

# 7

## Local government financing and expenditure

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

7.2 Data for outturn years (to 2008–09) are covered by National Statistics protocols.

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

7.4 Local government spending data for all years up to 2008–09 are final outturn. Data for 2009–10 are based on budget plans.

### What's new

7.5 There have been no significant changes to the presentation of data within this chapter since PESA 2009.

### The financing of local government expenditure

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

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

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

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

### Support for local government current spending

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

- Revenue Support Grant (RSG) – a non ring-fenced grant paid to local government in England, Scotland and Wales;

- non-domestic (business) rate payments – the proceeds of National Non-Domestic Rates (NNDR) are pooled separately in England and Wales, and then redistributed. As noted above, equivalent payments in Scotland are considered to be locally financed rather than central government support;
- other specific and special grants such as the Dedicated Schools Grant (DSG) and police grant, which fund part of the current expenditure on a specific service or activity; and
- Area Based Grant – a pooled current grant that is paid to local government by Communities and Local Government (CLG), acting as agent for other contributing departments.

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

## Support for local government capital programmes

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

## Data sources and data quality

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

## Local government expenditure

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

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

## Local government expenditure on services

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

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

- **Table 7.4** presents total local government expenditure by function;
- **Table 7.5** shows local government current expenditure by country and function;

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

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

## Data sources and data quality

7.19 The local government expenditure shown in **Tables 7.4 to 7.8** is based on revenue (current) and capital data collections completed by local authorities and sent to the Department for Communities and Local Government (CLG) and devolved administrations. These departments carry out quality assurance on the data received, produce aggregate results for publication, and supply this information to the Treasury.

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

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

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

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

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

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

**Table 7.1 Financing of local government in the United Kingdom by country, 2004–05 to 2010–11**

	National Statistics							£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	
<b>Current finance in DEL</b>								
England	62,448	66,657	70,103	73,877	76,577	79,392	85,095	
Scotland	6,862	7,219	7,396	7,818	8,329	8,636	9,027	
Wales	3,975	4,148	4,465	4,693	5,089	5,178	4,966	
Northern Ireland	65	60	50	54	54	55	53	
<b>Total current finance in DEL</b>	<b>73,351</b>	<b>78,085</b>	<b>82,015</b>	<b>86,442</b>	<b>90,049</b>	<b>93,261</b>	<b>99,141</b>	
<b>Capital support in DEL</b>								
England	8,980	9,762	8,898	10,535	10,467	12,996	11,715	
Scotland	768	829	961	976	951	1,049	870	
Wales	522	685	687	735	771	767	806	
Northern Ireland	7	6	9	10	3	3	181	
<b>Total capital support in DEL</b>	<b>10,276</b>	<b>11,282</b>	<b>10,555</b>	<b>12,256</b>	<b>12,192</b>	<b>14,814</b>	<b>13,573</b>	
<b>Total central government support in DEL<sup>(1)</sup></b>	<b>83,626</b>	<b>89,367</b>	<b>92,570</b>	<b>98,697</b>	<b>102,242</b>	<b>108,075</b>	<b>112,713</b>	
<b>Current finance in departmental AME</b>								
England	14,592	15,485	17,546	18,249	19,802	22,632	24,427	
Scotland	1,501	1,536	1,583	1,622	1,718	1,904	2,025	
Wales	696	762	814	848	900	1,019	1,101	
Northern Ireland	1	1	2	1	1	1	1	
<b>Total current finance in departmental AME</b>	<b>16,789</b>	<b>17,785</b>	<b>19,945</b>	<b>20,720</b>	<b>22,422</b>	<b>25,556</b>	<b>27,554</b>	
<b>Capital support in departmental AME</b>								
England	689	446	617	1,495	783	471	279	
Scotland	0	0	0	7	6	6	6	
Wales	16	10	7	3	3	3	3	
Northern Ireland	1	1	1	1	1	1	1	
<b>Total capital support in departmental AME</b>	<b>707</b>	<b>458</b>	<b>626</b>	<b>1,506</b>	<b>793</b>	<b>482</b>	<b>289</b>	
<b>Total central government support in departmental AME<sup>(2)</sup></b>	<b>17,496</b>	<b>18,243</b>	<b>20,571</b>	<b>22,226</b>	<b>23,215</b>	<b>26,038</b>	<b>27,843</b>	
<b>Locally financed expenditure</b>								
Local authority self-financed expenditure	20,952	23,675	24,145	26,141	31,741	30,025	30,317	
Locally financed support in Scotland <sup>(3)</sup>	1,896	1,897	1,884	1,860	1,963	2,165	2,068	
<b>Total locally financed expenditure</b>	<b>22,848</b>	<b>25,572</b>	<b>26,028</b>	<b>28,001</b>	<b>33,703</b>	<b>32,191</b>	<b>32,385</b>	
<b>Total financing of local government expenditure</b>	<b>123,971</b>	<b>133,183</b>	<b>139,169</b>	<b>148,925</b>	<b>159,160</b>	<b>166,304</b>	<b>172,942</b>	
Accounting and other adjustments	8,262	7,612	7,011	6,247	7,477	6,896	13,600	
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>	<b>186,500</b>	

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

(2) Includes lottery grants.

(3) By convention, Non-Domestic Rates Income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support. I.e. it is finance raised in Scotland rather than funding from Whitehall.

**Table 7.2 Central government current grants for local government in the United Kingdom by department group, 2004–05 to 2010–11**

	National Statistics						£ million	
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	
<b>England</b>								
<b>Education</b>								
Dedicated Schools Grant <sup>(1)</sup>	–	–	26,576	28,049	28,954	29,670	31,891	
Standards fund	1,594	2,033	2,955	2,803	2,925	3,270	2,206	
Schools standard grant	928	923	1,217	1,530	1,545	1,556	1,593	
Sure start	290	488	817	927	1,242	1,439	1,536	
Area Based Grants	–	–	–	–	1,164	1,276	918	
Young People's Learning Agency grants	–	–	–	–	–	–	5,700	
Other	1,256	1,337	332	397	123	155	426	
<b>Total Education</b>	<b>4,068</b>	<b>4,781</b>	<b>31,898</b>	<b>33,706</b>	<b>35,952</b>	<b>37,365</b>	<b>44,269</b>	
<b>Health</b>								
Health	278	261	194	186	141	30	30	
Social Care	1,871	1,880	1,578	1,609	131	260	329	
Area Based Grants	–	–	–	–	943	968	988	
<b>Total Health</b>	<b>2,148</b>	<b>2,141</b>	<b>1,772</b>	<b>1,795</b>	<b>1,215</b>	<b>1,258</b>	<b>1,346</b>	
<b>Transport</b>								
GLA transport	2,260	2,180	2,390	2,521	2,467	2,555	2,764	
Strategic rail authority	214	250	234	219	206	212	214	
Area Based Grants	–	–	–	–	181	182	169	
Other	196	146	224	361	421	422	513	
<b>Total Transport</b>	<b>2,671</b>	<b>2,577</b>	<b>2,848</b>	<b>3,100</b>	<b>3,275</b>	<b>3,371</b>	<b>3,660</b>	
<b>CLG Communities</b>								
Supporting people	1,856	1,755	1,726	1,735	1,686	1,666	–	
New deal for communities	157	160	144	131	102	79	35	
Local area agreements	–	4	456	1,707	–	–	–	
Area Based Grants	–	–	–	–	645	676	2,163	
Other	236	243	442	425	529	700	704	
<b>Total CLG Communities</b>	<b>2,249</b>	<b>2,163</b>	<b>2,768</b>	<b>3,997</b>	<b>2,962</b>	<b>3,121</b>	<b>2,902</b>	
<b>CLG Local Government</b>								
Non-domestic rate payments	15,461	18,409	18,207	18,953	21,058	19,785	21,963	
Revenue Support Grant <sup>(1)</sup>	27,006	26,726	3,443	3,163	2,909	4,547	3,167	
Neighbourhood renewal fund	450	525	525	–	–	–	–	
PFI special grant	427	416	513	594	677	777	909	
LA business growth incentive scheme	–	116	329	389	102	49	–	
Other	105	245	274	197	275	333	126	
<b>Total CLG Local Government</b>	<b>43,450</b>	<b>46,436</b>	<b>23,292</b>	<b>23,296</b>	<b>25,023</b>	<b>25,492</b>	<b>26,165</b>	
<b>Business, Innovation and Skills</b>								
LSC grants	1,655	2,111	1,944	2,039	2,113	2,198	–	
RDA development fund	380	385	380	346	279	253	391	
Other	15	13	6	7	8	3	3	
<b>Total Business, Innovation and Skills</b>	<b>2,050</b>	<b>2,509</b>	<b>2,330</b>	<b>2,392</b>	<b>2,400</b>	<b>2,454</b>	<b>394</b>	
<b>Home Office</b>								
Police	5,140	5,549	5,749	5,991	6,240	6,602	6,687	
Area Based Grants	–	–	–	–	61	79	55	
Other	255	215	147	140	196	126	183	
<b>Total Home Office</b>	<b>5,395</b>	<b>5,764</b>	<b>5,896</b>	<b>6,131</b>	<b>6,498</b>	<b>6,807</b>	<b>6,924</b>	
<b>Environment, Food and Rural Affairs</b>								
Environment Agency	–34	–34	–58	–27	–22	–30	–43	
Area Based Grants	–	–	–	–	3	–	3	
Other	37	86	93	51	68	64	64	
<b>Total Environment, Food and Rural Affairs</b>	<b>2</b>	<b>51</b>	<b>35</b>	<b>24</b>	<b>49</b>	<b>35</b>	<b>24</b>	

**Table 7.2 Central government current grants for local government in the United Kingdom by department group, 2004–05 to 2010–11 (continued)**

	£ million						
	National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated	plans
						outturn	
<b>Work and Pensions</b>							
Rent rebates	4,184	4,234	4,399	4,439	4,373	4,407	4,456
Rent allowances	6,907	7,525	8,308	9,021	10,278	12,829	14,147
Council tax benefits	2,946	3,123	3,278	3,370	3,583	4,053	4,272
Area Based Grants	–	–	–	–	33	48	49
Other	512	666	630	649	549	628	550
<b>Total Work and Pensions</b>	<b>14,549</b>	<b>15,549</b>	<b>16,615</b>	<b>17,480</b>	<b>18,817</b>	<b>21,965</b>	<b>23,474</b>
<b>Other government departments</b>	458	171	195	205	188	156	75
<b>Total England</b>	<b>77,040</b>	<b>82,143</b>	<b>87,649</b>	<b>92,126</b>	<b>96,379</b>	<b>102,023</b>	<b>109,235</b>
<b>Scotland</b>							
<b>Work and Pensions</b>							
Rent allowance	618	641	670	707	786	891	1,002
Rent rebates	535	541	554	556	572	615	630
Council tax benefits	347	354	358	356	350	386	382
Other	129	65	81	80	63	59	57
<b>Total Work and Pensions</b>	<b>1,629</b>	<b>1,601</b>	<b>1,663</b>	<b>1,699</b>	<b>1,770</b>	<b>1,952</b>	<b>2,070</b>
<b>Scottish Government</b>							
Revenue Support Grant	5,267	5,586	5,778	6,170	7,433	7,750	8,370
Non-domestic rate income <sup>(2)</sup>	1,896	1,897	1,884	1,860	1,963	2,165	2,068
Police	486	521	530	550	552	569	490
Other	980	1,047	1,009	1,019	289	265	119
<b>Total Scottish Government</b>	<b>8,629</b>	<b>9,052</b>	<b>9,200</b>	<b>9,598</b>	<b>10,237</b>	<b>10,750</b>	<b>11,046</b>
<b>Other government departments</b>	0	0	0	3	2	3	3
<b>Total Scotland</b>	<b>10,259</b>	<b>10,653</b>	<b>10,863</b>	<b>11,300</b>	<b>12,010</b>	<b>12,705</b>	<b>13,119</b>
<b>Wales</b>							
<b>Home Office</b>							
Police	218	230	218	268	270	282	290
Other	–	–	–	12	12	–	14
<b>Total Home Office</b>	<b>218</b>	<b>230</b>	<b>218</b>	<b>280</b>	<b>282</b>	<b>282</b>	<b>304</b>
<b>Work and Pensions</b>							
Rent allowance	280	302	317	356	442	546	672
Rent rebates	267	276	284	294	260	251	195
Council tax benefits	156	170	177	184	195	219	231
Other	28	31	37	43	34	29	31
<b>Total Work and Pensions</b>	<b>732</b>	<b>779</b>	<b>815</b>	<b>876</b>	<b>931</b>	<b>1,045</b>	<b>1,129</b>
<b>Welsh Assembly Government</b>							
Revenue Support Grant	2,539	2,699	2,899	3,011	3,055	3,141	3,363
Non-domestic rate payments	745	788	844	902	976	1,012	918
Other	435	413	503	468	742	714	637
<b>Total Welsh Assembly Government</b>	<b>3,719</b>	<b>3,900</b>	<b>4,246</b>	<b>4,380</b>	<b>4,774</b>	<b>4,866</b>	<b>4,918</b>
<b>Other government departments</b>	2	0	0	3	3	3	3
<b>Total Wales</b>	<b>4,671</b>	<b>4,910</b>	<b>5,279</b>	<b>5,540</b>	<b>5,989</b>	<b>6,197</b>	<b>6,354</b>
<b>Northern Ireland</b>							
<b>Culture, Media and Sport</b>							
	1	1	2	1	1	1	1
<b>Northern Ireland Executive</b>							
	65	60	50	54	54	55	53
<b>Total Northern Ireland</b>	<b>66</b>	<b>62</b>	<b>53</b>	<b>56</b>	<b>56</b>	<b>57</b>	<b>54</b>
<b>Total current finance</b>	<b>92,036</b>	<b>97,767</b>	<b>103,844</b>	<b>109,022</b>	<b>114,434</b>	<b>120,982</b>	<b>128,763</b>

(1) The discontinuity in these series reflect the creation of the Dedicated Schools Grant, replacing part of the Revenue Support Grant.

(2) By convention, Non-Domestic Rates Income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support. I.e it is finance raised in Scotland rather than funding from Whitehall.

**Table 7.3 Central government capital support for local government in the United Kingdom by country and department group, 2004–05 to 2010–11**

	£ million						
	National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated	plans
						outturn	
<b>England</b>							
<b>Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>							
Education	1,207	1,375	1,031	1,050	1,045	943	545
Health	53	53	50	50	–	–	–
Transport	1,423	1,405	1,368	854	856	903	973
CLG Communities	1,376	1,734	1,181	1,295	1,230	1,257	839
Home Office	70	73	123	67	67	73	70
Justice	9	–	–	–	–	–	–
Environment, Food and Rural Affairs	44	22	–	–	–	–	–
<b>Total Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>	<b>4,180</b>	<b>4,662</b>	<b>3,754</b>	<b>3,317</b>	<b>3,198</b>	<b>3,176</b>	<b>2,426</b>
<b>Capital grants</b>							
Education	2,522	2,685	2,544	3,658	3,800	5,756	5,642
Health	87	68	131	108	164	274	256
Transport	283	160	291	1,077	1,014	1,240	1,117
CLG Communities	1,297	1,218	1,719	2,706	1,915	1,804	1,437
CLG Local Government	256	315	222	32	122	223	12
Business, Innovation and Skills	551	547	578	567	426	434	467
Home Office	286	312	55	265	249	262	233
Justice	38	1	2	0	3	–	–
Environment, Food and Rural Affairs	78	122	140	69	170	219	100
Culture, Media and Sport	89	118	69	226	177	79	304
Work and Pensions	1	0	0	0	0	–	–
Cabinet Office	0	0	11	5	13	–	–
<b>Total capital grants</b>	<b>5,488</b>	<b>5,546</b>	<b>5,762</b>	<b>8,714</b>	<b>8,053</b>	<b>10,291</b>	<b>9,568</b>
<b>Total England</b>	<b>9,669</b>	<b>10,208</b>	<b>9,516</b>	<b>12,031</b>	<b>11,250</b>	<b>13,467</b>	<b>11,994</b>
<b>Scotland</b>							
<b>Supported borrowing</b>							
Scottish Government	364	355	352	358	330	330	330
<b>Total supported borrowing</b>	<b>364</b>	<b>355</b>	<b>352</b>	<b>358</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Capital grants</b>							
Culture, Media and Sport	0	0	0	7	6	6	6
Scottish Government	404	473	609	617	621	719	541
<b>Total capital grants</b>	<b>404</b>	<b>474</b>	<b>609</b>	<b>624</b>	<b>628</b>	<b>725</b>	<b>547</b>
<b>Total Scotland</b>	<b>768</b>	<b>829</b>	<b>961</b>	<b>982</b>	<b>957</b>	<b>1,055</b>	<b>877</b>
<b>Wales</b>							
<b>Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>							
Home Office	4	15	–	7	7	–	4
Welsh Assembly Government	167	163	163	163	163	163	167
<b>Total Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>	<b>171</b>	<b>178</b>	<b>163</b>	<b>170</b>	<b>170</b>	<b>163</b>	<b>170</b>
<b>Capital grants</b>							
Home Office	–	–	–	7	7	8	–
Culture, Media and Sport	16	10	7	3	3	3	3
Welsh Assembly Government	351	507	523	558	594	595	636
<b>Total capital grants</b>	<b>367</b>	<b>517</b>	<b>530</b>	<b>568</b>	<b>604</b>	<b>607</b>	<b>639</b>
<b>Total Wales</b>	<b>538</b>	<b>695</b>	<b>694</b>	<b>738</b>	<b>774</b>	<b>770</b>	<b>809</b>
<b>Northern Ireland capital grants</b>							
Culture, Media and Sport	1	1	1	1	1	1	1
Northern Ireland Executive	7	6	9	10	3	3	181
<b>Total Northern Ireland</b>	<b>8</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>4</b>	<b>4</b>	<b>182</b>
<b>Total United Kingdom</b>	<b>10,982</b>	<b>11,740</b>	<b>11,180</b>	<b>13,762</b>	<b>12,986</b>	<b>15,296</b>	<b>13,862</b>

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

**Table 7.4 Local government current and capital expenditure on services in the United Kingdom by function, 2004–05 to 2009–10**

	£ million					
	National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>Current</b>						
1. General public services	4,255	4,314	4,448	4,651	4,751	4,094
<i>of which: public and common services</i>	3,870	3,874	3,930	3,959	4,237	4,083
<i>of which: public sector debt interest<sup>(1)</sup></i>	385	440	518	692	514	11
2. Defence	43	53	59	65	63	68
3. Public order and safety	13,777	14,379	14,886	15,222	15,788	16,637
4. Economic affairs	5,677	5,998	5,967	6,557	6,851	6,614
<i>of which: enterprise and economic development</i>	1,250	1,390	1,209	1,539	1,830	1,083
<i>of which: agriculture, fisheries and forestry</i>	9	10	11	13	17	13
<i>of which: transport</i>	4,418	4,598	4,747	5,005	5,004	5,518
5. Environment protection	4,142	4,527	4,772	5,132	5,501	5,846
6. Housing and community amenities	2,225	2,456	2,520	2,779	3,105	2,977
7. Health	312	298	231	228	195	239
8. Recreation, culture and religion	3,574	3,767	3,890	4,016	4,206	4,176
9. Education	38,330	40,774	42,637	45,104	47,583	48,563
10. Social protection	35,390	37,615	39,519	41,620	44,653	48,443
<b>Total local government current expenditure on services</b>	<b>107,725</b>	<b>114,182</b>	<b>118,929</b>	<b>125,374</b>	<b>132,696</b>	<b>137,657</b>
Accounting adjustments	10,899	12,903	13,684	14,422	14,951	15,691
<b>Total local government current expenditure</b>	<b>118,624</b>	<b>127,085</b>	<b>132,613</b>	<b>139,796</b>	<b>147,647</b>	<b>153,348</b>
<b>Capital</b>						
1. General public services	897	989	854	858	1,297	1,302
<i>of which: public and common services</i>	897	989	854	858	1,297	1,302
3. Public order and safety	709	701	629	677	1,013	1,087
4. Economic affairs	2,999	3,579	3,434	3,490	4,368	4,393
<i>of which: enterprise and economic development</i>	-11	128	-3	-114	335	321
<i>of which: employment policies</i>	0	0	0	1	3	10
<i>of which: agriculture, fisheries and forestry</i>	49	52	63	66	115	133
<i>of which: transport</i>	2,960	3,398	3,373	3,537	3,916	3,929
5. Environment protection	372	399	330	450	572	808
6. Housing and community amenities	1,614	1,624	1,840	2,519	2,509	1,639
7. Health	63	45	86	52	57	105
8. Recreation, culture and religion	867	1,075	1,053	1,208	1,370	1,649
9. Education	3,812	4,287	4,398	4,627	5,706	7,124
10. Social protection	200	323	266	342	274	323
<b>Total local government capital expenditure on services</b>	<b>11,533</b>	<b>13,020</b>	<b>12,889</b>	<b>14,222</b>	<b>17,168</b>	<b>18,429</b>
Accounting adjustments	2,076	690	678	1,154	1,822	1,423
<b>Total local government capital expenditure</b>	<b>13,609</b>	<b>13,710</b>	<b>13,567</b>	<b>15,376</b>	<b>18,990</b>	<b>19,852</b>
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>

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



**Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>England</b>						
1. General public services	3,354	3,075	3,336	3,297	3,566	3,380
<i>of which: public and common services</i>	3,354	3,075	3,336	3,297	3,566	3,380
2. Defence	37	46	51	57	54	59
3. Public order and safety	12,121	12,544	13,019	13,342	13,873	14,268
4. Economic affairs	4,839	5,112	5,075	5,622	5,792	5,577
<i>of which: enterprise and economic development</i>	1,039	1,158	967	1,285	1,497	769
<i>of which: agriculture, fisheries and forestry</i>	6	8	8	10	13	10
<i>of which: transport</i>	3,794	3,946	4,100	4,327	4,282	4,798
5. Environment protection	3,345	3,675	3,833	4,153	4,422	4,699
6. Housing and community amenities	1,947	2,138	2,299	2,398	2,589	2,491
7. Health	278	261	194	186	141	194
8. Recreation, culture and religion	2,642	2,799	2,921	3,017	3,133	3,126
9. Education	32,311	34,468	36,040	38,249	40,456	41,281
10. Social protection	30,046	31,969	33,871	35,444	38,052	41,484
<b>Total England</b>	<b>90,918</b>	<b>96,088</b>	<b>100,639</b>	<b>105,765</b>	<b>112,078</b>	<b>116,560</b>
<b>Scotland</b>						
1. General public services	344	564	389	439	444	404
<i>of which: public and common services</i>	344	564	389	439	444	404
2. Defence	4	4	5	4	5	5
3. Public order and safety	1,025	1,149	1,132	1,148	1,141	1,508
4. Economic affairs	541	598	588	618	679	717
<i>of which: enterprise and economic development</i>	110	141	142	150	190	214
<i>of which: agriculture, fisheries and forestry</i>	1	1	1	1	1	1
<i>of which: transport</i>	431	456	445	466	487	502
5. Environment protection	446	475	511	532	590	636
6. Housing and community amenities	86	104	2	131	186	222
8. Recreation, culture and religion	522	540	556	562	573	620
9. Education	3,992	4,179	4,371	4,514	4,673	4,798
10. Social protection	3,579	3,764	3,635	4,049	4,353	4,616
<b>Total Scotland</b>	<b>10,538</b>	<b>11,378</b>	<b>11,189</b>	<b>11,997</b>	<b>12,645</b>	<b>13,525</b>
<b>Wales</b>						
1. General public services	172	235	206	224	228	299
<i>of which: public and common services</i>	172	235	206	224	228	299
2. Defence	2	3	3	3	3	4
3. Public order and safety	632	686	735	732	774	861
4. Economic affairs	284	277	290	302	359	302
<i>of which: enterprise and economic development</i>	89	79	86	88	122	81
<i>of which: agriculture, fisheries and forestry</i>	2	2	2	2	3	2
<i>of which: transport</i>	194	196	202	212	234	218
5. Environment protection	247	263	298	296	330	347
6. Housing and community amenities	114	127	139	148	232	164
8. Recreation, culture and religion	243	249	263	274	293	268
9. Education	2,027	2,126	2,226	2,341	2,454	2,483
10. Social protection	1,764	1,882	2,014	2,126	2,248	2,343
<b>Total Wales</b>	<b>5,486</b>	<b>5,847</b>	<b>6,175</b>	<b>6,447</b>	<b>6,920</b>	<b>7,071</b>
<b>Total Great Britain</b>	<b>106,942</b>	<b>113,313</b>	<b>118,003</b>	<b>124,209</b>	<b>131,642</b>	<b>137,156</b>

**Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10 (continued)**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>Northern Ireland</b>						
4. Economic affairs	13	11	14	16	21	18
<i>of which: enterprise and economic development</i>	<i>13</i>	<i>11</i>	<i>14</i>	<i>16</i>	<i>21</i>	<i>18</i>
5. Environment protection	104	114	129	150	159	165
6. Housing and community amenities	79	87	79	101	98	100
7. Health	34	37	37	42	54	45
8. Recreation, culture and religion	167	179	150	163	207	161
<b>Total Northern Ireland</b>	<b>398</b>	<b>429</b>	<b>409</b>	<b>473</b>	<b>539</b>	<b>490</b>
Local government debt interest <sup>(1)</sup>	385	440	518	692	514	11
<b>Total local government current expenditure on services</b>	<b>107,725</b>	<b>114,182</b>	<b>118,929</b>	<b>125,374</b>	<b>132,696</b>	<b>137,657</b>
Accounting adjustments	10,899	12,903	13,684	14,422	14,951	15,691
<b>Total local government current expenditure</b>	<b>118,624</b>	<b>127,085</b>	<b>132,613</b>	<b>139,796</b>	<b>147,647</b>	<b>153,348</b>

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

**Table 7.6 Local government gross<sup>(1)</sup> capital expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>England</b>						
1. General public services	1,125	1,229	1,168	1,286	1,261	1,489
<i>of which: public and common services</i>	1,125	1,229	1,168	1,286	1,261	1,489
3. Public order and safety	639	701	652	717	960	1,065
4. Economic affairs	2,989	3,314	3,108	3,302	3,716	3,710
<i>of which: enterprise and economic development</i>	260	302	252	276	349	290
<i>of which: employment policies</i>	0	0	0	1	3	10
<i>of which: agriculture, fisheries and forestry</i>	66	93	96	85	80	73
<i>of which: transport</i>	2,663	2,919	2,760	2,940	3,284	3,337
5. Environment protection	302	301	284	346	447	695
6. Housing and community amenities	1,469	1,568	1,846	2,447	2,352	1,503
7. Health	62	43	84	42	55	98
8. Recreation, culture and religion	697	947	898	963	1,051	1,411
9. Education	3,694	4,034	4,077	4,319	5,159	6,594
10. Social protection	221	341	279	363	240	300
<b>Total England</b>	<b>11,198</b>	<b>12,478</b>	<b>12,395</b>	<b>13,785</b>	<b>15,241</b>	<b>16,865</b>
<b>Scotland</b>						
1. General public services	195	207	283	180	268	213
<i>of which: public and common services</i>	195	207	283	180	268	213
3. Public order and safety	69	67	67	69	79	65
4. Economic affairs	340	428	526	636	600	693
<i>of which: enterprise and economic development</i>	22	29	24	87	95	106
<i>of which: agriculture, fisheries and forestry</i>	24	21	30	42	61	74
<i>of which: transport</i>	294	378	472	507	444	513
5. Environment protection	48	59	40	75	69	83
6. Housing and community amenities	177	136	130	72	63	71
8. Recreation, culture and religion	121	120	137	167	210	260
9. Education	214	330	415	465	479	511
10. Social protection	42	47	59	65	63	71
<b>Total Scotland</b>	<b>1,206</b>	<b>1,393</b>	<b>1,658</b>	<b>1,729</b>	<b>1,831</b>	<b>1,968</b>
<b>Wales</b>						
1. General public services	51	60	79	73	67	23
<i>of which: public and common services</i>	51	60	79	73	67	23
3. Public order and safety	43	41	37	43	62	62
4. Economic affairs	171	241	249	258	259	228
<i>of which: enterprise and economic development</i>	26	34	30	13	17	13
<i>of which: agriculture, fisheries and forestry</i>	8	6	9	11	14	13
<i>of which: transport</i>	138	200	211	234	227	203
5. Environment protection	26	37	34	30	54	19
6. Housing and community amenities	189	191	182	213	200	179
8. Recreation, culture and religion	80	76	104	151	117	45
9. Education	144	161	185	190	203	214
10. Social protection	17	20	19	19	22	25
<b>Total Wales</b>	<b>721</b>	<b>827</b>	<b>889</b>	<b>975</b>	<b>984</b>	<b>795</b>
<b>Total Great Britain</b>	<b>13,125</b>	<b>14,698</b>	<b>14,942</b>	<b>16,489</b>	<b>18,057</b>	<b>19,628</b>

**Table 7.6 Local government gross<sup>(1)</sup> capital expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10 (continued)**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>Northern Ireland</b>						
4. Economic affairs	3	1	2	8	4	2
<i>of which: enterprise and economic development</i>	3	1	2	8	4	2
5. Environment protection	13	17	15	24	15	17
6. Housing and community amenities	15	21	27	35	32	27
7. Health	1	2	2	10	2	8
8. Recreation, culture and religion	32	43	56	75	64	60
<b>Total Northern Ireland</b>	<b>64</b>	<b>84</b>	<b>102</b>	<b>151</b>	<b>116</b>	<b>114</b>
<b>Total United Kingdom</b>	<b>13,189</b>	<b>14,782</b>	<b>15,044</b>	<b>16,641</b>	<b>18,173</b>	<b>19,742</b>
<b>Memorandum</b>						
United Kingdom gross capital expenditure, from above	13,189	14,782	15,044	16,641	18,173	19,742
United Kingdom capital receipts (see table 7.7)	-1,656	-1,762	-2,154	-2,419	-1,006	-1,312
<b>Total local government net capital expenditure on services</b>	<b>11,533</b>	<b>13,020</b>	<b>12,889</b>	<b>14,222</b>	<b>17,168</b>	<b>18,429</b>
Accounting adjustments	2,076	690	678	1,154	1,822	1,423
<b>Total local government net capital expenditure</b>	<b>13,609</b>	<b>13,710</b>	<b>13,567</b>	<b>15,376</b>	<b>18,990</b>	<b>19,852</b>

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

**Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>England</b>						
1. General public services	369	413	430	462	244	374
<i>of which: public and common services</i>	369	413	430	462	244	374
3. Public order and safety	38	102	121	144	80	98
4. Economic affairs	452	376	412	673	194	204
<i>of which: enterprise and economic development</i>	307	228	283	467	118	83
<i>of which: employment policies</i>	–	–	–	0	–	–
<i>of which: agriculture, fisheries and forestry</i>	45	63	65	69	39	24
<i>of which: transport</i>	100	85	63	137	37	98
5. Environment protection	12	8	38	14	9	2
6. Housing and community amenities	196	235	294	211	109	112
8. Recreation, culture and religion	41	85	97	120	44	97
9. Education	210	216	261	271	102	173
10. Social protection	75	84	85	100	45	68
<b>Total England</b>	<b>1,394</b>	<b>1,519</b>	<b>1,737</b>	<b>1,995</b>	<b>828</b>	<b>1,129</b>
<b>Scotland</b>						
1. General public services	92	85	179	168	44	27
<i>of which: public and common services</i>	92	85	179	168	44	27
3. Public order and safety	3	5	5	4	5	4
4. Economic affairs	41	13	22	29	8	29
<i>of which: enterprise and economic development</i>	7	4	16	23	6	3
<i>of which: agriculture, fisheries and forestry</i>	1	0	0	0	0	0
<i>of which: transport</i>	33	8	5	6	2	26
5. Environment protection	0	0	1	4	1	2
6. Housing and community amenities	6	8	3	1	4	7
8. Recreation, culture and religion	7	4	3	13	3	12
9. Education	19	17	12	63	30	18
10. Social protection	4	1	2	3	1	2
<b>Total Scotland</b>	<b>174</b>	<b>133</b>	<b>226</b>	<b>285</b>	<b>94</b>	<b>102</b>
<b>Wales</b>						
1. General public services	11	10	68	50	11	22
<i>of which: public and common services</i>	11	10	68	50	11	22
3. Public order and safety	1	1	1	4	3	3
4. Economic affairs	9	16	17	10	5	8
<i>of which: enterprise and economic development</i>	5	5	11	7	2	4
<i>of which: agriculture, fisheries and forestry</i>	3	6	6	3	3	3
<i>of which: transport</i>	1	5	1	0	0	0
5. Environment protection	0	0	0	3	0	0
6. Housing and community amenities	30	43	39	34	14	18
8. Recreation, culture and religion	6	6	9	8	5	3
9. Education	10	5	6	12	4	4
10. Social protection	1	0	4	2	5	3
<b>Total Wales</b>	<b>69</b>	<b>80</b>	<b>144</b>	<b>123</b>	<b>47</b>	<b>60</b>
<b>Total Great Britain</b>	<b>1,637</b>	<b>1,732</b>	<b>2,108</b>	<b>2,404</b>	<b>970</b>	<b>1,291</b>

**Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10 (continued)**

	National Statistics					£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Northern Ireland</b>						
4. Economic affairs	2	0	0	1	3	0
<i>of which: enterprise and economic development</i>	2	0	0	1	3	0
5. Environment protection	5	6	4	4	2	2
6. Housing and community amenities	4	6	8	2	11	4
7. Health	0	0	0	0	0	0
8. Recreation, culture and religion	8	16	34	9	19	16
<b>Total Northern Ireland</b>	<b>19</b>	<b>29</b>	<b>47</b>	<b>15</b>	<b>36</b>	<b>22</b>
<b>Total United Kingdom capital receipts</b>	<b>1,656</b>	<b>1,762</b>	<b>2,154</b>	<b>2,419</b>	<b>1,006</b>	<b>1,313</b>

**Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>England</b>						
Pay	52,831	55,572	58,333	60,208	63,053	63,980
Gross current procurement	44,303	47,006	48,221	51,208	55,260	55,222
Income from sales of goods and services	-20,563	-21,736	-22,273	-23,062	-24,576	-24,415
Subsidies to private sector companies	1,961	2,011	2,108	2,251	1,850	2,613
Subsidies to public corporations	16	18	18	18	20	17
Current grants to persons and non-profit bodies	12,370	13,217	14,231	15,143	16,469	19,143
Gross capital procurement	10,201	11,463	11,206	12,035	13,526	15,913
Income from sales of capital assets	-1,394	-1,519	-1,737	-1,995	-828	-1,129
Capital grants	998	1,014	1,189	1,750	1,715	952
<b>Total England</b>	<b>100,723</b>	<b>107,046</b>	<b>111,296</b>	<b>117,554</b>	<b>126,491</b>	<b>132,296</b>
<b>Scotland</b>						
Pay	5,906	6,470	6,645	6,820	7,091	7,476
Gross current procurement	5,433	6,089	5,763	6,305	6,781	7,180
Income from sales of goods and services	-2,074	-2,486	-2,565	-2,520	-2,714	-2,764
Subsidies to private sector companies	85	91	86	96	96	97
Current grants to persons and non-profit bodies	1,189	1,214	1,259	1,296	1,392	1,537
Gross capital procurement	1,076	1,330	1,588	1,686	1,790	1,920
Income from sales of capital assets	-174	-133	-226	-285	-94	-102
Capital grants	130	63	69	43	42	48
<b>Total Scotland</b>	<b>11,570</b>	<b>12,638</b>	<b>12,621</b>	<b>13,442</b>	<b>14,382</b>	<b>15,391</b>
<b>Wales</b>						
Pay	3,195	3,119	3,148	3,578	3,931	4,107
Gross current procurement	2,438	3,166	3,590	3,357	3,961	4,057
Income from sales of goods and services	-707	-1,021	-1,178	-1,144	-1,684	-1,896
Current grants to persons and non-profit bodies	559	583	615	656	713	804
Gross capital procurement	590	716	773	861	891	714
Income from sales of capital assets	-69	-80	-144	-123	-47	-60
Capital grants	131	111	116	114	93	81
<b>Total Wales</b>	<b>6,137</b>	<b>6,594</b>	<b>6,920</b>	<b>7,299</b>	<b>7,857</b>	<b>7,806</b>
<b>Great Britain</b>						
Pay	61,932	65,161	68,126	70,606	74,074	75,562
Gross current procurement	52,174	56,261	57,574	60,869	66,002	66,458
Income from sales of goods and services	-23,343	-25,243	-26,016	-26,726	-28,974	-29,075
Subsidies to private sector companies	1,961	2,010	2,108	2,251	1,850	2,613
Subsidies to public corporations	101	109	104	114	116	114
Current grants to persons and non-profit bodies	14,118	15,014	16,106	17,095	18,574	21,484
Gross capital procurement	11,867	13,509	13,567	14,582	16,207	18,547
Income from sales of capital assets	-1,637	-1,732	-2,108	-2,404	-970	-1,291
Capital grants	1,258	1,188	1,375	1,907	1,850	1,081
<b>Total Great Britain</b>	<b>118,430</b>	<b>126,279</b>	<b>130,836</b>	<b>138,295</b>	<b>148,729</b>	<b>155,493</b>
<b>Northern Ireland</b>						
Pay	198	221	242	256	283	297
Gross current procurement	320	343	308	333	407	347
Income from sales of goods and services	-121	-135	-141	-117	-151	-154
Gross capital procurement	64	84	102	151	116	114
Income from sales of capital assets	-19	-29	-47	-15	-36	-22
<b>Total Northern Ireland</b>	<b>443</b>	<b>483</b>	<b>464</b>	<b>609</b>	<b>620</b>	<b>582</b>

**Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2004–05 to 2009–10 (continued)**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>United Kingdom</b>						
Pay	62,130	65,382	68,368	70,863	74,357	75,859
Gross current procurement	52,494	56,604	57,882	61,202	66,410	66,805
Income from sales of goods and services	-23,464	-25,378	-26,157	-26,843	-29,125	-29,230
Subsidies to private sector companies	1,961	2,010	2,108	2,251	1,850	2,613
Subsidies to public corporations	101	109	104	114	116	114
Current grants to persons and non-profit bodies	14,118	15,014	16,106	17,095	18,574	21,484
Local government debt interest <sup>(1)</sup>	385	440	518	692	514	11
Gross capital procurement	11,931	13,593	13,669	14,734	16,324	18,661
Income from sales of capital assets	-1,656	-1,762	-2,154	-2,419	-1,006	-1,312
Capital grants	1,258	1,188	1,375	1,907	1,850	1,081
<b>Total local government expenditure on services</b>	<b>119,258</b>	<b>127,202</b>	<b>131,819</b>	<b>139,596</b>	<b>149,863</b>	<b>156,086</b>
Accounting adjustments	12,975	13,593	14,361	15,576	16,774	17,114
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>

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