

## KEY QUESTIONS

### the big six

# 6



## What are important milestones in the UK's annual budget process?

### Annual budgets run from April to March; final annual spending is determined in autumn

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 three to five years and is led by the UK Treasury. The CSR development process is thus an important opportunity to shape the UK's overall long-term funding levels for development. The next CSR will take place in 2019. The last CSR coincided with the creation of the UK's current global-development strategy and contained explicit targets drawn from the strategy that the Department for International Development and other parts of the UK government committed to delivering within the CSR period. It is unclear whether DFID and Treasury are preparing a new strategy or not for the forthcoming Spending Review.

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

- **Chancellor presents annual budget to Parliament:** Usually in March, the Chancellor of the Exchequer (Chancellor) presents 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 Chancellor's budget speech, the Department for International Development (DFID) begins annual resource allocation rounds (RAR) to adjust allocations of its annual budget to align with the budget ceiling 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 (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, members of Parliament 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.

