

# A

## Statistical annex

**A.1** This annex sets out in detail the projections of public expenditure that result from decisions made in the Spending Review. It shows baselines and spending plans for 2010-11, Departmental Expenditure Limits (DEL) and projections for Annually Managed Expenditure (AME) in the Spending Review period, from 2011-12 to 2014-15. The projections for AME are based on the Office for Budget Responsibility's forecast for the June Budget, adjusted for any AME measures in the Spending Review.

**A.2** Table A1 sets out the composition of Total Managed Expenditure (TME) over the period. TME is the totality of public sector spending; the difference between TME and current receipts is Public Sector Net Borrowing (PSNB). Table A1 also shows the current and capital envelopes for the spending included within the Spending Review and how this breaks down into Resource DEL, Resource AME, Capital DEL and Capital AME as a result of decisions in the Spending Review.

**Table A.1: Total Managed Expenditure**

	£ billion				
	Plans		Forecasts		
	2010-11	2011-12	2012-13	2013-14	2014-15
<b>CURRENT EXPENDITURE</b>					
Resource Annually Managed Expenditure	294.6	308.5	320.1	329.7	344.6
Resource Departmental Expenditure Limits	342.7	342.7	344.4	348.9	348.0
<b>Public sector current expenditure</b>	<b>637.3</b>	<b>651.1</b>	<b>664.5</b>	<b>678.6</b>	<b>692.7</b>
<b>CAPITAL EXPENDITURE</b>					
Capital Annually Managed Expenditure	7.8	7.3	6.7	6.4	6.9
Capital Departmental Expenditure Limits	51.6	43.5	41.8	39.2	40.2
<b>Public sector gross investment</b>	<b>59.5</b>	<b>50.7</b>	<b>48.5</b>	<b>45.6</b>	<b>47.2</b>
<b>TOTAL MANAGED EXPENDITURE</b>	<b>696.8</b>	<b>701.8</b>	<b>713.0</b>	<b>724.2</b>	<b>739.8</b>
<b>Spending Envelope for Spending Review 2010<sup>1</sup></b>		<b>641.6</b>	<b>646.7</b>	<b>651.6</b>	<b>661.0</b>
<i>Of which:</i>					
<b>Resource spending envelope</b>		591.6	598.9	606.7	614.5
<i>of which Annually Managed Expenditure</i>		249.0	254.5	257.8	266.5
<i>of which Departmental Expenditure Limits</i>		342.7	344.4	348.9	348.0
<b>Capital spending envelope</b>		50.0	47.8	44.8	46.4
<i>of which Annually Managed Expenditure</i>		6.5	6.0	5.6	6.2
<i>of which Departmental Expenditure Limits</i>		43.5	41.8	39.2	40.2

<sup>1</sup>The envelope is defined as Total Managed Expenditure less BBC domestic services, National Lottery, net expenditure transfers to EU institutions and debt interest.

**A.3** The Spending Review sets out the Government's plans to cut £81 billion from TME by 2014-15 as set out in Table A2. This figure is calculated in comparison to the level of spending if DEL had grown in line with inflation and AME had followed the Office of Budget Responsibility's forecast with no policy changes.

**Table A.2: Spending reductions<sup>1</sup>**

	£ billion			
	Forecasts			
	2011-12	2012-13	2013-14	2014-15
Policy inherited by the Government	14	25	39	52
Discretionary policy announced at the Budget	9	17	24	32
Total discretionary spending cuts at the Budget	23	42	63	83
Adjustment to Public Sector Gross Investment	-2.0	-2.0	-2.3	-2.3
<b>Total discretionary spending cuts at the Spending Review</b>	<b>21</b>	<b>40</b>	<b>61</b>	<b>81</b>

*<sup>1</sup> Spending reductions against baseline of growing DEL in line with inflation, in line with Table 4.8 in the OBR pre-Budget forecast and AME as forecast at Budget.*

**A.4** TME comprises Public Sector Current Expenditure (PSCE) and Public Sector Gross Investment (PSGI). The difference between PSCE and current receipts is the current deficit. The structural element of this (the part that is not the result of variations in the economic cycle) is the primary measure in the Government's fiscal mandate<sup>1</sup>. Tables A3 and A4 set out the level of PSCE and PSGI from 2010-11 to 2014-15, broken down into the categories of spending managed by departments and other items.

<sup>1</sup>The primary fiscal mandate is to achieve cyclically-adjusted current balance by the end of the rolling, five-year forecast period, currently 2015-16.

Table A.3: Public Sector Current Expenditure<sup>1</sup>

	£ billion				
	Baseline plans and Forecasts				
	2010-11	2011-12	2012-13	2013-14	2014-15
<b>PSCE</b>					
Education	53.1	53.9	55.4	56.6	58.0
NHS (Health) <sup>2</sup>	97.7	101.1	104.2	107.8	111.3
Transport	6.0	6.2	6.0	5.9	5.4
CLG Communities	2.2	2.0	1.8	1.7	1.3
CLG Local Government	29.0	26.6	24.9	24.7	23.3
Business, Innovation and Skills	19.3	19.2	18.6	18.3	17.9
Home Office	10.2	10.0	9.6	9.2	9.0
Justice	8.7	8.6	8.3	7.9	7.6
Law Officers' Departments	0.7	0.7	0.6	0.6	0.6
Defence	35.4	35.9	37.0	37.2	37.6
Foreign and Commonwealth Office	1.5	1.6	1.6	1.5	1.3
International Development	6.4	6.8	7.3	9.5	9.5
Energy and Climate Change	1.2	1.6	1.4	1.4	1.1
Environment, Food and Rural Affairs	2.6	2.5	2.3	2.2	2.1
Culture, Media and Sport	6.1	6.2	7.4	6.2	6.1
Work and Pensions	158.5	163.4	165.7	166.7	171.4
Scotland	25.4	25.5	26.0	26.3	26.5
Wales	13.7	13.6	13.7	13.9	14.0
Northern Ireland	14.8	15.2	15.4	15.6	15.9
HM Revenue and Customs	39.7	40.9	40.2	38.9	39.8
HM Treasury	-2.4	0.6	0.4	0.3	0.1
Cabinet Office	1.8	1.8	1.9	2.1	2.5
Single Intelligence Account	2.1	2.1	2.1	2.2	2.2
Small and Independent Bodies <sup>3</sup>	2.1	2.0	1.8	1.8	1.7
Reserve	2.0	2.3	2.4	2.5	2.5
Special Reserve	3.4	3.2	3.1	3.0	2.8
Green Investment Bank <sup>4</sup>	-	-	-	1.0	-
Central government gross debt interest	43.3	46.5	52.4	57.8	63.0
Net expenditure transfers to EU institutions	8.3	8.3	8.3	9.3	10.3
Locally-financed expenditure	27.6	27.2	28.1	29.4	30.5
Public sector pension policy		0.0	-1.2	-2.3	-2.8
AME margin		1.0	2.0	3.0	4.0
Accounting adjustments	14.1	14.4	15.6	16.5	16.2
of which:					
DECC levy-funded spending and Renewable Heat Incentive	0.7	1.1	1.5	2.0	2.6
<b>PSCE</b>	<b>637.3</b>	<b>651.1</b>	<b>664.5</b>	<b>678.6</b>	<b>692.7</b>
<b>Memo:</b>					
Reserve and AME margin as a percentage of PSCE (per cent)	0.3	0.5	0.7	0.8	0.9

<sup>1</sup> Comprising Departmental Expenditure Limits and departmental Annually Managed Expenditure

<sup>2</sup> This NHS line does not include PSS Grant or the Food Standards Agency as in previous publications

<sup>3</sup> For details on small independent bodies see Table A.12

<sup>4</sup> The Government intends to make further funding available for the Green Investment Bank from the sale of Government owned assets.

**Table A.4: Public Sector Gross Investment**

	£ billion				
	Plans and Forecasts				
	2010-11	2011-12	2012-13	2013-14	2014-15
<b>PSGI</b>					
Education	7.6	4.9	4.2	3.3	3.4
NHS (Health)	5.1	4.4	4.4	4.4	4.6
Transport	7.9	8.0	8.3	7.7	7.8
CLG Communities	7.4	3.9	3.0	2.5	2.6
CLG Local Government	0.0	0.0	0.0	0.0	0.0
Business, Innovation and Skills	2.5	1.8	1.7	1.4	1.6
Home Office	0.8	0.5	0.5	0.4	0.5
Justice	0.6	0.4	0.3	0.3	0.3
Law Officers' Departments	0.0	0.0	0.0	0.0	0.0
Defence	8.7	8.9	9.1	9.2	8.7
Foreign and Commonwealth Office	0.2	0.1	0.1	0.1	0.1
International Development	1.6	1.4	1.6	1.9	2.0
Energy and Climate Change	1.6	1.4	1.9	2.1	2.6
Environment, Food and Rural Affairs	0.6	0.4	0.4	0.4	0.4
Culture, Media and Sport	2.2	2.0	1.2	0.8	0.8
Work and Pensions	0.4	0.3	0.4	0.4	0.3
Scotland	3.4	2.5	2.5	2.2	2.3
Wales	1.7	1.3	1.2	1.1	1.1
Northern Ireland	1.5	1.2	1.0	0.9	1.0
HM Revenue and Customs	0.4	0.3	0.1	0.1	0.1
HM Treasury	0.0	0.0	0.0	0.0	0.0
Cabinet Office	0.0	0.0	0.0	0.1	0.0
Single Intelligence Account	0.3	0.4	0.3	0.3	0.3
Small and Independent Bodies	0.0	0.0	0.0	0.0	0.0
Reserve	2.1	1.0	1.0	1.0	1.1
Special Reserve	0.7	0.7	0.8	0.8	0.8
Locally-financed expenditure	5.4	4.3	4.0	3.8	3.7
Public corporations' own-financed capital expenditure	7.4	7.4	7.3	7.3	7.3
Accounting adjustments	-7.9	-6.8	-6.8	-6.9	-6.2
<b>Public Sector Gross Investment</b>	<b>59.5</b>	<b>50.7</b>	<b>48.5</b>	<b>45.6</b>	<b>47.2</b>
<b>Memo:</b>					
Reserve as a percentage of PSGI (per cent)	3.5	2.0	2.1	2.2	2.3

**A.5** In the spending framework inherited by this Government, spending is broken down into DEL and AME. Fixed DEL budgets are set for each department for a multi-year period. Spending that is considered difficult to control within fixed budgets due to its size or volatility is categorised as AME. Budgets are separated into capital, which generally equates to spending that scores within PSGI, and resource, generally within PSCE. Tables A5 to A8 show Departmental Programme and Administration budgets (Resource DEL excluding depreciation), and departmental capital budgets (Capital DEL), and Resource AME and Capital AME by department.

**A.6** The departmental analyses do not show all of departments' AME spending. Consistent with Table C13 of the June Budget, it excludes departmental AME spending that does not score in Total Managed Expenditure (TME). In particular, it excludes student loans and most non-cash items, which do not score in TME, PSCE or PSNB.

**Table A.5: Departmental Programme and Administration Budgets (Resource DEL excluding depreciation<sup>1</sup>)**

	£ billion					Per cent
	Baseline <sup>2</sup>		Plans			Cumulative real growth
	2010-11	2011-12	2012-13	2013-14	2014-15	
<b>Departmental Programme and Administration Budgets</b>						
Education <sup>3</sup>	50.8	51.2	52.1	52.9	53.9	-3.4
NHS (Health)	98.7	101.5	104.0	106.9	109.8	1.3
Transport	5.1	5.3	5.0	5.0	4.4	-21
CLG Communities <sup>4</sup>	2.2	2.0	1.7	1.6	1.2	-51
CLG Local Government <sup>5</sup>	28.5	26.1	24.4	24.2	22.9	-27
Business, Innovation and Skills	16.7	16.5	15.6	14.7	13.7	-25
Home Office <sup>6</sup>	9.3	8.9	8.5	8.1	7.8	-23
Justice	8.3	8.1	7.7	7.4	7.0	-23
Law Officers' Departments	0.7	0.6	0.6	0.6	0.6	-24
Defence	24.3	24.9	25.2	24.9	24.7	-7.5
Foreign and Commonwealth Office	1.4	1.5	1.5	1.4	1.2	-24
International Development	6.3	6.7	7.2	9.4	9.4	37
Energy and Climate Change	1.2	1.5	1.4	1.3	1.0	-18
Environment, Food and Rural Affairs	2.3	2.2	2.1	2.0	1.8	-29
Culture, Media and Sport <sup>7</sup>	1.4	1.4	1.3	1.2	1.1	-24
Olympics <sup>8</sup>	-	0.1	0.6	0.0	-	-
Work and Pensions	6.8	7.6	7.4	7.4	7.6	2.3
Scotland <sup>9</sup>	24.8	24.8	25.1	25.3	25.4	-6.8
Wales <sup>9</sup>	13.3	13.3	13.3	13.5	13.5	-7.5
Northern Ireland <sup>9</sup>	9.3	9.4	9.4	9.5	9.5	-6.9
HM Revenue and Customs	3.5	3.5	3.4	3.4	3.2	-15
HM Treasury	0.2	0.2	0.2	0.2	0.1	-33
Cabinet Office <sup>10</sup>	0.3	0.4	0.3	0.2	0.4	28
Single Intelligence Account <sup>11</sup>	1.7	1.7	1.7	1.7	1.8	-7.3
Small and Independent Bodies <sup>12</sup>	1.8	1.8	1.6	1.5	1.4	-27
Reserve	2.0	2.3	2.4	2.5	2.5	-
Special Reserve	3.4	3.2	3.1	3.0	2.8	-
Green Investment Bank	-	-	-	1.0	-	-
<b>Total</b>	<b>326.6</b>	<b>326.7</b>	<b>326.9</b>	<b>330.9</b>	<b>328.9</b>	<b>-8.3</b>
<b>memo:</b>						
Central government contributions to local government <sup>13</sup>	29.7	27.5	26.3	25.5	24.2	-26
Local Government Spending <sup>14</sup>	51.8	49.8	49.5	49.5	49.1	-14
Central government contributions to police	9.7	9.3	8.8	8.7	8.5	-20
Police Spending (including precept)	12.9	12.6	12.2	12.1	12.1	-14
Regional Growth Fund	-	0.5	0.5	0.4	-	-

<sup>1</sup> Depreciation in Resource DEL is drawn from departmental resource accounts and follows International Financial Reporting Standards. This currently differs from National Accounts depreciation, which is used in the calculation of PSCE by the Office for National Statistics.

<sup>2</sup> As at all spending reviews, baselines exclude one-off and time-limited expenditure and therefore may not sum to 2010-11 total. Cumulative real growth is calculated using the 2010-11 baseline.

<sup>3</sup> Includes the Office of the Qualifications and Examinations Regulator

<sup>4</sup> If grants moving to local government are included then CLG Communities growth is -33%

<sup>5</sup> LG DEL includes funding for police and fire authorities. Excluding these contributions LG DEL for councils will fall by 28%

<sup>6</sup> If contributions to police are excluded then the Home Office growth is -30%

<sup>7</sup> The DCMS baseline excludes £85m of broadcasting funding, which the BBC will fund from 2013-14.

<sup>8</sup> Olympics is included in DCMS DEL.

<sup>9</sup> The Government agreed that as part of the £6.2bn cuts to 2010-11 budgets the Devolved Administrations could defer their cuts to 2011-12. The settlements presented here assume the Northern Ireland Executive take their cuts in 2010-11, the Scottish Executive take their cuts in 2011-12, and the Welsh Assembly Government split their cuts equally between 2010-11 and 2011-12. These settlements are subject to change as the Devolved Administrations finalise their spending plans.

<sup>10</sup> Includes one-off funding in 2014-15 for Individual Electoral Registration (£85m) and the costs of the 2014 election to the European Parliament (£120m). Excluding these, the core Cabinet Office settlement will be cut by 35%.

<sup>11</sup> Includes SIA contribution to National Cyber Security Programme

<sup>12</sup> A more detailed breakdown of small and independent bodies' is set out in Table A12

<sup>13</sup> Values and profile based on indicative allocations from departments.

<sup>14</sup> Includes the OBR's forecast for growth in council tax receipts

**Table A.6: Departmental Capital Budgets (Capital DEL)**

	£ billion					Per cent
	Baseline <sup>1</sup>		Plans			Cumulative real growth
	2010-11	2011-12	2012-13	2013-14	2014-15	
<b>Capital DEL</b>						
Education	7.6	4.9	4.2	3.3	3.4	-60
NHS (Health)	5.1	4.4	4.4	4.4	4.6	-17
Transport	7.7	7.7	8.1	7.5	7.5	-11
CLG Communities	6.8	3.3	2.3	1.8	2.0	-74
CLG Local Government	0.0	0.0	0.0	0.0	0.0	-100
Business, Innovation and Skills	1.8	1.2	1.1	0.8	1.0	-52
Home Office	0.8	0.5	0.5	0.4	0.5	-49
Justice	0.6	0.4	0.3	0.3	0.3	-50
Law Officers' Departments	0.0	0.0	0.0	0.0	0.0	-46
Defence	8.6	8.9	9.1	9.2	8.7	-7.5
Foreign and Commonwealth Office	0.2	0.1	0.1	0.1	0.1	-55
International Development	1.6	1.4	1.6	1.9	2.0	20
Energy and Climate Change	1.7	1.5	2.0	2.2	2.7	41
Environment, Food and Rural Affairs	0.6	0.4	0.4	0.4	0.4	-34
Culture, Media and Sport	0.2	0.2	0.2	0.1	0.1	-32
Olympics <sup>2</sup>	1.0	1.1	0.2	0.0	-0.1	-
Work and Pensions	0.2	0.2	0.3	0.4	0.2	-5.5
Scotland <sup>3</sup>	3.4	2.5	2.5	2.2	2.3	-38
Wales <sup>3</sup>	1.7	1.3	1.2	1.1	1.1	-41
Northern Ireland <sup>3</sup>	1.2	0.9	0.9	0.8	0.8	-37
HM Revenue and Customs	0.2	0.3	0.1	0.1	0.1	-44
HM Treasury	0.0	0.1	0.0	0.0	0.0	-30
Cabinet Office	0.0	0.0	0.0	0.1	0.0	-28
Single Intelligence Account 4	0.3	0.4	0.3	0.3	0.3	-2.8
Small and Independent Bodies	0.1	0.1	0.1	0.1	0.1	-52
Reserve	2.1	1.0	1.0	1.0	1.1	-
Special Reserve	0.7	0.7	0.8	0.8	0.8	-
<b>Total Capital DEL</b>	<b>51.6</b>	<b>43.5</b>	<b>41.8</b>	<b>39.2</b>	<b>40.2</b>	<b>-29</b>

<sup>1</sup> As at all spending reviews, baselines exclude one-off and time-limited expenditure and therefore may not sum to 2010-11 total. Cumulative real growth is calculated using the 2010-11 baseline.

<sup>2</sup> Olympics is included within DCMS DEL.

<sup>3</sup> The Government agreed that as part of the £6.2bn cuts to 2010-11 budgets the Devolved Administrations could defer their cuts to 2011-12. The settlements presented here assume the Welsh Assembly Government and the Northern Ireland Executive take their cuts in 2010-11 and the Scottish Executive take their cuts in 2011-12. These settlements are subject to change as the Devolved Administrations finalise their spending plans.

<sup>4</sup> Includes SIA contribution to National Cyber Security Programme

**Table A.7: Resource AME by department<sup>1</sup>**

	<b>£ billion</b>				
	2010-11	2011-12	Forecasts		
			2012-13	2013-14	2014-15
<b>Resource AME</b>					
Education	2.2	2.7	3.3	3.7	4.2
NHS (Health)	-2.0	-1.6	-1.0	-0.4	0.2
Transport	0.0	0.0	0.0	0.0	0.0
CLG Communities	-0.1	0.0	0.1	0.0	0.0
CLG Local Government	0.5	0.5	0.5	0.5	0.5
Business, Innovation and Skills	0.9	0.8	0.8	0.8	0.8
Home Office	0.7	0.8	0.9	0.9	1.0
Justice	0.0	0.0	0.0	0.0	0.0
Law Officers' Departments	0.0	0.0	0.0	0.0	0.0
Defence	2.7	2.8	3.1	3.3	3.4
Foreign and Commonwealth Office	0.0	0.0	0.0	0.0	0.0
International Development	0.1	0.1	0.1	0.1	0.1
Energy and Climate Change	0.1	0.0	0.0	0.0	0.0
Environment, Food and Rural Affairs	0.1	0.1	0.1	0.1	0.1
Culture, Media and Sport	4.6	4.6	4.9	4.7	4.8
Work and Pensions	151.5	155.6	158.1	159.1	163.7
Scotland	0.0	0.1	0.2	0.3	0.4
Wales	-0.1	-0.1	-0.1	-0.1	-0.1
Northern Ireland	5.2	5.5	5.6	5.7	6.0
HM Revenue and Customs	36.0	37.1	36.6	35.3	36.4
HM Treasury	-2.6	0.4	0.2	0.1	0.0
Cabinet Office	1.4	1.4	1.6	1.8	2.0
Single Intelligence Account	0.0	0.0	0.0	0.0	0.0
Small and Independent Bodies	0.2	0.2	0.2	0.2	0.2
Central government gross debt interest	43.3	46.5	52.4	57.8	63.0
Net expenditure transfers to EU institutions	8.3	8.3	8.3	9.3	10.3
Locally-financed expenditure	27.6	27.2	28.1	29.4	30.5
Public sector pension policy	0.0	0.0	-1.2	-2.3	-2.8
AME margin	0.0	1.0	2.0	3.0	4.0
Accounting adjustments	14.1	14.4	15.6	16.5	16.2
<i>of which:</i>					
DECC levy-funded spending and Renewable Heat Incentive <sup>2</sup>	0.7	1.1	1.5	2.0	2.6
<b>Resource AME</b>	<b>294.6</b>	<b>308.5</b>	<b>320.1</b>	<b>329.7</b>	<b>344.6</b>

<sup>1</sup> This departmental breakdown does not show all of each departments' AME spending, to ensure consistency with table C13 in Budget 2010, which excludes rows of departmental AME spending that do not score in Total Managed Expenditure (TME). In particular this excludes student loans and departments non-cash items.

<sup>2</sup> These include renewable support schemes like the Renewables Obligation (RO), which are defined by the ONS as tax and spend. The ONS are currently reviewing their methodology for estimating levels of tax and spend through the RO.

Table A.8: Capital AME<sup>1</sup>

	£ billion				
	2010-11	2011-12	Forecasts		
			2012-13	2013-14	2014-15
<b>Capital AME</b>					
Education	0.0	0.0	0.0	0.0	0.0
NHS (Health)	0.0	0.0	0.0	0.0	0.0
Transport	0.3	0.3	0.3	0.3	0.3
CLG Communities	0.7	0.7	0.7	0.7	0.7
CLG Local Government	0.0	0.0	0.0	0.0	0.0
Business, Innovation and Skills	0.6	0.6	0.6	0.6	0.6
Home Office	0.0	0.0	0.0	0.0	0.0
Justice	0.0	0.0	0.0	0.0	0.0
Law Officers' Departments	0.0	0.0	0.0	0.0	0.0
Defence	0.1	0.0	0.0	0.0	0.0
Foreign and Commonwealth Office	0.0	0.0	0.0	0.0	0.0
International Development	0.0	0.0	0.0	0.0	0.0
Energy and Climate Change	-0.1	-0.1	-0.1	-0.1	-0.1
Environment, Food and Rural Affairs	0.0	0.0	0.0	0.0	0.0
Culture, Media and Sport	1.0	0.8	0.7	0.7	0.7
Work and Pensions	0.2	0.0	0.0	0.0	0.0
Scotland	0.0	0.0	0.0	0.0	0.0
Wales	0.0	0.0	0.0	0.0	0.0
Northern Ireland	0.3	0.3	0.2	0.1	0.2
HM Revenue and Customs	0.2	0.0	0.0	0.0	0.0
HM Treasury	-0.1	-0.1	-0.1	-0.1	-0.1
Cabinet Office	0.0	0.0	0.0	0.0	0.0
Single Intelligence Account	0.0	0.0	0.0	0.0	0.0
Small and Independent Bodies	-0.1	-0.1	-0.1	-0.1	-0.1
Locally-financed expenditure	5.4	4.3	4.0	3.8	3.7
Public corporations' own-financed capital expenditure	7.4	7.4	7.3	7.3	7.3
Accounting adjustments	-7.9	-6.8	-6.8	-6.9	-6.2
<b>Capital AME</b>		<b>7.3</b>	<b>6.7</b>	<b>6.4</b>	<b>6.9</b>

<sup>1</sup> This departmental breakdown does not show all of departments' AME spending. This is because they are consistent with table C13 in Budget 2010, which excludes rows of departmental AME spending that do not score in Total Managed Expenditure (TME). In particular Table C13 excludes student loans and departments non-cash items, which do not score in Public Sector Current Expenditure (PSCE) or TME or Public Sector Net Borrowing.

**A.7** The Department of Energy and Climate Change controls a number of subsidy programmes that encourage investment in low-carbon technologies and energy efficiency, including some that are funded from levy income. These score in AME rather than DECC's DEL budget.

**A.8** The accounting adjustments in Tables A7 and A8 reconcile DEL and AME budgets with the National Accounts definitions of PSCE, PSGI and TME. A breakdown of these adjustments is given in *Budget 2010: The economy & public finances – supplementary material*. The accounting adjustments have changed since the June Budget as a result of an increase in depreciation and student loan impairments expenditure in Resource DEL. This increase does not affect PSCE or PSGI and an offsetting reduction is therefore made in current accounting adjustments. The Government is setting an AME margin of £1 billion in 2011-12 rising to £4 billion in 2014-15. The AME margin is a contingency against changes to the AME forecast.

**A.9** There are a number of items in DEL and AME that are classified as negative expenditure. These include receipts from the provision of goods and services or the sale of assets, as well as items such as pension contributions. For certain departments, the balance of negative public expenditure scoring to AME outweighs expenditure, resulting in a negative AME total.

**A.10** As part of the Alignment ("Clear Line of Sight") project, resource expenditure within DEL now falls within a single RDEL budget, without separate near-cash and non-cash controls. However, a proportion of RDEL, in particular depreciation, is not currently used in measurement of the fiscal aggregates by the Office for National Statistics and so does not directly impact on the Government's fiscal mandate or on the level of Public Sector Net Debt or Public Sector Net Borrowing. Table A5 therefore excludes depreciation. This effectively measures the spending in RDEL which directly contributes to the Government's fiscal consolidation.



**A.11** In tables A5 and A6, 2010-11 DEL figures differ from departmental plans because the tables use baseline numbers. As in all Spending Reviews, baselines exclude one-off and time-limited expenditure, such as Reserve claims and end-year flexibility. The reversal of temporary adjustments provides a consistent starting point from which to conduct the Spending Review. Cumulative growth figures are calculated with reference to these 2010-11 baseline figures. Spending plans for 2011-12 to 2014-15 are based on the decisions set out in the Spending Review.

**A.12** There are separate Resource and Capital Reserves in DEL, which provide a contingency to meet unforeseeable costs that arise over the Spending Review period. The Special Reserve allocation for military operations reflects an agreed forecast for Reserve expenditure over the Spending Review period, taking account of our military commitment in Afghanistan. This is not a fixed budget, and the Treasury remains committed to funding all the net additional costs of military operations in Afghanistan from the Special Reserve.

**A.13** Table A9 shows total DEL by department. Total DEL is the sum of Resource DEL (excluding depreciation) and Capital DEL.

**Table A.9: Total Departmental Expenditure Limits<sup>1</sup>**

	£ billion				
	Baseline <sup>2</sup>	Plans			
	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Total DEL</b>					
Education	58.4	56.1	56.3	56.2	57.2
NHS (Health)	103.8	105.9	108.4	111.4	114.4
Transport	12.8	13.0	13.1	12.5	12.0
CLG Communities	9.0	5.3	4.0	3.4	3.2
CLG Local Government	28.5	26.1	24.4	24.2	22.9
Business, Innovation and Skills	18.6	17.6	16.7	15.5	14.6
Home Office	10.1	9.4	9.0	8.4	8.3
Justice	8.9	8.6	8.0	7.6	7.3
Law Officers' Departments	0.7	0.7	0.6	0.6	0.6
Defence	32.9	33.8	34.4	34.1	33.5
Foreign and Commonwealth Office	1.6	1.6	1.6	1.5	1.3
International Development	7.8	8.1	8.8	11.3	11.5
Energy and Climate Change	2.9	3.0	3.4	3.5	3.7
Environment, Food and Rural Affairs	2.9	2.6	2.5	2.3	2.2
Culture, Media and Sport	1.5	1.6	1.5	1.3	1.3
Olympics <sup>3</sup>	1.0	1.1	0.2	0.0	-0.1
Work and Pensions	7.0	7.8	7.7	7.8	7.8
Scotland	28.2	27.3	27.6	27.5	27.7
Wales	15.0	14.5	14.5	14.5	14.6
Northern Ireland	10.5	10.3	10.3	10.3	10.3
HM Revenue and Customs	3.7	3.8	3.6	3.5	3.4
HM Treasury	0.2	0.2	0.2	0.2	0.2
Cabinet Office	0.4	0.5	0.4	0.3	0.5
Single Intelligence Account	2.0	2.1	2.1	2.1	2.1
Small and Independent Bodies	1.9	1.8	1.6	1.6	1.5
Reserve	4.1	3.3	3.4	3.5	3.6
Special Reserve	4.1	4.0	3.8	3.8	3.5
Green Investment Bank	-	-	-	1.0	-
<b>Total DEL</b>	<b>378.2</b>	<b>370.1</b>	<b>368.8</b>	<b>370.1</b>	<b>369.1</b>

<sup>1</sup> Total DEL is the sum of Resource DEL (excluding depreciation) and CDEL

<sup>2</sup> As at all spending reviews, baselines exclude one-off and time-limited expenditure and therefore may not sum to 2010-11 total.

<sup>3</sup> Olympics is included within DCMS DEL

**A.14** Table A10 sets out RDEL allocations including depreciation for the Spending Review period. Depreciation measures the reduction in value of assets over the course of a year. Departments calculate depreciation for RDEL budgets according to International Financial Reporting Standards.

**Table A.10: Resource DEL including depreciation**

Resource DEL	£ billion				
	Baseline <sup>1</sup>	Plans			
	2010-11	2011-12	2012-13	2013-14	2014-15
Education	50.8	51.2	52.1	52.9	53.9
NHS (Health)	99.8	102.6	105.2	108.2	111.1
Transport	6.0	6.2	6.0	5.9	5.4
CLG Communities	2.3	2.0	1.7	1.6	1.3
CLG Local Government	28.5	26.1	24.4	24.2	22.9
Business, Innovation and Skills	18.4	18.4	17.9	17.5	17.1
Home Office	9.5	9.2	8.8	8.3	8.1
Justice	8.8	8.6	8.3	7.9	7.7
Law Officers' Departments	0.7	0.7	0.6	0.6	0.6
Defence	32.7	33.2	33.9	33.9	34.2
Foreign and Commonwealth Office	1.5	1.6	1.6	1.5	1.3
International Development	6.3	6.7	7.2	9.4	9.4
Energy and Climate Change	1.2	1.5	1.4	1.4	1.0
Environment, Food and Rural Affairs	2.5	2.4	2.3	2.1	2.0
Culture, Media and Sport (inc Olympics)	1.5	1.6	2.5	1.5	1.3
Work and Pensions	7.0	7.8	7.6	7.6	7.7
Scotland <sup>2</sup>	25.4	25.4	25.8	26.0	26.2
Wales <sup>2</sup>	13.7	13.7	13.8	14.0	14.0
Northern Ireland <sup>2</sup>	9.6	9.8	9.8	9.8	9.9
HM Revenue and Customs	3.7	3.7	3.6	3.6	3.5
HM Treasury	0.2	0.2	0.2	0.2	0.2
Cabinet Office	0.3	0.4	0.4	0.3	0.4
Single Intelligence Account	2.1	2.1	2.1	2.2	2.2
Small and Independent Bodies	1.9	1.8	1.6	1.6	1.5
Reserve	2.0	2.3	2.4	2.5	2.5
Special Reserve	3.4	3.2	3.1	3.0	2.8
Green Investment Bank	-	-	-	1.0	-
<b>Total Resource DEL including depreciation</b>	<b>342.7</b>	<b>342.7</b>	<b>344.4</b>	<b>348.9</b>	<b>348.0</b>

<sup>1</sup> As at all spending reviews, baselines exclude one-off and time-limited expenditure and therefore may not sum to 2010-11 total. Cumulative real growth is calculated using the 2010-11 baseline.

<sup>2</sup> The Government agreed that as part of the £6.2bn cuts to 2010-11 budgets the Devolved Administrations could defer their cuts to 2011-12. The settlements presented here assume the Northern Ireland Executive take their cuts in 2010-11, the Scottish Executive take their cuts in 2011-12, and the Welsh Assembly Government split their cuts equally between 2010-11 and 2011-12. These settlements are subject to change as the Devolved Administrations finalise when their spending plans.

**A.15** Table A11 shows administration budgets. Administration budgets limit expenditure on the running costs of central Government which do not directly support the front line, for example, business support services, the provision of policy advice, cost of accommodation and office services. Administration budgets previously covered only the running costs of central Whitehall departments. In order to improve spending control and drive down the costs of administration across Whitehall, as part of the Spending Review, from April 2011 the Government will extend administration budgets to cover Non-Departmental Public Bodies (NDPBs) and other Arm's Length Bodies (ALBs) which were not previously included. By doing so the Government has removed perverse incentives for departments to set up ALBs to reduce their administration costs, allowing them to better manage the costs of wider central government, not just the civil service.

**A.16** As part of the Spending Review, the elements of HM Revenue and Customs and the Department for Work and Pensions directly involved in service delivery have been reclassified as programme rather than administration spending, to better reflect central government administration costs.

**Table A.11: Administration budgets**

	£ million					Per cent
	Baseline <sup>1</sup>	Plans				Cumulative
	2010-11	2011-12	2012-13	2013-14	2014-15	real growth
<b>Administration budgets</b>						
Education	508	466	432	401	372	-33
NHS	5,074	4,500	4,000	3,715	3,715	-33
Transport	295	272	252	233	216	-33
CLG Communities	452	399	360	323	289	-42
Business, Innovation and Skills <sup>2</sup>	918	838	687	641	609	-40
Home Office	731	650	598	562	538	-33
Justice	704	655	606	561	517	-33
Law Officers' Departments	69	64	61	57	51	-33
Defence <sup>3</sup>	2,183	2,025	1,877	1,736	1,598	-33
Foreign and Commonwealth Office	248	229	212	196	182	-33
International Development	128	121	112	103	94	-33
Energy and Climate Change	236	218	202	187	174	-33
Environment, Food and Rural Affairs	652	601	555	515	478	-33
Culture, Media and Sport	180	166	151	129	116	-41
Work and Pensions	1,541	1,483	1,290	1,166	1,105	-35
HM Revenue and Customs	1,025	945	875	812	754	-33
HM Treasury	158	153	148	133	117	-33
Cabinet Office	177	163	151	140	130	-33
Single Intelligence Account	82	82	74	62	61	-33
Small departments <sup>4</sup>	404	375	350	315	300	-33
<b>Total administration budgets</b>	<b>15,765</b>	<b>14,404</b>	<b>12,993</b>	<b>11,986</b>	<b>11,415</b>	<b>-34</b>

<sup>1</sup> As at all spending reviews, baselines exclude one-off and time-limited expenditure. Cumulative real growth is calculated using the 2010-11 baseline. Administration budgets have been expanded to include Arm's Length Bodies and this is reflected in increased 2010-11 baselines compared to 2010-11 outturn. Cumulative real growth is calculated using the 2010-11 baseline.

<sup>2</sup> Department for Business, Innovation and Skills administration budget reductions include Regional Development Agencies (RDAs) administration reductions.

<sup>3</sup> Baseline and indicative savings based on MoD's current Administrative Costs Regime (ACR). The MoD will revise this regime to take account of wider administrative costs. See Chapter 2 text for details.

<sup>4</sup> Regulators, independent bodies and public corporations have been excluded because they are excluded from the administration budget regime. CLG Local Government and the Devolved Administrations do not have administration budgets.

**A.17** There are several small departments and independent bodies whose budgets are set or reflected in the Spending Review. Table A12 sets out Resource DEL excluding depreciation for small and independent bodies.

**Table A.12: Small and Independent Bodies Programme and Administration Budgets (exc depreciation)<sup>1</sup>**

	£ million				
	Baseline <sup>2</sup>		Plans		
	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Departmental Programme and Administration Budgets</b>					
Charity Commission	29	26	26	22	21
Export Credits Guarantee Department	24	23	23	22	20
Food Standards Agency	131	124	118	113	108
Government Equalities Office	69	65	62	55	47
Independent safety and economic regulators <sup>3</sup>	Neg	Neg	Neg	Neg	Neg
National Archives	37	35	33	32	31
National Savings and Investments	154	175	164	153	153
Office for Standards in Education	186	176	167	160	143
Office of Fair Trading	59	56	54	51	49
Supreme Court	5	5	5	5	4
UK Statistics Authority <sup>4</sup>	287	317	166	154	145
UK Trade and Investment	87	83	79	75	72
Northern Ireland Office	24	23	22	21	20
Scotland Office	8	8	8	7	7
Wales Office	6	6	6	6	5
Independent Bodies <sup>5</sup>	700	641	625	625	620
<b>Total</b>	<b>1,806</b>	<b>1,764</b>	<b>1,557</b>	<b>1,501</b>	<b>1,442</b>

<sup>1</sup> Resource DEL less depreciation

<sup>2</sup> As at all spending reviews, baselines exclude one-off and time-limited expenditure and therefore may not sum to total 2010-11 total.

<sup>3</sup> The independent safety and economic regulators include: Office of Communications (OfCom), Office of Gas and Electricity Markets, Office of Rail Regulation, Postal Services Commission and the Water Services Regulatory Authority. With the exception of OfCom, they are not part of the Spending Review Process and, therefore, their plans reflect forecasted values.

<sup>4</sup> UK Statistics Authority includes budget for Census

<sup>5</sup> Independent Bodies include the House of Commons, House of Lords, Parliamentary and Health Service Ombudsman, Electoral Commission, Local Government Boundary Commission for England, Independent Parliamentary Standards Authority, and the National Audit Office. They are not, therefore, formally subject to the Spending Review process. Their plans reflect forecasted values.

**A.18** Independent Bodies includes the House of Commons, House of Lords, Parliamentary and Health Service Ombudsman, Electoral Commission, Local Government Boundary Commission for England, Independent Parliamentary Standards Authority, and the National Audit Office. These bodies are independent of the executive. They are not, therefore, formally subject to the Spending Review process. Their spending does however count as public expenditure, and so the Spending Review reflects their forecast spending plans.

**A.19** The independent safety and economic regulators include: Office of Communications (Ofcom), Office of Gas and Electricity Markets, Office of Rail Regulation, and the Water Services Regulatory Authority. With the exception of OfCom these regulators are not part of the Spending Review Process and, therefore, the Spending Review reflects their forecast spending plans. Ofcom is funded from a levy charged to businesses they regulate and through income from auctions of electromagnetic spectrum.