



**How does the  
government decide how  
to spend money?**

*Lesson 2*

**Key stage 4 scheme of work:  
What has the UK economy got to do with me?**

**Lesson 2 of 6**  
**How does the government decide how to spend money?**

<p><b>Context</b></p>	<p>This lesson is part of a scheme of work that comprises six lessons for teaching Key Stage 4 Citizenship in line with the requirements of the Citizenship national curriculum. The lesson is part of the ACT model Key Stage 4 curriculum, which can be used and adapted to fit with your school's provision.</p> <p>Each scheme of work has an enquiry question as the focus and is then organised into smaller questions that provide a learning focus for each lesson.</p>
<p><b>Overview</b></p>	<p>In this lesson, students consider what the government spends money on and learn about the rationale behind spending decisions. They take on a budgeting challenge and find out about emergency spending. They then explore local government finance, learn about Council Tax, and consider spending priorities in their area.</p>
<p><b>Citizenship skills and concepts</b></p>	<p>Skills: making judgements, political literacy, representing your views to others, evaluation, decision-making, collaborative working, negotiation, communication.</p> <p>Concepts: democracy, fairness, responsibilities, making a difference, ethics</p>
<p><b>Essential teaching guidance</b></p>	<p>Finance can be a sensitive topic for discussion. It is essential that ground rules are agreed to create a safe learning environment prior to teaching. Students and teachers should all agree to make positive contributions, listen without interrupting, respect each other's views and agree that it is OK to make mistakes as this is how we learn. Use distancing techniques, such as case studies, rather than encouraging students to discuss their own or others' situations in the lesson.</p> <p>If you are concerned by any comments or disclosures made by your students, please refer to your own school's safeguarding procedures or your SLT/designated safeguarding lead.</p>

	<p>Be particularly careful when setting the takeaway task for this lesson as it involves students carrying out independent research. You may wish to provide guidance on appropriate sources of information.</p> <p><b>Timings for each task are given as guidelines. Please use your professional judgement when deciding how to deliver the tasks, depending on time available and your students' needs.</b></p>
<p><b>Learning questions</b></p>	<ul style="list-style-type: none"> <li>● What does the government spend money on?</li> <li>● How does the government make spending decisions?</li> <li>● How does the government manage emergency spending?</li> <li>● How does local government spending work?</li> <li>● What are the priorities for spending in our area?</li> </ul>
<p><b>Lesson resources</b></p>	<p>Slide presentation for the lesson</p> <p>Worksheet: Chancellor's budget tracker (for task 2)</p> <p>Worksheet: Council Tax spending (for task 4)</p> <p>Glossary of key terms</p>
<p><b>Differentiation</b></p>	<p>Consider groupings for tasks – use a seating plan that encourages group work but allows students to easily turn to see the teacher, board and each other.</p> <p>Scaffold the Covid-19 spending task (task 3).</p> <p>Support students in sending their emails and letters to local councillors. Many councils have an internal mailing system, so you can take councillors' letters in bulk to the council office, or post in one large envelope to be distributed by the council admin.</p> <p>Encourage students to use the glossary of key terms.</p>
<p><b>Assessment opportunities</b></p>	<p>Circulate the room during group work activity, asking questions, gauging understanding and giving feedback.</p> <p>Use whole-class questioning to check understanding and progress. If there are knowledge gaps, be prepared to revisit.</p> <p>There is also scope for more formal assessment by using the plenary task to check understanding, to provide formative feedback and to plan for further learning.</p>

<p><b>Do now/starter/ entry task</b></p> <p><i>(5 minutes)</i></p>	<p><b>How would you spend £1 million?</b></p> <p><i>Slides 2 to 4</i></p> <p>Ask the students to imagine they have been given £1 million. What would they spend it on? Ask for feedback on their ideas.</p> <p>Then ask them to imagine they are the government and have to decide how to spend £1 million. Questioning them, would they make the same spending decisions? How and why do their intentions change when they are given this new responsibility?</p> <p>Share slides 3 and 4 and explain that in this lesson you're going to find out how national and local governments decide how to spend money.</p>
<p><b>Task 1</b></p> <p><i>(5 minutes)</i></p>	<p><b>National government spending</b></p> <p><i>Slides 5 to 7</i></p> <p>Show slide 5 and ask the students to make a list of things that are funded by the government. Share their answers.</p> <p>How many of the eight key areas of spending highlighted on the following two slides did they think of?</p>
<p><b>Task 2</b></p> <p><i>(15 minutes)</i></p>	<p><b>If you were the Chancellor...</b></p> <p><i>Slides 8 to 13</i></p> <p>Explain the scenario to the students. They have been appointed as Chancellor of the Exchequer in a reshuffle three years before a general election.</p> <p>Working in small groups, give students a copy of the worksheet 'Chancellor's budget tracker'. Their challenge is to decide how to spend a fixed amount across the eight areas listed on the worksheet.</p> <p>In reality, the government's budget is over one trillion pounds a year! For the purposes of this activity it has been simplified to a starting point of £100 – the key challenge for the students is to think about what percentage of the budget they would spend in each area, and the figures they put in each row of the table should reflect this.</p> <p>Show slides 9 to 11 as students work through this task, which sum up the context for each year:</p> <ul style="list-style-type: none"> <li>Year 1: the Chancellor's first year in charge of spending – still three years from the general election. Total amount to</li> </ul>

	<p>spend: £100.</p> <ul style="list-style-type: none"> <li>• Year 2: having made sound decisions in the previous year, there is an economic boom. Total amount to spend: £125.</li> <li>• Year 3: external global events have resulted in the government needing to cut back on spending. Total amount to spend: £75.</li> </ul> <p>Once the students have finished allocating their spending, give them time to discuss the questions on slide 12. Encourage them to reflect upon their experiences as Chancellor.</p> <ul style="list-style-type: none"> <li>• What did they find most difficult?</li> <li>• How much agreement was there about how to allocate spending across the class?</li> <li>• Why do they think that there are differences in opinion on national spending?</li> </ul> <p>Explain to the students that this activity is a simplified version of what really happens at HM Treasury, which is responsible for maintaining control of public spending.</p> <p>Show the pie chart on slide 13 and help students to compare their intended spending with the government’s spending plans from the 2021 Budget. The ‘Social protection’ area of spending covers things like pensions, housing benefit and supporting people on low incomes and refugees.</p>
<p><b>Task 3</b></p> <p><i>(10 minutes)</i></p>	<p><b>Emergency spending</b></p> <p><i>Slides 14 to 16</i></p> <p>Ask the students if they can think of a recent event that forced the government to change its spending plans at short notice. When the Covid-19 pandemic is mentioned, show slide 14 and talk through the information.</p> <p>Ask the students to create a list or spider diagram of items and services the government funded during the first two years of the Covid-19 pandemic.</p> <p>With a second colour pen or pencil, encourage students to justify why the government invested funding in each area. Why was it important? What might have happened if the funding hadn’t been made available?</p> <p>If students need further support, examples are given on slide 16.</p>

<p style="text-align: center;"><b>Task 4</b></p> <p style="text-align: center;"><i>(15 minutes)</i></p>	<p><b>Local government spending</b></p> <p><i>Slides 17 to 20</i></p> <p>Share the information on slide 17 and explain to the students that as well as the national government spending money, the UK has a local government system that is responsible for financing social care and some aspects of housing, transport and education. In England, Wales and Scotland, each area has a local council that decides how money should be spent locally.</p> <p>Explain the concept of Council Tax to students and talk about how money collected through Council Tax is spent in your community. There are five key facts to help you do this on slide 18 and you can find useful information on the Gov.uk website:</p> <p><a href="https://www.gov.uk/browse/housing-local-services/council-tax">https://www.gov.uk/browse/housing-local-services/council-tax</a></p> <p>Some local councils produce YouTube videos explaining how they spend money, which it might be helpful to show students.</p> <p>Give the students a copy of the worksheet ‘Council Tax spending’. Ask them to rank the spending areas listed at the bottom of the sheet on the Diamond 9 grid, with the highest ranked answer at the top.</p> <p>Show slide 20 and encourage students to justify their views about local government spending.</p> <p>If they completed the takeaway task from Lesson 1, ask them to share their emails or letters to councillors with the rest of the class. Have they changed their mind about spending priorities now they know more about local government finance?</p> <p>If appropriate, you could encourage students to find out councillors’ contact details and send their correspondence.</p>
<p><b>Plenary / reflection</b></p> <p style="text-align: center;"><i>(5 minutes)</i></p>	<p><b>Consequences of spending decisions</b></p> <p><i>Slide 21</i></p> <p>Give students time to reflect on what they have learnt in this lesson about national and local government spending decisions.</p> <p>Ask them to write a short paragraph about the possible knock-on effects of spending decisions. Their responses could include what would happen to the government and local council (good and bad), as well as the impact on individual citizens, communities and the rest of the world.</p>

<p><b>Takeaway task</b></p>	<p>The next lesson will focus on Income Tax and National Insurance. In preparation for this, ask the students to carry out research to find out:</p> <ul style="list-style-type: none"><li>● three key facts about Income Tax</li><li>● three key facts about National Insurance contributions</li></ul> <p>Ask them to write two lists of facts and bring them to the next lesson.</p>
<p><b>Additional teacher links &amp; resources</b></p>	<ul style="list-style-type: none"><li>● <a href="#"><u>Public Spending: A Brief Introduction</u></a></li><li>● <a href="#"><u>Public Spending During the Covid-19 Pandemic research briefing (House of Commons Library)</u></a></li></ul>

# Chancellor's budget tracker

Names:

Use the grid to help you to manage your expenditure. Make sure you do not overspend!

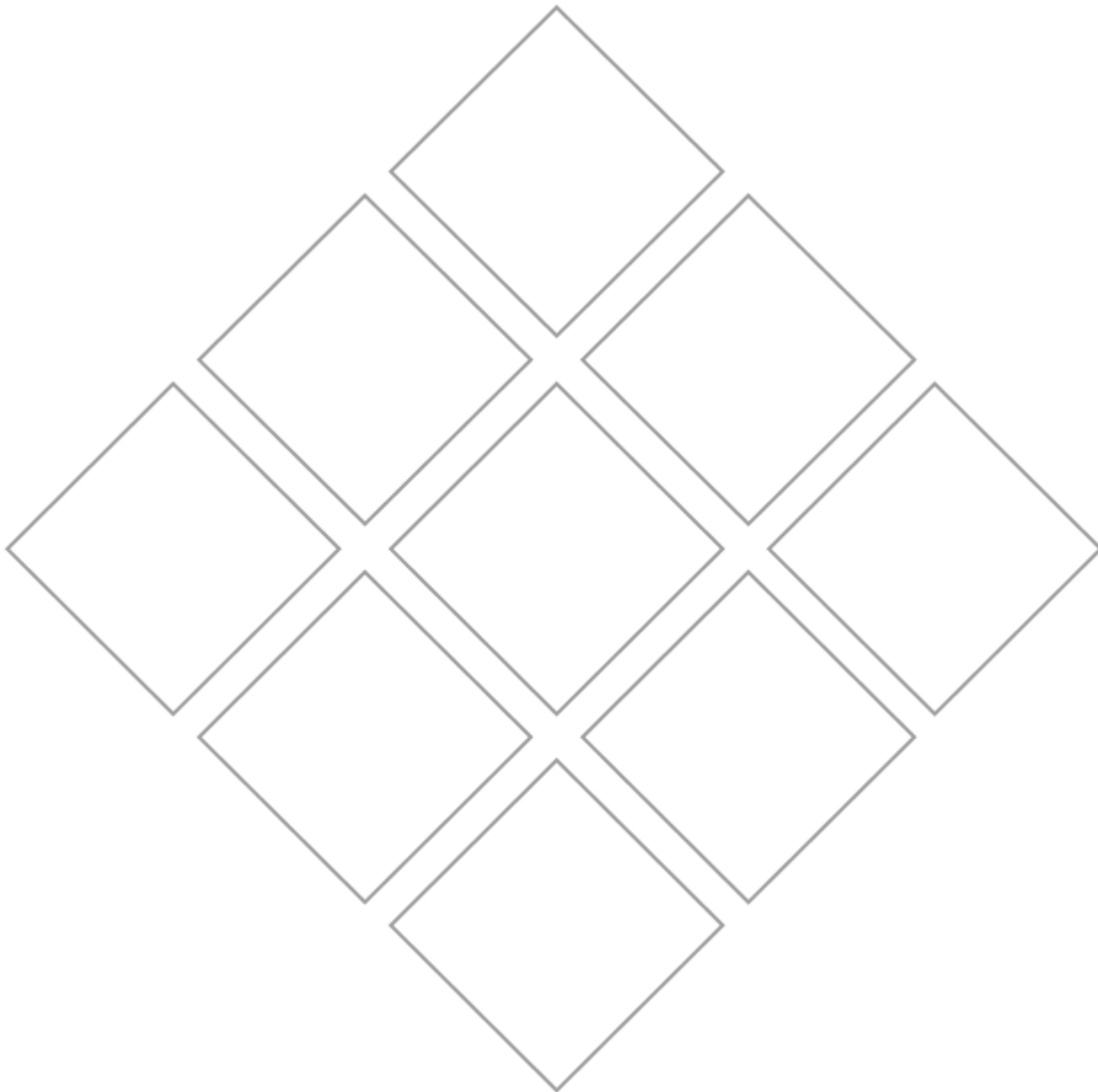
		Year 1 spending	Year 2 spending	Year 3 spending
<i>Money available</i>		<b>£100</b>		
Area of expenditure				
Culture and sport	Encouraging tourism, funding museums, investing in sport, supporting media industry			
Defence	Providing military equipment and paying armed forces personnel			
Education	Paying for schools, further education, universities and adult education			
Environment	Investing in green technology, climate change, water supply and animal care			
Health	Funding for hospitals, medicines, social care, scientific research and public health campaigns			
International Aid	Supporting development in other countries, e.g. education, food and gender equality			
Police, safety and security	Paying for the three emergency services, prisons, courts and the wider legal system			
Welfare and benefits	Providing pensions to older people and benefits such as unemployment and disability			
<b>Total expenditure:</b>				



Name:

# Council Tax spending

Rank the areas of spending listed at the bottom of the sheet in the Diamond 9 grid. The higher the position, the more you would like your local council to invest in that area. Be ready to justify your highest and lowest rankings.



<b>administrative support</b>	<b>education</b>	<b>fire and police services</b>
<b>housing</b>	<b>libraries</b>	<b>refuse collection</b>
<b>road repairs</b>	<b>social care</b>	<b>sports facilities</b>