

Public Expenditure Statistical Analyses 2009

June 2009



HM TREASURY

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Public Expenditure Statistical Analyses 2009

June 2009

Presented to Parliament
by the Chief Secretary to
the Treasury by Command
of Her Majesty

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Introduction and overview

Since 2008, Public Expenditure Statistical Analyses (PESA) has comprised two separate documents:

- a National Statistics (NS) First Release of recent outturn data published on the HM Treasury website¹ 25 days after the Budget; and
- this Command Paper, published shortly after and consistent with the NS First Release, which additionally includes estimated outturn for the latest year and spending plans for the rest of the Spending Review period.

The two objectives of PESA

PESA serves two purposes:

- providing information on government spending plans and outturn expressed in terms of the aggregates used by the Government for expenditure planning and control. These budgeting aggregates (Departmental Expenditure Limits and Annually Managed Expenditure) are reconciled to a measure of total public sector spending drawn from the National Accounts (Total Managed Expenditure or TME) to show the relationship between the two frameworks; and
- presenting statistical analyses of public expenditure that extend beyond the budgeting and control framework. This is based on an expenditure framework (expenditure on services) that is more stable over time than the budgeting framework and closer to the National Accounts. Public sector or total expenditure on services (TES) is similar to TME.

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

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

Further information on content and presentation is available in the '**How to use PESA**' chapter. Detailed explanations of the budgeting and expenditure on services frameworks are provided in **Annexes C and E** respectively.

Period covered by PESA tables

All data series in PESA are annual and for financial years. Tables in PESA normally cover a span of up to nine years – five outturn years, estimated outturn for the latest year and up to three years of spending plans, depending on the timing of the latest Spending Review. For PESA 2009, plans are available for two years so analyses generally cover the eight years 2003-04 to 2010-11. In certain areas, such as local government expenditure, detailed plans for future years are not available so a number of analyses don't cover plans years. Some series are presented over a longer historical period.

¹ www.hm-treasury.gov.uk/national_statistics.htm

Consistency with other publications

Information in PESA 2009 is consistent with:

- the National Statistics public expenditure outturn update published on Budget Day (22 April 2009); and
- fiscal projections and public spending plans set out in Chapter C of the 2009 Financial Statement and Budget Report (FSBR; HC407; 22 April 2009)

except in a few areas where later information is available and has been incorporated. In some cases the PESA presentation is different from the FSBR – **Annex A** gives details. It is not possible to reflect the merger of the Department for Innovation, Universities and Skills with the Department for Business, Enterprise and Regulatory Reform announced on 5 June 2009 in PESA 2009.

Information in PESA 2009 is fully consistent with the 2009-10 Main Estimates, Supplementary Budgetary Information and individual departmental annual reports.

National Statistics in PESA

All outturn data (up to 2007-08) are National Statistics. National Statistics are those figures that Ministers have decided should come within the scope of the principles of the National Statistics Code of Practice. The Code seeks to ensure that National Statistics will be valued for their relevance, integrity, quality and accessibility. More information about National Statistics is available at www.statistics.gov.uk.

The scope of National Statistics is indicated in the text for each chapter. Where tables contain National Statistics, this is shown in column headers. Estimated outturns for 2008-09 and plans for 2009-10 and 2010-11 are outside the scope of National Statistics.

Public expenditure National Statistics updates

Key series are updated three times a year as National Statistics updates. These are:

- Total Managed Expenditure, by budgetary category (PESA 2009, **Table 1.1**);
- resource, near-cash and capital elements of Departmental Expenditure Limits by departmental group (PESA 2009, DEL parts of **Tables 1.5, 1.7 and 1.10**); and
- public sector expenditure on services by function (PESA 2009, **Table 4.2**).

They will next be updated in July, on the day of the publication of the Public Expenditure Outturn White Paper (PEOWP), and will be available on the web². Subsequent updates will take place at the time of the Pre-Budget Report (PBR, typically in November) and the Budget (typically in March). Most other series in PESA are only published annually.

Additional material

Supplementary material, such as a pdf version of PESA and Excel versions of the tables, is available on the Treasury's website³.

² http://www.hm-treasury.gov.uk/press_notices_index.htm

³ http://www.hm-treasury.gov.uk/pespub_index.htm



What's new

This section explains the main changes to the content and presentation for PESA 2009.

Changes to tables in PESA 2009

The main aim for PESA 2009 is to make the publication more user-friendly. We have done this by making the following changes:

- the '**How to use PESA**' chapter has been extended so that it explains the two spending frameworks used in PESA, shows which of these frameworks the chapters/tables are presented against, and indicates which tables should be used to view key breakdowns of public expenditure. It also provides a mapping from the UN's sub-functional classification to the Treasury-defined functions that are additionally presented within our functional analyses;
- the analyses in PESA are grouped into four main sections: budgeting, public sector, sectoral (central government, local government and public corporation) and country/regional. Over the years the distinction between these sections has blurred, which has made PESA more difficult for new users to understand. For PESA 2009 clear boundaries have been re-instated between these sections. The grouping of chapters within these main sections is shown within the extended user guide outlined above;
- the presentation of the local government financing tables (**Tables 7.1 to 7.3**) has been simplified to make them more user-friendly;
- tables in **Chapter 9** presenting public expenditure by country, region and function have been recast so that each table shows a run of figures for a particular function. Previously each table has covered all functions but for a single year. This change aligns the presentation with most other tables in PESA; and
- previous editions of PESA have included public sector current procurement spending by function. For PESA 2009 the asset sales table (**Table 5.6**) has been extended to include capital procurement spending by function.

Further information on these changes is provided in the relevant chapters.

PESA 2009 – future development of PESA

The Treasury published a response to the user consultation on its website in 2006⁴. This outlined our proposals for the future development of PESA.

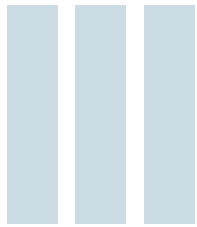
All development plans are subject to resources and to the resolution of practical implementation issues including the data quality.

⁴ http://www.hm-treasury.gov.uk/pespub_consult.htm

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

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How to use PESA

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

Finding your way around PESA tables

The budgeting and expenditure on services frameworks

PESA presents spending against two Treasury-defined frameworks. **Table E.1** in **Annex E** provides a reconciliation between the two frameworks:

Budgeting

This framework deals with spending within central government departmental budgets, which is how the Government plan and control public spending. Budgets comprise departments' own spending as well as support to local government and public corporations. **Annex C** provides a detailed explanation of this framework.

Expenditure on services

This framework is broadly consistent with the treatment of spending in the National Accounts. Expenditure on services is used in PESA for statistical analysis and covers spending by the whole of the public sector to deliver services. **Annex E** provides a detailed explanation of this framework.

The table below shows which framework each chapter/table is presented against. Note that **Chapters 1 to 8** show different views of the same dataset. **Chapters 9 and 10** use data supplied earlier than for the rest of PESA (see the FAQ section below and **Chapter 9** for full details).

Section	Chapter	Budgeting framework	Expenditure on services framework
Budgets	1. Departmental budgets	All tables	–
	2. Economic analyses of budgets	All tables	–
	3. Differences from previous plans	All tables	–
Public sector spending	4. Trends in public sector expenditure	–	All tables
	5. Public sector expenditure by function, sub-function and economic category	–	All tables
Sectoral analyses	6. Central government own expenditure	Tables 6.1-6.3	Tables 6.4-6.6
	7. Local government financing and expenditure	Tables 7.1-7.3	Tables 7.4-7.8
	8. Public corporations	Tables 8.1-8.2	Tables 8.3-8.5
Country and regional analyses	9. Public expenditure by country, region and function	–	All tables
	10. Public expenditure by country, function and sub-function	–	All tables

The main analyses of expenditure within each framework

PESA allows users to view various detailed analyses of public spending against one or both of the budgeting and expenditure on services frameworks. The main analyses presented are:

- control totals – tables on a budgeting basis provide a breakdown of the key aggregates that the Government use to control spending. This includes dividing spending between DEL and AME, resource (near-cash and non-cash) and capital, and administration and programme budgets. Further information on the budgeting and control framework is provided in **Annex C**;
- departmental groups – the departments are grouped in many of the tables in PESA as shown in **Annex B**;
- economic categories – spending against both frameworks is allocated to categories such as pay, procurement and grants;
- function and sub-function – tables against the expenditure on services framework give a breakdown of spending into ten functions, including education, health and defence. Further detail is provided within sub-functional tables. For example, education is split by level (primary, secondary etc). The function and sub-function classification is based on the UN's Classification Of the Functions Of Government, which is explained further in the FAQ section below and in **Annex A**.
- sectors – spending against both frameworks are available by sector: central government, local government and public corporations. For the budgeting tables this breakdown shows central government own spending and support to the local government and public corporations sectors. For the expenditure on services tables, the sectoral breakdown shows the spending of each sector; and
- country and region – expenditure on services tables in **Chapter 9** show spending by country and English region. Tables in **Chapter 10**, against the same framework, show more detailed sub-functional analyses (explained above) at country level only. Local government financing (budgeting basis) and spending (expenditure on services basis) are shown by country in **Chapter 7**.

The following diagrams broadly show which tables to use for different requirements. Examples of how this works in practice are given below in the FAQ section.

Key:

CG = central government only

PC = public corporations only

LG = local government only

All = table shows all three sectors

C = split by country only

Frequently asked questions

How much did the government spend on x?

The answer varies depending on which levels of government you are interested in, and what sort of spending.

The list of tables below takes transport as an example. The chapter text gives a more precise definition of the contents of each table:

- **Table 4.2** shows the total UK public sector spending on transport for a long run of years. **Tables 4.3 and 4.4** show spending in real terms and as a percentage of GDP;
- **Table 5.2** shows the total UK public sector spending on more detailed categories such as national and local roads;
- **Table 5.4** shows the UK public sector current and capital spending, and **Tables 6.6, 7.4 and 8.4** provide a breakdown according to whether it is central government, local government or public corporations responsible for the spending;
- **Table 1.12** shows the total resource and net capital (net of depreciation) spending in budgets of the Transport departmental group. Details of the departments included in this group are given in **Annex B. Tables 1.5, 1.7, 1.8 and 1.10** show the resource, near-cash, non-cash and capital spending respectively of the Transport group. These budgeting tables show how much the government spent through its planned spending system, which includes grants to local government. The tables do not show total spending on transport because they do not include locally financed spending by local government, or the spending by the devolved administrations and Whitehall departments outside the Transport departmental group. This spending is included in the expenditure on services tables outlined above; and
- **Table 9.8e** presents spending on transport by country and region. **Chapter 10** tables present country spending on the more detailed categories such as national and local roads.

The second list of tables takes pay as an example:

- **Table 5.3** shows the total UK public sector spending on pay;
- **Tables 6.5** shows pay for central government and **Table 7.8** shows local government pay by country. All public corporation current spending (except debt interest) is included as part of the gross operating surplus calculation, which scores on the revenue side of the National Accounts and is not therefore included as spending within the expenditure on services framework; and
- **Table 2.1** shows central government pay (as in **Table 6.5**) split between departments' DEL and AME budgets.

How can I compare spending on x to previous years?

Chapter 4 contains long run series (from 1987-88) for public sector expenditure on services by function. Historic long run series of the budgeting aggregates are not available, due to the restructuring of government departments and the movement of spending programmes between departments. These changes do not impact on the expenditure on services framework.

Users are strongly advised against simply splicing data together from different editions of PESA, as data is unlikely to be directly consistent due to changes in data coverage and classification. Departments and the devolved administrations maintain five years of live outturn data. Data for

earlier years exist only on archived databases and are therefore not adjusted for machinery of government and classification changes. The PESA team maintain a summarised version of this historical data on a consistent basis for the production of the long-run series.

What are departmental groups?

Departmental groups are listed in **Annex B**. The departments are grouped broadly in line with ministerial responsibility. To see the exact figures for the spending of the individual departments, see the relevant departmental reports.

How are the functions defined?

The functions are based on the United Nations' Classification Of the Functions Of Government (UN COFOG). Tables that show spending by function are consistent with UN COFOG level 1, and additionally show some HM Treasury-defined functions as 'of which' lines (see below), while tables that show spending by sub-function are broadly consistent with UN COFOG level 2. Definitions of the UN COFOG classifications are available on the United Nations Statistics Division website⁵. The mapping between the HM Treasury functions and UN COFOG level 2 is as follows:

HM Treasury functions	UN COFOG level 2
1. General public services, of which: public and common services	1.1 Executive and legislative organs, financial and fiscal affairs, external affairs (excluding external affairs)
	1.3 General services
	1.4 Basic research
	1.5 R&D general public services
	1.6 General public services n.e.c.
1. General public services, of which: international services	1.1 Executive and legislative organs, financial and fiscal affairs, external affairs (external affairs part only)
	1.2 Foreign economic aid
1. General public services, of which: public sector debt interest	1.7 Public sector debt interest
4. Economic affairs, of which: enterprise and economic development	4.1 General economic, commercial and labour affairs (excluding labour affairs)
	4.3 Fuel and energy
	4.4 Mining, manufacturing and construction
	4.6 Communication
	4.7 Other industries
4.9 Economic affairs n.e.c.	
4. Economic affairs, of which: science and technology	4.8 R&D economic affairs
4. Economic affairs, of which: employment policies	4.1 General economic, commercial and labour affairs (labour affairs part only)
4. Economic affairs, of which: agriculture, fisheries and forestry	4.2 Agriculture, forestry, fishing and hunting
4. Economic affairs, of which: transport	4.5 Transport

⁵ unstats.un.org

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

A number of the tables in this publication give figures in real terms. Real terms figures are the actual (known as nominal) spend adjusted to exclude the effect of general inflation, as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2007-08 prices. The GDP deflators and GDP actuals used in this publication are those given in **Annex F**. The most up-to-date deflators and GDP numbers are available on the HMT website⁶.

Why are the data in chapters 9 and 10 not consistent with the other expenditure on services tables?

Additional off-database analysis of the data is required to produce tables in **Chapters 9 and 10** and therefore the data is extracted from the database earlier to allow this to take place. **Chapter 9** contains more detail on the analysis process.

⁶ www.hm-treasury.gov.uk/data_gdp_index.htm

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1

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 reconciliations from the budgeting framework to the main fiscal aggregates drawn from the National Accounts.

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

What's new

1.3 **Tables 1.5 to 1.13** include an additional line for Energy and Climate Change in respect of the announcement made by the Prime Minister on the 3rd October 2008 to give a greater focus to solving the challenges of climate change and energy supply. The new department brings together climate change, previously within Environment, Food and Rural Affairs, and energy, previously within Business, Enterprise and Regulatory Reform.

1.4 There have also been a number of budget regime changes since PESA 2008. These are described more fully in **Chapter 3** and **Annex C**.

The budgeting and reporting framework

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

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

1.7 A clear distinction is made for budgeting between current and capital spending, with departments having separate resource and capital budgets. 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.

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

1.9 **Table 1.14** presents a breakdown of the accounting adjustments lines in **Table 1.1**. **Annex D** gives further details of these accounting adjustments.

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

Reconciliations of budgeting and National Accounts aggregates

1.11 Table C4 in Budget 2009 (HC 407) brings together information on expenditure, receipts and balances.

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

- **Table 1.3** shows the reconciliation from the resource budget to the National Accounts measure public sector current expenditure. It also shows total near-cash expenditure in resource budgets; and
- **Table 1.4** shows the reconciliation from the capital budget to the National Accounts measure of public sector gross investment (measured net of sales). With the deduction of depreciation, that figure reconciles to public sector net investment.

Resource budgets and capital budgets

1.13 **Table 1.5** shows the resource budget for each departmental group, with **Table 1.6** presenting the same information in real terms. Resource DEL is a control total. Full details of departmental groups are set out in **Annex B**. In addition to departmental allocations, these tables (as with other tables showing DEL) show unallocated amounts remaining in the central funds and in the DEL Reserve.

1.14 Resource budgets are divided into near-cash and non-cash elements – these terms are explained in **Annex C** and shown, for departmental group, in **Tables 1.7 and 1.8** respectively. Near-cash in resource DEL is a control total.

1.15 **Table 1.10** shows the capital budget for each departmental group, with **Table 1.11** presenting the same information in real terms. Capital DEL is a control total.

1.16 All tables reflect changes to the budgeting system that are discussed further in **Chapter 3** and **Annex C**.

Total DEL

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

Public expenditure by spending sector

1.18 **Table 1.15** shows a breakdown of TME, and within it DEL and AME, between the National Accounts spending sectors (central government, local government and public corporations). This sectoral breakdown is used in many of the analyses in this publication. In this table, capital and current expenditure are added together.

1.19 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 in the counterparty sector. The sectoral split of TME presented in PESA therefore records only the 'own' expenditure components that relate to an individual sector.

1.20 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. 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 the spending of non-departmental public bodies classified to central government, as well as departments' own spending, and the spending of the devolved administrations in Scotland, Wales and Northern Ireland. Central government own expenditure is shown split into DEL, departmental AME, and other AME, including locally financed central government expenditure. This latter category is in respect of spending of the devolved administrations that is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in **Chapter 6**.

1.21 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 devolved administration); and self-financed expenditure. Further analyses of local government expenditure are presented in **Chapter 7**.

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

Administration budgets

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

1.24 Administration budgets are set for most civil service departments. These budgets help to drive economy and efficiency in the running of government itself. Around 60% of administration costs are accounted for by civil service pay. A further 35% is accounted for by procurement of goods and services (e.g. accommodation, equipment, travel) and the remainder by other items (e.g. capital charges on assets used by civil servants such as buildings and IT equipment). An analysis of administration budgets by economic category is shown in **Table 2.1**.

Table 1.1 Total Managed Expenditure, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
CURRENT EXPENDITURE								
<i>Resource DEL</i>								
Near-cash DEL	229,076	244,551	259,826	272,340	288,390	302,973	319,900	328,800
Non-cash	16,019	13,950	17,867	18,961	21,622	21,219	22,274	23,485
Total resource DEL	245,095	258,501	277,693	291,300	310,012	324,192	342,100	352,300
<i>Resource departmental AME</i>								
Social security benefits	117,801	124,781	129,600	133,463	140,474	151,497	165,485	171,249
Tax credits ⁽¹⁾	9,727	11,601	12,972	14,189	15,404	18,402	20,779	21,353
Net public service pensions ⁽²⁾	1,796	352	3,656	3,312	5,388	6,111	1,884	2,073
National lottery	717	665	841	837	882	948	893	864
BBC domestic services	2,828	2,916	3,067	3,242	3,430	3,352	3,464	3,646
Student loans	-237	-313	-402	-467	-869	-1,191	-1,014	-1,043
Non-cash items	27,591	28,067	37,411	44,519	49,209	103,319	49,959	51,051
Other departmental expenditure	1,853	1,368	2,119	2,820	2,156	585	1,639	1,375
Total resource departmental AME	162,076	169,437	189,262	201,916	216,074	283,024	243,089	250,568
<i>Resource other AME</i>								
Net expenditure transfers to the EC ⁽³⁾	3,448	4,907	4,435	4,652	5,392	3,060	5,649	7,875
Locally financed expenditure	19,778	20,858	22,827	23,458	24,317	27,344	27,940	28,479
Central government gross debt interest	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906
AME margin	-	-	-	-	-	-	900	1,800
Accounting adjustments	-27,365	-20,857	-35,394	-41,680	-50,168	-103,625	-38,919	-39,037
Total resource other AME	18,140	28,840	17,676	14,009	9,501	-42,755	22,800	42,000
Total resource AME	180,216	198,277	206,938	215,925	225,575	240,269	265,900	292,600
Public sector current expenditure	425,311	456,778	484,631	507,225	535,587	564,461	608,000	644,800
CAPITAL EXPENDITURE								
<i>Capital DEL</i>								
Total capital DEL	30,547	32,785	35,199	38,787	44,063	48,345	57,700	51,600
<i>Capital departmental AME</i>								
National lottery	1,193	1,039	988	880	713	647	987	851
BBC domestic services	-6	78	94	103	85	116	123	114
Student loans	2,314	2,261	2,419	3,207	4,481	4,732	5,285	5,576
Other departmental expenditure	-788	158	417	-395	-1,170	85,327	35,121	976
Total capital departmental AME	2,714	3,536	3,918	3,796	4,109	90,821	41,516	7,517
<i>Capital other AME</i>								
Locally financed expenditure	1,760	2,470	3,290	3,195	3,982	4,532	4,378	3,874
Public corporations' own-financed capital expenditure	2,460	2,842	5,203	5,340	5,424	7,157	7,406	7,526
AME margin	-	-	-	-	-	-	100	200
Accounting adjustments	-7,196	-5,903	-8,068	-8,227	-10,489	-94,631	-47,669	-13,833
Total capital other AME	-2,977	-590	424	308	-1,083	-82,942	-35,800	-2,200
Total capital AME	-263	2,946	4,343	4,104	3,026	7,879	5,700	5,300
Public sector gross investment	30,284	35,731	39,542	42,891	47,089	56,224	63,400	56,900
less public sector depreciation	14,577	15,156	16,081	16,922	17,774	18,564	19,600	20,700
Public sector net investment	15,707	20,575	23,461	25,969	29,315	37,660	43,800	36,200
TOTAL MANAGED EXPENDITURE	455,595	492,509	524,173	550,116	582,676	620,685	671,400	701,700
<i>of which:</i>								
Total DEL ⁽⁴⁾	266,977	283,387	303,254	319,760	343,132	360,674	387,100	390,400
Departmental AME	164,789	172,973	193,180	205,712	220,183	373,845	284,606	258,084
Other AME	23,829	36,149	27,738	24,644	19,362	-113,834	-300	53,200

(1) Tax credits include working tax credits, stakeholder pension credits and Child Tax Credits. Child Tax Credits do not include child allowances paid as part of Income Support and Jobseekers' Allowance, which are within social security benefits.

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

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

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

Table 1.2 Total Managed Expenditure in real terms⁽¹⁾, 2003–04 to 2011–12

	National Statistics								£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans	
CURRENT EXPENDITURE									
<i>Resource DEL</i>									
Near-cash DEL	253,571	263,533	274,377	279,926	288,390	295,794	309,600	313,100	
Non-cash	17,732	15,033	18,867	19,489	21,622	20,717	21,557	22,369	
Total resource DEL	271,303	278,566	293,244	299,415	310,012	316,511	331,100	335,500	
<i>Resource departmental AME</i>									
Social security benefits	130,397	134,467	136,857	137,181	140,474	147,908	160,160	163,109	
Tax credits ⁽²⁾	10,767	12,501	13,698	14,584	15,404	17,966	20,110	20,338	
Net public service pensions ⁽³⁾	1,988	379	3,860	3,405	5,388	5,966	1,824	1,975	
National lottery	793	717	888	860	882	926	864	823	
BBC domestic services	3,130	3,142	3,238	3,332	3,430	3,273	3,353	3,473	
Student loans	-262	-338	-424	-480	-869	-1,162	-981	-994	
Non-cash items	30,541	30,246	39,505	45,759	49,209	100,871	48,351	48,624	
Other departmental expenditure	2,051	1,474	2,238	2,898	2,156	571	1,586	1,310	
Total resource departmental AME	179,406	182,589	199,861	207,540	216,074	276,317	235,267	238,658	
<i>Resource other AME</i>									
Net expenditure transfers to the EC ⁽⁴⁾	3,816	5,287	4,684	4,782	5,392	2,987	5,467	7,501	
Locally financed expenditure	21,892	22,477	24,106	24,111	24,317	26,697	27,041	27,125	
Central government gross debt interest	24,662	25,791	27,252	28,347	29,960	29,744	26,330	40,866	
AME margin	-	-	-	-	-	-	900	1,700	
Accounting adjustments	-30,291	-22,476	-37,376	-42,841	-50,168	-101,170	-37,667	-37,182	
Total resource other AME	20,080	31,079	18,665	14,399	9,501	-41,742	22,000	40,000	
Total resource AME	199,486	213,668	218,526	221,939	225,575	234,576	257,300	278,700	
Public sector current expenditure	470,789	492,234	511,770	521,354	535,587	551,086	588,400	614,200	
CAPITAL EXPENDITURE									
<i>Capital DEL</i>									
Total capital DEL	33,813	35,330	37,171	39,867	44,063	47,199	55,800	49,100	
<i>Capital departmental AME</i>									
National lottery	1,321	1,120	1,043	905	713	631	955	810	
BBC domestic services	-7	84	99	106	85	113	119	109	
Student loans	2,561	2,437	2,554	3,297	4,481	4,620	5,115	5,311	
Other departmental expenditure	-872	170	440	-406	-1,170	83,305	33,991	930	
Total capital departmental AME	3,004	3,810	4,138	3,902	4,109	88,669	40,180	7,160	
<i>Capital other AME</i>									
Locally financed expenditure	1,948	2,662	3,474	3,284	3,982	4,424	4,237	3,690	
Public corporations' own-financed capital expenditure	2,723	3,063	5,495	5,489	5,424	6,988	7,167	7,168	
AME margin	-	-	-	-	-	-	100	200	
Accounting adjustments	-7,966	-6,361	-8,520	-8,456	-10,489	-92,388	-46,135	-13,176	
Total capital other AME	-3,295	-636	448	317	-1,083	-80,977	-34,600	-2,100	
Total capital AME	-291	3,174	4,586	4,219	3,026	7,693	5,500	5,000	
Public sector gross investment	33,522	38,504	41,756	44,086	47,089	54,892	61,400	54,200	
less public sector depreciation	16,136	16,332	16,982	17,393	17,774	18,124	19,000	19,700	
Public sector net investment	17,387	22,172	24,775	26,692	29,315	36,768	42,400	34,400	
TOTAL MANAGED EXPENDITURE	504,311	530,738	553,527	565,439	582,676	605,978	649,800	668,400	
<i>of which:</i>									
Total DEL ⁽⁵⁾	295,525	305,385	320,236	328,668	343,132	352,130	374,600	371,900	
Departmental AME	182,410	186,400	203,998	211,443	220,183	364,989	275,446	245,817	
Other AME	26,377	38,955	29,292	25,330	19,362	-111,138	-300	50,700	

(1) Real terms figures are the cash figures adjusted to 2007-08 price levels using GDP deflators. For years 2003-04 to 2007-08 deflators are calculated from data released by the Office for National Statistics on 31st March 2009. From 2008-09 deflators are consistent with the April 2009 Financial Statement and Budget Report.

(2) Tax credits include working tax credits, stakeholder pension credits and Child Tax Credits. Child Tax Credits do not include child allowances paid as part of Income Support and Jobseekers' Allowance, which are within social security benefits.

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

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

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

Table 1.3 Public sector current expenditure, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Resource budget								
Resource DEL	245,095	258,501	277,693	291,300	310,012	324,192	342,100	352,300
Resource departmental AME	162,076	169,437	189,262	201,916	216,074	283,024	243,089	250,568
Total resource budget	407,171	427,938	466,955	493,216	526,086	607,216	585,200	602,800
less non-cash in resource DEL	16,019	13,950	17,867	18,961	21,622	21,219	22,274	23,485
less non-cash in resource AME	27,640	27,260	40,914	46,816	52,557	106,481	47,799	48,928
Total near-cash in resource budgets	363,512	386,727	408,174	427,439	451,907	479,516	515,200	530,400
<i>of which:</i>								
Near-cash in resource DEL	229,076	244,551	259,826	272,340	288,390	302,973	319,900	328,800
Near-cash in resource AME	134,436	142,177	148,348	155,099	163,517	176,543	195,290	201,639
<i>Current spending in other AME</i>								
Net expenditure transfers to the EC ⁽¹⁾	3,448	4,907	4,435	4,652	5,392	3,060	5,649	7,875
Locally financed current expenditure	19,778	20,858	22,827	23,458	24,317	27,344	27,940	28,479
Central government gross debt interest	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906
AME margin (current)	–	–	–	–	–	–	900	1,800
<i>Other adjustments</i>								
Add spending classified as current in National Accounts	5,221	5,409	6,007	6,506	5,095	5,749	6,829	6,934
Accounting and other adjustments	11,073	14,944	17,380	17,590	18,916	18,326	24,325	26,442
Public sector current expenditure	425,311	456,778	484,631	507,225	535,587	564,461	608,000	644,800

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

Table 1.4 Public sector net investment, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Capital budget								
Capital DEL	30,547	32,785	35,199	38,787	44,063	48,345	57,700	51,600
Capital departmental AME	2,714	3,536	3,918	3,796	4,109	90,821	41,516	7,517
Total capital budget	33,261	36,321	39,118	42,583	48,172	139,166	99,200	59,100
<i>Capital spending in other AME</i>								
Public corporation's own-financed expenditure	2,460	2,842	5,203	5,340	5,424	7,157	7,406	7,526
Locally financed capital expenditure	1,760	2,470	3,290	3,195	3,982	4,532	4,378	3,874
AME margin (capital)	–	–	–	–	–	–	100	200
<i>Other adjustments</i>								
Remove items classified as current in National Accounts	–5,221	–5,409	–6,007	–6,506	–5,095	–5,749	–6,829	–6,934
Add resource budget classified as capital in National Accounts	–	–	7	–	–	0	–	–
Accounting and other adjustments	–1,975	–494	–2,069	–1,720	–5,395	–88,881	–40,841	–6,899
Public sector gross investment	30,284	35,731	39,542	42,891	47,089	56,224	63,400	56,900
less public sector depreciation	14,577	15,156	16,081	16,922	17,774	18,564	19,600	20,700
Public sector net investment	15,707	20,575	23,461	25,969	29,315	37,660	43,800	36,200

Table 1.5 Resource budgets, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Resource DEL by departmental group								
Children, Schools and Families	11,933	12,593	14,326	42,098	44,904	46,848	49,232	51,302
Health	63,605	69,118	76,372	80,428	88,408	92,455	99,897	104,025
<i>of which: NHS England</i>	61,865	66,873	74,168	78,468	86,402	90,940	98,217	102,272
Transport	6,114	6,085	6,076	6,921	6,794	6,546	6,398	6,371
Innovation, Universities and Skills	12,169	12,603	13,595	14,088	15,459	16,666	17,224	17,905
CLG Communities	3,419	3,611	3,476	3,630	4,224	4,274	4,545	4,459
CLG Local Government	40,915	43,316	46,244	22,541	22,751	24,647	25,596	26,296
Home Office	7,913	7,969	8,296	8,334	8,552	8,926	9,354	9,474
Justice	7,487	7,577	8,018	8,366	8,932	9,283	9,465	9,382
Law Officers' Departments	575	646	688	698	736	733	732	703
Defence	31,390	31,330	33,494	33,490	35,723	37,889	38,582	36,718
Foreign and Commonwealth Office	1,513	1,718	1,879	1,837	1,878	2,025	2,029	1,600
International Development	3,447	3,645	4,107	4,247	4,478	4,835	5,440	6,231
Energy and Climate Change	644	932	709	1,031	649	1,016	1,106	1,142
Business, Enterprise and Regulatory Reform	1,237	1,271	1,384	1,373	1,792	1,594	1,774	1,331
Environment, Food and Rural Affairs	2,276	2,618	2,608	2,884	2,704	2,654	2,709	2,682
Culture, Media and Sport	1,218	1,268	1,438	1,544	1,595	1,633	1,681	1,733
Work and Pensions	7,832	8,017	8,022	7,876	8,086	8,059	9,051	9,929
Scotland	18,421	19,459	20,791	22,354	23,805	24,599	25,421	26,129
Wales	9,643	10,379	10,987	11,677	12,331	12,970	13,556	13,990
Northern Ireland Executive	6,058	6,445	6,799	7,210	7,596	8,117	8,389	8,659
Northern Ireland Office	1,044	1,150	1,176	1,252	1,343	1,342	1,186	1,174
Chancellor's Departments	4,279	4,600	4,782	4,951	4,716	4,826	4,637	4,516
Cabinet Office	1,282	1,406	1,578	1,724	1,795	2,049	2,260	2,411
Independent Bodies	681	746	848	748	761	806	906	950
Modernisation Funding	–	–	–	–	–	–	300	300
DEL Reserve	–	–	–	–	–	–	700	2,900
Allowance for Shortfall	–	–	–	–	–	–600	–	–
Total resource DEL	245,095	258,501	277,693	291,300	310,012	324,192	342,100	352,300
Resource departmental AME by departmental group								
Children, Schools and Families	6,575	6,344	8,037	8,599	10,704	10,914	10,346	10,969
Health	6,294	6,451	9,409	10,450	10,723	13,934	13,534	14,139
<i>of which: NHS England</i>	100	55	129	223	549	547	1,007	704
Transport	2,326	2,741	3,076	3,315	3,514	3,878	4,265	4,493
Innovation, Universities and Skills	123	130	152	154	178	274	223	217
CLG Communities	256	179	322	303	273	152	534	–138
CLG Local Government	304	461	524	1,036	842	660	463	463
Home Office	40	1	4	291	353	363	498	730
Justice	58	62	57	84	265	725	121	141
Defence	4,798	4,468	5,181	4,931	6,693	6,864	6,848	6,768
Foreign and Commonwealth Office	40	3	–22	27	–4	–7	20	20
International Development	129	132	140	469	135	397	196	159
Energy and Climate Change	954	–831	5,315	5,557	5,979	4,589	179	74
Business, Enterprise and Regulatory Reform	380	283	495	497	518	819	842	753
Environment, Food and Rural Affairs	73	72	126	–5	–28	–52	5	–9
Culture, Media and Sport	3,719	3,219	3,519	3,669	3,880	3,911	3,950	4,085
Work and Pensions	103,759	110,591	115,094	119,074	127,222	135,546	147,676	153,179
Scotland	1,449	1,737	2,211	2,042	2,730	3,129	3,014	3,217
Wales	532	224	292	340	323	520	483	527
Northern Ireland Executive	5,272	5,777	6,338	10,018	7,472	8,142	8,581	9,303
Northern Ireland Office	–	208	212	214	236	264	276	289
Chancellor's Departments	19,978	21,802	23,054	24,790	26,416	80,757	33,884	33,680
Cabinet Office	5,015	5,378	5,725	6,043	7,625	7,221	7,148	7,486
Independent Bodies	2	5	1	18	24	24	3	23
Total resource departmental AME	162,076	169,437	189,262	201,916	216,074	283,024	243,089	250,568
Total resource budget	407,171	427,938	466,955	493,216	526,086	607,216	585,200	602,800

Table 1.6 Resource budgets in real terms⁽¹⁾, 2003–04 to 2010–11

	National Statistics								£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans	
Resource DEL by departmental group									
Children, Schools and Families	13,209	13,570	15,129	43,271	44,904	45,738	47,647	48,864	
Health	70,406	74,483	80,649	82,668	88,408	90,264	96,683	99,081	
<i>of which: NHS England</i>	68,480	72,063	78,321	80,654	86,402	88,785	95,056	97,411	
Transport	6,768	6,557	6,416	7,114	6,794	6,391	6,192	6,068	
Innovation, Universities and Skills	13,470	13,581	14,356	14,480	15,459	16,271	16,670	17,054	
CLG Communities	3,785	3,892	3,671	3,731	4,224	4,172	4,399	4,247	
CLG Local Government	45,289	46,678	48,834	23,169	22,751	24,063	24,772	25,047	
Home Office	8,759	8,587	8,760	8,566	8,552	8,715	9,053	9,024	
Justice	8,287	8,165	8,467	8,599	8,932	9,063	9,160	8,936	
Law Officers' Departments	637	696	727	718	736	716	709	669	
Defence	34,747	33,762	35,370	34,423	35,723	36,991	37,341	34,973	
Foreign and Commonwealth Office	1,674	1,851	1,984	1,888	1,878	1,977	1,964	1,524	
International Development	3,816	3,928	4,337	4,365	4,478	4,721	5,265	5,935	
Energy and Climate Change	713	1,004	748	1,060	649	992	1,070	1,088	
Business, Enterprise and Regulatory Reform	1,369	1,369	1,461	1,411	1,792	1,556	1,717	1,268	
Environment, Food and Rural Affairs	2,519	2,821	2,754	2,965	2,704	2,591	2,621	2,554	
Culture, Media and Sport	1,348	1,366	1,519	1,587	1,595	1,594	1,627	1,651	
Work and Pensions	8,670	8,639	8,471	8,095	8,086	7,868	8,760	9,457	
Scotland	20,391	20,970	21,955	22,976	23,805	24,016	24,603	24,887	
Wales	10,674	11,185	11,602	12,002	12,331	12,663	13,120	13,325	
Northern Ireland Executive	6,706	6,945	7,180	7,411	7,596	7,925	8,119	8,247	
Northern Ireland Office	1,156	1,239	1,242	1,287	1,343	1,310	1,148	1,119	
Chancellor's Departments	4,737	4,957	5,050	5,089	4,716	4,711	4,487	4,302	
Cabinet Office	1,419	1,516	1,666	1,772	1,795	2,001	2,187	2,297	
Independent Bodies	754	804	895	769	761	787	877	905	
Modernisation Funding	–	–	–	–	–	–	300	200	
DEL Reserve	–	–	–	–	–	–	700	2,800	
Allowance for Shortfall	–	–	–	–	–	–586	–	–	
Total resource DEL	271,303	278,566	293,244	299,415	310,012	316,511	331,100	335,500	
Resource departmental AME by departmental group									
Children, Schools and Families	7,278	6,836	8,487	8,839	10,704	10,655	10,013	10,448	
Health	6,967	6,951	9,936	10,741	10,723	13,604	13,098	13,467	
<i>of which: NHS England</i>	111	59	136	230	549	534	975	671	
Transport	2,575	2,954	3,249	3,407	3,514	3,786	4,127	4,279	
Innovation, Universities and Skills	136	140	161	159	178	267	216	207	
CLG Communities	284	193	341	311	273	148	517	–131	
CLG Local Government	337	497	554	1,065	842	645	448	441	
Home Office	45	1	4	299	353	354	482	695	
Justice	64	66	60	86	265	708	117	134	
Defence	5,311	4,815	5,471	5,069	6,693	6,701	6,628	6,446	
Foreign and Commonwealth Office	44	3	–23	28	–4	–6	19	19	
International Development	142	143	147	482	135	388	189	152	
Energy and Climate Change	1,056	–895	5,613	5,712	5,979	4,480	173	71	
Business, Enterprise and Regulatory Reform	421	305	523	510	518	799	815	717	
Environment, Food and Rural Affairs	81	77	133	–5	–28	–51	4	–9	
Culture, Media and Sport	4,116	3,469	3,716	3,771	3,880	3,819	3,823	3,891	
Work and Pensions	114,854	119,175	121,539	122,391	127,222	132,334	142,923	145,898	
Scotland	1,604	1,872	2,335	2,098	2,730	3,055	2,917	3,064	
Wales	589	241	308	349	323	507	468	502	
Northern Ireland Executive	5,836	6,226	6,692	10,297	7,472	7,949	8,305	8,861	
Northern Ireland Office	0	224	224	220	236	258	268	276	
Chancellor's Departments	22,114	23,494	24,345	25,480	26,416	78,843	32,794	32,079	
Cabinet Office	5,551	5,796	6,045	6,212	7,625	7,050	6,917	7,130	
Independent Bodies	2	5	1	19	24	24	3	22	
Total resource departmental AME	179,406	182,589	199,861	207,540	216,074	276,317	235,267	238,658	
Total resource budget	450,710	461,154	493,105	506,955	526,086	592,828	566,400	574,200	

(1) Real terms figures are the cash figures adjusted to 2007-08 price levels using GDP deflators. For years 2003-04 to 2007-08 deflators are calculated from data released by the Office for National Statistics on 31st March 2009. From 2008-09 deflators are consistent with the April 2009 Financial Statement and Budget Report.

Table 1.7 Near-cash elements of resource budgets, 2003–04 to 2010–11

	National Statistics								£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	
Resource DEL by departmental group									
Children, Schools and Families	11,916	12,571	14,279	42,089	44,889	46,876	49,269	51,327	
Health	61,152	68,723	74,422	77,427	83,616	89,572	96,444	100,325	
<i>of which: NHS England</i>	59,421	66,495	72,234	75,488	81,648	88,075	94,791	98,592	
Transport	5,902	5,919	5,813	6,361	6,554	5,886	6,054	5,755	
Innovation, Universities and Skills	11,352	11,952	12,772	13,394	14,368	15,220	15,694	16,262	
CLG Communities	3,424	3,550	3,437	3,469	4,085	4,105	4,347	4,248	
CLG Local Government	40,914	43,314	46,244	22,540	22,750	24,646	25,595	26,296	
Home Office	7,816	7,884	8,177	8,215	8,413	8,771	9,157	9,284	
Justice	7,234	7,812	7,840	8,042	8,640	8,803	8,763	8,653	
Law Officers' Departments	571	636	679	691	718	715	722	692	
Defence	21,373	21,860	22,714	23,450	24,684	26,497	26,729	24,473	
Foreign and Commonwealth Office	1,405	1,609	1,708	1,690	1,736	1,893	1,872	1,443	
International Development	3,423	3,541	4,041	4,139	4,447	4,745	5,345	6,133	
Energy and Climate Change	683	914	667	913	672	961	1,127	1,173	
Business, Enterprise and Regulatory Reform	1,231	1,104	1,206	1,282	1,533	1,410	1,628	1,187	
Environment, Food and Rural Affairs	2,037	2,273	2,146	2,330	2,320	2,280	2,373	2,339	
Culture, Media and Sport	1,083	1,158	1,263	1,358	1,397	1,438	1,444	1,460	
Work and Pensions	7,731	7,907	7,802	7,598	7,846	7,898	8,894	9,771	
Scotland	17,914	18,512	20,010	21,440	22,854	23,592	24,422	25,077	
Wales	9,416	10,085	10,662	11,345	11,932	12,481	13,015	13,415	
Northern Ireland Executive	5,841	6,202	6,503	6,830	7,262	7,805	8,068	8,312	
Northern Ireland Office	935	905	974	970	979	981	966	943	
Chancellor's Departments	4,135	4,351	4,531	4,686	4,484	4,576	4,334	4,222	
Cabinet Office	1,072	1,210	1,345	1,485	1,588	1,716	1,866	2,010	
Independent Bodies	517	557	590	596	624	706	769	828	
Modernisation Funding	–	–	–	–	–	–	300	300	
DEL Reserve	–	–	–	–	–	–	700	2,900	
Allowance for Shortfall	–	–	–	–	–	–600	–	–	
Total near-cash resource DEL	229,076	244,551	259,826	272,340	288,390	302,973	319,900	328,800	
Resource departmental AME by departmental group									
Children, Schools and Families	659	871	1,107	1,235	1,438	1,792	2,208	2,362	
Health	–2,144	–2,345	–2,628	–2,605	–2,165	–2,100	–2,036	–2,124	
<i>of which: NHS England</i>	2	0	–2	–23	–16	–29	–10	–20	
Transport	–	31	35	43	44	44	42	40	
Innovation, Universities and Skills	–88	–138	–207	–242	–1,024	–829	–694	–718	
CLG Communities	209	83	253	298	234	10	403	–206	
CLG Local Government	304	461	524	1,036	842	660	463	463	
Home Office	40	1	4	291	353	358	498	730	
Justice	–11	–12	–5	–6	4	13	5	16	
Defence	2,443	2,562	2,546	2,749	2,756	2,899	3,047	3,030	
International Development	119	117	104	113	112	112	110	106	
Energy and Climate Change	935	884	1,040	825	627	318	65	8	
Business, Enterprise and Regulatory Reform	231	117	310	263	299	535	629	638	
Environment, Food and Rural Affairs	63	61	69	61	62	59	64	57	
Culture, Media and Sport	3,652	3,152	3,449	3,599	3,810	3,781	3,820	3,955	
Work and Pensions	103,665	110,255	114,832	118,177	124,373	134,404	147,243	152,737	
Scotland	–92	–165	–207	–195	275	–98	–60	–42	
Wales	190	–94	–73	–33	–83	–68	–70	–58	
Northern Ireland Executive	3,637	3,732	3,815	4,062	4,381	4,534	5,098	5,322	
Northern Ireland Office	94	125	141	140	142	169	196	206	
Chancellor's Departments	19,447	21,431	23,196	24,738	26,303	28,883	32,746	33,603	
Cabinet Office	1,078	1,041	33	536	725	1,062	1,502	1,504	
Independent Bodies	5	8	10	14	8	3	11	11	
Total near-cash resource departmental AME	134,436	142,177	148,348	155,099	163,517	176,543	195,290	201,639	
Total near-cash resource budget	363,512	386,727	408,174	427,439	451,907	479,516	515,200	530,400	

Table 1.8 Non-cash elements of resource budgets, 2003–04 to 2010–11

	National Statistics								£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	
Resource DEL by departmental group									
Children, Schools and Families	17	21	47	9	15	-28	-38	-25	
Health	2,453	395	1,950	3,001	4,792	2,882	3,453	3,700	
<i>of which: NHS England</i>	2,443	378	1,933	2,980	4,754	2,865	3,426	3,680	
Transport	213	165	263	559	240	660	344	616	
Innovation, Universities and Skills	817	650	823	693	1,092	1,447	1,530	1,643	
CLG Communities	-5	61	40	161	139	169	197	211	
CLG Local Government	0	1	1	1	1	1	1	-	
Home Office	96	84	119	119	139	155	197	190	
Justice	253	-235	177	324	291	480	702	729	
Law Officers' Departments	5	10	9	7	18	19	11	11	
Defence	10,018	9,470	10,780	10,040	11,039	11,392	11,854	12,245	
Foreign and Commonwealth Office	107	109	171	147	141	132	157	157	
International Development	24	105	66	108	32	90	95	98	
Energy and Climate Change	-39	18	42	118	-22	55	-21	-31	
Business, Enterprise and Regulatory Reform	5	167	178	91	259	184	145	145	
Environment, Food and Rural Affairs	238	345	462	554	384	374	336	343	
Culture, Media and Sport	135	110	175	186	198	195	237	273	
Work and Pensions	101	110	219	278	240	160	157	158	
Scotland	507	947	781	913	951	1,006	998	1,052	
Wales	227	294	325	331	399	490	541	575	
Northern Ireland Executive	217	243	296	381	334	312	321	347	
Northern Ireland Office	109	244	202	282	364	361	220	232	
Chancellor's Departments	145	250	251	266	232	249	302	295	
Cabinet Office	210	197	233	238	207	334	394	401	
Independent Bodies	164	189	257	152	137	100	138	122	
Total non-cash resource DEL	16,019	13,950	17,867	18,961	21,622	21,219	22,274	23,485	
Resource departmental AME by departmental group									
Children, Schools and Families	5,916	5,473	6,930	7,364	9,266	9,122	8,138	8,607	
Health	8,438	8,796	12,037	13,054	12,888	16,034	15,570	16,262	
<i>of which: NHS England</i>	99	55	131	246	565	576	1,017	724	
Transport	2,326	2,710	3,041	3,272	3,470	3,835	4,223	4,453	
Innovation, Universities and Skills	211	268	359	396	1,202	1,103	917	935	
CLG Communities	48	96	70	5	38	142	131	68	
Home Office	-	-	-	-	-	4	-	-	
Justice	69	74	62	90	260	712	116	125	
Defence	2,355	1,906	2,634	2,182	3,937	3,964	3,801	3,738	
Foreign and Commonwealth Office	40	3	-22	27	-4	-7	20	20	
International Development	10	15	36	356	24	285	86	53	
Energy and Climate Change	19	-1,714	4,275	4,731	5,353	4,271	114	66	
Business, Enterprise and Regulatory Reform	149	167	186	234	219	284	214	115	
Environment, Food and Rural Affairs	10	11	56	-66	-90	-112	-60	-66	
Culture, Media and Sport	67	67	70	70	70	130	130	130	
Work and Pensions	94	336	262	897	2,849	1,142	433	442	
Scotland	1,541	1,902	2,418	2,236	2,454	3,227	3,074	3,259	
Wales	341	318	365	373	406	588	553	585	
Northern Ireland Executive	1,636	2,045	2,523	5,955	3,091	3,608	3,484	3,981	
Northern Ireland Office	-94	83	72	75	94	95	81	83	
Chancellor's Departments	531	370	-142	52	113	51,874	1,139	77	
Cabinet Office	3,936	4,337	5,692	5,507	6,900	6,159	5,646	5,982	
Independent Bodies	-2	-3	-9	4	16	21	-8	12	
Total non-cash resource departmental AME	27,640	27,260	40,914	46,816	52,557	106,481	47,799	48,928	
Total non-cash resource budget	43,659	41,210	58,781	65,777	74,179	127,700	70,073	72,413	

Table 1.9 Administration budgets⁽¹⁾, 2003–04 to 2010–11

	£ million								
	National Statistics						2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn				
Children, Schools and Families	223	234	217	224	203	211	210	204	
Health	323	313	290	277	280	273	264	257	
Transport	405	277	314	281	282	277	275	268	
Innovation, Universities and Skills	73	82	66	67	70	78	71	69	
CLG Communities	293	314	311	296	279	265	273	266	
Home Office	492	458	444	399	348	368	404	339	
Justice	329	427	458	415	413	443	438	426	
Law Officers' Departments	59	73	67	60	68	70	69	66	
Defence ⁽²⁾	2,137	2,560	2,617	2,357	2,378	2,294	2,238	2,183	
Foreign and Commonwealth Office	376	405	400	393	367	376	420	397	
International Development	146	158	162	190	151	163	159	155	
Energy and Climate Change	82	84	81	75	96	97	94	90	
Business, Enterprise and Regulatory Reform	377	390	397	395	538	316	363	350	
Environment, Food and Rural Affairs	314	338	356	357	346	306	304	298	
Culture, Media and Sport	39	40	46	51	55	54	48	46	
Work and Pensions ⁽²⁾	5,912	5,984	5,842	5,860	5,702	5,767	6,373	6,816	
Northern Ireland Office	78	82	78	79	67	66	74	72	
Chancellor's Departments	4,177	4,468	4,582	4,827	4,609	4,664	4,487	4,371	
Cabinet Office	269	264	273	259	258	276	323	310	
<i>of which: Security and Intelligence Agencies⁽³⁾</i>	87	87	87	88	81	79	85	83	
Total administration budgets	16,105	16,949	16,999	16,864	16,512	16,364	16,888	16,984	
<i>of which: administration costs paybill</i>	<i>10,065</i>	<i>10,679</i>	<i>11,167</i>	<i>10,820</i>	<i>10,752</i>	<i>10,606</i>	<i>10,230</i>	<i>10,182</i>	
Administration budgets as a percentage of Total Managed Expenditure	3.6%	3.5%	3.3%	3.1%	2.9%	2.6%	2.5%	2.4%	

(1) The Statistics Board Main Estimate includes administration expenditure of the Office for National Statistics up to 2007-08 (the period for which the ONS was a ministerial department) but not in plans. This reflects the fact that the Statistics Board was created as an independent body from 1 April 2008, so is now outside the administration budgets regime. This table excludes their admin for all years to provide a consistent series.

(2) See paragraph 3.16 in Chapter 3.

(3) The historical data for Defence and Security and Intelligence Agencies are estimates. The former joined the administration budgets regime in the 2007 CSR, the latter have estimated the historical impact of reclassifications agreed at the 2007 CSR.

Table 1.10 Capital budgets, 2003–04 to 2010–11

	£ million							
	National Statistics						2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn		
Capital DEL by departmental group								
Children, Schools and Families	3,471	4,070	4,413	4,055	5,228	5,634	7,343	6,660
Health	2,689	2,708	2,245	3,194	3,815	4,561	5,573	4,823
<i>of which: NHS England</i>	2,602	2,624	2,151	3,069	3,597	4,410	5,433	4,674
Transport	5,233	5,223	4,999	6,505	7,053	7,283	8,314	7,412
Innovation, Universities and Skills	1,299	1,429	2,004	1,891	2,059	2,123	2,647	1,818
CLG Communities	4,597	4,984	5,531	5,431	6,070	7,125	8,623	6,348
CLG Local Government	214	257	316	223	32	129	106	92
Home Office	680	586	626	592	736	862	810	833
Justice	364	599	508	536	753	975	777	745
Law Officers' Departments	11	11	-23	11	11	12	13	13
Defence	6,002	6,701	6,367	7,070	7,945	8,604	9,121	8,846
Foreign and Commonwealth Office	87	117	132	160	226	218	216	205
International Development	302	304	447	765	739	891	1,366	1,556
Energy and Climate Change	143	212	1,258	1,462	1,486	1,688	2,028	1,834
Business, Enterprise and Regulatory Reform	465	183	66	39	8	16	340	304
Environment, Food and Rural Affairs	403	314	639	569	559	618	669	609
Culture, Media and Sport	186	122	179	284	517	791	404	566
Work and Pensions	249	291	354	218	101	57	84	74
Scotland	1,697	2,171	2,390	3,035	3,563	3,337	3,713	3,181
Wales	985	1,008	1,208	1,318	1,461	1,656	1,722	1,748
Northern Ireland Executive	618	765	831	742	1,051	1,137	1,084	1,110
Northern Ireland Office	50	71	59	72	9	78	77	72
Chancellor's Departments	233	381	370	304	256	293	1,040	256
Cabinet Office	538	176	238	254	322	416	390	354
Independent Bodies	33	102	43	56	62	42	64	67
DEL Reserve	-	-	-	-	-	-	1,200	2,100
Allowance for Shortfall	-	-	-	-	-	-200	-	-
Total capital DEL	30,547	32,785	35,199	38,787	44,063	48,345	57,700	51,600
Capital departmental AME by departmental group								
Health	-	229	649	89	37	14	-	-
<i>of which: NHS England</i>	-	229	649	89	37	14	-	-
Innovation, Universities and Skills	1,910	1,883	2,067	2,821	4,034	4,230	4,814	5,085
CLG Local Government	125	-	-	-	-	-	-	-
Defence	-4	-	-	-	-709	-	57	-
Energy and Climate Change	-391	-328	-440	-569	-419	-419	-409	-65
Business, Enterprise and Regulatory Reform	-701	-14	-518	-597	-566	-231	391	-47
Environment, Food and Rural Affairs	1	1	0	0	0	0	1	1
Culture, Media and Sport	1,197	1,127	1,095	997	808	717	1,110	965
Work and Pensions	90	80	101	185	140	142	206	227
Scotland	191	170	150	147	149	187	133	135
Wales	146	135	121	128	165	177	164	174
Northern Ireland Executive	149	252	249	339	256	413	433	393
Chancellor's Departments	0	0	444	255	212	85,590	34,617	650
Independent Bodies	-	-	-	2	-	-	-	-
Total capital departmental AME	2,714	3,536	3,918	3,796	4,109	90,821	41,516	7,517
Total capital budget	33,261	36,321	39,118	42,583	48,172	139,166	99,200	59,100

Table 1.11 Capital budgets in real terms⁽¹⁾, 2003–04 to 2010–11

	£ million							
	National Statistics						2009–10	2010–11
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	plans	plans
	outturn	outturn	outturn	outturn	outturn	estimated outturn		
Capital DEL by departmental group								
Children, Schools and Families	3,842	4,386	4,660	4,168	5,228	5,500	7,106	6,343
Health	2,976	2,918	2,371	3,283	3,815	4,453	5,394	4,594
<i>of which: NHS England</i>	2,880	2,828	2,272	3,154	3,597	4,305	5,258	4,452
Transport	5,793	5,628	5,279	6,686	7,053	7,110	8,047	7,060
Innovation, Universities and Skills	1,438	1,540	2,117	1,943	2,059	2,072	2,562	1,731
CLG Communities	5,088	5,371	5,841	5,583	6,070	6,956	8,345	6,047
CLG Local Government	237	277	333	229	32	125	103	88
Home Office	752	632	661	609	736	842	784	793
Justice	403	646	536	551	753	951	752	709
Law Officers' Departments	12	12	-25	11	11	12	12	12
Defence	6,643	7,221	6,724	7,266	7,945	8,400	8,827	8,425
Foreign and Commonwealth Office	96	126	139	165	226	212	209	195
International Development	334	327	472	786	739	870	1,322	1,482
Energy and Climate Change	158	228	1,328	1,502	1,486	1,648	1,963	1,747
Business, Enterprise and Regulatory Reform	515	197	69	40	8	16	329	290
Environment, Food and Rural Affairs	446	338	675	584	559	604	648	580
Culture, Media and Sport	206	131	189	292	517	772	391	539
Work and Pensions	276	313	374	224	101	55	81	70
Scotland	1,878	2,339	2,524	3,120	3,563	3,257	3,593	3,030
Wales	1,090	1,086	1,276	1,355	1,461	1,617	1,667	1,665
Northern Ireland Executive	684	824	878	763	1,051	1,110	1,049	1,057
Northern Ireland Office	55	76	62	74	9	76	74	68
Chancellor's Departments	258	411	391	313	256	286	1,007	243
Cabinet Office	596	190	251	262	322	407	378	337
Independent Bodies	36	110	46	58	62	41	61	64
DEL Reserve	-	-	-	-	-	-	1,100	2,000
Allowance for Shortfall	-	-	-	-	-	-195	-	-
Total capital DEL	33,813	35,330	37,171	39,867	44,063	47,199	55,800	49,100
Capital departmental AME by departmental group								
Health	-	247	685	91	37	14	-	-
<i>of which: NHS England</i>	-	247	685	91	37	14	-	-
Innovation, Universities and Skills	2,114	2,029	2,183	2,899	4,034	4,130	4,659	4,843
CLG Local Government	139	-	-	-	-	-	-	-
Defence	-5	-	-	-	-709	-	55	-
Energy and Climate Change	-433	-353	-465	-585	-419	-409	-396	-62
Business, Enterprise and Regulatory Reform	-776	-15	-547	-614	-566	-225	379	-45
Environment, Food and Rural Affairs	1	2	0	0	0	0	0	1
Culture, Media and Sport	1,325	1,215	1,156	1,025	808	700	1,074	919
Work and Pensions	100	87	106	190	140	139	199	216
Scotland	211	183	159	151	149	183	128	129
Wales	162	145	128	131	165	173	158	166
Northern Ireland Executive	165	272	262	348	256	403	419	374
Chancellor's Departments	0	0	469	262	212	83,562	33,503	619
Independent Bodies	-	-	-	2	-	-	-	-
Total capital departmental AME	3,004	3,810	4,138	3,902	4,109	88,669	40,180	7,160
Total capital budget	36,817	39,141	41,308	43,769	48,172	135,868	96,000	56,300

(1) Real terms figures are the cash figures adjusted to 2007–08 price levels using GDP deflators. For years 2003–04 to 2007–08 deflators are calculated from data released by the Office for National Statistics on 31 March 2009. From 2008–09 deflators are consistent with the April 2009 Financial Statement and Budget Report.

Table 1.12 Total Departmental Expenditure Limits⁽¹⁾, 2003–04 to 2010–11

	£ million							
	National Statistics						2009–10	2010–11
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	plans	plans
	outturn	outturn	outturn	outturn	outturn	estimated		
						outturn		
Resource and net capital DEL by departmental group								
Children, Schools and Families	15,386	16,641	18,713	46,136	50,112	52,467	56,562	57,949
Health	65,991	71,366	78,108	82,630	91,487	96,171	104,468	107,708
<i>of which: NHS England</i>	<i>64,173</i>	<i>69,051</i>	<i>75,822</i>	<i>80,561</i>	<i>89,281</i>	<i>94,522</i>	<i>102,662</i>	<i>105,824</i>
Transport	10,974	11,053	10,796	13,117	13,454	12,950	14,438	13,550
Innovation, Universities and Skills	13,374	13,934	15,485	15,862	17,356	18,544	19,708	19,546
CLG Communities	7,996	8,560	8,976	9,034	10,265	11,365	13,119	10,742
CLG Local Government	41,128	43,571	46,560	22,763	22,782	24,774	25,701	26,389
Home Office	8,510	8,487	8,833	8,815	9,147	9,622	9,977	10,105
Justice	7,637	7,915	8,168	8,555	9,297	9,796	9,812	9,686
Law Officers' Departments	582	649	657	701	738	736	737	707
Defence	31,089	32,991	33,273	33,962	36,486	39,272	39,419	36,881
Foreign and Commonwealth Office	1,535	1,768	1,902	1,915	2,031	2,158	2,142	1,705
International Development	3,718	3,924	4,532	4,996	5,205	5,704	6,786	7,762
Energy and Climate Change	785	1,141	1,961	2,485	2,128	2,698	3,126	2,966
Business, Enterprise and Regulatory Reform	1,635	1,412	1,430	1,369	1,758	1,586	2,035	1,559
Environment, Food and Rural Affairs	2,560	2,748	3,111	3,297	3,051	3,058	3,154	3,080
Culture, Media and Sport	1,342	1,356	1,515	1,726	2,005	2,321	1,973	2,181
Work and Pensions	7,966	8,163	8,236	7,907	8,031	7,986	8,967	9,833
Scotland ⁽²⁾	19,915	21,212	22,851	24,951	26,946	27,476	28,669	28,821
Wales ⁽²⁾	10,532	11,240	11,999	12,817	13,538	14,427	14,990	15,449
Northern Ireland Executive ⁽²⁾	6,568	7,080	7,490	7,824	8,492	9,078	9,272	9,539
Northern Ireland Office	1,053	1,176	1,188	1,259	1,299	1,361	1,164	1,117
Chancellor's Departments	4,366	4,743	4,985	5,058	4,786	4,891	5,470	4,543
Cabinet Office	1,652	1,447	1,651	1,821	1,968	2,212	2,337	2,438
Independent Bodies	682	810	835	761	771	820	919	965
Modernisation Funding	–	–	–	–	–	–	300	300
DEL Reserve	–	–	–	–	–	–	1,900	5,000
Allowance for Shortfall	–	–	–	–	–	–800	–	–
Total DEL	266,977	283,387	303,254	319,760	343,132	360,674	387,100	390,400
Total UK education spending⁽³⁾								
(£ billion)	61.0	65.1	69.7	72.9	78.1	82.8	88.0	89.2

(1) Full resource budgeting basis, excluding depreciation.

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

(3) This presents education spending against the UN Classification Of the Functions Of Government (COFOG) for the whole of the public sector. It therefore includes spending by local government, not just by the above departmental groups.

Table 1.13 Total Departmental Expenditure Limits⁽¹⁾ in real terms⁽²⁾, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Resource and net capital DEL by departmental group								
Children, Schools and Families	17,031	17,933	19,761	47,421	50,112	51,224	54,742	55,195
Health	73,048	76,905	82,482	84,931	91,487	93,892	101,106	102,589
<i>of which: NHS England</i>	<i>71,035</i>	<i>74,410</i>	<i>80,068</i>	<i>82,806</i>	<i>89,281</i>	<i>92,283</i>	<i>99,359</i>	<i>100,794</i>
Transport	12,148	11,911	11,400	13,482	13,454	12,643	13,974	12,906
Innovation, Universities and Skills	14,804	15,015	16,352	16,304	17,356	18,104	19,074	18,617
CLG Communities	8,851	9,225	9,479	9,286	10,265	11,095	12,697	10,232
CLG Local Government	45,526	46,953	49,167	23,397	22,782	24,187	24,874	25,134
Home Office	9,419	9,146	9,327	9,060	9,147	9,394	9,656	9,625
Justice	8,453	8,529	8,626	8,794	9,297	9,564	9,497	9,225
Law Officers' Departments	644	699	694	720	738	719	713	673
Defence	34,413	35,552	35,137	34,908	36,486	38,342	38,151	35,128
Foreign and Commonwealth Office	1,700	1,905	2,008	1,969	2,031	2,107	2,073	1,624
International Development	4,116	4,229	4,786	5,135	5,205	5,569	6,567	7,393
Energy and Climate Change	869	1,230	2,071	2,555	2,128	2,634	3,025	2,825
Business, Enterprise and Regulatory Reform	1,810	1,521	1,510	1,407	1,758	1,549	1,969	1,485
Environment, Food and Rural Affairs	2,833	2,961	3,285	3,389	3,051	2,986	3,052	2,934
Culture, Media and Sport	1,486	1,461	1,600	1,774	2,005	2,266	1,910	2,078
Work and Pensions	8,818	8,797	8,697	8,128	8,031	7,797	8,678	9,366
Scotland ⁽³⁾	22,044	22,859	24,130	25,646	26,946	26,825	27,746	27,451
Wales ⁽³⁾	11,658	12,112	12,671	13,174	13,538	14,085	14,508	14,715
Northern Ireland Executive ⁽³⁾	7,270	7,630	7,909	8,042	8,492	8,863	8,973	9,086
Northern Ireland Office	1,166	1,268	1,254	1,294	1,299	1,329	1,127	1,064
Chancellor's Departments	4,833	5,112	5,264	5,199	4,786	4,775	5,294	4,327
Cabinet Office	1,829	1,560	1,743	1,872	1,968	2,160	2,262	2,322
Independent Bodies	755	873	882	782	771	801	890	919
Modernisation Funding	–	–	–	–	–	–	300	200
DEL Reserve	–	–	–	–	–	–	1,800	4,700
Allowance for Shortfall	–	–	–	–	–	–781	–	–
Total DEL	295,525	305,384	320,236	328,667	343,132	352,128	374,600	371,900
Total UK education spending⁽⁴⁾ (£ billion)	67.6	70.2	73.6	75.0	78.1	80.8	85.1	85.0

(1) Full resource budgeting basis, excluding depreciation.

(2) Real terms figures are the cash figures adjusted to 2007–08 price levels using GDP deflators. For years 2003–04 to 2007–08 deflators are calculated from data released by the Office for National Statistics on 31 March 2009. From 2008–09 deflators are consistent with the April 2009 Financial Statement and Budget Report.

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

(4) This presents education spending against the UN Classification Of the Functions Of Government (COFOG) for the whole of the public sector. It therefore includes spending by local government, not just by the above departmental groups.

Table 1.14 Accounting adjustments⁽¹⁾, 2003–04 to 2010–11

	£ million							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Resource accounting adjustments								
Tax credits for individuals	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pensions	-22.3	-23.2	-30.8	-31.7	-35.9	-39.4	-35.8	-38.6
Other central government programmes	-0.5	0.5	2.4	0.2	0.3	0.5	0.3	0.4
VAT refunds	7.4	8.1	8.5	9.4	9.7	10.1	11.0	13.0
Central government capital consumption	5.5	5.5	5.7	5.9	6.1	6.3	6.9	7.3
Non-cash items not in TME	-21.4	-18.0	-28.1	-34.0	-38.2	-87.9	-34.1	-34.0
Resource items treated as capital in National Accounts	-1.0	-1.2	-1.4	-0.7	-0.8	-0.5	-0.7	-0.7
Capital budget items treated as current in National Accounts	5.2	6.2	6.0	6.5	5.1	5.8	7.0	6.7
Expenditure financed by revenue receipts	0.6	0.9	1.0	1.0	1.5	1.9	1.6	1.6
Local government	3.7	5.8	5.3	5.7	6.5	5.9	9.7	10.1
General government consolidation	-5.4	-4.5	-4.5	-4.5	-4.7	-4.9	-4.9	-5.1
Public corporations	0.9	1.0	0.8	0.7	0.8	0.6	0.9	0.9
Financial transactions	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.2
Data adjustment	-1.1	-1.0	-1.0	-0.9	-1.3	-0.7	-0.8	-0.8
Balancing reconciliation	1.0	-1.1	0.6	0.6	0.7	-1.0	0.0	0.3
Total resource accounting adjustments	-27.4	-20.9	-35.4	-41.7	-50.2	-103.6	-38.9	-39.0
Capital accounting adjustments								
VAT refunds	1.3	1.5	1.6	1.7	1.9	1.9	2.1	2.4
Resource items treated as capital in National Accounts	1.0	1.2	1.4	0.7	0.8	0.5	0.7	0.7
Capital budget items treated as current in National Accounts	-5.2	-6.2	-6.0	-6.5	-5.1	-5.8	-7.0	-6.7
Local government	-1.9	-4.4	-4.1	-3.5	-5.1	-2.2	-2.2	-2.5
Financial transactions	-2.3	-2.1	-2.4	-3.3	-4.3	-90.1	-40.7	-7.3
Data adjustment	-0.2	4.1	1.4	2.6	1.1	0.7	-0.9	-0.4
Balancing reconciliation	0.0	0.0	0.0	0.1	0.2	0.2	0.2	-0.1
Total capital accounting adjustments	-7.2	-5.9	-8.1	-8.2	-10.5	-94.6	-47.7	-13.8

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

Table 1.15 Total Managed Expenditure by spending sector, 2003–04 to 2010–11

	National Statistics						£ million	
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Central government own expenditure								
DEL ⁽¹⁾⁽²⁾	187,420	198,501	212,651	226,277	242,789	258,704	276,192	274,059
Departmental AME ⁽¹⁾	150,151	155,451	175,324	185,612	199,049	293,988	225,106	230,622
Locally financed support in Northern Ireland	384	417	462	452	520	534	554	463
Net expenditure transfers to the EC	3,448	4,907	4,435	4,652	5,392	3,060	5,649	7,875
Central government debt interest	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906
Accounting and other adjustments ⁽³⁾	-31,760	-27,647	-57,273	-47,133	-57,511	-119,623	-52,900	-47,800
Total central government own expenditure	331,923	355,562	361,406	397,440	420,198	467,128	481,800	508,200
Local government expenditure								
Central government support in DEL ⁽¹⁾⁽²⁾	78,015	83,627	89,368	92,569	98,732	102,010	108,370	111,041
Central government support in departmental AME ⁽¹⁾	14,454	16,885	17,875	20,028	21,014	22,542	25,353	27,165
Locally financed support in Scotland	1,804	1,896	1,897	1,884	1,860	1,971	2,127	2,014
Local authority self-financed expenditure	19,348	21,015	23,759	24,317	25,920	29,371	29,637	29,875
Accounting and other adjustments ⁽³⁾	5,951	8,777	7,853	7,429	7,692	8,294	15,100	15,100
Total local government expenditure	119,573	132,200	140,751	146,227	155,217	164,189	180,600	185,200
Public corporation expenditure								
DEL ⁽¹⁾⁽²⁾	1,541	1,259	1,235	914	1,611	760	383	122
Departmental AME ⁽¹⁾	185	637	-18	72	120	57,315	34,147	297
Public corporations' own-financed capital expenditure	2,460	2,842	5,203	5,340	5,424	7,157	7,406	7,526
Accounting and other adjustments ⁽³⁾	-87	8	15,595	123	105	-75,865	-32,900	400
Total public corporation expenditure	4,099	4,747	22,016	6,449	7,261	-10,632	9,000	8,300
Total Managed Expenditure	455,595	492,509	524,173	550,116	582,676	620,685	671,400	701,700

(1) Full resource budgeting basis, excluding depreciation.

(2) The sectoral DEL figures shown above exclude the Allowance for Shortfall, DEL Reserve and unallocated amounts of Modernisation Funding. Amounts for these items can be found in Table 1.12.

(3) The accounting and other adjustments differ from those shown in Table 1.1 as they include the Allowance for Shortfall, DEL Reserve, unallocated amounts of the Modernisation Funding and AME margin. The AME margin is shown in Table 1.1.

2

Economic analyses of budgets

2.1 This chapter provides additional analyses of the budgeting aggregates presented in **Chapter 1**. It shows analyses of budgets by economic category as well as information on the voted and non-voted components of public sector spending. All outturn data (to 2007-08) fall within the scope of National Statistics.

What's new

2.2 **Table 2.3** has been renamed to align with **Table 5.6**, the equivalent public sector table, in order to provide consistency between chapters. For the same reason a number of headings in this table have also been renamed.

Analyses of budgets by economic category of spending

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

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

2.5 **Pay** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs, but does not include payments for contract and agency staff that are treated as procurement expenditure.

2.6 **Net current procurement** shows current expenditure and receipts from purchasing and selling goods and services, including hire and rentals under PFI and non-PFI operating leases, payments for contract and agency staff, and payments for consultancy and audit services. Spending on single use military equipment, shown as current procurement in the National Accounts presentations in **Chapters 5 and 6**, is treated as capital procurement in budgets.

2.7 **Current grants** are transfer payments 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.

2.8 Subsidies are current transfer payments to trading businesses (both private sector companies and public corporations) to provide support for current costs. 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).

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

2.10 Cost of capital charges are annual non-cash charges applied to each department's budget to represent the opportunity cost of tying up capital in assets. The rate is 3.5 per cent of the net assets of the department. Where the value of liabilities exceeds the value of assets, departments receive a cost of capital credit, which will also be included within this line.

2.11 The grant equivalent element of student lending is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate. It does not form part of TME in National Accounts (which measures in the current balance the difference between interest received from students and the amount of interest paid by the government on the debt incurred to make the loans), but it is included as part of public sector expenditure on services in the functional analyses in other chapters.

2.12 Take-up of provisions are non-cash 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 non-cash part of the resource budget. These lines do not include pension scheme provisions (see below).

2.13 Net public service pensions shows the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. It also includes payments and receipts associated with bulk and individual transfers into and out of the scheme. **Change in pension scheme liabilities** shows increases to the liability as measured on a UK GAAP basis. This includes changes to current service costs, any bulk or individual transfers in or out, and purchases of added years. **Release of provisions funding payments of pension benefits** records a non-cash 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) and scores in the non-cash items line in departmental AME. More information on pensions is included in **Annex D**, and a reconciliation from GAAP pensions in departmental AME to the National Accounts measure is given in **Table D1**.

2.14 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 below).

2.15 Capital support for local government shows central government support for local government capital expenditure, comprising capital grants and credit approvals. More information is given in **Chapter 7**.

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

2.17 Net capital procurement comprises the acquisition of fixed assets (such as land, buildings and machinery) recorded net of the sales value of any assets disposed of, as well as any net increases in stock (where included in budgets). It is measured gross of depreciation. This includes the pay of civil servants engaged in in-house capital formation that is recorded as capital expenditure, rather than as pay. It also includes expenditure on single use military equipment that is classified as current procurement in the National Accounts. The expenditure on services presentations in **Chapters 5 and 6** follow the National Accounts treatment of single use military equipment, and separately identifies changes in stocks.

2.18 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.

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

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

2.21 Table 2.3 shows central government own capital procurement, gross of depreciation and before deduction of sales, broken down by departmental group. Further lines for central government assets sales (at sales value) and public corporations' net capital procurement are included to reconcile this table to the presentation of net capital procurement in **Table 2.1**.

Supply Expenditure

2.22 Table 2.4 shows the split of DEL and AME between expenditure that is voted in Estimates, which accounts for about two-thirds of the total, and expenditure financed by other means. The relationship between the budgetary aggregates (DEL and AME) and Supply Expenditure is explained in more detail in the introductory sections of the Supply Estimates 2009-10: Supplementary Budgeting Information (Cm 7631).

Table 2.1 Budgets by economic category of spending, 2003–04 to 2010–11

	£ million								
	National Statistics							2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn			
Near-cash in resource DEL									
Pay	63,560	70,169	75,597	77,839	80,043	83,844	84,287	87,472	
Net current procurement	65,996	70,092	74,155	78,978	85,617	93,972	101,320	98,880	
Current grants to local government	69,146	73,351	78,086	82,014	86,469	89,599	93,459	97,218	
Current grants to persons and non-profit bodies	23,240	24,487	25,773	26,933	28,674	29,010	31,585	33,208	
Current grants abroad	-224	-69	-167	288	954	1,197	568	1,846	
Subsidies to private sector companies	5,135	5,672	5,526	5,605	5,415	5,198	5,701	5,071	
Subsidies to public corporations	1,676	757	812	870	1,382	1,200	1,129	1,128	
Other ⁽¹⁾	547	90	46	-188	-164	-448	848	806	
Plus unallocated funds	-	-	-	-	-	-600	1,000	3,100	
Total near-cash resource DEL	229,076	244,551	259,826	272,340	288,390	302,973	319,900	328,800	
Non-cash in resource DEL									
Depreciation ⁽²⁾	8,665	7,899	9,638	10,327	10,944	11,862	12,749	13,414	
Cost of capital charges	5,066	5,080	5,411	5,687	5,806	6,304	6,141	6,313	
Grant equivalent element of student lending	362	702	762	784	1,140	1,358	1,504	1,587	
Take-up of provisions	5,324	3,634	5,216	6,442	8,258	6,411	6,170	6,348	
Release of provisions	-4,166	-4,665	-4,484	-4,728	-5,179	-5,053	-4,731	-4,733	
Other ⁽¹⁾	768	1,301	1,323	448	654	337	440	555	
Total non-cash resource DEL	16,019	13,950	17,867	18,961	21,622	21,219	22,274	23,485	
Total resource DEL	245,095	258,501	277,693	291,300	310,012	324,192	342,100	352,300	
Of which: administration budgets in resource DEL									
Pay	10,065	10,679	11,167	10,820	10,752	10,606	10,230	10,182	
Net procurement	5,881	5,841	5,552	5,781	5,134	5,307	5,217	4,813	
Depreciation	431	585	504	604	569	550	624	629	
Cost of capital charges	3	88	11	44	24	69	96	93	
Take up of provisions	42	119	115	178	350	34	118	89	
Release of provisions	-70	-62	-83	-61	-111	-57	-79	-76	
Other ⁽¹⁾	-247	-300	-267	-502	-206	-146	681	1,254	
Total administration budgets in resource DEL	16,105	16,949	16,999	16,864	16,512	16,364	16,888	16,984	
Near-cash in resource departmental AME									
Pay	942	977	1,009	1,024	1,179	1,314	1,379	1,384	
Procurement	2,330	2,190	2,187	2,238	2,173	1,093	2,292	2,445	
Current grants to local authorities	14,223	16,788	17,785	19,945	20,720	22,249	25,064	26,896	
Current grants to persons and non-profit bodies	115,277	121,451	127,408	131,130	137,898	150,197	163,356	167,835	
Subsidies to private sector companies	249	172	211	150	148	138	160	165	
Net public service pensions ⁽³⁾	1,801	1,258	274	1,147	2,290	3,062	4,118	4,602	
Other ⁽¹⁾	-386	-660	-526	-534	-891	-1,510	-1,077	-1,688	
Total near-cash in resource AME	134,436	142,177	148,348	155,099	163,517	176,543	195,290	201,639	

Table 2.1 Budgets by economic category of spending, 2003–04 to 2010–11 (continued)

	National Statistics								£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	
Non-cash in resource departmental AME									
Depreciation ⁽⁴⁾	562	825	2,283	4,767	2,697	22,527	3,961	3,525	
Cost of capital charges	3,221	3,957	4,117	4,524	4,940	5,758	6,737	5,318	
Take up of provisions ⁽⁴⁾	2,700	960	5,567	7,405	10,043	39,049	1,894	1,893	
Release of provisions	-1,205	-1,373	-1,508	-1,259	-1,160	-884	-1,048	-541	
Change in pension scheme liabilities	15,357	15,309	20,918	21,074	24,426	25,504	21,915	22,744	
Unwinding of the discount rate on pension scheme liabilities	22,303	24,102	27,378	29,545	32,805	36,727	38,404	40,826	
Release of provisions covering payments of pension benefits ⁽⁵⁾	-15,361	-16,216	-17,536	-18,908	-21,327	-22,627	-24,330	-25,129	
Other ⁽¹⁾	64	-305	-304	-331	134	425	267	293	
Total non-cash in resource departmental AME	27,640	27,260	40,914	46,816	52,557	106,481	47,799	48,928	
Total resource departmental AME	162,076	169,437	189,262	201,916	216,074	283,024	243,089	250,568	
Capital budgets									
Capital support for local government	9,100	10,372	11,372	10,638	12,556	12,705	15,200	14,093	
Capital grants to persons and non-profit bodies	5,336	5,303	6,586	6,948	7,108	7,955	10,110	7,612	
Capital grants to private sector companies	3,128	3,149	3,342	5,179	5,198	6,209	5,965	5,180	
Capital grants abroad	-223	-262	-175	-134	-172	-204	79	452	
Capital support for public corporations	211	630	119	91	921	57,911	34,612	473	
Net capital procurement	13,843	15,369	15,882	17,097	18,600	22,424	24,647	22,121	
Net lending to the private sector and abroad	1,786	1,712	2,258	2,976	4,449	33,432	7,332	6,668	
Other ⁽¹⁾	80	48	-266	-212	-489	-1,066	96	443	
Plus unallocated funds in capital DEL	-	-	-	-	-	-200	1,200	2,100	
Total capital budgets	33,261	36,321	39,118	42,583	48,172	139,166	99,200	59,100	
<i>of which:</i>									
Capital DEL	30,547	32,785	35,199	38,787	44,063	48,345	57,700	51,600	
Capital departmental AME	2,714	3,536	3,918	3,796	4,109	90,821	41,516	7,517	

(1) Other includes items too small to warrant an individual line and, in plans, departmental unallocated provision.

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

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

(4) The 2008–09 estimated outturn includes the provision made at Budget 2009 for unrealised financial sector losses. The Budget indicated a range of £20bn to £50bn as a provisional estimate of the Government's potential exposure across all financial sector interventions and the high end of this range was included in the fiscal forecast. PESA09 adopts the same approach, reflecting the £50bn estimate split between impairments and provisions.

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

Table 2.2 Current procurement in budgets, 2003–04 to 2010–11

	£ million								
	National Statistics							2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn			
Gross current procurement in budgets									
Children, Schools and Families	450	476	448	512	574	1,292	988	628	
Health	37,159	41,550	45,287	47,048	52,874	56,612	61,552	63,556	
Transport	1,775	1,687	1,803	2,039	2,135	2,365	2,399	2,263	
Innovation, Universities and Skills	765	733	786	818	865	830	716	753	
CLG Communities	412	440	441	420	444	456	563	519	
CLG Local Government	256	298	301	264	266	261	283	277	
Home Office	1,868	1,916	1,837	2,323	2,379	2,417	2,534	1,889	
Justice	4,451	5,152	5,334	5,607	5,832	5,636	5,906	5,667	
Law Officers' Departments	349	383	411	418	436	428	431	418	
Defence	11,921	12,137	12,781	13,478	13,947	16,002	17,220	14,178	
Foreign and Commonwealth Office	607	657	701	604	617	1,085	912	890	
International Development	118	137	610	712	641	664	1,017	209	
Energy and Climate Change	565	817	1,892	1,955	1,971	2,190	2,070	2,050	
Business, Enterprise and Regulatory Reform	884	717	656	690	636	767	1,005	1,008	
Environment, Food and Rural Affairs	1,465	1,372	1,402	1,543	1,444	1,468	1,385	1,233	
Culture, Media and Sport	2,730	2,776	2,931	3,165	3,155	3,039	2,960	3,118	
Work and Pensions	3,747	3,828	3,647	3,403	3,494	3,798	4,186	4,447	
Scotland	5,427	5,230	5,832	5,733	6,571	5,829	6,132	6,403	
Wales	2,667	2,686	2,786	3,139	3,312	3,800	3,717	3,801	
Northern Ireland Executive	2,186	2,262	2,507	2,649	3,113	3,024	3,179	3,468	
Northern Ireland Office	296	231	314	298	295	302	303	305	
Chancellor's Departments	2,356	2,420	2,482	2,411	2,325	2,544	2,339	2,315	
Cabinet Office	647	778	862	983	962	1,006	1,147	1,229	
Independent Bodies	298	327	336	356	360	454	508	546	
Total gross current procurement in budgets	83,399	89,009	96,387	100,570	108,649	116,270	123,455	121,170	
Plus income from goods and services	-15,073	-16,727	-20,045	-19,354	-20,859	-21,205	-19,843	-19,845	
Total net current procurement in budgets	68,326	72,282	76,342	81,216	87,790	95,065	103,612	101,324	
<i>of which:</i>									
Resource DEL	65,996	70,092	74,155	78,978	85,617	93,972	101,320	98,880	
Resource departmental AME	2,330	2,190	2,187	2,238	2,173	1,093	2,292	2,445	

(1) Budgeting definition of current procurement so excludes Defence spending on Single Use Military Equipment (SUME). Chapter 5 presents spending according to National Accounts definitions, where SUME is classified as current procurement.

Table 2.3 Capital procurement⁽¹⁾ in budgets, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Central government gross capital procurement in budgets								
Children, Schools and Families	19	15	13	22	19	43	21	20
Health	2,969	3,240	3,539	3,890	3,926	4,525	5,253	4,565
Transport	588	705	827	1,208	1,175	1,223	2,036	1,677
Innovation, Universities and Skills	170	230	275	264	259	267	202	191
CLG Communities	111	304	602	226	322	235	397	207
CLG Local Government	1	0	1	2	0	0	1	1
Home Office	293	165	151	389	370	579	468	340
Justice	406	579	517	552	798	973	793	781
Law Officers' Departments	11	11	10	11	11	12	13	13
Defence	6,331	7,104	7,119	7,545	8,619	8,975	9,468	9,032
Foreign and Commonwealth Office	77	85	113	162	192	214	173	155
International Development	47	31	30	25	66	20	28	34
Energy and Climate Change	5	6	1,016	1,054	1,077	1,158	1,202	1,195
Business, Enterprise and Regulatory Reform	224	208	108	19	169	181	20	16
Environment, Food and Rural Affairs	210	199	236	200	199	247	239	267
Culture, Media and Sport	118	123	236	385	652	1,374	1,674	1,601
Work and Pensions	353	299	401	202	85	68	67	56
Scotland	748	831	595	765	838	966	1,293	965
Wales	347	358	347	383	495	469	660	722
Northern Ireland Executive	566	785	759	794	844	1,041	964	989
Northern Ireland Office	50	72	63	79	89	84	77	72
Chancellor's Departments	235	478	386	312	262	305	263	253
Cabinet Office	545	170	227	248	317	374	347	303
Independent Bodies	33	102	43	61	61	42	64	67
Total central government gross capital procurement in budgets	14,459	16,101	17,614	18,800	20,844	23,378	25,724	23,518
Plus central government income from sales of fixed assets in budgets	-1,516	-1,406	-2,336	-2,180	-2,563	-880	-1,078	-1,114
Total central government net capital procurement in budgets	12,943	14,695	15,278	16,621	18,281	22,497	24,646	22,405
Plus public corporations net capital procurement	900	674	605	476	319	-73	1	-3
Total net capital procurement in budgets	13,843	15,369	15,882	17,097	18,600	22,424	24,647	22,402
of which:								
Capital DEL	13,834	15,047	15,482	16,973	19,202	22,345	24,462	22,283
Capital departmental AME	9	322	401	124	-602	79	186	119

(1) Expenditure on tangible and intangible fixed assets, including both the purchase of existing assets and the construction of new assets. Budgeting definition of capital procurement so includes Defence spending on Single Use Military Equipment (SUME). Chapter 5 presents spending according to National Accounts definitions, where SUME is classified as current procurement.

Table 2.4 Voted and non-voted expenditure in Total Managed Expenditure, 2003–04 to 2010–11

	£ million								
	National Statistics							2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn			
Voted expenditure in budgets									
<i>DEL</i>									
Central government own spending, excluding depreciation	131,512	139,594	149,091	158,492	171,041	181,341	192,106	191,500	
Support for local government	60,868	65,051	69,255	72,899	78,582	80,969	86,029	88,794	
Support for public corporations	212	55	–9	74	35	36	70	22	
Depreciation	7,794	6,781	8,458	8,701	9,459	10,392	11,152	11,685	
<i>Departmental AME</i>									
Central government own spending	71,605	71,744	80,074	84,294	93,176	178,175	104,614	106,567	
Support for local government	13,979	16,740	17,721	19,861	20,665	22,192	25,012	26,848	
Support for public corporations	216	676	29	177	205	61,904	34,566	379	
Total voted expenditure in budgets	286,186	300,640	324,619	344,497	373,162	535,010	453,550	425,795	
Non-voted expenditure in budgets									
<i>DEL</i>									
Central government own spending, excluding depreciation	55,909	58,907	63,560	67,785	71,747	77,363	84,086	82,559	
Support for local government	17,147	18,577	20,113	19,670	20,150	21,041	22,341	22,247	
Support for public corporations	1,329	1,204	1,244	840	1,577	724	312	101	
Depreciation	871	1,118	1,181	1,626	1,485	1,470	1,596	1,730	
DEL not allocated by spending sector	–	–	–	–	–	–800	2,100	5,200	
<i>Departmental AME</i>									
Central government own spending	78,546	83,706	95,249	101,318	105,873	115,812	120,492	124,054	
Support for local government	475	145	154	168	349	350	341	318	
Support for public corporations	–31	–38	–47	–105	–85	–4,588	–419	–82	
<i>Other AME</i>									
Locally financed expenditure, net expenditure transfers to the EC, and accounting and other adjustments	15,163	28,250	18,100	14,317	8,418	–125,697	–13,010	39,789	
Total non-voted expenditure in budgets	169,409	191,869	199,554	205,619	209,514	85,675	217,900	275,900	
Total Managed Expenditure	455,595	492,509	524,173	550,116	582,676	620,685	671,400	701,700	
Memorandum									
<i>Voted expenditure not in budgets (included within "Non-Budget" in Estimates):</i>									
Grants to NDPBs to finance their expenditure	30,618	31,792	35,721	35,393	39,431	42,575	45,826	–	
Grants to devolved administrations to finance their expenditure	35,002	37,947	40,802	43,167	46,858	47,160	51,344	–	
Other voted expenditure not in budgets	–891	–7,399	3,216	–7,902	–7,945	–9,792	–10,078	–	
Total voted expenditure not in budgets	64,730	62,340	79,739	70,658	78,344	79,943	87,092	–	
Total voted expenditure	350,916	362,980	404,358	415,156	451,506	614,953	540,642	–	

3 Differences from previous plans

3.1 This chapter compares the latest plans for DEL and AME with the plans set out in PESA 2008 (HC 489), which were consistent with Budget 2008. The tables in this chapter do not fall within the scope of National Statistics.

Types of changes

3.2 The comparisons distinguish between two types of change:

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

The tables

3.3 Data published in PESA 2008 are adjusted for the effects of machinery of government changes. There has been one main change since PESA 2008; the creation of the Department of Energy and Climate Change brings together climate change, previously within Environment, Food and Rural Affairs, and energy, previously within Business, Enterprise and Regulatory Reform.

3.4 **Tables 3.1, 3.2 and 3.3** compare outturn for 2007–08 with the estimated outturns in last year's PESA, and with the provisional outturns published in July in the Public Expenditure Outturn White Paper (PEOWP). The DEL tables also show final provision.

3.5 **Tables 3.4, 3.5 and 3.6** compare the estimated outturns for 2008–09 with the plans in last year's PESA. The DEL tables also show final provision.

3.6 **Tables 3.7, 3.8 and 3.9** compare the plans for 2009–10 and 2010–11 (consistent with Budget 2009 and as presented elsewhere in PESA) with the plans in last year's PESA.

Main classification and transfer changes affecting plans

3.7 There are a small number of changes that have been made to the budgeting framework. These have been effected as classification changes. I.e. budgets for current and future years have been restated so as to leave departments no better or worse off, and in most cases outturns have been adjusted so that numbers are presented on a consistent basis. The first year of the new regime for control purposes is 2009–10.

3.8 The following are the main changes that have been made to the framework:

- the ASB Financial Instrument Standards (the IFRS equivalents) were implemented in-year in 2008–09. This change to resource accounting has created differences in the measurement of financial instruments on balance sheets; some of these changes impact on budgeting. Changes for futures years will be reflected in subsequent publications but, due to the resource implications, there is no intention to ask departments to reflect changes to previous years; and
- the take up and release of provisions relating to capital expenditure have been moved from capital budgets into non-cash resource budgets. This change has been effected for all years.

3.9 **Tables 3.1 and 3.2** show the effects of transfers and classification changes on departmental resource and capital DELs respectively, for 2007–08 outturns. **Tables 3.4 and 3.5** show the same information for 2008–09 estimated outturns while **Tables 3.7 and 3.8** show these changes in plans. The main transfer and classification changes in departmental DELs are:

- the change to the budgeting treatment due to the implementation of ASB Financial Instrument Standards (the IFRS equivalents) increases Department for Transport non-cash DEL by £0.5bn in 2008–09;
- following the reclassification of Northern Ireland Water there are £0.1bn movements from resource DEL to capital DEL in 2007–08 and 2008–09, and further movements from resource DEL to AME in all years from its inception in 2007–08; and
- further changes largely reflect transfers of budgetary cover between departments.

3.10 **Tables 3.3, 3.6 and 3.9** show the effect of transfers and classification changes on Total Managed Expenditure (TME) by budgetary aggregate. These tables cover 2007–08 outturn, estimated outturn for 2008–09 and plans, respectively. Changes to aggregate resource and capital DELs are due to the departmental changes listed above.

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

- decreases of £2.8bn in net public service pensions in both 2009–10 and 2010–11 to reflect the change in the discount rate announced in January 2009; and
- increases in non-cash AME following the reclassification of Northern Ireland Water as a central government body.

Policy and estimating changes

3.12 **Tables 3.1, 3.2 and 3.3** show changes to final outturn from 2007–08 since PEOWP 2007. Revisions to outturns after removing the effects of transfers and classification changes are due to the availability of information published in audited departmental resource accounts.

3.13 **Tables 3.4, 3.5 and 3.6** show changes to plans for 2008–09 financed by allocations from the Reserve and other central funds, draw down of End Year Flexibility (EYF) following underspending in previous years, or changes to AME forecasts. Departmental resource and capital DEL plans increased by approximately £3bn and £1.5bn respectively. The main increases are given below:

- Health moved £0.2bn from resource DEL to provide budgetary cover for pressures in capital budgets.
- Innovation, Universities and Skills drew down £0.2bn of resource DEL EYF. Capital DEL increased by £0.2bn as a result of capital spending brought forward as part of the fiscal stimulus announced at the PBR;
- Justice resource DEL increased by £0.2bn following a claim on the Reserve and a small drawdown from the Modernisation Fund. Capital DEL increased by £0.3bn, split between a £0.1bn draw down of EYF and a £0.1bn claim on the Reserve. The claims on the Reserve were in respect of the Prison Capacity Programme;
- Communities and Local Government capital increased by £0.4bn as a result of capital spending brought forward as part of the September housing package announcement and the fiscal stimulus announced at the PBR;

- Defence were allocated £3.4bn of resource DEL from the Reserve in respect of international obligations. Capital DEL increased by £0.4bn following a £1.1bn claim on the Reserve and a £0.2bn draw down of EYF, partly offset by a £1.0bn transfer from capital DEL to resource DEL;
- Foreign and Commonwealth Office resource DEL increased by £0.2bn, largely due to a claim on the Reserve to finance peacekeeping activities;
- Energy and Climate Change resource DEL increased by £0.1bn, due to a small claim on the Reserve and drawdown of EYF;
- Work and Pensions drew down £0.1bn of resource DEL from the Modernisation Fund;
- Scotland resource DEL increased by £0.2bn following draw down of EYF in respect of the Scottish Health Service. In addition capital DEL increased by £0.2bn, £0.1bn of which is a drawdown of EYF, with the remaining £0.1bn brought forward as part of the fiscal stimulus announced at the PBR;
- Northern Ireland Executive resource and capital DEL both increased by £0.1bn following draw down of EYF;
- Northern Ireland Office drew down £0.2bn of resource DEL EYF and £0.1bn in capital DEL EYF;
- the Chancellor's Departments drew down £0.1bn from the Modernisation Fund; and
- Wales capital DEL increased by £0.1bn following a draw down of EYF.

3.14 The main policy and estimating changes in departmental AME in 2008–09 were:

- social security benefits and tax credits have increased in 2008–09 due to a range of factors associated with the economic downturn;
- the increase in non-cash items reflects the Government's provisional estimate made at Budget 2009 for unrealised losses arising from financial sector interventions;
- the lower net expenditure transfers to the EC reflect updated information on the size of the EC Budget 2009 and the level of UK payments to this budget;
- public corporations' own-financed capital expenditure is higher in 2008–09 to reflect lower sales of housing from local authority Housing Revenue Accounts (which are classified to the public corporation sector); and
- other departmental capital expenditure has increased as a result of the purchase of equity in Royal Bank of Scotland and Lloyd's Banking Group, and lending to Northern Rock and Bradford and Bingley.

3.15 These tables also show estimated outturns. These are provisional estimates that are subject to revision prior to the publication of the Public Expenditure Outturn White Paper in July.

3.16 Policy and estimating changes for 2009–10 and 2010–11 are shown in **Tables 3.7, 3.8 and 3.9**. The main changes to DEL are:

- Defence have been allocated a further £2.8bn of resource DEL from the Reserve in 2009–10 in respect of international obligations. Capital DEL increased by £1.0bn following a £1.6bn claim from the Reserve offset by a £0.6bn transfer from capital DEL to resource DEL;
- Work and Pensions resource DEL has increased by £1.3bn and £2.4bn in 2009–10 and 2010–11 respectively, as a result of the employment packages announced at the PBR and Budget;

- Foreign and Commonwealth Office resource DEL in 2009–10 has increased by £0.4bn, largely due to a claim on the Reserve to finance peacekeeping activities;
- Business, Enterprise and Regulatory Reform resource DEL now includes £0.3bn for the scrappage scheme announced at the Budget. Capital DEL has increased by £0.4bn in 2009–10 and by £0.3bn in 2010–11, largely in respect of the Strategic Investment Fund also announced at the Budget;
- Energy and Climate Change capital DEL has increased by £0.4bn in respect of the measures announced at Budget to support energy and resource efficiency, and low carbon technologies;
- Chancellor’s Departments were allocated £0.7bn capital DEL from the Reserve in respect of the Infrastructure Finance Unit, set up to provide finance for PFI projects as announced at the Budget; and
- Further measures announced at PBR and Budget, including capital spending brought forward as part of the fiscal stimulus, and adjustments to 2010–11 near-cash DEL budgets to reflect additional value for money savings. Further detail is set out in chapter 6 of Budget 2009.

3.17 The main policy and estimating changes in departmental AME in these plans years are:

- as in 2008–09, social security benefits and tax credits forecasts have increased in 2009–10 and 2010–11, largely due to a range of factors associated with the economic downturn;
- net public service pensions have decreased in both plans years following revised actuarial advice provided to some of the larger schemes;
- net expenditure transfers to the EC are lower in 2009–10 and higher in 2010–11 following changes in the UK GNI-based contributions, which result from updated economic assumptions;
- central government gross debt interest has decreased in 2009–10 due to lower market interest rates, and increased in 2010–11 as a result of the higher net cash requirement;
- other departmental capital expenditure has increased as a result of continued planned lending to Northern Rock and Bradford and Bingley; and
- public corporations’ own-financed capital expenditure is higher in both years, again reflecting lower sales of housing from local authority Housing Revenue Accounts.

Table 3.1 Resource DEL 2007–08; changes since PESA April 2008 and PEOWP July 2008

					£ million	
	Final provision adjusted for MOG	Estimated outturn in PESA 2008 adjusted for MOG	Provisional outturn in PEOWP 2008 adjusted for MOG	Transfers and classification changes since PEOWP 2008	Other changes since PEOWP 2008	Outturn
Children, Schools and Families	45,084	44,935	44,904	–	–	44,904
Health	89,688	89,151	88,305	–	103	88,408
Transport	6,897	6,760	6,800	–	–6	6,794
Innovation, Universities and Skills	15,675	15,540	15,457	–	2	15,459
Communities and Local Government	4,340	4,238	4,202	–	22	4,224
Local Government	22,815	22,739	22,755	–	–4	22,751
Home Office	8,694	8,672	8,597	–	–45	8,552
Justice	9,154	8,974	8,906	–	26	8,932
Law Officers' Departments	764	738	715	–	21	736
Defence	36,921	36,746	35,730	–	–7	35,723
Foreign and Commonwealth Office	1,940	1,921	1,878	–	–	1,878
International Development	4,564	4,563	4,478	–	0	4,478
Energy and Climate Change	649	649	649	–	–	649
Business, Enterprise and Regulatory Reform	2,551	2,428	1,852	–	–60	1,792
Environment, Food and Rural Affairs	2,818	2,860	2,691	–	13	2,704
Culture, Media and Sport	1,607	1,652	1,601	–	–6	1,595
Work and Pensions	8,145	8,067	8,086	–	0	8,086
Scotland	23,844	23,844	23,804	–	0	23,805
Wales	12,596	12,506	12,283	–	48	12,331
Northern Ireland Executive	7,837	7,630	7,684	–105	17	7,596
Northern Ireland Office	1,385	1,363	1,345	–	–2	1,343
Chancellor's Departments	4,937	4,816	4,766	–	–50	4,716
Cabinet Office	1,913	1,875	1,804	–	–8	1,795
Independent Bodies	789	810	733	–	28	761
Allowance for Shortfall	–	–351	–	–	–	–
Total resource DEL	315,608	313,128	310,025	–105	93	310,012

Table 3.2 Capital DEL 2007–08; changes since PESA April 2008 and PEOWP July 2008

						£ million
	Final provision adjusted for MOG	Estimated outturn in PESA 2008 adjusted for MOG	Provisional outturn in PEOWP 2008 adjusted for MOG	Transfers and classification changes since PEOWP 2008	Other changes since PEOWP 2008	Outturn
Children, Schools and Families	5,829	5,532	5,228	–	0	5,228
Health	4,322	3,575	3,818	–	–4	3,815
Transport	7,186	7,104	7,053	–	1	7,053
Innovation, Universities and Skills	2,066	2,029	2,054	–	5	2,059
Communities and Local Government	6,069	6,067	6,069	–	2	6,070
Local Government	130	34	34	–	–2	32
Home Office	764	780	716	–	20	736
Justice	1,052	980	823	–	–69	753
Law Officers' Departments	19	15	11	–	0	11
Defence	8,120	8,120	7,945	–	0	7,945
Foreign and Commonwealth Office	244	246	228	–	–	226
International Development	731	731	739	–	–	739
Energy and Climate Change	1,486	1,486	1,486	–	–	1,486
Business, Enterprise and Regulatory Reform	93	24	6	–	2	8
Environment, Food and Rural Affairs	510	529	560	–	0	559
Culture, Media and Sport	522	455	498	–	19	517
Work and Pensions	108	101	101	–	0	101
Scotland	3,565	3,542	3,563	–	0	3,563
Wales	1,568	1,527	1,490	–	–28	1,461
Northern Ireland Executive	1,055	1,015	1,022	60	–32	1,051
Northern Ireland Office	72	9	9	–	–	9
Chancellor's Departments	301	292	261	–	–5	256
Cabinet Office	406	409	352	–	–30	322
Independent Bodies	74	63	60	–	1	62
Allowance for Shortfall	–	–727	–	–	–	–
Total capital DEL	46,291	43,936	44,124	60	–120	44,063

Table 3.3 Total Managed Expenditure 2007–08; changes since PESA April 2008 and PEOWP July 2008

	Estimated outturn in PESA 2008	Provisional outturn in PEOWP 2008	Transfers and classification changes since PEOWP 2008	Other changes since PEOWP 2008	£ million Outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Total resource DEL	313,128	310,025	-105	93	310,012
<i>Resource departmental AME</i>					
Social security benefits	140,273	140,555	-	-81	140,474
Tax credits	15,398	15,404	-	-	15,404
Net public service pensions	10,083	10,067	-433	-4,245	5,388
National lottery	908	864	-	19	882
BBC domestic services	3,256	3,213	-	217	3,430
Student loans	-515	-813	-50	-6	-869
Non-cash items	44,535	48,764	439	6	49,209
Other departmental expenditure	2,534	2,172	-21	5	2,156
Total resource departmental AME	216,472	220,225	-65	-4,086	216,074
<i>Resource other AME</i>					
Net expenditure transfers to the EC	5,392	5,394	-	-2	5,392
Locally financed expenditure	24,757	24,682	-	-365	24,317
Central government gross debt interest	29,946	29,951	-	9	29,960
Accounting adjustments	-49,554	-52,342	170	2,003	-50,168
Total resource other AME	10,541	7,685	170	1,645	9,501
Total resource AME	227,013	227,910	105	-2,441	225,575
Public sector current expenditure	540,141	537,935	-	-2,348	535,587
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	43,936	44,124	60	-121	44,063
<i>Capital departmental AME</i>					
National lottery	790	755	-	-42	713
BBC domestic services	85	85	-	-	85
Student loans	4,166	4,476	-	5	4,481
Other departmental expenditure	-341	-1,364	268	-74	-1,170
Total capital departmental AME	4,700	3,952	268	-111	4,109
<i>Capital other AME</i>					
Locally financed expenditure	4,178	4,178	-	-195	3,982
Public corporations' own-financed capital expenditure	4,683	4,683	-	741	5,424
Accounting adjustments	-11,289	-11,557	-328	1,395	-10,489
Total capital other AME	-2,428	-2,696	-328	1,941	-1,083
Total capital AME	2,272	1,255	-60	1,830	3,026
Public sector gross investment	46,208	45,379	-	1,710	47,089
less public sector depreciation	17,698	17,724	-	50	17,774
Public sector net investment	28,510	27,655	-	1,660	29,315
Total Managed Expenditure	586,349	583,314	-	-638	582,676

Table 3.4 Resource DEL 2008–09; changes since PESA 2008

				£ million	
	Plans in PESA 2008 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Children, Schools and Families	46,909	-20	81	46,971	46,848
Health	93,997	19	-197	93,819	92,455
Transport	6,356	456	18	6,830	6,546
Innovation, Universities and Skills	16,380	28	263	16,671	16,666
Communities and Local Government	4,331	0	49	4,380	4,274
Local Government	24,705	2	10	24,718	24,647
Home Office	9,066	-22	-48	8,996	8,926
Justice	9,333	21	187	9,541	9,283
Law Officers' Departments	725	11	18	755	685
Defence	33,623	-10	4,458	38,071	37,889
Foreign and Commonwealth Office	1,830	33	215	2,078	2,025
International Development	4,869	-31	-	4,838	4,835
Energy and Climate Change	983	2	104	1,090	1,016
Business, Enterprise and Regulatory Reform	1,602	-22	67	1,647	1,594
Environment, Food and Rural Affairs	2,704	0	-36	2,668	2,654
Culture, Media and Sport	1,620	4	10	1,634	1,633
Work and Pensions	7,963	-6	163	8,120	8,059
Scotland	24,422	24	192	24,639	24,599
Wales	12,987	-15	0	12,972	12,970
Northern Ireland Executive	8,077	-103	125	8,100	8,117
Northern Ireland Office	1,207	24	114	1,344	1,342
Chancellor's Departments	4,753	3	144	4,900	4,826
Cabinet Office	2,098	19	-9	2,108	2,049
Independent Bodies	862	5	16	883	806
Modernisation Funding	510	-	-510	-	-
DEL Reserve	2,340	-	-2,340	-	-
Allowance for Shortfall	-	-	-	-	-600
Total resource DEL	324,252	422	3,096	327,770	324,192

Table 3.5 Capital DEL 2008–09; changes since PESA 2008

				£ million	
	Plans in PESA 2008 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Children, Schools and Families	6,011	-4	1	6,007	5,634
Health	4,711	-1	201	4,911	4,561
Transport	7,294	-10	-	7,284	7,283
Innovation, Universities and Skills	1,990	-35	167	2,122	2,123
Communities and Local Government	6,975	3	350	7,327	7,125
Local Government	87	-4	92	176	129
Home Office	854	-6	19	867	862
Justice	692	2	279	974	975
Law Officers' Departments	13	-	2	15	12
Defence	7,871	-	442	8,313	8,604
Foreign and Commonwealth Office	206	-	10	216	218
International Development	891	-	-	891	891
Energy and Climate Change	1,660	-	50	1,710	1,688
Business, Enterprise and Regulatory Reform	-10	44	-15	19	16
Environment, Food and Rural Affairs	582	1	36	619	618
Culture, Media and Sport	1,045	0	39	1,083	791
Work and Pensions	82	7	-	89	57
Scotland	3,147	10	179	3,337	3,337
Wales	1,568	-	100	1,668	1,656
Northern Ireland Executive	994	49	111	1,154	1,137
Northern Ireland Office	72	0	8	80	78
Chancellor's Departments	269	-	41	310	293
Cabinet Office	361	4	53	417	416
Independent Bodies	60	1	1	61	42
DEL Reserve	655	-	-655	-	-
Allowance for Shortfall	-	-	-	-	-200
Total capital DEL	48,080	61	1,510	49,651	48,345

Table 3.6 Total Managed Expenditure 2008–09; changes since PESA 2008

	Plans in PESA 2008	Transfers and classification changes	Other Changes	£ million Estimated Outturn
CURRENT EXPENDITURE				
<i>Resource DEL</i>				
Total resource DEL	324,252	422	-482	324,192
<i>Resource departmental AME</i>				
Social security benefits	147,317	16	4,164	151,497
Tax credits	18,029	-	373	18,402
Net public service pensions	6,364	-85	-169	6,111
National lottery	856	-	93	948
BBC domestic services	3,456	-	-104	3,352
Student loans	-1,139	-50	-2	-1,191
Non-cash items	45,357	529	57,433	103,319
Other departmental expenditure	1,651	-	-1,066	585
Total resource departmental AME	221,891	410	60,722	283,024
<i>Resource other AME</i>				
Net expenditure transfers to the EC	5,490	-	-2,430	3,060
Locally financed government expenditure	25,662	-	1,683	27,344
Central government gross debt interest	30,270	-	196	30,466
AME margin	900	-	-900	-
Accounting adjustments	-42,221	-832	-60,572	-103,625
Total resource other AME	20,100	-832	-62,023	-42,755
Total resource AME	241,992	-422	-1,301	240,269
Public sector current expenditure	566,244	-	-1,783	564,461
CAPITAL EXPENDITURE				
<i>Capital DEL</i>				
Total capital DEL	48,080	56	209	48,345
<i>Capital departmental AME</i>				
National lottery	614	-	32	647
BBC domestic services	76	-	40	116
Student loans	5,212	-	-480	4,732
Other departmental expenditure	13,754	-	71,573	85,327
Total capital departmental AME	19,656	-	71,165	90,821
<i>Capital other AME</i>				
Locally financed expenditure	4,588	-	-57	4,532
Public corporations' own-financed capital expenditure	5,160	-	1,997	7,157
AME margin	100	-	-100	-
Accounting adjustments	-26,069	-56	-68,506	-94,631
Total capital other AME	-16,220	-56	-66,666	-82,942
Total capital AME	3,436	-56	4,499	7,879
Public sector gross investment	51,516	-	4,708	56,224
less public sector depreciation	18,595	-	-31	18,564
Public sector net investment	32,921	-	4,739	37,660
Total Managed Expenditure	617,760	-	2,925	620,685

2010–11; changes since PESA 2008

£ million

2009–10				2010–11			
Plans in PESA 2008 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2008 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
49,237	-6	0	49,232	51,945	7	-650	51,302
99,907	-10	0	99,897	106,339	-14	-2,300	104,025
6,398	0	-	6,398	6,571	0	-200	6,371
17,157	18	49	17,224	18,208	23	-327	17,905
4,477	23	45	4,545	4,621	-7	-155	4,459
25,591	5	-	25,596	26,392	4	-100	26,296
9,313	4	37	9,354	9,607	17	-150	9,474
9,380	-9	92	9,465	9,440	11	-69	9,382
720	0	13	732	711	0	-9	703
35,171	-13	3,424	38,582	36,709	-6	15	36,718
1,610	69	350	2,029	1,618	3	-20	1,600
5,502	-62	-	5,440	6,386	0	-155	6,231
1,094	2	10	1,106	1,152	1	-13	1,142
1,452	-20	342	1,774	1,344	-20	7	1,331
2,711	-2	-	2,709	2,758	-2	-75	2,682
1,678	2	-	1,681	1,753	0	-20	1,733
7,797	2	1,252	9,051	7,537	-7	2,399	9,929
25,398	14	8	25,421	26,507	5	-383	26,129
13,569	-17	4	13,556	14,219	-19	-211	13,990
8,389	-39	39	8,389	8,749	-40	-50	8,659
1,172	12	2	1,186	1,181	4	-10	1,174
4,636	1	-	4,637	4,522	0	-5	4,516
2,245	-2	17	2,260	2,428	-2	-15	2,411
845	11	51	906	944	11	-4	950
400	-	-200	300	100	-	200	300
2,800	-	-2,100	700	2,900	-	0	2,900
338,700	-15	3,500	342,100	354,600	-30	-2,300	352,300

10-11; changes since PESA 2008

£ million

2009-10				2010-11			
Plans in PESA 2008 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2008 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
6,376	-2	969	7,343	7,631	-2	-969	6,660
5,475	-1	99	5,573	6,208	-	-1,385	4,823
7,614	-	700	8,314	8,112	-	-700	7,412
2,205	-	442	2,647	2,260	-	-442	1,818
7,337	-	1,286	8,623	7,524	-	-1,176	6,348
107	-1	-	106	93	-1	-	92
782	-	28	810	853	-	-20	833
779	-	-3	777	744	-	0	745
13	-	-	13	13	-	-	13
8,187	-	934	9,121	8,871	-	-25	8,846
216	-	-	216	205	-	-	205
1,366	-	-	1,366	1,556	-	-	1,556
1,672	-	357	2,028	1,818	-	16	1,834
-30	-	370	340	-16	-	320	304
640	-4	33	669	634	-	-25	609
404	-	-	404	566	-	-	566
81	3	-	84	71	3	-	74
3,342	-	371	3,713	3,641	-	-460	3,181
1,678	-	44	1,722	1,841	-	-93	1,748
1,058	-	25	1,084	1,156	-	-47	1,110
72	-	5	77	72	-	-	72
262	5	772	1,040	256	-	-	256
390	-	-	390	354	-	-	354
52	1	11	64	45	-	21	67
700	-	500	1,200	800	-	1,300	2,100
50,700	0	7,000	57,700	55,300	0	-3,700	51,600

2009–10 to 2010–11; changes since PESA 2008

£ million							
2009–10				2010–11			
Plans in PESA 2008	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2008	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
338,700	-15	3,500	342,100	354,600	-30	-2,300	352,300
153,716	-	11,768	165,485	159,704	-	11,545	171,249
19,992	-	787	20,779	20,495	-	858	21,353
6,729	-2,805	-2,040	1,884	7,110	-2,827	-2,210	2,073
747	-	146	893	777	-	87	864
3,566	-	-102	3,464	3,675	-	-29	3,646
-1,385	-50	421	-1,014	-1,654	-50	661	-1,043
48,517	602	839	49,959	51,681	671	-1,301	51,051
1,506	4	130	1,639	1,430	5	-59	1,375
233,388	-2,249	11,950	243,089	243,217	-2,202	9,552	250,568
6,220	-	-571	5,649	6,747	-	1,128	7,875
26,651	109	1,180	27,940	27,831	-	647	28,479
30,332	-	-3,126	27,206	33,965	-	8,941	42,906
1,800	-	-900	900	2,700	-	-900	1,800
-44,792	2,155	3,718	-38,919	-46,685	2,232	5,261	-39,037
20,200	2,264	300	22,800	24,600	2,232	15,100	42,000
253,600	15	12,300	265,900	267,800	30	24,600	292,600
592,300	-	15,700	608,000	622,400	-	22,300	644,800

2009–10 to 2010–11; changes since PESA 2008 (continued)

£ million							
2009–10				2010–11			
Plans in PESA 2008	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2008	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
50,700	0	7,000	57,700	55,300	–	–3,700	51,600
867	–	121	987	774	–	77	851
76	–	47	123	76	–	38	114
5,841	–	–555	5,285	6,218	–	–642	5,576
366	–159	34,914	35,121	776	–	200	976
7,149	–159	34,526	41,516	7,844	–	–327	7,517
4,044	–	333	4,378	3,360	–	514	3,874
5,573	–	1,832	7,406	5,670	–	1,856	7,526
200	–	–100	100	300	–	–100	200
–13,445	159	–34,382	–47,669	–15,014	–	1,180	–13,833
–3,600	159	–32,316	–35,800	–5,700	–	3,451	–2,200
3,500	0	2,210	5,700	2,200	–	3,124	5,300
54,300	–	9,174	63,400	57,400	–	–560	56,900
19,600	–	40	19,600	20,700	–	25	20,700
34,700	–	9,134	43,800	36,700	–	–584	36,200
646,500	–	24,908	671,400	679,800	–	21,755	701,700

4 Trends in public sector expenditure

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

4.2 Data in this chapter are a mix of cash and accruals. All outturn data for public sector expenditure on services up until 1997-1998 are on a cash basis and subsequent years' data are on an accruals basis. All outturn data (to 2007-08) in the tables in this chapter are National Statistics.

What's new

4.3 Education spending has been further aligned to UN COFOG (United Nations' Classification of the Functions of Government) level 1 as part of a longer-term strategy to improve the alignment to COFOG level 2. This means that the Treasury-defined functional classifications "of which: education" and "of which: training" will not be maintained going forward and have been removed from this publication.

Public spending aggregates

4.4 **Table 4.1** shows trends in public spending since 1967-68 in nominal and in real terms and as a per cent of Gross Domestic Product (GDP). The table shows three spending aggregates in these ways: public sector current expenditure; public sector net investment; and Total Managed Expenditure (TME). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only. Data for all these aggregates for the years up to 2007-08 are taken from the public sector accounts compiled by the Office for National Statistics (ONS). The public sector accounts are a part of the National Accounts that are updated monthly. Public sector capital expenditure (or gross investment) *less* public sector depreciation equals public sector net investment. Public sector capital expenditure *plus* public sector current expenditure is equal to TME, which is a measure of total public sector spending drawn from National Accounts. Figures for 2008-09 are estimated outturn and 2009-10 and 2010-11 are projections produced by the Treasury.

Public sector expenditure on services by function

4.5 The public spending by function series uses the expenditure on services spending aggregate. Expenditure on services covers most expenditure by the public sector that is included in TME.

4.6 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 is a near-cash measure of spending in that it excludes non-cash items such as depreciation and cost of capital charges. Full details of the definition of expenditure on services and the relationship to departments' budgets are available in **Annex E**.

4.7 **Table 4.2** shows public sector expenditure on services by UN COFOG (Classification Of the Functions Of Government) level 1 from 1987-88. **Tables 4.3 and 4.4** present this in real terms and as a per cent of GDP respectively. These tables cover outturn years and give estimated outturns for 2008-09. They also show, in italics, additional Treasury-defined functional divisions that were used in PESA 2006 prior to the introduction of UN COFOG, but which don't correspond to COFOG level 1. The mapping between HM Treasury's functions and the UN COFOG level 2 classification is available in the '**How to use PESA**' chapter.

Methods and data quality for long run TES series

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

4.9 Data in **Tables 4.2, 4.3 and 4.4** for years before 2003-04 are not taken directly from the live public expenditure database that is maintained by government departments (see **Annex A**). Summary data from the database are archived at the point at which data cease to be live.

4.10 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.

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

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

4.13 Since PESA 2008 the only reclassification that affects the historical functional series is the reclassification of Department for Environment, Food and Rural Affairs spending on Bovine Spongiform Encephalopathy (BSE) from **environment protection** to **agriculture, fisheries and forestry** since 2000-01. Data for years prior to 2000-01 were in the correct function in PESA 2008.

ates, 1967–68 to 2010–11

within the scope of National Statistics

expenditure	Depreciation	Public sector net investment			Total Managed Expenditure		
		Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP
33.7	1.5	3.0	39.1	7.3	18.3	239.4	44.5
33.3	1.6	2.9	36.1	6.5	19.3	241.5	43.4
32.8	1.7	2.9	33.9	6.0	20.3	240.7	42.5
32.7	2.0	3.3	36.3	6.2	22.7	248.3	42.7
33.4	2.3	3.1	31.6	5.3	25.2	254.0	42.6
33.2	2.6	3.3	30.4	4.9	28.2	261.9	41.9
35.0	3.1	3.9	34.1	5.2	33.4	288.9	44.3
38.7	3.9	5.1	36.6	5.6	43.7	316.1	48.6
39.7	4.9	6.2	35.9	5.6	55.7	320.9	49.7
39.7	5.8	5.8	29.4	4.4	63.6	322.5	48.5
38.3	6.6	4.5	20.1	3.0	69.4	309.8	45.6
38.2	7.5	4.4	17.6	2.5	78.5	315.8	45.1
38.1	8.9	4.8	16.4	2.3	93.5	321.6	44.6
40.6	10.7	4.5	13.1	1.9	112.4	326.8	47.0
42.3	11.7	2.6	7.0	1.0	125.5	332.8	47.7
42.3	12.1	4.5	11.1	1.6	138.3	342.8	48.1
42.0	12.6	5.7	13.5	1.8	149.7	354.6	47.8
42.2	12.7	5.3	11.9	1.6	159.9	359.6	47.5
40.5	12.3	4.3	9.2	1.2	166.5	354.6	45.0
39.7	12.7	2.7	5.6	0.7	172.7	356.3	43.6
38.1	12.7	2.6	5.0	0.6	183.3	357.6	41.6
35.8	13.6	1.7	3.1	0.3	190.7	348.5	38.9
35.3	14.3	6.6	11.3	1.2	210.2	358.6	39.2
35.6	14.1	7.8	12.3	1.3	227.5	359.7	39.4
38.0	12.6	10.8	16.1	1.8	254.2	379.5	41.9
39.8	12.7	11.6	16.8	1.8	274.2	397.1	43.7
39.7	13.0	9.4	13.3	1.4	286.3	403.5	43.1
39.3	13.1	9.8	13.6	1.4	299.2	415.2	42.6
38.7	13.1	10.1	13.7	1.4	311.4	420.0	41.8
37.6	12.4	5.4	7.1	0.7	315.9	410.8	39.9
36.2	12.2	4.8	6.1	0.6	322.0	408.1	38.2
35.1	12.1	6.0	7.4	0.7	330.9	410.6	37.2
34.4	12.4	5.5	6.7	0.6	343.0	417.5	36.3
35.0	12.6	5.1	6.2	0.5	364.0	437.3	36.8
35.3	13.1	11.9	14.0	1.2	389.2	457.4	37.7
36.0	14.0	13.8	15.7	1.3	421.1	479.5	38.6
36.8	14.6	15.7	17.4	1.4	455.6	504.3	39.4
37.7	15.2	20.6	22.2	1.7	492.5	530.7	40.6
38.2	16.1	23.5	24.8	1.8	524.2	553.5	41.3
37.7	16.9	26.0	26.7	1.9	550.1	565.4	40.9
37.7	17.8	29.3	29.3	2.1	582.7	582.7	41.0
39.2	18.6	37.7	36.8	2.6	620.7	606.0	43.1
43.1	19.6	43.8	42.4	3.1	671.4	649.8	47.6
44.2	20.7	36.2	34.4	2.5	701.7	668.4	48.1

2008 price levels using GDP deflators. For years 1967–68 to 2007–08 deflators are calculated from the latest data from the Office for National Statistics (released 22 April 2009).
Financial Statement and Budget Report.

on services by function, 1987–88 to 2008–09

Year	cash, £billion																			accruals, £billion	
	National Statistics																			2007–08	2008–09 estimated outturn
	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09		
28.2	28.3	27.1	28.2	30.0	33.0	36.5	37.7	39.2	40.0	37.3	39.0	36.4	36.2	39.4	42.9	46.1	48.0	50.5	53.5		
4.9	5.3	5.9	6.0	6.0	6.2	6.3	6.5	6.4	7.5	8.2	8.2	9.4	10.0	11.2	12.4	13.1	13.0	12.5	14.8		
2.3	2.5	2.9	3.1	3.2	3.3	3.4	3.1	3.1	3.2	3.7	4.2	4.3	4.5	5.1	5.5	6.2	6.3	6.7	7.2		
0.9	20.5	18.3	19.0	20.8	23.5	26.8	28.1	29.7	29.4	25.4	26.6	22.7	21.7	23.0	24.9	26.8	28.6	31.2	31.5		
1.0	22.0	23.2	23.8	23.5	23.3	22.5	22.1	21.7	24.5	25.1	25.7	25.4	27.0	28.8	29.8	30.9	32.1	33.6	37.1		
0.1	11.5	13.0	14.2	14.8	15.4	15.7	16.2	16.9	17.8	18.1	20.1	22.8	24.2	26.1	28.2	29.0	30.2	31.4	33.9		
9.6	21.6	21.4	23.3	23.8	23.9	23.4	23.3	21.5	19.6	21.5	23.8	27.8	30.8	33.1	33.7	35.5	37.8	39.2	39.9		
7.0	6.9	5.4	5.4	5.5	4.7	4.5	4.3	4.3	3.1	4.4	4.9	5.1	5.9	6.0	6.6	6.6	6.6	7.0	5.6		
1.1	1.2	1.3	1.4	1.5	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.7	2.1	2.3	2.5	2.9	2.8	3.2	3.2		
2.3	2.4	2.7	2.9	3.1	3.2	3.1	2.8	2.5	2.9	3.5	3.8	3.3	3.0	3.2	3.2	3.3	3.4	3.3	3.2		
1.9	2.7	2.8	2.9	3.8	3.4	3.9	5.4	4.7	4.4	4.3	4.7	6.3	4.9	5.3	5.4	5.6	5.2	5.0	5.5		
7.3	8.3	9.2	10.8	10.0	11.5	10.9	9.5	8.7	7.8	7.9	9.0	11.3	14.8	16.3	16.0	17.0	20.0	20.7	22.3		
2.9	3.2	3.4	3.6	3.4	3.8	4.1	3.7	4.0	4.3	4.9	5.1	5.4	6.0	6.2	7.0	8.5	9.3	9.4	10.5		
5.3	6.0	6.8	7.1	6.2	6.2	6.0	5.7	4.9	5.5	4.7	5.5	6.2	5.4	6.7	8.0	10.6	11.5	12.9	15.2		
4.2	27.1	30.9	34.2	36.6	39.4	41.4	42.8	44.5	46.9	49.4	54.2	59.8	66.2	74.9	82.9	89.6	94.5	102.0	110.5		
4.3	4.8	5.0	5.1	5.1	5.2	5.5	5.7	6.4	7.2	7.7	7.8	8.6	9.3	9.7	10.0	10.8	11.4	12.2	13.4		
5.9	28.1	31.3	33.2	34.7	36.2	37.0	37.8	38.6	40.0	42.2	45.9	51.2	54.7	61.0	65.1	69.7	72.9	78.1	82.8		
1.3	68.2	80.2	91.1	98.3	102.0	107.6	112.8	114.5	115.2	123.0	128.5	137.4	145.3	155.6	164.1	171.1	177.2	187.5	203.9		
1.5	-2.3	-4.1	-3.4	-4.7	-4.3	-4.1	-5.2	-3.7	-2.6	-2.7	-2.6	-4.8	-1.9	-2.1	-0.9	-0.6	-1.8	-1.5	-2.9		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.8		
1.1	218.4	238.2	260.5	271.6	284.1	295.8	302.5	308.5	318.5	331.2	353.1	376.2	403.4	439.5	470.8	501.1	523.0	555.3	596.9		
9.1	9.1	16.0	13.7	14.7	15.1	15.6	13.4	13.5	12.4	11.8	10.9	13.0	17.8	16.1	21.7	23.1	27.1	27.4	23.8		
0.2	227.5	254.2	274.2	286.3	299.2	311.4	315.9	322.0	330.9	343.0	364.0	389.2	421.1	455.6	492.5	524.2	550.1	582.7	620.7		

and provision.

on services by function in real terms⁽¹⁾, 1987–88 to 2008–09

Year	cash, £billion																			accruals, £billion	
	National Statistics																			2007–08	2008–09 estimated outturn
	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09		
8.0	44.7	40.5	40.8	42.3	45.8	49.3	49.0	49.6	49.7	45.4	46.8	42.7	41.2	43.6	46.2	48.6	49.3	50.5	52.3		
8.3	8.4	8.8	8.7	8.5	8.5	8.5	8.4	8.1	9.3	10.0	9.8	11.1	11.4	12.4	13.4	13.8	13.4	12.5	14.4		
4.0	4.0	4.4	4.5	4.6	4.6	4.6	4.0	3.9	4.0	4.5	5.1	5.0	5.1	5.7	6.0	6.6	6.5	6.7	7.0		
5.7	32.4	27.3	27.6	29.3	32.6	36.1	36.6	37.7	36.4	30.9	32.0	26.6	24.8	25.5	26.9	28.3	29.4	31.2	30.8		
5.8	34.7	34.6	34.5	33.1	32.3	30.3	28.7	27.5	30.4	30.5	30.9	29.9	30.8	31.9	32.1	32.6	33.0	33.6	36.2		
7.2	18.2	19.4	20.6	20.8	21.3	21.2	21.1	21.4	22.1	22.1	24.2	26.8	27.5	28.9	30.4	30.6	31.0	31.4	33.1		
3.5	34.2	32.0	33.8	33.6	33.1	31.6	30.4	27.3	24.3	26.1	28.6	32.7	35.1	36.6	36.3	37.5	38.9	39.2	38.9		
1.9	11.0	8.1	7.8	7.7	6.5	6.0	5.6	5.5	3.8	5.4	5.9	6.0	6.8	6.7	7.1	7.0	6.8	7.0	5.5		
1.9	1.9	1.9	2.1	2.1	1.6	1.6	1.8	1.7	1.7	1.7	1.7	2.0	2.4	2.5	2.6	3.1	2.9	3.2	3.2		
4.0	3.8	4.1	4.2	4.3	4.4	4.1	3.6	3.1	3.6	4.3	4.5	3.9	3.4	3.5	3.4	3.5	3.4	3.3	3.1		
3.3	4.3	4.2	4.2	5.3	4.7	5.2	7.1	6.0	5.5	5.2	5.6	7.4	5.6	5.8	5.8	5.9	5.3	5.0	5.4		
2.4	13.2	13.7	15.6	14.1	15.9	14.7	12.3	11.0	9.7	9.6	10.9	13.3	16.9	18.0	17.3	18.0	20.5	20.7	21.7		
5.0	5.1	5.1	5.2	4.7	5.3	5.6	4.8	5.1	5.4	6.0	6.1	6.4	6.8	6.9	7.5	8.9	9.5	9.4	10.2		
9.0	9.4	10.1	10.2	8.8	8.6	8.2	7.5	6.2	6.8	5.7	6.6	7.3	6.2	7.4	8.6	11.1	11.8	12.9	14.8		
1.3	42.8	46.1	49.5	51.6	54.7	55.9	55.6	56.4	58.3	60.2	65.2	70.3	75.4	82.9	89.4	94.6	97.1	102.0	107.9		
7.3	7.6	7.4	7.4	7.2	7.3	7.4	7.4	8.1	8.9	9.4	9.3	10.1	10.6	10.7	10.7	11.4	11.7	12.2	13.0		
4.2	44.4	46.8	48.0	48.9	50.3	49.9	49.1	48.9	49.7	51.3	55.2	60.2	62.3	67.6	70.2	73.6	75.0	78.1	80.8		
4.5	107.8	119.7	132.0	138.5	141.5	145.2	146.7	145.1	143.0	149.7	154.4	161.5	165.4	172.3	176.9	180.7	182.1	187.5	199.1		
2.6	-3.6	-6.1	-4.9	-6.6	-5.9	-5.5	-6.7	-4.7	-3.3	-3.3	-3.1	-5.7	-2.1	-2.3	-1.0	-0.6	-1.9	-1.5	-2.9		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.8		
3.1	345.3	355.6	377.2	382.9	394.3	399.0	393.5	391.0	395.2	403.1	424.2	442.1	459.2	486.5	507.3	529.1	537.6	555.3	582.7		
5.5	14.4	23.9	19.9	20.7	21.0	21.0	17.4	17.1	15.4	14.4	13.1	15.2	20.2	17.8	23.4	24.4	27.8	27.4	23.2		
8.6	359.7	379.5	397.1	403.5	415.2	420.0	410.8	408.1	410.6	417.5	437.3	457.4	479.5	504.3	530.7	553.5	565.4	582.7	606.0		

2008 price levels using GDP deflators. For years 1967–68 to 2007–08 deflators are calculated from the latest data from the Office for National Statistics (released 22 April 2009). GDP for
 ment and Budget Report.
 d provision.

Services by function as a per cent of GDP⁽¹⁾, 1987–88 to 2008–09

based on cash																		based on accruals	
National Statistics																			
1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	
outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	
4.9	4.5	4.5	4.5	4.7	4.9	4.8	4.6	4.5	4.0	3.9	3.5	3.3	3.4	3.5	3.6	3.6	3.6	3.7	
0.9	1.0	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.9	0.8	0.9	0.9	1.0	1.0	1.0	1.0	0.9	1.0	
0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	
3.5	3.0	3.0	3.1	3.3	3.6	3.5	3.5	3.3	2.7	2.7	2.2	2.0	2.0	2.1	2.1	2.1	2.2	2.2	
3.8	3.8	3.8	3.5	3.3	3.0	2.8	2.6	2.7	2.7	2.6	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.6	
2.0	2.1	2.3	2.2	2.2	2.1	2.0	2.0	2.0	1.9	2.0	2.2	2.2	2.3	2.3	2.3	2.2	2.2	2.4	
3.8	3.5	3.7	3.6	3.4	3.1	2.9	2.6	2.2	2.3	2.4	2.7	2.8	2.9	2.8	2.8	2.8	2.8	2.8	
1.2	0.9	0.9	0.8	0.7	0.6	0.5	0.5	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	
0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
0.4	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	
0.5	0.5	0.5	0.6	0.5	0.5	0.7	0.6	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	
1.4	1.5	1.7	1.5	1.6	1.5	1.2	1.0	0.9	0.8	0.9	1.1	1.4	1.4	1.3	1.3	1.5	1.5	1.5	
0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.7	0.7	0.7	
1.0	1.1	1.1	0.9	0.9	0.8	0.7	0.6	0.6	0.5	0.6	0.6	0.5	0.6	0.7	0.8	0.9	0.9	1.1	
4.7	5.1	5.5	5.5	5.6	5.6	5.4	5.3	5.3	5.2	5.5	5.8	6.1	6.5	6.8	7.1	7.0	7.2	7.7	
0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.9	0.8	0.9	0.9	
4.9	5.2	5.3	5.2	5.2	5.0	4.8	4.6	4.5	4.5	4.6	5.0	5.0	5.3	5.4	5.5	5.4	5.5	5.8	
11.8	13.2	14.5	14.8	14.5	14.5	14.2	13.6	12.9	13.0	13.0	13.3	13.3	13.5	13.5	13.5	13.2	13.2	14.2	
-0.4	-0.7	-0.5	-0.7	-0.6	-0.5	-0.7	-0.4	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	
37.9	39.2	41.5	40.8	40.4	39.8	38.2	36.6	35.8	35.1	35.7	36.5	36.9	38.0	38.8	39.5	38.9	39.1	41.5	
1.6	2.6	2.2	2.2	2.1	2.1	1.7	1.6	1.4	1.2	1.1	1.3	1.6	1.4	1.8	1.8	2.0	1.9	1.7	
39.4	41.9	43.7	43.1	42.6	41.8	39.9	38.2	37.2	36.3	36.8	37.7	38.6	39.4	40.6	41.3	40.9	41.0	43.1	

Best figures from the Office for National Statistics (published 22 April 2009). GDP for 2008–09 is consistent with the April 2009 Financial Statement and Budget Report.
 Division.

5

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

5.1 The analyses in this chapter present public sector expenditure over recent years, adjusted as far as possible so that figures for outturn years are based on current definitions. All outturn data (to 2007-08) are National Statistics.

What's new

5.2 **Table 5.1** no longer includes the departmental grouping of 'Public corporations accountable to local government'. This spending, by London Underground, is now contained within the Transport departmental group. This aligns the treatment with that of local government spending, which is assigned to the departmental group most closely associated with the spending. The new Energy and Climate Change departmental group has also been added.

5.3 The capital expenditure row within **Table 5.3** has been renamed as net capital procurement to distinguish it from all capital expenditure and indicate that it is net of sales of assets. For clarity, current procurement is renamed as net current procurement (which is net of sales of goods and services). Current transfers abroad are renamed as current grants abroad to align with the presentation in **Table 2.1**;

5.4 As part of the changes to simplify PESA, the sectoral elements shown in **Chapter 5** in PESA 2008 have been moved into the relevant sectoral chapters, leaving this chapter to show only public sector aggregates. Specifically, **Table 5.4** now shows public sector current and capital expenditure by function and is no longer split by sector. The figures for each sector are available in **Chapters 6, 7 and 8**.

5.5 Local government current procurement spending by function has previously been included in **Table 5.5** net of income from sales of goods and services. For PESA 2009 this is now shown gross in all years.

5.6 **Table 5.6** now shows public sector gross capital procurement by function as well as the previously published public sector receipts from sales of assets. This is a breakdown of net capital procurement shown in **Table 5.3**. Together with gross current procurement shown in **Table 5.5** this enables users to view total public sector gross procurement.

Classification changes

5.7 There have been a number of classification changes since PESA 2008. These reclassifications ensure that data are consistent with the UN Classification Of the Functions Of Government (COFOG) and the definition of expenditure on services. The largest of these are:

- the reclassification of Department for Environment, Food and Rural Affairs spending on Bovine Spongiform Encephalopathy (BSE) from **environment protection n.e.c.** to **agriculture, food and fisheries policy** and on Environment Agency from **environment protection n.e.c.** to **protection of biodiversity and landscape**, affecting functional and sub-functional tables in **Chapters 4, 5, 6, 9 and 10**;
- the reclassification of spending on urban regeneration from **social housing** to **community development**, resulting in changes from 2003-04 in **Chapters 5 and 6**; and
- the reclassification of expenditure and income from investment properties moving the data into expenditure on services, resulting in changes in 2005-06 in all tables on an expenditure on services basis.

Relationship between functional series and departments

5.8 **Table 5.1** shows public sector expenditure on services by function split across the different government departmental groups for 2007-08. 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 Children, Schools and Families.

Public sector expenditure on services by sub-function

5.9 **Table 5.2** provides the most detailed functional analysis of public sector expenditure on services for the years 2003-04 onwards. 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 in PESA 2006, prior to the introduction of UN COFOG, but which do not map directly to COFOG level 2. Further information on UN COFOG is available from the Treasury website¹.

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

Public sector expenditure on services by economic category

5.11 The economic significance of public spending 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.

5.12 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, including the main differences from the corresponding economic categories presented against the budgeting framework in **Table 2.1**:

- as in the budgeting presentation, **pay** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs, but does not include payments for contract and agency staff that are treated as procurement;
- **net current procurement** includes expenditure and receipts from purchasing and selling goods and services, including hire and rentals under PFI and non-PFI operating leases, payments for contract and agency staff, and payments for consultancy and audit services. It also includes spending on Single Use Military Equipment (SUME) following the treatment in the National Accounts. SUME is part of capital procurement in the budgeting presentation;

¹ http://www.hm-treasury.gov.uk/pes_function.htm

- **subsidies** are payments by government to trading businesses to provide support for current costs, including payments to farmers under the EC's Common Agriculture Policy as well as subsidies to rail and bus operators. Subsidies within **Table 2.1** are split between private sector and public corporation, and do not include payments to central and local government units with market based activities that are included within subsidies in **Table 5.3**;
- **social benefits and other grants to the private sector** are payments to individuals and non-profit bodies to help pay for current costs. This includes benefits, public service and state pensions, and the grant element of student loans (the grant implied by loans being issued at the inflation rate rather than the market interest rate). The public service pensions and grant element of student loans are shown as separate categories within **Table 2.1**;
- **current grants abroad** are mainly foreign aid, such as programmes to reduce poverty. This also includes the EU transactions set out in **Table 5.2**;
- **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**;
- **net capital procurement** includes the spending and income from buying and selling fixed assets (such as land, buildings, machinery, etc) except SUME, which is part of the above net current procurement category under National Accounts definitions. This category also includes the pay of civil servants engaged in in-house capital formation. **Table 2.1** follows this definition except it additionally includes SUME;
- **stock building** is the value of increasing or decreasing stocks, for example of buildings in urban regeneration areas prior to sales. It is not shown separately from other capital expenditure in the budgeting presentation; and
- **capital grants** are grants to the private sector that are usually made on the condition that the recipient uses the funds for capital projects. **Table 2.1** analyses these grants by the nature of the recipient; persons and non-profit bodies, private sector companies and public corporations.

Public sector expenditure on services split by current and capital spending

5.13 **Table 5.4** gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2003-04. 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 is on a National Accounts basis.

Public sector gross procurement by function

5.14 **Table 5.5** shows public sector gross current procurement by COFOG level 1 function, and income from sales of goods and services. This is a breakdown of the net current procurement 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, which offset within net current procurement, are included in this table.

5.15 **Table 5.6** shows public sector gross capital procurement by COFOG level 1 function, and receipts from sales of fixed assets. This is a breakdown of the net capital procurement figure shown in **Table 5.3** and is 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, are split between land and building and other 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.

services by departmental group⁽¹⁾ and function, 2007–08

National Statistics																	£ million
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
-	-	-	109	-	-	-	-	-	-	-	-	10	-	50,591	6,986	-	57,691
-	-	-	-	254	110	-	-	144	-	-	-	83,515	-	-	11,619	-	95,389
-	-	2	178	16,732	-	38	-	-	16,694	-	513	-	-	-	872	-	18,297
-	-	-	-	2,766	22	2,726	18	-	-	368	-	495	127	13,728	-406	-	17,079
4	-	21	2,495	2,671	2,671	-	-	-	-	69	8,696	-	-	-	1,937	-	19,756
-	-	-	15,482	74	-	-	-	-	74	-	299	-	11	-	1	-	15,867
-	-	-	9,068	-	-	-	-	-	-	-	-	-	-	-	95	-	9,420
-	-	-	731	-	-	-	-	-	-	-	-	-	-	-	2	-	733
44	-	31,978	-	34	34	-	-	-	-	-	-	-	20	-	2,769	-	34,845
1,969	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,969
4,643	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112	-	4,755
58	-	-	1	1,237	1,226	-	0	11	-	1,746	-	-	-	-	0	-	3,043
0	-	-	-	1,389	1,289	39	61	0	1	9	1	-	-	-	297	-	1,697
-	-	-	-	3,387	107	12	-	3,268	-	5,652	-8	-	960	1	0	-	9,991
26	-	-	-	176	176	-	-	-	-	113	40	113	9,147	113	-332	-	9,443
-	-	-	-	2,983	12	-1	2,972	-	-	-	2	-	-	-	126,098	-	129,438
-	-	7	2,165	4,334	717	195	1	734	2,688	808	1,746	9,689	1,005	7,330	3,325	-	31,315
-	-	-	36	1,620	380	5	67	386	783	446	486	5,243	557	3,906	1,611	-	14,541
-	-	-	79	1,382	210	46	163	461	502	226	1,132	2,950	354	2,428	5,501	-	14,407
-	-	-	1,042	-	-	-	-	-	-	-	-	-	-	-	60	-	1,130
-	31,249	-	-	144	-3	147	-	-	-	1	-	-	-	-	26,271	-1,505	61,117
-	-	1,577	-	-	-	-	-	-	-	-	-	-	-	1	726	-	2,689
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	695
6,745	31,249	33,585	31,386	39,184	6,950	3,207	3,282	5,003	20,742	9,439	12,906	102,015	12,181	78,098	187,546	-1,505	555,304

relevant departmental group.

Table 5.2 Public sector expenditure on services by sub-function, 2003–04 to 2008–09

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	10,062	11,027	11,447	11,494	11,300	12,400
1.2 Foreign economic aid	3,496	3,581	4,227	4,338	4,638	4,973
1.3 General services	975	1,094	1,060	1,244	1,052	1,327
1.4 Basic research	73	119	127	122	54	90
1.5 R&D general public services	30	28	30	30	21	22
1.6 General public services n.e.c.	1,704	2,134	2,413	2,106	2,156	3,180
1.7 Public debt transactions ⁽¹⁾	23,044	24,918	26,752	28,641	31,249	31,530
<i>of which: central government debt interest</i>	22,280	23,933	25,807	27,579	29,960	30,466
<i>of which: local government debt interest</i>	236	385	440	520	692	627
<i>of which: public corporation debt interest</i>	528	600	505	542	597	437
Total general public services	39,384	42,902	46,056	47,975	50,469	53,521
2. Defence						
2.1 Military defence	24,708	24,929	26,411	27,465	27,620	30,746
2.2 Civil defence	122	78	77	90	81	85
2.3 Foreign military aid	1,281	903	1,155	1,689	2,704	3,599
2.4 R&D defence	474	588	566	621	637	554
2.5 Defence n.e.c.	2,234	3,256	2,710	2,284	2,543	2,124
Total defence	28,818	29,754	30,918	32,149	33,585	37,108
3. Public order and safety						
3.1 Police services	14,306	15,312	16,186	16,864	17,206	18,830
<i>of which: immigration and citizenship</i>	1,695	1,848	1,649	1,714	1,767	1,898
<i>of which: other police services</i>	12,611	13,464	14,537	15,150	15,439	16,932
3.2 Fire-protection services	2,365	2,511	2,675	2,701	2,887	3,240
3.3 Law courts	6,122	6,764	6,111	6,274	6,541	6,824
3.4 Prisons	2,898	3,156	3,577	3,812	4,240	4,520
3.5 R&D public order and safety	30	48	23	14	26	27
3.6 Public order and safety n.e.c.	420	400	421	489	485	479
Total public order and safety	26,141	28,192	28,993	30,154	31,386	33,919
4. Economic affairs						
4.1 General economic, commercial and labour affairs	6,410	6,453	6,971	6,873	7,216	5,776
4.2 Agriculture, forestry, fishing and hunting	5,263	5,428	5,586	5,156	5,003	5,539
<i>of which: market support under CAP</i>	3,756	3,978	3,950	3,526	3,271	3,752
<i>of which: other agriculture, food and fisheries policy</i>	1,381	1,328	1,481	1,441	1,569	1,617
<i>of which: forestry</i>	126	122	156	189	162	170
4.3 Fuel and energy	1,221	1,568	1,359	1,443	1,177	909
4.4 Mining, manufacturing and construction	12	–4	136	12	–98	209
4.5 Transport	16,278	16,022	17,039	19,972	20,742	22,267
<i>of which: national roads</i>	2,268	2,352	2,705	3,286	3,201	3,516
<i>of which: local roads</i>	4,259	4,599	4,963	4,946	5,120	5,954
<i>of which: local public transport</i>	3,111	2,223	2,567	2,909	3,205	3,926
<i>of which: railway</i>	5,916	6,055	5,921	7,945	8,181	7,859
<i>of which: other transport</i>	725	794	882	886	1,035	1,012
4.6 Communication	425	560	426	467	858	829
4.7 Other industries	291	308	295	315	300	306
4.8 R&D economic affairs	2,302	2,454	2,925	2,775	3,207	3,237
4.9 Economic affairs n.e.c.	881	883	762	816	779	791
Total economic affairs	33,083	33,673	35,499	37,829	39,184	39,862

Table 5.2 Public sector expenditure on services by sub-function, 2003–04 to 2008–09 (continued)

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
5. Environment protection						
5.1 Waste management	3,564	3,984	5,077	5,636	5,789	6,453
5.2 Waste water management	36	58	70	71	35	51
5.3 Pollution abatement	244	230	227	176	154	316
5.4 Protection of biodiversity and landscape	326	352	348	490	447	482
5.5 R&D environment protection	307	304	332	342	370	410
5.6 Environment protection n.e.c.	1,747	2,062	2,401	2,547	2,645	2,749
Total environment protection	6,223	6,991	8,456	9,262	9,439	10,461
6. Housing and community amenities						
6.1 Housing development	3,567	4,225	6,017	6,828	7,660	9,312
<i>of which: local authority housing</i>	1,089	1,948	3,783	4,040	4,732	5,996
<i>of which: other social housing</i>	2,478	2,277	2,235	2,787	2,928	3,317
6.2 Community development	2,090	2,680	2,983	3,006	3,434	3,938
6.3 Water supply	487	485	880	968	983	1,101
6.4 Street lighting	396	415	482	521	573	627
6.5 R&D housing and community amenities	11	15	14	9	8	7
6.6 Housing and community amenities n.e.c.	152	161	175	191	248	201
Total housing and community amenities	6,702	7,981	10,552	11,521	12,906	15,186
7. Health⁽²⁾						
Medical services	72,940	80,791	87,609	92,195	99,526	107,686
Medical research	471	475	482	609	582	836
Central and other health services	1,503	1,671	1,492	1,704	1,907	1,974
Total health	74,915	82,936	89,583	94,509	102,015	110,497
8. Recreation, culture and religion						
8.1 Recreational and sporting services	2,802	2,944	3,130	3,478	3,999	5,122
8.2 Cultural services	3,594	3,574	3,984	3,988	4,162	4,218
8.3 Broadcasting and publishing services	3,084	3,270	3,431	3,566	3,662	3,654
8.4 Religious and other community services	107	107	105	107	116	102
8.5 R&D recreation, culture and religion	2	1	81	109	130	149
8.6 Recreation, culture and religion n.e.c.	62	74	82	110	111	114
Total recreation, culture and religion	9,652	9,969	10,813	11,359	12,181	13,358
9. Education						
9.1 Pre-primary and primary education	20,747	21,911	23,448	24,190	25,807	27,129
<i>of which: under fives</i>	3,738	4,113	4,305	4,107	4,425	4,708
<i>of which: primary education</i>	17,009	17,798	19,143	20,084	21,381	22,421
9.2 Secondary education	18,094	19,666	21,144	22,156	23,459	24,224
9.3 Post-secondary non-tertiary education ⁽³⁾	7,134	7,315	7,669	8,281	8,547	8,827
9.4 Tertiary education	8,319	8,841	9,793	10,308	11,675	12,342
9.5 Education not definable by level	2,055	2,210	2,229	2,150	2,413	2,888
9.6 Subsidiary services to education	2,861	3,119	3,360	3,469	3,703	4,358
9.7 R&D education	39	42	33	37	31	19
9.8 Education n.e.c.	1,778	2,022	2,035	2,346	2,464	3,000
Total education	61,027	65,125	69,710	72,937	78,098	82,787

Table 5.2 Public sector expenditure on services by sub-function, 2003–04 to 2008–09 (continued)

	£ million					
	National Statistics					
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
10. Social protection						
<i>of which: personal social services</i>	21,078	23,245	24,673	26,153	27,726	29,278
10.1 Sickness and disability	29,289	30,909	32,274	33,332	35,048	38,376
<i>of which: personal social services</i>	5,822	6,536	7,094	7,389	8,046	8,432
<i>of which: incapacity, disability and injury benefits</i>	23,466	24,373	25,180	25,943	27,003	29,944
10.2 Old age	63,233	67,547	70,851	73,762	79,602	87,404
<i>of which: personal social services</i>	7,194	8,040	8,629	8,905	9,381	9,984
<i>of which: pensions</i>	56,039	59,507	62,222	64,857	70,222	77,420
10.3 Survivors	1,840	1,852	1,846	1,811	1,808	1,807
10.4 Family and children	26,336	26,748	27,137	27,405	28,713	28,102
<i>of which: personal social services</i>	4,983	5,579	6,217	6,558	6,966	7,253
<i>of which: family benefits, income support and tax credits</i>	21,354	21,169	20,920	20,847	21,747	20,849
10.5 Unemployment	4,070	3,755	3,589	4,282	4,007	4,958
<i>of which: personal social services</i>	1,170	1,261	949	1,533	1,519	1,565
<i>of which: other unemployment benefits</i>	2,900	2,494	2,640	2,749	2,488	3,393
10.6 Housing	14,810	15,559	16,349	17,355	18,293	20,064
10.7 Social exclusion n.e.c.	11,765	13,566	14,927	16,128	17,397	20,815
<i>of which: personal social services</i>	1,908	1,829	1,784	1,769	1,814	2,043
<i>of which: family benefits, income support and tax credits⁽⁴⁾</i>	9,857	11,737	13,143	14,360	15,583	18,772
10.8 R&D social protection	0	2	1	0	0	0
10.9 Social protection n.e.c.	4,270	4,192	4,124	3,076	2,677	2,382
Total social protection	155,614	164,130	171,097	177,151	187,546	203,909
EU transactions⁽⁵⁾						
GNI-based contribution (net of abatement and collection costs)	2,957	4,361	3,856	4,071	4,785	2,378
<i>derived as:</i>						
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	11,371	12,183	11,780	12,245	13,746	13,155
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-4,539	-4,100	-4,283	-4,614	-5,001	-5,183
<i>UK abatement</i>	-3,874	-3,722	-3,641	-3,560	-3,960	-5,595
<i>EC receipts</i>	-4,237	-4,555	-3,750	-5,164	-5,585	-4,524
<i>Attributed aid and Common Foreign and Security Policy</i>	-799	-697	-704	-709	-705	-781
Total EU transactions	-2,079	-892	-598	-1,802	-1,505	-2,927
Unallocated						
Departmental unallocated provision	-	-	-	-	-	-3
Allowance for shortfall	-	-	-	-	-	-800
Total unallocated	-	-	-	-	-	-803
Public sector expenditure on services	439,479	470,761	501,078	523,043	555,304	596,880
Accounting adjustments	16,116	21,748	23,095	27,073	27,372	23,805
Total Managed Expenditure	455,595	492,509	524,173	550,116	582,676	620,685

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

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

(3) Post-secondary non-tertiary education includes Further Education.

(4) Social exclusion n.e.c. includes Child and Working Tax Credits.

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

Table 5.3 Public sector expenditure on services by economic category, 2003–04 to 2008–09

	£ million					
	National Statistics					
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
Public sector current expenditure on services						
Pay	122,078	133,124	141,816	147,018	151,002	157,695
Net current procurement ⁽¹⁾	101,169	106,540	113,354	119,182	127,334	137,720
Subsidies	9,605	8,889	9,022	9,014	9,483	9,433
Social benefits and other grants to the private sector	153,894	161,553	168,781	175,436	186,983	202,602
Current grants abroad	1,943	3,403	3,755	2,587	3,284	2,339
Public sector debt interest	23,044	24,918	26,752	28,641	31,249	31,530
Unallocated provision	–	–	–	–	–	–590
Total public sector current expenditure on services	411,733	438,427	463,480	481,880	509,335	540,728
Accounting adjustments	13,578	18,351	21,151	25,345	26,252	23,733
Total public sector current expenditure	425,311	456,778	484,631	507,225	535,587	564,461
Public sector capital expenditure on services						
Net capital procurement ⁽²⁾	17,802	21,911	25,542	27,128	31,154	39,552
Stock building	189	392	488	59	151	181
Capital grants	9,754	10,032	11,569	13,977	14,664	16,617
Unallocated provision	–	–	–	–	–	–198
Total public sector capital expenditure on services	27,745	32,334	37,599	41,164	45,969	56,151
Accounting adjustments	2,539	3,397	1,943	1,727	1,120	73
Total public sector capital expenditure	30,284	35,731	39,542	42,891	47,089	56,224
Total public sector expenditure on services	439,479	470,761	501,078	523,043	555,304	596,880
Accounting adjustments	16,116	21,748	23,095	27,073	27,372	23,805
Total Managed Expenditure	455,595	492,509	524,173	550,116	582,676	620,685

(1) Net of income from sales of goods and services

(2) Net of income from sales of capital assets and before depreciation

**Table 5.4 Public sector current and capital expenditure on services by function⁽¹⁾,
2003–04 to 2008–09**

	£ million					
	National Statistics					
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
Public sector current expenditure on services						
1. General public services	38,145	41,046	44,030	46,335	48,721	50,922
<i>of which: public and common services</i>	10,160	10,775	11,413	11,769	11,169	12,626
<i>of which: international services</i>	4,941	5,353	5,865	5,925	6,303	6,766
<i>of which: public sector debt interest</i>	23,044	24,918	26,752	28,641	31,249	31,530
2. Defence	27,387	28,119	29,846	31,250	31,046	33,607
3. Public order and safety	24,747	26,492	27,390	28,347	29,337	30,945
4. Economic affairs	23,127	23,295	24,031	24,331	25,411	24,309
<i>of which: enterprise and economic development</i>	4,768	5,110	5,247	4,990	5,509	3,628
<i>of which: science and technology</i>	1,797	1,940	2,242	2,146	2,409	2,629
<i>of which: employment policies</i>	2,883	3,027	2,987	3,156	3,211	3,118
<i>of which: agriculture, fisheries and forestry</i>	5,003	5,189	5,302	4,835	4,714	5,137
<i>of which: transport</i>	8,675	8,029	8,253	9,205	9,568	9,797
5. Environment protection	5,492	6,108	6,286	7,086	7,194	7,907
6. Housing and community amenities	3,808	3,256	3,533	3,554	3,859	4,228
7. Health	71,598	79,218	86,467	90,623	97,433	104,931
8. Recreation, culture and religion	8,151	8,502	9,114	9,536	9,900	10,014
9. Education	56,224	59,626	63,260	66,272	71,169	74,236
10. Social protection	155,134	163,655	170,121	176,347	186,771	203,108
EU transactions	-2,079	-892	-598	-1,802	-1,505	-2,927
Unallocated provision	-	-	-	-	-	-551
Total public sector current expenditure on services	411,733	438,427	463,480	481,880	509,335	540,728
Accounting adjustments	13,578	18,351	21,151	25,345	26,252	23,733
Public sector current expenditure	425,311	456,778	484,631	507,225	535,587	564,461
Public sector capital expenditure on services						
1. General public services	1,239	1,856	2,026	1,640	1,748	2,599
<i>of which: public and common services</i>	1,034	1,662	1,685	1,252	1,306	2,148
<i>of which: international services</i>	205	194	341	388	443	452
2. Defence	1,431	1,635	1,072	899	2,539	3,502
3. Public order and safety	1,394	1,699	1,603	1,807	2,049	2,974
4. Economic affairs	9,957	10,377	11,468	13,497	13,773	15,553
<i>of which: enterprise and economic development</i>	1,275	1,474	1,360	1,585	1,441	1,990
<i>of which: science and technology</i>	505	514	683	630	798	608
<i>of which: employment policies</i>	313	157	355	195	72	85
<i>of which: agriculture, fisheries and forestry</i>	260	239	283	321	289	402
<i>of which: transport</i>	7,603	7,993	8,786	10,766	11,174	12,469
5. Environment protection	731	882	2,170	2,176	2,245	2,554
6. Housing and community amenities	2,894	4,724	7,019	7,967	9,047	10,959
7. Health	3,318	3,718	3,116	3,885	4,582	5,566
8. Recreation, culture and religion	1,500	1,467	1,699	1,823	2,281	3,345
9. Education	4,802	5,500	6,450	6,665	6,929	8,551
10. Social protection	479	475	976	804	775	801
Unallocated provision	-	-	-	-	-	-253
Total public sector capital expenditure on services	27,745	32,334	37,599	41,164	45,969	56,151
Accounting adjustments	2,539	3,397	1,943	1,727	1,120	73
Public sector capital expenditure	30,284	35,731	39,542	42,891	47,089	56,224
Total public sector expenditure on services	439,479	470,761	501,078	523,043	555,304	596,880
Accounting adjustments	16,116	21,748	23,095	27,073	27,372	23,805
Total Managed Expenditure	455,595	492,509	524,173	550,116	582,676	620,685

(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.

Table 5.5 Public sector current procurement⁽¹⁾ expenditure on services by function, 2003–04 to 2008–09

	National Statistics					£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Public sector gross current procurement expenditure on services						
1. General public services	11,940	13,042	13,739	13,526	12,524	14,473
<i>of which: public and common services</i>	11,184	12,107	12,375	12,159	11,221	12,672
<i>of which: international services</i>	757	935	1,364	1,367	1,303	1,801
2. Defence	17,635	18,039	19,450	20,751	19,802	22,594
3. Public order and safety	10,281	11,205	11,382	12,074	12,519	12,684
4. Economic affairs	10,172	10,658	11,163	11,392	12,117	12,216
<i>of which: enterprise and economic development</i>	2,243	2,621	2,718	2,468	2,884	2,455
<i>of which: science and technology</i>	556	568	597	637	588	402
<i>of which: employment policies</i>	986	1,094	1,192	1,274	1,358	1,576
<i>of which: agriculture, fisheries and forestry</i>	1,024	1,015	1,079	1,104	1,076	1,239
<i>of which: transport</i>	5,363	5,360	5,577	5,909	6,212	6,543
5. Environment protection	5,053	5,271	6,866	7,311	7,407	7,987
6. Housing and community amenities	2,421	2,520	2,835	2,871	3,078	4,239
7. Health	44,614	48,267	52,946	54,990	61,899	64,983
8. Recreation, culture and religion	6,032	6,102	6,459	6,759	6,915	6,933
9. Education	8,557	9,166	9,652	10,141	11,155	12,190
10. Social protection	20,912	22,371	24,155	24,777	26,141	27,563
Total public sector gross current procurement expenditure on services	137,618	146,640	158,647	164,591	173,557	185,862
Plus income from goods and services	-36,449	-40,100	-45,293	-45,408	-46,223	-48,142
Total public sector net current procurement expenditure on services	101,169	106,540	113,354	119,182	127,334	137,720

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

Table 5.6 Public sector capital procurement⁽¹⁾ expenditure on services by function, 2003–04 to 2008–09

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
Public sector gross capital procurement expenditure on services						
1. General public services	1,789	2,545	2,622	2,609	2,467	2,713
<i>of which: public and common services</i>	1,611	2,376	2,309	2,285	2,133	2,330
<i>of which: international services</i>	179	169	313	324	335	382
2. Defence	1,769	2,003	1,414	1,391	3,939	3,596
3. Public order and safety	1,526	1,684	1,667	1,918	2,218	2,974
4. Economic affairs	6,925	7,296	8,204	8,300	8,908	9,284
<i>of which: enterprise and economic development</i>	942	1,102	1,024	988	1,183	1,386
<i>of which: science and technology</i>	72	141	110	121	218	172
<i>of which: employment policies</i>	249	106	298	119	26	28
<i>of which: agriculture, fisheries and forestry</i>	281	263	313	308	303	305
<i>of which: transport</i>	5,380	5,685	6,458	6,765	7,177	7,393
5. Environment protection	440	613	1,658	1,597	1,692	1,887
6. Housing and community amenities	4,376	5,117	6,291	6,508	6,610	6,475
7. Health	3,580	3,991	4,184	4,664	4,884	5,700
8. Recreation, culture and religion	919	1,076	1,426	1,595	2,029	3,125
9. Education	3,707	4,218	4,690	4,910	5,077	6,252
10. Social protection	336	416	510	446	487	400
Total public sector gross capital procurement expenditure on services	25,368	28,959	32,668	33,937	38,311	42,407
Plus public sector receipts from sales of assets						
Central government						
Receipts from sale of land and existing buildings	-847	-955	-1,553	-1,573	-2,180	-534
Other	-664	-476	-783	-605	-380	-304
Total central government receipts	-1,511	-1,431	-2,336	-2,178	-2,560	-839
Local government						
Receipts from sale of land and existing buildings	-1,752	-1,637	-1,732	-2,108	-2,404	-1,199
Other	-15	-19	-29	-47	-15	-13
Total local government receipts	-1,766	-1,656	-1,762	-2,154	-2,419	-1,212
Total general government receipts	-3,277	-3,088	-4,098	-4,332	-4,979	-2,050
Public corporations						
Receipts from sale of land and existing buildings	-4,103	-3,946	-2,881	-2,698	-2,281	-801
Other	-204	-39	-319	82	-28	-7
Total public corporations receipts	-4,307	-3,985	-3,201	-2,616	-2,309	-808
Total public sector receipts from sales of assets	-7,584	-7,073	-7,299	-6,949	-7,288	-2,858
Less receipts from sales of assets classified as changes in stocks	18	24	173	140	130	3
Total public sector net capital procurement expenditure on services	17,802	21,911	25,542	27,128	31,154	39,552

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

6

Central government own expenditure

6.1 This section provides summary analyses of central government own expenditure, which comprises the expenditure of government departments and other central government bodies on their own activities. In these analyses, central government includes the devolved administrations and non-departmental public bodies.

6.2 In addition to staff pay, procurement and capital expenditure, central government own expenditure includes grants and subsidies paid to individuals and enterprises in the private sector and subsidies to public corporations. It excludes central government support for local government and support for the capital expenditure of public corporations. These data are shown in **Chapters 7 and 8** respectively.

6.3 Central government own expenditure accounts for about 70 per cent of Departmental Expenditure Limits (DEL) and about 90 per cent of departmental Annually Managed Expenditure (AME).

6.4 All outturn data (to 2007-08) in this chapter are National Statistics.

What's new

6.5 **Tables 6.4 and 6.5** have been switched since PESA 2008 to give the same ordering for sub-functional and economic category tables as in other chapters.

6.6 The capital expenditure row within **Table 6.5** has been renamed as net capital procurement to distinguish it from all capital expenditure and indicate that it is net of sales of assets. For clarity, current procurement is renamed as net current procurement (which is net of sales of goods and services). Current transfers abroad are renamed as current grants abroad to align with the presentation in **Table 2.1**.

6.7 **Table 6.6** shows central government own current and capital expenditure on services split by function. This information was previously provided in **Chapter 5**, but has been moved as part of the work to re-instate clear sectoral boundaries in PESA 2009.

Central government own expenditure by department

6.8 **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. 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 spending.

Central government own resource and capital expenditure by department

6.9 **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.

6.10 The lower central government capital spending in 2005-06 is a result of a series of imputed transactions recorded in the National Accounts in respect of British Nuclear Fuels Limited (BNFL) transferring assets and liabilities to the Nuclear Decommissioning Authority (NDA). This is shown as part of the accounting adjustments in **Table 6.3** and has no impact on TME or the public finances overall. The higher capital spending in 2008-09 relates to further imputed transactions relating to the support given to financial institutions, which again are offset in the public corporation sector. See **Annex A** for further details.

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 current plus capital expenditure. Expenditure on services excludes non-cash spending such as depreciation and cost of capital charges. Full details of the definition are available in **Annex E**.

Central government own expenditure on services by economic category

6.12 **Table 6.5** shows central government own expenditure on services by economic category. As with **Table 6.4**, and the functional analyses in other chapters in PESA, this economic category table is 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 and therefore current spending includes spend on Single Use Military Equipment (SUME), but does not include spending on non-cash items except the grant equivalent part of student loans.

Table 6.1 Central government own expenditure in budgets⁽¹⁾ by departmental group, 2003–04 to 2010–11

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn			
Within DEL								
Children, Schools and Families	7,975	8,844	9,872	10,662	11,670	11,646	12,547	12,915
Health	64,040	69,077	75,845	80,677	89,534	94,744	102,926	106,086
Transport	6,098	5,674	5,785	7,852	7,306	7,394	8,787	7,910
Innovation, Universities and Skills	11,815	12,298	13,403	13,918	15,357	16,426	17,614	17,446
CLG Communities	4,250	4,212	4,222	4,070	3,642	6,051	7,402	5,587
CLG Local Government	285	326	333	286	296	281	314	308
Home Office	2,604	2,516	2,438	2,813	2,762	3,109	3,305	2,838
Justice	7,238	7,484	8,068	8,431	9,169	9,656	9,674	9,547
Law Officers' Departments	582	649	657	701	739	736	737	707
Defence	31,083	33,069	33,356	33,992	36,532	39,345	39,440	36,912
Foreign and Commonwealth Office	1,499	1,729	1,863	1,879	1,995	2,109	2,103	1,667
International Development	3,701	3,906	4,516	4,995	5,204	5,704	6,786	7,762
Energy and Climate Change	790	1,141	1,961	2,485	2,128	2,698	3,122	2,958
Business, Enterprise and Regulatory Reform	746	501	511	414	820	934	1,127	698
Environment, Food and Rural Affairs	2,379	2,586	2,898	3,105	2,945	2,817	2,863	2,873
Culture, Media and Sport	1,342	1,345	1,453	1,706	1,999	2,363	1,909	2,115
Work and Pensions	7,291	7,502	7,488	7,173	7,274	7,367	8,268	9,163
Scotland	12,970	13,538	14,511	16,496	17,797	17,911	18,653	18,458
Wales	6,453	6,994	7,443	7,920	8,448	9,200	9,527	9,806
Northern Ireland Executive	6,547	6,962	7,371	7,811	8,353	8,929	9,199	9,243
Northern Ireland Office	1,053	1,176	1,188	1,259	1,299	1,361	1,164	1,117
Chancellor's Departments	4,366	4,735	4,986	5,061	4,789	4,891	5,470	4,543
Cabinet Office	1,632	1,427	1,650	1,810	1,962	2,212	2,337	2,438
Independent Bodies	682	810	835	761	771	820	919	965
Total CG own expenditure within DEL⁽²⁾	187,420	198,501	212,651	226,277	242,789	258,704	276,192	274,059

Table 6.1 Central government own expenditure in budgets⁽¹⁾ by departmental group, 2003–04 to 2010–11 (continued)

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn			
Within departmental AME								
Children, Schools and Families	6,575	6,344	8,037	8,599	10,704	10,914	10,346	10,969
Health	6,294	6,680	10,058	10,538	10,761	13,948	13,534	14,139
Transport	2,326	2,741	3,076	3,315	3,514	3,878	4,265	4,493
Innovation, Universities and Skills	2,033	2,013	2,219	2,975	4,213	4,505	5,037	5,302
CLG Communities	256	162	311	137	106	–79	306	–376
CLG Local Government	–	–	–	–	–	1	–	–
Home Office	40	1	4	0	1	4	–2	–
Justice	58	62	57	84	265	725	121	141
Defence	4,788	4,467	5,187	4,931	5,984	6,864	6,905	6,768
Foreign and Commonwealth Office	40	3	–22	27	–4	–7	20	20
International Development	77	77	68	378	18	236	66	61
Energy and Climate Change	565	–1,159	4,875	4,988	5,560	4,170	–198	41
Business, Enterprise and Regulatory Reform	–371	–254	95	–82	–41	–9	682	654
Environment, Food and Rural Affairs	74	73	126	–5	–28	–52	5	–8
Culture, Media and Sport	4,767	4,193	4,474	4,535	4,351	4,287	4,727	4,741
Work and Pensions	90,175	94,413	98,012	100,896	108,061	114,747	124,063	127,991
Scotland	1,640	1,907	2,362	2,189	2,879	3,308	3,138	3,344
Wales	478	367	399	432	477	697	647	701
Northern Ireland Executive	5,421	6,029	6,586	10,357	7,729	8,555	9,015	9,696
Northern Ireland Office	–	208	212	214	236	264	276	289
Chancellor's Departments	19,899	21,741	23,461	25,042	26,615	109,788	35,003	34,148
Cabinet Office	5,015	5,378	5,725	6,043	7,625	7,221	7,148	7,486
Independent Bodies	2	5	1	20	24	24	3	23
Total CG own expenditure within dept AME	150,151	155,451	175,324	185,612	199,049	293,988	225,106	230,622
Within other AME								
Locally financed expenditure in Northern Ireland	384	417	462	452	520	534	554	463
Net expenditure transfers to the EC	3,448	4,907	4,435	4,652	5,392	3,060	5,649	7,875
Central government debt interest	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906
Accounting and other adjustments	–31,760	–27,647	–57,273	–47,133	–57,511	–119,623	–52,900	–47,800
Total CG own expenditure	331,923	355,562	361,406	397,440	420,198	467,128	481,800	508,200

(1) Shown on a full resource budgeting basis, excluding depreciation.

(2) Plans exclude the DEL Reserve and Modernisation Funding. Amounts for these items can be found in Table 1.12.

Table 6.2 Central government own resource expenditure in budgets by departmental group, 2003–04 to 2010–11

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn			
Within resource DEL								
Children, Schools and Families	7,735	8,503	9,519	10,182	11,150	10,915	11,942	12,398
Health	61,486	66,509	73,722	77,664	85,878	90,403	97,473	101,384
Transport	3,341	2,843	2,987	3,535	3,012	2,068	2,762	2,489
Innovation, Universities and Skills	10,485	10,838	11,358	12,028	13,298	14,304	14,967	15,628
CLG Communities	1,279	1,342	1,294	1,002	363	1,531	1,521	1,518
CLG Local Government	283	326	332	284	296	281	313	307
Home Office	2,311	2,288	2,213	2,399	2,352	2,501	2,795	2,359
Justice	6,908	6,931	7,561	7,896	8,416	8,684	8,897	8,802
Law Officers' Departments	571	638	680	690	728	724	724	694
Defence	25,077	26,294	26,913	26,919	28,577	30,701	30,327	28,066
Foreign and Commonwealth Office	1,449	1,651	1,770	1,755	1,804	1,940	1,926	1,500
International Development	3,416	3,620	4,085	4,231	4,466	4,813	5,420	6,206
Energy and Climate Change	642	929	704	1,024	642	1,010	1,094	1,124
Business, Enterprise and Regulatory Reform	829	851	974	953	1,395	1,364	1,301	868
Environment, Food and Rural Affairs	2,139	2,393	2,403	2,680	2,471	2,409	2,452	2,419
Culture, Media and Sport	1,156	1,233	1,314	1,418	1,448	1,530	1,529	1,575
Work and Pensions	7,033	7,219	7,137	6,961	7,177	7,311	8,193	9,097
Scotland	11,917	12,179	13,163	14,461	15,483	15,716	16,212	16,416
Wales	5,987	6,504	6,904	7,288	7,708	8,380	8,599	8,860
Northern Ireland Executive	5,882	6,250	6,598	7,032	7,387	7,888	8,134	8,377
Northern Ireland Office	1,003	1,106	1,129	1,186	1,291	1,283	1,088	1,045
Chancellor's Departments	4,133	4,362	4,614	4,754	4,531	4,599	4,430	4,287
Cabinet Office	1,095	1,251	1,412	1,566	1,646	1,795	1,947	2,084
Independent Bodies	650	708	792	705	709	778	856	898
Total within resource DEL⁽¹⁾	166,808	176,770	189,578	198,612	212,223	222,927	234,899	238,403

Table 6.2 Central government own resource expenditure in budgets by departmental group, 2003–04 to 2010–11 (continued)

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn			
Within resource departmental AME								
Children, Schools and Families	6,575	6,344	8,037	8,599	10,704	10,914	10,346	10,969
Health	6,294	6,451	9,409	10,450	10,723	13,934	13,534	14,139
Transport	2,326	2,741	3,076	3,315	3,514	3,878	4,265	4,493
Innovation, Universities and Skills	123	130	152	154	178	274	223	217
CLG Communities	256	162	311	137	106	–79	306	–376
CLG Local Government	–	–	–	–	–	1	–	–
Home Office	40	1	4	0	1	4	–2	–
Justice	58	62	57	84	265	725	121	141
Defence	4,788	4,467	5,187	4,931	6,693	6,864	6,848	6,768
Foreign and Commonwealth Office	40	3	–22	27	–4	–7	20	20
International Development	77	77	68	378	18	236	66	61
Energy and Climate Change	956	–831	5,315	5,557	5,979	4,589	211	106
Business, Enterprise and Regulatory Reform	380	279	493	515	516	831	840	751
Environment, Food and Rural Affairs	73	72	126	–5	–28	–52	5	–9
Culture, Media and Sport	3,664	3,162	3,468	3,620	3,836	3,864	3,906	4,045
Work and Pensions	90,084	94,333	97,911	100,711	107,920	114,605	123,857	127,764
Scotland	1,449	1,737	2,211	2,042	2,730	3,121	3,006	3,209
Wales	342	233	278	304	312	520	483	527
Northern Ireland Executive	5,272	5,777	6,338	10,018	7,472	8,142	8,581	9,303
Northern Ireland Office	–	208	212	214	236	264	276	289
Chancellor's Departments	19,899	21,741	23,017	24,787	26,403	81,068	34,109	33,572
Cabinet Office	5,015	5,378	5,725	6,043	7,625	7,221	7,148	7,486
Independent Bodies	2	5	1	18	24	24	3	23
Total within resource departmental AME	147,713	152,531	171,376	181,899	195,224	260,940	218,152	223,498
Within resource other AME								
Locally financed expenditure in Northern Ireland	384	417	462	452	520	534	554	463
Net expenditure transfers to the EC	3,448	4,907	4,435	4,652	5,392	3,060	5,649	7,875
Central government debt interest	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906
Remove items classified as capital in National Accounts	–	–	–3	–	–	0	–	–
Add items classified as current in National Accounts	5,221	5,409	6,007	6,506	5,095	5,749	6,829	6,934
Accounting and other adjustments	–28,564	–26,379	–40,577	–45,668	–53,187	–106,024	–45,508	–41,800
Total CG own current expenditure	317,290	337,588	357,084	374,032	395,227	417,651	447,800	478,300

(1) Plans exclude the near-cash DEL Reserve and unallocated amounts for the Modernisation Funding. Amounts for these items can be found in Table 1.7.

Table 6.3 Central government own capital expenditure by departmental group, 2003–04 to 2010–11

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn			
Within capital DEL								
Children, Schools and Families	240	341	353	480	520	731	605	516
Health	2,554	2,568	2,123	3,013	3,656	4,342	5,453	4,702
Transport	2,757	2,831	2,798	4,317	4,294	5,326	6,025	5,421
Innovation, Universities and Skills	1,329	1,459	2,045	1,891	2,059	2,123	2,647	1,818
CLG Communities	2,972	2,870	2,929	3,067	3,279	4,520	5,881	4,069
CLG Local Government	1	0	1	2	0	0	1	1
Home Office	292	227	226	414	410	608	510	479
Justice	329	553	507	534	753	973	777	745
Law Officers' Departments	11	11	-23	11	11	12	13	13
Defence	6,006	6,774	6,443	7,074	7,955	8,643	9,114	8,846
Foreign and Commonwealth Office	50	78	93	124	190	169	177	166
International Development	285	285	430	764	738	891	1,366	1,556
Energy and Climate Change	149	212	1,258	1,462	1,486	1,688	2,028	1,834
Business, Enterprise and Regulatory Reform	-83	-350	-463	-538	-575	-430	-174	-171
Environment, Food and Rural Affairs	239	193	494	425	474	409	411	453
Culture, Media and Sport	186	112	139	289	551	833	379	540
Work and Pensions	258	282	351	212	97	55	75	65
Scotland	1,054	1,359	1,348	2,035	2,314	2,195	2,441	2,043
Wales	466	490	538	631	740	820	928	946
Northern Ireland Executive	664	711	772	779	966	1,041	1,065	866
Northern Ireland Office	50	71	59	72	9	78	77	72
Chancellor's Departments	233	373	373	307	259	293	1,040	256
Cabinet Office	537	176	238	244	317	416	390	354
Independent Bodies	33	102	43	56	62	42	64	67
Total within capital DEL⁽¹⁾	20,612	21,731	23,073	27,665	30,565	35,777	41,294	35,656
Within capital departmental AME								
Health	-	229	649	89	37	14	-	-
Innovation, Universities and Skills	1,910	1,883	2,067	2,821	4,034	4,231	4,814	5,085
Defence	-	-	-	-	-709	-	57	-
Energy and Climate Change	-391	-328	-440	-569	-419	-419	-409	-65
Business, Enterprise and Regulatory Reform	-751	-534	-398	-597	-556	-841	-159	-97
Environment, Food and Rural Affairs	1	1	0	0	0	0	1	1
Culture, Media and Sport	1,103	1,031	1,005	915	515	424	821	695
Work and Pensions	90	80	101	185	140	142	206	227
Scotland	191	170	150	147	149	187	133	135
Wales	136	135	121	128	165	177	164	174
Northern Ireland Executive	149	252	249	339	256	413	433	393
Chancellor's Departments	0	0	444	255	212	28,720	894	576
Independent Bodies	-	-	-	2	-	-	-	-
Total within capital departmental AME	2,438	2,920	3,948	3,714	3,825	33,048	6,954	7,123
Within capital other AME								
Add items classified as capital in National Accounts	-	-	3	-	-	0	-	-
Remove items classified as current in National Accounts	-5,221	-5,409	-6,007	-6,506	-5,095	-5,749	-6,829	-6,934
Accounting and other adjustments	-3,196	-1,268	-16,695	-1,464	-4,325	-13,599	-7,300	-5,900
Total CG own capital expenditure	14,633	17,974	4,322	23,408	24,971	49,477	34,100	29,900

(1) Plans exclude the capital DEL Reserve. Amounts can be found in Table 1.10.

Table 6.4 Central government own expenditure on services by sub-function, 2003–04 to 2010–11

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn			
1. General public services								
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	7,864	8,670	9,062	9,389	9,270	9,648	9,368	8,650
1.2 Foreign economic aid	3,493	3,607	4,110	4,215	4,596	4,886	5,702	6,436
1.3 General services	470	489	594	599	634	735	724	784
1.4 Basic research	73	119	127	122	54	90	101	96
1.5 R&D general public services	30	28	30	30	21	22	24	24
1.6 General public services n.e.c.	212	290	266	200	225	305	460	403
1.7 Public sector debt transactions ⁽¹⁾	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906
<i>of which: central government debt interest</i>	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906
Total general public services	34,422	37,136	39,997	42,135	44,759	46,151	43,585	59,299
2. Defence								
2.1 Military defence	24,696	24,909	26,401	27,455	27,610	30,736	31,170	32,323
2.2 Civil defence	86	35	23	32	26	16	6	7
2.3 Foreign military aid ⁽²⁾	1,281	903	1,155	1,689	2,704	3,599	3,961	-
2.4 R&D defence	424	512	505	528	548	513	524	534
2.5 Defence n.e.c.	2,234	3,256	2,710	2,284	2,543	2,124	2,049	2,405
Total defence	28,721	29,615	30,794	31,988	33,430	36,989	37,710	35,269
3. Public order and safety								
3.1 Police services	3,369	3,737	3,726	3,976	4,052	4,442	4,583	4,110
<i>of which: immigration and citizenship</i>	1,695	1,848	1,649	1,714	1,767	1,898	1,868	1,634
<i>of which: other police services</i>	1,673	1,889	2,076	2,262	2,284	2,544	2,714	2,476
3.2 Fire-protection services	144	129	121	145	219	319	280	251
3.3 Law courts	5,624	6,229	6,045	6,198	6,462	6,743	6,362	6,474
3.4 Prisons	2,898	3,156	3,577	3,812	4,240	4,520	4,565	4,580
3.5 R&D public order and safety	30	48	23	14	26	27	27	29
3.6 Public order and safety n.e.c.	420	400	421	489	485	479	476	409
Total public order and safety	12,484	13,699	13,912	14,634	15,483	16,528	16,293	15,852
4. Economic affairs								
4.1 General economic, commercial and labour affairs	5,503	5,333	5,679	5,775	5,817	4,800	7,016	7,494
4.2 Agriculture, forestry, fishing and hunting	5,208	5,369	5,519	5,080	4,917	5,404	5,422	4,864
<i>of which: market support under CAP</i>	3,756	3,978	3,950	3,526	3,271	3,752	3,809	3,463
<i>of which: other agriculture, food and fisheries policy</i>	1,329	1,270	1,418	1,367	1,490	1,479	1,450	1,233
<i>of which: forestry</i>	123	122	152	187	156	173	163	168
4.3 Fuel and energy	1,085	1,251	1,399	1,182	951	665	693	560
4.4 Mining, manufacturing and construction	20	15	16	24	26	10	316	16
4.5 Transport	7,581	7,020	7,175	10,011	10,186	10,698	11,211	10,520
<i>of which: national roads</i>	2,246	2,330	2,688	3,286	3,201	3,516	4,132	3,807
<i>of which: local roads</i>	221	242	254	239	295	374	366	448
<i>of which: local public transport</i>	1,332	474	508	759	843	783	790	803
<i>of which: railway</i>	3,291	3,445	3,144	5,106	5,181	5,395	5,204	4,743
<i>of which: other transport</i>	490	530	581	621	665	630	719	718
4.6 Communication	369	428	256	232	605	448	315	289
4.7 Other industries	114	121	125	116	119	109	110	102
4.8 R&D economic affairs	2,302	2,454	2,925	2,775	3,207	3,237	3,260	3,271
4.9 Economic affairs n.e.c.	881	883	762	816	779	791	633	659
Total economic affairs	23,062	22,875	23,856	26,012	26,607	26,162	28,975	27,774

Table 6.4 Central government own expenditure on services by sub-function, 2003–04 to 2010–11 (continued)

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
5. Environment protection								
5.1 Waste management	384	508	1,224	1,592	1,383	1,630	1,812	1,894
5.2 Waste water management	10	32	43	44	4	19	21	10
5.3 Pollution abatement	244	230	227	176	154	316	315	337
5.4 Protection of biodiversity and landscape	321	347	342	484	427	453	436	398
5.5 R&D environment protection	307	304	332	342	370	410	355	396
5.6 Environment protection n.e.c.	838	1,063	1,382	1,542	1,539	1,621	1,701	1,760
Total environment protection	2,103	2,484	3,550	4,180	3,877	4,449	4,640	4,794
6. Housing and community amenities								
6.1 Housing development	2,908	2,552	2,721	3,191	3,323	3,503	5,118	3,316
<i>of which: local authority housing</i>	457	290	490	408	399	186	550	-133
<i>of which: other social housing</i>	2,451	2,262	2,231	2,783	2,925	3,317	4,569	3,449
6.2 Community development	374	583	703	428	583	720	908	617
6.3 Water supply	281	319	340	308	367	521	422	153
6.4 Street lighting	15	17	19	15	19	22	19	20
6.5 R&D housing and community amenities	11	15	14	9	8	7	6	6
6.6 Housing and community amenities n.e.c.	87	93	99	116	146	125	162	199
Total housing and community amenities	3,677	3,579	3,896	4,066	4,446	4,899	6,634	4,309
7. Health⁽³⁾								
Medical services	72,492	80,451	87,305	91,918	99,298	107,472	115,988	119,555
Health research	471	475	482	609	582	836	847	893
Central and other health services	1,464	1,635	1,454	1,665	1,855	1,922	1,905	1,921
Total health	74,427	82,561	89,240	94,192	101,735	110,230	118,740	122,369
8. Recreation, culture and religion								
8.1 Recreational and sporting services	441	389	376	661	1,014	1,726	2,015	1,953
8.2 Cultural services	1,839	1,765	1,963	1,957	2,028	1,944	2,026	2,056
8.3 Broadcasting and publishing services	3,081	3,263	3,426	3,554	3,662	3,654	3,768	3,949
8.4 Religious and other community services	9	10	10	14	15	17	15	15
8.5 R&D recreation, culture and religion	2	1	81	109	130	149	132	136
8.6 Recreation, culture and religion n.e.c.	61	73	85	109	109	113	113	122
Total recreation, culture and religion	5,433	5,501	5,941	6,404	6,958	7,602	8,069	8,232
9. Education								
9.1 Pre-primary and primary education	1,191	1,087	1,079	657	730	727	787	861
<i>of which: under fives</i>	436	551	517	88	144	117	132	162
<i>of which: primary education</i>	756	536	562	569	586	611	655	700
9.2 Secondary education	1,025	1,291	1,571	1,835	2,131	1,999	2,152	2,075
9.3 Post-secondary non-tertiary education ⁽⁴⁾	6,672	6,891	7,266	7,922	8,174	8,386	8,619	8,114
9.4 Tertiary education	8,261	8,831	9,782	10,308	11,675	12,342	12,880	12,986
9.5 Education not definable by level	2,029	2,183	2,194	2,110	2,369	2,842	3,164	3,583
9.6 Subsidiary services to education	609	706	743	748	850	1,357	2,228	2,392
9.7 R&D education	39	42	33	37	31	19	22	16
9.8 Education n.e.c.	1,719	1,951	1,980	2,284	2,407	2,851	2,283	2,091
Total education	21,545	22,983	24,649	25,902	28,367	30,523	32,135	32,119

Table 6.4 Central government own expenditure on services by sub-function, 2003–04 to 2010–11 (continued)

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
10. Social protection								
<i>of which: personal social services</i>	3,376	3,723	3,646	4,412	4,810	5,091	5,142	5,611
10.1 Sickness and disability	24,242	25,316	26,108	26,962	28,191	31,160	34,019	35,679
<i>of which: personal social services</i>	776	943	928	1,018	1,189	1,215	1,215	1,243
<i>of which: incapacity, disability and injury benefits</i>	23,466	24,373	25,180	25,943	27,003	29,944	32,804	34,436
10.2 Old age	55,706	59,184	61,917	64,427	69,799	77,130	83,204	84,941
<i>of which: personal social services</i>	14	13	15	16	15	19	19	19
<i>of which: pensions</i>	55,692	59,171	61,902	64,411	69,784	77,111	83,185	84,922
10.3 Survivors	1,840	1,852	1,846	1,811	1,808	1,807	1,830	1,807
10.4 Family and children	21,632	21,476	21,448	21,478	22,501	21,637	21,732	21,204
<i>of which: personal social services</i>	278	307	528	631	754	788	919	1,199
<i>of which: family benefits, income support and tax credits</i>	21,354	21,169	20,920	20,847	21,747	20,849	20,812	20,004
10.5 Unemployment	3,994	3,691	3,498	4,222	3,944	4,892	8,098	9,917
<i>of which: personal social services</i>	1,094	1,197	859	1,472	1,456	1,499	1,393	1,456
<i>of which: other unemployment benefits</i>	2,900	2,494	2,640	2,749	2,488	3,393	6,705	8,461
10.6 Housing	528	361	341	439	450	540	745	750
10.7 Social exclusion n.e.c.	11,072	13,001	14,459	15,635	16,979	20,341	22,557	23,190
<i>of which: personal social services</i>	1,215	1,263	1,316	1,275	1,396	1,569	1,596	1,694
<i>of which: family benefits, income support and tax credits⁽⁵⁾</i>	9,857	11,737	13,143	14,360	15,583	18,772	20,961	21,495
10.8 R&D social protection	0	2	1	0	0	0	0	0
10.9 Social protection n.e.c.	3,714	3,659	3,540	2,392	1,909	1,805	1,898	1,536
Total social protection	122,728	128,541	133,158	137,364	145,583	159,312	174,083	179,022
EU transactions⁽⁶⁾								
GNI-based contribution (net of abatement and collection costs)	2,957	4,361	3,856	4,071	4,785	2,378	4,938	7,206
<i>derived as:</i>								
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	11,371	12,183	11,780	12,245	13,746	13,155	14,202	15,279
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-4,539	-4,100	-4,283	-4,614	-5,001	-5,183	-4,173	-4,815
<i>UK abatement</i>	-3,874	-3,722	-3,641	-3,560	-3,960	-5,595	-5,090	-3,257
<i>EC receipts</i>	-4,237	-4,555	-3,750	-5,164	-5,585	-4,524	-5,045	-5,669
<i>Attributed aid and Common Foreign and Security Policy</i>	-799	-697	-704	-709	-705	-781	-899	-899
Total EU transactions	-2,079	-892	-598	-1,802	-1,505	-2,927	-1,006	637
Total central government own expenditure on services	326,523	348,083	368,396	385,074	409,740	439,919	469,859	489,677
Accounting adjustments	5,400	7,479	-6,990	12,366	10,458	27,209	12,000	18,500
Total central government own expenditure	331,923	355,562	361,406	397,440	420,198	467,128	481,800	508,200

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

(2) Spending for 2010–11 on foreign military aid has yet to be allocated at a sectoral level.

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

(4) Post-secondary non-tertiary includes Further Education.

(5) Social exclusion n.e.c. includes Child and Working Tax Credits.

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

Table 6.5 Central government own expenditure on services by economic category, 2003–04 to 2010–11

	£ million								
	National Statistics								
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	
Central government current expenditure on services									
Pay	64,502	71,146	76,607	78,863	81,222	85,158	85,665	88,857	
Net current procurement ⁽¹⁾	73,547	77,692	82,348	87,722	92,885	100,762	111,023	109,288	
Subsidies ⁽²⁾	7,279	6,593	6,715	6,670	6,916	6,234	7,082	5,849	
Social benefits and other grants to the private sector	140,621	147,435	153,767	159,330	169,889	183,845	200,611	207,010	
Current grants abroad	1,943	3,403	3,755	2,587	3,284	2,339	3,931	6,523	
Central government debt interest	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906	
Total central government own current expenditure on services⁽³⁾	310,171	330,201	348,999	362,752	384,155	408,803	435,519	460,432	
Accounting adjustments	7,119	7,387	8,085	11,280	11,072	8,848	12,300	17,800	
Total central government own current expenditure	317,290	337,588	357,084	374,032	395,227	417,651	447,800	478,300	
Central government capital expenditure on services									
Net capital procurement ⁽⁴⁾	7,560	8,908	8,787	10,060	13,038	16,622	17,568	15,556	
Stock building	162	378	484	55	149	181	174	-21	
Capital grants	8,629	8,596	10,126	12,208	12,398	14,312	16,598	13,709	
Total central government own capital expenditure on services⁽³⁾	16,352	17,882	19,397	22,322	25,585	31,116	34,340	29,245	
Accounting adjustments	-1,719	92	-15,075	1,086	-614	18,361	-300	700	
Total central government own capital expenditure	14,633	17,974	4,322	23,408	24,971	49,477	34,100	29,900	
Total central government own expenditure on services	326,523	348,083	368,396	385,074	409,740	439,919	469,859	489,677	
Accounting adjustments	5,400	7,479	-6,990	12,366	10,458	27,209	12,000	18,500	
Total central government own expenditure	331,923	355,562	361,406	397,440	420,198	467,128	481,800	508,200	

(1) Net of income from sales of goods and services

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

(3) Excludes the DEL Reserve and Modernisation Funding for plans years. Amounts for these items can be found in Table 1.12.

(4) Net of income from sales of capital assets and before depreciation.

Table 6.6 Central government own current and capital expenditure on services by function, 2003–04 to 2010–11

	£ million								
	National Statistics								
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	
Central government own current expenditure on services									
1. General public services	33,709	36,191	39,211	41,343	43,945	45,287	42,360	57,966	
<i>of which: public and common services</i>	6,487	6,905	7,539	7,839	7,682	8,055	8,017	7,716	
<i>of which: international services</i>	4,941	5,353	5,865	5,925	6,303	6,766	7,138	7,345	
<i>of which: central government debt interest</i>	22,280	23,933	25,807	27,579	29,960	30,466	27,206	42,906	
2. Defence	27,351	28,076	29,792	31,191	30,990	33,538	35,037	33,063	
3. Public order and safety	11,724	12,715	13,011	13,461	14,115	14,608	14,843	14,382	
4. Economic affairs	17,838	17,718	18,239	18,711	19,163	17,839	19,834	20,154	
<i>of which: enterprise and economic development</i>	3,745	3,860	3,857	3,781	3,970	2,518	3,411	3,022	
<i>of which: science and technology</i>	1,797	1,940	2,242	2,146	2,409	2,629	2,647	2,761	
<i>of which: employment policies</i>	2,883	3,027	2,987	3,156	3,211	3,118	4,102	5,206	
<i>of which: agriculture, fisheries and forestry</i>	4,993	5,180	5,292	4,824	4,701	5,123	5,207	4,843	
<i>of which: transport</i>	4,420	3,710	3,861	4,804	4,872	4,452	4,466	4,322	
5. Environment protection	1,659	1,967	1,759	2,314	2,062	2,374	2,494	2,569	
6. Housing and community amenities	1,647	1,031	1,077	1,034	1,080	693	1,215	384	
7. Health	71,174	78,906	86,169	90,392	97,205	104,763	112,021	116,519	
8. Recreation, culture and religion	4,653	4,928	5,347	5,646	5,884	5,945	6,067	6,281	
9. Education	20,091	21,295	22,487	23,634	26,065	27,854	29,231	30,171	
10. Social protection	122,404	128,265	132,505	136,828	145,151	158,831	173,423	178,305	
EU transactions	-2,079	-892	-598	-1,802	-1,505	-2,927	-1,006	637	
Total central government own current expenditure on services	310,171	330,201	348,999	362,752	384,155	408,803	435,519	460,432	
Accounting adjustments	7,119	7,387	8,085	11,280	11,072	8,848	12,300	17,800	
Total central government own current expenditure	317,290	337,588	357,084	374,032	395,227	417,651	447,800	478,300	
Central government own capital expenditure on services									
1. General public services	713	945	786	792	814	864	1,224	1,333	
<i>of which: public and common services</i>	563	772	605	569	448	538	532	486	
<i>of which: international services</i>	150	173	181	223	366	326	693	846	
2. Defence	1,370	1,539	1,002	797	2,440	3,451	2,673	2,206	
3. Public order and safety	760	984	901	1,173	1,368	1,920	1,450	1,470	
4. Economic affairs	5,224	5,157	5,617	7,302	7,444	8,324	9,141	7,620	
<i>of which: enterprise and economic development</i>	1,037	998	1,049	1,017	1,032	1,111	1,503	843	
<i>of which: science and technology</i>	505	514	683	630	798	608	613	509	
<i>of which: employment policies</i>	306	147	343	191	85	77	65	49	
<i>of which: agriculture, fisheries and forestry</i>	215	189	227	256	216	281	214	21	
<i>of which: transport</i>	3,161	3,310	3,314	5,207	5,313	6,247	6,745	6,198	
5. Environment protection	444	517	1,792	1,866	1,815	2,076	2,147	2,225	
6. Housing and community amenities	2,029	2,548	2,819	3,032	3,366	4,206	5,420	3,925	
7. Health	3,253	3,655	3,071	3,800	4,530	5,468	6,719	5,850	
8. Recreation, culture and religion	780	573	595	758	1,073	1,657	2,002	1,951	
9. Education	1,454	1,688	2,162	2,267	2,302	2,670	2,903	1,947	
10. Social protection	324	275	653	535	432	482	661	717	
Total central government own capital expenditure on services	16,352	17,882	19,397	22,322	25,585	31,116	34,340	29,245	
Accounting adjustments	-1,719	92	-15,075	1,086	-614	18,361	-300	700	
Total central government own capital expenditure	14,633	17,974	4,322	23,408	24,971	49,477	34,100	29,900	

7

Local government financing and expenditure

7.1 This chapter describes central government support for local government (**Tables 7.1 to 7.3**) and local government expenditure (**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. Data for outturn years up to 2007-08 are covered by National Statistics protocols.

7.2 Central government support data for all years up to 2007-08 are final outturn figures; 2008-09 data are estimated outturn; and data for 2009-10 and 2010-11 are latest plans.

7.3 Local government spending data for all years up to 2007-08 are final outturn, except for some provisional Northern Ireland district council expenditure. Data for 2008-09 are based on budget plans for current expenditure, and on estimated outturn for capital expenditure.

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

What's new

7.5 The local government financing tables (**Tables 7.1 to 7.3**) have been simplified to make them more user-friendly. The main changes are:

- the current financing table (**Table 7.2**) now shows support by both department and grant type, replacing two tables that previously reported this information separately. The division between support inside Aggregate External Finance (AEF) and outside AEF has been removed; and
- the presentation of the capital financing table (**Table 7.3**) has been revised so that it shows a breakdown by department rather than by local authority service area.

7.6 Scottish current expenditure has been revised to align with the National Accounts treatment. Spending is now shown gross of certain central government grants that were previously netted off. This increase is largely offset by removing certain financial transactions (which are not included in TME) and revenue contributions to capital (which is funding for capital expenditure, not current spending).

7.7 Capital grants for housing in England and Scotland are now included as local government spending rather than as part of the Housing Revenue Account (a public corporation in National Accounts). This increases local government spending on the housing function in **Table 7.6**.

The financing of local government expenditure

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

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

7.10 Funding provided to local government by the EU is channelled through departmental budgets but is not treated as central government support in PESA. 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 (which are required to reconcile the departmental budgeting data to an aggregate drawn from the National Accounts).

Support for local government current spending

7.11 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;
- other specific and special grants such as the Dedicated Schools Grant (DSG) and police grant, which fund part of the current expenditure on a specific service or activity; and
- Area Based Grant – a pooled current grant that is paid to local government by Communities and Local Government (CLG), acting as agent for other contributing departments.

Support for local government capital programmes

7.12 Central government support for local government capital expenditure comprises capital grants and supported capital expenditure (revenue), equivalent to supported borrowing in Scotland. Supported capital expenditure (revenue) and supported borrowing enable local authorities to borrow or use other forms of credit to finance capital expenditure, with central government providing a revenue stream to support repayment of principal and interest. This is distinct from prudential borrowing where local authorities finance any additional borrowing from their own available resources. **Table 7.3** 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.

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 PESA 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 PESA 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 (CLG) and devolved administrations. These departments carry out quality assurance on the data received, produce aggregate results for publication, and supply this information to the Treasury.

7.20 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 PESA. In general the read-across from service categories to COFOG categories is relatively clear, but in some cases (for example due to a reduced level of information available in budget data) the read-across is less straightforward and assumptions are applied.

7.22 Budget data for 2008-09 was collected at the beginning of 2008-09 and reflects local government plans. These data can be subject to revisions as and when provisional and final outturn data become available, partly because some grants from central government departments are allocated after budget setting has taken place.

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

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

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

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

Table 7.1 Financing of local government in the United Kingdom by country, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Current finance in DEL								
England	58,985	62,449	66,658	70,102	73,904	76,588	79,604	82,703
Scotland	6,243	6,862	7,219	7,396	7,818	8,249	8,560	9,026
Wales	3,850	3,975	4,148	4,465	4,693	4,708	5,242	5,436
Northern Ireland	68	65	60	50	54	54	54	53
Total current finance in DEL	69,146	73,351	78,086	82,014	86,469	89,599	93,459	97,218
Capital support in DEL								
England	7,738	8,980	9,762	8,898	10,539	10,622	13,017	11,889
Scotland	593	768	829	961	980	942	1,065	931
Wales	533	522	685	687	735	844	815	823
Northern Ireland	6	7	6	9	10	3	14	181
Total capital support in DEL	8,870	10,276	11,282	10,555	12,263	12,411	14,911	13,823
Total central government support in DEL⁽¹⁾	78,015	83,627	89,368	92,569	98,732	102,010	108,370	111,041
Current finance in departmental AME								
England	11,922	14,591	15,485	17,546	18,249	19,642	22,147	23,856
Scotland	1,545	1,501	1,536	1,583	1,622	1,718	1,931	2,016
Wales	756	696	762	814	848	887	985	1,023
Northern Ireland	0	1	1	2	1	1	1	1
Total current finance in departmental AME	14,223	16,788	17,785	19,945	20,720	22,249	25,064	26,896
Capital support in departmental AME								
England	205	79	78	74	283	283	279	259
Scotland	0	0	0	0	7	7	6	6
Wales	25	16	10	7	3	4	3	3
Northern Ireland	0	1	1	1	1	1	1	1
Total capital support in departmental AME	230	96	90	83	293	294	289	269
Total central government support in departmental AME⁽²⁾	14,454	16,885	17,875	20,028	21,014	22,542	25,353	27,165
Locally financed expenditure								
Local authority self-financed expenditure	19,348	21,015	23,759	24,317	25,920	29,371	29,637	29,875
Locally financed support in Scotland ⁽³⁾	1,804	1,896	1,897	1,884	1,860	1,971	2,127	2,014
Total locally financed expenditure	21,153	22,911	25,656	26,200	27,780	31,342	31,764	31,889
Total financing of local government expenditure	113,622	123,423	132,898	138,798	147,525	155,895	165,487	170,096
Accounting and other adjustments	5,951	8,777	7,853	7,429	7,692	8,294	15,100	15,100
Total local government expenditure	119,573	132,200	140,751	146,227	155,217	164,189	180,600	185,200

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

(2) Includes lottery grants.

(3) 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 7.2 Central government current grants to local government in the United Kingdom by department group, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
England								
Children, Schools and Families								
Dedicated Schools Grant	–	–	–	26,576	28,049	28,947	30,486	31,893
Standards fund	1,615	1,594	2,033	2,955	2,803	2,861	2,368	2,213
Schools standard grant	847	928	923	1,217	1,530	1,545	1,629	1,666
Sure start	254	290	488	817	927	1,258	1,364	1,540
Area Based Grants	–	–	–	–	–	1,176	1,302	1,166
Other	1,465	1,256	1,337	332	426	131	128	413
Total Children, Schools and Families	4,180	4,068	4,781	31,898	33,734	35,918	37,277	38,891
Health								
Health	391	278	261	194	186	133	194	194
Social care	1,425	1,871	1,880	1,578	1,609	131	260	329
Area Based Grants	–	–	–	–	–	943	968	979
Total Health	1,816	2,148	2,141	1,772	1,795	1,207	1,422	1,501
Transport								
GLA transport	1,682	2,260	2,180	2,390	2,521	2,474	2,555	2,872
Strategic rail authority	290	214	250	234	219	190	172	175
Area Based Grants	–	–	–	–	–	45	118	188
Other	130	195	146	224	361	562	528	428
Total Transport	2,103	2,670	2,577	2,848	3,100	3,271	3,373	3,663
Innovation, Universities and Skills								
LSC grants	1,525	1,655	2,111	1,944	2,039	2,118	2,096	2,101
Other	67	11	11	3	5	7	–	–
Total Innovation, Universities and Skills	1,592	1,666	2,122	1,947	2,043	2,125	2,096	2,101
CLG Communities								
Supporting people	1,858	1,856	1,755	1,726	1,735	1,686	1,666	–
New deal for communities	127	157	160	144	131	102	87	43
Local area agreements	–	–	4	456	1,707	–	–	–
Area Based Grants	–	–	–	–	–	645	674	2,240
Other	135	236	243	442	425	510	776	832
Total CLG Communities	2,120	2,249	2,163	2,768	3,997	2,943	3,203	3,115
CLG Local Government								
Revenue Support Grant	24,264	27,006	26,726	3,443	3,163	2,909	4,547	} 25,127
Non-domestic rate payments	15,911	15,461	18,409	18,207	18,953	21,058	19,963	
Neighbourhood renewal fund	400	450	525	525	–	–	–	–
PFI special grant	298	427	416	513	594	678	853	1,069
LA business growth incentive scheme	–	–	116	329	389	102	50	50
Other	62	105	245	274	197	277	332	207
Total CLG Local Government	40,935	43,450	46,436	23,292	23,296	25,024	25,745	26,453
Home Office								
Police	4,898	5,140	5,549	5,749	5,991	6,100	6,157	6,643
Area Based Grants	–	–	–	–	–	61	77	77
Other	403	255	215	147	140	140	145	407
Total Home Office	5,301	5,395	5,764	5,896	6,131	6,300	6,378	7,127
Business, Enterprise and Regulatory Reform								
RDA development fund	346	380	385	380	346	260	396	389
Other	0	4	2	3	2	2	2	2
Total Business, Enterprise and Regulatory Reform	346	384	387	383	348	262	398	391
Environment, Food and Rural Affairs								
Environment Agency	–100	–34	–34	–58	–27	–30	–30	–35
Area Based Grants	–	–	–	–	–	3	3	6
Other	88	37	86	93	51	59	63	82
Total Environment, Food and Rural Affairs	–13	2	51	35	24	32	36	52

Table 7.2 Central government current grants to local government in the United Kingdom by department group, 2003–04 to 2010–11 (continued)

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Work and Pensions								
Rent rebates	3,065	4,184	4,234	4,399	4,439	4,419	4,765	5,142
Rent allowances	5,967	6,907	7,525	8,308	9,021	10,357	12,192	13,017
Council tax benefits	2,519	2,946	3,123	3,278	3,370	3,556	3,942	4,210
Area Based Grants	–	–	–	–	–	30	48	49
Other	559	512	666	630	649	607	662	633
Total Work and Pensions	12,110	14,549	15,549	16,615	17,480	18,969	21,608	23,052
Other government departments	416	459	171	195	205	178	214	212
Total England	70,907	77,040	82,143	87,649	92,153	96,230	101,751	106,559
Scotland								
Work and Pensions								
Rent allowances	560	618	641	670	707	784	631	651
Rent rebates	678	535	541	554	556	572	915	969
Council tax benefits	307	347	354	358	356	350	373	386
Other	88	129	65	81	80	–	–	–
Total Work and Pensions	1,634	1,629	1,601	1,663	1,699	1,706	1,919	2,005
Scottish Government⁽¹⁾								
Revenue Support Grant	5,038	5,267	5,586	5,778	6,170	7,426	7,693	8,295
Non-domestic rate income ⁽²⁾	1,804	1,896	1,897	1,884	1,860	1,971	2,127	2,014
Police	442	486	521	530	550	567	611	620
Other	674	980	1,047	1,009	1,019	265	265	119
Total Scottish Government	7,959	8,629	9,052	9,200	9,598	10,228	10,695	11,048
Other government departments	0	0	0	0	3	4	3	3
Total Scotland	9,593	10,259	10,653	10,863	11,300	11,938	12,617	13,056
Wales								
Home Office								
Police	219	218	230	218	268	307	495	507
Other	–	–	–	–	12	10	–	11
Total Home Office	219	218	230	218	280	317	495	518
Work and Pensions								
Rent allowances	244	280	302	317	356	423	266	216
Rent rebates	190	267	276	284	294	268	503	579
Council tax benefits	132	156	170	177	184	193	212	225
Other	49	28	31	37	43	–	–	–
Total Work and Pensions	615	732	779	815	876	884	981	1,020
Welsh Assembly Government⁽¹⁾								
Revenue Support Grant	2,461	2,539	2,699	2,899	3,011	3,127	3,236	3,363
Non-domestic rate payments	737	745	788	844	902	907	913	918
Other	552	435	413	503	468	357	598	637
Total Welsh Assembly Government	3,750	3,719	3,900	4,246	4,380	4,391	4,747	4,918
Other government departments	22	2	0	0	3	3	3	3
Total Wales	4,606	4,671	4,910	5,279	5,540	5,595	6,226	6,459
Northern Ireland								
Northern Ireland Executive⁽¹⁾								
Other	68	65	60	50	54	54	54	53
Other government departments	0	1	1	2	1	1	1	1
Total Northern Ireland	68	66	62	53	56	55	55	54
Total current finance	85,174	92,036	97,768	103,844	109,049	113,819	120,650	126,128

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

(2) 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 department group, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
England								
Credit approvals/SCE(R)⁽¹⁾								
Children, Schools and Families	999	1,207	1,375	1,031	1,050	1,054	954	554
Health	49	53	53	50	50	–	–	–
Transport	1,451	1,423	1,405	1,368	854	859	918	976
CLG Communities	1,213	1,376	1,734	1,181	1,295	1,230	1,207	839
CLG Local Government	132	–	–	–	–	–	–	–
Home Office	70	70	73	123	67	–	67	67
Justice	6	9	–	–	–	–	–	–
Environment, Food and Rural Affairs	40	44	22	–	–	–	–	–
Total credit approvals/SCE(R)	3,959	4,180	4,662	3,754	3,317	3,143	3,146	2,435
Capital grants/SCE(C)⁽¹⁾								
Children, Schools and Families	2,232	2,522	2,685	2,544	3,658	3,849	5,784	5,589
Health	82	87	68	131	108	221	120	121
Transport	93	283	160	291	1,077	1,073	1,348	1,295
CLG Communities	349	687	850	1,176	1,494	1,374	1,533	1,441
CLG Local Government	206	256	315	222	32	128	105	91
Home Office	308	286	312	55	246	246	205	266
Justice	25	38	1	2	0	2	–	–
Business, Enterprise and Regulatory Reform	507	551	547	578	567	440	518	473
Environment, Food and Rural Affairs	118	78	122	140	69	187	234	150
Culture, Media and Sport	79	89	118	69	248	241	304	285
Work and Pensions	–16	1	0	0	0	–	–	–
Cabinet Office	–	–	–	11	5	–	–	–
Total capital grants/SCE(C)	3,984	4,878	5,178	5,219	7,504	7,762	10,150	9,713
Total England	7,943	9,058	9,840	8,973	10,821	10,905	13,296	12,148
Scotland⁽²⁾								
Supported borrowing⁽³⁾								
Scottish Government	496	364	355	352	358	330	330	330
Total supported borrowing	496	364	355	352	358	330	330	330
Capital grants								
Culture, Media and Sport	0	0	0	0	7	7	6	6
Scottish Government	97	404	473	609	621	613	735	601
Total capital grants	97	404	474	609	628	619	741	607
Total Scotland	593	768	829	961	987	949	1,071	937
Wales⁽²⁾								
Credit approvals/SCE(R)⁽¹⁾								
Home Office	3	4	15	–	7	–	7	7
Justice	1	–	–	–	–	–	–	–
Welsh Assembly Government	264	167	163	163	163	163	167	167
Total credit approvals/SCE(R)	268	171	178	163	170	163	173	173
Capital grants/SCE(C)⁽¹⁾								
Home Office	7	–	–	–	7	7	14	15
Justice	3	–	–	–	–	–	–	–
Culture, Media and Sport	15	16	10	7	3	4	3	3
Welsh Assembly Government	265	351	507	523	558	673	627	636
Total capital grants/SCE(C)	289	367	517	530	568	684	645	653
Total Wales	558	538	695	694	738	847	818	827
Northern Ireland capital grants⁽²⁾								
Culture, Media and Sport	0	1	1	1	1	1	1	1
Northern Ireland Executive	6	7	6	9	10	3	14	181
Total Northern Ireland	6	8	7	10	11	4	15	182
Total United Kingdom	9,100	10,372	11,372	10,638	12,556	12,705	15,200	14,093
<i>of which:</i>								
Credit approvals/SCE(R)	4,723	4,715	5,196	4,269	3,845	3,636	3,649	2,938
Capital grants/SCE(C)	4,376	5,657	6,176	6,369	8,711	9,069	11,551	11,155

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

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

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

Table 7.4 Local government current and capital expenditure on services in the United Kingdom by function, 2003–04 to 2008–09⁽¹⁾

	£ million					
	National Statistics					
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
Local government current expenditure on services						
1. General public services	3,909	4,255	4,314	4,450	4,179	5,198
<i>of which: public and common services</i>	3,673	3,870	3,874	3,930	3,487	4,571
<i>of which: public sector debt interest⁽²⁾</i>	236	385	440	520	692	627
2. Defence	36	43	53	59	55	69
3. Public order and safety	13,023	13,777	14,379	14,886	15,222	16,337
4. Economic affairs	5,289	5,578	5,792	5,621	6,248	6,470
<i>of which: enterprise and economic development</i>	1,024	1,250	1,390	1,209	1,539	1,110
<i>of which: agriculture, fisheries and forestry</i>	9	9	10	11	13	15
<i>of which: transport</i>	4,255	4,319	4,392	4,402	4,696	5,345
5. Environment protection	3,833	4,142	4,527	4,772	5,132	5,533
6. Housing and community amenities	2,160	2,225	2,456	2,520	2,779	3,535
7. Health	423	312	298	231	228	168
8. Recreation, culture and religion	3,498	3,574	3,767	3,890	4,016	4,069
9. Education	36,133	38,330	40,774	42,637	45,104	46,383
10. Social protection	32,730	35,390	37,615	39,519	41,620	44,277
Total local government current expenditure on services	101,034	107,625	113,976	118,585	124,583	132,039
Accounting adjustments	6,459	10,965	13,066	14,066	15,180	14,334
Total local government current expenditure	107,493	118,590	127,042	132,651	139,763	146,373
Local government capital expenditure on services						
1. General public services	441	897	989	854	858	1,483
<i>of which: public and common services</i>	441	897	989	854	858	1,483
2. Defence	—	—	—	—	—	—
3. Public order and safety	624	709	701	629	677	1,052
4. Economic affairs	2,836	3,099	3,785	3,780	3,800	5,278
<i>of which: enterprise and economic development</i>	0	–11	128	–3	–114	207
<i>of which: employment policies</i>	0	0	0	0	1	1
<i>of which: agriculture, fisheries and forestry</i>	43	49	52	63	66	124
<i>of which: transport</i>	2,793	3,060	3,604	3,719	3,847	4,947
5. Environment protection	282	372	399	330	450	525
6. Housing and community amenities	1,173	1,614	1,624	1,840	2,519	2,713
7. Health	60	63	45	86	52	98
8. Recreation, culture and religion	697	867	1,075	1,053	1,208	1,688
9. Education	3,349	3,812	4,287	4,398	4,627	5,881
10. Social protection	155	200	323	266	342	319
Total local government capital expenditure on services	9,616	11,633	13,226	13,235	14,532	19,038
Accounting adjustments	2,464	1,977	483	341	922	–1,222
Total local government capital expenditure	12,080	13,610	13,709	13,576	15,454	17,816
Total local government expenditure	119,573	132,200	140,751	146,227	155,217	164,189

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The totals for local government current and capital expenditure reflect the forecasts in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

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

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
England						
1. General public services	2,963	3,354	3,075	3,336	2,824	3,882
<i>of which: public and common services</i>	2,963	3,354	3,075	3,336	2,824	3,882
2. Defence	30	37	46	51	48	60
3. Public order and safety	11,434	12,121	12,544	13,019	13,342	14,000
4. Economic affairs	4,503	4,740	4,906	4,729	5,312	5,486
<i>of which: enterprise and economic development</i>	831	1,039	1,158	967	1,285	831
<i>of which: agriculture, fisheries and forestry</i>	7	6	8	8	10	11
<i>of which: transport</i>	3,665	3,694	3,740	3,754	4,018	4,644
5. Environment protection	3,101	3,345	3,675	3,833	4,153	4,451
6. Housing and community amenities	1,842	1,947	2,138	2,299	2,398	2,463
7. Health	391	278	261	194	186	124
8. Recreation, culture and religion	2,633	2,642	2,799	2,921	3,017	3,055
9. Education	30,523	32,311	34,468	36,040	38,249	39,371
10. Social protection	27,732	30,046	31,969	33,871	35,444	37,775
Total England	85,152	90,819	95,882	100,293	104,974	110,666
Scotland						
1. General public services	328	344	564	389	439	394
<i>of which: public and common services</i>	328	344	564	389	439	394
2. Defence	3	4	4	5	4	4
3. Public order and safety	958	1,025	1,149	1,132	1,148	1,490
4. Economic affairs	520	541	598	588	618	663
<i>of which: enterprise and economic development</i>	111	110	141	142	150	175
<i>of which: agriculture, fisheries and forestry</i>	1	1	1	1	1	1
<i>of which: transport</i>	408	431	456	445	466	487
5. Environment protection	407	446	475	511	532	603
6. Housing and community amenities	142	86	104	2	131	204
7. Health	–	–	–	–	–	–
8. Recreation, culture and religion	487	522	540	556	562	584
9. Education	3,689	3,992	4,179	4,371	4,514	4,611
10. Social protection	3,348	3,579	3,764	3,635	4,049	4,312
Total Scotland	9,882	10,538	11,378	11,189	11,997	12,865
Wales						
1. General public services	382	172	235	206	224	294
<i>of which: public and common services</i>	382	172	235	206	224	294
2. Defence	2	2	3	3	3	4
3. Public order and safety	630	632	686	735	732	847
4. Economic affairs	256	284	277	290	302	303
<i>of which: enterprise and economic development</i>	72	89	79	86	88	86
<i>of which: agriculture, fisheries and forestry</i>	2	2	2	2	2	2
<i>of which: transport</i>	182	194	196	202	212	214
5. Environment protection	228	247	263	298	296	321
6. Housing and community amenities	103	114	127	139	148	792
7. Health	–	–	–	–	–	–
8. Recreation, culture and religion	219	243	249	263	274	269
9. Education	1,922	2,027	2,126	2,226	2,341	2,401
10. Social protection	1,650	1,764	1,882	2,014	2,126	2,190
Total Wales	5,393	5,486	5,847	6,175	6,447	7,422
Total Great Britain	100,427	106,843	113,107	117,657	123,418	130,953

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾ (continued)

	£ million					
	National Statistics					2008–09 estimated outturn
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	
Northern Ireland						
4. Economic affairs	10	13	11	14	16	18
<i>of which: enterprise and economic development</i>	<i>10</i>	<i>13</i>	<i>11</i>	<i>14</i>	<i>16</i>	<i>18</i>
5. Environment protection	97	104	114	129	150	159
6. Housing and community amenities	73	79	87	79	101	76
7. Health	32	34	37	37	42	44
8. Recreation, culture and religion	159	167	179	150	163	161
Total Northern Ireland	370	398	429	409	473	459
Debt interest ⁽²⁾	236	385	440	520	692	627
Total local government current expenditure on services	101,034	107,625	113,976	118,585	124,583	132,039
Accounting adjustments	6,459	10,965	13,066	14,066	15,180	14,334
Total local government current expenditure	107,493	118,590	127,042	132,651	139,763	146,373

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The total local government current expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

(2) Debt interest is not allocated to individual countries so is only included in the total UK figures. These figures exclude 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, 2003–04 to 2008–09⁽²⁾

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
England						
1. General public services	804	1,125	1,229	1,168	1,286	1,482
<i>of which: public and common services</i>	804	1,125	1,229	1,168	1,286	1,482
2. Defence	—	—	—	—	—	—
3. Public order and safety	580	639	701	652	717	972
4. Economic affairs	2,774	3,089	3,520	3,454	3,611	4,700
<i>of which: enterprise and economic development</i>	200	260	302	252	276	318
<i>of which: employment policies</i>	1	0	0	0	1	1
<i>of which: agriculture, fisheries and forestry</i>	72	66	93	96	85	98
<i>of which: transport</i>	2,502	2,762	3,124	3,106	3,250	4,283
5. Environment protection	235	302	301	284	346	399
6. Housing and community amenities	1,260	1,469	1,568	1,846	2,447	2,522
7. Health	58	62	43	84	42	91
8. Recreation, culture and religion	594	697	947	898	963	1,395
9. Education	3,271	3,694	4,034	4,077	4,319	5,380
10. Social protection	165	221	341	279	363	262
Total England	9,741	11,298	12,683	12,741	14,094	17,203
Scotland						
1. General public services	131	195	207	283	180	299
<i>of which: public and common services</i>	131	195	207	283	180	299
2. Defence	—	—	—	—	—	—
3. Public order and safety	72	69	67	67	69	82
4. Economic affairs	294	340	428	526	636	680
<i>of which: enterprise and economic development</i>	13	22	29	24	87	124
<i>of which: agriculture, fisheries and forestry</i>	20	24	21	30	42	51
<i>of which: transport</i>	261	294	378	472	507	504
5. Environment protection	24	48	59	40	75	95
6. Housing and community amenities	85	177	136	130	72	96
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	106	121	120	137	167	202
9. Education	198	214	330	415	465	528
10. Social protection	37	42	47	59	65	72
Total Scotland	948	1,206	1,393	1,658	1,729	2,054
Wales						
1. General public services	52	51	60	79	73	37
<i>of which: public and common services</i>	52	51	60	79	73	37
2. Defence	—	—	—	—	—	—
3. Public order and safety	39	43	41	37	43	72
4. Economic affairs	146	171	241	249	258	218
<i>of which: enterprise and economic development</i>	18	26	34	30	13	7
<i>of which: science and technology</i>	5	8	6	9	11	10
<i>of which: transport</i>	123	138	200	211	234	201
5. Environment protection	25	26	37	34	30	15
6. Housing and community amenities	173	189	191	182	213	183
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	71	80	76	104	151	91
9. Education	116	144	161	185	190	199
10. Social protection	14	17	20	19	19	28
Total Wales	636	721	827	889	975	844
Total Great Britain	11,325	13,225	14,904	15,287	16,799	20,101

Table 7.6 Local government gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽²⁾ (continued)

	£ million					
	National Statistics					2008–09 estimated outturn
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	
Northern Ireland						
4. Economic affairs	3	3	1	2	8	7
<i>of which: enterprise and economic development</i>	3	3	1	2	8	7
5. Environment protection	15	13	17	15	24	27
6. Housing and community amenities	15	15	21	27	35	32
7. Health	2	1	2	2	10	8
8. Recreation, culture and religion	22	32	43	56	75	75
Total Northern Ireland	57	64	84	102	151	148
Total United Kingdom	11,382	13,289	14,988	15,390	16,950	20,250
Memorandum						
United Kingdom gross capital expenditure, from above	11,382	13,289	14,988	15,390	16,950	20,250
United Kingdom capital receipts (see table 7.7)	-1,766	-1,656	-1,762	-2,154	-2,419	-1,212
Total local government capital expenditure on services	9,616	11,633	13,226	13,235	14,532	19,038
Accounting adjustments	2,464	1,977	483	341	922	-1,222
Total local government capital expenditure	12,080	13,610	13,709	13,576	15,454	17,816

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

(2) The functional breakdown for 2008-09 reflects budgets data, as set at the beginning of the year. The total local government capital expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
England						
1. General public services	480	369	413	430	462	231
<i>of which: public and common services</i>	480	369	413	430	462	231
2. Defence	—	—	—	—	—	—
3. Public order and safety	61	38	102	121	144	65
4. Economic affairs	350	452	376	412	673	307
<i>of which: enterprise and economic development</i>	214	307	228	283	467	233
<i>of which: employment policies</i>	0	—	—	—	0	0
<i>of which: agriculture, fisheries and forestry</i>	53	45	63	65	69	35
<i>of which: transport</i>	82	100	85	63	137	39
5. Environment protection	12	12	8	38	14	7
6. Housing and community amenities	324	196	235	294	211	105
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	55	41	85	97	120	60
9. Education	221	210	216	261	271	191
10. Social protection	58	75	84	85	100	41
Total England	1,561	1,394	1,519	1,737	1,995	1,007
Scotland						
1. General public services	53	92	85	179	168	81
<i>of which: public and common services</i>	53	92	85	179	168	81
2. Defence	—	—	—	—	—	—
3. Public order and safety	5	3	5	5	4	2
4. Economic affairs	27	41	13	22	29	14
<i>of which: enterprise and economic development</i>	16	7	4	16	23	11
<i>of which: agriculture, fisheries and forestry</i>	0	1	0	0	0	0
<i>of which: transport</i>	10	33	8	5	6	3
5. Environment protection	2	0	0	1	4	2
6. Housing and community amenities	9	6	8	3	1	0
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	4	7	4	3	13	6
9. Education	13	19	17	12	63	30
10. Social protection	2	4	1	2	3	2
Total Scotland	114	174	133	226	285	137
Wales						
1. General public services	12	11	10	68	50	24
<i>of which: public and common services</i>	12	11	10	68	50	24
2. Defence	—	—	—	—	—	—
3. Public order and safety	2	1	1	1	4	6
4. Economic affairs	3	9	16	17	10	5
<i>of which: enterprise and economic development</i>	1	5	5	11	7	3
<i>of which: agriculture, fisheries and forestry</i>	1	3	6	6	3	1
<i>of which: transport</i>	1	1	5	1	0	0
5. Environment protection	3	0	0	0	3	2
6. Housing and community amenities	26	30	43	39	34	12
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	28	6	6	9	8	0
9. Education	2	10	5	6	12	6
10. Social protection	1	1	0	4	2	1
Total Wales	76	69	80	144	123	55
Total Great Britain	1,752	1,637	1,732	2,108	2,404	1,199

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾ (continued)

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
Northern Ireland						
4. Economic affairs	1	2	0	0	1	1
<i>of which: enterprise and economic development</i>	1	2	0	0	1	1
5. Environment protection	2	5	6	4	4	1
6. Housing and community amenities	3	4	6	8	2	2
7. Health	0	0	0	0	0	0
8. Recreation, culture and religion	8	8	16	34	9	9
Total Northern Ireland	15	19	29	47	15	13
Total United Kingdom capital receipts	1,766	1,656	1,762	2,154	2,419	1,212

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The total local government capital expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2003–04 to 2008–09⁽¹⁾

	National Statistics					£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England						
Pay	48,857	52,679	55,399	58,120	59,125	61,180
Net current procurement	22,467	23,559	25,050	25,683	28,236	29,713
Subsidies	2,244	2,211	2,216	2,258	2,470	3,099
Social benefits and other grants to the private sector	11,584	12,370	13,217	14,231	15,143	16,675
Net capital procurement	7,302	8,806	9,944	9,468	10,040	14,076
Capital grants	879	1,098	1,220	1,535	2,059	2,121
Total England	93,332	100,723	107,046	111,296	117,073	126,863
Scotland						
Pay	5,425	5,906	6,470	6,645	6,820	7,254
Net current procurement	3,225	3,359	3,604	3,199	3,785	4,118
Subsidies	82	85	91	86	96	101
Social benefits and other grants to the private sector	1,150	1,189	1,214	1,259	1,296	1,392
Net capital procurement	758	902	1,197	1,362	1,401	1,873
Capital grants	76	130	63	69	43	45
Total Scotland	10,716	11,570	12,638	12,621	13,442	14,782
Wales						
Pay	3,107	3,195	3,119	3,148	3,578	3,818
Net current procurement	1,747	1,731	2,145	2,412	2,212	2,901
Subsidies	–	–	–	–	–	–
Social benefits and other grants to the private sector	540	559	583	615	656	703
Net capital procurement	435	521	636	629	738	690
Capital grants	124	131	111	116	114	98
Total Wales	5,953	6,137	6,594	6,920	7,299	8,210
Great Britain						
Pay	57,389	61,779	64,989	67,913	69,523	72,251
Net current procurement	27,439	28,649	30,798	31,294	34,233	36,732
Subsidies	2,326	2,297	2,307	2,344	2,567	3,199
Social benefits and other grants to the private sector	13,274	14,118	15,014	16,106	17,095	18,770
Net capital procurement	8,495	10,229	11,777	11,459	12,179	16,639
Capital grants	1,079	1,358	1,394	1,720	2,217	2,264
Total Great Britain	110,001	118,430	126,279	130,836	137,813	149,855
Northern Ireland						
Pay	187	198	221	242	256	286
Net current procurement	183	199	208	167	216	173
Net capital procurement	42	45	54	56	136	135
Capital grants	–	–	–	–	–	–
Total Northern Ireland	413	443	483	464	609	595
United Kingdom						
Pay	57,576	61,977	65,209	68,155	69,780	72,537
Net current procurement	27,622	28,848	31,006	31,460	34,449	36,906
Subsidies	2,326	2,297	2,307	2,344	2,567	3,199
Social benefits and other grants to the private sector	13,274	14,118	15,014	16,106	17,095	18,770
Local government debt interest ⁽²⁾	236	385	440	520	692	627
Net capital procurement	8,537	10,275	11,832	11,515	12,315	16,774
Capital grants	1,079	1,358	1,394	1,720	2,217	2,264
Total United Kingdom	110,650	119,258	127,202	131,821	139,114	151,077
Accounting adjustments	8,923	12,942	13,549	14,406	16,103	13,112
Total local government expenditure	119,573	132,200	140,751	146,227	155,217	164,189

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The total local government capital expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

(2) Debt interest is not allocated to individual countries so is only included in the total UK figures. These figures exclude all intra-public sector debt interest payments.

8

Public corporations

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

8.2 Outturn data in this chapter up to 2007-08 are National Statistics.

What's new

8.3 **Chapter 8** contains two new tables, **Table 8.4 and 8.5**, which shows public corporation current and capital spending broken down by function and economic category respectively. The functional information was previously provided in **Chapter 5**, but has been moved as part of the work to re-instate clear sectoral boundaries in PESA 2009. The economic category breakdown was previously only included as part of the public sector totals in **Chapter 5**.

8.4 There are a number of reclassifications effected in this chapter in PESA 2009. This includes:

- London Underground spending now includes capital spending by Metronet and Tubelines, which have been re-classified by ONS as public corporations from their inception;
- Northern Ireland Water has been classified to the central government sector and therefore is no longer shown in this chapter; and
- the support provided to financial institutions classified by the ONS as public corporations is included within the HM Treasury AME budget, which is presented as part of the Chancellor's Departments group in PESA. Further details are provided in **Annex A**.

Definition of public corporations

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

- it is classified as a *market body* – 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

8.6 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.

8.7 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

8.8 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.

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

8.10 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 corporate control framework

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

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

The budgeting control framework

8.12 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
- a capital charge in respect of the public corporation (in resource DEL, or resource AME if an SFPC). This is normally the same figure as recorded in the department's resource accounts. However, budgets would generally also include capital charges for those public corporations where the department has no investment in the public corporation (whether by way of loan or PDC).

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

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

8.14 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.

8.15 The support provided to financial institutions classified by the ONS as public corporations is exceptionally included within HM Treasury AME rather than DEL.

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 PESA 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:

- PC capital expenditure in budgets (Forest Enterprises & LCR only);
- 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. The table gives individual figures for public corporations for outturn years and, for public corporations that are not self-financing, additional figures for estimated outturn and plan years.

8.25 The increase in public corporation capital spending in TME in 2005-06 is a result of a series of imputed transactions recorded in the National Accounts in respect of British Nuclear Fuels Limited transferring assets and liabilities to the Nuclear Decommissioning Authority. The decrease in 2008-09 relates to further imputed transactions relating to the support given to financial institutions. See **Annex A** for further details.

8.26 **Table 8.4** and **8.5** shows 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

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

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

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

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

Table 8.1 Public corporations' contribution to budgets⁽¹⁾ and Total Managed Expenditure, 2003–04 to 2010–11

	National Statistics							£ million	
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans	
Resource DEL									
CG dividends from PCs (–)	–25	–32	–44	–62	–70	–104	–64	–67	
CG interest from PCs (–)	–50	–60	–63	–69	–74	–101	–106	–108	
Subsidies to PCs ⁽¹⁾	1,676	757	812	870	1,382	1,200	1,129	1,128	
Loan write off – mutual consent	–	–	5	–	–	–	–	–	
Cost of capital charge of PCs	189	172	164	166	129	164	311	330	
Profit(–)/loss(+) of Forest Enterprises and LCR ⁽²⁾	362	401	330	312	392	444	–78	–78	
Total resource DEL	2,152	1,238	1,203	1,218	1,758	1,604	1,191	1,205	
Resource AME									
CG dividends from PCs (–)	–30	–44	–53	–83	–85	–347	–179	–82	
CG interest from PCs (–)	–2	–1	–1	–22	–	–101	–240	–	
Subsidies to PCs ⁽¹⁾	2	2	2	2	2	2	2	2	
Cost of capital charge of PCs	170	162	156	177	215	283	293	255	
Total resource AME	141	119	104	74	133	–162	–124	176	
Total public corporations' contribution to resource budget⁽¹⁾	2,293	1,357	1,307	1,291	1,891	1,442	1,067	1,381	
Capital DEL									
CG investment grants to PCs	310	240	250	131	260	348	193	221	
Capital expenditure by Forest Enterprises and LCR ⁽²⁾	900	674	605	476	319	–73	1	–284	
Net lending to PCs	–144	–136	–15	–57	187	85	128	110	
Market and overseas borrowing	–	–	4	17	470	–3	–3	–3	
Total capital DEL	1,065	778	844	567	1,235	356	320	45	
Capital AME									
Net lending to PCs	46	520	–120	–	–10	57,480	34,273	124	
Total capital AME	46	520	–120	–	–10	57,480	34,273	124	
Total public corporations' contribution to capital budget	1,111	1,298	724	567	1,225	57,836	34,593	169	
Other AME									
PC own-financed capital expenditure ⁽³⁾	2,460	2,842	5,203	5,340	5,424	7,157	7,406	7,526	
Accounting adjustments	–1,765	–751	14,782	–749	–1,279	–77,067	–34,100	–700	
Public corporations' expenditure in TME	4,099	4,747	22,016	6,449	7,261	–10,632	9,000	8,300	
<i>of which:</i>									
PC current expenditure in TME	528	600	505	542	597	437	700	700	
PC gross investment in TME	3,571	4,147	21,511	5,907	6,664	–11,069	8,300	7,600	

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

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

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

Table 8.2 Public corporations' contribution to budgets⁽¹⁾ by departmental group, 2003–04 to 2010–11

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn			
Resource DEL								
Health	3	–	–	–	0	0	0	0
Transport	1,186	335	256	247	323	348	45	45
Innovation, Universities and Skills	–3	0	0	–3	–45	–7	–1	–1
Communities and Local Government	37	40	22	19	21	20	20	18
Home Office	–2	–	–	–	–	–	–1	–1
Defence	14	–4	–7	–26	–34	–33	–28	–30
Foreign and Commonwealth Office	157	164	181	183	186	192	193	186
Energy and Climate Change	–	–	–	–	–	–	4	8
Business, Enterprise and Regulatory Reform	–5	–2	5	77	468	249	166	151
Environment, Food and Rural Affairs	128	114	100	81	74	78	73	84
Work and Pensions	108	109	108	129	192	153	119	119
Scotland	224	211	243	234	263	294	298	317
Wales	10	13	13	–19	0	–	–	–
Northern Ireland Executive	295	258	280	294	310	313	303	310
Chancellor's Departments	–	0	1	–	–1	–1	–	–
Cabinet Office	–	–	–	0	0	0	0	0
Total resource DEL	2,152	1,238	1,203	1,218	1,758	1,604	1,191	1,205
Resource AME								
Defence	10	1	–7	–	–	–	–	–
International Development	51	56	71	91	118	161	130	98
Energy and Climate Change	–2	–	–	–	–	–	–32	–32
Business, Enterprise and Regulatory Reform	–	–	–	–22	–	–15	–	–
Chancellor's Departments	81	62	39	5	15	–309	–222	110
Total resource AME	141	119	104	74	133	–162	–124	176
Total public corporations' contribution to resource budget	2,293	1,357	1,307	1,291	1,891	1,442	1,067	1,381
Capital DEL								
Health	3	–	–	–	–	–1	–	–
Transport	933	686	637	529	829	25	23	–280
Innovation, Universities and Skills	–30	–30	–40	0	0	0	0	0
Communities and Local Government	63	51	19	6	3	0	2	0
Home Office	0	–	–	–	–	–	8	–
Defence	–5	–74	–76	–4	–10	–39	7	–
Foreign and Commonwealth Office	37	39	39	36	36	49	39	39
International Development	17	19	16	1	1	–	–	–
Energy and Climate Change	–6	–	–	–	–	–	–	–
Business, Enterprise and Regulatory Reform	41	–18	–18	–1	15	6	–4	2
Environment, Food and Rural Affairs	5	–1	1	4	15	23	25	5
Culture, Media and Sport	0	0	–	–	0	–	–	–
Work and Pensions	7	7	3	5	4	1	8	8
Scotland	50	44	213	40	269	199	207	208
Northern Ireland Executive	–52	47	52	–46	75	93	4	63
Chancellor's Departments	–	8	–2	–3	–3	–	–	–
Cabinet Office	1	–	–	–	–	–	–	–
Total capital DEL	1,065	778	844	567	1,235	356	320	45
Capital AME								
Defence	–4	–	–	–	–	–	–	–
Business, Enterprise and Regulatory Reform	50	520	–120	–	–10	610	550	50
Chancellor's Departments	–	–	–	–	–	56,870	33,723	74
Total capital AME	46	520	–120	–	–10	57,480	34,273	124
Total public corporations' contribution to capital budget	1,111	1,298	724	567	1,225	57,836	34,593	169

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

Table 8.3 Public corporations' capital expenditure, 2003–04 to 2010–11

	National Statistics								£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans	
Health									
Medicines and Healthcare Products Regulatory Agency ^(T)	5	–	–	–	–	–	–	–	–
Total Health	5	–	–	–	–	–	–	–	–
Transport									
Civil Aviation Authority	2	12	8	#	#	#	#	#	#
Driving Standards Agency ^(T)	11	7	2	#	#	#	#	#	#
London Regional Transport ⁽¹⁾	687	–	–	–	–	–	–	–	–
Vehicle and Operator Services Agency ^(T)	11	15	15	#	#	#	#	#	#
London and Continental Railways	897	674	601	474	312	–70	–	–281	–
GNER ⁽²⁾	–	–	–	–8	–25	–	–	–	–
Unclassified	–	–	–	–	–	–	–	–	–
Total Transport	1,609	708	627	466	288	–70	–	–281	–
Innovation, Universities and Skills									
Patent Office ^(T)	2	2	2	4	–	2	4	2	2
Total Innovation, Universities and Skills	2	2	2	4	–	2	4	2	2
Communities and Local Government									
Fire Service College ^(T)	4	–	1	1	0	1	2	2	2
Housing Action Trusts ⁽³⁾	26	15	4	4	3	–	–	–	–
Ordnance Survey ^(T)	–	14	15	14	10	22	15	4	4
QEII Conference Centre ^(T)	2	1	1	0	1	2	1	1	1
Housing Revenue Account	–660	191	1,701	2,057	2,122	2,835	3,716	3,053	3,053
Total Communities and Local Government	–627	221	1,721	2,076	2,137	2,860	3,734	3,060	3,060
Home Office									
Forensic Science Service ^(T)	6	6	0	4	4	1	6	4	4
Total Home Office	6	6	0	4	4	1	6	4	4
Justice									
Land Registry ^(T)	24	29	43	51	40	53	33	19	19
Total Justice	24	29	43	51	40	53	33	19	19
Defence									
Army Base Repair Organisation ^(T)	–	5	4	4	4	–	–	–	–
Defence Aviation Repair Agency ^(T)	8	12	3	3	3	7	7	7	7
Defence Science and Technology Laboratory ^{(T)(4)}	9	12	12	45	41	41	41	41	41
Hydrographic Office ^(T)	7	7	13	14	8	8	8	8	8
Meteorological Office ^(T)	31	21	25	34	26	26	26	26	26
Navy, Army and Air Force Institute	3	3	3	3	3	3	3	3	3
QinetiQ ⁽⁵⁾⁽⁴⁾	41	64	48	48	48	*	*	*	*
Total Defence	99	124	109	150	133	*	*	*	*
Foreign and Commonwealth Office									
BBC World Service	31	31	31	31	21	31	31	31	31
British Council	20	15	12	11	14	8	8	8	8
Total Foreign and Commonwealth Office	51	46	43	42	35	39	39	39	39
International Development									
CDC Group ⁽⁵⁾	4	–30	116	121	41	*	*	*	*
Actis ⁽⁵⁾	–	4	0	2	1	*	*	*	*
Total International Development	4	–25	117	123	42	*	*	*	*
Energy and Climate Change									
British Energy	–171	28	220	235	224	*	*	*	*
Total International Development	–171	28	220	235	224	*	*	*	*
Business, Enterprise and Regulatory Reform									
British Nuclear Fuels Limited ⁽⁵⁾	307	289	–260	26	2	*	*	*	*
Companies House ^(T)	7	8	12	23	10	11	14	14	14
Royal Mail Holdings ⁽⁵⁾	56	132	170	235	253	*	*	*	*
Total Business, Enterprise and Regulatory Reform	370	429	–78	284	265	*	*	*	*

Table 8.3 Public corporations' capital expenditure, 2003–04 to 2010–11 (continued)

	National Statistics								£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	
Environment Food and Rural Affairs									
British Waterways	5	-7	-20	-20	-19	-47	-12	-14	
Forest Enterprise	3	-2	1	-4	0	-4	-	-4	
Total Environment Food and Rural Affairs	8	-9	-19	-24	-20	-51	-12	-18	
Culture Media and Sport									
Channel Four Television Corporation ^(S)	3	7	5	12	#	*	*	*	
Historic Royal Palaces Trust	-	-	0	#	#	#	#	#	
Tote ^(S)	20	20	24	#	#	*	*	*	
Total Culture Media and Sport	23	27	30	12	#	*	*	*	
Work and Pensions									
Remploy	7	10	12	3	-14	7	8	8	
Pension Protection Fund	-	-	0	2	1	1	1	1	
Total Work and Pensions	7	10	12	5	-13	8	9	9	
Scotland									
Highlands and Islands Airports	7	4	10	19	10	4	4	4	
Caledonian MacBrayne	4	8	9	10	7	6	6	6	
Scottish Water	205	167	541	660	616	580	580	580	
Housing Revenue Account	188	122	184	264	224	353	470	285	
Forest Enterprise	-1	2	3	6	7	1	1	1	
Total Scotland	404	303	746	959	864	943	1,060	875	
Wales									
Housing Revenue Account	-66	-13	65	95	105	124	162	142	
Total Wales	-66	-13	65	95	105	124	162	142	
Northern Ireland Executive									
Northern Ireland Driver and Vehicle Testing Agency ^(T)	1	1	1	-	2	2	6	2	
Northern Ireland Housing Executive	-1	82	82	15	93	147	167	168	
Northern Ireland Public Trust Port Authority	-	-	17	20	48	43	30	32	
Northern Ireland Transport Holding Company	28	5	4	34	82	50	57	79	
Total Northern Ireland Executive	27	87	104	69	225	241	261	282	
Chancellor's Departments									
Crown Estate ^(S)	0	-67	31	-239	-52	*	*	*	
Buying Solutions ^{(T)(4)}	1	12	-	-	-	-	-	-	
Royal Mint ^{(S)(T)}	4	4	2	1	0	*	*	*	
Total Chancellor's Departments	4	-50	33	-237	-52	*	*	*	
Local Government									
London Underground Limited ⁽¹⁾	-	899	1,201	1,291	1,577	*	*	*	
Total Local Government	-	899	1,201	1,291	1,577	*	*	*	
Total public corporations' capital expenditure on services	1,788	2,820	4,976	5,606	5,853	6,251	7,815	6,253	
Accounting Adjustments	1,793	1,327	16,535	301	811	-17,320	500	1,400	
Total public corporations' capital expenditure	3,571	4,147	21,511	5,907	6,664	-11,069	8,300	7,600	

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

(2) Great North Eastern Railways (GNER) is classified to the public corporation sector from December 2006 to December 2007, during which time GNER operated under an amended version of the Franchise Agreement signed in May 2005.

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

(4) Established as the Buying Agency in April 1992, renamed to OGCBuying.solutions in April 2001, and renamed as Buying Solutions in April 2009.

Table 8.4 Public corporation current and capital expenditure on services by function, 2003–04 to 2010–11

	National Statistics						£ million	
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Public corporation current expenditure on services								
1. General public services	528	600	505	542	597	437	700	700
<i>of which: public sector debt interest</i>	528	600	505	542	597	437	700	700
Total public corporations' current expenditure on services	528	600	505	542	597	437	700	700
Accounting adjustments	–	–	–	–	–	–	–	–
Total public corporations' current expenditure	528	600	505	542	597	437	700	700
Public corporation capital expenditure on services								
1. General public services	85	14	252	–6	76	252	224	200
<i>of which: public and common services</i>	30	–6	92	–171	–1	127	99	74
<i>of which: international services</i>	55	21	160	165	77	126	126	126
2. Defence	61	96	70	103	99	51	51	51
3. Public order and safety	10	6	1	5	4	2	8	6
4. Economic affairs	1,897	2,121	2,066	2,416	2,529	1,951	2,447	1,782
<i>of which: enterprise and economic development</i>	238	487	183	571	523	671	794	594
<i>of which: employment policies</i>	7	10	12	3	–14	7	8	8
<i>of which: agriculture, fisheries and forestry</i>	3	0	4	2	6	–3	1	–3
<i>of which: transport</i>	1,649	1,624	1,868	1,840	2,014	1,276	1,644	1,183
5. Environment protection	5	–7	–20	–20	–19	–47	–12	–14
6. Housing and community amenities	–308	563	2,577	3,095	3,163	4,039	5,095	4,227
7. Health	5	–	–	–	–	–	–	–
8. Recreation, culture and religion	23	27	30	12	–	–	–	–
9. Education	–	–	–	–	–	–	–	–
10. Social protection	–	–	0	2	1	1	1	1
Total public corporations' capital expenditure on services	1,778	2,820	4,976	5,606	5,853	6,251	7,815	6,253
Accounting adjustments	1,793	1,327	16,535	301	811	–17,320	500	1,400
Total public corporations' capital expenditure	3,571	4,147	21,511	5,907	6,664	–11,069	8,300	7,600

Table 8.5 Public corporation current and capital expenditure by economic category, 2003-04 to 2010-11

	National Statistics						£ million	
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 estimated outturn	2009-10 plans	2010-11 plans
Current expenditure by economic category								
Public corporation debt interest	528	600	505	542	597	437	700	700
Total public corporations' current expenditure on services	528	600	505	542	597	437	700	700
Accounting adjustments	-	-	-	-	-	-	-	-
Total public corporations' current expenditure	528	600	505	542	597	437	700	700
Current expenditure by economic category								
Gross procurement	6,009	6,706	8,122	8,169	8,110	7,018	8,618	8,134
Receipts from sales of assets	-4,303	-3,978	-3,199	-2,616	-2,309	-808	-850	-1,929
Stock building	26	14	4	4	3	0	0	0
Capital grants	46	78	49	49	49	41	47	48
Total public corporations' capital expenditure on services	1,778	2,820	4,976	5,606	5,853	6,251	7,815	6,253
Accounting adjustments	1,793	1,327	16,535	301	811	-17,320	500	1,400
Total public corporations' capital expenditure	3,571	4,147	21,511	5,907	6,664	-11,069	8,300	7,600

9

Public sector expenditure by country, region and function

9.1 This chapter presents analyses of public expenditure by country, region and function. Data in this chapter for all years up to and including 2007-08 are National Statistics. Readers need to bear in mind three points about this chapter:

- most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The regional analyses presented in this chapter show where the individuals and enterprises that benefited from public spending were located. It does not mean that all such spending was planned to benefit a particular region, though a proportion of public spending is planned on a regional basis;
- the information in **Chapters 9 and 10** was gathered in a separate data collection exercise during the winter of 2008-09. Therefore, the figures in these chapters are not entirely consistent with the figures in other PESA chapters. In particular, the 2008-09 figures used for the country and regional analysis are plans whereas the other chapters in PESA use estimated outturn; and
- in addition, the CRA chapters do not include the £5bn reduction in departmental budgets announced at the Budget 2009.

What's new

9.2 **Tables 9.5 to 9.14** have been recast so that each table shows a run of figures (current, capital and total spending) for a particular function. Previously each table has covered all functions but for a single year. This change aligns the presentation with most other tables in PESA.

9.3 The detailed data quality statements regarding departmental data previously in **Annex A** is now included in this chapter (see data quality section below).

How public expenditure is planned and controlled

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

9.5 The Country and Regional Analysis (CRA) exercise is a statistical analysis. It plays no direct part in resource allocation.

The tables

9.6 Most of the tables in this chapter provide an analysis of spending for the period 2003-04 to 2008-09. Information on methods and data quality is provided in the sections below.

9.7 **Table 9.1** shows identifiable public sector expenditure on services by country and region. **Table 9.2** shows this spending on a per head basis. **Table 9.3** is in real terms and **Table 9.4** shows this real terms spending on a per head basis.

9.8 **Tables 9.5 to 9.14** each focus on a particular function, showing current, capital and total public sector expenditure by country and region.

9.9 **Table 9.15** shows identifiable public sector spending by function, country and region on a per head basis. **Table 9.16** shows these per head figures as percentages of the UK totals.

9.10 **Tables 9.17 to 9.20** provide a sectoral breakdown of **Tables 9.1 and 9.2**. **Table 9.17** shows the country and regional allocations of local government expenditure, and **Table 9.18** shows this on a per head basis. **Table 9.19 and 9.20** show the equivalent presentations for combined central government and public corporation spending.

9.11 For Scotland, Wales and Northern Ireland, **Table 9.21** shows the relative contributions of the devolved administrations, Whitehall departments and local government under each functional heading. This table covers 2007-08 only.

9.12 Shortly after the publication of PESA, Treasury will publish supplementary tables on its website. This will include the information in **Table 9.21** for earlier years, as well as interactive tables that allow users to choose how they view the data.

Methods

The process of apportionment of expenditure by country and region

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

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

How to attribute expenditure to countries and regions

9.15 Expenditure is attributed to a specific country or region using the 'for' basis, which records the regions that benefited from the spending, or whom the spending was for, rather than the location where the spending took place (the 'in' basis). For most spending the 'in' and 'for' bases would in practice offer the same result.

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

- there are practical difficulties. For example schools are not used solely by the residents of the region in which the facility is located. Definitional and border problems become increasingly significant the smaller the geographical unit considered;
- there are also significant definitional problems associated with working out 'who benefits'. For example agricultural support is treated as benefiting the farmers who receive subsidies rather than the final consumers of food; and

- there are also issues around collecting accurate country and regional data in a cost efficient way. Departments are encouraged but not required to allocate all expenditure on the basis of 'who benefits'. If spending is not significant (less than £20m on capital or current) and/or relevant data for allocating this to regions are not available, departments may use some statistical proxy instead. This might include using straight population shares, or using the same regional allocation proportions as other related spending. Further, it is not practical or cost effective to collect local government spending data on the basis of 'who benefits'. Instead, local government spending is assumed to benefit the area where the expenditure is incurred.

The other main limitation of the 'for' basis is that this can only cover the amount of spending (now some 83 per cent of TME¹) that can be identified as benefiting individual regions. The remaining spending cannot be attributed as benefiting specific regions because, for example, it is spent for the benefit of the UK as a whole.

Identifiable expenditure on services

9.17 The country and regional analyses are set within the overall framework of expenditure on services, which broadly represents total current and capital spending of the public sector. See **Annex E** for further information on this framework. For the country and regional analyses, expenditure on services is divided into identifiable and non-identifiable expenditure:

- **identifiable** expenditure is that which can be recognised as having been incurred for the benefit of individuals, enterprises or communities within particular regions. Examples are most health, education, and social protection; and
- **non-identifiable** expenditure is that which cannot be so identified, for example because it is deemed to be incurred on behalf of the United Kingdom as a whole. Some of the main examples are defence expenditure, overseas representation, and tax collection.

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

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

Data on public expenditure by country and region

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

¹ TME outturn are consistent with the joint ONS/HMT Monthly Public Sector Finance Statistics release of 20 November 2008. TME plans are consistent with the Pre-Budget Report 2008.

9.21 The data cover central government, local government and public corporations. While most data are outturn, data for 2008-09 onwards are based on plans data.

9.22 The plans data includes unallocated provision, which departments have not yet allocated to programmes of expenditure. It is not possible to establish an accurate regional distribution for these data and it is therefore classified as non-identifiable. This treatment leads to a small inconsistency in the allocation of spending between identifiable and non-identifiable expenditure over the series, with non-identifiable expenditure in 2008-09 onwards slightly higher than earlier years.

9.23 The information in this chapter on the spending of Whitehall departments and devolved administrations is based on aggregate data recorded on the Treasury's public spending database for the 2008 Pre-Budget Report (PBR). This is to allow departments and devolved administrations sufficient time to complete the regional allocation exercise. So the data used for the CRA pre-date the data used for the remaining PESA chapters, which are consistent with Budget 2009.

9.24 Therefore, the figures in this chapter are not entirely consistent with the figures in other PESA chapters. The inconsistency will reflect both that other PESA numbers are more up to date and that post-PBR classification changes will not have been taken into account in the CRA.

9.25 Information on local government spending in the CRA is based on data supplied by the departments for Communities and Local Government (CLG), Children, Schools and Families (DCSF), and Work and Pensions (DWP), as well as the devolved administrations. English local government spending is attributed to regions by the Treasury using information supplied by CLG. For 2003-04 English local government current spending is attributed to regions based on 2004-05 allocations, as data for 2003-04 is not available.

Data quality

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

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

- the concept of who benefits is open to judgement;
- there are simplifying assumptions made in order to keep compliance costs down. For example, most devolved administration and all local government spending is deemed to benefit the country or the region where the spending body is;
- spending is apportioned and methods vary. For example, public service pension spending is allocated on the basis of the postcodes of recipients, giving a very good regional allocation. Other apportionments require more judgement. The attribution to regions is likely to be less accurate than the attributions of data to categories in other parts of PESA; and
- there is a de minimis limit before spending is apportioned.

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

- the Treasury and the ONS have issued clear guidance to departments in order to obtain consistency where possible;

- the Treasury meets departments to discuss methods of allocation;
- departments devote considerable resources to the work. They are encouraged to involve their statisticians in preparing their returns to the Treasury. The return is then signed off by a statistician, finance director, or a senior accountant in the department as being produced in accordance with the CRA guidance, and where applicable to accompany this with a statement on data quality (see below); and
- for many departments, an extract from the CRA appears in their Departmental Report, giving them a direct interest in the quality of the data that they supply.

9.29 With the exception of the Department for Transport, who have marked some of their statistics as experimental, all other departments have formally signed off their return. However, in their accompanying statements on data quality some departments have identified areas of their CRA return where methods have been used that are either provisional or do not fully meet the methodology set out in the CRA guidance. Specific comments made by departments on data quality are:

- **Department for Transport** – a robust methodology is not available to allocate all expenditure to regions on a ‘who benefits’ basis. This is particularly a problem for spending on motorways and trunk roads (by the Highways Agency) and on the rail network, which in total comprises the majority of DfT expenditure. This expenditure is therefore allocated on an ‘in’ basis;
- **Department for Culture, Media and Sport** – there is an inconsistency across allocation methods between Non-Departmental Public Bodies (NDPBs) with similar underlying information, particularly on capital spending. For example some NDPBs allocated the spending to the region where it took place, whereas others used visitor survey data to estimate regional allocations. There were also inconsistencies in how NDPBs treated survey data for visitors from ‘outside UK’. Explanations provided by the NDPBs on the allocation methods were often brief and the underlying detail was not usually provided, making it very difficult to assess the robustness of the method. Due to a lack of corroborative information and relative autonomy of the NDPBs’ finance sections, the allocation methods and figures sometimes had to be accepted as stated. Where possible DCMS officials amended returns to improve consistency and more closely align with the Treasury guidance. This mostly affects the recreation, culture and religion function;
- **Department for Culture, Media and Sport** – there is a significant degree of estimation in the regional allocation of the National Lottery spending. This is largely a result of distributing bodies collecting regional information at the time they make an award, while the CRA is based on the subsequent cash payments. As awards can be paid out over a number of years the regional allocation may be affected by these timing differences;
- **Department for Work and Pensions** – continuing methodological improvements partially implemented in PESA 2008, DWP now allocate most administrative expenditure to the region of residence of the ultimate beneficiary but there are still a few items which do not represent the region of the beneficiary accurately. The discrepancies arising from these are relatively small when compared to the total departmental spend; and
- the **Home Office** has updated its CRA methodology to align more closely with the guidance issued by the Treasury. This affects the public order and safety function across all years.

Table 9.3 Total identifiable expenditure on services by country and region in real terms⁽¹⁾, 2003-04 to 2008-09

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
North East	19,024	19,548	20,286	20,433	20,917	22,025
North West	48,908	50,861	52,721	54,156	55,723	59,044
Yorkshire and the Humber	33,506	35,102	36,603	37,151	37,946	40,081
East Midlands	26,158	27,650	28,930	29,268	30,038	31,896
West Midlands	34,761	36,590	38,400	39,112	40,232	42,491
East	31,747	33,397	35,123	35,736	36,838	39,063
London	59,679	61,450	64,237	65,255	68,050	71,914
South East	47,235	50,093	51,615	52,395	53,861	56,456
South West	31,164	32,719	34,189	34,545	35,794	37,696
England	332,182	347,410	362,105	368,052	379,399	400,666
Scotland	40,740	41,410	44,132	45,098	46,409	48,023
Wales	22,843	23,305	24,327	24,837	25,309	26,777
Northern Ireland	14,848	15,380	15,871	16,053	16,863	17,322
UK identifiable expenditure	410,614	427,505	446,435	454,040	467,981	492,787
Outside UK	10,278	12,164	12,251	12,652	13,885	14,053
Total identifiable expenditure	420,892	439,669	458,686	466,692	481,866	506,840
Non-identifiable expenditure	65,511	67,503	70,417	70,881	73,346	79,018
Total Expenditure on Services	486,402	507,172	529,104	537,573	555,211	585,859
Accounting adjustments	17,925	23,836	24,882	27,687	28,854	22,500
Total Managed Expenditure	504,327	531,008	553,986	565,259	584,065	608,359

(1) 2007-08 prices.

Table 9.4 Total identifiable expenditure on services by country and region per head in real terms⁽¹⁾, 2003-04 to 2008-09

	National Statistics					£ per head
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
North East	7,486	7,689	7,956	7,995	8,156	8,575
North West	7,192	7,458	7,708	7,902	8,118	8,544
Yorkshire and the Humber	6,665	6,932	7,167	7,225	7,329	7,662
East Midlands	6,149	6,443	6,685	6,706	6,827	7,165
West Midlands	6,544	6,869	7,177	7,288	7,475	7,843
East	5,799	6,060	6,314	6,374	6,507	6,835
London	8,104	8,316	8,615	8,686	9,005	9,437
South East	5,841	6,165	6,306	6,360	6,483	6,757
South West	6,227	6,490	6,721	6,742	6,913	7,225
England	6,661	6,933	7,175	7,250	7,426	7,782
Scotland	8,056	8,154	8,662	8,813	9,032	9,312
Wales	7,793	7,910	8,237	8,374	8,493	8,945
Northern Ireland	8,721	8,993	9,204	9,217	9,577	9,766
UK identifiable expenditure	6,894	7,143	7,411	7,494	7,675	8,024

(1) 2007-08 prices.

on general public services by country and region, 2003–04 to 2008–09

											£ million					
services					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
01	315	264	243	334	237	272	276	239	223	285	2	30	39	25	20	49
24	772	794	639	839	562	634	666	701	564	719	66	90	106	93	75	120
00	434	487	435	576	342	384	381	404	387	492	53	116	53	83	48	85
20	467	456	468	612	308	348	369	355	351	450	57	72	98	101	117	162
66	650	645	655	837	431	487	540	506	440	567	58	79	111	140	215	270
66	617	607	568	758	427	482	502	496	476	614	72	84	115	111	92	144
42	961	1,141	934	1,279	769	869	767	962	751	973	18	173	195	179	183	306
32	957	837	750	997	617	691	722	696	626	805	95	241	235	140	124	192
28	548	516	512	677	416	467	484	459	424	547	54	61	64	56	89	130
79	5,721	5,748	5,204	6,909	4,109	4,634	4,706	4,819	4,241	5,451	475	945	1,016	929	963	1,458
01	1,207	1,065	1,007	1,233	724	771	1,062	928	964	976	228	230	146	137	43	257
05	609	650	693	786	624	421	526	608	649	748	56	83	83	42	44	38
46	384	432	372	289	309	330	365	376	378	402	44	16	19	55	-6	-113
00	7,922	7,894	7,276	9,217	5,767	6,155	6,658	6,731	6,231	7,577	803	1,274	1,263	1,163	1,045	1,640
92	4,670	4,804	5,166	5,591	3,704	3,932	4,471	4,570	4,952	5,200	92	60	199	234	214	391
22	12,592	12,698	12,442	14,808	9,471	10,088	11,129	11,301	11,183	12,778	895	1,334	1,462	1,397	1,259	2,030
25	33,446	35,164	38,047	38,914	28,636	30,905	32,883	34,933	37,564	38,365	339	520	562	232	483	550
17	46,038	47,862	50,489	53,722	38,106	40,993	44,013	46,234	48,747	51,142	1,234	1,855	2,025	1,629	1,741	2,580

on general public services (of which: public and common services) by country and region, 2003–04 to 2008–09

											£ million					
common services					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
39	302	255	233	322	228	261	264	230	215	274	0	28	38	24	18	47
95	742	768	610	806	538	607	636	677	541	689	63	88	106	91	69	117
76	407	467	413	551	323	363	357	386	370	469	48	113	50	81	43	82
02	448	441	453	593	293	331	351	340	337	432	56	71	98	101	116	161
43	625	626	635	814	412	464	516	487	423	545	57	78	110	139	212	269
44	593	587	549	735	408	460	478	477	459	591	72	84	115	110	90	144
13	929	1,115	910	1,250	744	840	734	937	728	944	17	173	195	179	182	306
99	922	808	724	965	589	659	686	668	600	772	94	240	235	140	123	192
07	526	498	496	654	399	447	462	442	407	525	53	61	64	56	88	129
58	5,493	5,565	5,023	6,689	3,934	4,432	4,484	4,644	4,081	5,243	463	936	1,010	921	942	1,446
81	1,185	1,048	991	1,213	707	751	1,040	910	948	956	228	230	146	137	43	257
93	597	639	684	773	614	410	513	598	640	735	56	83	83	42	44	38
39	377	426	367	282	303	323	358	370	373	395	44	16	19	55	-6	-113
31	7,652	7,678	7,066	8,958	5,558	5,915	6,394	6,522	6,042	7,329	791	1,265	1,257	1,155	1,024	1,628
0	0	0	-	-	0	0	0	0	-	-	-	-	-	-	-	-
31	7,652	7,678	7,066	8,958	5,558	5,915	6,395	6,522	6,042	7,329	791	1,265	1,257	1,155	1,024	1,628
46	5,429	5,318	5,489	5,496	4,593	4,851	5,003	5,232	5,215	5,140	238	395	427	85	275	356
27	13,082	12,995	12,555	14,454	10,152	10,766	11,398	11,755	11,257	12,469	1,030	1,661	1,684	1,241	1,299	1,985

on general public services (of which: international services) by country and region, 2003–04 to 2008–09

											£ million					
Services					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
12	13	10	10	12	9	11	11	9	8	11	2	2	1	1	2	1
30	30	26	29	33	24	27	30	24	22	30	3	2	0	2	7	3
24	27	20	21	26	20	21	24	18	17	23	5	3	3	2	5	3
17	19	16	15	19	15	17	19	15	14	18	0	0	0	1	1	1
23	25	19	20	23	19	22	24	18	17	22	1	1	1	1	3	1
22	24	20	19	23	19	22	24	19	17	22	0	0	0	1	2	0
29	32	26	24	29	25	29	32	26	23	29	0	0	0	0	1	-
33	35	28	26	32	28	32	35	28	25	32	0	0	0	0	1	0
20	22	18	16	23	17	20	22	18	16	22	0	0	0	0	0	2
11	228	183	181	220	176	202	222	175	159	209	12	9	6	8	21	11
20	22	18	16	20	17	20	22	18	16	20	-	-	-	-	-	-
12	13	10	9	12	10	12	13	10	9	12	-	-	-	-	-	-
7	7	6	5	7	6	7	7	6	5	7	-	-	-	-	-	-
19	270	216	210	259	208	240	264	208	189	248	12	9	6	8	21	11
92	4,670	4,804	5,166	5,591	3,704	3,932	4,471	4,570	4,952	5,200	92	60	199	234	214	391
11	4,940	5,020	5,376	5,850	3,913	4,172	4,735	4,778	5,141	5,448	104	69	205	242	235	402
98	1,264	1,243	1,388	1,352	1,027	1,173	1,129	1,096	1,180	1,159	101	125	136	146	208	193
99	6,204	6,263	6,764	7,202	4,940	5,345	5,863	5,875	6,321	6,607	205	194	341	388	443	595

on general public services (of which: public sector debt interest) by country and region, 2003–04 to 2008–09

											£ million					
Debt interest					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81	26,752	28,604	31,170	32,066	23,015	24,881	26,752	28,604	31,170	32,066	-	-	-	-	-	-
81	26,752	28,604	31,170	32,066	23,015	24,881	26,752	28,604	31,170	32,066	-	-	-	-	-	-

Expenditure on defence by country and region, 2003–04 to 2008–09

											£ million					
National Statistics					of which: current						of which: capital					
					National Statistics						National Statistics					
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
5	3	5	3	3	2	2	3	4	3	3	9	3	0	1	0	0
7	7	9	8	7	4	4	7	8	8	7	9	3	1	1	0	0
6	4	6	8	8	3	4	5	5	8	8	5	1	0	0	0	0
6	5	7	7	6	4	4	5	6	6	6	7	2	1	1	0	0
6	7	8	7	6	3	3	6	7	7	6	9	3	1	1	0	0
7	9	10	9	9	5	5	8	9	9	8	5	2	1	0	0	0
11	12	13	11	14	7	7	10	12	10	13	12	4	2	1	0	0
12	11	13	11	10	6	7	10	11	11	10	14	5	1	2	0	0
10	9	9	8	8	12	7	7	8	8	7	8	3	2	1	0	0
70	68	80	73	70	46	44	61	71	70	68	78	26	7	9	3	2
6	6	7	7	5	3	6	6	7	7	5	–	–	0	0	0	0
3	3	3	4	5	2	3	3	3	4	5	–	–	–	0	0	0
0	0	0	0	0	0	0	0	0	0	0	–	–	0	0	0	0
78	77	91	84	80	51	53	70	82	81	78	78	26	7	9	3	2
0	0	0	24	38	–	0	0	0	24	38	–	–	–	–	–	–
78	77	91	108	118	51	53	70	82	105	116	78	26	7	9	3	2
75	30,865	32,073	33,441	36,112	27,333	28,065	29,800	31,182	30,904	33,786	1,354	1,610	1,066	891	2,536	2,326
53	30,942	32,164	33,548	36,230	27,385	28,117	29,870	31,264	31,009	33,902	1,431	1,636	1,072	900	2,539	2,328

Expenditure on public order and safety by country and region, 2003–04 to 2008–09

											£ million					
National Statistics					of which: current						of which: capital					
					National Statistics						National Statistics					
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
48	1,182	1,257	1,312	1,387	1,026	1,095	1,135	1,193	1,253	1,310	47	53	46	64	59	77
79	3,288	3,426	3,525	3,722	2,811	3,004	3,122	3,237	3,299	3,442	150	175	166	189	226	280
84	2,188	2,287	2,367	2,514	1,819	1,953	2,063	2,143	2,217	2,329	92	131	125	143	150	185
13	1,573	1,639	1,688	1,795	1,343	1,428	1,489	1,541	1,585	1,670	74	85	84	98	104	125
41	2,230	2,376	2,400	2,595	1,857	1,994	2,100	2,216	2,231	2,346	95	147	130	159	169	249
76	1,839	1,956	2,038	2,188	1,545	1,684	1,750	1,835	1,885	1,988	61	92	89	121	153	200
48	5,697	5,824	5,941	6,391	4,847	5,213	5,346	5,515	5,642	5,937	276	335	350	309	300	455
52	2,943	3,047	3,067	3,274	2,568	2,716	2,807	2,895	2,901	3,047	110	146	136	151	166	227
78	1,703	1,787	1,869	1,976	1,481	1,590	1,625	1,682	1,740	1,837	82	88	78	105	128	139
27	22,644	23,597	24,207	25,842	19,297	20,677	21,438	22,259	22,752	23,905	986	1,251	1,205	1,338	1,455	1,937
61	2,155	2,186	2,242	2,738	1,677	1,790	1,991	2,000	2,081	2,484	151	171	165	186	161	254
06	1,279	1,346	1,366	1,564	1,094	1,112	1,192	1,245	1,256	1,413	79	94	87	100	110	150
44	1,254	1,280	1,302	1,268	1,125	1,168	1,179	1,198	1,219	1,182	54	76	75	82	83	87
88	27,333	28,408	29,116	31,412	23,192	24,746	25,801	26,702	27,309	28,984	1,270	1,592	1,532	1,706	1,808	2,429
0	0	0	3	0	0	0	0	0	3	0	–	–	–	–	–	–
88	27,333	28,408	29,119	31,412	23,193	24,746	25,801	26,702	27,311	28,984	1,270	1,592	1,532	1,706	1,808	2,429
52	1,663	1,756	2,268	2,187	1,556	1,755	1,592	1,655	1,995	1,784	124	107	71	101	273	403
00	28,996	30,164	31,387	33,599	24,749	26,501	27,393	28,358	29,306	30,768	1,394	1,699	1,602	1,807	2,081	2,831

on economic affairs by country and region, 2003–04 to 2008–09

£ million

National Statistics					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
48	1,534	1,590	1,603	1,532	1,129	1,037	1,108	1,115	1,202	1,080	386	410	426	476	401	453
53	3,510	4,019	4,046	4,293	2,099	2,342	2,356	2,557	2,687	2,753	1,167	1,220	1,154	1,462	1,360	1,541
01	2,671	2,799	2,744	2,762	1,899	1,936	1,944	2,023	1,994	1,908	630	665	728	777	750	854
25	2,297	2,261	2,146	2,255	1,504	1,590	1,755	1,622	1,589	1,558	431	535	542	639	557	697
75	2,614	2,708	2,689	2,806	1,614	1,817	1,815	1,755	1,845	1,837	664	758	799	954	844	969
62	2,406	2,451	2,495	2,665	1,557	1,563	1,603	1,516	1,592	1,631	603	699	803	934	903	1,035
72	5,886	6,269	7,376	7,674	3,987	3,498	3,338	3,417	3,773	3,787	2,242	1,974	2,548	2,853	3,604	3,887
98	3,338	3,524	3,617	3,614	1,837	1,937	1,960	1,869	2,024	1,985	1,336	1,360	1,378	1,655	1,593	1,629
13	2,482	2,579	2,495	2,648	1,595	1,642	1,793	1,752	1,765	1,793	569	670	689	827	730	855
56	26,738	28,200	29,213	30,250	17,222	17,364	17,672	17,625	18,471	18,331	8,027	8,292	9,066	10,575	10,742	11,919
81	3,995	4,818	5,276	5,166	2,780	2,716	2,810	3,236	3,548	3,471	889	964	1,186	1,582	1,729	1,695
48	2,267	2,256	2,224	2,213	1,466	1,470	1,646	1,565	1,488	1,473	550	578	620	691	736	740
35	1,366	1,293	1,476	1,650	997	1,030	1,147	1,054	1,112	1,218	167	205	219	239	364	432
20	34,366	36,567	38,190	39,279	22,465	22,580	23,275	23,480	24,619	24,493	9,633	10,040	11,091	13,087	13,571	14,786
09	430	442	462	406	176	184	197	202	228	327	205	226	234	240	234	79
29	34,796	37,009	38,651	39,685	22,642	22,764	23,472	23,682	24,847	24,820	9,838	10,265	11,324	13,327	13,805	14,865
24	681	816	742	985	471	511	538	655	574	598	140	113	143	161	168	387
53	35,478	37,825	39,394	40,670	23,113	23,275	24,010	24,337	25,421	25,418	9,978	10,378	11,468	13,488	13,973	15,252

on economic affairs (of which: enterprise and economic development) by country and region, 2003–04 to

£ million

Economic development					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
40	537	529	583	431	502	402	426	399	487	327	114	138	111	130	97	104
75	726	1,072	1,098	1,109	370	503	506	605	671	625	379	372	219	467	427	484
57	738	668	737	607	611	612	589	554	562	420	100	145	149	114	175	187
88	483	446	467	376	249	314	403	368	359	264	16	74	80	78	108	112
57	529	482	559	507	320	421	380	351	384	321	105	136	149	132	174	186
34	222	199	272	303	157	162	160	146	179	182	30	72	62	54	93	121
77	589	552	534	476	410	497	546	509	655	486	36	-20	43	43	-121	-10
03	355	274	388	369	221	255	266	206	291	254	47	49	88	68	98	115
27	270	257	344	355	215	204	210	207	260	240	58	123	60	50	84	115
59	4,448	4,479	4,983	4,531	3,056	3,369	3,487	3,344	3,847	3,119	885	1,090	961	1,135	1,136	1,413
78	910	899	1,023	942	753	753	765	718	794	679	109	125	145	181	228	263
72	781	693	607	572	594	608	623	550	453	409	171	164	159	143	154	162
58	240	228	242	305	197	208	200	206	212	245	38	50	40	22	30	60
68	6,379	6,299	6,854	6,349	4,600	4,938	5,075	4,817	5,306	4,452	1,203	1,429	1,304	1,482	1,548	1,897
16	17	57	100	42	9	1	1	16	54	21	1	15	16	42	46	21
34	6,397	6,356	6,954	6,391	4,609	4,939	5,077	4,833	5,360	4,473	1,203	1,444	1,320	1,523	1,594	1,918
63	173	171	148	146	124	133	132	120	109	110	72	30	41	52	39	36
47	6,569	6,527	7,102	6,537	4,733	5,072	5,209	4,952	5,469	4,583	1,275	1,474	1,360	1,575	1,633	1,954

on economic affairs (of which: science and technology) by country and region, 2003-04 to 2008-09

											£ million					
Technology					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
63	86	77	96	86	34	42	59	54	67	73	20	21	27	23	30	13
80	217	186	230	218	115	137	158	137	173	189	48	43	59	50	57	29
44	181	156	195	170	96	105	128	110	146	146	41	39	53	46	49	25
12	139	123	155	143	74	83	99	88	114	125	31	29	40	35	41	18
11	137	120	160	138	75	81	95	83	119	119	33	30	42	37	41	20
60	317	243	259	258	189	216	274	206	218	240	43	44	43	37	41	19
39	387	372	434	426	248	264	287	290	335	370	86	75	100	82	100	56
91	328	305	376	322	215	232	240	219	256	283	64	59	87	86	119	39
11	146	141	166	128	76	82	98	97	121	109	30	30	48	44	45	18
12	1,938	1,724	2,070	1,889	1,122	1,241	1,438	1,284	1,549	1,653	395	371	500	440	521	236
50	318	258	398	345	201	208	264	212	290	288	27	42	53	45	108	57
51	67	59	78	80	41	40	58	48	68	79	6	10	9	11	9	2
70	70	62	78	67	51	52	55	52	67	61	10	17	15	9	11	6
32	2,392	2,102	2,624	2,382	1,415	1,542	1,815	1,597	1,974	2,081	438	441	578	505	650	300
73	192	185	158	252	148	162	171	162	128	252	11	12	21	23	30	0
66	2,584	2,287	2,782	2,633	1,563	1,703	1,986	1,759	2,102	2,333	449	452	598	528	680	300
99	341	489	426	515	234	237	256	387	308	192	56	62	85	101	118	323
54	2,925	2,776	3,208	3,148	1,797	1,940	2,242	2,146	2,410	2,525	505	514	683	630	798	623

on economic affairs (of which: employment policies) by country and region, 2003-04 to 2008-09

											£ million					
Policies					of which: current						of which: capital					
National Statistics					National Statistics						National Statistics					
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
92	202	211	209	208	176	186	184	203	209	206	15	7	19	8	0	2
22	453	467	456	453	387	407	408	449	455	450	42	15	45	18	1	4
95	311	322	314	308	282	285	284	311	313	305	25	9	27	11	1	4
88	200	204	200	198	177	182	182	196	199	196	16	6	18	8	1	2
10	327	327	327	317	295	300	300	316	327	314	25	10	27	11	0	3
01	214	220	215	215	187	195	195	212	214	213	17	6	19	8	1	2
70	476	469	449	439	444	456	435	452	448	435	35	14	41	17	1	4
63	277	268	266	267	239	253	250	258	265	265	25	9	28	11	1	3
83	195	201	187	187	171	177	176	193	186	185	16	6	18	8	1	2
23	2,655	2,690	2,623	2,593	2,357	2,441	2,414	2,590	2,616	2,568	217	83	241	100	7	25
89	305	291	283	293	247	276	267	276	281	290	36	13	38	15	2	3
88	206	212	205	217	117	127	130	134	143	146	60	62	75	78	62	71
73	166	146	164	196	155	173	166	144	163	195	0	0	0	2	1	1
74	3,332	3,338	3,275	3,299	2,875	3,017	2,977	3,144	3,203	3,199	313	157	355	195	72	99
10	10	12	7	13	8	10	10	12	7	13	-	-	-	-	-	-
34	3,342	3,350	3,283	3,311	2,883	3,027	2,987	3,155	3,211	3,212	313	157	355	195	72	99
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	3,342	3,350	3,283	3,311	2,883	3,027	2,987	3,155	3,211	3,212	313	157	355	195	72	99

on economic affairs (of which: agriculture, fisheries and forestry) by country and region, 2003–04 to 2008–09

£ million																
of which: current					of which: capital											
National Statistics					National Statistics											
2005	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
96	210	194	187	205	180	189	202	187	170	187	13	6	8	6	17	18
83	411	388	355	377	362	374	378	337	324	341	14	10	33	52	32	36
09	475	429	396	427	438	473	450	413	375	405	29	35	26	16	21	22
94	608	505	430	461	555	582	595	490	415	446	14	12	13	15	15	15
81	402	383	358	385	341	367	400	370	339	362	9	14	2	13	19	24
78	575	529	555	564	512	566	555	519	548	553	23	12	20	10	7	11
95	86	53	41	36	250	294	84	51	38	34	1	1	2	2	3	1
83	457	431	449	489	431	447	435	410	439	473	36	35	22	21	10	16
44	845	746	686	744	706	719	786	702	661	705	39	25	60	44	25	39
52	4,071	3,657	3,455	3,688	3,775	4,011	3,884	3,479	3,307	3,505	178	151	186	178	148	183
51	635	663	746	820	603	606	591	591	675	715	39	45	44	73	71	105
32	364	406	393	424	290	213	347	386	369	386	18	19	17	20	24	38
02	534	473	472	539	357	378	497	422	420	447	26	24	37	51	52	92
16	5,603	5,199	5,066	5,471	5,025	5,208	5,320	4,878	4,771	5,053	261	239	283	321	295	418
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	5,603	5,199	5,066	5,471	5,025	5,208	5,320	4,878	4,771	5,053	261	239	283	321	295	418
-	-	-	-1	140	-	-	-	-	-1	124	-	-	-	-	-	16
16	5,603	5,199	5,065	5,611	5,025	5,208	5,320	4,878	4,770	5,177	261	239	283	321	295	434

on economic affairs (of which: transport) by country and region, 2003–04 to 2008–09

£ million																
of which: current					of which: capital											
National Statistics					National Statistics											
2005	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
56	499	579	528	603	236	218	238	271	270	287	224	238	261	308	258	315
03	1,703	1,905	1,907	2,136	864	922	905	1,030	1,064	1,148	684	780	798	875	843	988
97	966	1,225	1,103	1,249	472	460	493	635	599	632	435	436	473	590	504	617
43	867	984	894	1,077	448	430	476	481	502	528	354	413	392	503	392	549
16	1,219	1,396	1,287	1,458	584	648	640	634	676	722	492	568	579	761	611	737
89	1,077	1,259	1,194	1,325	512	423	419	434	433	443	491	565	659	825	761	882
91	4,348	4,823	5,918	6,298	2,635	1,987	1,986	2,115	2,297	2,461	2,083	1,904	2,362	2,709	3,621	3,836
59	1,921	2,246	2,139	2,168	731	751	768	776	774	711	1,165	1,208	1,153	1,470	1,365	1,457
48	1,026	1,234	1,113	1,235	429	462	523	552	537	554	425	486	503	682	575	681
00	13,626	15,650	16,082	17,548	6,912	6,302	6,449	6,928	7,152	7,486	6,352	6,598	7,177	8,722	8,930	10,063
12	1,828	2,707	2,827	2,766	976	873	923	1,439	1,507	1,498	678	739	905	1,268	1,320	1,268
05	849	887	940	921	424	482	489	447	455	453	295	323	361	439	486	467
33	355	385	521	543	238	219	229	230	251	270	93	113	127	155	271	273
50	16,659	19,629	20,371	21,779	8,550	7,876	8,088	9,045	9,365	9,707	7,418	7,774	8,570	10,584	11,006	12,071
10	212	188	196	100	11	11	15	12	38	42	193	199	197	175	158	58
59	16,871	19,817	20,567	21,878	8,561	7,886	8,103	9,057	9,403	9,749	7,611	7,973	8,767	10,760	11,164	12,129
63	168	156	170	183	114	142	150	148	159	171	12	21	18	8	10	13
22	17,038	19,973	20,737	22,062	8,675	8,028	8,253	9,205	9,562	9,920	7,623	7,994	8,786	10,768	11,175	12,142

Environment protection by country and region, 2003-04 to 2008-09

												£ million					
Environment protection					of which: current						of which: capital						
National Statistics					National Statistics						National Statistics						
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
72	289	306	321	348	229	248	252	248	267	293	35	24	37	58	53	55	
20	1,050	1,758	1,587	2,010	686	720	708	937	810	1,067	118	100	343	821	777	943	
94	538	579	609	688	362	414	427	458	497	564	65	80	111	121	112	124	
22	446	493	515	556	304	361	365	404	423	453	41	60	82	89	92	103	
81	529	577	594	632	372	415	448	470	499	533	60	66	82	107	95	100	
34	567	657	664	736	388	471	477	542	545	611	58	63	91	115	119	125	
40	928	977	1,056	1,157	646	724	798	862	946	1,023	84	115	130	116	110	134	
12	1,084	965	1,063	1,124	649	740	722	778	827	913	57	72	361	187	236	211	
89	778	683	859	979	411	522	552	573	583	701	62	67	225	110	276	278	
54	6,209	6,995	7,267	8,231	4,047	4,616	4,749	5,271	5,397	6,157	580	648	1,460	1,724	1,871	2,074	
41	1,246	988	1,033	1,225	681	734	691	772	763	934	61	107	555	217	270	292	
92	428	579	462	511	327	354	380	444	432	491	28	38	48	135	30	20	
97	231	247	234	250	138	147	166	184	210	222	26	51	66	63	24	28	
94	8,115	8,809	8,997	10,217	5,194	5,850	5,986	6,671	6,803	7,804	695	844	2,129	2,138	2,194	2,413	
48	52	37	17	54	40	41	44	29	9	54	8	8	8	8	8	-	
13	8,167	8,846	9,014	10,272	5,234	5,891	6,030	6,700	6,812	7,859	702	852	2,137	2,146	2,202	2,413	
42	286	390	392	184	250	212	253	359	351	131	27	30	33	30	40	53	
35	8,453	9,235	9,405	10,456	5,484	6,103	6,283	7,059	7,163	7,990	730	882	2,170	2,176	2,242	2,466	

Expenditure on housing and community amenities by country and region, 2003-04 to 2008-09

												£ million					
Community amenities					of which: current						of which: capital						
National Statistics					National Statistics						National Statistics						
2005-06	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
25	471	505	537	605	150	150	184	183	158	141	115	175	287	322	379	464	
33	1,215	1,207	1,765	1,947	394	390	443	399	406	382	461	643	772	808	1,359	1,565	
25	738	950	981	1,074	253	257	266	299	280	251	107	269	473	651	701	823	
81	450	523	500	790	189	196	212	224	219	216	89	185	237	299	281	574	
30	661	732	809	970	224	216	244	267	294	280	129	314	417	464	515	690	
07	620	607	624	718	201	201	244	257	276	277	43	106	376	350	348	441	
67	2,159	2,631	2,730	3,144	488	489	560	497	580	530	787	1,078	1,599	2,135	2,150	2,614	
97	1,025	841	924	1,230	356	368	408	426	388	389	169	429	617	415	536	841	
55	449	491	646	746	196	199	225	220	246	244	91	156	224	271	401	502	
21	7,788	8,488	9,516	11,224	2,451	2,466	2,785	2,772	2,847	2,710	1,990	3,355	5,003	5,716	6,669	8,514	
86	1,406	1,679	1,746	1,685	743	279	162	182	333	293	515	707	1,244	1,497	1,413	1,392	
81	405	467	509	1,201	161	78	108	113	121	786	134	203	298	354	389	415	
66	956	889	1,130	1,179	459	439	485	493	559	535	250	427	471	396	571	644	
55	10,555	11,523	12,902	15,290	3,813	3,262	3,540	3,561	3,860	4,324	2,889	4,692	7,015	7,962	9,042	10,965	
0	-	-	-	-	0	0	-	-	-	-	-	-	-	-	-	-	
55	10,555	11,523	12,902	15,290	3,814	3,262	3,540	3,561	3,860	4,324	2,889	4,692	7,015	7,962	9,042	10,965	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
55	10,555	11,523	12,902	15,290	3,814	3,262	3,540	3,561	3,860	4,324	2,889	4,692	7,015	7,962	9,042	10,965	

on health by country and region, 2003–04 to 2008–09

											£ million					
National Statistics					of which: current						of which: capital					
					National Statistics						National Statistics					
2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
turn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
19	4,059	4,290	4,594	5,112	3,186	3,570	3,904	4,116	4,433	4,864	139	150	156	174	161	248
13	10,780	11,337	12,261	13,493	8,755	9,493	10,386	10,903	11,722	12,845	364	420	394	434	539	648
10	7,595	7,874	8,440	9,529	5,932	6,657	7,334	7,573	8,148	9,068	237	254	261	300	292	461
84	5,687	6,018	6,605	7,208	4,409	4,958	5,476	5,828	6,322	6,859	201	225	211	190	282	349
61	7,566	8,212	8,807	9,552	5,902	6,641	7,342	7,856	8,393	9,086	322	320	223	356	414	466
12	7,228	7,651	8,086	9,092	5,709	6,464	6,979	7,433	7,820	8,657	266	248	249	217	266	434
00	12,607	12,663	14,113	15,475	10,055	11,257	12,092	12,147	13,383	14,730	543	642	515	516	730	745
99	10,658	11,533	12,256	13,259	8,641	9,637	10,376	10,842	11,658	12,617	415	462	282	691	598	642
87	7,024	7,252	7,896	8,605	5,443	6,117	6,733	6,961	7,562	8,189	232	270	291	291	334	416
84	73,204	76,828	83,058	91,324	58,033	64,793	70,622	73,659	79,441	86,915	2,718	2,991	2,582	3,169	3,616	4,409
01	8,562	9,035	9,727	10,241	7,044	7,280	8,308	8,742	9,285	9,720	315	421	255	293	442	521
33	4,650	4,984	5,303	5,489	3,887	4,213	4,494	4,807	5,007	5,172	126	120	156	177	296	317
46	2,630	2,858	3,070	3,255	2,168	2,290	2,470	2,662	2,888	3,059	131	156	160	196	182	196
55	89,045	93,705	101,158	110,310	71,131	78,576	85,893	89,870	96,621	104,866	3,291	3,688	3,152	3,835	4,536	5,443
59	362	545	762	615	282	457	361	545	762	615	1	1	1	0	0	-
24	89,407	94,250	101,920	110,924	71,413	79,034	86,254	90,415	97,384	105,481	3,291	3,690	3,153	3,835	4,536	5,443
13	176	259	243	104	185	184	214	209	176	-	26	28	-38	50	67	104
36	89,583	94,509	102,163	111,028	71,598	79,218	86,467	90,624	97,559	105,481	3,318	3,718	3,116	3,885	4,604	5,547

on recreation, culture and religion by country and region, 2003–04 to 2008–09

											£ million					
National Statistics					of which: current						of which: capital					
					National Statistics						National Statistics					
2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
turn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
37	359	356	363	396	240	247	258	271	281	290	93	90	102	85	82	106
18	696	747	754	815	481	504	563	587	595	607	124	114	132	161	158	208
06	552	592	601	658	386	401	434	451	456	468	103	105	118	141	145	189
39	423	438	473	516	307	329	319	344	362	370	143	111	105	94	111	146
94	551	526	574	640	348	380	410	429	439	454	117	114	141	97	134	186
21	470	474	529	595	334	339	365	373	398	412	101	82	105	101	131	183
99	1,161	1,120	1,074	1,168	769	803	918	930	916	924	246	196	243	190	158	243
77	729	772	818	876	519	523	592	620	629	639	160	154	137	153	189	238
27	508	497	479	521	324	339	372	383	385	396	112	89	136	114	94	124
18	5,448	5,523	5,664	6,184	3,707	3,863	4,230	4,387	4,461	4,561	1,199	1,055	1,219	1,136	1,203	1,623
98	952	1,015	1,033	1,070	679	732	774	810	796	827	161	166	178	206	237	242
43	556	605	661	616	388	428	443	462	490	497	86	115	113	143	171	119
98	329	313	386	400	251	255	278	264	279	272	31	43	51	49	107	128
56	7,287	7,456	7,743	8,269	5,025	5,278	5,725	5,923	6,026	6,158	1,477	1,378	1,561	1,533	1,717	2,112
40	194	202	273	270	127	130	150	169	239	237	29	10	44	33	34	33
96	7,480	7,657	8,016	8,539	5,152	5,408	5,875	6,092	6,265	6,394	1,506	1,389	1,605	1,565	1,751	2,145
55	3,315	3,665	3,906	5,288	2,983	3,077	3,221	3,411	3,392	3,652	-6	78	94	254	514	1,636
52	10,796	11,323	11,921	13,827	8,135	8,485	9,097	9,503	9,656	10,046	1,500	1,467	1,699	1,820	2,265	3,781

on education by country and region, 2003–04 to 2008–09

											£ million					
National Statistics					of which: current						of which: capital					
					National Statistics						National Statistics					
2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
09	3,109	3,178	3,385	3,665	2,514	2,660	2,792	2,901	3,048	3,209	255	250	317	277	338	456
48	8,024	8,247	8,921	9,474	6,584	6,982	7,385	7,611	8,248	8,569	520	566	639	636	674	905
05	5,870	6,067	6,442	6,766	4,703	5,011	5,294	5,521	5,891	6,104	452	495	576	546	552	662
61	4,753	4,949	5,294	5,667	3,785	4,043	4,261	4,490	4,812	5,026	333	419	492	459	483	641
05	6,276	6,564	7,075	7,608	5,130	5,286	5,652	5,912	6,466	6,792	455	519	624	653	609	816
40	5,643	5,908	6,494	6,805	4,506	4,773	5,111	5,359	5,846	5,991	376	467	532	549	648	813
73	10,072	10,716	11,520	12,451	8,000	8,518	9,072	9,675	10,390	11,060	718	854	1,000	1,041	1,130	1,391
44	8,474	8,767	9,410	9,912	6,711	7,175	7,589	7,956	8,524	8,824	617	768	885	811	886	1,087
05	5,177	5,451	5,797	6,143	4,067	4,225	4,660	4,924	5,318	5,492	410	481	517	527	479	651
00	57,397	59,847	64,340	68,490	46,001	48,672	51,816	54,349	58,542	61,068	4,136	4,818	5,582	5,499	5,798	7,422
38	6,565	7,129	7,350	7,661	5,366	5,834	6,085	6,405	6,654	6,968	322	304	479	724	696	693
30	3,482	3,686	3,953	4,099	2,961	3,159	3,288	3,448	3,730	3,841	145	171	194	238	223	257
38	2,238	2,310	2,430	2,564	1,870	1,932	2,043	2,105	2,219	2,304	196	206	195	205	211	260
07	69,681	72,972	78,073	82,814	56,199	59,597	63,231	66,307	71,145	74,181	4,800	5,499	6,450	6,665	6,928	8,633
28	29	36	42	41	26	28	29	36	42	41	2	0	–	0	–	0
25	69,710	73,008	78,115	82,855	56,224	59,625	63,260	66,343	71,187	74,222	4,802	5,499	6,450	6,665	6,928	8,633
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
25	69,710	73,008	78,115	82,855	56,224	59,625	63,260	66,343	71,187	74,222	4,802	5,499	6,450	6,665	6,928	8,633

on social protection by country and region, 2003–04 to 2008–09

											£ million					
National Statistics					of which: current						of which: capital					
					National Statistics						National Statistics					
2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	
turn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans
76	7,890	8,128	8,555	9,178	7,358	7,638	7,842	8,081	8,510	9,145	35	37	47	47	45	33
93	20,583	21,144	22,216	23,876	18,791	19,722	20,476	21,063	22,130	23,809	39	71	107	80	87	67
42	14,072	14,504	15,318	16,479	12,790	13,375	13,977	14,446	15,244	16,393	37	67	95	58	74	85
08	11,294	11,691	12,343	13,265	10,092	10,683	11,226	11,646	12,279	13,218	12	25	68	45	64	47
95	15,280	15,703	16,622	17,874	13,586	14,360	15,193	15,607	16,522	17,797	25	36	87	96	99	77
66	13,862	14,448	15,331	16,447	12,406	13,151	13,791	14,405	15,267	16,398	16	15	71	43	64	49
73	21,348	22,131	23,294	24,906	19,288	20,217	21,219	22,027	23,196	24,807	133	55	130	105	98	99
53	19,659	20,678	21,945	23,529	17,711	19,002	19,545	20,581	21,848	23,448	83	51	114	97	96	81
70	13,698	14,345	15,233	16,309	12,563	13,346	13,625	14,284	15,170	16,259	26	24	73	61	63	49
75	137,686	142,771	150,857	161,863	124,584	131,493	136,893	142,140	150,167	161,275	407	382	793	631	690	588
14	15,697	15,952	16,988	18,164	14,420	15,158	15,596	15,850	16,890	18,061	45	57	101	102	98	103
87	9,358	9,589	10,135	10,944	8,504	8,959	9,305	9,542	10,095	10,890	19	28	54	47	40	53
02	5,641	5,997	6,463	6,887	5,180	5,492	5,613	5,978	6,443	6,804	17	10	28	19	20	83
78	168,382	174,309	184,443	197,858	152,688	161,102	167,407	173,510	183,595	197,030	487	476	975	799	848	828
47	2,713	2,842	3,063	3,294	2,440	2,547	2,710	2,836	3,059	3,291	–3	0	2	6	5	3
25	171,094	177,151	187,506	201,152	155,128	163,648	170,117	176,346	186,654	200,321	484	476	977	806	852	830
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
25	171,094	177,151	187,506	201,152	155,128	163,648	170,117	176,346	186,654	200,321	484	476	977	806	852	830

Expenditure on services by function, country and region, per head, 2003–04 to 2008–09

e National Statistics															£ per head	
<i>of which: public and common services</i>	<i>of which: international services</i>	2. Defence	3. Public order and safety	4. Economic affairs	<i>of which: enterprise and economic development</i>	<i>of which: science and technology</i>	<i>of which: employment policies</i>	<i>of which: agriculture, fisheries and forestry</i>	<i>of which: transport</i>	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	Total Expenditure on Services
90	5	4	422	596	242	21	75	76	181	104	104	1,308	131	1,090	2,909	6,762
88	4	2	435	480	110	24	63	55	228	118	126	1,341	89	1,045	2,769	6,497
74	5	2	380	503	141	27	61	93	180	85	72	1,227	97	1,025	2,551	6,021
82	4	2	333	455	62	25	46	134	189	81	65	1,084	106	968	2,375	5,555
88	4	2	367	429	80	20	60	66	203	81	67	1,172	88	1,051	2,563	5,912
88	3	2	293	395	34	42	37	98	183	82	45	1,091	79	892	2,269	5,239
103	3	3	696	846	61	45	65	34	641	99	173	1,439	138	1,184	2,637	7,321
85	3	3	331	392	33	35	33	58	234	87	65	1,120	84	906	2,200	5,277
90	3	4	312	432	54	21	37	149	171	95	57	1,134	87	894	2,515	5,625
88	4	2	407	506	79	30	52	79	266	93	89	1,218	98	1,005	2,507	6,018
185	3	1	361	726	170	45	56	127	327	147	249	1,455	166	1,125	2,860	7,277
229	3	1	400	688	261	16	60	105	245	121	100	1,369	162	1,060	2,908	7,040
204	3	0	693	684	138	36	91	225	194	96	417	1,350	165	1,214	3,052	7,878
107	4	2	411	539	97	31	54	89	268	99	113	1,250	109	1,024	2,572	6,228
114	5	2	451	570	212	25	76	77	180	107	128	1,463	133	1,144	3,019	7,135
102	4	1	466	522	128	26	62	56	250	120	151	1,454	91	1,107	2,902	6,921
94	5	1	411	514	149	28	58	100	177	97	104	1,365	100	1,087	2,654	6,432
94	4	1	353	495	90	26	44	138	196	98	89	1,208	102	1,040	2,495	5,979
102	4	1	402	483	105	21	58	71	228	90	100	1,307	93	1,090	2,702	6,374
99	4	1	322	411	42	47	37	105	179	97	56	1,218	76	951	2,389	5,624
137	4	2	751	741	65	46	64	40	527	114	212	1,610	135	1,268	2,744	7,717
111	4	1	352	406	37	36	32	59	241	100	98	1,243	83	978	2,345	5,721
101	4	2	333	459	65	22	36	148	188	117	70	1,267	85	933	2,652	6,022
107	4	1	438	512	89	32	50	83	257	105	116	1,353	98	1,067	2,632	6,433
193	4	1	386	725	173	49	57	128	317	166	194	1,516	177	1,209	2,996	7,567
167	4	1	409	695	262	17	64	79	273	133	95	1,471	184	1,130	3,050	7,340
198	4	0	727	722	151	41	101	235	194	115	506	1,430	174	1,250	3,217	8,345
120	4	1	440	545	106	33	53	91	262	112	133	1,375	111	1,088	2,700	6,629

Expenditure on services by function, country and region, per head, 2003–04 to 2008–09 (continued)

e National Statistics															£ per head	
<i>of which: public and common services</i>	<i>of which: international services</i>	2. Defence	3. Public order and safety	4. Economic affairs	<i>of which: enterprise and economic development</i>	<i>of which: science and technology</i>	<i>of which: employment policies</i>	<i>of which: agriculture, fisheries and forestry</i>	<i>of which: transport</i>	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	Total Expenditure on Services
118	5	1	463	602	211	34	79	82	196	113	185	1,592	141	1,219	3,094	7,535
108	4	1	481	513	106	32	66	60	249	154	178	1,576	102	1,173	3,009	7,299
80	5	1	428	523	145	35	61	93	189	105	145	1,487	108	1,149	2,755	6,787
104	4	1	363	531	111	32	46	141	200	103	104	1,314	98	1,098	2,610	6,330
117	5	1	417	489	99	26	61	75	228	99	123	1,414	103	1,173	2,856	6,796
107	4	2	331	433	40	57	38	103	194	102	111	1,299	84	1,014	2,492	5,979
125	4	2	764	789	79	52	64	12	583	124	290	1,691	156	1,351	2,863	8,159
113	4	1	360	408	43	40	34	56	235	132	125	1,302	89	1,035	2,402	5,972
103	4	2	335	488	53	29	38	166	202	153	88	1,381	100	1,018	2,693	6,365
109	5	1	449	530	88	38	53	81	270	123	154	1,451	108	1,137	2,728	6,795
233	4	1	423	784	179	62	60	125	359	245	276	1,681	187	1,288	3,081	8,203
202	4	1	433	767	264	23	70	123	288	145	137	1,574	188	1,179	3,168	7,800
218	4	0	727	792	139	41	96	310	206	134	554	1,525	191	1,298	3,271	8,716
127	4	1	454	571	106	40	55	93	277	135	175	1,478	121	1,157	2,795	7,018
100	4	2	492	622	207	30	83	76	227	120	198	1,678	139	1,244	3,180	7,778
112	4	1	500	586	156	27	68	57	278	256	176	1,654	109	1,203	3,085	7,688
91	4	1	445	544	130	30	63	83	238	113	185	1,531	115	1,180	2,820	7,029
101	4	2	375	518	102	28	47	116	225	113	120	1,379	100	1,134	2,679	6,525
117	4	2	443	505	90	22	61	71	260	108	136	1,530	98	1,223	2,926	7,090
105	4	2	349	437	36	43	39	94	225	117	108	1,365	84	1,054	2,577	6,201
148	3	2	775	835	73	50	62	7	642	130	350	1,686	149	1,426	2,946	8,451
98	3	2	370	428	33	37	33	52	273	117	102	1,400	94	1,064	2,510	6,188
97	3	2	349	503	50	27	39	146	241	133	96	1,415	97	1,064	2,799	6,559
110	4	2	465	556	88	34	53	72	308	138	167	1,513	109	1,179	2,813	7,054
205	3	1	427	942	176	50	57	130	529	193	328	1,766	198	1,393	3,118	8,575
216	3	1	454	761	234	20	71	137	299	195	157	1,680	204	1,243	3,233	8,147
244	3	0	735	743	131	35	84	272	221	142	510	1,641	179	1,326	3,443	8,967
127	4	1	469	604	104	35	55	86	324	145	190	1,547	123	1,204	2,877	7,291

Expenditure on services by function, country and region, per head, 2003–04 to 2008–09 (continued)

e National Statistics														£ per head		
<i>of which: public and common services</i>	<i>of which: international services</i>	2. Defence	3. Public order and safety	4. Economic affairs	<i>of which: enterprise and economic development</i>	<i>of which: science and technology</i>	<i>of which: employment policies</i>	<i>of which: agriculture, fisheries and forestry</i>	<i>of which: transport</i>	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	Total Expenditure on Services
91	4	1	512	625	227	38	81	73	206	125	209	1,791	141	1,320	3,336	8,156
89	4	1	513	590	160	34	66	52	278	231	257	1,786	110	1,300	3,237	8,118
80	4	2	457	530	142	38	61	76	213	118	189	1,630	116	1,244	2,959	7,329
103	3	1	384	488	106	35	45	98	203	117	114	1,501	108	1,203	2,805	6,827
118	4	1	446	500	104	30	61	66	239	110	150	1,636	107	1,315	3,088	7,475
97	3	2	360	441	48	46	38	98	211	117	110	1,428	93	1,147	2,708	6,507
120	3	1	786	976	71	57	59	5	783	140	361	1,868	142	1,524	3,082	9,005
87	3	1	369	435	47	45	32	54	257	128	111	1,475	98	1,133	2,641	6,483
96	3	2	361	482	66	32	36	132	215	166	125	1,525	93	1,120	2,942	6,913
98	4	1	474	572	98	41	51	68	315	142	186	1,626	111	1,259	2,953	7,426
193	3	1	436	1,027	199	77	55	145	550	201	340	1,893	201	1,430	3,306	9,032
230	3	1	458	746	204	26	69	132	316	155	171	1,780	222	1,326	3,401	8,493
208	3	0	739	838	137	44	93	268	296	133	642	1,744	219	1,380	3,670	9,577
116	3	1	478	626	112	43	54	83	334	148	212	1,659	127	1,280	3,025	7,675
Statistics																
125	5	1	540	597	168	33	81	80	235	135	236	1,990	154	1,427	3,573	8,783
117	5	1	539	621	160	32	66	55	309	291	282	1,952	118	1,371	3,455	8,751
105	5	2	481	528	116	33	59	82	239	131	205	1,821	126	1,293	3,150	7,848
133	4	1	403	506	84	32	44	103	242	125	177	1,619	116	1,273	2,980	7,339
150	4	1	479	518	94	25	59	71	269	117	179	1,763	118	1,404	3,300	8,034
129	4	2	383	466	53	45	38	99	232	129	126	1,591	104	1,191	2,878	7,001
164	4	2	839	1,007	62	56	58	5	826	152	413	2,031	153	1,634	3,268	9,666
115	4	1	392	433	44	39	32	59	259	135	147	1,587	105	1,186	2,816	6,921
125	4	1	379	508	68	24	36	143	237	188	143	1,649	100	1,177	3,126	7,400
130	4	1	502	588	88	37	50	72	341	160	218	1,774	120	1,330	3,144	7,971
235	4	1	531	1,002	183	67	57	159	536	238	327	1,986	207	1,485	3,522	9,538
258	4	2	522	739	191	27	72	142	308	171	401	1,834	206	1,369	3,656	9,162
159	4	0	715	930	172	38	110	304	306	141	665	1,835	225	1,446	3,883	10,003
146	4	1	512	640	103	39	54	89	355	166	249	1,796	135	1,349	3,222	8,219

Identifiable expenditure on services by country and region, 2003–04 to 2008–09

£ million						As a percentage of total spending in that region (from Table 9.1)					
National Statistics						National Statistics					
2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 plans	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 plans
039	5,407	5,781	5,817	6,091	6,524	29	30	30	29	29	29
022	14,041	14,961	15,409	16,332	17,516	29	30	30	29	29	29
749	9,476	10,070	10,625	10,935	11,747	29	29	29	29	29	29
857	7,436	7,893	8,264	8,646	9,329	29	29	29	29	29	29
439	10,262	11,035	11,553	12,071	13,005	30	30	30	30	30	30
736	9,446	10,185	10,550	11,156	12,147	30	30	31	30	30	30
473	21,900	23,321	24,451	26,085	28,702	38	38	38	39	38	39
989	14,119	14,721	15,172	15,816	17,129	30	30	30	30	29	30
030	8,636	9,079	9,456	9,943	10,765	29	28	28	28	28	28
332	100,723	107,047	111,296	117,073	126,863	31	31	31	31	31	31
716	11,570	12,638	12,621	13,442	14,782	29	30	30	29	29	30
953	6,137	6,594	6,920	7,299	8,210	29	28	29	29	29	30
413	443	483	464	609	595	3	3	3	3	4	3
414	118,873	126,762	131,301	138,422	150,450	30	30	30	30	30	30
236	385	440	520	692	627	0	1	1	1	1	1
650	119,258	127,202	131,821	139,114	151,077	25	25	25	25	25	25
918	12,959	13,648	14,341	16,311	14,637	55	59	58	53	57	64
668	132,217	140,850	146,162	155,425	165,714	26	27	27	27	27	27

Notes because spending that is undertaken by local government in Great Britain is mostly undertaken by Northern Ireland departments in Northern Ireland.

Identifiable expenditure on services by country and region, per head 2003–04 to 2008–09

£ per head						Index (UK identifiable expenditure = 100)					
National Statistics						National Statistics					
2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 plans	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 plans
983	2,127	2,267	2,276	2,375	2,540	107	107	108	105	105	104
915	2,059	2,187	2,248	2,379	2,534	103	104	104	104	105	103
740	1,871	1,972	2,066	2,112	2,245	94	94	94	95	93	92
612	1,733	1,824	1,894	1,965	2,096	87	87	87	87	87	86
777	1,927	2,062	2,153	2,243	2,401	96	97	98	99	99	98
596	1,714	1,831	1,882	1,971	2,126	86	86	87	87	87	87
780	2,964	3,128	3,255	3,452	3,766	150	149	149	150	152	154
606	1,738	1,799	1,842	1,904	2,050	87	87	85	85	84	84
604	1,713	1,785	1,845	1,920	2,063	87	86	85	85	85	84
872	2,010	2,121	2,192	2,291	2,464	101	101	101	101	101	101
119	2,278	2,481	2,466	2,616	2,866	114	115	118	114	115	117
031	2,083	2,233	2,333	2,449	2,743	110	105	106	108	108	112
242	259	280	267	346	335	13	13	13	12	15	14
854	1,986	2,104	2,167	2,270	2,450	100	100	100	100	100	100

because spending that is undertaken by local government in Great Britain is mostly undertaken by Northern Ireland departments in Northern Ireland.

and public corporations' identifiable expenditure on services by country and region, 2003-04 to 2010-11

National Statistics							As a percentage of total spending in that region from 9.1					
£ million							National Statistics					
2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans	2009-10 plans	2010-11 plans	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
12,732	13,430	14,062	14,826	16,036	16,875	17,080	71	70	70	71	71	71
33,157	34,965	37,279	39,392	42,961	45,424	46,145	71	70	70	71	71	71
23,097	24,592	25,520	27,012	29,307	30,868	31,420	71	71	71	71	71	71
18,223	19,502	20,211	21,393	23,342	24,644	25,219	71	71	71	71	71	71
23,692	25,329	26,499	28,161	30,517	32,715	33,232	70	70	70	70	70	70
21,545	23,076	24,218	25,682	27,863	29,979	30,479	70	70	69	70	70	70
35,123	37,509	39,035	41,965	44,957	47,784	48,411	62	62	62	61	62	61
32,366	34,157	35,803	38,046	40,697	43,749	44,493	70	70	70	70	71	70
21,726	23,297	24,153	25,850	27,846	29,773	30,310	71	72	72	72	72	72
221,662	235,857	246,780	262,326	283,525	301,810	306,789	69	69	69	69	69	69
26,857	29,154	31,255	32,967	34,406	36,205	36,991	71	70	70	71	71	70
15,489	16,443	17,245	18,010	19,216	20,330	20,674	71	72	71	71	71	70
13,830	14,547	15,154	16,255	17,148	18,190	18,350	97	97	97	97	96	97
277,838	296,000	310,433	329,559	354,295	376,535	382,804	70	70	70	70	70	70
11,288	11,602	12,309	13,885	14,394	15,695	17,257	100	100	100	100	100	100
289,125	307,601	322,742	343,443	368,689	392,231	400,061	71	71	71	71	71	71
62,256	66,243	68,440	72,654	80,309	79,028	94,720	100	99	99	99	99	99
351,381	373,844	391,182	416,097	448,998	471,259	494,781	75	75	75	75	75	75
9,160	9,915	12,595	12,543	8,409	6,834	6,929	45	41	42	47	43	36
360,541	383,759	403,777	428,640	457,407	478,093	501,710	74	73	73	73	73	73

because spending that is undertaken by local government in Great Britain is mostly undertaken by Northern Ireland departments in Northern Ireland.

Table 9.20 Total central government and public corporations' identifiable expenditure on services by country and region per head, 2003–04 to 2010–11

	£ per head							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 plans	2009–10 plans	2010–11 plans
North East	4,780	5,008	5,267	5,502	5,781	6,234	6,550	6,608
North West	4,582	4,862	5,112	5,440	5,739	6,216	6,542	6,613
Yorkshire and the Humber	4,281	4,561	4,815	4,963	5,217	5,602	5,847	5,898
East Midlands	3,943	4,246	4,507	4,631	4,862	5,244	5,479	5,550
West Midlands	4,135	4,448	4,734	4,938	5,233	5,633	6,007	6,069
East	3,643	3,910	4,148	4,320	4,537	4,875	5,193	5,227
London	4,541	4,753	5,031	5,196	5,553	5,899	6,217	6,245
South East	3,670	3,983	4,173	4,346	4,579	4,871	5,196	5,244
South West	4,021	4,309	4,580	4,714	4,992	5,337	5,652	5,700
Total England	4,146	4,423	4,674	4,861	5,134	5,507	5,817	5,866
Scotland	5,159	5,289	5,722	6,108	6,416	6,672	6,997	7,127
Wales	5,009	5,257	5,567	5,814	6,044	6,419	6,759	6,840
Northern Ireland ⁽¹⁾	7,636	8,086	8,436	8,701	9,232	9,668	10,180	10,197
UK central government and public corporations' identifiable expenditure	4,375	4,643	4,914	5,124	5,405	5,769	6,087	6,144

	Index (UK identifiable expenditure = 100)							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 plans	2009–10 plans	2010–11 plans
North East	109	108	107	107	107	108	108	108
North West	105	105	104	106	106	108	107	108
Yorkshire and the Humber	98	98	98	97	96	97	96	96
East Midlands	90	91	92	90	90	91	90	90
West Midlands	95	96	96	96	97	98	99	99
East	83	84	84	84	84	85	85	85
London	104	102	102	101	103	102	102	102
South East	84	86	85	85	85	84	85	85
South West	92	93	93	92	92	93	93	93
Total England	95	95	95	95	95	95	96	95
Scotland	118	114	116	119	119	116	115	116
Wales	115	113	113	113	112	111	111	111
Northern Ireland ⁽¹⁾	175	174	172	170	171	168	167	166
UK central government and public corporations' identifiable expenditure	100	100	100	100	100	100	100	100

(1) The relative weighting of Northern Ireland is higher in these tables because spending that is undertaken by local government in Great Britain is mostly undertaken by Northern Ireland departments in Northern Ireland.

Table 9.21 Identifiable expenditure on services for Scotland, Wales and Northern Ireland in 2007–08

Departmental grouping	Function	National Statistics										Total Expenditure on Services	£ million					
		1. General public services of which: public and common services	2. Defence of which: international services	3. Public order and safety	4. Economic affairs of which: enterprise and economic development	of which: science and technology	of which: employment policies	of which: agriculture, fisheries and forestry	of which: transport	5. Environment protection	6. Housing and community amenities			7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	
Scotland		477	477	3	952	3,211	604	195	1	690	1,721	205	1,544	9,689	228	2,414	144	18,867
Scottish Executive		7	7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7
Scotland Office ⁽¹⁾		450	450	4	1,213	1,225	214	—	—	43	967	603	202	—	717	4,917	4,111	13,442
Local government public corporations		—	—	—	—	5	—	—	—	—	5	—	—	—	—	—	—	5
UK government departments		72	56	16	0	76	836	202	282	12	135	225	0	38	88	19	12,733	14,088
Total identifiable expenditure in Scotland		1,007	991	16	7	2,242	5,276	398	283	746	2,827	1,033	1,746	9,727	1,033	7,350	16,988	46,409
Wales		396	396	—	36	1,158	347	5	67	376	363	123	179	5,292	107	1,407	148	8,845
Welsh Assembly Government		5	5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5
Wales Office ⁽¹⁾		247	247	3	771	549	94	—	—	10	445	323	327	—	417	2,518	2,143	7,299
Local government public corporations		—	—	—	—	3	—	—	—	—	3	—	—	—	—	—	—	3
UK government departments		46	37	9	0	558	513	166	138	7	129	16	3	12	137	28	7,844	9,157
Total identifiable expenditure in Wales		693	684	9	4	1,366	2,224	607	78	393	940	462	509	5,303	661	3,953	10,135	25,309
Northern Ireland		354	354	—	81	1,368	187	47	163	469	503	55	996	3,014	125	2,426	5,466	13,886
Northern Ireland Executive		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Northern Ireland Office		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60
Northern Ireland Court Service		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	124
Northern Irish local government		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
UK government departments		21	16	5	0	24	85	32	1	3	19	8	0	5	31	4	937	1,115
Total identifiable expenditure in Northern Ireland		372	367	5	0	1,302	1,476	242	78	472	521	234	1,130	3,070	386	2,430	6,463	16,863

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

10

Public sector expenditure by country and sub-function

10.1 This chapter presents public expenditure by country. In this chapter, data for all years up to and including 2007-08 are National Statistics. The figures in this chapter are consistent with **Chapter 9**, with the English local government data reported at England rather than English regional level to allow England sub-functional analysis. This enables country comparisons of spending. See **Chapter 9** for further details on the data used in this chapter.

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

- most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The regional analyses presented in this chapter show where the individuals and enterprises that benefited from public spending were located. It does not mean that all such spending was planned to benefit a particular region, though a proportion of public spending is planned on a region basis; and
- the information in **Chapters 9 and 10** was gathered in a separate data collection exercise during the winter of 2008-09. Therefore, the figures in these chapters are not entirely consistent with the figures in other PESA chapters.

The tables

Tables on expenditure for a country

10.3 The tables in this chapter present public sector expenditure on services by country and sub-function:

- **Table 10.1** shows total identifiable expenditure on services for England by sub-function;
- **Table 10.2** shows total identifiable expenditure on services for Scotland by sub-function;
- **Table 10.3** shows total identifiable expenditure on services for Wales by sub-function; and
- **Table 10.4** shows total identifiable expenditure on services for Northern Ireland by sub-function.

Table 10.1 Total identifiable expenditure on services in England by sub-function, 2003-04 to 2008-09

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	2,604	2,862	3,068	3,029	2,607	3,277
1.2 Foreign economic aid	19	14	11	9	26	22
1.3 General services	747	867	810	968	776	1,012
1.4 Basic research	35	80	74	45	0	0
1.5 R&D General public services	13	12	10	11	10	9
1.6 General public services n.e.c.	1,167	1,743	1,749	1,686	1,785	2,589
Total general public services	4,584	5,579	5,721	5,747	5,204	6,909
2. Defence						
2.1 Military defence	7	–	–	–	2	8
2.2 Civil defence	117	69	67	80	71	62
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	0	0	–	–	–	0
Total defence	124	69	67	80	73	70
3. Public order and safety						
3.1 Police services	10,438	11,159	11,983	12,597	12,327	13,405
<i>of which: immigration and citizenship</i>	46	34	33	23	16	9
<i>of which: other police services</i>	10,392	11,124	11,950	12,574	12,311	13,396
3.2 Fire-protection services	1,940	2,059	2,186	2,182	2,365	2,536
3.3 Law courts	5,261	5,827	5,247	5,372	5,594	5,858
3.4 Prisons	2,394	2,600	2,967	3,195	3,648	3,775
3.5 R&D Public order and safety	27	44	21	13	22	25
3.6 Public order and safety n.e.c.	222	238	240	240	251	244
Total public order and safety	20,283	21,927	22,644	23,597	24,207	25,842
4. Economic affairs						
4.1 General economic, commercial and labour affairs	4,861	4,929	5,289	5,166	5,456	5,016
4.2 Agriculture, forestry, fishing and hunting	3,953	4,162	4,071	3,657	3,455	3,688
<i>of which: market support under CAP</i>	2,896	3,174	2,901	2,520	2,323	2,485
<i>of which: other agriculture, food and fisheries policy</i>	1,000	942	1,111	1,086	1,077	1,158
<i>of which: forestry</i>	56	46	59	51	56	45
4.3 Fuel and energy	956	1,284	1,040	1,164	974	774
4.4 Mining, manufacturing and construction	-13	-46	72	-23	-185	89
4.5 Transport	13,264	12,900	13,626	15,650	16,082	17,548
<i>of which: national roads</i>	1,777	1,854	2,162	2,625	2,563	2,893
<i>of which: local roads</i>	3,380	3,653	3,840	3,762	3,921	4,690
<i>of which: local public transport</i>	2,885	2,030	2,353	2,504	2,689	3,422
<i>of which: railway</i>	4,985	5,112	4,988	6,427	6,521	6,176
<i>of which: other transport</i>	239	251	283	333	388	367
4.6 Communication	140	256	215	296	785	660
4.7 Other industries	183	183	180	208	188	200
4.8 R&D Economic affairs	1,517	1,612	1,938	1,723	2,070	1,889
4.9 Economic affairs n.e.c.	387	376	308	358	387	384
Total economic affairs	25,249	25,656	26,738	28,200	29,213	30,250
5. Environment protection						
5.1 Waste management	2,795	3,114	3,797	4,449	4,613	5,247
5.2 Waste water management	32	32	38	38	12	51
5.3 Pollution abatement	220	200	203	159	143	276
5.4 Protection of biodiversity and landscape	119	161	119	111	179	159
5.5 R&D Environment protection	75	87	94	97	133	218
5.6 Environment protection n.e.c.	1,385	1,671	1,958	2,141	2,187	2,279
Total environment protection	4,627	5,264	6,209	6,995	7,268	8,231

Table 10.1 Total identifiable expenditure on services in England by sub-function, 2003-04 to 2008-09 (continued)

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
6. Housing and community amenities						
6.1 Housing development	2,288	3,308	5,112	5,526	6,198	7,402
<i>of which: local authority housing</i>	442	1,241	2,964	3,287	3,823	4,168
<i>of which: other social housing</i>	1,846	2,067	2,148	2,239	2,374	3,234
6.2 Community development	1,713	2,064	2,180	2,425	2,726	3,164
6.3 Water supply	16	3	-17	-19	-8	3
6.4 Street lighting	346	363	424	466	513	559
6.5 R&D Housing and community amenities	-	-	-	-	-	-
6.6 Housing and community amenities n.e.c	78	82	89	90	88	95
Total housing and community amenities	4,441	5,821	7,788	8,488	9,516	11,224
7. Health ⁽¹⁾						
Medical services	59,534	66,559	72,092	75,643	81,897	89,946
Health research	160	168	198	230	217	446
Central and other health services	1,057	1,057	913	955	944	933
Total health	60,751	67,784	73,204	76,828	83,058	91,324
8. Recreation, culture and religion						
8.1 Recreational and sporting services	2,056	2,111	2,267	2,342	2,393	2,833
8.2 Cultural services	2,728	2,681	2,983	2,950	3,001	3,088
8.3 Broadcasting and publishing services	8	9	8	9	8	8
8.4 Religious and other community services	82	81	79	79	92	77
8.5 R&D Recreation, culture and religion	2	1	72	96	118	118
8.6 Recreation, culture and religion n.e.c	30	35	39	47	53	59
Total recreation, culture and religion	4,907	4,918	5,448	5,523	5,664	6,184
9. Education						
9.1 Pre-primary and primary education	17,152	18,104	19,372	19,809	21,176	22,354
<i>of which: under fives</i>	3,414	3,762	3,958	3,746	4,012	4,270
<i>of which: primary education</i>	13,739	14,342	15,414	16,063	17,164	18,085
9.2 Secondary education	15,156	16,617	17,910	18,934	20,201	21,011
9.3 Post-secondary non-tertiary education	5,855	5,922	6,185	6,720	6,893	6,932
9.4 Tertiary education	6,595	7,002	7,850	8,185	9,373	9,929
9.5 Education not definable by level	1,818	1,946	1,959	1,933	2,235	3,040
9.6 Subsidiary services to education	2,475	2,698	2,910	2,998	3,150	3,523
9.7 R&D education	12	17	14	14	12	16
9.8 Education n.e.c	1,075	1,183	1,198	1,254	1,299	1,685
Total education	50,138	53,490	57,397	59,847	64,340	68,490
10. Social protection						
<i>of which: personal social services</i>	27,658	30,093	32,098	34,290	36,280	38,721
10.1 Sickness and disability	22,077	23,162	24,305	25,225	26,509	28,964
<i>of which: personal social services</i>	4,238	4,697	5,180	5,419	5,995	6,287
<i>of which: incapacity, disability and injury benefits</i>	17,839	18,465	19,125	19,806	20,514	22,677
10.2 Old age	50,445	54,077	56,774	59,092	63,455	68,782
<i>of which: personal social services</i>	5,803	6,562	7,086	7,438	7,712	8,216
<i>of which: pensions</i>	44,642	47,515	49,688	51,654	55,743	60,566
10.3 Survivors	1,519	1,482	1,482	1,444	1,435	1,459
10.4 Family and children	21,947	22,426	22,718	22,926	24,041	23,179
<i>of which: personal social services</i>	4,201	4,703	5,204	5,484	5,792	5,972
<i>of which: family benefits, income support and tax credits</i>	17,746	17,723	17,514	17,442	18,249	17,207
10.5 Unemployment	3,320	3,054	2,992	3,576	3,349	3,634
<i>of which: personal social services</i>	951	1,028	802	1,278	1,261	1,261
<i>of which: other unemployment benefits</i>	2,369	2,026	2,191	2,298	2,088	2,373
10.6 Housing	7,992	9,580	10,712	11,789	12,827	15,023
10.7 Social exclusion n.e.c	14,103	14,642	15,333	16,236	17,090	18,813
<i>of which: personal social services</i>	12,465	13,103	13,826	14,671	15,519	16,987
<i>of which: family benefits, income support and tax credits</i>	1,637	1,538	1,507	1,565	1,571	1,827
10.8 R&D social protection	-	2	1	0	-	-
10.9 Social protection n.e.c.	3,588	3,450	3,369	2,484	2,151	2,009
Total social protection	124,991	131,875	137,686	142,771	150,857	161,863
Total Expenditure on Services in England	300,093	322,385	342,903	358,076	379,399	410,388

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

Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2002-03 to 2008-09

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	695	704	654	675	715	708
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	18	21	22	25	25	32
1.4 Basic research	38	39	53	77	54	90
1.5 R&D General public services	16	15	19	19	10	13
1.6 General public services n.e.c.	186	221	459	268	204	390
Total general public services	952	1,001	1,207	1,065	1,007	1,233
2. Defence						
2.1 Military defence	–	–	–	0	0	0
2.2 Civil defence	3	6	6	7	7	4
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
Total defence	3	6	6	7	7	5
3. Public order and safety						
3.1 Police services	938	1,015	1,174	1,126	1,183	1,457
<i>of which: immigration and citizenship</i>	5	3	3	2	2	1
<i>of which: other police services</i>	933	1,012	1,171	1,124	1,181	1,456
3.2 Fire-protection services	222	239	265	273	282	402
3.3 Law courts	386	389	394	403	433	433
3.4 Prisons	254	294	297	323	289	389
3.5 R&D Public order and safety	1	1	1	1	2	2
3.6 Public order and safety n.e.c.	28	23	24	59	53	54
Total public order and safety	1,828	1,961	2,155	2,186	2,242	2,738
4. Economic affairs						
4.1 General economic, commercial and labour affairs	733	686	712	730	756	730
4.2 Agriculture, forestry, fishing and hunting	642	651	635	663	746	820
<i>of which: market support under CAP</i>	416	450	443	449	479	518
<i>of which: other agriculture, food and fisheries policy</i>	191	159	147	129	184	215
<i>of which: forestry</i>	35	42	45	85	83	86
4.3 Fuel and energy	70	113	135	116	78	48
4.4 Mining, manufacturing and construction	14	28	40	20	82	123
4.5 Transport	1,654	1,612	1,828	2,707	2,827	2,766
<i>of which: national roads</i>	354	341	390	481	451	428
<i>of which: local roads</i>	458	486	598	651	626	641
<i>of which: local public transport</i>	79	71	71	238	246	263
<i>of which: railway</i>	511	443	455	1,072	1,192	1,109
<i>of which: other transport</i>	252	272	313	266	313	325
4.6 Communication	30	34	45	40	88	61
4.7 Other industries	59	69	81	79	85	83
4.8 R&D Economic affairs	228	250	318	258	398	345
4.9 Economic affairs n.e.c.	239	237	203	204	216	191
Total economic affairs	3,670	3,681	3,995	4,818	5,276	5,166
5. Environment protection						
5.1 Waste management	487	562	938	682	688	830
5.2 Waste water management	0	0	0	0	0	0
5.3 Pollution abatement	4	8	2	1	4	6
5.4 Protection of biodiversity and landscape	85	89	97	148	123	127
5.5 R&D Environment protection	13	12	16	16	15	34
5.6 Environment protection n.e.c.	154	170	194	142	203	228
Total environment protection	742	841	1,246	988	1,033	1,225

Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2002-03 to 2008-09 (continued)

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
6. Housing and community amenities						
6.1 Housing development	936	677	715	874	950	918
<i>of which: local authority housing</i>	341	270	323	292	357	562
<i>of which: other social housing</i>	595	407	392	581	593	356
6.2 Community development	74	94	104	116	119	147
6.3 Water supply	213	174	547	661	619	589
6.4 Street lighting	8	8	9	8	8	10
6.5 R&D Housing and community amenities	11	15	14	9	8	7
6.6 Housing and community amenities n.e.c	15	18	17	12	43	14
Total housing and community amenities	1,258	986	1,406	1,679	1,746	1,685
7. Health ⁽¹⁾						
Medical services	7,270	7,596	8,438	8,906	9,603	9,912
Health research	28	29	32	37	42	121
Central and other health services	61	76	92	92	81	207
Total health	7,359	7,701	8,562	9,035	9,727	10,241
8. Recreation, culture and religion						
8.1 Recreational and sporting services	429	435	463	500	524	543
8.2 Cultural services	374	425	443	463	472	491
8.3 Broadcasting and publishing services	18	19	21	24	11	11
8.4 Religious and other community services	19	20	20	21	19	18
8.5 R&D Recreation, culture and religion	0	0	6	9	8	8
8.6 Recreation, culture and religion n.e.c	0	-1	-1	-1	-1	-1
Total recreation, culture and religion	840	898	952	1,015	1,033	1,070
9. Education						
9.1 Pre-primary and primary education	2,085	2,252	2,428	2,584	2,731	2,770
<i>of which: under fives</i>	240	256	276	289	307	330
<i>of which: primary education</i>	1,845	1,995	2,152	2,294	2,423	2,440
9.2 Secondary education	1,621	1,741	1,872	1,998	1,980	2,045
9.3 Post-secondary non-tertiary education	553	618	651	761	820	762
9.4 Tertiary education	1,023	1,092	1,165	1,382	1,454	1,484
9.5 Education not definable by level	158	163	167	125	79	27
9.6 Subsidiary services to education	14	24	22	14	15	214
9.7 R&D education	27	25	19	23	19	3
9.8 Education n.e.c	207	224	240	243	253	356
Total education	5,689	6,138	6,565	7,129	7,350	7,661
10. Social protection						
<i>of which: personal social services</i>	2,154	2,341	2,449	2,374	2,796	2,975
10.1 Sickness and disability	2,878	3,002	3,131	3,130	3,348	3,745
<i>of which: personal social services</i>	485	539	587	522	674	765
<i>of which: incapacity, disability and injury benefits</i>	2,393	2,463	2,544	2,608	2,673	2,980
10.2 Old age	5,773	6,065	6,297	6,424	7,016	7,618
<i>of which: personal social services</i>	944	1,013	1,049	949	1,132	1,220
<i>of which: pensions</i>	4,830	5,052	5,248	5,475	5,884	6,398
10.3 Survivors	146	194	190	187	192	195
10.4 Family and children	2,462	2,523	2,560	2,601	2,773	2,587
<i>of which: personal social services</i>	516	568	637	663	748	745
<i>of which: family benefits, income support and tax credits</i>	1,946	1,954	1,923	1,938	2,025	1,842
10.5 Unemployment	408	376	306	376	334	362
<i>of which: personal social services</i>	108	114	66	126	121	120
<i>of which: other unemployment benefits</i>	299	261	241	251	213	242
10.6 Housing	1,439	1,500	1,547	1,574	1,614	1,778
10.7 Social exclusion n.e.c	961	1,110	1,214	1,299	1,391	1,609
<i>of which: personal social services</i>	102	106	110	114	121	125
<i>of which: family benefits, income support and tax credits</i>	859	1,004	1,104	1,185	1,271	1,484
10.8 R&D social protection	0	0	0	0	0	0
10.9 Social protection n.e.c.	398	444	450	361	319	270
Total social protection	14,465	15,214	15,697	15,952	16,988	18,164
Total Expenditure on Services in Scotland	36,805	38,427	41,792	43,875	46,409	49,188

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

Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2003-04 to 2008-09

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	367	384	420	525	537	606
1.2 Foreign economic aid	–	–	–	–	–	1
1.3 General services	18	20	22	23	30	38
1.4 Basic research	–	–	–	–	–	–
1.5 R&D General public services	1	1	–	–	–	–
1.6 General public services n.e.c.	296	100	167	101	126	141
Total general public services	681	505	609	650	693	786
2. Defence						
2.1 Military defence	–	–	–	0	0	0
2.2 Civil defence	2	3	3	3	3	4
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
Total defence	2	3	3	3	4	5
3. Public order and safety						
3.1 Police services	565	564	637	687	677	801
<i>of which: immigration and citizenship</i>	3	2	2	1	1	1
<i>of which: other police services</i>	562	562	636	685	676	801
3.2 Fire-protection services	147	145	160	172	166	213
3.3 Law courts	319	341	303	309	315	327
3.4 Prisons	128	140	165	164	193	207
3.5 R&D Public order and safety	1	2	1	1	1	1
3.6 Public order and safety n.e.c.	12	13	13	13	14	14
Total public order and safety	1,173	1,206	1,279	1,346	1,366	1,564
4. Economic affairs						
4.1 General economic, commercial and labour affairs	272	274	417	442	481	492
4.2 Agriculture, forestry, fishing and hunting	308	232	364	406	393	424
<i>of which: market support under CAP</i>	239	154	276	305	222	240
<i>of which: other agriculture, food and fisheries policy</i>	44	50	42	53	149	160
<i>of which: forestry</i>	25	27	46	48	22	24
4.3 Fuel and energy	182	152	175	144	101	54
4.4 Mining, manufacturing and construction	11	14	24	14	5	3
4.5 Transport	719	805	849	887	940	921
<i>of which: national roads</i>	148	159	157	184	191	194
<i>of which: local roads</i>	234	254	310	338	329	311
<i>of which: local public transport</i>	64	60	79	68	112	115
<i>of which: railway</i>	235	292	267	260	272	266
<i>of which: other transport</i>	37	40	36	37	36	34
4.6 Communication	225	239	130	68	72	74
4.7 Other industries	48	55	34	27	26	23
4.8 R&D Economic affairs	47	51	67	59	78	80
4.9 Economic affairs n.e.c.	205	227	206	209	128	141
Total economic affairs	2,016	2,048	2,267	2,256	2,223	2,213
5. Environment protection						
5.1 Waste management	180	203	233	372	306	342
5.2 Waste water management	3	3	1	1	1	1
5.3 Pollution abatement	–	–	–	–	–	–
5.4 Protection of biodiversity and landscape	7	8	10	5	7	9
5.5 R&D Environment protection	3	4	4	3	8	9
5.6 Environment protection n.e.c.	162	174	181	197	139	151
Total environment protection	355	392	428	579	462	511

Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2003-04 to 2008-09 (continued)

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
6. Housing and community amenities						
6.1 Housing development	124	95	191	215	197	888
<i>of which: local authority housing</i>	71	127	197	221	227	887
<i>of which: other social housing</i>	54	-31	-5	-5	-29	1
6.2 Community development	143	159	184	200	257	256
6.3 Water supply	-	-	-	-	-	-
6.4 Street lighting	26	26	30	31	34	36
6.5 R&D Housing and community amenities	-	-	-	-	-	-
6.6 Housing and community amenities n.e.c	0	0	0	21	21	21
Total housing and community amenities	294	281	405	467	509	1,201
7. Health⁽¹⁾						
Medical services	3,980	4,297	4,575	4,914	5,227	5,398
Health research	23	23	29	34	37	48
Central and other health services	10	14	45	35	39	43
Total health	4,013	4,333	4,650	4,984	5,303	5,489
8. Recreation, culture and religion						
8.1 Recreational and sporting services	173	234	232	267	324	279
8.2 Cultural services	201	192	210	210	222	215
8.3 Broadcasting and publishing services	80	91	90	96	84	89
8.4 Religious and other community services	6	6	7	7	6	6
8.5 R&D Recreation, culture and religion	0	0	2	2	2	3
8.6 Recreation, culture and religion n.e.c	13	19	17	23	23	24
Total recreation, culture and religion	474	543	556	605	661	616
9. Education						
9.1 Pre-primary and primary education	990	1,053	1,100	1,243	1,328	1,377
<i>of which: under fives</i>	219	239	224	238	292	310
<i>of which: primary education</i>	771	814	876	1,005	1,036	1,067
9.2 Secondary education	842	893	933	904	941	972
9.3 Post-secondary non-tertiary education	540	590	640	555	588	595
9.4 Tertiary education	372	383	393	436	445	438
9.5 Education not definable by level	72	96	100	89	105	98
9.6 Subsidiary services to education	245	269	298	321	416	465
9.7 R&D education	-	-	-	-	-	-
9.8 Education n.e.c	44	47	18	138	129	152
Total education	3,106	3,330	3,482	3,686	3,953	4,099
10. Social protection						
<i>of which: personal social services</i>	1,297	1,402	1,510	1,535	1,673	1,734
10.1 Sickness and disability	2,110	2,183	2,276	2,339	2,418	2,665
<i>of which: personal social services</i>	324	357	399	429	484	508
<i>of which: incapacity, disability and injury benefits</i>	1,786	1,826	1,877	1,909	1,934	2,157
10.2 Old age	3,188	3,424	3,597	3,751	4,037	4,379
<i>of which: personal social services</i>	448	465	494	518	537	551
<i>of which: pensions</i>	2,740	2,959	3,103	3,233	3,501	3,827
10.3 Survivors	103	102	101	100	100	103
10.4 Family and children	1,392	1,422	1,448	1,462	1,512	1,464
<i>of which: personal social services</i>	261	294	361	380	391	391
<i>of which: family benefits, income support and tax credits</i>	1,131	1,127	1,087	1,082	1,121	1,074
10.5 Unemployment	193	177	153	192	189	208
<i>of which: personal social services</i>	61	64	31	69	71	70
<i>of which: other unemployment benefits</i>	132	113	123	123	118	137
10.6 Housing	626	650	671	710	750	799
10.7 Social exclusion n.e.c	758	865	934	900	1,009	1,173
<i>of which: personal social services</i>	204	221	225	139	191	214
<i>of which: family benefits, income support and tax credits</i>	554	644	708	762	818	960
10.8 R&D social protection	-	0	-	-	-	-
10.9 Social protection n.e.c.	153	164	179	136	121	153
Total social protection	8,522	8,987	9,358	9,589	10,135	10,944
Total Expenditure on Services in Wales	20,636	21,626	23,037	24,164	25,309	27,427

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

Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2003-04 to 2008-09

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	157	163	169	194	148	217
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	181	166	197	217	208	48
1.4 Basic research	–	–	–	–	–	–
1.5 R&D General public services	–	–	–	–	–	–
1.6 General public services n.e.c.	15	17	17	21	17	24
Total general public services	353	346	384	432	372	289
2. Defence						
2.1 Military defence	–	–	–	0	0	0
2.2 Civil defence	0	0	0	0	0	0
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
Total defence	0	0	0	0	0	0
3. Public order and safety						
3.1 Police services	724	767	782	768	770	750
<i>of which: immigration and citizenship</i>	2	1	1	1	1	0
<i>of which: other police services</i>	723	766	781	767	770	750
3.2 Fire-protection services	56	68	64	74	77	85
3.3 Law courts	130	176	134	155	160	157
3.4 Prisons	123	120	148	130	142	128
3.5 R&D Public order and safety	0	0	0	0	1	1
3.6 Public order and safety n.e.c.	145	112	127	153	153	148
Total public order and safety	1,179	1,244	1,254	1,280	1,302	1,268
4. Economic affairs						
4.1 General economic, commercial and labour affairs	357	382	360	333	349	444
4.2 Agriculture, forestry, fishing and hunting	383	402	534	473	472	539
<i>of which: market support under CAP</i>	205	200	329	251	251	258
<i>of which: other agriculture, food and fisheries policy</i>	168	195	199	216	217	273
<i>of which: forestry</i>	10	7	6	5	4	8
4.3 Fuel and energy	5	12	17	11	20	15
4.4 Mining, manufacturing and construction	0	0	0	0	0	0
4.5 Transport	331	333	355	385	521	543
<i>of which: national roads</i>	14	12	11	12	13	17
<i>of which: local roads</i>	221	241	254	237	294	339
<i>of which: local public transport</i>	81	61	62	98	157	127
<i>of which: railway</i>	3	2	2	3	1	8
<i>of which: other transport</i>	12	16	27	36	56	53
4.6 Communication	4	14	7	10	23	22
4.7 Other industries	0	0	0	0	0	0
4.8 R&D Economic affairs	61	70	70	62	78	67
4.9 Economic affairs n.e.c.	23	22	22	19	13	19
Total economic affairs	1,164	1,235	1,366	1,293	1,476	1,650
5. Environment protection						
5.1 Waste management	109	113	125	140	170	185
5.2 Waste water management	–	24	31	32	–	–
5.3 Pollution abatement	–4	–	–	–	–	0
5.4 Protection of biodiversity and landscape	4	5	4	5	6	8
5.5 R&D Environment protection	1	–	0	0	4	0
5.6 Environment protection n.e.c.	53	56	71	69	54	57
Total environment protection	164	197	231	247	234	250

Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2003-04 to 2008-09 (continued)

	National Statistics					£ million
	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 plans
6. Housing and community amenities						
6.1 Housing development	299	372	425	370	498	413
<i>of which: local authority housing</i>	230	277	296	236	318	241
<i>of which: other social housing</i>	70	95	130	134	180	172
6.2 Community development	73	102	86	104	139	168
6.3 Water supply	257	308	350	326	372	505
6.4 Street lighting	15	17	19	15	19	18
6.5 R&D Housing and community amenities	–	–	–	–	–	–
6.6 Housing and community amenities n.e.c	65	67	76	74	102	76
Total housing and community amenities	710	866	956	889	1,130	1,179
7. Health ⁽¹⁾						
Medical services	2,156	2,339	2,503	2,733	2,943	3,105
Health research	48	40	43	42	45	71
Central and other health services	95	67	84	83	81	79
Total health	2,299	2,446	2,630	2,858	3,070	3,255
8. Recreation, culture and religion						
8.1 Recreational and sporting services	138	151	156	140	192	216
8.2 Cultural services	130	132	154	149	167	156
8.3 Broadcasting and publishing services	0	0	0	–	0	0
8.4 Religious and other community services	0	1	0	1	1	1
8.5 R&D Recreation, culture and religion	–	–	1	1	1	1
8.6 Recreation, culture and religion n.e.c	12	15	18	22	26	26
Total recreation, culture and religion	282	298	329	313	386	400
9. Education						
9.1 Pre-primary and primary education	505	492	533	539	561	609
<i>of which: under fives</i>	26	22	25	25	24	26
<i>of which: primary education</i>	479	470	508	514	537	583
9.2 Secondary education	594	621	671	690	699	748
9.3 Post-secondary non-tertiary education	546	573	568	625	710	743
9.4 Tertiary education	268	298	307	297	316	326
9.5 Education not definable by level	7	5	4	3	-6	-13
9.6 Subsidiary services to education	130	133	130	136	146	146
9.7 R&D education	–	–	–	–	–	–
9.8 Education n.e.c	16	15	25	21	4	5
Total education	2,066	2,138	2,238	2,310	2,430	2,564
10. Social protection						
<i>of which: personal social services</i>	651	696	725	772	812	888
10.1 Sickness and disability	2,090	2,420	2,423	2,500	2,602	2,882
<i>of which: personal social services</i>	645	682	710	741	782	855
<i>of which: incapacity, disability and injury benefits</i>	1,445	1,738	1,714	1,759	1,820	2,027
10.2 Old age	1,713	1,784	1,883	2,000	2,290	2,303
<i>of which: personal social services</i>	0	0	0	0	0	0
<i>of which: pensions</i>	1,713	1,784	1,883	2,000	2,290	2,303
10.3 Survivors	39	37	35	41	39	42
10.4 Family and children	576	412	433	458	503	505
<i>of which: personal social services</i>	5	14	15	31	30	33
<i>of which: family benefits, income support and tax credits</i>	570	399	419	427	473	472
10.5 Unemployment	100	93	86	78	69	60
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: other unemployment benefits</i>	100	93	86	78	69	60
10.6 Housing	313	336	334	432	446	488
10.7 Social exclusion n.e.c	350	403	436	473	508	600
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: family benefits, income support and tax credits</i>	350	403	436	473	508	600
10.9 Social protection n.e.c.	17	15	11	15	6	8
Total social protection	5,197	5,502	5,641	5,997	6,463	6,887
Total Expenditure on Services in Northern Ireland	13,414	14,272	15,030	15,618	16,863	17,742

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

A Sources, data quality and conventions

A.1 This annex outlines the main sources used in producing PESA and provides information on data quality, the treatment of certain transactions, and on consistency with the FSBR and previous editions of PESA. It also explains the main conventions that are used throughout the publication.

Sources of data

Central government and public corporation data

A.2 Most expenditure data in PESA are taken directly from the Treasury's public expenditure database, the Combined On-line Information System (COINS). Departments and the devolved administrations maintain up to nine years of live data depending on the year of the latest Spending Review. For PESA 2009 departments maintained the years 2003-04 to 2010-11 on COINS, updating throughout the year:

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

A.3 Data entered onto COINS by departments cover their own income and expenditure, including support for local government and for public corporations. Departments also enter information on the income and expenditure of NDPBs and on the capital expenditure of public corporations¹.

Local government data

A.4 The Department for Children, Schools and Families supplies data on local government spending on education in England. The Department for Work and Pensions supplies data on local government spending on social protection in all countries except Northern Ireland. All other data on local government spending in England are supplied by the Department for Communities and Local Government. The devolved administrations provide local government spending data for Scotland, Wales and Northern Ireland.

National Accounts aggregates

A.5 The Office for National Statistics (ONS) supplies outturn numbers for the following National Accounts aggregates used in PESA:

- Total Managed Expenditure;
- public sector current expenditure, gross investment and net investment;
- public sector, central and local government, and public corporations' depreciation;
- central government own expenditure (total, current and capital);
- local government expenditure (total, current, capital); and
- public corporations expenditure (total, current and capital).

¹ The departmental reporting requirements in relation to public corporations result from the fact that only PC capital expenditure is treated as spending in the National Accounts. The current spending (except debt interest paid to the private sector) is included in the calculation of the gross operating surplus, which scores on the revenue side of the account.

Forecasts of these aggregates for estimated outturn (2008-09) and plan years (2009-10 and 2010-11) are made by the Treasury at the time of the Budget.

To avoid confusion:

- the public sector or total expenditure on services (TES) aggregate used in PESA is a Treasury aggregate that broadly follows the National Accounts framework and so is broadly consistent with TME. **Annex E** provides a detailed definition of TES; and
- depreciation in budgets is a number sourced from departments consistent with their resource accounts. The depreciation numbers used in the National Accounts are derived by the ONS.

Classification Of the Functions Of Government (COFOG)

A.6 The Treasury assigns level 2 United Nations COFOG categories to departmental and local government data in consultation with departments and the devolved administrations. Where we identify data streams that cover more than one sub-functional category, departments are asked to change their reporting so that spending on each sub-function is recorded separately. However, we do not ask departments to make changes where the amounts involved would be less than £10m.

A.7 With the exception of the Department of Health, all departments and the devolved administrations are reporting data against level 2 COFOG. The Department of Health are currently unable to report on this basis as the NHS is neither financed nor organised along the lines of COFOG level 2. The health sub-functional analysis is therefore presented against Treasury defined sub-functions.

Timing of PESA production

A.8 Most of the data contained in PESA are reported by departments on the Treasury's COINS database and extracted approximately one week prior to publication. The two main exceptions to this are:

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

Data quality

General

A.9 Departments, devolved administrations and NDPBs aim to produce good quality data for internal management and control, as well as external reporting via audited accounts. They also seek to ensure that the data they feed into COINS are of high quality. Several outputs directly relevant to Whitehall departments' operations and reporting are produced straight from COINS, including Main Estimates presented to Parliament, Departmental Reports, and Supplementary Budgetary Information. So Whitehall departments have a clear incentive to ensure the accuracy of the data they supply to COINS.

A.10 However, there are also factors that act against data quality:

- the public expenditure system is complicated. Data need to be coded so as to produce a wide range of outputs. Some data will be miscoded;
- those recording data need to apply judgement to determine the right coding. Views on the right judgement to make may differ according to the use to which the data are to be put;

- while the budget-based numbers in PESA (for example in **Chapter 1**) are key control totals for departments and devolved administrations that are closely monitored, some of the economic category and sub-function analyses do not appear in departmental outputs so may be less robust. The devolved administrations do not draw outputs direct from the Treasury's database; and
- the need to keep compliance costs down means that some data checks are not worth doing, and some disaggregation of data is not worthwhile.

A.11 The aim of PESA is to provide a broad picture of where public expenditure goes. As a general rule, the more detailed the presentation, the less accurate the attribution to detailed categories. Small differences in numbers should not be taken as significant. While we present many figures to the nearest £m, this is so that people using the data do not introduce rounding errors rather than because the data is necessarily this accurate.

Coverage of public bodies

A.12 PESA aims to include the expenditure of all public sector bodies on the appropriate basis. However, when new public bodies are set up, or when bodies are reclassified to, or within, the public sector by the ONS, there may be a delay before data are recorded in a way that allows their correct inclusion in PESA. The following explains the PESA 2009 treatment of some of the larger bodies affected:

- ONS classified **Great North Eastern Railways** (GNER) to the public corporation sector from 10 December 2006 to 9 December 2007, during which time GNER operated under an amended version of the Franchise Agreement signed in May 2005. For PESA 2009 we have fully reflected this classification;
- **Metronet** and **Tubelines** have both been reclassified by the ONS to the public corporation sector from their inception. The central government support that scores in Department for Transport budgets was reflected in PESA 2008 but the capital spending of these bodies was unavailable. For PESA 2009 we have added this capital spending;
- Shortly before PESA 2008, **Northern Ireland Water** was classified by the ONS as part of central government from its inception. It was therefore shown in PESA 2008 as a public corporation but in PESA 2009 it is shown as part of central government;
- The **Financial Services Compensation Scheme** and **Financial Services Authority** are classified by the ONS to the public sector but are not currently incorporated within the budgeting framework so are not included within PESA 2009;
- ONS classified **Northern Rock** to the public corporation sector from 9 October 2007. The central government support that scores in HM Treasury budgets is reflected in PESA 2009. The capital spending of Northern Rock will be reflected in future editions of PESA after it is included within the National Accounts;
- ONS classified **Bradford and Bingley** to the public corporation sector from 26 September 2008. The central government support that scores in HM Treasury budgets is reflected in PESA 2009. The capital spending of Bradford and Bingley will be reflected in future editions of PESA after it is included within the National Accounts; and
- ONS classified **Royal Bank of Scotland** and **Lloyds Banking Group** to the public corporation sector from 13 October 2008. The central government support that scores in HM Treasury budgets is reflected in PESA 2009. The capital spending of these bodies will be reflected in future editions of PESA after it is included within the National Accounts.

Treatment of certain transactions in PESA

The Private Finance Initiative

A.13 The private finance initiative (PFI) is a means of procuring capital-intensive services. Instead of the public sector being responsible, for example, for building and maintaining a school building, the public sector contracts with the private sector for the provision of serviced school premises. The government entity that is purchasing services pays a single unitary charge to the PFI provider for as long as the services are provided to the required standard.

A.14 PFI deals may be on or off the Government's balance sheet depending on where the balance of risks in the project lies. Independent public sector auditors take the balance sheet decision, and that decision is normally used for the National Accounts by the independent Office for National Statistics. If the project is on the government's balance sheet, the capital expenditure is treated as part of public sector capital expenditure and counts towards TME. If the project is off the Government's balance sheet then the capital expenditure is recorded as undertaken by the private sector.

A.15 For on-balance sheet projects, PESA includes:

- the capital expenditure imputed to the public sector;
- the service and debt interest elements of the unitary charge;
- the depreciation on the imputed asset; and
- the cost of capital charges and credits.

A.16 For off-balance sheet projects, where the asset economically as well as legally belongs to the private sector, PESA includes the whole general government payment of unitary charges as payments for services.

British Nuclear Fuel Limited

A.17 In 2005-06 British Nuclear Fuel Limited (BNFL), a public corporation, transferred the bulk of its assets and liabilities to the Nuclear Decommissioning Authority (NDA), which is part of central government. In the National Accounts these assets were shown as having a large (circa £15.6bn) negative value due to the decommissioning and clean-up liabilities associated with the assets being far in excess of their remaining productive value. The transfer from the public corporation sector to the central government sector has no impact on TME, or the overall public finances, as this is an intra-public sector set of transactions. However, the components of the public sector finances are affected as follows:

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

A.18 The sectoral contribution to TME is shown as the 'own' expenditure of each sector. Payments from one sector that are used to finance the expenditure of another sector are therefore excluded from these sectoral totals as are the corresponding receipts. As a result, the imputed GFCF transactions add to the public corporation contribution to TME, reducing the central government contribution by a corresponding amount. As transactions imputed for the National Accounts are generally not included within the budgeting or expenditure on services frameworks, there

are larger than usual accounting adjustments in 2005-06 for the central government and public corporation sectors.

Financial sector interventions

A.19 The support given to financial institutions scores within the HM Treasury Annually Managed Expenditure (AME) budget, which is presented as part of the Chancellor's Departments departmental group in PESA. In the sectoral budgeting presentations (such as **Table 1.15**) this support is split between central government own spending and support to public corporations as follows:

- central government own spending comprises the support to depositors, including loans to the Financial Services Compensation Scheme (FSCS), and certain non-cash charges in respect of financial assets and liabilities; and
- support to public corporations mainly covers the purchase of equity in Royal Bank of Scotland and Lloyds Banking Group, and the loans (net of repayments) provided to Northern Rock and Bradford & Bingley.

A.20 The presentation of these transactions in the expenditure on services framework follows their impact on public spending in the National Accounts. The transactions do not generally have an impact on Total Managed Expenditure because:

- they take the form of financial transactions, such as loans or share purchases, which do not constitute spending (as one asset is exchanged for another);
- they are offset by recoveries imputed in the National Accounts, such as for liabilities borne by the FSCS; or
- they relate to banks classified to the public sector and so are classified as intra-public sector flows.

A.21 PESA reflects the treatment of the first and third sets of transactions but, as only transactions within departments' budgets/accounts are included in PESA, a slightly different treatment is needed where recoveries are imputed in National Accounts. Therefore, rather than showing capital grants to the private sector offset by imputed recoveries, PESA treats payments in respect of depositors as lending to the private sector (which doesn't constitute spending). As a result, the overall impact on public sector expenditure on services is equivalent to the impact on Total Managed Expenditure.

A.22 However, the imputed flows in the National Accounts have an impact on the sectoral breakdown that can't be replicated in PESA by using just those transactions in budgets/accounts. There are therefore larger than usual offsetting central government and public corporation accounting adjustments in 2008-09, which reconcile the sectoral components of expenditure on services to the equivalent measures in the National Accounts.

Consistency with other publications

The Financial Statement and Budget Report

A.23 Total Managed Expenditure (TME) and its sectoral components for 2009-10 and 2010-11 are consistent with the forecasts published in the FSBR (HC407; 22 April 2009). TME and its sectoral components for 2008-09 and earlier years are consistent with the joint ONS/HM Treasury Public Sector Finance Statistics monthly release of 22 April 2009.

A.24 All other data contained in **Chapters 1 to 8** are consistent with the numbers published in the FSBR except in a few places where later information has become available. The Country and Regional Analysis data contained in **Chapters 9 and 10** were extracted from the COINS database

in December 2008, so will not reflect any changes that have since been made. Further information on this can be found in **Chapter 9**.

A.25 TME by budgetary category is shown in PESA **Table 1.1** (and the National Statistics updates) as well as in FSBR **Table C.11** and the equivalent table in the Pre-Budget Report (PBR). TME and the DEL numbers are on the same basis in both presentations.

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

A.27 The main differences in the presentation of AME lines are:

- the predecessor payments to Child Tax Credits (child allowances in Income Support and Jobseekers Allowance) are included in the FSBR/PBR tax credits line whereas in PESA these payments are shown as part of social security benefits;
- net lending to students is shown in departmental AME in PESA and is not shown in the FSBR/PBR;
- the main public service pension schemes are shown on a GAAP basis in PESA and on a National Accounts basis in the FSBR/PBR. **Annex C** explains the treatment in PESA and **Annex D** includes a reconciliation table;
- the BBC's dividend income is shown as part of the BBC domestic services line in PESA but part of the other current expenditure line in the FSBR/PBR. PESA also presents the BBC capital spending separately whereas the FSBR/PBR includes this spending within other capital expenditure;
- the FSBR/PBR does not include a non-cash AME line while PESA does; and
- the other departmental expenditure and other capital expenditure lines in the FSBR/PBR essentially only include items that contribute to TME, whereas PESA shows all expenditure in departmental AME.

Previous editions of PESA

A.28 Data in previous editions of PESA may not be directly consistent with PESA 2009 due to changes in data coverage and classification changes. Details of the main budgetary classification changes are shown in **Annex C**. Readers are therefore strongly advised against simply splicing together data in different editions of PESA. The summary analyses in **Chapter 4** incorporate historical data adjusted to current definitions in order to show trends over a longer period.

Conventions

Rounding

A.29 The figures in this publication are generally shown to the nearest £1 million, except that the figures for the main spending aggregates (DEL, AME and TME) and the DEL Reserve are rounded to the nearest £100 million for 2009-10 and 2010-11.

A.30 In all chapters dashes in the tables show that there are no data, while zeros show that there are data that round to 0 (which normally indicates between -£0.5 million and £0.5 million).

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

Real terms

A.32 A number of the tables in this publication give figures in real terms. Real terms figures are the current price outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2007-08 prices. The GDP deflators used in this publication are those given in **Annex F**.

GDP measure

A.33 In tables that give spending as a proportion of GDP, PESA 2009 uses the cautious view of the GDP forecast. This is consistent with Budget 2009.

2008-09 estimated outturn

A.34 The estimated outturns for individual departments for 2008-09 are based on the latest information made available by departments for the Budget 2009, updated in some cases for later information. The estimated outturn for resource DEL for 2008-09 includes an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

Use of accruals data in tables

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

Revisions policy

A.36 Where we discover errors after the production of PESA 2009 we will take the following action:

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

B

Departmental groups

B.1 A number of tables in this publication present analyses by department. Rather than showing figures for all individual government departments separately, departments are grouped together broadly on the basis of Ministerial responsibilities. These groupings are set out below.

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

Title	Departments included
Energy and Climate Change	Department of Energy and Climate Change Office of Gas and Electricity Markets
Business, Enterprise and Regulatory Reform	Department for Business, Enterprise and Regulatory Reform UK Trade and Investment Office of Fair Trading Office of Communications Postal Services Commission Export Credits Guarantee Department
Environment, Food and Rural Affairs	Department for Environment, Food and Rural Affairs Forestry Commission Water Services Regulatory Authority
Culture, Media and Sport	Department for Culture, Media and Sport
Work and Pensions	Department for Work and Pensions Government Equalities Office
Scotland	Scottish Executive and its departments
Wales	Welsh Assembly Government
Northern Ireland Executive	Northern Ireland departments
Northern Ireland Office	Northern Ireland Office
Chancellor's Departments	HM Treasury National Savings and Investments Government Actuary's Department HM Revenue and Customs National Investment and Loans Office Royal Mint Office of Government Commerce Crown Estate Office
Cabinet Office	Cabinet Office Central Office of Information Charity Commission National School of Government Security and Intelligence Agencies
Independent Bodies	House of Commons House of Lords National Audit Office Statistics Board Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England



Public expenditure budgeting and control aggregates

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

Recent developments

C.2 There are a number of changes to the budgeting framework that departments will be controlled on from 2009-10 onwards:

- the ASB Financial Instrument Standards (the IFRS equivalents) were implemented in-year in 2008-09. This change to resource accounting has created differences in the measurement of financial instruments on balance sheets; some of these changes impact on budgeting;
- the take-up and release of provisions relating to capital expenditure have been moved to non-cash from capital budgets;
- realised gains and losses on hedging contracts will now be split between capital and current budgets according to associated spending/income that the hedging contract was intended to cover; and
- donations in kind have previously not appeared in budgets; in future the recording will show a capital grant matched by an asset purchase that net to zero within budgets.

C.3 The provisions relating to capital expenditure have been reclassified in all years, the remaining changes will only be implemented in 2009-10 onwards.

C.4 The Treasury has published an updated version of Consolidated Budgeting Guidance² for departments, which contains other changes to the control framework that do not directly impact on the figures produced in PESA. The guidance explains in detail what is in budgets.

Resource budgeting

C.5 In 2003-04 the Government completed its staged move to a full resource basis for financial reporting and control. Since this point, budgets have been set and monitored in resource terms, as described below, and Supply Estimates vote resource requirements as well as cash.

C.6 There are separate departmental budgets for resource (i.e. current) and capital expenditure. These are also laid out in more detail below and are summarised in C.24.

Resource budget

C.7 The **resource budget** controls the current expenditure of a department and largely follows the contents of resource accounts. Resource accounts are prepared in accordance with the

² http://www.hm-treasury.gov.uk/psr_bc_consolidated_budgeting.htm

Government Financial Reporting Manual, which follows Generally Accepted Accounting Practice (GAAP) with such adaptations as are necessary for the public sector.

C.8 Resource accounts measure expenditure when it accrues rather than when the cash is spent. They do not include, as an in-year cost, prepayments for goods and services not consumed in that year but they will include resources consumed but paid for in later years or where pre-financed in earlier periods. Stock consumption scores in the resource budget while spending on adding to stocks does not. They include non-cash costs such as movements in provisions and charges for bad debts. Resource budgets record the cost of lending to students on the basis of an assessment of the grant implied in the low interest rate charged and the bad debt provision that is required.

C.9 The annual resource cost to departments of the assets they use to deliver services is included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation) and the opportunity cost of tying up capital in these assets (the cost of capital charge). The cost of capital charge is 3.5 per cent of the net assets (fixed capital and financial assets, net of financial liabilities and provisions) employed by each department.

C.10 The resource budget (DEL) includes all administration costs of central government departments such as pay and employer pension contributions or superannuation charges paid to pay as you go public service pensions schemes. It also includes most of departments' other purchases of services. It includes current grants and subsidies paid to the private sector.

C.11 The resource budgets for the Department for International Development (DfID) and the Foreign and Commonwealth Office (FCO) include an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

C.12 The resource budget is divided into near-cash and non-cash. Near-cash in resource DEL is a control total. Near-cash expenditure includes pay, procurement, grants, and payments made where provisions had been taken in the past and are now being released. Near-cash expenditure is measured on an accruals basis, and normally results quickly in a cash outflow. Non-cash expenditure includes depreciation, impairments, cost of capital charges, and the take-up and release of provisions.

C.13 Non-Departmental Public Bodies – resource and capital budgets include the expenditure of most non-departmental public bodies (NDPBs) classified to the central government sector, rather than the grant-in-aid from the parent department. This budgeting treatment remains different from the accounting treatment in departmental resource accounts, which just record the grant-in-aid paid by the department.

C.14 There are two budgeting treatments for **public corporations**. On an external finance basis resource budgets include most of the department's current transactions with public corporations that it sponsors (as recorded in resource accounts) but capital grants, lending to public corporations, and private sector borrowing by public corporations are in the capital budget. So the resource budget scores:

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

C.15 London and Continental Railways (LCR) and Forest Enterprises (which are public corporations) have a consolidated budgeting treatment. For them, the resource budget includes their operating profit/loss and the capital budget shows their capital expenditure.

C.16 Central government support for local government – the resource budget scores current grants to local government. Capital support scores in capital budgets. More information on local government is in **Chapter 7**.

C.17 The sum of departmental resource budgets is reconciled to public sector current expenditure (a National Accounts concept that is part of TME) in **Table 1.3**.

Capital budget

C.18 **Capital budgets** include expenditure on fixed capital assets, capital grants and the acquisition of certain financial assets acquired or sold for policy reasons. Capital budgets include capital expenditure financed by finance leases and on balance sheet Private Finance Initiative transactions. From 2007-08 capital budgets are set net of the sale value of receipts from the sale of capital assets.

C.19 In resource accounts proceeds from sales of assets are split between the book value and any profit/loss on disposal. Receipts relating to the book value have always been recorded in capital budgets. Formerly the profit/loss on disposal was recorded as a non-cash item in resource budgets. From PESA 2007 this has also been recorded in capital budgets so the proceeds from the sale score as a benefit, which aligns with the treatment in public sector net investment, part of TME.

C.20 Capital budgets generally include loans on a net basis. I.e. new loans issued *less* repayments of loan principal. Large (over £20m) prepayments and debtors score in capital budgets if they last more than 12 months.

C.21 Long-lasting defence fighting equipment with no civilian use (sometimes called Single Use Military or Fighting Equipment) is treated as capital expenditure in budgets and departmental resource accounts, but National Accounts treat it as current.

C.22 **Central government support for local government** – capital grants (called Supported Capital Expenditure (Capital) in England and Wales from 2004-05) score in capital budgets. Capital budgets also include amounts for local authority borrowing where central government has agreed to fund the resultant loan charges. Until 2003-04 these were termed credit approvals in England and Wales, and capital consents in Scotland; from 2004-05 these are termed Supported Capital Expenditure (Revenue) in England and Wales, and supported borrowing in Scotland. Current support scores in resource budgets. More information on local government is in **Chapter 7**.

C.23 The sum of departmental capital budgets is reconciled to public sector net investment in **Table 1.4**.

Resource and capital budgets – summary table

C.24 This table summarises the main standard contents of resource and capital budgets:

	Resource budget		Capital budget
	Near-cash	Non-cash	
Department's own transactions	Pay, current purchases, grants to individuals, subsidies. Release of provisions <i>Less</i> income from sales of goods and services	Depreciation and impairments on the department's assets Cost of capital charge in respect of net assets Take-up of provisions, movement in value of provisions <i>less</i> release of provisions Bad debts	Expenditure on new fixed assets <i>Less</i> sale proceeds of fixed assets Net lending to the private sector Investment grants to the private sector

	Resource budget		Capital budget
	Near-cash	Non-cash	
NDPB transactions	As the department	As the department	As the department
	<i>Note: the department's grant in aid to NDPBs is not in budgets</i>		
Local government	Current grants to local government		Capital grants to local government Supported capital expenditure (revenue)
Public corporations on an external finance basis	Subsidies paid to public corporations <i>Less interest and dividends received from public corporations</i>	Cost of capital charge in respect of public corporations	Investment grants paid to public corporations Net lending to public corporations (including equity withdrawals from public corporations) Public corporations' market and overseas borrowing
Consolidated public corporations	Subsidies paid to and purchases of services from public corporations <i>Less profit or loss of the public corporation</i>	Cost of capital charge in respect of public corporations Take-up of provisions, movement in value of provisions <i>less</i> release of provisions in respect of subsidy, grant, or other amounts payable	Expenditure on new fixed assets <i>Less</i> sale proceeds of fixed assets

Departmental Expenditure Limits

C.25 Around half of public expenditure (TME) by value is in DEL. But because AME includes a small number of large programmes, by far the majority of public expenditure programmes are in DEL. The main programmes in AME are set out later in this section.

C.26 DELs are set for three years in a Spending Review. They represent firm plans for departmental spending that may only be increased in exceptional circumstances with the Treasury's agreement through a claim on the DEL Reserve. Departments may carry forward unspent DEL from one year to the next. The 2007 CSR set firm spending plans for 2008-09 to 2010-11.

C.27 DEL is net of certain receipts, mainly from sales of goods and services, asset sales, dividends, interest, rent of land, income from the European Community, and also certain taxes, levies and fines where exceptionally the Chief Secretary to the Treasury has given specific agreement for a department to retain them in their DEL.

C.28 DEL includes a Reserve to meet unexpected needs, and the unallocated provision from the Modernisation Fund, which is a challenge fund. When sums are allocated from either the Reserve or the Modernisation Fund, individual departments' DELs are increased and the Reserve/ Modernisation Fund lines reduced by the same amounts.

C.29 Public corporations – most transactions in respect of public corporations score in DEL but those in respect of self-financing public corporations score in departmental AME (except where they receive grants and subsidies, which would score in DEL).

C.30 Total DEL is not a control total but a standard way of presenting the sum of current and capital spending in DEL. Total DEL is defined as resource budget DEL *plus* capital budget DEL *less* depreciation. Depreciation here includes impairments and the release of the donated assets and government grant reserves.

Annually Managed Expenditure

C.31 The following text describes the components of AME, which for the purposes of PESA is divided into departmental AME and other AME. The items in bold correspond to the row names of **Table 1.1**.

Departmental Annually Managed Expenditure

C.32 Departmental AME programmes are set out in departmental reports. A programme is included in AME if it cannot reasonably be subject to firm three-year limits as for DEL. Typically this is where the programme expenditure is demand-led, volatile, and large in relation to the size of the department. But those are neither necessary nor sufficient conditions for inclusion in AME. Discretionary new spending programmes are always in DEL except where a special case can be made to demonstrate that treatment as AME is likely to deliver better control of expenditure.

C.33 The main programmes in departmental AME are:

- social security benefits;
- tax credits for individuals;
- net lending to students;
- BBC domestic services;
- net public service pensions; and
- expenditure financed by the proceeds of the national lottery.

C.34 Social security benefits – includes payments of social security and National Insurance benefits by the Department for Work and Pensions (DWP) and the DSS (Northern Ireland). It includes central government support for certain social security benefits paid by local government, such as Housing Benefit, Council Tax Benefit and Rent Rebates. It includes payments by DWP to the BBC in respect of free television licences for the over 75s.

C.35 Tax credits – those tax credits that effectively reduce the amount of tax paid by an individual will net off tax receipts and not be counted as expenditure. Where tax credit payments to an individual or enterprise exceed the tax liability, the payment will be counted as public expenditure. These are also payments in respect of contributions to stakeholder pensions of non tax-payers or in excess of tax paid.

C.36 Student loans – the transactions of loan principal score in capital departmental AME while resource departmental AME contains interest receivable and, since PESA 2008, certain offsetting non-cash transactions moved from DEL. Resource DEL continues to score the changes in the provision liability recognised by the issuing departments in their resource accounts.

C.37 BBC domestic services – the expenditure of the BBC on domestic broadcasting scores in departmental AME. The BBC World Service scores in the Foreign and Commonwealth Office DEL. The BBC Monitoring Service also scores in DEL. Certain trading operations of the BBC are treated as self-financing public corporations in AME.

C.38 Net public service pensions – this line scores the majority of the operating costs, net of income, for the main public service pay as you go pension schemes. Operating costs are measured under Financial Reporting Standard 17 (FRS17) compliant with UK GAAP as amended for the public sector. The main schemes are those for NHS staff, the civil service, teachers and the armed forces. This line comprises an assessment of the increase in the liability relating to current employees *less* relevant receipts. It does not include an amount for the unwinding of the discount rate, which is shown as part of the non-cash items in AME.

C.39 All the major pay as you go pension schemes follow FRS17 to report any increase (or decrease) in liabilities accrued in the period. In broad terms, there is a charge (or benefit) shown in this row equal to the gross increase in the provision that impacts on the operating statement of the scheme (excluding the unwinding of the discount rate) *less* pension contributions receivable from employers and employees, and less other income.

C.40 Note that there may be several reasons for a difference in the level of contributions and the FRS17 charge. In particular, calculations of contributions and of the FRS17 charge use different discount rates and different actuarial methodologies. In addition, contribution rates are revised only every three or four years, after full actuarial valuations, so the contribution rate is set to reflect previous over- and under-assessment of contributions due to scheme-specific experience on issues such as pay and demography.

C.41 Cash payments of members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out are all normally charged directly to the pension provision shown on the balance sheet. That means that they do not impact on the cost of the scheme as measured in this line, because the obligation to pay the pension had been recognised as adding to liabilities by an increase in the pension provision when the right to the pension accrued. However, if any cash payment is made that is not covered by a previously recognised liability then that payment would score in this AME line.

C.42 Relevant receipts include employers' contributions (including accruing superannuation liability charges such as those paid by departments to the Principal Civil Service Pension Scheme), employees' contributions for ordinary pensions (including widows'/widowers' pensions) and for added years, and receipts of bulk and individual transfers in.

C.43 This line does not reflect changes to the pension provision on the balance sheet resulting from changes in the actuarial assumptions made about the future (for example life expectancy, pay growth, inflation etc). Such changes result in the cost of providing already accrued pensions being higher (or lower) than previously thought. So if, for example, pensioners are living longer than previously thought then the overall liability of a scheme will rise. The effects of these changes are shown in a separate statement (Statement of Recognised Gains and Losses) in the pension schemes' resource accounts and do not score in budgets.

C.44 For simplicity, and because of the immateriality of the amounts, some small pay as you go schemes may report the difference between the cash paid out during the year and any contributions received.

C.45 Note that this line does not cover:

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

C.46 Future payments of pensions are discounted in order to obtain the value of the liability in today's terms. Each year, future payments come a year closer and so the effects of discounting are reduced. That unwinding of the discount rate is a cost that is recognised in the accounts.

C.47 In budgets, the amount for the unwinding of the discount rate on the liability is part of the **non-cash items** row (see C.54 below). The amount scores in non-cash items because there is no cost of capital credit recognised on the liability in scheme accounts; this credit would normally offset the increase. Therefore to score just the increase without the credit would distort the numbers.

C.48 In addition, the amount for the unwinding of the discount rate could be seen as loosely equivalent to the amount of interest the government would have had to pay if the schemes had been funded, and is sometimes referred to as interest on scheme liabilities (note that the discount rate is set in accordance with GAAP principles as endorsed by the Financial Reporting Advisory Board and is not automatically a gilt rate). So this item reflects the fact that the schemes are pay as you go. Showing this item in the non-cash items row separates out the costs that the government bears as employer from guaranteeing the schemes (which are the costs in the net public service pensions row) from the notional costs that result because the schemes are pay as you go.

C.49 The cost of pension schemes as measured on a GAAP basis does not impact directly on TME or the other fiscal aggregates. **Annex D** explains how the GAAP measures for the main public service pension schemes in departmental AME can be reconciled to their impact on TME, and this is shown in detail in **Table D.1**.

C.50 The overall change over the year in the schemes' balance sheet pensions liability measured on a GAAP basis is normally given by:

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

C.51 With the exception of the last item, which is not an expenditure or budget item, figures for the components listed above are shown in **Table D.1**.

C.52 Expenditure on services includes the cost of public service pensions on a TME basis in the social protection function.

C.53 **National lottery** – expenditure on good causes funded from the proceeds of the national lottery is in this line. The Big Lottery Fund was officially established by Parliament on 1 December 2006 and at the same time assumed the residual responsibilities of the dissolved National Lottery Charities Board (Community Fund), the New Opportunities Fund and the Millennium Commission. The Big Lottery Fund rolls out grants to health, education, environment and charitable causes across the UK.

C.54 Non-cash items include:

- large, demand led non-cash items that could not reasonably be included in DEL budgets, such as the cost of capital charge for the road network, provisions for nuclear decommissioning liabilities, and the increase in the liability of public service pensions schemes due to the unwinding of the discount rate; and
- non-cash items in respect of departmental AME programmes.

C.55 Other departmental expenditure includes:

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

Other Annually Managed Expenditure

C.56 Locally Financed Expenditure (LFE) – this line comprises the following items:

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

C.57 LASFE is that part of total local authority expenditure not met by central government support. Its largest single financing component is the product of the Council Tax. Other components include the surpluses of trading activities, interest receipts, unsupported borrowing and the use of reserves.

C.58 NIRR are set by the central government in Northern Ireland and can be used to finance any public sector expenditure within Northern Ireland. By convention it is treated in PESA as locally financed central government expenditure. The product of NIRR is treated as a transfer from AME into DEL, so this means that DEL is set net of the product of the NIRR.

C.59 Expenditure financed by borrowing from the National Loans Fund under the RRI is shown under LFE because the loans will be serviced and repaid out of the product of the NIRR.

C.60 **Net expenditure transfers to the European Community** – transactions with the institutions of the European Community are shown in **Table C.1** and comprise the following concepts:

- net expenditure transfers to the European Community, which reflects the main TME impact of membership of the European Community;
- net payments to EC institutions; and
- the net contribution to the EC budget.

Table C.1 Transactions with the institutions of the EC

	£ million							
	National Statistics					2008–09 estimated outturn	2009–10 plans	2010–11 plans
2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn				
GNI-based contribution	7,322	8,628	8,077	8,213	9,352	8,654	10,739	11,133
UK abatement	-3,874	-3,722	-3,641	-3,560	-3,960	-5,595	-5,090	-3,257
Net expenditure transfers to the EC	3,448	4,907	4,435	4,652	5,392	3,060	5,649	7,875
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) to give contribution to TME	2,957	4,361	3,856	4,071	4,785	2,378	4,938	7,206
TOR ⁽¹⁾	1,963	2,195	2,319	2,326	2,430	2,728	2,842	2,678
VAT payments to the EC	2,576	1,904	1,964	2,287	2,571	2,455	1,331	2,138
Gross contribution to the EC budget	7,496	8,461	8,139	8,685	9,786	7,561	9,112	12,021
Public sector EC receipts (except European coal and steel community receipts) ⁽²⁾	-4,235	-4,555	-3,750	-5,164	-5,585	-4,524	-5,045	-5,669
Net contributions to the EC budget	3,261	3,906	4,389	3,521	4,200	3,037	4,066	6,352
less Attributed Aid ⁽³⁾	796	694	700	706	701	758	801	822
less Common Foreign and Security Policy ⁽⁴⁾	3	3	3	3	4	23	29	34
less other attributed costs ⁽³⁾	-	-	-	-	-	-	69	43
European coal and steel community receipts	-2	-	-	-	-	-	-	-
Net payments to EC institutions	2,460	3,208	3,685	2,812	3,495	2,256	3,168	5,452

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

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

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

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

C.61 The TME effect of EU membership is therefore given by:

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

C.62 **Public Corporations' Own-Financed Capital Expenditure** – this line comprises the capital expenditure of public corporations net of any capital grants or loans given by its parent department and net of public corporations' market and overseas borrowing where that scores to departmental budgets. This excludes London and Continental Railways and Forest Enterprises, which follow a different budgeting regime whereby their spending is in DEL.

C.63 This line also includes the whole amount of capital expenditure of public corporations accountable to local government, whether own-financed or supported by local government: an accounting adjustment removes local government support to public corporations to avoid this spending being double counted.

C.64 Central government debt interest – this line includes interest paid to the private sector and overseas, but not interest paid to other parts of the public sector. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts/premia on gilts at issue.

C.65 AME margin – this is an allowance for estimating changes.

C.66 Accounting adjustments are described in **Annex D**.

Total Managed Expenditure

C.67 TME is an aggregate drawn from National Accounts. It covers the current and capital expenditure of the public sector, net of some receipts. It therefore includes expenditure of central and local government and also the capital expenditure of public corporations. TME excludes grants and interest payments between parts of the public sector (as it is a consolidated measure) as well as all financial transactions (such as lending). So TME is the expenditure side of the equation that gives public sector net borrowing, a measure of the fiscal stance.

C.68 As in **Table 1.1**, TME can be shown to equal DEL + AME (including accounting adjustments).

C.69 In addition, TME may be expressed as the sum of:

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

C.70 In this presentation, depreciation represents the amount of capital expenditure required to make good the depreciation of assets, and net investment represents the amount of capital expenditure that adds to the overall stock of assets.



The accounting adjustments in the budgeting presentation of TME

The need for accounting adjustments

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

D.2 Government departments budget and account for their spending in resource terms. Resource accounting is based on generally accepted accounting practice (GAAP), which differs in several ways from National Accounts.

D.3 As a consequence of this, a number of adjustments are needed to relate budgets to the component parts of TME. **Table 1.1** shows resource DEL plus resource AME equalling public sector current expenditure, and capital DEL plus capital AME equalling public sector gross investment. Public sector current expenditure plus public sector gross investment then equals TME. In this presentation the AME totals include the adjustments, which are set out in more detail in **Table 1.14**.

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

List of the accounting adjustments

Tax credits for individuals

D.5 The tax credits line in departmental AME shows expenditure on tax credits following the OECD basis for deciding what element, if any, of a tax credit should be treated as expenditure rather than as an adjustment to tax receipts. Accordingly, only amounts payable in excess of an individual's tax liability count as expenditure in this line. However, in the National Accounts certain tax credits for individuals score as government expenditure even when they are less than the individual's tax liability. The resource adjustment is therefore as follows:

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

D.6 No adjustment is needed for the Working Tax Credit and Child Tax Credit as they are treated in the same way under both the OECD (and so departmental AME) and National Accounts definitions.

Pay as you go public service pensions

D.7 Pensions are measured differently in National Accounts compared to the way in which resource accounts present these costs. This is due to differences in the way these frameworks deal with provision liabilities. The contribution of the pay as you go public service pension schemes to public sector current expenditure is as follows:

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

D.8 In resource accounts a provision liability is recognised on the balance sheet equal to the net present value of the expected future cash benefits to be paid. Broadly speaking, changes in this liability impact on the operating cost statement. The net public service pensions line in departmental AME presents expenditure on this basis. The line consists of the following:

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

D.9 The unwinding of the discount rate that is applied to the future cash flows is also a cost in the operating statement in accounts. This cost is recorded separately in the non-cash items in departmental AME. See **Annex C** for further details.

D.10 **Table D.1** provides a reconciliation between the measures of pensions expenditure as presented in the component parts of **Table 1.1**, in resource accounts, and in TME. So the table presents:

- the three main contributors to the net public service pensions line (as above);
- the pensions element of the non-cash items line (i.e. the unwinding of the discount on the liability);
- the sum of these elements, which is the contribution of pension schemes to departmental AME;
- the accounting adjustments required to reach TME (see below); and
- the contribution of the main public service pensions schemes to TME.

D.11 The resource accounting adjustments are as follows:

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

Table D.1 Pay as you go public service pensions schemes in AME and in TME, 2003-04 to 2010-11

	£ million							
	National Statistics					2008-09	2009-10	2010-11
	2003-04	2004-05	2005-06	2006-07	2007-08	estimated	plans	plans
	outturn	outturn	outturn	outturn	outturn	outturn		
Departmental AME (GAAP basis)								
Change in gross liability	15,357	15,309	20,918	21,074	24,426	25,504	21,915	22,744
Contributions received*	-14,279	-15,119	-17,368	-17,934	-19,066	-19,500	-20,033	-20,684
Cash payments in OCS not covered by release of provision*	719	162	105	172	29	106	3	14
Net public service pensions (GAAP basis)	1,796	352	3,656	3,312	5,388	6,111	1,884	2,073
Unwinding of discount rate (= contribution to non-cash items)	22,303	24,102	27,378	29,545	32,805	36,727	38,404	40,826
Total Departmental AME (GAAP basis)	24,099	24,453	31,033	32,857	38,193	42,838	40,288	42,900
Accounting adjustments								
Remove change in gross liability	-15,357	-15,309	-20,918	-21,074	-24,426	-25,504	-21,915	-22,744
Remove increased liability due to unwinding of discount rate	-22,303	-24,102	-27,378	-29,545	-32,805	-36,727	-38,404	-40,826
Add pensions in payment covered by release of provision**	15,361	16,216	17,536	18,908	21,327	22,456	24,148	25,272
Accounting adjustments (Pensions)	-22,299	-23,195	-30,760	-31,711	-35,903	-39,433	-35,806	-38,584
Contribution to TME (National Accounts basis)	1,801	1,258	274	1,147	2,290	3,062	4,118	4,602
<i>of which:</i>								
Pensions in payment*	16,080	16,377	17,641	19,080	21,356	22,562	24,151	25,286
Contributions received*	-14,279	-15,119	-17,368	-17,934	-19,066	-19,500	-20,033	-20,684

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

+ offsets change in gross liability

Other central government programmes

D.12 There are a number of resource accounting adjustments included in this line as follows:

5. **interest on Special Drawing Rights (SDRs)** – add payments of interest on SDRs held by the UK at the International Monetary Fund that are treated in the National Accounts as current expenditure on goods and services;
6. **tax credits for companies and charities** – as with tax credits for individuals (see adjustment 1 above), the National Accounts score as expenditure all elements of tax credits for companies and charities (including those that reduce the taxpayer's liability) where the ONS have judged that the tax credits are not integral to the tax system. This adjustment adds in such payments in respect of Research and Development tax credits for large companies and for small and medium enterprises, payments of transitional relief to charities formerly entitled to receive tax credits on dividends, and tax relief on clearing contaminated land. The element of these tax credits that is paid in excess of tax liabilities is already shown in other departmental expenditure in AME;
7. **collection costs for Traditional Own Resources (TOR)** – the UK receives a payment from the EU for collecting TOR (customs duties, agricultural and sugar levies) on behalf of the EU. This receipt (which is actually netted off the payment made to the EU) is treated as a government receipt and reduces TME. This income is recorded here;
8. **loan guarantees** – add the imputed subsidies that are included in National Accounts in relation to certain loan guarantees. In the current balance, imputed receipts match these imputed subsidies;

9. **Attributed Aid, Common Foreign and Security Policy (CFSP) and other attributed costs** – remove the attributed share of the EU’s aid and CFSP expenditure. Departmental budgets include this attributed expenditure, but it doesn’t increase TME as it is actually part of EU spending, and so this attributed spending needs to be deducted;
10. **hydro benefit** – add in an amount of imputed subsidy paid by the Scottish Electricity generating industry to the distribution industry to reflect the high cost of distribution in northern Scotland;
11. **debts written off by ECGD for policy reasons** – add the amounts that are routed through central government in National Accounts; and
12. **Renewable Obligation Certificates (ROCs)** – add imputed subsidies in respect of ROCs, which are balanced in the National Accounts by imputed current receipts.

VAT refunds

D.13 VAT is a tax that is paid by final consumers, i.e. government and households. Producers pay VAT on materials that they use in the course of production, but are able to claim those VAT payments back from HMRC. Producers then charge VAT on sales and pass these monies to HMRC. Where a public sector body is engaged in production and receives such a VAT refund it will not add to TME, nor would it be included in their spending data, which is measured net of recoverable VAT. Therefore in these cases no adjustment is needed to reconcile to TME.

D.14 However, some public sector bodies additionally receive refunds of VAT that they have paid in respect of contracted out services for non-business purposes, including the free-to-enter public museums. These VAT payments by general government bodies form part of the prices paid as a final consumer, and therefore form part of final government consumption within TME (as well as part of current receipts). However, departmental budgets, and other spending data, are net of all recoverable VAT.

D.15 The following resource adjustments are therefore required:

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

D.16 The capital adjustment required is:

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

Central government capital consumption

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

Non-cash items not in TME

D.17 Both budgets and National Accounts measure expenditure on an accruals basis in respect of timing. A number of accruals concepts (such as accounts payable/receivable) appear in both GAAP and National Accounts datasets. However, a number of non-cash items appear in resource budgets produced consistent with the Government Financial Reporting Manual that do not have a National Accounts counterpart. They are removed here:

18. remove the cost of capital charge, debt write-offs (other than debts written off by mutual consent, which count as capital grants in the National Accounts), notional audit fees, and other such non-cash items recorded in departmental budgets but not in National Accounts;
19. remove the take-up, movements in the value, and release of provisions that score in budgets. That leaves in the underlying cash payments made when provisions are utilised, which are offset in budgets by the release of provisions, and which score in public sector current expenditure or gross investment as appropriate; and
20. remove the provision that represents the net present value of the interest support element of student loans that scores in DEL as the loans are issued. In the National Accounts the impact on the current balance is determined by the difference between interest payments made on government debt and interest income receivable from students.

Resource budget items treated as capital in National Accounts

D.18 Central government debt write-offs go through resource DEL. Those that are intended to convey a benefit to the debtor (as opposed to the department being unable to recover the debt because the debtor cannot pay) are treated as capital grants in the National Accounts.

D.19 A proportion of the Department for International Development's bilateral aid budget is deemed to be a capital grant to the rest of the world in the National Accounts, although all bilateral aid grants are shown in resource DEL budgets.

D.20 The equal pay settlement scores as capital in the National Accounts but is largely being funded from local authorities' revenue accounts.

21. Switch spending outlined in D.18 to D.20 from the resource budget into public sector gross investment.

Capital budget items treated as current in National Accounts

D.21 Expenditure on Single Use Military Equipment (fighting equipment) that is capital under GAAP rules is recorded as capital expenditure in departmental budgets but treated as current expenditure in National Accounts.

22. Switch spending outlined in D.21 from the capital budget into public sector current expenditure.

Expenditure financed by revenue receipts

D.22 Some receipts benefit resource budgets even where they are included on the revenue side of the National Accounts. The deduction of such receipts needs to be reversed in the calculation of TME.

D.23 For departments and NDPBs the receipts are:

23. certain taxes collected, including licences issued by the utility regulators;

- 24. certain fines;
- 25. current donations;
- 26. current compensation;
- 27. rent of land; and
- 28. dividends and interest from the private sector and overseas.

D.24 For local government, the receipts are:

- 29. penalties collected by local authorities and police in respect of certain parking, vehicle emissions and moving traffic offences.

Local government

D.25 Central government support to local government is included within departmental budgets. Locally financed expenditure as reported by local authorities is shown within other AME. Further adjustments in relation to local government expenditure are additionally required in the calculation of TME.

D.26 The following resource adjustments are required in the calculation of public sector current expenditure:

- 30. add the value of local government non-trading capital consumption (i.e. depreciation) as modelled by ONS for National Accounts;
- 31. add an amount equivalent to the subsidies paid to local authority trading bodies. These are included within central government budgets but deducted from the operating surplus of these trading bodies, one of the revenue items in the calculation of locally financed expenditure. The adjustment is therefore required so that these amounts are included as part of TME;
- 32. deduct adjustments to National Non-Domestic Rates (NNDR) in respect of prior years as these score in the revenue side of the National Accounts; and
- 33. add imputed subsidies to the public corporation sector for the injection of equity into Housing Revenue Accounts (HRAs). These are offset in the current balance by imputed public corporation receipts.

D.27 Local government capital expenditure includes grants paid to public corporations. The capital expenditure that this finances is included as part of Public Corporations' Own-Financed Capital Expenditure. An adjustment is therefore required to avoid double-counting this spending in TME.

- 34. Remove capital grants paid by local government to public corporations. This mainly concerns payments by Transport for London.

D.28 In some cases receipts are treated as financing expenditure in AME when National Accounts treat them as reducing expenditure. The value of the receipts needs to be included in TME:

- 35. add local authority receipts of investment grants from private sector developers to public sector net investment; and
- 36. add certain licence fees collected by local authorities to public sector current expenditure.

D.29 Further adjustments are made to both the current and capital in-year expenditure of local government.

37. Adjust estimated outturn to align central government support and LASFE figures with the forecast total local government expenditure.

General government consolidation

D.30 The National Accounts presents a consolidated measure of public sector expenditure, so adjustments are required to ensure that certain intra-public sector transactions are excluded. Payments of certain taxes, grants and interest that are wholly within the public sector do not form part of TME.

D.31 The required resource adjustments are:

38. deduct debt interest paid by local authorities to central government and to other local authorities. The small amounts of debt interest paid by local authorities to public corporations are also deducted here;
39. deduct payments of National Non-Domestic Rates paid by central and local government, which are in budgets and locally financed expenditure respectively, but do not form part of TME;
40. deduct an amount equivalent to the subsidies paid by central government to public corporations that finance current grants to local authorities. The subsidies are in DEL but as they are recorded as subsidies rather than support for local government, the subsequent local government spending forms part of locally financed expenditure. This adjustment therefore avoids double counting this spending in TME; and
41. deduct departments' receipts of interest and dividend from NHS trusts (England and Wales). Departments pay NHS trusts enough to enable them to remunerate their capital. Now that trusts have been reclassified to the central government sector, those payments do not score in TME.

D.32 The capital adjustment required is as follows:

42. deduct payments from local authorities to Communities and Local Government in respect of pooled housing receipts. These payments score in Local Authority Self-Financed Expenditure but do not form part of TME.

Public corporations

D.33 Departments' resource and capital budgets normally include the following items in respect of public corporations scored on the external finance basis:

- subsidies and capital grants paid by the department to public corporations;
- loans given by the department to public corporations – loans can be either voted or from the National Loans Fund;
- equity (including public dividend capital) invested by the department in public corporations;
- public corporations' net market and overseas borrowing (PCMOB), including finance leases and on balance sheet PFI, but excluding movements in balances;
- interest, dividends and equity withdrawals received from public corporations; and
- a capital charge in respect of the capital employed by public corporations.

D.34 Other AME includes public corporations' own-financed capital expenditure (PCOFCE), which is given by total capital expenditure less central government grant and loan support, and less PCMOB.

D.35 TME includes total public corporation capital expenditure plus interest and dividends paid by public corporations to the private sector. The resource adjustments needed to relate the above transactions to TME are:

43. remove central government receipts from public corporations of interest, dividends and equity withdrawals, which are netted-off in budgets; and
44. add interest and dividends paid by public corporations to the private sector and abroad.

D.36 Forest Enterprises and London and Continental Railways (LCR) are scored on what is termed the consolidation basis and have a different budgeting treatment. Their profit/loss and actual capital expenditure score in budgets rather than the grants and loans given by departments, and interest and dividends received. Their capital expenditure is not included in PCOFCE, as it has scored in budgets already, but their profits/losses have to be removed in the resource accounting adjustments.

45. Deduct the profit/loss of Forest Enterprises and LCR that are scored on the consolidation basis.

D.37 Export Credits Guarantee Department (ECGD) is a public corporation in the National Accounts. It is treated in the same way as insurance corporations in National Accounts. It is also a department in its own right, and it has a unique budgeting framework.

D.38 The impact of ECGD on the National Accounts aggregates is as follows. Its Gross Operating Surplus scores as a current receipt. This is partly financed by a subsidy from central government. Interest payments that it receives on its assets are a benefit to the current budget while depreciation on its assets is a cost. Any capital spending that it undertakes is a cost in public sector gross investment. When ECGD pays claims to holders of financial assets it will often take over those assets and seek to recover the value. In certain cases these assets may be written off as a distinct act of policy, such as the debt cancellation to Nigeria announced in 2005. These kinds of debt write-off score as capital transfers in the National Accounts, as a gift is being made to the recipient. These are routed through government as ECGD is seen to be acting as an agent of government in these cases.

D.39 The resource budget (AME) scores the subsidy that finances part of the ECGD Gross Operating Surplus total and some receipts that are financed from elsewhere within TME. AME also scores the interest receipts that ECGD receives on its assets. Only this last item needs to be adjusted for (i.e. removed) to get to TME, as these receipts do not reduce TME.

D.40 The capital budget DEL scores only the direct capital spending of ECGD. Therefore an accounting adjustment is needed to add in debts written off for policy reasons, but this is shown in the central government line.

D.41 Finally the capital budget AME scores some financial transactions. These are removed in the general accounting adjustments for financial transactions below.

D.42 So the resource adjustment included in this line is:

46. remove ECGD interest receipts that do not form part of TME.

Financial transactions

D.43 TME measures the current and capital expenditure of the public sector and excludes net lending. Departmental budgets include the net acquisition of financial assets acquired for policy purposes rather than for cash flow management. Typical transactions are purchases of shares and lending to businesses and individuals. The specific capital adjustments are described below:

47. deduct loans, net of repayments of loans, to the private sector and overseas that score in DEL, departmental AME and local government expenditure;
48. deduct the net acquisition of private sector company securities that scores in DEL, departmental AME and local government expenditure;
49. deduct the profit/loss on the sale of shares and other financial assets recorded in DEL or departmental AME. This profit/loss represents part of a financial transaction in National Accounts and so is outside TME; and
50. deduct movements in certain large pre-payments and debtors that score in capital budgets.

Data adjustment

D.44 In some cases, the National Accounts and budgets have the same concepts but use different data. Adjustments are needed to put budgets data onto the National Accounts basis.

51. Deduct depreciation and impairments in resource budgets and replace with the National Accounts number for non-trading capital consumption.

Balancing reconciliation

52. Add, for outturn years, the residual difference between the last published figure for TME as measured by ONS for National Accounts and the number as measured by latest Treasury sources. This can be necessary, for example, because of timing differences.
53. Add for estimated outturn and plan years the residual difference between the last published Treasury forecasts in the Budget and the component numbers held on the Treasury's public expenditure database. Differences may arise, for example, where later information is recorded by departments after the Budget. TME will not be re-forecast until the Pre-Budget Report.

E

Expenditure on services framework

E.1 Tables in **Chapters 4 to 8**, showing public expenditure disaggregated by function and/or economic category, and tables in **Chapters 9 and 10**, showing public expenditure by country and region, are all based on public sector expenditure on services, or a sectoral element of it.

E.2 Public sector or total expenditure on services broadly represents the current and capital expenditure of the public sector, and so is similar to the National Accounts measure of Total Managed Expenditure (TME). The definition of expenditure on services in PESA 2009 is almost identical to that presented in PESA 2008. For the avoidance of doubt, expenditure on services is the spending required to deliver services, not just the purchasing of services.

E.3 Expenditure on services is a more stable measure of public spending than departments' budgets, as it is not affected by the creation or amalgamation of departments or by programmes of work moving between departments.

Expenditure on services and TME

E.4 TME is the current and capital expenditure of the public sector on a National Accounts basis. Public sector expenditure on services is similar, but with minor divergences. The divergences mainly reflect the difficulty of attributing the particular spending to the correct functions in all cases, which, if attempted, would result in a lack of consistency between functions. The main difference from TME is 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. It also includes a small number of items that are in budgets but not in TME, for example the grant-equivalent element of student loans. Public sector expenditure on services is worth about 95% of TME.

EU transactions in expenditure on services

E.5 EU transactions score in their entirety within public sector expenditure on services in the same way as in TME. However, expenditure on services scores EU funded payments, for instance on agriculture, as UK government spending within the appropriate function, whereas the National Accounts score these as direct payments from the EU to enterprises and households. The EU transactions line within expenditure on services includes EU receipts, thus bringing the total into line with TME. Similarly, expenditure on services scores attributed EU expenditure on aid and the Common Foreign and Security Policy under international services and deducts an appropriate amount under EU transactions. Numbers are given in **Table C.1**.

Expenditure on services and budgets

E.6 Expenditure on services can be built up from departmental budgets (resource DEL, capital DEL and departmental AME). Essentially, (most) transfers to other parts of the public sector are removed, as are transactions that do not score as spending in the National Accounts. Spending by local government and public corporations is then added.

Departmental budgets (resource Departmental Expenditure Limits + capital Departmental Expenditure Limits + departmental Annually Managed Expenditure)	
Less	<ul style="list-style-type: none"> grants to local government; capital grants to public corporations; non-cash items (except grant equivalent element of student loans and loan write-offs by mutual consent); spending classified as financial transactions in the National Accounts (including lending, interest payments/receipts within central government, local authority debt interest paid to central government, dividends received from public corporations); income that is netted off budgets but classified as revenue in National Accounts; profit/loss of public corporations (scores on the revenue side of the National Accounts); NHS/Foundation Trusts near-cash depreciation; EC receipts; other items that are not classified as spending in National Accounts (e.g. transfers between central government departments); and most intra-public sector transfers except subsidies to public corporations and trading bodies, grant-in-aid to an NDPB where more than one department contributes to the funding, and notional transfers between AME and DEL.
Plus	<ul style="list-style-type: none"> local government current and capital expenditure; Northern Ireland locally financed expenditure; public corporations' capital expenditure; public sector debt interest; and EU transactions.

E.7 **Table E1** shows the derivation of expenditure on services from departmental groups' budgets.

Classification changes

E.8 Classification changes since PESA 2008 are detailed in **Chapter 4**, where they affect expenditure on services or the functional split, and **Chapter 5**, where they affect expenditure on services, the sub-functional split or the economic breakdown.

Expenditure on services from departmental groups' budgets, 2007–08

	£ million																			
	CLG Communities and Local Government	Home Office	Justice	Law Officers' Departments	Defence	Foreign and Commonwealth Office	International Development	Energy and Climate Change	Business, Enterprise and Regulatory Reform	Environment, Food and Rural Affairs	Culture, Media and Sport	Work and Pensions	Scotland	Wales	Northern Ireland Executive	Northern Ireland Office	Chancellor's Departments	Cabinet Office	Independent Bodies	Total for all departments
2007-08	26,975	8,552	8,932	736	35,723	1,878	4,478	649	1,792	2,704	1,595	8,086	23,805	12,331	7,596	1,343	4,716	1,795	761	310,012
2008-09	6,102	736	753	11	7,945	226	739	1,486	8	559	517	101	3,563	1,461	1,051	9	256	322	62	44,063
2009-10	1,114	353	265	-	6,693	-4	135	5,979	518	-28	3,880	127,222	2,730	323	7,472	236	26,416	7,625	24	216,074
2010-11	-	-	-	-	-709	-	-	-419	-566	0	808	140	149	165	256	-	212	-	-	4,109
2011-12	-30,114	-6,738	-127	-	-	-	-	-	-915	-93	-344	-20,055	-8,718	-5,101	-64	-	-	-6	-	-119,746
2012-13	-3	-	-	-	-	-36	-	-	-	-14	0	-4	-26	-	-177	-	-	-	-	-260
2013-14	-140	-139	-291	-18	-11,039	-141	-32	22	-259	-384	-198	-240	-951	-399	-334	-364	-232	-207	-137	-21,622
2014-15	-38	-	-260	-	-3,937	4	-24	-5,353	-219	90	-70	-2,849	-2,454	-406	-3,091	-94	-113	-6,900	-16	-52,557
2015-16	0	-	-	-	10	-	-585	419	706	-2	3	-140	-386	-166	-41	-	3	0	-	-4,741
2016-17	47	-	-16	-	-4	-	-	0	16	28	46	0	118	-1	-2	-	57	0	-	1,089
2017-18	32	458	19	4	30	7	-	35	112	23	70	24	8	2	12	-	110	5	0	1,470
2018-19	-	-	-	-	-	-	-	-	-	-1	-	-	-	-	-	-	-	-	-	-392
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1,748
2020-21	176	1	0	-	-	0	-	-	171	1,825	26	564	585	456	296	-	-	-	1	4,165
2021-22	1,082	-29	-	0	0	-	-	-	-1	-118	10	-20	-	0	47	-	-	4	-	137
2022-23	9,102	12,212	105	-	-	-	-	-	338	4,968	2,429	16,622	10,546	4,909	473	-	-	51	-	123,891
2023-24	3,283	455	-	-	-	-	-	-	-270	454	669	1	1,445	813	136	-	-	-	-	14,532
2024-25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	520	-	-	-	-	520
2025-26	2,137	4	40	-	133	35	42	224	265	-19	-	-13	857	105	225	-	-52	-	-	5,534
2026-27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,249	-	-	31,249
2027-28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-1,505	-	-	-1,505
2028-29	-	-	-	-	-	-	-	-	-	-	-	-	44	49	31	-	-	-	-	1,032
2029-30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
2007-08 to 2029-30	19,756	15,867	9,420	733	34,845	1,969	4,755	3,043	1,697	9,991	9,443	129,438	31,315	14,541	14,407	1,130	61,117	2,689	695	555,304

Table 7.1.

These exclude those that are removed as part of the grants to local government line. Chapter 7 text contains details.

are on a cash basis.

F Population numbers and GDP deflators

F.1 This annex presents the population numbers and GDP deflators used in the PESA 2009 publication.

Population numbers by country and region

F.2 The population numbers used in **Chapter 9** of PESA 2009 are as follows:

Table F1 Population by country and region

	Thousands							
	mid-2003	mid-2004	mid-2005	mid-2006	mid-2007	mid-2008	mid-2009	mid-2010
North East	2,541	2,542	2,550	2,556	2,564	2,569	2,576	2,585
North West	6,800	6,820	6,840	6,853	6,864	6,911	6,944	6,979
Yorkshire and the Humber	5,028	5,064	5,108	5,142	5,177	5,231	5,279	5,328
East Midlands	4,254	4,291	4,328	4,364	4,400	4,452	4,498	4,544
West Midlands	5,312	5,327	5,351	5,367	5,382	5,417	5,446	5,476
East	5,475	5,511	5,563	5,607	5,661	5,715	5,773	5,831
London	7,364	7,389	7,456	7,512	7,557	7,621	7,686	7,752
South East	8,087	8,125	8,185	8,238	8,309	8,355	8,419	8,485
South West	5,005	5,042	5,087	5,124	5,178	5,217	5,267	5,318
England	49,866	50,111	50,466	50,763	51,092	51,488	51,888	52,297
Scotland	5,057	5,078	5,095	5,117	5,138	5,157	5,175	5,190
Wales	2,931	2,946	2,954	2,966	2,980	2,993	3,008	3,023
Northern Ireland	1,703	1,710	1,724	1,742	1,761	1,774	1,787	1,799
United Kingdom	59,557	59,846	60,238	60,587	60,971	61,412	61,858	62,309

(Source: mid-2003 to mid-2007 are on a 2007 basis; mid-2008 to mid-2010 are on a 2006 basis. Population numbers for the English regions are revised 2006-based sub-national population projections. All the population data were produced by the ONS³.)

F.3 These mid year numbers are then directly applied to the relevant financial year (e.g. mid 2004 to financial data for 2004-05).

GDP deflators

F.4 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 2007-08 prices. The GDP deflators used in this publication are those given below. The most up to date deflators can be found on the Treasury website⁴.

³ <http://www.statistics.gov.uk/>

⁴ http://www.hm-treasury.gov.uk/data_gdp_fig.htm

Table F2 GDP Deflators and Money GDP⁽¹⁾

Outturn data are based on 31 March 2009 National Accounts figures from ONS			
Forecast data are consistent with the Budget Report 2009			
Financial year	GDP deflator at market prices		Money GDP
	2007-08 = 100	per cent change on previous year	£ million
1967-68	7.625	2.86	40,980
1968-69	7.991	4.80	44,504
1969-70	8.426	5.44	47,749
1970-71	9.125	8.30	53,075
1971-72	9.939	8.92	59,324
1972-73	10.785	8.51	67,472
1973-74	11.564	7.22	75,339
1974-75	13.833	19.61	89,940
1975-76	17.353	25.45	112,088
1976-77	19.708	13.57	130,945
1977-78	22.407	13.70	152,377
1978-79	24.870	10.99	174,237
1979-80	29.072	16.89	209,623
1980-81	34.404	18.34	239,137
1981-82	37.714	9.62	263,031
1982-83	40.331	6.94	287,441
1983-84	42.203	4.64	313,012
1984-85	44.461	5.35	336,657
1985-86	46.961	5.62	369,917
1986-87	48.469	3.21	396,146
1987-88	51.245	5.73	440,760
1988-89	54.723	6.79	490,080
1989-90	58.621	7.12	536,859
1990-91	63.241	7.88	576,798
1991-92	66.986	5.92	607,334
1992-93	69.052	3.08	627,221
1993-94	70.942	2.74	664,973
1994-95	72.053	1.57	703,113
1995-96	74.138	2.89	744,100
1996-97	76.880	3.70	792,360
1997-98	78.898	2.62	843,145
1998-99	80.576	2.13	890,272
1999-00	82.160	1.97	944,630
2000-01	83.238	1.31	989,552
2001-02	85.093	2.23	1,031,458
2002-03	87.836	3.22	1,092,056
2003-04	90.340	2.85	1,156,815
2004-05	92.797	2.72	1,211,978
2005-06	94.697	2.05	1,268,395
2006-07	97.290	2.74	1,343,753
2007-08	100.000	2.79	1,419,549
2008-09	–	2½ ⁽²⁾	1,439,000 ⁽³⁾
2009-10	–	1 ⁽²⁾	1,411,000 ⁽³⁾
2010-11	–	1½ ⁽²⁾	1,461,000 ⁽³⁾

GDP Deflator: For years 1967-68 to 2007-08: calculated from ONS data for seasonally adjusted current and constant price GDP (YBHA and ABMI)
For years 2008-09 to 2010-11: derived from HM Treasury forecasts for GDP deflator increases at the Budget Report 2009

Cash GDP: For years 1967-68 to 2007-08: ONS data for money GDP (not seasonally adjusted, BKTL)
For years 2008-09 to 2010-11: HM Treasury forecasts for money GDP at Budget Report 2009.

1 For further information and the 'User Guide' to these series visit the following page on http://www.hm-treasury.gov.uk/data_gdp_fig.htm

2 For years 2008-09 to 2010-11, GDP deflators forecasts derived from unrounded forecast increases in GDP deflator, consistent with Budget Report 2009.

3 For years 2008-09 to 2010-11, money GDP forecasts as shown in the Budget Report 2009 rounded to nearest £ billion. These are the lower end of HM Treasury's forecast range.



Glossary of terms

Within an explanation of a term, words in bold are themselves explained elsewhere in the glossary.

Acronyms

AME	Annually Managed Expenditure
ASLCs	Accruing Superannuation Liability Charges
CAP	Common Agriculture Policy
COINS	Combined On-line Information System
CRA	Country and Region Analysis
DEL	Departmental Expenditure Limits
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Product
LASFE	Local Authority Self-Financed Expenditure
NDPBs	Non-Departmental Public Bodies
PCOFCE	Public Corporations Own-Financed Capital Expenditure
PSCE	Public sector current expenditure
PSND	Public sector net debt
PSNI	Public sector net investment
RAB	Resource Accounting and Budgeting
SUME	Single Use Military Equipment
TES	Expenditure on services
TME	Total Managed Expenditure

Terms

Accounting adjustments shown in, for example, Table 1.1 are certain items of expenditure that account for the difference between the **National Accounts** aggregate **TME** and the sum of the **resource budgeting** items **DEL**, **departmental AME** and **other AME**. Accounting adjustments are required because there are certain components in TME that are not included in the **resource** and **capital budgets** that form the basis of planning and control of departmental spending under resource budgeting, and there are some items in resource budgeting aggregates that are not part of TME. Annex D has full details.

Accruals – apart from some of the older data in the historical tables in Chapter 4, all the data in PESA are derived from material provided either for accruals accounts or for plans that are consistent with accruals accounting. Accruals accounting recognises when costs occur rather than when the payment is made. I.e. having the heating on is a cost that accrues each day whereas the bill might be paid quarterly.

Accruing Superannuation Liability Charges (ASLCs) are employer pension contributions paid to the bodies responsible for paying and accounting for pay as you go public service occupational pensions. For example, government departments pay ASLCs in respect of serving civil servants. The payments represent an actuarial assessment of the accruing discounted future cost of public expenditure on pensions arising from the current employment of staff. ASLCs are included within **DEL**.

Administration budget – the costs of running a central government department that do not relate to the delivery of frontline services; it includes the pay of most of the civil servants who work in the department, and associated expenditure such as **ASLCs**, accommodation, travel and training. Administration budgets are a subset of resource **DEL** that are set net of income arising from departments' administrative activities.

Annually Managed Expenditure (AME) is spending included in **TME** that does not fall within **DELS**. Expenditure in AME is generally less predictable and controllable than expenditure in DEL. AME is split into **departmental AME** and **other AME**.

AME margin is an unallocated margin on total **AME** spending included as an allowance for estimating changes.

Area Based Grant, introduced in 2008-09, is a general non ring-fenced grant from central government to local authorities. It replaces the Local Area Agreement grant, but unlike that grant it is unhypothecated (i.e. available to support any local outcome). It is a pooled revenue grant that is paid by Communities and Local Government (CLG) to local authorities, and so they will receive a single payment of Area Based Grant from CLG, acting as agent for other contributing departments.

Asset Management Strategy is a statement by each department setting out its long term strategic plans for investment, the condition and suitability of its existing asset base, and the systems that will ensure value for money in delivery.

Assets can be either financial or non-financial:

- financial assets include monetary gold, bank deposits, IMF Special Drawing Rights, loans granted, bonds, shares, accounts receivable, and the value of the government's stake in public corporations; and
- non-financial assets consist of fixed capital (such as buildings and vehicles); stocks; land and valuables.

Billion – a thousand million.

Capital budget – a department's capital budget covers **capital expenditure**. The capital budget is divided into **DEL** and **departmental AME**. The capital budget is not a control total; capital DEL is a control total and capital AME is a planning total. The capital budget includes:

- **capital formation** and the acquisition of assets (including under finance leases) such as land, buildings, machinery and vehicles. In both capital budgets and **National Accounts**, acquisition of assets is recorded net of the sale value of any assets disposed of (where sale value is the aggregate of the net book value and any profit or loss on disposal);
- **Single Use Military Equipment** that is treated as capital in **resource** accounts (although it is treated as current expenditure in **National Accounts**);

- **net lending** undertaken for policy purposes; *net* means after the repayment of debt principal;
- in-house development of assets such as computer software and databases. This can be capitalised in government accounts provided certain conditions are met. It is sometimes called “own account capital formation”;
- large (over £20m) **debtors** or **prepayments** that are long term (over 12 months). These are included in capital budgets on the same basis as **net lending**. I.e. on an additions /less reductions basis; and
- **capital grants**.

Capital consumption – see **depreciation**.

Capital expenditure can be understood in several ways:

- in **National Accounts**, capital expenditure is usually understood to mean **capital formation**, net acquisition of land, and expenditure on capital grants. Certain types of significant computer software development are treated as capital expenditure. The **pay** of civil servants engaged in in-house capital formation is also recorded as capital expenditure, not as pay. **Public sector net investment** is given by capital expenditure as defined above (also known as public sector gross investment) less **depreciation**;
- under **resource accounting**, capital expenditure also includes loans that are given and the net acquisition of shares. In other words, it includes the net acquisition of financial assets that are acquired for policy reasons rather than for managing the government’s funds. Such policy lending also generally scores in **DEL**, in the **capital budget**, but is removed by the **accounting adjustments**, as it does not score in **TME**; and
- some presentations of the capital expenditure of central government, and capital DEL, include **credit approvals** (up to 2003-04) and provision for **Supported Capital Expenditure** (revenue) allocations (from 2004-05) given to local authorities in England and Wales (the equivalent in Scotland is supported borrowing). Northern Ireland does not have Supported Capital Expenditure (SCE) in the same way as the rest of the UK as their local government sector is much smaller.

Capital formation is expenditure, net of sales, on fixed assets (such as buildings, vehicles and machinery) and net stock building, and can be measured gross or net of **depreciation**. Fixed assets are assets that can be used repeatedly to produce goods and services and generally last more than one year. Sometimes a minimum cost threshold (say £1,000) is applied to further define capital assets. There are some borderline cases: for example in **National Accounts**, **Single Use Military Equipment** is defined as current but assets that can be used for both civil and military purposes count as capital. Under **resource accounting**, both single and dual use military equipment are treated as capital.

Capital grants (also called investment grants) are payments given by government on the condition that the recipient uses the funds for **capital formation** (for example building a school or factory or buying a machine). Capital grants are also used in **National Accounts** to record debt write-offs made by government for policy reasons, and some other transfers of accumulated wealth. In the case of debt write-offs, two transactions are recorded: a capital grant from government to the debtor; and the repayment of debt by the debtor. Capital grants are treated as resource expenditure in resource accounts and **Estimates** but are included in the **capital budget**.

Central government is a sector in **National Accounts**. It comprises Parliament; government departments and their executive agencies; the devolved assemblies of Scotland, Wales and Northern Ireland; government funds such as the **National Loans Fund**; the foreign exchange official reserves; most **NDPBs**; and various other non-market public bodies that are controlled by central government. Central government does not include **public corporations**, nor those non-profit institutions that receive significant government funding but are not controlled by government and so belong in the private sector (for example universities, further education colleges, and housing associations).

Central government own expenditure is expenditure that central government makes to the private sector plus subsidies to **public corporations**. It excludes central government support to **local government** and capital support to public corporations.

Classification changes are changes in the way public expenditure is recorded, rather than an actual change in the amount of cash spent or resources consumed. Classification changes can increase or decrease the recorded level of public expenditure. When there is a classification change the data are normally restated for all years in order to provide a consistent series.

Classification Of the Functions of Government (COFOG) – a UN-defined system for functional analysis of government spending. The PESA analysis is consistent with UN COFOG at level 2, with the exception of the health function, which continues to be presented against the HM Treasury's own sub-functional classification. Further information on COFOG is available within "How to use PESA" and on the UN website⁵.

Combined On-line Information System (COINS) – the Treasury's database that holds public expenditure data.

Common Foreign and Security Policy (CFSP) is an EU programme. Its costs are attributed to the Foreign and Commonwealth Office's DEL.

Cost of capital charge is a non-cash charge applied to each department's budget in order to make departments aware of the full cost of holding assets. The rate reflects the opportunity cost of tying up the cash in an asset and is 3.5 per cent of the net assets of the department.

Country and Regional Analysis (CRA) – the CRA presents statistical estimates for the allocation of **identifiable expenditure** between the UK countries and the English regions. See Chapters 9 and 10 for more information.

Credit approvals used to be given by central government to local authorities and represented the amounts that each local authority was allowed to borrow to finance capital expenditure. Supported credit approvals were those where current grants to local authorities were increased to finance the borrowing. Unsupported credit approvals carried no promise of future government support and scored in AME. Credit approvals ceased to exist from 1 April 2004 and have been replaced by **Supported Capital Expenditure** (revenue).

Current expenditure – this is spending on items that are consumed in the process of providing public services or, in other words, is recurring spending. This includes, for example, wages and salaries, benefits, and purchasing goods and services.

Current grants are unrequited payments to individuals or bodies, which means that no specific goods or services are received in return. In **National Accounts** current grants to persons are called **social benefits** and those to trading businesses are called **subsidies**.

⁵ <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>

Debtors are assets on the balance sheet. They are recognised where a transaction has accrued, but cash is yet to be received. For example where a public sector body sells an asset but defers cash receipts – the fact that cash is yet to be received means that **PSND** has not benefited from the accrued transaction. Where a department or its **NDPB** has a large (over £20m), long term (over 12 months) debtor, this is included in their **capital budget** on the same basis as net lending.

Dedicated Schools Grants (DSG) is a hypothecated (ring-fenced) current grant from central government to local government, allocated to schools on a formula basis. This was introduced from 2006-07.

Departmental AME is spending that is outside **DEL** but included in departmental budgets. Main categories include social security benefits and tax credits for individuals.

Departmental Expenditure Limits (DELs) are firm plans for three years for a specific part of a department's expenditure. DEL covers all administration budgets and all programme expenditure, except in certain cases where some programme spending is included in **departmental AME** because it cannot reasonably be subject to close control over a three-year period. Both resource and capital budgets are divided into DEL and departmental AME. DEL normally includes relevant non-cash items such as **depreciation, cost of capital charges, and provisions.**

Departmental Unallocated Provision (DUP) is an amount that a department keeps within its budget to meet unplanned increases in spending, and which is not allocated to any particular programme at the start of a year.

Depreciation is also termed **capital consumption**. It is a measure of the reduction in value of an asset due to the effects of wear and tear. **TME** includes depreciation as an item of **current expenditure**. **Public sector net investment** is given by deducting depreciation from gross **capital expenditure**.

Economic categories – these represent broad classifications of the economic impact of transactions. Examples of economic categories are **pay, social benefits** and **subsidies**. The main categories in expenditure on services, based on **National Accounts** definitions, are set out in Table 5.3 and described in Chapter 5. The equivalent budgeting presentation, based on resource accounting, is shown in Table 2.1 and described in Chapter 2.

End-year flexibility (EYF) is the set of rules by which departments are allowed to carry forward unspent DEL provision from one year to the next.

Estimates – see **Supply Expenditure**.

European System of Accounts 1995 (ESA95) – This is the system used by the **Office for National Statistics** for measuring and presenting UK **National Accounts**. The system is compulsory for EU member states reporting economic statistics to the EU Commission. ESA95 is consistent with the earlier System of National Accounts 1993 (SNA93), which was developed by a number of international organisations.

Expenditure on services (known as TES) is an aggregate used in PESA to analyse the capital and current spending of the public sector. The current and capital elements of expenditure on services are sometimes shown separately as current expenditure on services and capital expenditure on services. Note that TES and its components represent the overall cost of providing services, rather than just the cost of purchasing services from third parties, and includes expenditure on **assets**. See Annex E for a full definition.

Financial Reporting Standard 17 (FRS17) sets out the **GAAP** basis for recording pensions.

Financial Statement and Budget Report (FSBR) – the FSBR is published each year by the Treasury on Budget day. It has been known as the Red Book. Since 1999 it has been published alongside the Economic and Fiscal Strategy Report in a single Budget document.

Financial transactions are payments and receipts relating to changes in holdings of financial assets or liabilities. Financial assets entitle their owners to unconditional financial claims on the units that have the liability (except for gold where there is no liability on another unit). Government departments' financial assets include bank deposits; foreign currency held; bonds and shares owned; loans given; accounts receivable in respect of, for example, income accrued but not yet paid; and **public dividend capital** and the value of government's other stakes in **public corporations**. Physical assets such as buildings and land are not financial assets. Transactions in some financial assets are undertaken to manage cash flows, for example movements in bank deposits, but some are undertaken to further a policy such as lending to students. These types of financial transactions are sometimes called policy lending and are normally included in a department's **DEL capital budget**.

General government is the consolidated combination of the **central** and **local government** sectors in **National Accounts**.

Generally accepted accounting practice (GAAP) – there is no statutory definition of GAAP, but it is taken to be the accounting and disclosure requirements of the Companies Act, pronouncements by the Accounting Standards Board (e.g. financial reporting standards), and the body of accounting knowledge built up over time. GAAP is used for **resource accounting**. GAAP is a different accounting framework from the **National Accounts** framework that is used for **TME**.

Grants – see **current grants** and **capital grants**.

Gross Domestic Product (GDP) (at market prices) is the value of goods and services produced in the UK. "Gross" means there is no deduction for **depreciation**. Economic data are often quoted as a per cent of GDP to give an indication of trends through time and to make international comparisons easier.

Housing Revenue Account (HRA) – the HRA represents the current income and expenditure of local authority social housing provision. The HRA is treated as a quasi-corporation in **National Accounts**. The surplus of income (which includes rent rebates and subsidies paid by other parts of government) over expenditure is treated as being paid over to local authorities as a notional dividend on the revenue side of the account. This means that the current expenditure of local authority housing departments is not included in **TME**. The cost of rent rebates and subsidies is included in TME; these items are within the **AME** lines for social security benefits and other departmental expenditure in AME. Local authority **capital expenditure** on housing associated with the HRA scores as capital spending in the **public corporation** sector, following the implementation of **ONS's** reclassification decision in June 2006. In prior years, PESA had shown this in the local government sector. Payments of interest on housing related debt will continue to be treated as part of local government expenditure.

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

Impairments are recorded where there is a loss or write-off of the recoverable value of a fixed or current asset below the value recorded on the balance sheet in accounts. Impairments are a non-cash charge in the **resource budget** alongside the **depreciation** charge, but are separately identified. In order to provide support for departments' management decisions, impairments are split into six different categories, some of which are scored in **AME** and others in **DEL**. See Annex C for further details. In the PESA budgeting-based presentations (e.g. the calculation of **total DEL**), impairments are included in the depreciation line. In the **National Accounts**, impairments resulting from accidental damage are included alongside depreciation/**capital consumption**; other sorts of impairment are not counted in the main expenditure measures.

International Financial Reporting Standards (IFRS) is the commercial accounting framework of the International Accounting Standards Board adapted and interpreted by HM Treasury for use by the **central government** sector as detailed in the Government Financial Reporting Manual⁶.

Local Authority Self-Financed Expenditure (LASFE) is aggregate **local government** expenditure less its receipts of **central government** current and capital support including distribution of **National Non-Domestic Rates** in England and Wales. It represents local government expenditure financed from local resources such as council tax, trading surpluses, investment income, capital receipts, self-financed borrowing, and use of reserves. LASFE does not include **depreciation**.

Locally Financed Expenditure (LFE) is LASFE plus expenditure financed by non-domestic rates in Scotland and Northern Ireland Regional Rates (NIRR).

Local government is a sector in **National Accounts**. It comprises all local authorities in the UK including county councils, metropolitan districts, parish councils, police and fire authorities, residuary bodies, passenger transport authorities, Transport for London, London boroughs, and the Greater London Assembly.

National Accounts – this is a statistical system that represents the UK's economic transactions. The system provides a number of key economic statistics including **Gross Domestic Product (GDP)**, consumers' expenditure, the balance of payments with the rest of the world, and the public sector balances. The National Accounts is presented in the Blue Book.

National Health Service (NHS) and Foundation Trusts in England sell health services to NHS service procurement bodies. In Scotland trusts have been re-absorbed back into Health Boards. NHS and Foundation Trusts throughout the UK are in the **central government** sector.

National Loans Fund (NLF) – the NLF is a government account with the Bank of England set up under the National Loans Fund Act 1968. All government borrowing transactions are handled through this fund.

National Lottery Distribution Fund (NLDF) – the NLDF is a central government fund, administered by the Department for Culture, Media and Sport. The Fund receives a proportion of the proceeds from national lottery ticket sales (receipt of that proportion is treated as a tax in **National Accounts**). The Fund passes it to the Lottery Distributors, independent public sector bodies responsible for awarding national lottery grants to good causes. Payments by the Distributors are treated as **central government** expenditure in **AME**.

⁶ www.financial-reporting.gov.uk

National Non-Domestic Rates (NNDR) is a tax paid by the occupiers of non-domestic property, principally businesses. Most NNDR is collected from businesses by local authorities and then paid into a **central government** pool. Some large businesses with national activity (such as utility companies) pay directly into the pool (the Central List). The pool is distributed back to local authorities in the form of grants and is scored in expenditure as a central government grant to local authorities. Similar systems apply in Wales and Scotland. The grant is in **DEL** for England and Wales, but in the **AME** line for **Locally Financed Expenditure** in Scotland. NNDR payments by **general government** in respect of the occupation of property are consolidated out through the **accounting adjustments** to arrive at **TME**.

Near-cash elements of **resource budgets** are those elements that turn into cash transactions quickly, such as **pay**, current **procurement**, and income from sales. Near-cash includes expenditure that in accounting terms is covered by the release of **provisions**, or financed from **prepayments**. Near-cash in resource **DEL** is a control total.

Net lending has two meanings:

- in **National Accounts** it is the balance of the current and capital accounts and is often quoted with sign reversed as “net borrowing”, which is sometimes called the government deficit; and
- in this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so, for example, privatisation receipts count as negative net lending. Government lends to students, some industries, **public corporations**, **local government**, some overseas governments and some international bodies that supply foreign aid.

Non-budget income and expenditure normally refers to income and expenditure that pass through a government department’s books and that are not included in **DEL** or departmental **AME**. For example, the grant in aid paid to **NDPBs** is normally a non-budget transfer – it is the NDPB’s income and expenditure that scores in budgets.

Non-cash items refer to various transactions that appear in the **operating cost statement** under **resource accounting**, but are not directly included in the **National Accounts** measure of Surplus on the Current Budget and so are not included in **near-cash**. The major transactions in non-cash are GAAP **depreciation**, **cost of capital charges** and the taking and release of **provisions**. Most non-cash items are in **DEL**, but some are in **AME**.

Non-Departmental Public Bodies (NDPBs) are public bodies with day-to-day autonomy in their management and financial matters, and usually funded through grant in aid. An NDPB’s income and expenditure normally scores in its sponsoring department’s budget. The grant in aid paid to an NDPB is normally a non-budget flow. A list of NDPBs can be found on the Civil Service website⁷.

Non-identifiable expenditure is expenditure that cannot be recognised as benefiting a particular region, for example because it is deemed to be incurred on behalf of the United Kingdom as a whole. E.g. most defence expenditure, overseas representation and tax collection.

Non-voted expenditure is expenditure that is not voted by Parliament through the Supply procedure.

Office for National Statistics (ONS) – the ONS is the government department that produces many official statistics such as the **National Accounts**. ONS decides classification issues for National Accounts and is operationally independent.

⁷ www.civilservice.gov.uk/about/public/bodies.asp

Operating Cost Statement – this is the statement in departmental resource accounts that shows the current income and expenditure of the department on an accruals basis. It is similar to the profit and loss statement in commercial accounts.

Other AME is public spending that is outside both **DEL** and **departmental AME**. It includes net transfers to the EC, **locally financed expenditure**, debt interest, **public corporations’** own-financed capital expenditure and **accounting adjustments**.

Outturn and estimated outturn describe expenditure actually incurred, or estimated on the basis of actual expenditure to date.

Pay includes salaries, employers’ National Insurance Contributions, and accruing pension costs, such as **ASLCs**. The pay of staff engaged in own-account **capital formation** is treated as **capital expenditure**.

Police grant is a current grant from **central government** to police authorities.

Prepayments are assets on the balance sheet. They are recognised where cash payments are made to suppliers of services in advance of those services being delivered. In resource accounts these are cash movements on the balance sheet and do not score as expenditure in **TME**. The reduction in cash held by the public sector increases **PSND**. Where a department or its **NDPB** makes a large (over £20m) prepayment that is long term (over 12 months) this is included in the **capital budget** on the same basis as **net lending**. When the service is delivered this is scored as appropriate, e.g. as the consumption of goods and services in **near-cash resource DEL** within **TME**.

Private Finance Initiative (PFI) is a system for purchasing capital intensive services for the public sector. Typically, the private sector designs, finances, builds, and maintains infrastructure, and other fixed capital **assets**, and then operates those assets to sell services to the **public sector**. In a proportion of cases the capital assets are accounted for on the balance sheet of the private sector operator; in other cases they are on the public sector’s books. Annex A has more information on the treatment of PFI in PESA.

Privatisation receipts are the receipts from the sale of shares, other securities and debt in **public corporations** that were sold as part of the privatisation programme. The proceeds are recorded as negative **net lending**. A corporation is said to be privatised when it is no longer controlled by government.

Procurement within:

- **public sector current expenditure** is expenditure on goods and services. It includes, for example, purchases of stationery. Purchase of minor maintenance and minor pieces of equipment and IT systems that are not treated as capital would be counted as current procurement. Services include purchases of contracted out cleaning. Purchases of services from charities (as opposed to unrequited grants to them) or other not-for-profit organisations are included under current procurement; and
- public sector **capital expenditure** is expenditure on the purchase of fixed **assets** such as buildings, machinery and large-scale IT projects.

Current and capital procurement is normally shown net of income from sales of goods and services, or sales of assets respectively (see Chapter 2). Expenditure on **Single Use Military Equipment (SUME)** is treated as current procurement within **National Accounts**, but capital procurement in budgets.

Provisions – departments take provisions in accounts and budgets when a past event means that they should recognise a future liability of uncertain amount or timing. Budgets also score the release of the provision and the expenditure that the release finances. Provisions score as a **non-cash** expenditure.

Public corporations are publicly controlled trading bodies with substantial financial and operational independence from **central** and **local government**. To be classed as trading they must receive the majority of their income from sales into a market, rather than grant funding from government. They include Royal Mail Holdings, and most **trading funds** such as the Meteorological Office and Companies House.

Public Corporations' Own-Financed Capital Expenditure (PCOFCE) is aggregate **public corporation capital expenditure** less its receipts of **central government** capital support in budgets.

Public Dividend Capital (PDC) is a form of long-term government finance for some **public corporations**. The government receives a return in the form of dividends rather than fixed interest payments.

Public expenditure is spending by public bodies. The definition of aggregate public expenditure most frequently used in this publication is **Total Managed Expenditure (TME)**.

Public sector – the public sector comprises **general government** and **public corporations**.

Public sector current expenditure (PSCE):

- is the sum of the **current expenditure** of **general government** and certain transactions (interest and rent) paid by **public corporations** to the private sector and abroad;
- does not include expenditure incurred in producing goods and services for sale where undertaken by **public corporations** – rather the surplus of sale receipts over operating costs for **public corporations** is scored as a public sector receipt and does not affect the expenditure measure;
- is net of certain receipts such as: grants and interest flows within the public sector; receipts of contributions to public sector occupational pension schemes; receipts of grants from abroad including the EC abatement; sales of goods and services; and income from rent of buildings; and
- includes non-trading **capital consumption**. This is the **depreciation** of the fixed **assets** of public bodies within **general government**. It excludes depreciation on assets used to produce goods and services for sale including the assets of **public corporations** and local authority housing.

Public sector net borrowing (PSNB) is the difference between the sum of **public sector** current and capital receipts and expenditure as measured by **National Accounts**. It also equals the net balance of the public sector's net acquisition of financial liabilities less its acquisition of financial assets. Negative net borrowing is sometimes called **net lending**. Data imprecision means that the different ways of measuring net borrowing never give exactly the same answer. The difference is called the statistical discrepancy in **ESA95**. Previously the difference was called the balancing item.

Public sector net debt (PSND) is the sum of the public sector's financial liabilities at nominal value, less its liquid financial assets.

Public sector net investment (PSNI) is all **capital expenditure** by the **public sector** less an amount representing all public sector **depreciation**. Broadly, the amount of capital expenditure that equals the depreciation charge could be seen as keeping the stock of assets stable. Net investment therefore represents the increase in the asset base after allowing for depreciation.

Public sector gross investment (PSGI) – see **capital expenditure**

RAB – see **resource accounting** and **resource budgeting**.

Real terms figures are amounts adjusted for the effect of general price inflation as measured by the **GDP** market price deflator.

Reserve – the Reserve is an amount within **DEL**, not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies. See also **AME margin**.

Resource accounting is the accounting system used to record expenditure in departmental accounts. It applies **generally accepted accounting practice** (GAAP) to departmental transactions.

Resource budget is the budget for **current expenditure** on an accruals basis (including both **near-** and **non-cash** items). It is divided into resource **DEL** (which is a control total) and resource **departmental AME** (a planning total).

Resource budgeting is the budgeting regime based on **resource accounting** introduced for the spending plans set in the 2000 Spending Review and which has been used for in-year spending control from 2001-02. Under RAB Stage I (2001-02 to 2002-03) resource **DEL** included **near-cash** transactions measured on an **accruals** basis while **non-cash** transactions were in Departmental **AME**. Under RAB Stage II (from 2003-04) most non-cash transactions were included in resource DEL. Near-cash controls were introduced in 2003-04 and clarified in 2005-06 such that near-cash in resource DEL is a control total. Other developments include the move of **capital grants** into **capital budgets** from 2006-07 and, from 2007-08, the reclassification of profit/loss on disposal into capital budgets and of some **impairments** into AME. Resource budgeting is largely derived from resource accounting rules, but there are a number of differences in treatment between resource accounts and resource budgets. For example, capital grants are capital in budgets (and in the **National Accounts**), but current in departmental resource accounts. See Annex C for further information.

Revenue Support Grant is an unhypothecated (i.e. non ring-fenced) current grant from **central government** to local authorities.

Single Use Military Equipment (SUME) is equipment that can only be used for military purposes (e.g. a tank). By contrast, dual use military equipment (e.g. an army lorry) can be used for civilian or military purposes. In the **National Accounts** and **expenditure on services** frameworks all expenditure on SUME is treated as **current expenditure**. In **resource accounts** and **resource budgeting**, expenditure on SUME that is of a capital nature is treated as capital. Dual use military equipment is treated as capital in all presentations.

Social benefits include social security and similar payments to individuals. They also include unrequited grants to not-for-profit non-market bodies such as charities (purchases of services from charities count as **procurement**). Public service pension payments are included in social benefits.

Spending Reviews (SRs) set **DELs** for the following three years. The first was the Comprehensive Spending Review in 1998 with further SRs held every two years. The latest was a Comprehensive Spending Review, which reported in autumn 2007 and set budgets for 2008-09 to 2010-11.

Spending sectors are the sectors of the economy that are making the expenditure, for example **central government, local government** and **public corporations**.

Stock building (also known as the net acquisition of inventories) is the value of the physical increase in stocks. In government accounts it relates mainly to buildings within urban regeneration areas.

Subsidies are payments by government and the EC to trading businesses to help pay for current costs. These include payments to farmers under the EC's Common Agricultural Policy. Subsidies may be paid to **public corporations** as well as to private sector firms.

Supply expenditure is expenditure financed through resources and cash voted by Parliament in the annual Main Estimates and the Supplementary Estimates in year. Also termed voted in Estimates.

Supported Capital Expenditure (SCE) is the term used for **central government** capital support for local authorities in England and Wales from 2004-05. Supported Capital Expenditure (Revenue) (SCE(R)) is the amount of borrowing by a local authority (to fund capital expenditure) towards which central government is prepared to provide **revenue grant support**. This support is provided either through Revenue Support Grant (RSG) to help local authorities with the costs of financing loans, or **Housing Revenue Account** subsidy. Supported Capital Expenditure (Capital) (SCE(C)) is the term used for central government **capital grants** paid to local authorities.

Tax credits are the Working Tax Credit and Child Tax Credit. They replaced former personal tax credits in 2003-04. Tax credits score in **TME** (within departmental **AME**) when the amount paid exceeds the tax liability of the household but as negative tax when the amount paid is less than or equal to the tax liability of the household.

Total DEL – total **DEL** is the sum of the **resource budget DEL** and the **capital budget DEL**, less **depreciation**. Depreciation is excluded from Total DEL as scoring both **capital expenditure** and depreciation may be seen as double counting. In the calculation of Total DEL, depreciation includes **impairments**, release from donated asset reserve and release from government grant reserve. Total DEL is not a control total: it is purely used for presentation.

Total Expenditure on Services (TES) – see **Expenditure on services**.

Total Managed Expenditure (TME) is a definition of aggregate public spending derived from **National Accounts**. It is the consolidated sum of **current** and **capital expenditure** of **central** and **local government**, and **public corporations**. TME can also be presented as the sum of **DEL** and **AME**.

Trading bodies – **public sector** trading bodies are publicly owned or controlled trading businesses:

- **public corporations** are trading bodies. Although controlled by a public sector body, public corporations are legally separate institutional units responsible for their own day-to-day operations and producing their own accounts;
- quasi-corporations are entities that meet the economic definition of a public corporation (i.e. trading income covers at least half their costs) but that do not take a separate legal form. Examples are Export Credits Guarantee Department and local authority housing. They score in the **National Accounts** like public corporations (although interest on housing related debt is treated as local authority expenditure); and

- there may also be some trading activities which are closely integrated within **general government** and do not have enough independence to be classified as a public corporation or quasi-corporation. Their **capital expenditure** is included in public expenditure measures, but their current expenditure and current receipts are included as a revenue item called gross trading surplus. There are examples in the **local government** sector such as some theatres and sports facilities.

Trading Funds are government departments or parts of government departments. They have financing frameworks that allow them to meet outgoings without the cash flows passing through Supply **Estimates**. Generally they cover their costs from trading receipts. In **National Accounts** they are normally treated as **public corporations**.

Traditional Own Resources (TOR) – the European Communities’ Traditional Own Resources consist of: customs duties, including those on agricultural products and sugar levies.

VAT refunds are given to departments in relation to payments for contracted-out services to remove a disincentive to contracting out services that might otherwise have been performed in-house.



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