INSTITUTE FOR GOVERNMENT

Methodology

Public services performance tracker 2025: Cross-service analysis

General

Public services spending, including estimates of the total spend on public services

To estimate the real cost of public spending, we deflate government spending figures using the GDP deflators published by the Office for Budget Responsibility (OBR) in the Economic and Fiscal Outlook from March 2025.[1] To better reflect the underlying inflation conditions present in 2020/21, we estimate our own figures by generating a mid-point that averages across values from 2019/20 and 2021/22. We deflate spending figures in our financial analysis across the entire report to 2025/26 prices. There are some instances throughout where we put spending into prices from a year other than 2025/26. Where this is the case, we explain our reasoning in the Methodology below.

In cases where we calculate real-terms changes in figures that relate to individuals – for example, wages or the adult social care means test – we use the consumer price index (CPI) rather than the GDP deflator. The CPI that we use also comes from the OBR's Economic and Fiscal Outlook from March 2025.

We project spending for the rest of the spending review (2023/24 to 2028/29) period differently for each service. Details for each service are below:

- General practice: we assume that spending rises in line with funding for NHS England, as set out in the 2025 spending review.

- Hospitals: we assume that spending rises in line with funding for NHS England, as set out in the 2025 spending review.

- Local government: we assume that spending rises in line with local government core spending power, as set out in the 2025 spending review.

- Schools: We estimate the amount of funding for mainstream schools by first forecasting high-needs funding figures forward to 2029/30. For 2026/27 and 2027/28, we take the 2025/26 figure and apply DfE's expectation for what will happen to high-needs costs between 2024/25 and 2027/28 (according to an NAO report from October 2024).[2] For 2028/29 and 2029/30, we apply the average year-on-year increase in high-needs costs between 2024/25 and 2027/28, taken from the same report.

  We then estimate the amount of high-needs funding going to mainstream schools between 2024/25 and 2028/29, by applying the share that went to mainstream schools in 2023/24 (as reported by the NAO[3]) to our forecast funding figures. We strip these amounts out of the core schools funding figures from the 2025 spending review (with the £615m teachers' pay additional grant added into 2025/26 figures), to create estimates of the funding for mainstream schools.

- Police: We assume that police spending rises in line with projected police spending power, as set out in the 2025 spending review.

- Criminal courts: We assume that HMCTS spending rises in line with the overall Ministry of Justice RDEL budget in the 2025 spending review from 2024/25 to 2025/26. For subsequent years, we assume that the additional £450 million in courts funding announced at the spending review is 90% RDEL and 10% CDEL, and that this is increased in three equal stages in 2026/27, 2027/28 and 2028/29.

- Prisons: We have assumed that spending on prisons changes in line with the overall Ministry of Justice budget, minus spending specifically committed to courts and probation. This is calculated slightly differently for different years.

In 2024/25, we use the HMCTS outturn figures and assume probation spending increases in line with the overall MoJ budget, which gives an estimated nominal year-on-year increase of 8.9% for prisons. For 2025/26, we assume both HMCTS and probation spending increase in line with the overall budget.

For subsequent years, we include specific spending commitments on courts and probation announced in the 2025 spending review. We assume that the £450 million additional courts spending and £700 m additional probation spending by 2028/29 are 90% RDEL and 10% CDEL, and that the RDEL increases are in three equal stages in 2026/27, 2027/28 and 2028/29. This causes small decreases in projected nominal prisons spending in 2027/28 and 2028/29.

Table CSA 2.1 Projected nominal annual day-to-day spending changes for Ministry of Justice services, 2023/24–2028/29

	2023/24–2024/25	2024/25–2025/26	2025/26–2026/27	2026/27–2027/28	2027/28–2028/29
Ministry of Justice	7.7%	6.3%	5.9%	2.4%	2.3%
Courts*	4.6%	6.3%	4.6%	4.4%	4.2%
Probation	7.7%	6.3%	15.3%	13.3%	11.7%
Prisons	8.9%	6.3%	4.7%	−0.6%	−0.6%

Source: Institute for Government analysis of 'HMCTS Annual Report and Accounts', 2010/11–2024/25 and HM Treasury, spending review 2025. Notes: *Increase in courts spending from 2023/24–2024/25 based on HMCTS outturn for HMCTS. MoJ spending increases are in line with the RDEL budget set out in the 2025 spending review; all other figures are IfG projections.

Institute for Government interviews

For this report, we conducted dozens of interviews between June and August 2025 with various relevant stakeholders, including subject experts from civil society organisations, civil servants and frontline staff.

Change in demand for public services (used in Figures CSA 3 and CSA 8)

General practice

To project likely growth in demand for general practice, we use analysis from The Health Foundation. Its main published analysis for ongoing health demand, published in May 2024, includes an estimate for how much demand for general practice will increase due to increasing size and morbidity of the population.[4]

To ensure comparability with the demand projections shown for other services (for which we do not include service-specific cost pressures or possible productivity gains), we only factor in increases in demand, rather than additional assumptions around changes to pay, productivity or to the healthcare model.

Hospitals

To project likely growth in demand in hospitals, we again draw on analysis from The Health Foundation. Its analysis provides an estimate of the rate of growth in activity, adjusted for morbidity, needed to meet growing demand for acute care, while maintaining its scope and quality. We assume that demand for acute and specialist trusts (our focus in this chapter) changes in the same way as The Health Foundation's projection of demand for acute care.

To ensure comparability with the demand projections we show for other services – where we do not include service-specific cost pressures or possible productivity gains – we only factor in increases in demand. This means that we use their "minimal change" scenario[5] which assumes that activity in hospitals will grow more quickly than demographic and morbidity pressures, reflecting the trend between 2010/11 and 2018/19.

The Health Foundation kindly provided us with a breakdown of its model to allow us to derive an overall estimate of acute care, based on a weighted average of elective, emergency, A&E and outpatient activities.

Adult social care

For adult social care, we take the projected increase in demand from The Health Foundation's REAL Centre, published in October 2021. This model incorporates several factors, including increases in pay and projected changes in productivity. We take only the increase in demand projected in the model, as the outlook for pay has changed since it was published.

Children's social care

To estimate demand for this service, we split it into two component parts, weighted by the amount that local authorities spent on those services in 2023/24. The two halves of that spending are on "looked after children" and "other" spending, which includes "safeguarding children and young people's services" and "family support services" spending.

We assume that demand for looked after children will increase in line with the number of section 47 referrals that local authorities receive. We project this by calculating the average annual growth rate of section 47 referrals between 2017/18 and 2023/24. We start in 2017/18 because that year saw a break from the trend of the previous five years, with the number of section 47 referrals no longer seeing the same sustained increase as they had earlier in the decade.

We assume that demand for other parts of children's social care spending increases in line with assessments under section 17 of the Children Act 1989. Similarly, we use the period of 2017/18 to 2023/24 as the years to calculate the average annual growth rate.

Table 1 Projected growth rates for children's social care

Spending category	Net current spending 2023/24 (nominal)	Growth rate assumption	Projected growth 2023/24 to 2029/30
Looked after children	£7.7bn	Increases in line with the growth rate of section 47 referrals between 2017/18 and 2023/24	13.3%
Other – safeguarding children and young people's services and family support services	£4.8bn	Increases in line with the growth rate of section 17 assessments between 2017/18 and 2023/24	1.9%

We then create a demand index starting in 2023/24, weighting the two parts of index by spending on those areas in 2023/24. We increase the index by the average annual increase of section 47 referrals and section 17 assessments every year until 2029/30.

Neighbourhood services in local government

We assume that demand for neighbourhood services increases in line with population growth in England.

Schools

This is an estimate for mainstream 5–16 schools. To project how much schools would have to spend to meet increased demand, we separate primary and secondary schools because:

- on average, the government spends slightly more on each secondary school pupil than on each primary school pupil
- the DfE projects that the number of primary school pupils will fall by more over this parliament than will the number of secondary school pupils.

We base our projections on per pupil spending in 2022/23 (see Table 2) and take our figures from IFS work.[6] We multiply the 2022/23 level of spending per pupil in primary and secondary schools by the expected growth in pupil numbers for those settings between 2024/25 and 2029/30, add together the implied figures for spending on primary and secondary schools and create an index. We assume that the costs of the inputs used in providing school services rise in line with economy-wide inflation.

Table 2 Projected growth rates for schools

Service category	Per pupil spending in 2022/23 (2024/25 prices)	Growth rate assumption	Projected growth 2023/24 to 2029/30
Primary schools	£6,501	The number of pupils grows in line with DfE projections for the number of primary school children	-7.9%
Secondary schools	£7,218	The number of pupils grows in line with DfE projections for the number of secondary school children	-3.1%

Police

To project police demand, we divide demand on the police into the following categories:

- reactive demand, subdivided into:
    - reactive crime demand, and
    - reactive non-crime demand;
- protective demand, such as intelligence-gathering and safeguarding;
- internal demand, including HR, training and professional standards.

We then calculate likely trends in each of these separately to project overall demand.

We calculate the proportion of current demand made up by each category based on the number of FTE officers, staff and police community support officers (PCSOs) within each function, drawn from Home Office police workforce data. We weight the number of FTE roles according to the mean salary of these groups, to account for police officers being more costly on average than staff or PCSOs. Mean salary data comes from the Annual Survey of Hours and Earnings, Table 13.7, for officers and PCSOs, and the *Police Staff Council Earnings Survey 2023* for police staff.

Some functions within reactive demand deal exclusively with crime (e.g. investigations) but it is not possible to separate local policing and dealing with the public into crime and non-crime. We assume that reactive demand is two-thirds due to crime and one third due to non-crime, based on existing estimates of police demand and the greater time involved in responding to crime than non-crime incidents. Other estimates of police demand suggest all non-crime demand, including protective and internal demand, accounts for 21–35% of demand.[7,8]

Table 3 Police demand

<table>
<tr><th colspan="2">Reactive demand (crime and non-crime)</th><th>Protective demand</th><th>Internal demand</th></tr>
<tr><td colspan="2">• Local policing (including neighbourhood and response)
• Dealing with the public
• Criminal justice arrangements (such as custody, court preparation etc)
• Roads
• Operational support (e.g. firearms units, dog support)
• Investigations
• Investigative support (e.g. forensics)
• National policing (e.g. counter-terrorism)</td><td>• Intelligence
• Public protection (e.g. protecting vulnerable people, managing serious repeat offenders via multi-agency public protection arrangements (MAPPA)</td><td>• Support functions, including training, HR processes, professional standards</td></tr>
<tr><td colspan="2">75% of total demand</td><td rowspan="2">12% of total demand</td><td rowspan="2">13% of total demand</td></tr>
<tr><td>Crime: 50% of demand</td><td>Non-crime: 25% of demand</td></tr>
</table>

Internal demand we assume will remain flat, based on maintaining the current workforce. Non-crime reactive demand and protective demand we project will grow in line with the population in England and Wales. We model reactive crime demand based on the trend in police recorded crime since 2018/19, adjusted for the growing complexity of the crime mix and investigations. We do this by generating a 'complexity score' for each offence group, based on the median length of time between an offence being reported and an outcome recorded for that offence type, relative to that for all offences. We based these complexity scores on data across 2022 and 2023.

We then multiply the number of offences for each offence group each year by the relevant complexity score to calculate the complexity-adjusted trend in police recorded crime. Finally, we apply a 0.5% annual increase in reactive crime demand to account for the increasing volume of digital evidence.[9] This is likely to be an underestimate of the impact of increasing complexity and growing volumes of evidence, given the large increase in recent years in the time it takes for the police to record an outcome once an offence has been reported. However, it is not possible to determine how much of this is due to increasing complexity as opposed to reduced police productivity.

Table 4 Projected growth in police demand

Demand type	Proportion of total demand	Method for projecting trend	Projected growth 2022/23 to 2028/29
Reactive crime demand	50%	Trend in complexity-adjusted crime from 2018/19 to 2028/29, plus 0.5% yearly increase for growing digital evidence	37.9%
Reactive non-crime demand	25%	In line with population for England and Wales	5.6%
Protective demand	12%	In line with population for England and Wales	5.6%
Internal demand	13%	In line with workforce growth	0%
Total demand	**100%**	-	**21%**

Criminal courts

We weight magistrates' and crown court demand to come to an overall measure of court demand. We do this using two components. First, we use the number of sitting days in the crown court and magistrates' courts in 2018. Second, we use the average costs per sitting day in the crown court and magistrates' courts, which the National Audit Office reported in 2016, as these are the latest available figures. This implies that 61% of court demand comes from the crown court and around 39% comes from the magistrates' courts. We then project demand forward separately for the crown and magistrates' courts.

We assume an 8% increase in all receipts for the crown court and indictable-only and triable-either-way receipts for magistrates' courts from 2024/25 to 2025/26, followed by a 4% increase in 2026/27, and then assume numbers remain stable until 2028/29. This is based on the trajectory of police charges, which have been rising in recent years, partly in response to increased police officer numbers. We assume there is a lag between police officer recruitment and increases in charges, to account for training and time needed to become productive, so the increase in police officer numbers up to 2023/24 continues to increase charges until 2026/27.

In the magistrates' courts, we assume that the least serious 'summary' cases do not correspond directly to the number of police charges, as many of these are brought by non-police organisations. We therefore hold these steady at 2024/25 levels.

Prisons

To project demand for prisons, we start the Ministry of Justice's (MoJ) central estimate for prisoner numbers over the five years from 2024 to 2029 (the 'SDS40 scenario'), which was published in December 2024, and then apply various adjustments to account for policy changes implemented since then or included in the Sentencing Bill currently going through parliament.

The SDS40 scenario incorporates the recruitment of the additional 20,000 police officers and the estimated impact of other policies, including new offences and changes in agreed sentencing, and the emergency 'SDS40' releases that led to prisoners being released after serving a third of their sentence. Only the change to the point of automatic release is factored in to the 2024 projection; it does not include further measures around home detention announced in December 2024.

The IfG demand projection accounts for changes to home detention and recall that came into effect in June 2025, and for the proposed reforms in the government's Sentencing Bill (2025). The June 2025 changes are estimated to reduce demand on prisons by 1,400 places by early 2028, compared to the status quo when they were announced (which was roughly the 2024 SDS40 projection). The immediate drop in the prison population in June 2025 was around 800, but this was reversed over the next two months before a drop back to June levels in September.

This makes it extremely hard to identify the impact of this measure; we therefore simply assume that 750 of the 1,400 spaces saved by 2028 will have been achieved by December 2025, but that otherwise the population increases in line with the 2024 SDS40 projection.

We estimate that reductions from changes in the Sentencing Bill and other proposals following the Independent Sentencing Review (such as expanding intensive supervision courts) begin to be felt from January 2026. This is an optimistic timeframe, given the current progress of the Sentencing Bill, but some measures that do not require primary legislation may begin to have an impact more quickly. The government's impact assessment for the Sentencing Bill estimates it will save 7,500 spaces, relative to the status quo in September 2025, by 2028. The total reduction in expected demand is therefore 8,900 spaces, which we assume to have been realised in full by April 2028. We assume that this will be evenly distributed between January 2026 and April 2028, resulting in a total estimated prison population of 89,600 by April 2028 (compared to 87,336 in September 2025).

Cross-service figures

Figure CSA 1 Real-terms change in day-to-day spending on selected public services, 2010/11–2023/24

For this, we use the same spending numbers as we do in each of the chapters. The sources are as follows:

- General practice: NHS England, 'Investment in general practice', 2018-2023/24[10]

- Hospitals: DHSC, 'Annual accounts', Table 2.2 Departmental group detail – expenditure (NHS providers column), 2010/11–2023/24.[11]

- Schools: Department for Education, 'School funding statistics', 2024/25.[12]

- Adult social care: NHS England, 'Adult social care activity and finance report, England, 2023/24', Appendix C – Expenditure on adult social care, 2009-10 to 2023-24.[13]

- Children's social care: DfE, 'LA and school expenditure', 2010/11–2023/24.[14]

- Local government funding: MHCLG, 'Local government finance settlement: Core Spending Power of local authorities', 2025 to 2026.[15]

  Core spending power (CSP) information is only available from 2015/16 onwards. Before 2015/16, the government measured local authorities' revenue spending power (RSP) instead of their CSP. To create a comparable CSP for the years before 2015/16, we apply the annual percentage growth in RSP to the first year of the CSP metric until we have an artificial CSP total for 2010/11.

- Police: MHCLG, 'Local authority revenue expenditure and financing England', 2009/10–2023/24, and StatsWales, 'Revenue outturn expenditure summary, by service', 2009/10–2023/24.

- Courts: HMCTS, 'HMCTS Annual Report and Accounts', 2010/11–2024/25.

- Prisons: MoJ, 'Prison performance data' (Costs per prison place and prisoner by individual prison), 2010/11 to 2023/24.

Figure CSA 2 Index of real-terms investment spending by public service departments, actual and forecast, 2004/05–2029/30 (2007/08=100)

The primary problem in the creation of this chart is change in departmental structures and responsibilities. To circumvent this issue, we create a retrospective time series, using the most recent outturn as the baseline for the years 2018/19 to 2024/25 (the years for which there is data in the PESA tables). We then input the PESA results for previous years. We transform the last outturn year (2018/19) by the change in spending for the previous PESA outturn. We then replicate this method for all departments and for all years going back to 2004/05.

For the forecast, we use the departmental capital budgets between 2026/27 and 2029/30, as outlined in the spending review 2025 documents.[16]

Figure CSA 3 Average annual real-terms change in spending between 2024/25 and 2028/29 under Sunak government plans, relative to demand

Both spending and demand projections are taken from the Spring Statement 2024, the last fiscal vent before the 2024 general election. The methodology for demand projections can be seen above, in the "Change in demand for public services" section.

Each bar shows the percentage point difference between forecast spending and forecast demand on an annual basis.

Figure CSA 4 Real-terms change in earnings of selected public sector professionals since 2009/10

The ONS has changed how it classified professions twice since 2009/10. To ensure consistency we cross-referenced codes against volumes of employees to check similar numbers of staff were being assessed. The most affected data series was nursing professionals, for which we used data for health associate professionals for 2009/10, nursing and midwifery professionals for 2010/11–2019/20 and nursing professionals for 2020/21 onwards. Additionally, figures for primary education teaching professionals include nursery staff up to 2020/21.

Unlike other data series in the report, which were deflated using a smoothed GDP deflator, figures were deflated using the consumer price index as published by the OBR.

Figure CSA 8 Average annual real-terms change in day-to-day public services funding between 2024/25 and 2028/29, relative to demand, by time period

For this chart, we replicate the methodology described in figure CSA 3, except for different time periods.

The demand assumptions here are the most up to date assumptions for each service and, for example, take into account prisoner number projections given this government's policies since the election.

Each bar shows the percentage point difference between forecast spending and forecast demand on an annual basis. For example, for general practice between 2025/26 and 2028/29, we forecast that spending will grow by 3.0% per year in real terms while demand will grow by 1.3% per year. Meaning that there is a 1.7 percentage point difference between spending and demand.

Figure CSA 9 Index of real-terms government investment spending, by type of department, actual and forecast, 2004/05–2029/30 (2007/08=100)

For each department, we calculate spending in a year by 'chain linking' spending figures between successive HM Treasury Public Expenditure Statistical Analyses, in each case applying the percentage change between years where both years are available in the same publication to account for MOG changes. In each year, we then sum up the spending of active departments within every category. Public services (excl. local govt.) includes DHSC, DfE, MoJ and Home Office and their predecessors. Defence includes MoD and the Single Intelligence Account. Economic infrastructure includes DfT and DCMS. Business and environment includes DBT, DSIT, DESNZ and Defra and their predecessors. Local government includes MHCLG and its predecessors. Other includes FCDO, Cabinet Office, HMT and HMRC.

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