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Mr Kevin Wells

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By e-mail to

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Our ref: IRU 8/567

22 October 2008

Dear Mr Wells,

Freedom of Information Act 2000: BARNETT FORMULA

Thank you for your e-mail enquiry dated 7 October 2008. I am treating your request under the Freedom of Information Act 2000 ('the Act').

2. You asked for information relating to the Barnett Formula, specifically the figures used to work out the needs of each country of the United Kingdom.

3. Public Expenditure allocations to the Devolved Administrations in Scotland, Wales & Northern Ireland are made in accordance with the so-called Barnett Formula. Full details of this population-based formula are published in the Treasury document *Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly - Statement of Funding Policy* (SFP). This can be accessed on the Treasury website at http://www.hm-treasury.gov.uk/d/pbr_csr07_funding591.pdf

4. Paragraphs 4.7 to 4.10 of the above publication give more information on how the population data is used in the Barnett Formula. The other key ingredients of the Barnett Formula are the comparability factor and the cash change in the corresponding UK Government department's programme. Paragraph 4.11 of the SFP explains the rationale behind comparability factors and Annex B of the SFP gives a worked example of the Formula.

5. Under the Barnett Formula, if spending on services in England increases by £10 per head, corresponding increases will be added to the Devolved Administrations' baselines thus maintaining the equality of spending per head in each of the countries. The formula is not applied to the pre-existing baselines. In addition, the Formula is only applied to areas of expenditure which are devolved – it does not apply to areas such as Defence, Foreign Affairs, Immigration and Social Security. It also does not apply to locally financed expenditure, i.e. that which is under the control of Local Authorities.

6. As this information is already published we are not bound to re-issue such information, and formally it is subject to an absolute exemption under section 21 of the Act. To be helpful, the Barnett Formula is based on the population of each country and the formula uses the mid year estimates of population published by the Office for National Statistics. This information may be accessed on the ONS website via the following link:

<http://www.statistics.gov.uk/CCI/nugget.asp?ID=6>.



It is then for the devolved administrations to allocate their block budgets to their devolved programmes on the basis of their own assessment of their priorities, policies and needs.

7. If you have any queries about this letter, please contact us. It will be helpful to us if you remember to quote the reference number above in any future communications.

Information Rights Unit
On behalf of HM Treasury

Your Rights to Complain under the FOI Act

If you are unhappy with the service you have received in relation to your request and wish to make a complaint or request an review of our decision, you should write within two months of the date of this letter to HM Treasury, Information Rights Unit, 2/S2, 1 Horse Guards Road, London SW1A 2HQ. email - public.enquiries@hm-treasury.gov.uk

If you are not content with the outcome your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the Treasury. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.