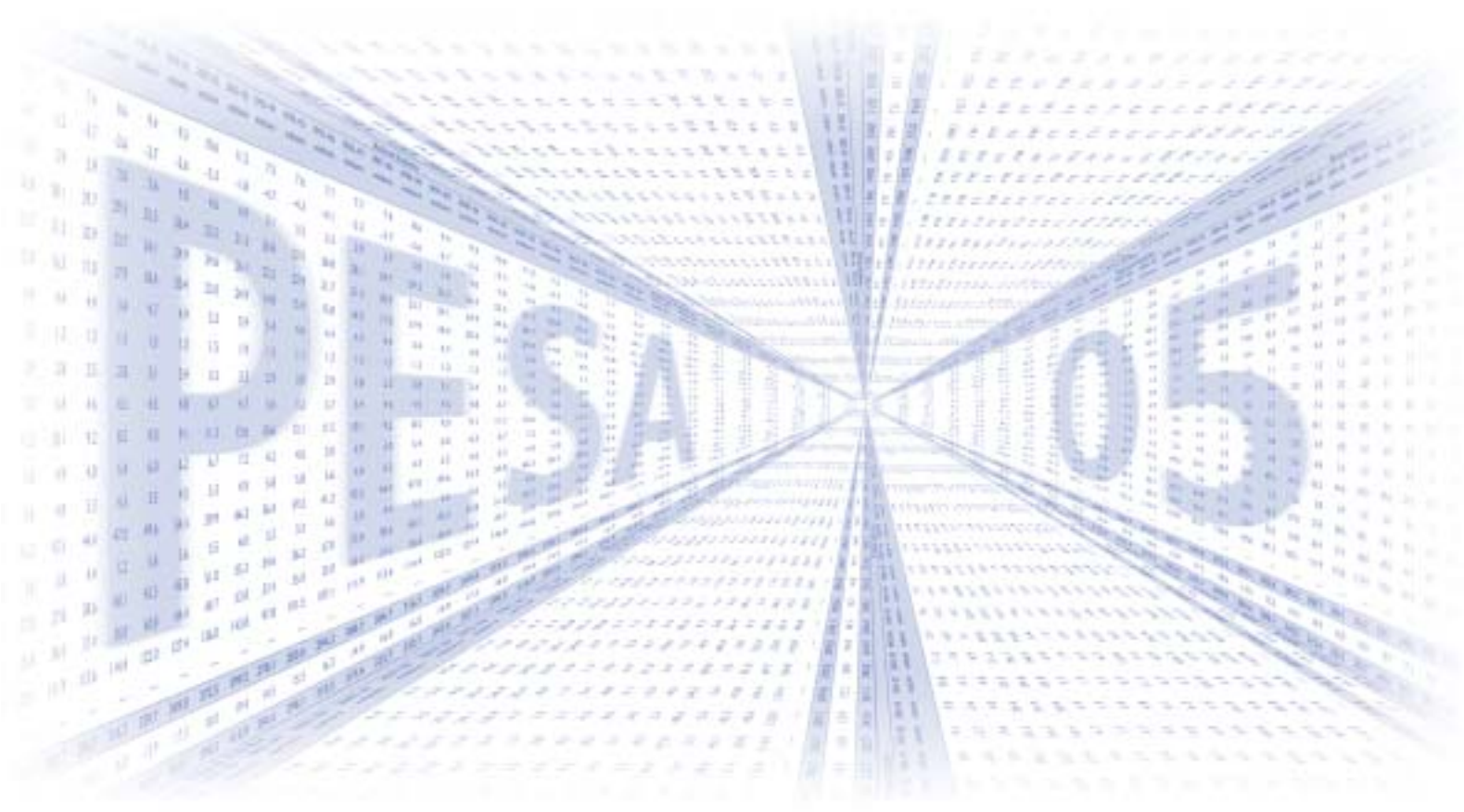


Public Expenditure Statistical Analyses 2005

April 2005



Cm 6521

HM TREASURY



This document is part of a series of Departmental Reports which, along with the *Central Government Supply Estimates 2005–06: Main Supply Estimates* and *Central Government Supply Estimates 2005–06: Supplementary Budgetary Information*, present the Government's expenditure plans for 2005–08.

The complete series of Departmental Reports and *Public Expenditure Statistical Analyses 2005* are also available as a set at a discounted price.



HM TREASURY



Public Expenditure Statistical Analyses 2005

April 2005

Presented to Parliament by
the Chancellor of the Exchequer
by Command of Her Majesty

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INTRODUCTION AND OVERVIEW

Public Expenditure Statistical Analyses (PESA) is a compendium that brings together recent outturn data, estimated outturns for the latest year and spending plans over the whole range of UK public expenditure. It is published annually as a Command paper, normally alongside the Main Supply Estimates and Supplementary Budgetary Information. Further information on each government department's spending is set out in the individual departmental reports, which will be published sometime after PESA.

The two objectives of PESA

PESA serves two purposes:

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

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

- Tables in Chapters 1, 2 and 5, and the early tables in chapters 4, 6 and 7 deal mainly with the budgeting aggregates, and their reconciliation to national accounts;
- Tables in Chapters 3 and 8, and the later tables in chapters 4, 6 and 7 provide analyses of TES.

Period covered by PESA tables

All data series in PESA are annual, and for financial years. Tables in PESA normally cover a span of up to nine years – five years' outturns, estimated outturn for the latest year and two or three years' spending plans, depending on the year of the latest Spending Review, where available. (In certain areas, eg. local authority expenditure, detailed plans for future years are not available.) In this year's PESA, plans are available for three years so analyses generally cover the nine years 1999-2000 to 2007-08. Some series are presented over a longer historical period.

Consistency with FSBR

Information in PESA 2005 is consistent with the fiscal projections and public spending plans set out in Chapter C of the 2005 Financial Statement and Budget Report (HC372; 16 March 2005), except in a few areas where later information is available and has been incorporated.

National Statistics in PESA

Most of the outturn data (up to 2003-04) are National Statistics. National Statistics are those figures which Ministers have decided should come within the scope of the principles of the National Statistics Code of Practice. The Code seeks to ensure that National Statistics will be valued for their relevance, integrity, quality and accessibility. More information about National Statistics is available on the National Statistics web site at www.statistics.gov.uk.

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

Estimated outturns for 2004-05 and spending plans for future years are outside the scope of National Statistics. So are certain presentations of data relating to costs within the departmental administration costs control regime.

Public expenditure National Statistics updates

Outturn data to 2003-04 for certain key series in PESA were released on Budget day, 16 March 2005. The key series were:

- Total Managed Expenditure, by budgetary category (PESA 2005 Table 1.1);
- Departmental Expenditure Limits, resource and capital, by departmental group (PESA 2005, DEL parts of Tables 1.5 and 1.9); and
- Total Expenditure on Services by function, (PESA 2005, Table 3.2).

These key series are updated three times throughout the year as National Statistics updates. They will next be updated in a release in July, at the time of publication of the Public Expenditure Outturn White Paper. The July release will include the first provisional estimates of 2004-05 outturns. It will be available on the web in the Public Spending Annual Outturns News Release at http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/press_index.cfm.

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

Additional material

Supplementary material, such as a pdf version of PESA and Excel versions of many of the tables, will be published on the Treasury's website on the day of publication and in the following week: http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/finexp_index.cfm

Changes from last year's PESA

PESA 2005 contains some limited changes from last year which are set out below. Further details are available in the relevant chapter text.

Discontinued Tables. Four tables have been discontinued from PESA 2004 (PESA 2004 Tables 1.11, 1.15, 1.16 and 5.2). Table 1.11, Invest to Save Budget, has been discontinued as more detailed information is published elsewhere. Tables 1.15 and 1.16 were on the superseded RAB Stage 1 budgeting basis and have been discontinued as data previously published are consistent with audited accounts, and further changes to data are not expected. Table 5.2 has been discontinued as data on staff numbers will now be published quarterly by the Cabinet Office and the Office for National Statistics.

Discontinued Appendix. Appendix D from PESA 2004 has been discontinued as it duplicated most of the information relating to public corporations already contained within Table 7.3. PESA 2005 Table 7.3 has been modified this year to present additional information that was contained in Appendix D (such as whether a public corporation was a trading fund) so none of the information is lost.

Future development of PESA

The form and content of PESA are being reviewed in 2005 through a user consultation exercise. Some tables may be dropped and new analyses added. The Editor would be grateful for notice of any individuals or organisations who wish to be consulted as part of this exercise and for more general comments on how PESA could be made more useful to users:

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PUBLIC EXPENDITURE OVERVIEW

1.1 This chapter brings together information on public expenditure within the current budgeting and control framework. It shows reconciliations to the national accounts measures used for the fiscal framework. It also includes information on Voted and non-Voted components of total public spending, and a breakdown of public expenditure by spending sector.

1.2 Outturn data on the budgeting and control aggregates in Tables 1.1 to 1.12 fall within the scope of National Statistics, as do outturn data in Table 1.14 (spending sectors). Data in Tables 1.13 and 1.15 are not National Statistics. All the tables in this chapter are in resource terms on a RAB stage 2 basis.

The Budgeting and Reporting Framework

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

1.4 There is a fuller description of the budgeting and control framework in Appendix D. This chapter gives a brief explanation.

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

1.6 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 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, payments under the Common Agricultural Policy, and the various other items of departmental expenditure set out in **Table 1.1**. Outside departments' budgets, other AME consists of net payments to the EC, locally financed expenditure, debt interest, public corporations own-financed capital expenditure, and accounting and other adjustments.

1.8 **Table 1.13** presents a breakdown of the accounting and other adjustments line in **Table 1.1**. Appendix B gives further details of these accounting and other adjustments.

1.9 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 net investment plus depreciation (see **Table 1.1**). Note that depreciation in TME in the *of which* lines in the table is total public sector depreciation measured on a national accounts basis, while the depreciation line in the DEL section at the top of the table is depreciation in Resource Budget DEL, measured on the basis of Generally Accepted Accounting Practice (GAAP).

Reconciliations of Budgeting and National Accounts Aggregates

I.10 The fiscal framework is defined by reference to national accounts measures:

- achievement against the Golden Rule is measured by the Surplus on the Current Budget (SOCB). That is the difference between the public sector national accounts aggregates current expenditure plus depreciation less receipts;
- the Sustainable Investment Rule is measured by reference to the stock measure Public Sector Net Debt (PSND). The flow measure Public Sector Net Borrowing (PSNB) contributes to the accumulation of PSND. The change in PSNB is also used to assess the overall macroeconomic impact of fiscal policy on aggregate demand. The difference between the SOCB and PSNB is given by Public Sector Net Investment.

I.11 Table C4 in Budget 2005 brings together information on expenditure, receipts and balances.

I.12 Public expenditure budgeting uses Treasury-defined aggregates, which are mainly based on GAAP components. **Tables 1.3** and **1.4** show the reconciliations between the national accounts spending measures and the budgeting expenditure measures:

- **Table 1.3** shows the reconciliation from the Resource Budget to the national accounts measure Public Sector Current Expenditure.
- **Table 1.4** shows the reconciliation from the Capital Budget to the national accounts measure of Public Sector Gross Investment (measured net of sales). With the deduction of depreciation, that figure reconciles to Public Sector Net Investment.

Resource Budgets and Capital Budgets

I.13 **Table 1.5** shows the Resource Budget for each departmental group, with **Table 1.6** (new for PESA 2005) presenting the same information in real terms. Full details of departmental groups are set out in Appendix C. In addition to Departmental allocations, these tables – as with other tables showing DEL – show unallocated amounts remaining in the central funds and in the DEL Reserve.

I.14 **Table 1.7** shows the near cash components in aggregate of departmental Resource Budgets (that is, the total Resource Budget net of non-cash elements) for each departmental group. **Table 1.8** shows the non-cash components in aggregate of the departmental Resource Budgets, also by each departmental group.

I.15 **Table 1.9** shows the Capital Budget for each departmental group, with **Table 1.10** (new for PESA 2005) presenting the same information in real terms.

Total DEL

I.16 **Table 1.11** shows Total DEL by departmental group. Total DEL is made up of Resource Budget DEL plus Capital Budget DEL *less* depreciation in DEL. Total DEL is not a control total. **Table 1.12** presents the same information as **Table 1.11** in real terms.

Public Expenditure by Spending Sector

I.17 Table 1.14 shows a breakdown of TME, and within it DEL and AME, as between the national accounts spending sectors, which are used in many of the analyses in this publication. In this table, capital and current expenditure are added together.

I.18 Central government own expenditure excludes central government spending in support of local authorities. Loans and capital grants in support of public corporations are also excluded. However, subsidies to public corporations are included here, as they are not consolidated out in the calculation of TME (see Appendix B for further explanation of consolidation in TME). Central government expenditure includes the spending of non-departmental public bodies classified to central government, as well as central government departments' own spending, and the spending of the devolved administrations in Scotland, Wales and Northern Ireland. Central government own expenditure is shown split into DEL, departmental AME, and the other AME elements, including locally financed expenditure. This latter category is in respect of spending of the devolved administrations that is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in Chapter 4.

I.19 Local authority expenditure is split according to how it is financed: central government support (which can be in either DEL or AME); locally financed support in Scotland (the proceeds of non-domestic rates in Scotland which are collected and distributed to local authorities by the devolved administration); and self-financed expenditure. Further analyses of local authority expenditure are presented in Chapter 6.

I.20 The impact of public corporations on the parent department can be either in DEL or Departmental AME. For most public corporations, departments' DELs include the subsidies and capital grants paid to, interest and dividends received from, loans and public dividend capital invested in and a capital charge on the department's investments in public corporations. For self-financing public corporations, grants and subsidies score in DEL and the other items are contained in departmental AME. In this table, however, subsidies to public corporations are included in central government own expenditure as they impact on central government current expenditure in TME. The total public corporations expenditure line shows their contribution to TME: i.e. capital expenditure and interest and dividends paid to the private sector. Further analyses for public corporations, including information on subsidies, are presented in Chapter 7.

I.21 ONS announced on 2 July 2003 (<http://www.statistics.gov.uk/pdfdir/folio703.pdf>) the intention to reclassify NHS trusts from the public corporation sector to the central government sector. The change was effected by ONS on 30 June 2004 and covered all years back to 1991. The presentation of spending sectors in Tables 1.14 and 1.15 is consistent with this.

Supply Expenditure

I.22 Table 1.15 shows the split of DEL and AME between money voted in Estimates, which accounts for about two-thirds of the total, and expenditure financed by other means. The relationship between the budgetary aggregates (DEL and AME) and Supply Expenditure is explained in more detail in the introductory sections of the Supply Estimates 2005-06: Supplementary Budgeting Information.

Discontinued Tables from PESA 2004

I.23 Three tables included in PESA 2004 have been discontinued- PESA 2004 tables 1.11 Invest to Save Budget, 1.15 Total Managed Expenditure, 1998-99 to 2002-03 (RAB Stage 1 basis) and 1.16 Departmental Expenditure Limits, 1998-99 to 2002-03 (RAB Stage 1 basis). Information on Invest to Save allocations is available at the following site [<http://www.isb.gov.uk/hmt.isb.application.2/index.asp>]. The RAB Stage 1 tables have been discontinued as data previously published are consistent with audited accounts, and further associated changes are not anticipated.

Table I.1 Total Managed Expenditure, 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Departmental Expenditure Limits									
Resource Budget	183,803	199,427	214,990	234,845	251,881	268,687	286,900	304,800	320,500
Capital Budget	12,390	15,638	18,869	21,296	23,464	23,824	28,800	32,000	35,200
Less depreciation	7,230	9,109	9,381	15,401	9,018	11,326	11,800	12,100	11,800
Total Departmental Expenditure Limits	188,963	205,955	224,479	240,740	266,327	281,186	303,900	324,700	344,000
Annually Managed Expenditure									
<i>Departmental AME</i>									
Social security benefits	99,819	101,799	109,185	113,850	118,115	125,176	130,071	131,562	138,578
Tax credits ⁽¹⁾	1,268	3,903	5,189	5,829	9,779	11,728	11,783	13,931	13,907
Common Agricultural Policy	2,742	2,898	3,680	2,475	2,905	3,206	3,288	3,239	3,246
Net public service pensions ⁽²⁾	1,713	1,690	3,354	4,570	2,049	2,214	3,897	3,890	4,075
National Lottery	1,908	1,855	1,710	1,810	1,910	1,800	1,700	1,500	1,300
Non-cash items	19,348	21,185	23,031	28,388	27,565	27,801	27,998	30,483	33,645
Other departmental expenditure	2,236	2,253	1,845	2,171	1,535	4,060	5,334	3,704	3,350
Total Departmental AME	129,034	135,583	147,995	159,092	163,859	175,984	184,070	188,309	198,100
<i>Other AME</i>									
Net payments to EC institutions ⁽³⁾	2,807	3,734	842	2,345	2,394	3,707	3,145	2,770	4,518
Locally financed expenditure	18,648	18,443	21,098	20,569	21,867	24,545	25,628	27,409	29,115
Central government gross debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Public corporations' own-financed capital expenditure	1,208	2,584	2,410	3,279	3,111	1,752	2,926	2,574	2,868
Total Other AME	47,674	50,747	46,446	47,136	49,688	53,844	57,262	59,742	64,880
Total AME before Accounting Adjustments									
AME Margin	—	—	—	—	—	—	1,000	2,000	3,000
Accounting adjustments ⁽⁴⁾	-24,819	-28,204	-31,315	-28,999	-24,640	-26,908	-27,655	-25,527	-29,960
Total Annually Managed Expenditure									
Expenditure	151,889	158,127	163,126	177,230	188,906	202,919	214,700	224,500	236,000
Total Managed Expenditure	340,852	364,082	387,605	417,970	455,233	484,105	518,600	549,200	580,000
<i>of which:</i>									
Current expenditure	323,828	345,971	364,350	392,550	426,607	451,127	476,900	503,400	531,500
Net investment	4,815	5,512	10,272	11,567	14,606	18,331	26,200	29,400	31,200
Depreciation	12,209	12,599	12,983	13,853	14,020	14,647	15,500	16,400	17,400

(1) Tax credits include working tax credits, stakeholder pension credits, and from 2003-04, Child Tax Credits previously included as child allowances in Income Support and Jobseekers' Allowance.

(2) The main pension schemes are reported under FRS17 accounting requirements. A few schemes have yet to move to an FRS17 basis and are reported on a non-FRS17 basis.

(3) Net payments to EC institutions exclude the UK's contribution to the cost of EC aid to non-Member States (which is attributed to the aid programme). Net payments therefore differ from the UK's net contribution to the EC Budget, latest estimates for which are (in £ billion):

	2003-04	2004-05	2005-06	2006-07	2007-08
	3.3	4.3	3.8	3.4	5.2

(4) Excludes depreciation.

Table I.2 Total Managed Expenditure in real terms⁽¹⁾, 1999–00 to 2007–08

£ million									
	National Statistics								
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
Departmental Expenditure Limits									
Resource Budget	202,929	217,653	228,813	241,650	251,881	263,470	274,500	283,900	290,700
Capital Budget	13,680	17,067	20,083	21,913	23,464	23,362	27,500	29,800	31,900
Less depreciation	7,983	9,942	9,984	15,847	9,018	11,106	11,300	11,300	10,700
Total Departmental Expenditure Limits	208,626	224,778	238,912	247,716	266,327	275,726	290,700	302,400	312,000
Annually Managed Expenditure									
<i>Departmental AME</i>									
Social security benefits	110,206	111,103	116,205	117,149	118,115	122,745	124,434	122,552	125,693
Tax credits ⁽²⁾	1,400	4,260	5,523	5,998	9,779	11,500	11,272	12,977	12,614
Common Agricultural Policy	3,028	3,163	3,917	2,546	2,905	3,144	3,145	3,017	2,944
Net public service pensions ⁽³⁾	1,891	1,844	3,570	4,703	2,049	2,171	3,728	3,624	3,696
National Lottery	2,107	2,025	1,820	1,862	1,910	1,765	1,626	1,397	1,179
Non-cash items	21,361	23,121	24,512	29,210	27,565	27,261	26,784	28,396	30,517
Other departmental expenditure	2,468	2,459	1,964	2,233	1,535	3,981	5,103	3,450	3,038
Total Departmental AME	142,460	147,975	157,511	163,702	163,859	172,567	176,093	175,413	179,681
<i>Other AME</i>									
Net payments to EC institutions ⁽⁴⁾	3,099	4,076	897	2,413	2,394	3,635	3,009	2,581	4,098
Locally financed expenditure	20,588	20,128	22,455	21,165	21,867	24,069	24,518	25,532	26,408
Central government gross debt interest	27,615	28,361	23,516	21,550	22,316	23,376	24,455	25,140	25,739
Public corporations' own-financed capital	1,334	2,820	2,565	3,374	3,111	1,718	2,799	2,398	2,602
Total Other AME	52,635	55,385	49,432	48,502	49,688	52,798	54,781	55,651	58,847
Total AME before Accounting Adjustments	195,096	203,360	206,943	212,204	213,546	225,365	230,874	231,064	238,528
AME Margin	—	—	—	—	—	—	1,000	1,900	2,700
Accounting adjustments ⁽⁵⁾	-27,401	-30,782	-33,329	-29,839	-24,640	-26,386	-26,457	-23,779	-27,175
Total Annually Managed Expenditure	167,694	172,578	173,614	182,365	188,906	198,979	205,400	209,100	214,100
Total Managed Expenditure	376,320	397,357	412,526	430,081	455,233	474,705	496,100	511,600	526,100
<i>of which:</i>									
Current expenditure	357,525	377,590	387,776	403,925	426,607	442,368	456,200	468,900	482,000
Net investment	5,316	6,016	10,932	11,902	14,606	17,975	25,100	27,400	28,300
Depreciation	13,479	13,750	13,818	14,254	14,020	14,363	14,800	15,300	15,800

(1) Real terms figures are cash figures adjusted to 2003-04 price levels, using GDP deflators. For 2004-05 onwards deflators are consistent with the March 2005 Financial Statement and Budget Report. For years 1999-2000 to 2003-04, deflators are calculated from the latest data from the Office for National Statistics (released 23 March 2005).

(2) Tax credits include working tax credits, stakeholder pension credits, and from 2003-04, Child Tax Credits previously included as child allowances in Income Support and Jobseekers' Allowance.

(3) The main pension schemes are reported under FRS17 accounting requirements. A few schemes have yet to move to an FRS17 basis and are reported on a non-FRS17 basis.

(4) Net payments to EC institutions exclude the UK's contribution to the cost of EC non-Member States (which is attributed to the aid programme). Net payments therefore differ from the UK's net contribution to the EC Budget, latest estimates for which are (in £ billion):

	2003-04	2004-05	2005-06	2006-07	2007-08
	3.3	4.2	3.6	3.2	4.7

(5) Excludes depreciation.

Table I.3 Public Sector Current Expenditure, 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource Budget									
Resource DEL	183,803	199,427	214,990	234,845	251,881	268,687	286,900	304,800	320,500
Resource Departmental AME	127,318	133,574	146,989	157,955	163,338	172,977	182,160	187,553	197,303
Total Resource Budget	311,121	333,001	361,979	392,800	415,220	441,664	469,100	492,400	517,900
<i>Current spending in other AME:</i>									
Net payments to EC institutions ⁽¹⁾	2,807	3,734	842	2,345	2,394	3,707	3,145	2,770	4,518
Locally financed current expenditure	17,817	18,815	19,405	19,971	22,501	22,425	23,439	25,061	26,748
Central government gross debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
AME Margin (current)	—	—	—	—	—	—	900	1,800	2,700
Accounting and other adjustments	–30,372	–36,555	–39,805	–41,943	–33,269	–36,833	–40,479	–39,788	–44,134
Add spending classified as current in national accounts	3,620	4,965	5,636	5,201	5,282	5,563	6,129	5,999	6,700
Remove spending classified as capital in national accounts	–6,176	–3,975	–5,803	–6,768	–7,836	–9,238	–10,880	–11,804	–11,306
Public Sector Current Expenditure	323,828	345,971	364,350	392,550	426,607	451,127	476,900	503,400	531,500

(1) Net payments to EC institutions exclude the UK's contribution to the cost of EC non-Member States (which is attributed to the aid programme). Net payments therefore differ from the UK's net contribution to the EC Budget, latest estimates for which are (in £ billion):

	2003-04	2004-05	2005-06	2006-07	2007-08
	3.3	4.3	3.8	3.4	5.2

Table I.4 Public Sector Net Investment, 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Capital Budget									
Capital DEL	12,390	15,638	18,869	21,296	23,464	23,824	28,800	32,000	35,200
Capital Departmental AME	1,716	2,009	1,006	1,137	520	3,007	1,910	756	797
Total Capital Budget	14,106	17,647	19,876	22,433	23,984	26,831	30,700	32,700	36,000
<i>Capital spending in other AME:</i>									
Public corporations' own-financed expenditure	1,208	2,584	2,410	3,279	3,111	1,752	2,926	2,574	2,868
Locally financed capital expenditure	831	–372	1,693	598	–634	2,120	2,189	2,348	2,367
AME Margin (capital)	—	—	—	—	—	—	100	200	300
Accounting and other adjustments	–1,677	–758	–891	–2,457	–389	–1,401	1,041	2,143	2,405
Remove items classified as current in national accounts	–3,620	–4,965	–5,636	–5,201	–5,282	–5,563	–6,129	–5,999	–6,700
Add items classified as capital in national accounts	6,176	3,975	5,803	6,768	7,836	9,238	10,880	11,804	11,306
Public sector gross investment	17,024	18,111	23,255	25,420	28,626	32,977	41,700	45,800	48,600
Less depreciation (national accounts)	12,209	12,599	12,983	13,853	14,020	14,647	15,500	16,400	17,400
Public Sector Net Investment	4,815	5,512	10,272	11,567	14,606	18,331	26,200	29,400	31,200

Table I.5 Resource Budgets, 1999–00 to 2007–08

	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Resource DEL									
Education and Skills	12,907	14,744	17,237	20,898	23,136	24,613	26,321	28,016	29,577
Health	41,294	44,564	51,987	56,312	62,679	69,118	75,090	81,860	89,324
<i>of which: NHS</i>	40,755	44,000	51,150	54,601	60,930	66,855	72,797	79,873	87,297
Transport	4,027	3,378	4,444	6,197	7,830	8,277	8,820	10,760	9,862
Office of the Deputy Prime Minister	2,366	2,461	2,181	3,381	6,000	6,241	6,261	6,615	7,215
Local Government	33,922	35,270	36,922	37,397	40,915	43,351	46,273	48,701	51,156
Home Office	7,446	8,832	10,551	11,136	11,721	12,293	12,788	13,353	14,034
Constitutional Affairs	2,319	2,801	2,998	3,343	3,200	3,416	3,688	3,802	3,849
Law Officers' Departments	361	392	465	514	576	652	651	688	717
Defence	31,329	33,394	32,334	36,422	31,316	32,591	32,506	32,707	33,026
Foreign and Commonwealth Office	1,138	1,504	1,427	1,541	1,585	1,787	1,813	1,684	1,721
International Development	2,743	3,000	3,057	3,447	3,793	3,868	4,473	4,995	5,289
Trade and Industry	3,987	6,055	5,506	4,085	4,379	5,263	5,925	6,278	6,435
Environment, Food and Rural Affairs	2,213	2,750	2,593	2,723	2,691	3,172	3,100	3,304	3,410
Culture, Media and Sport	1,039	1,086	1,049	1,247	1,279	1,542	1,539	1,619	1,669
Work and Pensions	5,798	6,115	6,478	7,361	8,287	8,391	8,387	8,209	8,208
Scotland	13,219	14,077	15,353	16,539	18,826	19,961	21,405	22,796	24,059
Wales	6,787	7,232	8,248	9,145	9,834	10,689	11,307	12,059	12,765
Northern Ireland Executive	4,818	5,687	5,479	6,012	6,421	6,977	7,289	7,705	8,025
Northern Ireland Office	1,135	973	1,073	1,096	1,043	1,207	1,199	1,149	1,139
Chancellor's Departments	3,515	3,741	3,996	4,343	4,516	5,040	5,204	5,158	5,193
Cabinet Office	1,439	1,372	1,613	1,708	1,854	1,994	2,010	2,049	2,109
Invest to Save Budget	—	—	—	—	—	—	24	24	24
DEL Reserve	—	—	—	—	—	—	600	1,300	1,700
Unallocated Special Reserve	—	—	—	—	—	—	300	—	—
Allowance for Shortfall	—	—	—	—	—	-1,759	—	—	—
Total Resource DEL	183,803	199,427	214,990	234,845	251,881	268,687	286,900	304,800	320,500
Resource Departmental AME									
Education and Skills	6,272	6,469	6,942	7,286	6,842	7,293	8,445	8,954	9,381
Health	3,521	3,782	3,949	4,569	6,328	7,792	8,827	9,610	10,482
<i>of which: NHS</i>	—	—	—	—	0	4	11	—	—
Transport	1,771	1,725	2,107	3,055	3,088	2,150	1,800	1,878	2,846
Office of the Deputy Prime Minister	472	449	355	241	203	83	243	199	144
Local Government	200	61	498	170	304	465	590	320	375
Home Office	312	1	173	2,013	40	1	2	1	1
Constitutional Affairs	87	92	96	101	58	62	80	89	96
Defence	4,154	4,420	4,482	6,151	4,609	4,734	5,322	5,446	5,562
International Development	58	81	114	102	128	132	132	136	142
Trade and Industry	688	751	1,149	3,125	902	-22	251	225	343
Environment, Food and Rural Affairs	2,193	3,633	3,358	1,817	2,173	2,451	2,357	2,373	2,381
Culture, Media and Sport	1,169	1,403	1,359	1,517	1,592	960	1,258	1,322	1,122
Work and Pensions	87,030	88,439	95,558	99,975	103,940	110,575	115,173	116,338	122,950
Scotland	1,732	1,793	2,208	2,217	1,868	2,071	2,395	2,546	2,691
Wales	94	88	310	366	726	439	500	522	541
Northern Ireland Executive	3,732	4,510	5,455	5,513	5,389	6,234	6,487	6,666	6,909
Northern Ireland Office	—	—	—	—	165	208	222	236	252
Chancellor's Departments	9,639	12,622	14,176	15,155	19,967	21,925	22,430	24,932	25,078
Cabinet Office	4,194	3,255	4,699	4,581	5,017	5,424	5,647	5,760	6,007
Total Resource									
Departmental AME	127,318	133,574	146,989	157,955	163,338	172,977	182,160	187,553	197,303
Total Resource Budget	311,121	333,001	361,979	392,800	415,220	441,664	469,100	492,400	517,900

Table I.6 Resource Budgets in real terms⁽¹⁾, 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL									
Education and Skills	14,250	16,092	18,345	21,504	23,136	24,135	25,180	26,097	26,827
Health	45,591	48,637	55,329	57,944	62,679	67,776	71,836	76,254	81,019
<i>of which: NHS</i>	44,996	48,021	54,439	56,183	60,930	65,557	69,642	74,403	79,180
Transport	4,446	3,687	4,730	6,377	7,830	8,116	8,438	10,023	8,945
Office of the Deputy Prime Minister	2,612	2,686	2,321	3,479	6,000	6,120	5,990	6,162	6,544
Local Government	37,452	38,493	39,296	38,481	40,915	42,509	44,268	45,366	46,400
Home Office	8,221	9,639	11,229	11,459	11,721	12,054	12,234	12,439	12,729
Constitutional Affairs	2,560	3,057	3,191	3,440	3,200	3,350	3,528	3,542	3,491
Law Officers' Departments	399	428	495	529	576	639	623	641	650
Defence	34,589	36,446	34,413	37,477	31,316	31,958	31,097	30,467	29,955
Foreign and Commonwealth Office	1,256	1,641	1,519	1,586	1,585	1,752	1,734	1,569	1,561
International Development	3,028	3,274	3,254	3,547	3,793	3,793	4,279	4,653	4,797
Trade and Industry	4,402	6,608	5,860	4,203	4,379	5,161	5,669	5,848	5,837
Environment Food and Rural Affairs	2,443	3,001	2,760	2,802	2,691	3,110	2,966	3,078	3,093
Culture Media and Sport	1,147	1,185	1,116	1,283	1,279	1,512	1,472	1,508	1,514
Work and Pensions	6,401	6,674	6,894	7,574	8,287	8,228	8,024	7,647	7,445
Scotland	14,595	15,364	16,340	17,018	18,826	19,573	20,477	21,235	21,822
Wales	7,493	7,893	8,778	9,410	9,834	10,481	10,817	11,233	11,578
Northern Ireland Executive	5,319	6,207	5,831	6,186	6,421	6,842	6,973	7,177	7,279
Northern Ireland Office	1,253	1,062	1,142	1,128	1,043	1,184	1,147	1,070	1,033
Chancellor's Departments	3,881	4,083	4,253	4,469	4,516	4,942	4,978	4,805	4,710
Cabinet Office	1,589	1,497	1,717	1,757	1,854	1,955	1,923	1,909	1,913
Invest to Save budget	—	—	—	—	—	—	23	22	22
DEL reserve	—	—	—	—	—	—	600	1,200	1,600
Unallocated special reserve	—	—	—	—	—	—	200	—	—
Allowance for shortfall	—	—	—	—	—	-1,725	—	—	—
Total Resource DEL	202,929	217,653	228,813	241,650	251,881	263,470	274,500	283,900	290,700
Resource Departmental AME									
Education and Skills	6,925	7,060	7,388	7,497	6,842	7,151	8,079	8,341	8,509
Health	3,887	4,128	4,203	4,701	6,328	7,641	8,444	8,952	9,507
<i>of which: NHS</i>	—	—	—	—	0	4	11	—	—
Transport	1,955	1,883	2,242	3,144	3,088	2,108	1,722	1,749	2,581
Office of the Deputy Prime Minister	521	490	378	248	203	81	232	185	131
Local Government	221	67	530	175	304	456	564	298	340
Home Office	344	1	184	2,071	40	1	2	1	1
Constitutional Affairs	96	100	102	104	58	61	77	83	87
Defence	4,586	4,824	4,770	6,329	4,609	4,642	5,091	5,073	5,045
International Development	64	88	121	105	128	129	126	127	129
Trade and Industry	760	820	1,223	3,216	902	-22	240	210	311
Environment Food and Rural Affairs	2,421	3,965	3,574	1,870	2,173	2,403	2,255	2,210	2,160
Culture Media and Sport	1,291	1,531	1,446	1,561	1,592	941	1,203	1,231	1,018
Work and Pensions	96,086	96,522	101,702	102,872	103,940	108,428	110,182	108,371	111,518
Scotland	1,912	1,957	2,350	2,281	1,868	2,031	2,291	2,372	2,441
Wales	104	96	330	377	726	430	478	486	491
Northern Ireland Executive	4,120	4,922	5,806	5,673	5,389	6,113	6,206	6,209	6,267
Northern Ireland Office	—	—	—	—	165	204	212	220	229
Chancellor's Departments	10,642	13,776	15,087	15,594	19,967	21,499	21,458	23,225	22,746
Cabinet Office	4,630	3,552	5,001	4,714	5,017	5,319	5,402	5,366	5,448
Total Resource									
Departmental AME	140,566	145,782	156,440	162,532	163,338	169,619	174,266	174,708	178,958
Total Resource Budget	343,495	363,435	385,252	404,182	415,220	433,089	448,800	458,600	469,700

(1) Real terms figures are the cash figures adjusted to 2003-04 price levels, using GDP deflators. For 2004-05 onwards deflators consistent with the March 2005 Financial Statement and Budget Report. For years 1999-2000 to 2004-04, deflators are calculated from the latest data from the Office for National Statistics (released 23 March 2005).

Table I.7 Near-cash elements of Resource Budgets, 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL⁽¹⁾									
Education and Skills	12,546	14,790	17,131	20,374	22,362	24,579	26,277	27,968	29,530
Health	39,874	43,307	48,213	53,678	60,274	66,410	71,572	78,043	85,195
of which: NHS	39,335	42,744	47,378	51,978	58,537	64,159	69,297	76,069	83,181
Transport	4,093	3,583	4,523	5,735	7,338	7,640	8,567	9,515	8,662
Office of the Deputy Prime Minister	2,378	2,439	2,202	3,383	6,090	6,254	6,228	6,540	7,140
Local Government	33,922	35,269	36,922	37,397	40,915	43,349	46,273	48,701	51,156
Home Office	7,143	8,496	9,892	10,631	11,373	11,917	12,260	12,755	13,397
Constitutional Affairs	2,053	2,620	2,728	3,159	3,328	3,494	3,483	3,701	3,777
Law Officers' Departments	354	385	428	510	571	639	639	677	705
Defence	18,177	19,127	18,543	19,976	21,368	21,480	20,787	21,703	22,381
Foreign and Commonwealth Office	1,043	1,206	1,283	1,336	1,438	1,620	1,617	1,472	1,494
International Development	2,600	2,886	3,035	3,288	3,770	3,807	4,415	4,932	5,225
Trade and Industry	2,953	3,344	4,004	3,935	4,299	4,987	5,599	5,942	6,097
Environment, Food and Rural Affairs	1,965	2,026	2,872	2,475	2,491	2,850	2,778	2,982	3,088
Culture, Media and Sport	943	978	918	1,117	1,128	1,351	1,355	1,433	1,478
Work and Pensions	5,745	6,065	6,418	7,635	8,173	8,262	8,247	8,026	8,027
Scotland	12,851	13,637	14,811	16,117	18,449	19,424	20,816	22,154	23,378
Wales	6,710	7,168	7,979	8,805	9,638	10,268	10,937	11,636	12,324
Northern Ireland Executive	4,725	5,021	5,230	5,824	6,265	6,844	7,114	7,519	7,840
Northern Ireland Office	902	956	961	917	934	985	1,025	966	964
Chancellor's Departments	3,270	3,463	3,794	3,947	4,350	4,701	4,944	4,867	4,842
Cabinet Office	1,212	1,117	1,268	1,358	1,419	1,598	1,604	1,661	1,713
Total near-cash Resource DEL⁽¹⁾	165,460	177,882	193,153	211,597	235,972	252,459	266,537	283,192	298,415
Resource departmental AME									
Education and Skills	1,652	1,659	1,718	1,685	920	1,305	1,699	1,845	1,903
Health	446	522	-144	-108	-2,144	-2,778	-3,079	-3,526	-4,008
of which: NHS	—	—	—	—	1	—	—	—	—
Transport	92	—	7	-2	—	31	30	—	—
Office of the Deputy Prime Minister	476	447	367	246	203	83	244	200	144
Local Government	200	61	498	170	304	465	590	320	375
Home Office	312	1	-1	1,690	40	26	26	25	—
Constitutional Affairs	30	32	33	37	-11	-12	-7	-2	-1
Defence	2,484	2,664	2,641	2,493	2,558	2,560	2,599	2,650	2,780
International Development	130	123	121	116	118	118	116	114	113
Trade and Industry	200	253	288	773	768	862	1,330	1,371	1,010
Environment, Food and Rural Affairs	2,157	2,275	3,539	1,876	2,151	2,440	2,331	2,358	2,366
Culture, Media and Sport	1,169	1,403	1,359	1,516	1,593	960	1,258	1,322	1,122
Work and Pensions	86,803	88,311	95,471	99,829	103,855	110,242	114,979	116,157	122,762
Scotland	528	455	485	567	350	308	339	363	376
Wales	98	92	81	113	385	121	170	179	187
Northern Ireland Executive	3,247	3,325	3,861	4,012	3,884	4,097	4,342	4,364	4,589
Northern Ireland Office	59	83	125	120	94	120	130	143	150
Chancellor's Departments	9,533	12,517	14,071	15,049	19,436	21,589	22,976	24,836	24,980
Cabinet Office	1,377	1,068	940	-1,365	1,036	1,197	836	767	926
Total near-cash Resource Departmental AME	110,994	115,291	125,461	128,814	135,541	143,733	150,909	153,485	159,773
Total near-cash Resource Budget⁽¹⁾	276,455	293,173	318,614	340,411	371,513	396,192	417,446	436,677	458,188

(1) The near-cash Resource DEL figures shown above exclude the Allowance for Shortfall in 2004-05 and exclude the £300 million unallocated Special Reserve in 2005-06. The DEL Reserve and unallocated amounts for the Invest to Save Budget are also excluded in 2005-06, 2006-07, and 2007-08. These items are part of Resource DEL, as shown in Table I.5, but are not specified as cash or non-cash at this planning stage.

Table 1.8 Non-cash elements of Resource Budgets, 1999–00 to 2007–08

	National Statistics								
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
£ million									
Resource DEL⁽¹⁾									
Education and Skills	361	–46	106	524	774	34	44	48	46
Health	1,420	1,257	3,774	2,633	2,406	2,709	3,518	3,817	4,129
of which: NHS	1,420	1,256	3,772	2,622	2,393	2,696	3,499	3,804	4,116
Transport	–67	–205	–79	462	492	637	253	1,246	1,200
Office of the Deputy Prime Minister	–12	22	–21	–2	–90	–13	33	76	75
Local Government	0	0	0	0	0	2	—	—	—
Home Office	303	336	658	504	347	376	529	598	637
Constitutional Affairs	266	182	270	184	–127	–78	204	100	72
Law Officers' Departments	7	7	37	4	5	13	11	11	11
Defence	13,151	14,267	13,791	16,446	9,948	11,111	11,718	11,004	10,645
Foreign and Commonwealth Office	95	297	144	205	147	167	197	212	227
International Development	143	113	22	159	23	61	58	63	64
Trade and Industry	1,035	2,711	1,502	150	80	276	327	336	338
Environment, Food and Rural Affairs	248	725	–279	248	200	322	322	322	322
Culture, Media and Sport	96	108	131	130	150	191	184	186	191
Work and Pensions	53	50	60	–274	114	128	140	183	181
Scotland	368	440	542	422	378	537	589	642	681
Wales	77	65	269	340	196	422	371	423	441
Northern Ireland Executive	92	666	249	188	155	134	175	186	185
Northern Ireland Office	233	17	112	179	109	223	175	183	176
Chancellor's Departments	245	279	202	395	166	339	261	291	351
Cabinet Office	228	255	345	350	436	396	406	388	396
Total non-cash Resource DEL⁽¹⁾	18,343	21,545	21,837	23,248	15,909	17,987	19,516	20,315	20,367
Resource departmental AME									
Education and Skills	4,620	4,809	5,225	5,601	5,921	5,988	6,746	7,109	7,478
Health	3,075	3,260	4,094	4,677	8,472	10,571	11,906	13,136	14,490
of which: NHS	—	—	—	—	–1	4	11	—	—
Transport	1,678	1,725	2,100	3,058	3,088	2,119	1,769	1,878	2,846
Office of the Deputy Prime Minister	–3	2	–12	–5	0	0	0	0	0
Home Office	—	—	173	324	—	–25	–24	–24	1
Constitutional Affairs	57	60	63	65	69	74	87	91	97
Defence	1,669	1,756	1,841	3,658	2,051	2,174	2,723	2,797	2,782
International Development	–72	–42	–8	–14	10	14	16	22	29
Trade and Industry	488	498	861	2,352	134	–884	–1,079	–1,146	–666
Environment, Food and Rural Affairs	36	1,358	–181	–58	23	11	26	15	15
Culture, Media and Sport	—	—	—	1	–1	—	—	—	—
Work and Pensions	227	129	88	146	85	333	193	181	188
Scotland	1,204	1,338	1,723	1,650	1,517	1,763	2,056	2,182	2,315
Wales	–4	–4	229	253	341	318	331	343	354
Northern Ireland Executive	485	1,181	1,594	1,502	1,505	2,137	2,145	2,302	2,320
Northern Ireland Office	–59	–83	–125	–120	71	88	92	94	102
Chancellor's Departments	106	106	105	107	530	336	–547	96	98
Cabinet Office	2,817	2,187	3,759	5,945	3,981	4,227	4,811	4,993	5,081
Total non-cash Resource Departmental AME	16,323	18,279	21,527	29,142	27,797	29,244	31,251	34,069	37,530
Total non-cash Resource Budget⁽¹⁾	34,666	39,828	43,365	52,389	43,706	47,231	50,767	54,383	57,896

(1) The near-cash Resource DEL figures shown above exclude the Allowance for Shortfall in 2004–05 and exclude the £300 million unallocated Special Reserve in 2005–06. The DEL Reserve and unallocated amounts for the Invest to Save Budget are also excluded in 2005–06, 2006–07 and 2007–08. These items are part of Resource DEL, as shown in Table 1.5, but are not specified as cash or non-cash at this planning stage.

Table I.9 Capital Budgets, 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Capital DEL									
Education and Skills	1,113	1,944	2,110	2,729	3,242	3,730	4,445	4,870	5,570
Health	899	1,227	1,717	1,975	2,539	3,131	3,819	5,265	6,255
<i>of which: NHS</i>	850	1,173	1,623	1,903	2,451	3,046	3,737	5,163	6,133
Transport	1,115	1,405	2,430	3,103	3,034	3,322	3,300	4,083	4,160
Office of the Deputy Prime Minister	1,907	2,732	2,194	1,975	2,552	2,870	2,976	2,944	2,890
Local Government	272	56	84	202	214	295	349	249	249
Home Office	395	403	576	743	929	1,068	1,163	1,226	1,296
Constitutional Affairs	37	38	84	88	130	198	138	138	146
Law Officers' Departments	4	14	23	8	11	18	15	15	15
Defence	4,051	5,391	5,836	6,149	6,073	6,593	6,880	6,970	7,600
Foreign and Commonwealth Office	82	99	55	96	50	78	123	111	109
International Development	25	-16	24	17	27	41	30	20	22
Trade and Industry	5	49	171	349	578	242	304	480	475
Environment, Food and Rural Affairs	189	170	253	260	355	332	339	339	339
Culture, Media and Sport	57	34	37	43	147	198	97	117	132
Work and Pensions	47	41	162	264	186	299	346	155	50
Scotland	1,041	1,173	1,761	1,594	1,401	1,960	1,901	2,099	2,209
Wales	591	559	544	684	807	865	935	1,099	1,202
Northern Ireland Executive	246	304	348	518	360	421	410	477	534
Northern Ireland Office	26	35	41	53	54	78	66	72	72
Chancellor's Departments	87	-223	205	262	253	416	309	415	510
Cabinet Office	202	202	215	182	522	252	250	249	264
Invest to Save Budget	—	—	—	—	—	—	6	6	6
DEL Reserve	—	—	—	—	—	—	500	600	1,100
Allowance for shortfall	—	—	—	—	—	-2,581	—	—	—
Total Capital DEL	12,390	15,638	18,869	21,296	23,464	23,824	28,800	32,000	35,200
Capital Departmental AME									
Education and Skills	3	2	3	5	4	3	5	3	3
Health	—	—	—	—	—	678	857	—	—
<i>of which: NHS</i>	—	—	—	—	—	678	857	—	—
Office of the Deputy Prime Minister	21	255	—	548	91	629	616	616	616
Local Government	—	—	50	56	125	—	—	—	—
Defence	—	—	111	-50	-4	-28	-16	-7	-15
International Development	—	—	—	—	—	-2	—	—	—
Trade and Industry	919	1,260	389	184	-701	630	-299	-341	-294
Environment, Food and Rural Affairs	2	1	1	1	1	1	1	—	—
Culture, Media and Sport	741	468	377	308	841	850	452	188	188
Work and Pensions	29	22	75	77	90	46	94	96	99
Wales	—	—	—	7	10	—	—	—	—
Northern Ireland Executive	—	—	—	—	63	200	200	200	200
Chancellor's Departments	0	0	—	—	0	—	—	—	—
Total Capital Departmental AME	1,716	2,009	1,006	1,137	520	3,007	1,910	756	797
Total Capital Budget	14,106	17,647	19,876	22,433	23,984	26,831	30,700	32,700	36,000

Table I.10 Capital Budgets in real terms⁽¹⁾, 1999–00 to 2007–08

	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Capital DEL									
Education and Skills	1,229	2,122	2,246	2,808	3,242	3,658	4,252	4,536	5,052
Health	993	1,339	1,827	2,032	2,539	3,070	3,653	4,904	5,673
of which: NHS	938	1,280	1,727	1,958	2,451	2,987	3,575	4,809	5,563
Transport	1,231	1,533	2,586	3,193	3,034	3,258	3,157	3,803	3,773
Office of the Deputy Prime Minister	2,105	2,982	2,335	2,032	2,552	2,814	2,847	2,742	2,621
Local Government	300	61	89	208	214	289	334	232	226
Home Office	436	440	613	765	929	1,047	1,113	1,142	1,175
Constitutional Affairs	41	41	89	91	130	194	132	129	132
Law Officers' Departments	4	15	24	8	11	18	14	14	14
Defence	4,473	5,884	6,211	6,327	6,073	6,465	6,582	6,493	6,893
Foreign and Commonwealth Office	91	108	59	99	50	76	118	103	99
International Development	28	-17	26	17	27	40	29	19	20
Trade and Industry	6	53	182	359	578	237	291	447	431
Environment Food and Rural Affairs	209	186	269	268	355	326	324	316	307
Culture Media and Sport	63	37	39	44	147	194	93	109	120
Work and Pensions	52	45	172	272	186	293	331	144	45
Scotland	1,149	1,280	1,874	1,640	1,401	1,922	1,819	1,955	2,004
Wales	652	610	579	704	807	848	894	1,024	1,090
Northern Ireland Executive	272	332	370	533	360	413	392	444	484
Northern Ireland Office	29	38	44	55	54	76	63	67	65
Chancellor's Departments	96	-243	218	270	253	408	296	387	463
Cabinet Office	223	220	229	187	522	247	239	232	239
Invest to Save budget	—	—	—	—	—	—	6	6	5
DEL reserve	—	—	—	—	—	—	500	500	1,000
Allowance for Shortfall	—	—	—	—	—	-2,531	—	—	—
Total Capital DEL	13,679	17,067	20,082	21,913	23,464	23,361	27,500	29,800	31,900
Capital departmental AME									
Education and Skills	3	2	3	5	4	3	5	3	3
Health	—	—	—	—	—	665	820	—	—
of which: NHS	0	—	—	—	—	665	820	—	—
Office of the Deputy Prime Minister	23	278	—	564	91	617	589	574	559
Local Government	—	—	53	58	125	—	—	—	—
Defence	—	—	118	-51	-4	-27	-15	-7	-14
International Development	—	—	—	—	—	-2	—	—	—
Trade and Industry	1,015	1,375	414	189	-701	618	-286	-318	-267
Environment Food and Rural Affairs	2	1	1	1	1	1	1	—	—
Culture Media and Sport	818	511	401	317	841	833	432	175	171
Work and Pensions	32	24	80	79	90	45	90	89	90
Wales	—	—	—	7	10	—	—	—	—
Northern Ireland Executive	—	—	—	—	63	196	191	186	181
Chancellor's Departments	0	0	—	—	0	—	—	—	—
Total Capital Departmental AME	1,895	2,193	1,071	1,170	520	2,949	1,827	704	723
Total Capital Budget	15,574	19,260	21,154	23,083	23,984	26,310	29,300	30,500	32,700

(1) Real terms figures are cash figures adjusted to 2003-04 price levels, using GDP deflators. For 2004-05 onwards deflators consistent with the March 2005 Financial Statement and Budget Report. For years 1999-2000 to 2003-04, deflators are calculated from the latest data from the Office for National Statistics (released 23 March 2005).

Table I.11 Total Departmental Expenditure Limits⁽¹⁾, 1999–00 to 2007–08

	National Statistics								
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
£ million									
Resource and Net Capital DEL									
Education and Skills	14,007	16,673	19,322	23,594	26,344	28,305	30,719	32,840	35,101
Health	41,829	45,499	53,399	57,856	64,825	71,693	78,245	86,402	94,781
of which: NHS	41,241	44,881	52,469	56,083	63,001	69,356	75,887	84,324	92,643
Transport	5,122	4,753	6,830	9,028	10,284	10,989	11,745	13,612	12,859
Office of the Deputy Prime Minister	4,266	5,182	4,361	5,346	8,538	9,087	9,224	9,529	10,068
Local Government	34,194	35,325	37,006	37,599	41,129	43,644	46,622	48,949	51,405
Home Office	7,705	9,090	10,937	11,617	12,427	13,128	13,617	14,177	14,896
Constitutional Affairs	2,427	2,789	3,028	3,376	3,264	3,539	3,697	3,806	3,856
Law Officers' Departments	360	400	457	519	582	661	658	695	724
Defence	29,482	31,466	30,748	29,312	31,088	31,310	30,945	32,076	33,455
Foreign and Commonwealth Office	1,166	1,347	1,385	1,510	1,531	1,753	1,803	1,625	1,645
International Development	2,764	2,979	3,070	3,448	3,790	3,884	4,481	4,993	5,288
Trade and Industry	3,893	6,011	5,551	4,340	4,780	5,374	6,103	6,618	6,765
Environment, Food and Rural Affairs	2,306	2,802	2,720	2,825	2,903	3,303	3,233	3,437	3,543
Culture, Media and Sport	1,041	1,059	1,012	1,221	1,351	1,642	1,539	1,638	1,699
Work and Pensions	5,786	6,101	6,593	7,972	8,371	8,553	8,624	8,211	8,107
Scotland ⁽²⁾	14,147	15,143	16,944	18,014	20,033	21,657	22,991	24,559	25,916
Wales ⁽²⁾	7,348	7,771	8,601	9,591	10,545	11,257	12,026	12,902	13,708
Northern Ireland Executive ⁽²⁾	5,053	5,801	5,764	6,474	6,721	7,343	7,620	8,113	8,497
Northern Ireland Office	1,133	978	1,083	1,093	1,056	1,236	1,218	1,173	1,168
Chancellor's Departments	3,412	3,352	4,020	4,283	4,606	5,144	5,315	5,346	5,477
Cabinet Office	1,521	1,433	1,649	1,723	2,161	2,024	2,041	2,082	2,154
Invest to Save Budget	—	—	—	—	—	—	30	30	30
DEL Reserve	—	—	—	—	—	—	1,200	1,900	2,900
Unallocated Special Reserve ⁽³⁾	—	—	—	—	—	—	300	—	—
Allowance for Shortfall	—	—	—	—	—	–4,340	—	—	—
Total DEL	188,963	205,955	224,479	240,740	266,327	281,186	303,900	324,700	344,000
Total Education Spending⁽⁴⁾ (£ billion)	40.8	44.3	49.8	53.3	59.3	63.9	68.2	72.6	77.2

(1) Full resource budgeting basis, excluding depreciation.

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

(3) This represents provision for the costs of the military conflict in Iraq and other international obligations.

(4) Includes spending by local authorities.

Table I.12 Total Departmental Expenditure Limits⁽¹⁾ in real terms,⁽²⁾ 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource and Net Capital DEL									
Education and Skills	15,464	18,197	20,565	24,277	26,344	27,756	29,387	30,591	31,837
Health	46,181	49,658	56,832	59,532	64,825	70,301	74,855	80,484	85,968
of which: NHS	45,532	48,983	55,842	57,708	63,001	68,009	72,598	78,549	84,030
Transport	5,655	5,188	7,269	9,289	10,284	10,776	11,236	12,679	11,663
Office of the Deputy Prime Minister	4,710	5,656	4,642	5,501	8,538	8,910	8,824	8,876	9,132
Local Government	37,752	38,553	39,385	38,688	41,129	42,796	44,601	45,597	46,626
Home Office	8,507	9,920	11,640	11,954	12,427	12,873	13,026	13,206	13,511
Constitutional Affairs	2,680	3,044	3,223	3,474	3,264	3,470	3,537	3,548	3,498
Law Officers' Departments	398	437	486	534	582	648	630	648	657
Defence	32,550	34,341	32,725	30,162	31,088	30,702	29,604	29,879	30,344
Foreign and Commonwealth Office	1,288	1,470	1,474	1,554	1,531	1,719	1,725	1,514	1,492
International Development	3,051	3,251	3,268	3,548	3,790	3,808	4,287	4,651	4,796
Trade and Industry	4,298	6,561	5,908	4,466	4,780	5,269	5,839	6,164	6,136
Environment, Food and Rural Affairs	2,546	3,058	2,895	2,907	2,903	3,239	3,093	3,201	3,213
Culture, Media and Sport	1,150	1,156	1,077	1,257	1,351	1,610	1,473	1,526	1,541
Work and Pensions	6,388	6,658	7,017	8,203	8,371	8,387	8,250	7,649	7,353
Scotland ⁽³⁾	15,619	16,527	18,033	18,536	20,033	21,237	21,994	22,877	23,507
Wales ⁽³⁾	8,113	8,481	9,154	9,868	10,545	11,038	11,505	12,018	12,433
Northern Ireland Executive ⁽³⁾	5,579	6,332	6,134	6,662	6,721	7,200	7,290	7,557	7,707
Northern Ireland Office	1,250	1,068	1,153	1,125	1,056	1,212	1,166	1,093	1,060
Chancellor's Departments	3,767	3,659	4,278	4,407	4,606	5,044	5,085	4,980	4,968
Cabinet Office	1,679	1,564	1,755	1,773	2,161	1,985	1,953	1,940	1,954
Invest to Save Budget	—	—	—	—	—	—	29	28	27
DEL Reserve	—	—	—	—	—	—	1,100	1,700	2,600
Unallocated Special Reserve ⁽⁴⁾	—	—	—	—	—	—	200	—	—
Allowance for Shortfall	—	—	—	—	—	-4,256	—	—	—
Total DEL	208,626	224,778	238,912	247,716	266,327	275,726	290,700	302,400	312,000
Total Education Spending⁽⁵⁾ (£ billion)	45.1	48.4	53.0	54.9	59.3	62.7	65.2	67.6	70.0

(1) Full resource budgeting basis, excluding depreciation.

(2) Real terms figures are cash figures adjusted to 2003-04 price levels, using GDP deflators. For 2004-05 onwards deflators consistent with the March 2005 Financial Statement and Budget Report. For years 1999-2000 to 2004-04, deflators are calculated from the latest data from the Office for National Statistics (released 23 March 2005).

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

(4) This represents provision for the costs of the military conflict in Iraq and other international obligations.

(5) Includes spending by local authorities and devolved administrations.

Table I.13 Accounting adjustments, 1999–00 to 2007–08

	£ billion								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Tax credits for individuals	1.8	1.0	0.8	0.9	0.1	0.0	0.0	0.0	0.0
Pensions	-13.4	-13.3	-16.8	-20.1	-22.6	-25.7	-29.1	-31.0	-33.0
European Community contributions	-5.5	-6.3	-5.7	-4.2	-4.5	-4.0	-3.9	-4.0	-4.0
Other central government programmes	-0.2	0.1	0.1	0.5	0.9	0.9	0.8	0.8	0.7
VAT refunds	5.4	6.2	7.1	8.1	9.1	10.0	10.7	11.8	12.6
Central government capital consumption	4.9	5.0	5.0	5.1	5.3	5.5	5.9	6.3	6.7
Non-cash items not in TME	-12.8	-18.0	-17.6	-17.1	-12.3	-10.5	-10.1	-12.6	-14.3
Expenditure financed by revenue receipts	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Local authorities	3.9	3.9	4.1	4.4	4.5	3.1	5.0	6.3	6.3
General government consolidation	-5.3	-5.2	-5.1	-6.1	-5.2	-5.0	-5.0	-5.1	-5.3
Public corporations	0.1	-0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.5
Financial transactions	-0.9	-1.3	-0.3	-0.2	0.8	0.0	0.2	0.5	0.4
Data adjustment	0.0	0.0	-0.2	-0.2	-0.1	-0.7	-1.7	0.9	-0.2
Balancing reconciliation	-2.9	-0.4	-3.0	-0.6	-1.0	-1.2	-1.1	0.2	-0.7
Total accounting adjustments	-24.8	-28.2	-31.3	-29.0	-24.6	-26.9	-27.7	-25.5	-30.0

The accounting adjustments are described in Appendix B.

Table I.14 Total Managed Expenditure by spending sector, 1999–00 to 2007–08

	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
£ million									
Central government own expenditure									
DEL ⁽¹⁾⁽²⁾	134,330	147,019	162,168	172,429	189,974	199,029	216,206	233,316	247,198
Departmental AME	117,417	123,658	133,631	143,681	148,262	156,735	165,535	168,918	177,635
Locally financed support in									
Northern Ireland	276	307	348	361	384	415	457	498	536
Net payments to EC institutions	2,807	3,734	842	2,345	2,394	3,707	3,145	2,770	4,518
Central government debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Accounting and other adjustments ⁽²⁾	-28,137	-31,159	-34,123	-33,693	-27,459	-28,056	-31,400	-30,200	-33,300
Total central government own expenditure	251,705	269,544	284,962	306,066	335,872	355,669	379,500	402,300	425,000
Local authority expenditure									
Central government support in DEL ⁽¹⁾⁽²⁾	53,057	57,903	61,423	67,340	76,200	81,857	85,926	89,041	93,551
Central government support in departmental AME	11,614	11,890	14,257	15,326	15,412	18,152	18,376	19,218	20,285
Locally financed support in									
Scotland	1,441	1,511	1,554	1,718	1,804	1,896	2,009	2,002	1,982
Local authority self-financed expenditure	16,931	16,625	19,196	18,490	19,678	22,234	23,163	24,909	26,597
Accounting and other adjustments ⁽²⁾	3,326	3,152	2,832	4,553	2,741	1,076	6,100	8,500	9,100
Total local authority expenditure	86,368	91,080	99,262	107,427	115,835	125,215	135,600	143,600	151,500
Public corporation expenditure									
DEL ⁽¹⁾⁽²⁾	1,576	1,034	888	972	153	301	334	426	364
Departmental AME	3	36	107	86	184	1,096	159	173	180
Public corporations' own-financed capital expenditure	1,208	2,584	2,410	3,279	3,111	1,752	2,926	2,574	2,868
Accounting and other adjustments ⁽²⁾	-8	-197	-25	141	77	71	100	100	200
Total public corporation expenditure	2,779	3,458	3,381	4,477	3,526	3,221	3,500	3,300	3,600
Total Managed Expenditure	340,852	364,082	387,605	417,970	455,233	484,105	518,600	549,200	580,000

(1) Full resource budgeting basis, excluding depreciation.

(2) The sectoral DEL figures shown above exclude the £300 million unallocated Special Reserve in 2005-06. The DEL Reserve and unallocated amounts for the Invest to Save Budget are also excluded in 2005-06, 2006-07 and 2007-08. AME figures for 2005-06, 2006-07 and 2007-08 exclude the AME margin. Amounts for the unallocated Special Reserve, DEL Reserve and Invest to Save Budget can be found in Table I.11. The amounts for the AME Margin can be found in Table I.1. The accounting and other adjustments in this table differ from those shown in Table I.1 and I.11 by these amounts.

Table I.15 Voted and non-voted expenditure in Total Managed Expenditure, 1999–00 to 2007–08

	£ million								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Voted expenditure in TME:									
DEL⁽¹⁾									
Central government excluding depreciation spending ⁽¹⁾	101,122	109,913	117,978	121,631	130,581	138,484	145,306	157,641	167,747
Support for local authorities	42,575	46,178	49,262	52,520	59,849	64,358	67,497	69,884	73,704
Support for public corporations	1,119	588	588	876	167	102	39	71	78
Depreciation	6,848	8,538	8,691	14,655	8,208	10,084	9,754	10,436	10,325
Departmental AME									
Central government own spending	60,995	61,863	66,280	75,890	72,885	75,952	80,446	79,925	83,818
Support for local authorities	11,282	11,549	13,808	14,925	14,202	17,182	18,100	18,898	19,954
Support for public corporations	53	104	149	120	216	1,138	202	218	220
Other AME									
Central government spending (EU receipts)	-3,647	-3,496	-3,468	-3,912	-4,424	-4,645	-1,859	-4,471	-4,414
Total voted expenditure in TME	220,347	235,236	253,289	276,706	281,684	302,654	319,484	332,600	351,432
Non-voted expenditure in TME:									
DEL⁽¹⁾									
Central government own spending, excluding depreciation ⁽¹⁾⁽²⁾	33,207	37,106	44,190	50,798	59,394	60,544	70,900	75,675	79,451
Support for local authorities	10,482	11,725	12,161	14,820	16,350	17,498	18,430	19,157	19,847
Public corporations	457	447	300	95	-13	199	296	356	286
Depreciation	382	571	690	746	810	1,242	2,029	1,682	1,444
DEL not allocated by spending sector ⁽²⁾	—	—	—	—	—	-4,340	1,400	1,900	2,900
AME									
Central government own spending	56,423	61,795	67,351	67,791	75,377	80,784	85,089	88,994	93,817
Support for local authorities	331	341	449	400	1,210	970	276	320	331
Public corporations	-50	-68	-42	-34	-32	-41	-42	-45	-40
Other AME and AME margin									
Central government debt interest, AME margin, locally financed expenditure, non-voted net payments to EU, and accounting and other adjustments	19,273	16,930	9,218	6,648	20,454	24,595	20,683	28,568	30,565
Total non-voted expenditure in TME	120,505	128,846	134,316	141,264	173,549	181,451	199,100	216,600	228,600
Total Managed Expenditure	340,852	364,082	387,605	417,970	455,233	484,105	518,600	549,200	580,000
Memorandum:									
Voted expenditure not in TME (included within "Non-Budget" in Estimates):									
Grants to NDPBs to finance their expenditure	13,452	15,539	20,866	25,084	30,541	32,821	35,122	—	—
Grants to devolved administrations to finance their expenditure	18,209	26,999	31,369	35,089	35,079	41,229	41,819	—	—
Other non-public expenditure	1,102	2,759	1,149	2,029	2,437	-2,949	53,918	—	—
Total voted expenditure not in TME	32,763	45,297	53,384	62,202	68,058	71,101	130,860	—	—
Total voted expenditure	253,110	280,534	306,673	338,908	349,742	373,754	450,344	—	—

(1) Total DEL is shown excluding depreciation.

(2) Central government non-voted own spending by the devolved administrations and Non-Departmental Public Bodies.

2

DIFFERENCES FROM PREVIOUS PLANS

2.1 This chapter compares the latest plans for DEL and AME with the plans set out in PESA last year (Cm 6201), which were consistent with Budget 2004. The comparisons are all on a Stage 2 resource budgeting basis. The tables in this chapter do not fall within the scope of National Statistics.

Types of changes

2.2 The comparisons distinguish between:

- Transfers of financing responsibility between departments and spending sectors; and classification changes, i.e. changes in the way public expenditure is measured or the re-allocation of functions between departments (i.e. Machinery of Government (MOG) changes); and
- other changes, which are due to policy decisions or changes in forecasts of expenditure outside DEL.

The tables

2.3 Data in the tables taken from last year's PESA are adjusted for the effects of machinery of government changes.

2.4 Tables 2.1, 2.2 and 2.3 are for 2003-04, and compare the latest outturns with the estimated outturns in last year's PESA, and with the provisional outturns published in July in the Public Expenditure Outturn White Paper (PEOWP). The DEL tables also show final provision as at the end of the year (PEOWP).

2.5 Tables 2.4, 2.5 and 2.6 are for 2004-05, and compare the current "estimated outturns" (forecasts) with the plans in last year's PESA. The DEL tables also show final provision following updates provided by departments as part of the Spring Supplementary Estimates.

2.6 Tables 2.7, 2.8 and 2.9 are for 2005-06 and compare the current plans (consistent with the Budget and as presented elsewhere in PESA) with the plans in last year's PESA.

Main classification and transfer changes affecting plans

2.7 PBR 2004 announced that the Supporting People component in AME Social Security had been reclassified to DEL. This change impacts on the Office of the Deputy Prime Minister, Scottish Executive, National Assembly of Wales Government and the Northern Irish Executive. Similarly, Arms Length Management Organisations were reclassified from AME to DEL, impacting on the Office of the Deputy Prime Minister for 2004-05 and 2005-06. These changes are shown under the Transfers and Classification changes column in tables.

2.8 The discount rate used for Student Loans has been adjusted downwards, with the resultant changes reported under the Transfers and Classification changes column in tables.

Policy and estimating changes

2.9 Tables 2.4, 2.5 and 2.6 show changes to plans for 2004-05 financed by allocations from the Reserve, draw down of End Year Flexibility (EYF) and changes to forecasts.

2.10 The Department for Education and Skills' resource DEL increased by £0.9bn in 2004-05, this was financed from draw down of EYF from previous year's underspends and the take-up of PBR 2003 funding in respect of Employer Training pilots. The Department of Health's Resource DEL provision in 2004-05 increased by £0.7bn. Of this, £0.5bn was funded by the department's draw down of EYF.

2.11 The Department for Transport increased resource DEL by £0.9bn. Of this £0.5bn represented a claim on the Reserve for various transport related pressures. The remainder of the increase was £0.2bn from EYF, and a £0.2bn switch from capital DEL into resource DEL.

2.12 Defence resource DEL was increased by £1.1bn in 2004-05. This was an agreed claim on the Reserve for activities in Iraq and other operations. The Government has made provision for the costs of military operations in Iraq and its other international obligations in the Special Reserve, which has been allocated to departments.

2.13 Claims on the Reserve, other agreed changes and the draw down of EYF account for other increases in total Departmental Expenditure Limits. Use of EYF has enabled departments to smooth their expenditure for 2004-05, the year with the lowest overall planned spending growth of the 2002 Spending Review period. Estimated outturns suggest that both Resource and Capital DEL expenditure will be lower than final provision.

2.14 Changes to expenditure items in Annually Managed Expenditure are due to changes in forecasts and other changes announced in the Pre Budget Report 2004 (CM6408) and the Budget 2005 (HC372).

2.15 Increases to tax credits are due to higher spending through the Child Tax Credits (CTC) and the Working Tax Credit (WTC). Changes to forecasts of social security expenditure are due to a combination of factors, including benefit uprating.

2.16 Net public service pensions figures are reported under FRS17, and are UK GAAP compliant. The net public service pensions line measures changes in the accruing liabilities of the various pension schemes that appear in the Operating Cost Statement (except those costs that arise from the unwinding of the discount rate, which are reported separately in the non cash in AME line). Appendix D gives more information on the scoring. The changes to the cost of pensions schemes measured on this basis do not impact on TME or on the fiscal framework. Appendix B, which includes a new reconciliation table, gives more information on the relationship of the GAAP numbers in Departmental AME to the national accounts based TME.

2.17 The increase in the outturn figure for net public service pensions on an FRS 17 basis in 2003-04 compared to the figure published in the PEOWP is largely attributable to more accurate data becoming available from the audited Resource Accounts 2003-04 for the major public service pension schemes. Changes in 2004-05 reflect better data from the NHS pension scheme in particular.

2.18 Significant planned workforce and pay-bill restructuring impacts on the value of accruing pension liabilities. Specifically, workforce expansion and pay reform under the Agenda for Change in the NHS create upward pressure, whereas planned efficiencies in the civil service workforce have the opposite impact.

- 2.19** In addition to changes in the public sector workforce and pay-bill structure and better audited data being available the rate used for discounting long-term future liabilities has been lowered. This change in the discount rate, from 3.5% real to 2.8% real, effective from 1st April 2005 has led to increased forecasts of net public service pensions liabilities in 2005-06 and onwards because of its effect in increasing the balance sheet value of liabilities overnight and in increasing current service costs on an ongoing basis (as the accruing liability is discounted by a lower amount).
- 2.20** The unwinding of the discount rate as measured in the non-cash in AME line increases as a function of the changes to pensions described above.
- 2.21** Policy and estimating changes for 2005-06 are shown in **Tables 2.7, 2.8 and 2.9**; the main changes are as follows:
- SR04 adjustments to DEL, including Efficiency Challenge Funds, for the Department for Transport, Department for Work and Pensions, Home Office, Department for Constitutional Affairs, and Department of Trade and Industry.
 - Transfers from the Department of Health, Department for Transport and other departments to the Office of the Deputy Prime Minister in respect of local government announced in PBR 2004.
 - The net increase in Social Security and decrease in Tax Credits are off setting, as the expected migration of IS/JSA child premia from Social Security to Tax Credits will now take longer to be completed.
 - The discount rate for pensions and other long-term provisions changed in April 2005 from 3.5% to 2.8% and 2.2% respectively.
 - The £0.4bn increase in the special reserve for funding the costs of the military conflict in Iraq and the UK's other international obligations that was announced in the Budget is only partially reflected in the £0.3bn unallocated special reserve figure for 2005-06. This is because £0.1bn has already been allocated to departments.

Table 2.1 Resource DEL 2003–04; changes since PESA April 2004 and PEOWP July 2004

£ million

	Final provision adjusted for MOG	Estimated outturn in PESA 2004 adjusted for MOG	Provisional outturn in PEOWP 2004 adjusted for MOG	Transfers and classification changes since PEOWP 2004	Other changes since PEOWP 2004	Outturn
Education and Skills	23,346	22,917	23,044	-163	255	23,136
Health	63,160	63,148	62,718	—	-39	62,679
Transport	8,124	7,972	7,923	—	-93	7,830
Office of the Deputy Prime Minister	4,872	4,673	4,729	1,331	-60	6,000
Local Government	41,028	40,949	40,915	—	—	40,915
Home Office	11,969	11,878	11,720	—	—	11,721
Constitutional Affairs	3,272	3,285	3,181	—	19	3,200
Law Officers' Departments	599	599	576	—	-1	576
Defence	32,315	32,304	31,488	—	-172	31,316
Foreign and Commonwealth Office	1,698	1,695	1,615	-4	-25	1,585
International Development	3,936	3,853	3,825	-36	4	3,793
Trade and Industry	5,097	4,966	4,365	—	13	4,379
Environment Food and Rural Affairs	2,857	2,816	2,634	—	57	2,691
Culture Media and Sport	1,429	1,392	1,279	—	-1	1,279
Work and Pensions	8,596	8,434	8,292	—	-5	8,287
Scotland	18,709	18,896	18,479	396	-49	18,826
Wales	9,970	9,970	9,757	118	-42	9,834
Northern Ireland Executive	6,719	6,718	6,378	35	8	6,421
Northern Ireland Office	1,136	1,085	1,052	—	-9	1,043
Chancellor's Departments	4,759	4,718	4,566	—	-50	4,516
Cabinet Office	1,900	1,774	1,813	76	-35	1,854
Unallocated Special Reserve		—	—	—	—	—
Allowance for Shortfall		-2,184	—	—	—	—
Total	255,491	251,859	250,353	1,751	-223	251,881

Table 2.2 Capital DEL 2003–04; changes since PESA April 2004 and PEOWP July 2004

£ million

	Final provision adjusted for MOG	Estimated outturn in PESA 2004 adjusted for MOG	Provisional outturn in PEOWP 2004 adjusted for MOG	Transfers and classification changes since PEOWP 2004	Other changes since PEOWP 2004	Outturn
Education and Skills	3,443	3,357	3,297	—	-56	3,242
Health	2,824	2,724	2,553	—	-14	2,539
Transport	3,316	3,317	3,013	—	21	3,034
Office of the Deputy Prime Minister	2,307	2,243	2,307	249	-4	2,552
Local Government	334	233	216	—	-2	214
Home Office	1,085	967	929	—	—	929
Constitutional Affairs	179	177	105	—	25	130
Law Officers' Departments	16	15	11	—	—	11
Defence	6,422	6,415	5,929	—	144	6,073
Foreign and Commonwealth Office	71	71	65	-6	-9	50
International Development	39	39	39	—	-11	27
Trade and Industry	641	602	583	—	-5	578
Environment Food and Rural Affairs	366	330	336	—	19	355
Culture Media and Sport	229	194	159	—	-12	147
Work and Pensions	176	174	207	—	-21	186
Scotland	2,085	1,253	1,429	—	-28	1,401
Wales	836	737	785	—	22	807
Northern Ireland Executive	474	474	355	—	6	360
Northern Ireland Office	73	69	55	—	-1	54
Chancellor's Departments	315	276	253	—	—	253
Cabinet Office	638	605	597	—	-75	522
Unallocated Special Reserve		—	—	—	—	—
Allowance for Shortfall		-379	—	—	—	—
Total	25,869	23,893	23,221	244	-2	23,464

Table 2.3 Total Managed Expenditure 2003–04; changes since PESA April 2004 and PEOWP July 2004

£ million

	Estimated outturn in PESA 2004	Provisional outturn in PEOWP 2004	Transfers and classification changes since PEOWP 2004	Other changes since PEOWP 2004	Outturn
Departmental Expenditure Limits					
Resource DEL	251,859	250,353	1,751	-223	251,881
Capital DEL	23,893	23,221	244	-2	23,464
Less depreciation	10,497	9,154	1	-137	9,018
Total DEL	265,255	264,420	1,994	-88	266,327
Annually Managed Expenditure					
<i>Departmental AME</i>					
Social Security Benefits	120,738	120,232	-2,129	12	118,115
Tax credits	9,798	9,798	—	-19	9,779
Common Agricultural Policy	2,506	2,941	—	-36	2,905
Net Public Service Pensions	1,589	1,412	-30	667	2,049
National Lottery	2,000	2,000	—	-90	1,910
Non-cash items	28,218	27,528	222	-184	27,565
Other programme expenditure	2,269	1,544	-5	-4	1,535
Total Departmental AME	167,118	165,455	-1,942	346	163,859
<i>Other AME</i>					
Net Payments to EC Institutions	2,427	2,395	—	-1	2,394
Locally Financed Expenditure	22,558	20,842	—	1,024	21,867
Central Government Debt Interest	22,204	22,208	—	108	22,316
Public Corporations' own financed capital expenditure	2,471	2,471	—	640	3,111
Total Other AME	49,661	47,916	—	1,771	49,688
Total AME before Accounting Adjustments	216,779	213,371	-1,942	2,117	213,546
Accounting Adjustments	-23,036	-24,396	-52	-192	-24,640
Total Annually Managed Expenditure	193,742	188,975	-1,994	1,925	188,906
Total Managed Expenditure	458,997	453,395	—	1,838	455,233

Table 2.4 Resource DEL 2004–05; changes since PESA 2004

	£ million				
	Plans in PESA 2004 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education and Skills	23,888	-173	1,056	24,771	24,613
Health	68,656	-54	734	69,335	69,118
Transport	7,451	-7	910	8,354	8,277
Office of the Deputy Prime Minister	4,632	1,590	248	6,470	6,241
Local Government	43,359	-1	59	43,416	43,351
Home Office	12,181	-165	397	12,413	12,293
Constitutional Affairs	3,275	73	154	3,502	3,416
Law Officers' Departments	542	92	33	667	652
Defence	31,590	109	1,131	32,831	32,591
Foreign and Commonwealth Office	1,545	-93	365	1,817	1,787
International Development	3,765	-43	180	3,901	3,868
Trade and Industry	5,044	-25	556	5,574	5,263
Environment, Food and Rural Affairs	3,082	—	312	3,394	3,172
Culture, Media and Sport	1,455	5	82	1,542	1,542
Work and Pensions	8,104	44	303	8,451	8,391
Scotland	19,616	419	287	20,322	19,961
Wales	10,396	126	266	10,788	10,689
Northern Ireland Executive	6,761	42	298	7,101	6,977
Northern Ireland Office	1,149	-3	56	1,202	1,207
Chancellor's Departments	4,749	9	351	5,109	5,040
Cabinet Office	1,883	67	92	2,042	1,994
Invest to Save budget	13	—	-13	—	—
DEL Reserve	490	—	-490	—	—
Unallocated Special Reserve	300	—	-300	—	—
Allowance for Shortfall	—	—	-1,759	-1,759	-1,759
Total	263,925	2,012	5,307	271,245	268,687

Table 2.5 Capital DEL 2004–05; changes since PESA 2004

	£ million				
	Plans in PESA 2004 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education and Skills	3,801	-14	56	3,843	3,730
Health	3,026	—	105	3,131	3,131
Transport	3,653	3	-256	3,399	3,322
Office of the Deputy Prime Minister	2,325	224	459	3,009	2,870
Local Government	325	—	45	370	295
Home Office	1,004	-19	212	1,198	1,068
Constitutional Affairs	103	7	119	228	198
Law Officers' Departments	15	-1	8	22	18
Defence	6,327	-6	341	6,663	6,593
Foreign and Commonwealth Office	71	-8	39	103	78
International Development	18	2	21	41	41
Trade and Industry	161	—	124	286	242
Environment, Food and Rural Affairs	334	—	-2	332	332
Culture, Media and Sport	82	—	116	198	198
Work and Pensions	240	—	54	295	299
Scotland	1,960	10	128	2,099	1,960
Wales	923	—	-4	919	865
Northern Ireland Executive	374	—	43	417	421
Northern Ireland Office	57	—	25	83	78
Chancellor's Departments	342	—	155	497	416
Cabinet Office	240	—	64	304	252
Invest to Save budget	5	—	-5	—	—
DEL Reserve	953	—	-953	—	—
Unallocated Special Reserve	—	—	—	—	—
Allowance for Shortfall	—	—	-2,581	-2,581	-2,581
Total	26,337	199	-1,681	24,856	23,824

Table 2.6 Total Managed Expenditure 2004–05; changes since PESA 2004

	Plans in PESA 2004	Transfers and classification changes	Other changes	£ million Estimated outturn
Departmental Expenditure Limits				
Resource DEL	263,925	2,012	2,750	268,687
Capital DEL	26,337	199	-2,711	23,824
Less depreciation	10,978	31	318	11,326
Total DEL	279,284	2,180	-278	281,186
Annually Managed Expenditure				
<i>Departmental AME</i>				
Social Security Benefits	126,029	-2,153	1,300	125,176
Tax Credits	11,183	—	545	11,728
Common Agricultural Policy	2,535	—	671	3,206
Net Public Service Pensions	977	-61	1,299	2,214
National Lottery	2,000	—	-200	1,800
Non-cash items	26,427	417	956	27,801
Other programme expenditure	3,408	-383	1,035	4,060
Total Departmental AME	172,557	-2,180	5,606	175,984
<i>Other AME</i>				
Net Payments to EC Institutions	2,703	—	1,004	3,707
Locally Financed Expenditure	24,334	—	211	24,545
Central Government gross debt interest	23,928	—	-89	23,839
Public Corporations' own financed capital expenditure	2,645	—	-893	1,752
Total Other AME	53,610	—	233	53,844
Total AME before Accounting Adjustments	226,167	-2,180	5,839	229,827
AME margin	1,000	—	-1,000	—
Accounting adjustments	-18,860	—	-8,048	-26,908
Total Annually Managed Expenditure	208,307	-2,180	-3,209	202,919
Total Managed Expenditure	487,590	—	-3,486	484,105

Table 2.7 Resource DEL 2005–06; changes since PESA 2004

	£ million			
	Plans in PESA 2004 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
Education and Skills	26,702	-295	-85	26,321
Health	74,842	-169	418	75,090
Transport	8,370	-56	506	8,820
Office of the Deputy Prime Minister	4,992	1,444	-175	6,261
Local Government	45,826	238	209	46,273
Home Office	12,980	-8	-184	12,788
Constitutional Affairs	3,526	-1	163	3,688
Law Officers' Departments	575	1	76	651
Defence	32,539	62	-96	32,506
Foreign and Commonwealth Office	1,594	-30	249	1,813
International Development	4,536	-52	-11	4,473
Trade and Industry	5,540	41	345	5,926
Environment, Food and Rural Affairs	3,203	-15	-88	3,100
Culture, Media and Sport	1,542	-9	7	1,539
Work and Pensions	8,341	-4	49	8,387
Scotland	20,888	374	142	21,405
Wales	11,156	91	60	11,307
Northern Ireland Executive	7,167	79	43	7,289
Northern Ireland Office	1,191	8	—	1,199
Chancellor's Departments	5,092	7	105	5,204
Cabinet Office	1,889	52	69	2,010
Invest to Save budget	9	—	15	24
DEL Reserve	1,500	—	-900	600
Unallocated Special Reserve	—	—	300	300
Allowance for Shortfall	—	—	—	—
Total	284,000	1,758	1,200	286,900

Table 2.8 Capital DEL 2005–06; changes since PESA 2004

	Plans in PESA 2004 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	£ million New Plans
Education and Skills	4,445	—	—	4,445
Health	4,319	—	-500	3,819
Transport	3,301	—	-1	3,300
Office of the Deputy Prime Minister	2,424	176	375	2,976
Local Government	349	—	—	349
Home Office	1,071	—	92	1,163
Constitutional Affairs	119	—	19	138
Law Officers' Departments	15	—	—	15
Defence	6,880	—	—	6,880
Foreign and Commonwealth Office	84	-8	47	123
International Development	14	—	16	30
Trade and Industry	73	—	232	304
Environment, Food and Rural Affairs	344	—	-5	339
Culture, Media and Sport	97	—	—	97
Work and Pensions	95	—	251	346
Scotland	2,099	—	-198	1,901
Wales	1,002	—	-66	935
Northern Ireland Executive	404	—	6	410
Northern Ireland Office	72	-6	—	66
Chancellor's Departments	309	—	—	309
Cabinet Office	248	6	-3	250
Invest to Save budget	7	—	—	6
DEL Reserve	1,100	—	-600	500
Unallocated Special Reserve	—	—	—	—
Allowance for Shortfall	—	—	—	—
Total	28,900	168	-300	28,800

Table 2.9 Total Managed Expenditure 2005–06; changes since PESA 2004

	Plans in PESA 2004	Transfers and classification changes	Other changes	£ million New plans
Departmental Expenditure Limits				
Resource DEL	284,000	1,758	1,200	286,900
Capital DEL	28,900	168	–300	28,800
Less depreciation	11,700	18	—	11,800
Total DEL	301,100	1,908	800	303,900
Annually Managed Expenditure				
<i>Departmental AME</i>				
Social Security Benefits	127,809	–1,919	4,181	130,071
Tax Credits	14,258	—	–2,475	11,783
Common Agricultural Policy	2,523	—	765	3,288
Net Public Service Pensions	234	–104	3,767	3,897
National Lottery	1,600	—	100	1,700
Non-cash items	26,485	–128	1,641	27,998
Other programme expenditure	3,292	224	1,818	5,334
Total Departmental AME	176,200	–1,927	9,797	184,070
<i>Other AME</i>				
Net Payments to EC Institutions	3,687	—	–541	3,145
Locally Financed Expenditure	26,128	—	–500	25,628
Central Government gross debt interest	25,442	—	121	25,563
Public Corporations' own financed capital expenditure	2,474	—	452	2,926
Total Other AME	57,731	—	–468	57,262
Total AME before Accounting Adjustments	233,931	–1,927	9,329	241,333
AME margin	2,000	—	–1,000	1,000
Accounting adjustments	–16,684	19	–10,990	–27,655
Total Annually Managed Expenditure	219,200	–1,908	–2,700	214,700
Total Managed Expenditure	520,400	—	–1,800	518,600

3.1 The analyses in this chapter give a picture of changes in government expenditure over recent years, adjusted as far as possible so that figures for outturn years are based on current allocations of responsibilities between departments and on current definitions for the aggregate spending measures.

3.2 Data in this chapter are a mix of cash and accruals. All outturn data up until 1997-1998 are on a cash basis. Outturn for 1998-99 to 2003-04 are on an accruals basis, as are estimated outturn data for 2004-05 and plans data, where shown, for 2005-06, 2006-07 and 2007-08. All outturn data (to 2003-04) in the tables in this chapter are National Statistics.

Public expenditure aggregates

3.3 Table 3.1 shows trends in public expenditure over the years 1967-68 to 2007-08 in nominal and in real terms and as a percentage of Gross Domestic Product (GDP). The table shows three spending aggregates in this detail: public sector current expenditure, public sector net investment and Total Managed Expenditure (TME). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only. Data for all these aggregates for the years up to 2003-04 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 get updated monthly. Public sector current expenditure plus public sector net investment plus public sector depreciation is equal to TME – which is a measure of total public sector spending drawn from national accounts. Figures for 2004-05 are estimated outturn and for 2005-06 onwards are projections produced by the Treasury.

Total Expenditure on Services by function

3.4 Table 3.6 gives a detailed analysis of the level of spending in the different functional areas of government for the years 1999-2000 to 2004-05. The functional categories are based on the UN Classification of the Functions of Government (COFOG), the international standard. The classification system used is entirely consistent with the top-level functional breakdown of UN COFOG. At the more detailed sub-function level, although not the same, there is considerable overlap with UN COFOG. Further information on the classification and relationship to UN COFOG is available from the Treasury website: http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_function/function.cfm.

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

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

3.7 ONS announced on 2nd July 2003 (<http://www.statistics.gov.uk/pdfdir/fou0703.pdf>) the intention to reclassify NHS trusts from the public corporation sector to the central government sector. The change was effected by ONS on 30 June 2004 and covered all years back to 1991. In TES expenditure on health care is adjusted to exclude the elements of health authorities' payments for services that cover the depreciation of NHS trusts' capital and their payments of interest and dividends. The change from the public corporation sector to the central government sector has also been implemented in TES. This differs from presentation in PESA 2004 but is consistent with ONS classification in TME.

3.8 Table 3.2 shows a longer time series, from 1987-88 to 2004-05, for TES by function, at a higher level of aggregation. Tables 3.3 and 3.4 present the material in Table 3.2 in real terms and as a percentage of GDP. These tables cover outturn years and give estimated outturns for 2004-05.

Relationship between functional series and departments

3.9 Table 3.5 shows TES by function split across the different government departments for 2003-04. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations.

Total Expenditure on Services by economic category

3.10 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. Table 3.7 breaks down TES into its component economic categories.

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

3.11 Tables 3.8 and 3.9 give a functional breakdown of the current and capital expenditure of central and local government and public corporations for outturn years (1999-2000 to 2004-05), and for central government and public corporation spending for the plans years (2005-06, 2006-07 and 2007-08). The figures for central government and public corporation capital spending for 2005-06 onwards reflect departments' capital budgets and detailed decisions on the allocation of expenditure. A functional split of local authority capital spending is not available for future years as the allocation of spending between services is a matter for individual local authorities, and there is no aggregate information of their plans at this level of detail.

Asset Sales

3.12 Table 3.10 shows actual and planned general government receipts from asset sales from 1999-2000 through to 2004-05. Figures are shown separately for each spending sector, distinguishing between receipts from sale of land and buildings and other receipts.

Table 3.1 Public expenditure aggregates, 1967–68 to 2007–08

Outturn data in this table up to 2003–04 fall within the scope of National Statistics

	Public sector current expenditure			Depreciation		Public sector net investment			Total Managed Expenditure		
	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP	Cash £ billion	Percentage of GDP	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP
1967–68	13.7	162.3	33.6	1.5		2.9	34.4	7.1	18.2	214.7	44.5
1968–69	14.7	166.1	33.2	1.7		2.8	31.8	6.4	19.2	216.7	43.3
1969–70	15.6	166.8	32.7	1.8		2.8	29.7	5.8	20.2	215.9	42.4
1970–71	17.3	170.5	32.6	2.1		3.2	32.0	6.1	22.6	222.9	42.7
1971–72	19.7	178.5	33.3	2.3		3.1	28.2	5.3	25.1	227.7	42.5
1972–73	22.2	186.1	33.1	2.6		3.2	27.1	4.8	28.1	235.1	41.9
1973–74	26.2	204.7	35.1	3.1		3.9	30.5	5.2	33.2	259.7	44.5
1974–75	34.6	226.5	38.8	4.0		4.9	32.2	5.5	43.6	285.1	48.9
1975–76	44.3	231.3	39.9	5.1		6.1	31.6	5.5	55.5	289.5	49.9
1976–77	51.8	238.2	39.9	6.0		5.6	25.9	4.3	63.3	291.5	48.8
1977–78	58.0	234.8	38.4	6.8		4.3	17.6	2.9	69.1	279.9	45.8
1978–79	66.3	241.8	38.4	7.7		4.2	15.3	2.4	78.2	285.2	45.3
1979–80	79.4	248.0	38.2	9.1		4.5	14.2	2.2	93.1	290.7	44.8
1980–81	96.6	255.4	40.8	10.9		4.3	11.4	1.8	111.8	295.6	47.3
1981–82	110.6	266.8	42.6	11.9		2.4	5.8	0.9	124.9	301.3	48.1
1982–83	120.9	272.5	42.7	12.3		4.2	9.6	1.5	137.5	309.9	48.5
1983–84	130.4	281.1	42.3	12.8		5.5	11.8	1.8	148.7	320.6	48.2
1984–85	141.0	288.8	42.6	12.8		5.1	10.4	1.5	158.9	325.5	48.0
1985–86	148.7	289.0	41.0	12.1		4.5	8.8	1.2	165.3	321.2	45.6
1986–87	155.8	293.4	40.1	12.6		2.8	5.2	0.7	171.2	322.5	44.1
1987–88	166.4	296.8	38.6	12.3		2.8	5.1	0.7	181.5	323.8	42.1
1988–89	173.7	289.6	36.2	13.6		1.7	2.9	0.4	189.0	315.1	39.4
1989–90	187.4	291.9	35.7	14.7		6.3	9.8	1.2	208.4	324.6	39.7
1990–91	203.3	293.5	36.1	13.8		8.2	11.8	1.4	225.3	325.2	40.0
1991–92	228.4	310.9	38.4	12.4		10.9	14.9	1.8	251.7	342.7	42.3
1992–93	247.3	326.1	40.2	12.0		12.3	16.2	2.0	271.6	358.1	44.2
1993–94	261.2	335.5	40.0	12.1		10.2	13.1	1.6	283.5	364.2	43.4
1994–95	273.6	346.4	39.7	12.8		10.1	12.7	1.5	296.5	375.4	43.0
1995–96	285.7	351.5	39.2	13.3		9.9	12.2	1.4	308.9	380.0	42.4
1996–97	296.2	352.7	38.3	12.3		5.5	6.6	0.7	314.1	373.9	40.6
1997–98	303.5	352.3	36.9	12.3		5.2	6.0	0.6	321.0	372.6	39.0
1998–99	311.4	351.3	35.9	12.0		6.8	7.7	0.8	330.2	372.5	38.0
1999–00	323.8	357.5	35.2	12.2		4.8	5.3	0.5	340.9	376.3	37.1
2000–01	346.0	377.6	36.0	12.6		5.5	6.0	0.6	364.1	397.4	37.9
2001–02	364.4	387.8	36.3	13.0		10.3	10.9	1.0	387.6	412.5	38.6
2002–03	392.6	403.9	37.1	13.9		11.6	11.9	1.1	418.0	430.1	39.5
2003–04	426.6	426.6	38.2	14.0		14.6	14.6	1.3	455.2	455.2	40.8
2004–05	451.1	442.4	38.4	14.6		18.3	18.0	1.6	484.1	474.7	41.2
2005–06	476.9	456.2	38.4	15.5		26.2	25.1	2.1	518.6	496.1	41.8
2006–07	503.4	468.9	38.4	16.4		29.4	27.4	2.2	549.2	511.6	41.9
2007–08	531.5	482.0	38.5	17.4		31.2	28.3	2.3	580.0	526.1	42.1

(1) Real terms figures are the cash figures adjusted to 2003–04 price levels using GDP deflators. For years 1967–68 to 2003–04 deflators are calculated from the latest data from the Office for National Statistics (released 23rd March 2005). From 2004–05 deflators are consistent with the March 2005 Financial Statement and Budget Report.

Table 3.2 Total Expenditure on Services by function, 1987–88 to 2004–05

	National Statistics																		
	cash, £ billion																		accruals, £ billion
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	
General public services	3.9	4.3	5.4	5.8	6.6	7.4	7.5	7.6	7.7	7.7	7.6	8.6	9.5	9.3	10.7	11.2	12.3	13.9	
EU transactions	-1.6	-2.5	-1.5	-2.3	-4.1	-3.4	-4.7	-4.3	-4.1	-5.2	-3.7	-2.6	-2.7	-2.6	-4.8	-1.9	-2.1	-0.3	
International services	1.8	2.0	2.2	2.4	2.7	3.0	3.1	3.2	3.3	2.9	2.9	3.0	3.6	4.1	4.4	4.7	5.3	5.6	
Public sector debt interest	19.7	20.2	20.9	20.5	18.3	19.0	20.8	23.5	26.8	28.1	29.7	29.4	25.4	26.5	22.6	21.5	22.8	24.4	
Defence	19.0	19.3	20.9	21.8	23.0	23.0	22.5	22.4	21.7	21.3	20.9	23.7	24.1	24.9	24.6	26.1	27.4	28.1	
Public order and safety	8.0	8.9	10.1	11.5	13.0	14.3	14.8	15.4	15.8	16.3	17.0	17.9	18.3	20.2	22.9	24.7	26.8	29.1	
Enterprise and economic development	6.4	6.6	6.9	6.7	5.1	5.1	5.4	4.6	4.4	4.4	4.4	3.4	4.7	4.9	5.3	5.9	6.4	7.1	
Science and technology	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.1	1.2	1.3	1.3	1.3	1.3	1.3	1.5	1.9	2.1	2.3	
Employment policies	2.8	2.6	2.2	2.3	2.6	2.7	2.9	3.0	2.9	2.8	2.5	2.8	3.2	3.4	3.4	3.0	3.2	3.2	
Agriculture, fisheries and forestry	2.2	2.0	1.9	2.6	2.6	2.7	3.6	3.2	3.7	5.4	4.6	4.5	4.4	4.8	6.6	4.9	5.5	5.9	
Transport	6.8	6.7	7.8	8.9	9.8	11.4	10.6	12.1	11.5	10.1	9.2	8.5	8.8	9.0	11.3	13.6	16.6	18.2	
Environment protection	2.4	2.7	2.9	3.4	3.6	3.7	3.6	4.0	4.4	4.1	4.6	4.7	5.4	5.6	6.1	6.5	6.7	7.6	
Housing and community amenities	4.4	3.3	5.0	5.8	6.7	6.9	5.8	5.8	5.6	4.9	4.1	4.4	3.7	4.6	5.5	4.9	5.9	7.3	
Health	20.4	22.5	24.3	27.2	31.1	34.4	36.8	39.6	41.6	42.8	44.7	47.1	49.6	54.3	59.9	66.3	74.9	82.6	
Recreation, culture and religion	2.6	2.8	3.2	3.6	3.7	3.7	3.7	3.9	4.2	4.4	5.0	5.8	6.2	6.3	6.1	6.7	6.7	7.3	
Education and training	21.2	23.1	25.9	28.0	30.7	33.1	34.6	36.2	37.0	37.8	38.6	40.1	42.3	45.9	51.1	54.9	61.0	65.8	
of which: Education	20.4	22.0	24.6	27.0	29.8	32.1	33.4	35.0	35.8	36.4	37.4	38.8	40.8	44.3	49.8	53.3	59.3	63.9	
Social protection	54.9	56.6	60.9	67.8	79.8	90.7	97.8	101.5	107.1	111.9	113.6	114.4	122.1	127.5	136.2	144.8	155.0	162.9	
Unallocated ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-4.2	
Total Expenditure on Services	176.0	182.2	200.1	217.3	236.4	259.2	270.4	282.9	294.5	301.0	307.0	316.8	329.8	350.0	373.2	399.8	436.5	466.7	
Accounting adjustments	5.5	6.8	8.2	8.0	15.3	12.4	13.2	13.6	14.3	13.1	14.0	13.4	11.1	14.1	14.4	18.2	18.7	17.4	
Total Managed Expenditure	181.5	189.0	208.4	225.3	251.7	271.6	283.5	296.5	308.9	314.1	321.0	330.2	340.9	364.1	387.6	418.0	455.2	484.1	

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

Table 3.3 Total Expenditure on Services by function in real terms⁽¹⁾, 1987–88 to 2004–05

	cash, £ billion																	accruals, £ billion		
	National Statistics																	2003–04 outturn	2004–05 estimated outturn	
	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 outturn	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn			
General public services	7.0	7.3	8.5	8.4	8.9	9.8	9.6	9.6	9.5	9.2	8.8	9.6	10.5	10.2	11.4	11.5	12.3	13.6		
EU transactions	-2.8	-4.2	-2.4	-3.3	-5.6	-4.4	-6.0	-5.4	-5.0	-6.2	-4.3	-3.0	-3.0	-2.8	-5.2	-1.9	-2.1	-0.3		
International services	3.2	3.3	3.4	3.5	3.7	3.9	3.9	4.0	4.0	3.5	3.3	3.4	4.0	4.5	4.7	4.9	5.3	5.5		
Public sector debt interest	35.2	33.6	32.6	29.5	24.9	25.1	26.7	29.7	32.9	33.5	34.5	33.1	28.0	28.9	24.0	22.1	22.8	24.0		
Defence	33.9	32.2	32.5	31.5	31.3	30.3	28.9	28.4	26.7	25.4	24.3	26.8	26.7	27.2	26.1	26.9	27.4	27.6		
Public order and safety	14.3	14.8	15.8	16.7	17.8	18.8	19.1	19.5	19.5	19.4	19.7	20.2	20.2	22.1	24.3	25.4	26.8	28.5		
Enterprise and economic development	11.4	11.0	10.8	9.7	7.0	6.8	6.9	5.8	5.4	5.2	5.1	3.9	5.2	5.4	5.6	6.1	6.4	7.0		
Science and technology	1.8	1.8	1.8	1.8	1.7	1.9	1.9	1.4	1.4	1.5	1.5	1.4	1.4	1.4	1.6	2.0	2.1	2.2		
Employment policies	5.0	4.3	3.4	3.3	3.5	3.6	3.7	3.8	3.5	3.3	2.9	3.1	3.5	3.7	3.6	3.1	3.2	3.1		
Agriculture, fisheries and forestry	3.9	3.3	3.0	3.7	3.6	3.6	4.6	4.1	4.5	6.5	5.4	5.1	4.8	5.2	7.0	5.1	5.5	5.8		
Transport	12.1	11.1	12.1	12.8	13.3	15.0	13.6	15.3	14.1	12.0	10.7	9.6	9.7	9.8	12.0	14.0	16.6	17.9		
Environment protection	4.3	4.4	4.5	4.9	4.8	4.9	4.7	5.1	5.4	4.9	5.4	5.3	5.9	6.1	6.5	6.7	6.7	7.4		
Housing and community amenities	7.9	5.5	7.9	8.4	9.1	9.1	7.5	7.4	6.9	5.9	4.7	4.9	4.1	5.0	5.8	5.0	5.9	7.1		
Health	36.3	37.6	37.9	39.3	42.3	45.3	47.2	50.1	51.1	50.9	51.9	53.1	54.7	59.3	63.7	68.2	74.9	81.0		
Recreation, culture and religion	4.7	4.7	5.0	5.2	5.0	4.9	4.8	5.0	5.1	5.3	5.8	6.5	6.8	6.8	6.5	6.9	6.7	7.1		
Education and training	37.8	38.6	40.3	40.5	41.8	43.6	44.5	45.8	45.5	44.9	44.8	45.2	46.7	50.0	54.4	56.5	61.0	64.5		
of which: Education	36.4	36.7	38.2	39.0	40.5	42.4	42.9	44.3	44.1	43.4	43.4	43.8	45.1	48.4	53.0	54.9	59.3	62.7		
Social protection	97.9	94.4	94.9	97.9	108.7	119.6	125.7	128.5	131.7	133.2	131.8	129.1	134.8	139.1	145.0	149.0	155.0	159.8		
Unallocated ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-4.1		
Total Expenditure on Services	313.9	303.7	311.7	313.6	321.9	341.7	347.3	358.1	362.4	358.3	356.3	357.4	364.1	382.0	397.2	411.4	436.5	457.6		
Accounting adjustments	9.9	11.4	12.8	11.5	20.8	16.4	16.9	17.2	17.7	15.6	16.3	15.1	12.3	15.4	15.3	18.7	18.7	17.1		
Total Managed Expenditure	323.8	315.1	324.6	325.2	342.7	358.1	364.2	375.4	380.0	373.9	372.6	372.5	376.3	397.4	412.5	430.1	455.2	474.7		

(1) Real terms figures are the cash figures adjusted to 2003-04 price levels using GDP deflators. For 2004-05 deflator is consistent with the March 2005 Financial Statement and Budget Report. For years 1987-88 to 2003-04 deflators are calculated from latest ONS data (released 23rd March 2005).

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

Table 3.4 Total Expenditure on Services by function as a percentage of GDP⁽¹⁾, 1987–88 to 2004–05

	National Statistics																	based on accruals	
	based on cash																	2003–04	2004–05
	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated	
General public services	0.9	0.9	1.0	1.0	1.1	1.2	1.1	1.1	1.1	1.0	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2
EU transactions	-0.4	-0.5	-0.3	-0.4	-0.7	-0.5	-0.7	-0.6	-0.6	-0.7	-0.5	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.2	0.0
International services	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Public sector debt interest	4.6	4.2	4.0	3.6	3.1	3.1	3.2	3.4	3.7	3.6	3.6	3.4	2.8	2.8	2.2	2.0	2.0	2.0	2.1
Defence	4.4	4.0	4.0	3.9	3.9	3.7	3.5	3.3	3.0	2.8	2.5	2.7	2.6	2.6	2.4	2.5	2.5	2.5	2.4
Public order and safety	1.9	1.9	1.9	2.0	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.0	2.1	2.3	2.3	2.4	2.4	2.5
Enterprise and economic development	1.5	1.4	1.3	1.2	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6
Science and technology	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Employment policies	0.7	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Agriculture, fisheries and forestry	0.5	0.4	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.7	0.6	0.5	0.5	0.5	0.7	0.5	0.5	0.5	0.5
Transport	1.6	1.4	1.5	1.6	1.6	1.8	1.6	1.8	1.6	1.3	1.1	1.0	1.0	0.9	1.1	1.3	1.5	1.5	1.6
Environment protection	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Housing and community amenities	1.0	0.7	1.0	1.0	1.1	1.1	0.9	0.8	0.8	0.6	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.6
Health	4.7	4.7	4.6	4.8	5.2	5.6	5.6	5.7	5.7	5.5	5.4	5.4	5.4	5.6	6.0	6.3	6.7	7.0	7.0
Recreation, culture and religion	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6
Education and training	4.9	4.8	4.9	5.0	5.2	5.4	5.3	5.2	5.1	4.9	4.7	4.6	4.6	4.8	5.1	5.2	5.5	5.5	5.6
of which: Education	4.7	4.6	4.7	4.8	5.0	5.2	5.1	5.1	4.9	4.7	4.5	4.5	4.4	4.6	5.0	5.0	5.3	5.3	5.4
Social protection	12.7	11.8	11.6	12.0	13.4	14.7	15.0	14.7	14.7	14.5	13.8	13.2	13.3	13.3	13.6	13.7	13.9	13.9	13.9
Unallocated ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-0.4
Total Expenditure on Services	40.8	38.0	38.1	38.5	39.7	42.1	41.4	41.0	40.4	38.9	37.3	36.5	35.9	36.4	37.2	37.8	39.1	39.8	39.8
Accounting adjustments	1.3	1.4	1.6	1.4	2.6	2.0	2.0	2.0	2.0	1.7	1.7	1.5	1.2	1.5	1.4	1.7	1.7	1.5	1.5
Total Managed Expenditure	42.1	39.4	39.7	40.0	42.3	44.2	43.4	43.0	42.4	40.6	39.0	38.0	37.1	37.9	38.6	39.5	40.8	41.2	41.2

(1) For years 1987–88 to 2003–04 using GDP consistent with the latest figures from the Office for National Statistics (published 23rd March 2005). For 2004–05, GDP is consistent with the March 2005 Financial Statement and Budget Report.

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

Table 3.5 Total Expenditure on Services by department and function, 2003–04

Department	Function	National Statistics													Total Expenditure on Services for each department				
		General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environmental protection	Housing and community amenities		Health	Recreation, culture and religion	Education and training	Social protection
Education and Skills		—	—	—	—	—	—	—	55	—	—	—	—	—	—	—	50,194	715	51,067
Health		—	—	—	—	—	—	—	—	125	—	—	—	60,865	—	—	—	12,598	73,588
Transport		—	—	—	—	0	—	39	—	—	14,240	—	—	—	—	—	—	0	14,279
Office of the Deputy Prime Minister		3,548	—	—	—	15	1,938	1,730	—	—	—	—	—	—	—	—	—	1,367	13,078
Home Office		123	—	—	—	—	17,751	—	—	—	—	—	—	—	—	—	—	40	17,914
Department for Constitutional Affairs		110	—	—	—	—	3,478	—	—	—	—	—	—	—	—	—	—	—	—
Law Officers' Departments		—	—	—	—	—	582	—	—	—	—	—	—	—	—	—	—	—	582
Defence		—	—	41	—	27,390	—	38	—	—	—	—	—	—	—	—	—	2,575	30,043
Foreign and Commonwealth Office		—	—	1,379	—	—	—	—	—	—	—	—	—	—	—	—	—	110	1,489
International Development		—	—	3,822	—	—	—	—	—	—	—	—	—	—	—	—	—	118	3,940
Trade and Industry		3	-3	62	—	—	—	3,134	100	0	—	663	—	—	388	—	—	384	6,614
Environment, Food and Rural Affairs		—	—	—	—	—	—	55	—	3,901	—	4,265	—	—	—	784	—	—	9,005
Culture, Media and Sport		—	—	—	—	—	—	194	—	—	—	—	—	—	4,773	—	—	514	5,481
Work and Pensions		212	0	—	—	—	—	23	2,543	—	—	—	—	0	—	—	—	108,337	111,114
Scotland		786	—	—	—	-1	1,785	318	509	727	1,449	960	907	7,340	766	5,564	2,414	23,532	
Wales		446	—	—	—	—	5	571	—	310	520	343	267	3,938	348	2,976	1,216	10,940	
Northern Ireland Executive		284	—	—	—	1	60	345	33	439	342	464	348	2,324	59	2,247	4,470	11,417	
Northern Ireland Office		49	—	—	—	—	1,019	—	—	—	—	—	—	—	—	—	—	14	1,082
Chancellor's Departments		4,725	-2,143	—	—	—	—	8	—	—	—	7	—	—	—	—	—	19,146	44,739
Cabinet Office		1,972	—	—	—	—	41	—	—	—	—	—	—	—	—	—	—	1,034	3,047
Total Expenditure on Services for each function		12,256	-2,145	5,304	22,776	27,405	26,755	6,417	2,149	3,240	5,502	16,551	6,701	5,934	74,928	6,732	60,980	155,041	436,527

Table 3.6 Total Expenditure on Services by sub-function, 1999–00 to 2004–05

	accruals, £ million					
	National Statistics					
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05
	outturn	outturn	outturn	outturn	outturn	estimated outturn
General public services						
Public and common services	9,489	9,314	10,692	11,167	12,256	13,877
Total general public services	9,489	9,314	10,692	11,167	12,256	13,877
EU transactions						
GNI-based contribution (net of abatement and collection costs) <i>derived as:</i>	1,471	2,104	-898	2,276	2,957	4,378
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	9,207	10,640	9,213	9,737	11,371	12,116
<i>Traditional Own Resources (without deduction of collection costs) and VAT contribution</i>	-5,530	-6,314	-5,685	-4,229	-4,539	-4,015
<i>UK abatement</i>	-2,206	-2,223	-4,427	-3,233	-3,874	-3,722
EC receipts	-3,676	-4,099	-3,309	-3,424	-4,234	-4,084
Attributed aid and CFSP	-518	-584	-635	-736	-868	-603
Total EU transactions	-2,723	-2,579	-4,842	-1,884	-2,145	-309
International Services						
Other international services	992	1,207	1,350	1,439	1,522	1,773
International development assistance	2,606	2,905	3,068	3,281	3,782	3,798
Total international services	3,598	4,111	4,419	4,721	5,304	5,571
Public sector debt interest⁽¹⁾⁽²⁾						
Central government debt interest	25,012	25,986	22,095	20,943	22,316	23,839
Local authority debt interest	313	385	350	305	276	412
Public corporation debt interest	53	82	120	240	184	184
Total public sector debt interest	25,378	26,453	22,565	21,488	22,776	24,435
Defence						
National defence	24,143	24,875	24,553	26,132	27,390	28,058
Civil defence	6	6	2	3	16	43
Total defence	24,148	24,881	24,555	26,135	27,405	28,100
Public order and safety						
Police	9,270	9,675	11,216	12,046	13,324	14,561
Fire	1,943	1,999	2,086	2,287	2,282	2,632
Administration of justice	2,987	3,576	4,476	4,925	5,380	5,724
Immigration and citizenship	796	1,398	1,729	1,797	1,942	1,731
Prisons and offender programmes	2,774	2,942	2,591	2,888	2,982	3,387
Other public order and safety	555	641	777	779	845	1,057
Total public order and safety	18,325	20,231	22,877	24,722	26,755	29,092
Enterprise and economic development						
Economic development and trade	679	778	981	1,023	1,022	1,176
Support for business	2,087	2,088	2,100	2,169	2,461	2,693
Regional policy	1,931	2,069	2,184	2,720	2,934	3,247
Total enterprise and economic development	4,697	4,935	5,266	5,912	6,417	7,117
Science and technology						
Science and technology	1,264	1,306	1,529	1,943	2,149	2,265
Total science and technology	1,264	1,306	1,529	1,943	2,149	2,265
Employment policies						
Employment policies	3,204	3,409	3,377	2,989	3,240	3,168
Total employment policies	3,204	3,409	3,377	2,989	3,240	3,168
Agriculture, fisheries and forestry						
Market support under CAP	3,245	2,928	2,693	2,906	3,300	3,630
Other agriculture, food and fisheries policy	1,059	1,770	3,783	1,906	2,072	2,165
Forestry	72	102	116	133	131	130
Total agriculture, fisheries and forestry	4,376	4,800	6,592	4,945	5,502	5,926

Table 3.6 Total Expenditure on Services by sub-function, 1999–00 to 2004–05 (continued)

	accruals, £ million					
	National Statistics					
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Transport						
National roads	1,943	2,106	2,312	2,614	2,501	2,720
Local roads	2,854	3,180	3,829	4,353	4,382	5,401
Local public transport	2,073	2,102	2,670	3,569	5,473	5,358
Railways	1,212	1,044	1,792	2,437	3,348	3,802
Other transport	681	555	646	593	846	927
Total transport	8,764	8,987	11,250	13,566	16,551	18,208
Environment protection						
Environmental protection	5,200	5,441	5,933	6,306	6,394	7,267
Environmental research	183	190	209	236	308	287
Total environment protection	5,383	5,630	6,142	6,542	6,701	7,554
Housing and community amenities						
Local authority housing	1,045	1,334	1,852	945	713	2,092
Other social housing	1,296	1,334	1,490	1,639	2,267	2,184
Other community services	1,331	1,900	2,141	2,284	2,954	3,015
Total housing and community amenities	3,672	4,568	5,483	4,868	5,934	7,290
Health⁽³⁾						
Medical services	48,256	52,947	58,353	64,761	72,986	80,370
Medical research	321	339	371	346	399	431
Central health and other services	995	1,042	1,155	1,207	1,543	1,833
Total health	49,573	54,327	59,880	66,314	74,928	82,634
Recreation, culture and religion						
Heritage, arts, libraries and films	2,412	2,471	2,488	2,715	3,053	3,305
Sport and recreation	1,973	2,025	2,084	2,292	2,393	2,856
Broadcasting	214	224	187	202	210	210
Lottery	1,577	1,514	1,313	1,473	1,025	830
Other recreation, culture and religion	28	31	37	42	51	65
Total recreation, culture and religion	6,203	6,264	6,110	6,723	6,732	7,265
Education and training⁽³⁾						
Under fives	2,289	2,466	3,045	3,196	3,724	4,118
Primary schools	11,369	12,471	13,703	14,667	16,455	17,313
Secondary schools	12,203	13,343	14,981	16,026	18,098	19,304
Higher education	5,421	5,801	6,279	6,651	7,088	7,702
Further education	4,230	4,741	5,719	6,430	7,211	7,384
Student support	1,978	1,799	1,509	1,209	1,155	1,838
Training	1,420	1,517	1,257	1,552	1,658	1,845
Other education and training	3,352	3,717	4,583	5,142	5,592	6,265
Total education and training	42,263	45,856	51,076	54,873	60,980	65,770

Table 3.6 Total Expenditure on Services by sub-function, 1999–00 to 2004–05 (continued)

	accruals, £ million					
	National Statistics					
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Social protection						
Incapacity, disability and injury benefits	18,727	19,140	20,725	20,779	21,804	22,658
State pensions	40,877	43,262	46,619	49,142	51,520	54,537
Public service occupational pensions ⁽⁴⁾	5,221	4,932	5,138	4,133	2,090	1,337
Widows' benefits	1,030	1,019	1,131	1,124	1,039	943
Family benefits, income support and tax credits	24,967	27,126	29,181	31,021	36,705	39,964
Unemployment benefits ⁽⁵⁾	3,756	3,428	3,192	4,853	4,476	4,101
Housing benefits	11,550	11,534	11,910	12,980	12,720	13,434
Personal social services	12,168	12,997	14,031	16,337	20,287	21,544
Administration and miscellaneous services	3,843	4,035	4,291	4,400	4,402	4,429
Total social protection	122,139	127,473	136,219	144,768	155,041	162,926
Unallocated						
Departmental unallocated provision	—	—	—	—	—	134
Reserve and other funds	—	—	—	—	—	—
Allowance for Shortfall	—	—	—	—	—	–4,340
Total unallocated	—	—	—	—	—	–4,206
Total Expenditure on Services	329,752	349,966	373,189	399,790	436,527	466,682
Accounting adjustments	11,100	14,116	14,416	18,180	18,706	17,423
Total Managed Expenditure	340,852	364,082	387,605	417,970	455,233	484,105

(1) Debt interest figures are gross.

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

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

(4) Lower figures from 2003–04 reflect receipts of employers' contributions for costs of pensions increases – see footnote (3).

(5) From 2002–03, the Unemployment benefits line includes the relevant pay costs of Jobcentre Plus staff.

Table 3.7 Total Expenditure on Services by economic category, 1999-00 to 2004-05

	National Statistics						accruals, £ million
	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 estimated outturn	
Public sector current expenditure							
Pay ⁽¹⁾	89,822	95,784	102,346	112,393	118,772	} 230,607	
Procurement	67,597	73,993	80,860	87,295	100,209		
Subsidies	6,556	6,640	7,854	7,406	9,110		9,587
Social benefits and other grants to private sector	122,013	128,731	137,831	145,533	156,576		163,820
Current transfers abroad	1,849	2,492	544	2,409	2,546		6,392
Public sector debt interest	25,378	26,453	22,565	21,488	22,776		24,435
Total public sector current expenditure on services	313,214	334,093	351,999	376,524	409,989		434,841
Accounting adjustments	10,614	11,878	12,351	16,026	16,618		16,286
Total public sector current expenditure	323,828	345,971	364,350	392,550	426,607		451,127
Public sector capital expenditure							
Capital expenditure	12,288	11,324	14,891	15,962	17,516		20,809
Stock building	152	119	13	20	26		347
Capital grants	4,099	4,430	6,285	7,284	8,997		10,685
Total public sector capital expenditure on services	16,538	15,874	21,189	23,266	26,539		31,841
Accounting adjustments	486	2,237	2,066	2,154	2,087		1,136
Total public sector capital expenditure	17,024	18,111	23,255	25,420	28,626		32,977
Total Managed Expenditure	340,852	364,082	387,605	417,970	455,233		484,105

(1) Following the ONS's re-classification of NHS trusts to the central government sector, the pay costs of the staff of NHS trusts are now included in the Pay line; they used to be largely covered by health authorities' purchases from NHS trusts, included in the Procurement line. Figures for the outturn years, provided by the ONS, are set out below. Figures for forward years are not available and so Pay and Procurement have not been separated.

£million	1999-00	2000-01	2001-02	2002-03	2003-04
	23,131	25,030	26,145	27,360	26,691

Table 3.8 Public sector current expenditure by spending sector and function, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Central government own									
General public services	5,775	5,950	6,631	6,859	7,492	8,241	8,800	9,168	9,368
EU transactions	-2,723	-2,579	-4,842	-1,884	-2,145	-309	-739	-1,261	503
International services	3,490	3,964	4,288	4,595	5,165	5,418	5,883	6,088	6,139
Debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Defence	21,736	23,843	23,396	25,147	26,549	26,675	26,713	27,497	28,861
Public order and safety	6,973	8,448	10,136	11,398	12,258	12,929	13,706	14,306	14,965
Enterprise and economic development	2,188	2,410	2,685	3,784	4,021	4,254	4,432	4,663	4,252
Science and technology	1,186	1,205	1,372	1,671	1,703	1,814	2,024	1,884	1,952
Employment policies	3,136	3,350	3,295	2,915	2,985	3,007	2,463	2,480	2,472
Agriculture, fisheries and forestry	4,239	4,643	6,345	4,710	5,194	5,581	5,503	5,411	5,413
Transport	3,467	3,268	3,162	3,601	4,349	3,831	4,338	5,058	4,926
Environment protection	1,606	1,628	1,717	1,995	1,725	2,102	2,709	3,024	3,073
Housing and community amenities	1,123	1,125	1,121	1,002	1,259	644	841	841	797
Health	47,895	52,273	57,313	63,054	71,334	78,034	83,804	91,530	99,628
Recreation, culture and religion	1,297	1,837	1,910	1,864	1,968	2,143	2,445	2,068	2,124
Education and training	14,072	15,369	17,019	18,349	20,494	22,304	24,223	26,749	27,833
Social protection	98,634	103,126	110,395	115,627	122,819	128,851	132,338	135,259	141,135
Unallocated provision	—	—	—	—	—	-1,771	3,100	2,300	3,600
Total central government own current expenditure on services	239,105	255,844	268,037	285,631	309,483	327,588	348,100	364,000	385,500
Accounting adjustments	3,772	4,558	5,048	7,786	10,169	9,300	8,100	12,400	11,700
Total central government own current expenditure	242,877	260,402	273,085	293,417	319,652	336,888	356,200	376,400	397,200
Local authorities									
General public services	2,994	2,999	3,143	3,259	3,188	3,787	—	—	—
Public sector debt interest	313	385	350	305	276	412	—	—	—
Defence	4	4	—	—	—	—	—	—	—
Public order and safety	10,731	11,132	11,541	12,042	13,128	14,120	—	—	—
Enterprise and economic development	390	354	376	392	430	451	—	—	—
Employment policies	53	46	47	53	69	61	—	—	—
Agriculture, fisheries and forestry	68	74	82	87	96	132	—	—	—
Transport	2,860	3,166	3,570	4,068	5,104	6,055	—	—	—
Environment protection	2,864	3,049	3,268	3,530	3,867	4,116	—	—	—
Housing and community amenities	1,065	1,471	1,677	1,690	2,175	2,273	—	—	—
Health	403	442	449	449	391	337	—	—	—
Recreation, culture and religion	2,618	2,734	2,879	3,138	3,344	3,396	—	—	—
Education and training	26,333	28,119	30,934	32,908	36,362	38,293	—	—	—
Social protection	23,361	24,192	25,527	28,732	31,891	33,638	—	—	—
Total local authorities' current expenditure on services	74,056	78,167	83,842	90,653	100,321	107,069	—	—	—
Accounting adjustments	6,842	7,320	7,303	8,240	6,450	6,986	—	—	—
Total local authorities' current expenditure	80,898	85,487	91,145	98,893	106,771	114,055	120,500	126,700	134,000
Public corporations									
Debt interest	53	82	120	240	184	184	200	300	300
Total public corporations' current expenditure	53	82	120	240	184	184	200	300	300
Public sector current expenditure	323,828	345,971	364,350	392,550	426,607	451,127	476,900	503,400	531,500

Table 3.9 Public sector capital expenditure by spending sector and function, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics					2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn				
Central government own									
General public services	444	114	566	629	1,071	935	400	776	1,037
International services	88	116	108	119	97	113	150	138	136
Defence	2,336	985	1,106	897	796	1,329	961	1,169	1,088
Public order and safety	331	362	780	768	738	1,211	1,011	1,092	1,063
Enterprise and economic development	435	682	1,311	986	1,187	1,721	1,753	1,892	2,081
Science and technology	77	101	158	271	446	451	471	490	479
Employment policies	8	7	30	14	180	94	131	65	64
Agriculture, fisheries and forestry	112	111	188	173	249	260	268	250	230
Transport	640	690	1,838	2,370	3,547	3,989	4,627	5,745	4,693
Environment protection	379	360	517	419	378	336	675	731	654
Housing and community amenities	936	962	1,132	1,411	1,981	2,128	2,050	2,162	2,487
Health	1,269	1,605	2,113	2,808	3,140	4,151	4,938	5,863	7,023
Recreation, culture and religion	1,542	928	525	928	637	503	833	1,096	912
Education and training	373	558	972	1,317	1,272	1,798	1,796	1,868	1,985
Social protection	36	39	177	256	160	219	1,136	416	306
Unallocated provision	—	—	—	—	—	-2,435	1,000	1,300	1,900
Total central government own capital expenditure on services	9,007	7,618	11,521	13,366	15,880	16,803	22,200	25,000	26,200
Accounting adjustments	-179	1,524	356	-717	340	1,978	1,100	800	1,600
Total central government own capital expenditure	8,828	9,142	11,877	12,649	16,220	18,781	23,200	25,900	27,800
Local authorities									
General public services	271	200	288	361	442	802	—	—	—
Public order and safety	289	289	405	512	618	813	—	—	—
Enterprise and economic development	89	41	52	-6	12	71	—	—	—
Employment policies	3	5	3	1	0	1	—	—	—
Agriculture, fisheries and forestry	-36	-33	-30	-38	-40	-45	—	—	—
Transport	1,165	1,552	2,070	2,681	2,817	3,370	—	—	—
Environment protection	157	134	166	220	329	436	—	—	—
Housing and community amenities	488	978	1,528	776	520	2,168	—	—	—
Health	—	—	—	—	58	112	—	—	—
Recreation, culture and religion	585	609	680	664	662	1,115	—	—	—
Education and training	1,485	1,810	2,151	2,298	2,852	3,374	—	—	—
Social protection	108	116	120	153	171	219	—	—	—
Total local authorities' capital expenditure on services	4,605	5,703	7,433	7,622	8,442	12,437	—	—	—
Accounting adjustments	865	-110	684	912	622	-1,277	—	—	—
Total local authorities' capital expenditure	5,470	5,593	8,117	8,534	9,064	11,160	15,100	17,000	17,600
Public corporations									
General public services	4	50	64	58	63	111	104	92	77
International services	20	31	23	7	42	39	39	39	39
Defence	73	50	53	91	61	96	70	103	99
Public order and safety	1	1	15	2	13	20	11	11	11
Enterprise and economic development	1,595	1,448	842	756	767	619	711	720	707
Employment policies	5	1	2	6	5	5	5	5	5
Agriculture, fisheries and forestry	-7	4	6	14	3	-2	-3	-3	-3
Transport	632	311	610	846	734	963	1,067	1,011	1,069
Environment protection	377	459	475	377	402	564	585	580	580
Housing and community amenities	59	33	25	-11	-1	78	87	83	80
Health	6	7	5	3	5	—	—	—	—
Recreation, culture and religion	161	156	115	129	122	108	93	5	5
Total public corporations' capital expenditure on services	2,927	2,553	2,235	2,279	2,216	2,601	2,770	2,646	2,669
Accounting adjustments	-201	824	1,026	1,958	1,126	436	500	300	600
Total public corporations' capital expenditure	2,726	3,376	3,261	4,237	3,342	3,037	3,300	3,000	3,200
Public sector capital expenditure	17,024	18,111	23,255	25,420	28,626	32,977	41,700	45,800	48,600

Table 3.10 Public sector receipts from sales of assets⁽¹⁾, 1999–00 to 2004–05

	accruals, £ million					
	National Statistics					
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn
Central government						
Receipts from sale of land and existing buildings	-1,061	769	574	778	850	952
Other	314	228	248	136	237	217
Total central government	-747	997	821	914	1,088	1,169
Local authorities⁽²⁾						
Receipts from sale of land and existing buildings	3,652	3,598	3,533	5,121	5,557	5,458
Other	18	20	10	10	11	12
Total local authorities	3,670	3,618	3,543	5,131	5,569	5,470
General government	2,923	4,614	4,364	6,045	6,656	6,639
Public corporations						
Receipts from sale of land and existing buildings	254	210	145	199	164	132
Other	389	233	39	30	21	25
Total public corporations	644	443	184	229	186	156
Total public sector	3,566	5,058	4,549	6,274	6,842	6,795

(1) National accounts definition of capital. Excludes single use military equipment (SUME) by Ministry of Defence, which is treated as capital under resource accounting. Therefore, expenditure on and sales of SUME are included in the capital budget under resource budgeting.

(2) The local authority figures for 2004–05 reflect local authority budgets data, as set at the beginning of 2004–05. This differs from latest figures for local authority estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2005.

4

CENTRAL GOVERNMENT OWN EXPENDITURE

Introduction

4.1 This section provides summary analyses of central government own expenditure. That is the expenditure of government departments and other central government bodies on their own activities (the devolved administrations are treated as part of central government in these analyses). In addition to staff pay, procurement and capital expenditure, it includes grants and subsidies paid to individuals and enterprises in the private sector and subsidies to public corporations. It excludes central government support for the spending of local authorities and support for the capital expenditure of public corporations. 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).

4.2 All the analyses of central government own expenditure in this section offer further breakdowns of the figures given for central government own expenditure in the sectoral spending **Table 1.14**.

4.3 All outturn data (to 2003-04) in this chapter are National Statistics.

Central government own expenditure by department

4.4 **Table 4.1** gives a departmental breakdown of central government own current plus capital expenditure, actual and planned, for the period 1999-2000 to 2007-08. Expenditure falling in DEL is shown separately from expenditure falling in departmental AME. DEL expenditure excludes depreciation. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government – some of which will be recorded under Scotland, Wales or Northern Ireland. Partly as a result, social security, health and defence together account for some two thirds of total central government own spending. Other AME includes locally financed expenditure that is classified as central government spending.

Central government own current and capital expenditure by department

4.5 **Tables 4.2** and **4.3** show, for 1999-2000 through to 2007-08, central government DEL and departmental AME expenditure, actual and planned, for each department, separated between current/resource and capital expenditure. Departmental totals for resource expenditure exclude depreciation and include other non-cash items. These are deducted in the accounting adjustments to get to a measure of total current expenditure that is consistent with national accounts. There are also some differences in the classification of expenditure as capital or current in the budgeting regime (i.e. DEL and AME) and national accounts. These differences are accounted for in the 'add/remove items classified as capital in national accounts' lines.

Central government own expenditure by economic category

4.6 Table 4.4 shows central government own expenditure by economic category, within the framework of the central government component of Total Expenditure on Services (TES). TES is an overall measure of public spending which is close to TME. So it represents, broadly, current plus capital expenditure. TES excludes most non-cash spending. Full details of the definition of TES are available in appendix E.

4.7 On 2 July 2003, the ONS announced that NHS foundation hospitals would be reclassified from the public corporation sector to the central government sector. The reclassification to the central government sector took effect in the National Accounts Blue Book in Summer 2004. Consequently NHS trusts are now included in this chapter, and all other presentations in PESA 2005 treat NHS Trusts as part of central government. Note that the relationship between the Department for Health (DH) and NHS Trusts has not changed and as such the way in which DH budget for these bodies is unchanged (See Appendix D).

Central government own expenditure by function

4.8 Table 4.5 shows central government own expenditure by function. This allocates expenditure of central government departments and the devolved administrations in Scotland, Wales and Northern Ireland to the different functions of government. As with table 4.4, and the functional analyses in chapter 3, this functional table is set within the framework of TES. Because expenditure by local authorities is excluded, it is possible to include figures for the future plans years here as well as data for the past.

Table 4.1 Central government own expenditure by department, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
Within DEL									
Education and Skills	11,364	12,222	13,970	15,596	17,517	18,862	20,667	22,701	23,835
Health	40,851	44,539	52,216	55,903	62,874	69,263	75,827	84,279	92,621
Transport	3,392	3,065	4,100	5,360	6,603	6,555	7,495	9,033	8,056
Office of the Deputy Prime Minister	1,996	2,062	2,336	3,046	4,123	4,346	4,410	4,635	5,125
Local Government	245	250	264	258	286	320	305	331	344
Home Office	3,419	4,605	6,689	7,141	7,560	8,170	8,434	8,812	9,437
Constitutional Affairs	2,160	2,482	2,678	3,058	2,949	3,261	3,697	3,806	3,856
Law Officers' Departments	360	400	457	519	582	661	658	695	724
Defence	29,500	31,493	30,733	29,301	31,082	31,326	30,942	32,082	33,457
Foreign and Commonwealth Office	1,147	1,316	1,362	1,505	1,495	1,714	1,764	1,586	1,606
International Development	2,764	2,979	3,070	3,448	3,790	3,884	4,481	4,993	5,288
Trade and Industry	3,889	5,969	5,426	4,206	4,682	5,314	6,135	6,585	6,733
Environment, Food and Rural Affairs	2,476	2,966	2,855	2,958	2,784	3,185	3,087	3,294	3,398
Culture, Media and Sport	1,031	1,032	983	1,187	1,326	1,596	1,506	1,607	1,668
Work and Pensions	5,452	5,795	6,252	7,581	7,686	7,935	7,808	7,569	7,449
Scotland	9,200	10,025	11,300	11,933	13,627	14,455	15,491	16,618	17,644
Wales	4,120	4,409	5,038	5,907	6,469	6,927	7,454	8,121	8,766
Northern Ireland Executive	4,915	5,658	5,706	6,446	6,738	7,216	7,470	7,965	8,391
Northern Ireland Office	1,133	978	1,083	1,093	1,056	1,236	1,218	1,173	1,168
Chancellor's Departments	3,412	3,353	4,020	4,283	4,606	5,136	5,317	5,347	5,479
Cabinet Office	1,507	1,420	1,629	1,702	2,141	2,005	2,040	2,082	2,154
Allowance for Shortfall	—	—	—	—	—	–4,340	—	—	—
Total CG own expenditure within DEL⁽¹⁾⁽²⁾	134,330	147,019	162,168	172,429	189,974	199,029	216,206	233,316	247,198
Within Departmental AME									
Education and Skills	6,276	6,471	6,946	7,291	6,721	7,245	8,451	8,957	9,385
Health	3,521	3,782	3,949	4,569	6,328	8,470	9,684	9,610	10,482
Transport	1,771	1,725	2,107	3,055	3,088	2,150	1,800	1,878	2,846
Office of the Deputy Prime Minister	472	449	355	241	203	65	224	199	144
Home Office	312	1	173	2,013	40	1	2	1	1
Constitutional Affairs	87	92	96	101	58	62	80	89	96
Defence	4,154	4,420	4,607	6,137	4,599	4,726	5,318	5,444	5,560
International Development	58	81	59	51	77	77	70	68	66
Trade and Industry	1,656	2,011	1,538	3,315	152	–395	–100	–167	–2
Environment, Food and Rural Affairs	2,186	3,627	3,354	1,812	2,168	2,446	2,352	2,366	2,374
Culture, Media and Sport	1,579	1,530	1,339	1,488	1,548	840	1,448	1,208	1,008
Work and Pensions	76,006	77,237	82,329	85,852	90,356	94,610	98,399	98,480	104,093
Scotland	1,732	1,793	2,208	2,217	1,868	2,071	2,395	2,546	2,691
Wales	94	88	308	366	537	439	487	504	512
Northern Ireland Executive	3,732	4,510	5,455	5,513	5,452	6,434	6,687	6,866	7,109
Northern Ireland Office					165	208	222	236	252
Chancellor's Departments	9,587	12,586	14,109	15,078	19,888	21,862	22,370	24,872	25,011
Cabinet Office	4,194	3,255	4,699	4,581	5,017	5,424	5,647	5,760	6,007
Total CG own expenditure within Dept AME	117,417	123,658	133,631	143,681	148,262	156,735	165,535	168,918	177,635
Locally financed expenditure in									
Northern Ireland	276	307	348	361	384	415	457	498	536
Net payments to EC institutions	2,807	3,734	842	2,345	2,394	3,707	3,145	2,770	4,518
Central government debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Accounting and other adjustments	–28,137	–31,160	–34,123	–33,693	–27,458	–28,056	–31,400	–30,200	–33,300
Total CG own expenditure	251,705	269,544	284,962	306,066	335,872	355,669	379,500	402,300	425,000

(1) Total DEL is shown excluding depreciation.

(2) The CG DEL figures shown above exclude the £300 million unallocated Special Reserve in 2005–06. The DEL Reserve and unallocated amounts for the Invest to Save Budget are also excluded in 2005–06, 2006–07 and 2007–08. AME figures for 2005–06, 2006–07 and 2007–08 exclude the AME margin. Amounts for the unallocated Special Reserve, DEL Reserve and Invest to Save Budget can be found in Table 1.11. The amounts for the AME Margin can be found in Table 1.1.

Table 4.2 Central government own current expenditure by department, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Within Resource DEL									
Education and Skills	11,348	12,180	13,777	15,329	17,455	18,796	20,653	22,670	23,808
Health	40,000	43,359	50,549	54,000	60,470	66,325	72,186	79,212	86,584
Transport	2,915	2,618	3,429	4,515	6,110	5,878	6,598	7,503	6,587
Office of the Deputy Prime Minister	1,939	2,002	1,867	2,940	3,655	3,800	3,972	4,298	4,863
Local Government	244	249	264	258	284	319	304	331	344
Home Office	3,191	4,361	6,240	6,722	7,018	7,337	7,768	8,111	8,604
Constitutional Affairs	2,149	2,466	2,627	3,013	2,854	3,108	3,559	3,668	3,710
Law Officers' Departments	357	387	434	511	571	643	643	681	709
Defence	25,433	26,083	24,895	23,157	25,004	24,722	24,055	25,105	25,854
Foreign and Commonwealth Office	1,064	1,216	1,307	1,409	1,445	1,637	1,641	1,475	1,497
International Development	2,739	2,995	3,046	3,431	3,762	3,843	4,451	4,973	5,266
Trade and Industry	3,883	5,952	5,287	3,924	4,190	5,089	5,808	6,106	6,259
Environment, Food and Rural Affairs	2,336	2,849	2,680	2,788	2,590	2,975	2,898	3,101	3,207
Culture, Media and Sport	978	1,018	967	1,161	1,197	1,442	1,440	1,519	1,565
Work and Pensions	5,410	5,758	6,092	7,322	7,504	7,641	7,465	7,417	7,402
Scotland	8,891	9,684	10,527	11,165	12,895	13,465	14,605	15,678	16,676
Wales	3,937	4,281	4,981	5,704	6,180	6,615	7,180	7,678	8,214
Northern Ireland Executive	4,673	5,355	5,359	5,929	6,301	6,720	6,976	7,406	7,770
Northern Ireland Office	1,107	943	1,042	1,039	1,002	1,158	1,152	1,101	1,096
Chancellor's Departments	3,325	3,576	3,814	4,020	4,353	4,729	5,007	4,932	4,968
Cabinet Office	1,305	1,218	1,415	1,520	1,619	1,753	1,790	1,832	1,890
Allowance for shortfall	—	—	—	—	—	-1,759	—	—	—
Total within Resource DEL⁽¹⁾	127,225	138,551	150,600	159,857	176,460	186,235	200,150	214,798	226,873
Within Resource Departmental AME									
Education and Skills	6,272	6,469	6,942	7,286	6,717	7,242	8,445	8,954	9,381
Health	3,521	3,782	3,949	4,569	6,328	7,792	8,827	9,610	10,482
Transport	1,771	1,725	2,107	3,055	3,088	2,150	1,800	1,878	2,846
Office of the Deputy Prime Minister	472	449	355	241	203	65	224	199	144
Home Office	312	1	173	2,013	40	1	2	1	1
Constitutional Affairs	87	92	96	101	58	62	80	89	96
Defence	4,154	4,420	4,446	6,137	4,599	4,726	5,318	5,444	5,560
International Development	58	81	59	51	77	77	70	68	66
Trade and Industry	737	751	1,149	3,130	903	-25	249	224	342
Environment, Food and Rural Affairs	2,184	3,625	3,352	1,811	2,166	2,444	2,350	2,366	2,374
Culture, Media and Sport	1,130	1,363	1,313	1,478	1,538	830	1,217	1,198	998
Work and Pensions	75,977	77,215	82,255	85,775	90,265	94,564	98,306	98,384	103,994
Scotland	1,732	1,793	2,208	2,217	1,868	2,071	2,395	2,546	2,691
Wales	94	88	308	366	537	439	487	504	512
Northern Ireland Executive	3,732	4,510	5,455	5,513	5,389	6,234	6,487	6,666	6,909
Northern Ireland Office	—	—	—	—	165	208	222	236	252
Chancellor's Departments	9,587	12,586	14,109	15,078	19,888	21,862	22,370	24,872	25,011
Cabinet Office	4,194	3,255	4,699	4,581	5,017	5,424	5,647	5,760	6,007
Total within Resource Departmental AME	116,015	122,204	132,975	143,403	148,844	156,167	164,496	168,999	177,667
Locally financed expenditure in Northern Ireland	276	307	348	361	384	415	457	498	536
Net payments to EC institutions	2,807	3,734	842	2,345	2,394	3,707	3,145	2,770	4,518
Central government debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Remove items classified as capital in National Accounts	-6,176	-3,975	-5,803	-6,768	-7,836	-9,238	-10,880	-11,804	-11,306
Add items classified as current in National Accounts	3,620	4,965	5,636	5,201	5,282	5,563	6,129	5,999	6,700
Accounting and other adjustments	-25,902	-31,370	-33,609	-31,926	-28,192	-29,800	-32,800	-31,800	-36,200
Total CG own current expenditure	242,877	260,402	273,085	293,417	319,652	336,888	356,200	376,400	397,200

(1) The CG Resource DEL figures shown above exclude the £300 million unallocated Special Reserve in 2005–06. The resource parts of the DEL reserve and Invest to Save Budget are also excluded in 2005–06, 2006–07 and 2007–08. Amounts for these items can be found in Table 1.5.

Table 4.3 Central government own capital expenditure by department, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Within Capital DEL									
Education and Skills	16	42	193	267	63	66	14	31	27
Health	851	1,180	1,667	1,904	2,404	2,938	3,641	5,067	6,037
Transport	477	447	671	845	493	678	897	1,530	1,469
Office of the Deputy Prime Minister	57	60	469	107	468	546	438	337	262
Local Government	—	—	—	—	1	1	1	1	1
Home Office	228	244	449	419	542	833	666	702	833
Constitutional Affairs	11	16	51	44	95	154	138	138	146
Law Officers' Departments	4	14	23	8	11	18	15	15	15
Defence	4,067	5,410	5,837	6,144	6,078	6,605	6,887	6,977	7,602
Foreign and Commonwealth Office	82	99	55	96	50	78	123	111	109
International Development	25	-16	24	17	27	41	30	20	22
Trade and Industry	5	17	139	281	492	225	327	479	474
Environment, Food and Rural Affairs	140	117	175	170	194	210	189	192	191
Culture, Media and Sport	53	14	15	26	129	155	66	88	103
Work and Pensions	42	38	161	259	182	294	343	152	47
Scotland	309	340	773	768	733	990	886	941	967
Wales	182	128	57	203	289	312	275	443	552
Northern Ireland Executive	242	303	347	517	437	496	494	558	621
Northern Ireland Office	26	35	41	53	54	78	66	72	72
Chancellor's Departments	87	-223	205	262	253	408	309	415	510
Cabinet Office	202	202	215	182	522	252	250	249	264
Allowance for shortfall	—	—	—	—	—	-2,581	—	—	—
Total within Capital DEL⁽¹⁾	7,105	8,467	11,568	12,571	13,514	12,794	16,056	18,518	20,325
Within Capital Departmental AME									
Education and Skills	3	2	3	5	4	3	5	3	3
Health	—	—	—	—	—	678	857	—	—
Defence	—	—	161	—	—	—	—	—	—
Trade and Industry	919	1,260	389	184	-751	-370	-349	-391	-344
Environment, Food and Rural Affairs	2	1	1	1	1	1	1	—	—
Culture, Media and Sport	449	168	27	10	10	10	231	10	10
Work and Pensions	29	22	75	77	90	46	94	96	99
Northern Ireland Executive	—	—	—	—	63	200	200	200	200
Total within Capital Departmental AME	1,402	1,453	656	278	-583	568	1,039	-81	-32
Add items classified as capital in National Accounts	6,176	3,975	5,803	6,768	7,836	9,238	10,880	11,804	11,306
Remove items classified as current in National Accounts	-3,620	-4,965	-5,636	-5,201	-5,282	-5,563	-6,129	-5,999	-6,700
Accounting and other adjustments	-2,235	211	-514	-1,766	734	1,744	1,400	1,600	2,900
Total CG own capital expenditure	8,828	9,142	11,877	12,649	16,220	18,781	23,200	25,900	27,800

(1) The CG Capital DEL figures shown above exclude the Capital part of the DEL reserve and Invest to Save Budget in 2005–06, 2006–07 and 2007–08. Amounts for these items can be found in Table 1.9.

Table 4.4 Central government own expenditure on services by economic category 1999–00 to 2007–08

	£ million								
	National Statistics					2004–05	2005–06	2006–07	2007–08
	1999–00	2000–01	2001–02	2002–03	2003–04	estimated	plans	plans	plans
	outturn	outturn	outturn	outturn	outturn	outturn			
Central government current expenditure									
Pay ⁽¹⁾	46,135	49,085	52,222	58,859	60,008	} 140,833	152,100	162,300	174,200
Procurement	50,627	55,882	61,020	65,394	74,460				
Subsidies	5,872	5,779	6,778	5,889	6,849	6,638	6,697	6,988	6,489
Social benefits and other grants to private sector	109,610	116,619	125,379	132,138	143,305	149,885	157,554	161,773	168,420
Current transfers abroad	1,849	2,492	544	2,409	2,546	6,392	6,205	6,036	7,988
Central government debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Total central government current expenditure on services⁽²⁾	239,105	255,844	268,037	285,631	309,483	327,500	348,100	364,000	385,500
Accounting adjustments	3,772	4,558	5,048	7,786	10,169	9,300	8,100	12,400	11,700
Total central government current expenditure	242,877	260,402	273,085	293,417	319,652	336,888	356,200	376,400	397,200
Central government capital expenditure									
Capital expenditure ⁽³⁾	6,053	4,444	6,365	7,194	8,066	7,249	11,400	13,400	15,000
Stock building	—	—	–53	–14	—	337	161	125	80
Capital grants	2,954	3,175	5,208	6,186	7,814	9,217	10,602	11,526	11,082
Total central government capital expenditure on services⁽²⁾	9,007	7,618	11,521	13,366	15,880	16,803	22,200	25,000	26,200
Accounting adjustments	–179	1,524	356	–717	340	1,978	1,100	800	1,600
Total central government capital expenditure	8,828	9,142	11,877	12,649	16,220	18,781	23,200	25,900	27,800
Total central government expenditure	251,705	269,544	284,962	306,066	335,872	355,669	379,500	402,300	425,000

(1) Following the ONS's re-classification of NHS trusts to the central government sector, the pay costs of the staff of NHS trusts are now included in the Pay line; they used to be largely covered by health authorities' purchases from NHS trusts, included in the Procurement line. Figures for the outturn years, provided by the ONS, are set out below. Figures for forward years are not available and so Pay and Procurement have not been separated.

£million

	1999-00	2000-01	2001-02	2002-03	2003-04
	23,131	25,030	26,145	27,360	26,691

(2) CG figures above exclude the £300 million unallocated Special Reserve in 2005–06. The DEL reserve, Invest to Save Budget and AME margin are also excluded for 2005–06, 2006–07 and 2007–08. Amounts for the unallocated Special Reserve, DEL reserve and Invest to Save Budget can be found in Table 1.1.1. The amounts for the AME margin can be found in Table 1.1.

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

Table 4.5 Central government own expenditure on services by sub-function, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics						2005–06	2006–07	2007–08
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
General public services									
Public and common services	6,220	6,064	7,197	7,488	8,563	9,176	9,200	9,943	10,405
Total general public services	6,220	6,064	7,197	7,488	8,563	9,176	9,200	9,943	10,405
EU transactions									
GNI-based contribution (net of abatement and collection costs)	1,471	2,104	-898	2,276	2,957	4,378	4,222	5,359	5,993
<i>derived as:</i>									
<i>EC gross contribution (pre-abatement and after deduction of collection costs)</i>	9,207	10,640	9,213	9,737	11,371	12,116	11,416	13,452	14,589
<i>Traditional Own Resources (before deduction of collection costs) and VAT contributions</i>	-5,530	-6,314	-5,685	-4,229	-4,539	-4,015	-3,884	-4,031	-4,016
<i>UK's abatement</i>	-2,206	-2,223	-4,427	-3,233	-3,874	-3,722	-3,309	-4,060	-4,581
EC receipts	-3,676	-4,099	-3,309	-3,424	-4,234	-4,084	-4,343	-5,994	-4,835
Attributed aid and CFSP	-518	-584	-635	-736	-868	-603	-618	-627	-655
Total EU transactions	-2,723	-2,579	-4,842	-1,884	-2,145	-309	-739	-1,261	503
International services									
Other international services	972	1,175	1,327	1,433	1,485	1,734	1,665	1,360	1,376
International development assistance	2,606	2,905	3,068	3,280	3,777	3,798	4,368	4,866	4,899
Total international services	3,578	4,080	4,396	4,714	5,262	5,532	6,033	6,226	6,275
Central government debt interest									
Central government debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Total central government debt interest	25,012	25,986	22,095	20,943	22,316	23,839	25,563	26,988	28,378
Defence									
National defence	24,069	24,825	24,500	26,041	27,329	27,961	27,584	28,651	29,927
Civil defence	2	2	2	3	16	43	90	16	22
Total defence	24,072	24,828	24,502	26,044	27,345	28,004	27,674	28,666	29,949
Public order and safety									
Police	952	1,026	1,713	2,076	2,239	2,604	2,868	3,072	3,251
Fire	126	126	89	176	113	116	141	154	200
Administration of justice	2,577	3,162	4,016	4,450	4,874	5,245	5,653	5,991	6,113
Immigration and citizenship	796	1,398	1,729	1,797	1,942	1,731	1,671	1,643	1,619
Prisons and offender programmes	2,297	2,457	2,591	2,888	2,982	3,387	3,408	3,519	3,776
Other public order and safety	555	641	777	779	845	1,057	975	1,018	1,069
Total public order and safety	7,304	8,810	10,915	12,166	12,996	14,139	14,716	15,398	16,028
Enterprise and economic development									
Economic development and trade	431	542	693	711	697	851	925	896	859
Support for business	694	812	1,227	1,444	1,661	1,942	1,787	1,879	1,503
Regional policy	1,498	1,738	2,075	2,615	2,850	3,182	3,472	3,780	3,971
Total enterprise and economic development	2,623	3,092	3,996	4,770	5,207	5,975	6,184	6,555	6,333
Science and technology									
Science and technology	1,264	1,306	1,529	1,943	2,149	2,265	2,495	2,374	2,431
Total science and technology	1,264	1,306	1,529	1,943	2,149	2,265	2,495	2,374	2,431
Employment policies									
Employment policies	3,144	3,357	3,325	2,929	3,165	3,101	2,593	2,545	2,536
Total employment policies	3,144	3,357	3,325	2,929	3,165	3,101	2,593	2,545	2,536

Table 4.5 Central government own expenditure on services by sub-function, 1999–00 to 2007–08 (continued)

	accruals, £ million									
	National Statistics									
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans	
Agriculture, fisheries and forestry										
Market support under CAP	3,241	2,924	2,690	2,906	3,300	3,630	3,507	3,393	3,378	
Other agriculture, food and fisheries policy	1,032	1,732	3,732	1,857	2,015	2,079	2,129	2,125	2,122	
Forestry	79	97	111	120	127	133	136	143	145	
Total agriculture, fisheries and forestry	4,351	4,754	6,533	4,883	5,442	5,841	5,772	5,661	5,644	
Transport										
National roads	1,925	2,086	2,267	2,585	2,466	2,689	3,015	3,485	3,498	
Local public transport	363	362	348	376	1,273	437	485	492	505	
Railways	1,209	1,041	1,792	2,437	3,348	3,802	4,334	5,598	4,372	
Other transport	610	469	593	574	809	893	1,130	1,229	1,243	
Total transport	4,107	3,958	5,000	5,972	7,896	7,820	8,964	10,803	9,620	
Environment protection										
Environmental protection	1,802	1,798	2,025	2,179	1,795	2,151	3,083	3,455	3,427	
Environmental research	183	190	209	236	308	287	300	300	300	
Total environment protection	1,985	1,988	2,234	2,414	2,103	2,438	3,383	3,755	3,727	
Housing and community amenities										
Local authority housing	467	445	351	240	203	65	224	199	144	
Other social housing	1,296	1,334	1,490	1,639	2,267	2,184	2,116	2,221	2,535	
Other community services	296	308	411	534	770	523	552	584	606	
Total housing and community amenities	2,059	2,086	2,253	2,413	3,240	2,772	2,891	3,004	3,285	
Health										
Medical services	47,916	52,573	57,966	64,360	72,596	79,992	87,107	95,818	105,067	
Medical research	321	339	371	346	399	431	480	481	481	
Central health and other services	926	966	1,088	1,157	1,479	1,762	1,156	1,094	1,104	
Total health	49,164	53,878	59,425	65,862	74,474	82,185	88,743	97,393	106,651	
Recreation, culture and religion										
Heritage, arts, libraries and films	1,071	1,061	916	1,034	1,288	1,419	1,506	1,594	1,646	
Sport and recreation	76	72	82	151	133	210	155	194	215	
Broadcasting	88	88	87	93	108	122	117	118	118	
Lottery	1,577	1,514	1,313	1,473	1,025	830	1,438	1,198	998	
Other recreation, culture and religion	28	31	37	42	51	65	61	60	59	
Total recreation, culture and religion	2,840	2,765	2,435	2,792	2,605	2,646	3,278	3,164	3,036	
Education and training										
Under fives	130	59	136	221	425	634	591	850	795	
Primary schools	367	398	466	606	762	518	713	727	730	
Secondary schools	981	1,001	1,141	1,240	1,411	1,625	2,021	1,823	1,845	
Higher Education	5,410	5,789	6,268	6,651	7,088	7,702	8,068	9,174	9,550	
Further Education	3,839	4,296	5,186	5,688	6,484	6,687	7,361	7,637	8,093	
Student support	1,182	1,481	1,382	1,138	1,093	1,818	2,071	2,416	2,490	
Training	1,420	1,517	1,257	1,552	1,658	1,845	1,967	1,912	2,029	
Other education and training	1,116	1,385	2,156	2,571	2,845	3,274	3,227	4,078	4,286	
Total education and training	14,445	15,927	17,992	19,666	21,766	24,103	26,019	28,617	29,818	

Table 4.5 Central government own expenditure on services by sub-function, 1999–00 to 2007–08 (continued)

	accruals, £ million								
	National Statistics						2005–06 plans	2006–07 plans	2007–08 plans
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn			
Social protection									
Incapacity, disability and injury benefits	18,727	19,140	20,725	20,779	21,804	22,638	23,632	24,656	25,631
State pensions	40,877	43,262	46,619	49,142	51,520	54,537	57,570	58,828	61,868
Public service occupational pensions	5,108	4,807	5,003	3,993	1,940	1,153	870	524	391
Widows' benefits	1,030	1,019	1,131	1,124	1,039	943	878	812	752
Family benefits, income support and tax credits	24,967	27,126	29,181	31,021	36,705	39,964	40,998	41,043	42,832
Unemployment benefits ⁽¹⁾	3,756	3,428	3,192	4,853	4,476	4,101	3,646	3,746	3,845
Housing benefits	401	302	307	308	349	379	346	357	373
Personal social services	584	677	800	1,006	1,516	1,692	1,686	1,751	1,806
Administration and miscellaneous services	3,220	3,403	3,613	3,656	3,631	3,663	3,848	3,958	3,943
Total social protection	98,670	103,164	110,572	115,883	122,979	129,070	133,474	135,675	141,441
Unallocated									
Departmental unallocated provision	—	—	—	—	—	134	2,645	1,685	2,731
Reserve and other funds	—	—	—	—	—	—	1,400	1,900	2,900
Allowance for shortfall	—	—	—	—	—	-4,340	—	—	—
Total unallocated	—	—	—	—	—	-4,206	4,100	3,600	5,600
Total central government own expenditure on services	248,112	263,462	279,558	298,997	325,363	344,391	370,300	389,100	411,700
Accounting adjustments	3,593	6,082	5,404	7,069	10,509	11,278	9,200	13,200	13,300
Total central government own expenditure	251,705	269,544	284,962	306,066	335,872	355,669	379,500	402,300	425,000

(1) From 2002-03, the Unemployment benefits line includes the relevant pay costs of Jobcentre Plus staff.

Introduction

5.1 This chapter sets out details of administrative expenditure by those central government departments that are subject to Administration Budgets. The data cover a period of five years, from 2003-2004 to 2007-08, and are on resource basis. Data in this chapter do not fall within the scope of National Statistics.

2004 Spending Review

5.2 In the 2004 Spending Review, additional resources were provided in the critical area of security. Administration Budgets for the Security and Intelligence Agencies and the Foreign and Commonwealth Office therefore increase over the period 2005-06 to 2007-08. For every other department, the 2004 Spending Review set Administration Budgets at or below the 2005-06 nominal level for 2006-07 and 2007-08.

Administration Budgets

5.3 Administration Budgets are set for most civil service departments. These budgets help to drive economy and efficiency in the running of Government itself. Around 50% of administration costs is accounted for by civil service pay. A further 40% is accounted for by procurement of goods and services (e.g. accommodation, equipment, travel) and the remainder by other items (e.g. capital charges on assets used by civil servants such as buildings and IT equipment).

5.4 **Table 5.1** shows, for Administration Budgets, final outturn for 2003-04, estimated outturn for 2004-05 and plans for 2005-06 to 2007-08. There are no figures for the Ministry of Defence, which is not subject to an Administration Budget, nor for the devolved administrations, which operate their own controls. Administration Budgets for 2005-06 were announced in Central Government Supply Estimates 2005-06, Supplementary Budgetary Information (Cm 6489).

5.5 For consistency with data published in the 2004 Spending Review, and with data published on Departmental Expenditure Limits elsewhere in PESA, figures in this chapter are on a different basis to equivalent data in PESA 2004. There are three main differences. Firstly, the Administration Budgets published in **Table 5.1** are net of all income that departments generate through their administrative expenditure, whereas figures in PESA 2004 were only net of income that forms part of other departments' administration costs. Secondly, this year's figures are after taking account of reclassifications implemented in line with the recommendation made by Sir Peter Gershon in his report *Releasing resource to the front line: Independent Review of Public Sector Efficiency*, July 2004. Finally, from PESA 2005 the adjustment for IT PFI capital has been discontinued as the Government has adopted a presumption against the use of PFI in future IT projects. **Table 5.1** also sets out departmental totals on the PESA 2004 basis, together with a reconciliation to the new figures.

Civil Service staffing

5.6 Previous PESA publications have included data on the average number of permanent full time equivalent staff employed in each financial year by UK Home Civil Service bodies (central government departments including the Northern Ireland Office, trading funds, the Scottish Executive and the Welsh Assembly) as well as by the Northern Ireland Civil Service.

5.7 As part of the Government's initiative to produce a single set of high quality statistics on the public sector workforce, the Office for National Statistics (ONS) will, from 2005, publish quarterly outturn data on the total number of permanent full time equivalent staff in the UK Home Civil Service. Summary outturn data on the number of staff employed by each organisation within the UK Home Civil Service, consistent with the ONS figures, will then be published by the Cabinet Office each quarter on the statistics page of its Civil Service website.¹

5.8 On 11 March 2005, the ONS published, to National Statistics standards, the first in the improved series of outturn data on staff in post – including latest figures as at 31 March 2004.² The next release of data, covering civil service staff in post as at 31 December 2004, will be published by the ONS on 26 May 2005 and the data will then be updated on a quarterly basis.

5.9 PESA data from 1998-99 to 2003-04 on a basis closely equivalent to the new quarterly workforce statistics are also available on the Civil Service website. These data cover permanent staff only, are financial year averages, report trading fund staff as part of the figure for their parent department and exclude the Northern Ireland Civil Service.

5.10 Estimated reductions in the Civil Service workforce between April 2004 and April 2008 were published in Table 2.2 of the 2004 Spending Review (Cm 6237) and departments will be reporting progress on these reductions in their 2005 departmental reports.

5.11 Plan data previously published in PESA for the devolved administrations were indicative only as staff numbers depend on decisions taken by the devolved executives. Data on the number of civil servants employed by the Scottish Executive and Welsh Assembly will be published on the Civil Service website.

¹ http://www.civilservice.gov.uk/management_information/statistical_information/statistics/index.asp

² Public Sector Employment, Office for National Statistics, March 2005

Table 5.1 Administration budgets by departments, 2003–04 to 2007–08

	accruals £ million				
	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
Education and Skills	268	283	275	272	265
Health	326	328	303	279	277
Transport	351	215	242	240	235
Office of the Deputy Prime Minister	290	326	287	285	283
Home Office	654	692	733	672	672
Constitutional Affairs	252	566	476	476	476
Law Officers' Departments	90	108	110	110	110
Foreign and Commonwealth Office	746	742	798	827	833
International Development	197	232	239	235	232
Trade and Industry	443	447	454	418	408
Environment, Food and Rural Affairs	287	381	317	307	297
Culture, Media and Sport	39	51	49	48	47
Work and Pensions	6,021	6,085	6,019	5,886	5,828
Northern Ireland Office	81	99	95	97	91
Chancellor's Departments	4,396	4,834	4,980	4,987	4,972
Cabinet Office	706	823	825	907	952
<i>Of which: Security and Intelligence Agencies</i>	544	602	621	702	747
Departmental totals	15,147	16,212	16,204	16,046	15,979
<i>Of which administration costs paybill⁽¹⁾</i>	8,276	8,813	8,593	8,893	8,849
Ministry of Defence civilian paybill	2,461	2,762	2,873	2,920	2,974
Administration Budgets as a percentage of Total Managed Expenditure	3.3%	3.3%	3.1%	2.9%	2.8%
Reconciliation to PESA 2004 basis					
Income included above not from other Administration Budgets	1,255	891	695		
Gross costs of front-line activities reclassified since PESA 2004	4,269	4,404	4,440		
IT PFI capital adjustment included in PESA 2004	–440	–464	–473		
Other changes since PESA 2004 ⁽²⁾	1,037	–785	446		
Departmental totals on a PESA 2004 basis	21,269	20,259	21,312		

(1) This covers the pay costs of civil servants falling within Administration Budgets. It includes superannuation charges and National Insurance contributions.

(2) Departments' figures for 2003–04 represent final outturn and are lower than the estimated outturn figures published in PESA 2004. Figures for 2004–05 represent estimated outturn and are higher than plans published in PESA 2004 because departments have drawn down administration End Year Flexibility (provision which they were allocated in previous years but did not spend). Plans for 2005–06 are lower than equivalent figures published in the 2004 Spending Review (Cm 6237).

6

LOCAL AUTHORITY EXPENDITURE

Introduction

6.1 This chapter describes central government support for local authorities from 1999-2000 to 2007-08 (Tables 6.1 to 6.5) and local authority expenditure for outturn years (Tables 6.6 to 6.10). It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in certain tables in this section.

6.2 In this chapter all data for central government support are on an accruals basis. All outturn data (to 2003-04) fall under the umbrella of National Statistics. Data for all years up to 2003-04 are final outturn figures; 2004-05 are estimated outturn based on local authority budget plans; 2005-06 to 2007-08 are based on the spending plans by central government departments that support local authorities and forecasts of local authority expenditure financed locally.

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

Local authority expenditure in the national accounts

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

The financing of local authority expenditure

6.5 Total local authority expenditure can also be measured as central government support for local authorities within DEL and departmental AME, plus locally financed expenditure in AME, plus some accounting adjustments. Table 6.1 sets out details of the financing of local authority expenditure defined on this basis.

6.6 Outturn figures and projections for the later years are set out in Table 6.1. Tables 6.2 to 6.5 show further information about central government support and the financing of local authorities for the years 1999-2000 to 2007-08.

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

6.8 Table 6.2 presents a departmental breakdown of central government support for current and capital expenditure by local authorities.

6.9 Local authority current spending can broadly be divided into two categories:

- **main local services**, which local authorities have some discretion over and which are partly financed by local taxation, and
- **other spending**, financed wholly by central government specific grants.

Support for main local services

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

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

- Revenue Support Grant (RSG);
- Non-domestic (business) rate payments: the proceeds of National Non-Domestic Rates (NNDR) are pooled separately in England, Scotland and Wales and distributed to local authorities in the country concerned on a per capita basis;
- specific and special grants, which fund part of the current expenditure on a specific service or activity.

6.12 Table 6.1 shows AEF by country and these main components. Table 6.3 shows AEF in Great Britain by country and grant. Most AEF falls within DEL, with the exception of Scottish NNDR payments, which are in locally financed expenditure in other AME, and education maintenance allowances and non-domestic rate outturn adjustments, which are in departmental AME.

Support for other local spending

6.13 This is financed almost wholly by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and rebates, and council tax benefit. Table 6.4 shows current specific grants outside AEF by country, for the years 1999-2000 to 2007-08. Grants outside of AEF are a mixture of support falling within DEL and departmental AME.

Support for local authority capital programmes

6.14 Central government support for local authority capital expenditure comprises capital grants and Supported Capital Expenditure (Revenue) (equivalent is supported borrowing in Scotland). Prior to 1 April 2004, these were known as credit approvals and capital consents respectively. Supported Capital Expenditure (Revenue) and supported borrowing authorise local authorities to borrow or use other forms of credit to finance capital expenditure. Table 6.5 shows the components of this government support within the United Kingdom by country and by service.

6.15 Prior to 1 April 2004, most credit approvals were issued as Basic Credit Approvals (BCAs) and could be used for any local authority service. The remainder – Supplementary Credit Approvals (SCAs) – were for particular projects or services. The distribution of BCAs took account of local authorities' relative capital spending needs and their ability to finance their capital programmes from their capital receipts.

Local authority expenditure

6.16 Tables 6.6 to 6.10 show various analyses of local authority expenditure for the outturn and estimated outturn years: 1999-2000 to 2004-05. Table 6.6 presents total local authority expenditure by function for these years. Table 6.7 shows local authority current expenditure by country and function for these years.

6.17 The functional categories in Tables 6.6 to 6.9 are based on the UN Classification of the Functions of Government (COFOG), the international standard, and are consistent with the functional categories used in other PESA chapters.

6.18 This year, the Treasury has reviewed the classification of local authority expenditure to functions and made various improvements to this, which affect all years data. The main classification changes are as follows:

- parks and open spaces spending has moved from environment protection to recreation, culture and religion;
- police and fire pensions spending has moved from public order and safety to social protection; and
- planning and development spending has moved from environment protection to housing and community amenities.

6.19 Tables 6.8 and 6.9 show local authority gross capital expenditure and capital receipts, by country and function for these years. Local authorities have several ways of paying for capital expenditure:

- central government support;
- own resources: capital receipts and revenue; and
- From 1 April 2004, prudential (self-financed) borrowing.

6.20 Gross capital expenditure, split by country and function from 1999-2000 to 2004-05, is shown in Table 6.8. Gross means that it is before sales of capital assets and depreciation. Table 6.9 shows local authority capital receipts within the United Kingdom, again by country and function. Tables 6.8 and 6.9 use a definition of capital expenditure that is consistent with the national accounts, i.e. excludes financial transactions, and the estimates shown take account of the returns from local authorities on capital expenditure.

6.21 Table 6.10 shows total local authority expenditure, broken down by country and economic category.

Table 6.1 Financing of local authority expenditure in the United Kingdom, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Current finance in DEL									
Aggregate External Finance									
England									
Revenue Support Grant	19,902	19,470	21,122	19,931	24,267	27,010	26,726	} 47,554	49,997
Non-domestic rate payments	13,619	15,407	15,144	16,633	15,607	15,000	18,000		
Specific and special grants	6,375	8,274	9,544	11,363	14,343	16,071	15,695		
Total England	39,895	43,150	45,810	47,926	54,217	58,082	60,421	62,434	65,586
Scotland									
Revenue Support Grant	3,537	3,593	3,940	4,558	5,037	5,282	5,401	5,616	5,801
Specific and special grants	521	611	627	668	662	812	990	1,052	1,106
Total Scotland	4,058	4,204	4,567	5,226	5,699	6,094	6,391	6,667	6,908
Wales									
Revenue Support Grant	1,890	2,032	2,146	2,347	2,538	2,614	} 3,470	3,636	3,787
Non-domestic rate payments	656	648	708	673	660	672			
Specific and special grants	277	284	253	275	352	86			
Total Wales	2,824	2,963	3,107	3,295	3,550	3,372	3,836	3,999	4,153
Great Britain									
Revenue Support Grant	25,329	25,094	27,208	26,836	31,843	34,907	35,598	} 56,805	59,585
Non-domestic rate payments	14,275	16,054	15,852	17,305	16,267	15,672	18,000		
Specific and special grants	7,173	9,169	10,423	12,306	15,356	16,969	17,050		
Total AEF Great Britain	46,776	50,317	53,483	56,447	63,465	67,548	70,648	73,100	76,646
Non AEF current grants	1,170	741	872	2,322	2,800	3,342	3,218	3,220	3,261
Total current finance in DEL	47,946	51,058	54,356	58,769	66,266	70,890	73,866	76,320	79,907
Capital finance in DEL⁽¹⁾									
Capital grants/SCE(C) ⁽²⁾	1,864	2,728	3,494	4,502	5,344	6,272	6,829	7,417	8,125
Credit approvals/SCE(R) ⁽²⁾	3,247	4,116	3,573	4,069	4,590	4,694	5,231	5,304	5,519
Total capital support in DEL	5,111	6,844	7,067	8,572	9,934	10,966	12,060	12,721	13,644
Total central government support in DEL	53,057	57,903	61,423	67,340	76,200	81,857	85,926	89,041	93,551
Current finance in departmental AME									
AEF current grants	200	61	498	170	304	461	603	338	404
Non AEF current grants	11,101	11,272	13,359	14,247	14,050	16,222	16,935	18,086	19,087
Total current finance in departmental AME	11,300	11,334	13,857	14,417	14,355	16,683	17,538	18,424	19,491
Total capital support in departmental AME⁽¹⁾⁽³⁾	313	556	401	909	1,057	1,469	837	794	794
Total central government support in departmental AME	11,614	11,890	14,257	15,326	15,412	18,152	18,376	19,218	20,285
Locally financed expenditure									
Local authority self financed expenditure	16,931	16,625	19,196	18,490	19,678	22,234	23,163	24,909	26,597
Locally financed support in Scotland ⁽⁴⁾	1,441	1,511	1,554	1,718	1,804	1,896	2,009	2,002	1,982
Total locally financed expenditure	18,372	18,136	20,750	20,208	21,482	24,130	25,171	26,911	28,579
Accounting and other adjustments	3,326	3,152	2,832	4,553	2,741	1,076	6,100	8,500	9,100
Total local authority expenditure	86,368	91,080	99,262	107,427	115,835	125,215	135,600	143,600	151,500

(1) Includes debt repayment grants from central government which score in budgets. Debt repayment is not expenditure so this is deducted in the accounting adjustments line.

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

(3) Includes expenditure financed from the Lottery.

(4) Non-domestic Rates Income (NDRI) is locally financed support in Scotland, in AME. Equivalent to non-domestic rate payments.

Table 6.2 Central government support for local authorities in the United Kingdom by department, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Current finance in DEL									
Education and Skills	1,546	2,549	3,435	5,535	5,648	5,779	5,621	5,300	5,723
Health	929	913	1,133	1,881	1,816	2,237	2,241	1,924	1,942
Transport	260	517	492	637	1,123	1,793	1,850	2,029	2,115
Office of the Deputy Prime Minister	33,822	35,205	36,891	37,496	42,897	45,401	48,222	50,649	53,124
Home Office	4,119	4,326	4,123	4,155	4,481	4,724	4,689	4,840	4,996
Law Officers' Departments	242	284	318	275	280	233	—	—	—
Trade and Industry	10	15	97	66	50	70	31	31	31
Environment, Food and Rural Affairs	-223	-221	-214	-226	-46	-6	-7	-7	-7
Work and Pensions	323	301	334	380	673	609	808	634	650
Culture, Media and Sport	6	7	8	17	7	2	2	2	2
Cabinet Office	14	13	19	19	19	19	1	1	1
Scotland ⁽¹⁾	4,191	4,274	4,653	5,275	5,691	6,178	6,436	6,736	6,983
Wales ⁽¹⁾	2,627	2,790	3,002	3,203	3,559	3,777	3,912	4,124	4,292
Northern Ireland ⁽¹⁾	80	86	66	56	68	73	61	57	55
Total current finance in DEL	47,946	51,058	54,356	58,769	66,266	70,890	73,866	76,320	79,907
Current finance in departmental AME									
Education and Skills	—	—	—	—	125	52	0	—	—
Office of the Deputy Prime Minister	200	61	498	170	304	483	609	320	375
Trade and Industry	—	—	—	1	0	2	2	1	1
Environment, Food and Rural Affairs	8	8	6	6	7	6	6	6	6
Work and Pensions	11,053	11,225	13,304	14,200	13,674	16,010	16,867	17,954	18,956
Culture, Media and Sport	39	40	47	40	54	130	41	124	124
Wales	—	—	2	—	190	—	13	18	29
Total current finance in departmental AME	11,300	11,334	13,857	14,417	14,355	16,683	17,538	18,424	19,491
Locally financed expenditure in Scotland⁽²⁾									
	1,441	1,511	1,554	1,718	1,804	1,896	2,009	2,002	1,982
Total current finance	60,687	63,903	69,766	74,903	82,425	89,469	93,413	96,746	101,380
Capital support in DEL⁽³⁾									
Education and Skills	1,097	1,903	1,917	2,463	3,179	3,664	4,431	4,839	5,543
Health	49	48	50	72	132	193	178	198	218
Transport	639	855	1,759	2,259	2,524	2,597	2,370	2,492	2,660
Office of the Deputy Prime Minister	2,126	2,727	1,809	2,070	2,297	2,618	2,886	2,856	2,876
Home Office	161	160	133	327	388	235	497	524	463
Law Officers' Departments	26	22	33	44	35	45	—	—	—
Trade and Industry	—	33	33	69	50	18	2	2	2
Environment, Food and Rural Affairs	56	51	73	79	158	122	147	147	147
Work and Pensions	5	3	1	5	4	4	3	3	3
Culture, Media and Sport	4	20	21	17	18	43	31	29	29
Scotland ⁽¹⁾	538	592	750	687	625	865	846	964	1,047
Wales ⁽¹⁾	408	430	487	480	518	554	663	659	653
Northern Ireland ⁽¹⁾	1	1	1	2	6	8	6	8	3
Total capital support in DEL	5,111	6,844	7,067	8,572	9,934	10,966	12,060	12,721	13,644
Capital in departmental AME⁽³⁾									
Financing from the National Lottery	292	301	351	298	831	840	221	178	178
Other departmental AME	21	255	50	611	227	629	616	616	616
Total capital support in departmental AME	313	556	401	909	1,057	1,469	837	794	794
Total capital support	5,425	7,400	7,468	9,481	10,991	12,435	12,898	13,515	14,438
Total central government support	66,111	71,303	77,234	84,384	93,416	101,904	106,311	110,261	115,818

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

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

(3) Includes debt repayment grants from central government which score in budgets.

Table 6.3 Aggregate External Finance in Great Britain by country and grant, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
England									
Revenue Support Grant	19,902	19,470	21,122	19,931	24,267	27,010	26,726	47,554	49,997
Non-domestic rate payments ⁽¹⁾	13,818	15,468	15,642	16,802	15,911	15,465	18,350		
Police	3,518	3,637	3,795	3,788	3,975	4,373	4,300	4,452	4,609
Health	1,000	1,052	1,440	2,369	2,400	2,451	2,370	2,059	2,095
Education	676	2,086	2,888	3,434	3,472	3,926	3,837	3,551	3,957
Offenders programme	329	388	—	—	—	—	—	—	—
Magistrates courts	216	253	301	302	313	268	—	—	—
Social security	166	180	172	167	373	415	442	349	349
Neighbourhood Renewal Fund	—	—	200	300	400	450	525	525	525
Metropolitan railways passenger services grant	199	183	10	12	13	16	18	18	18
GLA transport	—	286	236	324	737	1,416	1,467	1,647	1,735
Strategic Rail Authority	—	—	215	241	290	209	200	190	187
RDA development fund	—	—	41	42	30	39	0	0	0
PFI special grant	37	62	127	207	298	433	425	—	—
Supporting people	—	—	16	39	1,858	1,856	1,756	1,733	1,762
LA business growth incentive scheme	—	—	—	—	—	—	240	320	375
Other	233	147	104	138	182	217	355	357	352
Total England	40,094	43,211	46,308	48,096	54,521	58,543	61,011	62,754	65,961
Scotland⁽²⁾									
Revenue Support Grant	3,537	3,593	3,940	4,558	5,037	5,282	5,401	5,616	5,801
NDRI ⁽³⁾	1,441	1,511	1,554	1,718	1,804	1,896	2,009	2,002	1,982
Police	357	373	388	423	442	475	493	514	541
Other Scotland	164	238	239	245	219	337	497	538	565
Total Scotland	5,498	5,715	6,121	6,944	7,503	7,990	8,400	8,669	8,890
Wales⁽²⁾									
Revenue Support Grant	1,890	2,032	2,146	2,347	2,538	2,614	3,484	3,654	3,815
Non-domestic rate payments	656	648	708	673	660	672			
Police	181	186	200	217	214	—	274	274	274
Other Wales	97	98	53	58	137	86	91	89	92
Total Wales	2,824	2,963	3,107	3,295	3,550	3,372	3,849	4,017	4,181
Total Great Britain	48,416	51,889	55,535	58,335	65,574	69,905	73,261	75,440	79,031
<i>Of which: AEF grants in DEL</i>	<i>46,776</i>	<i>50,317</i>	<i>53,483</i>	<i>56,447</i>	<i>63,465</i>	<i>67,548</i>	<i>70,648</i>	<i>73,100</i>	<i>76,646</i>

(1) Non-domestic rate payments differ to those in table 6.1 because here they include non-domestic rate outturn adjustments, which are in departmental AME.

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

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

Table 6.4 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
England									
Mandatory student awards	754	301	120	63	67	12	82	1	1
LSC grants	—	—	—	1,399	1,525	1,624	1,573	1,612	1,612
Rent rebates	2,720	2,577	4,156	3,977	3,065	4,154	3,996	3,903	3,871
Rent allowances	4,662	4,893	5,221	5,940	5,967	6,829	7,438	8,087	8,701
Community charge rebates/ Council tax benefits	1,882	1,910	1,982	2,186	2,519	2,820	3,100	3,363	3,633
Environment Agency	-248	-248	-248	-264	-100	-34	-35	-35	-35
Planning delivery grant	—	—	—	—	50	97	127	104	92
LDA ODPM support	—	117	103	107	107	107	102	107	107
New deal for communities	3	24	55	99	128	152	146	153	116
Police special grants	10	60	99	133	275	340	93	93	93
Others	384	273	509	524	532	675	615	695	764
Total England	10,167	9,906	11,995	14,163	14,135	16,775	17,238	18,083	18,954
Scotland									
Rent rebates	628	626	649	678	678	400	544	531	517
Rent allowances	308	349	383	456	560	694	638	790	872
Community charge rebates/ Council tax benefits	283	280	289	292	307	337	375	430	462
Others	159	91	109	104	46	128	140	143	151
Total Scotland	1,377	1,346	1,430	1,531	1,591	1,560	1,696	1,894	2,002
Wales									
Rent rebates	250	255	261	266	379	270	285	278	271
Rent allowances	220	226	242	265	244	285	309	364	404
Community charge rebates/ Council tax benefits	100	109	113	120	132	151	163	188	205
Others	77	86	122	167	301	451	400	443	457
Total Wales	647	676	739	818	1,056	1,157	1,157	1,273	1,336
Northern Ireland									
Others	80	86	66	56	68	73	61	57	55
Total Northern Ireland	80	86	66	56	68	73	61	57	55
Total United Kingdom	12,270	12,014	14,231	16,568	16,851	19,565	20,153	21,306	22,348
<i>Memo: Of which in DEL:</i>									
England	856	479	578	1,996	2,388	2,691	2,618	2,579	2,600
Scotland	157	90	108	103	44	128	139	143	150
Wales	76	86	120	166	300	450	399	442	456
Northern Ireland	80	86	66	56	68	73	61	57	55
Total within DEL	1,170	741	872	2,322	2,800	3,342	3,218	3,220	3,261

Table 6.5 Central government capital support⁽¹⁾ for local authorities in the United Kingdom by country and service⁽²⁾, 1999–00 to 2007–08

	accruals, £ million								
	National Statistics								
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
England									
Credit approvals/SCE(R)⁽³⁾									
Housing	1,024	1,819	684	844	1,159	1,309	1,778	1,771	1,780
Transport	470	766	1,183	1,314	1,451	1,411	1,422	1,462	1,492
Education	456	545	565	818	999	1,195	1,298	1,270	1,445
Personal social services	57	56	56	56	49	65	63	63	63
Fire services	30	33	57	48	53	58	58	116	110
Environment protection	40	37	49	9	40	44	23	23	23
Enterprise and economic development	121	1	0	0	0	—	0	0	0
Recreation, culture and religion	—	—	—	10	—	—	—	—	—
General public services	272	54	93	54	132	—	8	8	8
Criminal justice	57	58	70	97	76	77	70	70	70
Total credit approvals/SCE(R)	2,529	3,370	2,757	3,249	3,959	4,159	4,719	4,783	4,991
Capital grants/SCE(C)⁽³⁾									
Housing	557	484	614	607	381	130	55	49	25
Transport	159	88	574	931	1,066	1,161	941	973	1,012
Education	629	1,347	1,339	1,623	2,167	2,447	3,097	3,524	4,043
Personal social services	4	2	7	38	39	50	52	61	71
Fire services	—	—	—	—	—	5	5	—	—
Environment protection	16	14	24	71	122	79	127	125	125
Enterprise and economic development	136	280	279	325	419	654	485	602	759
Recreation, culture and religion	—	—	—	—	—	10	6	—	—
General public services	21	365	188	884	441	1,150	1,143	1,031	1,036
Health	—	—	—	—	58	112	100	100	100
Employment policies	2	2	1	5	4	3	3	3	3
Criminal justice	120	115	88	264	333	189	416	442	381
Total capital grants/SCE(C)	1,645	2,696	3,115	4,748	5,029	5,990	6,431	6,910	7,553
Total England	4,173	6,066	5,871	7,997	8,988	10,149	11,150	11,693	12,544
Scotland⁽⁴⁾									
Net capital allocations⁽⁵⁾									
Scotland Executive housing	158	161	179	161	124	—	—	—	—
Scottish Executive: other	299	346	429	459	374	359	345	354	361
Total net capital allocations	456	507	607	619	498	359	345	354	361
Capital grants									
Scotland Executive housing	17	18	65	26	12	252	238	256	256
Scottish Executive: other	65	68	78	42	115	255	262	354	430
Total capital grants	82	86	143	67	127	506	501	610	686
Total Scotland	539	593	750	687	625	865	846	964	1,047
Wales⁽⁴⁾									
Credit approvals/SCE(R)									
National Assembly for Wales	258	236	256	259	264	167	163	163	163
Other departments ⁽⁶⁾	4	4	3	4	4	9	3	3	3
Total credit approvals/SCE(R)	262	240	259	263	268	176	167	167	167
Capital grants/SCE(C)									
National Assembly for Wales	150	194	231	229	264	387	499	495	489
Other departments ⁽⁶⁾	7	6	5	6	10	9	8	9	9
Total capital grants/SCE(C)	157	201	236	234	274	396	507	504	498
Total Wales	418	441	495	497	542	572	674	671	665
Northern Ireland capital grants⁽⁴⁾	1	1	1	2	6	8	6	8	3
Capital grants from the National Lottery	292	301	351	298	831	840	221	178	178
Total United Kingdom	5,425	7,400	7,468	9,481	10,991	12,435	12,898	13,515	14,438
<i>of which:</i>									
Credit approvals/SCE(R)	3,247	4,116	3,623	4,132	4,725	4,694	5,231	5,304	5,519
Capital grants/SCE(C)	2,177	3,284	3,845	5,349	6,266	7,741	7,666	8,211	8,919

(1) Includes debt repayment grants from central government which score in budgets.

(2) The service categories shown are local authority service areas, not the UN based Classification of the Functions of Government (COFOG) categories.

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

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

(5) Net capital allocations are the equivalent of credit approvals in England and Wales.

(6) Includes Home Office, Department for Constitutional Affairs, Office of the Deputy Prime Minister, Department for Education and Skills and Department for Work and Pensions.

Table 6.6 Local authority current and capital expenditure in the United Kingdom by function, 1999–00 to 2004–05⁽¹⁾

	accruals, £ million					
	National Statistics					
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn
Current						
General public services	2,994	2,999	3,143	3,259	3,188	3,787
Debt interest ⁽²⁾	313	385	350	305	276	412
Defence	4	4	—	—	—	—
Public order and safety	10,731	11,132	11,541	12,042	13,128	14,120
Enterprise and economic development	390	354	376	392	430	451
Employment policies	53	46	47	53	69	61
Agriculture, fisheries and forestry	68	74	82	87	96	132
Transport	2,860	3,166	3,570	4,068	5,104	6,055
Environment protection	2,864	3,049	3,268	3,530	3,867	4,116
Housing and community amenities	1,065	1,471	1,677	1,690	2,175	2,273
Health	403	442	449	449	391	337
Recreation, culture and religion	2,618	2,734	2,879	3,138	3,344	3,396
Education and training	26,333	28,119	30,934	32,908	36,362	38,293
Social protection	23,361	24,192	25,527	28,732	31,891	33,638
Accounting adjustments	6,842	7,320	7,303	8,240	6,450	6,986
Total local authorities' current expenditure	80,898	85,487	91,145	98,893	106,771	114,055
Capital						
General public services	271	200	288	361	442	802
Public order and safety	289	289	405	512	618	813
Enterprise and economic development	89	41	52	–6	12	71
Employment policies	3	5	3	1	0	1
Agriculture, fisheries and forestry	–36	–33	–30	–38	–40	–45
Transport	1,165	1,552	2,070	2,681	2,817	3,370
Environment protection	157	134	166	220	329	436
Housing and community amenities	488	978	1,528	776	520	2,168
Health	—	—	—	—	58	112
Recreation, culture and religion	585	609	680	664	662	1,115
Education and training	1,485	1,810	2,151	2,298	2,852	3,374
Social protection	108	116	120	153	171	219
Accounting adjustments	865	–110	684	912	622	–1,277
Total local authorities' capital expenditure	5,470	5,593	8,117	8,534	9,064	11,160
Total local authority expenditure	86,368	91,080	99,262	107,427	115,835	125,215

(1) The local authority figures for 2004–05 reflect local authority budgets data, as set at the beginning of 2004–05. This differs from the totals of local authority expenditure in this table, which reflect latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2005. The difference in sources is adjusted for within the accounting adjustments.

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

Table 6.7 Local authority current expenditure in the United Kingdom by country and function, 1999–00 to 2004–05⁽¹⁾

	accruals, £ million					
	National Statistics					
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn
England						
General public services	2,603	2,618	2,740	2,795	2,700	3,222
Public order and safety	9,414	9,759	10,067	10,519	11,470	12,393
Enterprise and economic development	226	235	244	254	273	291
Employment policies	50	46	47	53	69	61
Agriculture, fisheries and forestry	63	68	76	79	88	102
Transport	2,315	2,600	3,021	3,407	4,392	5,323
Environment protection	2,244	2,384	2,555	2,757	3,033	3,270
Housing and community amenities	931	1,338	1,518	1,524	2,005	2,097
Health	403	442	449	449	391	337
Recreation, culture and religion	2,053	2,153	2,248	2,460	2,621	2,690
Education and training	22,093	23,616	26,051	27,727	30,684	32,315
Social protection	19,811	20,480	21,567	24,192	27,127	28,648
Total England	62,207	65,741	70,582	76,215	84,854	90,749
Scotland						
General public services	239	240	259	300	320	323
Defence	4	4	—	—	—	—
Public order and safety	799	822	896	921	1,008	1,040
Enterprise and economic development	115	68	74	80	93	91
Agriculture, fisheries and forestry	1	1	—	—	—	—
Transport	384	391	359	440	472	480
Environment protection	301	319	358	385	413	429
Housing and community amenities	78	75	104	97	88	86
Recreation, culture and religion	420	433	442	474	514	491
Education and training	2,763	2,910	3,139	3,343	3,659	3,870
Social protection	2,392	2,492	2,647	3,069	3,126	3,308
Total Scotland	7,496	7,753	8,277	9,110	9,694	10,118
Wales						
General public services	151	140	144	164	169	242
Public order and safety	517	551	577	602	650	687
Enterprise and economic development	38	41	46	46	50	55
Employment policies	3	—	—	—	—	—
Agriculture, fisheries and forestry	3	5	6	7	8	29
Transport	159	173	188	218	237	250
Environment protection	177	195	196	219	241	221
Housing and community amenities	56	57	55	69	82	89
Recreation, culture and religion	145	148	189	204	208	215
Education and training	1,403	1,515	1,661	1,751	1,926	2,006
Social protection	1,159	1,220	1,313	1,471	1,638	1,682
Total Wales	3,812	4,045	4,376	4,751	5,209	5,476
Total Great Britain	73,515	77,540	83,235	90,076	99,757	106,343
Northern Ireland						
Enterprise and economic development	10	11	12	12	13	14
Agriculture, fisheries and forestry	0	0	1	1	1	1
Transport	2	2	2	2	2	2
Environment protection	142	151	160	169	180	195
Education and training	74	78	83	88	93	101
Total Northern Ireland	229	242	257	272	289	314
Debt interest ⁽²⁾	313	385	350	305	276	412
Accounting adjustments	6,842	7,320	7,303	8,240	6,450	6,986
Total local authorities' current expenditure	80,898	85,487	91,145	98,893	106,771	114,055

(1) The local authority figures for 2004–05 reflect local authority budgets data, as set at the beginning of 2004–05. This differs from the totals of local authority expenditure in this table, which reflect latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2005. The difference in sources is adjusted for within the accounting adjustments.

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

Table 6.8 Local authority gross⁽¹⁾ capital expenditure in the United Kingdom by country and function, 1999–00 to 2004–05⁽²⁾

	accruals, £ million					
	National Statistics					
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn
England						
General public services	336	300	422	565	749	1,122
Public order and safety	364	360	452	521	618	788
Enterprise and economic development	269	180	182	220	202	303
Employment policies	3	5	3	1	1	1
Agriculture, fisheries and forestry	7	7	6	7	7	3
Transport	1,082	1,409	1,877	2,461	2,552	2,942
Environment protection	107	93	108	158	262	321
Housing and community amenities	2,662	3,087	3,470	4,025	4,134	5,001
Health	—	—	—	—	58	112
Recreation, culture and religion	518	579	630	621	594	979
Education and training	1,391	1,719	2,062	2,287	2,780	3,309
Social protection	133	156	158	199	202	224
Total England	6,870	7,894	9,370	11,064	12,158	15,104
Scotland						
General public services	81	78	89	95	100	208
Public order and safety	36	36	40	53	65	86
Enterprise and economic development	19	20	12	15	13	24
Transport	107	119	165	170	222	372
Environment protection	40	37	33	32	37	79
Housing and community amenities	292	291	358	336	302	493
Recreation, culture and religion	61	52	51	73	85	178
Education and training	137	128	143	157	172	251
Social protection	22	21	31	30	32	55
Total Scotland	794	782	923	962	1,028	1,746
Wales						
General public services	32	32	35	47	59	94
Public order and safety	23	21	26	28	39	52
Enterprise and economic development	24	19	16	18	18	28
Agriculture, fisheries and forestry	4	5	6	5	5	8
Transport	76	111	111	110	127	176
Environment protection	5	8	11	11	16	25
Housing and community amenities	259	251	251	262	276	343
Recreation, culture and religion	39	29	36	49	71	77
Education and training	62	80	96	97	114	128
Social protection	8	8	10	11	14	23
Total Wales	534	564	597	638	738	953
Total Great Britain	8,199	9,240	10,890	12,663	13,925	17,803
Northern Ireland						
Enterprise and economic development	9	9	10	11	11	12
Agriculture, fisheries and forestry	2	2	2	2	2	3
Transport	8	9	9	10	10	11
Environment protection	32	34	36	38	41	44
Education and training	25	26	28	29	22	34
Total Northern Ireland	76	81	86	90	87	104
Total United Kingdom	8,275	9,321	10,976	12,753	14,011	17,907
Memorandum						
United Kingdom gross capital expenditure, from above	8,275	9,321	10,976	12,753	14,011	17,907
United Kingdom capital receipts (see Table 6.9)	–3,670	–3,618	–3,543	–5,131	–5,569	–5,470
Accounting adjustments	865	–110	684	912	622	–1,277
Total local authorities' capital expenditure	5,470	5,593	8,117	8,534	9,064	11,160

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

(2) The local authority figures for 2004–05 reflect local authority budgets data, as set at the beginning of 2004–05. This differs from the totals of local authority expenditure in this table, which reflect latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2005. The difference in sources is adjusted for within the accounting adjustments.

Table 6.9 Local authority capital receipts in the United Kingdom by country and function, 1999–00 to 2004–05⁽¹⁾

	accruals, £ million					
	National Statistics					
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn
England						
General public services	151	181	218	276	401	473
Public order and safety	125	117	105	83	97	101
Enterprise and economic development	216	173	159	234	214	253
Agriculture, fisheries and forestry	48	44	41	49	53	57
Transport	103	89	80	68	83	101
Environment protection	5	9	12	7	11	13
Housing and community amenities	2,408	2,498	2,394	3,646	3,883	3,364
Recreation, culture and religion	20	42	33	68	55	107
Education and training	102	119	146	233	221	290
Social protection	50	63	68	74	74	78
Total England	3,227	3,333	3,258	4,738	5,094	4,837
Scotland						
General public services	21	25	35	58	54	141
Public order and safety	5	5	4	4	5	10
Enterprise and economic development	13	12	7	11	16	42
Transport	4	7	9	2	10	24
Environment protection	4	10	0	1	2	5
Housing and community amenities	219	68	83	97	111	196
Recreation, culture and religion	12	8	4	10	4	11
Education and training	15	10	11	15	13	34
Social protection	4	6	10	10	2	3
Total Scotland	297	150	165	207	217	466
Wales						
General public services	5	4	5	13	11	8
Public order and safety	4	5	3	3	2	2
Enterprise and economic development	3	3	2	25	1	1
Agriculture, fisheries and forestry	1	2	2	3	1	1
Transport	1	0	4	0	1	7
Environment protection	0	0	0	0	3	2
Housing and community amenities	98	86	73	104	196	109
Recreation, culture and religion	1	1	0	1	28	0
Education and training	5	6	5	7	2	14
Social protection	1	0	1	2	1	2
Total Wales	120	108	93	159	246	145
Total Great Britain	3,645	3,591	3,516	5,104	5,557	5,448
Northern Ireland						
Environment protection	18	19	10	10	11	12
Education and training	8	8	17	17	—	10
Total Northern Ireland	25	27	27	27	11	23
Total United Kingdom	3,670	3,618	3,543	5,131	5,569	5,470

(1) The local authority figures for 2004–05 reflect local authority budgets data, as set at the beginning of 2004–05. This differs from the totals of local authority expenditure in this table, which reflect latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2005. The difference in sources is adjusted for within the accounting adjustments.

Table 6.10 Local authority expenditure by country and economic category, 1999–00 to 2004–05⁽¹⁾

	accruals, £ million					
	National Statistics					
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England						
Pay	36,232	38,647	41,673	44,466	48,689	52,453
Other current expenditure on goods and services	14,575	15,821	17,146	18,771	22,430	23,369
Subsidies	582	756	959	1,405	2,173	2,789
Current grants to persons	10,817	10,517	10,804	11,574	11,562	12,138
Net capital expenditure on assets	2,961	3,773	5,272	5,542	6,158	9,142
Capital grants	682	788	840	784	906	1,125
Total England	65,850	70,302	76,694	82,541	91,918	101,016
Scotland						
Pay	4,128	4,358	4,478	4,798	5,419	5,633
Other current expenditure on goods and services	2,232	2,231	2,572	2,955	3,031	3,116
Subsidies	101	105	117	113	89	160
Current grants to persons	1,035	1,060	1,111	1,243	1,156	1,210
Net capital expenditure on assets	400	531	696	701	735	1,157
Capital grants	98	100	62	53	76	123
Total Scotland	7,993	8,385	9,036	9,864	10,505	11,398
Wales						
Pay	3,087	3,440	3,703	3,985	4,354	4,651
Other current expenditure on goods and services	174	71	135	188	303	238
Subsidies	0	0	—	—	—	—
Current grants to persons	551	535	538	578	553	587
Net capital expenditure on assets	290	340	394	359	367	657
Capital grants	124	117	109	119	125	151
Total Wales	4,226	4,502	4,880	5,230	5,701	6,284
Great Britain						
Pay	43,447	46,444	49,854	53,249	58,462	62,737
Other current expenditure on goods and services	16,982	18,123	19,853	21,914	25,763	26,723
Subsidies	683	861	1,076	1,517	2,261	2,948
Current grants to persons	12,403	12,112	12,452	13,395	13,271	13,935
Net capital expenditure on assets	3,651	4,644	6,363	6,603	7,260	10,955
Capital grants	903	1,005	1,012	956	1,107	1,399
Total Great Britain	78,069	83,189	90,610	97,634	108,124	118,698
Northern Ireland						
Pay	240	254	269	286	303	329
Other current expenditure on goods and services	–11	–12	–13	–13	–14	–15
Net capital expenditure on assets	49	52	57	61	73	79
Capital grants	2	2	2	2	2	3
Total Northern Ireland	279	296	316	335	364	396
United Kingdom						
Pay	43,687	46,698	50,124	53,535	58,764	63,067
Other current expenditure on goods and services	16,970	18,111	19,841	21,901	25,749	26,707
Subsidies	683	861	1,076	1,517	2,261	2,948
Current grants to persons	12,403	12,112	12,452	13,395	13,271	13,935
Local authority debt interest to private sector ⁽²⁾	313	385	350	305	276	412
Net capital expenditure on assets	3,699	4,696	6,420	6,664	7,333	11,035
Capital grants	905	1,007	1,014	958	1,110	1,402
Total United Kingdom	78,661	83,870	91,276	98,275	108,764	119,506
Accounting adjustments	7,707	7,210	7,986	9,152	7,071	5,709
Total local authority expenditure	86,368	91,080	99,262	107,427	115,835	125,215

(1) The local authority figures for 2004–05 reflect local authority budgets data, as set at the beginning of 2004–05. This differs from the totals of local authority expenditure in this table, which reflect latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2005. The difference in sources is adjusted for within the accounting adjustments.

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

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

7.2 Data in this chapter do not fall within the scope of National Statistics.

Definition of public corporations

7.3 Public corporation is a term from national accounts – the European System of Accounts (ESA95). So it is the Office for National Statistics (ONS) that determines which bodies are public corporations. The characteristics of public corporations are:

- they are mainly trading bodies, largely recovering their costs from fees charged to customers. Some charge for regulatory activities, where these provide a significant benefit to the person paying the fee, for example through quality testing;
- they are controlled by central government, local authorities or other public corporations; and
- they have substantial day to day operating independence so that they should be seen as institutional units separate from their parent departments.

Recent developments

7.4 On 2 July 2003, the ONS announced a provisional decision that NHS foundation hospitals would be classified to the central government sector and a firm decision that the existing NHS trusts would be reclassified from the public corporation sector to the central government sector. The reclassification to the central government sector was effected in the national accounts Blue Book in Summer 2004. Consequently NHS trusts are no longer included in this chapter, and other presentations in PESA now treat NHS Trusts as part of central government. Note that the relationship between the Department for Health (DH) and NHS Trusts has not changed and as such the way in which DH budget for these bodies is unchanged (See Appendix D)

7.5 The ONS announced on 27 February 2004* that Network Rail would be regarded as a public corporation until 31 March 2003 rather than until 16 August 2002 as previously stated. From 1 April 2003 Network Rail is a private non-financial corporation. The extension of the time that Network Rail was in the public sector before it became a private sector body was effected in the national accounts in Summer 2004. In PESA 2005, Network Rail's capital expenditure in 2002-03 is shown separately in **Table 7.3**; and throughout PESA 2005 it is included in the national accounts based TME number and in the public corporations' own-financed capital expenditure line in AME for that year. Because not all the necessary data were identified in time, Network Rail has not been fully incorporated into some of the detailed analyses for 2002-03 in the rest of PESA 2005. The main effect is to understate TES on railways in 2002-03 by the amount of Network Rail's own-funded capital expenditure.

* <http://www.statistics.gov.uk/pdffdir/netrl0204.pdf>

7.6 On 24 September 2004, the ONS announced[†] that British Energy would be treated as a public corporation with effect from 9 September 2002. This decision was implemented by the ONS in December 2004. In PESA 2005 British Energy's capital expenditure is included in the national accounts based TME number and in the public corporations' own-financed capital expenditure line in AME from 2002-03 onwards. Because of the timing of the ONS decision not all the necessary data were identified in time to allow British Energy to be fully incorporated into all of the detailed analyses in PESA 2005.

The corporate control framework

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

- **Strategic objectives** are agreed with each individual corporation and provide the framework within which the financial controls and the body's control procedures are set. Corporations' corporate plans are discussed with sponsor departments.
- **Financial targets and performance aims.** Financial targets should be set, often for periods of three to five years. They vary in form, according to the circumstances of the body. Backing up the financial targets are a series of performance aims, again often for three to five years ahead, which may relate to costs and, where appropriate, standards of service.
- **Investment appraisal and pricing principles.** Public corporations are required to aim at a suitable rate of return on their assets. This requirement is intended to ensure that resources are used effectively, that consumers experience appropriate prices, and that markets are not distorted. The required rate may vary between corporations and is set individually by the sponsoring department with, where appropriate, the agreement of the Treasury.
- **Monitoring** plays an important role in controlling public corporations' performance in the interests of the taxpayer and the consumer. Sponsor Ministers, departments and the Shareholder Executive continuously monitor bodies' performance against all aspects of the controls described.

Self-financing public corporations

7.8 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.

7.9 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.

[†] http://www.statistics.gov.uk/about/methodology_by_theme/bec/downloads/BE_article.pdf

Trading funds

7.10 Where activities of a government department generate income from the supply of goods and services those activities 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.

7.11 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 so in PESA.

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

Public expenditure measurement and control

7.13 The following transactions with and in respect of public corporations accountable to Ministers are normally included in departmental budgets. The list largely corresponds with the scoring and concepts in resource accounts:

- subsidies and capital grants paid to the public corporation by the Department (in resource DEL, except for capital grants financed by the Capital Modernisation Fund which are in capital DEL);
- interest and dividends received from the public corporation, and equity withdrawals (resource DEL, or resource AME if an SFPC);
- loans and public dividend capital (PDC) invested in the public corporation (capital DEL, or capital AME if an SFPC);
- public corporations' market and overseas borrowing (PCMOB) where, exceptionally, it is permitted (capital DEL, or capital AME if an SFPC); and
- a capital charge on the department's investments (loans and PDC) in the public corporation (in resource DEL, or resource AME if an SFPC). This is the same figure as is recorded in the department's resource accounts.

7.14 Forest Enterprises have a different budgeting treatment:

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

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

7.16 Some **trading funds** are government departments in their own right. A capital charge will be shown in the budgets of their "parent" department (for budgeting, not accounting). Where the funds borrow directly from the National Loans Fund, the amount of the capital charge is in effect abated by the interest they pay on their borrowing.

7.17 Public corporations controlled by local authorities include the businesses reporting to Transport for London and local authority airports such as Manchester. DEL and Departmental AME include central government support to local authorities, some of which may be used by them to support public corporations. The expenditure of these public corporations is not within DEL or departmental AME. The whole of their capital expenditure is included in the public corporations' own-financed capital expenditure line in AME. They are included in the bottom line of **Tables 7.1** and **7.3** which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME).

7.18 **Table 7.1** shows the impact on departmental budgets – DEL and Departmental AME – of public corporations accountable to Ministers. It also shows a reconciliation to the impact of all public corporations, including those accountable to local authorities, on TME. PC gross investment in TME is the sum of PC capital expenditure in budgets (Forest Enterprises only), government capital support in budgets (CG investment grants, net lending to PCs) and public corporations' own-financed capital expenditure. The table covers outturn and plan years.

7.19 **Table 7.2** shows the contributions of public corporations accountable to Ministers to departmental budgets, by department, for outturn and plan years.

Public corporations in Total Managed Expenditure

7.20 TME measures the current and capital expenditure of the public sector as a whole. It is taken from national accounts compiled by the ONS. TME includes:

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

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

7.22 Grants and subsidies given by public corporations to the private sector and overseas are imputed to general government expenditure in national accounts, as grant-giving is not held to be a normal function of a commercial body.

7.23 Note that the impact of public corporations on departmental budgets differs from their impact on TME. Accounting adjustments are used to move from DEL *plus* Departmental AME *plus* Own financed capital expenditure (Other AME) to TME (see Appendix B for a full explanation of the accounting adjustments).

7.24 **Table 7.3** shows the capital expenditure of each major public corporation sponsored by a central government department and of the biggest public corporations accountable to local authorities. It also identifies those that are self-financing public corporations or trading funds. The table does not identify separately small public corporations controlled by central government departments and most public corporations under local authority control. It also gives for each department the sum of capital expenditure of the public corporations listed.

The total figure for the table includes all public corporations. Capital expenditure is recorded net of any asset sales. In this table, apart from the total line, it includes any capital grants paid by a public corporation net of any received from the private sector or abroad. The table gives individual figures for all public corporations for outturn years and for public corporations that are not self-financing for estimated outturn and plan years.

7.25 Appendix D of PESA 2004 grouped major public corporations according to the departmental groups used in table 7.3. For PESA 2005 this appendix has been removed as it duplicated much of the information already contained within table 7.3.

Further information

7.26 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 website at http://www.statistics.gov.uk/downloads/theme_economy/MA23.xls. *Sector classification for the National Accounts.*

Table 7.1 Public corporations' contribution to budgets⁽¹⁾ and Total Managed Expenditure, 1999–00 to 2007–08

	accruals, £ million								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL									
CG dividends from PCs(–)	31	233	–20	–27	–92	–79	–71	–30	–30
CG interest from PCs(–)	–6	–28	–34	–50	–50	–54	–64	–84	–99
Subsidies to PCs	746	719	759	802	1,724	856	860	874	899
CG investment grants to PCs	1,346	466	667	855	170	249	257	236	197
Cost of capital charge	25	23	31	22	93	104	114	134	149
Profit(–)/loss(+) of Forest Enterprises ⁽²⁾	6	14	10	17	18	17	16	14	16
Total Resource DEL	2,147	1,427	1,412	1,620	1,862	1,092	1,113	1,145	1,131
Resource AME									
CG dividends from SFPCs(–)	–99	–68	–42	–34	–30	–41	–42	–45	–40
CG interest from SFPCs(–)	—	—	—	–12	–2	—	—	—	—
Subsidies to SFPCs ⁽³⁾	2	2	2	2	2	2	2	2	2
Cost of capital charge	102	104	199	182	170	168	168	175	185
Total Resource AME	5	38	159	137	141	128	127	132	148
Total public corporations' contribution to Resource Budget⁽¹⁾	2,152	1,465	1,571	1,757	2,003	1,221	1,241	1,278	1,278
Capital DEL									
CG investment grants to PCs ⁽⁴⁾	—	104	0	1	—	1	—	—	—
Capital expenditure by Forest Enterprises ⁽²⁾	–4	5	5	14	3	–2	–3	–3	–3
Net lending to PCs	178	218	228	139	12	65	81	124	135
Market and overseas borrowing	—	—	—	—	—	—	3	34	—
Total Capital DEL	174	326	234	154	15	64	80	155	132
Capital AME									
Net lending to SFPCs	—	—	–50	–50	46	970	34	43	35
Total Capital AME	—	—	–50	–50	46	970	34	43	35
Total public corporations' contribution to Capital Budget	174	326	184	104	61	1,034	114	198	166
Other AME:									
PC own-financed capital expenditure ⁽⁵⁾	1,208	2,584	2,410	3,279	3,111	1,752	2,926	2,574	2,868
Accounting adjustments	–755	–918	–785	–663	–1,649	–786	–700	–800	–700
Public corporations' expenditure in TME	2,779	3,458	3,381	4,477	3,526	3,221	3,500	3,300	3,600
<i>of which:</i>									
PC current expenditure in TME	53	82	120	240	184	184	200	300	300
PC gross investment in TME	2,726	3,376	3,261	4,237	3,342	3,037	3,300	3,000	3,200

(1) Data in this table differ from those shown for public corporations in Tables 1.14. Central government subsidies to public corporations are classified as central government own spending in national accounts, and are shown as such in Table 1.14. In Table 7.1 subsidies are shown as part of public corporations' contribution to resource budget. Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

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

(3) The only subsidies in AME are those to the Crown Estate which has a special budgeting regime.

(4) Capital budget includes central government investment grants to public corporations that are financed from the Capital Modernisation Fund.

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

Table 7.2 Public corporations' contribution to budgets⁽¹⁾ by department, 1999–00 to 2007–08

	accruals, £ million								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Resource DEL									
Health	0	0	0	3	3	0	0	0	0
Transport	912	283	479	773	905	15	11	9	8
Office of the Deputy Prime Minister	319	295	109	114	102	82	47	27	25
Home Office	—	0	–1	–3	–2	–1	–3	—	—
Defence	–2	–8	18	14	14	–5	10	2	1
Foreign and Commonwealth Office	148	163	162	151	193	203	219	218	224
Trade and Industry	–4	–4	–5	–1	–38	–28	–40	0	0
Environment, Food and Rural Affairs	73	84	87	107	76	81	81	81	81
Culture, Media and Sport	75	75	77	80	85	92	92	92	93
Work and Pensions	96	101	148	119	115	121	94	94	94
Scotland	53	50	59	46	117	125	116	116	120
Wales	237	141	81	9	10	12	13	13	14
Northern Ireland Executive	241	248	197	204	280	396	475	493	472
Chancellor's Departments	—	–1	—	—	—	–1	–1	–1	–1
Cabinet Office	0	0	1	2	1	0	0	0	0
Total Resource DEL	2,147	1,427	1,412	1,620	1,862	1,092	1,113	1,145	1,131
Resource AME									
Defence	—	—	36	14	10	8	4	2	2
International Development	—	—	54	50	51	55	62	68	76
Trade and Industry	–49	—	—	–6	–2	—	—	—	—
Chancellor's Departments	54	38	69	79	81	65	62	62	69
Total Resource AME	5	38	159	137	141	128	127	132	148
Total public corporations' contribution to Resource Budget	2,152	1,465	1,571	1,757	2,003	1,221	1,241	1,278	1,278
Capital DEL									
Health	—	0	0	0	3	0	—	—	—
Transport	0	103	0	–1	17	47	33	61	31
Office of the Deputy Prime Minister	–4	0	0	0	0	0	0	0	0
Home Office	6	–2	–6	–2	0	—	—	—	—
Defence	–16	–19	–2	5	–5	–12	–7	–7	–2
Trade and Industry	–1	–1	–1	–1	35	0	–25	–1	–1
Environment, Food and Rural Affairs	–7	3	5	12	3	–1	3	0	1
Work and Pensions	—	—	0	0	—	0	—	—	—
Scotland	193	241	238	140	43	106	169	195	195
Wales	1	—	0	1	0	–2	–3	–3	–3
Northern Ireland Executive	2	0	—	—	–82	–83	–90	–90	–90
Chancellor's Departments	—	—	—	—	—	9	—	—	—
Total Capital DEL	174	326	234	154	15	64	80	155	132
Capital AME									
Defence	—	—	–50	–50	–4	–28	–16	–7	–15
International Development	—	—	—	—	—	–2	—	—	—
Trade and Industry	—	—	—	—	50	1,000	50	50	50
Total Capital AME	—	—	–50	–50	46	970	34	43	35
Total public corporations' contribution to capital budget	174	326	184	104	61	1,034	114	198	166

(1) Data in this table differ from those shown for public corporations in Tables 1.14. Central government subsidies to public corporations are classified as central government own spending in national accounts, and are shown as such in Table 1.14. In Table 7.2 subsidies are shown as part of public corporations' contribution to resource budget.

Table 7.3 Public corporations' capital expenditure, 1999–00 to 2007–08

	accruals, £ million								
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated outturn	2005–06 plans	2006–07 plans	2007–08 plans
Health									
Medicines and Healthcare Products									
Regulatory Agency ^{(T)(1)}	6	7	4	3	5	#	#	#	#
NHS Estates ^(T)	0	0	1	0	0	#	#	#	#
Total Health	6	7	5	3	5	#	#	#	#
Transport									
British Railways Board ⁽²⁾	3	3	—	—	—	—	—	—	—
Civil Aviation Authority	1	1	1	1	2	1	1	#	#
Docklands Light Railway	34	34	—	—	—	—	—	—	—
Driving Standards Agency ^(T)	2	2	3	6	11	2	2	#	#
London Regional Transport ⁽³⁾	526	146	483	772	—	—	—	—	—
London Underground Limited ⁽³⁾	—	—	—	—	668	930	989	957	1,025
National Air Traffic Services ⁽⁴⁾	46	77	25	—	—	—	—	—	—
Network Rail ⁽⁵⁾	—	—	—	1,822	—	—	—	—	—
Vehicle and Operator Services Agency ^(T)	7	8	30	11	11	15	15	#	#
Total Transport	618	270	542	2,612	693	948	1,007	#	#
Office of the Deputy Prime Minister									
Audit Commission	—	1	1	—	—	—	—	—	—
English Partnerships ⁽⁶⁾	289	202	—	—	—	—	—	—	—
Fire Service College ^(T)	1	1	4	2	4	11	2	2	2
Housing Action Trusts ⁽⁷⁾	70	103	87	82	58	36	93	93	93
Ordnance Survey ^(T)	—	—	—	—	—	13	—	—	—
QEI Conference Centre ^(T)	0	1	1	0	2	1	1	1	1
Total Office of the Deputy Prime Minister	360	308	93	84	64	61	96	96	96
Home Office									
Forensic Science Service ^(T)	—	—	11	—	9	9	9	9	9
Total Home Office	—	—	11	—	9	9	9	9	9
Constitutional Affairs									
Land Registry ^(T)	20	26	26	22	24	43	48	36	22
Total Constitutional Affairs	20	26	26	22	24	43	48	36	22
Defence									
Army Base Repair Organisation ^(T)	—	—	—	3	—	5	4	4	4
Defence Aviation Repair Agency ^(T)	—	—	6	7	8	12	3	3	3
Defence Evaluation and Research Agency ^{(T)(8)}	73	50	—	—	—	—	—	—	—
Defence Science and Technology Laboratory ^{(T)(8)}	—	—	10	10	9	12	12	45	41
Hydrographic Office ^(T)	5	2	5	4	7	7	13	14	8
Meteorological Office ^(T)	25	14	48	49	31	21	25	34	26
Navy, Army and Air Force Institute	—	—	1	4	3	3	3	3	3
QinetiQ ⁽⁵⁾⁽⁸⁾	—	—	36	67	41	*	*	*	*
Total Defence	103	66	105	143	99	*	*	*	*
Foreign and Commonwealth Office									
BBC World Service	14	25	17	—	31	31	31	31	31
British Council	6	6	6	6	6	8	8	8	8
Total Foreign and Commonwealth Office	20	31	23	6	37	39	39	39	39
International Development									
Commonwealth Development Corporation ⁽⁵⁾	—	—	—	1	5	*	*	*	*
Total International Development	—	—	—	1	5	*	*	*	*
Trade and Industry									
British Nuclear Fuels Limited ⁽⁵⁾	492	518	546	447	302	*	*	*	*
Companies House ^(T)	4	1	1	10	7	10	10	10	10
Patent Office ^(T)	0	0	0	1	2	2	2	2	2
Royal Mail Holdings ⁽⁵⁾	708	607	155	163	360	*	*	*	*
Total Trade and Industry	1,204	1,126	702	621	670	*	*	*	*

Table 7.3 Public corporations' capital expenditure, 1999–00 to 2007–08 (continued)

	accruals, £ million								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Environment, Food and Rural Affairs									
British Waterways	6	39	1	18	5	5	5	#	#
Forest Enterprise	-7	4	5	13	3	-1	-1	-1	-1
Total Environment, Food and Rural Affairs	-1	43	6	31	8	4	4	#	#
Culture, Media and Sport									
British Broadcasting Corporation ⁽⁵⁾	114	124	84	105	98	*	*	*	*
Channel Four Television Corporation ⁽⁵⁾	11	11	16	3	3	*	*	*	*
Historic Royal Palaces Trust	2	4	1	1	—	—	—	—	—
Tote ⁽⁵⁾	33	16	15	20	20	*	*	*	*
Welsh Fourth Channel Authority	1	1	1	0	0	0	0	0	0
Total Culture, Media and Sport	161	156	115	129	122	*	*	*	*
Work and Pensions									
Remploy	5	1	2	6	5	5	5	5	5
Total Work and Pensions	5	1	2	6	5	5	5	5	5
Scotland									
Highlands and Islands Airports	13	10	26	15	12	3	9	9	9
Scottish Water	371	421	474	359	397	559	580	580	580
Total Scotland	384	431	500	374	409	562	589	589	589
Wales									
Forest Enterprise	—	—	0	1	0	-2	-3	-3	-3
Total Wales	—	—	0	1	0	-2	-3	-3	-3
Northern Ireland Executive									
Lagaside ⁽⁹⁾	2	0	—	—	—	—	—	—	—
Northern Ireland Driver and Vehicle Testing Agency ⁽⁷⁾	—	1	1	1	1	1	1	1	1
Northern Ireland Housing Executive	59	33	25	-11	-1	78	87	83	80
Northern Ireland Other	—	—	—	—	2	2	—	—	—
Northern Ireland Public Trust Port Authority	1	—	—	—	—	—	37	31	21
Northern Ireland Transport Holding Company	0	30	40	39	29	10	13	13	13
Total Northern Ireland Executive	64	65	67	29	30	91	137	127	116
Chancellor's Departments									
Crown Estate ⁽⁵⁾	-23	18	30	32	33	*	*	*	*
OGCbuying.solutions ⁽⁷⁾⁽¹⁰⁾	—	0	0	0	1	#	#	#	#
Royal Mint ⁽⁵⁾⁽⁷⁾	6	4	6	4	4	*	*	*	*
Total Chancellor's Departments	-17	21	36	37	37	*	*	*	*
Accounting adjustments	-201	824	1,026	137	1,126	436	500	300	600
Total public corporations' capital expenditure	2,726	3,376	3,261	4,237	3,342	3,037	3,300	3,000	3,200

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

(T) Denotes public corporation with trading fund status.

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

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

(2) Remaining functions of the British Railways Board were transferred to the Strategic Rail Authority in December 2000.

(3) In July 2000 Transport for London (TfL) was established and all subordinate parts of London Regional Transport (LRT), except London Underground, where transferred to TfL. In July 2003 LRT was wound up and London Underground transferred to TfL.

(4) National Air Traffic Services was transferred to the private sector as a Public/Private Partnership in 2001.

(5) In national accounts Network Rail was classified as a public corporation in 2002–03. From April 2003 it is a private sector company. Number provided by ONS.

(6) English Partnerships (EP) was created in May 1999 with the merger of the Commission for the New Towns (CNT) and the Urban Regeneration Agency. In the presentation of PESA EP is treated as a central government body from April 2001.

(7) Housing Action Trusts are central government bodies in national accounts and treated as public corporations in PESA.

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

(9) Lagaside was reclassified in April 2003 as a central government body for national accounts and is treated as a public corporation for PESA.

(10) Established as the Buying Agency in April 1991 and renamed to OGCbuying.solutions in April 2001.

8.1 This chapter presents analyses of public expenditure by country and region. In this chapter data for all years up to and including 2003-04 are National Statistics. Readers need to bear in mind two points about this chapter:

- Most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The regional analyses presented in this chapter show where the individuals and enterprises that benefited from public spending were located. It does not mean that all such spending was planned to benefit a particular region, though a proportion of public spending is planned on a regional basis.
- The information was gathered in a separate data collection project based on aggregate data that predate the data used for the remaining PESA chapters. So the numbers in this chapter are not wholly consistent with the figures in other PESA chapters.

Recent developments

8.2 PESA 2004 saw major changes in these country and regional analyses following the improvements adopted by government statisticians in fulfilment of Ministers' acceptance of the relevant recommendations of the McLean Report *Identifying the Flow of Domestic and European Expenditure into the English Regions*. More information on the improved country and regional analysis was provided in the text to chapter 8 of PESA 2004 and set out in an article and memorandum published on the Treasury's website on 5 April 2004: www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/spending_by_country_and_region/natstat_region_index.cfm.

8.3 This year, the Treasury has worked with government departments to look further at the allocation methods applied to different areas of expenditure, to improve the quality of the data and to ensure the methods are robust and accurate, and consistent with the guidance jointly issued by Treasury and ONS.

8.4 PESA 2005 for the first time includes country and regional analyses for the year just ended (2004-05). Because the analysis is a separate project, it was made of plans, rather than the later estimated outturns used in the rest of PESA. This extension of coverage is part of our commitment to improve data availability following publication of the McLean report, mentioned in paragraph 8.2, and the Allsopp report *Review of Statistics for Economic Policymaking*, which was published on the Treasury's website on 31 March 2004: www.hm-treasury.gov.uk/consultations_and_legislation/allsopp_review/consult_allsopp_index.cfm.

How public expenditure is planned and controlled

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

8.6 The regional analysis of expenditure shows the outturns of the regional locations of the individuals, enterprises and communities for whose benefit expenditure was incurred. The extent to which these outturns reflect public expenditure that was planned with a specifically regional dimension will vary from programme to programme. Further information on departments' country and regional spending patterns and approaches to planning spending is to be published for the first time in departmental reports in 2005.

Apportionment of expenditure by country and region

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

8.8 The figures in this chapter therefore include a wider coverage of expenditure in Scotland, Wales and Northern Ireland than that for which the devolved administrations and the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible. **Table 8.17** shows the spending in Scotland, Wales and Northern Ireland separately for each of the devolved administrations, local authorities, and government departments, for 2003-04.

How to attribute expenditure to countries and regions

8.9 In most of the tables of this chapter, expenditure is attributed to a specific country or region using the 'for' basis of measuring regional expenditure, which records the regions that benefited from the spending, or whom the spending was for. The exception is **Table 8.20**, which allocates expenditure on an 'in' basis, which records the country or region in which the expenditure was incurred.

8.10 There are limitations to the 'who benefits' approach:

- There are practical difficulties. For example, hospitals are not used solely by the residents of the region in which the facility is located and roads serve the needs of more than the geographical area through which they pass. Definitional and border problems become increasingly significant the smaller the geographical unit considered.
- There are also significant definitional problems associated with working out 'who benefits'. For example, in the main country and regional analyses, agricultural support is treated as benefiting the farmers who receive subsidies rather than the final consumers of food.

8.11 The methods used in these analyses to deal with these practical and definitional problems are set out in detail in the memorandum referred to in paragraph 8.2 above. These methods have been agreed between HM Treasury and ONS, and used as the basis for detailed guidance for departments on how to attribute various types of spending between the countries and regions using the 'for' method. This guidance is referred to in paragraph 8.3.

8.12 The other main limitation of the 'for' basis of measuring regional spending is that this can only cover the amount of spending (now some 84 per cent of TME), which can be identified as benefiting individual regions. The remaining spending cannot be attributed as benefiting specific regions, because it is spent for the benefit of the UK as a whole. This boundary to the main country and regional analysis is explained further below.

Identifiable expenditure on services

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

- Identifiable expenditure is that which can be recognized as having been incurred for the benefit of individuals, enterprises or communities within particular regions.
- Non-identifiable expenditure is that which is deemed to be incurred on behalf of the United Kingdom as a whole, e.g. defence expenditure.

8.14 The split of spending in TES between identifiable and non-identifiable spending, and the definitions applied, are set out in more detail in the memorandum referred to in paragraph 8.2 above.

8.15 All expenditure that is identifiable has been allocated by some recognised means or other. Where precise accounting data on the recipients' location is not available, allocation is based on other available information, following rules set down in the guidance (referred to in paragraph 8.3). For example: administration costs incurred centrally in support of regional spending are attributed to regions in the same proportions as the spending that they support. In some cases departments are still using approximations to regional benefits, for instance where the immediate beneficiaries' head office locations mask the final recipients' location. Inevitably, such attribution affects data quality.

8.16 Expenditure financed by EC receipts has been treated as identifiable (or, occasionally, not identifiable) according to the characteristics of the expenditure itself. Receipts from the EC are treated as non-identifiable within TES. This treatment means that regional expenditure includes the expenditure financed by EC receipts. Including both EC-financed expenditure and EC receipts within TES means that these net out and so TES in aggregate is on a national accounts basis (see Appendices B, D and E for treatment of EC payments and receipts in the aggregates). The contribution to the EC has been attributed to 'outside UK', because these are transfer payments that the EC then spends. The contribution is shown as the GNI-based contribution, net of abatement and attributed aid. Attributed aid is shown alongside other aid payments.

Data on public expenditure by country and region

8.17 The tables present the spending attributed to the English regions alongside the spending attributed to Scotland, Wales and Northern Ireland. Figures for expenditure per head in the regions of England and in the countries of the UK are therefore directly comparable. However, care is still needed when making comparisons because of the different scope of public sector activities in different countries. For example, water supply is a public sector function in Scotland and Northern Ireland, but is in the private sector in England and Wales.

8.18 The data cover central government, local government and public corporations. While most data are outturn data, the returns include some estimated outturn data for local authorities where final outturn was not available (2004-05). Data for central government and public corporations for 2004-05 are based on plans data. Data are on an accruals basis.

8.19 The central government and public corporations plans data for 2004-05 includes £1.1bn, which departments have not yet allocated to programmes of expenditure. This means it is not possible to establish an accurate regional distribution for these data, and they are therefore classified as non-identifiable. This treatment leads to a small inconsistency in the split of TES between identifiable and non-identifiable expenditure over the series. That is, non-identifiable expenditure in 2004-05 is slightly higher than earlier years as a result of including data that when allocated by departments could be identifiable by region.

Tables on expenditure for a country or region

8.20 Most of the tables in this chapter provide a country and region analysis of identifiable spending for the six-year period from 1999-2000 to 2004-05. Because the data in this section were collected in the winter of 2004-05 they are not entirely consistent with other figures in this publication and individual departmental reports. Another difference is that the allowance for shortfall in 2004-05 is not included in TES in this chapter.

8.21 Table 8.1 shows total identifiable expenditure on services. Table 8.2 shows it on a per head basis. Table 8.3 shows it in real terms. Table 8.4 shows it on a real terms per head basis.

8.22 Tables 8.5 to 8.10 give more detail of total identifiable spending by broad function, and split on a capital and current basis.

8.23 Table 8.11 shows the sum of capital and current identifiable spending, by function on a per head basis. Table 8.12 shows Table 8.11 per head figures as percentages of the UK totals.

8.24 Table 8.13 shows expenditure by local authorities. Table 8.14 shows Table 8.13 on a per head basis.

8.25 Table 8.15 is an equivalent tabulation for expenditure by central government and public corporations. Table 8.16 shows Table 8.15 on a per head basis.

8.26 Table 8.17 shows for Scotland, Wales and Northern Ireland, the relative contributions of the spending of the devolved administrations, local authorities and UK departments under each functional heading. This table covers 2003-04 only.

8.27 Table 8.18 shows expenditure by local authorities by function.

8.28 Table 8.19 shows expenditure, for 2003-04 only, of departments by country and region and by function and sub-function.

8.29 In summer 2005, HM Treasury will publish supplementary country and regional tables on the Treasury website. These will include Tables 8.17 and 8.19 for the years 1999-2000 to 2002-03.

Analysis of certain non-identifiable expenditure

8.30 Table 8.20 provides some regional analysis of the non-identifiable expenditure that cannot be analysed as benefiting a country or region. It shows in which country and region departments incurred pay costs that form part of their non-identifiable expenditure. Because these pay costs are measured on an 'in' basis they are not directly equivalent to the 'for' expenditures in the other tables. The table covers 2003-04 only. Note that this table does not show total departmental pay costs in a region – only the total pay costs in non-identifiable expenditure.

Table 8.1 Total identifiable expenditure on services by country and region, 1999–00 to 2004–05

	accruals, £ million							As a percentage of identifiable expenditure						
	National Statistics							National Statistics						
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 plans	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 plans		
North East	12,765	13,391	15,024	15,958	17,261	18,677	5	5	5	5	5	5		
North West	33,172	35,109	38,058	40,718	44,172	47,346	12	12	12	12	12	12		
Yorkshire and Humberside	22,061	23,676	25,957	27,509	29,954	32,283	8	8	8	8	8	8		
East Midlands	16,673	17,907	19,802	20,978	23,208	25,292	6	6	6	6	6	6		
West Midlands	22,632	24,022	26,649	28,301	31,032	33,607	8	8	8	8	8	8		
South West	20,594	22,080	24,176	25,087	27,696	29,897	8	8	8	7	7	7		
Eastern	20,208	21,689	23,578	25,540	28,137	30,417	7	7	7	7	7	7		
London	36,559	38,628	42,542	47,432	52,944	56,961	13	13	13	14	14	14		
South East	30,655	32,401	35,434	37,977	41,728	45,425	11	11	11	11	11	11		
England	215,318	228,904	251,219	269,499	296,131	319,906	79	79	79	79	79	79		
Scotland	27,274	28,820	31,944	33,701	37,152	39,440	10	10	10	10	10	10		
Wales	15,036	16,025	17,170	18,697	20,277	21,609	5	6	5	5	5	5		
Northern Ireland	10,080	10,801	11,810	12,697	13,527	14,648	4	4	4	4	4	4		
UK identifiable expenditure	267,709	284,551	312,144	334,595	367,086	395,603	98	98	99	98	98	97		
Outside UK	5,783	6,745	4,124	7,520	8,829	10,676	2	2	1	2	2	3		
Total identifiable expenditure	273,492	291,296	316,268	342,115	375,915	406,279	100	100	100	100	100	100		
	accruals, £ million							As a percentage of Total Managed Expenditure						
Identifiable expenditure	273,492	291,296	316,268	342,115	375,915	406,279	80	80	82	82	83	84		
Non-identifiable expenditure	56,518	58,800	56,913	58,117	61,718	64,803	17	16	15	14	14	13		
Total Expenditure on Services	330,010	350,095	373,181	400,232	437,633	471,082	97	96	96	96	96	97		
Accounting adjustments	10,842	13,987	14,424	17,738	17,600	13,023	3	4	4	4	4	3		
Total Managed Expenditure	340,852	364,082	387,605	417,970	455,233	484,105	100	100	100	100	100	100		

Table 8.2 Total identifiable expenditure on services by country and region per head, 1999–00 to 2004–05

	accruals, £ per head														Index (UK identifiable expenditure = 100)			
	National Statistics							National Statistics							National Statistics			
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 plans	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 plans	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 plans
North East	5,005	5,265	5,915	6,288	6,797	7,366	110	109	112	111	110	111	110	109	112	111	110	111
North West	4,898	5,183	5,619	6,003	6,491	6,951	107	107	106	106	105	105	107	106	106	105	105	105
Yorkshire and Humberside	4,451	4,775	5,216	5,509	5,980	6,428	98	99	99	98	97	97	98	99	99	98	97	97
East Midlands	4,015	4,296	4,726	4,968	5,458	5,917	88	89	90	88	89	89	88	89	90	88	89	89
West Midlands	4,293	4,559	5,046	5,336	5,833	6,305	94	94	96	95	95	95	94	94	96	95	95	95
South West	4,219	4,490	4,891	5,050	5,540	5,942	92	93	93	90	90	90	83	84	83	84	84	84
Eastern	3,785	4,035	4,366	4,710	5,151	5,532	83	84	83	84	84	84	110	110	110	114	116	116
London	5,110	5,338	5,810	6,435	7,166	7,665	112	110	110	114	116	116	84	84	84	84	84	85
South East	3,853	4,055	4,416	4,721	5,164	5,593	84	84	84	84	84	84	96	96	96	96	96	97
England	4,391	4,649	5,080	5,428	5,940	6,391	96	96	96	96	96	96	118	118	119	118	119	118
Scotland	5,377	5,692	6,308	6,667	7,346	7,786	118	118	119	118	119	118	114	114	112	113	112	111
Wales	5,184	5,513	5,900	6,396	6,901	7,312	114	114	112	113	112	111	132	133	132	133	129	129
Northern Ireland	6,004	6,418	6,991	7,484	7,945	8,566	132	133	132	133	129	129	100	100	100	100	100	100
UK identifiable expenditure	4,562	4,832	5,280	5,640	6,164	6,617	100	100	100	100	100	100	100	100	100	100	100	100

Table 8.3 Total identifiable expenditure on services by country and region in real terms⁽¹⁾, 1990-00 to 2004-05

accruals, £ million

	National Statistics					
	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 plans
North East	14,093	14,615	15,990	16,420	17,261	18,314
North West	36,624	38,318	40,505	41,898	44,172	46,426
Yorkshire and Humberside	24,356	25,840	27,626	28,306	29,954	31,656
East Midlands	18,408	19,544	21,075	21,586	23,208	24,801
West Midlands	24,987	26,217	28,362	29,121	31,032	32,955
South West	22,737	24,098	25,730	25,814	27,696	29,316
Eastern	22,311	23,672	25,094	26,280	28,137	29,827
London	40,364	42,158	45,277	48,806	52,944	55,855
South East	33,844	35,362	37,712	39,077	41,728	44,543
England	237,724	249,824	267,371	277,308	296,131	313,694
Scotland	30,112	31,454	33,998	34,677	37,152	38,675
Wales	16,601	17,490	18,274	19,239	20,277	21,190
Northern Ireland	11,129	11,788	12,570	13,065	13,527	14,363
UK identifiable expenditure	295,566	310,557	332,213	344,290	367,086	387,922
Outside UK	6,385	7,362	4,389	7,738	8,829	10,469
Total identifiable expenditure	301,951	317,918	336,602	352,028	375,915	398,391
Non-identifiable expenditure	62,400	64,173	60,572	59,801	61,718	63,544
Total Expenditure on Services	364,350	382,092	397,175	411,829	437,633	461,936
Accounting adjustments	11,970	15,265	15,351	18,252	17,600	12,770
Total Managed Expenditure	376,320	397,357	412,526	430,081	455,233	474,705

(1) 2003-04 prices.

Table 8.4 Total identifiable expenditure on services by country and region per head in real terms⁽¹⁾, 1990-00 to 2004-05

accruals, £ per head

	National Statistics					
	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 plans
North East	5,526	5,746	6,295	6,470	6,797	7,223
North West	5,407	5,656	5,980	6,176	6,491	6,816
Yorkshire and Humberside	4,914	5,211	5,551	5,669	5,980	6,303
East Midlands	4,433	4,689	5,030	5,112	5,458	5,802
West Midlands	4,740	4,975	5,371	5,490	5,833	6,182
South West	4,658	4,901	5,205	5,196	5,540	5,827
Eastern	4,179	4,404	4,647	4,847	5,151	5,424
London	5,642	5,826	6,183	6,621	7,166	7,516
South East	4,254	4,426	4,700	4,858	5,164	5,484
England	4,848	5,074	5,407	5,586	5,940	6,267
Scotland	5,937	6,213	6,713	6,860	7,346	7,635
Wales	5,723	6,017	6,279	6,581	6,901	7,171
Northern Ireland	6,628	7,005	7,441	7,701	7,945	8,399
UK identifiable expenditure	5,037	5,274	5,620	5,804	6,164	6,488

(1) 2003-04 prices.

Table 8.5a Identifiable current expenditure on services by function, country and region, 1999–00

	accruals, £ million														Total			
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health		Recreation, culture, and religion	Education and training	Social protection
North East	172	—	—	—	—	671	172	23	255	124	336	140	67	2,167	190	1,773	6,042	12,133
North West	400	—	—	—	—	1,770	302	68	497	396	724	484	202	5,831	397	4,741	15,376	31,188
Yorkshire and Humberside	248	—	—	—	—	1,083	259	50	300	549	460	295	112	3,956	302	3,350	10,206	21,170
East Midlands	224	—	—	—	—	814	131	46	146	351	336	259	78	3,025	220	2,632	7,791	16,052
West Midlands	295	—	—	—	—	1,111	198	56	238	301	503	294	123	4,095	283	3,599	10,583	21,676
South West	304	—	—	—	38	962	134	51	180	624	518	317	113	3,616	252	2,883	9,765	19,758
Eastern	308	—	—	—	—	884	122	72	151	343	607	325	104	3,990	256	3,174	9,421	19,757
London	647	—	13	—	—	2,884	147	110	291	163	641	498	687	6,659	616	5,567	14,822	33,742
South East	439	—	—	—	0	1,542	187	106	202	361	700	571	196	5,861	425	4,804	13,973	29,368
England	3,038	—	13	—	39	11,720	1,651	582	2,260	3,212	4,825	3,184	1,682	39,199	2,941	32,522	97,978	204,846
Scotland	472	—	—	—	6	1,325	260	62	746	536	744	461	386	4,890	564	4,197	11,166	25,816
Wales	276	—	—	—	—	679	160	27	134	249	285	238	-11	2,559	289	2,102	7,171	14,159
Northern Ireland	153	—	—	—	0	1,080	245	15	49	291	272	278	160	1,513	38	1,574	3,814	9,482
UK current identifiable expenditure	3,939	—	13	—	44	14,804	2,316	686	3,189	4,288	6,127	4,161	2,218	48,161	3,832	40,395	120,130	254,303
Outside the UK	1	953	2,702	—	0	—	7	180	—	—	5	2	—	6	78	9	1,786	5,728
Total current identifiable expenditure	3,939	953	2,715	—	45	14,804	2,322	866	3,189	4,288	6,132	4,163	2,218	48,167	3,911	40,404	121,916	260,031
Non-identifiable spending	4,823	-3,676	843	25,378	21,696	2,812	245	319	—	13	194	312	—	135	5	—	—	53,099
Total current expenditure on services	8,762	-2,723	3,558	25,378	21,741	17,617	2,567	1,185	3,189	4,301	6,326	4,475	2,218	48,302	3,916	40,404	121,916	313,130

All the data in this table are National Statistics

Table 8.5b Identifiable capital expenditure on services by function, country and region, 1999–00

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	17	—	—	—	—	18	82	2	1	-1	28	18	93	42	220	102	11	633
North West	23	—	—	—	—	47	530	6	2	4	317	54	288	98	374	218	22	1,983
Yorkshire and Humberside	28	—	—	—	—	24	92	5	1	3	51	38	205	169	119	143	14	890
East Midlands	28	—	—	—	—	25	99	4	1	-1	133	32	12	55	101	121	10	621
West Midlands	13	—	—	—	—	42	131	5	1	0	272	30	50	77	173	142	19	956
South West	22	—	—	—	—	24	142	5	1	9	246	41	-40	101	131	145	8	835
Eastern	22	—	—	—	—	12	35	6	1	-6	110	39	-74	21	119	153	12	451
London	21	—	—	—	—	38	348	10	3	10	980	49	543	193	338	276	9	2,817
South East	45	—	—	—	—	45	143	15	1	-6	344	73	-3	161	227	234	7	1,286
England	218	—	—	—	—	276	1,603	58	12	13	2,481	374	1,074	917	1,801	1,534	112	10,472
Scotland	101	—	—	—	—	74	182	6	2	28	106	416	73	167	158	125	21	1,458
Wales	38	—	—	—	—	22	129	2	1	3	137	9	223	102	115	87	9	877
Northern Ireland	18	—	—	—	—	36	148	1	0	24	-61	99	115	65	39	112	2	598
UK capital identifiable expenditure	376	—	—	—	—	407	2,061	67	16	68	2,663	897	1,484	1,252	2,114	1,858	144	13,406
Outside the UK	—	—	6	—	—	—	—	—	—	—	1	—	—	—	48	0	—	55
Total capital identifiable expenditure	376	—	6	—	—	407	2,061	67	16	68	2,664	897	1,484	1,252	2,162	1,859	144	13,461
Non-identifiable spending	343	—	102	—	2,408	284	57	11	—	1	50	15	—	24	125	—	—	3,420
Total capital expenditure on Services	719	—	108	—	2,408	690	2,118	78	16	69	2,714	912	1,484	1,276	2,287	1,859	144	16,880

Table 8.6a Identifiable current expenditure on services by function, country and region, 2000–01

All the data in this table are National Statistics

	accruals, £ million														Total			
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health		Recreation, culture, and religion	Education and training	Social protection
North East	132	—	—	—	—	711	173	24	278	150	331	146	82	2,372	220	1,915	6,324	12,857
North West	394	—	—	—	—	1,855	294	71	542	410	747	499	279	6,250	475	5,097	16,040	32,954
Yorkshire and Humberside	240	—	—	—	—	1,172	278	52	325	565	476	302	148	4,391	347	3,630	10,667	22,594
East Midlands	228	—	—	—	—	894	136	48	163	361	349	259	115	3,286	270	2,836	8,198	17,144
West Midlands	318	—	—	—	—	1,179	204	58	264	334	452	296	157	4,351	348	3,845	11,131	22,937
South West	317	—	—	—	3	1,045	144	53	203	652	476	330	143	4,190	305	3,117	10,174	21,151
Eastern	297	—	—	—	—	1,016	162	76	172	386	595	332	133	4,266	287	3,408	9,890	21,019
London	656	—	12	—	—	3,116	177	114	323	155	832	506	771	7,441	775	6,052	15,328	36,259
South East	435	—	—	—	2	1,666	205	111	228	379	721	585	239	6,335	493	5,147	14,577	31,124
England	3,017	—	12	—	5	12,653	1,773	607	2,499	3,393	4,981	3,256	2,069	42,881	3,520	35,046	102,328	218,039
Scotland	502	—	—	—	6	1,368	354	63	711	555	787	514	400	5,229	599	4,478	11,568	27,134
Wales	291	—	—	—	—	753	199	28	142	237	290	252	—4	2,802	314	2,276	7,508	15,090
Northern Ireland	171	—	—	—	1	1,159	236	16	37	342	257	293	161	1,662	52	1,669	4,033	10,088
UK current identifiable expenditure	3,982	—	12	—	11	15,933	2,562	714	3,390	4,527	6,315	4,314	2,626	52,575	4,486	43,469	125,437	270,351
Outside the UK	1	1,520	3,035	—	0	—	10	175	7	—	2	2	—	6	80	14	1,827	6,679
Total current identifiable expenditure	3,982	1,502	3,047	—	11	15,933	2,572	888	3,396	4,527	6,318	4,316	2,626	52,581	4,566	43,483	127,264	277,030
Non-identifiable spending	4,963	-4,099	962	26,453	23,834	3,568	182	316	—	185	116	365	—	141	5	—	—	56,992
Total current expenditure on services	8,945	-2,579	4,009	26,453	23,845	19,501	2,754	1,204	3,396	4,712	6,434	4,681	2,626	52,722	4,571	43,483	127,264	334,022

Table 8.6b Identifiable capital expenditure on services by function, country and region, 2000–01

	accruals, £ million														Total			
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health		Recreation, culture, and religion	Education and training	Social protection
North East	-4	—	—	—	—	14	100	2	4	2	101	17	-4	53	99	139	11	534
North West	19	—	—	—	—	59	580	7	2	4	311	57	344	257	227	269	19	2,156
Yorkshire and Humberside	26	—	—	—	—	32	103	5	1	2	148	37	234	162	78	237	15	1,082
East Midlands	29	—	—	—	—	26	92	5	1	-1	150	29	95	73	97	152	16	763
West Midlands	22	—	—	—	—	40	126	6	1	2	283	39	102	135	100	207	22	1,085
South West	15	—	—	—	—	24	134	5	1	6	230	37	65	103	105	194	11	929
Eastern	16	—	—	—	—	22	85	8	1	-2	139	33	29	40	93	196	11	670
London	28	—	—	—	—	57	198	11	1	10	609	48	572	231	290	310	4	2,369
South East	14	—	—	—	—	53	123	17	1	-3	328	62	-14	202	194	289	14	1,278
England	167	—	—	—	—	326	1,543	67	11	19	2,299	359	1,421	1,255	1,284	1,992	123	10,865
Scotland	94	—	—	—	—	68	229	7	1	24	121	453	224	206	119	121	19	1,686
Wales	38	—	—	—	—	23	204	3	0	5	177	12	224	52	84	105	10	935
Northern Ireland	21	—	—	—	—	38	153	2	0	27	-1	115	104	71	31	151	3	713
UK capital identifiable expenditure	319	—	—	—	—	454	2,128	78	13	74	2,596	938	1,973	1,585	1,518	2,368	155	14,199
Outside the UK	—	—	16	—	—	—	—	—	—	—	10	—	—	—	40	0	—	66
Total capital identifiable expenditure	319	—	16	—	—	454	2,128	78	13	74	2,606	938	1,973	1,585	1,558	2,368	155	14,266
Non-identifiable spending	47	—	131	—	1,035	257	43	22	—	8	86	15	—	29	135	—	—	1,808
Total capital expenditure on Services	366	—	147	—	1,035	711	2,171	100	13	82	2,692	953	1,973	1,614	1,693	2,368	155	16,074

All the data in this table are National Statistics

Table 8.7a Identifiable current expenditure on services by function, country and region, 2001–02

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	196	—	—	—	—	786	230	28	271	270	299	144	105	2,650	232	2,128	6,802	14,141
North West	406	—	—	—	—	2,062	299	84	527	565	744	525	303	6,891	488	5,553	17,087	35,534
Yorkshire and Humberside	259	—	—	—	—	1,320	340	62	316	826	492	306	195	4,727	371	4,010	11,345	24,569
East Midlands	242	—	—	—	—	1,000	182	57	156	539	333	255	121	3,680	281	3,169	8,750	18,765
West Midlands	314	—	—	—	—	1,354	235	69	252	567	452	314	201	5,137	353	4,223	11,908	25,377
South West	314	—	—	—	14	1,154	145	63	195	1,042	393	346	167	4,490	315	3,442	10,768	22,846
Eastern	322	—	—	—	—	1,134	169	92	166	600	526	343	153	4,511	311	3,818	10,529	22,675
London	648	—	7	—	—	3,473	91	142	311	209	1,397	528	660	8,187	775	6,775	16,105	39,308
South East	476	—	1	—	9	1,825	200	131	223	551	636	600	262	7,113	528	5,664	15,371	33,591
England	3,179	—	9	—	23	14,107	1,891	728	2,416	5,168	5,270	3,361	2,168	47,386	3,653	38,783	108,665	236,807
Scotland	572	—	—	—	2	1,517	377	78	737	598	721	614	473	5,449	642	4,879	12,898	29,555
Wales	335	—	—	—	—	856	270	33	144	239	304	254	6	2,990	380	2,500	7,780	16,091
Northern Ireland	202	—	—	—	0	1,135	293	18	38	380	260	306	182	1,808	68	1,776	4,613	11,078
UK current identifiable expenditure	4,288	—	9	—	25	17,615	2,829	857	3,335	6,385	6,555	4,536	2,828	57,634	4,742	47,938	133,955	293,530
Outside the UK	0	-1,533	3,254	—	26	—	8	173	7	—	6	2	—	7	42	10	1,910	3,912
Total current identifiable expenditure	4,288	-1,533	3,263	—	50	17,615	2,838	1,030	3,342	6,385	6,561	4,538	2,828	57,641	4,784	47,948	135,865	297,443
Non-identifiable spending	5,479	-3,309	1,064	22,565	23,347	3,960	213	342	—	36	170	453	—	142	5	—	—	54,467
Total current expenditure on services	9,767	-4,842	4,327	22,565	23,397	21,575	3,051	1,372	3,342	6,421	6,731	4,991	2,828	57,783	4,789	47,948	135,865	351,910

Table 8.7b Identifiable capital expenditure on services by function, country and region, 2001–02

	accruals, £ million														Total			
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health		Recreation, culture, and religion	Education and training	Social protection
North East	18	—	—	—	—	33	136	3	4	4	114	22	157	85	97	188	23	884
North West	26	—	—	—	—	106	608	10	8	9	455	60	433	242	188	334	45	2,524
Yorkshire and Humberside	24	—	—	—	—	66	140	8	4	8	255	41	256	118	93	343	34	1,388
East Midlands	34	—	—	—	—	50	54	7	2	4	244	35	69	202	68	249	19	1,037
West Midlands	6	—	—	—	—	59	96	8	3	4	402	36	142	121	99	260	36	1,272
South West	51	—	—	—	—	65	133	7	2	11	324	48	130	204	90	246	19	1,330
Eastern	11	—	—	—	—	50	71	11	2	-4	305	46	-71	167	81	219	15	903
London	25	—	—	—	—	130	254	17	4	17	1,164	69	623	324	177	404	26	3,234
South East	55	—	—	—	—	89	30	22	2	12	573	85	152	276	130	393	25	1,843
England	249	—	—	—	—	649	1,520	93	29	65	3,835	441	1,890	1,738	1,024	2,637	242	14,413
Scotland	125	—	—	—	—	111	171	9	3	57	259	527	470	295	115	211	36	2,389
Wales	41	—	—	—	—	40	318	4	2	6	214	16	242	-5	64	120	16	1,079
Northern Ireland	32	—	—	—	—	57	111	2	0	32	23	157	85	65	11	154	3	732
UK capital identifiable expenditure	447	—	—	—	—	858	2,120	108	34	161	4,331	1,141	2,686	2,094	1,213	3,124	297	18,614
Outside the UK	—	—	52	—	—	—	1	—	—	—	150	—	—	—	8	0	—	211
Total capital identifiable expenditure	447	—	52	—	—	858	2,121	108	34	161	4,481	1,141	2,686	2,094	1,221	3,124	297	18,825
Non-identifiable spending	468	—	83	—	1,159	424	84	51	—	2	37	15	—	23	100	—	—	2,446
Total capital expenditure on Services	915	—	135	—	1,159	1,282	2,205	159	34	163	4,518	1,156	2,686	2,117	1,321	3,124	297	21,271

All the data in this table are National Statistics

Table 8.8a Identifiable current expenditure on services by function, country and region, 2002–03

	accruals, £ million																	
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	186	—	—	—	—	867	314	33	273	178	331	158	109	2,912	229	2,303	7,208	15,100
North West	390	—	—	—	—	2,256	341	99	531	438	780	571	284	7,737	503	5,992	18,163	38,083
Yorkshire and Humberside	269	—	—	—	—	1,423	540	58	321	426	532	344	202	5,232	382	4,329	12,024	26,083
East Midlands	242	—	—	—	—	1,115	313	54	156	395	363	289	127	3,834	285	3,430	9,314	19,919
West Midlands	295	—	—	—	—	1,474	308	69	255	328	471	331	192	5,311	362	4,577	12,670	26,642
South West	327	—	—	—	8	1,283	161	75	198	667	396	344	168	4,833	304	3,735	11,252	23,770
Eastern	327	—	—	—	—	1,261	176	143	166	384	515	394	163	5,175	319	4,116	11,284	24,424
London	689	—	7	—	—	3,812	60	166	316	248	2,007	610	598	9,065	920	7,382	17,357	43,239
South East	448	—	6	—	—	2,032	232	232	220	411	602	701	272	7,753	534	6,142	16,097	35,681
England	3,173	—	13	—	8	15,522	2,446	929	2,436	3,476	5,999	3,742	2,115	51,852	3,836	42,006	115,368	252,922
Scotland	602	—	—	—	2	1,547	370	101	733	619	916	626	339	6,243	652	5,049	13,480	31,281
Wales	374	—	—	—	—	946	563	29	149	283	327	295	51	3,316	384	2,760	8,146	17,622
Northern Ireland	215	—	—	—	0	1,090	477	23	42	374	295	332	228	1,976	52	1,906	4,900	11,910
UK current identifiable expenditure	4,363	—	13	—	10	19,106	3,856	1,082	3,360	4,752	7,536	4,995	2,732	63,387	4,925	51,721	141,894	313,734
Outside the UK	0	1,540	3,498	—	4	—	9	189	10	—	4	2	—	10	72	3	1,989	7,328
Total current identifiable expenditure	4,364	1,540	3,511	—	14	19,106	3,865	1,271	3,370	4,752	7,540	4,997	2,732	63,397	4,997	51,724	143,883	321,062
Non-identifiable spending	5,739	-3,424	1,127	21,488	25,131	4,206	305	402	—	131	129	449	—	108	5	—	—	55,796
Total current expenditure on services	10,103	-1,884	4,638	21,488	25,145	23,312	4,170	1,673	3,370	4,883	7,669	5,446	2,732	63,505	5,002	51,724	143,883	376,858

All the data in this table are National Statistics

Table 8.8b Identifiable capital expenditure on services by function, country and region, 2002–03

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	24	—	—	—	—	36	77	6	3	5	138	23	64	117	101	221	42	858
North West	0	—	—	—	—	113	562	16	6	14	643	74	291	263	184	405	64	2,635
Yorkshire and Humberside	39	—	—	—	—	75	30	14	4	3	312	56	145	194	150	360	45	1,426
East Midlands	44	—	—	—	—	46	23	11	2	4	308	32	52	172	108	236	21	1,059
West Midlands	49	—	—	—	—	64	115	13	3	3	524	43	86	261	134	323	42	1,659
South West	49	—	—	—	—	68	120	14	2	11	394	37	85	167	98	271	22	1,337
Eastern	31	—	—	—	—	39	46	28	2	1	360	35	-60	195	119	293	28	1,116
London	29	—	—	—	—	202	255	46	4	25	1,877	40	568	354	229	537	27	4,193
South East	60	—	—	—	—	98	92	64	2	6	672	65	178	368	173	483	32	2,295
England	325	—	—	—	—	741	1,321	212	27	72	5,227	404	1,409	2,091	1,297	3,128	325	16,578
Scotland	154	—	—	—	—	108	93	9	3	42	234	402	495	467	169	197	47	2,420
Wales	41	—	—	—	—	42	138	1	2	9	218	13	225	121	126	117	22	1,075
Northern Ireland	32	—	—	—	—	67	99	2	0	24	29	172	47	112	25	172	5	787
UK capital identifiable expenditure	552	—	—	—	—	958	1,651	225	32	147	5,708	991	2,176	2,790	1,617	3,614	399	20,861
Outside the UK	—	—	23	—	—	—	1	—	—	—	173	—	—	—	-5	1	—	193
Total capital identifiable expenditure	552	—	23	—	—	958	1,652	225	32	147	5,881	991	2,176	2,790	1,613	3,615	399	21,053
Non-identifiable spending	497	—	107	—	987	429	82	47	—	2	17	25	—	20	108	—	—	2,321
Total capital expenditure on Services	1,049	—	130	—	987	1,386	1,734	272	32	149	5,898	1,016	2,176	2,810	1,721	3,615	399	23,374

Table 8.9a Identifiable current expenditure on services by function, country and region, 2003–04

	accruals, £ million																		
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation and culture, and religion	Education and training	Social protection	Unallocated provision	Total
North East	185	—	—	—	0	914	472	33	348	189	318	173	159	3,208	240	2,594	7,444	—	16,277
North West	414	—	—	—	0	2,388	383	107	676	388	769	597	326	8,831	515	6,671	18,906	—	40,970
Yorkshire and Humberside	264	—	—	—	0	1,487	601	85	397	428	558	353	241	5,981	411	4,826	12,739	—	28,371
East Midlands	241	—	—	—	0	1,230	275	66	187	415	395	295	162	4,442	314	3,841	9,956	—	21,817
West Midlands	307	—	—	—	0	1,563	322	64	307	347	484	361	253	5,927	387	5,105	13,583	—	29,010
South West	324	—	—	—	7	1,410	213	64	245	654	428	380	175	5,493	333	4,153	12,152	—	26,031
Eastern	320	—	—	—	0	1,357	191	129	195	452	529	387	173	5,739	344	4,580	12,186	—	26,580
London	587	—	8	—	0	4,140	75	243	378	282	3,504	650	663	10,123	829	8,344	18,755	—	48,580
South East	451	—	11	—	0	2,334	240	161	261	458	592	704	276	8,698	560	6,818	17,552	—	38,116
England	3,092	—	18	—	7	16,822	2,772	953	2,993	3,613	7,577	3,898	2,427	58,441	3,934	46,931	123,273	—	276,752
Scotland	646	—	—	—	-1	1,689	423	129	775	686	1,095	669	669	7,065	779	5,352	14,500	—	34,477
Wales	402	—	—	—	—	1,019	615	34	198	296	341	336	122	3,826	415	2,940	8,565	—	19,109
Northern Ireland	237	—	—	—	1	1,120	301	14	36	404	319	351	283	2,207	95	2,043	5,274	—	12,684
UK current identifiable expenditure	4,377	—	18	—	8	20,650	4,112	1,130	4,002	4,999	9,332	5,254	3,500	71,540	5,224	57,265	151,612	—	343,022
Outside the UK	—	2,087	4,014	—	—	—	8	135	8	—	7	40	—	7	82	3	2,138	—	8,529
Total current identifiable expenditure	4,377	2,087	4,032	—	8	20,650	4,119	1,265	4,009	4,999	9,339	5,294	3,500	71,547	5,306	57,269	153,750	—	351,551
Non-identifiable spending	6,282	-4,232	1,179	22,776	26,538	4,797	331	438	—	254	127	494	—	174	6	—	—	-18	59,147
Total current expenditure on services	10,659	-2,145	5,211	22,776	26,546	25,447	4,450	1,703	4,009	5,253	9,466	5,788	3,500	71,721	5,312	57,269	153,750	-18	410,698

All the data in this table are National Statistics

Table 8.9b Identifiable capital expenditure on services by function, country and region, 2003–04

	accruals, £ million															Total			
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation culture, and religion		Education and training	Social protection	Unallocated provision
North East	-4	—	—	—	1	44	82	13	29	11	159	30	109	137	104	241	29	—	984
North West	61	—	—	—	1	128	504	32	56	13	974	90	399	349	123	447	25	—	3,202
Yorkshire and Humberside	44	—	—	—	—	81	61	31	33	14	390	55	134	225	90	404	25	—	1,584
East Midlands	55	—	—	—	1	69	62	21	14	8	427	33	82	197	107	303	11	—	1,390
West Midlands	47	—	—	—	1	81	210	20	25	6	648	51	89	317	110	390	27	—	2,022
South West	77	—	—	—	1	83	117	18	18	21	486	50	110	229	89	352	15	—	1,665
Eastern	65	—	—	—	1	56	79	30	15	12	509	47	75	262	90	309	7	—	1,556
London	23	—	—	—	2	263	284	83	30	6	1,542	61	764	514	182	594	17	—	4,365
South East	35	—	—	—	1	102	89	58	19	11	815	80	294	409	139	534	25	—	2,612
England	405	—	—	—	9	907	1,487	305	239	101	5,949	497	2,055	2,638	1,033	3,575	179	—	19,379
Scotland	191	—	—	—	—	131	126	32	138	47	630	442	237	298	141	222	37	—	2,674
Wales	62	—	—	—	—	60	176	8	17	16	307	15	147	124	86	137	16	—	1,168
Northern Ireland	98	—	—	—	—	58	76	4	0	36	38	115	65	119	18	208	9	—	843
UK capital identifiable expenditure	756	—	—	—	9	1,156	1,865	349	393	199	6,924	1,069	2,505	3,179	1,278	4,142	241	—	24,064
Outside the UK	—	—	48	—	—	—	0	36	—	—	163	8	—	—	42	2	—	—	299
Total capital identifiable expenditure	756	—	48	—	9	1,156	1,865	385	393	199	7,087	1,077	2,505	3,179	1,320	4,144	241	—	24,364
Non-identifiable spending	889	—	92	—	830	415	101	61	—	11	11	34	—	26	101	—	—	—	2,571
Total capital expenditure on services	1,645	—	140	—	839	1,571	1,966	446	393	210	7,098	1,111	2,505	3,205	1,421	4,144	241	—	26,935

All the data in this table are National Statistics

Table 8.10a Identifiable current expenditure on services by function, country and region, 2004–05

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation culture, and religion	Education and training	Social protection	Unallocated provision	Total	
North East	224	—	—	—	1	1,003	457	39	263	199	365	195	154	3,567	259	2,761	7,857	—	17,344	
North West	494	—	—	—	1	2,629	388	123	512	393	884	641	310	9,332	547	7,089	19,954	—	43,296	
Yorkshire and Humberside	315	—	—	—	—	1,635	633	98	300	465	660	399	232	6,629	434	5,127	13,270	—	30,197	
East Midlands	285	—	—	—	1	1,335	263	76	140	453	444	336	158	4,932	315	4,196	10,509	—	23,443	
West Midlands	363	—	—	—	1	1,738	303	74	231	363	549	407	244	6,600	404	5,426	14,360	—	31,064	
South West	381	—	—	—	1	1,551	230	74	187	690	477	435	171	6,015	365	4,447	12,822	—	27,845	
Eastern	378	—	—	—	1	1,501	184	145	148	503	600	441	171	6,285	357	4,812	12,879	—	28,405	
London	689	—	14	—	2	4,634	109	279	288	320	3,246	733	604	11,144	860	8,889	19,660	—	51,470	
South East	530	—	2	—	2	2,576	274	186	199	472	674	816	272	9,477	599	7,312	18,551	—	41,941	
England	3,658	—	16	—	10	18,603	2,841	1,093	2,268	3,858	7,898	4,403	2,316	63,981	4,140	50,059	129,861	—	295,006	
Scotland	682	—	—	—	3	1,793	418	148	711	670	1,067	701	314	7,345	746	5,675	15,281	—	35,554	
Wales	418	—	—	—	—	1,101	647	38	150	332	362	324	45	4,090	430	3,137	8,984	—	20,058	
Northern Ireland	231	—	—	—	2	1,215	203	16	41	472	332	376	222	2,353	79	2,177	5,697	—	13,416	
UK current identifiable expenditure	4,989	—	16	—	14	22,712	4,110	1,295	3,170	5,331	9,659	5,804	2,896	77,770	5,395	61,049	159,823	—	364,033	
Outside the UK	1	3,775	3,975	—	—	—	18	113	10	—	9	33	—	7	130	4	2,276	—	10,349	
Total current identifiable expenditure	4,990	3,775	3,991	—	14	22,712	4,128	1,408	3,179	5,331	9,667	5,837	2,896	77,776	5,525	61,053	162,099	—	374,382	
Non-identifiable spending	6,812	-4,084	1,225	24,435	25,780	4,401	569	423	—	263	140	452	—	165	10	—	—	690	—	61,281
Total current expenditure on services	11,802	-309	5,216	24,435	25,794	27,113	4,697	1,831	3,179	5,594	9,807	6,289	2,896	77,941	5,535	61,053	162,099	690	435,663	

accruals, £ million

Table 8.10b Identifiable capital expenditure on services by function, country and region, 2004–05

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation and culture, and religion	Education and training	Social protection	Unallocated provision	Total
North East	13	—	—	—	2	56	123	14	5	8	201	40	200	221	117	292	42	—	1,333
North West	112	—	—	—	2	159	692	34	10	6	1,131	109	616	476	146	512	46	—	4,050
Yorkshire and Humberside	80	—	—	—	—	97	128	32	6	9	466	72	275	313	86	484	38	—	2,086
East Midlands	95	—	—	—	2	83	103	22	3	4	505	42	183	283	149	360	17	—	1,849
West Midlands	88	—	—	—	2	101	222	21	4	2	767	60	240	400	139	460	37	—	2,543
South West	129	—	—	—	2	105	117	18	3	9	598	59	175	281	121	413	22	—	2,052
Eastern	121	—	—	—	2	68	101	31	3	7	604	57	183	324	122	376	12	—	2,012
London	102	—	—	—	3	341	324	88	6	7	1,713	72	1,106	692	233	776	28	—	5,491
South East	95	—	—	—	2	130	267	61	4	5	984	103	392	585	173	648	34	—	3,484
England	835	—	—	—	15	1,140	2,077	322	44	56	6,968	613	3,371	3,575	1,287	4,321	276	—	24,900
Scotland	203	—	—	—	—	175	98	33	55	59	891	685	540	574	207	299	70	—	3,887
Wales	143	—	—	—	—	78	207	8	3	16	360	32	318	110	113	135	29	—	1,552
Northern Ireland	171	—	—	—	—	91	130	4	0	46	49	76	185	171	14	278	18	—	1,231
UK capital identifiable expenditure	1,352	—	—	—	15	1,485	2,511	366	102	176	8,267	1,406	4,414	4,430	1,620	5,032	393	—	31,570
Outside the UK	—	—	26	—	—	—	—	36	—	—	238	8	—	—	19	0	—	—	328
Total capital identifiable expenditure	1,352	—	26	—	15	1,485	2,511	402	102	176	8,506	1,414	4,414	4,430	1,639	5,033	393	—	31,897
Non-identifiable spending	697	—	136	—	1,426	602	62	48	—	6	11	20	—	28	88	—	—	398	3,522
Total capital expenditure on services	2,049	—	162	—	1,441	2,087	2,573	450	102	182	8,517	1,434	4,414	4,458	1,727	5,033	393	398	35,419

Table 8.1 I UK Identifiable expenditure on services by function, country and region, per head, 1999–00 to 2004–05

	accruals, £ per head														Total	
	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training		Social protection
1990–00																
North East	74	—	—	270	100	10	100	48	143	62	63	866	161	735	2,374	5,005
North West	63	—	—	268	123	11	74	59	154	79	72	875	114	732	2,273	4,898
Yorkshire and Humberside	56	—	—	223	71	11	61	111	103	67	64	832	85	705	2,062	4,451
East Midlands	61	—	—	202	55	12	35	84	113	70	22	742	77	663	1,879	4,015
West Midlands	58	—	—	219	62	11	45	57	147	61	33	791	86	710	2,011	4,293
South West	67	—	8	202	57	11	37	130	157	73	15	762	79	620	2,002	4,219
Eastern	62	—	—	168	30	15	29	63	134	68	6	751	70	623	1,767	3,785
London	93	2	—	408	69	17	41	24	227	76	172	958	133	817	2,073	5,110
South East	61	—	0	199	41	15	26	45	131	81	24	757	82	633	1,757	3,853
England	66	0	1	245	66	13	46	66	149	73	56	818	97	695	2,000	4,391
Scotland	113	—	1	276	87	13	148	111	168	173	90	997	143	852	2,206	5,377
Wales	108	—	—	242	99	10	46	87	146	85	73	917	139	755	2,475	5,184
Northern Ireland	102	—	0	664	234	10	29	188	126	224	164	940	45	1,004	2,273	6,004
UK identifiable expenditure	74	0	1	259	75	13	55	74	150	86	63	842	101	720	2,050	4,562
2000–01																
North East	50	—	—	285	107	10	111	60	170	64	31	953	125	807	2,491	5,265
North West	61	—	—	282	129	12	80	61	156	82	92	961	104	792	2,371	5,183
Yorkshire and Humberside	54	—	—	243	77	12	66	114	126	68	77	918	86	780	2,154	4,775
East Midlands	62	—	—	221	55	13	39	86	120	69	50	806	88	717	1,971	4,296
West Midlands	64	—	—	231	63	12	50	64	140	63	49	851	85	769	2,117	4,559
South West	68	—	1	217	56	12	41	134	144	75	42	873	83	673	2,071	4,490
Eastern	58	—	—	193	46	16	32	72	137	68	30	801	71	671	1,842	4,035
London	94	2	—	438	52	17	45	23	199	77	186	1,060	147	879	2,119	5,338
South East	56	—	0	215	41	16	29	47	131	81	28	818	86	680	1,826	4,055
England	65	0	0	264	67	14	51	69	148	73	71	896	98	752	2,081	4,649
Scotland	118	—	1	284	115	14	141	114	179	191	123	1,074	142	908	2,288	5,692
Wales	113	—	—	267	139	11	49	83	161	91	76	982	137	819	2,586	5,513
Northern Ireland	114	—	0	711	231	10	22	219	152	242	158	1,030	50	1,081	2,398	6,418
UK identifiable expenditure	73	0	0	278	80	13	58	78	151	89	78	920	102	778	2,133	4,832

Table 8.1 I UK Identifiable expenditure on services by function, country and region, per head, 1999–00 to 2004–05 (continued)

		accruals, £ per head														Total	
		General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2001-02																	
	North East	84	—	—	322	144	12	108	108	162	65	103	1,077	130	912	2,687	5,915
	North West	64	—	—	320	134	14	79	85	177	86	109	1,053	100	869	2,530	5,619
	Yorkshire and Humberside	57	—	—	278	97	14	64	167	150	70	91	973	93	875	2,286	5,216
	East Midlands	66	—	—	251	56	15	38	130	138	69	45	926	83	816	2,093	4,726
	West Midlands	61	—	—	268	63	15	48	108	162	66	65	996	86	849	2,262	5,046
	South West	74	—	3	247	56	14	40	213	145	80	60	950	82	746	2,182	4,891
	Eastern	62	—	—	219	44	19	31	110	154	72	15	866	73	748	1,952	4,366
	London	92	1	—	492	47	22	43	31	350	81	175	1,162	130	981	2,203	5,810
	South East	66	0	1	239	29	19	28	70	151	85	52	921	82	755	1,919	4,416
	England	69	0	0	298	69	17	49	106	184	77	82	993	95	838	2,202	5,080
	Scotland	138	—	0	321	108	17	146	129	193	225	186	1,134	149	1,005	2,554	6,308
	Wales	129	—	—	308	202	13	50	84	178	93	85	1,026	152	901	2,679	5,900
	Northern Ireland	139	—	0	705	239	12	22	244	168	274	158	1,109	46	1,143	2,732	6,991
	UK identifiable expenditure	80	0	0	312	84	16	57	111	184	96	93	1,010	101	864	2,271	5,280
2002-03																	
	North East	83	—	—	356	154	15	109	72	185	71	68	1,193	130	994	2,857	6,288
	North West	58	—	—	349	133	17	79	67	210	95	85	1,179	101	943	2,687	6,003
	Yorkshire and Humberside	62	—	—	300	114	14	65	86	169	80	70	1,087	106	939	2,417	5,509
	East Midlands	68	—	—	275	80	15	37	94	159	76	43	949	93	868	2,211	4,968
	West Midlands	65	—	—	290	80	16	49	62	188	71	52	1,050	93	924	2,397	5,336
	South West	76	—	2	272	56	18	40	136	159	77	51	1,007	81	806	2,270	5,050
	Eastern	66	—	—	240	41	31	31	71	161	79	19	990	81	813	2,086	4,710
	London	97	1	—	545	43	29	43	37	527	88	158	1,278	156	1,074	2,358	6,435
	South East	63	1	—	265	40	37	28	52	158	95	56	1,010	88	824	2,005	4,721
	England	70	0	0	328	76	23	50	71	226	84	71	1,087	103	909	2,330	5,428
	Scotland	150	—	0	327	92	22	146	131	228	203	165	1,327	162	1,038	2,676	6,667
	Wales	142	—	—	338	240	10	52	100	186	105	94	1,176	174	984	2,794	6,396
	Northern Ireland	145	—	0	682	340	15	25	235	191	297	162	1,231	46	1,225	2,891	7,484
	UK identifiable expenditure	83	0	0	338	93	22	57	83	223	101	83	1,116	110	933	2,399	5,640

Data in this table from 1999–00 to 2003–04 are National Statistics

Table 8.1 I UK Identifiable expenditure on services by function, country and region, per head, 1999–00 to 2004–05 (continued)

	accruals, £ per head															
	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2003–04																
North East	71	—	0	377	218	18	149	79	188	80	106	1,317	136	1,116	2,943	6,797
North West	70	—	0	370	130	21	108	59	256	101	107	1,349	94	1,046	2,782	6,491
Yorkshire and Humberside	62	—	—	313	132	23	86	88	189	81	75	1,239	100	1,044	2,548	5,980
East Midlands	70	—	0	306	79	20	47	99	193	77	57	1,091	99	975	2,344	5,458
West Midlands	67	—	0	309	100	16	62	66	213	77	64	1,174	93	1,033	2,558	5,833
South West	80	—	2	299	66	16	52	135	183	86	57	1,144	85	901	2,434	5,540
Eastern	71	—	0	259	49	29	38	85	190	79	45	1,098	79	895	2,232	5,151
London	83	1	0	596	49	44	55	39	683	96	193	1,440	137	1,210	2,541	7,166
South East	60	1	0	301	41	27	35	58	174	97	71	1,127	87	910	2,175	5,164
England	70	0	0	356	85	25	65	74	271	88	90	1,225	100	1,013	2,476	5,940
Scotland	166	—	0	360	109	32	181	145	341	220	179	1,456	182	1,102	2,874	7,346
Wales	158	—	—	367	269	14	73	106	220	119	91	1,345	171	1,047	2,921	6,901
Northern Ireland	196	—	1	692	222	10	21	258	210	274	204	1,367	66	1,322	3,103	7,945
UK identifiable expenditure	86	0	0	366	100	25	74	87	273	106	101	1,255	109	1,031	2,550	6,164
Data in this section do not form part of National Statistics																
2004–05																
North East	93	—	1	418	229	21	106	82	223	93	140	1,494	148	1,204	3,115	7,366
North West	89	—	0	409	159	23	77	59	296	110	136	1,440	102	1,116	2,936	6,951
Yorkshire and Humberside	79	—	—	345	152	26	61	94	224	94	101	1,382	104	1,117	2,650	6,428
East Midlands	89	—	1	332	86	23	33	107	222	88	80	1,220	109	1,066	2,462	5,917
West Midlands	85	—	0	345	98	18	44	69	247	88	91	1,313	102	1,104	2,701	6,305
South West	101	—	1	329	69	18	38	139	214	98	69	1,251	97	966	2,553	5,942
Eastern	91	—	0	285	52	32	27	93	219	91	64	1,202	87	944	2,345	5,532
London	106	2	1	669	58	49	40	44	667	108	230	1,593	147	1,301	2,649	7,665
South East	77	0	0	333	67	30	25	59	204	113	82	1,239	95	980	2,288	5,593
England	90	0	1	394	98	28	46	78	297	100	114	1,350	108	1,086	2,600	6,391
Scotland	175	—	1	389	102	36	151	144	386	274	169	1,563	188	1,179	3,031	7,786
Wales	190	—	—	399	289	16	52	118	244	120	123	1,421	184	1,107	3,050	7,312
Northern Ireland	235	—	1	763	195	11	24	303	223	265	238	1,476	55	1,435	3,342	8,566
UK identifiable expenditure	106	0	0	405	111	28	55	92	300	121	122	1,375	117	1,105	2,680	6,617

Table 8.12 UK Identifiable expenditure on services by function, country and region, per head indexed, 1999–00 to 2004–05

Data in this table from 1999–00 to 2003–04 are National Statistics Index (UK identifiable expenditure = 100)

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
1990–00																
North East	101	0	0	104	134	75	184	65	95	72	99	103	159	102	116	110
North West	85	0	0	104	165	85	135	80	103	92	115	104	112	102	111	107
Yorkshire and Humberside	76	0	0	86	95	86	111	150	69	78	101	99	84	98	101	98
East Midlands	82	0	0	78	74	95	65	113	75	81	34	88	76	92	92	88
West Midlands	79	0	0	84	84	90	83	77	98	71	52	94	85	99	98	94
South West	91	0	1,042	78	76	89	68	175	104	85	24	90	78	86	98	92
Eastern	84	0	0	65	40	114	52	85	90	79	9	89	69	87	86	83
London	127	820	0	158	93	130	75	33	151	89	273	114	132	113	101	112
South East	83	0	2	77	56	119	47	60	88	94	38	90	81	88	86	84
England	90	120	104	94	89	102	85	89	99	84	89	97	95	96	98	96
Scotland	154	0	149	106	117	104	270	150	112	200	143	118	141	118	108	118
Wales	147	0	0	93	133	79	85	117	97	99	116	109	138	105	121	114
Northern Ireland	138	0	8	256	314	75	54	253	84	260	259	112	45	140	111	132
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2000–01																
North East	69	0	0	102	135	76	192	76	112	72	39	104	123	104	117	109
North West	84	0	0	102	162	86	139	78	103	92	118	104	102	102	111	107
Yorkshire and Humberside	74	0	0	87	96	87	114	146	83	77	99	100	84	100	101	99
East Midlands	85	0	0	79	69	95	68	111	79	78	65	88	86	92	92	89
West Midlands	88	0	0	83	79	90	87	81	92	71	63	93	83	99	99	94
South West	93	0	294	78	71	88	72	171	95	84	54	95	82	86	97	93
Eastern	80	0	0	69	58	116	56	92	90	76	38	87	69	86	86	84
London	129	814	0	158	65	129	78	29	132	86	238	115	144	113	99	110
South East	77	0	134	77	52	119	50	60	87	91	36	89	84	87	86	84
England	89	120	51	95	85	102	88	89	98	82	91	97	96	97	98	96
Scotland	161	0	613	102	145	103	244	146	119	214	158	117	139	117	107	118
Wales	155	0	0	96	174	80	85	107	106	102	97	107	134	105	121	114
Northern Ireland	156	0	159	255	290	76	39	280	100	271	202	112	49	139	112	133
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 8.12 UK Identifiable expenditure on services by function, country and region, per head indexed, 1999–00 to 2004–05
(continued)

Data in this table from 1999–00 to 2003–04 are National Statistics

Index (UK identifiable expenditure = 100)

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2001–02																
North East	105	0	0	103	172	76	190	97	88	68	110	107	129	106	118	112
North West	80	0	0	102	160	85	139	77	96	90	117	104	99	101	111	106
Yorkshire and Humberside	71	0	0	89	115	86	113	151	81	73	97	96	93	101	101	99
East Midlands	82	0	0	80	67	93	66	117	75	72	49	92	83	94	92	90
West Midlands	76	0	0	86	75	89	85	98	88	69	70	99	85	98	100	96
South West	92	0	661	79	67	87	70	192	79	83	64	94	81	86	96	93
Eastern	77	0	0	70	53	117	54	100	84	75	16	86	72	87	86	83
London	115	679	0	157	56	133	75	28	190	85	188	115	129	114	97	110
South East	83	117	264	76	34	117	49	63	82	89	55	91	81	87	84	84
England	87	120	109	95	82	102	87	96	100	80	88	98	94	97	97	96
Scotland	172	0	99	103	129	105	256	117	105	235	200	112	148	116	112	119
Wales	161	0	0	99	241	78	88	76	97	97	92	102	151	104	118	112
Northern Ireland	173	0	14	226	285	74	39	220	91	286	154	110	46	132	120	132
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2002–03																
North East	100	0	0	105	166	70	190	87	83	71	82	107	118	107	119	111
North West	69	0	0	103	143	77	138	81	94	94	102	106	92	101	112	106
Yorkshire and Humberside	74	0	0	89	123	65	114	104	76	79	84	97	97	101	101	98
East Midlands	82	0	0	81	86	70	65	114	71	75	51	85	85	93	92	88
West Midlands	78	0	0	86	86	71	85	76	84	70	63	94	85	99	100	95
South West	91	0	913	80	61	81	70	165	71	76	61	90	73	86	95	90
Eastern	80	0	0	71	44	143	54	86	72	78	23	89	73	87	87	84
London	118	451	0	161	46	131	76	45	236	87	191	115	141	115	98	114
South East	76	324	0	78	43	167	48	63	71	94	68	91	80	88	84	84
England	85	119	91	97	82	104	87	87	101	83	86	97	94	97	97	96
Scotland	181	0	265	97	99	99	255	158	102	202	199	119	147	111	112	118
Wales	171	0	0	100	258	47	90	121	83	104	114	105	158	106	116	113
Northern Ireland	175	0	34	202	366	68	43	284	86	294	196	110	42	131	121	133
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 8.12 UK Identifiable expenditure on services by function, country and region, per head indexed, 1999–00 to 2004–05
(continued)

Data in this table from 1999–00 to 2003–04 are National Statistics		Index (UK identifiable expenditure = 100)														
	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2003–04																
North East	83	0	142	103	217	74	201	90	69	75	105	105	124	108	115	110
North West	81	0	53	101	130	83	146	68	94	95	106	108	86	101	109	105
Yorkshire and Humberside	71	0	0	85	132	93	116	101	69	77	74	99	91	101	100	97
East Midlands	81	0	85	83	79	82	64	114	71	73	57	87	91	95	92	89
West Midlands	77	0	68	84	100	64	84	76	78	73	64	94	86	100	100	95
South West	93	0	552	82	66	66	71	155	67	81	56	91	77	87	95	90
Eastern	82	0	66	71	49	118	52	97	70	75	45	88	73	87	88	84
London	96	336	97	163	48	178	75	45	250	91	191	115	125	117	100	116
South East	70	430	67	82	41	109	47	66	64	91	70	90	79	88	85	84
England	81	119	117	97	85	102	88	85	99	83	89	98	91	98	97	96
Scotland	192	0	-35	98	108	128	245	166	125	207	178	116	167	107	113	119
Wales	183	0	0	100	268	57	99	121	81	112	91	107	156	102	115	112
Northern Ireland	228	0	186	189	221	42	29	296	77	258	203	109	61	128	122	129
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Data in this section do not form part of National Statistics																
2004–05																
North East	88	0	212	103	206	75	193	88	74	77	114	109	127	109	116	111
North West	84	0	79	101	143	83	140	64	99	91	111	105	87	101	110	105
Yorkshire and Humberside	74	0	0	85	137	93	111	102	75	78	83	101	88	101	99	97
East Midlands	84	0	126	82	77	82	61	116	74	73	65	89	92	96	92	89
West Midlands	80	0	101	85	89	65	81	74	82	73	74	96	87	100	101	95
South West	96	0	115	81	62	66	69	151	71	81	56	91	82	87	95	90
Eastern	86	0	98	71	47	115	50	101	73	75	53	87	74	85	87	84
London	100	685	144	165	53	178	72	48	223	90	188	116	125	118	99	116
South East	72	109	99	82	60	109	46	64	68	94	67	90	81	89	85	85
England	85	119	103	97	89	102	84	85	99	83	93	98	92	98	97	97
Scotland	165	0	105	96	92	128	276	156	129	227	138	114	160	107	113	118
Wales	179	0	0	99	261	56	95	128	81	100	100	103	156	100	114	111
Northern Ireland	222	0	179	189	176	41	44	329	74	219	195	107	47	130	125	129
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 8.13 Total local authority identifiable expenditure on services by country and region, 1999–00 to 2004–05

	accruals, £ million										As a percentage of total spending in that region (from Table 8.1)									
	National Statistics					National Statistics					National Statistics					National Statistics				
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated		
North East	3,675	3,763	4,344	4,569	4,953	5,481	29	28	29	29	29	29	29	28	29	29	29	29		
North West	9,894	10,556	11,400	12,109	13,214	14,525	30	30	30	30	30	30	30	30	30	30	30	31		
Yorkshire and Humberside	6,430	6,982	7,585	7,957	8,649	9,523	29	29	29	29	29	29	29	29	29	29	29	29		
East Midlands	4,770	5,156	5,542	6,004	6,737	7,429	29	29	28	28	29	29	29	29	29	29	29	29		
West Midlands	6,774	7,214	7,805	8,409	9,352	10,291	30	30	29	29	30	30	30	30	30	30	30	31		
South West	5,711	6,151	6,693	7,225	8,012	8,781	28	28	28	28	29	29	29	28	29	29	29	29		
Eastern	5,946	6,498	6,922	7,604	8,544	9,406	29	30	29	29	30	30	30	30	30	30	30	31		
London	13,330	14,223	15,716	17,006	19,797	21,714	36	37	37	37	37	36	36	37	36	37	37	38		
South East	9,321	9,758	10,686	11,659	12,660	13,868	30	30	30	30	30	31	31	30	31	30	30	31		
England	65,850	70,302	76,694	82,541	91,918	101,016	31	31	31	31	31	31	31	31	31	31	31	32		
Scotland	7,993	8,385	9,036	9,864	10,505	11,398	29	29	28	28	29	29	29	28	28	28	28	29		
Wales	4,226	4,502	4,880	5,230	5,701	6,284	28	28	28	28	28	28	28	28	28	28	28	29		
Northern Ireland	280	296	316	335	364	396	3	3	3	3	3	3	3	3	3	3	3	3		
UK local authority identifiable expenditure	78,348	83,485	90,925	97,970	108,488	119,094	29	29	29	29	29	29	29	29	29	29	29	30		
Non-identifiable expenditure	313	385	350	305	276	412	1	1	1	1	1	1	1	1	1	0	0	1		
Total local authority expenditure on services	78,661	83,870	91,275	98,275	108,764	119,506	24	24	24	24	24	24	24	24	24	25	25	25		
Accounting adjustments	7,707	7,210	7,987	9,152	7,071	5,709	71	52	55	52	52	44	52	52	52	40	40	44		
Total local authority expenditure	86,368	91,080	99,262	107,427	115,835	125,215	25	25	26	26	26	26	26	25	26	25	25	26		

Table 8.14 Total local authority identifiable expenditure on services, by country and region, 1999–00 to 2004–05

	accruals, £ per head										Index (UK identifiable expenditure = 100)									
	National Statistics					National Statistics					National Statistics					National Statistics				
	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 estimated		
North East	1,441	1,480	1,710	1,800	1,950	2,162	108	104	111	109	107	109	108	104	111	109	107	107	109	
North West	1,461	1,558	1,683	1,785	1,942	2,132	109	110	109	108	107	107	109	110	109	108	107	107	107	
Yorkshire and Humberside	1,297	1,408	1,524	1,594	1,727	1,896	97	99	99	96	95	95	97	99	99	96	95	95	95	
East Midlands	1,149	1,237	1,323	1,422	1,584	1,738	86	87	86	86	87	87	86	87	86	86	87	87	87	
West Midlands	1,285	1,369	1,478	1,585	1,758	1,931	96	97	96	96	96	97	96	97	96	96	96	96	97	
South West	1,170	1,251	1,354	1,454	1,603	1,745	88	88	88	88	88	88	88	88	88	88	88	88	88	
Eastern	1,114	1,209	1,282	1,402	1,564	1,711	83	85	83	85	86	86	83	85	83	85	85	86	86	
London	1,863	1,965	2,146	2,307	2,680	2,922	140	139	140	140	147	147	140	139	140	140	147	147	147	
South East	1,172	1,221	1,332	1,449	1,567	1,707	88	86	87	88	86	86	88	86	87	88	86	86	86	
England	1,343	1,428	1,551	1,663	1,844	2,018	101	101	101	101	101	101	101	101	101	101	101	101	101	
Scotland	1,576	1,656	1,784	1,951	2,077	2,250	118	117	116	118	114	113	118	117	116	118	114	114	113	
Wales	1,457	1,549	1,677	1,789	1,940	2,126	109	109	109	108	107	107	109	109	109	108	107	107	107	
Northern Ireland	166	176	187	198	214	232	12	12	12	12	12	12	12	12	12	12	12	12	12	
UK local authority identifiable expenditure	1,335	1,418	1,538	1,651	1,822	1,992	100	100	100	100	100	100	100	100	100	100	100	100	100	

Table 8.15 Total central government and public corporations' identifiable expenditure on services, by country and region, 1999-00 to 2004-05

	accruals, £ million										As a percentage of total spending in that region (from Table 8.1)							
	National Statistics					National Statistics					National Statistics							
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
North East	9,091	9,628	10,680	11,389	12,308	13,196	71	72	71	71	71	71	71	71	71	71	71	71
North West	23,278	24,554	26,658	28,609	30,958	32,821	70	70	70	70	70	70	70	70	70	70	70	69
Yorkshire and Humberside	15,631	16,694	18,372	19,552	21,305	22,761	71	71	71	71	71	71	71	71	71	71	71	71
East Midlands	11,903	12,752	14,260	14,975	16,470	17,864	71	71	72	71	71	71	71	71	71	71	71	71
West Midlands	15,858	16,807	18,444	19,893	21,680	23,316	70	70	71	70	70	70	70	70	70	70	70	69
South West	14,883	15,929	17,483	17,862	19,684	21,116	72	72	72	71	71	71	71	71	71	71	71	71
Eastern	14,262	15,192	16,655	17,936	19,593	21,012	71	70	71	70	70	70	70	70	70	70	70	69
London	23,230	24,405	26,826	30,426	33,148	35,247	64	63	63	63	64	63	64	63	64	63	63	62
South East	21,334	22,643	24,747	26,318	29,068	31,558	70	70	70	70	69	70	69	70	70	70	69	69
Total England	149,468	158,602	174,525	186,959	204,213	218,890	69	69	69	69	69	69	69	69	69	69	69	68
Scotland	19,281	20,435	22,909	23,837	26,647	28,042	71	71	72	71	72	71	72	71	72	71	72	71
Wales	10,810	11,523	12,290	13,467	14,575	15,326	72	72	72	72	72	72	72	72	72	72	72	71
Northern Ireland	9,801	10,505	11,495	12,362	13,163	14,252	97	97	97	97	97	97	97	97	97	97	97	97
UK central government and public corporations' identifiable expenditure	189,360	201,066	221,219	236,625	258,599	276,509	71	71	71	71	71	71	71	71	71	71	70	70
Outside UK	5,783	6,745	4,124	7,520	8,829	10,676	100	100	100	100	100	100	100	100	100	100	100	100
Total central government and public corporations' identifiable expenditure	195,144	207,811	225,343	244,145	267,427	287,186	71	71	71	71	71	71	71	71	71	71	71	71
Non-identifiable expenditure	56,205	58,415	56,563	57,812	61,442	64,391	99	99	99	99	99	99	99	99	99	100	99	99
Total central government and public corporations' expenditure on services	251,349	266,226	281,906	301,958	328,869	351,576	76	76	76	76	75	75	75	75	75	75	75	75
Accounting adjustments	3,135	6,776	6,437	8,585	10,529	7,314	29	48	45	48	45	48	45	48	60	60	56	56
Total central government and public corporations' expenditure	254,484	273,002	288,343	310,543	339,398	358,890	75	75	74	74	74	74	74	74	75	75	74	74

Table 8.16 Total central government and public corporations' identifiable expenditure on services, by country and region, per head, 1999-00 to 2004-05

	accruals, £ per head										Index (UK identifiable expenditure = 100)			
	National Statistics										National Statistics			
	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 plans	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 plans		
North East	3,565	3,785	4,205	4,487	4,847	5,205	110	111	112	112	112	113		
North West	3,437	3,625	3,936	4,217	4,550	4,819	107	106	105	106	105	104		
Yorkshire and Humberside	3,154	3,367	3,692	3,916	4,253	4,532	98	99	99	98	98	98		
East Midlands	2,867	3,059	3,404	3,546	3,873	4,179	89	90	91	89	89	90		
West Midlands	3,008	3,189	3,568	3,750	4,075	4,374	93	93	95	94	94	95		
South West	3,049	3,239	3,537	3,596	3,937	4,197	94	95	95	90	91	91		
Eastern	2,671	2,826	3,084	3,308	3,587	3,821	83	83	82	83	83	83		
London	3,247	3,372	3,664	4,128	4,487	4,743	101	99	98	103	103	103		
South East	2,682	2,834	3,084	3,272	3,597	3,885	83	83	82	82	83	84		
Total England	3,048	3,221	3,529	3,766	4,096	4,373	94	94	94	94	94	95		
Scotland	3,802	4,036	4,524	4,716	5,269	5,536	118	118	121	118	121	120		
Wales	3,727	3,964	4,223	4,607	4,961	5,186	115	116	113	115	114	112		
Northern Ireland	5,837	6,242	6,804	7,286	7,731	8,334	181	183	182	183	178	180		
UK central government and public corporations' identifiable expenditure	3,227	3,414	3,742	3,989	4,342	4,625	100	100	100	100	100	100		

Table 8.17 Identifiable expenditure on services for Scotland, Wales and Northern Ireland in 2003–04

	accruals, £ million													Total		
	General public services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training		Social protection	
Scotland																
Scottish Executive	421	-1	716	307	9	509	728	766	511	627	7,340	171	1,746	433	14,281	
Scotland Office ⁽¹⁾	16	-	2	-	-	-	-	-	-	-	-	-	-	-	18	
Scotland local authorities	366	-	1,069	89	-	-	-	683	448	279	-	595	3,818	3,156	10,505	
UK government departments	35	-	34	154	152	404	6	276	152	-	24	154	11	10,947	12,349	
Total identifiable expenditure in Scotland	838	-1	1,820	550	161	913	734	1,725	1,111	907	7,363	920	5,574	14,537	37,152	
Wales																
National Assembly for Wales	229	-	5	545	-	-	299	156	88	106	3,938	98	941	150	6,555	
Wales Office ⁽¹⁾	3	-	-	-	-	-	-	-	-	-	-	-	-	-	3	
Wales local authorities	217	-	687	67	-	-	11	364	254	161	-	250	2,039	1,651	5,701	
UK government departments	15	-	387	179	42	215	2	127	8	1	12	153	96	6,780	8,018	
Total identifiable expenditure in Wales	464	-	1,079	790	42	215	312	648	351	268	3,950	501	3,076	8,581	20,277	
Northern Ireland																
Northern Ireland Executive	284	1	60	321	-	34	437	329	256	348	2,324	59	2,132	4,470	11,054	
Northern Ireland Office	49	-	1,019	-	-	-	-	-	-	-	-	-	-	14	1,082	
Northern Ireland Court Service	-	-	98	-	-	-	-	-	-	-	-	-	-	-	98	
Northern Ireland local authorities	-	-	-	24	-	-	3	13	209	-	-	-	115	-	364	
UK government departments	1	-	0	32	18	2	0	15	1	-	3	54	4	799	929	
Total identifiable expenditure in Northern Ireland	334	1	1,178	377	18	36	439	357	466	348	2,327	113	2,250	5,283	13,527	

All the spending of the devolved administrations is identifiable as benefiting their own country except for spending by the Scottish Executive on Lockerbie.

(1) Scotland Office and Wales Office are no longer separate departments, but are now entities within the Department for Constitutional Affairs.

Table 8.18 Local authority identifiable expenditure on services by function, country and region, 1999–00 to 2004–05

	accruals, £ millions														Total
	General public services	Defence	Public order and safety	Enterprise and economic development	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection		
1999–00															
North East	163	—	532	26	3	3	215	116	117	17	187	1,263	1,035		3,675
North West	366	—	1,387	37	5	5	663	345	269	59	393	3,407	2,959		9,894
Yorkshire and Humberside	239	—	914	-7	9	5	360	219	235	31	244	2,390	1,789		6,430
East Midlands	221	—	667	24	6	-2	243	179	42	19	212	1,900	1,260		4,770
West Midlands	263	—	957	31	4	1	367	225	93	34	262	2,619	1,918		6,774
South West	280	—	788	35	9	5	320	231	-8	39	205	2,111	1,697		5,711
Eastern	291	—	791	-34	4	-5	325	235	-40	30	239	2,427	1,683		5,946
London	538	—	2,368	115	7	11	315	405	413	114	412	3,818	4,814		13,330
South East	427	—	1,250	53	6	-1	486	390	65	61	398	3,447	2,738		9,321
England	2,788	—	9,654	279	52	22	3,293	2,345	1,186	403	2,551	23,382	19,894		65,850
Scotland	299	4	830	122	—	1	487	337	151	—	468	2,885	2,410		7,993
Wales	178	—	536	59	3	7	235	182	217	—	183	1,460	1,166		4,226
Northern Ireland	—	—	—	19	—	2	10	157	—	—	—	91	—	—	280
UK identifiable expenditure	3,265	4	11,021	479	55	32	4,025	3,021	1,554	403	3,203	27,818	23,469		78,348
2000–01															
North East	102	—	531	26	6	3	283	124	36	18	190	1,369	1,076		3,763
North West	353	—	1,437	58	5	6	668	354	431	66	455	3,671	3,052		10,556
Yorkshire and Humberside	228	—	941	26	6	4	467	236	311	33	255	2,651	1,824		6,982
East Midlands	226	—	700	26	6	0	270	187	161	21	201	2,044	1,314		5,156
West Midlands	295	—	954	25	4	4	384	234	178	39	268	2,814	2,017		7,214
South West	284	—	823	34	11	2	317	246	124	43	224	2,290	1,755		6,151
Eastern	273	—	863	21	5	-1	352	250	90	31	252	2,623	1,738		6,498
London	586	—	2,420	-20	5	12	704	432	502	124	444	4,063	4,951		14,223
South East	391	—	1,332	46	5	2	475	405	95	67	402	3,691	2,848		9,758
England	2,738	—	10,002	243	51	31	3,920	2,469	1,927	442	2,691	25,216	20,573		70,302
Scotland	294	4	852	76	—	1	503	345	299	—	477	3,028	2,507		8,385
Wales	169	—	567	57	—	8	284	203	223	—	176	1,589	1,228		4,502
Northern Ireland	—	—	—	20	—	3	11	166	—	—	—	97	—	—	296
UK identifiable expenditure	3,200	4	11,421	395	51	42	4,718	3,183	2,449	442	3,343	29,929	24,308		83,485

Table 8.18 Local authority identifiable expenditure on services by function, country and region, 1999–00 to 2004–05 (continued)

	accruals, £ millions													
	General public services	Defence	Public order and safety	Enterprise and economic development	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2001–02														
North East	182	—	545	32	4	3	276	126	214	22	210	1,537	1,192	4,344
North West	365	—	1,469	44	5	8	776	365	584	66	474	4,049	3,194	11,400
Yorkshire and Humberside	240	—	969	22	5	7	528	250	359	33	281	2,978	1,912	7,585
East Midlands	240	—	720	14	5	2	325	196	133	21	212	2,309	1,365	5,542
West Midlands	271	—	1,006	20	4	3	443	254	238	42	296	3,075	2,154	7,805
South West	313	—	866	31	9	2	355	262	212	43	230	2,521	1,848	6,693
Eastern	288	—	895	21	5	—7	446	273	1	32	263	2,878	1,826	6,922
London	574	—	2,582	60	5	11	1,129	481	582	122	465	4,511	5,194	15,716
South East	469	—	1,361	23	7	11	539	444	271	67	413	4,108	2,973	10,686
England	2,944	—	10,414	267	50	40	4,818	2,651	2,594	449	2,845	27,967	21,657	76,694
Scotland	313	—	932	79	—	—	515	391	379	—	489	3,271	2,668	9,036
Wales	174	—	600	60	—	11	296	207	233	—	226	1,752	1,322	4,880
Northern Ireland	—	—	—	22	—	3	11	186	—	—	—	95	—	316
UK identifiable expenditure	3,431	—	11,946	428	50	53	5,640	3,434	3,205	449	3,559	33,085	25,647	90,925
2002–03														
North East	180	—	571	28	4	4	306	139	128	21	217	1,624	1,348	4,569
North West	330	—	1,544	34	5	9	968	398	415	70	456	4,303	3,578	12,109
Yorkshire and Humberside	269	—	998	12	7	—2	548	278	258	32	311	3,131	2,114	7,957
East Midlands	253	—	757	28	5	2	373	215	110	22	240	2,423	1,575	6,004
West Midlands	302	—	1,045	30	4	1	514	275	170	40	322	3,297	2,409	8,409
South West	330	—	913	26	11	2	410	287	152	42	242	2,682	2,127	7,225
Eastern	319	—	931	10	6	—2	490	306	3	33	290	3,087	2,131	7,604
London	644	—	2,761	39	4	14	1,555	513	410	123	485	4,810	5,648	17,006
South East	457	—	1,437	35	6	8	636	496	257	65	451	4,423	3,386	11,659
England	3,084	—	10,957	240	53	36	5,800	2,907	1,904	449	3,013	29,780	24,317	82,541
Scotland	337	—	971	84	—	—	609	415	336	—	537	3,486	3,089	9,864
Wales	199	—	627	39	—	10	328	230	226	—	252	1,841	1,479	5,230
Northern Ireland	—	—	—	23	—	3	12	198	—	—	—	100	—	335
UK identifiable expenditure	3,621	—	12,554	386	53	48	6,749	3,750	2,466	449	3,802	35,206	28,885	97,970

Data in this table from 1999–00 to 2003–04 are National Statistics

Table 8.18 Local authority identifiable expenditure on services by function, country and region, 1999–00 to 2004–05 (continued)

	accruals, £ millions													
	General public services	Defence	Public order and safety	Enterprise and economic development	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2003–04														
North East	146	—	610	32	4	4	299	158	200	25	225	1,798	1,452	4,953
North West	409	—	1,617	54	8	6	871	457	557	63	453	4,767	3,952	13,214
Yorkshire and Humberside	266	—	1,025	11	7	7	593	301	271	33	317	3,476	2,342	8,649
East Midlands	259	—	863	5	6	1	384	243	163	22	284	2,730	1,776	6,737
West Midlands	308	—	1,124	43	4	-2	483	318	214	41	351	3,692	2,777	9,352
South West	353	—	1,006	22	20	1	436	314	139	41	272	3,020	2,388	8,012
Eastern	342	—	1,021	17	6	3	528	351	97	34	311	3,413	2,421	8,544
London	538	—	3,086	42	6	13	2,655	587	454	124	489	5,456	6,348	19,797
South East	429	—	1,639	35	10	8	610	555	160	65	459	4,891	3,799	12,660
England	3,048	—	11,991	261	70	42	6,861	3,284	2,255	449	3,160	33,242	27,255	91,918
Scotland	366	—	1,069	89	—	—	683	448	279	—	595	3,818	3,156	10,505
Wales	217	—	687	67	—	11	364	254	161	—	250	2,039	1,651	5,701
Northern Ireland	—	—	—	24	—	3	13	209	—	—	—	115	—	364
UK identifiable expenditure	3,630	—	13,747	442	70	57	7,921	4,196	2,695	449	4,005	39,214	32,063	108,488
Data in this section do not form part of National Statistics														
2004–05														
North East	184	—	664	41	3	5	373	173	295	30	265	1,914	1,535	5,481
North West	513	—	1,763	69	7	7	1,085	498	774	61	510	5,064	4,174	14,525
Yorkshire and Humberside	333	—	1,118	15	6	8	737	328	418	36	348	3,700	2,475	9,523
East Midlands	328	—	941	9	5	2	480	265	268	24	331	2,902	1,876	7,429
West Midlands	387	—	1,224	55	3	-2	606	346	367	43	401	3,927	2,935	10,291
South West	446	—	1,098	27	17	0	547	343	214	40	309	3,216	2,523	8,781
Eastern	440	—	1,109	22	5	4	660	383	216	34	353	3,623	2,557	9,406
London	689	—	3,379	60	6	16	2,914	638	873	115	529	5,790	6,705	21,714
South East	551	—	1,784	44	9	9	763	605	309	66	515	5,199	4,014	13,868
England	3,871	—	13,080	341	61	48	8,164	3,578	3,734	449	3,562	35,334	28,794	101,016
Scotland	391	—	1,116	73	—	—	828	503	383	—	658	4,087	3,360	11,398
Wales	328	—	737	82	—	36	419	244	324	—	292	2,121	1,703	6,284
Northern Ireland	—	—	—	26	—	3	14	227	—	—	—	125	—	396
UK identifiable expenditure	4,589	—	14,933	522	61	87	9,425	4,552	4,441	449	4,511	41,667	33,857	119,094

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04

All the data in this table are National Statistics

	accruals, £ million																	
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
EDUCATION AND SKILLS																		
Public order and safety																		
Administration of justice	6	15	11	7	11	9	8	16	12	95	—	7	—	102	—	102	—	102
Total public order and safety	6	15	11	7	11	9	8	16	12	95	—	7	—	102	—	102	—	102
Employment policies																		
Employment policies	2	5	5	5	5	5	4	9	7	46	1	1	0	47	8	55	—	55
Total employment policies	2	5	5	5	5	5	4	9	7	46	1	1	0	47	8	55	—	55
Health																		
Central and other health services	0	1	1	1	1	1	1	1	1	6	—	—	—	6	—	6	—	6
Medical services	—	0	—	—	0	0	0	0	0	1	—	—	—	1	—	1	—	1
Total health	0	1	1	1	1	1	1	1	1	6	—	—	—	6	—	6	—	6
Education and training																		
Further education	358	853	594	477	717	543	543	991	810	5,888	—	—	—	5,888	—	5,888	—	5,888
Higher education	301	692	573	456	475	426	410	1,322	928	5,584	—	0	—	5,584	3	5,586	—	5,586
Other education and training	112	233	179	135	166	155	182	368	198	1,729	1	5	0	1,735	1	1,736	—	1,736
Primary schools	13	48	30	21	22	11	14	95	10	262	—	—	—	262	—	262	—	262
Secondary schools	62	44	51	59	64	47	27	139	64	555	—	—	—	555	2	557	—	557
Student support	64	193	127	106	142	128	119	245	190	1,314	2	76	—	1,392	0	1,392	—	1,392
Training	90	216	152	122	180	139	149	249	210	1,507	8	15	4	1,533	—	1,533	—	1,533
Under fives	39	71	48	38	38	37	32	72	51	425	—	—	—	425	—	425	—	425
Total education and training	1,037	2,350	1,754	1,414	1,803	1,485	1,476	3,482	2,461	17,264	11	96	4	17,375	5	17,380	—	17,380
Social protection																		
Family benefits, income support and tax credits	2	4	3	3	3	3	3	5	5	32	—	—	—	32	—	32	—	32
Personal social services	2	5	4	3	4	4	4	5	6	35	—	—	—	35	—	35	—	35
Public service occupational pensions	40	32	79	108	126	22	106	-102	79	490	20	99	2	611	48	659	—	659
Total social protection	43	41	86	113	133	29	113	-93	90	557	20	99	2	678	48	725	—	725
TOTAL EDUCATION AND SKILLS	1,089	2,412	1,856	1,540	1,953	1,528	1,603	3,416	2,571	17,968	31	203	6	18,208	61	18,269	—	18,269

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics										accruals, £ million								
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
HEALTH																			
Agriculture, fisheries and forestry																			
Other agriculture food fisheries policy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	125	—	125
Total agriculture, fisheries and forestry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	125	—	125
Health																			
Central and other health services	68	184	125	93	123	115	119	212	179	1,216	—	—	—	1,216	—	1,216	—	1,216	
Medical services	3,238	8,906	6,032	4,506	6,061	5,547	5,822	10,255	8,825	59,193	0	—	1	59,194	—	59,194	—	59,194	
Total health	3,306	9,090	6,157	4,599	6,184	5,662	5,940	10,467	9,004	60,409	0	—	1	60,410	—	60,410	—	60,410	
Social protection																			
Personal social services	11	30	21	15	20	19	20	35	29	200	—	—	—	200	—	200	—	200	
Public service occupational pensions	—100	—271	—186	—143	—178	—225	—195	—243	—316	—1,858	—17	—145	—2	—2,022	—61	—2,084	—	—2,084	
Total social protection	—89	—241	—165	—128	—158	—206	—175	—208	—287	—1,658	—17	—145	—2	—1,822	—61	—1,883	—	—1,883	
TOTAL HEALTH	3,217	8,849	5,992	4,471	6,026	5,455	5,765	10,259	8,717	58,751	—17	—145	—2	58,588	—61	58,526	125	58,651	
TRANSPORT																			
Science and technology																			
Science and technology	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	39	—	39
Total science and technology	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	39	—	39
Transport																			
Local public transport	32	52	38	28	32	27	27	1,616	32	1,884	—	—	—	1,884	—	1,884	—	1,884	
National roads	69	290	112	200	281	253	213	41	342	1,801	23	15	15	1,854	—	1,854	—	1,854	
Other transport	7	23	12	14	18	15	17	39	21	167	—7	3	1	163	4	167	138	305	
Railways	70	506	194	197	318	182	252	694	401	2,813	260	109	0	3,182	166	3,349	—	3,349	
Total transport	178	871	355	438	649	477	509	2,390	797	6,665	276	127	15	7,084	170	7,254	138	7,392	
TOTAL TRANSPORT	178	871	355	438	649	477	509	2,390	797	6,665	276	127	15	7,084	170	7,254	177	7,431	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics											accruals, £ million						
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
OFFICE OF THE DEPUTY PRIME MINISTER																		
General public services																		
Public and common services	16	25	18	15	19	20	19	27	23	183	0	0	—	183	—	183	396	579
Total general public services	16	25	18	15	19	20	19	27	23	183	0	0	—	183	—	183	396	579
Defence																		
Civil defence	1	1	—	1	1	1	1	2	2	10	—	—	—	10	—	10	6	16
Total defence	1	1	—	1	1	1	1	2	2	10	—	—	—	10	—	10	6	16
Public order and safety																		
Fire	3	4	2	2	3	3	2	5	4	28	0	2	0	30	—	30	2	32
Total public order and safety	3	4	2	2	3	3	2	5	4	28	0	2	0	30	—	30	2	32
Enterprise and economic development																		
Regional policy	228	380	307	164	282	133	99	88	63	1,743	—	—	—	1,743	—	1,743	—	1,743
Total enterprise and economic development	228	380	307	164	282	133	99	88	63	1,743	—	—	—	1,743	—	1,743	—	1,743
Housing and community amenities																		
Local authority housing	14	29	19	12	19	7	8	84	11	203	—	—	—	203	—	203	—	203
Other housing and community services	11	27	17	14	18	31	27	144	88	375	—	1	—	377	—	377	—	377
Other social housing	43	112	68	55	92	107	116	745	311	1,649	—	—	—	1,649	—	1,649	—	1,649
Total housing and community amenities	68	168	103	81	128	145	151	973	410	2,227	—	1	—	2,229	—	2,229	—	2,229
Health																		
Medical services	8	8	0	6	10	10	6	10	10	65	—	7	—	71	—	71	—	71
Total health	8	8	0	6	10	10	6	10	10	65	—	7	—	71	—	71	—	71

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Social protection																			
Personal social services	1	2	2	1	2	2	1	22	2	34	—	—	—	34	—	34	—	34	
Public service occupational pensions	0	0	0	0	0	0	0	0	0	0	0	0	—	1	—	1	—	1	
Total social protection	1	2	2	1	2	2	1	22	2	35	0	0	—	35	—	35	—	35	
TOTAL OFFICE OF THE DEPUTY PRIME MINISTER	324	588	432	270	444	313	279	1,127	514	4,291	0	10	0	4,301	—	4,301	404	4,705	
HOME OFFICE																			
General public services																			
Public and common services	0	0	0	0	0	0	0	0	0	0	—	0	—	0	—	0	26	26	
Total general public services	0	0	0	0	0	0	0	0	0	0	—	0	—	0	—	0	26	26	
Public order and safety																			
Administration of justice	75	197	124	83	106	77	73	210	104	1,050	33	72	—	1,155	—	1,155	—	1,155	
Immigration and citizenship	4	7	6	4	7	1	1	17	2	49	—	1	—	51	—	51	1,865	1,916	
Other public order and safety	4	11	8	6	9	7	7	13	11	76	0	4	—	80	—	80	266	346	
Police	85	221	150	120	147	126	133	413	201	1,595	—	83	—	1,678	—	1,678	—	1,678	
Prisons and offender programmes	9	18	13	10	12	11	11	17	17	117	—	5	—	122	—	122	2,521	2,643	
Total public order and safety	177	454	302	223	280	222	225	670	334	2,887	34	165	—	3,086	—	3,086	4,652	7,738	
Social protection																			
Public service occupational pensions	2	5	4	3	3	3	3	10	5	38	—	2	—	40	—	40	—	40	
Total social protection	2	5	4	3	3	3	3	10	5	38	—	2	—	40	—	40	—	40	
TOTAL HOME OFFICE	179	459	305	226	284	225	228	681	339	2,925	34	167	—	3,126	—	3,126	4,678	7,804	
CONSTITUTIONAL AFFAIRS																			
General public services																			
Public and common services	3	5	4	3	4	3	3	7	6	38	0	2	0	40	—	40	45	85	
Total general public services	3	5	4	3	4	3	3	7	6	38	0	2	0	40	—	40	45	85	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non- identifiable spending	Total expenditure on services	
Public order and safety																			
Administration of justice	134	347	177	169	184	204	124	565	340	2,243	—	181	—	2,423	—	2,423	489	2,912	
Total public order and safety	134	347	177	169	184	204	124	565	340	2,243	—	181	—	2,423	—	2,423	489	2,912	
Recreation, culture and religion																			
Heritage, arts, libraries and films	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total recreation, culture and religion	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Social protection																			
Public service occupational pensions	0	-1	-1	0	-1	-1	-1	-2	-2	-9	-1	0	0	-11	—	-11	—	-11	
Total social protection	0	-1	-1	0	-1	-1	-1	-2	-2	-9	-1	0	0	-11	—	-11	—	-11	
Unallocated provision																			
Unallocated provision	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-18	-18	
Total unallocated provision	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-18	-18	
TOTAL CONSTITUTIONAL AFFAIRS	137	350	180	171	188	206	126	570	344	2,272	-1	182	0	2,453	—	2,453	518	2,970	
LAW OFFICERS DEPARTMENTS																			
Public order and safety																			
Administration of justice	5	18	11	7	8	11	6	14	28	107	—	9	—	116	—	116	15	131	
Other public order and safety	23	61	40	29	34	39	27	46	78	378	—	24	—	402	—	402	22	424	
Total public order and safety	29	79	51	36	42	49	33	61	106	485	—	33	—	518	—	518	37	555	
TOTAL LAW OFFICERS DEPARTMENTS	29	79	51	36	42	49	33	61	106	485	—	33	—	518	—	518	37	555	
DEFENCE																			
International services																			
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	41	41	
Total international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	41	41	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Defence																			
National defence	—	—	—	—	—	7	—	—	—	7	—	—	—	7	—	7	27,362	—	27,369
Total defence	—	—	—	—	—	7	—	—	—	7	—	—	—	7	—	7	27,362	—	27,369
Enterprise and economic development																			
Economic development and trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	38	38
Total enterprise and economic development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	38	38
Social protection																			
Personal social services	—	—	—	—	—	—	—	12	—	12	—	—	—	12	—	12	—	12	12
Public service occupational pensions	36	70	92	111	92	307	133	40	320	1,200	99	53	90	1,442	5	1,447	—	1,447	
State pensions	61	130	83	70	69	136	88	59	159	854	99	64	23	1,040	76	1,116	—	1,116	
Total social protection	97	199	175	181	161	443	221	110	478	2,066	198	117	113	2,493	81	2,575	—	2,575	
TOTAL DEFENCE	97	199	175	181	161	449	221	110	478	2,073	198	117	113	2,500	81	2,581	27,441	30,022	
FOREIGN AND COMMONWEALTH OFFICE																			
International services																			
Other international services	—	—	—	—	—	—	—	8	11	18	—	—	—	18	183	201	1,228	1,429	
Total international services	—	—	—	—	—	—	—	8	11	18	—	—	—	18	183	201	1,228	1,429	
Social protection																			
Public service occupational pensions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	65	65	—	65	
Total social protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	65	65	—	65	
TOTAL FOREIGN AND COMMONWEALTH OFFICE	—	—	—	—	—	—	—	8	11	18	—	—	—	18	248	266	1,228	1,494	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

All the data in this table are National Statistics

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non- identifiable spending	Total expenditure on services
INTERNATIONAL DEVELOPMENT																		
International services																		
International development assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,773	3,773	—	3,773
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	45	45	—	45
Total international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,818	3,818	—	3,818
Social protection																		
Public service occupational pensions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	118	118	—	118
Total social protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	118	118	—	118
TOTAL INTERNATIONAL DEVELOPMENT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,936	3,936	—	3,936
TRADE AND INDUSTRY																		
General public services																		
Public and common services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	0	2	2
Total general public services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	0	2	2
International services																		
International development assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	5	—	5
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	56	56	2	58
Total international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	61	61	2	63
Enterprise and economic development																		
Economic development and trade	9	14	12	17	12	12	32	37	18	164	19	15	14	212	6	217	333	550
Regional policy	79	78	37	22	51	17	6	7	2	300	—	—	—	300	—	300	5	305
Support for business	192	341	284	122	130	137	108	172	202	1,687	132	161	17	1,998	2	2,000	—	2,000
Total enterprise and economic development	280	432	334	162	193	167	146	216	222	2,151	150	177	31	2,510	8	2,518	338	2,856

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Science and technology																			
Science and technology	39	117	99	73	67	64	137	290	185	1,070	134	33	13	1,250	171	1,421	460	1,881	
Total science and technology	39	117	99	73	67	64	137	290	185	1,070	134	33	13	1,250	171	1,421	460	1,881	
Employment policies																			
Employment policies	3	10	7	6	8	8	10	16	16	85	8	4	2	100	—	100	—	100	
Total employment policies	3	10	7	6	8	8	10	16	16	85	8	4	2	100	—	100	—	100	
Agriculture, fisheries and forestry																			
Other agriculture food fisheries policy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	—	0	—	0	
Total agriculture, fisheries and forestry	0	0	0	0	0	0	0	0	0	0	0	0	0	0	—	0	—	0	
Environment protection																			
Environmental protection	5	94	6	4	5	23	1	2	71	211	139	5	0	356	—	356	—	356	
Environmental research	3	9	7	5	5	5	10	18	14	75	12	3	1	90	48	138	168	306	
Total environment protection	8	103	13	10	10	28	11	20	85	286	151	8	1	446	48	494	168	662	
Health																			
Health research	5	18	14	11	9	9	20	36	27	150	23	5	2	181	7	188	200	388	
Total health	5	18	14	11	9	9	20	36	27	150	23	5	2	181	7	188	200	388	
Recreation, culture and religion																			
Broadcasting	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total recreation, culture and religion	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Social protection																			
Family benefits, income support and tax credits	1	2	2	1	2	2	2	3	3	18	2	1	—	20	—	20	—	20	
Public service occupational pensions	4	12	9	8	10	10	12	20	19	103	10	5	3	121	—	121	—	121	
Unemployment benefits	8	25	18	16	20	19	24	39	38	207	20	9	6	242	—	242	—	242	
Total social protection	13	39	29	25	31	30	38	62	60	328	31	15	8	382	—	382	—	382	
TOTAL TRADE AND INDUSTRY	349	720	496	286	318	306	363	640	594	4,072	498	242	58	4,869	295	5,164	1,171	6,335	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

All the data in this table are National Statistics

	accruals, £ million																		
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non- identifiable spending	Total expenditure on services	
ENVIRONMENT, FOOD AND RURAL AFFAIRS																			
Enterprise and economic development																			
Economic development and trade	1	1	1	1	1	1	1	3	1	12	—	1	—	13	—	13	—	13	
Regional policy	5	7	6	3	6	3	2	7	3	42	—	—	—	42	—	42	—	42	
Total enterprise and economic development	6	9	7	4	7	4	3	10	5	54	—	1	—	55	—	55	—	55	
Agriculture, fisheries and forestry																			
Forestry	4	8	6	6	7	10	6	1	12	59	6	2	—	66	—	66	—	66	
Market support under CAP	117	254	304	323	216	454	347	175	300	2,490	—	—	—	2,490	—	2,490	—	2,490	
Other agriculture food fisheries policy	74	133	126	93	132	209	107	98	149	1,122	—	—	—	1,122	—	1,122	140	1,262	
Total agriculture, fisheries and forestry	196	395	435	421	354	674	461	275	460	3,671	6	2	—	3,679	—	3,679	140	3,819	
Environment protection																			
Environmental protection	36	126	93	75	84	87	71	103	144	818	—	—	—	818	—	818	360	1,178	
Total environment protection	36	126	93	75	84	87	71	103	144	818	—	—	—	818	—	818	360	1,178	
TOTAL ENVIRONMENT, FOOD AND RURAL AFFAIRS	238	530	535	500	445	764	535	388	608	4,544	6	2	—	4,552	—	4,552	500	5,052	
CULTURE, MEDIA AND SPORT																			
Enterprise and economic development																			
Regional policy	5	2	1	0	5	3	2	0	1	19	—	—	—	19	—	19	—	19	
Support for business	1	1	1	1	—	1	0	1	1	6	—	—	—	6	—	6	56	62	
Total enterprise and economic development	6	3	1	1	5	3	3	1	2	24	—	—	—	24	—	24	56	80	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Recreation, culture and religion																			
Broadcasting	0	0	0	0	0	0	0	0	0	0	0	86	0	86	—	86	105	191	
Heritage, arts, libraries and films	52	70	80	60	51	78	56	267	143	858	12	9	4	883	124	1,007	—	1,007	
Lottery	48	98	85	57	78	62	54	216	78	777	141	58	49	1,025	—	1,025	—	1,025	
Other recreation, culture and religion	4	4	4	4	4	4	4	6	4	40	0	0	0	41	—	41	—	41	
Sport and recreation	14	12	13	15	12	7	8	34	16	132	1	0	0	133	1	134	—	134	
Total recreation, culture and religion	119	185	183	137	146	151	123	522	241	1,807	154	153	54	2,168	124	2,292	105	2,397	
Social protection																			
Public service occupational pensions	14	10	180	12	15	30	17	204	32	514	0	0	0	514	0	514	—	514	
Total social protection	14	10	180	12	15	30	17	204	32	514	0	0	0	514	0	514	—	514	
TOTAL CULTURE, MEDIA AND SPORT	139	198	364	149	166	184	142	727	275	2,345	154	153	54	2,706	125	2,830	161	2,991	
WORK AND PENSIONS																			
General public services																			
Public and common services	14	30	16	15	16	19	16	16	18	160	30	11	—	202	—	202	—	202	
Total general public services	14	30	16	15	16	19	16	16	18	160	30	11	—	202	—	202	—	202	
Enterprise and economic development																			
Regional policy	2	4	2	1	2	1	1	2	1	19	2	1	—	23	—	23	—	23	
Total enterprise and economic development	2	4	2	1	2	1	1	2	1	19	2	1	—	23	—	23	—	23	
Employment policies																			
Employment policies	368	709	411	184	314	230	189	376	248	3,031	395	210	—	3,636	—	3,636	—	3,636	
Total employment policies	368	709	411	184	314	230	189	376	248	3,031	395	210	—	3,636	—	3,636	—	3,636	
Health																			
Medical services	0	0	0	0	0	0	0	0	0	0	0	0	—	0	—	0	—	0	
Total health	0	0	0	0	0	0	0	0	0	0	0	0	—	0	—	0	—	0	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable expenditure	Total expenditure on services	
Social protection																			
Administration and miscellaneous services	348	668	385	169	290	213	172	344	226	2,815	365	196	—	3,376	—	3,376	—	3,376	
Family benefits, income support and tax credits	901	2,309	1,471	1,058	1,607	1,151	1,213	2,882	1,648	14,239	1,617	941	—	16,796	—	16,796	—	16,796	
Incapacity, disability and injury benefits	1,362	3,290	1,967	1,528	2,030	1,474	1,472	1,835	1,808	16,765	2,375	1,739	—	20,879	66	20,945	—	20,945	
Personal social services	1	1	1	1	1	1	1	1	1	7	1	1	—	8	—	8	—	8	
State pensions	2,184	5,709	4,133	3,522	4,433	4,698	4,736	4,403	6,846	40,663	4,261	2,570	10	47,504	1,746	49,250	—	49,250	
Unemployment benefits	161	343	256	177	297	145	177	525	229	2,309	291	133	—	2,734	—	2,734	—	2,734	
Widows' benefits	53	121	80	71	98	79	82	99	134	818	109	52	—	979	27	1,006	—	1,006	
Total social protection	5,009	12,442	8,292	6,526	8,756	7,760	7,852	10,089	10,892	77,617	9,018	5,632	10	92,276	1,839	94,115	—	94,115	
TOTAL WORK AND PENSIONS	5,393	13,186	8,721	6,727	9,089	8,010	8,059	10,484	11,159	80,828	9,445	5,854	10	96,137	1,839	97,976	—	97,976	
CHANCELLOR'S DEPARTMENTS																			
General public services																			
Public and common services	2	6	4	3	6	6	5	16	9	58	4	2	1	64	0	64	4,663	4,727	
Total general public services	2	6	4	3	6	6	5	16	9	58	4	2	1	64	0	64	4,663	4,727	
Public order and safety																			
Administration of justice	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22	22
Total public order and safety	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22	22
Enterprise and economic development																			
Support for business	—	5	—	—	—	0	—	—	1	6	1	—	0	8	—	8	—	8	
Total enterprise and economic development	—	5	—	—	—	0	—	—	1	6	1	—	0	8	—	8	—	8	
Science and technology																			
Science and technology	7	23	16	14	18	17	22	36	34	188	18	9	5	220	—	220	—	220	
Total science and technology	7	23	16	14	18	17	22	36	34	188	18	9	5	220	—	220	—	220	

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

	accruals, £ million																		
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non- identifiable spending	Total expenditure on services	
Environment protection																			
Environmental protection	0	1	1	0	1	1	1	1	1	6	1	0	0	7	—	7	—	7	
Total environment protection	0	1	1	0	1	1	1	1	1	6	1	0	0	7	—	7	—	7	
Education and training																			
Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	—	0	—	0	
Total education and training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	—	0	—	0	
Social protection																			
Administration and miscellaneous services	1	2	1	1	1	1	2	3	3	14	1	1	0	17	—	17	—	17	
Family benefits, income support and tax credits	891	2,395	1,758	1,406	1,829	1,530	1,607	2,086	2,261	15,762	1,599	1,006	659	19,026	27	19,053	—	19,053	
Housing benefits	0	0	0	0	0	0	0	0	0	1	0	0	0	1	—	1	—	1	
Public service occupational pensions	0	0	0	0	0	0	0	0	0	2	0	0	0	2	0	2	—	2	
State pensions	4	9	8	6	7	7	9	9	13	73	8	3	1	85	—	85	—	85	
Total social protection	896	2,405	1,768	1,414	1,838	1,539	1,618	2,098	2,277	15,852	1,608	1,010	660	19,131	27	19,158	—	19,158	
TOTAL CHANCELLOR'S DEPARTMENTS	905	2,439	1,789	1,432	1,863	1,564	1,646	2,150	2,323	16,111	1,632	1,021	667	19,430	27	19,457	4,685	24,142	
CENTRAL EXCHEQUER FUNCTIONS																			
EU transactions																			
EC receipts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GNI based contributions ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,089	2,089	—	—	—
Total EU transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,089	2,089	—	—	—
Debt interest																			
CG debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PC debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LA debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL EXCHEQUER FUNCTIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22,776	22,316	20,631
TOTAL EXCHEQUER FUNCTIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,089	2,089	4,685	18,542	20,631

(1) Net of EU abatement and attributed aid. More detail shown in Table 3.6.

Table 8.19 Departmental expenditure on services by sub-function, country and region, 2003–04 (continued)

All the data in this table are National Statistics

	accruals, £ million																		
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
CABINET OFFICE																			
General public services																			
Public and common services	0	1	0	0	0	0	0	6	1	9	1	1	0	11	—	11	2,039	2,050	
Total general public services	0	1	0	0	0	0	0	6	1	9	1	1	0	11	—	11	2,039	2,050	
Public order and safety																			
Fire	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10	10	
Total public order and safety	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	10	10	
Social protection																			
Public service occupational pensions	34	77	53	45	51	150	84	132	231	857	90	51	8	1,007	22	1,028	—	1,028	
Total social protection	34	77	53	45	51	150	84	132	231	857	90	51	8	1,007	22	1,028	—	1,028	
TOTAL CABINET OFFICE	34	78	53	45	52	151	84	138	231	867	91	51	9	1,018	22	1,040	2,049	3,089	
TOTAL DEPARTMENTS EXPENDITURE ON SERVICES	12,308	30,958	21,305	16,470	21,680	19,684	19,593	33,148	29,068	204,213	12,349	8,018	929	225,508	8,829	234,339	61,716	296,054	

Table 8.20 Country and regional analysis of pay costs component of departments' non-identifiable spending, 2003–04

Department grouping	Pay costs for non-identifiable spending											accruals, £ millions							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	Total UK	Outside UK	Total non-identifiable pay costs	Total non-identifiable pay costs as % of total pay costs (identifiable and non-identifiable)	Other non-identifiable spending	Total non-identifiable spending
Health	1	4	8	3	6	7	4	23	1	57	5	8	—	70	—	70	1	55	125
Transport	—	—	—	—	—	—	—	2	5	7	—	—	1	8	—	8	1	169	177
Office of the Deputy Prime Minister	5	8	6	4	6	4	4	16	7	60	—	—	—	60	—	60	1	344	404
Home Office	106	206	159	125	131	125	145	394	258	1,649	7	34	1	1,691	—	1,691	15	2,987	4,678
Constitutional Affairs	16	68	37	24	38	24	44	171	50	472	—	22	—	494	—	494	54	24	518
Law Officers' Departments	—	—	—	—	—	—	—	49	—	49	—	—	—	49	—	49	15	-12	37
Defence	68	141	656	400	421	2,237	932	477	2,354	7,686	746	163	378	8,973	1,723	10,696	100	16,745	27,441
Foreign and Commonwealth Office	—	12	—	—	—	—	—	223	42	277	1	—	1	279	168	447	100	781	1,228
Department of Trade and Industry	18	50	38	27	24	24	45	122	64	412	55	15	4	486	—	486	58	685	1,171
Environment, Food and Rural Affairs	3	4	8	3	8	11	4	47	7	95	—	—	—	95	—	95	5	405	500
Department for Culture, Media and Sport	—	—	—	—	—	—	—	3	—	3	—	—	—	3	15	18	1	143	161
Chancellor's Departments	262	390	165	143	163	127	194	527	308	2,279	216	160	59	2,714	—	2,714	97	1,971	4,685
Central exchequer functions ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	18,544	18,544
Cabinet Office ⁽²⁾	1	1	1	6	—	—	—	237	21	267	—	6	—	273	—	617 ⁽³⁾	92	1,432	2,049
Total	480	884	1,078	735	797	2,559	1,372	2,291	3,117	13,313	1,030	408	444	15,195	1,906	17,445	37^(a)	44,273	61,718

(1) Central exchequer functions include EC receipts and public sector debt interest, where the latter includes payments of debts interest by public corporations and local authorities to the private sector.

(2) The non-identifiable pay costs shown here form 3.7% of the total pay costs of the departmental groupings shown in this table. Other departmental groupings, such as Education, are not included in this table, because all their spending is identifiable. Taking all central government departments together the non-identifiable pay costs shown here accounts for 2.3% of total central government pay costs.

(3) Regional breakdowns for the Security and Intelligence Agencies pay costs are not available, but are included in Cabinet Office's departmental grouping totals.

A

CONVENTIONS

A.1 This appendix gives details of the various conventions used for the figures presented in this publication.

Rounding conventions

A.2 The figures in this publication are generally shown to the nearest £1 million, except that the figures for the main spending aggregates – DEL, AME, and TME – and the DEL Reserve and AME Margin are rounded to the nearest £100 million from 2004-05 onwards.

A.3 In all chapters, (with the exception of chapter 2), dashes in the tables show that there are no data and zeros where there are data and the value rounds to 0 ie. normally between \pm £0.5 million. In chapter 2 tables dashes are shown where there is no datum and when the value is too small to be rounded to a whole number.

A.4 Figures in tables may not sum due to rounding.

Real terms

A.5 A number of the tables in this publication give figures in real terms. Real terms figures are the current price (“cash”) 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 2003-04 prices. The GDP deflators used in this publication are those recorded on the Treasury website at http://www.hm-treasury.gov.uk/economic_data_and_tools/gdp_deflators/data_gdp_fig.cfm on 7 April 2005, when PESA 2005 was published.

GDP Measure

A.6 In tables that give spending as a proportion of GDP, PESA uses the central view of the GDP forecast. That may lead to differences from the FSBR which uses the cautious view.

2004-05 estimated outturn

A.7 The estimated outturns for individual departments for 2004-05 are based on the latest information available from departments. The estimated outturns for resource and capital DEL for 2004-05 include identified allowances for shortfall reflecting the difference between the sum of individual departments’ estimates of outturn and the Treasury’s overall assessment.

Use of accruals data in tables

A.8 Except in the long run tables covering years before 1998-99, data are generally presented on an accruals basis.

Consistency with Previous PESAs

A.9 Data in previous PESAs may not be directly consistent with PESA 2005 due to changes in data coverage and classification changes. This publication therefore presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period.

Population by country and region

A.10 The population numbers used in chapter 8 of PESA 2005 are as follows (source: mid-year estimates online at www.statistics.gov.uk/popest under 'Population estimates – current releases'; population projections for 2004 for England, Scotland, Wales and Northern Ireland are from the Government Actuary's Department at <http://www.gad.gov.uk>; projections for the English regions were supplied by the ONS).

	Thousands					
	mid-1999	mid-2000	mid-2001	mid-2002	mid-2003	mid-2004
North East	2,550	2,543	2,540	2,538	2,539	2,535
North West	6,773	6,774	6,773	6,783	6,805	6,811
Yorkshire and Humberside	4,956	4,959	4,977	4,993	5,009	5,022
East Midlands	4,152	4,168	4,190	4,223	4,252	4,275
West Midlands	5,272	5,270	5,281	5,304	5,320	5,330
South West	4,881	4,917	4,943	4,968	4,999	5,031
Eastern	5,339	5,375	5,400	5,422	5,463	5,499
London	7,154	7,237	7,322	7,371	7,388	7,431
South East	7,955	7,991	8,023	8,044	8,080	8,122
England	49,033	49,233	49,450	49,647	49,856	50,057
Scotland	5,072	5,063	5,064	5,055	5,057	5,065
Wales	2,901	2,907	2,910	2,923	2,938	2,955
Northern Ireland	1,679	1,683	1,689	1,697	1,703	1,710
United Kingdom	58,684	58,886	59,113	59,322	59,554	59,788

A.11 These mid year numbers are then directly applied to the relevant financial year (eg mid 1999 to financial data for 1999-00).

B

THE ACCOUNTING ADJUSTMENTS IN THE BUDGETING PRESENTATION OF TME

NEED FOR ACCOUNTING ADJUSTMENTS

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

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

B.3 So a number of adjustments are needed to relate Total DEL and AME to TME, as is shown in table 1.1. More detail of the adjustments is shown in table 1.13. The sub-headings below show what is in each of the rows in that table. The operator (ie “add” or “subtract”) describes the adjustment needed to derive TME from Total DEL plus departmental and other AME.

CHANGES SINCE PESA 2004

B.4 The following obsolete adjustment has been retired (the numbers given refer to the number in Appendix B of PESA 2004 except where otherwise identified):

17 [VAT refunds to NHS trusts] NHS trusts were reclassified to the central government sector by the ONS effective from the Blue Book Summer 2004. In contrast to the treatment of other VAT refunds to central government bodies, ONS decided not to adjust for VAT refunds in the calculation of TME. ONS’ decision was based on the wish not to distort the GDP series. Other changes to reflect the reclassification of NHS trusts are the removal of Adjustment 8 [purchase of NHS services – amount representing depreciation], changes to PESA 2005 Adjustments 16 and 21 and a new PESA 2005 Adjustment 42.

B.5 The following accounting adjustments are new in PESA 2005:

15. Hydro benefit.

46 [Public corporations’ market and overseas borrowing] reflects certain finance leases.

52 Accruals adjustment in connexion with income from the EU.

54 Balancing reconciliation item (estimated outturns and plans).

B.6 The list of capital/ current adjustments has been expanded and the presentation clarified to link in better with the lay-out of tables 1.3 and 1.4.

B.7 There is a new Table B.1 that shows the reconciliation of the GAAP based measures of the costs of unfunded public service pensions schemes and the way in which pensions score in the national accounts based TME.

LIST OF THE ACCOUNTING ADJUSTMENTS

Tax credits for individuals

B.8 Departmental AME shows expenditure on tax credits following the OECD basis for deciding what element, if any, of a tax credit should be treated as expenditure, rather than as an adjustment to tax receipts. Normally, that means that only amounts payable in excess of an individual's tax liability count as expenditure. In the national accounts, some elements of some tax credits for individuals also score as government expenditure even when they are less than the individual's tax liability.

1. For the tax credits following, add the amount of the tax credit that scores as expenditure in TME and that is less than an individual's tax liability: Mortgage Interest Relief, Life Assurance Premium Relief, Vocational Training Relief, Working Families Tax Credit and Disabled Persons Tax Credit.

B.9 No adjustment is needed for the new tax credits (Working Tax Credit and Child Tax Credit) as they are treated in the same way under both the OECD and national accounts bases.

Pensions

B.10 As detailed in Appendix D, the costs in Departmental AME in respect of pensions are measured as the gross increase in the liabilities held by pension schemes, less contributions received. TME measures the cost of unfunded public service pensions differently. The contribution of the pension schemes to TME is:

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

B.11 So the adjustments to get from the costs in AME are as follows:

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

B.12 Employers' contributions to unfunded public service pensions schemes impact on budgets. The costs in budgets broadly match the unfunded pensions schemes' receipts of employer contributions. Similarly, staff pay mostly impacts on budgets and is the source for employee pension contributions. (In some cases, the costs of staff pay and of employers' payments of pensions contributions are covered by trading income.) So in effect the impact of unfunded public service pensions on TME is given by pensions in payment. That is also the amount that impacts on the current balance.

B.13 Table B.1 shows:

- The three main contributors to the Net public service pensions line (see Appendix D):
 - The change in liability;
 - Pensions contributions received;
 - Pensions and transfer payments made that are not covered by a previously recognised liability;
- The pensions element of the Non-cash items line (see Appendix D);
- The sum of these elements, which is the contribution of pension schemes to Departmental AME. It is a GAAP-based measure of the cost of the schemes net of contribution income;
- The different components of the pensions line in the accounting adjustments in table 1.13;
- The contribution of the main public service pensions schemes to TME. This line is prepared on the same basis as the Net public service pensions line in Table C.11 in the FSBR, though in some cases more up to date data have been used. This line excludes pensions paid in DEL, which are included in tables 3.6 and 4.5, and certain local authority unfunded pension payments included in table 3.6; and
- The components of the contribution of the schemes to TME. As the cost of most contributions is in budgets, it is in effect the pensions in payment line that represents the overall impact of pensions on TME.

B.14 In Table B.1 bulk and individual transfers out are included in pensions in payment along with survivors' benefits &c. Bulk and individual transfers in are included in contributions received.

Table B.1 Unfunded public service pensions schemes in AME and in TME, 1999–00 to 2007–08

	£ million								
	National Statistics								
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Departmental AME (GAAP basis)									
Change in liability	9,157	10,050	12,367	14,970	15,542	17,522	20,746	21,427	22,405
Contributions received*	-7,504	-8,344	-9,862	-12,597	-14,279	-15,470	-16,997	-17,625	-18,421
Cash payments in OCS not covered by release of provision*	60	-16	849	2,197	786	162	148	89	91
Net public service pensions (GAAP basis)	1,713	1,690	3,354	4,570	2,049	2,214	3,897	3,890	4,075
Unwinding of discount rate (= contribution to non-cash items)	16,636	16,277	18,405	19,446	22,469	24,539	25,989	27,569	29,248
Total Departmental AME (GAAP basis)	18,349	17,967	21,759	24,017	24,518	26,753	29,886	31,460	33,323
Accounting adjustments									
Remove change in liability (FRS17 basis)	-9,157	-10,050	-12,367	-14,970	-15,542	-17,522	-20,746	-21,427	-22,405
Remove increased liability due to unwinding of discount rate	-16,636	-16,277	-18,405	-19,446	-22,469	-24,539	-25,989	-27,569	-29,248
Add pensions in payment covered by release of provision*	12,355	13,035	13,937	14,330	15,364	16,363	17,628	17,962	18,645
Accounting adjustments (Pensions)	-13,437	-13,292	-16,835	-20,086	-22,647	-25,698	-29,107	-31,034	-33,007
Contribution to TME (national accounts basis)	4,911	4,675	4,925	3,931	1,871	1,055	779	426	316
<i>of which:</i>									
Pensions in payment*	12,415	13,019	14,786	16,528	16,150	16,525	17,776	18,051	18,737
Contributions received*	-7,504	-8,344	-9,862	-12,597	-14,279	-15,470	-16,997	-17,625	-18,421

* includes bulk and individual transfers

European Community contributions

B.15 The national accounts treat most payments made by the UK to the institutions of the European Communities as taxes paid direct to the EC by households and enterprises. Only the GNI-based 4th resource contribution and the UK's budget abatement count in TME as UK government contributions. By contrast, the Net Payments line in AME includes the full gross contribution to the EC. The accounting adjustments therefore need to deduct those elements of the gross contribution that do not score in TME:

5. Deduct the EC's Traditional Own Resources (customs duties, agricultural and sugar levies), and the VAT-based contribution paid to the institutions of the European Communities.
6. Deduct any Net Lending to the European Investment Bank, which is treated as a UK government transaction, but is not in TME as TME does not include financial transactions.

B.16 Similarly, most payments to households and enterprises that are funded by the EC are treated in national accounts as direct payments to them by the EC, even if they pass through the Government's books. By contrast, DEL and departmental AME score expenditure that passes through Government and that is funded by EC receipts like UK government expenditure. The Net Payments to EC Institutions line in AME deducts receipts from the EC, thus bringing levels of expenditure and receipts onto a TME basis. Most EC receipts are not netted off DEL; where they are netted off DEL (as well as in the Net Payments line), a further adjustment is needed to reverse that second deduction.

7. Add receipts for EU funded research projects that are netted-off in DEL.

Other central government programmes

8. **Interest on Special Drawing Rights (SDRs).** Add payments of interest on SDRs held by the UK at the International Monetary Fund which are treated in the national accounts as current expenditure on goods and services.
9. **Privatisation programme** (applies to outturn years only): add current and capital expenditure on privatisations which is borne outside DEL.
10. **Tax Credits for Companies and Charities.** As with tax credits for individuals (see above), national accounts score as expenditure some elements of tax credits for companies and charities that reduce the taxpayer's liability. This adjustment adds in such payments in respect of Research and Development Tax Credits for large companies and for small and medium enterprises, payments of transitional relief to charities formerly entitled to receive tax credits on dividends, and tax relief on clearing contaminated land. The element of these tax credits that is paid in excess of tax liabilities is shown in Other departmental expenditure in AME.
11. **Loan guarantees:** add the imputed subsidies for certain loan guarantees which are included in national accounts.
12. **DfiD loan and debt write-offs:** Deduct the cost of interest forgone by the Department for International Development in respect of debts forgiven under Retrospective Terms Adjustments arrangements which forms part of DfiD's DEL but is not in TME. Add capital grants when DfiD writes-off certain debts owed to it. In national accounts, writing off a debt for policy reasons is treated as a capital transfer. Write-offs are recorded in DfiD's resource budget but are removed along with other non-cash items below.

13. **ECGD debt write-offs:** add the UK government's top-up to the loan write-offs to heavily indebted poor countries agreed by the Paris Club. This top-up represents a gift rather than a forced write-off during the normal course of ECGD's business so it is recorded as a capital transfer in national accounts.
14. **Student Loan debt write-offs:** add an amount of capital grants for student loans as they are written off, as the scheme does not set out to recover the full amount of write-offs from borrowers collectively.
15. **Hydro benefit:** add in an amount of imputed subsidy paid by the Scottish Electricity generating industry to the distribution industry to reflect the high cost of distribution in northern Scotland.

VAT refunds

16. Add VAT refunded to central government departments in respect of contracted out services for non-business purposes and VAT refunds to free public museums in respect of non-business activities. (VAT refunds to NHS trusts in respect of non-business services are however exceptionally not added in to the figures to arrive at TME.)
17. Add VAT refunds to local authorities in respect of all non-business activities. Central government support in DEL and locally financed expenditure are measured net of these VAT refunds, but in TME the expenditure is recorded including the VAT paid.
18. Add VAT refunds paid to the BBC and ITN in respect of non-business activities. These are treated as subsidies in TME.
19. Add VAT refunds paid to DIY house builders. These are treated as capital grants in TME.

Central government capital consumption

20. Add the value of central government non-trading capital consumption (i.e. depreciation). For the outturn years this number is modelled by ONS for national accounts; for forward years it is forecast by HM Treasury on a consistent basis.

Non-cash items not in TME

B.17 Both budgets and TME measure expenditure on an accruals basis as regards timing. A number of accruals concepts – such as depreciation – appear in both measures, although the coverage or data may be different (see the later subsection Data adjustments). However, a number of non-cash items appear in budgets produced on a GAAP basis (see Appendix D) that do not have a TME counterpart. They are removed here:

21. Deduct the cost of capital charge, debt write-offs, notional audit fee, and other such non-cash items recorded in departmental budgets but not in national accounts. Following the reclassification of NHS trusts to the central government sector, this item now includes the removal of the profit or loss of NHS trusts (England and Wales) which scores in budgets.

22. Deduct the take-up, movements in the value, and release of provisions that score in budgets. That leaves in the consumption of resources that is offset in budgets by the release of provisions and which scores in TME.
23. Deduct the provision that represents the overall cost of the interest support element of student loans that scores in DEL as the loans are granted. In the national accounts the current balance is determined by the difference between interest payments on government debt and interest income from students.
24. Add the purchase of stocks, subtract the sales of stocks, and subtract reductions in the value of stocks due to consumption of stock items. National accounts treat purchases and sales of stocks as capital expenditure. When stocks are drawn down to be used, TME scores both the draw-down of stocks as a reduction in value and their consumption as an expense. Under RAB purchases and sales of stocks are cash adjustments, and the draw-down of stocks is a balance sheet entry. RAB records as expenditure only the consumption of stocks or the production of goods for stock.

Expenditure financed by revenue receipts

B.18 Some receipts are deducted from budgets and other expenditure presentations even where national accounts do not treat them as negative expenditure in TME but as entries on the revenue side of the government's account. The deduction of such receipts needs to be reversed.

B.19 For departments and NDPBs the receipts are:

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

B.20 For local authorities, the receipts are:

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

Local authorities

32. Add the value of local government non-trading capital consumption (i.e. depreciation) as modelled by ONS for national accounts.
33. Add subsidies paid to LA trading bodies. These are deducted from the figure for the operating surplus of LA trading bodies, one of the revenue items in the calculation of locally financed expenditure, but are included as LA expenditure in national accounts.
34. Deduct capital grants paid by local authorities to public corporations since these are a flow within the public sector that adds to the calculation of local government expenditure but the capital expenditure they finance is in the line

for Public Corporations' Own-Financed Capital Expenditure. This mainly concerns payments by Transport for London.

35. Adjust estimated outturn by an allowance for shortfall to align central government support and LASFE figures to forecast total local authority expenditure.

B.21 In some cases receipts are treated as financing expenditure in AME when national accounts treat them as reducing TME. The value of the receipts needs to be deducted:

36. Local authority receipts of investment grants from private sector developers.
37. Certain licence fees collected by local authorities.

General government consolidation

B.22 TME is consolidated public sector expenditure. So it records only those distributive transactions that are paid outside the public sector. Payments of certain taxes and of grants and interest that are within the public sector do not score in TME.

38. Deduct debt interest paid by local authorities to central government and to other local authorities. The small amounts of debt interest paid by local authorities to public corporations are also deducted here.
39. Deduct payments of national non-domestic rates paid by central and local government, which are in budgets and locally financed expenditure, and which are consolidated out for TME.
40. Deduct debt repayment grants from central government to local authorities which score in budgets. Debt repayment is not expenditure.
41. Deduct subsidies from central government to public corporations that finance the payment by the corporation of current grants to local authorities. The subsidies are in DEL (outside support for LAs) and in addition the LA expenditure is in locally financed expenditure. National accounts treat the public corporation as an agent of central government in this regard. So the flow is treated as a central government grant to local government and does not add to TME.
42. Deduct departments' receipts of interest and dividend from NHS trusts (England and Wales). Departments pay NHS trusts enough to enable them to remunerate their capital. Now that trusts have been reclassified to the central government sector, those payments should be consolidated out.

Public corporations

B.23 Departments' resource and capital budgets normally include certain items in respect of public corporations:

- subsidies and capital grants paid by the department to public corporations;
- loans given by the department to public corporations – either voted or from the National Loans Fund;
- public corporations' net market and overseas borrowing (PCMOB), including finance leases and on balance sheet PFI and excluding movements in balances;

- interest, dividends and equity withdrawals received from public corporations;
- a capital charge on the loans and public dividend capital invested in public corporations.

B.24 TME includes the subsidies only, so the other items have to be deducted.

B.25 TME includes PC capital expenditure, and interest and dividends paid by PCs to the private sector. Other AME includes public corporations' own-financed capital expenditure, that is, capital expenditure less CG grant and loan finance for it. So the deduction of loans and capital grants is effected in other AME.

B.26 Forest Enterprises have a different budgeting treatment. Their profit/loss and actual capital expenditure score in budgets rather than grants and loans given and the interest and dividends actually received. These profits/ losses have to be removed in the accounting adjustments.

B.27 So the adjustments needed are:

43. Add receipts from public corporations of interest, dividends and equity withdrawals that are netted-off in budgets.
44. Add interest and dividends paid by public corporations to the private sector and abroad.
45. Deduct the profit/loss of Forest Enterprises.
46. Deduct PCMOB.

Financial transactions

B.28 TME measures the current and capital expenditure of the public sector and excludes net lending. Departmental budgets include the net acquisition of financial assets acquired for policy purposes rather than for cash flow management. Typical transactions are purchases of shares and lending to businesses and individuals. The specific adjustments are described below:

47. Deduct loans, net of repayments of loans, to the private sector and overseas that score in DEL, departmental AME and local authority expenditure.
48. Deduct the net acquisition of private sector company securities that scores in DEL, departmental AME and local authority expenditure.
49. Deduct the profit/loss on the sale of shares and other financial assets recorded in DEL or departmental AME. This profit/loss represents a financial transaction in national accounts and so is outside TME.

Data adjustment

B.29 In some cases, TME and budgets have the same concepts but use different data. Adjustments are needed to put budgets data onto the TME basis:

50. Deduct depreciation and impairments in departmental AME. Depreciation and impairments in DEL have already been deducted in arriving at Total DEL in Table 1.1. TME uses the national accounts number for Non-trading Capital Consumption – see above.

51. For outturn years, add the amounts recorded by ONS, less the amounts recorded in budgets, for central government grants to LAs.
52. Accruals adjustment reflecting the timing of income from the EU which is recorded on a cash basis in the Net Payments line.

Balancing reconciliation

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

ADJUSTMENTS AFFECTING THE SPLIT BETWEEN CURRENT AND CAPITAL EXPENDITURE

B.30 For the most part, items in the resource budget are current expenditure in the national accounts and items in the capital budget are capital expenditure. But there are some exceptions, described below. These adjustments have no impact on the sum of current and capital expenditure, and so are not shown in table 1.13. They do however affect the split of total TME into current and capital expenditure. They are therefore part of the reconciliation from departmental budgets to national accounts measures of current and capital expenditure identified in tables 1.3 and 1.4. The main adjustments are described below:

Resource budget items treated as capital in national accounts

- Departmental budgets record capital grants to the private sector in resource budgets, as the government does not acquire an asset by giving a grant. In the national accounts, investment grants are treated as capital expenditure because an asset is created somewhere in the economy.
- Capital grants to public corporations also form part of the resource budget, although the capital expenditure of the public corporations which they finance counts as capital expenditure in TME.
- All debt write-offs go through Resource DEL. Those that are intended to convey a benefit to the debtor – as opposed to the department being unable to recover the debt because the debtor cannot pay – are treated as capital grants in the national accounts.
- Similarly, a proportion of DFID's bilateral aid budget is deemed to be a capital grant to the rest of the world in the national accounts, as it supports debt write offs, although all bilateral aid grants are shown in resource DEL.

- Under RAB, the resource budget includes the profit/loss, relative to book value, when capital assets are sold. National accounts records all of the sale price as a capital receipt. So an adjustment removes the profit/loss from current expenditure and adds it to capital expenditure. The sign convention is: if an asset were sold at a profit relative to book value this accounting adjustment would increase current expenditure (relative the amount recorded in budget) and reduce capital expenditure.

Capital budget items treated as current in national accounts

- Expenditure on single use military equipment (fighting equipment) that is capital under GAAP rules is recorded as capital expenditure in departmental budgets but treated as current expenditure in national accounts.
- Departmental budgets record all expenditure on capital grants to local authorities as capital expenditure including where the grants have been funded by the EC. EC-financed expenditure has to be deducted in moving to TME. The reason for the deduction depends on how the local authority spends the money. First, the local authority might make a capital grant to the private sector – which would be regarded in the national accounts as the EC's own expenditure, not the UK Government's. Or second the grant from the EU would finance, and in the calculation of TME offset, the local authority's own direct capital expenditure. EC grants are deducted through the Net payments to EU institutions line in AME. But this line is all treated as current expenditure. So, to record the government's own capital expenditure correctly on a national accounts basis there is an adjustment that subtracts EC funded capital grants to LAs from total capital expenditure in budgets, and adds that amount to current expenditure in budgets.

NOTE ON CONSOLIDATION IN TOTAL MANAGED EXPENDITURE

B.31 Interest and dividend payments and receipts within the public sector are consolidated out. So TME scores only the public sector's interest and dividend payments to the private sector and overseas. The same is also true of other transfer payments such as current and capital grants, and rent.

B.32 The same is not true for transactions in goods and services between general government and public corporations and government's payments of subsidies: these are not consolidated out. General Government's purchases of services from, and subsidies to, public corporations and trading bodies score as public sector current expenditure. The public corporations' and trading bodies' receipts of these payments form part of their Gross Trading Surplus which is on the revenue side of the public accounts.

C

DEPARTMENTAL GROUPINGS

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

Title	Departments included
Education and skills	Department for Education and Skills Office for Her Majesty's Chief Inspector of Schools in England (Ofsted)
Health	Department of Health Food Standards Agency
Transport	Department for Transport Office of the Rail Regulator
Office of the Deputy Prime Minister	Office of the Deputy Prime Minister (except Local Government)
Local Government	Local Government – mainly block and transitional grants to English local authorities, the Greater London Authority, and Regional Development Agencies
Home Office	Home Office Charity Commission Assets Recovery Agency
Constitutional Affairs	Department for Constitutional Affairs The National Archives: Public Record Office and Historical Manuscripts Commission Electoral Commission Northern Ireland Court Service Land Registry Scotland Office Wales Office
Law Officers' Departments	The Crown Prosecution Service Serious Fraud Office HM Procurator General and Treasury Solicitor Revenue and Customs Prosecution Office
Defence	Ministry of Defence
Foreign and Commonwealth Office	Foreign and Commonwealth Office
International Development	Department for International Development
Trade and Industry	Department of Trade and Industry UK Trade and Investment Office of Fair Trading Office of Gas and Electricity Markets Office of Telecommunications Postal Services Commission Export Credits Guarantee Department

Environment food and rural affairs	Department for Environment Food and Rural Affairs Forestry Commission Office of Water Services
Culture, Media and Sport	Department for Culture, Media and Sport
Work and pensions	Department for Work and Pensions
Scotland	Scottish Executive and its departments
Wales	National Assembly for Wales
Northern Ireland Executive	Northern Ireland Departments
Northern Ireland	Northern Ireland Office
Chancellor's Departments	HM Treasury Office for National Statistics National Savings and Investments Government Actuary's Department HM Revenue and Customs National Investment and Loans Office Registry of Friendly Societies Royal Mint Office of Government Commerce Crown Estate Office
Cabinet Office	Cabinet Office Central Office of Information House of Commons House of Lords National Audit Office Privy Council Office Security and Intelligence Services Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England

D

PUBLIC EXPENDITURE BUDGETING AND CONTROL AGGREGATES

D.1 This Appendix describes the budgeting and control regime under full resource budgeting that was introduced for the 2002 Spending Review. Departments have separate resource and capital budgets. These are split into the control totals Departmental Expenditure Limits (DEL) and Departmental Annually Managed Expenditure (AME). In addition to Departmental AME, Other AME covers spending that is not tied to a departmental budget. DEL plus AME including accounting adjustments together sum to Total Managed Expenditure (TME), an aggregate drawn from national accounts.

Recent Developments

D.2 Recent changes include:

- Locally Financed Expenditure now includes expenditure in Northern Ireland financed by borrowing from the National Loans Fund under the Reinvestment and Reform Initiative (RRI).

RESOURCE BUDGETING

D.3 Since 2001-02, departmental budgets have been set and monitored in resource terms, and Parliament votes resources as well as cash in the Supply Estimates. There are separate departmental budgets for resources and capital expenditure.

Resource Budget

D.4 The resource budget measures total resources consumed by a department. The Resource budget largely follows the contents of resource accounts. Resource accounts are prepared in accordance with the Resource Accounting Manual, which follows Generally Accepted Accounting Practice (GAAP) with such adaptations as are necessary for the public sector.

D.5 Resource accounts measure expenditure when it accrues rather than when the cash is spent. They do not include prepayments for goods and services not consumed in that year but will include resources consumed but paid for later. Stock consumption scores in the resource budget while spending on adding to stocks does not. They include non-cash costs such as movements in provisions and charges for bad debts. Resource budgets record the cost of lending to students on the basis of an assessment of the grant implied in the low interest rate charged and the bad debt provision that is needed.

D.6 The annual resource cost to departments of the assets they use to deliver services is included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation) and the opportunity cost of tying up capital in these assets (the cost of capital charge). The cost of capital charge is 3.5 per cent of the net assets (fixed capital and financial assets, net of financial liabilities and provisions) employed by each department.

D.7 The Resource budget includes all administration costs of Government departments such as pay and employer pensions contributions or superannuation changes paid to unfunded public service pensions schemes. It also includes most of their other purchases of services. It includes grants and subsidies paid to the private sector, including investment grants (other than those financed by the Capital Modernisation Fund (CMF)).

D.8 For DfID and the FCO the resource budget includes an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

D.9 Non-Departmental Public Bodies. Resource and capital budgets include the expenditure of most non-departmental public bodies (NDPBs) classified to the central government sector. Normally the actual expenditure of NDPBs is recorded, rather than the grant-in-aid from the parent department. This treatment remains a difference with the accounting treatment in departmental resource accounts which just record the grant-in-aid paid by the department.

D.10 Resource budgets include most of the department's transactions with **public corporations** sponsored by the department (as recorded in resource accounts), but lending to public corporations is in the capital budget. So the resource budget scores:

- subsidies paid to the public corporation by the department;
- investment grants paid to the public corporation (other than those financed by the CMF)
- dividends and interest received from the public corporation, and equity withdrawals;
- a capital charge in respect of the department's loans and Public Dividend Capital invested in a public corporation.

D.11 NHS trusts (England) – formerly public corporations and now central government bodies – and **Forest Enterprises** (which are public corporations) have a different budgeting treatment. For them, the resource budget includes their operating profit/loss and the capital budget shows their capital expenditure.

D.12 Central Government Support for Local Authorities. The resource budget scores current grants to local authorities. Capital grants (in England called Supported Capital Expenditure (Capital) from 2004-05) score in capital budgets. Capital budgets also include amounts for local authority borrowing where central government has agreed to fund the resultant loan charges (up to 2003-04: credit approvals (capital consents in Scotland); from 2004-05 Supported Capital Expenditure (Revenue) in England (supported borrowing in Scotland)). More information on local authorities is in chapter 6.

D.13 The sum of departmental resource budgets is reconciled to public sector current expenditure – a national accounts concept which is part of TME – in Table 1.3.

Capital Budget

D.14 Capital budgets include expenditure on fixed capital assets, capital grants to local authorities and the acquisition of certain financial assets acquired or sold for policy reasons. Capital grants to the private sector and public corporations are generally in resource budgets, except those that are financed from the Capital Modernisation Fund, which score in capital budgets. Capital budgets include capital expenditure implied by finance leases and on balance sheet Private Finance Initiative transactions. Capital budgets are net of the book value of receipts from the sale of capital assets. The profit/loss on asset sales is in resource budgets so that it aligns with the recording in the operating cost statement in resource accounts.

D.15 Capital budgets generally include loans on the basis of new loans issued less repayments of loan principal. The principle transactions on lending to students are outside budgets.

D.16 Long-lasting defence fighting equipment with no civilian use (sometimes called Single Use Military or Fighting Equipment) is treated as capital expenditure in budgets and accounts, but national accounts treat it as current.

D.17 The sum of departmental capital budgets is reconciled to public sector net investment in Table 1.4.

Resource and Capital Budgets – Summary Table

D.18 This table summarises the main contents of resource and capital budgets:

	Resource Budget	Capital Budget
Department's own Transactions	Income and expenditure on an accruals basis, including administration costs, grants to individuals, subsidies and investment grants to private sector companies (other than those funded by the CMF), take-up of provisions and movement in value of provisions, bad debts Cost of capital charge in respect of net assets Depreciation and impairments on the department's assets Profit/loss on disposal of assets	Expenditure on new fixed assets Net lending to the private sector Net book value of sales of fixed assets Investment grants to the private sector funded by the CMF
NDPB transactions	As the department	As the department
NHS Trusts (England)	Health authorities' purchases of health care from trusts (excluding the element of purchases that covers trusts' depreciation) Cost of capital charge in respect of net assets Profit/loss on NHS trusts	Capital expenditure of NHS trusts
Local Authorities	Current grants to local authorities	Capital grants to local authorities Supported capital expenditure (revenue)
Public Corporations	Cost of capital charge in respect of public corporations Interest and dividends received from public corporations Subsidies and investment grants paid to public corporations (except those from the CMF)	Investment grants paid to public corporations from the CMF Net lending to public corporations Public corporations' market and overseas borrowing

DEPARTMENTAL EXPENDITURE LIMITS

D.19 A little under 60 per cent of public expenditure (TME) by value is in DEL. But because AME includes a small number of large programmes by far the majority of public expenditure programmes are in DEL. The main programmes in AME are set out later in this section.

D.20 DELs are set for three years in a Spending Review. They represent firm plans for departmental spending that can only be increased in exceptional circumstances with the Treasury's agreement through a claim on the DEL Reserve. Departments can carry forward unspent DEL from one year to the next. SR2004 set firm spending plans for 2005-06 to 2007-08.

D.21 DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest, rent of land, and also certain levies and fines where the Chief Secretary to the Treasury has given specific agreement for a department to retain them in their DEL.

D.22 DEL includes a Reserve to meet unexpected needs, and the unallocated provision for the Invest to Save Budget (ISB), a challenge fund. When sums are allocated, from either the Reserve or the ISB, individual departments' DELs are increased and the Reserve/ISB lines reduced by the same amounts.

D.23 **Public Corporations.** Most transactions in respect of public corporations score in DEL but those in respect of self-financing public corporations score in DEL but self-financing public corporations score in departmental AME (unless they receive grants and subsidies, which would score in DEL).

ANNUALLY MANAGED EXPENDITURE

D.24 This part describes the components of AME, which may be divided into:

- Departmental AME
- Other AME.
- AME Margin
- Accounting Adjustments

Departmental Annually Managed Expenditure

D.25 Departmental AME programmes are set out in departmental reports, and are identified under this heading in Estimates. A programme is included in AME if it cannot reasonably be subject to firm three-year limits as for DEL. Typically this is where the programme expenditure is demand-led, volatile, and large in relation to the size of the department. But those are neither necessary nor sufficient conditions for inclusion in AME. Discretionary new spending programmes are always in DEL except where a special case can be made to demonstrate that treatment as AME is likely to deliver better control of expenditure.

D.26 The main programmes in departmental AME are:

- Social security benefits;
- Tax credits for individuals;
- Common Agricultural Policy expenditure funded by the EC;
- Net public service pensions; and
- Expenditure financed by the proceeds of the National Lottery.

D.27 Social Security Benefits. Includes payments of social security and National Insurance benefits by the Department for Work and Pensions (DWP) and the DSS (Northern Ireland). It includes central government support for certain social security benefits paid by local authorities, eg Housing Benefit, Council Tax Benefit and Rent Rebates.

D.28 Tax Credits for Individuals. Tax credits paid to households that are classified as public expenditure under OECD guidelines followed by HM Treasury in the calculation of Net Taxes and Social Security Contributions. Mainly tax credit payments to non-tax-payers, or otherwise in excess of total tax liability. Also payments in respect of contributions to stakeholder pensions of non-tax-payers or in excess of tax paid.

D.29 Common Agricultural Policy (CAP). Includes expenditure on the CAP funded by the EC.

D.30 Net Public Service Pensions. This line scores the majority of the operating costs, net of income, for the main public service un-funded pension schemes, as measured under FRS17 compliant with UK GAAP as amended for the public sector. The main schemes are those for the civil service, armed forces, teachers and NHS staff. The line comprises an assessment of the increase of liability relating to current employees *less* relevant receipts (see below). Where the contributions received in respect of today's workers exactly cover the expected liability that the scheme is taking on, there will be no charge shown in this line as a result of taking on the liability.

D.31 Most pension schemes follow GAAP Financial Reporting Standard 17 to report any increase (or decrease) in liabilities accrued in the period. The measure is prospective. So, in broad terms, there is a charge (or benefit) shown in this row if either:

- pension contributions are set at a level that is not expected to cover the full costs of providing pensions; or
- there is a reduction (or increase) in the rate used to discount the cost of providing benefits in the future back to today's values.

D.32 Cash payments of members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out are all normally charged directly to the pension provision shown on the balance sheet. That means that they do not impact on the cost of the scheme as measured in this line, because the obligation to pay the pension was recognised when the right to the pension accrued. However, if any cash payment is made that is not covered by a previously recognised liability then that payment would score in this AME line.

D.33 Relevant receipts include employers' contributions (including accruing superannuation liability charges paid by departments to the Principal Civil Service Pension Scheme), employees' contributions for ordinary pensions (including widows'/widowers' pensions) and for added years, and receipts of bulk and individual transfers in.

D.34 This line does not reflect changes to the pension provision on the balance sheet resulting from changes in the assumptions made about the future (for example life expectancy, pay growth, inflation etc). Such changes result in the cost of providing already accrued pensions being higher (or lower) than previously thought. So if for example pensioners are living longer than previously thought the overall liability of a scheme will rise. The effects of these changes are shown in a separate statement (Statement of Recognised Gains and Losses) and do not score in Budgets.

D.35 For some small unfunded schemes information is not available on an FRS17 basis and these schemes report the difference between the cash paid out during the year and any contributions received.

D.36 In addition, grants outside DEL to enable NDPBs in the central government sector with their own pay as you go pension schemes to make bulk transfer payments are recorded in this AME line.

D.37 Note that this line does not cover:

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

D.38 Future payments of pensions are discounted in order to obtain the value of the liability in today's terms. Each year, future payments come a year closer and so the effects of discounting are reduced. That unwinding of the discount rate is a cost that is recognised in the accounts.

D.39 In budgets, the amount for the unwinding of the discount rate on the liability is part of the 'non cash items' row (see below). The amount scores in non-cash items because there is a no cost of capital credit recognised on the liability in scheme accounts; this credit would normally offset the increase. Therefore to score just the increase without the credit would distort the numbers.

D.40 In addition, the amount for the unwinding of the discount rate could be seen as loosely equivalent to the amount of interest the government would have had to pay if the schemes had been funded with government debt. So this item reflects the fact that the schemes are unfunded. Showing this item in the non-cash items row separates out the costs that the Government bears as employer from guaranteeing the schemes (that is, the cost in the Net public service pensions row) from the notional costs because the schemes are unfunded.

D.41 The cost of pensions schemes as measured on a GAAP basis does not impact directly on TME or the fiscal framework. Appendix B shows how the GAAP measures for the main public service pension schemes in AME can be reconciled to TME, and Table B.1 gives more detailed information.

D.42 National Lottery. Expenditure on the six good causes funded from the proceeds of the National Lottery is in this line: the arts, sport, heritage, charities, projects to mark the Millennium and the New Opportunities Fund (education, health and the environment); the New Opportunities Fund and the Community Fund are to merge into the Big Lottery Fund. This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by grants from the National Lottery Distribution Fund.

D.43 Non-cash items in AME. Consists mainly of:

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

D.44 Other departmental expenditure in AME includes:

- Capital expenditure of NHS foundation trusts;
- Transactions in respect of Self-Financing Public Corporations;
- Export Credits Guarantee Department (part);
- Expenditure on tax credits for companies (research and development for Small and Medium Enterprises, contaminated land clearance) and charities calculated on an OECD basis, that is payments in excess of tax liability;
- Inland Revenue payments in respect of Child Trust Funds;
- Rates paid on behalf of embassies, net of beneficial portion receipts;
- Housing Subsidy in England and Wales and Housing Support Grant in Scotland;
- Redundancy Payments Scheme;
- Coal Health Liabilities;
- Education Maintenance Allowances;
- Expenditure of certain levy-funded bodies; and
- Acceptances of artworks in lieu of Inheritance Tax.

Other Annually Managed Expenditure**D.45 Locally Financed Expenditure (LFE).** This line comprises the following items:

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

D.46 LASFE is that part of total local authority expenditure not met by central government support. Its largest single financing component is the product of the Council Tax. Other components include the surpluses of trading activities, interest receipts, investment grants from the EC, unsupported borrowing and the use of reserves.

D.47 NIRR are set by the central government in Northern Ireland. The product is not hypothecated to financing specific expenditure. By convention it is treated in PESA as locally financed central government expenditure. So the product of NIRR is treated as a transfer from AME into DEL.

D.48 Expenditure financed by borrowing from the National Loans Fund under the RRI is shown under LFE because the loans will be serviced and repaid out of the product of the NIRR.

D.49 Net Payments to European Community Institutions. This line is mainly made up of the following components:

- Traditional Own Resources (TOR), made up of
 - Customs duties, including those on agricultural products

- plus sugar levies
- plus VAT-based contributions
- plus GNI-based contribution (including payments to EC budget reserves)
- less the UK's abatement
- less receipts from the EC that come to or pass through government
- less European Coal & Steel Community receipts
- less an amount in respect of the cost of collecting TOR
- plus contributions to the European Investment Bank
- less attributed aid and Common Foreign & Security Policy (CFSP) expenditure, which are in DEL.

D.50 Public Corporations' Own-Financed Capital Expenditure. This line comprises the capital expenditure of public corporations net of any capital grants or loans given by a PC's parent department and any exceptional market borrowing. Excludes Forest Enterprises which have a different budgeting regime.

D.51 This line includes the whole amount of capital expenditure of public corporations accountable to local authorities, whether own-financed or supported by local government: an accounting adjustment removes local government support to public corporations.

D.52 Central Government Debt interest. This line includes interest paid to the private sector and overseas, but not interest paid to other parts of the public sector. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts/premia on gilts at issue.

AME Margin and Accounting Adjustments

D.53 AME Margin. The AME margin is an allowance for estimating changes.

D.54 Accounting adjustments are described in Appendix B.

TOTAL MANAGED EXPENDITURE

D.55 TME is an aggregate drawn from national accounts. It covers the current and capital expenditure of the public sector, net of some receipts. So it includes expenditure of central and local government and also the capital expenditure of public corporations. TME excludes grants and interest payments between parts of the public sector – it is a consolidated measure. TME does not include financial transactions. So TME is the expenditure side of the equation that gives Public Sector Net Borrowing, the government's preferred measure of the fiscal stance.

D.56 TME equals DEL + AME (including accounting adjustments).

D.57 In addition, TME may be expressed as the sum of :

- Public Sector Current Expenditure
- Public Sector Net Investment
- Public Sector Depreciation

E

EXPENDITURE ON SERVICES

E.1 The tables in Chapters 3 and 4, which show public expenditure disaggregated by function and by economic category, and the tables in Chapter 8, which show public expenditure by country and by region, all focus on Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure (TME). The definition of TES in PESA 2005 is identical to that presented in PESA 2004.

EU transactions in TES

E.2 EU transactions score in aggregate in TES in the same way as in TME. However, TES scores EU-funded payments within functional expenditure as UK government spending, for instance on agriculture, that the national accounts score as direct payments from the EU to enterprises and households. Therefore the EU transactions line in TES includes EU receipts, thus bringing the total into line with TME. Similarly, TES scores attributed EU expenditure on aid and the Common Foreign and Security Policy under International Services and deducts an appropriate amount under EU transactions. TES also includes the contribution to the EU on the TME basis (GNI-based contribution, less abatement), rather than on the broader basis in the Net Payments to EU institutions line in the AME table (for which see Appendix D). Tables 3.6 and 4.5 show the derivation of the GNI-based contribution (net of abatement) from the gross contribution.

TES defined by reference to TME

E.3 TME is the current and capital expenditure of the public sector, on a national accounts basis. TES represents much the same, with minor divergences. The divergences reflect mainly the difficulty of attributing some data to functions, and consequent differences to maintain consistency between functions. The main difference to TME is that TES does not include general government capital consumption and does not reverse the deduction of certain VAT refunds in the budget-based expenditure data. It also includes a small number of items that are in budgets but not in TME, for example the grant-equivalent element of student loans. TES is worth about 95% of TME.

E.4 TES can be defined in terms of the current and capital expenditure of spending sectors on a national accounts basis as (simplifying):

- Central government own current expenditure, including subsidies to public corporations but without central government support for local authorities and without capital grants or net lending to public corporations
- + Grant-equivalent element of student loans
- + Local authorities current expenditure
- Local authorities debt interest paid to central government
- + Public corporations debt interest to private sector and rest of the world
- + Central government gross capital expenditure (net of asset sales)
- + Local authorities gross capital expenditure (net of asset sales)
- + Public corporations gross capital expenditure (net of asset sales)

TES defined by reference to budgeting aggregates

E.5 TES can also be built up from the budgeting aggregates (DEL, Departmental AME and other AME) (simplifying):

Departmental Expenditure Limits

- Spending in DEL
- depreciation and other non-cash items in DEL (other than the grant-equivalent element of student loans)
- the element of purchases of healthcare from NHS trusts that represents the funding of trust debt remuneration
- + Reverse the deduction in budgets of certain receipts that are revenue in the national accounts, including interest and dividend receipts from public corporations
- financial transactions
- debt repayment grants to local authorities
- profit/loss of public corporations and NHS trusts recorded in DEL

Departmental Annually Managed Expenditure

- + spending in Departmental AME
- Non-cash items (both those in individual rows and in the row for non-cash items)
- net public service pensions on an AME basis
- + net public service pensions on an TME basis
- financial transactions
- + reverse the deduction of interest and dividend receipts from public corporations

Other Annually Managed Expenditure

- + net payments to EC Institutions (AME basis, except that tariffs, agricultural and sugar levies and the VAT contributions are not included)
- + locally financed expenditure
- local authority debt interest paid to central government
- capital grants paid by local authorities to public corporations
- + central government gross debt interest
- + public corporations' own-financed capital expenditure
- + public corporations' debt interest to the private sector and rest of world

E.6 To get TES for each department we first take total DEL and remove items as detailed in paragraph E.5. This total, combined with departmental AME on the same basis and local authority and public corporations spending gives the department's TES.

Derivation of Total Expenditure on Services from departmental budgets, 2003-04

	Education and Skills	Health	Transport	Office of the Deputy Prime Minister	Home Office	Constitutional Affairs	Law Officers' departments	Defence	Foreign and Commonwealth Office	International Development	Trade and Industry	Environment, Food and Rural Affairs	Culture, Media and Sport	Work and Pensions	Scotland	Wales	Northern Ireland Executive	Northern Ireland Office	Chancellor's departments	Cabinet Office	Total for all departments
Take:	23,136	62,679	7,830	46,915	11,721	3,200	576	31,316	1,585	3,793	4,379	2,691	1,279	8,287	18,826	9,834	6,421	1,043	4,516	1,854	251,881
Res DEL	3,242	2,539	3,034	2,766	929	130	11	6,073	50	27	578	355	147	186	1,401	807	360	54	253	522	23,464
Cap DEL	6,842	6,328	3,088	507	40	58	—	4,609	—	128	902	2,173	1,592	103,940	1,868	726	5,389	165	19,967	5,017	163,339
Cap AME	4	—	—	216	—	—	—	-4	—	—	-701	1	841	90	—	10	63	—	—	—	520
Remove:																					
Finance to LAs	-8,951	-1,948	-3,647	-45,714	-4,869	-315	—	—	—	—	-100	-120	-910	-14,352	-6,316	-4,277	-74	—	—	-19	-91,612
Finance to PCs	—	—	-19	-68	—	—	—	—	-37	—	—	-1	—	-7	-8	—	-28	—	—	-1	-169
Financial transactions	—	-3	-8	-16	—	—	9	—	—	19	373	—	—	-90	-42	—	83	—	—	—	325
Non-cash items in DEL	-775	-2,406	-514	-30	-349	101	-5	-10,020	-147	-22	-27	-200	-150	-88	-363	-196	-155	-109	-165	-376	-15,996
Non-cash items in AME	-5,921	-8,472	-3,088	—	—	-69	—	-2,051	—	-10	-134	-23	1	-85	-1,517	-341	-1,505	-71	-530	-3,981	-27,797
Profit/loss of PCs	—	705	—	—	—	—	—	—	—	—	—	-2	—	—	-16	57	47	—	—	—	791
Other items not in TME	39	—	37	—	45	—	—	—	—	—	118	14	70	—	—	—	—	—	13	—	336
Interest and dividends	205	—	12	21	2	—	—	12	—	—	280	—	—	—	40	—	41	—	15	—	628
Trust debt remuneration	—	-831	—	—	—	—	—	—	—	—	—	—	—	—	—	-66	—	—	—	—	-897
Add:																					
PC capex	0	5	694	64	9	24	0	99	37	5	670	5	122	5	409	0	28	0	37	0	2,213
LA Cap exp	2,558	186	2,468	639	471	32	—	—	—	—	1	300	445	—	811	455	75	—	—	—	8,441
LA current exp	30,688	14,805	4,392	7,775	9,916	417	—	—	—	—	278	3,811	2,045	13,228	8,440	3,930	289	—	—	31	100,045
Northern Ireland locally financed expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	384	—	—	—	384
Debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22,776
EU transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-2,143
To give:																					
Total Expenditure on Services	51,067	73,588	14,279	13,078	17,914	3,579	582	30,043	1,489	3,940	6,614	9,005	5,481	111,114	23,532	10,940	11,417	1,082	44,739	3,047	436,527

F

GLOSSARY OF TERMS

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

Accounting adjustments shown in, for example, table 1.1 are certain items of expenditure that account for the difference between TME and the sum of DEL, **Departmental AME** and Other AME (see Appendix D). TME is drawn from **national accounts**. However there are certain components in national accounts which are not included in the **resource** and **capital budgets** that form the basis of planning and control of departmental spending under resource budgeting, and there are some items in **resource budgeting** aggregates that are not part of TME. These items form the accounting adjustments. Appendix B has full details.

Accruals in table headings means that the information is at least partly derived from material provided for accruals accounts or for plans that are consistent with accruals accounting. Accruals based data will reflect the timing of expenditure on an accruals basis. Whether other accruals accounting concepts are contained depends on the aggregate. Total Expenditure on Services (See Appendix E) includes almost no accruals accounting concepts. **Total Managed Expenditure** includes depreciation. The budgeting aggregates DEL and **Departmental AME** include **depreciation, cost of capital charge**, provisions &c.

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

Administration budget – the costs of running a central government department. It includes the pay of the civil servants who work in the department, and associated expenditure such as **aslcs**, accommodation, travel, and training. Administration Budgets are set net of income arising from departments' administrative activities.

Aggregate External Finance (AEF) is central government support for expenditure on local authority main services. It comprises **Revenue Support Grant**; distribution of **national non-domestic rate** receipts; police grant and various other specific and special grants which fund part of the current expenditure on a specific service or activity. AEF does not include the cost of VAT refunded to local authorities on their non-business operations.

Annually Managed Expenditure (AME) is spending included in **Total Managed Expenditure** which does not fall within **Departmental Expenditure Limits (DELs)**. Expenditure in AME is generally less predictable and controllable than expenditure in DEL. **Departmental AME** is spending in AME which is scored in departmental budgets.

AME Margin is an unallocated margin on total AME spending included for prudential reasons.

Appropriations in aid are departmental income that is retained by departments in their **Supply Estimates** and used to offset related expenditure. Typically the income arises from the sale of goods and services. Non-operating appropriations in aid relate to income from the sale of assets.

Assets can be either financial or non-financial:

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

Billion – a thousand million

The **Blue Book** is a publication by ONS that presents **national accounts**.

Capital consumption is also called **depreciation** and represents the amount of fixed capital used up each year.

A department's **Capital Budget** covers **capital expenditure**. The capital budget is divided into **DEL** and **Departmental AME**. The capital budget includes gross capital formation, net acquisition of land and the net acquisition of financial assets acquired for policy purposes (net lending). The capital budget includes **capital grants** (from 2004-05 referred to as Supported Capital Expenditure (Capital)) to local authorities (treated as resource expenditure in accounts and **Estimates**), but not most other capital grants. It also includes single use military equipment treated as current expenditure in **national accounts**.

Capital expenditure can be understood in several ways.

- In **national accounts** capital expenditure is usually understood to mean **capital formation**, the net acquisition of land, and expenditure on capital grants. **Capital formation** is expenditure, net of sales, on fixed assets (such as buildings, vehicles and machinery) and net stock building, and can be measured gross or net of **depreciation**. Fixed assets are assets that can be used repeatedly to produce goods and services and generally last more than one year. Sometimes a minimum cost threshold (say £1,000) is applied to further define capital assets. There are some borderline cases: for example in national accounts all assets with a purely military use are defined as current; but assets that can be used for civil and military purposes count as capital. Certain types of significant computer software development are treated as capital expenditure.
- Capital expenditure includes the value of assets acquired under finance leases.
- In-house development of assets such as computer software and databases can be capitalised in government accounts provided certain conditions are met. It is sometimes called "own account capital formation".
- **Net investment** is public sector capital expenditure, as defined above, net of depreciation.
- Under **resource accounting**, and in various presentations of local authority finances, capital expenditure also includes loans that are given and the net acquisition of shares. In other words it includes the net acquisition of financial assets that are acquired for policy reasons rather than for managing the government's funds. Such policy lending also generally scores in **DEL**, in the capital budget, but is removed by the **accounting adjustments** as it does not score in **TME**.

- Some presentations of the capital expenditure of central government, and capital DELs include **credit approvals** (up to 2003-04) and provision for **Supported Capital Expenditure** (Revenue) allocations (from 2004-05) given to local authorities.

Capital grants (also called investment grants) are payments given by government on the condition that the recipient uses the funds for **capital formation** (for example: building a school or factory or buying a machine). Capital grants are also used in **national accounts** to record debt write-offs made by government for policy reasons. In such cases two transactions are recorded: a capital grant from government to the debtor; and the repayment of debt by the debtor. Capital grants are treated as current expenditure in resource accounts and Estimates. Capital grants to **public corporations** and the private sector are normally included in the **resource budget**, but capital grants to local authorities (Supported Capital Expenditure (Capital)) remain under the **capital budget**.

The **Capital Modernisation Fund (CMF)** was a challenge fund from which departments could bid for provision to support capital projects aimed at improving the quality of public service delivery (see also **Invest to Save Budget**). The CMF was not allocated to any specific department when public expenditure was being planned. The CMF was discontinued in the 2003 Budget, and the remaining unallocated amounts were removed from DEL.

Cash-Equivalent Budgets are the **near-cash** elements of budgets.

Central Government is a sector in **national accounts**. It comprises Parliament; government departments and their executive agencies; the devolved assemblies of Scotland and Wales; Northern Ireland departments; government funds such as the **National Loans Fund**; the foreign exchange official reserves; non-departmental public bodies; and various other public bodies that are controlled and mainly financed by central government. Central Government does not include **public corporations**, nor does it include some non-profit institutions that receive significant government funding – such as universities, further education colleges, and housing associations – this is because they are not controlled by government and so they belong in the private sector.

Classification changes are changes in the way items of public expenditure are recorded, rather than an actual change in the amount of cash spent or resources consumed. Classification changes can increase or decrease the recorded level of public expenditure.

The **Code for Fiscal Stability** set out the fiscal policy framework and gave it a statutory basis in the 1998 Finance Act. It has five principles: transparency, stability, responsibility, fairness and efficiency.

Common Foreign and Security Policy (CFSP) is an EU programme. Its costs are attributed to the Foreign Office's DEL.

Consolidated Fund is the Government's main account with the Bank of England. Most of central government's expenditure is financed from this fund, and most taxes and other receipts are paid into it.

Consolidated Fund Extra Receipt means income or receipts of a government department that it has to pay into the **Consolidated Fund** rather than keep in its **Supply Estimates** as an **appropriation in aid** to help finance its own expenditure. For example, most fines levied by the Crown Court are treated this way.

Cost of capital charge is an annual non-cash charge applied to each department's budget. It is 3.5 per cent of the net assets of the department and is used to make departments aware of the full cost of holding assets. Previously the charge had been levied at a rate of 6 per cent. It was reduced to 3.5 per cent with effect from 2003-04. This change in rate was effected as a **classification change**, and therefore back years data were reworked as if the charge had been at 3.5 per cent throughout.

Credit approvals used to be given by central government to local authorities and represented the amounts that each local authority was allowed to borrow to finance capital expenditure. There were two types: Basic Credit Approvals (BCAs) - for any sort of capital expenditure), and Supplementary Credit Approvals (SCAs) – for particular projects or services. Supported credit approvals were those where current grants to local authorities were increased to finance the borrowing. Unsupported credit approvals carried no promise of future government support and scored in AME. Credit approvals ceased to exist from 1 April 2004 and have been replaced by **Supported Capital Expenditure (Revenue)**.

Current expenditure on goods and services is a national accounts term. It is the sum of expenditure on pay and related staff costs, plus spending on goods and services. It is net of receipts from sales. It excludes **capital expenditure**, but includes expenditure on equipment that can only be used for military purposes. It differs from final consumption in that **capital consumption** is not included.

Departmental AME – is spending that is outside DEL but included in departmental budgets. Main categories include social security benefits, tax credits for individuals, and common agricultural policy spending.

Departmental Expenditure Limits (DELs) are firm plans for three years for a specific part of a department's expenditure. In general the DEL will cover all running costs and all programme expenditure, except in certain cases where spending is included in **departmental AME** because it cannot reasonably be subject to close control over a three year period. Both resource and capital budgets are divided into DEL and departmental AME. DEL normally includes relevant non-cash items such as **depreciation, cost of capital charges**, and provisions. Total DEL is the sum of the **Resource Budget DEL** and the **Capital Budget DEL**, less **depreciation**. Depreciation is excluded from Total DEL as scoring both capital expenditure and depreciation may be seen as in a sense double counting. Total DEL is not a control total: it is purely used for presentation.

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

Departmental Unallocated Provision (DUP) is an amount that a department keeps within its budget to meet unplanned increases in spending, and which is not allocated to any particular programme at the start of a year.

Depreciation is also termed **capital consumption**. TME includes non-trading capital consumption as an item of **current expenditure**. TME includes **public sector capital expenditure** without a deduction for the depreciation of capital assets. **Public sector net investment** deducts an aggregate charge for all depreciation (market and non-market) from gross capital spending.

The **Economic and Fiscal Strategy Report (EFSR)** was first published by HM Treasury in June 1998 and describes the Government's fiscal policy. It now appears together with the **Financial Statement and Budget Report (FSBR)** in a single Budget document published on Budget day (sometimes called the Red Book).

Economic Categories. These represent classifications in **national accounts** and are one of the categories used to collect data from government departments on their expenditure. The main categories in TME are set out in Table 3.7.

Efficiency Challenge Fund. Central fund set up within **Resource DEL** to which departments were able to bid for match funding in 2004-05 and 2005-06 towards restructuring costs. Sums allocated from the fund are added to departments' DELs but score outside **Administration Budgets**.

End Year Flexibility (EYF) is the set of rules by which departments are allowed to carry forward unspent DEL provision from one year to the next.

Estimates – see **Supply Expenditure**.

The **European System of Accounts 1995 (ESA95)** is the system used by the **Office for National Statistics** for measuring and presenting UK **national accounts**. The system is compulsory for EU member states reporting economic statistics to the EU Commission. ESA95 is consistent with the earlier System of National Accounts 1993 (SNA93) which was developed by a number of international organisations.

The **Exchange Equalisation Account (EEA)** is the government's account at the Bank of England that holds the official gold and foreign currency reserves.

Excessive Deficit Procedure is part of the Maastricht Treaty. It requires EU member states to keep their **general government** net borrowing below 3 per cent of GDP and **general government** gross debt below 60 per cent of GDP.

The **Financial Statement and Budget Report (FSBR)** is published each year by the Treasury on Budget day. It has been known as the Red Book. Since 1999 it has been published alongside the **Economic and Fiscal Strategy Report** in a single Budget document.

Financial transactions are payments and receipts relating to changes in holdings of financial assets or liabilities. Financial assets entitle their owners to unconditional financial claims on the units that have the liability (except for gold where there is no liability on another unit). Government's financial liabilities include Treasury Bills; British Government securities (gilts); loans received; deposits accepted for example in respect of National Savings; and accounts payable such as for goods received but not yet paid for. Government's financial assets include bank deposits; monetary gold; foreign currency held; bonds and shares owned; loans given; accounts receivable in respect of, for example, taxes accrued but not yet paid; **public dividend capital** and the value of government's other stakes in **public corporations**. Physical assets such as buildings and land are not financial assets. Transactions in some financial assets are undertaken to manage cash flows for example movements in bank deposits; but some are undertaken to further a policy such as lending to students. These types of financial transactions are sometimes called policy lending and if undertaken by a department are normally included in its **DEL capital budget**.

The **fiscal framework** is part of the government's policy for public finances and is based on the **golden rule** and the **sustainable investment rule**.

Fiscal Policy is the set of decisions made by government that determines the levels of taxes and public expenditure. See also the **Code for Fiscal Stability** and the **Fiscal Framework**.

General Government is the consolidated combination of the central and local government sectors in **national accounts**.

Generally accepted accounting practice (GAAP). There is no statutory definition of GAAP, but it is taken to be the accounting and disclosure requirements of the Companies Act, pronouncements by the Accounting Standards Board (eg financial reporting standards), and the body of accounting knowledge built up over time. GAAP is a different accounting framework from the **national accounts** used for TME and the government's **fiscal framework**.

The **Golden Rule** states that, on average over the economic cycle, the government will borrow only to invest and not to fund current expenditure. This means that, over the cycle, the **surplus on current budget** must not be negative. It is one of the Government's two fiscal rules underpinning its **fiscal policy**.

Grants are unrequited payments to individuals or bodies. In **national accounts** current grants to persons are called social benefits; and those to trading businesses are called **subsidies**. See also **capital grants**.

Grants in aid are grants voted in **Estimates** to a particular organisation where any unspent amount at the end of the year does not have to be returned to the **Consolidated Fund**. Many **Non-Departmental Public Bodies** are funded this way.

Gross Domestic Product (GDP) (at market prices) is the value of goods and services produced in the UK. "Gross" means there is no deduction for capital consumption. Economic data are often quoted as a percentage of GDP to give an indication of trends through time and to make international comparisons easier.

The **Housing Revenue Account (HRA)** represents the current income and expenditure of local authority social housing provision. The HRA is treated as a quasi-corporation in national accounts. The surplus of income (including rent rebates and subsidies paid by other parts of government) over expenditure is treated as being paid over to local authorities as a notional dividend on the revenue side of the account. This means that the current expenditure of local authority housing departments is not included in TME. The cost of rent rebates and subsidies is included in TME; these items are within the AME lines for social security benefits and other departmental expenditure in AME. Local authority **capital expenditure** on housing and payments of interest on housing related debt are treated as part of local authority expenditure.

The **Invest to Save Budget** is a challenge fund from which departments can bid for provision to support extra capital expenditure. It is within capital DEL but not allocated to any department at the planning stage. It is allocated to projects that involve different parts of the public sector working together to improve service delivery and cut costs.

Local Authority Self-Financed Expenditure (LASFE) is aggregate **local government** expenditure, less its receipts of government grants including distribution of NNDR in England and Wales. It represents local government expenditure financed from local resources such as council tax, trading surpluses, investment income, capital receipts, self-financed borrowing, and use of reserves.

Locally Financed Expenditure (LFE) is LASFE plus expenditure financed by non-domestic rates in Scotland and Northern Ireland Regional Rates (NIRR).

Local Government is a sector in national accounts. It comprises all local authorities in the UK including county councils, metropolitan districts, parish councils, police and fire authorities, residuary bodies, passenger transport authorities, Transport for London, London boroughs, and the Greater London Assembly.

National Accounts: this is a statistical system that represents the UK's economic transactions. The system provides a number of key economic statistics including **Gross Domestic Product (GDP)**, consumers' expenditure, the balance of payments with the rest of the world, and the public sector balances used in the **Code for Fiscal Stability**.

National Health Service (NHS) Trusts in England and Wales sell health services to NHS service procurement bodies. In Scotland NHS trusts have been re-absorbed back into Health Boards. NHS trusts are now in the central government sector.

National Non-Domestic Rates (NNDR) is a tax paid by the occupiers of non-domestic property, principally businesses. The bill for a property depends on its rateable value and the poundage. The poundage is set by central government at a common rate for England – sometimes called the Uniform Business Rate. Most NNDR is collected from businesses by local authorities and then paid into a central government pool. Some large businesses with national activity (such as utility companies) pay directly into the pool (the Central List). Until 31 March 2000 government departments (the Crown List) paid Contributions in Lieu of Rates directly into the pool; they now pay normal NNDR. The pool is distributed back to local authorities in proportion to their population and is scored in expenditure as a central government grant to local authorities. Similar systems apply in Wales and Scotland. The grant is in DEL for England and Wales, but in the AME line for **Locally Financed Expenditure** in Scotland. NNDR payments by **general government** are consolidated out through the **accounting adjustments** to arrive at TME.

The **National Insurance Fund** is the statutory fund into which all National Insurance contributions are paid and from which expenditure on contributory social security benefits is met.

The **National Loans Fund (NLF)** is a Government account with the Bank of England set up under the National Loans Fund Act 1968. All government borrowing and nearly all lending transactions are handled through this fund.

The **National Lottery Distribution Fund (NLDF)** is a central government fund that receives a proportion of national lottery ticket sales (receipt of that proportion is treated as a tax in national accounts) and distributes money to good causes (treated as central government expenditure in AME).

Near Cash elements of budgets are those elements measured on an accruals basis that turn into cash transactions quickly, for example **pay**, current procurement, **capital expenditure** and income from sales. Near-cash includes expenditure that in budgeting and accounting terms is covered by the release of provisions. In tables, near-cash is total budgets *less non-cash* items.

Net lending has two meanings.

- In national accounts it is the balance of the current and capital accounts and is often quoted with sign reversed as “net borrowing” – which is sometimes called the government deficit.
- In this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so for example privatisation receipts count as negative net lending. Government lends to students, some industries such as aerospace, public corporations, local authorities, to some overseas governments and to some international bodies that supply foreign aid.

Net Taxes and Social Security Contributions is a Treasury measure of cash payments made to government. It includes taxes that are treated in the **national accounts** as paid to the EC. In this measure all tax credits are treated as negative tax to the extent that the amount paid is less than the tax liability of the household. A full reconciliation to the national accounts measure of taxes is published in the **Financial Statement and Budget Report**.

New tax credits are the Working Tax Credit and Child Tax Credit. They replaced former personal tax credits in 2003-04. New tax credits score as **TME (Departmental AME)**, when the amount paid exceeds the tax liability of the household, but as negative tax when the amount paid is less than or equal to the tax liability of the household.

Non-cash items refer to various notional transactions that appear in the **operating cost statement** under RAB, such as depreciation, cost of capital charges and the taking and release of provisions. Most non-cash items are in DEL, but some are in AME.

Non-Departmental Public Bodies (NDPBs) are generally central government bodies with day to day autonomy in their management and financial matters, and usually funded through **grant in aid**. A list can be found in the Cabinet Office publication "Public Bodies".

Operating Cost Statement: This is the statement in departmental resource accounts that shows the current income and expenditure of the department on an accruals basis. It is similar to the profit and loss statement in commercial accounts.

Outturn and estimated outturn describe expenditure actually incurred, or estimated on the basis of actual expenditure to date.

The Office for National Statistics (ONS) is the government department that produces many official statistics such as the **national accounts**. ONS decides classification issues for national accounts.

Pay includes salaries, employers' National Insurance Contributions, and accruing pension costs (actual or imputed, such as **aslcs**).

Police grant is a current grant from central government to police authorities.

The Private Finance Initiative (PFI) is a system for purchasing capital intensive services for the public sector. Typically, the private sector designs, finances, builds, and maintains infrastructure, and other fixed capital assets, and then operates those assets to sell services to the public sector. In a proportion of cases the capital assets are accounted for on the balance sheet of the private sector operator; in other cases they are on the public sector's books.

Privatisation proceeds are the receipts from the sale of shares, other securities and debt, in **public corporations** that were sold as part of the privatisation programme. The proceeds are recorded as negative net lending. A corporation is said to be privatised when it is no longer controlled by government: in such cases it is classified to the private sector.

Public corporations are publicly controlled trading bodies with substantial financial and operational independence from central and local government. To be classed as trading they must receive the majority of their income from sales into a market, rather than grant funding from government. They include Royal Mail Holdings; central government **trading funds** such as the Meteorological Office and Companies House; and broadcasters such as BBC and Channel Four.

Public Dividend Capital (PDC) is a form of long-term government finance for some **public corporations**. The government receives a return in the form of dividends rather than fixed interest payments.

Public expenditure is spending by public bodies. The definition of aggregate public expenditure most frequently used in this publication is **Total Managed Expenditure (TME)**.

Public Private Partnerships (PPPs) are arrangements whereby, typically, the public sector and private sector form joint ventures to improve the efficiency of public sector operations. They can be classified in national accounts to either the public or private sectors depending on who has the most control over the PPP.

The **Public Sector** comprises general government and public corporations. The Bank of England is in a separate sector – the Central Bank Sector.

Public sector current expenditure:

- is the sum of the **current expenditure** of **general government** and some property income (interest and rent) paid by **public corporations** to the private sector and abroad;
- does not include expenditure incurred in producing goods and services for sale. (The surplus of sale receipts over operating costs for public corporations and general government trading bodies is scored as a public sector receipt and does not affect the expenditure measure);
- is net of certain receipts such as: grants within the public sector; interest flows within the public sector; receipts of contributions to public sector occupational pension schemes; receipts of grants from abroad including the EC abatement;
- includes **non-trading capital consumption**. This is the **depreciation** of the fixed assets of public bodies that mostly produce goods and services that are not sold. It excludes depreciation on assets used to produce goods and services for sale including the assets of public corporations and local authority housing.

Public sector net investment is public sector **capital expenditure** less **depreciation**.

Public Sector net borrowing is the difference between public sector current and capital receipts and expenditure as measured by **national accounts**. It also equals the net balance of the public sector's net acquisition of financial liabilities less its acquisition of financial assets. Negative net borrowing is sometimes called **net lending**. Data imprecision means that the different ways of measuring net borrowing never give exactly the same answer. The difference is called the statistical discrepancy in **ESA95** (it used to be called the balancing item).

Public Sector Net Debt is the sum of the public sector's financial liabilities at nominal value, less its liquid financial assets.

The **Public Sector Surplus on Current Budget** is the difference between the public sector's current receipts (including capital taxes) and its current **expenditure** (including **depreciation**). It is the key fiscal balance underlying the operation of the **Golden Rule**.

Real terms figures are amounts adjusted for the effect of general price inflation as measured by the GDP market price deflator.

Receipts from fees and charges. General Government final consumption in **national accounts**, and departmental expenditure for budgeting purposes, are measured net of receipts from certain fees and charges such as sales of publications and medical prescription charges. To be treated in this way two conditions must hold:

- there is a clear and direct link between the payment of the fee and the supply of goods or services to the payer of the fee (for this purpose, the supply of a service can include testing an ability, eligibility or quality);
- the size of the payment is related to the cost of supplying the goods and services, such that the government is not exploiting a monopoly function to raise revenue. If the receipts do exceed the cost significantly the payments are treated as taxes. In some cases the payment is split between a sale and a tax.

There are a few receipts which in national accounts are not netted off public expenditure but which are netted off in departmental expenditure budgets from either **DEL** or **departmental AME**. The **accounting adjustments** provide more information.

Requests for Resources (RfRs) in the Estimates presented to Parliament ask for permission for departments to spend. They show the resources required by each department based on accruals, rather than cash, concepts. Departments may have one or more RfRs, each representing a high level objective of the department.

The **Reserve** is an amount within **DEL**, not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies. The **AME margin** is a similar concept within **AME** and allows for estimating changes.

Resource accounting is the accounting system used to record expenditure in departmental accounts. It applies **generally accepted accounting practice (GAAP)** to departmental transactions. Spending is measured on an accruals basis.

Resource budget is the budget for current expenditure on an accruals basis. It is divided into resource **DEL** and resource **departmental AME**.

Resource budgeting is the budgeting regime based on **resource accounting** introduced for the spending plans set in the 2000 Spending Review and which has been used for in-year spending control from 2001-02. It is derived from resource accounting rules, but there are a few differences in treatment between resource accounts and resource budgets.

Resource outturn is the actual expenditure corresponding to approval for expenditure voted in a **Request for Resources**.

Revenue Support Grant is an unhypothecated current grant from central government to local authorities.

Spending sectors are the sectors of the economy that are making the expenditure, for example: central government, local government and public corporations.

Spending Reviews set **DELs** for the following three years. The first was the Comprehensive Spending Review in 1998. SRs are held every two years. The most recent, SR2004, reported in July 2004, and set plans for 2005-06 to 2007-08.

Standing Services are payments for certain services that Parliament has decided by statute should be met directly from the **Consolidated Fund** without being noted in **Supply Estimates** (eg, salaries and pensions of judges).

Stock-building (also known as the net acquisition of inventories) is the value of the physical increase in stocks. In government accounts it relates mainly to MoD stocks and to agricultural stocks held by the Intervention Board.

Subsidies are payments by government and the EC to trading businesses to help pay for current costs, for example: payments to farmers under the EC's Common Agricultural Policy. Subsidies may be paid to public corporations as well as private sector firms.

Supply expenditure is expenditure financed through resources and cash voted by Parliament in the annual **Supply Estimates**: also termed voted in Estimates.

Supported Capital Expenditure (SCE) is the term used for central government capital support for local authorities in England from 2004-05. Supported Capital Expenditure (Revenue) (SCE(R)) is the amount of capital expenditure by a local authority towards which central government is prepared to provide revenue grant support. This is either through Revenue Support Grant (RSG) to help authorities with the costs of financing loans, or Housing Revenue Account subsidy. Supported Capital Expenditure (Capital) (SCE(C)) is the term used for capital grants.

The **Sustainable Investment Rule** is one of the two fiscal rules underpinning the Government's **fiscal policy** and states that **public sector net debt** as a proportion of GDP will be held at a stable and prudent level.

Total DEL. See DEL.

Total Managed Expenditure (TME) is a definition of aggregate public spending derived from **national accounts**. It is the consolidated sum of **current** and **capital expenditure** of **central** and **local government**, and **public corporations**. TME is the sum of DEL and AME.

Public sector **trading bodies** are publicly owned or controlled trading businesses.

- **Public corporations** are trading bodies. Although controlled by a public sector body, public corporations are legally separate institutional units, responsible for their own day to day operations and producing their own accounts.
- **Quasi-corporations** are entities that meet the economic definition of a public corporation (that is, trading income covering at least half their costs) but that do not take a separate legal form. Examples are Export Credits Guarantee Department and local authority housing. They score in the national accounts like public corporations (although **capital expenditure** on housing and interest on housing related debt are treated as local authority expenditure).
- There may also be some trading activities which are closely integrated within **general government** and do not have enough independence to be classified as a public corporation or quasi-corporation. Their **capital expenditure** is included in public expenditure measures, but their current expenditure and current receipts are included as a revenue item called gross trading surplus. There are examples in the **local government** sector: some theatres and sports facilities.

Trading Funds are government departments or parts of government department. They have financing frameworks that allow them to meet outgoings without the cash flows passing through **Estimates**. Generally they cover their costs from trading receipts. In **national accounts** they are normally treated as **public corporations**.

The European Communities' **Traditional Own Resources** consist of: customs duties, including those on agricultural products; and sugar levies.

VAT refunds are given to departments in relation to payments for contracted-out services to remove a disincentive to contracting out services which might otherwise have been performed in-house.

Welfare to Work was a spending programme covering current and capital expenditure on a wide range of social services and benefits. It was funded from receipts from the windfall tax levied on the privatised utilities in December 1997 and 1998 which raised over £5 billion. From 2001-02 the expenditure on equivalent programmes is not separately identified in PESA tables.

Whole of Government Accounts (WGA) will be a set of consolidated financial statements, based on **Generally Accepted Accounting Practice** in the UK (UK GAAP), broadly covering the UK public sector.



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