

UNCLASSIFIED

Public Spending Statistics July 2013

PUBLIC SPENDING STATISTICS JULY 2013



HM TREASURY

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Introduction 8

Revisions in this release 9

Departmental budgets 10

 Overview 10

 Background to departmental budgets 27

 What’s new 27

 The budgeting and reporting framework 27

 Reconciliation of budgeting and National Accounts aggregates 28

 Administration budgets 28

 Total DEL 29

 Public expenditure by spending sector 29

Economic Analyses of Budgets 31

 Overview 31

 Background to economic analyses 38

 What’s new 38

 Analyses of budgets by economic category of spending 38

Trends in Public Spending 43

 Overview 43

 Background to trends in public sector expenditure 51

 What’s new 51

 Public spending aggregates 51

 Public sector expenditure on services by function 51

 Methods and data quality for long run Exepnditure on service table series 52

Public Sector Spending by function, sub-function and economic category 53

 Overview 54

 Background to Public Sector Spending by Function 63

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

What's new	63
Classification changes	63
Relationship between functional series and departments	63
Public sector expenditure on services by sub-function	63
Public sector expenditure on services by economic category	64
Public sector expenditure on services split by current and capital spending	66
Public sector gross procurement by function	67
Central Government Own Expenditure.....	68
Overview.....	68
Background to Central Government own Expenditure.....	77
What's new	77
Central government own expenditure by department	77
Central government own resource and capital expenditure by department.....	77
Central government own expenditure on services by sub-function.....	78
Central government own expenditure on services by economic category	78
Central government own current and capital expenditure on services by function	78
Local Government Financing And Expenditure	79
Overview.....	79
Background to local government financing and expenditure.....	89
What's new	89
The financing of local government expenditure	89
Local government expenditure	90
Public Corporations	93
Overview.....	93
Background to public corporations.....	100
What's new	100
Definition of public corporations	100

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Self financing public corporations (SFPCs)	100
Trading funds	100
The budgeting control framework	101
The National Accounts	102
Sources of data and data quality	103
Further Information	103
Public expenditure by Country and additional tables	104

UNCLASSIFIED

Public Spending Statistics July 2013

List of tables

Table 1	Revisions to Budgets since July 2012	9
Table 1.1	Total Managed Expenditure, 2008-09 to 2012-13.....	12
Table 1.2	Total Managed Expenditure in real terms, 2008-09 to 2012-13	13
Table 1.3	Resource budgets, 2008-09 to 2012-13	14
Table 1.4	Resource budgets in real terms, 2008-09 to 2012-13.....	15
Table 1.5	Resource DEL excluding depreciation, 2008-09 to 2012-13.....	16
Table 1.6	Resource DEL excluding depreciation in real terms, 2008-09 to 2012-13.....	17
Table 1.7	Administration budgets, 2008-09 to 2012-13.....	18
Table 1.8	Capital budgets, 2008-09 to 2012-13	19
Table 1.9	Capital budgets in real terms, 2008-09 to 2012-13	20
Table 1.10	Total Departmental Expenditure Limits, 2008-09 to 2012-13	21
Table 1.11	Total Departmental Expenditure Limits in real terms, 2008-09 to 2012-13	22
Table 1.12	Accounting adjustments, 2008-09 to 2012-13.....	23
Table 1.13	Total Managed Expenditure by spending sector, 2008-09 to 2012-13.....	26
Table 2.1	Budgets by economic category of spending, 2008-09 to 2012-13.....	33
Table 2.2	Gross current procurement in budgets, 2008-09 to 2012-13	36
Table 2.3	Gross capital procurement in budgets, 2008-09 to 2012-13	37
Table 4.1	Public expenditure aggregates, 1971-72 to 2012-13.....	47
Table 4.2	Public sector expenditure on services by function, 1989-90 to 2012-13.....	48
Table 4.3	Public sector expenditure on services by function in real terms, 1989-90 to 2012-13	49
Table 4.4	Public sector expenditure on services by function as a per cent of GDP, 1989-90 to 2012-13	50
Table 5.1	Public sector expenditure on services by departmental group and function, 2012-13	55
Table 5.2	Public sector expenditure on services by sub-function, 2008-09 to 2012-13.....	56
Table 5.3	Public sector expenditure on services by economic category, 2008-09 to 2012-13	59
Table 5.4	Public sector current and capital expenditure on services by function(1), 2008-09 to 2012-13	60

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.5	Public sector gross current procurement expenditure on services by function, 2008-09 to 2012-13	61
Table 5.6	Public sector capital procurement expenditure on services by function, 2008-09 to 2012-13	62
Table 6.1	Central government own expenditure in budgets by departmental group, 2008-09 to 2012-13	69
Table 6.2	Central government own resource expenditure in budgets by departmental group, 2008-09 to 2012-13.....	70
Table 6.3	Central government own capital expenditure by departmental group, 2008-09 to 2012-13	71
Table 6.4	Central government own expenditure on services by sub-function, 2008-09 to 2012-13.....	72
Table 6.5	Central government own expenditure on services by economic category, 2008-09 to 2012-13	75
Table 6.6	Central government own current and capital expenditure on services by function, 2008-09 to 2012-13.....	76
Table 7.1	Financing of local government in the United Kingdom by country, 2007-08 to 2011-12	80
Table 7.2	Central government current grants for local government in the United Kingdom by departmental group, 2008-09 to 2012-13	81
Table 7.3	Central government capital support for local government in the United Kingdom by country and departmental group, 2008-09 to 2012-13.....	83
Table 7.4	Local government current and capital expenditure on services in the United Kingdom by function, 2008-09 to 2012-13	84
Table 7.5	Local government current expenditure on services in the United Kingdom by country and function, 2008-09 to 2012-13	85
Table 7.6	Local government gross capital expenditure on services in the United Kingdom by country and function, 2008-09 to 2012-13	86
Table 7.7	Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2008-09 to 2012-13.....	87
Table 7.8	Local government expenditure on services in the United Kingdom by country and economic category, 2008-09 to 2012-13	88
Table 8.1	Public corporations' contribution to budgets and Total Managed Expenditure, 2008-09 to 2012-13	94

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 8.2	Public corporations' contribution to budgets by departmental group, 2008-09 to 2012-13.	95
Table 8.3	Public corporations' capital expenditure on services, 2008-09 to 2012-13	96
Table 8.4	Public corporations' current and capital expenditure on services by function, 2008-09 to 2012-13	98
Table 8.5	Public corporations' current and capital expenditure by economic category, 2008-09 to 2012-13	99
Table 9.1	Total identifiable expenditure on services by country and region, 2007-08 to 2011-12.....	105
Table 9.2	Total identifiable expenditure on services by country and region, per head 2007-08 to 2011-12	106
Table C.1	Transactions with the institutions of the EU, 2008-09 to 2012-13.....	107
Table D.1	Pay as you go public service pensions schemes in AME and in TME, 2008-09 to 2012-13	108
Table E.1	Derivation of public sector expenditure on services from departmental groups' budgets, 2012-13	109
Table F.1	Population numbers by country and region	110
Table F.2	GDP deflators and money GDP	111

INTRODUCTION

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

The key data being updated in this release are for the years 2008-09 to 2012-13. This release contains the first estimate of 2012-13 outturn. All data in this release are National Statistics and are on an outturn basis. Where major revisions to the data for past years have been made we refer to them in the text accompanying the tables. Further background detail is found in the accompanying background material published alongside this release.

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

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

RELATED RELEASES FROM HM TREASURY

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

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

REVISIONS IN THIS RELEASE

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

Table 1 Revisions to Budgets since July 2012	2008-09	2009-10	2010-11	2011-12
Total Managed Expenditure	4,507	2,341	4,285	-282
Total Departmental Expenditure Limits (DEL)	4,127	4,577	4,752	4,682
Departmental Annually Managed Expenditure (AME)	-4,267	-4,576	-4,110	-5,594
Other AME	4,648	2,341	3,643	629
Total resource DEL	4126	4576	4814	4935
Total capital DEL	0	0	-150	161

Figures for Total Managed Expenditure are taken from the ONS/HM Treasury Public Sector Finances release. The revisions reflect a number of significant methodological changes introduced recently and the inclusion of new data, particularly for local government and public corporations. More information on these can be found in the May 2013 Public Sector Finances release (http://www.ons.gov.uk/ons/dcp171778_314980.pdf).

There have been large offsetting revisions to resource DEL and resource AME. These reflect the decision to localise the payment of Council Tax Benefits (CTB). As a result of this policy, CTB has moved from the Department of Work and Pensions' resource AME to the resource DEL of the Department for Communities and Local Government, the Scottish Government and the Welsh Assembly Government.

Changes to "Other" AME reflect revisions to Public Corporations Own Financed Capital Expenditure (PCOFCE) and Local Authority Self-Financed Expenditure (LASFE). These are the result of the inclusion of new ONS data for Public Corporations and outturn data for local government.

DEPARTMENTAL BUDGETS

OVERVIEW

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

DEPARTMENTAL EXPENDITURE LIMITS

- Total resource DEL in real terms was £342.7bn in 2012-13, a fall of 2.3 per cent on the previous year. This is the second successive year to show a fall in spending in the period covered by this release, reflecting the Government's plans for fiscal consolidation as set out in the 2010 Spending Review.
- Total resource DEL less depreciation in real terms was £321.7bn in 2012-13, a fall of 2.9 per cent on the previous year. This is the third successive fall in the period covered by this release, in 2011-12 spend fell by 3.4 per cent.
- Depreciation in resource DEL was £21.1bn in real terms in 2012-13 an increase of 7.7 per cent on 2011-12. This was mainly due to an increase in depreciation recorded by the Department of Culture, Media and Sport in respect of the Olympic Delivery Authority.
- Total capital DEL was £39.3bn in real terms in 2012-13, a fall of 8.5 per cent on the previous year. This is the third successive fall in the period covered by this release, in 2011-12 spend fell by 16.7 per cent.
- Total DEL in real terms fell by 3.5 per cent in 2012-13 from £374.2bn to £361.0bn. The departments with the largest falls were Defence -£3.5bn (9.2per cent), CLG Local Government -£2.6bn (8.7 per cent), CLG Communities -£1.9bn (33.1 per cent) and Education -£1.5bn (2.6 per cent). Total DEL for NHS (Health), the largest department, increased by £0.8 billion to £105.3 bn in 2012-13.

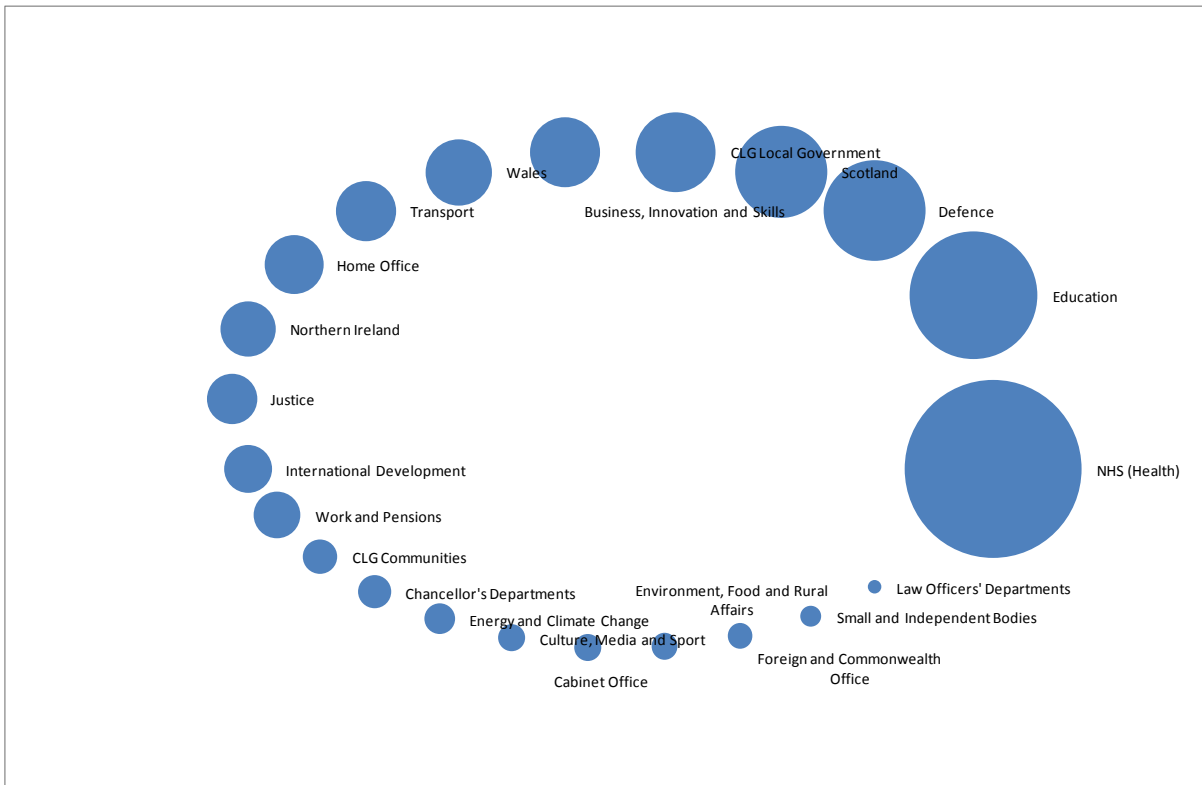
ANNUALLY MANAGED EXPENDITURE

- Net public service pensions reduced by £1.3bn to £4.8bn in real terms in 2012-13, mainly due to increased contributions paid into the pensions schemes. This compares with -£81.1bn in 2010-11. The negative expenditure in 2010-11 was caused by the decision to use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the indexation of public service pensions and the consequent reduction in the size of future liabilities. The effect of this on the major pension schemes (teachers, NHS, civil service and armed forces) is shown in the appropriate departmental budget in Table 1.3. As liabilities are not included in the calculation of TME, there is an offset within the accounting adjustments to remove them (see Table 1.12 for details).

LOCALLY FINANCED EXPENDITURE

In 2011-12 there was a large increase in the level of 'capital other AME – Locally financed expenditure'. Consequently there was also a large decrease in 2012-13. This increase in 2011-12 is due to a one off transaction between local government and central government in England called the 'Housing Revenue Account (HRA) self-financing determination'. The impact of localising the HRA through the self-financing determination in 2011-12 led to a net £8.1 billion capital payment to central government from local government.

CHART 1: 2012-13 Total Departmental Expenditure Limit (TDEL) outturn by department. Bubble sizes are proportional to the amount of TDEL for each department. TDEL is made up of Resource DEL minus depreciation plus Capital DEL.



UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.1 Total Managed Expenditure, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	305,012	323,905	330,149	326,380	321,663
Depreciation in resource DEL	12,389	13,843	20,509	19,266	21,065
Total resource DEL	317,401	337,748	350,658	345,646	342,728
<i>Resource departmental AME</i>					
Social security benefits	146,343	159,165	164,806	170,791	178,332
Tax credits ⁽¹⁾	24,171	27,667	28,938	29,976	30,170
Net public service pensions ⁽²⁾	5,340	1,528	-78,073	6,012	4,797
National lottery	1,011	1,001	995	1,399	1,283
BBC domestic services	3,316	3,464	3,559	3,391	3,370
Student loans	-976	-256	-301	-642	-756
Non-cash items	42,271	46,723	55,064	52,418	54,070
Financial sector interventions	41,551	-27,592	-14,247	-16,143	-18,122
Other departmental expenditure	2,879	4,147	2,011	-848	2,596
Total resource departmental AME	265,906	215,847	162,751	246,354	255,740
<i>Resource other AME</i>					
Net expenditure transfers to the EU	3,060	6,419	8,414	7,702	9,131
Locally financed expenditure	26,966	25,794	22,968	22,062	25,774
Central government debt interest	30,852	30,479	45,165	47,714	46,967
Accounting adjustments ⁽³⁾	-77,626	-12,189	44,526	-25,179	-22,861
Total resource other AME	-16,748	50,503	121,073	52,299	59,011
Total resource AME	249,158	266,350	283,824	298,653	314,751
Public sector current expenditure	566,559	604,098	634,482	644,299	657,479
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	48,511	56,959	49,665	42,317	39,304
<i>Capital departmental AME</i>					
National lottery	536	752	597	404	513
BBC domestic services	81	123	122	172	109
Student loans	4,475	4,601	4,958	5,857	6,860
Financial sector interventions	85,525	38,281	-3,015	-4,571	-3,606
Other departmental expenditure	249	738	1,147	734	-76
Total capital departmental AME	90,866	44,494	3,809	2,597	3,799
<i>Capital other AME</i>					
Locally financed expenditure	6,926	5,415	5,342	16,330	8,087
Public corporations' own-financed capital expenditure	9,331	8,191	9,300	6,547	6,653
Accounting adjustments ⁽³⁾	-87,941	-46,666	-8,679	-17,484	-40,068
Total capital other AME	-71,683	-33,061	5,963	5,393	-25,328
Total capital AME	19,182	11,434	9,772	7,990	-21,528
Public sector gross investment ⁽⁴⁾	67,693	68,393	59,437	50,307	17,776
<i>less public sector depreciation</i>	19,146	19,999	20,784	21,625	22,528
Public sector net investment ⁽⁴⁾	48,547	48,394	38,653	28,682	-4,752
TOTAL MANAGED EXPENDITURE ⁽⁴⁾	634,252	672,491	693,919	694,606	675,255
<i>of which:</i>					
Total DEL ⁽⁵⁾	353,523	380,865	379,813	368,697	360,968
Departmental AME	356,772	260,342	166,561	248,950	259,539
Other AME	-76,042	31,285	147,545	76,958	54,748

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

(2) The main pension schemes are reported under IAS19 accounting requirements, the reconciliation to National Accounts is explained in Annex D. In the 2010 Budget Statement it was announced that the Government would use the CPI rather than the RPI for the indexation of public service pensions. This change has been recognised as a negative past service cost in 2010-11 in accordance with IAS19.

(3) Transactions from 2008-09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.2 Total Managed Expenditure in real terms ⁽¹⁾, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	333,923	345,072	342,780	331,293	321,663
Depreciation in resource DEL	13,564	14,747	21,294	19,556	21,065
Total resource DEL	347,486	359,819	364,074	350,849	342,728
<i>Resource departmental AME</i>					
Social security benefits	160,215	169,566	171,111	173,362	178,332
Tax credits ⁽²⁾	26,462	29,475	30,045	30,427	30,170
Net public service pensions ⁽³⁾	5,846	1,628	-81,060	6,102	4,797
National lottery	1,107	1,066	1,033	1,420	1,283
BBC domestic services	3,631	3,690	3,695	3,442	3,370
Student loans	-1,069	-273	-312	-652	-756
Non-cash items	46,278	49,776	57,171	53,207	54,070
Financial sector interventions	45,490	-29,395	-14,793	-16,386	-18,122
Other departmental expenditure	3,152	4,418	2,088	-860	2,596
Total resource departmental AME	291,110	229,952	168,978	250,062	255,740
<i>Resource other AME</i>					
Net expenditure transfers to the EU	3,350	6,838	8,736	7,818	9,131
Locally financed expenditure	29,522	27,479	23,847	22,395	25,774
Central government debt interest	33,776	32,471	46,893	48,432	46,967
Accounting adjustments ⁽⁴⁾	-84,984	-12,985	46,229	-25,558	-22,861
Total resource other AME	-18,336	53,803	125,705	53,086	59,011
Total resource AME	272,775	283,755	294,683	303,148	314,751
Public sector current expenditure	620,261	643,575	658,757	653,998	657,479
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	53,109	60,682	51,565	42,954	39,304
<i>Capital departmental AME</i>					
National lottery	586	801	620	411	513
BBC domestic services	89	131	126	175	109
Student loans	4,899	4,902	5,148	5,945	6,860
Financial sector interventions	93,632	40,782	-3,131	-4,640	-3,606
Other departmental expenditure	273	786	1,191	745	-76
Total capital departmental AME	99,479	47,402	3,955	2,636	3,799
<i>Capital other AME</i>					
Locally financed expenditure	7,582	5,769	5,546	16,576	8,087
Public corporations' own-financed capital	10,216	8,726	9,655	6,646	6,653
Accounting adjustments ⁽⁴⁾	-96,276	-49,716	-9,011	-17,747	-40,068
Total capital other AME	-78,478	-35,221	6,191	5,474	-25,328
Total capital AME	21,001	12,181	10,146	8,110	-21,528
Public sector gross investment ⁽⁵⁾	74,109	72,862	61,711	51,064	17,776
<i>less public sector depreciation</i>	20,961	21,306	21,579	21,951	22,528
Public sector net investment ⁽⁵⁾	53,149	51,556	40,132	29,114	-4,752
TOTAL MANAGED EXPENDITURE ⁽⁵⁾	694,371	716,437	720,468	705,062	675,255
<i>of which:</i>					
Total DEL ⁽⁶⁾	387,032	405,754	394,345	374,248	360,968
Departmental AME	390,589	277,354	172,933	252,698	259,539
Other AME	-83,250	33,329	153,190	78,117	54,748

(1) Real terms figures are the cash figures adjusted to 2012-13 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2013.

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

(3) The main pension schemes are reported under IAS19 accounting requirements, the reconciliation to National Accounts is explained in Annex D. In the 2010 Budget Statement it was announced that the Government would use the CPI rather than the RPI for the indexation of public service pensions. This change has been recognised as a negative past service cost in 2010-11 in accordance with IAS19.

(4) Transactions from 2008-09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.3 Resource budgets, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Resource DEL by departmental group					
Education	46,657	49,412	50,603	50,298	50,886
NHS (Health)	87,623	94,422	97,469	100,263	102,513
Personal Social Services (Health) ⁽¹⁾	1,281	1,364	1,471	-	-
Transport	5,833	6,548	5,806	5,578	5,283
CLG Communities	4,130	4,334	3,710	1,821	1,349
CLG Local Government	29,488	30,800	28,737	29,765	27,577
Business, Innovation and Skills	17,095	18,354	21,291	20,017	19,220
Home Office	9,193	9,471	12,774	12,122	11,442
Justice	9,039	8,962	8,968	8,895	8,593
Law Officers' Departments	722	709	669	621	599
Defence	32,714	34,917	39,035	37,980	35,874
Foreign and Commonwealth Office	2,027	2,127	2,194	2,175	2,152
International Development	4,758	5,250	5,930	6,184	6,129
Energy and Climate Change	292	1,228	1,153	1,157	1,129
Environment, Food and Rural Affairs	2,412	2,461	2,376	2,197	2,077
Culture, Media and Sport	1,531	1,573	1,580	1,579	3,286
Work and Pensions	7,841	8,770	8,848	7,488	7,360
Scotland	24,481	25,489	26,151	25,812	26,123
Wales	13,011	13,753	14,022	13,903	13,681
Northern Ireland	9,188	9,636	9,967	9,858	10,031
Chancellor's Departments	4,339	4,256	3,980	3,866	3,495
Cabinet Office	2,030	2,259	2,354	2,399	2,470
Small and Independent Bodies	1,715	1,654	1,570	1,669	1,457
Total resource DEL	317,401	337,748	350,658	345,646	342,728
Resource departmental AME by departmental group					
Education ⁽²⁾	10,642	10,427	-10,465	11,773	11,598
NHS (Health) ⁽²⁾	14,984	16,223	-10,976	19,582	18,840
Transport	572	1,143	501	876	507
CLG Communities	613	255	-112	-350	409
CLG Local Government	661	284	1,107	732	144
Business, Innovation and Skills	313	1,337	-824	-1,158	-92
Home Office	714	679	920	1,061	1,260
Justice	450	606	276	-33	915
Law Officers' Departments	11	17	-13	5	5
Defence ⁽²⁾	6,102	7,895	-878	8,039	7,360
Foreign and Commonwealth Office	-10	86	34	61	88
International Development	213	331	303	104	191
Energy and Climate Change	2,435	756	5,241	3,742	5,388
Environment, Food and Rural Affairs	-56	-73	-437	-51	-29
Culture, Media and Sport	3,893	4,060	4,369	4,215	4,178
Work and Pensions	131,215	141,938	146,544	154,478	160,761
Scotland	2,486	2,323	3,055	3,073	2,754
Wales	138	293	53	72	175
Northern Ireland	6,466	7,230	3,187	7,516	7,656
Chancellor's Departments	77,254	12,777	28,590	24,026	24,306
Cabinet Office ⁽²⁾	7,172	7,481	-7,466	8,739	9,434
Small and Independent Bodies	-363	-222	-259	-147	-110
Total resource departmental AME	265,906	215,847	162,751	246,354	255,740
Total resource budget	583,307	553,595	513,409	592,000	598,468

(1) Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's budget.

(2) The main pension schemes are reported under IAS19 accounting requirements, the reconciliation to National Accounts is explained in Annex D. In the 2010 Budget Statement it was announced that the Government would use the CPI rather than the RPI for the indexation of public service pensions. This change has been recognised as a negative past service cost in 2010-11 in accordance with IAS19.

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.4 Resource budgets in real terms ⁽¹⁾, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Resource DEL by departmental group					
Education	51,080	52,641	52,539	51,055	50,886
NHS (Health)	95,928	100,593	101,199	101,773	102,513
Personal Social Services (Health) ⁽²⁾	1,402	1,453	1,527	-	-
Transport	6,386	6,976	6,028	5,662	5,283
CLG Communities	4,521	4,617	3,852	1,849	1,349
CLG Local Government	32,283	32,813	29,837	30,213	27,577
Business, Innovation and Skills	18,715	19,553	22,105	20,318	19,220
Home Office	10,065	10,090	13,262	12,305	11,442
Justice	9,896	9,547	9,311	9,029	8,593
Law Officers' Departments	791	755	695	630	599
Defence	35,815	37,199	40,528	38,552	35,874
Foreign and Commonwealth Office	2,220	2,266	2,278	2,208	2,152
International Development	5,210	5,594	6,157	6,277	6,129
Energy and Climate Change	319	1,308	1,197	1,174	1,129
Environment, Food and Rural Affairs	2,640	2,622	2,467	2,230	2,077
Culture, Media and Sport	1,676	1,676	1,641	1,603	3,286
Work and Pensions	8,584	9,344	9,187	7,601	7,360
Scotland	26,802	27,154	27,152	26,201	26,123
Wales	14,244	14,652	14,558	14,112	13,681
Northern Ireland	10,059	10,265	10,348	10,006	10,031
Chancellor's Departments	4,751	4,534	4,132	3,924	3,495
Cabinet Office	2,222	2,407	2,444	2,435	2,470
Small and Independent Bodies	1,878	1,762	1,630	1,694	1,457
Total resource DEL	347,486	359,819	364,074	350,849	342,728
Resource departmental AME by departmental group					
Education ⁽³⁾	11,650	11,109	-10,865	11,951	11,598
NHS (Health) ⁽³⁾	16,404	17,284	-11,396	19,876	18,840
Transport	626	1,218	520	889	507
CLG Communities	671	272	-116	-355	409
CLG Local Government	724	302	1,149	743	144
Business, Innovation and Skills	343	1,424	-855	-1,175	-92
Home Office	782	724	955	1,077	1,260
Justice	492	645	287	-34	915
Law Officers' Departments	12	18	-13	5	5
Defence ⁽³⁾	6,680	8,411	-912	8,160	7,360
Foreign and Commonwealth Office	-10	91	35	62	88
International Development	233	353	314	106	191
Energy and Climate Change	2,666	806	5,441	3,799	5,388
Environment, Food and Rural Affairs	-61	-78	-454	-52	-29
Culture, Media and Sport	4,262	4,325	4,536	4,279	4,178
Work and Pensions	143,653	151,213	152,151	156,803	160,761
Scotland	2,722	2,475	3,172	3,119	2,754
Wales	151	312	55	73	175
Northern Ireland	7,079	7,703	3,309	7,629	7,656
Chancellor's Departments	84,577	13,611	29,684	24,387	24,306
Cabinet Office ⁽³⁾	7,852	7,970	-7,752	8,870	9,434
Small and Independent Bodies	-398	-236	-269	-149	-110
Total resource departmental AME	291,110	229,952	168,978	250,062	255,740
Total resource budget	638,597	589,772	533,052	600,912	598,468

(1) Real terms figures are the cash figures adjusted to 2012-13 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2013.

(2) Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's budget.

(3) The main pension schemes are reported under IAS19 accounting requirements, the reconciliation to National Accounts is explained in Annex D. In the 2010 Budget Statement it was announced that the Government would use the CPI rather than the RPI for the indexation of public service pensions. This change has been recognised as a negative past service cost in 2010-11 in accordance with IAS19.

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.5 Resource DEL excluding depreciation, 2008-09 to 2012-13

	2008-09	2009-10	2010-11	2011-12	£ million 2012-13
	outturn	outturn	outturn	outturn	outturn
Resource DEL less depreciation by departmental group					
Education	46,637	49,385	50,568	50,265	50,239
NHS (Health)	86,671	93,237	96,260	99,070	101,416
Personal Social Services (Health) ⁽¹⁾	1,261	1,362	1,471	-	-
Transport	5,436	5,652	5,176	4,679	4,315
CLG Communities	4,084	4,299	3,649	1,745	1,309
CLG Local Government	29,487	30,798	28,735	29,764	27,576
Business, Innovation and Skills	16,329	17,321	17,029	16,231	15,467
Home Office	9,009	9,268	12,288	11,904	11,199
Justice	8,633	8,529	8,614	8,453	8,067
Law Officers' Departments	712	697	658	611	591
Defence	25,410	27,587	28,090	28,142	26,415
Foreign and Commonwealth Office	1,946	2,022	2,091	2,052	1,987
International Development	4,742	5,234	5,909	6,167	6,105
Energy and Climate Change	288	1,216	1,146	1,144	1,117
Environment, Food and Rural Affairs	2,219	2,261	2,175	1,981	1,887
Culture, Media and Sport	1,502	1,457	1,471	1,473	2,059
Work and Pensions	7,689	8,549	8,685	7,286	7,117
Scotland	23,901	24,852	25,587	25,189	25,341
Wales	12,610	13,289	13,615	13,475	13,265
Northern Ireland	8,894	9,293	9,597	9,437	9,461
Chancellor's Departments	4,132	4,048	3,758	3,642	3,262
Cabinet Office	1,772	1,962	2,025	2,045	2,074
Small and Independent Bodies	1,649	1,587	1,552	1,624	1,394
Total resource DEL excluding depreciation	305,012	323,905	330,149	326,380	321,663

(1) Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's budget.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.6 Resource DEL excluding depreciation in real terms ⁽¹⁾, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Resource DEL less depreciation by departmental group					
Education	51,057	52,612	52,503	51,022	50,239
NHS (Health)	94,886	99,330	99,943	100,561	101,416
Personal Social Services (Health) ⁽²⁾	1,381	1,451	1,527	-	-
Transport	5,951	6,022	5,374	4,750	4,315
CLG Communities	4,471	4,580	3,789	1,771	1,309
CLG Local Government	32,282	32,811	29,835	30,212	27,576
Business, Innovation and Skills	17,876	18,453	17,681	16,475	15,467
Home Office	9,863	9,874	12,759	12,083	11,199
Justice	9,452	9,086	8,944	8,580	8,067
Law Officers' Departments	779	743	683	620	591
Defence	27,819	29,390	29,165	28,566	26,415
Foreign and Commonwealth Office	2,130	2,154	2,171	2,083	1,987
International Development	5,191	5,576	6,135	6,260	6,105
Energy and Climate Change	315	1,295	1,189	1,161	1,117
Environment, Food and Rural Affairs	2,429	2,408	2,258	2,011	1,887
Culture, Media and Sport	1,645	1,552	1,527	1,496	2,059
Work and Pensions	8,418	9,108	9,018	7,396	7,117
Scotland	26,167	26,476	26,566	25,568	25,341
Wales	13,805	14,157	14,136	13,678	13,265
Northern Ireland	9,737	9,900	9,964	9,579	9,461
Chancellor's Departments	4,524	4,312	3,902	3,697	3,262
Cabinet Office	1,939	2,090	2,102	2,076	2,074
Small and Independent Bodies	1,806	1,691	1,612	1,649	1,394
Total resource DEL excluding depreciation	333,923	345,072	342,780	331,293	321,663

(1) Real terms figures are the cash figures adjusted to 2012-13 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2013.

(2) Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's budget.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.7 Administration budgets, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Education	392	395	410	388	402
NHS (Health)	4,755	5,034	5,425	3,541	3,672
Transport	295	298	276	217	243
CLG Communities	500	484	426	339	286
Business, Innovation and Skills	770	817	429	812	686
Home Office	622	717	629	503	477
Justice	440	419	420	642	582
Law Officers' Departments	66	66	48	42	44
Defence	2,923	2,859	2,212	2,692	2,179
Foreign and Commonwealth Office	269	318	352	168	125
International Development	166	158	148	123	128
Energy and Climate Change	198	202	198	158	162
Environment, Food and Rural Affairs	757	740	741	600	552
Culture, Media and Sport	99	102	100	214	204
Work and Pensions ⁽¹⁾	5,621	6,063	5,610	1,333	1,174
Chancellor's Departments ⁽¹⁾	3,765	3,688	3,405	1,093	1,083
Cabinet Office	293	273	276	260	248
<i>of which: Security and Intelligence Agencies</i>	81	80	74	73	66
Small and Independent Bodies	460	412	385	325	331
Total administration budgets	22,393	23,044	21,490	13,449	12,577
<i>of which: administration staff costs</i>	<i>14,238</i>	<i>14,801</i>	<i>13,649</i>	<i>8,978</i>	<i>8,886</i>
Administration budgets as a percentage of					
Total Managed Expenditure ⁽²⁾	3.5	3.4	3.1	1.9	1.9

(1) As part of SR2010, the elements of HM Revenue and Customs and Work and Pensions directly involved in service delivery have been reclassified as programme rather than administration spending from 2011-12, to better reflect central government administration costs.

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.8 Capital budgets, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Capital DEL by departmental group					
Education	5,524	7,442	7,020	5,043	4,449
NHS (Health)	4,369	5,182	4,159	3,786	3,838
Transport	7,252	8,253	7,299	7,686	7,826
CLG Communities	7,167	8,992	6,459	3,821	2,472
CLG Local Government	122	260	-67	-8	1
Business, Innovation and Skills	2,134	3,027	2,104	1,153	1,240
Home Office	836	999	739	493	442
Justice	899	848	530	344	282
Law Officers' Departments	9	12	8	3	2
Defence	8,918	9,148	9,265	9,014	7,843
Foreign and Commonwealth Office	227	201	156	115	100
International Development	875	1,353	1,559	1,646	1,653
Energy and Climate Change	1,666	1,806	2,014	1,454	2,038
Environment, Food and Rural Affairs	610	693	568	383	414
Culture, Media and Sport	824	519	580	1,270	412
Work and Pensions	85	272	323	280	375
Scotland	3,333	3,927	3,284	2,732	2,940
Wales	1,627	1,932	1,751	1,386	1,363
Northern Ireland	1,307	1,277	1,192	1,000	969
Chancellor's Departments	281	285	211	257	218
Cabinet Office	396	454	432	403	363
Small and Independent Bodies	51	78	78	56	63
Total capital DEL	48,511	56,959	49,665	42,317	39,304
Capital departmental AME by departmental group					
NHS (Health)	14	6	8	-	-
Transport	-	-	-	-33	-61
CLG Communities	516	171	843	153	4
CLG Local Government	-	-	-	-	-4
Business, Innovation and Skills	3,463	4,306	4,158	5,469	6,129
Defence	76	5	-	-10	-35
International Development	-	-	-	-	-6
Energy and Climate Change	-279	-337	-78	-58	-20
Environment, Food and Rural Affairs	1	1	1	-	-1
Culture, Media and Sport	572	875	719	576	622
Work and Pensions	136	171	177	35	27
Scotland	180	160	151	167	188
Wales	168	202	209	244	255
Northern Ireland	407	430	396	588	344
Chancellor's Departments ⁽¹⁾	85,822	38,668	-2,675	-4,483	-3,601
Small and Independent Bodies	-210	-162	-100	-52	-40
Total capital departmental AME	90,866	44,494	3,809	2,597	3,799
Total capital budget	139,376	104,654	53,474	44,914	43,104

(1) Transactions from 2008-09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.9 Capital budgets in real terms ⁽¹⁾, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Capital DEL by departmental group					
Education	6,048	7,928	7,289	5,119	4,449
NHS (Health)	4,783	5,521	4,318	3,843	3,838
Transport	7,939	8,792	7,578	7,802	7,826
CLG Communities	7,846	9,580	6,706	3,879	2,472
CLG Local Government	134	277	-70	-8	1
Business, Innovation and Skills	2,336	3,225	2,184	1,170	1,240
Home Office	915	1,064	767	500	442
Justice	984	903	550	349	282
Law Officers' Departments	10	13	8	3	2
Defence	9,763	9,746	9,619	9,150	7,843
Foreign and Commonwealth Office	249	214	162	117	100
International Development	958	1,441	1,619	1,671	1,653
Energy and Climate Change	1,824	1,924	2,091	1,476	2,038
Environment, Food and Rural Affairs	668	738	590	389	414
Culture, Media and Sport	902	553	602	1,289	412
Work and Pensions	93	290	335	284	375
Scotland	3,649	4,184	3,410	2,773	2,940
Wales	1,781	2,058	1,818	1,407	1,363
Northern Ireland	1,431	1,360	1,238	1,015	969
Chancellor's Departments	308	304	219	261	218
Cabinet Office	434	484	449	409	363
Small and Independent Bodies	56	83	81	57	63
Total capital DEL	53,109	60,681	51,565	42,954	39,304
Capital departmental AME by departmental group					
NHS (Health)	15	6	8	-	-
Transport	-	-	-	-33	-61
CLG Communities	565	182	875	155	4
CLG Local Government	-	-	-	-	-4
Business, Innovation and Skills	3,791	4,587	4,317	5,551	6,129
Defence	83	5	-	-10	-35
International Development	-	-	-	-	-6
Energy and Climate Change	-305	-359	-81	-59	-20
Environment, Food and Rural Affairs	1	1	1	-	-1
Culture, Media and Sport	626	932	747	585	622
Work and Pensions	149	182	184	36	27
Scotland	197	170	157	170	188
Wales	184	215	217	248	255
Northern Ireland	446	458	411	597	344
Chancellor's Departments ⁽²⁾	93,957	41,195	-2,777	-4,550	-3,601
Small and Independent Bodies	-230	-173	-104	-53	-40
Total capital departmental AME	99,479	47,402	3,955	2,636	3,799
Total capital budget	152,587	111,493	55,520	45,590	43,104

(1) Real terms figures are the cash figures adjusted to 2012-13 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2013.

(2) Transactions from 2008-09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.10 Total Departmental Expenditure Limits ⁽¹⁾, 2008-09 to 2012-13

	2008-09	2009-10	2010-11	2011-12	£ million 2012-13
	outturn	outturn	outturn	outturn	outturn
Total DEL by departmental group ⁽¹⁾					
Education	52,160	56,827	57,588	55,308	54,688
NHS (Health)	91,040	98,419	100,418	102,856	105,254
Personal Social Services (Health) ⁽²⁾	1,261	1,362	1,471	-	-
Transport	12,687	13,905	12,474	12,366	12,141
CLG Communities	11,251	13,291	10,108	5,566	3,781
CLG Local Government	29,609	31,059	28,669	29,756	27,578
Business, Innovation and Skills	18,462	20,349	19,133	17,384	16,707
Home Office	9,845	10,267	13,028	12,397	11,641
Justice	9,533	9,377	9,144	8,797	8,349
Law Officers' Departments	720	709	666	613	592
Defence	34,328	36,734	37,355	37,157	34,259
Foreign and Commonwealth Office	2,173	2,223	2,246	2,167	2,088
International Development	5,617	6,587	7,467	7,813	7,758
Energy and Climate Change	1,954	3,021	3,160	2,598	3,155
Environment, Food and Rural Affairs	2,828	2,954	2,743	2,364	2,301
Culture, Media and Sport	2,326	1,976	2,051	2,743	2,471
Work and Pensions	7,775	8,821	9,009	7,567	7,492
Scotland	27,234	28,778	28,870	27,921	28,281
Wales	14,237	15,220	15,366	14,861	14,628
Northern Ireland	10,201	10,570	10,789	10,438	10,430
Chancellor's Departments	4,413	4,332	3,970	3,898	3,479
Cabinet Office	2,168	2,416	2,457	2,448	2,437
Small and Independent Bodies	1,700	1,666	1,630	1,680	1,457
Total DEL	353,523	380,865	379,813	368,697	360,968

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

(2) Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's budget.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.11 Total Departmental Expenditure Limits ⁽¹⁾ in real terms ⁽²⁾, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Total DEL by departmental group ⁽¹⁾					
Education	57,105	60,541	59,792	56,140	54,688
NHS (Health)	99,669	104,851	104,260	104,405	105,254
Personal Social Services (Health) ⁽³⁾	1,381	1,451	1,527	0	0
Transport	13,890	14,814	12,951	12,552	12,141
CLG Communities	12,317	14,160	10,495	5,650	3,781
CLG Local Government	32,416	33,088	29,766	30,204	27,578
Business, Innovation and Skills	20,212	21,679	19,865	17,646	16,707
Home Office	10,778	10,938	13,526	12,584	11,641
Justice	10,436	9,990	9,494	8,929	8,349
Law Officers' Departments	789	755	692	623	592
Defence	37,582	39,135	38,784	37,716	34,259
Foreign and Commonwealth Office	2,378	2,368	2,332	2,200	2,088
International Development	6,150	7,018	7,753	7,931	7,758
Energy and Climate Change	2,139	3,219	3,281	2,638	3,155
Environment, Food and Rural Affairs	3,097	3,147	2,848	2,399	2,301
Culture, Media and Sport	2,546	2,105	2,129	2,784	2,471
Work and Pensions	8,512	9,398	9,354	7,681	7,492
Scotland	29,816	30,659	29,975	28,341	28,281
Wales	15,586	16,215	15,954	15,085	14,628
Northern Ireland	11,168	11,261	11,201	10,595	10,430
Chancellor's Departments	4,832	4,616	4,121	3,957	3,479
Cabinet Office	2,373	2,573	2,551	2,485	2,437
Small and Independent Bodies	1,861	1,774	1,692	1,705	1,457
Total DEL	387,032	405,754	394,345	374,248	360,968

(1) Total DEL is given by Resource DEL excluding depreciation (Table 1.6) plus Capital DEL (Table 1.9). Figures may appear not to sum due to rounding

(2) Real terms figures are the cash figures adjusted to 2012-13 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2013.

(3) Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's budget.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.12 Accounting adjustments⁽¹⁾, 2008-09 to 2012-13

	£ billion				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
Remove data in budgets which form part of public sector current expenditure but where a different source is used for National Accounts					
Resource DEL					
Capital consumption (excluding NHS)	-10.6	-13.1	-8.5	-15.0	-14.4
NHS capital consumption	-1.8	-1.8	-1.8	-1.7	-1.7
Interest	0.1	-0.1	-0.1	-0.2	-0.2
Public corporation subsidies	-1.3	-1.0	-1.2	-1.1	-1.5
Other	0.0	0.0	-0.1	0.0	0.0
Total resource DEL	-13.5	-16.0	-11.7	-18.0	-17.8
Resource departmental AME					
Capital consumption	-1.7	-2.5	-1.8	-1.7	-1.4
Interest	2.4	2.2	1.0	1.6	2.4
Subsidy element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Subsidy element of other environmental levies	0.0	0.0	0.0	0.0	0.0
NNDR outturn adjustment	-0.6	-0.3	-1.1	-0.7	-0.1
Public corporation subsidies	-0.6	-0.7	-0.4	-7.3	0.0
Other	0.1	0.1	0.1	2.4	0.0
Total resource departmental AME	-0.4	-1.2	-2.2	-5.7	0.9
Adjustment for different data used by OBR in PSCE forecast	0.0	0.0	0.0	0.0	0.0
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0
Total resource budget data replaced by different source data	-13.8	-17.3	-13.9	-23.7	-16.8
Remove data in budgets which do not form part of public sector current expenditure					
Resource DEL					
Impairments	-1.0	0.4	-7.8	-0.4	-2.7
Receipts treated as negative DEL but revenue in National Accounts	0.6	0.6	0.7	0.6	0.8
Fees, levies and charges	0.2	0.2	0.2	0.2	0.4
Grant equivalent element of student lending	-0.7	-0.9	-4.2	-3.8	-3.9
Stock write-offs	0.5	-1.0	0.0	0.0	0.0
Change in pension scheme liabilities	-0.2	-0.2	-0.1	0.0	0.0
Miscellaneous current transfers	0.6	1.0	1.6	1.8	2.1
Northern Ireland Executive transfers between DEL and AME ⁽²⁾	0.6	0.5	0.6	0.6	0.6
Profit or loss - sale of company securities	0.0	0.1	0.0	0.0	0.0
Profit or loss - sale of other assets (capital in National Accounts)	0.3	0.1	0.0	-0.1	0.0
Green Investment Bank	0.0	0.0	0.0	0.0	0.0
EU funded expenditure	-0.7	-0.4	-0.3	-0.5	-0.4
Other	0.0	0.3	0.0	-0.5	-0.5
Total resource DEL	0.2	0.7	-9.4	-2.1	-3.6
Resource departmental AME					
Impairments	-19.3	-3.5	3.0	12.4	15.2
Bad debts	-0.5	-0.5	-0.6	-0.5	-0.5
Grant equivalent element of student lending	0.0	-0.5	0.0	1.6	0.1
Provisions	-29.0	23.5	-7.2	-5.3	-10.7
Change in pension scheme liabilities	-24.8	-22.1	56.8	-27.1	-26.8
Unwinding of discount rate on pension scheme liabilities	-36.5	-39.2	-37.6	-43.5	-39.7
Release of provisions covering payments of pension benefits	22.5	24.3	25.9	27.7	30.5
Fees, levies and charges	0.5	0.2	0.2	0.5	0.6
Profit or loss - sale of other assets (capital in National Accounts)	0.0	0.0	0.0	0.0	0.0
Fee income treated as capital in National Accounts	0.0	0.0	0.0	0.0	0.0
Imputed tax element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Imputed tax element of other environmental levies	0.0	0.0	0.0	0.0	0.0
Tax credits	-5.6	-5.6	-5.6	-4.6	-2.8
Other	0.1	-0.5	1.1	-0.6	-0.2
Total resource departmental AME	-92.7	-24.0	36.1	-39.3	-34.3
Total resource budget data not in public sector current expenditure	-92.5	-23.3	26.7	-41.4	-37.9

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.12 Accounting adjustments, 2008-09 to 2012-13 (continued)

	£ billion				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Central government adjustments in National Accounts					
Expenditure on goods and services	16.6	14.7	18.6	22.7	18.1
of which: VAT refunds	3.9	3.8	4.8	5.0	4.8
of which: Single Use Military Equipment	5.7	5.3	5.4	5.5	6.3
of which: payment from EU for tax collection costs	-0.7	-0.7	-0.8	-0.7	-0.7
of which: capital consumption	7.0	7.3	7.7	8.0	8.3
of which: other	0.8	-1.2	1.4	4.9	-0.6
Net social benefits	1.8	1.6	0.4	0.5	0.0
of which: switch between benefits and other current grants	6.9	6.9	0.4	0.6	0.3
of which: public service pensions contributions uprate	0.0	0.0	0.0	0.0	-1.1
of which: other	-5.1	-5.3	0.0	-0.1	0.8
Net current grants abroad	-0.3	0.1	0.1	0.8	0.6
of which: attributed aid	0.0	0.0	0.0	0.0	0.0
of which: DfID funding for capital projects scored in resource DEL	-0.5	0.0	0.0	0.0	0.0
of which: EU receipts	3.9	5.0	4.8	4.9	4.4
of which: other	-3.6	-4.8	-4.7	-4.1	-3.8
Other current grants	-3.3	-2.5	-2.5	-7.2	-0.4
of which: switch between other current grants and benefits	-6.9	-6.9	-0.4	-0.6	-0.3
of which: other	3.5	4.4	-2.1	-6.6	-0.1
Subsidies	4.9	5.1	4.4	11.5	5.1
of which: Renewable Obligation Certificates	0.5	0.5	0.5	0.5	0.5
of which: other environmental levies	0.0	0.0	0.0	0.0	0.5
of which: company tax credits outside departmental AME	0.9	1.1	1.3	1.3	1.0
of which: other	3.5	3.5	2.7	9.7	3.1
Total central government resource adjustments	19.7	19.0	21.0	28.3	23.5
Local government adjustments in National Accounts					
Remove data which do not form part of public sector current expenditure	-5.0	-4.6	-5.2	-5.7	-4.7
of which: Northern Ireland regional rates	-0.6	-0.5	-0.5	-0.6	-0.6
of which: retirement benefits	0.0	0.0	0.0	0.0	0.0
of which: debt interest payments to central government	-3.2	-2.9	-3.0	-4.4	-3.4
of which: other	-1.2	-1.2	-1.7	-0.7	-0.6
Adjustments to reconcile use of different data sources	-0.6	-0.1	-0.1	2.0	0.7
of which: central government support	-1.4	-0.5	-0.5	-0.2	-0.7
of which: debt interest	0.0	-0.4	-0.7	0.4	-0.4
of which: police and fire top up grants	0.8	0.9	1.1	1.4	1.4
of which: other	0.0	-0.1	0.0	0.4	0.4
Expenditure on goods and services	13.1	13.2	14.6	15.3	12.5
of which: VAT refunds	6.1	5.6	6.4	6.8	6.6
of which: capital consumption	7.2	7.6	8.0	8.5	9.0
of which: rates	-1.2	-1.2	-1.2	-1.4	-1.4
of which: other	1.0	1.2	1.4	1.4	-1.7
Subsidies	1.6	1.4	1.5	1.1	1.2
of which: equity injection into Housing Revenue Account	1.6	1.4	1.5	0.4	0.4
of which: other	0.0	0.0	0.0	0.7	0.8
Net social benefits	-0.5	-0.5	-0.5	-1.0	0.2
of which: housing benefits and rent rebates	0.4	0.4	0.4	0.0	1.2
of which: other	-0.8	-0.9	-0.9	-1.0	-1.0
Other current grants and current grants abroad	-0.1	-0.1	-0.1	-0.1	0.0
Total local government resource adjustments	8.6	9.2	10.3	11.7	9.8
Other resource adjustments					
Public corporations	0.4	0.2	0.4	0.3	0.2
Other	0.0	-0.1	0.0	-0.4	-1.6
Total other resource adjustments	0.4	0.1	0.4	-0.1	-1.4
Total resource adjustments	-77.6	-12.2	44.5	-25.2	-22.9
<i>of which:</i>					
Timing adjustments ⁽³⁾					
Central government	1.9	3.0	1.9	8.5	2.1
Local government	0.1	0.0	0.1	0.8	-2.2

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.12 Accounting adjustments, 2008-09 to 2012-13 (continued)

	£ billion				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
Remove data in budgets which form part of public sector gross investment but where a different source is used for National Accounts					
Capital DEL					
Change in inventories	-0.4	0.0	0.1	0.0	0.0
Acquisitions less disposals of valuables	-0.2	0.0	0.0	-0.1	0.0
Total capital DEL	-0.6	-0.1	0.0	-0.2	-0.1
Adjustment for different data used by OBR in PSGI forecast	0.0	0.0	0.0	0.0	0.0
of which DEL	0.0	0.0	0.0	0.0	0.0
of which AME	0.0	0.0	0.0	0.0	0.0
Total capital budget data replaced by different source data	-0.6	-0.1	0.0	-0.2	-0.1
Remove data in budgets which do not form part of public sector gross investment					
Capital DEL					
Single Use Military Equipment	-5.7	-5.3	-5.4	-5.3	-4.8
Net lending to private sector	-0.6	-1.2	-1.0	-2.1	-1.7
Capital support for public corporations	-0.1	-0.1	0.2	0.1	0.0
Local government supported capital expenditure	0.0	0.0	0.0	0.0	0.0
Northern Ireland Executive transfers between DEL and AME	0.3	0.0	0.2	0.4	0.2
Green Investment Bank	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.0	-0.5
Total Capital DEL	-6.1	-6.5	-5.9	-7.0	-6.9
Capital departmental AME					
Net lending to private sector	-90.0	-53.0	-2.1	-1.3	-3.3
Capital support for public corporations	0.9	0.1	0.4	-0.1	0.2
Purchase of company securities	0.0	0.0	0.0	0.0	0.0
Sale of company securities	0.0	6.9	0.0	0.0	0.0
Northern Ireland Executive transfers between DEL and AME	-0.3	-0.3	-0.2	-0.4	-0.1
Other	-0.1	3.0	-0.2	0.1	0.0
Total capital departmental AME	-89.5	-43.3	-2.1	-1.8	-3.2
Total capital budget data not in public sector gross investment	-95.5	-49.8	-8.0	-8.7	-10.0
Central government adjustments in National Accounts					
Gross fixed capital formation	-0.4	0.5	-0.1	0.1	-0.9
of which: profit or loss - sale of other assets (from resource budgets)	-0.3	-0.1	0.0	0.1	0.0
of which: other	-0.1	0.5	-0.1	0.1	-0.9
Capital grants to and from the private sector	9.7	4.9	1.0	0.7	-27.6
of which: VAT refunds	0.1	0.1	0.1	0.1	0.1
of which: transfer of Royal Mail Pension Plan assets	0.0	0.0	0.0	0.0	-28.0
of which: fee income (from resource budgets)	0.0	0.0	0.0	0.0	0.0
of which: DfID funding for capital projects scored in resource DEL	0.5	0.0	0.0	0.0	0.0
of which: other	9.1	4.8	1.0	0.7	0.4
Total central government capital adjustments	9.3	5.3	1.0	0.9	-28.5
Local government adjustments in National Accounts					
Adjustments to reconcile use of different data sources	-3.9	-4.8	-3.4	-4.2	-1.7
of which: overhanging debt	-0.5	-0.2	-0.8	-0.2	0.0
of which: central government support	-1.2	-2.2	-0.4	-1.5	-0.6
of which: financial transactions	-1.3	-1.6	-1.4	-1.8	-0.6
of which: capital grants from private sector	-0.8	-0.9	-0.8	-0.9	-0.5
Gross fixed capital formation	3.0	2.0	2.5	2.1	0.1
of which: VAT refunds	1.9	1.7	2.0	2.1	2.1
of which: roads de-trunking	1.0	0.0	0.1	0.0	0.0
of which: other	0.1	0.3	0.4	0.0	-2.0
Capital grants	0.4	0.4	-0.3	0.2	0.3
of which: grants to public corporations	0.0	0.0	0.0	0.0	0.0
of which: other	0.4	0.4	-0.3	0.2	0.3
Total local government capital adjustments	-0.5	-2.4	-1.2	-1.9	-1.4
Other capital adjustments					
Public corporations	0.0	0.2	-0.5	0.1	-0.2
Housing Revenue Account reform receipts	0.0	0.0	0.0	-8.1	0.0
Other	-0.7	0.0	0.1	0.3	0.0
Total other capital adjustments	-0.7	0.3	-0.5	-7.6	-0.1
Total capital adjustments	-87.9	-46.7	-8.7	-17.5	-40.1
<i>of which:</i>					
Timing adjustments ⁽³⁾					
Central government	9.8	5.1	0.8	0.5	-0.5
Local government	0.2	0.3	0.4	0.3	0.0

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

(2) Offsets with Northern Ireland domestic rates (part of other AME) are included in local government adjustments in National Accounts below.

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 1.13 Total Managed Expenditure by spending sector, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Central government own expenditure					
DEL ⁽¹⁾	245,434	265,501	264,312	262,052	259,187
Departmental AME ⁽¹⁾⁽²⁾	339,197	239,006	142,701	223,927	234,461
Locally financed support in Northern Ireland	607	547	538	588	621
Net expenditure transfers to the EU	3,060	6,419	8,414	7,702	9,131
Central government debt interest	30,852	30,479	45,165	47,714	46,967
Accounting and other adjustments ⁽²⁾	-163,098	-52,246	47,235	-25,494	-50,806
Total central government own expenditure	456,052	489,706	508,365	516,489	499,561
Local government expenditure					
Central government support in DEL ⁽¹⁾	107,687	114,689	115,502	106,524	101,673
Central government support in departmental AME ⁽¹⁾	19,045	21,436	24,326	24,917	25,474
Locally financed support in Scotland	1,963	2,165	2,068	2,182	2,263
Local authority self-financed expenditure	31,322	28,496	25,704	35,622	30,978
Accounting and other adjustments ⁽²⁾	7,921	6,612	8,422	1,492	8,410
Total local government expenditure	167,938	173,398	176,022	170,737	168,798
Public corporations' expenditure					
DEL ⁽¹⁾	401	674	0	121	108
Departmental AME ⁽¹⁾	-1,471	-100	-467	106	-395
Public corporations' own-financed capital expenditure	9,331	8,191	9,300	6,547	6,653
Accounting and other adjustments	2,001	622	699	606	530
Total public corporations' expenditure	10,262	9,387	9,532	7,380	6,896
Total Managed Expenditure	634,252	672,491	693,919	694,606	675,255

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

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

UNCLASSIFIED

BACKGROUND TO DEPARTMENTAL BUDGETS

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

WHAT'S NEW

1.2 As highlighted in the Public Spending Statistics (PSS) April 2013 statistical bulletin, we have changed the departmental breakdown in tables throughout this publication so that they are consistent with the presentation in the Budget 2013 and Spending Round 2013 documents.

1.3 The groupings for the current presentation (Spending Review groups) and last year's presentation (PESA groups) are set out in **Annex B** for comparison.

THE BUDGETING AND REPORTING FRAMEWORK

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

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

1.6 A clear distinction is made for budgeting between current and capital spending, with departments having separate resource and capital budgets largely based on International Financial Reporting Standards (IFRS). For part of their resource and capital budgets, departments are given firm three year spending limits called Departmental Expenditure Limits (DELs) within which they prioritise resources and plan ahead.

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

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

RECONCILIATION OF BUDGETING AND NATIONAL ACCOUNTS AGGREGATES

1.8 DEL and AME together make up TME, an aggregate that is drawn from the National Accounts, and is defined in National Accounts terms as public sector current expenditure plus public sector gross investment (measured net of sales but gross of depreciation). Note that total public sector depreciation is modelled by the ONS for the National Accounts, while the depreciation referred to in the footnote to **Table 1.1** is depreciation in resource DEL, measured on an IFRS basis.

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

1.10 A breakdown of the accounting adjustments used for this reconciliation is shown in **Table 1.12** and **Annex D** resource and capital budgets

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

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

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

ADMINISTRATION BUDGETS

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

1.15 As part of the Spending Review 2010 some elements of HM Revenue and Customs and Work and Pensions directly involved in service delivery were reclassified as programme rather than administration spending from 2011-12, to better reflect central government administration costs. The departmental administration budget within resource DEL is a control total.

TOTAL DEL

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

PUBLIC EXPENDITURE BY SPENDING SECTOR

1.17 **Table 1.13** shows a breakdown of TME, and within it DEL and AME, between the National Accounts public spending sectors (central government, local government and public corporations).

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

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

CENTRAL GOVERNMENT OWN EXPENDITURE

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.

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

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

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

LOCAL GOVERNMENT EXPENDITURE

1.23 Local government expenditure is split according to how it is financed:

- central government support (which can be in either DEL or AME);
- locally financed support in Scotland (the proceeds of non-domestic rates in Scotland that are collected and distributed to local authorities by the Scottish Government); and

- self-financed expenditure. Further analyses of local government expenditure are presented in **Chapter 7**.

PUBLIC CORPORATIONS' EXPENDITURE

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

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

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

1.26 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 in this table shows their contribution to TME, which is capital expenditure plus interest and dividends paid to the private sector. Further analyses for public corporations, including information on subsidies, are presented in **Chapter 8**.

ECONOMIC ANALYSES OF BUDGETS

OVERVIEW

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

RESOURCE DEL

- Total resource DEL was £342.7bn in 2012-13, a fall of 0.8 per cent on the previous year. This is the second consecutive year to show a fall in spending in the period covered by this release, reflecting the Government's plans for fiscal consolidation as set out in the 2010 Spending Review.
- Staff costs increased by 3.9 per cent in 2012-13, a reflection of the reclassification of academies from local to central government.
- Expenditure on grants to local government totalled £90.5bn in 2012-13, a fall of 5.3 per cent on 2011-12. In part this has been caused by the reclassification of academies mentioned above. The financing of local government expenditure is examined in more detail in chapter 7 of PESA.
- Expenditure on gross current procurement increased by 1.3 per cent in 2012-13. A breakdown of gross current procurement by individual departments is shown in table 2.2.
- Spending on administration, composed mainly of pay and procurement, stood at £12.6bn in 2012-13. This is a fall of 6.5 per cent on the previous year.

RESOURCE AME

- Total resource AME stood at £255.7bn in 2012-13, an increase of 3.8 per cent on 2011-12.
- The majority of the spending within resource AME is made up of grants to persons and non-profit bodies, which is mainly social security benefits. Expenditure on this heading rose to £187.4bn in 2012-13 from £180.3bn in the previous year. This mainly reflects higher spending on retirement pensions.
- Depreciation fell to -£13.9bn from -£12.4bn in 2011-12. This is mainly due to an increase in the value of the Bank of England Asset Purchase Facility Fund.

CAPITAL BUDGETS

- Capital spending within budgets was £43.1bn in 2012-13, a fall of 4.0 per cent on

UNCLASSIFIED

Public Spending Statistics July 2013

the previous year. The majority of capital spending occurred within DEL. Spending in AME was boosted in 2008-09 and 2009-10 by government intervention in the financial sector (see Box 2.A in PESA for more detail).

- Within capital DEL, support for local government increased by 2.2 per cent in 2012-13. Table 7.3 of PESA breaks this down by country and department. In the same year gross capital procurement was down by 4.4 per cent.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 2.1 Budgets by economic category of spending, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Resource DEL					
Staff costs ⁽¹⁾	85,726	88,479	94,809	96,589	100,380
Gross current procurement ⁽¹⁾	106,863	111,736	104,226	105,594	106,978
Income from sales of goods and services	-22,179	-21,311	-15,397	-15,465	-16,978
Current grants to local government ⁽¹⁾	95,405	99,436	102,715	95,616	90,529
Current grants to persons and non-profit bodies	29,941	33,125	31,002	29,105	25,985
Current grants abroad	391	361	1,035	728	1,574
Subsidies to private sector companies	5,073	5,887	5,646	6,006	5,694
Subsidies to public corporations	1,254	1,058	1,244	1,126	1,481
Net public service pensions ⁽²⁾	12	-66	20	9	47
Rentals	2,245	4,038	4,723	6,536	6,850
Depreciation ⁽³⁾	12,389	13,843	20,509	19,266	21,065
Take up of provisions	2	3	0	32	-24
Release of provisions	-1	-6	-8	-10	-8
Change in pension scheme liabilities	186	153	74	28	22
Unwinding of the discount rate on pension scheme liabilities	19	21	-20	56	23
Release of provisions covering payments of pensions benefits	0	-2	0	0	0
Other	76	993	79	431	-889
Plus unallocated funds	0	0	0	0	0
Total resource DEL	317,401	337,748	350,658	345,646	342,728
Of which: administration budgets in resource DEL					
Staff costs	14,238	14,801	13,649	8,978	8,886
Gross current procurement	8,354	7,196	6,727	4,258	4,144
Income from sales of goods and services	-1,282	-1,412	-1,321	-1,094	-1,098
Rentals	363	1,603	1,450	559	408
Depreciation	833	961	1,066	768	738
Other	-112	-105	-81	-20	-501
Total administration budgets in resource DEL	22,393	23,044	21,490	13,449	12,577
Resource departmental AME					
Staff costs	1,134	1,373	1,161	1,310	1,184
Gross current procurement	2,719	2,585	2,890	2,668	2,824
Income from sales of goods and services ⁽⁵⁾	-1,247	-574	-2,069	-1,229	-474
Current grants to local government	18,252	21,033	23,334	24,615	25,332
Current grants to persons and non-profit bodies	155,838	169,191	174,326	180,326	187,449
Subsidies to private sector companies	288	273	332	445	465
Subsidies to public corporations	-312	-177	-658	-776	-82
Net public service pensions ⁽²⁾	3,040	3,677	4,607	6,668	8,542
Rentals	0	0	0	0	2
Depreciation ⁽⁵⁾	21,059	6,529	-1,218	-12,364	-13,861
Take up of provisions ⁽⁵⁾	35,580	-17,248	13,237	12,827	18,394
Release of provisions	-6,576	-6,278	-6,071	-7,513	-7,668
Change in pension scheme liabilities ⁽⁶⁾	24,779	22,124	-56,752	27,069	26,765
Unwinding of the discount rate on pension scheme liabilities	36,510	39,154	37,615	43,452	39,713
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-22,479	-24,272	-25,928	-27,725	-30,511
Other ⁽⁵⁾	-2,678	-1,542	-2,055	-3,419	-2,335
Total resource departmental AME	265,906	215,847	162,751	246,354	255,740

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 2.1 Budgets by economic category of spending, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Resource budgets					
Staff costs ⁽¹⁾	86,860	89,852	95,970	97,899	101,564
Gross current procurement ⁽¹⁾	109,582	114,321	107,116	108,262	109,802
Income from sales of goods and services ⁽⁵⁾	-23,426	-21,885	-17,466	-16,694	-17,452
Current grants to local government ⁽¹⁾	113,657	120,469	126,049	120,231	115,861
Current grants to persons and non-profit bodies	185,779	202,316	205,329	209,431	213,434
Current grants abroad	391	361	1,035	728	1,574
Subsidies to private sector companies	5,361	6,160	5,977	6,452	6,159
Subsidies to public corporations	942	880	585	350	1,398
Net public service pensions ⁽²⁾	3,052	3,611	4,627	6,678	8,589
Rentals	2,245	4,038	4,723	6,536	6,853
Depreciation ⁽⁵⁾	33,449	20,372	19,291	6,902	7,204
Take up of provisions ⁽⁵⁾	35,582	-17,245	13,238	12,859	18,370
Release of provisions	-6,577	-6,284	-6,078	-7,523	-7,676
Change in pension scheme liabilities ⁽⁶⁾	24,965	22,277	-56,677	27,097	26,787
Unwinding of the discount rate on pension scheme liabilities	36,528	39,175	37,594	43,508	39,736
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-22,479	-24,274	-25,928	-27,726	-30,511
Other ⁽⁵⁾	-2,602	-549	-1,976	-2,988	-3,225
Plus unallocated funds	0	0	0	0	0
Total resource budgets	583,307	553,595	513,409	592,000	598,468
Capital DEL					
Capital support for local government	12,282	15,254	12,786	10,909	11,144
Capital grants to persons and non-profit bodies	4,571	6,606	4,836	2,998	1,985
Capital grants to private sector companies	8,335	8,839	7,683	6,643	5,883
Capital grants abroad	699	725	1,768	1,425	1,428
Capital support for public corporations	594	832	190	316	288
Gross capital procurement	23,236	25,183	23,789	20,655	19,753
Income from sales of assets	-759	-701	-963	-1,241	-2,027
Net lending and investment to the private sector and abroad	-149	435	-171	458	742
Other	-298	-213	-254	154	109
Plus unallocated funds in capital DEL	0	0	0	0	0
Total capital DEL	48,511	56,959	49,665	42,317	39,304
Capital departmental AME					
Capital support for local government	793	402	993	302	141
Capital grants to persons and non-profit bodies	554	664	549	351	329
Capital grants to private sector companies	0	0	0	-1	0
Capital grants abroad	0	0	0	0	0
Capital support for public corporations	-735	97	-361	187	-198
Gross capital procurement	159	108	131	138	58
Income from sales of assets	-45	0	0	0	-2
Net lending and investment to the private sector and abroad ⁽⁵⁾	89,878	42,728	2,058	1,244	3,260
Other	261	494	439	375	212
Total capital departmental AME	90,866	44,494	3,809	2,597	3,799

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 2.1 Budgets by economic category of spending, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Capital budgets					
Capital support for local government	13,075	15,656	13,779	11,211	11,285
Capital grants to persons and non-profit bodies	5,125	7,270	5,385	3,349	2,314
Capital grants to private sector companies	8,335	8,839	7,683	6,642	5,883
Capital grants abroad	699	725	1,768	1,425	1,428
Capital support for public corporations	-140	929	-171	504	90
Gross capital procurement	23,395	25,291	23,920	20,793	19,811
Income from sales of assets	-805	-701	-963	-1,241	-2,029
Net lending and investment to the private sector and abroad	89,729	43,163	1,887	1,702	4,002
Other	-37	281	185	529	321
<i>Plus unallocated funds in capital DEL</i>	0	0	0	0	0
Total capital budgets	139,376	101,454	53,474	44,914	43,104

(1) As academies are now treated as part of central government, their expenditure falls within staff costs and procurement and is no longer recorded within the line for grants to local government.

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

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

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

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

(6) In the June 2010 Budget Statement it was announced that the Government would use the CPI rather than the RPI for the indexation of public service pensions. This change has been recognised as a negative past service cost in 2010-11 in accordance with IAS19.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 2.2 Gross current procurement in budgets⁽¹⁾, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Gross current procurement in budgets					
Education ⁽²⁾	725	1,204	1,360	2,344	2,875
NHS (Health)	53,484	58,419	51,124	53,444	55,188
Personal Social Services (Health)	47	52	24	0	0
Transport	1,921	1,920	1,727	1,823	1,942
CLG Communities	468	484	334	250	198
CLG Local Government	260	260	239	241	230
Business, Innovation and Skills	1,724	1,609	1,397	1,350	1,150
Home Office	2,680	2,196	2,392	2,017	2,201
Justice	5,623	5,727	5,682	6,010	5,845
Law Officers' Departments	398	368	342	299	281
Defence	13,480	13,482	13,517	13,018	11,901
Foreign and Commonwealth Office	1,074	948	972	907	942
International Development	658	559	588	728	784
Energy and Climate Change	2,074	2,169	1,957	1,928	1,595
Environment, Food and Rural Affairs	1,253	1,208	1,086	1,106	1,307
Culture, Media and Sport	3,263	3,075	3,376	3,301	3,522
Work and Pensions	3,516	2,756	2,945	2,116	2,106
Scotland	6,664	6,810	6,777	6,224	6,334
Wales	3,101	3,520	3,849	3,831	3,434
Northern Ireland	3,519	3,722	3,948	3,725	4,142
Chancellor's Departments	1,569	1,639	1,324	1,321	1,765
Cabinet Office	1,027	1,148	1,190	1,237	1,192
Small and Independent Bodies	1,055	1,048	968	1,039	869
Total gross current procurement in budgets	109,582	114,321	107,116	108,262	109,802

(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.

(2) As academies are now treated as part of central government, their expenditure falls within staff costs and procurement and is no longer recorded within the line for grants to local government.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 2.3 Gross capital procurement in budgets⁽¹⁾, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
Gross capital procurement in budgets					
Education	44	73	27	15	348
NHS (Health)	4,303	4,861	4,178	3,431	3,694
Personal Social Services (Health)	0	0	0	0	0
Transport	1,203	2,002	1,654	1,328	1,023
CLG Communities	263	266	217	84	55
CLG Local Government	0	2	1	0	1
Business, Innovation and Skills	471	484	470	322	297
Home Office	489	586	337	278	227
Justice	920	875	591	420	327
Law Officers' Departments	9	12	8	3	2
Defence	9,230	9,019	9,369	8,689	7,837
Foreign and Commonwealth Office	235	162	128	99	112
International Development	19	15	11	17	66
Energy and Climate Change	1,140	1,197	1,326	1,444	1,786
Environment, Food and Rural Affairs	216	212	196	131	153
Culture, Media and Sport	1,418	1,579	1,715	1,378	457
Work and Pensions	94	254	233	229	308
Scotland	942	1,144	1,107	905	1,128
Wales	516	658	624	472	412
Northern Ireland	1,172	1,161	1,061	832	923
Chancellor's Departments	293	243	186	241	212
Cabinet Office	367	409	412	419	381
Small and Independent Bodies	51	78	67	56	63
Total gross capital procurement in budgets	23,395	25,291	23,920	20,793	19,811

(1) 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.

UNCLASSIFIED

BACKGROUND TO ECONOMIC ANALYSES

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

WHAT'S NEW

2.2 The introduction of the Online System for Central Accounting and Reporting (OSCAR) was accompanied by changes to the chart of accounts, against which departments record their expenditure. This has produced a number of changes to the economic categories used in this chapter. The main changes are:

- expenditure on short term contract and agency staff has moved from gross current procurement to staff costs;
- a new rentals category has been created, with some spending and receipts moving out of gross current procurement and income from sales;
- expenditure on highways renewals maintenance has moved from gross current procurement to other resource expenditure;
- additions and disposals of shares and equity have moved from other capital expenditure to net lending;
- international subscriptions have moved from net lending to capital grants abroad; and
- EU attributed aid has moved from current grants abroad to other resource expenditure.

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 resource DEL and resource departmental AME are consistent with **Table 1.3**; administration budgets in resource DEL with **Table 1.5**; and capital budgets with **Table 1.6**.

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

2.5 **Staff costs** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from

the recovery of secondee costs and payments for contract and agency staff that were formerly treated as procurement expenditure.

2.6 Gross current procurement shows expenditure on goods and services, including accommodation and building management, ICT outsourcing, maintenance and support, travel costs and payments for consultancy and audit services. It also includes the purchase of services from GPs. Spending on Single Use Military Equipment (SUME), 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 include all transfer payments other than subsidies (see 2.8 below) that are not used to fund capital formation. In **Table 2.1** these grants are analysed by recipient: local government; persons and non-profit bodies; and overseas recipients. **Current grants to local government** are intra-public sector payments that consolidate out of Total Managed Expenditure (TME), which is the government's preferred measure of total public spending. Further information on local government finance is given in **Chapter 7**. **Current grants to persons and non-profit bodies** largely comprise social security benefits included in resource departmental AME, as well as funding (usually in DEL) to further and higher education institutions and other non-profit private sector bodies. In **Table 2.1** they include tax credits previously scored as negative tax which are excluded from **Chapters 5 and 6**. **Current grants abroad** are mainly foreign aid, such as programmes to reduce poverty.

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

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

2.10 Depreciation, also termed capital consumption, represents the amount of capital used up in respect of fixed assets measured on the basis of International Financial Reporting Standards (IFRS). The depreciation lines in **Table 2.1** also include releases from the donated assets and government grant reserves, as well as impairments and downward revaluations of fixed assets. As mentioned above, depreciation now also includes the grant equivalent element of student lending. This is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate.

2.11 Take-up of provisions are costs in resource budgets recognising that liabilities have been incurred that will more likely than not lead to a future payment, but where the amount and timing of these future payments are uncertain. Upon settling the liability the payment scores to

the resource or capital budget according to the economic category of the transaction, whilst an equal and opposite (negative) **release of provisions** scores as a benefit to the resource budget. These lines do not include pension scheme provisions (see below).

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

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

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

Resource budget

- Income from sales of goods and services: £1.0 billion in 2008-09, £0.4 billion in 2009-10, £1.8 billion in 2010-11, £1.0 billion in 2011-12 and £0.2 billion in 2012-13. This is mainly underwriting commission and guarantee fee income;
- Depreciation: £18.3 billion in 2008-09, which is mainly the mark to market impairment cost of RBS and LBG shares at the end of March 2009, and -£12.0 billion in 2010-11 for the change in fair value of the Asset Protection Scheme (APS) and Bank of England Asset Purchase Facility Fund (BEAPFF). In 2011-12 the impairment cost of RBS and LBG shares was £14.1 billion, offset by a -£28.4bn gain for the BEAPFF. There was a further gain of -£17.1 billion in 2012-13.
- Take up of provisions: £25.4 billion of provisions in 2008-09 and -£25.4 billion in 2009-10, for potential APS losses which were subsequently not realised; and
- Other: income of £1.1 billion in 2008-09, £1.9 billion in 2009-10, £0.7 billion in 2010-11, £1.2 billion in 2011-12 and £1.6 billion in 2012-13, comprised mainly of interest paid to government.

Capital budget

- Net lending to the private sector: £85.5 billion in 2008-09, £38.3 billion in 2009-10, -£3.0 billion in 2010-11, -£4.6 billion in 2011-12 and -£3.6 billion in 2012-13. This is mainly share purchases, loans to Ireland, lending to banks and the Financial Services Compensation Scheme and subsequent repayments together with income from the sale of Northern Rock in 2011-12;

These transactions score within the HM Treasury AME budget and so are presented as part of the Chancellor's Departments group in **Chapter 1**.

2.12 Net public service pensions shows the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. It also includes cash payments and receipts associated with bulk and individual transfers into and out of the scheme. **Change in pension scheme liabilities** shows increases to the liability as measured on an IFRS basis. This includes changes to current service costs, the non-cash impact of bulk or individual transfers in or out, and purchases of added years. **Release of provisions covering payments of pension benefits** records a reduction equal and opposite to the pension benefits paid, where these are charged to the provision. The **unwinding of the discount rate** on pension scheme liabilities shows the increase in the liability as future payments move one year closer to being paid (so the effects of discounting reduce). More information on pensions is included in **Annex D**, and a reconciliation from IFRS pensions in departmental AME to the National Accounts measure is given in **Table D1**.

2.13 Capital grants are transfer payments that are usually made on the condition that the recipient uses the funds for capital projects. Capital grants in **Table 2.1** are analysed by the nature of the recipient: persons and non-profit bodies; private sector companies; and overseas recipients. Capital grants to local government and public corporations are included as part of the respective capital support rows (see paragraphs 2.14 and 2.15).

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

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

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

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

2.18 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 or too uncommon to warrant an individual line. These include certain receipts that are usually treated as part of revenue in the National

UNCLASSIFIED

Public Spending Statistics July 2013

Accounts and certain financial transactions. Write-offs of stock and loans are also recorded here. In **Chapters 5 and 6** they are recorded as capital grants in line with National Accounts.

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

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

UNCLASSIFIED

TRENDS IN PUBLIC SPENDING

OVERVIEW

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

Table 4.1 shows long run trends in Total Managed Expenditure (TME) and its Public Sector Current Expenditure (PSCE) and Public Sector Net Investment (PSNI) components back to 1971-72.

Tables 4.2 to 4.4 show total expenditure on services split by high level spending function (health, education, social protection, etc) back to 1989-90.

TRENDS IN TME, PSCE AND PSNI (TABLE 4.1)

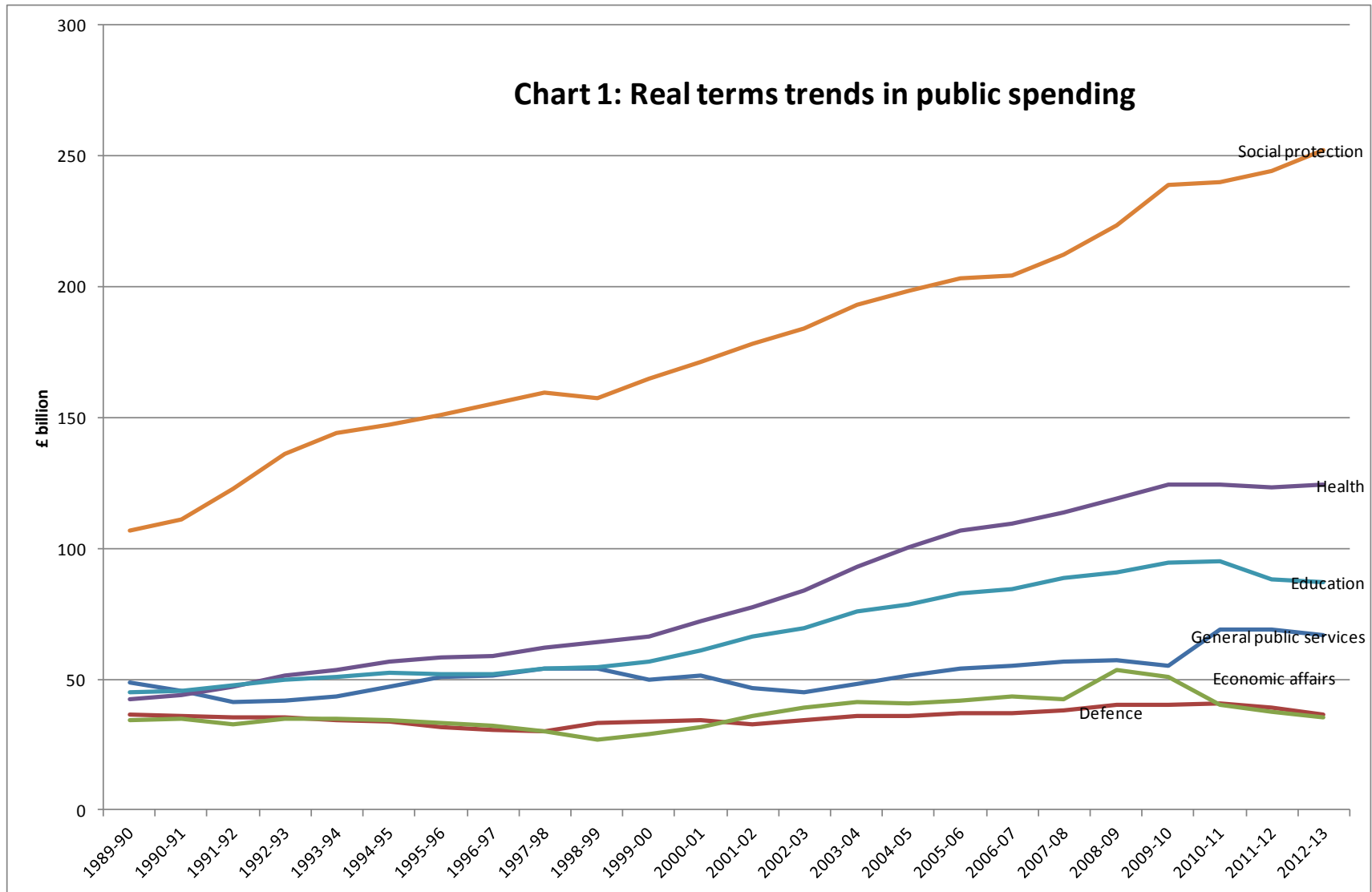
- During 2012-13, Total Managed Expenditure has decreased in nominal terms by £19.4 billion (-2.8 per cent), and also in real (inflation-adjusted) terms by £29.8 billion (-4.2%).
- Since 1971-72, real terms year-on-year decreases in TME have only occurred in; 1977-78, 1985-86, 1988-89, 1996-97, 2000-01, 2011-12 and 2012-13.
- The real terms decrease in TME in 2012-13 was driven by a fall in Public Sector Net Investment (to-£4.8 billion or -116.3 per cent year-on-year in real terms) reflecting the effect of the transfer of the Royal Mail Pension Plan. Public Sector Current Expenditure actually rose (+0.5 per cent year-on-year in real terms).
- TME as a percentage of GDP, which shows the size of the public sector relative to the size of the whole economy, fell for the third year running to 43.1 per cent.

TRENDS IN FUNCTIONAL EXPENDITURE (TABLE 4.2 TO 4.4)

- In real terms, spending in four functions increased whilst spending in six functions fell during 2012-13.
- The largest real terms increases were in **5. Environment protection** (+4.2 per

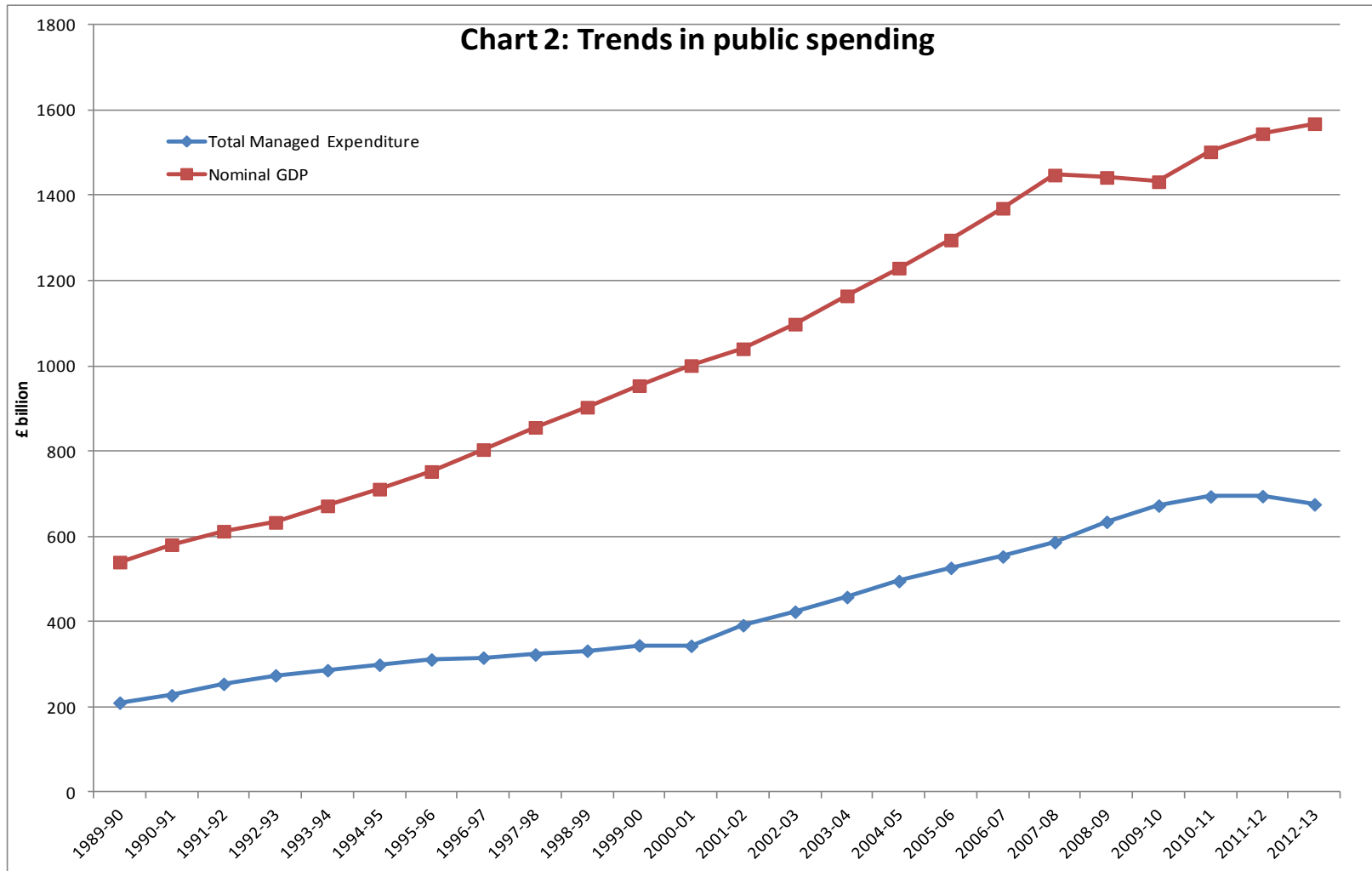
cent) and in **10. Social protection** (+3.3 per cent)

- The largest real terms falls in spending were in **2. Defence** (-7.3 per cent), **8. Recreation, culture and religion** (-6.4 per cent) and **4. Economic affairs** (-5.9 per cent, driven by a decrease in transport spending by -8.7 per cent).
- Spending on **7. Health** shows both a nominal and real terms increase in 2012-13 (+2.5 per cent nominal, +1.0 per cent in real terms).
- Spending on **9. Education** shows a +0.4 per cent nominal increase in 2012-13. In real terms there has been a fall in spending of -1.1 per cent during the same period.
- For greater detail see Table 5.2, which shows a breakdown of public spending at the sub-functional level.



UNCLASSIFIED

Public Spending Statistics July 2013



UNCLASSIFIED

UNCLASSIFIED

Table 4.1 Public expenditure aggregates, 1971-72 to 2012-13

Outturn data in this table up to 2012-13 fall within the scope of National Statistics

	Public sector current expenditure			Depreciation	Public sector net investment			Total Managed Expenditure ⁽²⁾		
	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP
1971-72	19.8	197.5	33.4	2.3	3.1	31.3	5.3	25.2	251.5	42.6
1972-73	22.4	206.0	33.2	2.6	3.3	30.1	4.9	28.3	259.9	41.9
1973-74	26.4	226.9	35.0	3.1	3.9	33.9	5.2	33.4	287.4	44.4
1974-75	34.8	250.5	38.7	3.9	5.1	36.4	5.6	43.7	315.0	48.7
1975-76	44.6	256.0	39.8	4.9	6.2	35.8	5.6	55.7	320.0	49.7
1976-77	52.0	262.8	39.7	5.8	5.8	29.3	4.4	63.6	321.3	48.6
1977-78	58.3	259.3	38.3	6.6	4.5	20.1	3.0	69.5	308.7	45.6
1978-79	66.7	267.3	38.3	7.5	4.4	17.5	2.5	78.6	314.9	45.1
1979-80	79.9	274.4	38.1	8.9	4.8	16.3	2.3	93.6	321.4	44.6
1980-81	97.2	282.4	40.7	10.7	4.5	13.1	1.9	112.5	326.7	47.0
1981-82	111.3	295.0	42.3	11.7	2.6	7.0	1.0	125.6	332.9	47.7
1982-83	121.7	302.2	42.3	12.1	4.5	11.1	1.6	138.3	343.3	48.1
1983-84	131.4	312.3	41.9	12.6	5.7	13.6	1.8	149.7	355.9	47.8
1984-85	142.0	321.5	42.2	12.7	5.3	12.0	1.6	160.0	362.1	47.5
1985-86	150.0	322.4	40.6	12.3	4.3	9.3	1.2	166.6	358.1	45.0
1986-87	157.3	328.6	39.7	12.7	2.7	5.7	0.7	172.8	360.8	43.6
1987-88	168.0	333.1	38.0	12.7	2.6	5.1	0.6	183.3	363.4	41.5
1988-89	175.4	326.6	35.6	13.6	1.7	3.1	0.3	190.7	354.9	38.7
1989-90	189.3	330.0	35.1	14.3	6.6	11.5	1.2	210.2	366.6	38.9
1990-91	205.6	334.6	35.4	14.1	7.8	12.7	1.3	227.5	370.3	39.2
1991-92	230.8	352.7	37.7	12.6	10.8	16.4	1.8	254.2	388.5	41.5
1992-93	249.9	373.7	39.5	12.7	11.6	17.3	1.8	274.2	410.1	43.3
1993-94	263.9	386.3	39.3	13.0	9.4	13.8	1.4	286.3	419.1	42.6
1994-95	276.3	398.7	38.9	13.1	9.8	14.2	1.4	299.2	431.8	42.1
1995-96	288.1	404.7	38.3	13.1	10.1	14.2	1.3	311.4	437.4	41.4
1996-97	298.0	410.5	37.1	12.4	5.4	7.5	0.7	315.8	435.1	39.3
1997-98	305.0	424.8	35.6	12.3	5.9	8.1	0.7	323.1	450.0	37.8
1998-99	312.9	427.6	34.6	12.4	6.7	9.2	0.7	332.1	453.8	36.8
1999-00	325.0	435.6	34.1	12.8	6.8	9.1	0.7	344.6	461.8	36.1
2000-01	346.4	460.9	34.6	13.1	-16.1	-21.4	-1.6	343.5	457.1	34.3
2001-02	364.3	472.0	35.0	13.6	13.9	18.1	1.3	391.8	507.6	37.7
2002-03	392.9	497.4	35.8	14.5	16.2	20.4	1.5	423.5	536.2	38.6
2003-04	425.0	527.8	36.5	15.0	17.9	22.2	1.5	457.9	568.7	39.3
2004-05	456.9	552.2	37.2	15.7	22.8	27.6	1.9	495.4	598.7	40.3
2005-06	484.2	574.7	37.4	16.5	25.7	30.5	2.0	526.4	624.7	40.6
2006-07	507.6	585.7	37.1	17.4	28.0	32.4	2.0	553.0	638.1	40.4
2007-08	537.0	604.4	37.1	18.2	31.4	35.4	2.2	586.6	660.2	40.5
2008-09	566.6	620.3	39.3	19.1	48.5	53.1	3.4	634.3	694.4	44.0
2009-10	604.1	643.6	42.2	20.0	48.4	51.6	3.4	672.5	716.4	47.0
2010-11	634.5	658.8	42.2	20.8	UNCLASSIFIED	40.1	2.6	693.9	720.5	46.2
2011-12	644.3	654.0	41.7	21.6	28.7	29.1	1.9	694.6	705.1	45.0
2012-13	657.5	657.5	41.9	22.5	-4.8	-4.8	-0.3	675.3	675.3	43.1

(1) Real terms figures are the nominal figures adjusted to 2012-13 price levels using GDP deflators from the Office for National Statistics (released 27 June 2013).

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

UNCLASSIFIED

Public Spending Statistics July 2013

Table 4.2 Public sector expenditure on services by function, 1989-90 to 2012-13

	National Statistics																							
	cash, £billion									accruals, £billion														
	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	
1. General public services	27.9	28.1	26.9	27.9	29.8	32.7	36.3	37.4	38.9	39.7	37.1	38.6	36.1	35.4	38.7	42.5	45.4	47.6	50.6	52.2	51.8	66.6	68.0	67.0
of which: public and common services	4.7	5.1	5.7	5.8	5.8	5.9	6.1	6.2	6.2	7.2	8.0	7.9	9.2	9.8	10.9	12.1	12.8	12.7	12.5	14.0	13.8	12.9	11.7	11.7
of which: international services	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	6.4	7.1	8.0	8.0	8.0
of which: public sector debt interest	20.9	20.5	18.3	19.0	20.8	23.5	26.8	28.1	29.6	29.3	25.4	26.5	22.6	21.1	22.7	24.9	26.4	28.6	31.4	31.7	30.9	45.7	48.3	47.4
2. Defence	21.0	22.0	23.2	23.8	23.5	23.3	22.5	22.1	21.7	24.5	25.1	25.7	25.4	27.0	28.8	29.8	31.0	32.2	33.7	36.8	37.7	39.3	38.7	36.4
3. Public order and safety	10.3	11.7	13.2	14.4	15.0	15.6	16.0	16.4	17.1	18.0	18.4	20.4	23.1	24.4	26.4	28.5	29.3	30.4	31.7	33.7	34.1	33.0	32.0	31.5
4. Economic affairs	19.6	21.5	21.4	23.4	23.9	23.9	23.6	23.4	21.6	19.6	21.5	23.8	27.7	30.7	33.1	33.6	35.3	37.5	37.4	49.0	47.6	38.9	37.0	35.3
of which: enterprise and economic development ⁽¹⁾	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	6.5	6.4	6.3	7.1	16.2	12.2	4.8	4.8	5.3
of which: science and technology	1.1	1.2	1.3	1.4	1.5	1.1	1.2	1.4	1.4	1.4	1.4	1.7	2.1	2.3	2.5	3.0	2.9	3.3	3.2	3.2	3.6	3.4	3.6	3.6
of which: employment policies	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	3.3	2.1	2.8	3.1	3.7	2.8	2.6
of which: agriculture, fisheries and forestry	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	5.1	4.3	5.8	5.8	5.5	5.8	5.3
of which: transport	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	19.9	20.6	21.0	23.0	21.5	20.0	18.6
5. Environment protection	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	9.4	9.6	9.2	10.4	10.9	10.5	11.1
6. Housing and community amenities	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	10.7	11.5	13.0	15.3	16.3	13.0	9.9	10.2
7. Health	24.2	27.1	30.9	34.2	36.6	39.4	41.4	42.8	44.5	46.9	49.4	54.2	59.8	66.2	74.9	82.9	89.8	94.7	101.1	108.7	116.9	120.0	121.2	124.4
8. Recreation, culture and religion	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	11.5	12.4	13.2	13.0	12.8	12.2
9. Education	25.9	28.1	31.3	33.2	34.7	36.2	37.0	37.8	38.6	40.0	42.2	45.9	51.2	54.7	61.0	65.1	69.8	73.0	78.7	83.0	88.5	91.5	86.9	87.3
10. Social protection	61.3	68.2	80.2	91.1	98.3	102.0	107.6	112.8	114.5	115.2	123.0	128.5	137.4	145.3	155.6	164.1	171.0	177.0	188.6	204.1	224.0	231.2	240.5	252.2
EU transactions	-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	0.0	2.7	1.2	3.7
Public sector expenditure on services	201.2	218.4	238.2	260.4	271.8	284.0	295.9	302.6	308.5	318.3	331.3	352.9	376.1	402.5	439.0	470.6	501.0	522.9	554.3	601.4	640.6	660.0	658.7	671.1
Accounting adjustments	9.0	9.1	16.0	13.7	14.5	15.2	15.5	13.2	14.7	13.9	13.3	-9.4	15.8	21.0	18.9	24.8	25.4	30.2	32.3	32.8	31.9	33.9	35.9	4.1
Total Managed Expenditure ⁽²⁾	210.2	227.5	254.2	274.2	286.3	299.2	311.4	315.8	323.1	332.1	344.6	343.5	391.8	423.5	457.9	495.4	526.4	553.0	586.6	634.3	672.5	693.9	694.6	675.3

(1) The increase in 2008-09 relates to the financial sector interventions. Details are provided in Box 5.A in Chapter 5.

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 4.3 Public sector expenditure on services by function in real terms, ⁽¹⁾ 1989-90 to 2012-13

	National Statistics																								
	cash, £billion										accruals, £billion														
	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	
1. General public services	48.7	45.7	41.1	41.8	43.6	47.2	50.9	51.6	54.1	54.2	49.7	51.3	46.7	44.9	48.0	51.4	53.8	54.9	56.9	57.1	55.2	69.2	69.1	67.0	
<i>of which: public and common services</i>	8.2	8.3	8.7	8.7	8.5	8.5	8.6	8.5	8.6	9.8	10.7	10.5	11.9	12.4	13.5	14.6	15.2	14.7	14.0	15.3	14.7	13.4	11.9	11.7	
<i>of which: international services</i>	4.0	4.1	4.4	4.6	4.7	4.8	4.8	4.3	4.3	4.4	5.0	5.6	5.6	5.7	6.3	6.6	7.4	7.3	7.5	7.0	7.6	8.3	8.1	8.0	
<i>of which: public sector debt interest</i>	36.5	33.3	28.0	28.5	30.4	33.9	37.6	38.8	41.2	40.0	34.0	35.2	29.2	26.7	28.2	30.1	31.3	33.0	35.3	34.8	32.9	47.5	49.1	47.4	
2. Defence	36.6	35.8	35.5	35.6	34.4	33.6	31.6	30.4	30.2	33.5	33.6	34.2	32.9	34.2	35.8	36.0	36.8	37.2	37.9	40.3	40.2	40.8	39.2	36.4	
3. Public order and safety	18.0	19.0	20.2	21.5	22.0	22.5	22.5	22.6	23.8	24.6	24.7	27.1	29.9	30.9	32.8	34.4	34.8	35.1	35.7	36.8	36.3	34.3	32.5	31.5	
4. Economic affairs	34.2	35.0	32.7	35.0	35.0	34.5	33.2	32.2	30.1	26.8	28.8	31.7	35.9	38.9	41.1	40.6	41.9	43.3	42.1	53.6	50.8	40.4	37.6	35.3	
<i>of which: enterprise and economic development ⁽²⁾</i>	12.2	11.2	8.3	8.1	8.1	6.8	6.3	5.9	6.0	4.2	5.9	6.5	6.6	7.5	7.5	7.9	7.6	7.3	8.0	17.8	13.0	5.0	4.9	5.3	
<i>of which: science and technology</i>	1.9	2.0	2.0	2.1	2.2	1.6	1.7	1.9	1.9	1.9	1.9	2.2	2.7	2.9	3.0	3.6	3.3	3.7	3.5	3.8	3.5	3.8	3.6	3.6	
<i>of which: employment policies</i>	4.0	3.9	4.1	4.3	4.5	4.6	4.4	3.9	3.5	4.0	4.7	5.1	4.3	3.8	4.0	3.9	3.9	3.8	2.4	3.1	3.3	3.9	2.8	2.6	
<i>of which: agriculture, fisheries and forestry</i>	3.3	4.4	4.3	4.3	5.6	4.9	5.5	7.4	6.5	6.0	5.8	6.3	8.2	6.2	6.6	6.5	6.6	5.9	4.8	6.3	6.2	5.7	5.9	5.3	
<i>of which: transport</i>	12.7	13.5	14.1	16.2	14.6	16.6	15.3	13.1	12.1	10.7	10.6	12.0	14.6	18.7	20.2	19.3	20.2	23.0	23.2	23.0	24.5	22.3	20.3	18.6	
5. Environment protection	5.1	5.2	5.2	5.4	5.0	5.5	5.8	5.1	5.6	5.9	6.6	6.8	7.0	7.6	7.7	8.5	10.1	10.8	10.8	10.1	11.1	11.3	10.6	11.1	
6. Housing and community amenities	9.2	9.8	10.4	10.6	9.1	8.9	8.4	7.9	6.8	7.5	6.3	7.3	8.0	6.8	8.3	9.7	12.7	13.3	14.6	16.7	17.4	13.5	10.0	10.2	
7. Health	42.2	44.1	47.2	51.2	53.6	56.9	58.2	59.0	62.0	64.1	66.2	72.1	77.5	83.8	93.0	100.2	106.6	109.3	113.8	119.1	124.6	124.6	123.1	124.4	
8. Recreation, culture and religion	7.5	7.8	7.6	7.6	7.5	7.5	7.7	7.9	8.9	9.8	10.3	10.4	11.1	11.8	12.0	12.1	12.8	13.2	13.0	13.6	14.0	13.5	13.0	12.2	
9. Education	45.2	45.7	47.8	49.7	50.8	52.2	52.0	52.1	53.8	54.7	56.6	61.1	66.3	69.3	75.8	78.7	82.8	84.2	88.5	90.9	94.3	95.0	88.2	87.3	
10. Social protection	106.9	111.0	122.6	136.3	143.9	147.2	151.1	155.4	159.5	157.4	164.8	171.0	178.0	184.0	193.3	198.3	203.0	204.2	212.3	223.4	238.7	240.0	244.1	252.2	
EU transactions	-2.6	-3.7	-6.3	-5.1	-6.9	-6.2	-5.8	-7.2	-5.2	-3.6	-3.6	-3.5	-6.2	-2.4	-2.6	-1.1	-0.7	-2.1	-1.7	-3.2	0.0	2.8	1.2	3.7	
Public sector expenditure on services	350.9	355.4	364.0	389.5	397.9	409.9	415.6	416.9	429.6	434.9	444.0	469.6	487.2	509.6	545.2	568.8	594.6	603.3	623.8	658.5	682.4	685.3	668.6	671.1	
Accounting adjustments	15.7	14.8	24.5	20.5	21.2	21.9	21.8	18.2	20.5	18.9	17.8	-12.5	20.5	26.6	23.5	30.0	30.1	34.8	36.4	35.9	34.0	35.2	36.5	4.1	
Total Managed Expenditure ⁽³⁾	366.6	370.3	388.5	410.1	419.1	431.8	437.4	435.1	450.0	453.8	461.8	457.1	507.6	536.2	568.7	598.7	624.7	638.1	660.2	694.4	716.4	720.5	705.1	675.3	

(1) Real terms figures are the nominal figures adjusted to 2012-13 price levels using GDP deflators from the Office for National Statistics (released 27 June 2013).

(2) The increase in 2008-09 relates to the financial sector interventions. Details are provided in Box 5.A in Chapter 5.

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 4.4 Public sector expenditure on services by function as a per cent of GDP, ⁽¹⁾ 1989-90 to 2012-13

	National Statistics																							
	cash, per cent									accruals, per cent														
	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	
1. General public services	5.2	4.8	4.4	4.4	4.4	4.6	4.8	4.7	4.5	4.4	3.9	3.9	3.5	3.2	3.3	3.5	3.5	3.5	3.5	3.6	3.6	4.4	4.4	4.3
of which: public and common services	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	0.9	0.9	1.0	1.0	0.9	0.8	0.7
of which: international services	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	
of which: public sector debt interest	3.9	3.5	3.0	3.0	3.1	3.3	3.6	3.5	3.5	3.2	2.7	2.6	2.2	1.9	1.9	2.0	2.0	2.1	2.2	2.2	2.2	3.0	3.1	3.0
2. Defence	3.9	3.8	3.8	3.8	3.5	3.3	3.0	2.7	2.5	2.7	2.6	2.6	2.4	2.5	2.5	2.4	2.4	2.4	2.3	2.6	2.6	2.6	2.5	2.3
3. Public order and safety	1.9	2.0	2.2	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	2.3	2.4	2.2	2.1	2.0
4. Economic affairs	3.6	3.7	3.5	3.7	3.6	3.4	3.1	2.9	2.5	2.2	2.3	2.4	2.7	2.8	2.8	2.7	2.7	2.7	2.6	3.4	3.3	2.6	2.4	2.3
of which: enterprise and economic development ⁽²⁾	1.3	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	1.1	0.9	0.3	0.3	0.3
of which: science and technology	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
of which: employment policies	0.4	0.4	0.4	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	0.1	0.2	0.2	0.2	0.2	0.2
of which: agriculture, fisheries and forestry	0.4	0.5	0.5	0.5	0.6	0.5	0.5	0.7	0.5	0.5	0.5	0.6	0.4	0.5	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.3
of which: transport	1.4	1.4	1.5	1.7	1.5	1.6	1.4	1.2	1.0	0.9	0.8	0.9	1.1	1.3	1.4	1.3	1.3	1.5	1.4	1.5	1.6	1.4	1.3	1.2
5. Environment protection	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7
6. Housing and community amenities	1.0	1.0	1.1	1.1	0.9	0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.6	0.5	0.6	0.7	0.8	0.8	0.9	1.1	1.1	0.9	0.6	0.6
7. Health	4.5	4.7	5.0	5.4	5.4	5.5	5.5	5.3	5.2	5.2	5.2	5.4	5.7	6.0	6.4	6.7	6.9	6.9	7.0	7.5	8.2	8.0	7.8	7.9
8. Recreation, culture and religion	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.8	0.8
9. Education	4.8	4.8	5.1	5.2	5.2	5.1	4.9	4.7	4.5	4.4	4.4	4.6	4.9	5.0	5.2	5.3	5.4	5.3	5.4	5.8	6.2	6.1	5.6	5.6
10. Social protection	11.4	11.7	13.1	14.4	14.6	14.3	14.3	14.0	13.4	12.8	12.9	12.8	13.2	13.2	13.4	13.3	13.2	12.9	13.0	14.2	15.6	15.4	15.6	16.1
EU transactions	-0.3	-0.4	-0.7	-0.5	-0.7	-0.6	-0.5	-0.6	-0.4	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	0.0	0.2	0.1	0.2
Public sector expenditure on services	37.3	37.6	38.9	41.1	40.5	39.9	39.3	37.6	36.0	35.2	34.7	35.3	36.1	36.7	37.7	38.3	38.7	38.2	38.3	41.7	44.7	43.9	42.6	42.8
Accounting adjustments	1.7	1.6	2.6	2.2	2.2	2.1	2.1	1.6	1.7	1.5	1.4	-0.9	1.5	1.9	1.6	2.0	2.0	2.2	2.2	2.3	2.2	2.3	2.3	0.3
Total Managed Expenditure ⁽³⁾	38.9	39.2	41.5	43.3	42.6	42.1	41.4	39.3	37.8	36.8	36.1	34.3	37.7	38.6	39.3	40.3	40.6	40.4	40.5	44.0	47.0	46.2	45.0	43.1

(1) GDP until 2012-13 is consistent with the latest figures from the Office for National Statistics (published 27 June 2013).

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

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

UNCLASSIFIED

BACKGROUND TO TRENDS IN PUBLIC SECTOR EXPENDITURE

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

4.2 Data in this chapter are a combination of cash and accruals. Data for public sector expenditure on services are on a cash basis up until 1997-98, and on an accruals basis thereafter. All data in this chapter are National Statistics.

WHAT'S NEW

4.3 For **Tables 4.2 to 4.4** we have made the demarcation between cash and accruals basis data clearer than was the case in previous years.

PUBLIC SPENDING AGGREGATES

4.4 **Table 4.1** shows trends in public spending since 1971-72 in terms of three spending aggregates: public sector current expenditure; public sector net investment; and Total Managed Expenditure (TME). All aggregates are presented in nominal and in real terms and as a per cent of Gross Domestic Product (GDP). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only.

4.5 Data for all these aggregates are taken from the public sector accounts compiled by the Office for National Statistics (ONS). The public sector accounts are a part of the National Accounts that are updated monthly.

PUBLIC SECTOR EXPENDITURE ON SERVICES BY FUNCTION

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

4.7 Public sector expenditure on services includes central government spending, but excludes the part that is finance to local government and capital finance to public corporations. This central government own expenditure is then combined with actual spending by local government and public corporations to give total public sector expenditure. Expenditure on services excludes non-cash items such as depreciation and provisions. Full details of the definition of expenditure on services and the relationship to departments' budgets are available in **Annex E**.

4.8 **Table 4.2** shows public sector expenditure on services by United Nations Classification of the Functions Of Government (COFOG) level 1 from 1989-90. **Tables 4.3 and 4.4** present this in real terms and as a per cent of GDP respectively. These tables cover outturn years up to 2012-13. They also show, in italics, additional Treasury-defined functional divisions that were used prior to the introduction of UN COFOG, but which don't correspond to COFOG level 1.

The mapping between HM Treasury's functions and the UN COFOG level 2 classification is available on the Treasury website¹.

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

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

4.10 Data in **Tables 4.2, 4.3 and 4.4** for years before 2008-09 are not taken directly from the 'live' public expenditure database that is maintained by government departments (see **Annex A**). Data that precede the most recent five outturn years cease to be 'live' and are archived in a summarised form.

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

4.12 Only substantial classification changes are reflected in the historical years, based on the change in spending relative to the size of the function or functions concerned. Reclassifications that are reflected in the historical series are based on archived data. The decision as to the procedure used to implement reclassifications for historical years is taken by Treasury officials after discussions with the relevant government departments, and can sometimes entail a simple percentage split based on the best information available.

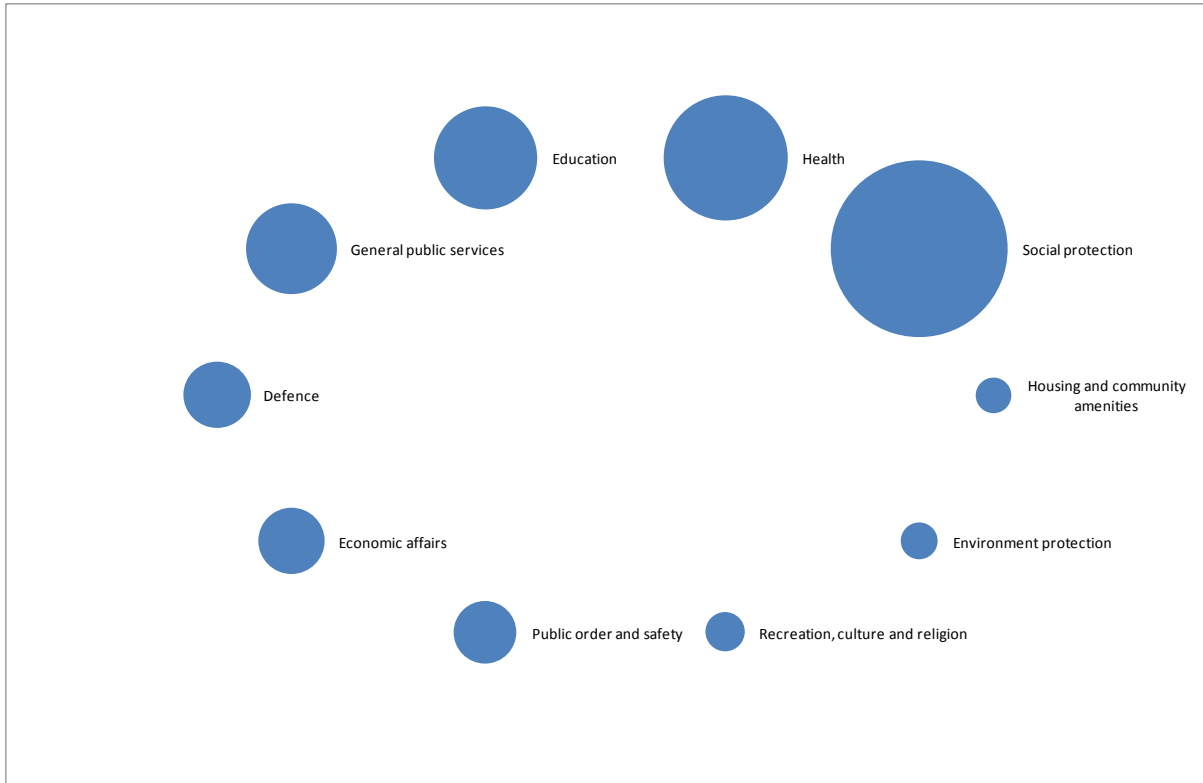
4.13 It should be noted that the attribution of spending to functions for historical years is less accurate than for live years. In some cases, the presentation of functional numbers as accurate to within £100m overstates the accuracy of the figures due to rounding. Minor differences in figures or rates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

¹ http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/pespub_economic_functional_analysis.htm

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

Chart 4: Public Sector spending in 2012-13 broken down by function. Data are consistent with UN Classification of the Functions of Government framework (COFOG). Each bubble is proportional to the amount spent under each function in 2012-13.

Public Sector spending in 2012-13 by function



OVERVIEW

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

FUNCTIONAL TABLES

- In nominal terms, spending on half of the functions showed an increase in 2012-13 whilst the remaining functions showed a decrease in spending during the same period.
- The largest increase in percentage terms, were in **5. Environment protection** (+5.7%) and **10. Social protection** (+4.9%).
- The largest falls, in percentage terms, were in **2. Defence** (-5.9% year on year) and **8. Recreation, culture and religion** (-5.0% year on year).

SUB-FUNCTIONAL TABLES

- The increase in **5. Environment protection** was driven mainly by an increase in **5.1 Waste management services**.
- The increase in **10. Social protection** spending was fairly broad-based, with increases in spending on **10.1 Sickness and disability**, **10.2 Old age**, **10.3 Survivors**, **10.5 Unemployment**, **10.6 Housing** and **10.7 Social exclusion n.e.c.** that were only partially offset by a decrease in spending on **10.4 Family and children** and **10.9 Social protection n.e.c.**
- The large fall in **2. Defence** spending in 2012-13 was driven mainly by a decrease in **2.3 Foreign military aid** (-29.5%), although this was somewhat offset by an increase in **2.4 R&D defence spending** (+12.5%).
- **8. Recreation, culture and religion** spending fell due to a drop in **8.3 Broadcasting and publishing services** (-4.1%) that mostly consists of expenditure on the BBC and **8.1 Recreational and sporting services** (-1.9%).

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.1 Public sector expenditure on services by departmental group ⁽¹⁾ and function, 2012-13

		National Statistics															£ million				
Departmental Grouping	Function	1. General public services	<i>of which: public and common services</i>	<i>of which: international services</i>	<i>of which: public sector debt interest</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	EU transactions	Public sector expenditure on services for each department
		Education		-	-	-	-	-	137	-	-	-	-	-	-	-	-	-	-	56,901	9,916
NHS (Health)		-	-	-	-	-	-	107	107	-	-	-	-	-	-	102,572	-	-	14,433	-	117,112
Transport		1	1	-	-	-	248	14,945	-	61	-	-	14,884	0	635	-	1	-	1,213	-	17,043
Communities and Local Government		4,003	4,002	1	-	13	2,595	330	330	-	-	-	-	-	6,456	-	1	-	2,012	-	15,410
Business, Innovation and Skills		94	94	0	-	27	-	5,353	2,064	3,237	53	0	0	356	-	636	126	15,723	642	-	22,954
Home Office		-	-	-	-	-	15,849	101	-	-	-	-	101	-	270	-	-33	-	-	-	16,188
Justice		134	134	-	-	-	8,347	-	-	-	-	-	-	-	-	-	-	-	24	-	8,505
Law Officers' Departments		-	-	-	-	-	599	-	-	-	-	-	-	-	-	-	-	-	-	-	599
Defence		-	-	-	-	34,248	-	-	-	-	-	-	-	-	-	-	20	-	3,070	-	37,338
Foreign and Commonwealth Office		2,115	-	2,115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,115
International Development		5,831	-	5,831	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92	-	5,923
Energy and Climate Change		41	-	41	-	-	-1	543	531	13	-	-	-	2,558	-	-	-	-	0	-	3,141
Environment, Food and Rural Affairs		-	-	-	-	-	-	3,414	-	-	-	3,414	-	6,378	9	-	955	-	-	-	10,757
Culture, Media and Sport		41	41	-	-	-	-	-478	123	-	39	-	-640	110	89	65	9,146	36	510	-	9,519
Work and Pensions		335	335	-	-	-	-	2,369	19	27	2,323	-	-	-	-	-	-	-	165,124	-	167,828
Scotland		950	950	-	-	4	2,274	4,133	493	4	-	909	2,727	955	1,141	11,169	1,192	7,625	3,754	-	33,199
Wales		570	570	-	-	-	0	1,563	235	11	3	404	910	447	684	6,073	381	3,993	1,796	-	15,507
Northern Ireland		330	330	-	-	-	1,367	1,497	256	37	150	494	561	250	868	3,839	403	2,836	6,712	-	18,102
Chancellor's Departments		51,268	3,893	-	47,375	-	-	1,230	1,024	207	-	-	-	6	-	-	-	-	39,589	3,701	95,794
Cabinet Office		297	297	-	-	2,071	43	-	-	-	-	-	-	-	-	-	-	-	3,311	-	5,722
Small and Independent Bodies		1,027	1,027	-	-	-	4	235	116	-	-	89	30	-	-	-	-	158	-	-	1,424
Public sector expenditure on services for each function		67,038	11,675	7,988	47,375	36,363	31,464	35,342	5,295	3,596	2,568	5,310	18,573	11,061	10,152	124,354	12,192	87,272	252,196	3,701	671,138

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.2 Public sector expenditure on services by sub-function, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	12,577	12,131	11,926	10,789	10,861	
1.2 Foreign economic aid	4,186	4,858	5,675	5,731	5,832	
1.3 General services	1,053	1,159	1,064	979	783	
1.4 Basic research	-	-	-	-	-	
1.5 R&D general public services	19	20	16	10	9	
1.6 General public services n.e.c.	2,579	2,730	2,226	2,193	2,178	
1.7 Public debt transactions ⁽¹⁾	31,742	30,893	45,731	48,325	47,375	
<i>of which: central government debt interest</i>	<i>30,852</i>	<i>30,479</i>	<i>45,165</i>	<i>47,714</i>	<i>46,967</i>	
<i>of which: local government debt interest</i>	<i>451</i>	<i>179</i>	<i>195</i>	<i>282</i>	<i>255</i>	
<i>of which: public corporation debt interest</i>	<i>439</i>	<i>235</i>	<i>371</i>	<i>329</i>	<i>153</i>	
Total general public services	52,156	51,791	66,638	68,027	67,038	
2. Defence						
2.1 Military defence	31,431	32,274	32,913	33,129	31,489	
2.2 Civil defence	81	77	135	105	119	
2.3 Foreign military aid	3,697	3,781	3,572	3,172	2,235	
2.4 R&D defence	1,362	1,379	2,472	2,066	2,324	
2.5 Defence n.e.c.	246	201	196	190	196	
Total defence	36,818	37,712	39,287	38,662	36,363	
3. Public order and safety						
3.1 Police services	18,713	19,295	18,572	18,183	17,692	
<i>of which: immigration and citizenship</i>	<i>2,089</i>	<i>2,197</i>	<i>1,769</i>	<i>1,663</i>	<i>1,513</i>	
<i>of which: other police services</i>	<i>16,624</i>	<i>17,098</i>	<i>16,803</i>	<i>16,520</i>	<i>16,180</i>	
3.2 Fire-protection services	3,037	3,105	3,021	2,901	2,950	
3.3 Law courts	6,896	6,661	6,189	6,536	5,984	
3.4 Prisons	4,697	4,731	4,969	4,133	4,325	
3.5 R&D public order and safety	20	25	10	12	35	
3.6 Public order and safety n.e.c.	290	300	255	270	477	
Total public order and safety	33,653	34,118	33,015	32,035	31,464	
4. Economic affairs						
4.1 General economic, commercial and labour affairs ⁽²⁾	15,522	11,616	5,619	5,484	5,857	
4.2 Agriculture, forestry, fishing and hunting	5,764	5,824	5,481	5,790	5,310	
<i>of which: market support under CAP</i>	<i>3,987</i>	<i>4,072</i>	<i>3,744</i>	<i>3,932</i>	<i>2,889</i>	
<i>of which: other agriculture, food and fisheries policy</i>	<i>1,670</i>	<i>1,655</i>	<i>1,603</i>	<i>1,725</i>	<i>2,328</i>	
<i>of which: forestry</i>	<i>107</i>	<i>98</i>	<i>134</i>	<i>133</i>	<i>93</i>	
4.3 Fuel and energy	1,413	1,044	815	524	460	
4.4 Mining, manufacturing and construction	242	597	239	142	35	
4.5 Transport	20,977	22,971	21,490	20,043	18,573	
<i>of which: national roads</i>	<i>3,487</i>	<i>4,131</i>	<i>3,584</i>	<i>3,097</i>	<i>2,864</i>	
<i>of which: local roads</i>	<i>5,668</i>	<i>5,993</i>	<i>5,861</i>	<i>5,165</i>	<i>4,242</i>	
<i>of which: local public transport</i>	<i>3,527</i>	<i>3,898</i>	<i>3,631</i>	<i>3,583</i>	<i>3,411</i>	
<i>of which: railway</i>	<i>7,152</i>	<i>7,728</i>	<i>7,399</i>	<i>7,132</i>	<i>6,819</i>	
<i>of which: other transport</i>	<i>1,144</i>	<i>1,222</i>	<i>1,016</i>	<i>1,065</i>	<i>1,238</i>	
4.6 Communication	890	688	514	419	760	
4.7 Other industries	433	520	506	376	290	
4.8 R&D economic affairs	3,205	3,553	3,406	3,563	3,596	
4.9 Economic affairs n.e.c.	539	831	856	664	462	
Total economic affairs	48,986	47,644	38,926	37,005	35,342	
5. Environment protection						
5.1 Waste management	5,904	6,852	7,162	7,268	8,061	
5.2 Waste water management	23	30	12	20	-	
5.3 Pollution abatement	261	271	383	110	156	
5.4 Protection of biodiversity and landscape	539	521	522	483	388	
5.5 R&D environment protection	369	404	430	413	350	
5.6 Environment protection n.e.c.	2,133	2,318	2,421	2,167	2,105	
Total environment protection	9,230	10,397	10,929	10,462	11,061	

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.2 Public sector expenditure on services by sub-function, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
6. Housing and community amenities					
6.1 Housing development	9,545	10,950	8,462	5,646	6,489
<i>of which: local authority housing</i>	5,458	5,751	4,368	2,957	5,092
<i>of which: other social housing</i>	4,087	5,199	4,093	2,690	1,397
6.2 Community development	3,695	3,587	3,101	2,638	2,524
6.3 Water supply	1,243	1,044	735	788	283
6.4 Street lighting	647	631	645	679	715
6.5 R&D housing and community amenities	5	4	4	3	2
6.6 Housing and community amenities n.e.c.	115	127	22	106	139
Total housing and community amenities	15,250	16,344	12,969	9,861	10,152
7. Health ⁽³⁾					
Medical services	104,510	112,416	115,469	116,560	119,275
Medical research	1,474	1,589	1,798	1,343	897
Central and other health services	2,765	2,911	2,751	3,345	4,183
Total health	108,749	116,917	120,017	121,248	124,354
8. Recreation, culture and religion					
8.1 Recreational and sporting services	4,294	4,671	4,388	4,446	4,036
8.2 Cultural services	4,157	4,320	4,186	4,126	4,046
8.3 Broadcasting and publishing services	3,631	3,812	4,018	3,951	3,790
8.4 Religious and other community services	153	158	139	118	121
8.5 R&D recreation, culture and religion	131	133	141	106	128
8.6 Recreation, culture and religion n.e.c.	78	84	88	92	71
Total recreation, culture and religion	12,445	13,179	12,962	12,837	12,192
9. Education					
9.1 Pre-primary and primary education	28,806	30,034	30,656	30,567	30,669
<i>of which: under fives</i>	4,630	4,840	4,851	4,645	4,630
<i>of which: primary education</i>	24,176	25,195	25,805	25,922	26,039
9.2 Secondary education	33,641	36,005	36,792	36,044	36,515
9.3 Post-secondary non-tertiary education	254	365	293	220	206
9.4 Tertiary education	11,625	13,179	15,783	13,095	13,561
9.5 Education not definable by level	792	823	1,044	695	674
9.6 Subsidiary services to education	4,438	4,181	4,075	3,878	3,746
9.7 R&D education	13	15	1	9	10
9.8 Education n.e.c.	3,430	3,882	2,856	2,391	1,893
Total education	82,999	88,484	91,499	86,898	87,272
10. Social protection					
<i>of which: personal social services ⁽⁴⁾</i>	26,388	27,923	27,674	28,191	28,750
10.1 Sickness and disability	36,434	39,190	40,823	43,731	46,296
<i>of which: personal social services</i>	8,019	8,573	8,460	9,821	9,885
<i>of which: incapacity, disability and injury benefits</i>	28,415	30,618	32,363	33,911	36,411
10.2 Old age	88,875	94,817	98,190	103,757	111,233
<i>of which: personal social services</i>	10,897	11,288	10,883	10,057	10,346
<i>of which: pensions</i>	77,978	83,529	87,307	93,700	100,887
10.3 Survivors	1,096	1,059	1,100	1,073	1,077
10.4 Family and children	28,371	29,558	29,028	28,117	26,540
<i>of which: personal social services</i>	6,902	7,610	7,741	7,807	8,054
<i>of which: family benefits, income support and tax credits</i>	21,469	21,948	21,287	20,310	18,486
10.5 Unemployment	3,521	5,533	5,231	5,633	5,939
<i>of which: personal social services</i>	-	-	-	-	-
<i>of which: other unemployment benefits</i>	3,521	5,533	5,231	5,633	5,939
10.6 Housing	19,708	22,812	24,399	25,359	26,496
10.7 Social exclusion n.e.c.	20,799	24,406	26,079	27,828	29,982
<i>of which: personal social services</i>	570	453	591	505	465
<i>of which: family benefits, income support and tax credits ⁽⁵⁾</i>	20,229	23,953	25,488	27,323	29,518
10.8 R&D social protection	-	-	-	-	-
10.9 Social protection n.e.c.	5,291	6,650	6,305	4,979	4,633
Total social protection	204,096	224,024	231,155	240,476	252,196

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.2 Public sector expenditure on services by sub-function, 2008-09 to 2012-13

	National Statistics				£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
EU transactions ⁽⁶⁾					
GNI-based contribution (net of abatement and collection costs)	2,378	5,760	7,669	6,967	8,479
<i>derived as:</i>	-	-	-	-	-
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	13,155	13,733	15,593	15,700	16,871
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-5,183	-3,754	-5,246	-5,216	-5,221
<i>UK abatement</i>	-5,595	-4,218	-2,678	-3,516	-3,172
EU receipts	-4,558	-4,791	-4,009	-4,783	-3,806
Attributed aid and Common Foreign and Security Policy	-751	-997	-1,009	-1,033	-971
Total EU transactions	-2,931	-27	2,651	1,151	3,701
Public sector expenditure on services	601,451	640,580	660,049	658,662	671,138
Accounting adjustments	32,801	31,911	33,870	35,944	4,117
Total Managed Expenditure ⁽⁷⁾	634,252	672,491	693,919	694,606	675,255

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

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

(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) Work and Pensions have reviewed how they allocate their expenditure, leading to a number of items being moved from personal social services within 10 Social protection, to 4. Economic affairs and to benefits within 10 Social protection.

(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 EU are shown in Table C.1

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.3 Public sector expenditure on services by economic category, 2008-09 to 2012-13

	National Statistics					£million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
Public sector current expenditure on services						
Pay	160,323	165,154	169,353	166,053	166,942	
Gross current procurement	185,664	193,746	188,669	189,695	192,231	
Income from sales of goods and services	-52,892	-51,863	-47,481	-44,957	-45,927	
Current grants to persons and non-profit bodies	198,598	218,049	222,614	229,146	235,751	
Current grants abroad	1,592	5,054	8,456	6,762	9,327	
Subsidies to private sector companies	7,211	8,287	7,940	8,246	7,497	
Subsidies to public corporations	1,058	1,016	702	464	1,501	
Net public service pensions	3,052	3,611	4,627	6,678	8,589	
Grant equivalent element of student lending	757	1,445	4,242	2,215	3,809	
Public sector debt interest	31,742	30,893	45,731	48,325	47,375	
Other	63	65	59	82	193	
Total public sector current expenditure on services	537,168	575,457	604,912	612,709	627,288	
Accounting adjustments	29,391	28,641	29,570	31,590	30,191	
Total public sector current expenditure	566,559	604,098	634,482	644,299	657,479	
Public sector capital expenditure on services						
Capital grants ⁽¹⁾	24,944	22,961	15,563	12,044	10,323	
Gross capital procurement	42,447	45,114	42,835	38,017	37,918	
Income from sales of capital assets	-3,108	-2,952	-3,261	-4,108	-4,391	
Other	0	0	0	0	0	
Total public sector capital expenditure on services	64,283	65,123	55,137	45,953	43,850	
Accounting adjustments	3,410	3,270	4,300	4,354	-26,074	
Total public sector capital expenditure	67,693	68,393	59,437	50,307	17,776	
Total public sector expenditure on services	601,451	640,580	660,049	658,662	671,138	
Accounting adjustments	32,801	31,911	33,870	35,944	4,117	
Total Managed Expenditure⁽²⁾	634,252	672,491	693,919	694,606	675,255	

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

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.4 Public sector current and capital expenditure on services by function⁽¹⁾, 2008-09 to 2012-13

	National Statistics					£million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
Public sector current expenditure on services						
1. General public services	49,600	49,375	64,256	66,316	64,954	
of which: public and common services	11,889	11,945	11,289	10,631	10,174	
of which: international services	5,969	6,537	7,235	7,360	7,405	
of which: public sector debt interest	31,742	30,893	45,731	48,325	47,375	
2. Defence	33,317	33,652	34,982	35,056	32,908	
3. Public order and safety	30,906	31,432	31,014	30,509	30,038	
4. Economic affairs	24,017	26,236	23,349	22,842	22,901	
of which: enterprise and economic development ⁽²⁾	4,208	5,114	2,778	3,245	4,265	
of which: science and technology	2,618	2,819	2,885	2,957	3,104	
of which: employment policies	2,721	2,986	3,705	2,742	2,560	
of which: agriculture, fisheries and forestry	5,450	5,551	5,152	5,522	4,974	
of which: transport	9,019	9,767	8,830	8,375	7,997	
5. Environment protection	7,060	8,188	8,145	8,212	7,884	
6. Housing and community amenities	3,754	4,018	3,069	2,547	3,066	
7. Health	103,383	110,737	114,628	116,985	119,710	
8. Recreation, culture and religion	9,985	10,383	10,380	10,158	10,350	
9. Education	74,704	78,551	82,351	79,109	80,237	
10. Social protection	203,373	222,915	230,086	239,823	251,538	
EU transactions	-2,931	-27	2,651	1,151	3,701	
Total public sector current expenditure on services	537,167	575,458	604,912	612,709	627,288	
Accounting adjustments	29,392	28,640	29,570	31,590	30,191	
Public sector current expenditure	566,559	604,098	634,482	644,299	657,479	
Public sector capital expenditure on services						
1. General public services	2,556	2,416	2,383	1,711	2,084	
of which: public and common services	2,116	1,819	1,635	1,114	1,501	
of which: international services	441	596	748	597	583	
2. Defence	3,501	4,060	4,305	3,606	3,456	
3. Public order and safety	2,746	2,686	2,002	1,525	1,426	
4. Economic affairs	24,968	21,408	15,577	14,162	12,441	
of which: enterprise and economic development ⁽²⁾	12,005	7,110	2,024	1,595	1,029	
of which: science and technology	587	734	521	607	491	
of which: employment policies	105	87	43	26	8	
of which: agriculture, fisheries and forestry	314	273	329	268	336	
of which: transport	11,958	13,204	12,660	11,667	10,576	
5. Environment protection	2,169	2,209	2,784	2,250	3,177	
6. Housing and community amenities	11,496	12,326	9,900	7,314	7,087	
7. Health	5,367	6,180	5,389	4,264	4,644	
8. Recreation, culture and religion	2,460	2,796	2,582	2,679	1,842	
9. Education	8,296	9,934	9,148	7,789	7,035	
10. Social protection	723	1,109	1,069	653	658	
Total public sector capital expenditure on services	64,282	65,123	55,137	45,954	43,849	
Accounting adjustments	3,411	3,270	4,300	4,353	-26,073	
Public sector capital expenditure	67,693	68,393	59,437	50,307	17,776	
Total public sector expenditure on services	601,451	640,580	660,049	658,662	671,138	
Accounting adjustments	32,801	31,911	33,870	35,944	4,117	
Total Managed Expenditure⁽³⁾	634,252	672,491	693,919	694,606	675,255	

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

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

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.5 Public sector gross current procurement ⁽¹⁾ expenditure on services by function, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Public sector gross current procurement expenditure on services					
1. General public services	14,477	14,243	13,400	12,946	13,119
<i>of which: public and common services</i>	12,707	12,683	11,793	11,278	11,356
<i>of which: international services</i>	1,770	1,560	1,607	1,668	1,763
2. Defence	22,160	21,975	22,980	22,762	21,333
3. Public order and safety	13,302	13,169	12,842	13,097	12,940
4. Economic affairs	13,411	13,391	12,779	11,489	11,628
<i>of which: enterprise and economic development</i>	3,238	3,223	2,896	2,471	2,616
<i>of which: science and technology</i>	367	492	366	389	325
<i>of which: employment policies</i>	1,499	1,578	2,079	1,442	1,289
<i>of which: agriculture, fisheries and forestry</i>	1,051	1,131	1,026	870	901
<i>of which: transport</i>	7,256	6,967	6,412	6,317	6,497
5. Environment protection	8,006	8,083	7,835	7,907	7,793
6. Housing and community amenities	3,278	3,476	2,937	2,670	2,470
7. Health	63,472	69,460	65,502	67,361	70,095
8. Recreation, culture and religion	7,283	7,286	7,424	7,289	7,320
9. Education	12,225	12,710	12,979	13,813	14,891
10. Social protection	28,050	29,953	29,991	30,361	30,642
Total public sector gross current procurement expenditure on services	185,664	193,746	188,669	189,695	192,231

(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.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 5.6 Public sector capital procurement ⁽¹⁾ expenditure on services by function, 2008-09 to 2012-13

	£ million				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
Public sector gross capital procurement expenditure on services					
1. General public services	2,952	2,784	2,401	2,230	2,310
<i>of which: public and common services</i>	2,580	2,502	2,240	2,094	2,132
<i>of which: international services</i>	373	282	162	136	178
2. Defence	3,880	4,192	4,417	3,924	3,608
3. Public order and safety	2,830	2,748	2,197	1,702	1,587
4. Economic affairs	9,698	11,028	10,298	8,953	8,386
<i>of which: enterprise and economic development</i>	1,702	1,470	1,328	963	734
<i>of which: science and technology</i>	142	177	85	150	185
<i>of which: employment policies</i>	52	47	43	26	8
<i>of which: agriculture, fisheries and forestry</i>	296	263	230	196	233
<i>of which: transport</i>	7,507	9,071	8,613	7,618	7,226
5. Environment protection	1,778	1,831	2,015	2,073	2,690
6. Housing and community amenities	7,126	6,740	6,141	5,379	5,103
7. Health	5,421	6,086	5,538	4,548	4,855
8. Recreation, culture and religion	2,420	2,543	2,439	2,414	2,098
9. Education	5,977	6,665	6,892	6,332	6,571
10. Social protection	364	497	497	462	709
Total public sector gross capital procurement expenditure on services	42,447	45,114	42,835	38,017	37,918
Plus public sector receipts from sales of assets					
<i>Central government</i>					
Fixed assets	-1,046	-750	-914	-1,380	-2,102
Intangible assets	-11	-3	-8	197	5
Total central government receipts	-1,057	-753	-922	-1,183	-2,097
<i>Local government</i>					
Fixed assets	-1,006	-1,138	-1,116	-1,244	-1,689
Intangible assets	-	-	-	-	-
Total local government receipts	-1,006	-1,138	-1,116	-1,244	-1,689
Total general government receipts	-2,063	-1,891	-2,038	-2,427	-3,786
<i>Public corporations</i>					
Fixed assets	-1,045	-1,061	-1,223	-1,681	-605
Intangible assets	-	-	-	-	-
Total public corporations receipts	-1,045	-1,061	-1,223	-1,681	-605
Total public sector income from sales of capital assets	-3,108	-2,952	-3,261	-4,108	-4,391

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

UNCLASSIFIED

BACKGROUND TO PUBLIC SECTOR SPENDING BY FUNCTION

5.1 The analyses in this chapter present public sector expenditure for the years 2008-09 onwards, adjusted so that figures for all years are based on current definitions. All data are National Statistics and are based on the expenditure on services framework (explained in **Annex E**).

WHAT'S NEW

5.2 As explained in **Chapter 2**, the introduction of the Online System for Central Accounting and Reporting (OSCAR) was accompanied by changes to the chart of accounts, against which departments record their expenditure. The changes these produced to the expenditure on services framework are set out in **Annex E**.

5.3 In **Table 5.6** we have changed how we present 'receipts from sales of fixed assets'. In previous years, this was split by; 'receipts from the sale of land and existing buildings' and by 'other'. For this year's release, we have split receipts from the sales of fixed assets by; 'fixed' and 'intangible' asset classes.

CLASSIFICATION CHANGES

5.4 A number of departments have carried out a restructuring of the way they organise their data. In addition, there has been ongoing work to improve the classification of items of spending against level 2 of the UN Classification of the Functions Of Government (COFOG). As a result of these changes there have been revisions to some of the sub-functional data in **Chapters 5, 6, 9 and 10**. In particular, there has been a review of how expenditure by the Department for Work and Pensions had been allocated. This has led to expenditure moving from personal social services within **COFOG 10 Social protection** to **04.1 General economic commercial and labour affairs**, and also from personal social services to benefits within **COFOG 10 Social protection**.

RELATIONSHIP BETWEEN FUNCTIONAL SERIES AND DEPARTMENTS

5.5 **Table 5.1** shows public sector expenditure on services by function split across the different government departmental groups for 2012-13. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations. This presentation allocates local government expenditure to the departmental group most closely associated with a particular function. For example, spending on schools by local government in Scotland is allocated to Scotland, while equivalent spending in England is allocated to the Department for Education.

PUBLIC SECTOR EXPENDITURE ON SERVICES BY SUB-FUNCTION

5.6 Table 5.2 provides the most detailed functional analysis of public sector expenditure on services. The tables are presented in a format generally consistent with the level 2 breakdown of the United Nations' Classification Of the Functions Of Government (UN COFOG). The table also shows, in italics, additional Treasury-defined sub-functional divisions that were 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 website².

5.7 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

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

² http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/pespub_economic_functional_analysis.htm

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

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

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

Current expenditure on services

- income from sales of goods and services: £1.0 billion in 2008-09, £0.4 billion in 2009-10, £1.8 billion in 2010-11, £1.0 billion in 2011-12 and £0.2 billion in 2012-13. This is mainly underwriting commission and guarantee fee income.

Capital expenditure on services

- net capital grants: £9.4 billion in 2008-09 and £4.5 billion in 2009-10, comprising £7.7 billion of share purchases and £3.2 billion of capital income. This is support for depositors and purchases of equity in banks that the ONS have classified as capital grants in the National Accounts.

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

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

- **pay** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs. Unlike **Chapter 2**, it does not include payments for contract and agency staff which are treated as procurement instead;
- **gross current procurement** includes expenditure on goods and services, including payments for contract and agency staff, and payments for consultancy and audit services. Expenditure on hire and rentals under PFI and non-PFI operating leases, shown as **Rentals** in **Chapter 2**, are included here. It also includes spending on

UNCLASSIFIED

Public Spending Statistics July 2013

Single Use Military Equipment (SUME) following the treatment in the National Accounts. SUME is part of capital procurement in the budgeting presentation. **Income from the sales of goods and services** is now shown separately;

- **current grants to persons and non-profit bodies** are payments to these recipients that do not fund capital formation. They are mainly social security payments but also comprise grants to further and higher education institutions and other non-profit private sector bodies. Unlike **Table 2.1**, they do not include tax credits previously scored as negative tax;
- **current grants abroad** are mainly foreign aid, such as programmes to reduce poverty. They also include the EU transactions set out in **Table 5.2**;
- **subsidies** are payments by government to trading businesses (both private sector and public corporations) to provide support for current costs, including payments to farmers under the EU's Common Agricultural Policy as well as subsidies to rail and bus operators. They are given with the objective of influencing their levels of production, their prices, or other factors;
- **net public service pensions** are the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. More information on pensions is included in **Annex D**;
- **grant equivalent element of student lending** is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate;
- **public sector debt interest** reflects the debt interest payments to the private sector, so it excludes intra-public sector payments. These payments do not form part of departmental budgets so are not included within **Table 2.1**;
- **capital grants** are transfer payments to the private sector that are usually made on the condition that the recipient uses the funds for capital projects;
- **gross capital procurement** comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any increases in stock. It is measured gross of depreciation. In **Table 5.3** SUME forms part of gross current procurement (see above) but in **Table 2.1** it is included in capital procurement; and
- **income from sales of capital assets** is the sale value of any assets, such as land, buildings and machinery, disposed of.

PUBLIC SECTOR EXPENDITURE ON SERVICES SPLIT BY CURRENT AND CAPITAL SPENDING

5.10 Table 5.4 gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2008-09. A functional split by sector is available in **Chapter 6** (central government), **Chapter 7** (local government) and **Chapter 8** (public corporations). The split between capital and current follows the National Accounts definition.

UNCLASSIFIED

PUBLIC SECTOR GROSS PROCUREMENT BY FUNCTION

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

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

CENTRAL GOVERNMENT OWN EXPENDITURE

OVERVIEW

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

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

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

EXPENDITURE IN BUDGETS

- Central government own expenditure within DEL fell to £259.2bn in 2012-13, from £262.1bn in 2011-12. This reflects the effect of the policies set out in the 2010 Spending Review.
- Most departments show falls in spending within DEL, with the major exceptions of the departments of Health, Education, These reflect the areas prioritised in the 2010 Spending Review.
- Expenditure within AME stood at £234.5bn in 2012-13. Expenditure in 2010-11 was affected by the decision to use the Consumer Prices Index (CPI), rather than the Retail Prices Index (RPI), for the indexation of public service pensions and the consequent reduction in the size of future liabilities.

EXPENDITURE ON SERVICES

- Central government's own current expenditure on services rose to £492.7 billion in 2012-13, up from £476.4bn the previous year. Capital expenditure on services fell to £21.9bn from £25.0bn.
- As shown in table 6.4, social protection and health account for more than half of all of central government own expenditure. In 2012-13 spending on social protection increased to £198.3bn from £188.1bn in the previous year. Within this, the biggest increase was on old age pensions. Expenditure on health, including spending by central government departments and devolved administrations, rose in 2012-13 to £124.2bn from £121.0bn the year before.
- Expenditure on central government debt interest stood at £47bn in 2012-13, down slightly from £47.7bn in 2011-12.
- Expenditure on current grants to persons and non-profit bodies, which is mainly composed of social benefits, rose to £210.2bn in 2012-13 from £204.6bn in 2011-12. Increased expenditure on old age pensions and tax credits was the main factor behind this rise.

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.1 Central government own expenditure in budgets by departmental group⁽¹⁾, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Within DEL					
Education	11,335	12,531	10,691	13,708	16,956
Health	90,918	98,298	100,255	102,575	105,001
Transport	7,464	8,222	6,795	6,127	5,618
CLG Communities	5,821	7,183	5,450	3,099	1,016
CLG Local Government	289	300	273	285	246
Business, Innovation and Skills	15,568	17,338	18,577	17,121	16,735
Home Office	3,264	3,535	2,809	2,686	2,422
Justice	9,530	9,377	9,143	8,797	8,349
Law Officers' Departments	720	709	666	613	592
Defence	34,472	36,813	37,460	37,197	34,298
Foreign and Commonwealth Office	2,135	2,186	2,214	2,144	2,082
International Development	5,617	6,587	7,467	7,813	7,758
Energy and Climate Change	1,954	2,974	3,162	2,560	3,094
Environment, Food and Rural Affairs	2,610	2,749	2,610	2,175	2,125
Culture, Media and Sport	2,324	2,025	2,164	2,692	1,183
Work and Pensions	7,115	8,073	8,321	7,006	6,927
Scotland	17,475	18,572	18,565	18,073	18,524
Wales	8,631	9,337	9,121	9,202	8,637
Northern Ireland	9,926	10,293	10,518	10,150	10,249
Chancellor's Departments	4,413	4,332	3,970	3,898	3,479
Cabinet Office	2,153	2,402	2,451	2,450	2,439
Small and Independent Bodies	1,700	1,666	1,630	1,680	1,457
Total CG own expenditure within DEL	245,434	265,501	264,312	262,052	259,187
Within departmental AME					
Education	10,642	10,427	-10,465	11,773	11,598
Health	14,998	16,230	-10,968	19,582	18,840
Transport	572	1,143	501	842	446
CLG Communities	397	-30	-496	-666	-20
CLG Local Government	1	0	-4	-12	2
Business, Innovation and Skills	4,340	5,407	3,616	4,101	6,327
Home Office	171	-84	192	-6	21
Justice	450	606	276	-33	915
Law Officers' Departments	11	17	-13	5	6
Defence	6,178	7,900	-878	8,029	7,325
Foreign and Commonwealth Office	-10	86	34	61	88
International Development	213	331	303	104	185
Energy and Climate Change	2,156	419	5,163	3,685	5,368
Environment, Food and Rural Affairs	-55	-72	-437	-51	-30
Culture, Media and Sport	4,085	4,623	4,865	4,578	4,642
Work and Pensions	114,622	122,487	125,687	132,103	137,299
Scotland	2,666	2,483	3,206	3,240	2,942
Wales	306	495	262	302	414
Northern Ireland	6,873	7,660	3,583	8,104	8,000
Chancellor's Departments ⁽²⁾	163,662	51,541	25,982	19,582	20,759
Cabinet Office	7,172	7,481	-7,466	8,739	9,434
Small and Independent Bodies	-252	-145	-242	-135	-100
Total CG own expenditure within dept AME	339,197	239,006	142,701	223,927	234,461
Locally financed expenditure in Northern Ireland	607	547	538	588	621
Net expenditure transfers to the EU	3,060	6,419	8,414	7,702	9,131
Central government debt interest	30,852	30,479	45,165	47,714	46,967
Accounting and other adjustments	-163,098	-52,246	47,235	-25,494	-50,806
Total CG own expenditure⁽³⁾	456,052	489,706	508,365	516,489	499,561

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

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

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

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.2 Central government own resource expenditure in budgets by departmental group, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Within resource DEL					
Education	10,657	11,760	9,874	13,355	16,074
Health	86,732	93,373	96,278	98,934	101,322
Transport	2,168	2,325	1,369	1,193	806
CLG Communities	1,354	1,391	1,218	770	235
CLG Local Government	288	298	272	285	245
Business, Innovation and Skills	13,947	14,873	16,792	16,160	15,502
Home Office	2,767	2,853	2,385	2,366	2,154
Justice	8,633	8,529	8,614	8,453	8,067
Law Officers' Departments	712	697	658	611	591
Defence	25,453	27,610	28,123	28,177	26,449
Foreign and Commonwealth Office	1,946	2,022	2,091	2,052	1,987
International Development	4,742	5,234	5,909	6,167	6,105
Energy and Climate Change	288	1,216	1,143	1,144	1,103
Environment, Food and Rural Affairs	2,196	2,251	2,165	1,859	1,753
Culture, Media and Sport	1,411	1,419	1,414	1,500	2,072
Work and Pensions	7,029	7,808	8,000	6,727	6,552
Scotland	15,326	15,955	16,282	16,195	16,349
Wales	7,760	8,180	8,158	8,316	7,813
Northern Ireland	8,840	9,239	9,544	9,384	9,403
Chancellor's Departments	4,132	4,048	3,758	3,642	3,262
Cabinet Office	1,770	1,960	2,026	2,047	2,076
Small and Independent Bodies	1,649	1,587	1,552	1,624	1,394
Total within resource DEL	209,800	224,627	227,624	230,960	231,314
Within resource departmental AME					
Education	10,642	10,427	-10,465	11,773	11,598
Health	14,984	16,223	-10,976	19,582	18,840
Transport	572	1,143	501	876	507
CLG Communities	397	-30	-496	-666	10
CLG Local Government	1	0	-4	-12	6
Business, Innovation and Skills	352	1,361	-804	-1,129	41
Home Office	171	-84	192	-6	21
Justice	450	606	276	-33	915
Law Officers' Departments	11	17	-13	5	5
Defence	6,102	7,895	-878	8,039	7,360
Foreign and Commonwealth Office	-10	86	34	61	88
International Development	213	331	303	104	191
Energy and Climate Change	2,435	756	5,241	3,742	5,388
Environment, Food and Rural Affairs	-56	-73	-437	-51	-29
Culture, Media and Sport	3,791	3,980	4,295	4,151	4,128
Work and Pensions	114,486	122,316	125,510	132,068	137,271
Scotland	2,486	2,323	3,055	3,073	2,754
Wales	138	293	53	57	159
Northern Ireland	6,466	7,230	3,187	7,516	7,656
Chancellor's Departments ⁽¹⁾	77,840	9,673	28,656	24,066	24,361
Cabinet Office	7,172	7,481	-7,466	8,739	9,434
Small and Independent Bodies	-252	-145	-242	-135	-100
Total within resource departmental AME	248,390	191,811	139,524	221,820	230,605
Within resource other AME					
Locally financed expenditure in Northern Ireland	607	547	538	588	621
Net expenditure transfers to the EU	3,060	6,419	8,414	7,702	9,131
Central government debt interest	30,852	30,479	45,165	47,714	46,967
Accounting and other adjustments	-75,107	-5,133	54,721	-17,955	-12,414
Total CG own current expenditure	417,602	448,750	475,986	490,829	506,224

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

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.3 Central government own capital expenditure by departmental group, 2008-09 to 2012-13

	£ million				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Within capital DEL					
Education	679	771	818	353	883
Health	4,186	4,925	3,977	3,641	3,679
Transport	5,296	5,897	5,426	4,934	4,812
CLG Communities	4,467	5,792	4,232	2,329	781
CLG Local Government	0	2	1	0	1
Business, Innovation and Skills	1,620	2,465	1,785	961	1,233
Home Office	497	682	425	319	268
Justice	896	848	529	344	282
Law Officers' Departments	9	12	8	3	2
Defence	9,019	9,203	9,337	9,020	7,849
Foreign and Commonwealth Office	190	164	123	92	94
International Development	875	1,353	1,559	1,646	1,653
Energy and Climate Change	1,666	1,759	2,018	1,416	1,991
Environment, Food and Rural Affairs	414	499	445	316	372
Culture, Media and Sport	913	606	751	1,192	-890
Work and Pensions	85	265	321	279	375
Scotland	2,148	2,617	2,283	1,879	2,175
Wales	872	1,157	963	886	824
Northern Ireland	1,086	1,053	974	766	845
Chancellor's Departments	281	285	211	257	218
Cabinet Office	383	442	425	403	363
Small and Independent Bodies	51	78	78	56	63
Total within capital DEL	35,634	40,874	36,688	31,092	27,872
Within capital departmental AME					
Health	14	7	8	0	0
Transport	0	0	0	-33	-61
CLG Communities	0	0	0	0	-29
CLG Local Government	0	0	0	0	-4
Business, Innovation and Skills	3,988	4,046	4,419	5,230	6,286
Law Officers' Departments	0	0	0	0	0
Defence	76	5	0	-10	-35
International Development	0	0	0	0	-6
Energy and Climate Change	-279	-337	-78	-58	-20
Environment, Food and Rural Affairs	1	1	1	0	-1
Culture, Media and Sport	295	643	569	427	514
Work and Pensions	136	171	177	35	27
Scotland	180	160	151	167	188
Wales	168	202	209	244	255
Northern Ireland	407	430	396	588	344
Chancellor's Departments ⁽¹⁾	85,822	41,868	-2,675	-4,483	-3,601
Small and Independent Bodies	0	0	0	0	0
Total within capital departmental AME	90,807	47,195	3,177	2,107	3,856
Within capital other AME					
Accounting and other adjustments	-87,991	-47,113	-7,486	-7,539	-38,391
Total CG own capital expenditure⁽²⁾	38,450	40,956	32,379	25,660	-6,663

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

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.4 Central government own expenditure on services by sub-function, 2008-09 to 2012-13

	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	£ million 2012-13 outturn
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	9,667	9,668	9,046	8,650	8,318
1.2 Foreign economic aid	4,099	4,779	5,669	5,724	5,832
1.3 General services	482	468	588	588	475
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	19	20	16	10	9
1.6 General public services n.e.c.	230	367	441	294	143
1.7 Public sector debt interest	30,852	30,479	45,165	47,714	46,967
of which: central government debt interest ⁽¹⁾	30,852	30,479	45,165	47,714	46,967
Total general public services	45,349	45,781	60,924	62,980	61,744
2. Defence					
2.1 Military defence	31,431	32,274	32,913	33,129	31,489
2.2 Civil defence	19	13	72	52	57
2.3 Foreign military aid	3,697	3,781	3,572	3,172	2,235
2.4 R&D defence	1,277	1,294	2,386	1,980	2,239
2.5 Defence n.e.c.	246	201	196	190	196
Total defence	36,670	37,563	39,139	38,523	36,216
3. Public order and safety					
3.1 Police services	4,751	4,992	4,353	4,265	4,055
of which: immigration and citizenship	2,089	2,197	1,769	1,663	1,513
of which: other police services	2,662	2,796	2,584	2,602	2,542
3.2 Fire-protection services	276	302	188	134	98
3.3 Law courts	6,812	6,579	6,110	6,449	5,903
3.4 Prisons	4,697	4,731	4,969	4,133	4,325
3.5 R&D public order and safety	20	25	10	12	35
3.6 Public order and safety n.e.c.	290	300	255	270	477
Total public order and safety	16,845	16,930	15,885	15,264	14,892
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽²⁾	13,780	9,963	4,038	4,396	5,032
4.2 Agriculture, forestry, fishing and hunting	5,633	5,640	5,279	5,615	5,087
of which: market support under CAP	3,987	4,072	3,744	3,932	2,889
of which: other agriculture, food and fisheries policy	1,541	1,476	1,408	1,555	2,105
of which: forestry	105	92	127	128	93
4.3 Fuel and energy	1,169	1,044	815	524	460
4.4 Mining, manufacturing and construction	3	401	-17	-5	-5
4.5 Transport	10,357	11,671	10,652	9,843	9,098
of which: national roads	3,466	4,119	3,568	3,089	2,860
of which: local roads	438	612	625	440	-310
of which: local public transport	763	797	768	781	674
of which: railway	5,046	5,400	5,057	4,909	5,035
of which: other transport	643	742	634	624	839
4.6 Communication	446	341	313	221	517
4.7 Other industries	263	351	350	254	177
4.8 R&D economic affairs	3,205	3,553	3,406	3,563	3,596
4.9 Economic affairs n.e.c.	539	831	856	664	462
Total economic affairs	35,395	33,794	25,691	25,075	24,423
5. Environment protection					
5.1 Waste management	883	1,696	1,868	1,927	2,242
5.2 Waste water management	23	30	12	20	-
5.3 Pollution abatement	261	271	383	110	156
5.4 Protection of biodiversity and landscape	535	519	519	481	386
5.5 R&D environment protection	369	404	430	413	350
5.6 Environment protection n.e.c.	1,215	1,379	1,575	1,398	1,349
Total environment protection	3,287	4,299	4,787	4,350	4,483

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.4 Central government own expenditure on services by sub-function, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
6. Housing and community amenities						
6.1 Housing development	3,654	5,291	3,583	1,908	1,404	
<i>of which: local authority housing</i>	-158	353	-283	-580	134	
<i>of which: other social housing</i>	3,812	4,939	3,865	2,488	1,271	
6.2 Community development	706	796	594	416	286	
6.3 Water supply	544	396	292	297	283	
6.4 Street lighting	23	22	21	25	23	
6.5 R&D housing and community amenities	5	4	4	3	2	
6.6 Housing and community amenities n.e.c.	25	37	69	11	15	
Total housing and community amenities	4,957	6,547	4,563	2,661	2,014	
7. Health⁽³⁾						
Medical services	104,314	112,329	115,251	116,414	119,173	
Medical research	1,474	1,589	1,798	1,343	897	
Central and other health services	2,684	2,833	2,672	3,280	4,130	
Total health	108,472	116,752	119,720	121,038	124,200	
8. Recreation, culture and religion						
8.1 Recreational and sporting services	1,070	1,245	1,188	1,337	834	
8.2 Cultural services	1,884	1,965	1,904	1,930	1,925	
8.3 Broadcasting and publishing services	3,622	3,816	4,012	3,935	3,790	
8.4 Religious and other community services	58	55	63	46	65	
8.5 R&D recreation, culture and religion	131	133	141	106	128	
8.6 Recreation, culture and religion n.e.c.	77	84	88	92	69	
Total recreation, culture and religion	6,842	7,299	7,398	7,445	6,811	
9. Education						
9.1 Pre-primary and primary education	791	873	798	766	792	
<i>of which: under fives</i>	133	183	147	163	118	
<i>of which: primary education</i>	658	690	652	602	674	
9.2 Secondary education	12,454	13,880	14,595	17,480	20,636	
9.3 Post-secondary non-tertiary education	2	4	-	-	-	
9.4 Tertiary education	11,625	13,179	15,783	13,095	13,561	
9.5 Education not definable by level	538	591	784	465	446	
9.6 Subsidiary services to education	912	984	848	731	493	
9.7 R&D education	13	15	1	9	10	
9.8 Education n.e.c.	3,375	3,826	2,808	2,338	1,840	
Total education	29,710	33,351	35,617	34,883	37,777	
10. Social protection⁽⁴⁾						
<i>of which: personal social services</i>	1,985	2,129	1,519	1,846	1,694	
10.1 Sickness and disability	29,083	31,314	32,863	34,937	37,292	
<i>of which: personal social services</i>	669	697	500	1,026	881	
<i>of which: incapacity, disability and injury benefits</i>	28,415	30,618	32,363	33,911	36,411	
10.2 Old age	78,358	84,013	87,775	93,609	100,770	
<i>of which: personal social services</i>	971	1,001	771	429	433	
<i>of which: pensions</i>	77,387	83,012	87,004	93,180	100,337	
10.3 Survivors	1,096	1,059	1,100	1,073	1,077	
10.4 Family and children	21,724	22,310	21,457	20,623	18,821	
<i>of which: personal social services</i>	255	362	169	314	335	
<i>of which: family benefits, income support and tax credits</i>	21,469	21,948	21,287	20,310	18,486	
10.5 Unemployment	3,521	5,533	5,231	5,633	5,939	
<i>of which: personal social services</i>	-	-	-	-	-	
<i>of which: other unemployment benefits</i>	3,521	5,533	5,231	5,633	5,939	
10.6 Housing	537	618	787	729	725	
10.7 Social exclusion n.e.c. ⁽⁵⁾	20,319	24,022	25,567	27,400	29,563	
<i>of which: personal social services</i>	90	69	79	77	45	
<i>of which: family benefits, income support and tax credits</i>	20,229	23,953	25,488	27,323	29,518	
10.8 R&D Social protection	-	-	-	-	-	
10.9 Social protection n.e.c.	4,484	5,358	5,098	4,087	4,121	
Total social protection	159,123	174,228	179,877	188,091	198,307	

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.4 Central government own expenditure on services by sub-function, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
EU transactions ⁽⁶⁾						
GNI-based contribution (net of abatement and collection costs)	2,378	5,760	7,669	6,967	8,479	
<i>derived as</i>						
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	13,155	13,733	15,593	15,700	16,871	
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-5,183	-3,754	-5,246	-5,216	-5,221	
<i>UK abatement</i>	-5,595	-4,218	-2,678	-3,516	-3,172	
EU receipts	-4,558	-4,791	-4,009	-4,783	-3,806	
Attributed aid and CFSP	-751	-997	-1,009	-1,033	-971	
Total EU transactions	-2,931	-27	2,651	1,151	3,701	
Total central government own expenditure on services	443,718	476,515	496,253	501,461	514,569	
Accounting adjustments	12,334	13,191	12,112	15,028	-15,008	
Total central government own expenditure ⁽⁷⁾	456,052	489,706	508,365	516,489	499,561	

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

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

(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) Work and Pensions have reviewed how they allocate their expenditure, leading to a number of items being moved from personal social services within 10 Social protection, to 4. Economic affairs and to benefits within 10 Social protection.

(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 EU are shown in Table C.1

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.5 Central government own expenditure on services by economic category, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
Central government current expenditure on services						
Pay	85,966	88,647	92,227	94,481	97,679	
Gross current procurement	119,254	125,496	121,567	124,101	126,074	
Income from sales of goods and services	-23,767	-22,214	-17,798	-17,001	-17,731	
Current grants to persons and non-profit bodies ⁽¹⁾	180,025	196,516	199,557	204,581	210,195	
Current grants abroad	1,592	5,054	8,456	6,762	9,327	
Subsidies to private sector companies	5,361	6,160	5,977	6,452	6,159	
Subsidies to public corporations	942	880	585	350	1,398	
Net public service pensions	3,052	3,611	4,627	6,678	8,589	
Grant equivalent element of student lending	757	1,445	4,242	2,215	3,809	
Central government debt interest	30,852	30,479	45,165	47,714	46,967	
Other	63	65	59	82	193	
Total central government own current expenditure on services	404,097	436,139	464,664	476,415	492,659	
Accounting adjustments	13,505	12,611	11,322	14,414	13,565	
Total central government own current expenditure	417,602	448,750	475,986	490,829	506,224	
Central government capital expenditure on services						
Capital grants to persons and non-profit bodies	5,125	7,270	5,385	3,351	2,265	
Capital grants to private sector companies ⁽²⁾	17,550	13,123	7,481	6,568	5,823	
Capital grants abroad	249	508	964	673	644	
Gross capital procurement	17,754	20,228	18,681	15,638	15,275	
Income from sales of capital assets	-1,057	-753	-922	-1,183	-2,097	
Other	0	0	0	0	0	
Total central government own capital expenditure on services	39,621	40,376	31,589	25,047	21,910	
Accounting adjustments	-1,171	580	790	613	-28,573	
Total central government own capital expenditure	38,450	40,956	32,379	25,660	-6,663	
Total central government own expenditure on services	443,718	476,515	496,253	501,462	514,569	
Accounting adjustments	12,334	13,191	12,112	15,027	-15,008	
Total central government own expenditure⁽³⁾	456,052	489,706	508,365	516,489	499,561	

(1) Expenditure on services does not include tax credits

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

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 6.6 Central government own current and capital expenditure on services by function, 2008-09 to 2012-13

	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
£ million					
Central government own current expenditure on services					
1. General public services	44,517	44,720	59,780	62,020	60,904
<i>of which: public and common services</i>	7,696	7,704	7,380	6,945	6,532
<i>of which: international services</i>	5,969	6,537	7,235	7,360	7,405
<i>of which: public sector debt interest</i>	30,852	30,479	45,165	47,714	46,967
2. Defence	33,254	33,588	34,919	35,003	32,846
3. Public order and safety	15,118	15,176	14,716	14,406	14,162
4. Economic affairs	17,135	19,118	16,774	17,113	17,805
<i>of which: enterprise and economic development ⁽¹⁾</i>	2,403	3,437	1,138	2,134	3,444
<i>of which: science and technology</i>	2,618	2,819	2,885	2,957	3,104
<i>of which: employment policies</i>	2,721	2,986	3,705	2,742	2,560
<i>of which: agriculture, fisheries and forestry</i>	5,378	5,472	5,078	5,449	4,883
<i>of which: transport</i>	4,015	4,405	3,969	3,831	3,814
5. Environment protection	1,592	2,561	2,506	2,563	2,060
6. Housing and community amenities	649	769	287	-17	543
7. Health	103,188	110,655	114,396	116,816	119,599
8. Recreation, culture and religion	5,779	6,044	6,192	6,175	6,547
9. Education	27,121	30,039	33,335	33,524	36,514
10. Social protection	158,676	173,497	179,106	187,660	197,978
EU transactions	-2,931	-27	2,651	1,151	3,701
Total central government own current expenditure on services	404,097	436,139	464,664	476,415	492,659
Accounting adjustments	13,505	12,611	11,322	14,414	13,565
Total central government own current expenditure	417,602	448,750	475,986	490,829	506,224
Central government own capital expenditure on services					
1. General public services	832	1,061	1,144	960	840
<i>of which: public and common services</i>	487	551	418	382	257
<i>of which: international services</i>	345	510	726	578	583
2. Defence	3,416	3,975	4,220	3,520	3,370
3. Public order and safety	1,727	1,754	1,168	858	730
4. Economic affairs	18,260	14,676	8,917	7,962	6,618
<i>of which: enterprise and economic development</i>	10,960	6,431	1,471	1,152	630
<i>of which: science and technology</i>	587	734	521	607	491
<i>of which: employment policies</i>	116	77	41	25	8
<i>of which: agriculture, fisheries and forestry</i>	255	168	201	167	204
<i>of which: transport</i>	6,341	7,266	6,683	6,012	5,285
5. Environment protection	1,695	1,738	2,281	1,787	2,423
6. Housing and community amenities	4,309	5,778	4,276	2,677	1,471
7. Health	5,284	6,097	5,324	4,222	4,601
8. Recreation, culture and religion	1,063	1,254	1,206	1,270	264
9. Education	2,589	3,313	2,282	1,359	1,263
10. Social protection	447	731	770	431	329
Total central government own capital expenditure on services	39,621	40,376	31,589	25,047	21,910
Accounting adjustments	-1,171	580	790	613	-28,573
Total central government own capital expenditure ⁽²⁾	38,450	40,956	32,379	25,660	-6,663

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

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

UNCLASSIFIED

BACKGROUND TO CENTRAL GOVERNMENT OWN EXPENDITURE

6.1 This section provides summary analyses of central government own expenditure, which comprises the expenditure of government departments and other central government bodies on their own activities. Central government, as defined by the Office for National Statistics (ONS) for the National Accounts, includes the devolved administrations, executive agencies and Arms Length Bodies (ALBs), health trusts and academies.

6.2 In addition to staff pay and procurement, central government own expenditure includes grants and subsidies paid to individuals and enterprises in the private sector and subsidies to public corporations. It excludes central government support for local government and support for the capital expenditure of public corporations. These data are shown in **Chapters 7 and 8** 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 **Tables 6.1 to 6.3** are presented against the budgeting framework, **Tables 6.4 to 6.6** are presented against the expenditure on services framework.

WHAT'S NEW

6.5 There have been no significant changes to the presentation of data within this chapter since PESA 2012.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

6.6 **Table 6.1** gives a departmental breakdown of central government own expenditure. Expenditure in DEL is shown separately from expenditure in departmental AME. DEL expenditure in this table is shown on a full resource budgeting basis, which is given by resource DEL plus capital DEL less depreciation (including impairments) in DEL. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is by local government, with only a relatively small proportion spent directly by central government - some of which will be recorded by Scotland, Wales or Northern Ireland. Other AME includes locally financed expenditure in Northern Ireland that by convention is classified as central government spending.

CENTRAL GOVERNMENT OWN RESOURCE AND CAPITAL EXPENDITURE BY DEPARTMENT

6.7 **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.

6.8 The higher capital spending in 2008-09 and 2009-10 relates to the support given to financial institutions. See **Box 6.A** in **Chapter 5** for further details.

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY SUB-FUNCTION

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

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY ECONOMIC CATEGORY

6.10 Table 6.5 shows central government own expenditure by economic category, set within the framework of expenditure on services. An explanation of the different economic categories is available in **Chapter 6**.

CENTRAL GOVERNMENT OWN CURRENT AND CAPITAL EXPENDITURE ON SERVICES BY FUNCTION

6.11 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 so spending on Single Use Military Equipment (SUME) is classified as current and non-cash items such as depreciation and provisions are excluded.

LOCAL GOVERNMENT FINANCING AND EXPENDITURE

OVERVIEW

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

CENTRAL GOVERNMENT SUPPORT FOR LOCAL GOVERNMENT

- Total central government support in DEL was £101.7bn in 2012-13, down from £106.5bn the year before. Support in AME increased to £25.5bn from £24.9bn over the same period.
- As shown in table 7.2, the Department for Education was responsible for providing current grants worth £34.2bn to local authorities in England in 2012-13. This was down from the figure of £36.9bn the previous year. Spending on academies is now classified as central government expenditure and so scores as central government pay or procurement rather than grants to local government.
- The Department for Work and Pensions provided grants worth a total of £24.1bn, mainly for rent rebates and allowances. These covered England, Scotland and Wales. This was up from the figure of £23.0bn in 2011-12.
- Capital support for local government increased slightly to £11.3bn in 2012-13, from £11.2bn the year before.

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

- Total local government current expenditure on services was £134.5bn in 2012-13, down from £136.0bn in 2011-12. Total capital expenditure on services increased to £16.7bn from £15.8bn over the same period.
- As shown in table 7.4, local government current expenditure on social protection was £53.6bn in 2012-13, up from £52.2bn the year before. Over the same period, spending on education fell to £43.7bn from £45.6bn reflecting the reclassification of academies described above. In the area of public order and safety spending fell slightly to £15.9bn from £16.1bn.
- Local government capital expenditure on education fell to £5.8bn in 2012-13 from £6.4bn in 2011-12. Spending on transport fell to £4.0bn from £4.1bn over the same period.
- A breakdown of local government expenditure by economic category is shown in table 7.8. Spending on pay, which amounted to £69.3bn in 2012-13, accounts for around forty per cent of all spending by local government. The majority of this was within the education and public order and safety functions.

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.1 Financing of local government in the United Kingdom by country, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Current finance in DEL					
England	81,489	84,927	87,454	80,986	75,863
Scotland	8,703	9,037	9,446	9,139	9,130
Wales	5,159	5,418	5,763	5,437	5,477
Northern Ireland	55	54	53	54	59
Total current finance in DEL	95,405	99,436	102,715	95,616	90,529
Capital support in DEL					
England	10,558	13,510	11,115	9,621	9,979
Scotland	952	1,058	866	769	607
Wales	769	684	790	515	554
Northern Ireland	3	3	16	3	3
Total capital support in DEL	12,282	15,254	12,786	10,909	11,144
Total central government support in DEL⁽¹⁾	107,687	114,689	115,502	106,524	101,673
Current finance in departmental AME					
England	16,192	18,704	20,828	21,971	22,592
Scotland	1,357	1,514	1,621	1,686	1,748
Wales	702	815	884	959	992
Northern Ireland	0	0	0	0	0
Total current finance in departmental AME	18,252	21,033	23,334	24,615	25,332
Capital support in departmental AME					
England	793	402	993	302	141
Scotland	0	0	0	0	0
Wales	0	0	0	0	0
Northern Ireland	0	0	0	0	0
Total capital support in departmental AME	793	402	993	302	141
Total central government support in departmental AME⁽²⁾	19,045	21,436	24,326	24,917	25,474
Locally financed expenditure					
Local authority self-financed expenditure	31,322	28,496	25,704	35,622	30,978
Locally financed support in Scotland ⁽³⁾	1,963	2,165	2,068	2,182	2,263
Total locally financed expenditure	33,285	30,661	27,772	37,804	33,241
Total financing of local government expenditure	160,017	166,786	167,600	169,245	160,388
Accounting and other adjustments	7,921	6,612	8,422	1,492	8,410
Total local government expenditure	167,938	173,398	176,022	170,737	168,798

(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.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
England					
Education⁽¹⁾					
Schools Grant	33,065	34,274	36,820	33,905	30,824
School standards grant	1,545	1,556	1,571	0	0
Sure Start	1,242	1,433	0	0	0
Early Intervention grant	0	0	0	206	448
Pupil Premium	0	0	0	556	989
Maintained sixth forms grant	0	0	2,184	1,585	1,136
Private finance initiative grant	0	0	0	600	670
Other	128	362	119	57	99
Total Education	35,980	37,625	40,694	36,910	34,166
Health					
Health	141	30	185	116	89
Social Care	1,060	1,197	1,269	0	0
Other	0	0	1	20	5
Total Health	1,201	1,227	1,454	136	94
Transport					
GLA transport	2,471	2,555	2,774	2,804	2,835
Strategic rail authority	206	204	206	214	164
Other	599	576	834	475	516
Total Transport	3,276	3,335	3,814	3,494	3,515
CLG Communities					
Supporting people	1,686	1,666	0	0	0
New deal for communities	102	72	32	-2	-1
Local Services Support Grant	645	676	2,166	191	110
New Homes Bonus	0	0	0	234	397
Other	518	780	618	874	969
Total CLG Communities	2,951	3,194	2,817	1,297	1,475
CLG Local Government					
Non-domestic rate payments/Revenue Support Grant ⁽²⁾	28,804	29,615	28,557	28,773	27,375
PFI special grant	677	773	908	27	29
Other	378	396	109	1,422	67
Total CLG Local Government	29,859	30,784	29,574	30,223	27,470
Business, Innovation and Skills					
LSC grants	2,113	2,201	0	0	0
RDA development fund	294	263	257	96	0
Other	6	0	0	1	0
Total Business, Innovation and Skills	2,413	2,464	257	98	0
Home Office					
Police	6,240	6,640	10,114	10,179	9,995
Area Based Grants	61	81	71	67	29
Other	200	177	168	107	261
Total Home Office	6,502	6,898	10,354	10,353	10,284
Environment, Food and Rural Affairs					
Environment Agency					
Area Based Grants					
Other	54	38	50	147	141
Total Environment, Food and Rural Affairs	54	38	50	147	141
Work and Pensions⁽²⁾					
Rent rebates	4,373	4,475	4,401	4,578	4,854
Rent allowances	10,278	12,799	14,109	15,181	15,856
Council tax benefits					
Area Based Grants	33	51	44	0	0
Other	565	621	579	503	549
Total Work and Pensions	15,250	17,945	19,133	20,261	21,259

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Scotland					
Work and Pensions					
Rent allowance	786	905	978	1,034	1,079
Rent rebates	572	609	643	652	669
Council tax benefits					
Other	54	59	54	52	47
Total Work and Pensions	1,411	1,573	1,675	1,738	1,794
Scottish Government					
Revenue Support Grant ⁽²⁾	7,783	8,115	8,771	8,485	8,487
Non-domestic rate income ⁽³⁾	1,963	2,165	2,068	2,182	2,263
Police	552	570	496	480	479
Other	313	293	126	122	117
Total Scottish Government	10,611	11,143	11,461	11,269	11,346
Other government departments	0	0	0	0	0
Total Scotland	12,023	12,716	13,135	13,007	13,141
Wales					
Home Office					
Police	270	280	278	250	0
Other	12	0	0	1	0
Total Home Office	282	280	278	251	0
Work and Pensions					
Rent allowance	442	574	649	726	751
Rent rebates	260	241	235	218	225
Council tax benefits					
Other	27	29	28	26	25
Total Work and Pensions	729	844	912	970	1,001
Welsh Assembly Government					
Non-domestic rate payments/Revenue Support Grant ⁽²⁾	4,226	4,370	4,500	4,407	4,485
Other	624	740	956	767	984
Total Welsh Assembly Government	4,850	5,109	5,457	5,174	5,469
Other government departments	0	0	0	0	0
Total Wales	5,861	6,233	6,647	6,396	6,470
Northern Ireland					
Culture, Media and Sport					
Northern Ireland Executive	55	54	53	54	59
Total Northern Ireland	55	54	53	54	59
Total current finance	115,620	122,634	128,117	122,413	118,124

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

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

(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.

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.3 Central government capital support for local government in the United Kingdom by country and departmental group, 2008-09 to 2012-13

	2008-09	2009-10	2010-11	2011-12	£ million 2012-13
	outturn	outturn	outturn	outturn	outturn
England					
Supported Capital Expenditure (Revenue)⁽¹⁾					
Education	1,045	943	539	0	0
Health	0	0	0	0	0
Transport	858	902	975	0	0
CLG Communities	1,230	1,265	946	0	0
Home Office	67	73	73	0	0
Total Supported Capital Expenditure (Revenue)	3,200	3,182	2,532	0	0
Capital grants					
Education	3,800	5,728	5,664	4,690	3,566
Health	164	257	182	155	151
Transport	1,013	1,268	1,139	2,789	3,044
CLG Communities	1,986	2,105	2,121	1,630	1,736
CLG Local Government	122	258	-68	-8	0
Business, Innovation and Skills	447	503	243	187	1
Home Office	249	236	206	169	174
Justice	3	0	1	0	0
Energy and Climate Change	0	47	-4	38	48
Environment, Food and Rural Affairs	168	169	105	49	28
Culture, Media and Sport	187	145	-21	225	1,371
Work and Pensions	0	0	0	0	0
Cabinet Office	13	12	7	0	0
Total capital grants	8,151	10,730	9,576	9,924	10,121
Total England	11,351	13,912	12,108	9,924	10,121
Scotland					
Supported borrowing					
Scottish Government	330	328	330	20	16
Total supported borrowing	330	328	330	20	16
Capital grants					
Culture, Media and Sport	0	0	0	0	0
Scottish Government	623	730	536	749	591
Total capital grants	623	730	536	749	591
Total Scotland	952	1,058	866	769	607
Wales					
Supported Capital Expenditure (Revenue)⁽¹⁾					
Home Office	7	0	0	0	0
Welsh Assembly Government	163	162	163	120	88
Total Supported Capital Expenditure (Revenue)	170	162	163	120	88
Capital grants					
Home Office	7	8	7	5	0
Culture, Media and Sport	0	0	0	0	0
Welsh Assembly Government	592	513	619	390	466
Total capital grants	599	521	626	395	466
Total Wales	769	684	790	515	554
Northern Ireland capital grants					
Culture, Media and Sport	0	0	0	0	0
Northern Ireland Executive	3	3	16	3	3
Total Northern Ireland	3	3	16	3	3
Total United Kingdom	13,075	15,656	13,779	11,211	11,285

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.4 Local government current and capital expenditure on services in the United Kingdom by function, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	plans
Current					
1. General public services	4,644	4,420	4,104	3,967	3,897
<i>of which: public and common services</i>	4,193	4,241	3,909	3,685	3,642
<i>of which: public sector debt interest ⁽¹⁾</i>	451	179	195	282	255
2. Defence	63	64	62	53	62
3. Public order and safety	15,788	16,256	16,298	16,104	15,876
4. Economic affairs	6,883	7,117	6,575	5,730	5,096
<i>of which: enterprise and economic development</i>	1,806	1,676	1,640	1,112	821
<i>of which: agriculture, fisheries and forestry</i>	73	79	74	74	92
<i>of which: transport</i>	5,004	5,362	4,861	4,544	4,183
5. Environment protection	5,468	5,627	5,639	5,649	5,824
6. Housing and community amenities	3,105	3,249	2,782	2,564	2,523
7. Health	195	82	232	168	111
8. Recreation, culture and religion	4,206	4,339	4,189	3,983	3,804
9. Education	47,583	48,512	49,016	45,585	43,723
10. Social protection	44,697	49,418	50,980	52,164	53,560
Total local government current expenditure on services	132,631	139,084	139,877	135,966	134,475
Accounting adjustments	15,887	16,029	18,248	17,175	16,627
Total local government current expenditure	148,518	155,113	158,125	153,141	151,102
Capital					
1. General public services	1,398	1,163	1,028	907	1,210
<i>of which: public and common services</i>	1,398	1,163	1,028	907	1,210
3. Public order and safety	1,013	928	828	665	695
4. Economic affairs	4,366	4,770	4,820	4,399	4,244
<i>of which: enterprise and economic development</i>	343	320	340	240	157
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	107	118	121	97	132
<i>of which: transport</i>	3,916	4,332	4,359	4,062	3,955
5. Environment protection	474	471	503	463	754
6. Housing and community amenities	2,509	1,814	1,459	1,321	2,105
7. Health	57	58	38	31	43
8. Recreation, culture and religion	1,370	1,530	1,353	1,393	1,577
9. Education	5,706	6,621	6,866	6,430	5,772
10. Social protection	274	376	298	222	328
Total local government capital expenditure on services	17,168	17,731	17,193	15,830	16,728
Accounting adjustments	2,252	554	704	1,766	968
Total local government capital expenditure	19,420	18,285	17,897	17,596	17,696
Total local government expenditure	167,938	173,398	176,022	170,737	168,798

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2008-09 to 2012-13

	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 plans
£ million					
England					
1. General public services	3,566	3,451	3,195	2,856	2,965
<i>of which: public and common services</i>	3,566	3,451	3,195	2,856	2,965
2. Defence	54	56	54	45	53
3. Public order and safety	13,873	14,280	14,187	13,849	13,897
4. Economic affairs	5,823	6,038	5,443	4,571	4,044
<i>of which: enterprise and economic development</i>	1,481	1,333	1,275	748	460
<i>of which: agriculture, fisheries and forestry</i>	60	67	61	61	73
<i>of which: transport</i>	4,282	4,638	4,107	3,762	3,511
5. Environment protection	4,391	4,495	4,486	4,488	4,670
6. Housing and community amenities	2,589	2,748	2,461	2,189	2,092
7. Health	141	30	180	116	66
8. Recreation, culture and religion	3,133	3,254	3,096	2,856	2,757
9. Education	40,456	41,323	41,756	38,409	36,537
10. Social protection	38,051	42,268	43,696	44,931	45,818
Total England	112,077	117,942	118,553	114,311	112,897
Scotland					
1. General public services	444	613	552	663	443
<i>of which: public and common services</i>	444	613	552	663	443
2. Defence	5	5	5	4	4
3. Public order and safety	1,141	1,175	1,318	1,474	1,207
4. Economic affairs	678	721	762	815	741
<i>of which: enterprise and economic development</i>	184	216	231	237	258
<i>of which: agriculture, fisheries and forestry</i>	7	7	7	7	12
<i>of which: transport</i>	487	498	524	571	471
5. Environment protection	590	620	629	639	624
6. Housing and community amenities	186	179	161	101	152
8. Recreation, culture and religion	573	604	591	640	600
9. Education	4,673	4,636	4,674	4,578	4,588
10. Social protection	4,353	4,693	4,765	4,584	5,009
Total Scotland	12,645	13,246	13,457	13,500	13,369
Wales					
1. General public services	183	178	162	167	234
<i>of which: public and common services</i>	183	178	162	167	234
2. Defence	3	3	4	3	5
3. Public order and safety	774	800	792	780	772
4. Economic affairs	359	338	350	322	292
<i>of which: enterprise and economic development</i>	119	106	114	106	84
<i>of which: agriculture, fisheries and forestry</i>	6	6	6	5	6
<i>of which: transport</i>	234	226	230	211	202
5. Environment protection	328	341	351	347	357
6. Housing and community amenities	232	221	174	167	154
8. Recreation, culture and religion	293	294	285	282	273
9. Education	2,454	2,553	2,586	2,598	2,598
10. Social protection	2,293	2,458	2,519	2,649	2,733
Total Wales	6,919	7,187	7,223	7,315	7,418
Total Great Britain	131,641	138,375	139,233	135,126	133,684
Northern Ireland					
4. Economic affairs	21	21	20	20	19
<i>of which: enterprise and economic development</i>	21	21	20	20	19
5. Environment protection	159	170	173	175	173
6. Housing and community amenities	98	100	-13	106	124
7. Health	54	52	52	52	45
8. Recreation, culture and religion	207	187	218	204	174
Total Northern Ireland	539	529	449	558	535
Debt interest ⁽¹⁾	451	179	195	282	255
Total local government current expenditure on services	132,631	139,083	139,877	135,966	134,474
Accounting adjustments	15,887	16,030	18,248	17,175	16,628
Total local government current expenditure	148,518	155,113	158,125	153,141	151,102

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.6 Local government gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2008-09 to 2012-13

	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 plans
£ million					
England					
1. General public services	1,362	1,319	1,091	1,111	1,610
<i>of which: public and common services</i>	1,362	1,319	1,091	1,111	1,610
3. Public order and safety	960	893	797	675	756
4. Economic affairs	3,713	4,115	4,174	3,855	3,537
<i>of which: enterprise and economic development</i>	349	292	301	359	208
<i>of which: employment policies</i>	0	0	0	0	0
<i>of which: agriculture, fisheries and forestry</i>	80	69	70	73	72
<i>of which: transport</i>	3,284	3,754	3,803	3,423	3,257
5. Environment protection	349	377	427	395	659
6. Housing and community amenities	2,352	1,725	1,532	1,224	1,930
7. Health	55	57	38	29	36
8. Recreation, culture and religion	1,051	1,265	1,139	1,097	1,244
9. Education	5,159	6,164	6,370	5,693	5,332
10. Social protection	240	335	274	223	332
Total England	15,241	16,249	15,842	14,304	15,436
Scotland					
1. General public services	268	166	169	141	156
<i>of which: public and common services</i>	268	166	169	141	156
3. Public order and safety	79	63	56	74	0
4. Economic affairs	600	681	536	616	653
<i>of which: enterprise and economic development</i>	95	133	92	97	121
<i>of which: agriculture, fisheries and forestry</i>	61	64	51	52	62
<i>of which: transport</i>	444	484	393	467	470
5. Environment protection	69	66	57	53	64
6. Housing and community amenities	63	68	56	36	11
8. Recreation, culture and religion	210	223	201	252	281
9. Education	479	416	410	585	511
10. Social protection	63	59	50	46	78
Total Scotland	1,831	1,742	1,534	1,805	1,754
Wales					
1. General public services	67	51	55	47	29
<i>of which: public and common services</i>	67	51	55	47	29
3. Public order and safety	62	45	53	38	72
4. Economic affairs	259	228	255	236	318
<i>of which: enterprise and economic development</i>	28	21	29	18	16
<i>of which: agriculture, fisheries and forestry</i>	4	8	20	18	25
<i>of which: transport</i>	227	199	206	200	277
5. Environment protection	54	31	31	28	17
6. Housing and community amenities	200	153	164	185	256
8. Recreation, culture and religion	117	55	50	63	61
9. Education	203	214	232	259	279
10. Social protection	22	22	22	19	26
Total Wales	984	799	863	875	1,058
Total Great Britain	18,056	18,790	18,239	16,984	18,248
Northern Ireland					
4. Economic affairs	4	0	1	1	3
<i>of which: enterprise and economic development</i>	4	0	1	1	3
5. Environment protection	15	8	10	9	25
6. Housing and community amenities	32	30	15	25	40
7. Health	2	1	1	2	7
8. Recreation, culture and religion	64	40	44	53	95
Total Northern Ireland	116	79	71	89	171
Total United Kingdom	18,173	18,869	18,310	17,073	18,418
Memorandum					
United Kingdom gross capital expenditure, from above	18,173	18,869	18,310	17,073	18,418
United Kingdom capital receipts (see table 7.7)	-1,006	-1,138	-1,116	-1,244	-1,689
Total local government net capital expenditure on services	17,167	17,731	17,194	15,829	16,729
Accounting adjustments	2,253	554	703	1,767	967
Total local government net capital expenditure	19,420	18,285	17,897	17,596	17,696

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 plans	
England						
1. General public services	244	227	251	365	553	
<i>of which: public and common services</i>	244	227	251	365	553	
3. Public order and safety	80	67	72	116	129	
4. Economic affairs	194	228	120	285	239	
<i>of which: enterprise and economic development</i>	118	101	60	216	169	
<i>of which: employment policies</i>	0	0	0	0	0	
<i>of which: agriculture, fisheries and forestry</i>	39	23	20	47	27	
<i>of which: transport</i>	37	104	40	22	43	
5. Environment protection	9	6	17	19	7	
6. Housing and community amenities	109	129	282	130	104	
8. Recreation, culture and religion	44	22	51	54	76	
9. Education	102	166	112	81	320	
10. Social protection	45	37	44	62	101	
Total England	828	883	949	1,111	1,529	
Scotland						
1. General public services	44	142	19	16	15	
<i>of which: public and common services</i>	44	142	19	16	15	
3. Public order and safety	5	4	4	5	0	
4. Economic affairs	8	10	20	15	15	
<i>of which: enterprise and economic development</i>	6	9	18	9	9	
<i>of which: agriculture, fisheries and forestry</i>	0	0	0	0	0	
<i>of which: transport</i>	2	1	2	6	6	
5. Environment protection	1	1	1	1	0	
6. Housing and community amenities	4	1	0	6	5	
8. Recreation, culture and religion	3	2	12	1	1	
9. Education	30	4	19	20	20	
10. Social protection	1	0	2	3	3	
Total Scotland	94	164	76	66	60	
Wales						
1. General public services	11	4	17	12	16	
<i>of which: public and common services</i>	11	4	17	12	16	
3. Public order and safety	3	1	3	1	5	
4. Economic affairs	5	17	4	9	13	
<i>of which: enterprise and economic development</i>	5	16	4	9	13	
<i>of which: agriculture, fisheries and forestry</i>	0	0	0	0	0	
<i>of which: transport</i>	0	1	0	0	0	
5. Environment protection	0	0	0	0	1	
6. Housing and community amenities	14	20	8	10	13	
8. Recreation, culture and religion	5	1	1	1	0	
9. Education	4	3	15	7	9	
10. Social protection	5	2	2	1	2	
Total Wales	47	48	50	42	60	
Total Great Britain	969	1,095	1,075	1,219	1,649	
Northern Ireland						
4. Economic affairs	3	0	1	2	1	
<i>of which: enterprise and economic development</i>	3	0	1	2	1	
5. Environment protection	2	4	4	2	3	
6. Housing and community amenities	11	11	18	5	10	
7. Health	0	0	2	0	0	
8. Recreation, culture and religion	19	27	17	16	27	
Total Northern Ireland	36	43	41	25	41	
Total United Kingdom capital receipts	1,006	1,138	1,116	1,244	1,689	

UNCLASSIFIED

Public Spending Statistics July 2013

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 plans
England					
Pay	63,053	64,836	65,214	60,118	58,091
Gross current procurement	55,260	57,483	56,491	54,970	55,554
Income from sales of goods and services	-24,576	-25,680	-25,635	-24,466	-24,866
Subsidies to private sector companies	1,850	2,127	1,963	1,794	1,338
Subsidies to public corporations	20	33	15	14	14
Current grants to persons and non-profit bodies	16,469	19,144	20,504	21,881	22,767
Gross capital procurement	13,526	14,531	14,440	13,137	14,078
Income from sales of capital assets	-828	-883	-949	-1,111	-1,529
Capital grants	1,715	1,718	1,403	1,167	1,358
Total England	126,490	133,309	133,446	127,504	126,803
Scotland					
Pay	7,091	7,472	7,543	7,134	6,818
Gross current procurement	6,781	6,639	6,597	6,544	6,503
Income from sales of goods and services	-2,714	-2,525	-2,445	-2,005	-1,835
Subsidies to public corporations	96	103	102	100	89
Current grants to persons and non-profit bodies	1,392	1,556	1,660	1,728	1,795
Gross capital procurement	1,790	1,693	1,493	1,775	1,746
Income from sales of capital assets	-94	-164	-76	-66	-60
Capital grants	42	48	41	30	8
Total Scotland	14,382	14,824	14,914	15,239	15,063
Wales					
Pay	3,931	3,905	4,084	4,029	4,044
Gross current procurement	3,961	3,738	3,602	3,671	3,711
Income from sales of goods and services	-1,684	-1,290	-1,355	-1,340	-1,331
Current grants to persons and non-profit bodies	712	834	893	956	995
Gross capital procurement	891	708	764	784	936
Income from sales of capital assets	-47	-48	-50	-42	-60
Capital grants	93	91	98	91	122
Total Wales	7,856	7,938	8,036	8,148	8,417
Great Britain					
Pay	74,074	76,213	76,840	71,280	68,953
Gross current procurement	66,002	67,861	66,690	65,184	65,767
Income from sales of goods and services	-28,974	-29,495	-29,435	-27,811	-28,032
Subsidies to private sector companies	1,850	2,127	1,963	1,794	1,338
Subsidies to public corporations	116	136	117	114	103
Current grants to persons and non-profit bodies	18,573	21,533	23,057	24,565	25,556
Gross capital procurement	16,207	16,932	16,697	15,696	16,759
Income from sales of capital assets	-970	-1,095	-1,076	-1,218	-1,649
Capital grants	1,850	1,857	1,542	1,288	1,488
Total Great Britain	148,728	156,070	156,396	150,892	150,283
Northern Ireland					
Pay	283	294	286	292	310
Gross current procurement	407	389	411	410	390
Income from sales of goods and services	-151	-154	-248	-144	-164
Gross capital procurement	116	79	71	89	171
Income from sales of capital assets	-36	-43	-41	-25	-41
Total Northern Ireland	620	565	480	622	665
United Kingdom					
Pay	74,357	76,507	77,126	71,572	69,263
Gross current procurement	66,410	68,250	67,102	65,594	66,157
Income from sales of goods and services	-29,125	-29,649	-29,683	-27,956	-28,196
Subsidies to private sector companies	1,850	2,127	1,963	1,794	1,338
Subsidies to public corporations	116	136	117	114	103
Current grants to persons and non-profit bodies	18,573	21,533	23,057	24,565	25,556
Local government debt interest ⁽¹⁾	451	179	195	282	255
Gross capital procurement	16,324	17,012	16,768	15,785	16,930
Income from sales of capital assets	-1,006	-1,138	-1,116	-1,244	-1,689
Capital grants	1,850	1,857	1,542	1,288	1,488
Total local government expenditure on services	149,800	156,814	157,071	151,794	151,205
Accounting adjustments	18,138	16,584	18,951	18,943	17,593
Total local government expenditure	167,938	173,398	176,022	170,737	168,798

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

BACKGROUND TO LOCAL GOVERNMENT FINANCING AND EXPENDITURE

7.1 This chapter describes central government support for local government within budgets (**Tables 7.1 to 7.3**) and local government expenditure on services (**Tables 7.4 to 7.8**). It deals primarily with Great Britain - most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in this chapter.

7.2 All data are covered by National Statistics protocols.

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

7.4 Local government spending data for all years up to 2011-12 are final outturn. Data for 2012-13 are based on budget plans.

WHAT'S NEW

7.5 There have been no significant changes to the presentation of data within this chapter since PESA 2012.

THE FINANCING OF LOCAL GOVERNMENT EXPENDITURE

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

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

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

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

SUPPORT FOR LOCAL GOVERNMENT CURRENT SPENDING

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

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

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

SUPPORT FOR LOCAL GOVERNMENT CAPITAL PROGRAMMES

7.12 Central government support for local government capital expenditure comprises capital grants and Supported Capital Expenditure (Revenue) up to 31 March 2011 in England, equivalent to supported borrowing in Scotland. The latter enables local authorities to borrow or use other forms of credit to finance capital expenditure, with central government providing a revenue stream to support repayment of principal and interest. This is distinct from prudential borrowing where local authorities finance any additional borrowing from their own available resources. Table 7.3 shows the components of central government capital support within the United Kingdom by country and department.

DATA SOURCES AND DATA QUALITY

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

LOCAL GOVERNMENT EXPENDITURE

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

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

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

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

7.17 The functional categories in **Tables 7.4 to 7.7** are based on the UN Classification Of the Functions Of Government (COFOG) and are consistent with the functional categories used in other 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 PSS. In general the read-across from service categories to COFOG categories is relatively clear, but in some cases it is less straightforward and assumptions are applied.

7.22 Although the quality of the local government expenditure data in PSS is good enough to provide a broad picture of local government spending, the quality is likely to be lower than the quality of the central government data in PSS. Figures are shown to the nearest £1m so that

users performing calculations on the numbers do not introduce errors due to working on rounded numbers.

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

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

England – CLG publication Local Government Financial Statistics

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

Scotland – Scottish Government publication

- [<http://www.Scotland.gov.uk/topics/statistics>]

Wales – Welsh Government publication

- [<http://www.wales.gov.uk/statistics>]

PUBLIC CORPORATIONS

OVERVIEW

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

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

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

- Public corporations' capital expenditure was £6.7bn in 2012-13, down from £7.1bn the year before.
- Out of this total, expenditure by the Housing Revenue Account (for England, Scotland and Wales) was £3.4bn, up from £2.6bn the previous year.
- The other main contributors to public corporations capital expenditure were London Underground, Scottish Water and the Royal Mail.
- Public corporations expenditure on debt interest was £0.2bn in 2012-13.

UNCLASSIFIED

Public Spending Statistics July 2013

Table 8.1 Public corporations' contribution to budgets and Total Managed Expenditure⁽¹⁾, 2008-09 to 2012-13

	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
	£ million				
Resource DEL					
CG dividends from PCs (-)	-108	-64	-89	-94	-77
CG interest from PCs (-)	-85	-94	-101	-102	-103
Subsidies to PCs	1,254	1,058	1,244	1,126	1,481
Loans written off - mutual consent	-	-	-	-	-
Total resource DEL	1,060	900	1,053	930	1,301
Resource departmental AME					
CG dividends from PCs (-)	-452	-119	-88	-66	-106
CG interest from PCs (-)	-284	-79	-18	-15	-91
Subsidies to PCs	-312	-177	-658	-776	-82
Loans written off - mutual consent	-	-	-	-	-
Total resource departmental AME	-1,048	-375	-765	-857	-280
Total public corporations' contribution to resource budget	12	525	288	73	1,021
Capital DEL					
CG investment grants to PCs	479	733	394	379	280
Net lending to PCs	116	185	-199	-44	24
Market and overseas borrowing	-1	-86	-5	-18	-16
Total capital DEL	594	832	190	316	288
Capital departmental AME					
Net lending to PCs	-735	97	-361	187	-198
Total capital departmental AME	-735	97	-361	187	-198
Total public corporations' contribution to capital budget	-140	929	-171	504	90
Other AME					
PC own-financed capital expenditure ⁽²⁾	9,331	8,191	9,300	6,547	6,653
Accounting adjustments	1,059	-258	115	256	-868
Public corporations' expenditure in TME⁽³⁾	10,262	9,387	9,532	7,380	6,896
<i>of which:</i>					
PC current expenditure in TME	439	235	371	329	153
PC gross investment in TME	9,823	9,152	9,161	7,051	6,743

(1) Data in this table differ from those shown for public corporations in Table 1.13. Central government subsidies to public corporations are classified as central government own spending in National Accounts, and are shown as such in Table 1.13. In Table 8.1 subsidies are shown as part of public corporations' contribution to the resource budget.

Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

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

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 8.2 Public corporations' contribution to budgets by departmental group⁽¹⁾, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
Resource DEL						
Health	51	-1	-2	10	70	
Transport	12	72	50	-1	12	
Communities and Local Government	15	38	20	24	-3	
Business, Innovation and Skills	271	141	230	153	314	
Defence	-43	-23	-33	-35	-34	
Foreign and Commonwealth Office	195	193	185	179	166	
Environment, Food and Rural Affairs	53	49	37	36	6	
Culture, Media and Sport	0	0	83	63	323	
Work and Pensions	174	117	174	206	141	
Scotland	28	4	12	21	48	
Wales	0	3	0	0	0	
Northern Ireland	306	306	299	275	260	
Chancellor's Departments	0	0	0	0	0	
Cabinet Office	0	0	-2	-2	-3	
Small and Independent Bodies	0	0	0	0	0	
Total resource DEL	1,060	900	1,053	930	1,301	
Resource departmental AME						
Transport	-	-	-	-	-	
Communities and Local Government	-222	-86	-582	-704	-13	
Business, Innovation and Skills	-39	-24	-23	-29	-133	
Energy and Climate Change	0	0	0	0	0	
Wales	-93	-93	-79	-74	-72	
Chancellor's Departments	-586	-97	-67	-40	-55	
Small and Independent Bodies	-109	-74	-14	-10	-7	
Total resource departmental AME	-1,048	-375	-765	-857	-280	
Total public corporations' contribution to resource budget	12	525	288	73	1,021	
Capital DEL						
Health	19	0	0	-10	8	
Transport	85	186	-242	-37	-31	
Communities and Local Government	0	2	3	14	-11	
Business, Innovation and Skills	66	59	76	5	6	
Home Office	10	0	29	0	0	
Defence	-101	-55	-72	-5	-6	
Foreign and Commonwealth Office	37	36	33	23	6	
International Development	-	-	-	-	-	
Environment, Food and Rural Affairs	28	25	18	18	14	
Culture, Media and Sport	0	0	0	2	39	
Work and Pensions	0	7	2	1	0	
Scotland	232	252	135	84	158	
Wales	0	99	5	-11	-16	
Northern Ireland	218	221	203	231	121	
Chancellor's Departments	-	-	-	-	-	
Small and Independent Bodies	-	-	-	-	-	
Total capital DEL	594	832	190	316	288	
Capital departmental AME						
Health	-	-1	-	-	-	
Business, Innovation and Skills	-525	260	-261	239	-157	
Small and Independent Bodies	-210	-162	-100	-52	-40	
Total capital departmental AME	-735	97	-361	187	-198	
Total public corporations' contribution to capital budget	-140	929	-171	504	90	
Total public corporations' contribution to budgets	-128	1,454	118	576	1,111	

(1) Data in this table differ from those shown for public corporations in Table 1.13. Central government subsidies to public corporations are classified as central government own spending in National Accounts, and are shown as such in Table 1.13. In Table 8.2 subsidies are shown as part of public corporations' contribution to the resource budget.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 8.3 Public corporations' capital expenditure on services, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
Health						
Medicines and Healthcare Products Regulatory Agency ^(†)	6	8	18	3	#	
NHS Estates ^(†)	19	17	8	7	#	
Total Health	25	25	27	11	#	
Transport						
Civil Aviation Authority	4	4	0	1	#	
Driving Standards Agency ^(†)	3	0	12	6	#	
Vehicle and Operator Services Agency ^(†)	15	10	1	3	#	
London and Continental Railways	-70	0	0	0	#	
Total Transport	-48	14	13	9	#	
Communities and Local Government						
Fire Service College ^(†)	1	0	1	2	1	
QEII Conference Centre ^(†)	1	1	0	0	0	
Total Department for Communities and Local Government	2	2	2	2	2	
Business, Innovation and Skills						
UK Intellectual Property Office	1	4	2	2	1	
British Nuclear Fuels Limited ^(S)	-	-	-	-	-	
Companies House ^(†)	14	8	9	3	-2	
Royal Mail Holdings ^(S)	444	347	201	198	243	
Ordnance Survey ^(†)	22	117	26	9	15	
Meteorological Office ^(†)	26	26	26	27	27	
Total Business, Innovation and Skills	507	503	265	238	284	
Home Office						
Forensic Science Service ^(†)	6	4	4	1	#	
Total Home Office	6	4	4	1	#	
Justice						
Land Registry ^(†)	27	15	-29	13	9	
Total Justice	27	15	-29	13	9	
Defence						
Defence Support Group	7	7	7	7	7	
Defence Science and Technology Laboratory ^(†)	41	41	41	41	41	
Hydrographic Office ^(†)	8	8	8	8	8	
Navy, Army and Air Force Institute	3	3	3	3	3	
Total Defence	59	59	59	59	59	
Foreign and Commonwealth Office						
British Council	9	7	16	12	0	
Total Foreign and Commonwealth Office	9	7	16	12	0	
International Development						
CDC Group ^(S)	86	79	6	7	0	
Actis ^(S)	1	1	1	1	1	
Total International Development	87	80	6	7	0	
Energy and Climate Change						
British Energy ^(†)	244	-	-	-	-	
Total Energy and Climate Change	244	-	-	-	-	

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 8.3 Public corporations' capital expenditure on services, 2008-09 to 2012-13

	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
£ million					
Environment Food and Rural Affairs					
British Waterways	-51	-18	1	0	#
Total Environment Food and Rural Affairs	-51	-18	1	0	#
Culture Media and Sport					
Channel Four Television Corporation ^(S)	9	-4	6	15	#
Historic Royal Palaces Trust	1	0	0	0	#
Tote ^(S)	17	16	17	0	#
Total Culture Media and Sport	27	12	22	15	#
Work and Pensions					
Remploy	-11	10	2	1	1
Pension Protection Fund	1	2	0	0	0
National Employment Savings Trust	0	0	1	17	10
Total Work and Pensions	-10	12	3	18	11
Scotland					
Caledonian MacBrayne	8	6	6	6	#
Forest Enterprise	2	5	7	5	#
Scottish Water	699	648	443	491	#
Total Scotland	709	659	455	502	#
Northern Ireland					
Northern Ireland Driver and Vehicle Testing Agency ^(T)	2	1	3	0	3
Northern Ireland Housing Executive	275	260	228	202	126
Northern Ireland Public Trust Port Authority	0	0	0	34	42
Northern Ireland Transport Holding Company	85	70	71	110	60
Total Northern Ireland	362	332	301	345	232
Chancellor's Departments					
Crown Estate ^(S)	180	-28	191	-213	0
Total Chancellor's Departments	180	-28	191	-213	0
Local Government					
London Underground Limited ⁽²⁾	1,653	1,515	1,525	1,435	1,231
England Housing Revenue Account	3,226	3,276	2,894	1,930	2,636
Scotland Housing Revenue Account	353	430	480	553	596
Wales Housing Revenue Account	126	121	120	140	152
Total Local Government	5,358	5,341	5,019	4,059	4,615
Total public corporations' capital expenditure on services	7,494	7,016	6,354	5,078	5,211
Accounting Adjustments	2,329	2,136	2,807	1,973	1,532
Total public corporations' capital expenditure⁽³⁾	9,823	9,152	9,161	7,051	6,743

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).

(1) The Government sold shares in British energy in January 2009, but it is still currently classified by the ONS as a public corporation.

(2) Includes capital spending by Infracos (Metronet and Tubelines).

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 8.4 Public corporations' current and capital expenditure on services by function, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
Public corporations' current expenditure on services						
1. General public services	439	235	371	329	153	
<i>of which: public sector debt interest</i>	439	235	371	329	153	
Total public corporations' current expenditure on services	439	235	371	329	153	
Accounting adjustments	-	-	-	-	-	
Total public corporations' current expenditure	439	235	371	329	153	
Public corporations' capital expenditure on services						
1. General public services	327	192	211	-155	35	
<i>of which: public and common services</i>	231	105	189	-175	35	
<i>of which: international services</i>	96	86	22	19	-	
2. Defence	85	85	85	86	86	
3. Public order and safety	7	4	5	3	1	
4. Economic affairs	2,344	1,962	1,839	1,802	1,579	
<i>of which: enterprise and economic development</i>	702	359	212	203	242	
<i>of which: employment policies</i>	-11	10	2	1	1	
<i>of which: agriculture, fisheries and forestry</i>	-48	-13	7	5	-	
<i>of which: transport</i>	1,700	1,606	1,618	1,593	1,336	
5. Environment protection	-	-	-	-	-	
6. Housing and community amenities	4,679	4,735	4,165	3,316	3,511	
7. Health	25	25	27	11	-	
8. Recreation, culture and religion	27	12	22	15	-	
10. Social protection	1	2	0	0	0	
Total public corporations' capital expenditure on services	7,494	7,016	6,354	5,078	5,211	
Accounting adjustments	2,329	2,136	2,807	1,973	1,532	
Total public corporations' capital expenditure	9,823	9,152	9,161	7,051	6,743	

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 8.5 Public corporations' current and capital expenditure by economic category, 2008-09 to 2012-13

	National Statistics					£ million
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	
Public corporations' current expenditure on services						
Public corporations' debt interest	439	235	371	329	153	
Total public corporations' current expenditure on services	439	235	371	329	153	
Accounting adjustments	0	0	0	0	0	
Total public corporations' current expenditure	439	235	371	329	153	
Public corporations' capital expenditure on services						
Gross capital procurement	8,369	7,874	7,386	6,594	5,713	
Income from sales of assets	-1,045	-1,061	-1,223	-1,681	-605	
Capital grants	170	203	191	164	103	
Total public corporations' capital expenditure on services	7,494	7,016	6,354	5,078	5,211	
Accounting adjustments	2,329	2,136	2,807	1,973	1,532	
Total public corporations' capital expenditure	9,823	9,152	9,161	7,051	6,743	
Total public corporations' expenditure on services	7,933	7,251	6,725	5,407	5,364	
Accounting adjustments	2,329	2,136	2,807	1,973	1,532	
Total public corporations' expenditure⁽¹⁾	10,262	9,387	9,532	7,380	6,896	

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

UNCLASSIFIED

BACKGROUND TO PUBLIC CORPORATIONS

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

8.2 All data in this chapter are National Statistics.

WHAT'S NEW

8.3 There have been no significant changes to the presentation of data within this chapter since PESA 2012.

DEFINITION OF PUBLIC CORPORATIONS

8.4 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 (SFPCS)

8.5 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.

8.6 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

8.7 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.

8.8 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.

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

THE BUDGETING CONTROL FRAMEWORK

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

- subsidies paid to the public corporation by the department (in resource DEL);
- capital grants paid to the public corporation by the department (in capital DEL);
- interest and dividends received from the public corporation (resource DEL, or resource AME if an SFPC);
- equity purchase in and withdrawals from public corporations (capital DEL, or capital AME if an SFPC) – included with net lending in **Table 8.1**;
- loans and public dividend capital (PDC) invested in the public corporation (capital DEL, or capital AME if an SFPC) – also included with net lending in **Table 8.1**;
- public corporations' market and overseas borrowing (PCMOB) where, exceptionally, it is permitted (capital DEL, or capital AME if an SFPC); and

8.11 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.

8.12 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.

8.13 **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).

8.14 **Table 8.1** shows the impact on departmental budgets (DEL and departmental AME) of public corporations accountable to Ministers. It also shows a reconciliation to the impact of all public corporations, including those accountable to local government, on TME. In this presentation PC gross investment in TME is shown to be the sum of:

- government capital support in budgets (investment grants and net lending to PCs);
- PCMOB in budgets; and
- public corporations' own-financed capital expenditure.

Grants and subsidies in budgets also include those paid to public corporations under schemes that are generally available to the private sector. Any loans between departments and their PCs that are written off by mutual consent will also be shown here.

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

THE NATIONAL ACCOUNTS

8.16 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.

8.17 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.

8.18 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.

8.19 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).

8.20 Table 8.3 shows the capital expenditure of each major public corporation sponsored by a central government department, and of the biggest public corporations accountable to local government. It also identifies those that are self-financing public corporations or trading funds. The table does not identify separately small public corporations controlled by central government departments nor most public corporations under local authority control – their capital expenditure is included in the accounting adjustments. The figures include the purchase of assets, less sales, plus any capital grants paid by a public corporation net of any received from the private sector or abroad.

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

SOURCES OF DATA AND DATA QUALITY

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

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

FURTHER INFORMATION

8.24 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 website³ in *Sector classification for the National Accounts*.

³ http://www.statistics.gov.uk/downloads/theme_economy/MA23.xls

PUBLIC EXPENDITURE BY COUNTRY AND ADDITIONAL TABLES

The Country and Regional Analysis is published in Autumn each year. As a result there is no new substantive data on regional spending for inclusion in this release, we have however updated the data to reflect the latest GDP deflators and mid-year population estimates. In this release we have included the updated summary tables 9.1 and 9.2 for the Country and Regional Analysis. Alongside this release we will be publishing in electronic form for a full set of updated CRA 2012 tables. CRA 2013 will be published in the Autumn.

Additionally we have included several other tables which complement provide more detail on the tables shown above in this release. In particular we have included the GDP deflators used to calculate the real terms tables.

UNCLASSIFIED

Public Spending Statistics July 2013

Table 9.1 Total identifiable expenditure on services by country and region, 2007-08 to 2011-12

	£ million					as a per cent of identifiable expenditure				
	National Statistics					National Statistics				
	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
North East	21,064	22,830	24,413	24,503	24,378	4	4	4	4	4
North West	55,526	59,164	63,796	64,754	64,776	12	11	11	11	11
Yorkshire and the Humber	38,069	41,668	44,941	45,191	45,154	8	8	8	8	8
East Midlands	30,266	32,664	35,325	36,117	36,229	6	6	6	6	6
West Midlands	40,431	43,551	46,907	47,111	47,100	8	8	8	8	8
East	37,068	40,384	44,348	45,182	45,638	8	8	8	8	8
London	67,445	71,777	78,881	79,407	78,867	14	14	14	14	14
South East	54,450	59,732	63,791	64,328	65,458	11	12	11	11	11
South West	35,739	39,106	41,840	42,536	43,311	7	8	7	7	8
Total England	380,059	410,875	444,242	449,129	450,911	79	80	79	79	79
Scotland	46,431	48,605	51,572	52,073	53,012	10	9	9	9	9
Wales	25,486	27,203	29,022	29,621	29,842	5	5	5	5	5
Northern Ireland	16,778	17,807	18,860	19,001	19,273	3	3	3	3	3
UK identifiable expenditure	468,753	504,490	543,697	549,824	553,037	97	98	97	97	97
Outside UK	13,694	12,071	16,205	19,271	18,815	3	2	3	3	3
Total identifiable expenditure	482,447	516,561	559,902	569,095	571,852	100	100	100	100	100

	£ million					as a per cent of Total Managed Expenditure				
	National Statistics					National Statistics				
	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
Identifiable expenditure	482,447	516,561	559,902	569,095	571,852	82	81	83	82	82
Non-identifiable expenditure ⁽¹⁾	73,373	86,957	82,710	93,464	95,708	13	14	12	13	14
Public sector expenditure on services	555,821	603,518	642,612	662,558	667,560	95	95	96	95	96
Accounting adjustments	30,776	30,734	29,879	31,361	27,046	5	5	4	5	4
Total Managed Expenditure⁽²⁾	586,597	634,252	672,491	693,919	694,606	100	100	100	100	100

⁽¹⁾ The increase in 2008-09 relates to the financial sector interventions. See Box 5.A for details.⁽²⁾ This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table 9.2 Total identifiable expenditure on services by country and region, per head 2007-08 to 2011-12

	£ per head					Index (UK identifiable expenditure = 100)				
	National Statistics					National Statistics				
	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn
North East	8,222	8,886	9,479	9,472	9,389	108	109	108	108	107
North West	8,013	8,502	9,132	9,224	9,180	105	104	105	105	105
Yorkshire and the Humber	7,372	8,015	8,604	8,600	8,539	96	98	98	98	98
East Midlands	6,871	7,355	7,900	8,013	7,984	90	90	90	91	91
West Midlands	7,416	7,924	8,485	8,464	8,398	97	97	97	97	96
East	6,557	7,074	7,711	7,780	7,785	86	87	88	89	89
London	8,767	9,188	9,931	9,850	9,613	115	113	114	112	110
South East	6,520	7,089	7,513	7,499	7,565	85	87	86	86	87
South West	6,912	7,513	8,005	8,085	8,171	90	92	92	92	93
England	7,397	7,930	8,511	8,532	8,491	97	97	97	97	97
Scotland	9,026	9,404	9,929	9,972	10,088	118	115	114	114	115
Wales	8,478	8,990	9,550	9,712	9,740	111	110	109	111	111
Northern Ireland	9,524	10,008	10,517	10,528	10,623	125	123	120	120	121
UK identifiable expenditure	7,648	8,165	8,738	8,766	8,745	100	100	100	100	100

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table C.1 Transactions with the institutions of the EU, 2008-09 to 2012-13

	£ million				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
GNI based contribution	8,654	10,637	11,092	11,218	12,303
UK abatement	-5,595	-4,218	-2,678	-3,516	-3,172
Net expenditure transfers to the EU	3,060	6,419	8,414	7,702	9,131
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) ⁽¹⁾	-682	-658	-745	-735	-653
to give contribution to TME	2,378	5,760	7,669	6,967	8,479
TOR ⁽¹⁾	2,728	2,633	2,979	2,940	2,823
VAT-based payments to the EU	2,455	1,121	2,266	2,276	2,398
Gross contribution to the EU budget	7,561	9,515	12,915	12,184	13,699
Public sector EU receipts ⁽²⁾	-4,558	-4,791	-4,009	-4,783	-3,806
Net contributions to the EU budget	3,002	4,724	8,906	7,401	9,893
<i>less</i> Attributed Aid ⁽³⁾	728	899	932	837	855
<i>less</i> Common Foreign and Security Policy ⁽³⁾	23	29	34	34	34
<i>less</i> Other attributed costs ⁽³⁾	-	69	43	163	82
Net payments to EU institutions	2,252	3,727	7,897	6,367	8,922

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

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

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

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table D.1 Pay as you go public service pensions schemes in AME and in TME, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
Departmental AME (IFRS basis)					
Change in liability	24,779	22,124	-56,752	27,069	26,765
Contributions received*	-19,439	-20,673	-21,360	-21,142	-22,019
Cash payments in SoCNE not covered by release of provision*	0	78	39	85	51
Net public service pensions (IFRS basis)	5,340	1,528	-78,073	6,012	4,797
Unwinding of discount rate (= contribution to non-cash items)	36,510	39,154	37,615	43,452	39,713
Total Departmental AME (IFRS basis)	41,850	40,682	-40,458	49,464	44,510
Accounting adjustments					
Remove change in liability	-24,779	-22,124	56,752	-27,069	-26,765
Remove increased liability due to unwinding of discount rate	-36,510	-39,154	-37,615	-43,452	-39,713
Add pensions in payment covered by release of provision* +	22,479	24,272	25,928	27,725	30,511
Accounting adjustments (Pensions)	-38,810	-37,005	45,065	-42,795	-35,968
Contribution to TME (National Accounts basis)	3,040	3,677	4,607	6,668	8,542
of which:					
Pensions in payment*	22,478	24,350	25,967	27,810	30,562
Contributions received*	-19,439	-20,673	-21,360	-21,142	-22,019

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

+ offsets change in gross liability.

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Table E.1 Derivation of public sector expenditure on services from departmental groups' budgets, 2012-13

	Education	Health	Transport	Communities and Local Government	Business, Innovation and Skills	Home Office	Justice	Law Officers' Departments	Defence	Foreign and Commonwealth Office	International Development	Energy and Climate Change	Environment, Food and Rural Affairs	Culture, Media and Sport	Work and Pensions	Scotland	Wales	Northern Ireland	Chancellor's Departments	Cabinet Office	Small and Independent Bodies	Total for all departments
£ million																						
Departmental Budgets																						
Resource DEL	50,886	102,513	5,283	23,285	19,220	11,442	8,593	599	35,874	2,152	6,129	1,129	2,077	3,286	7,360	26,123	13,681	10,031	3,495	2,470	1,457	337,087
Capital DEL	4,449	3,838	7,826	2,473	1,240	442	282	2	7,843	100	1,653	2,038	414	412	375	2,940	1,363	969	218	363	63	39,304
Resource Departmental AME	11,598	18,840	507	553	-92	1,260	915	5	7,360	88	191	5,388	-29	4,178	160,761	2,754	175	7,656	24,306	9,434	-110	255,740
Capital Departmental AME	-	-	-61	0	6,129	-	-	0	-35	-	-6	-20	-1	622	27	188	255	344	-3,601	-	-40	3,799
Remove																						
Grants to local government	-37,732	-245	-6,559	-25,041	-2	-10,459	0	-	-	-	-	-62	-169	-1,407	-24,055	-9,690	-6,023	-62	-	-1	-	-121,506
Capital grants to public corporations	-	-8	-4	-	-	-	-	-	-	-6	-	-	-14	-39	-	-16	0	-194	-	-	-	-280
Depreciation	-646	-2,248	-1,278	-72	-3,589	-256	-499	-9	-10,339	-228	-25	-130	-211	-1,358	-245	-919	-590	-977	16,918	-444	-61	-7,204
Provisions	-8,288	-18,838	23	-9	-207	-7	-919	-2	-3,381	-18	-65	-5,314	45	25	-43	-2,321	-80	-1,630	552	-6,107	-122	-46,706
Financial transactions	-2	-239	35	-208	-6,337	-	-	-	6	-	23	108	0	-	-97	-333	-344	-108	3,590	0	40	-3,867
Interest and dividends	0	23	-299	16	815	-33	-	-	-183	-	1	2	8	105	6	132	24	-34	1,671	-31	51	2,272
Items classified as revenue in National Accounts	1	-1,624	1,752	79	307	635	-	3	113	27	-759	96	72	61	-349	-1	11	-3	-2,382	10	146	-1,805
EU receipts	-	-20	57	395	173	21	-	-	-	-	-	-	2,129	-	187	702	484	371	-	-	1	4,501
Other items not in TME	-1,338	-26	40	37	1,052	33	0	0	21	0	-1,220	-94	42	478	-752	0	-28	588	-47	-29	-2	-1,243
Add																						
Local government current expenditure	42,958	14,935	5,191	8,196	416	12,648	124	-	-	-	-	-	5,492	2,193	24,641	11,339	5,496	535	-	57	-	134,221
Local government capital expenditure	5,067	211	3,300	3,068	112	462	0	-	-	-	-	-	902	962	0	1,583	931	130	-	0	-	16,728
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Public corporations' capital expenditure	-	-	1,231	2,638	284	-	9	-	59	-	-	-	-	-	11	596	152	232	-	-	-	5,212
Public sector debt interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,375	-	-	47,375
EU transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,701	-	-	3,701
Grant equivalent element of student loans	-	-	-	-	3,433	-	-	-	-	-	-	-	-	-	-	124	-	252	-	-	-	3,809
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Public sector expenditure on services	66,954	117,112	17,043	15,410	22,954	16,188	8,505	599	37,338	2,115	5,923	3,141	10,757	9,519	167,828	33,199	15,507	18,102	95,794	5,722	1,424	671,138

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

Population numbers by country and region

F.1 The population numbers used in Chapter 9 and 10 are in the table below. The mid year numbers are then directly applied to the relevant financial year (e.g. mid 2007 to financial data for 2007-08).

Table F.1 Population numbers by country and region

	mid-2007	mid-2008	mid-2009	mid-2010	Thousands mid-2011
North East	2,562	2,569	2,575	2,587	2,596
North West	6,929	6,959	6,986	7,020	7,056
Yorkshire and the Humber	5,164	5,199	5,223	5,255	5,288
East Midlands	4,405	4,441	4,472	4,507	4,537
West Midlands	5,452	5,496	5,528	5,566	5,609
East	5,654	5,708	5,751	5,807	5,862
London	7,694	7,812	7,943	8,062	8,204
South East	8,351	8,426	8,491	8,578	8,653
South West	5,171	5,205	5,227	5,261	5,301
England	51,381	51,816	52,196	52,643	53,107
Scotland	5,144	5,169	5,194	5,222	5,255
Wales	3,006	3,026	3,039	3,050	3,064
Northern Ireland	1,762	1,779	1,793	1,805	1,814
United Kingdom	61,293	61,789	62,223	62,720	63,240

Sources:
 Population Estimates for England and Wales produced by the Office for National Statistics^[1] and are based upon the 2011 Census.
 Population Estimates for Scotland produced by the General Register Office for Scotland^[2] and are based upon the 2001 Census.
 Population Estimates for Northern Ireland produced by the Northern Ireland Research and Statistics Agency^[3] and are based upon the 2011 Census.

[1] <http://www.ons.gov.uk>

[2] <http://www.gro-scotland.gov.uk>

[3] <http://www.nisra.gov.uk>

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

GDP deflators

F.2 A number of the tables in this publication give figures in real terms. Real terms figures are the current price outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2012-13 prices. The GDP deflators used in this publication are those given below. The most up to date deflators can be found on the GOV.UK website^[1].

Table F.2 GDP deflators and money GDP

Outturn data are based on the June 2013 National Accounts figures from ONS			
Financial year	GDP deflator at market prices		Money GDP
	2012-13 = 100	Per cent change on previous year	£ million
1971-72	10.039	8.65	59,302
1972-73	10.871	8.29	67,453
1973-74	11.627	6.95	75,309
1974-75	13.886	19.43	89,904
1975-76	17.415	25.41	112,102
1976-77	19.799	13.69	130,998
1977-78	22.499	13.64	152,484
1978-79	24.954	10.91	174,331
1979-80	29.114	16.67	209,653
1980-81	34.433	18.27	239,195
1981-82	37.727	9.57	263,139
1982-83	40.289	6.79	287,681
1983-84	42.063	4.40	313,225
1984-85	44.173	5.02	336,754
1985-86	46.525	5.32	369,914
1986-87	47.877	2.90	396,262
1987-88	50.439	5.35	441,979
1988-89	53.724	6.51	492,180
1989-90	57.346	6.74	539,946
1990-91	61.439	7.14	580,769
1991-92	65.439	6.51	612,376
1992-93	66.861	2.17	633,109
1993-94	68.304	2.16	671,839
1994-95	69.290	1.44	711,063
1995-96	71.190	2.74	752,384
1996-97	72.585	1.96	803,891
1997-98	71.807	-1.07	856,014
1998-99	73.179	1.91	903,201
1999-00	74.621	1.97	953,810
2000-01	75.147	0.71	1,000,990
2001-02	77.191	2.72	1,040,339
2002-03	78.987	2.33	1,098,061
2003-04	80.517	1.94	1,164,429
2004-05	82.740	2.76	1,229,516
2005-06	84.251	1.83	1,295,438
2006-07	86.672	2.87	1,369,907
2007-08	88.851	2.51	1,447,844
2008-09	91.342	2.80	1,442,253
2009-10	93.866	2.76	1,432,213
2010-11	96.315	2.61	1,502,176
2011-12	98.517	2.29	1,544,863
2012-13	100.000	1.50	1,568,241

GDP Deflator: For all years: calculated from Office for National Statistics (ONS) data for seasonally adjusted current and constant price GDP (YBHA and YBAM)

Money GDP: For all years: ONS data for money GDP (not seasonally adjusted, BKTL)

UNCLASSIFIED

UNCLASSIFIED

Public Spending Statistics July 2013

UNCLASSIFIED