

PUBLIC SPENDING STATISTICS JULY 2014 (REVISED)



HM Treasury

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INTRODUCTION

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

The key data being updated in this release are for the years 2009-10 to 2013-14. This release contains the first estimate of 2013-14 outturn. All data in this release are National Statistics and are on an outturn basis. Where major revisions to the data for past years have been made we refer to them in the text accompanying the tables. Further background detail is found in the accompanying background material published alongside this release.

REVISIONS TO PSS DATA ON 1 AUGUST SUPERSEDING INITIAL RELEASE ON 15 JULY

To ensure users have the best possible data available to them, the following corrections were made on 1 August 2014. These changes have been made to this release, the underlying excel tables and the underlying tables of the Public Expenditure Statistical Analyses (PESA) Command Paper. The changes are as follows:

- Correction to the 'central government debt interest' figures. This figure has been corrected downwards by £166m to £47,384m in specified tables. Either the 'central government debt interest' or a total that included this component has been corrected in **tables 1.15, 4.2, 4.3, 5.1, 5.2, 5.4 and Annex E1**.
- Correction to the Total Managed Expenditure (TME) figure in specified tables. **Tables 1.15 and 5.3** have been updated to include the correct TME figure and is now fully consistent with the TME figures used across the publication. The adjustment of this figure impacts on accounting adjustments in these tables.
- Public sector gross capital procurement expenditure on services in **table 5.6** has been corrected at the total as well as the functional component level, for all outturn periods. Incorrect Public Corporations data was being picked-up within the totals in the previously published tables.
- Correction of **tables 7.1 and 7.2** to correctly account for the transfer of council tax benefits between DWP and DCLG, Scotland and Wales. This impacts 2009-10 through to 2012-13 on DCLG Local Government, Scottish Government and the Welsh Assembly government. Figures in these years have been reduced to correctly show a step change increase to correspond with the change in responsibility with DWP in 2013-14. This now aligns with the fact that responsibility for council tax benefits was the responsibility of DWP until the transfer in 2013-14. Totals in these tables are also affected.

NEW EUROPEAN SYSTEM OF ACCOUNTS 2010 (ESA10)

The Office for National Statistics (ONS) are responsible for producing the National Accounts which measure the economic activity of the whole economy. The UK are legally required to produce these based on a framework specified in the European System of Accounts 1995 (ESA95). Total Managed Expenditure (TME) is an aggregate drawn from National Accounts that measures the sum of public sector current and capital spending.

From September 2014 the UK along with all other Member States will move to producing their National Accounts using the new European System of Accounts 2010 (ESA10) framework. This will mean that the Total Managed Expenditure (TME) aggregate used in the Public Spending Statistics and PESA publications will also be on a ESA 2010 basis. TME figures on the ESA 2010 basis will be included in these publications from the October 2014 quarterly update onwards.

About ESA 2010:

http://epp.eurostat.ec.europa.eu/portal/page/portal/esa_2010/introduction

Impact on Public Sector Finances:

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/public-sector-finances/transition-to-esa10--update-to-impact-on-public-sector-finances.pdf>.

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

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

RELATED RELEASES FROM HM TREASURY

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

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

REVISIONS IN THIS RELEASE

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

Revisions to Budgets since July 2013 (£million)	2009-10	2010-11	2011-12	2012-13
Total Managed Expenditure	911	786	99	-1,099
Total Departmental Expenditure Limits (DEL)	314	332	160	-137
Departmental Annually Managed Expenditure (AME)	-313	-324	-602	-852
Other AME	911	779	537	-552
Total resource DEL	267	180	142	648
Total capital DEL	48	151	21	-343

Figures for Total Managed Expenditure are taken from the ONS/HM Treasury Public Sector Finances release. The revisions reflect the inclusion of new data, particularly for local government and public corporations.

Changes to "Other" AME reflect revisions to Public Corporations Own Financed Capital Expenditure (PCOFCE) and Local Authority Self-Financed Expenditure (LASFE). These are the result of the inclusion of new ONS data for Public Corporations and outturn data for local government. Figures for 2011-12 and 2012-13 also include revisions to central government debt interest.

CHAPTER 1 DEPARTMENTAL BUDGETS

OVERVIEW

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

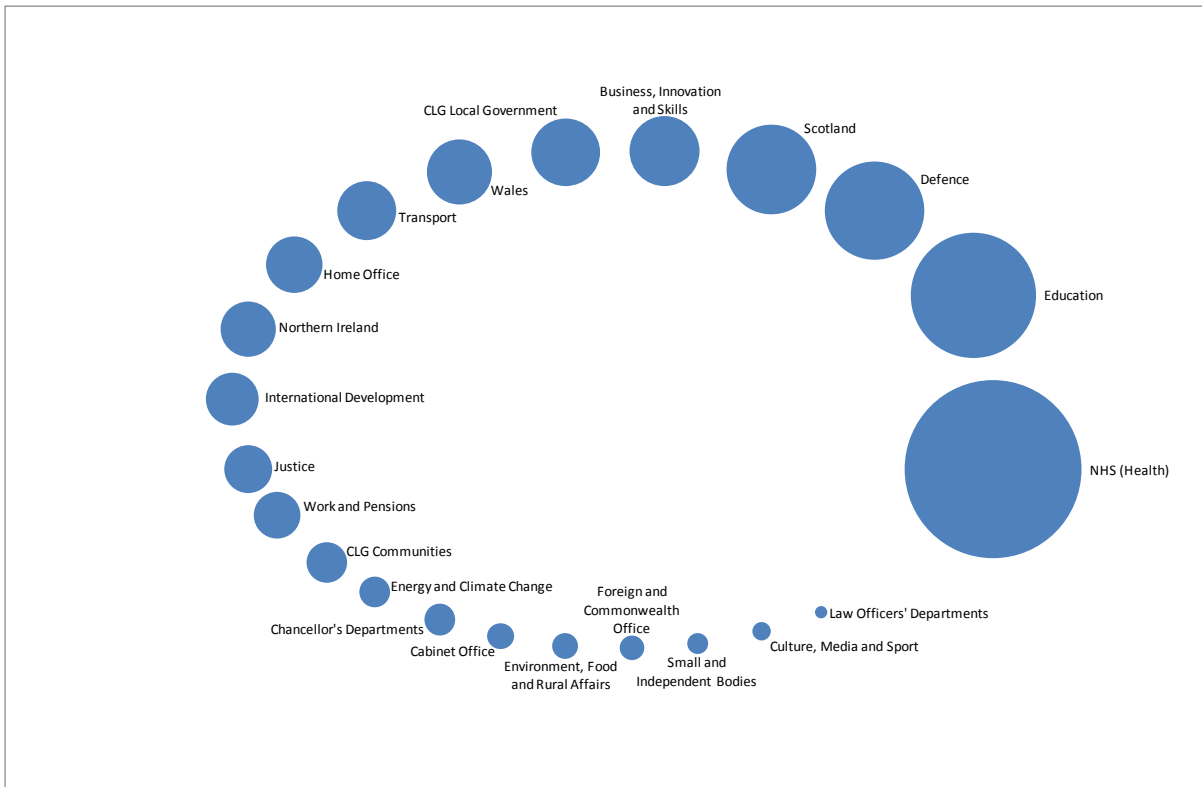
DEPARTMENTAL EXPENDITURE LIMITS

- Total resource DEL in real terms was £338.9bn in 2013-14, a fall of 3.0 per cent on the previous year. This is the third successive year to show a fall in spending in the period covered by this release, reflecting the Government's plans for fiscal consolidation as set out in the 2010 Spending Review.
- Total resource DEL less depreciation in real terms was £316.9bn in 2013-14, a fall of 3.2 per cent on the previous year. This is the fourth successive fall in the period covered by this release, in 2012-13 spend fell by 2.5 per cent.
- Depreciation in resource DEL was £22.1bn in real terms in 2013-14 an increase of 0.8 per cent on 2012-13.
- Total capital DEL was £42.0bn in real terms in 2013-14, an increase of 7.9 per cent on the previous year.
- Total DEL in real terms fell by 0.5 per cent in 2013-14 from £360.8bn to £358.9bn. There were large reductions in DEL spending in 2013-14 to reflect adjustment to budgets for changes to local government funding relating to the localisation of business rates and council tax benefit. This was offset by increases in spend for other departments. The largest increases were for NHS (Health) which increased by £4.5 billion to £109.7bn (4.3 per cent.) in 2013-14 and for International Development which increased by 2.3bn (29.2 per cent).

ANNUALLY MANAGED EXPENDITURE

- Net public service pensions increased by £1.3bn to £6.3bn in real terms in 2013-14, mainly due to increased contributions paid into the pensions schemes. This compares with -£82.1bn in 2010-11. The negative expenditure in 2010-11 was caused by the decision to use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the indexation of public service pensions and the consequent reduction in the size of future liabilities. The effect of this on the major pension schemes (teachers, NHS, civil service and armed forces) is shown in the appropriate departmental budget in Table 1.3. As liabilities are not included in the calculation of TME, there is an offset within the accounting adjustments to remove them (see Table 1.12 for details).

CHART 1 2013-14 Total Departmental Expenditure Limit (TDEL) outturn by department.



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

Table 1.1 Total Managed Expenditure, 2009-10 to 2013-14

	2009-10	2010-11	2011-12	2012-13	£ million 2013-14
	outturn	outturn	outturn	outturn	outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	324,172	330,329	326,519	321,870	316,861
Depreciation in resource DEL	13,843	20,509	19,269	21,507	22,054
Total resource DEL	338,015	350,838	345,788	343,376	338,915
<i>Resource departmental AME</i>					
Social security benefits	158,887	164,512	170,677	178,269	179,759
Tax credits ⁽¹⁾	27,667	28,938	29,976	29,761	29,394
Net public service pensions ⁽²⁾	1,528	-78,073	6,012	4,958	6,347
National lottery	1,001	995	1,335	727	1,160
BBC domestic services	3,464	3,559	3,033	3,291	3,165
Student loans	-256	-301	-642	-763	-1,096
Non-cash items	47,141	55,305	52,436	53,341	49,442
Financial sector interventions	-27,592	-14,247	-16,143	-18,384	7,944
Other departmental expenditure	3,740	1,783	-859	3,899	13,185
Total resource departmental AME	215,581	162,472	245,824	255,098	289,299
<i>Resource other AME</i>					
Net expenditure transfers to the EU	6,419	8,414	7,702	9,131	9,716
Locally financed expenditure	25,797	22,969	22,104	23,892	23,870
Central government gross debt interest	30,479	45,165	48,375	47,549	47,384
Accounting adjustments ⁽³⁾	-11,280	45,410	-25,759	-22,806	-43,027
Total resource other AME	51,415	121,958	52,422	57,766	37,942
Total resource AME	266,996	284,430	298,246	312,864	327,242
Public sector current expenditure	605,010	635,268	644,034	656,240	666,157
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	57,007	49,816	42,338	38,961	42,021
<i>Capital departmental AME</i>					
National lottery	752	597	380	513	468
BBC domestic services	123	122	172	121	262
Student loans	4,601	4,958	5,857	6,858	9,292
Financial sector interventions	38,281	-3,015	-4,571	-3,601	-4,938
Other departmental expenditure	691	1,103	688	-302	-11,201
Total capital departmental AME	44,447	3,764	2,525	3,589	-6,117
<i>Capital other AME</i>					
Locally financed expenditure	5,416	5,318	15,849	6,374	10,761
Public corporations' own-financed capital expenditure	8,191	9,302	6,958	7,081	8,197
Accounting adjustments ⁽³⁾	-46,669	-8,764	-17,000	-38,089	-6,763
Total capital other AME	-33,062	5,856	5,807	-24,635	12,195
Total capital AME	11,385	9,621	8,333	-21,045	6,078
Public sector gross investment ⁽⁴⁾⁽⁵⁾	68,392	59,437	50,671	17,916	48,099
less public sector depreciation	19,999	20,784	21,625	22,528	23,359
Public sector net investment ⁽⁴⁾⁽⁵⁾	48,393	38,653	29,046	-4,612	24,740
TOTAL MANAGED EXPENDITURE ⁽⁴⁾	673,402	694,705	694,705	674,156	714,256
<i>of which:</i>					
Total DEL ⁽⁶⁾	381,179	380,145	368,857	360,831	358,882
Departmental AME	260,028	166,236	248,349	258,687	283,182
Other AME	32,196	148,324	77,499	54,638	72,192

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

(2) The main pension schemes are reported under IAS19 accounting requirements, the reconciliation to National Accounts is explained in Annex D.

(3) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

(5) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets

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

Table 1.2 Total Managed Expenditure in real terms ⁽¹⁾, 2009-10 to 2013-14

	2009-10	2010-11	2011-12	2012-13	£ million 2013-14
	outturn	outturn	outturn	outturn	outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	349,764	347,334	335,735	327,420	316,861
Depreciation in resource DEL	14,936	21,565	19,813	21,878	22,054
Total resource DEL	364,700	368,899	355,548	349,297	338,915
<i>Resource departmental AME</i>					
Social security benefits	171,431	172,981	175,494	181,343	179,759
Tax credits ⁽²⁾	29,851	30,428	30,822	30,274	29,394
Net public service pensions ⁽³⁾	1,649	-82,092	6,182	5,043	6,347
National lottery	1,080	1,046	1,373	740	1,160
BBC domestic services	3,737	3,742	3,119	3,348	3,165
Student loans	-276	-316	-660	-776	-1,096
Non-cash items	50,863	58,152	53,916	54,261	49,442
Financial sector interventions	-29,770	-14,980	-16,599	-18,701	7,944
Other departmental expenditure	4,035	1,875	-883	3,966	13,185
Total resource departmental AME	232,600	170,836	252,762	259,496	289,299
<i>Resource other AME</i>					
Net expenditure transfers to the EU	6,926	8,847	7,919	9,288	9,716
Locally financed expenditure	27,834	24,151	22,728	24,304	23,870
Central government gross debt interest	32,885	47,490	49,740	48,369	47,384
Accounting adjustments ⁽⁴⁾	-12,171	47,748	-26,486	-23,199	-43,027
Total resource other AME	55,474	128,236	53,902	58,762	37,942
Total resource AME	288,074	299,073	306,664	318,258	327,242
Public sector current expenditure	652,773	667,972	662,212	667,555	666,157
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	61,508	52,381	43,533	39,633	42,021
<i>Capital departmental AME</i>					
National lottery	811	628	391	522	468
BBC domestic services	133	128	177	123	262
Student loans	4,964	5,213	6,022	6,976	9,292
Financial sector interventions	41,303	-3,170	-4,700	-3,663	-4,938
Other departmental expenditure	746	1,160	707	-307	-11,201
Total capital departmental AME	-35,672	6,157	5,971	-25,060	12,195
<i>Capital other AME</i>					
Locally financed expenditure	5,844	5,592	16,296	6,484	10,761
Public corporations' own-financed capital expenditure	8,838	9,781	7,154	7,203	8,197
Accounting adjustments ⁽⁴⁾	-50,353	-9,215	-17,480	-38,746	-6,763
Total capital other AME	12,284	10,116	8,568	-21,408	6,078
Total capital AME	73,791	62,497	52,101	18,225	48,099
Public sector gross investment ⁽⁵⁾⁽⁶⁾	73,791	62,497	52,101	18,225	48,099
less public sector depreciation	21,578	21,854	22,235	22,916	23,359
Public sector net investment ⁽⁵⁾⁽⁶⁾	52,213	40,643	29,866	-4,692	24,740
TOTAL MANAGED EXPENDITURE ⁽⁵⁾	726,565	730,469	714,313	685,780	714,256
<i>of which:</i>					
Total DEL ⁽⁷⁾	411,272	399,715	379,268	367,053	358,882
Departmental AME	280,556	174,794	255,359	263,147	283,182
Other AME	34,738	155,960	79,686	55,580	72,192

(1) Real terms figures are the cash figures adjusted to 2013-14 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2014. The forecasts are consistent with the Financial Statement and Budget Report 2014.

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

(3) The main pension schemes are reported under IAS19 accounting requirements, the reconciliation to National Accounts is explained in Annex D.

(4) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

(6) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets

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

Table 1.3 Resource budgets, 2009-10 to 2013-14

	2009-10	2010-11	2011-12	2012-13	£ million 2013-14
	outturn	outturn	outturn	outturn	outturn
Resource DEL by departmental group					
Education	49,277	50,387	50,162	50,816	52,487
NHS (Health)	94,422	97,469	100,266	102,571	106,476
Personal Social Services (Health) ⁽¹⁾	1,364	1,471	-	-	-
Transport	6,548	5,806	5,578	5,283	4,791
CLG Communities	4,334	3,860	1,990	1,496	2,080
CLG Local Government ⁽²⁾	26,805	24,403	25,389	23,189	16,481
Business, Innovation and Skills	18,327	21,271	19,993	19,196	20,602
Home Office	9,471	12,774	12,122	11,442	10,993
Justice	9,097	9,078	9,031	8,728	7,972
Law Officers' Departments	709	669	621	599	571
Defence	34,917	39,035	37,980	35,874	36,181
Foreign and Commonwealth Office	2,127	2,200	2,175	2,152	2,156
International Development	5,250	5,930	6,184	6,129	8,088
Energy and Climate Change	1,231	1,157	1,160	1,132	1,175
Environment, Food and Rural Affairs	2,460	2,374	2,197	2,053	1,990
Culture, Media and Sport	1,573	1,580	1,610	3,531	1,294
Work and Pensions	13,617	13,926	12,428	12,315	7,448
Scotland	25,123	25,776	25,437	25,751	26,136
Wales	13,536	13,789	13,660	13,654	14,450
Northern Ireland	9,644	9,975	9,864	10,041	10,166
Chancellor's Departments	4,244	3,966	3,852	3,468	3,396
Cabinet Office	2,259	2,354	2,399	2,487	2,517
Small and Independent Bodies	1,678	1,587	1,690	1,470	1,466
Total resource DEL	338,015	350,838	345,788	343,376	338,915
Resource departmental AME by departmental group					
Education ⁽³⁾	10,427	-10,434	11,785	10,722	10,452
NHS (Health) ⁽³⁾	16,223	-10,976	19,582	18,878	18,278
Transport	1,143	501	876	590	876
CLG Communities	255	-112	-350	409	347
CLG Local Government ⁽²⁾	284	1,107	732	144	11,123
Business, Innovation and Skills	1,336	-824	-1,157	-92	-103
Home Office	679	920	1,061	1,260	1,574
Justice	606	246	-45	934	-237
Law Officers' Departments	17	-13	5	5	7
Defence ⁽³⁾	7,895	-878	8,039	7,360	6,312
Foreign and Commonwealth Office	86	35	61	88	66
International Development	331	303	104	191	115
Energy and Climate Change	756	5,241	3,742	5,388	4,960
Environment, Food and Rural Affairs	-73	-437	-53	85	-133
Culture, Media and Sport	4,060	4,369	3,793	4,481	4,024
Work and Pensions	141,668	146,259	154,363	160,686	163,232
Scotland	2,323	3,055	3,073	2,760	2,692
Wales	293	53	72	141	-5
Northern Ireland	7,222	3,178	7,511	7,764	7,542
Chancellor's Departments ⁽⁴⁾	12,789	28,604	24,040	23,980	48,609
Cabinet Office ⁽³⁾	7,481	-7,466	8,739	9,431	9,615
Small and Independent Bodies	-221	-259	-147	-109	-48
Total resource departmental AME	215,581	162,472	245,824	255,098	289,299
Total resource budget	553,595	513,310	591,612	598,474	628,215

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

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

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

(4) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.4 Resource budgets in real terms ⁽¹⁾, 2009-10 to 2013-14

	2009-10	2010-11	2011-12	2012-13	£ million 2013-14
	outturn	outturn	outturn	outturn	outturn
Resource DEL by departmental group					
Education	53,167	52,981	51,578	51,692	52,487
NHS (Health)	101,876	102,487	103,096	104,340	106,476
Personal Social Services (Health) ⁽²⁾	1,472	1,547	-	-	-
Transport	7,065	6,105	5,735	5,374	4,791
CLG Communities	4,676	4,059	2,046	1,522	2,080
CLG Local Government ⁽³⁾	28,921	25,659	26,106	23,589	16,481
Business, Innovation and Skills	19,774	22,366	20,557	19,527	20,602
Home Office	10,219	13,432	12,464	11,639	10,993
Justice	9,815	9,545	9,286	8,878	7,972
Law Officers' Departments	765	703	639	609	571
Defence	37,674	41,045	39,052	36,493	36,181
Foreign and Commonwealth Office	2,295	2,313	2,236	2,189	2,156
International Development	5,664	6,235	6,359	6,235	8,088
Energy and Climate Change	1,328	1,217	1,193	1,152	1,175
Environment, Food and Rural Affairs	2,654	2,496	2,259	2,088	1,990
Culture, Media and Sport	1,697	1,661	1,655	3,592	1,294
Work and Pensions	14,692	14,643	12,779	12,527	7,448
Scotland	27,106	27,103	26,155	26,195	26,136
Wales	14,605	14,499	14,046	13,889	14,450
Northern Ireland	10,405	10,489	10,142	10,214	10,166
Chancellor's Departments	4,579	4,170	3,961	3,528	3,396
Cabinet Office	2,437	2,475	2,467	2,530	2,517
Small and Independent Bodies	1,810	1,669	1,738	1,495	1,466
Total resource DEL	364,700	368,899	355,548	349,297	338,915
Resource departmental AME by departmental group					
Education ⁽⁴⁾	11,250	-10,971	12,118	10,907	10,452
NHS (Health) ⁽⁴⁾	17,504	-11,541	20,135	19,203	18,278
Transport	1,233	527	901	600	876
CLG Communities	275	-118	-360	416	347
CLG Local Government ⁽³⁾	306	1,164	753	146	11,123
Business, Innovation and Skills	1,441	-866	-1,190	-94	-103
Home Office	733	967	1,091	1,282	1,574
Justice	654	259	-46	950	-237
Law Officers' Departments	18	-14	5	5	7
Defence ⁽⁴⁾	8,518	-923	8,266	7,487	6,312
Foreign and Commonwealth Office	93	37	63	90	66
International Development	357	319	107	194	115
Energy and Climate Change	816	5,511	3,848	5,481	4,960
Environment, Food and Rural Affairs	-79	-459	-54	86	-133
Culture, Media and Sport	4,381	4,594	3,900	4,558	4,024
Work and Pensions	152,852	153,788	158,720	163,457	163,232
Scotland	2,506	3,212	3,160	2,808	2,692
Wales	316	56	74	143	-5
Northern Ireland	7,792	3,342	7,723	7,898	7,542
Chancellor's Departments ⁽⁵⁾	13,799	30,077	24,719	24,393	48,609
Cabinet Office ⁽⁴⁾	8,072	-7,850	8,986	9,594	9,615
Small and Independent Bodies	-238	-272	-151	-111	-48
Total resource departmental AME	232,600	170,836	252,762	259,496	289,299
Total resource budget	597,299	539,735	608,310	608,793	628,215

(1) Real terms figures are the cash figures adjusted to 2013-14 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2014. The forecasts are consistent with the Financial Statement and Budget Report 2014.

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

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

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

(5) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.5 Resource DEL excluding depreciation, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Resource DEL excluding depreciation by departmental group					
Education	49,251	50,353	50,130	49,984	51,480
NHS (Health)	93,237	96,260	99,073	101,440	105,427
Personal Social Services (Health) ⁽¹⁾	1,362	1,471	-	-	-
Transport	5,652	5,176	4,679	4,315	3,784
CLG Communities	4,299	3,799	1,914	1,455	2,051
CLG Local Government ⁽²⁾	26,804	24,402	25,388	23,188	16,481
Business, Innovation and Skills	17,296	17,011	16,208	15,444	14,862
Home Office	9,268	12,288	11,904	11,199	10,723
Justice	8,663	8,723	8,588	8,201	7,521
Law Officers' Departments	697	658	611	591	565
Defence	27,587	28,090	28,142	26,415	26,968
Foreign and Commonwealth Office	2,022	2,097	2,052	1,989	1,998
International Development	5,234	5,909	6,167	6,105	8,074
Energy and Climate Change	1,219	1,149	1,147	1,120	1,165
Environment, Food and Rural Affairs	2,259	2,173	1,986	1,864	1,793
Culture, Media and Sport	1,457	1,471	1,496	2,087	1,146
Work and Pensions	13,395	13,763	12,226	12,066	7,264
Scotland	24,487	25,211	24,814	24,968	25,464
Wales	13,072	13,382	13,232	13,248	13,697
Northern Ireland	9,302	9,605	9,443	9,464	9,728
Chancellor's Departments	4,035	3,745	3,628	3,235	3,156
Cabinet Office	1,962	2,025	2,045	2,087	2,101
Small and Independent Bodies	1,610	1,568	1,644	1,406	1,415
Total resource DEL excluding depreciation	324,172	330,329	326,519	321,870	316,861

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

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

Table 1.6 Resource DEL excluding depreciation in real terms ⁽¹⁾, 2009-10 to 2013-14

	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	£ million 2013-14 outturn
Resource DEL excluding depreciation by departmental group					
Education	53,139	52,945	51,545	50,846	51,480
NHS (Health)	100,598	101,216	101,869	103,189	105,427
Personal Social Services (Health) ⁽²⁾	1,470	1,547	-	-	-
Transport	6,098	5,442	4,811	4,389	3,784
CLG Communities	4,638	3,995	1,968	1,480	2,051
CLG Local Government ⁽³⁾	28,920	25,658	26,105	23,588	16,481
Business, Innovation and Skills	18,661	17,887	16,665	15,710	14,862
Home Office	10,000	12,921	12,240	11,392	10,723
Justice	9,347	9,172	8,830	8,342	7,521
Law Officers' Departments	752	692	628	601	565
Defence	29,765	29,536	28,936	26,870	26,968
Foreign and Commonwealth Office	2,182	2,205	2,110	2,023	1,998
International Development	5,647	6,213	6,341	6,210	8,074
Energy and Climate Change	1,315	1,208	1,179	1,139	1,165
Environment, Food and Rural Affairs	2,437	2,285	2,042	1,896	1,793
Culture, Media and Sport	1,572	1,547	1,538	2,123	1,146
Work and Pensions	14,452	14,472	12,571	12,274	7,264
Scotland	26,420	26,509	25,514	25,399	25,464
Wales	14,104	14,071	13,605	13,476	13,697
Northern Ireland	10,036	10,099	9,710	9,627	9,728
Chancellor's Departments	4,354	3,938	3,730	3,291	3,156
Cabinet Office	2,117	2,129	2,103	2,123	2,101
Small and Independent Bodies	1,737	1,649	1,690	1,430	1,415
Total resource DEL excluding depreciation	349,764	347,334	335,735	327,420	316,861

(1) Real terms figures are the cash figures adjusted to 2013-14 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2014. The forecasts are consistent with the Financial Statement and Budget Report 2014.

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

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

Table 1.7 Administration budgets, 2009-10 to 2013-14

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Education	373	397	373	389	362
NHS (Health)	5,034	5,425	3,541	3,670	3,051
Transport	298	276	217	243	240
CLG Communities	484	426	339	286	368
Business, Innovation and Skills	812	429	802	678	684
Home Office	717	629	503	477	505
Justice	441	433	656	594	534
Law Officers' Departments	66	48	42	44	42
Defence	2,859	2,212	2,692	2,179	2,129
Foreign and Commonwealth Office	318	352	168	124	170
International Development	158	148	123	128	116
Energy and Climate Change	202	198	158	162	175
Environment, Food and Rural Affairs	740	741	593	552	529
Culture, Media and Sport	102	100	288	209	166
Work and Pensions ⁽¹⁾	6,063	5,610	1,333	1,180	1,091
Chancellor's Departments ⁽¹⁾	3,688	3,405	1,093	1,083	991
Cabinet Office	273	276	260	259	205
<i>of which: Security and Intelligence Agencies</i>	80	74	73	66	59
Small and Independent Bodies	416	385	336	332	301
Total administration budgets	23,044	21,490	13,516	12,588	11,659
<i>of which: administration staff costs</i>	<i>14,800</i>	<i>13,645</i>	<i>9,052</i>	<i>8,590</i>	<i>7,945</i>
Administration budgets as a percentage of Total Managed Expenditure ⁽²⁾	3.4	3.1	1.9	1.9	1.6

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

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

Table 1.8 Capital budgets, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Capital DEL by departmental group					
Education	7,442	7,127	5,043	4,260	3,918
NHS (Health)	5,182	4,159	3,771	3,783	4,294
Transport	8,253	7,299	7,686	7,828	8,460
CLG Communities	8,992	6,459	3,821	2,472	3,808
CLG Local Government	260	-67	-8	1	-
Business, Innovation and Skills	3,027	2,103	1,153	1,240	2,385
Home Office	999	739	493	442	398
Justice	848	530	344	281	273
Law Officers' Departments	12	8	3	2	3
Defence	9,148	9,265	9,014	7,843	7,584
Foreign and Commonwealth Office	201	155	115	37	120
International Development	1,353	1,559	1,646	1,653	1,946
Energy and Climate Change	1,806	2,014	1,454	2,038	2,218
Environment, Food and Rural Affairs	693	568	385	414	482
Culture, Media and Sport	519	580	1,257	342	75
Work and Pensions	320	368	327	419	233
Scotland	3,927	3,284	2,732	2,939	2,883
Wales	1,932	1,751	1,386	1,362	1,326
Northern Ireland	1,277	1,192	1,000	969	931
Chancellor's Departments	285	211	257	212	212
Cabinet Office	454	432	403	363	401
Small and Independent Bodies	79	78	56	61	72
Total capital DEL	57,007	49,816	42,338	38,961	42,021
Capital departmental AME by departmental group					
NHS (Health)	6	8	-	-	-70
Transport	-	-	-33	-61	13
CLG Communities	171	843	153	4	-
CLG Local Government	-	-	-	-4	-
Business, Innovation and Skills	4,306	4,158	5,469	6,129	4,675
Defence	5	-	-10	-35	-129
International Development	-	-	-	-6	-
Energy and Climate Change	-337	-78	-58	-20	-497
Environment, Food and Rural Affairs	1	1	0	-1	-1
Culture, Media and Sport	875	719	552	448	714
Work and Pensions	123	132	-12	-17	-134
Scotland	160	151	167	188	336
Wales	202	209	244	252	306
Northern Ireland	430	396	588	344	425
Chancellor's Departments ⁽¹⁾	38,668	-2,675	-4,483	-3,591	-11,722
Small and Independent Bodies	-162	-100	-52	-40	-34
Total capital departmental AME	44,447	3,764	2,525	3,589	-6,117
Total capital budget	101,454	53,581	44,864	42,551	35,904

(1) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.9 Capital budgets in real terms ⁽¹⁾, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Capital DEL by departmental group					
Education	8,030	7,494	5,185	4,333	3,918
NHS (Health)	5,591	4,373	3,877	3,848	4,294
Transport	8,905	7,675	7,903	7,963	8,460
CLG Communities	9,702	6,792	3,929	2,515	3,808
CLG Local Government	281	-70	-8	1	-
Business, Innovation and Skills	3,266	2,211	1,186	1,261	2,385
Home Office	1,078	777	507	450	398
Justice	915	557	354	286	273
Law Officers' Departments	13	8	3	2	3
Defence	9,870	9,742	9,268	7,978	7,584
Foreign and Commonwealth Office	217	163	118	38	120
International Development	1,460	1,639	1,692	1,682	1,946
Energy and Climate Change	1,949	2,118	1,495	2,073	2,218
Environment, Food and Rural Affairs	748	597	396	421	482
Culture, Media and Sport	560	610	1,292	348	75
Work and Pensions	345	387	336	426	233
Scotland	4,237	3,453	2,809	2,990	2,883
Wales	2,085	1,841	1,425	1,385	1,326
Northern Ireland	1,378	1,253	1,028	986	931
Chancellor's Departments	307	222	264	216	212
Cabinet Office	490	454	414	369	401
Small and Independent Bodies	85	82	58	62	72
Total capital DEL	61,508	52,381	43,533	39,633	42,021
Capital departmental AME by departmental group					
NHS (Health)	6	8	-	-	-70
Transport	-	-	-34	-62	13
CLG Communities	184	886	157	4	-
CLG Local Government	-	-	-	-4	-
Business, Innovation and Skills	4,646	4,372	5,623	6,235	4,675
Defence	5	-	-10	-36	-129
International Development	-	-	-	-6	-
Energy and Climate Change	-364	-82	-60	-20	-497
Environment, Food and Rural Affairs	1	1	0	-1	-1
Culture, Media and Sport	944	756	568	456	714
Work and Pensions	133	139	-12	-17	-134
Scotland	173	159	172	191	336
Wales	218	220	251	256	306
Northern Ireland	464	416	605	350	425
Chancellor's Departments (2)	41,721	-2,813	-4,610	-3,653	-11,722
Small and Independent Bodies	-175	-105	-53	-41	-34
Total capital departmental AME	47,956	3,958	2,596	3,651	-6,117
Total capital budget	109,463	56,339	46,130	43,285	35,904

(1) Real terms figures are the cash figures adjusted to 2013-14 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2014. The forecasts are consistent with the Financial Statement and Budget Report 2014.

(2) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.10 Total Departmental Expenditure Limits ⁽¹⁾, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Total DEL by departmental group					
Education	56,693	57,480	55,173	54,244	55,398
NHS (Health)	98,419	100,418	102,844	105,222	109,721
Personal Social Services (Health) ⁽²⁾	1,362	1,471	-	-	-
Transport	13,905	12,474	12,366	12,143	12,244
CLG Communities	13,291	10,258	5,735	3,928	5,859
CLG Local Government ⁽³⁾	27,064	24,335	25,380	23,189	16,481
Business, Innovation and Skills	20,323	19,114	17,361	16,684	17,247
Home Office	10,267	13,028	12,397	11,641	11,121
Justice	9,511	9,253	8,933	8,482	7,794
Law Officers' Departments	709	666	613	592	568
Defence	36,734	37,355	37,157	34,259	34,552
Foreign and Commonwealth Office	2,223	2,253	2,167	2,026	2,118
International Development	6,587	7,467	7,813	7,758	10,020
Energy and Climate Change	3,025	3,164	2,602	3,159	3,382
Environment, Food and Rural Affairs	2,952	2,741	2,372	2,278	2,275
Culture, Media and Sport	1,976	2,051	2,753	2,429	1,221
Work and Pensions	13,715	14,131	12,553	12,485	7,497
Scotland	28,413	28,495	27,546	27,907	28,347
Wales	15,004	15,133	14,618	14,609	15,022
Northern Ireland	10,579	10,798	10,443	10,433	10,658
Chancellor's Departments	4,320	3,956	3,884	3,447	3,368
Cabinet Office	2,416	2,457	2,448	2,450	2,502
Small and Independent Bodies	1,689	1,647	1,701	1,467	1,488
Total DEL	381,179	380,145	368,857	360,831	358,882

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

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

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

Table 1.11 Total Departmental Expenditure Limits ⁽¹⁾ in real terms ⁽²⁾, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Total DEL by departmental group					
Education	61,169	60,439	56,730	55,179	55,398
NHS (Health)	106,189	105,588	105,747	107,036	109,721
Personal Social Services (Health) ⁽³⁾	1,470	1,547	-	-	-
Transport	15,003	13,116	12,715	12,352	12,244
CLG Communities	14,340	10,786	5,897	3,996	5,859
CLG Local Government ⁽⁴⁾	29,201	25,588	26,096	23,589	16,481
Business, Innovation and Skills	21,927	20,098	17,851	16,972	17,247
Home Office	11,078	13,699	12,747	11,842	11,121
Justice	10,262	9,729	9,185	8,628	7,794
Law Officers' Departments	765	700	630	602	568
Defence	39,634	39,278	38,206	34,850	34,552
Foreign and Commonwealth Office	2,398	2,369	2,228	2,061	2,118
International Development	7,107	7,851	8,034	7,892	10,020
Energy and Climate Change	3,264	3,327	2,675	3,213	3,382
Environment, Food and Rural Affairs	3,185	2,882	2,439	2,317	2,275
Culture, Media and Sport	2,132	2,157	2,831	2,471	1,221
Work and Pensions	14,798	14,858	12,907	12,700	7,497
Scotland	30,656	29,962	28,323	28,388	28,347
Wales	16,189	15,912	15,031	14,861	15,022
Northern Ireland	11,414	11,354	10,738	10,613	10,658
Chancellor's Departments	4,661	4,160	3,994	3,506	3,368
Cabinet Office	2,607	2,583	2,517	2,492	2,502
Small and Independent Bodies	1,822	1,732	1,749	1,492	1,488
Total DEL	411,272	399,715	379,268	367,053	358,882

(1) Total DEL is given by Resource DEL excluding depreciation (Table 1.6) plus Capital DEL (Table 1.9).

(2) Real terms figures are the cash figures adjusted to 2013-14 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2014. The forecasts are consistent with the Financial Statement and Budget Report 2014.

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

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

Table 1.12 Total Managed Expenditure by departmental group and other expenditure, 2009-10 to 2013-14

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Total Managed Expenditure by departmental group					
Education ⁽¹⁾	67,120	47,046	66,958	64,966	65,849
NHS (Health) ⁽¹⁾	114,649	89,450	122,426	124,101	127,929
Personal Social Services (Health) ⁽²⁾	1,362	1,471	-	-	-
Transport	15,049	12,975	13,208	12,672	13,133
CLG Communities	13,717	10,990	5,538	4,341	6,205
CLG Local Government	27,348	25,442	26,113	23,329	27,605
Business, Innovation and Skills	25,966	22,448	21,672	22,721	21,819
Home Office	10,947	13,948	13,458	12,901	12,695
Justice	10,117	9,499	8,887	9,416	7,556
Law Officers' Departments	725	654	618	598	574
Defence ⁽¹⁾	44,634	36,477	45,185	41,584	40,735
Foreign and Commonwealth Office	2,308	2,287	2,228	2,114	2,183
International Development	6,918	7,770	7,917	7,943	10,134
Energy and Climate Change	3,444	8,327	6,286	8,526	7,846
Environment, Food and Rural Affairs	2,880	2,305	2,318	2,361	2,142
Culture, Media and Sport	6,911	7,139	7,098	7,358	5,960
Work and Pensions	155,506	160,522	166,904	173,155	170,595
Scotland	30,896	31,701	30,786	30,855	31,375
Wales	15,499	15,395	14,934	15,003	15,324
Northern Ireland	18,230	14,372	18,543	18,541	18,625
Chancellor's Departments ⁽³⁾	55,777	29,885	23,441	23,836	40,256
Cabinet Office ⁽¹⁾	9,897	-5,009	11,187	11,881	12,117
Small and Independent Bodies	1,305	1,288	1,501	1,317	1,406
Total departmental expenditure ⁽⁴⁾	641,206	546,381	617,206	619,518	642,064
Central government gross debt interest	30,479	45,165	48,375	47,549	47,384
Locally financed expenditure	31,213	28,287	37,953	30,265	30,224
Public sector depreciation	19,999	20,784	21,625	22,528	23,359
Net expenditure transfers to the EU	6,419	8,414	7,702	9,131	9,716
Public corporations' own-financed capital expenditure	8,191	9,302	6,958	7,081	8,197
Accounting adjustments	-64,105	36,372	-45,114	-61,916	-46,688
Total other expenditure ⁽⁵⁾	32,196	148,324	77,499	54,638	72,192
TOTAL MANAGED EXPENDITURE ⁽⁶⁾	673,402	694,705	694,705	674,156	714,256

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

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

(3) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

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

Table 1.13 Total Managed Expenditure by departmental group and other expenditure in real terms ⁽¹⁾, 2009-10 to 2013-14

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Total Managed Expenditure by departmental group					
Education ⁽²⁾	72,419	49,468	68,848	66,086	65,849
NHS (Health) ⁽²⁾	123,700	94,055	125,881	126,241	127,929
Personal Social Services (Health) ⁽³⁾	1,470	1,547	-	-	-
Transport	16,237	13,643	13,581	12,890	13,133
CLG Communities	14,800	11,556	5,694	4,416	6,205
CLG Local Government	29,507	26,752	26,850	23,731	27,605
Business, Innovation and Skills	28,016	23,604	22,284	23,113	21,819
Home Office	11,811	14,666	13,838	13,123	12,695
Justice	10,916	9,988	9,138	9,578	7,556
Law Officers' Departments	782	688	635	608	574
Defence ⁽²⁾	48,158	38,355	46,460	42,301	40,735
Foreign and Commonwealth Office	2,490	2,405	2,291	2,150	2,183
International Development	7,464	8,170	8,140	8,080	10,134
Energy and Climate Change	3,716	8,756	6,463	8,673	7,846
Environment, Food and Rural Affairs	3,107	2,424	2,383	2,402	2,142
Culture, Media and Sport	7,457	7,507	7,298	7,485	5,960
Work and Pensions	167,783	168,786	171,615	176,141	170,595
Scotland	33,335	33,333	31,655	31,387	31,375
Wales	16,723	16,188	15,356	15,262	15,324
Northern Ireland	19,669	15,112	19,066	18,861	18,625
Chancellor's Departments ⁽⁴⁾	60,180	31,423	24,103	24,247	40,256
Cabinet Office ⁽²⁾	10,678	-5,267	11,503	12,086	12,117
Small and Independent Bodies	1,408	1,354	1,543	1,340	1,406
Total departmental expenditure ⁽⁵⁾	691,827	574,509	634,626	630,200	642,064
Central government gross debt interest	32,885	47,490	49,740	48,369	47,384
Locally financed expenditure	33,677	29,743	39,024	30,787	30,224
Public sector depreciation	21,578	21,854	22,235	22,916	23,359
Net expenditure transfers to the EU	6,926	8,847	7,919	9,288	9,716
Public corporations' own-financed capital expenditure	8,838	9,781	7,154	7,203	8,197
Accounting adjustments	-69,166	38,244	-46,387	-62,984	-46,688
Total other expenditure ⁽⁶⁾	34,738	155,960	79,686	55,580	72,192
TOTAL MANAGED EXPENDITURE ⁽⁷⁾	726,565	730,469	714,313	685,780	714,256

(1) Real terms figures are the cash figures adjusted to 2013-14 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 27 June 2014. The forecasts are consistent with the Financial Statement and Budget Report 2014.

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

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

(4) Transactions from 2009-10 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

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

Table 1.14 Accounting adjustments ⁽¹⁾, 2009-10 to 2013-14

	2009-10	2010-11	2011-12	2012-13	£ billion 2013-14
	outturn	outturn	outturn	outturn	outturn
Remove data in budgets which form part of public sector current expenditure but where a different source is used for National Accounts					
Resource DEL					
Capital consumption (excluding NHS)	-13.1	-8.5	-15.0	-14.9	-16.1
NHS capital consumption	-1.8	-1.8	-1.7	-1.8	-2.0
Interest	-0.1	-0.1	-0.2	-0.2	-0.2
Public corporation subsidies	-1.0	-1.2	-1.1	-1.7	-1.1
Other	0.0	-0.1	0.0	0.0	0.1
Total resource DEL	-16.0	-11.7	-18.0	-18.5	-19.4
Resource departmental AME					
Capital consumption	-2.5	-1.8	-1.6	-1.5	-1.5
Interest	2.2	1.0	2.2	2.7	1.6
Subsidy element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Subsidy element of other environmental levies	0.0	0.0	0.0	0.0	-0.1
NNDR outturn adjustment	-0.3	-1.1	-0.7	-0.1	-0.3
Public corporation subsidies	-0.7	-0.4	-7.3	0.0	0.0
Other	0.1	0.1	2.4	0.0	0.2
Total resource departmental AME	-1.2	-2.2	-5.1	1.0	0.0
Adjustment for different data used by OBR in PSCE forecast	0.0	0.0	0.0	0.0	0.0
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0
Total resource budget data replaced by different source data	-17.3	-13.9	-23.0	-17.6	-19.4
Remove data in budgets which do not form part of public sector current expenditure					
Resource DEL					
Impairments	0.4	-7.8	-0.4	-2.7	-0.3
Receipts treated as negative DEL but revenue in National Account	0.6	0.7	0.6	0.8	1.1
Fees, levies and charges	0.2	0.2	0.2	0.4	1.4
Grant equivalent element of student lending	-0.9	-4.2	-3.8	-3.9	-5.6
Stock write-offs	-1.0	0.0	0.0	0.0	0.0
Change in pension scheme liabilities	-0.2	-0.1	0.0	0.0	0.0
Miscellaneous current transfers	1.0	1.6	1.8	2.3	2.2
Northern Ireland Executive transfers between DEL and AME ⁽²⁾	0.5	0.6	0.6	0.6	0.6
Profit or loss - sale of company securities	0.1	0.0	0.0	0.0	0.0
Profit or loss - sale of other assets (capital in National Accounts)	0.1	0.0	-0.1	0.0	1.0
EU funded expenditure	-0.4	-0.3	-0.5	-0.3	1.5
Other	0.3	0.0	-0.5	0.1	-1.4
Total resource DEL	0.7	-9.4	-2.1	-2.8	0.5
Resource departmental AME					
Impairments	-3.5	3.0	12.4	14.8	-14.2
Bad debts	-0.5	-0.6	-0.5	-0.5	-0.5
Grant equivalent element of student lending	-0.5	0.0	1.6	0.1	-0.7
Provisions	23.5	-7.2	-5.4	-10.3	-8.4
Change in pension scheme liabilities	-22.1	56.8	-27.1	-26.9	-29.3
Unwinding of discount rate on pension scheme liabilities	-39.2	-37.6	-44.0	-40.3	-37.4
Release of provisions covering payments of pension benefits	24.3	25.9	27.7	30.6	32.2
Fees, levies and charges	0.2	0.2	0.5	1.2	1.0
Profit or loss - sale of other assets (capital in National Accounts)	0.0	0.0	0.0	0.0	0.0
Fee income treated as capital in National Accounts	0.0	0.0	0.0	0.0	0.0
Imputed tax element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Imputed tax element of other environmental levies	0.0	0.0	0.0	0.0	0.0
Tax credits	-5.6	-5.6	-4.6	-2.8	-2.6
Other	-0.5	1.1	-0.6	-0.8	5.0
Total resource departmental AME	-24.0	36.1	-39.9	-34.9	-54.9
Total resource budget data not in public sector current expenditure	-23.3	26.7	-42.0	-37.7	-54.3

Table 1.14 Accounting adjustments, 2009-10 to 2013-14 ⁽¹⁾ (continued)

	£ billion				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Remove data in budgets which form part of public sector gross investment but where a different source is used for National Accounts					
Capital DEL					
Change in inventories	0.0	0.1	0.0	0.0	-0.1
Acquisitions less disposals of valuables	0.0	0.0	-0.1	-0.1	-0.1
Total capital DEL	-0.1	0.0	-0.2	-0.1	-0.2
Adjustment for different data used by OBR in PSGI forecast	0.0	0.0	0.0	0.0	0.0
of which DEL	0.0	0.0	0.0	0.0	0.0
of which AME	0.0	0.0	0.0	0.0	0.0
Total capital budget data replaced by different source data	-0.1	0.0	-0.2	-0.1	-0.2
Remove data in budgets which do not form part of public sector gross investment					
Capital DEL					
Single Use Military Equipment	-5.3	-5.4	-5.3	-4.8	-4.5
Net lending to private sector	-1.3	-1.0	-2.1	-1.5	-3.0
Capital support for public corporations	-0.1	0.2	0.1	0.0	0.1
Local government supported capital expenditure	0.0	0.0	0.0	0.0	0.0
Northern Ireland Executive transfers between DEL and AME	0.0	0.2	0.4	0.2	0.2
Green Investment Bank	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.0	-0.2	-0.4
Total Capital DEL	-6.6	-5.9	-7.0	-6.4	-7.5
Capital departmental AME					
Net lending to private sector	-52.9	-2.1	-1.2	-3.3	4.5
Capital support for public corporations	0.1	0.4	-0.1	0.2	0.8
Purchase of company securities	0.0	0.0	0.0	0.0	0.0
Sale of company securities	6.9	0.0	0.0	0.0	0.0
Northern Ireland Executive transfers between DEL and AME	-0.3	-0.2	-0.4	-0.1	-0.2
Other	3.0	-0.2	0.1	0.2	0.6
Total capital departmental AME	-43.3	-2.1	-1.7	-3.0	5.7
Total capital budget data not in public sector gross investmer	-49.8	-8.0	-8.7	-9.3	-1.9
Central government adjustments in National Accounts					
Gross fixed capital formation	0.5	-0.1	0.0	-2.6	-0.5
of which: profit or loss - sale of other assets (from resource bu	-0.1	0.0	0.1	0.0	-1.0
of which: other	0.5	-0.1	0.0	-2.6	0.5
Capital grants to and from the private sector	4.9	1.0	0.8	-27.9	0.5
of which: VAT refunds	0.1	0.1	0.1	0.1	0.1
of which: Royal Mail assets transfer	0.0	0.0	0.0	-28.6	0.0
of which: fee income (from resource budgets)	0.0	0.0	0.0	0.0	0.0
of which: DfID funding for capital projects scored in resource	0.0	0.0	0.0	0.0	0.0
of which: other	4.8	1.0	0.7	0.6	0.4
Total central government capital adjustments	5.3	1.0	0.8	-30.6	0.0
Local government adjustments in National Accounts					
Adjustments to reconcile use of different data sources	-4.8	-3.5	-3.8	-1.6	-1.3
of which: overhanging debt	-0.2	-0.8	-0.2	0.0	0.0
of which: central government support	-2.2	-0.5	-1.3	1.0	0.3
of which: financial transactions	-1.6	-1.4	-1.8	-2.1	-1.1
of which: capital grants from private sector	-0.9	-0.8	-0.7	-0.4	-0.5
Gross fixed capital formation	2.0	2.1	2.0	1.8	-2.8
of which: VAT refunds	1.7	2.0	2.2	2.1	2.0
of which: roads de-trunking	0.0	0.1	0.0	0.0	0.0
of which: other	0.3	0.0	-0.2	-0.2	-4.8
Capital grants	0.4	0.2	0.5	1.8	0.2
of which: grants to public corporations	0.0	0.0	0.0	0.0	0.0
of which: other	0.4	0.2	0.5	1.8	0.2
Total local government capital adjustments	-2.4	-1.3	-1.3	2.0	-3.9
Other capital adjustments					
Public corporations	0.2	-0.5	0.1	-0.2	-0.9
Housing Revenue Account reform receipts	0.0	0.0	-8.1	0.0	0.0
Other	0.0	0.1	0.3	0.0	0.0
Total other capital adjustments	0.3	-0.5	-7.6	-0.1	-0.8
Total capital adjustments	-46.7	-8.8	-17.0	-38.1	-6.8

Table 1.14 Accounting adjustments, 2009-10 to 2013-14 ⁽¹⁾ (continued)

	£ billion				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
<i>of which:</i>					
Timing adjustments ⁽³⁾					
Central government	5.6	1.2	0.5	-2.1	2.1
Local government	0.3	-0.3	-0.1	0.0	0.0

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

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

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

Table 1.15 Total Managed Expenditure by spending sector, 2009-10 to 2013-14

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Central government own expenditure					
DEL ⁽¹⁾	265,815	264,646	262,260	260,005	268,453
Departmental AME ⁽¹⁾⁽²⁾	238,692	142,377	223,345	233,708	247,274
Locally financed support in Northern Ireland	547	538	588	621	632
Net expenditure transfers to the EU	6,419	8,414	7,702	9,131	9,716
Central government debt interest	30,479	45,165	48,375	47,549	47,384
Accounting and other adjustments ⁽²⁾	-52,247	47,225	-25,782	-51,760	-34,613
Total central government own expenditure	489,705	508,365	516,488	499,254	538,846
Local government expenditure					
Central government support in DEL	114,689	115,502	106,524	100,702	90,419
Central government support in departmental AME ⁽¹⁾	21,436	24,326	24,898	25,436	36,833
Locally financed support in Scotland	2,165	2,068	2,182	2,263	2,435
Local authority self-financed expenditure	28,501	25,681	35,183	27,382	31,563
Accounting and other adjustments ⁽²⁾	7,456	9,093	1,702	11,699	6,307
Total local government expenditure	174,247	176,670	170,489	167,482	167,557
Public corporations' expenditure					
DEL ⁽¹⁾	674	-3	72	124	10
Departmental AME ⁽²⁾	-100	-467	106	-457	-925
Public corporations' own-financed capital expenditure	8,191	9,302	6,958	7,081	8,197
Accounting and other adjustments	685	838	592	672	571
Total public corporations' expenditure	9,450	9,670	7,728	7,420	7,853
Total Managed Expenditure	673,402	694,705	694,705	674,156	714,256

(1) Full resource budgeting basis, ie resource plus capital less depreciation. See Table 2.1.

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

BACKGROUND TO DEPARTMENTAL BUDGETS

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

WHAT'S NEW

1.2 Table 1.12 is a new table that presents total expenditure, ie the sum of Total DEL and departmental AME, by departmental group. This table was first published In the Public Spending Statistics (PSS) April 2014 statistical bulletin.

THE BUDGETING AND REPORTING FRAMEWORK

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

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

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

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

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

RECONCILIATION OF BUDGETING AND NATIONAL ACCOUNTS AGGREGATES

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

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

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

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

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

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

ADMINISTRATION BUDGETS

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

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

TOTAL DEL

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

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

PUBLIC EXPENDITURE BY SPENDING SECTOR

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

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

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

CENTRAL GOVERNMENT OWN EXPENDITURE

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

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

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

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

LOCAL GOVERNMENT EXPENDITURE

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

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

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

PUBLIC CORPORATIONS' EXPENDITURE

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

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

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

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

CHAPTER 2 ECONOMIC ANALYSES OF BUDGETS

OVERVIEW

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

RESOURCE DEL

- Total resource DEL was £338.9bn in 2013-14, a fall of 1.3 per cent on the previous year. This is the third consecutive year to show a fall in spending in the period covered by this release, reflecting the Government's plans for fiscal consolidation as set out in the 2010 Spending Review.
- Staff costs increased by 3.5 per cent in 2013-14, a reflection of the reclassification of academies from local to central government.
- Expenditure on grants to local government totalled £80.3bn in 2013-14, a fall of 11.8 per cent on 2012-13. In part this has been caused by the reclassification of academies mentioned above. It also reflects adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit. The financing of local government expenditure is examined in more detail in chapter 7 of PESA.
- Expenditure on gross current procurement increased by 3.2 per cent in 2013-14. A breakdown of gross current procurement by individual departments is shown in table 2.2.
- Spending on administration, composed mainly of pay and procurement, stood at £11.7bn in 2013-14. This is a fall of 7.4 per cent on the previous year.

RESOURCE AME

- Total resource AME stood at £289.3bn in 2013-14, an increase of 13.4 per cent on 2012-13. As above it reflects adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.
- The majority of the spending within resource AME is made up of grants to persons and non-profit bodies, which is mainly social security benefits. Expenditure on this heading rose by 1.0 per cent to £188.3bn in 2013-14 from £186.5bn in the previous year.
- Depreciation rose to £16.4bn from -£13.4bn in 2012-13. This is mainly due to a £13.0bn impairment for HM treasury in respect of financial sector interventions, compared with a negative impairment of - £17.1 bn in 2012-13.

CAPITAL BUDGETS

- Capital spending within budgets was £35.9bn in 2013-14, a fall of 15.6 per cent on the previous year. The majority of capital spending occurred within DEL. Spending in AME was boosted in 2009-10 by government intervention in the financial sector (see Box 2.A in PESA for more detail).
- Within capital DEL, support for local government increased by 5.0 per cent in 2013-14. Table 7.3 of PESA breaks this down by country and department. In the same year gross capital procurement was down by 7.0 per cent.

Table 2.1 Budgets by economic category of spending, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Resource DEL					
Staff costs ⁽¹⁾	88,479	94,805	96,666	99,587	103,057
Gross current procurement ⁽¹⁾	111,723	104,200	105,546	107,902	111,394
Income from sales of goods and services	-21,311	-15,378	-15,469	-16,860	-17,523
Current grants to local government ⁽¹⁾	99,436	102,608	95,616	91,034	80,270
Current grants to persons and non-profit bodies	33,404	31,296	29,223	25,968	24,646
Current grants abroad	361	1,028	727	1,457	3,128
Subsidies to private sector companies	5,887	5,646	6,006	5,899	5,680
Subsidies to public corporations	1,058	1,247	1,138	1,707	1,086
Net public service pensions ⁽²⁾	-66	20	9	47	82
Rentals	4,038	4,723	6,542	7,156	7,117
Depreciation ⁽³⁾	13,843	20,509	19,269	21,507	22,054
Take up of provisions	3	-	32	-21	9
Release of provisions	-6	-8	-10	-12	-2
Change in pension scheme liabilities	153	74	29	22	-1
Unwinding of the discount rate on pension scheme liabilities	21	-20	56	25	-
Release of provisions covering payments of pensions benefits	-2	-	-	-	-
Other	994	86	408	-2,041	-2,083
Total resource DEL	338,015	350,838	345,788	343,376	338,915
<i>Of which: administration budgets in resource DEL</i>					
Staff costs	14,800	13,645	9,052	8,590	7,945
Gross current procurement	7,195	6,713	4,294	4,111	4,016
Income from sales of goods and services	-1,412	-1,304	-1,096	-1,035	-1,206
Rentals	1,603	1,450	565	617	453
Depreciation	961	1,066	769	744	642
Other	-103	-80	-68	-440	-192
Total administration budgets in resource DEL	23,044	21,490	13,516	12,588	11,659
Resource departmental AME					
Staff costs	1,373	1,161	1,310	1,130	1,559
Gross current procurement	2,598	2,904	2,321	3,332	2,702
Income from sales of goods and services ⁽⁵⁾	-574	-2,069	-1,231	-1,240	-591
Current grants to local government	21,033	23,334	24,608	25,303	36,768
Current grants to persons and non-profit bodies	168,912	174,053	180,153	186,470	188,288
Subsidies to private sector companies	273	332	445	465	604
Subsidies to public corporations	-177	-658	-776	-83	-70
Net public service pensions ⁽²⁾	3,677	4,607	6,668	8,580	9,213
Rentals	-	-	-	83	2
Depreciation ⁽⁵⁾	6,529	-1,238	-12,387	-13,359	16,377
Take up of provisions ⁽⁵⁾	-17,248	13,233	12,754	17,911	13,155
Release of provisions	-6,278	-6,066	-7,386	-7,637	-4,773
Change in pension scheme liabilities ⁽⁶⁾	22,124	-56,752	27,069	26,928	29,308
Unwinding of the discount rate on pension scheme liabilities	39,154	37,615	44,012	40,327	37,420
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-24,272	-25,928	-27,725	-30,550	-32,174
Other ⁽⁵⁾	-1,542	-2,055	-4,011	-2,562	-8,489
Total resource departmental AME	215,581	162,472	245,824	255,098	289,299

Table 2.1 Budgets by economic category of spending, 2009-10 to 2013-14 (continued)

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Resource budgets					
Staff costs ⁽¹⁾	89,852	95,966	97,976	100,717	104,616
Gross current procurement ⁽¹⁾	114,320	107,104	107,867	111,234	114,096
Income from sales of goods and services ⁽⁵⁾	-21,885	-17,447	-16,700	-18,100	-18,114
Current grants to local government ⁽¹⁾	120,469	125,942	120,224	116,338	117,038
Current grants to persons and non-profit bodies	202,316	205,350	209,377	212,438	212,934
Current grants abroad	361	1,028	727	1,457	3,128
Subsidies to private sector companies	6,160	5,977	6,452	6,364	6,285
Subsidies to public corporations	880	588	362	1,625	1,016
Net public service pensions ⁽²⁾	3,611	4,627	6,678	8,627	9,296
Rentals	4,038	4,723	6,542	7,239	7,119
Depreciation ^{(3) (5)}	20,372	19,271	6,882	8,147	38,431
Take up of provisions ⁽⁵⁾	-17,245	13,233	12,786	17,890	13,165
Release of provisions	-6,284	-6,074	-7,396	-7,650	-4,775
Change in pension scheme liabilities ⁽⁶⁾	22,277	-56,677	27,098	26,950	29,307
Unwinding of the discount rate on pension scheme liabilities	39,175	37,594	44,068	40,352	37,420
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-24,274	-25,928	-27,726	-30,550	-32,174
Other ⁽⁵⁾	-548	-1,968	-3,603	-4,603	-10,571
Total resource budgets	553,595	513,310	591,612	598,474	628,215
Capital DEL					
Capital support for local government	15,254	12,893	10,909	9,668	10,149
Capital grants to persons and non-profit bodies	6,606	4,836	3,044	1,653	2,240
Capital grants to private sector companies	8,839	7,683	6,643	5,892	6,393
Capital grants abroad	725	1,772	1,425	1,369	1,586
Capital support for public corporations	832	187	268	304	206
Gross capital procurement	25,183	23,786	20,644	21,813	20,282
Income from sales of assets	-701	-960	-1,241	-2,118	-818
Net lending and investment to the private sector and abroad ⁽⁵⁾	482	-126	504	561	1,941
Other	-213	-254	143	-180	44
Total capital DEL	57,007	49,816	42,338	38,961	42,021

Table 2.1 Budgets by economic category of spending, 2009-10 to 2013-14 (continued)

	2009-10	2010-11	2011-12	2012-13	£ million 2013-14
	outturn	outturn	outturn	outturn	outturn
Capital departmental AME					
Capital support for local government	402	993	290	133	65
Capital grants to persons and non-profit bodies	664	549	338	369	416
Capital grants to private sector companies	-	-	-1	-	-1,016
Capital grants abroad	-	-	-	-	-20
Capital support for public corporations	97	-361	187	-198	-797
Gross capital procurement	124	139	193	183	145
Income from sales of assets	-	-	-	-211	-124
Net lending and investment to the private sector and abroad	42,681	2,013	1,198	3,233	-4,779
Other	478	430	320	80	-7
Total capital departmental AME	44,447	3,764	2,525	3,589	-6,117
Capital budgets					
Capital support for local government	15,656	13,886	11,199	9,800	10,214
Capital grants to persons and non-profit bodies	7,270	5,385	3,382	2,022	2,655
Capital grants to private sector companies	8,839	7,683	6,642	5,891	5,377
Capital grants abroad	725	1,772	1,425	1,369	1,566
Capital support for public corporations	929	-173	455	106	-591
Gross capital procurement	25,307	23,925	20,837	21,997	20,426
Income from sales of assets	-701	-960	-1,241	-2,329	-943
Net lending and investment to the private sector and abroad ⁽⁵⁾	43,163	1,887	1,702	3,794	-2,839
Other	265	176	463	-100	37
Total capital budgets	101,454	53,581	44,864	42,551	35,904

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

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

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

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

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

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

Table 2.2 Gross current procurement in budgets ⁽¹⁾, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Gross current procurement in budgets					
Education ⁽²⁾	1,177	1,321	2,316	2,868	3,198
NHS (Health)	58,419	51,124	53,447	56,168	58,191
Personal Social Services (Health)	52	24	-	-	-
Transport	1,920	1,727	1,823	1,942	2,039
CLG Communities	484	484	402	339	305
CLG Local Government	260	89	89	89	-
Business, Innovation and Skills	1,592	1,384	1,344	1,143	1,500
Home Office	2,196	2,392	2,017	2,201	2,124
Justice	5,754	5,720	6,039	5,874	5,371
Law Officers' Departments	368	342	299	281	267
Defence	13,482	13,517	13,018	11,901	12,462
Foreign and Commonwealth Office	948	960	907	960	729
International Development	559	588	728	784	1,123
Energy and Climate Change	2,172	1,961	1,931	1,598	1,789
Environment, Food and Rural Affairs	1,207	1,084	1,106	1,290	1,205
Culture, Media and Sport	3,075	3,376	2,905	3,694	3,036
Work and Pensions	2,756	2,945	2,111	2,088	2,251
Scotland	6,810	6,777	6,224	6,886	6,878
Wales	3,520	3,849	3,831	3,410	3,681
Northern Ireland	3,722	3,948	3,726	4,137	4,296
Chancellor's Departments	1,639	1,324	1,321	1,519	1,410
Cabinet Office	1,148	1,190	1,237	1,206	1,343
Small and Independent Bodies	1,062	978	1,044	856	873
Total gross current procurement in budgets	114,320	107,104	107,867	111,234	114,073

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

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

Table 2.3 Gross capital procurement in budgets ⁽¹⁾, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Gross capital procurement in budgets					
Education	73	27	15	2,227	443
NHS (Health)	4,861	4,178	3,416	3,831	3,979
Personal Social Services (Health)	-	-	-	-	-
Transport	2,002	1,654	1,361	1,110	1,431
CLG Communities	266	217	84	55	125
CLG Local Government	2	1	-	1	-
Business, Innovation and Skills	483	470	321	297	300
Home Office	586	337	278	227	211
Justice	875	591	420	327	362
Law Officers' Departments	12	8	3	2	3
Defence	9,019	9,369	8,699	7,872	7,510
Foreign and Commonwealth Office	162	125	99	106	137
International Development	15	11	17	66	13
Energy and Climate Change	1,197	1,326	1,444	1,786	1,711
Environment, Food and Rural Affairs	212	196	133	150	181
Culture, Media and Sport	1,579	1,715	1,380	510	788
Work and Pensions	254	233	229	308	126
Scotland	1,144	1,107	905	1,178	1,020
Wales	658	624	472	389	461
Northern Ireland	1,176	1,070	844	900	908
Chancellor's Departments	243	186	241	211	224
Cabinet Office	409	412	419	381	422
Small and Independent Bodies	79	68	57	63	73
Total gross capital procurement in budgets	25,307	23,925	20,837	21,997	20,426

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

BACKGROUND TO ECONOMIC ANALYSES

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

WHAT'S NEW

2.2 There have been no significant changes to the presentation of data within this chapter since the summer 2013 Public Spending Statistics publication.

ANALYSES OF BUDGETS BY ECONOMIC CATEGORY OF SPENDING

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

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

2.5 **Staff costs** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs and payments for contract and agency staff that were formerly treated as procurement expenditure.

2.6 **Gross current procurement** shows expenditure on goods and services, including accommodation and building management, ICT outsourcing, maintenance and support, travel costs and payments for consultancy and audit services. It also includes the purchase of services from GPs. Spending on Single Use Military Equipment (SUME), shown as current procurement in the National Accounts presentations in **Chapters 5 and 6**, is treated as capital procurement in budgets.

2.7 **Current grants** include all transfer payments other than subsidies (see 2.8 below) that are not used to fund capital formation. In **Table 2.1** these grants are analysed by recipient: local government; persons and non-profit bodies; and overseas recipients. **Current grants to local government** are intra-public sector payments that consolidate out of Total Managed Expenditure (TME), which is the government's preferred measure of total public spending. Further information on local government finance is given in **Chapter 7**. **Current grants to persons and non-profit bodies** largely comprise social security benefits included in resource departmental AME, as well as funding (usually in DEL) to further and higher education institutions and other non-profit private sector bodies. In **Table 2.1** they include tax credits previously scored as negative tax which are excluded from **Chapters 5 and 6**. **Current grants abroad** are mainly foreign aid, such as programmes to reduce poverty.

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

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

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

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

2.11 Take-up of provisions are costs in resource budgets recognising that liabilities have been incurred that will more likely than not lead to a future payment, but where the amount and timing of these future payments are uncertain. Upon settling the liability the payment scores to the resource or capital budget according to the economic category of the transaction, whilst an equal and opposite (negative) **release of provisions** scores as a benefit to the resource budget. These lines do not include pension scheme provisions (see below).

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

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

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

Resource budget

- Income from sales of goods and services: £0.4 billion in 2009-10, £1.8 billion in 2010-11, £1.0 billion in 2011-12 and £0.5 billion in 2012-13. This is mainly underwriting commission and guarantee fee income;
- Depreciation: -£12.0 billion in 2010-11 for the change in fair value of the Asset Protection Scheme (APS) and Bank of England Asset Purchase Facility Fund (BEAPFF). In 2011-12 the impairment cost of RBS and LBG shares was £14.1 billion, offset by a -£28.4bn gain for the BEAPFF. There was a further gain of -£17.1 billion in 2012-13 and an impairment of £12.9 billion in 2013-14.
- Take up of provisions: -£25.4 billion in 2009-10, for potential APS losses which were subsequently not realised; and
- Other: income of £1.9 billion in 2009-10, £0.4 billion in 2010-11, £0.8 billion in both 2011-12 and 2012-13 and £5.0 billion in 2013-14. This is comprised mainly of interest paid to government and in 2013-14 from the sale of shares in Lloyds Banking Group.

Capital budget

- Net lending to the private sector: £38.3 billion in 2009-10, -£3.0 billion in 2010-11, -£4.6 billion in 2011-12, -£3.6 billion in 2012-13 and -£4.9 billion in 2013-14. This is mainly lending to banks and the Financial Services Compensation Scheme and subsequent repayments together with income from the sale of Northern Rock in 2011-12 and income from the sale of shares in Lloyds Banking Group in 2013-14.

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

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

included in **Annex D**, and a reconciliation from IFRS pensions in departmental AME to the National Accounts measure is given in **Table D1**.

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

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

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

2.16 Gross capital procurement comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any net increases in stock (where included in budgets). It is measured gross of depreciation. It includes the pay of civil servants engaged in in-house capital formation that is recorded as capital expenditure, rather than as pay. It also includes expenditure on Single Use Military Equipment (SUME) that is classified as current procurement in the National Accounts. The expenditure on services presentations in **Chapters 5 and 6** follow the National Accounts treatment of SUME.

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

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

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

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

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

CHAPTER 4 TRENDS IN PUBLIC SPENDING

OVERVIEW

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

Table 4.1 shows long run trends in Total Managed Expenditure (TME) and its Public Sector Current Expenditure (PSCE) and Public Sector Net Investment (PSNI) components back to 1972-73.

Tables 4.2 to 4.4 show total expenditure on services split by high level spending function (health, education, social protection, etc) back to 1990-91.

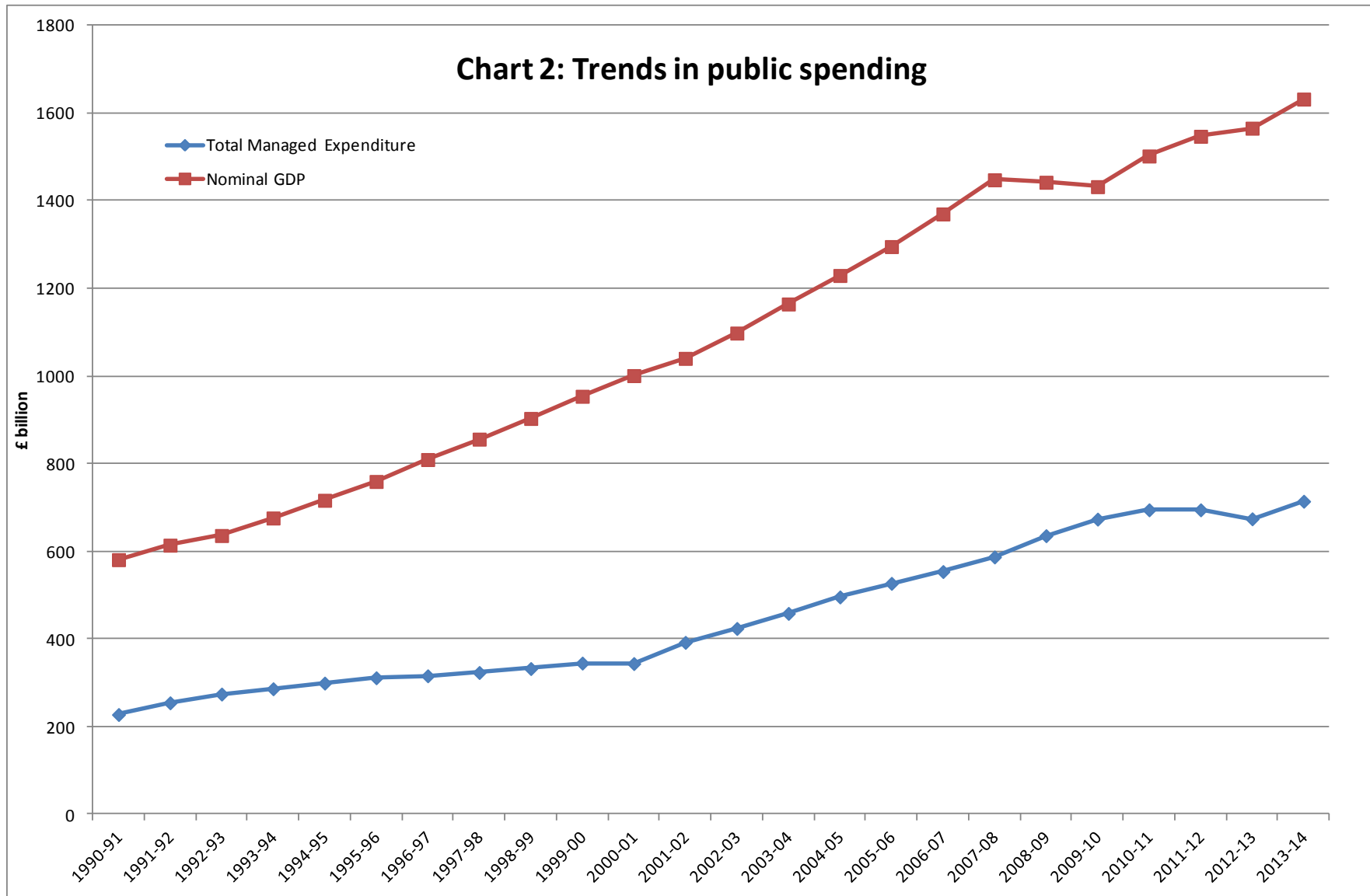
TRENDS IN TME, PSCE AND PSNI (TABLE 4.1)

- During 2013-14, Total Managed Expenditure has increased in nominal terms by £40.1 billion (+5.9 per cent), and also in real (inflation-adjusted) terms by £28.5 billion (+4.2 per cent).
- Since 1972-73, real terms year-on-year decreases in TME have only occurred in; 1977-78, 1985-86, 1988-89, 1996-97, 2000-01, 2011-12 and 2012-13.
- The real terms increase in TME in 2013-14 represents a normalisation in trend due to Public Sector Net Investment showing a surplus once again (back to £24.7 billion compared with -£4.7 billion in 2012-13). In 2012-13 Public Sector Net Investment includes a £28 billion adjustment in respect of Royal Mail pension assets.
- TME as a percentage of GDP, which shows the size of the public sector relative to the size of the whole economy, was 43.8 per cent in 2013-14. This is the first rise in TME as a percentage of GDP since 2009-10.

TRENDS IN FUNCTIONAL EXPENDITURE (TABLE 4.2 TO 4.4)

- In real terms, spending in six functions increased whilst spending in four functions fell during 2013-14.
- The largest real terms increases were in **Housing and community amenities** (+17.0 per cent) and in **Economic affairs** (+7.8 per cent, driven by rises of 21.1% and 16.5% in **science and technology** and **employment policies** respectively)
- The largest real terms decreases in spending were in **Recreation, culture and religion** (-10.7 per cent), and in **Public order and safety** (-5.3 per cent).
- Spending on **Health** shows a nominal and real terms increase in 2013-14 (+4.2 per cent nominal, +2.4 per cent in real terms).
- Spending on **Education** shows a +3.7 per cent nominal rise in 2013-14. In real terms there was an increase of +2.0 per cent over the same period.

- For greater detail see Table 5.2, which shows a breakdown of public spending at the sub-functional level.



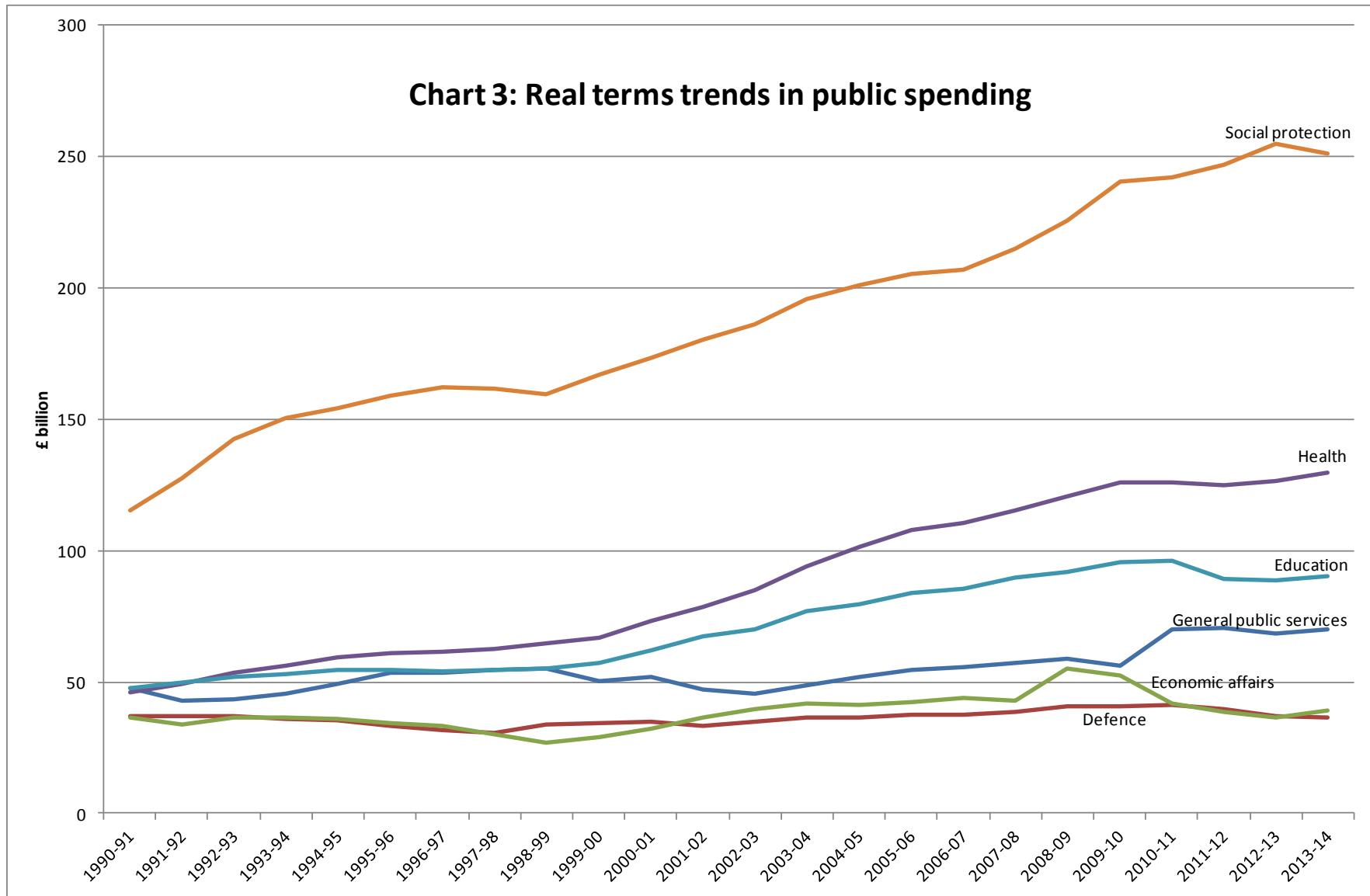


Table 4.1 Public expenditure aggregates, 1972-73 to 2013-14

Outturn data in this table up to 2013-14 fall within the scope of National Statistics

	Public sector current expenditure			Depreciation	Public sector net investment			Total Managed Expenditure ⁽²⁾		
	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP		Nominal £ billion	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion	Real terms ⁽¹⁾ £ billion
1972-73	22.4	213.9	33.2	2.6	3.3	31.3	4.9	28.3	269.8	41.9
1973-74	26.4	235.4	35.0	3.1	3.9	35.2	5.2	33.4	298.1	44.4
1974-75	34.8	260.0	38.7	3.9	5.1	37.8	5.6	43.7	326.9	48.7
1975-76	44.6	265.8	39.8	4.9	6.2	37.1	5.6	55.7	332.2	49.7
1976-77	52.0	272.9	39.7	5.8	5.8	30.4	4.4	63.6	333.6	48.6
1977-78	58.3	269.1	38.3	6.6	4.5	20.8	3.0	69.5	320.5	45.6
1978-79	66.7	277.4	38.3	7.5	4.4	18.2	2.5	78.6	326.8	45.1
1979-80	79.9	284.7	38.1	8.9	4.8	16.9	2.3	93.6	333.4	44.6
1980-81	97.2	293.0	40.7	10.7	4.5	13.6	1.9	112.5	338.9	47.0
1981-82	111.3	306.1	42.3	11.7	2.6	7.3	1.0	125.6	345.5	47.7
1982-83	121.7	313.6	42.3	12.1	4.5	11.5	1.6	138.3	356.3	48.1
1983-84	131.4	324.1	41.9	12.6	5.7	14.1	1.8	149.7	369.4	47.8
1984-85	142.0	333.7	42.2	12.7	5.3	12.4	1.6	160.0	375.8	47.5
1985-86	150.0	334.4	40.6	12.3	4.3	9.6	1.2	166.6	371.4	45.0
1986-87	157.3	341.2	39.7	12.7	2.7	5.9	0.7	172.8	374.7	43.6
1987-88	168.0	345.7	38.0	12.7	2.6	5.3	0.6	183.3	377.1	41.5
1988-89	175.4	339.1	35.6	13.6	1.7	3.2	0.3	190.7	368.6	38.7
1989-90	189.3	342.4	35.1	14.3	6.6	12.0	1.2	210.2	380.3	38.9
1990-91	205.6	347.3	35.4	14.1	7.8	13.1	1.3	227.5	384.3	39.2
1991-92	230.8	367.3	37.6	12.6	10.8	17.1	1.8	254.2	404.6	41.4
1992-93	249.9	390.1	39.3	12.7	11.6	18.1	1.8	274.2	428.0	43.1
1993-94	263.9	404.1	39.0	13.0	9.4	14.4	1.4	286.3	438.4	42.3
1994-95	276.3	417.9	38.6	13.1	9.8	14.8	1.4	299.2	452.6	41.8
1995-96	288.1	425.2	37.9	13.1	10.1	14.9	1.3	311.4	459.5	41.0
1996-97	298.0	427.9	36.8	12.4	5.4	7.8	0.7	315.8	453.5	39.0
1997-98	305.3	430.6	35.7	12.3	5.9	8.3	0.7	323.4	456.1	37.8
1998-99	313.2	433.5	34.7	12.4	6.7	9.3	0.7	332.4	460.0	36.8
1999-00	325.3	441.5	34.1	12.8	6.8	9.2	0.7	344.9	468.1	36.2
2000-01	346.7	467.2	34.6	13.1	-16.1	-21.6	-1.6	343.8	463.3	34.3
2001-02	364.6	478.4	35.0	13.6	13.9	18.3	1.3	392.2	514.5	37.7
2002-03	393.2	504.2	35.8	14.5	16.2	20.7	1.5	423.9	543.5	38.6
2003-04	425.4	535.1	36.5	15.0	17.9	22.5	1.5	458.3	576.5	39.4
2004-05	457.3	559.7	37.2	15.7	22.8	28.0	1.9	495.8	606.9	40.3
2005-06	484.6	582.6	37.4	16.5	25.7	30.9	2.0	526.8	633.3	40.7
2006-07	508.4	594.0	37.1	17.4	28.0	32.8	2.0	553.8	647.1	40.4
2007-08	537.5	612.7	37.1	18.2	31.4	35.8	2.2	587.1	669.2	40.6
2008-09	567.9	629.6	39.4	19.1	48.5	53.8	3.4	635.6	704.6	44.1
2009-10	605.0	652.8	42.2	20.0	48.4	52.2	3.4	673.4	726.6	47.0
2010-11	635.3	668.0	42.3	20.8	38.7	40.6	2.6	694.7	730.5	46.2
2011-12	644.0	662.2	41.6	21.6	29.0	29.9	1.9	694.7	714.3	44.9
2012-13	656.2	667.6	41.9	22.5	-4.6	-4.7	-0.3	674.2	685.8	43.1
2013-14	666.2	666.2	40.8	23.4	24.7	24.7	1.5	714.3	714.3	43.8

(1) Real terms figures are the nominal figures adjusted to 2013-14 price levels using GDP deflators from the Office for National Statistics (released 27 June 2014).

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

Public Spending Statistics July 2014

Table 4.2 Public sector expenditure on services by function, 1990-91 to 2013-14

	cash basis								accruals basis													£ billion		
	National Statistics								National Statistics															
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11		2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
1. General public services	28.1	26.9	27.9	29.8	32.7	36.3	37.4	38.9	39.7	37.1	38.6	36.1	35.4	38.7	42.5	45.4	47.6	50.4	52.9	51.8	66.7	68.5	67.4	70.0
of which: public and common services	5.1	5.7	5.8	5.8	5.9	6.1	6.2	6.2	7.2	8.0	7.9	9.2	9.8	10.9	12.1	12.8	12.7	12.5	14.0	13.8	12.8	11.6	11.3	11.9
of which: international services	2.5	2.9	3.1	3.2	3.3	3.4	3.1	3.1	3.2	3.7	4.2	4.3	4.5	5.1	5.5	6.2	6.3	6.7	6.4	7.1	8.0	8.0	8.0	10.1
of which: public sector debt interest	20.5	18.3	19.0	20.8	23.5	26.8	28.1	29.6	29.3	25.4	26.5	22.6	21.1	22.7	24.9	26.4	28.6	31.2	32.5	31.0	45.9	49.0	48.1	48.0
2. Defence	22.0	23.2	23.8	23.5	23.3	22.5	22.1	21.7	24.5	25.1	25.7	25.4	27.0	28.8	29.8	31.0	32.2	33.7	36.8	37.7	39.3	38.7	36.4	36.4
3. Public order and safety	11.7	13.2	14.4	15.0	15.6	16.0	16.4	17.1	18.0	18.4	20.4	23.1	24.4	26.4	28.5	29.3	30.4	31.7	33.7	34.1	33.0	32.0	31.3	30.2
4. Economic affairs	21.5	21.4	23.3	23.8	23.9	23.4	23.3	21.5	19.6	21.5	23.8	27.8	30.8	33.1	33.7	35.4	37.7	37.4	49.7	48.7	39.9	37.5	35.6	39.0
of which: enterprise and economic development ⁽¹⁾	6.9	5.4	5.4	5.5	4.7	4.5	4.3	4.3	3.1	4.4	4.9	5.1	5.9	6.0	6.5	6.4	6.3	7.1	16.2	12.2	4.8	4.9	4.9	5.3
of which: science and technology	1.2	1.3	1.4	1.5	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.7	2.1	2.3	2.5	3.0	2.9	3.3	3.2	3.6	3.4	3.6	3.6	4.4
of which: employment policies	2.4	2.7	2.9	3.1	3.2	3.1	2.8	2.5	2.9	3.5	3.8	3.3	3.0	3.2	3.2	3.3	3.3	2.1	3.5	4.1	4.7	3.3	3.1	3.7
of which: agriculture, fisheries and forestry	2.7	2.8	2.9	3.8	3.4	3.9	5.4	4.7	4.4	4.3	4.7	6.3	4.9	5.3	5.4	5.6	5.1	4.3	5.8	5.8	5.5	5.8	5.3	5.5
of which: transport	8.3	9.2	10.8	10.0	11.5	10.9	9.5	8.7	7.8	7.9	9.0	11.3	14.8	16.3	16.0	17.0	19.9	20.6	21.0	23.0	21.5	20.0	18.8	20.2
5. Environment protection	3.2	3.4	3.6	3.4	3.8	4.1	3.7	4.0	4.3	4.9	5.1	5.4	6.0	6.2	7.0	8.5	9.4	9.6	9.2	10.4	10.9	10.5	10.6	11.4
6. Housing and community amenities	6.0	6.8	7.1	6.2	6.2	6.0	5.7	4.9	5.5	4.7	5.5	6.2	5.4	6.7	8.0	10.7	11.5	13.0	15.3	16.3	13.1	10.0	9.5	11.3
7. Health	27.1	30.9	34.2	36.6	39.4	41.4	42.8	44.5	46.9	49.4	54.2	59.8	66.2	74.9	82.9	89.8	94.7	101.1	108.7	116.9	119.8	121.2	124.3	129.5
8. Recreation, culture and religion	4.8	5.0	5.1	5.1	5.2	5.5	5.7	6.4	7.2	7.7	7.8	8.6	9.3	9.7	10.0	10.8	11.4	11.9	12.4	13.2	13.0	12.5	12.7	11.6
9. Education	28.1	31.3	33.2	34.7	36.2	37.0	37.8	38.6	40.0	42.2	45.9	51.2	54.7	61.0	65.1	69.8	73.0	78.7	83.0	88.5	91.5	86.9	87.0	90.2
10. Social protection	68.2	80.2	91.1	98.3	102.0	107.6	112.8	114.5	115.2	123.0	128.5	137.4	145.3	155.6	164.1	171.0	177.0	188.6	203.4	223.0	230.4	240.0	250.5	251.3
EU transactions	-2.3	-4.1	-3.4	-4.7	-4.3	-4.1	-5.2	-3.7	-2.6	-2.7	-2.6	-4.8	-1.9	-2.1	-0.9	-0.6	-1.8	-1.5	-2.9	0.9	3.6	2.0	4.3	5.2
Public sector expenditure on services	218.4	238.2	260.5	271.6	284.1	295.8	302.5	308.4	318.4	331.2	353.0	376.1	402.8	439.2	470.8	501.0	523.0	554.6	602.2	641.6	661.2	659.9	669.5	685.9
Accounting adjustments ⁽²⁾	9.1	16.0	13.7	14.7	15.1	15.6	13.3	15.1	14.0	13.7	-9.2	16.1	21.1	19.1	25.0	25.8	30.8	32.5	33.4	31.8	33.5	34.8	4.7	28.3
Total Managed Expenditure⁽³⁾	227.5	254.2	274.2	286.3	299.2	311.4	315.8	323.4	332.4	344.9	343.8	392.2	423.9	458.3	495.8	526.8	553.8	587.1	635.6	673.4	694.7	694.7	674.2	714.3

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

(2) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

Table 4.3 Public sector expenditure on services by function in real terms⁽¹⁾, 1990-91 to 2013-14

	cash basis									accruals basis													£ billion	
	National Statistics									National Statistics														
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12		2012-13
outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
1. General public services	47.4	42.8	43.6	45.6	49.5	53.5	53.7	54.8	54.9	50.3	52.0	47.3	45.4	48.6	52.0	54.5	55.6	57.4	58.6	55.9	70.1	70.4	68.5	70.0
<i>of which: public and common services</i>	8.6	9.1	9.1	8.9	8.9	9.0	8.9	8.7	10.0	10.9	10.6	12.1	12.6	13.7	14.8	15.4	14.8	14.2	15.5	14.8	13.4	11.9	11.5	11.9
<i>of which: international services</i>	4.2	4.6	4.8	4.9	5.0	5.0	4.5	4.4	4.4	5.0	5.7	5.6	5.8	6.4	6.7	7.5	7.4	7.6	7.1	7.7	8.4	8.2	8.1	10.1
<i>of which: public sector debt interest</i>	34.6	29.1	29.7	31.8	35.5	39.5	40.4	41.7	40.5	34.5	35.7	29.6	27.1	28.5	30.5	31.7	33.4	35.5	36.0	33.4	48.3	50.4	48.9	48.0
2. Defence	37.2	36.9	37.2	36.0	35.2	33.2	31.7	30.6	33.9	34.1	34.6	33.3	34.6	36.2	36.5	37.3	37.6	38.4	40.8	40.7	41.3	39.8	37.0	36.4
3. Public order and safety	19.8	21.0	22.5	23.0	23.6	23.6	23.5	24.1	24.9	25.0	27.5	30.3	31.3	33.2	34.9	35.2	35.5	36.1	37.4	36.8	34.7	32.9	31.8	30.2
4. Economic affairs	36.3	34.1	36.4	36.4	36.2	34.5	33.5	30.3	27.1	29.2	32.1	36.5	39.5	41.6	41.2	42.6	44.1	42.6	55.1	52.5	41.9	38.6	36.2	39.0
<i>of which: enterprise and economic development⁽²⁾</i>	11.7	8.6	8.4	8.4	7.1	6.6	6.2	6.1	4.3	6.0	6.6	6.7	7.6	7.5	8.0	7.7	7.4	8.1	18.0	13.2	5.1	5.0	5.0	5.3
<i>of which: science and technology</i>	2.0	2.1	2.2	2.3	1.7	1.8	2.0	2.0	1.9	1.9	1.9	2.2	2.7	2.9	3.1	3.6	3.4	3.8	3.5	3.8	3.6	3.7	3.7	4.4
<i>of which: employment policies</i>	4.1	4.3	4.5	4.7	4.8	4.6	4.0	3.5	4.0	4.8	5.1	4.3	3.8	4.0	3.9	4.0	3.9	2.4	3.9	4.4	4.9	3.3	3.1	3.7
<i>of which: agriculture, fisheries and forestry</i>	4.6	4.5	4.5	5.8	5.1	5.8	7.8	6.6	6.1	5.8	6.3	8.3	6.3	6.7	6.6	6.7	6.0	4.9	6.4	6.3	5.8	6.0	5.4	5.5
<i>of which: transport</i>	14.0	14.6	16.9	15.3	17.4	16.1	13.6	12.3	10.8	10.7	12.1	14.8	19.0	20.5	19.6	20.4	23.3	23.5	23.3	24.8	22.6	20.6	19.1	20.2
5. Environment protection	5.4	5.4	5.6	5.2	5.7	6.1	5.3	5.6	6.0	6.7	6.9	7.1	7.7	7.8	8.6	10.2	11.0	10.9	10.2	11.2	11.5	10.8	10.8	11.4
6. Housing and community amenities	10.1	10.8	11.1	9.5	9.4	8.9	8.2	6.9	7.6	6.4	7.4	8.1	6.9	8.4	9.8	12.9	13.4	14.8	17.0	17.6	13.8	10.3	9.6	11.3
7. Health	45.8	49.2	53.4	56.1	59.6	61.1	61.5	62.8	64.9	67.0	73.0	78.5	84.9	94.2	101.5	107.9	110.7	115.2	120.5	126.1	126.0	124.7	126.4	129.5
8. Recreation, culture and religion	8.1	8.0	8.0	7.8	7.9	8.1	8.2	9.0	10.0	10.5	10.5	11.3	11.9	12.2	12.2	13.0	13.3	13.6	13.7	14.2	13.6	12.9	13.0	11.6
9. Education	47.5	49.8	51.8	53.1	54.8	54.6	54.3	54.4	55.4	57.3	61.9	67.2	70.1	76.7	79.7	83.9	85.3	89.7	92.0	95.5	96.2	89.3	88.5	90.2
10. Social protection	115.2	127.6	142.2	150.5	154.3	158.8	162.0	161.5	159.4	166.9	173.2	180.3	186.3	195.7	200.9	205.6	206.8	215.0	225.5	240.6	242.3	246.8	254.8	251.3
EU transactions	-3.9	-6.5	-5.3	-7.2	-6.5	-6.1	-7.5	-5.2	-3.6	-3.7	-3.5	-6.3	-2.4	-2.6	-1.1	-0.7	-2.1	-1.7	-3.2	1.0	3.8	2.1	4.4	5.2
Public sector expenditure on services	368.9	379.1	406.7	415.9	429.8	436.5	434.4	434.9	440.7	449.5	475.7	493.4	516.5	552.4	576.3	602.3	611.1	632.1	667.5	692.2	695.2	678.5	681.0	685.9
Accounting adjustments ⁽³⁾	15.4	25.5	21.3	22.4	22.8	23.0	19.1	21.2	19.3	18.6	-12.4	21.1	27.0	24.0	30.6	31.1	36.0	37.1	37.1	34.3	35.2	35.8	4.8	28.3
Total Managed Expenditure⁽⁴⁾	384.3	404.6	428.0	438.4	452.6	459.5	453.5	456.1	460.0	468.1	463.3	514.5	543.5	576.5	606.9	633.3	647.1	669.2	704.6	726.6	730.5	714.3	685.8	714.3

(1) Real terms figures are the nominal figures adjusted to 2013-14 price levels using GDP deflators from the Office for National Statistics (released 27 June 2014).

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

(3) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

Public Spending Statistics July 2014

Table 4.4 Public sector expenditure on services by function as a per cent of GDP, ⁽¹⁾ 1990-91 to 2013-14

	cash basis									accruals basis													per cent	
	National Statistics									National Statistics														
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12		2012-13
outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
1. General public services	4.8	4.4	4.4	4.4	4.6	4.8	4.6	4.5	4.4	3.9	3.9	3.5	3.2	3.3	3.5	3.5	3.5	3.5	3.7	3.6	4.4	4.4	4.3	4.3
<i>of which: public and common services</i>	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	0.9	0.9	1.0	1.0	0.8	0.7	0.7	0.7
<i>of which: international services</i>	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.6
<i>of which: public sector debt interest</i>	3.5	3.0	3.0	3.1	3.3	3.5	3.5	3.5	3.2	2.7	2.6	2.2	1.9	1.9	2.0	2.0	2.1	2.2	2.3	2.2	3.1	3.2	3.1	2.9
2. Defence	3.8	3.8	3.7	3.5	3.3	3.0	2.7	2.5	2.7	2.6	2.6	2.4	2.5	2.5	2.4	2.4	2.3	2.6	2.6	2.6	2.5	2.3	2.2	
3. Public order and safety	2.0	2.1	2.3	2.2	2.2	2.1	2.0	2.0	2.0	1.9	2.0	2.2	2.2	2.3	2.3	2.3	2.2	2.3	2.4	2.2	2.1	2.0	1.8	
4. Economic affairs	3.7	3.5	3.7	3.5	3.3	3.1	2.9	2.5	2.2	2.3	2.4	2.7	2.8	2.8	2.7	2.7	2.8	2.6	3.4	3.4	2.7	2.4	2.3	2.4
<i>of which: enterprise and economic development⁽²⁾</i>	1.2	0.9	0.8	0.8	0.7	0.6	0.5	0.5	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.1	0.9	0.3	0.3	0.3	0.3
<i>of which: science and technology</i>	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
<i>of which: employment policies</i>	0.4	0.4	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.2
<i>of which: agriculture, fisheries and forestry</i>	0.5	0.5	0.5	0.6	0.5	0.5	0.7	0.5	0.5	0.5	0.5	0.6	0.4	0.5	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.3	0.3
<i>of which: transport</i>	1.4	1.5	1.7	1.5	1.6	1.4	1.2	1.0	0.9	0.8	0.9	1.1	1.3	1.4	1.3	1.3	1.5	1.4	1.5	1.6	1.4	1.3	1.2	1.2
5. Environment protection	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7
6. Housing and community amenities	1.0	1.1	1.1	0.9	0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.6	0.5	0.6	0.7	0.8	0.8	0.9	1.1	1.1	0.9	0.6	0.6	0.7
7. Health	4.7	5.0	5.4	5.4	5.5	5.5	5.3	5.2	5.2	5.2	5.4	5.7	6.0	6.4	6.7	6.9	6.9	7.0	7.5	8.2	8.0	7.8	7.9	7.9
8. Recreation, culture and religion	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.8	0.8	0.7
9. Education	4.8	5.1	5.2	5.1	5.1	4.9	4.7	4.5	4.4	4.4	4.6	4.9	5.0	5.2	5.3	5.4	5.3	5.4	5.8	6.2	6.1	5.6	5.6	5.5
10. Social protection	11.7	13.1	14.3	14.5	14.2	14.2	13.9	13.4	12.8	12.9	12.8	13.2	13.2	13.4	13.3	13.2	12.9	13.0	14.1	15.6	15.3	15.5	16.0	15.4
EU transactions	-0.4	-0.7	-0.5	-0.7	-0.6	-0.5	-0.6	-0.4	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	0.1	0.2	0.1	0.3	0.3
Public sector expenditure on services	37.6	38.8	41.0	40.2	39.7	39.0	37.4	36.0	35.3	34.7	35.3	36.2	36.7	37.7	38.3	38.7	38.2	38.3	41.8	44.8	44.0	42.7	42.8	42.0
Accounting adjustments ⁽³⁾	1.6	2.6	2.1	2.2	2.1	2.0	1.6	1.8	1.5	1.4	-0.9	1.5	1.9	1.6	2.0	2.0	2.2	2.2	2.3	2.2	2.2	2.2	0.3	1.7
Total Managed Expenditure⁽⁴⁾	39.2	41.4	43.1	42.3	41.8	41.0	39.0	37.8	36.8	36.2	34.3	37.7	38.6	39.4	40.3	40.7	40.4	40.6	44.1	47.0	46.2	44.9	43.1	43.8

(1) GDP until 2013-14 is consistent with the latest figures from the Office for National Statistics (published 27 June 2014).

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

(3) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

BACKGROUND TO TRENDS IN PUBLIC SECTOR EXPENDITURE

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

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

WHAT'S NEW

4.3 This year we have made further changes to the design of **Tables 4.2 to 4.4** whilst continuing to present a clear demarcation between cash and accruals basis data, as was the case last year.

PUBLIC SPENDING AGGREGATES

4.4 **Table 4.1** shows trends in public spending since 1972-73 in terms of three spending aggregates: public sector current expenditure; public sector net investment; and Total Managed Expenditure (TME). All aggregates are presented in nominal and in real terms and as a per cent of Gross Domestic Product (GDP). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only.

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

PUBLIC SECTOR EXPENDITURE ON SERVICES BY FUNCTION

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

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

4.8 **Table 4.2** shows public sector expenditure on services by United Nations Classification Of the Functions Of Government (COFOG) level 1 from 1990-91. **Tables 4.3 and 4.4** present this in real terms and as a per cent of GDP respectively. These tables cover outturn years up to 2013-14. They also show, in italics, additional Treasury-defined functional divisions that were used prior to the introduction of UN COFOG, but which don't correspond to COFOG level 1.

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

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

4.10 Data in **Tables 4.2, 4.3 and 4.4** for years before 2009-10 are not taken directly from the 'live' public expenditure database that is maintained by government departments (see **Annex A**). Data that precede the most recent five outturn years cease to be 'live' and are archived in a summarised form.

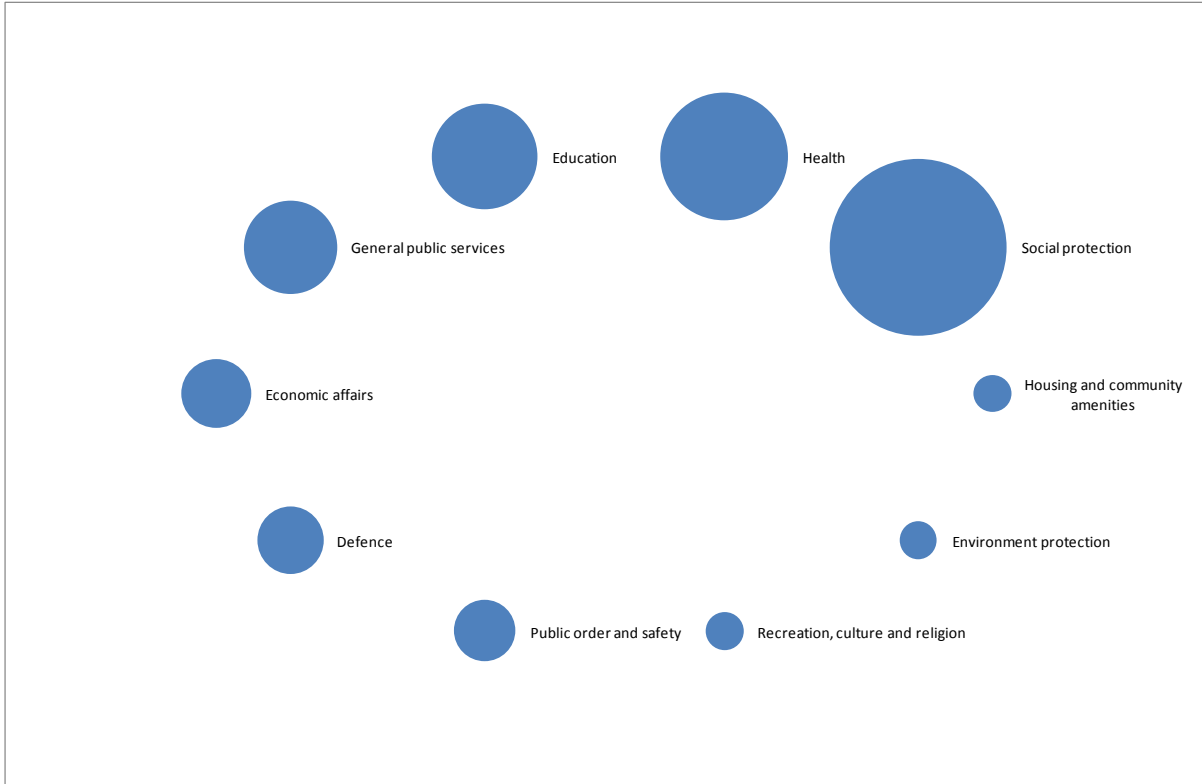
4.11 Historical outturn data are not usually subject to adjustment. However, sometimes reclassifications affect the long run functional series. These include ONS decisions for the National Accounts and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending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

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

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

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

CHART 4 Public Sector spending in 2013-14 broken down by function.



Data are consistent with UN Classification of the Functions of Government framework (COFOG). Each bubble is proportional to the amount spent under each function in 2013-14.

OVERVIEW

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

FUNCTIONAL TABLES

- In nominal terms, spending in only two functions decreased in 2013-14 whilst the remaining functions showed an increase in spending over the same period.
- The largest increases in percentage terms, were in **Housing and community amenities** (+19.0 per cent), **Economic affairs** (+9.6 per cent) and **Environment protection** (+7.2%).
- In percentage terms, the two decreases in functional spend were in **Recreation, culture and religion** (-9.2 per cent) and **Public order and safety** (-3.6 per cent).

SUB-FUNCTIONAL TABLES

- The increase in **Housing and community amenities** was driven mainly by an increase in *local authority housing development* (+30.7 per cent).
- The rise in spending on **Economic affairs** was fairly broad-based, however the main drivers for this increase were *General economic, commercial and labour affairs* (+15.8 per cent) and *Transport* (+7.7 per cent).
- The **Environment protection** increase was driven by *Waste management* (+7.9 per cent).
- The main driver for the fall in **Recreation, culture and religion** expenditure was *Recreational and sporting services* (-22.5 per cent).
- The decrease in **Public order and safety** can mainly be attributed to *Police services* (-4.8 per cent) and *Law courts* (-7.5 per cent).

Table 5.1 Public sector expenditure on services by departmental ⁽¹⁾ group and function, 2013-14

Departmental Grouping \ Function		National Statistics																	£ million	
		1. General public services <i>of which: public and common services</i>	<i>of which: international services</i>	<i>of which: public sector debt interest</i>	2. Defence	3. Public order and safety	4. Economic affairs <i>of which: enterprise and economic development</i>	<i>of which: science and technology</i>	<i>of which: employment policies</i>	<i>of which: agriculture, fisheries and forestry</i>	<i>of which: transport</i>	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions	Public sector expenditure on services for each department	
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,504	10,105	-	68,609	
NHS (Health)	-	-	-	-	-	-	102	102	-	-	-	-	-	107,349	-	-	13,975	-	121,426	
Transport	-	-	-	-	324	16,040	-	89	-	15,952	1	745	-	-	-	1,236	-	18,347		
Communities and Local Government	4,085	4,084	1	-	8	2,598	772	772	-	-	-	7,663	-	0	-	1,959	-	17,084		
Business, Innovation and Skills	176	176	0	-	-	-	5,773	1,763	3,960	50	0	1	404	-	752	101	17,407	570	25,184	
Home Office	-	-	-	-	15,090	109	-	-	-	-	109	-	265	-	-39	-	-	-	15,425	
Justice	133	133	-	-	7,814	-	-	-	-	-	-	-	-	-	-	-	31	-	7,978	
Law Officers' Departments	-	-	-	-	634	-	-	-	-	-	-	-	-	-	-	-	-	-	634	
Defence	-	-	-	34,322	-	-	-	-	-	-	-	-	-	-	17	-	3,158	-	37,496	
Foreign and Commonwealth Office	2,153	-	2,153	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,153	
International Development	7,890	-	7,890	-	-	-	-	-	-	-	-	-	-	-	-	-	84	-	7,974	
Energy and Climate Change	34	-	34	-	3	612	545	66	-	-	2,738	-	-	-	-	-	-700	-	2,687	
Environment, Food and Rural Affairs	-	-	-	-	-	3,472	-	-	3,472	-	6,497	7	-	902	-	-	-	-	10,878	
Culture, Media and Sport	43	43	-	-	-	164	137	-	27	-	63	32	29	8,688	42	481	-	9,542		
Work and Pensions	320	320	-	-	-	3,428	2	21	3,404	-	-	-	-	-	-	165,718	-	169,465		
Scotland	912	912	-	4	2,310	4,238	550	3	-	945	2,740	985	1,141	11,354	1,092	7,541	3,793	33,369		
Wales	576	576	-	-	1	1,591	279	24	3	414	871	440	581	6,094	367	3,804	1,884	15,338		
Northern Ireland	359	359	-	-	1,356	1,525	265	39	175	528	519	238	824	3,874	435	2,741	6,956	18,308		
Chancellor's Departments	51,898	3,865	-	48,033	-	878	645	233	-	-	-	5	-	-	-	-	38,344	5,174	96,299	
Cabinet Office	408	408	-	2,095	30	-	-	-	-	-	-	-	-	-	-	-	3,679	-	6,212	
Small and Independent Bodies	1,014	1,014	-	-	5	326	205	-	-	92	29	-	-	-	-	178	-	-	1,523	
Public sector expenditure on services for each function	70,000	11,888	10,079	48,033	36,428	30,164	39,030	5,267	4,434	3,659	5,451	20,219	11,372	11,258	129,451	11,562	90,218	251,272	5,174	685,930

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

Table 5.2 Public sector expenditure on services by sub-function, 2009-10 to 2013-14

	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
	£ million				
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	12,118	11,778	10,615	10,282	10,699
1.2 Foreign economic aid	4,858	5,675	5,731	5,836	7,891
1.3 General services	1,159	1,064	979	970	1,009
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	20	16	10	9	10
1.6 General public services n.e.c.	2,730	2,226	2,193	2,169	2,359
1.7 Public debt transactions ⁽¹⁾	30,956	45,891	48,983	48,087	48,033
<i>of which: central government debt interest</i>	30,479	45,165	48,375	47,549	47,384
<i>of which: local government debt interest</i>	179	217	293	305	362
<i>of which: public corporation debt interest</i>	298	509	315	233	287
Total general public services	51,841	66,650	68,512	67,353	70,000
2. Defence					
2.1 Military defence	32,274	32,913	33,129	31,489	32,194
2.2 Civil defence	77	135	105	110	117
2.3 Foreign military aid	3,781	3,572	3,172	2,235	1,344
2.4 R&D defence	1,379	2,472	2,066	2,324	2,586
2.5 Defence n.e.c.	201	196	190	196	186
Total defence	37,712	39,287	38,662	36,355	36,428
3. Public order and safety					
3.1 Police services	19,295	18,572	18,183	17,609	16,760
<i>of which: immigration and citizenship</i>	2,197	1,769	1,663	1,529	977
<i>of which: other police services</i>	17,098	16,803	16,520	16,080	15,783
3.2 Fire-protection services	3,105	3,021	2,901	2,887	2,990
3.3 Law courts	6,661	6,189	6,536	5,983	5,536
3.4 Prisons	4,731	4,969	4,133	4,326	4,064
3.5 R&D public order and safety	25	10	12	35	34
3.6 Public order and safety n.e.c.	300	255	270	461	780
Total public order and safety	34,118	33,015	32,035	31,300	30,164
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽²⁾	12,650	6,579	5,982	5,985	6,931
4.2 Agriculture, forestry, fishing and hunting	5,823	5,479	5,793	5,284	5,451
<i>of which: market support under CAP</i>	4,072	3,744	3,932	2,894	2,999
<i>of which: other agriculture, food and fisheries policy</i>	1,653	1,601	1,727	2,293	2,338
<i>of which: forestry</i>	98	134	133	98	114
4.3 Fuel and energy	1,047	818	527	463	464
4.4 Mining, manufacturing and construction	597	239	142	-12	124
4.5 Transport	22,971	21,490	20,043	18,765	20,219
<i>of which: national roads</i>	4,131	3,584	3,097	2,867	3,156
<i>of which: local roads</i>	5,993	5,861	5,165	4,898	5,194
<i>of which: local public transport</i>	3,898	3,631	3,583	3,093	3,454
<i>of which: railway</i>	7,728	7,399	7,132	6,574	6,815
<i>of which: other transport</i>	1,222	1,016	1,065	1,334	1,601
4.6 Communication	688	514	419	764	630
4.7 Other industries	520	506	376	312	273
4.8 R&D economic affairs	3,553	3,406	3,563	3,599	4,434
4.9 Economic affairs n.e.c.	831	856	659	446	504
Total economic affairs	48,679	39,888	37,503	35,607	39,030
5. Environment protection					
5.1 Waste management	6,852	7,162	7,268	7,685	8,296
5.2 Waste water management	30	12	20	-	-
5.3 Pollution abatement	271	383	110	156	147
5.4 Protection of biodiversity and landscape	521	522	483	399	438
5.5 R&D environment protection	404	430	413	350	387
5.6 Environment protection n.e.c.	2,318	2,421	2,167	2,014	2,103
Total environment protection	10,397	10,929	10,462	10,604	11,372

Table 5.2 Public sector expenditure on services by sub-function, 2009-10 to 2013-14 (continued)

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
6. Housing and community amenities					
6.1 Housing development	10,950	8,462	5,646	5,551	6,793
<i>of which: local authority housing</i>	5,751	4,368	2,957	4,238	5,537
<i>of which: other social housing</i>	5,199	4,093	2,690	1,314	1,256
6.2 Community development	3,587	3,101	2,671	2,679	3,065
6.3 Water supply	1,044	735	788	283	274
6.4 Street lighting	631	645	679	711	827
6.5 R&D housing and community amenities	4	4	3	2	3
6.6 Housing and community amenities n.e.c.	127	172	258	235	296
Total housing and community amenities	16,344	13,119	10,047	9,461	11,258
7. Health ⁽³⁾					
Medical services	112,416	115,293	116,547	118,946	123,746
Medical research	1,589	1,798	1,343	1,380	921
Central and other health services	2,911	2,735	3,345	3,948	4,784
Total health	116,917	119,826	121,236	124,273	129,451
8. Recreation, culture and religion					
8.1 Recreational and sporting services	4,671	4,388	4,419	4,701	3,646
8.2 Cultural services	4,320	4,186	4,082	4,115	3,987
8.3 Broadcasting and publishing services	3,812	4,018	3,695	3,577	3,680
8.4 Religious and other community services	158	139	118	115	100
8.5 R&D recreation, culture and religion	133	141	106	126	103
8.6 Recreation, culture and religion n.e.c.	84	88	92	96	47
Total recreation, culture and religion	13,179	12,962	12,511	12,731	11,562
9. Education					
9.1 Pre-primary and primary education	30,034	30,656	30,567	30,826	32,296
<i>of which: under fives</i>	4,840	4,851	4,645	5,054	5,226
<i>of which: primary education</i>	25,195	25,805	25,922	25,772	27,070
9.2 Secondary education	36,005	36,792	36,044	36,237	36,045
9.3 Post-secondary non-tertiary education	365	293	220	104	167
9.4 Tertiary education	13,179	15,783	13,095	13,520	15,356
9.5 Education not definable by level	823	1,044	695	671	677
9.6 Subsidiary services to education	4,181	4,075	3,878	3,595	3,739
9.7 R&D education	15	1	9	10	11
9.8 Education n.e.c.	3,882	2,855	2,390	2,028	1,927
Total education	88,484	91,499	86,897	86,990	90,218

Table 5.2 Public sector expenditure on services by sub-function, 2009-10 to 2013-14 (continued)

	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
	£ million				
10. Social protection					
<i>of which: personal social services</i>	27,923	27,866	28,191	28,555	28,505
10.1 Sickness and disability	39,199	40,889	43,737	46,262	46,960
<i>of which: personal social services</i>	8,573	8,517	9,821	9,847	9,423
<i>of which: incapacity, disability and injury benefits</i>	30,626	32,372	33,916	36,416	37,537
10.2 Old age	94,816	98,287	103,756	111,052	114,818
<i>of which: personal social services</i>	11,288	10,981	10,057	10,114	10,376
<i>of which: pensions</i>	83,527	87,306	93,699	100,939	104,442
10.3 Survivors	1,057	1,097	1,070	1,076	1,131
10.4 Family and children	29,553	29,058	28,115	26,580	24,362
<i>of which: personal social services</i>	7,610	7,776	7,807	8,095	8,228
<i>of which: family benefits, income support and tax credits</i>	21,943	21,282	20,308	18,484	16,134
10.5 Unemployment	5,533	5,231	5,633	5,939	4,945
<i>of which: personal social services</i>	-	-	-	-	-
<i>of which: other unemployment benefits</i>	5,533	5,231	5,633	5,939	4,945
10.6 Housing	22,812	24,399	25,366	26,360	26,386
10.7 Social exclusion n.e.c. ⁽⁴⁾	24,406	26,079	27,828	29,607	29,277
<i>of which: personal social services</i>	453	591	505	499	477
<i>of which: family benefits, income support and tax credits</i>	23,953	25,488	27,323	29,108	28,800
10.8 R&D social protection	-	-	-	-	-
10.9 Social protection n.e.c. ⁽⁵⁾	5,626	5,357	4,492	3,597	3,393
Total social protection	223,001	230,398	239,996	250,474	251,272
EU transactions ⁽⁶⁾					
GNI-based contribution (net of abatement and collection costs)	5,760	7,669	6,967	8,411	8,982
<i>derived as:</i>					
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	13,733	15,593	15,700	16,871	18,208
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-3,754	-5,246	-5,216	-5,288	-5,096
<i>UK abatement</i>	-4,218	-2,678	-3,516	-3,172	-4,130
EU receipts	-4,788	-3,998	-4,771	-4,022	-3,729
Attributed aid and Common Foreign and Security Policy	-69	-43	-163	-82	-79
Total EU transactions	904	3,628	2,034	4,307	5,174
Public sector expenditure on services	641,574	661,200	659,894	669,454	685,930
Accounting adjustments ⁽⁷⁾	31,828	33,505	34,811	4,702	28,326
Total Managed Expenditure ⁽⁸⁾	673,402	694,705	694,705	674,156	714,256

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

(2) Transactions from 2009-10 onwards have been affected by financial sector interventions. Details are provided in Box 5.A.

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

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

(5) Work and Pensions in a continuation of their review of spending allocations have moved items from 10.9 Social protection n.e.c. to 4.1 General economic, commercial and labour affairs.

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

(7) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

Table 5.3 Public sector expenditure on services by economic category, 2009-10 to 2013-14

	National Statistics					£million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
Public sector current expenditure on services						
Pay	165,153	169,345	166,162	164,409	164,368	
Gross current procurement	193,746	188,661	189,307	193,822	200,026	
Income from sales of goods and services	-51,863	-47,463	-44,963	-46,157	-45,453	
Current grants to persons and non-profit bodies	218,049	222,635	229,101	234,862	235,433	
Current grants abroad	5,985	9,427	7,639	9,952	12,599	
Subsidies to private sector companies	8,287	7,940	8,246	7,802	7,694	
Subsidies to public corporations	1,016	705	476	1,746	1,115	
Net public service pensions	3,611	4,627	6,678	8,627	9,296	
Grant equivalent element of student lending	1,445	4,242	2,215	3,809	6,310	
Public sector debt interest	30,956	45,891	48,983	48,087	48,033	
Other	65	59	82	238	194	
Total public sector current expenditure on services	576,450	606,069	613,926	627,197	639,615	
Accounting adjustments	28,560	29,199	30,108	29,043	26,542	
Total public sector current expenditure	605,010	635,268	644,034	656,240	666,157	
Public sector capital expenditure on services						
Capital grants ⁽¹⁾	22,961	15,567	12,062	10,988	10,364	
Gross capital procurement	45,114	42,824	38,017	35,067	40,013	
Income from sales of capital assets	-2,952	-3,258	-4,111	-3,799	-4,058	
Other	-	-	-	-	-	
Total public sector capital expenditure on services	65,123	55,133	45,968	42,256	46,319	
Accounting adjustments	3,269	4,304	4,703	-24,340	1,780	
Total public sector capital expenditure	68,392	59,437	50,671	17,916	48,099	
Total public sector expenditure on services	641,573	661,202	659,894	669,453	685,934	
Accounting adjustments	31,829	33,503	34,811	4,703	28,322	
Total Managed Expenditure ⁽²⁾	673,402	694,705	694,705	674,156	714,256	

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

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

Table 5.4 Public sector current and capital expenditure on services by function ⁽¹⁾, 2009-10 to 2013-14

	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
£million					
Public sector current expenditure on services					
1. General public services	49,426	64,273	66,808	65,539	67,571
<i>of which: public and common services</i>	11,933	11,125	10,465	10,045	10,063
<i>of which: international services</i>	6,537	7,257	7,360	7,407	9,474
<i>of which: public sector debt interest</i>	30,956	45,891	48,983	48,087	48,033
2. Defence	33,652	34,982	35,056	32,899	33,167
3. Public order and safety	31,432	31,014	30,509	29,936	28,674
4. Economic affairs	27,214	24,260	23,280	22,877	24,053
<i>of which: enterprise and economic development ⁽²⁾</i>	5,126	2,792	3,256	3,933	4,228
<i>of which: science and technology</i>	2,819	2,885	2,957	3,107	3,327
<i>of which: employment policies</i>	3,953	4,603	3,170	2,986	3,583
<i>of which: agriculture, fisheries and forestry</i>	5,549	5,150	5,522	4,990	5,017
<i>of which: transport</i>	9,767	8,830	8,375	7,861	7,899
5. Environment protection	8,188	8,145	8,212	7,716	7,998
6. Housing and community amenities	4,018	3,219	2,732	3,175	3,144
7. Health	110,737	114,437	116,987	119,491	125,551
8. Recreation, culture and religion	10,383	10,380	9,797	10,852	9,332
9. Education	78,550	82,351	79,108	80,358	83,468
10. Social protection	221,948	229,380	239,401	250,046	251,481
EU transactions	904	3,628	2,034	4,307	5,174
Total public sector current expenditure on services	576,451	606,069	613,926	627,197	639,613
Accounting adjustments	28,559	29,199	30,108	29,043	26,544
Public sector current expenditure	605,010	635,268	644,034	656,240	666,157
Public sector capital expenditure on services					
1. General public services	2,416	2,377	1,703	1,813	2,430
<i>of which: public and common services</i>	1,819	1,635	1,111	1,267	1,825
<i>of which: international services</i>	596	743	593	546	604
2. Defence	4,060	4,305	3,606	3,456	3,261
3. Public order and safety	2,686	2,002	1,525	1,364	1,490
4. Economic affairs	21,465	15,628	14,222	12,730	14,977
<i>of which: enterprise and economic development ⁽²⁾</i>	7,110	2,024	1,595	938	1,039
<i>of which: science and technology</i>	734	521	607	492	1,107
<i>of which: employment policies</i>	144	94	83	100	76
<i>of which: agriculture, fisheries and forestry</i>	273	329	270	294	434
<i>of which: transport</i>	13,204	12,660	11,667	10,905	12,321
5. Environment protection	2,209	2,784	2,250	2,888	3,374
6. Housing and community amenities	12,326	9,900	7,314	6,286	8,114
7. Health	6,180	5,389	4,249	4,782	3,900
8. Recreation, culture and religion	2,796	2,582	2,714	1,879	2,230
9. Education	9,934	9,148	7,789	6,633	6,750
10. Social protection	1,053	1,018	595	427	-208
Total public sector capital expenditure on services	65,123	55,132	45,968	42,257	46,318
Accounting adjustments ⁽³⁾	3,269	4,305	4,703	-24,341	1,781
Public sector capital expenditure ⁽⁴⁾	68,392	59,437	50,671	17,916	48,099
Total public sector expenditure on services	641,574	661,200	659,894	669,454	685,930
Accounting adjustments ⁽³⁾	31,828	33,505	34,811	4,702	28,326
Total Managed Expenditure ⁽⁴⁾	673,402	694,705	694,705	674,156	714,256

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

(2) Transactions from 2009-10 onwards have been affected by financial sector interventions. See Box 5.A for details.

(3) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

Table 5.5 Public sector gross current procurement ⁽¹⁾ expenditure on services by function, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Public sector gross current procurement expenditure on services					
1. General public services	14,230	13,228	12,779	12,848	12,745
<i>of which: public and common services</i>	12,671	11,629	11,111	11,068	10,862
<i>of which: international services</i>	1,560	1,599	1,668	1,780	1,883
2. Defence	21,975	22,980	22,762	21,330	22,051
3. Public order and safety	13,169	12,842	13,097	13,046	12,388
4. Economic affairs	13,972	13,290	11,757	11,763	12,070
<i>of which: enterprise and economic development</i>	3,237	2,911	2,483	2,831	2,413
<i>of which: science and technology</i>	492	366	389	325	488
<i>of which: employment policies</i>	2,147	2,578	1,697	1,533	2,039
<i>of which: agriculture, fisheries and forestry</i>	1,129	1,024	870	862	830
<i>of which: transport</i>	6,967	6,412	6,317	6,212	6,299
5. Environment protection	8,083	7,835	7,907	7,651	7,953
6. Housing and community amenities	3,476	3,087	2,823	2,685	2,638
7. Health	69,461	65,458	67,362	71,073	78,098
8. Recreation, culture and religion	7,286	7,424	6,906	7,678	6,699
9. Education	12,709	12,979	13,814	15,366	15,513
10. Social protection	29,385	29,538	30,099	30,382	29,870
Total public sector gross current procurement expenditure on services	193,746	188,661	189,307	193,822	200,026

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

Table 5.6 Public sector capital procurement ⁽¹⁾ expenditure on services by function, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
Public sector gross capital procurement expenditure on services						
1. General public services	2,784	2,390	2,225	2,254	2,588	
<i>of which: public and common services</i>	2,502	2,240	2,094	2,055	2,437	
<i>of which: international services</i>	282	150	131	199	151	
2. Defence	4,192	4,417	3,924	3,608	3,436	
3. Public order and safety	2,748	2,197	1,702	1,525	1,702	
4. Economic affairs	11,082	10,348	9,012	7,687	9,108	
<i>of which: enterprise and economic development</i>	1,469	1,328	963	737	479	
<i>of which: science and technology</i>	177	85	150	185	152	
<i>of which: employment policies</i>	104	93	83	101	75	
<i>of which: agriculture, fisheries and forestry</i>	263	230	198	189	297	
<i>of which: transport</i>	9,070	8,613	7,618	6,475	8,105	
5. Environment protection	1,831	2,015	2,073	2,479	2,688	
6. Housing and community amenities	6,739	6,141	5,379	4,646	6,410	
7. Health	6,086	5,538	4,548	4,838	4,958	
8. Recreation, culture and religion	2,546	2,439	2,416	1,632	2,415	
9. Education	6,665	6,892	6,332	5,935	6,135	
10. Social protection	440	446	405	464	573	
Total public sector gross capital procurement expenditure on services	45,113	42,824	38,017	35,067	40,012	
Plus public sector receipts from sales of assets						
<i>Central government</i>						
Fixed assets	-750	-911	-1,380	-1,119	-1,808	
Intangible assets	-3	-8	197	-20	-4	
Total central government receipts	-753	-919	-1,183	-1,139	-1,813	
<i>Local government</i>						
Fixed assets	-1,138	-1,116	-1,244	-1,431	-1,671	
Intangible assets	-	-	-	-	-	
Total local government receipts	-1,138	-1,116	-1,244	-1,431	-1,671	
Total general government receipts	-1,891	-2,035	-2,427	-2,570	-3,484	
<i>Public corporations</i>						
Fixed assets	-1,061	-1,223	-1,684	-1,229	-574	
Intangible assets	-	-	-	-	-	
Total public corporations receipts	-1,061	-1,223	-1,684	-1,229	-574	
Total public sector income from sales of capital assets	-2,951	-3,258	-4,111	-3,799	-4,057	

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

BACKGROUND TO PUBLIC SECTOR SPENDING BY FUNCTION

5.1 The analyses in this chapter present public sector expenditure for the years 2009-10 onwards, adjusted so that figures for all years are based on current definitions. All data are National Statistics and are based on the expenditure on services framework (explained in **Annex E**).

WHAT'S NEW

5.2 There have been no significant changes to the presentation of data within this chapter since the summer 2013 Public Spending Statistics (PSS) release.

CLASSIFICATION CHANGES

5.3 A number of departments have carried out a restructuring of the way they organise their data. This is in addition to ongoing work to improve the classification of items of spending against level 2 of the UN Classification of the Functions Of Government (COFOG) framework.

5.4 Significant revisions to the functional and sub-functional breakdown of expenditure data since the summer 2013 PSS include:

- The Department for Work and Pensions in a continuation of their review of functional spending allocations have moved items from **10.9 Social protection n.e.c.** to **4.1 General economic, commercial and labour affairs**. This affects tables in **Chapters 4, 5 and 6**.
- Revisions by Northern Ireland Executive during 2012-13. This has resulted in the movement of spending from **7. Health** to *personal social services* across **10.1 Sickness and disability**, **10.2 Old age** and **10.4 Family and children**. This affects tables in **Chapters 4, 5 and 6**

RELATIONSHIP BETWEEN FUNCTIONAL SERIES AND DEPARTMENTS

5.5 Table 5.1 shows public sector expenditure on services by function split across the different government departmental groups for 2013-14. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations. This presentation allocates local government expenditure to the departmental group most closely associated with a particular function. For example, spending on schools by local government in Scotland is allocated to Scotland, while equivalent spending in England is allocated to the Department for Education.

PUBLIC SECTOR EXPENDITURE ON SERVICES BY SUB-FUNCTION

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

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

PUBLIC SECTOR EXPENDITURE ON SERVICES BY ECONOMIC CATEGORY

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

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

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

Current expenditure on services

- income from sales of goods and services: £0.4 billion in 2009-10, £1.8 billion in 2010-11, £1.0 billion in 2011-12 and £0.5 billion in 2012-13.

Capital expenditure on services

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

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

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

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

- **pay** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs. Unlike **Chapter 2**, it does not include payments for contract and agency staff which are treated as procurement instead;
- **gross current procurement** includes expenditure on goods and services, including payments for contract and agency staff, and payments for consultancy and audit services. Expenditure on hire and rentals under PFI and non-PFI operating leases, shown as **Rentals** in **Chapter 2**, are included here. It also includes spending on Single Use Military Equipment (SUME) following the treatment in the National Accounts. SUME is part of capital procurement in the budgeting presentation. **Income from the sales of goods and services** is now shown separately;
- **current grants to persons and non-profit bodies** are payments to these recipients that do not fund capital formation. They are mainly social security payments but also comprise grants to further and higher education institutions and other non-profit private sector bodies. Unlike **Table 2.1**, they do not include tax credits previously scored as negative tax;
- **current grants abroad** are mainly foreign aid, such as programmes to reduce poverty. They also include the EU transactions set out in **Table 5.2**;
- **subsidies** are payments by government to trading businesses (both private sector and public corporations) to provide support for current costs, including payments to farmers under the EU's Common Agricultural Policy as well as subsidies to rail and bus operators. They are given with the objective of influencing their levels of production, their prices, or other factors;
- **net public service pensions** are the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. More information on pensions is included in **Annex D**;
- **grant equivalent element of student lending** is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate;
- **public sector debt interest** reflects the debt interest payments to the private sector, so it excludes intra-public sector payments. These payments do not form part of departmental budgets so are not included within **Table 2.1**;
- **capital grants** are transfer payments to the private sector that are usually made on the condition that the recipient uses the funds for capital projects;
- **gross capital procurement** comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any increases in stock. It is measured gross of depreciation. In **Table 5.3** SUME forms part of gross current procurement (see above) but in **Table 2.1** it is included in capital procurement; and
- **income from sales of capital assets** is the sale value of any assets, such as land, buildings and machinery, disposed of.

PUBLIC SECTOR EXPENDITURE ON SERVICES SPLIT BY CURRENT AND CAPITAL SPENDING

5.10 Table 5.4 gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2009-10. A functional split by sector is available in **Chapter 6** (central government), **Chapter 7** (local government) and **Chapter 8** (public corporations). The split between capital and current follows the National Accounts definition.

PUBLIC SECTOR GROSS PROCUREMENT BY FUNCTION

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

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

CHAPTER 6 CENTRAL GOVERNMENT OWN EXPENDITURE

OVERVIEW

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

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

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

EXPENDITURE IN BUDGETS

- Central government own expenditure within DEL rose to £268.5bn in 2013-14, from £260.0bn in 2012-13, an increase of 3.2 per cent.
- Expenditure within AME stood at £247.3bn in 2013-14. Expenditure in 2010-11 was affected by the decision to use the Consumer Prices Index (CPI), rather than the Retail Prices Index (RPI), for the indexation of public service pensions and the consequent reduction in the size of future liabilities.

EXPENDITURE ON SERVICES

- Central government's own current expenditure on services rose to +£515.2 billion in 2013-14, up from +£506.4bn the previous year. Capital expenditure on services increased from -£7.1bn in 2012-13 to +£23.6bn in 2013-14.
- It can be shown in **Table 6.4** that **Social protection** and **Health** account for more than half of all of central government own expenditure. In 2013-14 spending on **Social protection** actually decreased slightly to £196.90bn compared to £196.95bn in the previous year.
- Expenditure on **Central government debt interest** stood at £47.4bn in 2013-14, down slightly from £47.5bn in 2012-13.
- Expenditure on **Current grants to persons and non-profit bodies**, which is mainly composed of social benefits, rose to £209.2bn in 2013-14 from £208.7bn in 2012-13. Increased expenditure on old age pensions and tax credits was the main factor behind this rise, although this was somewhat countered by a decrease in benefits to family and children.

Table 6.1 Central government own expenditure in budgets by departmental group ⁽¹⁾, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Within DEL					
Education	12,397	10,583	13,573	18,046	18,896
Health	98,298	100,255	102,562	104,994	106,794
Transport	8,222	6,795	6,127	5,618	6,045
CLG Communities	7,183	5,600	3,251	1,162	2,558
CLG Local Government	300	123	133	105	0
Business, Innovation and Skills	17,312	18,557	17,098	16,712	16,781
Home Office	3,535	2,809	2,686	2,422	2,296
Justice	9,511	9,252	8,932	8,482	7,794
Law Officers' Departments	709	666	613	592	568
Defence	36,813	37,460	37,197	34,298	34,608
Foreign and Commonwealth Office	2,186	2,223	2,144	2,020	2,113
International Development	6,587	7,467	7,813	7,758	10,020
Energy and Climate Change	2,978	3,166	2,564	3,097	3,299
Environment, Food and Rural Affairs	2,748	2,608	2,183	2,126	2,111
Culture, Media and Sport	2,025	2,164	2,751	1,127	1,291
Work and Pensions	8,391	8,651	7,167	7,045	6,749
Scotland	18,572	18,565	18,073	18,523	20,168
Wales	9,337	9,121	9,202	8,262	8,489
Northern Ireland	10,301	10,527	10,156	10,251	10,525
Chancellor's Departments	4,320	3,956	3,884	3,447	3,368
Cabinet Office	2,402	2,451	2,450	2,452	2,491
Small and Independent Bodies	1,689	1,647	1,701	1,467	1,488
Total CG own expenditure within DEL	265,815	264,646	262,260	260,005	268,453
Within departmental AME					
Education	10,427	-10,434	11,785	10,722	10,452
Health	16,230	-10,968	19,582	18,878	18,208
Transport	1,143	501	842	529	889
CLG Communities	-30	-496	-666	-20	-48
CLG Local Government	-	-4	-12	2	-
Business, Innovation and Skills	5,407	3,616	4,101	6,327	5,382
Home Office	-84	192	-6	21	264
Justice	606	246	-45	934	-237
Law Officers' Departments	17	-13	5	6	7
Defence	7,900	-878	8,029	7,325	6,184
Foreign and Commonwealth Office	86	35	61	88	66
International Development	331	303	104	185	115
Energy and Climate Change	419	5,163	3,685	5,368	4,464
Environment, Food and Rural Affairs	-72	-437	-53	83	-133
Culture, Media and Sport	4,623	4,865	4,150	4,867	4,614
Work and Pensions	122,169	125,357	131,942	137,181	139,235
Scotland	2,483	3,206	3,240	2,948	3,028
Wales	495	262	302	377	283
Northern Ireland	7,651	3,574	8,099	8,109	7,967
Chancellor's Departments ⁽²⁾	51,553	25,996	19,596	20,448	36,961
Cabinet Office	7,481	-7,466	8,739	9,431	9,615
Small and Independent Bodies	-144	-242	-135	-99	-39
Total CG own expenditure within dept AME	238,692	142,377	223,345	233,708	247,274
Locally financed expenditure in Northern Ireland	547	538	588	621	632
Net expenditure transfers to the EU	6,419	8,414	7,702	9,131	9,716
Central government debt interest	30,479	45,165	48,375	47,549	47,384
Accounting and other adjustments	-52,247	47,225	-25,782	-51,760	-34,613
Total CG own expenditure ⁽³⁾	489,705	508,365	516,488	499,254	538,846

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

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

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

Table 6.2 Central government own resource expenditure in budgets by departmental group, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Within resource DEL					
Education	11,626	9,766	13,220	15,818	18,254
Health	93,373	96,278	98,936	101,346	102,714
Transport	2,325	1,369	1,193	806	943
CLG Communities	1,391	1,369	922	378	567
CLG Local Government	298	122	133	104	-
Business, Innovation and Skills	14,848	16,773	16,137	15,479	14,525
Home Office	2,853	2,385	2,366	2,154	2,053
Justice	8,663	8,723	8,588	8,201	7,521
Law Officers' Departments	697	658	611	591	565
Defence	27,610	28,123	28,177	26,449	27,019
Foreign and Commonwealth Office	2,022	2,097	2,052	1,989	1,998
International Development	5,234	5,909	6,167	6,105	8,074
Energy and Climate Change	1,219	1,147	1,147	1,106	1,157
Environment, Food and Rural Affairs	2,249	2,162	1,864	1,774	1,701
Culture, Media and Sport	1,419	1,414	1,523	2,077	1,205
Work and Pensions	8,078	8,285	6,841	6,626	6,516
Scotland	15,955	16,282	16,195	16,349	17,907
Wales	8,180	8,158	8,316	7,528	7,730
Northern Ireland	9,248	9,553	9,390	9,406	9,671
Chancellor's Departments	4,035	3,745	3,628	3,235	3,156
Cabinet Office	1,960	2,026	2,047	2,089	2,095
Small and Independent Bodies	1,610	1,568	1,644	1,406	1,415
Total within resource DEL	224,894	227,911	231,099	231,016	236,787
Within resource departmental AME					
Education	10,427	-10,434	11,785	10,722	10,452
Health	16,223	-10,976	19,582	18,878	18,278
Transport	1,143	501	876	590	876
CLG Communities	-30	-496	-666	10	-48
CLG Local Government	-	-4	-12	6	-
Business, Innovation and Skills	1,360	-804	-1,129	41	-56
Home Office	-84	192	-6	21	264
Justice	606	246	-45	934	-237
Law Officers' Departments	17	-13	5	5	7
Defence	7,895	-878	8,039	7,360	6,312
Foreign and Commonwealth Office	86	35	61	88	66
International Development	331	303	104	191	115
Energy and Climate Change	756	5,241	3,742	5,388	4,960
Environment, Food and Rural Affairs	-73	-437	-53	85	-133
Culture, Media and Sport	3,980	4,295	3,735	4,518	3,965
Work and Pensions	122,046	125,225	131,954	137,197	139,370
Scotland	2,323	3,055	3,073	2,760	2,692
Wales	293	53	57	125	-23
Northern Ireland	7,222	3,178	7,511	7,764	7,542
Chancellor's Departments ⁽¹⁾	9,686	28,670	24,080	24,039	48,682
Cabinet Office	7,481	-7,466	8,739	9,431	9,615
Small and Independent Bodies	-144	-242	-135	-99	-39
Total within resource departmental AME	191,545	139,245	221,297	230,054	252,660
Within resource other AME					
Locally financed expenditure in Northern Ireland	547	538	588	621	632
Net expenditure transfers to the EU	6,419	8,414	7,702	9,131	9,716
Central government debt interest	30,479	45,165	48,375	47,549	47,384
Accounting and other adjustments	-5,134	54,713	-18,187	-11,987	-31,975
Total CG own current expenditure	448,750	475,986	490,874	506,384	515,204

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

Table 6.3 Central government own capital expenditure by departmental group, 2008-09 to 2013-14

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Within capital DEL					
Education	771	818	353	2,227	642
Health	4,925	3,977	3,626	3,648	4,081
Transport	5,897	5,426	4,934	4,812	5,103
CLG Communities	5,792	4,232	2,329	784	1,991
CLG Local Government	2	1	-	1	-
Business, Innovation and Skills	2,464	1,784	961	1,232	2,256
Home Office	682	425	319	268	243
Justice	848	529	344	281	273
Law Officers' Departments	12	8	3	2	3
Defence	9,203	9,337	9,020	7,849	7,589
Foreign and Commonwealth Office	164	126	92	31	115
International Development	1,353	1,559	1,646	1,653	1,946
Energy and Climate Change	1,759	2,018	1,416	1,991	2,141
Environment, Food and Rural Affairs	499	445	318	352	410
Culture, Media and Sport	606	751	1,228	-950	86
Work and Pensions	313	366	326	419	233
Scotland	2,617	2,283	1,879	2,174	2,261
Wales	1,157	963	886	734	759
Northern Ireland	1,053	974	766	845	855
Chancellor's Departments	285	211	257	212	212
Cabinet Office	442	425	403	363	396
Small and Independent Bodies	79	78	56	61	72
Total within capital DEL	40,921	36,736	31,162	28,990	31,666
Within capital departmental AME					
Health	7	8	-	-	-70
Transport	-	-	-33	-61	13
CLG Communities	-	-	-	-29	-
CLG Local Government	-	-	-	-4	-
Business, Innovation and Skills	4,046	4,419	5,230	6,286	5,438
Law Officers' Departments	-	-	-	-	-
Defence	5	-	-10	-35	-129
International Development	-	-	-	-6	-
Energy and Climate Change	-337	-78	-58	-20	-497
Environment, Food and Rural Affairs	1	1	-	-1	-1
Culture, Media and Sport	643	569	415	349	649
Work and Pensions	123	132	-12	-17	-134
Scotland	160	151	167	188	336
Wales	202	209	244	252	306
Northern Ireland	430	396	588	344	425
Chancellor's Departments ⁽¹⁾	41,868	-2,675	-4,483	-3,591	-11,722
Small and Independent Bodies	-	-	-	-	-
Total within capital departmental AME	47,147	3,132	2,048	3,654	-5,385
Within capital other AME					
Accounting and other adjustments	-47,113	-7,489	-7,596	-39,774	-2,639
Total CG own capital expenditure ⁽²⁾	40,955	32,379	25,614	-7,130	23,642

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

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

Table 6.4 Central government own expenditure on services by sub-function, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs,	9,656	8,906	8,484	8,039	8,229
1.2 Foreign economic aid	4,779	5,669	5,724	5,832	7,891
1.3 General services	468	588	588	478	554
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	20	16	10	9	10
1.6 General public services n.e.c.	367	441	294	145	158
1.7 Public sector debt interest	30,479	45,165	48,375	47,549	47,384
<i>of which: central government debt interest ⁽¹⁾</i>	30,479	45,165	48,375	47,549	47,384
Total general public services	45,768	60,785	63,475	62,052	64,226
2. Defence					
2.1 Military defence	32,274	32,913	33,129	31,489	32,194
2.2 Civil defence	13	72	52	57	57
2.3 Foreign military aid	3,781	3,572	3,172	2,235	1,344
2.4 R&D defence	1,294	2,386	1,980	2,239	2,528
2.5 Defence n.e.c	201	196	190	196	186
Total defence	37,563	39,139	38,523	36,216	36,309
3. Public order and safety					
3.1 Police services	4,992	4,353	4,265	4,074	4,435
<i>of which: immigration and citizenship</i>	2,197	1,769	1,663	1,529	977
<i>of which: other police services</i>	2,796	2,584	2,602	2,545	3,458
3.2 Fire-protection services	302	188	134	98	409
3.3 Law courts	6,579	6,110	6,449	5,906	5,454
3.4 Prisons	4,731	4,969	4,133	4,326	4,064
3.5 R&D public order and safety	25	10	12	35	34
3.6 Public order and safety n.e.c.	300	255	270	461	780
Total public order and safety	16,930	15,885	15,264	14,899	15,176
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽²⁾	10,997	4,998	4,893	5,107	6,203
4.2 Agriculture, forestry, fishing and hunting	5,638	5,277	5,617	5,124	5,199
<i>of which: market support under CAP</i>	4,072	3,744	3,932	2,894	2,999
<i>of which: other agriculture, food and fisheries policy</i>	1,474	1,406	1,557	2,133	2,086
<i>of which: forestry</i>	92	127	128	98	114
4.3 Fuel and energy	1,047	818	527	463	464
4.4 Mining, manufacturing and construction	401	-17	-5	-5	2
4.5 Transport	11,671	10,652	9,843	9,865	10,168
<i>of which: national roads</i>	4,119	3,568	3,089	2,856	3,155
<i>of which: local roads</i>	612	625	440	467	369
<i>of which: local public transport</i>	797	768	781	675	592
<i>of which: railway</i>	5,400	5,057	4,909	5,026	4,869
<i>of which: other transport</i>	742	634	624	840	1,183
4.6 Communication	341	313	221	521	630
4.7 Other industries	351	350	254	189	157
4.8 R&D economic affairs	3,553	3,406	3,563	3,599	4,434
4.9 Economic affairs n.e.c	831	856	659	446	504
Total economic affairs	34,830	26,653	25,573	25,309	27,761
5. Environment protection					
5.1 Waste management	1,696	1,868	1,927	2,248	2,284
5.2 Waste water management	30	12	20	-	-
5.3 Pollution abatement	271	383	110	156	147
5.4 Protection of biodiversity and landscape	519	519	481	397	436
5.5 R&D environment protection	404	430	413	350	387
5.6 Environment protection n.e.c	1,379	1,575	1,398	1,261	1,396
Total environment protection	4,299	4,787	4,350	4,412	4,651

Table 6.4 Central government own expenditure on services by sub-function, 2009-10 to 2013-14 (continued)

	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
	£ million				
6. Housing and community amenities					
6.1 Housing development	5,291	3,583	1,908	1,302	1,229
<i>of which: local authority housing</i>	353	-283	-580	114	84
<i>of which: other social housing</i>	4,939	3,865	2,488	1,188	1,146
6.2 Community development	796	594	449	286	412
6.3 Water supply	396	292	297	283	274
6.4 Street lighting	22	21	25	23	24
6.5 R&D housing and community amenities	4	4	3	2	3
6.6 Housing and community amenities n.e.c	37	219	163	159	165
Total housing and community amenities	6,547	4,713	2,846	2,056	2,108
7. Health ⁽³⁾					
Medical services	112,329	115,074	116,402	118,832	121,047
Medical research	1,589	1,798	1,343	1,380	921
Central and other health services	2,833	2,657	3,280	3,890	4,731
Total health	116,752	119,529	121,026	124,102	126,699
8. Recreation, culture and religion					
8.1 Recreational and sporting services	1,245	1,188	1,310	1,765	556
8.2 Cultural services	1,965	1,904	1,886	2,019	2,007
8.3 Broadcasting and publishing services	3,816	4,012	3,680	3,568	3,680
8.4 Religious and other community services	55	63	46	61	60
8.5 R&D recreation, culture and religion	133	141	106	126	103
8.6 Recreation, culture and religion n.e.c	84	88	92	96	44
Total recreation, culture and religion	7,299	7,398	7,120	7,636	6,449
9. Education					
9.1 Pre-primary and primary education	873	798	766	795	788
<i>of which: under fives</i>	183	147	163	123	97
<i>of which: primary education</i>	690	652	602	672	691
9.2 Secondary education	13,880	14,595	17,480	21,105	22,856
9.3 Post-secondary non-tertiary education	4	-	-	-	-
9.4 Tertiary education	13,179	15,783	13,095	13,520	15,356
9.5 Education not definable by level	591	784	465	446	453
9.6 Subsidiary services to education	984	848	731	503	525
9.7 R&D education	15	1	9	10	11
9.8 Education n.e.c	3,825	2,807	2,337	1,977	1,877
Total education	33,351	35,616	34,882	38,356	41,866
10. Social protection					
<i>of which: personal social services</i>	2,129	1,710	1,846	1,688	1,070
10.1 Sickness and disability	31,323	32,929	34,943	37,296	37,804
<i>of which: personal social services</i>	697	557	1,026	880	268
<i>of which: incapacity, disability and injury benefits</i>	30,626	32,372	33,916	36,416	37,537
10.2 Old age	84,012	87,873	93,608	100,801	104,256
<i>of which: personal social services</i>	1,001	869	429	431	446
<i>of which: pensions</i>	83,011	87,003	93,179	100,371	103,810
10.3 Survivors	1,057	1,097	1,070	1,076	1,131
10.4 Family and children	22,305	21,487	20,621	18,817	16,441
<i>of which: personal social services</i>	362	205	314	333	307
<i>of which: family benefits, income support and tax credits</i>	21,943	21,282	20,308	18,484	16,134
10.5 Unemployment	5,533	5,231	5,633	5,939	4,945
<i>of which: personal social services</i>	-	-	-	-	-
<i>of which: other unemployment benefits</i>	5,533	5,231	5,633	5,939	4,945
10.6 Housing	618	787	729	725	620
10.7 Social exclusion n.e.c ⁽⁴⁾	24,022	25,567	27,400	29,153	28,850
<i>of which: personal social services</i>	69	79	77	45	49
<i>of which: family benefits, income support and tax credits</i>	23,953	25,488	27,323	29,108	28,800
10.8 R&D Social protection	-	-	-	-	-
10.9 Social protection n.e.c. ⁽⁵⁾	4,335	4,150	3,600	3,142	2,853
Total social protection	173,204	179,120	187,604	196,947	196,900

Table 6.4 Central government own expenditure on services by sub-function, 2009-10 to 2013-14 (continued)

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
EU transactions ⁽⁶⁾					
GNI-based contribution (net of abatement and collection costs) <i>derived as</i>	5,760	7,669	6,967	8,411	8,982
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	13,733	15,593	15,700	16,871	18,208
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-3,754	-5,246	-5,216	-5,288	-5,096
<i>UK abatement</i>	-4,218	-2,678	-3,516	-3,172	-4,130
EU receipts	-4,788	-3,998	-4,771	-4,022	-3,729
Attributed aid and CFSP	-69	-43	-163	-82	-79
Total EU transactions	904	3,628	2,034	4,307	5,174
Total central government own expenditure on services	477,446	497,252	502,696	516,294	527,317
Accounting adjustments ⁽⁷⁾	12,259	11,113	13,792	-17,040	11,529
Total central government own expenditure ⁽⁸⁾	489,705	508,365	516,488	499,254	538,846

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

(2) Transactions from 2009-10 onwards have been affected by financial sector interventions. Details are provided in Box 5.A in chapter 5.

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

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

(5) Work and Pensions in a continuation of their review of spending allocations have moved items from 10.9 Social protection n.e.c. to 4.1 General economic, commercial and labour affairs.

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

(7) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

Table 6.5 Central government own expenditure on services by economic category, 2009-10 to 2013-14

	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
£ million					
Central government current expenditure on services					
Pay	88,646	92,219	94,590	97,065	99,197
Gross current procurement	125,496	121,559	123,713	127,662	131,430
Income from sales of goods and services	-22,214	-17,780	-17,007	-18,405	-18,444
Current grants to persons and non-profit bodies ⁽¹⁾	196,516	199,578	204,530	208,661	209,189
Current grants abroad	5,985	9,427	7,639	9,952	12,599
Subsidies to private sector companies	6,160	5,977	6,452	6,364	6,285
Subsidies to public corporations	880	588	362	1,625	1,016
Net public service pensions	3,611	4,627	6,678	8,627	9,296
Grant equivalent element of student lending	1,445	4,242	2,215	3,809	6,310
Central government debt interest	30,479	45,165	48,375	47,549	47,384
Other	65	59	82	238	194
Total central government own current expenditure on services	437,069	465,661	477,629	493,147	504,456
Accounting adjustments	11,681	10,325	13,245	13,237	10,748
Total central government own current expenditure	448,750	475,986	490,874	506,384	515,204
Central government capital expenditure on services					
Capital grants to persons and non-profit bodies	7,270	5,385	3,384	1,974	2,567
Capital grants to private sector companies ⁽²⁾	13,123	7,481	6,553	6,024	5,353
Capital grants abroad	508	968	673	643	844
Gross capital procurement	20,228	18,678	15,642	15,643	15,912
Income from sales of capital assets	-753	-919	-1,183	-1,139	-1,813
Other	-	-	-	-	-
Total central government own capital expenditure on services	40,376	31,593	25,069	23,145	22,863
Accounting adjustments	579	786	545	-30,275	779
Total central government own capital expenditure	40,955	32,379	25,614	-7,130	23,642
Total central government own expenditure on services	477,445	497,254	502,698	516,292	527,319
Accounting adjustments	12,260	11,111	13,790	-17,038	11,527
Total central government own expenditure ⁽³⁾	489,705	508,365	516,488	499,254	538,846

(1) Expenditure on services does not include tax credits previously treated as negative tax. They are included in the budget presentation in chapter 2.

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

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

Table 6.6 Central government own current and capital expenditure on services by function, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Central government own current expenditure on services					
1. General public services	44,708	59,638	62,515	61,276	63,234
<i>of which: public and common services</i>	7,692	7,216	6,779	6,320	6,375
<i>of which: international services</i>	6,537	7,257	7,360	7,407	9,474
<i>of which: public sector debt interest</i>	30,479	45,165	48,375	47,549	47,384
2. Defence	33,588	34,919	35,003	32,846	33,107
3. Public order and safety	15,176	14,716	14,406	14,176	14,467
4. Economic affairs	20,096	17,685	17,551	17,848	19,220
<i>of which: enterprise and economic development ⁽¹⁾</i>	3,450	1,153	2,144	3,027	3,458
<i>of which: science and technology</i>	2,819	2,885	2,957	3,107	3,327
<i>of which: employment policies</i>	3,953	4,603	3,170	2,986	3,583
<i>of which: agriculture, fisheries and forestry</i>	5,470	5,076	5,449	4,912	4,920
<i>of which: transport</i>	4,405	3,969	3,831	3,816	3,933
5. Environment protection	2,561	2,506	2,563	2,059	2,110
6. Housing and community amenities	769	437	169	678	643
7. Health	110,655	114,205	116,819	119,353	122,806
8. Recreation, culture and religion	6,044	6,192	5,814	6,954	5,684
9. Education	30,038	33,334	33,523	36,936	40,446
10. Social protection	172,530	178,400	187,231	196,716	197,566
EU transactions	904	3,628	2,034	4,307	5,174
Total central government own current expenditure on services	437,069	465,661	477,628	493,148	504,455
Accounting adjustments	11,681	10,325	13,246	13,236	10,749
Total central government own current expenditure	448,750	475,986	490,874	506,384	515,204
Central government own capital expenditure on services					
1. General public services	1,061	1,147	960	776	992
<i>of which: public and common services</i>	551	418	382	257	388
<i>of which: international services</i>	510	729	578	519	604
2. Defence	3,975	4,220	3,520	3,370	3,202
3. Public order and safety	1,754	1,168	858	723	709
4. Economic affairs	14,733	8,968	8,022	7,462	8,541
<i>of which: enterprise and economic development ⁽¹⁾</i>	6,431	1,471	1,152	608	843
<i>of which: science and technology</i>	734	521	607	492	1,107
<i>of which: employment policies</i>	134	92	83	100	76
<i>of which: agriculture, fisheries and forestry</i>	168	201	169	213	280
<i>of which: transport</i>	7,266	6,683	6,012	6,049	6,236
5. Environment protection	1,738	2,281	1,787	2,354	2,540
6. Housing and community amenities	5,778	4,276	2,677	1,378	1,466
7. Health	6,097	5,324	4,207	4,750	3,893
8. Recreation, culture and religion	1,254	1,206	1,305	682	765
9. Education	3,313	2,282	1,359	1,420	1,420
10. Social protection	674	719	373	231	-666
Total central government own capital expenditure on services	40,376	31,592	25,068	23,146	22,862
Accounting adjustments ⁽²⁾	579	787	546	-30,276	780
Total central government own capital expenditure ⁽³⁾	40,955	32,379	25,614	-7,130	23,642

(1) Transactions from 2009-10 onwards have been affected by financial sector interventions. See Box 5.A in chapter 5 for details.

(2) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

BACKGROUND TO CENTRAL GOVERNMENT OWN EXPENDITURE

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

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

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

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

WHAT'S NEW

6.5 There have been no significant changes to the presentation of data within this chapter since the summer 2013 Public Spending Statistics (PSS) release.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

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

CENTRAL GOVERNMENT OWN RESOURCE AND CAPITAL EXPENDITURE BY DEPARTMENT

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

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

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY SUB-FUNCTION

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

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY ECONOMIC CATEGORY

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

CENTRAL GOVERNMENT OWN CURRENT AND CAPITAL EXPENDITURE ON SERVICES BY FUNCTION

6.11 Table 6.6 shows central government own current and capital expenditure on services by function. This shows the capital and current split on a National Accounts basis so spending on Single Use Military Equipment (SUME) is classified as current and non-cash items such as depreciation and provisions are excluded.

CHAPTER 7 LOCAL GOVERNMENT FINANCING AND EXPENDITURE

OVERVIEW

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

CENTRAL GOVERNMENT SUPPORT FOR LOCAL GOVERNMENT

- Total central government support in DEL was £90.4bn in 2013-14, down from £105.6bn the year before. Support in AME increased to £36.8bn from £25.4bn over the same period. This reflects adjustment to departmental DEL and AME budgets for changes to local government funding relating to the localisation of business rates and council tax benefit.
- As shown in table 7.2, the Department for Education was responsible for providing current grants worth £33.2bn to local authorities in England in 2013-14. This was down from the figure of £34.2bn the previous year. Spending on academies is now classified as central government expenditure and so scores as central government pay or procurement rather than grants to local government.
- Capital support for local government increased slightly to £10.2bn in 2013-14, from £9.8bn the year before.

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

- Total local government current expenditure on services was £134.9bn in 2013-14, up from £133.8bn in 2012-13. Total capital expenditure on services increased to £17.6bn from £14.8bn over the same period.
- As shown in table 7.4, local government current expenditure on social protection was £53.9bn in 2013-14, up from £52.3bn the year before. Over the same period, spending on education fell to £43.0bn from £43.4bn reflecting the reclassification of academies described above.
- Local government capital expenditure on transport increased to £4.6bn in 2013-14 from £3.7bn in 2012-13.
- A breakdown of local government expenditure by economic category is shown in table 7.8. Spending on pay, which amounted to £65.2bn in 2013-14, accounts for just under half of all spending by local government. The majority of this was within the education and public order and safety functions.

Table 7.1 Financing of local government in the United Kingdom by country, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Current finance in DEL					
England ⁽¹⁾	85,508	87,956	81,604	76,475	66,531
Scotland ⁽²⁾	8,671	9,070	8,764	8,757	7,691
Wales	5,202	5,530	5,194	5,744	5,990
Northern Ireland	54	53	54	59	58
Total current finance in DEL	99,435	102,609	95,616	91,035	80,270
Capital support in DEL					
England	13,510	11,222	9,621	8,421	9,013
Scotland ⁽²⁾	1,058	866	769	607	565
Wales	684	790	515	637	569
Northern Ireland	3	16	3	3	2
Total capital support in DEL	15,254	12,893	10,909	9,668	10,149
Total central government support in DEL ⁽³⁾	114,689	115,502	106,525	100,703	90,419
Current finance in departmental AME					
England ⁽¹⁾	18,704	20,828	21,964	22,563	34,042
Scotland	1,514	1,621	1,686	1,748	1,724
Wales	815	884	959	992	1,003
Northern Ireland	-	-	-	-	-
Total current finance in departmental AME	21,033	23,334	24,608	25,303	36,768
Capital support in departmental AME					
England	402	993	290	133	65
Scotland	-	-	-	-	-
Wales	-	-	-	-	-
Northern Ireland	-	-	-	-	-
Total capital support in departmental AME	402	993	290	133	65
Total central government support in departmental AME ⁽⁴⁾	21,436	24,326	24,898	25,436	36,833
Locally financed expenditure					
Local authority self-financed expenditure ⁽⁵⁾	28,501	25,681	35,183	27,382	31,563
Locally financed support in Scotland ⁽⁶⁾	2,165	2,068	2,182	2,263	2,435
Total locally financed expenditure	30,666	27,749	37,365	29,645	33,998
Total financing of local government expenditure	166,791	167,577	168,788	155,784	161,250
Accounting and other adjustments	7,456	9,093	1,701	11,698	6,307
Total local government expenditure	174,247	176,670	170,489	167,482	167,557

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

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

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

(4) Includes lottery grants.

(5) Figure for 2011-12 reflects the reforms to the Housing Revenue Account in March 2012.

(6) By convention, non-domestic rates income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in Public Spending Statistics 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 departmental group, 2009-10 to 2013-14

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
England					
Education ⁽¹⁾					
Schools Grant	34,274	36,820	33,905	30,824	29,167
School standards grant	1,556	1,571	-	-	-
Sure Start	1,433	-	-	-	-
Early Intervention grant	-	-	206	448	-
Pupil Premium	-	-	556	989	1,365
Maintained sixth forms grant	-	2,184	1,585	1,136	856
Private finance initiative grant	-	-	600	670	733
Other	362	12	58	99	1,105
Total Education	37,625	40,587	36,910	34,166	33,226
Health					
Health	30	185	116	88	-
Social Care	1,197	1,269	-	-	42
Public Health ⁽²⁾	-	-	-	-	2,662
Other	-	-	20	5	9
Total Health	1,227	1,454	136	93	2,713
Transport					
GLA transport	2,555	2,774	2,804	2,835	1,988
Strategic rail authority	204	206	214	164	182
Other	576	834	476	516	677
Total Transport	3,335	3,814	3,494	3,515	2,847
CLG Communities					
Supporting people	1,666	-	-	-	-
New deal for communities	72	32	-2	-1	-
Local Services Support Grant	676	2,166	191	110	-
New Homes Bonus	-	-	234	397	668
Other	780	619	891	973	1,212
Total CLG Communities	3,194	2,817	1,314	1,479	1,880
CLG Local Government					
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	25,621	24,373	24,566	23,133	26,314
PFI special grant	773	908	27	29	26
Other	396	109	1,406	61	1,264
Total CLG Local Government	26,790	25,390	25,999	23,223	27,604
Business, Innovation and Skills					
LSC grants	2,201	-	-	-	-
RDA development fund	263	257	96	-	-
Other	-	-	2	-	376
Total Business, Innovation and Skills	2,464	257	98	0	376
Home Office					
Police	6,640	10,114	10,179	9,995	9,870
Area Based Grants	81	71	67	29	-
Other	177	169	107	260	110
Total Home Office	6,898	10,354	10,353	10,284	9,980
Environment, Food and Rural Affairs					
Environment, Food and Rural Affairs	38	50	147	98	92
Total Environment, Food and Rural Affairs	38	50	147	98	92
Work and Pensions ⁽³⁾					
Rent rebates	4,475	4,401	4,578	4,854	4,939
Rent allowances	12,799	14,109	15,181	15,856	16,053
Council tax benefits	4,576	4,793	4,825	4,874	-
Area Based Grants	51	44	-	-	-
Other	620	579	502	549	847
Total Work and Pensions	22,521	23,926	25,086	26,133	21,839
Other government departments	120	135	31	47	15
Total England	104,212	108,784	103,568	99,038	100,572

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2009-10 to 2013-14 (continued)

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Scotland ⁽⁴⁾					
Work and Pensions					
Rent allowance	905	978	1,034	1,079	1,071
Rent rebates	609	643	652	669	653
Other	59	54	52	46	41
Total Work and Pensions	1,573	1,675	1,738	1,794	1,765
Scottish Government					
Revenue Support Grant ⁽³⁾	7,750	8,395	8,110	8,114	7,529
Non-domestic rate income ⁽⁵⁾	2,165	2,068	2,182	2,263	2,435
Police	570	496	480	479	-
Other	292	126	122	117	119
Total Scottish Government	10,777	11,085	10,894	10,973	10,083
Other government departments	-	-	-	-	-
Total Scotland	12,350	12,760	12,632	12,767	11,848
Wales					
Home Office					
Police	280	278	250	-	-
Other	-	-	1	-	-
Total Home Office	280	278	251	0	0
Work and Pensions					
Rent allowance	574	649	726	751	759
Rent rebates	241	235	218	225	226
Other	29	28	26	25	22
Total Work and Pensions	844	912	970	1,001	1,007
Welsh Assembly Government					
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	4,153	4,267	4,164	4,494	4,672
Other	740	957	767	1,241	1,314
Total Welsh Assembly Government	4,893	5,224	4,931	5,735	5,986
Other government departments	-	-	-	-	-
Total Wales	6,017	6,414	6,152	6,736	6,993
Northern Ireland					
Northern Ireland Executive	54	53	54	59	58
Total Northern Ireland	54	53	54	59	58
Total current finance	122,633	128,011	122,406	118,600	119,471

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

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

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

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

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

Table 7.3 Central government capital support for local government in the United Kingdom by country and departmental group, 2009-10 to 2013-14

	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
£ million					
England					
Supported Capital Expenditure (Revenue) ⁽¹⁾					
Education	943	539	-	-	-
Transport	902	975	-	-	-
CLG Communities	1,265	946	-	-	-
Home Office	73	73	-	-	-
Total Supported Capital Expenditure (Revenue)	3,182	2,532	0	0	0
Capital grants					
Education	5,728	5,771	4,690	2,033	3,276
Health	257	182	155	128	248
Transport	1,268	1,139	2,789	3,044	3,373
CLG Communities	2,105	2,121	1,630	1,733	1,817
CLG Local Government	258	-68	-8	-	-
Business, Innovation and Skills	503	243	187	1	1
Home Office	236	206	169	174	155
Justice	-	1	-	-	-
Energy and Climate Change	47	-4	38	48	76
Environment, Food and Rural Affairs	169	105	49	48	73
Culture, Media and Sport	145	-21	213	1,345	55
Work and Pensions	-	-	-	-	-
Cabinet Office	12	7	-	-	5
Total capital grants	10,730	9,683	9,912	8,553	9,078
Total England	13,912	12,215	9,912	8,553	9,078
Scotland					
Supported borrowing					
Scottish Government	328	330	20	16	-
Total supported borrowing	328	330	20	16	0
Capital grants					
Scottish Government	730	536	749	591	565
Total capital grants	730	536	749	591	565
Total Scotland	1,058	866	769	607	565
Wales					
Supported Capital Expenditure (Revenue)					
Welsh Assembly Government	162	163	120	107	89
Total Supported Capital Expenditure (Revenue)	162	163	120	107	89
Capital grants					
Home Office	8	7	5	0	0
Welsh Assembly Government	513	619	390	529	481
Total capital grants	521	626	395	529	481
Total Wales	684	790	515	637	569
Northern Ireland capital grants					
Northern Ireland Executive	3	16	3	3	2
Total Northern Ireland	3	16	3	3	2
Total United Kingdom	15,656	13,886	11,199	9,800	10,214

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

Table 7.4 Local government current and capital expenditure on services in the United Kingdom by function, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	plans
Current					
1. General public services	4,420	4,126	3,978	4,031	4,050
<i>of which: public and common services</i>	4,241	3,909	3,685	3,726	3,688
<i>of which: public sector debt interest ⁽¹⁾</i>	179	217	293	305	362
2. Defence	64	62	53	53	60
3. Public order and safety ⁽²⁾	16,256	16,298	16,104	15,761	14,207
4. Economic affairs	7,117	6,575	5,730	5,029	4,834
<i>of which: enterprise and economic development</i>	1,676	1,640	1,112	906	770
<i>of which: agriculture, fisheries and forestry</i>	79	74	74	78	98
<i>of which: transport</i>	5,362	4,861	4,544	4,045	3,966
5. Environment protection	5,627	5,639	5,649	5,657	5,888
6. Housing and community amenities	3,249	2,782	2,564	2,497	2,501
7. Health	82	232	168	139	2,745
8. Recreation, culture and religion	4,339	4,189	3,983	3,898	3,648
9. Education	48,512	49,016	45,585	43,422	43,023
10. Social protection	49,418	50,980	52,170	53,330	53,915
Total local government current expenditure on services	139,084	139,899	135,983	133,816	134,871
Accounting adjustments	16,878	18,874	16,862	15,807	15,795
Total local government current expenditure	155,962	158,773	152,845	149,623	150,666
Capital					
1. General public services	1,163	1,028	907	965	1,413
<i>of which: public and common services</i>	1,163	1,028	907	965	1,413
3. Public order and safety ⁽²⁾	928	828	665	639	782
4. Economic affairs	4,770	4,820	4,399	3,876	4,932
<i>of which: enterprise and economic development</i>	320	340	240	82	197
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	118	121	97	82	154
<i>of which: transport</i>	4,332	4,359	4,062	3,712	4,581
5. Environment protection	471	503	463	534	833
6. Housing and community amenities	1,814	1,459	1,321	2,166	2,378
7. Health	58	38	31	27	7
8. Recreation, culture and religion	1,530	1,353	1,393	1,188	1,465
9. Education	6,621	6,866	6,430	5,212	5,330
10. Social protection	376	298	222	195	458
Total local government capital expenditure on services	17,731	17,193	15,830	14,802	17,598
Accounting adjustments	554	704	1,814	3,057	-707
Total local government capital expenditure	18,285	17,897	17,644	17,859	16,891
Total local government expenditure	174,247	176,670	170,489	167,482	167,557

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

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

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 plans
England					
1. General public services	3,451	3,195	2,856	2,948	3,056
<i>of which: public and common services</i>	3,451	3,195	2,856	2,948	3,056
2. Defence	56	54	45	45	52
3. Public order and safety	14,280	14,187	13,849	13,527	13,416
4. Economic affairs	6,038	5,443	4,571	3,831	3,804
<i>of which: enterprise and economic development</i>	1,333	1,275	748	556	404
<i>of which: agriculture, fisheries and forestry</i>	67	61	61	65	81
<i>of which: transport</i>	4,638	4,107	3,762	3,210	3,319
5. Environment protection	4,495	4,486	4,488	4,475	4,722
6. Housing and community amenities	2,748	2,461	2,189	2,108	2,057
7. Health ⁽¹⁾	30	180	116	89	2,699
8. Recreation, culture and religion	3,254	3,096	2,856	2,772	2,624
9. Education	41,323	41,756	38,409	36,191	35,775
10. Social protection	42,268	43,695	44,938	45,561	46,057
Total England	117,942	118,552	114,318	111,547	114,261
Scotland					
1. General public services	613	552	663	597	399
<i>of which: public and common services</i>	613	552	663	597	399
2. Defence	5	5	4	4	4
3. Public order and safety ⁽²⁾	1,175	1,318	1,474	1,458	-
4. Economic affairs	721	762	815	873	725
<i>of which: enterprise and economic development</i>	216	231	237	238	266
<i>of which: agriculture, fisheries and forestry</i>	7	7	7	7	10
<i>of which: transport</i>	498	524	571	628	449
5. Environment protection	620	629	639	641	641
6. Housing and community amenities	179	161	101	134	143
8. Recreation, culture and religion	604	591	640	633	590
9. Education	4,636	4,674	4,578	4,600	4,608
10. Social protection	4,693	4,766	4,584	5,020	5,058
Total Scotland	13,246	13,458	13,500	13,960	12,168
Wales					
1. General public services	178	162	167	180	233
<i>of which: public and common services</i>	178	162	167	180	233
2. Defence	3	4	3	4	5
3. Public order and safety	800	792	780	776	791
4. Economic affairs	338	350	322	301	286
<i>of which: enterprise and economic development</i>	106	114	106	88	80
<i>of which: agriculture, fisheries and forestry</i>	6	6	5	6	7
<i>of which: transport</i>	226	230	211	207	199
5. Environment protection	341	351	347	363	353
6. Housing and community amenities	221	174	167	164	165
8. Recreation, culture and religion	294	285	282	278	264
9. Education	2,553	2,586	2,598	2,631	2,640
10. Social protection	2,458	2,519	2,649	2,750	2,800
Total Wales	7,187	7,223	7,315	7,447	7,535
Total Great Britain	138,375	139,233	135,133	132,954	133,964

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2009-10 to 2013-14 (continued)

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 plans	
Northern Ireland						
4. Economic affairs	21	20	20	23	20	
<i>of which: enterprise and economic development</i>	21	20	20	23	20	
5. Environment protection	170	173	175	178	172	
6. Housing and community amenities	100	-13	106	91	136	
7. Health	52	52	52	50	46	
8. Recreation, culture and religion	187	218	204	215	171	
Total Northern Ireland	529	449	558	557	545	
Debt interest ⁽³⁾	179	217	293	305	362	
Total local government current expenditure on services	139,083	139,899	135,984	133,816	134,871	
Accounting adjustments	16,879	18,874	16,861	15,807	15,795	
Total local government current expenditure	155,962	158,773	152,845	149,623	150,666	

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

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

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

Table 7.6 Local government gross ⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2009-10 to 2013-14

	£ million				
	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 plans
England					
1. General public services	1,319	1,091	1,111	1,191	1,836
<i>of which: public and common services</i>	1,319	1,091	1,111	1,191	1,836
3. Public order and safety	893	797	675	673	834
4. Economic affairs	4,115	4,174	3,855	3,266	4,330
<i>of which: enterprise and economic development</i>	292	301	359	183	269
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	69	70	73	50	100
<i>of which: transport</i>	3,754	3,803	3,423	3,033	3,961
5. Environment protection	377	427	395	432	725
6. Housing and community amenities	1,725	1,532	1,224	2,048	2,282
7. Health	57	38	29	25	-
8. Recreation, culture and religion	1,265	1,139	1,097	874	1,293
9. Education	6,164	6,370	5,693	4,703	4,801
10. Social protection	335	274	223	182	437
Total England	16,249	15,842	14,304	13,394	16,538
Scotland					
1. General public services	166	169	141	124	191
<i>of which: public and common services</i>	166	169	141	124	191
3. Public order and safety ⁽²⁾	63	56	74	67	-
4. Economic affairs	681	536	616	646	614
<i>of which: enterprise and economic development</i>	133	92	97	93	81
<i>of which: agriculture, fisheries and forestry</i>	64	51	52	57	67
<i>of which: transport</i>	484	393	467	496	466
5. Environment protection	66	57	53	72	81
6. Housing and community amenities	68	56	36	43	21
8. Recreation, culture and religion	223	201	252	264	127
9. Education	416	410	585	513	493
10. Social protection	59	50	46	73	99
Total Scotland	1,742	1,534	1,805	1,801	1,627
Wales					
1. General public services	51	55	47	68	32
<i>of which: public and common services</i>	51	55	47	68	32
3. Public order and safety	45	53	38	34	85
4. Economic affairs	228	255	236	247	248
<i>of which: enterprise and economic development</i>	21	29	18	15	11
<i>of which: agriculture, fisheries and forestry</i>	8	20	18	10	10
<i>of which: transport</i>	199	206	200	222	227
5. Environment protection	31	31	28	36	17
6. Housing and community amenities	153	164	185	192	196
8. Recreation, culture and religion	55	50	63	72	59
9. Education	214	232	259	267	262
10. Social protection	22	22	19	23	17
Total Wales	799	863	875	940	917
Total Great Britain	18,790	18,239	16,984	16,135	19,082
Northern Ireland					
4. Economic affairs	-	1	1	2	19
<i>of which: enterprise and economic development</i>	-	1	1	2	19
5. Environment protection	8	10	9	13	15
6. Housing and community amenities	30	15	25	22	33
7. Health	1	1	2	4	7
8. Recreation, culture and religion	40	44	53	59	113
Total Northern Ireland	79	71	89	99	187
Total United Kingdom	18,869	18,310	17,073	16,234	19,269
Memorandum					
United Kingdom gross capital expenditure, from above	18,869	18,310	17,073	16,234	19,269
United Kingdom capital receipts (see table 7.7)	-1,138	-1,116	-1,244	-1,431	-1,671
Total local government net capital expenditure on services	17,731	17,194	15,829	14,803	17,598
Accounting adjustments	554	703	1,815	3,056	-707
Total local government net capital expenditure	18,285	17,897	17,644	17,859	16,891

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

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

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 plans	
England						
1. General public services	227	251	365	380	592	
<i>of which: public and common services</i>	227	251	365	380	592	
3. Public order and safety	67	72	116	126	134	
4. Economic affairs	228	120	285	261	234	
<i>of which: enterprise and economic development</i>	101	60	216	189	142	
<i>of which: employment policies</i>	-	-	-	-	-	
<i>of which: agriculture, fisheries and forestry</i>	23	20	47	36	23	
<i>of which: transport</i>	104	40	22	36	69	
5. Environment protection	6	17	19	16	3	
6. Housing and community amenities	129	282	130	124	139	
8. Recreation, culture and religion	22	51	54	60	97	
9. Education	166	112	81	265	207	
10. Social protection	37	44	62	76	90	
Total England	883	949	1,111	1,307	1,496	
Scotland						
1. General public services	142	19	16	24	31	
<i>of which: public and common services</i>	142	19	16	24	31	
3. Public order and safety	4	4	5	7	-	
4. Economic affairs	10	20	15	16	20	
<i>of which: enterprise and economic development</i>	9	18	9	13	16	
<i>of which: agriculture, fisheries and forestry</i>	-	-	-	-	-	
<i>of which: transport</i>	1	2	6	3	4	
5. Environment protection	1	1	1	-	1	
6. Housing and community amenities	1	-	6	2	3	
8. Recreation, culture and religion	2	12	1	1	1	
9. Education	4	19	20	6	7	
10. Social protection	-	2	3	3	4	
Total Scotland	164	76	66	59	68	
Wales						
1. General public services	4	17	12	14	23	
<i>of which: public and common services</i>	4	17	12	14	23	
3. Public order and safety	1	3	1	2	3	
4. Economic affairs	17	4	9	6	11	
<i>of which: enterprise and economic development</i>	16	4	9	6	11	
<i>of which: agriculture, fisheries and forestry</i>	-	-	-	-	-	
<i>of which: transport</i>	1	-	-	-	-	
5. Environment protection	-	-	-	-	-	
6. Housing and community amenities	20	8	10	4	7	
8. Recreation, culture and religion	1	1	1	1	-	
9. Education	3	15	7	1	12	
10. Social protection	2	2	1	3	-	
Total Wales	48	50	42	32	57	
Total Great Britain	1,095	1,075	1,219	1,398	1,621	
Northern Ireland						
4. Economic affairs	-	1	2	2	15	
<i>of which: enterprise and economic development</i>	-	1	2	2	15	
5. Environment protection	4	4	2	2	2	
6. Housing and community amenities	11	18	5	7	6	
7. Health	-	2	-	1	-	
8. Recreation, culture and religion	27	17	16	20	29	
Total Northern Ireland	43	41	25	33	51	
Total United Kingdom capital receipts	1,138	1,116	1,244	1,431	1,671	

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 plans	
England						
Pay	64,836	65,214	60,118	55,861	55,080	
Gross current procurement	57,483	56,491	54,970	55,070	57,918	
Income from sales of goods and services	-25,680	-25,635	-24,466	-24,258	-23,660	
Subsidies to private sector companies	2,127	1,963	1,794	1,438	1,409	
Subsidies to public corporations	33	15	14	15	15	
Current grants to persons and non-profit bodies	19,144	20,504	21,888	23,421	23,500	
Gross capital procurement	14,531	14,440	13,137	11,263	15,127	
Income from sales of capital assets	-883	-949	-1,111	-1,307	-1,496	
Capital grants	1,718	1,403	1,167	2,130	1,411	
Total England	133,309	133,445	127,511	123,633	129,304	
Scotland						
Pay	7,472	7,543	7,134	7,180	5,662	
Gross current procurement	6,639	6,597	6,544	6,851	6,388	
Income from sales of goods and services	-2,525	-2,445	-2,005	-1,965	-1,724	
Subsidies to public corporations	103	102	100	107	85	
Current grants to persons and non-profit bodies	1,556	1,661	1,728	1,789	1,758	
Gross capital procurement	1,693	1,493	1,775	1,777	1,616	
Income from sales of capital assets	-164	-76	-66	-59	-68	
Capital grants	48	41	30	24	10	
Total Scotland	14,824	14,915	15,239	15,702	13,727	
Wales						
Pay	3,905	4,084	4,029	4,012	4,116	
Gross current procurement	3,738	3,602	3,671	3,795	3,888	
Income from sales of goods and services	-1,290	-1,355	-1,340	-1,352	-1,457	
Current grants to persons and non-profit bodies	834	893	956	991	987	
Gross capital procurement	708	764	784	849	827	
Income from sales of capital assets	-48	-50	-42	-32	-57	
Capital grants	91	98	91	91	90	
Total Wales	7,938	8,036	8,148	8,355	8,394	
Great Britain						
Pay	76,213	76,840	71,280	67,053	64,859	
Gross current procurement	67,861	66,690	65,184	65,716	68,194	
Income from sales of goods and services	-29,495	-29,435	-27,811	-27,575	-26,840	
Subsidies to private sector companies	2,127	1,963	1,794	1,438	1,409	
Subsidies to public corporations	136	117	114	121	99	
Current grants to persons and non-profit bodies	21,533	23,057	24,571	26,201	26,244	
Gross capital procurement	16,932	16,697	15,696	13,889	17,570	
Income from sales of capital assets	-1,095	-1,076	-1,218	-1,398	-1,620	
Capital grants	1,857	1,542	1,288	2,245	1,511	
Total Great Britain	156,070	156,396	150,898	147,690	151,425	
Northern Ireland						
Pay	294	286	292	291	312	
Gross current procurement	389	411	410	444	402	
Income from sales of goods and services	-154	-248	-144	-177	-169	
Gross capital procurement	79	71	89	99	187	
Income from sales of capital assets	-43	-41	-25	-33	-51	
Total Northern Ireland	565	480	622	624	681	
United Kingdom						
Pay	76,507	77,126	71,572	67,344	65,171	
Gross current procurement	68,250	67,102	65,594	66,160	68,596	
Income from sales of goods and services	-29,649	-29,683	-27,956	-27,752	-27,009	
Subsidies to private sector companies	2,127	1,963	1,794	1,438	1,409	
Subsidies to public corporations	136	117	114	121	99	
Current grants to persons and non-profit bodies	21,533	23,057	24,571	26,201	26,244	
Local government debt interest ⁽¹⁾	179	217	293	305	362	
Gross capital procurement	17,012	16,768	15,785	13,988	17,758	
Income from sales of capital assets	-1,138	-1,116	-1,244	-1,431	-1,671	
Capital grants	1,857	1,542	1,288	2,245	1,511	
Total local government expenditure on services	156,814	157,093	151,811	148,619	152,470	
Accounting adjustments	17,433	19,577	18,678	18,863	15,087	
Total local government expenditure	174,247	176,670	170,489	167,482	167,557	

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

BACKGROUND TO LOCAL GOVERNMENT FINANCING AND EXPENDITURE

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

7.2 All data are covered by National Statistics protocols.

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

7.4 Local government spending data for all years up to 2012-13 are final outturn. Data for 2013-14 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 the summer 2013 Public Spending Statistics.

THE FINANCING OF LOCAL GOVERNMENT EXPENDITURE

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

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

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

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

SUPPORT FOR LOCAL GOVERNMENT CURRENT SPENDING

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

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

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

SUPPORT FOR LOCAL GOVERNMENT CAPITAL PROGRAMMES

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

DATA SOURCES AND DATA QUALITY

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

LOCAL GOVERNMENT EXPENDITURE

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

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

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

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

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

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

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

DATA SOURCES AND DATA QUALITY

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

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

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

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

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

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

England – CLG publication Local Government Financial Statistics

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

Scotland – Scottish Government publication

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

Wales – Welsh Government publication

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

CHAPTER 8 PUBLIC CORPORATIONS**OVERVIEW**

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

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

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

- Public corporations' capital expenditure was £7.6bn in 2013-14, up from £7.2bn the year before.
- Out of this total, expenditure by the Housing Revenue Account (for England, Scotland and Wales) was £4.2bn, up from £2.6bn the previous year.
- The other main contributors to public corporations capital expenditure were London Underground, Scottish Water and the Royal Mail.
- Public corporations expenditure on debt interest was £0.3bn in 2013-14.

Table 8.1 Public corporations' contribution to budgets and Total Managed Expenditure ⁽¹⁾, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
Resource DEL						
CG dividends from PCs (-)	-64	-89	-94	-78	-93	
CG interest from PCs (-)	-94	-101	-102	-103	-103	
Subsidies to PCs	1,058	1,247	1,138	1,707	1,086	
Loans written off - mutual consent	-	-	-	-	-	
Total resource DEL	900	1,056	942	1,527	891	
Resource departmental AME						
CG dividends from PCs (-)	-119	-88	-66	-160	-73	
CG interest from PCs (-)	-79	-18	-15	-100	-55	
Subsidies to PCs	-177	-658	-776	-83	-70	
Loans written off - mutual consent	-	-	-	-	-	
Total resource departmental AME	-375	-765	-857	-342	-199	
Total public corporations' contribution to resource budget	525	291	85	1,185	692	
Capital DEL						
CG investment grants to PCs	733	391	330	289	299	
Net lending to PCs	185	-199	-44	31	-89	
Market and overseas borrowing	-86	-5	-18	-16	-5	
Total capital DEL	832	187	268	304	206	
Capital departmental AME						
Net lending to PCs	97	-361	187	-198	-797	
Total capital departmental AME	97	-361	187	-198	-797	
Total public corporations' contribution to capital budget	929	-173	455	106	-591	
Other AME						
PC own-financed capital expenditure ⁽²⁾	8,191	9,302	6,958	7,081	8,197	
Accounting adjustments	-195	250	230	-952	-445	
Public corporations' expenditure in TME ⁽³⁾	9,450	9,670	7,728	7,420	7,853	
<i>of which:</i>						
PC current expenditure in TME	298	509	315	233	287	
PC gross investment in TME	9,152	9,161	7,413	7,187	7,566	

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

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

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

Table 8.2 Public corporations' contribution to budgets by departmental group ⁽¹⁾, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
Resource DEL						
Health	-1	-2	10	70	92	
Transport	72	50	-1	12	6	
Communities and Local Government	38	20	24	-3	-2	
Business, Innovation and Skills	141	230	153	314	310	
Defence	-23	-33	-35	-34	-51	
Foreign and Commonwealth Office	193	187	179	166	157	
Environment, Food and Rural Affairs	49	37	36	32	19	
Culture, Media and Sport	-	83	75	523	3	
Work and Pensions	117	174	206	141	120	
Scotland	4	12	21	48	31	
Wales	3	-	-	-	-1	
Northern Ireland	306	299	275	260	210	
Chancellor's Departments	-	-	-	-	-	
Cabinet Office	-	-2	-2	-3	-3	
Small and Independent Bodies	-	-	-	-	-	
Total resource DEL	900	1,056	942	1,527	891	
Resource departmental AME						
Communities and Local Government	-86	-582	-704	-13	-	
Business, Innovation and Skills	-24	-23	-29	-133	-46	
Energy and Climate Change	-	-	-	-	-	
Culture, Media and Sport	-	-	-	-58	-	
Wales	-93	-79	-74	-72	-73	
Chancellor's Departments	-97	-67	-40	-59	-73	
Small and Independent Bodies	-74	-14	-10	-7	-7	
Total resource departmental AME	-375	-765	-857	-342	-199	
Total public corporations' contribution to resource budget	525	291	85	1,185	692	
Capital DEL						
Health	-	-	-10	7	-34	
Transport	186	-242	-37	-28	-16	
Communities and Local Government	2	3	14	-11	-	
Business, Innovation and Skills	59	76	5	6	128	
Home Office	-	29	-	-	-	
Defence	-55	-72	-5	-6	-6	
Foreign and Commonwealth Office	36	30	23	6	5	
Environment, Food and Rural Affairs	25	18	18	14	-	
Culture, Media and Sport	-	-	-47	47	-	
Work and Pensions	7	2	1	-	-	
Scotland	252	135	84	158	57	
Wales	99	5	-11	-9	-3	
Northern Ireland	221	203	231	121	74	
Total capital DEL	832	187	268	304	206	
Capital departmental AME						
Health	-1	-	-	-	-	
Business, Innovation and Skills	260	-261	239	-157	-764	
Small and Independent Bodies	-162	-100	-52	-40	-34	
Total capital departmental AME	97	-361	187	-198	-797	
Total public corporations' contribution to capital budget	929	-173	455	106	-591	
Total public corporations' contribution to budgets	1,454	118	540	1,291	100	

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

Table 8.3 Public corporations' capital expenditure on services, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
Health						
Medicines and Healthcare Products Regulatory Agency ⁽¹⁾	8	18	3	5	#	
NHS Estates ⁽¹⁾	17	8	7	-	#	
NHS Blood and Transplant	-	-	-	-	#	
Total Health	25	27	11	5	#	
Transport						
Civil Aviation Authority	4	-	1	2	#	
Driving Standards Agency ⁽¹⁾	-	12	6	3	#	
Vehicle and Operator Services Agency ⁽¹⁾	10	1	3	5	#	
Total Transport	14	13	9	9	#	
Communities and Local Government						
Fire Service College ⁽¹⁾	-	1	2	2	-	
QEII Conference Centre ⁽¹⁾	1	-	-	-	1	
Total Department for Communities and Local Government	1	1	2	2	1	
Business, Innovation and Skills						
UK Intellectual Property Office	4	2	2	1	1	
British Nuclear Fuels Limited ⁽⁵⁾	-	-	-	-	-	
Companies House ⁽¹⁾	8	9	3	5	-2	
Royal Mail Holdings ⁽⁵⁾	347	201	198	243	*	
Ordnance Survey ⁽¹⁾	117	26	9	15	20	
Meteorological Office ⁽¹⁾	26	26	27	27	-	
Total Business, Innovation and Skills	503	265	238	291	*	
Home Office						
Forensic Science Service ⁽¹⁾	4	4	1	#	#	
Total Home Office	4	4	1	#	#	
Justice						
Land Registry ⁽¹⁾	15	-29	13	9	3	
Total Justice	15	-29	13	9	3	
Defence						
Defence Support Group	7	7	7	7	7	
Defence Aviation Repair Agency ⁽¹⁾	-	-	-	-	-	
Defence Science and Technology Laboratory ⁽¹⁾	41	41	41	41	41	
Hydrographic Office ⁽¹⁾	8	8	8	8	8	
Navy, Army and Air Force Institute	3	3	3	3	3	
QinetiQ ⁽⁵⁾	-	-	-	-	-	
Total Defence	59	59	59	59	59	
Foreign and Commonwealth Office						
British Council	7	8	7	23	-	
Total Foreign and Commonwealth Office	7	8	7	23	-	
International Development						
CDC Group ⁽⁵⁾	79	6	7	3	*	
Actis ⁽⁵⁾	1	-	-	-	*	
Total International Development	80	6	7	3	*	
Environment Food and Rural Affairs						
Covent Garden Market Authority	-18	1	-	-	-	
Total Environment Food and Rural Affairs	-18	1	-	-	-	
Culture Media and Sport						
Channel Four Television Corporation ⁽⁵⁾	-4	6	15	9	#	
Historic Royal Palaces Trust	-	-	-	-	#	
Tote ⁽⁵⁾	16	17	-	-	#	
Total Culture Media and Sport	12	22	15	9	#	
Work and Pensions						
Remploy	10	2	1	1	-	
Pension Protection Fund	2	-	-	-	-	
National Employment Savings Trust	-	1	17	10	-	
Total Work and Pensions	12	3	18	11	0	
Scotland						
Caledonian MacBrayne	6	6	6	1	#	
Forest Enterprise	5	7	5	-	#	
Scottish Water	648	443	491	-	#	
Total Scotland	659	455	502	1	#	

Table 8.3 Public corporations' capital expenditure on services, 2009-10 to 2013-14 (continued)

	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
£ million					
Northern Ireland					
Northern Ireland Driver and Vehicle Testing Agency ^(T)	1	3	-	3	1
Northern Ireland Housing Executive	260	228	202	126	110
Northern Ireland Public Trust Port Authority	-	-	34	42	10
Northern Ireland Transport Holding Company	70	71	110	60	30
Northern Ireland Water	-	-	-	-	-
Total Northern Ireland	332	301	345	232	151
Chancellor's Departments					
Crown Estate ^(S)	-28	191	-216	11	*
Royal Mint ^{(S)(T)}	-	-	-	-	-
Total Chancellor's Departments	-28	191	-216	11	*
Local Government					
London Underground Limited	1,515	1,525	1,435	1,028	*
England Housing Revenue Account	3,276	2,894	1,930	1,915	3,398
Scotland Housing Revenue Account	430	480	553	565	603
Wales Housing Revenue Account	121	120	140	136	159
Total Local Government	5,341	5,019	4,059	3,644	*
Total public corporations' capital expenditure on services	7,016	6,346	5,070	4,309	5,858
Accounting Adjustments	2,136	2,815	2,343	2,878	1,708
Total public corporations' capital expenditure ⁽¹⁾	9,152	9,161	7,413	7,187	7,566

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

(T) Denotes public corporation with trading fund status.

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

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

Table 8.4 Public corporations' current and capital expenditure on services by function, 2009-10 to 2013-14

	National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
£ million					
Public corporations' current expenditure on services					
1. General public services	298	509	315	233	287
<i>of which: public sector debt interest</i>	298	509	315	233	287
Total public corporations' current expenditure on services	298	509	315	233	287
Accounting adjustments	-	-	-	-	-
Total public corporations' current expenditure	298	509	315	233	287
Public corporations' capital expenditure on services					
1. General public services	192	203	-163	72	24
<i>of which: public and common services</i>	105	189	-178	45	24
<i>of which: international services</i>	86	14	14	27	-
2. Defence	85	85	86	86	59
3. Public order and safety	4	5	3	2	-
4. Economic affairs	1,962	1,839	1,802	1,393	1,504
<i>of which: enterprise and economic development</i>	359	212	203	249	-1
<i>of which: employment policies</i>	10	2	1	1	-
<i>of which: agriculture, fisheries and forestry</i>	-13	7	5	-	-
<i>of which: transport</i>	1,606	1,618	1,593	1,144	1,504
5. Environment protection	-	-	-	-	-
6. Housing and community amenities	4,735	4,165	3,316	2,742	4,271
7. Health	25	27	11	-	-
8. Recreation, culture and religion	12	22	15	-	-
10. Social protection	2	0	0	0	-
Total public corporations' capital expenditure on services	7,016	6,346	5,070	4,309	5,858
Accounting adjustments	2,136	2,815	2,343	2,878	1,708
Total public corporations' capital expenditure	9,152	9,161	7,413	7,187	7,566

Table 8.5 Public corporations' current and capital expenditure by economic category, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
Public corporations' current expenditure on services						
Public corporations' debt interest	298	509	315	233	287	
Total public corporations' current expenditure on services	298	509	315	233	287	
Accounting adjustments	-	-	-	-	-	
Total public corporations' current expenditure	298	509	315	233	287	
Public corporations' capital expenditure on services						
Gross capital procurement	7,874	7,378	6,590	5,436	6,343	
Income from sales of assets	-1,061	-1,223	-1,684	-1,229	-574	
Capital grants	203	191	164	102	89	
Total public corporations' capital expenditure on services	7,016	6,346	5,070	4,309	5,858	
Accounting adjustments	2,136	2,815	2,343	2,878	1,708	
Total public corporations' capital expenditure	9,152	9,161	7,413	7,187	7,566	
Total public corporations' expenditure on services	7,314	6,855	5,385	4,542	6,145	
Accounting adjustments	2,136	2,815	2,343	2,878	1,708	
Total public corporations' expenditure ⁽¹⁾	9,450	9,670	7,728	7,420	7,853	

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

BACKGROUND TO PUBLIC CORPORATIONS

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

8.2 All data in this chapter to 2013-14 are National Statistics.

WHAT'S NEW

8.3 There have been no significant changes to the presentation of data within this chapter since the summer 2013 Public Spending Statistics (PSS) release.

DEFINITION OF PUBLIC CORPORATIONS

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

- it is classified as a *market body* - a body that derives more than 50% of its production cost from the sale of goods or services at economically significant prices. Some charge for regulatory activities, where these provide a significant benefit to the person paying the fee, for example through quality testing;
- it is controlled by central government, local government or other public corporations; and
- it has substantial day to day operating independence so that it should be seen as an institutional unit separate from its parent departments.

SELF FINANCING PUBLIC CORPORATIONS (SFPCS)

8.5 The Treasury has designated some public corporations SFPCs. To be classified as an SFPC, the public corporation must normally trade mainly with non-government customers and not perform regulatory functions. In other words, its income must be from selling goods and services into a competitive market rather than from regulatory fees. It must trade profitably and not require subsidies or other financial support from its parent department.

8.6 SFPCs normally score in departmental AME rather than in DEL – though any subsidies and grants exceptionally paid to them would score in DEL. They also have greater and more individually tailored financial flexibilities. Some SFPCs are also trading funds.

TRADING FUNDS

8.7 Where activities of a government department generate income from the supply of goods and services, those parts of the department may be designated trading funds by Parliament on the application of the Government. Trading funds may keep unspent funds from one year to the next without having to surrender surpluses to the Exchequer at the end of each year.

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

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

THE BUDGETING CONTROL FRAMEWORK

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

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

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

8.12 When PCs are government departments in their own right, as is the case for some trading funds, they will normally be assigned a parent department for budgeting purposes, and the budgetary scoring described above will apply, including the cost of capital charge.

8.13 **Public corporations controlled by local government** include the businesses reporting to Transport for London and local authority airports such as Manchester. DEL and departmental AME include central government support to local government (in **Chapter 7**), some of which may be used by them to support public corporations. However, this is not identified in PSS as relating to public corporations. Therefore the whole of their capital expenditure is included in the public corporations' own-financed capital expenditure line in other AME. They are also included in the bottom line of **Tables 8.1, 8.3, 8.4** and **8.5**, which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME).

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

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

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

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

THE NATIONAL ACCOUNTS

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

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

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

8.18 Grants and subsidies given by public corporations to the private sector and overseas, including debt write-offs by mutual consent, are imputed to general government expenditure in National Accounts, as grant-giving is not held to be a normal function of a commercial body.

8.19 Note that the impact of public corporations on departmental budgets differs from their impact on TME. Accounting adjustments are used to move from DEL *plus* departmental AME *plus* own-financed capital expenditure (other AME) to TME (see **Annex D** for a full explanation of the accounting adjustments).

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

of assets, less sales, plus any capital grants paid by a public corporation net of any received from the private sector or abroad.

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

SOURCES OF DATA AND DATA QUALITY

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

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

FURTHER INFORMATION

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

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

CHAPTER 9 PUBLIC EXPENDITURE BY COUNTRY AND ADDITIONAL TABLES

The Country and Regional Analysis (CRA) is published in Autumn each year. As a result there is no new substantive data on regional spending for inclusion in this release, we have however updated the data to reflect the latest TME and debt interest figures; as well as the most recent GDP deflators and mid-year population estimates. In this release we have included the updated summary **tables 9.1 and 9.2** and the real terms equivalents **tables 9.3 and 9.4** from the CRA. These tables will also be available in Excel format alongside this release. A full set of updated tables based upon the November 2013 CRA release will be published as part of the PESA 2014 dataset. CRA 2014 will be published in the Autumn.

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

Table 9.1 Total identifiable expenditure on services by country and region, 2008-09 to 2012-13

	£ million					as a per cent of identifiable expenditure				
	National Statistics					National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
North East	22,945	24,587	24,790	23,858	24,512	4	4	4	4	4
North West	59,502	63,731	64,376	63,526	65,541	12	11	11	11	11
Yorkshire and the Humber	41,012	44,243	44,611	44,776	45,777	8	8	8	8	8
East Midlands	32,797	35,611	35,922	36,015	37,080	6	6	6	6	6
West Midlands	43,813	46,688	46,958	46,864	47,953	9	8	8	8	8
East	40,618	44,905	45,473	45,074	46,458	8	8	8	8	8
London	71,064	78,439	79,072	77,441	78,391	14	14	14	14	14
South East	59,576	63,799	64,800	64,374	66,639	12	11	11	11	12
South West	38,584	41,585	41,858	42,475	43,884	7	7	7	8	8
Total England	409,911	443,588	447,861	444,402	456,235	80	79	79	79	79
Scotland	48,552	51,489	51,927	52,686	53,944	9	9	9	9	9
Wales	27,096	28,883	29,318	29,748	29,848	5	5	5	5	5
Northern Ireland	17,784	18,840	19,081	19,350	19,834	3	3	3	3	3
UK identifiable expenditure	503,344	542,801	548,186	546,186	559,861	98	97	97	97	97
Outside UK	11,301	15,459	18,698	17,650	19,460	2	3	3	3	3
Total identifiable expenditure	514,645	558,259	566,884	563,836	579,321	100	100	100	100	100
	£ million					as a per cent of Total Managed Expenditure				
	National Statistics					National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
Identifiable expenditure	514,645	558,259	566,884	563,836	579,321	81	83	82	81	86
Non-identifiable expenditure ⁽¹⁾	87,550	82,384	93,325	95,485	94,530	14	12	13	14	14
Public sector expenditure on services	602,195	640,644	660,209	659,321	673,852	95	95	95	95	100
Accounting adjustments ⁽²⁾	33,431	32,758	34,496	35,384	304	5	5	5	5	0
Total Managed Expenditure⁽³⁾	635,626	673,402	694,705	694,705	674,156	100	100	100	100	100

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

(2) In 2012-13 this includes a £28 billion adjustment in respect of Royal Mail pension assets.

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

Table 9.2 Total identifiable expenditure on services by country and region, per head 2008-09 to 2012-13

	£ per head					Index (UK identifiable expenditure = 100)				
	National Statistics					National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
North East	8,930	9,547	9,583	9,189	9,419	110	110	110	106	107
North West	8,551	9,122	9,171	9,003	9,252	105	105	105	104	105
Yorkshire and the Humber	7,889	8,470	8,490	8,467	8,610	97	97	97	98	98
East Midlands	7,385	7,964	7,970	7,937	8,118	91	91	91	92	92
West Midlands	7,972	8,446	8,437	8,356	8,498	98	97	97	97	97
East	7,116	7,808	7,830	7,689	7,865	87	90	90	89	89
London	9,097	9,876	9,809	9,439	9,435	112	113	112	109	107
South East	7,070	7,514	7,554	7,440	7,638	87	86	86	86	87
South West	7,413	7,956	7,956	8,013	8,219	91	91	91	93	94
England	7,911	8,498	8,508	8,368	8,529	97	97	97	97	97
Scotland	9,332	9,841	9,868	9,941	10,152	115	113	113	115	116
Wales	8,955	9,504	9,612	9,710	9,709	110	109	110	113	110
Northern Ireland	9,996	10,506	10,572	10,665	10,876	123	121	121	124	124
UK identifiable expenditure	8,142	8,718	8,735	8,631	8,788	100	100	100	100	100

Table 9.3 Total identifiable expenditure on services by country and region in real terms ⁽¹⁾, 2008-09 to 2012-13

	£ million				
	National Statistics				
	2008-09	2009-10	2010-11	2011-12	2012-13
	outturn	outturn	outturn	outturn	outturn
North East	25,435	26,528	26,066	24,531	24,934
North West	65,960	68,762	67,691	65,319	66,671
Yorkshire and the Humber	45,463	47,735	46,907	46,040	46,566
East Midlands	36,356	38,423	37,771	37,031	37,719
West Midlands	48,568	50,374	49,376	48,187	48,780
East	45,027	48,450	47,814	46,346	47,259
London	78,777	84,631	83,142	79,627	79,743
South East	66,043	68,836	68,136	66,191	67,788
South West	42,772	44,868	44,013	43,674	44,641
England	454,401	478,608	470,917	456,946	464,102
Scotland	53,822	55,554	54,600	54,173	54,875
Wales	30,037	31,163	30,827	30,588	30,362
Northern Ireland	19,714	20,328	20,063	19,896	20,176
UK identifiable expenditure	557,975	585,653	576,407	561,602	569,514
Outside UK	12,528	16,679	19,660	18,148	19,796
Total identifiable expenditure	570,503	602,332	596,067	579,750	589,310
Non-identifiable expenditure ⁽²⁾	97,052	88,888	98,130	98,180	96,160
Total Expenditure on Services	667,555	691,220	694,197	677,930	685,470
Accounting adjustments ⁽³⁾	37,060	35,344	36,272	36,383	309
Total Managed Expenditure⁽⁴⁾	704,615	726,565	730,469	714,313	685,780

(1) Real terms figures are the nominal figures adjusted to 2013-14 price levels using GDP deflators from the Office for National Statistics (released 27 June 2014).

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

(3) In 2012-13 this takes account of a £28 billion adjustment in respect of Royal Mail pension assets.

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

Table 9.4 Total identifiable expenditure on services by country and region per head in real terms ⁽¹⁾, 2008-09 to 2012-13

	£ per head				
	National Statistics				
	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn
North East	9,900	10,300	10,076	9,448	9,582
North West	9,479	9,843	9,643	9,257	9,411
Yorkshire and the Humber	8,745	9,139	8,927	8,706	8,758
East Midlands	8,186	8,592	8,380	8,161	8,258
West Midlands	8,837	9,113	8,871	8,591	8,645
East	7,888	8,424	8,233	7,906	8,000
London	10,084	10,655	10,314	9,705	9,598
South East	7,838	8,107	7,943	7,650	7,770
South West	8,217	8,584	8,365	8,239	8,360
England	8,770	9,169	8,946	8,604	8,676
Scotland	10,345	10,618	10,376	10,221	10,327
Wales	9,927	10,255	10,107	9,984	9,877
Northern Ireland	11,081	11,335	11,116	10,966	11,064
UK identifiable expenditure	9,025	9,407	9,184	8,874	8,940

(1) Real terms figures are the nominal figures adjusted to 2013-14 price levels using GDP deflators from the Office for National Statistics (released 27 June 2014).

Table C.1 Transactions with the institutions of the EU, 2009-10 to 2013-14

	£ million				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
GNI based contribution	10,637	11,092	11,218	12,303	13,845
UK abatement	-4,218	-2,678	-3,516	-3,172	-4,130
Net expenditure transfers to the EU	6,419	8,414	7,702	9,131	9,716
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) ⁽¹⁾	-658	-745	-735	-720	-733
to give contribution to TME	5,760	7,669	6,967	8,411	8,982
TOR ⁽¹⁾	2,633	2,979	2,940	2,891	2,933
VAT-based payments to the EU	1,121	2,266	2,276	2,398	2,163
Gross contribution to the EU budget	9,515	12,915	12,184	13,699	14,079
Public sector EU receipts ⁽²⁾	-4,788	-3,998	-4,771	-4,022	-3,729
Net contributions to the EU budget	4,727	8,917	7,413	9,678	10,350
less Attributed costs ⁽³⁾	69	43	163	82	79
Net payments to EU institutions	4,659	8,874	7,250	9,595	10,270

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

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

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

Table D.1 Pay as you go public service pensions schemes in AME and in TME, 2009-10 to 2013-14

	£ million				
	2009-10	2010-11	2011-12	2012-13	2013-14
	outturn	outturn	outturn	outturn	outturn
Departmental AME (GAAP basis)					
Change in liability	22,124	-56,752	27,069	26,928	29,308
Contributions received*	-20,673	-21,360	-21,142	-22,024	-22,988
Cash payments in OCS not covered by release of provision*	78	39	85	54	27
Net public service pensions (GAAP basis)	1,528	-78,073	6,012	4,958	6,347
Unwinding of discount rate (= contribution to non-cash items)	39,154	37,615	44,012	40,327	37,420
Total Departmental AME (GAAP basis)	40,682	-40,458	50,024	45,285	43,767
Accounting adjustments					
Remove change in liability	-22,124	56,752	-27,069	-26,928	-29,308
Remove increased liability due to unwinding of discount rate	-39,154	-37,615	-44,012	-40,327	-37,420
Add pensions in payment covered by release of provision* +	24,272	25,928	27,725	30,550	32,174
Accounting adjustments (Pensions)	-37,005	45,065	-43,356	-36,705	-34,553
Contribution to TME (National Accounts basis)	3,677	4,607	6,668	8,580	9,213
of which:					
Pensions in payment*	24,350	25,967	27,810	30,604	32,201
Contributions received*	-20,673	-21,360	-21,142	-22,024	-22,988

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

+ offsets change in gross liability.

Public Spending Statistics July 2014

Table E.1 Derivation of public sector expenditure on services from departmental groups' budgets, 2013-14

	Education	Health	Transport	Communities and Local Government	Business, Innovation and Skills	Home Office	Justice	Law Officers' Departments	Defence	Foreign and Commonwealth Office	International Development	Energy and Climate Change	Environment, Food and Rural Affairs	Culture, Media and Sport	Work and Pensions	Scotland	Wales	Northern Ireland	Chancellor's Departments	Cabinet Office	Small and Independent Bodies	Total for all departments	
Departmental Budgets																							
Resource DEL	52,487	106,476	4,791	18,561	20,602	10,993	7,972	571	36,181	2,156	8,088	1,175	1,990	1,294	7,448	26,136	14,450	10,166	3,396	2,517	1,466	338,915	
Capital DEL	3,918	4,294	8,460	3,808	2,385	398	273	3	7,584	120	1,946	2,218	482	75	233	2,883	1,326	931	212	401	72	42,021	
Resource Departmental AME	10,452	18,278	876	11,470	-103	1,574	-237	7	6,312	66	115	4,960	-133	4,024	163,232	2,692	-5	7,542	48,609	9,615	-48	289,299	
Capital Departmental AME	-	-70	13	-	4,675	-	-	-	-129	-	-	-497	-1	714	-134	336	306	425	-11,722	-	-34	-6,117	
Remove																							
Grants to local government	-36,501	-2,960	-6,220	-31,301	-377	-10,135	-	-	-	-	-	-83	-164	-55	-24,611	-8,215	-6,555	-60	-	-13	-	-127,252	
Capital grants to public corporations	-	-14	-	-	-116	-	-	-	-	-5	-	-	-	-	-	-22	-	-142	-	-	-	-299	
Depreciation	-1,021	-2,085	-1,637	-46	-6,455	-281	-477	-6	-9,453	-159	-54	-111	-218	-374	-188	-682	-756	-729	-13,198	-441	-58	-38,431	
Provisions	-6,808	-18,320	-35	44	25	-243	294	-	-2,928	35	30	-5,074	148	8	-287	-2,435	-120	-1,578	271	-5,911	-59	-42,943	
Financial transactions	-16	-222	29	-1,021	-5,413	-	-	-	6	-	-85	75	-	-	22	-483	-377	-216	11,731	-1	34	4,062	
Interest and dividends	-	46	-286	18	1,247	-38	-	-	-148	-	-	-	-	-4	9	134	44	-32	554	-30	31	1,546	
Items classified as revenue in National Accounts	3	-1,794	1,811	41	1,735	529	20	60	13	-58	-675	322	69	44	-420	-1	24	-7	58	6	121	1,903	
EU receipts	-	-	67	340	187	-	-	-	-	-	-	-	3,866	-	139	758	883	417	-	-	-	6,658	
Other items not in TME	-1,104	-104	-156	-841	108	-233	-1	-1	-1	-2	-1,391	-298	-1,718	632	-721	-50	-476	-48	3,181	13	-3	-3,213	
Add																							
Local government current expenditure	42,341	17,521	5,039	8,113	405	12,227	131	-	-	-	-	-	5,558	2,065	24,743	10,161	5,603	545	-	56	-	134,508	
Local government capital expenditure	4,858	380	4,132	4,499	82	634	-	-	-	-	-	-	999	1,119	-	1,546	832	187	-	-	-	19,268	
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	632	-	-	-	632	
Public corporations' capital expenditure	-	-	1,463	3,399	19	-	3	-	59	-	-	-	-	-	-	603	159	151	-	-	-	5,856	
Public sector debt interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,033	-	-	-	48,033
EU transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,174	-	-	-	5,174
Grant equivalent element of student loans	-	-	-	-	6,178	-	-	-	-	-	-	-	-	-	-	8	-	124	-	-	-	-	6,310
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Public sector expenditure on services	68,609	121,426	18,347	17,084	25,184	15,425	7,978	634	37,496	2,153	7,974	2,687	10,878	9,542	169,465	33,369	15,338	18,308	96,299	6,212	1,523	685,930	

Population numbers by country and region

F.1 The population numbers used in Chapter 9 and 10 are in the table below. The mid year numbers are then directly applied to the relevant financial year (e.g. mid 2008 to financial data for 2008-09).

Table F.1 Population numbers by country and region

	mid-2008	mid-2009	mid-2010	mid-2011	Thousands mid-2012
North East	2,569	2,575	2,587	2,596	2,602
North West	6,959	6,986	7,020	7,056	7,084
Yorkshire and the Humber	5,199	5,223	5,255	5,288	5,317
East Midlands	4,441	4,472	4,507	4,537	4,568
West Midlands	5,496	5,528	5,566	5,609	5,643
East	5,708	5,751	5,807	5,862	5,907
London	7,812	7,943	8,062	8,204	8,308
South East	8,426	8,491	8,578	8,653	8,725
South West	5,205	5,227	5,261	5,301	5,340
England	51,816	52,196	52,643	53,107	53,494
Scotland	5,203	5,232	5,262	5,300	5,314
Wales	3,026	3,039	3,050	3,064	3,074
Northern Ireland	1,779	1,793	1,805	1,814	1,824
United Kingdom	61,824	62,260	62,760	63,285	63,705

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

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

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

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

GDP deflators

F.2 A number of the tables in this publication give figures in real terms. Real terms figures are the current price outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2013-14 prices. The GDP deflators used in this publication are those given below. The most up to date deflators can be found on the GOV.UK website^[1].

Table F.2 GDP deflators and money GDP

Outturn data are based on the June 2014 National Accounts figures from ONS

Financial year	GDP deflator at market prices		Money GDP £ million
	2013-14 = 100	Per cent change on previous year	
1972-73	10.469	8.23	67,452
1973-74	11.208	7.06	75,309
1974-75	13.382	19.40	89,903
1975-76	16.774	25.34	112,103
1976-77	19.070	13.69	130,999
1977-78	21.674	13.66	152,485
1978-79	24.045	10.94	174,333
1979-80	28.067	16.73	209,654
1980-81	33.191	18.25	239,195
1981-82	36.350	9.52	263,139
1982-83	38.818	6.79	287,681
1983-84	40.528	4.40	313,226
1984-85	42.562	5.02	336,756
1985-86	44.855	5.39	369,916
1986-87	46.100	2.78	396,262
1987-88	48.606	5.44	441,979
1988-89	51.735	6.44	492,181
1989-90	55.270	6.83	539,946
1990-91	59.194	7.10	580,926
1991-92	62.834	6.15	614,012
1992-93	64.058	1.95	635,991
1993-94	65.298	1.94	676,027
1994-95	66.104	1.24	716,435
1995-96	67.761	2.51	759,392
1996-97	69.640	2.77	809,434
1997-98	70.901	1.81	856,014
1998-99	72.255	1.91	903,201
1999-00	73.677	1.97	953,810
2000-01	74.200	0.71	1,000,990
2001-02	76.219	2.72	1,040,339

continued on next page

Table F.2 GDP deflators and money GDP (continued)

Outturn data are based on the June 2014 National Accounts figures from ONS

Financial year	GDP deflator at market prices		Money GDP
	2013-14 = 100	Per cent change on	£ million
2002-03	77.990	2.32	1,098,061
2003-04	79.501	1.94	1,164,429
2004-05	81.698	2.76	1,229,516
2005-06	83.188	1.82	1,295,438
2006-07	85.578	2.87	1,369,907
2007-08	87.731	2.52	1,447,844
2008-09	90.209	2.82	1,442,253
2009-10	92.683	2.74	1,432,213
2010-11	95.104	2.61	1,502,176
2011-12	97.255	2.26	1,547,166
2012-13	98.305	1.08	1,565,683
2013-14	100.000	1.72	1,632,076

GDP Deflator: Financial years 1972-73 to 2013-14 taken from ONS series L8GG.
Money GDP: For years 1972-73 to 2013-14: ONS data for money GDP (not seasonally adjusted, BKTL)

[1] <https://www.gov.uk>