

Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly: Statement of Funding Policy

October 2007



HM TREASURY



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National Assembly for Wales and
Northern Ireland Assembly:
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SUMMARY

1.1 The arrangements set out in this Statement represent, in most cases, the continuation of long-standing conventions that have guided funding for Scotland, Wales and Northern Ireland prior to devolution and are consistent with the Devolution White Papers and the Devolution Acts. A short summary guide is set out below.

1.2 Government funding for the devolved administrations' budgets is normally determined within spending reviews alongside departments of the United Kingdom and in accordance with the policies set out in this Statement. The United Kingdom Parliament votes the necessary provision to the Secretaries of State; they make payments to the devolved administrations.

1.3 Each devolved administration's budget is not funded exclusively by grant from the United Kingdom Parliament. Further elements of the budget are covered by funding from locally financed expenditure (including non domestic rates and the Scottish Variable Rate of Income Tax if a decision is taken to use the tax varying power), and through borrowing by local authorities of Scotland, Wales and Northern Ireland and other public bodies to fund their capital spending. As with United Kingdom Government Departments, European Structural Funds expenditure falls within the devolved administrations' Departmental Expenditure Limits.

1.4 The Block Grants (or Assigned Budgets) are contained within the devolved administrations' Departmental Expenditure Limits. Changes to these budgets are generally determined by the Barnett Formula. This largely removes the need to negotiate directly the allocation between Treasury Ministers, Secretaries of State and Ministers of the devolved administrations.

1.5 Under the Formula, Scotland, Wales and Northern Ireland receive a population-based proportion of changes in planned spending on comparable United Kingdom Government services in England. Changes in each devolved administration's spending allocation is determined by the quantity of the change in planned spending in departments of the United Kingdom Government, the extent to which the relevant United Kingdom programme is comparable with the services carried out by each devolved administration and each country's population proportion. The introduction of resource budgeting means that this approach is applied to resource and capital budgets but the principles remain the same.

1.6 The allocation of public expenditure between the services under the control of the devolved administrations is for the devolved administrations to determine. Consistent with the arrangements for departments of the United Kingdom Government, the devolved administrations will normally be expected to accommodate additional pressures on their budgets, with access to the Reserve being considered in exceptional circumstances only. Unforeseen pressures should be catered for by offsetting savings and re-allocating priorities.

2

INTRODUCTION

2.1 This is the fifth edition of the Statement of Funding Policy, first published in March 1999. It has been updated to reflect developments since the fourth edition, for example in relation to the Government of Wales Act 2006, although the underlying principles and most of the text remain substantially unchanged. It sets out the arrangements which apply in setting devolved budgets in the 2007 Comprehensive Spending Review.

2.2 The establishment of the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly led to the need for clear definitions of the new financial relationships to be established within the United Kingdom. The devolved administrations, while assuming responsibility for many of the functions of the departments which they inherited, are not themselves departments of the United Kingdom Government. Their funding arrangements are the subject of detailed scrutiny by the elected Members and those whom they represent. It is important, therefore, that the way in which the budget of each of the devolved administrations is determined should be clear, unambiguous and capable of examination and analysis by the devolved Parliament and Assemblies and the United Kingdom Parliament. The purpose of this Statement is to set out the policies and procedures which underpin the exercise of setting the budgets of the devolved administrations and to inform those inside Government and outside how the funding process operates.

2.3 The arrangements set out in this Statement represent, in most cases, the continuation of long-standing conventions that have guided funding for Scotland, Wales and Northern Ireland prior to devolution and are consistent with the Devolution White Papers, Scotland's Parliament (Cm 3658) and A Voice for Wales (Cm 3718), published in July 1997 and the subsequent Scotland Act 1998, Government of Wales Acts 1998 and 2006 and Northern Ireland Act of 1998 (the Devolution Acts). The terms of this Statement have been agreed between the Chief Secretary to the Treasury and the Secretaries of State for Scotland, Wales and Northern Ireland, following consultation with the Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive.

The United Kingdom public expenditure regime

2.4 Responsibility for United Kingdom fiscal policy, macroeconomic policy and public expenditure allocation across the United Kingdom remains with the Treasury. As a result, the devolved administrations' budgets continue to be determined within the framework of public expenditure control and budgeting guidance in the United Kingdom. However, once overall public expenditure budgets have been determined, the devolved administrations have freedom to make their own spending decisions on devolved programmes within the overall totals and they ensure their plans meet the fiscal rules.

2.5 United Kingdom Government funding for the devolved administrations' budgets is normally determined within spending reviews alongside United Kingdom Government departments and in accordance with the policies set out in this Statement. After the United Kingdom Parliament has voted the necessary provision to the Secretaries of State, they, in turn, make grants to the devolved administrations as detailed in each Devolution Act. Provision for the costs of the Scotland Office and Wales Office is found from within the total resources voted by the United Kingdom Parliament for the Ministry of Justice (formerly the Department for Constitutional Affairs), but separately identified within the Ministry of Justice Estimate with their own requests for resources. Any changes in Scotland Office and Wales Office DEL are netted off the Scotland and Wales DEL as before the creation of the Ministry of

Justice in 2003. The budget of the Northern Ireland Office is set separately by negotiation with the Treasury.

2.6 Each devolved administration's budget is not funded exclusively by grant from the United Kingdom Parliament. Once the proportion of the budget which requires Exchequer funding is determined, the United Kingdom Parliament votes the necessary provision by means of a grant. Further elements of the budget are covered by funding from locally financed expenditure (including non-domestic rates and the Scottish Variable Rate of Income Tax, if a decision is taken to use the tax-varying power), the European Commission and through borrowing by local authorities of Scotland, Wales and Northern Ireland and other public bodies to fund their capital spending.

Public expenditure categories

2.7 The total budget of each devolved administration is composed of a number of separate categories of public expenditure. These are defined as Departmental Expenditure Limits (DEL) set over three years and Annually Managed Expenditure (AME) set yearly. The tables in Chapters 13 to 15 below detail the current position for each devolved administration. In summary:

1. Departmental Expenditure Limits (DELs) set firm, three-year spending limits. Expenditure in DEL is split between those items within the Assigned Budget and those within the non-Assigned Budget. Spending within DEL is generally undifferentiated, as the devolved administrations will have full discretion over their spending priorities; these are 'Assigned Budget' items. Changes in provision for these items are determined through the Barnett Formula (see Chapter 4). If spending in DEL, however, is exceptionally ring-fenced and specific to that spending priority, these are known as 'non-Assigned Budget' spending items; and
2. Annually Managed Expenditure (AME) covers items whose provision is reviewed and set for the coming year annually (in March) and certain self-financed expenditure. AME expenditure cannot be recycled from one AME programme to another or recycled to increase the DEL. Within AME, expenditure is classified between 'Main Departmental programmes in Annually Managed Expenditure' and 'other AME' spending. Main Departmental programme spending covers policy-specific, ring-fenced items where provision is included within the Vote from the United Kingdom Parliament. The AME element of the budget is reviewed twice-annually, and forecasts are made for the three years ahead. Thus the AME element of the budget can move up or down and, hence, the total budget itself may move up or down in line with AME. 'Other AME' spending includes locally financed expenditure, including expenditure financed by the Scottish Variable Rate of Income Tax; these are not ring-fenced and may be allocated as the devolved administrations consider appropriate.

Resource Accounting and Budgeting

2.8 A fundamental change in the way the Government accounts for and controls public expenditure resulted from the move to Resource Accounting and Budgeting (RAB) from April 2000 onwards. Resource Accounts replaced Appropriation Accounts with effect from the financial year 2001-02, moving accounting to an accruals basis. The aim of this move was to

focus more on resources consumed rather than cash spent; to treat capital and current expenditure in a way that distinguishes their economic significance and to focus on achievement of outputs, aims and objectives.

2.9 The introduction of Resource Accounting and Budgeting brings no changes to the underlying principles set out in this Statement and is not in itself intended to result in changes to the total resources available to the devolved administrations. The underlying Barnett Formula principles (described in paragraphs 4.1 to 4.15 below) will continue to be applied to determine changes in provision.

2.10 Resource budgeting is the process by which the Government plans and controls the expenditure of resources to meet its objectives. The main changes this introduced are the definition of current expenditure to encompass the consumption of fixed assets and the cost of holding them, and the separate plans for capital expenditure to reflect long-term investment rather than cash spent in the year of acquisition. Resource budgeting was introduced in two stages. In stage I, in the 2000 spending review, the largest non cash elements of resource budgets (such as depreciation, cost of capital charges and provisions and also release from donated assets reserve, release from government grant reserve, impairments, implied loan subsidies, stock write offs/write downs, interest income from private sector and abroad) were in Annually Managed Expenditure (AME) rather than Departmental Expenditure Limits (DEL); and in Stage II, in the 2002 spending review, these items were moved into DEL.

2.11 In the 2002 spending review, the 2003-04 baseline was the starting baseline. It included non-cash charges, which were previously in AME, such as depreciation, capital charges and provisions (with the exception of items such as capital charges for roads, which are considered too unpredictable to include in DEL at this stage and therefore remain in AME). The baseline therefore reflected the existing asset base of the devolved administrations. Changes in resource and capital budgets are determined by applying the Barnett comparability factors and population shares to the changes in the resource and capital budgets of comparable United Kingdom Government departments' programmes to arrive at DEL resource and capital changes, including cash and non-cash changes. Significant switches between near-cash and non-cash resource budgets will require Treasury approval. Switches resulting from improved management decisions of up to £20 million in total per financial year may be made without specific Treasury approval.

2.12 The Scottish and Northern Ireland Executives and Welsh Assembly will be free to allocate their capital and resource budgets determined in spending reviews to reflect their own priorities. They may also switch provision from resource DEL to capital DEL and in exceptional circumstances they may consider with the Treasury in year a switch from capital DEL to resource DEL.

2.13 An estimate will be made of the AME consequences of changes in the capital budget for those items which remain in AME such as roads capital charges; these AME forecasts can be updated on a six monthly basis.

2.14 Payments will continue to be made by the Scotland, Wales and Northern Ireland Offices to the Scottish, Welsh and Northern Ireland Consolidated Funds from their Resource Estimates and will continue to be current cash grants.

3

KEY PRINCIPLES OF ALLOCATING PUBLIC EXPENDITURE WITHIN THE UNITED KINGDOM

3.1 The United Kingdom Government applies certain principles in allocating public expenditure between the countries of the United Kingdom. These are based upon the Statement of Principles to govern changes to the devolved administrations' budgets set out in the Chief Secretary's reply to a Parliamentary Question answered on 9 December 1997 (Official Report, WA Col 510 to 513). This is reproduced at Annex A to this Statement. Although not referring directly to Northern Ireland (as the answer was made prior to the Good Friday Agreement of 10 April 1998), the principles apply equally to Northern Ireland.

3.2 The principles are that:

1. all United Kingdom tax revenues and analogous receipts are passed to the United Kingdom Consolidated Fund. Decisions about the allocation of United Kingdom public expenditure rest with the United Kingdom Government. This does not apply to the Scottish Variable Rate of Income Tax or local taxes which are matters for the relevant devolved administrations;
2. changes in the budgetary provision of the devolved administrations funded by United Kingdom tax revenues (excluding the Scottish Variable Rate of Income Tax) or by borrowing will generally be linked to changes in planned spending on comparable public services by departments of United Kingdom Government;
3. this linkage will generally be achieved by means of the population-based Barnett Formula. This largely removes the need to negotiate directly the allocation between Treasury Ministers, Secretaries of States and Ministers of the devolved administrations;
4. the allocation of public expenditure between the services under the control of the devolved administrations will be for the devolved administrations to determine;
5. the devolved administrations will be fully accountable for the proper control and management of their public expenditure allocation and for securing economy, efficiency and value for money through scrutiny by the relevant Parliament or Assemblies and the detailed accountability and audit procedures listed in the Devolution Acts;
6. the devolved administrations will meet all the operational and capital costs associated with devolution from within their allocated budgets;
7. if levels of self-financed expenditure generated by a devolved administration grow significantly more rapidly than comparable expenditure in England over a period and in such a way as to threaten targets set for public expenditure as part of the management of the United Kingdom economy, it will be open to the United Kingdom Government to take the excess into account in considering the level of grant to the devolved administrations. This principle will not apply to the Scottish Variable Rate of Income Tax;
8. where decisions taken by any of the devolved administrations or bodies under their jurisdiction have financial implications for departments or agencies of the United Kingdom Government or, alternatively, decisions of United Kingdom departments or agencies lead to additional costs for any of the

devolved administrations, where other arrangements do not exist automatically to adjust for such extra costs, the body whose decision leads to the additional cost will meet that cost;

9. the United Kingdom Government continues to reserve the right to make across-the-board adjustments to the budgets for the devolved administrations in cases of a uniform general adjustment to public expenditure programmes of departments of the United Kingdom Government;
10. consistent with the arrangements for departments of the United Kingdom Government, the devolved administrations will normally be expected to accommodate additional pressures on their budgets. Unforeseen pressures should be catered for by offsetting savings and re-allocating priorities; and
11. responsibility for contributions to and distribution of receipts from the European Commission rests solely with the United Kingdom Government.

3.3 Details of how these principles apply are set out in Chapters 4 to 15 below.

4

PUBLIC EXPENDITURE CHANGES DETERMINED BY THE BARNETT FORMULA

4.1 When the United Kingdom Government reviews its spending plans, changes in the spending allocations to the devolved administrations' Departmental Expenditure Limits are, with the exceptions noted in Chapter 5, determined by applying the population-based Barnett Formula to changes in planned spending on comparable services in United Kingdom Government departments.

4.2 This system was first used in the 1978 Public Expenditure Survey. The Devolution White Papers stated the Government's commitment to retaining the existing Formula and arrangements. 'Scotland's Parliament' states:

'In practice these arrangements, based on the Block and Formula, have produced fair settlements for Scotland in annual public expenditure rounds and have allowed the Secretary of State for Scotland to determine his spending decisions in accordance with Scottish needs and priorities. They have largely removed the need for annual negotiation between the Scottish Office and the Treasury. The Government have therefore concluded that the financial framework for the Scottish Parliament should be based on these existing arrangements with, in future, the Scottish Parliament determining spending priorities.'

Similarly, 'A Voice for Wales' states:

'Changes to the Welsh block will be calculated by the population-based Formula used at the moment. These arrangements based on the Block and Formula have worked in practice, producing fair settlements for Wales in annual public expenditure rounds.'

The Barnett Formula

4.3 The Barnett Formula determines changes to expenditure within the Assigned Budgets of the devolved administrations. Under the Formula, the Scottish and Northern Ireland Executives and Welsh Assembly receive a population-based proportion of changes in planned spending on comparable Government services in England, England and Wales or Great Britain as appropriate. It should be noted that the Formula determines the changes to each devolved administration's spending allocations; it does not determine the total allocation for each devolved administration.

4.4 There are three factors in determining changes to each devolved administration's spending allocation in a spending review:

1. the quantity of the change in planned spending in United Kingdom Government departments;
2. the extent to which the relevant United Kingdom departmental programme is comparable with the services carried out by each devolved administration; and
3. each country's population as a proportion of England, England and Wales or Great Britain as appropriate.

4.5 Using these three factors, the net change to the spending allocations for each devolved administration is determined as follows:

Change to the UK Government department's programme	×	Comparability percentage	×	Appropriate population proportion
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This calculation is made for each departmental programme in DEL and the sum of these results represents the aggregate net change to the Assigned Budget element of the DELs for each of the devolved administrations (as shown in the tables in Chapters 13 to 15 below). It is for each administration to allocate spending within those budgets according to their own priorities.

4.6 Annex B shows an example of how changes are calculated using the Barnett Formula.

Population proportions

4.7 The population proportions used reflect the latest available mid-year estimates published by the Office for National Statistics. For the 1998 Comprehensive Spending Review, these were the 1996 mid-year estimates. The latest available mid-year estimates are used for future allocations, including 'in-year' changes; for the 2000 spending review, the 1999 mid-year estimates applied; for the 2002 spending review the 2001 mid-year estimates applied and for the 2004 spending review the 2003 mid-year estimates applied. The 2007 mid-year estimates apply in the 2007 Comprehensive Spending Review. The Treasury notifies the devolved administrations of the population proportions that will be applied in advance. Allocations which have already been set, such as those over a spending review period, will not be adjusted to reflect subsequent population estimate changes. Population proportions are:

ONS mid-year population estimates (per cent)	1996	1999	2001	2003	2007
Scotland's population as a proportion of the population of England:	10.45	10.34	10.23	10.20	10.08
Scotland's population as a proportion of the population of England and Wales:	9.86	9.77	9.66	9.63	9.52
Wales' population as a proportion of the population of England:	5.95	5.93	5.89	5.89	5.84
Northern Ireland's population as a proportion of the population of Great Britain:	2.91	2.93	2.92	2.95	2.96
Northern Ireland's population as a proportion of the population of England:	3.39	3.41	3.40	3.42	3.43
Northern Ireland's population as a proportion of the population of England and Wales:	3.2	3.22	3.21	3.23	3.24

4.8 The population proportions used in the Formula reflect the coverage of the United Kingdom departmental programme to which they are applied. In the vast majority of cases, the United Kingdom departmental programme covers England only and the proportion of England's population is applied. However, where the United Kingdom departmental programme covers England and Wales, such as the Home Office and legal departments, then the proportion of the population of England and Wales is applied.

4.9 Northern Ireland: Prior to and during the 1998 Comprehensive Spending Review, Northern Ireland's population as a proportion of Great Britain's population had been applied to the planned spending changes of each departmental programme including the allocations for Scotland and Wales. The rationale for applying a proportion of Great Britain's population, in contrast to Scotland and Wales where an England population was applied, was that United Kingdom Government departments previously had greater Great Britain-wide responsibilities which more directly matched those functions and services carried out by the Northern Ireland departments. However, the Scottish and Welsh Offices had, in recent years, been steadily taking responsibility for more policy areas which, hitherto, had been the responsibility of United Kingdom Government departments, culminating with further policy responsibility after devolution.

4.10 Therefore, for the 2000 spending review and for future 'in-year' changes, the population share applied in the Barnett Formula for Northern Ireland is determined by the geographical coverage of the United Kingdom department to which it is applied and excludes changes to Scottish and Welsh devolved administrations. Northern Ireland's population as a proportion of England's population is applied for the Formula except where the programme in question generally has a wider coverage than England only, such as those listed in paragraph 4.8, where using England and Wales' or Great Britain's population is appropriate. This ensures Northern Ireland receives its public expenditure funding on the same basis as Scotland and Wales. In practice, this change has little effect on provision for Northern Ireland and Northern Ireland is no worse off as a result.

Comparability percentages

4.11 Comparability is the extent to which services delivered by United Kingdom Government departments correspond to services within the budgets of the devolved administrations. For each departmental programme, defined by Departmental Expenditure Limits (DEL), a comparability percentage is calculated by examining the component (programme object) within that programme. (In previous editions of the SFP, sub-programmes were used at the component level; sub-programmes have now been replaced by programme objects.) Each programme object is weighted by its spending in the base year (the year immediately preceding the first year covered by a spending review) to give an overall level comparability. Annex C lists the comparable programme objects used for the 2007 Comprehensive Spending Review (adjusted in the case of Northern Ireland to reflect the fact that the Northern Ireland Office law and order functions are not devolved). Departmental Unallocated Provision programme objects are assumed to have the weighted average departmental comparability and therefore do not affect the calculations of departmental comparabilities. The comparability factors are summarised in the table below.

	Scotland	Wales	Northern Ireland
Children Schools & Families	100.0%	100.0%	100.0%
Innovation, Universities & Skills	79.3%	79.3%	79.3%
Health	99.3%	99.3%	99.3%
Transport	91.5%	68.3%	94.0%
Communities & Local Government (Main)	99.6%	99.6%	99.6%
Local Government	19.4%	100.0%	17.3%
Home Office	99.8%	0.0%	0.4%
Legal Departments	99.1%	0.0%	0.6%
Business, Enterprise & Regulatory Reform	31.9%	28.8%	32.6%
Environment, Food & Rural Affairs	95.2%	93.6%	95.2%
Culture, Media & sport	95.8%	90.6%	98.5%
Work & Pensions	0.8%	0.8%	100.0%
Chancellors' Departments	0.8%	0.8%	4.5%
Cabinet Office	7.2%	7.2%	18.3%

4.12 Expenditure on services in England, England and Wales or Great Britain (as appropriate) is normally regarded as comparable except in cases where:

1. other arrangements are in place to determine each devolved administration's share of a budget. In such cases, the programme object in question corresponds to a function falling outside the devolved administration's Assigned Budget;
2. expenditure is incurred on behalf of the United Kingdom as a whole, or of Great Britain or of England and Wales as a whole, at programme or programme object level; or
3. a small number of exceptional programme objects that are regarded as unique at a United Kingdom level, such as the Channel Tunnel Rail Link.

4.13 Where classification, transfer or machinery of government changes occur in United Kingdom Government departments which have the effect of transferring provision from one departmental programme to another or changing the structure of a departmental programme, this may have a corresponding effect on comparabilities. Existing plans will not be revisited, while changes will be reflected in the next spending review. The Secretaries of State and devolved administrations will be consulted on these changes before they are applied as detailed in the following paragraph.

4.14 The Treasury, in good time, consults with each Secretary of State and devolved administration to allow comments and discussion prior to a spending review on the comparability percentages to be used in that review. Specifically, the Treasury will advise which Departmental Expenditure Limits contain comparable spending for the purpose of applying the Formula, the comparability percentage of each programme object and its spending in the base year (the year immediately preceding the first year covered by a spending review). The availability of comparability percentages, population proportions and changes in United Kingdom departmental programmes will mean that the devolved administrations will be able to verify that the Barnett Formula methodology and arithmetic has been applied correctly. In case of any disagreement, the resolution procedures described

in Chapter 12 below will apply. The levels at which the changes to United Kingdom departments' programmes are calculated for application of the Barnett Formula will be reviewed by the Treasury and the devolved administrations alongside possible changes from the introduction of Resource Accounting and Budgeting.

4.15 Northern Ireland value added tax abatement: the changes to the Northern Ireland Executive's budget determined through the Barnett Formula are abated to reflect the fact that under Section 99 of the Value Added Tax Act 1994, the Northern Ireland Executive, unlike departments in the rest of the United Kingdom, do not require provision to meet Value Added Tax expenditure since any value added tax paid by the NIE is refunded by HM Customs and Excise. Currently, Barnett Formula changes for Northern Ireland are abated by 2.5 per cent.

5

PUBLIC EXPENDITURE CHANGES NOT DETERMINED BY THE BARNETT FORMULA

5.1 Although the majority of each devolved administration's spending will be adjusted in spending reviews by applying the Barnett Formula, there are a number of exceptions where the population-based approach is not appropriate. These include some programmes within Departmental Expenditure Limits, all Annually Managed Expenditure items and other expenditure outside Departmental Expenditure Limits. The tables at Chapters 13 to 15 below show these various categories of expenditure which are the responsibility of the devolved administrations.

5.2 Departmental Expenditure Limit items in the non-Assigned Budget will be determined separately between the devolved administration, the Secretary of State, the Treasury and, where appropriate, the relevant United Kingdom Government department. Non-assigned items may change between spending reviews with the agreement of the Treasury.

5.3 Main programme spending items within Annually Managed Expenditure are determined periodically and included within the grant paid out of supply estimates voted by the United Kingdom Parliament. The devolved administrations will not normally need to find offsetting savings from elsewhere within their budgets when forecasts change at planning stage or during the financial year to cover increases in expenditure on these items, but the Secretary of State will have to seek approval from the Treasury for any increases on their behalf, and any excess provision will have to be surrendered to the United Kingdom Consolidated Fund, as at present. (This also applies to police loan charges in Scotland, classified as 'other expenditure outside Departmental Expenditure Limits'). Increases in Annually Managed Expenditure programme spending, which arise from policy decisions taken by the respective devolved administrations will be met from their respective budgets.

5.4 The Main Programme Spending items within Annually Managed Expenditure are:

1. Housing Support provision in Scotland which are based on economic assumptions produced by the Treasury and forecasts by the Department for Work and Pensions of the impact of all factors, other than changes in rent policy, on the demand for gross rent rebates;
2. National Health Service and teachers' pensions in Scotland and Northern Ireland are calculated on the basis of forecasts provided by the devolved administration (taking account of Treasury economic assumptions) of gross expenditure and of income from employee and employer pension contributions;
3. Social security benefits in Northern Ireland where adjustments are based on the latest economic assumptions produced by the Treasury in conjunction with forecasts produced by the Northern Ireland department with responsibility for social security. These benefits will be funded on the same model as in Great Britain, that is funding will be in line with actual entitlement of claimants. If, in the future, the Northern Ireland Executive change social security policy to differ from the rest of the United Kingdom, United Kingdom Ministers will need to take a view on whether and how to adjust this funding;
4. Non cash charges relating to the roads network in Scotland, Wales and Northern Ireland; and

5. Non cash charges relating to services in Northern Ireland that are classified to the Central Government sector that are in the local authority sector in England, Scotland and Wales (principally education, local transport and social services).

5.5 Other AME items include Local Authority Self-Financed Expenditure (LASFE) or District Council self-financed expenditure in Northern Ireland, which are determined by local authorities within the framework set by the devolved administrations and expenditure financed by non-domestic rates for Scotland and Regional Rates for Northern Ireland, determined by the relevant devolved administration.

6

SELF-FINANCED SPENDING

6.1 The devolved administrations and, where necessary, their local authorities have responsibility for spending financed from local government and, to varying degrees, for spending financed from some other sources of revenue, for example, non-domestic rates, the Food Standards Agency levy and, in Scotland, were this to be used, the Scottish Variable Rate of Income Tax. Recurrent spending funded by these revenues is an issue for the devolved administrations and their local authorities.

6.2 It is, however, open to the Government to take into account levels of this self-financed expenditure in each country when determining the Assigned Budget where:

1. levels of self-financed spending have grown significantly more rapidly than equivalent spending in England over a period; and
2. this growth is such as to threaten targets set for the public finances as part of the management of the United Kingdom economy.

Expenditure funded by the Scottish Variable Rate of Income Tax is excluded from this policy; there is no equivalent expenditure element in England.

6.3 This Statement is drafted on the assumption that current forms of local taxation continue. Specific rules are as follows:

1. Council Tax Benefit adjustments: if, due to decisions by the Scottish Executive or the National Assembly for Wales or their respective local authorities, the costs of Council Tax Benefit subsidy paid to local authorities changes at a disproportionate rate (both higher or lower), relative to changes in England, then balancing adjustments may be made if appropriate to the relevant devolved administration's Departmental Expenditure Limit. In such cases the Government applies a formula to calculate balancing adjustments based on relative percentage changes in Council Tax;
2. Rates levels in Northern Ireland: the Regional Rate is set by the Northern Ireland Executive and District Rates are set by District Councils. Together the two Rates determine overall rates and therefore rate rebate expenditure in Northern Ireland. The principles set out above in relation to Council Tax Benefit expenditure in Wales and Scotland also apply in Northern Ireland and equivalent mechanisms will be used;
3. Adjustments for levels of rent rebates: if, in Scotland or Northern Ireland, the actual costs of rent rebate subsidy expenditure changes at a disproportionate rate (both higher or lower) relative to changes in England, then balancing adjustments may be made if appropriate to the Departmental Expenditure Limit of the devolved administration. In such cases the Government applies a formula to calculate balancing adjustments based on relative percentage changes in public sector rents. Separate arrangements determine Housing Revenue Account Subsidy in Wales, as set out in the Concordat between the Department of Social Security (now the Department for Work & Pensions) and the National Assembly for Wales published on 11 January 2000;
4. Non-domestic rate poundage: the power to adjust this in Scotland and Wales is devolved. The devolved administrations will have to set the level of spending in line with expected receipts; and

5. Non-domestic rates pool mechanism for Scotland and Wales: the pool mechanism through which non-domestic rates is distributed will mean that over time grants distributed from non-domestic rates income will match income raised. In-year variation of non-domestic rates income will be manageable by this mechanism. A devolved administration may, through the Secretary of State, seek a loan from the National Loans Fund to cover any shortfall over the end of the financial year (see paragraph 7.3 below).

7

EXPENDITURE FINANCED BY BORROWING

7.1 The devolved administrations have the reserve power to set maximum capital expenditure for capital investment by local authorities (District Councils in Northern Ireland) and other public bodies. Borrowing counts towards the Public Sector Net Cash Requirement (PSNCR) and hence, is included within the devolved administrations' total budgets each year as a control mechanism, so that any increases in borrowing must be offset by reductions in other spending. The effect is to reduce the level of grant from the United Kingdom Government and hence to restore the United Kingdom borrowing position.

7.2 Generally the financing costs of higher borrowing are met locally – either from the Assigned Budget itself, from local taxation or through higher charges for services. Local authority capital is funded through a balance of borrowing, where financing costs must be met by local authorities, and capital grants, where financing costs are met by the United Kingdom Exchequer. In cases of a significant shift in the balance between borrowing and capital grants, the Treasury reserves the right to adjust the Assigned Budget for the financing costs of this shift.

7.3 Loans to the devolved administrations: each Secretary of State may lend the devolved administration sums required for meeting a temporary excess in expenditure over income or providing the devolved administration with a working balance. The Treasury may issue to the Secretary of State such sums out of the National Loans Fund. These loans should be repaid by the devolved administration to the Secretary of State at such times, methods and interest rates as the Treasury determines. Sums received by the Secretary of State will be paid into the National Loans Fund. The aggregate outstanding amount of principal loans made shall not exceed £500 million for the Scottish Executive and National Assembly for Wales and £250 million for the Northern Ireland Executive. The Secretary of State, with the consent of the Treasury, can substitute these statutory limits by order. These rules governing lending are laid out in Sections 66, 67, 68, 71 and 72 of the Scotland Act 1998, Sections 82 and 83 of the Government of Wales Act 1998 and Sections 61 and 62 of the Northern Ireland Act 1998. In addition there is a statutory limit of £2 billion for NLF borrowing by the Northern Ireland Executive.

7.3 Prudential borrowing regimes for local authorities in England, Scotland and Wales (and for the Northern Ireland Executive in the case of Northern Ireland) were introduced in 2004-05. In the 2004 spending review, increases in supported local authority borrowing (which replace credit approvals) will continue to be classified as DEL. Increases in self financed unsupported borrowing are classified as AME. Appropriate borrowing limits for increases in unsupported borrowing may be introduced if necessary in the light of the overall fiscal position. There is no local authority prudential borrowing regime in Northern Ireland. In the light of the operation of Northern Ireland Executive prudential borrowing regime, the provisions in paragraph 6.3 are not currently applied in Northern Ireland.

8

RECEIPTS AND CHARGES

8.1 Responsibility for setting charges for devolved public services will rest with the devolved administrations. They can decide whether they wish to follow United Kingdom Government policy on fees and charges in specific cases. The general principle that applies is if a devolved administration chooses to charge more, the additional negative public expenditure receipts will accrue to its budget and if it chooses to charge less it will need to meet the costs from within its budget.

Receipts

8.2 The treatment of receipts in Departmental Expenditure Limits should follow the Treasury's normal rules as set out from time to time in guidance papers. The Office for National Statistics define what scores as a payment for a service, a tax or a fine in National Accounts and the Treasury determines the treatment of receipts in Departmental Expenditure Limits, which are normally in line with National Accounts definition. There is also scope for negative DEL treatment for certain fines and taxes. For Scotland, the Treasury will list those receipts that will be surrendered to United Kingdom Consolidated Fund (UKCF) under an order by Section 64 (5) of the Scotland Act 1998. For Wales, Treasury directions under Section 88 of the Government of Wales Act 1998 lists those receipts that will not be surrendered to the UKCF; under the Government of Wales Act 2006 a Treasury direction will list those receipts that will be surrendered.

8.3 The general rule is that revenue receipts from taxes and from fines and charges which are analogous to taxes (with the exception of some local authority fines and charges) will be surrendered to the UKCF. Where charging more on fees might lead to the excess being treated as taxation or revenue (as defined by the Treasury and Office for National Statistics) the excess should not be retained. Separate arrangements for Northern Ireland are detailed at paragraph 15.2 below. The exceptions where the devolved administrations' budgets will not be affected are:

1. recurrent receipts from charges set to recover the costs of public services which will be available to be re-cycled by the devolved administration and subject to the general principle set out in paragraph 8.1 above; and
2. revenue from non-domestic rates and the Scottish Variable Rate of Income Tax, where use of the tax-varying power will not affect the Assigned Budget.

Capital receipts

8.4 United Kingdom taxpayers will have a continuing interest in capital assets under the control of the devolved administrations where they originally financed these assets. Consistent with this the Government may take into account proceeds from the sales of such assets in setting its grant to the devolved administrations when capital receipts are realised as a result of a privatisation of a public sector trading body or a major change in the role of the public sector such as might arise from a large scale asset disposal or a public-private partnership in which the public sector contracts with the private sector for the future delivery of a service. In such circumstances Treasury Ministers reserve the right to reduce the grant to the devolved administration to reflect receipts.

8.5 Current rules applying to all United Kingdom Government departments state that 100 per cent of the receipts of all asset disposals taken into account in the spending review may be retained and may also retain negative DEL income up to 20% above the level envisaged for that year as part of the spending review settlement. If more income is expected than provided for above, this should be discussed with the Treasury. Automatic retention does not apply to receipts from privatisations or similar sales and Public Corporations. This policy does not apply to local authorities.

8.6 The devolved administrations should advise Treasury in advance in circumstances where adjustments to the Assigned Budget may be made. The Treasury will consult the devolved administrations and the Secretaries of State before making such adjustments.

Trading receipts

8.7 Where a devolved administration receives significant trading surpluses from the commercial exploitation of publicly funded assets, these may be taken into account by the United Kingdom Government when setting grants to the devolved administration or by the devolved administration surrendering these to the United Kingdom Consolidated Fund. The United Kingdom Government would not expect to take surpluses into account where they are generated by a body which – over a period – is expected to break even or where they are de minimis in public expenditure terms. The Treasury will consult the devolved administration before trading surpluses are taken into account.

9.1 This section describes how the cost of European Union Structural Funds' expenditure programmes is reflected in the devolved administrations' budgets.

9.2 There are two strands to the administration of Structural Funds receipts. First, the European Commission makes commitments to Structural Funds programmes equal to their annual allocations; the regional/devolved administrations' programme managers may make commitments to projects, which meet the programme criteria, up to the value of the annual allocation. Second, the Commission makes cash payments to the United Kingdom paying authorities which include the devolved administrations – 'payments on accounts' at the start of the programme to enable paying authorities to make immediate payments on projects, once payment applications are received and verified, and subsequently regular reimbursement to paying authorities of sums paid out to projects. Final beneficiaries receive payments as quickly as possible and without deductions, as stipulated in the EC regulation.

9.3 European Structural Funds expenditure occurs when payments are made to projects. European Structural Funds expenditure, like expenditure under other comparable programmes, scores within Departmental Expenditure Limits but is offset by Structural Fund receipts which score as negative DEL. Devolved administrations, in common with all United Kingdom Governments Departments, plan for expected Structural Funds expenditure and receipts within their DEL.

9.4 The rate at which payments are made to final beneficiaries, and thus the rate of Structural Funds expenditure, depends on the rate at which projects, which meet programmes' criteria, come forward and then get underway. Under the new Structural Funds regulation, the Commission will automatically de-commit any part of a programme's annual commitment which has not either been settled by the payment on account or for which it has not received an acceptable payment application by the end of the second year following the year of commitment.

9.5 The Structural Funds provide co-financing for eligible projects. Project applicants also need to secure match funding from non-EU sources in the public, private or voluntary sectors. The EC regulation sets maximum levels of Structural Funds contributions to measures, depending on the Objective status and type of measure. The Structural Funds complement, and can be matched by, a range of existing United Kingdom Government and devolved administrations' programmes.

9.6 The Government is content that it has, and aims to continue to, satisfy the EC rules on additionality, as set out in the Structural Funds regulation. These require that Member States maintain domestic public or other equivalent structural expenditure in the sum of regions in receipt of Objective 1 funding, at or above the average annual level in the previous Structural Funds programming period, taking account of economic circumstances. For Objectives 2 and 3 taken together, Member States are required to maintain the level of expenditure on active labour market policy.

10

IN-YEAR CHANGES AND ACCESS TO THE DEL RESERVE

10.1 The Departmental Expenditure Limits set firm, three-year plans. United Kingdom Government Departments and devolved administrations must live within these plans and absorb unforeseen pressures. The devolved administrations must ensure they introduce suitable arrangements for the planning and control of public expenditure on devolved services to achieve this. Thus the presumption is that departments and the devolved administrations will contain pressures on their budget by re-allocating priorities, seeking offsetting savings and using unspent entitlements from the preceding year, not through in-year access to the DEL Reserve. The establishment of Departmental Unallocated Provisions is encouraged for this purpose. DEL Reserve claims may result in multi-year plans being re-opened. The devolved administrations will be treated in the same manner as United Kingdom departments in decisions on access to the DEL Reserve.

10.2 Access to the DEL Reserve by the Secretaries of State on behalf of the devolved administrations will be considered by Treasury Ministers in exceptional circumstances, on a case by case basis and specifically where:

1. a United Kingdom department is granted access to the Reserve to enable it to meet exceptional pressures on a spending programme. If a devolved administration has a comparable programme and establishes that it faces similar exceptional pressures, unforeseen at the time spending plans were settled, it will have the opportunity to make its case on access to the Reserve which will be considered. There is no automatic application of the Barnett Formula to Reserve claims by departments of the United Kingdom Government. Reserve claims paid to a devolved administration may be higher or lower than a population share depending on the circumstances of the claim or other pressures facing the United Kingdom Government; and
2. Scotland, Wales or Northern Ireland faces exceptional and unforeseen domestic costs which cannot reasonably be absorbed within existing budgets without a major dislocation of existing services.

10.3 Reserve claims on behalf of the devolved administrations will be judged by the same criteria as claims for United Kingdom departments (including exceptionally any future year consequences) and devolution will not lessen in any way the basis of entitlement of the Scottish and Northern Ireland Executives and the Welsh Assembly to access to the Reserve. In considering changes to departmental DEL spending plans, for example in the Pre Budget Report or Budget, Treasury Ministers will consider the implications for comparable programmes across the United Kingdom in making allocations in accordance with the funding rules. Ministers of the devolved administrations or Secretaries of State will also be able to make representations directly to Treasury Ministers.

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

1. the United Kingdom Government decides to make a uniform across the board general adjustment to public spending programmes across departments;

2. action taken by a devolved administration in a devolved area has repercussive costs for the United Kingdom Government or vice versa. The devolved administration will be able to make or receive payments to departments of the United Kingdom Government directly in respect of such costs. Alternatively, the DEL of the devolved administration will be adjusted downwards to compensate for costs incurred by the United Kingdom Government as a result of the actions of a devolved administration, or upwards to compensate the devolved administration for costs which it incurs as a result of actions by the United Kingdom Government not already allowed for through the operation of the Barnett Formula. The DELs will not, however, be adjusted upwards to accommodate additional costs incurred as a result of decisions by the United Kingdom Government which the United Kingdom Government is expecting its departments with parallel responsibilities to absorb within existing spending plans. The general principle for establishing the burden of cost is set out in subparagraph 3.2.8 above;
3. Police adjustment for Wales: funding for police authorities in Wales and England is decided by a common Home Office formula each year; this may require transfers from the Assembly to the Department of Communities and Local Government (DCLG) or from DCLG to the Assembly. These adjustments are outside the Barnett Formula arrangements.



END YEAR FLEXIBILITY

II.1 An important feature of three yearly allocations is that all departments have much greater flexibility to carry forward unspent provision into future years. End year flexibility (EYF) enables unspent provision to be carried forward from one year to the next and encourages good financial management. There is eligibility on EYF for DEL expenditure but AME expenditure is not eligible. The whole DEL budget of each devolved administration will therefore be eligible for end-year flexibility. Subject to Parliamentary approval, devolved administrations normally receive EYF on their DEL (calculated and managed on the same basis as Government departments including taking appropriate account of in-year Reserve claims which are netted off), and have full discretion over the use of these resources. EYF for capital and near and non-cash resource DEL is separately identified and controlled.

II.2 Only carry-forward from one year to the next will be allowed; expenditure cannot be anticipated. The exception to this rule is European Structural Fund payments. If requests for payments exceed forecasts, and thus provision for Structural Funds in that year, then the excess up to 20 per cent of the following year's provision for Structural Funds may be anticipated. The following year's DEL provision will be adjusted by a corresponding amount.

II.3 As at present, the Secretaries of State will have a claim against the DEL Reserve when EYF or Structural Fund anticipation is exercised by the devolved administrations.

Breaches of Departmental Expenditure Limits

II.4 Breaches in DELs which materialise at the end of the year would be viewed by the United Kingdom Government as serious mismanagement on the part of the devolved administration and the presumption would be that the following year's DEL and grant to the devolved administration would be reduced by an amount equivalent to the breach. The same rule applies to departments of the United Kingdom Government.

Management of cash balances

II.5 The devolved administrations are responsible for managing their Consolidated Funds according to the following principles:

- balances should be placed on overnight deposit and the interest received should be returned to the United Kingdom Consolidated Fund, where appropriate through the usual channels;
- the balances held at the year-end should be reflected in the following year's calculation of grant requirement;
- the process of calculation of the grant should be done using data from the Treasury's public expenditure database
- there should be a presumption that Consolidated Funds should not have negative balances, other than occasional 24 hour overdrawn balances because of cash management, and should not have positive balances in excess of need; and



- the state of the Consolidated Funds and account including end year balances should be transparently reported, including cross-references in the appropriate departmental reports to references in Scottish Executive/Northern Ireland Executive/National Assembly for Wales accounts.

12

CHANGES IN FUNDING POLICY AND RESOLVING DISPUTES

12.1 The Chief Secretary has agreed this Statement with the Secretaries of State for Scotland, Wales and Northern Ireland following consultation with the Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive. The Treasury will keep this Statement under review, in order to assess whether any amendments are necessary to reflect changing circumstances, such as material changes in policies or in the responsibilities of United Kingdom departments or devolved administrations. Prior to making any changes to the Statement or the policies to which it applies, the Treasury will as far as is possible consult in good time with each Secretary of State and the devolved administrations, seeking their agreement, before such a change comes into effect. It will also be open to the devolved administrations and the Secretaries of State to propose changes to this Statement which the Treasury will consider and respond in writing with its assessment. In the event of any disagreement over proposed changes that cannot be resolved between the Treasury, the Secretaries of State and devolved administrations, then the issue should follow the disputes procedure that follows. The rules will be amended to reflect any changes and, if it is considered the change has a material effect, published alongside each spending review.

12.2 If there is disagreement between Treasury ministers and devolved administrations about changes to the Statement or about any aspect of its application to determining funding, the relevant devolved administration or Secretary of State can pursue the issue with Treasury Ministers. This is the normal procedure for resolving disputes on all financial issues and mirrors the arrangements between the Treasury and United Kingdom departments. The Treasury will consider and respond to any such representation in taking this forward with the relevant party. Such matters can also be raised at the Joint Ministerial Committee, which will include the relevant Ministers from the United Kingdom Government and devolved administrations. Funding policy and public expenditure allocation across the United Kingdom, as non-devolved or reserved matters, remain the responsibility of the United Kingdom Government, and in cases where disagreements still cannot be resolved, devolved administrations can request that the respective Secretary of State raises the issue at Cabinet for a final decision.

12.3 Substantial revisions to this Statement of Funding Policy would need to be preceded by a study of relative spending needs across the United Kingdom. The detailed arrangements for such a study would need to be decided at the time, but the Treasury would fully consult the Secretaries of State and devolved administrations on the arrangements.

Scottish Executive

Public Expenditure Regime

2004-05 onwards

Assigned Budget

Departmental Expenditure Limit (DEL):		Annually Managed Expenditure (AME):
Barnett Formula determined¹		Main programme spending:
Secretary of State's/Advocate General's Office ²		Housing support grant ³
Education and arts, health and social work, industry, enterprise and training, transport and roads, Housing, Scottish Homes external finance, Law and order, Crown Office, Domestic agriculture, Environmental services, Forestry, CalMac and HIAL's External Finance Requirements, Student Loans: implied subsidies and provision for bad debts, Rail services in Scotland		NHS and teachers' pensions ^{3 5}
		Other AME: Certain accrual items such as capital charges for roads
		Local Authority Self Financed Expenditure (LASFE) ⁴
		Scottish Non-Domestic Rates ⁵
		Scottish Variable Rate of Income Tax

The Scottish Variable Rate of Income Tax

13.1 The Inland Revenue will pay into the Scottish Consolidated Fund (SCF) an amount equal to the estimated yield of any increased Scottish Variable Rate of Income Tax. The SCF will pay the Inland Revenue any shortfall in yield from a reduction in the Scottish Variable Rate as set out in Sections 77 and 78 of the Scotland Act 1998.

¹ Undifferentiated expenditure linked to changes in provision to United Kingdom Government departments the Barnett Formula;

² Secretary of State's and Advocate General's Offices remain part of the United Kingdom Government

³ Items of expenditure determined or forecast annually;

⁴ Post-devolution, determined by local authorities within framework set by the Scottish Executive;

⁵ Forecast by the Scottish Executive, approved by the Secretary of State for Scotland and the Treasury and voted by the United Kingdom Parliament.

Changes in Provision to Local Government

13.2 The Scottish Executive is free to determine the provision it allocates to local government. In the 1998 Comprehensive Spending Review, changes in the English local government programme were reflected in the Scottish Assigned Budget in the following way. The Barnett Formula was used on the English local government programme, viewed on the basis of Aggregate External Finance (Aggregate External Finance simply means the mainstream grants paid to local authorities). Because of the move to devolution, and the Scottish Executive's responsibility for Scottish Non-Domestic Rates, English Non-Domestic Rates payments to local authorities were non-comparable for application of the Barnett Formula, as were a few other, minor, sub-programmes. The Barnett Formula was applied along the lines described in Annex B to the Department for Communities and Local Government Departmental Expenditure Limit. The resulting consequential was added to the change in the Scottish Assigned Budget. As in the table above, grants to local authorities (other than Non-Domestic Rates payments) are included in the Scottish Assigned Budget, while Non-Domestic Rates payments and spending financed from Council Tax are outside it.

13.3 The principles adopted in the Comprehensive Spending Review will continue. The methodology will be kept under review, leaving open the option to revisit the arrangements again in the next spending review. The aim of the arrangements is to determine consequentials based on the change in funding of English local authorities that is not raised locally. Allocations in respect of consequentials for other items such as any exchequer contributions to non-domestic rates transitional relief schemes will be handled outside this formula. This is consistent with current practice.

National Assembly for Wales

Public Expenditure Regime

2004-05 onwards

Assigned Budget

Departmental Expenditure Limit (DEL):		Annually Managed Expenditure (AME):
Barnett Formula determined¹		Main programme spending:
Secretary of State's Office		Housing Revenue Account Subsidy ²
Economic development, industry and training, Education and arts, Transport, planning and environment, local government, Housing and social services and health Domestic agriculture Forestry Student Support (from September 2006) Wales rail franchise (from April 2006)		Other AME: Certain accrual items such as capital charges for roads
		LA business growth incentive scheme
		Local Authority Self Financed Expenditure (LASFE) ³

Changes in Provision to Local Government

14.1 The Assembly is free to determine the provision it allocates to local government. In the 1998 Comprehensive Spending Review, changes in the English local government programme were reflected in the Welsh Assigned Budget in the following way. The Barnett Formula was used on the English local government programme, viewed on the basis of Total Standard Spending. Total Standard Spending is Aggregate External Finance (the mainstream grants paid to local authorities) with the addition of a standard level of Council Tax, called Council Tax at Standard Spending. The Barnett Formula was applied along the lines described in Annex B to the Department for Communities and Local Government Departmental Expenditure Limit. The resulting consequential was added to the change in the Welsh Block, when viewed on the basis of Total Standard Spending. To go from the Welsh Block on the basis of Total Standard Spending to the Welsh Assigned Budget, one subtracts Welsh Council Tax

¹ Undifferentiated expenditure linked to changes in provision to United Kingdom Government departments the Barnett Formula;

² Items of expenditure determined or forecast annually;

³ Post-devolution, determined by local authorities within framework set by National Assembly for Wales.

at Standard Spending. Grants to local authorities (including Non-Domestic Rates payments) are included in the Welsh Assigned Budget, while spending financed from Council Tax is outside it.

14.2 The allocation method has been updated to take account of devolution. The National Assembly for Wales is free to determine the provision it allocates to local government from within its Assigned Budget. Compared to the Scottish Parliament and the Northern Ireland Assembly, the Welsh Assembly has limited control over the non-domestic rating system and reflecting this, changes in the English local government programme are reflected in the Welsh Assigned Budget using a different methodology from that applied in Scotland and Northern Ireland. The Barnett formula is applied to changes in the Local Government programme to determine a consequential which will be part of the Assembly's DEL. This is funded by the Welsh Non-Domestic Rate Income (NDRI) and by the Exchequer. Where decisions by the Assembly result in a yield from non-domestic rates being reduced (in excess of any comparable decisions in England) thereby increasing the demand for cash from the Exchequer, the Treasury reserves the right to reduce the Assembly's Assigned Budget by an amount equal to the additional cash requirement. The arrangements for monitoring Welsh NDRI agreed between Treasury and Assembly officials will be reviewed periodically.

Northern Ireland Executive*(excluding the Northern Ireland Office and Northern Ireland Court Service)***Public Expenditure Regime**

2004-05 onwards

Assigned Budget

Departmental Expenditure Limit (DEL):		Annually Managed Expenditure (AME):
Barnett Formula determined¹		Main programme spending:
Agriculture, trade and industry, employment, energy, roads and transport, housing, environment and water, fire, education, health, social security administration, public corporations and other public services. Student Loans: implied subsidies and provision for bad debts		
		Social security benefits ²
		NHS and teachers' pensions
		Other AME: Certain accrual items such as capital charges for roads and the Water Service
		Certain RRI self-financed borrowing and District Councils' self-financed expenditure ³
		Regional Rates ³

Northern Ireland Office and Northern Ireland Courts Service

15.1 Provision for law, order and protective services and the Northern Ireland Courts Service is not included in the public expenditure budget for the Northern Ireland Executive but are determined separately through direct negotiations between the Treasury, the Secretary of State for Northern Ireland and Lord Chancellor as appropriate. As areas of responsibility are transferred to the Northern Ireland Executive, their provision will also transfer into the Northern Ireland Assigned Budget.

¹ Undifferentiated expenditure linked to changes in provision to United Kingdom Government departments the Barnett Formula;

² These and other AME items of expenditure are determined or forecast annually;

³ Regional Rates are determined by the Northern Ireland Executive, and District Councils' self-financed expenditure is determined by District Councils.

Non-Formula adjustments

15.2 The United Kingdom Government may adjust provision to Northern Ireland to take account of revenue receipts from taxes and from fines and charges which are analogous to taxes (with the exception of local authority fines and charges) flowing into the Northern Ireland Consolidated Fund. This will not apply to revenue from the Regional Rate which will be available to finance spending in Northern Ireland.

Changes in Provision to Local Government

15.3 The Executive is free to determine the provision it allocates to local government. In the 1998 Comprehensive Spending Review, changes in the English local government programme were reflected in the Northern Ireland Assigned Budget in the following way. The Barnett Formula was used on the English local government programme, viewed on the basis of Aggregate External Finance. (Aggregate External Finance simply means the mainstream grants paid to local authorities.) Because of the move to devolution, and the Northern Ireland Assembly's responsibility for Rates, English Non-Domestic Rates payments to local authorities were non-comparable for application of the Barnett Formula as were some other, minor, sub-programmes. The consequential on the Revenue Support Grant (RSG) part of the AEF was also abated for capital financing that has no equivalent in Northern Ireland. The Barnett Formula was applied along the lines described in Annex B to the Department for Communities and Local Government Departmental Expenditure Limit. The resulting consequential was added to the change in the Northern Ireland's Assigned Budget. As in the table above, Northern Ireland central government spending, that in Great Britain would have been the responsibility of local authorities, and grants to district councils are both included in the Northern Ireland Assigned Budget, while spending financed from Regional Rates or District Rates is outside it.

15.4 The principles adopted in the Comprehensive Spending Review will continue. The comparability factor takes account of the fact that some law and order spending that in Great Britain would have been the responsibility of local authorities is funded directly by the Northern Ireland Office, not through the Assembly's Assigned Budget.

A STATEMENT OF PRINCIPLES

Text of a written answer by the Chief Secretary to the Treasury: WA Official Report: 9 December 1997 Col 510-513

Mr Timms: To ask the Chancellor of the Exchequer what arrangement will be made for determining changes to the budgets of the Scottish Parliament and National Assembly for Wales under devolution; and if he will make a statement.

Mr Darling: The Government set out their position on the funding of the budgets for the Scottish Parliament and National Assembly for Wales in the White Papers published in July (Cm 3658 and Cm 3718). The key to these arrangements is Block budgets which the devolved administrations, like the Secretaries of State now, will be free to deploy between the functions under their control in response to local priorities. Changes in these Block Budgets will be linked to changes in equivalent English spending plans by the Barnett Formula which gives Scotland and Wales a population-based share of planned changes in comparable spending in England.

In order to help inform debate about these arrangements during the passage of the Scotland and Wales Bills, the government published yesterday a statement of the principles which govern the existing Block/Formula arrangements and which will continue to do so under devolution. A copy of the statement is appended. Copies were placed yesterday in the Libraries of both Houses and referred to by My Right Hon Friend the Secretary of State for Wales when he opened the Second Reading debate on the Government of Wales Bill.

Although the Block and Formula arrangements have operated for nearly 20 years, this is the first time that these principles have been spelt out in public.

PRINCIPLES TO GOVERN DETERMINATION OF THE BLOCK BUDGETS FOR THE SCOTTISH PARLIAMENT AND NATIONAL ASSEMBLY FOR WALES

1. The Government set out its position on the Block and Formula arrangements in its White Papers on Scottish and Welsh devolution published in July (Cm 3658 and Cm 3718 respectively). The Scottish White Paper, Scotland's Parliament, said

'In practice these arrangements, based on the Block and Formula, have produced fair settlements for Scotland in annual public expenditure rounds and have allowed the Secretary of State for Scotland to determine his spending decisions in accordance with Scottish needs and priorities. They have largely removed the need for annual negotiation between the Scottish Office and the Treasury. The Government have therefore concluded that the financial framework for the Scottish Parliament should be based on these existing arrangements with, in future, the Scottish Parliament determining Scottish spending priorities.'

The Wales White Paper, A Voice for Wales, said:

'The Government proposes that the financial arrangements for the Assembly will largely replicate the existing system.

Annual changes to the Welsh Block will be calculated by the population-based Formula used at the moment. These arrangements based on the Block and Formula have worked in practice, producing fair settlements for Wales in annual public expenditure rounds.'

2. The Scottish Parliament and National Assembly for Wales will therefore have Block Budgets, which they will be free to allocate in response to local priorities among the functions under their control and for which they will be accountable to local people. This note outlines the principles set out in the White Papers and describes how they will govern changes made to these Block Budgets under devolution.

Setting Scotland's and Wales' shares of United Kingdom public expenditure: the 'Barnett' Formula

Existing position

3. All United Kingdom tax revenues are pooled. Decisions about the allocation of United Kingdom public expenditure are made in the light of the Government's judgement of relative priorities and relative needs. Changes to the shares of public expenditure available to the Secretaries of State for Scotland and Wales are determined by a formula linked to changes in provision for equivalent spending programmes in England.
4. This formula, which has operated for almost 20 years, is known as the 'Barnett' Formula. It provides that, in settling new plans for public expenditure, Scotland and Wales should receive a share of the planned cash changes in provision for equivalent public services in England which is proportionate to their population. In other words, Scotland's and Wales' shares of changes in relevant planned spending in England are the same proportions as their populations represent of England's population. The Formula applies only to changes in spending plans, not to the underlying baselines which remain unaffected. The Formula also applies only to changes in the Block Budgets: expenditure in Scotland and Wales, and expenditure on nationalised industries in Scotland, outside the Block Budgets is settled separately.

After devolution

5. These arrangements will continue under devolution, with only minor adjustments. Changes to the Block Budgets for which the Scottish Parliament and the National Assembly for Wales will become responsible will continue to be determined by a formula linked to changes in provision for the equivalent spending programmes in England. The Formula will continue to be based on relative populations. The spending for which the devolved administrations in Scotland and Wales will assume responsibility is set out in the annexes to this note.
6. The Government intends that these population shares will be re-calculated annually on the basis of the latest population estimates for England, Scotland and Wales published each year by the Office of National Statistics. The population ratios will next be updated for the purpose of determining changes in the Scottish and Welsh block budgets for 1999-2000.

7. The Government intends that this population-based formula will apply to changes in almost all the expenditure under the control of the Scottish Parliament and National Assembly for Wales. It will not apply to changes in agriculture programmes 100 per cent funded by the EU. The Government will also want to consider whether this approach or another formula is appropriate in relation to provision for Council Tax Benefit and Housing Benefit which will both come within the Scottish Block for the first time after devolution; Housing Benefit is already within the Welsh Block, but, as in Scotland, Council Tax Benefit will come within the Block for the first time.

Adjustments to the Scottish and Welsh Block Budgets not determined by the Barnett Formula

8. There are a number of circumstances in which the Block Budgets under the control of the Secretary of State for Scotland and Wales are open to adjustment other than on the basis of the Barnett formula. These exceptions will continue to apply under devolution. Adjustments may be made where:
 - (a) the United Kingdom Government decides to make a uniform general adjustment to public expenditure programmes;
 - (b) action taken by the Scottish or Welsh administrations in a devolved area has knock-on costs for the United Kingdom Government or vice versa. The Block Budgets may be adjusted downwards to compensate for costs incurred by the United Kingdom Government as a result of the action of the devolved administrations, or upwards to compensate the devolved administrations for costs which they incur as a result of actions by the United Kingdom Government and are not allowed for through the operations of the Barnett Formula. The Block Budgets will not however be adjusted upwards by reason of additional costs incurred as a result of actions by the United Kingdom Government which the United Kingdom Government is expecting English departments with parallel responsibilities to absorb within existing spending plans;
 - (c) the devolved administrations receive capital receipts as a result of a privatisation or major change in the role of the public sectors in Scotland or Wales. In these circumstances, the Block Budgets may be adjusted downwards in the year in which the receipts occur to reflect the continuing interest in these receipts of United Kingdom taxpayers as a whole who financed the underlying capital assets in the past. Proceeds from the sales of other capital assets under the control of the Scottish Parliament or National Assembly for Wales will be available to be re-cycled within Scotland or Wales;
 - (d) the devolved administrations receive significant trading surpluses from the commercial exploitation of publicly funded assets: the United Kingdom Government may take these surpluses into account in settling Block Budgets;
 - (e) local authority self-financed expenditure grows more rapidly than equivalent expenditure in England over a period and in such a way as to threaten targets set for public expenditure as part of the management of the United Kingdom economy. In such circumstances it will be open to the United Kingdom Government to take the excess into account in considering the level of the Block Budgets.

9. These principles concern the determination of changes to the Block Budgets under the control of the Scottish Parliament and the National Assembly for Wales, not the level of Westminster grant to support these budgets. The latter may also be affected by changes in the level of self-financed items of expenditure – local authority capital expenditure funded by borrowing, for example – which currently count towards the Block Budgets.

In-year changes to the block budgets for Scotland and Wales

10. The arrangements outlined above apply to changes in the plans for expenditure in future years in Scotland and Wales. These paragraphs deal with changes in-year to the budgets arrived at under the arrangements outlined above and in particular with access to the United Kingdom Reserve for the devolved Scottish and Welsh administrations.
11. The general presumption, as at present, is that the Scottish and Welsh administrations will contain in-year pressures on their budgets by re-allocating priorities within their Blocks, not through access to the United Kingdom Reserve. Access to the Reserve may however be considered at the discretion of the United Kingdom Government in exceptional circumstances and specifically where:
 - (a) the Government is making available additional provision in-year for equivalent services in England in order to cope with exceptional circumstances affecting the United Kingdom as a whole, unforeseen at the time spending plans for the year concerned were settled; and
 - (b) Scotland or Wales face exceptional and unforeseen domestic costs – arising, for example, from a natural disaster – which cannot be reasonably absorbed within the planned Block Budgets without major dislocation to existing services.

Revising these principles

12. As noted above, the Formula will be updated annually to take account of population changes and from time to time to take account of other technical changes. Any more substantial revision would need to be preceded by an in-depth study of relative spending requirements and would be the subject of full consultation between the devolved administrations and the United Kingdom Government.

Spending programmes forming part of the Scottish Block

Domestic agriculture, fisheries and food (after devolution)
Forestry (after devolution)
Industry, enterprise and training
Roads and transport
Housing
Other environmental services
Law, order and protective services
Education
Arts and libraries
Health
Social work services
Other public services
ESF
ERDF
Nationalised Industries (after devolution)
Council Tax Benefit (after devolution)
Local authority expenditure

Spending programmes forming part of the Welsh Block

Domestic agriculture (after devolution)
Forestry (after devolution)
Health and personal social services
Transport
Industry, trade and employment
Training (excluding ESF)
Education
Housing
Other environmental services
Arts and libraries
Local government
Central administration
Office of Her Majesty's Chief Inspector of Schools in Wales
ERDF
Council Tax Benefit (after devolution).

B

NUMERICAL EXAMPLE OF THE WORKINGS OF THE BARNETT FORMULA

B.1 Chapter 4 sets out the workings of the Barnett Formula. If we consider a single United Kingdom Government department, the three factors determining any change to the budgets of the devolved administrations in Scotland, Wales or Northern Ireland's provision are:

(i) Change to the United Kingdom Government department's DEL	×	(ii) Comparability percentage	×	(iii) Appropriate population proportion
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B.2 Thus, if for example:

1. the Government decides to increase or decrease this United Kingdom Government department's DEL by £100 million; and
2. the comparability for each devolved administration is 75 per cent for the programme (perhaps because the department in question already carries out some expenditure at an all United Kingdom level); and
3. the population proportions are 10.08 per cent for Scotland, 5.84 per cent for Wales and 3.43 per cent for Northern Ireland of England's population or 2.96 per cent of Great Britain's population for Northern Ireland;

then the following changes are then added to or subtracted from each country's overall baseline:

For Scotland: $100 \times 0.75 \times 0.1008 = \text{£}7.560 \text{ million}$

For Wales: $100 \times 0.75 \times 0.0584 = \text{£}4.380 \text{ million.}$

For Northern Ireland: $100 \times 0.75 \times 0.0342 = \text{£}2.573 \text{ million}$

2.5 per cent VAT abatement (see paragraph 4.15) $\text{£}2.508 \text{ million}$

B.3 Northern Ireland: the method shown for calculating provision for Northern Ireland uses the share of England's population, consistent with the method for Scotland and Wales – this is used for the majority of programmes.

B.4 The devolved administrations do not have to adjust their programme spending in line with United Kingdom Government departments; they are free to adjust spending on any of their functions. The same calculations will be carried out for all comparable United Kingdom Departmental spending. The sum of these changes will give the overall change in each devolved administration's baseline.



SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Children, Schools & Families				
14-19 Development	238,018	100%	100%	100%
Administrative Expenditure	237,698	100%	100%	100%
Adventure Activities Licensing Authority	-400	100%	100%	100%
Adult Learning Inspectorate	18,105	100%	100%	100%
Adult Skills & Learner Support	120,500	100%	100%	100%
Assisted Places Scheme	200	100%	100%	100%
British Educational Communications & Technology Agency	11,000	0%	0%	0%
Career Development Loans	-2,621	0%	0%	100%
Children & Family Court Advisory & Support Service	100,907	100%	100%	100%
Childrens Commissioner	500	100%	100%	100%
Childrens Fund	150,100	100%	100%	100%
Childrens Service Credit Approvals	9,302	100%	100%	100%
City Technology Colleges	296,054	100%	100%	100%
Compensation to Former College of Education Staff	11,813	100%	100%	100%
Connexions	476,331	100%	100%	100%
Cost of Staff Transferring Pensions Between Schemes	1,018	100%	100%	100%
Childrens & Young Peoples Family Directorate	1,000	100%	100%	100%
Dedicated Schools Grant	28,286,881	100%	100%	100%
Discretionary HE Grants	91	100%	100%	100%
E-Government Implementation	1,408	100%	100%	100%
Enterprise Learning	31,074	100%	100%	100%
Family Unit Current Grants	43,340	100%	100%	100%
Funding Agency for Schools (Education Asset Board)	1,553	100%	100%	100%
General Sure Start Capital Grants	1,016,692	100%	100%	100%
General Sure Start Grant	605,634	100%	100%	100%
Grant Maintained Schools	15,949	100%	100%	100%
Higher Education Funding Council for England	-11,947	100%	100%	100%
HE Student Support Administration & Awareness	-750	100%	100%	100%
HE SRIF Operating Income Excess A in A	105,992	100%	100%	100%
HE UKSEC (ERASMUS)	10	100%	100%	100%
ICT Capital in Schools	23,796	100%	100%	100%
Improving Service Delivery	2,510	100%	100%	100%
Individual Learning Accounts & Adult Guidance	1,000	100%	100%	100%
International Programmes (England)	-5,395	100%	100%	100%
International Programmes ILO Subscription	2,000	0%	0%	0%
International Programmes	-10	0%	0%	0%
ISB Children	822	100%	100%	100%
ISB Schools	72	100%	100%	100%
Investors in People UK	-500	100%	100%	100%
Local Area Agreements to Support Children & Families	343,404	100%	100%	100%
Local Network Fund	40,000	100%	100%	100%
Learning & Skills Council	6,980,369	100%	100%	100%
Millennium Volunteers	990	100%	100%	100%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Miscellaneous Schools Capital	6,200	100%	100%	100%
Music, Ballet & Dance	26,760	100%	100%	100%
National College for School Leadership	91,935	100%	100%	100%
National Stats Quality Review	300	0%	0%	100%
Neighbourhood Support	2,500	100%	100%	100%
Non Running Cost & Related Expenditure	4,372	100%	100%	100%
Offender Education Recurrent	12,095	100%	100%	100%
OFSTED	205,000	100%	100%	100%
Other HE Participation Programmes	37,974	100%	100%	100%
Other Teacher Training	1,392	100%	100%	100%
Parent Support Service (PICE)	10,000	100%	100%	100%
Pay & Performance	845,000	100%	100%	100%
Post 16 Standards	86,733	100%	100%	100%
Qualifications	14,660	100%	100%	100%
Qualifications & Curriculum Authority	-15,415	100%	100%	100%
Research & Data Support	12,531	100%	100%	100%
Residual Costs Resulting from TEC Wind-Down – Properties	-21	100%	100%	100%
Residual Pensions from The Community Industry Programme	1,471	100%	100%	100%
Respect	10,887	100%	100%	100%
School Central Programmes	450,177	100%	100%	100%
Schools Credit Approvals	1,444,700	100%	100%	100%
Schools Standard Grant	1,556,781	100%	100%	100%
Secondary Schools Expenditure	43,657	100%	100%	100%
Sector Skills Development Agency	-10,706	100%	100%	100%
Services for Children	111,428	100%	100%	100%
Skills for Life ESF receipts	1,000	100%	100%	100%
Skills Strategy	43,832	100%	100%	100%
Special Education Needs Programmes	207,243	100%	100%	100%
Standards Fund	-17,367	100%	100%	100%
Standards Fund Capital	3,980,948	100%	100%	100%
Strategy & Communication	18,348	100%	100%	100%
Student Loans Company Ltd	-8,000	100%	100%	100%
Student Loans Cost of Capital	0	100%	100%	100%
Supporting Children	97,329	100%	100%	100%
Supporting Families	100	100%	100%	100%
Supporting Health	11,013	100%	100%	100%
Supporting Young People	41,374	100%	100%	100%
Sure Start	93,713	100%	100%	100%
School Workforce Group	146,794	100%	100%	100%
Training & Development Agency for Schools	641,257	100%	100%	100%
UK Skills Sponsorship	-2,200	0%	0%	0%
Voluntary Aided Schools	1,499,875	100%	100%	100%
Young People Learner Support	13,940	100%	100%	100%
	50,874,126	100.0%	100.0%	100.0%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Innovation, Universities & Skills				
Administration Costs	8,500	0%	0%	0%
Adult Skills & Learner Support	99,041	100%	100%	100%
AHRC Resource expenditure	97,343	0%	0%	0%
BBSRC	395,056	0%	0%	0%
British Academy	21,385	0%	0%	0%
Career Development Loans	4,262	100%	100%	100%
Central Services	4,757	100%	100%	100%
Civil Aircraft Research & Demonstration	3,500	0%	0%	0%
Consumer Protection	296	100%	0%	100%
Cost of Staff Transferring Pensions Between Schemes	10	100%	100%	100%
Council for the Central Laboratory of the Research Councils	334	0%	0%	0%
Departmental Administration	23,190	100%	100%	100
Design Council	6,370	0%	0%	0%
Diamonds/Large Facilities/Research Councils Institutes	1,064	0%	0%	0%
EC Receipts	-9,240	0%	0%	0%
EPSRC Resource Expenditure	734,896	0%	0%	0%
ESRC Resource Expenditure	152,215	0%	0%	0%
EURATOM (European Nuclear Fusion)	3,300	0%	0%	0%
Higher Education	242,274	100%	100%	100%
Higher Education Funding Council for England	7,235,420	100%	100%	100%
ICT Capital in Schools	270	100%	100%	100%
Investors in People	5,736	0%	0%	0%
Improving Service Delivery	140	100%	100%	100%
Individual Learning Accounts & Adult Guidance	9,000	100%	100%	100%
Innovation in Support of Knowledge Transfer	56,788	0%	0%	0%
International Programmes	39,004	0%	0%	0%
Learning & Skills Council	4,153,497	100%	100%	100%
Medical Research Council	562,842	0%	0%	0%
NERC Resource Expenditure	409,378	0%	0%	0%
Non Running Cost & Related Expenditure	24	0%	0%	0%
NWML Programme	231	0%	0%	0%
OFFA Own Expenditure	500	100%	100%	100%
Offender Education Recurrent	20,128	100%	100%	100%
OST Initiatives	6,000	0%	0%	0%
Patent Office	4,025	0%	0%	0%
Post 16 Standards	75,662	100%	100%	100%
PRC & Voluntary Colleges	57	100%	100%	100%
PSRE Discoveries	19,000	0%	0%	0%
QIA	107,817	100%	100%	100%
Research & Data Support	4,381	0%	0%	0%
Research Establishments Major Capital Programme Expenditure	62,897	0%	0%	0%
Royal Academy of Engineering	9,752	0%	0%	0%
Royal Society	41,072	0%	0%	0%
Science & Society	11,395	0%	0%	0%
Science & Technology Facilities Council	617,816	0%	0%	0%
Science Research Investment Fund	300,000	0%	0%	0%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	N I
Skills for Life ESF Receipts	-1,000	100%	100%	100%
Skills Strategy	11,117	100%	100%	100%
Student Loans Company Ltd	1,327,967	100%	100%	100%
Space technology Programmes	28,650	0%	0%	0%
Sector Skills Development Agency	74,664	100%	100%	100%
Strategy & Communication	3,154	100%	100%	100%
Student Loan Debt Sale RAB Charge	-5,965	100%	100%	100%
Student Loans Cost of Capital	1,079,269	100%	100%	100%
Technology Strategy	178,300	0%	0%	0%
UK Skills Sponsorship	5,000	0%	0%	0%
	18,242,541	79.3%	79.3%	79.3%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Health				
Access & System Capacity Grant	546,000	100%	100%	100%
Assistive Technology: Older People	50,000	100%	100%	100%
Central Health & Miscellaneous Services	305,880	100%	100%	100%
Child & Adolescent Mental Health Services	90,539	100%	100%	100%
Credit Approvals: Personal Social Services	50,327	100%	100%	100%
Delayed Discharge Grant	100,000	100%	100%	100%
Departmental Administration	272,856	100%	100%	100%
EEA Medical Costs	635,492	0%	0%	0%
Extra Care Housing Grant	40,000	100%	100%	100%
Food Standards Agency	109,214	100%	100%	100%
General Ophthalmic Services	379,000	100%	100%	100%
Human Resources Development Strategy	49,750	100%	100%	100%
Improving Information Management: Capital	25,000	100%	100%	100%
Independent Regulator of NHS Foundations Trusts Expenditure	12,657	100%	100%	100%
Individual Budget Pilots	6,000	100%	100%	100%
Meat Hygiene Service	35,325	100%	100%	100%
Medicines & Health Care Product Regulatory Grant	-1	100%	100%	100%
National Training Strategy	107,859	100%	100%	100%
NDPB'S & Special Health Authorities Expenditure	219,481	100%	100%	100%
NHS Budget – Invest to Save Budget	1,841	100%	100%	100%
NHS General Medical Services	4,710,636	100%	100%	100%
NHS NDPBs	203,871	100%	100%	100%
NHS Purchasing & Supplies Authority	29,369	100%	100%	100%
NHS Trust Depreciation	1,668,825	100%	100%	100%
NHS Trusts – Capital Charges	1,130,680	100%	100%	100%
NHS Trusts Capital Expenditure	1,220,506	100%	100%	100%
NHS Unified Budget & Central Allocations	78,776,165	100%	100%	100%
NHS Unified Budget & Central Allocations (LA Grant)	348,788	100%	100%	100%
Personal Social Services	340,646	100%	100%	100%
Pharmaceutical Services: Dispensing Costs	1,059,345	100%	100%	100%
Pharmaceutical Services: Prescription Charges Income	-451,845	100%	100%	100%
Preserved Rights Grant	275,248	100%	100%	100%
Prevention Services: Older People	40,000	100%	100%	100%
Promoting Independence: Carers' Grant	185,000	100%	100%	100%
Specific Grant for People with Mental Illness	147,525	100%	100%	100%
Specific Grant for the Care of People with AIDS/HIV Infection	19,600	100%	100%	100%
Welfare Food	114,500	100%	100%	100%
	92,856,079	99.3%	99.3%	99.3%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Transport				
Air Accident Investigation Branch	7,164	0%	0%	0%
Airport White Paper Study	350	0%	0%	0%
British Rail Board (Residuary) Subsidy	10,000	0%	0%	100%
British Rail Pension Funds	26,219	0%	0%	100%
British Transport Police	10,021	100%	0%	0%
Bus Fuel Grants	417,000	100%	100%	100%
Central Administration	165,264	100%	100%	100%
Centres of Excellence	100	100%	100%	100%
Channel Tunnel Rail Link	153,750	0%	0%	0%
Civil Aviation Services	10,317	0%	0%	0%
Commission on Integrated Transport	1,500	0%	0%	0%
Communities Infrastructure Fund	150,000	100%	100%	100%
Compensation on Private Tolerated Undertakings	190	100%	100%	100%
Consultancy – Local Transport	1,014	100%	100%	100%
Crossrail	2,000	100%	100%	100%
Cycling England	17,000	0%	0%	0%
Dartford Tolls Crossing Receipts	-67,000	100%	100%	100%
De-Trunking Payments to Local Authorities	87,342	100%	100%	100%
Driving Standards Agency	-1,657	0%	0%	100%
DVLA Trading Fund	194,058	0%	0%	100%
Driver Vehicle Operator Group	50,516	0%	0%	100%
European Regional Development Fund	0	100%	100%	100%
Free Flowing Cities Initiative	10,000	100%	100%	100%
Freight Grants	25,508	100%	100%	100%
GLA Transport Grant	1,159,970	100%	100%	100%
Government Car & Despatch Agency	1,283	100%	100%	100%
Government Office Programme Expenditure	475	100%	100%	100%
Haulage Efficiency & Modernisation Projects	2,000	100%	100%	100%
Highway Agency Administration	3,014,244	100%	100%	100%
Humber Bridge	12,000	100%	100%	100%
International Aviation Services	4,041	0%	0%	0%
International Subscriptions – OECD	460	0%	0%	0%
Loans to NATS	0	0%	0%	0%
London & Continental Railway (DSG) Spending	222,900	0%	0%	0%
London & Continental Railway Spending	175,167	0%	0%	0%
Local Transport	1,687,963	100%	100%	100%
London Underground PPP Arbiter	1,748	100%	100%	100%
London Underground/Jubilee Line Extension	1,216,000	100%	100%	100%
Marine Accident Investigation Branch	3,279	0%	0%	0%
Maritime & Coastguard Agency	127,607	0%	0%	0%
Mersey Rail	69,000	100%	100%	100%
Metropolitan Railways Passenger Services Grant	18,000	100%	100%	100%
Mobility & Inclusion Unit	5,103	100%	100%	100%
National Freight Company – Travel Concessions	2,181	0%	0%	0%
National Freight Company – Pension Funds	1,600	0%	0%	0%
Network Grant New	2,944,515	100%	0%	100%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
New Vehicle Technology Fund	1,000	0%	0%	0%
Office of Rail Regulation – Administration	501	0%	0%	100%
Office of Rail Regulation – Safety	1	0%	0%	100%
Other Highways Grants (inc IDA)	1,000	100%	100%	100%
Ports & Shipping – Civil Defence	1,269	100%	100%	100%
Powershift & Cleaner Vehicles Programmes	17,000	100%	100%	100%
Promoting Sustainable Travel Initiatives	8,900	100%	100%	100%
Publicity (Road Safety)	15,118	100%	100%	100%
Rail Accident Investigation Branch	5,692	0%	0%	100%
Rail: Enhancement	52,800	100%	0%	100%
Rail: Franchising	550,419	100%	100%	100%
Rail: Freight	0	100%	100%	100%
Rail: Group Central Administration	18,836	0%	0%	100%
Rail: Network Grant	0	100%	0%	100%
Rail Overheads – Reserved	0	100%	0%	100%
Road Safety & Standards Research	16,303	100%	100%	100%
Road Safety Grants & Programme Expenditure	122,350	100%	100%	100%
Road Strategy & Performance Research	18,290	100%	100%	100%
Royal Travel	7,000	0%	0%	0%
Rail Research & Consultancies	36,300	0%	0%	100%
Rail Passenger Committee	4,500	0%	0%	100%
Second Mersey Tunnel	-1,662	100%	100%	100%
Shipping Services	17,596	0%	0%	0%
Strategic Transport Studies	1,500	100%	100%	100%
Support for Rural Bus Services	67,900	100%	100%	100%
TENS	3	100%	100%	100%
Transport Technology Standards Research Development	1,265	100%	100%	100%
Transport Analysis & Economics Consultancies	500	100%	100%	100%
Transport Analysis & Economics Research	6,083	100%	100%	100%
Transport Consultancies Roads	270	100%	100%	100%
Transport Direct	19,330	100%	100%	100%
Transport Research – Sustainable Development	1,660	100%	100%	100%
Transport Research – Local Transport Innovative Trans Projects	2,935	100%	100%	100%
Transport Security	11,111	0%	0%	0%
Travel Statistics	14,478	100%	100%	100%
Urban Bus Challenge	1,000	100%	100%	100%
Vehicle & Operator Service Agency (VOSA)	-5,184	0%	0%	100%
Vehicle Certification Agency	1,712	0%	0%	100%
WHO Study Airline Travel	150	0%	0%	0%
	12,958,118	91.5%	68.3%	94.0%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Communities & Local Government (main)				
Arms Length Management Organisations Supported Capital Expenditure	889,000	100%	100%	100%
Best Intervention in Housing	1,000	100%	100%	100%
Building Regulations	5,579	100%	100%	100%
Capital Pooled Housing Receipts	-111,342	100%	100%	100%
Central Administration	205,572	100%	100%	100%
Choice Based Lettings	1,000	100%	100%	100%
Coalfields Regeneration Trust	17,650	100%	100%	0%
Commission for Architecture & the Built Environment	6,900	100%	100%	100%
Community Development Foundation	1,546	100%	0%	100%
Community Policy	27,775	100%	100%	100%
Control Rooms	55,000	100%	100%	100%
Design Awards	50	100%	100%	100%
Disabled Facilities Grants	121,000	100%	100%	100%
Efficiency Improvements in Local Government	464	100%	100%	100%
Emergency Fire Service (Green Goddesses)	3,100	100%	100%	100%
English Partnerships (Commission for New Towns)	-9,001	100%	100%	100%
English Partnerships (Urban Regeneration Agency)	282,597	100%	100%	100%
E-Planning	6,000	100%	100%	100%
ERDF	8,003	100%	100%	100%
Fire Publicity	6,836	100%	100%	100%
Fire Supported Capital Expenditure	57,981	100%	100%	100%
Fire Service College	3,294	100%	100%	100%
Fire Service Statistics	311	100%	100%	100%
Fire Services	23,894	100%	100%	100%
Firebuy	2,040	100%	100%	100%
Firelink	47,000	100%	100%	100%
Government Offices administration	104,576	100%	100%	100%
Gypsy Site Grant	34,080	100%	100%	100%
Home Buying & Selling	2,730	100%	100%	100%
Homelessness	94,890	100%	100%	100%
Housing Action Trusts	1,000	100%	100%	100%
Housing Corporation	2,077,786	100%	100%	100%
Housing Defects Grants	100	100%	100%	100%
Housing Management Grants	1,000	100%	100%	100%
Housing Market Renewal Fund	405,000	100%	100%	100%
Housing Mobility Grants	4,330	100%	100%	100%
INTERREG	2,000	100%	100%	100%
ISB: First Step Trust Abandoned Vehicles	200	100%	100%	100%
LA housing Supported Capital Expenditure	311,680	100%	100%	100%
Leasehold Enfranchisement Advisory Service	960	100%	100%	100%
Lee Valley Regional Park Supported Capital Expenditure	458	100%	100%	100%
Local Area Agreements	749,418	100%	100%	100%
Local Enterprise Growth Initiative	6,682	100%	100%	100%
Medical Appeals	0	100%	0%	100%
Mersey Basin	520	100%	100%	100%
New Deal for Communities	249,798	100%	100%	100%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
New Dimension – Mass Decontamination	13,300	100%	100%	100%
New Dimension – Search & Rescue	45,700	100%	100%	100%
New Growth Areas	42,000	100%	100%	100%
New Horizons Research	580	0%	0%	0%
Northern Way	25,000	100%	100%	100%
Ordnance Survey Trading Fund	-20	0%	0%	100%
Other Growth Areas	123,000	100%	100%	100%
Payments to Ordnance Survey for Mapping Data & Services	20,122	0%	0%	100%
Payments to Audit Commission for RSL Inspections	1,800	100%	100%	100%
Planning Inspectorate	38,390	100%	100%	100%
Planning & Publicity	14,800	100%	100%	100%
Planning Delivery Grant	120,000	100%	100%	100%
Procurement Efficiency & Social Housing	3,000	100%	100%	100%
PSA Services	1,500	0%	0%	0%
QE2 Conference Centre	-1,374	0%	0%	0%
Regional Chambers	18,000	0%	0%	0%
Regional Development Agencies	1,586,414	100%	100%	100%
Regional Housing Board Advice	1,895	100%	100%	100%
Regional Housing Pot Grant	436,739	100%	100%	100%
Research	8,571	100%	100%	100%
Residential Property Tribunal Service	10,220	100%	100%	100%
Safer & Stronger Communities & New Ventures Fund	36,300	100%	100%	100%
Sustainable Communities Development Unit	1,690	100%	100%	100%
Social Co-ownership Partnership	2,839	100%	100%	100%
Supporting People: Administration	45,000	100%	100%	100%
Supporting People: Programmes	1,696,000	100%	100%	100%
Thames Gateway	178,000	100%	100%	100%
Urban Design Skills	5,500	100%	100%	100%
Valuation Office Agency Right to Buy Charges	1,800	100%	100%	100%
	10,177,223	99.6%	99.6%	99.6%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Local Government				
Best Value Inspectorate	21,700	100%	100%	100%
Best Value Intervention Costs	2,720	100%	100%	100%
Best Value Parishes Grant	1,230	100%	100%	100%
Capacity Building	29,631	100%	100%	100%
Commutation SCE	0	100%	100%	100%
Emergency Financial Assistance to LAs	25,015	100%	100%	100%
General GLA Grant	38,348	100%	100%	100%
Invest to Save Special Grant	1,733	100%	100%	100%
LG Efficiency Challenge Fund	10,000	100%	100%	100%
LGC Mapping Costs	300	100%	100%	100%
Local Government On-Line	11,100	100%	100%	100%
Local Government Publicity	619	100%	100%	100%
Local Government Research	2,585	100%	100%	100%
Local Government Standards Board	10,005	100%	100%	100%
National Non-Domestic Rate Payments – Collection Costs	83,606	100%	100%	100%
National Non-Domestic Rate Payments	18,500,000	0%	100%	0%
PFI Special Grant	600,000	100%	100%	100%
PSA Performance Fund	259,000	100%	100%	100%
Revenue Support Grants	3,162,931	100%	100%	
Revenue Support Grant Excluding Law & Order	2,696,931			100%
Valuation Office Rating Services Repayment	174,450	100%	100%	100%
Valuation Tribunals	10,653	100%	100%	100%
	22,945,262	19.4%	100.0%	17.3%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Home Office				
Assets Recovery Agency	15,551	0%	0%	0%
Central Services	210,949	100%	0%	0%
Charity Commission	31,642	100%	0%	100%
Counter Terrorism & Intelligence Directorate	863,235	100%	0%	0%
Crime Reduction	146,802	100%	0%	0%
Criminal Records Bureau	-568	100%	0%	0%
Drugs	246,866	100%	0%	0%
Forensic Science Service	-3,900	100%	0%	0%
Independent Police Complaints Commission	34,373	100%	0%	0%
National Policing Improvement Agency	642,589	100%	0%	0%
Police	5,020,707	100%	0%	0%
Police Credit Approvals	28,918	100%	0%	0%
Research & Development Service	25,042	100%	0%	0%
Serious Organised Crimes Agency	412,196	100%	0%	0%
	7,674,402	99.8%	0.0%	0.4%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Legal Departments				
Central Funds Programme	45,000	100%	0%	0%
Central Services: Administration	7,463	100%	0%	0%
Central Services: Programme	11,027	100%	0%	0%
Central Services: RDS	446	100%	0%	0%
Community Legal Service NDPB Programme Costs	506,645	100%	0%	0%
Criminal Cases Review Commission	7,369	100%	0%	0%
Criminal Defence Service NDPB Programme Costs	1,133,955	100%	0%	0%
Criminal Injuries Compensation Authority	198,589	100%	0%	0%
Criminal Justice	80,653	100%	0%	0%
Criminal Justice IT	87,760	100%	0%	0%
Crown Prosecution Service: Administration Costs	57,415	100%	0%	0%
Crown Prosecution Service: Capital Expenditure	7,400	100%	0%	0%
Crown Prosecution Service: Non-Cash Items	8,294	100%	0%	0%
Crown Prosecution Service: Programme Expenditure	448,228	100%	0%	0%
Crown Prosecution Service: Prosecution Costs	110,600	100%	0%	0%
Electoral Commission Expenditure	24,945	0%	0%	0%
HM Court Service	1,195,300	100%	0%	0%
HM Procurator General & Treasury Solicitor	18,321	100%	0%	100%
Judicial Pensions Agency	12	100%	0%	0%
Judicial Appointments Commission	8,430	100%	0%	0%
Judicial Salaries Paid from the Consolidated Fund	5,166	0%	0%	0%
Law Officers Administration	28,669	100%	0%	0%
Legal Services Commission – Northern Ireland	72,392	100%	0%	0%
Legal Services Commission	119,800	100%	0%	0%
Ministry of Justice: Central	589,387	100%	0%	0%
National Archives	47,026	100%	0%	100%
National Offender Management Service	1,528,518	100%	0%	0%
National Probation Directorate	59,508	100%	0%	0%
National Probation Service Grants to Local Area Boards	858,541	100%	0%	0%
Northern Ireland Court Service	59,486	100%	0%	0%
Office of the Information Commissioner	5,000	100%	0%	0%
Princess of Wales Inquest	515	0%	0%	0%
Prison Service	2,257,314	100%	0%	0%
Public Guardian Office	2,100	100%	0%	0%
Revenue & Customs Prosecutions Office: Programme	18,473	100%	0%	0%
Revenue & Customs Prosecutions Office: Administration	18,253	100%	0%	0%
Serious Fraud Office: Central Funds	10,600	100%	0%	0%
SLS Grant	25	0%	0%	0%
Tribunals Service Administration Costs	27,068	100%	0%	0%
Tribunals Service Programme Costs	278,899	100%	0%	0%
Youth Justice Board	424,794	100%	0%	0%
	10,370,614	99.7%	0.0%	0.6%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Business, Enterprise & Regulatory Reform				
ACAS	41,797	0%	0%	0%
British Energy Liabilities; Cash Payments Against Provision	200,000	0%	0%	0%
British Shipbuilders (Merchant) Cost of Capital	-42	0%	0%	0%
Better Regulation	11,429	0%	0%	0%
Capital Purchases/Depreciation/Fixed Assets Cost of Capital	1,081	0%	0%	0%
Central Programme	243	100%	100%	100%
Civil Nuclear Police Authority	3,000	0%	0%	0%
Coal Authority – Resource Expenditure	24,863	0%	0%	0%
Coal Liabilities (Non-Health) NCH Costs	7,131	0%	0%	0%
Coal Subsidence Adviser	0	0%	0%	0%
Companies House	-385	100%	0%	100%
Consumer Protection	66,321	100%	0%	100%
Corporate Activity & Insolvency Framework	8,487	0%	0%	100%
Departmental Administration	259,130	100%	100%	100%
Departmental Central Services	7,700	100%	100%	100%
Enterprise Growth/Business Investment Non Ring Fence	21,885	100%	100%	100%
Employment Relations	12,700	0%	0%	100%
Energy Watch	10,820	0%	0%	0%
Enterprise Fund/Small Firms Loan Guarantee Scheme	160,660	0%	0%	0%
Equal Opportunities Commission	-34	0%	0%	0%
External Legal Fees & OME Consultancy	3,167	0%	0%	100%
Innovation in Support of Knowledge Transfer	-19,022	0%	0%	0%
Insolvency Service	45,108	100%	0%	100%
Launch Investments	-130,900	0%	0%	0%
London Development Agency	391,184	100%	100%	100%
National Consumer Council	28,981	0%	0%	0%
Non Fossil Fuel Obligation Renewables	17,000	0%	0%	0%
Nuclear Decommissioning Authority	1,367,100	0%	0%	0%
Nuclear Liabilities Management	4,800	0%	0%	0%
Nuclear Non-Proliferation Including Subscriptions to International Organisations	19,000	100%	100%	100%
Nuclear Security	191	0%	0%	0%
Nuclear Support to the Former Soviet Union	32,200	100%	100%	100%
OFCOM	0	0%	0%	0%
Office of Fair Trading	77,392	100%	100%	100%
Office of Gas & Electricity Markets	1,651	100%	100%	100%
Oil & Gas	-4,273	0%	0%	0%
Postal Services Commission	461	0%	0%	0%
Post Office Consultancy	1,000	0%	0%	0%
Post Office Subsidy	463,000	0%	0%	0%
Postwatch	0	0%	0%	0%
Regional Development Agencies	158,064	100%	100%	100%
Regional Innovation Fund	1,700	100%	100%	100%
Regional Selective Assistance	32,000	100%	100%	100%
Shareholder Executive Administration	4,933	0%	0%	0%
Simpler Trade Procedures Board	750	0%	0%	0%
SITPRO Provision Payment & Release	62	0%	0%	0%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	N I
Small Business Service	15,000	100%	100%	100%
Spectrum Efficiency	0	0%	0%	0%
Suppliers of Departmental Services	0	100%	100%	100%
Sustainability & Renewable Energy	72,935	0%	0%	0%
Telecommunications & Posts	0%	0%	0%	0%
Trade Policy – Including Subscriptions to International Trade Organisations	6,442	100%	100%	100%
UK Trade & Investment	123,071	0%	0%	0%
United Kingdom Atomic Energy Authority	10,237	0%	0%	0%
	3,560,020	31.9%	28.8%	32.6%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Environment & Rural Affairs				
Administration	116,058	100%	100%	100%
Air Quality & Noise	8,158	100%	100%	100%
Animal Welfare	6,894	100%	100%	100%
Better Regulation	1,882	100%	100%	100%
British Waterways Board	57,578	100%	0%	100%
BSE (& Other Transmissible Spongiform Encephalopathies)	151,198	0%	0%	0%
Central Science Laboratory	3,069	100%	0%	100%
Centre for Environment, Fisheries & Aquaculture Science	1,764	100%	100%	100%
Commission for Rural Communities	9,391	100%	100%	100%
Conservation of Sea Fish Stocks	3,361	100%	100%	100%
Office of Water Services	401	100%	0%	100%
Contaminated Land	20,200	100%	100%	100%
Co-ordination of EU/Agric Policy Issues	-61	0%	0%	0%
Corporate Communication	13,567	100%	100%	100%
Developing the Evidence Base	6,887	100%	100%	100%
Disease Prevention (inc Bio-Security)	52,764	100%	100%	100%
Drinking Water	28	100%	100%	100%
Endemic Disease & Zoonoses (inc Bovine TB)	43,811	100%	100%	100%
Environment Agency	871,462	100%	100%	100%
ERDF	0	100%	100%	100%
English Rural Development Plan	194,363	100%	100%	100%
Exports of Animals & Their Products	495	0%	0%	0%
Financial Planning, Management & Resources	32,763	100%	100%	100%
Fish Farming & Shellfish Production	3,315	100%	100%	100%
Fishery Management & Enforcement	4,000	100%	100%	100%
Fishing Fleet Structure & Effort	151	100%	100%	100%
Flood Management	74,826	100%	100%	100%
Forestry Commission: EU (CAP) Receipts	0	100%	100%	100%
Forestry Commission: Payment of PW Grants	15,000	100%	100%	100%
Forestry Commission: Policy, Administration & Regulation	54,191	100%	100%	100%
Forestry Commission: Research & Development	12,214	100%	100%	100%
Forest Enterprise: Management of the Public Estate	1,953	100%	100%	100%
Front Line Services (Drinking Water Inspectorate)	2,604	100%	100%	100%
Front Line Services (Pet Passports)	400	0%	0%	0%
Front Line Services (RPA)	157,882	100%	100%	100%
Front Line Services (State Veterinary Service)	104,656	100%	100%	100%
Fuel Poverty	374,442	100%	100%	100%
Government Decontamination Service	1,141	100%	100%	100%
Government Offices	3,999	100%	100%	100%
Horticulture, Potatoes & Medi Crops, Bee Health & Horticultural Marketing Inspectorate	13,404	100%	100%	100%
Information Management	13,000	100%	100%	100%
Information Technology Services	90,399	100%	100%	100%
Landscape Protection, Recreation & Public Access	9,490	100%	100%	100%
Legal Services	10,646	100%	100%	100%
Management of Accommodation & Property Resources	98,770	100%	100%	100%
Marine Environment & Water Supply Regulation Grants	14,413	100%	100%	100%

C SCHEDULE OF COMPARABLE PROGRAMME OBJECTS

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Marine Fisheries Agency	32,067	100%	100%	100%
Ministers & Top Management	1,670	100%	100%	100%
National Forest Company	3,754	100%	100%	100%
National Parks & Broads Authority	46,547	100%	100%	100%
National Scrapie Plan	17,824	100%	100%	100%
Nature Conservation Committee	1,920	100%	100%	100%
Natural England	182,397	100%	100%	100%
Other Environmental Protection Measures	33,590	100%	100%	100%
Payments to Regional Development Agencies	74,859	100%	100%	100%
Pesticides Safety Directorate	2,152	100%	100%	100%
Plant Genetic Resources	675	100%	100%	100%
Plant Health	2,277	100%	100%	100%
Plant Varieties & Seeds	1,709	100%	100%	100%
Policy & Corporate Strategy Unit	3,616	100%	100%	100%
Promoting & Assisting the Food Chain	5,101	100%	100%	100%
Reducing Greenhouse Gases	250,833	100%	100%	100%
Royal Botanic Gardens, Kew	29,300	0%	0%	0%
Rural Economy	23,031	100%	100%	100%
Rural Payments Agency: CAP	82,400	100%	100%	100%
Rural Payments Agency: ERDP	0	0%	0%	0%
Rural Payments Agency: Market Support Under CAP – BSE/OTMS	2,000	100%	100%	100%
Rural Payments Agency: Other Funding	5,120	0%	0%	0%
Rural Payments Agency: School Milk	0	0%	0%	0%
Rural Support Services	12,451	100%	100%	100%
Salmon, Whaling & Inland Fisheries	1,281	100%	100%	100%
Science Policy	36,848	100%	100%	100%
Support for Development of Arable Crops Policy	7,914	100%	100%	100%
Sustainable Energy Consumption & Production	352	100%	100%	100%
Sustainable Livestock Farming	13,811	100%	100%	100%
Trade Policy & EU Enlargement	769	0%	0%	0%
Veterinary Laboratories Agency	21,300	100%	100%	100%
Veterinary Medicines (Core DEFRA)	5,515	100%	100%	100%
Veterinary Medicines Directorate	300	100%	100%	100%
Waste & Recycling Programmes	314,938	100%	100%	100%
Water Publicity & Research	15,896	100%	100%	100%
Water Supply & Sewerage Policy	400	100%	100%	100%
Wildlife & Biodiversity Promotion	2,309	100%	100%	100%
	3,893,855	95.2%	93.6%	95.2%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Culture, Media & Sport				
Administration	54,753	100%	100%	100%
Arts	421,124	100%	100%	100%
ERDF	0	100%	100%	100%
Gambling & Licensing (Alcohol & Horseracing)	-1,835	0%	0%	0%
Gaming Board for Great Britain	4,369	0%	0%	0%
Grant for Welsh Fourth Channel Authority	92,817	100%	0%	100%
Grants to the GLA – Tourism	1,900	0%	0%	0%
Historic Buildings & Monuments Commission	161,141	100%	100%	100%
Libraries	146,571	100%	100%	100%
Listed Places of Worship	15,250	0%	0%	0%
Museums & Galleries	485,630	100%	100%	100%
Museums Libraries & Archives Council	45,976	100%	100%	100%
Museum Reserves & GIS – Museums & Galleries	679	100%	100%	100%
National Lottery Commission	191	0%	0%	0%
Occupied Palaces/Other Historic Buildings	18,610	100%	100%	100%
OFCOM	1,059	0%	0%	0%
Regional Cultural Consortia	1,885	100%	100%	100%
Research Surveys & Other Services	501	100%	100%	100%
Royal Parks	20,992	100%	100%	100%
Small Firms Loan Guarantee Scheme	28,544	100%	100%	100%
Sport & Recreation	202,864	100%	100%	100%
Tourism (England)	5,545	100%	100%	100%
Tourism (GB)	47,516	0%	0%	100%
Tourism Strategy Fund	63	0%	0%	0%
VAT Relief on Memorials that are not Buildings	5,000	0%	0%	0%
	1,761,145	95.8%	90.6%	98.5%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Work & Pensions				
Administration Costs of Measures to Help Unemployed Move from Welfare to Work	679,427	0%	0%	100%
Administration Costs of TV Licences for Over 75	2,700	0%	0%	100%
Administration Funding from the NIF	1,142,087	0%	0%	100%
Administration of Housing Benefit	508,196	0%	0%	100%
Analogous Industrial Injuries	614	0%	0%	100%
Better Government	600	0%	0%	100%
Central Administration	3,885	0%	0%	100%
Child Support Agency	404,795	0%	0%	100%
Children Client Group	1,956	0%	0%	100%
Commission for Equality & Human Rights	13,846	0%	0%	100%
Commission for Racial Equality	26,460	0%	0%	100%
Corporate Services Administration	742,618	0%	0%	100%
Disability & Carers Benefits Directorate	248,343	0%	0%	100%
Early Retirement Pre-Funding Interest	197	0%	0%	100%
Efficiency Challenge Fund	173,000	0%	0%	100%
Employment Relations	29,411	100%	100%	100%
Equal Opportunities Commission	407	0%	0%	100%
ERDF	0	100%	100%	100%
Employment Service Programmes	40,767	0%	0%	100%
ESF Payments & Receipts	32,700	100%	100%	100%
European Union Receipts	-540	100%	100%	100%
Financial Assistance Fund	20,800	0%	0%	100%
GFD Enforcement Initiative	1,500	0%	0%	100%
HB Performance Stars	-1	0%	0%	100%
Health & Safety Executive	235,807	0%	0%	100%
Health & Safety Laboratory	1,780	0%	0%	100%
Initiatives for Disadvantaged Groups	20,000	0%	0%	100%
Job Centre Plus Agency	3,117,352	0%	0%	100%
Local Authority Administration of Council Tax Benefit	172,005	0%	0%	100%
Mortgage Lender Receipts	-1,049	0%	0%	100%
MOTABILITY	2,800	0%	0%	100%
National Insurance Fund Receipts (Corporate)	-286,615	0%	0%	100%
National Insurance Fund Receipts (Job Centre Plus)	-480,473	0%	0%	100%
National Insurance Fund Receipts (Pensions)	-374,999	0%	0%	100%
NEP Ltd	3,687	0%	0%	100%
Occupational Pensions Regulatory Authority	342	0%	0%	100%
Pensioner Client Group	52,168	0%	0%	100%
Pensions Advisory Service	0	0%	0%	100%
Pensions Agency	554,169	0%	0%	100%
Pensions Ombudsman	0	0%	0%	100%
Pensions Protection Fund Programme	-4,733	0%	0%	100%
Pensions Regulator	4,685	0%	0%	100%
Pneumoconiosis	37,000	0%	0%	100%
PS Mortgage Lender Receipts	-484	0%	0%	100%
PS Third Age Partnership Fund	5,000	0%	0%	100%
Remploy	96,710	0%	0%	100%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Rent Service Executive Agency	36,175	0%	0%	100%
SR 2002 Settlement	432,558	0%	0%	100%
Work Train Programme	3,000	0%	0%	100%
Working Age Client Group	3	0%	0%	100%
Working Age Client Private Sector Receipt	-1	0%	0%	100%
WWEG	59,586	0%	0%	100%
	7,760,241	0.8%	0.8%	100.0%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Chancellor's Departments				
Bank of England Debt Management	2,434	0%	0%	0%
Bank of England Exchange Equalisation Account	10,445	0%	0%	0%
GAD: Administrative Expenditure	572	0%	0%	0%
GAD: Capital Expenditure	228	0%	0%	0%
HMRC: Improve Extent to Which Customers Comply & Receive Their Entitlements.	3,300,502	0%	0%	0%
HMRC: Improve Extent to Which Customers Comply, Including Legal Costs & Capital.	-83,278	0%	0%	0%
HMRC: Measurable Improvements to Customers Dealing With HMRC.	567,370	0%	0%	0%
HMRC: Measurable Improvements to Customers Dealing & Compliance	52,883	0%	0%	0%
HMRC: National Insurance Fund	347,939	0%	0%	0%
HMRC: Strengthen Frontier Protection	472,907	0%	0%	0%
HMRC: Valuation Office	8,745	0%	0%	100%
HMT: Coinage	19,000	0%	0%	0%
HMT: Core Administration Costs	115,341	0%	0%	0%
HMT: CFERs	-748	0%	0%	0%
HMT: Core Programme	7,954	0%	0%	0%
HMT: Debt Management Office	12,750	0%	0%	0%
HMT: Grant to the Statistics Commission	1,656	0%	0%	0%
HMT: Honours & Dignitaries	69	0%	0%	0%
HMT: OGC	39,699	100%	100%	100%
HMT: Parliamentary Bodies	3,305	0%	0%	0%
HMT: Privatised Companies	2	0%	0%	0%
HMT: Partnerships	908	0%	0%	0%
National Savings & Investments	165,794	0%	0%	0%
Office for National Statistics	189,143	0%	0%	100%
	5,235,620	0.8%	0.8%	4.5%

Programme Object/Programme Object Group	2007-08 Provision	Scotland	Wales	NI
Cabinet Office				
Cabinet Office Core Spending	218,617	0%	0%	100%
Cabinet Office: E Government	18,000	0%	0%	100%
Cabinet Office: Emergency Planning Directorate	606	100%	100%	100%
Cabinet Office: Grants to Local Authority – Security Administration	4,275	0%	0%	0%
Cabinet Office: Honours & Dignities	1,141	0%	0%	0%
MEP Salaries	7,110	0%	0%	0%
Cabinet Office: Social Exclusion Task Force	880	100%	100%	100%
Central Office of Information: Achieving Maximum Communication	716	100%	100%	100%
Office of the Third Sector	152,289	100%	100%	100%
National School of Government	1,284	0%	0%	0%
Security & Intelligence Agencies	1,732,997	0%	0%	0%
	2,137,915	7.2%	7.2%	18.3%

D

GLOSSARY OF TERMS

Aggregate External Finance (AEF)	Mainstream Government support for expenditure on local authority services. It comprises of <i>Revenue Support Grant (RSG)</i> , non-domestic rate payments and certain specific and special grants.
Annually Managed Expenditure (AME)	A spending aggregate that covers programmes for which multi-year limits are not appropriate or possible, but which are taken into account in public expenditure planning. See also Main Departmental Programmes in AME and Other AME.
Assigned Budget in DEL	That part of the <i>Departmental Expenditure Limit</i> where the devolved administration has full discretion to determine where to allocate expenditure.
Barnett Formula	The Formula that allocates a population share of changes in planned expenditure on comparable services by Departments of the United Kingdom Government to the devolved administrations in Scotland, Wales and Northern Ireland.
Base year	Year immediately prior to first year of spending review period.
Capital expenditure	Expenditure on new construction, land, extensions and alterations of existing buildings and the purchase of fixed assets such as plant and machinery. Includes expenditure on stocks, grants and lending for capital purposes, and capital grants (payments from government on the condition that they are used for capital formation). Also covers some intangibles, such as patents and in-house creation of software under recognised projects.
Comparability	The extent to which services delivered by Departments of the United Kingdom Government correspond to the services within the assigned budgets of the devolved administrations.
Comprehensive Spending Review (CSR)	A zero based review of all Departmental objectives, policies and spending plans, the conclusion of which sets out <i>Departmental Expenditure Limits</i> for the next three years and all other spending aggregates.
Current expenditure	Includes most direct expenditure on public sector pay and providing services e.g. health or education, reflecting continuing programmes financed each year. It does not include the purchase of tangible assets.
Departmental Expenditure Limits (DEL)	A spending aggregate that sets firm expenditure limits for a three-year period.
DEL Reserve	A small Reserve retained centrally to deal with emergencies and genuine contingencies outside DEL provision.
Departmental Unallocated Provision	Internal contingency reserves within departmental spending plans that leave provision uncommitted so that these resources can be redirected to meet unexpected pressures.
Devolution Acts	Scotland Act 1998, Government of Wales Acts 1998 and 2006, and Northern Ireland Act 1998.
Devolved administrations	The Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive.

- District Rates** Set by each District Council in Northern Ireland to meet their own net expenditure on the local services provided by the Council including leisure, economic development and environmental matters.
- End-year flexibility (EYF)** The mechanism to allow unspent provision in the *Departmental Expenditure Limit Assigned Budget* in one year to be carried forward to the next to encourage good financial management.
- External finance requirements** The financial support in terms of lending, subsidies and grants from central government required by nationalised industries, trading funds and other public corporations and their borrowing from commercial sources. Includes movements in deposits and borrowing by way of finance leases.
- Grant in aid** A payment by a government department to finance all or part of the costs of the body in receipt of the grant in aid. It applies where the Government has decided, subject to the necessary Parliamentary controls, that the recipient body should operate at arms length. Most bodies in receipt of grant are non-departmental public bodies (NDPBs).
- In-year changes** Changes to expenditure allocations between spending reviews.
- Local Authority Self-Financed Expenditure (LASFE)** LASFE is additional local government spending above that scored against departmental programmes
- Locally Financed Expenditure (LFE)** *Local Authority Self-Financed Expenditure* plus *non-domestic rates* payments in Scotland and Wales, the yield from exercising the tax varying power in Scotland and Regional Rates Northern Ireland
- Main Departmental programmes in AME** Spending on identified programmes, in which other departments have a major interest, included in the vote from the United Kingdom Parliament within *Annually Managed Expenditure* to cover *ring-fenced* items for which multi-year limits are not appropriate.
- National Loans Fund (NLF)** The fund that handles all government borrowing transactions, including the payment of debt interest, and most lending transactions.
- Non-assigned budget in DEL** Spending for those items where provision is not determined directly through the Barnett Formula. Such provision is included as ring-fenced within the *Departmental Expenditure Limit*.
- Non-domestic rates (also known as Business Rates)** The contribution towards the cost of local authority services paid by the occupiers of non-domestic property, principally businesses. The rate bill for a property depends on its rateable value and the poundage for the year in question. Non-domestic rates are pooled at a country level. The pool is then divided between contributing authorities. This division is currently based on the number of residents each authority has.
- Northern Ireland Consolidated Fund (NICF)** The account into which payments and receipts (not specifically directed elsewhere) to the Northern Ireland Assembly flow. Issues from the Fund are made to meet Northern Ireland Assembly expenditure.

Other AME items	Items included for public expenditure planning as <i>Annually Managed Expenditure</i> , as multi-year plans are not appropriate, but often not a close part of the departmental programme. Includes local authority self-financed expenditure and expenditure financed by the Scottish Variable Rate of Income Tax.
Programme Object	Component expenditure of main departmental spending programme (from 2006)
Public Corporations	Publicly owned trading bodies, usually statutory corporations, with a substantial degree of financial independence from central government and local authorities including the powers to borrow and maintain reserves. They include nationalised industries, trading funds and other public corporations.
Regional Rates	Rates struck by the Northern Ireland Assembly for the purposes of local financing of expenditure on public services in Northern Ireland. The Assembly is responsible for decisions on how the revenues raised should be used.
Resource Accounting and Budgeting (RAB)	An accruals based accounting and budgeting system that will focus more on resources consumed and not just cash spent; treat capital and current expenditure in a way which better reflects their economic significance; and encourage greater emphasis on outputs and the achievement of aims and objectives.
Revenue Support Grant (RSG)	The unhypothecated grant from central government to supplement local authorities' own finances.
Ring-fenced	Expenditure that is specific to a particular policy or programme and cannot therefore be used for any other purpose without the prior agreement of the Treasury. Shortfalls in expenditure on ring-fenced items will be surrendered to the <i>United Kingdom Consolidated Fund</i> .
Scottish Consolidated Fund (SCF)	The account into which payments and receipts (not specifically directed elsewhere) to the Scottish Parliament flow. Issues from the Fund are made to meet Scottish Parliament expenditure.
Scottish Variable Rate of Income Tax	The power of the Scottish Parliament to increase or decrease the basic rate of income tax set by the United Kingdom Parliament by a maximum of 3p. If the Scottish Parliament exercises this power the resources available to it will be adjusted upwards or downwards as appropriate.
Sub-programme	Component expenditure of main departmental spending programme (to 2006)
United Kingdom Consolidated Fund (UKCF)	The Exchequer account into which are paid gross United Kingdom tax revenue, less repayments, and all other Exchequer receipts not specifically directed elsewhere. Issues from the Fund are made to meet central government expenditure shown in the Supply Estimates to the United Kingdom Parliament.
Welsh Consolidated Fund (WCF)	The account into which payments and receipts (not specifically directed elsewhere) to the Welsh Assembly flow. Issues from the Fund are made to meet Welsh Assembly expenditure. A fuller glossary of terms relating to Public Expenditure may be found in Annex F of Public Expenditure Statistical Analyses 2007 (Cm 7091).

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