



## BRIEFING PAPER

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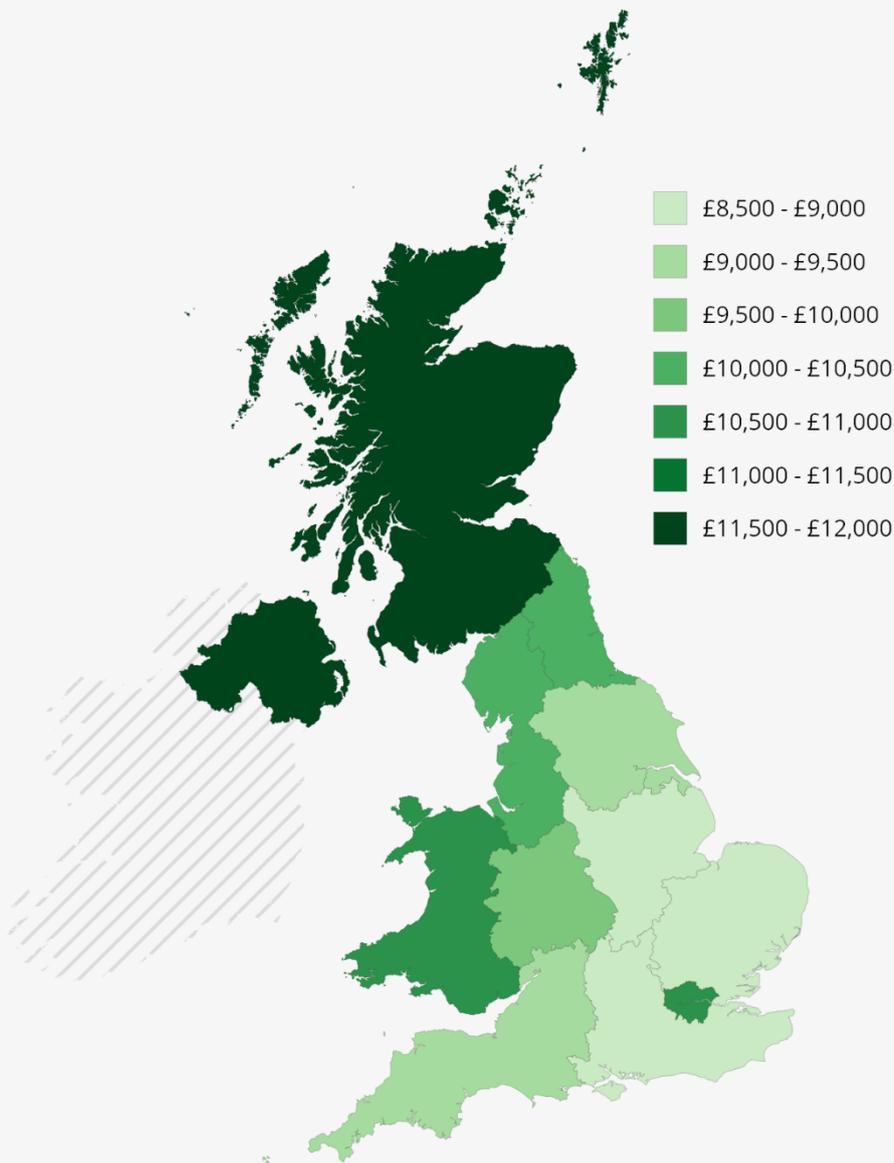
# Public spending by country and region

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## Spending per person, by country and region, 2019-20



© Eurographics for the administrative boundaries  
Source: HM Treasury, Country and regional analysis 2020, 18 November 2020

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## Summary

This briefing paper gives figures on the level of public spending in England, Scotland, Wales and Northern Ireland. It also gives figures for the English regions.

In 2019-20, public spending per person in the UK as a whole was £9,895. In England, it was £9,604 (3% below the UK average). This compares with:

- Scotland: £11,566 (17% above the UK average)
- Wales: £10,929 (10% above the UK average)
- Northern Ireland £11,987 (21% above the UK average).

Among the English regions, public spending per person was lowest in the East Midlands at £8,879 (10% below the UK average) and highest in London at £10,835 (10% higher than the UK average).

The data shown are for public spending per person and are taken from HM Treasury's [Country and regional analysis: 2020](#), which contains more detailed information including spending by function (health, education etc).

# 1. Introduction

For many types of spending, we have a good idea of how much goes to each region or nation within the UK. This 'identifiable expenditure' (or identifiable spending) covers around 87% of total public spending<sup>1</sup> and is the focus of this briefing.<sup>2</sup> The remaining 13% is regarded as benefiting the UK as a whole and therefore is not attributed to a particular region or nation – a classic example is spending on defence.

For Scotland, Wales and Northern Ireland, the data include spending by the devolved administrations but also spending in these countries by UK Government departments. For example, the Department for Work and Pensions is responsible for social security spending throughout Great Britain. So, for example, DWP spending on social security in Scotland is included under Scotland in the tables below.

These figures show the amount of money that was spent in each country and region; however, this does not reflect the process of allocating money in the first place. Spending is first divided up among the Government departments in Spending Reviews every few years, and it is then up to each department to decide what to spend this money on.<sup>3</sup>

Parliament has no direct role in allocating spending, but it does approve the Government's departmental spending plans as part of the Estimates process. For more on the most recent set of Estimates, see the Library's briefing paper [Main Estimates: Government spending plans for 2020-21](#).

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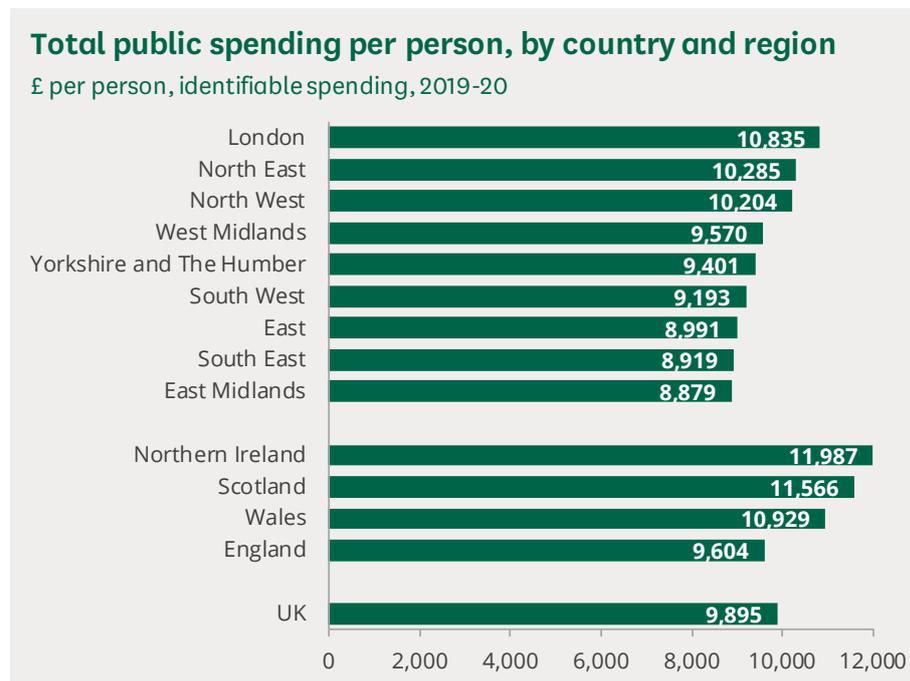
<sup>1</sup> Public spending includes spending by central government, local government and public corporations.

<sup>2</sup> For further information on the classification see [section 6.3 of the guidance document](#) accompanying HM Treasury's Country and regional analysis: 2020 publication.

<sup>3</sup> For information on the most recent Spending Review, see the Library briefing paper [Background to the 2020 Spending Review](#) and Insight post [2020 Spending Review summary](#).

## 2. Spending per person, 2019-20

The chart below shows public spending per person for each country and region. The figures show considerable variation between the different parts of the UK. For example, public spending per person is £9,604 in England compared with £11,987 in Northern Ireland – a difference of around £2,100. Public spending per person in Northern Ireland is 21% higher than the UK average, in Scotland it is 17% higher and in Wales 10% higher. There are also differences in spending levels between the English regions, where spending per person ranges from £8,879 in the East Midlands to £10,835 in London.



Source: HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, table A1.b

In interpreting the data, it is necessary to bear two points in mind. First, the scope of the public sector varies between countries. For example, water supply is in the public sector in Scotland and Northern Ireland but in the private sector in England and Wales. Second, the figures are intended to give a broad overview and cannot be regarded as a precise measure. This is because it is not always easy to decide who benefits from particular spending and simplifying assumptions are made in compiling the data. Small differences in spending between regions should not, therefore, be regarded as significant.

## 3. Detailed comparisons of countries and regions

### 3.1 Current and capital spending

Public spending in the UK can be divided up into two main categories:

- **'Current'** or 'resource' spending is money spent on things that are used up, such as salaries;
- **'Capital'** or 'investment' spending is money spent on things that last, such as buildings, vehicles or financial assets.

In 2019-20, 10.3% of identifiable spending in the UK was capital spending. This broke down across the different countries and regions as follows:



Source: HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, table A3.b

Scotland had the highest capital spending out of the four nations of the UK by this measure, at £1,408 per person, while Northern Ireland had the lowest at £905. Among the English regions, London had the highest spending, at £1,485 per person, while the East Midlands had the lowest at £669.

The Institute for Fiscal Studies explain in their 2020 Green Budget report that London's capital spending is largely driven by high spending on transport, particularly spending on the railways.<sup>4</sup> However, this is not the whole story – the North East, Yorkshire and the Humber, the East

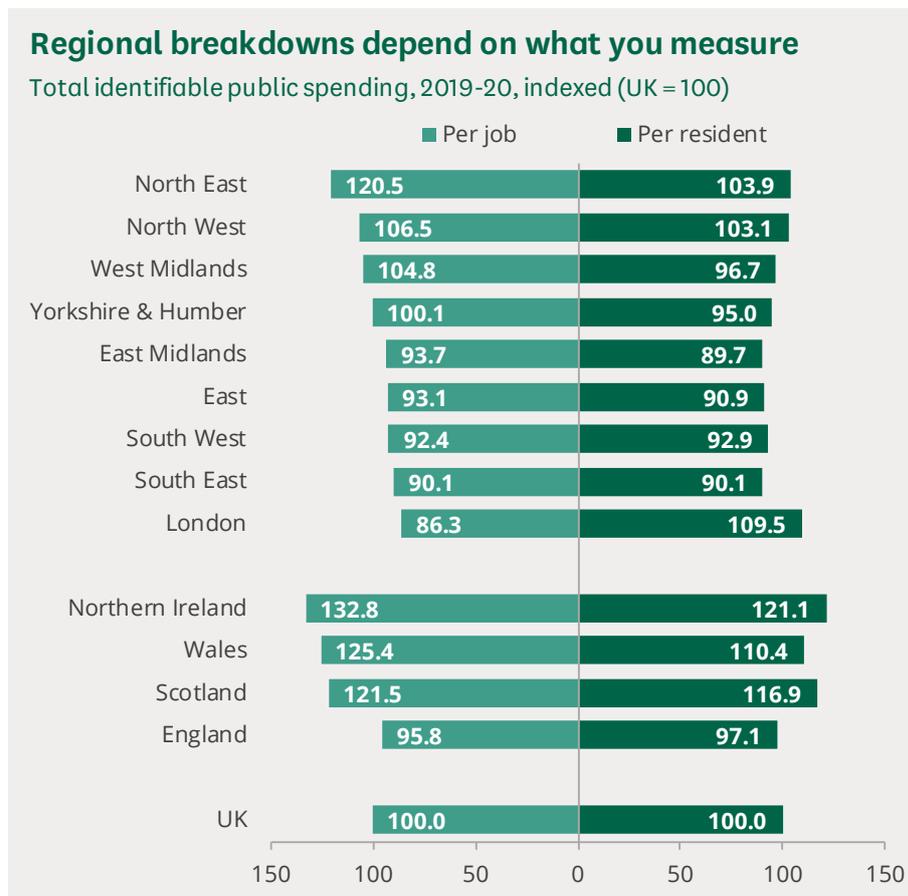
<sup>4</sup> Institute for Fiscal Studies, [Levelling up: where and how?](#) (Chapter 7 of Green Budget 2020), 2 October 2020

## 7 Public spending by country and region

Midlands and the South West would all have levels of capital spending per person lower than London even if London's transport spending were removed.<sup>5</sup> See section 3.4 for more information on spending by government function.

### 3.2 Spending per job

Spending per person is a fairly standard way of representing spending and is the figure that appears in the Treasury's analysis. However, it is not the only option for presenting spending figures. If we present the total spending figures divided by the number of jobs in each region, rather than the number of residents, this changes the breakdown:



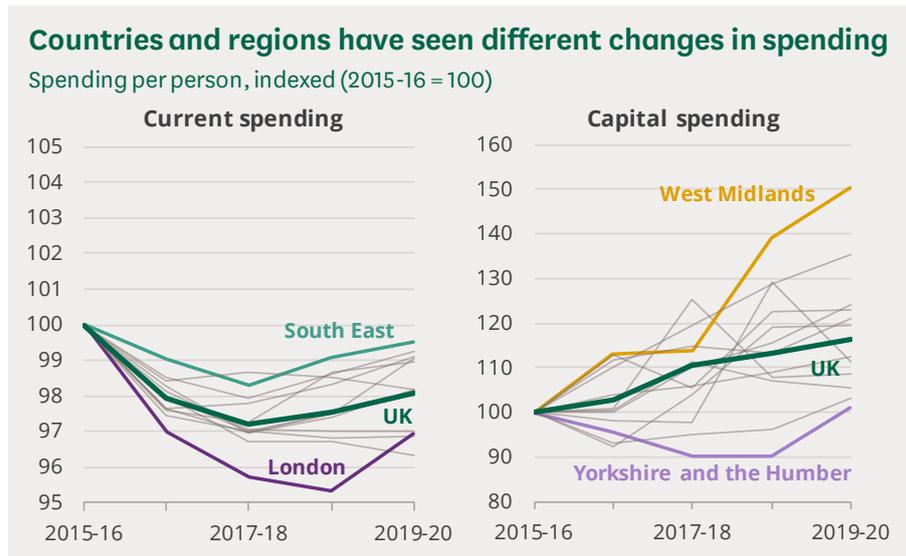
Source: Library calculations, based on HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, and ONS, dataset [S01: Regional labour market summary](#), 10 November 2020

In particular, London's position completely shifts between the two measures. Its large number of jobs relative to its number of residents (because so many people commute in) means that its spending per resident is the highest of any English region (at nearly 110% of the UK average), but its spending per job is lower than any country or region of the UK (86% of the UK average).

<sup>5</sup> Library calculation, based on HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020

### 3.3 Changes over time

Identifiable spending across the UK was practically flat overall between 2015-16 and 2019-20 in real terms (it decreased by -0.3%), and no country or region saw a change of more than 3% in total spending (positive or negative) over this period. However, when we split it into current and capital spending, the picture is very different.



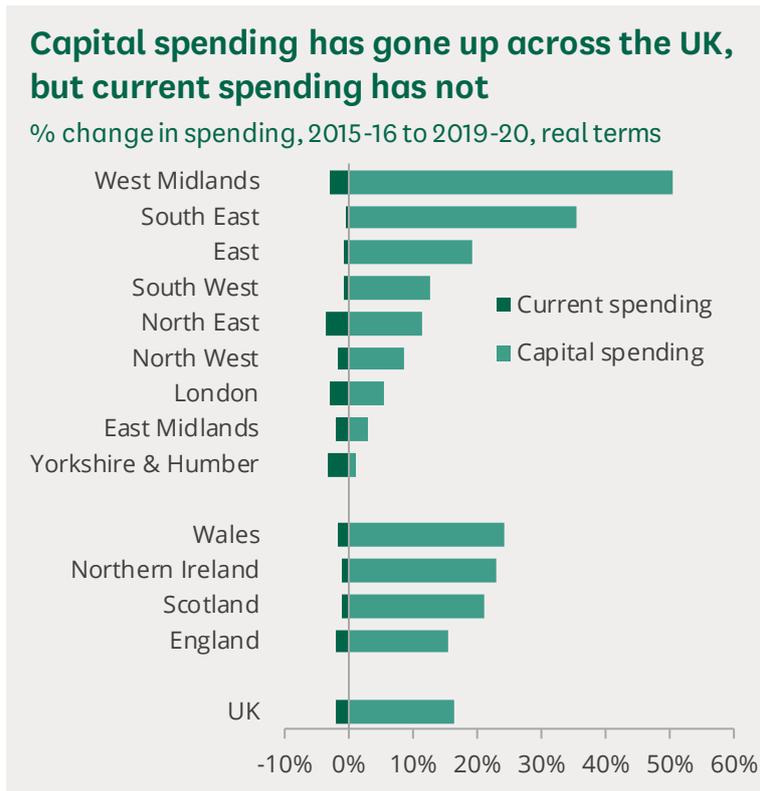
Source: HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, table A4.b

These charts show spending per person in every country and region, indexed so that the level of spending in 2015-16 is shown as 100. This lets us compare what happened to each area for each type of spending.

**Current** spending had a fairly consistent pattern between the countries and regions, with the level falling until about 2017-18 and then beginning to recover. There was some variation here – London’s current spending fell to about 95% of its 2015-16 level in 2018-19 before recovering, whereas the South East never went below 98% - but all of these changes were within only a few percentage points of each other.

**Capital** spending tends to be much more volatile, and some areas did much better than others. The West Midlands’ capital spending per person increased in every year over the period, particularly in 2018-19 and 2019-20 as [spending on the High Speed 2 rail line](#) started to accelerate; at the other end of the spectrum, capital spending in Yorkshire and the Humber barely made it above its 2015-16 level by 2019-20.

Capital spending increased in every country and region in real terms over this period, although current spending decreased:

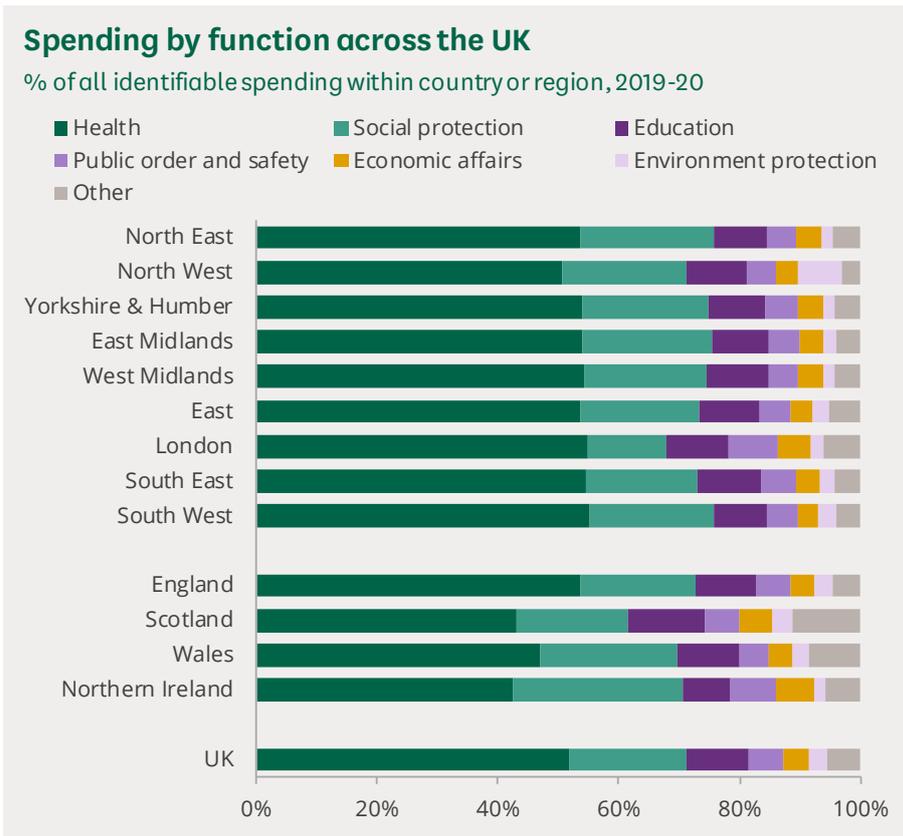


Source: HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, table A4.b

### 3.4 Spending by function

#### Total spending

The analysis published by the Treasury also includes a breakdown of spending by function – that is, what the money has been spent on. We can use this to show that spending is typically spent on largely the same kind of things in the different countries and regions across the UK:



Source: HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, database

There are some key differences – for example, London spends proportionally less on social protection than any other country or region, and England as a whole spends more on health than any of the other nations – but the overall pattern is consistent. Health makes up the largest proportion of spending in every country and region, followed by social protection and education.

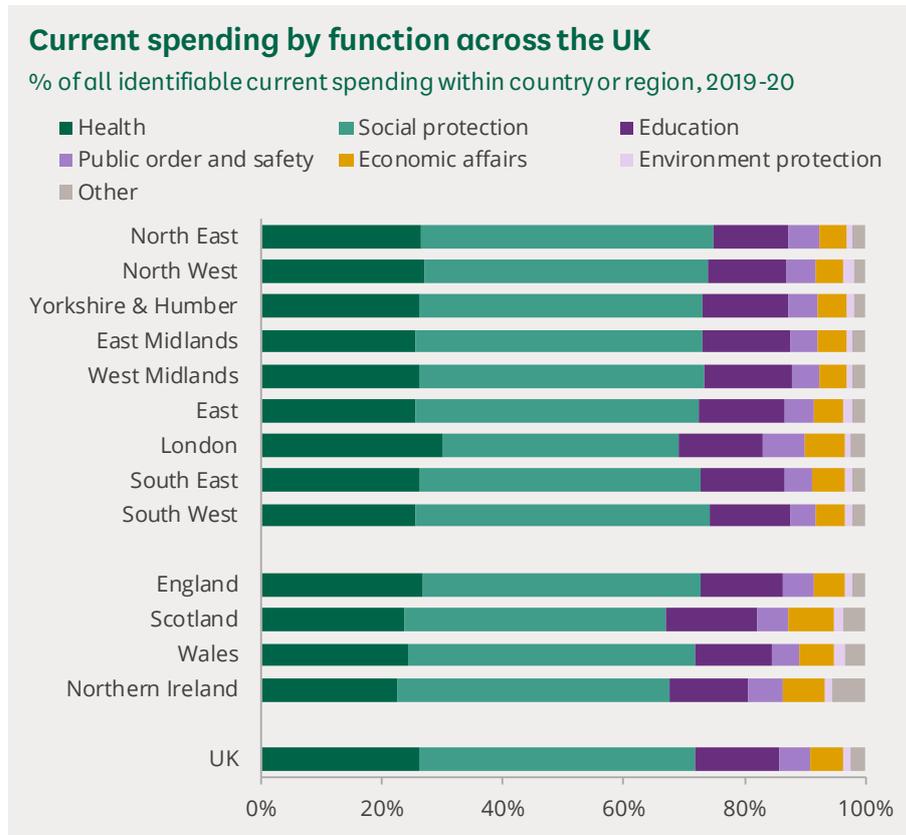
Digging more deeply into the data, we can find some specific areas of spending that are very different between different areas. The largest difference is found in spending on “religious and other community services” – in Northern Ireland, spending on this function in 2019-20 came to about £26 per person, while in most countries and regions of the UK net spending on this function was negative (that is, the public sector received more money than it spent).

Other functions reflect different ways that the public sector is organised in different places. Spending on “water supply” was £145 per person in Northern Ireland and £95 per person in Scotland (where the water supply is nationalised), and pennies per person everywhere else in the UK (where it is in the private sector). Similarly, spending on “broadcasting and publishing services” was £30 per person in Wales and no higher than around £7 per person anywhere else, largely because the Government currently partly funds the Welsh-language TV channel S4C.<sup>6</sup>

<sup>6</sup> This funding has been guaranteed until 2020, but the long-term plan is for S4C to be [funded entirely by the TV licence fee](#).

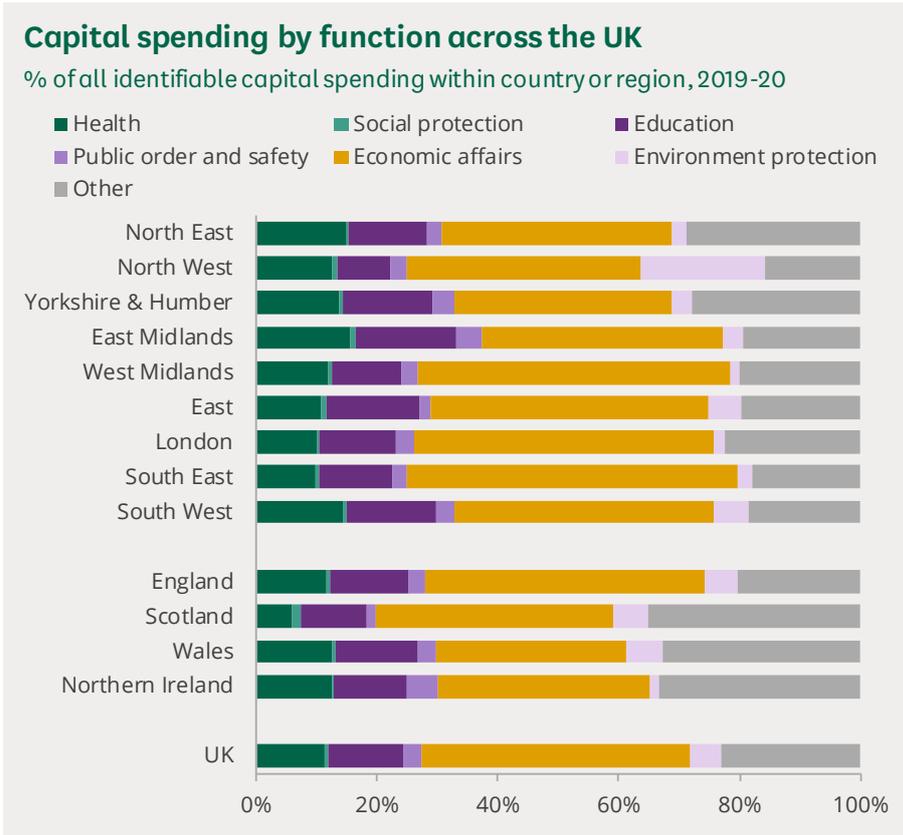
## Current and capital spending

We can do similar analysis for current and capital spending, as follows:



Source: HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, database

The proportion of current spending allocated to different functions of government is very consistent between countries and regions. The biggest variation from the UK average is seen in London, which spends proportionally more on health and less on social protection than any other country or region.



Source: HM Treasury, [Country and regional analysis: 2020](#), 18 November 2020, database

The capital spending breakdown is very different to that for current spending (largely because very little social protection spending is capital) and is much more varied. The largest variations are seen in spending on economic affairs (which includes transport, as discussed above) and on environment protection. The North West's 15% of capital spending on this function is over three times higher than the proportion spent on it by any other region or country, probably because the Sellafield nuclear site is in this region and processes much of the UK's spent nuclear fuel.

## 4. Further reading

Analysis of an alternative way of breaking down public spending between countries and regions, along with a comparison of the amount that each country and region contributes in tax receipts, can be found in the Library's briefing paper [Country and regional public sector finances](#) (CBP 08027).

Information on each country and region's economic performance can be found in [Regional and National Economic Indicators](#) (SN 06924).

Statistics and analysis on the economic impact of the 2020 coronavirus pandemic, and the spending measures that the Government took to deal with it, can be found in briefing paper [Coronavirus: Economic impact](#) (CBP 08866).

Other Library briefings on public spending include:

- [Public spending: a brief introduction](#) (CBP 08046)
- [The public finances: a historical overview](#) (CBP 08256)
- [Main Estimates: Government spending plans for 2020-21](#) (CBP 08926)

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