

PUBLIC SPENDING STATISTICS JULY 2017



TABLE OF CONTENTS

TABLE OF CONTENTS	2
Introduction	7
Revisions in this release	8
Future Development of Public Spending Statistics	9
CHAPTER 1 Departmental budgets	10
Overview.....	10
Background to departmental budgets.....	29
What's new	29
The budgeting and reporting framework.....	29
Reconciliation of budgeting and National Accounts aggregates	31
Administration budgets	31
Total DEL	32
Public expenditure by spending sector	32
CHAPTER 2 Economic Analyses of Budgets	34
Overview.....	34
Background to economic analyses.....	40
What's new	40
Analyses of budgets by economic category of spending	40
CHAPTER 4 Trends in public spending	44
Overview.....	44
Background to trends in public sector expenditure.....	51
What's new	51
Public spending aggregates.....	51
Public sector expenditure on services by function	51
Methods and data quality for ExPenditure on service LONG-RUN table.....	52
CHAPTER 5 Public Sector Spending by function, sub-function and economic category	53
Overview.....	54

Background to Public Sector Spending by Function	63
What's new	63
Classification changes	63
Relationship between functional series and departments.....	63
Public sector expenditure on services by sub-function	63
Public sector expenditure on services by economic category.....	64
Public sector expenditure on services split by current and capital spending	66
Public sector gross procurement by function.....	66
CHAPTER 6 Central Government Own Expenditure	67
Overview.....	67
Background to Central Government own Expenditure.....	76
What's new	76
Central government own expenditure by department	77
Central government own resource and capital expenditure	77
Central government own expenditure on services by sub-function	77
Central government own expenditure on services by economic category.....	77
Central government own current and capital expenditure on services by function.....	77
CHAPTER 7 Local Government Financing And Expenditure.....	78
Overview.....	78
Background to local government financing and expenditure.....	89
What's new	89
The financing of local government expenditure	89
Local government expenditure	90
CHAPTER 8 Public Corporations	93
Overview.....	93
Background to public corporations.....	100
What's new	100
Definition of public corporations	100
Self financing public corporations (SFPCs)	100

Trading funds.....	101
The budgeting control framework.....	101
The National Accounts.....	102
Sources of data and data quality.....	103
Further Information.....	103
CHAPTER 9 Public expenditure by country and additional tables.....	104
POPULATION NUMBERS AND GDP DEFLATORS.....	112

List of Tables

Table 1.1	Total Managed Expenditure, 2012-13 to 2016-17
Table 1.2	Total Managed Expenditure in real terms, 2012-13 to 2016-17
Table 1.3	Resource budgets, 2012-13 to 2016-17
Table 1.4	Resource budgets in real terms, 2012-13 to 2016-17
Table 1.5	Resource DEL excluding depreciation, 2012-13 to 2016-17
Table 1.6	Resource DEL excluding depreciation in real terms, 2012-13 to 2016-17
Table 1.7	Administration budgets, 2012-13 to 2016-17
Table 1.8	Capital budgets, 2012-13 to 2016-17
Table 1.9	Capital budgets in real terms, 2012-13 to 2016-17
Table 1.10	Total Departmental Expenditure Limits, 2012-13 to 2016-17
Table 1.11	Total Departmental Expenditure Limits in real terms, 2012-13 to 2016-17
Table 1.12	Total Managed Expenditure by departmental group and other expenditure, 2012-13 to 2016-17
Table 1.13	Total Managed Expenditure by departmental group and other expenditure in real terms, 2012-13 to 2016-17
Table 1.14	Accounting adjustments 2012-13 to 2016-17
Table 1.15	Total Managed Expenditure by spending sector, 2012-13 to 2016-17
Table 2.1	Budgets by economic category of spending, 2012-13 to 2016-17
Table 2.2	Gross current procurement in budgets, 2012-13 to 2016-17
Table 2.3	Gross capital procurement in budgets, 2012-13 to 2016-17
Table 4.1	Public expenditure aggregates, 1976-77 to 2016-17
Table 4.2	Public sector expenditure on services by function, 1993-94 to 2016-17
Table 4.3	Public sector expenditure on services by function in real terms, 1993-94 to 2016-17
Table 4.4	Public sector expenditure by function as a percent of GDP, 1993-94 to 2016-17
Table 5.1	Public sector expenditure on services by departmental group and function, 2016-17
Table 5.2	Public sector expenditure on services by sub-function, 2012-13 to 2016-17
Table 5.3	Public sector expenditure on services by economic category, 2012-13 to 2016-17
Table 5.4	Public sector current and capital expenditure on services by function, 2012-13 to 2016-17
Table 5.5	Public sector current procurement expenditure on services by function, 2012-13 to 2016-17
Table 5.6	Public sector capital procurement expenditure on services by function, 2012-13 to 2016-17
Table 6.1	Central government own expenditure in budgets by departmental group, 2012-13 to 2016-17
Table 6.2	Central government own resource expenditure in budgets by departmental group, 2012-13 to 2016-17
Table 6.3	Central government own capital expenditure in budgets by departmental group, 2012-13 to 2016-17
Table 6.4	Central government own expenditure on services by sub-function, 2012-13 to 2016-17
Table 6.5	Central government own expenditure on services by economic category, 2012-13 to 2016-17
Table 6.6	Central government own current and capital expenditure on services by function, 2012-13 to 2016-17
Table 7.1	Financing of local government in the United Kingdom by country, 2012-13 to 2016-17
Table 7.2	Central government current grants to local government in the United Kingdom by departmental group,
Table 7.3	Central government capital support for local government in the United Kingdom by country and
Table 7.4	Local government current and capital expenditure on services in the United Kingdom by function, 2012-13 to 2016-17
Table 7.5	Local government current expenditure on services in the United Kingdom by country and function, 2012-13 to 2016-17
Table 7.6	Local government gross capital expenditure on services in the United Kingdom by country and function, 2012-13 to 2016-17
Table 7.7	Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2012-13 to 2016-17
Table 7.8	Local government expenditure on services in the United Kingdom by country and economic category, 2012-13 to 2016-17

List of Tables (Continued)

Table 8.1	Public corporations' contribution to budgets and Total Managed Expenditure, 2012-13 to 2016-17
Table 8.2	Public corporations' contribution to budgets by departmental group, 2012-13 to 2016-17
Table 8.3	Public corporations' capital expenditure on services, 2012-13 to 2016-17
Table 8.4	Public corporations' current and capital expenditure on services by function, 2012-13 to 2016-17
Table 8.5	Public corporations' current and capital expenditure by economic category, 2012-13 to 2016-17
Table 9.1	Total identifiable expenditure on services by country and region, 2011-12 to 2015-16
Table 9.2	Total identifiable expenditure on services by country and region per head, 2011-12 to 2015-16
Table 9.3	Total identifiable expenditure on services by country and region in real terms, 2011-12 to 2015-16
Table 9.4	Total identifiable expenditure on services by country and region per head in real terms, 2011-12 to 2015-16
Table 9.5	Identifiable expenditure on general public services by country and region, 2011-12 to 2015-16
Table 9.5a	Identifiable expenditure on general public services (of which: public and common services) by country and region, 2011-12 to 2015-16
Table 9.5b	Identifiable expenditure on general public services (of which: international services) by country and region, 2011-12 to 2015-16
Table 9.5c	Identifiable expenditure on general public services (of which: public sector debt interest) by country and region, 2011-12 to 2015-16
Table 9.6	Identifiable expenditure on defence by country and region, 2011-12 to 2015-16
Table 9.7	Identifiable expenditure on public order and safety by country and region, 2011-12 to 2015-16
Table 9.8	Identifiable expenditure on economic affairs by country and region, 2011-12 to 2015-16
Table 9.8a	Identifiable expenditure on economic affairs (of which: enterprise and economic development) by country and region, 2011-12 to 2015-16
Table 9.8b	Identifiable expenditure on economic affairs (of which: science and technology) by country and region, 2011-12 to 2015-16
Table 9.8c	Identifiable expenditure on economic affairs (of which: employment policies) by country and region, 2011-12 to 2015-16
Table 9.8d	Identifiable expenditure on economic affairs (of which: agriculture, fisheries and forestry) by country and region, 2011-12 to 2015-16
Table 9.8e	Identifiable expenditure on economic affairs (of which: transport) by country and region, 2011-12 to 2015-16
Table 9.9	Identifiable expenditure on environment protection by country and region, 2011-12 to 2015-16
Table 9.10	Identifiable expenditure on housing and community amenities by country and region, 2011-12 to 2015-16
Table 9.11	Identifiable expenditure on health by country and region, 2011-12 to 2015-16
Table 9.12	Identifiable expenditure on recreation, culture and religion by country and region, 2011-12 to 2015-16
Table 9.13	Identifiable expenditure on education by country and region, 2011-12 to 2015-16
Table 9.14	Identifiable expenditure on social protection by country and region, 2011-12 to 2015-16
Table 9.15	Identifiable expenditure on services by function, country and region per head, 2011-12 to 2015-16
Table 9.16	Identifiable expenditure on services by function, country and region per head indexed, 2011-12 to 2015-16
Table 9.17	Local government identifiable expenditure on services by country and region, 2011-12 to 2015-16
Table 9.18	Local government identifiable expenditure on services by country and region, per head, 2011-12 to 2015-16
Table 9.19	Central government and public corporations' identifiable expenditure on services by country and region, 2011-12 to 2015-16
Table 9.20	Central government and public corporations' identifiable expenditure on services by country and region per head, 2011-12 to 2015-16
Table 9.21	Identifiable expenditure on services for Scotland, Wales and Northern Ireland, 2015-16
Table C.1	Transactions with the institutions of the European Community, 2012-13 to 2016-17
Table D.1	Pay as you go public service pension schemes in AME and TME, 2012-13 to 2016-17
Table E.1	Derivation of public sector expenditure on services from departmental groups' budgets, 2016-17
Table F.1	GDP deflators & money GDP

INTRODUCTION

This National Statistics release is intended to provide comprehensive information on public spending. Data are arranged thematically by section. Each section contains overview commentary on the statistics being released, statistical tables, and further background information.

The key data being updated in this release are for the years 2012-13 to 2016-17. This release contains the first estimate of 2016-17 outturn. All data in this release are National Statistics and are on an outturn basis. Where major revisions to the data for past years have been made we refer to them in the text accompanying the tables. Further background detail is found in the accompanying background material published alongside this release.

EUROPEAN SYSTEM OF ACCOUNTS 2010 (ESA10)

The Office for National Statistics (ONS) are responsible for producing the National Accounts which measure the economic activity of the whole economy. The UK are legally required to produce these based on a framework specified in the European System of Accounts 2010 (ESA10). Before September 2014 the UK, along with all other Member States, produced accounts using the previous ESA95 framework.

Total Managed Expenditure (TME) is an aggregate drawn from National Accounts that measures the sum of public sector current and capital spending. The move to ESA10 from September 2014 onwards means that the TME aggregate used in the Public Spending Statistics and PESA publications is also now on an ESA 2010 basis.

About ESA 2010:

<http://ec.europa.eu/eurostat/web/esa-2010>

HM Treasury Public Spending Statistics provide a range of information about public spending. Further detailed explanations are provided in the methodology annex to this bulletin.

The release is classified as National Statistics and conforms to the rules and principles set out in the *Code of Practice for Official Statistics* overseen by the United Kingdom Statistics Authority.

RELATED RELEASES FROM HM TREASURY

- The **PESA command paper** is an annual release, containing plans data for the Spending Review period, alongside the data contained in this release.
- The **quarterly Public Spending Statistics update releases** update the key series found in this release.

Changes to this release have been made in response to requests from the United Kingdom Statistics Authority and feedback received from users. We welcome further user feedback at: pesa@hmtreasury.gsi.gov.uk

REVISIONS IN THIS RELEASE

All of the data contained in the Public Spending National Statistics are open for revision in every publication. Table 1 below summarises the key revisions in this release.

Revisions to Budgets since July 2016 (£million)	2012-13	2013-14	2014-15	2015-16
Total Managed Expenditure	1,173	974	5,380	894
Total Departmental Expenditure Limits (DEL)	0	1	18	193
Departmental Annually Managed Expenditure (AME)	0	0	1	-1,586
Other AME	1,173	973	5,361	2,278
Total resource DEL	8	7	26	-192
Total capital DEL	-8	-7	-8	394

Figures for Total Managed Expenditure are taken from the ONS/HM Treasury Public Sector Finances release. The main revisions since last July's publication are:

Changes to Other AME are mainly due to ONS revisions to capital expenditure by public corporations. There are also changes to Local Authority Self-Financed Expenditure (LASFE). These are the result of the inclusion of new ONS data for Housing Associations and outturn data for Local Government. Figures for each year also include revisions to central government debt interest.

Following the introduction of Sector Accounting for Academy Sector the Department for Education (DfE) have updated the data to reflect the underlying budgetary aggregates. This includes expenditure listed by function (chapters 4 and 5) and on local government grants (chapter 7). While DfE and HMT have engaged in quality assurance on these data, due to the number of academies continuing to move between the local government and central government sector further work is needed to provide consistent information across outturn and plans years.

FUTURE DEVELOPMENT OF PUBLIC SPENDING STATISTICS

Feedback – Total expenditure on services framework

Public sector or total expenditure on services (TES) broadly represents the current and capital expenditure of the public sector, and is similar to the Total Managed Expenditure (TME), which is the measure used for spending control and fully based on National Accounts concepts. The TES framework forms the basis of numerous tables in PSS and the related PESA release, including the analysis of functional expenditure and the Country and Regional Analysis.

TME is the current and capital expenditure of the public sector on a National Accounts basis. TES is similar, but diverges from TME in the treatment of accounting adjustments, which are mostly excluded from TES. This is due to the difficulty of attributing accounting adjustments that are not sourced from departmental data on OSCAR to the correct functions, as the main methodology for functional allocation is departments' allocations on OSCAR. The greatest numerical differences between the two aggregates are that expenditure on services does not include general government capital consumption (depreciation), and does not reverse the deduction of certain VAT refunds in the budget-based expenditure data. TES also includes a small number of low-value items that are in budgets but not in TME.

In May 2017, ONS produced a release called 'Country and Regional Public Sector Finances'. This can be found through the link below:

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/articles/countryandregionalpublicsectorfinances/2015to2016>

For this publication, a key source of information on spending was HM Treasury TES data. However the ONS had to make several assumptions on how accounting adjustments not sourced from OSCAR could be allocated to country and region. Although TES has significant strengths in ensuring functional categories are accurate and comparable over time, HM Treasury would welcome feedback on whether a move to using TME rather than TES would be beneficial for users in the analysis of data at a functional level and for country and regional analysis.

Please contact us using the e-mail address below.

In addition we would be interested in readers' views on how PESA might be developed to further increase its value to users. Please write to:

The Editor, PESA
Government Financial Reporting
Floor 2 Red Zone
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
e-mail: pesa@hmtreasury.gsi.gov.uk

CHAPTER 1 DEPARTMENTAL BUDGETS

OVERVIEW

The tables in chapter 1 bring together information on public expenditure within the current budgeting and control framework. This comprises departmental budgets, including all control totals, as well as reconciling from the budgetary framework to the fiscal aggregates in the National Accounts.

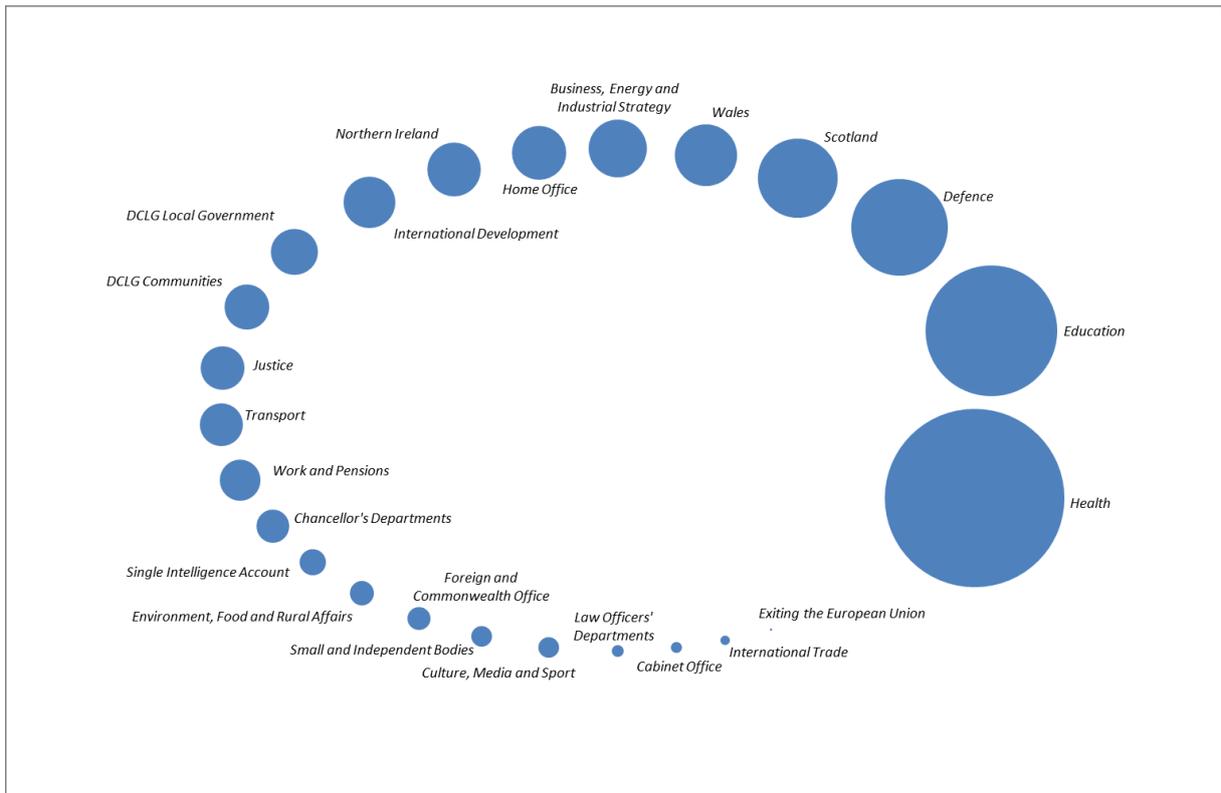
DEPARTMENTAL EXPENDITURE LIMITS

- Total resource DEL in real terms was £328.6bn in 2016-17, a decrease of 1.0 per cent on the previous year.
- Total resource DEL (RDEL) excluding depreciation in real terms was £303.6bn in 2016-17, a fall of -3.0 per cent on the previous year.
- Depreciation in resource DEL was £25.0bn in real terms in 2016-17, an increase of 31.0 per cent on 2015-16.
- Total capital DEL was £51.9bn in real terms in 2016-17, an increase of 4.6 per cent on the previous year.
- Total DEL in real terms fell by -1.9 per cent in 2016-17 from £362.4bn to £355.4bn. The largest reductions in DEL spending in 2016-17 were in Scotland (-£5.5bn, where a section of spending was reclassified to AME) and DCLG Local Government (-£2.7bn). These were offset by increases in spend for other departments. The largest increases were for DCLG Communities which increased by £1.5bn to £7.6bn (23.7 per cent.) and for Health, which increased by £0.9bn (0.8 per cent).

ANNUALLY MANAGED EXPENDITURE

- Resource departmental AME decreased by £133.5bn to £292.8bn in real terms in 2016-17. The large decrease reflects the fall from last year's spike in AME, which was caused by changes in the long-term discount rate which inflated the present value of expected future long-term costs for a one-off accounting charge. The largest increase was in respect of Education, which increased by £5.9bn, followed by Scotland which increased by £5.2bn (balancing the reduction in DEL, mentioned above).
- Capital departmental AME increased by £12.6bn to £3.4bn in 2016-17. This is mainly due to the impact of financial sector interventions scored by HM Treasury in the last two years.

CHART 1 2016-17 Total Departmental Expenditure Limit (TDEL) outturn by department.



Bubble sizes are proportional to the amount of TDEL for each department. TDEL is made up of Resource DEL minus depreciation plus Capital DEL.

Table 1.1 Total Managed Expenditure, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	309,660	308,361	307,844	306,674	303,559
Depreciation in resource DEL	21,504	22,298	17,169	18,742	25,052
Total resource DEL	331,165	330,659	325,013	325,416	328,610
<i>Resource departmental AME</i>					
Social security benefits	183,088	179,599	184,185	187,585	189,297
Tax credits ⁽¹⁾	29,761	29,394	29,187	28,482	27,393
Net public service pensions	4,958	5,441	9,605	11,410	8,554
National lottery	727	1,209	1,440	904	1,274
BBC domestic services	3,271	3,204	3,533	3,531	3,669
Student loans	-763	-1,096	-1,579	-1,683	-1,968
Non-cash items	53,273	43,888	61,615	185,900	63,820
Financial sector interventions	-18,384	8,380	-48,669	-12,492	-24,832
Other departmental expenditure	4,140	13,180	14,987	14,228	25,546
Total resource departmental AME	260,070	283,199	254,303	417,863	292,753
<i>Resource other AME</i>					
Net expenditure transfers to the EU	11,529	11,879	11,658	11,253	9,160
Locally financed expenditure	23,442	23,187	25,559	30,783	34,249
Central government gross debt interest	48,982	48,796	45,369	45,125	48,380
Accounting adjustments ⁽²⁾	-18,717	-30,946	14,356	-148,121	-21,723
Total resource other AME	65,236	52,916	96,942	-60,960	70,066
Total resource AME	325,305	336,115	351,245	356,903	362,819
Public sector current expenditure	656,470	666,774	676,258	682,319	691,429
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	46,367	49,742	53,195	48,602	51,866
<i>Capital departmental AME</i>					
National lottery	513	492	584	407	434
BBC domestic services	121	83	111	130	124
Student loans	6,858	9,291	11,477	12,597	14,629
Financial sector interventions	-3,601	-4,938	-3,030	-11,315	-3,514
Other departmental expenditure	-282	-11,118	-4,118	-11,076	-8,307
Total capital departmental AME	3,610	-6,189	5,024	-9,257	3,365
<i>Capital other AME</i>					
Locally financed expenditure	5,949	6,787	6,559	8,099	8,142
Public corporations' own-financed capital expenditure	14,709	15,926	17,512	14,161	16,977
Accounting adjustments ⁽²⁾	4,888	3,846	-6,561	9,992	-1,203
Total capital other AME	25,546	26,559	17,511	32,252	23,916
Total capital AME	29,156	20,370	22,535	22,995	27,281
Public sector gross investment ⁽³⁾	75,523	70,112	75,730	71,597	79,147
<i>less public sector depreciation</i>	36,405	37,801	38,782	39,970	41,001
Public sector net investment ⁽³⁾	39,118	32,311	36,948	31,627	38,146
TOTAL MANAGED EXPENDITURE ⁽³⁾⁽⁴⁾	731,993	736,886	751,988	753,916	770,576
<i>of which:</i>					
Total DEL ⁽⁴⁾	356,028	358,104	361,039	355,276	355,425
Departmental AME	263,679	277,009	259,327	408,606	296,118
Other AME	112,286	101,773	131,622	-9,966	119,034

(1) Tax credits include working tax credits, stakeholder pension credits and Child Tax Credits. Child allowances paid as part of Income Support and Jobseekers' Allowance are shown within social security benefits. Tax credits include elements that are treated as negative tax in National Accounts.

(2) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

(3) This excludes the temporary effects of banks being classified to the public sector. See Box 2.A in Chapter 2.

(4) Total DEL is given by resource DEL excluding depreciation plus capital DEL.

Table 1.2 Total Managed Expenditure in real terms ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	328,001	321,326	316,143	312,797	303,559
Depreciation in resource DEL	22,778	23,235	17,631	19,117	25,052
Total resource DEL	350,779	344,561	333,775	331,914	328,610
<i>Resource departmental AME</i>					
Social security benefits	193,932	187,149	189,151	191,330	189,297
Tax credits ⁽²⁾	31,523	30,629	29,974	29,050	27,393
Net public service pensions	5,252	5,669	9,864	11,638	8,554
National lottery	770	1,260	1,479	922	1,274
BBC domestic services	3,465	3,339	3,628	3,601	3,669
Student loans	-809	-1,142	-1,622	-1,716	-1,968
Non-cash items	56,428	45,733	63,276	189,611	63,820
Financial sector interventions	-19,473	8,733	-49,981	-12,742	-24,832
Other departmental expenditure	4,385	13,734	15,391	14,512	25,546
Total resource departmental AME	275,473	295,105	261,158	426,206	292,753
<i>Resource other AME</i>					
Net expenditure transfers to the EU	12,212	12,378	11,972	11,477	9,160
Locally financed expenditure	24,830	24,162	26,248	31,398	34,249
Central government gross debt interest	51,883	50,847	46,592	46,026	48,380
Accounting adjustments ⁽³⁾	-19,825	-32,247	14,743	-151,078	-21,723
Total resource other AME	69,100	55,141	99,556	-62,177	70,066
Total resource AME	344,573	350,246	360,714	364,029	362,819
Public sector current expenditure	695,352	694,807	694,489	695,942	691,429
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	49,114	51,834	54,629	49,573	51,866
<i>Capital departmental AME</i>					
National lottery	543	513	600	415	434
BBC domestic services	129	87	114	132	124
Student loans	7,264	9,682	11,786	12,848	14,629
Financial sector interventions	-3,814	-5,145	-3,112	-11,541	-3,514
Other departmental expenditure	-298	-11,586	-4,229	-11,297	-8,307
Total capital departmental AME	3,823	-6,450	5,160	-9,442	3,365
<i>Capital other AME</i>					
Locally financed expenditure	6,301	7,072	6,736	8,261	8,142
Public corporations' own-financed capital expenditure	15,581	16,596	17,985	14,444	16,977
Accounting adjustments ⁽³⁾	5,177	4,008	-6,738	10,191	-1,203
Total capital other AME	27,059	27,675	17,983	32,896	23,916
Total capital AME	30,882	21,226	23,143	23,454	27,281
Public sector gross investment ⁽⁴⁾	79,996	73,060	77,772	73,027	79,147
<i>less public sector depreciation</i>	38,561	39,390	39,827	40,768	41,001
Public sector net investment ⁽⁴⁾	41,435	33,669	37,944	32,258	38,146
TOTAL MANAGED EXPENDITURE ^{(4) (5)}	775,348	767,866	772,260	768,969	770,576
<i>of which:</i>					
Total DEL ⁽⁵⁾	377,115	373,159	370,772	362,370	355,425
Departmental AME	279,296	288,655	266,318	416,764	296,118
Other AME	118,937	106,052	135,170	-10,165	119,034

(1) Real terms figures are the cash figures adjusted to 2016-17 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2017. The forecasts are consistent with the March 2017 Budget.

(2) Tax credits include working tax credits, stakeholder pension credits and Child Tax Credits. Child allowances paid as part of Income Support and Jobseekers' Allowance are shown within social security benefits. Tax credits include elements that are treated as negative tax in National Accounts.

(3) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

(4) This excludes the temporary effects of banks being classified to the public sector. See Box 2.A in Chapter 2.

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

Table 1.3 Resource budgets, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Resource DEL by departmental group					
Defence	34,987	35,536	34,155	34,424	35,237
Single Intelligence Account	1,945	1,967	2,032	2,174	2,268
Home Office	11,447	11,052	11,443	10,757	10,930
Foreign and Commonwealth Office	2,150	2,153	1,861	1,953	2,058
International Development	5,899	7,783	7,017	6,829	7,456
Health	101,646	105,478	109,534	113,710	116,909
Work and Pensions	7,496	7,606	7,145	6,473	6,161
Education	63,324	65,611	62,222	63,978	69,288
Business, Energy and Industrial Strategy	2,697	2,417	2,450	2,499	1,972
Transport	5,191	4,702	3,460	3,029	2,931
Exiting the European Union	7	7	7	7	23
Culture, Media and Sport	3,624	1,386	1,512	1,389	1,567
DCLG Communities	1,393	1,985	2,043	2,174	2,493
DCLG Local Government ⁽¹⁾	23,189	16,481	13,657	10,758	8,229
Scotland ⁽²⁾	25,712	26,091	26,373	26,334	21,391
Wales	13,654	14,466	14,202	13,328	13,288
Northern Ireland	10,027	10,161	10,189	10,161	10,484
Justice	8,870	8,110	7,728	7,347	7,339
Law Officers' Departments	599	581	554	553	530
Environment, Food and Rural Affairs	1,978	1,883	1,856	1,737	1,764
HM Revenue and Customs	3,660	3,650	3,468	3,576	3,836
HM Treasury	-190	-249	129	130	159
Cabinet Office	339	255	421	407	447
International Trade	150	206	279	341	345
Small and Independent Bodies	1,371	1,342	1,276	1,350	1,507
Reserves	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽³⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total resource DEL	331,165	330,659	325,013	325,416	328,610
Resource departmental AME by departmental group					
Defence	7,360	6,377	8,311	12,020	4,749
Single Intelligence Account	41	19	41	135	13
Home Office	1,659	1,872	2,457	1,551	2,529
Foreign and Commonwealth Office	88	66	-70	39	-53
International Development	191	109	151	206	143
Health ⁽⁴⁾	18,878	18,194	21,952	48,530	27,697
Work and Pensions	165,506	163,072	167,639	173,400	172,921
Education	9,798	10,563	12,908	5,296	11,348
Business, Energy and Industrial Strategy ⁽⁴⁾	6,218	5,347	8,949	102,217	5,501
Transport ⁽⁵⁾	590	-5,207	-264	5,680	6,459
Exiting the European Union	-	-	-	-	-
Culture, Media and Sport	4,635	4,517	4,935	4,248	4,812
DCLG Communities	10	-48	47	56	113
DCLG Local Government ⁽¹⁾	144	11,123	11,662	12,174	12,399
Scotland ⁽²⁾	2,760	2,669	3,858	3,951	9,235
Wales	141	0	32	-311	239
Northern Ireland	7,764	7,463	8,285	8,370	8,285
Justice	934	-239	-144	483	454
Law Officers' Departments	5	7	13	-15	-1
Environment, Food and Rural Affairs	85	-92	78	391	11
HM Revenue and Customs	42,690	42,574	42,931	43,194	42,329
HM Treasury ⁽⁶⁾	-18,710	6,210	-49,912	-13,781	-25,458
Cabinet Office	9,390	8,641	10,573	10,366	9,171
International Trade	-	0	-	0	-
Small and Independent Bodies	-109	-39	-129	-336	-144
Total resource departmental AME	260,070	283,199	254,303	417,863	292,753
Total resource budget	591,234	613,858	579,316	743,279	621,363

(1) Figures from 2013-14 reflect adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.

(2) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(3) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

(4) 2015-16 figure reflects a change to the long-term discount rate used for provisions to maintain compliance with International Financial Reporting Standards.

(5) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

(6) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.4 Resource budgets in real terms ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Resource DEL by departmental group					
Defence	37,059	37,030	35,076	35,111	35,237
Single Intelligence Account	2,060	2,049	2,086	2,217	2,268
Home Office	12,125	11,517	11,751	10,972	10,930
Foreign and Commonwealth Office	2,277	2,243	1,911	1,992	2,058
International Development	6,249	8,110	7,207	6,965	7,456
Health	107,666	109,912	112,487	115,980	116,909
Work and Pensions	7,940	7,926	7,337	6,602	6,161
Education	67,075	68,369	63,899	65,255	69,288
Business, Energy and Industrial Strategy	2,857	2,519	2,516	2,549	1,972
Transport	5,499	4,899	3,553	3,089	2,931
Exiting the European Union	7	7	7	8	23
Culture, Media and Sport	3,838	1,444	1,553	1,417	1,567
DCLG Communities	1,476	2,068	2,098	2,217	2,493
DCLG Local Government ⁽²⁾	24,563	17,174	14,025	10,973	8,229
Scotland ⁽³⁾	27,235	27,188	27,083	26,860	21,391
Wales	14,462	15,075	14,585	13,594	13,288
Northern Ireland	10,621	10,588	10,464	10,364	10,484
Justice	9,395	8,451	7,936	7,493	7,339
Law Officers' Departments	635	606	568	564	530
Environment, Food and Rural Affairs	2,095	1,962	1,906	1,771	1,764
HM Revenue and Customs	3,877	3,804	3,561	3,647	3,836
HM Treasury	-202	-260	133	132	159
Cabinet Office	359	266	433	415	447
International Trade	159	215	287	348	345
Small and Independent Bodies	1,452	1,398	1,310	1,376	1,507
Reserves	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽⁴⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total resource DEL	350,779	344,561	333,775	331,914	328,610
Resource departmental AME by departmental group					
Defence	7,796	6,646	8,535	12,260	4,749
Single Intelligence Account	43	20	42	138	13
Home Office	1,758	1,951	2,524	1,582	2,529
Foreign and Commonwealth Office	93	68	-72	39	-53
International Development	202	114	155	210	143
Health ⁽⁵⁾	19,997	18,959	22,544	49,499	27,697
Work and Pensions	175,308	169,928	172,158	176,862	172,921
Education	10,378	11,007	13,256	5,402	11,348
Business, Energy and Industrial Strategy ⁽⁵⁾	6,586	5,572	9,190	104,258	5,501
Transport ⁽⁶⁾	625	-5,426	-271	5,793	6,459
Exiting the European Union	-	-	-	-	-
Culture, Media and Sport	4,909	4,707	5,068	4,333	4,812
DCLG Communities	10	-50	49	57	113
DCLG Local Government ⁽²⁾	153	11,591	11,976	12,417	12,399
Scotland ⁽³⁾	2,924	2,782	3,962	4,030	9,235
Wales	149	0	33	-317	239
Northern Ireland	8,224	7,777	8,509	8,537	8,285
Justice	989	-249	-148	493	454
Law Officers' Departments	6	7	13	-16	-1
Environment, Food and Rural Affairs	90	-96	80	399	11
HM Revenue and Customs	45,218	44,364	44,089	44,056	42,329
HM Treasury ⁽⁷⁾	-19,818	6,471	-51,258	-14,056	-25,458
Cabinet Office	9,946	9,004	10,858	10,573	9,171
International Trade	-	0	0	0	-
Small and Independent Bodies	-116	-40	-132	-343	-144
Total resource departmental AME	275,473	295,105	261,158	426,206	292,753
Total resource budget	626,252	639,666	594,933	758,120	621,363

(1) Real terms figures are the cash figures adjusted to 2016-17 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2017. The forecasts are consistent with the March 2017 Budget.

(2) Figures from 2013-14 reflect adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.

(3) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(4) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

(5) 2015-16 figure reflects a change to the long-term discount rate used for provisions to maintain compliance with International Financial Reporting Standards.

(6) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

(7) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.5 Resource DEL excluding depreciation, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Resource DEL excluding depreciation by departmental group					
Defence	25,528	26,055	25,632	26,696	26,563
Single Intelligence Account	1,556	1,564	1,606	1,768	1,920
Home Office	11,191	10,792	11,163	10,510	10,664
Foreign and Commonwealth Office	1,986	1,995	1,713	1,762	1,934
International Development	5,875	7,769	7,000	6,817	7,448
Health	100,514	104,408	108,373	112,592	115,908
Work and Pensions	7,248	7,424	6,969	6,290	6,004
Education	59,036	59,182	59,860	59,180	59,328
Business, Energy and Industrial Strategy	2,393	2,112	2,157	2,230	1,617
Transport	4,224	3,695	2,468	1,913	1,589
Exiting the European Union	7	7	7	7	23
Culture, Media and Sport	2,179	1,227	1,407	1,262	1,419
DCLG Communities	1,366	1,957	2,050	2,173	2,481
DCLG Local Government ⁽¹⁾	23,188	16,481	13,657	10,758	8,229
Scotland ⁽²⁾	24,929	25,428	25,620	25,563	20,608
Wales	13,248	13,709	13,754	12,814	13,035
Northern Ireland	9,450	9,710	9,686	9,906	9,891
Justice	8,344	7,661	7,293	6,893	6,893
Law Officers' Departments	591	575	547	546	524
Environment, Food and Rural Affairs	1,789	1,687	1,666	1,568	1,575
HM Revenue and Customs	3,433	3,416	3,191	3,302	3,557
HM Treasury	-198	-255	123	122	152
Cabinet Office	327	241	409	388	426
International Trade	148	204	277	339	343
Small and Independent Bodies	1,308	1,319	1,217	1,276	1,430
Reserves	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽³⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total Resource DEL excluding depreciation	309,660	308,361	307,844	306,674	303,559

(1) Figures from 2013-14 reflect adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.

(2) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(3) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.6 Resource DEL excluding depreciation in real terms ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Resource DEL excluding depreciation by departmental group					
Defence	27,040	27,151	26,323	27,229	26,563
Single Intelligence Account	1,648	1,629	1,650	1,803	1,920
Home Office	11,854	11,245	11,464	10,720	10,664
Foreign and Commonwealth Office	2,104	2,079	1,759	1,797	1,934
International Development	6,223	8,096	7,188	6,953	7,448
Health	106,468	108,797	111,295	114,840	115,908
Work and Pensions	7,677	7,736	7,157	6,415	6,004
Education	62,533	61,670	61,474	60,361	59,328
Business, Energy and Industrial Strategy	2,535	2,201	2,215	2,275	1,617
Transport	4,474	3,850	2,535	1,951	1,589
Exiting the European Union	7	7	7	8	23
Culture, Media and Sport	2,308	1,279	1,444	1,287	1,419
DCLG Communities	1,447	2,040	2,106	2,216	2,481
DCLG Local Government ⁽²⁾	24,562	17,174	14,025	10,973	8,229
Scotland ⁽³⁾	26,406	26,497	26,310	26,073	20,608
Wales	14,032	14,286	14,124	13,070	13,035
Northern Ireland	10,010	10,118	9,947	10,104	9,891
Justice	8,838	7,983	7,490	7,031	6,893
Law Officers' Departments	625	599	562	557	524
Environment, Food and Rural Affairs	1,895	1,757	1,711	1,600	1,575
HM Revenue and Customs	3,636	3,559	3,277	3,368	3,557
HM Treasury	-210	-266	127	124	152
Cabinet Office	347	251	420	396	426
International Trade	157	212	285	346	343
Small and Independent Bodies	1,386	1,374	1,250	1,301	1,430
Reserves	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽⁴⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total Resource DEL excluding depreciation	328,001	321,326	316,143	312,797	303,559

(1) Real terms figures are the cash figures adjusted to 2016-17 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2017. The forecasts are consistent with the March 2017 Budget.

(2) Figures from 2013-14 reflect adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.

(3) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(4) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.7 Administration budgets , 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Defence	2,179	2,129	1,474	1,505	1,407
Single Intelligence Account	66	59	58	63	67
Home Office	473	501	525	384	373
Foreign and Commonwealth Office	121	167	178	111	116
International Development	128	116	110	104	101
Health	3,670	3,122	2,873	2,554	2,392
Work and Pensions	1,180	1,084	888	835	880
Education	628	587	560	499	508
Business, Energy and Industrial Strategy	473	475	475	435	392
Transport	243	240	271	267	259
Exiting the European Union	7	7	7	7	23
Culture, Media and Sport	186	139	148	159	148
DCLG Communities	281	363	252	275	242
Justice	590	530	552	571	511
Law Officers' Departments	44	42	45	43	44
Environment, Food and Rural Affairs	550	527	487	497	447
HM Revenue and Customs	945	869	801	792	757
HM Treasury	140	131	146	134	160
Cabinet Office	194	155	156	152	195
International Trade	47	42	20	27	30
Small and Independent Bodies	331	304	366	281	256
Adjustment for Budget Exchange (1)	-	-	-	-	-
Total administration budgets	12,476	11,589	10,394	9,695	9,310
of which: administration costs paybill	8,463	7,497	6,680	6,609	6,425
Administration budgets as a percentage of Total Managed Expenditure ⁽²⁾	1.7	1.6	1.4	1.3	1.2

(1) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

(2) TME excludes the temporary effects of banks being classified to the public sector. See Box 2.A for details.

Table 1.8 Capital budgets, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Capital DEL by departmental group					
Defence	8,731	8,485	8,736	8,402	8,665
Single Intelligence Account	476	499	550	575	603
Home Office	555	519	520	476	508
Foreign and Commonwealth Office	37	120	158	131	60
International Development	1,883	2,251	2,650	2,433	2,590
Health	4,708	5,367	4,971	4,652	4,605
Work and Pensions	421	237	251	188	292
Education	4,635	4,120	4,764	5,414	5,598
Business, Energy and Industrial Strategy	7,840	9,510	9,360	10,199	10,835
Transport ⁽¹⁾	7,934	8,537	9,389	6,001	5,467
Exiting the European Union	-	-	-	-	-
Culture, Media and Sport	357	33	264	348	288
DCLG Communities	2,402	3,729	4,332	3,849	5,114
DCLG Local Government	1	-	-	-	-
Scotland ⁽²⁾	2,981	2,921	3,289	3,164	3,240
Wales	1,362	1,325	1,500	1,543	1,485
Northern Ireland	983	945	1,085	766	1,005
Justice	280	274	295	266	364
Law Officers' Departments	2	3	4	3	14
Environment, Food and Rural Affairs	487	550	692	570	648
HM Revenue and Customs	196	218	234	228	326
HM Treasury	18	-6	36	-660	-2
Cabinet Office	14	30	30	-37	48
International Trade	2	3	2	2	6
Small and Independent Bodies	64	76	83	90	105
Reserves	-	-	-	-	-
Capital spending not yet in budgets	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽³⁾	-	-	-	-	-
Total capital DEL	46,367	49,742	53,195	48,602	51,866
Capital departmental AME by departmental group					
Defence	-35	-129	51	29	-
Home Office	-	-	-	437	-
International Development	-6	-	-	450	285
Health	-	-70	-5	9	13
Work and Pensions	-17	-134	-124	-148	-87
Education	6,248	8,483	10,563	11,642	13,450
Business, Energy and Industrial Strategy	-139	-4,305	-1,616	-1,630	-15
Transport ⁽⁴⁾	-61	13	6,695	6,544	6,854
Culture, Media and Sport	468	646	743	497	614
DCLG Communities	4	-	121	207	-
DCLG Local Government	-4	-	-	-	-
Scotland ⁽²⁾	188	336	440	744	811
Wales	252	306	357	388	422
Northern Ireland	344	425	536	605	498
Law Officers' Departments	0	-	-	-	-
Environment, Food and Rural Affairs	-1	-1	2	0	1
HM Revenue and Customs	1	0	0	-	-
HM Treasury ⁽⁵⁾	-3,592	-11,725	-12,714	-29,066	-19,731
Small and Independent Bodies	-40	-34	-23	34	251
Total capital departmental AME	3,610	-6,189	5,024	-9,257	3,365
Total capital budget	49,977	43,553	58,219	39,345	55,231

(1) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

(2) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(3) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

(4) In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

(5) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.9 Capital budgets in real terms ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Capital DEL by departmental group					
Defence	9,248	8,841	8,971	8,570	8,665
Single Intelligence Account	504	519	565	586	603
Home Office	588	541	534	485	508
Foreign and Commonwealth Office	39	125	162	134	60
International Development	1,995	2,345	2,722	2,482	2,590
Health	4,987	5,593	5,105	4,745	4,605
Work and Pensions	446	247	257	191	292
Education	4,909	4,293	4,892	5,523	5,598
Business, Energy and Industrial Strategy	8,305	9,910	9,612	10,402	10,835
Transport ⁽²⁾	8,404	8,896	9,642	6,121	5,467
Exiting the European Union	-	-	-	-	-
Culture, Media and Sport	379	34	271	355	288
DCLG Communities	2,544	3,886	4,449	3,926	5,114
DCLG Local Government	1	-	-	-	-
Scotland ⁽³⁾	3,157	3,044	3,378	3,227	3,240
Wales	1,442	1,380	1,541	1,573	1,485
Northern Ireland	1,041	984	1,115	781	1,005
Justice	297	286	303	271	364
Law Officers' Departments	2	3	4	3	14
Environment, Food and Rural Affairs	516	573	710	581	648
HM Revenue and Customs	207	227	240	232	326
HM Treasury	19	-6	37	-673	-2
Cabinet Office	15	31	31	-38	48
International Trade	2	3	2	2	6
Small and Independent Bodies	68	79	85	92	105
Reserves	-	-	-	-	-
Capital spending not yet in budgets	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽⁴⁾	-	-	-	-	-
Total capital DEL	49,114	51,834	54,629	49,573	51,866
Capital departmental AME by departmental group					
Defence	-37	-134	52	30	-
Home Office	-	-	-	445	-
International Development	-6	-	-	459	285
Health	-	-73	-5	9	13
Work and Pensions	-18	-140	-128	-151	-87
Education	6,618	8,839	10,847	11,875	13,450
Business, Energy and Industrial Strategy	-148	-4,486	-1,659	-1,663	-15
Transport ⁽⁵⁾	-64	13	6,876	6,675	6,854
Culture, Media and Sport	496	673	763	507	614
DCLG Communities	4	-	124	211	-
DCLG Local Government	-4	-	-	-	-
Scotland ⁽³⁾	199	350	452	759	811
Wales	267	319	367	395	422
Northern Ireland	365	442	550	617	498
Law Officers' Departments	0	-	-	-	-
Environment, Food and Rural Affairs	-1	-1	2	0	1
HM Revenue and Customs	1	0	0	-	-
HM Treasury ⁽⁶⁾	-3,805	-12,218	-13,057	-29,646	-19,731
Small and Independent Bodies	-43	-35	-23	35	251
Total capital departmental AME	3,823	-6,450	5,160	-9,442	3,365
Total capital budget	52,937	45,384	59,788	40,131	55,231

(1) Real terms figures are the cash figures adjusted to 2016-17 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2017. The forecasts are consistent with the March 2017 Budget.

(2) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

(3) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(4) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

(5) In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

(6) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.10 Total Departmental Expenditure Limits ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Total DEL by departmental group					
Defence	34,259	34,540	34,368	35,099	35,228
Single Intelligence Account	2,032	2,062	2,156	2,343	2,524
Home Office	11,746	11,311	11,683	10,986	11,172
Foreign and Commonwealth Office	2,023	2,115	1,870	1,893	1,994
International Development	7,758	10,020	9,650	9,250	10,038
Health	105,222	109,775	113,345	117,245	120,512
Work and Pensions	7,669	7,661	7,220	6,477	6,296
Education	63,671	63,302	64,624	64,594	64,926
Business, Energy and Industrial Strategy	10,233	11,623	11,517	12,429	12,452
Transport ⁽²⁾	12,157	12,231	11,857	7,914	7,055
Exiting the European Union	7	7	7	7	23
Culture, Media and Sport	2,536	1,260	1,670	1,610	1,707
DCLG Communities	3,767	5,687	6,383	6,022	7,595
DCLG Local Government ⁽³⁾	23,189	16,481	13,657	10,758	8,229
Scotland ⁽⁴⁾	27,910	28,349	28,909	28,726	23,848
Wales	14,609	15,034	15,254	14,357	14,520
Northern Ireland	10,433	10,655	10,771	10,672	10,896
Justice	8,624	7,935	7,588	7,159	7,257
Law Officers' Departments	592	578	551	548	538
Environment, Food and Rural Affairs	2,276	2,236	2,358	2,138	2,224
HM Revenue and Customs	3,629	3,634	3,425	3,530	3,884
HM Treasury	-180	-261	159	-539	150
Cabinet Office	341	271	439	351	474
International Trade	149	206	279	341	349
Small and Independent Bodies	1372	1395	1300	1366	1536
Reserves	-	-	-	-	-
Capital spending not yet in budgets	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽⁵⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total DEL by departmental group	356,028	358,104	361,039	355,276	355,425

(1) Total DEL is given by Resource DEL excluding depreciation (Table 1.5) plus Capital DEL (Table 1.8).

(2) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

(3) Figures from 2013-14 reflect adjustment to budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.

(4) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(5) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.11 Total Departmental Expenditure Limits ⁽¹⁾ in real terms ⁽²⁾, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Total DEL by departmental group					
Defence	36,288	35,992	35,294	35,799	35,228
Single Intelligence Account	2,153	2,149	2,215	2,390	2,524
Home Office	12,442	11,786	11,998	11,205	11,172
Foreign and Commonwealth Office	2,143	2,204	1,921	1,931	1,994
International Development	8,217	10,441	9,910	9,434	10,038
Health	111,455	114,390	116,400	119,586	120,512
Work and Pensions	8,123	7,983	7,414	6,606	6,296
Education	67,442	65,963	66,366	65,884	64,926
Business, Energy and Industrial Strategy	10,839	12,111	11,827	12,677	12,452
Transport ⁽³⁾	12,877	12,746	12,177	8,072	7,055
Exiting the European Union	7	7	7	8	23
Culture, Media and Sport	2,686	1,313	1,715	1,642	1,707
DCLG Communities	3,991	5,926	6,555	6,142	7,595
DCLG Local Government ⁽⁴⁾	24,563	17,174	14,025	10,973	8,229
Scotland ⁽⁵⁾	29,563	29,541	29,688	29,300	23,848
Wales	15,475	15,666	15,665	14,644	14,520
Northern Ireland	11,051	11,103	11,061	10,885	10,896
Justice	9,134	8,268	7,793	7,302	7,257
Law Officers' Departments	627	602	566	559	538
Environment, Food and Rural Affairs	2,411	2,330	2,421	2,181	2,224
HM Revenue and Customs	3,844	3,786	3,518	3,600	3,884
HM Treasury	-191	-272	163	-549	150
Cabinet Office	362	282	451	358	474
International Trade	158	215	286	348	349
Small and Independent Bodies	1,453	1,453	1,335	1,393	1,536
Reserves	-	-	-	-	-
Capital spending not yet in budgets	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽⁶⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total DEL by departmental group	377,115	373,159	370,772	362,370	355,425

(1) Total DEL is given by Resource DEL excluding depreciation (Table 1.5) plus Capital DEL (Table 1.8).

(2) Real terms figures are the cash figures adjusted to 2016-17 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2017. The forecasts are consistent with the March 2017 Budget.

(3) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

(4) Figures from 2013-14 reflect adjustment to budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.

(5) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(6) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.12 Total Managed Expenditure by departmental group and other expenditure, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Total Managed Expenditure by departmental group					
Defence	41,584	40,789	42,729	47,148	39,977
Single Intelligence Account	2,073	2,081	2,198	2,478	2,537
Home Office	13,405	13,183	14,141	12,973	13,701
Foreign and Commonwealth Office	2,111	2,181	1,800	1,932	1,941
International Development	7,943	10,129	9,801	9,906	10,465
Health ⁽¹⁾	124,101	127,899	135,292	165,784	148,223
Work and Pensions	173,158	170,598	174,734	179,729	179,129
Education	79,717	82,347	88,095	81,532	89,723
Business, Energy and Industrial Strategy ⁽¹⁾	16,312	12,665	18,850	113,017	17,938
Transport ⁽²⁾	12,687	7,037	18,289	20,138	20,369
Exiting the European Union	7	7	7	7	23
Culture, Media and Sport	7,640	6,423	7,348	6,355	7,132
DCLG Communities	3,781	5,638	6,551	6,285	7,709
DCLG Local Government	23,329	27,605	25,319	22,932	20,628
Scotland ⁽³⁾	30,858	31,354	33,206	33,421	33,894
Wales	15,003	15,339	15,643	14,434	15,181
Northern Ireland	18,541	18,543	19,592	19,647	19,679
Justice	9,558	7,695	7,444	7,642	7,711
Law Officers' Departments	598	584	564	533	537
Environment, Food and Rural Affairs	2,360	2,143	2,437	2,529	2,235
HM Revenue and Customs	46,319	46,208	46,357	46,723	46,213
HM Treasury ⁽⁴⁾	-22,482	-5,776	-62,468	-43,385	-45,040
Cabinet Office	9,732	8,912	11,011	10,717	9,645
International Trade	149	207	279	340	349
Small and Independent Bodies	1,222	1,322	1,148	1,064	1,642
Total departmental expenditure ⁽⁵⁾	619,707	635,113	620,366	763,882	651,542
Central government gross debt interest	48,982	48,796	45,369	45,125	48,380
Locally financed expenditure	29,391	29,974	32,119	38,882	42,391
Public sector depreciation	36,405	37,801	38,782	39,970	41,001
Net expenditure transfers to the EU	11,529	11,879	11,658	11,253	9,160
Public corporations' own-financed capital expenditure	14,709	15,926	17,512	14,161	16,977
Accounting adjustments	-28,730	-42,603	-13,818	-159,357	-38,875
Reserves	-	-	-	-	-
Capital spending not yet in budgets	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽⁶⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total other expenditure ⁽⁷⁾	112,286	101,773	131,622	-9,966	119,034
Total Managed Expenditure ⁽⁸⁾	731,993	736,886	751,988	753,916	770,576

(1) 2015-16 figure reflects a change to the long-term discount rate used for provisions to maintain compliance with International Financial Reporting Standards.

(2) Following implementation of ESA 10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

(3) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(4) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

(5) Total departmental expenditure is given by Resource DEL excluding depreciation plus capital DEL plus resource and capital departmental AME.

(6) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

(7) Total other expenditure is other AME spend within total managed expenditure.

(8) This excludes the temporary effects of banks being classified to the public sector. See Box 2.A in Chapter 2.

Table 1.13 Total Managed Expenditure by departmental group and other expenditure in real terms ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Total Managed Expenditure by departmental group					
Defence	44,047	42,504	43,881	48,089	39,977
Single Intelligence Account	2,196	2,168	2,257	2,527	2,537
Home Office	14,199	13,737	14,522	13,232	13,701
Foreign and Commonwealth Office	2,236	2,272	1,848	1,971	1,941
International Development	8,414	10,555	10,066	10,103	10,465
Health ⁽²⁾	131,451	133,276	138,939	169,094	148,223
Work and Pensions	183,414	177,771	179,445	183,318	179,129
Education	84,438	85,809	90,470	83,160	89,723
Business, Energy and Industrial Strategy ⁽²⁾	17,278	13,198	19,358	115,273	17,938
Transport ⁽³⁾	13,438	7,332	18,782	20,540	20,369
Exiting the European Union	7	7	7	8	23
Culture, Media and Sport	8,092	6,693	7,546	6,482	7,132
DCLG Communities	4,005	5,875	6,728	6,410	7,709
DCLG Local Government	24,711	28,765	26,001	23,390	20,628
Scotland ⁽⁴⁾	32,686	32,672	34,101	34,089	33,894
Wales	15,891	15,984	16,064	14,722	15,181
Northern Ireland	19,640	19,322	20,120	20,040	19,679
Justice	10,124	8,019	7,645	7,794	7,711
Law Officers' Departments	633	609	579	544	537
Environment, Food and Rural Affairs	2,500	2,233	2,503	2,580	2,235
HM Revenue and Customs	49,063	48,151	47,606	47,656	46,213
HM Treasury ⁽⁵⁾	-23,813	-6,019	-64,152	-44,251	-45,040
Cabinet Office	10,308	9,286	11,308	10,931	9,645
International Trade	158	215	286	347	349
Small and Independent Bodies	1,295	1,378	1,179	1,085	1,642
Total departmental expenditure ⁽⁶⁾	656,411	661,815	637,090	779,134	651,542
Central government gross debt interest	51,883	50,847	46,592	46,026	48,380
Locally financed expenditure	31,132	31,234	32,985	39,658	42,391
Public sector depreciation	38,561	39,390	39,827	40,768	41,001
Net expenditure transfers to the EU	12,212	12,378	11,972	11,477	9,160
Public corporations' own-financed capital expenditure	15,581	16,596	17,985	14,444	16,977
Accounting adjustments	-30,432	-44,394	-14,191	-162,539	-38,875
Reserves	-	-	-	-	-
Capital spending not yet in budgets	-	-	-	-	-
OBR allowance for shortfall	-	-	-	-	-
Adjustment for Budget Exchange ⁽⁷⁾	-	-	-	-	-
Adjustment for planned efficiency savings	-	-	-	-	-
Total other expenditure ⁽⁸⁾	118,937	106,052	135,170	-10,165	119,034
Total Managed Expenditure ⁽⁹⁾	775,348	767,866	772,260	768,969	770,576

(1) Real terms figures are the cash figures adjusted to 2016-17 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2017. The forecasts are consistent with the March 2017 Budget.

(2) 2015-16 figure reflects a change to the long-term discount rate used for provisions to maintain compliance with International Financial Reporting Standards.

(3) Following implementation of ESA 10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

(4) The Scottish Government's DEL block grant has been adjusted to reflect the devolution of taxes using the methodology set out in the Scottish Government's fiscal framework agreement. The fiscal framework determines the Scottish Government's DEL adjustments, while the Scottish Government's AME includes all self-financed spending (resulting from their tax policy choices and borrowing). The Scottish Government's DEL block grant will also be adjusted to reflect welfare devolution, using the methodology set out in the fiscal framework, when the Scottish Government take on executive competency for these powers.

(5) Transactions from 2012-13 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

(6) Total departmental expenditure is given by Resource DEL excluding depreciation plus capital DEL plus resource and capital departmental AME.

(7) Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

(8) Total other expenditure is other AME spend within total managed expenditure.

(9) This excludes the temporary effects of banks being classified to the public sector. See Box 2.A in Chapter 2.

Table 1.14 Accounting adjustments⁽¹⁾, 2012-13 to 2016-17

	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	£ billion 2016-17 outturn
Remove data in budgets which form part of public sector current expenditure but where a different source is used for National Accounts					
Resource DEL					
Capital consumption (excluding NHS)	-14.9	-17.7	-15.0	-14.6	-15.1
NHS capital consumption	-1.8	-2.1	-1.8	-1.9	-1.9
Interest	-0.2	-0.2	-0.1	0.0	-0.1
Public corporation subsidies	-1.7	-1.1	-0.9	-0.8	-0.6
Other	0.0	0.0	0.1	0.0	0.0
Total resource DEL	-18.6	-21.1	-17.7	-17.4	-17.7
Resource departmental AME					
Capital consumption	-1.6	4.7	-1.2	-6.3	-6.7
Interest	2.7	1.2	2.0	3.2	1.5
Subsidy element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Subsidy element of other environmental levies	0.0	-0.1	-0.2	-0.4	-0.5
NNDR outturn adjustment	-0.1	-0.3	0.0	0.0	0.0
Public corporation subsidies	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.2	0.1	0.0	0.3
Total resource departmental AME	1.0	5.7	0.8	-3.4	-5.4
Adjustment for different data used by OBR in PSCE forecast	0.0	0.0	0.0	0.0	0.0
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0
Total resource budget data replaced by different source data	-17.6	-15.3	-16.9	-20.8	-23.1
Remove data in budgets which do not form part of public sector current expenditure					
Resource DEL					
Impairments	-2.6	1.6	-0.5	-0.4	-0.7
Receipts treated as negative DEL but revenue in National Accounts	0.0	0.1	0.1	0.1	0.0
Fees, levies and charges	0.3	1.4	2.4	2.9	2.6
Grant equivalent element of student lending	-4.0	-6.1	-1.8	-3.7	-9.3
Stock write-offs	0.0	0.0	0.0	0.0	0.0
Change in pension scheme liabilities	0.0	0.0	-0.1	0.0	0.0
Miscellaneous current transfers	1.8	2.5	2.7	2.5	4.3
Northern Ireland Executive transfers between DEL and AME ⁽²⁾	0.6	0.6	0.7	1.1	6.1
Profit or loss - sale of company securities	0.0	0.0	0.0	0.1	0.1
Profit or loss - sale of other assets (capital in National Accounts)	0.0	-0.8	0.2	0.3	0.4
EU funded expenditure	-0.3	-0.2	0.2	0.0	-0.5
Other	-0.1	-1.2	-0.9	-0.5	-1.0
Total resource DEL	-4.4	-2.1	3.1	2.3	2.1
Resource departmental AME					
Impairments	15.1	-14.4	43.9	-5.1	20.8
Bad debts	-0.5	-0.5	-0.3	-0.3	-0.2
Grant equivalent element of student lending	0.1	-0.6	-0.5	7.5	0.2
Provisions	-10.7	-8.7	-10.5	-127.9	-13.4
Change in pension scheme liabilities	-26.9	-28.7	-34.2	-37.2	-35.2
Unwinding of discount rate on pension scheme liabilities	-40.5	-38.0	-46.3	-42.9	-41.8
Release of provisions covering payments of pension benefits	30.5	32.2	34.2	35.3	35.5
Fees, levies and charges	0.9	0.9	1.0	2.2	1.6
Profit or loss - sale of other assets (capital in National Accounts)	0.0	0.0	0.0	0.1	0.1
Imputed tax element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Imputed tax element of other environmental levies	0.0	0.0	0.0	0.0	0.0
Tax credits	0.0	0.0	0.0	0.0	0.0
Other	-0.8	4.5	-1.0	3.5	-5.9
Total resource departmental AME	-32.8	-53.3	-13.7	-164.8	-38.5
Total resource budget data not in public sector current expenditure	-37.2	-55.4	-10.6	-162.5	-36.4

Table 1.14 Accounting adjustments⁽¹⁾, 2012-13 to 2016-17 (continued)

	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	£ billion 2016-17 outturn
Central government adjustments in National Accounts					
Expenditure on goods and services	21.1	24.6	25.1	17.8	19.0
of which: VAT refunds	5.1	5.0	5.0	5.0	5.0
of which: Single use military expenditure	0.3	0.3	0.3	0.0	0.0
of which: payment from EU for tax collection costs	-0.7	-0.7	-0.8	-0.8	-0.3
of which: capital consumption	17.1	17.6	17.9	18.3	18.7
of which: ONS R&D Adjustment	-	-	-	-2.7	-
of which: Network Rail	0.6	0.4	1.0	0.0	0.0
of which: other	-1.3	2.0	1.6	-2.1	-4.4
Net social benefits	0.9	1.2	1.4	0.0	0.9
of which: switch between benefits and other current grants	0.3	0.3	0.3	0.1	0.0
of which: other	0.6	0.9	1.1	0.0	0.9
Net current grants abroad	0.8	0.8	0.8	1.0	0.8
of which: attributed aid	-0.1	-0.1	0.0	0.0	0.0
of which: EU receipts	0.0	0.0	0.0	0.0	0.0
of which: other	0.8	0.9	0.8	1.0	0.8
Other current grants	2.6	1.6	1.0	0.6	-0.1
of which: switch between other current grants and benefits	-0.3	-0.3	-0.3	-0.1	0.0
of which: other	2.9	1.9	1.2	0.7	-0.1
Subsidies	4.0	4.1	5.3	6.3	8.2
of which: Renewable Obligation Certificates	1.7	2.5	3.1	4.0	4.7
of which: other environmental levies	0.5	0.6	1.0	1.3	1.9
of which: company tax credits outside departmental AME	1.4	1.5	1.9	0.8	1.1
of which: other	0.5	-0.6	-0.7	0.2	0.6
VAT and GNI based EU contributions	0.0	0.0	0.1	0.0	0.4
of which: other	0.0	0.0	0.1	0.0	0.4
Total central government resource adjustments	29.5	32.3	33.6	25.7	29.2
Local government adjustments in National Accounts					
Remove data which do not form part of public sector current expenditure	-3.5	-3.7	-3.8	-3.5	-3.9
of which: Northern Ireland regional rates	-0.6	-0.6	-0.7	-0.7	-0.6
of which: retirement benefits	0.0	0.0	0.0	0.0	0.0
of which: debt interest payments to central government	-2.8	-3.1	-2.5	-2.9	-2.9
of which: other	-0.1	0.1	-0.7	0.0	-0.4
Adjustments to reconcile use of different data sources	1.2	1.6	1.1	0.3	2.0
of which: central government support	-1.8	-1.6	-1.3	-1.6	-1.3
of which: debt interest	0.4	0.7	0.0	0.4	0.3
of which: police and fire top up grants	1.6	1.7	1.9	2.0	2.4
of which: other	0.9	0.8	0.6	-0.5	0.6
Expenditure on goods and services	18.3	19.2	20.7	21.6	20.7
of which: VAT refunds	6.4	6.6	6.6	6.9	6.8
of which: Local Authority Pension Scheme	1.9	2.0	1.9	2.0	2.3
of which: capital consumption	9.5	10.1	10.6	11.1	11.6
of which: rates	-1.4	-1.4	-1.4	-1.4	-1.4
of which: other	1.8	1.9	3.0	3.0	1.3
Subsidies	0.4	0.5	1.1	0.7	1.9
of which: equity injection into Housing Revenue Account	0.4	0.5	0.8	0.7	1.5
of which: other	0.0	0.0	0.3	0.0	0.4
Net social benefits	-1.0	-1.0	-1.6	-1.2	-2.5
of which: housing benefits and rent rebates	0.1	0.1	0.0	0.0	-0.4
of which: other	-1.0	-1.1	-1.6	-1.2	-2.1
Other current grants and current grants abroad	0.0	0.0	0.1	0.1	0.1
Total local government resource adjustments	15.4	16.8	17.5	17.9	18.3
Other resource adjustments					
Public corporations	3.3	3.3	3.2	3.3	3.4
Asset Purchase Facility and Special Liquidity Scheme	-12.1	-12.6	-12.4	-11.7	-13.2
Other	0.0	0.0	0.0	0.0	0.0
Total other resource adjustments	-8.8	-9.3	-9.2	-8.4	-9.7
Total resource adjustments	-18.7	-30.9	14.4	-148.1	-21.7
of which:					
Timing adjustments ⁽³⁾					
Central government	3.7	4.9	4.0	-0.4	-2.9
Local government	1.0	1.0	1.7	1.9	-0.3

Table 1.14 Accounting adjustments⁽¹⁾, 2012-13 to 2016-17 (continued)

	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	£ billion 2016-17 outturn
Remove data in budgets which form part of public sector gross investment but where a different source is used for National Accounts					
Capital DEL					
Change in inventories	0.0	0.0	0.1	0.0	-0.3
Acquisitions less disposals of valuables	-0.1	0.0	0.0	0.0	-0.1
Total Capital DEL	-0.1	0.0	0.1	0.0	-0.4
Adjustment for different data used by OBR in PSGI forecast	0.0	0.0	0.0	0.0	0.0
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0
Total capital budget data replaced by different source data	-0.1	0.0	0.1	0.0	-0.4
Remove data in budgets which do not form part of public sector gross investment					
Capital DEL					
Net lending to private sector	-1.6	-3.0	-3.1	-2.3	-4.8
Capital support for public corporations	0.0	0.4	0.9	0.0	0.2
Local government supported capital expenditure	0.0	0.0	0.0	-0.3	-0.1
Northern Ireland Executive transfers between DEL and AME	0.2	0.2	0.3	0.6	0.5
Other	0.1	0.0	0.9	-0.4	-4.3
Total Capital DEL	-1.3	-2.4	-0.9	-2.4	-8.5
Capital departmental AME					
Net lending to private sector	-3.3	4.5	2.3	17.5	4.8
Capital support for public corporations	0.2	0.8	-0.3	0.0	-0.1
Purchase of company securities	0.0	0.0	0.0	0.0	0.0
Sale of company securities	0.0	0.0	0.0	0.0	0.0
Northern Ireland Executive transfers between DEL and AME	-0.1	-0.2	-0.2	-0.5	-0.5
Other	0.2	0.6	-6.5	-0.3	0.1
Total capital departmental AME	-3.0	5.6	-4.7	16.6	4.3
Total capital budget data not in public sector gross investment	-4.3	3.3	-5.7	14.3	-4.2
Central government adjustments in National Accounts					
Gross fixed capital formation	4.8	6.8	5.7	-1.9	-1.3
<i>of which: profit or loss - sale of other assets (from resource budgets)</i>	0.0	0.8	-0.2	-0.3	-0.5
<i>of which: Network Rail</i>	4.9	6.4	6.4	0.0	0.0
<i>of which: Single use military expenditure</i>	-0.3	-0.3	-0.3	0.0	0.0
<i>of which: other</i>	0.2	0.0	-0.1	-1.5	-0.8
Capital grants to and from the private sector	2.9	-6.0	-6.3	-0.5	3.4
<i>of which: VAT refunds</i>	0.1	0.1	0.1	0.1	0.1
<i>of which: Royal Mail assets transfer</i>	9.5	0.0	0.0	0.0	0.0
<i>of which: Network Rail</i>	-4.0	-3.6	-4.1	0.0	0.0
<i>of which: other</i>	-2.6	-2.4	-2.2	-0.6	3.3
Total central government capital adjustments	7.8	0.8	-0.6	-2.4	2.0
Local government adjustments in National Accounts					
Adjustments to reconcile use of different data sources	-1.8	-2.6	-3.6	-4.5	-0.7
<i>of which: overhanging debt</i>	0.0	0.0	-0.1	-0.2	0.0
<i>of which: central government support</i>	1.2	0.4	0.7	1.3	3.2
<i>of which: financial transactions</i>	-2.1	-2.1	-2.7	-4.3	-2.2
<i>of which: capital grants from private sector</i>	-0.9	-0.9	-1.4	-1.3	-1.7
Gross fixed capital formation	3.5	3.6	3.8	3.9	1.7
<i>of which: VAT refunds</i>	2.1	2.0	2.0	2.1	1.9
<i>of which: roads de-trunking</i>	0.0	0.0	0.0	0.0	0.0
<i>of which: other</i>	1.4	1.6	1.8	1.8	-0.2
Capital grants	0.1	-0.1	-0.1	-0.1	0.5
<i>of which: grants to public corporations</i>	0.0	0.0	0.0	0.0	0.0
<i>of which: other</i>	0.1	-0.1	-0.1	-0.1	0.5
Total local government capital adjustments	1.7	0.9	0.2	-0.8	1.5
Other capital adjustments					
Public corporations	-0.2	-1.2	-0.7	0.1	-0.1
Housing Revenue Account reform receipts	0.0	0.0	0.0	-0.9	0.0
Other	0.0	0.0	0.0	0.0	0.0
Total other capital adjustments	-0.1	-1.2	-0.6	-0.8	-0.1
Total capital adjustments	4.9	3.8	-6.6	10.3	-1.1
<i>of which:</i>					
Timing adjustments ⁽³⁾					
Central government	-2.3	-1.6	-1.8	-1.3	2.6
Central government	-0.1	0.0	0.0	0.0	-1.1

(1) The accounting adjustments are described in Annex D of PESA.

(2) Offsets with Northern Ireland domestic rates (part of other AME and not in budgets) in local government adjustments in National Accounts

(3) Reflects timing difference between the latest COINS and other source data and the data underlying the Public Sector Finances statistical bulletin. These mainly result from revisions policy and issues with late corrections to OSCAR data in the early years.

Table 1.15 Total Managed Expenditure by spending sector, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Central government own expenditure					
DEL ⁽¹⁾	260,024	269,416	275,462	274,117	280,790
Departmental AME ^{(1) (2)}	233,881	241,317	221,536	370,985	259,014
Locally financed support in Northern Ireland	621	632	661	651	585
Net expenditure transfers to the EU	11,529	11,879	11,658	11,253	9,160
Central government debt interest	48,982	48,796	45,369	45,125	48,380
Accounting and other adjustments ⁽²⁾	-975	-13,462	16,122	-127,760	-8,762
Total central government own expenditure	554,062	558,578	570,808	574,371	589,167
Local government expenditure					
Central government support in DEL	95,880	88,940	86,393	81,123	74,749
Central government support in departmental AME	30,255	36,685	37,641	37,865	37,187
Locally financed support in Scotland	2,263	2,435	2,650	2,789	2,769
Locally financed support in Wales	-	-	-	956	977
Local authority self-financed expenditure	26,507	26,906	28,808	33,567	38,061
Accounting and other adjustments	16,996	17,536	17,678	17,164	19,935
Total local government expenditure	171,901	172,502	173,170	173,464	173,678
Public corporations' expenditure					
DEL	124	-252	-816	36	-114
Departmental AME ⁽²⁾	-457	-992	150	-244	-83
Public corporations' own-financed capital expenditure	14,709	15,926	17,512	14,161	16,977
Accounting and other adjustments	3,672	3,661	3,520	3,796	4,070
Total public corporations' expenditure	18,048	18,343	20,366	17,749	20,850
Bank of England ⁽³⁾	-12,018	-12,537	-12,356	-11,668	-13,119
Total Managed Expenditure	731,993	736,886	751,988	753,916	770,576

1) Full resource budgeting basis, i.e. resource plus capital less depreciation. See Table 2.1

2) Transactions have been affected by financial sector interventions. See Box 2A in Chapter 2.

3) Asset Purchase Facility and Special Liquidity Scheme.

BACKGROUND TO DEPARTMENTAL BUDGETS

1.1 This chapter brings together information on public expenditure within the current budgeting and control framework. This comprises departmental budgets, including all control totals, as well as reconciling from the budgetary framework to the fiscal aggregates in the National Accounts.

WHAT'S NEW

1.2 In 2016 the Government announced the creation of three new departments: the Department for Exiting the European Union (DExEU), the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS).

1.3 DExEU was set up on 14 July 2016 to co-ordinate the United Kingdom's withdrawal from the European Union. Some of the responsibilities of the European and Global Issues Secretariat were transferred from the Cabinet Office. DExEU also took responsibility for European Union functions from the FCO.

1.4 As usual with Machinery of Government changes the transfer of these functions is reflected in the budgets of the transferring and recipient departments for all outturn and plans years. Some £7 million of spend is therefore shown in all outturn years from 2012-13 in respect of the transferred functions.

1.5 DIT took over the functions previously undertaken by the UK Trade & Investment department. DIT also took policy responsibility for the GREAT campaign which was transferred from the Cabinet Office and for the Trade Policy Group which transferred from BEIS.

1.6 BEIS took over the functions of energy and climate change from the former Department of Energy and Climate Change. BEIS transferred responsibility for Apprenticeships, Further Education and Higher Education to the Department for Education on 14 July 2016. The function of offender learning was transferred to the Ministry of Justice on 1 October 2016. More details of the composition of departmental groupings can be found in **Annex B**

THE BUDGETING AND REPORTING FRAMEWORK

1.7 **Table 1.1** summarises public expenditure both in terms of the Treasury's budgeting and control framework¹, and in terms of the National Accounts aggregate Total Managed Expenditure (TME) and its components. **Table 1.2** presents the same information in real terms.

1.8 There is a fuller description of the budgeting and control framework in **Annex C**. This chapter gives a brief overview.

1.9 A clear distinction is made for budgeting between current and capital spending, with departments having separate resource and capital budgets largely based on International Financial Reporting Standards (IFRS). 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.

1.10 Spending that cannot reasonably be subject to firm multi-year limits, or that relates to certain non-cash transactions, 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. Outside departments' budgets, other AME consists of net expenditure transfers to

the EU, locally financed expenditure, debt interest, public corporations' own-financed capital expenditure, and accounting adjustments.

¹ <https://www.gov.uk/government/collections/consolidated-budgeting-guidance>

RECONCILIATION OF BUDGETING AND NATIONAL ACCOUNTS AGGREGATES

1.11 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 gross investment (measured net of sales but gross of depreciation). Note that total public sector depreciation is modelled by the ONS for the National Accounts, while the depreciation referred to in the footnote to **Table 1.1** is depreciation in resource DEL, measured on an IFRS basis.

1.12 **Table 1.1** shows the reconciliation from the resource and capital budgets to the National Accounts measures of public sector current expenditure and public sector gross investment, respectively. With the deduction of depreciation, the latter reconciles to public sector net investment. **Table 1.2** presents the same information in real terms.

1.13 A breakdown of the accounting adjustments used for this reconciliation is shown in **Table 1.14**

1.14 **Table 1.3** shows the resource budget for each departmental group, with **Table 1.4** presenting the same information in real terms. Resource DEL is a control total, which means that departments must manage spending to keep within this total.

1.15 **Table 1.5** shows resource DEL excluding depreciation as first presented in the Spending Review 2010. The depreciation ring fence is a control total that departments must manage. **Table 1.6** presents the same information in real terms.

1.16 **Table 1.8** shows the capital budget for each departmental group, with **Table 1.9** presenting the same information in real terms. Capital DEL is a control total.

ADMINISTRATION BUDGETS

1.17 **Table 1.7** sets out details of administration expenditure in resource DEL for those central government departments that are subject to administration budgets. Administration budgets are set for most civil service departments and are generally designed to contain most back-office functions. These budgets therefore help to drive economy and efficiency in the running of government. Around 65 per cent of administration costs are accounted for by civil service pay, a further 30 per cent is accounted for by procurement of goods and services (e.g. accommodation, equipment, travel). An analysis of administration budgets by economic category is shown in **Table 2.1**.

TOTAL DEL

1.18 **Table 1.10** shows Total DEL by departmental group. Total DEL is made up of resource DEL excluding depreciation plus capital DEL. **Table 1.10** is consistent with **Table 1.5** plus **Table 1.8**. Note that Total DEL is not a control total. **Table 1.11** presents the same information as **Table 1.10** in real terms.

1.19 **Table 1.12** presents total expenditure, i.e. the sum of Total DEL and departmental AME, by departmental group. **Table 1.13** presents the same information as **Table 1.12** in real terms.

PUBLIC EXPENDITURE BY SPENDING SECTOR

1.20 **Table 1.15** shows a breakdown of TME, and within it DEL and AME, between the National Accounts public spending sectors (central government, local government and public corporations).

1.21 This breakdown by sector is used in many of the analyses in this publication. In this table current and capital expenditure are added together (net of depreciation).

1.22 TME is a consolidated measure of public expenditure, i.e. payments from one sector that are used to finance the expenditure of another sector are excluded from TME, as are the corresponding receipts of the counterparty sector. The split by sector of TME presented in PSS records only the 'own' expenditure components that relate to an individual sector.

CENTRAL GOVERNMENT OWN EXPENDITURE

1.23 Central government own expenditure excludes central government spending in support of local government. Loans and capital grants in support of public corporations are also excluded.

1.24 However, subsidies to public corporations are included here, as exceptionally these intra-public sector flows are not consolidated out in the calculation of TME. Central government expenditure includes:

- departments' own spending;
- spending of agencies and Arms Length Bodies (ALBs) classified to central government; and
- spending of the devolved administrations in Scotland, Wales and Northern Ireland.

1.25 Central government own expenditure is shown split into DEL, departmental AME, and other AME, including locally financed central government expenditure. This latter category at present only includes expenditure of the Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in **Chapter 6**.

LOCAL GOVERNMENT EXPENDITURE

1.26 Local government 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 Scottish Government); and
- self-financed expenditure. Further analyses of local government expenditure are presented in **Chapter 7**.

PUBLIC CORPORATIONS' EXPENDITURE

1.27 The impact of public corporations on the parent department can be either in DEL or departmental AME. For most public corporations, DEL includes:

- subsidies and capital grants paid;
- interest and dividends received; and
- loans and public dividend capital invested.

1.28 For self-financing public corporations, grants and subsidies score in DEL and the other items are contained in departmental AME.

1.29 Subsidies to public corporations are included in central government own expenditure as they affect central government current expenditure in TME. The total public corporations' expenditure line in this table shows their contribution to TME, which is capital expenditure plus interest and dividends paid to the private sector. Further analyses for public corporations, including information on subsidies, are presented in **Chapter 8**.

CHAPTER 2 ECONOMIC ANALYSES OF BUDGETS

OVERVIEW

The tables in chapter 2 of Public Spending Statistics present an analysis by economic category of the budgeting aggregates shown in chapter 1. A description of the economic categories referred to below can be found in the main chapter text of the Public Spending Statistics.

RESOURCE DEL

- Total resource DEL in real terms was £328.6bn in 2016-17, a decrease of 1.0 per cent on the previous year. This represents a fall of £2.6bn (0.8 per cent) since 2012-13.
- Staff costs increased by 4.4 per cent in 2015-16, a reflection of the reclassification of academies from local to central government.
- Expenditure on grants to local government totalled £66.4bn in 2016-17, a fall of 6.0 per cent on 2015-16. The two greatest causes of this are the move of schools from local government to academies and the fall in Revenue Support Grant, both occurring in England. The financing of local government expenditure is examined in more detail in chapter 7 of PESA.
- Expenditure on gross current procurement increased by 5.2 per cent in 2016-17. A breakdown of gross current procurement by individual departments is shown in table 2.2.
- Spending on administration, composed mainly of pay and procurement, stood at £9.3bn in 2016-17. This is a fall of -4.0 per cent on the previous year.

RESOURCE AME

- Total resource AME stood at £292.8bn in 2016-17, a decrease of 29.9 per cent on 2015-16. This reflects the significant change in the accounting valuation of provisions as a result of changes in the long-term discount rate in 2015-16, which increased the present value of expected future long-term costs, appearing as a one-off cost in that year.
- The majority of the spending within resource AME is made up of grants to persons and non-profit bodies, which is mainly social security benefits. Expenditure on this heading rose by 0.9 per cent to £197.4bn in 2016-17 from £195.7bn in the previous year.
- Depreciation decreased to -£14.3bn from £3.9bn in 2015-16. This is mainly due to fluctuations in financial sector interventions by HM Treasury

CAPITAL BUDGETS

- Capital spending within budgets was £55.2bn in 2016-17, a rise of 40.4 per cent on the previous year. The majority of capital spending occurred within DEL. Within Capital departmental AME net lending and investment to the private sector and abroad moved from -£17.7bn in 2015-16 to -£4.8bn in 2016-17. This is mainly in respect of lending to banks together with lower income from the sale of shares in Lloyds Banking Group and the Royal Bank of Scotland.
- Within capital budgets, support for local government decreased by -£2.5bn (-23.5 per cent) in 2016-17, largely due to one-off recognition of the transfer of fixed assets from local government to academies in previous years. Table 7.3 of PESA breaks this down by country and department. In the same year gross capital procurement increased by £1.3bn (3.8 per cent).

Table 2.1 Budgets by economic category of spending, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Resource DEL					
Staff costs	99,026	102,951	106,942	111,686	116,565
Gross current procurement	105,185	107,585	112,290	112,077	117,924
Income from sales of goods and services	-16,547	-18,171	-18,849	-17,465	-21,183
Current grants to local government	86,213	79,796	76,145	70,611	66,406
Current grants to persons and non-profit bodies	21,632	20,531	19,515	18,866	18,698
Current grants abroad	969	2,579	1,730	2,502	3,038
Subsidies to private sector companies	6,009	6,002	5,237	5,044	5,851
Subsidies to public corporations	1,707	1,094	886	805	640
Net public service pensions ⁽¹⁾	43	134	540	142	86
Rentals	7,159	7,168	7,916	8,036	6,773
Depreciation ⁽²⁾	21,504	22,298	17,169	18,742	25,052
Take up of provisions	-21	-22	-147	44	2
Release of provisions	-12	-16	-2	-2	0
Change in pension scheme liabilities	22	16	74	16	14
Unwinding of the discount rate on pension scheme liabilities	25	32	0	2	0
Release of provisions covering payments of pensions benefits	0	0	-386	0	0
Other	-1,749	-1,318	-4,049	-5,689	-11,256
Plus unallocated funds	-	-	-	-	-
Total resource DEL	331,165	330,659	325,013	325,416	328,610
Of which: administration budgets in resource DEL					
Staff costs	8,463	7,497	6,680	6,609	6,425
Gross current procurement	4,095	4,352	5,007	4,199	3,788
Income from sales of goods and services	-1,005	-1,152	-1,625	-1,288	-1,338
Rentals	617	473	299	309	381
Depreciation	744	637	504	479	428
Other	-439	-219	-471	-614	-375
Total administration budgets in resource DEL	12,476	11,589	10,394	9,695	9,310
Resource departmental AME					
Staff costs	1,050	1,028	1,135	2,769	2,865
Gross current procurement	3,279	2,916	3,094	4,815	4,774
Income from sales of goods and services ⁽³⁾	-1,240	-354	-461	-181	-512
Current grants to local government	30,123	36,552	37,331	37,536	37,232
Current grants to persons and non-profit bodies	186,470	188,433	192,848	195,695	197,413
Subsidies to private sector companies	465	604	1,099	1,773	1,493
Subsidies to public corporations	-83	-70	-66	10	2
Net public service pensions ⁽¹⁾	8,577	8,947	9,641	9,509	8,805
Rentals	83	107	109	-218	-289
Depreciation ⁽³⁾	-13,633	10,358	-42,188	3,899	-14,273
Take up of provisions ⁽³⁾	18,297	13,466	14,901	133,329	18,023
Release of provisions	-7,637	-4,805	-4,369	-5,420	-4,585
Change in pension scheme liabilities	26,928	28,740	34,186	37,229	35,225
Unwinding of the discount rate on pension scheme liabilities	40,499	37,991	46,255	42,882	41,788
Release of provisions covering payments of pensions benefits	-30,546	-32,246	-34,222	-35,327	-35,476
Other	-2,562	-8,468	-4,991	-10,436	266
Total resource departmental AME	260,070	283,199	254,303	417,863	292,753

Table 2.1 Budgets by economic category of spending, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Resource budgets					
Staff costs	100,077	103,979	108,077	114,455	119,430
Gross current procurement	108,464	110,501	115,384	116,892	122,698
Income from sales of goods and services ⁽³⁾	-17,787	-18,525	-19,309	-17,646	-21,695
Current grants to local government	116,335	116,348	113,476	108,147	103,638
Current grants to persons and non-profit bodies	208,101	208,964	212,363	214,586	216,110
Current grants abroad	969	2,579	1,730	2,477	3,038
Subsidies to private sector companies	6,474	6,606	6,336	6,817	7,345
Subsidies to public corporations	1,625	1,023	821	815	642
Net public service pensions ⁽¹⁾	8,620	9,081	10,182	9,651	8,891
Rentals	7,243	7,275	8,025	7,818	6,484
Depreciation ^{(2) (3)}	7,871	32,656	-25,019	22,642	10,779
Take up of provisions ⁽³⁾	18,275	13,444	14,754	133,372	18,026
Release of provisions	-7,650	-4,821	-4,371	-5,421	-4,585
Change in pension scheme liabilities	26,950	28,756	34,259	37,245	35,239
Unwinding of the discount rate on pension scheme liabilities	40,524	38,023	46,256	42,883	41,788
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-30,547	-32,247	-34,608	-35,328	-35,476
Other	-4,311	-9,786	-9,040	-16,125	-10,990
Plus unallocated funds	-	-	-	-	-
Total resource budgets	591,234	613,858	579,316	743,279	621,363
Capital DEL					
Capital support for local government	9,668	9,144	10,248	10,512	8,343
Capital grants to persons and non-profit bodies	5,882	6,145	6,589	6,853	4,606
Capital grants to private sector companies	5,893	6,364	6,513	2,261	2,665
Capital grants abroad	1,851	2,092	2,063	2,407	2,558
Capital support for public corporations	297	-66	-599	294	367
Release of provisions	-	4	-	-	-
Gross capital procurement	25,044	25,845	28,328	26,545	27,641
Income from sales of assets	-2,442	-1,445	-2,048	-2,381	-1,646
Net lending and investment to the private sector and abroad ⁽³⁾	584	1,846	3,010	2,302	4,430
Other	-409	-186	-909	-192	2,903
Plus unallocated funds in capital DEL	-	-	-	-	-
Total capital DEL	46,367	49,742	53,195	48,602	51,866
Capital departmental AME					
Capital support for local government	133	132	310	329	-45
Capital grants to persons and non-profit bodies	369	327	333	138	486
Capital grants to private sector companies	0	-1,016	-500	-13	-5
Capital grants abroad	-	-20	17	2	-
Capital support for public corporations	-198	-797	263	29	115
Take up of Provisions	35	73	149	83	8
Release of Provision	-142	-73	-80	-99	-72
Gross capital procurement	204	33	180	7,021	7,209
Income from sales of assets	-211	-127	-281	-140	-3
Net lending and investment to the private sector and abroad	3,233	-4,761	-2,264	-17,668	-4,777
Other	188	40	6,898	1,061	449
Total capital departmental AME	3,610	-6,189	5,024	-9,257	3,365
Capital budgets					
Capital support for local government	9,800	9,276	10,558	10,841	8,297
Capital grants to persons and non-profit bodies	6,251	6,472	6,921	6,991	5,092
Capital grants to private sector companies	5,892	5,348	6,013	2,248	2,660
Capital grants abroad	1,851	2,072	2,080	2,409	2,558
Capital support for public corporations	99	-863	-336	323	482
Take up of Provisions	35	73	149	83	8
Release of Provision	-142	-69	-80	-99	-72
Gross capital procurement	25,248	25,878	28,508	33,566	34,850
Income from sales of assets	-2,652	-1,572	-2,328	-2,521	-1,649
Net lending and investment to the private sector and abroad ⁽³⁾	3,817	-2,916	746	-15,366	-347
Other	-221	-146	5,989	869	3,352
Plus unallocated funds in capital DEL	-	-	-	-	-
Total capital budgets	49,977	43,553	58,219	39,345	55,231

(1) Figures here are based on payments and receipts that score in TME and incorporate the net effect of bulk and individual transfers. The Resource Accounts based measure of net public service pensions is used in Table 1.1.

(2) Excludes NHS Trusts' depreciation as exceptionally this is not removed in the calculation of TDEL.

(3) Transactions have been affected by financial sector interventions. See Box 2.A for details.

(4) Payments that release provision include bulk and individual transfers, including the transfer of liabilities within government.

Table 2.2 Gross current procurement in budgets, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Gross current procurement in budgets					
Defence	11,013	11,549	11,836	11,223	11,029
Single Intelligence Account	846	832	983	1,084	1,107
Home Office	2,159	2,208	2,254	2,445	2,491
Foreign and Commonwealth Office	957	727	487	542	592
International Development	726	1,057	1,218	1,193	1,170
NHS (Health)	55,212	55,247	59,341	60,359	65,952
Work and Pensions	2,078	2,242	2,427	2,261	2,060
Education	3,097	3,837	4,427	4,306	4,830
Business, Energy and Industrial Strategy	2,023	2,407	2,220	2,255	2,030
Transport	1,854	1,953	1,745	3,604	3,798
Exiting the European Union	3	4	4	4	11
Culture, Media and Sport	3,653	3,621	3,580	3,091	3,183
DCLG Communities	304	260	288	310	312
DCLG Local Government	89	0	-	-	-
Scotland	6,851	7,406	7,902	7,502	7,462
Wales	3,410	3,421	3,471	3,566	3,854
Northern Ireland	4,126	4,296	4,212	4,275	4,112
Justice	5,867	5,382	4,825	4,465	4,847
Law Officers' Departments	281	278	300	313	294
Environment, Food and Rural Affairs	1,215	1,141	1,161	1,032	851
HM Treasury	380	201	246	575	201
HM Revenue & Customs	1,154	1,220	1,160	1,245	1,365
Cabinet Office	256	241	323	317	284
International Trade	150	191	202	211	203
Small and Independent Bodies	759	780	770	713	661
Total gross current procurement in budgets	108,464	110,501	115,384	116,892	122,698

Table 2.2 Gross current procurement in budgets, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Gross current procurement in budgets					
Defence	11,013	11,549	11,836	11,223	11,029
Single Intelligence Account	846	832	983	1,084	1,107
Home Office	2,159	2,208	2,254	2,445	2,491
Foreign and Commonwealth Office	957	727	487	542	592
International Development	726	1,057	1,218	1,193	1,170
NHS (Health)	55,212	55,247	59,341	60,359	65,952
Work and Pensions	2,078	2,242	2,427	2,261	2,060
Education	3,097	3,837	4,427	4,306	4,830
Business, Energy and Industrial Strategy	2,023	2,407	2,220	2,255	2,030
Transport	1,854	1,953	1,745	3,604	3,798
Exiting the European Union	3	4	4	4	11
Culture, Media and Sport	3,653	3,621	3,580	3,091	3,183
DCLG Communities	304	260	288	310	312
DCLG Local Government	89	0	-	-	-
Scotland	6,851	7,406	7,902	7,502	7,462
Wales	3,410	3,421	3,471	3,566	3,854
Northern Ireland	4,126	4,296	4,212	4,275	4,112
Justice	5,867	5,382	4,825	4,465	4,847
Law Officers' Departments	281	278	300	313	294
Environment, Food and Rural Affairs	1,215	1,141	1,161	1,032	851
HM Treasury	380	201	246	575	201
HM Revenue & Customs	1,154	1,220	1,160	1,245	1,365
Cabinet Office	256	241	323	317	284
International Trade	150	191	202	211	203
Small and Independent Bodies	759	780	770	713	661
Total gross current procurement in budgets	108,464	110,501	115,384	116,892	122,698

BACKGROUND TO ECONOMIC ANALYSES

2.1 This chapter provides an economic category analysis of the budgeting aggregates presented in **Chapter 1**. All data in this chapter fall within the scope of National Statistics.

WHAT'S NEW

2.2 In 2016 the Government announced the creation of three new departments: the Department for Exiting the European Union (DExEU), the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS).

2.3 DExEU was set up on 14 July 2016 to co-ordinate the United Kingdom's withdrawal from the European Union. Some of the responsibilities of the European and Global Issues Secretariat were transferred from the Cabinet Office. DExEU also took responsibility for European Union functions from the FCO.

2.4 DIT took over the functions previously undertaken by the UK Trade & Investment department. DIT also took policy responsibility for the GREAT campaign which was transferred from the Cabinet Office and for the Trade Policy Group which transferred from BEIS.

2.5 BEIS took over the functions of energy and climate change from the former Department of Energy and Climate Change. BEIS transferred responsibility for Apprenticeships, Further Education and Higher Education to the Department for Education on 14 July 2016. The function of offender learning was transferred to the Ministry of Justice on 1 October 2016.

ANALYSES OF BUDGETS BY ECONOMIC CATEGORY OF SPENDING

2.6 **Table 2.1** shows analyses of budgets by economic category of spending, consistent with the budgeting aggregates reported in **Chapter 1**. The breakdowns of resource DEL and resource departmental AME are consistent with **Table 1.3**; administration budgets in resource DEL with **Table 1.7**; and capital budgets with **Table 1.8**.

2.7 Brief descriptions of the largest economic categories are given below, including the main differences from the corresponding economic categories presented against the expenditure on services framework in **Tables 5.3 and 6.5**.

2.8 **Staff costs** 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 and payments for contract and agency staff that were formerly treated as procurement expenditure.

2.9 **Gross current procurement** shows expenditure on goods and services, including accommodation and building management, ICT outsourcing, maintenance and support, travel costs and payments for consultancy and audit services. It also includes the purchase of services from GPs.

2.10 Current grants include all transfer payments other than subsidies (see 2.8 below) that are not used to fund capital formation. In **Table 2.1** these grants are analysed by recipient: local government; persons and non-profit bodies; and overseas recipients. **Current grants to local government** are intra-public sector payments that consolidate out of Total Managed Expenditure (TME), which is the government's preferred measure of total public spending. Further information on local government finance is given in **Chapter 7**. **Current grants to persons and non-profit bodies** largely comprise social security benefits included in resource departmental AME, as well as funding (usually in DEL) to further and higher education institutions and other non-profit private sector bodies. **Current grants abroad** are mainly foreign aid, such as programmes to reduce poverty.

2.11 Subsidies are current transfer payments to trading businesses (both private sector companies and public corporations) to provide support for current costs, including payments to farmers under the EU's Common Agricultural Policy as well as subsidies to rail and bus operators. They are given with the objective of influencing their levels of production, their prices, or other factors. Unlike other intra-public sector transactions, subsidies to public corporations are included within TME as the receipt of this funding, and subsequent spending, is included within the calculation of the PC's gross operating surplus (which scores on the revenue side of the National Accounts).

2.12 Rentals shows net expenditure on hire and rentals under PFI and non-PFI operating leases.

2.13 Depreciation, also termed capital consumption, represents the amount of capital used up in respect of fixed assets measured on the basis of International Financial Reporting Standards (IFRS). 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. As mentioned above, depreciation now also includes the grant equivalent element of student lending. This is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate.

2.14 Take-up of provisions are costs in resource budgets recognising that liabilities have been incurred that will more likely than not lead to a future payment, but where the amount and timing of these future payments are uncertain. Upon settling the liability the payment scores to the resource or capital 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. These lines do not include pension scheme provisions (see below).

Box 2.A: Treatment of financial sector interventions in budgets

In the pre-Budget report of December 2009 the use in fiscal policy of new aggregates excluding the temporary effects of financial interventions was introduced. In these aggregates, banks that are classified to the public sector in the National Accounts (Northern Rock, Bradford & Bingley, Dunfermline, Lloyds Banking Group and Royal Bank of Scotland) are treated as if they are outside the public sector, reflecting the Government's intention to return these banks or their assets to the private sector.

The financial sector interventions are treated as follows in **Table 2.1**:

Resource budget

- Income from sales of goods and services: -£0.5 billion in 2012-13, £0.0 billion in 2013-14, -£0.2 billion in 2014-15, £0.0 billion in 2015-16 and -£0.1 billion in 2016-17. This is mainly underwriting commission and guarantee fee income;
- Depreciation: : In 2012-13 there was a gain of £17.1 billion in 2012-13 in respect of BEAPFF and an impairment of £13.0 billion in 2013-14. There was a further gain of £48.0 billion in 2014-15, £6.3 billion in 2015-16 and £23.1 billion in 2016-17.
- Other: income of £0.8 billion in 2012-13, -£4.5 billion in 2013-14, -£0.5 billion in 2014-15, -£6.2 billion in 2015-16 and -£1.7 billion in 2016-17. This is mainly interest paid to government and from the sale of shares in Lloyds Banking Group.

Capital budget

- Net lending to the private sector: -£3.6 billion in 2012-13, -£4.9 billion in 2013-14, -£3.0 billion in 2014-15, -£11.3 billion in 2015-16 and -£3.5 billion in 2016-17. This is mainly lending to banks and the Financial Services Compensation Scheme and subsequent repayments, and income from the sale of shares in Lloyds Banking Group in 2013-14, 2014-15, 2015-16 and 2016-17. Figures for 2015-16 also reflect the income from an initial sale of Royal Bank of Scotland shares in August 2015.

These transactions score within the HM Treasury AME budget.

2.15 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 cash 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 measured on an IFRS basis. This includes changes to current service costs, the non-cash impact of bulk or individual transfers in or out, and purchases of added years. **Release of provisions covering payments of pension benefits** records a reduction equal and opposite to the 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 (so the effects of discounting reduce). More information on pensions is included in **Annex D**, and a reconciliation from IFRS pensions in departmental AME to the National Accounts measure is given in **Table D1**.

2.16 Capital grants are transfer payments that are usually made on the condition that the recipient uses the funds for capital projects. Capital grants in **Table 2.1** are analysed by the nature of the recipient: persons and non-profit bodies; private sector companies; and overseas recipients. Capital grants to local government and public corporations are included as part of the respective capital support rows (see paragraphs 2.13 and 2.14).

2.17 Capital support for local government shows central government support for local government capital expenditure, comprising capital grants and Supported Capital Expenditure (Revenue). More information is given in **Chapter 7**.

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

2.19 Gross capital procurement comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any net increases in stock (where included in budgets). It is measured gross of depreciation. It includes the pay of civil servants engaged in in-house capital formation that is recorded as capital expenditure, rather than as pay..

2.20 Income from sales of capital assets records the sale value (book value plus profit/loss) of any assets, such as land, buildings and machinery, disposed of.

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

2.22 Other includes items that are too small or too uncommon to warrant an individual line. These include certain receipts that are usually treated as part of revenue in the National Accounts and certain financial transactions. Write-offs of stock and loans are also recorded here. In **Chapters 5 and 6** they are recorded as capital grants in line with National Accounts.

2.23 Table 2.2 shows central government gross current procurement expenditure in budgets by departmental group.

2.24 Table 2.3 shows central government own capital procurement, gross of depreciation and before deduction of sales, broken down by departmental group.

CHAPTER 4 TRENDS IN PUBLIC SPENDING

OVERVIEW

The tables in chapter 4 show trends in public spending on a longer run basis than other chapters in release, in nominal terms, real terms (inflation-adjusted) and percentage of GDP terms.

Table 4.1 shows long run trends in Total Managed Expenditure (TME) and its Public Sector Current Expenditure (PSCE) and Public Sector Net Investment (PSNI) components back to 1976-77.

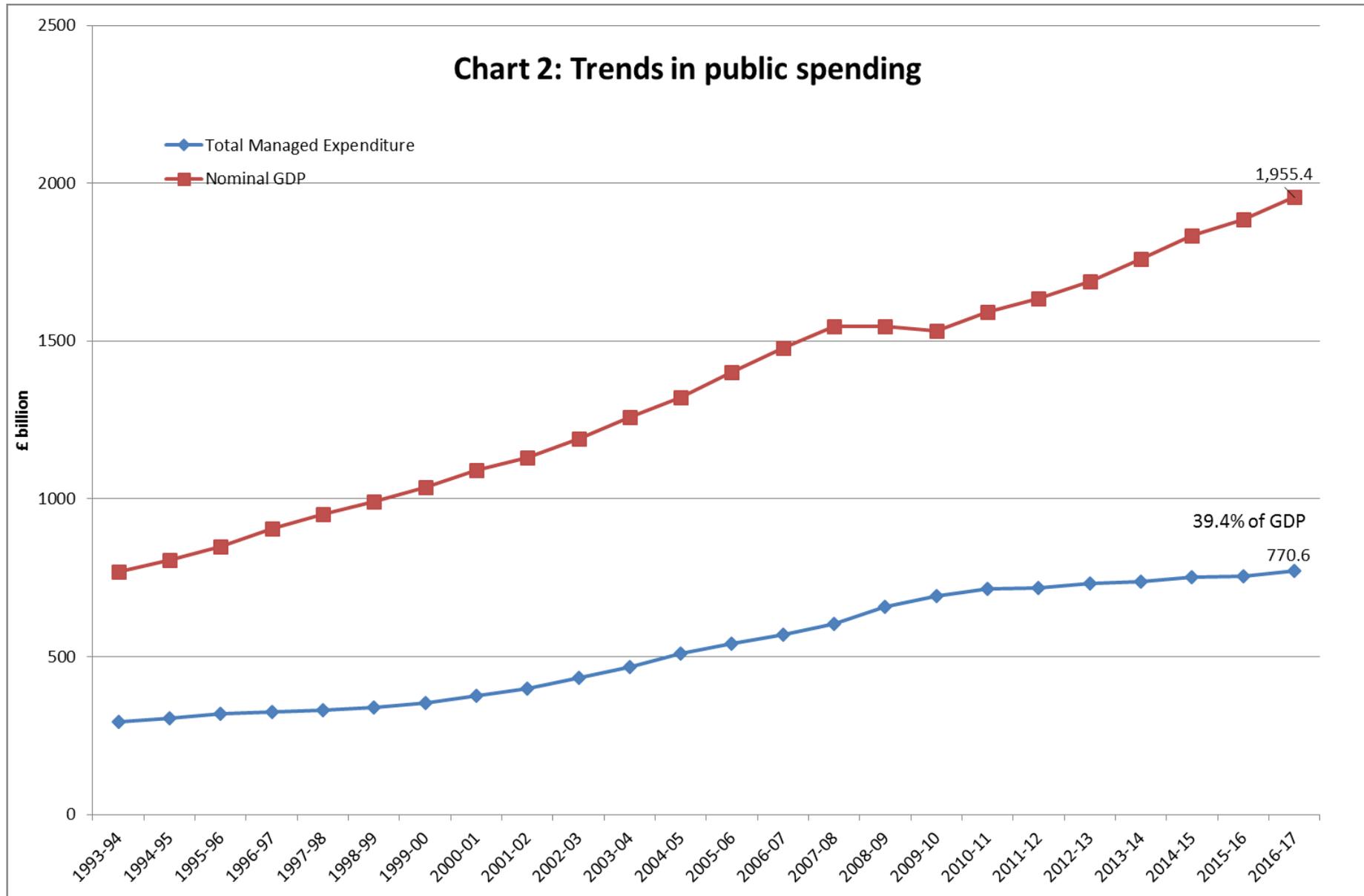
Tables 4.2 to 4.4 show total expenditure on services split by high level spending function (health, education, social protection, etc.) back to 1993-94.

TRENDS IN TME, PSCE AND PSNI (TABLE 4.1)

- During 2016-17, Total Managed Expenditure has increased in nominal terms by £16.7bn (2.2 per cent), and also in real (inflation-adjusted) terms by £1.6bn (0.2 per cent).
- Since 1976-77, real terms year-on-year decreases in TME have only occurred in 1977-78, 1985-86, 1988-89, 1996-97, 2011-12, 2013-14 and 2015-16.
- TME as a percentage of GDP, which shows the size of the public sector relative to the size of the whole economy, was 39.4 per cent in 2016-17. This is lowest figure since 2007-08.

TRENDS IN FUNCTIONAL EXPENDITURE (TABLE 4.2 TO 4.4)

- In real terms, spending in six functions increased whilst spending in four functions fell during 2016-17.
- The largest real terms percentage increases were in **Recreation, Culture and Religion** (4.5 per cent) and in **Housing and Community Amenities** (3.9 per cent).
- The largest real terms decreases in spending were in **Environment Protection** (-5.0 per cent), and in **Public Order and Safety** (-2.3 per cent).
- Spending on **Health** shows a nominal and real terms increase in 2016-17 (4.2 per cent in nominal terms, 2.1 per cent in real terms).
- For greater detail see Table 5.2, which shows a breakdown of public spending at the sub-functional level.



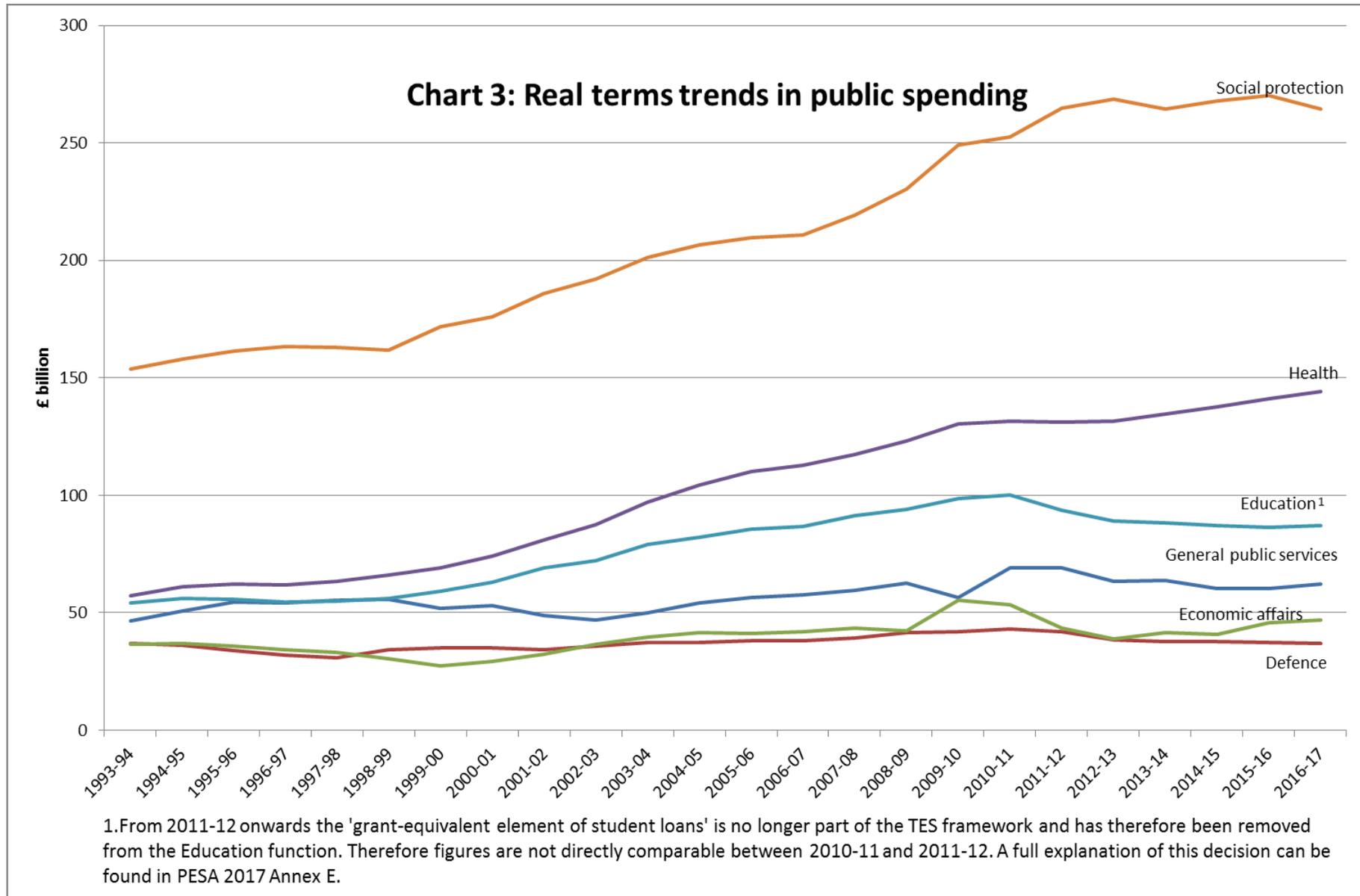


Table 4.1 Public expenditure aggregates, 1976-77 to 2016-17

Outturn data in this table up to 2016-17 fall within the scope of National Statistics

	Public sector current expenditure			Depreciation	Public sector net investment			Total Managed Expenditure ⁽²⁾		
	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
1976-77	51.2	294.8	36.3	6.4	6.4	37.0	4.6	64.1	368.8	45.4
1977-78	57.5	291.0	34.9	7.4	5.2	26.5	3.2	70.2	354.9	42.5
1978-79	66.1	300.7	34.6	8.4	5.2	23.7	2.7	79.7	362.5	41.7
1979-80	79.6	309.7	34.4	10.0	5.8	22.4	2.5	95.3	371.0	41.2
1980-81	96.8	316.3	36.4	12.1	5.8	19.0	2.2	114.7	374.7	43.2
1981-82	110.8	327.9	37.5	13.2	4.1	12.2	1.4	128.2	379.2	43.3
1982-83	121.6	335.7	37.5	13.9	6.1	16.9	1.9	141.6	390.9	43.6
1983-84	131.3	345.9	37.0	14.6	7.6	20.0	2.1	153.4	404.2	43.2
1984-85	142.0	353.7	37.1	14.8	7.3	18.2	1.9	164.1	408.8	42.9
1985-86	150.5	355.0	35.7	14.4	6.3	15.0	1.5	171.3	403.9	40.7
1986-87	158.7	359.4	35.1	14.9	4.8	10.9	1.1	178.4	404.1	39.4
1987-88	169.6	364.3	33.4	14.9	4.7	10.1	0.9	189.3	406.4	37.3
1988-89	176.3	355.6	31.2	15.8	3.8	7.7	0.7	195.9	395.1	34.6
1989-90	191.1	357.9	30.7	16.8	9.0	16.8	1.4	216.8	406.1	34.8
1990-91	208.1	360.5	31.0	16.7	10.3	17.8	1.5	235.1	407.3	35.0
1991-92	232.0	380.4	32.8	15.4	13.5	22.1	1.9	260.9	427.8	36.9
1992-93	252.1	403.6	34.7	15.3	14.0	22.5	1.9	281.5	450.6	38.7
1993-94	266.2	416.5	34.6	15.6	11.9	18.7	1.6	293.7	459.6	38.2
1994-95	277.6	429.5	34.4	15.7	12.3	19.0	1.5	305.5	472.7	37.9
1995-96	291.2	437.3	34.3	15.7	12.6	18.9	1.5	319.4	479.7	37.6
1996-97	300.3	434.4	33.2	16.0	7.6	11.0	0.8	323.9	468.6	35.8
1997-98	307.1	437.4	32.3	18.7	4.3	6.1	0.5	330.1	470.1	34.8
1998-99	315.3	443.0	31.8	18.8	5.6	7.9	0.6	339.7	477.3	34.3
1999-00	326.6	456.5	31.5	19.4	6.4	9.0	0.6	352.5	492.6	34.0
2000-01	348.3	476.9	31.9	20.0	6.4	8.8	0.6	374.6	513.0	34.3
2001-02	365.8	494.6	32.3	20.9	12.8	17.3	1.1	399.5	540.1	35.3
2002-03	393.8	520.7	33.1	22.8	14.9	19.7	1.3	431.6	570.6	36.2
2003-04	430.1	556.2	34.2	22.9	14.6	18.9	1.2	467.6	604.7	37.1
2004-05	463.3	583.6	35.1	24.5	21.7	27.3	1.6	509.5	641.7	38.6
2005-06	490.5	601.8	35.0	25.9	25.5	31.3	1.8	541.8	664.8	38.6
2006-07	513.9	612.0	34.8	27.2	27.5	32.8	1.9	568.7	677.2	38.5
2007-08	544.4	633.0	35.2	28.2	30.7	35.7	2.0	603.4	701.5	39.0
2008-09	577.3	653.5	37.3	30.5	51.4	58.2	3.3	659.2	746.2	42.6
2009-10	609.5	680.6	39.8	31.6	52.0	58.0	3.4	693.1	773.9	45.3
2010-11	637.6	699.1	40.1	33.1	44.4	48.6	2.8	715.1	784.1	44.9
2011-12	646.1	698.8	39.5	35.2	34.8	37.7	2.1	716.2	774.5	43.8
2012-13	656.5	695.4	38.8	36.4	39.1	41.4	2.3	732.0	775.3	43.3
2013-14	666.8	694.8	37.9	37.8	32.3	33.7	1.8	736.9	767.9	41.9
2014-15	676.3	694.5	36.9	38.8	36.9	37.9	2.0	752.0	772.3	41.0
2015-16	682.3	695.9	36.2	40.0	31.6	32.3	1.7	753.9	769.0	40.0
2016-17	691.4	691.4	35.4	41.0	38.1	38.1	2.0	770.6	770.6	39.4

(1) Real terms figures are the nominal figures adjusted to 2016-17 price levels using GDP deflators from the Office for National Statistics (released 30 June 2017).

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Public Spending Statistics July 2017

Table 4.2 Public sector expenditure on services by function, 1993-94 to 2016-17

	cash basis					accruals basis																		
	National Statistics																							
	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
1. General public services	29.8	32.7	36.3	37.4	39.0	39.7	37.2	38.6	36.1	35.5	38.7	43.0	46.1	48.4	51.3	55.5	50.6	63.1	63.8	59.6	61.0	58.9	59.1	62.3
of which: public and common services	5.8	5.9	6.1	6.2	6.2	7.2	8.0	7.9	9.2	9.8	10.9	12.1	12.8	12.7	12.5	14.0	13.8	12.8	11.5	11.2	11.2	11.4	11.2	13.1
of which: international services	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	6.7	6.4	7.1	7.8	7.7	7.7	9.8	10.5	10.4	9.8
of which: public sector debt interest	20.8	23.5	26.8	28.1	29.7	29.3	25.5	26.5	22.6	21.2	22.7	25.4	27.1	29.4	32.1	35.1	29.7	42.5	44.6	40.7	40.1	37.0	37.5	39.4
2. Defence ⁽¹⁾	23.5	23.3	22.5	22.1	21.7	24.5	25.1	25.7	25.4	27.0	28.8	29.8	31.0	32.2	33.7	36.8	37.7	39.3	38.7	36.3	36.4	36.7	36.6	37.0
3. Public order and safety	15.0	15.6	16.0	16.4	17.1	18.0	18.4	20.4	23.1	24.4	26.4	28.5	29.3	30.4	31.7	33.7	34.1	33.1	32.1	31.3	29.6	30.5	30.2	30.1
4. Economic affairs	23.9	23.9	23.6	23.4	21.6	19.6	21.5	23.8	27.7	30.7	33.1	33.6	35.3	37.5	37.4	49.7	48.7	40.0	37.8	36.8	39.8	39.9	44.8	47.1
of which: enterprise and economic development ⁽²⁾	5.5	4.7	4.5	4.3	4.3	3.1	4.4	4.9	5.1	5.9	6.0	6.5	6.4	6.3	7.1	16.2	12.2	4.9	4.8	5.0	5.7	5.1	5.3	5.8
of which: science and technology	1.5	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.7	2.1	2.3	2.5	3.0	2.9	3.3	3.2	3.6	3.4	3.6	3.3	4.2	4.5	4.8	3.9
of which: employment policies	3.1	3.2	3.1	2.8	2.5	2.9	3.5	3.8	3.3	3.0	3.2	3.2	3.3	3.3	2.1	3.5	4.1	4.7	3.2	2.9	3.7	3.2	2.4	2.5
of which: agriculture, fisheries and forestry	3.8	3.4	3.9	5.4	4.7	4.4	4.3	4.7	6.3	4.9	5.3	5.4	5.6	5.1	4.3	5.8	5.8	5.5	5.8	5.3	5.4	5.2	4.5	5.3
of which: transport ^{(3), (4)}	10.0	11.5	10.9	9.5	8.7	7.8	7.9	9.0	11.3	14.8	16.3	16.0	17.0	19.9	20.6	21.0	23.0	21.5	20.4	20.3	20.9	22.0	27.8	29.6
5. Environment protection	3.4	3.8	4.1	3.7	4.0	4.3	4.9	5.1	5.4	6.0	6.2	7.0	8.5	9.4	9.6	9.2	10.4	10.9	10.5	10.7	11.2	11.6	11.6	11.3
6. Housing and community amenities	6.2	6.2	6.0	5.7	4.9	5.5	4.7	5.5	6.2	5.4	6.7	8.0	10.7	11.5	13.0	15.3	16.3	13.3	10.2	10.1	10.0	10.4	10.0	10.6
7. Health	36.6	39.4	41.4	42.8	44.5	46.9	49.4	54.2	59.8	66.2	74.9	82.9	89.8	94.7	101.1	108.7	116.9	119.9	121.3	124.3	129.4	134.1	138.5	144.3
8. Recreation, culture and religion	5.1	5.2	5.5	5.7	6.4	7.2	7.7	7.8	8.6	9.3	9.7	10.0	10.8	11.4	11.9	12.4	13.2	13.0	12.5	12.7	11.4	12.4	10.9	11.6
9. Education	34.7	36.2	37.0	37.8	38.6	40.0	42.2	45.9	51.2	54.7	61.0	65.1	69.8	73.0	78.7	83.0	88.5	91.5	86.5	84.0	84.9	85.1	84.8	87.2
10. Social protection	98.3	102.0	107.6	112.8	114.5	115.2	123.0	128.5	137.4	145.3	155.6	164.1	171.0	177.0	188.6	203.4	223.0	230.4	244.8	253.4	254.0	260.9	265.0	264.3
EU transactions ⁽⁵⁾	-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	-1.5	-2.9	0.9	5.9	4.3	6.7	7.2	6.2	7.7	4.7
Public sector expenditure on services	271.8	284.0	295.9	302.6	308.6	318.3	331.4	352.9	376.1	402.6	439.0	471.1	501.7	523.7	555.5	604.8	640.3	660.4	662.4	666.0	674.8	686.7	699.2	710.5
Accounting adjustments	21.9	21.5	23.5	21.3	21.6	21.4	21.1	21.7	23.4	29.0	28.6	38.4	40.2	44.9	47.9	54.4	52.8	54.7	53.8	66.0	62.0	65.3	54.7	60.1
Total Managed Expenditure⁽⁶⁾	293.7	305.5	319.4	323.9	330.1	339.7	352.5	374.6	399.5	431.6	467.6	509.5	541.8	568.7	603.4	659.2	693.1	715.1	716.2	732.0	736.9	752.0	753.9	770.6

(1) The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/on/natohq/topics_49198.htm

(2) Transactions in 2008-09 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

(3) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

(4) In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

(5) From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

(6) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Public Spending Statistics July 2017

Table 4.3 Public sector expenditure on services by function in real terms⁽¹⁾, 1993-94 to 2016-17

£ billion

	cash basis					accruals basis																		
	National Statistics																							
	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
1. General public services	46.6	50.6	54.5	54.1	55.5	55.8	51.9	52.9	48.8	46.9	50.0	54.2	56.5	57.7	59.6	62.8	56.5	69.2	69.0	63.2	63.6	60.5	60.3	62.3
of which: public and common services	9.1	9.1	9.2	9.0	8.8	10.1	11.2	10.8	12.4	13.0	14.1	15.2	15.7	15.1	14.5	15.8	15.4	14.0	12.4	11.8	11.6	11.8	11.4	13.1
of which: international services	5.0	5.1	5.1	4.5	4.4	4.5	5.2	5.8	5.8	5.9	6.6	6.9	7.6	7.5	7.8	7.2	7.9	8.6	8.4	8.2	10.2	10.8	10.6	9.8
of which: public sector debt interest	32.5	36.3	40.2	40.7	42.2	41.2	35.6	36.3	30.5	28.0	29.4	32.0	33.2	35.0	37.3	39.7	33.2	46.6	48.3	43.1	41.8	38.0	38.2	39.4
2. Defence ⁽²⁾	36.8	36.1	33.8	32.0	30.9	34.4	35.1	35.2	34.3	35.7	37.2	37.5	38.0	38.3	39.2	41.7	42.1	43.1	41.8	38.5	37.9	37.7	37.4	37.0
3. Public order and safety	23.5	24.1	24.0	23.7	24.4	25.3	25.7	27.9	31.2	32.3	34.1	35.9	35.9	36.2	36.9	38.1	38.1	36.3	34.7	33.2	30.8	31.3	30.8	30.1
4. Economic affairs	37.4	37.0	35.4	33.8	30.8	27.5	30.0	32.6	37.5	40.6	42.8	42.3	43.3	44.7	43.5	56.3	54.4	43.9	40.9	38.9	41.4	40.9	45.7	47.1
of which: enterprise and economic development ⁽³⁾	8.6	7.3	6.8	6.2	6.1	4.4	6.1	6.7	6.9	7.8	7.8	8.2	7.9	7.5	8.3	18.3	13.6	5.4	5.2	5.3	5.9	5.2	5.4	5.8
of which: science and technology	2.3	1.7	1.8	2.0	2.0	2.0	2.0	1.9	2.3	2.8	3.0	3.1	3.7	3.5	3.8	3.6	4.0	3.7	3.9	3.5	4.4	4.6	4.9	3.9
of which: employment policies	4.9	5.0	4.7	4.1	3.6	4.1	4.9	5.2	4.5	4.0	4.1	4.0	4.0	3.9	2.4	4.0	4.6	5.2	3.5	3.0	3.8	3.2	2.5	2.5
of which: agriculture, fisheries and forestry	5.9	5.3	5.9	7.8	6.7	6.2	6.0	6.4	8.5	6.5	6.9	6.8	6.9	6.1	5.0	6.6	6.5	6.0	6.2	5.6	5.6	5.4	4.6	5.3
of which: transport ^{(4), (5)}	15.6	17.8	16.4	13.7	12.4	11.0	11.0	12.3	15.3	19.6	21.1	20.2	20.9	23.7	24.0	23.8	25.7	23.6	22.1	21.5	21.7	22.6	28.3	29.6
5. Environment protection	5.3	5.9	6.2	5.4	5.7	6.0	6.8	7.0	7.3	7.9	8.0	8.8	10.4	11.2	11.2	10.4	11.6	12.0	11.4	11.3	11.7	11.9	11.9	11.3
6. Housing and community amenities	9.7	9.6	9.0	8.2	7.0	7.7	6.6	7.5	8.4	7.1	8.7	10.1	13.1	13.7	15.1	17.3	18.2	14.6	11.0	10.7	10.4	10.7	10.2	10.6
7. Health	57.3	61.0	62.2	61.9	63.4	65.9	69.0	74.2	80.9	87.5	96.9	104.4	110.2	112.8	117.5	123.0	130.5	131.5	131.1	131.7	134.8	137.7	141.3	144.3
8. Recreation, culture and religion	8.0	8.0	8.3	8.2	9.1	10.1	10.8	10.7	11.6	12.3	12.5	12.6	13.3	13.6	13.8	14.0	14.7	14.3	13.5	13.5	11.9	12.8	11.1	11.6
9. Education	54.3	56.0	55.6	54.7	55.0	56.2	59.0	62.9	69.2	72.3	78.9	82.0	85.6	86.9	91.5	93.9	98.8	100.3	93.5	89.0	88.4	87.3	86.5	87.2
10. Social protection	153.8	157.8	161.6	163.2	163.1	161.8	171.9	176.0	185.8	192.1	201.2	206.7	209.8	210.8	219.3	230.2	249.0	252.6	264.8	268.5	264.6	267.9	270.3	264.3
EU transactions ⁽⁶⁾	-7.4	-6.7	-6.2	-7.5	-5.3	-3.7	-3.8	-3.6	-6.5	-2.5	-2.7	-1.1	-0.7	-2.1	-1.7	-3.3	1.0	6.5	4.7	7.1	7.5	6.4	7.8	4.7
Public sector expenditure on services	425.3	439.5	444.4	437.8	439.4	447.2	463.1	483.3	508.5	532.2	567.7	593.4	615.5	623.7	645.8	684.6	714.9	724.1	716.4	705.4	703.2	705.2	713.2	710.5
Accounting adjustments	34.3	33.3	35.3	30.8	30.7	30.1	29.5	29.7	31.6	38.4	37.0	48.3	49.3	53.5	55.7	61.6	59.0	60.0	58.2	70.0	64.7	67.1	55.8	60.1
Total Managed Expenditure⁽⁷⁾	459.6	472.7	479.7	468.6	470.1	477.3	492.6	513.0	540.1	570.6	604.7	641.7	664.8	677.2	701.5	746.2	773.9	784.1	774.5	775.3	772.3	769.0	770.6	

(1) Real terms figures are the nominal figures adjusted to 2016-17 price levels using GDP deflators from the Office for National Statistics (released 30 June 2017).

(2) The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/0n/natohq/topics_49198.htm

(3) Transactions from 2008-09 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

(4) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

(5) In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

(6) From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

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

Public Spending Statistics July 2017

Table 4.4 Public sector expenditure on services by function as a per cent of GDP⁽¹⁾, 1993-94 to 2016-17

	cash basis					accruals basis																	per cent		
						National Statistics																			
	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
1. General public services	3.9	4.1	4.3	4.1	4.1	4.0	3.6	3.5	3.2	3.0	3.1	3.3	3.3	3.3	3.3	3.6	3.3	4.0	3.9	3.5	3.5	3.2	3.1	3.2	
of which: public and common services	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.7	
of which: international services	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5	
of which: public sector debt interest	2.7	2.9	3.1	3.1	3.1	3.0	2.5	2.4	2.0	1.8	1.8	1.9	1.9	2.0	2.1	2.3	1.9	2.7	2.4	2.3	2.0	2.0	2.0	2.0	
2. Defence ⁽²⁾	3.1	2.9	2.6	2.4	2.3	2.5	2.4	2.4	2.2	2.3	2.3	2.2	2.2	2.2	2.2	2.4	2.5	2.4	2.2	2.1	2.0	1.9	1.9	1.9	
3. Public order and safety	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.9	2.0	2.0	2.1	2.2	2.1	2.1	2.0	2.2	2.2	2.1	2.0	1.9	1.7	1.7	1.6	1.5	
4. Economic affairs	3.1	3.0	2.8	2.6	2.3	2.0	2.1	2.2	2.4	2.6	2.6	2.5	2.5	2.5	2.4	3.2	3.2	2.5	2.3	2.2	2.3	2.2	2.4	2.4	
of which: enterprise and economic development ⁽³⁾	0.7	0.6	0.5	0.5	0.5	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.5	1.0	0.8	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
of which: science and technology	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
of which: employment policies	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	
of which: agriculture, fisheries and forestry	0.5	0.4	0.5	0.6	0.5	0.4	0.4	0.4	0.6	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.3	0.2	0.3	
of which: transport ^{(4), (5)}	1.3	1.4	1.3	1.0	0.9	0.8	0.8	0.8	1.0	1.2	1.3	1.2	1.2	1.3	1.3	1.4	1.5	1.4	1.2	1.2	1.2	1.2	1.5	1.5	
5. Environment protection	0.4	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	
6. Housing and community amenities	0.8	0.8	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.6	0.8	0.8	0.8	1.0	1.1	0.8	0.6	0.6	0.6	0.5	0.5	0.5	
7. Health	4.8	4.9	4.9	4.7	4.7	4.7	4.8	5.0	5.3	5.6	5.9	6.3	6.4	6.4	6.5	7.0	7.6	7.5	7.4	7.4	7.4	7.3	7.3	7.4	
8. Recreation, culture and religion	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.6	0.7	0.6	0.6	
9. Education	4.5	4.5	4.4	4.2	4.1	4.0	4.1	4.2	4.5	4.6	4.8	4.9	5.0	4.9	5.1	5.4	5.8	5.7	5.3	5.0	4.8	4.6	4.5	4.5	
10. Social protection	12.8	12.7	12.7	12.5	12.1	11.6	11.9	11.8	12.1	12.2	12.4	12.4	12.2	12.0	12.2	13.1	14.6	14.5	15.0	15.0	14.4	14.2	14.1	13.5	
EU transactions ⁽⁶⁾	-0.6	-0.5	-0.5	-0.6	-0.4	-0.3	-0.3	-0.2	-0.4	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	0.1	0.4	0.3	0.4	0.4	0.3	0.4	0.2	
Public sector expenditure on services	35.3	35.2	34.8	33.4	32.5	32.1	32.0	32.3	33.2	33.8	34.9	35.7	35.8	35.5	35.9	39.1	41.8	41.5	40.5	39.4	38.4	37.4	37.1	36.3	
Accounting adjustments	2.8	2.7	2.8	2.4	2.3	2.2	2.0	2.0	2.1	2.4	2.3	2.9	2.9	3.0	3.1	3.5	3.5	3.4	3.3	3.9	3.5	3.6	2.9	3.1	
Total Managed Expenditure⁽⁷⁾	38.2	37.9	37.6	35.8	34.8	34.3	34.0	34.3	35.3	36.2	37.1	38.6	38.6	38.5	39.0	42.6	45.3	44.9	43.8	43.3	41.9	41.0	40.0	39.4	

(1) GDP until 2016-17 is consistent with the latest figures from the Office for National Statistics (published 30 June 2017).

(2) The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/on/natohg/topics_49198.htm

(3) Transactions from 2008-09 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

(4) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

(5) In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

(6) From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

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

BACKGROUND TO TRENDS IN PUBLIC SECTOR EXPENDITURE

4.1 The analyses in this chapter show trends in government spending over a longer time span than presented elsewhere in Public Spending Statistics, 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 combination of cash and accruals. Data for public sector expenditure on services are on a cash basis up until 1997-98, and on an accruals basis thereafter. All data in this chapter are National Statistics.

WHAT'S NEW

4.3 There have been no significant changes to the presentation of data within this chapter since the summer PSS 2016.

PUBLIC SPENDING AGGREGATES

4.4 **Table 4.1** shows trends in public spending since 1976-77 in terms of three spending aggregates: public sector current expenditure; public sector net investment; and Total Managed Expenditure (TME). All aggregates are presented in nominal and in real terms and as a per cent of Gross Domestic Product (GDP). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only.

4.5 Outturn data up to 2016-17 for these aggregates 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 EXPENDITURE ON SERVICES BY FUNCTION

4.6 The public spending by function series uses the Total Expenditure on Services spending aggregate (TES). Expenditure on services covers most expenditure by the public sector that is included in TME.

4.7 Public sector expenditure on services includes central government spending, but excludes the part that is finance to local government and capital finance to public corporations. This central government own expenditure is then combined with actual spending by local government and public corporations to give total public sector expenditure. Expenditure on services excludes non-cash items such as depreciation and provisions. Derivation of expenditure on services from departments' budgets is available at the end of this release in **Table E.1**.

4.8 **Table 4.2** shows public sector expenditure on services by United Nations Classification Of the Functions Of Government (COFOG) level 1 from 1993-94. **Tables 4.3 and 4.4** present this in real terms and as a per cent of GDP respectively. These tables cover outturn years up to 2016-17. They also show, in italics, additional Treasury-defined functional divisions that were used prior to the introduction of UN COFOG, but which don't correspond to COFOG level 1.

METHODS AND DATA QUALITY FOR EXPENDITURE ON SERVICE LONG-RUN TABLE

4.9 Our aim is for the functional breakdown of spending to be broadly consistent across all tables.

4.10 Data in **Tables 4.2, 4.3 and 4.4** for years before 2012-13 are not taken directly from the 'live' public expenditure database that is maintained by government departments (see **Annex A**). Data that precede the most recent five outturn years cease to be 'live' and are archived in a summarised form.

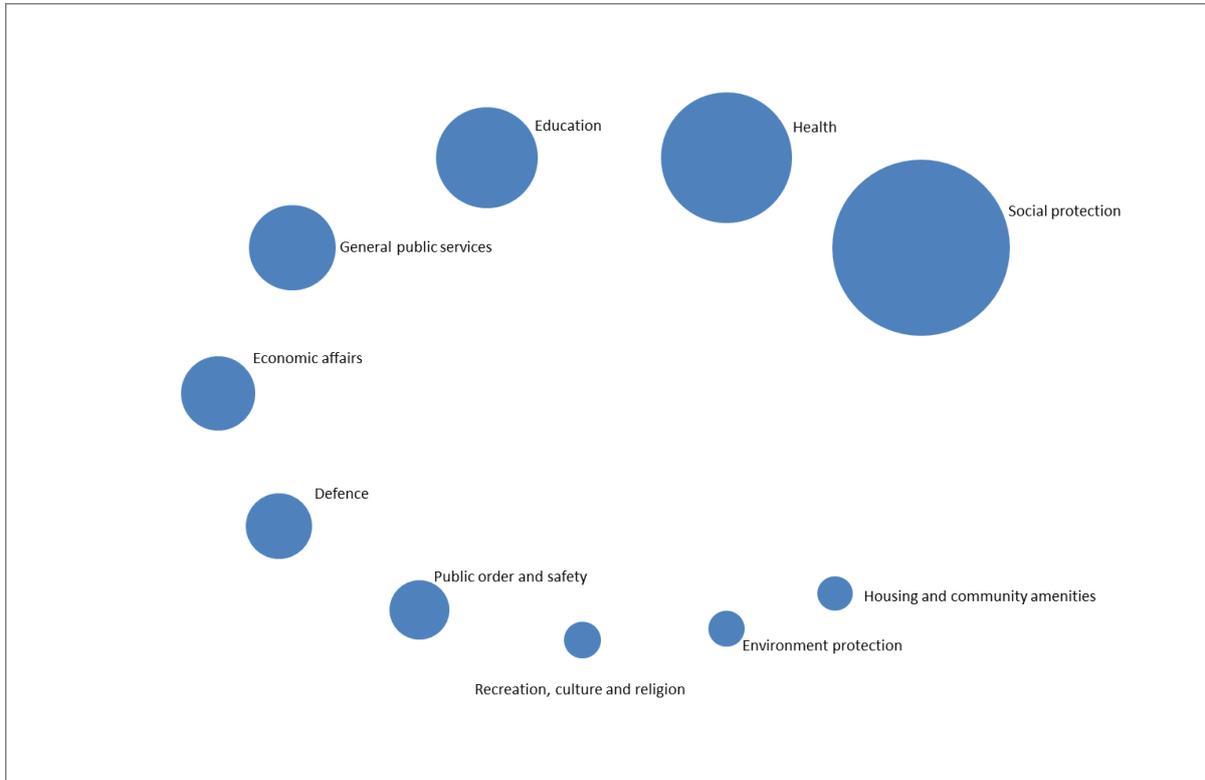
4.11 Historical outturn data are not usually subject to adjustment. However, sometimes reclassifications affect the long run functional series. These include ONS decisions for the National Accounts and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending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

4.12 Only substantial classification changes are reflected in the historical years, based on the change in spending relative to the size of the function or functions concerned. Reclassifications that are reflected in the historical series are based on archived data. 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.

4.13 It should be noted that the attribution of spending to functions for historical years is less accurate than for live years. In some cases, the presentation of functional numbers as accurate to within £100 million overstates the accuracy of the figures due to rounding. Minor differences in figures or rates of change should be disregarded.

CHAPTER 5 PUBLIC SECTOR SPENDING BY FUNCTION, SUB-FUNCTION AND ECONOMIC CATEGORY

CHART 4 Public Sector spending in 2016-17 broken down by function.



Data are consistent with UN Classification of the Functions of Government framework (COFOG). Each bubble is proportional to the amount spent under each function in 2016-17.

OVERVIEW

The tables in chapter 5 of this release present analysis of total public sector expenditure on services split by function, sub-function and economic category. These presentations are more stable between years than presentations of data by government department on a budgeting basis (Chapters 1 and 2 for example) because they ignore changes in the structure of Government over time.

FUNCTIONAL TABLES

- In nominal terms, spending in three functions decreased in 2016-17 whilst the remaining seven functions showed an increase in spending over the same period.
- The largest increases in percentage terms, were in **Recreation, culture and religion** (6.7 per cent), **Housing and community amenities** (5.4 per cent) and **General public services** (5.4 per cent).
- In percentage terms, the greatest decreases in functional spend were in **Environment protection** (-3.2 per cent), **Social protection** (-0.3 per cent) and **Public order and safety** (-0.3 per cent).

SUB-FUNCTIONAL TABLES

- The £3.2bn increase in **General public services** was driven by a £3.3bn increase in *Central government debt interest* (partially balanced by -£1.5bn increase in *Bank of England revenue in debt transactions*); and a £1.3bn increase in *General public services not elsewhere classified*.
- The largest nominal spending increase by function was in **Health** (£5.8bn, 4.2 per cent), where *Medical services* increased £5.4bn.
- The **Environment protection** decrease of -£0.4bn (-3.2 per cent) was due to decreases in *Pollution abatement* (-£0.4bn, -82.9 per cent) and *Protection of biodiversity and landscape* (-£0.2bn, 28.3 per cent), partially offset by a rise in *Waste management* (£0.1bn, 1.7 per cent) and *Environmental protection not elsewhere classified* (£0.1bn, 5.7 per cent).
- **Recreation, culture and religion** expenditure increased £0.7bn (6.7 per cent), largely because of a £0.7bn (20.6 per cent) increase in *Cultural services*.
- The £2.3bn (5.2 per cent) increase in **Economic affairs** in 2016-17 includes a £1.8bn (6.6 per cent) increase in spending on *Transport*, and £0.9bn (19.6 per cent) on *Agriculture, forestry, fishing and hunting*.
- Within **Social protection**, a £1.5bn increase in spending on *Old age* (£1.3bn of which in *pensions*) was balanced by a reduction of £1.4bn in sub-functions *Family and children* and *Unemployment*. *Sickness and disability* was essentially unchanged from the previous year.

Public Spending Statistics July 2017

Table 5.1 Public sector expenditure on services by departmental group ⁽¹⁾ and function, 2016-17

		National Statistics																	£ million		
Departmental Grouping	Function	1. General public services	of which: public and common services	of which: international services	of which: public sector debt interest	2. Defence	3. Public order and safety	4. Economic affairs	of which: enterprise and economic development	of which: science and technology	of which: employment policies	of which: agriculture, fisheries and forestry	of which: transport	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions	Public sector expenditure on services for each department
		Defence	-	-	-	-	34,432	-	-	-	-	-	-	-	-	-	-	-	27	-	2,247
Single Intelligence Account	-	-	-	-	2,514	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,514
Home Office	-	-	-	-	-	14,855	94	-	-	-	-	-	94	-	215	-	-77	-	-	-	15,088
Foreign and Commonwealth Office	2,048	-	2,048	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,048
International Development	8,000	295	7,706	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70	-	8,071
Health (inc. NHS)	-	-	-	-	-	-	91	91	-	-	-	-	-	-	-	120,007	-	-	14,182	-	134,279
Work and Pensions	258	258	-	-	-	-	2,327	20	3	2,304	-	-	-	-	-	-	-	-	176,500	-	179,084
Education	18	18	-	-	-	-	6	-	-	6	-	-	-	-	-	-	-	69,933	11,187	-	81,145
Business, Energy and Industrial Strategy	176	143	33	-	-	104	5,785	1,897	3,838	50	-	0	3,117	-	683	140	1,991	334	-	-	12,331
Transport	-	-	-	-	-	247	25,746	-	22	-	-	25,725	1	774	-	-	-	-	1,258	-	28,026
Exiting the European Union	24	-	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24
Culture, Media and Sport	37	37	-	-	-	-	126	126	-	-	-	-	-	67	272	44	8,940	60	652	-	10,198
Communities and Local Government	4,637	4,635	2	-	8	2,336	696	696	-	-	-	-	-	5,855	-	2	-	1,672	-	-	15,206
Scotland	990	990	-	-	4	2,515	3,910	483	3	-	1,016	2,408	943	1,970	12,508	991	8,165	3,926	-	-	35,921
Wales	481	481	-	-	-	1	1,530	245	21	0	462	802	542	714	6,935	383	4,167	2,004	-	-	16,757
Northern Ireland	297	297	-	-	-	1,216	1,433	279	5	99	493	556	239	759	4,163	440	2,714	7,497	-	-	18,758
Justice	219	219	-	-	-	8,241	-	-	-	-	-	-	-	-	-	-	-	-	22	-	8,482
Law Officers' Departments	-	-	-	-	-	603	-	-	-	-	-	-	-	-	-	-	-	-	-	-	603
Environment, Food and Rural Affairs	-	-	-	-	-	-	3,271	-	-	-	3,271	-	6,347	6	-	779	-	-	-	-	10,404
HM Revenue and Customs	3,887	3,887	-	-	-	-	1,528	1,528	-	-	-	-	3	-	-	-	-	-	38,891	-	44,310
HM Treasury	39,564	189	-	39,375	-	-	28	28	-	-	-	-	-	-	-	-	-	-	5	4,725	44,322
Cabinet Office	441	441	-	-	41	-	-	-	-	-	-	-	-	-	-	-	-	-	3,850	-	4,332
International Trade	-	-	-	-	-	-	350	350	-	-	-	-	-	-	-	-	-	-	-	-	350
Small and Independent Bodies	1,212	1,212	-	-	-	4	198	60	4	-	103	31	-	-	-	-	-	143	-	-	1,557
Public sector expenditure on services for each function	62,291	13,104	9,812	39,375	37,000	30,122	47,119	5,805	3,895	2,458	5,345	29,616	11,259	10,567	144,340	11,626	87,173	264,296	4,725	710,516	

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

Table 5.2 Public sector expenditure on services by sub-function, 2012-13 to 2016-17

	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
	£ million				
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	9,916	10,129	9,900	9,974	10,602
1.2 Foreign economic aid ⁽¹⁾	5,606	7,586	8,542	8,173	7,707
1.3 General services	946	767	932	948	871
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	319	402	407	415	308
1.6 General public services n.e.c.	2,116	2,079	2,157	2,111	3,428
1.7 Public debt transactions ^{(2), (3)}	40,719	40,086	36,978	37,483	39,375
<i>of which: central government debt interest</i>	48,982	48,796	45,369	45,125	48,380
<i>of which: local government debt interest</i>	515	547	775	761	722
<i>of which: public corporation debt interest</i>	3,280	3,308	3,232	3,301	3,428
<i>of which: Bank of England</i>	-12,058	-12,565	-12,398	-11,704	-13,155
Total general public services	59,621	61,049	58,915	59,104	62,291
2. Defence ⁽⁴⁾					
2.1 Military defence	32,261	33,021	33,749	34,012	35,079
2.2 Civil defence	96	104	104	99	141
2.3 Foreign military aid	2,235	1,361	633	329	515
2.4 R&D defence	1,467	1,673	1,950	1,922	1,104
2.5 Defence n.e.c.	281	245	261	266	161
Total defence	36,340	36,405	36,698	36,627	37,000
3. Public order and safety					
3.1 Police services	17,578	16,351	16,662	16,569	16,350
<i>of which: immigration and citizenship</i>	1,528	976	1,196	1,063	761
<i>of which: other police services</i>	16,049	15,375	15,466	15,506	15,589
3.2 Fire-protection services	2,885	2,802	2,807	2,722	2,788
3.3 Law courts	5,983	5,548	6,331	5,745	5,704
3.4 Prisons	4,365	4,116	3,828	4,157	4,265
3.5 R&D public order and safety	37	38	38	35	38
3.6 Public order and safety n.e.c.	460	748	820	980	976
Total public order and safety	31,307	29,603	30,487	30,206	30,122
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽⁵⁾	5,923	7,215	6,528	5,947	6,103
4.2 Agriculture, forestry, fishing and hunting	5,284	5,378	5,213	4,470	5,345
<i>of which: market support under CAP</i>	2,894	2,959	2,773	2,278	3,010
<i>of which: other agriculture, food and fisheries policy</i>	2,282	2,301	2,311	2,085	2,224
<i>of which: forestry</i>	109	118	128	107	111
4.3 Fuel and energy	463	464	449	463	480
4.4 Mining, manufacturing and construction	-12	273	39	168	736
4.5 Transport	20,280	20,861	21,972	27,777	29,616
<i>of which: national roads</i>	2,851	3,151	3,713	3,987	4,158
<i>of which: local roads</i>	4,813	5,025	5,302	5,159	5,407
<i>of which: local public transport</i>	2,634	2,398	2,519	2,438	2,329
<i>of which: railway ^{(6), (7)}</i>	8,669	8,716	8,941	14,227	15,173
<i>of which: other transport</i>	1,312	1,572	1,497	1,967	2,548
4.6 Communication	770	645	436	447	271
4.7 Other industries	311	274	282	277	246
4.8 R&D economic affairs	3,325	4,194	4,472	4,819	3,895
4.9 Economic affairs n.e.c.	421	459	480	427	426
Total economic affairs	36,766	39,763	39,872	44,795	47,119

Table 5.2 Public sector expenditure on services by sub-function, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
5. Environment protection					
5.1 Waste management	7,662	7,828	7,896	7,938	8,073
5.2 Waste water management	-	-	-	-	-
5.3 Pollution abatement	147	142	501	469	80
5.4 Protection of biodiversity and landscape	391	431	472	642	460
5.5 R&D environment protection	442	499	470	460	400
5.6 Environment protection n.e.c.	2,021	2,283	2,227	2,125	2,247
Total environment protection	10,664	11,183	11,567	11,635	11,259
6. Housing and community amenities					
6.1 Housing development	5,570	5,174	5,692	5,477	5,341
<i>of which: local authority housing</i>	4,262	4,074	4,738	4,685	4,559
<i>of which: other social housing</i>	1,308	1,100	954	792	782
6.2 Community development	2,816	3,062	2,950	2,623	3,132
6.3 Water supply	770	749	735	814	888
6.4 Street lighting	706	750	790	814	850
6.5 R&D housing and community amenities	-	-	-	2	0
6.6 Housing and community amenities n.e.c.	237	248	269	301	355
Total housing and community amenities	10,099	9,982	10,435	10,030	10,567
7. Health ⁽⁸⁾					
Medical services	118,621	122,814	128,596	132,766	138,139
Medical research	1,703	1,970	1,876	2,179	1,871
Central and other health services	3,978	4,604	3,581	3,554	4,330
Total health	124,302	129,389	134,053	138,499	144,340
8. Recreation, culture and religion					
8.1 Recreational and sporting services	4,672	3,471	3,997	3,268	3,119
8.2 Cultural services	4,098	3,952	4,056	3,406	4,106
8.3 Broadcasting and publishing services	3,566	3,705	4,088	3,905	4,122
8.4 Religious and other community services	114	95	76	85	68
8.5 R&D recreation, culture and religion	164	141	174	168	142
8.6 Recreation, culture and religion n.e.c.	97	46	59	65	68
Total recreation, culture and religion	12,711	11,410	12,449	10,896	11,626
9. Education					
9.1 Pre-primary and primary education	29,715	30,474	30,749	31,203	31,112
<i>of which: under fives</i>	3,000	3,396	2,932	3,102	3,440
<i>of which: primary education</i>	26,715	27,078	27,817	28,101	27,672
9.2 Secondary education ⁽⁹⁾	37,331	37,488	39,138	38,840	40,096
9.3 Post-secondary non-tertiary education	104	323	105	77	74
9.4 Tertiary education	8,148	7,534	6,680	6,164	6,421
9.5 Education not definable by level	667	598	735	632	872
9.6 Subsidiary services to education	4,691	4,642	4,202	3,934	4,040
9.7 R&D education	1,583	1,573	1,573	1,573	1,991
9.8 Education n.e.c.	1,753	2,246	1,872	2,364	2,566
Total education	83,992	84,878	85,054	84,787	87,173

Table 5.2 Public sector expenditure on services by sub-function, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
10. Social protection					
<i>of which: personal social services</i>	28,512	28,657	30,268	30,458	30,063
10.1 Sickness and disability	45,301	46,887	50,155	53,281	53,275
<i>of which: personal social services</i>	9,835	9,348	9,422	9,836	9,730
<i>of which: incapacity, disability and injury benefits</i>	35,465	37,538	40,733	43,445	43,545
10.2 Old age	112,308	114,454	118,569	120,096	121,577
<i>of which: personal social services</i>	10,096	10,273	10,552	10,037	10,236
<i>of which: pensions</i>	102,213	104,181	108,016	110,059	111,341
10.3 Survivors	792	1,135	1,153	1,167	1,160
10.4 Family and children	26,566	24,631	25,250	25,340	24,385
<i>of which: personal social services</i>	8,082	8,497	9,759	10,024	9,600
<i>of which: family benefits, income support and tax credits</i>	18,484	16,134	15,491	15,317	14,785
10.5 Unemployment	5,939	4,945	3,473	2,698	2,227
<i>of which: personal social services</i>	-	-	-	-	-
<i>of which: other unemployment benefits</i>	5,939	4,945	3,473	2,698	2,227
10.6 Housing	26,361	26,424	26,421	26,202	25,390
10.7 Social exclusion n.e.c. ⁽¹⁰⁾	32,373	31,916	32,086	32,097	32,151
<i>of which: personal social services</i>	499	539	534	562	497
<i>family benefits, income support, Universal Credit and tax credits</i>	31,873	31,377	31,552	31,535	31,653
10.8 R&D social protection	-	-	-	-	-
10.9 Social protection n.e.c.	3,809	3,578	3,798	4,099	4,131
Total social protection	253,448	253,969	260,905	264,979	264,296
EU transactions ⁽¹¹⁾					
VAT-based and GNI-based contributions (net of abatement and collection costs)	10,809	11,146	10,915	10,482	8,803
<i>derived as:</i>					
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	16,871	18,208	18,733	17,635	16,937
<i>Traditional Own Resources (without deduction of collection costs)</i>	-2,891	-2,933	-3,006	-3,085	-3,377
<i>UK abatement</i>	-3,172	-4,130	-4,811	-4,068	-4,757
EU receipts	-4,022	-3,856	-4,690	-2,811	-4,079
Attributed aid and Common Foreign and Security Policy	-82	-79	-	-	-
Total EU transactions	6,705	7,210	6,225	7,671	4,725
Public sector expenditure on services	665,954	674,841	686,660	699,229	710,516
Accounting adjustments	66,039	62,045	65,328	54,687	60,060
Total Managed Expenditure ⁽¹²⁾	731,993	736,886	751,988	753,916	770,576

(1) Official Development Assistance (ODA) is the internationally-agreed classification of foreign aid financing and is measured in accordance with international standards agreed by the Organisation for Economic Co-operation and Development (OECD). The UN COFOG measure of Foreign economic aid presented in this table is quite different from the UK ODA measure and therefore not comparable. For example the UK ODA measure include financial transactions such as loans, whereas the UN COFOG measure does not. Also, the UK ODA analysis is on a calendar year rather than financial year basis. A link to the latest ODA release is provided here:

<https://www.gov.uk/government/statistics/provisional-uk-official-development-assistance-as-a-proportion-of-gross-national-income-2016>

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

(3) Bank of England public debt transactions shows data in respect of the Asset Purchase Facility and Special Liquidity Scheme.

(4) The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link:

http://www.nato.int/cps/en/natohq/topics_49498.htm

(5) Transactions from 2012-13 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

(6) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

(7) In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

(8) The level of detail required for COFOG level 2 is not yet available in England and Wales. Health spending is therefore presented using HM Treasury's own sub-functional classification.

(9) The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of PESA the Department for Education will look to improve apportionment of spending across the education categories.

(10) Social exclusion n.e.c. includes Child and Working Tax Credits. Also included here are Universal Credit additional costs that were previously scored in 10.9 Social protection n.e.c.

(11) An explanation of why the EU transactions are defined in TES in this way is given in Annex E. Complete transactions with the institutions of the EU are shown in Table C.1.

(12) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Table 5.3 Public sector expenditure on services by economic category, 2012-13 to 2016-17

	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
£million					
Public sector current expenditure on services					
Pay	164,005	163,261	166,595	171,886	177,165
Gross current procurement	193,253	198,808	205,675	207,922	213,532
Income from sales of goods and services	-50,392	-51,064	-53,035	-51,854	-56,138
Current grants to persons and non-profit bodies	231,047	231,773	235,045	236,654	237,378
Current grants abroad	11,838	14,067	12,312	13,694	11,380
Subsidies to private sector companies	7,912	8,083	7,693	8,185	8,614
Subsidies to public corporations	1,724	1,136	928	924	758
Net public service pensions	8,620	9,081	10,182	9,650	8,891
Public sector debt interest	40,719	40,086	36,978	37,483	39,375
Other	238	278	289	317	469
Total public sector current expenditure on services	608,964	615,509	622,662	634,861	641,424
Accounting adjustments	47,506	51,265	53,596	47,458	50,005
Total public sector current expenditure	656,470	666,774	676,258	682,319	691,429
Public sector capital expenditure on services					
Capital grants	15,871	15,532	18,223	14,160	12,299
Gross capital procurement	45,292	47,671	51,542	57,346	62,981
Income from sales of capital assets	-4,171	-3,871	-5,766	-7,137	-6,189
Other					
Total public sector capital expenditure on services	56,992	59,332	63,999	64,369	69,091
Accounting adjustments	18,531	10,780	11,731	7,228	10,056
Total public sector capital expenditure	75,523	70,112	75,730	71,597	79,147
Total public sector expenditure on services	665,956	674,841	686,661	699,230	710,515
Accounting adjustments	66,037	62,045	65,327	54,686	60,061
Total Managed Expenditure	731,993	736,886	751,988	753,916	770,576

Table 5.4 Public sector current and capital expenditure on services by function ⁽¹⁾, 2012-13 to 2016-17

	National Statistics					£million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
Public sector current expenditure on services						
1. General public services	57,500	58,612	55,021	55,760	58,375	
<i>of which: public and common services</i>	9,607	9,359	9,689	9,827	10,059	
<i>of which: international services</i>	7,174	9,167	8,355	8,450	8,941	
<i>of which: public sector debt interest ⁽²⁾</i>	40,719	40,086	36,978	37,483	39,375	
2. Defence ⁽³⁾	27,102	27,571	27,460	27,796	27,800	
3. Public order and safety	29,896	28,345	29,235	28,928	28,993	
4. Economic affairs	19,780	21,072	19,131	21,750	21,943	
<i>of which: enterprise and economic development ⁽⁴⁾</i>	4,057	4,495	4,196	4,629	4,245	
<i>of which: science and technology</i>	272	363	496	875	389	
<i>of which: employment policies</i>	2,799	3,579	3,125	2,406	2,399	
<i>of which: agriculture, fisheries and forestry</i>	4,977	4,969	4,696	4,075	4,778	
<i>of which: transport ⁽⁵⁾</i>	7,675	7,666	6,617	9,765	10,133	
5. Environment protection	7,376	7,608	7,813	7,959	7,405	
6. Housing and community amenities	3,221	3,150	3,077	2,977	3,096	
7. Health	117,944	121,968	127,651	132,663	138,816	
8. Recreation, culture and religion	10,666	9,573	10,427	9,226	9,287	
9. Education	75,773	76,040	75,604	75,468	77,104	
10. Social protection	252,999	254,363	261,016	264,663	263,882	
EU transactions	6,705	7,210	6,225	7,671	4,725	
Total public sector current expenditure on services	608,962	615,511	622,662	634,860	641,425	
Accounting adjustments	47,508	51,263	53,596	47,459	50,004	
Public sector current expenditure	656,470	666,774	676,258	682,319	691,429	
Public sector capital expenditure on services						
1. General public services	2,121	2,437	3,894	3,345	3,916	
<i>of which: public and common services</i>	1,575	1,816	1,761	1,366	3,045	
<i>of which: international services</i>	546	621	2,133	1,979	871	
2. Defence ⁽³⁾	9,238	8,834	9,238	8,831	9,200	
3. Public order and safety	1,410	1,258	1,252	1,279	1,128	
4. Economic affairs	16,986	18,691	20,741	23,045	25,176	
<i>of which: enterprise and economic development ⁽⁴⁾</i>	942	1,178	862	673	1,560	
<i>of which: science and technology</i>	3,054	3,831	3,976	3,944	3,506	
<i>of which: employment policies</i>	79	77	32	22	60	
<i>of which: agriculture, fisheries and forestry</i>	307	409	517	395	567	
<i>of which: transport ^{(5), (6)}</i>	12,605	13,196	15,354	18,012	19,483	
5. Environment protection	3,288	3,575	3,753	3,676	3,854	
6. Housing and community amenities	6,878	6,832	7,358	7,053	7,471	
7. Health	6,358	7,421	6,402	5,836	5,524	
8. Recreation, culture and religion	2,044	1,837	2,022	1,670	2,339	
9. Education	8,219	8,838	9,450	9,319	10,070	
10. Social protection	450	-393	-111	316	414	
Total public sector capital expenditure on services	56,992	59,330	63,998	64,369	69,091	
Accounting adjustments	18,531	10,782	11,732	7,228	10,056	
Public sector capital expenditure	75,523	70,112	75,730	71,597	79,147	
Total public sector expenditure on services	665,954	674,841	686,660	699,229	710,516	
Accounting adjustments	66,039	62,045	65,328	54,687	60,060	
Total Managed Expenditure ⁽⁷⁾	731,993	736,886	751,988	753,916	770,576	

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

(2) Debt interest figures include Bank of England public debt transactions in respect of the Asset Purchase Facility and Special Liquidity Scheme.

(3) The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link:

http://www.nato.int/cps/en/natohq/topics_4938.htm

(4) Transactions from 2012-13 onwards have been affected by financial sector interventions. See chapter 5 Box 5.A for details.

(5) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

(6) In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

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

Table 5.5 Public sector gross current procurement expenditure on services by function, 2012-13 to 2016-17

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
Public sector gross current procurement expenditure on services						
1. General public services	12,540	12,587	12,072	12,082	12,369	
<i>of which: public and common services</i>	10,820	10,772	10,267	10,323	10,488	
<i>of which: international services</i>	1,720	1,814	1,805	1,759	1,881	
2. Defence	15,577	16,374	16,849	16,450	15,986	
3. Public order and safety	12,981	12,358	12,589	12,820	12,770	
4. Economic affairs	11,245	11,445	10,805	12,149	12,000	
<i>of which: enterprise and economic development</i>	2,777	2,478	2,566	2,431	2,148	
<i>of which: science and technology</i>	156	219	152	207	35	
<i>of which: employment policies</i>	1,454	2,048	1,681	1,269	1,265	
<i>of which: agriculture, fisheries and forestry</i>	827	818	831	815	773	
<i>of which: transport ⁽¹⁾</i>	6,031	5,882	5,575	7,426	7,780	
5. Environment protection	7,476	7,592	7,707	7,706	7,661	
6. Housing and community amenities	2,698	2,774	2,758	2,651	2,726	
7. Health	69,922	74,523	78,588	80,511	86,024	
8. Recreation, culture and religion	7,579	7,375	7,554	6,734	6,496	
9. Education	22,836	23,930	24,975	24,054	25,190	
10. Social protection	30,398	29,850	31,779	32,765	32,311	
Total public sector gross current procurement expenditure on services	193,253	198,808	205,675	207,923	213,532	

(1) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Gross Current Procurement' from that year.

Table 5.6 Public sector capital procurement expenditure on services by function, 2012-13 to 2016-17

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
Public sector gross capital procurement expenditure on services						
1. General public services	2,393	2,678	2,411	2,393	3,789	
<i>of which: public and common services</i>	1,876	2,116	1,787	1,819	3,168	
<i>of which: international services</i>	517	561	624	574	621	
2. Defence	9,352	9,010	9,772	9,661	9,443	
3. Public order and safety	1,561	1,535	1,607	1,561	1,755	
4. Economic affairs	9,887	10,575	12,049	19,310	20,802	
<i>of which: enterprise and economic development</i>	737	715	493	606	1,094	
<i>of which: science and technology</i>	604	712	667	672	589	
<i>of which: employment policies</i>	79	76	32	25	62	
<i>of which: agriculture, fisheries and forestry</i>	201	288	381	358	397	
<i>of which: transport ⁽¹⁾</i>	8,266	8,784	10,475	17,648	18,660	
5. Environment protection	2,823	2,834	2,910	2,905	3,114	
6. Housing and community amenities	5,093	5,972	6,525	6,926	7,662	
7. Health	6,087	6,292	6,749	6,174	5,930	
8. Recreation, culture and religion	1,671	1,517	1,608	1,712	1,932	
9. Education	5,938	6,912	7,525	6,384	8,159	
10. Social protection	485	344	386	321	396	
Total public sector gross capital procurement expenditure on services	45,291	47,671	51,541	57,346	62,981	
Plus public sector receipts from sales of assets						
<i>Central government</i>						
Fixed assets	-1,443	-665	-2,195	-2,793	-2,147	
Intangible assets	21	-27	-107	-21	-5	
Total central government receipts	-1,422	-692	-2,302	-2,814	-2,153	
<i>Local government</i>						
Fixed assets	-1,558	-1,455	-1,761	-2,361	-1,945	
Intangible assets	-	-	-	-	-	
Total local government receipts	-1,558	-1,455	-1,761	-2,361	-1,945	
Total general government receipts	-2,980	-2,147	-4,063	-5,175	-4,097	
<i>Public corporations</i>						
Fixed assets	-1,191	-1,724	-1,703	-1,962	-2,091	
Intangible assets	-	-	-	-	-	
Total public corporations receipts	-1,191	-1,724	-1,703	-1,962	-2,091	
Total public sector income from sales of capital assets	-4,171	-3,871	-5,766	-7,137	-6,189	

(1) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Capital Procurement' from that year.

BACKGROUND TO PUBLIC SECTOR SPENDING BY FUNCTION

5.1 The analyses in this chapter present public sector expenditure for the years 2012-13 onwards, adjusted so that figures for all years are based on current definitions. All data are National Statistics and are based on the expenditure on services framework (explained in **Annex E**).

WHAT'S NEW

5.2 Since PESA 2016 there has been a change to the presentation of departmental groupings in **Table 5.1**. The departmental groupings are consistent with the presentation shown elsewhere in PESA and have been updated to reflect the creation of three new departments in 2016: the Department for Exiting the European Union (DExEU), the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS). More details of the composition of departmental groupings can be found in **Annex B**.

5.3 There has been a minor change to the labelling of one of the sub-functions in **Table 5.2** to reflect the increasing impact of Universal Credit within Social Protection. Therefore sub-function 10.7 Social exclusion n.e.c. now includes reference to Universal Credit.

CLASSIFICATION CHANGES

5.4 Following on from PESA 2016 where there were a number of classification changes mainly due to the adoption of the European System of Accounts 2010 (ESA10) by the UK, for this year's publication there are no significant changes to classification to report.

RELATIONSHIP BETWEEN FUNCTIONAL SERIES AND DEPARTMENTS

5.5 **Table 5.1** shows public sector expenditure on services by function split across the different government departmental groups for 2016-17. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations. This presentation allocates local government expenditure to the departmental group most closely associated with a particular function. For example, spending on schools by local government in Scotland is allocated to Scotland, while equivalent spending in England is allocated to the Department for Education.

PUBLIC SECTOR EXPENDITURE ON SERVICES BY SUB-FUNCTION

5.6 **Table 5.2** provides the most detailed functional analysis of public sector expenditure on services. The tables are presented in a format generally consistent with the level 2 breakdown of the United Nations' Classification Of the Functions Of Government (UN COFOG). The table also shows, in italics, additional Treasury-defined sub-functional divisions that were used prior to the introduction of UN COFOG, but which do not map directly to COFOG level 2. Further information on UN COFOG is available from the United Nations' website¹.

¹ <https://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>

5.7 The sub-function analysis of health is presented against HM Treasury's own sub-functional classification. This is because the NHS in England and Wales (not applicable to Scotland or Northern Ireland) is neither financed nor organised along the lines of COFOG level 2, so capturing the required additional information is not currently possible.

PUBLIC SECTOR EXPENDITURE ON SERVICES BY ECONOMIC CATEGORY

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

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

- **pay** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs. Unlike **Chapter 2**, it does not include payments for contract and agency staff which are treated as procurement instead;
- **gross current procurement** includes expenditure on goods and services, including payments for contract and agency staff, and payments for consultancy and audit services. Expenditure on hire and rentals under PFI and non-PFI operating leases, shown as **Rentals** in **Chapter 2**, are included here. **Income from the sales of goods and services** is now shown separately;
- **current grants to persons and non-profit bodies** are payments to these recipients that do not fund capital formation. They are mainly social security payments but also comprise grants to further and higher education institutions and other non-profit private sector bodies.
- **current grants abroad** are mainly foreign aid, such as programmes to reduce poverty. They also include the EU transactions set out in **Table 5.2**;
- **subsidies** are payments by government to trading businesses (both private sector and public corporations) to provide support for current costs, including payments to farmers under the EU's Common Agricultural Policy as well as subsidies to rail and bus operators. They are given with the objective of influencing their levels of production, their prices, or other factors;
- **net public service pensions** are the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. More information on pensions is included in **Annex D**;

- **public sector debt interest** reflects the debt interest payments to the private sector, so it excludes intra-public sector payments. These payments do not form part of departmental budgets so are not included within **Table 2.1**;
- **capital grants** are transfer payments to the private sector that are usually made on the condition that the recipient uses the funds for capital projects;
- **gross capital procurement** comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any increases in stock. It is measured gross of depreciation; and
- **income from sales of capital assets** is the sale value of any assets, such as land, buildings and machinery, disposed of.

PUBLIC SECTOR EXPENDITURE ON SERVICES SPLIT BY CURRENT AND CAPITAL SPENDING

5.10 Table 5.4 gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2012-13. A functional split by sector is available in **Chapter 6** (central government), **Chapter 7** (local government) and **Chapter 8** (public corporations). The split between capital and current follows the National Accounts definition.

PUBLIC SECTOR GROSS PROCUREMENT BY FUNCTION

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

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

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

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

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

Current expenditure on services

- income from sales of goods and services: £0.5 billion in 2012-13, £0.03 billion in 2013-14, 0.2 billion in 2014-15, Nil in 2015-16 and £0.06 billion in 2016-17.

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

CHAPTER 6 CENTRAL GOVERNMENT OWN EXPENDITURE

OVERVIEW

The tables in chapter 6 of Public Spending Statistics (PSS) present analyses of central government own expenditure. This is spending by government departments and other central government bodies on their own activities. Central government support for local government and capital support for public corporations is not included.

Tables 6.1 to 6.3 show central government expenditure on a budgeting basis, consistent with the data shown in chapters 1 to 3.

Tables 6.4 to 6.6 show expenditure on services, consistent with chapters 4 and 5 of PSS.

EXPENDITURE IN BUDGETS

- Central government own expenditure within DEL reached £280.8bn in 2016-17, from £274.1bn in 2015-16, a rise of 2.4 per cent.
- Expenditure within AME stood at £259.0bn in 2016-17. This is a fall from £371.0bn in 2015-16, but that year was affected by a change in the discount rate, which caused a one-off increase in non-cash costs in 2015-16 budgets.

EXPENDITURE ON SERVICES

- Central government's own current expenditure on services increased to £518.2bn in 2016-17, from £510.1bn the previous year. Capital expenditure on services increased from £42.8bn in 2015-16 to £44.3bn in 2016-17.
- It can be shown in **Table 6.4** that **Social protection** and **Health** account for more than half of all of central government own expenditure. In 2016-17 spending on **Social protection** increased to £209.7bn compared to £209.2bn in the previous year.
- Expenditure on **Central government debt interest** stood at £48.4bn in 2016-17, up 7.2 per cent from £45.1bn in 2015-16.
- Expenditure on **Current grants to persons and non-profit bodies**, which is mainly composed of social benefits, rose to £213.9bn in 2016-17 from £212.4bn in 2015-16.

Table 6.1 Central government own expenditure in budgets by departmental group, ⁽¹⁾ 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Within DEL					
Defence	34,298	34,597	34,509	35,169	35,361
Single Intelligence Account	2,032	2,062	2,156	2,343	2,524
Home Office	2,381	2,327	2,475	2,236	2,282
Foreign and Commonwealth Office	2,017	2,110	1,866	1,889	1,997
International Development	7,758	10,020	9,650	9,250	10,038
Health	104,994	107,128	110,921	114,022	116,748
Work and Pensions	7,049	6,752	6,495	5,951	5,788
Education	27,473	27,968	29,367	30,183	33,611
Business, Energy and Industrial Strategy	10,199	11,449	11,415	12,203	12,214
Transport ⁽²⁾	5,633	6,033	6,595	3,015	3,679
Exiting the European Union	7	7	7	7	23
Culture, Media and Sport	1,242	1,217	1,343	1,362	1,679
DCLG Communities	1,148	2,549	2,482	1,521	2,473
DCLG Local Government	105	0	-	-	-
Scotland	18,526	20,170	20,793	20,596	16,098
Wales	8,372	8,775	9,106	9,390	9,844
Northern Ireland	10,251	10,522	10,634	10,480	10,687
Justice	8,516	7,843	7,495	7,083	6,993
Law Officers' Departments	592	578	551	548	538
Environment, Food and Rural Affairs	2,125	2,074	2,036	1,850	1,985
HM Treasury	-180	-261	159	-539	150
HM Revenue and Customs	3,629	3,634	3,425	3,530	3,884
Cabinet Office	335	261	403	323	442
International Trade	149	206	279	341	349
Small and Independent Bodies	1,372	1,395	1,300	1,366	1,404
Total CG own expenditure within DEL	260,024	269,416	275,462	274,117	280,790
Within departmental AME					
Defence	7,325	6,249	8,361	12,049	4,749
Single Intelligence Account	41	19	41	135	13
Home Office	21	199	582	-521	181
Foreign and Commonwealth Office	88	66	-70	39	-53
International Development	185	109	151	656	428
Health	18,878	18,124	21,948	48,539	27,711
Work and Pensions	137,181	139,235	143,775	149,652	149,954
Education	16,046	19,046	23,471	16,938	24,798
Business, Energy and Industrial Strategy	6,369	1,853	7,042	100,537	5,357
Transport ⁽²⁾	529	-5,195	6,432	12,920	13,822
Exiting the European Union	-	-	-	-	-
Culture, Media and Sport	5,041	5,051	5,465	4,856	5,474
DCLG Communities	-20	-48	48	56	113
DCLG Local Government	2	-	-	-	-
Scotland	2,948	3,005	4,298	4,695	10,046
Wales	377	287	367	51	628
Northern Ireland	8,109	7,888	8,821	8,976	8,783
Justice	934	-239	-144	483	454
Law Officers' Departments	6	7	13	-15	-1
Environment, Food and Rural Affairs	83	-93	79	391	12
HM Treasury ⁽³⁾	-22,242	-5,431	-62,530	-42,737	-45,083
HM Revenue and Customs	42,691	42,575	42,931	43,194	42,329
Cabinet Office	9,390	8,641	10,573	10,366	9,171
International Trade	-	0	-	0	-
Small and Independent Bodies	-99	-30	-116	-274	128
Total CG own expenditure within dept AME	233,881	241,317	221,536	370,985	259,014
Locally financed expenditure in Northern Ireland	621	632	661	651	585
Net expenditure transfers to the EU	11,529	11,879	11,658	11,253	9,160
Central government debt interest	48,982	48,796	45,369	45,125	48,380
Accounting and other adjustments	-975	-13,462	16,122	-127,760	-8,762
Total CG own expenditure ⁽⁴⁾	554,062	558,578	570,808	574,371	589,167

(1) Shown on a full resource budgeting basis, i.e. resource DEL less depreciation plus Capital DEL.

(2) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail within DEL. The actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

(3) Transactions have been affected by financial sector interventions. See Box 2.A for details.

(4) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Table 6.2 Central government own resource expenditure in budgets by departmental group, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Within resource DEL					
Defence	25,562	26,106	25,716	26,763	26,632
Single Intelligence Account	1,556	1,564	1,606	1,768	1,920
Home Office	2,078	2,047	2,199	1,963	1,904
Foreign and Commonwealth Office	1,986	1,995	1,713	1,762	1,937
International Development	5,875	7,769	7,000	6,817	7,448
Health	100,421	101,695	105,707	109,474	112,520
Work and Pensions	6,628	6,515	6,245	5,830	5,576
Education	24,870	26,084	27,128	26,805	28,746
Business, Energy and Industrial Strategy	2,407	2,135	2,166	2,228	1,613
Transport	715	853	15	598	606
Exiting the European Union	7	7	7	7	23
Culture, Media and Sport	2,169	1,235	1,380	1,217	1,445
DCLG Communities	357	549	448	271	311
DCLG Local Government	104	0	-	-	-
Scotland	16,310	17,871	18,432	18,395	13,753
Wales	7,638	8,017	8,148	8,469	8,877
Northern Ireland	9,392	9,653	9,548	9,761	9,740
Justice	8,236	7,569	7,200	6,817	6,637
Law Officers' Departments	591	575	547	546	524
Environment, Food and Rural Affairs	1,699	1,595	1,527	1,436	1,445
HM Treasury	-198	-255	123	122	152
HM Revenue and Customs	3,433	3,416	3,191	3,302	3,557
Cabinet Office	329	236	376	360	394
International Trade	148	204	277	339	342
Small and Independent Bodies	1,308	1,319	1,217	1,276	1,299
Total within resource DEL	223,621	228,752	231,917	236,324	237,402
Within resource departmental AME					
Defence	7,360	6,377	8,311	12,020	4,749
Single Intelligence Account	41	19	41	135	13
Home Office	21	199	582	-612	181
Foreign and Commonwealth Office	88	66	-70	39	-53
International Development	191	109	151	206	143
Health	18,878	18,194	21,952	48,530	27,697
Work and Pensions	137,197	139,370	143,899	149,800	150,041
Education	9,798	10,563	12,908	5,296	11,348
Business, Energy and Industrial Strategy	6,351	5,394	8,950	102,220	5,505
Transport ⁽¹⁾	590	-5,207	-264	6,125	6,923
Exiting the European Union	-	-	-	-	-
Culture, Media and Sport	4,672	4,538	4,912	4,381	4,860
DCLG Communities	10	-48	48	56	113
DCLG Local Government	6	-	-	-	-
Scotland	2,760	2,669	3,858	3,951	9,235
Wales	125	-19	10	-331	206
Northern Ireland	7,764	7,463	8,285	8,370	8,285
Justice	934	-239	-144	483	454
Law Officers' Departments	5	7	13	-15	-1
Environment, Food and Rural Affairs	85	-92	78	391	11
HM Treasury ⁽²⁾	-18,651	6,294	-49,816	-13,672	-25,351
HM Revenue and Customs	42,690	42,574	42,931	43,194	42,329
Cabinet Office	9,390	8,641	10,573	10,366	9,171
International Trade	-	0	-	0	-
Small and Independent Bodies	-99	-30	-123	-332	-141
Total within resource departmental AME	230,206	246,841	217,084	380,599	255,719
Within resource other AME					
Ireland	621	632	661	651	585
Net expenditure transfers to the EU	11,529	11,879	11,658	11,253	9,160
Central government debt interest	48,982	48,796	45,369	45,125	48,380
Accounting and other adjustments	-4,493	-16,686	22,503	-139,904	-6,153
Total CG own current expenditure	510,466	520,214	529,192	534,048	545,093

(1) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Central Government own current expenditure includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget from 2015-16.

(2) Transactions have been affected by financial sector interventions. See Box 2.A for details.

Table 6.3 Central government own capital expenditure by departmental group, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Within capital DEL					
Defence	8,736	8,490	8,792	8,406	8,728
Single Intelligence Account	476	499	550	575	603
Home Office	303	280	276	273	378
Foreign and Commonwealth Office	31	115	153	126	60
International Development	1,883	2,251	2,650	2,433	2,590
Health	4,573	5,433	5,213	4,548	4,229
Work and Pensions	421	237	251	121	212
Education	2,602	1,885	2,239	3,378	4,865
Business, Energy and Industrial Strategy	7,793	9,314	9,248	9,974	10,601
Transport	4,918	5,180	6,580	2,417	3,073
Exiting the European Union	-	-	-	-	-
Culture, Media and Sport	-927	-18	-36	145	234
DCLG Communities	791	2,000	2,034	1,250	2,162
DCLG Local Government	1	-	-	-	-
Scotland	2,216	2,299	2,361	2,201	2,345
Wales	734	759	958	921	967
Northern Ireland	859	869	1,086	719	947
Justice	280	274	295	266	356
Law Officers' Departments	2	3	4	3	14
Environment, Food and Rural Affairs	426	479	508	414	540
HM Treasury	18	-6	36	-660	-2
HM Revenue and Customs	196	218	234	228	326
Cabinet Office	6	25	26	-37	48
International Trade	2	3	2	2	6
Small and Independent Bodies	64	76	83	90	105
Total within capital DEL	36,403	40,664	43,544	37,793	43,389
Within capital departmental AME					
Defence	-35	-129	51	29	-
Home Office	-	-	-	91	-
International Development	-6	-	-	450	285
Health	-	-70	-5	9	13
Work and Pensions	-17	-134	-124	-148	-87
Education	6,248	8,483	10,563	11,642	13,450
Business, Energy and Industrial Strategy	18	-3,541	-1,908	-1,683	-149
Transport ⁽¹⁾	-61	13	6,695	6,795	6,900
Culture, Media and Sport	369	513	554	475	614
DCLG Communities	-29	-	-	-	-
DCLG Local Government	-4	-	-	-	-
Scotland	188	336	440	744	811
Wales	252	306	357	382	422
Northern Ireland	344	425	536	605	498
Law Officers' Departments	0	-	-	-	-
Environment, Food and Rural Affairs	-1	-1	2	0	1
HM Treasury ⁽²⁾	-3,592	-11,725	-12,714	-29,066	-19,731
HM Revenue and Customs	1	0	0	-	-
Small and Independent Bodies	-	-	7	58	269
Total within capital departmental AME	3,675	-5,524	4,451	-9,615	3,295
Within capital other AME					
Accounting and other adjustments	3,518	3,224	-6,379	12,145	-2,610
Total CG own capital expenditure ⁽³⁾	43,596	38,364	41,616	40,323	44,074

(1) In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

(2) Transactions have been affected by financial sector interventions. See Box 2.A for details.

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

Table 6.4 Central government own expenditure on services by sub-function, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	7,785	7,929	7,924	8,258	8,258
1.2 Foreign economic aid ⁽¹⁾	5,602	7,586	8,542	8,173	7,707
1.3 General services	453	467	492	453	577
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	319	402	407	415	308
1.6 General public services n.e.c.	208	162	320	298	185
1.7 Public sector debt interest	48,982	48,796	45,369	45,125	48,380
<i>of which: central government debt interest ⁽²⁾</i>	<i>48,982</i>	<i>48,796</i>	<i>45,369</i>	<i>45,125</i>	<i>48,380</i>
Total general public services	63,348	65,341	63,053	62,722	65,415
2. Defence ⁽³⁾					
2.1 Military defence	32,261	33,021	33,749	34,012	35,079
2.2 Civil defence	44	50	56	53	96
2.3 Foreign military aid	2,235	1,361	633	329	515
2.4 R&D defence	1,467	1,673	1,950	1,922	1,104
2.5 Defence n.e.c	196	186	202	207	161
Total defence	36,203	36,292	36,590	36,523	36,955
3. Public order and safety					
3.1 Police services	4,034	4,474	4,778	4,656	4,511
<i>of which: immigration and citizenship</i>	<i>1,528</i>	<i>976</i>	<i>1,196</i>	<i>1,063</i>	<i>761</i>
<i>of which: other police services</i>	<i>2,506</i>	<i>3,498</i>	<i>3,582</i>	<i>3,593</i>	<i>3,751</i>
3.2 Fire-protection services	96	395	444	470	453
3.3 Law courts	5,906	5,465	6,244	5,654	5,606
3.4 Prisons	4,365	4,116	3,828	4,157	4,265
3.5 R&D public order and safety	37	38	38	35	38
3.6 Public order and safety n.e.c.	460	748	820	980	976
Total public order and safety	14,897	15,236	16,152	15,950	15,850
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽⁴⁾	5,059	6,379	5,635	5,464	5,509
4.2 Agriculture, forestry, fishing and hunting	5,113	5,161	4,904	4,165	5,021
<i>of which: market support under CAP</i>	<i>2,894</i>	<i>2,959</i>	<i>2,773</i>	<i>2,278</i>	<i>3,010</i>
<i>of which: other agriculture, food and fisheries policy</i>	<i>2,121</i>	<i>2,088</i>	<i>2,005</i>	<i>1,782</i>	<i>1,901</i>
<i>of which: forestry</i>	<i>98</i>	<i>113</i>	<i>127</i>	<i>105</i>	<i>110</i>
4.3 Fuel and energy	463	464	449	463	480
4.4 Mining, manufacturing and construction	-5	2	6	8	8
4.5 Transport	9,819	10,163	10,688	16,829	17,905
<i>of which: national roads</i>	<i>2,841</i>	<i>3,150</i>	<i>3,712</i>	<i>3,986</i>	<i>4,157</i>
<i>of which: local roads</i>	<i>467</i>	<i>369</i>	<i>349</i>	<i>246</i>	<i>332</i>
<i>of which: local public transport</i>	<i>675</i>	<i>587</i>	<i>511</i>	<i>533</i>	<i>498</i>
<i>of which: railway ⁽⁵⁾</i>	<i>5,008</i>	<i>4,856</i>	<i>4,944</i>	<i>10,403</i>	<i>10,733</i>
<i>of which: other transport</i>	<i>828</i>	<i>1,200</i>	<i>1,172</i>	<i>1,660</i>	<i>2,186</i>
4.6 Communication	527	645	436	447	271
4.7 Other industries	190	156	175	179	153
4.8 R&D economic affairs	3,325	4,194	4,472	4,819	3,895
4.9 Economic affairs n.e.c	421	459	480	427	426
Total economic affairs	24,912	27,624	27,245	32,801	33,669
5. Environment protection					
5.1 Waste management	2,248	2,259	2,344	2,277	2,311
5.2 Waste water management	-	-	-	-	-
5.3 Pollution abatement	147	142	501	469	80
5.4 Protection of biodiversity and landscape	389	429	469	640	458
5.5 R&D environment protection	442	499	470	460	400
5.6 Environment protection n.e.c	1,269	1,582	1,580	1,514	1,613
Total environment protection	4,496	4,911	5,365	5,360	4,861

Table 6.4 Central government own expenditure on services by sub-function, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
6. Housing and community amenities					
6.1 Housing development	1,301	1,078	1,000	950	952
<i>of which: local authority housing</i>	119	89	66	152	166
<i>of which: other social housing</i>	1,182	989	934	798	786
6.2 Community development	428	587	639	435	531
6.3 Water supply	282	273	265	256	261
6.4 Street lighting	23	24	25	26	20
6.5 R&D housing and community amenities	-	-	-	2	0
6.6 Housing and community amenities n.e.c.	162	168	192	215	183
Total housing and community amenities	2,196	2,130	2,120	1,884	1,947
7. Health ⁽⁶⁾					
Medical services	118,508	120,303	125,853	129,604	134,630
Medical research	1,703	1,970	1,876	2,179	1,871
Central and other health services	3,921	4,550	3,526	3,499	4,282
Total health	124,131	126,823	131,255	135,281	140,783
8. Recreation, culture and religion					
8.1 Recreational and sporting services	1,763	721	1,196	553	516
8.2 Cultural services	2,014	2,013	2,142	1,520	2,307
8.3 Broadcasting and publishing services	3,557	3,705	4,088	3,905	4,122
8.4 Religious and other community services	61	64	74	102	93
8.5 R&D recreation, culture and religion	164	141	174	168	142
8.6 Recreation, culture and religion n.e.c.	97	46	58	65	68
Total recreation, culture and religion	7,656	6,691	7,732	6,313	7,249
9. Education					
9.1 Pre-primary and primary education	795	788	835	814	816
<i>of which: under fives</i>	123	97	99	85	86
<i>of which: primary education</i>	672	691	736	729	730
9.2 Secondary education ⁽⁷⁾	21,265	23,947	26,978	27,238	28,378
9.3 Post-secondary non-tertiary education	-	197	-	-	-
9.4 Tertiary education	8,148	7,534	6,680	6,164	6,421
9.5 Education not definable by level	444	408	560	473	724
9.6 Subsidiary services to education	503	528	573	507	472
9.7 R&D education	1,583	1,573	1,573	1,573	1,991
9.8 Education n.e.c.	1,703	2,204	1,837	2,328	2,519
Total education	34,441	37,180	39,035	39,098	41,321
10. Social protection					
<i>of which: personal social services</i>	1,681	1,064	1,113	1,202	1,204
10.1 Sickness and disability	36,345	37,803	41,011	43,742	43,870
<i>of which: personal social services</i>	880	265	278	297	324
<i>of which: incapacity, disability and injury benefits</i>	35,465	37,538	40,733	43,445	43,545
10.2 Old age	102,074	104,031	107,679	109,815	111,039
<i>of which: personal social services</i>	431	449	467	489	495
<i>of which: pensions</i>	101,644	103,582	107,212	109,326	110,543
10.3 Survivors	792	1,135	1,153	1,167	1,160
10.4 Family and children	18,810	16,434	15,814	15,688	15,131
<i>of which: personal social services</i>	326	299	323	371	346
<i>of which: family benefits, income support and tax credits</i>	18,484	16,134	15,491	15,317	14,785
10.5 Unemployment	5,939	4,945	3,473	2,698	2,227
<i>of which: personal social services</i>	-	-	-	-	-
<i>of which: other unemployment benefits</i>	5,939	4,945	3,473	2,698	2,227
10.6 Housing	725	620	619	590	583
10.7 Social exclusion n.e.c. ⁽⁸⁾	31,918	31,427	31,596	31,581	31,692
<i>of which: personal social services</i>	45	50	44	46	39
<i>of which: family benefits, income support, Universal Credit and tax credits</i>	31,873	31,377	31,552	31,535	31,653
10.8 R&D Social protection	-	-	-	-	-
10.9 Social protection n.e.c.	3,354	3,105	3,667	3,956	3,978
Total social protection	199,957	199,501	205,012	209,235	209,679

Table 6.4 Central government own expenditure on services by sub-function, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
EU transactions ⁽⁹⁾					
VAT-based and GNI-based contributions (net of abatement and collection costs)	10,809	11,146	10,915	10,482	8,803
<i>derived as:</i>					
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	16,871	18,208	18,733	17,635	16,937
<i>Traditional Own Resources (without deduction of collection costs)</i>	-2,891	-2,933	-3,006	-3,085	-3,377
<i>UK abatement</i>	-3,172	-4,130	-4,811	-4,068	-4,757
EU receipts	-4,022	-3,856	-4,690	-2,811	-4,079
Attributed aid and Common Foreign and Security Policy	-82	-79	-	-	-
Total EU transactions	6,705	7,210	6,225	7,671	4,725
Total central government own expenditure on services	518,944	528,939	539,785	552,839	562,454
Accounting adjustments	35,118	29,639	31,023	21,532	26,713
Total central government own expenditure ⁽¹⁰⁾	554,062	558,578	570,808	574,371	589,167

(1) Official Development Assistance (ODA) is the internationally-agreed classification of foreign aid financing and is measured in accordance with international standards agreed by the Organisation for Economic Co-operation and Development (OECD). The UN COFOG measure of Foreign economic aid presented in this table is quite different from the UK ODA measure and therefore not comparable. For example the UK ODA measure include financial transactions such as loans, whereas the UN COFOG measure does not. Also, the UK ODA analysis is on a calendar year rather than financial year basis. A link to the latest ODA release is provided here:

<https://www.gov.uk/government/statistics/provisional-uk-official-development-assistance-as-a-proportion-of-gross-national-income-2016>

(2) Central government debt interest figures show gross payments to the private sector and overseas.

(3) The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link:

http://www.nato.int/cps/on/natohq/topics_49188.htm

(4) Transactions from 2012-13 onwards have been affected by financial sector interventions. Details are provided in Box 5.A.

(5) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis only includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year onwards.

(6) The level of detail required for COFOG level 2 is not yet available in England and Wales. Health spending is therefore presented using HM Treasury's own sub-functional classification.

(7) The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of PESA the Department for Education will look to improve apportionment of spending across the education categories.

(8) Social exclusion n.e.c. includes Child and Working Tax Credits. Also included here are Universal Credit additional costs that were previously scored in 10.9 Social protection n.e.c.

(9) An explanation of why the EU transactions are defined in TES in this way is given in PESA 2017 Annex E. Complete transactions with the institutions of the EU are shown in PESA 2017 Table C.1.

(10) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Table 6.5 Central government own expenditure on services by economic category, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Central government current expenditure on services					
Pay	96,442	99,003	103,401	109,600	114,869
Gross current procurement	120,124	123,030	128,458	129,995	135,048
Income from sales of goods and services	-18,123	-18,865	-20,034	-18,361	-22,777
Current grants to persons and non-profit bodies	207,147	207,603	210,728	212,410	213,937
Current grants abroad	11,838	14,067	12,312	13,694	11,380
Subsidies to private sector companies	6,474	6,606	6,336	6,817	7,345
Subsidies to public corporations	1,625	1,023	821	815	642
Net public service pensions	8,620	9,081	10,182	9,650	8,891
Central government debt interest	48,982	48,796	45,369	45,125	48,380
Other	238	278	289	317	469
Total central government own current expenditure on services	483,367	490,622	497,862	510,062	518,184
Accounting adjustments	27,099	29,592	31,330	23,986	26,909
Total central government own current expenditure	510,466	520,214	529,192	534,048	545,093
Central government capital expenditure on services					
Capital grants to persons and non-profit bodies	6,202	6,389	6,923	7,000	7,369
Capital grants to private sector companies ^{(1) (2)}	6,025	5,343	6,044	2,281	1,469
Capital grants abroad	1,150	1,405	2,754	2,753	1,668
Gross capital procurement ⁽²⁾	23,623	25,871	28,504	33,558	35,918
Income from sales of capital assets	-1,422	-692	-2,302	-2,814	-2,153
Total central government own capital expenditure on services	35,578	38,316	41,923	42,778	44,271
Accounting adjustments	8,018	48	-307	-2,455	-197
Total central government own capital expenditure	43,596	38,364	41,616	40,323	44,074
Total central government own expenditure on services	518,945	528,938	539,785	552,840	562,455
Accounting adjustments	35,117	29,640	31,023	21,531	26,712
Total central government own expenditure ⁽³⁾	554,062	558,578	570,808	574,371	589,167

(1) Transactions have been affected by financial sector interventions. See Box 5.A for details.

(2) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail within DEL. The actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014.

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

Table 6.6 Central government own current and capital expenditure on services by function, 2012-13 to 2016-17

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
Central government own current expenditure on services						
1. General public services	62,259	63,946	60,094	60,011	63,618	
<i>of which: public and common services</i>	6,103	5,983	6,371	6,436	6,297	
<i>of which: international services</i>	7,174	9,167	8,355	8,450	8,941	
<i>of which: public sector debt interest</i>	48,982	48,796	45,369	45,125	48,380	
2. Defence ⁽¹⁾	27,050	27,516	27,411	27,750	27,755	
3. Public order and safety	14,136	14,490	15,420	15,171	14,979	
4. Economic affairs	14,900	16,327	14,686	17,814	18,138	
<i>of which: enterprise and economic development ⁽²⁾</i>	3,169	3,593	3,285	4,015	3,725	
<i>of which: science and technology</i>	272	363	496	875	389	
<i>of which: employment policies</i>	2,799	3,579	3,125	2,406	2,399	
<i>of which: agriculture, fisheries and forestry</i>	4,899	4,883	4,608	3,972	4,682	
<i>of which: transport ⁽³⁾</i>	3,761	3,908	3,172	6,545	6,944	
5. Environment protection	1,746	1,959	2,185	2,273	1,596	
6. Housing and community amenities	816	810	858	857	928	
7. Health	117,805	119,408	124,863	129,458	135,275	
8. Recreation, culture and religion	6,809	5,836	6,856	5,888	6,179	
9. Education	31,435	32,946	33,887	34,007	35,436	
10. Social protection	199,705	200,174	205,377	209,162	209,556	
EU transactions	6,705	7,210	6,225	7,671	4,725	
Total central government own current expenditure on services	483,366	490,623	497,862	510,061	518,185	
Accounting adjustments	27,100	29,591	31,330	23,987	26,908	
Total central government own current expenditure	510,466	520,214	529,192	534,048	545,093	
Central government own capital expenditure on services						
1. General public services	1,089	1,395	2,959	2,711	1,797	
<i>of which: public and common services</i>	570	791	842	732	926	
<i>of which: international services</i>	519	604	2,117	1,979	871	
2. Defence ⁽¹⁾	9,152	8,775	9,179	8,773	9,200	
3. Public order and safety	761	746	732	780	871	
4. Economic affairs	10,012	11,297	12,559	14,987	15,531	
<i>of which: enterprise and economic development ⁽²⁾</i>	608	856	738	545	665	
<i>of which: science and technology</i>	3,054	3,831	3,976	3,944	3,506	
<i>of which: employment policies</i>	78	77	32	22	60	
<i>of which: agriculture, fisheries and forestry</i>	213	278	296	193	339	
<i>of which: transport ⁽³⁾</i>	6,059	6,255	7,516	10,284	10,962	
5. Environment protection	2,750	2,952	3,181	3,087	3,265	
6. Housing and community amenities	1,381	1,320	1,263	1,027	1,020	
7. Health	6,326	7,415	6,392	5,823	5,508	
8. Recreation, culture and religion	847	854	875	425	1,070	
9. Education	3,006	4,234	5,148	5,091	5,885	
10. Social protection	252	-673	-365	74	123	
Total central government own capital expenditure on services	35,578	38,316	41,923	42,778	44,270	
Accounting adjustments	8,018	48	-307	-2,455	-196	
Total central government own capital expenditure ⁽⁴⁾	43,596	38,364	41,616	40,323	44,074	

(1) The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link:

http://www.nato.int/cps/en/natohq/topics_49198.htm

(2) Transactions from 2012-13 onwards have been affected by financial sector interventions. See Box 5.A for details.

(3) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis only includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year onwards.

(4) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

BACKGROUND TO 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. Central government, as defined by the Office for National Statistics (ONS) for the National Accounts, includes the devolved administrations, executive agencies and Arms Length Bodies (ALBs), health trusts and academies.

6.2 In addition to staff pay and procurement, 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 local government and support for the capital expenditure of public corporations. These data are shown in **Chapters 7 and 8**.

6.3 Central government own expenditure accounts for about 75 per cent of Departmental Expenditure Limits (DEL) and about 90 per cent of departmental Annually Managed Expenditure (AME).

6.4 **Tables 6.1 to 6.3** are presented against the budgeting framework, **Tables 6.4 to 6.6** are presented against the expenditure on services framework.

WHAT'S NEW

6.5 In 2016 the Government announced the creation of three new departments: the Department for Exiting the European Union (DExEU), the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS).

6.6 DExEU was set up on 14 July 2016 to co-ordinate the United Kingdom's withdrawal from the European Union. Some of the responsibilities of the European and Global Issues Secretariat were transferred from the Cabinet Office. DExEU also took responsibility for European Union functions from the FCO.

6.7 DIT took over the functions previously undertaken by the UK Trade & Investment department. DIT also took policy responsibility for the GREAT campaign which was transferred from the Cabinet Office and for the Trade Policy Group which transferred from BEIS.

6.8 BEIS took over the functions of energy and climate change from the former Department of Energy and Climate Change. BEIS transferred responsibility for Apprenticeships, Further Education and Higher Education to the Department for Education on 14 July 2016. The function of offender learning was transferred to the Ministry of Justice on 1 October 2016.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

6.9 Table 6.1 gives a departmental breakdown of central government own expenditure. Expenditure in DEL is shown separately from expenditure in departmental AME. DEL expenditure in this table is shown on a full resource budgeting basis, which is given by resource DEL plus capital DEL less depreciation (including impairments) in DEL. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is by local government, 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.

CENTRAL GOVERNMENT OWN RESOURCE AND CAPITAL EXPENDITURE BY DEPARTMENT

6.10 Tables 6.2 and 6.3 show the resource and capital elements of **Table 6.1**, respectively. Expenditure for each departmental group is therefore shown on a budgeting basis, while the final line in each table shows total central government own expenditure on a National Accounts basis. The lower section of each table shows the adjustments required to move from the budgeting framework to the National Accounts framework.

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY SUB-FUNCTION

6.11 Table 6.4 shows central government own expenditure by sub-function, within the expenditure on services framework. Expenditure on services is an overall measure of public spending that is close to TME, and so broadly represents total current and capital expenditure as in the National Accounts. Full details are available in **Annex E** of PESA 2017.

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY ECONOMIC CATEGORY

6.12 Table 6.5 shows central government own expenditure by economic category, set within the framework of expenditure on services. An explanation of the different economic categories is available in **Chapter 5**.

CENTRAL GOVERNMENT OWN CURRENT AND CAPITAL EXPENDITURE ON SERVICES BY FUNCTION

6.13 Table 6.6 shows central government own current and capital expenditure on services by function. This shows the capital and current split on a National Accounts basis.

CHAPTER 7 LOCAL GOVERNMENT FINANCING AND EXPENDITURE

OVERVIEW

Chapter 7 analyses central government support for local government within budgets (tables 7.1 to 7.3) and local government expenditure on services (tables 7.4 to 7.8). It deals primarily with Great Britain, as most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments.

CENTRAL GOVERNMENT SUPPORT FOR LOCAL GOVERNMENT

- Total central government support in DEL was £74.7bn in 2016-17, down from £81.1bn the year before. Support in AME decreased to £37.2bn from £37.9bn over the same period.
- In table 7.2, the Department for Education is provisionally shown as responsible for providing current grants worth £30.6bn to local authorities in England in 2016-17. Spending on academies is now classified as central government expenditure and so scores as central government pay or procurement rather than grants to local government, and final outturn data may cause this to be revised.
- Capital support for local government decreased to £8.3bn in 2016-17, from £10.8bn the year before. However, most of this fall was due to a large adjustment down in the net total of £1.4bn in 2016-17 to represent the transfer of fixed assets from local government to academies in England.

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

- Total local government current expenditure on services was £133.0bn in 2016-17, marginally lower than £133.2bn in 2015-16. Total capital expenditure on services was up from £16.5bn to £18.9bn over the same period.
- As shown in table 7.4, local government current expenditure on social protection was £54.3bn in 2016-17, down from £55.5bn the year before. Over the same period, spending on education increased to £41.7bn from £41.5bn (although, as noted above, this may be adjusted once more data on the switch to academies is available).
- Local government capital expenditure on transport increased to £6.6bn in 2016-17 from £6.3bn in 2015-16.
- A breakdown of local government expenditure by economic category is shown in table 7.8. Spending on pay, which amounted to £62.3bn in 2016-17, accounts for just over 41 per cent of all spending on services by local government. The majority of this was within the education and public order and safety functions.

Table 7.1 Financing of local government in the United Kingdom by country, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Current finance in DEL					
England ⁽¹⁾	71,763	66,330	63,070	58,811	55,106
Scotland ⁽²⁾	8,757	7,691	7,315	7,293	6,977
Wales ⁽⁶⁾	5,634	5,717	5,621	4,361	4,171
Northern Ireland	59	58	138	147	152
Total current finance in DEL	86,213	79,796	76,144	70,612	66,406
Capital support in DEL					
England ⁽⁷⁾	8,421	8,009	8,878	9,022	7,005
Scotland ⁽²⁾	607	565	829	890	816
Wales	637	569	535	555	517
Northern Ireland	3	2	6	46	5
Total capital support in DEL	9,668	9,145	10,248	10,513	8,343
Total central government support in DEL ⁽³⁾	95,881	88,941	86,392	81,125	74,749
Current finance in departmental AME					
England ⁽¹⁾	26,770	33,826	34,556	35,227	34,977
Scotland	2,121	1,724	1,750	1,286	1,229
Wales	1,231	1,003	1,025	1,023	1,026
Northern Ireland	-	-	-	-	-
Total current finance in departmental AME	30,122	36,553	37,331	37,536	37,232
Capital support in departmental AME					
England	133	132	310	333	-40
Scotland	-	-	-	-10	-6
Wales	-	-	-	5	-
Northern Ireland	-	-	-	-	-
Total capital support in departmental AME	133	132	310	328	-46
Total central government support in departmental AME ⁽⁴⁾	30,255	36,685	37,641	37,864	37,186
Locally financed expenditure					
Local authority self-financed expenditure	26,507	26,906	28,808	33,567	38,061
Locally financed support in Scotland ⁽⁵⁾	2,263	2,435	2,650	2,789	2,769
Locally financed support in Wales ⁽⁶⁾	-	-	-	1,875	977
Total locally financed expenditure	28,770	29,341	31,458	38,231	41,807
Total financing of local government expenditure	154,906	154,967	155,491	157,220	153,742
Accounting and other adjustments	16,995	17,535	17,679	16,244	19,936
Total local government expenditure	171,901	172,502	173,170	173,464	173,678

(1) Figures from 2013-14 reflect adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.

(2) Funding arrangements for police services have changed following police reform in April 2013, including the creation of a single police force (the Police Service of Scotland). From April 2013, funding for the single force comes mainly from the Scottish Government via the Scottish Police Authority.

(3) Receipts from the EU offset in budgets against the subsequent payment to local government.

(4) Includes lottery grants.

(5) By convention, non-domestic rates income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support, as it is finance raised in Scotland rather than funding from Whitehall.

(6) From 2015-16 national non-domestic rates in Wales became classified as locally raised, prior to that they formed part of departmental DEL. 2015-16 includes borrowing to reform the HRA.

(7) Following a change of accounting policy and with the introduction of Sector Accounting the Department for Education now reports the value of assets transferred from local government to academies on conversion to the Academy Sector. As a result of this change, the net capital grants to local government have been reduced by £1.4bn in 2016-17 which represents the transfer of fixed assets from local government to academies.

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
England					
Home Office					
Police	10,071	9,943	10,300	9,952	10,815
Area Based Grants	29	-	-	-	-
Other	653	475	540	758	294
Total Home Office	10,753	10,418	10,840	10,710	11,109
Health					
Health	88	-	-	-	-
Social Care	-	42	80	56	-
Public Health ⁽²⁾	-	2,662	2,565	3,036	3,388
Other	5	9	21	26	0
Total Health	93	2,713	2,666	3,118	3,388
Work and Pensions ⁽³⁾					
Housing benefits	20,710	20,992	20,989	20,866	20,194
Other	4,812	847	676	443	419
Total Work and Pensions	25,522	21,839	21,665	21,309	20,613
Education ⁽¹⁾					
Schools Grant	30,824	29,167	28,254	27,551	25,168
Early Intervention grant	448	-	-	-	-
Pupil Premium	989	1,365	1,768	1,668	1,563
Private finance initiative grant	670	715	744	749	751
Other	1,235	1,851	1,966	2,407	3,099
Total Education	34,166	33,098	32,732	32,375	30,581
Business, Energy and Industrial Strategy					
Business, Energy and Industrial Strategy	14	7	18	26	12
Total Business, Energy and Industrial Strategy	14	7	18	26	12
Transport					
GLA transport	2,835	1,988	1,777	591	474
Strategic rail authority	164	182	52	126	5
Other	516	677	627	639	541
Total Transport	3,515	2,847	2,456	1,356	1,020
DCLG Communities					
New Homes Bonus	397	668	917	1,168	1,462
PFI special grant (Housing)	134	154	183	184	192
Troubled Families	132	161	153	141	171
City Deals	-	-	-	1	102
Other	348	427	351	409	245
Total DCLG Communities	1,011	1,410	1,604	1,903	2,172
DCLG Local Government					
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	23,133	26,669	24,994	22,241	20,057
Independent Living Fund	-	-	-	140	177
PFI special grant	29	26	27	27	27
Other	61	909	298	524	367
Total DCLG Local Government	23,223	27,604	25,319	22,932	20,628
Environment, Food and Rural Affairs					
Environment, Food and Rural Affairs	98	92	139	132	130
Total Environment, Food and Rural Affairs	98	92	139	132	130
Other government departments					
	138	128	188	176	430
Total England	98,533	100,156	97,627	94,037	90,083

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Scotland⁽⁴⁾					
Work and Pensions					
Housing benefits	1,748	1,724	1,750	1,732	1,693
Other	419	41	30	27	25
Total Work and Pensions	2,167	1,765	1,780	1,759	1,718
Scottish Government					
Revenue Support Grant ⁽³⁾	8,114	7,529	7,165	7,151	6,839
Non-domestic rate income ⁽⁵⁾	2,263	2,435	2,650	2,789	2,769
Police	479	-	-	-	-
Other	117	121	120	114	113
Total Scottish Government	10,973	10,085	9,935	10,054	9,721
Other government departments	-	-	-	-445	-464
Total Scotland	13,140	11,850	11,715	11,368	10,975
Wales					
Home Office					
Police	-	-	-	-	-
Other	-	-	-	-	-
Total Home Office	-	-	-	-	-
Work and Pensions					
Housing benefits	976	984	1,003	1,002	998
Other	264	23	16	15	13
Total Work and Pensions	1,240	1,007	1,019	1,017	1,011
Welsh Assembly Government					
Other	1,149	1,031	1,189	1,030	905
Total Welsh Assembly Government	5,626	5,712	5,628	5,323	5,168
Other government departments	0	0	-1	0	0
Total Wales	6,866	6,719	6,646	6,340	6,179
Northern Ireland					
Northern Ireland Executive					
	59	58	138	147	152
Total Northern Ireland	59	58	138	147	152
Total current finance	118,598	118,783	116,126	111,892	107,389

(1) Academies are now treated as part of central government, and so their expenditure falls within pay and procurement and is no longer recorded within grants for local government.

(2) Introduced from 2013-14 to give local authorities the funding needed to discharge their public health responsibilities.

(3) Responsibility for Council Tax Benefits has been transferred from 2013-14 from DWP to DCLG Local Government, Scottish Government and the Welsh Assembly Government. It now appears within Revenue Support Grant.

(4) Funding arrangements for police services have changed following police reform in April 2013, including the creation of a single police force (the Police Service of Scotland). From April 2013, funding for the single force comes mainly from the Scottish Government via the Scottish Police Authority.

(5) By convention, non-domestic rates income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support, i.e. It is finance raised in Scotland rather than funding from Whitehall.

Table 7.3 Central government capital support for local government in the United Kingdom by country and departmental group, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
England					
Capital grants					
Home Office	252	238	244	548	130
Health	128	247	227	221	593
Education ⁽¹⁾	2,033	2,235	2,525	2,036	733
Business, Energy and Industrial Strategy	49	77	22	55	42
Transport	3,044	3,373	3,188	3,342	2,351
Culture, Media and Sport	1,337	183	409	225	54
DCLG Communities	1,656	1,729	2,406	2,792	2,944
DCLG Local Government	0	-	-	-	-
Justice	0	-	-	-	8
Environment, Food and Rural Affairs	48	54	164	137	109
Cabinet Office	8	5	3	-	-
Total capital grants	8,553	8,141	9,188	9,355	6,965
Total England	8,553	8,141	9,188	9,355	6,965
Scotland					
Supported borrowing					
Scottish Government	16	-	-	-	-
Total supported borrowing	16	-	-	-	-
Capital grants					
Scottish Government	591	565	829	880	811
Total capital grants	591	565	829	880	811
Total Scotland	607	565	829	880	811
Wales					
Supported Capital Expenditure (Revenue) ⁽²⁾					
Welsh Assembly Government	107	89	89	89	89
Total Supported Capital Expenditure (Revenue)	107	89	89	89	89
Capital grants					
Welsh Assembly Government	529	480	446	466	428
Total capital grants	529	480	446	466	428
Total Wales	637	569	535	555	517
Northern Ireland capital grants					
Northern Ireland Executive	3	2	6	46	5
Total Northern Ireland	3	2	6	46	5
Total United Kingdom	9,800	9,277	10,558	10,836	8,298

(1) Following a change of accounting policy and with the introduction of Sector Accounting the Department for Education now reports the value of assets transferred from local government to academies on conversion to the Academy Sector. As a result of this change, the net capital grants to local government have been reduced by £1.4bn in 2016-17 which represents the transfer of fixed assets from local government to academies.

(2) A full definition of Supported Capital expenditure (SCR) is given in Annex G. This is equivalent to supported borrowing in Scotland.

Table 7.4 Local government current and capital expenditure on services in the United Kingdom by function, 2012-13 to 2016-17

	£ million				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	plans
Current					
1. General public services	4,019	3,922	4,093	4,152	4,484
<i>of which: public and common services</i>	3,504	3,375	3,318	3,391	3,762
<i>of which: public sector debt interest ⁽¹⁾</i>	515	547	775	761	722
2. Defence	52	54	49	46	45
3. Public order and safety ⁽²⁾	15,761	13,855	13,815	13,757	14,014
4. Economic affairs	4,879	4,746	4,445	3,936	3,805
<i>of which: enterprise and economic development</i>	887	903	911	613	520
<i>of which: agriculture, fisheries and forestry</i>	78	86	88	102	96
<i>of which: transport</i>	3,914	3,757	3,446	3,221	3,189
5. Environment protection	5,630	5,649	5,629	5,686	5,809
6. Housing and community amenities	2,405	2,340	2,219	2,119	2,168
7. Health	139	2,560	2,788	3,205	3,541
8. Recreation, culture and religion	3,857	3,737	3,571	3,338	3,108
9. Education	44,338	43,094	41,717	41,461	41,668
10. Social protection	53,294	54,188	55,639	55,501	54,325
Total local government current expenditure on services	134,374	134,145	133,965	133,202	132,967
Accounting adjustments	20,408	21,672	22,267	23,472	23,096
Total local government current expenditure	154,782	155,817	156,232	156,674	156,063
Capital					
1. General public services	965	954	878	947	2,004
<i>of which: public and common services</i>	965	954	878	947	2,004
3. Public order and safety ⁽²⁾	647	512	519	499	257
4. Economic affairs	5,326	6,099	6,633	6,666	7,744
<i>of which: enterprise and economic development</i>	85	300	84	128	895
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	83	127	219	200	225
<i>of which: transport</i>	5,158	5,672	6,330	6,338	6,624
5. Environment protection	538	624	573	589	589
6. Housing and community amenities	2,268	2,300	2,543	2,098	2,501
7. Health	27	6	10	13	16
8. Recreation, culture and religion	1,189	983	1,146	1,244	1,269
9. Education	5,212	4,604	4,302	4,228	4,185
10. Social protection	196	271	256	241	288
Total local government capital expenditure on services	16,367	16,353	16,861	16,525	18,853
Accounting adjustments	752	332	77	265	-1,238
Total local government capital expenditure	17,119	16,685	16,938	16,790	17,615
Total local government expenditure	171,901	172,502	173,170	173,464	173,678

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

(2) Funding arrangements for police services have changed following police reform in April 2013, including the creation of a single police force (the Police Service of Scotland). From April 2013, funding for the single force comes mainly from the Scottish Government via the Scottish Police Authority.

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2012-13 to 2016-17

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 plans
England					
1. General public services	2,948	2,690	2,682	2,744	3,144
<i>of which: public and common services</i>	2,948	2,690	2,682	2,744	3,144
2. Defence	45	47	43	39	38
3. Public order and safety	13,527	13,085	13,014	12,999	13,236
4. Economic affairs	3,831	3,714	3,458	3,012	2,899
<i>of which: enterprise and economic development</i>	556	544	559	312	224
<i>of which: agriculture, fisheries and forestry</i>	65	69	72	80	78
<i>of which: transport</i>	3,210	3,101	2,827	2,620	2,597
5. Environment protection	4,475	4,477	4,467	4,523	4,605
6. Housing and community amenities	2,108	2,003	1,892	1,799	1,762
7. Health ⁽¹⁾	89	2,508	2,737	3,152	3,496
8. Recreation, culture and religion	2,772	2,670	2,505	2,322	2,170
9. Education	37,134	35,881	34,477	34,133	34,211
10. Social protection	45,567	46,301	47,623	47,402	46,254
Total England	112,496	113,377	112,898	112,127	111,815
Scotland					
1. General public services	376	503	455	468	396
<i>of which: public and common services</i>	376	503	455	468	396
2. Defence	3	3	3	4	4
3. Public order and safety ⁽²⁾	1,458	-	-	-	-
4. Economic affairs	724	711	701	673	654
<i>of which: enterprise and economic development</i>	220	241	247	226	227
<i>of which: agriculture, fisheries and forestry</i>	7	10	10	15	11
<i>of which: transport</i>	497	460	444	432	416
5. Environment protection	614	632	633	644	663
6. Housing and community amenities	42	72	74	97	132
8. Recreation, culture and religion	591	584	609	566	544
9. Education	4,574	4,590	4,624	4,745	4,880
10. Social protection	4,977	4,991	5,065	5,163	5,152
Total Scotland	13,358	12,086	12,164	12,359	12,423
Wales					
1. General public services	180	182	181	178	222
<i>of which: public and common services</i>	180	182	181	178	222
2. Defence	4	4	4	3	3
3. Public order and safety	776	770	801	758	778
4. Economic affairs	301	300	257	228	229
<i>of which: enterprise and economic development</i>	88	97	77	52	46
<i>of which: agriculture, fisheries and forestry</i>	6	7	6	8	7
<i>of which: transport</i>	207	196	174	168	176
5. Environment protection	363	360	343	329	353
6. Housing and community amenities	164	168	155	124	117
8. Recreation, culture and religion	278	262	245	220	202
9. Education	2,631	2,623	2,616	2,583	2,577
10. Social protection	2,750	2,896	2,951	2,937	2,920
Total Wales	7,447	7,564	7,553	7,359	7,400
Total Great Britain	133,301	133,027	132,615	131,845	131,638

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2012-13 to 2016-17 (continued)

	£ million				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	plans
Northern Ireland					
4. Economic affairs	23	21	27	23	24
<i>of which: enterprise and economic development</i>	23	21	27	23	24
5. Environment protection	178	180	186	190	189
6. Housing and community amenities	91	98	99	100	158
7. Health	50	52	52	53	45
8. Recreation, culture and religion	215	221	211	230	192
Total Northern Ireland	557	571	575	596	608
Debt interest ⁽³⁾	515	547	775	761	722
Total local government current expenditure on services	134,373	134,145	133,965	133,202	132,968
Accounting adjustments	20,409	21,672	22,267	23,472	23,095
Total local government current expenditure	154,782	155,817	156,232	156,674	156,063

(1) Public Health Grant introduced from 2013-14 to give local authorities the funding needed to discharge their public health responsibilities.

(2) Funding arrangements for police services have changed following police reform in April 2013, including the creation of a single police force (the Police Service of Scotland). From April 2013, funding for the single force comes mainly from the Scottish Government via the Scottish Police Authority.

(3) Debt interest is not allocated to individual countries, so is only included in the total UK figures. It excludes all intra-public sector debt interest payments.

Table 7.6 Local government gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2012-13 to 2016-17

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 plans
England					
1. General public services	1,191	1,246	1,280	1,311	2,317
<i>of which: public and common services</i>	1,191	1,246	1,280	1,311	2,317
3. Public order and safety	673	660	740	785	808
4. Economic affairs	4,812	5,629	6,260	6,524	7,017
<i>of which: enterprise and economic development</i>	183	447	296	472	796
<i>of which: employment policies</i>	0	0	0	0	0
<i>of which: agriculture, fisheries and forestry</i>	50	87	147	184	174
<i>of which: transport</i>	4,579	5,095	5,817	5,868	6,047
5. Environment protection	432	474	491	492	469
6. Housing and community amenities	2,048	2,030	2,330	2,208	2,381
7. Health	25	4	7	10	13
8. Recreation, culture and religion	874	817	931	1,034	966
9. Education	4,703	3,913	3,647	3,367	3,132
10. Social protection	182	229	239	248	284
Total England	14,940	15,003	15,925	15,979	17,388
Scotland					
1. General public services	124	175	174	196	209
<i>of which: public and common services</i>	124	175	174	196	209
3. Public order and safety ⁽²⁾	75	-	-	-	-
4. Economic affairs	676	616	570	574	710
<i>of which: enterprise and economic development</i>	96	74	50	73	143
<i>of which: agriculture, fisheries and forestry</i>	58	69	85	65	60
<i>of which: transport</i>	522	473	435	436	507
5. Environment protection	76	130	56	64	71
6. Housing and community amenities	144	161	173	174	193
8. Recreation, culture and religion	265	155	128	171	205
9. Education	513	524	559	653	765
10. Social protection	74	81	74	63	68
Total Scotland	1,946	1,841	1,735	1,893	2,220
Wales					
1. General public services	68	50	44	39	68
<i>of which: public and common services</i>	68	50	44	39	68
3. Public order and safety	34	54	48	57	58
4. Economic affairs	247	198	189	133	154
<i>of which: enterprise and economic development</i>	15	22	25	18	20
<i>of which: agriculture, fisheries and forestry</i>	10	14	14	7	21
<i>of which: transport</i>	222	162	150	108	113
5. Environment protection	36	24	26	32	41
6. Housing and community amenities	192	201	194	195	150
8. Recreation, culture and religion	72	53	47	54	48
9. Education	267	274	246	335	415
10. Social protection	23	18	23	13	20
Total Wales	940	872	816	859	955
Total Great Britain	17,826	17,716	18,476	18,731	20,563
Northern Ireland					
4. Economic affairs	2	1	4	15	22
<i>of which: enterprise and economic development</i>	2	1	4	15	22
5. Environment protection	13	9	12	8	13
6. Housing and community amenities	22	21	25	37	58
7. Health	4	3	4	3	3
8. Recreation, culture and religion	59	57	100	93	140
Total Northern Ireland	99	91	145	155	235
Total United Kingdom	17,925	17,807	18,621	18,886	20,798
Memorandum					
United Kingdom gross capital expenditure, from above	17,925	17,807	18,621	18,886	20,798
United Kingdom capital receipts (see table 7.7)	-1,558	-1,455	-1,761	-2,361	-1,945
Total local government net capital expenditure on services	16,367	16,352	16,860	16,525	18,853
Accounting adjustments	752	333	78	265	-1,238
Total local government net capital expenditure	17,119	16,685	16,938	16,790	17,615

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

(2) Funding arrangements for police services have changed following police reform in April 2013, including the creation of a single police force (the Police Service of Scotland). From April 2013, funding for the single force comes mainly from the Scottish Government via the Scottish Police Authority.

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2012-13 to 2016-17

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 plans
England					
1. General public services	380	477	574	562	537
<i>of which: public and common services</i>	380	477	574	562	537
3. Public order and safety	126	199	267	340	605
4. Economic affairs	387	278	339	437	131
<i>of which: enterprise and economic development</i>	189	179	262	317	66
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	36	44	27	56	30
<i>of which: transport</i>	162	55	50	64	35
5. Environment protection	16	12	8	4	2
6. Housing and community amenities	124	97	147	495	247
8. Recreation, culture and religion	60	70	22	54	48
9. Education	265	89	120	107	102
10. Social protection	76	53	69	78	83
Total England	1,434	1,274	1,546	2,077	1,755
Scotland					
1. General public services	24	28	26	19	18
<i>of which: public and common services</i>	24	28	26	19	18
3. Public order and safety	7	-	-	-	-
4. Economic affairs	16	59	39	128	2
<i>of which: enterprise and economic development</i>	13	57	18	118	-6
<i>of which: agriculture, fisheries and forestry</i>	0	0	0	0	0
<i>of which: transport</i>	3	2	21	10	8
5. Environment protection	0	1	1	1	2
6. Housing and community amenities	2	1	5	0	0
8. Recreation, culture and religion	1	4	2	3	2
9. Education	6	14	15	16	14
10. Social protection	3	3	6	1	1
Total Scotland	59	110	94	168	38
Wales					
1. General public services	14	12	20	18	36
<i>of which: public and common services</i>	14	12	20	18	36
3. Public order and safety	2	2	2	3	4
4. Economic affairs	6	8	11	8	17
<i>of which: enterprise and economic development</i>	6	7	10	7	17
<i>of which: agriculture, fisheries and forestry</i>	0	0	0	0	0
<i>of which: transport</i>	0	1	1	1	0
5. Environment protection	0	0	0	0	0
6. Housing and community amenities	4	12	15	13	26
8. Recreation, culture and religion	1	0	0	1	1
9. Education	1	5	15	4	12
10. Social protection	3	0	5	3	0
Total Wales	32	40	68	51	96
Total Great Britain	1,525	1,424	1,708	2,296	1,889
Northern Ireland					
4. Economic affairs	2	1	1	8	9
<i>of which: enterprise and economic development</i>	2	1	1	8	9
5. Environment protection	2	1	3	1	0
6. Housing and community amenities	7	3	13	7	8
7. Health	1	0	1	0	0
8. Recreation, culture and religion	20	25	35	49	38
Total Northern Ireland	33	30	53	66	56
Total United Kingdom capital receipts	1,558	1,455	1,761	2,361	1,945

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2012-13 to 2016-17

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 plans
England					
Pay	56,080	53,607	52,876	51,424	51,355
Gross current procurement	62,564	65,594	66,558	67,893	68,436
Income from sales of goods and services	-28,720	-28,713	-29,436	-30,019	-29,959
Subsidies to private sector companies	1,438	1,477	1,357	1,368	1,269
Subsidies to public corporations	15	15	14	14	14
Current grants to persons and non-profit bodies	21,119	21,396	21,529	21,447	20,699
Gross capital procurement	12,810	12,992	13,712	14,141	15,844
Income from sales of capital assets	-1,434	-1,274	-1,546	-2,077	-1,755
Capital grants	2,130	2,011	2,213	1,838	1,543
Total England	126,002	127,105	127,278	126,030	127,448
Scotland					
Pay	7,180	5,994	6,045	6,129	6,180
Gross current procurement	6,326	6,162	6,250	6,340	6,374
Income from sales of goods and services	-2,020	-1,938	-2,001	-1,978	-1,966
Subsidies to public corporations	84	98	93	95	103
Current grants to persons and non-profit bodies	1,789	1,770	1,776	1,772	1,733
Gross capital procurement	1,777	1,642	1,536	1,705	2,044
Income from sales of capital assets	-59	-110	-94	-168	-38
Capital grants	169	200	198	188	176
Total Scotland	15,245	13,818	13,804	14,083	14,605
Wales					
Pay	4,012	4,355	3,951	4,385	4,404
Gross current procurement	3,795	3,555	3,946	3,225	3,263
Income from sales of goods and services	-1,352	-1,350	-1,355	-1,275	-1,277
Current grants to persons and non-profit bodies	992	1,004	1,011	1,024	1,009
Gross capital procurement	849	778	728	765	884
Income from sales of capital assets	-32	-40	-68	-51	-96
Capital grants	91	94	88	94	70
Total Wales	8,355	8,396	8,301	8,168	8,258
Great Britain					
Pay	67,272	63,956	62,873	61,938	61,940
Gross current procurement	72,685	75,312	76,754	77,458	78,073
Income from sales of goods and services	-32,092	-32,001	-32,793	-33,273	-33,202
Subsidies to private sector companies	1,438	1,477	1,357	1,368	1,269
Subsidies to public corporations	99	113	107	109	116
Current grants to persons and non-profit bodies	23,900	24,170	24,317	24,244	23,441
Gross capital procurement	15,435	15,412	15,977	16,611	18,773
Income from sales of capital assets	-1,525	-1,424	-1,708	-2,296	-1,889
Capital grants	2,390	2,305	2,500	2,120	1,789
Total Great Britain	149,602	149,319	149,383	148,280	150,311
Northern Ireland					
Pay	291	302	321	348	356
Gross current procurement	444	466	463	469	411
Income from sales of goods and services	-177	-197	-209	-220	-159
Gross capital procurement	99	91	145	155	235
Income from sales of capital assets	-33	-30	-53	-66	-56
Total Northern Ireland	624	632	668	686	787
United Kingdom					
Pay	67,563	64,258	63,194	62,286	62,296
Gross current procurement	73,129	75,778	77,217	77,927	78,484
Income from sales of goods and services	-32,269	-32,199	-33,001	-33,493	-33,361
Subsidies to private sector companies	1,438	1,477	1,357	1,368	1,269
Subsidies to public corporations	99	113	107	109	116
Current grants to persons and non-profit bodies	23,900	24,170	24,317	24,244	23,441
Local government debt interest ⁽¹⁾	515	547	775	761	722
Gross capital procurement	15,535	15,503	16,122	16,766	19,008
Income from sales of capital assets	-1,558	-1,455	-1,761	-2,361	-1,945
Capital grants	2,390	2,305	2,500	2,120	1,789
Total local government expenditure on services	150,742	150,497	150,827	149,727	151,819
Accounting adjustments	21,159	22,005	22,343	23,737	21,859
Total local government expenditure	171,901	172,502	173,170	173,464	173,678

(1) Debt interest is not allocated to individual countries, so is only included in the total UK figures. It excludes all intra-public sector debt interest payments.

BACKGROUND TO LOCAL GOVERNMENT FINANCING AND EXPENDITURE

7.1 This chapter describes central government support for local government within budgets (**Tables 7.1 to 7.3**) and local government expenditure on services (**Tables 7.4 to 7.8**). 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 this chapter.

7.2 All data are covered by National Statistics protocols.

7.3 Central government support data for all years are final outturn figures.

7.4 Local government spending data for all years up to 2015-16 are final outturn. Data for 2016-17 are based on provisional outturns and budget plans.

WHAT'S NEW

7.5 Since PESA 2016, capital spending by Crossrail and Rail for London (RfL) have been introduced into local government spending figures. These two bodies are classified by the ONS as being in the local government sector, but are subsidiaries of Transport Trading Limited, a public corporation and holding company that is wholly owned by Transport for London (TfL). This was first included in the PSS release of November 2016 and brings the reporting of capital expenditure in England into line with Public Sector Finances and the National Accounts.

THE FINANCING OF LOCAL GOVERNMENT EXPENDITURE

7.6 Central government support for local government expenditure is provided in two main forms: capital and current grants and the redistribution of non-domestic rate payments. Grant support may be non-specific, e.g. Revenue Support Grant, or related to specific services, e.g. schools grant. From April 2013 in England a non-domestic rates retention scheme was introduced allowing local authorities to keep a proportion of the rates they collect along with growth in the revenue that is generated in their area. Local government expenditure can also be financed by Supported Capital Expenditure (Revenue), equivalent to supported borrowing in Scotland. However, this was discontinued in England as of 31 March 2011.

7.7 Local authorities also raise finance locally, largely through council tax, receipts from sales of assets, contributions from developers, sales, fees and charges and borrowing. By convention, Scottish Non-Domestic Rates Income (NDRI) is shown in Public Spending Statistics (PSS) as locally financed central government support in other AME, as it is raised in Scotland rather than funded by Whitehall.

7.8 Funding provided to local government by the EU is channelled through departmental budgets but is not treated as central government support in PSS. This is because the receipts from the EU offset in budgets against the subsequent payment to local government, so this funding forms part of the accounting and other adjustments that are required to reconcile the departmental budgeting data to an aggregate drawn from the National Accounts.

7.9 **Table 7.1** shows current and capital support provided to local government within each country in the UK, according to whether support is in DEL or AME. As noted above, further adjustments are made to these budgeting aggregates to reconcile with total local government expenditure in the National Accounts.

SUPPORT FOR LOCAL GOVERNMENT CURRENT SPENDING

7.10 Central government support for current expenditure on local services is largely provided through:

- Revenue Support Grant (RSG) – a non ring-fenced grant paid to local government in England, Scotland and Wales;
- non-domestic (business) rate payments – the proceeds of National Non-Domestic Rates (NNDR) are pooled separately in England and Wales, and then redistributed. As noted above, equivalent payments in Scotland are considered to be locally financed rather than central government support. From 1 April 2013 local authorities in England will retain a proportion of this income; Also, from 2015-16 Welsh non-domestic rates move from central government DEL support to locally raised finance, and
- other specific and special grants such as the schools grant and police grant, which fund part of the current expenditure on a specific service or activity.

7.11 **Table 7.2** shows the above support by country, departmental group and grant.

SUPPORT FOR LOCAL GOVERNMENT CAPITAL PROGRAMMES

7.12 Central government support for local government capital expenditure comprises capital grants and Supported Capital Expenditure (Revenue) up to 31 March 2011 in England, equivalent to supported borrowing in Scotland. The latter enables 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 7.3** shows the components of central government capital support within the United Kingdom by country and department.

DATA SOURCES AND DATA QUALITY

7.13 The central government support for local government shown in **Tables 7.1 to 7.3** is taken from finance data loaded onto the Treasury spending database by departments, consistent with their resource accounts.

LOCAL GOVERNMENT EXPENDITURE

7.14 Total local government expenditure is defined as the contribution of local government to Total Managed Expenditure (TME). TME is a consolidated measure in the sense that most transactions between parts of the public sector are excluded. For example, total local government expenditure defined here excludes capital grants paid to public corporations and interest paid to central government. Local government expenditure accounts for around one quarter of TME.

7.15 Local government 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.

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

7.16 The measure of local government spending that is analysed by function and economic category in PSS is local government expenditure on services. It is largely equivalent to the National Accounts measure of local government expenditure, which is also shown in the tables. **Annex E** gives more information on expenditure on services.

7.17 The functional categories in **Tables 7.4 to 7.7** are based on the UN Classification Of the Functions Of Government (COFOG) and are consistent with the functional categories used in other PSS chapters:

- **Table 7.4** presents total local government expenditure by function;
- **Table 7.5** shows local government current expenditure by country and function;
- **Table 7.6** shows gross capital expenditure, split by country and function. Gross indicates that it is before sales of capital assets and depreciation; and
- **Table 7.7** shows local government capital receipts within the United Kingdom, again by country and function.

7.18 **Table 7.8** shows local government expenditure by country and economic category. The economic categories are broadly consistent with those used by the ONS for the National Accounts. These are described in **Chapter 5**.

DATA SOURCES AND DATA QUALITY

7.19 The local government expenditure shown in **Tables 7.4 to 7.8** is based on revenue (current) and capital data collections completed by local authorities and sent to the Department for Communities and Local Government (DCLG) 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.

7.20 Information is sought from all local authorities, who 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.

7.21 Spending information received from local government is described in terms of local authority services (education, roads etc). The Treasury assign spending to the COFOG functional categories used in PSS. In general the read-across from service categories to COFOG categories is relatively clear, but in some cases it is less straightforward and assumptions are applied.

7.22 Although the quality of the local government expenditure data in PSS 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 PSS. 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.

7.23 The Treasury are working with DCLG and the ONS to improve the quality and timeliness of local government spending data.

7.24 More information on local government finance and spending is available from the following sources:

England – Department for Communities and Local Government

- [<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-authority-revenue-expenditure-and-financing>]
- [<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/local-authority-capital-expenditure-receipts-and-financing>]

Scotland – Scottish Government

- [<http://www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance>]

Wales – Welsh Government

- [<https://statswales.gov.wales/Catalogue/Local-Government/Finance>]

CHAPTER 8 PUBLIC CORPORATIONS

OVERVIEW

Chapter 8 analyses the impact of public corporations on departmental budgets and expenditure on services.

Tables 8.1 and **8.2** examine the impact on departmental budgets (DEL and departmental AME), breaking this down by economic category and departmental group.

Tables 8.3 to **8.5** analyse capital spending by public corporations. They break the expenditure down by individual public corporations as well as by function and economic category. Debt interest payments to the private sector, which is the only public corporation current spending that forms part of Total Managed Expenditure (TME), is also included.

- Public corporations' capital expenditure was £17.4bn in 2016-17, up from £14.4bn the year before.
- Out of this total, expenditure by the Housing Revenue Account (for England, Scotland and Wales) was £3.3bn, down from £3.4bn the previous year.
- The other main contributors to public corporations' capital expenditure were Housing Associations, London Underground and Scottish Water.
- Public corporations' expenditure on debt interest was £3.4bn in 2016-17 compared with £3.3bn in 2015-16.

Table 8.1 Public corporations' contribution to budgets and Total Managed Expenditure ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Resource DEL					
CG dividends from PCs (-)	-70	-84	-115	-135	-120
CG interest from PCs (-)	-103	-103	-103	-127	-129
Subsidies to PCs	1,707	1,094	886	805	640
Loans written off - mutual consent	-	-	-	-	-
Total resource DEL	1,534	907	668	543	391
Resource departmental AME					
CG dividends from PCs (-)	-160	-132	-101	-262	-191
CG interest from PCs (-)	-100	-63	-12	-12	-8
Subsidies to PCs	-83	-70	-66	10	2
Loans written off - mutual consent	-	-	-	-	-
Total resource departmental AME	-342	-265	-179	-263	-196
Total public corporations' contribution to resource budget	1,192	642	489	280	194
Capital DEL					
CG investment grants to PCs	289	316	347	289	319
Net lending to PCs	24	-377	-936	13	-171
Market and overseas borrowing	-16	-5	-9	-4	-12
Total capital DEL	297	-66	-598	297	135
Capital departmental AME					
CG investment grants to PCs	-	0	0	-	-
Net lending to PCs	-198	-797	263	29	115
Total capital departmental AME	-198	-797	263	29	115
Total public corporations' contribution to capital budget	99	-863	-335	326	250
Other AME					
PC own-financed capital expenditure ⁽²⁾	14,709	15,926	17,512	14,161	16,977
Accounting adjustments	2,048	2,638	2,700	2,982	3,429
Public corporations' expenditure in TME ⁽³⁾	18,048	18,343	20,366	17,749	20,850
<i>of which:</i>					
PC current expenditure in TME	3,280	3,308	3,232	3,301	3,428
PC gross investment in TME	14,768	15,035	17,134	14,448	17,422

(1) Data in this table differ from those shown for public corporations in Table 1.15. 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. In Table 8.1 subsidies are shown as part of public corporations' contribution to the resource budget. Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

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

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

Table 8.2 Public corporations' contribution to budgets by departmental group ⁽¹⁾, 2012-13 to 2016-17

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Resource DEL					
Defence	-34	-51	-84	-67	-70
Home Office	0	-	-1	-	-
Foreign and Commonwealth Office	166	157	150	157	159
Health	70	92	82	94	-
Work and Pensions	141	120	111	16	17
Education	-	0	3	-	-
Business, Energy and Industrial Strategy	322	320	202	159	137
Transport	12	6	25	-42	-37
Culture, Media and Sport	523	9	50	44	15
DCLG Communities and DCLG Local Government	-2	-2	-2	-2	-1
Scotland	48	31	42	68	70
Wales	-	-1	0	-1	0
Northern Ireland	260	210	81	100	73
International Trade	-	-	-	0	-
Environment, Food and Rural Affairs	32	19	8	20	30
Cabinet Office	-3	-3	-2	-2	-2
Small and Independent Bodies	0	0	0	0	-
Total resource DEL	1,534	907	668	543	391
Resource departmental AME					
Business, Energy and Industrial Strategy	-133	-46	-1	-2	-5
Culture, Media and Sport	-58	-55	-5	-150	-84
DCLG Communities and DCLG Local Government	-13	-	-	-	-
Wales	-72	-73	-73	-	-
HM Treasury	-59	-84	-97	-109	-107
Small and Independent Bodies	-7	-7	-4	-2	-1
Total resource departmental AME	-342	-265	-179	-263	-196
Total public corporations' contribution to resource budget	1,192	642	489	280	194
Capital DEL					
Defence	-6	-6	-57	-3	-63
Foreign and Commonwealth Office	6	5	5	5	-
Health	7	-313	-469	-117	-217
Work and Pensions	-	-	-	67	80
Business, Energy and Industrial Strategy	-1	119	90	170	192
Transport	-28	-16	-378	1	3
Culture, Media and Sport	47	-	80	-	-
DCLG Communities and DCLG Local Government	-11	-	14	14	8
Scotland	158	57	99	73	79
Wales	-9	-3	7	67	2
Northern Ireland	121	74	-7	0	53
Environment, Food and Rural Affairs	14	17	19	19	-
Total capital DEL	297	-66	-598	297	135
Capital departmental AME					
Business, Energy and Industrial Strategy	-157	-764	292	53	134
Culture, Media and Sport	-	0	0	-	-
Small and Independent Bodies	-40	-34	-29	-24	-19
Total capital departmental AME	-198	-797	263	29	115
Total public corporations' contribution to capital budget	99	-863	-335	326	250
Total public corporations' contribution to budgets	1,291	-221	155	606	445

(1) Data in this table differ from those shown for public corporations in Table 1.15. 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. In Table 8.1 subsidies are shown as part of public corporations' contribution to the resource budget. Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

Table 8.3 Public corporations' capital expenditure on services, 2012-13 to 2016-17

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Defence					
Defence Support Group	7	7	7	7	#
Defence Aviation Repair Agency ^(T)	-	-	-	-	#
Defence Science and Technology Laboratory ^(T)	41	41	41	41	#
Hydrographic Office ^(T)	8	8	8	8	#
Navy, Army and Air Force Institute	3	3	3	3	#
Total Defence	59	59	59	59	#
Foreign and Commonwealth Office					
British Council	23	17	16	#	#
Total Foreign and Commonwealth Office	23	17	16	#	#
International Development					
CDC Group ^(S)	3	#	#	#	#
Actis ^(S)	-	#	#	#	#
Total International Development	3	#	#	#	#
Health					
Medicines and Healthcare Products Regulatory Agency ^(T)	5	#	#	#	#
NHS Estates ^(T)	-	#	#	#	#
NHS Blood and Transplant	-	#	#	#	#
Total Health	5	#	#	#	#
Work and Pensions					
Remploy	1	#	#	#	#
Pension Protection Fund	0	#	#	#	#
National Employment Savings Trust	10	#	#	#	#
Office for Nuclear Regulation	-	-	0	0	-
Total Work and Pensions	11	#	#	#	#
Business, Energy and Industrial Strategy					
UK Intellectual Property Office	1	2	1	#	#
British Nuclear Fuels Limited ^(S)	-	-	-	#	#
Companies House ^(T)	5	-2	-	#	#
Royal Mail Holdings ^(S)	243	-	-	#	#
Land Registry ^(T)	9	0	2	#	#
Ordnance Survey ^(T)	15	20	-	#	#
Meteorological Office ^(T)	27	21	38	#	#
Total Business, Energy and Industrial Strategy	300	41	41	#	#

Table 8.3 Public corporations' capital expenditure on services, 2012-13 to 2016-17 (continued)

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Transport					
Civil Aviation Authority	2	#	#	#	#
Driving Standards Agency ^(T)	3	#	#	#	#
Vehicle and Operator Services Agency ^(T)	5	#	#	#	#
Total Transport	9	#	#	#	#
Culture, Media and Sport					
Channel Four Television Corporation ^(S)	9	#	#	#	#
Historic Royal Palaces Trust	0	#	#	#	#
Tote ^(S)	-	#	#	#	#
Total Culture, Media and Sport	9	#	#	#	#
DCLG Communities and DCLG Local Government					
Fire Service College ^(T)	2	-	-	-	#
QEll Conference Centre ^(T)	0	1	3	4	#
Total Department for Communities and Local Government	2	1	3	4	#
Scotland					
Caledonian MacBrayne	8	6	6	6	6
Forest Enterprise	11	5	2	2	2
Scottish Water	488	475	470	558	627
Total Scotland	507	485	477	565	634
Northern Ireland					
Northern Ireland Driver and Vehicle Testing Agency ^(T)	3	1	0	0	2
Northern Ireland Housing Executive	126	110	21	-6	-4
Northern Ireland Public Trust Port Authority	42	10	22	23	54
Northern Ireland Transport Holding Company	60	29	37	37	75
Northern Ireland Water	-	-	-	-	-
Total Northern Ireland	232	151	79	55	126
Environment, Food and Rural Affairs					
Covent Garden Market Authority	-	-	-	-	1
Total Environment, Food and Rural Affairs	-	-	-	-	1
HM Treasury					
Crown Estate ^(S)	11	47	33	-321	113
Royal Mint ^{(S)(T)}	-	-	-	-	-
Total HM Treasury	11	47	33	-321	113
Local Government					
London Underground Limited	1,265	1,223	1,444	1,324	1,762
England Housing Revenue Account	1,915	1,914	2,297	2,607	2,347
Scotland Housing Revenue Account	565	565	595	561	688
Wales Housing Revenue Account	136	147	169	207	293
Total Local Government	3,881	3,850	4,506	4,700	5,089
Housing Associations	7,387	8,048	9,126	6,491	8,477
Total public corporations' capital expenditure on services	12,434	12,710	14,341	11,557	14,445
Accounting Adjustments	2,334	2,325	2,793	2,891	2,977
Total public corporations' capital expenditure ⁽¹⁾	14,768	15,035	17,134	14,448	17,422

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

(T) Denotes public corporation with trading fund status.

(S) 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 total.

(1) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Table 8.4 Public corporations' current and capital expenditure on services by function, 2012-13 to 2016-17

	£ million				
	National Statistics				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Public corporations' current expenditure on services					
1. General public services	3,280	3,308	3,232	3,301	3,428
<i>of which: public sector debt interest</i>	3,280	3,308	3,232	3,301	3,428
Total public corporations' current expenditure on services	3,280	3,308	3,232	3,301	3,428
Accounting adjustments	-	-	-	-	-
Total public corporations' current expenditure	3,280	3,308	3,232	3,301	3,428
Public corporations' capital expenditure on services					
1. General public services	67	88	57	-313	115
<i>of which: public and common services</i>	40	71	41	-313	115
<i>of which: international services</i>	27	17	16	-	-
2. Defence	86	59	59	59	-
3. Public order and safety	2	-	-	-	-
4. Economic affairs	1,648	1,295	1,549	1,392	1,901
<i>of which: enterprise and economic development</i>	249	22	39	-	-
<i>of which: employment policies</i>	1	-	0	0	-
<i>of which: agriculture, fisheries and forestry</i>	11	5	2	2	3
<i>of which: transport</i>	1,388	1,269	1,508	1,390	1,898
5. Environment protection	-	-	-	-	-
6. Housing and community amenities	3,229	3,212	3,552	3,928	3,950
7. Health	5	-	-	-	-
8. Recreation, culture and religion	9	-	-	-	-
10. Social protection	1	9	-3	1	3
Total public corporations' capital expenditure on services	5,047	4,662	5,215	5,066	5,968
Accounting adjustments	9,721	10,373	11,919	9,382	11,454
Total public corporations' capital expenditure	14,768	15,035	17,134	14,448	17,422

Table 8.5 Public corporations' current and capital expenditure by economic category, 2012-13 to 2016-17

	£ million				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Public corporations' current expenditure on services					
Public corporations' debt interest	3,280	3,308	3,232	3,301	3,428
Total public corporations' current expenditure on services	3,280	3,308	3,232	3,301	3,428
Accounting adjustments	-	-	-	0	-
Total public corporations' current expenditure	3,280	3,308	3,232	3,301	3,428
Public corporations' capital expenditure on services					
Gross capital procurement	6,134	6,297	6,916	7,022	8,055
Income from sales of assets	-1,191	-1,724	-1,703	-1,962	-2,091
Capital grants	104	90	2	6	4
Total public corporations' capital expenditure on services	5,047	4,662	5,215	5,066	5,968
Accounting adjustments	9,721	10,373	11,919	9,382	11,454
Total public corporations' capital expenditure	14,768	15,035	17,134	14,448	17,422
Total public corporations' expenditure on services	8,327	7,970	8,447	8,367	9,396
Accounting adjustments	9,721	10,373	11,919	9,382	11,454
Total public corporations' expenditure ⁽¹⁾	18,048	18,343	20,366	17,749	20,850

(1) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

BACKGROUND TO 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 All data in this chapter to 2016-17 are National Statistics.

WHAT'S NEW

8.3 In 2016 the Government announced the creation of three new departments: the Department for Exiting the European Union (DExEU), the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS).

8.4 DExEU was set up on 14 July 2016 to co-ordinate the United Kingdom's withdrawal from the European Union. Some of the responsibilities of the European and Global Issues Secretariat were transferred from the Cabinet Office. DExEU also took responsibility for European Union functions from the FCO.

8.5 DIT took over the functions previously undertaken by the UK Trade & Investment department. DIT also took policy responsibility for the GREAT campaign which was transferred from the Cabinet Office and for the Trade Policy Group which transferred from BEIS.

8.6 BEIS took over the functions of energy and climate change from the former Department of Energy and Climate Change. BEIS transferred responsibility for Apprenticeships, Further Education and Higher Education to the Department for Education on 14 July 2016. The function of offender learning was transferred to the Ministry of Justice on 1 October 2016.

8.7 Housing Associations are now shown separately in **Table 8.3**. Outturn figures are derived from ONS data.

DEFINITION OF PUBLIC CORPORATIONS

8.8 Public corporation is a term from National Accounts, which are based on the European System of Accounts (ESA10). 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* - 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 government or other public corporations; and
- it has substantial day to day operating independence so that it should be seen as an institutional unit separate from its parent departments.

SELF FINANCING PUBLIC CORPORATIONS (SFPCS)

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 PSS.

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.

THE BUDGETING CONTROL FRAMEWORK

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 purchase in and 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

8.15 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.

8.16 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.

8.17 **Public corporations controlled by local government** 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 government (in **Chapter 7**), some of which

may be used by them to support public corporations. However, this is not identified in PSS as relating to public corporations. Therefore the whole of their capital expenditure is included in the public corporations' own-financed capital expenditure line in other AME. They are also included in the bottom line of **Tables 8.1, 8.3, 8.4 and 8.5**, which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME).

8.18 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 government, on TME. In this presentation PC gross investment in TME is shown to be the sum of:

- government capital support in budgets (investment grants and 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.

8.19 Table 8.2 shows the budgetary information in **Table 8.1** split by department group.

THE NATIONAL ACCOUNTS

8.20 TME measures the current and capital expenditure of the public sector as a whole. It is taken from National Accounts compiled by the ONS. In relation to public corporations, 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.

8.21 TME is a consolidated measure of public expenditure and so most transactions between different sectors are excluded. This applies to capital grants and net lending paid by central government to public corporations, and interest and dividend flows between general government and public corporations. However, payments of subsidies to, and purchases of goods and services from, public corporations form part of TME as the use of this funding feeds into the calculation of public corporations' gross trading surplus, which scores as an income (or revenue) item in the public sector accounts.

8.22 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.

8.23 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 **Annex D** for a full explanation of the accounting adjustments).

8.24 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 government. 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. The figures include the purchase of assets, less sales, plus any capital grants paid by a public corporation net of any received from the private sector or abroad.

8.25 Tables 8.4 and 8.5 show the capital expenditure from **Table 8.3** broken down by function and economic category respectively. They also include the debt interest payments to the private sector, which is the only public corporation current spending that forms part of TME.

SOURCES OF DATA AND DATA QUALITY

8.26 Information in **Tables 8.1** and **8.2** forms part of departments' budgets and so should be of good quality. **Annex A** has more information.

8.27 Information on public corporations' capital expenditure is largely sourced from public corporations by departments who in turn supply the data to the Treasury. Our aim is to publish capital spending data for all public corporations accountable to Ministers. However, information is provided by departments primarily for PESA and the PSS and does not form part of a control total. The only appearance in a departmental publication will normally be within the regional expenditure tables in departmental reports. Information in **Tables 8.3 to 8.5** may therefore not be as up to date or accurate as the information in the other tables in this chapter.

FURTHER INFORMATION

8.28 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 website² in *Sector classification for the National Accounts*.

² <http://www.ons.gov.uk/ons/rel/na-classification/national-accounts-sector-classification/index.html>

CHAPTER 9 PUBLIC EXPENDITURE BY COUNTRY AND ADDITIONAL TABLES

The Country and Regional Analysis (CRA) is published each autumn. As a result there are no new substantive data on regional spending for this PSS release. However, the four headline tables of the latest CRA release (CRA 2016) have been included below. To view the entire release please see link:

<https://www.gov.uk/government/statistics/country-and-regional-analysis-2016>

Additionally we have included several other tables which complement the tables shown in this release. In particular we have included the GDP deflators used to calculate the real terms tables through the rest of this document. The CRA-based tables in this chapter are based on GDP deflators that were current at their time of original publication.

Table 9.1 Total identifiable expenditure on services by country and region, 2011-12 to 2015-16

	£ million					as a per cent of identifiable expenditure				
	National Statistics					National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
North East	24,003	24,141	24,454	24,632	24,861	4	4	4	4	4
North West	63,465	64,329	64,678	66,056	67,344	11	11	11	11	11
Yorkshire and The Humber	44,739	45,048	45,468	46,585	47,389	8	8	8	8	8
East Midlands	35,557	36,313	36,830	37,996	38,522	6	6	6	6	6
West Midlands	47,223	47,780	48,233	49,982	50,323	8	8	8	8	8
East	44,674	45,303	46,398	48,329	49,600	8	8	8	8	8
London	82,076	82,293	83,386	85,030	87,852	14	14	14	14	14
South East	64,453	65,887	67,896	69,391	71,374	11	11	11	11	12
South West	42,013	42,760	43,887	45,400	45,743	7	7	7	7	7
Total England	448,204	453,854	461,230	473,401	483,007	78	78	78	78	78
Scotland	53,104	54,128	54,322	55,223	56,610	9	9	9	9	9
Wales	29,902	29,582	30,100	30,571	30,978	5	5	5	5	5
Northern Ireland	19,384	19,645	19,992	20,321	20,336	3	3	3	3	3
UK identifiable expenditure	550,594	557,209	565,645	579,517	590,931	96	96	96	96	96
Outside UK	20,926	22,731	25,276	26,384	25,712	4	4	4	4	4
Total identifiable expenditure	571,520	579,940	590,921	605,901	616,643	100	100	100	100	100

	£ million					as a per cent of Total Managed Expenditure				
	National Statistics					National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
Identifiable expenditure	571,520	579,940	590,921	605,901	616,643	80	79	80	81	82
Non-identifiable expenditure ⁽¹⁾	90,656	85,586	84,284	80,648	83,482	13	12	11	11	11
Public sector expenditure on services	662,177	665,526	675,205	686,549	700,125	93	91	92	91	93
Accounting adjustments	52,868	65,417	60,810	64,803	55,661	7	9	8	9	7
Total Managed Expenditure⁽²⁾	715,045	730,943	736,015	751,352	755,786	100	100	100	100	100

(1) Includes the effect of financial sector interventions. See PESA Box 5.A for details.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Table 9.2 Total identifiable expenditure on services by country and region, per head 2011-12 to 2015-16 ⁽¹⁾

	£ per head					Index (UK identifiable expenditure = 100)				
	National Statistics					National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
North East	9,245	9,277	9,367	9,406	9,472	106	106	106	105	104
North West	8,995	9,080	9,105	9,261	9,387	103	104	103	103	103
Yorkshire and The Humber	8,460	8,473	8,518	8,691	8,791	97	97	97	97	97
East Midlands	7,837	7,950	8,009	8,193	8,237	90	91	91	91	91
West Midlands	8,420	8,468	8,500	8,748	8,750	97	97	96	98	96
East	7,620	7,669	7,792	8,030	8,163	88	88	88	90	90
London	10,004	9,905	9,907	9,958	10,129	115	113	112	111	112
South East	7,449	7,552	7,722	7,820	7,977	86	86	88	87	88
South West	7,926	8,008	8,161	8,371	8,361	91	92	92	93	92
England	8,440	8,484	8,563	8,716	8,816	97	97	97	97	97
Scotland	10,020	10,187	10,196	10,327	10,536	115	116	116	115	116
Wales	9,760	9,623	9,765	9,887	9,996	112	110	111	110	110
Northern Ireland	10,684	10,773	10,927	11,041	10,983	123	123	124	123	121
UK identifiable expenditure	8,700	8,747	8,824	8,971	9,076	100	100	100	100	100

(1) Per head figures calculated using mid-year population estimates from the ONS. See Annex within the CRA 2016 release for details.

Table 9.3 Total identifiable expenditure on services by country and region in real terms ⁽¹⁾, 2011-12 to 2015-16

	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
North East	25,394	25,014	24,928	24,741	24,861
North West	67,143	66,656	65,932	66,347	67,344
Yorkshire and The Humber	47,331	46,678	46,349	46,790	47,389
East Midlands	37,618	37,627	37,544	38,163	38,522
West Midlands	49,959	49,509	49,168	50,203	50,323
East	47,262	46,942	47,297	48,542	49,600
London	86,831	85,270	85,002	85,405	87,852
South East	68,188	68,271	69,212	69,697	71,374
South West	44,448	44,307	44,738	45,600	45,743
England	474,175	470,276	470,168	475,489	483,007
Scotland	56,181	56,087	55,375	55,467	56,610
Wales	31,635	30,653	30,684	30,706	30,978
Northern Ireland	20,507	20,356	20,380	20,411	20,336
UK identifiable expenditure	582,498	577,371	576,607	582,072	590,931
Outside UK	22,139	23,554	25,766	26,500	25,712
Total identifiable expenditure	604,636	600,924	602,372	608,573	616,643
Non-identifiable expenditure ⁽²⁾	95,909	88,683	85,917	81,004	83,482
Total Expenditure on Services	700,546	689,607	688,290	689,577	700,125
Accounting adjustments	55,932	67,784	61,988	65,088	55,661
Total Managed Expenditure⁽³⁾	756,477	757,391	750,278	754,665	755,786

(1) Real terms figures are the nominal figures adjusted to 2015-16 price levels using GDP deflators from the Office for National Statistics (released 30 September 2016).

(2) Includes the effect of financial sector interventions. See PESA 5.A for details.

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

Table 9.4 Total identifiable expenditure on services by country and region per head ⁽¹⁾ in real terms ⁽²⁾, 2011-12 to 2015-16

	National Statistics					£ per head
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	
North East	9,781	9,612	9,549	9,448	9,472	
North West	9,516	9,409	9,282	9,301	9,387	
Yorkshire and The Humber	8,950	8,780	8,683	8,729	8,791	
East Midlands	8,291	8,238	8,164	8,229	8,237	
West Midlands	8,907	8,774	8,664	8,787	8,750	
East	8,062	7,947	7,943	8,066	8,163	
London	10,584	10,263	10,099	10,002	10,129	
South East	7,880	7,825	7,871	7,854	7,977	
South West	8,385	8,298	8,319	8,408	8,361	
England	8,929	8,791	8,729	8,754	8,816	
Scotland	10,600	10,555	10,394	10,372	10,536	
Wales	10,325	9,971	9,954	9,931	9,996	
Northern Ireland	11,303	11,162	11,138	11,090	10,983	
UK identifiable expenditure	9,204	9,063	8,995	9,011	9,076	

(1) Per head figures calculated using mid-year population estimates from the ONS. See Annex within the CRA 2016 release for details.

(2) Real terms figures are the nominal figures adjusted to 2015-16 price levels using GDP deflators from the Office for National Statistics (released 30 September 2016).

Table C.1 Transactions with the institutions of the EU, 2012-13 to 2016-17

	£ million				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
GNI based contribution	12,303	13,845	14,154	12,570	11,440
UK abatement	-3,172	-4,130	-4,811	-4,068	-4,757
VAT-based payments to the EU ⁽²⁾	2,398	2,163	2,316	2,751	2,477
Net expenditure transfers to the EU	11,529	11,879	11,658	11,253	9,160
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) ⁽³⁾	-720	-733	-743	-771	-357
to give contribution to TME ⁽²⁾	10,809	11,146	10,915	10,482	8,803
TOR ⁽³⁾	2,891	2,933	3,006	3,085	3,377
Gross contribution to the EU budget	13,699	14,079	13,921	13,567	12,180
Public sector EU receipts ⁽⁴⁾	-4,022	-3,856	-4,690	-2,811	-4,079
Net contributions to the EU budget	9,678	10,223	9,231	10,756	8,102
less Other attributed costs ⁽⁵⁾	82	79	-	-	-
Net payments to EU institutions	9,595	10,143	9,231	10,756	8,102

(1) In their forecast of the UK's contributions to the EU budget, the OBR have made no assumptions about the UK's exit from the EU, any future relationship the UK might have with the EU nor any financial implications of the UK leaving the EU. The OBR forecast has been run on a fiscally neutral basis and assumes that any EU contributions would be recycled into domestic spending from 2019-20. The assumptions underlying their forecasts for these years can be found in the OBR's March 2017 Economic and Fiscal Outlook.

(2) VAT-based payments to the EU are included in the TME subtotal, reflecting changes in the European System of Accounts 2010.

(3) TOR comprises customs duties (including those on agricultural products) and sugar levies.

(4) Receipts are shown here on a cash basis. EU receipts in budgets are on an accruals basis.

(5) The UK's contribution to the cost of EU aid to states outside the EU is attributed to departmental budgets.

Table D.1 Pay as you go public service pensions schemes in AME and in TME, 2012-13 to 2016-17

	£ million				
	2012-13	2013-14	2014-15	2015-16	2016-17
	outturn	outturn	outturn	outturn	outturn
Departmental AME (GAAP basis)					
Change in liability	26,928	28,740	34,186	37,229	35,225
Contributions received*	-22,028	-23,313	-24,676	-25,933	-26,771
Cash payments in OCS not covered by release of provision*	58	13	95	114	100
Net public service pensions (GAAP basis)	4,958	5,441	9,605	11,410	8,554
Unwinding of discount rate (= contribution to non-cash items)	40,499	37,991	46,255	42,882	41,788
Total Departmental AME (GAAP basis)	45,457	43,432	55,860	54,292	50,342
Accounting adjustments					
Remove change in liability	-26,928	-28,740	-34,186	-37,229	-35,225
Remove increased liability due to unwinding of discount rate	-40,499	-37,991	-46,255	-42,882	-41,788
Add pensions in payment covered by release of provision* +	30,546	32,246	34,222	35,327	35,476
Accounting adjustments (Pensions)	-36,881	-34,485	-46,219	-44,783	-41,536
Contribution to TME (National Accounts basis)	8,577	8,947	9,641	9,509	8,805
of which:					
Pensions in payment*	30,604	32,260	34,318	35,441	35,576
Contributions received*	-22,028	-23,313	-24,676	-25,933	-26,771

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

+ offsets change in gross liability.

Public Spending Statistics July 2017

Table E.1 Derivation of public sector expenditure on services from departmental groups' budgets, 2016-17

	Defence	Single Intelligence Account	Home Office	Foreign and Commonwealth Office	International Development	Health	Work and Pensions	Education	Business, Energy and Industrial	Transport	Exiting the European Union	Culture, Media and Sport	Communities and Local Government	Scotland	Wales	Northern Ireland	Justice	Law Officers' Departments	Environment, Food and Rural Affairs	HM Revenue and Customs	HM Treasury	Cabinet Office	International Trade	Small and Independent Bodies	Total for all departments	
Departmental Budgets																										
Resource DEL	35,237	2,268	10,930	2,058	7,456	116,909	6,161	69,288	1,972	2,931	23	1,567	10,722	21,391	13,288	10,484	7,339	530	1,764	3,836	159	447	345	1507	328,610	
Capital DEL	8,665	603	508	60	2,590	4,605	292	5,598	10,835	5,467	-	288	5,114	3,240	1,485	1,005	364	14	648	326	-2	48	6	105	51,866	
Resource Departmental AME	4,749	13	2,529	-53	143	27,697	172,921	11,348	5,501	6,459	-	4,812	12,512	9,235	239	8,285	454	-1	11	42,329	-25,458	9,171	-	-144	292,753	
Capital Departmental AME	-	-	-	-	285	13	-87	13,450	-15	6,854	-	614	-	811	422	498	-	-	1	-	-19,731	-	-	251	3,365	
Remove																										
Grants to local government	-	-	-11,238	-	-	-3,981	-23,337	-31,315	-54	-2,901	-	-63	-14,168	-7,768	-4,708	-157	-264	-	-239	-	-	-34	-	-132	-100,359	
Capital grants to public corporations	-	-	-	-	-	-	-	-	-174	-	-	-	-8	-20	-	-117	-	-	-	-	-	-	-	-	-319	
Depreciation	-7,972	-364	-266	-87	-11	-1,987	-159	-11,020	-2,424	-6,020	-	-342	-129	-782	-300	-963	-477	-7	-193	-276	23,097	-21	-2	-74	-10,779	
Provisions	-3,974	3	-181	5	-69	-27,167	-99	-8,926	-2,691	-272	-	-2	-3	-3,427	-230	-1,832	-402	-	-164	-9	-216	-5,321	-	-14	-54,991	
Financial transactions	63	-	-	-	-738	65	-67	-13,449	-1,051	35	-	-	-2,406	-827	-540	-244	-	-	-	19,787	-	-	-	-251	377	
Interest and dividends	-120	-30	-38	3	5	-	23	1,864	138	-1,270	-	19	22	141	68	-42	-19	-	-	-1	868	4	-	29	1,664	
Items classified as revenue in National Accounts	57	-	774	63	-553	-97	-111	1,446	580	4,413	1	113	120	-1	61	1	1,260	66	248	-1,845	1,718	-3	4	181	8,498	
EU receipts	-	-	-	-	-	-	-4	49	16	75	-	-	320	554	431	337	-	-	2,219	-	-	-	-	1	3,997	
Other items not in TME	1	21	-659	-1	-1,037	-89	-590	-2,329	-762	-106	0	642	-12,174	-507	-145	-51	2	1	-11	-50	-113	0	-3	98	-17,862	
Add																										
Local government current expenditure	-	-	12,055	-	-	18,049	24,137	41,973	317	4,337	-	1,714	7,466	10,482	5,497	608	225	-	5,346	-	-	41	-	-	132,245	
Local government capital expenditure	-	-	674	-	-	262	-	3,168	143	6,262	-	836	5,471	2,077	896	235	-	-	773	-	-	-	-	-	20,798	
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	585	-	-	-	-	-	-	-	-	585	
Public corporations' capital expenditure	-	-	-	-	-	-	4	-	0	1,762	-	-	2,347	1,322	293	126	-	-	1	-	113	-	-	-	5,968	
Public sector debt interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,375	-	-	-	39,375	
EU transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,725	-	-	-	4,725	
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public sector expenditure on services	36,706	2,514	15,088	2,048	8,071	134,279	179,084	81,145	12,331	28,026	24	10,198	15,206	35,921	16,757	18,758	8,482	603	10,404	44,310	44,322	4,332	350	1,557	710,516	

POPULATION NUMBERS AND GDP DEFLATORS

POPULATION NUMBERS BY COUNTRY AND REGION

F.1 The population numbers used in Chapters 9 and 10 are derived from ONS's mid-year estimates as used in the November 2016 Country and Regional Analysis release. This can be found at the link below:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569815/Country_and_Regional_Analysis_November_2016.pdf

ONS's most recent mid-year population estimates for the UK are directly available from the link below:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland>

GDP DEFLATORS

F.2 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 2016-17 prices. The GDP deflators used in this publication are those given below. The most up to date deflators can be found on the GOV.UK website³.

Table F.1 GDP deflators and money GDP

Outturn data are based on the June 2017 National Accounts figures from ONS			
Forecast data are consistent with the 2017 Spring Budget			
Financial year	GDP deflator at market prices		Money GDP
	2016-17 = 100	Per cent change on previous year	£ million
1976-77	17.381	13.88	141,190
1977-78	19.772	13.75	165,041
1978-79	21.985	11.19	191,058
1979-80	25.699	16.89	231,150
1980-81	30.617	19.14	265,818
1981-82	33.793	10.38	295,767
1982-83	36.233	7.22	324,512
1983-84	37.952	4.75	354,960
1984-85	40.134	5.75	382,846
1985-86	42.406	5.66	421,215
1986-87	44.151	4.12	452,590
1987-88	46.574	5.49	507,412
1988-89	49.579	6.45	565,947
1989-90	53.387	7.68	623,092
1990-91	57.721	8.12	672,128
1991-92	60.978	5.64	706,916
1992-93	62.469	2.45	727,530
1993-94	63.901	2.29	769,653
1994-95	64.621	1.13	806,312
1995-96	66.584	3.04	849,808
1996-97	69.129	3.82	905,541
1997-98	70.223	1.58	949,821
1998-99	71.179	1.36	991,717
1999-00	71.560	0.53	1,035,717

³ <https://www.gov.uk>

Table F.1 GDP deflators and money GDP (cont.)

Financial year	GDP deflator at market prices		Money GDP £ million
	2016-17 = 100	Per cent change on previous year	
2000-01	73.028	2.05	1,091,489
2001-02	73.963	1.28	1,131,360
2002-03	75.636	2.26	1,190,819
2003-04	77.334	2.24	1,259,266
2004-05	79.386	2.65	1,320,209
2005-06	81.505	2.67	1,402,471
2006-07	83.976	3.03	1,476,941
2007-08	86.009	2.42	1,547,272
2008-09	88.347	2.72	1,546,968
2009-10	89.562	1.38	1,531,330
2010-11	91.200	1.83	1,592,057
2011-12	92.467	1.39	1,634,025
2012-13	94.408	2.10	1,690,042
2013-14	95.965	1.65	1,759,560
2014-15	97.375	1.47	1,834,812
2015-16	98.042	0.69	1,885,846
2016-17	100.000	2.0	1,955,442
2017-18	-	1.6	2,028,715
2018-19	-	1.6	2,095,146
2019-20	-	1.7	2,167,688
GDP Deflator:	Financial years 1976-77 to 2016-17 taken from ONS series L8GG. For 2017-18 to 2019-20: derived from Office for Budget Responsibility (OBR) forecasts for GDP deflator increases as at the Spring Budget Report 2017		
Money GDP:	For years 1976-77 to 2016-17: ONS data for money GDP (not seasonally adjusted, BKTL) For 2017-18 to 2019-20: OBR forecasts for money GDP as of the 2017 Spring Budget		