Changes to the UK’s aid budget in the Spending Review

The Chancellor of the Exchequer has announced, as part of the Spending Review, a temporary reduction in the UK’s aid budget from 0.7% to 0.5% of our national income.

The seismic impact of the pandemic on the UK economy has forced the government to take tough but necessary decisions, including this temporary reduction in the overall amount we spend on aid. We will return to 0.7% when the fiscal situation allows.

The UK government remains a world leading aid donor spending 0.5% of our national income. We will spend more than £10 billion next year to fight poverty, tackle climate change and improve global health.

We will do aid better across government, even if the budget is smaller, to deliver maximum impact for every pound we spend.

We will combine aid with diplomacy, focusing our efforts where the UK can make a world-leading difference ensuring the UK is a force for good across the globe.

Today in a statement to the House of Commons, the Foreign Secretary set out how we will overhaul UK aid to deliver even greater impact by focussing on 7 global challenges where it can make the most difference:

- Climate Change and biodiversity: A greener and cleaner path to growth in developing countries.
- COVID and global health security: Combat COVID-19 and support healthier and more resilient populations in developing countries.
- Girls’ education: A global commitment to get 40 million girls into education and 20 million more girls reading by the age of 10.
- Science, research, technology: Deliver cutting edge technology and research-led solutions in health, education, resilience, low carbon technologies, agriculture and economic development, conflict and poverty.
- Open societies and conflict resolution: Strengthen democratic institutions, human rights, free media and effective governance.

- Humanitarian preparedness and response: Lead stronger collective international response to crises and famine.
- Trade and economic development: Build trading and investment partners of the future.

We will prioritise what we spend aid on and where we spend it. Spending will also be subject to a new and rigorous performance assessment.

Published 25 November 2020
Last updated 26 November 2020 + show all updates

1. 26 November 2020

   Updated with more detail following the Foreign Secretary’s statement to the House of Commons on 26 November 2020

2. 25 November 2020

   First published.

Government plans to strengthen firearms laws for public safety

News story

Consultation proposes new controls on air weapons, miniature rifle ranges, and high-powered firearms.

The government has set out new wide-ranging proposals to strengthen firearms laws and protect the public in a consultation launched today (Tuesday 24 November).

This includes new controls on air weapons, aimed at keeping them out the hands of unsupervised young persons.

It will also close loopholes which currently mean owners of small gun ranges can buy weapons without informing the police or having a licence.

Policing Minister Kit Malthouse said:

> Our gun laws are among the toughest in the world – we are determined to ensure they stay this way to keep the public safe.
>
> These measures will tighten controls on air weapons and minimise the risk of tragic accidents, which have devastated families in the past.
>
> They will also close loopholes in our laws to prevent dangerous weapons falling into the wrong hands and ensure that law-abiding shooters can use their firearms safely.

The new air weapons controls being consulted on will include:

- removing exemptions which allow people from the age of 14 to have unsupervised possession of air weapons on private premises
- making it an offence to fail to lock up an air weapon and its ammunition separately in the presence of under-18s while not in use
- working with industry and retailers to improve the safe keeping of air weapons and advice at the point of sale

Owners of miniature rifle ranges are also planned to be placed under the licensing regime.

Under these proposals, owners will no longer be able to legally buy weapons smaller than .23-inch calibre without having a firearms certificate or informing the police.

The public consultation will also seek views on how to increase security measures around powerful firearms, described as high muzzle energy rifles, and how to strengthen controls on ammunition parts to prevent the unlawful manufacture of full rounds.

This follows new laws announced this month aimed at closing antique firearms loopholes, after evidence showed these were being exploited by criminals.

Seven ammunition types have been removed from the definition of antique firearm, making up to 26,000 guns that use them illegal to own without a firearms licence.

View the full consultation here.

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Climate change and water: Are we doing enough, fast enough?

February this year was the wettest on record.

It was followed by the sunniest spring on record.

Climate change will increasingly bounce us between these extremes in the coming decades, and water – whether too much, too little, or its quality – will only become more of a concern.

The Environment Agency is an operator, a regulator, and an adviser to Government.

We are more effective and efficient because we bring these disciplines together.

In the last year alone, we handled 76,777 environmental incidents across the country.

We also:

- Created a healthier water environment, with over 1,700 kilometres of rivers improved.
- Increased biodiversity, creating or restoring over 3,000 hectares of habitat.
- And, ensured a further 48,000 homes are better protected against flooding.

Like the Institute of Water, we know that these things happen because people have devoted their careers to the environment.

But while we celebrate their successes, we do not ignore the many problems with modern society's relationship with water.

The water classification results for England this year, showed just 16 percent of waters meet the criteria for 'good ecological status'.

And our annual environmental performance assessment of England's water companies showed that four out of nine companies are falling short of expected standards…

…based on serious pollution incidents, pollution per kilometre of sewer pipes, and compliance with permits.

I'll return to this shortly.

Last week, the Prime Minister published his ten point plan for a green industrial revolution, mobilising £12 billion of investment and creating and supporting up to 250,000 jobs.

It’s ambitious, and we are working with government on many aspects of the plan.

For instance:

- We’re developing our regulatory role and guidance to meet the new demand in hydrogen, as it begins to replace natural gas in domestic supply.
- We’re working with the nuclear industry on regulating existing sites and on nuclear new builds, including the potential for small modular reactors.
- We’re working with industry to ensure carbon capture and storage technology can be deployed while protecting people and wildlife.
- We’re looking into a range of nature-based solutions that lock in carbon – through tree planting, restoring peatland, managing soils, wetlands and saltmarsh.
- And, our Climate Change, Trading and Regulatory Services team regulates over half the country’s greenhouse gas emissions through the EU Emissions Trading System.

We are ready to play our part helping to deliver the government’s emissions reduction targets at the end of the EU Transition period.

In the 2 years between January 2017 and December 2018, the Climate Change Agreements we administer saved about 45,653 gigawatt hours of power.

That is equivalent to 9 million tonnes of carbon dioxide, and enough energy to supply over 2 million homes for a year.

The schemes we facilitate and enforce help businesses reduce their emissions and improve energy efficiency.

Like the water companies, the Environment Agency has set itself the goal of becoming a net zero organisation by 2030.

That means we will be taking as much carbon out of the atmosphere as we are putting into it.

We have adopted a tough, internationally recognised definition of net zero: not just the carbon we produce ourselves but also the carbon produced through our supply chain.

Having achieved a 47 percent reduction in direct emissions in the last 14 years, we have 4 times this amount to do over the next 10 years.

We will achieve our ambitious ten year target by reducing our emissions by at least 45 percent by 2030…

…and addressing the effect of our remaining emissions through offsetting measures that lock up carbon and deliver multiple benefits for biodiversity and reducing flood risk.

We do not underestimate the scale of the challenge.

It’s huge. Our carbon footprint is around 180,000 tonnes a year, comprised of 44,000 tonnes from our activities and 136,000 from our supply chain.

Our main emissions come from flood defence construction, pumping to alleviate flood and drought, travel, and buildings.

Success will require wholesale behavioural and cultural change across the organisation in how we do things and how we work with others.

However, EVEN IF this country reaches the government’s target of net zero by 2050:

- Summer temperatures are set to be up to 7.4˚C hotter.
- There will be 59 percent more winter rainfall.
- And, once-a-century sea level events are expected to be annual events.

So, we also need to think about how we are preparing.

At the Environment Agency, we are preparing for a 2°C rise in global temperatures but we also need to plan for a potential 4°C rise by 2100.

Our new Flood and Coastal Erosion Risk Management Strategy will help the country prepare for that future, but it starts now, ahead of winter.

It sets out how we (alongside risk management authorities, partners and communities) will build up the resilience of millions more homes and businesses.

Some examples of what this means are:

- Expanded flood warnings by 2022 to all at-risk properties.
- Increased investment in natural flood management schemes.
- And, more collaborative partnerships with national road, rail and utilities providers to ensure their investments are flood resilient.

The government has committed a record £5.2 billion long-term investment in flood scheme construction in England, which also features in the Prime Minister’s 10 point plan.

It is money well spent.

For every £1 used to improve protection from flooding and coastal erosion, we avoid around £5 of property damages.

Periods of more extreme weather are a threat to people’s safety and the economy.

They are also causing more pollution incidents.

We recognise this additional pressure on the water sector, but we are also clear that it doesn’t excuse negligence or criminality.

We won’t hesitate to take action against those who pollute.

Good regulation matters, particularly as climate shocks escalate.

Well-designed, well-resourced rules lead to improvements.

The very best results are also driven in partnership with NGOs (for example, on bathing waters).

But… no regulation works unless there is a threat.

While we have a lot to celebrate in terms of our partnership with the water industry, there are some who don’t think they will be caught, or don’t fear the penalties.

Fines for environmental crimes are disproportionately small compared to those in – for example – financial services.

Fines need to hurt.

In five years, we have brought 44 prosecutions against water companies, securing fines of £34 million.

But, even Thames Water’s £20 million fine a few years ago was only ten days’ worth of operating profit.

Economic turnover penalties are the next natural step if, after fair warning, water companies do not turn around their performance.

That means the most serious breaches by very large companies would be based on a percentage of their turnover.

Below this I would like to see the criminal courts apply penalties consistently and proportionately.

Anything less is no deterrent.

Resources are an issue.

In 2019/20 we received £15 million from the government to fund our water quality work – enforcement of the regulations, monitoring of what is happening in England’s rivers and coastal waters, tackling pollution incidents.

With roughly 240,600 kilometres of rivers and streams in England, that equates to just £62 to protect and enhance each kilometre.

Dedicated funding for enforcement drives investment towards legitimate business, green growth, good performers and generates substantial net-benefits for the economy.

These issues do not exist in isolation from climate change.

It’s vital we take an integrated approach to water management in catchments.

At the Environment Agency, people who work towards these goals work closely together – and in partnership with your industry – sharing information and expertise.

Two weeks ago, the Chancellor's announcement of the UK's first Green Sovereign Bond was a fantastic step to help unlock a wall of investment from the public and private sectors.

It would be a significant statement of intent if some of this were to help fund preparations for future climate shocks in the water environment, as well as our net zero ambitions.

Because flood protection, net zero, regulation, and environmental improvements are all connected.

You can't drive your electric car to work on a flooded road.

This country has led the world before, when we implemented the world's first Climate Change Act…

…Which helped to reduce the UK's greenhouse gas emissions to 43 percent below 1990 levels by 2017.

We can do it again.

The question set by this conference was "Are we doing enough, fast enough?"

The answer is no.

BUT… we are shifting gears on the climate emergency, and the water sector's plan for net zero by 2030 shows significant ambition and leadership.

If this is coupled with a matching effort to reduce pollution incidents, and prepare the country for climate impacts like floods and droughts, then water companies will not only lead industry, they can help transform the environment.

Improving water quality is a challenge as complex as managing a changing climate.

The Environment Agency looks forward to working with you on that… through 2030, and beyond.

Thank you.

Update to 2020-21 government financing

remit

This follows on from the last revision to the DMO's financing remit for 2020-21, published on 16 July 2020, which laid out planned gilt sales of £385 billion up to end-November 2020. This update sets out plans for the remainder of 2020-21.

The financing arithmetic sets out the components of the government's net financing requirement (NFR) and the contributions from various sources of financing. The updated financing arithmetic for 2020-21 is set out in Table 1.

The OBR's forecast for the central government net cash requirement (excluding NRAM plc, Bradford and Bingley and Network Rail) (CGNCR (ex NRAM, B&B and NR)) in 2020-21 is £402.5 billion. This is the fiscal aggregate that determines gross debt sales and is derived from the Public Sector Net Borrowing (PSNB) forecast. The net financing requirement for the DMO in 2020-21 is £483.5 billion.

Planned gilt sales for the DMO will total £485.5 billion in 2020-21 and will be split by maturity and type as follows:

- £167.9 billion of short conventional gilts (34.6% of total issuance)
- £149.6 billion of medium conventional gilts (30.8% of total issuance)
- £134.9 billion of long conventional gilts (27.8% of total issuance)
- £33.2 billion of index-linked gilts (6.8% of total issuance)

HMT is also confirming today that NS&I's net financing target for 2020-21 remains unchanged at £35 billion (+/-£5 billion). On 16 July 2020, this target was revised upwards from £6 billion (+/- £3 billion) to reflect the government's increased funding requirements during the COVID-19 pandemic.

The funds raised from retail savers by NS&I are an important source of government financing. In the first six months of this financial year, NS&I raised £38.3 billion. With gilt yields currently at low levels, however, the government can currently raise finance more cost-effectively through gilt issuance.

Table 1: Financing arithmetic in 2020-21 (£ billion)

	Budget 2020	**November 2020**
CGNCR (ex NRAM, B&B and NR)(1)	65.3	402.5
Gilt redemptions	97.6	97.6
Planned financing for the Official Reserves	0.0	0.0
Financing adjustment carried forward from previous financial years(2)	-0.8	18.4
Gross Financing Requirement	162.1	518.5
Less:		
NS&I net financing	6.0	35.0

	Budget 2020	November 2020
Other financing items(3)	0.0	0.0
Net Financing Requirement (NFR) for the DMO	156.1	483.5
DMO’s NFR will be financed through:		
Gilt sales, through sales of:		
– Short conventional gilts	51.0	167.9
– Medium conventional gilts	34.2	149.6
– Long conventional gilts	42.3	134.9
– Index-linked gilts	20.6	33.2
– Unallocated amount of gilts	8.0	0.0
Total gilt sales for debt financing	156.1	485.5
Total net contribution of Treasury bills for debt financing	0.0	-2.0
Total financing	156.1	483.5
DMO net cash position	0.5	0.5
Figures may not sum due to rounding		

(1) Central Government Net Cash Requirement (excluding NRAM plc, Bradford and Bingley (B&B) and Network Rail (NR)).

(2) The £18.4 billion financing adjustment in 2020-21 carried forward from previous years reflects the 2019-20 outturn for CGNCR ex, as first published on 23 April 2020.

(3) Prior to the publication of the end-year outturn in April each year, this financing item will mainly comprise estimated revenue from coinage.

Further information

1) The relationship between PSNB and the CGNCR (ex NRAM, B&B and NR) is set out in paragraph 4.191 of the OBR’s October 2018 EFO.

2) Additional details of the revised financing programme, including the DMO’s planned operations calendar for January to March 2021, are set out in the DMO’s financing remit announcement, as published on its website today.

3) The DMO has raised £393.6 billion via gilt sales in 2020-21 to date.

4) HMT and the UK Statistics Authority (UKSA) have today also published the outcome of their joint consultation on reform to the Retail Prices Index methodology.

5) Further information can be found at:

Spending Review to fight virus, deliver promises and invest in UK’s recovery

- billions of pounds to help tackle Covid-19 next year
- increased funding to deliver stronger public services
- £100 billion capital spending including infrastructure to drive UK’s recovery and support jobs

Delivering the Spending Review, Rishi Sunak said his immediate priority was to protect people’s lives and livelihoods as the country continues to battle the outbreak – allocating £55 billion to tackle the virus next year.

He also set out how the government would deliver stronger public services – honouring the promises it made to the British people with core day-to-day departmental spending growing by £14.8 billion in cash terms next year compared to 2020/21. From 2019/20 levels, that is an average growth of 3.8% a year, the fastest rate in 15 years.

The Chancellor also announced how the government would deliver the next stages of its record investment plans in infrastructure to drive the UK’s recovery and level up for a greener, stronger future with £100 billion of capital spending next year and a £4 billion Levelling Up Fund.

Setting out the budgets for government departments and devolved administrations’ block grants for 2021/21, the Chancellor of the Exchequer Rishi Sunak said:

> Today’s Spending Review delivers on the priorities of the British people. Our health emergency is not yet over, and the economic emergency has only just begun; so our immediate priority is to protect people’s lives and livelihoods.
>
> But today’s Spending Review also delivers stronger public services – paying for new hospitals, better schools and safer streets. And it delivers a once-in-a-generation investment in infrastructure. Creating jobs, growing the economy, and increasing pride in the places people call home.

Covid-19 support

The Spending Review builds on the unprecedented action already provided to tackle the pandemic so far. It confirms an additional £38 billion for public services to continue to fight the pandemic this year, and a further £55 billion to departments to respond to Covid-19 next year, including £2.6 billion for the devolved administrations.

Investment targeted at controlling and suppressing the virus – and saving lives – includes funding to enhance testing capacity, purchase vaccines, increase supply of key Covid-19 medicines, and purchase and distribute PPE.

Targeted funding is also being provided to support vital public services to help them meet and recover from the challenges of Covid. This includes money to help the NHS recover and address delayed treatments, extra funding for local authorities, support for transport, and funding to help the justice system address backlogs.

Investing in public services and delivering promises

Delivering real-world improvements to the day-to-day services provided by public services is at the heart of the government's vision to rebuild for a stronger future. The Spending Review delivers on the government's promises to support a high quality, resilient healthcare system, level up education standards, continue tackling crime to keep people safe, and support local authorities in their efforts to serve local communities. This includes:

- A £6.3 billion cash increase in NHS spending in 2021-22, compared to 2020-1, as well as funding to invest in new diagnostic equipment, support training for the NHS workforce, refurbish and maintain infrastructure, and eradicate mental health dormitories. This is in addition to £3 billion of investment to support NHS recovery.
- A £2.2 billion uplift for the core schools' budget in 2021-22 compared to 2020-21 levels of funding. In addition, the Spending Review will fund investment in Further Education, continue delivering opportunities for lifelong learning, and fund the Holiday Activities and Food programme to provide enriching activities and a healthy meal for disadvantaged children in the Easter, Summer and Christmas holidays in 2021.
- An additional £400 million to help recruit 20,000 additional police officers by 2023, with 6,000 new officers in 2021-22, £63 million to tackle economic crime, and £337m extra funding for the criminal justice system, along with establishing a world-leading Counter Terrorism Operations Centre.
- Increasing core spending power for local authorities by an estimated 4.5 per cent in cash terms, along with over £3 billion of additional Covid 19 support and an extra £254 million of funding to tackle homelessness and rough sleeping.

Throughout the pandemic the government have provided an unprecedented economic support package to protect and create jobs. The Spending Review builds on this by investing an additional £3.6 billion to build on commitments made in the Plan for Jobs.

This includes the new 3-year £2.9 billion Restart scheme to help more than one million unemployed people find work.

Building back better

The Spending review announces the next phase of the government's infrastructure revolution with £100 billion of capital expenditure next year, to kickstart growth and support hundreds of thousands of jobs. It gives multi-year funding certainty for select projects – such as school and hospital rebuilding, housing and transport schemes – and targets additional investment in areas which will improve the UK’s competitiveness in the long-term, backing new investments in cutting-edge research and clean energy sources, investing in a greener future by delivering against the Prime Minister’s ten-point plan for climate change.

The Chancellor also set out plans to further the levelling up agenda by launching a new £4 billion Levelling Up Fund that will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. A refreshed Green Book will also better link projects and programmes to Government objectives, including on levelling up and Net Zero.

This is supported by the new National Infrastructure Strategy outlining the government’s long-term vision for infrastructure investment, and a new UK infrastructure bank – headquartered in the north of England – to work with the private sector to finance major new investment projects across the UK. And to ensure that Government policies that have the most impact on levelling-up are created by those living in communities outside of London and the South East, the Treasury will set up its Northern headquarters next year. This is part of a wider work that will see thousands of civil servants move to the regions and nations of the UK.

To help people with their finances, the Chancellor also announced an increase in the National Living Wage, by 2.2% to £8.91 an hour from April 2021, likely benefiting around two million of the lowest paid. Alongside that, 2.1 million public sector workers who earn below the median wage of £24,000 will be guaranteed a pay rise of at least £250. And to help businesses, the business rates multiplier will be frozen in 2021-22, saving businesses in England £575 million over the next five years.

The Spending Review also strengthens the UK’s place in the world as open and outward-looking, leading in solving the world’s toughest problems. The UK will spend the equivalent of 0.5% of national income as overseas aid in 2021. The Spending Review therefore provides £10 billion of Official Development Assistance (ODA) in 2021-22. This will ensure the UK remains one of the largest overseas aid donors in the world. And to provide security not just for the UK but also around the world, the Chancellor also confirmed the announcement made by the Prime Minister which will see over £24 billion of investment in defence, the biggest sustained increase in 30 years.

Further information on projects funded by capital spending next year:

- almost £19 billion of transport investment next year, including £1.7 billion for local roads maintenance and upgrades
- significant increases in research and development (R&D) with almost £15 billion in 2021-22 including funding for clinical research to support delivery of new drugs, treatments and vaccines
- £4.2 billion for NHS operational investment next year to allow hospitals to refurbish and maintain their infrastructure, and £325 million of new

investment in NHS diagnostics equipment to improve clinical outcomes
- over £260 million to continue the transformative digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Diversification and Testbeds and Trials Programmes

Multi-year funding to deliver:

- a step-change in investment to tackle climate change and deliver the Prime Minister’s Ten Point Plan for a Green Industrial Revolution, including funding for electric vehicle charging infrastructure, and new Carbon Capture and Storage (CCS) clusters by 2030
- over £58 billion of investment confirmed for road and rail, levelling up across the country
- nearly £20 billion of investment underpinning the Government’s long-term housing strategy, including £7.1 billion for a National Home Building Fund and confirming over £12 billion for the Affordable Homes Programme
- a multi-billion capital investment to deliver the Government’s commitments on building 40 hospitals by 2030, rebuilding 500 schools over the next decade, and delivering 18,000 modern prison places across England and Wales by the mid-2020s
- a doubling of flood and coastal defence investment across England investing £5.2 billion over six years
- £1.2 billion to subsidise the rollout of gigabit-capable broadband, as part of the government’s £5 billion commitment to support rollout to the hardest-to-reach areas of the UK
- over £22 billion of funding for High Speed 2, Europe’s largest construction project