

# 5

## Public sector expenditure by function, sub-function and economic category

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**5.1** The analyses in this chapter present public sector expenditure for the years 2006-07 onwards, adjusted so that figures for all years are based on current definitions. All data are National Statistics and are based on the expenditure on services framework (explained in **Annex E**).

### What's new

**5.2 Table 5.1** reflects the transfer of policing and justice powers to the Northern Ireland Executive. The Scotland, Wales and Northern Ireland Offices are now included alongside the relevant devolved administration. These changes are explained in more detail in **Box 1.B** in **Chapter 1**.

### Classification changes

**5.3** A number of departments have carried out a restructuring of the way they organise their data. In addition, there has been ongoing work to improve the classification of items of spending against level 2 of the UN Classification of the Functions Of Government (COFOG). As a result of these changes there have been revisions to some of the sub-functional data in **Chapters 5, 6, 9 and 10**.

### Relationship between functional series and departments

**5.4** Expenditure has been reclassified from general public services to economic affairs. While Machinery of Government changes do not usually affect the functional series (as the nature of the spending remains unchanged), on this occasion the transfer highlighted the previous misclassification.

### Public sector expenditure on services by sub-function

**5.5** Table 5.2 provides the most detailed functional analysis of public sector expenditure on services. The tables are presented in a format generally consistent with the level 2 breakdown of the United Nations' Classification Of the Functions Of Government (UN COFOG). The table also shows, in italics, additional Treasury-defined sub-functional divisions that were prior to the introduction of UN COFOG, but which do not map directly to COFOG level 2. Further information on UN COFOG is available from the Treasury website.<sup>1</sup>

**5.6** The sub-function analysis of health is presented against HM Treasury's own sub-functional classification. This is because the NHS is neither financed nor organised along the lines of COFOG level 2, so capturing the required additional information is not currently possible.

### Public sector expenditure on services by economic category

**5.7** The economic significance of public spending, such as its impact on GDP, depends on its nature; firstly whether it is current or capital, but also whether it is, for example, a transfer payment or expenditure on goods and services. **Table 5.3** breaks down expenditure on services into its component economic categories.

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<sup>1</sup> [http://www.hm-treasury.gov.uk/pes\\_function.htm](http://www.hm-treasury.gov.uk/pes_function.htm)

### Box 5.A: Treatment of financial sector interventions in expenditure on services

In December 2009 the ONS created an alternative measure of Public Sector Net Borrowing (PSNBex). This treated the classification of banks to the public sector (Northern Rock, Bradford & Bingley, Dunfermline, Lloyds Banking Group and Royal Bank of Scotland) as temporary, reflecting the Government's intention to return these banks to the private sector. As a result, these institutions are treated as if they are outside the public sector.

The financial sector interventions are treated as follows in **Table 5.3**:

#### Current expenditure on services

- income from sales of goods and services: £1 billion in 2008-09, £1.3 billion in 2009-10 and £1.8 billion in 2010-11, made up mainly of underwriting commission and credit guarantee scheme income.

#### Capital expenditure on services

- net capital grants: £9.4 billion in 2008-09 and £4.5 billion in 2009-10. This is support for depositors and purchases of equity in banks that the ONS have classified as capital grants in the National Accounts.

The other transactions shown in **Box 2.A** do not have an impact on the expenditure on services framework because they either take the form of financial transactions which do not constitute spending (as one asset is exchanged for another), or they are offset by imputed recoveries in the National Accounts (such as the liabilities borne by the Financial Services Compensation Scheme).

**5.8** The presentation of economic categories in **Table 5.3** is broadly consistent with the economic categories used by the Office for National Statistics for the National Accounts. Brief descriptions of each category within expenditure on services are given below. Except where specifically stated, these categories are consistent with the definitions of the corresponding economic categories presented against the budgeting framework in **Table 2.1**:

- **pay** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs, but does not include payments for contract and agency staff that are treated as procurement;
- **gross current procurement** includes expenditure on goods and services, including hire and rentals under Private Finance Initiative (PFI) and non-PFI operating leases, payments for contract and agency staff, and payments for consultancy and audit services. It also includes spending on Single Use Military Equipment (SUME) following the treatment in the National Accounts. SUME is part of capital procurement in the budgeting presentation. **Income from the sales of goods and services** is now shown separately;
- **current grants to persons and non-profit bodies** are payments to these recipients that do not fund capital formation. They are mainly social security payments but also comprise grants to further and higher education institutions and other non-profit private sector bodies. The expenditure on services presentation excludes the 'negative tax' element of tax credits which form part of departmental budgets within **Table 2.1**. See **Box 1.A** in **Chapter 1** for more information.
- **current grants abroad** are mainly foreign aid, such as programmes to reduce

poverty. They also include the EU transactions set out in **Table 5.2**; , that are not included within departmental budgets in **Table C.1**;

- **subsidies** are payments by government to trading businesses (both private sector and public corporations) to provide support for current costs, including payments to farmers under the EU's Common Agricultural Policy as well as subsidies to rail and bus operators. They are given with the objective of influencing their levels of production, their prices, or other factors;
- **net public service pensions** are the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. More information on pensions is included in **Annex D**;
- **grant equivalent element of student lending** is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate;
- **public sector debt interest** reflects the debt interest payments to the private sector, so it excludes intra-public sector payments. These payments do not form part of departmental budgets so are not included within **Table 2.1**;
- **capital grants** are transfer payments to the private sector that are usually made on the condition that the recipient uses the funds for capital projects;
- **gross capital procurement** comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any increases in stock. It is measured gross of depreciation. In **Table 5.3** SUME forms part of gross current procurement (see above) but in **Table 2.1** it is included in capital procurement; and
- **income from sales of capital assets** is the sale value of any assets, such as land, buildings and machinery, disposed of.

## Public sector expenditure on services split by current and capital spending

**5.9 Table 5.4** gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2006-07. A functional split by sector is available in **Chapter 6** (central government), **Chapter 7** (local government) and **Chapter 8** (public corporations). The split between capital and current follows the National Accounts definition.

## Public sector gross procurement by function

**5.10 Table 5.5** shows public sector gross current procurement by COFOG level 1 function. This is a breakdown of the figure shown in **Table 5.3** and is defined on a National Accounts basis, as described above. Procurement of goods and services by one public sector body from another are included in this table.

**5.11 Table 5.6** shows public sector gross capital procurement by COFOG level 1 function, and receipts from sales of fixed assets. These are defined on a National Accounts basis, as described above. Figures for asset sales are shown separately for central government, local government and public corporations, as well as for general government, which comprises central government and local government. Receipts, which are at sales value (i.e. book value plus profit or loss), are split between land and building and other asset classes, excluding receipts from sales of financial assets, which are not included within expenditure on services. Sales of assets between public sector bodies are included in this table

**Table 5.1 Public sector expenditure on services by departmental group<sup>(1)</sup> and function, 2010-11**

		National Statistics													£ million						
Departmental Grouping	Function	National Statistics													Public sector expenditure on services for each department						
		1. General public services	of which: public and common services	of which: international services	of which: public sector debt interest	2. Defence	3. Public order and safety	4. Economic affairs	of which: enterprise and economic development	of which: science and technology	of which: employment policies	of which: agriculture, fisheries and forestry	of which: transport	5. Environment protection		6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions
Education	-	-	-	-	106	-	-	-	-	-	-	-	-	-	-	-	-	59,808	9,335	-	69,249
Health	-	-	-	-	-	201	117	-	-	-	-	84	-	-	-	99,846	-	-	13,463	-	113,509
Transport	4	4	-	-	224	18,562	1	50	-	-	-	-	18,510	2	589	-	234	-	1,133	-	20,749
Communities and Local Government	4,821	4,819	2	-	2,707	1,718	1,718	-	-	-	-	-	-	122	9,298	-	430	-	2,260	-	21,368
Business, Innovation and Skills	0	0	0	-	-	5,086	1,942	3,077	65	63	212	3	0	549	0	811	140	15,733	619	-	22,938
Home Office	-	-	-	-	-	16,905	-	-	-	-	212	-	150	-	326	-	-6	-	-	-	17,437
Justice	159	159	-	-	9,094	-	-	-	-	-	-	-	-	-	-	-	-	-	16	-	9,269
Law Officers' Departments	-	-	-	-	-	671	-	-	-	-	-	-	-	-	-	-	-	-	-	-	671
Defence	60	-	60	-	-	37,151	34	-	-	-	-	-	-	-	-	-	22	-	2,692	-	39,959
Foreign and Commonwealth Office	2,263	-	2,263	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,263
International Development	6,504	-	6,504	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92	-	6,597
Energy and Climate Change	73	-	73	-	2	542	518	23	0	-	-	-	-	2,664	-	-	-	-	-	-	3,280
Environment, Food and Rural Affairs	-	-	-	-	-	3,540	89	10	-	3,442	-	-	6,748	6,748	7	-	1,047	1	0	-	11,344
Culture, Media and Sport	50	50	-	-	-	171	171	-	-	-	171	-	-	82	35	40	10,072	49	-214	-	10,284
Work and Pensions	328	328	-	-	-	3,462	-	-1	3,463	-	-	-	-	-	-	-	-	-	153,616	-	157,406
Scotland	1,064	1,064	-	-	9	2,443	4,278	68	3	954	2,669	1,052	1,773	1,052	1,773	10,772	1,177	8,030	3,510	-	34,107
Wales	710	709	1	-	18	1,967	801	16	-	232	918	530	705	530	705	6,050	478	4,223	1,720	-	16,401
Northern Ireland	458	458	-	-	-	1,443	1,719	314	46	213	515	632	240	240	973	3,786	369	2,709	6,012	-	17,710
Chancellor's Departments	48,512	4,376	-	44,136	-	-1,508	-1,710	201	-	-	-	-	10	-	-	-	-	-	35,878	3,076	85,968
Cabinet Office	589	589	-	1,893	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1,439	3,921
Independent Bodies	856	856	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	858
<b>Public sector expenditure on services for each function</b>	<b>66,451</b>	<b>13,412</b>	<b>8,903</b>	<b>44,136</b>	<b>39,065</b>	<b>33,614</b>	<b>39,983</b>	<b>4,580</b>	<b>3,490</b>	<b>3,806</b>	<b>5,228</b>	<b>22,879</b>	<b>11,998</b>	<b>13,706</b>	<b>121,305</b>	<b>13,962</b>	<b>90,553</b>	<b>231,573</b>	<b>3,076</b>	<b>665,287</b>	

<sup>(1)</sup>Includes local government spending, which is allocated to the most relevant departmental group.

**Table 5.2 Public sector expenditure on services by sub-function, 2006-07 to 2010-11**

	National Statistics					£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	11,267	11,154	12,132	11,808	11,450	
1.2 Foreign economic aid	4,297	4,638	4,951	5,662	6,483	
1.3 General services	1,213	1,155	1,291	1,394	1,407	
1.4 Basic research <sup>(1)</sup>	-	-	-	-	-	
1.5 R&D general public services	30	21	21	21	18	
1.6 General public services n.e.c.	2,109	2,222	2,806	2,684	2,958	
1.7 Public debt transactions <sup>(2)</sup>	28,749	31,363	31,555	31,281	44,136	
<i>of which: central government debt interest</i>	27,581	29,961	30,507	30,864	43,682	
<i>of which: local government debt interest</i>	518	692	514	6	3	
<i>of which: public corporation debt interest</i>	650	710	534	411	451	
<b>Total general public services</b>	<b>47,665</b>	<b>50,552</b>	<b>52,756</b>	<b>52,850</b>	<b>66,451</b>	
<b>2. Defence</b>						
2.1 Military defence	29,394	29,771	31,652	32,375	32,731	
2.2 Civil defence	90	91	82	82	85	
2.3 Foreign military aid	1,731	2,748	3,697	3,781	3,570	
2.4 R&D defence	889	943	1,318	1,200	2,645	
2.5 Defence n.e.c.	119	119	47	258	34	
<b>Total defence</b>	<b>32,223</b>	<b>33,672</b>	<b>36,796</b>	<b>37,696</b>	<b>39,065</b>	
<b>3. Public order and safety</b>						
3.1 Police services	17,164	17,513	18,733	19,311	18,967	
<i>of which: immigration and citizenship</i>	2,006	2,068	2,089	2,197	1,813	
<i>of which: other police services</i>	15,157	15,445	16,644	17,114	17,154	
3.2 Fire-protection services	2,701	2,887	3,053	3,118	3,129	
3.3 Law courts	6,398	6,631	6,828	6,652	6,505	
3.4 Prisons	3,833	4,313	4,697	4,741	4,693	
3.5 R&D public order and safety	14	26	25	30	14	
3.6 Public order and safety n.e.c.	333	334	334	349	306	
<b>Total public order and safety</b>	<b>30,442</b>	<b>31,705</b>	<b>33,670</b>	<b>34,200</b>	<b>33,614</b>	
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs <sup>(3)</sup>	6,652	7,110	15,470	10,995	5,627	
4.2 Agriculture, forestry, fishing and hunting	5,080	4,263	5,806	5,523	5,228	
<i>of which: market support under CAP</i>	3,521	2,565	3,983	3,689	3,491	
<i>of which: other agriculture, food and fisheries policy</i>	1,370	1,527	1,611	1,542	1,560	
<i>of which: forestry</i>	189	171	212	293	177	
4.3 Fuel and energy	1,382	1,141	898	492	392	
4.4 Mining, manufacturing and construction	12	-98	359	734	417	
4.5 Transport	19,885	20,526	20,820	22,680	22,879	
<i>of which: national roads</i>	3,313	3,231	3,510	4,157	3,573	
<i>of which: local roads</i>	4,946	5,120	5,572	5,776	5,689	
<i>of which: local public transport</i>	2,909	3,205	3,579	3,944	4,914	
<i>of which: railway</i>	7,826	7,897	7,011	7,600	7,584	
<i>of which: other transport</i>	891	1,073	1,148	1,203	1,119	
4.6 Communication	467	858	890	687	579	
4.7 Other industries	315	300	304	331	312	
4.8 R&D economic affairs	2,865	3,275	3,238	3,675	3,490	
4.9 Economic affairs n.e.c.	841	809	607	946	1,059	
<b>Total economic affairs</b>	<b>37,499</b>	<b>38,184</b>	<b>48,392</b>	<b>46,063</b>	<b>39,983</b>	
<b>5. Environment protection</b>						
5.1 Waste management	5,637	5,808	5,653	6,569	7,113	
5.2 Waste water management	71	35	50	59	47	
5.3 Pollution abatement	289	232	269	336	414	
5.4 Protection of biodiversity and landscape <sup>(1)</sup>	558	494	537	501	525	
5.5 R&D environment protection	321	346	377	412	437	
5.6 Environment protection n.e.c.	2,501	2,594	2,812	3,072	3,461	
<b>Total environment protection</b>	<b>9,377</b>	<b>9,509</b>	<b>9,698</b>	<b>10,948</b>	<b>11,998</b>	

**Table 5.2 Public sector expenditure on services by sub-function, 2006-07 to 2010-11 (continued)**

	National Statistics					£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
<b>6. Housing and community amenities</b>						
6.1 Housing development	6,877	7,727	9,234	10,726	8,662	
<i>of which: local authority housing</i>	4,055	4,706	5,787	5,996	5,201	
<i>of which: other social housing</i>	2,822	3,022	3,446	4,731	3,461	
6.2 Community development	2,956	3,361	3,625	3,536	3,268	
6.3 Water supply	990	993	1,241	1,042	871	
6.4 Street lighting	521	573	647	631	662	
6.5 R&D housing and community amenities	9	8	5	4	8	
6.6 Housing and community amenities n.e.c.	191	248	209	216	235	
<b>Total housing and community amenities</b>	<b>11,543</b>	<b>12,910</b>	<b>14,961</b>	<b>16,156</b>	<b>13,706</b>	
<b>7. Health<sup>(4)</sup></b>						
Medical services	92,612	100,093	107,710	115,512	118,580	
Medical research	576	551	773	833	983	
Central and other health services	1,505	1,697	1,577	1,992	1,742	
<b>Total health</b>	<b>94,693</b>	<b>102,341</b>	<b>110,059</b>	<b>118,338</b>	<b>121,305</b>	
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	3,493	4,037	4,921	5,412	5,498	
8.2 Cultural services	3,972	4,154	4,227	4,389	4,432	
8.3 Broadcasting and publishing services	3,566	3,669	3,589	3,762	3,679	
8.4 Religious and other community services	107	116	111	118	109	
8.5 R&D recreation, culture and religion	109	125	143	139	144	
8.6 Recreation, culture and religion n.e.c.	110	111	110	106	101	
<b>Total recreation, culture and religion</b>	<b>11,358</b>	<b>12,213</b>	<b>13,102</b>	<b>13,925</b>	<b>13,962</b>	
<b>9. Education</b>						
9.1 Pre-primary and primary education	24,174	25,807	27,272	28,404	29,548	
<i>of which: under fives</i>	4,107	4,425	4,609	4,805	4,866	
<i>of which: primary education</i>	20,067	21,381	22,663	23,598	24,682	
9.2 Secondary education	31,653	33,272	35,234	37,999	40,234	
9.3 Post-secondary non-tertiary education	297	318	516	501	527	
9.4 Tertiary education	10,018	11,378	11,544	12,944	13,146	
9.5 Education not definable by level	582	575	521	634	596	
9.6 Subsidiary services to education	3,279	3,497	4,532	4,205	4,192	
9.7 R&D education	38	33	15	16	0	
9.8 Education n.e.c.	2,989	3,344	3,491	3,856	2,311	
<b>Total education</b>	<b>73,029</b>	<b>78,224</b>	<b>83,124</b>	<b>88,558</b>	<b>90,553</b>	
<b>10. Social protection</b>						
<i>of which: personal social services</i>	26,044	27,553	29,187	30,385	30,860	
10.1 Sickness and disability	34,544	36,268	38,301	40,764	42,371	
<i>of which: personal social services</i>	7,305	7,956	8,469	8,952	8,861	
<i>of which: incapacity, disability and injury benefits</i>	27,239	28,312	29,832	31,812	33,510	
10.2 Old age	73,539	79,391	87,292	93,570	97,482	
<i>of which: personal social services</i>	8,892	9,368	9,929	10,290	10,358	
<i>of which: pensions</i>	64,647	70,023	77,364	83,280	87,124	
10.3 Survivors	1,564	1,549	1,536	1,059	1,065	
10.4 Family and children	26,204	27,433	28,186	29,435	28,898	
<i>of which: personal social services</i>	6,654	7,024	7,481	8,082	8,108	
<i>of which: family benefits, income support and tax credits</i>	19,550	20,409	20,705	21,352	20,790	
10.5 Unemployment	4,173	3,879	4,903	6,634	6,623	
<i>of which: personal social services</i>	1,424	1,391	1,384	1,105	1,394	
<i>of which: other unemployment benefits</i>	2,749	2,488	3,519	5,529	5,229	
10.6 Housing	17,355	18,293	19,663	22,768	24,522	
10.7 Social exclusion n.e.c.	16,123	17,450	20,776	24,430	26,083	
<i>of which: personal social services</i>	1,769	1,814	1,924	1,956	2,138	
<i>of which: family benefits, income support and tax credits<sup>(5)</sup></i>	14,354	15,635	18,851	22,475	23,944	
10.8 R&D social protection	0	0	1	-	-	
10.9 Social protection n.e.c.	3,532	3,168	3,067	4,745	4,530	
<b>Total social protection</b>	<b>177,035</b>	<b>187,431</b>	<b>203,726</b>	<b>223,404</b>	<b>231,573</b>	

**Table 5.2 Public sector expenditure on services by sub-function, 2006-07 to 2010-11 (continued)**

	National Statistics					£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
<b>EU transactions<sup>(6)</sup></b>						
GNI-based contribution (net of abatement and collection costs)	4,071	4,785	2,378	5,760	7,669	
derived as:						
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	12,245	13,746	13,155	13,733	15,593	
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-4,614	-5,001	-5,183	-3,754	-5,246	
<i>UK abatement</i>	-3,560	-3,960	-5,595	-4,218	-2,678	
EC receipts	-5,164	-5,601	-4,558	-4,789	-3,693	
Attributed aid and Common Foreign and Security Policy	-709	-715	-751	-899	-899	
<b>Total unallocated</b>	<b>-1,802</b>	<b>-1,531</b>	<b>-2,931</b>	<b>73</b>	<b>3,076</b>	
<b>Public sector expenditure on services</b>	<b>523,062</b>	<b>555,210</b>	<b>603,354</b>	<b>642,210</b>	<b>665,287</b>	
Accounting adjustments	26,983	27,359	26,245	27,226	26,379	
<b>Total Managed Expenditure<sup>(7)</sup></b>	<b>550,045</b>	<b>582,569</b>	<b>629,599</b>	<b>669,436</b>	<b>691,666</b>	

<sup>(1)</sup> Spending for Marine Scotland Science has been moved from General Public Services to Environment Protection to mirror the classification of its sister organisation CEFAS (Centre for Environment, Fisheries and Aquaculture Science), which operates in England only.

<sup>(2)</sup> Debt interest figures show gross payments to the private sector and overseas.

<sup>(3)</sup> Transactions in 2008-09 onwards have been affected by financial sector interventions. Details are provided in Box 5.A in Chapter 5.

<sup>(4)</sup> The level of detail required for COFOG level 2 is not yet available. Health spending is therefore presented using HM Treasury's own sub-functional classification.

<sup>(5)</sup> Social exclusion n.e.c. includes Child and Working Tax Credits

<sup>(6)</sup> An explanation of why the EU transactions are defined in TES in this way is given in Annex E. Complete transactions with the institutions of the EC are shown in Table C.1.

<sup>(7)</sup> This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 5.3 Public sector expenditure on services by economic category, 2006-07 to 2010-11**

	National Statistics					£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
<b>Public sector current expenditure on services</b>						
Pay	147,375	152,300	159,921	164,730	167,978	
Gross current procurement	164,584	174,505	187,751	195,916	191,633	
Income from sales of goods and services	-45,269	-47,636	-52,875	-52,669	-48,512	
Current grants to persons and non-profit bodies	174,106	183,805	198,038	217,581	224,847	
Current grants abroad	2,544	3,254	2,392	5,968	9,730	
Subsidies to private sector companies	7,803	7,349	7,204	8,280	8,532	
Subsidies to public corporations	1,072	1,509	1,086	1,044	832	
Net public service pensions	959	2,196	3,127	3,625	4,492	
Grant equivalent element of student lending	305	1,045	814	1,466	1,746	
Public sector debt interest	28,749	31,363	31,555	31,281	44,136	
Other	-52	89	27	-119	153	
<b>Total public sector current expenditure on services</b>	<b>482,175</b>	<b>509,780</b>	<b>539,041</b>	<b>577,102</b>	<b>605,568</b>	
Accounting adjustments	25,042	26,101	25,301	23,752	26,109	
<b>Total public sector current expenditure</b>	<b>507,217</b>	<b>535,881</b>	<b>564,342</b>	<b>600,854</b>	<b>631,677</b>	
<b>Public sector capital expenditure on services</b>						
Capital grants <sup>(1)</sup>	13,677	14,443	25,106	23,220	16,271	
Gross capital procurement	34,205	39,134	42,267	44,739	46,456	
Income from sales of capital assets	-6,979	-8,102	-3,049	-2,893	-3,036	
Other	-16	-44	-11	42	29	
<b>Total public sector capital expenditure on services</b>	<b>40,887</b>	<b>45,430</b>	<b>64,313</b>	<b>65,109</b>	<b>59,719</b>	
Accounting adjustments	1,941	1,258	944	3,473	270	
<b>Total public sector capital expenditure</b>	<b>42,828</b>	<b>46,688</b>	<b>65,257</b>	<b>68,582</b>	<b>59,989</b>	
<b>Total public sector expenditure on services</b>	<b>523,062</b>	<b>555,210</b>	<b>603,354</b>	<b>642,210</b>	<b>665,287</b>	
Accounting adjustments	26,983	27,359	26,245	27,226	26,379	
<b>Total Managed Expenditure<sup>(2)</sup></b>	<b>550,045</b>	<b>582,569</b>	<b>629,599</b>	<b>669,436</b>	<b>691,666</b>	

<sup>(1)</sup> Transactions from 2008-09 onwards have been affected by financial sector interventions. See Box 5.A for details.

<sup>(2)</sup> This excludes the temporary effects of banks being classified to the public sector.

**Table 5.4 Public sector current and capital expenditure on services by function,<sup>(1)</sup> 2006-07 to 2010-11**

	National Statistics					£ million
	2006-07	2007-08	2008-09	2009-10	2010-11	
	outturn	outturn	outturn	outturn	outturn	
<b>Public sector current expenditure on services</b>						
1. General public services	46,083	48,995	50,271	50,575	63,672	
<i>of which: public and common services</i>	11,471	11,361	11,946	11,944	11,403	
<i>of which: international services</i>	5,863	6,272	6,769	7,350	8,133	
<i>of which: public sector debt interest</i>	28,749	31,363	31,555	31,281	44,136	
2. Defence	31,324	31,133	33,328	33,671	34,819	
3. Public order and safety	28,625	29,683	30,924	31,503	31,306	
4. Economic affairs	24,307	24,970	24,096	25,619	24,000	
<i>of which: enterprise and economic development</i>	4,786	5,423	4,018	4,178	2,983	
<i>of which: science and technology</i>	2,190	2,490	2,613	2,942	2,975	
<i>of which: employment policies</i>	3,155	3,210	3,017	3,445	3,736	
<i>of which: agriculture, fisheries and forestry</i>	4,758	3,974	5,429	5,236	4,867	
<i>of which: transport</i>	9,417	9,872	9,019	9,818	9,439	
5. Environment protection	7,127	7,224	7,090	8,188	8,468	
6. Housing and community amenities	3,595	3,873	3,753	4,027	3,529	
7. Health	90,804	97,623	104,713	112,156	115,855	
8. Recreation, culture and religion	9,516	9,867	10,019	10,357	10,283	
9. Education	66,369	71,302	74,818	78,638	80,311	
10. Social protection	176,227	186,642	202,960	222,295	230,248	
EU transactions	-1,802	-1,531	-2,931	73	3,076	
<b>Total public sector current expenditure on services</b>	<b>482,175</b>	<b>509,780</b>	<b>539,041</b>	<b>577,102</b>	<b>605,568</b>	
Accounting adjustments	25,042	26,101	25,301	23,752	26,109	
<b>Public sector current expenditure</b>	<b>507,217</b>	<b>535,881</b>	<b>564,342</b>	<b>600,854</b>	<b>631,677</b>	
<b>Public sector capital expenditure on services</b>						
1. General public services	1,582	1,557	2,486	2,275	2,779	
<i>of which: public and common services</i>	1,194	1,102	2,014	1,650	2,009	
<i>of which: international services</i>	388	455	472	625	770	
<i>of which: public sector debt interest</i>	-	-	-	-	-	
2. Defence	899	2,539	3,468	4,025	4,246	
3. Public order and safety	1,817	2,022	2,746	2,698	2,309	
4. Economic affairs	13,192	13,214	24,297	20,444	15,984	
<i>of which: enterprise and economic development<sup>(2)</sup></i>	1,534	1,414	11,409	6,450	1,597	
<i>of which: science and technology</i>	675	785	625	733	515	
<i>of which: employment policies</i>	195	72	85	112	71	
<i>of which: agriculture, fisheries and forestry</i>	321	289	377	287	361	
<i>of which: transport</i>	10,467	10,655	11,801	12,862	13,440	
5. Environment protection	2,250	2,285	2,608	2,760	3,530	
6. Housing and community amenities	7,948	9,038	11,207	12,129	10,177	
7. Health	3,889	4,719	5,346	6,181	5,450	
8. Recreation, culture and religion	1,842	2,346	3,083	3,567	3,680	
9. Education	6,660	6,922	8,306	9,921	10,242	
10. Social protection	807	789	766	1,109	1,324	
<b>Total public sector capital expenditure on services</b>	<b>40,887</b>	<b>45,430</b>	<b>64,313</b>	<b>65,109</b>	<b>59,719</b>	
Accounting adjustments	1,941	1,258	944	3,473	270	
<b>Public sector capital expenditure</b>	<b>42,828</b>	<b>46,688</b>	<b>65,257</b>	<b>68,582</b>	<b>59,989</b>	
<b>Total public sector expenditure on services</b>	<b>523,062</b>	<b>555,210</b>	<b>603,354</b>	<b>642,210</b>	<b>665,287</b>	
Accounting adjustments	26,983	27,359	26,245	27,226	26,379	
<b>Total Managed Expenditure<sup>(3)</sup></b>	<b>550,045</b>	<b>582,569</b>	<b>629,599</b>	<b>669,436</b>	<b>691,666</b>	

<sup>(1)</sup> Expenditure on services by function and sector is available in the appropriate sectoral chapter: for central government see Table 6.6; for local government see Table 7.4; for public corporations see Table 8.4.

<sup>(2)</sup> The decrease in current spending and the increase in capital spending from 2008-09 onwards relate to the financial sector interventions. Details are provided in Box 5.A.

<sup>(3)</sup> This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 5.5 Public sector current procurement<sup>(1)</sup> expenditure on services by function, 2006-07 to 2010-11**

	National Statistics					£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
<b>Public sector gross current procurement expenditure on services</b>						
1. General public services	13,075	13,084	14,889	14,374	14,191	
<i>of which: public and common services</i>	11,752	11,818	13,118	12,814	12,557	
<i>of which: international services</i>	1,323	1,266	1,771	1,560	1,634	
2. Defence	20,828	19,879	22,171	21,993	22,765	
3. Public order and safety	12,158	12,626	13,331	13,202	13,938	
4. Economic affairs	11,609	12,400	13,227	13,299	12,416	
<i>of which: enterprise and economic development</i>	2,414	2,817	3,098	3,076	2,647	
<i>of which: science and technology</i>	647	616	404	532	418	
<i>of which: employment policies</i>	1,274	1,358	1,515	1,613	1,659	
<i>of which: agriculture, fisheries and forestry</i>	995	1,002	983	1,056	989	
<i>of which: transport</i>	6,278	6,606	7,226	7,022	6,702	
5. Environment protection	7,462	7,540	8,083	8,130	8,139	
6. Housing and community amenities	2,806	3,020	3,288	3,470	3,245	
7. Health	54,994	61,829	65,793	71,841	66,706	
8. Recreation, culture and religion	6,742	6,893	7,272	7,267	7,063	
9. Education	10,182	11,141	12,130	12,659	12,840	
10. Social protection	24,727	26,094	27,567	29,682	30,330	
<b>Total public sector gross current procurement expenditure on services</b>	<b>164,584</b>	<b>174,505</b>	<b>187,751</b>	<b>195,916</b>	<b>191,633</b>	

<sup>(1)</sup> National Accounts definition of current procurement, so includes Defence spending on Single Use Military Equipment (SUME). Chapter 2 presents spending according to departmental budgeting definitions, where SUME is classified as capital procurement.

**Table 5.6 Public sector capital procurement<sup>(1)</sup> expenditure on services by function, 2006-07 to 2010-11**

	National Statistics					£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
<b>Public sector gross capital procurement expenditure on services</b>						
1. General public services	2,550	3,002	2,881	2,638	2,893	
<i>of which: public and common services</i>	2,226	2,655	2,477	2,328	2,710	
<i>of which: international services</i>	324	347	404	310	184	
2. Defence	1,391	3,939	3,846	4,149	4,350	
3. Public order and safety	1,930	2,258	2,830	2,748	2,528	
4. Economic affairs	8,392	8,698	9,310	10,424	10,265	
<i>of which: enterprise and economic development</i>	988	1,186	1,490	1,206	1,161	
<i>of which: science and technology</i>	166	216	160	198	87	
<i>of which: employment policies</i>	119	26	31	72	70	
<i>of which: agriculture, fisheries and forestry</i>	308	303	304	260	279	
<i>of which: transport</i>	6,812	6,967	7,325	8,688	8,669	
5. Environment protection	1,609	1,708	1,878	1,930	2,461	
6. Housing and community amenities	6,698	6,854	6,839	6,497	6,243	
7. Health	4,667	5,020	5,406	6,087	5,513	
8. Recreation, culture and religion	1,614	2,071	2,905	3,144	3,435	
9. Education	4,909	5,097	5,970	6,646	8,128	
10. Social protection	446	487	403	475	639	
<b>Total public sector gross capital procurement expenditure on services</b>	<b>34,205</b>	<b>39,134</b>	<b>42,267</b>	<b>44,739</b>	<b>46,456</b>	
<b>Plus public sector receipts from sales of assets</b>						
Central government						
Receipts from sale of land and existing buildings	-1,572	-2,112	-659	-436	-513	
Other	-636	-496	-340	-259	-372	
<b>Total central government receipts</b>	<b>-2,208</b>	<b>-2,608</b>	<b>-999</b>	<b>-695</b>	<b>-886</b>	
Local government						
Receipts from sale of land and existing buildings	-2,108	-2,404	-970	-1,095	-1,114	
Other	-47	-15	-36	-43	-36	
<b>Total local government receipts</b>	<b>-2,154</b>	<b>-2,419</b>	<b>-1,006</b>	<b>-1,138</b>	<b>-1,151</b>	
<b>Total general government receipts</b>	<b>-4,362</b>	<b>-5,027</b>	<b>-2,005</b>	<b>-1,832</b>	<b>-2,036</b>	
<b>Public corporations</b>						
Receipts from sale of land and existing buildings	-2,698	-3,047	-958	-1,043	-991	
Other	82	-28	-87	-18	-9	
<b>Total public corporations receipts</b>	<b>-2,616</b>	<b>-3,075</b>	<b>-1,045</b>	<b>-1,061</b>	<b>-1,000</b>	
<b>Total public sector income from sales of capital assets</b>	<b>-6,979</b>	<b>-8,102</b>	<b>-3,049</b>	<b>-2,893</b>	<b>-3,036</b>	

<sup>(1)</sup> National Accounts definition of capital procurement so excludes Defence spending on Single Use Military Equipment (SUME). Chapter 2 presents spending according to departmental budgeting definitions, where SUME is classified as capital procurement.