

PUBLIC SPENDING STATISTICS JULY 2015 (REVISED)



HM Treasury

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INTRODUCTION

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

The key data being updated in this release are for the years 2010-11 to 2014-15. This release contains the first estimate of 2014-15 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.

NEW EUROPEAN SYSTEM OF ACCOUNTS 2010 (ESA10)

The Office for National Statistics (ONS) are responsible for producing the National Accounts which measure the economic activity of the whole economy. The UK are legally required to produce these based on a framework specified in the European System of Accounts 2010 (ESA10), and this is the first full-year PSS release under this system. 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://epp.eurostat.ec.europa.eu/portal/page/portal/esa_2010/introduction

Impact on Public Sector Finances:

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

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

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

RELATED RELEASES FROM HM TREASURY

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

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

REVISIONS IN THIS RELEASE

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

Revisions to Budgets since July 2014 (£million)	2010-11	2011-12	2012-13	2013-14
Total Managed Expenditure	12,413	11,872	46,700	8,092
Total Departmental Expenditure Limits (DEL)	-4,768	-4,804	-4,819	-764
Departmental Annually Managed Expenditure (AME)	4,771	4,804	4,992	-298
Other AME	12,409	11,872	46,530	8,932
Total resource DEL	-4,766	-4,804	-4,821	-184
Total capital DEL	0	0	0	-357

Figures for Total Managed Expenditure are taken from the ONS/HM Treasury Public Sector Finances release. The revisions since last year are larger than normal as they reflect the ESA10 changes that came into effect from September 2014.

Changes to "Other" 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.

Table 7.2 (central government grants to local government) on page 79 of this release has been revised to correct the titles of certain grants shown within the education total.

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.

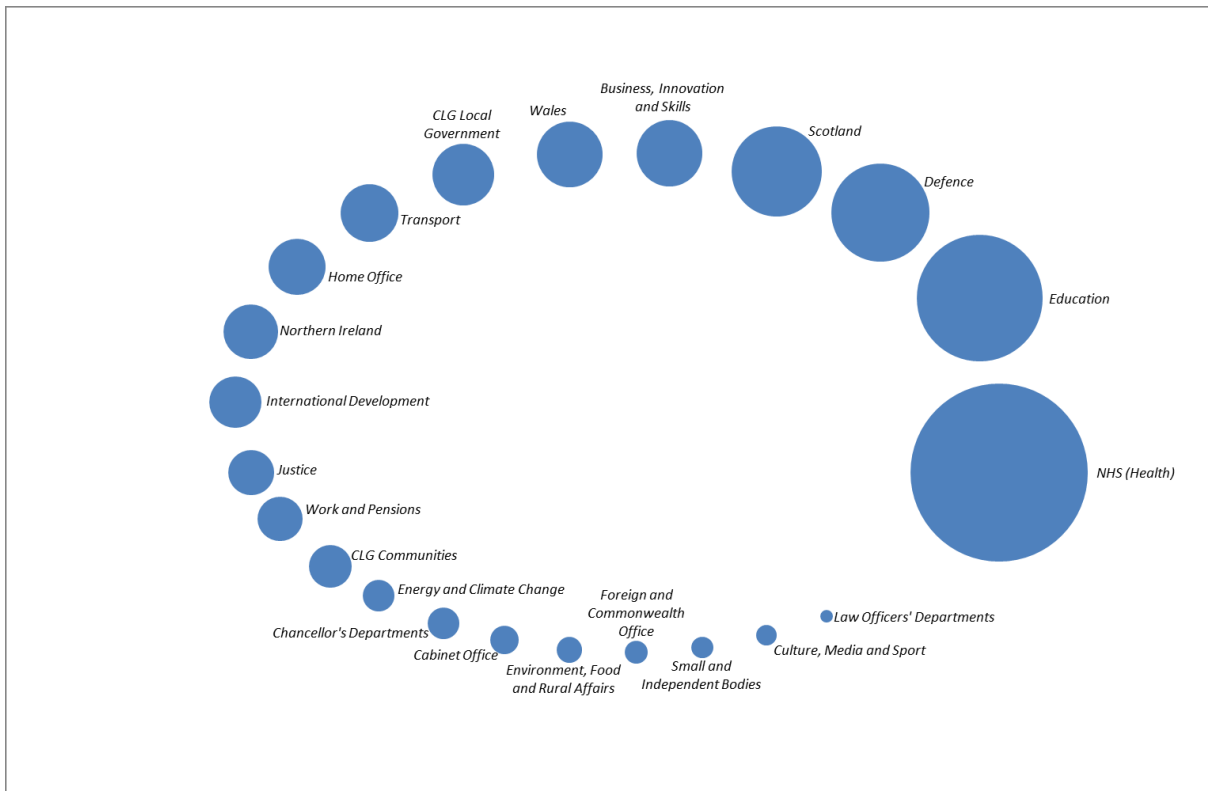
DEPARTMENTAL EXPENDITURE LIMITS

- Total resource DEL in real terms was £333.6bn in 2014-15, a fall of 2.9 per cent on the previous year. This is part of a fall of £36.8bn (9.9 per cent) since 2010-11, reflecting the Government's plans for fiscal consolidation as set out in the 2010 Spending Review.
- Total resource DEL (RDEL) less depreciation in real terms was £316.3bn in 2014-15, a fall of 1.4 per cent on the previous year. Both real terms RDEL and real terms RDEL excluding depreciation fall in each year of the period covered by this release.
- Depreciation in resource DEL was £17.4bn in real terms in 2014-15, a decrease of 23.1 per cent on 2013-14.
- Total capital DEL was £45.0bn in real terms in 2014-15, an increase of 6.5 per cent on the previous year.
- Total DEL in real terms fell by 0.5 per cent in 2014-15 from £363.1bn to £361.2bn. There were large reductions in DEL spending in 2014-15 in DCLG Local Government and Business, Innovation and Skills. This was offset by increases in spend for other departments. The largest increases were for NHS (Health) which increased by £2.0 billion to £113.3bn (1.8 per cent.) in 2014-15 and for Education which increased by 1.7bn (3.1 per cent).

ANNUALLY MANAGED EXPENDITURE

- Net public service pensions increased by £4.5bn to £10.0bn in real terms in 2014-15. This compares with -£83.6bn in 2010-11. The negative expenditure in 2010-11 was caused by the decision to use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the indexation of public service pensions and the consequent reduction in the size of future liabilities. The effect of this on the major pension schemes (teachers, NHS, civil service and armed forces) is shown in the appropriate departmental budget in Table 1.3. As liabilities are not included in the calculation of TME, there is an offset within the accounting adjustments to remove them (see Table 1.12 for details).

CHART 1 2014-15 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, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	325,560	321,715	317,050	316,454	316,259
Depreciation in resource DEL	20,512	19,269	21,504	22,276	17,370
Total resource DEL	346,072	340,984	338,555	338,731	333,629
<i>Resource departmental AME</i>					
Social security benefits	169,286	175,481	183,088	179,599	184,002
Tax credits ⁽¹⁾	28,938	29,976	29,761	29,394	29,187
Net public service pensions ⁽²⁾	-78,073	6,012	4,958	5,441	10,033
National lottery	995	1,335	727	416	1,355
BBC domestic services	3,559	3,033	3,291	3,208	3,768
Student loans	-301	-642	-763	-1,096	-1,579
Non-cash items	55,335	52,389	53,251	49,945	71,695
Financial sector interventions	-14,247	-16,143	-18,384	8,380	-48,717
Other departmental expenditure	1,750	-812	4,162	13,809	3,932
Total resource departmental AME	167,242	250,628	260,090	289,095	253,676
<i>Resource other AME</i>					
Net expenditure transfers to the EU	8,414	7,702	9,131	9,716	8,881
Locally financed expenditure	22,969	22,104	23,433	23,226	28,814
Central government gross debt interest	46,609	49,704	48,856	48,668	45,422
Accounting adjustments ⁽³⁾	42,808	-29,312	-29,365	-49,431	-1,777
Total resource other AME	120,800	50,198	52,055	32,178	81,340
Total resource AME	288,043	300,826	312,145	321,273	335,016
Public sector current expenditure	634,115	641,810	650,700	660,004	668,645
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	49,816	42,338	38,961	41,664	44,985
<i>Capital departmental AME</i>					
National lottery	597	380	513	492	545
BBC domestic services	122	172	121	82	137
Student loans	4,958	5,857	6,858	9,291	11,477
Financial sector interventions	-3,015	-4,571	-3,601	-4,938	-2,943
Other departmental expenditure	1,103	688	-302	-11,139	-3,549
Total capital departmental AME	3,764	2,525	3,589	-6,211	5,667
<i>Capital other AME</i>					
Locally financed expenditure	5,716	16,343	6,130	6,857	5,425
Public corporations' own-financed capital expenditure	9,157	6,640	7,197	7,983	8,506
Accounting adjustments ⁽³⁾	4,548	-3,080	14,279	12,051	2,305
Total capital other AME	19,422	19,903	27,605	26,891	16,236
Total capital AME	23,187	22,429	31,195	20,680	21,903
Public sector gross investment ⁽⁴⁾	73,003	64,767	70,156	62,344	66,888
less public sector depreciation	31,441	32,757	33,781	34,907	36,034
Public sector net investment ⁽⁴⁾	41,562	32,010	36,375	27,437	30,854
TOTAL MANAGED EXPENDITURE ⁽⁴⁾	707,118	706,577	720,856	722,348	735,533
<i>of which:</i>					
Total DEL ⁽⁵⁾	375,377	364,053	356,012	358,118	361,244
Departmental AME	171,007	253,153	263,679	282,884	259,343
Other AME	160,735	89,371	101,165	81,346	114,946

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

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

(3) Transactions from 2010-11 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 1.2 Total Managed Expenditure in real terms⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
CURRENT EXPENDITURE					
<i>Resource DEL</i>					
Resource DEL excluding depreciation	348,465	338,295	328,094	320,863	316,259
Depreciation in resource DEL	21,955	20,263	22,253	22,586	17,370
Total resource DEL	370,420	358,557	350,347	343,450	333,629
<i>Resource departmental AME</i>					
Social security benefits	181,196	184,525	189,466	182,101	184,002
Tax credits ⁽²⁾	30,974	31,521	30,797	29,803	29,187
Net public service pensions ⁽³⁾	-83,565	6,322	5,131	5,517	10,033
National lottery	1,065	1,403	752	422	1,355
BBC domestic services	3,809	3,189	3,406	3,253	3,768
Student loans	-322	-676	-790	-1,111	-1,579
Non-cash items	59,229	55,089	55,106	50,641	71,695
Financial sector interventions	-15,250	-16,975	-19,025	8,497	-48,717
Other departmental expenditure	1,873	-854	4,306	14,001	3,932
Total resource departmental AME	179,009	263,544	269,149	293,123	253,676
<i>Resource other AME</i>					
Net expenditure transfers to the EU	9,006	8,099	9,449	9,851	8,881
Locally financed expenditure	24,585	23,243	24,250	23,549	28,814
Central government gross debt interest	49,888	52,266	50,558	49,346	45,422
Accounting adjustments ⁽⁴⁾	45,820	-30,822	-30,388	-50,120	-1,777
Total resource other AME	129,299	52,785	53,869	32,626	81,340
Total resource AME	308,308	316,329	323,018	325,749	335,016
Public sector current expenditure	678,728	674,886	673,365	669,199	668,645
CAPITAL EXPENDITURE					
<i>Capital DEL</i>					
Total capital DEL	53,321	44,520	40,319	42,244	44,985
<i>Capital departmental AME</i>					
National lottery	639	399	531	499	545
BBC domestic services	130	181	126	83	137
Student loans	5,307	6,159	7,097	9,421	11,477
Financial sector interventions	-3,228	-4,807	-3,726	-5,006	-2,943
Other departmental expenditure	1,180	723	-313	-11,294	-3,549
Total capital departmental AME	4,029	2,656	3,714	-6,298	5,667
<i>Capital other AME</i>					
Locally financed expenditure	6,119	17,185	6,343	6,953	5,425
Public corporations' own-financed capital expenditure	9,802	6,982	7,447	8,094	8,506
Accounting adjustments ⁽⁴⁾	4,868	-3,238	14,776	12,219	2,305
Total capital other AME	20,789	20,929	28,567	27,266	16,236
Total capital AME	24,818	23,585	32,281	20,968	21,903
Public sector gross investment⁽⁵⁾	78,139	68,105	72,600	63,213	66,888
less public sector depreciation	33,653	34,445	34,958	35,393	36,034
Public sector net investment⁽⁵⁾	44,486	33,660	37,642	27,819	30,854
TOTAL MANAGED EXPENDITURE⁽⁵⁾	756,867	742,991	745,965	732,411	735,533
<i>of which:</i>					
Total DEL ⁽⁶⁾	401,786	382,815	368,413	363,107	361,244
Departmental AME	183,038	266,200	272,864	286,825	259,343
Other AME	172,043	93,977	104,689	82,479	114,946

(1) Real terms figures are the cash figures adjusted to 2014-15 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30 June 2015.

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

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

(4) Transactions from 2010-11 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

Table 1.3 Resource budgets, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Resource DEL by departmental group					
Education	50,383	50,154	50,808	51,887	53,773
NHS (Health)	97,469	100,266	102,571	106,496	110,555
Personal Social Services (Health) ⁽¹⁾	1,471	-	-	-	-
Transport	5,806	5,578	5,283	4,791	3,544
CLG Communities	3,860	1,990	1,496	2,080	2,131
CLG Local Government ⁽²⁾	24,403	25,389	23,189	16,481	13,657
Business, Innovation and Skills	21,271	19,993	19,195	20,576	15,405
Home Office	12,778	12,127	11,386	10,999	11,397
Justice	9,078	9,032	8,728	7,970	7,597
Law Officers' Departments	677	621	599	581	554
Defence	39,035	37,980	35,874	36,448	35,080
Foreign and Commonwealth Office	2,200	2,175	2,152	2,156	1,862
International Development	5,930	6,184	6,129	8,088	7,318
Energy and Climate Change	1,157	1,160	1,129	1,173	1,401
Environment, Food and Rural Affairs	2,370	2,193	2,049	1,946	1,885
Culture, Media and Sport	1,584	1,618	3,537	1,248	1,375
Work and Pensions	9,152	7,624	7,497	7,615	7,152
Scotland	25,776	25,437	25,751	26,129	26,420
Wales	13,789	13,660	13,654	14,466	14,203
Northern Ireland	9,975	9,864	10,041	10,175	10,205
Chancellor's Departments	3,966	3,852	3,468	3,392	3,596
Cabinet Office	2,354	2,399	2,547	2,525	2,843
Small and Independent Bodies	1,588	1,690	1,470	1,506	1,676
Total resource DEL	346,072	340,984	338,555	338,731	333,629
Resource departmental AME by departmental group					
Education ⁽³⁾	-10,434	11,785	10,722	11,051	13,910
NHS (Health) ⁽³⁾	-10,976	19,582	18,878	18,194	22,240
Transport	501	876	590	876	476
CLG Communities	-112	-350	409	347	623
CLG Local Government ⁽²⁾	1,107	732	144	11,123	12,181
Business, Innovation and Skills	-824	-1,157	-92	-102	-688
Home Office	920	1,061	1,260	1,478	1,958
Justice	246	-45	934	-239	-11
Law Officers' Departments	-16	5	5	7	13
Defence ⁽³⁾	-878	8,039	7,360	6,377	8,311
Foreign and Commonwealth Office	35	61	88	66	80
International Development	303	104	191	109	156
Energy and Climate Change	5,241	3,742	5,388	4,963	6,254
Environment, Food and Rural Affairs	-437	-53	85	-94	88
Culture, Media and Sport	4,369	3,793	4,653	4,330	4,865
Work and Pensions	151,033	159,167	165,506	163,072	167,639
Scotland	3,055	3,073	2,760	2,669	3,838
Wales	53	72	141	0	48
Northern Ireland	3,178	7,511	7,764	7,463	8,239
Chancellor's Departments ⁽⁴⁾	28,604	24,040	23,980	48,784	-7,026
Cabinet Office ⁽³⁾	-7,466	8,739	9,431	8,659	10,614
Small and Independent Bodies	-259	-147	-109	-38	-129
Total resource departmental AME	167,242	250,628	260,090	289,095	253,676
Total resource budget	513,315	591,612	598,645	627,826	587,305

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

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

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

(4) Transactions from 2010-11 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.4 Resource budgets in real terms⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Resource DEL by departmental group					
Education	53,928	52,739	52,578	52,610	53,773
NHS (Health)	104,327	105,433	106,144	107,979	110,555
Personal Social Services (Health) ⁽²⁾	1,574	-	-	-	-
Transport	6,215	5,865	5,467	4,858	3,544
CLG Communities	4,131	2,093	1,548	2,109	2,131
CLG Local Government ⁽³⁾	26,120	26,698	23,997	16,711	13,657
Business, Innovation and Skills	22,767	21,023	19,864	20,863	15,405
Home Office	13,677	12,752	11,782	11,153	11,397
Justice	9,717	9,497	9,032	8,082	7,597
Law Officers' Departments	725	653	620	589	554
Defence	41,781	39,937	37,124	36,956	35,080
Foreign and Commonwealth Office	2,355	2,287	2,227	2,186	1,862
International Development	6,347	6,502	6,343	8,201	7,318
Energy and Climate Change	1,238	1,220	1,168	1,190	1,401
Environment, Food and Rural Affairs	2,536	2,306	2,120	1,973	1,885
Culture, Media and Sport	1,696	1,701	3,660	1,266	1,375
Work and Pensions	9,796	8,017	7,758	7,721	7,152
Scotland	27,589	26,748	26,648	26,493	26,420
Wales	14,759	14,364	14,129	14,668	14,203
Northern Ireland	10,677	10,372	10,391	10,316	10,205
Chancellor's Departments	4,245	4,050	3,589	3,440	3,596
Cabinet Office	2,519	2,523	2,636	2,560	2,843
Small and Independent Bodies	1,700	1,777	1,522	1,527	1,676
Total resource DEL	370,420	358,557	350,347	343,450	333,629
Resource departmental AME by departmental group					
Education ⁽⁴⁾	-11,168	12,393	11,095	11,205	13,910
NHS (Health) ⁽⁴⁾	-11,748	20,591	19,536	18,447	22,240
Transport	536	921	611	889	476
CLG Communities	-119	-368	423	351	623
CLG Local Government ⁽³⁾	1,185	770	149	11,278	12,181
Business, Innovation and Skills	-882	-1,217	-95	-104	-688
Home Office	985	1,116	1,304	1,498	1,958
Justice	263	-47	967	-242	-11
Law Officers' Departments	-17	5	6	7	13
Defence ⁽⁴⁾	-940	8,453	7,617	6,466	8,311
Foreign and Commonwealth Office	37	64	91	67	80
International Development	324	110	197	111	156
Energy and Climate Change	5,610	3,935	5,576	5,032	6,254
Environment, Food and Rural Affairs	-468	-56	88	-96	88
Culture, Media and Sport	4,676	3,988	4,815	4,391	4,865
Work and Pensions	161,658	167,370	171,271	165,344	167,639
Scotland	3,270	3,231	2,857	2,706	3,838
Wales	57	75	146	0	48
Northern Ireland	3,402	7,898	8,035	7,567	8,239
Chancellor's Departments ⁽⁵⁾	30,616	25,279	24,816	49,464	-7,026
Cabinet Office ⁽⁴⁾	-7,991	9,189	9,759	8,780	10,614
Small and Independent Bodies	-277	-155	-113	-39	-129
Total resource departmental AME	179,009	263,544	269,149	293,123	253,676
Total resource budget	549,429	622,101	619,497	636,572	587,305

(1) Real terms figures are the cash figures adjusted to 2014-15 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30 June 2015.

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

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

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

(5) Transactions from 2010-11 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.5 Resource DEL excluding depreciation, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Resource DEL excluding depreciation by departmental group					
Education	50,349	50,122	49,977	50,902	52,529
NHS (Health)	96,260	99,073	101,440	105,424	109,437
Personal Social Services (Health) ⁽¹⁾	1,471	-	-	-	-
Transport	5,176	4,679	4,315	3,784	2,552
CLG Communities	3,799	1,914	1,455	2,051	2,138
CLG Local Government ⁽²⁾	24,402	25,388	23,188	16,481	13,657
Business, Innovation and Skills	17,010	16,208	15,443	14,836	13,756
Home Office	12,292	11,908	11,143	10,740	11,118
Justice	8,723	8,589	8,201	7,519	7,160
Law Officers' Departments	664	611	591	575	547
Defence	28,090	28,142	26,415	26,968	26,582
Foreign and Commonwealth Office	2,097	2,052	1,989	1,998	1,713
International Development	5,909	6,167	6,105	8,074	7,300
Energy and Climate Change	1,149	1,147	1,120	1,166	1,393
Environment, Food and Rural Affairs	2,169	1,982	1,860	1,749	1,700
Culture, Media and Sport	1,475	1,504	2,093	1,114	1,251
Work and Pensions	8,990	7,422	7,248	7,432	6,976
Scotland	25,211	24,814	24,968	25,466	25,660
Wales	13,382	13,232	13,248	13,709	13,757
Northern Ireland	9,605	9,443	9,464	9,724	9,703
Chancellor's Departments	3,745	3,628	3,235	3,152	3,315
Cabinet Office	2,025	2,045	2,147	2,108	2,405
Small and Independent Bodies	1,569	1,645	1,406	1,481	1,610
Total resource DEL excluding depreciation	325,560	321,715	317,050	316,454	316,259

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

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

Table 1.6 Resource DEL excluding depreciation in real terms⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Resource DEL excluding depreciation by departmental group					
Education	53,891	52,705	51,718	51,611	52,529
NHS (Health)	103,032	104,178	104,973	106,893	109,437
Personal Social Services (Health) ⁽²⁾	1,574	-	-	-	-
Transport	5,540	4,921	4,465	3,837	2,552
CLG Communities	4,067	2,013	1,506	2,079	2,138
CLG Local Government ⁽³⁾	26,118	26,696	23,996	16,711	13,657
Business, Innovation and Skills	18,207	17,043	15,981	15,043	13,756
Home Office	13,157	12,522	11,531	10,890	11,118
Justice	9,337	9,031	8,487	7,624	7,160
Law Officers' Departments	710	642	611	583	547
Defence	30,066	29,593	27,336	27,344	26,582
Foreign and Commonwealth Office	2,245	2,157	2,058	2,026	1,713
International Development	6,324	6,485	6,317	8,187	7,300
Energy and Climate Change	1,230	1,206	1,159	1,182	1,393
Environment, Food and Rural Affairs	2,322	2,085	1,925	1,774	1,700
Culture, Media and Sport	1,579	1,581	2,166	1,130	1,251
Work and Pensions	9,622	7,805	7,500	7,535	6,976
Scotland	26,985	26,093	25,837	25,821	25,660
Wales	14,323	13,914	13,709	13,900	13,757
Northern Ireland	10,281	9,930	9,794	9,859	9,703
Chancellor's Departments	4,008	3,815	3,347	3,196	3,315
Cabinet Office	2,167	2,151	2,222	2,138	2,405
Small and Independent Bodies	1,679	1,729	1,455	1,501	1,610
Total resource DEL excluding depreciation	348,465	338,295	328,094	320,863	316,259

(1) Real terms figures are the cash figures adjusted to 2014-15 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30 June 2015.

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

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

Table 1.7 Administration budgets, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Education	397	373	388	364	339
NHS (Health)	5,425	3,541	3,670	3,122	2,869
Transport	276	217	243	240	271
CLG Communities	426	339	286	368	257
Business, Innovation and Skills	429	802	678	676	632
Home Office	630	504	479	506	533
Justice	433	656	595	535	556
Law Officers' Departments	48	42	44	42	45
Defence	2,212	2,692	2,179	2,129	1,473
Foreign and Commonwealth Office	352	168	124	170	170
International Development	148	123	128	116	110
Energy and Climate Change	198	158	162	175	170
Environment, Food and Rural Affairs	740	592	550	527	482
Culture, Media and Sport	100	288	209	154	161
Work and Pensions ⁽¹⁾	5,610	1,333	1,180	1,091	894
Chancellor's Departments ⁽¹⁾	3,405	1,093	1,083	991	939
Cabinet Office	276	260	259	213	213
<i>of which: Security and Intelligence Agencies</i>	74	73	66	59	63
Small and Independent Bodies	385	336	332	306	374
Total administration budgets	21,490	13,516	12,588	11,725	10,487
<i>of which: administration staff costs</i>	13,645	9,052	8,590	7,625	6,596
Administration budgets as a percentage of Total Managed Expenditure ⁽²⁾	3.0	1.9	1.7	1.6	1.4

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

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

Table 1.8 Capital budgets, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Capital DEL by departmental group					
Education	7,127	5,043	4,260	3,604	4,468
NHS (Health)	4,159	3,771	3,783	4,353	3,863
Transport	7,299	7,686	7,828	8,460	9,363
CLG Communities	6,459	3,821	2,472	3,808	4,398
CLG Local Government	-67	-8	1	-	-
Business, Innovation and Skills	2,103	1,153	1,240	2,385	2,011
Home Office	739	493	442	397	411
Justice	530	344	281	275	290
Law Officers' Departments	8	3	2	3	4
Defence	9,265	9,014	7,843	7,572	7,786
Foreign and Commonwealth Office	155	115	37	120	159
International Development	1,559	1,646	1,653	1,946	2,350
Energy and Climate Change	2,014	1,454	2,038	2,216	2,242
Environment, Food and Rural Affairs	568	385	414	482	636
Culture, Media and Sport	580	1,257	342	-12	264
Work and Pensions	368	327	419	233	249
Scotland	3,284	2,732	2,939	2,879	3,143
Wales	1,751	1,386	1,362	1,325	1,500
Northern Ireland	1,192	1,000	969	931	1,069
Chancellor's Departments	211	257	212	212	267
Cabinet Office	432	403	363	401	430
Small and Independent Bodies	78	56	61	74	82
Total capital DEL	49,816	42,338	38,961	41,664	44,985
Capital departmental AME by departmental group					
NHS (Health)	8	-	-	-70	-5
Transport ⁽¹⁾	-	-33	-61	13	6,695
CLG Communities	843	153	4	-	121
CLG Local Government	-	-	-4	-	-
Business, Innovation and Skills	4,158	5,469	6,129	4,675	9,573
Defence	-	-10	-35	-129	51
International Development	-	-	-6	-	-
Energy and Climate Change	-78	-58	-20	-497	-604
Environment, Food and Rural Affairs	1	-	-1	-1	2
Culture, Media and Sport	719	552	448	624	681
Work and Pensions	132	-12	-17	-134	-124
Scotland	151	167	188	336	440
Wales	209	244	252	306	357
Northern Ireland	396	588	344	425	542
Chancellor's Departments ⁽²⁾	-2,675	-4,483	-3,591	-11,725	-12,040
Small and Independent Bodies	-100	-52	-40	-34	-23
Total capital departmental AME	3,764	2,525	3,589	-6,211	5,667
Total capital budget	53,581	44,864	42,551	35,453	50,652

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

Table 1.9 Capital budgets in real terms⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Capital DEL by departmental group					
Education	7,629	5,303	4,408	3,654	4,468
NHS (Health)	4,451	3,966	3,915	4,414	3,863
Transport	7,812	8,082	8,100	8,577	9,363
CLG Communities	6,913	4,018	2,558	3,861	4,398
CLG Local Government	-71	-8	1	-	-
Business, Innovation and Skills	2,251	1,212	1,283	2,418	2,011
Home Office	791	518	458	403	411
Justice	568	362	291	279	290
Law Officers' Departments	9	3	2	3	4
Defence	9,917	9,479	8,117	7,677	7,786
Foreign and Commonwealth Office	166	121	38	121	159
International Development	1,668	1,731	1,711	1,973	2,350
Energy and Climate Change	2,156	1,529	2,109	2,247	2,242
Environment, Food and Rural Affairs	608	405	429	489	636
Culture, Media and Sport	621	1,322	354	-12	264
Work and Pensions	394	344	434	236	249
Scotland	3,515	2,873	3,041	2,919	3,143
Wales	1,874	1,457	1,409	1,343	1,500
Northern Ireland	1,276	1,052	1,003	944	1,069
Chancellor's Departments	226	270	219	215	267
Cabinet Office	463	424	376	407	430
Small and Independent Bodies	84	59	63	75	82
Total capital DEL	53,321	44,520	40,319	42,244	44,985
Capital departmental AME by departmental group					
NHS (Health)	8	-	-	-71	-5
Transport ⁽²⁾	-	-35	-63	13	6,695
CLG Communities	902	161	4	-	121
CLG Local Government	-	-	-4	-	-
Business, Innovation and Skills	4,451	5,751	6,342	4,740	9,573
Defence	-	-10	-37	-130	51
International Development	-	-	-6	-	-
Energy and Climate Change	-83	-61	-21	-504	-604
Environment, Food and Rural Affairs	1	-	-1	-1	2
Culture, Media and Sport	770	580	464	632	681
Work and Pensions	141	-12	-17	-136	-124
Scotland	162	176	194	340	440
Wales	223	257	261	310	357
Northern Ireland	424	618	356	431	542
Chancellor's Departments ⁽³⁾	-2,863	-4,714	-3,716	-11,888	-12,040
Small and Independent Bodies	-107	-55	-42	-34	-23
Total capital departmental AME	4,029	2,656	3,714	-6,298	5,667
Total capital budget	57,350	47,176	44,033	35,946	50,652

(1) Real terms figures are the cash figures adjusted to 2014-15 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30 June 2015.

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

Table 1.10 Total Departmental Expenditure Limits⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Total DEL by departmental group					
Education	57,476	55,165	54,237	54,505	56,997
NHS (Health) ⁽²⁾	100,418	102,844	105,222	109,777	113,300
Personal Social Services (Health)	1,471	-	-	-	-
Transport	12,474	12,366	12,143	12,244	11,915
CLG Communities	10,258	5,735	3,928	5,859	6,536
CLG Local Government ⁽³⁾	24,335	25,380	23,189	16,481	13,657
Business, Innovation and Skills	19,113	17,360	16,684	17,222	15,767
Home Office	13,032	12,401	11,585	11,137	11,529
Justice	9,253	8,933	8,482	7,794	7,450
Law Officers' Departments	672	613	592	578	551
Defence	37,355	37,157	34,259	34,540	34,368
Foreign and Commonwealth Office	2,253	2,167	2,026	2,118	1,872
International Development	7,467	7,813	7,758	10,020	9,650
Energy and Climate Change	3,164	2,602	3,159	3,382	3,635
Environment, Food and Rural Affairs	2,737	2,368	2,274	2,232	2,336
Culture, Media and Sport	2,055	2,761	2,435	1,102	1,515
Work and Pensions	9,358	7,749	7,667	7,665	7,225
Scotland	28,495	27,546	27,907	28,345	28,803
Wales	15,133	14,618	14,609	15,034	15,258
Northern Ireland	10,798	10,443	10,433	10,655	10,772
Chancellor's Departments	3,956	3,884	3,447	3,364	3,582
Cabinet Office	2,457	2,448	2,510	2,509	2,835
Small and Independent Bodies	1,647	1,701	1,467	1,555	1,692
Total DEL	375,377	364,053	356,012	358,118	361,244

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

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

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

Table 1.11 Total Departmental Expenditure Limits⁽¹⁾ in real terms⁽²⁾, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Total DEL by departmental group					
Education	61,520	58,008	56,126	55,264	56,997
NHS (Health)	107,483	108,144	108,888	111,307	113,300
Personal Social Services (Health) ⁽³⁾	1,574	-	-	-	-
Transport	13,352	13,003	12,566	12,414	11,915
CLG Communities	10,980	6,030	4,064	5,940	6,536
CLG Local Government ⁽⁴⁾	26,047	26,688	23,997	16,711	13,657
Business, Innovation and Skills	20,458	18,255	17,265	17,461	15,767
Home Office	13,948	13,040	11,988	11,292	11,529
Justice	9,904	9,393	8,777	7,903	7,450
Law Officers' Departments	719	645	613	586	551
Defence	39,983	39,071	35,452	35,021	34,368
Foreign and Commonwealth Office	2,411	2,279	2,097	2,147	1,872
International Development	7,993	8,216	8,028	10,159	9,650
Energy and Climate Change	3,386	2,736	3,269	3,429	3,635
Environment, Food and Rural Affairs	2,930	2,490	2,353	2,263	2,336
Culture, Media and Sport	2,199	2,903	2,520	1,118	1,515
Work and Pensions	10,016	8,148	7,934	7,772	7,225
Scotland	30,499	28,965	28,879	28,740	28,803
Wales	16,197	15,371	15,118	15,243	15,258
Northern Ireland	11,557	10,982	10,796	10,803	10,772
Chancellor's Departments	4,234	4,085	3,567	3,411	3,582
Cabinet Office	2,630	2,574	2,597	2,544	2,835
Small and Independent Bodies	1,763	1,789	1,518	1,577	1,692
Total DEL	401,786	382,815	368,413	363,107	361,244

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

(2) Real terms figures are the cash figures adjusted to 2014-15 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30 June 2015.

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

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

Table 1.12: Total Managed Expenditure by departmental group and other expenditure, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Total Managed Expenditure by departmental group					
Education ⁽¹⁾	47,042	66,951	64,958	65,556	70,907
NHS (Health) ⁽¹⁾	89,450	122,426	124,101	127,901	135,535
Personal Social Services (Health) ⁽²⁾	1,471	-	-	-	-
Transport ⁽³⁾	12,975	13,208	12,672	13,133	19,086
CLG Communities	10,990	5,538	4,341	6,205	7,280
CLG Local Government	25,442	26,113	23,329	27,605	25,837
Business, Innovation and Skills	22,448	21,672	22,720	21,794	24,652
Home Office	13,952	13,462	12,845	12,615	13,487
Justice	9,499	8,888	9,416	7,555	7,439
Law Officers' Departments	656	618	598	584	564
Defence ⁽¹⁾	36,477	45,185	41,584	40,789	42,729
Foreign and Commonwealth Office	2,287	2,228	2,114	2,183	1,951
International Development	7,770	7,917	7,943	10,129	9,806
Energy and Climate Change	8,327	6,286	8,526	7,849	9,285
Environment, Food and Rural Affairs	2,301	2,314	2,357	2,136	2,426
Culture, Media and Sport	7,143	7,105	7,536	6,056	7,061
Work and Pensions	160,522	166,904	173,156	170,603	174,740
Scotland	31,701	30,786	30,855	31,350	33,081
Wales	15,395	14,934	15,003	15,339	15,662
Northern Ireland	14,372	18,543	18,541	18,543	19,553
Chancellor's Departments ⁽⁴⁾	29,885	23,441	23,836	40,424	-15,484
Cabinet Office ⁽¹⁾	-5,009	11,187	11,941	11,169	13,449
Small and Independent Bodies	1,288	1,502	1,318	1,483	1,541
Total departmental expenditure ⁽⁵⁾	546,383	617,206	619,691	641,002	620,587
Central government gross debt interest	46,609	49,704	48,856	48,668	45,422
Locally financed expenditure	28,686	38,447	29,563	30,083	34,239
Public sector depreciation	31,441	32,757	33,781	34,907	36,034
Net expenditure transfers to the EU	8,414	7,702	9,131	9,716	8,881
Public corporations' own-financed capital expenditure	9,157	6,640	7,197	7,983	8,506
Accounting adjustments	36,428	-45,879	-27,363	-50,011	-18,136
Total other expenditure ⁽⁶⁾	160,735	89,371	101,165	81,346	114,946
TOTAL MANAGED EXPENDITURE ⁽⁷⁾	707,118	706,577	720,856	722,348	735,533

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

(2) Personal Social Services (Health) are grants previously paid by the Department of Health that are now included in CLG Local Government's 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 2010-11 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

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

Table 1.13: Total Managed Expenditure by departmental group and other expenditure in real terms⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Total Managed Expenditure by departmental group					
Education ⁽²⁾	50,352	70,401	67,221	66,469	70,907
NHS (Health) ⁽²⁾	95,744	128,735	128,424	129,683	135,535
Personal Social Services (Health) ⁽³⁾	1,574	-	-	-	-
Transport ⁽⁴⁾	13,888	13,888	13,114	13,316	19,086
CLG Communities	11,763	5,823	4,492	6,292	7,280
CLG Local Government	27,231	27,458	24,142	27,989	25,837
Business, Innovation and Skills	24,027	22,789	23,512	22,098	24,652
Home Office	14,933	14,156	13,293	12,791	13,487
Justice	10,167	9,346	9,744	7,661	7,439
Law Officers' Departments	702	650	619	593	564
Defence ⁽²⁾	39,044	47,514	43,032	41,357	42,729
Foreign and Commonwealth Office	2,448	2,343	2,188	2,214	1,951
International Development	8,317	8,325	8,220	10,270	9,806
Energy and Climate Change	8,913	6,610	8,823	7,958	9,285
Environment, Food and Rural Affairs	2,463	2,434	2,440	2,166	2,426
Culture, Media and Sport	7,645	7,471	7,799	6,141	7,061
Work and Pensions	171,816	175,506	179,187	172,979	174,740
Scotland	33,931	32,373	31,930	31,787	33,081
Wales	16,478	15,704	15,525	15,553	15,662
Northern Ireland	15,383	19,498	19,187	18,801	19,553
Chancellor's Departments ⁽⁵⁾	31,987	24,649	24,666	40,988	-15,484
Cabinet Office ⁽²⁾	-5,362	11,763	12,357	11,324	13,449
Small and Independent Bodies	1,379	1,579	1,364	1,504	1,541
Total departmental expenditure ⁽⁶⁾	584,824	649,014	641,276	649,932	620,587
Central government gross debt interest	49,888	52,266	50,558	49,346	45,422
Locally financed expenditure	30,704	40,428	30,593	30,502	34,239
Public sector depreciation	33,653	34,445	34,958	35,393	36,034
Net expenditure transfers to the EU	9,006	8,099	9,449	9,851	8,881
Public corporations' own-financed capital expenditure	9,802	6,982	7,447	8,094	8,506
Accounting adjustments	38,991	-48,243	-28,316	-50,708	-18,136
Total other expenditure ⁽⁷⁾	172,043	93,977	104,689	82,479	114,946
TOTAL MANAGED EXPENDITURE ⁽⁸⁾	756,867	742,991	745,965	732,411	735,533

(1) Real terms figures are the cash figures adjusted to 2014-15 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30 June 2015.

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

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

(4) 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.

(5) Transactions from 2010-11 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

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

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

(8) 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⁾, 2010-11 to 2014-15

	£ billion				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 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)	-8.5	-15.0	-14.9	-17.7	-15.2
NHS capital consumption	-1.8	-1.7	-1.8	-2.1	-1.8
Interest	-0.1	-0.2	-0.2	-0.2	-0.3
Public corporation subsidies	-1.2	-1.1	-1.7	-1.1	-0.8
Other	-0.1	0.0	0.0	0.1	0.1
Total resource DEL	-11.7	-18.0	-18.5	-21.0	-18.0
Resource departmental AME					
Capital consumption	-1.8	-1.6	-1.6	-1.4	-2.0
Interest	1.0	2.2	2.7	1.2	2.1
Subsidy element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Subsidy element of other environmental levies	0.0	0.0	0.0	-0.1	-0.2
NNDR outturn adjustment	-1.1	-0.7	-0.1	-0.3	0.0
Public corporation subsidies	-0.4	-7.3	0.0	0.0	0.0
Other	0.1	2.4	0.0	0.2	0.1
Total resource departmental AME	-2.2	-5.1	1.0	-0.4	0.1
Adjustment for different data used by OBR in PSCE forecast	0.0	0.0	0.0	0.0	0.0
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0
Total resource budget data replaced by different source data	-13.9	-23.0	-17.6	-21.4	-17.9
Remove data in budgets which do not form part of public sector current expenditure					
Resource DEL					
Impairments	-7.8	-0.4	-2.7	1.1	-0.6
Receipts treated as negative DEL but revenue in National Accounts	0.7	0.6	0.8	1.1	0.7
Fees, levies and charges	0.2	0.2	0.4	1.6	1.6
Grant equivalent element of student lending	-4.2	-3.8	-3.9	-5.7	-1.6
Stock write-offs	0.0	0.0	0.0	0.0	0.0
Change in pension scheme liabilities	-0.1	0.0	0.0	0.0	-0.1
Miscellaneous current transfers	1.6	1.8	2.3	2.6	2.6
Northern Ireland Executive transfers between DEL and AME ⁽²⁾	0.6	0.6	0.6	0.6	0.7
Profit or loss - sale of company securities	0.0	0.0	0.0	0.0	0.0
Profit or loss - sale of other assets (capital in National Accounts)	0.0	-0.1	0.0	-0.8	0.2
EU funded expenditure	-0.3	-0.5	-0.3	-0.2	0.2
Other	0.0	-0.5	0.1	-1.2	-1.3
Total resource DEL	-9.4	-2.1	-2.8	-0.8	2.5
Resource departmental AME					
Impairments	3.0	12.4	14.8	-14.3	45.3
Bad debts	-0.6	-0.5	-0.5	-0.5	-0.3
Grant equivalent element of student lending	0.0	1.6	0.1	-0.6	-0.5
Provisions	-7.2	-5.4	-10.3	-9.3	-10.7
Change in pension scheme liabilities	56.8	-27.1	-26.9	-28.7	-34.6
Unwinding of discount rate on pension scheme liabilities	-37.6	-44.0	-40.5	-38.0	-46.1
Release of provisions covering payments of pension benefits	25.9	27.7	30.5	32.2	34.2
Fees, levies and charges	0.2	0.5	1.2	1.9	2.3
Profit or loss - sale of other assets (capital in National Accounts)	0.0	0.0	0.0	0.0	0.0
Imputed tax element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0
Imputed tax element of other environmental levies	0.0	0.0	0.0	0.0	0.0
Tax credits	-5.6	-4.6	-2.8	-2.6	-2.6
Other	1.1	-0.6	-0.8	4.8	0.3
Total resource departmental AME	36.1	-39.9	-35.1	-55.1	-12.8
Total resource budget data not in public sector current expenditure	26.7	-42.0	-37.9	-55.9	-10.3

Table 1.14 Accounting adjustments⁽¹⁾, 2010-11 to 2014-15 (continued)

	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
					£ billion
Central government adjustments in National Accounts					
Expenditure on goods and services	16.7	21.5	16.1	17.9	17.4
of which: VAT refunds	4.8	5.0	5.1	5.0	5.0
of which: Single Use Military Equipment	0.4	0.4	0.3	0.3	0.3
of which: payment from EU for tax collection costs	-0.8	-0.7	-0.7	-0.7	-0.8
of which: capital consumption	15.4	16.2	16.7	17.0	17.3
of which: Capitalisation of R&D	-4.8	-3.9	-3.8	-4.0	-4.1
of which: other	1.7	4.6	-1.6	0.2	-0.4
Net social benefits	5.9	5.2	3.7	3.8	4.8
of which: switch between benefits and other current grants	0.4	0.6	0.3	0.3	0.3
of which: other	5.5	4.6	3.4	3.5	4.5
Net current grants abroad	-2.5	-1.9	-2.3	-2.0	-2.3
of which: attributed aid	-0.8	-0.9	0.0	0.0	0.0
of which: EU receipts	4.8	4.9	0.0	0.0	0.0
of which: Capitalisation of R&D	-0.3	-0.3	-0.3	-0.3	-0.3
of which: other	-6.2	-5.5	-1.9	-1.7	-2.0
Other current grants	-2.6	-7.2	0.3	-1.1	-0.7
of which: switch between other current grants and benefits	-0.4	-0.6	-0.3	-0.3	-0.3
of which: Capitalisation of R&D	-2.5	-2.6	-2.6	-2.9	-3.2
of which: other	0.2	-4.0	3.2	2.1	2.7
Subsidies	3.9	10.8	4.4	4.4	5.3
of which: Renewable Obligation Certificates	1.3	0.5	1.7	2.5	3.1
of which: other environmental levies	0.0	0.0	0.5	0.6	1.0
of which: company tax credits outside departmental AME	1.3	1.3	1.4	1.5	1.9
of which: other	1.3	9.0	0.9	-0.2	-0.7
Total central government resource adjustments	21.3	28.4	22.1	22.9	24.5
Local government adjustments in National Accounts					
Remove data which do not form part of public sector current expenditure	-4.5	-5.1	-3.8	-3.9	-12.3
of which: Northern Ireland regional rates	-0.5	-0.6	-0.6	-0.6	-0.7
of which: retirement benefits	0.0	0.0	0.0	0.0	0.0
of which: debt interest payments to central government	-3.0	-4.4	-2.8	-3.1	-3.2
of which: other	-1.0	-0.2	-0.4	-0.2	-8.5
Adjustments to reconcile use of different data sources	1.0	2.6	-0.1	-0.7	3.9
of which: central government support	-0.4	0.2	-1.2	-1.2	4.4
of which: debt interest	-0.3	0.6	-0.3	-0.1	-0.5
of which: police and fire top up grants	1.1	1.4	1.6	1.7	1.9
of which: other	0.6	0.5	-0.2	-1.1	-1.9
Expenditure on goods and services	15.9	16.3	17.4	18.8	18.4
of which: VAT refunds	6.4	6.8	6.5	6.6	6.6
of which: Local Authority Pension Scheme	1.8	1.9	2.0	1.9	1.9
of which: capital consumption	8.0	8.5	9.0	9.5	10.0
of which: rates	-1.2	-1.4	-1.4	-1.4	-1.4
of which: other	0.9	0.5	1.3	2.3	1.4
Subsidies	1.1	0.5	0.3	0.5	0.4
of which: equity injection into Housing Revenue Account	1.1	0.5	0.3	0.5	0.4
of which: other	0.0	0.0	0.0	0.0	0.0
Net social benefits	-0.5	-0.9	-1.1	-0.9	-1.3
of which: housing benefits and rent rebates	0.4	0.1	0.0	0.2	0.1
of which: other	-0.9	-1.0	-1.1	-1.1	-1.4
Other current grants and current grants abroad	-0.1	-0.1	0.0	0.0	-0.1
Total local government resource adjustments	12.9	13.2	12.7	13.8	9.0
Other resource adjustments					
Public corporations	0.5	0.3	0.3	0.3	-0.2
Asset Purchase Facility and Special Liquidity Scheme	-7.7	-8.8	-12.1	-12.6	-12.4
Network Rail	0.7	0.5	0.6	0.4	0.9
EU VAT contributions	2.3	2.3	2.4	2.2	2.2
Other	0.0	-0.2	0.0	0.9	2.5
Total other resource adjustments	-4.2	-5.9	-8.7	-8.9	-7.1
Total resource adjustments	42.8	-29.3	-29.4	-49.4	-1.8
of which:					
Timing adjustments ⁽³⁾					
Central government	-8.5	0.3	-0.8	-0.6	-2.6
Local government	0.5	-0.5	0.2	1.1	-0.1

Table 1.14 Accounting adjustments⁽¹⁾, 2010-11 to 2014-15 (continued)

	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	£ billion 2014-15 outturn
Remove data in budgets which form part of public sector gross investment but where a different source is used for National Accounts					
Capital DEL					
Change in inventories	0.1	0.0	0.0	0.0	-0.1
Acquisitions less disposals of valuables	0.0	-0.1	-0.1	0.0	0.0
Total capital DEL	0.0	-0.2	-0.1	0.0	-0.1
Adjustment for different data used by OBR in PSGI forecast	0.0	0.0	0.0	0.0	0.0
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0
Total capital budget data replaced by different source data	0.0	-0.2	-0.1	0.0	-0.1
Remove data in budgets which do not form part of public sector gross investment					
Capital DEL					
Net lending to private sector	-1.0	-2.1	-1.5	-3.0	-3.0
Capital support for public corporations	0.2	0.1	0.0	0.4	0.5
Local government supported capital expenditure	0.0	0.0	0.0	0.0	0.0
Northern Ireland Executive transfers between DEL and AME	0.2	0.4	0.2	0.2	0.3
Other	0.1	0.0	-0.2	0.0	-0.5
Total Capital DEL	-0.5	-1.7	-1.6	-2.4	-2.8
Capital departmental AME					
Net lending to private sector	-2.1	-1.2	-3.3	4.5	1.6
Capital support for public corporations	0.4	-0.1	0.2	0.8	-0.3
Purchase of company securities					
Sale of company securities					
Northern Ireland Executive transfers between DEL and AME	-0.2	-0.4	-0.1	-0.2	-0.2
Other	-0.2	0.1	0.2	0.6	-6.5
Total capital departmental AME	-2.1	-1.7	-3.0	5.6	-5.3
Total capital budget data not in public sector gross investment	-2.6	-3.4	-4.5	3.2	-8.1
Central government adjustments in National Accounts					
Gross fixed capital formation	8.1	7.7	6.8	5.4	6.6
<i>of which: profit or loss - sale of other assets (from resource budgets)</i>	0.0	0.1	0.0	0.8	-0.2
<i>of which: Capitalisation of R&D</i>	4.8	3.9	3.8	4.0	4.1
<i>of which: Single use military expenditure</i>	-0.4	-0.4	-0.3	-0.3	-0.3
<i>of which: other</i>	3.7	4.1	3.4	1.0	3.1
Capital grants to and from the private sector	0.6	0.5	9.1	1.0	0.1
<i>of which: VAT refunds</i>	0.1	0.1	0.1	0.1	0.1
<i>of which: Royal Mail assets transfer</i>	0.0	0.0	9.5	0.0	0.0
<i>of which: Capitalisation of R&D</i>	2.7	2.9	2.9	3.2	3.5
<i>of which: other</i>	-2.2	-2.5	-3.3	-2.3	-3.5
Total central government capital adjustments	8.8	8.2	15.9	6.4	6.6
Local government adjustments in National Accounts					
Adjustments to reconcile use of different data sources	-3.5	-3.8	-1.4	-2.1	-2.7
<i>of which: overhanging debt</i>	-0.8	-0.2	0.0	0.0	-0.4
<i>of which: central government support</i>	-0.5	-1.3	1.2	0.4	0.4
<i>of which: financial transactions</i>	-1.4	-1.8	-2.1	-2.1	-2.1
<i>of which: capital grants from private sector</i>	-0.8	-0.7	-0.4	-0.5	-0.5
Gross fixed capital formation	2.1	3.1	3.5	3.3	3.5
<i>of which: VAT refunds</i>	2.0	2.1	2.1	2.1	2.1
<i>of which: roads de-trunking</i>	0.1	0.0	0.0	0.0	0.0
<i>of which: other</i>	0.0	1.0	1.4	1.2	1.4
Capital grants	0.2	0.2	0.2	-0.6	0.0
<i>of which: grants to public corporations</i>	0.0	0.0	0.0	0.0	0.0
<i>of which: other</i>	0.2	0.2	0.2	-0.6	0.0
Total local government capital adjustments	-1.3	-0.5	2.2	0.5	0.8

Table 1.14 Accounting adjustments⁽¹⁾, 2010-11 to 2014-15 (continued)

	£ billion				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Other capital adjustments					
Public corporations	-0.5	0.1	-0.2	-1.2	-0.3
Housing Revenue Account reform receipts	0.0	-8.1	0.0	0.0	0.0
Network Rail	0.1	0.6	1.0	3.1	2.5
Other	0.0	0.1	0.0	-0.1	0.7
Total other capital adjustments	-0.4	-7.1	0.8	1.9	3.0
Total capital adjustments	4.5	-3.1	14.3	12.1	2.3
<i>of which:</i>					
Timing adjustments (3)					
Central government	0.4	0.0	-12.6	-4.8	-3.6
Local government	2.0	2.1	2.1	2.1	2.1

(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 OSCAR data in the early years.

Table 1.15 Total Managed Expenditure by spending sector, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Central government own expenditure					
DEL ⁽¹⁾	264,652	262,260	260,005	269,199	274,700
Departmental AME ⁽¹⁾⁽²⁾	142,374	223,345	233,881	247,192	221,080
Locally financed support in Northern Ireland	538	588	621	632	661
Net expenditure transfers to the EU	8,414	7,702	9,131	9,716	8,881
Central government debt interest	46,609	49,704	48,856	48,668	45,422
Accounting and other adjustments ⁽²⁾	63,859	-9,344	2,879	-17,421	18,214
Total central government own expenditure	526,446	534,255	555,373	557,986	568,958
Local government expenditure					
Central government support in DEL	110,728	101,721	95,883	89,172	86,816
Central government support in departmental AME ⁽¹⁾	29,100	29,702	30,255	36,685	38,096
Locally financed support in Scotland	2,068	2,182	2,263	2,435	2,650
Local authority self-financed expenditure	25,699	34,711	26,680	27,014	30,928
Accounting and other adjustments ⁽²⁾	11,298	5,369	14,868	14,235	12,191
Total local government expenditure	178,893	173,685	169,949	169,541	170,681
Public corporations' expenditure					
DEL	-3	72	124	-252	-272
Departmental AME ⁽²⁾	-467	106	-457	-992	167
Public corporations' own-financed capital expenditure	9,157	6,640	7,197	7,983	8,506
Accounting and other adjustments	792	547	689	624	-141
Total public corporations' expenditure	9,479	7,365	7,553	7,363	8,260
Bank of England⁽³⁾	-7,700	-8,728	-12,019	-12,542	-12,366
Total Managed Expenditure	707,118	706,577	720,856	722,348	735,533

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

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

(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 There have been no significant changes to the presentation of data within this chapter since the summer 2014 Public Spending Statistics publication.

THE BUDGETING AND REPORTING FRAMEWORK

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

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

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

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

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

RECONCILIATION OF BUDGETING AND NATIONAL ACCOUNTS AGGREGATES

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

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

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

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

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

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

ADMINISTRATION BUDGETS

1.13 **Table 1.7** sets out details of administration expenditure in resource DEL for those central government departments that are subject to administration budgets. Administration budgets are set for most civil service departments and are generally designed to contain most back-office functions. These budgets therefore help to drive economy and efficiency in the running of government. Around 65 per cent of administration costs are accounted for by civil service pay, a further 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**.

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

TOTAL DEL

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

1.16 **Table 1.12** presents total expenditure, 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

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

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

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

CENTRAL GOVERNMENT OWN EXPENDITURE

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

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

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

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

LOCAL GOVERNMENT EXPENDITURE

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

- central government support (which can be in either DEL or AME);
- locally financed support in Scotland (the proceeds of non-domestic rates in Scotland that are collected and distributed to local authorities by the Scottish Government); and
- self-financed expenditure. Further analyses of local government expenditure are presented in **Chapter 7**.

PUBLIC CORPORATIONS' EXPENDITURE

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

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

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

1.26 Subsidies to public corporations are included in central government own expenditure as they 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 £333.6bn in 2014-15, a fall of 2.9 per cent on the previous year. This is part of a fall of £36.8bn (9.9 per cent) since 2010-11, reflecting the Government's plans for fiscal consolidation as set out in the 2010 Spending Review.
- Staff costs increased by 2.7 per cent in 2014-15, a reflection of the reclassification of academies from local to central government.
- Expenditure on grants to local government totalled £76.6bn in 2014-15, a fall of 4.3 per cent on 2013-14. In part this has been caused by the reclassification of academies mentioned above. The financing of local government expenditure is examined in more detail in chapter 7 of PESA.
- Expenditure on gross current procurement increased by 3.7 per cent in 2014-15. 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 £10.5bn in 2014-15. This is a fall of 10.6 per cent on the previous year.

RESOURCE AME

- Total resource AME stood at £253.7bn in 2014-15, a decrease of 12.3 per cent on 2012-13. As above, it reflects adjustment to departmental DEL and AME budgets for local government funding relating to the localisation of business rates and council tax.
- 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 2.7 per cent to £192.7bn in 2014-15 from £187.6bn in the previous year.
- Depreciation fell to -£42.8bn from £16.3bn in 2013-14. This is mainly due to fluctuation in financial sector interventions HM Treasury, which swung to -£46.9bn from £12.9bn in 2013-14.

CAPITAL BUDGETS

- Capital spending within budgets was £50.7bn in 2014-15, a rise of 42.9 per cent on the previous year. The majority of capital spending occurred within DEL.
- £6.5bn of lending to Network Rail was included in Other AME in 2014-15, representing around half the overall increase.
- Within capital DEL, support for local government increased by 11.6 per cent in 2014-15. Table 7.3 of PESA breaks this down by country and department. In the same year gross capital procurement was down by 3.2 per cent.

Table 2.1 Budgets by economic category of spending, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Resource DEL					
Staff costs ⁽¹⁾	94,807	96,666	99,591	103,441	106,282
Gross current procurement ⁽¹⁾	104,204	105,546	107,903	110,438	114,480
Income from sales of goods and services	-15,379	-15,470	-16,861	-18,309	-19,029
Current grants to local government ⁽¹⁾	97,835	90,812	86,215	80,028	76,614
Current grants to persons and non-profit bodies	31,296	29,223	25,968	24,845	23,631
Current grants abroad	1,028	727	1,457	3,118	2,294
Subsidies to private sector companies	5,646	6,006	5,899	5,679	5,208
Subsidies to public corporations	1,247	1,138	1,707	1,093	846
Net public service pensions ⁽²⁾	20	9	43	134	585
Rentals	4,723	6,542	7,156	7,166	7,761
Depreciation ⁽³⁾	20,512	19,269	21,504	22,276	17,370
Take up of provisions	-	32	-21	-22	-7
Release of provisions	-8	-10	-12	-16	-1
Change in pension scheme liabilities	74	29	22	16	74
Unwinding of the discount rate on pension scheme liabilities	-20	56	25	32	-
Release of provisions covering payments of pensions benefits	-	-	-	-	-430
Other	87	409	-2,040	-1,189	-2,048
Total resource DEL	346,072	340,984	338,555	338,731	333,629
Of which: administration budgets in resource DEL					
Staff costs	13,645	9,052	8,590	7,625	6,596
Gross current procurement	6,713	4,294	4,111	4,363	5,094
Income from sales of goods and services	-1,304	-1,096	-1,035	-1,160	-1,469
Rentals	1,450	565	617	473	288
Depreciation	1,066	769	744	637	505
Other	-80	-68	-440	-212	-527
Total administration budgets in resource DEL	21,490	13,516	12,588	11,725	10,487
Resource departmental AME					
Staff costs	1,161	1,310	1,162	1,330	1,567
Gross current procurement	2,904	2,321	3,299	2,884	2,832
Income from sales of goods and services ⁽⁴⁾	-2,069	-1,231	-1,240	-354	-625
Current grants to local government	28,107	29,412	30,123	36,552	37,889
Current grants to persons and non-profit bodies	174,053	180,153	186,470	187,640	192,712
Subsidies to private sector companies	332	445	465	604	1,099
Subsidies to public corporations	-658	-776	-83	-70	-70
Net public service pensions ⁽²⁾	4,607	6,668	8,577	8,947	9,618
Rentals	-	-	83	107	2
Depreciation ⁽⁴⁾	-1,238	-12,387	-13,356	16,339	-42,807
Take up of provisions ⁽⁴⁾	13,230	12,754	17,908	14,062	15,163
Release of provisions	-6,067	-7,386	-7,637	-4,726	-4,463
Change in pension scheme liabilities ⁽⁵⁾	-56,752	27,069	26,928	28,740	34,602
Unwinding of the discount rate on pension scheme liabilities	37,615	44,012	40,499	37,991	46,109
Release of provisions covering payments of pensions benefits ⁽⁶⁾	-25,928	-27,725	-30,546	-32,246	-34,187
Other	-2,055	-4,011	-2,562	-8,704	-5,763
Total resource departmental AME	167,242	250,628	260,090	289,095	253,676

Table 2.1 Budgets by economic category of spending, 2010-11 to 2014-15 (continued)

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Resource budgets					
Staff costs (1)	95,969	97,976	100,753	104,771	107,848
Gross current procurement (1)	107,108	107,867	111,202	113,322	117,312
Income from sales of goods and services (4)	-17,448	-16,701	-18,101	-18,663	-19,654
Current grants to local government (1)	125,942	120,224	116,338	116,580	114,503
Current grants to persons and non-profit bodies	205,350	209,377	212,438	212,485	216,343
Current grants abroad	1,028	727	1,457	3,118	2,294
Subsidies to private sector companies	5,977	6,452	6,364	6,283	6,307
Subsidies to public corporations	588	362	1,625	1,023	775
Net public service pensions (2)	4,627	6,678	8,620	9,081	10,203
Rentals	4,723	6,542	7,239	7,273	7,763
Depreciation (3) (4)	19,274	6,882	8,148	38,615	-25,437
Take up of provisions (4)	13,231	12,786	17,886	14,040	15,156
Release of provisions	-6,075	-7,396	-7,650	-4,742	-4,464
Change in pension scheme liabilities (5)	-56,677	27,098	26,950	28,756	34,675
Unwinding of the discount rate on pension scheme liabilities	37,594	44,068	40,524	38,023	46,109
Release of provisions covering payments of pensions benefits (6)	-25,928	-27,726	-30,547	-32,247	-34,618
Other (4)	-1,968	-3,602	-4,603	-9,893	-7,810
Total resource budgets	513,315	591,612	598,645	627,826	587,305
Capital DEL					
Capital support for local government	12,893	10,909	9,668	9,144	10,203
Capital grants to persons and non-profit bodies	4,836	3,044	1,653	1,923	2,912
Capital grants to private sector companies	7,683	6,643	5,892	6,258	6,972
Capital grants abroad	1,772	1,425	1,369	1,558	1,549
Capital support for public corporations	187	268	304	-56	-258
Gross capital procurement	23,786	20,644	21,813	22,433	21,721
Income from sales of assets	-960	-1,241	-2,118	-1,290	-1,584
Net lending and investment to the private sector and abroad (4)	-126	504	561	1,855	2,993
Other	-254	143	-180	-162	479
Total capital DEL	49,816	42,338	38,961	41,664	44,985
Capital departmental AME					
Capital support for local government	993	290	133	132	207
Capital grants to persons and non-profit bodies	549	338	369	327	462
Capital grants to private sector companies	-	-1	-	-1,016	-500
Capital grants abroad	-	-	-	-20	15
Capital support for public corporations	-361	187	-198	-797	263
Gross capital procurement	139	193	183	11	195
Income from sales of assets	-	-	-211	-127	-274
Net lending and investment to the private sector and abroad	2,013	1,198	3,233	-4,761	-1,608
Other	430	320	80	40	6,908
Total capital departmental AME	3,764	2,525	3,589	-6,211	5,667
Capital budgets					
Capital support for local government	13,886	11,199	9,800	9,276	10,409
Capital grants to persons and non-profit bodies	5,385	3,382	2,022	2,250	3,373
Capital grants to private sector companies	7,683	6,642	5,891	5,242	6,471
Capital grants abroad	1,772	1,425	1,369	1,539	1,564
Capital support for public corporations	-173	455	106	-853	4
Gross capital procurement	23,925	20,837	21,997	22,444	21,916
Income from sales of assets	-960	-1,241	-2,329	-1,417	-1,858
Net lending and investment to the private sector and abroad (4)	1,887	1,702	3,794	-2,906	1,385
Other	176	463	-100	-122	7,387
Total capital budgets	53,581	44,864	42,551	35,453	50,652

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

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

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

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

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

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

Table 2.2 Gross current procurement in budgets, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Gross current procurement in budgets					
Education ⁽¹⁾	1,321	2,316	2,867	3,555	3,391
NHS (Health)	51,124	53,447	56,168	56,295	60,642
Personal Social Services (Health)	24	-	-	-	-
Transport	1,727	1,823	1,942	2,039	1,829
CLG Communities	484	402	339	305	329
CLG Local Government	89	89	89	-	-
Business, Innovation and Skills	1,384	1,344	1,142	1,515	1,333
Home Office	2,396	2,019	2,146	2,182	2,233
Justice	5,720	6,039	5,874	5,389	4,837
Law Officers' Departments	346	299	281	278	300
Defence	13,517	13,018	11,901	12,462	12,787
Foreign and Commonwealth Office	960	907	960	729	573
International Development	588	728	784	1,123	1,289
Energy and Climate Change	1,961	1,931	1,598	1,789	1,932
Environment, Food and Rural Affairs	1,080	1,104	1,286	1,198	1,195
Culture, Media and Sport	3,376	2,905	3,662	3,518	3,180
Work and Pensions	2,945	2,111	2,089	2,259	2,441
Scotland	6,777	6,224	6,886	7,442	7,238
Wales	3,849	3,831	3,410	3,342	3,769
Northern Ireland	3,948	3,726	4,137	4,307	4,224
Chancellor's Departments	1,325	1,321	1,519	1,400	1,352
Cabinet Office	1,190	1,237	1,266	1,269	1,484
Small and Independent Bodies	978	1,044	856	927	951
Total gross current procurement in budgets	107,108	107,867	111,202	113,322	117,312

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

Table 2.3 Gross capital procurement in budgets, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Gross capital procurement in budgets					
Education ⁽¹⁾	27	15	2,227	2,440	581
NHS (Health)	4,178	3,416	3,831	4,100	4,465
Personal Social Services (Health)	-	-	-	-	-
Transport	1,654	1,361	1,110	1,431	2,135
CLG Communities	217	84	55	125	163
CLG Local Government	1	-	1	-	-
Business, Innovation and Skills	470	321	297	300	249
Home Office	337	278	227	214	228
Justice	591	420	327	364	360
Law Officers' Departments	8	3	2	3	4
Defence	9,369	8,699	7,872	7,498	7,976
Foreign and Commonwealth Office	125	99	106	137	134
International Development	11	17	66	13	8
Energy and Climate Change	1,326	1,444	1,786	1,710	1,825
Environment, Food and Rural Affairs	196	133	150	181	171
Culture, Media and Sport	1,715	1,380	510	639	331
Work and Pensions	233	229	308	126	118
Scotland	1,107	905	1,178	1,050	898
Wales	624	472	389	480	530
Northern Ireland	1,070	844	900	908	987
Chancellor's Departments	186	241	211	224	251
Cabinet Office	412	419	381	422	420
Small and Independent Bodies	68	57	63	80	82
Total gross capital procurement in budgets	23,925	20,837	21,997	22,444	21,916

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

BACKGROUND TO ECONOMIC ANALYSES

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

WHAT'S NEW

2.2 There have been no significant changes to the presentation of data within this chapter since the summer 2014 Public Spending Statistics publication.

ANALYSES OF BUDGETS BY ECONOMIC CATEGORY OF SPENDING

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

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

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

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

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

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

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

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

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

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

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

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

Resource budget

- Income from sales of goods and services: £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: -£12.0 billion in 2010-11 for the change in fair value of the Asset Protection Scheme (APS) and Bank of England Asset Purchase Facility Fund (BEAPFF). In 2011-12 the impairment cost of RBS and LBG shares was £14.1 billion, offset by a -£28.4bn gain for the BEAPFF. There was a further gain of -£17.1 billion in 2012-13 and an impairment of £12.9 billion in 2013-14. There was a further gain of £47.0 billion in 2014-15.
- Other: income of £0.4 billion in 2010-11, £0.8 billion in both 2011-12 and 2012-13, £4.5 billion in 2013-14 and £1.9 billion in 2014-15. This is comprised mainly of interest paid to government and in 2013-14 from the sale of shares in Lloyds Banking Group.

Capital budget

- Net lending to the private sector: -£3.0 billion in 2010-11, -£4.6 billion in 2011-12, -£3.6 billion in 2012-13, -£4.9 billion in 2013-14 and -£2.9 billion in 2014-15. 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 and 2014-15.

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 4 TRENDS IN PUBLIC SPENDING

OVERVIEW

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

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

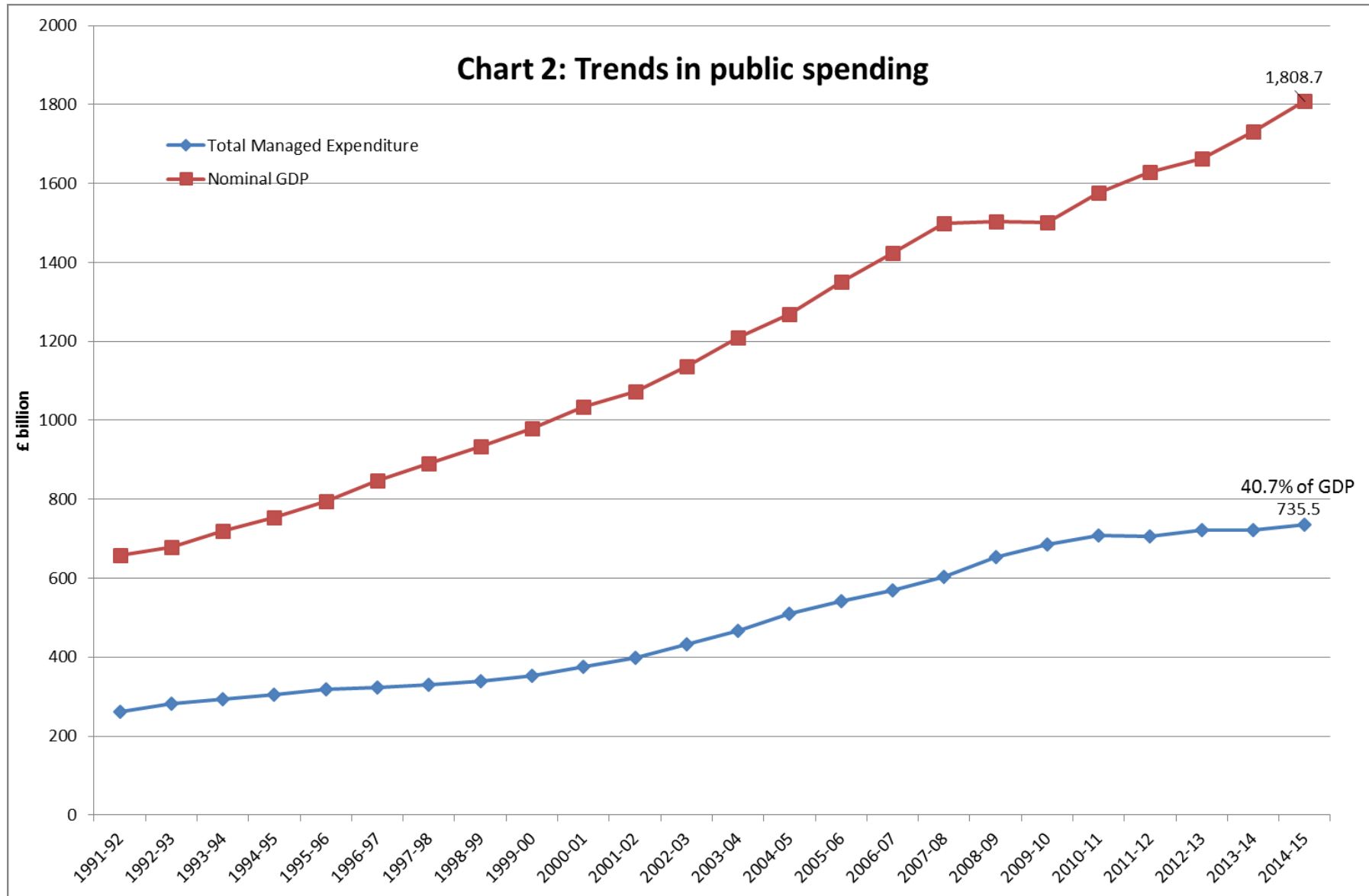
Tables 4.2 to 4.4 show total expenditure on services split by high level spending function (health, education, social protection, etc.) back to 1991-92.

TRENDS IN TME, PSCE AND PSNI (TABLE 4.1)

- During 2014-15, Total Managed Expenditure has increased in nominal terms by £13.2bn (1.8 per cent), and also in real (inflation-adjusted) terms by £3.1bn (0.4 per cent).
- Since 1972-73, real terms year-on-year decreases in TME have only occurred in 1977-78, 1985-86, 1988-89, 1996-97, 2011-12 and 2013-14.
- TME as a percentage of GDP, which shows the size of the public sector relative to the size of the whole economy, was 40.7 per cent in 2014-15. This is lowest figure since 2007-08.

TRENDS IN FUNCTIONAL EXPENDITURE (TABLE 4.2 TO 4.4)

- In real terms, spending in five functions increased whilst spending in five functions fell during 2014-15.
- The largest real terms percentage increases were in **Housing and community amenities** (10.1 per cent) and in **Environment protection** (4.5 per cent).
- The largest real terms decreases in spending were in **Education** (-6.7 per cent, caused by a reduction in the current value of the expected future cost of student loans), and in **General public services** (-5.2 per cent, caused by a fall in public sector debt interest).
- Spending on **Health** shows a nominal and real terms increase in 2014-15 (+3.8 per cent nominal, +2.4 per cent in real terms).
- For greater detail see Table 5.2, which shows a breakdown of public spending at the sub-functional level.



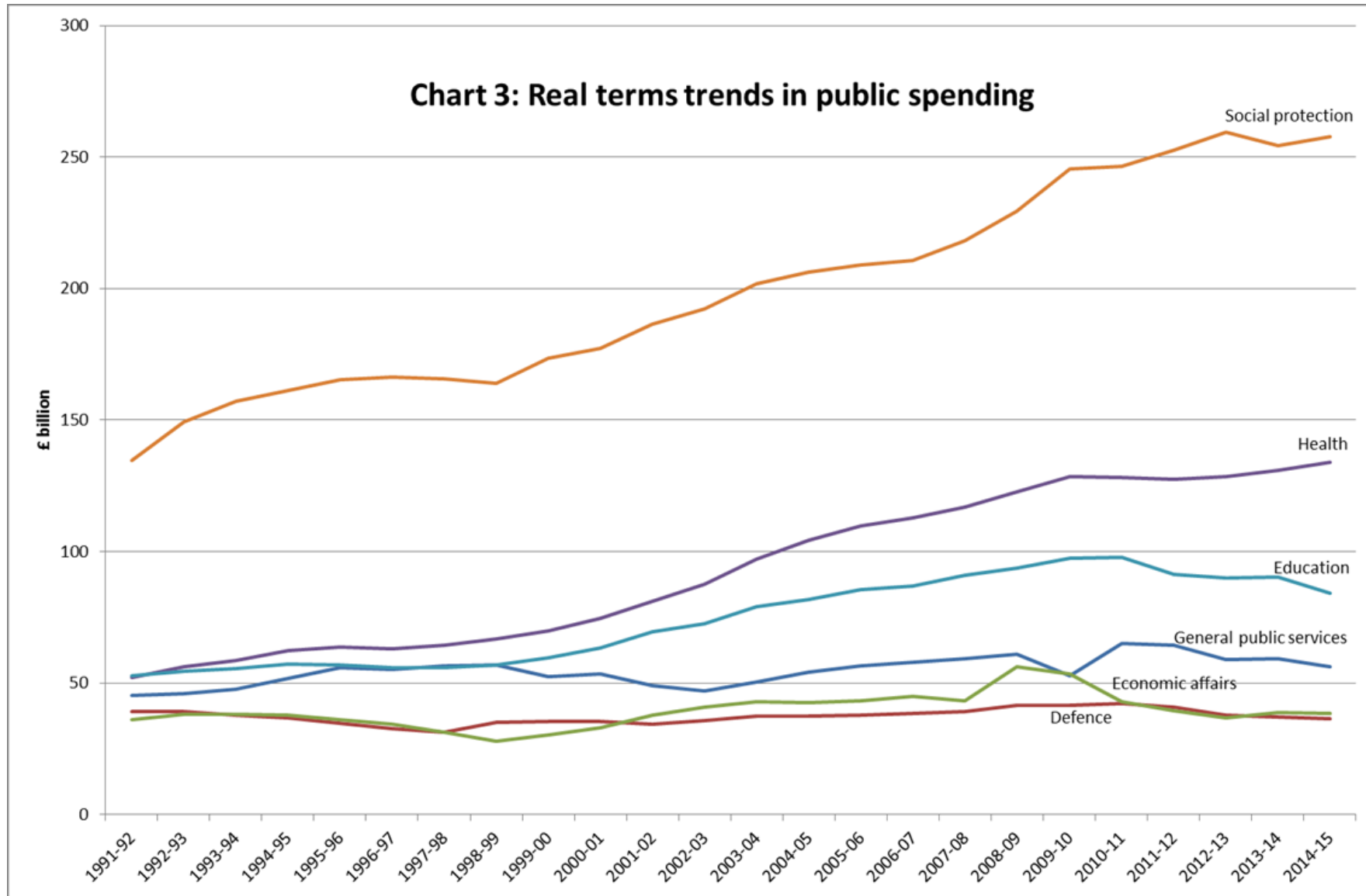


Table 4.1 Public expenditure aggregates, 1972-73 to 2014-15

Outturn data in this table 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
1972-73	22.1	234.1	31.1	2.9	3.5	37.5	5.0	28.5	301.9	40.1
1973-74	25.8	251.9	32.4	3.4	4.3	41.6	5.4	33.4	326.9	42.1
1974-75	34.1	279.5	36.6	4.3	5.5	44.7	5.8	43.9	359.4	47.0
1975-76	43.9	289.3	38.3	5.5	6.8	44.5	5.9	56.1	369.8	48.9
1976-77	51.2	297.9	38.2	6.4	6.4	37.4	4.8	64.1	372.7	47.8
1977-78	57.5	294.5	36.7	7.4	5.2	26.9	3.3	70.2	359.2	44.8
1978-79	66.1	305.3	36.6	8.4	5.2	24.0	2.9	79.7	368.0	44.1
1979-80	79.6	315.0	36.5	10.0	5.8	22.8	2.6	95.3	377.3	43.7
1980-81	96.8	322.8	38.8	12.1	5.8	19.4	2.3	114.7	382.4	46.0
1981-82	110.8	336.7	40.1	13.2	4.1	12.6	1.5	128.2	389.3	46.4
1982-83	121.6	346.2	40.3	13.9	6.1	17.4	2.0	141.6	403.1	46.9
1983-84	131.3	357.6	39.9	14.6	7.6	20.7	2.3	153.4	417.9	46.6
1984-85	142.0	365.6	40.0	14.8	7.3	18.8	2.1	164.1	422.4	46.3
1985-86	150.5	365.5	38.6	14.4	6.3	15.4	1.6	171.3	415.8	44.0
1986-87	158.7	370.7	37.9	14.9	4.8	11.3	1.2	178.4	416.8	42.7
1987-88	169.6	375.5	36.1	14.9	4.7	10.4	1.0	189.3	418.9	40.3
1988-89	176.3	365.9	33.6	15.8	3.8	7.9	0.7	195.9	406.6	37.3
1989-90	191.1	367.9	33.0	16.8	9.0	17.3	1.5	216.8	417.5	37.5
1990-91	208.1	370.1	33.3	16.7	10.3	18.3	1.6	235.1	418.1	37.7
1991-92	232.0	389.7	35.3	15.4	13.5	22.6	2.0	260.9	438.3	39.7
1992-93	252.1	413.1	37.2	15.3	14.0	23.0	2.1	281.5	461.1	41.5
1993-94	266.2	425.6	37.0	15.6	11.9	19.1	1.7	293.7	469.6	40.9
1994-95	277.6	438.6	36.8	15.7	12.3	19.4	1.6	305.5	482.8	40.5
1995-96	291.2	447.1	36.6	15.7	12.6	19.3	1.6	319.4	490.5	40.2
1996-97	300.3	442.4	35.4	15.3	8.3	12.3	1.0	323.9	477.2	38.2
1997-98	306.9	444.2	34.5	18.5	4.5	6.5	0.5	329.9	477.5	37.1
1998-99	315.2	449.0	33.8	18.5	5.7	8.2	0.6	339.4	483.6	36.4
1999-00	326.5	460.5	33.3	19.2	6.5	9.1	0.7	352.2	496.6	36.0
2000-01	348.1	479.9	33.7	19.7	6.7	9.2	0.6	374.5	516.2	36.2
2001-02	365.5	496.4	34.1	20.5	13.2	18.0	1.2	399.3	542.2	37.2
2002-03	393.5	520.6	34.6	22.5	15.4	20.4	1.4	431.4	570.7	38.0
2003-04	429.7	557.2	35.5	22.5	15.2	19.6	1.3	467.3	606.0	38.6
2004-05	462.7	581.6	36.4	24.0	22.5	28.2	1.8	509.2	640.0	40.1
2005-06	489.8	598.9	36.3	25.3	26.7	32.7	2.0	541.8	662.6	40.1
2006-07	513.2	611.0	36.0	26.6	28.8	34.3	2.0	568.5	676.9	39.9
2007-08	543.5	628.7	36.3	27.5	32.0	37.1	2.1	603.1	697.6	40.2
2008-09	574.9	648.8	38.3	29.2	49.5	55.9	3.3	653.7	737.7	43.5
2009-10	606.2	666.8	40.4	30.1	50.2	55.2	3.3	686.5	755.1	45.7
2010-11	634.1	678.7	40.2	31.4	41.6	44.5	2.6	707.1	756.9	44.9
2011-12	641.8	674.9	39.4	32.8	32.0	33.7	2.0	706.6	743.0	43.4
2012-13	650.7	673.4	39.1	33.8	36.4	37.6	2.2	720.9	746.0	43.3
2013-14	660.0	669.2	38.1	34.9	27.4	27.8	1.6	722.3	732.4	41.7
2014-15	668.6	668.6	37.0	36.0	30.9	30.9	1.7	735.5	735.5	40.7

(1) Real terms figures are the nominal figures adjusted to 2014-15 price levels using GDP deflators from the Office for National Statistics (released 30 June 2015).

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A in PESA 2015 chapter 5 for details.

Public Spending Statistics July 2015

Table 4.2 Public sector expenditure on services by function, 1991-92 to 2014-15

£ billion

	cash basis							accruals basis																
	National Statistics																							
	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	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
1. General public services	26.9	27.9	29.8	32.7	36.3	37.4	39.0	39.8	37.2	38.7	36.2	35.5	38.7	43.0	46.1	48.5	51.4	53.9	48.0	60.7	61.4	57.0	58.4	56.1
<i>of which: public and common services</i>	5.7	5.8	5.8	5.9	6.1	6.2	6.2	7.2	8.0	7.9	9.2	9.8	10.9	12.1	12.8	12.7	12.5	14.0	13.8	12.8	11.6	11.4	11.4	11.8
<i>of which: international services</i>	2.9	3.1	3.2	3.3	3.4	3.1	3.1	3.2	3.7	4.2	4.3	4.5	5.1	5.5	6.2	6.3	6.7	6.4	7.1	8.0	8.0	8.0	10.1	10.8
<i>of which: public sector debt interest</i>	18.3	19.0	20.8	23.5	26.8	28.1	29.7	29.4	25.5	26.6	22.7	21.2	22.7	25.4	27.1	29.5	32.2	33.5	27.1	40.0	41.8	37.6	36.9	33.5
2. Defence	23.2	23.8	23.5	23.3	22.5	22.1	21.7	24.5	25.1	25.7	25.4	27.0	28.8	29.8	31.0	32.2	33.7	36.8	37.7	39.3	38.7	36.4	36.4	36.5
3. Public order and safety	13.2	14.4	15.0	15.6	16.0	16.4	17.1	18.0	18.4	20.4	23.1	24.4	26.4	28.5	29.3	30.4	31.7	33.7	34.1	33.0	32.0	31.2	29.5	29.9
4. Economic affairs	21.4	23.3	23.8	23.9	23.4	23.3	21.5	19.6	21.5	23.8	27.8	30.8	33.1	33.7	35.4	37.7	37.4	49.7	48.7	39.9	37.5	35.4	38.1	38.4
<i>of which: enterprise and economic development⁽¹⁾</i>	5.4	5.4	5.5	4.7	4.5	4.3	4.3	3.1	4.4	4.9	5.1	5.9	6.0	6.5	6.4	6.3	7.1	16.2	12.2	4.8	4.8	4.9	5.5	4.7
<i>of which: science and technology</i>	1.3	1.4	1.5	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.7	2.1	2.3	2.5	3.0	2.9	3.3	3.2	3.6	3.4	3.6	3.6	4.4	4.9
<i>of which: employment policies</i>	2.7	2.9	3.1	3.2	3.1	2.8	2.5	2.9	3.5	3.8	3.3	3.0	3.2	3.2	3.3	3.3	2.1	3.5	4.1	4.7	3.3	2.9	3.7	3.2
<i>of which: agriculture, fisheries and forestry</i>	2.8	2.9	3.8	3.4	3.9	5.4	4.7	4.4	4.3	4.7	6.3	4.9	5.3	5.4	5.6	5.1	4.3	5.8	5.8	5.5	5.8	5.3	5.4	5.1
<i>of which: transport</i>	9.2	10.8	10.0	11.5	10.9	9.5	8.7	7.8	7.9	9.0	11.3	14.8	16.3	16.0	17.0	19.9	20.6	21.0	23.0	21.5	20.0	18.7	19.1	20.5
5. Environment protection	3.4	3.6	3.4	3.8	4.1	3.7	4.0	4.3	4.9	5.1	5.4	6.0	6.2	7.0	8.5	9.4	9.6	9.2	10.4	10.9	10.5	10.6	11.0	11.7
6. Housing and community amenities	6.8	7.1	6.2	6.2	6.0	5.7	4.9	5.5	4.7	5.5	6.2	5.4	6.7	8.0	10.7	11.5	13.0	15.3	16.3	13.1	10.0	9.9	9.7	10.9
7. Health	30.9	34.2	36.6	39.4	41.4	42.8	44.5	46.9	49.4	54.2	59.8	66.2	74.9	82.9	89.8	94.7	101.1	108.7	116.9	119.8	121.2	124.3	129.2	134.1
8. Recreation, culture and religion	5.0	5.1	5.1	5.2	5.5	5.7	6.4	7.2	7.7	7.8	8.6	9.3	9.7	10.0	10.8	11.4	11.9	12.4	13.2	13.0	12.5	12.7	11.4	11.9
9. Education ⁽²⁾	31.3	33.2	34.7	36.2	37.0	37.8	38.6	40.0	42.2	45.9	51.2	54.7	61.0	65.1	69.8	73.0	78.7	83.0	88.5	91.5	86.9	87.0	89.2	84.3
10. Social protection	80.2	91.1	98.3	102.0	107.6	112.8	114.5	115.2	123.0	128.5	137.4	145.3	155.6	164.1	171.0	177.0	188.6	203.4	223.0	230.4	240.3	250.7	250.9	257.6
EU transactions	-4.1	-3.4	-4.7	-4.3	-4.1	-5.2	-3.7	-2.6	-2.7	-2.6	-4.8	-1.9	-2.1	-0.9	-0.6	-1.8	-1.5	-2.9	0.9	3.6	2.0	4.3	5.0	3.7
Public sector expenditure on services	238.2	260.3	271.7	284.0	295.7	302.5	308.5	318.4	331.4	353.0	376.3	402.7	439.0	471.2	501.8	524.0	555.6	603.2	637.7	655.3	653.0	659.5	669.0	675.1
Accounting adjustments	22.7	21.1	22.0	21.5	23.7	21.4	21.4	21.0	20.8	21.5	23.0	28.7	28.3	37.9	40.0	44.5	47.5	50.5	48.8	51.8	53.6	61.3	53.4	60.4
Total Managed Expenditure⁽³⁾	260.9	281.5	293.7	305.5	319.4	323.9	329.9	339.4	352.2	374.5	399.3	431.4	467.3	509.2	541.8	568.5	603.1	653.7	686.5	707.1	706.6	720.9	722.3	735.5

(1) Transactions in 2008-09 onwards have been affected by financial sector interventions. Details are provided in PESA 2015 chapter 5 Box 5.A.

(2) The 2014-15 decrease in 'Education' is due to a decreased impact of student loan impairments. Earnings forecasts improved during 2014-15 (a reduction of around £1.4bn), and along with further modelling improvements (another reduction of around £1.4bn), the cost of new loans was partially offset by improvements to the value of existing loans. This reduction (£2.8bn), combined with the large increase in 2013-14 (£2.2bn), explains the significant decrease in Education expenditure in 2014-15.

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

Public Spending Statistics July 2015

Table 4.3 Public sector expenditure on services by function in real terms⁽¹⁾, 1991-92 to 2014-15

£ billion

	cash basis							accruals basis																
	National Statistics																							
	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	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
1. General public services	45.2	45.8	47.6	51.7	55.7	55.1	56.4	56.7	52.5	53.3	49.1	47.0	50.2	54.1	56.4	57.7	59.4	60.8	52.8	65.0	64.5	59.0	59.2	56.1
of which: public and common services	9.6	9.5	9.3	9.3	9.4	9.1	9.0	10.3	11.3	10.9	12.5	13.0	14.1	15.2	15.7	15.1	14.5	15.8	15.2	13.7	12.2	11.8	11.5	11.8
of which: international services	4.9	5.1	5.1	5.2	5.2	4.6	4.5	4.6	5.2	5.8	5.8	6.0	6.6	6.9	7.6	7.5	7.8	7.2	7.8	8.6	8.4	8.2	10.2	10.8
of which: public sector debt interest	30.7	31.2	33.2	37.1	41.1	41.4	43.0	41.9	36.0	36.7	30.8	28.1	29.5	32.0	33.2	35.1	37.2	37.8	29.9	42.8	44.0	39.0	37.5	33.5
2. Defence	39.0	39.0	37.6	36.8	34.6	32.6	31.4	34.9	35.4	35.4	34.5	35.7	37.3	37.5	37.9	38.3	39.0	41.5	41.5	42.1	40.7	37.6	36.9	36.5
3. Public order and safety	22.2	23.6	24.0	24.7	24.6	24.2	24.8	25.6	25.9	28.1	31.4	32.3	34.2	35.8	35.8	36.2	36.7	38.0	37.5	35.3	33.7	32.3	30.0	29.9
4. Economic affairs	36.0	38.2	38.1	37.8	35.9	34.3	31.1	27.9	30.3	32.8	37.7	40.8	42.9	42.4	43.3	44.9	43.3	56.1	53.5	42.7	39.4	36.6	38.6	38.4
of which: enterprise and economic development ⁽²⁾	9.1	8.8	8.8	7.4	6.9	6.3	6.2	4.4	6.2	6.8	6.9	7.8	7.8	8.2	7.8	7.5	8.2	18.3	13.4	5.2	5.1	5.0	5.6	4.7
of which: science and technology	2.2	2.3	2.4	1.7	1.8	2.1	2.0	2.0	2.0	1.9	2.3	2.8	3.0	3.1	3.7	3.5	3.8	3.6	4.0	3.6	3.7	3.7	4.5	4.9
of which: employment policies	4.5	4.8	5.0	5.1	4.8	4.1	3.6	4.1	4.9	5.2	4.5	4.0	4.1	4.0	4.0	3.9	2.4	3.9	4.5	5.0	3.4	3.0	3.7	3.2
of which: agriculture, fisheries and forestry	4.7	4.8	6.1	5.4	6.0	8.0	6.8	6.3	6.1	6.5	8.6	6.5	6.9	6.8	6.8	6.1	5.0	6.5	6.4	5.9	6.1	5.5	5.5	5.1
of which: transport	15.5	17.7	16.0	18.2	16.7	14.0	12.6	11.1	11.1	12.4	15.3	19.6	21.1	20.1	20.8	23.7	23.8	23.7	25.3	23.0	21.1	19.4	19.4	20.5
5. Environment protection	5.7	5.9	5.4	6.0	6.3	5.5	5.8	6.1	6.9	7.0	7.3	7.9	8.0	8.8	10.4	11.2	11.1	10.4	11.4	11.7	11.0	11.0	11.2	11.7
6. Housing and community amenities	11.4	11.6	9.9	9.8	9.2	8.4	7.1	7.8	6.6	7.6	8.4	7.1	8.7	10.1	13.1	13.7	15.0	17.3	17.9	14.0	10.6	10.3	9.9	10.9
7. Health	51.9	56.0	58.5	62.3	63.6	63.1	64.4	66.8	69.7	74.7	81.2	87.6	97.1	104.2	109.8	112.7	116.9	122.7	128.6	128.3	127.5	128.6	131.0	134.1
8. Recreation, culture and religion	8.4	8.4	8.2	8.2	8.4	8.4	9.3	10.3	10.9	10.8	11.7	12.3	12.6	12.6	13.2	13.6	13.8	14.0	14.5	13.9	13.2	13.2	11.6	11.9
9. Education ⁽³⁾	52.6	54.4	55.5	57.2	56.8	55.7	55.9	57.0	59.5	63.3	69.5	72.4	79.1	81.8	85.4	86.9	91.0	93.7	97.3	97.9	91.4	90.0	90.4	84.3
10. Social protection	134.7	149.2	157.2	161.2	165.2	166.2	165.7	164.1	173.4	177.1	186.6	192.2	201.8	206.3	209.1	210.7	218.2	229.5	245.3	246.6	252.7	259.4	254.4	257.6
EU transactions	-6.9	-5.6	-7.5	-6.8	-6.3	-7.7	-5.4	-3.7	-3.8	-3.6	-6.5	-2.5	-2.7	-1.1	-0.7	-2.1	-1.7	-3.3	1.0	3.9	2.1	4.5	5.1	3.7
Public sector expenditure on services	400.2	426.5	434.4	448.8	454.0	445.7	446.5	453.6	467.3	486.6	510.9	532.8	569.3	592.4	613.7	623.8	642.6	680.6	701.5	701.4	686.7	682.5	678.3	675.1
Accounting adjustments	38.1	34.6	35.2	34.0	36.4	31.5	31.0	30.0	29.3	29.6	31.3	37.9	36.7	47.7	48.9	53.0	55.0	57.0	53.7	55.5	56.3	63.5	54.1	60.4
Total Managed Expenditure⁽⁴⁾	438.3	461.1	469.6	482.8	490.5	477.2	477.5	483.6	496.6	516.2	542.2	570.7	606.0	640.0	662.6	676.9	697.6	737.7	755.1	756.9	743.0	746.0	732.4	735.5

(1) Real terms figures are the nominal figures adjusted to 2014-15 price levels using GDP deflators from the Office for National Statistics (released 30 June 2015).

(2) Transactions from 2008-09 onwards have been affected by financial sector interventions. Details are provided in PESA 2015 chapter 5 Box 5.A.

(3) The 2014-15 decrease in 'Education' is due to a decreased impact of student loan impairments. Earnings forecasts improved during 2014-15 (a nominal terms reduction of around £1.4bn), and along with further modelling improvements (another nominal terms reduction of around £1.4bn), the cost of new loans was partially offset by improvements to the value of existing loans. This reduction (£2.8bn nominally), combined with the large increase in 2013-14 (£2.2bn nominally), explains the significant decrease in Education expenditure in 2014-15.

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

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Table 4.4 Public sector expenditure on services by function as a per cent of GDP, ⁽¹⁾ 1991-92 to 2014-15

	cash basis							accruals basis															per cent	
								National Statistics																
	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	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
1. General public services	4.1	4.1	4.1	4.3	4.6	4.4	4.4	4.3	3.8	3.7	3.4	3.1	3.2	3.4	3.4	3.4	3.4	3.6	3.2	3.9	3.8	3.4	3.4	3.1
<i>of which: public and common services</i>	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7
<i>of which: international services</i>	0.4	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6
<i>of which: public sector debt interest</i>	2.8	2.8	2.9	3.1	3.4	3.3	3.3	3.1	2.6	2.6	2.1	1.9	1.9	2.0	2.0	2.1	2.1	2.2	1.8	2.5	2.6	2.3	2.1	1.9
2. Defence	3.5	3.5	3.3	3.1	2.8	2.6	2.4	2.6	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.4	2.5	2.5	2.4	2.2	2.1	2.0
3. Public order and safety	2.0	2.1	2.1	2.1	2.0	1.9	1.9	1.9	1.9	2.0	2.2	2.1	2.2	2.2	2.1	2.1	2.2	2.3	2.1	2.0	1.9	1.7	1.7	1.7
4. Economic affairs	3.3	3.4	3.3	3.2	2.9	2.7	2.4	2.1	2.2	2.3	2.6	2.7	2.7	2.7	2.6	2.6	2.5	3.3	3.2	2.5	2.3	2.1	2.2	2.1
<i>of which: enterprise and economic development⁽²⁾</i>	0.8	0.8	0.8	0.6	0.6	0.5	0.5	0.3	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.5	1.1	0.8	0.3	0.3	0.3	0.3	0.3
<i>of which: science and technology</i>	0.2	0.2	0.2	0.1	0.2	0.2	0.2	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	0.3	0.3
<i>of which: employment policies</i>	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.2	0.2
<i>of which: agriculture, fisheries and forestry</i>	0.4	0.4	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.5	0.6	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.3
<i>of which: transport</i>	1.4	1.6	1.4	1.5	1.4	1.1	1.0	0.8	0.8	0.9	1.1	1.3	1.3	1.3	1.3	1.4	1.4	1.5	1.4	1.5	1.4	1.1	1.1	1.1
5. Environment protection	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.7	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6
6. Housing and community amenities	1.0	1.0	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.6	0.5	0.6	0.6	0.8	0.8	0.9	1.0	1.1	0.8	0.6	0.6	0.6	0.6
7. Health	4.7	5.0	5.1	5.2	5.2	5.0	5.0	5.0	5.0	5.2	5.6	5.8	6.2	6.5	6.7	6.6	6.7	7.2	7.8	7.6	7.4	7.5	7.5	7.4
8. Recreation, culture and religion	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.7	0.7
9. Education ⁽³⁾	4.8	4.9	4.8	4.8	4.7	4.5	4.3	4.3	4.3	4.4	4.8	4.8	5.0	5.1	5.2	5.1	5.3	5.5	5.9	5.8	5.3	5.2	5.2	4.7
10. Social protection	12.2	13.4	13.7	13.5	13.5	13.3	12.9	12.3	12.6	12.4	12.8	12.8	12.9	12.9	12.7	12.4	12.6	13.5	14.9	14.6	14.8	15.1	14.5	14.2
EU transactions	-0.6	-0.5	-0.7	-0.6	-0.5	-0.6	-0.4	-0.3	-0.3	-0.3	-0.4	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	0.1	0.2	0.1	0.3	0.3	0.2
Public sector expenditure on services	36.2	38.4	37.8	37.7	37.2	35.7	34.6	34.1	33.8	34.1	35.1	35.5	36.3	37.1	37.2	36.8	37.1	40.1	42.5	41.6	40.1	39.6	38.6	37.3
Accounting adjustments	3.5	3.1	3.1	2.8	3.0	2.5	2.4	2.3	2.1	2.1	2.1	2.5	2.3	3.0	3.0	3.1	3.2	3.4	3.2	3.3	3.7	3.1	3.3	3.3
Total Managed Expenditure⁽⁴⁾	39.7	41.5	40.9	40.5	40.2	38.2	37.1	36.4	36.0	36.2	37.2	38.0	38.6	40.1	40.1	39.9	40.2	43.5	45.7	44.9	43.4	43.3	41.7	40.7

(1) GDP until 2014-15 is consistent with the latest figures from the Office for National Statistics (published 30 June 2015).

(2) Transactions from 2008-09 onwards have been affected by financial sector interventions. Details are provided in PESA 2015 chapter 5 Box 5.A.

(3) The 2014-15 decrease in 'Education' is due to a decreased impact of student loan impairments. Earnings forecasts improved during 2014-15 (a reduction of around £1.4bn), and along with further modelling improvements (another reduction of around £1.4bn), the cost of new loans was partially offset by improvements to the value of existing loans. This reduction (£2.8bn), combined with the large increase in 2013-14 (£2.2bn), explains the significant decrease in Education expenditure in 2014-15.

(4) This excludes the temporary effects of banks being classified to the public sector. See 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 2014.

PUBLIC SPENDING AGGREGATES

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

4.5 Outturn data up to 2014-15 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 1991-92. **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 2014-15. 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 2010-11 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.

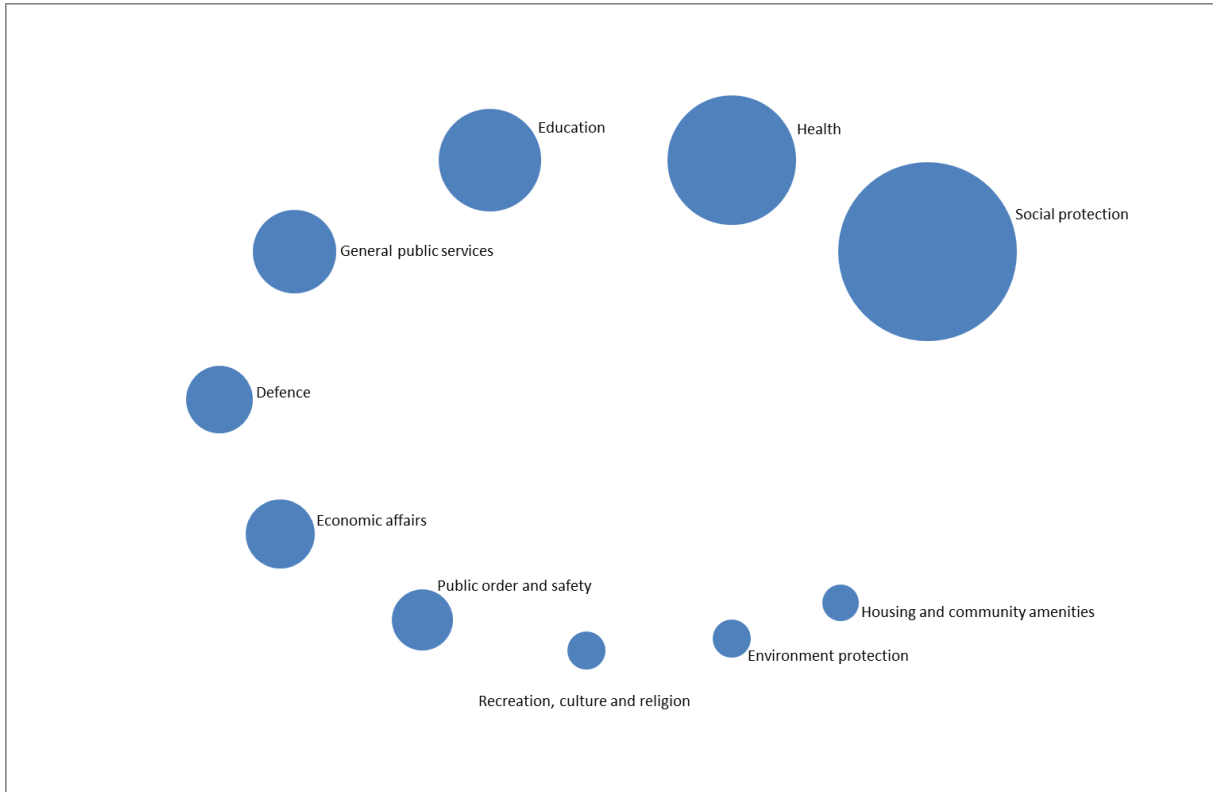
4.11 Historical outturn data are not usually subject to adjustment. However, sometimes reclassifications affect the long run functional series. These include ONS decisions for the National Accounts and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending 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 2014-15 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 2014-15.

OVERVIEW

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

FUNCTIONAL TABLES

- In nominal terms, spending in only two functions decreased in 2014-15 whilst the remaining functions showed an increase in spending over the same period.
- The largest increases in percentage terms, were in **Housing and community amenities** (12.4 per cent), **Environment protection** (6.5 per cent) and **Health** (3.8 per cent).
- In percentage terms, the two decreases in functional spend were **General public services** (-3.9 per cent) and **Education** (-5.5 per cent). The decrease in education expenditure was largely due to a £4.2bn decrease in the net cost of the student loan system in England in 2014-15.

SUB-FUNCTIONAL TABLES

- The increase in **Housing and community amenities** was driven mainly by an increase in *local authority housing* (£1.0bn, 24.9 per cent).
- Spending on **Economic affairs** remained fairly steady overall, but within that there were increases on *local and national roads* (£0.9bn, 10.6 per cent), *railways* (£0.8bn, 13.0 per cent) and *R&D economic affairs* (£0.5bn, 11.3 per cent); while the largest decrease was in *General economic, commercial and labour affairs* (£0.9bn, -12.4 per cent).
- The **Environment protection** increase of £0.7bn (6.5 per cent) was driven by *Waste management* (£0.4bn, 5.2 per cent) and *Pollution abatement* (£0.3bn, 230.1 per cent).
- **Recreation, culture and religion** expenditure rose £0.4bn (3.7 per cent) after a £0.5bn (14.3 per cent) increase in *Broadcasting and publishing services*.
- The £0.4bn (1.2 per cent) increase in **Public order and safety** in 2014-15 includes a £0.5bn (3.4 per cent) increase in spending on *Police services*, partially balanced by a £0.3bn (6.7 per cent) fall in *Prisons* expenditure.
- As noted above, the reduction in **Education** spending occurred in *Tertiary education*, where the expected value of existing student loans improved in 2014-15, and so caused a fall £5.1bn (32.9 per cent) in the net spending total. This followed a revision to modelling of the value of the same loans that underlay a £1.8bn increase in tertiary education costs in 2013-14.

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Table 5.1 Public sector expenditure on services by departmental group⁽¹⁾ and function, 2014-15

Departmental Grouping \ Function																	£ million			
		1. General public services <i>of which: public and common services</i>	<i>of which: international services</i>	<i>of which: public sector debt interest</i>	2. Defence	3. Public order and safety	4. Economic affairs <i>of which: enterprise and economic development</i>	<i>of which: science and technology</i>	<i>of which: employment policies</i>	<i>of which: agriculture, fisheries and forestry</i>	<i>of which: transport</i>	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions	Public sector expenditure on services for each department	
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,961	11,397	-	68,358		
NHS (Health)	-	-	-	-	-	96	96	-	-	-	-	-	111,573	-	-	14,012	-	125,681		
Transport	-	-	-	-	250	16,568	-	182	-	16,386	1	729	-	-	-	1,201	-	18,750		
Communities and Local Government	3,337	3,337	0	-	12	2,432	689	689	-	-	-	6,623	-	0	-	1,914	-	15,007		
Business, Innovation and Skills	148	147	0	-	-	5,536	1,382	4,138	52	-34	406	-	746	130	12,459	511	-	19,936		
Home Office	-	-	-	-	15,198	112	-	-	-	112	-	257	-	-51	-	-	-	15,515		
Justice	179	179	-	-	7,516	-	-	-	-	-	-	-	-	-	-	50	-	7,746		
Law Officers' Departments	-	-	-	-	627	-	-	-	-	-	-	-	-	-	-	-	-	627		
Defence	-	-	-	34,299	-	-	-	-	-	-	-	-	-	-	29	3,431	-	37,760		
Foreign and Commonwealth Office	1,900	-	1,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,900		
International Development	8,841	-	8,841	-	-	-	-	-	-	-	-	-	-	-	-	86	-	8,927		
Energy and Climate Change	32	-	32	-	1	693	533	161	-	-	3,063	-	-	-	-	-500	-	3,290		
Environment, Food and Rural Affairs	-	-	-	-	-	3,224	-	-	-	3,224	6,399	7	-	844	-	-	-	10,475		
Culture, Media and Sport	41	41	-	-	-	161	135	-	27	-	75	27	34	8,911	49	564	-	9,863		
Work and Pensions	293	293	-	-	-	2,948	32	24	2,891	-	-	-	-	-	-	170,708	-	173,948		
Scotland	951	951	-	-	3	2,568	4,129	550	3	911	2,665	1,065	1,868	11,442	1,206	7,720	3,964	34,917		
Wales	568	568	-	-	1	1,603	323	44	3	379	855	471	618	6,409	349	4,010	1,914	15,944		
Northern Ireland	398	398	-	-	1,264	1,549	302	41	181	512	512	242	820	3,905	456	2,888	7,151	18,673		
Chancellor's Departments	37,269	3,746	-	33,523	-	658	310	348	-	-	3	-	-	-	-	38,201	3,723	79,854		
Cabinet Office	634	634	-	2,169	36	-	-	-	-	-	-	-	-	-	-	2,956	-	5,795		
Small and Independent Bodies	1,523	1,523	-	-	4	470	352	-	-	90	28	-	-	-	174	-	-	2,171		
Public sector expenditure on services for each function	56,114	11,818	10,774	33,523	36,484	29,897	38,436	4,702	4,940	3,154	5,116	20,524	11,726	10,949	134,108	11,874	84,261	257,562	3,723	675,134

Table 5.2 Public sector expenditure on services by sub-function, 2010-11 to 2014-15

	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	£ million 2014-15 outturn
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	11,778	10,615	10,282	10,492	10,764
1.2 Foreign economic aid	5,675	5,731	5,836	7,891	8,842
1.3 General services	1,065	979	971	853	813
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	16	10	9	10	11
1.6 General public services n.e.c.	2,226	2,193	2,229	2,201	2,162
1.7 Public debt transactions ^{(1), (2)}	39,972	41,829	37,647	36,942	33,523
<i>of which: central government debt interest</i>	46,609	49,704	48,856	48,668	45,422
<i>of which: local government debt interest</i>	600	583	560	583	717
<i>of which: public corporation debt interest</i>	483	292	289	256	-218
<i>of which: Bank of England</i>	-7,720	-8,750	-12,058	-12,565	-12,398
Total general public services	60,732	61,358	56,973	58,389	56,114
2. Defence					
2.1 Military defence	32,913	33,129	31,489	32,182	32,884
2.2 Civil defence	135	105	110	113	119
2.3 Foreign military aid	3,572	3,172	2,235	1,344	621
2.4 R&D defence	2,386	1,980	2,239	2,528	2,599
2.5 Defence n.e.c.	282	276	281	245	261
Total defence	39,287	38,662	36,355	36,411	36,484
3. Public order and safety					
3.1 Police services	18,575	18,187	17,553	16,329	16,877
<i>of which: immigration and citizenship</i>	1,769	1,663	1,529	977	1,197
<i>of which: other police services</i>	16,807	16,524	16,024	15,353	15,680
3.2 Fire-protection services	3,021	2,901	2,887	2,818	2,875
3.3 Law courts	6,195	6,536	5,983	5,548	5,494
3.4 Prisons	4,969	4,133	4,326	4,063	3,789
3.5 R&D public order and safety	10	12	35	34	32
3.6 Public order and safety n.e.c.	255	270	461	749	829
Total public order and safety	33,025	32,039	31,244	29,541	29,897
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽³⁾	6,578	5,981	5,779	6,994	6,127
4.2 Agriculture, forestry, fishing and hunting	5,475	5,787	5,292	5,381	5,116
<i>of which: market support under CAP</i>	3,744	3,932	2,894	2,959	2,756
<i>of which: other agriculture, food and fisheries policy</i>	1,597	1,723	2,289	2,303	2,234
<i>of which: forestry</i>	134	132	109	118	126
4.3 Fuel and energy	818	527	463	464	445
4.4 Mining, manufacturing and construction	239	142	-12	273	29
4.5 Transport	21,490	20,043	18,750	19,120	20,524
<i>of which: national roads</i>	3,584	3,097	2,867	3,166	3,659
<i>of which: local roads</i>	5,861	5,165	4,898	5,098	5,477
<i>of which: local public transport</i>	3,631	3,583	3,093	2,953	2,791
<i>of which: railway</i>	7,399	7,132	6,550	6,334	7,158
<i>of which: other transport</i>	1,016	1,065	1,341	1,569	1,440
4.6 Communication	514	419	764	641	432
4.7 Other industries	506	376	312	275	297
4.8 R&D economic affairs	3,406	3,563	3,597	4,438	4,940
4.9 Economic affairs n.e.c.	855	658	445	504	525
Total economic affairs	39,883	37,496	35,391	38,090	38,436
5. Environment protection					
5.1 Waste management	7,162	7,268	7,685	7,876	8,282
5.2 Waste water management	12	20	-	-	-
5.3 Pollution abatement	383	110	156	146	482
5.4 Protection of biodiversity and landscape	522	483	399	440	481
5.5 R&D environment protection	430	413	350	387	368
5.6 Environment protection n.e.c.	2,421	2,167	2,014	2,162	2,113
Total environment protection	10,929	10,462	10,604	11,011	11,726

Table 5.2 Public sector expenditure on services by sub-function, 2010-11 to 2014-15 (continued)

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
	outturn	outturn	outturn	outturn	outturn
6. Housing and community amenities					
6.1 Housing development	8,462	5,646	5,551	5,106	6,200
<i>of which: local authority housing</i>	4,368	2,957	4,238	4,007	5,005
<i>of which: other social housing</i>	4,093	2,690	1,314	1,100	1,195
6.2 Community development	3,101	2,671	2,679	2,889	2,879
6.3 Water supply	735	788	770	749	735
6.4 Street lighting	645	679	711	752	815
6.5 R&D housing and community amenities	4	3	2	3	3
6.6 Housing and community amenities n.e.c.	172	258	235	246	317
Total housing and community amenities	13,119	10,047	9,949	9,745	10,949
7. Health⁽⁴⁾					
Medical services	115,293	116,547	118,945	123,801	128,871
Medical research	1,798	1,343	1,365	906	1,016
Central and other health services	2,735	3,345	3,948	4,524	4,221
Total health	119,826	121,236	124,259	129,231	134,108
8. Recreation, culture and religion					
8.1 Recreational and sporting services	4,388	4,419	4,701	3,493	3,353
8.2 Cultural services	4,190	4,090	4,121	4,013	4,014
8.3 Broadcasting and publishing services	4,018	3,695	3,578	3,697	4,226
8.4 Religious and other community services	139	118	115	96	83
8.5 R&D recreation, culture and religion	141	106	126	103	132
8.6 Recreation, culture and religion n.e.c.	88	92	96	45	66
Total recreation, culture and religion	12,966	12,518	12,737	11,447	11,874
9. Education⁽⁵⁾					
9.1 Pre-primary and primary education	30,656	30,567	30,825	31,024	31,089
<i>of which: under fives</i>	4,851	4,645	5,054	5,227	5,098
<i>of which: primary education</i>	25,805	25,922	25,772	25,796	25,991
9.2 Secondary education	36,792	36,044	36,237	36,887	36,847
9.3 Post-secondary non-tertiary education	293	220	104	126	108
9.4 Tertiary education ⁽⁶⁾	15,780	13,095	13,516	15,358	10,308
9.5 Education not definable by level	1,044	695	671	639	842
9.6 Subsidiary services to education	4,075	3,878	3,595	2,976	2,878
9.7 R&D education	1	9	10	10	9
9.8 Education n.e.c.	2,855	2,390	2,028	2,170	2,179
Total education	91,495	86,897	86,986	89,189	84,261

Table 5.2 Public sector expenditure on services by sub-function, 2010-11 to 2014-15 (continued)

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
	outturn	outturn	outturn	outturn	outturn
10. Social protection					
of which: personal social services	27,862	28,457	28,548	28,693	29,302
10.1 Sickness and disability	40,889	43,832	46,262	46,898	49,982
of which: personal social services	8,517	9,916	9,847	9,360	9,222
of which: incapacity, disability and injury benefits	32,372	33,916	36,416	37,538	40,760
10.2 Old age	98,290	103,882	111,091	114,463	118,195
of which: personal social services	10,981	10,184	10,114	10,290	10,229
of which: pensions	87,309	93,699	100,978	104,173	107,966
10.3 Survivors	1,097	1,070	1,076	1,135	1,122
10.4 Family and children	29,054	28,160	26,572	24,639	24,879
of which: personal social services	7,773	7,852	8,088	8,505	9,389
of which: family benefits, income support and tax credits	21,282	20,308	18,484	16,134	15,491
10.5 Unemployment	5,231	5,633	5,939	4,945	3,473
of which: personal social services	-	-	-	-	-
of which: other unemployment benefits	5,231	5,633	5,939	4,945	3,473
10.6 Housing	24,399	25,366	26,359	26,482	26,569
10.7 Social exclusion n.e.c. ⁽⁷⁾	26,079	27,828	29,607	29,339	29,329
of which: personal social services	591	505	499	539	462
of which: family benefits, income support and tax credits	25,488	27,323	29,108	28,800	28,867
10.8 R&D social protection	-	-	-	-	-
10.9 Social protection n.e.c.	5,357	4,498	3,804	2,968	4,013
Total social protection	230,397	240,269	250,711	250,869	257,562
EU transactions ⁽⁸⁾					
GNI-based contribution (net of abatement and collection costs)	7,669	6,967	8,411	8,982	8,127
derived as:					
deduction of collection costs	15,593	15,700	16,871	18,208	18,272
collection costs) and VAT contributions	-5,246	-5,216	-5,288	-5,096	-5,334
UK abatement	-2,678	-3,516	-3,172	-4,130	-4,811
EU receipts	-3,998	-4,771	-4,022	-3,856	-4,404
Attributed aid and Common Foreign and Security Policy	-43	-163	-82	-79	-
Total EU transactions	3,628	2,034	4,307	5,047	3,723
Public sector expenditure on services	655,286	653,018	659,514	668,970	675,134
Accounting adjustments	51,832	53,559	61,342	53,378	60,399
Total Managed Expenditure ⁽⁹⁾	707,118	706,577	720,856	722,348	735,533

(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 2010-11 onwards have been affected by financial sector interventions. Details are provided in PESA 2015 chapter 5 Box 5.A.

(4) 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.

(5) The 2014-15 decrease in 'Education' and specifically 'tertiary education' is due to a decreased impact of student loan impairments. Earnings forecasts improved during 2014-15 (a reduction of around £1.4bn), and along with further modelling improvements (another reduction of around £1.4bn), the cost of new loans was partially offset by improvements to the value of existing loans. This reduction (£2.8bn), combined with the large increase in 2013-14 (£2.2bn), explains the significant decrease in Education expenditure in 2014-15.

(6) The significantly higher spending in 'tertiary education' in 2013-14 reflects a higher impairment cost on student loans held on the government balance sheet following improvements to modelling forecasts (an additional impact of around £2.2bn). These changes affected the valuation of both new and existing loans.

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

(8) 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.

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

Table 5.3 Public sector expenditure on services by economic category, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
£million					
Public sector current expenditure on services					
Pay	169,348	166,162	164,445	165,100	169,786
Gross current procurement	188,665	189,587	193,790	197,279	201,898
Income from sales of goods and services	-47,464	-44,964	-46,158	-46,774	-48,534
Current grants to persons and non-profit bodies	222,635	229,101	234,861	234,817	238,676
Current grants abroad	9,427	7,639	9,952	12,470	10,354
Subsidies to private sector companies	7,940	8,246	7,802	7,760	7,845
Subsidies to public corporations	705	476	1,746	1,140	876
Net public service pensions	4,627	6,678	8,620	9,081	10,203
Grant equivalent element of student lending	4,242	2,215	3,809	6,310	2,151
Public sector debt interest	39,972	41,829	37,647	36,942	33,523
Other	59	82	238	278	197
Total public sector current expenditure on services	600,156	607,051	616,752	624,403	626,975
Accounting adjustments	33,959	34,759	33,948	35,601	41,670
Total public sector current expenditure	634,115	641,810	650,700	660,004	668,645
Public sector capital expenditure on services					
Capital grants ⁽¹⁾	15,567	12,062	10,988	10,473	13,949
Gross capital procurement	42,824	38,015	35,535	37,328	39,337
Income from sales of capital assets	-3,258	-4,111	-3,761	-3,236	-5,127
Other	-	-	-	-	-
Total public sector capital expenditure on services	55,133	45,966	42,762	44,565	48,159
Accounting adjustments	17,870	18,801	27,394	17,779	18,729
Total public sector capital expenditure	73,003	64,767	70,156	62,344	66,888
Total public sector expenditure on services	655,289	653,017	659,514	668,968	675,134
Accounting adjustments	51,829	53,560	61,342	53,380	60,399
Total Managed Expenditure ⁽²⁾	707,118	706,577	720,856	722,348	735,533

(1) Transactions from 2010-11 onwards have been affected by financial sector interventions. See Box 5.A in PESA 2015 chapter 5 for details.

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

Table 5.4 Public sector current and capital expenditure on services by function⁽¹⁾, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
£million					
Public sector current expenditure on services					
1. General public services	58,354	59,655	55,160	56,392	52,722
<i>of which: public and common services</i>	11,126	10,465	10,106	9,976	10,543
<i>of which: international services</i>	7,257	7,360	7,407	9,475	8,655
<i>of which: public sector debt interest⁽²⁾</i>	39,972	41,829	37,647	36,942	33,523
2. Defence	34,982	35,056	32,899	33,162	33,255
3. Public order and safety	31,023	30,514	29,880	28,316	28,684
4. Economic affairs	24,255	23,275	22,665	24,038	22,267
<i>of which: enterprise and economic development⁽³⁾</i>	2,791	3,255	3,932	4,346	3,870
<i>of which: science and technology</i>	2,885	2,957	3,106	3,324	3,756
<i>of which: employment policies</i>	4,603	3,170	2,803	3,584	3,123
<i>of which: agriculture, fisheries and forestry</i>	5,146	5,518	4,986	4,973	4,640
<i>of which: transport</i>	8,830	8,375	7,838	7,811	6,878
5. Environment protection	8,145	8,212	7,716	7,878	8,200
6. Housing and community amenities	3,219	2,732	3,175	3,035	3,061
7. Health	114,437	116,987	119,477	123,533	129,521
8. Recreation, culture and religion	10,384	9,805	10,858	9,779	9,904
9. Education ⁽⁴⁾	82,347	79,108	80,353	81,951	78,008
10. Social protection	229,379	239,674	250,261	251,271	257,632
EU transactions	3,628	2,034	4,307	5,047	3,723
Total public sector current expenditure on services	600,155	607,051	616,752	624,404	626,976
Accounting adjustments	33,960	34,759	33,948	35,600	41,669
Public sector current expenditure	634,115	641,810	650,700	660,004	668,645
Public sector capital expenditure on services					
1. General public services	2,377	1,703	1,813	1,996	3,393
<i>of which: public and common services</i>	1,635	1,111	1,267	1,375	1,275
<i>of which: international services</i>	743	593	546	621	2,118
2. Defence	4,305	3,606	3,456	3,249	3,229
3. Public order and safety	2,002	1,525	1,364	1,224	1,213
4. Economic affairs	15,628	14,221	12,726	14,051	16,169
<i>of which: enterprise and economic development⁽³⁾</i>	2,024	1,595	938	1,145	832
<i>of which: science and technology</i>	521	607	492	1,114	1,184
<i>of which: employment policies</i>	94	83	78	76	31
<i>of which: agriculture, fisheries and forestry</i>	329	269	305	408	476
<i>of which: transport</i>	12,660	11,667	10,912	11,309	13,646
5. Environment protection	2,784	2,250	2,888	3,133	3,526
6. Housing and community amenities	9,900	7,314	6,773	6,709	7,888
7. Health	5,389	4,249	4,782	5,698	4,587
8. Recreation, culture and religion	2,582	2,714	1,879	1,668	1,970
9. Education	9,148	7,789	6,633	7,238	6,253
10. Social protection	1,018	595	449	-403	-70
Total public sector capital expenditure on services	55,132	45,966	42,763	44,565	48,159
Accounting adjustments	17,871	18,801	27,393	17,779	18,729
Public sector capital expenditure	73,003	64,767	70,156	62,344	66,888
Total public sector expenditure on services	655,286	653,018	659,514	668,970	675,134
Accounting adjustments	51,832	53,559	61,342	53,378	60,399
Total Managed Expenditure⁽⁵⁾	707,118	706,577	720,856	722,348	735,533

(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 Scheme.

(3) Transactions from 2010-11 onwards have been affected by financial sector interventions. See PESA 2015 chapter 5 Box 5.A for details.

(4) The 2014-15 decrease in 'Current Education' is due to a decreased impact of student loan impairments. Earnings forecasts improved during 2014-15 (a reduction of around £1.4bn), and along with further modelling improvements (another reduction of around £1.4bn), the cost of new loans was partially offset by improvements to the value of existing loans. This reduction (£2.8bn), combined with the large increase in 2013-14 (£2.2bn), explains the significant decrease in Current Education expenditure in 2014-15.

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

Table 5.5 Public sector gross current procurement⁽¹⁾ expenditure on services by function, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
	outturn	outturn	outturn	outturn	outturn
Public sector gross current procurement expenditure on services					
1. General public services	13,228	12,780	12,909	13,019	13,548
<i>of which: public and common services</i>	11,629	11,111	11,129	11,136	11,586
<i>of which: international services</i>	1,599	1,668	1,780	1,883	1,962
2. Defence	22,980	22,762	21,330	21,968	22,856
3. Public order and safety	12,850	13,100	12,990	12,364	12,530
4. Economic affairs	13,286	11,754	11,672	11,978	11,066
<i>of which: enterprise and economic development</i>	2,911	2,483	2,830	2,535	2,519
<i>of which: science and technology</i>	366	389	325	487	421
<i>of which: employment policies</i>	2,578	1,697	1,447	2,045	1,669
<i>of which: agriculture, fisheries and forestry</i>	1,020	867	857	839	821
<i>of which: transport</i>	6,412	6,317	6,212	6,071	5,636
5. Environment protection	7,835	7,907	7,651	7,772	7,980
6. Housing and community amenities	3,087	2,823	2,685	2,737	2,849
7. Health	65,458	67,362	71,073	75,655	79,465
8. Recreation, culture and religion	7,424	6,906	7,646	7,462	6,861
9. Education	12,979	13,814	15,366	14,398	14,175
10. Social protection	29,538	30,379	30,468	29,927	30,570
Total public sector gross current procurement expenditure on services	188,665	189,587	193,790	197,280	201,898

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

Table 5.6 Public sector capital procurement⁽¹⁾ expenditure on services by function, 2010-11 to 2014-15

	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	£ million 2014-15 outturn
Public sector gross capital procurement expenditure on services					
1. General public services	2,390	2,225	2,254	2,021	2,022
<i>of which: public and common services</i>	2,240	2,094	2,055	1,853	1,880
<i>of which: international services</i>	150	131	199	168	142
2. Defence	4,417	3,924	3,608	3,424	3,542
3. Public order and safety	2,197	1,702	1,525	1,501	1,566
4. Economic affairs	10,348	9,011	7,683	8,147	9,947
<i>of which: enterprise and economic development</i>	1,328	963	737	691	397
<i>of which: science and technology</i>	85	150	185	159	143
<i>of which: employment policies</i>	93	83	78	75	31
<i>of which: agriculture, fisheries and forestry</i>	230	197	200	287	351
<i>of which: transport</i>	8,613	7,618	6,482	6,936	9,026
5. Environment protection	6,574	6,121	6,399	6,872	8,092
6. Housing and community amenities	1,609	1,343	1,182	1,589	1,707
7. Health	5,534	4,553	4,841	5,078	5,384
8. Recreation, culture and religion	2,417	2,401	1,623	1,474	1,602
9. Education	6,892	6,332	5,935	6,886	5,091
10. Social protection	446	405	486	336	382
Total public sector gross capital procurement expenditure on services	42,824	38,016	35,536	37,328	39,336
Plus public sector receipts from sales of assets					
<i>Central government</i>					
Fixed assets	-911	-1,380	-1,119	-504	-1,744
Intangible assets	-8	197	-20	-27	-115
Total central government receipts	-919	-1,183	-1,139	-532	-1,859
<i>Local government</i>					
Fixed assets	-1,116	-1,244	-1,431	-1,432	-1,790
Intangible assets	-	-	-	-	-
Total local government receipts	-1,116	-1,244	-1,431	-1,432	-1,790
Total general government receipts	-2,035	-2,427	-2,570	-1,964	-3,649
<i>Public corporations</i>					
Fixed assets	-1,223	-1,684	-1,191	-1,272	-1,478
Intangible assets	-	-	-	-	-
Total public corporations receipts	-1,223	-1,684	-1,191	-1,272	-1,478
Total public sector income from sales of capital assets	-3,258	-4,111	-3,761	-3,236	-5,126

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

BACKGROUND TO PUBLIC SECTOR SPENDING BY FUNCTION

5.1 The analyses in this chapter present public sector expenditure for the years 2010-11 onwards, adjusted so that figures for all years are based on current definitions. All data are National Statistics and are based on the expenditure on services framework (explained in **Annex E**).

WHAT'S NEW

5.2 There have been no significant changes to the presentation of data within this chapter since the summer 2014 Public Spending Statistics (PSS) release.

CLASSIFICATION CHANGES

5.3 Three years on from the switchover from the COINS database to its replacement OSCAR, there has been far less restructuring of the way departments organise their data. As a result there are no significant changes to the functional and sub-functional breakdown of data to report in in either **Chapters 5 or 6**

RELATIONSHIP BETWEEN FUNCTIONAL SERIES AND DEPARTMENTS

5.4 Table 5.1 shows public sector expenditure on services by function split across the different government departmental groups for 2014-15. 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

5.5 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.

5.6 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.

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

PUBLIC SECTOR EXPENDITURE ON SERVICES BY ECONOMIC CATEGORY

5.7 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

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: £1.8 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.

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).

into its component economic categories.

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

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

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

5.9 Table 5.4 gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2010-11. 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

5.10 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.

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

CHAPTER 6 CENTRAL GOVERNMENT OWN EXPENDITURE

OVERVIEW

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

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

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

EXPENDITURE IN BUDGETS

- Central government own expenditure within DEL rose to £274.7bn in 2014-15, from £269.2bn in 2013-14, an increase of 2.0 per cent.
- Expenditure within AME stood at £221.1bn in 2014-15. Expenditure in 2010-11 was affected by the decision to use the Consumer Prices Index (CPI), rather than the Retail Prices Index (RPI), for the indexation of public service pensions and the consequent reduction in the size of future liabilities.

EXPENDITURE ON SERVICES

- Central government's own current expenditure on services increased slightly to £505.5 billion in 2014-15, from £503.8bn the previous year. Capital expenditure on services increased from £25.6bn in 2013-14 to £27.2bn in 2014-15.
- 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 2014-15 spending on **Social protection** increased to £202.2bn compared to £196.3bn in the previous year.
- Expenditure on **Central government debt interest** stood at £45.4bn in 2014-15, down 6.7% from £48.7bn in 2013-14.
- Expenditure on **Current grants to persons and non-profit bodies**, which is mainly composed of social benefits, rose to £212.3bn in 2014-15 from £208.5bn in 2013-14. Increased expenditure on old age pensions was the main factor behind this rise, although this was mitigated by decreases in unemployment benefits such as Jobseeker's Allowance and Employment and Support Allowance.

Table 6.1 Central government own expenditure in budgets by departmental group⁽¹⁾, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
	outturn	outturn	outturn	outturn	outturn
Within DEL					
Education	10,579	13,565	18,038	19,548	21,409
Health	100,255	102,562	104,994	107,131	110,459
Transport	6,795	6,127	5,618	6,045	6,652
CLG Communities	5,600	3,251	1,162	2,558	2,503
CLG Local Government	123	133	105	-	-
Business, Innovation and Skills	18,557	17,098	16,711	16,755	15,348
Home Office	2,813	2,690	2,366	2,317	2,454
Justice	9,252	8,933	8,482	7,794	7,450
Law Officers' Departments	672	613	592	578	551
Defence	37,460	37,197	34,298	34,597	34,296
Foreign and Commonwealth Office	2,223	2,144	2,020	2,113	1,867
International Development	7,467	7,813	7,758	10,020	9,650
Energy and Climate Change	3,166	2,564	3,097	3,299	3,598
Environment, Food and Rural Affairs	2,604	2,179	2,123	2,069	2,013
Culture, Media and Sport	2,168	2,759	1,133	1,060	1,418
Work and Pensions	8,651	7,167	7,046	6,756	6,501
Scotland	18,565	18,073	18,523	20,167	20,697
Wales	9,121	9,202	8,262	8,452	9,124
Northern Ireland	10,527	10,156	10,251	10,522	10,636
Chancellor's Departments	3,956	3,884	3,447	3,364	3,582
Cabinet Office	2,451	2,450	2,512	2,499	2,799
Small and Independent Bodies	1,647	1,701	1,467	1,555	1,692
Total CG own expenditure within DEL	264,652	262,260	260,005	269,199	274,700
Within departmental AME					
Education	-10,434	11,785	10,722	11,051	13,910
Health	-10,968	19,582	18,878	18,124	22,235
Transport ⁽²⁾	501	842	529	889	7,171
CLG Communities	-496	-666	-20	-48	175
CLG Local Government	-4	-12	2	-	-
Business, Innovation and Skills	3,616	4,101	6,327	5,383	8,594
Home Office	192	-6	21	199	530
Justice	246	-45	934	-239	-11
Law Officers' Departments	-16	5	6	7	13
Defence	-878	8,029	7,325	6,249	8,362
Foreign and Commonwealth Office	35	61	88	66	80
International Development	303	104	185	109	156
Energy and Climate Change	5,163	3,685	5,368	4,466	5,650
Environment, Food and Rural Affairs	-437	-53	83	-95	90
Culture, Media and Sport	4,865	4,150	5,039	4,842	5,425
Work and Pensions	125,357	131,942	137,181	139,235	143,775
Scotland	3,206	3,240	2,948	3,005	4,277
Wales	262	302	377	287	383
Northern Ireland	3,574	8,099	8,109	7,888	8,781
Chancellor's Departments ⁽³⁾	25,996	19,596	20,448	37,144	-19,013
Cabinet Office	-7,466	8,739	9,431	8,659	10,614
Small and Independent Bodies	-242	-135	-99	-29	-117
Total CG own expenditure within dept AME	142,374	223,345	233,881	247,192	221,080
Locally financed expenditure in Northern Ireland	538	588	621	632	661
Net expenditure transfers to the EU	8,414	7,702	9,131	9,716	8,881
Central government debt interest	46,609	49,704	48,856	48,668	45,422
Accounting and other adjustments	63,859	-9,344	2,879	-17,421	18,214
Total CG own expenditure⁽⁴⁾	526,446	534,255	555,373	557,986	568,958

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

(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 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, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
	£ million				
Within resource DEL					
Education	9,762	13,212	15,811	18,180	19,517
Health	96,278	98,936	101,346	102,711	106,765
Transport	1,369	1,193	806	943	99
CLG Communities	1,369	922	378	567	472
CLG Local Government	122	133	104	-	-
Business, Innovation and Skills	16,773	16,137	15,479	14,499	13,436
Home Office	2,388	2,370	2,098	2,070	2,217
Justice	8,723	8,589	8,201	7,519	7,160
Law Officers' Departments	664	611	591	575	547
Defence	28,123	28,177	26,449	27,019	26,454
Foreign and Commonwealth Office	2,097	2,052	1,989	1,998	1,713
International Development	5,909	6,167	6,105	8,074	7,300
Energy and Climate Change	1,147	1,147	1,106	1,159	1,377
Environment, Food and Rural Affairs	2,159	1,860	1,770	1,658	1,561
Culture, Media and Sport	1,417	1,531	2,083	1,122	1,279
Work and Pensions	8,285	6,841	6,627	6,523	6,251
Scotland	16,282	16,195	16,349	17,909	18,482
Wales	8,158	8,316	7,528	7,693	8,165
Northern Ireland	9,553	9,390	9,406	9,667	9,565
Chancellor's Departments	3,745	3,628	3,235	3,152	3,315
Cabinet Office	2,026	2,047	2,149	2,103	2,373
Small and Independent Bodies	1,569	1,645	1,406	1,481	1,610
Total within resource DEL	227,916	231,099	231,016	236,623	239,659
Within resource departmental AME					
Education	-10,434	11,785	10,722	11,051	13,910
Health	-10,976	19,582	18,878	18,194	22,240
Transport	501	876	590	876	476
CLG Communities	-496	-666	10	-48	175
CLG Local Government	-4	-12	6	-	-
Business, Innovation and Skills	-804	-1,129	41	-56	-687
Home Office	192	-6	21	199	530
Justice	246	-45	934	-239	-11
Law Officers' Departments	-16	5	5	7	13
Defence	-878	8,039	7,360	6,377	8,311
Foreign and Commonwealth Office	35	61	88	66	80
International Development	303	104	191	109	156
Energy and Climate Change	5,241	3,742	5,388	4,963	6,254
Environment, Food and Rural Affairs	-437	-53	85	-94	88
Culture, Media and Sport	4,295	3,735	4,690	4,351	4,830
Work and Pensions	125,225	131,954	137,197	139,370	143,899
Scotland	3,055	3,073	2,760	2,669	3,838
Wales	53	57	125	-19	26
Northern Ireland	3,178	7,511	7,764	7,463	8,239
Chancellor's Departments ⁽¹⁾	28,670	24,080	24,039	48,868	-6,973
Cabinet Office	-7,466	8,739	9,431	8,659	10,614
Small and Independent Bodies	-242	-135	-99	-29	-123
Total within resource departmental AME	139,241	221,297	230,227	252,738	215,883
Within resource other AME					
Locally financed expenditure in Northern Ireland	538	588	621	632	661
Net expenditure transfers to the EU	8,414	7,702	9,131	9,716	8,881
Central government debt interest	46,609	49,704	48,856	48,668	45,422
Accounting and other adjustments	58,046	-14,827	-9,487	-29,211	17,071
Total CG own current expenditure	480,764	495,563	510,364	519,166	527,577

(1) 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, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
	outturn	outturn	outturn	outturn	outturn
Within capital DEL					
Education	818	353	2,227	1,369	1,893
Health	3,977	3,626	3,648	4,419	3,694
Transport	5,426	4,934	4,812	5,103	6,553
CLG Communities	4,232	2,329	784	1,991	2,030
CLG Local Government	1	-	1	-	-
Business, Innovation and Skills	1,784	961	1,232	2,256	1,911
Home Office	425	319	268	247	237
Justice	529	344	281	275	290
Law Officers' Departments	8	3	2	3	4
Defence	9,337	9,020	7,849	7,577	7,842
Foreign and Commonwealth Office	126	92	31	115	154
International Development	1,559	1,646	1,653	1,946	2,350
Energy and Climate Change	2,018	1,416	1,991	2,140	2,221
Environment, Food and Rural Affairs	445	318	352	411	453
Culture, Media and Sport	751	1,228	-950	-63	139
Work and Pensions	366	326	419	233	249
Scotland	2,283	1,879	2,174	2,258	2,216
Wales	963	886	734	759	959
Northern Ireland	974	766	845	855	1,071
Chancellor's Departments	211	257	212	212	267
Cabinet Office	425	403	363	396	426
Small and Independent Bodies	78	56	61	74	82
Total within capital DEL	36,736	31,162	28,990	32,576	35,041
Within capital departmental AME					
Health	8	-	-	-70	-5
Transport ⁽¹⁾	-	-33	-61	13	6,695
CLG Communities	-	-	-29	-	-
CLG Local Government	-	-	-4	-	-
Business, Innovation and Skills	4,419	5,230	6,286	5,438	9,281
Law Officers' Departments	-	-	-	-	-
Defence	-	-10	-35	-129	51
International Development	-	-	-6	-	-
Energy and Climate Change	-78	-58	-20	-497	-604
Environment, Food and Rural Affairs	1	-	-1	-1	2
Culture, Media and Sport	569	415	349	492	596
Work and Pensions	132	-12	-17	-134	-124
Scotland	151	167	188	336	440
Wales	209	244	252	306	357
Northern Ireland	396	588	344	425	542
Chancellor's Departments ⁽²⁾	-2,675	-4,483	-3,591	-11,725	-12,040
Small and Independent Bodies	-	-	-	-	7
Total within capital departmental AME	3,132	2,048	3,654	-5,546	5,197
Within capital other AME					
Accounting and other adjustments	5,814	5,482	12,365	11,790	1,143
Total CG own capital expenditure ⁽³⁾	45,682	38,692	45,009	38,820	41,381

(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, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
1. General public services					
external affairs	8,906	8,484	8,039	8,241	8,461
1.2 Foreign economic aid	5,669	5,724	5,832	7,891	8,842
1.3 General services	588	589	478	554	587
1.4 Basic research	-	-	-	-	-
1.5 R&D general public services	16	10	9	10	11
1.6 General public services n.e.c.	441	294	205	158	317
1.7 Public sector debt interest	46,609	49,704	48,856	48,668	45,422
<i>of which: central government debt interest ⁽¹⁾</i>	<i>46,609</i>	<i>49,704</i>	<i>48,856</i>	<i>48,668</i>	<i>45,422</i>
Total general public services	62,229	64,804	63,420	65,522	63,640
2. Defence					
2.1 Military defence	32,913	33,129	31,489	32,182	32,884
2.2 Civil defence	72	52	57	57	68
2.3 Foreign military aid	3,572	3,172	2,235	1,344	621
2.4 R&D defence	2,386	1,980	2,239	2,528	2,599
2.5 Defence n.e.c	196	190	196	186	202
Total defence	39,139	38,523	36,216	36,297	36,374
3. Public order and safety					
3.1 Police services	4,357	4,269	4,017	4,452	4,757
<i>of which: immigration and citizenship</i>	<i>1,769</i>	<i>1,663</i>	<i>1,529</i>	<i>977</i>	<i>1,197</i>
<i>of which: other police services</i>	<i>2,588</i>	<i>2,606</i>	<i>2,488</i>	<i>3,476</i>	<i>3,560</i>
3.2 Fire-protection services	188	134	98	411	450
3.3 Law courts	6,115	6,449	5,906	5,465	5,408
3.4 Prisons	4,969	4,133	4,326	4,063	3,789
3.5 R&D public order and safety	10	12	35	34	32
3.6 Public order and safety n.e.c.	255	270	461	749	829
Total public order and safety	15,894	15,268	14,843	15,174	15,265
4. Economic affairs					
4.1 General economic, commercial and labour affairs ⁽²⁾	4,997	4,893	4,901	6,179	5,288
4.2 Agriculture, forestry, fishing and hunting	5,273	5,613	5,121	5,163	4,836
<i>of which: market support under CAP</i>	<i>3,744</i>	<i>3,932</i>	<i>2,894</i>	<i>2,959</i>	<i>2,756</i>
<i>of which: other agriculture, food and fisheries policy</i>	<i>1,402</i>	<i>1,553</i>	<i>2,129</i>	<i>2,091</i>	<i>1,956</i>
<i>of which: forestry</i>	<i>127</i>	<i>128</i>	<i>98</i>	<i>113</i>	<i>124</i>
4.3 Fuel and energy	818	527	463	464	445
4.4 Mining, manufacturing and construction	-17	-5	-5	2	6
4.5 Transport	10,652	9,843	9,842	10,154	10,513
<i>of which: national roads</i>	<i>3,568</i>	<i>3,089</i>	<i>2,856</i>	<i>3,165</i>	<i>3,659</i>
<i>of which: local roads</i>	<i>625</i>	<i>440</i>	<i>467</i>	<i>369</i>	<i>349</i>
<i>of which: local public transport</i>	<i>768</i>	<i>781</i>	<i>675</i>	<i>587</i>	<i>511</i>
<i>of which: railway</i>	<i>5,057</i>	<i>4,909</i>	<i>5,003</i>	<i>4,850</i>	<i>4,936</i>
<i>of which: other transport</i>	<i>634</i>	<i>624</i>	<i>840</i>	<i>1,183</i>	<i>1,059</i>
4.6 Communication	313	221	521	641	432
4.7 Other industries	350	254	189	156	175
4.8 R&D economic affairs	3,406	3,563	3,597	4,438	4,940
4.9 Economic affairs n.e.c	855	658	445	504	525
Total economic affairs	26,648	25,568	25,075	27,702	27,161
5. Environment protection					
5.1 Waste management	1,868	1,927	2,248	2,284	2,337
5.2 Waste water management	12	20	-	-	-
5.3 Pollution abatement	383	110	156	146	482
5.4 Protection of biodiversity and landscape	519	481	397	437	479
5.5 R&D environment protection	430	413	350	387	368
5.6 Environment protection n.e.c	1,575	1,398	1,261	1,460	1,415
Total environment protection	4,787	4,350	4,412	4,714	5,081

Table 6.4 Central government own expenditure on services by sub-function, 2010-11 to 2014-15 (continued)

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
6. Housing and community amenities					
6.1 Housing development	3,583	1,908	1,302	1,073	1,243
<i>of which: local authority housing</i>	-283	-580	114	84	54
<i>of which: other social housing</i>	3,865	2,488	1,188	989	1,189
6.2 Community development	594	449	286	411	397
6.3 Water supply	292	297	283	274	265
6.4 Street lighting	21	25	23	24	25
6.5 R&D housing and community amenities	4	3	2	3	3
6.6 Housing and community amenities n.e.c	219	163	159	165	189
Total housing and community amenities	4,713	2,846	2,056	1,951	2,122
7. Health ⁽³⁾					
Medical services	115,074	116,402	118,832	121,289	125,998
Medical research	1,798	1,343	1,365	906	1,016
Central and other health services	2,657	3,280	3,891	4,470	4,168
Total health	119,529	121,026	124,088	126,665	131,181
8. Recreation, culture and religion					
8.1 Recreational and sporting services	1,188	1,310	1,765	723	592
8.2 Cultural services	1,908	1,894	2,025	2,065	2,144
8.3 Broadcasting and publishing services	4,012	3,680	3,569	3,697	4,226
8.4 Religious and other community services	63	46	61	64	74
8.5 R&D recreation, culture and religion	141	106	126	103	132
8.6 Recreation, culture and religion n.e.c	88	92	96	45	66
Total recreation, culture and religion	7,402	7,127	7,642	6,698	7,234
9. Education ⁽⁴⁾					
9.1 Pre-primary and primary education	798	765	795	788	835
<i>of which: under fives</i>	147	163	123	97	99
<i>of which: primary education</i>	652	602	672	691	736
9.2 Secondary education	14,595	17,480	21,105	24,111	24,233
9.3 Post-secondary non-tertiary education	-	-	-	-	-
9.4 Tertiary education ⁽⁵⁾	15,780	13,095	13,516	15,358	10,308
9.5 Education not definable by level	784	465	446	449	648
9.6 Subsidiary services to education	848	731	503	528	562
9.7 R&D education	1	9	10	10	9
9.8 Education n.e.c	2,807	2,337	1,977	2,128	2,136
Total education	35,613	34,882	38,352	43,372	38,733
10. Social protection					
<i>of which: personal social services</i>	1,706	1,839	1,681	1,064	1,113
10.1 Sickness and disability	32,929	34,943	37,296	37,803	41,039
<i>of which: personal social services</i>	557	1,026	880	265	279
<i>of which: incapacity, disability and injury benefits</i>	32,372	33,916	36,416	37,538	40,760
10.2 Old age	87,876	93,608	100,840	104,031	107,661
<i>of which: personal social services</i>	869	429	431	449	467
<i>of which: pensions</i>	87,006	93,179	100,410	103,582	107,194
10.3 Survivors	1,097	1,070	1,076	1,135	1,122
10.4 Family and children	21,483	20,614	18,810	16,434	15,814
<i>of which: personal social services</i>	201	306	326	299	323
<i>of which: family benefits, income support and tax credits</i>	21,282	20,308	18,484	16,134	15,491
10.5 Unemployment	5,231	5,633	5,939	4,945	3,473
<i>of which: personal social services</i>	-	-	-	-	-
<i>of which: other unemployment benefits</i>	5,231	5,633	5,939	4,945	3,473
10.6 Housing	787	729	725	620	619
10.7 Social exclusion n.e.c. ⁽⁶⁾	25,567	27,400	29,153	28,850	28,911
<i>of which: personal social services</i>	79	77	45	50	44
<i>of which: family benefits, income support and tax credits</i>	25,488	27,323	29,108	28,800	28,867
10.8 R&D Social protection	-	-	-	-	-
10.9 Social protection n.e.c.	4,150	3,600	3,348	2,495	3,548
Total social protection	179,119	187,597	197,186	196,314	202,187

Table 6.4 Central government own expenditure on services by sub-function, 2010-11 to 2014-15 (continued)

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
EU transactions ⁽⁷⁾					
GNI-based contribution (net of abatement and collection costs)	7,669	6,967	8,411	8,982	8,127
<i>derived as</i>					
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	15,593	15,700	16,871	18,208	18,272
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-5,246	-5,216	-5,288	-5,096	-5,334
<i>UK abatement</i>	-2,678	-3,516	-3,172	-4,130	-4,811
EU receipts	-3,998	-4,771	-4,022	-3,856	-4,404
Attributed aid and CFSP	-43	-163	-82	-79	-
Total EU transactions	3,628	2,034	4,307	5,047	3,723
Total central government own expenditure on services	498,701	504,025	517,597	529,455	532,702
Accounting adjustments	27,745	30,230	37,776	28,531	36,256
Total central government own expenditure ⁽⁸⁾	526,446	534,255	555,373	557,986	568,958

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

(2) Transactions from 2010-11 onwards have been affected by financial sector interventions. Details are provided in PESA 2015 chapter 5 Box 5.A.

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

(4) The 2014-15 decrease in 'Education' and specifically 'tertiary education' is due to a decreased impact of student loan impairments. Earnings forecasts improved during 2014-15 (a reduction of around £1.4bn), and along with further modelling improvements (another reduction of around £1.4bn), the cost of new loans was partially offset by improvements to the value of existing loans. This reduction (£2.8bn), combined with the large increase in 2013-14 (£2.2bn), explains the significant decrease in Education expenditure in 2014-15.

(5) The significantly higher spending in 'tertiary education' in 2013-14 reflects a higher impairment cost on student loans held on the government balance sheet following improvements to modelling forecasts (an additional impact of around £2.2bn). These changes affected the valuation of both new and existing loans.

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

(7) 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.

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

Table 6.5 Central government own expenditure on services by economic category, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
	outturn	outturn	outturn	outturn	outturn
Central government current expenditure on services					
Pay	92,222	94,590	97,101	99,776	103,773
Gross current procurement	121,563	123,713	127,630	130,425	134,315
Income from sales of goods and services	-17,781	-17,008	-18,406	-19,015	-20,348
Current grants to persons and non-profit bodies ⁽¹⁾	199,578	204,530	208,661	208,535	212,340
Current grants abroad	9,427	7,639	9,952	12,470	10,354
Subsidies to private sector companies	5,977	6,452	6,364	6,283	6,306
Subsidies to public corporations	588	362	1,625	1,023	775
Net public service pensions	4,627	6,678	8,620	9,081	10,203
Grant equivalent element of student lending	4,242	2,215	3,809	6,310	2,151
Central government debt interest	46,609	49,704	48,856	48,668	45,422
Other	59	82	238	278	197
Total central government own current expenditure on services	467,111	478,957	494,450	503,834	505,488
Accounting adjustments	13,653	16,606	15,914	15,332	22,089
Total central government own current expenditure	480,764	495,563	510,364	519,166	527,577
Central government capital expenditure on services					
Capital grants to persons and non-profit bodies	5,385	3,384	1,974	2,167	3,377
Capital grants to private sector companies ⁽²⁾	7,481	6,553	6,024	5,237	6,463
Capital grants abroad	968	673	643	844	2,195
Gross capital procurement	18,678	15,642	15,643	17,905	17,038
Income from sales of capital assets	-919	-1,183	-1,139	-532	-1,859
Other	-	-	-	-	-
Total central government own capital expenditure on services	31,593	25,069	23,145	25,621	27,214
Accounting adjustments	14,089	13,623	21,864	13,199	14,167
Total central government own capital expenditure	45,682	38,692	45,009	38,820	41,381
Total central government own expenditure on services	498,704	504,026	517,595	529,455	532,702
Accounting adjustments	27,742	30,229	37,778	28,531	36,256
Total central government own expenditure ⁽³⁾	526,446	534,255	555,373	557,986	568,958

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

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

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

Table 6.6 Central government own current and capital expenditure on services by function, 2010-11 to 2014-15

	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	£ million 2014-15 outturn
Central government own current expenditure on services					
1. General public services	61,082	63,844	62,643	64,518	61,066
of which: public and common services	7,217	6,780	6,380	6,375	6,989
of which: international services	7,257	7,360	7,407	9,475	8,655
of which: public sector debt interest	46,609	49,704	48,856	48,668	45,422
2. Defence	34,919	35,003	32,846	33,107	33,204
3. Public order and safety	14,726	14,410	14,120	14,462	14,581
4. Economic affairs	17,680	17,546	17,635	19,158	17,549
of which: enterprise and economic development ⁽¹⁾	1,151	2,143	3,026	3,434	2,947
of which: science and technology	2,885	2,957	3,106	3,324	3,756
of which: employment policies	4,603	3,170	2,803	3,584	3,123
of which: agriculture, fisheries and forestry	5,072	5,445	4,908	4,887	4,546
of which: transport	3,969	3,831	3,793	3,929	3,176
5. Environment protection	2,506	2,563	2,059	2,201	2,357
6. Housing and community amenities	437	169	678	642	632
7. Health	114,205	116,819	119,338	120,973	126,629
8. Recreation, culture and religion	6,195	5,822	6,960	6,009	6,451
9. Education ⁽²⁾	33,331	33,523	36,932	40,732	36,768
10. Social protection	178,400	187,224	196,932	196,987	202,527
EU transactions	3,628	2,034	4,307	5,047	3,723
Total central government own current expenditure on services	467,109	478,956	494,451	503,835	505,488
Accounting adjustments	13,655	16,607	15,913	15,331	22,089
Total central government own current expenditure	480,764	495,563	510,364	519,166	527,577
Central government own capital expenditure on services					
1. General public services	1,147	960	776	1,004	2,574
of which: public and common services	418	382	257	400	456
of which: international services	729	578	519	604	2,118
2. Defence	4,220	3,520	3,370	3,191	3,170
3. Public order and safety	1,168	858	723	712	684
4. Economic affairs	8,968	8,022	7,439	8,544	9,612
of which: enterprise and economic development ⁽¹⁾	1,471	1,152	608	852	771
of which: science and technology	521	607	492	1,114	1,184
of which: employment policies	92	83	77	76	31
of which: agriculture, fisheries and forestry	201	169	213	276	289
of which: transport	6,683	6,012	6,049	6,225	7,337
5. Environment protection	2,281	1,787	2,354	2,514	2,723
6. Housing and community amenities	4,276	2,677	1,378	1,308	1,490
7. Health	5,324	4,207	4,750	5,692	4,552
8. Recreation, culture and religion	1,206	1,305	682	689	783
9. Education	2,282	1,359	1,420	2,640	1,965
10. Social protection	719	373	254	-673	-341
Total central government own capital expenditure on services	31,592	25,068	23,146	25,621	27,214
Accounting adjustments	14,090	13,624	21,863	13,199	14,167
Total central government own capital expenditure ⁽³⁾	45,682	38,692	45,009	38,820	41,381

(1) Transactions from 2010-11 onwards have been affected by financial sector interventions. See PESA 2015 chapter 5 Box 5.A for details.

(2) The 2014-15 decrease in 'Current Education' is due to a decreased impact of student loan impairments. Earnings forecasts improved during 2014-15 (a reduction of around £1.4bn), and along with further modelling improvements (another reduction of around £1.4bn), the cost of new loans was partially offset by improvements to the value of existing loans. This reduction (£2.8bn), combined with the large increase in 2013-14 (£2.2bn), explains the significant decrease in Current Education expenditure in 2014-15.

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

BACKGROUND TO CENTRAL GOVERNMENT OWN EXPENDITURE

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

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

6.3 Central government own expenditure accounts for about 75 per cent of Departmental Expenditure Limits (DEL) and about 85 per cent of departmental Annually Managed Expenditure (AME).

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

WHAT'S NEW

6.5 There have been no significant changes to the presentation of data within this chapter since the summer 2014 Public Spending Statistics (PSS) release.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

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

CENTRAL GOVERNMENT OWN RESOURCE AND CAPITAL EXPENDITURE BY DEPARTMENT

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

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY SUB-FUNCTION

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

CENTRAL GOVERNMENT OWN EXPENDITURE ON SERVICES BY ECONOMIC CATEGORY

6.9 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

6.10 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 £86.8bn in 2014-15, down from £89.2bn the year before. Support in AME increased to £38.1bn from £36.7bn over the same period.
- In table 7.2, the Department for Education is provisionally shown as responsible for providing current grants worth £33.0bn to local authorities in England in 2014-15. 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 £10.4bn in 2014-15, from £9.3bn the year before.

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

- Total local government current expenditure on services was £134.1bn in 2014-15, up from £132.9bn in 2013-14. Total capital expenditure on services increased to £15.3bn from £14.6bn over the same period.
- As shown in table 7.4, local government current expenditure on social protection was £55.1bn in 2014-15, up from £54.3bn the year before. Over the same period, spending on education remained virtually unchanged at £41.2bn (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 £4.5bn in 2014-15 from £4.0bn in 2013-14.
- A breakdown of local government expenditure by economic category is shown in table 7.8. Spending on pay, which amounted to £66.0bn in 2014-15, 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, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Current finance in DEL					
England ⁽¹⁾	83,182	76,800	71,656	66,239	63,562
Scotland ⁽²⁾	9,070	8,764	8,757	7,691	7,306
Wales	5,530	5,194	5,744	6,040	5,608
Northern Ireland	53	54	59	58	138
Total current finance in DEL	97,835	90,812	86,216	80,028	76,614
Capital support in DEL					
England	11,222	9,621	8,421	8,009	8,833
Scotland ⁽²⁾	866	769	607	565	829
Wales	790	515	637	569	535
Northern Ireland	16	3	3	2	6
Total capital support in DEL	12,894	10,908	9,668	9,145	10,203
Total central government support in DEL ⁽³⁾	110,729	101,720	95,884	89,173	86,817
Current finance in departmental AME					
England ⁽¹⁾	24,993	26,150	26,770	33,826	35,114
Scotland	1,997	2,061	2,121	1,724	1,750
Wales	1,117	1,202	1,231	1,003	1,025
Northern Ireland	-	-	-	-	-
Total current finance in departmental AME	28,107	29,413	30,122	36,553	37,889
Capital support in departmental AME					
England	993	290	133	132	207
Scotland	-	-	-	-	-
Wales	-	-	-	-	-
Northern Ireland	-	-	-	-	-
Total capital support in departmental AME	993	290	133	132	207
Total central government support in departmental AME ⁽⁴⁾	29,100	29,703	30,255	36,685	38,096
Locally financed expenditure					
Local authority self-financed expenditure ⁽⁵⁾	25,699	34,711	26,680	27,014	30,928
Locally financed support in Scotland ⁽⁶⁾	2,068	2,182	2,263	2,435	2,650
Total locally financed expenditure	27,767	36,893	28,943	29,449	33,578
Total financing of local government expenditure	167,596	168,316	155,082	155,307	158,491
Accounting and other adjustments	11,297	5,369	14,867	14,234	12,190
Total local government expenditure	178,893	173,685	169,949	169,541	170,681

(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, i.e. It is finance raised in Scotland rather than funding from Whitehall.

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
England					
Education ⁽¹⁾					
Schools Grant	36,820	33,905	30,824	29,167	28,254
School standards grant	1,571	-	-	-	-
Early Intervention grant	-	206	448	-	-
Pupil Premium	-	556	989	1,365	1,768
Maintained sixth forms grant	2,184	1,585	1,136	849	810
Private finance initiative grant	-	600	670	715	744
Learner Support	-	1	37	907	1,192
Other	12	57	62	-281	244
Total Education	40,587	36,910	34,166	32,722	33,012
Health					
Health	185	116	88	-	-
Social Care	1,265	-	-	42	80
Public Health ⁽²⁾	-	-	-	2,662	2,572
Other	4	20	5	9	20
Total Health	1,454	136	93	2,713	2,672
Transport					
GLA transport	2,774	2,804	2,835	1,988	1,777
Strategic rail authority	206	214	164	182	52
Other	834	476	516	677	627
Total Transport	3,814	3,494	3,515	2,847	2,456
CLG Communities					
Local Services Support Grant	2,166	191	110	-	-
New Homes Bonus	-	234	397	668	917
Fire Superannuation	384	316	399	395	448
Other	267	573	573	817	749
Total CLG Communities	2,817	1,314	1,479	1,880	2,114
CLG Local Government					
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	24,373	24,566	23,133	26,314	23,980
PFI special grant	908	27	29	26	27
Other	109	1,406	61	1,264	1,830
Total CLG Local Government	25,390	25,999	23,223	27,604	25,837
Business, Innovation and Skills					
RDA development fund	257	96	-	-	-
Other	-	2	-	376	357
Total Business, Innovation and Skills	257	98	0	376	357
Home Office					
Police	10,114	10,179	9,995	9,862	10,242
Area Based Grants	71	67	29	-	-
Other	169	107	260	87	87
Total Home Office	10,354	10,353	10,284	9,949	10,329
Environment, Food and Rural Affairs					
Environment, Food and Rural Affairs	50	147	98	92	139
Total Environment, Food and Rural Affairs	50	147	98	92	139
Work and Pensions ⁽³⁾					
Housing benefits	18,510	19,758	20,710	20,992	20,989
Area Based Grants	44	-	-	-	-
Other	4,763	4,711	4,812	847	676
Total Work and Pensions	23,317	24,469	25,522	21,839	21,665
Other government departments	135	30	46	43	96
Total England	108,175	102,950	98,426	100,065	98,677

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2010-11 to 2014-15 (continued)

	£ million				
Scotland ⁽⁴⁾					
Work and Pensions					
Housing benefits	1,621	1,686	1,748	1,724	1,750
Other	429	427	419	41	30
Total Work and Pensions	2,050	2,113	2,167	1,765	1,780
Scottish Government					
Revenue Support Grant ⁽³⁾	8,395	8,110	8,114	7,529	7,165
Non-domestic rate income ⁽⁵⁾	2,068	2,182	2,263	2,435	2,650
Police	496	480	479	-	-
Other	126	122	117	121	110
Total Scottish Government	11,085	10,894	10,973	10,085	9,925
Other government departments	-	-	-	-	-446
Total Scotland	13,135	13,007	13,140	11,850	11,259
Wales					
Home Office					
Police	278	250	-	-	-
Other	-	1	-	-	-
Total Home Office	278	251	0	0	0
Work and Pensions					
Housing benefits	884	944	976	984	1,003
Other	261	269	264	23	16
Total Work and Pensions	1,145	1,213	1,240	1,007	1,019
Welsh Assembly Government					
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	4,267	4,150	4,477	4,681	4,439
Other	957	781	1,258	1,355	1,175
Total Welsh Assembly Government	5,224	4,931	5,735	6,036	5,614
Other government departments	-	1	1	-	-
Total Wales	6,647	6,396	6,976	7,043	6,633
Northern Ireland					
Northern Ireland Executive	53	54	59	58	138
Total Northern Ireland	53	54	59	58	138
Total current finance	128,010	122,407	118,601	119,016	116,707

(1) As academies are now treated as part of central government, their expenditure falls within pay and procurement and is no longer recorded within grants for local government. Figures for 2014-15 are based on DfE and local authority forecasts.

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

(3) Responsibility for Council Tax Benefits has been transferred from 2013-14 from DWP to CLG Local Government, Scottish

(4) Funding arrangements for police services have changed following police reform in April 2013, including the creation of a single

(5) By convention, non-domestic rates income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales)

Table 7.3 Central government capital support for local government in the United Kingdom by country and departmental group, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
England					
Supported Capital Expenditure (Revenue) ⁽¹⁾					
Education	539	-	-	-	-
Transport	975	-	-	-	-
CLG Communities	946	-	-	-	-
Home Office	73	-	-	-	-
Total Supported Capital Expenditure (Revenue)	2,532	0	0	0	0
Capital grants					
Education	5,771	4,690	2,033	2,235	2,575
Health	182	155	128	247	227
Transport	1,139	2,789	3,044	3,373	3,188
CLG Communities	2,121	1,630	1,733	1,817	2,476
CLG Local Government	-68	-8	-	-	-
Business, Innovation and Skills	243	187	1	1	1
Home Office	206	169	174	150	174
Justice	1	-	-	-	-
Energy and Climate Change	-4	38	48	76	21
Environment, Food and Rural Affairs	105	49	48	54	164
Culture, Media and Sport	-21	213	1,345	183	211
Work and Pensions	-	-	-	-	-
Cabinet Office	7	-	-	5	3
Total capital grants	9,683	9,912	8,553	8,141	9,039
Total England	12,215	9,912	8,553	8,141	9,039
Scotland					
Supported borrowing					
Scottish Government	330	20	16	-	-
Total supported borrowing	330	20	16	0	0
Capital grants					
Scottish Government	536	749	591	565	829
Total capital grants	536	749	591	565	829
Total Scotland	866	769	607	565	829
Wales					
Supported Capital Expenditure (Revenue)					
Welsh Assembly Government	163	120	107	89	89
Total Supported Capital Expenditure (Revenue)	163	120	107	89	89
Capital grants					
Home Office	7	5	0	0	0
Welsh Assembly Government	619	390	529	480	446
Total capital grants	626	395	529	480	446
Total Wales	790	515	637	569	535
Northern Ireland capital grants					
Northern Ireland Executive	16	3	3	2	6
Total Northern Ireland	16	3	3	2	6
Total United Kingdom	13,887	11,199	9,800	9,277	10,409

(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, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 plans
Current					
1. General public services	4,509	4,268	4,286	4,184	4,271
<i>of which: public and common services</i>	3,909	3,685	3,726	3,601	3,554
<i>of which: public sector debt interest ⁽¹⁾</i>	600	583	560	583	717
2. Defence	62	53	53	55	51
3. Public order and safety ⁽²⁾	16,298	16,104	15,761	13,855	14,102
4. Economic affairs	6,575	5,730	5,029	4,880	4,718
<i>of which: enterprise and economic development</i>	1,640	1,112	906	912	923
<i>of which: agriculture, fisheries and forestry</i>	74	74	78	86	93
<i>of which: transport</i>	4,861	4,544	4,045	3,882	3,702
5. Environment protection	5,639	5,649	5,657	5,678	5,843
6. Housing and community amenities	2,782	2,564	2,497	2,393	2,429
7. Health	232	168	139	2,560	2,892
8. Recreation, culture and religion	4,189	3,983	3,898	3,770	3,453
9. Education ⁽³⁾	49,016	45,585	43,422	41,219	41,240
10. Social protection	50,980	52,450	53,329	54,285	55,104
Total local government current expenditure on services	140,282	136,553	134,070	132,879	134,104
Accounting adjustments	20,306	18,152	18,035	20,268	19,580
Total local government current expenditure	160,588	154,705	152,105	153,147	153,684
Capital					
1. General public services	1,028	907	965	951	815
<i>of which: public and common services</i>	1,028	907	965	951	815
3. Public order and safety ⁽²⁾	828	665	639	512	529
4. Economic affairs	4,820	4,399	3,876	4,462	4,789
<i>of which: enterprise and economic development</i>	340	240	82	292	60
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	121	97	82	126	185
<i>of which: transport</i>	4,359	4,062	3,712	4,044	4,544
5. Environment protection	503	463	534	619	802
6. Housing and community amenities	1,459	1,321	2,166	2,189	2,557
7. Health	38	31	27	6	34
8. Recreation, culture and religion	1,353	1,393	1,188	980	1,187
9. Education ⁽³⁾	6,866	6,430	5,212	4,598	4,289
10. Social protection	298	222	195	270	271
Total local government capital expenditure on services	17,193	15,830	14,802	14,587	15,274
Accounting adjustments	1,112	3,150	3,042	1,807	1,723
Total local government capital expenditure	18,305	18,980	17,844	16,394	16,997
Total local government expenditure	178,893	173,685	169,949	169,541	170,681

(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.

(3) Education spending in 2014-15 is based on DfE and local authority forecasts

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	plans
£ million					
England					
1. General public services	3,195	2,856	2,948	2,690	2,947
<i>of which: public and common services</i>	3,195	2,856	2,948	2,690	2,947
2. Defence	54	45	45	47	44
3. Public order and safety	14,187	13,849	13,527	13,085	13,323
4. Economic affairs	5,443	4,571	3,831	3,714	3,665
<i>of which: enterprise and economic development</i>	1,275	748	556	544	527
<i>of which: agriculture, fisheries and forestry</i>	61	61	65	69	74
<i>of which: transport</i>	4,107	3,762	3,210	3,101	3,064
5. Environment protection	4,486	4,488	4,475	4,477	4,630
6. Housing and community amenities	2,461	2,189	2,108	2,003	1,986
7. Health ⁽¹⁾	180	116	89	2,508	2,849
8. Recreation, culture and religion	3,096	2,856	2,772	2,670	2,440
9. Education ⁽⁴⁾	41,756	38,409	36,191	33,979	33,935
10. Social protection	43,695	44,938	45,559	46,309	47,114
Total England	118,552	114,318	111,545	111,482	112,934
Scotland					
1. General public services	552	663	597	728	400
<i>of which: public and common services</i>	552	663	597	728	400
2. Defence	5	4	4	5	3
3. Public order and safety ⁽²⁾	1,318	1,474	1,458	-	-
4. Economic affairs	762	815	873	846	757
<i>of which: enterprise and economic development</i>	231	237	238	251	301
<i>of which: agriculture, fisheries and forestry</i>	7	7	7	10	12
<i>of which: transport</i>	524	571	628	585	444
5. Environment protection	629	639	641	661	660
6. Housing and community amenities	161	101	134	125	164
8. Recreation, culture and religion	591	640	633	617	592
9. Education	4,674	4,578	4,600	4,618	4,675
10. Social protection	4,766	4,863	5,020	5,080	5,136
Total Scotland	13,458	13,780	13,960	12,679	12,386
Wales					
1. General public services	162	167	180	182	207
<i>of which: public and common services</i>	162	167	180	182	207
2. Defence	4	3	4	4	4
3. Public order and safety	792	780	776	770	779
4. Economic affairs	350	322	301	300	274
<i>of which: enterprise and economic development</i>	114	106	88	97	74
<i>of which: agriculture, fisheries and forestry</i>	6	5	6	7	7
<i>of which: transport</i>	230	211	207	196	193
5. Environment protection	351	347	363	360	375
6. Housing and community amenities	174	167	164	168	144
8. Recreation, culture and religion	285	282	278	262	237
9. Education	2,586	2,598	2,631	2,623	2,630
10. Social protection	2,519	2,649	2,750	2,896	2,854
Total Wales	7,223	7,315	7,447	7,564	7,504
Total Great Britain	139,233	135,413	132,952	131,725	132,824

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2010-11 to 2014-15 (continued)

	£ million				
Northern Ireland					
4. Economic affairs	20	20	23	21	21
<i>of which: enterprise and economic development</i>	20	20	23	21	21
5. Environment protection	173	175	178	180	178
6. Housing and community amenities	-13	106	91	98	135
7. Health	52	52	50	52	43
8. Recreation, culture and religion	218	204	215	221	184
Total Northern Ireland	449	558	557	571	562
Debt interest ⁽³⁾	600	583	560	583	717
Total local government current expenditure on services	140,282	136,554	134,069	132,879	134,103
Accounting adjustments	20,306	18,151	18,036	20,268	19,581
Total local government current expenditure	160,588	154,705	152,105	153,147	153,684

(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.

(4) Education spending in England in 2014-15 is based on DfE and local authority forecasts

Table 7.6 Local government gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 plans
England					
1. General public services	1,091	1,111	1,191	1,246	1,295
<i>of which: public and common services</i>	1,091	1,111	1,191	1,246	1,295
3. Public order and safety	797	675	673	660	730
4. Economic affairs	4,174	3,855	3,266	4,010	4,175
<i>of which: enterprise and economic development</i>	301	359	183	447	185
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	70	73	50	87	117
<i>of which: transport</i>	3,803	3,423	3,033	3,476	3,873
5. Environment protection	427	395	432	474	634
6. Housing and community amenities	1,532	1,224	2,048	2,030	2,388
7. Health	38	29	25	4	24
8. Recreation, culture and religion	1,139	1,097	874	817	869
9. Education ⁽³⁾	6,370	5,693	4,703	3,913	3,509
10. Social protection	274	223	182	229	224
Total England	15,842	14,304	13,394	13,385	13,850
Scotland					
1. General public services	169	141	124	171	198
<i>of which: public and common services</i>	169	141	124	171	198
3. Public order and safety ⁽²⁾	56	74	67	-	-
4. Economic affairs	536	616	646	575	662
<i>of which: enterprise and economic development</i>	92	97	93	66	76
<i>of which: agriculture, fisheries and forestry</i>	51	52	57	69	79
<i>of which: transport</i>	393	467	496	440	507
5. Environment protection	57	53	72	126	145
6. Housing and community amenities	56	36	43	50	58
8. Recreation, culture and religion	201	252	264	152	175
9. Education	410	585	513	517	596
10. Social protection	50	46	73	80	92
Total Scotland	1,534	1,805	1,801	1,672	1,927
Wales					
1. General public services	55	47	68	50	36
<i>of which: public and common services</i>	55	47	68	50	36
3. Public order and safety	53	38	34	54	66
4. Economic affairs	255	236	247	198	241
<i>of which: enterprise and economic development</i>	29	18	15	22	23
<i>of which: agriculture, fisheries and forestry</i>	20	18	10	14	18
<i>of which: transport</i>	206	200	222	162	200
5. Environment protection	31	28	36	24	17
6. Housing and community amenities	164	185	192	201	248
8. Recreation, culture and religion	50	63	72	53	66
9. Education	232	259	267	274	319
10. Social protection	22	19	23	18	10
Total Wales	863	875	940	872	1,002
Total Great Britain	18,239	16,984	16,135	15,929	16,779
Northern Ireland					
4. Economic affairs	1	1	2	1	44
<i>of which: enterprise and economic development</i>	1	1	2	1	44
5. Environment protection	10	9	13	9	20
6. Housing and community amenities	15	25	22	21	49
7. Health	1	2	4	3	10
8. Recreation, culture and religion	44	53	59	57	161
Total Northern Ireland	71	89	99	91	285
Total United Kingdom	18,310	17,073	16,234	16,020	17,064
Memorandum					
United Kingdom gross capital expenditure, from above	18,310	17,073	16,234	16,020	17,064
United Kingdom capital receipts (see table 7.7)	-1,116	-1,244	-1,431	-1,432	-1,790
Total local government net capital expenditure on services	17,194	15,829	14,803	14,588	15,274
Accounting adjustments	1,111	3,151	3,041	1,806	1,723
Total local government net capital expenditure	18,305	18,980	17,844	16,394	16,997

(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.

(3) Education spending in England in 2014-15 is based on DfE and local authority forecasts

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	plans
£ million					
England					
1. General public services	251	365	380	477	659
<i>of which: public and common services</i>	251	365	380	477	659
3. Public order and safety	72	116	126	199	262
4. Economic affairs	120	285	261	256	225
<i>of which: enterprise and economic development</i>	60	216	189	179	163
<i>of which: employment policies</i>	-	-	-	-	-
<i>of which: agriculture, fisheries and forestry</i>	20	47	36	44	29
<i>of which: transport</i>	40	22	36	33	33
5. Environment protection	17	19	16	12	8
6. Housing and community amenities	282	130	124	97	140
8. Recreation, culture and religion	51	54	60	70	21
9. Education	112	81	265	89	91
10. Social protection	44	62	76	53	52
Total England	949	1,111	1,307	1,252	1,457
Scotland					
1. General public services	19	16	24	28	32
<i>of which: public and common services</i>	19	16	24	28	32
3. Public order and safety	4	5	7	-	-
4. Economic affairs	20	15	16	59	68
<i>of which: enterprise and economic development</i>	18	9	13	57	66
<i>of which: agriculture, fisheries and forestry</i>	-	-	-	-	-
<i>of which: transport</i>	2	6	3	2	2
5. Environment protection	1	1	-	1	2
6. Housing and community amenities	-	6	2	1	1
8. Recreation, culture and religion	12	1	1	4	4
9. Education	19	20	6	14	16
10. Social protection	2	3	3	3	3
Total Scotland	76	66	59	110	126
Wales					
1. General public services	17	12	14	12	22
<i>of which: public and common services</i>	17	12	14	12	22
3. Public order and safety	3	1	2	2	5
4. Economic affairs	4	9	6	8	14
<i>of which: enterprise and economic development</i>	4	9	6	7	12
<i>of which: agriculture, fisheries and forestry</i>	-	-	-	-	-
<i>of which: transport</i>	-	-	-	1	2
5. Environment protection	-	-	-	-	-
6. Housing and community amenities	8	10	4	12	21
8. Recreation, culture and religion	1	1	1	-	1
9. Education	15	7	1	5	28
10. Social protection	2	1	3	-	-
Total Wales	50	42	32	40	92
Total Great Britain	1,075	1,219	1,398	1,402	1,675
Northern Ireland					
4. Economic affairs	1	2	2	1	28
<i>of which: enterprise and economic development</i>	1	2	2	1	28
5. Environment protection	4	2	2	1	4
6. Housing and community amenities	18	5	7	3	23
7. Health	2	-	1	-	-
8. Recreation, culture and religion	17	16	20	25	58
Total Northern Ireland	41	25	33	30	114
Total United Kingdom capital receipts	1,116	1,244	1,431	1,432	1,790

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 plans
England					
Pay	65,214	60,118	55,861	54,673	55,542
Gross current procurement	56,491	54,970	55,070	56,143	57,099
Income from sales of goods and services	-25,635	-24,466	-24,258	-24,335	-24,810
Subsidies to private sector companies	1,963	1,794	1,438	1,477	1,539
Subsidies to public corporations	15	14	15	15	16
Current grants to persons and non-profit bodies	20,504	21,888	23,420	23,508	23,549
Gross capital procurement	14,440	13,137	11,263	11,374	12,085
Income from sales of capital assets	-949	-1,111	-1,307	-1,252	-1,457
Capital grants	1,403	1,167	2,130	2,011	1,765
Total England	133,445	127,511	123,632	123,615	125,327
Scotland					
Pay	7,543	7,134	7,180	5,994	5,810
Gross current procurement	6,597	6,824	6,851	6,689	6,587
Income from sales of goods and services	-2,445	-2,005	-1,965	-1,877	-1,873
Subsidies to public corporations	102	100	107	102	85
Current grants to persons and non-profit bodies	1,661	1,728	1,789	1,770	1,776
Gross capital procurement	1,493	1,775	1,777	1,642	1,892
Income from sales of capital assets	-76	-66	-59	-110	-126
Capital grants	41	30	24	30	35
Total Scotland	14,915	15,519	15,702	14,241	14,187
Wales					
Pay	4,084	4,029	4,012	4,355	4,345
Gross current procurement	3,602	3,671	3,795	3,555	3,482
Income from sales of goods and services	-1,355	-1,340	-1,352	-1,350	-1,333
Current grants to persons and non-profit bodies	893	956	991	1,004	1,011
Gross capital procurement	764	784	849	778	889
Income from sales of capital assets	-50	-42	-32	-40	-92
Capital grants	98	91	91	94	113
Total Wales	8,036	8,148	8,355	8,395	8,414
Great Britain					
Pay	76,840	71,280	67,053	65,022	65,696
Gross current procurement	66,690	65,464	65,716	66,388	67,168
Income from sales of goods and services	-29,435	-27,811	-27,575	-27,562	-28,016
Subsidies to private sector companies	1,963	1,794	1,438	1,477	1,539
Subsidies to public corporations	117	114	121	117	101
Current grants to persons and non-profit bodies	23,057	24,571	26,200	26,282	26,336
Gross capital procurement	16,697	15,696	13,889	13,793	14,866
Income from sales of capital assets	-1,076	-1,218	-1,398	-1,402	-1,676
Capital grants	1,542	1,288	2,245	2,135	1,913
Total Great Britain	156,396	151,178	147,689	146,251	147,928
Northern Ireland					
Pay	286	292	291	302	317
Gross current procurement	411	410	444	466	415
Income from sales of goods and services	-248	-144	-177	-197	-170
Gross capital procurement	71	89	99	91	285
Income from sales of capital assets	-41	-25	-33	-30	-114
Total Northern Ireland	480	622	624	632	732
United Kingdom					
Pay	77,126	71,572	67,344	65,324	66,013
Gross current procurement	67,102	65,874	66,160	66,854	67,583
Income from sales of goods and services	-29,683	-27,956	-27,752	-27,759	-28,186
Subsidies to private sector companies	1,963	1,794	1,438	1,477	1,539
Subsidies to public corporations	117	114	121	117	101
Current grants to persons and non-profit bodies	23,057	24,571	26,200	26,282	26,336
Local government debt interest ⁽¹⁾	600	583	560	583	717
Gross capital procurement	16,768	15,785	13,988	13,884	15,151
Income from sales of capital assets	-1,116	-1,244	-1,431	-1,432	-1,790
Capital grants	1,542	1,288	2,245	2,135	1,913
Total local government expenditure on services	157,476	152,381	148,873	147,465	149,377
Accounting adjustments	21,417	21,304	21,076	22,076	21,304
Total local government expenditure	178,893	173,685	169,949	169,541	170,681

(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 2013-14 are final outturn. Data for 2014-15 are based on budget plans.

WHAT'S NEW

7.5 There have been no significant changes to the presentation of data within this chapter since the summer 2014 Public Spending Statistics.

THE FINANCING OF LOCAL GOVERNMENT EXPENDITURE

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

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

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

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

SUPPORT FOR LOCAL GOVERNMENT CURRENT SPENDING

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

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

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

SUPPORT FOR LOCAL GOVERNMENT CAPITAL PROGRAMMES

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

DATA SOURCES AND DATA QUALITY

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

LOCAL GOVERNMENT EXPENDITURE

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

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

LOCAL GOVERNMENT EXPENDITURE ON SERVICES

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

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

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

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

DATA SOURCES AND DATA QUALITY

7.19 The local government expenditure shown in **Tables 7.4 to 7.8** is based on revenue (current) and capital data collections completed by local authorities and sent to the Department for Communities and Local Government (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.Scotland.gov.uk/topics/statistics>]

Wales – Welsh Government publication

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

CHAPTER 8 PUBLIC CORPORATIONS**OVERVIEW**

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

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

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

- Public corporations' capital expenditure was £8.5bn in 2014-15, up from £7.1bn the year before.
- Out of this total, expenditure by the Housing Revenue Account (for England, Scotland and Wales) was £3.4bn, down from £4.1bn 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 -£0.2bn in 2014-15.

Table 8.1 Public corporations' contribution to budgets and Total Managed Expenditure⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Resource DEL					
CG dividends from PCs (-)	-89	-94	-78	-93	90
CG interest from PCs (-)	-101	-102	-103	-103	-104
Subsidies to PCs	1,247	1,138	1,707	1,093	846
Loans written off - mutual consent	-	-	-	-	-
Total resource DEL	1,056	942	1,527	897	832
Resource departmental AME					
CG dividends from PCs (-)	-88	-66	-160	-132	-89
CG interest from PCs (-)	-18	-15	-100	-63	-7
Subsidies to PCs	-658	-776	-83	-70	-70
Loans written off - mutual consent	-	-	-	-	-
Total resource departmental AME	-765	-857	-342	-265	-167
Total public corporations' contribution to resource budget	291	85	1,185	632	666
Capital DEL					
CG investment grants to PCs	391	330	289	316	262
Net lending to PCs	-199	-44	31	-367	-511
Market and overseas borrowing	-5	-18	-16	-5	-9
Total capital DEL	187	268	304	-56	-258
Capital departmental AME					
CG investment grants to PCs	0	0	0	0	0
Net lending to PCs	-361	187	-198	-797	263
Total capital departmental AME	-361	187	-198	-797	263
Total public corporations' contribution to capital budget	-173	455	106	-853	4
Other AME					
PC own-financed capital expenditure ⁽²⁾	9,157	6,640	7,197	7,983	8,506
Accounting adjustments	204	185	-935	-399	-916
Public corporations' expenditure in TME⁽³⁾	9,479	7,365	7,553	7,363	8,260
<i>of which:</i>					
PC current expenditure in TME	656	483	292	289	256
PC gross investment in TME	9,428	8,996	7,073	7,264	7,107

(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'

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

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

Table 8.2 Public corporations' contribution to budgets by departmental group⁽¹⁾, 2010-11 to 2014-15

	£ million				
	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn
Resource DEL					
Health	-2	10	70	92	98
Transport	50	-1	12	6	25
Communities and Local Government	20	24	-3	-2	-2
Business, Innovation and Skills	230	153	314	310	192
Home Office	-	-	-	-	-1
Defence	-33	-35	-34	-51	128
Foreign and Commonwealth Office	187	179	166	157	150
Environment, Food and Rural Affairs	37	36	32	19	8
Culture, Media and Sport	83	75	523	9	-
Work and Pensions	174	206	141	120	111
Scotland	12	21	48	31	41
Wales	-	-	-	-1	-
Northern Ireland	299	275	260	210	81
Cabinet Office	-2	-2	-3	-3	-2
Total resource DEL	1,056	942	1,527	897	832
Resource departmental AME					
Communities and Local Government	-582	-704	-13	-	-
Business, Innovation and Skills	-23	-29	-133	-46	-1
Culture, Media and Sport	-	-	-58	-55	-37
Wales	-79	-74	-72	-73	-73
Chancellor's Departments	-67	-40	-59	-84	-53
Small and Independent Bodies	-14	-10	-7	-7	-4
Total resource departmental AME	-765	-857	-342	-265	-167
Total public corporations' contribution to resource budget	291	85	1,185	632	666
Capital DEL					
Health	-	-10	7	-313	-57
Transport	-242	-37	-28	-16	-378
Communities and Local Government	3	14	-11	-	14
Business, Innovation and Skills	76	5	6	128	99
Home Office	29	-	-	-	-
Defence	-72	-5	-6	-6	-57
Foreign and Commonwealth Office	30	23	6	5	5
Environment, Food and Rural Affairs	18	18	14	17	19
Culture, Media and Sport	-	-47	47	-	-
Work and Pensions	2	1	-	-	-
Scotland	135	84	158	57	99
Wales	5	-11	-9	-3	7
Northern Ireland	203	231	121	74	-8
Total capital DEL	187	268	304	-56	-258
Capital departmental AME					
Business, Innovation and Skills	-261	239	-157	-764	292
Small and Independent Bodies	-100	-52	-40	-34	-29
Total capital departmental AME	-361	187	-198	-797	263
Total public corporations' contribution to capital budget	-173	455	106	-853	4
Total public corporations' contribution to budgets	118	540	1,291	-221	670

(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'

Table 8.3 Public corporations' capital expenditure on services, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	£ million 2014-15
	outturn	outturn	outturn	outturn	outturn
Health					
Medicines and Healthcare Products Regulatory Agency ^(T)	18	3	5	-	#
NHS Estates ^(T)	8	7	-	-	#
NHS Blood and Transplant	-	-	-	-	#
Total Health	27	11	5	-	#
Transport					
Civil Aviation Authority	-	1	2	-	#
Driving Standards Agency ^(T)	12	6	3	-	#
Vehicle and Operator Services Agency ^(T)	1	3	5	-	#
Total Transport	13	9	9	-	#
Communities and Local Government					
Fire Service College ^(T)	1	2	2	-	-
QEII Conference Centre ^(T)	0	0	0	1	3
Total Department for Communities and Local Government	1	2	2	1	3
Business, Innovation and Skills					
UK Intellectual Property Office	2	2	1	2	1
Companies House ^(T)	9	3	5	-2	-
Royal Mail Holdings ^(S)	201	198	243	-	-
Ordnance Survey ^(T)	26	9	15	20	-
Meteorological Office ^(T)	26	27	27	-	-
Total Business, Innovation and Skills	265	238	291	*	*
Home Office					
Forensic Science Service ^(T)	4	1	-	#	#
Total Home Office	4	1	0	#	#
Justice					
Land Registry ^(T)	-29	13	9	3	#
Total Justice	-29	13	9	3	#
Defence					
Defence Support Group	7	7	7	7	7
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
Total Defence	59	59	59	59	59
Foreign and Commonwealth Office					
British Council	8	7	23	17	-
Total Foreign and Commonwealth Office	8	7	23	17	-
International Development					
CDC Group ^(S)	6	7	3	*	*
Actis ^(S)	-	-	-	*	*
Total International Development	6	7	3	*	*
Environment Food and Rural Affairs					
Covent Garden Market Authority	1	-	-	-	-
Total Environment Food and Rural Affairs	1	-	-	-	-
Culture Media and Sport					
Channel Four Television Corporation ^(S)	6	15	9	#	#
Historic Royal Palaces Trust	-	-	-	#	#
Tote ^(S)	17	-	-	#	#
Total Culture Media and Sport	22	15	9	#	#
Work and Pensions					
Remploy	2	1	1	-	*
Pension Protection Fund	0	0	0	-	*
National Employment Savings Trust	1	17	10	-	*
Total Work and Pensions	3	18	11	-	*
Scotland					
Caledonian MacBrayne	6	6	8	6	6
Forest Enterprise	7	3	11	5	2
Scottish Water	443	491	488	475	470
Total Scotland	455	500	507	485	477

Table 8.3 Public corporations' capital expenditure on services, 2010-11 to 2014-15 (continued)

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Northern Ireland					
Northern Ireland Driver and Vehicle Testing Agency ^(T)	3	-	3	1	-
Northern Ireland Housing Executive	228	202	126	110	6
Northern Ireland Public Trust Port Authority	-	34	42	10	22
Northern Ireland Transport Holding Company	71	110	60	29	37
Total Northern Ireland	301	345	232	151	65
Chancellor's Departments					
Crown Estate ^(S)	191	-216	11	*	*
Royal Mint ^{(S)(T)}	-	-	-	-	-
Total Chancellor's Departments	191	-216	11	*	*
Local Government					
London Underground Limited	1,525	1,435	1,028	994	*
England Housing Revenue Account	2,894	1,930	1,915	3,398	2,379
Scotland Housing Revenue Account	480	553	565	565	785
Wales Housing Revenue Account	120	140	136	147	200
Total Local Government	5,019	4,059	3,644	5,105	*
Total public corporations' capital expenditure on services	6,346	5,068	4,815	5,842	5,671
Accounting Adjustments	2,650	2,005	2,449	1,265	2,807
Total public corporations' capital expenditure ⁽¹⁾	8,996	7,073	7,264	7,107	8,478

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

(T) Denotes public corporation with trading fund status.

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

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

Table 8.4 Public corporations' current and capital expenditure on services by function, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Public corporations' current expenditure on services					
1. General public services	483	292	289	256	-218
<i>of which: public sector debt interest</i>	483	292	289	256	-218
Total public corporations' current expenditure on services	483	292	289	256	-218
Accounting adjustments	-	-	-	-	-
Total public corporations' current expenditure	483	292	289	256	-218
Public corporations' capital expenditure on services					
1. General public services	203	-163	72	41	3
<i>of which: public and common services</i>	189	-178	45	24	3
<i>of which: international services</i>	14	14	27	17	-
2. Defence	85	86	86	59	59
3. Public order and safety	5	3	2	-	-
4. Economic affairs	1,839	1,800	1,411	1,046	1,768
<i>of which: enterprise and economic development</i>	212	203	249	1	1
<i>of which: employment policies</i>	2	1	1	-	-
<i>of which: agriculture, fisheries and forestry</i>	7	3	11	5	2
<i>of which: transport</i>	1,618	1,593	1,151	1,040	1,765
5. Environment protection	-	-	-	-	-
6. Housing and community amenities	4,165	3,316	3,229	3,212	3,841
7. Health	27	11	5	-	-
8. Recreation, culture and religion	22	15	9	-	-
10. Social protection	0	0	0	-	-
Total public corporations' capital expenditure on services	6,346	5,068	4,815	4,357	5,671
Accounting adjustments	2,650	2,005	2,449	2,750	2,807
Total public corporations' capital expenditure	8,996	7,073	7,264	7,107	8,478

Table 8.5 Public corporations' current and capital expenditure by economic category, 2010-11 to 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
	£ million				
Public corporations' current expenditure on services					
Public corporations' debt interest	483	292	289	256	-218
Total public corporations' current expenditure on services	483	292	289	256	-218
Accounting adjustments	0	0	0	0	0
Total public corporations' current expenditure	483	292	289	256	-218
Public corporations' capital expenditure on services					
Gross capital procurement	7,378	6,588	5,904	5,539	7,148
Income from sales of assets	-1,223	-1,684	-1,191	-1,272	-1,478
Capital grants	191	164	102	90	1
Total public corporations' capital expenditure on services	6,346	5,068	4,815	4,357	5,671
Accounting adjustments	2,650	2,005	2,449	2,750	2,807
Total public corporations' capital expenditure	8,996	7,073	7,264	7,107	8,478
Total public corporations' expenditure on services	6,829	5,360	5,104	4,613	5,453
Accounting adjustments	2,650	2,005	2,449	2,750	2,807
Total public corporations' expenditure ⁽¹⁾	9,479	7,365	7,553	7,363	8,260

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

BACKGROUND TO PUBLIC CORPORATIONS

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

8.2 All data in this chapter to 2014-15 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 2014 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 2014 CRA release will be published as part of the PESA 2015 dataset. CRA 2015 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, 2009-10 to 2013-14

	£ million					as a per cent of identifiable expenditure				
	National Statistics					National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
North East	24,020	24,133	23,853	24,134	24,999	4	4	4	4	4
North West	62,953	63,667	62,946	64,502	65,889	11	11	11	11	11
Yorkshire and the Humber	43,755	44,207	44,334	45,010	46,328	8	8	8	8	8
East Midlands	35,171	35,500	35,396	36,331	37,796	6	6	6	6	6
West Midlands	46,561	46,794	46,822	47,744	49,036	8	8	8	8	8
East	44,744	45,286	44,355	45,266	47,339	8	8	8	8	8
London	81,376	82,311	81,373	81,298	83,041	15	14	14	14	14
South East	63,964	64,948	63,938	65,846	68,197	11	11	11	11	11
South West	41,200	41,550	41,835	42,871	44,830	7	7	7	7	8
Total England	443,744	448,395	444,851	453,003	467,453	79	79	79	78	78
Scotland	51,705	52,142	52,814	54,599	54,741	9	9	9	9	9
Wales	28,944	29,371	29,780	29,730	30,590	5	5	5	5	5
Northern Ireland	18,889	19,133	19,364	19,802	20,055	3	3	3	3	3
UK identifiable expenditure	543,282	549,042	546,810	557,133	572,839	97	97	97	96	96
Outside UK	16,696	19,854	18,821	20,467	23,352	3	3	3	4	4
Total identifiable expenditure	559,978	568,896	565,631	577,601	596,191	100	100	100	100	100

	£ million					as a per cent of Total Managed Expenditure				
	National Statistics					National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
Identifiable expenditure	559,978	568,896	565,631	577,601	596,191	82	80	80	80	83
Non-identifiable expenditure ⁽¹⁾	77,783	86,385	87,109	82,213	80,619	11	12	12	11	11
Public sector expenditure on services	637,761	655,281	652,740	659,814	676,810	93	93	92	92	94
Accounting adjustments	48,741	51,837	53,837	61,042	45,538	7	7	8	8	6
Total Managed Expenditure⁽²⁾	686,502	707,118	706,577	720,856	722,348	100	100	100	100	100

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

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

Table 9.2 Total identifiable expenditure on services by country and region, per head 2009-10 to 2013-14⁽¹⁾

	£ per head					Index (UK identifiable expenditure = 100)				
	National Statistics					National Statistics				
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn
North East	9,327	9,329	9,187	9,274	9,576	107	107	106	106	107
North West	9,011	9,070	8,921	9,105	9,276	103	104	103	104	104
Yorkshire and the Humber	8,377	8,413	8,384	8,466	8,679	96	96	97	97	97
East Midlands	7,865	7,876	7,801	7,954	8,219	90	90	90	91	92
West Midlands	8,423	8,407	8,348	8,461	8,641	97	96	97	97	97
East	7,780	7,798	7,566	7,663	7,950	89	89	88	88	89
London	10,246	10,210	9,918	9,785	9,866	117	117	115	112	110
South East	7,533	7,572	7,389	7,547	7,756	86	87	86	86	87
South West	7,882	7,897	7,892	8,029	8,336	90	90	91	92	93
England	8,501	8,518	8,376	8,468	8,678	97	97	97	97	97
Scotland	9,883	9,909	9,965	10,275	10,275	113	113	115	117	115
Wales	9,524	9,630	9,720	9,671	9,924	109	110	112	111	111
Northern Ireland	10,533	10,601	10,673	10,859	10,961	121	121	124	124	123
UK identifiable expenditure	8,726	8,748	8,640	8,746	8,936	100	100	100	100	100

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

Table 9.3 Total identifiable expenditure on services by country and region in real terms⁽¹⁾, 2009-10 to 2013-14

	National Statistics					£ million
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
North East	26,422	25,830	25,082	24,975	25,347	
North West	69,247	68,146	66,190	66,749	66,807	
Yorkshire and the Humber	48,130	47,318	46,619	46,578	46,973	
East Midlands	38,687	37,997	37,220	37,597	38,323	
West Midlands	51,216	50,086	49,235	49,407	49,719	
East	49,217	48,472	46,641	46,842	47,998	
London	89,512	88,101	85,566	84,130	84,198	
South East	70,359	69,517	67,233	68,139	69,147	
South West	45,319	44,473	43,991	44,364	45,454	
England	488,108	479,942	467,777	468,782	473,966	
Scotland	56,875	55,811	55,536	56,501	55,504	
Wales	31,838	31,437	31,315	30,765	31,016	
Northern Ireland	20,777	20,479	20,362	20,492	20,334	
UK identifiable expenditure	597,598	587,669	574,990	576,540	580,819	
Outside UK	18,365	21,251	19,791	21,180	23,678	
Total identifiable expenditure	615,963	608,920	594,781	597,720	604,497	
Non-identifiable expenditure ⁽²⁾	85,560	92,463	91,598	85,077	81,742	
Total Expenditure on Services	701,522	701,383	686,379	682,797	686,239	
Accounting adjustments	53,614	55,484	56,612	63,168	46,172	
Total Managed Expenditure⁽³⁾	755,136	756,867	742,991	745,965	732,411	

(1) Real terms figures are the nominal figures adjusted to 2014-15 price levels using GDP deflators from the Office for National Statistics (released 30 June 2015).

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

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

Table 9.4 Total identifiable expenditure on services by country and region per head⁽¹⁾ in real terms⁽²⁾, 2009-10 to 2013-14

	National Statistics					£ per head
	2009-10 outturn	2010-11 outturn	2011-12 outturn	2012-13 outturn	2013-14 outturn	
North East	10,259	9,985	9,660	9,597	9,710	
North West	9,912	9,708	9,381	9,422	9,405	
Yorkshire and the Humber	9,214	9,005	8,816	8,761	8,800	
East Midlands	8,652	8,431	8,203	8,231	8,334	
West Midlands	9,265	8,999	8,778	8,756	8,761	
East	8,557	8,347	7,956	7,930	8,061	
London	11,270	10,929	10,429	10,126	10,004	
South East	8,286	8,104	7,770	7,810	7,864	
South West	8,670	8,453	8,299	8,309	8,453	
England	9,351	9,117	8,808	8,763	8,799	
Scotland	10,871	10,606	10,479	10,633	10,418	
Wales	10,477	10,307	10,221	10,008	10,062	
Northern Ireland	11,586	11,347	11,223	11,237	11,114	
UK identifiable expenditure	9,598	9,364	9,086	9,050	9,060	

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

(2) Real terms figures are the nominal figures adjusted to 2014-15 price levels using GDP deflators from the Office for National Statistics (released 30 June 2015).

Table C.1 Transactions with the institutions of the EU, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
GNI based contribution	11,092	11,218	12,303	13,845	13,693
UK abatement	-2,678	-3,516	-3,172	-4,130	-4,811
Net expenditure transfers to the EU	8,414	7,702	9,131	9,716	8,881
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) ⁽¹⁾	-745	-735	-720	-733	-755
to give contribution to TME	7,669	6,967	8,411	8,982	8,127
TOR ⁽¹⁾	2,979	2,940	2,891	2,933	3,018
VAT-based payments to the EU	2,266	2,276	2,398	2,163	2,316
Gross contribution to the EU budget	12,915	12,184	13,699	14,079	13,461
Public sector EU receipts ⁽²⁾	-3,998	-4,771	-4,022	-3,856	-4,404
Net contributions to the EU budget	8,917	7,413	9,678	10,223	9,057
less Attributed costs ⁽³⁾	43	163	82	79	0
Net payments to EU institutions	8,874	7,250	9,595	10,143	9,057

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

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

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

Table D.1 Pay as you go public service pensions schemes in AME and in TME, 2010-11 to 2014-15

	£ million				
	2010-11	2011-12	2012-13	2013-14	2014-15
	outturn	outturn	outturn	outturn	outturn
Departmental AME (GAAP basis)					
Change in liability	-56,752	27,069	26,928	28,740	34,602
Contributions received*	-21,360	-21,142	-22,028	-23,313	-24,664
Cash payments in OCS not covered by release of provision*	39	85	58	13	95
Net public service pensions (GAAP basis)	-78,073	6,012	4,958	5,441	10,033
Unwinding of discount rate (= contribution to non-cash items)	37,615	44,012	40,499	37,991	46,109
Total Departmental AME (GAAP basis)	-40,458	50,024	45,457	43,432	56,141
Accounting adjustments					
Remove change in liability	56,752	-27,069	-26,928	-28,740	-34,602
Remove increased liability due to unwinding of discount rate	-37,615	-44,012	-40,499	-37,991	-46,109
Add pensions in payment covered by release of provision* +	25,928	27,725	30,546	32,246	34,187
Accounting adjustments (Pensions)	45,065	-43,356	-36,881	-34,485	-46,523
Contribution to TME (National Accounts basis)	4,607	6,668	8,577	8,947	9,618
of which:					
Pensions in payment*	25,967	27,810	30,604	32,260	34,282
Contributions received*	-21,360	-21,142	-22,028	-23,313	-24,664

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

+ offsets change in gross liability.

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Table E.1 Derivation of public sector expenditure on services from departmental groups' budgets, 2014-15

	Education	Health	Transport	Communities and Local Government	Business, Innovation and Skills	Home Office	Justice	Law Officers' Departments	Defence	Foreign and Commonwealth Office	International Development	Energy and Climate Change	Environment, Food and Rural Affairs	Culture, Media and Sport	Work and Pensions	Scotland	Wales	Northern Ireland	Chancellor's Departments	Cabinet Office	Small and Independent Bodies	Total for all departments
Departmental Budgets																						
Resource DEL	53,773	110,555	3,544	15,788	15,405	11,397	7,597	554	35,080	1,862	7,318	1,401	1,885	1,375	7,152	26,420	14,203	10,205	3,596	2,843	1,676	333,629
Capital DEL	4,468	3,863	9,363	4,398	2,011	411	290	4	7,786	159	2,350	2,242	636	264	249	3,143	1,500	1,069	267	430	82	44,985
Resource Departmental AME	13,910	22,240	476	12,803	-688	1,958	-11	13	8,311	80	156	6,254	88	4,865	167,639	3,838	48	8,239	-7,026	10,614	-129	253,676
Capital Departmental AME	-	-5	6,695	121	9,573	-	-	-	51	-	-	-604	2	681	-124	440	357	542	-12,040	-	-23	5,667
Remove																						
Grants to local government	-35,587	-2,899	-5,644	-19,148	-358	-10,504	-	-	-	-	-	-36	-303	-254	-24,464	-8,104	-6,149	-144	-	-38	-	-113,633
Capital grants to public corporations	-	-27	-	-14	-100	-	-	-	-	-5	-	-	-19	-	-	-27	-	-71	-	-	-	-262
Depreciation	-1,399	-1,839	-1,734	-88	-2,318	-287	-451	-6	-9,002	-197	-28	-167	-294	-299	-174	-821	-415	-912	46,415	-483	-66	25,437
Provisions	-10,154	-22,119	-2	-152	-12	-523	76	3	-4,366	1	-60	-5,906	68	15	-612	-3,441	-187	-1,967	-316	-7,613	410	-56,858
Financial transactions	-	65	-6,261	-1,357	-10,390	-	-	-	57	-	-344	85	-7	-	-10	-726	-474	-257	11,692	1	23	-7,904
Interest and dividends	-	47	-208	27	1,674	-38	-	-	-329	-	-	-	-	-41	12	147	59	-36	698	-26	23	2,010
Items classified as revenue in National Accounts	1	-1,732	2,486	-11,184	1,842	728	84	60	114	-	-420	30	65	52	-211	12	27	-4	-2,045	7	187	-9,899
EU receipts	-	-	65	471	273	-	-	-	-	-	-	-	2,058	-	282	613	851	411	-	-	1	5,023
Other items not in TME	-1,682	-22	1,235	2,404	647	-148	-1	-1	-1	0	-45	-9	33	560	-879	784	-283	-13	-2,054	12	-13	522
Add																						
Local government current expenditure	41,596	17,373	4,732	8,023	418	12,160	162	-	-	-	-	-	5,402	1,943	25,088	10,322	5,558	562	-	48	-	133,387
Local government capital expenditure	3,432	181	4,003	2,912	10	361	-	-	-	-	-	-	861	702	-	1,790	849	171	-	-	-	15,274
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	661	-	-	-	661
Public corporations' capital expenditure	-	-	-	3	-	-	-	-	59	-	-	-	-	-	-	477	-	65	-	-	-	604
Public sector debt interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,944	-	-	36,944
EU transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,723	-	-	3,723
Grant equivalent element of student loans	-	-	-	-	1,949	-	-	-	-	-	-	-	-	-	-	50	-	152	-	-	-	2,151
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector expenditure on services	68,358	125,681	18,750	15,007	19,936	15,515	7,746	627	37,760	1,900	8,927	3,290	10,475	9,863	173,948	34,917	15,944	18,673	79,854	5,795	2,171	675,134

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 2009 to financial data for 2009-10).

TABLE F.1 POPULATION NUMBERS BY COUNTRY AND REGION

	Thousands				
	mid-2009	mid-2010	mid-2011	mid-2012	mid-2013
North East	2,575	2,587	2,596	2,602	2,611
North West	6,986	7,020	7,056	7,084	7,103
Yorkshire and the Humber	5,223	5,255	5,288	5,317	5,338
East Midlands	4,472	4,507	4,537	4,568	4,598
West Midlands	5,528	5,566	5,609	5,643	5,675
East	5,751	5,807	5,862	5,907	5,954
London	7,943	8,062	8,204	8,308	8,417
South East	8,491	8,578	8,653	8,725	8,793
South West	5,227	5,261	5,301	5,340	5,378
England	52,196	52,643	53,107	53,494	53,866
Scotland	5,232	5,262	5,300	5,314	5,328
Wales	3,039	3,050	3,064	3,074	3,082
Northern Ireland	1,793	1,805	1,814	1,824	1,830
United Kingdom	62,261	62,760	63,285	63,705	64,106
Source:	Mid-Year Population Estimates from the ONS for the Countries of the UK and the English Regions (2011 Population Census based)				
mid-2009 to mid-2012:	http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-315018				
mid-2013:	http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-368259				

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 2014-15 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 2015 National Accounts figures from ONS			
Financial year	GDP deflator at market prices		Money GDP
	2014-15 = 100	Per cent change on previous year	£ million
1972-73	9.450	8.08	71,193
1973-74	10.230	8.26	79,419
1974-75	12.206	19.32	93,293
1975-76	15.171	24.29	114,642
1976-77	17.197	13.36	134,142
1977-78	19.537	13.60	156,674
1978-79	21.656	10.85	180,802
1979-80	25.266	16.67	218,104
1980-81	30.002	18.75	249,641
1981-82	32.918	9.72	276,166
1982-83	35.139	6.75	301,688
1983-84	36.712	4.48	329,238
1984-85	38.834	5.78	354,498
1985-86	41.191	6.07	389,638
1986-87	42.815	3.95	418,214
1987-88	45.183	5.53	469,834
1988-89	48.178	6.63	525,247
1989-90	51.931	7.79	578,879
1990-91	56.225	8.27	624,024
1991-92	59.525	5.87	657,102
1992-93	61.041	2.55	677,942
1993-94	62.538	2.45	718,845
1994-95	63.278	1.18	754,128
1995-96	65.122	2.91	794,983

³ <https://www.gov.uk>

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

Financial year	GDP deflator at market prices		Money GDP
	2014-15 = 100	Per cent change on previous year	£ million
1996-97	67.879	4.23	847,895
1997-98	69.087	1.78	890,311
1998-99	70.184	1.59	933,474
1999-00	70.916	1.04	979,291
2000-01	72.544	2.30	1,034,257
2001-02	73.644	1.52	1,072,891
2002-03	75.582	2.63	1,135,829
2003-04	77.121	2.04	1,209,281
2004-05	79.553	3.15	1,269,505
2005-06	81.775	2.79	1,350,055
2006-07	83.992	2.71	1,424,361
2007-08	86.450	2.93	1,498,594
2008-09	88.620	2.51	1,502,318
2009-10	90.911	2.59	1,501,670
2010-11	93.427	2.77	1,576,231
2011-12	95.099	1.79	1,628,485
2012-13	96.634	1.61	1,663,874
2013-14	98.626	2.06	1,731,762
2014-15	100.000	1.39	1,808,712

GDP Deflator: Financial years 1972-73 to 2014-15 taken from ONS series L8GG.

Money GDP: For years 1972-73 to 2014-15: ONS data for money GDP (not seasonally adjusted, BKTL)

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

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

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