

## KEY QUESTION

### 5

## What are important decision-making opportunities in the UK's annual budget process?

**Annual budget is determined from March to June; final annual spending is determined in the fall**

The UK's budget process is different to that of many other donor countries, as government departments determine annual spending for budget lines based on a multi-year budget process.

The budget process usually begins with the Comprehensive Spending Review (CSR), which sets expenditure limits for government departments for the following five years. The CSR is usually released at the beginning of each new parliamentary term. The CSR development process is thus an important opportunity to shape the UK's overall long-term funding levels for development.

The UK's financial year runs from April to March:

- **Chancellor presents annual budget to Parliament:** Usually in March, the Chancellor of the Exchequer carries the budget speech to Parliament, detailing spending limits for each ministerial department. After the budget speech, members of parliament debate, for four consecutive days, different policy areas such as health, education, or defense. These debates are known as the Budget Resolutions.
- **DFID adjusts budget based on budget speech:** Following the budget speech, DFID adjusts allocations during annual resource allocations rounds (RAR), when it realigns the annual budget within budget ceilings set by the Chancellor. DFID can also reallocate funding at this point to adapt to changing demands and to the speed with which different projects are implemented. RARs are conducted again at the end of the year following the Chancellor's Autumn Statement in November (see below). Even after the RAR, the budget can be adjusted throughout the fiscal year as divisions respond to new priorities or unexpected delays in program delivery.

- **Parliament debates and adopts the annual budget:** Between May and June, MPs debate the budget resolutions and scrutinize the budget. However, Parliament does not amend any allocations within DFID's budget, as it is not subject to parliamentary approval. The parliamentary International Development Select Committee debates and scrutinizes UK development policy, which can influence DFID policy and funding decisions, even if the committee has no power to decide on allocations.

- **Chancellor makes Autumn Statement:** The Chancellor's Autumn Statement in November provides an update on funds available for ministerial departments. DFID makes final adjustments to its annual budget for the current fiscal year based on the Autumn Statement.

