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# Spending Matters

## Defence and Security Budgets after the 2015 Spending Review

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## Key Points

- As a result of the 2015 Spending Review, there will be substantial shifts in defence and security spending over the next four years.
- **The Ministry of Defence budget will increase by 1.0% in real terms** over the next four years. If existing force structures are to be maintained alongside plans for increased spending on new equipment, substantial efficiency savings will be needed.
- **Total Home Office spending is due to fall by 4.7% in real terms.** While spending on the police is being protected in real terms, substantial cuts are expected in other elements of police force spending, as well as in border and immigration services.
- There will be significant increases in spending on cyber-security and counter-terrorism, with **the security and intelligence agencies given a 16.7% real-terms increase.**
- Official Development Assistance (ODA) spent through **the Department for International Development is due to rise by only 3% in real terms,** while ODA spending by other government departments is due to increase by 123%.
- **The core non-ODA budget of the Foreign Office will be cut by 9.9% in real terms, while its ODA allocation will increase by some 92%.** By the end of the decade, 73% of the Foreign Office's budget will be on ODA, compared to 10% in 2010: a profound shift in the balance of its activities.

STRATEGY IS about choices. One of the key points of reference for understanding the 2015 Strategic Defence and Security Review (SDSR), therefore, is the 2015 Spending Review (SR15), conducted in parallel and published two days later.

The purpose of this briefing is to examine the outcomes of SR15 for the main SDSR-related departments – the Ministry of Defence (MoD), the Home Office, the security and intelligence agencies (SIAs), the Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID). Together, these departments accounted for £59.3 billion of annual Departmental Expenditure Limit (DEL) spending in 2015/16, equivalent to 16.5% of total government DEL spending. Because of the relatively high priority attached to SDSR-related budgets, this proportion is expected to increase to 17.7% by 2019/20. In real terms, spending by SDSR-related departments is due to increase by 5.0% over four years, compared with a 2.1% real-terms decline in overall central government expenditure.[1]

The briefing compares the outcome of SR15 with spending trends during the last five years, the period covered by the Spending Review and SDSR conducted in 2010. In order to present a more accurate picture of these trends, the paper takes account of important classification changes, as well as analysing the growing importance of the new centrally-directed funds created in order to promote cross-governmental co-operation. The briefing also takes into account the outcomes of the March 2016 Budget, which announced further reductions in government spending with potentially important impacts for these departments, especially in relation to pension contributions and Official Development Assistance (ODA), and also revised projections for inflation and GDP.

The briefing focuses on the next four years. For the MoD and the SIAs the 2015 Spending Review announced budgetary settlements for five years, through to 2020/21. For the other departments, a further Spending Review – probably in 2018 – will be needed to settle the budget for the last year of the parliament.

One of the new features of this Spending Review, which has also figured prominently in the government's presentation of the SDSR, is that adherence to international spending targets (for both defence and overseas aid) has taken a much more prominent role. Five years ago, in 2010, defence spending was well above the NATO 2% target, at 2.51% of GDP, while ODA was well below the OECD's 0.7% equivalent, at 0.57% of Gross National Income (GNI).[2] By 2015, however, defence spending had fallen to 2.07% of GDP, and aid had been set to be exactly 0.7% of GNI every year.

While making adherence to these two targets a central element of its policy narrative, the government has also made clear that these are not departmental targets. Over the next four years, a growing proportion of NATO-declared defence spending will be spent outside the MoD, with a particular focus on the SIAs. The proportion of ODA spent outside DFID will also grow, from around 14% in 2014 to an estimated 28% by 2019/20.[3]

In relation to defence, the prominence given to the 2% target has provided added impetus to the drive for a more joined-up approach to planning defence and SIAs budgets together, seen most clearly in the establishment of the Joint Security Fund (JSF). In relation to ODA, the

1. HM Treasury, *Spending Review and Autumn Statement 2015* [SR15], Cm 9162 (London: The Stationery Office, November 2015), pp. 78–79.
2. NATO, 'Defence Expenditures of NATO Countries (2008–2015)', press release, 28 January 2016, Table 3, <http://www.nato.int/cps/en/natohq/news_127537.htm>, accessed 10 May 2016; DFID, 'Statistics on International Development 2015', 3 December 2015, Figure 2.
3. 2014 figures from DFID, 'Statistics on International Development 2015', Table 3. For 2019/20, see estimates in this report.

0.7% target, together with the desire for diversified means of spending those resources outside of DFID, has led to the creation of a number of new cross-departmental funds. Two of these, the £1.5 billion Global Challenges Fund and the £600 million Newton Fund, will finance British scientific research of benefit to developing countries and the application of UK expertise in the development of local scientific research capacities. In addition, the £1.3 billion Prosperity Fund (PF) will finance targeted projects that support the conditions for global and UK growth. Meanwhile, the existing Conflict, Security and Stability Fund (CSSF) will benefit from an increase to more than £1.3 billion annually by 2019/20 (including both ODA and non-ODA spending). All these developments have strengthened the authority of the centre, including the National Security Council (NSC), in shaping detailed cross-government priorities.

## Big Budgets, Small Increases

The creation of cross-departmental funds helps explain one of the most striking elements of the SDSR-related budget settlements in SR15. The budgets for the three largest departments – the MoD, Home Office and DFID – have remained relatively stable at, or around, current levels in real terms. These three departments account for some 93% of total SDSR-related spending. In contrast, both the SIAs and the FCO are set to gain significant increases in their spending power, as will a number of smaller departments that have not previously played a significant role in foreign policy.

The largest SDSR department is the **MoD**, accounting for some £34.3 billion in 2015/16. Its core budget is due to increase by only 1.0% in real terms over the four years to 2019/20, from which it will have to fund increased National Insurance and pension commitments. This compares favourably with the real-terms reduction of 8.5% which the MoD had to endure in its core budget in the five years to 2015/16. Yet it is only slightly more generous than for government spending as a whole.

The budget of the **Home Office**, which totals some £10.7 billion in 2015/16, is due to fall by 4.7% during the SR15 period. As in the case of defence, this is a distinct improvement on the real-terms cut of 25.1% which the department suffered over the last five years.

After a long period of rapid real-terms growth in aid spending stretching back to 1999, averaging a remarkable 9.1% per annum, the core budget of **DFID**, which amounts to some £9.9 billion in 2015/16, is due to be increased by only 3% in real terms.[4]

Smaller departments, in contrast, have done relatively well in SR15. The **SIAs**, funded through the Single Intelligence Account, have been allocated a 16.7% increase in real spending over the next four years, together with a 15% increase in staffing levels. The total budget of the **FCO** is also being increased. Its core, non-ODA budget is being cut by 9.9% in real terms. In contrast, the FCO subvention to the British Council is set to increase by some 171% in real terms, the BBC World Service is being provided with new ODA resourcing and the FCO is due to be the main

4. DFID, 'Provisional UK Official Development Assistance as a Proportion of Gross National Income 2015', April 2016, Figure 2.

beneficiary from the substantial additional ODA funds allocated to the CSSF and the new PF. In overall terms, total FCO spending is due to increase by an estimated 42% in real terms over the next four years.

Finally, two other departments – the **Department for Business, Innovation and Skills** (BIS) and the **Department of Health** (DoH) – are due to receive substantial increases in ODA funding, which will make them significantly more serious external actors than they are at present. Taken together with the investments of the **Department of Energy and Climate Change** (DECC) in climate finance, these three departments, not traditionally associated with security and defence, are due to be spending around £1.4 billion annually on ODA by 2019/20 (in cash terms), up from £282 million in 2014 and £580 million in 2015.[5]

## The Ministry of Defence

The MoD has the largest security-related budget, with Spending Review allocations due to increase from a baseline of some £34.3 billion spending (cash) in 2015/16 to almost £38.1 billion by 2019/20.

The July 2015 Summer Budget committed the government to provide the MoD with real-terms increases of 0.5% per annum through to 2020/21, with additional funds being allocated on top of this from the newly-established JSF.

The Spending Review confirmed these commitments, and agreed that the MoD should receive some 60% of the total £3,457 million five-year JSF allocation (with the remainder allocated to the SIAs). As a result of a JSF allocation to the MoD of £535 million in 2019/20, the Spending Review was able to announce that MoD core spending would increase by 3.1% in real terms over the four years from 2015/16 to 2019/20.

This increase will be in sharp contrast to the experience of the last five years, which has seen a real-terms cut in total MoD spending of 8.5%.[6] If the steep reduction in operational spending as a result of withdrawal from Afghanistan is also taken into account, the reduction in spending since 2010/11 has been even sharper – a cut of 17.2% in real terms over five years.

The deterioration of international security since 2014, triggered by events in Ukraine and the Middle East, helps to explain the reversal in the MoD's budgetary fortunes. But it was also helped by the Chancellor's decision to announce a wider relaxation in spending targets since the success of the Conservatives in the May 2015 general election. Total planned government spending for 2019/20 increased from £780 billion (in the 2014 Autumn Statement) to £821 billion in the 2015 Spending Review. Some £4 billion of this additional £40 billion in

5. 2014 figures from DFID, 'Statistics on International Development 2015', Table 3.
6. If the SR15 baseline for 2015/16 is used, the reduction is 11.9%.

anticipated spending was made available to avoid a repetition of the cuts in MoD spending that were made in the 2010 SDSR.[7]

The JSF allocations for both the MoD and the SIAs have been back-loaded, with 47% of the total five-year allocation for the MoD not due to be spent until 2020/21. This explains why the overall MoD SR15 allocation increases by only 3.1% over the four years to 2019/20, and is then scheduled to increase by 2.3% in real terms in 2020/21. This reflects, at least in part, a desire by the Treasury to preserve budgetary flexibility in case of a wider deterioration in public finances.

The division of the JSF was not agreed until the last days of the Spending Review, and was decided upon after a competitive process in which both the MoD and the SIAs had to first determine what additional programmes they could afford through efficiencies in their base allocation (in the case of the MoD, the 0.5% annual real increase). They were then asked to prioritise further investments that would not otherwise be funded. If either the MoD or the SIAs are unable to generate anticipated efficiency savings elsewhere in their budgets, the Treasury will insist that they go back to their JSF list and drop the lower-priority items. Further central authorisation by the prime minister or chancellor will be required if the MoD wishes to replace currently funded JSF projects with alternative priorities. This reflects the involvement of both the prime minister and the chancellor in shaping the 2015 SDSR (and thus SR15) investment priorities, which extended into direct involvement in the details of JSF allocation decisions.

In calculating the four-year real-terms increase of 3.1% in the MoD budget, the Treasury has used a 2015/16 baseline of £34,300 million. Yet this figure excludes a number of significant one-off items of spending in that year, including the Defence Recuperation Fund (£506 million) and provision for Budget Exchange (£700 million), which in practice were available to fund general spending during that year. In addition, out of its increased budget, the MoD has also been asked to hold the budget for the cross-departmental National Cyber Security Programme, due to rise to some £266 million per year by 2019/20, a large part of which was previously held against the budget of the SIAs.[8] Taking these two definitional changes into account, and using actual 2015/16 spending as the baseline (see Appendix, Table 1, 'Total core, adjusted'), real-terms core defence spending is due to fall below 2015/16 levels in 2016/17 and 2017/18, before increasing to a level that is 1.0% over 2015/16 levels by 2019/20.

Like other government departments, the MoD will also have to share in the cost of two additional measures announced by the Treasury, the effect of which will be to increase the employment costs for public sector personnel. First, it will have to fund the extra costs that result from the ending of contracting-out from employer's National Insurance contributions, starting on 1 April 2016. The Treasury has estimated that the cost of this measure for the public sector

7. For more discussion, see Malcolm Chalmers, 'The SDSR in Context', *RUSI Journal* (Vol. 161, No. 1, March 2016), p. 8.
8. Cabinet Office et al., *Security and Intelligence Agencies Financial Statement 2014-15*, HC 19 (London: The Stationery Office, July 2015), p. 6. Total five-year spending on cyber-security will be some £2.0 billion over five years from 2016/17, compared to some £1.1 billion during the five years from 2011/12 to 2015/16. SR15, p. 81.

as a whole will be some £3.3 billion annually from 2016/17: some 0.7% of total departmental spending.[9] The cost for the MoD will be an additional £200 million annually, starting in 2016/17 – equivalent to some 0.5% of its total budget.

Second, from 2019/20 onwards, the MoD will also have to finance the additional employers' superannuation contributions announced in the March 2016 budget, projected to cost £1.97 billion across government in 2019/20 and subsequent years.[10] With the armed forces accounting for a substantial proportion of the total government payroll, it has been estimated that this will cost the MoD more than £300 million in annual additional spending.[11]

Together, these increases in employment on-costs are likely to add more than 1% to the MoD's 2019/20 budget: broadly equivalent to the 1.0% increase in (cyber-adjusted) spending over the first four years of the Spending Review period.

Whatever measure of the four-year change in total defence spending is used, it is still likely to be marginally better than the trend for overall government DEL spending, which is set to decline by 0.3% in real terms over the same period.[12] Yet it is likely to be slower than growth in total GDP, which the Office for Budget Responsibility (OBR) – perhaps optimistically – is projecting will increase by 8.8% over the same period in real terms.[13]

While the 2015 Spending Review and SDSR have been widely welcomed in senior military circles as a considerable improvement over previous expectations of further decline, the settlement remains a tough one, especially over the first three years of the SR15 period. As a result, some of the toughest SDSR negotiations were about the timings of new procurement (for example in relation to orders for new Type-26 frigates, P8 maritime patrol aircraft and F-35B combat aircraft), and how these could be fitted within a limited overall budget.

In stark contrast to the 2010 SDSR, the latest review has made no significant reductions in planned front-line numerical strength. It also announced significant new investments, including the creation of new strike brigades, increases in the planned arsenal of armed drones, the reintroduction of a maritime patrol aircraft capability and, in the longer term, an increase in the size of the Royal Navy's frigate fleet. In order to support this investment programme, the SDSR announced an increase in ten-year equipment spending, from £166 billion for the decade from 2015/16 to 2024/15, to a total of £178 billion over the decade from 2016/17 to 2025/26. Allowing for expected inflation, this amounts to a real-terms increase of around 5%, taken across the decade, over previous plans.[14] Until further information on the time profile of this increase

9. Institute for Fiscal Studies, *The IFS Green Budget 2016* (London: IFS, February 2016), p. 134.
10. HM Treasury, *Budget 2016*, HC 901 (London: The Stationery Office, March 2016), p. 84.
11. *BBC News*, 'Public Sector Pensions Change in Budget Criticised', 18 March 2016.
12. This is based on SR15 figures, and does not account for the unspecified DEL reductions announced in the March 2016 Budget.
13. OBR, *Economic and Fiscal Outlook*, Cm 9212 (London: The Stationery Office, March 2016), p. 209.
14. Because the new plan starts one year later, the 7.2% cash increase is discounted by 2.2%, the assumed rate of inflation after 2020/21.

is available, a reasonable estimate is that some £4–5 billion extra is now available, spread over the next five years, for equipment spending.

The MoD has been able to finance this increase – and more – through a programme of further savings, totalling some £9.2 billion over the same five years. Around £2 billion of these savings have come from the deletion of lower-priority items from forward plans. Of the remaining £7 billion, around one third is planned to come from efficiencies within the equipment programme and from equipment support, the savings from which are being reinvested in new capabilities. A further third will come from other efficiency measures, many of which have been identified by Front Line Commands, with the remainder coming from other non-operational spending such as professional fees. A further substantial contribution will come from a 30% reduction in civilian personnel numbers, capitalising on savings from improved estate management as the MoD footprint is reduced, together with further outsourcing.

One of the most difficult areas of efficiency saving could be in relation to pay levels. The government has committed to increasing the numbers of service personnel (both regular and reserve) over this period, so this source of savings is not available. But the decision to limit military and civilian pay increases to 1% per annum, in common with the rest of the public sector, will contribute a significant part of the savings needed to finance increased levels of equipment spending. Even allowing for 'incremental creep' of some 0.8% per annum, this remains significantly below forecast growth in economy-wide average earnings of 3.3% per annum over the next four years.[15] In response, the Armed Forces' Pay Review Body has observed that 'continued pay restraint could also impact negatively on the Armed Forces' ability to compete with the private sector ... this could particularly effect [sic] the recruitment and retention of highly skilled individuals such as engineers, IT specialists and pilots.'[16] In practice, the extent of this problem could be reduced if productivity (and GDP) growth is significantly slower than anticipated, and economy-wide pay levels rise less rapidly as a result. If this were to be the case, however, the Spending Review settlement as a whole might have to be revisited.

In order to maintain its NATO 2% commitment through to 2019/20, and on the assumption that GDP grows broadly as projected, the government may have to make further changes in what it reports in its annual defence spending returns to NATO. Reported UK defence spending was 2.07% of GDP in 2015/16.[17] Without any change in coverage, this could decline to 1.93% by 2019/20, assuming current defence spending plans and GDP projections.[18] In order to hit the 2% target in 2019/20, the government may therefore need to add a further £1.5 billion of spending that can be legitimately counted as defence spending for NATO purposes, over and above the additional £2.2 billion added to the NATO-reported figure in 2015/16.[19] In particular,

15. HM Treasury, *Budget 2016*, p. 136. 'Incremental creep' is the additional costs that result from existing employees, on average, moving up the incremental scales from which their pay is derived.
16. Armed Forces' Pay Review Body, *Forty-Fifth Report 2016*, Cm 9213 (London: The Stationery Office, March 2016), p. xv.
17. NATO, 'Defence Expenditures of NATO Countries (2008–2015)'.
18. GDP projection based on OBR, *Economic and Fiscal Outlook*, Economy Supplementary Tables, Table 1.4. This assumes that expenditure on operations is maintained at 2015/16 levels.
19. Chalmers, 'The SDSR in Context', p. 5.

the government has made clear that a significant part of spending by the SIAs is likely to be included in future NATO returns, in contrast to previous practice. If this proves insufficient for the reconciliation of national plans with the NATO target, the government might also look, for example, at including additional health costs for serving and retired military personnel, the equivalent budgets for which are reportedly included in defence budgets in some other NATO member states.

The government's flexibility in relation to NATO reporting does have some significant advantages in relation to day-to-day management of the defence budget in response to fluctuations in projected GDP levels. By throwing the burden of adjustment onto definitional flexibility rather than annual money budgets, the MoD may help to ensure greater stability in budget planning, avoiding the instability that a fixed target as a proportion of GNI is now creating for the development aid budget. Thus the March 2016 Budget announced a cut of £650 million in the ODA budget for 2019/20, based on a projected reduction in GNI for that year.[20] Adopting a similar practice for the MoD, however, would not be wise, not least given its higher level of forward contractual commitments compared with DFID.

Beyond 2020/21, the MoD is basing its forward plans on the assumption that the total core budget will grow at 0.5% per annum in real terms, and that there will be continuing allocations from the JSF (or its successor) that are broadly equivalent to those for 2019/20 and 2020/21. It is also assuming that it will be able to make further efficiency savings, broadly comparable in scale to those identified for the next five years. This would generate savings of around £7 billion for the five years to 2025/26. These additional resources, in turn, allow the government to make the commitments for spending beyond 2020/21 on which its new £178 billion equipment plan is based.

In summary, the 2015 SDSR and SR15 have successfully stabilised the overall defence budget after five years of sharp real-terms reductions. The size and shape of the UK's military capability – numbers of aircraft, ships, battalions, military personnel – will remain broadly similar to current levels (with the important addition of two new aircraft carriers and a squadron of maritime patrol aircraft). The proportion of the budget spent on equipment will continue to increase, funded by significant reductions on the proportion spent on personnel and other spending.

## The Home Office

The Home Office is the second-largest security-related department, due to spend some £10,685 million in 2015/16, rising to £10,987 million in cash terms by 2019/20.

The Home Office DEL budget is dominated by grant payments to local police services in England and Wales, amounting to some 70% of total annual spending. During the last five years, this

20. HM Treasury, *Budget 2016*, p. 23.

funding has fallen by 25% in real terms.[21] Numbers of police officers have fallen by 12% over the same period, from 141,850 to 125,185.[22]

By contrast, at a late stage of the 2015 Spending Review, the government decided that it would ‘protect overall police spending in real terms over the Spending Review period’, while also providing funding ‘to maintain overall police force budgets at current cash levels.’[23] The latter is equivalent to a real-terms cut in police force spending of some 7.2% over four years. While spending directly on the police is protected, significant further economies in those elements of police force budgets that are not devoted to police salaries will therefore be needed, for example through reduced network costs and economies of scale through greater collaboration.

The Home Office also plans to reduce by more than half the £600 million that is currently being spent annually on border, immigration and citizenship costs. It aims to do so through investing in new technologies and streamlined processes, as well as offsetting costs through further visa fee increases.

Savings in these two large areas of Home Office spending will be partially offset by more generous funding for priority areas. In keeping with wider SDSR priorities, spending on counter-terrorism will increase in real terms, with investments in new digital and biometric services, upgraded border intelligence systems, enhanced coverage in prisons and increased aviation security. Spending on maritime security and the National Crime Agency will also be protected, with £200 million of additional capital investment in the latter’s digital and investigative capabilities.

Within its overall settlement, the Home Office will have to finance a very substantial increase in ODA funding in 2016/17, largely as a result of the government’s commitment to receive additional refugees from Syria. The first year of refugee hosting costs within the UK is countable as ODA for OECD purposes. In subsequent years, the working assumption is that the number of new refugees will stabilise, and this is reflected in the current Home Office ODA allocation. As a result of the recent surge in refugee flows to countries such as Sweden and Germany, there is considerable momentum behind proposals that would expand the refugee-related costs that could be ODA-countable. So far, however, no agreement has been reached.[24]

Despite these areas of increased priority, the total Home Office budget is due to fall by 4.7% in real terms over the SR15 period. As in the case of the MoD, the Home Office has obtained a budget settlement that is significantly more generous than in 2010, and more than had been expected earlier in 2015. In both cases, however, the settlement remains a tight one, with significant resource increases limited to a relatively small number of selected priority areas.

21. National Audit Office, ‘A Short Guide to the Home Office’, June 2015, pp. 2, 6.
22. Data are for 30 September 2010 and 30 September 2015. Home Office, *Police Workforce, England and Wales, 30 September 2015*, Statistical Bulletin 01/16 (London: The Stationery Office, January 2016), p. 6.
23. SR15, p. 82.
24. Cécile Barbière, ‘OECD Postpones Decision on Accounting of Refugee Costs’, *Euractiv.com*, 25 February 2016.

## The Security and Intelligence Agencies

The SIAs received significant real increases in both the 2010 and 2015 Spending Reviews, reflecting their increasingly important role in national security. They have a central role to play in countering terrorism and cyber-attacks, both designated as Tier One threats in the 2015 SDSR.[25] They also play a growing role in contributing to the support of military operations.

During the 2010 review period, the budget of the SIAs increased by 10.5% in real terms, one of the largest increments of any part of government. This funded a significant increase in real spending on cyber-defence, and also allowed total staff numbers in the SIAs to increase by 6.6% over the period, from 12,049 in 2010/11 to 12,845 in 2015/16.[26] These increases accelerated in 2015/16, as a result of the extra resources allocated in the 2013 Spending Review.

The 2015 Spending Review started with a baseline plan in which the budget of the SIAs was maintained in real terms, while responsibility for holding the cyber budget was transferred to the MoD. This allocation was then increased through allocation of additional funds from the JSF. Although the SIAs had a baseline 2015/16 budget equivalent to less than 6% of the combined MoD and SIAs total, it was successful in obtaining a full 36% of the incremental allocation from the JSF of £3.5 billion, equivalent to £1.25 billion over five years. Taking JSF allocations into account, the budget of the SIAs is due to increase by 16.7% in real terms over the next four years, with a further 1.4% real increase pencilled in for 2020/21. This will fund the recruitment of a further 1,900 intelligence officers, equivalent to a 15% increase in staffing levels over five years.[27]

## The Department for International Development

The government remains committed to maintain ODA at 0.7% of GNI through to 2020/21. As a result, it plans to increase total ODA by around 13% over the next four years, equivalent to the growth in national income over this period. By 2019/20, as Table 4 of the Appendix shows, total ODA DEL held against the DFID SR15 totals was due to reach £12,964 million: a real-terms increase of 18.3% increase over 2015/16 levels. This was a result of the combined effect of a projected 9.9% increase in national income, a further 6.5% increase in spending as a result of a revaluation of GNI in line with the new European System of Accounts, along with the effects of a reduction in the estimated level of non-DEL ODA.[28] Since the Spending Review, projected levels of growth have fallen, reducing projected 2019/20 ODA by £650 million. But the projected growth in total DEL ODA is still equivalent to some 12.9% in real terms: one of the highest rates of growth for any area of government activity.

25. SDSR 2015, p. 87.
26. Cabinet Office et al., *Security and Intelligence Agencies Financial Statement 2014/15*, p. 18.
27. SR15, p. 81.
28. The projected growth in GNI is assumed to be the same as GDP growth. OBR, *Economic and Fiscal Outlook* (London: The Stationery Office, November 2015), p. 92. For the effects of European System of Accounts (ESA) revaluation, see DFID, ‘Provisional UK Official Development Assistance as a Proportion of Gross National Income 2015’, p. 4. Non-DEL ODA consists of spending that is not controlled by departments. It includes, for example, Gift Aid tax relief, the level of which is dependent on individual contributions to development charities.

Yet DFID – the department responsible for most of the ODA budget – is still viewed with suspicion by Conservative ministers and MPs. Its focus on poverty reduction has often been seen as being insufficiently aligned to the national interest, both in relation to the security and the prosperity of the UK.

In response to these concerns, the Treasury conducted a major review of aid policy as part of the Spending Review, the results of which were also published in November 2015.[29] The review acknowledges that 'aid spending has sometimes been controversial at home' because 'people want to know that it is squarely in the UK's national interest'. It went on to announce that the aid budget will be restructured to ensure that, henceforth, it is shaped according to four strategic objectives. First, it will be used for 'strengthening global peace, security and governance', contributing to poverty reduction overseas but also strengthening 'our own national security at home.' Second, it will be used for 'strengthening resilience and response to crises', including support in ongoing crises (such as Syria), and more investment in global public health risks such as antimicrobial resistance. The third strategic objective will be 'promoting global prosperity', contributing to the reduction of poverty, but also being used to 'strengthen UK trade and investment opportunities around the world'. DFID's traditional core aim – 'tackling extreme poverty and helping the world's most vulnerable' – remains, but has been relegated to being (significantly) only the fourth of the government's aid objectives.[30]

The 2015 Spending Review allocations for ODA reflect this reorientation away from the reduction of extreme poverty and towards a wider focus on international development and UK national interest. For the first time since 1998, DFID's own ODA budget now faces a sustained period without guaranteed real-terms growth. It remains possible that DFID will obtain additional funding from the new cross-government funds, especially if other government departments prove unable to spend the sharp increases in their budgets that these funds have made possible. Even so, after almost two decades of guaranteed real growth, in which one of its greatest challenges was the avoidance of under-spending, DFID is now in a situation where tradeoffs between competing aid priorities will become more important.

For example, DFID will need to decide whether to maintain the relatively high proportion of its own budget (currently 42%) that is spent through contributions to multilateral organisations such as the UN, World Bank and Global Fund.[31] The new aid strategy commits DFID to spending at least 50% of its budget on 'fragile states and regions' in every year of the Spending Review. Around 85% of DFID's bilateral aid budget is already spent in such states, a reflection of the close correlation between extreme poverty, state fragility and conflict.[32] Spending through multilateral organisations is less focused on extreme poverty, and more on the other development priorities identified in the strategy.

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29. HM Treasury and DFID, *UK Aid: Tackling Global Challenges in the National Interest*, Cm 9163 (London: The Stationery Office, November 2015).
30. *Ibid*., p. 3.
31. Remarks by DFID Permanent Secretary Mark Lowcock, January 2016, cited in 'What to Expect from DFID's Aid Reviews', *Devex*, 29 February 2016.
32. *Ibid*.

DFID's own budget is set to remain broadly frozen in real terms, with an increase of only 2.6% over four years, according to the estimate in Table 4, even before the 2016 ODA reductions. In contrast, there will be a sharp increase in the amount of ODA funding which is being transferred to other government departments from the DFID budget, amounting to some 154% in real terms (see Table 4 of the Appendix). If ODA already accounted for in SR15 departmental budgets is also included, total non-DFID ODA spending is due to increase from £1,048 million in 2014 and £1,686 million in 2015, to £4,035 million in 2019/20 (in cash): a real-terms increase over five years of 254%.[33]

In response to revised OBR projections for economic growth, the March 2016 Budget announced that the ODA budget for 2019/20 would be reduced by £650 million in order to ensure that total aid amounted to no more than 0.7% of GNI in that year. The government has not yet made clear how this reduction will be distributed between DFID's own budget and cross-government funds.

In the event of a further reduction – or indeed an increase – in projected economic growth, total ODA will be reduced – or increased – in proportion. In contrast to reporting to NATO on national defence spending, the government appears to have less scope for altering what is reported to the OECD's Development Assistance Committee (DAC), which is responsible for publishing internationally comparable statistics on ODA. There is now some pressure to revise the ODA definition in order to account for rapid growth in the costs of refugee resettlement in other European countries, allowing – for example – the Home Office to count more of its own expenditure against the ODA target.

## The Foreign and Commonwealth Office

One of the departments most affected by the new aid strategy will be the FCO. Over the past three years, the department has been increasingly successful in having more of its existing activities (including a proportion of the time that embassy staff spent on ODA-eligible tasks) designated as ODA-countable. It has also refocused its spending programmes in order to prioritise ODA-eligible activity. As a result, FCO ODA spending increased from £343 million in 2014/15 to £423 million in 2015/16.

Spending on ODA from the FCO's core budget is now due to increase by a further 23% in real terms over four years to £560 million (cash) in 2019/20. The largest element of this increase is the SR15's decision to allocate a further £85 million annually to the BBC World Service in the latter years of the Spending Review, of which £70 million per annum will be ODA. There will also be a substantial increase in ODA spending by the British Council, from £113 million in 2015/16 to £167 million cash in 2019/20.

In addition, the FCO will be the primary departmental beneficiary from Spending Review plans for a real-terms trebling – from £356 million in 2015 to some £1.4 billion (cash) in 2019/20 – in

33. 2014 and 2015 ODA figures are from DFID, 'Provisional UK Official Development Assistance as a Proportion of Gross National Income 2015', p. 8.

the level of ODA that will be administered through cross-departmental funds, the priorities for which will be set centrally.[34]

This increase will have three components. First, the ODA budget of the cross-departmental CSSF, which succeeded the Conflict Pool in 2015/16, is set to increase, under SR15, by 31% in real terms between 2015/16 and 2019/20: from £460 million to £651 million. The FCO currently accounts for some 73% of CSSF ODA spending, with DFID accounting for a further 22%. Most of the increase in CSSF ODA spending is likely to be spent through the FCO, and it is assumed here that the FCO will continue to be allocated aproximately 70% of total CSSF ODA spending for the rest of the Spending Review period. Second, the FCO also expects to be the biggest beneficiary of the new cross-departmental PF announced in the SDSR which, like the CSSF, is due to be managed through regional boards chaired by the FCO Regional Director and reporting to an interdepartmental steering committee. Total PF funding is due to rise to some £350 million annually by 2019/20. While all PF spending will have to be ODA-eligible, the main focus of the fund will be to promote prosperity in middle-income countries, while increasing UK trade and investment opportunities in the process. While projects can be delivered by any government department, including DFID, the FCO expects to be responsible for the largest share of PF spending. Again, it is assumed that the FCO receives 70% of total PF funding.

Finally, funds have been set aside for the creation of a new funding mechanism – a 'Soft Power Fund' – for work on governance and culture, with administrative arrangements yet to be agreed. This new stream, scheduled to increase to some £400 million annually by 2019/20, will open up new opportunities for the British Council, which this paper assumes will take 70% of the total government allocation to this fund. Other government departments are also likely to be involved in these new funding streams as they evolve.

As a result of these changes, the proportion of the FCO budget taken up by ODA activities will rise from 54% in 2015/16 to 73% by 2019/20, having already risen from some 10% of the total in 2010/11 (see Table 5 of the Appendix). Total FCO ODA, including estimated spending through the new centrally controlled funds, is due to increase by 90% in real terms over a period of four years. As part of this, total FCO funding for the British Council will rise by a remarkable 171% over the next four years: from £151m in 2015/16 to £409 million in 2019/20 in real terms.[35] The non-ODA FCO budget of the British Council will, however, be reduced from its 2015/16 level of £51 million to zero. British Council programmes and offices in high-income countries (for example in Europe and North America) will now have to be entirely self-financing.

The 2015 Spending Review placed considerable emphasis on the government's commitment to protect the total FCO budget in real terms, despite credible reports that the Treasury had

34. The National Security Adviser currently chairs the committee charged with managing the CSSF, while the PF steering committee is jointly chaired by the Chief Secretary to the Treasury, the Minister of State at DFID, and the joint FCO/BIS Trade Minister.

35. In 2015/16, the British Council is due to receive £158.5 million, of which £45.8 million is non-ODA. In 2019/20, it is due to receive £447 million, all of it ODA, of which £167 million will be from the core FCO budget and an estimated £280 million from the Soft Power Fund.

been seeking deep real-terms reductions until the last weeks of the process. But this real-terms protection refers to the FCO budget as a whole. It is now clear that the non-ODA budget for core FCO activities – which constitutes the bulk of spending on the FCO network – is due to be cut in real terms by 9.9% over the next four years (see Table 5). This is markedly less damaging than the 25% real-terms reduction which the FCO suffered during the past five years. Yet it will still be a challenging target for the FCO to meet, and is likely to require significant further reductions in staffing in London. ODA spending from the core FCO budget (excluding the British Council and BBC World Service) is also due to fall over this period by 3.4%: from £306m in 2015/16 to £296m in 2019/20 in real terms.

Because the FCO's capital budget has been frozen in cash terms for the next four years, plans for modernising the IT infrastructure, and thus increasing staff productivity and making headcount reductions possible, are also likely to be dependent on significant further economies, including disposals in the overseas infrastructure. This will present further serious challenges for FCO planners during the Spending Review period.

Yet the shift of its budget towards ODA-eligible activities is also an opportunity for the FCO. Its total budget, including projected transfers from the new NSC funds, is projected to grow by some 42% in real terms over the next four years. As a result, its posts in middle-income countries will have a much higher level of resources available for programme spending, focused on the government's core security and prosperity objectives. This will require the FCO to greatly enhance its ability to manage external contracts, building new staff capabilities for such functions. The new funds should allow new staff to be employed by the FCO on CSSF and PF work, while not being included in the FCO's headcount. Around 100 permanent FCO members of staff are currently employed on CSSF work, but are not on the FCO's administrative baseline. This number could increase sharply over the next four years, alongside a greater use of outside contractors to deliver these programmes.

Some diplomats find such a shift worrying, fearing the implications of a radical shift of resources away from 'traditional' diplomacy into programme management, and concerned at the increasing influence of the NSC over FCO spending priorities. On the other hand, for much of the period since 1997, many have argued for DFID to be brought back into the FCO, with a view to making UK aid policy more clearly subordinate to national interests. This objective may now be being achieved, at least in part, through the rapid growth in the FCO's own aid budget. It will be up to the FCO to demonstrate that it can deliver results from this increased investment.

## Other Government Departments

As a result of the new aid strategy, and associated Spending Review decisions, the level of non-DFID ODA is due to increase by more than 120% over the next four years (see Table 6 of the Appendix): from £1.7 billion in 2015 to £3.7 billion by 2019/20. This is likely to have significant implications for the role of the departments concerned in the implementation of government foreign policy priorities. It will further consolidate the trend towards UK foreign policy being conducted on an inter-departmental basis, with local FCO-led missions providing a platform for multiple agencies to operate, and the NSC providing overall policy direction and prioritisation.

As Table 6 shows, a significant part of the planned increase will be spent on the two new cross-government funds, the CSSF and the PF. Both funds will be overseen by an interdepartmental steering committee. The FCO is well placed to play a leading role in shaping this process, given its relevant expertise. The FCO is also likely to be the main delivery agent for CSSF and PF programmes, although it may have to compete with other government departments (such as the DoH and DFID) in this regard, especially in relation to the PF as it develops.

The 2015 Spending Review also announced the creation of further new health-related funds, each of which will provide substantial additional resources for development assistance. A new Global Challenges Fund – worth some £1.5 billion of ODA over five years and administered through research councils and BIS – will finance research on problems faced by developing countries. BIS also oversees the Newton Fund, which finances UK universities and research institutes in efforts to build the research and innovation capabilities of developing countries, with a specific focus on middle-income countries such as Brazil, China, India and Indonesia. The Newton Fund amounts to some £600 million over five years and is included in the Spending Review allocation. The new Ross Fund, worth some £1 billion over five years and funded through both the DFID and DoH budgets, will invest in British research into the development of drugs and treatments for infectious diseases in collaboration with the Bill and Melinda Gates Foundation.

The government inherited a high level of ODA spending on climate finance programmes in developing countries, administered through DECC, and has largely maintained this programme at 2010 levels. It remains committed to increasing five-year climate finance by 50% in cash terms, from £3.87 billion between April 2011 and March 2016 to a total of £5.8 billion between April 2016 and March 2021.[36]

Other departments make a relatively modest contribution to overall ODA, although their contribution will double to some £240 million by 2019/20. The largest new ODA provider during this period will be the Treasury itself, which has been provisionally allocated some £80 million per annum to support a series of new economic and financial dialogues with China, India, Brazil and other major emerging economies.

Finally, it is worth noting that the MoD will not gain significant amounts of ODA as a result of the 2015 Spending Review. Despite many creative efforts, very little of its activity falls within the OECD definition of official development assistance. When it does – for example contributing to humanitarian operations such as the counter-Ebola campaign in Sierra Leone in 2015 – the extra operational costs are reimbursed from DFID's own budget.

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36. DECC, 'Finance Boost to Help Protect Developing Countries from Climate Change', 27 September 2015, <https://www.gov.uk/government/news/finance-boost-to-help-protect-developing-countries-from-climate-change>, accessed 10 May 2016.

## Summing Up

By conducting the 2015 SDSR and Spending Review in parallel with each other, the government has been able to ensure that its strategic priorities are reflected in substantial shifts in spending within the defence and security sector. The wider fiscal picture continues to be dominated by a level of austerity in relation to government spending that has no precedent – at least in length – in any previous period of post-war UK history. It is even more noteworthy, in this context, that the government has been able to find significant real-terms increases for spending in selected SDSR-related areas, most notably for cyber-security, counter-terrorism and non-DFID ODA. As a result:

- The relative importance of the SIAs continues to increase, both substantially and in terms of financial allocations.
- The centralised control of foreign policy priorities will be enhanced by the creation of new cross-government funds.
- The FCO is set to be transformed by the anticipated growth in its ODA budget, even as its core non-ODA budget declines further.
- The budget for the largest security department – the MoD – has been stabilised in real terms, in contrast to the sharp real-terms cuts of the past five years.
- The real-terms reduction in the Home Office budget is less severe than had been anticipated, with spending directly on police salaries protected in real terms, although there will be significant cuts to other elements of police force budgets.

Yet it has not been easy for the Treasury to afford this settlement while maintaining its commitment to a balanced budget by the end of the decade. The economic assumptions on which the 2015 Spending Review is based – most notably an average rate of productivity growth of 2.0% per annum over the next four years, after almost a decade of zero growth – remain questionable.[37]

If current predictions for the economy prove to be unrealistically optimistic, a new mid-term Spending Review cannot be ruled out, with some of the more generous 2015 SDSR commitments open to re-examination as a consequence. If this were to occur, current commitments to spend 2% of GDP on defence and 0.7% of GNI on ODA are likely to be seen as ceilings, not floors.

37. In March, the OBR revised the Spending Review's assumption of 2.0% per annum average productivity growth over five years down to an average of 1.8% per annum. OBR, *Economic and Fiscal Outlook*, p. 42.

# Appendix

## Ministry of Defence

**Table 1:** The MoD Budget 2010/11 to 2019/20 (£ millions).

| | 2010/11 | 2015/16 | SR10 % change | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | SR15 % change |
|---|---|---|---|---|---|---|---|---|---|
| *Total, cash* | *37,355* | *33,586* | | *34,300* | *35,002* | *35,991* | *36,977* | *38,079* | |
| **DEL, 2014/15 prices** | | | | | | | | | |
| Total, incl. ops | 40,008 | 33,122 | **-17.2%** | | | | | | |
| Total core | 35,740 | 32,698 | **-8.5%** | 33,826 | 33,942 | 34,284 | 34,566 | 34,864 | **+3.1%** |
| Total core, adjusted | | | | 34,280 | 33,720 | 34,062 | 34,317 | 34,621 | **+1.0%** |

### Notes

1. All figures, except where stated as 'cash', are for Total DEL at 2014/15 prices, using HM Treasury, 'GDP Deflators at Market Prices, and Money GDP: November 2015 (the Autumn Statement)', 27 November 2015.
2. The 2010 Spending Review (SR10) cash figures are taken from HM Treasury, *Public Expenditure Statistical Analyses 2015* [PESA 2015], Cm 9122 (London: The Stationery Office, July 2015), Table 1.10. The 2015 Spending Review (SR15) cash figures are from HM Treasury, *Spending Review and Autumn Statement 2015* [SR15], Cm 9162 (London: The Stationery Office, November 2015), pp. 78–79. Figures for 2015/16 are from MoD, 'Memorandum for the Ministry of Defence Main Estimates 2015/16', undated.
3. 'Total core' excludes additional spending on operations and on the CSSF. Spending on operations and CSSF is from MoD, 'Finance and Economics Annual Bulletin Departmental Resources Statistics 2015', revised December 2015, Table 6b.
4. In order to make the SR10 figures for 2015/16 comparable with 2010/11, they exclude War Pensions (£812 million) and Superannuation Contributions Adjusted for Past Experience (SCAPE) uplift (£892 million), which had previously been included in separate non-DEL budgets.
5. 'Total core' for SR15 uses the figures published in SR15. 'Total core, adjusted' uses the actual level of spending for 2015/16, excluding operational and CSSF spending. It excludes National Cyber Security Programme spending, funded from the MoD baseline, which rises from £100 million (cash) in 2015/16 to £266 million (cash) in 2019/20 as a result of the transfer of all NCSP spending to the MoD baseline from 2016/17.

## The Home Office

**Table 2:** The Home Office Budget 2010/11 to 2019/20.

| | 2010/11 | 2015/16 | SR10 % change | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | SR15 % change |
|---|---|---|---|---|---|---|---|---|---|
| *Total, cash* | *13,032* | *10,595* | | *10,685* | *11,153* | *11,134* | *11,002* | *10,987* | |
| **DEL, 2014/15 prices** | | | | | | | | | |
| Total, real | 13,958 | 10,449 | -25.1% | 10,552 | 10,815 | 10,606 | 10,285 | 10,059 | **-4.7%** |

### Notes

1. All figures, except where stated as ‘cash’, are for Total DEL at 2014/15 prices, using HM Treasury, ‘GDP Deflators at Market Prices, and Money GDP: November 2015 (the Autumn Statement)’.
2. SR10 cash figures are taken from PESA 2015, Table 1.10. SR15 cash figures are from SR15, pp. 78–79.

## The Security and Intelligence Agencies

**Table 3:** The Budget of the SIAs 2010/11 to 2019/20 (£ millions).

| | 2010/11 | 2015/16 | SR10 % change | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | SR15 % change |
|---|---|---|---|---|---|---|---|---|---|
| *Total, cash* | *1,880* | *2,257* | | *2,121* | *2,208* | *2,348* | *2,487* | *2,667* | |
| **DEL, 2014/15 prices** | | | | | | | | | |
| Total, real | 2,014 | 2,226 | +10.5% | 2,092 | 2,141 | 2,237 | 2,325 | 2,442 | **+16.7%** |

### Notes

1. All figures, except where stated as ‘cash’, are for Total DEL at 2014/15 prices, using HM Treasury, ‘GDP Deflators at Market Prices, and Money GDP: November 2015 (the Autumn Statement)’.
2. SR10 cash figures are taken from Cabinet Office et al., *Security and Intelligence Agencies Financial Statement 2014/15*, HC 40 (London: The Stationery Office, July 2015), p. 17; SR15 cash figures are from SR15, pp. 78–79.

## The Department for International Development

**Table 4:** The DFID Budget 2010/11 to 2019/20 (£ millions).

| | 2010/11 | 2015/16 | SR10 % change | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | SR15 % change |
|---|---|---|---|---|---|---|---|---|---|
| *Total, cash* | *7,467* | *10,031* | | *11,113* | *11,796* | *12,566* | *13,552* | *14,159* | |
| **DEL, 2014/15 prices** | | | | | | | | | |
| Total | 7,997 | 9,893 | +23.7% | 10,960 | 11,439 | 11,970 | 12,668 | 12,964 | **+18.3%** |
| Total, core DFID | | | | 9,825 | 9,887 | 9,874 | 10,144 | 10,080 | **+2.6%** |
| Transfers to other departments | | | | 1,134 | 1,552 | 2,096 | 2,524 | 2,884 | **+154%** |
| Budget 2016 reduction | | | | | | | | -595 | |
| Revised total ODA | | | | | | | | 12,369 | **+12.9%** |

## Notes

1. All figures, except where stated as 'cash', are for Total DEL at 2014/15 prices, using HM Treasury, 'GDP Deflators at Market Prices, and Money GDP: November 2015 (the Autumn Statement)'.
2. SR10 cash figures are taken from PESA 2015, Table 1.10. SR15 cash figures are from SR15, pp. 78–79.
3. 'Total core DFID' excludes spending transferred to other departments from 2015/16.
4. 'Budget 2016 reduction' is the real-terms reduction in the ODA spending allocation of £650 million announced in the March 2016 Budget. 'Revised total ODA' is total DEL allocation after this reduction. HM Treasury, *Budget 2016*, p. 23.

## The Foreign and Commonwealth Office

**Table 5:** The FCO Budget 2010/11 to 2019/20 (£ millions).

| | **2010/11** | **2015/16** | **SR10 % change** | **2015/16** | **2016/17** | **2017/18** | **2018/19** | **2019/20** | **SR15 % change** |
|---|---|---|---|---|---|---|---|---|---|
| *FCO cash* | *2,253* | *1,913* | | | | | | | |
| *Core FCO cash* | *1,473* | *1,193* | | *1,053* | *1,069* | *1,087* | *1,106* | *1,127* | |
| **DEL, 2014/15 prices** | | | | | | | | | |
| Core FCO real | 1,578 | 1,177 | -25.4% | 1,038 | 1,037 | 1,035 | 1,034 | 1,032 | **-0.6%** |
| FCO excl. ODA | | | | 621 | 585 | 533 | 526 | 519 | **-16.4%** |
| FCO excl. ODA and BC | | | | 576 | 546 | 510 | 514 | 519 | **-9.9%** |
| Total FCO ODA | 168 | | | 735 | 818 | 1,021 | 1,237 | 1,411 | **+92.0%** |
| Total FCO | 1,652 | | | 1,356 | 1,402 | 1,554 | 1,763 | 1,930 | **+42.3%** |
| **ODA as % FCO** | **10.2%** | | | **54.2%** | **58.3%** | **65.7%** | **70.1%** | **73.1%** | |

### Notes

1. All figures, except where stated as ‘cash’, are for Total DEL at 2014/15 prices, using HM Treasury, ‘GDP Deflators at Market Prices, and Money GDP: November 2015 (the Autumn Statement)’.
2. SR10 cash figures are taken from PESA 2015, Table 1.10. SR15 cash figures are from SR15, pp. 78–79. For SR15, support for UK Trade and Investment is no longer included in the FCO budget, and the 2015/16 baseline has been adjusted accordingly.
3. ‘Core FCO’ for 2010/11 excludes spending on the BBC World Service, the Conflict Pools and Peacekeeping. FCO, *Annual Report and Accounts 2014–2015*, HC 25 (London: The Stationery Office, June 2015), p. 127. From 2015/16, it excludes spending on the CSSF.
4. ‘FCO excl. ODA’ excludes the ODA from the ‘core FCO’ budget.
5. ‘FCO excl. ODA and BC’ also excludes British Council non-ODA spending, which is due to fall to zero during the SR15 period.
6. ‘Total FCO ODA’ includes estimated ODA transfers from CSSF, the PF and other cross-departmental funds, together with core FCO ODA.
7. ‘Total FCO’ includes all FCO ODA, but excludes CSSF non-ODA spending.

## Other Government Departments

**Table 6:** ODA outside DFID 2010 to 2019/20 (£ millions).

| | 2010 | 2015 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | SR15 % change, 2015–2019/20 |
|---|---|---|---|---|---|---|---|
| *Total, cash* | *564* | *1,686* | *2,504* | *3,063* | *3,592* | *4,033* | |
| **2014/15 prices, DEL** | | | | | | | |
| Total, real | 608 | 1,656 | 2,428 | 2,918 | 3,358 | 3,693 | **+123%** |
| **Of which** | | | | | | | |
| CSSF | 107 | 350 | 469 | 489 | 542 | 596 | **+70%** |
| Prosperity Fund | 0 | 0 | 53 | 192 | 280 | 320 | **n/a** |
| Soft Power Fund | 0 | 0 | 0 | 60 | 219 | 366 | **n/a** |
| FCO | 180 | 401 | 452 | 502 | 508 | 513 | **+28%** |
| DECC | 275 | 330 | 334 | 333 | 334 | 334 | **+1%** |
| Home Office | 13 | 214 | 373 | 385 | 380 | 374 | **+75%** |
| BIS | n/a | 191 | 366 | 472 | 551 | 634 | **+233%** |
| DoH | 0 | 49 | 144 | 243 | 300 | 314 | **+539%** |
| Other | 33 | 122 | 237 | 242 | 244 | 240 | **+97%** |

## Notes

1. All figures, except where stated as 'cash', are for Total DEL at 2014/15 prices, using HM Treasury, 'GDP Deflators at Market Prices, and Money GDP: November 2015 (the Autumn Statement)'.
2. 2010 data from DFID, 'Provisional UK Official Development Assistance as a Proportion of Gross National Income – DFID and non-DFID ODA 2010–2011', June 2013, Table 4. For 2010, CSSF figure is for Conflict Pool ODA. BIS ODA is included under 'Other'.
3. SR15 cash figures are from SR15, p. 85.
4. These figures exclude ODA not spent through departmental budgets or cross-government funds, for example the UK's share of EU ODA and Gift Aid.
5. DFID, DECC and DEFRA will spend at least £1.76 billion on climate finance in 2020/21, which will represent a doubling from the UK's 2014 climate finance spending.

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