



HM TREASURY

Public Expenditure Statistical Analyses 2008

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INTRODUCTION AND OVERVIEW

Public Expenditure Statistical Analyses (PESA) brings together recent outturn data, estimated outturns for the latest year and spending plans over the whole range of UK public expenditure. It is published annually soon after the Budget. The Treasury also publishes Main Supply Estimates and Supplementary Budgetary Information in the weeks after the Budget. Further information on each government department's spending is set out in individual departmental reports, which will be published in the weeks after PESA.

The two objectives of PESA

PESA serves two purposes:

- it provides information on Government spending plans and offers a measure of accountability on spending outturns expressed in terms of the aggregates used by the Government for expenditure planning and control. These aggregates – Departmental Expenditure Limits and Annually Managed Expenditure – are reconciled to an aggregate drawn from the National Accounts – Total Managed Expenditure (TME) – and to other National Accounts expenditure concepts. TME, and its component parts public sector current expenditure, public sector net investment and public sector depreciation, represent the expenditure side of the measures used for the Government's fiscal framework. PESA includes analyses of public spending by department, spending sector and budgetary control aggregate; and
- PESA analyses public expenditure in ways that transcend the budgeting and managerial control frameworks. For statistical analysis, PESA uses an expenditure concept – Total Expenditure on Services (TES) – that is more stable than the budgeting aggregates and that is closer to TME. TES is analysed by function, economic category and territory (country and region).

These twin purposes are reflected in the ordering of the tables:

- tables in Chapters 1, 2, and 3 and the early tables in Chapters 6, 7, and 8 deal mainly with the budgeting aggregates, and their reconciliation to National Accounts; and
- tables in Chapters 4, 5, 9, and 10, and the later tables in Chapters 6, 7, 8 provide analyses of TES.

Period covered by PESA tables

All data series in PESA are annual and for financial years. Tables in PESA normally cover a span of up to nine years – five years' outturns, estimated outturn for the latest year and up to three years' spending plans, depending on the year of the latest Spending Review. For PESA 2008, plans are available for three years so analyses generally cover the nine years 2002-03 to 2010-11. In certain areas, e.g. Local Authority expenditure, detailed plans for future years are not available so there is no plans information for public sector level functional analyses. Some series are presented over a longer historical period.

Consistency with other publications

Information in PESA 2008 is consistent with

- the National Statistics public expenditure outturns update published on Budget Day (12 March 2008); and
- fiscal projections and public spending plans set out in Chapter C of the 2008 Financial Statement and Budget Report (FSBR; HC388; 12 March 2008)

except in a few areas where later information is available and has been incorporated. In some cases the information in PESA is presented differently from the information in the FSBR – Appendix A gives details.

Information in PESA is fully consistent with the new National Statistics First Release of public expenditure outturns published on the Treasury's website¹ on 21 April 2008. More information is given in the 'What's new' section of this publication. PESA is also fully consistent with the 2008-09 Supply Estimates, both Main Estimates and Supplementary Budgetary Information.

National Statistics in PESA

All outturn data (up to 2006-07) are National Statistics. National Statistics are those figures that Ministers have decided should come within the scope of the principles of the National Statistics Code of Practice. The Code seeks to ensure that National Statistics will be valued for their relevance, integrity, quality and accessibility. More information about National Statistics is available on the National Statistics web site at www.statistics.gov.uk.

The scope of National Statistics in the tables for each chapter of PESA is indicated in the text for that chapter. Where tables contain National Statistics, they show that in column headers.

Estimated outturns for 2007-08 and spending plans for 2008-09 to 2010-11 are outside the scope of National Statistics.

Public expenditure National Statistics updates

Outturn data to 2006-07 for certain key series in PESA were released on Budget day, 12 March 2008. The key series were:

- Total Managed Expenditure, by budgetary category (PESA 2008, Table 1.1);
- Departmental Expenditure Limits, resource, near-cash and capital, by departmental group (PESA 2008, DEL parts of Tables 1.5, 1.7 and 1.10); and
- Total Expenditure on Services by function (PESA 2008, Table 4.2).

These key series are updated three times a year as National Statistics updates. They will next be updated in a release in July, on the day of publication of the Public Expenditure Outturn White Paper (PEOWP). The July release will include the first provisional estimates of 2007-08 outturns. It will be available on the web² in the Public Spending Annual Outturns News Release. Subsequent updates will take place at the time of the Pre-Budget Report (PBR, typically in November) and the Budget (typically in March).

Most other series in PESA are only published annually in PESA.

¹ http://www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/econ_natstats_index.cfm

² http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/press_index.cfm

Additional material

Supplementary material, such as a pdf version of PESA, Excel versions of many of the tables and guidance notes will be published on the Treasury's website³ on the day of publication and in the following week.

³ http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_index.cfm

WHAT'S NEW

PESA 2008 builds on the significant developments and delivers the pre-announced changes contained in PESA 2007.

Separate publication of the National Statistics First Release of outturns

As pre-announced in PESA 2007 the Chief Secretary to the Treasury agreed that National Statistics outturn data in PESA 2008 onwards should be published separately as a First Release ahead of the main PESA document. The content of PESA itself is unaffected with the National Statistics data reproduced alongside plans data. The First Release was published on the Treasury website on 21 April 2008. This change is to align the treatment of PESA outturn data with other First Release National Statistics, which are generally published separately from other material.

Changes to tables in PESA 2008

The following changes have been made in PESA 2008:

- the Total Managed Expenditure table (PESA 2008 Table 1.1) has been broadened in scope to show the derivation of public sector current expenditure from resource budgets, and public sector gross investment from capital budgets. Total Managed Expenditure is then given by the sum of public sector current expenditure and public sector gross investment. PESA 2007 previously showed the aggregated derivation of Total Managed Expenditure from budgets. This change more accurately reflects the way in which the aggregates used by the Government for expenditure planning and control reconcile with the National Accounts aggregates used for the fiscal framework. Total Managed Expenditure in real terms (PESA 2008 Table 1.2) and corresponding tables showing differences from previous plans (PESA 2008 Tables 3.3 and 3.6) have been similarly amended;
- a consequence of expanding Table 1.1 is that, rather than requiring a single series of accounting adjustments to reconcile budgets to TME, separate series are needed to reconcile resource and capital budgets to public sector current and gross capital expenditure respectively. The accounting adjustments table (PESA 2008 Table 1.14) therefore reflects this change, presenting the components of the two series separately;
- historically PESA showed latest plans compared with those published in the previous PESA. Chapter 3 of PESA 2008 sets out changes to plans first announced in the 2007 Comprehensive Spending Review (CSR), as well as changes to plans previously published in PESA 2007; and
- in PESA 2007 the Country and Regional Analysis (CRA) used the Treasury's own functional classification rather than the UN Classification Of the Functions Of Government (COFOG) used elsewhere in the publication. This was because the CRA exercise was performed earlier in the year, before the transition to COFOG was completed. PESA 2008 presents functional analysis on a consistent basis throughout. There is more information on the impact of this change in Chapters 9 and 10.

PESA 2009– future development of PESA

The Treasury published a response to the user consultation on its website in 2006¹. This outlined our proposals for the future development of PESA.

All development plans are subject to resources and to the resolution of practical implementation issues including the data quality.

We would be interested in readers' views on how we mean to develop PESA and in any more general comments on how PESA could be made more useful to users. Please write to:

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¹ http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_consult.cfm

HOW TO USE PESA

The purpose of this chapter is to help new users of PESA find their way around the large numbers of tables. This chapter also contains the answers to some frequently asked questions.

Finding your way around PESA tables

Chapters 1 to 8 show different presentations of the same dataset. Chapters 9 and 10, which contain statistics on public expenditure by country and region, show an analysis of essentially the same data structure but use data supplied earlier than for the rest of the book (see Chapter 9 for details). So the tables in PESA allow you to see public spending information from different angles. It also means that the tables have intricate inter-connections.

PESA presents two types of analyses:

- tables that deal mainly with the budgeting aggregates and their reconciliation to National Accounts; and
- tables that present analyses of Total Expenditure on Services (TES). TES is an expenditure concept used in PESA for statistical analysis that is more stable than the budgeting aggregates and closer to TME.

FREQUENTLY ASKED QUESTIONS

How much did the government spend on x?

The answer varies depending on which levels of government you are interested in, and what sorts of function. The below list of tables takes transport as an example. The text to each chapter gives a more precise definition of the contents of each table:

- Table 4.2 shows the total UK public sector spending on transport for a long run of years. Tables 4.3 and 4.4 show spending in real terms and as a percentage of GDP;
- Table 5.2 shows the total UK public sector spending on more detailed categories such as national and local roads;
- Tables 5.4 and 5.5 show the UK public sector current and capital spending respectively, further split according to whether it is central government, local government or public corporations responsible for the spending;
- Table 1.12 shows the total resource and net capital (net of depreciation) spending in budgets of the Transport departmental group. Details of the departments included in this group are given in Appendix B. Tables 1.5, 1.7, 1.8 and 1.10 show the resource, near-cash, non-cash and capital spending respectively of the Transport group. The budget tables show how much the government spent through its planned spending system, which includes grants to Local Authorities. The tables do not show total spending on transport because they do not include spending by Local Authorities, the devolved administrations or by Whitehall departments outside the departmental group. This spending is included in the functional tables outlined above; and

-
- Tables 9.5 to 9.10 present spending on transport by country and region. Chapter 10 tables present country spending on the more detailed categories such as national and local roads.

Are long run series available?

Chapter 4 contains long run TES series (1987-88 to 2007-08) of public sector spending by function. The methodology used to produce these series is detailed in Chapter 4. As outlined in the response to the reader consultation one of our proposals for PESA development is to explore the practicality of extending the range and scope of these series in future PESA publications.

Historic long run series of the budgeting aggregates are not available. PESA is produced from the Treasury's public expenditure database, the Combined On-line Information System (COINS). Departments and the devolved administrations maintain five years of live outturn data. Data for earlier years exist only on archived databases and are therefore not adjusted for machinery of government and classification changes. Users are advised against simply splicing data together from different editions of PESA as data may not be directly consistent due to these changes in data coverage and classification.

What are departmental groups?

For almost all departmental groups the spending of the main department dominates the spending figures of the group. Appendix B gives the list of the departments contained within a group. To see the exact figures for the spending of the individual departments see the departmental reports of the departments concerned.

How do I get real terms numbers/proportion of GDP?

A number of the tables in this publication give figures in real terms. Real terms figures are the current price outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2006-07 prices. The GDP deflators and GDP actuals used in this publication are those given in Appendix F. The most up to date deflators and GDP numbers are available on the HMT website¹.

¹http://www.hm-treasury.gov.uk/economic_data_and_tools/gdp_deflators/data_gdp_fig.cfm

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PUBLIC EXPENDITURE OVERVIEW

1.1 This chapter brings together information on public expenditure within the current budgeting and control framework. It shows reconciliations to the National Accounts measures used for the fiscal framework. It also includes a breakdown of public expenditure by spending sector.

1.2 Outturn data on the budgeting and control aggregates in **Tables 1.1 to 1.13** fall within the scope of National Statistics, as do outturn data in **Table 1.15** (spending sectors). Data in **Table 1.14** are not National Statistics.

What's new

1.3 **Table 1.1** has been broadened in scope to show the derivation of public sector current expenditure from resource budgets, and public sector gross investment from capital budgets. In PESA 2007 this table showed the aggregated derivation of Total Managed Expenditure from budgets. As a consequence, separate resource and capital accounting adjustments are required. **Table 1.14** has therefore been revised accordingly to show this increased detail.

1.4 A further consequence is that certain transactions have moved between lines within departmental AME. This includes:

- receipts of payments from Work and Pensions to Culture, Media and Sport for the provision of TV licences to over 75s that have moved from BBC domestic services to other (resource) departmental expenditure;
- the take-up of provisions by Work and Pensions in respect of the Financial Assistance Scheme that moved from social security benefits to other (resource) departmental expenditure; and
- lending from the Social Fund previously included in social security benefits that is now shown as part of other (capital) departmental expenditure.

1.5 **Tables 1.5 to 1.13** include an additional line for Independent Bodies that are not subject to Spending Reviews. Since PESA 2007 there have also been a number of Machinery of Government changes, which have resulted in further new lines to these tables. An additional line to reflect the Modernisation Funding outlined at the 2007 CSR has also been included.

1.6 There have also been a number of budget regime changes since PESA 2007. These are outlined in paragraph 1.20 below and described more fully in **Chapter 3** and **Appendix C**.

The budgeting and reporting framework

1.7 **Table 1.1** summarises public expenditure both in terms of the budgeting and control framework, and in terms of the National Accounts aggregate Total Managed Expenditure (TME) and its components. **Table 1.2** presents the same information as **Table 1.1** in real terms.

I.8 There is a fuller description of the budgeting and control framework in **Appendix C**. This chapter gives a brief explanation.

I.9 In accordance with the fiscal rules, a clear distinction is made for budgeting between current and capital spending, with departments having separate resource and capital budgets.

I.10 For part of their resource and capital budgets, departments are given firm three year spending limits called Departmental Expenditure Limits (DELs) within which they prioritise resources and plan ahead.

I.11 Spending that cannot reasonably be subject to firm multi-year limits is included in Annually Managed Expenditure (AME). **Table 1.1** sets out the main elements of AME. Departmental AME (which is contained in departments' budgets) includes social security spending, and various other items of departmental expenditure set out in **Table 1.1**. Outside departments' budgets, other AME consists of net expenditure transfers to the EC, locally financed expenditure, debt interest, public corporations' own-financed capital expenditure, and accounting adjustments.

I.12 **Table 1.14** presents a breakdown of the accounting adjustments lines in **Table 1.1**. **Appendix D** gives further details of these accounting adjustments.

I.13 DEL and AME together make up TME, an aggregate that is drawn from the National Accounts, and is defined in National Accounts terms as public sector current expenditure plus public sector capital expenditure (see **Table 1.1**). Note that total public sector depreciation is measured on a National Accounts basis, while the depreciation referred to in the footnote at the bottom of the table is depreciation in resource budget DEL, measured on the basis of Generally Accepted Accounting Practice (GAAP).

Reconciliations of budgeting and National Accounts aggregates

I.14 The fiscal framework is defined by reference to National Accounts measures:

- achievement against the golden rule is measured by the surplus on the current budget (SOCB). That is the difference between the public sector National Accounts aggregates current expenditure plus depreciation less receipts; and
- the sustainable investment rule is measured by reference to the stock measure public sector net debt (PSND). The flow measure public sector net borrowing (PSNB) contributes to the accumulation of PSND. The change in PSNB is also used to assess the overall macroeconomic impact of fiscal policy on aggregate demand. The difference between the SOCB and PSNB is given by public sector net investment.

I.15 **Table C4** in Budget 2008 (HC 388) brings together information on expenditure, receipts and balances.

I.16 Public expenditure budgeting uses Treasury-defined aggregates, which are mainly based on GAAP components. **Tables 1.3 and 1.4** show the reconciliations between the National Accounts spending measures and the budgeting expenditure measures:

- **Table 1.3** shows the reconciliation from the resource budget to the National Accounts measure public sector current expenditure. It also shows total near-cash expenditure in resource budgets; and

- **Table 1.4** shows the reconciliation from the capital budget to the National Accounts measure of public sector gross investment (measured net of sales). With the deduction of depreciation, that figure reconciles to public sector net investment.

Resource budgets and capital budgets

1.17 **Table 1.5** shows the resource budget for each departmental group, with **Table 1.6** presenting the same information in real terms. Full details of departmental groups are set out in **Appendix B**. In addition to departmental allocations, these tables – as with other tables showing DEL – show unallocated amounts remaining in the central funds and in the DEL Reserve.

1.18 Resource budgets are divided into near-cash and non-cash elements – these terms are explained in **Appendix C**. **Table 1.7** shows the near-cash components in aggregate of departmental resource budgets for each departmental group. Near-cash in resource budget DEL is a control total. **Table 1.8** shows the non-cash components in aggregate of departmental resource budgets, also by departmental group.

1.19 **Table 1.10** shows the capital budget for each departmental group, with **Table 1.11** presenting the same information in real terms.

1.20 All tables reflect changes to the budgeting system that are discussed further in **Chapter 3** and **Appendix C**. Major changes include the movement of expenditure in respect of the Independent Living Fund from departmental AME to DEL; the movement of certain transactions relating to student loans from DEL to departmental AME; the standardisation of the Ministry of Defence budgeting treatment; and changes to the budgeting treatment of NHS and Foundation Trusts to align them more closely with other bodies classified by the Office for National Statistics (ONS) to the central government sector.

Total DEL

1.21 **Table 1.12** shows total DEL by departmental group. Total DEL is made up of resource budget DEL plus capital budget DEL less depreciation in non-cash DEL. Total DEL is not a control total. **Table 1.13** presents the same information as **Table 1.12** in real terms.

Public expenditure by spending sector

1.22 **Table 1.15** shows a breakdown of TME, and within it DEL and AME, between the National Accounts spending sectors, which are used in many of the analyses in this publication. In this table, capital and current expenditure are added together.

1.23 Central government own expenditure excludes central government spending in support of local authorities. Loans and capital grants in support of public corporations are also excluded. However, subsidies to public corporations are included here, as they are not consolidated out in the calculation of TME. Central government expenditure includes the spending of non-departmental public bodies classified to central government, as well as central government departments' own spending, and the spending of the devolved administrations in Scotland, Wales and Northern Ireland. Central government own expenditure is shown split into DEL, departmental AME, and the other AME elements, including locally financed expenditure. This latter category is in respect of spending of the devolved administrations that is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in **Chapter 6**.

1.24 Local authority expenditure is split according to how it is financed: central government support (which can be in either DEL or AME); locally financed support in Scotland (the proceeds of non-domestic rates in Scotland that are collected and distributed to local authorities by the devolved administration); and self-financed expenditure. Further analyses of local authority expenditure are presented in **Chapter 7**.

1.25 The impact of public corporations on the parent department can be either in DEL or departmental AME. For most public corporations, departments' DELs include the subsidies and capital grants paid to, interest and dividends received from, loans and public dividend capital invested in, and a capital charge on the department's investments in, public corporations. For self-financing public corporations, grants and subsidies score in DEL and the other items are contained in departmental AME. In this table, however, subsidies to public corporations are included in central government own expenditure as they impact on central government current expenditure in TME. The total public corporations' expenditure line shows their contribution to TME: i.e. capital expenditure and interest and dividends paid to the private sector. Further analyses for public corporations, including information on subsidies, are presented in **Chapter 8**.

1.26 TME is a consolidated measure of expenditure. As described above the sectoral split of TME presented in PESA records only the 'own' expenditure components that relate to an individual sector. That is payments from one sector that are used to finance the expenditure of another sector are excluded from the paying sector's own expenditure breakdown, as are the corresponding receipts in the counterparty sector. This is consistent with TME being a consolidated measure of public sector expenditure. As such the imputed capital spending of BNFL in 2005-06 (see **Appendix A** for further details) adds to the PC contributions to TME as presented in this table. Likewise the counterparty reduction in central government expenditure reduces the CG contribution to TME. These contributions to TME are scored in the accounting adjustments lines in **Table 1.15**.

Administration budgets

1.27 **Table 1.9** sets out details of administrative expenditure in resource DEL for those central government departments that are subject to administration budgets.

1.28 Administration budgets are set for most civil service departments. These budgets help to drive economy and efficiency in the running of government itself. Around 62% of administration costs are accounted for by civil service pay. A further 33% is accounted for by procurement of goods and services (e.g. accommodation, equipment, travel) and the remainder by other items (e.g. capital charges on assets used by civil servants such as buildings and IT equipment). An analysis of administration budgets by economic category is shown in **Table 2.1**.

1.29 There have been a number of reclassifications between administration and programme budgets since PESA 2007. The main change is a reclassification of certain front-line staff costs from administration to programme budgets for the Foreign and Commonwealth Office, Department for International Development, Ministry of Justice and the Security and Intelligence Agencies. In addition Ministry of Defence has joined the Whitehall-wide administration regime and now has an administration budget. These changes are reflected in **Table 1.9** for all years.

Table I.1 Total Managed Expenditure, 2002–03 to 2010–11

	£ million									
	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	
						outturn				
CURRENT EXPENDITURE										
Resource DEL	229,862	245,084	258,767	277,594	291,155	313,128	324,300	338,700	354,600	
Near-cash DEL	204,806	229,050	244,756	259,786	272,377	290,212	303,800	316,800	331,100	
Non-cash	25,056	16,034	14,010	17,809	18,778	22,915	20,422	21,862	23,543	
Resource AME	163,497	180,260	198,107	207,046	215,876	227,014	242,000	253,600	267,800	
<i>Resource departmental AME</i>										
Social security benefits	113,604	117,801	124,781	129,600	133,463	140,273	147,317	153,716	159,704	
Tax credits ⁽¹⁾	5,741	9,727	11,601	12,972	14,189	15,398	18,029	19,992	20,495	
Net public service pensions ⁽²⁾	4,150	1,796	352	3,681	3,307	10,083	6,364	6,729	7,110	
National lottery	689	715	659	833	701	908	856	747	777	
BBC domestic services	2,886	2,828	2,916	2,960	3,242	3,256	3,456	3,566	3,675	
Student loans	-115	-213	-284	-367	-426	-515	-1,139	-1,385	-1,654	
Non-cash items	27,898	27,167	27,811	31,780	45,338	44,535	45,357	48,517	51,681	
Other departmental expenditure	1,682	1,855	1,373	2,127	2,818	2,534	1,651	1,506	1,430	
Resource departmental AME	156,536	161,676	169,209	183,584	202,632	216,472	221,891	233,388	243,217	
<i>Resource other AME</i>										
Net expenditure transfers to the EC ⁽³⁾	2,782	3,448	4,907	4,435	4,652	5,392	5,490	6,220	6,747	
Locally financed government expenditure	19,086	19,778	20,852	22,813	23,414	24,757	25,662	26,651	27,831	
Central government gross debt interest	20,915	22,280	23,934	25,807	27,576	29,946	30,270	30,332	33,965	
AME margin	-	-	-	-	-	-	900	1,800	2,700	
Accounting adjustments	-35,823	-26,921	-20,795	-29,594	-42,399	-49,554	-42,221	-44,792	-46,685	
Resource other AME	6,961	18,585	28,898	23,461	13,244	10,541	20,100	20,200	24,600	
Public sector current expenditure	393,359	425,344	456,874	484,640	507,031	540,141	566,200	592,300	622,400	

Table I.1 Total Managed Expenditure, 2002–03 to 2010–11 (continued)

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
CAPITAL EXPENDITURE									
Capital DEL	27,076	30,484	32,821	35,183	38,862	43,936	48,100	50,700	55,300
Capital AME	607	-330	2,943	4,436	3,832	2,272	3,400	3,500	2,200
<i>Capital departmental AME</i>									
National lottery	1,121	1,193	1,039	988	701	790	614	867	774
BBC domestic services	112	-6	78	94	103	85	76	76	76
Student loans	2,303	2,314	2,261	2,419	3,207	4,166	5,212	5,841	6,218
Other departmental expenditure ⁽⁴⁾	-122	-388	385	417	-382	-341	13,754	366	776
Capital departmental AME⁽⁴⁾	3,414	3,113	3,764	3,918	3,630	4,700	19,656	7,149	7,844
<i>Capital other AME</i>									
Locally financed expenditure	978	746	2,407	4,278	4,743	4,178	4,588	4,044	3,360
Public corporations' own-financed capital expenditure	3,334	2,448	2,946	5,261	5,354	4,683	5,160	5,573	5,670
AME margin	-	-	-	-	-	-	100	200	300
Accounting adjustments ⁽⁴⁾	-7,119	-6,638	-6,173	-9,022	-9,895	-11,289	-26,069	-13,445	-15,014
Capital other AME⁽⁴⁾	-2,807	-3,444	-820	518	202	-2,428	-16,200	-3,600	-5,700
Public sector gross investment	27,683	30,154	35,764	39,619	42,694	46,208	51,500	54,300	57,400
less public sector depreciation	13,976	14,564	15,148	16,069	16,915	17,698	18,600	19,600	20,700
Public sector net investment	13,707	15,590	20,616	23,550	25,779	28,510	32,900	34,700	36,700
Total Managed Expenditure	421,042	455,498	492,638	524,259	549,725	586,349	617,800	646,500	679,800
<i>of which:</i>									
Total DEL ⁽⁵⁾	241,159	266,874	283,655	303,156	319,738	345,249	360,800	377,200	396,700
Departmental AME	159,951	164,789	172,973	187,502	206,262	221,173	241,548	240,537	251,061
Other AME	19,932	23,835	36,010	33,600	23,725	19,928	15,400	28,800	32,000

(1) Tax credits include working tax credits, stakeholder pension credits and, from 2003–04, Child Tax Credits. From 2003–04 to 2008–09 the Child Tax Credits do not include those child allowances that were paid as part of Income Support and Jobseekers' Allowance, within social security benefits.

(2) The main pension schemes are reported under FRS17 accounting requirements.

(3) Net expenditure transfers to the EC are comprised of GNI-based contribution to the EC less the UK's abatement. Further information on EC transactions is given in Appendix C, which includes details of transactions with the institutions of the European Community in Table C1.

(4) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

(5) Total DEL is given by resource DEL plus capital DEL less depreciation.

Table I.2 Total Managed Expenditure in real terms⁽¹⁾, 2002–03 to 2010–11

	£ million								
	National Statistics					2007–08	2008–09	2009–10	2010–11
	2002–03	2003–04	2004–05	2005–06	2006–07	estimated	plans	plans	plans
	outturn	outturn	outturn	outturn	outturn	outturn			
CURRENT EXPENDITURE									
Resource DEL	255,105	264,338	271,594	285,212	291,155	303,418	304,800	309,900	316,000
Near-cash DEL	227,297	247,045	256,889	266,915	272,377	281,214	285,600	289,900	295,000
Non-cash	27,807	17,293	14,705	18,297	18,778	22,205	19,194	20,007	20,979
Resource AME	181,452	194,422	207,928	212,728	215,876	219,975	227,400	232,100	238,600
<i>Resource departmental AME</i>									
Social security benefits	126,080	127,056	130,967	133,156	133,463	135,923	138,457	140,673	142,311
Tax credits ⁽²⁾	6,371	10,491	12,176	13,328	14,189	14,920	16,945	18,296	18,263
Net public service pensions ⁽³⁾	4,606	1,937	369	3,782	3,307	9,770	5,981	6,158	6,336
National lottery	765	771	692	856	701	879	805	684	692
BBC domestic services	3,203	3,050	3,061	3,041	3,242	3,155	3,248	3,264	3,274
Student loans	–128	–230	–298	–377	–426	–499	–1,070	–1,267	–1,474
Non-cash items	30,962	29,301	29,189	32,652	45,338	43,154	42,629	44,400	46,052
Other departmental expenditure	1,867	2,001	1,441	2,185	2,818	2,456	1,552	1,378	1,274
Resource departmental AME	173,726	174,378	177,597	188,622	202,632	209,760	208,547	213,585	216,729
<i>Resource other AME</i>									
Net expenditure transfers to the EC ⁽⁴⁾	3,088	3,718	5,150	4,557	4,652	5,225	5,160	5,692	6,013
Locally financed government expenditure	21,182	21,332	21,886	23,439	23,414	23,990	24,118	24,390	24,800
Central government gross debt interest	23,212	24,030	25,120	26,515	27,576	29,017	28,449	27,758	30,266
AME margin	–	–	–	–	–	–	800	1,600	2,400
Accounting adjustments	–39,757	–29,036	–21,826	–30,406	–42,399	–48,017	–39,682	–40,991	–41,601
Resource other AME	7,725	20,045	30,331	24,105	13,244	10,215	18,900	18,500	21,900
Public sector current expenditure	436,556	458,760	479,522	497,940	507,031	523,393	532,200	542,000	554,600

Table I.2 Total Managed Expenditure in real terms⁽¹⁾, 2002–03 to 2010–11 (continued)

	National Statistics								
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
£ million									
CAPITAL EXPENDITURE									
Capital DEL	30,049	32,879	34,448	36,148	38,862	42,574	45,200	46,400	49,300
Capital AME	674	-356	3,089	4,558	3,832	2,201	3,200	3,200	1,900
<i>Capital departmental AME</i>									
National lottery	1,245	1,287	1,091	1,015	701	766	577	793	689
BBC domestic services	124	-6	82	97	103	82	71	70	68
Student loans	2,556	2,496	2,373	2,485	3,207	4,037	4,899	5,345	5,541
Other departmental expenditure ⁽⁵⁾	-135	-418	405	429	-382	-330	12,927	335	692
Capital departmental AME⁽⁵⁾	3,789	3,358	3,950	4,026	3,630	4,555	18,474	6,542	6,989
<i>Capital other AME</i>									
Locally financed expenditure	1,085	805	2,526	4,396	4,743	4,048	4,312	3,701	2,994
Public corporations' own-financed capital expenditure	3,700	2,640	3,092	5,406	5,354	4,538	4,850	5,100	5,052
AME margin	-	-	-	-	-	-	100	200	300
Accounting adjustments ⁽⁵⁾	-7,901	-7,159	-6,479	-9,269	-9,895	-10,939	-24,501	-12,304	-13,379
Capital other AME⁽⁵⁾	-3,115	-3,714	-861	532	202	-2,353	-15,200	-3,300	-5,100
Public sector gross investment	30,723	32,523	37,537	40,706	42,694	44,775	48,400	49,700	51,200
less public sector depreciation	15,511	15,708	15,899	16,510	16,915	17,150	17,500	17,900	18,400
Public sector net investment	15,212	16,815	21,638	24,196	25,779	27,626	30,900	31,700	32,700
Total Managed Expenditure	467,279	491,283	517,059	538,646	549,725	568,168	580,600	591,700	605,800
<i>of which:</i>									
Total DEL ⁽⁶⁾	267,642	287,840	297,716	311,476	319,738	334,544	339,100	345,200	353,500
Departmental AME	177,516	177,736	181,547	182,648	206,262	214,315	227,000	220,100	223,700
Other AME	22,121	25,708	37,795	34,522	23,725	19,310	14,400	26,300	28,500

(1) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08 deflators are consistent with the March 2008 Financial Statement and Budget Report.

(2) Tax credits include working tax credits, stakeholder pension credits and, from 2003–04, Child Tax Credits. From 2003–04 to 2008–09 the Child Tax Credits do not include those child allowances that were paid as part of Income Support and Jobseekers' Allowance, within social security benefits.

(3) The main pension schemes are reported under FRS17 accounting requirements.

(4) Net expenditure transfers to the EC are comprised of GNI-based contribution to the EC less the UK's abatement. Further information on EC transactions is given in Appendix C, which includes details of transactions with the institutions of the European Community in Table C.1.

(5) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

(6) Total DEL is given by resource DEL plus capital DEL less depreciation.

Table I.3 Public sector current expenditure, 2002–03 to 2010–11

	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Resource budget									
Resource DEL	229,862	245,084	258,767	277,594	291,155	313,128	324,300	338,700	354,600
Resource departmental AME	156,536	161,676	169,209	183,584	202,632	216,472	221,891	233,388	243,217
Total resource budget	386,398	406,759	427,976	461,179	493,787	529,600	546,100	572,100	597,800
less non-cash in resource DEL	25,056	16,034	14,010	17,809	18,778	22,915	20,422	21,862	23,543
less non-cash in resource AME	28,255	27,217	27,003	35,284	47,625	52,573	48,684	51,324	54,152
Total near-cash in resource budgets	333,088	363,509	386,962	408,086	427,384	454,112	477,000	498,900	520,100
<i>of which:</i>									
Near-cash in resource DEL	204,806	229,050	244,756	259,786	272,377	290,212	303,800	316,800	331,100
Near-cash in resource AME	128,281	134,459	142,206	148,301	155,007	163,899	173,208	182,064	189,065
Total near-cash in resource budgets	333,088	363,509	386,962	408,086	427,384	454,112	477,000	498,900	520,100
Current spending in other AME									
Net expenditure transfers to the EC ⁽¹⁾	2,782	3,448	4,907	4,435	4,652	5,392	5,490	6,220	6,747
Locally financed current expenditure	19,086	19,778	20,852	22,813	23,414	24,757	25,662	26,651	27,831
Central government gross debt interest	20,915	22,280	23,934	25,807	27,576	29,946	30,270	30,332	33,965
AME margin (current)	–	–	–	–	–	–	900	1,800	2,700
<i>Other adjustments</i>									
Add spending classified as current in National Accounts	5,212	5,221	5,409	6,007	6,506	6,549	6,254	6,466	6,934
Remove near-cash items classified as capital in National Accounts	–	–	–	–	–	–	–	–	–
Accounting and other adjustments	12,276	11,109	14,810	17,491	17,498	19,385	20,630	21,928	24,076
Public sector current expenditure	393,359	425,344	456,874	484,640	507,031	540,141	566,200	592,300	622,400

(1) Net expenditure transfers to the EC are comprised of GNI-based contribution to the EC less the UK's abatement. Further information on EC transactions is given in Appendix C, which includes details of transactions with the institutions of the European Community in Table C1.

Table I.4 Public sector net investment, 2002–03 to 2010–11

	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Capital budget									
Capital DEL	27,076	30,484	32,821	35,183	38,862	43,936	48,100	50,700	55,300
Capital departmental AME ⁽¹⁾	3,414	3,113	3,764	3,918	3,630	4,700	19,656	7,149	7,844
Total capital budget⁽¹⁾	30,490	33,598	36,584	39,101	42,492	48,636	67,700	57,900	63,100
Capital spending in other AME									
Public corporations' own-financed expenditure	3,334	2,448	2,946	5,261	5,354	4,683	5,160	5,573	5,670
Locally financed capital expenditure	978	746	2,407	4,278	4,743	4,178	4,588	4,044	3,360
AME margin (capital)	–	–	–	–	–	–	100	200	300
<i>Other adjustments</i>									
Remove items classified as current in National Accounts	–5,212	–5,221	–5,409	–6,007	–6,506	–6,549	–6,254	–6,466	–6,934
Add resource budget classified as capital in National Accounts	–	–	–	7	–	–	–	–	–
Accounting and other adjustments ⁽¹⁾	–1,907	–1,417	–764	–3,022	–3,389	–4,740	–19,815	–6,979	–8,080
Public sector gross investment	27,683	30,154	35,764	39,619	42,694	46,208	51,500	54,300	57,400
Less depreciation (National Accounts)	13,976	14,564	15,148	16,069	16,915	17,698	18,600	19,600	20,700
Public sector net investment	13,707	15,590	20,616	23,550	25,779	28,510	32,900	34,700	36,700

(1) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table I.5 Resource budgets, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL by departmental group									
Children, Schools and Families	10,611	11,933	12,593	14,326	42,135	44,935	46,909	49,237	51,945
Health	57,115	63,605	69,118	76,372	80,428	89,151	93,997	99,907	106,339
<i>of which: NHS England</i>	55,405	61,865	66,873	74,168	78,468	87,133	92,475	98,263	104,603
Transport	4,781	6,114	6,085	6,076	6,920	6,760	6,356	6,398	6,571
Innovation, Universities and Skills	11,425	12,169	12,615	13,594	14,079	15,539	16,379	17,155	18,207
CLG Communities	1,613	3,414	3,606	3,467	3,626	4,235	4,327	4,475	4,619
CLG Local Government	37,396	40,915	43,316	46,244	22,541	22,739	24,705	25,591	26,392
Home Office	7,313	7,914	7,977	8,298	8,343	8,654	9,066	9,313	9,607
Justice	8,073	7,487	7,577	7,987	8,357	8,974	9,333	9,380	9,440
Law Officers' Departments	514	575	646	688	698	738	725	720	714
Defence	36,462	31,376	31,316	33,462	33,491	36,746	33,623	35,171	36,709
Foreign and Commonwealth Office	1,478	1,511	1,710	1,877	1,827	1,939	1,830	1,610	1,618
International Development	3,001	3,447	3,645	4,107	4,206	4,563	4,869	5,502	6,386
Business, Enterprise and Regulatory Reform	1,618	1,709	2,005	1,886	2,157	2,874	2,353	2,290	2,281
Environment, Food and Rural Affairs	2,242	2,443	2,814	2,817	3,103	3,063	2,936	2,967	2,974
Culture, Media and Sport	1,227	1,225	1,326	1,452	1,527	1,652	1,620	1,678	1,753
Work and Pensions	7,017	7,809	7,981	8,008	7,870	8,070	7,966	7,799	7,539
Scotland	16,247	18,421	19,459	20,791	22,354	23,844	24,422	25,398	26,507
Wales	8,887	9,643	10,379	10,986	11,699	12,506	12,987	13,569	14,219
Northern Ireland Executive	5,811	6,058	6,445	6,799	7,150	7,630	8,077	8,389	8,749
Northern Ireland Office	1,096	1,044	1,150	1,176	1,224	1,363	1,207	1,172	1,181
Chancellor's Departments	4,040	4,279	4,600	4,782	4,952	4,817	4,753	4,636	4,522
Cabinet Office	1,240	1,314	1,660	1,569	1,732	1,876	2,100	2,247	2,431
Independent Bodies	656	677	744	829	738	810	859	842	941
Modernisation Funding	–	–	–	–	–	–	500	400	100
DEL Reserve	–	–	–	–	–	–	2,300	2800	2,900
Allowance for Shortfall	–	–	–	–	–	–351	–	–	–
Total resource DEL	229,862	245,084	258,767	277,594	291,155	313,128	324,300	338,700	354,600
Resource departmental AME by departmental group									
Children, Schools and Families	7,156	6,575	6,344	8,037	8,599	10,665	11,138	11,680	12,258
Health	4,665	6,294	6,451	9,409	10,450	14,552	14,597	15,606	16,662
<i>of which: NHS England</i>	96	100	55	129	223	530	526	614	704
Transport	2,166	2,326	2,741	3,076	3,315	3,696	3,980	4,264	4,492
Innovation, Universities and Skills	122	128	141	167	170	275	213	213	198
CLG Communities	241	256	179	322	303	249	74	78	19
CLG Local Government	170	304	461	524	1,036	941	463	463	463
Home Office	1,690	40	1	4	291	356	543	620	730
Justice	425	58	62	82	84	102	131	99	97
Defence	6,151	4,798	4,468	5,181	4,919	6,469	6,754	7,083	7,475
Foreign and Commonwealth Office	60	40	3	–22	27	23	50	50	50
International Development	102	129	132	140	469	160	355	162	159
Business, Enterprise and Regulatory Reform	3,585	1,335	–547	214	6,922	377	244	283	290
Environment, Food and Rural Affairs	193	73	72	126	–5	–15	–18	–18	–21
Culture, Media and Sport	3,272	3,714	3,208	3,397	3,532	3,732	3,863	3,846	3,967
Work and Pensions	99,815	103,759	110,591	115,094	119,074	129,479	130,911	136,404	141,918
Scotland	1,846	1,449	1,737	2,211	2,041	3,184	3,252	3,468	3,700
Wales	181	532	224	292	340	339	348	380	411
Northern Ireland Executive	4,881	5,272	5,777	6,338	10,018	7,648	8,054	8,678	9,245
Northern Ireland Office	–	–	208	212	214	236	265	278	291
Chancellor's Departments	15,237	19,578	21,574	23,054	24,790	26,409	29,443	32,152	32,904
Cabinet Office	4,577	5,015	5,378	5,725	6,043	7,593	7,211	7,578	7,890
Independent Bodies	4	2	5	1	1	1	21	21	21
Total resource departmental AME	156,536	161,676	169,209	183,584	202,632	216,472	221,891	233,388	243,217
Total resource budget	386,398	406,759	427,976	461,179	493,787	529,600	546,100	572,100	597,800

Table I.6 Resource budgets in real terms⁽¹⁾, 2002–03 to 2010–11

	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Resource DEL by departmental group									
Children, Schools and Families	11,777	12,871	13,217	14,720	42,135	43,542	44,088	45,059	46,288
Health	63,387	68,602	72,544	78,468	80,428	86,387	88,343	91,430	94,758
<i>of which: NHS England</i>	61,489	66,725	70,188	76,203	78,468	84,432	86,914	89,925	93,211
Transport	5,306	6,595	6,386	6,243	6,920	6,551	5,973	5,855	5,856
Innovation, Universities and Skills	12,679	13,125	13,241	13,967	14,079	15,057	15,393	15,699	16,224
CLG Communities	1,791	3,682	3,785	3,562	3,626	4,104	4,066	4,095	4,116
CLG Local Government	41,502	44,129	45,463	47,514	22,541	22,034	23,220	23,420	23,518
Home Office	8,117	8,536	8,372	8,526	8,343	8,386	8,521	8,523	8,560
Justice	8,959	8,075	7,953	8,206	8,357	8,696	8,772	8,584	8,412
Law Officers' Departments	570	620	678	707	698	715	682	659	636
Defence	40,466	33,841	32,868	34,380	33,491	35,607	31,601	32,187	32,711
Foreign and Commonwealth Office	1,640	1,630	1,795	1,928	1,827	1,879	1,720	1,473	1,442
International Development	3,331	3,718	3,826	4,220	4,206	4,422	4,576	5,035	5,691
Business, Enterprise and Regulatory Reform	1,796	1,843	2,105	1,938	2,157	2,785	2,211	2,096	2,032
Environment, Food and Rural Affairs	2,489	2,635	2,954	2,895	3,103	2,968	2,760	2,715	2,650
Culture, Media and Sport	1,362	1,321	1,392	1,492	1,527	1,600	1,523	1,536	1,562
Work and Pensions	7,787	8,423	8,377	8,227	7,870	7,819	7,486	7,137	6,718
Scotland	18,031	19,868	20,424	21,362	22,354	23,105	22,953	23,243	23,620
Wales	9,863	10,400	10,894	11,288	11,699	12,118	12,206	12,417	12,671
Northern Ireland Executive	6,449	6,534	6,764	6,986	7,150	7,393	7,592	7,678	7,796
Northern Ireland Office	1,216	1,126	1,207	1,209	1,224	1,320	1,134	1,073	1,052
Chancellor's Departments	4,483	4,616	4,828	4,914	4,952	4,667	4,468	4,243	4,029
Cabinet Office	1,376	1,417	1,742	1,612	1,732	1,818	1,974	2,056	2,166
Independent Bodies	728	731	780	852	738	785	808	770	838
Modernisation Funding	–	–	–	–	–	–	500	400	0
DEL Reserve	–	–	–	–	–	–	2,200	2,500	2,600
Allowance for Shortfall	–	–	–	–	–	–340	–	–	–
Total resource DEL	255,105	264,338	271,594	285,212	291,155	303,418	304,800	309,900	316,000
Resource departmental AME by departmental group									
Children, Schools and Families	7,941	7,091	6,658	8,258	8,599	10,335	10,468	10,689	10,923
Health	5,177	6,789	6,771	9,667	10,450	14,101	13,719	14,282	14,848
<i>of which: NHS England</i>	106	108	57	132	223	513	494	562	627
Transport	2,403	2,509	2,877	3,161	3,315	3,581	3,741	3,902	4,003
Innovation, Universities and Skills	135	138	148	172	170	267	200	195	176
CLG Communities	268	277	188	331	303	241	70	72	17
CLG Local Government	188	328	484	539	1,036	912	435	424	413
Home Office	1,876	43	1	4	291	345	510	567	650
Justice	471	63	65	84	84	99	123	90	86
Law Officers' Departments	–	–	–	–	–	–	–	–	–
Defence	6,826	5,175	4,689	5,323	4,919	6,269	6,348	6,482	6,661
Foreign and Commonwealth Office	66	43	3	–23	27	22	47	46	45
International Development	113	139	139	143	469	155	334	148	142
Business, Enterprise and Regulatory Reform	3,978	1,439	–575	220	6,922	365	229	259	259
Environment, Food and Rural Affairs	215	79	75	129	–5	–15	–17	–16	–18
Culture, Media and Sport	3,631	4,006	3,367	3,490	3,532	3,616	3,631	3,520	3,535
Work and Pensions	110,776	111,910	116,073	118,252	119,074	125,464	123,037	124,829	126,461
Scotland	2,048	1,563	1,823	2,272	2,041	3,086	3,056	3,174	3,297
Wales	201	573	235	300	340	329	327	348	366
Northern Ireland Executive	5,417	5,687	6,064	6,511	10,018	7,411	7,570	7,942	8,238
Northern Ireland Office	–	0	219	218	214	229	249	254	259
Chancellor's Departments	16,911	21,116	22,644	23,687	24,790	25,590	27,673	29,424	29,321
Cabinet Office	5,080	5,409	5,645	5,882	6,043	7,358	6,777	6,935	7,030
Independent Bodies	4	2	5	1	1	1	19	19	18
Total resource departmental AME	173,726	174,378	177,597	188,622	202,632	209,760	208,547	213,585	216,729
Total resource budget	428,831	438,716	449,191	473,835	493,787	513,178	513,300	523,500	532,700

(1) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08 deflators are consistent with the March 2008 Financial Statement and Budget Report.

Table I.7 Near-cash elements of resource budgets, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL by departmental group									
Children, Schools and Families	10,612	11,916	12,571	14,279	42,135	44,947	46,945	49,275	51,970
Health	54,413	61,152	68,723	74,422	77,427	84,001	90,815	96,453	102,639
<i>of which: NHS England</i>	52,714	59,421	66,495	72,234	75,488	82,001	89,313	94,827	100,921
Transport	4,453	5,902	5,919	5,813	6,360	6,546	6,068	6,054	5,955
Innovation, Universities and Skills	10,575	11,352	11,952	12,772	13,401	14,514	15,021	15,626	16,565
CLG Communities	1,616	3,419	3,545	3,432	3,465	4,130	4,173	4,277	4,407
CLG Local Government	37,395	40,914	43,314	46,244	22,540	22,739	24,705	25,591	26,392
Home Office	7,163	7,825	7,896	8,182	8,184	8,521	8,864	9,116	9,418
Justice	6,611	7,234	7,812	7,809	8,062	8,670	8,653	8,675	8,710
Law Officers' Departments	510	571	636	679	691	718	715	709	703
Defence	19,981	21,360	21,847	22,726	23,452	24,714	22,913	23,740	24,464
Foreign and Commonwealth Office	1,333	1,404	1,601	1,706	1,680	1,809	1,673	1,453	1,461
International Development	2,843	3,423	3,541	4,041	4,098	4,515	4,780	5,407	6,288
Business, Enterprise and Regulatory Reform	1,617	1,746	1,824	1,672	2,025	2,631	2,225	2,179	2,180
Environment, Food and Rural Affairs	1,945	2,201	2,466	2,349	2,542	2,701	2,628	2,628	2,628
Culture, Media and Sport	1,078	1,084	1,197	1,297	1,358	1,472	1,406	1,441	1,480
Work and Pensions	6,862	7,730	7,893	7,796	7,591	7,830	7,804	7,641	7,386
Scotland	15,584	17,890	18,482	19,976	21,399	22,932	23,532	24,432	25,454
Wales	8,517	9,416	10,085	10,662	11,357	11,967	12,477	13,028	13,645
Northern Ireland Executive	5,504	5,841	6,202	6,503	6,830	7,394	7,732	8,028	8,362
Northern Ireland Office	917	935	905	974	1,012	1,005	928	928	928
Chancellor's Departments	3,738	4,135	4,351	4,531	4,686	4,551	4,444	4,334	4,227
Cabinet Office	1,040	1,089	1,437	1,351	1,494	1,596	1,730	1,851	2,022
Independent Bodies	499	513	555	569	589	661	745	718	814
Modernisation Funding	–	–	–	–	–	–	500	400	100
DEL Reserve	–	–	–	–	–	–	2,300	2,800	2,900
Allowance for Shortfall	–	–	–	–	–	–351	–	–	–
Total near-cash resource DEL	204,806	229,050	244,756	259,786	272,377	290,212	303,800	316,800	331,100
Resource departmental AME by departmental group									
Children, Schools and Families	1,567	659	871	1,107	1,235	1,417	1,774	2,123	2,399
Health	–108	–2,144	–2,345	–2,628	–2,605	–2,225	–1,858	–1,740	–1,553
<i>of which: NHS England</i>	0	2	0	–2	–23	–15	–22	–22	–20
Transport	–2	–	31	35	43	45	44	42	40
Innovation, Universities and Skills	–16	–83	–127	–191	–231	–614	–891	–1,127	–1,401
CLG Communities	246	209	83	253	298	202	16	16	–48
CLG Local Government	170	304	461	524	1,036	941	463	463	463
Home Office	1,690	40	1	4	291	356	543	620	730
Justice	36	–11	–12	20	–6	1	15	0	–2
Defence	2,493	2,443	2,562	2,546	2,749	2,790	2,828	2,829	2,838
International Development	116	119	117	104	113	115	111	109	106
Business, Enterprise and Regulatory Reform	1,198	1,166	1,000	1,349	1,088	958	708	531	499
Environment, Food and Rural Affairs	273	63	61	69	61	62	60	60	57
Culture, Media and Sport	3,206	3,648	3,141	3,327	3,462	3,662	3,793	3,776	3,897
Work and Pensions	99,660	103,665	110,255	114,832	118,177	124,137	130,634	136,141	141,649
Scotland	195	–68	–135	–172	–153	337	–91	–81	–75
Wales	–72	190	–94	–73	–33	–45	–52	–34	–18
Northern Ireland Executive	3,818	3,637	3,732	3,815	4,062	4,453	4,453	4,649	4,857
Northern Ireland Office	120	94	125	141	140	142	169	183	191
Chancellor's Departments	15,057	19,447	21,431	23,196	24,738	26,383	29,343	32,047	32,794
Cabinet Office	–1,370	1,078	1,041	33	536	779	1,135	1,447	1,631
Independent Bodies	6	5	8	10	7	3	11	11	11
Total near-cash resource departmental AME	128,281	134,459	142,206	148,301	155,007	163,899	173,208	182,064	189,065
Total near-cash resource budget	333,088	363,509	386,962	408,086	427,384	454,112	477,000	498,900	520,100

Table I.8 Non-cash elements of resource budgets, 2002–03 to 2010–11

	£ million									
	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	
						outturn				
Resource DEL by departmental group										
Children, Schools and Families	–1	17	21	47	0	–12	–36	–38	–25	
Health	2,702	2,453	395	1,950	3,001	5,151	3,181	3,454	3,700	
<i>of which: NHS England</i>	2,690	2,443	378	1,933	2,980	5,133	3,162	3,436	3,682	
Transport	328	213	165	263	559	214	287	344	616	
Innovation, Universities and Skills	849	817	663	822	677	1,025	1,358	1,529	1,641	
CLG Communities	–2	–5	61	35	161	105	153	197	211	
CLG Local Government	0	0	1	1	1	1	–	–	–	
Home Office	150	89	81	116	159	133	202	197	189	
Justice	1,462	253	–235	178	295	304	680	705	729	
Law Officers' Departments	4	5	10	9	7	20	11	11	11	
Defence	16,481	10,017	9,469	10,736	10,039	12,033	10,710	11,431	12,245	
Foreign and Commonwealth Office	145	107	109	171	147	130	157	157	157	
International Development	159	24	105	66	108	48	89	95	98	
Business, Enterprise and Regulatory Reform	1	–37	181	214	133	243	128	111	101	
Environment, Food and Rural Affairs	297	242	349	468	560	362	308	339	346	
Culture, Media and Sport	149	140	129	155	169	179	214	237	273	
Work and Pensions	155	79	88	212	278	239	162	158	153	
Scotland	663	531	977	815	955	912	890	967	1,053	
Wales	370	227	294	324	342	539	510	541	575	
Northern Ireland Executive	307	217	243	297	320	236	345	362	387	
Northern Ireland Office	179	109	244	202	212	358	279	244	253	
Chancellor's Departments	302	145	250	251	266	265	310	302	295	
Cabinet Office	200	224	223	219	237	281	370	396	409	
Independent Bodies	156	164	189	260	149	150	115	124	127	
Total non-cash resource DEL	25,056	16,034	14,010	17,809	18,778	22,915	20,422	21,862	23,543	
Resource departmental AME by departmental group										
Children, Schools and Families	5,589	5,916	5,473	6,930	7,364	9,248	9,364	9,557	9,858	
Health	4,773	8,438	8,796	12,037	13,054	16,777	16,455	17,346	18,215	
<i>of which: NHS England</i>	95	99	55	131	246	545	548	636	724	
Transport	2,168	2,326	2,710	3,041	3,272	3,651	3,937	4,222	4,452	
Innovation, Universities and Skills	137	211	268	359	401	889	1,104	1,340	1,599	
CLG Communities	–5	48	96	70	5	47	58	63	68	
Justice	388	69	74	62	90	101	117	99	98	
Defence	3,658	2,355	1,906	2,634	2,170	3,679	3,926	4,254	4,637	
Foreign and Commonwealth Office	60	40	3	–22	27	23	50	50	50	
International Development	–14	10	15	36	356	45	244	53	53	
Business, Enterprise and Regulatory Reform	2,387	169	–1,548	–1,135	5,834	–581	–463	–249	–209	
Environment, Food and Rural Affairs	–79	10	11	56	–66	–77	–77	–77	–77	
Culture, Media and Sport	66	67	67	70	70	70	70	70	70	
Work and Pensions	155	94	336	262	896	5,342	276	263	269	
Scotland	1,650	1,517	1,872	2,384	2,194	2,847	3,342	3,550	3,775	
Wales	253	341	318	365	373	384	399	414	429	
Northern Ireland Executive	1,062	1,636	2,045	2,523	5,955	3,195	3,601	4,029	4,387	
Northern Ireland Office	–120	–94	83	72	74	94	96	95	99	
Chancellor's Departments	181	131	143	–142	52	26	100	105	110	
Cabinet Office	5,947	3,936	4,337	5,692	5,507	6,814	6,076	6,132	6,259	
Independent Bodies	–2	–2	–3	–9	–6	–2	9	10	10	
Total non-cash resource departmental AME	28,255	27,217	27,003	35,284	47,625	52,573	48,684	51,324	54,152	
Total non-cash resource budget	53,310	43,250	41,013	53,092	66,403	75,488	69,106	73,186	77,695	

Table I.9 Administration budgets⁽¹⁾ by departmental group, 2002–03 to 2010–11

	£ million								
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn				
Children, Schools and Families	206	223	234	217	224	223	218	213	207
Health	329	323	314	290	277	281	270	264	257
Transport	385	405	277	314	280	288	282	275	269
Innovation, Universities and Skills	70	73	82	65	66	69	70	68	67
CLG Communities	229	293	314	311	296	291	280	273	267
Home Office	499	492	458	444	399	382	429	419	409
Justice	261	330	428	459	416	431	440	429	414
Law Officers' Departments	51	59	73	67	60	81	70	68	69
Defence ⁽²⁾	2,054	2,137	2,560	2,617	2,357	2,351	2,294	2,238	2,184
Foreign and Commonwealth Office	353	376	405	400	393	438	431	421	412
International Development	85	146	158	162	190	167	163	159	155
Business, Enterprise and Regulatory Reform	417	431	444	439	432	546	441	415	403
Environment, Food and Rural Affairs	435	346	370	392	391	362	356	347	339
Culture, Media and Sport	36	39	40	47	51	55	49	48	46
Work and Pensions	5,586	5,912	5,981	5,849	5,867	5,707	5,697	5,559	5,424
Northern Ireland Office	136	78	82	78	79	70	77	75	74
Chancellor's Departments	3,931	4,177	4,468	4,582	4,827	4,650	4,601	4,487	4,375
Cabinet Office	276	270	270	273	260	270	333	325	317
<i>of which: Security and Intelligence Agencies⁽²⁾</i>	87	87	87	87	88	89	87	85	83
Total administration budgets	15,340	16,111	16,956	17,005	16,866	16,660	16,500	16,084	15,688
<i>of which: administration costs paybill</i>	9,455	10,088	10,704	11,200	10,838	10,453	10,732	10,367	10,141
Administration budgets as a percentage of Total Managed Expenditure	3.7%	3.6%	3.5%	3.3%	3.1%	2.9%	2.7%	2.5%	2.3%

(1) The Statistics Board Main Estimate includes administration expenditure of the Office for National Statistics up to 2007–08 (the period for which the ONS was a ministerial department) but not in plans. This reflects the fact that the Statistics Board was created as an independent body from 1 April 2008, so is outside the administration budgets regime. This table excludes this outturn administration expenditure to provide a consistent series and is in line with the CSR presentation.

(2) The historical data for Defence and Security and Intelligence Agencies are estimates and will be reviewed prior to PESA 2009.

Table I.10 Capital budgets, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Capital DEL by departmental group									
Children, Schools and Families	2,736	3,471	4,070	4,413	4,052	5,532	6,011	6,376	7,631
Health	2,146	2,689	2,708	2,245	3,194	3,575	4,711	5,475	6,208
<i>of which: NHS England</i>	2,073	2,602	2,624	2,151	3,069	3,316	4,567	5,328	6,059
Transport	5,059	5,233	5,223	4,999	6,505	7,104	7,294	7,614	8,112
Innovation, Universities and Skills	1,102	1,299	1,429	2,004	1,882	2,029	1,990	2,205	2,260
CLG Communities	3,057	4,597	4,984	5,531	5,431	6,036	6,975	7,337	7,524
CLG Local Government	202	214	257	316	223	65	87	107	93
Home Office	654	680	586	626	592	780	854	782	853
Justice	363	364	599	508	536	980	692	779	744
Law Officers' Departments	8	11	11	-23	11	15	13	13	13
Defence	6,115	6,002	6,701	6,410	7,070	8,120	7,871	8,187	8,871
Foreign and Commonwealth Office	102	87	117	132	160	246	206	216	205
International Development	448	302	304	447	765	731	891	1,366	1,556
Business, Enterprise and Regulatory Reform	268	444	220	1,127	1,152	1,128	1,231	1,232	1,235
Environment, Food and Rural Affairs	432	567	489	836	922	910	1,000	1,050	1,200
Culture, Media and Sport	28	124	154	110	284	455	1,045	404	566
Work and Pensions	281	222	290	354	215	100	82	81	71
Scotland	1,906	1,697	2,171	2,390	3,035	3,542	3,147	3,342	3,641
Wales	1,004	985	1,008	1,208	1,319	1,527	1,568	1,678	1,841
Northern Ireland Executive	663	618	767	835	803	1,015	994	1,058	1,156
Northern Ireland Office	53	50	71	59	69	9	72	72	72
Chancellor's Departments	246	229	380	369	302	291	269	262	255
Cabinet Office	176	570	180	242	283	411	361	390	354
Independent Bodies	28	33	102	44	56	63	60	52	45
DEL Reserve	-	-	-	-	-	-	700	700	800
Allowance for Shortfall	-	-	-	-	-	-727	-	-	-
Total capital DEL	27,076	30,484	32,821	35,183	38,862	43,936	48,100	50,700	55,300
Capital departmental AME by departmental group									
Health	-	-	229	649	89	43	10	-	-
<i>of which: NHS England</i>	-	-	229	649	89	43	10	-	-
Innovation, Universities and Skills	1,869	1,910	1,883	2,067	2,822	3,696	4,759	5,366	5,740
CLG Local Government	56	125	-	-	-	-	-	-	-
Defence	-50	-4	-	-	13	-710	-	-	-
Business, Enterprise and Regulatory Reform	-228	-1,092	-342	-958	-1,166	-297	-913	-379	-35
Environment, Food and Rural Affairs	1	1	1	0	0	0	1	1	1
Culture, Media and Sport	1,243	1,197	1,127	1,095	818	885	690	943	850
Work and Pensions	77	90	80	101	185	153	125	131	133
Scotland	216	191	170	150	147	170	124	125	125
Wales	141	146	135	121	128	161	166	169	166
Northern Ireland Executive	90	149	252	249	339	300	434	434	394
Chancellor's Departments	-	400	228	444	255	299	14,260	#	#
Total capital departmental AME⁽¹⁾	3,414	3,113	3,764	3,918	3,630	4,700	19,656	7,149	7,844
Total capital budget⁽¹⁾	30,490	33,598	36,584	39,101	42,492	48,636	67,700	57,900	63,100

(1) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table I.11 Capital budgets in real terms⁽¹⁾, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Capital DEL by departmental group									
Children, Schools and Families	3,037	3,744	4,272	4,534	4,052	5,360	5,649	5,835	6,800
Health	2,381	2,900	2,842	2,307	3,194	3,465	4,428	5,010	5,532
<i>of which: NHS England</i>	2,301	2,806	2,754	2,210	3,069	3,214	4,293	4,876	5,400
Transport	5,614	5,644	5,482	5,137	6,505	6,883	6,855	6,968	7,229
Innovation, Universities and Skills	1,223	1,401	1,500	2,059	1,882	1,966	1,870	2,018	2,014
CLG Communities	3,392	4,958	5,231	5,683	5,431	5,849	6,556	6,714	6,705
CLG Local Government	224	231	270	324	223	63	82	98	83
Home Office	726	733	615	643	592	756	803	716	760
Justice	403	393	629	522	536	949	650	713	663
Law Officers' Departments	8	11	12	-24	11	15	12	12	11
Defence	6,786	6,473	7,033	6,586	7,070	7,868	7,398	7,492	7,905
Foreign and Commonwealth Office	113	93	122	135	160	238	194	198	183
International Development	498	325	319	459	765	709	837	1,250	1,387
Business, Enterprise and Regulatory Reform	297	478	231	1,157	1,152	1,093	1,157	1,127	1,101
Environment, Food and Rural Affairs	480	612	513	859	922	882	940	961	1,069
Culture, Media and Sport	31	133	161	113	284	441	982	370	505
Work and Pensions	311	239	305	364	215	97	77	74	63
Scotland	2,115	1,830	2,278	2,456	3,035	3,432	2,958	3,058	3,244
Wales	1,115	1,062	1,058	1,242	1,319	1,479	1,474	1,536	1,641
Northern Ireland Executive	736	666	805	858	803	984	934	968	1,030
Northern Ireland Office	59	54	74	61	69	8	68	66	64
Chancellor's Departments	273	247	399	380	302	282	253	240	228
Cabinet Office	196	615	189	249	283	398	339	357	316
Independent Bodies	31	35	107	45	56	61	57	48	41
DEL Reserve	-	-	-	-	-	-	600	600	700
Allowance for Shortfall	-	-	-	-	-	-704	-	-	-
Total capital DEL	30,049	32,879	34,448	36,148	38,862	42,574	45,200	46,400	49,300
Capital departmental AME by departmental group									
Health	-	-	241	667	89	42	9	-	-
<i>of which: NHS England</i>	-	-	241	667	89	42	9	-	-
Innovation, Universities and Skills	2,074	2,060	1,976	2,124	2,822	3,582	4,472	4,911	5,115
CLG Local Government	62	135	-	-	-	-	-	-	-
Defence	-55	-5	-	-	13	-688	-	-	-
Business, Enterprise and Regulatory Reform	-253	-1,178	-359	-984	-1,166	-288	-858	-347	-31
Environment, Food and Rural Affairs	1	1	1	0	0	0	1	1	1
Culture, Media and Sport	1,380	1,291	1,183	1,125	818	858	649	863	757
Work and Pensions	85	98	84	104	185	148	117	119	119
Scotland	240	206	178	155	147	165	117	114	111
Wales	156	158	141	125	128	156	156	154	148
Northern Ireland Executive	100	160	264	255	339	290	408	398	351
Chancellor's Departments	-	431	239	456	255	289	13,402	#	#
Total capital departmental AME⁽¹⁾	3,789	3,358	3,950	4,026	3,630	4,555	18,474	6,542	6,989
Total capital budget⁽¹⁾	33,838	36,237	38,398	40,174	42,492	47,128	63,700	53,000	56,200

(1) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08, deflators are consistent with the March 2008 Financial Statement and Budget Report.

(2) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table I.12 Total Departmental Expenditure Limits⁽¹⁾, 2002–03 to 2010–11

	National Statistics								
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
£ million									
Resource and net capital DEL by departmental group									
Children, Schools and Families	13,330	15,386	16,641	18,713	46,169	50,449	52,908	55,601	59,563
Health	58,821	65,991	71,366	78,108	82,630	91,833	97,861	104,417	111,437
<i>of which: NHS England</i>	<i>57,049</i>	<i>64,173</i>	<i>69,051</i>	<i>75,822</i>	<i>80,561</i>	<i>89,568</i>	<i>96,213</i>	<i>102,642</i>	<i>109,568</i>
Transport	9,643	10,974	11,053	10,795	13,117	13,492	13,256	13,745	14,448
Innovation, Universities and Skills	12,436	13,374	13,946	15,485	15,854	17,431	18,223	19,198	20,291
CLG Communities	4,662	7,991	8,555	8,972	9,030	10,240	11,251	11,761	12,078
CLG Local Government	37,598	41,128	43,571	46,560	22,763	22,804	24,793	25,698	26,485
Home Office	7,847	8,514	8,499	8,838	8,841	9,276	9,755	9,961	10,334
Justice	8,234	7,637	7,915	8,137	8,546	9,519	9,625	9,720	9,725
Law Officers' Departments	518	582	649	657	701	744	730	724	718
Defence	29,317	31,076	32,977	33,285	33,964	36,906	34,076	35,371	36,897
Foreign and Commonwealth Office	1,513	1,534	1,760	1,900	1,906	2,110	1,931	1,723	1,723
International Development	3,434	3,718	3,924	4,532	4,955	5,277	5,738	6,843	7,917
Business, Enterprise and Regulatory Reform	1,866	2,084	2,181	2,968	3,273	3,971	3,506	3,442	3,437
Environment, Food and Rural Affairs	2,516	2,867	3,103	3,512	3,867	3,782	3,746	3,815	3,961
Culture, Media and Sport	1,187	1,281	1,427	1,481	1,726	2,014	2,552	1,971	2,202
Work and Pensions	7,211	7,937	8,149	8,251	7,898	8,012	7,918	7,743	7,456
Scotland ⁽²⁾	17,929	19,915	21,212	22,851	24,951	27,029	27,267	28,377	29,752
Wales ⁽²⁾	9,654	10,532	11,240	11,999	12,839	13,774	14,273	14,965	15,779
Northern Ireland Executive ⁽²⁾	6,374	6,568	7,082	7,494	7,824	8,557	8,881	9,246	9,675
Northern Ireland Office	1,093	1,053	1,176	1,188	1,235	1,311	1,184	1,146	1,153
Chancellor's Departments	4,053	4,362	4,742	4,984	5,042	4,881	4,830	4,711	4,595
Cabinet Office	1,251	1,692	1,679	1,637	1,858	2,094	2,165	2,319	2,451
Independent Bodies	672	678	808	810	749	821	871	843	932
Modernisation Funding	–	–	–	–	–	–	500	400	100
DEL Reserve	–	–	–	–	–	–	3,000	3,400	3,700
Allowance for Shortfall	–	–	–	–	–	–1,078	–	–	–
Total DEL	241,159	266,874	283,655	303,156	319,738	345,249	360,800	377,200	396,700
Total UK education spending⁽³⁾ (£ billion)	52.9	59.0	62.9	67.5	70.7	76.2	81.9	86.1	91.5

(1) Full resource budgeting basis, excluding depreciation.

(2) Allocations within DEL totals may be subject to final decisions in allocation by devolved administrations.

(3) This presents education spending against the UN Classification Of the Functions Of Governments (COFOG) and includes spending by Local Authorities.

Table I.13 Total Departmental Expenditure Limits⁽¹⁾ in real terms⁽²⁾, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource and net capital DEL									
by departmental group									
Children, Schools and Families	14,794	16,594	17,466	19,227	46,169	48,885	49,726	50,883	53,076
Health	65,281	71,176	74,903	80,251	82,630	88,985	91,975	95,557	99,300
<i>of which: NHS England</i>	<i>63,314</i>	<i>69,215</i>	<i>72,474</i>	<i>77,903</i>	<i>80,561</i>	<i>86,791</i>	<i>90,427</i>	<i>93,932</i>	<i>97,635</i>
Transport	10,702	11,836	11,601	11,091	13,117	13,073	12,458	12,579	12,875
Innovation, Universities and Skills	13,801	14,425	14,637	15,910	15,854	16,891	17,127	17,569	18,082
CLG Communities	5,173	8,619	8,979	9,218	9,030	9,922	10,574	10,763	10,762
CLG Local Government	41,726	44,359	45,731	47,837	22,763	22,097	23,301	23,518	23,601
Home Office	8,709	9,183	8,920	9,081	8,841	8,989	9,169	9,116	9,208
Justice	9,138	8,237	8,307	8,361	8,546	9,224	9,046	8,895	8,666
Law Officers' Departments	575	627	681	675	701	720	686	662	640
Defence	32,537	33,518	34,612	34,199	33,964	35,762	32,026	32,370	32,878
Foreign and Commonwealth Office	1,679	1,654	1,847	1,952	1,906	2,045	1,815	1,577	1,535
International Development	3,811	4,010	4,119	4,656	4,955	5,113	5,393	6,262	7,055
Business, Enterprise and Regulatory Reform	2,071	2,247	2,289	3,049	3,273	3,847	3,295	3,150	3,062
Environment, Food and Rural Affairs	2,793	3,093	3,257	3,609	3,867	3,664	3,520	3,491	3,530
Culture, Media and Sport	1,317	1,381	1,498	1,521	1,726	1,952	2,399	1,804	1,962
Work and Pensions	8,003	8,561	8,553	8,478	7,898	7,764	7,441	7,086	6,644
Scotland ⁽³⁾	19,898	21,480	22,264	23,478	24,951	26,191	25,627	25,969	26,511
Wales ⁽³⁾	10,714	11,359	11,797	12,329	12,839	13,347	13,415	13,695	14,061
Northern Ireland Executive ⁽³⁾	7,074	7,083	7,433	7,700	7,824	8,292	8,347	8,461	8,622
Northern Ireland Office	1,213	1,136	1,235	1,220	1,235	1,271	1,113	1,048	1,027
Chancellor's Departments	4,498	4,704	4,977	5,121	5,042	4,730	4,540	4,311	4,095
Cabinet Office	1,389	1,825	1,762	1,682	1,858	2,029	2,034	2,122	2,184
Independent Bodies	746	732	848	832	749	795	818	772	831
Modernisation Funding	–	–	–	–	–	–	500	400	0
DEL Reserve	–	–	–	–	–	–	2,800	3,100	3,300
Allowance for Shortfall	–	–	–	–	–	–1,045	–	–	–
Total DEL	267,642	287,840	297,716	311,476	319,738	334,544	339,100	345,200	353,500
Total UK education spending⁽⁴⁾									
(£ billion)	58.7	63.6	66.0	69.4	70.7	73.8	77.0	78.8	81.5

(1) Full resource budgeting basis, excluding depreciation.

(2) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08 deflators are consistent with the March 2008 Financial Statement and Budget Report.

(3) Allocations within DEL totals may be subject to final decisions in allocation by devolved administrations.

(4) This presents education spending against the UN Classification Of the Functions Of Governments (COFOG) and includes spending by Local Authorities.

Table I.14 Accounting adjustments⁽¹⁾, 2002–03 to 2010–11

	£ billion								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource accounting adjustments									
Tax credits for individuals	0.9	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pensions	-19.7	-22.3	-23.2	-30.8	-31.7	-40.7	-40.5	-42.2	-44.4
Other central government programmes	-0.4	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.0
VAT refunds	6.4	7.4	8.1	8.5	9.4	9.8	10.7	11.5	12.4
Central government capital consumption	5.2	5.5	5.5	5.7	5.9	6.2	6.6	7.1	7.5
Non-cash items not in TME	-33.5	-20.7	-17.6	-22.4	-34.4	-34.8	-28.9	-31.5	-34.2
Resource items treated as capital in									
National Accounts	0.6	0.6	0.9	1.0	1.0	1.0	1.7	2.0	2.2
Capital budget items treated as current									
in National Accounts	-0.8	-0.8	-0.8	-1.6	-0.8	-1.1	-1.2	-1.3	-1.2
Expenditure financed by revenue receipts	5.2	5.2	5.4	6.0	6.5	6.5	6.5	6.6	7.1
Local Authorities	5.7	6.9	6.8	7.6	5.9	8.4	8.4	9.1	9.8
General government consolidation	-5.5	-5.4	-4.5	-4.5	-4.5	-4.7	-4.8	-5.4	-5.5
Public corporations	0.8	0.9	1.0	0.8	0.7	0.6	0.3	-0.1	-0.1
Financial transactions	0.0	0.0	0.0	0.1	0.0	-0.2	-0.2	-0.1	-0.1
Data adjustment	-0.5	-4.1	-2.4	0.0	-0.3	-0.5	-0.7	-0.4	-0.2
Balancing reconciliation	-0.1	-0.1	-0.1	0.0	0.1	-0.1	-0.2	-0.1	-0.1
Total resource accounting adjustments	-35.8	-26.9	-20.8	-29.6	-42.4	-49.6	-42.2	-44.8	-46.7
Capital accounting adjustments									
VAT refunds	1.2	1.3	1.5	1.6	1.7	1.8	1.9	2.0	2.1
Resource items treated as capital in									
National Accounts	0.8	0.8	0.8	1.6	0.8	1.1	1.2	1.3	1.2
Capital budget items treated as current									
in National Accounts	-5.2	-5.2	-5.4	-6.0	-6.5	-6.5	-6.5	-6.6	-7.1
Local Authorities	-1.0	-1.2	-3.6	-3.8	-3.6	-3.5	-3.6	-3.7	-4.0
Financial transactions ⁽²⁾	-3.0	-2.3	-2.1	-2.4	-3.9	-4.3	-20.1	-6.9	-7.4
Data adjustment	0.1	-0.1	2.5	0.1	1.4	0.2	0.3	0.1	-0.1
Balancing reconciliation	0.0	0.0	0.0	-0.2	0.1	-0.1	0.7	0.3	0.3
Total capital accounting adjustments⁽²⁾	-7.1	-6.6	-6.2	-9.0	-9.9	-11.3	-26.1	-13.4	-15.0

(1) The accounting adjustments are described in Appendix D.

(2) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table I.15 Total Managed Expenditure by spending sector, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Central government own expenditure									
DEL ⁽¹⁾⁽²⁾	171,040	187,402	198,857	212,755	226,225	246,592	254,476	266,134	280,755
Departmental AME ⁽¹⁾	145,291	150,151	155,451	169,646	186,163	199,508	205,642	217,296	226,426
Locally financed support in									
Northern Ireland	361	384	417	462	452	589	525	445	463
Net expenditure transfers to the EC	2,782	3,448	4,907	4,435	4,652	5,392	5,490	6,220	6,747
Central government debt interest	20,915	22,280	23,934	25,807	27,576	29,946	30,270	30,332	33,965
Accounting and other adjustments ⁽²⁾	-36,026	-31,821	-28,030	-51,802	-47,936	-58,556	-48,100	-50,100	-52,700
Total central government own expenditure	304,363	331,844	355,535	361,303	397,132	423,471	448,300	470,300	495,700
Local Authority expenditure									
Central government support in DEL ⁽¹⁾⁽²⁾	67,754	77,931	83,540	89,169	92,600	98,792	102,132	106,634	111,678
Central government support in departmental AME ⁽¹⁾	14,574	14,454	16,885	17,875	20,028	21,010	21,837	23,159	24,428
Locally financed support in Scotland	1,718	1,804	1,896	1,897	1,884	1,860	1,963	2,019	2,014
Local Authority self-financed expenditure	17,985	18,335	20,946	24,733	25,821	26,486	27,762	28,232	28,714
Accounting and other adjustments ⁽²⁾	8,814	7,044	8,950	7,176	5,842	7,596	9,300	9,900	10,900
Total local authority expenditure	110,844	119,568	132,217	140,850	146,175	155,743	163,000	169,900	177,700
Public corporation expenditure									
DEL ⁽¹⁾⁽²⁾	2,365	1,540	1,258	1,232	913	943	729	571	576
Departmental AME ⁽¹⁾⁽³⁾	86	185	637	-18	72	655	14,069	82	208
Public corporations' own-financed capital expenditure	3,334	2,448	2,946	5,261	5,354	4,683	5,160	5,573	5,670
Accounting and other adjustments ⁽²⁾⁽³⁾	50	-87	45	15,631	79	854	-13,600	100	-100
Total public corporation expenditure	5,835	4,086	4,886	22,106	6,418	7,135	6,400	6,300	6,400
Total Managed Expenditure	421,042	455,498	492,638	524,259	549,725	586,349	617,800	646,500	679,800

(1) Full resource budgeting basis, excluding depreciation.

(2) The sectoral DEL figures shown above exclude the Allowance for Shortfall in 2007–08. The DEL Reserve and unallocated amounts of Modernisation Funding are also excluded in 2008–09, 2009–10 and 2010–11. AME figures for 2008–09, 2009–10 and 2010–11 exclude the AME margin. Amounts for the DEL Reserve and Modernisation Funding can be found in Table I.12. The amounts for the AME margin can be found in Table I.1. The accounting and other adjustments in this table differ from those shown in Table I.1 by these amounts.

(3) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

2.1 This chapter provides additional analyses of the budgeting aggregates presented in **Chapter 1**. It shows analyses of budgets by economic category and information on voted and non-voted components of total public sector spending. The outturn data in this chapter fall within the scope of National Statistics.

What's new

2.2 The budgeting treatment of NHS and Foundation Trusts has been changed so that they are more closely aligned with other bodies classified by ONS to the central government sector. Department of Health are now reporting the spending of the trusts within their budgets, whereas previously they reported the purchase of services from the trusts and the trusts' profit or loss. The most significant impacts are within the near-cash in resource DEL section of **Table 2.1**, where expenditure moves from the procurement line into pay and other, and **Table 2.2**, which reflects this decrease in procurement and shows increased income from sales of goods and services.

Analyses of budgets by economic category of spending

2.3 **Table 2.1** shows analyses of budgets by economic category of spending, consistent with the budgeting aggregates reported in **Chapter 1**. The breakdowns of near-cash in resource DEL and resource departmental AME are consistent with **Table 1.7**; non-cash in resource DEL and resource departmental AME with **Table 1.8**; administration budgets in resource DEL with **Table 1.9**; and capital budgets with **Table 1.10**. Unallocated funds in resource and capital DEL are not included within the breakdown, as they are not allocated to an economic category at this planning stage.

2.4 The presentation of economic categories in **Table 2.1** is broadly consistent with the economic categories used by the Office for National Statistics in compiling the National Accounts. Brief descriptions of the main economic categories are given below.

2.5 **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 expenditure.

2.6 **Procurement** shows current expenditure and receipts on goods and services, including hire and rentals under PFI and non-PFI operating leases, payments for contract and agency staff, and payments for consultancy and audit services.

2.7 **Current grants** are unrequited transfer payments to persons and non-profit bodies that are not used to fund capital formation. Current grants to Local Authorities are intra-general government payments that consolidate out of TME, which is the government's preferred measure of public spending of the whole public sector. Further information on Local Authority finance is given in **Chapter 7**. Current grants to persons and non-profit bodies largely comprise social security benefits included in resource departmental AME.

2.8 **Current subsidies** are unrequited current transfer payments to trading businesses that are given with the objective of influencing their levels of production, their prices, or the

remuneration of the factors of production. These include subsidies to both private sector companies and to public corporations, and form part of public sector current expenditure within TME.

2.9 Depreciation, also termed capital consumption, represents the amount of capital used up each year in respect of fixed assets measured on the basis of Generally Accepted Accounting Practice (GAAP). The depreciation lines in **Table 2.1** also include releases from the donated assets and government grant reserves, as well as impairments and downward revaluations of fixed assets where these lead to a cost in the operating statement.

2.10 Cost of capital charges are annual non-cash charges applied to each department's budget to represent the opportunity cost of tying up capital in assets. The rate reflects the social time preference rate and is 3.5 per cent of the net assets of the department.

2.11 The **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. It does not form part of TME in National Accounts (which measures in the current balance the difference between interest received from students and the amount of interest paid by the government on the debt incurred to make the loans), but is included as part of TES in the functional analyses in other chapters.

2.12 Take-up of provisions are non-cash costs in resource budgets recognised in respect of liabilities incurred that will more likely than not lead to a transfer of future economic benefits where the amount and timing of those future transfers are uncertain. Upon settling the liability the transfer of economic benefits scores to the resource budget according to the economic category of the transaction, whilst an equal and opposite (negative) **release of provisions** scores as a benefit to the resource budget within non-cash. These lines do not include pension scheme provisions (see below).

2.13 Net public service pensions shows the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. It also includes payments and receipts associated with bulk and individual transfers into and out of the scheme. **Change in pension scheme liabilities** shows increases to the liability as measures on a UKGAAP basis that are accrued in-year due to current service costs, any bulk and individual transfers in, and purchases of added years. **Release of provisions funding payments of pension benefits** records a non-cash reduction equal and opposite to pension benefits paid where these are charged to the provision. The **unwinding of the discount rate on pension scheme liabilities** shows the increase in the liability as future payments move one year closer to being paid and the effects of discounting reduce, and scores in the non-cash items line in departmental AME. More information on pensions is included in **Appendix D**, and a reconciliation of GAAP pensions in departmental AME to the National Accounts given in **Table D1**.

2.14 Capital support for Local Authorities shows central government support for Local Authority capital expenditure, comprising capital grants and Supported Capital Expenditure. More information on capital support for Local Authorities is given in **Chapter 7**.

2.15 Capital grants are unrequited transfer payments of wealth that lead to a material change in the value of the balance sheet of either party. Usually they are made on the condition that the recipient uses the funds for capital formation or acquisition of a long-term financial asset. Capital grants in **Table 2.1** are analysed by the nature of the recipient; persons and non-profit bodies; private sector companies; and public corporations. The latter are included in the capital support for public corporations line, and are consolidated out of TME, where public corporations' own capital expenditure forms part of public sector gross investment.

2.16 Capital support for public corporations comprises capital grants, net lending to public corporations (see paragraph 2.18) and public corporations' market and overseas borrowing where this scores in the parent department's budget.

2.17 Capital expenditure on fixed assets net of sales includes the acquisition of fixed assets (such as land, buildings and machinery) recorded net of the sales value of any assets disposed of, and net increases in stock (where included in budgets). It is measured gross of depreciation, and includes expenditure on single use military equipment that is defined as current in National Accounts but which adds to the departmental balance sheet under UKGAAP. It also includes the pay of civil servants engaged in in-house capital formation that is recorded as capital expenditure, rather than as pay.

2.18 Net lending to private sector means lending by government net of any repayments of previous lending. It includes transactions in shares – so for example privatisation receipts count as negative net lending.

2.19 Other includes items that are too small to warrant an individual line. These include certain receipts that are usually treated as part of revenue in the National Accounts, public corporations' profit or loss where in budgets, write-offs of stock, loans written-off, and financial transactions. In plans years it also includes departmental unallocated provision that has not been allocated to an economic category at this planning stage.

2.20 Table 2.2 shows current procurement expenditure in budgets by departmental group. Unlike Table 2.1, procurement expenditure here is before the deduction of receipts from sales of goods and services. The net procurement expenditure line, which includes income from goods and services, reconciles the table to the presentation of procurement in Table 2.1.

2.21 Table 2.3 shows central government own capital expenditure (gross of depreciation) on tangible and intangible fixed assets in budgets before deduction of sales by departmental group. It therefore includes central government departments and their NDPBs, but not the capital expenditure of public corporations where this scores within budgets. The presentation of capital expenditure in this table is gross of capital consumption, and consistent with the budgeting and control framework definition of capital under GAAP rules. It therefore includes single use military equipment that are treated as current expenditure in National Accounts. Income from sales of fixed assets is at sales value. Similarly, public corporations' capital expenditure is shown gross of capital consumption and after the deduction of receipts from sales, and is consistent with the presentation in Table 8.3. Total gross capital expenditure on fixed assets in budgets net of sales is consistent with the presentation of economic categories in Table 2.1.

Supply expenditure

2.22 Table 2.4 shows the split of DEL and AME between expenditure that is voted in Estimates, which accounts for about two-thirds of the total, and expenditure financed by other means. The relationship between the budgetary aggregates (DEL and AME) and Supply Expenditure is explained in more detail in the introductory sections of the Supply Estimates 2008-09: Supplementary Budgeting Information (*Cm 7359*).

Table 2.1 Budgets by economic category of spending, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Near-cash in resource DEL									
Pay	54,666	61,319	69,540	77,024	77,905	82,186	80,338	82,798	85,929
Procurement	62,509	68,333	70,950	72,791	78,890	84,958	93,057	98,021	103,049
Current grants to Local Authorities ⁽¹⁾	60,363	69,061	73,264	77,946	81,840	86,327	89,736	93,214	96,895
Current grants to persons and non-profit bodies	21,607	23,237	24,578	25,770	27,124	28,857	29,726	30,871	33,017
Current grants abroad	-177	-224	-66	-163	255	1,393	318	1,187	1,978
Subsidies to private sector companies ⁽²⁾	4,964	5,135	5,672	5,526	5,605	5,368	5,294	4,982	4,858
Subsidies to public corporations	741	1,676	757	812	870	1,518	1,459	1,145	1,077
Other ⁽³⁾	133	513	60	80	-112	-44	1,050	1,366	1,295
Plus unallocated funds in resource DEL	-	-	-	-	-	-351	2,900	3,200	3,000
Total near-cash resource DEL	204,806	229,050	244,756	259,786	272,377	290,212	303,800	316,800	331,100
Non-cash in resource DEL									
Depreciation ⁽⁴⁾	15,779	8,694	7,933	9,621	10,279	11,815	11,487	12,187	13,141
Cost of capital charges	5,510	5,063	5,116	5,430	5,768	6,081	6,069	6,232	6,561
Grant equivalent element of student lending	476	365	701	760	794	1,078	1,384	1,531	1,624
Take-up of provisions	5,641	5,325	3,635	5,195	6,299	8,326	5,925	6,716	6,918
Release of provisions	-3,165	-4,177	-4,665	-4,597	-4,967	-5,258	-4,770	-5,223	-5,319
Other ⁽³⁾	815	763	1,291	1,399	605	874	328	420	619
Total non-cash resource DEL	25,056	16,034	14,010	17,809	18,778	22,915	20,422	21,862	23,543
Total resource DEL	229,862	245,084	258,767	277,594	291,155	313,128	324,300	338,700	354,600
Of which: Administration budgets in resource DEL									
Pay	9,455	10,088	10,704	11,200	10,838	10,453	10,732	10,367	10,141
Procurement	5,417	5,863	5,822	5,524	5,753	5,564	4,967	4,888	4,692
Depreciation	562	434	587	461	584	527	556	545	556
Cost of capital charges	33	1	86	37	74	88	127	123	112
Take-up of provisions	104	43	120	137	190	229	156	138	135
Release of provisions	-57	-76	-62	-82	-120	-137	-98	-75	-72
Other ⁽³⁾	-174	-241	-300	-273	-452	-65	60	96	123
Total administration budgets in resource DEL	15,340	16,111	16,956	17,005	16,866	16,660	16,500	16,084	15,688
Near-cash in resource departmental AME									
Pay	908	942	977	903	1,016	1,046	1,111	1,140	1,156
Procurement	2,410	2,330	2,190	2,218	2,309	2,507	2,532	2,627	2,713
Current grants to Local Authorities	14,401	14,223	16,788	17,785	19,945	20,759	21,555	22,922	24,191
Current grants to persons and non-profit bodies	106,527	115,277	121,451	127,408	130,970	137,623	145,929	152,649	157,865
Subsidies to private sector companies	393	249	172	211	150	228	159	164	169
Net public service pensions ⁽⁵⁾	3,908	1,801	1,258	299	1,151	2,286	2,928	3,636	4,009
Other ⁽³⁾	-265	-362	-631	-522	-534	-551	-1,006	-1,074	-1,038
Total near-cash in resource departmental AME	128,281	134,459	142,206	148,301	155,007	163,899	173,208	182,064	189,065

Table 2.1 Budgets by economic category of spending, 2002–03 to 2010–11 (continued)

	£ million									
	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	
						outturn				
Non-cash in resource departmental AME										
Depreciation	602	562	825	957	4,377	1,646	2,316	2,582	2,791	
Cost of capital charges	3,231	3,167	3,902	4,944	5,555	5,833	5,314	6,093	6,805	
Take-up of provisions	5,913	2,300	733	412	7,547	5,403	1,298	1,112	1,127	
Release of provisions	-1,312	-1,244	-1,400	-1,525	-1,268	-1,107	-686	-466	-431	
Change in pension scheme liabilities	14,870	15,357	15,309	20,918	21,069	28,996	25,393	26,243	27,204	
Unwinding of the discount rate on pension scheme liabilities	19,458	22,303	24,102	27,378	29,545	32,874	37,093	39,140	41,304	
Release of provisions covering payments of pension benefits ⁽⁶⁾	-14,628	-15,361	-16,216	-17,536	-18,912	-21,199	-22,288	-23,650	-24,953	
Other ⁽³⁾	119	133	-252	-263	-287	128	243	270	305	
Total non-cash in resource departmental AME	28,255	27,217	27,003	35,284	47,625	52,573	48,684	51,324	54,152	
Total resource departmental AME	156,536	161,676	169,209	183,584	202,632	216,472	221,891	233,388	243,217	
Capital budgets										
Capital support for Local Authorities	7,564	9,100	10,372	11,313	10,594	12,840	12,740	13,718	15,019	
Capital grants to persons and non-profit bodies	4,490	5,336	5,303	6,611	6,789	7,256	7,725	8,459	8,666	
Capital grants to private sector companies	1,655	3,129	3,150	3,342	5,208	5,596	5,010	4,619	4,685	
Capital grants abroad	-48	-223	-262	-174	-134	-109	17	88	414	
Capital support for public corporations ⁽⁷⁾	962	211	630	115	90	1,032	14,563	415	527	
Capital expenditure on fixed assets net of sales	13,277	13,780	15,404	15,915	17,094	18,882	20,905	22,504	23,421	
Net lending to the private sector and abroad	2,702	1,786	1,712	2,258	2,976	4,241	5,366	6,547	7,228	
Other ⁽³⁾	-111	480	276	-279	-126	-374	755	879	2,392	
Plus unallocated funds in capital DEL	-	-	-	-	-	-727	700	700	800	
Total capital budgets⁽⁷⁾	30,490	33,598	36,584	39,101	42,492	48,636	67,700	57,900	63,100	
<i>of which:</i>										
Capital DEL	27,076	30,484	32,821	35,183	38,862	43,936	48,100	50,700	55,300	
Capital departmental AME ⁽⁷⁾	3,414	3,113	3,764	3,918	3,630	4,700	19,656	7,149	7,844	

(1) Not including non-cash elements of Local Authority finance that score as non-cash in resource budgets. Table 7.2 includes these items in total Local Authority finance.

(2) Excluding subsidies to central government and Local Authority units with market based activities that are included in the subsidies line in Table 6.4.

(3) Other includes items too small to warrant an individual line, and, in 2008–09, 2009–10 and 2010–11, departmental unallocated provision.

(4) Excludes NHS Trust depreciation, which is included within the Department of Health near-cash budget and shown as other near-cash in this table.

(5) Figures here are based on payments and receipts which score in TME, and incorporate the net effect of bulk and individual transfers. A full reconciliation with the GAAP based measure of net public service pension expenditure is provided in Table D.1.

(6) Payments which release provision include bulk and individual transfers, including transfers of liabilities within government.

(7) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table 2.2 Current procurement expenditure in budgets, 2002–03 to 2010–11

	£ million								
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn				
Current procurement expenditure in budgets									
Children, Schools and Families	428	450	476	448	534	608	657	655	661
Health	32,195	36,900	41,042	43,880	47,039	51,744	58,065	60,829	65,010
Transport	1,803	1,775	1,687	1,803	2,038	2,156	2,145	2,256	2,263
Innovation, Universities and Skills	764	809	781	836	914	843	656	720	755
CLG Communities	382	407	435	436	415	423	552	548	500
CLG Local Government	240	256	298	301	264	265	270	269	268
Home Office	2,007	2,095	1,797	1,653	2,081	2,174	1,924	2,550	2,647
Justice	3,884	4,535	5,152	5,433	5,635	3,688	5,858	6,005	5,959
Law Officers' Departments	332	349	383	411	418	440	433	431	430
Defence	11,175	11,904	12,119	12,728	13,425	14,315	13,101	13,714	14,088
Foreign and Commonwealth Office	679	718	780	888	806	939	987	911	904
International Development	56	118	137	610	712	232	605	198	219
Business, Enterprise and Regulatory Reform	1,178	1,292	1,406	2,340	2,610	2,846	2,780	2,928	2,937
Environment, Food and Rural Affairs	1,479	1,420	1,434	1,527	1,744	2,020	1,569	1,616	1,598
Culture, Media and Sport	2,755	2,772	2,840	2,995	3,213	3,082	3,968	4,087	4,242
Work and Pensions	3,325	3,718	3,777	3,601	3,347	3,707	3,419	3,322	3,097
Scotland	7,964	7,519	6,108	5,832	5,747	6,877	7,162	7,376	7,725
Wales	2,394	2,667	2,686	2,786	2,961	3,079	3,495	3,805	4,173
Northern Ireland Executive	2,056	2,186	2,262	2,507	2,649	2,824	2,772	3,005	3,271
Northern Ireland Office	262	296	231	314	293	317	286	287	288
Chancellor's Departments	2,200	2,356	2,420	2,482	2,411	2,372	2,292	2,281	2,299
Cabinet Office	637	676	1,012	867	1,016	1,039	1,125	1,130	1,241
Independent Bodies	307	298	327	328	353	417	480	449	544
Total current procurement expenditure in budgets	78,502	85,516	89,588	95,005	100,625	106,405	114,600	119,374	125,120
Plus income from goods and services	-13,584	-14,853	-16,448	-19,997	-19,426	-18,940	-19,012	-18,726	-19,357
Total net current procurement in budgets	64,919	70,663	73,141	75,009	81,199	87,465	95,588	100,648	105,762
<i>of which:</i>									
Resource DEL	62,509	68,333	70,950	72,791	78,890	84,958	93,057	98,021	103,049
Resource departmental AME	2,410	2,330	2,190	2,218	2,309	2,507	2,532	2,627	2,713

Table 2.3 Central government own gross expenditure on tangible and intangible fixed assets in budgets before deduction of sales, 2002–03 to 2010–11

	£ million								
	National Statistics					2007–08	2008–09	2009–10	2010–11
	2002–03	2003–04	2004–05	2005–06	2006–07	estimated	plans	plans	plans
	outturn	outturn	outturn	outturn	outturn	outturn			
Central government own gross expenditure on fixed assets in budgets before deduction of sales									
Children, Schools and Families	23	19	15	13	18	13	22	20	20
Health	3,165	2,969	3,240	3,539	3,890	3,660	4,400	4,633	4,665
Transport	816	588	705	827	1,208	1,199	1,348	1,573	1,667
Innovation, Universities and Skills	117	170	230	275	247	219	325	349	371
CLG Communities	57	111	304	602	226	340	258	221	294
CLG Local Government	–	1	0	1	2	0	1	1	1
Home Office	150	293	165	151	389	427	526	463	505
Justice	338	406	579	517	552	990	719	779	744
Law Officers' Departments	8	11	11	10	11	15	13	13	13
Defence	6,505	6,331	7,104	7,119	7,545	8,659	8,059	8,718	9,057
Foreign and Commonwealth Office	113	77	85	113	162	206	177	187	176
International Development	23	47	31	30	25	75	28	28	34
Business, Enterprise and Regulatory Reform	184	230	208	1,125	1,104	1,291	1,275	1,268	1,242
Environment, Food and Rural Affairs	217	210	204	236	201	329	228	241	294
Culture, Media and Sport	175	55	154	168	385	594	1,313	1,553	1,488
Work and Pensions	262	325	298	401	200	103	83	81	71
Scotland	772	748	831	595	765	832	940	1,107	1,132
Wales	227	347	358	347	385	564	590	666	751
Northern Ireland Executive	618	566	787	764	794	691	1,099	1,070	1,222
Northern Ireland Office	54	50	72	63	71	88	72	72	72
Chancellor's Departments	345	230	476	385	310	290	267	260	253
Cabinet Office	170	577	175	229	274	404	313	341	303
Independent Bodies	28	33	102	43	59	63	60	52	45
Total central government own gross expenditure on fixed assets in budgets before deduction of sales	14,366	14,396	16,137	17,551	18,824	21,054	22,116	23,696	24,421
<i>Plus central government income from sales of fixed assets in budgets</i>	<i>–2,068</i>	<i>–1,516</i>	<i>–1,407</i>	<i>–2,241</i>	<i>–2,206</i>	<i>–2,485</i>	<i>–1,214</i>	<i>–1,194</i>	<i>–1,001</i>
Total central government own gross expenditure on fixed assets in budgets net of sales	12,298	12,880	14,730	15,311	16,618	18,569	20,902	22,502	23,420
<i>Plus public corporations' gross capital expenditure on fixed assets in budgets net of sales</i>	<i>979</i>	<i>900</i>	<i>674</i>	<i>605</i>	<i>476</i>	<i>313</i>	<i>2</i>	<i>1</i>	<i>1</i>
Total gross capital expenditure on fixed assets in budgets net of sales	13,277	13,780	15,404	15,915	17,094	18,882	20,905	22,504	23,421
<i>of which:</i>									
Capital DEL	13,148	13,771	15,083	15,515	16,970	19,493	20,824	22,423	23,341
Capital departmental AME	129	9	322	401	124	–611	81	81	81

Table 2.4 Voted and non-voted expenditure in Total Managed Expenditure, 2002–03 to 2010–11

	£ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Voted expenditure in TME									
<i>DEL</i>									
Central government own spending, excluding depreciation	121,884	131,506	139,804	149,224	158,435	174,100	176,938	184,656	193,956
Support for Local Authorities	52,915	60,868	65,051	69,160	73,042	78,825	81,767	85,449	90,106
Support for public corporations	922	211	54	–13	73	20	104	38	7
Depreciation	14,724	7,797	6,783	8,435	8,694	10,551	10,097	10,699	11,550
<i>Departmental AME</i>									
Central government own spending	75,137	71,605	71,744	80,074	84,275	98,842	97,500	102,155	106,754
Support for Local Authorities	14,371	13,979	16,740	17,721	19,861	20,657	21,493	22,868	24,137
Support for public corporations ⁽¹⁾	120	216	676	29	177	850	14,247	252	258
Total voted expenditure in TME	280,074	286,182	300,852	324,631	344,557	383,844	402,146	406,117	426,768
Non-voted expenditure in TME									
<i>DEL</i>									
Central government own spending, excluding depreciation	49,155	55,896	59,053	63,531	67,790	72,492	77,538	81,478	86,799
Support for Local Authorities	14,838	17,063	18,490	20,009	19,558	19,967	20,365	21,184	21,571
Support for public corporations	1,443	1,329	1,204	1,244	840	923	625	534	568
Depreciation	1,055	897	1,149	1,186	1,585	1,264	1,390	1,488	1,592
DEL not allocated by spending sector	–	–	–	–	–	–1,078	3,500	3,900	3,700
<i>Departmental AME</i>									
Central government own spending	70,154	78,546	83,706	89,571	101,888	100,667	108,142	115,141	119,671
Support for Local Authorities	203	475	145	154	168	353	344	291	291
Support for public corporations ⁽¹⁾	–34	–31	–38	–47	–105	–195	–178	–170	–50
<i>Other AME</i>									
Locally financed expenditure, net expenditure transfers to the EC, and accounting and other adjustments ⁽¹⁾	4,154	15,141	28,078	23,979	13,446	8,113	3,880	16,583	18,874
Total non-voted expenditure in TME	140,968	169,316	191,786	199,628	205,168	202,505	215,600	240,400	253,000
Total Managed Expenditure	421,042	455,498	492,638	524,259	549,725	586,349	617,800	646,500	679,800
Memorandum									
<i>Voted expenditure not in TME (included within "Non-Budget" in Estimates):</i>									
Grants to NDPBs to finance their expenditure	27,164	32,959	34,048	37,965	37,813	40,895	44,455	–	–
Grants to devolved administrations to finance their expenditure	35,089	35,079	38,050	40,717	45,400	47,519	47,331	–	–
Other non-public expenditure	–2,258	–3,266	–9,709	1,048	–10,293	–12,400	–13,451	–	–
Total voted expenditure not in TME	59,995	64,773	62,390	79,730	72,920	76,014	78,335	–	–
Total voted expenditure	340,069	350,955	363,242	404,361	417,476	459,858	480,481	–	–

(1) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

DIFFERENCES FROM PREVIOUS PLANS

3.1 This chapter compares the latest plans for DEL and AME with the plans set out in PESA 2007 (Cm 7091), which were consistent with Budget 2007, and the plans announced in the 2007 Comprehensive Spending Review (CSR). The tables in this chapter do not fall within the scope of National Statistics.

What's new

3.2 Historically this chapter showed changes from plans published in the previous PESA. PESA 2008 additionally compares latest plans for resource DEL and capital DEL with those first announced as part of the 2007 CSR.

3.3 **Tables 3.1 and 3.3** reflect the changes made to increase the scope of **Table 1.1**, as outlined in **Chapter 1**. Figures published in PESA 2007 and at the time of the Provisional Expenditure Outturn White Paper (PEOWP) in July 2007 have been recast on this new basis for these tables.

Types of changes

3.4 The comparisons distinguish between two types of change:

- changes that result from the transfer of financing responsibility between departments and spending sectors. I.e. changes in the way public expenditure is measured or the re-allocation of functions between departments (i.e. machinery of government changes); and
- other changes that are due to policy decisions or changes in forecasts of expenditure.

The tables

3.5 Data in the tables taken from last year's PESA are adjusted for the effects of machinery of government changes. The main changes since PESA 2007 are:

- the creation of Children, Schools and Families, Innovation, Universities and Skills, and Business, Enterprise and Regulatory Reform;
- the creation of Justice by joining Constitutional Affairs with the National Offender Management Service (NOMS), including the prison and probation services, which transferred from Home Office; and
- the creation of the Government Equalities Office that was previously part of Communities and Local Government.

As a consequence of the changes outlined above the following departments have ceased to exist: Education and Skills, Constitutional Affairs, and Trade and Industry. In addition the Deputy Prime Minister's Office no longer exists.

3.6 **Tables 3.1, 3.2 and 3.3** are for 2006-07, and compare the latest outturns with the estimated outturns in PESA 2007, and with the provisional outturns published in July 2007 alongside the Public Expenditure Outturn White Paper (PEOWP). The DEL tables also show final provision.

3.7 Tables 3.4, 3.5 and 3.6 are for 2007-08, and compare the current estimated outturns with the plans in PESA 2007. The DEL tables also show final provision following updates provided by departments as part of the Spring Supplementary Estimates.

3.8 Tables 3.7 and 3.8 are for 2008-09, 2009-10 and 2010-11, and compare the current DEL plans (consistent with Budget 2008 and as presented elsewhere in PESA) with the plans first announced in the 2007 CSR.

Main classification and transfer changes affecting plans

3.9 There are a number of changes to the budgeting framework that are designed to align this more closely with the objectives of the fiscal framework and improve incentives to departments. These have been effected as classification changes, that is current and future years budgets have been restated so as to leave departments no better or worse off, and outturns adjusted so that numbers are presented on a consistent basis. The first year of the new regime for control purposes is 2008-09.

3.10 The following main changes have been made to the framework:

- the budgeting treatment of NHS and Foundation Trusts has been amended so that they are more closely aligned with other bodies classified by ONS as part of central government. This change switches certain transactions between near-cash and non-cash within Health resource DEL in years up to 2007-08;
- certain transactions in respect of student loans have moved from DEL to AME. This applies to Northern Ireland Executive and Innovation, Universities and Skills;
- the Defence budgeting treatment has been simplified and several exceptional treatments have been removed. As a result certain transactions relating to the release of provisions move between near-cash and non-cash within resource DEL;
- International Development debt write-offs have been moved from resource DEL to capital DEL to align more closely with their treatment in the National Accounts;
- Nuclear Decommissioning Authority expenditure that is classified as capital in the National Accounts has been moved from Business, Enterprise and Regulatory Reform resource DEL to capital DEL;
- the Export Credit Guarantee Department (included in the Business, Enterprise and Regulatory Reform department group) now has part of its expenditure controlled through DEL;
- the Independent Living Fund has moved from AME to resource DEL affecting both Work and Pensions and Northern Ireland Executive;
- Scotland resource DEL now includes increased cost of capital charge in respect of Scottish Water as a result of definitional changes; and
- Northern Ireland Executive resource DEL now includes depreciation in respect of health trusts and certain pensions transactions that have transferred from AME.

3.11 Tables 3.1 and 3.2 show the effects of transfers and classification changes in DEL at the departmental group level for 2006-07 outturns, with 3.4 and 3.5 showing the same for 2007-08 estimated outturns and 3.7 and 3.8 for plans. The main transfer and classification changes in departmental DELs are:

- decreases to Innovation, Universities and Skills resource DEL reflecting the movement of student loans transactions from DEL to AME. These transactions totalled £0.4bn in 2006-07 outturn and £0.5bn in 2007-08 estimated outturn and in each plans year from 2008-09 to 2010-11;
- the change to the budgeting treatment of debt write-offs switches £0.1bn from International Development resource DEL to capital DEL in both 2006-07 outturn and 2007-08 estimated outturn. This doesn't affect plans years as the CSR settlement was agreed on the new basis;
- the main classification change affecting Business, Enterprise and Regulatory Reform is the movement of Nuclear Decommissioning Authority expenditure from resource DEL to capital DEL. This moves £0.7bn in each of 2006-07 outturn and 2007-08 estimated outturn, but doesn't affect plans years as the CSR settlement was agreed on the new basis. In 2007-08 this decrease in resource DEL is partly offset by the transfer of a £0.1bn Post Office Limited subsidy from AME to DEL;
- Work and Pensions resource DEL has increased in all years as a result of the Independent Living Fund moving from AME to DEL. These increases totalled £0.3bn in 2006-07 outturn, 2007-08 estimated outturn and 2008-09 plans, and £0.4bn in plans for 2009-10 and 2010-11;
- Scotland resource DEL increases by £0.1bn in both 2006-07 outturn and 2007-08 estimated outturn as a result of definitional changes in the cost of capital charge in respect of Scottish Water. The inclusion of similar costs in plans years are offset by the movement of certain impairments into AME;
- Northern Ireland Executive resource DEL increases by £0.1bn in all years from 2006-07 to 2010-11 as a result of the inclusion of health trust depreciation within DEL. Resource DEL is further increased by £0.1bn in each of the plans years following a transfer from AME in respect of pensions; and
- further changes largely reflect transfers of budgetary cover between departments.

3.12 Tables 3.3 and 3.6 show the effect of transfers and classification changes in TME by budgetary aggregate in 2006-07 outturn and 2007-08 estimated outturn respectively. This is the first time that the PESA presentation of the TME table has been published for the plans years 2008-09 to 2010-11, so changes to these plans will first be shown in PESA 2009. Changes to aggregate resource and capital DELs are due to the departmental changes listed above.

3.13 The main transfers and classification changes in departmental AME are:

- social security benefits have decreased in both 2006-07 outturn and 2007-08 estimated outturn following the transfer of the Independent Living Fund into DEL and transfer of lending from the Social Fund into other (capital) departmental expenditure. This line is further decreased in 2006-07 outturn by the movement into non-cash items of provisions relating to the Financial Assistance Scheme;

- the BBC domestic services line is higher in all years due to receipts of payments from Work and Pensions to Culture, Media and Sport in respect of over 75s TV licences moving into other (resource) departmental expenditure;
- the student loans (resource) line is lower in all years as a result of the transfer of Northern Ireland interest receivable from DEL; and
- the non-cash items line increases in both years as it now includes non-cash student loans transactions transferred from DEL and, in 2006-07, the Financial Assistance Scheme provisions moved from social security benefits.

3.14 In other AME, locally-financed expenditure has been revised as a result of definitional changes in the calculation of Local Authority Self-Financed Expenditure (LASFE). The change has removed adjustments that are applied to Local Authority data within the National Accounts, and instead included these adjustments within the accounting adjustments line. Consequently the LASFE component now only reflects data returned by Local Authorities to CLG and the devolved administrations, and there is a clear distinction between Local Authority data and the adjustments applied within the National Accounts.

Policy and estimating changes

3.15 Tables 3.1, 3.2 and 3.3 show changes to final outturn from 2006-07 since PEOWP 2007. Revisions to outturns after stripping out the effects of transfers and classification changes are due to the availability of more up to date information in audited departmental resource accounts.

3.16 Tables 3.4, 3.5 and 3.6 show changes to plans for 2007-08 financed by allocations from the Reserve, draw down of End Year Flexibility (EYF) and changes to forecasts. Departmental plans in 2007-08 increased by just under £5.8bn due to Reserve allocations and EYF draw down for resource DEL, and increased by just under £1.2bn for capital DEL, largely due to a Defence claim on the Reserve and further draw down of EYF. Departmental estimated outturns are provisional. They are likely to be revised further as numbers improve after the year-end. Better information will be published in the Public Expenditure Outturn White Paper in July and in the National Statistics update on the day of the Pre Budget Report (normally in November) after accounts have been audited. The main increases to plans are given below:

- Children, Schools and Families drew down £0.1bn EYF from previous years' under spending;
- Transport drew down £0.3bn EYF in resource DEL and £0.3bn EYF in capital DEL. A claim on the Reserve of £0.3bn in capital DEL was also made in respect of Metronet;
- Home Office drew down £0.2bn EYF in resource DEL, £30m of which was transferred to Justice as part of the machinery of government changes announced in May 2007;
- Defence were allocated £1.9bn of resource DEL on the Reserve in respect of international obligations. They also drew down £1.6bn of resource DEL EYF from underspends in previous years. Capital DEL increased by £0.6bn following a £1.0bn claim on the Reserve and £0.1bn draw down of EYF, partly offset by an agreed £0.5bn transfer from capital DEL to resource DEL;

- Foreign and Commonwealth Office resource DEL increased by £0.2bn, largely due to a claim on the Reserve to finance peacekeeping activities, and a small draw down of EYF from previous years' under spending;
- Business, Enterprise and Regulatory Reform resource DEL increased by £0.5bn, financed by a £0.3bn claim on the Reserve and draw down of EYF of £0.2bn from previous years' under spending;
- Scotland drew down resource and capital DEL EYF of £0.2bn and £0.4bn respectively, from previous years' under spending;
- Northern Ireland Executive resource DEL increased by £0.2bn following a £0.1bn draw down of EYF and a £0.1bn claim on the Reserve in respect of the restoration of devolution;
- Northern Ireland Office drew down £0.2bn of resource DEL EYF from previous years' under spending; and
- Justice resource DEL increased by £0.1bn following a £0.4bn draw down of EYF offset by a £0.3bn reduction in provisions in respect of legal aid. Capital DEL increased by £0.3bn due to a £0.1bn claim on the Reserve and £0.2bn draw down of EYF from previous under spending.

3.17 Changes to expenditure items in Annually Managed Expenditure are largely due to changes in forecasts and other changes announced in the Budget 2008 (HC 388).

3.18 Policy and estimating changes for 2008-09 to 2010-11 are shown in Tables 3.7 and 3.8. The main changes are:

- a £0.1bn reduction in Transport resource DEL in each of 2008-09, 2009-10 and 2010-11 to offset the interest payments on borrowing in respect of Metronet, which now fall in AME;
- an allocation from the Reserve of £0.2bn in 2008-09 for the Foreign and Commonwealth Office in respect of peacekeeping activities;
- allocations from the Reserve in all years for Business, Enterprise and Regulatory Reform and Work and Pensions in respect of financial inclusion funding and Direct Gov respectively; and
- measures announced at Budget 2008.

Table 3.1 Resource DEL 2006–07; changes since PESA April 2007 and PEOWP July 2007

		£ million				
	Final provision adjusted for MOG	Estimated outturn in PESA 2007 adjusted for MOG	Provisional outturn in PEOWP 2007 adjusted for MOG	Transfers and classification changes since PEOWP 2007	Other changes since PEOWP 2007	Outturn
Children, Schools and Families	42,836	42,482	42,138	-3	-	42,135
Health	81,761	80,840	80,313	-	115	80,428
Transport	7,137	6,891	6,868	-	52	6,920
Innovation, Universities and Skills	14,427	14,427	14,427	-349	-	14,079
CLG Communities	3,727	3,656	3,636	-	-10	3,626
CLG Local Government	22,566	22,531	22,541	-	-	22,541
Home Office	8,485	8,478	8,343	-	0	8,343
Justice	8,764	8,399	8,329	-	28	8,357
Law Officers' Departments	718	696	695	-	3	698
Defence	34,080	33,674	33,763	-	-272	33,491
Foreign and Commonwealth Office	1,936	1,932	1,831	-	-4	1,827
International Development	4,352	4,303	4,278	-66	-6	4,206
Business, Enterprise and Regulatory Reform	3,112	3,030	2,929	-696	-76	2,157
Environment, Food and Rural Affairs	3,243	3,276	3,202	-	-100	3,103
Culture, Media and Sport	1,586	1,624	1,520	-	7	1,527
Work and Pensions	8,033	7,723	7,611	256	3	7,870
Scotland	22,379	22,237	22,236	140	-23	22,354
Wales	11,931	11,855	11,641	-	58	11,699
Northern Ireland Executive	7,271	7,186	7,079	71	1	7,150
Northern Ireland Office	1,282	1,270	1,224	-	-	1,224
Chancellor's Departments	5,022	4,988	4,952	-	-	4,952
Cabinet Office	1,830	1,839	1,731	-	1	1,732
Independent Bodies	803	805	751	-	-13	738
Allowance for Shortfall	-	-700	-	-	-	-
Total resource DEL	297,281	293,443	292,040	-647	-238	291,155

Table 3.2 Capital DEL 2006–07; changes since PESA April 2007 and PEOWP July 2007

		£ million				
	Final provision adjusted for MOG	Estimated outturn in PESA 2007 adjusted for MOG	Provisional outturn in PEOWP 2007 adjusted for MOG	Transfers and classification changes since PEOWP 2007	Other changes since PEOWP 2007	Outturn
Children, Schools and Families	5,157	4,128	4,052	0	–	4,052
Health	5,316	3,667	3,391	–	–197	3,194
Transport	6,685	6,539	6,505	–	0	6,505
Innovation, Universities and Skills	1,882	1,882	1,882	0	–	1,882
CLG Communities	5,663	5,365	5,446	–	–14	5,431
CLG Local Government	265	214	223	–	–	223
Home Office	922	844	593	–	0	592
Justice	609	584	526	–	10	536
Law Officers' Departments	15	12	11	–	0	11
Defence	7,449	7,061	7,041	–	29	7,070
Foreign and Commonwealth Office	159	139	145	–	15	160
International Development	685	676	694	66	5	765
Business, Enterprise and Regulatory Reform	555	491	418	716	17	1,152
Environment, Food and Rural Affairs	897	903	933	–	–11	922
Culture, Media and Sport	380	244	333	–	–50	284
Work and Pensions	222	220	215	–	0	215
Scotland	3,032	3,032	3,035	–	0	3,035
Wales	1,405	1,374	1,346	–	–26	1,319
Northern Ireland Executive	930	853	807	–	–5	803
Northern Ireland Office	85	80	69	–	–	69
Chancellor's Departments	346	328	302	–	–	302
Cabinet Office	348	399	309	–	–26	283
Independent Bodies	60	67	56	–	0	56
Allowance for Shortfall	–	–444	–	–	–	–
Total capital DEL	43,069	38,657	38,334	782	–254	38,862

Table 3.3 Total Managed Expenditure 2006–07; changes since PESA April 2007 and PEOWP July 2007

	£ million				
	Estimated outturn in PESA 2007	Provisional outturn in PEOWP 2007	Transfers and classification changes since PEOWP 2007	Other changes since PEOWP 2007	Outturn
CURRENT EXPENDITURE					
Resource DEL	293,443	292,040	-647	-238	291,155
Resource AME	215,568	215,609	289	-22	215,876
<i>Resource departmental AME</i>					
Social security benefits	134,463	134,357	-1,156	262	133,463
Tax credits	14,069	14,282	-	-93	14,189
Net public service pensions	3,582	3,795	-	-488	3,307
National lottery	758	758	-	-57	701
BBC domestic services	2,652	2,652	480	110	3,242
Student loans	-472	-407	-18	-	-426
Non-cash items	39,406	37,899	1,079	6,359	45,338
Other departmental expenditure	3,210	3,285	-430	-37	2,818
Resource departmental AME	197,668	196,620	-45	6,056	202,632
<i>Resource other AME</i>					
Net expenditure transfers to the EC	4,652	4,652	-	-	4,652
Locally financed government expenditure	23,898	23,852	-274	-164	23,414
Central government gross debt interest	27,424	27,571	-	5	27,576
Accounting adjustments	-38,074	-37,086	607	-5,919	-42,399
Resource other AME	17,900	18,989	333	-6,078	13,244
Public sector current expenditure	509,011	507,649	-358	-260	507,031
CAPITAL EXPENDITURE					
Capital DEL	38,657	38,334	782	-254	38,862
Capital AME	4,534	4,444	-424	-188	3,832
<i>Capital departmental AME</i>					
National lottery	952	952	-	-251	701
BBC domestic services	84	84	-	19	103
Student loans	3,446	3,209	-	-2	3,207
Other departmental expenditure	-554	-565	185	-2	-382
Capital departmental AME	3,928	3,680	185	-235	3,630
<i>Capital other AME</i>					
Locally-financed expenditure	2,029	2,029	2,447	267	4,743
Public corporations' own-financed capital expenditure	4,266	4,266	-	1,088	5,354
AME margin	-	-	-	-	-
Accounting adjustments	-5,689	-5,531	-3,055	-1,309	-9,895
Capital other AME	606	764	-609	46	202
Public sector gross investment	43,191	42,778	358	-442	42,694
less public sector depreciation	17,683	17,769	-	-854	16,915
Public sector net investment	25,507	25,009	358	412	25,779
Total Managed Expenditure	552,202	550,427	0	-702	549,725

Table 3.4 Resource DEL 2007–08; changes since PESA 2007

	£ million				
	Plans in PESA 2007 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Children, Schools and Families	44,951	–6	139	45,084	44,935
Health	89,673	0	15	89,688	89,151
Transport	6,704	–145	337	6,897	6,760
Innovation, Universities and Skills	16,073	–479	80	15,674	15,539
CLG Communities	4,257	3	78	4,337	4,235
CLG Local Government	22,813	2	0	22,815	22,739
Home Office	8,523	–28	181	8,676	8,654
Justice	8,976	37	142	9,154	8,974
Law Officers' Departments	718	17	29	764	738
Defence	32,812	75	4,034	36,921	36,746
Foreign and Commonwealth Office	1,811	–64	211	1,958	1,939
International Development	4,637	–73	–	4,564	4,563
Business, Enterprise and Regulatory Reform	3,065	–628	561	2,997	2,874
Environment, Food and Rural Affairs	2,987	8	27	3,022	3,063
Culture, Media and Sport	1,564	3	40	1,607	1,652
Work and Pensions	7,795	301	52	8,148	8,070
Scotland	23,510	109	225	23,844	23,844
Wales	12,457	1	139	12,596	12,506
Northern Ireland Executive	7,597	80	163	7,840	7,630
Northern Ireland Office	1,141	54	190	1,385	1,363
Chancellor's Departments	4,861	–2	78	4,937	4,817
Cabinet Office	1,866	–79	127	1,914	1,876
Independent Bodies	777	0	12	789	810
DEL Reserve	589	–	–589	–	–
Unallocated Special Reserve	400	–	–400	–	–
Allowance for Shortfall	–	–	–	–	–351
Total resource DEL	310,556	–813	5,869	315,611	313,128

Table 3.5 Capital DEL 2007–08; changes since PESA 2007

	£ million				
	Plans in PESA 2007 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Children, Schools and Families	5,829	–	–	5,829	5,532
Health	4,321	0	2	4,322	3,575
Transport	6,561	–17	642	7,186	7,104
Innovation, Universities and Skills	1,881	78	107	2,066	2,029
CLG Communities	5,905	–67	231	6,069	6,036
CLG Local Government	143	–13	0	130	65
Home Office	767	–47	43	764	780
Justice	709	26	317	1,052	980
Law Officers' Departments	15	–	4	19	15
Defence	7,548	7	565	8,120	8,120
Foreign and Commonwealth Office	148	15	81	244	246
International Development	643	73	15	731	731
Business, Enterprise and Regulatory Reform	467	649	82	1,198	1,128
Environment, Food and Rural Affairs	907	–17	2	891	910
Culture, Media and Sport	402	80	40	522	455
Work and Pensions	72	5	30	107	100
Scotland	3,118	17	430	3,565	3,542
Wales	1,617	–	–49	1,568	1,527
Northern Ireland Executive	1,015	–6	42	1,052	1,015
Northern Ireland Office	72	0	–	72	9
Chancellor's Departments	276	–	24	300	291
Cabinet Office	326	10	73	408	411
Independent Bodies	74	–	0	74	63
DEL Reserve	1,512	–	–1,512	–	–
Allowance for Shortfall	–	–	–	–	–727
Total capital DEL	44,326	793	1,169	46,288	43,936

Table 3.6 Total Managed Expenditure 2007–08; changes since PESA 2007

	Plans in PESA 2007	Transfers and classification changes	Other changes	£ million Estimated outturn
CURRENT EXPENDITURE				
Resource DEL	310,556	-813	3,384	313,128
Resource AME	228,071	503	-1,560	227,014
<i>Resource departmental AME</i>				
Social security benefits	140,900	-400	-228	140,273
Tax credits	14,758	-	640	15,398
Net public service pensions	9,789	-	293	10,083
National lottery	667	-	241	908
BBC domestic services	2,741	502	13	3,256
Student loans	-515	-26	26	-515
Non-cash items	37,262	730	6,544	44,535
Other departmental expenditure	2,817	-511	228	2,534
Resource departmental AME	208,419	296	7,757	216,472
<i>Resource other AME</i>				
Net expenditure transfers to the EC	5,010	-	382	5,392
Locally financed government expenditure	25,898	-789	-351	24,757
Central government gross debt interest	29,100	-	846	29,946
AME margin	900	-	-900	-
Accounting adjustments	-41,256	997	-9,295	-49,554
Resource other AME	19,652	208	-9,318	10,541
Public sector current expenditure	538,627	-310	1,824	540,141
CAPITAL EXPENDITURE				
Capital DEL	44,326	793	-1,183	43,936
Capital AME	3,686	-433	-981	2,272
<i>Capital departmental AME</i>				
National lottery	846	-	-56	790
BBC domestic services	70	-	15	85
Student loans	4,225	-	-59	4,166
Other departmental expenditure	183	99	-623	-341
Capital departmental AME	5,324	99	-723	4,700
<i>Capital other AME</i>				
Locally-financed expenditure	1,915	1,306	957	4,178
Public corporations' own-financed capital expenditure	4,508	-	175	4,683
AME margin	100	-	-100	-
Accounting adjustments	-8,161	-1,838	-1,290	-11,289
Capital other AME	-1,638	-532	-258	-2,428
Public sector gross investment	48,012	360	-2,164	46,208
less public sector depreciation	18,651	-	-953	17,698
Public sector net investment	29,361	360	-1,211	28,510
Total Managed Expenditure	586,639	50	-340	586,349

Table 3.7 Resource DEL 2008–09 to 2010–11; changes since 2007 CSR

	2008–09				2009–10				2010–11			
	Plans in 2007 CSR adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New plans	Plans in 2007 CSR adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New plans	Plans in 2007 CSR adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New plans
Children, Schools and Families	46,911	-8	7	46,909	49,218	2	17	49,237	51,904	3	39	51,945
Health	94,017	-21	0	93,997	99,927	-21	1	99,907	106,359	-21	1	106,339
Transport	6,443	1	-88	6,356	6,493	1	-96	6,398	6,673	1	-103	6,571
Innovation, Universities and Skills	16,888	-510	-	16,379	17,649	-494	-	17,155	18,693	-486	-	18,207
CLG Communities	4,350	-17	-6	4,327	4,516	-34	-7	4,475	4,659	-34	-6	4,619
CLG Local Government	24,703	2	-	24,705	25,605	-14	-	25,591	26,412	-20	-	26,392
Home Office	9,046	20	-	9,066	9,294	19	-	9,313	9,588	19	-	9,607
Justice	9,333	0	0	9,333	9,379	0	1	9,380	9,439	0	1	9,440
Law Officers' Departments	725	-	-	725	720	-	-	720	714	-	-	714
Defence	33,582	41	-	33,623	35,150	21	-	35,171	36,684	25	-	36,709
Foreign and Commonwealth Office	1,594	36	200	1,830	1,610	-	-	1,610	1,618	-	-	1,618
International Development	4,921	-52	-	4,869	5,502	-	-	5,502	6,386	-	-	6,386
Business, Enterprise and Regulatory Reform	2,285	43	25	2,353	2,237	28	25	2,290	2,227	26	28	2,281
Environment, Food and Rural Affairs	2,934	2	1	2,936	2,965	2	-	2,967	2,972	2	-	2,974
Culture, Media and Sport	1,625	-7	3	1,620	1,686	-8	-	1,678	1,761	-8	-	1,753
Work and Pensions	7,582	343	41	7,966	7,399	351	49	7,799	7,082	359	98	7,539
Scotland	24,454	-39	7	24,422	25,414	-19	3	25,398	26,501	1	5	26,507
Wales	12,984	2	1	12,987	13,566	2	1	13,569	14,215	2	3	14,219
Northern Ireland Executive	7,872	199	6	8,077	8,176	208	5	8,389	8,517	222	10	8,749
Northern Ireland Office	1,224	-17	-	1,207	1,192	-20	-	1,172	1,192	-11	-	1,181
Chancellor's Departments	4,752	0	1	4,753	4,635	0	1	4,636	4,521	0	1	4,522
Cabinet Office	2,145	-45	0	2,100	2,288	-43	1	2,247	2,472	-43	1	2,431
Independent Bodies	845	-	14	859	880	-	-38	842	977	-	-36	941
Modernisation Funding	500	-	-	500	400	-	-	400	100	-	-	100
DEL Reserve	2,500	-	-200	2,300	2,800	-	-100	2,800	3,000	-	-100	2,900
Total resource DEL	324,300	-27	0	324,300	338,800	-18	-100	338,700	354,600	35	0	354,600

£ million

Table 3.8 Capital DEL 2008–09 to 2010–11; changes since 2007 CSR

	2008–09				2009–10				2010–11			
	Plans in 2007 CSR adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New plans	Plans in 2007 CSR adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New plans	Plans in 2007 CSR adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New plans
Children, Schools and Families	6,011	-	-	6,011	6,376	-	-	6,376	7,631	-	-	7,631
Health	4,711	-	-	4,711	5,475	-	-	5,475	6,208	-	-	6,208
Transport	7,294	-	-	7,294	7,614	-	-	7,614	8,112	-	-	8,112
Innovation, Universities and Skills	1,990	-	-	1,990	2,205	-	-	2,205	2,260	-	-	2,260
CLG Communities	6,975	-	-	6,975	7,337	-	-	7,337	7,524	-	-	7,524
CLG Local Government	94	-6	-	87	114	-6	-	107	92	2	-	93
Home Office	854	-	-	854	782	-	-	782	853	-	-	853
Justice	692	-	-	692	779	-	-	779	744	-	-	744
Law Officers' Departments	13	-	-	13	13	-	-	13	13	-	-	13
Defence	7,871	-	-	7,871	8,187	-	-	8,187	8,871	-	-	8,871
Foreign and Commonwealth Office	206	-	-	206	216	-	-	216	205	-	-	205
International Development	891	-	-	891	1,366	-	-	1,366	1,556	-	-	1,556
Business, Enterprise and Regulatory Reform	1,231	1	-	1,231	1,231	1	-	1,232	1,235	1	-	1,235
Environment, Food and Rural Affairs	1,000	-	0	1,000	1,050	-	-	1,050	1,200	-	-	1,200
Culture, Media and Sport	1,046	-2	0	1,045	406	-2	-	404	568	-2	-	566
Work and Pensions	66	8	8	82	65	8	8	81	63	-	8	71
Scotland	3,147	-	0	3,147	3,342	-	0	3,342	3,641	-	-	3,641
Wales	1,568	-	0	1,568	1,678	-	0	1,678	1,841	-	-	1,841
Northern Ireland Executive	994	0	0	994	1,058	-	0	1,058	1,156	-	-	1,156
Northern Ireland Office	72	-	-	72	72	-	-	72	72	-	-	72
Chancellor's Departments	269	-	-	269	262	-	-	262	255	-	-	255
Cabinet Office	361	-	-	361	390	-	-	390	354	-	-	354
Independent Bodies	48	-	12	60	37	-	15	52	37	-	8	45
DEL Reserve	700	-	0	700	700	-	0	700	800	-	0	800
Total capital DEL	48,100	1	0	48,100	50,700	1	0	50,700	55,300	1	0	55,300

£ million

4.1 The analyses in this chapter show trends in government expenditure over a longer span of years than presented elsewhere in PESA, adjusted as far as possible so that figures for historical outturn years are based on current definitions.

4.2 Data in this chapter are a mix of cash and accruals. All outturn data for Total Expenditure on Services up until 1997-1998 are on a cash basis and subsequent years' data are on an accruals basis. All outturn data (to 2006-07) in the tables in this chapter are National Statistics.

Public expenditure aggregates

4.3 Table 4.1 shows trends in public expenditure since 1967-68 in nominal and in real terms and as a per cent of Gross Domestic Product (GDP). The table shows three spending aggregates in these ways: public sector current expenditure, public sector net investment and Total Managed Expenditure (TME). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only. Data for all these aggregates for the years up to 2006-07 are taken from the public sector accounts compiled by the Office for National Statistics (ONS). The public sector accounts are a part of the National Accounts that are updated monthly. Public sector capital expenditure (or gross investment) *less* public sector depreciation equals public sector net investment. Public sector capital expenditure *plus* public sector current expenditure is equal to TME – which is a measure of total public sector spending drawn from National Accounts. Figures for 2007-08 are estimated outturn and 2008-09 to 2010-11 are projections produced by the Treasury.

Total Expenditure on Services by function

4.4 The key concept to understand in the derivation of the public expenditure by function series is Total Expenditure on Services (TES). This is the spending aggregate that is allocated to function and covers most expenditure by the public sector that is included in TME.

4.5 TES includes central government spending, but excludes the part that is finance to Local Authorities and capital finance to public corporations. This central government own expenditure is then combined with actual spending by Local Authorities and public corporations to give total public sector expenditure. TES is a near-cash measure of spending in that it excludes all non-cash items such as depreciation and cost of capital charges. Full details of the definition of TES and the relationship to departments' budgets are available in Appendix E.

4.6 Table 4.2 shows TES by UN COFOG (Classification Of the Functions Of Government) level 1 from 1987-88. Tables 4.3 and 4.4 present this in real terms and as a per cent of GDP, respectively. These tables cover outturn years and give estimated outturns for 2007-08. They also show in italics the sub-functional divisions used prior to the introduction of UN COFOG in PESA 2007.

Methods and data quality for long run TES series

4.7 Our aim is that the attribution of spending to functions should be broadly consistent over the entire table.

4.8 Data in Tables 4.2, 4.3 and 4.4 for years before 2002-03 are not taken directly from the live public expenditure database that is maintained by government departments (see Appendix A). Summary data from the database are archived at the point at which data cease to be live.

4.9 Normally, historical outturn data are not subject to adjustment. However, sometimes reclassifications affect the long run functional series. These include ONS decisions for the National Accounts and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending to functions.

4.10 Only the larger classification changes are taken back to the historical years, based on the change in expenditure relative to the size of the function or functions concerned. Reclassifications that are taken back to the historical series are based on archived data. It is not always possible to identify the relevant data within the archives because of changes in recording practices over time, and if data series need to be split across functions it is not always possible to ascertain the correct split to apply. The decision as to the procedure used to implement reclassifications for historical years is taken by Treasury officials after discussions with the relevant government departments, and can sometimes entail a simple percentage split based on the best information available.

4.11 These factors mean that the attribution of spending to functions in the historical years is less accurate than in the live years. TES functional numbers in the long-run series are presented as accurate to within £100m. This may, in some cases, overstate the accuracy of the figures due to rounding and so small differences in figures or rates of change should be disregarded.

4.12 The reclassifications and corrections since PESA 2007 that affect the historical functional series are as follows:

- the reclassification of Local Authority expenditure on reducing homelessness from **housing and community amenities** to **social protection** in all years back to 2001-02;
- the reclassification of administrative expenditure by Scottish Enterprise and Highlands and Islands Enterprise from **public and common services** to **enterprise and economic development** in all years back to 2001-02;
- corrections to the reporting of NHS Trusts in Scotland have resulted in revisions to **health** expenditure from 1987-88 to 2002-03;
- the correction to include the capital spending of Voluntary Aided schools as part of local government spending has increased **education** for all years back to 1987-88; and
- corrections to the reporting of student loans in Scotland and England have partly offset the above increase in **education** spending in each year from 1997-98 to 2006-07.

Table 4.1 Public expenditure aggregates, 1967–68 to 2010–11

Outturn data in this table up to 2006–07 fall within the scope of National Statistics

	Public sector current expenditure			Depreciation		Public sector net investment			Total Managed Expenditure		
	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion		Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP
1967-68	13.8	177.5	33.8	1.5		3.0	38.3	7.3	18.3	234.4	44.7
1968-69	14.8	181.6	33.4	1.6		2.9	35.3	6.5	19.3	236.5	43.5
1969-70	15.7	182.4	33.0	1.7		2.9	33.2	6.0	20.3	235.8	42.6
1970-71	17.4	186.3	32.8	2.0		3.3	35.6	6.3	22.7	243.1	42.8
1971-72	19.8	195.2	33.5	2.3		3.1	30.9	5.3	25.2	248.5	42.7
1972-73	22.4	203.3	33.3	2.6		3.3	29.7	4.9	28.3	256.4	42.1
1973-74	26.4	223.8	35.3	3.1		3.9	33.5	5.3	33.4	283.5	44.7
1974-75	34.8	246.8	39.0	3.9		5.1	35.9	5.7	43.7	310.3	49.0
1975-76	44.6	252.1	40.1	4.9		6.2	35.2	5.6	55.7	315.0	50.1
1976-77	52.0	259.2	40.1	5.8		5.8	28.9	4.5	63.6	316.9	49.0
1977-78	58.3	255.7	38.6	6.6		4.5	19.8	3.0	69.5	304.4	45.9
1978-79	66.7	263.2	38.6	7.5		4.4	17.2	2.5	78.6	310.1	45.4
1979-80	79.9	269.8	38.4	8.9		4.8	16.1	2.3	93.6	315.9	45.0
1980-81	97.2	277.8	41.0	10.7		4.5	12.9	1.9	112.5	321.4	47.5
1981-82	111.3	290.2	42.8	11.7		2.6	6.9	1.0	125.6	327.5	48.3
1982-83	121.7	296.5	42.8	12.1		4.5	10.9	1.6	138.3	336.9	48.7
1983-84	131.4	305.8	42.5	12.6		5.7	13.3	1.8	149.7	348.4	48.4
1984-85	142.0	314.0	42.8	12.6		5.3	11.7	1.6	159.9	353.7	48.2
1985-86	150.0	314.5	41.2	12.3		4.3	9.1	1.2	166.6	349.3	45.8
1986-87	157.3	319.4	40.4	12.7		2.7	5.5	0.7	172.7	350.8	44.3
1987-88	168.0	323.1	38.8	12.7		2.6	4.9	0.6	183.3	352.4	42.3
1988-89	175.4	315.3	36.4	13.6		1.7	3.0	0.3	190.7	342.6	39.5
1989-90	189.3	317.4	35.8	14.3		6.6	11.1	1.3	210.2	352.5	39.8
1990-91	205.6	319.6	36.2	14.1		7.8	12.1	1.4	227.5	353.7	40.1
1991-92	230.8	338.3	38.6	12.6		10.8	15.8	1.8	254.2	372.5	42.5
1992-93	249.9	354.7	40.3	12.7		11.6	16.4	1.9	274.1	389.2	44.3
1993-94	263.9	365.1	40.2	12.9		9.4	13.0	1.4	286.2	396.0	43.6
1994-95	276.3	376.5	39.8	13.1		9.8	13.3	1.4	299.1	407.7	43.1
1995-96	288.1	381.1	39.2	13.1		10.1	13.4	1.4	311.3	411.8	42.4
1996-97	298.0	381.3	38.3	12.4		5.4	7.0	0.7	315.8	404.2	40.6
1997-98	305.0	379.2	36.8	12.2		4.8	5.9	0.6	321.9	400.3	38.8
1998-99	312.8	379.4	35.7	12.0		5.9	7.2	0.7	330.8	401.1	37.7
1999-00	325.1	386.5	35.1	12.3		5.4	6.4	0.6	342.9	407.5	37.0
2000-01	346.3	405.8	35.7	12.6		5.2	6.1	0.5	364.1	426.7	37.5
2001-02	364.2	416.8	35.9	13.1		11.8	13.5	1.2	389.1	445.3	38.4
2002-03	393.4	436.6	36.7	14.0		13.7	15.2	1.3	421.0	467.3	39.3
2003-04	425.3	458.8	37.4	14.6		15.6	16.8	1.4	455.5	491.3	40.1
2004-05	456.9	479.5	38.2	15.1		20.6	21.6	1.7	492.6	517.1	41.2
2005-06	484.6	497.9	38.8	16.1		23.6	24.2	1.9	524.3	538.6	42.0
2006-07	507.0	507.0	38.3	16.9		25.8	25.8	1.9	549.7	549.7	41.5
2007-08	540.1	523.4	38.4	17.7		28.5	27.6	2.0	586.3	568.2	41.7
2008-09	566.2	532.2	38.4	18.6		32.9	30.9	2.2	617.8	580.6	41.9
2009-10	592.3	542.0	38.2	19.6		34.7	31.7	2.2	646.5	591.7	41.7
2010-11	622.4	554.6	38.1	20.7		36.7	32.7	2.3	679.8	605.8	41.6

(1) Real terms figures are the nominal figures adjusted to 2006–07 price levels using GDP deflators. For years 1967–68 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). The deflators for 2007–08 are consistent with the March 2008 Financial Statement and Budget Report.

Table 4.2 Total Expenditure on Services by function, 1987–88 to 2007–08

	National Statistics																		accruals, £ billion				
	cash, £ billion																						
	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2006–07	2007–08
1. General public services	25.2	26.2	28.2	28.3	27.1	28.2	30.0	33.0	36.5	37.7	39.2	40.0	37.3	39.0	36.4	36.2	39.1	42.7	45.9	48.1	52.1		
of which: public and common services	3.6	3.9	4.9	5.3	5.9	6.0	6.0	6.2	6.3	6.5	6.4	7.5	8.2	8.2	9.4	10.0	10.9	12.2	12.9	13.2	14.0		
of which: international services	1.9	2.1	2.3	2.5	2.9	3.1	3.2	3.3	3.4	3.1	3.1	3.2	3.7	4.2	4.3	4.5	5.1	5.5	6.2	6.3	6.9		
of which: public sector debt interest	19.7	20.2	20.9	20.5	18.3	19.0	20.8	23.5	26.8	28.1	29.7	29.4	25.4	26.6	22.7	21.7	23.0	24.9	26.8	28.6	31.2		
2. Defence	19.1	19.4	21.0	22.0	23.2	23.8	23.5	23.3	22.5	22.1	21.7	24.5	25.1	25.7	25.4	27.0	28.8	30.0	30.9	32.2	33.8		
3. Public order and safety	8.0	8.8	10.1	11.5	13.0	14.2	14.8	15.4	15.7	16.2	16.9	17.8	18.1	20.1	22.8	24.2	26.3	28.3	29.0	30.3	32.5		
4. Economic affairs	19.0	18.7	19.6	21.6	21.4	23.3	23.8	23.9	23.4	23.3	21.5	19.6	21.5	23.8	27.8	30.8	33.0	33.7	35.5	37.9	40.2		
of which: enterprise and economic development	6.5	6.7	7.0	6.9	5.4	5.4	5.5	4.7	4.5	4.3	4.3	3.1	4.4	4.9	5.1	5.9	6.0	6.6	6.6	6.5	7.2		
of which: science and technology	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.7	2.1	2.3	2.5	2.9	2.8	3.2		
of which: employment policies	3.0	2.7	2.3	2.4	2.7	2.9	3.1	3.2	3.1	2.8	2.5	2.9	3.5	3.8	3.3	3.0	3.2	3.2	3.4	3.4	3.4		
of which: agriculture, fisheries and forestry	2.2	2.0	1.9	2.7	2.8	2.9	3.8	3.4	3.9	5.4	4.7	4.4	4.3	4.7	6.3	4.9	5.2	5.4	5.6	5.1	5.3		
of which: transport	6.4	6.3	7.3	8.3	9.2	10.8	10.0	11.5	10.9	9.5	8.7	7.8	7.9	9.0	11.3	14.8	16.2	16.0	17.0	20.1	21.3		
5. Environment protection	2.4	2.6	2.9	3.2	3.4	3.6	3.4	3.8	4.1	3.7	4.0	4.3	4.9	5.1	5.5	6.1	6.3	7.0	8.4	9.2	10.0		
6. Housing and community amenities	4.6	3.6	5.3	6.0	6.8	7.1	6.2	6.2	6.0	5.7	4.9	5.5	4.7	5.5	6.2	5.4	6.6	7.9	10.5	11.5	12.5		
7. Health	20.3	22.4	24.2	27.1	30.9	34.2	36.6	39.4	41.4	42.8	44.5	46.9	49.4	54.2	59.8	66.2	74.9	82.9	89.7	94.5	102.6		
8. Recreation, culture and religion	3.5	3.8	4.3	4.8	5.0	5.1	5.1	5.2	5.5	5.7	6.4	7.2	7.7	7.8	8.6	9.3	9.6	10.0	10.7	11.3	12.4		
9. Education (includes training)	21.2	23.1	25.9	28.1	31.3	33.2	34.7	36.2	37.0	37.8	38.6	40.0	42.2	45.9	51.2	54.7	61.0	65.0	69.6	72.8	78.8		
of which: education	20.3	21.9	24.4	26.9	29.7	32.0	33.5	35.0	35.8	36.4	37.4	38.7	40.8	44.4	49.7	52.9	59.0	62.9	67.5	70.7	76.2		
of which: training	0.9	1.2	1.4	1.2	1.7	1.1	1.2	1.2	1.2	1.3	1.2	1.3	1.4	1.5	1.5	1.9	2.0	2.0	2.2	2.2	2.5		
10. Social protection	55.1	56.8	61.3	68.2	80.2	91.1	98.3	102.0	107.6	112.8	114.5	115.2	123.0	128.5	137.4	145.3	155.4	164.0	170.9	177.1	186.6		
EU transactions	-1.6	-2.5	-1.5	-2.3	-4.1	-3.4	-4.7	-4.3	-4.1	-5.2	-3.7	-2.6	-2.7	-2.6	-4.8	-1.9	-2.1	-0.9	-0.6	-1.8	-1.6		
Unallocated ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Expenditure on Services	176.8	183.0	201.1	218.4	238.2	260.5	271.6	284.1	295.8	302.5	308.5	318.5	331.2	353.1	376.2	403.4	438.9	470.5	500.6	523.2	559.1		
Accounting adjustments	6.5	7.6	9.1	9.1	16.0	13.7	14.6	15.1	15.5	13.3	13.4	12.3	11.7	11.0	12.9	17.7	16.6	22.1	23.7	26.5	27.3		
Total Managed Expenditure	183.3	190.7	210.2	227.5	254.2	274.1	286.2	299.1	311.3	315.8	321.9	330.8	342.9	364.1	389.1	421.0	455.5	492.6	524.3	549.7	586.3		

(1) Includes allowance for shortfall and departmental unallocated provision.

Table 4.3 Total Expenditure on Services by function in real terms⁽¹⁾, 1987–88 to 2007–08

	National Statistics																				
	cash, £ billion																				
	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
1. General public services	48.4	47.1	47.2	44.0	39.8	40.0	41.5	44.9	48.3	48.2	48.7	48.5	44.4	45.7	41.6	40.2	42.2	44.8	47.1	48.1	50.5
of which: public and common services	6.9	7.1	8.2	8.2	8.7	8.5	8.3	8.4	8.4	8.3	7.9	9.0	9.8	9.6	10.8	11.1	11.8	12.8	13.3	13.2	13.6
of which: international services	3.6	3.8	3.9	3.9	4.3	4.5	4.5	4.5	4.6	4.0	3.8	3.9	4.4	4.9	4.9	4.9	5.5	5.8	6.4	6.3	6.7
of which: public sector debt interest	38.0	36.2	35.1	31.8	26.8	27.0	28.7	32.0	35.4	36.0	36.9	35.6	30.2	31.2	25.9	24.1	24.9	26.2	27.5	28.6	30.2
2. Defence	36.7	34.9	35.2	34.1	34.0	33.9	32.5	31.8	29.7	28.3	26.9	29.7	29.8	30.1	29.1	30.0	31.1	31.4	31.8	32.2	32.8
3. Public order and safety	15.3	15.9	16.9	17.9	19.0	20.2	20.4	20.9	20.8	20.8	21.0	21.6	21.6	23.6	26.1	26.8	28.4	29.7	29.8	30.3	31.5
4. Economic affairs	36.6	33.6	32.9	33.6	31.4	33.1	33.0	32.5	31.0	29.9	26.8	23.8	25.5	27.9	31.8	34.1	35.6	35.3	36.5	37.9	39.0
of which: enterprise and economic development	12.5	12.0	11.7	10.8	7.9	7.6	7.6	6.4	5.9	5.5	5.4	3.7	5.3	5.7	5.9	6.6	6.5	6.9	6.8	6.5	7.0
of which: science and technology	1.9	1.9	1.9	1.9	1.9	2.0	2.1	1.5	1.6	1.8	1.7	1.7	1.6	1.7	2.0	2.4	2.5	2.6	3.0	2.8	3.1
of which: employment policies	5.7	4.8	3.9	3.7	4.0	4.1	4.2	4.3	4.0	3.5	3.1	3.5	4.2	4.4	3.8	3.3	3.5	3.4	3.5	3.4	3.2
of which: agriculture, fisheries and forestry	4.3	3.6	3.2	4.2	4.1	4.1	5.2	4.6	5.1	6.9	5.9	5.4	5.1	5.5	7.2	5.4	5.6	5.7	5.8	5.1	5.1
of which: transport	12.2	11.2	12.2	13.0	13.5	15.3	13.9	15.7	14.4	12.1	10.8	9.5	9.4	10.6	13.0	16.5	17.5	16.8	17.5	20.1	20.6
5. Environment protection	4.6	4.8	4.9	5.0	5.0	5.1	4.6	5.2	5.5	4.7	5.0	5.2	5.8	6.0	6.3	6.7	6.8	7.3	8.6	9.2	9.7
6. Housing and community amenities	8.8	6.4	8.8	9.3	9.9	10.0	8.6	8.5	8.0	7.3	6.1	6.7	5.5	6.4	7.1	6.0	7.1	8.3	10.8	11.5	12.1
7. Health	38.9	40.3	40.5	42.1	45.3	48.6	50.6	53.7	54.8	54.7	55.4	56.9	58.7	63.6	68.4	73.5	80.8	87.0	92.1	94.5	99.4
8. Recreation, culture and religion	6.7	6.9	7.2	7.5	7.3	7.3	7.0	7.2	7.3	7.3	7.9	8.7	9.2	9.1	9.8	10.4	10.4	10.5	11.0	11.3	12.0
9. Education (includes training)	40.8	41.6	43.4	43.6	45.9	47.1	48.0	49.4	48.9	48.3	48.0	48.6	50.1	53.8	58.6	60.8	65.8	68.2	71.5	72.8	76.3
of which: education	39.0	39.4	41.0	41.8	43.5	45.5	46.3	47.7	47.4	46.6	46.5	46.9	48.4	52.1	56.8	58.7	63.7	66.1	69.3	70.7	73.9
of which: training	1.8	2.2	2.4	1.8	2.4	1.6	1.7	1.7	1.5	1.7	1.5	1.6	1.7	1.8	1.8	2.1	2.1	2.1	2.2	2.2	2.5
10. Social protection	105.9	102.1	102.7	106.0	117.5	129.3	136.0	139.0	142.4	144.3	142.3	139.7	146.2	150.6	157.3	161.2	167.6	172.1	175.6	177.1	180.9
EU transactions	-3.0	-4.5	-2.6	-3.5	-6.0	-4.8	-6.4	-5.8	-5.4	-6.6	-4.6	-3.2	-3.2	-3.0	-5.5	-2.1	-2.2	-0.9	-0.6	-1.8	-1.6
Unallocated ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.9
Total Expenditure on Services	339.9	328.9	337.2	339.5	349.1	369.8	375.8	387.2	391.3	387.1	383.5	386.2	393.7	413.8	430.6	447.7	473.4	493.8	514.3	523.2	541.8
Accounting adjustments	12.5	13.7	15.2	14.1	23.4	19.4	20.2	20.5	20.6	17.1	16.7	15.0	13.9	12.9	14.7	19.6	17.9	23.2	24.3	26.5	26.4
Total Managed Expenditure	352.4	342.6	352.5	353.7	372.5	389.2	396.0	407.7	411.8	404.2	400.3	401.1	407.5	426.7	445.3	467.3	491.3	517.1	538.6	549.7	568.2

(1) Real terms figures are the nominal figures adjusted to 2006–07 price levels using GDP deflators. For years 1987–88 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). GDP for 2007–08 is consistent with the March 2008 Financial Statement and Budget Report.

(2) Includes allowance for shortfall and departmental unallocated provision.

Table 4.4 Total Expenditure on Services by function as a percent of GDP⁽¹⁾, 1987–88 to 2007–08

	National Statistics																		based on accruals				
	based on cash																						
	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2006–07	2007–08
1. General public services	5.8	5.4	5.3	5.0	4.5	4.5	4.6	4.8	5.0	4.8	4.7	4.6	4.0	4.0	3.6	3.4	3.4	3.6	3.7	3.6	3.7	3.6	3.7
of which: public and common services	0.8	0.8	0.9	0.9	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.9	0.9	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0
of which: international services	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5
of which: public sector debt interest	4.6	4.2	4.0	3.6	3.1	3.1	3.2	3.4	3.6	3.6	3.6	3.4	2.7	2.7	2.2	2.0	2.0	2.1	2.1	2.1	2.2	2.2	
2. Defence	4.4	4.0	4.0	3.9	3.9	3.8	3.6	3.4	3.1	2.8	2.6	2.8	2.7	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.4	
3. Public order and safety	1.8	1.8	1.9	2.0	2.2	2.3	2.2	2.2	2.1	2.1	2.0	2.0	2.0	2.1	2.3	2.3	2.3	2.4	2.3	2.3	2.3	2.3	
4. Economic affairs	4.4	3.9	3.7	3.8	3.6	3.8	3.6	3.4	3.2	3.0	2.6	2.2	2.3	2.5	2.7	2.9	2.9	2.8	2.8	2.9	2.9	2.9	
of which: enterprise and economic development	1.5	1.4	1.3	1.2	0.9	0.9	0.8	0.7	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	
of which: science and technology	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
of which: employment policies	0.7	0.6	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
of which: agriculture, fisheries and forestry	0.5	0.4	0.4	0.5	0.5	0.5	0.6	0.5	0.5	0.7	0.6	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	
of which: transport	1.5	1.3	1.4	1.5	1.5	1.7	1.5	1.7	1.5	1.2	1.0	0.9	0.8	0.9	1.1	1.4	1.4	1.3	1.4	1.5	1.5	1.5	
5. Environment protection	0.6	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	
6. Housing and community amenities	1.1	0.7	1.0	1.1	1.1	1.1	0.9	0.9	0.8	0.7	0.6	0.6	0.5	0.6	0.6	0.5	0.6	0.7	0.8	0.9	0.9	0.9	
7. Health	4.7	4.6	4.6	4.8	5.2	5.5	5.6	5.7	5.6	5.5	5.4	5.4	5.3	5.6	5.9	6.2	6.6	6.9	7.2	7.1	7.3	7.3	
8. Recreation, culture and religion	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.9	0.9	0.9	0.9	
9. Education (includes training)	4.9	4.8	4.9	4.9	5.2	5.4	5.3	5.2	5.0	4.8	4.7	4.6	4.5	4.7	5.1	5.1	5.4	5.4	5.6	5.5	5.6	5.6	
of which: education	4.7	4.5	4.6	4.7	5.0	5.2	5.1	5.0	4.9	4.7	4.5	4.4	4.4	4.6	4.9	4.9	5.2	5.3	5.4	5.3	5.4	5.4	
of which: training	0.2	0.3	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
10. Social protection	12.7	11.8	11.6	12.0	13.4	14.7	15.0	14.7	14.7	14.5	13.8	13.1	13.3	13.2	13.6	13.6	13.7	13.7	13.7	13.7	13.4	13.3	
EU transactions	-0.4	-0.5	-0.3	-0.4	-0.7	-0.5	-0.7	-0.6	-0.6	-0.7	-0.4	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.1	
Unallocated ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	
Total Expenditure on Services	40.8	37.9	38.1	38.5	39.8	42.0	41.4	41.0	40.3	38.8	37.2	36.3	35.7	36.4	37.1	37.6	38.6	39.4	40.1	39.5	39.8	39.8	
Accounting adjustments	1.5	1.6	1.7	1.6	2.7	2.2	2.2	2.2	2.1	1.7	1.6	1.4	1.3	1.1	1.3	1.6	1.5	1.9	1.9	2.0	1.9	1.9	
Total Managed Expenditure	42.3	39.5	39.8	40.1	42.5	44.3	43.6	43.1	42.4	40.6	38.8	37.7	37.0	37.5	38.4	39.3	40.1	41.2	42.0	41.5	41.5	41.7	

(1) For years 1987–88 to 2006–07 using GDP consistent with the latest figures from the Office for National Statistics (published 28 March 2008). GDP for 2007–08 is consistent with the March 2008 Financial Statement and Budget Report.

(2) Includes allowance for shortfall and departmental unallocated provision.

FUNCTIONAL AND ECONOMIC CATEGORY ANALYSES OF PUBLIC SECTOR EXPENDITURE

5.1 The analyses in this chapter give a picture of changes in government expenditure over recent years, adjusted as far as possible so that figures for outturn years are based on current definitions. All outturn data (to 2006-07) are National Statistics.

What's new

5.2 The budgeting treatment of NHS and Foundation Trusts has been changed so that they are more closely aligned with other bodies classified by ONS to the central government sector. The Department of Health are now reporting the spending of the trusts within their budgets, whereas previously they reported the purchase of services from the trusts and the trusts' profit or loss. **Tables 5.3 and 5.6** therefore use this information rather than reporting adjusted series based on data provided by ONS. As a result there are revisions to pay and procurement as well as additional income from the sale of goods and services.

Relationship between functional series and departments

5.3 **Table 5.1** shows TES by function split across the different government department groups for 2006-07. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations. This presentation allocates Local Authority expenditure to the department group most closely associated with a particular function.

Total Expenditure on Services by function

5.4 **Table 5.2** provides the most detailed analysis of TES by function for the years 2002-03 onwards. The tables are presented in a format consistent with the Level 2 breakdown of UN COFOG. The table also shows in italics the sub-functional divisions used prior to the introduction of UN COFOG in PESA 2007, where the splits do not map directly to COFOG. Further information on UN COFOG is available from the Treasury website¹.

5.5 The sub-function analysis of health is presented against HM Treasury's own 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.

Total Expenditure on Services by economic category

5.6 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. **Table 5.3** breaks down TES into its component economic categories.

¹ http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_function/function.cfm

Total Managed Expenditure split by spending sector and current and capital spending

5.7 Tables 5.4 and 5.5 give a functional breakdown of the current and capital expenditure of central and local government and public corporations for the years from 2002-03. A functional split of Local Authority spending plans is not available as the allocation of spending between services is a matter for individual Local Authorities, and there is no aggregate information at this level of detail.

Current procurement spending

5.8 Table 5.6 shows current procurement expenditure on services by COFOG level 1 function. Procurement is on a National Accounts basis and so includes expenditure, for example on single use military equipment, that scores within departments' capital budgets.

Asset sales

5.9 Table 5.7 shows public sector receipts from sales of fixed assets from 2002-03, across the whole of the UK. Figures are shown separately for central government, Local Authorities and public corporations, as well as for general government, which comprises central government and Local Authorities. Receipts, which are at sales value, are split between land and building and other asset classes, and exclude receipts from sales of financial assets. Sales of assets between public sector bodies are included in this table.

Table 5.1 Total Expenditure on Services by departmental group and function, 2006–07

Departmental Grouping	Function	National Statistics										accruals, £ million												
		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services for each department	
Children, Schools and Families		-3	-3	-	-	-	-	-	-	-	-	-	-	-	-	104	-	-	-	-	-	-	-	51,452
Health		-	-	-	-	-	-	-	-	-	137	-	-	-	-	-	-	-	-	-	-	-	-	92,688
Transport		1	1	-	-	2	176	15,014	40	-	-	14,974	-	-	-	466	-	-	-	-	-	-	-	16,438
Innovation, Universities and Skills		45	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,739
Communities and Local Government		4,310	4,308	2	-	27	2,311	2,155	-	-	-	-	183	7,726	-	-	-	-	-	-	-	-	-	18,555
Home Office		111	111	-	-	-	15,162	64	-	-	64	-	-	287	-	-	9	-	-	-	-	-	-	15,634
Justice		129	129	-	-	-	8,525	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	8,649
Law Officers' Departments		-	-	-	-	-	706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	707
Defence		42	-	42	-	-	-	47	47	-	-	-	-	-	-	-	1	-	-	-	-	-	-	33,511
Foreign and Commonwealth Office		1,847	-	1,847	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,847
International Development		4,313	-	4,313	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,426
Business, Enterprise and Regulatory Reform		56	5	50	-	-	-	2,798	2,667	66	65	0	0	1,467	1	-	6	-	-	-	-	-	-	4,603
Environment, Food and Rural Affairs		-	-	-	-	-	-	3,695	209	11	-	3,474	-	5,765	-19	-	960	0	0	-	0	-	-	10,402
Culture, Media and Sport		49	41	9	-	-	-	199	199	-	-	-	115	40	40	115	8,514	113	115	-1	-298	-	-	8,847
Work and Pensions		308	308	-	-	-	-	3,092	-	-1	3,094	-	-	3	-	-	-	-	-	-	-	-	-	123,307
Scotland		903	903	-	-	7	2,135	3,844	598	88	-	651	2,507	687	1,660	8,992	945	7,002	6,886	116	2,583	-	28,758	
Wales		587	587	0	-	-	25	1,631	430	-	70	401	728	442	448	4,969	468	3,660	3,591	69	1,500	-	13,730	
Northern Ireland Executive		338	338	-	-	-	79	1,233	210	42	145	470	367	226	888	2,837	275	2,289	2,287	2	5,049	-	13,213	
Northern Ireland Office		67	67	-	-	-	1,100	-	-	-	-	-	-	-	-	-	-	-	-	-	54	-	-	1,221
Chancellor's Departments		34,014	5,412	-	-	-	-	148	5	143	-	-	-	1	-	-	-	-	-	-	-	-	-	57,003
Cabinet Office		319	319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	536	-	-	2,357
Independent Bodies		648	648	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	-	652
Public corporations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
accountable to local government		-	-	-	-	-	-	-	-	-	-	-	1,439	-	-	-	-	-	-	-	-	-	-	1,439
Total Expenditure on Services for each function		48,083	13,218	6,263	28,602	32,196	30,323	37,928	6,535	2,782	3,398	5,134	20,080	9,232	11,502	94,452	11,285	72,839	70,667	2,171	177,098	-1,761	523,177	

Table 5.2 Total Expenditure on Services by sub-function, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 estimated outturn
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	9,526	10,024	10,998	11,439	11,748	12,289
1.2 Foreign economic aid	2,908	3,496	3,581	4,227	4,297	4,723
1.3 General services	813	975	1,049	1,052	1,286	1,388
1.4 Basic research	51	73	119	127	122	55
1.5 R&D general public services	32	30	28	30	30	39
1.6 General public services n.e.c.	1,141	1,461	1,973	2,261	1,997	2,459
1.7 Public sector debt transactions ⁽¹⁾⁽²⁾	21,742	23,044	24,919	26,752	28,602	31,184
of which: central government debt interest	20,915	22,280	23,934	25,807	27,576	29,946
of which: local authority debt interest	266	236	385	440	516	751
of which: public corporation debt interest	561	528	600	505	510	487
Total general public services	36,215	39,103	42,668	45,888	48,083	52,137
2. Defence						
2.1 Military defence	23,137	24,717	25,141	26,439	27,512	27,678
2.2 Civil defence	36	119	75	77	90	98
2.3 Foreign military aid	1,270	1,281	903	1,155	1,689	2,904
2.4 R&D defence	506	474	588	566	621	639
2.5 Defence n.e.c.	2,098	2,234	3,256	2,710	2,284	2,500
Total defence	27,048	28,824	29,963	30,946	32,196	33,820
3. Public order and safety						
3.1 Police services	13,207	14,347	15,353	16,119	16,862	17,578
of which: immigration and citizenship	1,665	1,697	1,856	1,652	1,710	1,831
of which: other police services	11,542	12,650	13,497	14,468	15,152	15,746
3.2 Fire-protection services	2,264	2,383	2,519	2,677	2,704	2,942
3.3 Law courts	5,395	6,126	6,768	6,113	6,307	6,813
3.4 Prisons	2,888	2,983	3,241	3,675	3,934	4,569
3.5 R&D public order and safety	32	30	48	23	16	24
3.6 Public order and safety n.e.c.	397	427	404	424	500	599
Total public order and safety	24,182	26,295	28,333	29,031	30,323	32,525
4. Economic affairs						
4.1 General economic, commercial and labour affairs	6,023	6,443	6,503	7,004	6,894	7,130
4.2 Agriculture, forestry, fishing and hunting	4,862	5,228	5,413	5,606	5,134	5,285
of which: market support under CAP	3,290	3,758	3,979	3,981	3,526	3,381
of which: other agriculture, food and fisheries policy	1,445	1,345	1,312	1,470	1,417	1,726
of which: forestry	128	126	122	156	191	177
4.3 Fuel and energy	1,500	1,222	1,568	1,359	1,443	1,187
4.4 Mining, manufacturing and construction	6	15	-6	135	11	66
4.5 Transport	14,825	16,189	15,981	17,004	20,080	21,259
of which: national roads	2,397	2,262	2,341	2,692	3,279	3,151
of which: local roads	4,202	4,252	4,580	4,940	4,922	5,625
of which: local public transport	1,868	3,114	2,227	2,567	2,909	3,299
of which: railway	5,714	5,867	6,050	5,946	8,100	8,185
of which: other transport	643	695	783	858	869	998
4.6 Communication	424	425	559	426	467	1,087
4.7 Other industries	315	296	314	299	319	301
4.8 R&D economic affairs	2,119	2,307	2,465	2,941	2,782	3,166
4.9 Economic affairs n.e.c.	681	867	870	747	800	748
Total economic affairs	30,755	32,991	33,667	35,520	37,928	40,229

Table 5.2 Total Expenditure on Services by sub-function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn
5. Environment protection						
5.1 Waste management	3,283	3,560	3,965	5,054	5,637	6,421
5.2 Waste water management	41	45	66	78	81	57
5.3 Pollution abatement	161	220	208	203	154	154
5.4 Protection of biodiversity and landscape	295	272	299	312	457	403
5.5 R&D environment protection	236	307	304	332	347	369
5.6 Environment protection n.e.c	2,040	1,856	2,112	2,433	2,556	2,617
Total environment protection	6,055	6,260	6,954	8,412	9,232	10,020
6. Housing and community amenities						
6.1 Housing development	2,886	3,511	4,365	6,345	6,973	7,523
<i>of which: local authority housing</i>	<i>1,073</i>	<i>947</i>	<i>1,828</i>	<i>3,680</i>	<i>4,024</i>	<i>4,341</i>
<i>of which: other social housing</i>	<i>1,814</i>	<i>2,564</i>	<i>2,537</i>	<i>2,665</i>	<i>2,949</i>	<i>3,181</i>
6.2 Community development	1,554	2,018	2,463	2,573	2,841	3,339
6.3 Water supply	483	477	487	883	968	849
6.4 Street lighting	371	396	416	482	521	572
6.5 R&D housing and community amenities	10	11	15	14	9	9
6.6 Housing and community amenities n.e.c	132	153	162	176	192	221
Total housing and community amenities	5,437	6,567	7,907	10,472	11,502	12,512
7. Health⁽³⁾⁽⁴⁾						
Medical services	64,593	72,940	80,791	87,614	92,198	99,952
Health research	404	471	475	574	609	617
Central and other health services	1,202	1,503	1,671	1,492	1,645	2,038
Total health	66,199	74,915	82,936	89,680	94,452	102,606
8. Recreation, culture and religion						
8.1 Recreational and sporting services	2,766	2,811	2,969	3,162	3,425	4,262
8.2 Cultural services	3,224	3,535	3,618	3,918	3,974	4,252
8.3 Broadcasting and publishing services	3,181	3,084	3,270	3,324	3,566	3,497
8.4 Religious and other community services	101	106	106	105	108	100
8.5 R&D recreation, culture and religion	2	2	1	81	110	131
8.6 Recreation, culture and religion n.e.c	61	62	74	82	102	111
Total recreation, culture and religion	9,335	9,600	10,037	10,673	11,285	12,353
9. Education (includes training)⁽³⁾⁽⁵⁾						
9.1 Pre-primary and primary education	18,281	20,699	21,787	23,382	24,059	25,743
<i>of which: under fives</i>	<i>3,278</i>	<i>3,729</i>	<i>4,104</i>	<i>4,296</i>	<i>4,101</i>	<i>4,400</i>
<i>of which: primary education</i>	<i>15,004</i>	<i>16,969</i>	<i>17,683</i>	<i>19,087</i>	<i>19,958</i>	<i>21,343</i>
9.2 Secondary education	16,096	18,212	19,854	21,379	22,571	24,048
9.3 Post-secondary non-tertiary education	6,197	7,050	7,312	7,522	8,103	8,686
9.4 Tertiary education	8,005	8,355	8,868	9,815	10,356	11,467
9.5 Education not definable by level ⁽⁵⁾	1,867	1,985	2,036	2,161	2,171	2,542
9.6 Subsidiary services to education	2,801	3,017	3,291	3,568	3,638	4,023
9.7 R&D education	37	39	42	33	37	43
9.8 Education n.e.c	1,462	1,646	1,791	1,776	1,904	2,225
Total education (includes training)	54,745	61,004	64,981	69,636	72,839	78,775

Table 5.2 Total Expenditure on Services by sub-function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn
10. Social protection						
<i>of which personal social services</i>	18,651	21,105	23,234	24,584	26,359	27,401
10.1 Sickness and disability	27,509	29,291	30,904	32,257	33,404	34,969
<i>of which: personal social services</i>	5,015	5,825	6,530	7,077	7,461	7,910
<i>of which: incapacity, disability and injury benefits</i>	22,494	23,466	24,373	25,180	25,943	27,059
10.2 Old age	61,757	63,379	67,755	71,115	74,088	79,215
<i>of which: personal social services</i>	6,378	7,232	8,074	8,646	9,029	9,288
<i>of which: pensions</i>	55,378	56,147	59,681	62,469	65,059	69,927
10.3 Survivors	1,916	1,840	1,852	1,846	1,811	1,804
10.4 Family and children	24,289	26,287	26,681	27,030	27,347	28,409
<i>of which: personal social services</i>	4,316	4,968	5,534	6,101	6,549	6,814
<i>of which: family benefits, income support and tax credits</i>	19,973	21,319	21,147	20,929	20,798	21,595
10.5 Unemployment	4,088	4,036	3,721	3,557	4,251	3,954
<i>of which: personal social services</i>	1,079	1,136	1,227	917	1,502	1,453
<i>of which: other unemployment</i>	3,009	2,900	2,494	2,640	2,749	2,501
10.6 Housing	13,627	14,605	15,328	16,099	17,123	18,279
10.7 Social exclusion n.e.c.	7,900	11,801	13,605	14,985	16,177	17,520
<i>of which: personal social services</i>	1,863	1,944	1,868	1,842	1,818	1,936
<i>of which: family benefits, income support and tax credits</i>	6,037	9,857	11,737	13,143	14,359	15,584
10.8 R&D social protection	2	0	2	1	0	0
10.9 Social protection n.e.c.	4,206	4,171	4,103	4,036	2,897	2,496
Total social protection	145,293	155,410	163,951	170,926	177,098	186,646
EU transactions⁽⁶⁾						
GNI-based contribution (net of abatement and collection costs)	2,275	2,957	4,361	3,856	4,071	4,779
<i>derived as:</i>						
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	9,737	11,371	12,183	11,780	12,245	13,763
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-4,229	-4,539	-4,100	-4,283	-4,614	-5,024
<i>UK abatement</i>	-3,233	-3,874	-3,722	-3,641	-3,560	-3,960
EC receipts	-3,424	-4,237	-4,555	-3,750	-5,164	-5,693
Attributed aid and CFSP	-736	-799	-697	-704	-668	-705
Total EU transactions	-1,885	-2,079	-892	-598	-1,761	-1,619
Unallocated						
Departmental unallocated provision	-	-	-	-	-	167
Reserve and other funds	-	-	-	-	-	-
Allowance for Shortfall	-	-	-	-	-	-1,078
AME Margin	-	-	-	-	-	-
Total unallocated	-	-	-	-	-	-911
Total Expenditure on Services	403,379	438,891	470,506	500,588	523,177	559,092
Accounting adjustments	17,663	16,607	22,132	23,671	26,548	27,257
Total Managed Expenditure	421,024	455,498	492,638	524,259	549,725	586,349

(1) Debt interest figures are gross.

(2) Debt interest payments to the private sector and overseas exclude all intra-public sector payments of debt interest.

(3) For 2003–04 onwards, these figures include employers' contributions for costs of pensions increases that score within DEL.

(4) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

(5) Education not definable by level is equivalent to training

(6) EU transactions are defined as:

- contribution to TME
- plus EC receipts
- less attributed aid
- less Common Foreign and Security Policy

Figures for the above are shown in table C1.

An explanation of why the EU transactions are defined in TES in this way is given in Appendix E.

Table 5.3 Total Expenditure on Services by economic category, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Public sector current expenditure on services						
Pay	107,113	119,343	131,460	142,889	146,656	153,903
Procurement	93,782	103,578	108,044	111,931	119,615	127,126
Subsidies	7,801	9,611	8,900	9,022	9,016	9,537
Social benefits and other grants to private sector	145,697	153,884	161,618	168,818	175,482	186,875
Current transfers abroad	1,689	1,943	3,403	3,755	2,593	3,737
Public sector debt interest	21,742	23,044	24,919	26,752	28,602	31,184
Unallocated provision	–	–	–	–	–	–233
Total public sector current expenditure on services	377,823	411,403	438,342	463,167	481,963	512,128
Accounting adjustments	15,536	13,941	18,532	21,473	25,068	28,013
Total public sector current expenditure	393,359	425,344	456,874	484,640	507,031	540,141
Public sector capital expenditure on services						
Capital expenditure	18,272	17,618	21,785	25,407	27,255	32,537
Stock building	148	189	392	488	58	146
Capital grants	7,137	9,681	9,987	11,526	13,901	14,959
Unallocated provision	–	–	–	–	–	–677
Total public sector capital expenditure on services	25,557	27,488	32,164	37,421	41,214	46,964
Accounting adjustments	2,126	2,666	3,600	2,198	1,480	–756
Total public sector capital expenditure	27,683	30,154	35,764	39,619	42,694	46,208
Total public sector expenditure on services	403,379	438,891	470,506	500,588	523,177	559,092
Accounting adjustments	17,663	16,607	22,132	23,671	26,547	27,257
Total Managed Expenditure	421,042	455,498	492,638	524,259	549,725	586,349

Table 5.4 Public sector current expenditure by spending sector and function, 2002–03 to 2010–11

	accruals, £ million								
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn				
Central government own									
1. General public services	31,119	33,666	36,140	39,118	41,202	44,027	44,720	44,983	49,533
<i>of which: public and common services</i>	5,929	6,446	6,861	7,447	7,751	7,645	8,014	7,923	8,104
<i>of which: international services</i>	4,275	4,940	5,345	5,863	5,875	6,436	6,436	6,728	7,463
<i>of which: public sector debt interest</i>	20,915	22,280	23,934	25,807	27,576	29,946	30,270	30,332	33,965
2. Defence	25,913	27,360	28,286	29,816	31,214	32,395	30,469	31,649	33,014
3. Public order and safety	11,042	11,818	12,813	13,116	13,609	14,533	14,503	14,953	15,058
4. Economic affairs	16,493	17,818	17,729	18,304	18,706	19,341	18,792	17,986	17,589
<i>of which: enterprise and economic development</i>	3,503	3,709	3,822	3,819	3,740	3,976	3,562	3,054	2,994
<i>of which: science and technology</i>	1,756	1,801	1,951	2,257	2,160	2,453	2,577	2,707	2,814
<i>of which: employment policies</i>	2,881	2,928	3,082	3,052	3,203	3,195	3,268	3,010	2,685
<i>of which: agriculture, fisheries and forestry</i>	4,659	4,960	5,166	5,315	4,801	4,890	5,109	4,975	4,913
<i>of which: transport</i>	3,694	4,420	3,708	3,861	4,803	4,826	4,276	4,241	4,183
5. Environment protection	1,998	1,707	1,988	1,774	2,384	2,778	2,545	2,642	2,815
6. Housing and community amenities	1,277	1,639	1,034	1,080	1,035	1,279	694	715	713
7. Health	62,847	71,174	78,906	86,169	90,374	97,940	105,375	111,462	118,249
8. Recreation, culture and religion	4,623	4,636	4,938	5,247	5,569	5,762	5,919	6,054	6,283
9. Education (includes training)	18,385	20,121	21,315	22,501	23,715	26,501	27,564	28,867	30,587
<i>of which: education</i>	16,691	18,275	19,421	20,495	21,778	24,045	24,630	25,675	27,001
<i>of which: training</i>	1,695	1,846	1,895	2,006	1,936	2,457	2,934	3,192	3,586
10. Social protection	115,065	122,393	128,246	132,496	136,796	144,882	154,400	162,349	168,660
EU transactions	-1,885	-2,079	-892	-598	-1,761	-1,619	-1,674	306	373
Total central government own current expenditure on services	286,878	310,253	330,503	349,023	362,843	387,819	403,307	421,968	442,875
Accounting adjustments	6,523	7,070	7,180	8,068	11,009	10,982	15,700	16,800	18,800
Total central government own current expenditure	293,401	317,323	337,683	357,091	373,852	398,801	419,000	438,800	461,700
Local Authorities									
1. General public services	3,400	3,640	4,006	4,268	4,485	5,415	-	-	-
<i>of which: public and common services</i>	3,134	3,404	3,621	3,828	3,969	4,664	-	-	-
<i>of which: public sector debt interest</i>	266	236	385	440	516	751	-	-	-
2. Defence	32	33	40	53	59	72	-	-	-
3. Public order and safety	11,836	13,088	13,826	14,329	14,914	15,392	-	-	-
4. Economic affairs	4,206	5,302	5,594	5,780	5,602	5,690	-	-	-
<i>of which: enterprise and economic development</i>	971	1,039	1,274	1,393	1,213	1,153	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	6	10	9	10	11	15	-	-	-
<i>of which: transport</i>	3,229	4,254	4,312	4,376	4,378	4,522	-	-	-
5. Environment protection	3,518	3,827	4,124	4,490	4,723	5,058	-	-	-
6. Housing and community amenities	1,623	2,108	2,229	2,446	2,594	2,728	-	-	-
7. Health	478	423	312	298	231	291	-	-	-
8. Recreation, culture and religion	3,258	3,545	3,613	3,805	3,923	3,953	-	-	-
9. Education (includes training)	32,490	36,108	38,257	40,706	42,512	44,618	-	-	-
<i>of which: education</i>	32,472	36,089	38,238	40,681	42,483	44,591	-	-	-
<i>of which: training</i>	18	19	19	25	30	26	-	-	-
10. Social protection	29,544	32,549	35,239	37,462	39,567	40,840	-	-	-
Total Local Authorities' current expenditure on services	90,384	100,622	107,239	113,638	118,611	124,056	-	-	-
Accounting adjustments	9,013	6,871	11,352	13,406	14,058	16,797	-	-	-
Total Local Authorities' current expenditure	99,397	107,493	118,591	127,044	132,669	140,853	147,100	153,600	160,800
Public corporations									
1. General public services	561	528	600	505	510	487	100	-100	-100
<i>of which: public sector debt interest</i>	561	528	600	505	510	487	100	-100	-100
Total public corporations' current expenditure	561	528	600	505	510	487	100	-100	-100
Unallocated provision	-	-	-	-	-	-234	4,800	6,800	7,700
Public sector current expenditure	393,359	425,344	456,874	484,640	507,031	540,141	566,200	592,300	622,400

Table 5.5 Public sector capital expenditure by spending sector and function, 2002–03 to 2010–11

	accruals, £ million									
	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	plans
						outturn				
Central government own										
1. General public services	718	739	946	784	780	839	804	1,202	1,313	
of which: public and common services	545	589	773	603	557	476	334	509	466	
of which: international services	172	150	173	181	223	363	469	692	846	
2. Defence	1,012	1,370	1,541	1,006	821	1,254	1,906	2,053	2,231	
3. Public order and safety	779	760	984	901	1,173	1,780	1,567	1,763	1,797	
4. Economic affairs	3,378	5,224	5,158	5,615	7,304	7,791	7,783	7,578	7,553	
of which: enterprise and economic development	766	1,037	998	1,049	1,025	1,299	1,029	944	916	
of which: science and technology	363	505	514	683	622	713	552	544	523	
of which: employment policies	128	307	147	344	192	101	88	66	48	
of which: agriculture, fisheries and forestry	148	214	189	225	258	283	275	205	–8	
of which: transport	1,973	3,161	3,310	3,314	5,207	5,396	5,838	5,820	6,074	
5. Environment protection	356	446	518	1,798	1,826	1,796	1,927	1,983	2,199	
6. Housing and community amenities	1,507	2,029	2,548	2,819	3,032	3,134	3,744	4,189	4,641	
7. Health	2,870	3,253	3,655	3,168	3,762	4,266	5,414	5,862	5,973	
8. Recreation, culture and religion	768	717	604	526	738	1,028	2,135	1,899	1,859	
9. Education (includes training)	1,248	1,454	1,688	2,162	2,226	2,445	2,461	2,542	2,364	
of which: education	1,097	1,340	1,573	2,042	2,030	2,404	2,227	2,259	2,021	
of which: training	151	113	115	121	196	42	233	282	343	
10. Social protection	530	297	275	654	476	561	468	508	605	
Total central government own capital expenditure on services	13,167	16,289	17,918	19,434	22,139	24,894	28,207	29,577	30,535	
Accounting adjustments	–2,205	–1,768	–66	–15,222	1,141	–224	1,100	2,000	3,500	
Total central government own capital expenditure	10,962	14,521	17,852	4,212	23,280	24,670	29,300	31,600	34,000	
Local Authorities										
1. General public services	349	413	835	944	813	1,108	–	–	–	
of which: public and common services	349	413	835	944	813	1,108	–	–	–	
3. Public order and safety	512	618	704	684	621	819	–	–	–	
4. Economic affairs	2,646	2,802	3,074	3,739	3,754	4,735	–	–	–	
of which: enterprise and economic development	–17	2	–13	127	–4	63	–	–	–	
of which: employment policies	1	0	0	0	0	0	–	–	–	
of which: agriculture, fisheries and forestry	34	42	49	52	63	96	–	–	–	
of which: transport	2,629	2,757	3,037	3,560	3,695	4,576	–	–	–	
5. Environment protection	165	276	362	392	330	425	–	–	–	
6. Housing and community amenities	575	561	991	999	1,160	1,413	–	–	–	
7. Health	2	60	63	45	86	110	–	–	–	
8. Recreation, culture and religion	663	679	856	1,065	1,043	1,610	–	–	–	
9. Education (includes training)	2,622	3,321	3,721	4,267	4,385	5,211	–	–	–	
of which: education	2,617	3,314	3,714	4,257	4,376	5,194	–	–	–	
of which: training	4	7	7	10	9	17	–	–	–	
10. Social protection	153	171	191	314	258	363	–	–	–	
Total Local Authorities' capital expenditure on services	7,687	8,901	10,798	12,449	12,450	15,793	–	–	–	
Accounting adjustments	3,760	3,174	2,828	1,357	1,056	–903	–	–	–	
Total Local Authorities' capital expenditure	11,447	12,075	13,626	13,806	13,506	14,890	15,900	16,300	16,900	

Table 5.5 Public sector capital expenditure by spending sector and function, 2002–03 to 2010–11 (continued)

	accruals, £ million								
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn				
Public corporations									
1. General public services	67	118	141	268	292	262	268	233	204
<i>of which: public and common services</i>	58	63	120	109	127	140	142	108	78
<i>of which: international services</i>	9	55	21	160	165	122	126	126	126
2. Defence	91	61	96	70	103	99	51	51	51
3. Public order and safety	12	10	6	1	5	1	2	2	2
4. Economic affairs	4,033	1,845	2,112	2,083	2,562	2,671	2,237	2,390	2,564
<i>of which: enterprise and economic development</i>	710	238	487	183	561	722	690	567	423
<i>of which: employment policies</i>	6	7	10	3	3	9	8	8	8
<i>of which: agriculture, fisheries and forestry</i>	16	3	0	4	2	1	-3	-3	-3
<i>of which: transport</i>	3,301	1,597	1,615	1,893	1,996	1,939	1,542	1,818	2,136
5. Environment protection	18	5	-38	-43	-30	-37	-54	-28	-27
6. Housing and community amenities	455	230	1,105	3,128	3,680	3,958	4,424	4,448	4,580
7. Health	3	5	-	-	-	-	-	-	-
8. Recreation, culture and religion	24	23	27	30	12	-	-	-	-
10. Social protection	-	-	-	0	2	-	1	1	1
Total public corporations' capital expenditure on services	4,702	2,297	3,448	5,538	6,625	6,955	6,930	7,098	7,375
Accounting adjustments	572	1,261	838	16,063	-717	-307	-700	-700	-900
Total public corporations' capital expenditure	5,274	3,558	4,286	21,601	5,908	6,648	6,300	6,400	6,500
Unallocated provision	-	-	-	-	-	-677	1,300	1,800	3,600
Public sector capital expenditure	27,683	30,154	35,764	39,619	42,694	46,208	51,500	54,300	57,400

Table 5.6 Current procurement spending by function, 2002–03 to 2007–08

	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn
1. General public services	2,931	3,067	3,219	3,447	3,301	2,976
<i>of which: public and common services</i>	2,191	2,200	2,162	1,895	1,732	1,760
<i>of which: international services</i>	741	867	1,058	1,552	1,569	1,216
2. Defence	17,014	17,652	18,241	19,393	20,717	21,686
3. Public order and safety	8,666	9,696	10,140	10,299	11,056	9,336
4. Economic affairs	7,253	7,469	7,910	8,106	8,202	8,986
<i>of which: enterprise and economic development</i>	1,716	1,682	2,094	2,028	1,894	2,042
<i>of which: science and technology</i>	524	515	519	546	573	495
<i>of which: employment policies</i>	853	1,006	1,124	1,214	1,290	1,560
<i>of which: agriculture, fisheries and forestry</i>	894	957	968	1,029	1,043	1,456
<i>of which: transport</i>	3,267	3,309	3,205	3,288	3,402	3,433
5. Environment protection	4,124	4,188	4,329	5,705	6,124	6,512
6. Housing and community amenities	847	1,307	1,453	1,515	1,575	1,637
7. Health	41,850	46,447	48,637	51,538	54,818	60,646
8. Recreation, culture and religion	4,516	4,524	4,652	4,865	5,109	5,056
9. Education (includes training)	7,548	8,276	8,781	9,268	9,747	10,400
<i>of which: education</i>	7,060	7,801	8,437	8,929	9,432	9,970
<i>of which: training</i>	488	474	344	339	315	430
10. Social protection	12,832	15,923	17,225	17,928	18,535	18,950
Total current procurement expenditure on services	107,580	118,548	124,587	132,063	139,183	146,185
Plus income from goods and services	-13,799	-14,971	-16,543	-20,132	-19,568	-19,059
Total net current procurement expenditure on services	93,782	103,578	108,044	111,931	119,615	127,126

Table 5.7 Public sector receipts from sales of assets⁽¹⁾, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Central government						
Receipts from sale of land and existing buildings	806	843	955	1,460	1,573	2,140
Other	1,146	668	478	780	631	291
Total central government	1,952	1,511	1,432	2,241	2,205	2,431
Local Authorities						
Receipts from sale of land and existing buildings	1,541	1,804	1,684	1,737	2,111	2,226
Other	5	15	19	29	47	15
Total Local Authorities	1,546	1,818	1,703	1,766	2,158	2,241
General government	3,498	3,329	3,135	4,007	4,363	4,672
Public corporations						
Receipts from sale of land and existing buildings	3,817	4,042	3,779	2,709	2,275	1,884
Other	288	192	26	316	-104	-22
Total public corporations	4,105	4,234	3,806	3,025	2,171	1,861
Total public sector	7,603	7,563	6,941	7,032	6,534	6,533

(1) This table uses National Accounts definition of capital and therefore excludes single use military equipment (SUME) by Ministry of Defence, which is treated as capital under resource accounting. However, where tables in PESA refer to resource budgeting, expenditure on and sales of SUME are included in the capital budget.

6

CENTRAL GOVERNMENT OWN EXPENDITURE

6.1 This section provides summary analyses of central government own expenditure, which comprises the expenditure of government departments and other central government bodies on their own activities. In these analyses, central government includes the devolved administrations and non-departmental public bodies. In addition to staff pay, procurement and capital expenditure, central government own expenditure includes grants and subsidies paid to individuals and enterprises in the private sector and subsidies to public corporations. It excludes central government support for the spending of Local Authorities and support for the capital expenditure of public corporations. These data are shown as expenditure in **Chapters 7 and 8** respectively. Central government own expenditure accounts for about 70 per cent of Departmental Expenditure Limits (DEL) and about 90 per cent of departmental Annually Managed Expenditure (AME).

6.2 All the analyses of central government own expenditure in this section offer further breakdowns of the figures given for central government own expenditure in the sectoral spending **Table 1.15**.

6.3 All outturn data (to 2006-07) in this chapter are National Statistics.

What's new

6.4 The budgeting treatment of NHS and Foundation Trusts has been changed so that they are more closely aligned with other bodies classified by ONS to the central government sector. The Department of Health are now reporting the spending of the trusts within their budgets, whereas previously they reported the purchase of services from the trusts and the trusts' profit or loss. **Table 6.4** therefore uses this information rather than reporting adjusted series based on data provided by ONS. As a result there are revisions to pay and procurement.

Central government own expenditure by department

6.5 **Table 6.1** gives a departmental breakdown of central government own expenditure, current plus capital, for the period from 2002-03. Expenditure in DEL is shown separately from expenditure in departmental AME. DEL expenditure in this table is shown on a full resource budgeting basis excluding depreciation. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is by Local Authorities, with only a relatively small proportion spent directly by central government – some of which will be recorded by Scotland, Wales or Northern Ireland. Other AME includes locally financed expenditure in Northern Ireland that by convention is classified as central government spending.

Central government own current and capital expenditure by department

6.6 **Tables 6.2 and 6.3** show central government DEL and departmental AME expenditure for each department group. **Table 6.2** shows current/resource expenditure and **Table 6.3** shows capital expenditure.

6.7 DEL totals for current expenditure include non-cash items except depreciation. These are deducted in the accounting adjustments to get to a measure of total current expenditure that is consistent with National Accounts. There are also some differences in the classification of expenditure as capital or current between the budgeting regime (i.e. DEL and departmental AME) and National Accounts. These differences are accounted for in the 'add/remove items classified as capital/current in National Accounts' lines.

6.8 The lower central government capital spending in 2005-06 is a result of a series of imputed transactions recorded in the National Accounts in respect of British Nuclear Fuels Limited (BNFL) transferring assets and liabilities to the Nuclear Decommissioning Authority (NDA). This is recorded as part of the accounting adjustments in **Table 6.3** and has no impact on TME or the public finances overall. See **Appendix A** for further details.

Central government own expenditure by economic category

6.9 **Table 6.4** shows central government own expenditure by economic category, within the Total Expenditure on Services (TES) framework. TES is an overall measure of public spending that is close to TME, and so broadly represents current plus capital expenditure. TES excludes non-cash spending such as depreciation and cost of capital charges. Full details of the definition of TES are available in **Appendix E**.

Central government own expenditure by detailed function

6.10 **Table 6.5** shows central government own expenditure by detailed function. This allocates expenditure of central government departments and the devolved administrations in Scotland, Wales and Northern Ireland to the different functions of government. As with **Table 6.4**, and the functional analyses in **Chapters 4 and 5**, this functional table is set within the framework of TES.

Table 6.1 Central government own expenditure by departmental group, 2002–03 to 2010–11

	accruals, £ million									
	National Statistics						2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 estimated outturn				
Within DEL										
Children, Schools and Families	6,826	7,975	8,844	9,872	10,696	11,802	11,885	12,488	13,492	
Health	56,869	64,040	69,077	75,845	80,677	89,836	96,486	102,899	109,829	
Transport	4,798	6,098	5,674	5,784	7,604	7,516	8,003	8,101	8,449	
Innovation, Universities and Skills	10,942	11,815	12,310	13,402	13,911	15,387	16,117	17,014	18,029	
CLG Communities	3,261	4,245	4,207	4,218	4,065	3,621	6,163	6,269	6,709	
CLG Local Government	257	285	326	333	286	294	301	301	299	
Home Office	2,709	2,609	2,528	2,443	2,839	2,977	3,002	3,400	3,542	
Justice	7,915	7,322	7,569	8,136	8,545	9,518	9,625	9,720	9,725	
Law Officers' Departments	518	582	649	657	701	744	730	724	718	
Defence	29,306	31,070	33,055	33,368	33,995	36,979	34,067	35,399	36,927	
Foreign and Commonwealth Office	1,507	1,497	1,721	1,861	1,870	2,071	1,892	1,684	1,684	
International Development	3,417	3,701	3,906	4,516	4,954	5,277	5,738	6,843	7,917	
Business, Enterprise and Regulatory Reform	1,073	1,200	1,270	2,049	2,319	3,460	2,574	2,524	2,522	
Environment, Food and Rural Affairs	2,612	2,687	2,942	3,398	3,780	3,736	3,508	3,548	3,748	
Culture, Media and Sport	1,175	1,280	1,415	1,418	1,695	2,011	2,524	1,944	2,174	
Work and Pensions	6,826	7,262	7,488	7,503	7,164	7,177	7,288	7,120	6,844	
Scotland	11,677	12,970	13,538	14,511	16,496	17,931	17,748	18,423	19,380	
Wales	5,970	6,453	6,994	7,443	7,942	8,682	9,113	9,679	10,350	
Northern Ireland Executive	6,332	6,547	6,966	7,380	7,812	8,469	8,664	9,037	9,287	
Northern Ireland Office	1,093	1,053	1,176	1,188	1,235	1,311	1,184	1,146	1,153	
Chancellor's Departments	4,053	4,362	4,734	4,986	5,046	4,882	4,830	4,711	4,595	
Cabinet Office	1,230	1,672	1,659	1,636	1,847	2,090	2,164	2,318	2,450	
Independent Bodies	672	678	808	810	749	821	871	843	932	
Total CG own expenditure within DEL⁽¹⁾⁽²⁾	171,040	187,402	198,857	212,755	226,225	246,592	254,476	266,134	280,755	

Table 6.1 Central government own expenditure by departmental group, 2002–03 to 2010–11 (continued)

	accruals, £ million								
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn				
Within departmental AME									
Children, Schools and Families	7,156	6,575	6,344	8,037	8,599	10,665	11,138	11,680	12,258
Health	4,665	6,294	6,680	10,058	10,538	14,595	14,607	15,606	16,662
Transport	2,166	2,326	2,741	3,076	3,315	3,696	3,980	4,264	4,492
Innovation, Universities and Skills	1,990	2,037	2,024	2,234	2,992	3,972	4,971	5,579	5,938
CLG Communities	241	256	162	311	137	96	-126	-131	-206
Home Office	1,690	40	1	4	0	1	-6	-	-
Justice	425	58	62	82	84	102	131	99	97
Defence	6,137	4,788	4,467	5,187	4,931	5,759	6,754	7,083	7,475
Foreign and Commonwealth Office	60	40	3	-22	27	23	50	50	50
International Development	51	77	77	68	378	58	257	64	61
Business, Enterprise and Regulatory Reform	3,362	194	-1,413	-626	5,775	-440	-588	-26	203
Environment, Food and Rural Affairs	195	74	73	126	-5	-15	-17	-17	-20
Culture, Media and Sport	4,376	4,762	4,182	4,351	4,218	4,276	4,217	4,506	4,533
Work and Pensions	85,691	90,175	94,413	98,012	100,895	110,427	110,757	114,961	119,335
Scotland	2,062	1,640	1,907	2,362	2,188	3,354	3,368	3,585	3,817
Wales	315	478	367	399	432	488	514	549	577
Northern Ireland Executive	4,971	5,421	6,029	6,586	10,357	7,948	8,488	9,112	9,639
Northern Ireland Office	-	-	208	212	214	236	265	278	291
Chancellor's Departments	15,161	19,899	21,741	23,461	25,042	26,671	29,649	32,455	33,315
Cabinet Office	4,577	5,015	5,378	5,725	6,043	7,593	7,211	7,578	7,890
Independent Bodies	4	2	5	1	1	1	21	21	21
Total CG own expenditure within Dept AME⁽¹⁾	145,291	150,151	155,451	169,646	186,163	199,508	205,642	217,296	226,426
Locally financed expenditure in Northern Ireland	361	384	417	462	452	589	525	445	463
Net expenditure transfers to the EC	2,782	3,448	4,907	4,435	4,652	5,392	5,490	6,220	6,747
Central government debt interest	20,915	22,280	23,934	25,807	27,576	29,946	30,270	30,332	33,965
Accounting and other adjustments	-36,026	-31,821	-28,030	-51,802	-47,936	-58,556	-48,100	-50,100	-52,700
Total CG own expenditure	304,363	331,844	355,535	361,303	397,132	423,471	448,300	470,300	495,700

(1) Total DEL and AME are shown excluding depreciation.

(2) The CG DEL figures shown above exclude the DEL Reserve and Modernisation Funding for plans years. AME figures for plans years exclude the AME margin. Amounts for the DEL Reserve and Modernisation Funding can be found in Table 1.12. The amounts for AME margin can be found in Table 1.1.

Table 6.2 Central government own current expenditure by departmental group, 2002–03 to 2010–11

	accruals, £ million									
	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans	
Within resource DEL										
Children, Schools and Families	6,552	7,735	8,503	9,519	10,219	11,215	11,103	11,863	12,965	
Health	54,795	61,486	66,509	73,722	77,664	86,426	91,895	97,545	103,742	
Transport	3,001	3,341	2,843	2,986	3,287	3,178	2,692	2,822	2,647	
Innovation, Universities and Skills	9,840	10,485	10,851	11,358	12,028	13,358	14,127	14,809	15,769	
CLG Communities	1,405	1,274	1,337	1,289	998	381	1,566	1,539	1,613	
CLG Local Government	257	283	326	332	284	294	300	300	298	
Home Office	2,380	2,316	2,300	2,218	2,425	2,483	2,442	2,762	2,846	
Justice	7,596	6,993	7,016	7,629	8,010	8,540	8,933	8,940	8,981	
Law Officers' Departments	511	571	638	680	690	728	717	711	705	
Defence	23,197	25,064	26,281	26,882	26,921	28,809	26,211	27,212	28,056	
Foreign and Commonwealth Office	1,411	1,447	1,643	1,768	1,746	1,864	1,725	1,507	1,518	
International Development	2,985	3,416	3,620	4,085	4,190	4,545	4,847	5,477	6,361	
Business, Enterprise and Regulatory Reform	1,213	1,299	1,583	1,451	1,744	2,508	1,879	1,815	1,810	
Environment, Food and Rural Affairs	2,273	2,282	2,573	2,644	2,946	2,901	2,710	2,711	2,708	
Culture, Media and Sport	1,147	1,157	1,272	1,348	1,419	1,556	1,504	1,564	1,633	
Work and Pensions	6,540	7,031	7,206	7,152	6,954	7,085	7,206	7,039	6,774	
Scotland	10,596	11,917	12,179	13,163	14,461	15,552	15,775	16,282	16,941	
Wales	5,446	5,987	6,504	6,904	7,309	7,873	8,255	8,711	9,228	
Northern Ireland Executive	5,655	5,882	6,253	6,603	6,972	7,701	7,876	8,175	8,507	
Northern Ireland Office	1,039	1,003	1,106	1,129	1,165	1,303	1,112	1,074	1,081	
Chancellor's Departments	3,807	4,133	4,362	4,614	4,740	4,591	4,562	4,449	4,340	
Cabinet Office	1,056	1,103	1,479	1,393	1,574	1,679	1,803	1,928	2,096	
Independent Bodies	645	646	706	767	694	758	810	791	887	
Total within resource DEL⁽¹⁾	153,345	166,852	177,089	189,636	198,440	215,327	220,048	230,025	241,507	

Table 6.2 Central government own current expenditure by departmental group, 2002–03 to 2010–11 (continued)

	accruals, £ million								
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn				
Within resource departmental AME									
Children, Schools and Families	7,156	6,575	6,344	8,037	8,599	10,665	11,138	11,680	12,258
Health	4,665	6,294	6,451	9,409	10,450	14,552	14,597	15,606	16,662
Transport	2,166	2,326	2,741	3,076	3,315	3,696	3,980	4,264	4,492
Innovation, Universities and Skills	122	128	141	167	170	275	213	213	198
CLG Communities	241	256	162	311	137	96	-126	-131	-206
Home Office	1,690	40	1	4	0	1	-6	-	-
Justice	425	58	62	82	84	102	131	99	97
Defence	6,137	4,788	4,467	5,187	4,919	6,469	6,754	7,083	7,475
Foreign and Commonwealth Office	60	40	3	-22	27	23	50	50	50
International Development	51	77	77	68	378	58	257	64	61
Business, Enterprise and Regulatory Reform	3,590	1,336	-551	212	6,941	374	242	280	288
Environment, Food and Rural Affairs	193	73	72	126	-5	-15	-18	-18	-21
Culture, Media and Sport	3,243	3,660	3,151	3,346	3,483	3,642	3,809	3,800	3,921
Work and Pensions	85,614	90,084	94,333	97,911	100,710	110,274	110,632	114,831	119,202
Scotland	1,846	1,449	1,737	2,211	2,041	3,184	3,244	3,460	3,692
Wales	181	342	233	278	304	327	348	380	411
Northern Ireland Executive	4,881	5,272	5,777	6,338	10,018	7,648	8,054	8,678	9,245
Northern Ireland Office	-	-	208	212	214	236	265	278	291
Chancellor's Departments	15,161	19,499	21,514	23,017	24,787	26,372	29,389	32,095	32,845
Cabinet Office	4,577	5,015	5,378	5,725	6,043	7,593	7,211	7,578	7,890
Independent Bodies	4	2	5	1	1	1	21	21	21
Total within resource departmental AME	142,000	147,313	152,304	165,698	182,615	195,576	200,184	210,311	218,869
Locally financed expenditure in Northern Ireland	361	384	417	462	452	589	525	445	463
Net expenditure transfers to the EC	2,782	3,448	4,907	4,435	4,652	5,392	5,490	6,220	6,747
Central government debt interest	20,915	22,280	23,934	25,807	27,576	29,946	30,270	30,332	33,965
Remove items classified as capital in National Accounts	-	-	-	-3	-	-	-	-	-
Add items classified as current in National Accounts	5,212	5,221	5,409	6,007	6,506	6,549	6,254	6,466	6,934
Accounting and other adjustments	-31,215	-28,175	-26,377	-34,950	-46,390	-54,577	-43,800	-45,000	-46,800
Total CG own current expenditure	293,401	317,323	337,683	357,091	373,852	398,801	419,000	438,800	461,700

(1) The CG Resource DEL figure shown above excludes resource parts of the DEL Reserve and unallocated amounts for the Modernisation Funding for plans years. Amounts for these items can be found in Table 1.5.

Table 6.3 Central government own capital expenditure by departmental group, 2002–03 to 2010–11

	accruals, £ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Within capital DEL									
Children, Schools and Families	274	240	341	353	477	586	782	625	527
Health	2,074	2,554	2,568	2,123	3,013	3,411	4,592	5,354	6,087
Transport	1,798	2,757	2,831	2,798	4,317	4,338	5,312	5,278	5,802
Innovation, Universities and Skills	1,102	1,329	1,459	2,045	1,882	2,029	1,990	2,205	2,260
CLG Communities	1,857	2,972	2,870	2,929	3,067	3,240	4,597	4,730	5,096
CLG Local Government	–	1	0	1	2	0	1	1	1
Home Office	330	292	227	226	414	495	560	638	696
Justice	319	329	553	507	535	978	692	779	744
Law Officers' Departments	8	11	11	–23	11	15	13	13	13
Defence	6,109	6,006	6,774	6,486	7,074	8,171	7,856	8,187	8,871
Foreign and Commonwealth Office	96	50	78	93	124	207	167	177	166
International Development	432	285	285	430	764	731	891	1,366	1,556
Business, Enterprise and Regulatory Reform	–140	–99	–313	597	574	952	695	710	712
Environment, Food and Rural Affairs	339	405	369	754	834	836	798	838	1,040
Culture, Media and Sport	28	123	143	71	276	455	1,020	379	540
Work and Pensions	286	231	282	351	210	93	82	81	71
Scotland	1,082	1,054	1,359	1,348	2,035	2,379	1,973	2,142	2,439
Wales	524	466	490	538	633	809	858	968	1,122
Northern Ireland Executive	678	664	713	777	839	768	788	862	779
Northern Ireland Office	53	50	71	59	69	9	72	72	72
Chancellor's Departments	246	229	372	372	306	291	269	262	255
Cabinet Office	174	569	180	242	272	411	361	390	354
Independent Bodies	28	33	102	44	56	63	60	52	45
Total within capital DEL⁽¹⁾	17,695	20,550	21,768	23,120	27,785	31,265	34,428	36,109	39,248
Within capital departmental AME									
Health	–	–	229	649	89	43	10	–	–
Innovation, Universities and Skills	1,869	1,910	1,883	2,067	2,822	3,696	4,759	5,366	5,740
Defence	–	–	–	–	13	–710	–	–	–
Business, Enterprise and Regulatory Reform	–228	–1,142	–862	–838	–1,166	–814	–830	–306	–85
Environment, Food and Rural Affairs	1	1	1	0	0	0	1	1	1
Culture, Media and Sport	1,133	1,103	1,031	1,005	736	635	409	705	612
Work and Pensions	77	90	80	101	185	153	125	131	133
Scotland	216	191	170	150	147	170	124	125	125
Wales	133	136	135	121	128	161	166	169	166
Northern Ireland Executive	90	149	252	249	339	300	434	434	394
Chancellor's Departments	–	400	228	444	255	299	260	360	470
Independent Bodies	–	–	–	–	–	–	–	–	–
Total within capital Departmental AME	3,291	2,837	3,147	3,948	3,547	3,933	5,458	6,985	7,556
Add items classified as capital in National Accounts	–	–	–	3	–	–	–	–	–
Remove items classified as current in National Accounts	–5,212	–5,221	–5,409	–6,007	–6,506	–6,549	–6,254	–6,466	–6,934
Accounting and other adjustments	–4,812	–3,646	–1,654	–16,852	–1,546	–3,979	–4,300	–5,100	–5,900
Total CG own capital expenditure	10,962	14,521	17,852	4,212	23,280	24,670	29,300	31,600	34,000

(1) The CG Capital DEL figures shown above exclude the capital part of the DEL Reserve and unallocated amounts for the Modernisation Funding for plans years. Amounts for these items can be found in Table I.10.

Table 6.4 Central government own expenditure on services by economic category, 2002-03 to 2010-11

	accruals, £ million									
	National Statistics									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans	
Central government current expenditure on services										
Pay	55,574	62,260	70,517	77,927	78,921	83,233	81,449	83,939	87,085	
Procurement	70,131	75,884	78,550	81,015	87,706	94,014	101,911	106,950	112,256	
Subsidies ⁽¹⁾	6,277	7,279	6,593	6,715	6,670	7,084	6,421	5,978	5,780	
Social benefits and other grants to private sector	132,292	140,607	147,507	153,804	159,377	169,806	180,327	189,207	197,434	
Current transfers abroad	1,689	1,943	3,403	3,755	2,593	3,737	2,929	5,561	6,355	
Central government debt interest	20,915	22,280	23,934	25,807	27,576	29,946	30,270	30,332	33,965	
Total central government current expenditure on services⁽²⁾	286,878	310,253	330,503	349,023	362,843	387,819	403,307	421,968	442,875	
Accounting adjustments	6,523	7,070	7,180	8,068	11,009	10,982	15,700	16,800	18,800	
Total central government current expenditure	293,401	317,323	337,683	357,091	373,852	398,801	419,000	438,800	461,700	
Central government capital expenditure on services										
Capital expenditure ⁽³⁾	6,862	7,577	8,992	8,888	9,952	11,755	14,923	15,852	16,088	
Stock building	114	162	378	484	54	143	17	-33	67	
Capital grants	6,192	8,550	8,548	10,061	12,133	12,996	13,266	13,758	14,380	
Total central government capital expenditure on services⁽³⁾	13,167	16,289	17,918	19,434	22,139	24,894	28,207	29,577	30,535	
Accounting adjustments	-2,205	-1,768	-66	-15,222	1,141	-224	1,100	2,000	3,500	
Total central government capital expenditure	10,962	14,521	17,852	4,212	23,280	24,670	29,300	31,600	34,000	
Total central government expenditure on services	300,045	326,542	348,421	368,457	384,982	412,713	431,513	451,545	473,410	
Accounting adjustments	4,318	5,302	7,114	-7,154	12,150	10,759	16,800	18,800	22,300	
Total central government expenditure	304,363	331,844	355,535	361,303	397,132	423,471	448,300	470,300	495,700	

(1) Includes intra-public sector subsidies to central government and local authority units with market based activities, as well as public corporations

(2) This excludes the DEL Reserve and Modernisation Funding for plans years. AME figures for plans years exclude the AME margin. Amounts for the DEL Reserve and Modernisation Funding can be found in Table 1.12. The amounts for AME margin can be found in Table 1.1.

(3) Net of sales and capital assets and before depreciation.

Table 6.5 Central government expenditure on services by sub-function, 2002-03 to 2010-11

	accruals, £ million								
	National Statistics								
	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 estimated outturn	2008-09 plans	2009-10 plans	2010-11 plans
I. General public services									
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	7,369	7,894	8,679	9,053	9,351	9,399	9,415	9,134	9,148
1.2 Foreign economic aid	2,910	3,493	3,607	4,110	4,174	4,637	4,966	5,642	6,536
1.3 General services	374	468	487	586	595	642	529	683	760
1.4 Basic research	51	73	119	127	122	55	73	80	84
1.5 R&D general public services	32	30	28	30	30	39	25	24	24
1.6 General public services n.e.c.	185	167	232	189	134	148	246	290	329
1.7 Public sector debt transactions ⁽¹⁾⁽²⁾ <i>of which: central government debt interest</i>	20,915 20,915	22,280 22,280	23,934 23,934	25,807 25,807	27,576 27,576	29,946 29,946	30,270 30,270	30,332 30,332	33,965 33,965
Total general public services	31,837	34,405	37,086	39,902	41,983	44,866	45,524	46,185	50,846
2. Defence									
2.1 Military defence	23,123	24,705	25,121	26,429	27,502	27,668	29,881	30,366	32,162
2.2 Civil defence	4	86	35	23	32	27	6	7	7
2.3 Foreign military aid ⁽³⁾	1,270	1,281	903	1,155	1,689	2,904	17	0	0
2.4 R&D defence	429	424	512	505	528	550	627	680	644
2.5 Defence n.e.c	2,098	2,234	3,256	2,710	2,284	2,500	1,844	2,649	2,433
Total defence	26,925	28,730	29,828	30,823	32,035	33,649	32,375	33,702	35,246
3. Public order and safety									
3.1 Police services	3,400	3,370	3,745	3,728	3,956	4,165	4,128	4,595	4,737
<i>of which: immigration and citizenship</i>	<i>1,665</i>	<i>1,697</i>	<i>1,856</i>	<i>1,652</i>	<i>1,710</i>	<i>1,831</i>	<i>1,633</i>	<i>1,879</i>	<i>1,954</i>
<i>of which: other police services</i>	<i>1,735</i>	<i>1,673</i>	<i>1,889</i>	<i>2,077</i>	<i>2,246</i>	<i>2,334</i>	<i>2,495</i>	<i>2,715</i>	<i>2,783</i>
3.2 Fire-protection services	185	144	129	121	145	219	329	307	248
3.3 Law courts	4,920	5,625	6,230	6,045	6,231	6,737	6,362	6,373	6,147
3.4 Prisons	2,888	2,983	3,241	3,675	3,934	4,569	4,507	4,660	4,923
3.5 R&D public order and safety	32	30	48	23	16	24	29	36	41
3.6 Public order and safety n.e.c.	397	427	404	424	500	599	715	746	758
Total public order and safety	11,822	12,579	13,797	14,017	14,782	16,313	16,070	16,716	16,855
4. Economic affairs									
4.1 General economic, commercial and labour affairs	5,156	5,525	5,365	5,721	5,806	6,106	5,869	5,508	5,128
4.2 Agriculture, forestry, fishing and hunting	4,807	5,174	5,355	5,540	5,058	5,173	5,384	5,180	4,905
<i>of which: market support under CAP</i>	<i>3,290</i>	<i>3,758</i>	<i>3,979</i>	<i>3,981</i>	<i>3,526</i>	<i>3,381</i>	<i>3,584</i>	<i>3,511</i>	<i>3,495</i>
<i>of which: other agriculture, food and fisheries policy</i>	<i>1,405</i>	<i>1,293</i>	<i>1,255</i>	<i>1,407</i>	<i>1,343</i>	<i>1,615</i>	<i>1,636</i>	<i>1,503</i>	<i>1,244</i>
<i>of which: forestry</i>	<i>112</i>	<i>123</i>	<i>122</i>	<i>152</i>	<i>189</i>	<i>177</i>	<i>164</i>	<i>166</i>	<i>166</i>
4.3 Fuel and energy	1,017	1,086	1,251	1,399	1,182	961	664	443	399
4.4 Mining, manufacturing and construction	27	20	15	16	24	20	36	27	27
4.5 Transport	5,667	7,581	7,017	7,175	10,010	10,222	10,115	10,061	10,257
<i>of which: national roads</i>	<i>2,380</i>	<i>2,239</i>	<i>2,319</i>	<i>2,675</i>	<i>3,279</i>	<i>3,151</i>	<i>3,426</i>	<i>3,802</i>	<i>3,929</i>
<i>of which: local roads</i>	<i>206</i>	<i>221</i>	<i>242</i>	<i>254</i>	<i>239</i>	<i>327</i>	<i>341</i>	<i>367</i>	<i>449</i>
<i>of which: local public transport</i>	<i>408</i>	<i>1,332</i>	<i>474</i>	<i>508</i>	<i>759</i>	<i>868</i>	<i>780</i>	<i>802</i>	<i>824</i>
<i>of which: railway</i>	<i>2,186</i>	<i>3,291</i>	<i>3,445</i>	<i>3,144</i>	<i>5,105</i>	<i>5,169</i>	<i>4,833</i>	<i>4,350</i>	<i>4,306</i>
<i>of which: other transport</i>	<i>488</i>	<i>497</i>	<i>538</i>	<i>593</i>	<i>628</i>	<i>708</i>	<i>735</i>	<i>741</i>	<i>749</i>
4.6 Communication	261	369	427	256	232	632	453	318	292
4.7 Other industries	137	114	121	125	116	103	108	104	100
4.8 R&D economic affairs	2,119	2,307	2,465	2,941	2,782	3,166	3,129	3,252	3,337
4.9 Economic affairs n.e.c	681	867	870	747	800	748	817	672	698
Total economic affairs	19,871	23,042	22,887	23,920	26,010	27,132	26,575	25,565	25,143

Table 6.5 Central government expenditure on services by sub-function, 2002-03 to 2010-11 (continued)

	accruals, £ million								
	National Statistics								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
5. Environment protection									
5.1 Waste management	431	391	515	1,240	1,634	2,027	1,865	1,966	2,080
5.2 Waste water management	14	20	40	51	54	28	40	53	65
5.3 Pollution abatement	161	220	208	203	154	154	226	306	466
5.4 Protection of biodiversity and landscape	290	267	293	306	451	396	411	376	368
5.5 R&D environment protection	236	307	304	332	347	369	366	384	401
5.6 Environment protection n.e.c	1,223	949	1,145	1,440	1,570	1,600	1,564	1,541	1,633
Total environment protection	2,354	2,153	2,506	3,572	4,210	4,574	4,472	4,625	5,014
6. Housing and community amenities									
6.1 Housing development	2,239	2,995	2,812	3,151	3,353	3,564	3,863	4,249	4,760
<i>of which: local authority housing</i>	460	457	290	490	408	385	129	118	37
<i>of which: other social housing</i>	1,780	2,538	2,522	2,661	2,945	3,179	3,734	4,131	4,722
6.2 Community development	214	287	324	273	266	434	423	446	349
6.3 Water supply	242	272	320	342	308	269	17	16	16
6.4 Street lighting	14	15	17	19	15	19	18	19	20
6.5 R&D housing and community amenities	10	11	15	14	9	9	8	8	8
6.6 Housing and community amenities n.e.c	64	88	95	100	117	119	108	165	202
Total housing and community amenities	2,784	3,668	3,582	3,899	4,068	4,413	4,437	4,904	5,354
7. Health⁽⁴⁾⁽⁵⁾									
Medical services	64,145	72,492	80,451	87,309	91,920	99,603	108,242	114,443	121,134
Health research	404	471	475	574	609	617	678	737	804
Central and other health services	1,168	1,464	1,635	1,454	1,606	1,986	1,869	2,145	2,285
Total health	65,717	74,427	82,561	89,337	94,136	102,206	110,788	117,324	124,222
8. Recreation, culture and religion									
8.1 Recreational and sporting services	550	441	405	396	598	961	2,139	1,944	1,932
8.2 Cultural services	1,591	1,757	1,789	1,880	1,929	2,075	1,929	1,912	1,978
8.3 Broadcasting and publishing services	3,178	3,081	3,263	3,319	3,554	3,497	3,723	3,829	3,950
8.4 Religious and other community services	12	10	11	11	15	17	16	16	16
8.5 R&D recreation, culture and religion	2	2	1	81	110	131	129	133	138
8.6 Recreation, culture and religion n.e.c	57	61	73	85	101	109	118	119	128
Total recreation, culture and religion	5,391	5,352	5,542	5,773	6,307	6,790	8,054	7,953	8,142
9. Education (includes training)⁽⁴⁾⁽⁶⁾									
9.1 Pre-primary and primary education	886	1,176	1,076	1,065	642	740	735	777	842
<i>of which: under fives</i>	302	436	551	517	88	154	151	153	160
<i>of which: primary education</i>	583	741	525	548	554	586	584	624	682
9.2 Secondary education	1,082	1,167	1,521	1,838	2,262	2,625	2,332	2,274	2,118
9.3 Post-secondary non-tertiary education	5,919	6,739	7,060	7,325	7,915	8,508	7,942	8,133	8,328
9.4 Tertiary education	7,923	8,294	8,856	9,804	10,356	11,467	12,115	12,689	13,380
9.5 Education not definable by level ⁽⁶⁾	1,845	1,959	2,010	2,126	2,133	2,498	3,167	3,474	3,929
9.6 Subsidiary services to education	553	613	712	743	750	963	1,814	2,040	2,259
9.7 R&D education	37	39	42	33	37	43	33	38	34
9.8 Education n.e.c	1,388	1,587	1,726	1,728	1,847	2,102	1,886	1,984	2,061
Total education (includes training)	19,633	21,575	23,003	24,663	25,941	28,947	30,025	31,408	32,951

Table 6.5 Central government expenditure on services by sub-function, 2002-03 to 2010-11 (continued)

	accruals, £ million									
	National Statistics									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	
						outturn				
10. Social protection										
<i>of which personal social services</i>	3,073	3,377	3,711	3,604	4,429	4,802	4,717	4,719	4,937	
10.1 Sickness and disability	23,175	24,242	25,316	26,108	26,962	28,263	29,402	30,938	32,366	
<i>of which: personal social services</i>	681	776	943	928	1,018	1,205	1,224	1,222	1,246	
<i>of which: incapacity, disability and injury benefits</i>	22,494	23,466	24,373	25,180	25,943	27,059	28,179	29,716	31,121	
10.2 Old age	54,815	55,706	59,184	61,917	64,428	69,720	75,470	79,944	83,818	
<i>of which: personal social services</i>	12	14	13	15	16	3	12	12	12	
<i>of which: pensions</i>	54,803	55,692	59,171	61,902	64,412	69,717	75,459	79,932	83,807	
10.3 Survivors	1,916	1,840	1,852	1,846	1,811	1,804	1,835	1,832	1,835	
10.4 Family and children	20,190	21,597	21,440	21,389	21,428	22,311	21,726	21,017	21,178	
<i>of which: personal social services</i>	217	278	293	460	630	716	335	332	352	
<i>of which: family benefits, income support and tax credits</i>	19,973	21,319	21,147	20,929	20,798	21,595	21,392	20,685	20,826	
10.5 Unemployment	4,029	3,960	3,657	3,466	4,190	3,889	4,352	4,903	5,299	
<i>of which: personal social services</i>	1,020	1,059	1,163	826	1,441	1,388	1,520	1,394	1,438	
<i>of which: other unemployment benefits</i>	3,009	2,900	2,494	2,640	2,749	2,501	2,832	3,509	3,861	
10.6 Housing	451	562	392	371	470	507	526	552	583	
10.7 Social exclusion n.e.c	7,181	11,107	13,037	14,518	15,684	17,075	19,757	21,896	22,555	
<i>of which: personal social services</i>	1,143	1,250	1,300	1,375	1,325	1,491	1,627	1,760	1,889	
<i>of which: family benefits, income support and tax credits</i>	6,037	9,857	11,737	13,143	14,359	15,584	18,131	20,136	20,665	
10.8 R&D social protection	2	0	2	1	0	0	0	0	0	
10.9 Social protection n.e.c.	3,837	3,676	3,642	3,534	2,300	1,874	1,798	1,775	1,631	
Total social protection	115,596	122,690	128,521	133,150	137,272	145,443	154,868	162,857	169,265	
EU transactions⁽⁷⁾										
GNI-based contribution (net of abatement and collection costs)	2,275	2,957	4,361	3,856	4,071	4,779	4,865	5,566	6,063	
<i>derived as:</i>										
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	9,737	11,371	12,183	11,780	12,245	13,763	13,951	15,550	16,256	
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-4,229	-4,539	-4,100	-4,283	-4,614	-5,024	-4,670	-4,928	-5,172	
<i>UK abatement</i>	-3,233	-3,874	-3,722	-3,641	-3,560	-3,960	-4,415	-5,056	-5,021	
<i>EC receipts</i>	-3,424	-4,237	-4,555	-3,750	-5,164	-5,693	-5,759	-4,429	-4,834	
<i>Attributed aid and CFSP</i>	-736	-799	-697	-704	-668	-705	-781	-830	-856	
Total EU transactions	-1,885	-2,079	-892	-598	-1,761	-1,619	-1,674	306	373	
Total central government own expenditure on services	300,045	326,542	348,421	368,457	384,981	412,713	431,513	451,545	473,410	
Accounting adjustments	4,318	5,302	7,114	-7,154	12,151	10,759	16,800	18,800	22,300	
Total central government own expenditure	304,363	331,844	355,535	361,303	397,132	423,471	448,300	470,300	495,700	

(1) Debt interest figures are gross.

(2) Debt interest payments to the private sector and overseas that exclude all intra-public sector payments of debt interest.

(3) Spending for plan years on foreign military aid has yet to be allocated to a departmental level.

(4) From 2003-04 onwards, these figures include employers' contributions for costs of pensions increases that score within DEL.

(5) 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.

(6) Education not definable by level is equivalent to training.

(7) EU transactions are defined as:

- contribution to TME
- plus EC receipts
- less attributed aid
- less Common Foreign and Security Policy

Figures for the above are shown in table C1.

An explanation of why the EU transactions are defined in TES in this way is given in Appendix E.

7

LOCAL AUTHORITY EXPENDITURE

7.1 This chapter describes central government support for Local Authorities (**Tables 7.1 to 7.5**) and Local Authority expenditure (**Tables 7.6 to 7.10**). It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in certain tables in this section. Data for outturn years up to 2006-07 are covered by National Statistics protocols.

7.2 All data for central government support are on an accruals basis. Data for all years up to 2006-07 are final outturn figures; 2007-08 data are estimated outturn, based on departmental returns for support data; data from 2008-09 to 2010-11 are based on the spending plans of central government departments that support local authorities.

7.3 Local Authority data for all years up to 2006-07 are final outturn, except for some provisional Northern Ireland Local Authority expenditure. 2007-08 Local Authority expenditure data are based on Local Authority budget plans for current expenditure, and on estimated outturn for capital expenditure.

7.4 Details of the Government's policies and objectives for particular services provided in whole or in part by Local Authorities can be found in the relevant departmental reports.

What's new

7.5 Starting in 2008-09, Area Based Grant (ABG) is a new three-year non ring-fenced central government current grant to Local Authorities. There are a number of departments providing support through ABG. Departments record this support in budgets as grants to Local Authorities so it is included as part of their total current support in **Table 7.2**, even though the funding is actually transferred to Communities and Local Government (CLG) before being paid to Local Authorities. The total amount currently committed to ABG is shown in **Table 7.4**. As a consequence of ABG, current specific grants in **Tables 7.3** and **7.4** may be lower in plans than in previous years.

7.6 The capital spending of Voluntary Aided schools (classified by ONS to the local government sector) hasn't previously been included as part of local government spending in PESA. In PESA 2008 this spending is now added to the data collected by Communities and Local Government (CLG) from Local Authority returns.

Local Authority expenditure in the National Accounts

7.7 In National Accounts total Local Authority expenditure is defined as the contribution of Local Authorities to TME. TME is a consolidated measure in the sense that most distributive transactions between parts of the public sector do not add to TME. So, for example, total Local Authority expenditure defined here excludes capital grants paid to public corporations and interest paid to central government. Local Authority expenditure accounts for around one quarter of TME.

The financing of Local Authority expenditure

7.8 Total Local Authority expenditure can also be measured as central government support for Local Authorities within DEL and departmental AME, plus locally financed expenditure in AME, plus some accounting adjustments. **Table 7.1** sets out details of the financing of Local Authority expenditure defined on this basis.

7.9 **Tables 7.1 to 7.5** show detailed information about central government support and the financing of Local Authorities.

7.10 Central government support for expenditure by Local Authorities is provided in three forms: grants, for both capital and current expenditure; non-domestic rate payments; and Supported Capital Expenditure (Revenue) (equivalent to supported borrowing in Scotland). Support may be non-specific, e.g. Revenue Support Grant, or related to specific services, e.g. police grant.

7.11 **Table 7.2** presents a departmental breakdown of central government support for current and capital expenditure by Local Authorities.

7.12 Local Authority current spending can broadly be divided into two categories:

- **main local services**, which Local Authorities have some discretion over and which are financed by local taxation and revenue, certain central government specific grants referred to as inside Aggregate External Finance (AEF), and the new Area Based Grant that is outside AEF; and
- **other spending**, financed wholly by central government specific grants outside AEF.

7.13 Receipts from the EU that are passed to Local Authorities by departments are in departmental budgets. The payments of these grants are also included in departmental budgets. Therefore, finance to Local Authorities in departmental budgets is reduced slightly as a result of the receipt from the EU also being included.

Support for main local services

7.14 Local Authorities have considerable discretion to determine the level, pattern, and standard of the main services – subject to the financial resources available, including the implications for local taxation, and in some cases subject also to central government regulation and inspection of the service provided.

7.15 Government support for expenditure on the main services above is largely provided through Aggregate External Finance (AEF). This comprises:

- Revenue Support Grant (RSG) – an unhypothecated grant paid to Local Authorities in England, Scotland and Wales;
- non-domestic (business) rate payments- the proceeds of National Non-Domestic Rates (NNDR) are pooled separately in England, Scotland and Wales, and redistributed to Local Authorities; and
- other grants, such as the Dedicated Schools Grant (DSG), police grant, and other specific and special grants, which fund part of the current expenditure on a specific service or activity.

7.16 Table 7.1 shows AEF by country and the above main components. Table 7.3 shows AEF in Great Britain by country and grant. Most AEF falls within DEL, with the exception of:

- Scottish Non-Domestic Rates Income (NDRI), equivalent to NNDR payments and shown in locally financed expenditure in other AME; and
- the LA business growth incentive scheme, grants in support of police pensions and certain other grants that are included in departmental AME.

Support for other local spending

7.17 This is financed almost wholly by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and rebates, and council tax benefit. Table 7.4 shows current specific grants outside AEF by country. Grants outside AEF are a mixture of support falling within DEL and departmental AME.

Support for Local Authority capital programmes

7.18 Central government support for Local Authority capital expenditure comprises capital grants and Supported Capital Expenditure (Revenue) (equivalent to supported borrowing in Scotland). These replaced the system that operated prior to 1 April 2004, of credit approvals and capital consents respectively. Supported Capital Expenditure (Revenue) and supported borrowing enable Local Authorities to borrow or use other forms of credit to finance capital expenditure, with central government providing a revenue stream to support repayment of principal and interest. This is distinct from prudential borrowing where Local Authorities finance any additional borrowing from their own available resources. Table 7.5 shows the components of central government capital support within the United Kingdom by country and by service.

Local Authority expenditure on services

7.19 The measure of Local Authority spending that is analysed by function in PESA is Local Authority expenditure on services. It is largely equivalent to the National Accounts measure of Local Authority expenditure, which is also shown in the tables. Appendix E gives more information on expenditure on services.

7.20 Tables 7.6 to 7.10 show various analyses of Local Authority expenditure. Table 7.6 presents total Local Authority expenditure by function. Table 7.7 shows Local Authority current expenditure by country and function.

7.21 The functional categories in Tables 7.6 to 7.9 are based on the UN Classification Of the Functions Of Government (COFOG), the international standard, and are consistent with the functional categories used in other PESA chapters.

7.22 Tables 7.8 and 7.9 show Local Authority gross capital expenditure and capital receipts, by country and function. Local Authorities have several ways of financing capital expenditure. The main sources are:

- central government support in the form of capital grants and supported capital expenditure (supported borrowing in Scotland);
- capital receipts;
- developer contributions;
- Capital Expenditure from the Revenue Account (CERA); and
- prudential (self-financed) borrowing.

7.23 Gross capital expenditure, split by country and function is shown in Table 7.8. Gross indicates that it is before sales of capital assets and depreciation. Table 7.9 shows Local Authority capital receipts within the United Kingdom, again by country and function. Tables 7.8 and 7.9 use a definition of capital expenditure that is consistent with the National Accounts, i.e. excludes financial transactions, and the estimated outturns shown are based on the quarterly returns from Local Authorities on capital expenditure.

7.24 Table 7.10 shows total Local Authority expenditure, broken down by country and economic category.

Data sources and data quality

7.25 The central government support for Local Authorities data shown in Tables 7.1 to 7.5 are taken from finance data loaded onto the Treasury spending database by departments.

7.26 The Local Authority expenditure shown in Tables 7.6 to 7.10 is based on revenue and capital finance data collections completed by Local Authorities and sent to Communities and Local Government (CLG) and devolved administrations. These departments carry out quality assurance on the data received, produce aggregate results for publication, and supply this information to the Treasury.

7.27 Information is sought from all Local Authorities, which derive the material from the accounting records used to produce audited accounts. However, detailed expenditure breakdowns may be of lower quality because of inconsistencies of classification by respondents and resource constraints on quality assurance.

7.28 Spending information received from Local Authorities is described in terms of Local Authority services (education, roads etc). The Treasury assign spending to COFOG functional categories used in PESA. In general the read-across from service categories to COFOG categories is relatively clear, but in some cases – for example due to a reduced level of information available in budget data – the read-across is less straightforward and assumptions are applied.

7.29 Budget data for 2007-08 was collected at the beginning of 2007-08 and reflects Local Authorities' plans. These data can be subject to revisions as and when final outturn data become available, partly because some grants from central government departments are allocated after budget setting has taken place. HM Treasury will first publish provisional outturn data for 2007-08 in the National Statistics update published on the day of the Pre-Budget Report 2008, and outturn data for 2007-08 in the National Statistics update published on the day of the Budget 2009 and included in PESA 2009.

7.30 Although the quality of the local government expenditure data in PESA is good enough to provide a broad picture of local government spending, the quality is likely to be lower than the quality of the central government data in PESA (including central government support for Local Authorities). Figures are shown to the nearest £1m so that users performing calculations on the numbers do not introduce errors due to working on rounded numbers. The figures are not accurate to £1m.

7.31 The Treasury are working with CLG and the ONS to improve the quality and timeliness of Local Authority spending data.

7.32 More information on Local Authority finance and spending is available from the following sources:

- England – CLG publication Local Government Financial Statistics
[<http://www.local.odpm.gov.uk/finance/stats>]
- Scotland – Scottish Executive publication
[<http://www.Scotland.gov.uk/topics/statistics>]
- Wales – National Assembly for Wales publication
[<http://www.wales.gov.uk/statistics>]

Table 7.1 Financing of Local Authority expenditure in the United Kingdom, 2002–03 to 2010–11

	accruals, £ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Current finance in DEL									
Aggregate External Finance									
England									
Revenue Support Grant	19,931	24,267	27,010	26,726	3,443	3,163	2,909	} 24,052	24,673
Non-domestic rate payments	16,633	15,607	15,000	18,000	17,500	18,500	20,500		
Dedicated Schools Grant	–	–	–	–	26,576	28,064	29,563	30,615	31,893
Other specific and special grants	13,121	16,688	18,037	18,943	19,578	19,302	17,454	16,622	17,814
Total England	49,685	56,562	60,048	63,669	67,097	69,029	70,427	71,289	74,380
Scotland									
Revenue Support Grant	4,558	5,038	5,267	5,586	5,778	6,170	7,370	7,723	8,247
Specific and special grants	666	679	890	798	1,043	935	743	777	785
Total Scotland	5,224	5,717	6,157	6,384	6,821	7,105	8,113	8,501	9,032
Wales									
Revenue Support Grant	2,265	2,461	2,539	2,699	2,899	3,720	3,127	3,225	3,349
Non-domestic rate payments	755	737	745	788	844	190	907	914	918
Specific and special grants	275	352	285	310	347	392	462	500	515
Total Wales	3,295	3,550	3,569	3,797	4,090	4,302	4,496	4,639	4,782
Great Britain									
Revenue Support Grant	26,754	31,766	34,816	35,012	12,119	13,052	13,406	35,001	36,269
Non-domestic rate payments	17,387	16,343	15,745	18,788	18,344	18,690	21,407	914	918
Dedicated Schools Grant	–	–	–	–	26,576	28,064	29,563	30,615	31,893
Other specific and special grants	14,062	17,720	19,212	20,051	20,969	20,630	18,660	17,899	19,114
Total AEF Great Britain⁽¹⁾	58,204	65,829	69,774	73,851	78,009	80,436	83,036	84,429	88,194
Non AEF current grants ⁽²⁾	2,159	3,232	3,491	4,095	4,079	5,767	6,638	8,723	8,701
Total current finance in DEL	60,363	69,061	73,264	77,946	82,088	86,203	89,674	93,152	96,896
Capital support in DEL⁽³⁾									
Capital grants/SCE(C) ⁽²⁾⁽⁴⁾	3,323	4,282	5,561	6,027	6,243	8,751	8,835	9,933	11,633
Credit approvals/SCE(R) ⁽⁴⁾	4,068	4,588	4,715	5,196	4,269	3,838	3,623	3,548	3,149
Total capital support in DEL	7,391	8,870	10,276	11,223	10,512	12,589	12,458	13,481	14,782
Total central government support in DEL	67,754	77,931	83,540	89,169	92,600	98,792	102,132	106,634	111,678
Current finance in departmental AME									
AEF current grants	170	304	461	524	1,327	1,296	1,012	1,083	1,193
Non AEF current grants	14,231	13,919	16,327	17,260	18,618	19,462	20,543	21,839	22,998
Total current finance in departmental AME	14,401	14,223	16,788	17,785	19,945	20,759	21,555	22,922	24,191
Total capital support in departmental AME⁽³⁾⁽⁵⁾	173	230	96	90	83	251	282	237	237
Total central government support in departmental AME	14,574	14,454	16,885	17,875	20,028	21,010	21,837	23,159	24,428
Locally financed expenditure									
Local Authority self-financed expenditure	17,985	18,335	20,946	24,733	25,821	26,486	27,762	28,232	28,714
Locally financed support in Scotland in AEF ⁽⁶⁾	1,718	1,804	1,896	1,897	1,884	1,860	1,963	2,019	2,014
Total locally financed expenditure	19,703	20,140	22,842	26,630	27,705	28,346	29,725	30,251	30,728
Accounting and other adjustments	8,814	7,044	8,950	7,176	5,842	7,596	9,300	9,900	10,900
Total Local Authority expenditure	110,844	119,568	132,217	140,850	146,175	155,743	163,000	169,900	177,700

(1) Great Britain total only because Northern Ireland do not have any support within AEF.

(2) Includes receipts from the EU that finance grants to Local Authorities, which are inside departmental budgets.

(3) Excludes debt repayment grants from central government which no longer score in budgets.

(4) A full definition of Supported Capital Expenditure (SCE) is given in Appendix G.

(5) Includes expenditure financed from the lottery.

(6) Non-Domestic Rates Income (NDRI) is locally financed support, in Scotland, in AME. Equivalent to non-domestic rate payments in England and Wales.

Table 7.2 Central government support for Local Authorities in the United Kingdom by departmental group, 2002–03 to 2010–11

	accruals, £ million									
	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	
						outturn				
Current finance in DEL										
Children, Schools and Families	4,041	4,180	4,068	4,781	31,898	33,702	35,794	37,362	38,967	
Health	1,881	1,816	2,148	2,141	1,772	1,832	1,255	1,397	1,486	
Transport	1,363	2,103	2,670	2,577	3,096	2,975	3,181	3,322	3,705	
Innovation, Universities and Skills	1,494	1,592	1,666	2,122	1,947	2,046	2,107	2,184	2,263	
CLG Communities	201	2,120	2,232	2,152	2,602	3,819	2,725	2,898	2,952	
CLG Local Government	37,138	40,631	42,989	45,912	22,256	22,445	24,405	25,292	26,094	
Home Office	4,816	5,520	5,613	5,994	5,824	6,014	6,461	6,422	6,638	
Justice	275	280	299	–	–	–	–	–	–	
Business, Enterprise and Regulatory Reform	386	346	380	385	380	336	398	398	393	
Environment, Food and Rural Affairs	–218	–13	2	15	–15	–29	35	54	52	
Culture, Media and Sport	12	–	2	23	24	3	3	2	2	
Work and Pensions	391	684	653	745	729	828	629	623	612	
Scotland ⁽¹⁾	5,304	6,154	6,733	7,155	7,316	7,803	8,192	8,581	8,977	
Wales ⁽¹⁾	3,203	3,560	3,728	3,887	4,210	4,374	4,450	4,575	4,710	
Northern Ireland Executive ⁽¹⁾	56	68	63	56	50	51	52	54	53	
Cabinet Office	19	19	20	1	0	4	1	1	1	
Total current finance in DEL	60,363	69,061	73,264	77,946	82,088	86,203	89,689	93,164	96,906	
Current finance in departmental AME										
CLG Communities	–	–	18	11	166	153	200	210	225	
CLG Local Government	170	304	461	524	1,036	941	463	463	463	
Home Office	–	–	–	–	291	355	549	620	730	
Business, Enterprise and Regulatory Reform	1	0	4	2	3	3	3	3	3	
Culture, Media and Sport	29	55	57	51	49	90	54	46	46	
Work and Pensions	14,201	13,674	16,258	17,183	18,364	19,205	20,278	21,573	22,716	
Scotland	–	–	–	–	–	–	8	8	8	
Wales	–	190	–9	13	36	12	–	–	–	
Total current finance in departmental AME	14,401	14,223	16,788	17,785	19,945	20,759	21,555	22,922	24,191	
Locally financed support in Scotland⁽²⁾	1,718	1,804	1,896	1,897	1,884	1,860	1,963	2,019	2,014	
Total current finance	76,482	85,089	91,949	97,628	103,917	108,821	113,206	118,105	123,110	
Capital support in DEL⁽³⁾										
Children, Schools and Families	2,463	3,231	3,729	4,060	3,575	4,945	5,229	5,751	7,104	
Health	72	132	140	122	181	165	119	120	121	
Transport	1,521	1,544	1,706	1,564	1,659	2,392	1,914	2,285	2,287	
CLG Communities	1,125	1,562	2,063	2,583	2,358	2,792	2,378	2,605	2,428	
CLG Local Government	202	212	256	315	222	65	86	106	92	
Home Office	327	388	359	400	178	285	294	144	157	
Justice	44	35	46	1	1	2	–	–	–	
Business, Enterprise and Regulatory Reform	409	507	551	547	578	182	530	526	521	
Environment, Food and Rural Affairs	79	158	122	85	85	66	192	201	150	
Culture, Media and Sport	–	–	10	39	8	0	25	25	26	
Work and Pensions	–12	–16	1	0	0	2	–	–	–	
Scotland ⁽¹⁾	680	593	768	829	961	965	975	993	994	
Wales ⁽¹⁾	481	519	518	670	687	718	710	710	719	
Northern Ireland Executive ⁽¹⁾	2	6	7	6	9	9	6	14	181	
Cabinet Office	–	–	–	–	11	–	–	–	–	
Total capital support in DEL	7,391	8,870	10,276	11,223	10,512	12,589	12,458	13,481	14,782	
Capital support in departmental AME⁽³⁾										
Financing from the national lottery	110	94	96	90	83	251	282	237	237	
Other departmental AME	63	136	–	–	–	–	–	–	–	
Total capital support in departmental AME	173	230	96	90	83	251	282	237	237	
Total capital support	7,564	9,100	10,372	11,313	10,594	12,840	12,740	13,718	15,019	
Total central government support	84,046	94,189	102,321	108,941	114,512	121,661	125,946	131,823	138,130	

(1) Allocations within DEL totals may be subject to final decisions by the devolved administrations.

(2) Non-Domestic Rates Income (NDRI) is locally financed support in Scotland, in AME. Equivalent to non-domestic rate payments in England and Wales.

(3) Excludes debt repayment grants from central government that no longer score in budgets.

Table 7.3 Aggregate External Finance in Great Britain by country and grant, 2002–03 to 2010–11

	accruals, £ million									
	National Statistics						2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 estimated outturn				
England										
Revenue Support Grant	19,931	24,267	27,010	26,726	3,443	3,163	2,909	24,515	25,136	
Non-domestic rate payments ⁽¹⁾	16,802	15,911	15,461	18,409	18,207	18,951	20,963			
Dedicated Schools Grant	–	–	–	–	26,576	28,064	29,563	30,615	31,893	
Other education	3,434	3,472	3,814	4,539	5,133	5,585	4,943	5,259	5,466	
Police	4,466	5,026	5,346	5,720	5,802	6,039	6,442	6,482	6,792	
Health	2,369	2,400	2,352	2,384	1,952	1,877	433	642	881	
Magistrates courts	302	313	354	–	–	–	–	–	–	
Social security	167	337	332	475	556	583	492	481	470	
Neighbourhood renewal fund	300	400	450	525	525	–	–	–	–	
Metropolitan railways passenger services grant	12	13	16	16	18	21	23	23	23	
GLA transport	1,052	1,718	2,296	2,218	2,676	2,435	2,424	2,539	2,918	
Strategic rail authority	241	290	214	205	234	230	200	205	210	
RDA development fund	386	346	380	386	380	336	399	399	394	
PFI special grant	207	298	427	416	513	600	677	853	1,069	
Supporting people	39	1,858	1,856	1,755	1,726	1,736	1,686	–	–	
LA business growth incentive scheme	–	–	–	116	329	491	–	50	100	
Other	147	216	199	304	353	216	284	309	221	
Total England	49,855	56,867	60,509	64,193	68,424	70,326	71,439	72,372	75,573	
Scotland⁽²⁾										
Revenue Support Grant	4,558	5,038	5,267	5,586	5,778	6,170	7,370	7,723	8,247	
NDRI ⁽³⁾	1,718	1,804	1,896	1,897	1,884	1,860	1,963	2,019	2,014	
Police	423	442	486	512	530	560	576	611	620	
Other	243	237	404	286	514	375	168	167	165	
Total Scotland	6,942	7,522	8,053	8,282	8,705	8,965	10,076	10,520	11,046	
Wales⁽²⁾										
Revenue Support Grant	2,265	2,461	2,539	2,699	2,899	3,720	3,127	3,225	3,349	
Non-domestic rate payments	755	737	745	788	844	190	907	914	918	
Police	217	214	218	230	268	303	412	448	463	
Other	58	137	67	80	79	89	50	52	51	
Total Wales	3,295	3,550	3,569	3,797	4,090	4,302	4,496	4,639	4,782	
Total Great Britain	60,092	67,938	72,130	76,272	81,220	83,592	86,011	87,531	91,401	
<i>of which: AEF grants in DEL</i>	<i>58,204</i>	<i>65,829</i>	<i>69,774</i>	<i>73,851</i>	<i>78,009</i>	<i>80,436</i>	<i>83,036</i>	<i>84,429</i>	<i>88,194</i>	

(1) Non-domestic rate payments differ to those in Table 7.1 because they include non-domestic rate outturn adjustments, which are in departmental AME.

(2) Allocations within DEL totals may be subject to final decisions by the devolved administrations.

(3) Non-Domestic Rates Income (NDRI) is locally financed support in Scotland, in AME. Equivalent to non-domestic rate payments in England and Wales.

Table 7.4 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 2002–03 to 2010–11

	accruals, £ million									
	National Statistics									
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans	
England										
Mandatory student awards	63	67	11	11	3	3	–	–	–	
LSC grants	1,399	1,525	1,655	2,111	1,944	2,040	2,107	2,184	2,263	
Rent rebates	3,977	3,065	4,184	4,234	4,399	4,505	4,403	4,462	4,646	
Rent allowances	5,941	5,967	6,907	7,525	8,308	8,872	9,802	10,674	11,321	
Community charge rebates/ Council tax benefits	2,186	2,519	2,946	3,123	3,278	3,391	3,538	3,761	3,993	
Environment agency	–264	–100	–34	–34	–58	–35	–35	–35	–35	
Planning delivery grant	–	50	98	125	96	86	67	131	221	
New deal for communities	99	127	157	160	144	131	117	87	43	
Police special grants	133	275	48	44	44	27	14	35	36	
Local area agreements	–	–	–	4	456	1,697	–	–	–	
Area based grants	–	–	–	–	–	–	3,029	4,843	4,767	
Others ⁽¹⁾	421	461	474	512	634	818	962	1,149	1,223	
Total England	13,954	13,956	16,447	17,815	19,249	21,535	24,004	27,291	28,479	
Scotland										
Rent rebates	678	678	535	541	554	537	525	548	529	
Rent allowances	456	560	618	641	670	700	845	916	966	
Community charge rebates/ Council tax benefits	292	307	347	354	358	357	393	414	434	
Others ⁽¹⁾	134	526	705	835	576	792	146	146	10	
Total Scotland	1,561	2,071	2,206	2,371	2,158	2,387	1,910	2,024	1,939	
Wales										
Rent rebates	266	190	267	276	284	322	254	258	258	
Rent allowances	265	244	280	302	317	300	316	328	346	
Community charge rebates/ Council tax benefits	120	132	156	170	177	199	182	192	202	
Others	167	490	398	364	461	435	462	414	421	
Total Wales	818	1,056	1,102	1,112	1,238	1,256	1,213	1,192	1,227	
Northern Ireland										
Others	57	68	63	57	52	52	53	54	53	
Total Northern Ireland	57	68	63	57	52	52	53	54	53	
Total United Kingdom	16,390	17,151	19,818	21,356	22,698	25,229	27,181	30,562	31,699	
<i>Memo: of which within DEL:</i>										
England	1,802	2,338	2,317	2,854	3,030	4,509	5,990	8,121	8,229	
Scotland	134	526	705	835	575	788	136	136	–	
Wales	167	301	406	351	425	419	459	412	419	
Northern Ireland	56	68	63	56	50	51	52	54	53	
Total within DEL	2,159	3,232	3,491	4,095	4,079	5,767	6,638	8,723	8,701	

(1) Includes receipts from the EU that finance grants to Local Authorities, which are inside departmental budgets.

Table 7.5 Central government capital support⁽¹⁾ for Local Authorities in the United Kingdom by country and service⁽²⁾, 2002–03 to 2010–11

	accruals, £ million								
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn				
England									
Credit approvals/SCE(R)⁽³⁾									
Housing	844	1,159	1,318	1,676	1,123	1,237	1,081	1,078	1,018
Transport	1,314	1,451	1,423	1,405	1,368	854	856	920	976
Education	818	999	1,198	1,375	1,022	1,032	1,045	945	545
Personal social services	56	49	62	53	60	60	9	9	9
Fire services	48	53	58	58	58	58	62	69	71
Environment protection	9	40	44	22	–	0	–	–	–
Enterprise and economic development	0	0	–	–	–	–	–	–	–
Recreation, culture and religion	10	–	–	–	–	–	–	–	–
General public services	54	132	–	–	–	–	–	–	–
Criminal justice	97	76	78	73	123	73	67	25	27
Total credit approvals/SCE(R)	3,249	3,959	4,180	4,662	3,754	3,314	3,120	3,046	2,646
Capital grants/SCE(C)⁽³⁾									
Housing	108	131	112	93	97	123	118	124	134
Transport	203	85	264	160	251	1,402	1,057	1,365	1,311
Education	1,623	2,219	2,501	2,666	2,495	3,834	4,130	4,757	6,504
Personal social services	38	39	59	83	94	117	120	115	121
Fire services	–	–	5	5	5	10	–	35	45
Environment protection	71	122	78	64	85	76	192	201	150
Enterprise and economic development ⁽⁴⁾	535	727	1,072	1,235	1,240	1,100	1,318	1,421	1,324
Recreation, culture and religion	–	–	10	39	8	0	25	25	26
General public services ⁽⁴⁾	177	187	311	336	677	657	433	529	469
Health	–	58	62	45	87	46	26	27	28
Employment policies	5	4	1	0	0	3	–	–	–
Criminal justice	264	333	323	315	63	214	206	113	124
Total capital grants/ SCE(C)	3,024	3,904	4,799	5,041	5,101	7,583	7,625	8,712	10,235
Total England	6,274	7,864	8,980	9,703	8,855	10,897	10,746	11,757	12,881
Scotland⁽⁵⁾									
Supported borrowing⁽⁶⁾									
Scottish Executive housing	160	123	–	–	–	–	–	–	–
Scottish Executive: other	458	373	364	355	352	361	330	330	330
Total supported borrowing	618	496	364	355	352	361	330	330	330
Capital grants									
Scottish Executive housing	25	11	223	209	168	131	215	215	146
Scottish Executive: other ⁽⁴⁾	37	86	182	264	441	473	431	449	518
Total capital grants	62	97	404	473	609	604	645	663	664
Total Scotland	680	593	768	829	961	965	975	993	994
Wales⁽⁵⁾									
Credit approvals/SCE(R)									
Welsh Assembly Government	259	264	167	163	163	163	167	167	167
Other departments ⁽⁷⁾	4	4	4	15	–	–	7	6	7
Total credit approvals/SCE(R)	263	268	171	178	163	163	173	173	174
Capital grants									
Welsh Assembly Government	229	265	351	507	523	555	544	544	553
Other departments ⁽⁷⁾	6	10	–	–	–	–	15	–	–
Total capital grants/SCE(C)	235	275	351	507	523	555	558	544	553
Total Wales	498	543	522	685	687	718	732	717	726
Northern Ireland capital grants⁽⁵⁾	2	6	7	6	9	9	6	14	181
Capital grants from the national lottery	110	94	96	90	83	251	282	237	237
United Kingdom Total	7,564	9,100	10,372	11,313	10,594	12,840	12,740	13,718	15,019
<i>of which:</i>									
Credit approvals/SCE(R)	4,131	4,723	4,715	5,196	4,269	3,838	3,623	3,548	3,149
Capital grants/SCE(C)	3,433	4,376	5,657	6,117	6,326	9,002	9,116	10,170	11,870

(1) Excludes debt repayment grants from central government which no longer score in budgets.

(2) The service categories shown are Local Authority service areas not COFOG categories.

(3) A full definition of Supported Capital Expenditure (SCE) is given in Appendix G.

(4) Includes receipts from the EU that finance grants to Local Authorities, which are inside departmental budgets.

(5) Allocations within DEL totals may be subject to final decisions by the devolved administrations.

(6) Supported borrowing is the equivalent of credit approvals in England and Wales.

(7) Includes the Home Office and the Ministry of Justice.

Table 7.6 Local Authority current and capital expenditure on services in the United Kingdom by function, 2002–03 to 2007–08⁽¹⁾

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	plans
Current						
1. General public services	3,400	3,640	4,006	4,268	4,485	5,415
<i>of which: public and common services</i>	3,134	3,404	3,621	3,828	3,969	4,664
<i>of which: public sector debt interest⁽²⁾</i>	266	236	385	440	516	751
2. Defence	32	33	40	53	59	72
3. Public order and safety	11,836	13,088	13,826	14,329	14,914	15,392
4. Economic affairs	4,206	5,302	5,594	5,780	5,602	5,690
<i>of which: enterprise and economic development</i>	971	1,039	1,274	1,393	1,213	1,153
<i>of which: agriculture, fisheries and forestry</i>	6	10	9	10	11	15
<i>of which: transport</i>	3,229	4,254	4,312	4,376	4,378	4,522
5. Environment protection	3,518	3,827	4,124	4,490	4,723	5,058
6. Housing and community amenities	1,623	2,108	2,229	2,446	2,594	2,728
7. Health	478	423	312	298	231	291
8. Recreation, culture and religion	3,258	3,545	3,613	3,805	3,923	3,953
9. Education (includes training)	32,490	36,108	38,257	40,706	42,512	44,618
<i>of which: education</i>	32,472	36,089	38,238	40,681	42,483	44,591
<i>of which: training</i>	18	19	19	25	30	26
10. Social protection	29,544	32,549	35,239	37,462	39,567	40,840
Total Local Authorities' current expenditure on services	90,384	100,622	107,239	113,638	118,611	124,056
Accounting adjustments	9,013	6,871	11,352	13,406	14,058	16,797
Total Local Authorities' current expenditure	99,397	107,493	118,591	127,044	132,669	140,853
Capital						
1. General public services	349	413	835	944	813	1,108
<i>of which: public and common services</i>	349	413	835	944	813	1,108
3. Public order and safety	512	618	704	684	621	819
4. Economic affairs	2,646	2,802	3,074	3,739	3,754	4,735
<i>of which: enterprise and economic development</i>	-17	2	-13	127	-4	63
<i>of which: employment policies</i>	1	0	0	0	0	0
<i>of which: agriculture, fisheries and forestry</i>	34	42	49	52	63	96
<i>of which: transport</i>	2,629	2,757	3,037	3,560	3,695	4,576
5. Environment protection	165	276	362	392	330	425
6. Housing and community amenities	575	561	991	999	1,160	1,413
7. Health	2	60	63	45	86	110
8. Recreation, culture and religion	663	679	856	1,065	1,043	1,610
9. Education (includes training)	2,622	3,321	3,721	4,267	4,385	5,211
<i>of which: education</i>	2,617	3,314	3,714	4,257	4,376	5,194
<i>of which: training</i>	4	7	7	10	9	17
10. Social protection	153	171	191	314	258	363
Total Local Authorities' capital expenditure on services	7,687	8,901	10,798	12,449	12,450	15,793
Accounting adjustments	3,760	3,174	2,828	1,357	1,056	-903
Total Local Authorities' capital expenditure	11,447	12,075	13,626	13,806	13,506	14,890
Total Local Authorities' expenditure	110,844	119,568	132,217	140,850	146,175	155,743

(1) The Local Authority current expenditure figures for 2007–08 reflect Local Authority budgets data, as set at the beginning of 2007–08. This differs from the totals of Local Authority current expenditure in this table, which reflects latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2008. The difference in sources is adjusted for within the accounting adjustments.

(2) This excludes all intra-public sector payments of debt interest.

Table 7.7 Local Authority current expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08⁽¹⁾

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
England						
1. General public services	2,651	2,914	3,101	3,075	3,393	4,004
<i>of which: public and common services</i>	2,651	2,914	3,101	3,075	3,393	4,004
2. Defence	27	28	34	46	51	64
3. Public order and safety	10,346	11,468	12,168	12,544	13,019	13,420
4. Economic affairs	3,461	4,516	4,758	4,906	4,729	4,718
<i>of which: enterprise and economic development</i>	790	833	1,043	1,158	967	869
<i>of which: agriculture, fisheries and forestry</i>	4	7	6	8	8	12
<i>of which: transport</i>	2,667	3,676	3,709	3,740	3,754	3,836
5. Environment protection	2,849	3,109	3,357	3,675	3,833	4,167
6. Housing and community amenities	1,376	1,846	1,954	2,138	2,299	2,366
7. Health	449	391	278	261	194	249
8. Recreation, culture and religion	2,394	2,641	2,652	2,799	2,921	2,959
9. Education (includes training)	27,396	30,523	32,311	34,468	36,041	37,933
<i>of which: education</i>	27,396	30,523	32,311	34,468	36,041	37,933
10. Social protection	24,935	27,695	30,079	31,969	33,813	34,852
Total England	75,884	85,130	90,691	95,882	100,294	104,731
Scotland						
1. General public services	298	305	348	516	362	409
<i>of which: public and common services</i>	298	305	348	516	362	409
2. Defence	3	3	4	4	4	4
3. Public order and safety	903	990	1,026	1,104	1,183	1,187
4. Economic affairs	497	519	538	586	569	628
<i>of which: enterprise and economic development</i>	106	123	129	144	147	161
<i>of which: agriculture, fisheries and forestry</i>	1	1	1	1	1	1
<i>of which: transport</i>	391	396	409	440	422	466
5. Environment protection	376	396	417	438	462	483
6. Housing and community amenities	81	84	88	95	78	104
8. Recreation, culture and religion	486	527	550	572	589	570
9. Education (includes training)	3,343	3,659	3,917	4,112	4,252	4,373
<i>of which: education</i>	3,343	3,659	3,917	4,112	4,252	4,373
10. Social protection	3,112	3,204	3,396	3,611	3,740	3,875
Total Scotland	9,098	9,688	10,284	11,038	11,240	11,632
Wales						
1. General public services	184	185	172	237	213	251
<i>of which: public and common services</i>	184	185	172	237	213	251
2. Defence	2	2	2	3	3	4
3. Public order and safety	588	630	632	682	712	785
4. Economic affairs	240	256	284	277	290	329
<i>of which: enterprise and economic development</i>	67	72	89	79	86	108
<i>of which: agriculture, fisheries and forestry</i>	2	2	2	2	2	2
<i>of which: transport</i>	171	182	194	196	202	219
5. Environment protection	198	225	247	263	299	257
6. Housing and community amenities	92	105	109	126	138	156
8. Recreation, culture and religion	212	219	243	254	264	261
9. Education (includes training)	1,751	1,926	2,028	2,126	2,219	2,313
<i>of which: education</i>	1,734	1,907	2,009	2,101	2,189	2,286
<i>of which: training</i>	18	19	19	25	30	26
10. Social protection	1,497	1,650	1,764	1,882	2,014	2,113
Total Wales	4,765	5,199	5,482	5,849	6,152	6,469
Total Great Britain	89,747	100,016	106,457	112,770	117,686	122,833

Table 7.7 Local Authority current expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08⁽¹⁾ (continued)

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
Northern Ireland						
4. Economic affairs	8	10	13	11	14	16
<i>of which: enterprise and economic development</i>	8	10	13	11	14	16
5. Environment protection	94	97	104	114	129	150
6. Housing and community amenities	74	73	79	87	79	101
7. Health	29	32	34	37	37	42
8. Recreation, culture and religion	165	159	167	179	150	163
Total Northern Ireland	370	370	398	429	409	473
Debt interest ⁽²⁾	266	236	385	440	516	751
Total Local Authorities' current expenditure on services	90,384	100,622	107,239	113,638	118,611	124,056
Accounting adjustments	9,013	6,871	11,352	13,406	14,058	16,797
Total Local Authorities' current expenditure	99,397	107,493	118,591	127,044	132,669	140,853

(1) The Local Authority current expenditure figures for 2007–08 reflect Local Authority budgets data, as set at the beginning of 2007–08. This differs from the totals of Local Authority current expenditure in this table, which reflects latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2008. The difference in sources is adjusted for within the accounting adjustments.

(2) This excludes all intra-public sector payments of debt interest.

Table 7.8 Local Authority gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
England						
1. General public services	607	809	1,125	1,229	1,168	1,407
<i>of which: public and common services</i>	607	809	1,125	1,229	1,168	1,407
3. Public order and safety	521	618	685	701	655	819
4. Economic affairs	2,708	2,781	3,089	3,519	3,453	4,374
<i>of which: enterprise and economic development</i>	220	202	260	302	252	303
<i>of which: employment policies</i>	1	1	0	0	0	0
<i>of which: agriculture, fisheries and forestry</i>	65	72	66	93	96	115
<i>of which: transport</i>	2,422	2,506	2,762	3,124	3,106	3,955
5. Environment protection	132	236	302	301	284	342
6. Housing and community amenities	570	654	880	954	1,175	1,419
7. Health	–	58	62	43	84	100
8. Recreation, culture and religion	621	594	697	947	898	1,317
9. Education (includes training)	2,614	3,271	3,618	4,034	4,077	4,842
<i>of which: education</i>	2,614	3,271	3,618	4,034	4,077	4,842
10. Social protection	199	202	221	341	279	342
Total England	7,970	9,223	10,678	12,068	12,072	14,963
Scotland						
1. General public services	92	97	133	162	243	345
<i>of which: public and common services</i>	92	97	133	162	243	345
3. Public order and safety	53	66	65	51	60	82
4. Economic affairs	201	254	316	382	500	588
<i>of which: enterprise and economic development</i>	15	13	20	27	23	32
<i>of which: agriculture, fisheries and forestry</i>	16	20	24	21	29	42
<i>of which: transport</i>	169	221	271	334	448	514
5. Environment protection	16	18	38	53	40	56
6. Housing and community amenities	66	80	144	130	121	128
8. Recreation, culture and religion	76	88	109	110	127	181
9. Education (includes training)	157	172	199	310	403	483
<i>of which: education</i>	153	163	191	292	392	461
<i>of which: training</i>	4	9	8	18	11	22
10. Social protection	30	32	33	38	50	85
Total Scotland	691	805	1,037	1,236	1,545	1,947
Wales						
1. General public services	37	52	51	60	79	105
<i>of which: public and common services</i>	37	52	51	60	79	105
3. Public order and safety	28	39	43	41	37	53
4. Economic affairs	129	146	171	241	249	233
<i>of which: enterprise and economic development</i>	18	18	26	34	30	39
<i>of which: agriculture, fisheries and forestry</i>	5	5	8	6	9	11
<i>of which: transport</i>	106	123	138	200	211	183
5. Environment protection	22	25	26	37	34	46
6. Housing and community amenities	158	173	189	191	182	178
8. Recreation, culture and religion	49	71	80	76	104	147
9. Education (includes training)	97	115	144	161	185	188
<i>of which: education</i>	97	115	144	161	185	188
10. Social protection	11	14	17	20	19	23
Total Wales	531	635	721	827	889	973
Total Great Britain	9,193	10,662	12,436	14,131	14,506	17,883

Table 7.8 Local Authority gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
Northern Ireland						
4. Economic affairs	0	3	3	1	2	8
<i>of which: enterprise and economic development</i>	0	3	3	1	2	8
5. Environment protection	8	15	13	17	15	24
6. Housing and community amenities	14	15	15	21	27	35
7. Health	2	2	1	2	2	10
8. Recreation, culture and religion	15	22	32	43	56	75
Total Northern Ireland	40	57	64	84	102	151
Total United Kingdom	9,233	10,719	12,501	14,215	14,608	18,034
Memorandum						
United Kingdom gross capital expenditure, from above	9,233	10,719	12,501	14,215	14,608	18,034
United Kingdom capital receipts (see table 7.9)	–1,546	–1,818	–1,703	–1,766	–2,158	–2,241
Total Local Authorities' net capital expenditure on services	7,687	8,901	10,798	12,449	12,450	15,793
Accounting adjustments	3,760	3,174	2,828	1,357	1,056	–903
Total Local Authorities' net capital expenditure	11,447	12,075	13,626	13,806	13,506	14,890

(1) 'Gross' – before sales of capital assets and depreciation.

Table 7.9 Local Authority expenditure on services capital receipts in the United Kingdom by country and function, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
England						
1. General public services	315	480	369	413	430	430
<i>of which: public and common services</i>	315	480	369	413	430	430
3. Public order and safety	83	97	84	103	125	125
4. Economic affairs	350	350	452	376	412	412
<i>of which: enterprise and economic development</i>	234	214	307	228	283	283
<i>of which: employment policies</i>	–	0	–	–	–	–
<i>of which: agriculture, fisheries and forestry</i>	49	53	45	63	65	65
<i>of which: transport</i>	67	82	100	85	63	63
5. Environment protection	11	12	12	8	38	38
6. Housing and community amenities	221	324	196	239	294	294
8. Recreation, culture and religion	83	55	41	85	97	97
9. Education (includes training)	225	221	210	216	261	261
<i>of which: education</i>	225	221	210	216	261	261
10. Social protection	74	74	75	84	85	85
Total England	1,363	1,613	1,440	1,524	1,741	1,741
Scotland						
1. General public services	58	53	92	85	179	234
<i>of which: public and common services</i>	58	53	92	85	179	234
3. Public order and safety	4	5	3	5	5	3
4. Economic affairs	13	27	41	13	22	35
<i>of which: enterprise and economic development</i>	11	16	7	4	16	21
<i>of which: agriculture, fisheries and forestry</i>	0	0	1	0	0	0
<i>of which: transport</i>	2	10	33	8	5	14
5. Environment protection	1	2	0	0	1	1
6. Housing and community amenities	6	9	6	8	3	4
8. Recreation, culture and religion	10	4	7	4	3	4
9. Education (includes training)	15	13	19	17	12	26
<i>of which: education</i>	15	11	18	9	11	22
<i>of which: training</i>	0	2	1	8	2	5
10. Social protection	10	2	4	1	2	2
Total Scotland	116	114	174	133	226	308
Wales						
1. General public services	15	12	11	10	68	85
<i>of which: public and common services</i>	15	12	11	10	68	85
3. Public order and safety	3	2	1	1	1	7
4. Economic affairs	28	3	9	16	17	21
<i>of which: enterprise and economic development</i>	25	1	5	5	11	14
<i>of which: agriculture, fisheries and forestry</i>	3	1	3	6	6	7
<i>of which: transport</i>	0	1	1	5	1	–
5. Environment protection	0	3	0	0	0	0
6. Housing and community amenities	6	26	30	43	39	47
8. Recreation, culture and religion	1	28	6	6	9	1
9. Education (includes training)	7	2	10	5	6	15
<i>of which: education</i>	7	2	10	5	6	15
10. Social protection	2	1	1	0	4	–
Total Wales	63	76	69	80	144	176
Total Great Britain	1,541	1,804	1,684	1,737	2,111	2,226

Table 7.9 Local Authority expenditure on services capital receipts in the United Kingdom by country and function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
Northern Ireland						
4. Economic affairs	–	1	2	0	0	1
<i>of which: enterprise and economic development</i>	–	1	2	0	0	1
5. Environment protection	1	2	5	6	4	4
6. Housing and community amenities	1	3	4	6	8	2
7. Health	0	0	0	0	0	0
8. Recreation, culture and religion	3	8	8	16	34	9
Total Northern Ireland	5	15	19	29	47	15
Total United Kingdom capital receipts	1,546	1,818	1,703	1,766	2,158	2,241

Table 7.10 Local Authority expenditure on services in the United Kingdom by country and economic category, 2002–03 to 2007–08⁽¹⁾

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
England						
Pay	44,107	48,749	51,922	55,091	57,793	60,199
Other current expenditure on goods and services	18,777	22,546	24,185	25,358	26,011	27,102
Subsidies	1,417	2,251	2,222	2,217	2,260	2,346
Current grants to persons	11,583	11,584	12,362	13,217	14,230	15,084
Capital expenditure on assets net of receipts	6,393	7,327	8,730	9,940	9,468	12,138
Capital grants	215	283	508	605	863	1,084
Total England	82,491	92,739	99,929	106,427	110,626	117,953
Scotland						
Pay	4,804	5,425	5,906	6,470	6,610	6,936
Other current expenditure on goods and services	2,944	3,031	3,105	3,264	3,285	3,261
Subsidies	107	82	85	91	86	108
Current grants to persons	1,243	1,150	1,188	1,214	1,259	1,327
Capital expenditure on assets net of receipts	523	618	763	1,040	1,249	1,579
Capital grants	52	72	101	63	69	60
Total Scotland	9,673	10,379	11,147	12,141	12,559	13,271
Wales						
Pay	2,452	2,721	2,917	3,180	3,090	3,278
Other current expenditure on goods and services	1,735	1,934	2,005	2,086	2,447	2,532
Current grants to persons	578	543	560	583	615	658
Capital expenditure on assets net of receipts	352	435	521	636	629	698
Capital grants	116	123	131	111	116	99
Total Wales	5,234	5,757	6,133	6,596	6,897	7,266
Great Britain						
Pay	51,363	56,895	60,744	64,741	67,493	70,414
Other current expenditure on goods and services	23,456	27,511	29,295	30,708	31,743	32,896
Subsidies	1,523	2,333	2,307	2,308	2,346	2,454
Current grants to persons	13,405	13,278	14,111	15,014	16,105	17,069
Capital expenditure on assets net of receipts	7,268	8,381	10,014	11,615	11,346	14,414
Capital grants	383	478	739	779	1,049	1,243
Total Great Britain	97,399	108,875	117,209	125,165	130,081	138,490
Northern Ireland						
Pay	176	187	198	221	242	256
Other current expenditure on goods and services	195	183	199	208	167	216
Capital expenditure on assets net of receipts	36	42	45	54	56	136
Total Northern Ireland	406	413	443	483	464	609
United Kingdom						
Pay	51,538	57,082	60,942	64,962	67,735	70,670
Other current expenditure on goods and services	23,651	27,694	29,494	30,915	31,910	33,112
Subsidies	1,523	2,333	2,307	2,308	2,346	2,454
Current grants to persons	13,405	13,278	14,111	15,014	16,105	17,069
Local Authority debt interest to private sector ⁽²⁾	266	236	385	440	516	751
Capital expenditure on assets net of receipts	7,304	8,423	10,059	11,670	11,402	14,550
Capital grants	383	478	739	779	1,049	1,243
Total United Kingdom expenditure on services	98,071	109,524	118,037	126,088	131,061	139,849
Accounting adjustments	12,773	10,044	14,180	14,762	15,114	15,894
Total Local Authorities expenditure	110,844	119,568	132,217	140,850	146,175	155,743

(1) The Local Authority current expenditure figures for 2007–08 reflect Local Authority budgets data, as set at the beginning of 2007–08. This differs from the totals of Local Authority current expenditure in this table, which reflects latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2008. The difference in sources is adjusted for within the accounting adjustments.

(2) This excludes all intra-public sector payments of debt interest. This is not split into individual countries so is only included in the total UK figures.

8

PUBLIC CORPORATIONS

8.1 This chapter sets out what public corporations are, recent developments affecting them, how they are controlled, and how they are scored in public expenditure.

8.2 Outturn data in this chapter up to 2006-07 are National Statistics.

What's new

8.3 The ONS has classified Northern Rock to the public corporation sector from 9 October 2007. It scores as a public corporation of HM Treasury in PESA 2008.

8.4 PESA 2008 shows the Pension Protection Fund as a public corporation of Work and Pensions. This body was created in 2005-06 and has previously been included as part of central government.

8.5 The ONS recently classified Northern Ireland Water to the central government sector but it is shown as a public corporation in PESA 2008. The presentation of this body will be reviewed before the publication of PESA 2009.

8.6 Control of the Patent Office has been transferred from Business, Enterprise and Regulatory Reform to Innovation, University and Skills.

Definition of public corporations

8.7 Public corporation is a term from National Accounts, which are based on the European System of Accounts (ESA95). The Office for National Statistics (ONS) therefore determines which bodies are public corporations. A body will be classified as a public corporation where:

- it is classified as a *market body*, that is a body that derives more than 50% of its production cost from the sale of goods or services at economically significant prices. Some charge for regulatory activities, where these provide a significant benefit to the person paying the fee, for example through quality testing;
- it is controlled by central government, Local Authorities or other public corporations; and
- they have substantial day to day operating independence so that they should be seen as institutional units separate from their parent departments.

The corporate control framework

8.8 The controls on public corporations operate at a number of levels:

- **strategic objectives** are agreed with each individual corporation and provide the framework within which the financial controls and the body's control procedures are set. Corporations' corporate plans are discussed with sponsor departments;

- **financial targets and performance aims.** Financial targets should be set and reviewed regularly. They vary in form, according to the circumstances of the body. The financial targets should be backed up by performance metrics, again to be reviewed on a regular basis. The nature of the metrics will depend on the nature of the business, but could include costs and standards of service;
- **investment appraisal and pricing principles.** Public corporations are required to include a suitable rate of return in their corporate plan. This requirement is intended to ensure that resources are used effectively, that consumers experience appropriate prices, and that markets are not distorted. The required rate will vary between corporations and is set individually by the sponsoring department with, where appropriate, the agreement of the Treasury. The process for assessing the rate of return is described in **Chapter 11** of the Consolidated Budgeting Guidance;
- **monitoring** plays an important role in controlling public corporations' performance in the interests of the taxpayer and the consumer. Sponsor Ministers, departments and the Shareholder Executive, where appropriate, will monitor bodies' performance on a regular basis against all aspects of the controls described.

Self financing public corporations

8.9 The Treasury has designated some public corporations SFPCs. To be classified as an SFPC, the public corporation must normally trade mainly with non-government customers and not perform regulatory functions. In other words, its income must be from selling goods and services into a competitive market rather than from regulatory fees. It must trade profitably and not require subsidies or other financial support from its parent department.

8.10 SFPCs normally score in departmental AME rather than in DEL – though any subsidies and grants exceptionally paid to them would score in DEL. They also have greater and more individually tailored financial flexibilities. Some SFPCs are also trading funds.

Trading funds

8.11 Where activities of a government department generate income from the supply of goods and services, those parts of the department may be designated trading funds by Parliament on the application of the Government. Trading funds may keep unspent funds from one year to the next without having to surrender surpluses to the Exchequer at the end of each year.

8.12 Most trading funds are classified by ONS as public corporations in the National Accounts. DVLA is the only trading fund that is treated as a central government body in the National Accounts, and therefore in PESA.

8.13 Trading funds are not directly subject to central government administration costs controls. The budgeting treatment of trading funds that are public corporations is normally the same as that of other public corporations.

Public expenditure measurement and control

8.14 The following transactions with and in respect of public corporations accountable to Ministers are normally included in departmental budgets:

- subsidies paid to the public corporation by the department (in resource DEL);
- capital grants paid to the public corporation by the department (in capital DEL);
- interest and dividends received from the public corporation (resource DEL, or resource AME if an SFPC);
- equity withdrawals from public corporations (capital DEL, or capital AME if an SFPC) – included with net lending in **Table 8.1**;
- loans and public dividend capital (PDC) invested in the public corporation (capital DEL, or capital AME if an SFPC) – also included with net lending in **Table 8.1**;
- public corporations' market and overseas borrowing (PCMOB) where, exceptionally, it is permitted (capital DEL, or capital AME if an SFPC); and
- a capital charge in respect of the public corporation (in resource DEL, or resource AME if an SFPC). This is normally the same figure as recorded in the department's resource accounts. However, budgets would generally also include capital charges for those public corporations where the department has no investment in the public corporation (whether by way of loan or PDC).

8.15 **Forest Enterprises and London and Continental Railways (LCR)** have a different budgeting treatment:

- resource DEL includes subsidies given to the public corporations, the public corporations' profit(-)/loss(+), and a capital charge/credit on the public corporations' net assets/liabilities; and
- capital DEL includes the public corporations' capital expenditure, any loans given by the public corporations to the private sector, and any shares that the public corporations buy in a private sector company.

8.16 The **Crown Estate** is an SFPC. Uniquely the routine subsidy that is paid to it to cover administration costs is in AME rather than DEL, and the dividends that the Treasury receives from it are recorded outside budgets.

8.17 When PCs are government departments in their own right as is the case for some trading funds, they will normally be assigned a parent department for budgeting purposes, and the budgetary scoring described above will apply, including the cost of capital charge.

8.18 **Public corporations controlled by Local Authorities** include the businesses reporting to Transport for London and Local Authority airports such as Manchester. DEL and departmental AME include central government support to Local Authorities, some of which may be used by them to support public corporations, and none of which is identified in PESA as relating to public corporations. The expenditure of these public corporations is not within DEL or departmental AME. The whole of their capital expenditure is included in the public corporations' own-financed capital expenditure line in AME. They are included in the bottom line of **Tables 8.1** and **8.3**, which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME).

8.19 Table 8.1 shows the impact on departmental budgets – DEL and departmental AME – of public corporations accountable to Ministers. It also shows a reconciliation to the impact of all public corporations, including those accountable to Local Authorities, on TME. PC gross investment in TME is the sum of PC capital expenditure in budgets (Forest Enterprises & LCR only), government capital support in budgets (CG investment grants, net lending to PCs), PCMOB in budgets, and public corporations' own-financed capital expenditure. Grants and subsidies in budgets also include those paid to public corporations under schemes that are generally available to the private sector. Any loans between departments and their PCs that are written off by mutual consent will also be shown here.

8.20 Table 8.2 shows the contributions of public corporations accountable to Ministers to departmental budgets, by department group.

Public corporations in Total Managed Expenditure

8.21 TME measures the current and capital expenditure of the public sector as a whole. It is taken from National Accounts compiled by the ONS. TME includes:

- subsidies paid to public corporations;
- the capital expenditure of public corporations, net of sales of assets;
- changes in public corporations' stocks; and
- interest and dividends paid by public corporations to the private sector and abroad.

8.22 TME is a consolidated measure of expenditure. So capital grants and net lending to public corporations, and interest and dividend flows between general government and public corporations are consolidated out. Payments of subsidies to, and purchases of goods and services from, public corporations are not consolidated out. Instead, these flows contribute to public corporations' gross trading surplus, an income item in the public sector's accounts.

8.23 Grants and subsidies given by public corporations to the private sector and overseas, including debt write-offs by mutual consent, are imputed to general government expenditure in National Accounts, as grant-giving is not held to be a normal function of a commercial body.

8.24 Note that the impact of public corporations on departmental budgets differs from their impact on TME. Accounting adjustments are used to move from DEL *plus* departmental AME *plus* own-financed capital expenditure (other AME) to TME (see **Appendix D** for a full explanation of the accounting adjustments).

8.25 Table 8.3 shows the capital expenditure of each major public corporation sponsored by a central government department and of the biggest public corporations accountable to Local Authorities. It also identifies those that are self-financing public corporations or trading funds. The table does not identify separately small public corporations controlled by central government departments nor most public corporations under Local Authority control – their capital expenditure is included in the accounting adjustments. For each departmental group the table shows the sum of capital expenditure of the public corporations listed. The total figure for the table includes all public corporations. Capital expenditure is recorded net of any asset sales. Apart from the total line, this table includes any capital grants paid by a public corporation net of any received from the private sector or abroad. The table gives individual figures for public corporations for outturn years and, for public corporations that are not self-financing, additional figures for estimated outturn and plan years.

8.26 The increase in public corporation capital spending in TME in 2005-06 is a result of a series of imputed transactions recorded in the National Accounts in respect of British Nuclear Fuels Limited transferring assets and liabilities to the Nuclear Decommissioning Authority. See **Appendix A** for further details.

Sources of data and data quality

8.27 Information on public corporations' contribution to budgets in **Tables 8.1** and **8.2** is supplied by departments. Most of the data reflect voted income and expenditure and should be of good quality. **Appendix A** has more information.

8.28 Information on public corporations' capital expenditure is sourced from public corporations by departments who in turn supply the data to the Treasury via the COINS database. So there is a 100% survey of public corporations accountable to Ministers – completeness tends to high quality. However, information is provided by departments primarily for PESA: it does not form part of a control total (apart from Forest Enterprises and LCR); and the only appearance in a departmental publication will normally be within the regional expenditure tables in departmental reports. Information in **Table 8.3** may therefore not be as up to date as the information in the other tables in this chapter.

Further Information

8.29 More information is available in the departmental reports of government departments and in the annual reports and accounts of individual public corporations. A fuller list of public corporations is available on the ONS website¹ in *Sector classification for the National Accounts*.

¹ http://www.statistics.gov.uk/downloads/theme_economy/MA23.xls

Table 8.1 Public corporations' contribution to budgets⁽¹⁾ and Total Managed Expenditure, 2002–03 to 2010–11

	accruals, £ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL									
CG dividends from PCs (–)	–13	–25	–32	–44	–62	–79	–92	–98	–101
CG interest from PCs (–)	–50	–50	–61	–64	–69	–206	–112	–115	–116
Subsidies to PCs ⁽¹⁾	741	1,676	757	812	870	1,518	1,459	1,145	1,077
Loan write off – mutual consent	–	–	–	5	–	–	–	–	–
Cost of capital charge of PCs	163	189	172	164	166	155	195	295	315
Profit(–)/loss(+) of FE and LCR ⁽²⁾	275	362	401	330	312	265	200	–	–
Total resource DEL	1,116	2,152	1,238	1,203	1,217	1,653	1,649	1,227	1,175
Resource AME									
CG dividends from PCs (–)	–34	–30	–44	–53	–83	–62	–45	–47	–50
CG interest from PCs (–)	–12	–2	–1	–1	–22	–	–	–	–
Subsidies to PCs ⁽¹⁾	2	2	2	2	2	2	2	2	2
Cost of capital charge of PCs	182	170	162	156	177	200	197	202	208
Total resource AME	137	141	119	104	74	140	155	157	160
Total public corporations' contribution to resource budget⁽¹⁾	1,254	2,293	1,357	1,307	1,291	1,793	1,804	1,384	1,335
Capital DEL									
CG investment grants to PCs	1,061	309	240	247	131	250	143	167	217
Capital expenditure by FE and LCR ⁽²⁾	979	900	674	605	476	313	2	1	1
Net lending to PCs	–50	–144	–136	–15	–58	229	377	304	243
Market and overseas borrowing	–	–	–	4	17	16	17	16	16
Total capital DEL	1,990	1,065	777	840	566	808	539	489	478
Capital AME									
Net lending to PCs ⁽⁴⁾	–50	46	520	–120	–	517	13,917	–73	50
Total capital AME⁽⁴⁾	–50	46	520	–120	–	517	13,917	–73	50
Total public corporations' contribution to capital budget⁽⁴⁾	1,940	1,110	1,297	720	566	1,325	14,456	416	528
Other AME:									
PC own-financed capital expenditure ⁽³⁾	3,334	2,448	2,946	5,261	5,354	4,683	5,160	5,573	5,670
Accounting adjustments ⁽¹⁾	–693	–1,765	–714	14,817	–793	–667	–15,000	–1,100	–1,100
Public corporations' expenditure in TME	5,835	4,086	4,886	22,106	6,418	7,135	6,400	6,300	6,400
<i>of which:</i>									
PC current expenditure in TME	561	528	600	505	510	487	100	–100	–100
PC gross investment in TME	5,274	3,558	4,286	21,601	5,908	6,648	6,300	6,400	6,500

(1) Data in this table differ from those shown for public corporations in Tables 1.15 and 2.4. Central government subsidies to public corporations are classified as central government own spending in national accounts, and are shown as such in Tables 1.15 and 2.4. In Table 8.1 subsidies are shown as part of public corporations' contribution to resource budget. Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

(2) Forest Enterprises and London and Continental Railways have different budgeting rules such that the profit/loss scores in resource DEL and capital expenditure scores in capital DEL.

(3) Includes capital expenditure by local authority public corporations.

(4) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table 8.2 Public corporations' contribution to budgets⁽¹⁾ by departmental group, 2002–03 to 2010–11

	accruals, £ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL									
Health	3	3	–	–	–	–1	0	0	0
Transport	221	1,186	335	256	247	268	116	21	29
Innovation, Universities and Skills	0	–3	0	0	–3	–2	–	–	–
Communities and Local Government	39	37	40	22	19	23	19	19	18
Home Office	–3	–2	–	–	–	–	–1	–4	–4
Defence	14	14	–4	–7	–26	–20	–6	–28	–30
Foreign and Commonwealth Office	146	157	164	181	183	188	188	193	189
Business, Enterprise and Regulatory Reform	0	–5	–2	5	77	461	305	166	151
Environment, Food and Rural Affairs	116	128	114	100	81	66	85	86	84
Work and Pensions	113	108	108	108	129	107	152	129	114
Scotland	194	224	211	243	234	227	262	286	310
Wales	9	10	13	13	–19	–21	–	–	–
Northern Ireland Executive	266	295	258	280	294	356	529	360	313
Chancellor's Departments	–	–	0	1	–	–1	–	–	–
Total resource DEL	1,116	2,152	1,238	1,203	1,217	1,653	1,649	1,227	1,175
Resource AME									
Defence	14	10	1	–7	–	–	–	–	–
International Development	50	51	56	71	91	101	98	98	98
Business, Enterprise and Regulatory Reform	–6	–2	–	–	–22	–	–	–	–
Chancellor's Departments	79	81	62	39	5	39	57	60	62
Total resource AME	137	141	119	104	74	140	155	157	160
Total public corporations' contribution to resource budget	1,254	2,293	1,357	1,307	1,291	1,793	1,804	1,384	1,335
Capital DEL									
Health	0	3	–	–	–	–	–	–	–
Transport	1,740	933	686	637	529	374	68	50	23
Innovation, Universities and Skills	0	–30	–30	–40	0	0	–	–	–
Communities and Local Government	75	63	51	19	6	3	0	2	0
Home Office	–2	0	–	–	–	–	–	–	–
Defence	5	–5	–74	–76	–4	–51	15	–	–
Foreign and Commonwealth Office	6	37	39	39	36	39	39	39	39
International Development	17	17	19	16	1	–	–	–	–
Business, Enterprise and Regulatory Reform	0	36	–18	–18	–1	–5	7	–4	2
Environment, Food and Rural Affairs	14	4	–2	–3	3	8	11	12	10
Culture, Media and Sport	–	0	0	–	–	0	–	–	–
Work and Pensions	6	7	7	3	5	5	–	–	–
Scotland	144	50	44	213	40	197	199	207	208
Northern Ireland Executive	–16	–52	47	52	–46	238	200	182	197
Chancellor's Departments	–	–	8	–2	–3	–	–	–	–
Cabinet Office	2	1	–	–	–	–	–	–	–
Total capital DEL	1,990	1,065	777	840	566	808	539	489	478
Capital AME									
Defence	–50	–4	–	–	–	–	–	–	–
Business, Enterprise and Regulatory Reform	–	50	520	–120	–	517	–83	–73	50
Chancellor's Departments ⁽²⁾	–	–	–	–	–	–	14,000	#	#
Total capital AME⁽²⁾	–50	46	520	–120	–	517	13,917	–73	50
Total public corporations' contribution to capital budget⁽²⁾	1,940	1,110	1,297	720	566	1,325	14,456	416	528
Total public corporations' contribution to budgets⁽²⁾	3,194	3,403	2,655	2,027	1,857	3,118	16,259	1,800	1,863

(1) Data in this table differ from those shown for public corporations in Tables 1.15 and 2.4. Central government subsidies to public corporations are classified as central government own spending in national accounts, and are shown as such in Table 1.15 and 2.4. In Table 8.2 subsidies are shown as part of public corporations' contribution to resource budget.

(2) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments

Table 8.3 Public corporations' capital expenditure, 2002–03 to 2010–11

	accruals, £ million								
	National Statistics								
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Health									
Medicines and Healthcare Products Regulatory Agency ^{(T)(1)}	3	5	–	–	–	–	–	–	–
Total Health	3	5	–	–	–	–	–	–	–
Transport									
Civil Aviation Authority	1	2	12	8	#	#	#	#	#
Driving Standards Agency ^(T)	6	11	7	2	#	#	#	#	#
London Continental Railways	963	897	674	601	474	312	5	4	4
London Regional Transport ⁽²⁾	439	635	–	–	–	–	–	–	–
Network Rail ⁽³⁾	1,822	–	–	–	–	–	–	–	–
Vehicle and Operator Services Agency ^(T)	11	11	15	15	#	#	#	#	#
Total Transport	3,242	1,557	708	627	474	312	5	4	4
Communities and Local Government									
Fire Service College ^(T)	2	4	–	1	1	1	2	2	2
Housing Action Trusts ⁽⁴⁾	34	26	15	4	4	3	–	–	–
Ordnance Survey ^(T)	–	–	14	15	14	11	38	15	4
QEll Conference Centre ^(T)	0	2	1	1	0	2	1	1	1
Housing Revenue Account	40	–53	813	2,341	2,728	2,970	3,088	3,212	3,340
Total Communities and Local Government	76	–20	843	2,361	2,747	2,987	3,129	3,230	3,348
Home Office									
Forensic Science Service ^(T)	10	6	6	0	4	#	#	#	#
Total Home Office	10	6	6	0	4	#	#	#	#
Innovation, Universities and Skills									
Patent Office ^(T)	1	2	2	2	4	7	2	4	2
Total Innovation, Universities and Skills	1	2	2	2	4	7	2	4	2
Justice									
Land Registry ^(T)	21	24	29	43	51	77	53	42	23
Total Justice	21	24	29	43	51	77	53	42	23
Defence									
Army Base Repair Organisation ^(T)	3	–	5	4	4	4	4	4	4
Defence Aviation Repair Agency ^(T)	7	8	12	3	3	3	3	3	3
Defence Science and Technology Laboratory ^{(T)(5)}	10	9	12	12	45	41	41	41	41
Hydrographic Office ^(T)	4	7	7	13	14	8	8	8	8
Meteorological Office ^(T)	49	31	21	25	34	26	26	26	26
Navy, Army and Air Force Institute	4	3	3	3	3	3	3	3	3
QinetiQ ⁽⁵⁾⁽⁵⁾	67	41	64	48	48	48	#	#	#
Total Defence	143	99	124	109	150	133	85	85	85
Foreign and Commonwealth Office									
BBC World Service	–	31	31	31	31	21	31	31	31
British Council	11	20	15	12	11	14	8	8	8
Total Foreign and Commonwealth Office	11	51	46	43	42	35	39	39	39
International Development									
CDC Group ⁽⁵⁾	–2	4	–30	116	121	*	*	*	*
Actis ⁽⁵⁾	–	–	4	0	2	*	*	*	*
Total International Development	–2	4	–25	117	123	*	*	*	*
Business, Enterprise and Regulatory Reform									
British Energy	20	–171	28	220	235	*	*	*	*
British Nuclear Fuels Limited ⁽⁵⁾	463	307	289	–260	26	*	*	*	*
Companies House ^(T)	10	7	8	12	13	1	13	14	14
Royal Mail Holdings ⁽⁵⁾	163	56	132	170	235	*	*	*	*
Total Business, Enterprise and Regulatory Reform	656	199	457	142	509	*	*	*	*

Table 8.3 Public corporations' capital expenditure, 2002–03 to 2010–11 (continued)

	accruals, £ million									
	National Statistics					2007–08	2008–09	2009–10	2010–11	
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans	
Environment, Food and Rural Affairs										
British Waterways	18	5	–38	–43	–30	–37	–54	–28	–27	
Forest Enterprise	13	3	–2	1	–4	–1	–4	–4	–4	
Total Environment, Food and Rural Affairs	31	8	–40	–42	–34	–37	–58	–32	–31	
Culture, Media and Sport										
Channel Four Television Corporation ⁽⁵⁾	3	3	7	5	12	#	#	#	#	
Historic Royal Palaces Trust	1	–	–	0	#	#	#	#	#	
Tote ⁽⁵⁾	20	20	20	24	#	#	#	#	#	
Total Culture, Media and Sport	24	23	27	30	12	#	#	#	#	
Work and Pensions										
Remploy	6	7	10	3	3	9	8	8	8	
Pension Protection Fund	–	–	–	0	2	–	1	1	1	
Total Work and Pensions	6	7	10	4	5	9	8	9	9	
Scotland										
Caledonian MacBrayne	9	4	8	9	10	6	6	6	6	
Forest Enterprise	3	–1	2	3	6	1	1	1	1	
Highlands and Islands Airports	9	7	4	10	19	4	4	4	4	
Housing Revenue Account	179	119	42	96	178	223	232	241	251	
Scottish Water	241	205	167	541	660	580	580	580	580	
Total Scotland	441	336	223	658	874	813	822	831	841	
Wales										
Housing Revenue Account	10	–66	–13	65	95	92	96	100	104	
Total Wales	10	–66	–13	65	95	92	96	100	104	
Northern Ireland Executive										
Northern Ireland Driver and Vehicle Testing Agency ⁽¹⁾	1	1	1	1	–	1	2	2	2	
Northern Ireland Housing Executive	–49	–1	82	82	15	90	22	45	65	
Northern Ireland Public Trust Port Authority	–	–	–	17	20	52	40	30	32	
Northern Ireland Transport Holding Company	39	28	5	4	34	82	51	65	89	
Northern Ireland Water	–	–	–	–	–	–	407	270	240	
Total Northern Ireland Executive	–8	27	87	104	69	225	521	412	428	
Chancellor's Departments										
Crown Estate ⁽⁵⁾	32	33	60	50	61	*	*	*	*	
OGCbuying.solutions ⁽¹⁾	0	1	12	#	#	#	#	#	#	
Royal Mint ⁽⁵⁾⁽¹⁾	4	4	4	#	#	#	#	#	#	
Total Chancellor's Departments	37	37	76	50	61	*	*	*	*	
Local Government										
London Underground Limited ⁽²⁾	–	–	890	1,226	1,439	*	*	*	*	
Total Local Government	–	–	890	1,226	1,439	*	*	*	*	
Total public corporations' capital expenditure on services	4,702	2,297	3,448	5,538	6,625	6,955	6,930	7,098	7,375	
Accounting adjustments	572	1,261	838	16,063	–717	–307	–700	–700	–900	
Total public corporations' capital expenditure	5,274	3,558	4,286	21,601	5,908	6,648	6,300	6,400	6,500	

Data unavailable. Capital expenditure by public corporations in years where data are unavailable form part of the accounting adjustments.

(1) Denotes public corporation with trading fund status.

(5) Denotes self-financing public corporation (SFPC). The estimated outturn and plans for capital expenditure by SFPCs are not shown individually in this table but are represented by *. The figures are included in the overall totals.

(1) From 1 April 2003, the Medicines and Healthcare products Regulatory Agency (MHRA) replaced the Medical Devices Agency (MDA) and the Medicines Control Agency (MCA).

(2) In July 2000, Transport for London (TfL) was established and all subordinate parts of London Regional Transport (LRT), except London Underground, were transferred to TfL. In July 2003 LRT was wound up and London Underground transferred to TfL. TfL is part of the Greater London Authority.

(3) In the national accounts Network Rail was classified as a public corporation from October 2002 to March 2003. From April 2003, it is a private sector company. Number provided by ONS.

(4) Housing Action Trusts are central government bodies in National Accounts but treated as public corporations in PESA.

(5) From July 2001 certain activities of the Defence Evaluation and Research Agency (DERA) were transferred to the publicly owned company QinetiQ, with the remaining activities undertaken by the reduced trading fund which was renamed the Defence Science and Technology Laboratory.

9.1 This chapter presents analyses of public expenditure by country and region (CRA). Data in this chapter for all years up to and including 2006-07 are National Statistics. Readers need to bear in mind two points about this chapter:

- most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The regional analyses presented in this chapter show where the individuals and enterprises that benefited from public spending were located. It does not mean that all such spending was planned to benefit a particular region, though a proportion of public spending is planned on a regional basis; and
- the information in this chapter and chapter 10 was gathered in a separate data collection project during the winter of 2007-08. Therefore, the figures in this chapter are not wholly consistent with the figures in other PESA chapters.

What's new

9.2 The functional analysis of UK public expenditure in PESA 2007 was largely presented against the UN Classifications of the Functions of Government (COFOG) definitions. Due to the earlier collection of data for the CRA exercise this was still shown against HM Treasury's previous functional classification. In PESA 2008 the CRA has followed suit and is now consistent with functional spending in the rest of PESA. The Treasury has published a document on its website¹ detailing these functional changes in full, but the main points are as follows:

- general public services – In the UN COFOG level 1 structure, general public services is larger than presented previously, as it includes international services and public sector debt interest that were shown separately in CRA 2007. These sub categories, along with public and common services (which equates to the CRA 2007 presentation of general public services), are shown in CRA 2008 in italics under the heading of general public services;
- economic affairs – In the UN COFOG level 1 structure, the CRA 2007 functions enterprise and economic development, science and technology, employment policies, transport, and agriculture, fisheries and forestry, are all part of a larger 'economic affairs' function. These CRA 2007 categories are shown in CRA 2008 in italics as a separate line under the heading of economic affairs; and
- education and training – The UN COFOG level 1 structure includes training with education. In previous presentations education was shown separately, so in CRA 2008 both education and training are shown in italics as separate categories under this level 1 category.

¹ http://www.hm-treasury.gov.uk/media/3/6/pesa2007_cofogsupplementarynote.pdf

9.3 The Ministry of Justice has overhauled its CRA methodology, which will affect the public order & safety functional allocation across all years in comparison to the CRA exercise 2007.

9.4 Following a review of departmental data during summer 2007, the Department for Work and Pensions has reviewed their allocation method for administrative expenditure. This expenditure is now allocated according to the country or region of the programme expenditure, whereas previously it was allocated according to staff head count and caseload figures.

9.5 There has been a change of method in the way mixed lottery awards are split between current and capital expenditure in plans. This has led to a change in the CRA methodology used to allocate lottery awards across countries and regions in all years.

9.6 PESA 2008 now includes Network Rail's capital expenditure in 2002-03 within the CRA.

9.7 Tables 9.18 to 9.20 in PESA 2007 are now published only on the Treasury's website, alongside the previously published supplementary tables.

How public expenditure is planned and controlled

9.8 Public expenditure is planned and controlled on a departmental basis, except where devolved responsibility lies with the Scottish Parliament, National Assembly for Wales and the Northern Ireland Assembly, or with Local Authorities. Departmental expenditure management means that in several areas expenditure is planned on an UK-wide or GB-wide basis rather than by reference to a single country. For example, the Department for Work and Pensions is responsible for the operation of the social security benefit system throughout Great Britain.

9.9 The regional analysis of expenditure shows the outturns of the regional locations of the individuals, enterprises and communities for whose benefit expenditure was incurred. The extent to which these outturns reflect public expenditure that was planned with a specifically regional dimension will vary from programme to programme.

9.10 The PESA CRA is a statistical analysis. It plays no direct part in resource allocation. However, the information revealed in the CRA can inform decisions on resource allocation and performance management.

METHODS AND DATA QUALITY

The process of apportionment of expenditure by country and region

9.11 In order to provide information on the split of expenditure by country and region, the Treasury asks the UK government departments and devolved administrations to undertake an annual statistical exercise. The exercise takes the devolved administration spending and the subset of departmental spending that can be identified as benefiting the population of individual regions. It asks departments and devolved administrations to apportion that spending between countries and regions following guidance issued jointly by the Treasury and ONS. The Treasury then collates departments' returns and combines these with the known spending of Local Authorities to produce the analyses of public expenditure by country and region that are published in this chapter and in Departmental Reports.

9.12 The figures in this chapter therefore include a wider coverage of expenditure for Scotland, Wales and Northern Ireland than that for which the devolved administrations and the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible.

How to attribute expenditure to countries and regions

9.13 In most of the tables in this chapter, expenditure is attributed to a specific country or region using the 'for' basis of measuring regional expenditure, which records the regions that benefited from the spending, or whom the spending was for. For most spending the 'in' and 'for' bases would in practice offer the same result.

9.14 There are limitations on our ability to offer a picture of 'who benefits':

- there are practical difficulties. For example, schools are not used solely by the residents of the region in which the facility is located and roads serve the needs of more than the geographical area through which they pass. Definitional and border problems become increasingly significant the smaller the geographical unit considered;
- there are also significant definitional problems associated with working out 'who benefits'. For example, in the main country and regional analyses, agricultural support is treated as benefiting the farmers who receive subsidies rather than the final consumers of food; and
- there are also issues around collecting accurate country and regional data in a cost efficient way. Departments are encouraged but not required to allocate all expenditure on the basis of 'who benefits'. If spending is not significant (less than £20m on capital or current) and/or relevant data for allocating this to regions are not available, departments may use some statistical proxy instead, for example: using straight population shares, or using the same regional allocation proportions as other related spending. Further, it is not practical or cost effective to collect Local Authority spending data on the basis of 'who benefits'. Instead, Local Authority spending is assumed to benefit the area where the expenditure is incurred.

The other main limitation of the 'for' basis of measuring regional spending is that this can only cover the amount of spending (now some 83 per cent of TME²) that can be identified as benefiting individual regions. The remaining spending cannot be attributed as benefiting specific regions, for example because it is spent for the benefit of the UK as a whole. This boundary to the main country and regional analysis is explained further below.

Identifiable expenditure on services

9.15 The country and regional analyses are set within the overall framework of Total Expenditure on Services (TES, which is explained in detail in Appendix E). For the country and regional analyses, TES is divided into identifiable and non-identifiable expenditure:

- identifiable expenditure is that which can be recognised as having been incurred for the benefit of individuals, enterprises or communities within particular regions. Examples are most health, education and transport services, and spending on social security and on pensions; and

- non-identifiable expenditure is that which cannot be so identified, for example because it is deemed to be incurred on behalf of the United Kingdom as a whole, e.g. defence expenditure, overseas representation, and tax collection.

9.16 Where precise accounting data on the recipients' location are not available, allocation is based on other available information, following rules set down in the Treasury's guidance for departments. For example: administration costs incurred centrally in support of regional spending are attributed to regions in the same proportions as the spending that they support. In some cases departments are still using approximations to regional benefits, for instance where the immediate beneficiaries' head office locations mask the final recipients' location. Inevitably, such attribution affects data quality.

Treatment of expenditure financed by the European Community

9.17 Expenditure financed by EC receipts has been treated as identifiable (or, occasionally, not identifiable) according to the characteristics of the expenditure itself. Receipts from the EC are treated as non-identifiable within TES. This treatment means that regional expenditure includes the expenditure financed by EC receipts. The payments to the EC have been attributed to 'outside UK', because these are transfer payments that the EC then spends.

Data on public expenditure by country and region

9.18 The tables present the spending attributed to the English regions alongside the spending attributed to Scotland, Wales and Northern Ireland. Although the figures are comparable, care is still needed when making comparisons because of the different scope of public sector activities in different countries. For example, water supply is a public sector function in Scotland and Northern Ireland, but is in the private sector in England and Wales.

9.19 The data cover central government, local government and public corporations. While most data are outturn, data for central government, local government and public corporations for 2007-08, and central government and public corporations for 2008-09 onwards are based on plans data. Data are on an accruals basis.

9.20 The plans data includes some unallocated provision, which departments have not yet allocated to programmes of expenditure: £4.1bn in 2007-08. This means it is not possible to establish an accurate regional distribution for these data, and it is therefore classified as non-identifiable. This treatment leads to a small inconsistency in the split of TES between identifiable and non-identifiable expenditure over the series. That is, non-identifiable expenditure in 2007-08 onwards is slightly higher than earlier years as a result of including data that when allocated by departments could be identifiable by region.

9.21 The information in this chapter on the spending of Whitehall departments was gathered in a separate data collection project based on aggregate data available on the Treasury's public spending database after the 2007 Pre-Budget Report, to allow departments and devolved administrations sufficient time to complete regional allocations. So these data predate the data used for the remaining PESA chapters, which are consistent with Budget 2008. Therefore, the figures in this chapter are not wholly consistent with the figures in other PESA chapters. The inconsistency will reflect both that other PESA numbers will be more up to date and that post-PBR classification changes will not have been taken into account in the CRA.

² TME outturn are consistent with the joint ONS/HMT Monthly Public Sector Finance Statistics release of November 2007. TME plans are consistent with the Pre-Budget Report 2007.

9.22 Information on spending by Local Authorities in the CRA is based on data supplied by CLG, DCSE, DWP and devolved administrations consistent with **Chapter 7**. English Local Authority functional spending is attributed to regions by HMT from information supplied by CLG. To note, for years 2002-03 & 2003-04, English Local Authority current functional spending is attributed to regions based on 2004-05 allocations because data for earlier years is not available.

More information on methods

9.23 Information available on the Treasury's website includes:

- an article and memorandum following the McLean Report "Identifying the Flow of Domestic and European Expenditure into the English Regions" published on the Treasury's website³ on 5 April 2004 which discusses the "in" and "for" bases of allocating spending;
- the detailed guidance³ issued to departments on how to attribute various types of spending between the countries and regions using the 'for' method. This guidance was agreed between HM Treasury and ONS; and
- in the weeks after PESA publication, additional tables relating to the Country and Regional Analysis and the databases underlying the Country and Regional Analysis chapters will be published on the website.

Data quality

9.24 The CRA is intended to give a broad picture of relative spending for the benefit of different regions and countries. Small differences in regional spending should not be treated as significant. Figures are presented un-rounded in this chapter to allow readers to have reasonably precise figures for use in calculations without introducing rounding errors. However, the figures are not accurate to the level implied by this presentation.

9.25 The CRA cannot be a precise measure because, as discussed above:

- the concept of who benefits is open to judgement;
- there are simplifying assumptions made in order to keep compliance costs down. For example, most devolved administration⁴ and all Local Authority spending is deemed to benefit the country or the region where the spending body is even though some of the spending will actually benefit non-residents;
- spending is apportioned and apportionment methods vary. For example, a public service pension spending is allocated on the basis of the postcodes of recipients, giving a very good regional allocation. Other apportionments require more judgement. So the attribution to regions in this chapter is likely to be less accurate than the attributions of data to categories in other parts of PESA, which are normally taken directly from departmental accounting systems; and
- there is a de minimis limit before spending is apportioned.

³ http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_cra/country_region.cfm

⁴ Apart from Scottish Executive expenditure in connection with the Lockerbie trial and a small amount that can be determined to benefit other countries and regions

9.26 Departments and the Treasury take steps to ensure that data is of high enough quality for the CRA to be used:

- the Treasury and the ONS have issued clear guidance to departments to obtain consistency and have published the guidance;
- the Treasury meets departments to discuss methods of allocation;
- departments devote considerable resources to the work. They are encouraged to involve their statisticians in preparing their returns to the Treasury. The return is then signed off by a statistician, finance director, or a senior accountant in the department as being produced in accordance with the CRA guidance and where applicable he or she comments on data quality. Further details on specific areas of data quality in the CRA from these statements are available in **Appendix A**; and
- for many departments, an extract from the CRA appears in their Departmental Report, giving departments a direct interest in the quality of the data that they supply.

THE TABLES

Tables on expenditure for a country or region

9.27 Most of the tables in this chapter provide a country and region analysis of identifiable spending for the period 2002-03 to 2007-08.

9.28 **Table 9.1** shows total identifiable expenditure on services. **Table 9.2** shows it on a per head basis. **Table 9.3** shows it in real terms. **Table 9.4** shows it on a real terms per head basis.

9.29 **Tables 9.5 to 9.10** give more detail of total identifiable spending, by broad function, and split on a capital and current basis.

9.30 **Table 9.11** shows the sum of capital and current identifiable spending, by function on a per head basis. **Table 9.12** shows **Table 9.11** per head figures indexed relative to the UK totals.

9.31 **Table 9.13** shows expenditure by Local Authorities. **Table 9.14** shows **Table 9.13** on a per head basis.

9.32 **Table 9.15** is an equivalent tabulation for expenditure by central government and public corporations. **Table 9.16** shows **Table 9.15** on a per head basis. Central government includes the devolved administrations.

9.33 **Table 9.17** shows for Scotland, Wales and Northern Ireland, the relative contributions of the spending of the devolved administrations, Local Authorities and UK departments under each functional heading. This table covers 2006-07 only.

Supplementary tables

9.34 In the weeks following publication of PESA 2008, Treasury will publish supplementary country and regional tables on its website.

9.35 Tables previously published within PESA 2007 (9.18 to 9.20) are now only provided on the Treasury website⁵.

9.36 Table 9.20 provides some regional analysis of the non-identifiable expenditure that cannot be analysed as benefiting a country or region. It shows which departments incurred the non-identifiable spending. It also shows in which country and region departments incurred pay costs that form part of their non-identifiable expenditure. Because these pay costs are measured on an 'in' basis they are not directly equivalent to the 'for' expenditures in the other tables. The table covers outturn years and is published as a supplementary table on the Treasury website. Note that this table does not show total departmental pay costs in a region – only the total pay costs in non-identifiable expenditure.

⁵ http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_cra/country_region.cfm

Table 9.1 Total identifiable expenditure on services by country and region, 2002-03 to 2007-08

	accruals, £ million											
	National Statistics						National Statistics					
	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 plans	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 plans
North East	16,049	17,473	18,450	19,770	20,170	21,676	5	5	5	5	4	4
North West	41,128	44,582	47,664	50,477	53,153	56,889	12	12	12	12	12	12
Yorkshire and Humberside	28,308	30,707	33,038	35,236	36,566	39,203	8	8	8	8	8	8
East Midlands	21,429	23,378	25,363	26,833	28,229	30,474	6	6	6	6	6	6
West Midlands	28,719	31,248	33,859	36,126	38,050	40,724	8	8	8	8	8	8
Eastern	25,959	28,583	30,692	32,741	34,632	37,099	7	8	8	8	8	8
London	48,357	54,062	57,224	61,624	64,229	68,936	14	14	14	14	14	14
South East	38,876	42,409	46,248	48,461	50,783	53,999	11	11	11	11	11	11
South West	25,371	28,059	30,264	31,930	33,373	36,004	7	7	7	7	7	7
Total England	274,196	300,501	322,802	343,247	359,184	385,005	79	79	79	79	79	79
Scotland	33,848	36,478	37,875	41,150	43,718	47,166	10	10	9	9	10	10
Wales	19,023	20,356	21,553	23,027	24,237	25,555	5	5	5	5	5	5
Northern Ireland	12,618	13,397	14,185	14,954	15,658	17,236	4	4	3	3	3	4
UK identifiable expenditure	339,685	370,732	396,415	422,378	442,796	474,962	98	98	97	97	97	97
Outside UK	7,465	8,981	10,908	10,995	11,657	13,167	2	2	3	3	3	3
Total identifiable expenditure	347,150	379,713	407,323	433,373	454,453	488,128	100	100	100	100	100	100

	As a percentage of Total Managed Expenditure											
	National Statistics						National Statistics					
	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 plans	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 plans
Identifiable expenditure	347,150	379,713	407,323	433,373	454,453	488,128	82	83	83	83	83	83
Non-identifiable expenditure	56,461	59,120	62,911	66,105	69,593	79,117	13	13	13	13	13	13
Total Expenditure on Services	403,611	438,833	470,235	499,478	524,046	567,246	96	96	96	95	95	96
Accounting adjustments	17,427	16,579	21,958	24,726	26,057	21,936	4	4	4	5	5	4
Total Managed Expenditure	421,038	455,412	492,193	524,204	550,103	589,182	100	100	100	100	100	100

Table 9.2 Total identifiable expenditure on services by country and region per head, 2002–03 to 2007–08

	accruals, £ per head												Index (UK identifiable expenditure = 100)											
	National Statistics						National Statistics						National Statistics											
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08						
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans						
North East	6,316	6,875	7,258	7,754	7,892	8,505	110	110	110	111	108	109	110	110	110	111	108	109						
North West	6,068	6,556	6,989	7,380	7,756	8,247	106	105	106	105	106	106	106	105	106	105	106	106						
Yorkshire and Humberside	5,660	6,108	6,524	6,899	7,111	7,590	99	98	98	98	97	97	98	98	98	98	97	97						
East Midlands	5,076	5,495	5,910	6,212	6,468	6,936	89	88	89	89	89	89	89	88	89	89	89	89						
West Midlands	5,424	5,883	6,356	6,752	7,090	7,555	95	95	96	96	97	97	96	95	96	96	97	97						
Eastern	4,778	5,221	5,569	5,885	6,177	6,555	83	84	84	84	85	84	84	84	84	84	85	84						
London	6,569	7,341	7,744	8,265	8,550	9,099	115	118	117	118	117	117	115	118	117	118	117	117						
South East	4,831	5,244	5,692	5,921	6,165	6,512	84	84	86	84	84	84	84	84	86	84	84	84						
South West	5,101	5,606	6,003	6,277	6,513	6,962	89	90	91	90	89	89	89	90	91	90	89	89						
England	5,522	6,026	6,442	6,802	7,076	7,535	96	97	97	97	97	97	96	97	97	97	97	97						
Scotland	6,696	7,213	7,458	8,077	8,544	9,179	117	116	113	115	117	118	117	116	113	115	117	118						
Wales	6,515	6,945	7,315	7,796	8,172	8,577	114	112	110	111	112	110	110	112	110	111	112	110						
Northern Ireland	7,437	7,868	8,294	8,672	8,990	9,789	130	126	125	124	123	126	124	126	125	124	123	126						
UK identifiable expenditure	5,726	6,225	6,624	7,012	7,308	7,790	100	100	100	100	100	100	100	100	100	100	100	100						

Table 9.3 Total identifiable expenditure on services by country and region in real terms⁽¹⁾, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	plans
North East	17,811	18,846	19,365	20,312	20,170	21,004
North West	45,644	48,084	50,026	51,862	53,153	55,125
Yorkshire and Humberside	31,417	33,120	34,676	36,203	36,566	37,987
East Midlands	23,782	25,215	26,620	27,620	28,229	29,529
West Midlands	31,873	33,703	35,537	37,117	38,050	39,461
Eastern	28,809	30,828	32,214	33,639	34,632	35,949
London	53,667	58,309	60,061	63,316	64,229	66,799
South East	43,145	45,741	48,540	49,791	50,783	52,325
South West	28,157	30,264	31,764	32,806	33,373	34,888
England	304,307	324,110	338,804	352,666	359,184	373,067
Scotland	37,565	39,344	39,753	42,279	43,718	45,704
Wales	21,112	21,956	22,621	23,659	24,237	24,763
Northern Ireland	14,003	14,449	14,889	15,364	15,658	16,701
UK identifiable expenditure	376,987	399,858	416,066	433,969	442,796	460,234
Outside UK	8,285	9,686	11,449	11,297	11,657	12,758
Total identifiable expenditure	385,273	409,544	427,515	445,266	454,453	472,993
Non-identifiable expenditure	62,662	63,765	66,030	67,919	69,593	76,664
Total Expenditure on Services	447,935	473,309	493,545	513,185	524,046	549,657
Accounting adjustments	19,340	17,881	23,047	25,405	26,057	21,256
Total Managed Expenditure	467,275	491,190	516,592	538,590	550,103	570,913

(1) 2006-07 prices.

Table 9.4 Total identifiable expenditure on services by country and region per head in real terms⁽¹⁾, 2002–03 to 2007–08

	accruals, £ per head					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	plans
North East	7,010	7,415	7,617	7,967	7,892	8,242
North West	6,734	7,071	7,336	7,582	7,756	7,991
Yorkshire and Humberside	6,281	6,588	6,848	7,088	7,111	7,355
East Midlands	5,633	5,927	6,203	6,382	6,468	6,721
West Midlands	6,019	6,345	6,671	6,937	7,090	7,321
Eastern	5,303	5,631	5,845	6,047	6,177	6,352
London	7,290	7,918	8,128	8,492	8,550	8,817
South East	5,362	5,656	5,974	6,083	6,165	6,310
South West	5,662	6,047	6,300	6,449	6,513	6,746
England	6,129	6,500	6,761	6,988	7,076	7,302
Scotland	7,431	7,779	7,828	8,299	8,544	8,894
Wales	7,231	7,490	7,677	8,010	8,172	8,311
Northern Ireland	8,254	8,486	8,705	8,910	8,990	9,485
UK identifiable expenditure	6,355	6,714	6,952	7,204	7,308	7,548

(1) 2006-07 prices.

Table 9.5a Identifiable current expenditure on services by function, country and region, 2002–03

Country/ Region		National Statistics																accruals, £ million																									
		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 (includes training)		of which: education		of which: training		10. Social protection		EU transactions	
North East		214	205	9	1	907	888	301	34	162	180	211	222	113	2,911	223	2,250	2,167	83	7,273	-	15,002																					
North West		506	483	23	3	2,598	2,008	354	110	379	418	747	697	311	7,742	448	5,811	5,606	205	18,167	-	38,290																					
Yorkshire and Humberside		307	291	16	3	1,682	1,735	540	72	270	430	422	400	193	5,205	377	4,183	4,044	139	12,485	-	26,570																					
East Midlands		276	263	13	2	1,225	1,337	312	63	170	396	395	338	142	3,806	290	3,372	3,257	115	9,356	-	20,145																					
West Midlands		388	371	17	2	1,693	1,489	285	76	286	330	513	387	177	5,299	333	4,465	4,295	170	12,665	-	26,900																					
Eastern		381	364	17	4	1,406	1,339	153	205	179	401	401	451	146	5,163	316	4,041	3,835	207	11,288	-	24,534																					
London		708	685	23	5	4,529	2,979	543	186	446	249	1,554	611	556	8,989	723	7,170	6,941	229	18,108	-	44,377																					
South East		554	529	25	5	2,345	1,705	206	288	228	397	587	747	279	7,699	500	6,010	5,815	196	15,973	-	35,817																					
South West		377	360	16	12	1,343	1,546	196	77	166	712	395	506	153	4,790	327	3,664	3,534	130	11,147	-	23,865																					
England		3,711	3,552	160	37	17,728	15,027	2,890	1,110	2,287	3,514	5,225	4,359	2,070	51,604	3,537	40,968	39,494	1,474	116,462	-	255,501																					
Scotland		673	657	16	6	1,522	2,532	693	141	244	544	909	624	348	6,215	638	5,151	5,000	151	13,381	-	31,091																					
Wales		404	395	9	2	997	1,489	585	34	112	282	476	277	58	3,341	378	2,813	2,741	72	8,006	-	17,765																					
Northern Ireland		306	301	5	-	1,114	1,012	221	56	203	334	199	126	430	1,972	249	1,905	1,896	9	4,689	-	11,805																					
UK current identifiable expenditure		5,094	4,905	189	44	21,360	20,060	4,389	1,341	2,846	4,674	6,809	5,386	2,907	63,133	4,802	50,836	49,131	1,706	142,539	-	316,162																					
Outside the UK		3,096	0	3,096	4	-	223	24	185	10	-	4	2	-	267	110	24	24	-	1,930	1,539	7,195																					
Total current identifiable expenditure		8,191	4,905	3,286	48	21,360	20,283	4,413	1,527	2,856	4,674	6,813	5,389	2,907	63,401	4,911	50,860	49,155	1,706	144,468	1,539	323,357																					
Non-identifiable spending		26,902	4,176	987	21,739	25,920	1,562	668	93	447	-	128	-	-	-	2,971	-	-	-	-	-	54,598																					
Total current expenditure on services		35,092	9,080	4,273	21,739	25,968	22,922	20,951	4,506	1,973	2,856	6,942	5,389	2,907	63,401	7,882	50,860	49,155	1,706	144,468	-1,885	377,955																					

Table 9.5b Identifiable capital expenditure on services by function, country and region, 2002–03

Function Country/ Region		National Statistics													accruals, £ million									
		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 amenities	6. Housing and community	7. Health	8. Recreation, culture and religion	9. Education (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services									
North East	32	31	1	–	–	50	365	76	8	8	4	6	270	29	69	118	92	233	226	7	59	–	1,047	
North West	8	6	2	–	–	162	1,322	425	24	24	10	20	844	85	300	268	144	457	429	28	92	–	2,838	
Yorkshire and Humberside	44	44	1	–	–	107	593	57	23	23	6	18	489	58	151	197	115	392	379	13	81	–	1,739	
East Midlands	47	47	0	–	–	69	499	46	18	18	4	5	426	34	75	173	91	265	257	9	30	–	1,284	
West Midlands	67	67	1	–	–	97	706	85	18	18	7	7	588	44	95	264	133	361	347	14	52	–	1,819	
Eastern	45	45	0	–	–	59	711	53	42	42	4	9	603	40	–85	191	102	326	310	16	36	–	1,425	
London	–48	–48	0	–	–	261	1,965	205	68	68	8	26	1,658	41	613	353	168	500	486	14	127	–	3,980	
South East	103	103	0	–	–	129	1,507	56	61	61	6	17	1,365	64	110	368	162	556	520	36	61	–	3,058	
South West	58	57	1	–	–	85	630	93	22	22	4	25	486	43	88	168	99	309	296	13	28	–	1,506	
England	357	350	7	–	–	1,019	8,297	1,097	284	284	54	132	6,730	439	1,416	2,099	1,106	3,398	3,249	149	565	–	18,695	
Scotland	151	151	–	–	–	117	653	79	28	28	8	36	503	43	916	475	123	216	209	7	63	–	2,757	
Wales	29	29	–	–	–	69	539	211	6	6	4	11	306	27	229	127	86	122	122	–	31	–	1,258	
Northern Ireland	60	60	–	–	–	62	220	86	6	6	0	19	110	13	164	104	31	134	134	–	25	–	813	
UK capital identifiable expenditure	597	590	7	–	–	1,266	9,709	1,472	324	324	66	198	7,649	521	2,725	2,804	1,347	3,870	3,714	156	684	–	23,523	
Outside the UK	68	–	68	–	–	–	204	1	0	0	–	–	203	–	–	1	–4	1	1	–	0	–	270	
Total capital identifiable expenditure	665	590	75	–	–	1,266	9,913	1,473	324	324	66	198	7,851	521	2,725	2,806	1,343	3,871	3,715	156	684	–	23,793	
Non-identifiable spending	470	362	107	–	1,103	29	149	52	80	80	–	–	17	–	–	–	112	–	–	–	–	–	–	1,863
Total capital expenditure on services	1,135	953	182	–	1,103	1,295	10,062	1,525	404	404	66	198	7,868	521	2,725	2,806	1,455	3,871	3,715	156	684	–	25,656	

Table 9.6a Identifiable current expenditure on services by function, country and region, 2003–04

Function		National Statistics													accruals, £ million									
		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services	
North East		233	223	9	-	1	1,000	1,113	483	33	166	195	235	231	151	3,194	240	2,554	2,458	95	7,648	-	16,366	
North West		552	528	24	-	3	2,869	2,124	357	113	402	386	865	707	389	8,766	479	6,517	6,289	228	19,210	-	41,617	
Yorkshire and Humberside		336	316	20	-	3	1,847	1,876	594	94	283	446	458	388	250	5,951	391	4,683	4,523	160	13,219	-	28,944	
East Midlands		303	288	15	-	3	1,344	1,360	243	73	176	423	445	316	183	4,420	305	3,771	3,642	129	9,985	-	21,991	
West Midlands		424	404	19	-	3	1,862	1,624	312	74	294	351	593	392	224	5,922	342	5,000	4,809	191	13,537	-	29,330	
Eastern		420	401	19	-	5	1,542	1,506	159	189	181	474	503	393	193	5,731	333	4,563	4,331	233	12,227	-	26,913	
London		756	731	25	-	7	4,976	4,203	531	244	459	291	2,679	646	516	10,015	760	7,979	7,715	264	19,308	-	49,165	
South East		606	578	28	-	6	2,561	1,838	205	215	231	455	733	677	349	8,659	527	6,694	6,475	218	17,391	-	39,307	
South West		409	392	17	-	12	1,474	1,570	194	73	169	700	434	474	192	5,453	343	4,104	3,957	146	12,338	-	26,370	
England		4,038	3,862	176	-	43	19,475	17,214	3,077	1,109	2,361	3,722	6,944	4,226	2,447	58,111	3,718	45,864	44,200	1,664	124,865	-	280,003	
Scotland		701	684	17	-	3	1,679	2,789	810	152	258	609	960	737	684	7,044	717	5,381	5,268	113	14,134	-	33,870	
Wales		427	417	10	-	2	1,087	1,458	585	42	117	291	423	325	163	3,821	392	2,982	2,900	82	8,519	-	19,177	
Northern Ireland		337	331	6	-	-	1,116	999	197	52	155	357	239	136	459	2,164	250	1,952	1,944	8	5,083	-	12,496	
UK current identifiable expenditure		5,504	5,296	208	-	49	23,357	22,460	4,669	1,355	2,891	4,979	8,566	5,425	3,754	71,141	5,077	56,180	54,312	1,867	152,600	-	345,546	
Outside the UK		3,704	0	3,704	-	0	-	198	23	149	8	-	18	40	-	282	118	26	26	-	2,147	2,156	8,671	
Total current identifiable expenditure		9,208	5,296	3,913	-	49	23,357	22,658	4,692	1,504	2,899	4,979	8,584	5,465	3,754	71,423	5,196	56,206	54,338	1,867	154,747	2,156	354,218	
Non-identifiable spending		28,653	4,587	1,025	23,041	27,370	1,556	766	97	559	-	-	110	-	-	-	2,982	-	-	-	-	-	4,235	57,092
Total current expenditure on services		37,861	9,883	4,938	23,041	27,418	24,914	23,423	4,789	2,063	2,899	4,979	8,693	5,465	3,754	71,423	8,178	56,206	54,338	1,867	154,747	-2,079	411,309	

Table 9.6b Identifiable capital expenditure on services by function, country and region, 2003–04

Function Country/ Region		National Statistics														accruals, £ million						
		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services	
North East	4	2	2	–	9	47	367	100	7	15	12	232	33	117	138	102	269	265	4	22	–	1,107
North West	71	68	3	–	9	153	1,095	325	20	43	16	690	116	459	365	131	548	539	9	19	–	2,965
Yorkshire and Humberside	56	52	4	–	5	92	584	80	19	25	23	437	65	131	237	101	475	468	7	17	–	1,764
East Midlands	59	59	0	–	7	76	413	15	13	16	10	359	42	103	203	115	353	348	5	17	–	1,387
West Midlands	61	61	1	–	9	96	634	88	14	25	12	495	63	99	325	121	477	469	8	33	–	1,918
Eastern	76	75	0	–	5	61	634	30	27	17	16	545	60	53	266	99	393	383	9	23	–	1,669
London	23	23	0	–	12	281	2,133	174	41	36	9	1,874	73	754	536	195	763	753	10	126	–	4,896
South East	100	100	0	–	14	108	1,321	21	38	25	39	1,198	73	167	416	156	654	646	9	94	–	3,103
South West	57	56	0	–	8	84	561	46	12	16	42	444	64	107	233	115	427	421	6	34	–	1,689
England	507	496	11	–	78	998	7,740	880	191	217	179	6,273	590	1,990	2,719	1,134	4,358	4,291	66	385	–	20,499
Scotland	197	197	–	–	–	141	843	109	26	36	40	632	54	563	316	153	297	241	56	45	–	2,608
Wales	58	58	–	–	–	79	561	222	4	18	18	299	27	70	129	88	147	147	–	21	–	1,179
Northern Ireland	43	43	–	–	–	53	165	38	9	0	26	93	19	250	127	33	192	192	–	17	–	900
UK capital identifiable expenditure	805	794	11	–	78	1,270	9,309	1,249	230	271	263	7,296	690	2,874	3,291	1,408	4,994	4,871	122	468	–	25,186
Outside the UK	92	–	92	–	–	–	189	1	–	–	–	188	8	–	1	18	2	2	–	0	–	309
Total capital identifiable expenditure	897	794	104	–	78	1,270	9,498	1,250	230	271	263	7,484	698	2,874	3,291	1,426	4,996	4,873	122	468	–	25,495
Non-identifiable spending	365	269	97	–	1,354	124	192	38	141	–	–	12	–	–	–	–6	–	–	–	–	–	2,028
Total capital expenditure on services	1,263	1,063	200	–	1,431	1,394	9,690	1,288	372	271	263	7,496	698	2,874	3,291	1,420	4,996	4,873	122	468	–	27,524

Table 9.7a Identifiable current expenditure on services by function, country and region, 2004–05

Country/ Region		National Statistics															accruals, £ million							
		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services	
North East		255	245	11	–	2	1,069	1,023	379	38	186	202	218	251	151	3,560	250	2,704	2,603	101	7,977	–	17,241	
North West		595	568	27	–	4	3,034	2,424	566	127	420	403	908	728	390	9,469	499	6,914	6,668	246	20,191	–	44,248	
Yorkshire and Humberside		362	341	21	–	4	1,976	1,895	585	98	288	479	445	430	256	6,654	412	4,997	4,813	185	13,853	–	30,840	
East Midlands		328	310	17	–	4	1,421	1,436	300	80	178	448	430	370	193	4,951	327	4,034	3,883	151	10,563	–	23,626	
West Midlands		457	435	22	–	3	1,999	1,787	403	77	296	368	643	426	217	6,638	377	5,294	5,093	201	14,303	–	31,503	
Eastern		452	430	22	–	5	1,671	1,529	155	212	195	548	418	479	201	6,472	351	4,708	4,582	126	12,964	–	28,830	
London		815	786	29	–	7	5,357	3,743	595	257	466	355	2,068	682	501	11,175	767	8,512	8,239	273	20,269	–	51,828	
South East		649	617	32	–	7	2,744	1,920	225	225	249	476	745	830	369	9,623	549	7,158	6,915	244	18,674	–	42,523	
South West		439	418	20	–	7	1,589	1,589	176	74	175	701	463	553	199	6,109	366	4,377	4,216	160	13,112	–	28,338	
England		4,352	4,150	202	–	41	20,861	17,345	3,383	1,189	2,454	3,981	6,338	4,749	2,477	64,650	3,898	48,698	47,012	1,685	131,907	–	298,978	
Scotland		776	756	20	–	6	1,761	2,709	811	156	280	612	850	706	281	7,281	758	5,793	5,655	139	14,882	–	34,954	
Wales		422	410	12	–	2	1,116	1,462	595	41	128	214	482	354	73	4,134	430	3,171	3,083	88	8,970	–	20,134	
Northern Ireland		280	274	7	–	–	1,158	1,025	206	53	173	378	216	146	439	2,333	254	2,017	2,010	7	5,439	–	13,092	
UK current identifiable expenditure		5,831	5,591	240	–	50	24,895	22,540	4,995	1,439	3,035	5,185	7,886	5,955	3,271	78,398	5,341	59,679	57,760	1,919	161,198	–	367,158	
Outside the UK		3,932	0	3,932	–	0	–	205	18	163	10	–	14	41	–	457	127	29	29	–	2,203	3,664	10,657	
Total current identifiable expenditure		9,763	5,591	4,172	–	50	24,895	22,745	5,013	1,602	3,045	5,185	7,900	5,996	3,271	78,856	5,468	59,708	57,789	1,919	163,401	3,664	377,815	
Non-identifiable spending		30,930	4,843	1,171	24,916	28,301	1,755	796	100	560	–	–	136	–	–	–	–	–	–	–	–	–	–	60,299
Total current expenditure on services		40,692	10,433	5,343	24,916	28,351	26,650	23,541	5,113	2,162	3,045	5,185	8,036	5,996	3,271	78,856	8,541	59,708	57,789	1,919	163,401	–892	438,114	

Table 9.7b Identifiable capital expenditure on services by function, country and region, 2004-05

Function Country/ Region		National Statistics													accruals, £ million								
		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 amenities	6. Housing and community	7. Health	8. Recreation, culture and religion	9. Education (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services		
North East		30	29	2	1	3	52	386	117	13	6	6	244	17	177	152	95	258	252	5	38	1	1,209
North West		93	91	2	1	3	173	1,164	327	23	15	8	789	136	652	425	117	582	569	13	70	1	3,415
Yorkshire and Humberside		118	115	3	1	1	132	613	115	23	9	30	436	75	319	257	110	506	496	10	68	1	2,198
East Midlands		73	73	0	1	2	83	507	63	17	6	6	415	89	212	222	103	421	414	7	24	1	1,737
West Midlands		81	80	1	1	3	150	722	111	17	10	15	570	95	298	324	120	528	518	11	35	1	2,356
Eastern		86	86	0	1	2	92	698	62	33	6	4	592	57	103	251	87	473	462	11	13	1	1,862
London		175	175	0	1	4	336	2,072	151	42	14	21	1,844	75	1,009	627	177	865	850	15	56	1	5,397
South East		243	242	0	1	5	144	1,329	27	40	9	34	1,218	97	445	465	165	784	772	12	49	1	3,725
South West		63	63	0	1	3	87	658	108	17	6	26	501	61	173	271	98	487	479	8	24	1	1,925
England		962	953	9	1	26	1,251	8,149	1,081	226	83	150	6,609	702	3,388	2,993	1,071	4,904	4,812	92	378	1	23,824
Scotland		168	168	1	1	1	164	919	122	43	13	45	696	82	665	424	157	293	262	31	50	1	2,922
Wales		85	85	1	1	1	94	585	224	9	6	19	326	27	193	120	115	171	171	1	29	1	1,418
Northern Ireland		18	18	1	1	1	75	212	57	16	0	24	115	37	345	151	44	201	201	1	10	1	1,094
UK capital identifiable expenditure		1,232	1,223	9	1	26	1,584	9,865	1,485	294	102	238	7,746	849	4,591	3,689	1,388	5,568	5,445	123	466	1	29,258
Outside the UK		60	60	1	1	1	161	15	15	1	1	146	8	8	8	1	21	1	1	1	0	1	251
Total capital identifiable expenditure		1,292	1,223	69	1	26	1,584	10,026	1,500	294	102	238	7,892	857	4,591	3,690	1,409	5,568	5,445	123	466	1	29,508
Non-identifiable spending		647	521	126	1	1	107	168	28	119	1	21	1	1	1	1	78	1	1	1	1	1	2,612
Total capital expenditure on services		1,939	1,744	195	1	1,637	1,691	10,194	1,528	413	102	238	7,913	857	4,591	3,690	1,487	5,568	5,445	123	466	1	32,120

Table 9.8a Identifiable current expenditure on services by function, country and region, 2005–06

Country/ Region	Function	National Statistics											accruals, £ million											
		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services	
North East		274	262	11	–	4	1,113	1,098	404	57	182	217	238	262	187	3,862	264	2,882	2,760	121	8,167	–	18,112	
North West		662	632	30	–	7	3,146	2,446	580	150	423	421	872	733	519	10,278	560	7,382	7,111	271	20,965	–	46,697	
Yorkshire and Humberside		377	353	24	–	5	2,070	1,900	569	122	283	451	474	453	272	7,273	446	5,332	5,134	198	14,517	–	32,643	
East Midlands		366	347	19	–	5	1,471	1,537	386	97	178	405	470	367	148	5,427	331	4,249	4,137	112	11,104	–	25,003	
West Midlands		536	511	24	–	6	2,106	1,769	359	92	299	396	623	461	198	7,277	415	5,708	5,483	225	15,112	–	33,586	
Eastern		497	473	24	–	8	1,748	1,520	154	273	193	463	436	493	88	6,915	379	5,091	4,945	146	13,582	–	30,321	
London		757	724	32	–	10	5,567	3,664	638	280	448	245	2,052	769	959	11,894	867	9,159	8,861	298	21,354	–	55,000	
South East		715	680	35	–	10	2,820	1,955	233	237	246	471	769	796	262	10,266	612	7,616	7,375	240	19,192	–	44,244	
South West		480	457	22	–	7	1,618	1,794	183	91	174	824	523	552	160	6,669	391	4,699	4,517	183	13,353	–	29,724	
England		4,662	4,440	222	–	61	21,658	17,682	3,507	1,400	2,426	3,893	6,456	4,886	2,794	69,861	4,264	52,117	50,323	1,794	137,346	–	315,330	
Scotland		1,001	979	22	–	6	1,916	2,810	833	183	270	597	926	655	154	8,308	799	6,051	5,920	131	15,339	–	37,038	
Wales		531	518	13	–	3	1,189	1,629	608	60	133	348	480	380	106	4,416	452	3,311	3,221	90	9,298	–	21,316	
Northern Ireland		351	344	7	–	–	1,241	1,142	196	57	166	498	225	161	485	2,514	278	2,075	2,069	5	5,535	–	13,782	
UK current identifiable expenditure		6,545	6,281	264	–	70	26,003	23,262	5,144	1,699	2,995	5,337	8,087	6,083	3,539	85,099	5,794	63,553	61,534	2,019	167,519	–	387,467	
Outside the UK		4,471	0	4,471	–	0	–	219	19	172	10	–	18	44	–	361	137	45	29	15	2,322	3,151	10,750	
Total current identifiable expenditure		11,016	6,281	4,735	–	70	26,003	23,481	5,163	1,871	3,005	5,337	8,105	6,127	3,539	85,460	5,931	63,598	61,563	2,035	169,841	3,151	398,217	
Non-identifiable spending		32,845	4,984	1,126	26,735	29,822	1,592	868	95	629	–	–	144	–	–	–	3,108	–	–	–	–	–	–	64,486
Total current expenditure on services		43,861	11,265	5,861	26,735	29,892	27,596	24,349	5,258	2,500	3,005	5,337	8,249	6,127	3,539	85,460	9,039	63,598	61,563	2,035	169,841	–599	462,702	

Table 9.8b Identifiable capital expenditure on services by function, country and region, 2005–06

Country/ Region	Function	National Statistics										accruals, £ million										
		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services	
North East		33	32	1	0	139	688	114	11	17	38	508	67	91	158	244	192	187	5	44	–	1,657
North West		105	105	0	1	133	1,040	178	24	42	24	772	360	811	401	120	699	687	12	111	–	3,780
Yorkshire and Humberside		52	49	3	0	109	642	124	24	24	19	451	121	566	268	106	629	620	9	100	–	2,593
East Midlands		97	97	0	1	71	479	63	17	17	3	379	85	270	208	77	527	520	7	66	–	1,880
West Midlands		110	109	1	1	107	715	114	18	25	–1	559	79	435	220	126	663	653	10	85	–	2,540
Eastern		115	114	0	1	74	772	46	33	18	6	669	112	372	251	89	571	562	9	64	–	2,420
London		194	194	0	2	307	2,538	218	33	37	33	2,218	84	1,610	506	171	1,081	1,067	14	131	–	6,625
South East		234	234	0	1	119	1,302	57	51	26	16	1,151	446	627	285	143	961	949	12	101	–	4,217
South West		63	63	0	2	68	630	39	25	17	46	503	182	243	293	101	556	548	8	67	–	2,206
England		1,003	997	6	7	1,128	8,806	954	236	223	184	7,209	1,536	5,025	2,589	1,177	5,878	5,792	86	769	–	27,916
Scotland		102	102	–	–	145	1,120	142	54	37	44	843	529	1,245	256	166	461	415	46	89	–	4,112
Wales		83	83	–	–	83	626	220	8	18	17	364	38	366	156	111	195	195	–	53	–	1,711
Northern Ireland		18	18	–	–	74	225	47	13	0	37	128	48	389	151	54	185	185	–	29	–	1,172
UK capital identifiable expenditure		1,206	1,200	6	7	1,429	10,776	1,362	312	278	281	8,544	2,151	7,025	3,152	1,508	6,718	6,586	132	940	–	34,911
Outside the UK		82	–	82	–	–	143	16	–	–	–	127	8	–	1	11	–	–	–	0	–	245
Total capital identifiable expenditure		1,288	1,200	88	7	1,429	10,919	1,378	312	278	281	8,671	2,158	7,025	3,153	1,519	6,718	6,586	132	940	–	35,156
Non-identifiable spending		583	443	140	–	714	71	221	39	172	–	10	–	–	–	31	–	–	–	–	–	1,619
Total capital expenditure on services		1,871	1,643	228	720	1,499	11,140	1,416	484	278	281	8,681	2,158	7,025	3,153	1,550	6,718	6,586	132	940	–	36,775

Table 9.9a Identifiable current expenditure on services by function, country and region, 2006–07

Country/ Region	Function	National Statistics										accruals, £ million												
		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services	
North East		238	229	9	-	4	1,152	1,106	371	47	214	204	270	248	185	4,118	271	2,982	2,872	111	8,288	-	18,591	
North West		699	675	24	-	8	3,237	2,600	669	143	472	307	1,009	971	447	10,923	579	7,603	7,348	255	21,407	-	48,476	
Yorkshire and Humberside		400	383	18	-	5	2,126	1,971	538	97	326	395	615	471	307	7,587	453	5,556	5,369	187	14,787	-	33,664	
East Midlands		353	338	15	-	6	1,507	1,503	358	81	206	371	486	399	190	5,846	353	4,526	4,376	151	11,538	-	26,223	
West Midlands		504	485	18	-	7	2,214	1,748	342	81	335	351	639	470	246	7,873	460	5,955	5,741	214	15,560	-	35,037	
Eastern		493	474	19	-	9	1,817	1,499	142	225	219	462	451	553	177	7,455	375	5,413	5,215	198	14,247	-	32,037	
London		958	932	26	-	12	5,740	3,748	592	286	484	185	2,200	793	722	12,088	909	9,740	9,443	297	22,093	-	56,804	
South East		692	664	28	-	12	2,873	1,885	176	212	271	420	804	844	354	10,856	623	8,057	7,790	267	20,262	-	46,457	
South West		457	440	18	-	8	1,659	1,745	179	83	187	720	575	569	189	6,972	396	4,976	4,797	178	14,051	-	31,022	
England		4,794	4,619	175	-	72	22,324	17,804	3,368	1,256	2,715	3,416	7,050	5,318	2,817	73,719	4,419	54,808	52,951	1,857	142,235	-	328,310	
Scotland		879	861	18	-	7	1,983	3,271	791	170	283	609	1,418	714	236	8,663	833	6,480	6,334	145	15,892	-	38,957	
Wales		610	600	10	-	3	1,219	1,540	526	44	143	365	462	447	113	4,737	464	3,484	3,406	78	9,570	-	22,186	
Northern Ireland		381	375	6	-	0	1,281	1,037	208	56	145	400	227	179	493	2,731	262	2,205	2,201	4	5,840	-	14,409	
UK current identifiable expenditure		6,663	6,455	208	-	82	26,807	23,651	4,893	1,526	3,285	4,789	9,157	6,658	3,660	89,849	5,978	66,977	64,892	2,085	173,537	-	403,862	
Outside the UK		4,575	0	4,575	-	0	-	228	34	168	12	-	15	35	-	545	146	36	36	-	2,415	3,402	11,382	
Total current identifiable expenditure		11,238	6,455	4,783	-	82	26,807	23,879	4,927	1,693	3,297	4,789	9,172	6,693	3,660	90,393	6,124	67,013	64,928	2,085	175,952	3,402	415,243	
Non-identifiable spending		34,950	5,258	1,100	28,592	31,212	1,642	1,055	94	820	-	-	141	219	-	-	3,381	-	-	-	-	-	-5,164	67,295
Total current expenditure on services		46,187	11,713	5,883	28,592	31,294	28,449	24,934	5,021	2,513	3,297	4,789	9,313	6,913	3,660	90,393	9,505	67,013	64,928	2,085	175,952	-1,762	482,539	

Table 9.9b Identifiable capital expenditure on services by function, country and region, 2006–07

Function Country/ Region		National Statistics													accruals, £ million						
		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 amenities	6. Housing and community recreation, culture and religion	7. Health	8. Recreation, culture and religion training) (includes	of which: education	of which: training	10. Social protection	EU transactions	Total Expenditure on Services	
North East		28	26	2	1	64	502	159	12	8	4	318	51	346	171	84	289	283	6	43	1,579
North West		100	95	5	1	189	1,450	489	27	18	46	869	819	778	436	160	661	648	13	84	4,677
Yorkshire and Humberside		88	84	3	0	141	759	126	25	11	11	587	124	709	303	146	570	560	10	61	2,901
East Midlands		105	103	2	1	93	619	83	19	8	1	509	87	304	187	95	472	465	7	42	2,006
West Midlands		145	142	3	1	157	945	140	20	11	9	765	97	471	345	111	658	648	11	82	3,013
Eastern		116	114	3	0	116	958	52	37	8	-6	866	134	351	217	102	564	552	12	37	2,595
London		186	183	3	1	327	2,907	200	38	17	39	2,613	60	2,074	510	186	1,078	1,063	15	96	7,425
South East		147	144	3	2	144	1,623	55	56	11	15	1,486	238	398	690	153	843	830	13	88	4,326
South West		61	59	2	1	102	819	45	28	8	32	706	93	284	289	106	542	532	9	55	2,352
England		976	952	24	9	1,335	10,581	1,348	263	100	152	8,718	1,703	5,715	3,149	1,142	5,676	5,579	97	588	30,874
Scotland		99	97	2	0	162	1,563	190	27	15	69	1,261	280	1,357	401	188	624	594	29	87	4,761
Wales		52	51	1	0	100	719	238	9	8	21	444	126	432	198	145	238	238	-	41	2,051
Northern Ireland		54	53	1	0	77	258	33	7	2	50	166	48	380	180	49	185	185	1	18	1,249
UK capital identifiable expenditure		1,180	1,153	28	9	1,673	13,121	1,809	306	124	292	10,589	2,158	7,885	3,928	1,525	6,723	6,596	127	733	38,935
Outside the UK		91	-	91	-	-	143	43	0	-	-	100	8	-	0	31	0	0	-	2	275
Total capital identifiable expenditure		1,271	1,153	119	9	1,673	13,263	1,852	306	124	292	10,689	2,166	7,885	3,928	1,556	6,723	6,596	127	735	39,210
Non-identifiable spending		530	387	143	-	1,015	101	286	95	183	-	8	-4	-	-	370	-	-	-	-	2,298
Total capital expenditure on services		1,801	1,540	262	-	1,024	1,774	13,549	1,947	489	124	10,697	2,162	7,885	3,928	1,926	6,723	6,596	127	735	41,508

Table 9.10a Identifiable current expenditure on services by function, country and region, 2007–08

Function		accruals, £ million																							
Country/ Region		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 (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Unallocated	Total Expenditure on Services	
North East		267	257	9	-	6	1,203	1,122	383	53	209	220	258	276	193	4,546	273	3,161	3,029	131	8,770	-	-	19,816	
North West		792	767	25	-	11	3,379	2,675	686	153	472	327	1,036	1,002	440	12,102	598	8,208	7,891	317	22,450	-	-	51,656	
Yorkshire and Humberside		453	434	19	-	7	2,225	2,007	558	110	315	429	595	528	314	8,441	466	5,989	5,761	228	15,586	-	-	36,017	
East Midlands		395	379	16	-	9	1,574	1,551	384	91	198	395	483	442	217	6,479	366	4,859	4,672	187	12,090	-	-	27,983	
West Midlands		572	552	20	-	10	2,317	1,813	367	89	321	370	667	521	268	8,587	467	6,399	6,138	261	16,389	-	-	37,343	
Eastern		556	536	20	-	13	1,889	1,544	164	242	214	498	426	615	237	7,967	381	5,881	5,634	247	14,956	-	-	34,039	
London		1,083	1,055	27	-	17	5,935	3,668	601	302	448	188	2,129	886	605	13,735	924	10,494	10,122	372	23,283	-	-	60,629	
South East		781	751	30	-	16	2,987	1,959	225	254	265	441	773	931	395	11,831	644	8,531	8,196	335	21,334	-	-	49,409	
South West		516	497	19	-	12	1,728	1,832	224	91	190	770	557	628	218	7,712	399	5,364	5,147	217	14,731	-	-	33,140	
England		5,416	5,230	186	-	101	23,237	18,172	3,592	1,385	2,633	3,638	6,924	5,828	2,888	81,399	4,517	58,885	56,590	2,295	149,589	-	-	350,031	
Scotland		956	938	19	-	8	2,039	3,804	863	174	279	1,032	1,455	753	353	9,433	814	6,670	6,539	131	16,764	-	-	41,594	
Wales		673	662	11	-	4	1,338	1,553	586	52	134	320	459	387	150	4,941	476	3,714	3,617	96	10,127	-	-	23,362	
Northern Ireland		424	418	6	-	0	1,128	1,191	262	49	183	429	268	215	568	2,956	280	2,244	2,234	10	6,621	-	-	15,627	
UK current identifiable expenditure		7,468	7,247	221	-	113	27,743	24,720	5,304	1,661	3,230	5,419	9,106	7,182	3,959	98,728	6,087	71,512	68,981	2,531	183,101	-	-	430,614	
Outside the UK		4,808	-	4,808	-	37	-	258	109	103	7	-	38	57	-	617	164	38	38	-	2,500	4,325	-	12,804	
Total current identifiable expenditure		12,277	7,247	5,030	-	150	27,743	24,978	5,413	1,764	3,237	5,419	9,144	7,239	3,959	99,345	6,251	71,551	69,019	2,531	185,601	4,325	-	443,418	
Non-identifiable spending		37,485	5,114	1,190	31,181	32,076	2,041	1,176	89	936	-	-	151	134	-	-	3,612	-	-	-	-	-	-4,790	2,541	74,274
Total current expenditure on services		49,761	12,361	6,219	31,181	32,226	29,783	26,153	5,502	2,700	3,237	5,419	9,295	7,373	3,959	99,345	9,863	71,551	69,019	2,531	185,601	-465	2,541	517,692	

Table 9.10b Identifiable capital expenditure on services by function, country and region, 2007–08

Function		accruals, £ million																			
Country/ Region	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 amenities	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education (includes training)	of which: education	of which: training	10. Social protection	EU transactions	Unallocated	Total Expenditure on Services
North East	43	41	2	1	83	560	153	35	2	4	365	52	378	251	113	338	331	7	40	–	1,860
North West	126	121	5	1	225	1,502	452	12	4	54	979	762	918	651	221	753	736	17	74	–	5,233
Yorkshire and Humberside	112	108	4	1	179	795	105	10	3	10	668	132	737	338	206	634	621	13	53	–	3,186
East Midlands	129	127	2	1	115	602	92	9	2	0	498	91	316	525	135	541	531	10	36	–	2,491
West Midlands	181	178	3	1	192	1,024	140	7	3	8	865	103	515	395	160	731	717	14	79	–	3,381
Eastern	149	146	3	1	148	1,067	59	23	2	–8	990	121	431	301	142	671	655	16	29	–	3,061
London	234	231	2	2	402	3,181	198	18	5	39	2,922	68	2,309	648	241	1,137	1,117	21	85	–	8,307
South East	140	137	3	2	185	1,624	54	24	3	16	1,527	245	512	627	214	955	937	18	87	–	4,590
South West	84	83	1	2	131	869	41	10	2	37	779	99	376	474	147	630	618	12	52	–	2,864
England	1,197	1,172	25	13	1,660	11,224	1,295	148	27	161	9,593	1,673	6,493	4,210	1,580	6,391	6,263	128	535	–	34,973
Scotland	138	137	1	0	218	1,753	237	41	4	91	1,380	254	1,636	430	229	804	739	65	111	–	5,572
Wales	62	61	1	0	122	677	210	5	2	18	442	164	424	297	181	224	224	–	42	–	2,193
Northern Ireland	71	70	0	0	83	508	116	9	0	91	292	22	205	162	118	353	351	3	87	–	1,609
UK capital identifiable expenditure	1,468	1,440	28	13	2,082	14,162	1,858	203	32	361	11,707	2,114	8,757	5,099	2,107	7,772	7,577	196	774	–	44,348
Outside the UK	122	–	122	–	–	184	80	60	–	44	5	–	0	52	–	–	–	–	0	–	363
Total capital identifiable expenditure	1,589	1,440	149	13	2,082	14,346	1,938	263	32	361	11,752	2,119	8,757	5,099	2,159	7,772	7,577	196	775	–	44,711
Non-identifiable spending	541	369	172	–	1,595	384	307	39	260	–	8	3	–	430	–	–	–	–	–	–	1,584
Total capital expenditure on services	2,130	1,809	322	–	1,608	14,652	1,977	523	32	361	11,759	2,121	8,757	5,099	2,590	7,772	7,577	196	775	–	49,554

Table 9.11 UK identifiable expenditure on services by function, country and region, per head, 2002–03 to 2007–08

Function		National Statistics										accruals, £ per head								
		1. General public services <i>of which: public and common services</i>	2. Defence <i>of which: international services</i>	3. Public order and safety	4. Economic affairs <i>of which: enterprise and economic development</i> <i>of which: science and technology</i> <i>of which: employment policies</i>	5. Environment protection <i>of which: agriculture, fisheries and forestry</i> <i>of which: transport</i>	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education (includes training)	10. Social protection <i>of which: education</i> <i>of which: training</i>	Total Expenditure on Services								
2002-03		97	4	0	377	493	149	17	65	73	189	99	72	1,192	124	977	942	36	2,885	6,316
North East		76	4	0	407	491	115	20	57	65	235	115	90	1,182	87	925	890	34	2,694	6,068
North West		70	3	1	358	465	119	19	55	89	182	92	69	1,080	98	915	884	30	2,512	5,660
Yorkshire and Humberside		77	3	1	307	435	85	19	41	95	195	88	51	943	90	862	832	29	2,223	5,076
East Midlands		86	3	0	338	415	70	18	55	64	208	82	52	1,051	88	911	877	35	2,402	5,424
West Midlands		78	3	1	270	377	38	45	34	75	185	90	11	985	77	804	763	41	2,084	4,778
Eastern		90	3	1	651	672	102	35	62	37	436	89	159	1,269	121	1,042	1,009	33	2,477	6,569
London		82	3	1	307	399	33	43	29	51	243	101	48	1,003	82	816	787	29	1,992	4,831
South East		87	3	2	287	438	58	20	34	148	177	110	48	997	86	799	770	29	2,247	5,101
South West		82	3	1	378	470	80	28	47	73	241	97	70	1,082	94	894	861	33	2,357	5,522
England		163	3	1	324	630	153	33	50	115	279	132	250	1,324	151	1,062	1,031	31	2,660	6,696
Scotland		148	3	1	365	694	273	14	40	100	268	104	98	1,188	159	1,005	981	25	2,753	6,515
Wales		216	3	–	693	727	181	37	120	208	182	82	350	1,224	165	1,202	1,196	5	2,779	7,437
Northern Ireland																				
UK identifiable expenditure		96	3	1	381	502	99	28	49	82	244	100	95	1,111	104	922	891	31	2,414	5,726
2003-04		93	5	4	412	582	230	16	71	82	184	104	105	1,311	134	1,110	1,072	39	3,018	6,875
North East		92	4	2	444	473	100	20	65	59	229	121	125	1,343	90	1,039	1,004	35	2,828	6,556
North West		78	5	1	386	489	134	22	61	93	178	90	76	1,231	98	1,026	993	33	2,633	6,108
Yorkshire and Humberside		85	4	2	334	417	61	20	45	102	189	84	67	1,087	99	969	938	31	2,351	5,495
East Midlands		91	4	2	369	425	75	17	60	68	205	86	61	1,176	87	1,031	994	37	2,555	5,883
West Midlands		90	3	2	293	391	34	39	36	90	191	83	45	1,095	79	905	861	44	2,238	5,221
Eastern		106	3	3	714	860	96	39	67	41	618	98	172	1,433	130	1,187	1,150	37	2,639	7,341
London		87	3	2	330	391	28	31	32	61	239	93	64	1,122	84	909	881	28	2,162	5,244
South East		93	3	4	311	426	48	17	37	148	175	108	60	1,136	91	905	875	30	2,472	5,606
South West		91	4	2	411	500	79	26	52	78	265	97	89	1,220	97	1,007	972	35	2,512	6,026
England		178	3	1	360	718	182	35	58	128	315	156	247	1,455	172	1,123	1,089	33	2,804	7,213
Scotland		166	3	1	398	689	275	16	46	106	246	120	79	1,348	164	1,067	1,039	28	2,914	6,945
Wales		223	3	–	686	684	138	35	91	225	195	91	417	1,345	166	1,259	1,255	5	2,995	7,868
Northern Ireland																				
UK identifiable expenditure		106	4	2	414	533	99	27	53	88	266	103	111	1,250	109	1,027	994	33	2,570	6,225

Table 9.11 UK identifiable expenditure on services by function, country and region, per head, 2002–03 to 2007–08

Function		National Statistics														accruals, £ per head					
		Data in this table from 2002–03 to 2006–07 are National Statistics																			
Country/ Region	Function	1. General public services	of which: public and common services	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 (includes training)	of which: education	of which: training	10. Social protection	Total Expenditure on Services	
		2004-05		112	108	5	2	441	554	195	20	76	82	181	105	129	1,460	136	1,165	1,123	42
North East		101	97	4	1	470	526	131	22	64	60	249	127	153	1,451	90	1,099	1,061	38	2,971	6,989
North West		95	90	5	1	416	495	138	24	59	101	174	100	113	1,365	103	1,087	1,048	38	2,749	6,524
Yorkshire and Humberside		93	89	4	1	350	453	85	22	43	106	197	107	94	1,205	100	1,038	1,001	37	2,467	5,910
East Midlands		101	97	4	1	404	471	97	18	57	72	228	98	97	1,307	93	1,093	1,053	40	2,692	6,356
West Midlands		98	94	4	1	320	404	39	45	37	100	183	97	55	1,220	79	940	915	25	2,355	5,569
Eastern		134	130	4	1	771	787	101	41	65	51	529	102	204	1,597	128	1,269	1,230	39	2,751	7,744
London		110	106	4	1	355	400	31	33	32	63	242	114	100	1,242	88	977	946	32	2,304	5,692
South East		99	95	4	2	332	446	56	18	36	144	191	122	74	1,266	92	965	931	33	2,606	6,003
South West		106	102	4	1	441	509	89	28	51	82	258	109	117	1,350	99	1,070	1,034	35	2,640	6,442
England		186	182	4	1	379	714	184	39	58	129	304	155	186	1,517	180	1,198	1,165	33	2,940	7,458
Scotland		172	168	4	1	410	695	278	17	46	79	274	130	90	1,444	185	1,134	1,104	30	3,054	7,315
Wales		174	170	4	–	721	723	153	41	101	235	193	107	459	1,452	175	1,297	1,293	4	3,185	8,294
Northern Ireland																					
UK identifiable expenditure		118	114	4	1	442	541	108	29	52	91	261	114	131	1,372	112	1,090	1,056	34	2,701	6,624
2005-06		120	115	5	1	491	700	203	27	78	100	292	129	109	1,577	199	1,205	1,156	50	3,221	7,754
North East		112	108	4	1	479	510	111	25	68	65	240	160	194	1,561	99	1,181	1,140	41	3,081	7,380
North West		84	79	5	1	427	498	136	29	60	92	181	112	164	1,476	108	1,167	1,127	40	2,862	6,899
Yorkshire and Humberside		107	103	4	1	356	466	104	26	45	94	196	104	97	1,302	94	1,104	1,076	28	2,581	6,212
East Midlands		121	116	5	1	414	464	89	21	60	74	221	101	118	1,401	101	1,191	1,147	44	2,840	6,752
West Midlands		110	106	4	2	328	412	36	55	38	84	199	109	83	1,288	84	1,018	990	28	2,453	5,885
Eastern		127	123	4	2	788	832	115	42	65	37	573	114	345	1,663	139	1,373	1,331	42	2,882	8,265
London		116	112	4	1	359	398	35	35	33	59	235	152	109	1,289	92	1,048	1,017	31	2,357	5,921
South East		107	102	4	2	331	476	44	23	38	171	202	144	79	1,369	97	1,033	996	38	2,638	6,277
South West		112	108	5	1	452	525	88	32	52	81	271	127	155	1,436	108	1,149	1,112	37	2,737	6,802
England		216	212	4	1	404	771	191	47	60	126	347	232	275	1,681	190	1,278	1,243	35	3,028	8,077
Scotland		208	204	4	1	431	763	280	23	51	124	286	141	160	1,548	191	1,187	1,157	30	3,166	7,796
Wales		214	210	4	–	762	793	141	41	96	310	205	121	507	1,545	192	1,310	1,307	3	3,227	8,672
Northern Ireland																					
UK identifiable expenditure		129	124	4	1	455	565	108	33	54	93	276	137	175	1,465	121	1,167	1,131	36	2,797	7,012

Table 9.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2002–03 to 2007–08

Country/ Region	Function	National Statistics										Index (UK identifiable expenditure = 100)								
		1. General public services of which: public and common services	2. Defence of which: international services	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 (includes training)	of which: education	of which: training	10. Social protection	Total Expenditure on Services		
2002-03																				
North East		101	100	118	61	99	98	150	59	133	89	78	99	76	107	119	106	113	120	110
North West		79	78	109	53	107	98	116	70	117	79	96	116	95	106	84	100	109	112	106
Yorkshire and Humberside		73	72	104	68	94	93	121	68	112	109	75	92	72	97	95	99	97	104	99
East Midlands		80	79	99	78	80	87	86	68	84	116	80	89	54	85	87	93	93	92	89
West Midlands		90	89	104	59	89	83	71	63	113	77	85	82	54	95	85	99	98	99	95
Eastern		82	81	95	93	71	75	38	162	69	92	76	91	12	89	74	87	86	130	83
London		94	93	95	86	171	134	103	123	126	46	179	89	167	114	117	113	105	103	115
South East		85	85	95	83	81	80	33	155	59	63	100	101	51	90	79	88	88	83	84
South West		91	91	106	324	75	87	59	70	70	180	73	111	51	90	83	87	92	93	89
England		85	85	101	99	99	94	81	100	96	89	99	97	74	97	90	97	104	98	96
Scotland		170	173	93	151	85	126	154	119	102	140	115	133	263	119	145	115	116	100	117
Wales		155	157	93	88	96	138	276	49	81	122	110	105	104	107	153	109	110	78	114
Northern Ireland		225	230	93	-	182	145	183	130	244	253	75	82	369	110	159	130	134	17	130
UK identifiable expenditure		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2003-04																				
North East		88	87	124	194	100	109	231	60	134	93	69	101	95	105	123	108	117	117	110
North West		86	86	107	84	107	89	101	74	123	67	86	118	112	107	82	101	104	110	105
Yorkshire and Humberside		74	72	129	70	93	92	135	84	115	106	67	88	68	98	90	100	99	102	98
East Midlands		80	80	95	111	81	78	61	77	85	116	71	82	60	87	91	94	94	91	88
West Midlands		86	86	102	109	89	80	76	62	113	78	77	83	55	94	80	100	112	99	95
Eastern		85	85	95	86	71	73	35	148	68	102	72	81	40	88	72	88	87	87	84
London		100	100	93	121	173	161	96	145	126	46	232	95	155	115	119	116	111	103	118
South East		82	82	93	117	80	73	28	118	60	69	90	90	57	90	77	88	89	84	84
South West		88	88	94	188	75	80	48	64	70	168	66	105	54	91	84	88	88	91	90
England		86	85	102	115	99	94	80	98	97	89	100	94	80	98	89	98	104	98	97
Scotland		168	170	92	27	87	135	183	133	109	146	118	152	222	116	158	109	110	109	116
Wales		156	159	92	36	96	129	277	59	87	120	92	117	71	108	150	104	105	84	112
Northern Ireland		211	215	91	-	166	128	139	133	171	256	73	89	375	108	153	123	126	14	126
UK identifiable expenditure		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 9.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2002–03 to 2007–08 (continued)

Country/ Region		National Statistics										Index (UK identifiable expenditure = 100)										
		1. General public services		2. Defence		3. Public order and safety		4. Economic affairs		5. Environment protection		6. Housing and community amenities		7. Health		8. Recreation, culture and religion		9. Education (includes training)		10. Social protection		Total Expenditure on Services
2004–05		95	94	116	151	100	102	180	69	145	90	69	93	98	106	121	107	106	122	117	110	110
North East		86	85	104	78	106	97	121	76	122	67	95	111	116	106	80	101	100	111	110	106	106
North West		80	79	114	83	94	91	128	83	112	111	67	88	86	99	92	100	99	112	102	98	98
Yorkshire and Humberside		79	78	98	103	79	84	78	78	82	117	75	94	72	88	89	95	95	108	91	89	89
East Midlands		86	85	104	93	91	87	89	61	109	79	87	86	74	95	83	100	100	116	100	96	96
West Midlands		83	82	97	95	72	75	36	154	70	111	70	86	42	89	71	86	87	73	87	84	84
Eastern		114	114	95	117	174	145	93	140	124	56	203	90	156	116	114	116	116	114	102	117	117
London		93	93	96	111	80	74	29	113	61	69	93	100	76	91	78	90	90	92	85	86	86
South East		84	84	97	146	75	82	52	62	69	159	73	107	56	92	82	88	88	98	96	91	91
South West		90	89	101	106	100	94	82	97	97	91	99	96	89	98	88	98	98	104	98	97	97
England		158	160	94	95	86	132	170	135	110	143	117	136	142	111	160	110	110	98	109	113	113
Scotland		146	148	94	67	93	128	257	59	87	87	105	114	69	105	165	104	105	87	113	110	110
Wales		148	150	94	-	163	134	142	141	193	259	74	94	349	106	155	119	122	12	118	125	125
Northern Ireland		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
UK identifiable expenditure		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2005–06		94	93	113	101	108	124	188	80	144	107	106	95	62	108	164	103	102	139	115	111	111
North East		87	87	99	82	105	90	103	76	125	70	87	117	111	107	82	101	101	116	110	105	105
North West		65	63	117	69	94	88	126	86	111	99	66	82	94	101	89	100	100	113	102	98	98
Yorkshire and Humberside		83	83	98	91	78	82	96	79	83	101	71	76	55	89	78	95	95	77	92	89	89
East Midlands		94	93	103	98	91	82	82	62	111	79	80	74	67	96	83	102	101	123	102	96	96
West Midlands		85	85	98	126	72	73	33	165	70	90	72	80	47	88	69	87	88	78	88	84	84
Eastern		99	99	97	127	173	147	106	126	120	40	207	84	196	114	115	118	118	117	103	118	118
London		90	90	97	107	79	70	33	105	61	64	85	111	62	88	76	90	90	86	84	84	84
South East		83	82	98	137	73	84	40	68	69	183	73	106	45	93	80	89	88	105	94	90	90
South West		87	87	101	105	99	93	82	97	97	87	98	93	88	98	89	99	98	104	98	97	97
England		168	171	96	94	89	136	177	140	111	135	126	170	157	115	156	110	110	97	108	115	115
Scotland		162	164	96	81	95	135	260	68	94	133	103	103	91	106	157	102	102	85	113	111	111
Wales		166	169	96	-	167	140	130	122	177	333	74	89	289	105	159	112	116	8	115	124	124
Northern Ireland		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
UK identifiable expenditure		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 9.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2002–03 to 2007–08 (continued)

Function		National Statistics										Index (UK identifiable expenditure = 100)										
		Data in this table from 2002–03 to 2006–07 are National Statistics										Data in this section do form part of National Statistics										
Country/ Region	Function	1. General public services		2. Defence		3. Public order and safety		4. Economic affairs		5. Environment protection		6. Housing and community amenities		7. Health		8. Recreation, culture and religion		9. Education (includes training)		10. Social protection		Total Expenditure on Services
		of which: public and common services	of which: international services	of which: science and technology	of which: employment policies	of which: agriculture, fisheries and forestry	of which: transport	of which: enterprise and economic development	of which: science and technology	of which: environment protection	of which: housing and community amenities	of which: health	of which: recreation, culture and religion	of which: education	of which: training	of which: social protection						
2006–07																						
	North East	80	79	105	133	101	104	188	76	154	97	71	80	109	108	112	105	105	125	113	108	
	North West	90	89	106	87	106	97	153	82	127	61	84	179	94	107	87	99	99	107	109	106	
	Yorkshire and Humberside	73	72	106	72	94	87	117	78	116	94	70	79	104	99	94	98	98	105	100	97	
	East Midlands	81	80	100	107	78	80	91	76	87	102	70	77	59	89	83	94	94	99	92	89	
	West Midlands	93	93	102	104	94	83	81	62	114	80	80	73	70	99	86	101	101	115	101	97	
	Eastern	84	83	99	117	73	72	31	155	72	97	72	84	49	88	69	88	87	102	89	85	
	London	118	118	97	119	172	146	95	143	119	36	197	78	195	108	118	118	119	114	103	117	
	South East	79	78	97	106	78	70	25	108	61	63	85	90	48	91	76	89	89	93	86	84	
	South West	78	78	97	122	73	82	39	72	68	175	77	89	49	92	79	88	88	100	96	89	
	England	88	87	101	106	99	92	84	99	99	84	95	95	88	98	88	98	98	105	98	97	
	Scotland	148	149	96	90	89	156	173	128	103	158	161	133	163	114	161	114	115	93	109	117	
	Wales	172	175	96	74	95	125	233	58	90	155	94	133	97	107	166	103	104	72	113	112	
	Northern Ireland	193	196	96	0	166	122	125	120	150	308	69	90	263	108	144	113	116	7	117	123	
	UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
2007–08																						
	North East	83	82	109	134	103	104	179	113	155	93	72	84	107	111	113	106	105	121	115	109	
	North West	91	90	109	89	107	95	141	78	129	58	86	168	94	109	88	100	100	108	108	106	
	Yorkshire and Humberside	75	74	108	73	95	85	109	76	115	90	72	84	98	100	97	99	98	104	100	97	
	East Midlands	81	81	99	108	79	77	92	74	85	95	65	80	58	94	85	95	94	100	92	89	
	West Midlands	95	95	103	106	95	83	80	58	112	74	83	76	70	98	87	102	101	114	101	97	
	Eastern	85	85	99	116	74	72	34	153	71	91	73	85	57	86	69	89	89	104	88	84	
	London	119	119	96	121	171	142	90	138	112	32	195	83	184	111	114	118	118	116	102	117	
	South East	76	75	96	108	78	68	29	110	60	58	81	93	52	88	77	88	88	95	86	84	
	South West	79	79	95	129	73	82	44	64	70	164	76	92	55	93	79	89	89	99	95	89	
	England	88	88	101	108	100	90	81	98	97	78	95	96	88	98	89	98	98	106	97	97	
	Scotland	145	147	95	72	90	170	182	137	103	231	162	129	186	113	151	112	113	85	109	118	
	Wales	168	170	95	66	100	117	228	63	85	120	89	121	92	103	164	102	103	72	113	110	
	Northern Ireland	192	194	95	9	141	151	183	109	194	311	93	88	210	104	168	113	117	15	126	126	
	UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	

Table 9.13 Total local authority identifiable expenditure on services by country and region, 2002–03 to 2007–08

	accruals, £ million													
	National Statistics							National Statistics						
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans		
North East	4,521	5,002	5,354	6,066	5,778	6,159	28	29	29	31	29	28		
North West	11,573	12,915	13,896	14,786	15,262	16,246	28	29	29	29	29	29		
Yorkshire and Humberside	7,787	8,709	9,422	9,971	10,560	11,259	28	28	29	28	29	29		
East Midlands	6,055	6,827	7,396	7,848	8,232	8,786	28	29	29	29	29	29		
West Midlands	8,359	9,358	10,167	10,924	11,492	12,263	29	30	30	30	30	30		
Eastern	7,726	8,701	9,390	10,114	10,520	11,252	30	30	31	31	30	30		
London	17,750	20,271	21,660	23,045	24,217	25,778	37	37	38	37	38	37		
South East	11,635	12,939	14,045	14,650	15,125	16,132	30	31	30	30	30	30		
South West	7,085	8,017	8,598	9,022	9,440	10,079	28	29	28	28	28	28		
England	82,491	92,739	99,929	106,427	110,626	117,953	30	31	31	31	31	31		
Scotland	9,673	10,379	11,147	12,141	12,559	13,271	29	28	29	30	29	28		
Wales	5,234	5,757	6,133	6,596	6,897	7,266	28	28	28	29	28	28		
Northern Ireland	406	413	443	483	464	609	3	3	3	3	3	4		
UK local authority identifiable expenditure	97,805	109,288	117,652	125,648	130,545	139,098	29	29	30	30	29	29		
Non-identifiable expenditure	266	236	385	440	524	683	0	0	1	1	1	1		
Total local authority expenditure on services	98,071	109,524	118,037	126,088	131,069	139,781	24	25	25	25	25	25		
Accounting adjustments	12,637	9,902	13,665	14,614	14,650	18,840	73	60	62	59	56	86		
Total local authority expenditure	110,708	119,426	131,702	140,702	145,719	158,621	26	26	27	27	26	27		

Table 9.14 Total local authority identifiable expenditure on services by country and region per head, 2002–03 to 2007–08

	Index (UK identifiable expenditure = 100)																	
	accruals, £ per head							National Statistics										
	National Statistics			National Statistics				National Statistics			National Statistics							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
North East	1,779	1,968	2,106	2,379	2,261	2,417	108	107	107	114	105	106	108	107	107	114	105	106
North West	1,707	1,899	2,038	2,162	2,227	2,355	104	103	104	104	103	103	104	103	104	104	103	103
Yorkshire and Humberside	1,557	1,732	1,861	1,952	2,053	2,180	94	94	95	94	95	96	94	94	94	94	95	96
East Midlands	1,434	1,605	1,724	1,814	1,886	2,000	87	87	88	87	88	88	87	87	88	87	88	88
West Midlands	1,579	1,762	1,909	2,042	2,141	2,275	96	96	97	98	99	100	96	96	97	98	99	100
Eastern	1,422	1,589	1,704	1,818	1,876	1,988	86	87	87	87	87	87	86	87	87	87	87	87
London	2,411	2,753	2,931	3,091	3,224	3,403	146	150	149	148	150	149	146	150	149	148	150	149
South East	1,446	1,600	1,729	1,790	1,836	1,946	88	87	88	86	85	85	88	87	88	86	85	85
South West	1,425	1,602	1,705	1,774	1,842	1,949	86	87	87	85	86	85	86	87	87	85	86	85
England	1,661	1,860	1,994	2,109	2,179	2,309	101	101	101	101	101	101	101	101	101	101	101	101
Scotland	1,914	2,052	2,195	2,383	2,454	2,583	116	112	112	114	114	113	116	112	112	114	114	113
Wales	1,793	1,964	2,082	2,233	2,325	2,439	109	107	106	107	108	107	109	107	106	107	108	107
Northern Ireland	239	242	259	280	267	346	15	13	13	13	12	15	15	13	13	13	12	15
UK local authority identifiable expenditure	1,649	1,835	1,966	2,086	2,155	2,281	100	100	100	100	100	100	100	100	100	100	100	100

Table 9.15 Total central government and public corporations' identifiable expenditure on services by country and region, 2002-03 to 2010-11

	accruals, £ million												As a percentage of total spending in that region (from Table 9.1)					
	National Statistics						National Statistics						National Statistics					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08			
North East	11,527	12,471	13,097	13,704	14,392	15,517	15,861	16,499	17,222	72	71	71	69	71	72			
North West	29,554	31,666	33,767	35,691	37,890	40,644	41,913	44,212	45,452	72	71	71	71	71	71			
Yorkshire and Humberside	20,521	21,998	23,617	25,265	26,006	27,944	28,452	29,887	30,877	72	72	71	72	71	71			
East Midlands	15,374	16,552	17,967	19,034	19,997	21,687	22,512	23,551	24,667	72	71	71	71	71	71			
West Midlands	20,361	21,889	23,691	25,202	26,558	28,461	29,688	31,270	32,460	71	70	70	70	70	70			
Eastern	18,232	19,882	21,303	22,627	24,112	25,847	27,686	28,770	30,667	70	70	69	69	70	70			
London	30,607	33,791	35,564	38,579	40,012	43,158	43,702	45,573	47,375	63	63	62	63	62	63			
South East	27,241	29,471	32,203	33,810	35,658	37,867	40,273	42,013	44,417	70	69	70	70	70	70			
South West	18,286	20,042	21,665	22,908	23,933	25,926	27,236	28,467	29,937	72	71	72	72	72	72			
Total England	191,704	207,762	222,873	236,819	248,559	267,052	277,323	290,242	303,074	70	69	69	69	69	69			
Scotland	24,174	26,099	26,728	29,008	31,159	33,895	33,140	34,209	35,466	71	72	71	70	71	72			
Wales	13,789	14,600	15,419	16,431	17,340	18,289	18,861	19,357	20,018	72	72	72	71	72	72			
Northern Ireland ⁽¹⁾	12,212	12,984	13,743	14,471	15,194	16,627	16,768	17,583	17,910	97	97	97	97	97	96			
UK central government and public corporations' identifiable expenditure	241,880	261,445	278,763	296,730	312,251	335,864	346,093	361,390	376,467	71	71	70	70	71	71			
Outside UK	7,465	8,981	10,908	10,995	11,657	13,167	13,202	14,237	16,085	100	100	100	100	100	100			
Total central government and public corporations' identifiable expenditure	249,345	270,425	289,671	307,725	323,908	349,030	359,295	375,627	392,551	72	71	71	71	71	72			
Non-identifiable expenditure	56,195	58,884	62,526	65,665	69,069	78,434	76,786	82,711	87,804	100	100	99	99	99	99			
Total central government and public corporations' expenditure on services	305,540	329,309	352,197	373,390	392,977	427,465	436,081	458,338	480,355	76	75	75	75	75	75			
Accounting adjustments	4,790	6,677	8,294	10,112	11,407	3,096	15,272	14,336	16,452	27	40	38	41	44	14			
Total central government and public corporations' expenditure	310,330	335,986	360,491	383,502	404,384	430,561	451,353	472,674	496,807	74	74	73	73	74	73			

(1) The relative weighting of Northern Ireland is higher in this table because spending that is undertaken by Local Authorities in Great Britain is mostly undertaken by Northern Ireland departments in Northern Ireland.

Table 9.16 Total central government and public corporations' identifiable expenditure on services by country and region per head, 2002–03 to 2010–11

accruals, £ per head

	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	plans	plans	plans	plans	
North East	4,537	4,907	5,152	5,375	5,631	6,089	6,205	6,436	6,697	
North West	4,360	4,656	4,951	5,218	5,529	5,892	6,042	6,337	6,478	
Yorkshire and Humberside	4,103	4,376	4,664	4,947	5,057	5,410	5,465	5,694	5,836	
East Midlands	3,642	3,891	4,187	4,398	4,582	4,936	5,076	5,262	5,460	
West Midlands	3,845	4,121	4,448	4,710	4,949	5,280	5,477	5,736	5,920	
Eastern	3,356	3,632	3,865	4,067	4,301	4,567	4,843	4,983	5,258	
London	4,158	4,589	4,813	5,174	5,326	5,697	5,722	5,918	6,100	
South East	3,385	3,644	3,963	4,131	4,329	4,567	4,819	4,987	5,231	
South West	3,677	4,005	4,297	4,503	4,671	5,013	5,215	5,398	5,621	
England	3,861	4,166	4,448	4,693	4,896	5,227	5,386	5,594	5,795	
Scotland	4,782	5,161	5,263	5,694	6,089	6,596	6,426	6,611	6,833	
Wales	4,723	4,981	5,233	5,563	5,846	6,138	6,301	6,436	6,623	
Northern Ireland ⁽¹⁾	7,198	7,626	8,035	8,392	8,724	9,443	9,454	9,840	9,953	
UK central government and public corporations' identifiable expenditure	4,077	4,390	4,658	4,926	5,154	5,508	5,636	5,842	6,042	

Index (UK identifiable expenditure = 100)

	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	plans	plans	plans	plans	
North East	111	112	111	109	109	111	110	110	111	
North West	107	106	106	106	107	107	107	108	107	
Yorkshire and Humberside	101	100	100	100	98	98	97	97	97	
East Midlands	89	89	90	89	89	90	90	90	90	
West Midlands	94	94	95	96	96	96	97	98	98	
Eastern	82	83	83	83	83	83	86	85	87	
London	102	105	103	105	103	103	102	101	101	
South East	83	83	85	84	84	83	86	85	87	
South West	90	91	92	91	91	91	93	92	93	
England	95	95	95	95	95	95	96	96	96	
Scotland	117	118	113	116	118	120	114	113	113	
Wales	116	113	112	113	113	111	112	110	110	
Northern Ireland ⁽¹⁾	177	174	173	170	169	171	168	168	165	
UK central government and public corporations' identifiable expenditure	100	100	100	100	100	100	100	100	100	

(1) The relative weighting of Northern Ireland is higher in this table because spending that is undertaken by Local Authorities in Great Britain is mostly undertaken by Northern Ireland departments in Northern Ireland.

Table 9.17 Identifiable expenditure on services for Scotland, Wales and Northern Ireland, 2006–07

Function Departmental Grouping	National Statistics										Total Expenditure on Services							
	1. General public services of which: public and common services	2. Defence of which: international services	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 (includes training)	of which: education	of which: training	10. Social protection	
Scotland	460	3	896	2,893	632	23	—	628	1,610	171	1,397	9,027	204	2,424	2,279	145	43	17,518
Scottish Executive	6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7
Scotland Office ⁽¹⁾	426	4	1,239	1,048	153	—	—	30	864	501	196	—	713	4,643	4,634	9	3,788	12,559
Scotland local authorities	—	—	—	7	—	—	—	—	7	—	—	—	—	—	—	—	—	7
UK public corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
UK government departments	86	19	9	886	196	174	298	20	198	321	0	37	104	36	16	20	12,148	13,628
Total identifiable expenditure in Scotland	978	19	7	2,145	4,834	981	298	678	2,679	994	1,593	9,064	1,021	7,103	6,929	175	15,979	43,718
Wales																		
Welsh Assembly	377	—	—	25	1,171	459	—	371	341	110	260	4,921	91	1,265	1,227	39	111	8,332
Government	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4
Wales Office ⁽¹⁾	225	3	747	522	105	—	—	5	412	332	281	—	358	2,398	2,369	30	2,029	6,897
Wales local authorities	—	—	—	3	—	—	—	—	3	—	—	—	—	—	—	—	—	3
UK public corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
UK government departments	55	44	11	0	547	562	201	52	150	131	4	13	159	58	48	10	7,471	9,000
Total identifiable expenditure in Wales	661	11	3	1,319	2,259	765	150	385	906	574	546	4,935	608	3,721	3,643	78	9,611	24,237
Northern Ireland																		
Northern Ireland Executive	346	—	—	82	1,206	193	44	447	374	86	775	2,866	102	2,382	2,380	2	4,944	12,789
Northern Ireland Office	67	—	—	1,153	—	—	—	—	—	—	—	—	—	—	—	—	—	1,221
Northern Ireland Court Service	—	—	—	122	—	—	—	—	—	—	—	—	—	—	—	—	—	122
Northern Ireland local authorities	—	—	—	—	15	15	—	—	—	140	98	39	172	—	—	—	—	464
UK government departments	22	15	7	0	1	73	32	19	0	2	0	6	37	8	6	2	913	1,062
Total identifiable expenditure in Northern Ireland	435	428	7	0	1,358	1,294	241	451	393	228	874	2,911	311	2,390	2,386	4	5,858	15,658

All the spending of the devolved administrations is identifiable except for spending by the Scottish Executive on Lockerbie.

(1) Scotland Office and Wales Office are no longer separate departments, but are now entities within the Ministry of Justice.

10.1 This chapter presents public expenditure by country. In this chapter, data for all years up to and including 2006-07 are National Statistics. The figures in this chapter are consistent with **Chapter 9**, with the English Local Authority data reported at England rather than English regional level to allow England sub-functional analysis. This enables country comparisons of spending. See **Chapter 9** for further details of the data used in this chapter.

10.2 Readers need to bear in mind two points about this chapter:

- most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The regional analyses presented in this chapter show where the individuals and enterprises that benefited from public spending were located. It does not mean that all such spending was planned to benefit a particular region, though a proportion of public spending is planned on a region basis; and
- the information in this chapter and **Chapter 9** was gathered in a separate data collection project during the winter of 2007-08. Therefore, the figures in this chapter are not wholly consistent with the figures in other PESA chapters.

What's new

10.3 The functional data in this chapter are now presented against the UN Classification Of the Functions Of Government (COFOG) framework, consistent with the other chapters in PESA 2008.

THE TABLES

Tables on expenditure for a country

10.4 The tables in this chapter provide public expenditure by country.

10.5 **Table 10.1** shows total identifiable expenditure on services in England by sub-function.

10.6 **Table 10.2** shows total identifiable expenditure on services in Scotland by sub-function.

10.7 **Table 10.3** shows total identifiable expenditure on services in Wales by sub-function.

10.8 **Table 10.4** shows total identifiable expenditure on services in Northern Ireland by sub-function.

Table 10.1 Total identifiable expenditure on services in England by sub-function, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	2,537	2,560	2,736	3,089	3,088	3,531
1.2 Foreign economic aid	14	18	14	11	9	12
1.3 General services	603	744	837	793	982	1,093
1.4 Basic research	14	35	80	74	45	–
1.5 R&D general public services	13	13	12	10	11	10
1.6 General public services n.e.c.	887	1,175	1,635	1,686	1,635	1,966
Total general public services	4,068	4,545	5,314	5,663	5,770	6,612
2. Defence						
2.1 Military defence	8	7	–	–	0	7
2.2 Civil defence	29	114	66	67	80	106
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	0	0	0	–	–	0
Total defence	37	121	66	67	80	113
3. Public order and safety						
3.1 Police services	9,552	10,508	11,228	12,032	12,604	12,807
<i>of which: immigration and citizenship</i>	99	54	41	39	26	6
<i>of which: other police services</i>	9,454	10,453	11,187	11,993	12,579	12,801
3.2 Fire-protection services	1,870	1,945	2,066	2,185	2,178	2,403
3.3 Law courts	4,664	5,281	5,842	5,237	5,389	5,698
3.4 Prisons	2,411	2,474	2,682	3,061	3,195	3,634
3.5 R&D public order and safety	29	27	43	20	14	24
3.6 Public order and safety n.e.c.	221	238	251	251	278	330
Total public order and safety	18,747	20,473	22,112	22,786	23,658	24,896
4. Economic affairs						
4.1 General economic, commercial and labour affairs	4,493	4,901	4,956	5,299	5,541	5,161
4.2 Agriculture, forestry, fishing and hunting	3,647	3,900	4,131	4,077	3,568	3,799
<i>of which: market support under CAP</i>	2,428	2,777	3,099	2,754	2,323	2,440
<i>of which: other agriculture, food and fisheries policy</i>	1,151	1,065	983	1,261	1,192	1,297
<i>of which: forestry</i>	67	58	48	62	53	62
4.3 Fuel and energy	1,198	949	1,298	1,055	1,197	1,174
4.4 Mining, manufacturing and construction	–7	–11	–46	72	–23	23
4.5 Transport	11,955	13,217	12,947	13,665	15,768	16,517
<i>of which: national roads</i>	1,990	1,799	1,879	2,183	2,640	2,582
<i>of which: local roads</i>	3,378	3,388	3,659	3,840	3,762	4,333
<i>of which: local public transport</i>	2,092	3,518	2,888	3,506	3,747	4,142
<i>of which: railway</i>	4,334	4,312	4,307	3,891	5,320	5,119
<i>of which: other transport</i>	161	200	213	245	300	340
4.6 Communication	157	146	254	220	275	657
4.7 Other industries	197	184	184	180	208	205
4.8 R&D economic affairs	1,394	1,301	1,414	1,636	1,519	1,532
4.9 Economic affairs n.e.c.	289	367	354	283	332	328
Total economic affairs	23,323	24,954	25,492	26,487	28,385	29,396
5. Environment protection						
5.1 Waste management	2,585	2,810	3,133	3,797	4,477	4,643
5.2 Waste water management	37	40	38	44	39	42
5.3 Pollution abatement	162	220	198	200	200	229
5.4 Protection of biodiversity and landscape	208	174	197	203	84	120
5.5 R&D environment protection	77	75	87	94	100	136
5.6 Environment protection n.e.c.	1,729	1,497	1,799	2,084	2,121	2,331
Total environment protection	4,797	4,816	5,451	6,422	7,021	7,502

Table 10.1 Total identifiable expenditure on services in England by sub-function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	plans
6. Housing and community amenities						
6.1 Housing development	1,840	2,288	3,310	5,121	5,545	5,945
<i>of which: local authority housing</i>	524	442	1,243	2,968	3,287	3,488
<i>of which: other social housing</i>	1,317	1,846	2,067	2,152	2,258	2,457
6.2 Community development	1,301	1,716	2,102	2,197	2,424	2,817
6.3 Water supply	-43	9	7	-12	7	18
6.4 Street lighting	323	347	364	424	466	510
6.5 R&D housing and community amenities	-	-	-	-	-	-
6.6 Housing and community amenities n.e.c	64	78	82	89	90	90
Total housing and community amenities	3,485	4,438	5,865	7,819	8,533	9,380
7. Health⁽¹⁾						
Medical services	52,741	59,612	66,414	71,328	75,716	84,329
Health research	177	161	169	198	230	283
Central and other health services	786	1,058	1,059	925	921	996
Total health	53,703	60,831	67,643	72,450	76,867	85,608
8. Recreation, culture and religion						
8.1 Recreational and sporting services	2,062	2,066	2,138	2,292	2,343	2,741
8.2 Cultural services	2,469	2,673	2,712	2,955	2,992	3,101
8.3 Broadcasting and publishing services	3	1	2	1	1	1
8.4 Religious and other community services	79	83	81	79	79	102
8.5 R&D recreation, culture and religion	1	2	1	73	98	108
8.6 Recreation, culture and religion n.e.c	28	30	35	41	49	45
Total recreation, culture and religion	4,643	4,853	4,969	5,441	5,562	6,097
9. Education (includes training)						
9.1 Pre-primary and primary education	15,034	17,153	18,028	19,372	19,843	21,353
<i>of which: under fives</i>	2,978	3,414	3,762	3,958	3,747	4,044
<i>of which: primary education</i>	12,056	13,739	14,266	15,414	16,096	17,309
9.2 Secondary education	13,223	15,139	16,429	17,910	18,928	19,581
9.3 Post-secondary non-tertiary education	4,968	5,770	5,923	6,037	6,527	6,762
9.4 Tertiary education	6,149	6,714	7,374	8,453	8,819	10,055
9.5 Education not definable by level	1,623	1,730	1,778	1,880	1,954	2,423
9.6 Subsidiary services to education	2,431	2,630	2,868	3,120	3,168	3,699
9.7 R&D education	11	12	17	14	14	17
9.8 Education n.e.c	927	1,074	1,185	1,209	1,231	1,386
Total education (includes training)	44,366	50,222	53,602	57,994	60,485	65,276
10. Social protection						
<i>of which: personal social services</i>	14,889	16,846	18,544	19,660	21,133	21,519
10.1 Sickness and disability	20,669	22,091	23,175	24,299	25,215	26,486
<i>of which: personal social services</i>	3,630	4,256	4,715	5,180	5,421	5,641
<i>of which: incapacity, disability and injury benefits</i>	17,039	17,834	18,459	19,119	19,794	20,845
10.2 Old age	49,596	50,523	54,246	56,971	59,223	62,359
<i>of which: personal social services</i>	5,140	5,827	6,588	7,086	7,445	7,620
<i>of which: pensions</i>	44,456	44,696	47,658	49,885	51,778	54,739
10.3 Survivors	1,525	1,467	1,432	1,424	1,385	1,395
10.4 Family and children	20,241	21,973	22,451	22,727	22,928	23,885
<i>of which: personal social services</i>	3,645	4,217	4,706	5,136	5,475	5,514
<i>of which: family benefits, income support and tax credits</i>	16,596	17,756	17,745	17,591	17,453	18,371
10.5 Unemployment	3,321	3,284	3,028	2,943	3,526	3,500
<i>of which: personal social services</i>	864	912	997	753	1,228	1,114
<i>of which: other unemployment benefits</i>	2,457	2,372	2,031	2,191	2,297	2,386
10.6 Housing	11,418	12,463	13,102	13,826	14,671	15,663
10.7 Social exclusion n.e.c	6,442	9,626	11,118	12,217	13,253	13,924
<i>of which: personal social services</i>	1,611	1,634	1,538	1,505	1,563	1,630
<i>of which: family benefits, income support and tax credits</i>	4,831	7,992	9,580	10,712	11,690	12,295
10.8 R&D social protection	-	-	2	1	0	-
10.9 Social protection n.e.c.	3,817	3,823	3,733	3,707	2,623	2,911
Total social protection	117,027	125,249	132,285	138,115	142,822	150,124
Total Expenditure on Services in England	274,196	300,501	322,802	343,247	359,184	385,005

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	640	689	697	642	651	666
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	11	18	21	12	26	20
1.4 Basic research	37	38	39	53	59	60
1.5 R&D general public services	18	16	15	19	21	28
1.6 General public services n.e.c.	118	136	172	377	220	320
Total general public services	824	898	944	1,103	978	1,094
2. Defence						
2.1 Military defence	–	–	–	–	0	1
2.2 Civil defence	6	3	6	6	7	7
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
Total defence	6	3	6	6	7	8
3. Public order and safety						
3.1 Police services	831	923	984	1,081	1,082	1,126
<i>of which: immigration and citizenship</i>	–	–	–	–	–	–
<i>of which: other police services</i>	831	923	984	1,081	1,082	1,126
3.2 Fire-protection services	212	234	239	268	297	295
3.3 Law courts	338	387	390	396	419	429
3.4 Prisons	227	254	294	297	321	378
3.5 R&D public order and safety	–	–	–	–	–	–
3.6 Public order and safety n.e.c.	30	22	17	19	26	29
Total public order and safety	1,639	1,820	1,924	2,060	2,145	2,257
4. Economic affairs						
4.1 General economic, commercial and labour affairs	588	749	701	709	758	759
4.2 Agriculture, forestry, fishing and hunting	580	649	657	641	678	1,123
<i>of which: market support under CAP</i>	372	416	450	443	448	484
<i>of which: other agriculture, food and fisheries policy</i>	170	191	159	146	155	557
<i>of which: forestry</i>	38	41	48	51	74	82
4.3 Fuel and energy	90	70	106	127	109	105
4.4 Mining, manufacturing and construction	23	14	26	39	19	21
4.5 Transport	1,412	1,592	1,546	1,769	2,679	2,835
<i>of which: national roads</i>	281	348	332	378	460	362
<i>of which: local roads</i>	427	442	461	575	627	689
<i>of which: local public transport</i>	64	83	75	78	236	271
<i>of which: railway</i>	433	500	422	452	1,125	1,235
<i>of which: other transport</i>	207	220	256	286	230	277
4.6 Communication	29	30	34	44	44	110
4.7 Other industries	61	64	75	84	79	78
4.8 R&D economic affairs	210	228	251	319	274	296
4.9 Economic affairs n.e.c.	192	236	233	197	194	229
Total economic affairs	3,185	3,632	3,628	3,929	4,834	5,557
5. Environment protection						
5.1 Waste management	441	472	528	899	647	691
5.2 Waste water management	–	–	–	–	–	–
5.3 Pollution abatement	3	4	8	2	5	–
5.4 Protection of biodiversity and landscape	74	149	89	96	120	108
5.5 R&D environment protection	7	12	10	14	16	22
5.6 Environment protection n.e.c.	143	154	153	172	207	187
Total environment protection	668	791	788	1,184	994	1,007

Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	plans
6. Housing and community amenities						
6.1 Housing development	913	918	632	706	1,038	1,181
<i>of which: local authority housing</i>	432	324	225	313	475	556
<i>of which: other social housing</i>	480	595	407	392	563	625
6.2 Community development	76	82	99	106	114	187
6.3 Water supply	252	213	174	547	416	589
6.4 Street lighting	9	8	8	9	8	10
6.5 R&D housing and community amenities	10	11	15	14	8	9
6.6 Housing and community amenities n.e.c	4	15	18	17	10	14
Total housing and community amenities	1,264	1,247	946	1,399	1,593	1,989
7. Health⁽¹⁾						
Medical services	6,590	7,270	7,596	8,438	8,952	9,639
Health research	30	28	29	32	28	42
Central and other health services	70	61	80	94	83	182
Total health	6,691	7,360	7,705	8,564	9,064	9,863
8. Recreation, culture and religion						
8.1 Recreational and sporting services	376	432	436	467	505	512
8.2 Cultural services	359	403	442	452	462	482
8.3 Broadcasting and publishing services	11	18	19	21	24	20
8.4 Religious and other community services	15	16	18	20	21	21
8.5 R&D recreation, culture and religion	0	0	0	5	8	8
8.6 Recreation, culture and religion n.e.c	0	0	0	1	1	1
Total recreation, culture and religion	761	870	915	966	1,021	1,043
9. Education (includes training)						
9.1 Pre-primary and primary education	1,855	2,051	2,205	2,377	2,517	2,600
<i>of which: under fives</i>	210	235	251	273	285	311
<i>of which: primary education</i>	1,646	1,816	1,954	2,105	2,232	2,290
9.2 Secondary education	1,469	1,598	1,709	1,841	1,943	1,981
9.3 Post-secondary non-tertiary education	559	555	614	652	761	762
9.4 Tertiary education	1,071	1,055	1,118	1,187	1,422	1,418
9.5 Education not definable by level	158	169	170	177	175	196
9.6 Subsidiary services to education	23	14	24	22	18	35
9.7 R&D education	26	27	25	19	38	27
9.8 Education n.e.c	206	208	222	235	231	455
Total education (includes training)	5,367	5,678	6,086	6,511	7,103	7,474
10. Social protection						
<i>of which: personal social services</i>	1,956	2,165	2,317	2,447	2,621	2,692
10.1 Sickness and disability	2,730	2,854	2,967	3,096	3,177	3,318
<i>of which: personal social services</i>	431	469	515	570	593	609
<i>of which: incapacity, disability and injury benefits</i>	2,299	2,385	2,451	2,526	2,584	2,709
10.2 Old age	5,617	5,908	6,288	6,572	6,819	7,326
<i>of which: personal social services</i>	846	958	1,020	1,065	1,066	1,141
<i>of which: pensions</i>	4,771	4,950	5,268	5,507	5,753	6,185
10.3 Survivors	165	157	202	199	199	199
10.4 Family and children	2,245	2,366	2,403	2,426	2,491	2,596
<i>of which: personal social services</i>	439	486	521	590	663	650
<i>of which: family benefits, income support and tax credits</i>	1,806	1,881	1,882	1,836	1,828	1,947
10.5 Unemployment	450	446	409	351	434	414
<i>of which: personal social services</i>	142	148	151	110	183	168
<i>of which: other unemployment benefits</i>	308	298	257	241	251	246
10.6 Housing	1,301	1,202	1,240	1,267	1,311	1,385
10.7 Social exclusion n.e.c	706	1,032	1,191	1,303	1,384	1,449
<i>of which: personal social services</i>	97	105	109	112	115	124
<i>of which: family benefits, income support and tax credits</i>	609	927	1,082	1,192	1,269	1,326
10.8 R&D social protection	2	0	0	0	0	0
10.9 Social protection n.e.c.	226	214	233	213	163	187
Total social protection	13,444	14,179	14,932	15,427	15,979	16,875
Total Expenditure on Services in Scotland	33,848	36,478	37,875	41,150	43,718	47,166

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	321	369	385	421	532	575
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	13	19	23	26	28	36
1.4 Basic research	–	–	–	–	–	–
1.5 R&D general public services	1	1	1	0	0	0
1.6 General public services n.e.c.	98	97	98	167	101	123
Total general public services	433	485	507	615	661	735
2. Defence						
2.1 Military defence	–	–	–	–	0	0
2.2 Civil defence	2	2	2	3	3	4
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
Total defence	2	2	2	3	3	4
3. Public order and safety						
3.1 Police services	520	564	561	632	675	737
<i>of which: immigration and citizenship</i>	2	1	–	–	–	–
<i>of which: other police services</i>	518	563	561	632	675	737
3.2 Fire-protection services	129	147	146	161	156	190
3.3 Law courts	264	307	338	293	307	326
3.4 Prisons	136	132	145	170	164	186
3.5 R&D public order and safety	3	3	5	2	2	3
3.6 Public order and safety n.e.c.	13	14	15	15	16	19
Total public order and safety	1,065	1,166	1,209	1,272	1,319	1,460
4. Economic affairs						
4.1 General economic, commercial and labour affairs	286	266	268	410	445	467
4.2 Agriculture, forestry, fishing and hunting	293	310	233	365	385	338
<i>of which: market support under CAP</i>	237	239	154	276	282	240
<i>of which: other agriculture, food and fisheries policy</i>	32	44	50	42	51	96
<i>of which: forestry</i>	23	26	29	47	52	2
4.3 Fuel and energy	204	191	149	172	141	136
4.4 Mining, manufacturing and construction	–10	11	14	24	14	18
4.5 Transport	782	722	808	844	906	902
<i>of which: national roads</i>	159	148	157	156	184	179
<i>of which: local roads</i>	222	234	254	310	338	329
<i>of which: local public transport</i>	49	66	62	82	71	72
<i>of which: railway</i>	325	237	297	261	277	281
<i>of which: other transport</i>	27	36	38	34	37	41
4.6 Communication	238	224	244	135	80	119
4.7 Other industries	56	47	55	34	27	36
4.8 R&D economic affairs	40	46	51	67	52	57
4.9 Economic affairs n.e.c.	138	202	225	204	208	156
Total economic affairs	2,027	2,019	2,046	2,255	2,259	2,230
5. Environment protection						
5.1 Waste management	161	181	204	233	376	412
5.2 Waste water management	2	3	3	1	1	1
5.3 Pollution abatement	–	–	–	–	–	–
5.4 Protection of biodiversity and landscape	8	7	8	10	5	7
5.5 R&D environment protection	1	3	4	4	4	5
5.6 Environment protection n.e.c.	133	158	163	170	188	126
Total environment protection	304	352	382	418	574	550

Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	plans
6. Housing and community amenities						
6.1 Housing development	136	59	80	259	293	293
<i>of which: local authority housing</i>	151	5	112	264	319	304
<i>of which: other social housing</i>	-15	54	-31	-5	-26	-11
6.2 Community development	126	147	159	184	201	228
6.3 Water supply	-	-	-	-	-	-
6.4 Street lighting	25	26	26	30	31	33
6.5 R&D housing and community amenities	-	-	-	-	-	-
6.6 Housing and community amenities n.e.c	0	0	0	0	21	21
Total housing and community amenities	287	233	266	473	546	574
7. Health⁽¹⁾						
Medical services	3,438	3,914	4,219	4,497	4,867	5,159
Health research	21	22	22	29	34	39
Central and other health services	8	14	13	46	33	41
Total health	3,468	3,951	4,254	4,573	4,935	5,239
8. Recreation, culture and religion						
8.1 Recreational and sporting services	179	172	231	234	264	332
8.2 Cultural services	183	199	190	207	206	196
8.3 Broadcasting and publishing services	84	89	100	98	105	99
8.4 Religious and other community services	6	6	6	7	7	8
8.5 R&D recreation, culture and religion	0	0	0	2	3	3
8.6 Recreation, culture and religion n.e.c	13	14	19	17	24	19
Total recreation, culture and religion	464	480	546	564	608	656
9. Education (includes training)						
9.1 Pre-primary and primary education	926	990	1,062	1,100	1,161	1,266
<i>of which: under fives</i>	221	215	234	218	237	279
<i>of which: primary education</i>	705	775	828	882	924	987
9.2 Secondary education	752	840	883	933	978	1,012
9.3 Post-secondary non-tertiary education	533	549	594	620	623	647
9.4 Tertiary education	382	385	405	429	473	439
9.5 Education not definable by level	72	82	88	90	78	96
9.6 Subsidiary services to education	226	243	266	295	330	396
9.7 R&D education	-	-	-	-	-	-
9.8 Education n.e.c	44	40	43	39	78	83
Total education (includes training)	2,935	3,129	3,342	3,506	3,721	3,938
10. Social protection						
<i>of which: personal social services</i>	1,124	1,313	1,418	1,535	1,562	1,625
10.1 Sickness and disability	2,035	2,147	2,225	2,327	2,401	2,521
<i>of which: personal social services</i>	272	324	357	399	429	455
<i>of which: incapacity, disability and injury benefits</i>	1,763	1,824	1,868	1,928	1,972	2,067
10.2 Old age	3,139	3,189	3,418	3,582	3,734	3,979
<i>of which: personal social services</i>	392	448	465	494	518	540
<i>of which: pensions</i>	2,747	2,741	2,952	3,087	3,216	3,440
10.3 Survivors	121	116	115	117	115	116
10.4 Family and children	1,290	1,387	1,420	1,446	1,460	1,515
<i>of which: personal social services</i>	231	261	294	361	380	382
<i>of which: family benefits, income support and tax credits</i>	1,059	1,126	1,125	1,086	1,080	1,132
10.5 Unemployment	213	208	193	179	219	212
<i>of which: personal social services</i>	73	77	80	56	95	83
<i>of which: other unemployment benefits</i>	139	131	113	123	123	129
10.6 Housing	601	626	650	671	710	755
10.7 Social exclusion n.e.c	508	758	866	934	895	948
<i>of which: personal social services</i>	155	204	222	226	139	164
<i>of which: family benefits, income support and tax credits</i>	353	554	644	708	755	784
10.8 R&D social protection	-	-	0	-	-	-
10.9 Social protection n.e.c.	129	109	112	96	78	121
Total social protection	8,037	8,540	8,999	9,351	9,611	10,168
Total Expenditure on Services in Wales	19,023	20,356	21,553	23,027	24,237	25,555

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2002–03 to 2007–08

	accruals, £ million					
	National Statistics					
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	155	153	162	164	188	245
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	196	212	119	187	225	229
1.4 Basic research	–	–	–	–	–	–
1.5 R&D general public services	0	0	0	0	0	0
1.6 General public services n.e.c.	15	15	17	18	21	21
Total general public services	366	380	298	369	435	495
2. Defence						
2.1 Military defence	–	–	–	–	0	0
2.2 Civil defence	–	–	–	–	–	0
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
Total defence	–	–	–	–	0	0
3. Public order and safety						
3.1 Police services	763	729	796	827	839	682
<i>of which: immigration and citizenship</i>	–	–	–	–	–	–
<i>of which: other police services</i>	763	729	796	827	839	682
3.2 Fire-protection services	53	57	68	71	76	78
3.3 Law courts	110	116	138	141	158	157
3.4 Prisons	114	123	120	148	130	161
3.5 R&D public order and safety	–	–	–	–	–	–
3.6 Public order and safety n.e.c.	136	144	111	127	154	133
Total public order and safety	1,176	1,169	1,234	1,314	1,358	1,211
4. Economic affairs						
4.1 General economic, commercial and labour affairs	475	357	382	360	333	411
4.2 Agriculture, forestry, fishing and hunting	352	383	402	535	451	520
<i>of which: market support under CAP</i>	188	205	199	328	229	253
<i>of which: other agriculture, food and fisheries policy</i>	156	168	196	201	217	259
<i>of which: forestry</i>	8	10	7	6	5	8
4.3 Fuel and energy	3	5	10	15	8	56
4.4 Mining, manufacturing and construction	0	0	0	0	0	0
4.5 Transport	308	332	331	353	393	560
<i>of which: national roads</i>	8	15	14	12	12	13
<i>of which: local roads</i>	206	221	237	250	231	279
<i>of which: local public transport</i>	86	81	62	63	99	183
<i>of which: railway</i>	2	3	2	2	3	2
<i>of which: other transport</i>	7	12	16	26	49	84
4.6 Communication	4	4	20	14	26	68
4.7 Other industries	1	1	1	0	1	1
4.8 R&D economic affairs	62	60	70	70	63	58
4.9 Economic affairs n.e.c.	27	23	23	19	19	25
Total economic affairs	1,233	1,164	1,237	1,367	1,294	1,699
5. Environment protection						
5.1 Waste management	102	109	113	125	140	170
5.2 Waste water management	–	–	24	31	32	–
5.3 Pollution abatement	–4	–4	–	–	–	0
5.4 Protection of biodiversity and landscape	5	4	5	4	5	9
5.5 R&D environment protection	0	1	–	0	0	0
5.6 Environment protection n.e.c.	36	45	42	49	50	58
Total environment protection	139	155	183	209	228	237

Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2002–03 to 2007–08 (continued)

	accruals, £ million					
	National Statistics					
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	plans
6. Housing and community amenities						
6.1 Housing development	186	299	290	344	356	335
<i>of which: local authority housing</i>	154	230	195	214	222	226
<i>of which: other social housing</i>	32	70	95	130	134	109
6.2 Community development	51	73	102	86	103	171
6.3 Water supply	276	257	308	350	325	156
6.4 Street lighting	14	15	17	19	15	9
6.5 R&D housing and community amenities	–	–	–	–	–	–
6.6 Housing and community amenities n.e.c	68	65	67	76	74	102
Total housing and community amenities	595	710	784	874	874	773
7. Health⁽¹⁾						
Medical services	1,970	2,154	2,383	2,552	2,800	2,973
Health research	35	47	39	43	43	64
Central and other health services	71	90	62	70	68	81
Total health	2,076	2,291	2,484	2,664	2,911	3,117
8. Recreation, culture and religion						
8.1 Recreational and sporting services	141	138	150	156	139	195
8.2 Cultural services	127	132	132	156	148	170
8.3 Broadcasting and publishing services	0	0	0	0	0	0
8.4 Religious and other community services	1	0	1	0	1	2
8.5 R&D recreation, culture and religion	0	0	–	1	1	1
8.6 Recreation, culture and religion n.e.c	11	13	15	19	22	30
Total recreation, culture and religion	280	283	299	332	311	398
9. Education (includes training)						
9.1 Pre-primary and primary education	466	505	492	533	529	573
<i>of which: under fives</i>	23	26	22	25	25	26
<i>of which: primary education</i>	443	479	470	508	504	547
9.2 Secondary education	631	594	621	671	737	714
9.3 Post-secondary non-tertiary education	538	629	665	617	665	839
9.4 Tertiary education	269	269	294	305	319	326
9.5 Education not definable by level	9	8	7	5	4	12
9.6 Subsidiary services to education	120	130	129	118	130	126
9.7 R&D education	–	–	–	–	–	–
9.8 Education n.e.c	6	10	10	12	6	7
Total education (includes training)	2,039	2,144	2,218	2,259	2,390	2,597
10. Social protection						
<i>of which: personal social services</i>	525	578	714	729	786	862
10.1 Sickness and disability	1,964	2,090	2,421	2,424	2,506	2,763
<i>of which: personal social services</i>	523	573	701	714	755	824
<i>of which: incapacity, disability and injury benefits</i>	1,441	1,517	1,720	1,709	1,751	1,939
10.2 Old age	1,500	1,596	1,710	1,783	1,856	2,302
<i>of which: personal social services</i>	0	0	0	0	0	0
<i>of which: pensions</i>	1,500	1,596	1,710	1,783	1,856	2,302
10.3 Survivors	60	57	57	56	55	66
10.4 Family and children	517	553	399	420	443	486
<i>of which: personal social services</i>	2	5	14	15	32	38
<i>of which: family benefits, income support and tax credits</i>	516	548	386	405	412	448
10.5 Unemployment	105	100	93	86	78	101
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: other unemployment benefits</i>	105	100	93	86	78	101
10.6 Housing	306	313	336	334	428	461
10.7 Social exclusion n.e.c	244	372	416	449	483	500
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: family benefits, income support and tax credits</i>	244	372	416	449	483	500
10.8 R&D social protection	–	–	–	–	–	–
10.9 Social protection n.e.c.	18	18	15	13	10	29
Total social protection	4,715	5,100	5,448	5,565	5,858	6,708
Total Expenditure on Services in Northern Ireland	12,618	13,397	14,185	14,954	15,658	17,236

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

A

SOURCES, DATA QUALITY AND CONVENTIONS

A.1 This appendix gives information on the main sources of data and methods used in producing PESA, notes on data quality, and on the various conventions used for the figures presented in this publication.

SOURCES OF DATA

Central government and public corporation data

A.2 Most expenditure data in PESA are taken directly from the Treasury's public expenditure database, the Combined On-line Information System (COINS). Departments and the devolved administrations maintain up to nine years of live data depending on the year of the latest Spending Review. For PESA 2008 departments maintained the years 2002-03 to 2010-11 on COINS, updating throughout the year:

- values in the light of better or new information, ensuring final outturns are consistent with the information in published audited accounts (normally available in the summer after the end of the financial year); and
- the way information is coded to reflect classification changes, thus ensuring consistency across all live years.

A.3 Data entered onto COINS by departments cover their own income and expenditure including support for Local Authorities and for public corporations. Departments also enter information on the income and expenditure of NDPBs and on the capital expenditure of public corporations.

Local Authority data

A.4 The Department for Children, Schools and Families (DCSF) supplies data on Local Authority spending in England on education. The Department for Work and Pensions (DWP) supplies data on Local Authority spending on social protection. All other data on local authority spending in England are supplied by Communities and Local Government (CLG). The devolved administrations provide Local Authority spending data for Scotland, Wales and Northern Ireland. The data are then loaded onto COINS by Treasury in order to produce the PESA analyses.

National Accounts aggregates

A.5 The Office for National Statistics (ONS) supplies outturn numbers for the below National Accounts aggregates used in PESA. Forecasts of these numbers for estimated outturn (2007-08) and plan years (2008-09 to 2010-11) are made by the Treasury on a basis consistent with the ONS' numbers. The aggregates are then loaded onto COINS by Treasury in order to produce the PESA analyses:

- Total Managed Expenditure;
- public sector current expenditure, gross investment and net investment;
- public sector depreciation, central and local government non-trading capital consumption, public corporations depreciation;
- central government own expenditure, total, current, capital;

- Local Authority expenditure, total, current, capital; and
- public corporations expenditure, total, current, capital.

To avoid confusion:

- the Total Expenditure on Services (TES) aggregate used in PESA is a Treasury aggregate. Appendix E contains further information on the definition of TES; and
- depreciation in departmental budgets is a number sourced from departments.

METHODS

Classification Of the Functions Of Government (COFOG)

A.6 The Treasury's PESA branch assigns COFOG categories to departmental and local authority data in consultation with departments and the devolved administrations during the course of the year. COFOG categories are held on COINS. Where data streams cover more than one detailed functional category we ask departments to split the data out so that each can be recorded separately. However, we do not split out data where the amount would be less than £10m.

PESA production

A.7 Most of the data contained in PESA are extracted from COINS approximately a week prior to publication using purpose built reports.

A.8 The two main exceptions to this, where a different process is used, are:

- the production of the historical information that goes back before the years that are maintained live on the COINS – described in Chapter 4; and
- the country and regional analysis of expenditure – described in Chapter 9.

TREATMENT OF CERTAIN TRANSACTIONS IN PESA

The Private Finance Initiative

A.9 The private finance initiative (PFI) is a means of procuring capital-intensive services. Instead of the public sector being responsible for building and maintaining a school building, for example, the public sector contracts with the private sector for the provision of serviced school premises. The government entity that is purchasing services pays a single unitary charge to the PFI provider for as long as the services are provided to the required standard.

A.10 PFI deals may be on or off the government's balance sheet depending on where the balance of risks in the project lies. The balance sheet decision for outturns is taken by independent public sector auditors, and that decision is normally used for the National Accounts by the independent Office for National Statistics. If the project is on the government's balance sheet, the capital expenditure is treated as part of public sector capital expenditure and counts towards TME. If the project is off the government's balance sheet then the capital expenditure is recorded as undertaken by the private sector.

A.II PESA includes information on PFI projects. This information is not separately identified. PESA shows:

- for on balance sheet projects, PESA capital expenditure includes the capital expenditure imputed to the public sector. PESA also includes the service and debt interest elements of the unitary charge under those economic categories. The debt repayment element of the unitary charge is excluded from the expenditure numbers. The depreciation on the imputed asset is included in the depreciation numbers. Cost of capital charges and credits are included in budgets; and
- for off balance sheet projects, where the asset economically as well as legally belongs to the private sector, PESA includes the whole of general government payments of unitary charges as payments for services (part of current procurement).

BNFL

A.I2 British Nuclear Fuel Limited (BNFL), a public corporation, has transferred the bulk of its assets and liabilities to the Nuclear Decommissioning Authority (NDA), which is part of central government. In the National Accounts these assets were shown as having a large (circa £15.6bn) negative value due to the decommissioning and clean-up liabilities associated with the assets being far in excess of their remaining productive value. The transfer from the PC sector to the CG sector has no impact on TME, or the public finances overall, as this is an intra public sector set of transactions. However, the components of the public sector finances are affected as follows:

- increase to public corporations gross fixed capital formation (GFCF);
- corresponding reduction to central government GFCF;
- increase to central government payments of capital grants to public corporations, which finances the increased PC GFCF; and
- corresponding increase in receipts of capital grants by public corporations.

A.I3 Both the expenditure and receipt imputed to the PC sector are included in the Public Corporations Own Financed Capital Expenditure (PCOFCE) line in other AME. This means that PCOFCE is not distorted by this set of transactions, and is in line with other PC capital spending where that is financed from central government departmental budgets.

A.I4 TME is a consolidated measure of expenditure, and in PESA the sectoral split of TME records only the 'own' expenditure components that relate to an individual sector. Payments from one sector that are used to finance the expenditure of another sector are therefore excluded from the paying sector's own expenditure breakdown, as are the corresponding receipts in the counterparty sector. This is consistent with TME being a consolidated measure of public sector expenditure.

A.I5 As such the imputed capital spending of BNFL described above adds to the total PC contribution to TME as presented throughout this publication, and likewise the reduction in central government capital expenditure reduces the CG contribution to TME as presented in PESA.

Coverage of Public Bodies

A.16 PESA aims to include the expenditure of all public sector bodies on the appropriate basis. However, when new public bodies are set up, or when bodies are reclassified to, or within, the public sector by the ONS, there may be a delay before data are recorded in a way that allows their correct inclusion in PESA. The PESA 2008 treatment of some of the larger bodies affected is:

- ONS has classified **Great North Eastern Railways** (GNER) to the public corporation sector from 10 December 2006 to 9 December 2007, during which time GNER operated under an amended version of the Franchise Agreement signed in May 2005. The capital spending for this period is currently unavailable;
- **Metronet** and **Tube Lines** have both recently been reclassified by the ONS to the public corporation sector from their inception. The central government support that scores in Department for Transport (DfT) budgets is reflected in PESA 2008 but the capital spending of these bodies is currently unavailable;
- the **Pension Protection Fund** has been classified by the ONS as a public corporation and this classification is fully reflected in PESA 2008. PESA 2007 showed this body as part of central government;
- ONS has classified **Northern Rock** to the public corporation sector from 9 October 2008. The central government support that scores in HM Treasury budgets is reflected in PESA 2008 but the capital spending is currently unavailable; and
- **Northern Ireland Water** has recently been classified by ONS to the central government sector from its inception, but is shown in PESA 2008 as a public corporation. This therefore attributes to the public corporation sector a Northern Ireland Executive subsidy and Northern Ireland Water capital spending .

DATA QUALITY

General

A.17 Departments, devolved administrations and NDPBs aim to produce good quality data for internal management and control, as well as external reporting via audited accounts. They also seek to ensure that the data they feed into COINS are of high quality. Several outputs directly relevant to Whitehall departments' operations and reporting are produced straight from COINS, including Main Estimates presented to Parliament, Departmental Reports, and Supplementary Budgetary Information. So Whitehall departments have a clear incentive to ensure that the data they supply to COINS are right.

A.18 However, there are also factors that act against data quality:

- the public expenditure system is complicated. Data need to be coded so as to produce a wide range of outputs. Some data will be miscoded;

¹ For further information on the ONS' reclassification please see the following article:
<http://www.statistics.gov.uk/cci/article.asp?id=1409>

- those recording data need to apply judgement to determine the right coding. Views on the right judgement to make may differ according to the use to which the data are to be put;
- while the budget-based numbers in PESA (for example in Chapter 1) are key control totals for departments that are closely checked, some of the economic category and sub-function analyses do not appear in departmental outputs and so some of the more detailed coding decisions may not receive the same degree of attention. The devolved administrations do not draw key outputs direct from the Treasury's database;
- the need to keep compliance costs down means that some data checks are not worth doing, and some disaggregation of data is not worthwhile; and
- when new bodies are set up, or reclassified, there may be a lag before data become available on the right basis, and PESA may carry on excluding them or showing them on the previous basis until data are entered into COINS.

A.19 The aim of PESA is to provide a broad picture of where public expenditure goes. As a general rule, the more detailed the presentation, the less accurate the attribution to detailed categories. Small differences in numbers should not be taken as significant. We present many figures rounded to the nearest £1m so that people using the data do not introduce errors from working with rounded numbers.

COFOG presentation

A.20 PESA 2007 contained the first presentation of UK functional spending at COFOG level 2. With the exception of the Department of Health, all departments and the devolved administrations are reporting data against this framework on the COINS database. The Department of Health are currently unable to report on this basis as the NHS is neither financed nor organised along the lines of COFOG level 2. The health sub-function analysis is therefore presented against the HMT functional framework. During the past year we have reviewed certain COFOG classifications, which has led to some larger than usual revisions to **Tables 5.2 and 6.5** in PESA 2008.

CRA (Country and Regional Analysis)

A.21 In PESA 2007 Treasury introduced a requirement for departments to formally sign off their Country and Regional Analysis return as being produced in accordance with the CRA guidance, and to accompany this with a statement on data quality if there were specific issues on data. With the exception of Department for Transport who have badged some of their statistics as experimental (see below), all other departments have formally signed off their return. However, in their accompanying statements on data quality some departments have identified areas of their CRA return where methods have been used that are either provisional or do not fully meet the methodology set out in the CRA guidance. Specific comments made from departments on data quality are:

- DfT – suitable sources are not always available to allocate expenditure to regions on a 'who benefits' basis. This is particularly a problem for Highways Agency expenditure, which covers motorways and trunk roads, and accounts for about a quarter of all DfT expenditure. Further work is needed to assess the bias from allocating this on an 'in' basis and consider whether it can be reduced. Further work will be carried out in the coming year with the aspiration that the DfT CRA return will meet NS standards in future;

- MoJ – in PESA 2007 the regional allocations of legal aid administration costs and non-criminal legal aid expenditure were based on 1999-2000 data. For PESA 2008 HMT have worked with MoJ to develop new methodologies that use current data and are therefore more robust;
- DCMS – there is an inconsistency across allocation methods between NDPBs with similar underlying information e.g. museums differed in their treatment of visitor survey data to estimate regional allocations. Explanations of the allocation methods were often brief from the NDPBs and the underlying detail was not usually provided making it very difficult to assess the robustness of the method. Due to a lack of corroborative information and relative autonomy of the NDPBs finance sections the allocation methods and figures had to be accepted as stated;
- DWP – as announced in PESA 2007, DWP have developed more accurate methods for allocating administrative expenditure to the region of residence of the ultimate beneficiary; and
- Home Office – the 2008 exercise was based on similar methods to previous years but Home Office have indicated that they will be reviewing these prior to 2009 in order to further improve their regional allocation.

Treasury will work with departments to address the remaining issues for PESA 2009.

Other

A.22 Some specific data quality issues apply to:

- historical data – see Chapter 4;
- Local Authority data – see Chapter 7;
- public corporations data – see Chapter 5 and Chapter 8; and
- the Country and Regional Analysis of spending – see Chapter 9.

WHAT WE DO WHEN WE MAKE A MISTAKE

A.23 Where we discover errors after the production of PESA 2008 we will take the following action:

- minor errors will be corrected at the next National Statistics update or the next edition of PESA; and
- larger errors will lead to the publication of revised tables on the Treasury's website together with a note explaining what the difference is.

CONSISTENCY WITH THE FINANCIAL STATEMENT AND BUDGET REPORT

Data

A.24 Total Managed Expenditure (TME) for 2007-08 to 2010-11 and its sectoral components are consistent with the numbers published in the FSBR (HC388; 12 March 2008). TME and its sectoral components for 2006-07 and earlier has been updated since the Budget and is consistent with the joint ONS/HMT Monthly Public Sector Finance Statistics release of the 18 April 2008. The rest of the data contained in Chapters 1 to 8 are consistent with the numbers published in FSBR except in a few places where later information has become available. The Country and Regional Analysis data contained in Chapters 9 and 10 were extracted from COINS in December 2007.

TME table presentation

A.25 TME by budgetary category is shown both in PESA Table 1.1 (and the National Statistics updates) and Table C.9 in the FSBR and the equivalent table in the Pre-Budget Report (PBR). TME and the DEL numbers are on the same basis in both presentations.

A.26 However, there are differences in the presentation of the AME lines. PESA follows the budgeting system and so divides AME into departmental AME and other AME. The FSBR and the PBR combine the AME categories and exclude certain transactions in order to give a presentation more closely aligned with the fiscal aggregates.

A.27 The main differences are:

- the predecessor payments to Child Tax Credits (child allowances in Income Support and Jobseekers Allowance) are included in the FSBR tax credits line and excluded from social security benefits. In PESA, these payments are in the social security benefits data;
- net lending to students is shown in departmental AME in PESA and is not shown in the FSBR;
- the main public service pension schemes are shown on a GAAP basis in PESA and on a National Accounts basis in the Budget. Appendix C explains the treatment in PESA and Appendix D includes a reconciliation table;
- the BBC domestic services line in resource AME in the FSBR excludes the BBC's dividend income while that forms part of the PESA numbers. PESA also presents the BBC capital spending separately whereas the FSBR includes this spending within other capital expenditure;
- the FSBR does not include a non-cash AME line while PESA does;
- the other departmental expenditure lines in the FSBR essentially only include items that contribute to TME, whereas PESA shows all expenditure in departmental AME; and
- As a result of these differences, there are differences in the accounting adjustments.

CONSISTENCY WITH PREVIOUS PESAs

A.28 Data in previous PESAs may not be directly consistent with PESA 2008 due to changes in data coverage and classification changes. Readers are advised against simply splicing together data in different editions of PESA. This publication presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period.

CONVENTIONS

Rounding

A.29 The figures in this publication are generally shown to the nearest £1 million, except that the figures for the main spending aggregates – DEL, AME, and TME – and the DEL Reserve are rounded to the nearest £100 million for 2008-09 to 2010-11.

A.30 In all chapters dashes in the tables show that there are no data and zeros where there are data and the value rounds to 0 – i.e. normally less than £0.5 million.

A.31 Figures in tables may not sum due to rounding.

Real terms

A.32 A number of the tables in this publication give figures in real terms. Real terms figures are the current price outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2006-07 prices. The GDP deflators used in this publication are those given in Appendix F.

GDP measure

A.33 In tables that give spending as a proportion of GDP, PESA 2008 uses the cautious view of the GDP forecast. That is consistent with the 2007 Comprehensive Spending Review and the FSBR.

2007-08 estimated outturn

A.34 The estimated outturns for individual departments for 2007-08 are based on the latest information made available by departments for the Budget 2008, updated in some cases for later information. The estimated outturn for resource DEL for 2007-08 includes an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

Use of accruals data in tables

A.35 Except in the long run tables covering years before 1998-99, all data are presented on an accruals basis.

B

DEPARTMENTAL GROUPS

B.1 A number of tables in this publication present analyses by department. It is not possible to show figures for all individual government departments separately and so departments are grouped together in these analyses, broadly on the basis of Ministerial responsibilities. These groupings are set out below.

Title	Departments included
Children, Schools and Families	Department for Children, Schools and Families Office for Standards in Education, Children's Services and Skills (Ofsted)
Health	Department of Health Food Standards Agency
Transport	Department for Transport Office of the Rail Regulator
Innovation, Universities and Skills	Department for Innovation, Universities and Skills
CLG Communities	Communities and Local Government (except Local Government)
CLG Local Government	Local Government – mainly block and transitional grants to English Local Authorities, the Greater London Authority, and Regional Development Agencies
Home Office	Home Office Assets Recovery Agency
Justice	Ministry of Justice The National Archives: Public Record Office and Historical Manuscripts Commission Electoral Commission Northern Ireland Court Service Land Registry Scotland Office Wales Office
Law Officers' Departments	The Crown Prosecution Service Serious Fraud Office HM Procurator General and Treasury Solicitor Revenue and Customs Prosecution Office
Defence	Ministry of Defence
Foreign and Commonwealth Office	Foreign and Commonwealth Office
International Development	Department for International Development

Business, Enterprise and Regulatory Reform	<ul style="list-style-type: none"> Department for Business, Enterprise and Regulatory Reform UK Trade and Investment Office of Fair Trading Office of Gas and Electricity Markets Office of Communications Postal Services Commission Export Credits Guarantee Department
Environment, Food and Rural Affairs	<ul style="list-style-type: none"> Department for Environment, Food and Rural Affairs Forestry Commission Water Services Regulatory Authority
Culture, Media and Sport	<ul style="list-style-type: none"> Department for Culture, Media and Sport
Work and Pensions	<ul style="list-style-type: none"> Department for Work and Pensions Government Equalities Office
Scotland	<ul style="list-style-type: none"> Scottish Executive and its departments
Wales	<ul style="list-style-type: none"> Welsh Assembly Government
Northern Ireland Executive	<ul style="list-style-type: none"> Northern Ireland departments
Northern Ireland Office	<ul style="list-style-type: none"> Northern Ireland Office
Chancellor's Departments	<ul style="list-style-type: none"> HM Treasury National Savings and Investments Government Actuary's Department HM Revenue and Customs National Investment and Loans Office Royal Mint Office of Government Commerce Crown Estate Office
Cabinet Office	<ul style="list-style-type: none"> Cabinet Office Central Office of Information Charity Commission National School of Government Security and Intelligence Agencies
Independent Bodies	<ul style="list-style-type: none"> House of Commons House of Lords National Audit Office Statistics Board Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England

C

PUBLIC EXPENDITURE BUDGETING AND CONTROL AGGREGATES

C.1 This Appendix describes the budgeting and control regime under the current resource budgeting framework that was first introduced for the 2002 Spending Review (full resource budgeting) and that has been modified since then. Departments have separate resource and capital budgets. These are split into the control totals Departmental Expenditure Limits (DEL) and departmental Annually Managed Expenditure (AME). Within resource budget DEL there are separate controls on near-cash and administration budgets. In addition to departmental AME, other AME covers spending that is not tied to a departmental budget. DEL plus AME, including accounting adjustments, sum to Total Managed Expenditure (TME), an aggregate that is drawn from National Accounts.

RECENT DEVELOPMENTS

C.2 There are a number of changes to the budgeting framework that departments will be controlled on from 2008-09 onwards:

- the budgeting treatment of NHS and Foundation Trusts has been amended so that they are more closely aligned with other bodies classified by ONS to the central government sector. This change was made during 2007-08 and switches certain transactions between near-cash and non-cash within resource DEL;
- the Independent Living Fund has moved from Work and Pensions AME to DEL;
- certain transactions in respect of student loans have moved from DEL to AME. This applies to Innovation, Universities and Skills, and Northern Ireland;
- Nuclear Decommissioning Authority spending that is treated as capital in the National Accounts has been moved from Business, Enterprise and Regulatory Reform resource DEL to capital DEL;
- certain debt write-offs that are treated in the National Accounts as capital grants have been moved from International Development resource DEL to capital DEL;
- following the ONS reclassification of Northern Rock to the public sector, it will score as a public corporation of HM Treasury;
- Metronet and Tube Lines were reclassified by ONS as public corporations. This reclassification has been backdated to April 2003;
- in November 2007, ONS reclassified GNER as a public corporation from December 2006 to the end of its franchise period in December 2007. As the reclassification decision was reached only a month before the franchise end, no budgetary regime was required;
- new guidance on overage agreements on disposal of an asset has clarified that any benefit would score to departments' capital budgets (see C18 below for details); and

- the Ministry of Defence (MoD) budgeting treatment has been simplified and several exceptional treatments have been removed:
 - in previous years certain small MoD NDPBs were recorded on a grant-in-aid basis. In future these will move to full NDPB recording (see C12 below for details of NDPB recording);
 - previously in SR04, MoD had a unique version of the near/non-cash control regime – this will now no longer apply; and
 - MoD will move for the first time to the same admin/programme control regime as all other departments.

C.3 The Treasury has published an updated version of Consolidated Budgeting Guidance¹ for departments, which contains other minor changes aimed at simplifying or clarifying rules. The figures presented in PESA 2008 budgetary tables have been adjusted to reflect the new control regime across all years to provide a consistent run of numbers.

RESOURCE BUDGETING

C.4 Since 2001-02, departmental budgets have been set and monitored in resource terms, and Parliament votes resources as well as cash in the Supply Estimates. This Stage I regime moved to full resource budgeting from 2003-04. There are separate departmental budgets for resource (i.e. current) and capital expenditure.

Resource Budget

C.5 The resource budget controls the current expenditure of a department. The resource budget largely follows the contents of resource accounts. Resource accounts are prepared in accordance with the Government Financial Reporting Manual, which follows Generally Accepted Accounting Practice (GAAP) with such adaptations as are necessary for the public sector.

C.6 Resource accounts measure expenditure when it accrues rather than when the cash is spent. They do not include, as an in-year cost, prepayments for goods and services not consumed in that year but they will include resources consumed but paid for in later years or where pre-financed in earlier periods. Stock consumption scores in the resource budget while spending on adding to stocks does not. They include non-cash costs such as movements in provisions and charges for bad debts. Resource budgets record the cost of lending to students on the basis of an assessment of the grant implied in the low interest rate charged and the bad debt provision that is required.

C.7 The annual resource cost to departments of the assets they use to deliver services is included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation) and the opportunity cost of tying up capital in these assets (the cost of capital charge). The cost of capital charge is 3.5 per cent of the net assets (fixed capital and financial assets, net of financial liabilities and provisions) employed by each department.

C.8 The resource budget (DEL) includes all administration costs of central government departments such as pay and employer pensions contributions or superannuation charges paid to unfunded public service pensions schemes. It also includes most of departments' other purchases of services. It includes current grants and subsidies paid to the private sector.

¹ http://www.hm-treasury.gov.uk/documents/public_spending_reporting/budgeting_classification/psr_bc_consolidated_budgeting.cfm

C.9 The Department for International Development (DfID) and Foreign and Commonwealth Office (FCO) resource budgets include an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

C.10 The resource budget is divided into near-cash and non-cash. **Near-cash in resource DEL** is a control total. Near-cash is expenditure that impacts directly on the Surplus on the Current Budget, used to measure the Government's performance against the golden rule. Near-cash expenditure includes pay, procurement, grants, and payments made where provisions had been taken in the past and are now being released. Near-cash expenditure is measured on an accruals basis, and normally results quickly in a cash outflow. Non-cash expenditure includes depreciation, cost of capital charges, and the take-up and release of provisions.

C.11 **Impairments** are recorded where there is the permanent loss or write-off of recoverable value of an asset below the value recorded on the balance sheet in the accounts. Impairments for certain classes of asset are split between DEL and AME to provide support for sound management decisions and to remove any disincentive they may create for managerially worthwhile decisions. The following classes of impairment score in DEL:

- loss or damage resulting from normal business operations;
- abandonment of projects; and
- gold plating – which is the unnecessary over-specification of assets.

Impairments that score in AME are:

- loss caused by a catastrophe;
- unforeseen obsolescence; and
- Other, including
 - write downs of development land to open market value;
 - write downs where an asset is to be used for a lower specification purpose than originally intended; and
 - write downs as a result of the asset being seized without compensation.

C.12 **Non-Departmental Public Bodies.** Resource and capital budgets include the expenditure of most non-departmental public bodies (NDPBs) classified to the central government sector, rather than the grant-in-aid from the parent department. This budgeting treatment remains different from the accounting treatment in departmental resource accounts, which just record the grant-in-aid paid by the department.

C.13 Resource budgets include most of the department's current transactions with **public corporations** that it sponsors (as recorded in resource accounts), but capital grants and lending to public corporations are in the capital budget. So the resource budget scores:

- subsidies paid to the public corporation by the department;
- dividends and interest received from the public corporation; and
- a capital charge in respect of the value of the public corporation.

C.14 Consolidated PCs – **London Continental Railways (LCR)** and **Forest Enterprises** (which are public corporations) have a different budgeting treatment. For them, the resource budget includes their operating profit/loss and the capital budget shows their capital expenditure.

C.15 **Central government support for Local Authorities.** The resource budget scores current grants to Local Authorities. Capital support scores in capital budgets. More information on local authorities is in Chapter 7.

C.16 The sum of departmental resource budgets is reconciled to public sector current expenditure – a National Accounts concept that is part of TME – in Table 1.3.

Capital Budget

C.17 Capital budgets include expenditure on fixed capital assets, capital grants and the acquisition of certain financial assets acquired or sold for policy reasons. Capital budgets include capital expenditure financed by finance leases and on balance sheet Private Finance Initiative transactions. From 2007-08 capital budgets are set net of the sale value of receipts from the sale of capital assets.

C.18 In resource accounts proceeds from sales of assets are split between the book value and any profit/loss on disposal. Receipts relating to the book value have always been recorded in capital budgets. Formerly the profit/loss on disposal was recorded as a non-cash item in resource budgets. From PESA 2007 this has also been recorded in capital budgets so the sale proceeds score as a benefit, which aligns with the treatment in Public Sector Net Investment, part of TME. When a department agrees to dispose of an asset, it is common for these agreements to contain an overage or clawback clause. The intention behind this clause is to allow the department to gain some of the benefit if the purchaser should sell the property in the future for a profit above that envisaged at the time. Any such benefit will score as a benefit to the department's capital budget.

C.19 Capital budgets generally include loans on the basis of new loans issued less repayments of loan principal. Large (over £20m) prepayments or debtors that are long term (lasting more than 12 months) score in capital budgets on the same basis.

C.20 Long-lasting defence fighting equipment with no civilian use (sometimes called Single Use Military or Fighting Equipment) is treated as capital expenditure in budgets and departmental resource accounts, but National Accounts treat it as current.

C.21 **Central government support for Local Authorities.** Capital grants (called Supported Capital Expenditure (Capital) in England and Wales from 2004-05) score in capital budgets. Capital budgets also include amounts for Local Authority borrowing where central government has agreed to fund the resultant loan charges. Until 2003-04 these were termed credit approvals in England and Wales, and capital consents in Scotland; from 2004-05 these are termed Supported Capital Expenditure (Revenue) in England and Wales, and supported borrowing in Scotland. Current support scores in resource budgets. More information on local authorities is in Chapter 7.

C.22 The sum of departmental capital budgets is reconciled to public sector net investment in Table 1.4.

Resource and Capital Budgets – Summary Table

C.23 This table summarises the main standard contents of resource and capital budgets:

	Resource Budget		Capital Budget
	Near-Cash	Non-Cash	
Department's own Transactions	Pay, current purchases, grants to individuals, subsidies. Release of Provisions <i>Less</i> income from sales of services	Depreciation and impairments on the department's assets Cost of capital charge in respect of net assets Take-up of provisions, movement in value of provisions <i>less</i> release of provisions	Expenditure on new fixed assets <i>Less</i> sale proceeds of fixed assets Net lending to the private sector Investment grants to the private sector`
NDPB transactions	As the department <i>Note: the department's grant in aid to NDPBs is not in budgets</i>	As the department	As the department
Local Authorities	Current grants to Local Authorities		Capital grants to Local Authorities Supported capital expenditure (revenue)
Public Corporations on an external finance basis	Subsidies paid to public corporations <i>Less</i> interest and dividends received from public corporations	Cost of capital charge in respect of public corporations	Investment grants paid to public corporations Net lending to public corporations (including equity withdrawals from public corporations) Public corporations' market and overseas borrowing
Consolidated public corporations	Subsidies paid to and purchases of services from public corporations <i>Less</i> Profit/Loss of the public corporation	Costs of capital charge in respect of public corporations Take-up of provisions, movement in value of provisions <i>less</i> release of provisions in respect of subsidy, grant, or other amounts payable	Expenditure on new fixed assets <i>Less</i> sale proceeds of fixed assets

DEPARTMENTAL EXPENDITURE LIMITS

C.24 A little under 60 per cent of public expenditure (TME) by value is in DEL. But because AME includes a small number of large programmes by far the majority of public expenditure programmes are in DEL. The main programmes in AME are set out later in this section.

C.25 DELs are set for three years in a Spending Review. They represent firm plans for departmental spending that may only be increased in exceptional circumstances with the Treasury's agreement through a claim on the DEL Reserve. Departments may carry forward unspent DEL from one year to the next. CSR2007 set firm spending plans for 2008-09 to 2010-11.

C.26 DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest, rent of land, income from the European Community, and also certain taxes, levies and fines where exceptionally the Chief Secretary to the Treasury has given specific agreement for a department to retain them in their DEL.

C.27 DEL includes a Reserve to meet unexpected needs, and the unallocated provision from the Modernisation Fund, which is a challenge fund. When sums are allocated from either the Reserve or the Modernisation Fund, individual departments' DELs are increased and the Reserve/Modernisation Fund lines reduced by the same amounts.

C.28 **Public corporations.** Most transactions in respect of public corporations score in DEL but those in respect of self-financing public corporations score in departmental AME (except where they receive grants and subsidies, which would score in DEL).

C.29 **Total DEL** is not a control total but a standard way of presenting the sum of current and capital spending in DEL. Total DEL is defined as resource budget DEL plus capital budget DEL less depreciation. Depreciation here includes impairments and the release of the donated assets and government grant reserves.

ANNUALLY MANAGED EXPENDITURE

C.30 The following text describes the components of AME, which for the purposes of PESA is divided into departmental AME and other AME.

Departmental Annually Managed Expenditure

C.31 Departmental AME programmes are set out in departmental reports. A programme is included in AME if it cannot reasonably be subject to firm three-year limits as for DEL. Typically this is where the programme expenditure is demand-led, volatile, and large in relation to the size of the department. But those are neither necessary nor sufficient conditions for inclusion in AME. Discretionary new spending programmes are always in DEL except where a special case can be made to demonstrate that treatment as AME is likely to deliver better control of expenditure.

C.32 The main programmes in departmental AME are:

- Social security benefits;
- Tax credits for individuals;
- Net lending to students;

- BBC domestic services;
- Net public service pensions; and
- Expenditure financed by the proceeds of the national lottery.

C.33 Social security benefits. Includes payments of social security and National Insurance benefits by the Department for Work and Pensions (DWP) and the DSS (Northern Ireland). It includes central government support for certain social security benefits paid by Local Authorities, e.g. Housing Benefit, Council Tax Benefit and Rent Rebates. It includes payments by DWP to the BBC in respect of free television licences for the over 75s.

C.34 Tax credits for individuals. Tax credits paid to households that are classified as public expenditure under OECD guidelines followed by HM Treasury in the calculation of Net Taxes and Social Security Contributions. These are mainly tax credit payments to an individual or enterprise where the amount of tax credit exceeds the tax liability. These are also payments in respect of contributions to stakeholder pensions of non-tax-payers or in excess of tax paid.

C.35 Net lending to students. The transactions of loan principal score in capital departmental AME while resource departmental AME contains interest receivable and, from PESA 2008, certain offsetting non-cash transactions moved from DEL. Resource DEL continues to score the changes in the provision liability recognised by the issuing departments in their resource accounts.

C.36 BBC domestic services. The expenditure of the BBC on domestic broadcasting scores in departmental AME. The BBC World Service scores in FCO's DEL. The BBC Monitoring Service also scores in DEL. Certain trading operations of the BBC are treated as self-financing public corporations in AME.

C.37 Net public service pensions. This line scores the majority of the operating costs, net of income, for the main public service unfunded pension schemes. Operating costs are measured under Financial Reporting Standard 17 (FRS17) compliant with UK GAAP as amended for the public sector. The main schemes are those for NHS staff, the civil service, teachers and the armed forces. The line comprises an assessment of the increase of liability relating to current employees *less* relevant receipts (see below). The line does not include an amount for the unwinding of the discount rate – see below.

C.38 All the major unfunded pension schemes follow FRS17 to report any increase (or decrease) in liabilities accrued in the period. In broad terms, there is a charge (or benefit) shown in this row equal to the gross increase in the provision that impacts on the operating statement of the scheme (excluding the unwinding of the discount rate, which is shown as part of the non-cash items in AME) less pension contributions receivable from employers and employees, and other income.

C.39 Note that there may be several reasons for a difference in the level of contributions and the FRS17 charge. In particular, calculations of contributions and of the FRS17 charge use different discount rates and different actuarial methodologies. In addition, contribution rates are revised only every three or four years, after full actuarial valuations so the contribution is set to reflect previous over- and under-assessment of contributions due to scheme-specific experience on issues such as pay and demography.

C.40 Cash payments of members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out are all normally charged directly to the pension provision shown on the balance sheet. That means that they do not impact on the cost of the scheme as measured in this line, because the obligation to pay the pension had been recognised as adding to liabilities by an increase in the pension provision when the right to the pension accrued. However, if any cash payment is made that is not covered by a previously recognised liability then that payment would score in this AME line.

C.41 Relevant receipts include employers' contributions (including accruing superannuation liability charges such as those paid by departments to the Principal Civil Service Pension Scheme), employees' contributions for ordinary pensions (including widows'/widowers' pensions) and for added years, and receipts of bulk and individual transfers in.

C.42 This line does not reflect changes to the pension provision on the balance sheet resulting from changes in the actuarial assumptions made about the future (for example life expectancy, pay growth, inflation etcetera). Such changes result in the cost of providing already accrued pensions being higher (or lower) than previously thought. So if for example pensioners are living longer than previously thought the overall liability of a scheme will rise. The effects of these changes are shown in a separate statement (Statement of Recognised Gains and Losses) in the pension schemes' resource accounts and do not score in Budgets.

C.43 For simplicity, and because of the immateriality of the amounts, some small unfunded schemes may report the difference between the cash paid out during the year and any contributions received.

C.44 Note that this line does not cover:

- pension schemes with a real pensions fund, e.g. Local Authority and most public corporations' pensions schemes;
- the schemes for police officers and fire-fighters, which although unfunded are run by Local Authorities, and whose costs are therefore in Local Authority expenditure; and
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pensions schemes and which are in DEL, generally on an FRS17 basis.

C.45 Future payments of pensions are discounted in order to obtain the value of the liability in today's terms. Each year, future payments come a year closer and so the effects of discounting are reduced. That **unwinding of the discount rate** is a cost that is recognised in the accounts.

C.46 In budgets, the amount for the unwinding of the discount rate on the liability is part of the 'non cash items' row (see below). The amount scores in non-cash items because there is no cost of capital credit recognised on the liability in scheme accounts; this credit would normally offset the increase. Therefore to score just the increase without the credit would distort the numbers.

C.47 In addition, the amount for the unwinding of the discount rate could be seen as loosely equivalent to the amount of interest the government would have had to pay if the schemes had been funded, and is sometimes referred to as interest on scheme liabilities (note that the discount rate is set in accordance with GAAP principles as endorsed by the Financial Reporting Advisory Board and is not automatically a gilt rate). So this item reflects the fact that the schemes are unfunded. Showing this item in the non-cash items row separates out the costs that the Government bears as employer from guaranteeing the schemes (that is, the costs in the net public service pensions row) from the notional costs because the schemes are unfunded.

C.48 The cost of pension schemes as measured on a GAAP basis does not impact directly on TME or the fiscal framework. Appendix D shows how the GAAP measures for the main public service pension schemes in departmental AME can be reconciled to their impact on TME, and Table D.1 gives more detailed information.

C.49 The overall change over the year in the schemes' balance sheet pensions liability measured on a GAAP basis is normally given by:

- current service cost and other pension costs (e.g. liabilities transferred in);
- *plus* unwinding of the discount rate;
- *less* pensions paid out;
- *plus* or *less* changes in actuarial assumptions and other balance sheet adjustments.

C.50 With the exception of the last item, which is not an expenditure or budget item, figures for the components listed above are shown in Table D.1.

C.51 TES includes the cost of public service pensions on a TME basis in the social protection function.

C.52 National lottery. Expenditure on good causes funded from the proceeds of the national lottery is in this line. The Big Lottery Fund was officially established by Parliament on 1 December 2006 and at the same time assumed the residual responsibilities of the dissolved National Lottery Charities Board (Community Fund), the New Opportunities Fund, and the Millennium Commission. The Big Lottery Fund rolls out grants to health, education, environment and charitable causes across the UK. This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by grants from the National Lottery Distribution Fund.

C.53 Non-cash items in AME. Consists mainly of:

- non-cash items that remained in AME and did not move into DEL under full resource budgeting, in particular the cost of capital charge for the road network and provisions for nuclear decommissioning liabilities;
- some non-cash items in respect of departmental AME programmes; and
- an amount in respect of the increase in the liability of public service pensions schemes due to the unwinding of the discount rate (see above).

C.54 Other departmental expenditure in AME includes:

- transactions in respect of Self-Financing Public Corporations;
- Export Credits Guarantee Department (part);
- expenditure on tax credits for companies (research and development for Small and Medium Enterprises, contaminated land clearance) and charities calculated on an OECD basis, that is payments in excess of tax liability;
- HM Revenue and Customs (HMRC) payments in respect of Child Trust Funds;
- rates paid on behalf of embassies, net of beneficial portion receipts;
- Housing Subsidy in England and Wales, and Housing Support Grant in Scotland;
- for outturn years, expenditure by DEFRA in connection with Foot and Mouth disease;
- Redundancy Payments Scheme;
- coal health liabilities;
- adjustments to prior years National Non-Domestic Rates (NNDR) collection;
- support to local authorities in respect of police-officers and fire-fighters pension schemes;
- expenditure of certain levy-funded bodies; and
- acceptances of artworks in lieu of Inheritance Tax.

Other Annually Managed Expenditure**C.55 Locally Financed Expenditure (LFE).** This line comprises the following items:

- Local Authority Self Financed Expenditure (LASFE) in the UK;
- expenditure financed from the product of the Scottish Non Domestic Rate; and
- central government expenditure financed from the product of Northern Ireland Regional Rates (NIRR) and from borrowing from the National Loans Fund under the Re-investment & Reform Initiative (RRI).

C.56 LASFE is that part of total Local Authority expenditure not met by central government support. Its largest single financing component is the product of the Council Tax. Other components include the surpluses of trading activities, interest receipts, unsupported borrowing and the use of reserves.

C.57 NIRR are set by the central government in Northern Ireland. The product is not hypothecated to financing specific expenditure. By convention it is treated in PESA as locally financed central government expenditure. The product of NIRR is treated as a transfer from AME into DEL; that is DEL is set net of the product of the NIRR.

C.58 Expenditure financed by borrowing from the National Loans Fund under the RRI is shown under LFE because the loans will be serviced and repaid out of the product of the NIRR.

C.59 Table C1, transactions with the institutions of the European Community, sets out the following concepts:

- Net expenditure transfers to the European Community: this line reflects the main TME impact of membership of the European Community;
- Net payments to EC institutions; and
- Net contribution to the EC budget.

Table C.1 Transactions with the institutions of the EC

	£ million									
	National Statistics					2007–08 estimated outturn	2008–09 plans	2009–10 plans	2010–11 plans	
	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn					
GNI based contribution	6,016	7,322	8,628	8,077	8,213	9,352	9,905	11,276	11,768	
UK abatement	-3,233	-3,874	-3,722	-3,641	-3,560	-3,960	-4,415	-5,056	-5,021	
Net expenditure transfer to the EC	2,782	3,448	4,907	4,435	4,652	5,392	5,490	6,220	6,747	
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR)	-507	-490	-545	-580	-581	-613	-624	-654	-684	
to give contribution to TME	2,275	2,957	4,361	3,856	4,071	4,779	4,865	5,566	6,063	
TOR ⁽¹⁾	1,710	1,963	2,195	2,319	2,326	2,453	2,498	2,615	2,738	
VAT payments to the EC	2,519	2,576	1,904	1,964	2,287	2,571	2,173	2,313	2,435	
Gross contribution to the EC budget	6,504	7,496	8,461	8,139	8,685	9,803	9,536	10,494	11,235	
Public sector EC receipts (except European coal and steel community receipts) ⁽²⁾	-3,424	-4,235	-4,555	-3,750	-5,164	-5,693	-5,759	-4,429	-4,834	
Net contribution to the EC budget	3,080	3,261	3,906	4,389	3,521	4,110	3,777	6,064	6,401	
less Attributed Aid ⁽³⁾	734	796	694	700	665	701	758	801	822	
less Common Foreign and Security Policy ⁽⁴⁾	2	3	3	3	3	4	23	29	34	
European coal and steel community receipts	-	-2	-	-	-	-	-	-	-	
Net payments to EC institutions	2,344	2,460	3,208	3,685	2,852	3,405	2,996	5,234	5,545	

(1) Traditional Own Resources, made up of customs duties, including those on agricultural products, and sugar levies.

(2) Total public sector EC receipts are shown here on a cash basis. EC receipts in budgets are on an accruals basis.

(3) The UK's contribution to the cost of EU aid to States outside the EU, which is attributed to the aid programme.

(4) The UK's contribution to the cost of the EU's Common Foreign and Security Police, which is attributed to the FCO's programme.

C.60 So the TME effect of EU membership is given by:

- GNI-based contributions;
- *less* the UK's abatement; and
- *less* an amount in respect of the cost of collecting TOR.

C.61 **Public Corporations' Own-Financed Capital Expenditure.** This line comprises the capital expenditure of public corporations net of any capital grants or loans given by a PC's parent department and net of public corporations' market and overseas borrowing where that scores to departmental budgets. Excludes London and Continental Railways and Forest Enterprises, which have a different budgeting regime.

C.62 This line also includes the whole amount of capital expenditure of public corporations accountable to Local Authorities, whether own-financed or supported by local government: an accounting adjustment removes local government support to public corporations.

C.63 **Central government debt interest.** This line includes interest paid to the private sector and overseas, but not interest paid to other parts of the public sector. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts/premia on gilts at issue.

C.64 **AME Margin.** The AME margin is an allowance for estimating changes.

C.65 **Accounting adjustments** are described in Appendix D.

TOTAL MANAGED EXPENDITURE

C.66 TME is an aggregate drawn from National Accounts. It covers the current and capital expenditure of the public sector, net of some receipts. So it includes expenditure of central and local government and also the capital expenditure of public corporations. TME excludes grants and interest payments between parts of the public sector – it is a consolidated measure. TME does not include financial transactions. So TME is the expenditure side of the equation that gives Public Sector Net Borrowing, the government's preferred measure of the fiscal stance.

C.67 TME equals DEL + AME (including accounting adjustments).

C.68 In addition, TME may be expressed as the sum of:

- public sector current expenditure;
- public sector net investment; and
- public sector depreciation.

C.69 In this presentation, depreciation represents the amount of capital expenditure required to make good the depreciation of assets, and net investment represents the amount of capital expenditure that adds to the overall stock of assets.

BUDGETING GUIDANCE

C.70 The Treasury has published the Consolidated Budgeting Guidance for departments for 2008-09 on its website². The guidance explains in detail what is in budgets.

² http://www.hm-treasury.gov.uk/documents/public_spending_reporting/budgeting_classification/psr_bc_consolidated_budgeting.cfm

D

THE ACCOUNTING ADJUSTMENTS IN THE BUDGETING PRESENTATION OF TME

NEED FOR ACCOUNTING ADJUSTMENTS

D.1 The National Accounts, produced by the Office for National Statistics (ONS), follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. Total Managed Expenditure (TME) is an aggregate drawn from National Accounts. TME measures the sum of public sector current and capital spending.

D.2 Government departments budget and account for their spending in resource terms. Resource accounting is based on generally accepted accounting practice (GAAP). GAAP differs in several ways from National Accounts. Also, the requirements of National Accounts and the control regimes defined for the management of public expenditure (DEL and AME – see **Appendix C**) are different; and sometimes other factors lead to an alternative approach – for example data availability.

D.3 As a consequence of this, a number of adjustments are needed to relate budgets, which are Treasury control aggregates, to the component parts of TME as measured in the National Accounts. The new presentation of **Table 1.1** (see D5 below) shows resource DEL plus resource AME equalling public sector current expenditure, and capital DEL plus capital AME equalling public sector gross investment. Public sector current expenditure plus public sector gross investment then equals TME. In this presentation the AME totals are shown after the adjustments, which are set out in more detail in **Table 1.14**.

D.4 The sub-headings in this annex correspond to the rows in that table, and a description of the nature of the adjustment is given. Individual adjustments are specified as resource or capital adjustments and numbered 1 through x. The operator (i.e. “add” or “subtract”) describes the adjustment needed to derive the relevant component of TME from budgets.

CHANGES SINCE PESA 2007

D.5 As mentioned above, the scope of **Table 1.1** has been extended to show the derivation of public sector current expenditure from resource budgets, and public sector gross investment from capital budgets, rather than deriving Total Managed Expenditure from total budgets. As a result **Table 1.14** shows separate resource and capital accounting adjustments, and compared to PESA 2007 additionally shows adjustments affecting the split between resource and capital expenditure.

D.6 The required adjustments change as a result of budgetary or National Accounts reclassifications, and these are outlined below (the numbers given refer to the number in Appendix D of PESA 2007).

D.7 The payments from Work and Pensions to Culture, Media and Sport in respect of over 75s TV licences no longer need to be deducted as an accounting adjustment (37 in PESA 2007) as the receipts now also score in departmental AME.

D.8 Changes to the budgeting treatment of NHS trusts mean that it is no longer necessary to deduct the element of health service procurement that covered trust depreciation (40 in PESA 2007) nor the trusts' profit or loss (18 in PESA 2007). The Department of Health (DH) DEL now includes the trusts income and expenditure, including depreciation, rather than the purchase of health services and the trusts' profit or loss.

D.9 In June 2007 the ONS introduced a new adjustment for Local Authorities' imputed subsidies to the public corporation sector for the injection of equity into Housing Revenue Accounts (HRAs). This increases TME but is offset by additional HRA gross operating surplus within current receipts, so is neutral across the public finances as a whole. A new adjustment is included in the Local Authority resource adjustments line.

LIST OF THE ACCOUNTING ADJUSTMENTS

Tax credits for individuals

D.10 The tax credits line in departmental AME shows expenditure on tax credits following the OECD basis for deciding what element, if any, of a tax credit should be treated as expenditure, rather than as an adjustment to tax receipts. As such, only amounts payable in excess of an individual's tax liability count as expenditure in this line. However, in the National Accounts certain tax credits for individuals score as government expenditure even when they are less than the individual's tax liability. An adjustment is therefore required to add in those amounts that score in TME, but not in the tax credits line in departmental AME. The resource adjustment is as follows:

1. Add the amount of the tax credit that scores as public sector current expenditure in TME but that is less than an individual's tax liability, and so has not been included in departmental AME for the following tax credits: Mortgage Interest Relief, Life Assurance Premium Relief, Vocational Training Relief, Working Families Tax Credit and Disabled Persons Tax Credit.

D.11 No adjustment is needed for the new tax credits (Working Tax Credit and Child Tax Credit) as they are treated in the same way under both the OECD (and so departmental AME) and National Accounts bases.

Unfunded public service pensions

D.12 Pensions are measured differently in National Accounts compared to the way in which resource accounts present these costs. This is due to differences in the way these frameworks deal with provision liabilities. The contribution of the unfunded public service pension schemes to public sector current expenditure is as follows:

- payments to pensioners, surviving spouses etc;
- *plus* bulk and individual transfers out;
- *less* receipts of contributions by employees;
- *less* receipts of contributions from employers;
- *less* bulk and individual transfers in.

D.13 In resource accounts a provision liability is recognised on the balance sheet equal to the net present value of the expected future cash benefits to be paid, and, broadly speaking, changes in this liability impact on the operating cost statement. The net public service pensions line in departmental AME presents expenditure on this basis. The line consists of the following:

- the gross change in the liability that scores in the operating statement of the schemes;
- *less* pensions contributions received and transfers in;
- *plus* any pensions or transfer payments out that are not covered by a previously recognised liability.

D.14 The unwinding of the discount rate that is applied to the future cash flows is also a cost in the operating statement in accounts. This cost is recorded separately in the non-cash items in departmental AME. See **Appendix C** for further details.

D.15 **Table D.1** provides a reconciliation between the measures of pensions expenditure as presented in the component parts of **Table 1.1**, in resource accounts, and in TME. So the table presents:

- the three main contributors to the net public service pensions line (as above):
 - the gross change in the liability that scores in the operating statement of the schemes;
 - *less* pensions contributions received and transfers in;
 - *plus* any pensions or transfer payments out that are not covered by a previously recognised liability.
- the pensions element of the non-cash items line (i.e. the unwinding of the discount on the liability);
- the sum of these elements, which is the contribution of pension schemes to departmental AME. It is a GAAP-based measure of the cost of the schemes, which is net of contribution income and transfers in;
- the accounting adjustments required to reach TME (see below); and
- the contribution of the main public service pensions schemes to TME.

D.16 The resource accounting adjustments are as follows:

2. Remove increases in liabilities scored in the net public service pensions line.
3. Remove increases in liabilities arising from the unwinding of the discount rate that are scored in the non-cash items line in AME.
4. Add in the expenditure on cash payments for members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out of the scheme, which in resource accounts are treated as a movement in cash and liabilities on the balance sheet without a further impact on the Operating Cost Statement or departmental budgets therefore.

D.17 Employers' pay costs in central government include the cost of making both employer contributions to unfunded public service pensions schemes and an amount to cover any employee contributions. These elements of the pay bill of central government bodies are a cost in TME. These costs, which are in the main borne by individual departmental DEL budgets, broadly match the unfunded public service pensions schemes' receipts of employer and employee contributions scored in AME, (although note that some schemes receive contributions from employers and their staff that fall out with the departmental budgeting system). This means that the overall impact of central government's unfunded public service pensions schemes on TME can be expressed as either (a) those elements of the paybill that finance contributions to these unfunded pension schemes *plus* the net pensions paid (i.e. net of receipts of contributions) *plus* net transfers out or (b) simply the pensions in payment *plus* net transfers out. The impact on the overall fiscal position is the same as the impact on TME.

Table D.1 Unfunded public service pensions schemes in AME and in TME, 2002–03 to 2010–11

	£ million									
	National Statistics									
	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	
						outturn				
Departmental AME (GAAP basis)										
Change in liability	14,870	15,357	15,309	20,918	21,069	28,996	25,393	26,243	27,204	
Contributions received*	-12,610	-14,279	-15,119	-17,368	-17,934	-19,030	-19,117	-19,595	-20,175	
Cash payments in OCS not covered by release of provision*	1,889	719	162	130	172	117	88	82	81	
Net public service pensions (GAAP basis)	4,150	1,796	352	3,681	3,307	10,083	6,364	6,729	7,110	
Unwinding of discount rate (= contribution to non-cash items)	19,458	22,303	24,102	27,378	29,545	32,874	37,093	39,140	41,304	
Total departmental AME (GAAP basis)	23,608	24,099	24,453	31,058	32,852	42,957	43,457	45,869	48,414	
Accounting adjustments										
Remove change in liability	-14,870	-15,357	-15,309	-20,918	-21,069	-28,996	-25,393	-26,243	-27,204	
Remove increased liability due to unwinding of discount rate	-19,458	-22,303	-24,102	-27,378	-29,545	-32,874	-37,093	-39,140	-41,304	
Add pensions in payment covered by release of provision*	14,628	15,361	16,216	17,536	18,912	21,199	21,958	23,150	24,103	
Accounting adjustments (pensions)	-19,700	-22,299	-23,195	-30,760	-31,701	-40,671	-40,529	-42,223	-44,405	
Contribution to TME (National Accounts basis)	3,908	1,801	1,258	299	1,151	2,286	2,928	3,636	4,009	
<i>of which:</i>										
Pensions in payment*	16,518	16,080	16,377	17,666	19,085	21,316	22,046	23,231	24,184	
Employer/employee contributions*	-12,610	-14,279	-15,119	-17,368	-17,934	-19,030	-19,117	-19,595	-20,175	

* Includes bulk and individual transfers, including transfers of liabilities within government.

Other central government programmes

D.18 There are a number of resource accounting adjustments included in these lines as follows:

5. **Interest on Special Drawing Rights (SDRs):** Add payments of interest on SDRs held by the UK at the International Monetary Fund which are treated in the National Accounts as current expenditure on goods and services.
6. **Tax Credits for Companies and Charities:** As with tax credits for individuals (see above), National Accounts score as expenditure all elements of tax credits for companies and charities, including those that reduce the taxpayer's liability, where the ONS have judged that the tax credits are not integral to the tax system. This adjustment adds in such payments in respect of Research and Development Tax Credits for large companies and for small and medium enterprises, payments of transitional relief to charities formerly entitled to receive tax credits on dividends, and tax relief on clearing contaminated land. The element of these tax credits that is paid in excess of tax liabilities is already shown in Other departmental expenditure in AME.
7. **Collection costs for Traditional Own Resources (TOR):** The UK receives a payment from the EU for collecting on behalf of the EU TOR (customs duties, agricultural and sugar levies). This receipt (which is actually netted off of the payment made to the EU) is treated as a government receipt and reduces TME. This income is recorded here.
8. **Loan guarantees:** add the imputed subsidies for certain loan guarantees which are included in National Accounts. In the current balance imputed receipts match these imputed subsidies.
9. **Attributed Aid and Common Foreign and Security Policy (CFSP):** Departmental budgets include an attributed share of the EU's aid and CFSP expenditure. This attributed expenditure doesn't increase TME, as it is actually part of EU spending, and so this attributed spending needs to be deducted.
10. **Hydro benefit:** Add in an amount of imputed subsidy paid by the Scottish Electricity generating industry to the distribution industry to reflect the high cost of distribution in northern Scotland.
11. Add **debts written off by ECGD for policy reasons**, which are routed through central government in National Accounts.
12. **Renewable Obligation Certificates:** Add imputed subsidies in respect of ROCs, which are balanced in the National Accounts by imputed current receipts.

VAT refunds

D.19 VAT is a tax that is paid by final consumers, that is government and households. Producers pay VAT on materials that they use in the course of production, but are able to claim those VAT payments back from HMRC. Producers then charge VAT on sales and pass these monies to HMRC. Where a public sector body is engaged in production and receives such a VAT refund it will not add to TME, nor would it be included in their spending data, which is measured net of recoverable VAT. Therefore in these cases no adjustment is needed to reconcile to TME.

D.20 However, in addition some public sector bodies receive refunds of VAT that they have paid in respect of contracted out services for non-business purposes, including the free-to-enter public museums. These VAT payments by general government bodies form part of the prices paid by general government as a final consumer, and therefore form part of final government consumption and so TME. Departmental budgets, and other spending data, however are net of all recoverable VAT.

D.21 To get to public sector current expenditure the following adjustments are required:

13. Add VAT refunded to central government departments in respect of contracted out services for non-business purposes and VAT refunds to free public museums in respect of non-business activities. (VAT refunds to NHS trusts and the BBC in respect of non-business services are however exceptionally not added in to the figures to arrive at TME.)
14. Add VAT refunds to Local Authorities in respect of all non-business activities. Central government support in DEL and locally financed expenditure are measured net of these VAT refunds, but in TME the expenditure is recorded including the VAT paid.
15. Add VAT refunds paid to ITN in respect of non-business activities. These are treated as subsidies in TME.

D.22 The capital adjustment required is:

16. Add VAT refunds paid to DIY house builders. These are treated as capital grants in public sector gross investment.

Central government capital consumption

17. Add the value of central government non-trading capital consumption (i.e. depreciation) to public sector current expenditure. For the outturn years this number is modelled by ONS for National Accounts; for forward years it is forecast by HM Treasury on a basis consistent with the ONS modelling.

Non-cash items not in TME

D.23 **Non-cash items not in TME.** Both budgets and National Accounts measure expenditure on an accruals basis as regards timing. A number of accruals concepts – such as accounts payable/receivable – appear in both GAAP and National Accounts datasets. However, a number of non-cash items appear in resource budgets produced on a basis consistent with the Government Financial Reporting Manual (see **Appendix C**) that do not have a National Accounts counterpart. They are removed here:

18. Deduct the cost of capital charge, debt write-offs (other than debts written off by mutual consent, which count as capital grants in the National Accounts), notional audit fee, and other such non-cash items recorded in departmental budgets but not in National Accounts.
19. Deduct the take-up, movements in the value, and release of provisions that score in budgets. That leaves in the underlying cash payments made when provisions are utilised, which are offset in budgets by the release of provisions, and which score in public sector current expenditure or gross investment as appropriate.

20. Deduct the provision that represents the net present value of the interest support element of student loans that scores in DEL as the loans are issued. In the National Accounts the impact on the current balance is determined by the difference between interest payments made on government debt and interest income receivable from students.

Resource budget items treated as capital in National Accounts

D.24 Central government debt write offs generally go through resource DEL. Those that are intended to convey a benefit to the debtor – as opposed to the department being unable to recover the debt because the debtor cannot pay – are treated as capital grants in the National Accounts.

D.25 A proportion of DFID's bilateral aid budget is deemed to be a capital grant to the rest of the world in the National Accounts, although all bilateral aid grants are shown in resource DEL budgets.

D.26 The equal pay settlement scores as capital in the National Accounts but is largely being funded from Local Authorities' revenue accounts.

21. Switch spending in the resource budget into public sector gross investment.

Capital budget items treated as current in National Accounts

D.27 Expenditure on single use military equipment (fighting equipment) that is capital under GAAP rules is recorded as capital expenditure in departmental budgets but treated as current expenditure in National Accounts So the adjustments needed are:

22. Switch spending in the capital budget into public sector current expenditure.

Expenditure financed by revenue receipts

D.28 Some receipts benefit resource budgets and so reduce certain expenditure presentations even where they are included on the revenue side of the National Accounts . The deduction of such receipts needs to be reversed.

D.29 For departments and NDPBs the receipts are:

23. certain taxes collected, including licences issued by the utility regulators;
24. certain fines;
25. current donations;
26. current compensation;
27. rent of land;
28. dividends and interest from the private sector and overseas.

D.30 For Local Authorities, the receipts are:

29. penalties collected by Local Authorities and police in respect of certain parking, vehicle emissions and moving traffic offences.

Local Authorities

D.31 The following additional resource adjustments are made to Local Authority current expenditure to bring it onto a National Accounts basis.

30. Add the value of local government non-trading capital consumption (i.e. depreciation) as modelled by ONS for National Accounts.
31. Add subsidies paid to LA trading bodies. These are deducted from the figure for the operating surplus of LA trading bodies, one of the revenue items in the calculation of locally financed expenditure, but are included as LA expenditure in National Accounts.
32. Deduct adjustments to National Non-Domestic Rates in respect of prior years that score in the revenue side of the National Accounts.
33. Add imputed subsidies to the public corporation sector for the injection of equity into Housing Revenue Accounts (HRAs).

D.32 The Local Authority capital expenditure is adjusted onto a National Accounts basis as follows.

34. Deduct capital grants paid by Local Authorities to public corporations since these are a flow within the public sector that adds to the calculation of local government expenditure but the capital expenditure they finance is in the line for Public Corporations' Own-Financed Capital Expenditure. This mainly concerns payments by Transport for London.

D.33 Further adjustments are made to both the current and capital in-year expenditure of Local Authorities.

35. Adjust estimated outturn to align central government support and LASFE figures to forecast total Local Authority expenditure.

D.34 In some cases receipts are treated as financing expenditure in AME when National Accounts treat them as reducing expenditure. The value of the receipts needs to be deducted:

36. Local Authority receipts of investment grants from private sector developers.
37. Certain licence fees collected by Local Authorities.

General government consolidation

D.35 The National Accounts presents a consolidated measure of public sector expenditure. So it normally includes only those transactions that are paid outside the public sector. Payments of certain taxes and of grants and interest that are within the public sector do not score in National Accounts.

D.36 The required resource adjustments are:

38. Deduct debt interest paid by Local Authorities to central government and to other Local Authorities. The small amounts of debt interest paid by Local Authorities to public corporations are also deducted here.
39. Deduct payments of national non-domestic rates paid by central and local government, which are in budgets and locally financed expenditure, and which are consolidated out for the National Accounts.

40. Deduct subsidies from central government to public corporations that finance the payment by the corporation of current grants to Local Authorities. The subsidies are in DEL (outside support for LAs) and in addition the LA expenditure is in locally financed expenditure. National accounts treat the public corporation as an agent of central government in this regard. So the flow is treated as a central government grant to local government and does not add to TME.
41. Deduct departments' receipts of interest and dividend from NHS trusts (England and Wales). Departments pay NHS trusts enough to enable them to remunerate their capital. Now that trusts have been reclassified to the central government sector, those payments do not score in TME.

D.37 The capital adjustment required is as follows:

42. Deduct payments from Local Authorities to Communities and Local Government in respect of pooled housing receipts. These payments score in Local Authority Self-Financed Expenditure and not in TME.

Public corporations

D.38 Departments' resource and capital budgets normally include certain items in respect of public corporations scored on the external finance basis:

- subsidies and capital grants paid by the department to public corporations;
- loans given by the department to public corporations – loans can be either voted or from the National Loans Fund;
- equity (including public dividend capital) invested by the department in public corporations;
- public corporations' net market and overseas borrowing (PCMOB), including finance leases and on balance sheet PFI, but excluding movements in balances;
- interest, dividends and equity withdrawals received from public corporations;
- a capital charge in respect of the capital employed by public corporations.

D.39 The National Accounts include the subsidies only, so the other items have to be deducted.

D.40 National Accounts includes PC capital expenditure, and interest and dividends paid by PCs to the private sector. Other AME includes public corporations' own-financed capital expenditure (PCOFCE), that is, capital expenditure less CG grant and loan finance for it, and less PCMOB. So the deduction of loans and capital grants is effected in other AME.

D.41 So the resource adjustments needed are:

43. Remove receipts from public corporations of interest, dividends and equity withdrawals, which are netted-off in budgets.
44. Add interest and dividends paid by public corporations to the private sector and abroad.

D.42 Forest Enterprises and London and Continental Railways (LCR) are scored on what is termed the consolidation basis and have a different budgeting treatment. Their profit/loss and actual capital expenditure score in budgets rather than grants and loans given, and the interest and dividends actually received. Their capital expenditure is not included in PCOFCE, as it has scored in budgets already, but their profits/losses have to be removed in the resource accounting adjustments.

45. Deduct the profit/loss of Forest Enterprises and LCR that are scored on the consolidation basis.

D.43 Export Credits Guarantee Department (ECGD) is a public corporation in the National Accounts. It is treated in the same way as insurance corporations in National Accounts. It is also a department in its own right, and it has a unique budgeting framework.

D.44 The impact of ECGD on the National Accounts aggregates is as follows. Its Gross Operating Surplus scores as a current receipt. This is partly financed by a subsidy from central government. Interest payments that it receives on its assets are a benefit to the current budget also. Depreciation on its assets is a cost to the Golden Rule. Any capital spending that it undertakes is a cost in public sector gross investment. When ECGD pays claims to holders of financial assets it will often take over those assets and seek to recover the value. In certain cases these assets may be written off as a distinct act of policy, such as the debt cancellation to Nigeria announced in 2005. These kinds of debt write off score as capital transfers in the National Accounts as a gift is being made to the recipient. These are routed through government as ECGD is seen to be acting as an agent of government in these cases.

D.45 The resource budget (AME) scores the subsidy that finances part of the ECGD Gross Operating Surplus total and some receipts that are financed from elsewhere within TME. AME also scores the interest receipts that ECGD receives on its assets. Only this last item needs to be adjusted for (i.e. removed) to get to TME, as these receipts do not reduce TME.

D.46 The capital budget DEL scores only the direct capital spending of ECGD. Therefore an accounting adjustment is needed to add in debts written off for policy reasons, but this is shown in the central government line.

D.47 Finally the capital budget AME scores some financial transactions. These are removed in the general accounting adjustments for financial transactions below.

D.48 So the resource adjustment needed is:

46. Remove ECGD interest receipts that do not form part of TME.

Financial transactions

D.49 TME measures the current and capital expenditure of the public sector and excludes net lending. Departmental budgets include the net acquisition of financial assets acquired for policy purposes rather than for cash flow management. Typical transactions are purchases of shares and lending to businesses and individuals. The specific capital adjustments are described below:

47. Deduct loans, net of repayments of loans, to the private sector and overseas that score in DEL, departmental AME and Local Authority expenditure.
48. Deduct the net acquisition of private sector company securities that scores in DEL, departmental AME and Local Authority expenditure.

49. Deduct the profit/loss on the sale of shares and other financial assets recorded in DEL or departmental AME. This profit/loss represents part of a financial transaction in National Accounts and so is outside TME.
50. Deduct movements in certain large pre-payments and debtors that score in capital budgets.

Data adjustment

D.50 In some cases, the National Accounts and budgets have the same concepts but use different data. Adjustments are needed to put budgets data onto the National Accounts basis:

51. Deduct depreciation and impairments in resource budgets and replace with the National Accounts number for Non-trading Capital Consumption – see above.

Balancing reconciliation

52. Add, for outturn years, the residual difference between the last published figure for TME as measured by ONS for National Accounts and the number as measured by latest Treasury sources. Differences can arise for example because of differences in the timing and sources of data.
53. Add for estimated outturn and plan years the residual difference between the last published Treasury forecasts in the Budget and the component numbers held on the Treasury's public expenditure database. Differences may arise for example where later information is recorded by departments after the Budget. TME will not be re-forecast until the Pre-Budget Report.

E

TOTAL EXPENDITURE ON SERVICES

E.1 The tables that show public expenditure disaggregated by function and by economic category in Chapters 4, 5, 6, and 7, and the tables in Chapter 9 and 10 that show public expenditure by country and region, all focus on Total Expenditure on Services (TES), or a sectoral element of it. TES broadly represents the current and capital expenditure of the public sector, with some differences from the National Accounts measure of Total Managed Expenditure (TME). The definition of TES in PESA 2008 is almost identical to that presented in PESA 2007.

What's new

E.2 The reporting of NHS and Foundation Trusts has been changed so that their treatment is more closely aligned with other bodies classified by ONS to the central government sector. As a result the TES elements of trusts' expenditure are now more accurately identified and the derivation of TES from budgets has also been simplified. Specifically, this has negated the need to remove the elements of purchases of healthcare from NHS Trusts that represent the funding of trust debt remuneration and trust depreciation.

E.3 There have been a number of COFOG (Classification Of the Functions Of Government) changes since PESA 2007. The most significant ones are described below.

EU transactions in TES

E.4 EU transactions score in aggregate in TES in the same way as in TME. However, TES scores EU funded payments, for instance on agriculture, within functional expenditure as UK government spending, that the National Accounts score as direct payments from the EU to enterprises and households. Therefore the EU transactions line in TES includes EU receipts, thus bringing the total into line with TME. Similarly, TES scores attributed EU expenditure on aid and the Common Foreign and Security Policy under international services and deducts an appropriate amount under EU transactions. Numbers are given in **Table C.1**.

TES defined by reference to TME

E.5 TME is the current and capital expenditure of the public sector on a National Accounts basis. TES is similar, but with minor divergences. The divergences mainly reflect the difficulty of attributing the particular expenditure to the correct functions in all cases, which, if attempted, would result in a lack of consistency between functions. The main difference to TME is that TES does not include general government capital consumption and does not reverse the deduction of certain VAT refunds in the budget based expenditure data. It also includes a small number of items that are in budgets but not in TME, for example the grant-equivalent element of student loans. TES is worth about 95% of TME. For the avoidance of doubt, TES includes expenditure on goods as well as on services.

E.6 TES can be defined in terms of the current and capital expenditure of spending sectors on a National Accounts basis as (simplifying):

Central government own current expenditure, including subsidies to public corporations but without central government support for Local Authorities and without capital grants or net lending to public corporations

- + Grant equivalent element of student loans
- + Local Authorities current expenditure
- Local Authorities debt interest paid to central government
- + Public corporations debt interest to private sector and rest of the world
- + Central government gross capital expenditure (net of asset sales)
- + Local Authorities gross capital expenditure (net of asset sales)
- + Public corporations gross capital expenditure (net of asset sales)

TES defined by reference to budgeting aggregates

E.7 TES can also be built up from the budgeting aggregates (DEL, departmental AME and other AME) (simplifying):

Departmental Expenditure Limits

Spending in DEL

- non-cash items in DEL
- NHS Trusts depreciation that scores in near-cash DEL
- + reverse the deduction in budgets of certain receipts that are revenue in the National Accounts, including interest and dividend receipts from public corporations
- + reverse the deduction in budgets of income from the European Community
- financial transactions
- profit/loss of public corporations recorded in DEL

Departmental Annually Managed Expenditure

- + spending in departmental AME
- non-cash items (both those in individual rows and in the row for non-cash items)
- net public service pensions on the AME basis
- + net public service pensions on the TME basis
- financial transactions
- + reverse the deduction of interest and dividend receipts from public corporations

Other Annually Managed Expenditure

- + net expenditure transfers to EU Institutions *less* receipts from the European Community and *less* attributed aid and Common Foreign and Security Policy spending.
- + locally financed expenditure
- local authority debt interest paid to central government
- capital grants paid by Local Authorities to public corporations

- + central government gross debt interest
- + public corporations' own financed capital expenditure
- + public corporations' debt interest to the private sector and rest of world

E.8 Table E1 shows the derivation of TES from departmental groups' budgets.

Change in COFOG classification

E.9 There have been a number of classification changes since PESA 2007. These reclassifications ensure that data are consistent with the UN Classification Of the Functions Of Government (COFOG). The largest of these are:

- the reclassification of Local Authority expenditure on reducing homelessness from **housing and community amenities** to **social protection** over years 2002-03 to 2006-07;
- the reclassification, within the National Accounts and reflected in TES, of income received by the Department of Health for the provision of healthcare to EU residents, resulting in changes to **health** for 2004-05 to 2006-07;
- an improvement in the functional allocation of capital expenditure on Voluntary Aided and Local Authority schools results in movements between **of which: primary education** and **secondary education** for all years from 2002-03.

Table E.1 Derivation of Total Expenditure on Services from departmental groups' budgets, 2006-07

All data in this table are National Statistics

£ million

	Children, Schools and Families	Health	Transport	Innovation, Universities and Skills	Communities and Local Government	Home Office	Justice	Law Officers' Departments	Defence	Foreign and Commonwealth Office	International Development	Business, Enterprise and Regulatory Reform	Environment, Food and Rural Affairs	Culture, Media and Sport	Work and Pensions	Scotland	Wales	Northern Ireland Executive	Northern Ireland Office	Chancellor's Departments	Cabinet Office	Independent Bodies	Public corporations accountable to local government	Total for all departments	
Departmental budgets																									
Resource DEL	42,135	80,428	6,920	14,079	26,167	8,343	8,357	698	33,491	1,827	4,206	2,157	3,103	1,527	7,870	22,354	11,699	7,150	1,224	4,952	1,732	738	-	291,155	
Capital DEL	4,052	3,194	6,505	1,882	5,655	592	536	11	7,070	160	765	1,152	922	284	215	3,035	1,319	803	69	302	283	56	-	38,862	
Resource departmental AME	8,599	10,450	3,315	170	1,339	291	84	-	4,919	27	469	6,922	-5	3,532	119,074	2,041	340	10,018	214	24,790	6,043	1	-	202,632	
Capital departmental AME	-	89	-	2,822	-	-	-	-	13	-	-	-1,166	0	818	185	147	128	339	-	255	-	0	-	3,630	
Remove																									
Grants to Local Authorities ⁽¹⁾	-35,473	-1,953	-4,755	-1,947	-28,639	-6,293	-1	-	-	-	-	-961	-71	-163	-19,092	-8,276	-4,933	-59	-	-	-11	-	-	-112,628	
Capital grants to public corporations	-	-	-	-	-7	-	-	-	-	-36	-	-	-7	-	-5	-26	-	-50	-	-	-	-	-	-131	
Non-cash items in resource DEL	0	-3,001	-312	-677	-162	-159	-295	-7	-10,039	-147	-108	-133	-560	-169	-278	-955	-342	-320	-212	-266	-237	-149	-	-18,530	
Non-cash items in resource																									
departmental AME	-7,364	-13,054	-3,272	-401	-5	-	-90	-	-2,170	-27	-356	-5,834	66	-70	-896	-2,194	-373	-5,955	-74	-52	-5,507	6	-	-47,625	
Financial transactions	-	-89	-54	-2,819	0	-	-	-	4	-	-674	1,312	-	3	-185	-155	-127	-32	-	3	0	-	-	-2,813	
Interest and dividends	1	23	-34	398	39	-	0	-	11	-	2	29	7	85	0	101	-1	-3	-	61	-	-	-	720	
Items classified as revenue in National Accounts	-	-	415	14	63	359	4	4	70	-	-	142	21	-	10	-	6	11	-	56	3	0	-	1,179	
Profit/loss of PCs	-	-	-316	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-312	
NHS Trusts near-cash depreciation	-	-1,550	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1,550	
EC receipts ⁽²⁾	-	-	24	3	92	6	-	-	-	-	-	152	2,017	9	647	570	493	355	-	-	-	0	-	4,369	
Other items not in TME	-354	-	-	-	423	0	-	0	-8	-	-1	-5	-104	-	-	-	0	-51	-	-	-2	-	-	-102	
Add																									
Local Authority current expenditure	36,041	17,874	4,898	-	9,143	12,048	3	-	-	-	-	322	4,657	2,335	15,758	9,870	4,682	409	-	-	54	-	-	118,095	
Local Authority capital expenditure	3,815	278	3,104	-	1,699	443	-	-	-	-	-	0	382	645	0	1,319	709	56	-	-	-	-	-	12,450	
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	452
Public corporations capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,149
Public sector debt interest	-	-	-	-	2,747	4	51	-	150	42	123	513	-30	12	5	868	95	69	-	61	-	-	1,439	28,602	
EU transactions ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1,761
Grant equivalent element of student loans	-	-	-	215	-	-	-	-	-	-	-	-	-	-	-	62	34	23	-	-	-	-	-	334	
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure on Services	51,452	92,688	16,438	13,739	18,555	15,634	8,649	707	33,511	1,847	4,426	4,603	10,402	8,847	123,307	28,758	13,730	13,213	1,221	57,003	2,357	652	1,439	523,177	

(1) Grants to Local Authorities are consistent with definitions used in table 7.1.

(2) EC receipts are on an accruals basis and in departments budgets. These exclude those that are removed as part of the grants to Local Authority line. Chapter 7 text contains details.

(3) EU transactions as defined in footnote to table 6.5. EC receipts within this line are on a cash basis.

F

POPULATION NUMBERS AND GDP DEFLATORS

What's new

F1 This appendix presents the population numbers and GDP deflators used in the PESA 2008 publication.

Population numbers by country and region

F2 The population numbers used in Chapter 9 of PESA 2008 are as follows (source: population projections mid-2002 to mid-2010 for England, Scotland, Wales and Northern Ireland are 2006 based, the English regions use the total England figure above and are prorated using the 2004 based sub-national population projections. Both sets of data were produced by the ONS¹).

Table F1 Population by country and region

	Thousands								
	mid-2002	mid-2003	mid-2004	mid-2005	mid-2006	mid-2007	mid-2008	mid-2009	mid-2010
North East	2,541	2,541	2,542	2,550	2,556	2,592	2,596	2,602	2,608
North West	6,778	6,800	6,820	6,840	6,853	6,953	6,986	7,022	7,061
Yorkshire and Humberside	5,002	5,028	5,064	5,108	5,142	5,163	5,203	5,244	5,286
East Midlands	4,222	4,254	4,291	4,328	4,364	4,376	4,414	4,455	4,497
West Midlands	5,295	5,312	5,327	5,351	5,367	5,431	5,457	5,486	5,517
Eastern	5,433	5,475	5,511	5,563	5,607	5,619	5,676	5,734	5,792
London	7,362	7,364	7,389	7,456	7,512	7,534	7,615	7,686	7,754
South East	8,047	8,087	8,125	8,185	8,238	8,285	8,351	8,419	8,487
South West	4,973	5,005	5,042	5,087	5,124	5,141	5,190	5,241	5,293
England	49,652	49,866	50,111	50,466	50,763	51,094	51,488	51,888	52,297
Scotland	5,055	5,057	5,078	5,095	5,117	5,138	5,157	5,175	5,190
Wales	2,920	2,931	2,946	2,954	2,966	2,979	2,993	3,008	3,023
Northern Ireland	1,697	1,703	1,710	1,724	1,742	1,761	1,774	1,787	1,799
United Kingdom	59,323	59,557	59,846	60,238	60,587	60,973	61,412	61,858	62,309

F3 These mid year numbers are then directly applied to the relevant financial year (e.g. mid 2004 to financial data for 2004-05).

GDP deflators

F4 A number of the tables in this publication give figures in real terms. Real terms figures are the current price outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2006-07 prices. The GDP deflators used in this publication are those below. The most up to date deflators can be found on the Treasury website².

¹ <http://www.statistics.gov.uk/statbase>

² http://www.hm-treasury.gov.uk/economic_data_and_tools/gdp_deflators/data_gdp_fig_cfm

Table F2 GDP Deflators and Money GDP⁽¹⁾

Outturn data are based on the 28 March 2008 National Accounts figures from ONS

Forecast data are consistent with the Budget Report 2008

GDP Deflator Table

Money GDP Table

Financial Year	GDP deflator at market prices		Financial Year	Cash
	2006-07 = 100	percentage change on previous year		
1967-68	7.789	2.87	1967-68	40,880
1968-69	8.160	4.76	1968-69	44,376
1969-70	8.602	5.42	1969-70	47,607
1970-71	9.320	8.35	1970-71	52,928
1971-72	10.158	8.99	1971-72	59,163
1972-73	11.016	8.45	1972-73	67,180
1973-74	11.787	7.00	1973-74	74,801
1974-75	14.098	19.60	1974-75	89,270
1975-76	17.690	25.48	1975-76	111,295
1976-77	20.076	13.49	1976-77	129,932
1977-78	22.815	13.64	1977-78	151,168
1978-79	25.340	11.07	1978-79	172,957
1979-80	29.616	16.88	1979-80	208,056
1980-81	35.001	18.18	1980-81	236,995
1981-82	38.341	9.54	1981-82	260,077
1982-83	41.056	7.08	1982-83	284,118
1983-84	42.966	4.65	1983-84	309,172
1984-85	45.224	5.26	1984-85	331,802
1985-86	47.696	5.47	1985-86	363,987
1986-87	49.246	3.25	1986-87	389,755
1987-88	52.009	5.61	1987-88	433,260
1988-89	55.646	6.99	1988-89	482,426
1989-90	59.635	7.17	1989-90	528,219
1990-91	64.314	7.85	1990-91	567,389
1991-92	68.231	6.09	1991-92	598,713
1992-93	70.443	3.24	1992-93	619,524
1993-94	72.276	2.60	1993-94	656,348
1994-95	73.370	1.51	1994-95	693,613
1995-96	75.596	3.03	1995-96	734,279
1996-97	78.144	3.37	1996-97	778,724
1997-98	80.431	2.93	1997-98	829,024
1998-99	82.466	2.53	1998-99	876,271
1999-00	84.131	2.02	1999-00	927,330
2000-01	85.329	1.42	2000-01	971,322
2001-02	87.371	2.39	2001-02	1,013,368
2002-03	90.105	3.13	2002-03	1,071,469
2003-04	92.716	2.90	2003-04	1,136,193
2004-05	95.277	2.76	2004-05	1,195,518
2005-06	97.329	2.15	2005-06	1,249,665
2006-07 ⁽²⁾	100.000	2.74	2006-07 ⁽³⁾	1,325,513
2007-08 ⁽²⁾	—	3¼	2007-08 ⁽³⁾	1,405,000
2008-09 ⁽²⁾	—	3	2008-09 ⁽³⁾	1,473,000
2009-10 ⁽²⁾	—	2¼	2009-10 ⁽³⁾	1,550,000
2010-11 ⁽²⁾	—	2¼	2010-11 ⁽³⁾	1,632,000

GDP Deflator: For years 1967-68 to 2006-07: calculated from ONS data for seasonally adjusted current and constant price GDP (YBHA and ABMI).
For years 2007-08 to 2010-11: derived from HM Treasury forecasts for GDP deflator increases at the Budget Report 2008.

Cash GDP: For years 1967-68 to 2006-07: ONS data for money GDP (not seasonally adjusted, BKTL).
For years 2007-08 to 2010-11: HM Treasury forecasts for money GDP at Budget Report 2008.

¹ For further information and the 'User Guide' to these series, please visit the following page on http://www.hm-treasury.gov.uk/Economic_Data_and_Tools/GDP_Deflators/data_gdp_index.cfm

² For years 2007-08 to 2010-11, GDP deflator forecasts derived from unrounded forecast increases in GDP deflator, consistent with Budget Report 2008

³ For years 2007-08 to 2010-11, money GDP forecasts as shown in the Budget Report 2008 rounded to nearest £ billion. These are the lower end of HM Treasury's forecast range.

Within an explanation of a term, words in bold are themselves explained elsewhere in the glossary.

Accounting adjustments shown in, for example, Table 1.1 are certain items of expenditure that account for the difference between TME and the sum of DEL, **departmental AME** and **other AME** (see Appendix D). TME is drawn from National Accounts. However there are certain components in National Accounts which are not included in the **resource** and **capital budgets** that form the basis of planning and control of departmental spending under **resource budgeting**, and there are some items in **resource budgeting** aggregates that are not part of TME. These items form the accounting adjustments. Appendix D has full details.

Accruals. Apart from some of the older data in the historical tables in Chapter 4, all the data in PESA are at least partly derived from material provided for accruals accounts or for plans that are consistent with accruals accounting. Accruals based data will reflect the timing of expenditure on an accruals basis. Whether other accruals accounting concepts are contained depends on the aggregate. **Total Expenditure on Services** (see Appendix E) does not include certain items common in accruals based financial accounts, such as movements in provisions or cost of capital charging. **Total Managed Expenditure** includes depreciation. The budgeting aggregates DEL and **departmental AME** include **depreciation**, **cost of capital charge**, **provisions** etc.

Accruing Superannuation Liability Charges (ASLCs) are employer pension contributions paid to the bodies responsible for paying and accounting for unfunded public service occupational pensions. For example, government departments pay ASLCs in respect of serving civil servants. The payments represent an actuarial assessment of the accruing discounted future cost of public expenditure on pensions arising from the current employment of staff. DEL includes ASLCs.

Administration budget. The costs of running a central government department; it includes the pay of the civil servants who work in the department, and associated expenditure such as ASLCs, accommodation, travel, and training. Administration budgets are a subset of **Resource DEL**, and are set net of income arising from departments' administrative activities.

Aggregate External Finance (AEF) is central government support for expenditure on Local Authority core services. It comprises Formula Grant (**Revenue Support Grant**, distribution of **National Non-Domestic Rate** receipts and police grant) and various other specific grants which fund part of the current expenditure on a specific service or activity. AEF does not include the cost of VAT refunded to Local Authorities on their non-business operations.

Annually Managed Expenditure (AME) is spending included in **Total Managed Expenditure** that does not fall within **Departmental Expenditure Limits (DELs)**. Expenditure in AME is generally less predictable and controllable than expenditure in DEL. **Departmental AME** is spending in AME which is scored in departmental budgets.

AME Margin is an unallocated margin on total AME spending included for prudential reasons.

Appropriations in aid are departmental income that is retained by departments in their **Supply Estimates** and used to offset related expenditure. Typically the income arises from the sale of goods and services. Non-operating appropriations in aid relate to income from the sale of assets.

Area Based Grant, introduced in 2008-09, is a general non ring-fenced grant from central government to Local Authorities. It replaces the Local Area Agreement grant, but unlike that grant is an unhypothecated grant that is available to support any local outcome. It is a pooled revenue grant that is paid by Communities and Local Government (CLG) to Local Authorities, and so they will receive a single payment of Area Based Grant from CLG, acting as agent for other contributing departments.

Assets can be either financial or non-financial:

- **financial assets** include monetary gold, bank deposits, IMF Special Drawing Rights, loans granted, bonds, shares, accounts receivable, and the value of the government's stake in **public corporations**; and
- **non-financial assets** consist of fixed capital (such as buildings and vehicles); stocks; land and valuables.

Billion. A thousand million.

The **Blue Book** is a publication by ONS that presents **National Accounts**.

Capital consumption is also called **depreciation** and represents the amount of fixed capital used up each year.

A department's **capital budget** covers **capital expenditure**. The capital budget is divided into **DEL** and **departmental AME**. The capital budget is not a control total; capital DEL is a control total and capital AME is a planning total. The capital budget includes:

- capital formation and the acquisition of assets such as land, buildings, machinery and vehicles. In capital budgets and **National Accounts**, acquisition of assets is recorded net of the sale value of any assets disposed of (where sale value is the product of the net book value and any profit or loss on disposal that is recorded in the accounts of the body concerned);
- **single use military equipment** that is treated as capital in **resource** accounts is included as capital in budgets, and is treated as current expenditure in **National Accounts**;
- **net lending** undertaken for policy purposes; *net* means net of repayment of debt principal;
- large (over £20m) **debtors** or **prepayments**, which are long term (that is over 12 months) are included in capital budgets on the same basis as **net lending**, i.e. on an additions *less* reductions basis; and
- **capital grants**.

Capital expenditure can be understood in several ways:

- in **National Accounts**, capital expenditure is usually understood to mean **capital formation**, the net acquisition of land, and expenditure on capital grants. Fixed assets are assets that can be used repeatedly to produce goods and services and generally last more than one year. Sometimes a minimum cost threshold (say £1,000) is applied to further define capital assets. There are some borderline cases: for example in **National Accounts**, **single use military equipment** is defined as current; but assets that can be used for civil and military purposes count as capital. Certain types of significant computer software development are treated as capital expenditure. The **pay** of civil servants engaged in in-house **capital formation** is recorded as capital expenditure also, not as pay;

- capital expenditure includes the value of assets acquired under finance leases;
- in-house development of assets such as computer software and databases can be capitalised in government accounts provided certain conditions are met. It is sometimes called “own account capital formation”;
- **net investment** is public sector **capital expenditure**, as defined above, net of **depreciation**.
- under **resource accounting**, and in various presentations of Local Authority finances, capital expenditure also includes loans that are given and the net acquisition of shares. In other words, it includes the net acquisition of financial assets that are acquired for policy reasons rather than for managing the government’s funds. Such policy lending also generally scores in **DEL**, in the capital budget, but is removed by the **accounting adjustments**, as it does not score in **TME**; and
- some presentations of the capital expenditure of central government, and capital DELs include **credit approvals** (up to 2003-04) and provision for **Supported Capital Expenditure** (revenue) allocations (from 2004-05) given to Local Authorities in England and Wales (the equivalent in Scotland is supported borrowing). Northern Ireland does not have **Supported Capital Expenditure** (SCE) in the same way as the rest of the UK as their Local Authority sector is much smaller.

Capital formation is expenditure, net of sales, on fixed assets (such as buildings, vehicles and machinery) and net stock building, and can be measured gross or net of **depreciation**.

Capital grants (also called investment grants) are payments given by government on the condition that the recipient uses the funds for **capital formation** (for example: building a school or factory or buying a machine). Capital grants are also used in **National Accounts** to record debt write-offs made by government for policy reasons, and some other transfers of accumulated wealth. In the case of debt write-offs, two transactions are recorded: a capital grant from government to the debtor; and the repayment of debt by the debtor. Capital grants are treated as resource expenditure in resource accounts and **Estimates**. Capital grants are included in the **capital budget** however.

Central government is a sector in National Accounts. It comprises Parliament; government departments and their executive agencies; the devolved assemblies of Scotland, Wales and Northern Ireland; government funds such as the **National Loans Fund**; the foreign exchange official reserves; **non-departmental public bodies**; and various other non-market public bodies that are controlled by central government. Central government does not include **public corporations**, nor does it include some non-profit institutions that receive significant government funding, but are not controlled by government, and so belong in the private sector, for example universities, further education colleges, and housing associations.

Central government own expenditure is expenditure that central government makes to the private sector plus subsidies to **public corporations**. It excludes central government support to Local Authorities and capital support to **public corporations**.

Classification changes are changes in the way public expenditure is recorded, rather than an actual change in the amount of cash spent or resources consumed. Classification changes can increase or decrease the recorded level of public expenditure. When there is a classification change the data are normally restated for all years in order to provide a consistent series.

Classification Of the Functions Of Government (COFOG). A UN based code for functional analysis of government spending. The PESA analysis is consistent with UN COFOG at level 2, with the exception of the health function, which continues to be presented on the HM Treasury's own sub-functional classification. Further information on COFOG is available on the UN's website¹.

The **Code for Fiscal Stability** set out the fiscal policy framework and gave it a statutory basis in the 1998 Finance Act. It has five principles: transparency, stability, responsibility, fairness and efficiency.

Combined On-line Information System (COINS). The Treasury's database that holds public expenditure data.

Common Foreign and Security Policy (CFSP) is an EU programme. Its costs are attributed to the Foreign Office's DEL.

Consolidated Fund is the government's main account with the Bank of England. Most of central government expenditure is financed from this fund, and most taxes and other receipts are paid into it.

Consolidated Fund Extra Receipt means income or receipts of a government department that it has to pay into the **Consolidated Fund** rather than keep in its **Supply Estimates** as an **appropriation in aid** to help finance its own expenditure. For example, most fines levied by the Crown Court are treated this way.

Cost of capital charge is an annual non-cash charge applied to each department's budget. It is used to make departments aware of the full cost of holding assets. The rate reflects the opportunity cost of tying up the cash in an asset and is 3.5 per cent of the net assets of the department. Changes in the rate are effected as **classification changes**.

Credit approvals used to be given by central government to Local Authorities and represented the amounts that each Local Authority was allowed to borrow to finance capital expenditure. There were two types: Basic Credit Approvals (BCAs) – for any sort of capital expenditure; and Supplementary Credit Approvals (SCAs) – for particular projects or services. Supported credit approvals were those where current grants to Local Authorities were increased to finance the borrowing. Unsupported credit approvals carried no promise of future government support and scored in AME. Credit approvals ceased to exist from 1 April 2004 and have been replaced by **Supported Capital Expenditure (revenue)**.

Current expenditure. See **public sector current expenditure**

Debtors are assets on the balance sheet. They are recognised where a transactions has accrued, but cash is yet to be received. For example where a public sector body sells an asset but defers cash receipts. The fact that cash is yet to be received means that **PSND**, the measure of the **Sustainable Investment Rule**, has not benefited from the accrued transaction. Where a department or its NDPB has a large debtor (over £20m), which is long term (over 12 months), this is included in their capital budget on the same basis as net lending.

Departmental AME is spending that is outside DEL but included in departmental budgets. Main categories include social security benefits and tax credits for individuals.

¹ <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>

Departmental Expenditure Limits (DELs) are firm plans for three years for a specific part of a department's expenditure. In general, the DEL will cover all administration budgets and all programme expenditure, except in certain cases where spending is included in **departmental AME** because it cannot reasonably be subject to close control over a three year period. Both resource and capital budgets are divided into DEL and departmental AME. DEL normally includes relevant non-cash items such as **depreciation**, **cost of capital charges**, and **provisions**. **Total DEL** is the sum of the **resource budget DEL** and the **capital budget DEL**, *less depreciation*. Depreciation is excluded from Total DEL as scoring both capital expenditure and depreciation may be seen as double counting. In the calculation of Total DEL, depreciation includes impairments, release from donated asset reserve and release from government grant reserve. **Total DEL** is not a control total: it is purely used for presentation.

Departmental Investment Strategy (DIS) is a statement by each department setting out its long term strategic plans for investment, the condition and suitability of its existing asset base, and the systems that will ensure value for money in delivery.

Departmental Unallocated Provision (DUP) is an amount that a department keeps within its budget to meet unplanned increases in spending, and which is not allocated to any particular programme at the start of a year.

Depreciation is also termed **capital consumption**. TME includes non-trading capital consumption as an item of **current expenditure**. TME includes **public sector capital expenditure** without a deduction for the depreciation of capital assets. **Public sector net investment** deducts an aggregate charge for all depreciation (trading and non-trading) from gross capital spending.

Dedicated Schools Grants (DSG) is a hypothecated current grant from central government to Local Authorities, allocated to schools on a formula basis. This was introduced from 2006-07.

The **Economic and Fiscal Strategy Report (EFSR)** was first published by HM Treasury in June 1998 and describes the Government's fiscal policy. It now appears together with the **Financial Statement and Budget Report (FSBR)** in a single budget document published on budget day (sometimes called the Red Book).

Economic Categories. These represent classifications in **National Accounts**. Examples of economic categories are: pay, social benefits and other grants paid to the private sector, and **subsidies**. The main categories in TES are set out in Table 5.3.

End-year flexibility (EYF) is the set of rules by which departments are allowed to carry forward unspent DEL provision from one year to the next.

Estimates. See **Supply Expenditure**.

The **European System of Accounts 1995 (ESA95)** is the system used by the **Office for National Statistics** for measuring and presenting UK **National Accounts**. The system is compulsory for EU member states reporting economic statistics to the EU Commission. ESA95 is consistent with the earlier System of National Accounts 1993 (SNA93), which was developed by a number of international organisations.

The **Exchange Equalisation Account (EEA)** is the government's account at the Bank of England that holds the official gold and foreign currency reserves.

Excessive Deficit Procedure is part of the Maastricht Treaty. It requires EU member states to keep their **general government** net borrowing below 3 per cent of GDP and **general government** gross debt below 60 per cent of GDP.

Financial Reporting Standard 17 (FRS17) sets out the **GAAP** basis for recording pensions.

The **Financial Statement and Budget Report (FSBR)** is published each year by the Treasury on budget day. It has been known as the Red Book. Since 1999 it has been published alongside the **Economic and Fiscal Strategy Report** in a single budget document.

Financial transactions are payments and receipts relating to changes in holdings of financial assets or liabilities. Financial assets entitle their owners to unconditional financial claims on the units that have the liability (except for gold where there is no liability on another unit). Government departments' financial assets include bank deposits; foreign currency held; bonds and shares owned; loans given; accounts receivable in respect of, for example, income accrued but not yet paid; **public dividend capital** and the value of government's other stakes in **public corporations**. Physical assets such as buildings and land are not financial assets. Transactions in some financial assets are undertaken to manage cash flows for example movements in bank deposits; but some are undertaken to further a policy such as lending to students. These types of financial transactions are sometimes called policy lending and are normally included in a department's **DEL capital budget**.

The **fiscal framework** is part of the Government's policy for managing the public finances and consists of the **golden rule** and the **sustainable investment rule**.

Fiscal Policy is the set of decisions made by government that determines the levels of taxes and public expenditure. See also the **Code for Fiscal Stability** and the **fiscal framework**.

General government is the consolidated combination of the **central** and **local government sectors** in **National Accounts**.

Generally accepted accounting practice (GAAP) There is no statutory definition of GAAP, but it is taken to be the accounting and disclosure requirements of the Companies Act, pronouncements by the Accounting Standards Board (e.g. financial reporting standards), and the body of accounting knowledge built up over time. **GAAP** is used for **resource accounting**. **GAAP** is a different accounting framework from the **National Accounts** used for TME and the Government's **fiscal framework**.

The **Golden Rule** states that, on average over the economic cycle, the government will borrow only to invest and not to fund current expenditure. This means that, over the cycle, the **surplus on current budget** must not be negative. It is one of the Government's two fiscal rules underpinning its **fiscal policy**.

Grants are unrequited payments to individuals or bodies. In **National Accounts** current grants to persons are called social benefits; and those to trading businesses are called **subsidies**. See also **capital grants**.

Grants in aid are grants voted in **Estimates** to a particular organisation where any unspent amount at the end of the year does not have to be returned to the **Consolidated Fund**. Many **Non-Departmental Public Bodies** are funded this way.

Gross Domestic Product (GDP) (at market prices) is the value of goods and services produced in the UK. "Gross" means there is no deduction for **depreciation**. Economic data are often quoted as a per cent of GDP to give an indication of trends through time and to make international comparisons easier.

The **Housing Revenue Account (HRA)** represents the current income and expenditure of Local Authority social housing provision. The HRA is treated as a quasi-corporation in **National Accounts**. The surplus of income (which includes rent rebates and subsidies paid by other parts of government) over expenditure is treated as being paid over to Local Authorities as a notional dividend on the revenue side of the account. This means that the current expenditure of Local Authority housing departments is not included in **TME**. The cost of rent rebates and subsidies is included in **TME**; these items are within the **AME** lines for social security benefits and other departmental expenditure in **AME**. Local Authority **capital expenditure** on housing associated with the HRA scores as capital spending in the **public corporation** sector, following the implementation of **ONS's** reclassification decision in June 2006. In prior years, **PESA** had shown this in the **LA** sector. Payments of interest on housing related debt will continue to be treated as part of Local Authority expenditure.

Identifiable expenditure is expenditure that can be recognised as having been incurred for the benefit of individuals, enterprises or communities within particular regions. Examples are most health, education and transport services, and spending on social security and on pensions.

Impairments are recorded where there is the permanent loss or write-off of the recoverable value of a fixed or current asset below the value recorded on the balance sheet in accounts. Impairments are a non-cash charge in the **resource budget** alongside the **depreciation** charge, but are separately identified. In order to provide support for departments' management decisions, impairments are split into six different categories, some of which are scored in **AME** and others in **DEL**, see Appendix C for further details. In the **PESA** budgeting-based presentations (e.g. the calculation of **total DEL**), impairments are included in the **depreciation** line. In the **National Accounts** impairments resulting from accidental damage are included with **depreciation/capital consumption**; other sorts of impairment are not counted in the main expenditure measures.

The **Invest to Save Budget** is a challenge fund from which departments can bid for provision to support extra capital expenditure. It is within capital **DEL** but not allocated to any department at the planning stage. It is allocated to projects that involve different parts of the public sector working together to improve service delivery and cut costs.

Local Authority Self-Financed Expenditure (LASFE) is aggregate **local government** expenditure less its receipts of government current and capital support including distribution of **National Non-Domestic Rates** in England and Wales. It represents local government expenditure financed from local resources such as council tax, trading surpluses, investment income, capital receipts, self-financed borrowing, and use of reserves. **LASFE** is calculated on a sectoral basis, and therefore includes, for example, all interest paid by Local Authorities, even though interest paid to central government is consolidated out to arrive at **TME**. **LASFE** does not include **depreciation**. **Locally Financed Expenditure (LFE)** is **LASFE** plus expenditure financed by non-domestic rates in Scotland and Northern Ireland Regional Rates (**NIRR**).

Local government is a sector in **National Accounts**. It comprises all Local Authorities in the UK including county councils, metropolitan districts, parish councils, police and fire authorities, residuary bodies, passenger transport authorities, Transport for London, London boroughs, and the Greater London Assembly.

Main Estimates. See **Supply Expenditure**.

Modernisation Fund is a Challenge Fund from which departments can bid for provision to support extra resource expenditure. It is within resource **DEL** but not allocated to any department at the planning stage.

National Accounts. This is a statistical system that represents the UK's economic transactions. The system provides a number of key economic statistics including **Gross Domestic Product (GDP)**, consumers' expenditure, the balance of payments with the rest of the world, and the public sector balances used in the **Code for Fiscal Stability**.

National Health Service (NHS) Trusts in England sell health services to NHS service procurement bodies. In Scotland NHS trusts have been re-absorbed back into Health Boards. NHS trusts throughout the UK are in the central government sector.

The **National Insurance Fund** is the statutory fund into which all National Insurance contributions are paid and from which expenditure on contributory social security benefits is met.

The **National Loans Fund (NLF)** is a government account with the Bank of England set up under the National Loans Fund Act 1968. All government borrowing transactions are handled through this fund.

The **National Lottery Distribution Fund (NLDF)** is a central government fund, administered by Culture, Media and Sport. The Fund receives a proportion of the proceeds from national lottery ticket sales (receipt of that proportion is treated as a tax in **National Accounts**). The Fund passes it to the Lottery Distributors, independent public sector bodies responsible for awarding National Lottery grants to good causes. Payments by the Distributors are treated as central government expenditure in **AME**.

National Non-Domestic Rates (NNDR) is a tax paid by the occupiers of non-domestic property, principally businesses. Most NNDR is collected from businesses by Local Authorities and then paid into a central government pool. Some large businesses with national activity (such as utility companies) pay directly into the pool (the Central List). The pool is distributed back to Local Authorities as part of formula grant in **AEF** and is scored in expenditure as a central government grant to Local Authorities. Similar systems apply in Wales and Scotland. The grant is in **DEL** for England and Wales, but in the **AME** line for **Locally Financed Expenditure** in Scotland. NNDR payments by **general government** in respect of the occupation of property are consolidated out through the **accounting adjustments** to arrive at **TME**.

Near-cash elements of **resource budgets** are those elements measured on an accruals basis that turn into cash transactions quickly, for example **pay**, current **procurement**, and income from sales. Near-cash includes expenditure that in accounting terms is covered by the release of provisions, or financed from **prepayments**. Near-cash expenditure in resource budgets closely matches the expenditure that impacts on the **golden rule**. Near-cash in **Resource DEL** is a control total.

Net lending has two meanings:

- in **National Accounts** it is the balance of the current and capital accounts and is often quoted with sign reversed as "net borrowing" – which is sometimes called the government deficit; and
- in this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so, for example, privatisation receipts count as negative net lending. Government lends to students, some industries, **public corporations**, Local Authorities, to some overseas governments and to some international bodies that supply foreign aid.

Net Taxes and Social Security Contributions is a Treasury measure of cash payments made to government. It includes taxes that are treated in the **National Accounts** as paid to the European Community. In this measure all tax credits are treated as negative tax to the extent that the amount paid is less than the tax liability of the taxpayer. A full reconciliation to the **National Accounts** measure of taxes is published in the **Financial Statement and Budget Report**.

New tax credits are the Working Tax Credit and Child Tax Credit. They replaced former personal tax credits in 2003-04. New tax credits score as **TME** (departmental **AME**) when the amount paid exceeds the tax liability of the household but as negative tax when the amount paid is less than or equal to the tax liability of the household.

Non-budget income and expenditure normally refers to income and expenditure that pass through a government department's books and that are not included in **DEL** or departmental **AME**. For example, the grant in aid paid to **NDPBs** is normally a non-budget transfer – it is the **NDPB's** income and expenditure that scores in budgets.

Non-cash items refer to various notional transactions that appear in the **operating cost statement** under resource accounting, such as **depreciation**, **cost of capital charges** and the taking and release of **provisions**. Most non-cash items are in **DEL**, but some are in **AME**.

Non-Departmental Public Bodies (NDPBs) are central government bodies with day-to-day autonomy in their management and financial matters, and usually funded through **grant in aid**. An **NDPB's** income and expenditure normally scores in its sponsoring department's budget. The grant in aid paid to an **NDPB** is normally a non-budget flow. A list of **NDPBs** can be found on the Cabinet Office website.

Non-identifiable expenditure is expenditure that cannot be identified to particular regions, for example because it is deemed to be incurred on behalf of the United Kingdom as a whole, e.g. defence expenditure, overseas representation, and tax collection.

Non-voted expenditure is expenditure that is not voted by Parliament through the **Supply** procedure.

Operating Cost Statement. This is the statement in departmental resource accounts that shows the current income and expenditure of the department on an accruals basis. It is similar to the profit and loss statement in commercial accounts.

Outturn and estimated outturn describe expenditure actually incurred, or estimated on the basis of actual expenditure to date.

The **Office for National Statistics (ONS)** is the government department that produces many official statistics such as the **National Accounts**. **ONS** decides classification issues for **National Accounts**. **ONS** is operationally independent.

Pay includes salaries, employers' National Insurance Contributions, and accruing pension costs, such as **ASLCs**. The pay of staff engaged in own-account **capital formation** is treated as **capital expenditure**.

Police grant is a current grant from central government to police authorities.

Prepayments are assets on the balance sheet. They are recognised where cash payments made to suppliers of services in advance of those services being delivered. In resource accounts these are cash movements on the balance sheet and do not score as expenditure in TME. The reduction in cash held by the public sector increases **PSND**, the measure of the **Sustainable Investment Rule**. Where a department or its NDPB makes a large (over £20m) prepayment that is long term (over 12 months) this is included in the capital budget on the same basis as net lending. When the service is delivered this is scored as appropriate, e.g. as the consumption of goods and services in **near cash resource DEL** within TME.

The **Private Finance Initiative (PFI)** is a system for purchasing capital intensive services for the public sector. Typically, the private sector designs, finances, builds, and maintains infrastructure, and other fixed capital assets, and then operates those assets to sell services to the public sector. In a proportion of cases the capital assets are accounted for on the balance sheet of the private sector operator; in other cases they are on the public sector's books. Appendix A has more information on the treatment of PFI in PESA.

Privatisation proceeds are the receipts from the sale of shares, other securities and debt, in **public corporations** that were sold as part of the privatisation programme. The proceeds are recorded as negative net lending. A corporation is said to be privatised when it is no longer controlled by government: in such cases it is classified to the private sector.

Procurement within **public sector current expenditure** is current expenditure on goods and services. It includes, for example, purchases of stationery and of minor pieces of equipment and IT systems that are not treated as **capital**. Purchase of minor maintenance that is not treated as capital would be counted as procurement. Services include purchases of contracted out cleaning. Purchases of services under off balance sheet **PFI** contracts are included in procurement; the element of payments under on balance sheet **PFI** contracts that covers purchases of services, where separately identifiable, is also treated as procurement. Purchases of services from charities (as opposed to unrequited grants to them) or other not-for-profit organisations are included under procurement. Procurement expenditure is normally shown net of income from sales of goods and services (but see Chapter 2). Expenditure on **Single Use Military Equipment (SUME)** is treated as current procurement.

Departments take **provisions** in accounts and budgets when a past event means that they should recognise a future liability of uncertain amount or timing. Budgets also score the release of the provision and the expenditure that the release finances.

Public corporations are publicly controlled trading bodies with substantial financial and operational independence from central and local government. To be classed as trading they must receive the majority of their income from sales into a market, rather than grant funding from government. They include Royal Mail Holdings, and most **trading funds** such as the Meteorological Office and Companies House.

Public Dividend Capital (PDC) is a form of long-term government finance for some **public corporations**. The government receives a return in the form of dividends rather than fixed interest payments.

Public expenditure is spending by public bodies. The definition of aggregate public expenditure most frequently used in this publication is **Total Managed Expenditure (TME)**.

Public Private Partnerships (PPPs) are arrangements whereby, typically, the public sector and private sector form joint ventures to improve the efficiency of public sector operations. They can be classified in **National Accounts** to either the public or private sectors depending on who has the most control over the PPP.

The **public sector** comprises general government and public corporations. The Bank of England is in a separate sector – the Central Bank Sector.

Public sector current expenditure:

- is the sum of the current expenditure of **general government** and certain distributive transactions (interest and rent) paid by **public corporations** to the private sector and abroad;
- does not include expenditure incurred in producing goods and services for sale where undertaken by **public corporations** – rather the surplus of sale receipts over operating costs for **public corporations** is scored as a public sector receipt and does not affect the expenditure measure;
- is net of certain receipts such as: grants within the public sector; interest flows within the public sector; receipts of contributions to public sector occupational pension schemes; receipts of grants from abroad including the EC abatement; and
- includes **non-trading capital consumption**. This is the **depreciation** of the fixed assets of public bodies within **general government**. It excludes depreciation on assets used to produce goods and services for sale including the assets of **public corporations** and Local Authority housing.

Public sector net investment is all public sector **capital expenditure** *less* an amount representing all public sector **depreciation**. Broadly, the amount of capital expenditure that equals the **depreciation** charge could be seen as keeping the stock of assets stable. Net investment therefore represents the increase in the asset base after allowing for **depreciation**.

Public Sector net borrowing is the difference between the sum of public sector current and capital receipts and expenditure as measured by **National Accounts**. It also equals the net balance of the public sector's net acquisition of financial liabilities *less* its acquisition of financial assets. Negative net borrowing is sometimes called **net lending**. Data imprecision means that the different ways of measuring net borrowing never give exactly the same answer. The difference is called the statistical discrepancy in **ESA95**. Previously the difference was called the balancing item.

Public Sector Net Debt is the sum of the public sector's financial liabilities at nominal value, *less* its liquid financial assets.

The **Public Sector Surplus on Current Budget** is the difference between the public sector's current receipts (including capital taxes) and its **current expenditure** (including **depreciation**). It is the key fiscal balance underlying the operation of the **Golden Rule**.

Resource Accounting and Budgeting (RAB). See **resource accounting** and **resource budgeting**.

Real terms figures are amounts adjusted for the effect of general price inflation as measured by the **GDP** market price deflator.

Receipts from fees and charges. General government final consumption in **National Accounts**, and departmental expenditure for budgeting purposes, are measured net of receipts from certain fees and charges such as sales of publications and medical prescription charges. To be treated in this way two conditions must hold:

- there is a clear and direct link between the payment of the fee and the supply of goods or services to the payer of the fee (for this purpose, the supply of a service can include testing an ability, eligibility or quality); and
- the size of the payment is related to the cost of supplying the goods and services, such that the government is not exploiting a monopoly function to raise revenue. If the receipts do exceed the cost significantly the payments are treated as taxes. In some cases the payment is split between a sale and a tax.

There are a few receipts which in **National Accounts** are not netted off public expenditure but which are netted off DEL. The **accounting adjustments** provide more information.

Requests for Resources (RfRs) in the Estimates presented to Parliament ask for permission for departments to spend. They show the resources required by each department based on accruals, rather than cash, concepts. Departments may have one or more RfRs, each representing a high level objective of the department.

The **Reserve** is an amount within DEL, not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies. The **AME margin** is a similar concept within AME and allows for estimating changes.

Resource accounting is the accounting system used to record expenditure in departmental accounts. It applies **generally accepted accounting practice (GAAP)** to departmental transactions.

Resource budget is the budget for current expenditure on an accruals basis (including both near and non-cash items). It is divided into resource DEL (which is a control total) and resource **departmental AME** (a planning total).

Resource budgeting is the budgeting regime based on **resource accounting** introduced for the spending plans set in the 2000 Spending Review and which has been used for in-year spending control from 2001-02. Under RAB Stage I (2001-02 to 2002-03) resource DEL included **near-cash** transactions measured on an **accruals** basis while **non-cash** transactions were in Departmental AME. Under RAB Stage II (from 2003-04) most non-cash transactions were included in resource DEL. **Near-cash** controls were introduced in 2003-04 and clarified in 2005-06 such that Near-cash in Resource DEL is a control total. Other developments include the move of **capital grants** into **capital budgets** from 2006-07 and the reclassification of profit/loss on disposal into capital budgets and of some **impairments** into AME both from 2007-08. Resource budgeting is largely derived from resource accounting rules, but there are a number of differences in treatment between resource accounts and resource budgets. For example, capital grants are capital in budgets (and in the **National Accounts**), but current in departmental resource accounts. See Appendix C.

Resource outturn is the actual expenditure corresponding to approval for expenditure voted in a **Request for Resources**.

Revenue Support Grant is an unhypothecated current grant from central government to Local Authorities.

Single Use Military Equipment (SUME) is equipment that can only be used for military purposes (e.g. a tank). By contrast, dual use military equipment (e.g. an army lorry) can be used for civilian or military purposes. In the **National Accounts**, **public sector current expenditure**, **public sector net investment**, **TES**, current expenditure on services and capital expenditure on services, all expenditure on SUME is treated as **current expenditure**. In **resource accounts** and **DEL**, expenditure on SUME that is of a capital nature is treated as capital. The capital/ current treatment of dual use military equipment is the same in all presentations, i.e. capital where it meets the definition of capital.

Social benefits include social security and similar payments to individuals. They also include unrequited grants to not-for-profit non-market bodies such as charities (purchases of services from charities count as **procurement**). Public service pension payments are included in social benefits.

Spending sectors are the sectors of the economy that are making the expenditure, for example: central government, **local government** and **public corporations**.

Spending Reviews set **DELs** for the following three years. The first was the Comprehensive Spending Review in 1998. SRs were held every two years. The last was a Comprehensive Spending Review, which reported in autumn 2007 and set budgets for 2008-09 to 2010-11.

Standing Services are payments for certain services that Parliament has decided by statute should be met directly from the **Consolidated Fund** without being voted in **Supply Estimates** (e.g. salaries and pensions of judges).

Stock-building (also known as the net acquisition of inventories) is the value of the physical increase in stocks. In government accounts it relates mainly to Ministry of Defence stocks.

Subsidies are payments by government and the EC to trading businesses to help pay for current costs, for example: payments to farmers under the EC's Common Agricultural Policy. Subsidies may be paid to **public corporations** as well as to private sector firms.

Supply expenditure is expenditure financed through resources and cash voted by Parliament in the annual Main Estimates and the Supplementary Estimates in year: also termed voted in Estimates.

Supported Capital Expenditure (SCE) is the term used for central government capital support for Local Authorities in England and Wales from 2004-05. Supported Capital Expenditure (Revenue) (SCE(R)) is the amount of borrowing for capital expenditure by a Local Authority towards which central government is prepared to provide revenue grant support. This support is provided either through Revenue Support Grant (RSG) to help Local Authorities with the costs of financing loans, or **Housing Revenue Account** subsidy. Supported Capital Expenditure (Capital) (SCE(C)) is the term used for capital grants.

The **Sustainable Investment Rule** is one of the two fiscal rules underpinning the Government's **fiscal policy** and states that **public sector net debt** as a proportion of **GDP** will be held at a stable and prudent level.

Total DEL. See **DEL**.

Total Expenditure on Services (TES) is an aggregate used in PESA to analyse capital and current spending of the public sector. It includes **current expenditure** on services and **capital expenditure** on services. Note that TES includes purchases of goods as well as of services. See Appendix E for a definition.

Total Managed Expenditure (TME) is a definition of aggregate public spending derived from **National Accounts**. It is the consolidated sum of **current** and **capital expenditure** of **central** and **local government**, and **public corporations**. TME is the sum of **DEL** and **AME**.

Public sector **trading bodies** are publicly owned or controlled trading businesses:

- **public corporations** are trading bodies. Although controlled by a public sector body, public corporations are legally separate institutional units responsible for their own day-to-day operations and producing their own accounts;
- **quasi-corporations** are entities that meet the economic definition of a **public corporation** (that is, trading income covers at least half their costs) but that do not take a separate legal form. Examples are Export Credits Guarantee Department and Local Authority housing. They score in the **National Accounts** like public corporations (although interest on housing related debt is treated as Local Authority expenditure); and
- there may also be some trading activities which are closely integrated within **general government** and do not have enough independence to be classified as a **public corporation** or quasi-corporation. Their **capital expenditure** is included in public expenditure measures, but their current expenditure and current receipts are including as a revenue item called gross trading surplus. There are examples in the **local government** sector: some theatres and sports facilities.

Trading Funds are government departments or parts of government departments. They have financing frameworks that allow them to meet outgoings without the cash flows passing through **Estimates**. Generally they cover their costs from trading receipts. In **National Accounts** they are normally treated as **public corporations**.

The European Communities' **Traditional Own Resources** consist of: customs duties, including those on agricultural products; and sugar levies.

VAT refunds are given to departments in relation to payments for contracted-out services to remove a disincentive to contracting out services which might otherwise have been performed in-house.

Whole of Government Accounts (WGA) will be a set of consolidated financial statements, based on **Generally Accepted Accounting Practice** in the UK (UK GAAP), broadly covering the UK public sector.