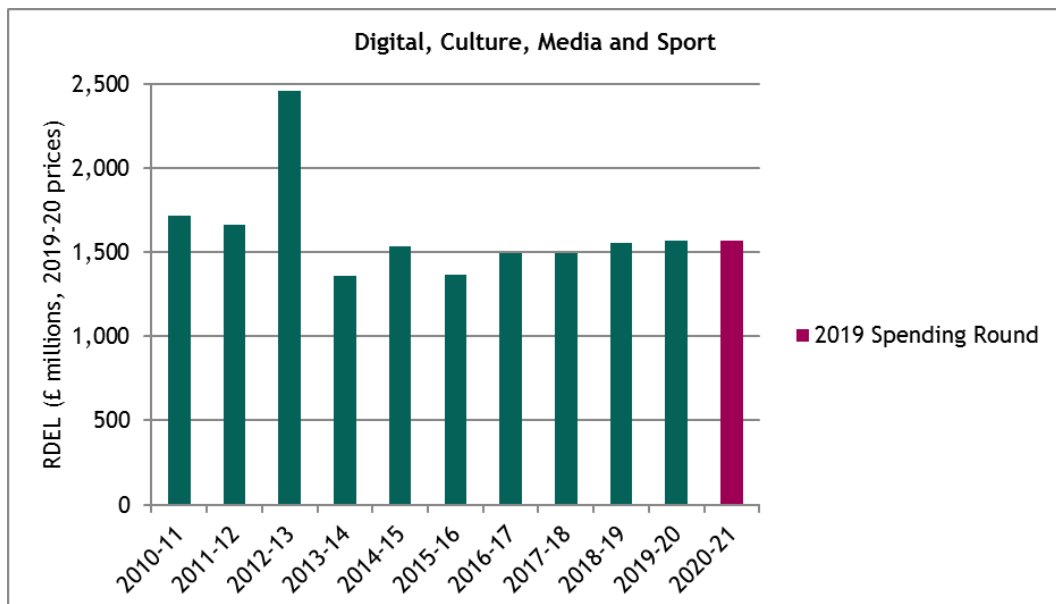
As a proportion of their budgets, the biggest increases will be seen by the Law Officers' Departments (chiefly the CPS), Local Government, Transport, the Cabinet Office, and the Home Office. Some Departments, including the FCO and HMRC, see no increase in real terms.



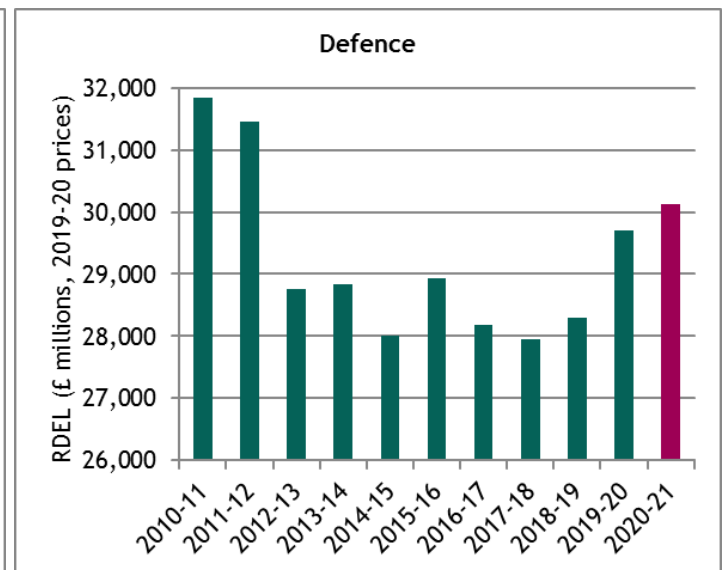
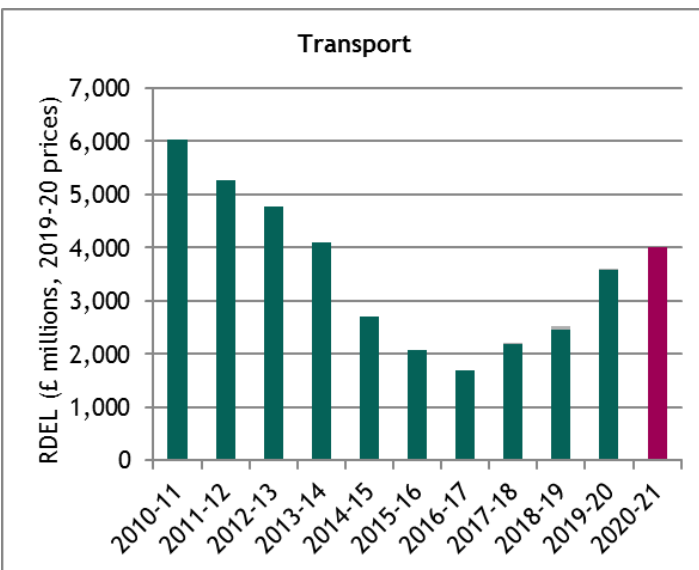
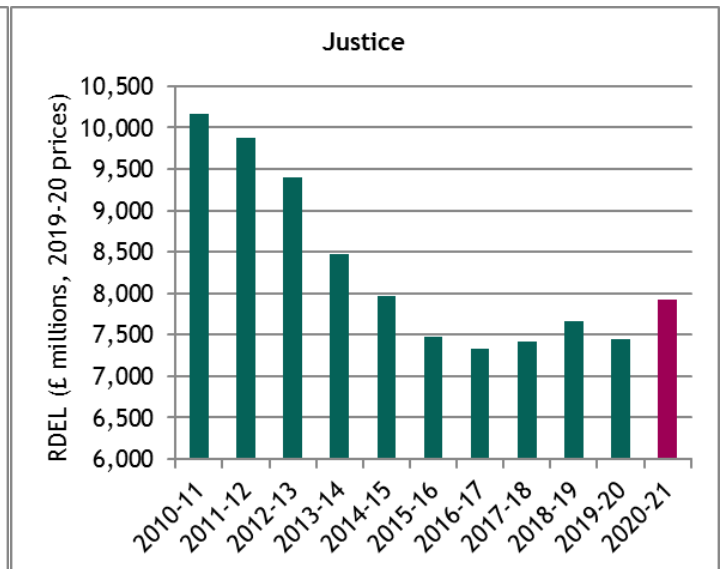
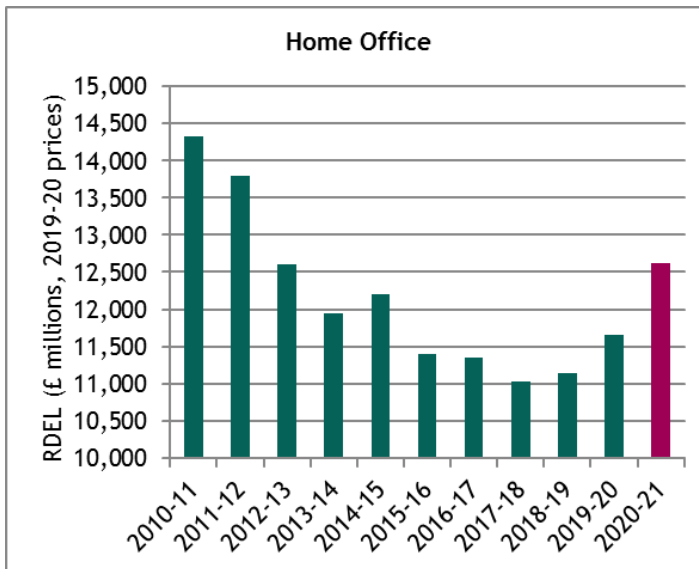
In some cases these figures presented in the Spending Round documents give an incomplete picture. For example, although Defra's budget is set to increase by 3.3% in real terms, this is almost entirely allocated to meeting the costs of Brexit. The resources available for Defra's non-Brexit work will barely see any increase, and remain almost 40% lower than they stood in 2010.



The Department for Digital, Culture, Media and Sport will, according to the Spending Round document, see a 4.1% increase – but this is dependent upon the Treasury's definition of the "baseline" against which the increase is measured, which strips out some of its spending. Against its total budget for this year, the DCMS budget will remain roughly flat in real terms.



Other Departments are set to see more significant real increases. Even after these increases, however, the majority will still need to manage on budgets significantly smaller than those they enjoyed in 2010.



Other announcements of interest

- The **Ministry of Defence** settlement includes “£700m to address the increased cost of employer pension contributions”, though it is not clear if this cancels out, or is in addition to, the £600m real terms increase to the Resource budget
- The **MHCLG** settlement includes “£24 million additional funding for the Building Safety Programme to support the new **building safety regime** and help prevent a tragedy like Grenfell happening again “
- The Government will undertake “a formal review of the powers, capabilities, governance and funding needed across the **policing and law enforcement landscape**, including the National Crime Agency and the wider justice system, to enable it to improve its response to serious and organised crime in all its forms” that will inform next year’s Spending Review.
- Part of the increase in funding for the Ministry of Justice will be used to begin delivery of the Government’s promise to create an additional 10,000 **prison places**.
- The BEIS settlement includes “an additional £30m to accelerate progress on developing **decarbonisation schemes** that will help to move the UK towards its Net Zero greenhouse gas emissions target by 2050. Further detail on how the UK will make

progress towards this ambitious target will be set out in the National Infrastructure Strategy this autumn”, and also “£243 million additional funding for the **Nuclear Decommissioning Authority** to enable it to continue the work of safely decommissioning the UK’s nuclear legacy sites”

- The Spending Round reaffirms the Government’s commitment “to increasing levels of research and development (**R&D**) to at least 2.4 per cent of GDP by 2027. “ and states that in the autumn “the government will set out plans to significantly boost public R&D funding, provide greater long-term certainty to the scientific community, and accelerate its ambition to reach 2.4 per cent of GDP”
- The DEFRA settlement includes “funding to deliver the government’s commitment to pass on to the next generation a **natural environment** protected and enhanced for the future”, including:
 - “more than £30 million increase in funding for air quality”;
 - “an additional £30 million for terrestrial and marine biodiversity measures, to support the maintenance and restoration of vital habitats for wildlife, progress nature-based solutions for climate change mitigation and adaptation, and deliver the 25 Year Environment Plan. This will also help deliver commitments made on the Blue Belt, implement the Ivory Act and enhance the UK’s global leadership on biodiversity”; and
 - “an additional £8 million for animal health to tackle anti-microbial resistance and bovine tuberculosis.”

Prospect’s response

In response to the 2019 Spending Review, Prospect general secretary Mike Clancy said:

“This spending review comes in the shadow of the government’s Brexit plan which, on its current trajectory risks permanent damage to our economy, regulations and rights.

“The spending review did provide some additional resources for government departments, it is essential that these resources are used to provide a decent above inflation pay rise for civil servants who have seen consistent real terms pay cuts since 2010.

“The government have made much of their commitment to the environment and biodiversity, but this has not been matched with resources, with Defra spending set to be almost 40% lower than 2010 once Brexit spending is stripped out. They must go much further, including by funding the agencies such as Natural England that enforce our environmental regulations as called for its chair Tony Juniper.

“Especially disappointing is the lack of funding for action on achieving Net Zero, with the £30m committed to this urgent national priority not even matching the money spent on the 2020 Olympics.

“Finally, for all of the rhetoric about science and productivity, the government has made no new commitment on Research and Development spending, instead simply repeating the unambitious target set by the previous chancellor which would still see UK significantly underperforming the leading countries in this field.

“Overall the spending review was a missed opportunity to make real progress on fundamental and neglected issues and will do little to achieve the economic revolution promised by the government.”

This briefing will be updated as new information and analysis comes to light. Please direct any suggestions, corrections or queries to martin.mcivor@prospect.org.uk