

RT HON SAJID JAVID MP



HOUSE OF COMMONS
LONDON SW1A 0AA

05 September 2019

To Conservative Members of Parliament

Dear Colleague,

SPENDING ROUND 2019

Thanks to the hard work of the British people and tough decisions made by successive Conservative-led governments over the last decade, we are now turning the page on austerity and beginning a new decade of renewal. I am writing to set out our spending plans for the UK's first year outside the European Union.

A new economic era needs a new economic plan and we are laying the foundations for that by investing in the priorities of the British people. We are spending more on the NHS, properly funding our schools, boosting further education and tackling violent crime by hiring 20,000 new police officers.

Through these plans I am giving government departments and the devolved administrations the financial certainty they need to focus on our number one priority of delivering Brexit on 31 October. This has been delivered within the current fiscal rules and a full multi-year spending review will follow in 2020.

Day-to-day departmental spending will grow at 4.1 per cent in real terms between this year and next – the fastest planned real growth in 15 years. We are focusing on the priorities of the British people but for the first time since 2002, every department will see their day-to-day budget increased or maintained in real terms.

We can only invest in our public services because for the last nine years we have been building a stronger economy. The simple truth is that the Labour Party – with their plans to hike taxes, waste hundreds of billions on renationalisation and restore trade union militancy would wreck our economy and put our public services at risk.

Later in the autumn, we will announce our ambitious plans for future capital spending, including through the publication of the National Infrastructure Strategy to deliver an infrastructure revolution.

In the meantime, I am pleased to provide certainty to departments as detailed below.

Education and skills

1. To properly funding our schools so that every child get a great education and fair chance in life wherever they live - I have increased the schools budget by **£7.1 billion** (£4.6 billion above inflation) by 2022-23, compared to 2019-20 funding levels. To fulfil this commitment, I have sets budget for schools until 2022-23.
2. Next year, the government will ensure that per pupil funding for all schools can rise in line with inflation (1.8 per cent). The minimum per pupil amount for 2020-21 will increase to **£3,750 for primary schools** and **£5,000 for secondary schools**, with the primary school minimum then **rising to £4,000 in 2021-22**.
3. For too long, further education has been a forgotten sector and that matters to me personally. So to start the transformation of further education, I am making a **£400 million investment in the FE sector** in 2020/21. I have also provided funding for over **£700m extra next year**, compared to 2019-20 funding levels, to support children and young people with special educational needs.

Health and social care

4. This government is committed to ensuring quick access to quality healthcare for those who need it, and to giving every older person the dignity and security they deserve. To support this, the Spending Round **reaffirms the five-year settlement for the NHS with an additional £33.9 billion more per year by 2023-24** compared to 2018-19 budgets.
5. In addition, I have announced **an increase to the Health Education England Budget** – providing a £1,000 central training budget over three years for each nurse, midwife and allied health professional, as well as increased funding for wider education and training budgets to support delivery of the NHS Long Term Plan.

6. These plans also provide additional funding to deliver the government's commitment to **upgrade outdated facilities and equipment in 20 hospitals**. Moreover, it gives a real-terms increase to the Public Health Grant budget and invests £250 million in artificial intelligence from 2020-21 to help solve some of healthcare's toughest challenges.
7. Finally, I have provided an **additional £1 billion for adult and children's social care**. The government will also consult on a 2 per cent Adult Social Care precept that will enable councils to access a further £0.5 billion to support local authorities to meet rising demand and continue to stabilise the social care system.

Tackling crime

8. I have been clear for a long time that we must do more to reduce violent crime. So I am proud to be investing an **extra £750 million next year for policing** to begin delivery of our commitment to recruit 20,000 additional officers by 2023. I am spending £45 million this year to kick start recruitment.
9. These spending plans also allocate funding to begin delivery of the government's **£2.5 billion commitment to create an additional 10,000 prison places**, which forms an important part of the government's wider work to reduce crime. £100 million will also be provided to increase security in prisons, and £55 million and £80 million has been allocated to the Ministry of Justice and the Crown Prosecution Service respectively to support the work of the 20,000 additional police officers and manage the increasing complexity of crime.
10. Finally, additional funding has been provided for crucial probation reforms that will help reduce reoffending and improve post-custody supervision.

National Security

11. These spending plans also ensure the government will continue to exceed its commitments for defence – surpassing both our commitment to NATO to spend 2% of GDP on defence and our promise to grow the defence budget by 0.5 per cent above inflation. The Ministry for Defence settlement makes **£2.2 billion of additional funding available this year** and next to ensure that our world-class Armed Forces can continue to modernise and meet the ever-changing threats to our national security.

Strengthening the Union

12. This government is fully committed to strengthening the Union and making sure people throughout the United Kingdom can thrive and enjoy a prosperous future. Through the normal operation of the Barnett formula, the decisions the government has taken in SR19 will provide over **£1.2 billion of additional funding to the Scottish Government** next year, **over £600 million to the Welsh Government**, and **over £400 million to the Northern Ireland Administration**.
13. I attached a table outlining each department's day-to-day budget in 2020-21.

Labour would wreck our economy putting our vital public services at risk

14. We can only invest in our public services because we have a strong economy. Labour would hit families with a new Homes Tax and 20 other new tax hikes and are planning a £300 billion tax bombshell on businesses that would put people's jobs and pensions. They would wreck the economy putting at risk the public services we all rely on and it's hardworking families would who pay the price just like last time.
15. That is the fundamental dividing line in British politics today. A Conservative Party that will deliver a stronger economy, invest in the people's priorities, get Brexit done and deliver the change that people want. Or a Labour Party that would wreck the economy, cancel the referendum and leave Britain less secure and less safe.



SAJID JAVID

	£ billion		Per cent	
	Outturn ² 2018-19	Baseline ² 2019-20	Plans 2020-21	Year-on-year real growth 2019-20 to 2020-21
Resource DEL excluding depreciation¹				
Health and Social Care	124.4	132.3	138.9	3.1%
<i>of which: NHS England</i>	<i>114.5</i>	<i>123.7</i>	<i>129.9</i>	<i>3.1%</i>
Education ⁴	61.5	64.0	67.8	3.3%
<i>of which: schools⁴</i>	<i>42.4</i>	<i>44.4</i>	<i>47.6</i>	<i>3.9%</i>
Home Office	10.9	11.9	12.9	6.3%
Justice	7.5	7.6	8.1	4.9%
Law Officers' Departments	0.5	0.6	0.7	12.4%
Defence ⁵	27.7	29.7	30.8	1.8%
Single Intelligence Account	2.1	2.0	2.1	2.5%
Foreign and Commonwealth Office ⁶	2.2	1.1	1.1	0.0%
International Development ⁷	7.2	9.3	9.6	1.5%
MHCLG Housing and Communities ⁸	2.3	1.6	1.6	2.7%
MHCLG Local Government ⁹	4.8	6.1	8.6	12.4%
Transport	2.5	3.7	4.1	11.4%
Business, Energy and Industrial Strategy ¹⁰	0.9	2.2	2.5	2.1%
Digital, Culture, Media and Sport	1.5	1.5	1.6	4.1%
Environment, Food and Rural Affairs	1.7	1.9	2.0	3.3%
Exiting the European Union	0.1	0.1	0.1	0.0%
International Trade	0.4	0.5	0.5	2.3%
Work and Pensions	5.8	5.6	5.8	1.9%
HM Revenue and Customs	3.7	3.8	3.8	0.0%
HM Treasury	0.2	0.2	0.2	0.0%
Cabinet Office	0.5	0.4	0.4	7.4%
Scotland ¹¹	14.7	16.2	16.6	0.9%
Wales ¹²	13.3	11.9	12.4	2.1%
Northern Ireland	10.5	10.7	11.1	1.8%
Small and Independent Bodies ¹³	1.4	1.8	1.9	5.1%
Reserves ¹⁴	–	6.0	7.0	–
Adjustment for baselined funding ²	–	-1.7	–	–
Total Resource DEL excluding depreciation¹⁵	308.6	330.8	352.3	4.1%
Memo:				
Local Government Core Spending Power ¹⁶	45.1	46.2	49.1	4.3%

¹ Resource DEL excluding depreciation is the Treasury's primary control total within resource budgets and the basis on which Spending Round settlements were made.

² 2018-19 outturn from Public Expenditure Statistical Analyses (PESA, July 2019).

³ As at all spending reviews and spending rounds, baselines are adjusted to represent ongoing spend, with one-off or time limited spend removed and ongoing spend funded from the Reserves baselined.

⁴ In 2019-20, the cost of the pensions SCAPE rate change is lower than in 2020-21 due to the change being introduced in September 2019 rather than at the start of the financial year. Real growth is adjusted to ensure consistency.

⁵ Defence spending will increase by 2.6% in real terms across resource and capital spending.

⁶ In 2019-20 and 2020-21 the budgets shown for the FCO do not include transfers from DFID. The FCO growth rate is 3.6% in real terms from 2019-20 to 2020-21 once planned transfers from DFID to the FCO are included.

⁷ Figures in 2019-20 and 2020-21 do not reflect transfers which will be made from DFID to other government departments.