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Update: Spending Review and Strategic Delivery Plan Refresh

Information for RE Council
November 2024



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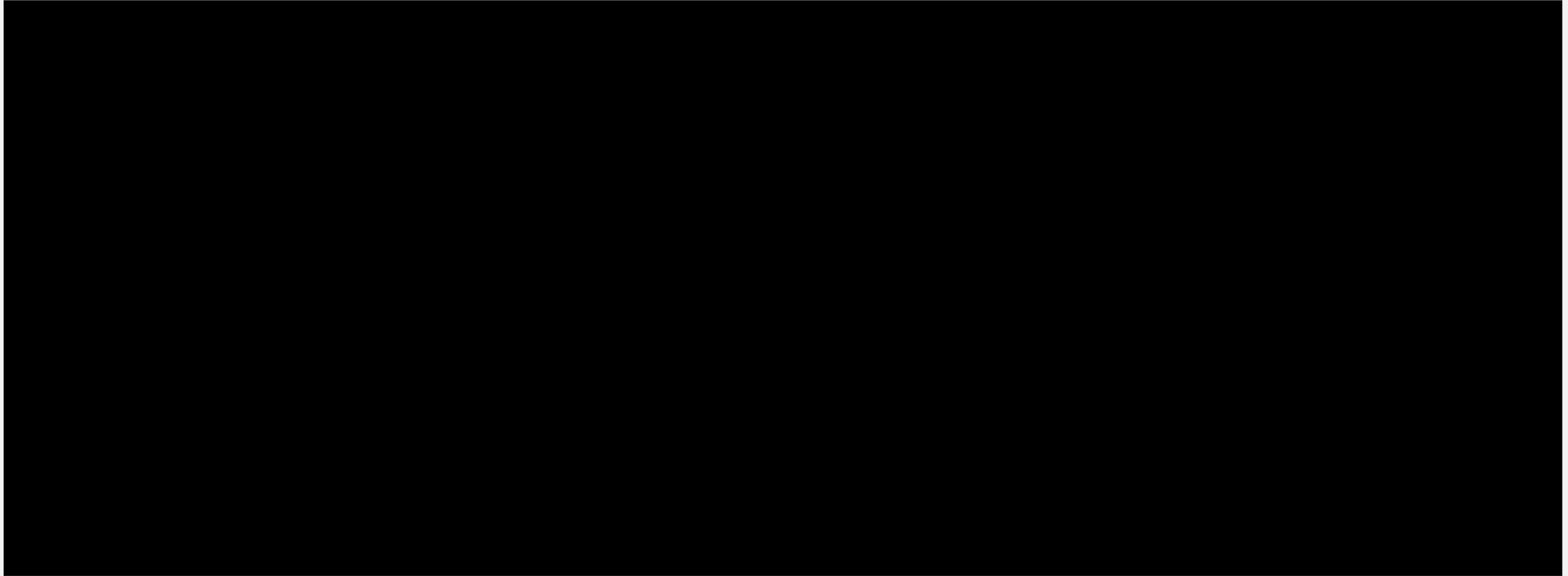
Spending Review: Phase 1



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Principles guiding RE spending decisions



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Flat cash or Reduction considerations

- Possible options: flat cash, -£50m, -£100m
- In a zero-sum game, traditionally we have maintained all funding streams at existing levels to maximise stability.
- Making any changes in order to prioritise a strategic area would involve reductions to save money for elsewhere.
- Flat cash is still a decrease. An uplift of ~£29m would be required for a real-terms settlement in AY2025-26.

Q/ What is the RE priority? How far is this altered by different funding settlements?

Q/ Would we want to target additional funding to particularly vulnerable policy aims under this settlement?

Q/ If so, what funding streams would we reduce to pay for it? I.e. On what basis would we deprioritise a strategic area?

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Modelling options for AY2025-26

Option 1/

Maintain relative size of all funding streams

- Flat cash: no change
- Reduction: pro-rata reduction to all SIF funding streams

Option 2/

Reduction applied to mainstream QR only

- Flat cash: no change
- Reduction: reduce mainstream QR

Option 3/

Apply greater reduction to some streams in order to protect other streams

- Flat cash: no change
- Reduction:
 - a) Complete protection for priority areas: RDP, SPE and Charity QR. Reduction applied equally to remaining streams.
 - b) Complete protection for priority areas: RDP, SPE and Charity QR. Impact limited to X% for ringfenced funding. Remaining reduction applied equally to remaining streams (MSQR, Business QR)

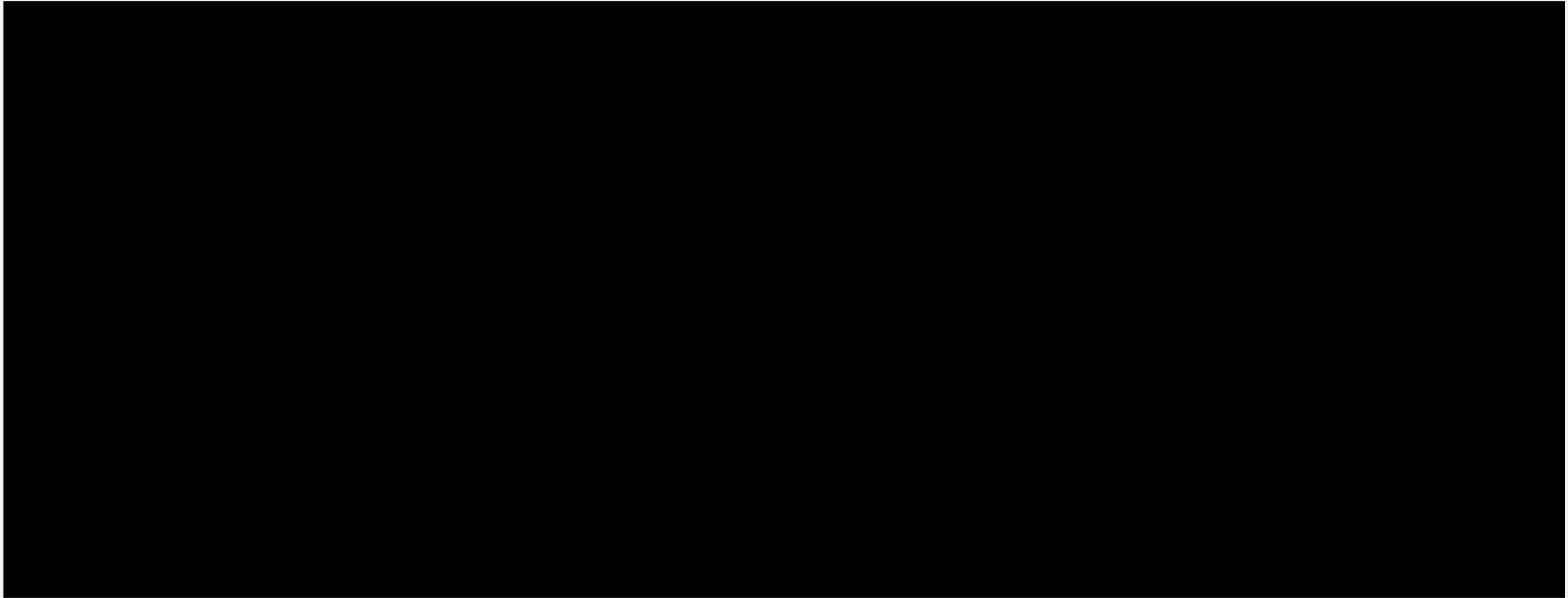
Option 1: pro-rata reduction to all SIF funding streams

- | | AY 2024-25 | -£50m | -£100m |
|------------------------|------------|-------|--------|
| | | | |
| Policy Support Funding | 29 | 28 | 28 |
| | | | |



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Option 2: reduction applied to Mainstream QR only



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Option 3: Apply greater reduction to some streams in order to protect other streams:

3a/ Complete protection for priority areas: RDP, Specialist Provider Element and Charity QR.
Reduction applied equally to remaining streams.

3b/ Complete protection for priority areas: RDP, SPE and Charity QR. Impact limited to X% for ringfenced funding. Remaining reduction applied equally to remaining streams (MSQR, Business QR)

- A hybrid option allows a more targeted approach, spreading the loss more widely than MSQR but while maintaining some strategic protection in priority policy areas.

Q/ Is this worth it? For the level of impact, and strategic messaging, how far should we spread the impact of a funding reduction across streams?

	AY2024-25	Option 3a: - £100m	Option 3b: -£100m
Policy Support Funding	29	27	27

Worst case reduction shown for figurative purposes