

PUBLIC SPENDING STATISTICS JULY 2016 (REVISED)



HM Treasury

TABLE OF CONTENTS

TABLE OF CONTENTS	2
Introduction	6
Revisions in this release	7
CHAPTER 1 Departmental budgets	8
Overview.....	8
Background to departmental budgets.....	27
What's new	27
The budgeting and reporting framework.....	27
Reconciliation of budgeting and National Accounts aggregates	28
Administration budgets	28
Total DEL	29
Public expenditure by spending sector	29
CHAPTER 2 Economic Analyses of Budgets	31
Overview.....	31
Background to economic analyses	37
What's new	37
Analyses of budgets by economic category of spending	37
CHAPTER 4 Trends in public spending	41
Overview.....	41
Background to trends in public sector expenditure.....	48
What's new	48
Public spending aggregates.....	48
Public sector expenditure on services by function	48
Methods and data quality for ExPenditure on service LONG-RUN table.....	49
CHAPTER 5 Public Sector Spending by function, sub-function and economic category	50
Overview.....	51
Background to Public Sector Spending by Function	60

What's new	60
Classification changes	60
Relationship between functional series and departments.....	61
Public sector expenditure on services by sub-function	61
Public sector expenditure on services by economic category.....	61
Public sector expenditure on services split by current and capital spending	63
Public sector gross procurement by function.....	63
CHAPTER 6 Central Government Own Expenditure	64
Overview.....	64
Background to Central Government own Expenditure.....	73
What's new	73
Central government own expenditure by department	73
Central government own resource and capital expenditure by department	74
Central government own expenditure on services by sub-function	74
Central government own expenditure on services by economic category.....	74
Central government own current and capital expenditure on services by function.....	74
CHAPTER 7 Local Government Financing And Expenditure.....	75
Overview.....	75
Background to local government financing and expenditure.....	86
What's new	86
The financing of local government expenditure	86
Local government expenditure	87
CHAPTER 8 Public Corporations	90
Overview.....	90
Background to public corporations.....	96
What's new	96
Definition of public corporations	96
Self financing public corporations (SFPCs)	96
Trading funds.....	96

The budgeting control framework	97
The National Accounts	98
Sources of data and data quality	99
Further Information	99
CHAPTER 9 Public expenditure by country and additional tables	100
POPULATION NUMBERS AND GDP DEFLATORS	108

List of Tables (continued)

Table 6.1	Central government own expenditure in budgets by departmental group, 2011-12 to 2015-16
Table 6.2	Central government own resource expenditure in budgets by departmental group, 2011-12 to 2015-16
Table 6.3	Central government own capital expenditure in budgets by departmental group, 2011-12 to 2015-16
Table 6.4	Central government own expenditure on services by sub-function, 2011-12 to 2015-16
Table 6.5	Central government own expenditure on services by economic category, 2011-12 to 2015-16
Table 6.6	Central government own current and capital expenditure on services by function, 2011-12 to 2015-16
Table 7.1	Financing of local government in the United Kingdom by country, 2011-12 to 2015-16
Table 7.2	Central government current grants to local government in the United Kingdom by departmental group, 2011-12 to 2015-16
Table 7.3	Central government capital support for local government in the United Kingdom by country and departmental group, 2011-12 to 2015-16
Table 7.4	Local government current and capital expenditure on services in the United Kingdom by function, 2011-12 to 2015-16
Table 7.5	Local government current expenditure on services in the United Kingdom by country and function, 2011-12 to 2015-16
Table 7.6	Local government gross capital expenditure on services in the United Kingdom by country and function, 2011-12 to 2015-16
Table 7.7	Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2011-12 to 2015-16
Table 7.8	Local government expenditure on services in the United Kingdom by country and economic category, 2011-12 to 2015-16
Table 8.1	Public corporations' contribution to budgets and Total Managed Expenditure, 2011-12 to 2015-16
Table 8.2	Public corporations' contribution to budgets by departmental group, 2011-12 to 2015-16
Table 8.3	Public corporations' capital expenditure on services, 2011-12 to 2015-16
Table 8.4	Public corporations' current and capital expenditure on services by function, 2011-12 to 2015-16
Table 8.5	Public corporations' current and capital expenditure by economic category, 2011-12 to 2015-16
Table 9.1	Total identifiable expenditure on services by country and region, 2010-11 to 2014-15
Table 9.2	Total identifiable expenditure on services by country and region per head, 2010-11 to 2014-15
Table 9.3	Total identifiable expenditure on services by country and region in real terms, 2010-11 to 2014-15
Table 9.4	Total identifiable expenditure on services by country and region per head in real terms, 2010-11 to 2014-15
Table C.1	Transactions with the institutions of the European Community, 2011-12 to 2015-16
Table D.1	Pay as you go public service pension schemes in AME and TME, 2011-12 to 2015-16
Table E.1	Derivation of public sector expenditure on services from departmental groups' budgets, 2015-16
Table F.1	Population by country and region
Table F.2	GDP deflators & money GDP

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 2011-12 to 2015-16. This release contains the first estimate of 2015-16 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.

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 2010 (ESA10). Before September 2014 the UK, along with all other Member States, produced accounts using the previous ESA95 framework.

Total Managed Expenditure (TME) is an aggregate drawn from National Accounts that measures the sum of public sector current and capital spending. The move to ESA10 from September 2014 onwards means that the TME aggregate used in the Public Spending Statistics and PESA publications is also now on an ESA 2010 basis.

About ESA 2010:

<http://ec.europa.eu/eurostat/web/esa-2010>

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 2015 (£million)	2011-12	2012-13	2013-14	2014-15
Total Managed Expenditure	8,527	9,964	13,564	11,075
Total Departmental Expenditure Limits (DEL)	1	16	-15	-223
Departmental Annually Managed Expenditure (AME)	0	0	-5,875	-17
Other AME	8,527	9,949	19,433	11,516
Total resource DEL	-7427	-7,398	-8,079	-8,642
Total capital DEL	7,428	7,414	8,085	8,218

Figures for Total Managed Expenditure are taken from the ONS/HM Treasury Public Sector Finances release. The main revisions since last July's publication are:

In each year DEL budgets have been re-stated to take account of the requirement to record Research & Development (R&D) expenditure as capital where previously it scored as resource. This is required by the European System of Accounts 2010 (ESA10) which governs the way National Accounts are produced.

The £5.9 billion reduction in Departmental AME in 2013-14 is due to a change in the accounting policy for recognising impairments on the road network.

Changes to Other AME are mainly due to the ONS reclassification of English housing associations from the private to the public corporations sector. Other changes include 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 each year also include revisions to central government debt interest.

Tables 9.1 and 9.3 on pages 101 and 103 respectively of this release have been revised. The revisions cover the period 2012-13 to 2014-15. Due to an input error relating to 'non-identifiable expenditure', figures for this category plus 'total expenditure on services' and 'accounting adjustments' have been corrected. Country and regional figures are not impacted by this minor correction.

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.

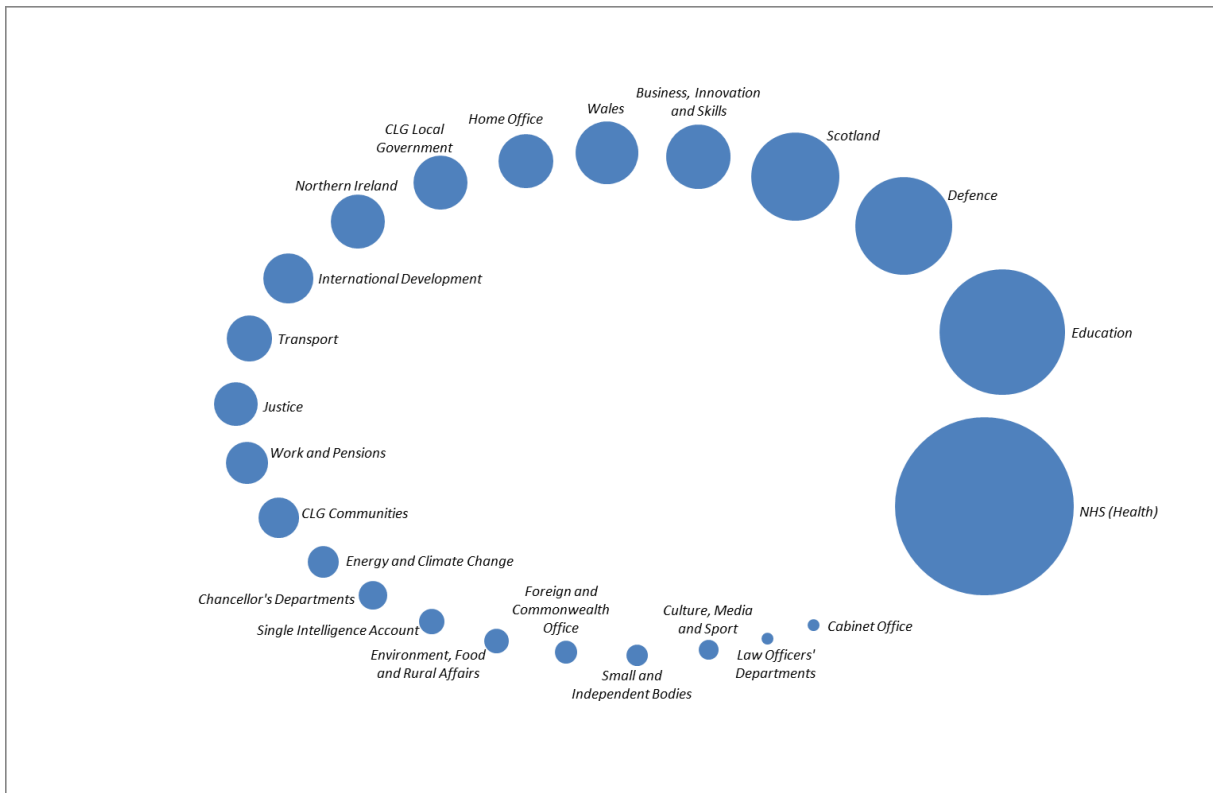
DEPARTMENTAL EXPENDITURE LIMITS

- Total resource DEL in real terms was £325.6bn in 2015-16, an increase of 0.1 per cent on the previous year.
- Total resource DEL (RDEL) excluding depreciation in real terms was £306.9bn in 2015-16, a fall of -0.4 per cent on the previous year.
- Depreciation in resource DEL was £18.7bn in real terms in 2015-16, an increase of 9.0 per cent on 2014-15.
- Total capital DEL was £48.2bn in real terms in 2015-16, a decrease of -9.5 per cent on the previous year.
- Total DEL in real terms fell by -1.7 per cent in 2015-16 from £361.3bn to £355.1bn. The largest reductions in DEL spending in 2015-16 were in Transport (-£4.1bn) and DCLG Local Government (-£2.9bn). These were offset by increases in spend for other departments. The largest increases were for NHS (Health) which increased by £3.8 billion to £117.2bn (3.3 per cent.) and for Education, which increased by £1.0bn (1.8 per cent).

ANNUALLY MANAGED EXPENDITURE

- Resource departmental AME increased by £165.0bn to £419.5bn in real terms in 2015-16. The large increase reflects a significant change in the accounting valuation of provisions as a result of changes in the long-term discount rate which inflates the present value of expected future long-term costs. The largest increase was in respect of Energy and Climate Change where the NDA provision for the future costs of decommissioning increased by £90.9bn.
- Capital departmental AME decreased by -£14.4bn to -£9.3bn in 2015-16. This is mainly due to the impact of financial sector interventions scored by HM Treasury.

CHART 1 2015-16 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, 2011-12 to 2015-16

	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
	£ million				
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	314,288	309,653	308,354	307,818	306,875
Depreciation in resource DEL	19,269	21,504	22,298	17,169	18,734
Total resource DEL	333,557	331,157	330,652	324,987	325,608
<i>Resource departmental AME</i>					
Social security benefits	175,481	183,088	179,599	184,185	187,584
Tax credits ⁽¹⁾	29,976	29,761	29,394	29,187	28,482
Net public service pensions	6,012	4,958	5,441	9,605	12,174
National lottery	1,335	727	1,209	1,440	1,121
BBC domestic services	3,013	3,271	3,204	3,533	3,608
Student loans	-642	-763	-1,096	-1,579	-1,683
Non-cash items	51,311	53,161	43,542	61,030	185,946
Financial sector interventions	-16,143	-18,384	8,380	-48,669	-12,492
Other departmental expenditure	266	4,252	13,526	15,571	14,788
Total resource departmental AME	250,607	260,070	283,199	254,302	419,528
<i>Resource other AME</i>					
Net expenditure transfers to the EU	9,978	11,529	11,879	11,658	11,253
Locally financed expenditure	22,112	23,442	23,187	25,540	29,969
Central government gross debt interest	49,704	48,856	48,668	45,241	44,942
Accounting adjustments ⁽²⁾	-19,995	-18,936	-31,160	11,555	-151,783
Total resource other AME	61,799	64,891	52,574	93,994	-65,620
Total resource AME	312,407	324,961	335,773	348,296	353,908
Public sector current expenditure	645,964	656,118	666,425	673,283	679,516
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	49,766	46,375	49,749	53,203	48,208
<i>Capital departmental AME</i>					
National lottery	380	513	492	584	454
BBC domestic services	172	121	83	111	117
Student loans	5,857	6,858	9,291	11,477	12,596
Financial sector interventions	-4,571	-3,601	-4,938	-3,030	-11,315
Other departmental expenditure	708	-282	-11,118	-4,118	-11,189
Total capital departmental AME	2,546	3,610	-6,189	5,024	-9,336
<i>Capital other AME</i>					
Locally financed expenditure	16,123	5,957	6,980	7,060	8,206
Public corporations' own-financed capital expenditure	13,129	13,519	14,951	16,503	16,850
Accounting adjustments ⁽²⁾	-12,424	5,242	3,997	-8,465	9,578
Total capital other AME	16,828	24,718	25,928	15,098	34,634
Total capital AME	19,374	28,327	19,738	20,122	25,298
Public sector gross investment ⁽³⁾	69,140	74,702	69,487	73,325	73,506
<i>less public sector depreciation</i>	35,020	36,167	37,562	38,582	39,675
Public sector net investment ⁽³⁾	34,120	38,535	31,925	34,743	33,831
TOTAL MANAGED EXPENDITURE ^{(3) (4)}	715,104	730,820	735,912	746,608	753,022
<i>of which:</i>					
Total DEL ⁽⁴⁾	364,054	356,028	358,103	361,021	355,083
Departmental AME	253,153	263,679	277,009	259,326	410,192
Other AME	97,897	111,113	100,800	126,261	-12,253

(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.

(2) Transactions from 2011-12 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

Table 1.2 Total Managed Expenditure in real terms ⁽¹⁾, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	331,545	319,939	313,425	308,068	306,875
Depreciation in resource DEL	20,328	22,218	22,665	17,183	18,734
Total resource DEL	351,872	342,158	336,090	325,251	325,608
<i>Resource departmental AME</i>					
Social security benefits	185,116	189,170	182,552	184,335	187,584
Tax credits ⁽²⁾	31,622	30,749	29,877	29,210	28,482
Net public service pensions	6,342	5,123	5,530	9,612	12,174
National lottery	1,408	751	1,229	1,441	1,121
BBC domestic services	3,178	3,380	3,257	3,536	3,608
Student loans	-678	-789	-1,114	-1,580	-1,683
Non-cash items	54,129	54,926	44,258	61,079	185,946
Financial sector interventions	-17,030	-18,995	8,518	-48,709	-12,492
Other departmental expenditure	281	4,393	13,748	15,583	14,788
Total resource departmental AME	264,368	268,709	287,856	254,508	419,528
<i>Resource other AME</i>					
Net expenditure transfers to the EU	10,526	11,912	12,074	11,667	11,253
Locally financed expenditure	23,326	24,220	23,569	25,561	29,969
Central government gross debt interest	52,433	50,479	49,468	45,278	44,942
Accounting adjustments ⁽³⁾	-21,092	-19,565	-31,672	11,564	-151,783
Total resource other AME	65,193	67,047	53,439	94,070	-65,620
Total resource AME	329,560	335,755	341,295	348,578	353,908
Public sector current expenditure	681,433	677,913	677,385	673,829	679,516
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	52,498	47,915	50,567	53,246	48,208
<i>Capital departmental AME</i>					
National lottery	401	530	500	585	454
BBC domestic services	181	125	85	111	117
Student loans	6,179	7,085	9,444	11,486	12,596
Financial sector interventions	-4,822	-3,720	-5,019	-3,032	-11,315
Other departmental expenditure	747	-291	-11,301	-4,121	-11,189
Total capital departmental AME	2,686	3,729	-6,291	5,028	-9,336
<i>Capital other AME</i>					
Locally financed expenditure	17,009	6,155	7,094	7,066	8,206
Public corporations' own-financed capital expenditure	13,850	13,968	15,197	16,517	16,850
Accounting adjustments ⁽³⁾	-13,106	5,416	4,063	-8,472	9,578
Total capital other AME	17,752	25,539	26,354	15,110	34,634
Total capital AME	20,438	29,268	20,063	20,138	25,298
Public sector gross investment ⁽⁴⁾	72,936	77,183	70,630	73,384	73,506
<i>less public sector depreciation</i>	36,943	37,368	38,180	38,613	39,675
Public sector net investment ⁽⁴⁾	35,993	39,815	32,450	34,771	33,831
TOTAL MANAGED EXPENDITURE ^{(4) (5)}	754,369	755,096	748,015	747,213	753,022
<i>of which:</i>					
Total DEL ⁽⁵⁾	384,043	367,854	363,992	361,314	355,083
Departmental AME	267,053	272,438	281,565	259,536	410,192
Other AME	103,273	114,804	102,458	126,363	-12,253

(1) Real terms figures are the cash figures adjusted to 2015-16 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2016. The forecasts are consistent with the March 2016 Budget.

(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.

(3) Transactions from 2011-12 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

Table 1.3 Resource budgets, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Resource DEL by departmental group					
Defence	37,196	34,987	35,536	34,155	34,424
Single Intelligence Account	1,830	1,945	1,965	2,016	2,159
Home Office	12,225	11,447	11,052	11,439	10,690
Foreign and Commonwealth Office	2,175	2,152	2,156	1,864	1,956
International Development	5,962	5,899	7,783	7,017	6,859
NHS (Health)	99,368	101,646	105,478	109,534	113,661
Work and Pensions	7,619	7,493	7,611	7,148	6,472
Education	50,204	50,850	51,914	53,665	54,419
Business, Innovation and Skills	14,882	14,243	15,132	9,749	10,986
Transport	5,487	5,191	4,702	3,460	3,019
Energy and Climate Change	1,160	1,129	1,173	1,405	1,404
Culture, Media and Sport	1,561	3,490	1,222	1,288	1,259
DCLG Communities	1,840	1,393	1,985	2,047	2,190
DCLG Local Government ⁽¹⁾	25,389	23,189	16,481	13,657	10,758
Scotland	25,399	25,712	26,091	26,373	26,391
Wales	13,660	13,654	14,466	14,202	13,335
Northern Ireland	9,847	10,027	10,161	10,189	10,164
Justice	9,027	8,724	7,965	7,593	7,171
Law Officers' Departments	621	599	581	554	546
Environment, Food and Rural Affairs	2,115	1,978	1,883	1,855	1,747
HM Revenue and Customs	3,706	3,663	3,645	3,464	3,576
HM Treasury	156	-185	-243	137	137
Cabinet Office	449	473	419	649	576
Small and Independent Bodies	1,677	1,456	1,492	1,528	1,707
Total resource DEL	333,557	331,157	330,652	324,987	325,608
Resource departmental AME by departmental group					
Defence	8,039	7,360	6,377	8,311	12,020
Single Intelligence Account	18	41	19	41	135
Home Office	1,377	1,659	1,872	2,457	1,536
Foreign and Commonwealth Office	61	88	66	-70	39
International Development	104	191	109	151	171
NHS (Health)	19,582	18,878	18,194	21,952	48,649
Work and Pensions	159,167	165,506	163,072	167,639	173,400
Education	11,783	10,720	11,050	14,047	12,880
Business, Innovation and Skills	-1,157	-92	-102	-663	-7,556
Transport ⁽²⁾	876	590	-5,207	-264	7,543
Energy and Climate Change	3,742	5,388	4,963	8,473	101,581
Culture, Media and Sport	3,774	4,635	4,517	4,933	4,561
DCLG Communities	-666	10	-48	47	56
DCLG Local Government ⁽¹⁾	732	144	11,123	11,662	12,163
Scotland	3,073	2,760	2,669	3,858	3,936
Wales	72	141	0	32	-309
Northern Ireland	7,511	7,764	7,463	8,285	8,395
Justice	-45	934	-239	-144	543
Law Officers' Departments	5	5	7	13	-9
Environment, Food and Rural Affairs	-53	85	-92	78	366
HM Revenue and Customs	42,781	42,690	42,574	42,931	43,194
HM Treasury ⁽³⁾	-18,741	-18,710	6,210	-49,912	-13,781
Cabinet Office	8,720	9,390	8,641	10,573	10,346
Small and Independent Bodies	-147	-109	-38	-129	-333
Total resource departmental AME	250,607	260,070	283,199	254,302	419,528
Total resource budget	584,165	591,227	613,851	579,289	745,136

Table 1.4 Resource budgets in real terms ⁽¹⁾, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Resource DEL by departmental group					
Defence	39,239	36,149	36,120	34,183	34,424
Single Intelligence Account	1,930	2,009	1,998	2,017	2,159
Home Office	12,896	11,827	11,234	11,449	10,690
Foreign and Commonwealth Office	2,295	2,224	2,191	1,866	1,956
International Development	6,289	6,095	7,911	7,023	6,859
NHS (Health)	104,824	105,022	107,212	109,623	113,661
Work and Pensions	8,038	7,742	7,736	7,154	6,472
Education	52,961	52,539	52,767	53,708	54,419
Business, Innovation and Skills	15,699	14,716	15,381	9,757	10,986
Transport	5,788	5,364	4,779	3,463	3,019
Energy and Climate Change	1,224	1,167	1,193	1,406	1,404
Culture, Media and Sport	1,647	3,606	1,242	1,289	1,259
DCLG Communities	1,941	1,439	2,017	2,048	2,190
DCLG Local Government ⁽²⁾	26,783	23,959	16,752	13,668	10,758
Scotland	26,793	26,566	26,520	26,394	26,391
Wales	14,410	14,107	14,704	14,214	13,335
Northern Ireland	10,388	10,360	10,328	10,197	10,164
Justice	9,523	9,013	8,096	7,600	7,171
Law Officers' Departments	655	619	591	554	546
Environment, Food and Rural Affairs	2,231	2,044	1,914	1,856	1,747
HM Revenue and Customs	3,909	3,785	3,705	3,467	3,576
HM Treasury	165	-191	-247	137	137
Cabinet Office	473	489	426	650	576
Small and Independent Bodies	1,770	1,504	1,516	1,529	1,707
Total resource DEL	351,872	342,158	336,090	325,251	325,608
Resource departmental AME by departmental group					
Defence	8,480	7,605	6,482	8,317	12,020
Single Intelligence Account	19	42	19	41	135
Home Office	1,453	1,714	1,903	2,459	1,536
Foreign and Commonwealth Office	64	91	67	-70	39
International Development	110	197	111	152	171
NHS (Health)	20,657	19,506	18,493	21,970	48,649
Work and Pensions	167,906	171,003	165,754	167,775	173,400
Education	12,430	11,076	11,231	14,059	12,880
Business, Innovation and Skills	-1,221	-95	-104	-664	-7,556
Transport ⁽³⁾	924	610	-5,293	-264	7,543
Energy and Climate Change	3,948	5,567	5,045	8,480	101,581
Culture, Media and Sport	3,982	4,789	4,591	4,937	4,561
DCLG Communities	-702	10	-49	47	56
DCLG Local Government ⁽²⁾	773	149	11,306	11,671	12,163
Scotland	3,242	2,852	2,713	3,861	3,936
Wales	76	146	0	32	-309
Northern Ireland	7,924	8,022	7,586	8,292	8,395
Justice	-48	965	-243	-145	543
Law Officers' Departments	5	6	7	13	-9
Environment, Food and Rural Affairs	-56	87	-94	78	366
HM Revenue and Customs	45,130	44,108	43,275	42,966	43,194
HM Treasury ⁽⁴⁾	-19,770	-19,331	6,312	-49,953	-13,781
Cabinet Office	9,199	9,702	8,783	10,581	10,346
Small and Independent Bodies	-156	-113	-39	-129	-333
Total resource departmental AME	264,368	268,709	287,856	254,508	419,528
Total resource budget	616,240	610,866	623,946	579,758	745,136

(1) Real terms figures are the cash figures adjusted to 2015-16 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2016. The forecasts are consistent with the March 2016 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) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16.

(4) Transactions from 2011-12 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.5 Resource DEL excluding depreciation, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Resource DEL excluding depreciation by departmental group					
Defence	27,359	25,528	26,055	25,632	26,696
Single Intelligence Account	1,484	1,556	1,563	1,591	1,754
Home Office	11,993	11,191	10,792	11,159	10,442
Foreign and Commonwealth Office	2,052	1,989	1,998	1,715	1,765
International Development	5,945	5,875	7,769	7,000	6,847
NHS (Health)	98,175	100,514	104,408	108,373	112,561
Work and Pensions	7,418	7,244	7,428	6,972	6,288
Education	50,170	50,019	50,927	52,669	53,210
Business, Innovation and Skills	11,097	10,491	9,392	8,100	7,137
Transport	4,589	4,224	3,695	2,468	1,920
Energy and Climate Change	1,147	1,120	1,166	1,395	1,395
Culture, Media and Sport	1,448	2,046	1,064	1,182	1,116
DCLG Communities	1,777	1,366	1,957	2,054	2,189
DCLG Local Government ⁽¹⁾	25,388	23,188	16,481	13,657	10,758
Scotland	24,776	24,929	25,428	25,620	25,612
Wales	13,232	13,248	13,709	13,754	12,821
Northern Ireland	9,427	9,450	9,710	9,686	9,909
Justice	8,586	8,198	7,516	7,158	6,717
Law Officers' Departments	611	591	575	547	540
Environment, Food and Rural Affairs	1,905	1,789	1,687	1,664	1,579
HM Revenue and Customs	3,488	3,437	3,411	3,188	3,303
HM Treasury	149	-192	-249	131	129
Cabinet Office	441	462	405	636	558
Small and Independent Bodies	1,632	1,392	1,467	1,466	1,631
Total Resource DEL excluding depreciation	314,288	309,653	308,354	307,818	306,875

(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.

Table 1.6 Resource DEL excluding depreciation in real terms ⁽¹⁾, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Resource DEL excluding depreciation by departmental group					
Defence	28,861	26,376	26,484	25,653	26,696
Single Intelligence Account	1,565	1,608	1,588	1,592	1,754
Home Office	12,651	11,563	10,969	11,168	10,442
Foreign and Commonwealth Office	2,164	2,055	2,031	1,717	1,765
International Development	6,272	6,070	7,897	7,005	6,847
NHS (Health)	103,566	103,853	106,125	108,461	112,561
Work and Pensions	7,825	7,485	7,550	6,978	6,288
Education	52,925	51,680	51,765	52,711	53,210
Business, Innovation and Skills	11,707	10,839	9,547	8,106	7,137
Transport	4,841	4,364	3,755	2,470	1,920
Energy and Climate Change	1,210	1,157	1,185	1,396	1,395
Culture, Media and Sport	1,528	2,113	1,081	1,183	1,116
DCLG Communities	1,874	1,411	1,990	2,056	2,189
DCLG Local Government ⁽²⁾	26,782	23,959	16,752	13,668	10,758
Scotland	26,136	25,758	25,846	25,640	25,612
Wales	13,959	13,688	13,935	13,765	12,821
Northern Ireland	9,945	9,764	9,870	9,694	9,909
Justice	9,057	8,470	7,640	7,164	6,717
Law Officers' Departments	644	610	584	548	540
Environment, Food and Rural Affairs	2,009	1,848	1,714	1,666	1,579
HM Revenue and Customs	3,680	3,551	3,468	3,191	3,303
HM Treasury	158	-199	-253	131	129
Cabinet Office	465	477	412	637	558
Small and Independent Bodies	1,722	1,438	1,491	1,468	1,631
Total Resource DEL excluding depreciation	331,545	319,939	313,425	308,068	306,875

(1) Real terms figures are the cash figures adjusted to 2015-16 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2016. The forecasts are consistent with the March 2016 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.

Table 1.7 Administration budgets , 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Defence	2,692	2,179	2,129	1,474	1,517
Single Intelligence Account	73	66	59	58	63
Home Office	494	473	501	525	385
Foreign and Commonwealth Office	168	124	170	181	114
International Development	123	128	116	110	104
NHS (Health)	3,541	3,670	3,122	2,873	2,558
Work and Pensions	1,330	1,177	1,089	891	835
Education	411	420	386	359	302
Business, Innovation and Skills	757	566	542	511	454
Transport	217	243	240	271	266
Energy and Climate Change	158	162	175	172	173
Culture, Media and Sport	258	186	139	147	161
DCLG Communities	332	281	363	252	279
Justice	652	590	530	552	541
Law Officers' Departments	42	44	42	45	43
Environment, Food and Rural Affairs	592	550	527	487	497
HM Revenue and Customs	962	947	864	797	792
HM Treasury	141	145	137	154	141
Cabinet Office	187	193	153	153	149
Small and Independent Bodies	335	331	306	375	297
Total administration budgets	13,465	12,476	11,589	10,388	9,672
of which: administration costs paybill	9,043	8,502	7,531	6,685	6,624
Administration budgets as a percentage of Total Managed Expenditure ⁽¹⁾	1.9	1.7	1.6	1.4	1.3

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

Table 1.8 Capital budgets, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Capital DEL by departmental group					
Defence	9,798	8,731	8,485	8,736	8,402
Single Intelligence Account	506	476	497	550	574
Home Office	660	555	519	520	477
Foreign and Commonwealth Office	115	37	120	158	131
International Development	1,868	1,883	2,251	2,650	2,433
NHS (Health)	4,669	4,708	5,367	4,971	4,668
Work and Pensions	331	423	237	253	188
Education	5,044	4,260	3,604	4,237	4,776
Business, Innovation and Skills	6,249	6,176	7,810	7,646	8,305
Transport ⁽¹⁾	7,777	7,934	8,537	9,389	5,885
Energy and Climate Change	1,454	2,038	2,216	2,241	2,289
Culture, Media and Sport	1,273	356	20	243	327
DCLG Communities	3,706	2,402	3,729	4,332	3,851
DCLG Local Government	-8	1	-	-	-
Scotland	2,773	2,981	2,921	3,289	3,126
Wales	1,386	1,362	1,325	1,500	1,536
Northern Ireland	1,014	983	945	1,085	766
Justice	343	280	274	295	266
Law Officers' Departments	3	2	3	4	3
Environment, Food and Rural Affairs	463	487	550	693	570
HM Revenue and Customs	220	194	218	232	228
HM Treasury	36	18	-6	36	-660
Cabinet Office	17	15	43	50	-30
Small and Independent Bodies	67	72	85	92	98
Total capital DEL	49,766	46,375	49,749	53,203	48,208
Capital departmental AME by departmental group					
Defence	-10	-35	-129	51	29
Home Office	-	-	-	-	440
International Development	-	-6	-	-	450
NHS (Health)	-	-	-70	-5	9
Work and Pensions	-12	-17	-134	-124	-148
Business, Innovation and Skills	5,469	6,129	4,675	9,548	9,948
Transport ⁽²⁾	-33	-61	13	6,695	6,598
Energy and Climate Change	-58	-20	-497	-601	-99
Culture, Media and Sport	572	468	646	743	500
DCLG Communities	153	4	-	121	207
DCLG Local Government	-	-4	-	-	-
Scotland	167	188	336	440	744
Wales	244	252	306	357	388
Northern Ireland	588	344	425	536	629
Law Officers' Departments	-	0	-	-	-
Environment, Food and Rural Affairs	0	-1	-1	2	0
HM Revenue and Customs	86	1	0	0	-
HM Treasury ⁽³⁾	-4,570	-3,592	-11,725	-12,714	-29,066
Small and Independent Bodies	-52	-40	-34	-23	34
Total capital departmental AME	2,546	3,610	-6,189	5,024	-9,336
Total capital budget	52,312	49,984	43,559	58,227	38,872

(1) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

(2) In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

(3) Transactions from 2011-12 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.9 Capital budgets in real terms ⁽¹⁾, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Capital DEL by departmental group					
Defence	10,335	9,021	8,624	8,743	8,402
Single Intelligence Account	534	492	506	551	574
Home Office	696	573	527	521	477
Foreign and Commonwealth Office	122	38	122	158	131
International Development	1,970	1,946	2,288	2,652	2,433
NHS (Health)	4,925	4,865	5,455	4,975	4,668
Work and Pensions	350	437	241	253	188
Education	5,321	4,402	3,663	4,241	4,776
Business, Innovation and Skills	6,592	6,381	7,938	7,652	8,305
Transport ⁽²⁾	8,204	8,197	8,677	9,397	5,885
Energy and Climate Change	1,534	2,106	2,253	2,243	2,289
Culture, Media and Sport	1,342	368	21	244	327
DCLG Communities	3,910	2,481	3,791	4,336	3,851
DCLG Local Government	-8	1	-	-	-
Scotland	2,926	3,080	2,969	3,292	3,126
Wales	1,462	1,407	1,346	1,501	1,536
Northern Ireland	1,070	1,015	960	1,086	766
Justice	362	289	279	296	266
Law Officers' Departments	3	2	3	4	3
Environment, Food and Rural Affairs	488	504	559	693	570
HM Revenue and Customs	232	200	222	232	228
HM Treasury	39	19	-6	36	-660
Cabinet Office	18	16	44	50	-30
Small and Independent Bodies	71	75	87	92	98
Total capital DEL	52,498	47,915	50,567	53,246	48,208
Capital departmental AME by departmental group					
Defence	-10	-37	-131	51	29
Home Office	-	-	-	-	440
International Development	-	-6	-	-	450
NHS (Health)	-	-	-71	-5	9
Work and Pensions	-12	-17	-137	-124	-148
Business, Innovation and Skills	5,769	6,332	4,752	9,556	9,948
Transport ⁽³⁾	-35	-63	13	6,701	6,598
Energy and Climate Change	-61	-21	-505	-602	-99
Culture, Media and Sport	604	484	656	743	500
DCLG Communities	161	4	-	121	207
DCLG Local Government	-	-4	-	-	-
Scotland	176	194	341	440	744
Wales	258	261	311	357	388
Northern Ireland	620	356	432	536	629
Law Officers' Departments	-	0	-	-	-
Environment, Food and Rural Affairs	0	-1	-1	2	0
HM Revenue and Customs	91	1	0	0	-
HM Treasury ⁽⁴⁾	-4,821	-3,711	-11,918	-12,725	-29,066
Small and Independent Bodies	-55	-42	-34	-23	34
Total capital departmental AME	2,686	3,729	-6,291	5,028	-9,336
Total capital budget	55,184	51,644	44,276	58,274	38,872

(1) Real terms figures are the cash figures adjusted to 2015-16 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2016. The forecasts are consistent with the March 2016 Budget.

(2) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

(3) In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

(4) Transactions from 2011-12 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.10 Total Departmental Expenditure Limit^{s (1)}, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Total DEL by departmental group					
Defence	37,157	34,259	34,540	34,368	35,099
Single Intelligence Account	1,990	2,032	2,060	2,141	2,328
Home Office	12,653	11,746	11,311	11,680	10,919
Foreign and Commonwealth Office	2,167	2,026	2,118	1,873	1,896
International Development	7,813	7,758	10,020	9,650	9,279
NHS (Health)	102,844	105,222	109,775	113,345	117,229
Work and Pensions	7,749	7,667	7,665	7,225	6,476
Education	55,214	54,279	54,531	56,906	57,986
Business, Innovation and Skills	17,346	16,667	17,202	15,745	15,442
Transport ⁽²⁾	12,366	12,157	12,231	11,857	7,805
Energy and Climate Change	2,602	3,159	3,382	3,636	3,684
Culture, Media and Sport	2,721	2,402	1,084	1,426	1,443
DCLG Communities	5,483	3,767	5,687	6,386	6,040
DCLG Local Government ⁽³⁾	25,380	23,189	16,481	13,657	10,758
Scotland	27,549	27,910	28,349	28,909	28,738
Wales	14,618	14,609	15,034	15,254	14,358
Northern Ireland	10,441	10,433	10,655	10,771	10,674
Justice	8,928	8,477	7,790	7,454	6,983
Law Officers' Departments	613	592	578	551	543
Environment, Food and Rural Affairs	2,368	2,276	2,236	2,357	2,149
HM Revenue and Customs	3,708	3,631	3,630	3,420	3,531
HM Treasury	186	-174	-255	167	-531
Cabinet Office	458	477	448	686	527
Small and Independent Bodies	1,699	1,464	1,552	1,558	1,729
Total Resource DEL less depreciation	364,054	356,028	358,103	361,021	355,083

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

(2) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME 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⁾, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Total DEL by departmental group					
Defence	39,197	35,397	35,108	34,396	35,099
Single Intelligence Account	2,099	2,100	2,094	2,143	2,328
Home Office	13,348	12,136	11,497	11,689	10,919
Foreign and Commonwealth Office	2,286	2,093	2,153	1,875	1,896
International Development	8,242	8,016	10,185	9,658	9,279
NHS (Health)	108,491	108,718	111,580	113,437	117,229
Work and Pensions	8,174	7,921	7,791	7,231	6,476
Education	58,246	56,082	55,428	56,952	57,986
Business, Innovation and Skills	18,299	17,221	17,485	15,758	15,442
Transport ⁽³⁾	13,045	12,561	12,433	11,867	7,805
Energy and Climate Change	2,744	3,263	3,438	3,639	3,684
Culture, Media and Sport	2,870	2,482	1,102	1,427	1,443
DCLG Communities	5,784	3,893	5,780	6,392	6,040
DCLG Local Government ⁽⁴⁾	26,774	23,960	16,752	13,668	10,758
Scotland	29,062	28,837	28,815	28,932	28,738
Wales	15,421	15,095	15,281	15,266	14,358
Northern Ireland	11,015	10,779	10,830	10,780	10,674
Justice	9,419	8,759	7,918	7,460	6,983
Law Officers' Departments	647	612	587	552	543
Environment, Food and Rural Affairs	2,498	2,352	2,273	2,359	2,149
HM Revenue and Customs	3,912	3,752	3,689	3,423	3,531
HM Treasury	196	-180	-259	167	-531
Cabinet Office	483	493	456	687	527
Small and Independent Bodies	1,792	1,513	1,577	1,559	1,729
Total Resource DEL less depreciation	384,043	367,854	363,992	361,314	355,083

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

(2) Real terms figures are the cash figures adjusted to 2015-16 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2016. The forecasts are consistent with the March 2016 Budget.

(3) Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME 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 , 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Total Managed Expenditure by departmental group					
Defence	45,185	41,584	40,789	42,729	47,148
Single Intelligence Account	2,008	2,073	2,079	2,182	2,463
Home Office	14,030	13,405	13,183	14,137	12,894
Foreign and Commonwealth Office	2,228	2,114	2,183	1,803	1,935
International Development	7,917	7,943	10,129	9,801	9,901
NHS (Health)	122,426	124,101	127,899	135,292	165,887
Work and Pensions	166,904	173,156	170,603	174,740	179,728
Education	66,998	64,999	65,581	70,953	70,867
Business, Innovation and Skills	21,658	22,704	21,775	24,631	17,834
Transport ⁽¹⁾	13,208	12,687	7,037	18,289	21,947
Energy and Climate Change	6,286	8,526	7,849	11,508	105,166
Culture, Media and Sport	7,067	7,505	6,247	7,102	6,503
DCLG Communities	4,970	3,781	5,638	6,555	6,303
DCLG Local Government	26,113	23,329	27,605	25,319	22,921
Scotland	30,789	30,858	31,354	33,206	33,418
Wales	14,934	15,003	15,339	15,643	14,436
Northern Ireland	18,541	18,541	18,543	19,592	19,699
Justice	8,883	9,412	7,551	7,309	7,526
Law Officers' Departments	618	598	584	564	533
Environment, Food and Rural Affairs	2,314	2,360	2,143	2,437	2,516
HM Revenue and Customs	46,576	46,322	46,204	46,351	46,725
HM Treasury ⁽²⁾	-23,125	-22,476	-5,769	-62,460	-43,377
Cabinet Office	9,178	9,867	9,089	11,259	10,873
Small and Independent Bodies	1,500	1,314	1,480	1,406	1,430
Total departmental expenditure ⁽³⁾	617,207	619,707	635,112	620,347	765,275
Central government gross debt interest	49,704	48,856	48,668	45,241	45,686
Locally financed expenditure	38,235	29,399	30,167	32,600	37,255
Public sector depreciation	35,020	36,167	37,562	38,582	39,675
Net expenditure transfers to the EU	9,978	11,529	11,879	11,658	11,253
Public corporations' own-financed capital expenditure	13,129	13,519	14,951	16,503	15,522
Accounting adjustments	-48,169	-28,357	-42,426	-18,323	-161,643
Total other expenditure ⁽⁴⁾	97,897	111,113	100,800	126,261	-12,253
Total Managed Expenditure ⁽⁵⁾	715,104	730,820	735,912	746,608	753,022

(1) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

(2) Transactions from 2011-12 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

(5) 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⁾, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Total Managed Expenditure by departmental group					
Defence	47,667	42,965	41,460	42,764	47,148
Single Intelligence Account	2,118	2,142	2,113	2,184	2,463
Home Office	14,800	13,851	13,400	14,149	12,894
Foreign and Commonwealth Office	2,350	2,184	2,219	1,804	1,935
International Development	8,352	8,207	10,296	9,809	9,901
NHS (Health)	129,148	128,223	130,002	135,402	165,887
Work and Pensions	176,068	178,908	173,408	174,881	179,728
Education	70,676	67,158	66,660	71,011	70,867
Business, Innovation and Skills	22,847	23,458	22,133	24,651	17,834
Transport ⁽²⁾	13,933	13,108	7,152	18,304	21,947
Energy and Climate Change	6,631	8,810	7,978	11,517	105,166
Culture, Media and Sport	7,455	7,754	6,349	7,107	6,503
DCLG Communities	5,243	3,907	5,731	6,560	6,303
DCLG Local Government	27,546	24,104	28,059	25,339	22,921
Scotland	32,480	31,883	31,869	33,233	33,418
Wales	15,754	15,501	15,592	15,655	14,436
Northern Ireland	19,559	19,157	18,848	19,608	19,699
Justice	9,371	9,724	7,675	7,315	7,526
Law Officers' Departments	652	618	594	564	533
Environment, Food and Rural Affairs	2,441	2,438	2,178	2,439	2,516
HM Revenue and Customs	49,133	47,860	46,964	46,389	46,725
HM Treasury ⁽³⁾	-24,395	-23,223	-5,864	-62,511	-43,377
Cabinet Office	9,682	10,195	9,238	11,268	10,873
Small and Independent Bodies	1,582	1,358	1,504	1,408	1,430
Total departmental expenditure ⁽⁴⁾	651,096	640,292	645,557	620,850	765,275
Central government gross debt interest	52,433	50,479	49,468	45,278	45,686
Locally financed expenditure	40,334	30,375	30,663	32,627	37,255
Public sector depreciation	36,943	37,368	38,180	38,613	39,675
Net expenditure transfers to the EU	10,526	11,912	12,074	11,667	11,253
Public corporations' own-financed capital expenditure	13,850	13,968	15,197	16,517	15,522
Accounting adjustments	-50,814	-29,299	-43,124	-18,338	-161,643
Total other expenditure ⁽⁵⁾	103,273	114,804	102,458	126,363	-12,253
Total Managed Expenditure ⁽⁶⁾	754,369	755,096	748,015	747,213	753,022

(1) Real terms figures are the cash figures adjusted to 2015-16 price levels using GDP deflators. The deflators are calculated from the data released by the office for National Statistics on 30 June 2016. The forecasts are consistent with the March 2016 Budget.

(2) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private

(3) Transactions from 2011-12 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 1.14 Accounting adjustments ⁽¹⁾, 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	£ billion 2015-16
	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)	-15.0	-14.9	-17.7	-15.0	-14.6
NHS capital consumption	-1.7	-1.8	-2.1	-1.8	-1.8
Interest	-0.2	-0.2	-0.2	-0.1	-
Public corporation subsidies	-1.1	-1.7	-1.1	-0.9	-0.8
Other	-	-	-	0.1	0.1
Total resource DEL	-18.0	-18.6	-21.1	-17.7	-17.1
Resource departmental AME					
Capital consumption	-1.6	-1.6	4.7	-1.2	-6.5
Interest	2.2	2.7	1.2	2.0	3.0
Subsidy element of renewable obligation certificates	-	-	-	-	-
Subsidy element of other environmental levies	-	-	-0.1	-0.2	-0.4
NNDR outturn adjustment	-0.7	-0.1	-0.3	-	-
Public corporation subsidies	-7.3	-	-	-	-
Other	2.4	-	0.2	0.1	0.1
Total resource departmental AME	-5.1	1.0	5.7	0.8	-3.8
Adjustment for different data used by OBR in PSCE forecast	-	-	-	-	-
of which DEL	-	-	-	-	-
of which AME	-	-	-	-	-
Total resource budget data replaced by different source data	-23.1	-17.6	-15.3	-16.9	-21.0
Remove data in budgets which do not form part of public sector current expenditure					
Resource DEL					
Impairments	-0.4	-2.6	1.6	-0.5	-0.4
Receipts treated as negative DEL but revenue in National Accounts	0.1	-	0.1	0.1	0.1
Fees, levies and charges	0.2	0.3	1.4	1.6	2.7
Grant equivalent element of student lending	-3.8	-4.0	-6.1	-1.8	-3.7
Stock write-offs	-	-	-	-	-
Change in pension scheme liabilities	-	-	-	-0.1	-
Miscellaneous current transfers	1.4	1.8	2.5	2.7	2.2
Northern Ireland Executive transfers between DEL and AME ⁽²⁾	0.6	0.6	0.6	0.7	1.1
Profit or loss - sale of company securities	-	-	-	-	0.1
Profit or loss - sale of other assets (capital in National Accounts)	0.1	-	-0.8	0.2	0.3
EU funded expenditure	-0.5	-0.3	-0.2	0.2	-
Other	-0.7	-0.1	-1.2	-0.9	-1.3
Total resource DEL	-3.1	-4.4	-2.1	2.3	1.0
Resource departmental AME					
Impairments	12.4	15.1	-14.4	43.9	-5.3
Bad debts	-0.5	-0.5	-0.5	-0.3	-0.3
Grant equivalent element of student lending	1.6	0.1	-0.6	-0.5	7.5
Provisions	-5.4	-10.5	-8.3	-9.9	-127.6
Change in pension scheme liabilities	-27.1	-26.9	-28.7	-34.2	-38.0
Unwinding of discount rate on pension scheme liabilities	-44.0	-40.5	-38.0	-46.3	-42.7
Release of provisions covering payments of pension benefits	27.7	30.5	32.2	34.2	35.3
Fees, levies and charges	0.5	0.9	0.9	1.0	1.6
Profit or loss - sale of other assets (capital in National Accounts)	-	-	-	-	0.1
Imputed tax element of renewable obligation certificates	-	-	-	-	-
Imputed tax element of other environmental levies	-	-	-	-	-
Tax credits	-	-	-	-	-
Other	-0.6	-0.8	4.5	-1.0	3.8
Total resource departmental AME	-35.3	-32.7	-52.9	-13.1	-165.5
Total resource budget data not in public sector current expenditure	-38.4	-37.1	-55.1	-10.8	-164.6

Table 1.14 Accounting adjustments ⁽¹⁾. 2011-12 to 2015-16 (continued)

	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
£ billion					
Central government adjustments in National Accounts					
Expenditure on goods and services	26.2	21.0	24.3	23.5	17.9
of which: VAT refunds	5.0	5.1	5.0	5.0	5.0
of which: Single use military expenditure	0.4	0.3	0.3	0.3	0.3
of which: payment from EU for tax collection costs	-0.7	-0.7	-0.7	-0.8	-0.7
of which: capital consumption	16.7	17.1	17.6	18.0	18.4
of which: Network Rail	0.5	0.6	0.4	1.0	0.8
of which: other	4.4	-1.4	1.7	-	-5.9
Net social benefits	0.6	0.9	1.2	1.4	-0.1
of which: switch between benefits and other current grants	0.6	0.3	0.3	0.3	0.1
of which: other	-	0.6	0.9	1.1	-0.1
Net current grants abroad	0.8	0.8	0.8	0.8	1.0
of which: attributed aid	-0.9	-	-	-	-
of which: EU receipts	4.9	-	-	-	-
of which: other	-3.2	0.8	0.8	0.8	1.0
Other current grants	-2.9	5.0	3.7	3.3	4.5
of which: switch between other current grants and benefits	-0.6	-0.3	-0.3	-0.3	-0.1
of which: other	-2.3	5.3	4.0	3.6	4.6
Subsidies	10.8	4.0	4.1	5.3	6.1
of which: Renewable Obligation Certificates	0.5	1.7	2.5	3.1	4.0
of which: other environmental levies	-	0.5	0.6	1.0	1.3
of which: company tax credits outside departmental AME	1.3	1.4	1.5	1.9	0.8
of which: other	9.0	0.5	-0.6	-0.7	-
Total central government resource adjustments	35.5	31.7	34.1	34.2	29.4
Local government adjustments in National Accounts					
Remove data which do not form part of public sector current expenditure	-5.4	-5.6	-5.2	-3.5	-3.3
of which: Northern Ireland regional rates	-0.6	-0.6	-0.6	-0.7	-0.7
of which: retirement benefits	-	-	-	-	-
of which: debt interest payments to central government	-4.4	-2.8	-3.1	-2.5	-2.9
of which: other	-0.5	-2.1	-1.4	-0.3	0.2
Adjustments to reconcile use of different data sources	2.0	1.6	2.2	0.9	1.0
of which: central government support	-0.4	-1.7	-1.5	-1.2	0.1
of which: debt interest	0.5	-0.4	-0.2	-0.9	-0.4
of which: police and fire top up grants	1.4	1.6	1.7	1.9	-
of which: other	0.5	2.0	2.2	1.2	1.3
Expenditure on goods and services	18.2	20.1	20.2	19.8	19.0
of which: VAT refunds	6.8	6.5	6.6	6.6	6.6
of which: Local Authority Pension Scheme	1.9	2.0	1.9	1.8	1.8
of which: capital consumption	9.0	9.5	10.0	10.5	11.0
of which: rates	-1.4	-1.4	-1.4	-1.4	-1.4
of which: other	2.0	3.6	3.2	2.3	0.9
Subsidies	0.4	0.3	0.5	0.8	0.5
of which: equity injection into Housing Revenue Account	0.4	0.4	0.5	0.6	0.5
of which: other	-	-0.1	-	0.2	-
Net social benefits	-0.9	-1.0	-1.0	-1.1	-1.2
of which: housing benefits and rent rebates	0.1	-	0.1	-	-
of which: other	-1.0	-1.0	-1.1	-1.1	-1.2
Other current grants and current grants abroad	-0.1	-	0.1	0.1	0.1
Total local government resource adjustments	14.3	15.5	16.9	16.9	16.1
Other resource adjustments					
Public corporations	3.0	3.0	3.1	2.9	2.8
Asset Purchase Facility and Special Liquidity Scheme	-8.8	-12.1	-12.6	-12.4	-11.7
Other	-2.5	-2.4	-2.2	-2.3	-2.8
Total other resource adjustments	-8.2	-11.5	-11.7	-11.9	-11.7
Total resource adjustments	-20.0	-18.9	-31.2	11.6	-151.8
<i>of which:</i>					
Timing adjustments ⁽³⁾					
Central government	9.3	5.8	6.7	4.5	-1.4
Local government	0.5	1.9	1.5	0.5	-1.1

Table 1.14 Accounting adjustments ⁽¹⁾, 2011-12 to 2015-16 (continued)

	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
£ billion					
Central government adjustments in National Accounts					
Capital DEL					
Change in inventories	-	-	-	0.1	-
Acquisitions less disposals of valuables	-0.1	-0.1	-	-	-
Total capital DEL	-0.2	-0.1	-	0.1	-0.1
Adjustment for different data used by OBR in PSGI forecast	-	-	-	-	-
of which DEL	-	-	-	-	-
of which AME	-	-	-	-	-
Total capital budget data replaced by different source data	-0.2	-0.1	-	0.1	-0.1
Remove data in budgets which do not form part of public sector gross investment					
Capital DEL					
Net lending to private sector	-2.1	-1.6	-3.0	-3.1	-2.0
Capital support for public corporations	0.1	-	0.4	0.9	-0.1
Local government supported capital expenditure	-	-	-	-	-0.3
Northern Ireland Executive transfers between DEL and AME	0.4	0.2	0.2	0.3	0.6
Other	0.3	0.1	-	0.9	-1.1
Total capital DEL	-1.4	-1.3	-2.4	-0.9	-2.9
Capital departmental AME					
Net lending to private sector	-1.2	-3.3	4.5	2.3	17.5
Capital support for public corporations	-0.1	0.2	0.8	-0.3	-
Purchase of company securities	-	-	-	-	-
Sale of company securities	-	-	-	-	-
Northern Ireland Executive transfers between DEL and AME	-0.4	-0.1	-0.2	-0.2	-0.5
Other	0.1	0.2	0.6	-6.5	-
Total capital departmental AME	-1.7	-3.0	5.6	-4.7	17.0
Total capital budget data not in public sector gross investment	-3.1	-4.3	3.3	-5.7	14.1
Central government adjustments in National Accounts					
Gross fixed capital formation	5.2	4.8	6.8	3.4	-
of which: profit or loss - sale of other assets (from resource budgets)	-0.1	-	0.8	-0.2	-0.4
of which: Network Rail	4.6	4.9	6.4	6.4	6.6
of which: Single use military expenditure	-0.4	-0.3	-0.3	-0.3	-0.3
of which: other	1.1	0.2	-	-2.5	-5.9
Capital grants to and from the private sector	-5.7	3.3	-5.6	-5.3	-2.9
of which: VAT refunds	0.1	0.1	0.1	0.1	0.1
of which: Royal Mail assets transfer	-	9.5	-	-	-
of which: Network Rail	-3.9	-4.0	-3.6	-4.1	-
of which: other	-1.9	-2.2	-2.1	-1.3	-3.0
Total central government capital adjustments	-0.6	8.1	1.1	-2.0	-2.9
Local government adjustments in National Accounts					
Adjustments to reconcile use of different data sources	-4.1	-1.8	-2.6	-3.6	1.0
of which: overhanging debt	-0.2	-	-	-0.1	-0.2
of which: central government support	-1.3	1.2	0.4	0.7	3.5
of which: financial transactions	-1.8	-2.1	-2.1	-2.7	-1.3
of which: capital grants from private sector	-0.9	-0.9	-0.9	-1.4	-1.0
Gross fixed capital formation	3.2	3.5	3.4	3.4	-1.3
of which: VAT refunds	2.1	2.1	2.1	2.0	2.1
of which: roads de-trunking	-	-	-	-	-
of which: other	1.1	1.4	1.3	1.4	-3.4
Capital grants	0.1	0.1	-0.1	-0.1	-1.4
of which: grants to public corporations	-	-	-	-	-
of which: other	0.1	0.1	-0.1	-0.1	-1.4
Total local government capital adjustments	-0.8	1.7	0.7	-0.3	-1.7
Other capital adjustments					
Public corporations	0.1	-0.2	-1.2	-0.7	0.2
Housing Revenue Account reform receipts	-8.1	-	-	-	-0.9
Other	0.2	-	-	-	1.0
Total other capital adjustments	-7.8	-0.1	-1.2	-0.6	0.2
Total capital adjustments	-12.4	5.2	4.0	-8.5	9.6
<i>of which:</i>					
Timing adjustments ⁽³⁾					
Central government	-0.6	-1.9	-1.3	-3.2	-8.9
Local government	-0.2	-0.1	0.2	0.1	-0.7

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

(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 COINS data in the early years.

Table 1.15 Total Managed Expenditure by spending sector, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Central government own expenditure					
DEL ⁽¹⁾	262,267	260,131	269,507	275,538	274,057
Departmental AME ^{(1) (2)}	223,345	233,881	241,317	221,535	372,557
Locally financed support in Northern Ireland	588	621	632	661	652
Net expenditure transfers to the EU	9,978	11,529	11,879	11,658	11,253
Central government debt interest	49,704	48,856	48,668	45,241	44,942
Accounting and other adjustments ⁽²⁾	-12,780	-706	-13,194	12,782	-129,510
Total central government own expenditure	533,102	554,312	558,809	567,415	573,951
Local government expenditure					
Central government support in DEL	101,715	95,773	88,848	86,299	80,895
Central government support in departmental AME	29,702	30,255	36,685	37,641	37,794
Locally financed support in Scotland	2,182	2,263	2,435	2,650	2,789
Locally financed support in Wales	0	0	0	0	956
Local authority self-financed expenditure	35,465	26,515	27,099	29,290	32,859
Accounting and other adjustments	5,151	17,101	17,461	16,685	15,387
Total local government expenditure	174,215	171,907	172,528	172,565	170,680
Public corporations' expenditure					
DEL	72	124	-252	-816	182
Departmental AME ⁽²⁾	106	-457	-992	150	-159
Public corporations' own-financed capital expenditure	13,129	13,519	14,951	16,503	16,850
Accounting and other adjustments	3,208	3,433	3,405	3,146	3,179
Total public corporations' expenditure	16,515	16,619	17,112	18,983	20,052
Bank of England ⁽³⁾	-8,728	-12,018	-12,537	-12,355	-11,661
Total Managed Expenditure	715,104	730,820	735,912	746,608	753,022

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 2A in Chapter 2.

3) Asset Purchase Facility and Special Liquidity Scheme.

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 Since PESA 2015 there has been a change to the presentation of departmental groupings in the tables in this chapter. The departmental groupings are consistent with the presentation shown elsewhere in PESA and have been updated to reflect the groupings presented in the 2015 Spending Review and Budget 2016. More details of the composition of departmental groupings can be found in **Annex B**.

1.3 From September 2014 the UK, along with all other EU Member States, has been moving to produce its National Accounts using the new European System of Accounts 2010 (ESA10). Departmental budgets in this chapter have been re-stated to take account of the requirement to record Research & Development (R&D) expenditure as capital spend where previously it counted as resource. This has moved around £9 billion of expenditure from resource to capital budgets

THE BUDGETING AND REPORTING FRAMEWORK

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

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

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

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

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

RECONCILIATION OF BUDGETING AND NATIONAL ACCOUNTS AGGREGATES

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

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

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

1.3 **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.

1.4 **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.

1.5 **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

1.6 **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 27 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**.

TOTAL DEL

1.7 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.

1.8 Table 1.12 presents total expenditure, i.e. 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

1.9 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).

1.10 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).

1.11 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.

1.12 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.

1.13 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

1.14 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

1.15 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.

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

1.17 Subsidies to public corporations are included in central government own expenditure as they affect 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 in real terms was £325.6bn in 2015-16, an increase of 0.2 per cent on the previous year. This represents a fall of £7.9bn (2.4 per cent) since 2011-12.
- Staff costs increased by 2.4 per cent in 2015-16, a reflection of the reclassification of academies from local to central government.
- Expenditure on grants to local government totalled £70.4bn in 2015-16, a fall of 7.4 per cent on 2014-15. The two greatest causes of this are the move of schools from local government to academies and the fall in Revenue Support Grant, both occurring in England. The financing of local government expenditure is examined in more detail in chapter 7 of PESA.
- Expenditure on gross current procurement increased by 5.8 per cent in 2015-16. 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 £9.7bn in 2015-16. This is a fall of 6.9 per cent on the previous year.

RESOURCE AME

- Total resource AME stood at £419.5bn in 2015-16, an increase of 65.0 per cent on 2014-15. This reflects a significant change in the accounting valuation of provisions as a result of changes in the long-term discount rate which inflates the present value of expected future long-term costs
- 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 1.6 per cent to £195.9bn in 2015-16 from £192.8bn in the previous year.
- Depreciation increased to £4.3bn from -£42.2bn in 2014-15. This is mainly due to fluctuations in financial sector interventions HM Treasury

CAPITAL BUDGETS

- Capital spending within budgets was £38.9bn in 2015-16, a fall of 33.2 per cent on the previous year. The majority of capital spending occurred within DEL. Within Capital departmental AME net lending and investment to the private sector and abroad fell to -£17.7bn in 2015-16 from -£2.3bn in the previous year. This is mainly in respect of lending to banks together with income from the sale of shares in Lloyds Banking Group and the Royal Bank of Scotland.
- Within capital budgets, support for local government increased by 2.0 per cent in 2015-16. Table 7.3 of PESA breaks this down by country and department. In the same year gross capital procurement increased by 11.8 per cent.

Table 2.1 Budgets by economic category of spending, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Resource DEL					
Staff costs	96,283	99,066	102,986	106,948	109,548
Gross current procurement	102,786	105,132	107,539	112,263	116,811
Income from sales of goods and services	-15,429	-16,547	-18,171	-19,683	-21,807
Current grants to local government	90,812	86,105	79,704	76,051	70,428
Current grants to persons and non-profit bodies	25,096	21,739	20,623	19,603	19,102
Current grants abroad	450	975	2,585	1,735	2,557
Subsidies to private sector companies	6,006	6,009	6,002	5,237	5,019
Subsidies to public corporations	1,138	1,707	1,094	886	766
Net public service pensions ⁽¹⁾	9	43	134	540	135
Rentals	6,543	7,160	7,168	7,916	8,544
Depreciation ⁽²⁾	19,269	21,504	22,298	17,169	18,734
Take up of provisions	32	-21	-22	-147	44
Release of provisions	-10	-12	-16	-2	-2
Change in pension scheme liabilities	29	22	16	74	16
Unwinding of the discount rate on pension scheme liabilities	56	25	32	-	-
Release of provisions covering payments of pensions benefits	-	-	-	-386	-
Other	488	-1,750	-1,319	-3,218	-4,285
Plus unallocated funds	-	-	-	-	-
Total resource DEL	333,557	331,157	330,652	324,987	325,608
Of which: administration budgets in resource DEL					
Staff costs	9,043	8,502	7,531	6,685	6,624
Gross current procurement	4,251	4,057	4,319	5,000	4,465
Income from sales of goods and services	-1,096	-1,005	-1,152	-1,625	-1,785
Rentals	566	617	473	299	400
Depreciation	769	744	637	504	477
Other	-68	-440	-219	-475	-509
Total administration budgets in resource DEL	13,465	12,476	11,589	10,388	9,672
Resource departmental AME					
Staff costs	1,310	1,162	1,374	1,719	3,035
Gross current procurement	2,301	3,279	2,916	3,095	5,194
Income from sales of goods and services ⁽³⁾	-1,231	-1,240	-354	-461	-444
Current grants to local government	29,412	30,123	36,552	37,331	37,486
Current grants to persons and non-profit bodies	180,153	186,470	188,433	192,848	195,884
Subsidies to private sector companies	445	465	604	1,099	1,773
Subsidies to public corporations	-776	-83	-70	-66	3
Net public service pensions ⁽¹⁾	6,668	8,577	8,947	9,641	9,530
Rentals	-	83	107	109	-270
Depreciation ⁽³⁾	-12,387	-13,633	10,358	-42,189	4,322
Take up of provisions ⁽³⁾	12,754	18,185	13,120	14,317	133,361
Release of provisions	-7,386	-7,637	-4,805	-4,369	-5,750
Change in pension scheme liabilities	27,069	26,928	28,740	34,186	37,953
Unwinding of the discount rate on pension scheme liabilities	44,012	40,499	37,991	46,256	42,710
Release of provisions covering payments of pensions benefits	-27,725	-30,546	-32,246	-34,222	-35,309
Other	-4,011	-2,562	-8,468	-4,991	-9,948
Total resource departmental AME	250,607	260,070	283,199	254,302	419,528

Table 2.1 Budgets by economic category of spending, 2011-12 to 2015-16 (continued)

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Resource budgets					
Staff costs	97,593	100,228	104,360	108,666	112,582
Gross current procurement	105,086	108,412	110,455	115,358	122,005
Income from sales of goods and services ⁽³⁾	-16,660	-17,787	-18,525	-20,144	-22,251
Current grants to local government	120,224	116,228	116,257	113,383	107,914
Current grants to persons and non-profit bodies	205,249	208,209	209,056	212,450	214,985
Current grants abroad	450	975	2,585	1,735	2,557
Subsidies to private sector companies	6,452	6,474	6,606	6,336	6,792
Subsidies to public corporations	362	1,625	1,023	821	769
Net public service pensions ⁽¹⁾	6,678	8,620	9,081	10,182	9,665
Rentals	6,543	7,243	7,275	8,025	8,274
Depreciation ^{(2) (3)}	6,882	7,871	32,656	-25,020	23,055
Take up of provisions ⁽³⁾	12,786	18,163	13,098	14,170	133,405
Release of provisions	-7,396	-7,650	-4,821	-4,371	-5,752
Change in pension scheme liabilities	27,098	26,950	28,756	34,259	37,969
Unwinding of the discount rate on pension scheme liabilities	44,068	40,524	38,023	46,256	42,710
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-27,726	-30,547	-32,247	-34,608	-35,309
Other	-3,524	-4,312	-9,787	-8,208	-14,234
Plus unallocated funds	-	-	-	-	-
Total resource budgets	584,165	591,227	613,851	579,289	745,136
Capital DEL					
Capital support for local government	10,903	9,668	9,144	10,248	10,467
Capital grants to persons and non-profit bodies	7,202	5,882	6,145	6,589	6,929
Capital grants to private sector companies	6,620	5,892	6,363	6,513	2,644
Capital grants abroad	1,895	1,851	2,092	2,063	2,419
Capital support for public corporations	260	297	-66	-599	439
Release of provisions	-	-	4	-	-
Gross capital procurement	23,790	25,051	25,851	28,336	24,900
Income from sales of assets	-1,282	-2,442	-1,445	-2,048	-2,119
Net lending and investment to the private sector and abroad ⁽³⁾	504	585	1,846	3,010	2,079
Other	-126	-409	-186	-909	449
Plus unallocated funds in capital DEL	-	-	-	-	-
Total capital DEL	49,766	46,375	49,749	53,203	48,208
Capital departmental AME					
Capital support for local government	290	133	132	310	307
Capital grants to persons and non-profit bodies	338	369	327	333	610
Capital grants to private sector companies	-1	0	-1,016	-500	-13
Capital grants abroad	-	-	-20	17	-161
Capital support for public corporations	187	-198	-797	263	29
Take up of Provisions	-33	35	73	149	137
Release of Provision	-22	-142	-73	-80	-99
Gross capital procurement	214	204	33	180	6,983
Income from sales of assets	-	-211	-127	-281	-126
Net lending and investment to the private sector and abroad	1,198	3,233	-4,761	-2,264	-17,689
Other	375	188	40	6,898	684
Total capital departmental AME	2,546	3,610	-6,189	5,024	-9,336
Capital budgets					
Capital support for local government	11,193	9,800	9,276	10,558	10,774
Capital grants to persons and non-profit bodies	7,540	6,251	6,472	6,921	7,539
Capital grants to private sector companies	6,619	5,892	5,348	6,013	2,631
Capital grants abroad	1,895	1,851	2,072	2,080	2,259
Capital support for public corporations	447	99	-863	-336	468
Take up of Provisions	-33	35	73	149	137
Release of Provision	-22	-142	-69	-80	-99
Gross capital procurement	24,003	25,255	25,884	28,516	31,883
Income from sales of assets	-1,282	-2,652	-1,572	-2,328	-2,245
Net lending and investment to the private sector and abroad ⁽³⁾	1,702	3,818	-2,915	746	-15,610
Other	249	-221	-146	5,989	1,134
Plus unallocated funds in capital DEL	-	-	-	-	-
Total capital budgets	52,312	49,984	43,559	58,227	38,872

(1) 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 publicservice pensions is used in Table 1.1.

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

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

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

Table 2.2 Gross current procurement in budgets, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Gross current procurement in budgets					
Defence	12,235	11,013	11,549	11,836	11,220
Single Intelligence Account	899	846	831	970	1,072
Home Office	2,036	2,159	2,208	2,254	2,232
Foreign and Commonwealth Office	907	960	729	490	476
International Development	679	726	1,057	1,218	1,193
NHS (Health)	52,524	55,212	55,247	59,341	65,362
Work and Pensions	2,110	2,088	2,257	2,440	2,270
Education	2,329	2,881	3,561	4,120	3,893
Business, Innovation and Skills	723	648	900	713	638
Transport	1,732	1,854	1,953	1,745	3,953
Energy and Climate Change	1,931	1,598	1,789	1,814	1,869
Culture, Media and Sport	2,863	3,622	3,568	3,577	3,268
DCLG Communities	357	304	260	288	346
DCLG Local Government	89	89	0	-	-
Scotland	6,188	6,851	7,406	7,902	7,520
Wales	3,831	3,410	3,421	3,471	3,573
Northern Ireland	3,715	4,126	4,296	4,212	4,262
Justice	6,031	5,867	5,382	4,825	4,460
Law Officers' Departments	299	281	278	300	307
Environment, Food and Rural Affairs	1,027	1,215	1,141	1,160	1,039
HM Treasury	161	381	202	246	576
HM Revenue & Customs	1,167	1,145	1,205	1,147	1,237
Cabinet Office	218	292	298	337	333
Small and Independent Bodies	1,032	844	915	948	907
Total gross current procurement in budgets	105,086	108,412	110,455	115,358	122,005

Table 2.3 Gross capital procurement in budgets, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Gross capital procurement in budgets					
Defence	9,482	8,760	8,411	9,145	9,015
Single Intelligence Account	531	494	535	563	580
Home Office	336	263	250	265	281
Foreign and Commonwealth Office	99	106	137	123	134
International Development	66	123	79	79	77
NHS (Health)	4,340	4,730	5,008	5,523	4,709
Work and Pensions	234	312	130	122	102
Education	17	2,227	2,441	3,127	892
Business, Innovation and Skills	1,281	1,269	1,383	1,333	1,376
Transport	1,452	1,198	1,517	2,219	9,190
Energy and Climate Change	1,444	1,786	1,710	1,862	1,845
Culture, Media and Sport	1,416	545	697	425	372
DCLG Communities	77	61	131	168	139
DCLG Local Government	0	1	-	-	-
Scotland	942	1,215	1,087	1,053	1,066
Wales	472	389	480	531	467
Northern Ireland	868	925	933	1,011	787
Justice	418	326	363	365	297
Law Officers' Departments	3	2	3	4	3
Environment, Food and Rural Affairs	211	223	249	228	191
HM Treasury	20	11	3	13	3
HM Revenue & Customs	222	199	220	238	229
Cabinet Office	9	15	26	28	28
Small and Independent Bodies	67	75	91	92	99
Total gross capital procurement in budgets	24,003	25,255	25,884	28,516	31,883

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 Since PESA 2015 there has been a change to the presentation of departmental groupings in the tables in this chapter. The departmental groupings are consistent with the presentation shown elsewhere in PESA and have been updated to reflect the groupings presented in the 2015 Spending Review and Budget 2016. More details of the composition of departmental groupings can be found in **Annex B**.

2.3 From September 2014 the UK, along with all other EU Member States, has been moving to produce its National Accounts using the new European System of Accounts 2010 (ESA10). Departmental budgets in this chapter have been re-stated to take account of the requirement to record Research & Development (R&D) expenditure as capital spend where previously it counted as resource. This has moved around £9 billion of expenditure from resource to capital budgets.

ANALYSES OF BUDGETS BY ECONOMIC CATEGORY OF SPENDING

2.4 **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**.

2.5 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**.

2.6 **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.

2.7 **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.

2.8 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. **Current grants abroad** are mainly foreign aid, such as programmes to reduce poverty.

2.9 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).

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

2.11 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.

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

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

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

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

Resource budget

- Income from sales of goods and services: £1.8 billion in 2010-11, £1.0 billion in 2011-12, £0.5 billion in 2012-13, £0.03 billion in 2013-14 and £0.2 billion in 2014-15. This is mainly underwriting commission and guarantee fee income;
- Depreciation: In 2011-12 the impairment cost of RBS and LBG shares was £14.1 billion, offset by a -£28.4 billion gain for the BEAPFF. There was a further gain of -£17.1 billion in 2012-13 and an impairment of £13.0 billion in 2013-14. There was a further gain of £48.0 billion in 2014-15 and £6.3 billion in 2015-16.
- Other: income of -£0.8 billion in both 2011-12 and 2012-13, -£4.5 billion in 2013-14, -£0.5 billion in 2014-15 and -£6.2 billion in 2015-16. This is mainly interest paid to government and from the sale of shares in Lloyds Banking Group.

Capital budget

- Net lending to the private sector: -£4.6 billion in 2011-12, -£3.6 billion in 2012-13, -£4.9 billion in 2013-14, -£3.0 billion in 2014-15 and -£11.3 billion in 2015-16. 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, 2014-15 and 2015-16. Figures for 2015-16 also reflect the income from an initial sale of Royal Bank of Scotland shares in August 2015.

These transactions score within the HM Treasury AME budget.

2.13 Net public service pensions shows the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. It also includes 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**.

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

2.15 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**.

2.16 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.

2.17 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..

2.18 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.

2.19 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.

2.20 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.

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

2.22 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 1976-77.

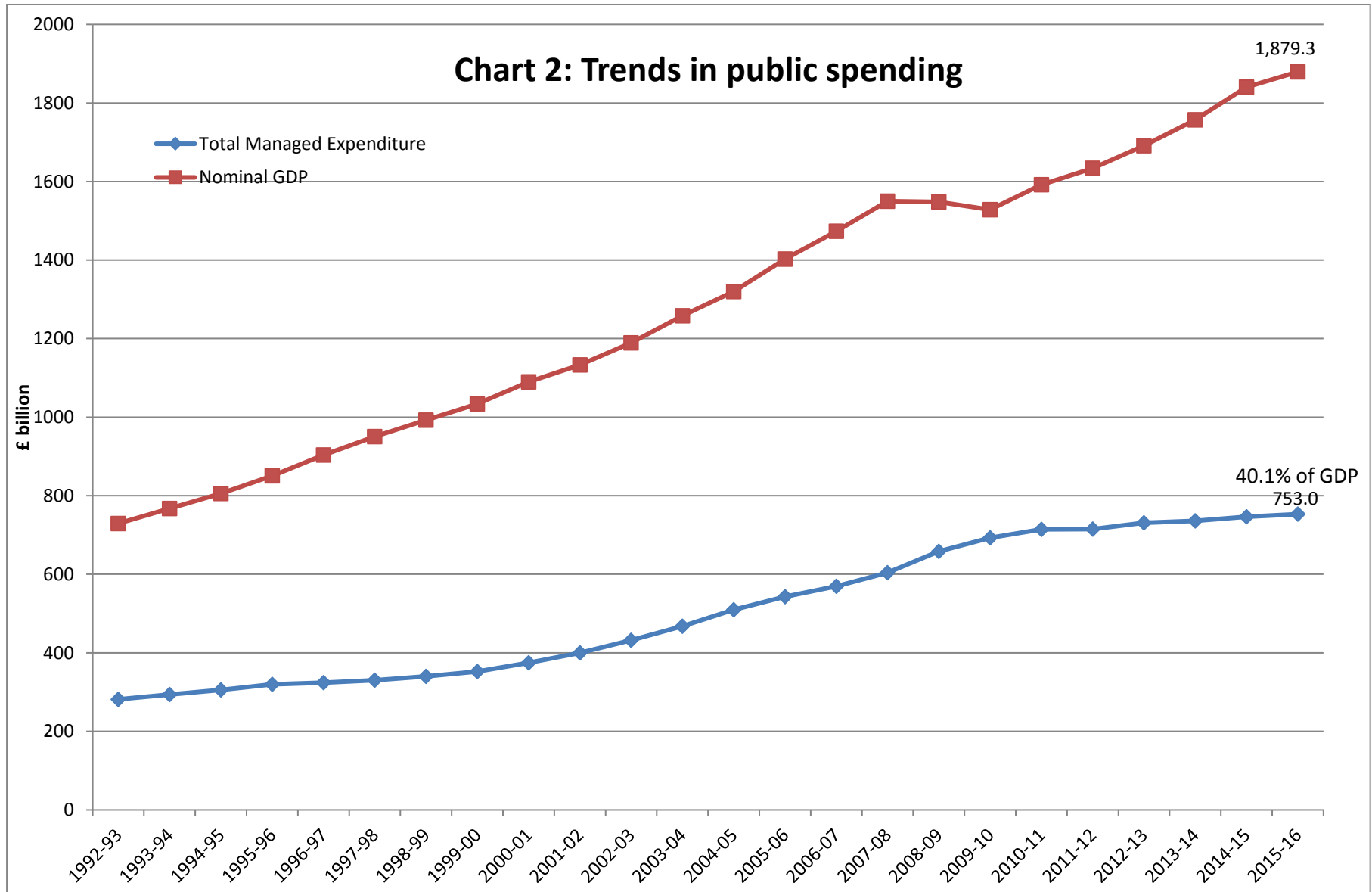
Tables 4.2 to 4.4 show total expenditure on services split by high level spending function (health, education, social protection, etc.) back to 1992-93.

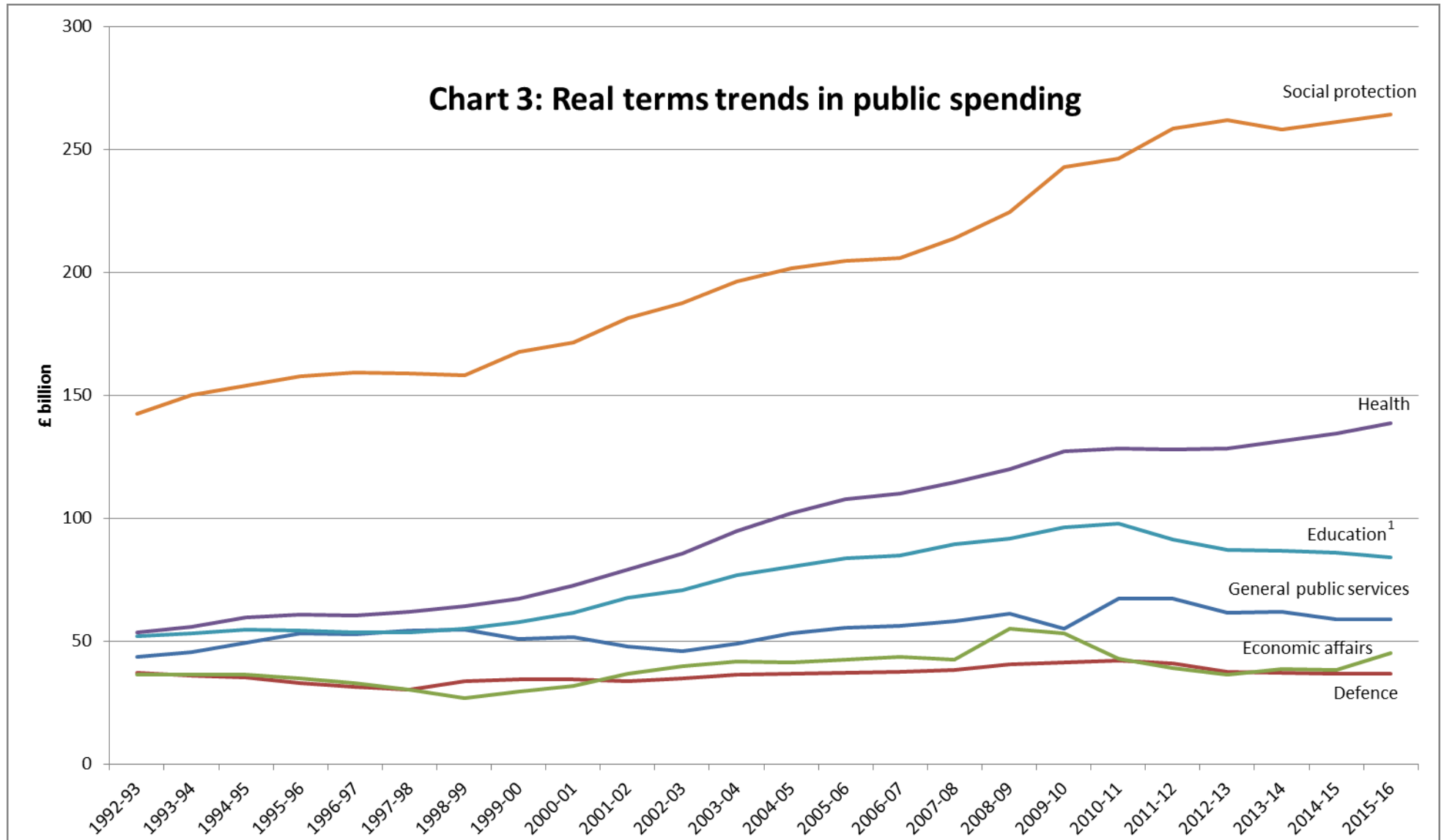
TRENDS IN TME, PSCE AND PSNI (TABLE 4.1)

- During 2015-16, Total Managed Expenditure has increased in nominal terms by £6.4bn (0.9 per cent), and also in real (inflation-adjusted) terms by £5.8bn (0.8 per cent).
- Since 1976-77, real terms year-on-year decreases in TME have only occurred in 1977-78, 1985-86, 1988-89, 1996-97, 2011-12, 2013-14 and 2014-15.
- TME as a percentage of GDP, which shows the size of the public sector relative to the size of the whole economy, was 40.1 per cent in 2015-16. This is lowest figure since 2007-08.

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 2015-16.
- The largest real terms percentage increases were in **Economic affairs** (18.0 per cent, due to a large increase in Transport) and in **Health** (3.4 per cent).
- The largest real terms decreases in spending were in **Recreation, culture and religion** (-8.3 per cent), and in **Education** (-2.1 per cent).
- Spending on **Health** shows a nominal and real terms increase in 2015-16 (3.5 per cent in nominal terms, 3.4% in real terms).
- For greater detail see Table 5.2, which shows a breakdown of public spending at the sub-functional level.





1. From 2011-12 onwards the 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from the Education function. Therefore figures are not directly comparable between 2010-11 and 2011-12. A full explanation of this decision can be found in PESA 2016 Annex E.

Table 4.1 Public expenditure aggregates, 1976-77 to 2015-16

Outturn data in this table up to 2015-16 fall within the scope of National Statistics

	Public sector current expenditure			Depreciation	Public sector net investment			Total Managed Expenditure ⁽²⁾		
	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP	Nominal £ billion	Real terms ⁽¹⁾ £ billion	Per cent of GDP
1976-77	51.2	287.5	36.3	6.4	6.4	36.1	4.6	64.1	359.7	45.4
1977-78	57.5	283.9	34.9	7.4	5.2	25.9	3.2	70.2	346.2	42.5
1978-79	66.1	293.3	34.6	8.4	5.2	23.1	2.7	79.7	353.6	41.7
1979-80	79.6	302.1	34.4	10.0	5.8	21.9	2.5	95.3	361.8	41.2
1980-81	96.8	308.5	36.4	12.1	5.8	18.5	2.2	114.7	365.5	43.2
1981-82	110.8	319.9	37.5	13.2	4.1	11.9	1.4	128.2	369.9	43.3
1982-83	121.6	327.5	37.5	13.9	6.1	16.5	1.9	141.6	381.3	43.6
1983-84	131.3	337.4	37.0	14.6	7.6	19.5	2.1	153.4	394.3	43.2
1984-85	142.0	345.0	37.1	14.8	7.3	17.8	1.9	164.1	398.7	42.9
1985-86	150.5	346.3	35.7	14.4	6.3	14.6	1.5	171.3	393.9	40.7
1986-87	158.7	350.6	35.1	14.9	4.8	10.7	1.1	178.4	394.2	39.4
1987-88	169.6	355.3	33.4	14.9	4.7	9.9	0.9	189.3	396.4	37.3
1988-89	176.3	346.9	31.2	15.8	3.8	7.5	0.7	195.9	385.4	34.6
1989-90	191.1	349.1	30.7	16.8	9.0	16.4	1.4	216.8	396.1	34.8
1990-91	208.1	351.7	31.0	16.7	10.3	17.3	1.5	235.1	397.3	35.0
1991-92	232.0	371.1	32.8	15.4	13.5	21.5	1.9	260.9	417.3	36.9
1992-93	252.1	393.7	34.7	15.3	14.0	21.9	1.9	281.5	439.5	38.7
1993-94	266.2	406.3	34.6	15.6	11.9	18.2	1.6	293.7	448.3	38.2
1994-95	277.6	419.0	34.4	15.7	12.3	18.5	1.5	305.5	461.1	37.9
1995-96	291.2	426.6	34.3	15.7	12.6	18.4	1.5	319.4	467.9	37.6
1996-97	300.3	423.8	33.2	15.3	8.3	11.8	0.9	323.9	457.1	35.8
1997-98	307.1	426.6	32.3	18.7	4.3	6.0	0.5	330.1	458.6	34.8
1998-99	315.3	432.1	31.8	18.8	5.6	7.7	0.6	339.7	465.6	34.3
1999-00	326.8	445.4	31.6	19.4	6.4	8.8	0.6	352.6	480.7	34.0
2000-01	348.4	465.4	31.9	20.0	6.4	8.5	0.6	374.8	500.6	34.3
2001-02	366.0	482.6	32.3	20.9	12.8	16.9	1.1	399.6	527.1	35.3
2002-03	394.0	508.1	33.1	22.8	14.9	19.3	1.3	431.8	556.8	36.3
2003-04	430.3	542.8	34.2	22.9	14.6	18.4	1.2	467.8	590.1	37.1
2004-05	463.5	569.5	35.1	24.5	21.8	26.8	1.7	509.8	626.4	38.6
2005-06	490.7	587.2	35.0	25.9	26.0	31.2	1.9	542.6	649.4	38.7
2006-07	514.1	597.2	34.8	27.2	28.0	32.5	1.9	569.3	661.3	38.5
2007-08	544.7	617.7	35.2	28.2	31.1	35.2	2.0	604.0	685.0	39.0
2008-09	577.4	637.5	37.3	30.4	50.6	55.9	3.3	658.5	727.0	42.6
2009-10	609.5	663.8	39.8	31.6	51.5	56.1	3.4	692.5	754.2	45.2
2010-11	637.5	681.8	40.0	33.0	43.6	46.6	2.7	714.1	763.7	44.9
2011-12	646.0	681.4	39.5	35.0	34.1	36.0	2.1	715.1	754.4	43.8
2012-13	656.1	677.9	38.8	36.2	38.5	39.8	2.3	730.8	755.1	43.2
2013-14	666.4	677.4	37.9	37.6	31.9	32.5	1.8	735.9	748.0	41.8
2014-15	673.3	673.8	36.7	38.6	34.7	34.8	1.9	746.6	747.2	40.7
2015-16	679.5	679.5	36.2	39.7	33.8	33.8	1.8	753.0	753.0	40.1

(1) Real terms figures are the nominal figures adjusted to 2015-16 price levels using GDP deflators from the Office for National Statistics (released 30 June 2016).

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

Public Spending Statistics July 2016

Table 4.2 Public sector expenditure on services by function, 1992-93 to 2015-16

£ billion

	cash basis							accruals basis																
	National Statistics																							
	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
1. General public services	27.9	29.8	32.7	36.3	37.4	39.0	39.7	37.2	38.7	36.1	35.5	38.7	43.0	46.1	48.5	51.4	55.4	50.4	63.0	63.7	59.4	60.8	58.6	58.7
of which: public and common services	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	11.5	11.3	11.3	11.7	11.8
of which: international services	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	7.8	7.7	7.7	9.8	10.5	10.1
of which: public sector debt interest	19.0	20.8	23.5	26.8	28.1	29.7	29.3	25.5	26.6	22.6	21.2	22.7	25.4	27.1	29.5	32.2	35.0	29.5	42.4	44.5	40.4	39.7	36.5	36.7
2. Defence	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	36.3	36.4	36.7	36.6
3. Public order and safety	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	33.1	32.1	31.3	29.6	29.6	30.2
4. Economic affairs	23.3	23.8	23.9	23.6	23.4	21.6	19.6	21.5	23.8	27.7	30.7	33.1	33.6	35.3	37.5	37.4	49.7	48.7	40.0	36.8	35.0	38.0	38.2	45.1
of which: enterprise and economic development ⁽¹⁾	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	4.9	4.8	5.0	5.7	5.1	5.3
of which: science and technology	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	3.3	4.2	4.5	4.8
of which: employment policies	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	3.2	2.9	3.7	3.1	2.4
of which: agriculture, fisheries and forestry	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	5.4	5.2	4.5
of which: transport ⁽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	19.4	18.5	19.1	20.3	28.1
5. Environment protection	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	10.7	11.2	11.6	11.6
6. Housing and community amenities	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	13.3	10.2	10.0	9.8	10.2	10.0
7. Health	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	119.9	121.3	124.3	129.4	134.1	138.7
8. Recreation, culture and religion	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	11.4	12.4	11.4
9. Education ⁽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	86.5	84.2	85.3	85.7	84.0
10. Social protection	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	244.8	253.4	254.0	260.9	264.2
EU transactions ⁽⁴⁾	-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	5.9	4.3	6.7	7.2	6.2	7.7
Public sector expenditure on services	260.3	271.7	284.0	295.7	302.5	308.5	318.3	331.4	353.0	376.1	402.6	439.0	471.1	501.7	523.8	555.6	604.7	640.1	660.3	661.3	664.0	673.1	684.3	698.3
Accounting adjustments	21.1	22.0	21.5	23.7	21.4	21.6	21.4	21.2	21.8	23.5	29.2	28.8	38.7	40.9	45.5	48.4	53.8	52.4	53.8	53.8	66.8	62.8	62.3	54.8
Total Managed Expenditure⁽⁵⁾	281.5	293.7	305.5	319.4	323.9	330.1	339.7	352.6	374.8	399.6	431.8	467.8	509.8	542.6	569.3	604.0	658.5	692.5	714.1	715.1	730.8	735.9	746.6	753.0

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

(2) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' for that year.

(3) From 2011-12 onwards the 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from the Education function. Therefore figures are not directly comparable between 2010-11 and 2011-12. A full explanation of this decision can be found in PESA 2016 Annex E.

(4) From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

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

Public Spending Statistics July 2016

Table 4.3 Public sector expenditure on services by function in real terms⁽¹⁾, 1992-93 to 2015-16

£ billion

	cash basis							accruals basis																
								National Statistics																
	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
1. General public services	43.6	45.4	49.3	53.1	52.8	54.1	54.5	50.7	51.6	47.6	45.7	48.8	52.9	55.2	56.3	58.2	61.2	54.9	67.3	67.2	61.4	61.8	58.7	58.7
of which: public and common services	9.1	8.9	8.9	8.9	8.7	8.6	9.9	10.9	10.6	12.1	12.6	13.7	14.9	15.3	14.8	14.2	15.5	15.0	13.7	12.1	11.7	11.5	11.7	11.8
of which: international services	4.8	4.9	5.0	5.0	4.4	4.3	4.4	5.0	5.6	5.7	5.8	6.4	6.8	7.4	7.3	7.6	7.1	7.7	8.3	8.2	8.0	10.0	10.5	10.1
of which: public sector debt interest	29.7	31.7	35.5	39.2	39.7	41.2	40.2	34.7	35.5	29.8	27.3	28.6	31.2	32.4	34.2	36.5	38.7	32.1	45.3	46.9	41.7	40.4	36.5	36.7
2. Defence	37.2	35.9	35.2	33.0	31.2	30.1	33.6	34.2	34.3	33.5	34.8	36.3	36.6	37.1	37.4	38.2	40.6	41.1	42.0	40.8	37.5	37.0	36.7	36.6
3. Public order and safety	22.5	22.9	23.5	23.4	23.1	23.8	24.7	25.1	27.2	30.5	31.5	33.3	35.0	35.1	35.3	36.0	37.2	37.1	35.4	33.8	32.3	30.0	29.6	30.2
4. Economic affairs	36.4	36.3	36.1	34.6	33.0	30.0	26.9	29.3	31.8	36.5	39.6	41.8	41.3	42.2	43.6	42.4	54.9	53.0	42.8	38.8	36.2	38.6	38.2	45.1
of which: enterprise and economic development ⁽²⁾	8.4	8.4	7.1	6.6	6.1	6.0	4.2	6.0	6.5	6.7	7.6	7.6	8.0	7.7	7.3	8.1	17.9	13.3	5.2	5.0	5.2	5.8	5.1	5.3
of which: science and technology	2.2	2.3	1.7	1.8	2.0	1.9	1.9	1.9	1.9	2.2	2.7	2.9	3.1	3.6	3.4	3.7	3.5	3.9	3.6	3.8	3.4	4.3	4.5	4.8
of which: employment policies	4.5	4.7	4.8	4.5	4.0	3.5	4.0	4.8	5.1	4.4	3.9	4.0	3.9	3.9	3.8	2.4	3.9	4.5	5.0	3.4	3.0	3.7	3.1	2.4
of which: agriculture, fisheries and forestry	4.5	5.8	5.1	5.7	7.6	6.5	6.0	5.9	6.3	8.3	6.3	6.7	6.6	6.7	5.9	4.9	6.4	6.3	5.9	6.1	5.5	5.5	5.2	4.5
of which: transport ⁽³⁾	16.9	15.3	17.4	16.0	13.4	12.1	10.7	10.8	12.0	14.9	19.1	20.6	19.7	20.3	23.1	23.4	23.2	25.0	23.0	20.5	19.2	19.4	20.3	28.1
5. Environment protection	5.6	5.2	5.7	6.0	5.2	5.6	5.9	6.7	6.8	7.1	7.7	7.8	8.6	10.2	10.9	10.9	10.2	11.3	11.7	11.1	11.0	11.4	11.6	11.6
6. Housing and community amenities	11.1	9.5	9.4	8.8	8.0	6.8	7.5	6.4	7.3	8.2	7.0	8.5	9.8	12.8	13.4	14.7	16.9	17.8	14.2	10.7	10.3	10.0	10.2	10.0
7. Health	53.4	55.9	59.5	60.7	60.4	61.8	64.3	67.3	72.4	78.9	85.4	94.5	101.9	107.5	110.0	114.7	120.0	127.3	128.2	127.9	128.4	131.5	134.2	138.7
8. Recreation, culture and religion	8.0	7.8	7.8	8.1	8.0	8.9	9.9	10.5	10.4	11.3	12.0	12.2	12.3	12.9	13.2	13.5	13.7	14.4	13.9	13.2	13.1	11.6	12.5	11.4
9. Education ⁽⁴⁾	51.8	53.0	54.6	54.2	53.3	53.6	54.8	57.5	61.3	67.5	70.5	76.9	80.0	83.5	84.8	89.3	91.6	96.4	97.9	91.2	87.0	86.7	85.8	84.0
10. Social protection	142.3	150.1	154.0	157.6	159.2	159.0	157.9	167.7	171.6	181.2	187.4	196.3	201.6	204.7	205.6	213.9	224.6	242.9	246.4	258.3	261.9	258.1	261.1	264.2
EU transactions ⁽⁵⁾	-5.3	-7.2	-6.5	-6.0	-7.3	-5.1	-3.6	-3.7	-3.5	-6.3	-2.5	-2.6	-1.1	-0.7	-2.1	-1.7	-3.2	1.0	6.3	4.5	6.9	7.3	6.2	7.7
Public sector expenditure on services	406.5	414.7	428.7	433.2	426.8	428.5	436.2	451.7	471.5	496.0	519.2	553.7	578.9	600.4	608.4	630.1	667.7	697.1	706.2	697.6	686.1	684.2	684.8	698.3
Accounting adjustments	33.0	33.6	32.4	34.7	30.2	30.0	29.4	29.0	29.1	31.0	37.6	36.3	47.5	48.9	52.9	54.9	59.4	57.1	57.6	56.8	69.0	63.9	62.4	54.8
Total Managed Expenditure⁽⁶⁾	439.5	448.3	461.1	467.9	457.1	458.6	465.6	480.7	500.6	527.1	556.8	590.1	626.4	649.4	661.3	685.0	727.0	754.2	763.7	754.4	755.1	748.0	747.2	753.0

(1) Real terms figures are the nominal figures adjusted to 2015-16 price levels using GDP deflators from the Office for National Statistics (released 30 June 2016).

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

(3) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' for that year.

(4) From 2011-12 onwards the 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from the Education function. Therefore figures are not directly comparable between 2010-11 and 2011-12. A full explanation of this decision can be found in PESA 2016 Annex E.

(5) From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

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

Public Spending Statistics July 2016

Table 4.4 Public sector expenditure on services by function as a per cent of GDP⁽¹⁾, 1992-93 to 2015-16

	cash basis							accruals basis															per cent	
								National Statistics																
	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
1. General public services	3.8	3.9	4.1	4.3	4.1	4.1	4.0	3.6	3.5	3.2	3.0	3.1	3.3	3.3	3.3	3.3	3.6	3.3	4.0	3.9	3.5	3.5	3.2	3.1
<i>of which: public and common services</i>	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.8	0.8	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.6
<i>of which: international services</i>	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5
<i>of which: public sector debt interest</i>	2.6	2.7	2.9	3.1	3.1	3.1	3.0	2.5	2.4	2.0	1.8	1.8	1.9	1.9	2.0	2.1	2.3	1.9	2.7	2.7	2.4	2.3	2.0	2.0
2. Defence	3.3	3.1	2.9	2.6	2.4	2.3	2.5	2.4	2.4	2.2	2.3	2.3	2.3	2.2	2.2	2.2	2.4	2.5	2.5	2.4	2.2	2.1	2.0	1.9
3. Public order and safety	2.0	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.9	2.0	2.0	2.1	2.2	2.1	2.0	2.2	2.2	2.1	2.0	1.9	1.7	1.6	1.6	1.6
4. Economic affairs	3.2	3.1	3.0	2.8	2.6	2.3	2.0	2.1	2.2	2.4	2.6	2.6	2.5	2.5	2.4	3.2	3.2	2.5	2.3	2.1	2.2	2.1	2.4	2.4
<i>of which: enterprise and economic development⁽²⁾</i>	0.7	0.7	0.6	0.5	0.5	0.5	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.5	1.0	0.8	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<i>of which: science and technology</i>	0.2	0.2	0.1	0.1	0.2	0.1	0.1	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	0.2	0.2	0.3
<i>of which: employment policies</i>	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.1
<i>of which: agriculture, fisheries and forestry</i>	0.4	0.5	0.4	0.5	0.6	0.5	0.4	0.4	0.4	0.6	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.4	0.3	0.3	0.3	0.2
<i>of which: transport⁽³⁾</i>	1.5	1.3	1.4	1.3	1.0	0.9	0.8	0.8	0.8	1.0	1.2	1.3	1.2	1.2	1.3	1.4	1.5	1.4	1.2	1.1	1.1	1.1	1.1	1.5
5. Environment protection	0.5	0.4	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6
6. Housing and community amenities	1.0	0.8	0.8	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.6	0.8	0.8	0.8	1.0	1.1	0.8	0.6	0.6	0.6	0.5	0.5
7. Health	4.7	4.8	4.9	4.9	4.7	4.7	4.7	4.8	5.0	5.3	5.6	5.9	6.3	6.4	6.4	6.5	7.0	7.6	7.5	7.4	7.4	7.4	7.3	7.4
8. Recreation, culture and religion	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.6	0.7	0.6
9. Education ⁽⁴⁾	4.6	4.5	4.5	4.4	4.2	4.1	4.0	4.1	4.2	4.5	4.6	4.8	4.9	5.0	4.9	5.1	5.4	5.8	5.7	5.3	5.0	4.9	4.7	4.5
10. Social protection	12.5	12.8	12.7	12.7	12.5	12.1	11.6	11.9	11.8	12.1	12.2	12.4	12.4	12.2	12.0	12.2	13.1	14.6	14.5	15.0	15.0	14.4	14.2	14.1
EU transactions ⁽⁵⁾	-0.5	-0.6	-0.5	-0.5	-0.6	-0.4	-0.3	-0.3	-0.2	-0.4	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	0.1	0.4	0.3	0.4	0.4	0.3	0.4
Public sector expenditure on services	35.8	35.3	35.2	34.8	33.4	32.5	32.1	32.0	32.3	33.2	33.8	34.9	35.7	35.8	35.5	35.9	39.1	41.8	41.5	40.5	39.3	38.3	37.3	37.1
Accounting adjustments	2.9	2.9	2.7	2.8	2.4	2.3	2.2	2.1	2.0	2.1	2.4	2.3	2.9	2.9	3.1	3.1	3.5	3.4	3.4	3.3	4.0	3.6	3.4	2.9
Total Managed Expenditure⁽⁶⁾	38.7	38.2	37.9	37.6	35.8	34.8	34.3	34.0	34.3	35.3	36.3	37.1	38.6	38.7	38.5	39.0	42.6	45.2	44.9	43.8	43.2	41.8	40.7	40.1

(1) GDP until 2015-16 is consistent with the latest figures from the Office for National Statistics (published 30 June 2016).

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

(3) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' for that year.

(4) From 2011-12 onwards the 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from the Education function. Therefore figures are not directly comparable between 2010-11 and 2011-12. A full explanation of this decision can be found in PESA 2016 Annex E.

(5) From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

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

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 There have been no significant changes to the presentation of data within this chapter since the summer PSS 2015.

PUBLIC SPENDING AGGREGATES

4.4 **Table 4.1** shows trends in public spending since 1976-77 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 Outturn data up to 2015-16 for 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. Derivation of expenditure on services from departments' budgets is available at the end of this release in **Table E.1**.

4.8 **Table 4.2** shows public sector expenditure on services by United Nations Classification Of the Functions Of Government (COFOG) level 1 from 1992-93. **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 2015-16. 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 EXPENDITURE ON SERVICE LONG-RUN TABLE

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 2011-12 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.

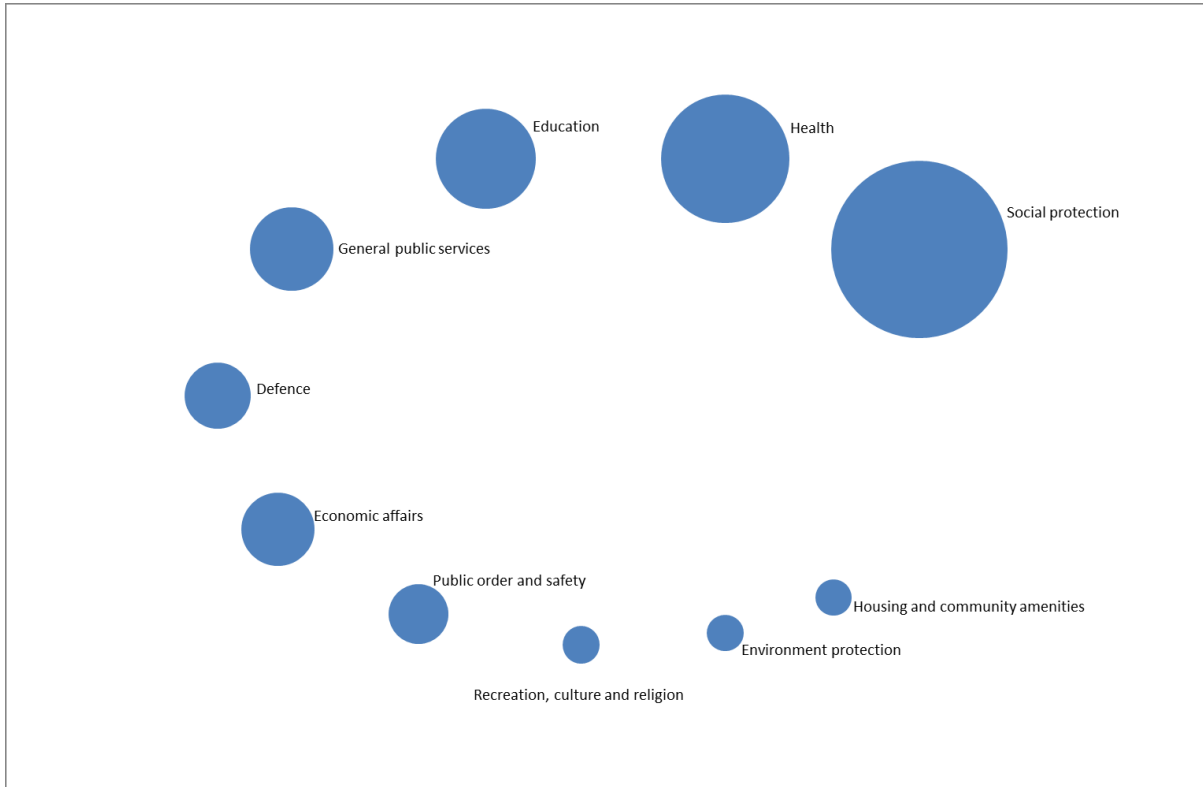
4.11 Historical outturn data are not usually subject to adjustment. However, sometimes reclassifications affect the long run functional series. These include ONS decisions for the National Accounts and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending 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 £100 million 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 2015-16 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 2015-16.

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 four functions decreased in 2015-16 whilst the remaining functions showed an increase in spending over the same period.
- The largest increases in percentage terms, were in **Economic affairs** (18.1 per cent), **Health** (3.5 per cent) and **Public order and safety** (1.9 per cent). The increase in **Economic affairs** was driven mainly by **Transport** in 2015-16.
- In percentage terms, the greatest decreases in functional spend were in **Recreation, culture and religion** (-8.2 per cent) and **Education** (-2.0 per cent).

SUB-FUNCTIONAL TABLES

- The £7.8bn increase in **Transport** in 2015-16 (38.2 per cent) was driven mainly by an increase in *Railways*. The rise in *Railways* was due to the inclusion of Network Rail in the 'Expenditure on Services' framework from 2015-16. The remaining items within the **Transport** sub-function also increased during 2015-16.
- Spending on other **Economic affairs** sub functions varied: *Agriculture, forestry, fishing and hunting* declined (-£0.7bn, -12.8%); while *R&D economic affairs* rose (£0.3bn, 6.9%).
- The **Environment protection** increase of 0.4 per cent was due to increases in *Waste management* (£0.2bn, 2.4 per cent) and *Protection of biodiversity and landscape* (£0.2bn, 35.2 per cent), offset by a fall in *Environmental protection not elsewhere classified* (-0.3bn, -12.3%).
- **Recreation, culture and religion** expenditure fell £1.0bn (8.2 per cent), largely because of a -£0.8bn (-20.1 per cent) decrease in *Recreational and sporting services*.
- The £0.6bn (1.9 per cent) increase in **Public order and safety** in 2015-16 includes a £0.3bn (8.1 per cent) increase in spending on *Prisons*, partially balanced by a £0.1bn (-11.1 per cent) fall in *Immigration and citizenship* expenditure.
- The reduction in recorded **Education** spending occurred in *Secondary education*, where the 2015-16 figure was down -£1.7bn (-4.2 per cent). These education figures may be affected by schools moving from the local government to the central government sector as part of becoming academies. Final outturn data is not available for either local government expenditure on schools or central government expenditure on academies and therefore figures are subject to change..

Public Spending Statistics July 2016

Table 5.1 Public sector expenditure on services by departmental group ⁽¹⁾ and function, 2015-16

		National Statistics															£ million				
Departmental Grouping	Function	1. General public services	of which: public and common services	of which: international services	of which: public sector debt interest	2. Defence	3. Public order and safety	4. Economic affairs	of which: enterprise and economic development	of which: science and technology	of which: employment policies	of which: agriculture, fisheries and forestry	of which: transport	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions	Public sector expenditure on services for each department
		Defence		-	-	-	-	34,282	-	-	-	-	-	-	-	-	-	-	37	-	2,280
Single Intelligence Account		-	-	-	-	2,302	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,302
Home Office		-	-	-	-	-	15,108	98	-	-	-	-	98	-	240	-	-66	-	-	-	15,381
Foreign and Commonwealth Office		1,926	-	1,926	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,926
International Development		8,481	308	8,173	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82	-	8,563
NHS (Health)		-	-	-	-	-	-	95	95	-	-	-	-	-	-	115,147	-	-	13,822	-	129,063
Work and Pensions		268	268	-	-	-	-	2,240	23	4	2,214	-	-	-	-	-	-	-	175,053	-	177,561
Education		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,861	11,298	-	71,160
Business, Innovation and Skills		135	135	0	-	-	-	5,752	1,378	4,322	51	-	0	426	-	919	129	9,270	575	-	17,206
Transport		-	-	-	-	-	167	23,969	-	40	-	-	23,929	-	756	-	-	-	1,211	-	26,105
Energy and Climate Change		38	-	38	-	-	2	892	520	372	-	-	-	2,939	-	-	-	-	0	-	3,872
Culture, Media and Sport		40	40	-	-	-	-	130	130	-	-	-	-	55	32	36	8,694	49	536	-	9,573
Communities and Local Government		3,664	3,663	0	-	13	2,350	172	172	-	-	-	-	-	5,508	-	1	-	1,755	-	13,463
Scotland		948	948	-	-	4	2,605	4,117	469	5	-	826	2,817	958	2,018	12,002	1,025	7,873	4,028	-	35,578
Wales		469	469	-	-	-	2	1,502	267	37	-	433	765	554	691	6,574	395	4,134	1,979	-	16,300
Northern Ireland		341	341	-	-	-	1,269	1,442	354	-	149	519	421	232	760	4,026	415	2,704	7,361	-	18,549
Justice		234	234	-	-	-	8,064	-	-	-	-	-	-	-	-	-	-	-	39	-	8,337
Law Officers' Departments		-	-	-	-	-	611	-	-	-	-	-	-	-	-	-	-	-	-	-	611
Environment, Food and Rural Affairs		-	-	-	-	-	-	2,689	-	-	-	2,689	-	6,441	6	-	798	-	-	-	9,934
HM Revenue and Customs		3,542	3,542	-	-	-	-	1,123	1,123	-	-	-	-	3	-	-	-	-	40,218	-	44,887
HM Treasury		37,228	504	-	36,724	-	-	361	361	-	-	-	-	-	-	-	-	-	4	7,671	45,264
Cabinet Office		512	512	-	-	45	-	-	-	-	-	-	-	-	-	-	-	-	3,911	-	4,468
Small and Independent Bodies		883	883	-	-	-	4	549	437	7	-	74	30	-	-	-	-	134	-	-	1,570
Public sector expenditure on services for each function		58,708	11,846	10,138	36,724	36,646	30,183	45,132	5,329	4,787	2,414	4,541	28,061	11,608	10,013	138,704	11,429	84,027	264,151	7,671	698,271

(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, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	10,389	10,045	10,284	10,119	10,101
1.2 Foreign economic aid	5,509	5,606	7,586	8,542	8,173
1.3 General services	946	946	767	932	758
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	303	319	402	407	417
1.6 General public services n.e.c.	2,089	2,116	2,079	2,157	2,535
1.7 Public debt transactions ^{(1), (2)}	44,476	40,354	39,703	36,473	36,724
<i>of which: central government debt interest</i>	49,704	48,856	48,668	45,241	44,942
<i>of which: local government debt interest</i>	561	515	548	772	712
<i>of which: public corporation debt interest</i>	2,961	3,041	3,052	2,858	2,774
<i>of which: Bank of England</i>	-8,750	-12,058	-12,565	-12,398	-11,704
Total general public services	63,713	59,385	60,820	58,629	58,708
2. Defence					
2.1 Military defence	33,539	32,261	33,019	33,734	33,996
2.2 Civil defence	98	96	104	104	115
2.3 Foreign military aid	3,172	2,235	1,361	633	329
2.4 R&D defence	1,570	1,467	1,673	1,950	1,922
2.5 Defence n.e.c.	276	281	245	261	284
Total defence	38,655	36,340	36,402	36,683	36,646
3. Public order and safety					
3.1 Police services	18,239	17,578	16,351	16,662	16,645
<i>of which: immigration and citizenship</i>	1,663	1,528	976	1,196	1,063
<i>of which: other police services</i>	16,576	16,049	15,375	15,466	15,582
3.2 Fire-protection services	2,868	2,885	2,802	2,807	2,821
3.3 Law courts	6,536	5,983	5,548	5,496	5,691
3.4 Prisons	4,133	4,326	4,063	3,786	4,092
3.5 R&D public order and safety	59	71	72	70	62
3.6 Public order and safety n.e.c.	236	429	719	799	872
Total public order and safety	32,070	31,271	29,554	29,621	30,183
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽³⁾	5,891	5,903	7,201	6,508	6,030
4.2 Agriculture, forestry, fishing and hunting	5,777	5,277	5,371	5,206	4,541
<i>of which: market support under CAP</i>	3,932	2,894	2,959	2,773	2,320
<i>of which: other agriculture, food and fisheries policy</i>	1,713	2,274	2,294	2,305	2,115
<i>of which: forestry</i>	132	109	118	128	107
4.3 Fuel and energy	527	463	464	449	463
4.4 Mining, manufacturing and construction	142	-12	273	39	72
4.5 Transport	19,413	18,539	19,079	20,299	28,061
<i>of which: national roads</i>	3,081	2,851	3,151	3,713	3,887
<i>of which: local roads</i>	5,095	4,813	5,025	5,302	5,475
<i>of which: local public transport</i>	2,893	2,634	2,398	2,519	2,696
<i>of which: railway ⁽⁴⁾</i>	7,315	6,928	6,934	7,268	13,979
<i>of which: other transport</i>	1,029	1,312	1,572	1,497	2,024
4.6 Communication	423	770	645	436	447
4.7 Other industries	375	311	274	282	273
4.8 R&D economic affairs	3,623	3,333	4,201	4,479	4,787
4.9 Economic affairs n.e.c.	642	451	488	509	458
Total economic affairs	36,811	35,035	37,997	38,209	45,132

Table 5.2 Public sector expenditure on services by sub-function, 2011-12 to 2015-16 (continued)

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
5. Environment protection					
5.1 Waste management	7,172	7,662	7,828	7,896	8,089
5.2 Waste water management	20	-	-	-	-
5.3 Pollution abatement	102	147	142	501	469
5.4 Protection of biodiversity and landscape	476	391	431	472	638
5.5 R&D environment protection	563	442	499	470	460
5.6 Environment protection n.e.c.	2,167	2,021	2,283	2,227	1,952
Total environment protection	10,500	10,664	11,183	11,566	11,608
6. Housing and community amenities					
6.1 Housing development	5,760	5,570	5,174	5,692	5,572
<i>of which: local authority housing</i>	3,070	4,262	4,074	4,738	4,780
<i>of which: other social housing</i>	2,690	1,308	1,100	954	792
6.2 Community development	2,669	2,674	2,886	2,709	2,423
6.3 Water supply	788	770	749	735	814
6.4 Street lighting	675	706	750	790	839
6.5 R&D housing and community amenities	-	-	-	-	-
6.6 Housing and community amenities n.e.c.	261	237	248	269	366
Total housing and community amenities	10,153	9,957	9,807	10,195	10,013
7. Health ⁽⁵⁾					
Medical services	116,047	118,621	122,814	128,596	132,103
Medical research	1,834	1,703	1,970	1,876	2,142
Central and other health services	3,372	3,978	4,604	3,581	4,460
Total health	121,254	124,302	129,389	134,053	138,704
8. Recreation, culture and religion					
8.1 Recreational and sporting services	4,388	4,672	3,471	3,997	3,194
8.2 Cultural services	4,067	4,098	3,952	4,056	4,003
8.3 Broadcasting and publishing services	3,684	3,566	3,705	4,086	3,945
8.4 Religious and other community services	116	114	95	76	93
8.5 R&D recreation, culture and religion	139	164	141	174	130
8.6 Recreation, culture and religion n.e.c.	93	97	46	58	63
Total recreation, culture and religion	12,488	12,710	11,410	12,446	11,429
9. Education					
9.1 Pre-primary and primary education	30,020	29,715	30,474	30,749	30,942
<i>of which: under fives</i>	3,008	3,000	3,396	2,932	3,255
<i>of which: primary education</i>	27,012	26,715	27,078	27,817	27,688
9.2 Secondary education ⁽⁶⁾	37,021	37,281	37,976	39,853	38,193
9.3 Post-secondary non-tertiary education	220	104	323	105	91
9.4 Tertiary education ⁽⁷⁾	9,310	8,123	7,511	6,656	5,896
9.5 Education not definable by level	691	667	598	735	636
9.6 Subsidiary services to education	5,230	4,690	4,642	4,202	4,092
9.7 R&D education	1,569	1,586	1,577	1,578	1,577
9.8 Education n.e.c.	2,418	2,059	2,246	1,872	2,600
Total education	86,479	84,225	85,346	85,750	84,027
10. Social protection					
<i>of which: personal social services</i>	28,415	28,512	28,657	30,268	29,520
10.1 Sickness and disability	43,818	46,251	46,887	50,155	52,956
<i>of which: personal social services</i>	9,902	9,835	9,348	9,422	9,515
<i>of which: incapacity, disability and injury benefits</i>	33,916	36,416	37,538	40,733	43,440
10.2 Old age	103,888	111,074	114,446	118,571	120,095
<i>of which: personal social services</i>	10,163	10,096	10,273	10,552	10,071
<i>of which: pensions</i>	93,725	100,978	104,173	108,019	110,024
10.3 Survivors	1,070	1,076	1,135	1,153	1,164

Table 5.2 Public sector expenditure on services by sub-function, 2011-12 to 2015-16 (continued)

	National Statistics					£ million
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	
10. Social protection continued						
10.4 Family and children	28,152	26,566	24,631	25,250	24,795	
<i>of which: personal social services</i>	7,845	8,082	8,497	9,759	9,478	
<i>of which: family benefits, income support and tax credits</i>	20,308	18,484	16,134	15,491	15,317	
10.5 Unemployment	5,633	5,939	4,945	3,473	2,698	
<i>of which: personal social services</i>	-	-	-	-	-	
<i>of which: other unemployment benefits</i>	5,633	5,939	4,945	3,473	2,698	
10.6 Housing	25,342	26,353	26,431	26,417	26,374	
10.7 Social exclusion n.e.c. ⁽⁸⁾	32,440	32,373	31,897	32,013	31,485	
<i>of which: personal social services</i>	505	499	539	534	455	
<i>of which: family benefits, income support and tax credits</i>	31,935	31,873	31,358	31,479	31,030	
10.8 R&D social protection	-	-	-	-	-	
10.9 Social protection n.e.c.	4,500	3,808	3,601	3,876	4,583	
Total social protection	244,844	253,438	253,971	260,908	264,151	
EU transactions ⁽⁹⁾						
VAT-based and GNI-based contributions (net of abatement and collection costs)	9,244	10,809	11,146	10,915	10,482	
<i>derived as:</i>						
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	15,700	16,871	18,208	18,733	17,635	
<i>Traditional Own Resources (without deduction of collection costs)</i>	-2,940	-2,891	-2,933	-3,006	-3,085	
<i>UK abatement</i>	-3,516	-3,172	-4,130	-4,811	-4,068	
EU receipts	-4,771	-4,022	-3,856	-4,690	-2,811	
Attributed aid and Common Foreign and Security Policy	-163	-82	-79	-	-	
Total EU transactions	4,311	6,705	7,210	6,225	7,671	
Public sector expenditure on services	661,277	664,033	673,090	684,284	698,271	
Accounting adjustments	53,827	66,787	62,822	62,324	54,751	
Total Managed Expenditure ⁽¹⁰⁾	715,104	730,820	735,912	746,608	753,022	

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

(2) Bank of England public debt transactions shows data in respect of the Asset Purchase Facility and Special Liquidity Scheme.

(3) Transactions from 2011-12 onwards have been affected by financial sector interventions. Details are provided in PESA chapter 5 Box 5.A.

(4) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' for that year.

(5) 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.

(6) The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of the PSS and PESA the Department for Education will look to improve apportionment of spending across the education categories.

(7) The 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from Tertiary education. A full explanation of this decision can be found in PESA Annex E.

(8) Social exclusion n.e.c. includes Child and Working Tax Credits. In addition to this, personal tax credits that were previously scored as negative tax and outside the TES framework are now included in full within TES.

(9) 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.

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

Table 5.3 Public sector expenditure on services by economic category, 2011-12 to 2015-16

	National Statistics					£million
	2011-12	2012-13	2013-14	2014-15	2015-16	
	outturn	outturn	outturn	outturn	outturn	
Public sector current expenditure on services						
Pay	165,995	164,136	163,627	167,173	171,144	
Gross current procurement	188,869	193,192	198,759	205,642	213,219	
Income from sales of goods and services	-49,458	-50,352	-51,070	-53,871	-56,007	
Current grants to persons and non-profit bodies	227,829	231,145	231,871	235,127	237,302	
Current grants abroad	9,611	11,844	14,072	12,316	13,756	
Subsidies to private sector companies	8,246	7,912	8,083	7,693	8,433	
Subsidies to public corporations	458	1,724	1,136	925	885	
Net public service pensions	6,678	8,620	9,081	10,182	9,665	
Public sector debt interest	44,476	40,354	39,703	36,473	36,724	
Other	82	238	278	289	294	
Total public sector current expenditure on services	602,786	608,813	615,540	621,949	635,415	
Accounting adjustments	43,178	47,305	50,885	51,334	44,101	
Total public sector current expenditure	645,964	656,118	666,425	673,283	679,516	
Public sector capital expenditure on services						
Capital grants	16,865	15,871	15,531	18,223	14,691	
Gross capital procurement	45,977	43,435	45,861	49,855	55,113	
Income from sales of capital assets	-4,351	-4,084	-3,842	-5,741	-6,691	
Other	-	-	-	-	-	
Total public sector capital expenditure on services	58,491	55,222	57,550	62,337	63,113	
Accounting adjustments	10,649	19,480	11,937	10,988	10,393	
Total public sector capital expenditure	69,140	74,702	69,487	73,325	73,506	
Total public sector expenditure on services	661,277	664,035	673,090	684,286	698,272	
Accounting adjustments	53,827	66,785	62,822	62,322	54,750	
Total Managed Expenditure	715,104	730,820	735,912	746,608	753,022	

Table 5.4 Public sector current and capital expenditure on services by function ⁽¹⁾, 2011-12 to 2015-16

	Emillion				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Public sector current expenditure on services					
1. General public services	61,705	57,253	58,375	54,721	55,219
<i>of which: public and common services</i>	10,091	9,722	9,502	9,891	10,336
<i>of which: international services</i>	7,138	7,177	9,170	8,357	8,159
<i>of which: public sector debt interest ⁽²⁾</i>	44,476	40,354	39,703	36,473	36,724
2. Defence	28,854	27,142	27,564	27,443	27,771
3. Public order and safety	30,486	29,861	28,296	28,370	28,816
4. Economic affairs	20,613	19,782	21,081	19,132	22,780
<i>of which: enterprise and economic development ⁽³⁾</i>	3,395	4,079	4,517	4,215	4,606
<i>of which: science and technology</i>	370	272	363	496	837
<i>of which: employment policies</i>	3,143	2,786	3,573	3,115	2,392
<i>of which: agriculture, fisheries and forestry</i>	5,507	4,970	4,962	4,690	4,121
<i>of which: transport ⁽⁴⁾</i>	8,197	7,675	7,666	6,616	10,824
5. Environment protection	7,743	7,376	7,608	7,813	8,036
6. Housing and community amenities	2,725	3,088	2,987	2,855	2,993
7. Health	115,347	117,944	121,968	127,651	133,019
8. Recreation, culture and religion	9,634	10,666	9,573	10,425	9,381
9. Education ⁽⁵⁾	77,120	76,007	76,508	76,299	75,909
10. Social protection	244,248	252,988	254,373	261,015	263,820
EU transactions	4,311	6,705	7,210	6,225	7,671
Total public sector current expenditure on services	602,785	608,811	615,542	621,949	635,416
Accounting adjustments	43,179	47,307	50,883	51,334	44,100
Public sector current expenditure	645,964	656,118	666,425	673,283	679,516
Public sector capital expenditure on services					
1. General public services	2,007	2,132	2,446	3,908	3,489
<i>of which: public and common services</i>	1,415	1,586	1,825	1,775	1,510
<i>of which: international services</i>	593	546	621	2,133	1,979
2. Defence	9,801	9,198	8,838	9,240	8,875
3. Public order and safety	1,585	1,410	1,258	1,251	1,366
4. Economic affairs	16,198	15,253	16,916	19,077	22,352
<i>of which: enterprise and economic development ⁽³⁾</i>	1,376	942	1,178	862	723
<i>of which: science and technology</i>	3,253	3,061	3,838	3,983	3,950
<i>of which: employment policies</i>	84	79	77	32	22
<i>of which: agriculture, fisheries and forestry</i>	270	307	409	516	421
<i>of which: transport ⁽⁴⁾</i>	11,216	10,864	11,414	13,683	17,236
5. Environment protection	2,757	3,288	3,575	3,753	3,571
6. Housing and community amenities	7,428	6,869	6,820	7,340	7,020
7. Health	5,907	6,358	7,421	6,402	5,685
8. Recreation, culture and religion	2,854	2,044	1,837	2,022	2,048
9. Education	9,359	8,219	8,838	9,450	8,118
10. Social protection	596	450	-402	-107	331
Total public sector capital expenditure on services	58,492	55,222	57,548	62,336	62,855
Accounting adjustments	10,648	19,480	11,939	10,989	10,651
Public sector capital expenditure	69,140	74,702	69,487	73,325	73,506
Total public sector expenditure on services	661,277	664,033	673,090	684,284	698,271
Accounting adjustments	53,827	66,787	62,822	62,324	54,751
Total Managed Expenditure ⁽⁶⁾	715,104	730,820	735,912	746,608	753,022

(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) Debt interest figures include Bank of England public debt transactions in respect of the Asset Purchase Facility and Special Liquidity

(3) Transactions from 2011-12 onwards have been affected by financial sector interventions. See PESA chapter 5 Box 5.A for

(4) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' for that year.

(5) The 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from 'Current education'. A full explanation of this decision can be found in PESA Annex E.

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

Table 5.5 Public sector gross current procurement expenditure on services by function, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Public sector gross current procurement expenditure on services					
1. General public services	12,458	12,559	12,624	12,062	12,414
<i>of which: public and common services</i>	10,838	10,837	10,807	10,255	10,643
<i>of which: international services</i>	1,620	1,723	1,817	1,808	1,771
2. Defence	16,564	15,577	16,373	16,835	16,448
3. Public order and safety	13,087	12,983	12,360	12,597	12,611
4. Economic affairs	11,206	11,190	11,401	10,786	12,751
<i>of which: enterprise and economic development</i>	2,377	2,733	2,440	2,556	2,527
<i>of which: science and technology</i>	161	156	219	152	183
<i>of which: employment policies</i>	1,698	1,450	2,050	1,680	1,267
<i>of which: agriculture, fisheries and forestry</i>	819	819	811	825	839
<i>of which: transport ⁽¹⁾</i>	6,151	6,031	5,882	5,573	7,934
5. Environment protection	7,736	7,476	7,592	7,706	7,755
6. Housing and community amenities	2,809	2,668	2,720	2,751	2,770
7. Health	66,231	69,922	74,523	78,588	85,869
8. Recreation, culture and religion	6,836	7,579	7,375	7,556	6,788
9. Education	21,631	22,831	23,927	24,971	24,168
10. Social protection	30,312	30,405	29,862	31,789	31,645
Total public sector gross current procurement expenditure on services	188,869	193,191	198,759	205,642	213,219

(1) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Gross Current Procurement' for that year.

Table 5.6 Public sector capital procurement expenditure on services by function, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Public sector gross capital procurement expenditure on services					
1. General public services	2,348	2,396	2,675	2,405	2,496
<i>of which: public and common services</i>	1,842	1,882	2,114	1,784	1,922
<i>of which: international services</i>	506	515	561	621	574
2. Defence	10,112	9,352	9,009	9,773	9,970
3. Public order and safety	1,746	1,561	1,536	1,607	1,592
4. Economic affairs	8,970	8,027	8,778	10,370	17,968
<i>of which: enterprise and economic development</i>	963	737	715	493	541
<i>of which: science and technology</i>	594	612	718	674	678
<i>of which: employment policies</i>	84	79	76	33	25
<i>of which: agriculture, fisheries and forestry</i>	198	201	288	381	362
<i>of which: transport ⁽¹⁾</i>	7,131	6,398	6,979	8,789	16,362
5. Environment protection	2,403	2,823	2,834	2,910	2,995
6. Housing and community amenities	5,379	5,093	5,972	6,527	7,063
7. Health	5,821	6,087	6,292	6,749	5,702
8. Recreation, culture and religion	2,455	1,671	1,517	1,608	1,654
9. Education	6,337	5,938	6,912	7,525	5,355
10. Social protection	405	486	336	382	317
Total public sector gross capital procurement expenditure on services	45,978	43,435	45,861	49,855	55,113
Plus public sector receipts from sales of assets					
<i>Central government</i>					
Fixed assets	-1,423	-1,442	-659	-2,193	-2,495
Intangible assets	0	-20	-27	-107	-28
Total central government receipts	-1,423	-1,462	-686	-2,300	-2,523
<i>Local government</i>					
Fixed assets	-1,244	-1,431	-1,432	-1,746	-2,202
Intangible assets	-	-	-	-	-
Total local government receipts	-1,244	-1,431	-1,432	-1,746	-2,202
Total general government receipts	-2,666	-2,894	-2,119	-4,047	-4,726
<i>Public corporations</i>					
Fixed assets	-1,684	-1,191	-1,724	-1,695	-1,966
Intangible assets	-	-	-	-	-
Total public corporations receipts	-1,684	-1,191	-1,724	-1,695	-1,966
Total public sector income from sales of capital assets	-4,351	-4,085	-3,843	-5,742	-6,692

(1) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Capital Procurement' for that year.

BACKGROUND TO PUBLIC SECTOR SPENDING BY FUNCTION

5.1 The analyses in this chapter present public sector expenditure for the years 2011-12 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 Since the Summer 2015 PSS there has been a change to the presentation of departmental groupings in **Table 5.1**. The departmental groupings are consistent with the presentation shown elsewhere in the PSS and have been updated to reflect the groupings presented in the last Budget. More details of the composition of departmental groupings can be found in **Annex B** of PESA 2016.

5.3 To bring EU transactions into line with ESA10, EU transactions in **Table 5.2** have been amended so that VAT-based payments to the EU are no longer deducted from the GNI-based contribution. Similarly, EU transactions in **Table 6.4** have also been amended to reflect this change. EU transactions totals, now inclusive of VAT-based payments, also feed in to 'Current grants abroad' in **Table 5.3**.

5.4 For **Table 5.3** 'Total public sector current expenditure on services' no longer includes a line for 'Grant equivalent element of student lending'. This also impacts upon **Table 6.5**. A full explanation of this decision is provided in PESA 2016 **Annex E** under the section 'Expenditure on services and TME'.

CLASSIFICATION CHANGES

5.5 From September 2014 the UK, along with all other EU Member States, has been moving to produce its National Accounts using the new European System of Accounts 2010 (ESA10). The move to ESA10 has resulted in changes to EU transactions as mentioned under 'What's new'. Further ESA10 related changes are explained here.

5.6 Also as a requirement of ESA10 and prior to finalising the PSS 2016 dataset, departments were requested to switch R&D expenditure from resource to capital DEL. Departments were also asked to score these changes at the COFOG level of classification. As a result of this work, users will see notable changes in spending allocations to sub-functions in **Table 5.2** when compared to the previous year's publication, particularly in R&D related lines. Users should note that this work is ongoing and departments will continue to improve their classification of R&D in COFOG.

5.7 Under ESA10, the full expenditure on personal tax credits should be recorded as a social benefit and therefore included fully within the expenditure on services framework. An amount of expenditure related to tax credits had previously been excluded from TES due to it being scored as negative tax. For this year, expenditure lines related to the negative tax element of tax credits have been brought into TES. This change impacts across several tables in chapter 5.

5.8 As mentioned under ‘What’s new’, HM Treasury has taken the decision to remove the ‘the grant-equivalent element of student loans’ from the TES framework. As well as **Table 5.3**, this change impacts across several tables in chapter 5. A full explanation of this decision is provided in PESA 2016 **Annex E** under the section ‘Expenditure on services and TME’.

RELATIONSHIP BETWEEN FUNCTIONAL SERIES AND DEPARTMENTS

5.9 Table 5.1 shows public sector expenditure on services by function split across the different government departmental groups for 2015-16. 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

5.10 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 used prior to the introduction of UN COFOG, but which do not map directly to COFOG level 2. Further information on UN COFOG is available from the Treasury website¹.

5.11 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

5.12 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.

5.13 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**:

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

- **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. **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.
- **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**;
- **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; 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

5.14 Table 5.4 gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2011-12. 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

5.15 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.

5.16 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.

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

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

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

Current expenditure on services

- income from sales of goods and services: £1.0 billion in 2011-12, £0.5 billion in 2012-13, £0.03 billion in 2013-14 and £0.2 billion in 2014-15.

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).

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 fell to £274.0bn in 2015-16, from £275.5bn in 2014-15, an decline of -0.6 per cent.
- Expenditure within AME stood at £372.6bn in 2015-16. This has been greatly affected by a change in the discount rate, which has caused an increase in non-cash costs in 2015-16 budgets.

EXPENDITURE ON SERVICES

- Central government's own current expenditure on services increased slightly to £509.7 billion in 2015-16, from £497.5bn the previous year. Capital expenditure on services increased from £41.9bn in 2014-15 to £42.1bn in 2015-16.
- 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 2015-16 spending on **Social protection** increased to £209.2bn compared to £205.0bn in the previous year.
- Expenditure on **Central government debt interest** stood at £44.9bn in 2015-16, down -0.7% from £45.2bn in 2014-15.
- Expenditure on **Current grants to persons and non-profit bodies**, which is mainly composed of social benefits, rose to £213.1bn in 2015-16 from £210.8bn in 2014-15.

Table 6.1 Central government own expenditure in budgets by departmental group, ⁽¹⁾ 2011-12 to 2015-16

	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
£ million					
Within DEL					
Defence	37,197	34,298	34,597	34,509	35,169
Single Intelligence Account	1,990	2,032	2,060	2,141	2,328
Home Office	2,731	2,381	2,327	2,475	2,170
Foreign and Commonwealth Office	2,144	2,020	2,113	1,868	1,891
International Development	7,813	7,758	10,020	9,650	9,279
Health	102,562	104,994	107,128	110,921	113,871
Work and Pensions	7,167	7,046	6,756	6,501	5,950
Education	13,615	18,081	19,575	22,003	23,863
Business, Innovation and Skills	17,089	16,695	16,736	15,326	14,958
Transport ⁽²⁾	6,127	5,633	6,033	6,595	2,912
Energy and Climate Change	2,564	3,097	3,299	3,599	3,632
Culture, Media and Sport	2,719	1,100	1,042	1,100	1,316
DCLG Communities	3,209	1,148	2,549	2,482	1,538
DCLG Local Government	133	105	0	-	-
Scotland	18,077	18,526	20,170	20,793	20,639
Wales	9,202	8,372	8,775	9,106	9,393
Northern Ireland	10,154	10,251	10,522	10,634	10,483
Justice	8,928	8,477	7,790	7,454	6,983
Law Officers' Departments	613	592	578	551	543
Environment, Food and Rural Affairs	2,179	2,125	2,074	2,035	1,861
HM Treasury	186	-174	-255	167	-531
HM Revenue and Customs	3,708	3,631	3,630	3,420	3,531
Cabinet Office	460	479	438	650	499
Small and Independent Bodies	1,699	1,464	1,552	1,558	1,729
Total CG own expenditure within DEL	262,267	260,131	269,507	275,538	274,006
Within departmental AME					
Defence	8,029	7,325	6,249	8,361	12,049
Single Intelligence Account	18	41	19	41	135
Home Office	-6	21	199	582	-518
Foreign and Commonwealth Office	61	88	66	-70	39
International Development	104	185	109	151	621
Health	19,582	18,878	18,124	21,948	48,658
Work and Pensions	131,942	137,181	139,235	143,775	149,652
Education	11,783	10,720	11,050	14,047	12,880
Business, Innovation and Skills	4,101	6,327	5,383	8,594	2,341
Transport ⁽²⁾	842	529	-5,195	6,432	14,838
Energy and Climate Change	3,685	5,368	4,466	7,872	101,482
Culture, Media and Sport	4,152	5,041	5,051	5,464	5,133
DCLG Communities	-666	-20	-48	48	56
DCLG Local Government	-12	2	-	-	-
Scotland	3,240	2,948	3,005	4,298	4,680
Wales	302	377	287	367	52
Northern Ireland	8,099	8,109	7,888	8,821	9,025
Justice	-45	934	-239	-144	543
Law Officers' Departments	5	6	7	13	-9
Environment, Food and Rural Affairs	-53	83	-93	80	367
HM Treasury ⁽³⁾	-23,271	-22,242	-5,431	-62,530	-42,737
HM Revenue and Customs	42,867	42,691	42,575	42,931	43,194
Cabinet Office	8,721	9,390	8,640	10,573	10,346
Small and Independent Bodies	-135	-99	-29	-116	-270
Total CG own expenditure within dept AME	223,345	233,881	241,317	221,535	372,557
Locally financed expenditure in Northern Ireland	588	621	632	661	652
Net expenditure transfers to the EU	9,978	11,529	11,879	11,658	11,253
Central government debt interest	49,704	48,856	48,668	45,241	44,942
Accounting and other adjustments	-12,780	-706	-13,194	12,782	-129,459
Total CG own expenditure ⁽⁴⁾	533,102	554,312	558,809	567,415	573,951

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

(2) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail within DEL. The actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

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

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

Table 6.2 Central government own resource expenditure in budgets by departmental group, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Within resource DEL					
Defence	27,394	25,562	26,106	25,716	26,763
Single Intelligence Account	1,484	1,556	1,563	1,591	1,754
Home Office	2,358	2,078	2,047	2,199	1,895
Foreign and Commonwealth Office	2,052	1,989	1,998	1,715	1,765
International Development	5,945	5,875	7,769	7,000	6,847
Health	98,039	100,421	101,695	105,707	109,448
Work and Pensions	6,836	6,624	6,519	6,248	5,829
Education	13,260	15,853	18,206	20,291	21,107
Business, Innovation and Skills	11,019	10,519	9,046	7,771	6,829
Transport	1,102	715	853	15	605
Energy and Climate Change	1,147	1,106	1,159	1,379	1,393
Culture, Media and Sport	1,475	2,035	1,072	1,157	1,176
DCLG Communities	881	357	549	448	286
DCLG Local Government	133	104	0	-	-
Scotland	16,156	16,310	17,871	18,432	18,467
Wales	8,316	7,638	8,017	8,148	8,485
Northern Ireland	9,374	9,392	9,653	9,548	9,763
Justice	8,586	8,198	7,516	7,158	6,717
Law Officers' Departments	611	591	575	547	540
Environment, Food and Rural Affairs	1,783	1,699	1,595	1,525	1,447
HM Treasury	149	-192	-249	131	129
HM Revenue and Customs	3,488	3,437	3,411	3,188	3,303
Cabinet Office	443	464	399	603	529
Small and Independent Bodies	1,632	1,392	1,467	1,466	1,631
Total within resource DEL	223,664	223,721	228,837	231,985	236,707
Within resource departmental AME					
Defence	8,039	7,360	6,377	8,311	12,020
Single Intelligence Account	18	41	19	41	135
Home Office	-6	21	199	582	-612
Foreign and Commonwealth Office	61	88	66	-70	39
International Development	104	191	109	151	171
Health	19,582	18,878	18,194	21,952	48,649
Work and Pensions	131,954	137,197	139,370	143,899	149,800
Education	11,783	10,720	11,050	14,047	12,880
Business, Innovation and Skills	-1,129	41	-56	-662	-7,553
Transport ⁽¹⁾	876	590	-5,207	-264	7,989
Energy and Climate Change	3,742	5,388	4,963	8,473	101,581
Culture, Media and Sport	3,717	4,672	4,538	4,910	4,633
DCLG Communities	-666	10	-48	48	56
DCLG Local Government	-12	6	-	-	-
Scotland	3,073	2,760	2,669	3,858	3,936
Wales	57	125	-19	10	-330
Northern Ireland	7,511	7,764	7,463	8,285	8,395
Justice	-45	934	-239	-144	543
Law Officers' Departments	5	5	7	13	-9
Environment, Food and Rural Affairs	-53	85	-92	78	366
HM Treasury ⁽²⁾	-18,701	-18,651	6,294	-49,816	-13,672
HM Revenue and Customs	42,781	42,690	42,574	42,931	43,194
Cabinet Office	8,721	9,390	8,640	10,573	10,346
Small and Independent Bodies	-135	-99	-29	-123	-328
Total within resource departmental AME	221,277	230,206	246,841	217,083	382,230
Within resource other AME					
Locally financed expenditure in Northern Ireland	588	621	632	661	652
Net expenditure transfers to the EU	9,978	11,529	11,879	11,658	11,253
Central government debt interest	49,704	48,856	48,668	45,241	44,942
Accounting and other adjustments	-9,204	-4,593	-16,771	20,592	-141,176
Total CG own current expenditure	496,007	510,340	520,086	527,220	534,608

(1) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Central Government own current expenditure includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget from 2015-16.

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

Table 6.3 Central government own capital expenditure by departmental group, 2011-12 to 2015-16

	National Statistics					£ million
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	
Within capital DEL						
Defence	9,803	8,736	8,490	8,792	8,406	
Single Intelligence Account	506	476	497	550	574	
Home Office	373	303	280	276	275	
Foreign and Commonwealth Office	92	31	115	153	126	
International Development	1,868	1,883	2,251	2,650	2,433	
Health	4,524	4,573	5,433	5,213	4,423	
Work and Pensions	330	423	237	253	121	
Education	355	2,228	1,369	1,712	2,756	
Business, Innovation and Skills	6,070	6,176	7,690	7,555	8,129	
Transport	5,025	4,918	5,180	6,580	2,306	
Energy and Climate Change	1,416	1,991	2,140	2,220	2,240	
Culture, Media and Sport	1,244	-936	-30	-57	141	
DCLG Communities	2,328	791	2,000	2,034	1,252	
DCLG Local Government	0	1	-	-	-	
Scotland	1,920	2,216	2,299	2,361	2,172	
Wales	886	734	759	958	908	
Northern Ireland	780	859	869	1,086	719	
Justice	342	280	274	295	266	
Law Officers' Departments	3	2	3	4	3	
Environment, Food and Rural Affairs	396	426	479	510	414	
HM Treasury	36	18	-6	36	-660	
HM Revenue and Customs	220	194	218	232	228	
Cabinet Office	17	15	38	47	-31	
Small and Independent Bodies	67	72	85	92	98	
Total within capital DEL	38,603	36,410	40,670	43,553	37,299	
Within capital departmental AME						
Defence	-10	-35	-129	51	29	
Home Office	-	-	-	-	94	
International Development	-	-6	-	-	450	
Health	-	-	-70	-5	9	
Work and Pensions	-12	-17	-134	-124	-148	
Business, Innovation and Skills	5,230	6,286	5,438	9,256	9,895	
Transport ⁽¹⁾	-33	-61	13	6,695	6,849	
Energy and Climate Change	-58	-20	-497	-601	-99	
Culture, Media and Sport	435	369	513	554	500	
DCLG Communities	-	-29	-	-	-	
DCLG Local Government	-	-4	-	-	-	
Scotland	167	188	336	440	744	
Wales	244	252	306	357	382	
Northern Ireland	588	344	425	536	629	
Law Officers' Departments	-	0	-	-	-	
Environment, Food and Rural Affairs	0	-1	-1	2	0	
HM Treasury ⁽²⁾	-4,570	-3,592	-11,725	-12,714	-29,066	
HM Revenue and Customs	86	1	0	0	-	
Small and Independent Bodies	-	-	-	7	58	
Total within capital departmental AME	2,068	3,675	-5,524	4,451	-9,672	
Within capital other AME						
Accounting and other adjustments	-3,576	3,887	3,577	-7,809	11,716	
Total CG own capital expenditure ⁽³⁾	37,095	43,972	38,723	40,195	39,343	

(1) In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

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

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

Table 6.4 Central government own expenditure on services by sub-function, 2011-12 to 2015-16

	National Statistics					£ million
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	
1. General public services						
affairs, external affairs	8,353	7,908	8,085	8,146	8,179	
1.2 Foreign economic aid	5,502	5,602	7,586	8,542	8,173	
1.3 General services	555	453	467	492	449	
1.4 Basic research	-	-	-	-	-	
1.5 R&D general public services	303	319	402	407	417	
1.6 General public services n.e.c.	297	208	162	320	303	
1.7 Public sector debt interest	49,704	48,856	48,668	45,241	44,942	
<i>of which: central government debt interest ⁽¹⁾</i>	<i>49,704</i>	<i>48,856</i>	<i>48,668</i>	<i>45,241</i>	<i>44,942</i>	
Total general public services	64,714	63,346	65,370	63,147	62,463	
2. Defence						
2.1 Military defence	33,539	32,261	33,019	33,734	33,996	
2.2 Civil defence	46	44	50	56	67	
2.3 Foreign military aid	3,172	2,235	1,361	633	329	
2.4 R&D defence	1,570	1,467	1,673	1,950	1,922	
2.5 Defence n.e.c.	190	196	186	202	225	
Total defence	38,517	36,203	36,290	36,575	36,539	
3. Public order and safety						
3.1 Police services	4,301	4,034	4,474	4,778	4,666	
<i>of which: immigration and citizenship</i>	<i>1,663</i>	<i>1,528</i>	<i>976</i>	<i>1,196</i>	<i>1,063</i>	
<i>of which: other police services</i>	<i>2,639</i>	<i>2,506</i>	<i>3,498</i>	<i>3,582</i>	<i>3,603</i>	
3.2 Fire-protection services	102	96	395	444	475	
3.3 Law courts	6,449	5,906	5,465	5,409	5,604	
3.4 Prisons	4,133	4,326	4,063	3,786	4,092	
3.5 R&D public order and safety	59	71	72	70	62	
3.6 Public order and safety n.e.c.	236	429	719	799	872	
Total public order and safety	15,280	14,862	15,188	15,287	15,771	
4. Economic affairs						
4.1 General economic, commercial and labour affairs ⁽²⁾	4,810	5,038	6,366	5,615	5,340	
4.2 Agriculture, forestry, fishing and hunting	5,604	5,106	5,154	4,898	4,243	
<i>of which: market support under CAP</i>	<i>3,932</i>	<i>2,894</i>	<i>2,959</i>	<i>2,773</i>	<i>2,320</i>	
<i>of which: other agriculture, food and fisheries policy</i>	<i>1,543</i>	<i>2,114</i>	<i>2,082</i>	<i>1,998</i>	<i>1,818</i>	
<i>of which: forestry</i>	<i>128</i>	<i>98</i>	<i>113</i>	<i>127</i>	<i>106</i>	
4.3 Fuel and energy	527	463	464	449	463	
4.4 Mining, manufacturing and construction	-5	-5	2	6	8	
4.5 Transport	9,779	9,819	10,163	10,686	17,697	
<i>of which: national roads</i>	<i>3,073</i>	<i>2,841</i>	<i>3,150</i>	<i>3,712</i>	<i>3,887</i>	
<i>of which: local roads</i>	<i>440</i>	<i>467</i>	<i>369</i>	<i>349</i>	<i>246</i>	
<i>of which: local public transport</i>	<i>781</i>	<i>675</i>	<i>587</i>	<i>511</i>	<i>533</i>	
<i>of which: railway ⁽³⁾</i>	<i>4,892</i>	<i>5,008</i>	<i>4,856</i>	<i>4,942</i>	<i>11,328</i>	
<i>of which: other transport</i>	<i>592</i>	<i>828</i>	<i>1,200</i>	<i>1,172</i>	<i>1,703</i>	
4.6 Communication	225	527	645	436	447	
4.7 Other industries	254	190	156	175	177	
4.8 R&D economic affairs	3,623	3,333	4,201	4,479	4,787	
4.9 Economic affairs n.e.c.	642	451	488	509	458	
Total economic affairs	25,458	24,922	27,639	27,253	33,621	
5. Environment protection						
5.1 Waste management	1,854	2,248	2,259	2,344	2,278	
5.2 Waste water management	20	-	-	-	-	
5.3 Pollution abatement	102	147	142	501	469	
5.4 Protection of biodiversity and landscape	474	389	429	469	636	
5.5 R&D environment protection	563	442	499	470	460	
5.6 Environment protection n.e.c.	1,397	1,269	1,582	1,580	1,301	
Total environment protection	4,410	4,496	4,911	5,365	5,144	

Table 6.4 Central government own expenditure on services by sub-function, 2011-12 to 2015-16 (continued)

	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
6. Housing and community amenities					
6.1 Housing development	1,914	1,301	1,078	1,000	950
<i>of which: local authority housing</i>	-574	119	89	66	152
<i>of which: other social housing</i>	2,488	1,182	989	934	798
6.2 Community development	449	286	411	398	268
6.3 Water supply	297	282	273	265	256
6.4 Street lighting	25	23	24	25	26
6.5 R&D housing and community amenities	-	-	-	-	-
6.6 Housing and community amenities n.e.c	166	162	168	192	218
Total housing and community amenities	2,851	2,054	1,955	1,880	1,717
7. Health ⁽⁴⁾					
Medical services	115,902	118,508	120,303	125,853	128,767
Medical research	1,834	1,703	1,970	1,876	2,142
Central and other health services	3,307	3,921	4,550	3,526	4,408
Total health	121,044	124,131	126,823	131,255	135,317
8. Recreation, culture and religion					
8.1 Recreational and sporting services	1,308	1,763	721	1,196	522
8.2 Cultural services	1,882	2,014	2,013	2,142	2,172
8.3 Broadcasting and publishing services	3,669	3,557	3,705	4,086	3,945
8.4 Religious and other community services	46	61	64	74	104
8.5 R&D recreation, culture and religion	139	164	141	174	130
8.6 Recreation, culture and religion n.e.c	93	97	46	57	63
Total recreation, culture and religion	7,137	7,656	6,691	7,729	6,936
9. Education					
9.1 Pre-primary and primary education	765	795	788	835	814
<i>of which: under fives</i>	163	123	97	99	85
<i>of which: primary education</i>	602	672	691	736	729
9.2 Secondary education ⁽⁵⁾	17,480	21,215	24,435	27,693	25,637
9.3 Post-secondary non-tertiary education	-	-	197	-	-
9.4 Tertiary education ⁽⁶⁾	9,310	8,123	7,511	6,656	5,896
9.5 Education not definable by level	462	444	408	560	468
9.6 Subsidiary services to education	731	503	528	573	512
9.7 R&D education	1,569	1,586	1,577	1,578	1,577
9.8 Education n.e.c	2,366	2,009	2,204	1,837	2,548
Total education	32,684	34,675	37,649	39,731	37,453
10. Social protection					
<i>of which: personal social services</i>	1,839	1,681	1,064	1,113	1,204
10.1 Sickness and disability	34,943	37,296	37,803	41,011	43,738
<i>of which: personal social services</i>	1,026	880	265	278	298
<i>of which: incapacity, disability and injury benefits</i>	33,916	36,416	37,538	40,733	43,440
10.2 Old age	93,635	100,840	104,031	107,679	109,762
<i>of which: personal social services</i>	429	431	449	467	489
<i>of which: pensions</i>	93,205	100,410	103,582	107,212	109,273
10.3 Survivors	1,070	1,076	1,135	1,153	1,164
10.4 Family and children	20,614	18,810	16,434	15,814	15,688
<i>of which: personal social services credits</i>	306	326	299	323	371
<i>credits</i>	20,308	18,484	16,134	15,491	15,317
10.5 Unemployment	5,633	5,939	4,945	3,473	2,698
<i>of which: personal social services</i>	-	-	-	-	-
<i>of which: other unemployment benefits</i>	5,633	5,939	4,945	3,473	2,698
10.6 Housing	729	725	620	619	590
10.7 Social exclusion n.e.c. ⁽⁷⁾	32,012	31,918	31,408	31,523	31,076
<i>of which: personal social services credits</i>	77	45	50	44	46
<i>credits</i>	31,935	31,873	31,358	31,479	31,030
10.8 R&D Social protection	-	-	-	-	-
10.9 Social protection n.e.c.	3,603	3,352	3,128	3,745	4,453
Total social protection	192,238	199,955	199,504	205,017	209,169

Table 6.4 Central government own expenditure on services by sub-function, 2011-12 to 2015-16 (continued)

	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
EU transactions ⁽⁸⁾					
VAT-based and GNI-based contributions (net of abatement and collection costs)	9,244	10,809	11,146	10,915	10,482
<i>derived as:</i>					
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	15,700	16,871	18,208	18,733	17,635
<i>Traditional Own Resources (without deduction of collection costs)</i>	-2,940	-2,891	-2,933	-3,006	-3,085
<i>UK abatement</i>	-3,516	-3,172	-4,130	-4,811	-4,068
EU receipts	-4,771	-4,022	-3,856	-4,690	-2,811
Attributed aid and Common Foreign and Security Policy	-163	-82	-79	-	-
Total EU transactions	4,311	6,705	7,210	6,225	7,671
Total central government own expenditure on services	508,644	519,006	529,228	539,463	551,800
Accounting adjustments	24,458	35,306	29,581	27,952	22,151
Total central government own expenditure ⁽⁹⁾	533,102	554,312	558,809	567,415	573,951

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

(2) Transactions from 2011-12 onwards have been affected by financial sector interventions. Details are provided in Box 5.A.

(3) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis only includes Network Rail spending from 2015-16

(4) The level of detail required for COFOG level 2 is not yet available in England and Wales. Health spending is therefore presented

(5) The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of PESA the Department for Education

(6) The 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from Tertiary education. A full explanation of this decision can be found in Annex E.

(7) Social exclusion n.e.c. includes Child and Working Tax Credits. In addition to this, personal tax credits that were previously scored as

(8) An explanation of why the EU transactions are defined in TES in this way is given in Annex E. Complete transactions with the

(9) 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, 2011-12 to 2015-16

	£ million				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Central government current expenditure on services					
Pay	94,172	96,573	99,369	103,979	107,889
Gross current procurement	115,626	120,063	122,981	128,425	135,465
Income from sales of goods and services	-16,961	-18,083	-18,871	-20,870	-22,976
Current grants to persons and non-profit bodies	205,009	207,253	207,694	210,814	213,071
Current grants abroad	9,611	11,844	14,072	12,316	13,756
Subsidies to private sector companies	6,452	6,474	6,606	6,336	6,792
Subsidies to public corporations	362	1,625	1,023	818	769
Net public service pensions	6,678	8,620	9,081	10,182	9,665
Central government debt interest	49,704	48,856	48,668	45,241	44,942
Other	82	238	278	289	294
Total central government own current expenditure on services	470,735	483,463	490,901	497,530	509,667
Accounting adjustments	25,272	26,877	29,185	29,690	24,941
Total central government own current expenditure	496,007	510,340	520,086	527,220	534,608
Central government capital expenditure on services					
Capital grants to persons and non-profit bodies	7,543	6,202	6,389	6,923	7,559
Capital grants to private sector companies ^{(1) (2)}	6,529	6,025	5,342	6,044	2,655
Capital grants abroad	1,170	1,150	1,405	2,754	2,571
Gross capital procurement ⁽²⁾	24,091	23,629	25,877	28,512	31,873
Income from sales of capital assets	-1,423	-1,462	-686	-2,300	-2,523
Total central government own capital expenditure on services	37,910	35,544	38,327	41,933	42,135
Accounting adjustments	-815	8,428	396	-1,738	-2,792
Total central government own capital expenditure	37,095	43,972	38,723	40,195	39,343
Total central government own expenditure on services	508,645	519,007	529,228	539,463	551,802
Accounting adjustments	24,457	35,305	29,581	27,952	22,149
Total central government own expenditure ⁽³⁾	533,102	554,312	558,809	567,415	573,951

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

(2) Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail within DEL. The actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014.

(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, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Central government own current expenditure on services					
1. General public services	63,453	62,250	63,964	60,171	59,741
<i>of which: public and common services</i>	6,610	6,217	6,127	6,573	6,640
<i>of which: international services</i>	7,138	7,177	9,170	8,357	8,159
<i>of which: public sector debt interest</i>	49,704	48,856	48,668	45,241	44,942
2. Defence	28,802	27,091	27,510	27,394	27,722
3. Public order and safety	14,382	14,100	14,441	14,555	14,938
4. Economic affairs	14,999	14,903	16,335	14,687	18,240
<i>of which: enterprise and economic development ⁽¹⁾</i>	2,295	3,192	3,614	3,304	3,947
<i>of which: science and technology</i>	370	272	363	496	837
<i>of which: employment policies</i>	3,143	2,786	3,573	3,115	2,392
<i>of which: agriculture, fisheries and forestry</i>	5,434	4,892	4,876	4,602	4,029
<i>of which: transport ⁽²⁾</i>	3,757	3,761	3,908	3,170	7,034
5. Environment protection	2,121	1,746	1,959	2,184	2,239
6. Housing and community amenities	174	682	647	635	695
7. Health	115,178	117,805	119,408	124,863	129,654
8. Recreation, culture and religion	5,693	6,809	5,836	6,854	6,086
9. Education ⁽³⁾	29,755	31,669	33,414	34,582	33,586
10. Social protection	191,865	199,702	200,177	205,380	209,095
EU transactions	4,311	6,705	7,210	6,225	7,671
Total central government own current expenditure on services	470,733	483,462	490,902	497,530	509,666
Accounting adjustments	25,274	26,878	29,184	29,690	24,942
Total central government own current expenditure	496,007	510,340	520,086	527,220	534,608
Central government own capital expenditure on services					
1. General public services	1,261	1,095	1,405	2,976	2,722
<i>of which: public and common services</i>	683	576	801	859	744
<i>of which: international services</i>	578	519	604	2,117	1,979
2. Defence	9,715	9,112	8,780	9,181	8,817
3. Public order and safety	898	761	746	732	833
4. Economic affairs	10,459	10,020	11,304	12,566	15,382
<i>of which: enterprise and economic development ⁽¹⁾</i>	931	608	856	739	533
<i>of which: science and technology</i>	3,253	3,061	3,838	3,983	3,950
<i>of which: employment policies</i>	83	79	77	32	22
<i>of which: agriculture, fisheries and forestry</i>	170	213	278	296	214
<i>of which: transport ⁽²⁾</i>	6,022	6,059	6,255	7,516	10,663
5. Environment protection	2,289	2,750	2,952	3,181	2,904
6. Housing and community amenities	2,677	1,372	1,308	1,245	1,022
7. Health	5,865	6,326	7,415	6,392	5,664
8. Recreation, culture and religion	1,445	847	854	875	850
9. Education	2,928	3,006	4,234	5,148	3,867
10. Social protection	373	254	-673	-363	74
Total central government own capital expenditure on services	37,911	35,544	38,326	41,932	42,134
Accounting adjustments	-816	8,428	397	-1,737	-2,791
Total central government own capital expenditure ⁽⁴⁾	37,095	43,972	38,723	40,195	39,343

(1) Transactions from 2011-12 onwards have been affected by financial sector interventions. See PESA Box 5.A for details.

(2) Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis only includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year onwards.

(3) The 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from 'Current education'. A full explanation of this decision can be found in PESA Annex E.

(4) This excludes the temporary effects of banks being classified to the public sector. See PESA 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**.

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 Since the Summer 2015 PSS there has been a change to the presentation of departmental groupings in the tables in this chapter. The departmental groupings are consistent with the presentation shown elsewhere in PSS and have been updated to reflect the groupings presented in the 2015 Spending Review and Budget 2016.

6.6 Since September 2014 the UK, along with all other EU Member States, has been moving to produce its National Accounts using the new European System of Accounts 2010 (ESA10). Departmental budgets in this chapter have been re-stated to take account of the requirement to record Research & Development (R&D) expenditure as capital spend where previously it counted as resource. This has moved around £9 billion of expenditure from resource to capital budgets.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

6.7 **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.

CENTRAL GOVERNMENT OWN RESOURCE AND CAPITAL EXPENDITURE BY DEPARTMENT

6.8 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.

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** of PESA 2016.

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.

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 £80.9bn in 2015-16, down from £86.3bn the year before. Support in AME increased to £37.8bn from £37.6bn over the same period.
- In table 7.2, the Department for Education is provisionally shown as responsible for providing current grants worth £32.1bn to local authorities in England in 2015-16. 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, and final outturn data may cause this to be revised.
- Capital support for local government increased slightly to £10.8bn in 2014-15, from £10.6bn the year before.

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

- Total local government current expenditure on services was £134.7bn in 2015-16, up from £134.0bn in 2014-15. Total capital expenditure on services was steady at £15.2bn over the same period.
- As shown in table 7.4, local government current expenditure on social protection was £54.7bn in 2015-16, down from £55.6bn the year before. Over the same period, spending on education increased to £42.3bn from £41.7bn (although, as noted above, this may be adjusted once more data on the switch to academies is available).
- Local government capital expenditure on transport increased to £4.7bn in 2015-16 from £4.6bn in 2014-15.
- A breakdown of local government expenditure by economic category is shown in table 7.8. Spending on pay, which amounted to £63.2bn in 2015-16, accounts for just under 45 per cent 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, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Current finance in DEL					
England ⁽¹⁾	76,800	71,656	66,239	62,976	58,660
Scotland ⁽²⁾	8,764	8,757	7,691	7,315	7,270
Wales ⁽⁷⁾	5,194	5,634	5,717	5,621	4,351
Northern Ireland	54	59	58	138	147
Total current finance in DEL	90,812	86,106	79,705	76,050	70,428
Capital support in DEL					
England	9,616	8,421	8,009	8,878	8,979
Scotland ⁽²⁾	769	607	565	829	880
Wales	515	637	569	535	562
Northern Ireland	3	3	2	6	46
Total capital support in DEL	10,903	9,668	9,145	10,248	10,467
Total central government support in DEL ⁽³⁾	101,715	95,774	88,850	86,298	80,895
Current finance in departmental AME					
England ⁽¹⁾	26,150	26,770	33,826	34,556	35,177
Scotland	2,061	2,121	1,724	1,750	1,286
Wales	1,202	1,231	1,003	1,025	1,023
Northern Ireland	-	-	-	-	-
Total current finance in departmental AME	29,413	30,122	36,553	37,331	37,486
Capital support in departmental AME					
England	290	133	132	310	312
Scotland	-	-	-	-	-10
Wales	-	-	-	-	5
Northern Ireland	-	-	-	-	-
Total capital support in departmental AME	290	133	132	310	307
Total central government support in departmental AME ⁽⁴⁾	29,703	30,255	36,685	37,641	37,793
Locally financed expenditure					
Local authority self-financed expenditure ⁽⁵⁾	35,465	26,515	27,099	29,290	32,859
Locally financed support in Scotland ⁽⁶⁾	2,182	2,263	2,435	2,650	2,789
Locally financed support in Wales ⁽⁷⁾	-	-	-	-	1,875
Total locally financed expenditure	37,647	28,778	29,534	31,940	37,523
Total financing of local government expenditure	169,065	154,807	155,069	155,879	156,211
Accounting and other adjustments	5,150	17,100	17,459	16,686	14,469
Total local government expenditure	174,215	171,907	172,528	172,565	170,680

(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 PESA as locally raised central government support, as it is finance raised in Scotland rather than funding from Whitehall.

(7) From 2015-16 national non-domestic rates in Wales became classified as locally raised, prior to that they formed part of departmental DEL. 2015-16 includes borrowing to reform the Housing Revenue Account.

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
England					
Home Office					
Police	10,280	10,071	9,943	10,300	10,036
Area Based Grants	67	29	-	-	-
Other	424	653	475	537	659
Total Home Office	10,771	10,753	10,418	10,837	10,695
Health					
Health	116	88	-	-	-
Social Care	-	-	42	80	58
Public Health ⁽²⁾	-	-	2,662	2,565	3,028
Other	20	5	9	21	26
Total Health	136	93	2,713	2,666	3,112
Work and Pensions ⁽³⁾					
Housing benefits	19,758	20,710	20,992	20,989	20,866
Other	4,711	4,812	847	676	443
Total Work and Pensions	24,469	25,522	21,839	21,665	21,309
Education ⁽¹⁾					
Schools Grant	33,905	30,824	29,167	28,254	27,588
Early Intervention grant	206	448	-	-	-
Pupil Premium	556	989	1,365	1,768	1,668
Maintained sixth forms grant	1,585	1,136	849	810	742
Private finance initiative grant	600	670	715	744	749
Learner Support	1	37	907	1,183	1,227
Other	57	62	-281	-381	129
Total Education	36,910	34,166	32,722	32,378	32,103
Business, Innovation and Skills					
RDA development fund	96	-	-	-	-
Other	2	0	376	357	332
Total Business, Innovation and Skills	98	0	376	357	332
Transport					
GLA transport	2,804	2,835	1,988	1,777	591
Strategic rail authority	214	164	182	52	126
Other	476	516	677	627	639
Total Transport	3,494	3,515	2,847	2,456	1,356
DCLG Communities					
New Homes Bonus	234	397	668	917	1,168
PFI special grant (Housing)	21	134	154	183	184
Troubled Families	9	132	161	153	141
City Deals	-	-	-	-	1
Other	632	348	427	354	410
Total DCLG Communities	896	1,011	1,410	1,607	1,904
DCLG Local Government					
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	24,566	23,133	26,669	24,994	22,230
Independent Living Fund	-	-	-	-	140
PFI special grant	27	29	26	27	27
Other	1,406	61	909	298	524
Total DCLG Local Government	25,999	23,223	27,604	25,319	22,921
Environment, Food and Rural Affairs					
Environment, Food and Rural Affairs	147	98	92	139	132
Total Environment, Food and Rural Affairs	147	98	92	139	132
Other government departments					
	30	45	44	109	-27
Total England	102,950	98,426	100,065	97,533	93,837

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2011-12 to 2015-16 (continued)

	National Statistics				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Scotland⁽⁴⁾					
Work and Pensions					
Housing benefits	1,686	1,748	1,724	1,750	1,732
Other	427	419	41	30	27
Total Work and Pensions	2,113	2,167	1,765	1,780	1,759
Scottish Government					
Revenue Support Grant ⁽³⁾	8,110	8,114	7,529	7,165	7,151
Non-domestic rate income ⁽⁵⁾	2,182	2,263	2,435	2,650	2,789
Police	480	479	-	-	-
Other	122	117	121	120	91
Total Scottish Government	10,894	10,973	10,085	9,935	10,031
Other government departments	0	0	0	0	-445
Total Scotland	13,007	13,140	11,850	11,715	11,345
Wales					
Home Office					
Police	250	-	-	-	-
Other	1	-	-	-	-
Total Home Office	251	-	-	-	-
Work and Pensions					
Housing benefits	944	976	984	1,003	1,002
Other	269	264	23	16	15
Total Work and Pensions	1,213	1,240	1,007	1,019	1,017
Welsh Assembly Government					
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	4,150	4,477	4,681	4,439	4,293
Other	781	1,149	1,031	1,189	1,020
Total Welsh Assembly Government	4,931	5,626	5,712	5,628	5,313
Other government departments	1	-	-	-1	-
Total Wales	6,396	6,866	6,719	6,646	6,330
Northern Ireland					
Culture, Media and Sport					
Northern Ireland Executive	54	59	58	138	147
Total Northern Ireland	54	59	58	138	147
Total current finance	122,407	118,491	118,692	116,032	111,659

(1) Academies are now treated as part of central government, and so 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 DCLG 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 PESA as locally raised central government support, i.e. It is finance raised in Scotland rather than funding from Whitehall.

Table 7.3 Central government capital support for local government in the United Kingdom by country and departmental group, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
England					
Capital grants					
Home Office	282	252	238	244	548
NHS (Health)	155	128	247	227	212
Education	4,690	2,033	2,235	2,525	2,020
Business, Innovation and Skills	181	7	5	15	269
Transport	2,789	3,044	3,373	3,188	3,342
Energy and Climate Change	38	48	76	21	49
Culture, Media and Sport	213	1,345	183	409	186
CLG Communities	1,517	1,650	1,725	2,392	2,528
CLG Local Government	-8	0	-	-	-
Justice	0	0	-	-	-
Environment, Food and Rural Affairs	49	48	54	164	137
Cabinet Office	-	0	5	3	-
Total capital grants	9,906	8,553	8,141	9,188	9,291
Total England	9,906	8,553	8,141	9,188	9,291
Scotland					
Supported borrowing					
Scottish Government	20	16	-	-	-
Total supported borrowing	20	16	-	-	-
Capital grants					
Scottish Government	749	591	565	829	871
Total capital grants	749	591	565	829	871
Total Scotland	769	607	565	829	871
Wales					
Supported Capital Expenditure (Revenue) ⁽¹⁾					
Welsh Assembly Government	120	107	89	89	89
Total Supported Capital Expenditure (Revenue)	120	107	89	89	89
Capital grants					
Home Office	5	-	-	-	-
Welsh Assembly Government	390	529	480	446	473
Total capital grants	395	529	480	446	473
Total Wales	515	637	569	535	562
Northern Ireland capital grants					
Northern Ireland Executive	3	3	2	6	46
Total Northern Ireland	3	3	2	6	46
Total United Kingdom	11,193	9,800	9,277	10,558	10,770

(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, 2011-12 to 2015-16

	£ million				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	plans
Current					
1. General public services	4,042	4,019	3,923	4,090	4,408
<i>of which: public and common services</i>	3,481	3,504	3,375	3,318	3,696
<i>of which: public sector debt interest ⁽¹⁾</i>	561	515	548	772	712
2. Defence	52	52	54	49	49
3. Public order and safety ⁽²⁾	16,104	15,761	13,855	13,815	13,878
4. Economic affairs	5,613	4,879	4,746	4,445	4,541
<i>of which: enterprise and economic development</i>	1,100	887	903	911	659
<i>of which: agriculture, fisheries and forestry</i>	73	78	86	88	92
<i>of which: transport</i>	4,440	3,914	3,757	3,446	3,790
5. Environment protection	5,621	5,630	5,649	5,629	5,797
6. Housing and community amenities	2,550	2,405	2,340	2,219	2,298
7. Health	168	139	2,560	2,788	3,366
8. Recreation, culture and religion	3,941	3,857	3,737	3,571	3,295
9. Education	47,365	44,338	43,094	41,717	42,324
10. Social protection	52,383	53,286	54,196	55,635	54,725
Total local government current expenditure on services	137,841	134,366	134,153	133,958	134,680
Accounting adjustments	17,905	20,429	21,699	21,645	19,158
Total local government current expenditure	155,746	154,795	155,852	155,603	153,838
Capital					
1. General public services	909	965	954	878	1,084
<i>of which: public and common services</i>	909	965	954	878	1,084
3. Public order and safety ⁽²⁾	684	647	512	519	534
4. Economic affairs	4,427	3,906	4,503	4,938	5,144
<i>of which: enterprise and economic development</i>	242	85	300	84	191
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	97	83	127	219	205
<i>of which: transport</i>	4,088	3,738	4,076	4,635	4,748
5. Environment protection	469	538	624	573	667
6. Housing and community amenities	1,435	2,268	2,300	2,543	2,051
7. Health	31	27	6	10	22
8. Recreation, culture and religion	1,394	1,189	983	1,146	1,198
9. Education	6,430	5,212	4,604	4,302	4,251
10. Social protection	222	196	271	256	257
Total local government capital expenditure on services	16,001	14,947	14,757	15,166	15,206
Accounting adjustments	2,468	2,165	1,919	1,796	1,636
Total local government capital expenditure	18,469	17,112	16,676	16,962	16,842
Total local government expenditure	174,215	171,907	172,528	172,565	170,680

(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, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 plans
England					
1. General public services	2,856	2,948	2,690	2,682	3,104
<i>of which: public and common services</i>	2,856	2,948	2,690	2,682	3,104
2. Defence	45	45	47	43	41
3. Public order and safety	13,849	13,527	13,085	13,014	13,111
4. Economic affairs	4,571	3,831	3,714	3,458	3,555
<i>of which: enterprise and economic development</i>	748	556	544	559	308
<i>of which: agriculture, fisheries and forestry</i>	61	65	69	72	72
<i>of which: transport</i>	3,762	3,210	3,101	2,827	3,175
5. Environment protection	4,488	4,475	4,477	4,467	4,607
6. Housing and community amenities	2,189	2,108	2,003	1,892	1,867
7. Health ⁽¹⁾	116	89	2,508	2,737	3,321
8. Recreation, culture and religion	2,856	2,772	2,670	2,505	2,325
9. Education	40,219	37,134	35,881	34,477	34,976
10. Social protection	44,938	45,559	46,309	47,619	46,564
Total England	116,128	112,488	113,384	112,894	113,472
Scotland					
1. General public services	458	376	503	455	395
<i>of which: public and common services</i>	458	376	503	455	395
2. Defence	3	3	3	3	4
3. Public order and safety ⁽²⁾	1,474	1,458	-	-	-
4. Economic affairs	700	724	711	701	723
<i>of which: enterprise and economic development</i>	226	220	241	247	274
<i>of which: agriculture, fisheries and forestry</i>	7	7	10	10	13
<i>of which: transport</i>	467	497	460	444	436
5. Environment protection	612	614	632	633	663
6. Housing and community amenities	88	42	72	74	148
8. Recreation, culture and religion	599	591	584	609	575
9. Education	4,548	4,574	4,590	4,624	4,793
10. Social protection	4,797	4,977	4,991	5,066	5,239
Total Scotland	13,280	13,358	12,086	12,164	12,539
Wales					
1. General public services	167	180	182	181	197
<i>of which: public and common services</i>	167	180	182	181	197
2. Defence	3	4	4	4	3
3. Public order and safety	780	776	770	801	767
4. Economic affairs	322	301	300	257	240
<i>of which: enterprise and economic development</i>	106	88	97	77	54
<i>of which: agriculture, fisheries and forestry</i>	5	6	7	6	7
<i>of which: transport</i>	211	207	196	174	179
5. Environment protection	347	363	360	343	344
6. Housing and community amenities	167	164	168	155	128
8. Recreation, culture and religion	282	278	262	245	214
9. Education	2,598	2,631	2,623	2,616	2,555
10. Social protection	2,649	2,750	2,896	2,951	2,923
Total Wales	7,315	7,447	7,564	7,553	7,371
Total Great Britain	136,723	133,293	133,034	132,611	133,382

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 plans
Northern Ireland					
4. Economic affairs	20	23	21	27	23
<i>of which: enterprise and economic development</i>	20	23	21	27	23
5. Environment protection	175	178	180	186	183
6. Housing and community amenities	106	91	98	99	155
7. Health	52	50	52	52	44
8. Recreation, culture and religion	204	215	221	211	180
Total Northern Ireland	558	557	571	575	586
Debt interest ⁽³⁾	561	515	548	772	712
Total local government current expenditure on services	137,842	134,365	134,153	133,958	134,680
Accounting adjustments	17,904	20,430	21,699	21,645	19,158
Total local government current expenditure	155,746	154,795	155,852	155,603	153,838

(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, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 plans
England					
1. General public services	1,111	1,191	1,246	1,280	1,391
<i>of which: public and common services</i>	1,111	1,191	1,246	1,280	1,391
3. Public order and safety	675	673	660	740	778
4. Economic affairs	3,855	3,266	4,010	4,551	4,759
<i>of which: enterprise and economic development</i>	359	183	447	296	349
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	73	50	87	147	170
<i>of which: transport</i>	3,423	3,033	3,476	4,108	4,240
5. Environment protection	395	432	474	491	579
6. Housing and community amenities	1,224	2,048	2,030	2,330	2,161
7. Health	29	25	4	7	14
8. Recreation, culture and religion	1,097	874	817	931	953
9. Education	5,693	4,703	3,913	3,647	3,315
10. Social protection	223	182	229	239	231
Total England	14,304	13,394	13,385	14,216	14,181
Scotland					
1. General public services	144	124	175	174	195
<i>of which: public and common services</i>	144	124	175	174	195
3. Public order and safety ⁽²⁾	94	75	0	0	0
4. Economic affairs	644	676	616	570	634
<i>of which: enterprise and economic development</i>	99	96	74	50	88
<i>of which: agriculture, fisheries and forestry</i>	52	58	69	85	74
<i>of which: transport</i>	493	522	473	435	472
5. Environment protection	59	76	130	56	56
6. Housing and community amenities	150	144	161	173	247
8. Recreation, culture and religion	253	265	155	128	164
9. Education	586	513	524	559	662
10. Social protection	46	74	81	74	66
Total Scotland	1,975	1,946	1,841	1,735	2,022
Wales					
1. General public services	47	68	50	44	67
<i>of which: public and common services</i>	47	68	50	44	67
3. Public order and safety	38	34	54	48	83
4. Economic affairs	236	247	198	189	125
<i>of which: enterprise and economic development</i>	18	15	22	25	22
<i>of which: agriculture, fisheries and forestry</i>	18	10	14	14	21
<i>of which: transport</i>	200	222	162	150	82
5. Environment protection	28	36	24	26	45
6. Housing and community amenities	185	192	201	194	164
8. Recreation, culture and religion	63	72	53	47	52
9. Education	259	267	274	246	436
10. Social protection	19	23	18	23	11
Total Wales	875	940	872	816	983
Total Great Britain	17,154	16,280	16,098	16,767	17,186
Northern Ireland					
4. Economic affairs	1	2	1	4	56
<i>of which: enterprise and economic development</i>	1	2	1	4	56
5. Environment protection	9	13	9	12	8
6. Housing and community amenities	25	22	21	25	35
7. Health	2	4	3	4	7
8. Recreation, culture and religion	53	59	57	100	116
Total Northern Ireland	89	99	91	145	222
Total United Kingdom	17,244	16,379	16,189	16,912	17,408
Memorandum					
United Kingdom gross capital expenditure, from above	17,244	16,379	16,189	16,912	17,408
United Kingdom capital receipts (see table 7.7)	-1,244	-1,431	-1,432	-1,746	-2,202
Total local government net capital expenditure on services	16,000	14,948	14,757	15,166	15,206
Accounting adjustments	2,469	2,164	1,919	1,796	1,636
Total local government net capital expenditure	18,469	17,112	16,676	16,962	16,842

(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, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 plans
England					
1. General public services	365	380	477	574	526
<i>of which: public and common services</i>	365	380	477	574	526
3. Public order and safety	116	126	199	267	320
4. Economic affairs	285	261	256	324	370
<i>of which: enterprise and economic development</i>	216	189	179	262	284
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	47	36	44	27	60
<i>of which: transport</i>	22	36	33	35	26
5. Environment protection	19	16	12	8	18
6. Housing and community amenities	130	124	97	147	530
8. Recreation, culture and religion	54	60	70	22	52
9. Education	81	265	89	120	132
10. Social protection	62	76	53	69	44
Total England	1,111	1,307	1,252	1,531	1,993
Scotland					
1. General public services	16	24	28	26	23
<i>of which: public and common services</i>	16	24	28	26	23
3. Public order and safety	5	7	0	0	0
4. Economic affairs	15	16	59	39	23
<i>of which: enterprise and economic development</i>	9	13	57	18	3
<i>of which: agriculture, fisheries and forestry</i>	0	0	0	0	0
<i>of which: transport</i>	6	3	2	21	20
5. Environment protection	1	0	1	1	2
6. Housing and community amenities	6	2	1	5	1
8. Recreation, culture and religion	1	1	4	2	1
9. Education	20	6	14	15	13
10. Social protection	3	3	3	6	6
Total Scotland	66	59	110	94	68
Wales					
1. General public services	12	14	12	20	20
<i>of which: public and common services</i>	12	14	12	20	20
3. Public order and safety	1	2	2	2	7
4. Economic affairs	9	6	8	11	10
<i>of which: enterprise and economic development</i>	9	6	7	10	10
<i>of which: agriculture, fisheries and forestry</i>	-	-	-	-	-
<i>of which: transport</i>	0	0	1	1	0
5. Environment protection	0	0	0	0	0
6. Housing and community amenities	10	4	12	15	15
8. Recreation, culture and religion	1	1	0	0	0
9. Education	7	1	5	15	18
10. Social protection	1	3	0	5	0
Total Wales	42	32	40	68	70
Total Great Britain	1,219	1,398	1,402	1,693	2,131
Northern Ireland					
4. Economic affairs	2	2	1	1	28
<i>of which: enterprise and economic development</i>	2	2	1	1	28
5. Environment protection	2	2	1	3	0
6. Housing and community amenities	5	7	3	13	10
7. Health	0	1	0	1	0
8. Recreation, culture and religion	16	20	25	35	33
Total Northern Ireland	25	33	30	53	71
Total United Kingdom capital receipts	1,244	1,431	1,432	1,746	2,202

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 plans
England					
Pay	60,369	56,080	53,607	52,876	52,904
Gross current procurement	62,821	62,564	65,594	66,558	67,004
Income from sales of goods and services	-29,007	-28,720	-28,713	-29,436	-29,526
Subsidies to private sector companies	1,794	1,438	1,477	1,357	1,641
Subsidies to public corporations	14	15	15	14	13
Current grants to persons and non-profit bodies	20,137	21,111	21,403	21,525	21,434
Gross capital procurement	13,137	11,263	11,374	12,003	12,622
Income from sales of capital assets	-1,111	-1,307	-1,252	-1,531	-1,993
Capital grants	1,167	2,130	2,011	2,213	1,559
Total England	129,321	124,574	125,516	125,579	125,660
Scotland					
Pay	7,134	7,180	5,994	6,045	6,164
Gross current procurement	6,341	6,326	6,162	6,250	6,444
Income from sales of goods and services	-2,005	-2,020	-1,938	-2,001	-1,945
Subsidies to public corporations	83	84	98	93	103
Current grants to persons and non-profit bodies	1,728	1,789	1,770	1,776	1,772
Gross capital procurement	1,775	1,777	1,642	1,536	1,756
Income from sales of capital assets	-66	-59	-110	-94	-68
Capital grants	200	169	200	198	266
Total Scotland	15,189	15,245	13,818	13,804	14,493
Wales					
Pay	4,029	4,012	4,355	3,951	3,853
Gross current procurement	3,671	3,795	3,555	3,946	3,882
Income from sales of goods and services	-1,340	-1,352	-1,350	-1,355	-1,389
Current grants to persons and non-profit bodies	956	991	1,004	1,011	1,025
Gross capital procurement	784	849	778	728	904
Income from sales of capital assets	-42	-32	-40	-68	-70
Capital grants	91	91	94	88	79
Total Wales	8,148	8,355	8,395	8,301	8,284
Great Britain					
Pay	71,531	67,272	63,956	62,873	62,921
Gross current procurement	72,833	72,685	75,312	76,754	77,330
Income from sales of goods and services	-32,353	-32,092	-32,001	-32,793	-32,859
Subsidies to private sector companies	1,794	1,438	1,477	1,357	1,641
Subsidies to public corporations	96	99	113	107	116
Current grants to persons and non-profit bodies	22,820	23,892	24,177	24,313	24,231
Gross capital procurement	15,696	13,889	13,793	14,267	15,282
Income from sales of capital assets	-1,218	-1,398	-1,402	-1,694	-2,131
Capital grants	1,459	2,390	2,305	2,500	1,904
Total Great Britain	152,659	148,174	147,730	147,684	148,436
Northern Ireland					
Pay	292	291	302	321	334
Gross current procurement	410	444	466	463	424
Income from sales of goods and services	-144	-177	-197	-209	-172
Gross capital procurement	89	99	91	145	222
Income from sales of capital assets	-25	-33	-30	-53	-71
Total Northern Ireland	622	624	632	668	738
United Kingdom					
Pay	71,823	67,563	64,258	63,194	63,255
Gross current procurement	73,243	73,129	75,778	77,217	77,754
Income from sales of goods and services	-32,497	-32,269	-32,199	-33,001	-33,031
Subsidies to private sector companies	1,794	1,438	1,477	1,357	1,641
Subsidies to public corporations	96	99	113	107	116
Current grants to persons and non-profit bodies	22,820	23,892	24,177	24,313	24,231
Local government debt interest ⁽¹⁾	561	515	548	772	712
Gross capital procurement	15,785	13,988	13,884	14,412	15,504
Income from sales of capital assets	-1,244	-1,431	-1,432	-1,746	-2,202
Capital grants	1,459	2,390	2,305	2,500	1,904
Total local government expenditure on services	153,840	149,314	148,909	149,125	149,884
Accounting adjustments	20,375	22,593	23,619	23,440	20,796
Total local government expenditure	174,215	171,907	172,528	172,565	170,680

(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 2014-15 are final outturn. Data for 2015-16 are based on budget plans.

WHAT'S NEW

7.5 Since PESA 2015 the source for local government current expenditure on education in England has moved from using DfE data to that collected by DCLG from local authorities as part of its local government expenditure returns. This brings the reporting of current education expenditure in England into line with other areas of local government spending. This includes the breakdown by economic category within education spending.

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; Also, from 2015-16 Welsh non-domestic rates move from central government DEL support to locally raised finance, 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 (DCLG) 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.gov.scot/Topics/Statistics/Browse/Local-Government-Finance>]

Wales – Welsh Government publication

- [<https://statswales.gov.wales/Catalogue/Local-Government/Finance>]

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 £17.3bn in 2015-16, up from £16.1bn the year before.
- Out of this total, expenditure by the Housing Revenue Account (for England, Scotland and Wales) was £3.4bn, down up from £3.1bn the previous year.
- The other main contributors to public corporations capital expenditure were London Underground and Scottish Water.
- Public corporations expenditure on debt interest was £2.8bn in 2015-16 compared with £2.9bn in 2014-15.

Table 8.1 Public corporations' contribution to budgets and Total Managed Expenditure ⁽¹⁾, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Resource DEL					
CG dividends from PCs (-)	-86	-70	-84	-115	-134
CG interest from PCs (-)	-102	-103	-103	-103	-126
Subsidies to PCs	1,138	1,707	1,094	886	766
Loans written off - mutual consent	-	-	-	-	-
Total resource DEL	950	1,534	907	668	506
Resource departmental AME					
CG dividends from PCs (-)	-66	-160	-132	-101	-181
CG interest from PCs (-)	-15	-100	-63	-12	-7
Subsidies to PCs	-776	-83	-70	-66	3
Loans written off - mutual consent	-	-	-	-	-
Total resource departmental AME	-857	-342	-265	-179	-185
Total public corporations' contribution to resource budget	92	1,192	642	489	321
Capital DEL					
CG investment grants to PCs	330	289	316	347	316
Net lending to PCs	-52	24	-377	-936	135
Market and overseas borrowing	-18	-16	-5	-9	-9
Total capital DEL	260	297	-66	-598	442
Capital departmental AME					
CG investment grants to PCs	-	-	0	0	-
Net lending to PCs	187	-198	-797	263	29
Total capital departmental AME	187	-198	-797	263	29
Total public corporations' contribution to capital budget	447	99	-863	-335	471
Other AME					
PC own-financed capital expenditure ⁽²⁾	13,129	13,519	14,951	16,503	16,850
Accounting adjustments	2,847	1,809	2,382	2,326	2,410
Public corporations' expenditure in TME ⁽³⁾	16,515	16,619	17,112	18,983	20,052
<i>of which:</i>					
PC current expenditure in TME	2,961	3,041	3,052	2,858	2,774
PC gross investment in TME	13,554	13,578	14,060	16,125	17,278

(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.

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

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

Table 8.2 Public corporations' contribution to budgets by departmental group ⁽¹⁾, 2011-12 to 2015-16

	£ million				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Resource DEL					
Defence	-35	-34	-51	-84	-67
Home Office	-5	0	-	-1	-
Foreign and Commonwealth Office	179	166	157	150	157
Health	10	70	92	82	84
Work and Pensions	206	141	120	111	16
Education	-	-	0	3	-
Business, Innovation and Skills	161	322	320	202	159
Transport	-1	12	6	25	-42
Culture, Media and Sport	75	523	9	50	16
DCLG Communities and DCLG Local Government	29	-2	-2	-2	-2
Scotland	21	48	31	42	68
Wales	-	-	-1	0	-1
Northern Ireland	275	260	210	81	100
Environment, Food and Rural Affairs	36	32	19	8	20
Cabinet Office	-2	-3	-3	-2	-2
Small and Independent Bodies	-	0	0	0	0
Total resource DEL	950	1,534	907	668	506
Resource departmental AME					
Business, Innovation and Skills	-29	-133	-46	-1	-2
Culture, Media and Sport	-	-58	-55	-5	-72
DCLG Communities and DCLG Local Government	-704	-13	-	-	-
Wales	-74	-72	-73	-73	-
HM Treasury	-40	-59	-84	-97	-109
Small and Independent Bodies	-10	-7	-7	-4	-2
Total resource departmental AME	-857	-342	-265	-179	-185
Total public corporations' contribution to resource budget	92	1,192	642	489	321
Capital DEL					
Defence	-5	-6	-6	-57	-3
Home Office	0	-	-	-	-
Foreign and Commonwealth Office	23	6	5	5	5
Health	-10	7	-313	-469	33
Work and Pensions	1	-	-	-	67
Business, Innovation and Skills	-2	-1	119	90	170
Transport	-37	-28	-16	-378	-4
Culture, Media and Sport	-47	47	-	80	-
DCLG Communities and DCLG Local Government	14	-11	-	14	14
Scotland	84	158	57	99	73
Wales	-11	-9	-3	7	67
Northern Ireland	231	121	74	-7	0
Environment, Food and Rural Affairs	18	14	17	19	19
Total capital DEL	260	297	-66	-598	442
Capital departmental AME					
Business, Innovation and Skills	239	-157	-764	292	53
Culture, Media and Sport	-	-	0	0	-
Small and Independent Bodies	-52	-40	-34	-29	-24
Total capital departmental AME	187	-198	-797	263	29
Total public corporations' contribution to capital budget	447	99	-863	-335	471
Total public corporations' contribution to budgets	540	1,291	-221	155	792

(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, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Defence					
Defence Support Group	7	7	7	7	7
Defence Aviation Repair Agency ^(T)	-	-	-	-	-
Defence Science and Technology Laboratory ^(T)	41	41	41	41	41
Hydrographic Office ^(T)	8	8	8	8	8
Navy, Army and Air Force Institute	3	3	3	3	3
QinetiQ ^(S)	-	-	-	-	-
Total Defence	59	59	59	59	59
Home Office					
Forensic Science Service ^(T)	1	#	#	#	#
Total Home Office	1	#	#	#	#
Foreign and Commonwealth Office					
British Council	7	23	17	16	#
Total Foreign and Commonwealth Office	7	23	17	16	#
International Development					
CDC Group ^(S)	7	3	#	#	#
Actis ^(S)	-	-	#	#	#
Total International Development	7	3	#	#	#
Health					
Medicines and Healthcare Products Regulatory Agency ^(T)	3	5	#	#	#
NHS Estates ^(T)	7	-	#	#	#
NHS Blood and Transplant	-	-	#	#	#
Total Health	11	5	#	#	#
Work and Pensions					
Remploy	1	1	#	#	#
Pension Protection Fund	0	0	#	#	#
National Employment Savings Trust	17	10	#	#	#
Total Work and Pensions	18	11	#	#	#
Business, Innovation and Skills					
UK Intellectual Property Office	2	1	2	1	#
British Nuclear Fuels Limited ^(S)	-	-	-	-	#
Companies House ^(T)	3	5	-2	-	#
Royal Mail Holdings ^(S)	198	243	-	-	#
Land Registry ^(T)	13	9	0	2	#
Ordnance Survey ^(T)	9	15	20	-	#
Meteorological Office ^(T)	27	27	21	38	#
Total Business, Innovation and Skills	252	300	41	41	#

Table 8.3 Public corporations' capital expenditure on services, 2011-12 to 2015-16 (continued)

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
Transport					
Civil Aviation Authority	1	2	#	#	#
Driving Standards Agency ^(T)	6	3	#	#	#
Vehicle and Operator Services Agency ^(T)	3	5	#	#	#
Total Transport	9	9	#	#	#
Culture Media and Sport					
Channel Four Television Corporation ^(S)	15	9	#	#	#
Historic Royal Palaces Trust	0	0	#	#	#
Tote ^(S)	-	-	#	#	#
Total Culture Media and Sport	15	9	#	#	#
DCLG Communities and DCLG Local Government					
Fire Service College ^(T)	2	2	-	-	-
QEII Conference Centre ^(T)	0	0	1	3	4
Government	2	2	1	3	4
Scotland					
Caledonian MacBrayne	6	8	6	6	6
Forest Enterprise	3	11	5	2	2
Scottish Water	491	488	475	470	558
Total Scotland	500	507	485	477	565
Northern Ireland					
Northern Ireland Driver and Vehicle Testing Agency ^(T)	-	3	1	0	0
Northern Ireland Housing Executive	202	126	110	21	-6
Northern Ireland Public Trust Port Authority	34	42	10	22	23
Northern Ireland Transport Holding Company	110	60	29	37	36
Northern Ireland Water	-	-	-	-	-
Total Northern Ireland	345	232	151	79	54
Environment Food and Rural Affairs					
Covent Garden Market Authority	-	-	-	-	-
Total Environment Food and Rural Affairs	-	-	-	-	-
HM Treasury					
Crown Estate ^(S)	-216	11	47	33	-321
Royal Mint ^{(S)(T)}	-	-	-	-	-
Total HM Treasury	-216	11	47	33	-321
Local Government					
London Underground Limited	948	944	1,037	1,468	*
England Housing Revenue Account	1,930	1,915	1,914	2,297	2,475
Scotland Housing Revenue Account	553	565	565	595	656
Wales Housing Revenue Account	140	136	147	169	265
Total Local Government	3,572	3,560	3,664	4,530	*
Total public corporations' capital expenditure on services	4,581	4,731	4,466	5,238	5,515
Accounting Adjustments	8,973	8,847	9,594	10,887	11,763
Total public corporations' capital expenditure⁽¹⁾	13,554	13,578	14,060	16,125	17,278

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 effects of banks being classified to the public sector. See PESA Box 5.A for details.

Table 8.4 Public corporations' current and capital expenditure on services by function, 2011-12 to 2015-16

	£ million				
	National Statistics				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Public corporations' current expenditure on services					
1. General public services	2,961	3,041	3,052	2,858	2,774
<i>of which: public sector debt interest</i>	2,961	3,041	3,052	2,858	2,774
Total public corporations' current expenditure on services	2,961	3,041	3,052	2,858	2,774
Accounting adjustments	-	-	-	-	-
Total public corporations' current expenditure	2,961	3,041	3,052	2,858	2,774
Public corporations' capital expenditure on services					
1. General public services	-163	72	86	54	-317
<i>of which: public and common services</i>	-178	45	69	38	-317
<i>of which: international services</i>	14	27	17	16	-
2. Defence	86	86	59	59	59
3. Public order and safety	3	2	-	-	-
4. Economic affairs	1,313	1,327	1,109	1,573	1,827
<i>of which: enterprise and economic development</i>	203	249	22	39	-
<i>of which: employment policies</i>	1	1	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	3	11	5	2	2
<i>of which: transport</i>	1,106	1,067	1,083	1,532	1,825
5. Environment protection	-	-	-	-	-
6. Housing and community amenities	3,316	3,229	3,212	3,552	3,947
7. Health	11	5	-	-	-
8. Recreation, culture and religion	15	9	-	-	-
10. Social protection	0	0	-	-	-
Total public corporations' capital expenditure on services	4,581	4,731	4,466	5,238	5,515
Accounting adjustments	8,973	8,847	9,594	10,887	11,763
Total public corporations' capital expenditure	13,554	13,578	14,060	16,125	17,278

Table 8.5 Public corporations' current and capital expenditure by economic category, 2011-12 to 2015-16

	£ million				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Public corporations' current expenditure on services					
Public corporations' debt interest	2,961	3,041	3,052	2,858	2,774
Total public corporations' current expenditure on services	2,961	3,041	3,052	2,858	2,774
Accounting adjustments	0	0	0	0	0
Total public corporations' current expenditure	2,961	3,041	3,052	2,858	2,774
Public corporations' capital expenditure on services					
Gross capital procurement	6,101	5,818	6,100	6,931	7,480
Income from sales of assets	-1,684	-1,191	-1,724	-1,695	-1,966
Capital grants	164	104	90	2	2
Total public corporations' capital expenditure on services	4,581	4,731	4,466	5,238	5,515
Accounting adjustments	8,973	8,847	9,594	10,887	11,763
Total public corporations' capital expenditure	13,554	13,578	14,060	16,125	17,278
Total public corporations' expenditure on services	7,542	7,772	7,518	8,096	8,289
Accounting adjustments	8,973	8,847	9,594	10,887	11,763
Total public corporations' expenditure ⁽¹⁾	16,515	16,619	17,112	18,983	20,052

(1) This excludes the temporary effects of banks being classified to the public sector. See PESA 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 2015-16 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 2015 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 (ESA10). 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 website² in *Sector classification for the National Accounts*.

² <http://www.ons.gov.uk/ons/rel/na-classification/national-accounts-sector-classification/index.html>

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 2015 CRA release will be published as part of the PESA 2016 dataset. CRA 2016 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, 2010-11 to 2014-15

	£ million					as a per cent of identifiable expenditure				
	National Statistics					National Statistics				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
North East	24,135	23,849	24,123	24,320	24,478	4	4	4	4	4
North West	63,697	62,921	64,508	64,706	65,599	11	11	11	11	11
Yorkshire and the Humber	44,242	44,365	45,051	45,412	46,416	8	8	8	8	8
East Midlands	35,540	35,458	36,377	36,941	37,835	6	6	6	6	6
West Midlands	46,839	46,877	47,776	48,306	49,610	8	8	8	8	8
East	45,322	44,421	45,299	46,542	47,429	8	8	8	8	8
London	82,315	81,352	81,349	82,713	84,024	14	14	14	14	14
South East	65,011	64,011	65,909	68,100	68,821	11	11	11	12	11
South West	41,569	41,858	42,901	44,188	44,987	7	7	7	7	7
Total England	448,670	445,111	453,293	461,228	469,198	79	78	78	78	78
Scotland	52,352	52,757	54,178	54,191	55,475	9	9	9	9	9
Wales	29,327	29,692	29,600	30,021	30,624	5	5	5	5	5
Northern Ireland	19,123	19,372	19,808	19,942	20,440	3	3	3	3	3
UK identifiable expenditure	549,472	546,933	556,879	565,382	575,738	96	96	96	96	96
Outside UK	21,947	20,976	22,755	25,288	26,436	4	4	4	4	4
Total identifiable expenditure	571,418	567,909	579,634	590,669	602,174	100	100	100	100	100

	£ million					as a per cent of Total Managed Expenditure				
	National Statistics					National Statistics				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Identifiable expenditure	571,418	567,909	579,634	590,669	602,174	80	79	79	80	81
Non-identifiable expenditure ⁽¹⁾	88,707	89,703	84,742	83,188	78,920	12	13	12	11	11
Public sector expenditure on services	660,126	657,612	664,376	673,857	681,094	92	92	91	92	91
Accounting adjustments	53,937	57,492	66,444	62,055	65,514	8	8	9	8	9
Total Managed Expenditure⁽²⁾	714,063	715,104	730,820	735,912	746,608	100	100	100	100	100

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

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

Table 9.2 Total identifiable expenditure on services by country and region, per head 2010-11 to 2014-15 ⁽¹⁾

	£ per head					Index (UK identifiable expenditure = 100)				
	National Statistics					National Statistics				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
North East	9,330	9,185	9,270	9,316	9,347	107	106	106	106	105
North West	9,074	8,917	9,106	9,109	9,197	104	103	104	103	103
Yorkshire and the Humber	8,419	8,389	8,473	8,508	8,660	96	97	97	96	97
East Midlands	7,885	7,815	7,964	8,033	8,159	90	90	91	91	92
West Midlands	8,415	8,358	8,467	8,513	8,683	96	97	97	97	97
East	7,804	7,577	7,668	7,817	7,881	89	88	88	89	88
London	10,211	9,916	9,791	9,827	9,840	117	115	112	111	110
South East	7,579	7,398	7,554	7,745	7,756	87	86	86	88	87
South West	7,901	7,896	8,034	8,217	8,295	90	91	92	93	93
England	8,523	8,381	8,474	8,563	8,638	97	97	97	97	97
Scotland	9,949	9,954	10,196	10,171	10,374	114	115	117	115	116
Wales	9,615	9,691	9,629	9,740	9,904	110	112	110	110	111
Northern Ireland	10,595	10,677	10,862	10,899	11,106	121	124	124	124	125
UK identifiable expenditure	8,755	8,642	8,742	8,820	8,913	100	100	100	100	100

(1) Per head figures calculated using the latest mid-year population estimates from the ONS. See Annex F.

Table 9.3 Total identifiable expenditure on services by country and region in real terms ⁽¹⁾, 2010-11 to 2014-15

	National Statistics				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
North East	25,813	25,158	24,925	24,720	24,498
North West	68,127	66,376	66,651	65,770	65,652
Yorkshire and the Humber	47,320	46,801	46,547	46,158	46,453
East Midlands	38,012	37,405	37,586	37,548	37,866
West Midlands	50,097	49,451	49,363	49,100	49,650
East	48,474	46,860	46,803	47,308	47,467
London	88,040	85,819	84,051	84,073	84,092
South East	69,532	67,526	68,098	69,220	68,877
South West	44,461	44,156	44,326	44,915	45,023
England	479,877	469,552	468,351	468,813	469,579
Scotland	55,993	55,654	55,978	55,082	55,520
Wales	31,367	31,323	30,583	30,515	30,649
Northern Ireland	20,453	20,436	20,466	20,270	20,457
UK identifiable expenditure	587,689	576,964	575,378	574,680	576,205
Outside UK	23,473	22,128	23,511	25,704	26,458
Total identifiable expenditure	611,162	599,092	598,888	600,384	602,662
Non-identifiable expenditure ⁽²⁾	94,877	94,628	87,557	84,556	78,984
Total Expenditure on Services	706,039	693,720	686,445	684,939	681,646
Accounting adjustments	57,689	60,649	68,651	63,075	65,567
Total Managed Expenditure⁽³⁾	763,728	754,369	755,096	748,015	747,213

(1) Real terms figures are the nominal figures adjusted to 2015-16 price levels using GDP deflators from the Office for National Statistics (released 30 June 2016).

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

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

Table 9.4 Total identifiable expenditure on services by country and region per head ⁽¹⁾ in real terms ⁽²⁾, 2010-11 to 2014-15

	National Statistics					£ per head
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	
North East	9,979	9,690	9,578	9,470	9,355	
North West	9,705	9,407	9,408	9,259	9,204	
Yorkshire and the Humber	9,005	8,850	8,755	8,648	8,667	
East Midlands	8,434	8,244	8,229	8,166	8,165	
West Midlands	9,001	8,817	8,748	8,653	8,690	
East	8,347	7,993	7,923	7,945	7,887	
London	10,921	10,460	10,116	9,989	9,848	
South East	8,106	7,804	7,805	7,872	7,762	
South West	8,451	8,330	8,301	8,352	8,302	
England	9,116	8,842	8,755	8,703	8,645	
Scotland	10,641	10,501	10,535	10,339	10,382	
Wales	10,284	10,223	9,949	9,900	9,912	
Northern Ireland	11,332	11,264	11,223	11,078	11,115	
UK identifiable expenditure	9,364	9,117	9,032	8,965	8,920	

(1) Per head figures calculated using the latest mid-year population estimates from the ONS. See Annex F.

(2) Real terms figures are the nominal figures adjusted to 2015-16 price levels using GDP deflators from the Office for National Statistics (released 30 June 2016).

Table C.1 Transactions with the institutions of the EU, 2011-12 to 2015-16

	£ million				
	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn
GNI based contribution	11,218	12,303	13,845	14,154	12,570
UK abatement	-3,516	-3,172	-4,130	-4,811	-4,068
VAT-based payments to the EU ⁽¹⁾	2,276	2,398	2,163	2,316	2,751
Net expenditure transfers to the EU	9,978	11,529	11,879	11,658	11,253
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) ⁽¹⁾	-735	-720	-733	-743	-771
to give contribution to TME	9,244	10,809	11,146	10,915	10,482
TOR ⁽²⁾	2,940	2,891	2,933	3,006	3,085
Gross contribution to the EU budget	12,184	13,699	14,079	13,921	13,567
Public sector EU receipts ⁽³⁾	-4,771	-4,022	-3,856	-4,690	-2,811
Net contributions to the EU budget	7,413	9,678	10,223	9,231	10,756
/less Other attributed costs ⁽⁴⁾	163	82	79	0	0
Net payments to EU institutions	7,250	9,595	10,143	9,231	10,756

(1) VAT-based payments to the EU are now included in the TME subtotal, reflecting changes in the European System of Accounts 2010.

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

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

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

Table D.1 Pay as you go public service pensions schemes in AME and in TME, 2011-12 to 2015-16

	£ million				
	2011-12	2012-13	2013-14	2014-15	2015-16
	outturn	outturn	outturn	outturn	outturn
Departmental AME (GAAP basis)					
Change in liability	27,069	26,928	28,740	34,186	37,953
Contributions received*	-21,142	-22,028	-23,313	-24,676	-25,900
Cash payments in OCS not covered by release of provision*	85	58	13	95	121
Net public service pensions (GAAP basis)	6,012	4,958	5,441	9,605	12,174
Unwinding of discount rate (= contribution to non-cash items)	44,012	40,499	37,991	46,256	42,710
Total Departmental AME (GAAP basis)	50,024	45,457	43,432	55,860	54,883
Accounting adjustments					
Remove change in liability	-27,069	-26,928	-28,740	-34,186	-37,953
Remove increased liability due to unwinding of discount rate	-44,012	-40,499	-37,991	-46,256	-42,710
Add pensions in payment covered by release of provision* +	27,725	30,546	32,246	34,222	35,309
Accounting adjustments (Pensions)	-43,356	-36,881	-34,485	-46,219	-45,354
Contribution to TME (National Accounts basis)	6,668	8,577	8,947	9,641	9,530
of which:					
Pensions in payment*	27,810	30,604	32,260	34,318	35,430
Contributions received*	-21,142	-22,028	-23,313	-24,676	-25,900

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

+ offsets change in gross liability.

Public Spending Statistics July 2016

Table E.1 Derivation of public sector expenditure on services from departmental groups' budgets, 2015-16

	Defence Single Intelligence Account	Home Office Foreign and Commonwealth Office	International Development	NHS (Health)	Work and Pensions	Education Business, Innovation and Skills	Transport	Energy and Climate Change	Culture, Media and Sport	Communities and Local Government	Scotland	Wales	Northern Ireland	Justice	Law Officers' Departments	Environment, Food and Rural Affairs	HM Revenue and Customs	HM Treasury	Cabinet Office	Small and Independent Bodies	Total for all departments			
Departmental Budgets																								
Resource DEL	34,424	2,159	10,690	1,956	6,859	113,661	6,472	54,419	10,986	3,019	1,404	1,259	12,947	26,391	13,335	10,164	7,171	546	1,747	3,576	137	577	1707	325,608
Capital DEL	8,402	574	477	131	2,433	4,668	188	4,776	8,305	5,885	2,289	327	3,851	3,126	1,536	766	266	3	570	228	-660	-31	98	48,208
Resource Departmental AME	12,020	135	1,536	39	171	48,649	173,400	12,880	-7,556	7,543	101,581	4,561	12,219	3,936	-309	8,395	543	-9	366	43,194	-13,781	10,346	-333	419,528
Capital Departmental AME	29	-	440	-	450	9	-148	-	9,948	6,598	-99	500	207	744	388	629	-	-	-	-	-29,066	-	34	-9,336
Remove																								
Grants to local government	-	-	-11,242	-	-	-3,324	-24,085	-34,123	-337	-4,243	-52	-127	-16,245	-8,122	-4,924	-193	-	-	-269	-	-	-30	-	-107,316
Capital grants to public corporations	-	-	-	-5	-	-38	-	-	-155	-	-	-14	-12	-1	-71	-	-	-19	-	-	-	-	-	-316
Depreciation	-7,991	-545	-249	-203	-12	-1,931	-184	-1,209	3,351	-7,093	-10,193	-337	-68	-838	-217	-493	-577	-6	-180	-273	6,296	-22	-81	-23,055
Provisions	-10,308	4	612	-8	-92	-48,279	-2,337	-9,416	-220	-20	-91,176	2	-7	-3,035	-29	-2,091	-381	12	-227	-1	61	-6,436	350	-173,022
Financial transactions	3	-	-	-	-687	-170	45	-	-10,720	341	92	-	-1,398	-821	-610	-317	-	-	-	-	29,728	1	-34	15,453
Interest and dividends	-128	-31	-39	-	-	106	18	-	1,776	-1,131	-	-3	20	140	66	-44	-	-	-1	2,216	14	22	22	3,001
Items classified as revenue in National Accounts	99	-	908	15	-519	-1,779	-142	29	1,032	4,256	204	118	122	-15	69	-7	1,079	65	99	-1,783	435	5	140	4,432
EU receipts	18	-	-	-	-	-	348	-	224	40	-	-	313	480	525	356	-	-	1,657	-	-	-	1	3,961
Other items not in TME	-28	6	-88	1	-40	-253	-963	-2,007	119	1,647	-178	642	-11,119	3	-79	12	-	-	42	-53	5,824	-1	-334,337	-6,848
Add																								
Local government current expenditure	-	-	11,938	-	-	17,562	24,949	42,609	367	4,852	-	1,856	7,658	10,510	5,449	586	236	-	5,352	-	-	45	-	133,968
Local government capital expenditure	-	-	398	-	-	182	-	3,202	86	4,411	-	775	2,498	1,870	836	151	-	-	796	-	-	-	-	15,206
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	652	-	-	-	-	-	-	-	652
Public corporations' capital expenditure	59	-	-	-	-	-	-	-	-	-	-	-	2,479	1,221	265	54	-	-	-	-	-321	-	-	3,757
Public sector debt interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,724	-	-	36,724
EU transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,671	-	-	7,671
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Public sector expenditure on services	36,599	2,302	15,381	1,926	8,563	129,063	177,561	71,160	17,206	26,105	3,872	9,573	13,463	35,578	16,300	18,549	8,337	611	9,934	44,887	45,264	4,468	1,570	698,271

POPULATION NUMBERS AND GDP DEFLATORS

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 2010 to financial data for 2010-11).

TABLE F.1 POPULATION NUMBERS BY COUNTRY AND REGION

	Thousands				
	mid-2010	mid-2011	mid-2012	mid-2013	mid-2014
North East	2,587	2,596	2,602	2,611	2,619
North West	7,020	7,056	7,084	7,103	7,133
Yorkshire and the Humber	5,255	5,288	5,317	5,338	5,360
East Midlands	4,507	4,537	4,568	4,598	4,637
West Midlands	5,566	5,609	5,643	5,675	5,713
East	5,807	5,862	5,907	5,954	6,018
London	8,062	8,204	8,308	8,417	8,539
South East	8,578	8,653	8,725	8,793	8,874
South West	5,261	5,301	5,340	5,378	5,423
England	52,643	53,107	53,494	53,866	54,317
Scotland	5,262	5,300	5,314	5,328	5,348
Wales	3,050	3,064	3,074	3,082	3,092
Northern Ireland	1,805	1,814	1,824	1,830	1,841
United Kingdom	62,760	63,285	63,705	64,106	64,597
Source:	2015 Mid-Year Population Estimates from the ONS for the Countries of the UK and the English Regions (2011 Population Census based)				
mid-2010 to mid-2014:	https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland				

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 2015-16 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 website³.

TABLE F.2 GDP DEFLATORS AND MONEY GDP

Outturn data are based on the June 2016 National Accounts figures from ONS			
Financial year	GDP deflator at market prices		Money GDP
	2015-16 = 100	Per cent change on previous year	£ million
1976-77	17.819	13.88	141,190
1977-78	20.270	13.75	165,041
1978-79	22.539	11.19	191,058
1979-80	26.346	16.89	231,150
1980-81	31.388	19.14	265,818
1981-82	34.644	10.38	295,767
1982-83	37.145	7.22	324,512
1983-84	38.908	4.75	354,960
1984-85	41.145	5.75	382,846
1985-86	43.474	5.66	421,215
1986-87	45.263	4.12	452,590
1987-88	47.747	5.49	507,412
1988-89	50.828	6.45	565,947
1989-90	54.731	7.68	623,092
1990-91	59.174	8.12	672,128
1991-92	62.514	5.64	706,916
1992-93	64.042	2.45	727,530
1993-94	65.510	2.29	769,653
1994-95	66.248	1.13	806,312
1995-96	68.260	3.04	849,808
1996-97	70.870	3.82	905,541
1997-98	71.992	1.58	949,821
1998-99	72.971	1.36	991,717
1999-00	73.362	0.54	1,035,717

³ <https://www.gov.uk>

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

Financial year	GDP deflator at market prices		Money GDP
	2015-16 = 100	Per cent change on previous year	£ million
2000-01	74.867	2.05	1,091,489
2001-02	75.826	1.28	1,131,360
2002-03	77.541	2.26	1,190,819
2003-04	79.281	2.24	1,259,266
2004-05	81.385	2.65	1,320,209
2005-06	83.557	2.67	1,402,471
2006-07	86.091	3.03	1,476,941
2007-08	88.175	2.42	1,547,272
2008-09	90.571	2.72	1,546,968
2009-10	91.817	1.38	1,531,330
2010-11	93.497	1.83	1,592,057
2011-12	94.795	1.39	1,634,025
2012-13	96.785	2.10	1,690,042
2013-14	98.382	1.65	1,759,560
2014-15	99.919	1.56	1,836,159
2015-16	100.000	0.08	1,879,653

GDP Deflator: Financial years 1976-77 to 2015-16 taken from ONS¹ series L8GG.

Money GDP: For years 1976-77 to 2015-16: ONS data for money GDP (not seasonally adjusted, BKTL)

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