PUBLIC EXPENDITURE

Statistical Analyses 1999-2000

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This publication summarises the more detailed information on public expenditure published in the series of departmental reports, listed below. They present the Government's expenditure plans for 1999–2000 to 2001-02.

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Cm 4204	Department of the Environment, Transport and the Regions
Cm 4205	Home Office
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PUBLIC EXPENDITURE

Statistical Analyses 1999-2000

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I. PUBLIC EXPENDITURE OVERVIEW

THE GOVERNMENT'S APPROACH TO THE ECONOMY

1.1 The Government's central economic objective is to achieve high and stable levels of growth and employment. The key elements of the Government's strategy are:

- locking in economic stability as a platform for long term sustainable growth;
- raising productivity through promoting enterprise and investment;
- increasing employment opportunity with a better deal for working families;
- building a fairer society, with modern public services and a better deal for families and children.

1.2 On coming into office, the Government introduced a new framework for monetary and fiscal policy to promote economic stability, while ensuring that macroeconomic policy responded sensibly to shocks:

- a new **monetary framework** to deliver low and stable inflation, with the Bank of England's Monetary Policy Committee given operational independence to set interest rates to deliver the Government's inflation target;
- a new **fiscal framework**, based on two strict fiscal rules:
  - the *golden rule* – on average over the economic cycle, the Government will borrow only to invest and not to fund current expenditure; and
  - the *sustainable investment rule* – public sector net debt as a proportion of GDP will be held over the economic cycle at a stable and prudent level;
- a new **public expenditure regime** which together with new three-year spending plans will provide greater certainty and encourage long-term planning.

THE GOVERNMENT'S PUBLIC EXPENDITURE REGIME

1.3 The new expenditure regime provides a clear distinction between current and capital expenditure – helping to redress the previous bias against public investment (as the easier target for spending cuts). Departmental Expenditure Limits (DEL) are firm multi-year plans and have been set for three years. Annually Managed Expenditure (AME), which cannot reasonably be subject to firm multi-year limits, will be subject to tough annual scrutiny as part of the Budget process (DEL and AME are described in more detail in Appendix E).

1.4 These new spending plans have been accompanied by a fundamental change in the accountability of Government to Parliament and the public. Public Service Agreements (PSAs) covering the whole of the public sector have been published, setting explicit aims, objectives and targets to be achieved by the public sector with the funding provided, complemented by Output and Performance Analyses.

1.5 Within this framework, the Government is building high quality cost effective public services, alongside a fair and efficient tax system that promotes incentives to work, save and invest.

1.6 High quality public services are the bedrock of a fair society and affect the quality of all of our lives. The outcome of the Comprehensive Spending Review (CSR) announced last July set out how the Government will invest in and reform key public services over the next three years. These reforms mean public services will be able to meet the changing demands of a modern world and promote wider opportunities for the many people using them.

1.7 Key elements of these plans include:

- additional investment of £19 billion in education, doubling the capital budget for schools, expanding further and higher education, and providing resources to meet manifesto commitments on reducing class sizes;
- £21 billion for health, modernising the NHS and providing the largest hospital building programme in the history of the NHS;
- a new integrated transport strategy, supported by £1.7 billion of additional spending on public transport and the road and rail network; and
- £4.4 billion to regenerate cities and housing, tackling the council house repairs backlog, and providing a New Deal for Communities – expanding economic opportunity, improving neighbourhood management, and bringing housing and regeneration together in some of the most deprived neighbourhoods in the country.

1.8 The CSR also provided for the Invest in Britain Fund which will double public sector net investment over the next three years. Departmental Investment Strategies have been prepared to ensure efficient use of this investment. Within the Invest in Britain Fund, a £2.5 billion Capital Modernisation Fund (CMF) was set aside to fund step changes in the quality of specific public services and infrastructure, complementing the improvements across the public sector as a whole set out in the PSAs.

PLANS FOR FIRST TWO YEARS OF THIS PARLIAMENT

1.9 In the July 1997 Budget, the Government confirmed that it would work within the pre-announced spending plans for the first two years of the Parliament. Taking 1997–98 and 1998–99 together it is estimated that spending will undershoot these plans for the Control Total by £2 billion. (The Control Total and its relation to the current DEL and AME Regime is explained in Appendix F.) In addition, by reallocating resources within these plans, the Government has provided extra resources for health and education.

TOTAL MANAGED EXPENDITURE, DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

1.10 **Table 1.1** shows the split of Total Managed Expenditure (TME) as between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). DEL is further broken down between current and capital budgets and AME between Main Departmental Programmes, locally financed expenditure and other. The table shows the outturn for 1997–98, the estimated outturn for 1998–99 and the cash plans for 1999–2000 to 2001–02 on this basis.

1.11 This table also shows a national accounts based disaggregation of TME into current expenditure, net investment and depreciation. These are total public sector expenditure aggregates.

1.12 **Tables 1.2 to 1.6** give details of DEL and AME within TME. These tables cover a nine-year period from 1993–94 to 2001–02. The new DEL/AME control regime takes effect from 1999–2000, and the figures in these tables for 1999–2000 onwards show the plans for spending under the new control regime as at March 1999. The figures up to 1998–99 show actual and estimated expenditure over that period in terms of the new regime categories but do not have any operational significance in terms of spending control, as a different control regime was then in force. (Outturns for the Control Total by department are shown in Table 1.13.) The estimated outturns for 1998–99 take account of the latest information available up to early March.

1.13 **Table 1.2** gives a departmental breakdown of DEL. Shown separately in this table is spending financed by the Windfall Tax, including spending under the Welfare to Work programme. This spending is included in Total DEL, but is not included in individual departmental limits. Details of spending by programme are in the Economic and Fiscal Strategy Report, March 1999 (HC 298), Table 4.1. Also shown separately are the unallocated amounts from the Invest to Save Budget (ISB) and the Capital Modernisation Fund (CMF), and the DEL Reserve, after taking account of allocations agreed to date.

1.14 **Table 1.3** gives a split of TME into DEL and AME and breaks down AME into 12 main categories of spending, including the AME Margin, an unallocated margin on total AME spending included for prudential reasons. The breakdown of AME is by type of spending, rather than by department. Further details of spending by department, including details of departmental programme spending within AME and of the separate contributions of different spending sectors – the department and accompanying non-departmental public bodies (NDPBs), local authorities, public corporations – to each departmental total, are shown in the detailed cash plans tables in each departmental report.

1.15 **Tables 1.4 and 1.5** present the information in Tables 1.2 and 1.3 in real terms. **Table 1.6** follows the same format as Table 1.2 but shows the current and capital budgets within DEL separately. So this table shows, for each department, how that department's DEL has been split between its current and capital budgets. **Table 1.7** presents a breakdown of the accounting and other adjustments line in Table 1.3. Appendix B1 gives further details of these accounting and other adjustments.

1.16 **Tables 1.8 and 1.9** give details of the respective allocations by department of the Invest to Save Budget and Capital Modernisation Fund. Allocated expenditure from these funds is included in individual departmental expenditure limits in Tables 1.2, 1.4 and 1.6. The remaining unallocated spending from these funds is shown in a separate line in these tables. Full details of individual departments' programmes under all these programmes are given in departmental reports.

SUPPLY EXPENDITURE AND SPENDING SECTORS

1.17 **Table 1.10** shows the split of DEL and AME between money voted in Estimates, which accounts for about two-thirds, and other expenditure. The relationship between DEL and AME and Supply expenditure is explained in more detail in the introductory sections of the Supply Estimates 1999–2000 (HC 336).

1.18 **Table 1.11** shows a breakdown of TME, and within it DEL and AME, as between the national accounts spending sectors which are used in many of the analyses in this publication. Central government own expenditure excludes central government spending in support of the spending of other parts of the public sector – local authorities and public corporations – but includes non-departmental public bodies classified to central government, as well as central government departments' own spending. It includes the

spending of the new devolved administrations in Scotland, Wales and Northern Ireland, which are classified to central government. Central government own expenditure is split into DEL and AME, with spending in AME split further into Main Departmental Programmes and locally financed expenditure. This latter category is in respect of spending of the devolved administrations which is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland administration financed from regional rates. Further analyses of central government own expenditure are presented in Chapter 5.

1.19 Local authority expenditure is split into central government support (which can be in either DEL or AME), locally financed support in Scotland (the proceeds of non-domestic rates in Scotland which will henceforth be collected and distributed to local authorities by the devolved administration in Scotland) and self-financed expenditure. Further analyses of local authority expenditure are presented in Chapter 6. The external finance requirements of public corporations are mostly in DEL, but for self-financing public corporations are in AME Main Departmental Programmes. Further analyses for public corporations are presented in Chapter 7.

CONTROL TOTAL

1.20 **Table 1.13** shows outturns for 1993–94 to 1997–98 and estimated outturns for 1998–99 for the Control Total by department. This was the main aggregate used for the control of spending over this period. Because the focus of spending control will now switch to DEL and AME, spending plans for 1999–2000 onwards are not presented on this basis.

CONTENT OF THIS PUBLICATION

1.21 This annual publication summarises some of the information about spending by particular departments, which is provided in their respective departmental reports, and provides supporting information to the Supply Estimates 1999–2000 (HC 336), which will shortly be presented to the House of Commons. The figures are consistent with those which appeared in the March 1999 Financial Statement and Budget Report except that some corrections have been made to the projections of Annually Managed Expenditure for 1999–2000 to 2001–02. See Appendix A, paragraph A.5, for details.

1.22 The organisation and content of this publication are reviewed annually. Any comments on the coverage or presentation should be sent to Paul Osmon at the following address:

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Table 1.1 Public Expenditure 1997–98 to 2001–02: Summary

£ billion

	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Departmental Expenditure Limits					
Current budget	149.7	155.2	165.2	173.9	181.4
Capital budget	12.4	12.6	14.0	15.8	18.1
Departmental Expenditure Limits	**162.1**	**167.8**	**179.2**	**189.7**	**199.5**
Annually Managed Expenditure					
Main Departmental Programmes	103.9	106.2	114.7	117.5	122.8
Locally financed expenditure	15.7	16.1	17.0	18.3	19.8
Other	40.4	41.3	38.6	43.7	45.6
Annually Managed Expenditure	**160.0**	**163.6**	**170.3**	**179.4**	**188.2**
Total Managed Eexpenditure	**322.1**	**331.4**	**349.4**	**369.1**	**387.7**
of which:					
current expenditure	*304.3*	*313.5*	*329.1*	*346.4*	*362.4*
net investment	*3.8*	*3.4*	*5.5*	*6.9*	*9.6*
depreciation	*14.0*	*14.6*	*14.8*	*15.2*	*15.7*

Table 1.2 Departmental Expenditure Limits, 1993–94 to 2001–02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Education and Employment	13,378	13,988	13,981	14,009	14,523	14,512	15,702	17,537	18,916
Health	29,762	31,593	32,933	33,769	35,297	37,643	40,345	43,271	46,172
of which: NHS	*28,942*	*30,590*	*31,985*	*32,997*	*34,664*	*36,860*	*39,603*	*42,361*	*45,070*
DETR – Main Programmes	12,182	11,574	9,630	9,667	9,614	9,341	9,697	10,497	11,915
DETR – Local Government and Regional Policy	29,375	29,910	30,296	31,318	31,375	32,762	34,208	35,437	36,893
Home Office	5,862	6,161	6,382	6,436	6,730	7,019	7,773	7,884	8,070
Legal Departments	2,370	2,542	2,638	2,627	2,641	2,701	2,756	2,801	2,713
Defence	22,757	22,562	21,517	21,383	20,910	22,549	22,280	22,815	22,972
Foreign and Commonwealth Office	1,244	1,257	1,333	1,053	1,076	1,119	1,115	1,133	1,153
International Development	2,081	2,237	2,197	2,096	2,105	2,327	2,299	2,763	3,072
Trade and Industry	4,683	3,895	3,433	3,330	3,084	3,105	3,249	3,602	3,578
Agriculture, Fisheries and Food(1)	835	791	856	2,121	1,644	1,340	1,268	1,207	1,240
Culture, Media and Sport	976	978	1,026	959	911	920	993	1,002	1,042
Social Security (administration)	3,409	3,299	3,388	3,514	3,354	3,193	3,378	3,447	3,500
Scotland	12,174	12,709	12,784	12,905	12,871	13,334	13,878	14,582	15,224
Wales	5,946	6,208	6,346	6,474	6,499	6,804	7,062	7,454	7,840
Northern Ireland	5,004	5,143	5,247	5,356	5,465	5,723	5,852	6,098	6,175
Chancellor's Departments	2,939	2,862	2,923	2,886	2,887	2,989	3,197	3,045	3,279
Cabinet Office	1,054	966	1,248	1,156	933	1,353	1,425	1,361	1,313
Welfare to Work(2)					143	717	1,492	1,317	1,278
Invest to Save Budget								45	65
Capital Modernisation Fund							34	547	685
Reserve							1,200	1,800	2,400
Allowance for shortfall						–1,600			
Departmental Expenditure Limits	**156,033**	**158,676**	**158,157**	**161,060**	**162,061**	**167,800**	**179,200**	**189,700**	**199,500**
Total education spending(3)	*33,152*	*34,728*	*35,614*	*36,163*	*37,400*	*38,300*	*41,300*	*44,800*	*48,000*

(1) *The large rise in departmental expenditure in the mid-to-late 1990s primiarily reflects increased spending on BSE-related programmes.*
(2) *Expenditure financed by the Windfall Tax.*
(3) *Central government spending on education falling within DEL plus locally financed education spending (in AME).*

Table 1.3 Total Managed Expenditure 1993–94 to 2001–02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Departmental Expenditure Limits	**156,033**	**158,676**	**158,157**	**161,060**	**162,061**	**167,800**	**179,200**	**189,700**	**199,500**
Annually Managed Expenditure									
Social Security benefits	79,974	82,497	86,077	89,749	91,006	93,498	99,133	101,499	106,376
Housing Revenue Account Subsidies	4,359	4,356	4,238	4,184	3,980	3,663	3,701(2)	3,721(2)	3,704(2)
Common Agricultural Policy	2,607	2,225	2,640	2,928	2,472	2,783	2,402	2,674	2,870
Export Credits Guarantee Department	65	-45	-28	68	57	-217	462	825	833
Net Payments to EC Institutions(1)	1,877	1,268	3,370	1,817	2,049	3,466	2,715	2,553	2,872
Self-financing Public Corporations	-722	-673	-243	60	-294	-194	-38	-209	-328
Locally financed expenditure	9,290	11,945	14,424	14,389	15,698	16,124	17,003	18,267	19,764
Net public service pensions	3,829	3,816	4,200	5,000	5,449	5,090	6,151	6,072	6,157
National Lottery			126	364	1,087	1,351	2,616	2,666	2,800
Central Government Debt Interest	20,336	23,083	26,452	27,858	29,692	29,522	25,976	27,629	27,110
Accounting and other adjustments	5,798	9,506	9,689	8,816	8,806	8,500	9,100	11,700	13,000
AME Margin							1,000	2,000	3,000
Total Annually Managed Expenditure	**127,412**	**137,978**	**150,943**	**155,234**	**160,599**	**163,600**	**170,200(2)**	**1,79,400(2)**	**188,200(2)**
Total Managed Expenditure	**283,445**	**296,654**	**309,100**	**316,294**	**322,063**	**331,400**	**349,400(2)**	**369,100(2)**	**387,700(2)**
of which:									
Current expenditure	*260,849*	*274,035*	*286,155*	*297,426*	*304,281*	*313,454*	*329,173*	*346,410*	*362,301*
Net Investment	*10,942*	*10,360*	*9,651*	*5,432*	*3,776*	*3,384*	*5,459*	*7,469*	*9,637*
Depreciation	*11,654*	*12,259*	*13,294*	*13,436*	*14,006*	*14,555*	*14,804*	*15,230*	*15,715*

(1) Net payments to EC institutions exclude the UK's contribution to the cost of EC aid to non-Member States (which is attributed to the aid programme). Net payments therefore differ from the UK's net contribution to the EC Budget, latest estimates for which are £3.9 billion in 1998-99, £3.3 billion in 1999-2000, £3.6 billion in 2000-01 and £3.9 billion in 2001-02. Figures from 1999-2000 are trend estimates.

(2) These figures incorporate corrections to those published in the Financial Statement and Budget Report March 1999. See Appendix A, paragraph A.5.

Table 1.4 Departmental Expenditure Limits in real terms, 1993–94 to 2001–02[1]

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Education and Employment	14,754	15,210	14,772	14,360	14,523	14,158	14,946	16,285	17,137
Health	32,825	34,353	34,796	34,613	35,297	36,724	38,401	40,181	41,829
of which: NHS	*31,919*	*33,262*	*33,795*	*33,822*	*34,664*	*35,961*	*37,694*	*39,337*	*40,831*
DETR – Main Programmes	13,436	12,586	10,175	9,909	9,614	9,113	9,229	9,747	10,795
DETR – Local Government and Regional Policy	32,398	32,523	32,010	32,101	31,375	31,963	32,559	32,907	33,424
Home Office	6,466	6,699	6,743	6,597	6,730	6,848	7,399	7,321	7,311
Legal Departments	2,614	2,764	2,788	2,692	2,641	2,635	2,623	2,601	2,458
Defence	25,099	24,533	22,734	21,918	20,910	21,999	21,207	21,186	20,812
Foreign and Commonwealth Office	1,372	1,367	1,408	1,079	1,076	1,092	1,061	1,052	1,044
International Development	2,296	2,433	2,321	2,148	2,105	2,270	2,188	2,566	2,783
Trade and Industry	5,165	4,235	3,627	3,414	3,084	3,029	3,092	3,345	3,241
Agriculture, Fisheries and Food[2]	921	860	904	2,174	1,644	1,307	1,207	1,121	1,123
Culture, Media and Sport	1,076	1,063	1,084	983	911	897	945	930	944
Social Security (administration)	3,760	3,587	3,580	3,602	3,354	3,115	3,215	3,201	3,171
Scotland	13,426	13,820	13,507	13,228	12,871	13,009	13,209	13,541	13,792
Wales	6,558	6,750	6,705	6,636	6,499	6,638	6,721	6,922	7,102
Northern Ireland	5,519	5,592	5,543	5,490	5,465	5,584	5,570	5,662	5,595
Chancellor's Departments	3,241	3,112	3,089	2,958	2,887	2,916	3,043	2,828	2,970
Cabinet Office	1,163	1,050	1,319	1,185	933	1,320	1,357	1,264	1,190
Welfare to Work[3]					143	700	1,420	1,223	1,157
Invest to Save Budget								42	59
Capital Modernisation Fund							33	508	620
Reserve							1,100	1,700	2,200
Allowance for shortfall						-1,600			
Departmental Expenditure Limits	**172,087**	**172,538**	**167,106**	**165,086**	**162,061**	**163,700**	**170,600**	**176,100**	**180,700**
Total education spending[4]	*36,563*	*37,761*	*37,629*	*37,067*	*37,400*	*37,400*	*39,300*	*41,600*	*43,500*

(1) At 1997-98 prices, using GDP deflators consistent with the Financial Statement and Budget Report, March 1999 (HC 298).

(2) The large rise in departmental expenditure in the mid-to-late 1990s primiarily reflects increased spending on BSE-related programmes.

(3) Expenditure financed by the Windfall Tax.

(4) Central government spending on education falling within DEL plus locally financed education spending (in AME).

Table 1.5 Total Managed Expenditure in real terms, 1993–94 to 2001–02[1]

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Departmental Expenditure Limits	**172,087**	**172,538**	**167,106**	**165,086**	**162,061**	**163,700**	**170,600**	**176,100**	**180,700**
Annually Managed Expenditure									
Social Security benefits	88,202	89,703	90,947	91,993	91,006	91,218	94,355	94,252	96,371
Housing Revenue Account Subsidies	4,807	4,737	4,478	4,288	3,980	3,573	3,522	3,456	3,356
Common Agricultural Policy	2,875	2,420	2,789	3,002	2,472	2,715	2,286	2,483	2,600
Export Credits Guarantee Department	68	-49	-30	70	57	-211	440	766	755
Net Payments to EC Institutions[1]	2,070	1,379	3,561	1,862	2,049	3,381	2,584	2,371	2,602
Self-financing Public Corporations	-796	-732	-257	61	-294	-189	-36	-194	-297
Locally financed expenditure	10,245	12,988	15,240	16,090	15,698	15,731	16,184	16,963	17,905
Net public service pensions	4,223	4,149	4,438	5,125	5,449	4,966	5,855	5,638	5,578
National Lottery			133	373	1,087	1,318	2,490	2,476	2,537
Central Government Debt Interest	22,428	25,099	27,950	28,554	29,692	28,802	24,724	25,656	24,560
Accounting and other adjustments	6,395	10,366	10,237	9,036	8,806	8,300	8,700	11,100	11,900
AME Margin							1,000	1,900	2,700
Total Annually Managed Expenditure	**140,521**	**150,032**	**159,483**	**159,115**	**160,002**	**159,600**	**155,700**	**166,600**	**170,500**
Total Managed Expenditure	**312,608**	**322,569**	**326,589**	**324,201**	**322,063**	**323,400**	**332,600**	**342,800**	**351,200**
of which:									
Current expenditure	*287,687*	*297,974*	*302,346*	*304,862*	*304,281*	*305,800*	*313,300*	*321,700*	*328,200*
Net Investment	*12,068*	*11,265*	*10,197*	*5,568*	*3,776*	*3,300*	*5,200*	*6,900*	*8,700*
Depreciation	*12,853*	*13,330*	*14,046*	*13,772*	*14,006*	*14,200*	*14,100*	*14,100*	*14,200*

(1) Net payments to EC institutions exclude the UK's contribution to the cost of EC aid to non-Member States (which is attributed to the aid programme). Net payments therefore differ from the UK's net contribution to the EC Budget.

Table 1.6 Departmental Expenditure Limits – Current and Capital Budgets 1993–94 to 2001–02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Current Budget									
Education and Employment	12,267	12,888	12,823	13,360	13,933	13,845	14,548	15,814	16,794
Health	28,748	30,559	32,085	33,402	35,069	37,636	39,878	42,746	45,548
of which: NHS	*28,065*	*29,700*	*31,303*	*32,761*	*34,518*	*36,916*	*39,197*	*41,898*	*44,509*
DETR - Main Programmes	2,991	4,360	4,120	4,177	4,111	4,169	4,441	4,623	4,831
DETR - Local Government and Regional Policy	29,325	29,859	30,228	31,205	31,067	32,380	33,925	35,354	36,879
Home Office	5,223	5,510	5,703	5,916	6,185	6,572	7,381	7,456	7,620
Legal Departments	2,181	2,366	2,434	2,531	2,577	2,633	2,686	2,731	2,642
Defence	21,210	20,987	19,921	20,665	20,059	20,948	20,779	21,302	21,434
Foreign and Commonwealth Office	1,129	1,169	1,200	980	987	1,034	1,029	1,051	1,069
International Development	1,794	1,880	1,925	1,859	1,872	2,099	2,039	2,462	2,712
Trade and Industry	3,192	3,000	3,017	2,781	2,680	2,746	2,867	3,170	3,112
Agriculture, Fisheries and Food[1]	667	625	651	1,778	1,361	1,193	1,050	1,030	1,006
Culture, Media and Sport	836	813	843	861	809	839	912	923	963
Social Security (administration)	3,085	3,058	3,233	3,395	3,354	3,493	3,328	3,395	3,447
Scotland[2]	10,143	10,796	11,057	11,376	11,503	11,743	12,204	12,793	13,290
Wales[2]	4,801	5,056	5,261	5,443	5,605	5,,915	6,266	6,655	7,029
Northern Ireland[2]	4,342	4,481	4,629	4,816	4,930	5,201	5,348	5,457	5,510
Chancellor's Departments	2,658	2,669	2,710	2,683	2,728	2,851	3,036	3,093	3,133
Cabinet Office	773	646	1,054	999	777	1,155	1,160	1,147	1,135
Welfare to Work[3]					44	387	1,216	1,962	1,003
Invest to Save Budget							0	36	52
Capital Modernisation Fund Reserve[3]							1,100	1,700	2,200
Allowance for shortfall						–1,600			
Total Current Budget	**135,365**	**140,724**	**142,895**	**148,225**	**149,651**	**155,200**	**165,200**	**173,900**	**181,400**

Table 1.6 Departmental Expenditure Limits – Current and Capital Budgets 1993–94 to 2001–02 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Capital Budget									
Education and Employment	1,110	1,100	1,158	649	590	666	1,154	1,723	2,122
Health[5]	1,014	1,034	848	367	228	7	467	525	623
of which: NHS[5]	*877*	*890*	*683*	*235*	*146*	*–56*	*405*	*463*	*562*
DETR - Main Programmes	9,162	7,214	5,510	5,490	5,503	5,172	5,256	5,874	7,084
DETR - Local Government and Regional Policy	50	51	68	113	308	382	282	84	14
Home Office	639	652	679	520	546	448	392	428	450
Legal Departments	189	176	205	96	64	68	71	71	71
Defence	1,548	1,575	1,596	718	852	1,601	1,501	1,513	1,539
Foreign and Commonwealth Office	114	89	133	73	90	85	86	82	84
International Development	287	357	272	237	233	227	261	301	360
Trade and Industry	1,491	895	416	550	404	359	382	433	466
Agriculture, Fisheries and Food[1]	169	166	204	343	283	147	218	176	234
Culture, Media and Sport	140	164	183	98	102	80	81	79	79
Social Security (administration)	324	240	155	119		–300	50	51	53
Scotland[2]	2,031	1,914	1,727	1,529	1,369	1,591	1,674	1,789	1,934
Wales[2]	1,145	1,151	1,085	1,031	893	889	796	799	811
Northern Ireland[2]	663	662	618	541	534	522	504	640	665
Chancellor's Departments	281	193	213	203	159	138	161	-48	146
Cabinet Office	281	319	195	157	155	199	265	214	178
Welfare to Work[3]					99	330	275	355	275
Invest to Save Budget								9	13
Capital Modernisation Fund							34	547	685
Reserve[4]							100	200	200
Allowance for shortfall									
Total Capital Budget	**20,668**	**17,952**	**15,262**	**12,835**	**12,410**	**12,600**	**14,000**	**15,800**	**18,100**
Departmental Expenditure Limits	**156,033**	**158,676**	**158,157**	**161,060**	**162,061**	**167,800**	**179,200**	**189,700**	**199,500**

(1) The large rise in departmental expenditure in the mid-to-late 1990s primarily increased spending on BSE-related programmes.

(2) The split between current and capital budgets for Scotland, Wales and Northern Ireland is indicative; current and capital spending within DEL is currently a matter for the respective Secretaries of State and in due course for the respective Executive.

(3) Expenditure financed by the Windfall Tax.

(4) Reserve has been arbitrarily apportioned between current and capital, with 10 per cent allocated to capital.

(5) Covers capital budget of Department of Health only and excludes NHS Trusts. Plans for total net public capital spending in health, including Trusts, are £1.7 billion in 1999-2000, £2.0 billion in 2000-01 and £2.3 billion in 2001-02. See Table 7.3 for details of capital expenditure by NHS Trusts.

Table 1.7 Accounting and Other Adjustments, 1993-94 to 2001-02[1]

£ million

	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
Non-trading capital consumption	5,242	5,408	5,996	6,430	6,738	7,100	7,300	7,600	7,800
VAT refunded on general government expenditure	3,528	4,604	4,780	4,754	4,878	5,100	5,300	5,500	5,800
EC contributions	-6,507	-5,520	-7,446	-6,988	-5,863	-6,200	-5,800	-5,700	-5,800
Income tax credits	3,925	3,635	2,891	2,598	2,857	2,000	2,900	5,300	5,600
of which: Working Families and Disabled Persons' Tax Credit							*1,300*	*5,100*	*5,400*
Other programme spending in AME	269	268	208	176	160	200	200	300	400
Adjustments for public corporations	2,615	2,632	3,693	2,378	2,824	2,900	3,400	3,800	3,900
Intra-public sector debt interest	-2,653	-2,239	-2,460	-2,330	-2,520	-2,300	-2,100	-2,000	-2,000
Financial transactions in DEL and AME	-582	833	1,865	1,732	-159	-400	-1,900	-2,800	-2,500
Other accounting adjustments	-92	-234	124	-231	-132	100	-200	-200	-300
Total accounting and other adjustments	**5,745**	**9,388**	**9,651**	**8,519**	**8,785**	**8.500**	**9,100**	**11,700**	**13,000**

(1) *For more details of accounting and other adjustments in AME, see Appendix B1.*

Table 1.8 Invest to Save Budget, 1999–2000 to 2001–02[1]

£ million

	1999–00 plans	2000–01 plans	2001–02 plans
Education and Employment	35.8[2]	24.0	23.1
Health	3.0	2.4	2.4
DETR–Main Programmes	1.1	0.1	
Home Office	1.7		
Legal Departments	2.8	0.1	
Culture, Media and Sport	0.1		
Social Security (administration)	1.0	0.3	0.1
Scotland	0.8	0.6	0.6
Wales	2.0	4.3	5.7
Northern Ireland	2.5	1.4	1.0
Chancellor's Departments	1.8	0.7	0.6
Cabinet Office	0.1		
Total allocated	**53[2]**	**34**	**33**
Total unallocated	**0**	**45**	**65**
Total expenditure under the Invest to Save Budget	**53[2]**	**79**	**98**

(1) *The departments allocated resources from the Invest to Save Budget following the first bidding round are, in each case, the lead department for innovative service delivery projects involving two or more departments.*

(2) *Includes £32.5 million for Single Work Focus Gateway funded from DEL Reserve.*

Table 1.9 Capital Modernisation Fund, 1999–2000 to 2001–02

£ million

	1999–00 plans	2000–01 plans	2001–02 plans
Crime reduction			
Home Office	20	60	70
Northern Ireland	1		
Total crime reduction	**21**	**60**	**70**
IT-based learning centres			
Education and Employment	50	150	200
Scotland	5	14	19
Total IT-based learning centres	**55**	**164**	**219**
Modernising hospitals and primary care			
Health	100	110	150
Scotland	10	11	15
Total modernising hospitals and primary care	**110**	**121**	**165**
Rural transport			
DETR–Main Programmes	10		
Scotland	1		
Total rural transport	**11**		
SBS venture capital fund			
Trade and Industry		19	
Scotland		0	
Total SBS venture capital fund		**19**	
Other			
Wales	10	31	39
Northern Ireland	6	20	25
Scotland	4	38	47
Total other	**19**	**88**	**111**
Total allocated	**216**	**453**	**565**
Total unallocated	**34**	**547**	**685**
Total expenditure under the Capital Modernisation Fund	**250**	**1,000**	**1,250**

Table 1.10 Total Managed Expenditure: Voted and other expenditure, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Voted in Estimates									
Departmental expenditure in Departmental Expenditure Limits									
Central government expenditure	89,752	94,129	95,345	97,938	97,379	101,052	103,926	108,212	112,692
Central government support for local authorities	40,924	41,351	41,687	42,405	42,483	44,190	43,032	44,030	46,272
Nationalised industries' external finance	3,273	1,588	1,143	1,417	692	488	466	154	176
Total departmental expenditure in Departmental Expenditure Limits	**133,949**	**137,068**	**138,175**	**141,760**	**140,555**	**145,730**	**147,424**	**152,396**	**159,140**
Welfare to Work expenditure in Departmental Expenditure Limits									
Central government expenditure					48	384	1,111	826	834
Central government support for local authorities					82	273	254	250	250
Total Welfare to Work expenditure in Departmental Expenditure Limits					**130**	**657**	**1,366**	**1,076**	**1,161**
Main Departmental Programmes in Annually Managed Expenditure									
Central government expenditure	38,564	39,293	41,858	44,198	44,343	45,075	46,779	47,044	48,768
Central government support for local authorities	9,665	10,702	11,164	11,715	11,476	11,251	12,432	13,367	14,269
Nationalised industries' external finance	-744	-611	-224	31	-276	-187	-109	-202	-302
Total Main Departmental Programmes in Annually Managed Expenditure	**47,485**	**49,384**	**52,798**	**55,944**	**55,543**	**56,139**	**59,102**	**60,209**	**62,717**
Total Voted in Estimates[1]	**181,434**	**186,452**	**190,974**	**197,804**	**196,228**	**202,527**	**207,892**	**213,682**	**223,018**
Other									
Departmental expenditure in Departmental Expenditure Limits	22,084	21,609	19,982	19,300	21,363	21,505	30,259	35,972	39,062
Welfare to Work expenditure in Departmental Expenditure Limits					13	60	128	240	119
Main Departmental Programmes in Annually Managed Expenditure	42,628	43,059	44,417	46,585	48,374	49,867	55,554	57,280	60,040
Other	37,032	45,535	53,727	52,705	56,085	57,400	55,600	61,900	65,400
Total other	**102,011**	**110,202**	**118,126**	**118,590**	**125,835**	**128,900**	**141,500**	**155,400**	**164,600**
Total Managed Expenditure	**283,445**	**296,654**	**309,100**	**316,294**	**322,063**	**331,400**	**349,400**	**369,100**	**387,700**

(1) *Total DEL plus AME Main Departmental Programmes Voted in Estimates.*

Table I.11 Total Managed Expenditure by Spending Sector, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Central government own expenditure									
DEL	101,813	105,401	107,013	109,275	110,048	113,680	124,174	132,133	138,425
AME Main Programmes	88,440	82,415	86,295	90,754	92,735	95,160	102,133	104,130	108,602
Locally financed support in Northern Ireland	58	75	81	91	97	97	105	114	424
Total central government own expenditure	**182,311**	**187,891**	**193,389**	**200,120**	**202,880**	**208,900**	**226,400**	**236,400**	**247,200**
Local authority expenditure									
Central government support in DEL	49,089	49,530	49,520	49,654	49,557	51,845	52,919	55,766	59,190
Central government support in AME Main Programmes	9,664	10,702	11,164	11,715	11,476	11,251	12,561	13,565	14,482
Locally financed support in Scotland	1,186	1,109	1,193	1,313	1,326	1,395	1,441	1,473	1,510
Local authority self-financed expenditure	8,046	10,761	13,150	12,985	14,275	14,600	15,500	16,700	18,100
Total local authority expenditure	**67,985**	**72,102**	**75,027**	**75,687**	**76,634**	**79,100**	**82,400**	**87,500**	**93,300**
External finance requirements of public corporations									
DEL	6,131	3,746	1,625	2,131	2,457	2,314	2,093	1,787	1,867
AME Main Programmes	-722	-673	-243	60	-294	-194	-38	-209	-328
Total external finance requirements of public corporations	**5,408**	**3,072**	**1,381**	**2,191**	**2,162**	**2,120**	**2,055**	**1,578**	**1,539**
Total departmental and locally Financed Expenditure	**255,704**	**263,065**	**269,797**	**277,978**	**281,676**	**290,200**	**310,800**	**325,400**	**342,000**
Other Annually Managed Expenditure	27,741	33,589	39,303	38,316	40,387	41,300	38,600	43,700	45,600
Total Managed Expenditure	**284,445**	**296,654**	**309,100**	**316,294**	**322,063**	**331,400**	**349,400**	**369,100**	**387,700**

Table 1.12 Control Total by department,[1] 1993-94 to 1998-99

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998-99 estimated outturn
Education and Employment[4]	13,530	14,206	14,318	14,335	14,044	14,179
Health	29,762	31,593	32,924	33,799	35,317	37,643
DETR - Main Programmes	16,242	15,605	13,528	12,967	12,385	11,995
DETR - Local Government and Regional Policy[3]	29,375	29,910	30,296	31,318	31,375	32,757
Home Office	5,866	6,165	6,383	6,439	6,732	7,022
Legal Departments	2,370	2,542	2,638	2,627	2,641	2,701
Defence[2]	22,767	22,573	21,528	21,399	20,919	22,549
Foreign and Commonwealth Office	1,244	1,257	1,333	1,053	1,076	1,119
International Development	2,235	2,385	2,338	2,230	2,242	2,425
Trade and Industry	4,062	3,320	3,194	2,696	2,778	2,748
Agriculture, Fisheries and Food	2,948	2,450	2,828	4,217	3,498	3,420
Culture, Media and Sport	953	934	967	963	894	927
Social Security	67,091	69,456	72,762	76,905	79,228	81,744
Scotland[3]	13,625	14,120	14,354	14,665	14,422	14,948
Wales[3]	6,297	6,551	6,719	6,817	6,817	7,113
Northern Ireland[3]	7,088	7,391	7,669	7,984	8,140	8,548
Chancellor's Departments	3,335	3,224	3,234	3,146	3,103	3,193
Cabinet Office[2]	1,054	966	1,248	1,156	933	1,353
Net Payments to EC Institutions	1,877	1,268	3,370	1,817	2,049	3,466
Local authority self-financed expenditure	8,100	10,880	13,187	13,281	14,300	14,600
Allowance for shortfall[5]						-1,300
Control Total	**239,819**	**246,795**	**254,819**	**259,813**	**262,900**	**273,200**

(1) A full list of departments included in each departmental grouping is given in Appendix C.

(2) Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 4.7.

(3) Includes revenue/rate support grant and non-domestic rates payments in England. (Comparable items are included in the figures for Scotland and Wales.)

(4) Includes receipts from the sale of the student loan portfolio in 1997-98 and 1998-99. See table 4.7 for further details.

(5) See paragraph A6 of Appendix A.

2. DIFFERENCES FROM PREVIOUS PLANS

INTRODUCTION

2.1 Since the introduction of Simplified Estimates in 1995, Public Expenditure Statistical Analyses (PESA) and departmental reports coincide both in consistency of figures and timing of publication with the Main Supply Estimates. The figures which will be presented in the Supply Estimates for 1999–2000, and therefore also in this publication, are also consistent with those in the Financial Statement and Budget Report March 1999 (except for some corrections to the projections for Annually Managed Expenditure – see Appendix A, paragraph A.5).

2.2 This Chapter includes two sets of comparisons. The first three tables compare the latest plans for Departmental Expenditure Limits and Annually Managed Expenditure with the plans set out in the Comprehensive Spending Review (Cm 4076). The remaining tables compare the estimated outturn for the Control Total for 1998–99 with the corresponding figures in last year's PESA (Cm 3901), and the outturn for the Control Total in 1997–98 with the plans set out in Public Expenditure Statistical Analyses 1997–98 (Cm 3601).

CHANGES TO SPENDING PLANS SINCE THE COMPREHENSIVE SPENDING REVIEW

2.3 **Tables 2.1, 2.2 and 2.3** show, for the spending plans for 1999–2000 to 2001–02, the differences between the latest plans and those first set out in the Comprehensive Spending Review in July 1998. **Table 2.1** shows changes to DEL by department, **Table 2.2** shows changes to AME and **Table 2.3** shows changes to DEL current and capital budgets. The comparisons distinguish between:

- transfers of financing responsibility between departments and spending sectors;
- classification changes, ie. changes in the way public expenditure is scored or re-allocation of functions between departments; and
- other changes, which are due to policy decisions or changes in forecasts of underlying economic factors.

CLASSIFICATION AND TRANSFER CHANGES AFFECTING SPENDING PLANS

2.4 The main transfers of financing responsibility or machinery of government affecting the DEL spending plans for 1999–2000 to 2001–02 are (the numbers in this and subsequent textual passages have been rounded to the nearest £5 million or £0.1 billion):

- responsibility for the Contributions Agency passed from the Department for Social Security to the Inland Revenue, requiring transfers of £85 million in 1999–2000, £115 million in 2000–01 and £125 million in 2001–02;
- provision for discretionary awards passed from the Department of the Environment, Transport and the Regions to the Department for Education and Employment, changing the DELs by £40 million in 1999–2000, £80 million in 2000–01 and £95 million in 2001–02. Provision for music was also switched in the same way, involving adjustments to DELs of £30 million in each of the plan years;

- responsibility for part of the grant in aid paid to the British Council passed from the Department for International Development to the Foreign and Commonwealth Office, leading to a shift in DEL of £30 million in each year;
- responsibility for funding students in health care professions passed from the Department for Education and Employment to the Department of Health, with adjustments to DELs of £25 million in 1999–2000, £40 million in 2000–2001 and £45 million in 2001–02;
- responsibility for certain payments in respect of contaminated land passed from the Main Programmes line of the Department of the Environment, Transport and the Regions to the Department's Local Government and Regional Policy line, requiring an adjustment to the DELs of £10 million in each of the plan years;
- responsibility for expenditure on forestry in Scotland after devolution has been transferred to the Scottish Office with an increase in the Scottish DEL line of £10 million in 1999–2000, £15 million in 2000–01 and £20 million in 2001–02. Note that pre-devolution expenditure on Scottish Forestry remains part of the Forestry Commission line;
- responsibility for expenditure on certain planning programmes moved from the Department of the Environment, Transport and the Regions' Local Government and Regional Policy Line to its Main Programmes line requiring a transfer of £10 million in 1999–2000 and £5 million thereafter. A similar change took place affecting provision for Regional Development Agencies and requiring an adjustment of £15 million in each year;
- provision for certain expenditure on Royal Travel pased from the Ministry of Defence to the Department of the Environment, Transport and the Regions transferring DEL of £10 million in each of the plan years; and
- responsibility for severe weather warning moved from the Department of the Environment, Transport and the Regions to the Home Office, transferring DEL of £10 million in each of the plan years.

2.5 The main classification changes affecting DEL for the plans years are:

- The introduction of the new European System of Accounts (ESA95) led to a number of changes, including:
  - expenditure on that element of the Department for International Development's overseas superannuation expenditure that had been in DEL is now a Main Departmental Programme in AME (£0.1 billion in each of the plan years), as is the expenditure of the Home Office on pensions in respect of seconded police and fire staff (less than £5 million in each of the plan years);
  - the Issue Department of the Bank of England was reclassified from the central government sector to a new central bank sector. As a result, the cost of producing and distributing banknotes no longer forms part of Total Managed Expenditure. Consequently, HM Treasury's DEL has fallen by £50 million in each of the plan years; and
  - ESA95 made a number of changes to the split between current and capital expenditure. These changes left total departmental DELs unchanged, but altered the mix. The biggest change was in the Ministry

of Defence numbers, where expenditure on the acquisition of dual use military equipment changed from current expenditure to capital expenditure (£1½ billion in each of the plan years);

- since the CSR, there have been some changes to the split of expenditure between DEL and AME:
  - expenditure by the Department of Social Security on certain anti-fraud measures and Motability administration has been moved out of Main Departmental Programmes in AME into DEL (£75 million in 1999–2000 and £70 million in each of the other plan years);
  - expenditure by the Department of Trade and Industry on the Redundancy Payments Scheme (£135 million in 1999–2000, £145 million in 2000–01 and £160 million in 2001–02) has been moved from DEL to be a Main Departmental Programme in AME; and
  - expenditure financed by Northern Ireland Regional Rates net of the element deemed to be in respect of water rates was reclassified from DEL to Locally Financed Expenditure in AME. As a result, DEL was reduced by £105 million in 1999–2000, £115 million in 2000–01 and £125 million in 2001–02;
- there have also been other classification changes affecting DEL, including:
  - a change in the accounting policy for student loans debt sales means that the resultant adjustments to the figure for subsidies and bad debt included in DEL are taken in the year that the Government is committed to a sale rather than when it is announced; there have also been changes in the calculation of the implications of the forthcoming debt sale. The effect is to increase the DEL of the Department for Education and Employment by £100 million in 1999–2000; and
  - a number of receipts previously treated as revenue are now netted off the DEL, including the Environment Agency's receipts from fishing licences, reducing the Ministry of Agriculture Fisheries and Food's DEL by £15 million in each of the plan years.

OTHER CHANGES TO PLANS FOR 1999–2000 TO 2001–02

2.6 In addition to the DEL/AME changes mentioned above, the main classification changes affecting Main Departmental Programmes in AME and central government debt interest for the plan years are set out below:

- the introduction of ESA95 led to a number of changes, including:
  - the expenditure on the main public service unfunded pensions net of contributions received (including accruing superannuation liability charges paid by Government departments to the Principal Civil Service Pension Scheme) now impacts directly on Total Managed Expenditure (TME). As a result, net pensions expenditure is treated as a Main Departmental Programme in AME. The classification change put £6.0 billion into the new line in the AME table in 1999–2000, £6.2 billion in 2000–01 and £6.4 billion in 2001–02. This increase was partly offset by reductions in DEL (see above) and in the Accounting and Other Adjustments (£4.3 billion in 1999–2000, £4.4 billion in 2000-01 and £4.5 billion in 2001–02). So the net increase in TME due to ESA95 pensions changes has been £1.6 billion in 1999-2000, £1.7 billion in 2000-01 and £1.8 billion in 2001-02;

- Guaranteed Export Finance Corporation plc is now held for national accounts to be acting as an agent of the Export Credits Guarantee Department when refinancing export-related loans benefiting from fixed rate export finance. As a result, the ECGD line in Main Departmental Programmes in AME has been increased by £0.5 billion in 1999-2000 and £0.8 billion in 2000–01 and 2001-02, which is almost entirely offset in the Accounting and Other Adjustments. There has also been an increase in the level of central government gross debt interest payments as interest on GEFCO bonds is now treated as interest paid by central government; and
- two further changes have increased the level of central government debt interest. First, any difference between the issue and redemption price of a gilt is now recorded as debt interest, spread over the life of the gilt. Under the previous system of national accounts, discounts and premia did not score as interest. Second, with the reclassification of the Bank of England Issue Department to the new Central Bank sector, payments of interest on securities held by the Issue Department which were previously consolidated within central government now add to government expenditure. Together, these two factors added £1.4 billion to central government debt interest in each of the plan years.

- the Self-Financing Public Corporations line now incorporates values for the external finance of Channel 4 Television, which had previously been included at zero (£75 million in 1999–2000 and near zero figures for the later plan years).

OTHER CHANGES TO PLANS FOR 1999–2000 TO 2001–02

2.7 Plans for DEL for 1999–2000 onwards reflect a number of policy decisions, with these changes offset in the DEL Reserve. The Budget measures included expenditure on the Climate Change Levy to be funded from DEL. This sum has not yet been allocated from the DEL Reserve to a department. The main changes are:

- the Budget announced initial allocations to departments from the Capital Modernisation Fund (CMF). These allocations left total DEL over the plans period unchanged, but increased the DELs of those departments that benefited. £1.1 billion has been allocated from the CMF over three years. £250 million was brought forward in the Budget from 2001–02 to 1999–2000, (total DEL over the planning period is unchanged). The main beneficiaries included the Department for Education and Employment (£50 million in 1999–2000, £150 million in 2000–01 and £200 million in 2001–02), Home Office (£20 million in 1999–2000, £60 million in 2000–01 and £70 million in 2001–02), Department of Health (£100 million in 1999–2000, £110 million in 2000–01 and £150 million 2001–02), Northern Ireland (£5 million in 1999–2000, £20 million in 2000–01 and £25 million in 2001–02), Department of the Environment, Transport and the Regions (£10 million in 1999–2000), Scotland (£40 million in 1999–2000, £65 million in 2000–01 and £80 million in 2001–02), Department of Trade and Industry (£20 million in 2000–01), Wales (£10 million in 1999–2000, £30 million in 2000–01 and £40 million in 2001–02);
- first round allocations have been made from the Invest to Save Budget. These allocations left total DEL over the plans period unchanged, but increased the DELs of the departments that benefited. These allocations amounted to £120 million over the three years, including an allocation from the DEL Reserve.

The main beneficiaries included the Department for Education and Employment (£35 million in 1999–2000, and £25 million in each of 2000–01 and 2001–02), the Department for Health (£5 million in 1999–2000 and smaller amounts in the later plan years), the Legal Departments (grant to the Land Registry) (£5 million in 1999–2000) and the Welsh Office (£5 million in each of 2000–01 and 2001–02 with a lesser sum in 1999–2000);

- additional resources have been made available to fund the anti-fraud effort of the Department for Social Security and local authorities including work on the Verification Framework (£60 million in 1999–2000, £80 million in 2000–01 and £60 million in 2001–02);
- following the abolition of Family Credit, the Department for Social Security's running costs have been reduced by £30 million in 1999–2000 and £60 million in each of 2000–01 and 2001–02;
- in order to fund the increase in the Inland Revenue's administration expenditure flowing from the introduction of the Working Families Tax Credit, their DEL has been increased by £30 million in 1999–2000 and £60 million in each of 2000–01 and 2001–02;
- there was an agreed claim on the Reserve for the Department of Trade and Industry for the Science Enterprise Challenge increasing DEL in 1999–2000 by £25 million;
- a claim on the Reserve increased the DEL of the Cabinet Office by £15 million in 1999–2000 for Action 2000 – a promotional campaign regarding the impact of the Millennium Bug;
- there was an increase in the DEL of the Office for Fair Trading of £8 million in 1999-2000 and £5 million in each of the other plan years following the Office's strategic planning and resource review, and to allow for the costs of implementing the Competition Act; and
- finally, there have been changes to the separate DEL for expenditure financed by the Windfall Tax. Provision for 1999–2000 has been increased from £1.3 billion to £1.5 billion. This change is largely to accommodate the carrying forward to this year of expenditure orginally expected to be made in 1998–99. Planned expenditure has also been increased in each of the plan years because of the introduction in the March 1999 Budget of the New Deal for Over 50s (increases of £10 million in 1999–2000 and £20 million in each of the other years). And estimates of future expenditure have also been revised to take into account the unemployment planning assumptions.

2.8 The latest plans for expenditure on Main Departmental Programmes in AME also take account of a number of policy decisions:

- the measures in the March 1999 Budget which were fully set out in the Financial Statement and Budget Report (HC 298 – see in particular Table 1.11). These included increases in Child Benefit and a new employment credit for the Over 50s; and
- in the Self-financing Public Corporations line, the external financing requirement of the Commonwealth Development Corporation (CDC) was increased by £15 million in each of the plan years so that CDC could benefit from zero net financing in its preparations for the Public Private Partnership. The external financing requirement of the Post Office was increased by £240 million in 1999–2000, £210 million in 2000–01 and £165 million in 2001–02 as part of the package of reforms announced for the Post Office in December 1998 in order to finance higher investment.

2.9 There are also a number of estimating changes to Main Departmental Programmes in AME as a result of new forecasts, on the basis of the latest economic assumptions. The main changes are:

- the estimating and policy changes since the CSR on Social Security reduced the AME line by £1.3 billion in 1999–2000, £1.4 billion in 2000–01 and £2.5 billion in 2001–02. The rising unemployment assumption and policy changes are offset by lower benefit expenditure forecasts and up-rating assumptions at the level of individual benefits and a decision that it was prudent that the expenditure figures should fully reflect the forecasts from models operated by the Department of Social Security;
- the changed unemployment assumptions have also led to an increase in expected expenditure on housing revenue account subsidies of £60 million in 1999–2000, £150 million in 2000–01 and £130 million in 2001–02;
- the forecast level of debt interest payments has fallen by £3.1 billion in 1999–2000, £1.1 billion in 2000–01 and £1.5 billion in 2001–02 due to lower expected interest rates and changes to the all-items RPI inflation rate. The new interest rate assumption has also led to a change in the planned level of export finance support by the Export Credits Guarantee Department of £5 million in 1999–2000;
- the numbers reflect new departmental forecasts of pensions expenditure, leading to an estimating increase of £60 million in 1999–2000 and reductions of £120 million in 2000–01 and £250 million in 2001–02; and
- forecast expenditure on market support by the Intervention Board for Agricultural Products has been reduced by £100 million in 1999–2000 and increased by £220 million in 2000–01 and 2001–02; the latest figures include the effects of two devaluations of the "Green Pound" that took place in October 1998 and a number of other estimating changes.

CHANGES TO CONTROL TOTAL, 1993–94 TO 1998–99

2.10 **Table 2.4** shows, for 1998–99, a comparison of the estimated outturn for the Control Total by department with previous plans in PESA 1998–99 (Cm 3901, published in April 1998). **Table 2.5** presents, for 1997–98, differences from the plans set out in PESA 1997–98 (Cm 3601, published in March 1997) and, therefore, also reflects transfers and classification changes made between that publication and last year's PESA.

Table 2.1 Changes to Departmental Expenditure Limits since the Comprehensive Spending Review 1999–2000 to 2001–2002

£ million

	1999–2000				2000–2001				2001–2002			
	Plans in CSR	Transfers and Classification Changes	Other Changes	New Plans	Plans in CSR	Transfers and Classification Changes	Other Changes	New Plans	Plans in CSR	Transfers and Classification Changes	Other Changes	New Plans
Education and Employment	15,473	141	88	15,702	17,295	68	174	17,537	18,612	81	223	18,916
Health	40,228	14	103	40,345	43,129	29	112	43,271	45,985	34	152	46,172
DETR – Main Programmes	9,721	–39	15	9,697	10,582	–46	–40	10,497	12,000	–43	–42	11,915
DETR – Local Government and Regional Policy	34,263	–67	12	34,208	35,505	–97	29	35,437	36,981	–118	30	36,893
Home Office	7,735	17	21	7,773	7,811	14	59	7,884	7,986	15	69	8,070
Legal Departments	2,758	–3	1	2,756	2,804	–3		2,801	2,716	–3		2,713
Defence	22,294	–14		22,280	22,830	–14		22,815	22,987	–15		22,972
Foreign and Commonwealth Office	1,092	29	–6	1,115	1,110	29	–6	1,133	1,129	30	–6	1,153
International Development	2,442	–143		2,299	2,908	–145		2,763	3,218	–146		3,072
Trade and Industry	3,338	–135	46	3,249	3,706	–148	44	3,602	3,723	–162	18	3,578
Agriculture, Fisheries and Food	1,284	–16	1	1,268	1,223	–16		1,207	1,256	–16		1,240
Culture, Media and Sport	990	3		993	998	4		1,002	1,038	4		1,042
Social Security	3,332	–78	123	3,378	3,411	–108	144	3,447	3,491	–116	124	3,500
Scotland	13,847	11	20	13,878	14,505	13	64	14,582	15,129	13	82	15,224
Wales	7,036	13	13	7,062	7,406	12	36	7,454	7,781	12	46	7,840
Northern Ireland	5,950	–52	–47	5,852	6,158	–61		6,098	6,311	–71	–65	6,175
Chancellor's Departments	3,157	37	3	3,197	2,975	69	1	3,045	3,201	77	1	3,279
Cabinet Office	1,417	–4	12	1,425	1,363	–2	1	1,361	1,316	–3	1	1,313
Welfare to Work	1,326		166	1,492	1,279		38	1,317	1,278		0	1,278
Invest to Save Budget	20		–20		80		–35	45	100		-35	65
Capital Modernisation Fund		250	-216	34	1,000		-453	547	1,500	-250	-565	685
Reserve	1,500		-318	1,200	2,000		-161	1,800	2,500		-100	2,400
Total	**179,300**	**0**	**0**	**179,200**	**190,100**	**–400**	**0**	**189,700**	**200,200**	**–700**	**–100**	**199,500**

Table 2.2 Total Managed Expenditure, 1999-2000 to 2001-02 – changes to plans since the Comprehensive Spending Review

£ million

	1999-2000				2000-2001				2001-2002			
	Plans in CSR	Transfers & Classification Changes	Other Changes	New Plans	Plans in CSR	Transfers & Classification Changes	Other Changes	New Plans	Plans in CSR	Transfers & Classification Changes	Other Changes	New Plans
Departmental Expenditure Limits	**179,200**	**0**	**0**	**179,200**	**190,100**	**–400**	**0**	**189,700**	**200,200**	**–700**	**–100**	**199,500**
Social Security Benefits	100,510	–60	-1,317	99,133	102,997	–64	–1,434	101,499	108,921	–64	–2,481	106,376
Housing Revenue Account Subsidies	3,641		60	3,701	3,572		149	3,721	3,574		130	3,704
Common Agricultural Policy	2,504		–102	2,402	2,458		216	2,674	2,658		212	2,870
Exports Credits Guarantee Department	61	474	–73	462	44	794	–13	825	51	795	–13	833
Net Payments to EC Institutions	2,881		-166	2,715	2,870		-317	2,553	3,229		–357	2,872
Self-financing Public Corporations	–368	76	254	–38	–432	–1	224	–209	–508	–2	182	–326
Locally financed expenditure	16,720	105	178	17,003	17,812	114	341	18,267	19,073	124	–567	19,764
Net public service pensions		5,989	162	6,151		6,190	–118	6,072		6,407	–250	6,157
National Lottery	2,500		116	2,616	2,500		166	2,666	2,300		500	2,800
Central Government Debt Interest	27,642	1,440	–3,106	25,976	27,321	1,405	–1,097	27,629	27,208	1,413	–1,511	27,110
Accounting and other adjustments	15,300	–5,700	–400	9,100	18,800	–5,100	–1,900	11,700	20,000	–5,000	–2,000	13,000
AME Reserve	1,000		0	1,000	2,000		0	2,000	3,000		0	3,000
Annually Managed Expenditure	**172,400**	**2,300**	**–4,400**	**170,300**	**179,900**	**3,300**	**–3,800**	**179,400**	**189,500**	**3,700**	**–5,000**	**188,200**
Total Managed Expenditure	**351,600**	**2,300**	**–4,400**	**349,400**	**370,000**	**2,400**	**–3,800**	**369,100**	**389,700**	**3,000**	**–5,100**	**387,700**

Table 2.3 Current and Capital budgets within DEL, 1999-2000 to 2001-02 – changes to plans since the Comprehensive Spending Review

£ million

	1999-2000				2000-01				2001-02			
	Plans in CSR	Transfers & Classification Changes	Other Changes	New Plans	Plans in CSR	Transfers & Classification Changes	Other Changes	New Plans	Plans in CSR	Transfers & Classification Changes	Other Changes	New Plans
Current Budget												
Education and Employment	14,352	145	51	14,548	15,702	72	40	15,814	16,670	85	39	16,794
Health	39,886	14	–23	39,878	42,715	30	1	42,746	45,513	34	1	45,548
DETR – Main Programmes	4,224	241	–24	4,441	4,469	192	–38	4,623	4,702	170	–41	4,831
DETR – Local Government and Regional Policy	33,963	–38		33,925	35,435	–99	18	35,354	36,981	–119	17	36,879
Home Office	7,340	23	18	7,381	7,415	25	16	7,456	7,578	26	16	7,620
Legal Departments	2,686	–3	3	2,686	2,762	–3	–28	2,731	2,644	–3	1	2,642
Defence	21,976	–1,270	74	20,779	22,510	–1,313	105	21,302	22,666	–1,333	101	21,434
Foreign and Commonwealth Office	1,007	27	–6	1,029	1,026	28	–3	1,051	1,045	28	–4	1,069
International Development	2,141	–102		2,039	2,593	–130	–1	2,462	2,886	–174		2,712
Trade and Industry	2,976	–135	26	2,867	3,266	–147	51	3,170	3,233	–162	41	3,112
Agriculture, Fisheries and Food	1,065	–16	1	1,050	1,046	–16		1,030	1,021	–16	1	1,006
Culture, Media and Sport	909	–5	9	912	924	–4	3	923	961	–4	6	963
Social Security	3,273	–73	128	3,328	3,350	–104	149	3,395	3,429	–111	129	3,447
Scotland	12,246	13	–55	12,204	12,830	16	–53	12,793	13,310	16	–36	13,290
Wales	6,146	13	106	6,266	6,466	12	177	6,655	6,769	12	248	7,029
Northern Ireland	5,375	–52	24	5,348	5,486	–61	32	5,457	5,580	–71	1	5,510
Chancellor's Departments	2,980	43	13	3,036	3,006	80	7	3,093	3,037	88	8	3,133
Cabinet Office	1,140		20	1,160	1,135	2	10	1,147	1,124	1	10	1,135
Welfare to Work	1,026		190	1,216	979		–17	962	978		25	1,003
Invest to Save Budget	16		–16		64		–28	36	80		–28	52
Capital Modernisation Fund Reserve	1,400		–300	1,100	1,800		–100	1,700	2,300		–100	2,200
Total Current Budget	**166,100**	**–1,200**	**300**	**165,200**	**175,000**	**–1,400**	**300**	**173,900**	**182,500**	**–1,500**	**400**	**181,400**

Table 2.3 Current and Capital budgets within DEL, 1999–2000 to 2001–02 – changes to plans since the Comprehensive Spending Review (continued)

£ million

	1999–2000				2000-2001				2001-2002			
	Plans in CSR	Transfers & Classification Changes	Other Changes	New Plans	Plans in CSR	Transfers & Classification	Other Changes	New Plans	Plans in CSR	Transfers & Classification	Other Changes	New Plans
Capital Budget												
Education and Employment	1,121	–4	37	1,154	1,594	–4	133	1,723	1,942	–4	184	2,122
Health	342		126	467	414		111	525	473		150	623
DETR – Main Programmes	5,498	–280	39	5,256	6,113	–238	–1	5,874	7,298	–212	–2	7,084
DETR – Local Government and Regional Policy	300	–29	11	282	70	2	12	84		1	13	14
Home Office	394	–6	4	392	396	–11	43	428	408	–11	53	450
Legal Departments	72		–1	71	72		–1	71	72		–1	71
Defence	319	1,256	–74	1,501	320	1,299	–106	1,513	321	1,318	–100	1,539
Foreign and Commonwealth Office	84	2		86	84	2	–4	82	84	2	–2	84
International Development	301	–40		261	316	–15	0	301	332	28	0	360
Trade and Industry	361		21	382	440		–7	433	490		–24	466
Agriculture, Fisheries and Food	219		–1	218	177		–1	176	235		–1	234
Culture, Media and Sport	81	8	–9	81	74	8	–3	79	77	8	–6	79
Social Security	59	–5	–5	50	61	–5	–5	51	62	–5	–4	53
Scotland	1,601	–3	75	1,674	1,680	–3	112	1,789	1,810		124	1934
Wales	889		–93	796	940		–141	799	1,012		–201	811
Northern Ireland	575		–71	504	673		–33	640	731		–66	665
Chancellor's Departments	176	–6	–10	161	–31	–11	–6	–48	164	–11	–7	146
Cabinet Office	278	–4	–8	265	228	–4	–10	214	192		–14	178
Welfare to Work	300		–25	275	300		55	355	300		–25	275
Invest to Save Budget	4		–4		16		–7	9	20		0	
Capital Modernisation Fund		250	–216	34	1,000		–453	547	1,500	–250	–565	685
Reserve	100			100	200		–16	184	200		–16	200
Total Capital Budget	**13,100**	**1,100**	**–200**	**14,000**	**15,100**	**1,000**	**–300**	**15,800**	**17,800**	**900**	**–500**	**18,100**
Departmental Expenditure Limits	**179,200**	**0**	**0**	**179,200**	**190,100**	**–400**	**0**	**189,700**	**200,200**	**–700**	**–100**	**199,500**

Table 2.4 Control Total by department in 1998–99, differences from previous plans

£ million

	Plans in PESA 1998–99	Transfer and Classification changes	Revised Plans	Other Changes	Estimated Outturn
Education and Employment	13,072	–219	12,853	1,326	14,179
Health	37,170	3	37,173	469	37,643
DETR–Main Programmes	12,149	–55	12,094	–99	11,995
DETR–Local Government	32,764	–7	32,757	0	32,757
Home Office	6,895	8	6,903	119	7,022
Legal Departments	2,686	–47	2,639	62	2,701
Defence	22,240	8	22,248	301	22,549
Foreign Office	1,037	29	1,066	54	1,119
International Development	2,311	–28	2,283	142	2,425
Trade and Industry	2,879	–241	2,638	110	2,748
Agriculture, Fisheries and Food	3,365	2	3,367	53	3,420
Culture, Media and Sport	912	10	922	6	927
Social Security	83,621	43	83,664	–1,920	81,744
Scotland	14,581	47	14,628	321	14,948
Wales	6,969	5	6,974	138	7,113
Northern Ireland	8,402	2	8,404	144	8,548
Chancellor's Departments	3,100	–51	3,049	144	3,193
Cabinet Office	1,306	–5	1,301	52	1,353
European Communities	2,443	0	2,443	1,022	3,465
LASFE	14,000	0	14,000	600	14,600
Reserve	3,000	0	3,000	–3,000	
Carry forward of underspending[1]		750	750	–750	
Allowance for shortfall		0	0	–1,300	–1,300
Control Total	**274,929**	**300**	**275,200**	**–2,000**	**273,200**

(1) Carry forward of £750 million underspend from 1997-98, announced in Economic and Fiscal Strategy Report, 1998 (Cm 3978).

Table 2.5 Difference between plans and outturn for the Control Total by department, 1997–98

£ million

	Plans in PESA 1997–98	Transfer and Classification changes	Revised Plans	Other Changes	Estimated Outturn
Education and Employment	13,876	–158	13,718	327	14,044
Health	34,938	–25	34,913	405	35,317
DETR–Main Programmes	12,769	–66	12,703	–318	12,385
DETR–Local Government	31,378	–3	31,375	0	31,375
Home Office	6,889	–64	6,825	–93	6,732
Legal Departments	2,708	–38	2,670	–29	2,641
Defence	21,122	12	21,134	–215	20,919
Foreign Office	1,078	–9	1,069	8	1,076
International Development	2,187	0	2,187	55	2,242
Trade and Industry	3,068	–33	3,035	–258	2,778
Agriculture, Fisheries and Food	3,739	4	3,743	–245	3,498
Culture, Media and Sport	924	–53	871	24	894
Social Security	79,843	–51	79,792	–564	79,228
Scotland	14,337	49	14,386	36	14,422
Wales	6,894	4	6,898	–81	6,817
Northern Ireland	8,227	–2	8,225	–86	8,140
Chancellor's Departments	3,168	–72	3,096	6	3,103
Cabinet Office	1,045	–7	1,038	–106	933
European Communities	2,247	0	2,247	–197	2,049
LASFE	13,700	–500	13,200	1,100	14,300
Reserve	2,300	0	2,300	–2,300	
Carry forward of underspending[1]		–2,250	–2,250	2,250	
Allowance for shortfall		0	0	0	
Control Total	**266,437**	**–3,000**	**263,200**	**–300**	**262,900**

(1) Includes carry forward of £1,500 million underspend into 1998-99, announced in Financial Statement and Budget Report, March 1998 (HC 620), and further carry forward of £750 million underspend into 1998-99, announced in Economic and Fiscal Strategy Report 1998 (Cm 3978).

3. PUBLIC EXPENDITURE CONTROLS

IN-YEAR CONTROLS – DEPARTMENTAL EXPENDITURE LIMITS

3.1 As noted in Chapter 1, the main focus for control of departmental spending that can be given firm and realistic limits during a given financial year is the departmental expenditure limit. **Table 3.1** shows to the nearest £000 the control limits for all expenditure within Total DEL for 1999–2000, split between Voted and non-Voted elements. DEL replaces cash limits; the in–year control mechanisms are described in Section 2 of the Supply Estimates 1999–2000, to be presented to the House of Commons as HC 336.

3.2 Running costs which form separate control limits within DEL are described in this Chapter, along with External Finance Limits (EFLs) for nationalised industries and other public corporations. Full detail of local authority financing is shown in Chapter 6. The impact of External Finance Requirements (EFRs) for nationalised industries and other public corporations on DEL and Main Departmental Programmes in AME to 2001–02 is described in Chapter 7.

RUNNING COSTS

3.3 Running costs controls cover departments' current expenditure on staff, accommodation and other services used in the administration of central government and the direct delivery of services by departments. Current expenditure on assessing and paying benefits, assessing and collecting taxes, running prisons and helping people return to work amounts to about half the total. The primary aim of running costs control is to promote economical and efficient administration and service delivery in central government. This is largely achieved by containing gross administrative costs. Running costs controls leave departmental managers with the flexibility to decide how to use effectively the funds available for administration and service delivery to meet their objectives.

3.4 Running costs expenditure is controlled during the year through running costs limits which are notified to Parliament. Most departments now have running costs deals agreed for the three years of the Comprehensive Spending Review (CSR) period, and this will allow departments greater certainty of funding to manage their administration costs effectively. The only addition to CSR running costs funding is the running costs element of the Invest to Save Budget, which allows departments to bid for funds for innovative, joined–up government projects. Otherwise, the running costs limits, once set, are not intended to be changed. The only general exception, apart from agreed classification and transfer changes, is that gross limits may be increased under end–year flexibility (EYF). The EYF scheme allows underspends to be carried forward, thereby assisting departments to manage their running costs budgets and encouraging improvements in efficiency and value for money. All changes to running costs limits require the specific approval of Treasury and will be notified to Parliament.

3.5 Running costs are normally controlled gross, although for areas where expenditure and receipts vary in line with demand and which have suitably robust monitoring and management systems, net running costs control may be agreed as set out in "The Financing and Accountability of Next Steps Agencies" (Cm 914). **Table 3.2** sets out gross running costs limits for 1999–2000 for those departments and agencies which have gross controls. From 1 April 1999, 18 bodies, mainly Executive Agencies, will be subject to net running costs controls.

Table 3.3 sets out the net running costs limits for 1999–2000 for these bodies. Wilton Park reverted to gross running costs control during 1998–99. The Treasury Solicitors Department will begin to operate under net control from 1 April 1999. Ordnance Survey, Forensic Science Service and NHS Estates will become Trading Funds, and move out of running costs control, and the Scottish Agricultural Science Agency and the Land Registry of Northern Ireland will move out of running costs control in anticipation of devolution (see paragraph 3.6, below).

3.6 From 1 April 1999, the administration costs of the departments which will be controlled by the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly after devolution will be removed from running costs control. UK Parliamentary control will only be exercised over the running costs expenditure for the Offices of the Secretaries of State for Scotland and for Wales, and for the Northern Ireland Office.

3.7 Where running costs are controlled gross, departments can, with Treasury approval, offset certain receipts against gross running costs expenditure. These are receipts:

i from sub–letting property (see paragraph 3.8 below);

ii related to running costs expenditure incurred in selling services into wider markets (see paragraph 3.8 below);

iii from a body under running costs control in respect of services provided (see paragraph 3.9 below);

iv from another running costs controlled area in respect of staff seconded there (see paragraph 3.9 below);

v from employment subsidies received under the Welfare to Work package (see paragraph 3.10 below);

vi from HM Customs & Excise in respect of VAT refunds on eligible contracted out services (see paragraph 3.11 below);

vii in respect of staff members who are funded from the European Fast Stream programme; and

viii joint running costs funding by third parties for Invest to Save projects (see paragraph 3.12 below).

These receipts are shown in the "Allowable receipts" column of Table 3.2. The inclusion of items vi. vii and viii. represents a change from presentation of running costs provision in PESA 1998–99, when vi and vii were offset against the "Gross Expenditure" column of Table 3.2. Invest to Save is a new initiative taking effect from 1 April 1999.

3.8 The inclusion within the gross running costs limit of certain receipts from sub–letting property and from selling services into wider markets results from the Government's policy on maximising value from public assets. Allowing departments to offset running costs related wider market receipts and receipts arising from sub–letting against their running costs limits is designed to encourage departments to make the best use of their fixed assets.

3.9 Running costs limits are affected by the treatment of receipts for services purchased by a running costs controlled body from a body under gross running costs control. Previously, the gross expenditure of both customer and provider department was included within their running costs limits. Allowing these receipts to be offset against expenditure avoids counting running costs expenditure twice, and thus ends the distortion within the running costs totals in Chapter 3 and Chapter 5. Similarly, receipts from another running costs controlled area in respect of staff seconded there are also allowable against gross expenditure, to avoid distortions in the recording of paybill expenditure within departments.

3.10 Running costs limits are also affected by the Welfare to Work package which includes New Deals for the Young and Long Term Unemployed. Running costs controlled bodies are able to offset New Deal subsidies and training payments paid to them against their running costs limit providing the payments relate to expenditure on running costs. Running costs expenditure on Welfare to Work is financed from the windfall tax on privatised utilities and will continue to be separately identified in Table 3.2.

3.11 Departments who contract out to the private sector services previously undertaken in–house may, with Treasury approval, claim back the VAT element of this expenditure. The resulting VAT refunds will then be allowed as an offset when calculating running costs limits

3.12 Invest to Save projects are jointly funded by the ISB programme run by the Cabinet Office and HM Treasury, and by the public sector partners participating in each individual project. Where funding partners are both within the gross running costs regime, the department with final responsibility for accounting for ISB expenditure will be allowed to offset receipts from another partner to the project against their running costs limit, where applicable. This to avoid expenditure being recorded twice against overall running costs limits.

3.13 A nine year span of outturn data and provision for running costs by department is provided in Chapter 5, which also includes outturns and projections for departmental staffing levels.

EXTERNAL FINANCE LIMITS

3.14 The public expenditure treatment of public corporations accountable to Ministers is described more fully in Chapter 7. The key points are:

- the impact of almost all public corporations on DEL and Main Departmental Programmes in AME is measured by their external financing requirements (EFRs), a measure of the grant, subsidy, government lending and market and overseas borrowing which an industry needs during the financial year to supplement the income from its trading activities; and
- for the Self–Financing Public Corporations (SFPCs), EFRs are in Main Departmental Programmes in AME – with any grant or subsidy paid to an SFPC scoring additionally in DEL (apart from the routine subsidy to the Crown Estate Commissioners). All other public corporations score in DEL.

3.15 **External finance limits (EFLs)** were introduced in 1976 as an important short–term control on the EFR. Where a public corporation generates a positive cash flow, after financing new investment, it is expected to repay outstanding debt, or if no debt is outstanding to invest in financial assets which are liabilities of the public sector. Corporations are set an EFL for the year immediately ahead and provisional figures for external finance for the rest of the plan period are also set. **Table 3.4** shows, for each public corporation controlled in this way, the EFL which has been set for 1999–2000, together with the EFL and estimated EFR outturn for 1998–99. Although EFLs are normally set at the level of the planned EFR, they may be set at a lower level so there may be differences for 1999–2000 between the EFLs shown in this Chapter and the EFRs set out in Chapter 7.

Table 3.1 Departmental Expenditure Limits for 1999–2000

£ thousand

Department/Group	DEL	of which: Voted	Non-Voted
Department for Education and Employment[1]	15,702,326	14,350,774	1,351,552
Department of Health	40,345,045	40,178,767	166,278
DETR–Main Programmes[2]	9,696,757	7,958,165	1,738,592
DETR–Local Government	34,207,667	33,840,681	366,986
Office of the Rail Regulator	1	1	–
Office of Water Services	-49	1	-50
Home Office	7,752,125	7,564,054	188,071
Charity Commission	21,277	21,277	–
Lord Chancellor's Departments[3]	2,421,144	2,329,356	91,788
Attorney General's Departments[4]	335,061	331,261	3,800
Ministry of Defence	22,280,341	22,280,341	–
Foreign and Commonwealth Office	1,114,622	1,112,022	2,600
Department for International Development	2,299,090	1,794,764	504,326
Department of Trade and Industry	3,217,547	3,127,781	89,766
Export Credits Guarantee Department	520	520	–
Office of Fair Trading	30,733	30,733	–
Office of Telecommunications	1	1	–
Office of Gas Supply	1	1	–
Office of Electricity Regulation	1	1	–
Ministry of Agriculture, Fisheries and Food[5]	1,267,812	1,250,121	17,691
Forestry Commission	68,615	68,615	–
Department of Culture, Media and Sport[6]	993,137	965,376	27,761
Department of Social Security	3,377,638	2,643,935	733,703
Scotland	13,809,418	2,400	13,807,018
Wales	7,061,717	2,044,161	5,017,556
Northern Ireland	5,851,739	992,317	4,859,422
HM Treasury	140,875	102,784	38,091
HM Customs & Excise	898,293	897,293	1,000
Inland Revenue	1,871,226	1,836,316	34,910
National Savings	172,815	172,815	–
Registry of Friendly Societies	2,460	2,460	–
National Investment and Loans Office	250	250	–
Office for National Statistics	110,242	109,242	1,000
Government Actuary's Department	636	636	–
Cabinet Office[7]	301,820	301,480	340
Security and Intelligence Services	742,947	742,947	–
Privy Council Office	2,462	2,462	–
Office of the Parliamentary Commissioner and Health Service Commissioners	14,971	14,971	–
House of Lords	45,852	45,852	–
House of Commons	273,925	273,925	–
National Audit Office	43,400	43,400	–
Expenditure financed by the windfall tax	1,491,839	1,365,624	126,215
of which:			
Department for Education and Employment	1,349,816	1,349,816	–
Department of Health	-10	-10	–
Department of Social Security	11,952	11,952	–
Scotland	27,395	–	27,395
Wales	15,426	3,856	11,570
Northern Ireland	87,250	–	87,250
Total	**177,968,299**	**148,799,883**	**13,797,453**

(1) *Includes Sure Start and the Office of Her Majesty's Chief Inspector of Schools.*
(2) *Includes Ordnance Survey and Office of the Rail Regulator.*
(3) *Includes Lord Chancellor's Department, Northern Ireland Court Service, Public Record Office and Land Registry.*
(4) *Includes Includes Crown Prosecution Service, Serious Fraud Office and Treasury Solicitor's Department.*
(5) *Includes the Intervention Board–Executive Agency.*
(6) *Includes the Office of the National Lottery*
(7) *Includes Central Office of Information.*

Table 3.2 Gross running cost limits, 1999-2000

£ thousand

	Gross expenditure	Allowable receipts	Gross running costs limit
Department for Education and Employment[1]	2,070,708	–44,979	2,025,729
Funded by the Windfall Tax	*176,555*	*–15,000*	*161,555*
Office of Her Majesty's Chief Inspector	62,575	–607	61,968
Department of Health	541,346	–6,527	534,819
Office of Water Services	9,484	0	9,484
Department of the Environment, Transport and the Regions	1,088,657	–14,254	1,074,403
Health and Safety Executive	326,988	–4,899	322,089
Office of Passenger Franchising	20,620	–466	20,154
Office of the Rail Regulator	9,258	–258	9,000
Charity Commission	40,442	–484	39,958
Home Office	2,535,055	–46,626	2,488,429
Crown Prosecution Service	438,721	–1,698	437,023
Serious Fraud Office	22,808	–610	22,198
Lord Chancellor's Department	469,627	–13,178	456,449
Public Record Office	24,968		24,968
Northern Ireland Court Service	28,534	–674	27,860
Foreign and Commonwealth Office	1,082,200	–44,557	1,037,643
Department for International Development	55,182	–176	55,006
Office of Electricity Regulation	12,104	–393	11,711
Office of Gas Supply	7,416	356	7,772
Office of Telecommunications	21,271	–484	20,787
Office of Fair Trading	37,387	–138	37,249
Department of Trade and Industry	767,379	–39,610	727,769
The Intervention Board	128,653	–6,412	122,241
Ministry of Agriculture, Fisheries and Food	623,810	–8,044	615,766
Office of the National Lottery	2,587	–111	2,476
Department for Culture, Media and Sport	62,101	–1,159	60,942
Department of Social Security[1]	5,843,732	–58,929	5,784,803
Funded by the Windfall Tax	*36,317*	*0*	*36,317*
Scottish Courts Administration	133,995	–6,541	127,454
Scottish Record Office	7,894	0	7,894
General Register Office for Scotland	16,585	–260	16,325
Scottish Office	770,419	–20,804	749,615
Welsh Office	71,342	–1,293	70,049
Northern Ireland Office	170,525	–1,025	169,500
Northern Ireland Departments[1]	615,554	–35,651	579,903
Office for National Statistics	221,006	–13,722	207,284
Customs and Excise	1,576,872	–13,097	1,563,775
Friendly Societies Registry	14,266	–60	14,206
Inland Revenue	3,954,159	–123,294	3,830,865
National Savings Department	351,088	–4,936	346,152
National Investment and Loans Office	1,550	–114	1,436
HM Treasury	56,910	–1,915	54,995
Security and Intelligence Services	419,504	–13,802	405,702
Cabinet Office: other services	85,666	–31,355	54,311
Privy Council Office	2,221	–2	2,219
Total for gross running costs areas	**25,016,041**	**–577,788**	**24,438,253**
MOD Operating Costs	17,802,786	–1,884,445	15,918,341

(1) *Includes all departmental running costs expenditure not funded by the Windfall Tax.*

Table 3.3 Net running costs limits, 1999–2000

£ million

	Gross expenditure	Receipts	Net running costs limit
Health and Safety Laboratory (HSE)	13,997	-13,997	0
Vehicle Certification Agency (DETR)	4,598	-4,477	121
UK Passport Agency (HO)	65,805	-65,805	0
Treasury Solicitor's Department	27,703	-25,268	2,435
National Weights and Measures Laboratory (DTI)	2,822	-2,822	0
Radiocommunications Agency (DTI)	35,309	-35,309	0
Central Services (DTI)	14,425	-14,425	0
Central Science Laboratory (MAFF)	29,261	-29,261	0
Farming and Rural Conservation Agency (MAFF)	18,781	-18,781	0
Veterinary Laboratories Agency (MAFF)	43,114	-43,114	0
Veterinary Medicine Directorate (MAFF)	6,933	-6,933	0
Information Technology Services Agency (DSS)	322,222	-322,222	0
Customer Funded Services (ONS)	17,750	-17,951	-201
Government Actuary's Department	7,601	-7,178	423
Valuation Office (IR)	142,798	-142,798	0
Civil Service College (CO)	18,375	-18,523	-148
Government Car and Despatch Agency (CO)	11,775	-12,991	-1,216
Security Facilities Executive Agency (SAFE)	11,530	-11,530	0
Total for net running costs areas	**794,799**	**-793,385**	**1,414**
Land Registers of Northern Ireland (NI)	4,504	-4,504	0

Table 3.4 External finance limits of public corporations, 1999–2000

£ thousand

	1998–99 EFL	*1998–99 Estimated outturn*	*1999–00 EFL*
Education and Employment			
Remploy Ltd	94,161	94,160	94,160
Health			
Medicines Control Agency (T)	7,500	7,500	700
National Health Service Trusts (England)	121,290	58,714	166,596
DETR			
Air Travel Trust Fund	4,000	1,000	4,000
British Waterways Board	53,272	53,272	58,690
Civil Aviation Authority (N)	–39,559	–43,018	–2,000
Docklands Light Railway	52,000	52,000	21,400
Driving Standards Agency (T)	–138	–138	–145
Housing Action Trusts	94,500	94,500	84,400
London Transport (N)	391,198	391,198	399,250
National Air Traffic Services (N) (S)	–	–	–37,600
National Railways (N)	157,943	152,330	93,200
New Town Development Corporations and the Commission for New Towns	–115,600	–115,600	–112,000
Queen Elizabeth II Conference Centre (T)	–152	–152	–134
Urban Regeneration Agency (English Partnerships)	295,971	295,971	76,308
Vehicle Inspectorate (T)	–60	–60	1
Home Office			
Fire Service College (T)	–1,446	–1,446	–3,406
Forensic Science Service (T)			–270
The Tote (S)	–1,782	–1,782	–6,993
Legal Departments			
Land Registry (T)	0	–6,259	0
Defence			
Defence and Evaluation Research Agency (T)	–29,371	–29,115	–7,593
Hydrographic Office (T)	87,500	–342	–256
Meteorological Office (T)	–8,383	–15,554	–8,513
Foreign and Commonwealth Office			
BBC Monitoring Service	–1,423	–1,423	–1,400
International Development			
Commonwealth Development Corporation (S)	–15,000	–15,200	0
Trade and Industry			
British Coal (N)	12,300	12,300	7,000
British Nuclear Fuels (N) (S)	78,410	78,410	25,000
British Shipbuilders (N)	0	0	0
Companies House (T)	1,227	1,227	2,065
The Patent Office (T)	–7,858	–7,858	–5,561
Post Office (N) (S)	–214,000	–214,000	–97,000
Culture Media and Sport			
The Welsh Fourth Channel Authority	75,127	75,127	75,127

Table 3.4 External finance limits of public corporations 1999–2000 (continued)

£ thousand

	1999–99 EFL	1998–99 Estimated outturn	1999–00 EFL
Wales			
National Health Service Trust (Wales)	49,670	49,670	10,674
Urban Development Corporations (Wales)	37,419	37,419	35,419
Welsh Development Agency	140,134	140,134	134,152
Northern Ireland			
Driver Vehicle Testing Agency (T)	1	1	1
Laganside	7,574	7,574	7,574
National Health Service Trusts (Northern Ireland)	18,627	18,627	10,208
Northern Ireland Housing Executive	170,752	141,827	151,429
Northern Ireland Transport Holding Company	20,411	20,293	22,741
Cabinet Office			
The Buying Agency (T)	0	0	0
Central Office of Information (T)	0	0	0

(N) Nationalised industry.

(S) Self-financing Public Corporation.

(T) Trading Fund.

(1) In 1998–99 National Air Traffic Services formed part of the EFL for the Civil Aviation Authority.

(2) External finance limits for public corporations in Scotland were published IN HC 193 dated 4 February 1999.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

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

PUBLIC EXPENDITURE AGGREGATES

4.2 **Table 4.1** shows trends in public expenditure over the years 1963–64 to 2001–02 in cash and in real terms and as a percentage of gross domestic product (GDP). The table shows four spending aggregates in this detail: public sector current expenditure, public sector net investment, total managed expenditure (TME) and general government expenditure (GGE). Data for a fifth aggregate, public sector depreciation, are shown in cash only. Data for all these aggregates for the years up to 1997–98 are taken from the national accounts compiled by the Office for National Statistics. Public sector current expenditure plus public sector net investment plus public sector depreciation is equal to TME – which is total public sector spending in national accounts. Figures for 1998–99 onwards are projections produced by the Treasury.

TOTAL MANAGED EXPENDITURE BY FUNCTION

4.3 **Table 4.2** gives a functional analysis of TME for the years since 1983–84, allocating to the appropriate function expenditure for which the respective Secretaries of State for Scotland, Wales and Northern Ireland are responsible and expenditure by local authorities. The key concept in this and subsequent tables in this publication is "expenditure on services", which is the spending aggregate allocated by function. This covers most expenditure by central government, including support to public corporations, and expenditure by local authorities – including loans (net of repayments) which are outside of TME – but excludes debt interest payments, net public service pension payments in AME and most of the accounting adjustments in Table 1.7. In deciding on the exact coverage of expenditure on services for this year's PESA, substantial weight was given to maintaining continuity with the coverage in previous publications, but there have been a few changes from last year, including the inclusion of spending financed from the National Lottery, previously excluded as an accounting adjustment.

4.4 **Tables 4.3** and **4.4** present the material in Table 4.3 in real terms and as a percentage of GDP. A more detailed analysis of public expenditure by function, covering the period 1993–94 to 1998–99, is given in **Table 4.5**.

4.5 As in previous publications, these tables cover outturn years only. Future levels of local authority expenditure on particular services are the responsibility of individual authorities, and there are no detailed plans at this level of detail for total public sector expenditure.

TOTAL MANAGED EXPENDITURE BY ECONOMIC CATEGORY

4.6 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and

services, current or capital. **Table 4.6** breaks down total expenditure on services into the following economic categories:

i Pay – pay and pension costs;

ii Other current expenditure on goods and services – including general administrative expenses and purchases of other goods and services which are not of a capital nature;

iii Subsidies – payments to producers designed to reduce their prices;

iv Current grants to the private sector – including grants to persons, such as social security benefits, and grants towards the current expenditure of non–profit making bodies outside the public sector;

v Current transfers abroad – including net payments to European Communities institutions, payments from the UK's development assistance, subscriptions to international organisations and pensions paid to overseas residents;

vi Net capital expenditure on assets – comprising expenditure on new construction, the purchase of land, buildings and other physical assets, less proceeds from sales of similar assets and the value of net changes in the level of stocks;

vii Capital grants – grants to the private sector, nationalised industries and other public corporations; and

viii Lending and other financial transactions – comprising net lending to the private sector and public corporations, net lending and investment abroad from the UK's Aid Programme.

As in Tables 4.2 to 4.5, debt interest payments and most accounting adjustments are not allocated by economic category and are shown separately.

ASSET SALES

4.7 **Table 4.7** shows actual and planned general government receipts from asset sales from 1993–94 through to 2001–02. Significant one-off items which are included in departmental spending totals are identified separately. These need to be taken into account in looking at trends in departmental spending.

Table 4.1 Public Expenditure Aggregates, 1963-64 to 2001-02

	Public Sector Current Expenditure			Depreciation	Public Sector Net Investment			Total Managed Expenditure			General Government Expenditure		
	Cash (£ billion)	Real terms[1] (£ billion)	Percentage of GDP	Cash (£ billion)	Cash (£ billion)	Real terms[1] (£ billion)	Percentage of GDP	Cash (£ billion)	Real terms[1] (£ billion)	Percentage of GDP	Cash (£ billion)	Real terms[1] (£ billion)	Percentage of GDP
1963-64	9.4	111.4	30.2	1.0	1.5	18.3	5.0	11.9	141.5	38.4	11.4	135.3	36.7
1964-65	9.9	112.7	29.2	1.1	1.9	21.2	5.5	12.8	146.0	37.9	12.3	140.3	36.4
1965-66	11.0	120.0	30.5	1.2	2.0	21.6	5.5	14.2	154.1	39.2	13.7	148.9	37.8
1966-67	12.0	125.7	31.3	1.2	2.4	25.4	6.3	15.7	164.1	40.9	15.1	158.4	39.5
1967-68	13.5	137.0	33.2	1.4	3.1	31.2	7.5	17.9	182.1	44.1	17.5	178.2	43.1
1968-69	14.5	139.8	32.8	1.5	3.0	28.8	6.8	18.9	183.2	43.0	18.3	177.5	41.7
1969-70	15.3	140.4	32.3	1.7	2.9	27.0	6.2	19.9	182.7	42.0	19.2	176.8	40.6
1970-71	16.9	143.4	32.1	1.9	3.4	29.0	6.5	22.2	188.5	42.2	21.6	183.2	41.0
1971-72	19.3	150.2	32.9	2.2	3.2	25.3	5.5	24.7	192.3	42.2	24.3	188.8	41.4
1972-73	21.9	157.5	32.7	2.5	3.4	24.5	5.1	27.7	199.6	41.5	27.3	196.5	40.8
1973-74	25.8	173.4	34.7	3.0	4.1	27.5	5.5	32.8	220.7	44.2	31.5	211.6	42.4
1974-75	34.2	191.9	38.6	3.8	5.1	28.8	5.8	43.2	242.1	48.7	42.4	238.0	47.9
1975-76	43.8	196.3	39.8	4.8	6.4	28.5	5.8	55.0	246.2	49.9	53.2	238.1	48.2
1976-77	51.2	201.8	39.7	5.6	5.9	23.4	4.6	62.8	247.4	48.7	58.9	231.9	45.6
1977-78	57.3	198.6	38.1	6.4	4.7	16.4	3.1	68.4	237.2	45.5	63.8	221.0	42.4
1978-79	65.5	204.5	38.0	7.3	4.6	14.3	2.7	77.4	241.7	44.9	74.2	231.5	43.1
1979-80	78.9	210.9	38.2	8.6	5.1	13.6	2.5	92.6	247.4	44.8	89.0	237.9	43.1
1980-81	93.6	217.6	40.9	10.5	4.7	10.6	2.0	111.5	252.1	47.3	108.5	245.3	46.1
1981-82	110.0	227.0	42.6	11.5	2.8	5.9	1.1	124.3	256.5	48.1	120.6	248.9	46.7
1982-83	120.5	232.6	42.6	11.8	4.8	9.2	1.7	137.1	264.6	48.5	131.9	254.5	46.6
1983-84	129.8	239.5	42.4	12.4	5.9	10.9	1.9	148.1	273.3	48.3	139.6	257.6	45.6
1984-85	140.2	245.8	42.5	12.5	5.5	9.6	1.7	158.3	277.4	48.0	150.0	262.9	45.5
1985-86	148.1	246.6	41.0	11.8	4.8	8.0	1.3	164.7	274.3	45.6	157.3	261.8	43.5
1986-87	155.2	250.5	39.9	12.4	3.1	5.0	0.8	170.7	275.6	43.9	161.8	261.3	41.6
1987-88	165.5	253.6	38.5	11.9	3.3	5.0	0.8	180.6	276.9	42.1	171.1	262.3	39.8
1988-89	172.5	247.7	36.0	13.3	2.0	2.9	0.4	187.8	269.7	39.2	178.2	255.8	37.2
1989-90	185.8	249.0	35.6	14.2	6.8	9.2	1.3	206.8	277.1	39.6	200.1	268.1	38.3
1990-91	201.5	250.3	35.8	13.5	8.4	10.5	1.5	223.4	277.5	39.7	216.4	268.9	38.5
1991-92	226.7	265.2	38.4	12.0	11.4	13.3	1.9	250.1	292.6	42.4	240.5	281.4	40.8
1992-93	246.6	279.2	40.2	11.6	12.9	14.6	2.1	271.1	307.0	44.2	262.5	297.2	42.8
1993-94	260.8	287.8	40.3	11.7	10.9	12.1	1.7	283.4	312.7	43.8	277.8	306.4	42.9
1994-95	274.0	298.0	40.0	12.3	10.4	11.3	1.5	296.7	322.6	43.3	289.4	314.7	42.2
1995-96	286.2	302.4	39.6	13.3	9.7	10.2	1.3	309.1	326.7	42.8	304.3	321.6	42.1
1996-97	297.4	304.9	38.9	13.4	5.4	5.6	0.7	316.3	324.3	41.4	309.2	317.0	40.4
1997-98	304.3	304.3	37.5	14.0	3.8	3.8	0.5	322.1	322.1	39.7	317.6	317.6	39.1
1998-99	313.5	305.8	37.0	14.6	3.4	3.3	0.4	331.4	323.3	39.1	329.5	321.5	38.9
1999-00	329.2	313.3	37.4	14.8	5.5	5.2	0.6	349.4	332.6	39.7	347.1	330.4	39.5
2000-01	346.4	321.7	37.4	15.2	7.5	6.9	0.8	369.1	342.8	39.9	369.3	343.0	39.9
2001-02	362.3	328.2	37.2	15.7	9.6	8.7	1.0	387.7	351.2	39.8	388.1	351.6	39.8

(1) Cash figures adjusted to price levels of 1997-98.

Table 4.2 Total Managed Expenditure by function, 1983-84 to 1998-99[1]

£ billion

	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn
Education[2]	15.8	16.4	16.9	18.6	20.4	22.0	24.5	26.5	29.3	31.6	33.3	34.9	35.9	36.4	37.9	38.9
Health and personal social services	18.1	19.4	20.5	22.1	24.3	26.8	29.3	32.8	37.1	40.7	42.8	46.0	48.6	50.7	53.1	56.3
of which: Health	*15.4*	*16.5*	*17.5*	*18.7*	*20.5*	*22.6*	*24.5*	*27.4*	*31.2*	*34.3*	*35.6*	*37.5*	*39.2*	*40.6*	*42.4*	*45.0*
Transport	5.3	5.6	5.7	5.6	5.6	5.8	6.7	8.1	9.1	10.5	9.8	10.1	8.8	8.7	8.8	8.6
Housing	4.4	4.5	4.1	4.0	4.1	3.2	5.1	4.8	5.7	6.2	5.2	5.2	5.0	4.6	3.7	3.7
Other environmental services	4.6	4.4	4.5	5.3	5.5	5.6	6.7	7.5	8.3	8.9	8.6	9.3	9.6	9.4	9.8	9.8
Law, order and protective services	5.7	6.4	6.6	7.2	8.1	9.0	10.2	11.5	13.0	14.2	14.8	15.4	15.7	16.2	16.9	17.4
Defence[3]	15.7	17.4	18.2	18.4	18.9	19.2	20.8	21.7	22.9	22.9	22.8	22.6	21.5	21.4	20.9	22.5
International development assistance and other international services	1.6	1.6	1.8	1.9	1.9	2.2	2.4	2.6	3.0	3.3	3.4	3.5	3.5	3.1	3.2	3.4
Trade, industry, energy, employment and training	7.4	8.4	8.6	8.6	7.1	8.6	8.2	9.5	10.0	10.5	10.9	10.3	9.7	9.1	8.1	8.5
Agriculture, fisheries, food and forestry	2.4	2.4	2.9	2.2	2.4	2.2	2.2	2.9	3.1	3.2	4.1	3.7	4.1	6.0	5.0	5.0
Culture, Media and Sport[4]	1.3	1.4	1.5	1.6	1.8	2.0	2.3	2.5	2.6	2.7	2.7	2.8	3.0	3.2	4.1	4.3
Social Security	36.7	39.7	43.3	46.5	48.6	49.8	52.8	59.1	70.2	79.5	86.8	89.1	93.1	96.8	97.8	100.2
Central administration and associated expenditure[5]	3.2	3.7	3.6	4.1	5.0	4.7	6.4	6.5	4.6	6.3	6.4	5.7	8.1	6.5	6.4	8.4
Total expenditure on services	**122.3**	**131.3**	**138.2**	**146.1**	**153.8**	**161.1**	**177.6**	**196.1**	**218.9**	**240.6**	**251.6**	**258.5**	**266.7**	**272.1**	**275.7**	**287.2**
General government debt interest	15.2	16.9	18.6	18.6	19.5	20.1	21.0	20.6	18.5	19.1	20.8	23.6	27.1	28.3	30.1	30.0
Other accounting adjustments[6]	10.6	10.1	7.9	6.0	7.4	6.6	8.2	6.7	12.7	11.4	11.1	14.5	15.2	15.9	16.3	15.9
Allowance for shortfall[7]																–1.6
Total Managed Expenditure	**148.1**	**158.3**	**164.7**	**170.7**	**180.6**	**187.8**	**206.8**	**223.4**	**250.1**	**271.1**	**283.4**	**296.7**	**309.1**	**316.3**	**322.1**	**331.4**

(1) For years prior to 1993-94, the effects of transfer and classification (including ESA95) changes have been imputed.

(2) Includes receipts from the sale of the student ban portfolio in 1997-98 and 1998-99. Includes loans to students less repayments.

(3) The outturns for Defence for 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict. Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 4.7.

(4) Includes expenditure financed by the National Lottery.

(5) Includes net payments to the European Communities and activities required for the general maintenence of government, such as tax collection, and the registration of population.

(6) These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other adjustments" in Tables 4.5 and 4.6 which do not include net public service pensions.

(7) See paragraph A.6 of Appendix A

Table 4.3 Total Managed Expenditure by function in real terms, 1983-84 to 1998-99[1]

£ billion

	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 estimated outturn
Education[2]	29.1	28.7	28.2	30.1	31.2	31.6	32.8	32.9	34.2	35.8	36.7	37.9	37.9	37.3	37.9	37.9
Health and personal social services	33.4	34.0	34.2	35.6	37.2	38.5	39.2	40.8	43.4	46.1	47.2	50.0	51.3	52.0	53.1	54.9
of which: Health	*28.3*	*28.9*	*29.1*	*30.2*	*31.4*	*32.5*	*32.8*	*34.1*	*36.5*	*38.9*	*39.3*	*40.7*	*41.4*	*41.6*	*42.4*	*43.9*
Transport	9.8	9.8	9.5	9.0	8.6	8.3	8.9	10.1	10.6	11.9	10.8	11.0	9.2	8.9	8.8	8.4
Housing	8.2	7.8	6.8	6.4	6.3	4.6	6.8	6.0	6.7	7.1	5.8	5.7	5.3	4.7	3.7	3.6
Other environmental services	8.4	7.6	7.5	8.5	8.4	8.1	9.0	9.3	9.7	10.0	9.5	10.1	10.2	9.6	9.8	9.6
Law, order and protective services	10.5	11.2	11.0	11.6	12.4	12.9	13.7	14.3	15.2	16.1	16.3	16.7	16.6	16.6	16.9	17.0
Defence[3]	29.0	30.5	30.4	29.8	29.0	27.6	27.8	27.0	26.8	25.9	25.1	24.5	22.7	21.9	20.9	22.0
International development assistance and other international services	3.0	2.9	3.1	3.1	3.0	3.2	3.2	3.2	3.5	3.7	3.7	3.8	3.7	3.2	3.2	3.4
Trade, industry, energy, employment and training	13.7	14.7	14.2	13.8	10.9	12.4	11.0	11.8	11.7	11.9	12.0	11.2	10.2	9.3	8.1	8.3
Agriculture, fisheries, food and forestry	4.5	4.3	4.8	3.6	3.7	3.2	2.9	3.6	3.6	3.6	4.5	4.0	4.4	6.1	5.0	4.9
Culture, Media and Sport[4]	2.4	2.5	2.5	2.6	2.8	2.9	3.1	3.1	3.1	3.1	3.0	3.1	3.2	3.3	4.1	4.2
Social Security	67.6	69.6	72.0	75.1	74.4	71.4	70.7	73.4	82.1	90.0	95.7	96.9	98.4	99.3	97.8	97.8
Central administration and associated expenditure[5]	5.9	6.5	6.0	6.6	7.7	6.7	8.6	8.1	5.4	7.2	7.1	6.2	8.6	6.6	6.4	8.2
Total expenditure on services	**225.6**	**230.1**	**230.0**	**235.8**	**235.7**	**231.3**	**237.9**	**243.6**	**256.0**	**272.4**	**277.5**	**281.1**	**281.8**	**278.9**	**275.7**	**280.2**
General government debt interest	28.1	29.6	31.0	30.0	29.8	28.9	28.2	25.6	21.6	21.6	22.9	25.7	28.7	29.0	30.1	29.2
Other accounting adjustments[6]	19.5	17.6	13.2	9.7	11.3	9.5	11.0	8.3	14.8	12.9	12.2	15.8	16.1	16.3	16.3	15.5
Allowance for shortfall[7]																–1.6
Total Managed Expenditure	**273.2**	**277.3**	**274.2**	**275.5**	**276.8**	**269.6**	**277.1**	**277.4**	**292.5**	**306.9**	**312.6**	**322.6**	**326.6**	**324.2**	**322.1**	**323.4**

(1) For years prior to 1993-94, the effects of transfer and classification (including ESA95) changes have been imputed.

(2) Includes receipts from the sale of the student ban portfolio in 1997-98 and 1998-99. Includes loans to students less repayments.

(3) The outturns for Defence for 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict. Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence mamed quarters. Figures for these receipts are shown in table 4.7.

(4) Includes expenditure financed by the National Lottery.

(5) Includes net payments to the European Communities and activities required for the general maintenence of government, such as tax collection, and the registration of population.

(6) These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other adjustments" in Tables 4.5 and 4.6 which do not include net public service pensions.

(7) See paragraph A.6 of Appendix A

Table 4.4 Total Managed Expenditure by function as a percentage of GDP, 1983-84 to 1998-99[1]

£ billion

	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 estimated outturn
Education[2]	5.2	5.0	4.7	4.8	4.7	4.6	4.7	4.7	5.0	5.2	5.1	5.1	5.0	4.8	4.7	4.6
Health and personal social services	5.9	5.9	5.7	5.7	5.7	5.6	5.6	5.8	6.3	6.6	6.6	6.7	6.7	6.6	6.5	6.6
of which: Health[3]	*5.0*	*5.0*	*4.8*	*4.8*	*4.8*	*4.7*	*4.7*	*4.9*	*5.3*	*5.6*	*5.5*	*5.5*	*5.4*	*5.3*	*5.2*	*5.3*
Transport	1.7	1.7	1.6	1.4	1.3	1.2	1.3	1.4	1.5	1.7	1.5	1.5	1.2	1.1	1.1	1.0
Housing	1.4	1.4	1.1	1.0	1.0	0.7	1.0	0.9	1.0	1.0	0.8	0.8	0.7	0.6	0.5	0.4
Other environmental services	1.5	1.3	1.2	1.4	1.3	1.2	1.3	1.3	1.4	1.4	1.3	1.4	1.3	1.2	1.2	1.2
Law, order and protective services	1.9	1.9	1.8	1.9	1.9	1.9	2.0	2.0	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.1
Defence[3]	5.1	5.3	5.0	4.7	4.4	4.0	4.0	3.9	3.9	3.7	3.5	3.3	3.0	2.8	2.6	2.7
International development assistance and other international services	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Trade, industry, energy, employment and training	2.4	2.6	2.4	2.2	1.7	1.8	1.6	1.7	1.7	1.7	1.7	1.5	1.3	1.2	1.0	1.0
Agriculture, fisheries, food and forestry	0.8	0.7	0.8	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.6	0.5	0.6	0.8	0.6	0.6
Culture, Media and Sport[4]	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Social Security	12.0	12.1	12.0	12.0	11.3	10.4	10.1	10.5	11.9	13.0	13.4	13.0	12.9	12.7	12.0	11.8
Central administration and associated expenditure[5]	1.0	1.1	1.0	1.1	1.2	1.0	1.2	1.2	0.8	1.0	1.0	0.8	1.1	0.8	0.8	1.0
Total expenditure on services	**39.9**	**39.8**	**38.2**	**37.6**	**35.8**	**33.6**	**34.0**	**34.8**	**37.1**	**39.3**	**38.9**	**37.7**	**36.9**	**35.6**	**34.0**	**33.9**
General government debt interest	5.0	5.1	5.2	4.8	4.5	4.2	4.0	3.7	3.1	3.1	3.2	3.4	3.8	3.7	3.7	3.5
Other accounting adjustments[6]	3.5	3.1	2.2	1.5	1.7	1.4	1.6	1.2	2.2	1.9	1.7	2.1	2.1	2.1	2.0	1.9
Allowance for shortfall[7]																–0.2
Total Managed Expenditure	**48.3**	**48.0**	**45.6**	**43.9**	**42.1**	**39.2**	**39.6**	**39.7**	**42.4**	**44.2**	**43.8**	**43.3**	**42.8**	**41.4**	**39.7**	**39.1**

(1) For years prior to 1993-94, the effects of transfer and classification (including ESA95) changes have been imputed.

(2) Includes receipts from the sale of the student ban portfolio in 1997-98 and 1998-99. Includes loans to students less repayments.

(3) The outturns for Defence for 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict. Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 4.7.

(4) Includes expenditure financed by the National Lottery.

(5) Includes net payments to the European Communities and activities required for the general maintenence of government, such as tax collection, and the registration of population.

(6) These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other adjustments" in Tables 4.5 and 4.6 which do not include net public service pensions.

(7) See paragraph A.6 of Appendix A

Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn
Education						
Under fives	1,313	1,408	1,468	1,549	1,735	1,832
Schools[1]	18,543	19,396	19,954	20,505	21,720	22,445
Further Education[2]	4,541	4,660	4,875	4,940	4,850	4,931
Higher Education	3,746	4,445	4,785	4,661	4,722	4,754
Student support (inc mandatory awards & access fund)	3,423	3,224	3,050	2,985	3,035	3,024
Miscellaneous educational services, research and administration	1,686	1,745	1,752	1,764	1,878	1,902
Total education[3]	**33,252**	**34,878**	**35,884**	**36,404**	**37,940**	**38,888**
Health and personal social services						
Health						
National Health Service hospitals, community health, family health and related services	34,391	36,005	37,812	39,466	41,448	44,188
Central health and other services	1,202	1,459	1,359	1,138	958	860
Total health	**35,593**	**37,464**	**39,171**	**40,604**	**42,406**	**45,048**
Personal social services	7,248	8,496	9,428	10,080	10,678	11,256
Total health and personal social services	**42,841**	**45,961**	**48,599**	**50,683**	**53,084**	**56,304**
Transport						
National roads	2,729	2,721	2,414	2,162	1,987	1,846
Local roads	3,541	3,711	3,602	3,306	3,220	3,349
Local transport	2,715	1,262	1,110	1,887	1,628	1,511
Ports	4	3	5	2	2	2
Marine, coastguard, shipping and civil aviation services	58	33	21	19	28	49
Driver and vehicle licensing	122	141	141	148	151	98
National rail services	398	1,991	2,005	1,876	1,468	1,346
UK Maritime Agency	77	79	83	89	83	85
Other transport services	165	166	-627	-821	188	297
Total transport[4]	**9,809**	**10,105**	**8,753**	**8,668**	**8,755**	**8,585**
Housing						
Central government subsidies to local authority housing	1,198	1,219	1,163	1,038	976	875
Other central government subsidies	147	202	200	219	209	174
Other housing and central government administration	1,791	1,997	2,185	2,026	1,618	1,570
Support for Social Housing	337	340	299	279	315	337
Housing Corporations	1,762	1,463	1,131	1,017	619	716
Capital Receipts Initiative					4	13
Total housing	**5,235**	**5,221**	**4,978**	**4,579**	**3,741**	**3,685**

Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn
Other environmental services						
Environmental protection	2,805	2,933	3,225	3,329	3,499	3,578
Countryside and water	964	992	993	687	687	714
Urban	1,690	1,577	1,412	1,616	1,591	1,390
Other	3,159	3,819	3,992	3,775	3,997	4,109
Total other environmental services	**8,618**	**9,320**	**9,622**	**9,408**	**9,775**	**9,790**
Administration of justice	2,841	2,974	3,069	3,128	3,140	3,231
Prisons and offender programmes	2,214	2,322	2,379	2,393	2,544	2,673
Police	7,399	7,672	7,926	8,284	8,716	8,968
Immigration and citizenship	197	193	208	219	248	223
Fire	1,507	1,546	1,588	1,628	1,693	1,766
Civil defence	48	46	43	47	47	45
Constitutional and community services	34	82	33	33	34	34
Central and miscellaneous services	524	524	498	483	483	508
Total law, order and protective services	**14,764**	**15,359**	**15,745**	**16,216**	**16,904**	**17,447**
Defence						
Defence budget	22,767	22,573	21,528	22,361	21,619	22,549
Receipts for sale of married quarters				-962	-700	
Total defence	**22,767**	**22,573**	**21,528**	**21,399**	**20,919**	**22,549**
International development assistance and other international services						
International development assistance[5]	2,127	2,239	2,216	2,066	2,095	2,327
Other international services	1,244	1,257	1,333	1,053	1,078	1,121
Total international development assistance and other services	**3,370**	**3,497**	**3,549**	**3,118**	**3,172**	**3,447**
Trade industry, energy, employment and training						
Regional and other industrial support	3,703	3,016	2,202	1,768	1,231	1,246
Trade, scientific and technological support	2,119	2,037	2,188	2,261	2,282	2,156
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	169	122	386	204	42	-10
Employment	2,740	2,916	2,880	2,697	2,476	3,092
Training	1,717	1,723	1,535	1,670	1,605	1,571
Departmental administration and other services	440	457	489	474	451	483
Total trade, industry, energy, employment and training	**10,889**	**10,271**	**9,680**	**9,074**	**8,088**	**8,538**

Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn
Agriculture, fisheries, food and forestry						
Market support under CAP	2,430	2,002	2,349	2,396	2,197	2,485
Other agriculture, fisheries and food	1,582	1,559	1,709	2,033	1,809	1,898
Forestry	100	94	60	53	53	55
BSE				1,496	954	579
Total agriculture, fisheries, food and forestry	**4,112**	**3,655**	**4,119**	**5,979**	**5,012**	**5,017**
Culture, Media and Sport						
Museums and galleries	459	472	491	491	522	487
Other arts and heritage	478	487	500	483	496	465
Libraries	896	938	984	911	1,039	1,015
Films	24	26	26	24	23	22
Tourism	71	71	74	71	73	72
Sport and recreation	696	746	741	783	838	803
Broadcasting	61	67	71	74	19	76
National Lottery			126	364	1,088	1,351
Administration	23	22	27	38	30	32
Total Culture, Media and Sport	**2,707**	**2,829**	**3,041**	**3,238**	**4,129**	**4,324**
Social Security						
Pension benefits (contributory)	28,937	29,503	30,750	32,834	34,434	36,498
Widows' benefits	1,076	1,057	1,051	1,017	1,021	1,002
Unemployment (cyclical)	339	357	378	375	364	360
Unemployment, incapacity and other benefits (non-cyclical)	9,764	9,430	9,045	8,348	7,439	7,273
Industrial injury benefits	707	728	753	765	768	790
Family benefits (contributory)	467	525	572	393	557	603
Pension benefits (non-contributory)	54	51	54	49	48	48
War pensions	1,286	1,147	1,258	1,351	1,288	1,272
Disability benefits	6,127	6,888	8,019	9,214	9,942	10,567
Income support (cyclical)	12,648	12,923	13,327	13,336	12,604	12,294
Income support (non-cyclical)	4,086	4,114	4,032	3,959	3,925	3,805
Social Fund	234	217	266	239	186	202
Family benefits (non-contributory)	7,826	8,138	8,691	9,361	9,465	9,850
Housing benefits	9,867	10,790	11,605	12,128	12,307	12,310
Administration and miscellaneous services	3,395	3,262	3,334	3,462	3,459	3,334
Total social security	**86,813**	**89,130**	**93,135**	**96,831**	**97,807**	**100,208**

Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn
Central administration and associated expenditure[6]						
Other public services	4,555	4,373	4,432	4,350	4,310	4,547
Common services	-42	49	278	205	-49	307
EC Net Payments	1,877	1,268	3,370	1,817	2,049	3,466
Finance for public corporations	-27	-47	-52	-3	-17	8
Northern Ireland Regional Rates (Payments)	175	197	205	216	238	247
Northern Ireland Regional Rates (Receipts)	-117	-122	-124	-124	-141	-150
Total central administration and associated expenditure [7]	**6,421**	**5,718**	**8,110**	**6,460**	**6,390**	**8,425**
Total expenditure on services	**251,600**	**258,517**	**266,744**	**272,058**	**275,718**	**287,200**
General government debt interest	20,772	23,603	27,121	28,308	30,096	29,957
Net Public Service pensions	3,829	3,816	4,200	5,000	5,449	6,151
Allowance for shortfall[7]						–1,600
Other adjustments[8]	7,244	10,718	11,035	10,928	10,800	10,800
Total Managed Expenditure	**283,445**	**296,654**	**309,100**	**316,294**	**322,063**	**331,400**

(1) Includes a small amount of expenditure on the under-fives in Wales that cannot be reliably distinguished.

(2) Includes a small amount of higher education expenditure in Wales that cannot be reliably distinguished.

(3) Includes receipts from the sale of the student loans portfolio in 1997-98 and 1998-99.

(4) Figures in 1995-96 and 1996-97 include receipts from the sale of ROSCOs. See Table 4.7 for further details.

(5) In addition to development assistance to developing countries this includes assistance to Eastern Europe and the former Soviet Union , and global environmental assistance. The figures include the UK contributions to the European Community aid budget and the UK share of European Community assistance to Eastern Europe and the former Soviet Union.

(6) As well as contributions to the European Communities, "Central administration and associated expenditure" includes the acitivites required for the general maintenance of government, such as tax collection, and the registration of the population.

(7) See para A.6 of Appendix A.

(8) These adjustments differ from the "Accounting and other adjustments" (in Tables 1.3, 1.7 and 2.2) defined in Annex B, principally due to the exclusion from "Total expenditure on services" of public corporations market and overseas borrowing; bus fuel duty rebate and expenditure under non-fossil fuel obligation; the inclusion of the Valuation Office; and the different treatment in this aggregate of student loans and certain receipts compared with the treatment in DEL. These adjustsments do not include net public service pensions and so differ from the "Other accounting adjustments" in Tables 4.2, 4.3 and 4.4.

Table 4.6 Total Managed Expenditure by economic category, 1993-94 to 1998-99

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998-99 estimated outturn
Pay[1]	65,890	60,061	60,354	60,669	61,323	64,236
Other current expenditure on goods and services[1]	55,554	66,070	69,549	73,648	76,038	80,734
Subsidies	6,763	7,837	7,394	8,580	7,404	6,859
Current grants to the private sector	96,461	99,509	103,622	108,238	110,396	113,340
Current transfers abroad	5,480	5,179	7,240	5,594	5,661	7,338
Net capital expenditure on assets	11,605	11,680	11,773	8,917	8,833	8,869
Capital grants	7,560	7,289	6,935	6,588	4,997	4,912
Lending and other financial transactions	2,287	892	–123	–176	1,066	920
Total expenditure on services	**251,600**	**258,517**	**266,744**	**272,058**	**275,718**	**287,200**
General government debt interest	20,772	23,603	27,121	28,308	30,096	29,957
Net public service pensions	3,829	3,816	4,200	5,000	5,449	5,090
Allowance for shortfall[2]						–1,600
Other adjustments[3]	7,244	10,718	11,035	10,928	10,800	10,800
Total Managed Expenditure	**283,445**	**296,654**	**309,100**	**316,294**	**322,063**	**331,400**

(1) *Pay figures are direct expenditure on the pay of central government and local authority employees. Other current expenditure on goods and services figures include a large component of procurement from public corporations (including NHS trusts), part of which will be spent on the pay of public corporations' employees.*
(2) *See para A.6 of Appendix A.*
(3) *These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other accounting adjustments" in Tables 4.2, 4.3 and 4.4. See footnote (8) to Table 4.5 for further details.*

Table 4.7 General government receipts from sales of assets, 1993–94 to 2001–02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Sales of fixed assets									
Department of Social Security:									
PRIME and Newcastle estate	—	—	—	71	350	—	—	—	
Ministry of Defence: sale of									
married quarters	—	—	—	962	700	—	—	—	—
Other central government	578	645	795	848	797	1,258	1,000	1,000	1,000
Local authorities	3,600	2,826	2,430	2,536	2,483	2,221	2,750	2,750	2,750
Total sales of fixed assets	**4,178**	**3,471**	**3,225**	**4,346**	**4,501**	**3,829**	**3,750**	**3,750**	**3,750**
of which:									
receipts from sales									
of land and existing buildings									
Central government	*376*	*380*	*527*	*1,659*	*1,393*	*1,213*	—	—	—
Local authorities	*3,578*	*2,811*	*2,415*	*2,518*	*2,463*	*2,199*	—	—	—
Debt Sales, etc.(1)									
Department for Education and									
Employment: sale of									
students loans portfolio	—	—	—	—	855	855	1,796	—	—
DETR – Main Programmes:									
sale of ROSCOs	—	—	787	1,002	—	—	—	—	—
sale of Housing Corporation									
loan portfolio	—	—	—	500	654	—	—	—	—
Scotland: sale of student loans									
Wales: sale of Housing for Wales									
loan portfolio	—	—	—	73	—	—	—	—	—
portfolio	—	—	—	—	110	110	231	—	—
Northern Ireland: sale of students									
loans portfolio	—	—	—	—	35	35	74	—	—
Total Debt Sales, etc.	**0**	**0**	**787**	**1,575**	**1,654**	**1,000**	**2,100**	**0**	**0**
Total receipts from sales of									
assets including debt sales	**4,178**	**3,471**	**4,012**	**5,921**	**6,155**	**4,829**	**5,850**	**3,750**	**3,750**

(1) Loan repayments: loan book sales, ROSCO sales. Excludes privatisation proceeds.

Memo item:									
Privatisation proceeds									
to 1997-98	*5,453*	*6,429*	*2,439*	*4,404*	*1,876*	–	–	–	–

5. CENTRAL GOVERNMENT EXPENDITURE

INTRODUCTION

5.1 This section provides summary analyses of central government own expenditure, ie. the expenditure of government departments on their own activities and their funding of other non-trading central government bodies[, plus subsidies to a small number of trading bodies]. It excludes expenditure by central government bodies which goes to support the spending of local authorities and public corporations. Central government own expenditure accounts for about 70 per cent of Departmental Expenditure Limits and about 90 per cent of Main Departmental Programmes in AME.

CENTRAL GOVERNMENT OWN EXPENDITURE

5.2 **Table 5.1** gives a departmental breakdown of central government own expenditure, actual and planned, for the period 1993-94 to 2001-02. Expenditure falling in DEL is shown separately from expenditure falling in AME. In a number of areas, for example education, transport, law and order, a relatively large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government - some of which will be recorded under Scotland, Wales or Northern Ireland. Partly as a result, social security, health and defence together account for [some two thirds] of total central government own spending.

5.3 **Table 5.2** shows central government own expenditure by function. This allocates to the appropriate function the expenditure for which the respective Secretaries of State are responsible in Scotland, Wales and Northern Ireland. As with the similar analyses of total public spending in Chapter 4, the key concept in this and the next (analysis by economic category) table is total expenditure on services (see para 4.3). Because expenditure by local authorities is excluded, it is possible to include figures for the plans years here as well as data for the past.

5.4 **Table 5.3** shows central government departmental expenditure by economic category (for an explanation of these categories, see para 4.6). The largest elements are spending on pay (mainly the Armed Forces and the National Health Service) and other current expenditure on goods and services. The creation of NHS Trusts and the NHS internal market on 1 April 1991 means that some expenditure previously classified as pay or as capital expenditure is now classified as other current expenditure on goods and services. This reflects health authorities' purchase of health care from providers - mostly from NHS Trusts but also from hospitals managed by health authorities - under contracts. In the case of contracts with NHS Trusts, which are public corporations, it is the payments for the goods and services provided rather than the trusts' actual expenditure which is recorded in central government own expenditure.

5.5 **Table 5.4** shows, for 1993-94 through to 2001-02, central government departmental expenditure, actual and planned, for each department, broken down between capital, current and financial transactions, following national accounts definitions. The financial transactions shown in this table are those which score in DEL (generally in capital budgets, but in the case of the subsidy element of student loans in the current budget) and in AME Main Departmental Programmes. These financial transactions do not score in TME, which is current and capital spending only; they are removed by accounting adjustments in 'Other AME'.

RUNNING COSTS

5.6 Running costs plans for 1999-2000 were established for each department following the results of the Comprehensive Spending Review in July 1998 (Cm 4011). These plans have been amended by various reclassifications, transfers between and within departments and by changes in anticipated workloads and receipts. Successful departments have also received additional running costs funding following the first round of the Invest to Save programme. Plans for each department and agency appear in the series of published departmental reports, as do plans for expenditure on the administration costs of the larger executive NDPBs.

5.7 **Table 5.5** shows departmental plans for gross administrative expenditure (whether controlled gross or net) after eliminating double-counting. It compares plans for 1999-2000 with the outturn for past years and the estimated outturn for 1998-99. Although the figures in this table form a basis for the running costs limits set out in Table 3.2 and Table 3.3, they do not correspond directly.

5.8 The settlements reached with departments during the CSR held running costs broadly level in real terms for the three years of the CSR period, compared with 1998-99 gross provision.

5.9 **Table 5.7** also shows the gross operating costs of the Ministry of Defence (MOD). This expenditure falls outside the running costs regime and covers all MOD costs (including service and civilian pay) other than the purchase of new equipment and associated research.

5.10 From 1 April 1998 capital charges have replaced rents paid by departments on freehold and historic leasehold properties on the Civil Estate.

5.11 Departments' paybill outturns are published in the departmental reports, together with the related staff numbers. Since 1 April 1996, all departments and agencies have had responsibility for negotiating pay and grading arrangements appropriate for their own staff.

CIVIL SERVICE STAFFING

5.12 **Table 5.6** provides a summary of Civil Service staffing from 1993-94 to 2001-02, with an estimated outturn for 1998-99 and plans for 1999-2000 to 2001-02. The figures comprise all permanent staff and exclude temporary and casual staff. The figures are measured as "full time equivalent" staff, with part-time staff recorded according to the proportion of a full week for which they are contracted to work.

5.13 There was a fall in the level of Home Civil Service staffing between 1997-98 and the estimated outturn for 1998-99 of 7,100 (1.5 per cent) to 461,400. The largest falls were in the Department of Social Security and the Ministry of Defence. Departments' plans imply further reductions to 450,800.

5.14 Historically, outturn has been slightly lower than plans. The estimated outturn for 1998-99 is around 1 per cent lower than the plans for the same year shown in PESA 1998-99. The 1997-98 outturn was also 1 per cent lower than plans at the start of the year.

5.15 Plans for the devolved bodies are indicative only as future staff numbers will depend upon the decisions of the devolved executives.

5.16 Figures on public sector staffing will also be published in the June 1999 edition of Economic Trends.

Table 5.1 Central government own expenditure by department,[1] 1993-94 to 2001-02[2]

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Central government own expenditure by department[2]									
Within DEL									
Education and Employment	9,430	10,454	10,855	11,013	11,546	11,496	12,895	14,456	15,436
Health	28,668	30,031	31,615	32,944	34,611	36,826	39,569	42,375	45,139
DETR – Main Programmes	5,915	7,445	6,613	6,551	5,642	5,474	6,302	6,616	7,016
DETR – Local Government and Regional Policy[4]	232	240	228	216	222	214	238	235	234
Home Office	2,354	2,476	2,493	2,484	2,685	2,745	3,490	3,497	3,506
Legal Departments	2,105	2,257	2,327	2,349	2,376	2,420	2,462	2,494	2,404
Defence[3]	22,622	22,476	21,500	21,337	20,951	22,594	22,297	22,832	22,982
Foreign and Commonwealth Office	1,244	1,257	1,333	1,053	1,078	1,121	1,116	1,135	1,154
International Development	2,078	2,234	2,197	2,073	2,105	2,327	2,299	2,763	3,072
Trade and Industry	2,579	2,653	3,177	3,010	2,967	3,057	3,237	3,591	3,569
Agriculture, Fisheries and Food	1,017	933	994	2,254	1,791	1,493	1,428	1,368	1,405
Culture, Media and Sport	908	914	957	879	865	819	893	901	940
Social Security	3,261	3,129	3,199	3,318	3,121	2,949	3,135	3,200	3,250
Scotland	6,565	6,931	7,045	7,272	7,563	7,916	8,339	8,786	9,225
Wales	3,135	3,267	3,356	3,413	3,476	3,644	3,867	4,190	4,456
Northern Ireland	4,706	4,870	4,958	5,065	5,178	5,439	5,567	5,831	5,920
Chancellor's Departments	2,939	2,862	2,923	2,886	2,887	2,989	3,197	3,045	3,279
Cabinet Office	1,057	969	1,242	1,158	933	1,353	1,425	1,361	1,313
Welfare to Work					52	417	1,201	1,025	986
Total within DEL[3]	**100,813**	**105,401**	**107,013**	**109,275**	**110,048**	**115,300**	**123,000**	**129,700**	**135,300**
Within AME Main Programmes									
Education and Employment	1,005	1,066	1,186	1,444	1,812	1,959	1,772	1,920	2,128
Health	619	681	780	797	792	729	1,021	882	570
DETR – Main Programmes	827	777	644	666	657	555	550	505	483
Home Office	3	4	1	3	2	6	2	1	1
Defence[3]	844	887	828	1,076	1,109	1,191	1,270	1,322	1,402
International Development	144	140	135	141	179	133	130	127	125
Trade and Industry	395	218	205	412	259	47	711	1,083	1,109
Agriculture, Fisheries and Food	2,081	1,643	1,958	2,084	1,845	2,071	1,781	1,939	2,071
Culture, Media and Sport			126	364	1,088	1,351	2,616	2,666	2,800
Social Security	71,365	72,741	75,701	78,570	79,800	82,166	86,344	87,650	91,400

Table 5.1 Central government own expenditure by department,[1] 1993-94 to 2001-02[2] (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Scotland	448	506	642	671	627	716	628	674	737
Wales	163	163	186	221	153	177	159	197	219
Northern Ireland	2,608	2,789	2,988	3,179	3,215	3,416	3,586	3,743	3,962
Chancellor's departments	-11	93	63	42	31	40	40	40	40
Cabinet Office	995	936	1,088	1,196	1,247	1,149	1,465	1,420	1,480
Balancing item	–46	–230	–235	–112	–80	–500	100	0	100
Total within AME Main Programmes[4]	**81,440**	**82,415**	**86,295**	**90,754**	**92,735**	**95,200**	**102,100**	**104,100**	**108,600**
Within Locally Financed Expenditure									
Northern Ireland	58	75	81	91	97	97	105	114	124
Total within Locally Financed Expenditure	**58**	**75**	**81**	**91**	**97**	**97**	**105**	**114**	**124**
Total central government's own expenditure[4][1]	**182,311**	**187,891**	**193,389**	**200,120**	**202,880**	**210,600**	**224,200**	**231,900**	**241,000**

(1) *A full list of the departments included in each departmental grouping is given in Appendix C.*

(2) *Excludes support for local authorities and public corporations. See Table 1.11.*

(3) *Excludes allowance for shortfall, DEL Reserve and unallocated ISB and CMF.*

(4) *Excludes AME Margin.*

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Education									
Under fives	1	1	1	10	637	139	216	320	195
Schools	922	998	1,072	1,156	1,351	1,365	1,439	1,509	1,514
Further Education	3,035	3,204	3,404	3,581	3,595	3,648	3,942	4,184	4,625
Higher Education	3,730	4,433	4,773	4,650	4,704	4,735	5,283	5,492	5,827
Student support (inc mandatory awards & access fund)	472	634	828	879	963	1,114	1,678	2,198	2,401
Miscellaneous educational services, research and administration	634	697	716	730	783	779	1,009	1,266	1,392
Total education[2][3]	8,794	**9,965**	**10,794**	**11,007**	**12,034**	**11,781**	**13,566**	**14,969**	**15,954**
Health and personal social services									
Health									
National Health Service hospitals, community health, family health and related services	32,046	33,736	35,559	37,439	39,493	42,274	45,229	48,179	51,023
Central health and other services	3,174	3,113	3,118	2,911	2,812	2,728	2,943	3,363	3,877
Total health	**35,220**	**36,848**	**38,677**	**40,349**	**42,305**	**45,002**	**48,172**	**51,542**	**54,900**
Personal social services	295	350	396	403	443	465	523	576	600
Total health and personal social services	**35,515**	**37,198**	**39,073**	**40,752**	**42,748**	**45,467**	**48,695**	**52,118**	**55,499**
Transport									
National roads	2,722	2,713	2,406	2,154	1,978	1,837	1,895	2,063	2,140
Local roads	–3	–2	–3	2	1	1	1	1	1
Local transport	11	11	13	13	14	29	22	20	29
Ports	2	1	3	2	2	2	–68	2	2
Marine, coastguard, shipping and civil aviation services	34	10	–7	–2	1	20	13	14	14
Driver and vehicle licensing	122	141	141	148	151	98	90	93	92
National rail services	16	1,825	1,726	1,866	1,458	1,264	1,152	1,098	1,038
UK Maritime Agency	77	79	83	89	83	85	92	96	97
Other transport services	155	154	151	178	189	303	270	282	493
Total transport	**3,137**	**4,933**	**4,514**	**4,450**	**3,877**	**3,639**	**3,468**	**3,669**	**3,906**
Housing									
Central government subsidies to local authority housing	82	70	72	66	72	89	99	96	99
Other central government subsidies	973	979	843	885	866	745	742	690	667
Other housing and central government administration	304	330	345	330	296	291	300	353	409
Support for Social Housing									
Housing Corporations	1,762	1,463	1,131	1,017	722	734	792	758	687
Capital Receipts Initiative									
Total housing	**3,121**	**2,841**	**2,392**	**2,297**	**1,956**	**1,860**	**1,933**	**1,896**	**1,861**

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Other environmental services									
Environmental protection	262	255	253	342	343	337	1,043	1,132	1,185
Countryside and water	63	52	57	–8	–23	8	–39	–48	–61
Urban	306	238	159	133	109	139	121	203	311
Other	784	826	810	843	780	800	973	971	993
Total other environmental services	**1,415**	**1,371**	**1,280**	**1,311**	**1,210**	**1,284**	**2,098**	**2,258**	**2,428**
Administration of justice	2,446	2,563	2,652	2,735	2,756	2,835	3,056	3,196	3,121
Prisons and offender programmes	1,821	1,916	1,963	1,925	2,056	2,166	2,235	2,329	2,296
Police	806	819	821	832	908	879	864	843	837
Immigration and citizenship	197	193	208	219	248	223	611	566	509
Fire	50	51	55	56	56	61	64	70	72
Civil defence	1	2	2	3	2	3	2	2	2
Constitutional and community services	34	82	33	33	34	34	146	40	39
Central and miscellaneous services	486	484	457	441	439	462	483	446	461
Total law, order and protective services	**5,841**	**6,111**	**6,190**	**6,243**	**6,499**	**6,662**	**7,463**	**7,492**	**7,337**
Defence									
Defence budget	22,632	22,487	21,511	22,315	21,660	22,594	22,297	22,832	22,982
Receipts for sale of married quarters				–962	–700				
Total defence	**22,632**	**22,487**	**21,511**	**21,353**	**20,960**	**22,594**	**22,297**	**22,832**	**22,982**
International development assistance and other international services									
International development assistance	2,078	2,234	2,197	2,073	2,105	2,327	2,299	2,763	3,072
Other international services	1,244	1,257	1,333	1,053	1,078	1,121	1,116	1,135	1,154
Total international development assistance and other services	**3,322**	**3,491**	**3,530**	**3,126**	**3,182**	**3,447**	**3,415**	**3,898**	**4,226**
Trade industry, energy, employment and training									
Regional and other industrial support	806	840	810	821	928	1,004	1,083	1,171	1,237
Trade, scientific and technological support	1,961	1,873	2,022	2,093	2,113	1,986	2,620	3,074	3,151
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	75	72	349	213	68	26	105	238	191
Employment	2,252	2,402	2,430	2,295	2,087	2,716	3,386	3,731	3,812
Training	1,717	1,723	1,535	1,670	1,605	1,571	1,747	1,867	1,956
Departmental administration and other services	454	471	496	473	452	488	524	615	640
Total trade, industry, energy, employment and training	**7,266**	**7,382**	**7,641**	**7,566**	**7,252**	**7,791**	**9,465**	**10,695**	**10,987**

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Agriculture, fisheries, food and forestry									
Market support under CAP	2,399	1,986	2,335	2,385	2,190	2,479	2,336	2,559	2,722
Other agriculture, fisheries and food	1,598	1,582	1,677	1,711	1,570	1,671	1,413	1,480	1,521
Forestry	100	94	60	53	53	55	86	81	90
BSE				1,496	954	579	498	467	460
Total agriculture, fisheries, food and forestry	**4,097**	**3,662**	**4,072**	**5,645**	**4,767**	**4,784**	**4,333**	**4,547**	**4,793**
Culture, Media and Sport									
Museums and galleries	268	277	278	274	271	264	285	293	318
Other arts and heritage	478	487	506	499	502	471	509	516	532
Libraries	159	186	216	150	141	126	128	131	134
Films	24	26	26	24	23	22	25	25	24
Tourism	59	62	62	64	64	64	67	67	66
Sport and recreation	54	53	54	52	50	49	52	52	52
Broadcasting	3	3	3	1	1	1	4	4	4
Administration	23	22	147	386	1,112	1,377	2,646	2,694	2,828
Total Culture, Media and Sport	**1,069**	**1,116**	**1,292**	**1,451**	**2,166**	**2,374**	**3,716**	**3,781**	**3,958**
Social Security									
Pension benefits (contributory)	28,937	29,503	30,750	32,834	34,434	36,498	38,347	39,400	41,300
Widows' benefits	1,076	1,057	1,051	1,017	1,021	1,002	1,019	1,000	1,000
Unemployment, incapacity and other benefits	10,103	9,787	9,423	8,723	7,803	7,633	7,489	7,500	7,800
Industrial injury benefits	707	728	753	765	768	790	826	850	900
Family benefits (contributory)	467	525	572	393	557	603	626	700	700
Pension benefits (non-contributory)	54	51	54	49	48	48	47	50	50
War pensions	1,286	1,147	1,258	1,351	1,288	1,272	1,232	1,150	1,150
Disability benefits	6,127	6,888	8,019	9,214	9,942	10,567	11,298	11,950	13,000
Income support	16,735	17,037	17,359	15,129	12,636	12,568	13,012	13,750	13,950
Social Fund	234	217	266	239	186	202	203	250	250
Jobseeker's Allowance				2,166	3,893	3,531	4,017	4,600	4,850
Family benefits (non-contributory)	7,826	8,138	8,691	9,361	9,465	9,850	10,420	8,750	9,050
Housing benefits	286	290	308	310	618	603	424	450	400
Administration and miscellaneous services	3,395	3,262	3,334	3,462	3,459	3,334	4,076	4,150	4,200
Total social security	**77,233**	**78,630**	**81,837**	**85,013**	**86,119**	**88,502**	**93,034**	**94,550**	**98,550**
Central administration and associated expenditure									
Other public services	4,554	4,426	4,431	4,348	4,308	4,529	4,962	4,821	5,008
Common services	–42	49	278	200	–49	307	286	264	238
EC Net Payments	1,877	1,268	3,370	1,817	2,049	3,466	2,715	2,553	2,872
Northern Ireland Regional Rates	58	75	81	91	97	97	105	114	124
Total Central administration and associated expenditure	**6,447**	**5,818**	**8,160**	**6,456**	**6,405**	**8,399**	**8,068**	**7,752**	**8,241**
Total central government own expenditure on services	**179,886**	**185,004**	**192,287**	**196,672**	**199,174**	**208,585**	**221,551**	**230,450**	**240,750**

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Net Public Service pensions	3,829	3,816	4,200	5,000	5,449	5,090	6,151	6,072	6,157
less EC Net Payments	1,877	1,268	3,370	1,817	2,049	3,466	2,715	2,553	2,872
Welfare to Work (unallocated)								134	23
Other adjustments	473	339	272	265	306	341	209	–157	–44
Total central government own expenditure in DEL, Main Departmental Programmes in AME and Locally Financed expenditure	**182,311**	**187,891**	**193,389**	**200,120**	**202,880**	**210,600**	**225,200**	**233,900**	**244,000**

Table 5.3 Central Government own expenditure[1] by Economic Category, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Within DEL									
Pay	31,615	24,682	23,766	23,052	22,346	22,967	23,415	23,785	24,047
Other current expenditure on goods and services services	44,695	54,060	56,997	60,188	62,389	66,993	72,496	76,916	80,630
Subsidies	1,036	2,813	2,704	3,822	3,117	2,573	2,317	2,355	2,329
Current grants to the private sector	10,766	11,743	12,411	13,779	14,442	14,947	16,221	17,630	18,318
Current transfers abroad	2,507	2,726	2,750	2,523	2,564	2,727	2,685	3,101	3,338
Net capital expenditure on assets	6,904	6,405	5,943	4,328	3,933	3,815	4,505	4,628	5,117
Capital grants	3,563	3,334	2,887	2,198	1,969	2,010	2,688	3,093	3,423
Lending and other financial transactions	193	343	273	183	238	194	252	314	382
Other[2]	-464	-705	-717	-798	-912	-900	-1,621	-2,120	-2,296
Total within DEL	**100,813**	**105,401**	**107,013**	**109,275**	**110,048**	**115,300**	**123,000**	**129,700**	**135,300**
Within AME Main Programmes									
Pay									
Other current expenditure on goods and services services(1)	95	174	114	151	131	158	105	181	190
Subsidies	3,213	3,131	3,359	3,516	3,081	3,179	2,848	3,124	3,298
Current grants to the private sector	77,159	78,746	82,217	85,733	87,830	90,538	95,601	96,967	101,025
Current transfers abroad	769	775	804	1,002	708	740	749	775	801
Net capital expenditure on assets	83	-202	-51	163	347	469	695	691	724
Capital grants			89	210	632	808	1,565	1,594	1,675
Lending and other financial transactions	166	21	-3	91	86	-186	513	834	835
Other[2]	–46	–230	–235	–112	–80	–546	0	0	200
Total within AME Main Programmes	**81,440**	**82,415**	**86,295**	**90,754**	**92,735**	**95,200**	**102,100**	**104,100**	**108,600**
Within Locally Financed Expenditure									
Pay[1]									
Other current expenditure on goods and services services(1)	-117	-122	-124	-124	-141	-150	-165	-178	-192
Subsidies									
Current grants to the private sector									
Current transfers abroad									
Net capital expenditure on assets									
Capital grants									
Lending and other financial transactions									
Other	175	197	205	216	238	247	270	292	316
Total within Locally Financed Expenditure	**58**	**75**	**81**	**91**	**97**	**97**	**105**	**114**	**124**
Total Central Government's Own Expenditure	**182,311**	**187,891**	**193,389**	**200,120**	**202,880**	**210,600**	**225,200**	**233,900**	**244,000**

(1) Excluding support for local authorities and public corporations. Excludes DEL Reserve and AME Margin and unallocated ISB and CMF.

(2) Including balancing item.

Table 5.4 Central government own departmental[1] current and capital expenditure,[2] 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Central government own current expenditure[3]									
Within DEL									
Education and Employment	8,741	9,673	9,960	10,594	11,135	11,049	11,855	13,006	13,695
Health	28,092	29,832	31,334	32,791	34,550	36,948	39,331	42,132	44,842
DETR - Main Programmes	2,005	3,797	3,584	3,790	3,404	3,379	3,772	3,843	3,878
DETR - Local Government and Regional Policy	231	240	228	216	222	213	233	231	230
Home Office	2,007	2,108	2,110	2,208	2,346	2,488	3,287	3,260	3,252
Legal Departments	1,935	2,105	2,182	2,270	2,320	2,373	2,421	2,452	2,362
Defence	2,1210	20,987	19,921	20,665	20,059	20,948	20,779	21,302	21,434
Foreign and Commonwealth Office	1,129	1,169	1,200	980	987	1,034	1,029	1,051	1,069
International Development	1,794	1,880	1,925	1,859	1,872	2,099	2,039	2,462	2,712
Trade and Industry	2,268	2,265	2,821	2,728	2,612	2,707	2,852	3,154	3,098
Agriculture, Fisheries and Food	881	803	836	1,964	1,548	1,385	1,255	1,240	1,219
Culture, Media and Sport	778	749	775	789	791	764	837	847	886
Social Security	2,936	2,889	3,045	3,198	3,121	3,248	3,085	3,148	3,199
Scotland	5,856	6,301	6,548	6,781	7,080	7,457	7,781	8,159	8,576
Wales	2,598	2,796	2,962	3,090	3,213	3,390	3,609	3,894	4,159
Northern Ireland	4,131	4,274	4,410	4,578	4,678	4,931	5,051	5,168	5,211
Chancellor's Departments	2,658	2,669	2,710	2,683	2,728	2,851	3,036	3,093	3,133
Cabinet Office	773	646	1,054	994	777	1,155	1,160	1,147	1,135
Welfare to Work					44	383	1,195	1,018	905
Total current within DEL	**90,024**	**95,086**	**97,605**	**102,180**	**103,486**	**108,800**	**114,600**	**120,600**	**125,100**
Within AME Main Programmes									
Education and Employment	1,005	1,066	1,186	1,444	1,812	1,959	1,772	1,920	2,128
Health	619	681	780	797	792	729	1,021	882	570
DETR - Main Programmes	827	777	644	666	657	555	550	505	483
Home Office	3	4	1	3	2	6	2	1	1
Defence	844	887	828	1,076	1,109	1,191	1,270	1,322	1,402
International Development	144	140	135	141	179	133	130	127	125
Trade and Industry	271	237	249	359	204	274	238	290	315
Agriculture, Fisheries and Food	1,997	1,845	2,036	2,023	1,820	1,943	1,746	1,921	2,053
Culture, Media and Sport			9	52	136	203	392	400	420
Social Security	71,322	72,701	75,659	78,532	79,767	82,125	86,304	87,605	91,379
Scotland	448	506	642	671	627	716	628	674	737
Wales	163	163	186	221	153	177	159	197	219
Northern Ireland	2,608	2,789	2,988	3,179	3,214	3,415	3,585	3,742	3,961
Chancellor's Departments	-11	93	63	42	31	40	40	40	40
Cabinet Office	995	936	1,088	1,196	1,247	1,149	1,465	1,420	1,480
Total current within AME Main Programmes	**81,236**	**82,826**	**86,494**	**90,402**	**91,750**	**94,600**	**99,300**	**101,000**	**105,300**
Within locally financed expenditure									
Northern Ireland	58	75	81	91	97	97	105	114	124
Total current within locally financed expenditure	**58**	**75**	**81**	**91**	**97**	**97**	**105**	**114**	**124**
Total central government own current expenditure	**171,319**	**177,987**	**184,180**	**192,673**	**195,334**	**203,500**	**214,000**	**221,800**	**230,500**

Table 5.4 Central government own departmental[1] current and capital expenditure,[2] 1993-94 to 2001-02 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Central government own capital expenditure[3]									
Within DEL									
Education and Employment	581	583	636	89	53	57	287	527	695
Health	576	299	281	153	61	-122	238	243	296
DETR - Main Programmes	3,970	3,673	3,038	2,784	2,266	2,123	2,546	2,774	3,140
DETR - Local Government and Regional Policy						2	4	5	4
Home Office	347	368	383	276	339	257	203	237	255
Legal Departments	170	152	145	78	56	46	42	42	42
Defence	1,413	1,489	1,578	672	892	1,646	1,518	1,529	1,549
Foreign and Commonwealth Office	115	90	134	73	91	87	87	84	86
International Development	2	3	3	7	4	4	2	2	2
Trade and Industry	365	432	390	331	351	398	442	473	499
Agriculture, Fisheries and Food	136	131	158	290	244	108	173	128	186
Culture, Media and Sport	130	164	182	91	74	55	56	54	54
Social Security	324	240	155	119		-300	50	51	53
Scotland	693	602	463	449	435	398	466	511	523
Wales	550	476	396	324	264	266	269	307	307
Northern Ireland	528	521	486	424	450	431	410	563	599
Chancellor's Departments	281	193	213	203	159	138	161	-48	146
Cabinet Office	284	323	188	164	155	199	265	214	178
Welfare to Work					8	34	6	6	6
Total capital within DEL	**10,467**	**9,738**	**8,830**	**6,526**	**5,902**	**5,800**	**7,200**	**7,700**	**8,600**
Within AME Main Programmes									
Agriculture, Fisheries and Food	83	-202	-79	61	26	128	35	18	18
Culture, Media and Sport			117	312	952	1,148	2,224	2,266	2,380
Northern Ireland					1	1	1	1	1
Total capital within AME Main Programmes	**83**	**-202**	**38**	**373**	**978**	**1,300**	**2,300**	**2,300**	**2,400**
Total central government own capital expenditure[8]	**10,550**	**9,536**	**8,868**	**6,899**	**6,880**	**7,100**	**9,500**	**10,000**	**11,000**
Central government own financial transactions expenditure[3]									
Within DEL									
Education and Employment	108	199	259	329	358	390	754	923	1,046
DETR - Main Programmes	-61	-25	-8	-24	-28	-28	-15	-1	-1
Foreign and Commonwealth Office	-1	-1	-1						
International Development	282	351	269	207	229	223	258	299	357
Trade and Industry	-54	-44	-35	-49	4	-48	-57	-35	-28
Agriculture, Fisheries and Food		-1							
Scotland	16	28	34	43	48	61	93	117	126
Wales	-13	-5	-1	-1		-11	-10	-10	-10
Northern Ireland	47	75	62	63	49	77	107	101	109
Total financial transactions within DEL	**322**	**577**	**578**	**568**	**660**	**700**	**1,100**	**1,300**	**1,600**

Table 5.4 Central government own departmental[1] current and capital expenditure,[2] 1993-94 to 2001-02 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–00 plans	2000–01 plans	2001–02 plans
Within AME Main Programmes									
Trade and Industry	124	-19	-45	53	54	-226	473	793	794
Social Security	42	40	42	38	32	40	40	40	40
Total financial transactions within AME Main Programmes	**166**	**21**	**-3**	**91**	**86**	**-200**	**500**	**800**	**800**
Total central government own financial transactions expenditure[2]	**489**	**598**	**575**	**659**	**746**	**477**	**1,642**	**2,226**	**2,433**
Balancing item	**–46**	**–230**	**–235**	**–112**	**–80**	**–500**	**100**	**0**	**100**
Total central government own expenditure[2]	**182,311**	**187,891**	**193,389**	**200,120**	**202,880**	**210,600**	**225,200**	**233,900**	**244,000**

This table does not include any allocation from the Reserve for the plan years.

(1) A full list of the departments included in each departmental grouping is given in Appendix C.
(2) Excludes support for local authorities and public corporations. Excludes DEL Reserve, AME Margin and unallocated ISB and CMF.
(3) National accounts definitions.

Table 5.5 Gross administrative expenditure by department, 1993-94 to 2001-02 (1)(2)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998-99 estimated outturn	1999-2000 plans	2000-01 plans	2001-02 plans
Department for Education and Employment	1,382	1,401	1,307	1,232	1,121	1,217	1,273	1,223	1,225
of which: funded by the Windfall Tax					*31*	*126*	*178*	*143*	*149*
Department of Health	300	293	289	278	264	276	282	282	284
Department of the Environment, Transport and the Regions	983	977	943	922	850	894	882	923	937
Home Office	1,665	1,724	1,772	1,878	1,977	2,141	2,306	2,384	2,437
of which: funded by the Windfall Tax						*1*			
Lord Chancellor's and Law Officers' Departments	676	694	722	706	718	768	814	843	821
Foreign & Commonwealth Office	468	477	495	496	509	511	536	557	568
Department for International Development	73	71	72	57	56	66	66	67	68
Trade and Industry (3)	500	487	478	457	443	482	488	498	509
Ministry of Agriculture, Fisheries and Food	444	451	482	522	480	544	533	532	522
Department for Culture, Media and Sport	24	26	28	29	30	32	34	34	34
Department of Social Security	2,881	2,983	3,129	3,216	3,149	3,310	2,930	3,018	3,062
of which: funded by the 'Windfall Tax					*4*	*29*	*7*	*34*	*27*
Office Secretary of State for Scotland and Advocate General	3	3	3	3	3	3	2	3	3
Office of Secretary of State for Wales							2	2	2
Northern Ireland Office	177	174	169	169	169	190	194	225	135
Chancellor of the Exchequer's departments:									
Inland Revenue	1,816	1,824	1,857	1,879	1,902	2,020	2,347	2,416	2,402
Customs and Excise	745	756	757	746	759	783	798	808	798
Others	441	427	421	383	355	374	363	382	442
Cabinet Office	530	547	515	513	460	503	500	503	508
Total gross expenditure on civil departments' running costs	**13,108**	**13,312**	**13,438**	**13,484**	**13,246**	**14,113**	**14,350**	**14,698**	**14,756**
of which:									
funded by the Windfall Tax					*35*	*156*	*185*	*178*	*176*
Running Costs Paybill (4)	*8,371*	*8,252*	*8,056*	*8,030*	*7,822*	*8,174*	*8,238*	*8,387*	*8,313*
Other related receipts (5)	–2,757	–2,478	–2,317	–2,312	–2,234	–2,466	–2,076	–2,099	–2,109
Northern Ireland Departments (6)	567	570	573	577	575	616	599	616	630
of which: funded by the Windfall Tax					*1*	*7*	*10*	*7*	*5*

(1) *Excludes intra and inter-departmental receipts paid from running costs.*
(2) *Excludes Administration costs of devolved bodies.*
(3) *Excluding Export Credits Guarantee Department (ECGD) whose administration costs are met from trading income. However ECGD sets administrative costs plans.*
(4) *This covers the pay costs of civil servants and others (including casual staff) covered by running costs, and includes superannuation charges and national insurance contributions. It excludes all civil servants, armed forces and other employees of the Ministry of Defence and the devolved bodies.*
(5) *Includes all running costs related receipts not netted off the figures above including refundable VAT on contracted out services (see footnote 1).*
(6) *The Department of Finance and Personnel control the running costs of the Northern Ireland Departments. The figures shown here are the plans which will apply until the Northern Ireland Assembly assumes responsibility for public expenditure.*

Table 5.6 Staff of central government departments and devolved bodies, 1993-94 to 2001-02 [1]

Thousands (full-time equivalents)

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 plans	2000–01 plans	2001–02 plans
Department for Education and Employment (including OFSTED)[2]	53.6	50.0	44.3	37.4	33.7	34.0	33.0	33.9	33.8
Department of Health	4.5	4.4	3.9	4.4	4.2	4.3	4.5	4.4	4.3
Department of the Environment, Transport and the Regions (including OPRAF, ORR, PSA Services, HSE, OFWAT and Ordnance Survey)	27.6	23.2	20.6	19.0	17.4	16.9	17.8	17.8	17.7
Home Office (including Charity Commission)	51.4	50.7	51.0	50.5	50.6	50.7	50.6	50.6	50.6
Lord Chancellor's and Law Officers' Departments	20.3	20.0	19.5	18.7	17.6	17.0	17.6	17.7	17.6
Ministry of Defence	113.9	109.1	101.8	94.9	92.6	86.7	88.3	86.2	84.7
Foreign and Commonwealth Office	6.4	6.2	5.9	5.7	5.5	5.5	5.6	5.6	5.6
Department for International Development	1.6	1.5	1.4	1.0	1.0	1.1	1.3	1.3	1.3
Trade and Industry (including ACAS, OFT, OFTEL, OFGAS and OFFER)	11.9	11.0	9.8	8.5	8.3	6.4	6.6	8.8	8.9
Export Credits Guarantee Department	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Ministry of Agriculture, Fisheries and Food	10.3	10.0	10.3	10.1	9.3	10.3	10.4	10.4	10.5
Intervention Board	0.9	0.9	0.9	0.9	1.1	1.1	1.3	1.3	1.3
Department for Culture, Media and Sport (including OFLOT)[3]	1.0	1.1	1.0	1.0	0.6	0.6	0.7	0.6	0.6
Department of Social Security[4]	89.0	89.8	90.2	93.6	91.0	86.4	79.4	80.0	80.2
Scotland[5][6]	14.6	13.8	13.1	11.8	12.0	12.2	12.2	12.2	12.2
Wales[5]	2.4	2.3	2.2	2.1	2.1	2.2	2.6	2.6	2.6
Northern Ireland[5]	28.4	26.4	25.7	24.8	24.2	24.0	23.8	23.0	22.5
HM Customs and Excise	25.3	24.8	23.5	22.9	23.3	23.1	22.7	22.3	21.9
Inland Revenue	65.9	62.0	57.6	55.4	53.8	53.6	62.4	61.4	60.5
Chancellor's other departments	12.3	11.2	10.3	9.3	8.3	8.3	4.3	4.2	4.2
Cabinet Office, OPS, COI and PCO	3.5	3.3	2.5	2.9	2.5	2.5	2.5	2.1	2.1
Security and Intelligence Services	10.6	10.4	9.4	8.6	8.3	8.1	8.1	8.1	8.1
Trading funds and DSA	30.0	29.5	29.8	32.0	28.7	30.1	27.8	26.9	26.1
Total[1]	**586.0**	**562.1**	**535.2**	**516.1**	**496.9**	**489.5**	**485.8**	**481.8**	**477.6**
of which: Home Civil Service	*552.8*	*530.8*	*505.3*	*487.3*	*469.0*	*462.0*	*458.4*	*455.1*	*451.4*

(1) Unless otherwise indicated all figures are financial year averages for permanent staff in central government departments. This includes the staff of the Home Civil Service, the Northern Ireland Civil Service and the Security and Intelligence Services.

(2) The Office of Her Majesty's Chief Inspector of Schools in England conducts business under the name of Office for Standards in Education (OFSTED).

(3) The Office of the National Lottery (OFLOT) will become the Lottery Commission on 1 April 1999 and will move out of the Civil Service.

(4) From 1996-97 figures include transfers in from the Employment Service due to the introduction of the Job Seekers' Allowance.

(5) Plans for the devolved bodies are indicative only as future staff numbers will depend upon the decisions of the devolved executives.

(6) Includes Crown Office.

6. LOCAL AUTHORITY EXPENDITURE

INTRODUCTION

6.1 This chapter describes central government support for local authorities from 1993-94 to 2001-02, and local authority expenditure for outturn years. It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments (see the departmental report for Northern Ireland – Cm4217). Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

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

6.3 Single tier local government was introduced in Scotland and Wales (in April 1996). It is also being introduced in some shire areas of England.

6.4 Total Local Authority Expenditure in this chapter is defined as central government support for local authorities within DEL and AME Main Departmental Programmes, plus locally financed expenditure in AME. **Table 6.1** sets out details of the financing of local authority expenditure defined on this basis, and also provides information on other local authority transactions relevant to TME.

6.5 Local authority expenditure accounts for around one quarter of general government expenditure. Total current and capital spending (including debt interest) by local authorities within TME in 1997-98 and 1998-99 is estimated to be £76.6 billion and £79.1 billion respectively. Final outturn information for 1997-98 local authority expenditure will not become available until later this year. Outturn figures and projections for the later years are set out in **Table 6.1**. **Table 6.2** sets out total local authority expenditure by department for 1993-94 to 1998-99. **Table 6.3** shows total local authority expenditure for the outturn years, broken down by country and economic category.

6.6 Central government support for expenditure by local authorities is provided in three forms: grants, for both capital and current expenditure; non-domestic rate payments; and credit approvals (net capital allocations in Scotland). Support may be non-specific, eg Revenue Support Grant, or related to specific services, eg police grant.

6.7 **Table 6.4** gives a departmental breakdown of central government support for current and capital expenditure by local authorities.

6.8 Local authority current spending can broadly be divided into two categories – main local services, which local authorities have some discretion over and which are partly financed by local taxation, and other spending, financed wholly by central government specific grants.

MAIN LOCAL SERVICES

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

6.10 In the Local Government settlement, the Government sets the level of Total Standard Spending (TSS) which represents the amount of spending by local government as a whole which the government is prepared to support grants. For 1999-2000, TSS in England will be £50.6 billion, and in Wales £3.0 billion. In Scotland, the equivalent figure, known as Government Supported Expenditure, will be £6.5 billion. The Government has also provided service breakdowns of TSS in England and GSE in Scotland, giving an indication of the level of spending on each main service which would be consistent with the overall figure. The actual allocation of spending between services is a matter for determination by local authorities. **Table 6.5** sets out Total Standard Spending and Government Supported Expenditure for 1999-2000.

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

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

6.12 **Table 6.6** shows AEF in Great Britain by country and grant. All AEF falls within DEL, with the exception of Scottish NNDR payments which are in Main Departmental Programmes in AME.

OTHER SPENDING

6.13 This is financed almost wholly by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and mandatory student awards. **Table 6.7** shows current specific grants outside AEF by country, for the years 1993-94 to 2001-2002. Grants outside of AEF are a mixture of support falling in DEL and Main Departmental Programmes in AME.

CAPITAL EXPENDITURE

6.14 Local authorities have several ways of paying for capital expenditure:

- central government support (see paragraph 6.6);
- own resources: capital receipts, and revenue.

Local authorities in England, Wales and (from 1996-97) Scotland must set aside part of their housing capital receipts to repay debt but they are free to spend the remainder on capital programmes at anytime. The requirement to set aside part of their other receipts was lifted in September 1998.

6.15 Gross capital expenditure, split by country and service from 1993-94 to 1998-99, is shown in **Table 6.8**. Local authority gross capital spending in the United Kingdom in 1997-98 totalled £7.9 billion with offsetting receipts of £2.5 billion. In 1998-99 gross capital spending is expected to rise to £8.1 billion with offsetting receipts of £2.7 billion, giving net capital spending of around £5.4 billion. These estimates take account of the returns from local authorities on capital expenditure. **Table 6.9** shows local authority receipts within the United Kingdom, again by country and service. **Tables 6.8** and **6.9** use a definition of capital expenditure that is consistent with the national accounts, i.e. excludes financial transactions.

SUPPORT FOR LOCAL AUTHORITY CAPITAL PROGRAMMES

6.16 Central government support for local authority capital expenditure comprises grants and credit approvals (net capital allocations in Scotland). Credit approvals and net capital allocations authorise local authorities to borrow or use other forms of credit to finance capital expenditure. **Table 6.10** shows the component of this government support within the United Kingdom by country and by service. Table 6.10 includes financial transactions which score in the DEL capital budget.

6.17 Most credit approvals are issued as Basic Credit Approvals (BCAs) and can be used for any local authority service. The remainder – Supplementary Credit Approvals (SCAs) – are for particular projects or services. The distribution of BCAs takes account of local authorities' relative capital spending needs and their ability to finance their capital programmes from their capital receipts.

6.18 The Government announced as part of the Comprehensive Spending Review that it is willing to support up to £800 million of Private Finance Initiative (PFI) investment in the local authority sector for each of the next three years. This is in addition to the £750 million PFI investment supported in 1997-98 and 1998-99. Nearly 90 Local Authority PFI schemes have been approved for Government support and over 20 of these schemes have already been signed. The approved schemes cover a wide variety of services including schools, transport, old people's centres, police stations and head quarters, and magistrates courts. Whereas the actual investment is outside TME, and thus will not appear in the figures in this section, the payments to the private sector (supported through the revenue support grant) for the services associated with these projects are included in the figures presented throughout this chapter.

NEW DEAL FOR SCHOOLS

6.19 Part of the expenditure package financed by the windfall tax has been directed towards the New Deal for Schools, repairing and improving the infrastructure of schools and school buildings across the UK, with £100 million of funding in 1997-98 and a further £300 million over each of the following four years.

Table 6.1 Financing of local authority expenditure in the United Kingdom, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Expenditure within DEL									
Current									
Aggregate External Finance within DEL[1]									
England									
Revenue support grant	17,052	18,497	18,314	18,024	18,675	19,506	19,902	35,107	36,634
Non-domestic rate payments	11,559	10,685	11,354	12,736	12,027	12,524	13,612		
Specific and special grants	4,643	5,169	5,035	5,000	5,259	5,682	5,901	6,172	6,746
Total England	**33,254**	**34,351**	**34,703**	**35,760**	**35,961**	**37,712**	**39,414**	**41,279**	**43,379**
Scotland									
Revenue support grant	3,624	3,773	3,782	3,665	3,520	3,487	3,529	3,630	3,702
Specific and special grants	404	412	395	409	427	.435	543	569	612
Total Scotland	**4,028**	**4,186**	**4,177**	**4,073**	**3,947**	**3,921**	**4,072**	**4,199**	**4,314**
Wales									
Revenue support grant	1,658	1,741	1,719	1,792	1,734	1,800	1,891	2,648	2,755
Non-domestic rate payments	470	464	520	459	584	612	656		
Specific and special grants	211	211	227	265	260	291	280	300	314
Total Wales	**2,338**	**2,416**	**2,466**	**2,516**	**2,577**	**2,703**	**2,827**	**2,948**	**3,069**
Great Britain									
Revenue support grant	22,333	24,011	23,815	23,482	23,929	24,792	25,322	41,385	43,091
Non-domestic rate payments	12,029	11,149	11,874	13,195	12,611	13,136	14,268		
Specific and special grants	5,258	5,793	5,658	5,673	5,945	6,408	6,724	7,041	7,671
Total Aggregate External Finance within DEL	**39,620**	**40,952**	**41,347**	**42,350**	**42,485**	**44,336**	**46,314**	**48,426**	**50,762**
Other current grants[2]	3,400	3,023	2,684	2,466	2,431	2,452	1,532	1,299	1,291
Total current grants within DEL	**43,021**	**43,976**	**44,030**	**44,816**	**44,917**	**46,786**	**47,845**	**49,725**	**52,053**
Capital									
Capital grants	1,920	1,558	1,852	1,726	1,658	1,742	1,592	1,733	1,868
Credit approvals	4,148	3,996	3,638	3,112	2,982	3,318	3,482	4,308	5,270
Total capital support within DEL	**6,069**	**5,554**	**5,490**	**4,838**	**4,640**	**5,060**	**5,074**	**6,041**	**7,138**
Total central government support to local authorities within DEL	**49,089**	**49,530**	**49,520**	**49,654**	**49,557**	**51,846**	**52,919**	**55,766**	**59,191**
Central Government support to local authorities within AME Main Programmes[3]	**9,664**	**10,702**	**11,164**	**11,715**	**11,476**	**11,251**	**12,561**	**13,565**	**14,482**
Locally financed expenditure									
Local Authority Self Financed Expenditure	8,046	10,761	13,150	12,985	14,275	14,600	15,500	16,700	18,100
Locally financed support in Scotland	1,186	1,109	1,193	1,313	1,326	1,395	1,441	1,473	1,510
Total Locally financed expenditure	**9,232**	**11,811**	**14,343**	**14,298**	**15,601**	**16,000**	**16,900**	**18,200**	**19,600**
Total Local Authority expenditure[4]	**67,985**	**72,102**	**75,027**	**75,667**	**76,634**	**79,100**	**82,400**	**87,500**	**93,300**

(1) Aggregate External Finance (AEF) is described in para 6.11 above.
(2) See paragraph 6.13 above.
(3) Central Government Support Outside DEL is current grants.
(4) Defined as expenditure within DEL, AME Main Programmes and Locally Financed Expenditure

Table 6.2 Local authority current and capital expenditure in the United Kingdom by department, 1993-94 to 1998-99

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn
Current[1]						
Education and Employment[2]	19,999	20,193	20,118	20,494	20,920	21,927
Health[2]	5,665	6,622	7,331	7,947	8,461	8,940
DETR – Main Programmes	7,037	7,386	7,623	7,888	8,084	8,257
Home Office	7,519	7,819	8,058	8,516	8,901	9,258
Legal Departments	305	321	322	326	326	330
Trade and Industry	156	162	166	168	169	169
Agriculture, Fisheries and Food	57	44	46	42	44	46
Culture, Media and Sport	1,234	1,254	1,270	1,277	1,444	1,466
Social Security[2]	9,581	10,500	11,297	11,818	11,689	11,706
Scotland[2]	5,134	5,495	5,687	5,756	5,795	5,883
Wales[2]	2,053	2,163	2,266	2,328	2,356	2,470
Northern Ireland	160	165	171	199	207	212
Total current	**58,902**	**62,123**	**64,355**	**66,759**	**68,396**	**70,700**
Capital[3]						
Education and Employment[2]	745	948	942	934	988	1,007
Health[2]	118	156	160	136	120	133
DETR – Main Programmes	2,574	3,247	3,467	2,891	2,614	2,611
Home Office	291	288	302	238	243	247
Legal Departments	55	55	56	29	17	23
Trade and Industry	3	3			1	2
Agriculture, Fisheries and Food	–23	–44	12	1	–10	–10
Culture, Media and Sport	180	225	234	264	332	238
Scotland[2]	1,101	1,066	1,194	514	656	711
Wales[2]	506	634	627	563	516	540
Northern Ireland	46	50	50	53	53	55
Total capital	**5,596**	**6,627**	**7,045**	**5,623**	**5,531**	**5,600**
Debt interest	4,403	4,269	4,327	4,265	4,495	4,408
Allowance for shortfall[4]					-1,120	–881
Balancing item	–915	–917	–700	–979	–668	–700
Total Local Authority expenditure[5]	**67,985**	**72,012**	**75,027**	**75,667**	**76,634**	**79,100**

(1) *Excluding debt interest.*

(2) *See footnote (4) to table 1.13.*

(3) *Includes financial transactions.*

(4) *See paragraph 6 of Appendix A.*

(5) *From Table 6.1.*

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1993-94 to 1998-99

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998-99 estimated outturn
England[1]						
Pay	28,817	29,670	30,586	31,512	32,731	34,829
Other current expenditure on goods and services	9,417	10,637	11,298	12,196	12,670	12,753
Subsidies	461	598	514	520	519	523
Current grants to persons	11,051	11,520	11,860	12,167	11,941	11,814
Net capital expenditure on assets	3,208	3,996	4,285	3,533	3,538	3,507
Capital grants	1,101	1,031	1,014	1,098	869	905
Lending and other financial transactions	–387	–163	–140	–153	–117	–179
Total England	**53,668**	**57,289**	**59,417**	**60,873**	**62,150**	**64,152**
Scotland[1]						
Pay	3,532	3,713	3,900	3,913	3,999	4,067
Other current expenditure on goods and services	1,492	1,662	1,668	1,709	1,682	1,700
Subsidies	83	88	91	104	85	84
Current grants to persons	818	881	928	1,007	1,076	1,067
Net capital expenditure on assets	993	949	1,090	438	599	664
Capital grants	109	119	112	74	62	51
Lending and other financial transactions	2	–3	–8	2	–5	–3
Total Scotland	**7,030**	**7,410**	**7,780**	**7,246**	**7,498**	**7,630**
Wales[1]						
Pay	1,772	1,843	1,945	1,994	2,041	2,150
Other current expenditure on goods and services	675	699	728	760	776	793
Subsidies						
Current grants to persons	623	646	665	678	670	673
Net capital expenditure on assets	373	487	461	403	365	360
Capital grants	174	173	190	185	175	204
Lending and other financial transactions	–24	–12	–8	–10	–8	–6
Total Wales	**3,593**	**3,837**	**3,981**	**4,010**	**4,018**	**4,174**
Great Britain[1]						
Pay	34,122	35,226	36,431	37,418	38,770	41,046
Other current expenditure on goods and services	11,585	12,998	13,694	14,664	15,128	15,245
Subsidies	543	686	605	624	604	608
Current grants to persons	12,491	13,047	13,453	13,852	13,687	13,554
Net capital expenditure on assets	4,575	5,432	5,835	4,375	4,502	4,531
Capital grants	1,384	1,324	1,316	1,357	1,106	1,160
Lending and other financial transactions	–408	–178	–157	–162	–131	–188
Total Great Britain	**64,291**	**68,535**	**71,179**	**72,129**	**73,666**	**75,955**

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1993-94 to 1998-99 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998-99 estimated outturn
Northern Ireland[1]						
Pay	159	163	170	198	211	222
Other current expenditure on goods and services	2	3	1	1	–3	–10
Subsidies						
Current grants to persons						
Net capital expenditure on assets	44	48	49	52	52	54
Capital grants	1	1	1	2	2	2
Lending and other financial transactions						
Total Northern Ireland	**206**	**215**	**221**	**253**	**261**	**267**
United Kingdom						
Pay	34,281	35,389	36,601	37,616	38,981	41,268
Other current expenditure on goods and services	11,587	13,001	13,696	14,666	15,124	15,235
Subsidies	543	686	605	624	604	608
Current grants to persons	12,491	13,047	13,453	13,852	13,687	13,554
Net capital expenditure on assets	4,619	5,480	5,884	4,427	4,554	4,584
Capital grants	1,385	1,325	1,317	1,358	1,108	1,162
Lending and other financial transactions	–408	–178	–157	–162	–131	–188
Local authority debt interest	4,403	4,269	4,327	4,265	4,495	4,408
Allowance for shortfall					–1,120	–881
Balancing item	–915	–917	–700	–979	–668	–700
Total United Kingdom[2]	**67,985**	**72,012**	**75,027**	**75,667**	**76,634**	**79,100**
of which:						
Expenditure excluding debt interest	*63,582*	*67,743*	*70,700*	*71,402*	*72,139*	*74,700*

(1) *Excluding debt interest.*

(2) *Local authority expenditure (see Table 6.1).*

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Current									
Within DEL									
Education and Employment[1][2]	3,340	2,934	2,518	2,350	2,353	2,325	1,858	1,803	1,972
Health[1]	652	827	752	611	519	688	547	614	706
DETR–Main Programmes	243	367	285	275	554	602	482	577	734
DETR– Local Government and Regional Policy[1][2]	29,094	29,619	30,000	30,998	30,845	32,167	33,692	35,123	36,649
Home Office	3,217	3,401	3,591	3,706	3,823	4,083	4,093	4,195	4,368
Legal Departments	246	261	252	260	257	259	265	278	280
Trade and Industry	5	8	7	12	17	27	8	13	14
Agriculture, Fisheries and Food	–215	–178	–185	–186	–186	–192	–205	–209	–214
Social Security[1]	149	170	189	196	233	247	243	250	250
Scotland[1]	4,062	4,276	4,279	4,218	4,073	4,012	4,157	4,284	4,393
Wales[1]	2,174	2,238	2,285	2,326	2,363	2,487	2,612	2,723	2,832
Northern Ireland	56	53	57	60	66	80	92	77	71
Total within DEL	**43,021**	**43,976**	**44,030**	**44,816**	**44,917**	**46,786**	**47,845**	**49,725**	**52,053**
Within AME Main Programmes									
DETR–Main Programmes	3,299	3,365	3,380	3,309	3,125	2,920	2,969	3,006	2,995
Agriculture, Fisheries and Food	31	16	15	12	9	9	9	9	9
Social Security[1]	6,139	7,134	7,579	8,204	8,161	8,150	9,399	10,353	11,265
Wales[1]	195	187	190	189	181	173	185	198	213
Total within AME Main Programmes	**9,664**	**10,702**	**11,164**	**11,715**	**11,476**	**11,251**	**12,561**	**13,365**	**14,482**
Within Locally Financed Expenditure									
Scotland[1]	1,186	1,109	1,193	1,313	1,326	1,395	1,441	1,473	1,510
Total within Locally Financed Expenditure	**1,186**	**1,109**	**1,193**	**1,313**	**1,326**	**1,395**	**1,441**	**1,473**	**1,510**
Total Current	**53,871**	**55,786**	**56,388**	**57,844**	**57,719**	**59,433**	**61,847**	**64,763**	**68,044**

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1993-94 to 2001-02 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Capital[3]									
Within DEL[4]									
Education and Employment[1]	519	508	514	552	607	852	1,105	1,434	1,664
Health[1]	134	145	166	132	82	63	62	62	62
DETR–Main Programmes	3,527	3,002	2,478	2,489	2,297	2,348	2,288	3,050	3,863
DETR– Local Government and Regional Policy[1]	49	50	68	113	307	380	278	79	10
Home Office	289	282	295	244	217	193	194	194	198
Legal Departments	55	58	67	33	22	28	29	29	29
Agriculture, Fisheries and Food	34	36	46	53	39	39	45	48	48
Culture, Media and Sport	10			8	28	25	25	25	25
Scotland[1]	951	945	1,027	655	574	667	629	707	816
Wales[1]	491	523	556	557	465	460	417	410	421
Northern Ireland	8	4	2	2	1	3	1	1	1
Total capital	**6,069**	**5,554**	**5,489**	**4,838**	**4,640**	**5,059**	**5,073**	**6,041**	**7,138**
Total	**59,940**	**61,340**	**61,877**	**62,682**	**62,359**	**64,492**	**66,920**	**70,804**	**75,182**

(1) *See footnote (4) to table 1.13*

(2) *See footnote (6) to table 1.13*

(3) *Includes financial transactions*

(4) *All Capital support falls within DEL.*

Table 6.5 Total Standard Spending for 1999-2000 by main service block

	£ million
Total Standard Spending	
England	
Education	21,201
Personal Social Services	8,792
Police	6,784
Fire and civil defence	1,346
Highway maintenance	1,813
Environmental, protective and cultural services	9,099
Capital financing	1,604
Total England	**50,639**
Total Wales[1]	**2,987**
Total Government Supported Expenditure Scotland	
Education, Libraries and Museums	2,893
Health and personal social services	1,101
Law, order and protective services	909
Roads and Transport	323
Environmental services	492
Miscellaneous	14
Other services	50
Loans and Leasing Charges	765
Total Scotland	**6,547**

(1) No service split for Wales is published.

Table 6.6 Aggregate External Finance in Great Britain by country and grant 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
England									
Revenue support grant	17,052	18,497	18,314	18,024	18,675	19,506	19,902	35,107	36,634
Non-domestic rate payments	11,559	10,685	11,354	12,736	12,027	12,524	13,612		
Community charge grant	84	36	42	–2					
Magistrates courts	233	247	238	246	243	245	250	263	265
Community services	69	60				78	25		
Probation and after care	274	290	302	313	310	312	328	352	376
Police	2,771	2,908	3,036	3,183	3,302	3,470	3,517	3,607	3,747
Grants for education support and training	219	214	185	198	269	267	433	579	720
Administration of housing benefit	127	133	141	130	135	135	135	138	138
Community Care special grant	565	736	648	482	325	355	115	200	300
Health and Social Services	87	91	104	128	194	333	432	414	406
Sheltered Employment	18	24	25	26	25	26	26	26	26
National Parks	17	18	18	17	18	17	19	20	21
Other grants	179	412	296	277	437	445	620	574	748
Total England	**33,254**	**34,351**	**34.703**	**35,760**	**35,961**	**37,712**	**39,414**	**41,279**	**43,379**
Scotland									
Revenue support grant	3,624	3,773	3,782	3,665	3,520	3,487	3,529	5,103	5,212
Non-domestic rate payments[1]	1,186	1,109	1,193	1,313	1,326	1,395	1,441		
Community charge grant	9	7	4						
Urban Programme	48	55	52	56	45	43	43	43	43
Police	270	273	287	296	329	338	352	366	377
Administration of housing benefit	13	15	16	15	15	15	16	16	16
Other grants	64	63	37	42	38	39	131	144	175
Total Scotland	**5,214**	**5,295**	**5,370**	**5,386**	**5,274**	**5,317**	**5,512**	**5,672**	**5,823**
Wales									
Revenue support grant	1,658	1,741	1,719	1,792	1,734	1,800	1,891	2,648	2,755
Non-domestic rate payments	470	464	520	459	584	612	656		
Community charge grant	7	2	2						
Police	136	140	156	166	171	180	181	192	200
Other grants	67	69	69	99	89	110	97	107	114
Total Wales	**2,338**	**2,416**	**2,466**	**2,516**	**2,577**	**2,701**	**2,827**	**2,947**	**3,069**
Total Great Britain	**40,806**	**42,061**	**42,540**	**43,663**	**43,812**	**45,730**	**47,754**	**49,899**	**52,271**
Of which: AEF grants within DEL	*39,620*	*40,952*	*41,347*	*42,350*	*42,485*	*44,334*	*46,313*	*48,426*	*50,762*

(1) *Scottish rate payments are locally financed expenditure in AME.*

Table 6.7 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
England									
Skills and competence for work	157	36	55	42	30	60	28	28	28
Careers service	20	117	67	9					
Technical and vocational education initiative	119	83	52	22	4				
Mandatory student awards	2,584	2,298	1,981	1,887	1,856	1,862	1,097	774	657
Rent rebates(1)	3,406	3,453	3,457	3,397	3,179	3,008	3,051	3,095	3,086
Rent allowances(1)	3,443	4,217	4,497	4,904	4,789	4,670	5,526	6,136	6,766
Community charge rebates/ Council tax benefit(2)	1,525	1,663	1,749	1,825	1,864	1,885	2,178	2,359	2,507
Community charge transitional relief	–1								
Community charge reduction scheme	–19	–6							
Council tax preparation costs	29								
Council tax transitional reduction grant	358	121	22	–1					
Other grants(2)	–132	81	194	150	197	286	121	242	373
Total England	**11,490**	**12,062**	**12,073**	**12,235**	**11,919**	**11,772**	**12,003**	**12,633**	**13,417**
Scotland									
Rent rebates(1)	503	505	528	565	611	628	599	665	692
Rent allowances(1)	189	222	252	290	291	306	373	411	457
Community charge rebates/ Council tax benefit(2)	162	194	207	230	260	243	277	302	324
Community charge reduction scheme	3								
Council Tax reduction scheme	17	3				2	1	1	1
Other grants(2)	48	104	118	165	148	113	111	109	105
Total Scotland	**923**	**1,028**	**1,105**	**1,251**	**1,310**	**1,292**	**1,360**	**1,489**	**1,579**
Wales									
Mandatory student awards	165	139	126	121	126	34	71	51	44
Rent rebates(1)	197	187	190	189	182	173	186	199	214
Rent allowances(1)	160	191	209	222	213	207	253	270	293
Community charge rebates/ Council tax benefit(2)	53	58	67	81	87	124	111	124	138
Other grants(2)(3)	22	7	21	23	5	16	17	21	17
Total Wales	**596**	**583**	**613**	**636**	**612**	**556**	**638**	**665**	**705**
Northern Ireland Current Specific Grants	**56**	**53**	**57**	**60**	**66**	**80**	**92**	**77**	**71**
Total United Kingdom	**13,065**	**13,725**	**13,848**	**14,181**	**13,907**	**13,699**	**14,093**	**14,864**	**15,773**
Memo: Of which within DEL:									
England	*3,089*	*2,716*	*2,358*	*2,099*	*2,086*	*2,207*	*1,241*	*1,040*	*1,055*
Scotland	*70*	*109*	*123*	*164*	*148*	*114*	*110*	*110*	*105*
Wales	*186*	*145*	*146*	*143*	*131*	*51*	*89*	*72*	*61*
Northern Ireland	*56*	*53*	*57*	*60*	*66*	*80*	*92*	*77*	*71*
Total within DEL	*3,400*	*3,023*	*2,684*	*2,466*	*2,431*	*2,452*	*1,532*	*1,299*	*1,291*

(1) Rent rebate and rent allowance expenditure all lies within Main Departmental programmes in AME.

(2) Community charge rebates/Council tax benefit and Other Grants contain elements of expenditure in both DEL and Main Departmental programmes in AME.

(3) Includes community charge transitional relief & reduction scheme.

Table 6.8 Local authority gross capital expenditure in the United Kingdom by country and service, 1993-94 to 1998-99

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998-99 estimated outturn
England						
Housing	2,274	2,039	1,999	1,746	1,563	1,810
Transport	1,426	1,436	1,374	1,176	1,081	1,258
Education	941	1,061	1,011	1,047	1,107	1,125
Personal social services	179	195	198	191	161	192
Fire services	66	72	63	49	44	54
Agriculture, Fisheries and Food(1)	34	33	53	55	29	53
Sport and recreation	140	175	192	201	231	194
Protective services(2)	316	314	341	290	282	292
Urban and regeneration programmes	743	653	564	725	664	552
Single Regeneration Budget–DETR	*673*	*600*	*529*	*683*	*627*	*519*
Single Regeneration Budget–Other departments	*58*	*44*	*34*	*42*	*37*	*33*
Other–DETR	*12*	*9*	*1*			
Other services(3)						
DETR	771	880	898	730	907	870
Other departments	69	69	61	65	97	63
Housing Association Grant	374	331	364	338	260	310
Total England	**7,332**	**7,257**	**7,119**	**6,612**	**6,347**	**6,523**
Scotland						
Scottish Office						
Non Housing	981	988	1,043	559	577	672
Housing	563	587	656	429	303	287
Total Scotland	**1,544**	**1,575**	**1,699**	**988**	**879**	**959**
Wales						
Welsh Office	654	723	737	641	559	550
Other departments(4)	23	20	19	19	20	23
Total Wales	**677**	**743**	**756**	**660**	**579**	**573**
Total Great Britain	**9,552**	**9,575**	**9,574**	**8,260**	**7,884**	**8,306**
Total Northern Ireland	**52**	**56**	**58**	**61**	**65**	**70**
Total United Kingdom	**9,604**	**9,631**	**9,632**	**8,320**	**7,949**	**8,376**

(1) *Includes expenditure by internal drainage boards but excludes expenditure on smallholdings.*

(2) *Includes police, probation and aftercare, civil defence and magistrates' courts.*

(3) *Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.*

(4) *Includes expenditure on services which are related to programmes of the Home Office, Lord Chancellor's Department, Department of Education and Employment and DETR and which are outside the responsibilities of the Secretary of State for Wales.*

Table 6.9 Local authority capital receipts in the United Kingdom by country and service, 1993-94 to 1998-99

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998-99 estimated outturn
England						
Housing	1,612	1,391	1,203	1,049	1,296	1,440
Transport	53	47	14	49	14	30
Education	221	128	75	120	121	124
Personal social services	69	45	40	57	41	61
Fire services	6	3	3	5	8	5
Agriculture, Fisheries and Food(1)	12	16	9	12	9	14
Sport and recreation	28	13	15	9	9	15
Protective services(2)	47	56	58	82	73	88
Other services(3)						
DETR	920	463	359	545	584	522
Other Departments	54	69	44	52	38	62
Total England	**3,023**	**2,230**	**1,821**	**1,980**	**2,193**	**2,361**
Scotland						
Scottish Office						
Non Housing	164	225	254	317	163	214
Housing	278	281	243	159	68	60
Total Scotland	**442**	**507**	**497**	**476**	**230**	**274**
Wales						
Welsh Office	124	77	101	68	44	38
Other departments(4)	6	5	4	4	4	5
Total Wales	**130**	**82**	**105**	**72**	**48**	**43**
Total Great Britain	**3,594**	**2,819**	**2,422**	**2,528**	**2,472**	**2,677**
Total Northern Ireland	**6**	**7**	**8**	**7**	**11**	**15**
Total United Kingdom	**3,600**	**2,826**	**2,430**	**2,536**	**2,483**	**2,693**

(1) *Excludes receipts from smallholdings.*

(2) *Includes police, probation and aftercare.*

(3) *Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries*

(4) *Includes receipts associated with Home Office services in Wales.*

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1993–94 to 2001–2002

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
England (1)									
Credit approvals									
Housing	1,120	872	820	751	666	986	1,022	1,820	2,305
Transport	613	607	606	469	443	368	469	533	755
Education	383	379	397	435	404	384	546	570	776
Personal social services	132	140	145	105	69	54	56	56	56
Fire services	54	58	51	31	29	28	30	33	37
Agriculture, Fisheries and Food (2)	13	10	14	16	12	17	18	19	19
Sport and recreation (3)	10			7	28	25	25	25	25
Protective services	96	94	95	78	69	59	58	58	58
Urban and regeneration programmes	406	388	2						
Single Regeneration Budget–Environment	*402*	*386*	*2*						
Other–Environment	*4*	*2*							
Other services (4)	190	196	125	148	153	194	184	173	169
DETR–local government (5)	32	37	66	110	305	380	278	79	10
Total credit approvals	**3,049**	**2,782**	**2,322**	**2,150**	**2,179**	**2,495**	**2,686**	**3,365**	**4,210**
Capital grants									
Housing	415	343	338	331	309	251	236	72	75
Transport	446	348	292	256	211	159	170	160	230
Education	130	125	113	114	198	464	555	861	884
Employment	5	3	2	3	3	3	3	3	3
Personal social services	2	5	21	27	13	8	6	6	6
Agriculture, Fisheries and Food (2)	21	26	33	37	27	23	28	30	30
Protective services	175	171	196	150	129	124	123	119	119
Urban and regeneration programmes	351	257	564	536	517	389	206	293	328
Single Regeneration Budget–Environment	*340*	*249*	*563*	*536*	*517*	*389*	*166*	*193*	*148*
Other–Environment	*11*	*7*	*1*				*40*	*100*	*180*
Other services (4)	3	5	1	2		1	1	1	1
Total capital grants	**1,549**	**1,282**	**1,561**	**1,455**	**1,407**	**1,422**	**1,327**	**1,544**	**1,676**
England – Total	**4,597**	**4,064**	**3,883**	**3,605**	**3,586**	**3,917**	**4,013**	**4,909**	**5,886**
Scotland									
Scottish Office: HRA Housing									
Net capital allocations (6)	170	182	290	161	183	207	215	278	347
Capital grants	1	2	1	1		3	3	3	3
Scottish Office: Other									
Net capital allocations (6)	630	703	679	443	332	338	338	349	385
Capital grants	151	57	56	51	59	120	74	77	80
Other departments (7)									
Capital consent allocations		1	1	1	1	1	1	1	1
Total net capital allocations (8)	**800**	**886**	**970**	**604**	**515**	**545**	**554**	**628**	**733**
Total capital grants	**152**	**59**	**57**	**51**	**59**	**122**	**76**	**80**	**83**
Scotland – Total	**952**	**946**	**1,028**	**656**	**575**	**667**	**630**	**708**	**816**

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1993–94 to 2001–2002 (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Wales									
Credit approvals									
Welsh Office	289	320	336	347	281	272	236	309	320
Other departments (9)	10	8	10	11	7	5	6	6	6
Total credit approvals	**299**	**328**	**346**	**358**	**288**	**278**	**242**	**315**	**326**
Capital grants									
Welsh Office	203	203	220	210	184	188	181	101	102
Other departments (9)	10	9	11	8	6	6	7	6	6
Total capital grants	**212**	**212**	**231**	**218**	**190**	**194**	**187**	**107**	**108**
Wales – Total	**512**	**541**	**577**	**576**	**478**	**472**	**429**	**423**	**434**
Northern Ireland capital grants	**8**	**4**	**2**	**2**	**1**	**3**	**1**	**1**	**1**
Total United Kingdom (10)	**6,069**	**5,554**	**5,490**	**4,838**	**4,640**	**5,060**	**5,074**	**6,041**	**7,138**
of which:									
Credit approvals (11)	*4,148*	*3,996*	*3,638*	*3,112*	*2,982*	*3,318*	*3,482*	*4,308*	*5,270*
Capital grants	*1,920*	*1,558*	*1,852*	*1,726*	*1,658*	*1,742*	*1,592*	*1,733*	*1,868*

(1) *All the credit approvals in England are contained in the non-voted cash limits. All the capital grants are cash limited on the relevant departments' Votes; except for housing capital grants which are included in the non-voted cash limit DETR/LACAP(E).*

(2) *Support for expenditure on flood and coast protection including internal drainage boards, harbour improvements and fishing industry.*

(3) *Includes from 1996–97 credit approvals for projects (also including museums, galleries and libraries) attracting grants from the ERDF.*

(4) *Includes support for expenditure on environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.*

(5) *Credit approvals for council tax preparation costs, commutation losses, Housing Revenue Account subsidy abatements for deemed debt, restructuring costs and local government residuary body borrowing powers.*

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

(7) *Includes Training Agency projects. Also includes provision for ports and airports projects which are not the responsibility of the Secretary of State for Scotland.*

(8) *Including capital consent allocations for other departments in Scotland.*

(9) *Includes Home Office, Lord Chancellors' and Law Officers' Departments, Department of Transport and Department of Education and Employment.*

(10) *All Capital support for Local Authorities is within DEL.*

(11) *Including net capital allocations in Scotland.*

7. PUBLIC CORPORATIONS

7.1 This section sets out what public corporations are, recent developments, how public corporations are controlled and how they are scored in public expenditure. Tables give the public expenditure statistics.

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

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

- they are mainly trading bodies, largely recovering their costs from fees charged to customers;
- they are owned or controlled by central government, local authorities or other public corporations; and
- they have substantial day to day operating independence so that they should be seen as separate institutional units from their parent departments.

SELF-FINANCING PUBLIC CORPORATIONS, NATIONALISED INDUSTRIES AND TRADING FUNDS

7.3 The Treasury has three specific designations which apply to some public corporations:

- **Self-Financing Public Corporations (SFPCs)**. A number of bodies that are not normally dependent on government subsidy or grant and that trade profitably with the private sector on normal commercial terms have been designated SFPCs. These bodies normally score as Main Departmental Programmes in AME rather than in DEL – although any grants or subsidies paid to them would normally score in DEL as well as in AME. They also have greater and more individually tailored financial flexibilities. Some of the SFPCs are nationalised industries or trading funds.
- **Nationalised Industries**. Some public corporations are designated nationalised industries. These have typically been the larger corporations that have undertaken functions more directly analogous to those of private sector corporations. The external finance of nationalised industries is identified separately in cash plans tables in departmental reports and in Supply Estimates.
- **Trading Funds**. Operations of a government department which generate income from the supply of goods and services may be designated trading funds, At present, all trading funds are public corporations in national accounts. Trading funds are not subject to central government running costs controls. Instead, their expenditure is controlled using the external finance system which applies to most public corporations.

7.4 Self-financing public corporations, nationalised industries and trading funds are identified by footnote in the tables below.

THE GENERAL APPROACH TO PUBLIC CORPORATIONS

7.5 An important aim for public corporations is to ensure their effectiveness and efficiency in line with the Government's objectives for the economy as a whole. Often, it is a primary aim that, as far as practicable, their activities should be financed by the consumers of their goods or services, rather than by the taxpayer. For some services, however, public subsidy is appropriate. Where public corporations have social objectives these should be pursued in line with Government policy as set out in Public Service Agreements.

7.6 The Government wishes to promote the development of partnerships between public corporations and the private sector. By bringing in private sector management, finance and ownership, Public Private Partnerships (PPPs) will help to improve the efficiency and quality of public services and deliver the best return for the economy as a whole from assets and enterprises currently in the public sector. The overarching objective for PPPs is to ensure that there are genuine economic benefits being created for all involved – taxpayers, customers, investors and employees.

RECENT DEVELOPMENTS

7.7 The Government is taking forward options for PPPs for many of the remaining commercial organisations in the public sector:

- for **London Underground** the Deputy Prime Minister announced last year that a new PPP for the Underground will be established. The delivery of services will stay in the public sector, with the private sector brought in to deliver a £7 billion investment programme in the infrastructure. Three private sector contracts will be awarded to maintain and modernise the infrastructure and rolling stock – including refurbishing stations, replacing tracks, upgrading signalling and refurbishing or replacing trains;
- In June 1998, the Government announced a new PPP for **National Air Traffic Services Limited** (NATS). 51% of NATS will be sold to the private sector via flotation or trade sale, with the Government retaining 49% and a golden share. DETR released a Consultation Paper in October 1998 inviting views on taking the PPP forward. Safety will be the key priority;
- the **Commonwealth Development Corporation** (CDC) is the main instrument within the overseas aid programme for encouraging productive investment in the private sector of developing countries. In October 1997, the Prime Minister announced the intention to create a PPP for CDC. The PPP will involve introducing private sector capital into CDC via the sale of a majority stake in the company. The Government will retain a substantial minority shareholding and an indefinite Special Share. This PPP will be a long-term partnership in which the Government can ensure that CDC continues to meet its obligations to invest in the poorest countries while having a long term stake in the success of CDC and a share in the benefits. Proceeds of the sale will be recycled back to DFID's aid programme; and
- the Deputy Prime Minister announced in February a package of measures for **British Waterways**, including opportunities to develop partnership schemes with the public and private sectors. This will enable British Waterways to protect and develop the nation's network of historic inland waterways into the next millennium.

7.8 The Government announced in December 1998 a reform package for the **Post Office**. There will be a new independent regulator to protect consumer interests and to promote competition; and the Post Office will be given greater freedoms to enter into new markets. The Post Office will remain in the public sector, although options such as a minority share sale or share exchange will be kept under review. The Government will be publishing a White Paper setting out its plans in detail.

THE CORPORATE CONTROL FRAMEWORK

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

- **Strategic objectives** are agreed with each individual corporation and provide the framework within which the financial controls and the body's control procedures are set. Corporations' corporate plans are discussed with sponsor departments.
- **External financing limits (EFLs)** are the main in-year public expenditure control for most public corporations (see Section 3).
- **Financial targets and performance aims**. Financial targets should be set, often for three year periods. They vary in form, according to the circumstances of the body. Backing up the financial targets are a series of performance aims, again often for three years ahead, which may relate to costs and, where appropriate, standards of service.
- **Investment appraisal and pricing principles**. In general, public corporations are required to aim at a rate of return on their new investment programmes of 8 per cent in real terms (before payment of interest and tax). This requirement is intended to ensure that there is a proper return on investment and, at the same time, that the resources invested are not diverted away from areas where they could be used more effectively.
- **Monitoring** plays an important role in controlling public corporations' performance in the interests of the taxpayer and the consumer. Sponsor Ministers and departments continuously monitor bodies' performance against all aspects of the controls described. In addition the Monopolies and Mergers Commission has the power under the 1980 Competition Act to undertake independent efficiency scrutinies of some public corporations.

PUBLIC EXPENDITURE MEASUREMENT AND CONTROL

7.10 All public corporations accountable to Ministers may affect either DEL or Main Departmental Programmes in AME or both.

7.11 The external finance system of public expenditure measurement applies to all SFPCs, nationalised industries, trading funds and almost all other public corporations accountable to central government. A public corporation's requirement for external finance represents the financing of the difference between what it will spend and the receipts it can generate from business activities. Apart from finance leases, external finance is on a cash basis. The components of external finance are:

- subsidies from government;
- investment grants from government;
- loans from government;
- borrowing from the market and overseas (including finance leases); and
- movements in deposits.

7.12 External financing requirements (EFRs) are controlled in-year by setting an external finance limit (EFL) at the start of a financial year.

7.13 For SFPCs, EFRs score in Main Departmental Programmes in AME. In addition, any grants or subsidies paid to SFPCs score in DEL (apart from the routine subsidy to the Crown Estate Commissioners). All remaining public corporations accountable to Ministers score in DEL.

7.14 In the past, there have been different scoring arrangements for various public corporations, and now there are still two corporations accountable to Ministers that are not measured on an external finance basis:

- DEL includes subsidies to, and the capital expenditure of, the Commission for New Towns; and
- DEL would score any subsidies, grants and loans paid by Government to the BBC (other than the BBC Monitoring service, which is measured on an external finance basis).

7.15 TME is a consolidated measure of the current and capital expenditure of the public sector as a whole, and so it measures public corporations differently. TME includes:

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

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

7.17 The adjustments needed to go from the EFRs included in DEL and AME Main Departmental Programmes to public corporations' current and capital expenditure which scores in TME are included in the Accounting and Other Adjustments line in Table 1.3 (see Appendix B1 for a reconciliation).

THE TABLES

7.18 The tables below show:

- **Table 7.1:** the impact of public corporations accountable to Ministers on DEL and Main Departmental Programmes in AME (mostly external finance) – by department;
- **Table 7.2:** external finance by economic category. Note that this table gives an economic category split of the financing of EFR-controlled public corporations, not of their expenditure;
- **Table 7.3:** capital expenditure of public corporations, net of sales.

FURTHER INFORMATION

7.19 More information is available in the departmental reports of government departments and in the annual reports and accounts of individual public corporations.

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Education and Employment									
Remploy Ltd	89	92	94	94	94	94	94	94	94
Total DEL	**89**	**92**	**94**	**94**	**94**	**94**	**94**	**94**	**94**
Health									
Medicines Control Agency (T)	5					8	1	1	1
National Health Service Trusts (England)	303	590	401	83	85	59	167	220	264
Total DEL	**308**	**590**	**401**	**83**	**85**	**66**	**167**	**220**	**265**
DETR – Main Programmes									
Air Travel Trust Fund				4		1	4	4	4
British Waterways Board	49	48	50	51	52	53	59	59	59
Civil Aviation Authority (excluding National Air Traffic Services (N)					–5	–7	–2	–2	–2
Docklands Light Railway	28	29	37	21	32	52	21	20	17
Driving Standards Agency (T)									
English Industrial Estates Corporation	13								
European Passenger Services (N)	392	178	288	15					
Housing Action Trusts	78	92	93	90	88	94	86	88	88
Letchworth Garden City	–2	1							
London Transport (N)	693	783	903	942	629	391	399	91	116
National Air Traffic Services – EFR (N) (S)	91	46	34	–13	–26	–36	–37		
National Railways (N)	1,033	–657	–1,663	–1,067	17	152	93	89	91
New Town Development Corporations and the Commission for New Towns	–188	–136	–127	–115	–112	–116	–112	–124	–124
Queen Elizabeth II Conference Centre (T)									
Union Railways (N)	36	46	30	12					
Urban Development Corporations	343	258	217	190	169				
Urban Regeneration Agency (English Partnerships)	24	118	156	211	251	296	76	28	53
Vehicle Inspectorate (T)									
Total DEL	**2,498**	**760**	**–17**	**353**	**1,121**	**917**	**625**	**254**	**302**
Total Main Departmental Programmes in AME	**91**	**46**	**34**	**–13**	**–26**	**–36**	**–37**		
Home Office									
Fire Service College (T)	2	1	2	2	4	–1	–3	–2	–2
Forensic Science Service (T)									
The Tote – EFR (S)	–3	–4	6	–2	36	–2	–7	–8	–8
Total DEL	**2**	**1**	**2**	**2**	**4**	**–1**	**–3**	**–2**	**–2**
Total Main Departmental Programmes in AME	**–3**	**–4**	**6**	**–2**	**36**	**–2**	**–7**	**–8**	**–8**

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Legal Departments									
Land Registry (T)	–36	–34	–7	–15	–13	–6			
Total DEL	**–36**	**–34**	**–7**	**–15**	**–13**	**–6**			
Defence									
Defence Evaluation and Research Agency (T)	135	87	17	16	–32	–29	–8	–7	–7
Hydrographic Office (T)				3	–3				
Meteorological Office (T)				27	–6	–16	–9	–9	–3
Total DEL	**135**	**87**	**17**	**46**	**–40**	**–45**	**–16**	**–17**	**–10**
Foreign and Commonwealth Office									
BBC Monitoring Service					–1	–1	–1	–1	–1
Total DEL					**–1**	**–1**	**–1**	**–1**	**–1**
International Development									
Commonwealth Development Corporation – EFR (S)	34	30	27	14	–22	–15			
The Crown Agents	3	3		7					
Crown Agents Holding and Realisation Board				15					
Total DEL	**3**	**3**		**22**					
Total Main Departmental Programmes in AME	**34**	**30**	**27**	**14**	**–22**	**–15**			
Trade and Industry									
British Coal (N) (1)	1,400	742	48	41	51	12	7	3	
British Energy (N) (2)				–478					
British Nuclear Fuels – grant (N) (S)				768	100	15			
British Nuclear Fuels – EFR (N) (S)	–653	–422	–13	329	88	63	25	–75	–150
British Shipbuilders (N)	–9	10	–1	–1	–28				
Companies House (T)	–3	–3	–7	–3		1	2		–1
Nuclear Electric (N)	726	483	235						
The Patent Office (T)	–12	–10	–15	–19	–23	–8	–6	–5	–4
Post Office – EFR (N) (S)	–182	–235	–245	–285	–338	–214	–97	–127	–170
United Kingdom Atomic Energy Authority	–3	12	–13						
Total DEL	**2,100**	**1,233**	**249**	**308**	**100**	**21**	**4**	**–2**	**–5**
Total Main Departmental Programmes in AME	**–835**	**–657**	**–258**	**44**	**–250**	**–151**	**–72**	**–202**	**–320**
Culture, Media and Sport									
Channel Four Television – EFR (S)	–23	–44	–58	4	–17	8	76	–1	–2
The Welsh Fourth Channel Authority	58	64	69	72	18	75	75	75	77
Total DEL	**58**	**64**	**69**	**72**	**18**	**75**	**75**	**75**	**77**
Total Main Departmental Programmes in AME	**–23**	**–44**	**–58**	**4**	**–17**	**8**	**76**	**–1**	**–2**

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Scotland									
Caledonian MacBrayne (N)	12	11	11	10	18	21	24	18	18
Highlands & Islands Airports (N)	6	8	11	7	7	6	16	11	12
Highlands and Islands Enterprise	48	45	46	45	49	48	50	50	50
National Health Service Trusts (Scotland)		–18	21	17	–79	–66	–23	–23	–23
New Town Development Corporations and the Commission forNew Towns	3	–4	–146	–151					
Registers of Scotland (T)									
Scottish Enterprise	195	239	239	247	234	226	216	228	264
Scottish Homes	316	323	293	279	212	319	276	323	272
Scottish Nuclear (N)	–28	–46	–43						
Scottish Transport Group (N)	44								
Scottish Water Authorities				304	228	211	220	224	223
Total DEL	**595**	**557**	**433**	**760**	**670**	**766**	**779**	**831**	**817**
Wales									
National Health Service Trust (Wales)	11	47	44	51	41	50	11	–16	–15
Urban Development Corporations (Wales)	47	52	58	59	48	37	35	24	24
Welsh Development Agency	88	80	48	68	109	140	134	137	137
Total DEL	**146**	**180**	**149**	**178**	**198**	**227**	**180**	**145**	**146**
Northern Ireland									
Driver Vehicle Testing Agency (T)									
Laganside	5	6	8	8	8	8	7	7	7
National Health Service Trusts (Northern Ireland)	–1	–6	–11	–7	1	19	10	11	2
Nothern Ireland Housing Executive	208	195	208	207	188	142	151	143	140
Northern Ireland Transport Holding Company	24	21	24	22	19	20	23	26	34
Total DEL.	**235**	**216**	**229**	**230**	**216**	**188**	**191**	**188**	**183**
Chancellor's Departments									
Crown Estate Office – EFR (S)	14	–45	6	13	–15	2	2	2	2
Total Main Departmental Programmes in AME	**14**	**–45**	**6**	**13**	**–15**	**2**	**2**	**2**	**2**

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department (continued)

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Cabinet Office									
The Buying Agency (T)									
Central Office of Information (T)				5					
Chessington Computer Centre (T)(3)	1		–1						
Her Majesty's Stationery Office (T)(3)	–3	–3	7	–7					
Total DEL	**–2**	**–3**	**6**	**–2**					
Grand Total: DEL	**6,131**	**3,746**	**1,625**	**2,131**	**2,453**	**2,301**	**2,093**	**1,786**	**1,867**
Grand Total: Main Departmental Programmes in AME	**–722**	**–673**	**–243**	**60**	**–294**	**–194**	**–38**	**–209**	**–328**

(N) *Nationalised Industry.*

(S) *Self-financing Public Corporation.*

(T) *Trading Fund.*

(1) *Figures for 1995–96 onwards largely reflect departmental costs of meeting coal related liabilities.*

(2) *British Nuclear Fuels and Magnox Electric merged on 30 January 1998.*

(3) *Chessington Computer Centre and HMSO were privatised during 1996–97.*

Table 7.2 External Finance by Economic Category, 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Subsidies	2,140	1,389	920	831	829	783	747	812	800
Investment grants	3,033	3,154	3,085	3,198	1,756	1,661	1,129	742	795
Government loans	2,015	221	–926	–1,042	45	137	303	370	409
Market and overseas borrowing and deposits	–1,571	–1,507	–1,366	–1,301	–442	–274	–197	–256	–337
Total External Finance	**5,617**	**3,256**	**1,713**	**1,686**	**2,188**	**2,308**	**1,982**	**1,668**	**1,666**

Table 7.3 Capital Expenditure of Public Corporations[1], 1993-94 to 2001-02

£ million

	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 estimated outturn	1999–2000 plans	2000–01 plans	2001–02 plans
Education and Employment									
Remploy Ltd	12	10	9	8	10	13	13	13	13
Total Education and Employment	**12**	**10**	**9**	**8**	**10**	**13**	**13**	**13**	**13**
Health									
Medicines Control Agency (T)	4	3	1	1	1	4	3	2	2
National Health Service Trusts (England)	927	1,429	1,490	1,123	968	1,066	1,186	1,486	1,723
Total Health	**931**	**1,432**	**1,491**	**1,124**	**969**	**1,070**	**1,190**	**1,489**	**1,725**
DETR – Main Programmes									
Audit Commission	1	1	1	1	1	1			
British Waterways Board		4	7	4	4	4	4	4	4
Civil Aviation Authority (excluding National Air Traffic Services (N)	144	114	72	47	43	36	–2	–2	–2
Docklands Light Railway	19	27	21	13	3	44	10	8	8
Driving Standards Agency (T)					3	6	4	2	1
English Industrial Estates Corporation	12								
Housing Action Trusts	59	63	63	50	37	37	37	37	37
Local Authority Airports	71	88	85	98	170	143	139	107	119
London Transport (N)	689	949	1,018	827	610	408	335	100	142
National Air Traffic Services – (N) (S)							56	80	97
National Railways (N)	1,059	805	832	15	7	3	4	4	4
New Town Development Corporations and the Commission for New Towns	–197	–136	–127	–115	–112	–116	–112	–124	–124
Queen Elizabeth II Conference Centre (T)						1			
Union Railways (N)	36	40							
Urban Development Corporations	251	98	128	90	76				
Urban Regeneration Agency (English Partnerships)	15	37	65	79	57	74	92	92	92
Vehicle Inspectorate (T)	3	4	3	12	6	2	2	5	2
Total DETR – Main Programmes	**2,163**	**2,092**	**2,170**	**1,122**	**905**	**641**	**570**	**314**	**380**
Home Office									
Fire Service College (T)	2	1							
The Tote (S)	6	5	11	5	52	10	6	6	6
Total Home Office	**8**	**6**	**11**	**6**	**53**	**11**	**6**	**6**	**6**
Legal Departments									
Land Registry (T)	8	14	17	23	22	22	22	16	16
Total Legal Departments	**8**	**14**	**17**	**23**	**22**	**22**	**22**	**16**	**16**
Defence									
Defence Evaluation and Research Agency (T)		48	249	92	111	87	85	77	
Hydrographic Office (T)				1	2	4	6	4	2
Meteorological Office (T)				14	27	22	32	18	14
Total Defence		**48**	**249**	**106**	**140**	**113**	**123**	**98**	**17**
Foreign and Commonwealth Office									
BBC World Service	25	27	30	22	18	21			
Total Foreign and Commonwealth Office	**25**	**27**	**30**	**22**	**18**	**21**			
International Development									
Commonwealth Development Corporation (S)		2	1	1	2	3	1	1	
The Crown Agents	2	2	1	1					
Total International Development	**2**	**4**	**3**	**2**	**2**	**3**	**1**	**1**	

Table 7.3 Capital Expenditure of Public Corporations[1]

Trade and Industry									
British Coal (N) (2)	175	6							
British Nuclear Fuels (N) (S) (3)	343	333	373	389	432	458	455	315	220
British Shipbuilders (N)	–6	11	1	1					
Companies House (T)	1	4	1	2	2	2	2	2	2
Nuclear Electric (N)	402	239	125						
The Patent Office (T)	2	4	2	6	1	1	2	2	2
Post Office (N) (S)	249	271	311	255	353	406	447	553	584
United Kingdom Atomic Energy Authority	15	14	16						
Total Trade and Industry	**1,180**	**883**	**829**	**653**	**788**	**867**	**905**	**871**	**807**
Culture, Media and Sport									
British Broadcasting Corporation	92	124	129	92	145	143			
Channel Four Television (S)	23	13	15	44	27	12			
The Welsh Fourth Channel Authority		1	1	2	2	2			
Total Culture, Media and Sport	**115**	**138**	**144**	**138**	**174**	**157**			
Scotland									
Caledonian MacBrayne (N)	12	9	7	4	11	12	14	7	4
Highlands & Islands Airports (N)			3	4	2	4	7	6	7
Highlands and Islands Enterprise	6	7	10	7	14	10	12	12	12
National Health Service Trusts (Scotland)	76	144	193	145	103	119	135	135	135
New Town Development Corporations and the Commission for New Towns	–37	–44	–180	–162					
Scottish Enterprise	26	39	27	36	22	11	21	21	21
Scottish Homes	–18	–22	–51	–80	–63	–40	–39	–38	–1
Scottish Nuclear (N)	72	–44	–41						
Scottish Transport Group (N)	44								
Scottish Water Authorities (T)				217	250	276	328	340	337
Total Scotland	**182**	**89**	**–31**	**171**	**340**	**392**	**476**	**483**	**514**
Wales									
National Health Service Trust (Wales)	42	84	97	108	122	111	79	52	53
Urban Development Corporations (Wales)	37	44	49	47	40	32	24		
Welsh Development Agency	–8	–32	–48	15	–9	50			
Total Wales	**72**	**95**	**98**	**169**	**153**	**192**	**102**	**52**	**53**
Northern Ireland									
Laganside	11	2	2	1	2	2	2	2	2
National Health Service Trusts (Northern Ireland)	18	27	26	41	43	47	52	53	44
Nothern Ireland Housing Executive	82	70	78	57	47	40	40	40	40
Northern Ireland Public Trust Port Authorities	48	25	11	11	7	10	10	10	10
Northern Ireland Transport Holding Company	1	2	2	1	1				
Total Northern Ireland	**160**	**126**	**120**	**111**	**100**	**99**	**104**	**105**	**96**

Table 7.3 Capital Expenditure of Public Corporations[1]

Chancellor's Departments									
Royal Mint (S)(T)	2	7	4	4	4	4			
Total Chancellor's Departments	**2**	**7**	**4**	**4**	**4**	**4**			
Cabinet Office									
The Buying Agency (T)									
Central Office of Information (T)		1	1		1	1	1	1	1
Chessington Computer Centre (T)(4)		1	1	1					
Her Majesty's Stationery Office (T)(4)	11	8	17	18					
Total Cabinet Office	**11**	**10**	**19**	**20**	**1**	**1**	**1**	**1**	**1**
Total Capital Expenditure of Public Corporations[5]	**4,872**	**4,980**	**5,164**	**3,678**	**3,680**	**3,607**	**3,514**	**3,450**	**3,628**
Depreciation	4,065	4,469	4,754	4,362	4,392	4,403	4,350	4,476	4,609
Public Corporations Net Investment	**8,937**	**9,449**	**9,918**	**8,040**	**8,072**	**8,010**	**7,864**	**7,926**	**8,237**

(N) *Nationalised Industry.*

(S) *Self-financing Public Corporation.*

(T) *Trading Fund.*

(1) *Capital expenditure includes expenditure net of sales on tangible and intangible fixed assets, and changes in stocks; does not include capital grants.*

(2) *Figures for 1995–96 onwards largely reflect departmental costs of meeting coal related liabilities.*

(3) *British Nuclear Fuels and Magnox Electric merged on 30 January 1998.*

(4) *Chessington Computer Centre and HMSO were privatised during 1996–97.*

(5) *On a national accounts basis.*

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

INTRODUCTION

8.1 This section presents analyses of public expenditure outturn by country and region. For these purposes expenditure is allocated to specific countries where it can be recognized as having been incurred for the benefit of the relevant population.

8.2 It is important to recognise the limitations of this approach. In addition to practical difficulties which limit the extent of disaggregation possible, there are also significant definitional problems associated with allocating expenditure to particular areas on the basis of "who benefits". For example, hospitals and health facilities are not used solely by the residents of the region in which the facility is located and roads serve the needs of more than the geographical area through which they pass. Definitional and border problems become increasingly significant the smaller the geographical unit considered.

ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY

8.3 Public expenditure is planned and controlled on a departmental basis. This means that in several areas expenditure is planned on a national basis rather than by country. For example, the Department of Social Security is responsible for the operation of the social security benefit system throughout Great Britain. In order to provide more information on the geographic division of expenditure than is available from departmental spending data, an annual exercise is carried out to collect data on expenditure by country, covering outturn years only. In this exercise departments are asked to allocate, where possible, expenditure to England, Scotland, Wales or Northern Ireland. The figures therefore include a wider coverage of expenditure than that for which the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible.

8.4 As in previous years, this year's exercise again focuses on general government expenditure (GGE) on services. However, due to differences in rounding and coverage, figures from this year's exercise are not directly comparable with those published in previous years. GGE on services is divided into identifiable and non-identifiable expenditure. Identifiable expenditure is that which can be recognized as having been incurred on behalf of a particular population. Non-identifiable expenditure is that which is deemed to be incurred on behalf of the United Kingdom as a whole (eg defence expenditure and overseas aid). Wherever possible, expenditure which is in theory identifiable has been allocated by some means or other. Where precise accounting information on identifiable expenditure is not available, allocation is based on other available indicators; for example, allocation of administration costs in the same proportions as the corresponding programme expenditure.

8.5 The data presented in this section was collected in the autumn of 1998 and is therefore not entirely consistent with other figures in this publication and individual departmental reports. It does, however, provide an indication of the distribution by country of expenditure on each main function. **Table 8.1** summarises general government expenditure for the years 1993-94 to 1997-98. Fuller details of each of the five years covered in the 1998 analysis are given in **Tables 8.2 to 8.6**. **Table 8.7** gives a further breakdown of 1997-98 identifiable expenditure and also shows the non-identifiable elements by function.

NON-IDENTIFIED EXPENDITURE

8.6 Table 8.8 provides a breakdown by programme of the non identified expenditure that has not been apportioned on a "who benefits" basis. Just over 0.1 per cent of the non-identified expenditure in 1997-98 can be recognised as having been incurred for the benefit of England and Wales, but is not separable between the countries. Similarly, just under 5 per cent is for the benefit of Great Britain, but cannot be further apportioned between England, Scotland, and Wales. The remaining 95 per cent is classified as having been for the benefit of the UK as a whole.

8.7 Were it possible to attribute to England and Wales that small proportion of non-identified expenditure recognised as benefiting both countries, the effect would be marginally to narrow the spending per head differential between these countries and Scotland and Northern Ireland set out in the relevant tables in this chapter. Similarly were it possible to attribute to England, Scotland and Wales the non-identified expenditure recognised as benefiting Great Britain, the effect would be to narrow the spending per head differential between Northern Ireland and these countries set out in the same tables. Consequently, conclusions based on absolute comparisons of expenditure measures in England, Scotland, Wales, and Northern Ireland should take these effects into account.

Table 8.1 Identifiable general government expenditure[1] by country, 1993-94 to 1997-98

	1993–94	1994–95	1995–96	1996–97	1997–98
				£ million	
England	170,116	178,402	184,794	189,503	192,038
Scotland	22,229	23,275	24,170	24,386	24,445
Wales	11,982	12,549	13,038	13,301	13,423
Northern Ireland	8,023	8,315	8,644	8,995	9,129
Total identifiable expenditure	**212,351**	**222,541**	**230,646**	**236,186**	**239,035**
Non-identifiable expenditure	39,541	36,187	36,035	34,940	34,656
Total expenditure on services	**251,892**	**258,728**	**266,681**	**271,126**	**273,691**
				£ per head	
England	3,505	3,663	3,779	3,860	3,897
Scotland	4,341	4,535	4,705	4,756	4,772
Wales	4,122	4,308	4,470	4,553	4,586
Northern Ireland	4,917	5,065	5,242	5,408	5,450
Total identifiable expenditure	**3,649**	**3,811**	**3,936**	**4,017**	**4,048**
Non-identifiable expenditure	680	620	615	594	587
Total expenditure on services	**4,329**	**4,431**	**4,550**	**4,611**	**4,636**

(1) Figures contained in tables in this chapter will differ from those presented in other chapters in this publication and individual departmental reports due to timing differences in the collection of the data.

Table 8.2a Identifiable general government expenditure, 1993-94

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	2,748	604	296	375	4,023	68	15	7	9
Trade, industry, energy and employment	4,788	834	414	501	6,537	73	13	6	8
Roads and transport	6,731	905	503	193	8,331	81	11	6	2
Housing	3,905	646	388	237	5,177	75	12	8	5
Other environmental services	6,743	1,085	628	279	8,736	77	12	7	3
Law, order and protective services	11,892	1,221	617	1,039	14,769	81	8	4	7
Education	26,279	3,810	1,677	1,282	33,048	80	12	5	4
Culture, media and sport	2,210	284	93	36	2,623	84	11	4	1
Health and personal social services	34,434	4,631	2,368	1,342	42,775	81	11	6	3
Social security	70,387	8,045	4,926	2,675	86,034	82	9	6	3
Miscellaneous expenditure (1)		162	73	63	298		54	24	21
Total	**170,116**	**22,229**	**11,982**	**8,023**	**212,351**	**80**	**10**	**6**	**4**

Table 8.2b Identifiable general government expenditure, per head, 1993-94

	£ per head					Index (United Kingdom identifiable expenditure=100)(2)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	57	118	102	230	69	82	171	147	333
Trade, industry, energy and employment	99	163	142	307	112	88	145	127	273
Roads and transport	139	177	173	118	143	97	123	121	82
Housing	80	126	134	146	89	90	142	150	164
Other environmental services	139	212	216	171	150	93	141	144	114
Law, order and protective services	245	239	212	637	254	97	94	84	251
Education	541	744	577	786	568	95	131	102	138
Culture, media and sport	46	56	32	22	45	101	123	71	50
Health and personal social services	710	904	815	822	735	97	123	111	112
Social security	1,450	1,571	1,695	1,639	1,478	98	106	115	111
Miscellaneous expenditure (1)		32	25	39	5				
Total	**3,505**	**4,341**	**4,122**	**4,917**	**3,649**	**96**	**119**	**113**	**135**

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

Table 8.3a Identifiable general government expenditure, 1994-95

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	2,384	556	271	355	3,566	67	16	8	10
Trade, industry, energy and employment	4,875	912	395	501	6,683	73	14	6	8
Roads and transport	8,574	1,184	608	196	10,562	81	11	6	2
Housing	3,890	664	383	226	5,164	75	13	7	4
Other environmental services	7,200	1,158	734	286	9,378	77	12	8	3
Law, order and protective services	12,458	1,239	615	1,059	15,372	81	8	4	7
Education	27,547	3,909	1,750	1,334	34,540	80	11	5	4
Culture, media and sport	2,288	304	109	37	2,738	84	11	4	1
Health and personal social services	36,988	4,932	2,526	1,425	45,872	81	11	6	3
Social security	72,198	8,250	5,072	2,820	88,340	82	9	6	3
Miscellaneous expenditure (1)		167	85	74	325		51	26	23
Total	**178,402**	**23,275**	**12,549**	**8,315**	**222,541**	**80**	**10**	**6**	**4**

Table 8.3b Identifiable general government expenditure, per head, 1994-95

	£ per head					Index (United Kingdom identifiable expenditure=100)(2)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	49	108	93	216	61	80	177	153	354
Trade, industry, energy and employment	100	178	136	305	114	87	155	119	267
Roads and transport	176	231	209	119	181	97	128	115	66
Housing	80	129	132	138	88	90	146	149	156
Other environmental services	148	226	252	174	161	92	140	157	109
Law, order and protective services	256	241	211	645	263	97	92	80	245
Education	566	762	601	812	591	96	129	102	137
Culture, media and sport	47	59	37	22	47	100	126	80	48
Health and personal social services	759	961	867	868	786	97	122	110	111
Social security	1,482	1,607	1,741	1,718	1,513	98	106	115	114
Miscellaneous expenditure (1)		32	29	45	6				
Total	**3,663**	**4,535**	**4,308**	**5,065**	**3,811**	**96**	**119**	**113**	**133**

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

Table 8.4a Identifiable general government expenditure, 1995-96

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	2,804	626	290	342	4,061	69	15	7	8
Trade, industry, energy and employment	4,907	950	395	497	6,750	73	14	6	7
Roads and transport	8,278	1,063	568	196	10,104	82	11	6	2
Housing	3,551	738	393	246	4,928	72	15	8	5
Other environmental services	7,476	1,136	759	299	9,670	77	12	8	3
Law, order and protective services	12,762	1,295	650	1,042	15,749	81	8	4	7
Education	28,100	4,101	1,799	1,392	35,392	79	12	5	4
Culture, media and sport	2,403	293	100	39	2,835	85	10	4	1
Health and personal social services	39,088	5,191	2,674	1,526	48,479	81	11	6	3
Social security	75,425	8,606	5,327	3,003	92,360	82	9	6	3
Miscellaneous expenditure (1)		172	83	62	317		54	26	19
Total	**184,794**	**24,170**	**13,038**	**8,644**	**230,646**	**80**	**10**	**6**	**4**

Table 8.4b Identifiable general government expenditure, per head, 1995-96

	£ per head					Index (United Kingdom identifiable expenditure=100)(2)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	57	122	99	207	69	83	176	143	299
Trade, industry, energy and employment	100	185	136	302	115	87	161	118	262
Roads and transport	169	207	195	119	172	98	120	113	69
Housing	73	144	135	149	84	86	171	160	177
Other environmental services	153	221	260	182	165	93	134	158	110
Law, order and protective services	261	252	223	632	269	97	94	83	235
Education	575	798	617	844	604	95	132	102	140
Culture, media and sport	49	57	34	24	48	102	118	71	49
Health and personal social services	799	1,011	917	925	827	97	122	111	112
Social security	1,542	1,675	1,826	1,821	1,576	98	106	116	116
Miscellaneous expenditure (1)		34	29	37	5				
Total	**3,779**	**4,705**	**4,470**	**5,242**	**3,936**	**96**	**120**	**114**	**133**

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

Table 8.5a Identifiable general government expenditure, 1996-97

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	3,024	1,015	336	417	4,792	63	21	7	9
Trade, industry, energy and employment	4,737	918	406	503	6,565	72	14	6	8
Roads and transport	8,023	1,034	548	193	9,799	82	11	6	2
Housing	2,981	613	281	244	4,119	72	15	7	6
Other environmental services	7,511	794	730	295	9,331	81	9	8	3
Law, order and protective services	13,097	1,360	671	1,052	16,180	81	8	4	6
Education	28,759	3,998	1,818	1,442	36,018	80	11	5	4
Culture, media and sport	2,392	292	96	38	2,819	85	10	3	1
Health and personal social services	40,801	5,368	2,829	1,569	50,567	81	11	6	3
Social security	78,178	8,817	5,505	3,171	95,671	82	9	6	3
Miscellaneous expenditure [1]		176	80	70	327		54	25	21
Total	**189,503**	**24,386**	**13,301**	**8,995**	**236,186**	**80**	**10**	**6**	**4**

Table 8.5b Identifiable general government expenditure, per head, 1996-97

	£ per head					Index (United Kingdom identifiable expenditure=100)[2]			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	62	198	115	251	81	76	243	141	308
Trade, industry, energy and employment	96	179	139	302	112	86	160	125	271
Roads and transport	163	202	188	116	167	98	121	113	70
Housing	61	120	96	147	70	87	171	137	210
Other environmental services	153	155	250	177	159	96	98	158	112
Law, order and protective services	267	265	230	632	275	97	96	83	230
Education	586	780	622	867	613	96	127	102	142
Culture, media and sport	49	57	33	23	48	102	119	69	48
Health and personal social services	831	1,047	968	944	860	97	122	113	110
Social security	1,593	1,719	1,885	1,907	1,627	98	106	116	117
Miscellaneous expenditure [1]		34	28	42	6				
Total	**3,860**	**4,756**	**4,553**	**5,408**	**4,017**	**96**	**118**	**113**	**135**

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

Table 8.6a Identifiable general government expenditure, 1997-98

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	2,561	841	262	390	4,054	63	21	6	10
Trade, industry, energy and employment	4,442	914	437	488	6,282	71	15	7	8
Roads and transport[1]	7,321	882	442	188	8,832	83	10	5	2
Housing	2,612	486	310	235	3,642	72	13	9	6
Other environmental services	7,836	889	701	275	9,701	81	9	7	3
Law, order and protective services	13,615	1,415	758	1,062	16,850	81	8	4	6
Education	29,509	3,980	1,837	1,444	36,771	80	11	5	4
Culture, media and sport	2,305	288	95	38	2,727	85	11	4	1
Health and personal social services	42,807	5,545	2,909	1,664	52,926	81	10	5	3
Social security	79,030	9,049	5,583	3,286	96,948	82	9	6	3
Miscellaneous expenditure [1]		155	89	58	302		51	29	19
Total	**192,038**	**24,445**	**13,423**	**9,129**	**239,035**	**80**	**10**	**6**	**4**

Table 8.6b Identifiable general government expenditure, per head, 1997-98

	£ per head					Index (United Kingdom identifiable expenditure=100)[2]			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Agriculture, fisheries, food and forestry	52	164	89	233	69	76	239	130	339
Trade, industry, energy and employment	90	178	149	292	106	85	168	140	274
Roads and transport	149	172	151	112	150	99	115	101	75
Housing	53	95	106	140	62	85	153	171	225
Other environmental services	159	174	240	164	164	97	106	146	100
Law, order and protective services	276	276	259	634	286	97	97	91	222
Education	599	777	628	862	623	96	125	101	138
Culture, media and sport	47	56	33	23	46	101	122	71	49
Health and personal social services	869	1,083	994	993	897	97	121	111	111
Social security	1,604	1,766	1,908	1,962	1,643	98	108	116	119
Miscellaneous expenditure [1]		30	30	35	5				
Total	**3,897**	**4,772**	**4,586**	**5,450**	**4,051**	**96**	**118**	**113**	**135**

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

Table 8.7 General government expenditure[1]: Total expenditure on services[2] analysed by country and function, 1997–98

£ million

	Identifiable expenditure												
		Scotland			Wales			Northern Ireland					
	England	Total	Scottish Departments	Other	Total	Welsh Office	Other	Total	Northern Ireland Departments	Other[3]	Total	Non Identifiable[4]	United Kingdom
Defence												20,854	20,854
Overseas services												3,318	3,318
Agriculture, fisheries, food and forestry	2,561	841	742	99	262	212	49	390	328	62	4,054	907	4,960
Trade, industry, energy and employment	4,442	914	634	280	437	320	116	488	476	12	6,282	1,660	7,941
Roads and transport	7,321	882	705	177	442	357	85	188	186	2	8,832	163	8,995
Housing	2,612	487	477	9	310	304	6	235	234	1	3,642		3,642
Other environmental services	7,836	889	871	18	701	683	18	275	274	1	9,701	153	9,855
Law, order and protective services	13,615	1,415	1,345	70	758		758	1,062	996	65	16,850	5	16,855
Education	29,509	3,980	3,980		1,837	1,707	130	1,444	1,444		36,771	107	36,878
Culture, media and sport	2,305	288	268	20	95	85	11	38	36	2	2,727		2,727
Health and personal social services	42,807	5,545	5,545		2,909	2,909		1,664	1,664		52,926	163	53,088
Social security	79,030	9,049		9,049	5,583		5,583	3,286	3,220	67	96,948	1,106	98,054
Miscellaneous expenditure[5]		155	155		89	89		58	58		302	6,220	6,522
Total	**192,038**	**24,445**	**14,723**	**9,721**	**13,423**	**6,667**	**6,756**	**9,129**	**8,917**	**212**	**239,035**	**34,656**	**273,691**

(1) Figures contained in tables in this chapter will differ from those presented in other chapters in this publication and individual departmental reports due to timing differences in the collection of the data.
(2) Excluding privatisation proceeds, general government debt interest and accounting adjustments which are not allocated to territories.
(3) Responsibility for most expenditure in Northern Ireland lies with the Northern Ireland Office and Departments, this column includes certain expenditure in support of the agriculture and fishing industries, the NI Court Service, and smaller programmes.
(4) In 1997–98, around £38 million of non-identifiable expenditure was for the benefit of England and Wales, £1,726 million for GB, and the remaining £32,892 million for the UK as a whole.
(5) Included in the "Non-identifiable" cell are net payments to EC Institutions and expenditure associated with general maintenance of government, such as tax collection and population registration. See table 8.8.

Table 8.8 Non-identifiable general government expenditure by programme, 1997–98

Programme	Non-identifiable Expenditure
Defence and overseas services	24,172
BSE related expenditure	841
Forestry	47
Science and technology	1,466
Export finance	48
British Nuclear Fuels Ltd	51
British Coal Corporation	100
Driver and vehicle licensing	148
Water and conservation services	52
Health and Safety Executive	96
Major Employmernt Programmes	84
Net medical payments to European Economic Area countries(1)	163
Records, registrations and surveys	49
War pensions and pensions paid to UK nationals abroad	1,081
Net payments to EC Institutions	2,060
Cabinet Office	52
Parliament and associated expenditure	338
Office for National Statistics	94
Tax collection and funding for Bank of England	2,996
Civil service superannuation	91
Security and intelligence services	703
Property Advisors to the Civil Estate(2)	–275
Smaller programmes	198
Total	**34,656**

(1) Mainly fees for the treatment of UK nationals abroad.

(2) Negative expenditure generated from opportunity cost rents levied on freehold and leasehold properties.

ANALYSIS OF PUBLIC EXPENDITURE BY ENGLISH REGION

8.8 An analysis of spending by region was undertaken during the autumn and winter of 1998. Identifiable expenditure is again defined as expenditure which can be recognized from available information as having been spent for the benefit of the relevant population. The results are set out in **Tables 8.9** and **8.10**. In accordance with other government publications of regional statistics, expenditure has been apportioned to Government Office Regions.

8.9 **Table 8.9** sets out figures for expenditure by region in 1996-97. In addition to the regional expenditure figures the tables also give the corresponding English totals from Tables 8.5A and 8.5B . They show that 91 per cent of expenditure identifiable to England in 1996-97 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1996-97 around 95 per cent of the expenditure on health and personal social services, and social security expenditure has been split by region. However, in a number of other areas, such as trade, industry, energy, employment and training, there is an appreciable core of expenditure which cannot be readily disaggregated by region.

8.10 **Table 8.10** presents the expenditure on a per capita basis. Spending in 1996-97 allocated by region varies from £3,050 per head in the Eastern region to £3,875 per head in the North East and £4,249 in London. These figures should be treated with caution. Because identified spending in England cannot be fully apportioned between the English regions, it is not possible to directly compare spending in the English regions with spending in England as a whole, or with Scotland, Wales, and Northern Ireland.

8.11 Identifiable expenditure which cannot be allocated by region averages £356 per head in England as a whole. However, it is in practice unlikely that this unallocated expenditure is distributed evenly over the regions. If it is not, the relative levels of regional per capita spending will differ from those set out in **Table 8.10**.

8.12 Identifiable spending allocated by English region in the analyses set out in **Tables 8.9** and **8.10** includes:

(i) the spending of local authorities by region of authority;

(ii) estimated spending by regional health authorities and family health service authorities located within the region (boundaries of which do not align exactly with those of the Government Office Regions, however);

(iii) payments of certain social security benefits to residents of each region;

(iv) spending on motorways and trunk roads in each region;

(v) expenditure on regional preferential assistance by the region in which the recipient industries were located;

(vi) grants to Urban Development Corporations;

(vii) housing expenditure and subsidies;

(viii) support for London Transport;

(ix) central government's own expenditure on higher and further education;

(x) MAFF and the Intervention Board central government direct expenditure;

(xi) Employment Service programmes (boundaries of the Employment Service districts do not align exactly with those of the Government Office Regions, however);

(xii) Single Regeneration Budget and other development and conservation programmes;

(xiii) Legal Aid (again, the boundaries for the different components of Legal Aid do not align with those of the Government Offices);

(xiv) Careers Service and Training For Work programmes.

Table 8.9 Identifiable general government expenditure, by region and function, 1996–97

£ million

	Allocation of expenditure by region											
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	Total of all Regions	Unallocated(1)	England
Agriculture, fisheries and food	73	184	138	107	133	126	130	173	238	1,301	1,723	3,024
Trade, industry, energy and employment	188	386	247	189	269	207	204	342	259	2,291	2,446	4,737
Roads and transport	227	896	504	386	601	470	460	1,734	842	6,121	1,902	8,023
Housing	129	453	276	187	157	202	107	1,108	313	2,931	50	2,981
Other environmental services	535	1,061	694	555	777	567	539	1,424	977	7,129	382	7,511
Law, order and protective services	555	1,363	935	687	972	805	811	2,596	1,243	9,967	3,130	13,097
Education	1,484	3,891	2,830	2,200	3,016	2,442	2,800	4,794	4,051	27,508	1,251	28,759
Culture, media and sport	109	227	169	123	154	152	152	274	256	1,616	776	2,392
Health and personal social services	2,153	5,576	4,026	2,973	4,051	3,707	3,673	6,889	5,731	38,779	2,022	40,801
Social security	4,624	11,857	7,747	5,914	8,053	7,257	7,267	10,668	10,801	74,187	3,991	78,178
Total	**10,077**	**25,894**	**17,566**	**13,321**	**18,182**	**15,934**	**16,145**	**30,001**	**24,710**	**171,830**	**17,673**	**189,503**

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure which could be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury's latest territorial analysis (presented in following column). The unallocated figures include a data discrepancy resulting from differences in timing of the regional and territorial exercises, and also small differences of treatment and coverage.

Table 8.10 Identifiable general government expenditure per head, by region and function, 1996–97

£ per head

	Allocation of expenditure by region											
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	Total of all Regions	Unallocated(1)	England
Agriculture, fisheries and food	28	27	27	26	25	26	25	24	30	27	35	62
Trade, industry, energy and employment	72	56	49	46	51	43	39	48	33	47	50	96
Roads and transport	87	130	100	93	113	97	87	245	107	125	39	163
Housing	49	66	55	45	29	42	20	157	40	60	1	61
Other environmental services	206	154	138	134	146	117	102	201	124	145	8	153
Law, order and protective services	214	198	186	166	183	166	153	367	157	203	64	267
Education	571	565	562	531	567	504	529	678	513	560	25	586
Culture, media and sport	42	33	34	30	29	31	29	39	32	33	16	49
Health and personal social services	828	809	800	718	762	766	694	974	726	790	41	831
Social security	1,778	1,721	1,538	1,428	1,515	1,499	1,373	1,508	1,368	1,511	81	1,593
Total	**3,875**	**3,757**	**3,488**	**3,217**	**3,420**	**3,291**	**3,050**	**4,241**	**3,130**	**3,500**	**360**	**3,860**

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure which could be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury's latest territorial analysis (presented in following column). The unallocated figures include a data discrepancy resulting from differences in timing of the regional and territorial exercises, and also small differences of treatment and coverage.

APPENDIX A CONVENTIONS AND ECONOMIC ASSUMPTIONS

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

ROUNDING CONVENTIONS

A.2 The figures in this publication are generally shown to the nearest £1 million, with the following exceptions:

(i) figures for the main spending aggregates, including DEL, AME, TME, GGE, and the Control Total, are rounded to the nearest £100 million from 1998-99 onwards;

(ii) the DEL Reserve, the AME Margin and allowances for shortfall are rounded to the nearest £100 million from 1998-99 onwards;

(iii) figures for locally financed expenditure, and within that local authorities' self-financed expenditure, and for accounting and other adjustments in AME, are rounded to the nearest £100 million from 1998-99;

(iv) figures in the tables covering years before 1993-94 are rounded to the nearest £100 million; and

(v) figures for control limits in Chapter 3 are rounded to the nearest £1 thousand.

RECEIPTS

A.3 Departmental Expenditure Limits and the Control Total are both measured net of certain receipts. Most government receipts, eg taxes, national insurance contributions, interest, dividends and trading surpluses are treated as revenue. However receipts from the sales of fixed assets, the repayment of loans and certain fees and charges are treated as negative expenditure rather than revenue. The treatment of certain receipts in DEL and the Control Total is set out in more detail in Appendices B1 and B2 respectively.

REAL TERMS

A.4 A number of the tables in this publication give figures in real terms. Real terms figures are the cash outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 1997-98 prices.

PLANS FIGURES

A.5 Projections for 1999-2000 to 2001-02 are consistent with the Financial Statement and Budget Report (FSBR) March 1999 (HC 298), except that the projections for Housing Revenue Account subsidies in AME Main Departmental Programmes have been corrected for an error in the FSBR numbers. Correcting this error also raises Annually Managed Expenditure and Total Managed Expenditure, by between £200 and £300 million a year.

CURRENT YEAR OUTTURN

A.6 The estimated outturns for individual departments in the current year are based on the latest information available from departments. The estimated outturns for the Control Total and for DEL for the current year include an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment. Similarly, as the outturns for local authorities' expenditure in

the last completed financial year is not yet available, the estimated outturn for local authority expenditure in 1997-98 and 1998-99 also include an allowance for shortfall representing the difference between the total budgeted for by local authorities and the Treasury's latest estimate.

HISTORICAL DATA

A.7 Most of the analyses in this publication show plans or projections for 1999-2000 to 2001-02 alongside the estimated outturn for 1998-99 and outturn for the five previous years. It is not possible to look at trends over a longer period by simply comparing figures in successive public expenditure publications as such figures are not always on a consistent basis due to changes in coverage and classification changes. This publication presents a number of summary analyses incorporating data for earlier years, adjusted to current definitions, to show trends over a longer period.

ECONOMIC ASSUMPTIONS

A.8 The following economic assumptions underlie the figures in this publication:

(a) Income-related social security benefits are uprated annually in April in line with the percentage change in the Rossi index (a modified measure of inflation based on the Retail Prices Index and excluding most housing costs) in the year up to the previous September. Other non income-related benefits are also uprated in April, but in line with the change in the Retail Prices Index over the same period. The uprating factors used for the projections in this publication were, for the Rossi index, 2 per cent in each year from 1999-2000 to 2001-02; and, for the RPI, $1^1/_4$ per cent for 1999-2000, 3 per cent for 2000-01 and $2^3/_4$ per cent for 2001-02.

(b) The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to rise. For Northern Ireland, the number of wholly unemployed adults is assumed to rise. This is based on the planning assumption that, when the claimant count is projected to rise by forecasters outside the Treasury, the average of outside forecasts will be used for projections of public expenditure. (The Treasury does not publish forecasts of unemployment.) This planning assumption has been audited by the National Audit Office (NAO). See the NAO Report: Audit of the Unemployment Assumption for the March 1999 Budget Projections, published as HC 294; and

(c) Apart from unemployment, other assumptions and conventions are unchanged from those previously audited by the NAO. Further details can be found in the March 1999 Financial Statement and Budget Report, (HC 298), para B9.

ECONOMIC GROWTH AND INFLATION

A.9 General inflation as measured by the GDP deflator is forecast to be $2^1/_2$ per cent in 1998-99, and the same for each year from 1999-2000 to 2001-02.

A.10 GDP at market prices (money GDP) is projected as £848 billion in 1998-99, £880 billion in 1999-2000, £925 billion in 2000-01 and £975 billion in 2001-02.

APPENDIX B1 COVERAGE OF THE ACCOUNTING AND OTHER ADJUSTMENTS IN AME

1. The national accounts follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. The measures of public expenditure should be readily related to this framework. Total Managed Expenditure (TME) is drawn from national accounts. TME is produced by the Office for National Statistics (ONS).

2. However, there are certain aspects of the national accounts measures which cannot sensibly be read across to the control regimes defined for the management of public expenditure. And sometimes other factors lead to an alternative approach – for example issues of data availability and incentive frameworks.

3. So a number of adjustments are needed to relate DEL and various identified programme lines in AME (see Appendix E) to TME.

ACCOUNTING AND OTHER ADJUSTMENTS IN AME

4. The main items of the Accounting and Other Adjustments line in AME are shown in Table 1.7.

5. The components of the Accounting and Other Adjustments are described below. Some of the adjustments shown apply only to certain years; other adjustments not listed have been made to years before the period covered by the table above. Those of the adjustments that are treated as Main Departmental Programmes in AME are marked '✪'.

Non-Trading Capital Consumption

(i) Add the value of general government non-trading capital consumption (ie. depreciation).

VAT Refunds

(ii) Remove the deduction of VAT refunded to central government departments in respect of contracted-out services for non-business purposes and VAT refunds to local authorities in respect of non-business activities. DEL and local authority self-financed expenditure (LASFE) are measured net of these VAT refunds, but for TME this expenditure is recorded including the VAT paid.

(iii) Add VAT refunds paid to NHS Trusts in respect of contracted-out services in connection with activities that are non-business for VAT purposes. TME records these refunds as subsidies to NHS Trusts.

(iv) Add VAT refunds paid to the BBC and ITN in respect of non-business activities which are treated as subsidies in TME.

(v) Add VAT refunds paid to DIY housebuilders which are treated as grants.

Note: The ONS UK National Accounts Blue Book 1998 announced in Table SUP6 that all these VAT refunds would no longer form part of public expenditure in national accounts once the ONS's revisions policy allowed the change to be made.

EC Contributions

(vi) Deduct the Customs duties, agricultural and sugar levies and VAT contributions to the European Communities which are included in the Net Payments to EC Institutions line in AME and which do not form part of TME.

Tax Credits

(vii) Add payments of certain tax credits which score as government expenditure in national accounts. This includes Mortgage Interest Relief, Life Assurance Premium Relief, Private Medical Insurance Premium Relief, Vocational Training Relief (part up to 1998-99; all from 1999-2000), Working Families Tax Credit and Disabled Persons Tax Credit (from 1999-2000), and Research and Development Tax Credit (from 2001-02).

Note: The definition of tax credits in the Accounting and Other Adjustments differs from the definition of tax credits used in the calculation of Net Taxes and Social Security Contributions (for example in Table B9 of the 1999 Financial Statement and Budget Report) because the latter includes the whole of Vocational Training Relief for years before 1999-2000, and Children's Tax Credit (from April 2000).

Other Programme Spending in AME

(viii) ✪ Add expenditure by the Valuation Office on payment of rates for premises occupied by diplomatic missions &c the "beneficial portion payments".

(ix) ✪ Add expenditure by DTI under the Redundancy Payments Scheme.

(x) ✪ Add expenditure by DfEE under the Older Workers Employment Credit scheme.

(xi) Add expenditure by the Financial Services Authority.

(xii) Show the effects of British Council transactions that affect the reserves of the British Council.

Adjustments for Public Corporations

(xiii) Deduct capital grants paid by general government to public corporations and included in DEL or AME.

(xiv) Deduct grants and subsidies paid to Self-Financing Public Corporations (SFPCs) as part of their external finance (other than the subsidy to pay for the office of the Crown Estate Commissioners). Such grants and subsidies to SFPCs score both in DEL and in AME, so this adjustment removes double-counting.

(xv) Add fixed capital formation by public corporations (other than New Town Corporations, the Commission for the New Towns and Passenger Transport Executives, whose capital formation is already included in DEL & AME).

(xvi) Add changes in stocks of public corporations.

(xvii) Add capital grants paid by public corporations to institutional units outside general government.

(xviii) Add current grants and subsidies paid by public corporations to institutional units outside general government and financed from their own resources.

(xix) Add payments of debt interest and dividends paid by public corporations to the private sector and overseas.

Intra Public Sector Debt Interest

(xx) Local authority expenditure in the relevant lines in DEL and AME includes most local authority debt interest (LADI), including most of that paid to central government and public corporations; TME includes all, and only, LADI paid to sectors other than the public sector. In the adjustments it is therefore necessary to:

Subtract Local Authority debt interest (LADI) paid to central government and public corporations (other than LADI ultimately funded by central government Housing Subsidy (Housing Element) (HS)) and add LADI ultimately funded by HS and paid to sectors outside the public sector.

(xxi) Deduct central government debt interest paid to public corporations and local authorities.

(xxii) Reverse the deduction of the receipts of interest and dividends from public corporations that are netted off DEL.

Financial Transactions in DEL and AME

(xxiii) Deduct net lending to public corporations, the private sector and overseas that scores in DEL.

(xxiv) Deduct transactions in private sector company securities that score in DEL.

(xxv) Deduct the measure of the subsidy and bad debt element of student loans that scores in DEL.

(xxvi) Deduct financial transactions with public corporations, the private sector and overseas that score in AME.

(xxvii) Deduct the market and overseas borrowing of public corporations which have external finance treatment in DEL & AME (including the capital value of certain leasing transactions).

Other Accounting Adjustments

(I) Receipts-related Adjustments

(xxviii) Remove the deduction of receipts of certain taxes imposed by departments (including licences imposed by the utility regulators (eg OFFER, OFGAS)) which are treated as negative expenditure in DEL and as revenue in national accounts.

(xxix) Remove the deduction of certain fines imposed by departments which are treated as negative expenditure in DEL and as revenue in national accounts.

(xxx) Remove the deduction of penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are treated as negative expenditure in LASFE and as revenue in national accounts.

(xxxi) Remove the deduction of current donations which are treated as negative expenditure in DEL and as revenue in national accounts.

(xxxii) Remove the deduction of receipts of current compensation which are treated as negative expenditure in DEL and as revenue in national accounts.

(xxxiii) Remove the deduction of receipts of rent of land which are treated as negative expenditure in DEL and as revenue in national accounts.

(xxxiv) Remove the deduction of the surpluses of some local authority trading services, which are treated as negative expenditure in LASFE and as revenue in the national accounts.

(xxxv) Remove the deduction of dividends received by central government departments from the private sector and treated as negative expenditure in DEL, which are treated as revenue in national accounts.

(2) Expenditure Related Adjustments

(xxxvi) Finance leases:

- add the capital value of assets and deduct the principal element of repayments on finance leases taken out by central government before 1 April 1996; and
- do the same for any central government finance lease or transaction that is in substance borrowing taken out after 1 April 1996 and exceptionally excluded from DEL.

(xxxvii) Deduct the expenditure on Bus Fuel Duty Rebate (BFDR) which is in DEL but not in TME.

Note: The ONS UK National Accounts Blue Book 1998 announced in Table SUP6 that payments of BFDR would form part of public expenditure in national accounts once the ONS's revisions policy allowed the change to be made.

(xxxviii) Add current and capital expenditure on privatisations which is borne on the privatisation programme and so is not in DEL.

(xxxix) Add payments of transitional relief to charities formerly entitled to receive tax credits on dividends.

(3) Other Adjustments

(xl) Deduct grants paid to local authorities by non-departmental public bodies classified to the central government sector. This adjustment removes an element of double-counting.

(xli) Deduct current grants to local authorities by public corporations financed by subsidies from general government.

(xlii) Add adjustments to put certain central government expenditure on an accruals basis.

(xliii) Add, for outturn years, the residual difference between TME as measured by ONS for national accounts and Treasury sources.

TREATMENT OF CLASSIFICATION AND TRANSFER CHANGES

6. The national accounts and DEL/AME are generally consistent in their treatment of changes, although there are occasionally timing lags.

7. Changes which stem from amending past recording practice or movements in the way expenditure is measured are termed classification changes and are normally applied to all years.

8. Transfer changes reflect substantive changes in the way in which expenditure is financed. These too are often applied to all years in Treasury public expenditure statistics. The national accounts treatment of transfer changes varies.

9. Substantive changes in the level of expenditure are termed policy or estimating changes and are not applied to figures before the date when they occurred.

10. One major difference in this area between the national accounts and DEL/ AME is that the national accounts regard switches of function between government departments as policy changes whereas, to avoid unhelpful discontinuities in the figures, they are treated as classification changes in DEL and AME.

NOTE ON CONSOLIDATION IN TOTAL MANAGED EXPENDITURE

11. This passage explains some of the aspects on the calculation of TME as a consolidation of the public sector's expenditure.

12. Interest and dividend payments and receipts within the public sector are consolidated out. So TME scores only the public sector's interest and dividend payments to the private sector and overseas.

13. General government's purchases of services from, and subsidies to, public corporations and trading bodies score as public sector current expenditure. (The public corporations' and trading bodies' receipts of these payments form part of their Gross Trading Surplus which is on the revenue side of the public accounts.)

14. Capital grants from general government to public corporations are consolidated out, as is the capital expenditure by public corporations which scores in TME.

15. Where public corporations give grants and subsidies, they are held to act as agents of central government. So grants from public corporations to general government are consolidated out.

NOTE ON THE TREATMENT OF DEPRECIATION

16. Depreciation on non-trading services ("Non-Trading Capital Consumption") is part of final consumption – in effect part of the price that government has to pay for buying services from itself. Depreciation does not score in DEL. So, to arrive at public sector current expenditure one needs to add depreciation on non-trading capital.

17. In addition, depreciation on all capital – trading and non-trading – is a current cost that is paid by the owner of capital. To arrive at public sector net investment (PSNI), depreciation on all capital – trading and non-trading – is deducted from gross investment net of sales.

18. TME may be defined as public sector current expenditure (PSCE) plus public sector capital expenditure (gross of depreciation, net of sales). TME may also be expressed as PSCE + PSNI + Public Sector Depreciation.

MOVING FROM TOTAL MANAGED EXPENDITURE TO GENERAL GOVERNMENT EXPENDITURE

19. General government expenditure (GGE) was the total spending aggregate normally focussed on under the old control regime. Like TME, GGE is an aggregate drawn from national accounts. ONS produces the GGE number. The main differences between TME and GGE are:

- GGE covers only general government, ie central and local government; whereas TME covers the public sector as a whole, ie general government and public corporations; and
- TME is the sum of current and capital expenditure, whereas GGE is the sum of current and capital expenditure and two financial transactions (namely, net lending and transactions in company securities (net)).

20. The main items of the National Accounts Adjustments to move from TME to GGE are shown in Table B1.1.

Table B1.1 Moving from Total Managed Expenditure to general government expenditure

£ million

	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
TME	283,445	296,654	309,100	316,294	322,063	331,400	349,400	369,100	387,700
Public corporations	–2,096	–377	–2,887	–1,894	–2,805	–3,100	–3,300	–3,700	–3,800
Debt interest	66	81	429	334	520	400	300	400	400
Financial GGE	–3,657	–6,989	–2,354	–5,518	–2,133	800	900	3,300	3,600
GGE	**277,758**	**289,369**	**304,288**	**309,216**	**317,645**	**329,500**	**347,300**	**369,100**	**387,900**

21. The steps in moving from TME to GGE are:

Public Corporations Adjustments

(i) Deduct the expenditure of public corporations on fixed assets and increases in capital stocks.

(ii) Add general government capital grants to public corporations.

(iii) Deduct capital grants given by public corporations to general government and financed by capital grants from general government.

Interest Adjustments

(iv) Add general government debt interest paid to public corporations.

(v) Deduct public corporations' payments of interest and dividends to the private sector and abroad.

Financial Transactions Adjustments

(vi) Add general government net lending to public corporations, the private sector and abroad.

(vii) Add general government purchases of company securities (net) – in the main, this item is the deduction of privatisation proceeds.

(viii) Deduct the proceeds of loan book sales (in the case of the sale of student loan books, the part of the proceeds that is treated as negative net lending in GGE).

(ix) Add Bank of England Issue Department net equity injections.

APPENDIX B2 DIFFERENCES BETWEEN THE CONTROL TOTAL AND GENERAL GOVERNMENT EXPENDITURE

1. This appendix sets out the adjustments needed to relate the Control Total to general government expenditure (GGE). GGE is drawn from national accounts and B is produced by the Office for National Statistics (ONS).

2. The relationship between the Control Total and GGE is shown in Table B2.1.

Table B2.1 The Control Total and general government expenditure

£ million

	1993–94	1994–95	1995–96	1996–97	1997–98	1998-99
Control Total	239,819	246,795	254,819	259,813	262,900	273,200
Welfare to Work					143	700
Local Authority spending under the Capital Receipts Initiative					200	700
Cyclical social security	14,338	14,254	14,460	13,973	12,777	12,300
Central government debt interest	20,336	23,083	26,452	27,858	29,692	29,500
Privatisation proceeds	–5,430	–6,433	–2,435	–4,434	–1,770	–100
National accounts adjustments	8,695	11,670	10,992	12,006	13,703	13,200
of which:						
Capital consumption	5,242	5,408	5,996	6,430	6,738	7,100
VAT refunded	3,528	4,718	4,931	4,914	5,038	5,200
EC contributions	–6,507	–5,520	–7,446	–6,988	–5,863	–6,200
Tax credits	3,925	3,321	2,649	2,394	2,689	1,900
National Lottery	0	0	126	364	1,087	1,400
Net pension payments	3,710	3,675	4,064	4,859	5,270	5,000
Adjustments for public corporations	1,737	1,745	1,132	1,482	486	200
Trust debt remuneration	755	1,050	1,162	1,318	1,498	1,500
Local authority debt interest to central government	–3,088	–2,928	–2,975	–3,116	–3,413	–3,300
Other	–606	200	1,352	349	173	400
General Government Expenditure	**277,758**	**289,369**	**304,288**	**309,216**	**317,645**	**329,500**

RECENT CHANGES

3. As usual, there have been a number of changes in the definition of the Control Total since the April 1998 PESA. This year, the changes fall into two main groups:

- the introduction of the new European System of Accounts (ESA95) led to changes in the definition of GGE and hence in the Control Total or the national accounts adjustments; and
- as usual, there have been a number of other changes in the definitions.

4. **ESA95 Changes to the Control Total.** Under ESA95:

- the Bank of England Issue Department was reclassified from the central government sector into a new Central Bank Sector. As a result, the Control Total and GGE no longer show the administration costs of the Issue Department; and
- the activities of GEFCO are now treated as agency transactions of ECGD. So GEFCO's net lending and administration expenditure now form part of the Control Total and GGE, while interest paid on GEFCO bonds forms part of GGE.

5. **ESA95 Changes to the Accounting Adjustments.** The main changes to the adjustments resulting from the ESA95 introduction have been:

- expenditure on unfunded pensions in payment now scores directly in GGE, so the adjustments for pensions have had to be reformulated;
- licences with a significant degree of service to the individual applicant are now negative public expenditure in GGE, so no adjustment is needed;
- receipts of capital donations and other capital transfers are now negative public expenditure in GGE, so only the deduction of receipts of current donations in the Control Total needs to be reversed in the adjustments;
- the traditional own resources of the European Community (Customs duties, tariffs and agricultural and sugar levies) and the VAT contribution are no longer treated as part of GGE, although they continue to form part of the Net Payments to EC Institutions line;
- the non-Voted parts of certain income tax credits - Mortgage Interest Relief, Life Assurance Premium Relief and Private Medical Insurance Relief - now score in GGE, as well as the Voted part which is in the Control Total;
- grants and subsidies paid by public corporations to institutional units outside general government are now treated as part of GGE, while grants paid by public corporations to local authorities are treated as intra general government transfers; and
- following the reclassification of the Bank of England Issue Department to the Central Bank Sector, profits of issue or payments discharging Treasury liability resulting from quarterly revaluations of the Issue Department's assets are now treated as equity withdrawals/ equity injections - a financial transaction of general government.

6. **Other Changes in the Definition**. The main other changes have been:

- the utility regulators licence fee amendment has been extended to cover OFREG, the Northern Irish regulator;
- a new adjustment adds capitalised values of assets and deducts the element of principal repayment in leasing charges for post 1 April 1996 finance leases and transactions that are in substance borrowing that are exceptionally not capitalised in the Control Total; and
- current compensation receipts are now treated as negative public expenditure in the Control Total. A new adjustment reverses the deduction.

7. **Accounting Changes.** There have also been other changes in the accounting adjustments:

- MoD receipts of rent of land have now been recorded separately and are no longer treated as reducing the Control Total, so no adjustment is needed;
- transactions leading to the movement in British Council reserves are now recorded in the adjustments; and
- Forest Enterprise has been re-classified to the public corporations sector and the former accounting adjustment has been dropped.

CONTROL TOTAL TO GGE

8. The stages in moving from the Control Total to GGE in Table B2.1 are as follows (some of the adjustments shown apply only to certain years; other adjustments not listed have been made to years before the period covered by the table above):

Adjustments Primarily to do with Expenditure Programmes

(i) Add cyclical social security payments.

(ii) Add expenditure by general government under the Welfare to Work scheme.

(iii) Add expenditure by general government under the Capital Receipts Initiative (CRI).

(iv) Add expenditure financed by the proceeds of the National Lottery.

(v) Add central government gross debt interest (CGDI) to public corporations, the private sector and overseas (ie gross CGDI net of payments to local authorities).

(vi) Add the value of non-trading capital consumption (ie. depreciation).

(vii) Add the pensions paid to members of the teachers', National Health Service, Principal Civil Service, armed forces' and security and intelligence services' superannuation schemes, and some other pension schemes; and deduct the schemes' receipts of contributions, accruing superannuation liability charges and transfer receipts.

(viii) Add the value of grants to NDPBs in the central government sector made to finance pensions bulk transfer payments.

(ix) Add the element of NHS Trusts' charges to health authorities which Trusts use to remunerate their debt to central government.

(x) Add the distribution of fossil fuel levy receipts to the renewables generators.

(xi) Add local authorities' net cash expenditure on company securities.

(xii) Finance leases:

- add the capital value of assets and deduct the principal element of repayments on finance leases taken out by central government before 1 April 1996;
- do the same for any finance leases or transactions that are in substance borrowing taken out after 1 April 1996 and exceptionally excluded from the Control Total.

(xiii) Deduct the Customs duties, agricultural and sugar levies and VAT contributions to the European Community.

(xiv) Add non-Voted payments of certain tax credits: Mortgage Interest Relief, Life Assurance Premium Relief and Private Medical Insurance Relief.

(xv) Add expenditure by the Financial Services Authority.

(xvi) Add net equity injections to the Bank of England Issue Department.

(xvii) Deduct grants paid to local authorities by non-departmental public bodies classified to the central government sector and by public corporations.

(xviii) Add grants and subsidies paid by public corporations to institutional units outside general government and financed from their own resources.

(xix) Add VAT refunds paid to NHS trusts in respect of contracted out services in connection with activities that are non-business for VAT purposes. GGE records these refunds as grants to NHS trusts.

(xx) Add VAT refunds paid to the BBC and ITN in respect of non-business activities and to DIY housebuilders which are treated as subsidies and grants in GGE.

(xxi) The Control Total includes most local authority debt interest (LADI) including most of that paid to central government; GGE includes all, and only, LADI paid to sectors other than general government. In the adjustments it is therefore necessary to:

subtract LADI paid to central government (other than LADI ultimately funded by central government Housing Subsidy (Housing Element) (HS), and LADI associated with the CRI) and add LADI ultimately

funded by HS or associated with the CRI and paid to sectors outside general government; and

(xxii) add adjustments to put certain central government expenditure on an accruals basis.

Adjustments Primarily to do with Receipts

(xxiii) Remove the deduction of current donations which are treated as negative public expenditure in the Control Total and as revenue in national accounts.

(xxiv) Remove the deduction of receipts of current compensation which are treated as negative public expenditure in the Control Total and as revenue in national accounts.

(xxv) Remove the deduction of penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are treated as negative public expenditure in the Control Total and as revenue in national accounts.

(xxvi) Remove the deduction of VAT refunded to central government departments in respect of contracted-out services for non-business purposes and VAT refunds to local authorities in respect of non-business activities. The Control Total is measured net of these VAT refunds, but for GGE this expenditure is recorded including the VAT paid.

(xxvii) Deduct privatisation proceeds (net of certain privatisation expenses) which reduce GGE, but not the Control Total.

(xxviii) Remove the deduction of the surpluses of some local authority trading services, which are treated as negative expenditure in the Control Total but as revenue in the national accounts.

(xxix) Remove the deduction of receipts from licences imposed by the utility regulators (eg OFFER, OFGAS) and used to finance their regulatory activity, which are treated as negative expenditure in the Control Total, and as revenue in national accounts.

(xxx) Remove the deduction of the element of the receipt from the sale of the student loan portfolio that is not treated as negative net lending in GGE (the Control Total follows the PSNCR scoring of the receipt).

(xxxi) Show the effects of British Council transactions that affect the reserves of the British Council.

Adjustments Primarily concerned with Public Corporations

(xxxii) Deduct the capital expenditure of New Town Corporations and the Commission for the New Towns (CNT); add the grants and loans made to New Towns and the CNT by central government.

(xxxiii) Deduct the capital expenditure of Passenger Transport Executives; add capital grants and loans made to Passenger Transport Executives.

(xxxiv) Deduct the market and overseas borrowing of nationalised industries and other public corporations which have external finance treatment in the Control Total (including the capital value of certain leasing transactions). General government expenditure only covers central and local government transactions.

General Adjustment

(xxxv) Add, for outturn years, the residual difference between GGE as measured by ONS for national accounts and Treasury sources.

APPENDIX C DEPARTMENTAL GROUPINGS

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

Title	Departments included
Education and Employment	Department for Education and Employment Office for Standards in Education
Health	Department of Health
DETR - Main programmes	Department of the Environment, Transport and the Regions (except local government and regional policy) Office of Passenger Rail Franchising Office of the Rail Regulator Office of Water Services Ordnance Survey PSA Services Health and Safety Executive
DETR – Local Government and Regional Policy	Department of the Environment, Transport and the Regions – mainly block and transitional grants to English local authorities; also includes preparation costs for the Greater London Authority and for Regional Development Agencies
Home Office	Home Office Charity Commission
Legal Departments	Lord Chancellor's Departments Crown Prosecution Service Northern Ireland Court Service Public Records Office Serious Fraud Office Treasury's Solicitor's Departments HM Land Registry
Defence	Ministry of Defence
Foreign and Commonwealth Office	Foreign and Commonwealth Office
International Development	Department for International Development
Trade and Industry	Department of Trade and Industry Office of Electricity Regulation Office of Fair Trading Office of Gas supply Office of Telecommunications Export Credits Guarantee Department (capital expenditure only)

Title	Departments included
Agriculture, Fisheries and Food	Ministry of Agriculture, Fisheries and Food The Intervention Board
Culture, Media and Sport	Department for Culture, Media and Sport Office of the National Lottery
Social Security	Department of Social Security
Scotland	Scottish Office Forestry Commission General Register Office (Scotland) Scottish Courts Administration Scottish Records Office Registers of Scotland Crown Office, Scotland and Lord Advocate's Department
Wales	Welsh Office Office of Her Majesty's Chief Inspector of Schools in Wales
Northern Ireland	Northern Ireland Office and departments
Chancellor's Departments	HM Treasury Office for National Statistics Crown Estate Office National Savings Governments Actuary's Department HM Customs and Excise Inland Revenue National Investment and Loans Office Paymaster General's Office Registry of Friendly Societies Royal Mint
Cabinet Office	Office of Public Services Central Office of Information Cabinet Office House of Commons House of Lords National Audit Office The Office of the Parliamentary Commissioner for Administration and Health Service Commissioners Privy Council Office Property Advisors to the Civil Estate Security and Intelligence Services
Welfare to Work	Expenditure financed by the windfall tax, mainly New Deal programmes

APPENDIX D EXECUTIVE AGENCIES

1. This appendix groups the current Executive Agencies, according to the Minister responsible for the Agency. Agencies marked with an asterisk are government departments; the other agencies are all parts of departments.

Responsible Minister	Agency
Secretary of State for Defence	Army Base Repair Organisation
	Army Base Storage and Distribution Agency
	Armed Forces Personnel Administration Agency
	Army Personnel Centre
	Army Technical Support Agency
	Army Training and Recruiting Agency
	Defence Analytical Services Agency
	Defence Animal Centre
	Defence Bills Agency
	Defence Clothing and Textiles Agency
	Defence Codification Agency
	Defence Communication Services Agency
	Defence Dental Agency
	Defence Estates Organisation
	Defence Evaluation and Research Agency
	Defence Intelligence and Security Centre
	Defence Postal and Courier Service Agency
	Defence Secondary Care Agency
	Defence Transport and Movements Executive
	Defence Vetting Agency
	Disposal Sales Agency
	Duke of York's Royal Military School
	Hydrographic Office
	Joint Air Reconnaissance Intelligence Centre
	Logistics Information Systems Agency
	Medical Supplies Agency
	Defence Medical Training Organisation
	Meteorological Office
	Military Survey
	Ministry of Defence Police
	Naval Aircraft Repair Organisation
	Naval Bases and Supply Agency
	Naval Manning Agency
	Naval Recruiting and Training Agency
	Pay and Personnel Agency
	Queen Victoria School
	RAF Logistic Support Services
	RAF Maintenance Defence Agency
	RAF Personnel Management Agency
	RAF Signals Engineering Establishment
	RAF Training Group Defence Agency
	Ships Support Agency
	Service Children's Education
	Special Procurement Services

Responsible Minister	Agency
Secretary of State for Foreign and Commonwealth Affairs	Wilton Park Conference Centre
Minister of Agriculture, Fisheries and Food	Centre for Environment, Fisheries and Aquaculture Science Central Science Laboratory Farming and Rural Conservation Agency Intervention Board Meat Hygiene Service Pesticides Safety Directorate Veterinary Laboratories Agency Veterinary Medicines Directorate
President of the Board of Trade	Companies House Employment Tribunals Service Insolvency Service National Weights and Measures Laboratory Patent Office Radiocommunications Agency
Secretary of State for the Environment, Transport and the Regions	Driver and Vehicle Licensing Agency Driving Standards Agency Highways Agency Maritime Coastguard Agency Vehicle Certification Agency Vehicle Inspectorate Ordnance Survey Planning Inspectorate Queen Elizabeth II Conference Centre
Secretary of State for the Home Department	Fire Service College Forensic Science Service HM Prison Service UK Passport Agency
Lord Chancellor	Court Service HM Land Registry Public Record Office Public Trust Office
Attorney General	Crown Prosecution Service Government Property Lawyers Serious Fraud Office Treasury Solicitor's Department
Secretary of State for Education and Employment	Employment Service
Secretary of State for Culture, Media and Sport	Royal Parks Agency
Secretary of State for Health	Medicines Control Agency Medical Devices Agency NHS Estates NHS Pensions Agency

Responsible Minister	Agency
Secretary of State for Social Security	Social Security Child Support Agency
	Social Security Benefits Agency
	Social Security Contributions Agency
	Social Security Information Technology Services Agency
	Social Security War Pensions Agency
Secretary of State for Scotland	Fisheries Research Services
	Forestry Research Agency
	Forest Enterprises
	Historic Scotland
	Registers of Scotland
	Scottish Agriculture Science Agency
	Scottish Court Service
	Scottish Fisheries Protection Service
	Scottish Office Pensions Agency
	Scottish Prison Service
	Scottish Record Officer
	Student Awards Agency for Scotland
Secretary of State for Wales	CADW (Welsh Historic Monuments)
Secretary of State for Northern Ireland	Business Development Service
	Compensation Agency
	Construction Service
	Driver and Vehicle Licensing (NI)
	Driver and Vehicle Testing Agency
	Environment and Heritage Service
	Forensic Science Agency of Northern Ireland
	Forest Service of Northern Ireland
	Government Purchasing Agency
	Health Estates
	Industrial Research and Technology Unit
	Land Registers of Northern Ireland
	Northern Ireland Child Support Agency
	Northern Ireland Statistics and Research Agency
	Ordnance Survey of Northern Ireland
	Planning Service
	Prison Service (NI)
	Public Record Office (NI)
	Rate Collection Agency
	Rivers Agency
	Roads Service
	Social Security Agency (NI)
	Training and Employment Agency (NI)
	Valuation and Lands Agency
	Water Service
Chancellor of the Exchequer	HM Customs and Excise
	Inland Revenue
	National Savings
	Royal Mint
	Valuation Office
	Office for National Statistics
	Debt Management Office

Responsible Minister	Agency
Chancellor of the Duchy of Lancaster	CCTA
	Central Office of Information
	Civil Service College
	Government Car and Despatch Agency
	Securities Facilities Executive
	The Buying Agency
	Property Advisors to the Civil Estate

APPENDIX E NEW PUBLIC EXPENDITURE BUDGETING AND CONTROL AGGREGATES: DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

1. This Appendix describes what is in the two main budgeting and control aggregates: Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). It also shows how they relate to the national accounts aggregate Total Managed Expenditure (TME).

DEPARTMENTAL EXPENDITURE LIMITS

2. About half of public expenditure by value is in DEL and half in AME. But because AME includes a small number of large programmes, most public expenditure programmes are in DEL. The programmes that are in AME are set out later in this section.

3. DEL includes all running costs expenditure of Government departments and most of their other purchases of services. It includes grants and subsidies paid to the private sector. For the Foreign and Commonwealth Office and the Department for International Development it includes an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

4. DEL generally includes loans on the basis of new loans issued less repayments of loan principal, but the cost of student loans is included in DEL on the basis of an assessment of the subsidy implied in lending and the bad debt provision that is needed.

5. DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest from NHS Trusts and rent of land; and also certain taxes and fines where the Chief Secretary to the Treasury has given specific agreement.

6. DEL includes a Reserve to meet unexpected needs. And the unallocated provisions for the two challenge funds - the Capital Modernisation Fund and the Invest to Save Budget - are in DEL. When sums are allocated, individual departments' DELs are increased.

7. Most of DEL is assigned to departments when it is spent. However, expenditure on Welfare to Work measures funded by the Windfall Tax is separate from Departmental DEL and planned and controlled centrally.

8. **Non-departmental public bodies (NDPBs).** DEL includes the net expenditure of most non-departmental public bodies classified to the central government sector.

9. **Central government support for local authorities.** DEL scores current and capital grants to local authorities, and credit approvals (capital allocations in Scotland). More information on local authorities is contained in Chapter 6.

10. **Public corporations.** For most public corporations, DEL scores their external finance A public corporation's external financing requirement is a measure of the amount of money it needs to support its capital requirements in addition to the resources it can generate internally from operations. The components of external finance are:

- subsidies and investment grants;
- changes in borrowing (including finance leases); and
- movements in deposits.

11. More information on the scoring of public corporations is given in Chapter 7.

ANNUALLY MANAGED EXPENDITURE

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

- Main Departmental Programmes in AME;
- Locally financed expenditure; and
- Other AME.

Main Departmental Programmes in Annually Managed Expenditure

13. Main Departmental Programmes in AME are set out in departmental reports, and are identified under this heading in Estimates. They are the expenditures set out under most of the specific lines in the AME table, namely:

- Social security benefits
- Housing Revenue Account subsidies
- Common Agricultural Policy
- Export Credits Guarantee Department
- Self-financing Public Corporations
- Net public service pensions
- National Lottery

14. In addition, some of the programmes shown in the Accounting and Other Adjustments are treated as Main Departmental Programmes in AME, namely:

- Valuation Office - Beneficial Portion Payments;
- purchases of assets under finance leases since 1 April 1996;
- Redundancy Payments Scheme; and
- Older Workers Employment Credit.

15. **Social security benefits.** Includes payments of social security and National Insurance benefits by the Department for Social Security and the DSS (Northern Ireland). It includes central government support for certain social security benefits paid by local authorities, eg Housing Benefit. It also includes central government support for local authorities' payments of Council Tax Benefit.

16. **Housing Revenue Account subsidies.** Includes in England and Wales Housing Element subsidy paid to local authority council housing and central government support for local authorities' payments of Rent Rebates. In Scotland it includes Housing Support Grant.

17. **Common Agricultural Policy.** Includes non-BSE programme expenditure on the CAP.

18. **Export Credits Guarantee Department.** Includes Fixed-Rate Export Finance and other programmes treated as outside ECGD's trading account. Includes refinancing of export finance by Guaranteed Export Finance Corporation.

19. **Self-financing Public Corporations.** This line comprises the external financing requirements of the Self-financing Public Corporations, which are:

- British Nuclear Fuels Ltd
- Channel 4 TV
- Commonwealth Development Corporation
- Crown Estate Office
- National Air Traffic Services subsidiary of Civil Aviation Authority
- Post Office
- Royal Mint
- Tote

20. **Net Public Service Pensions.** This line comprises pensions expenditure less relevant receipts for the main central government pension schemes.

21. Pensions expenditure includes members' contibutory pensions (including annual compensation payments), lump sums, spouses' benefits and similar payments, and bulk and individual transfers out.

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

23. The pension schemes that are represented here are:

Department	Scheme
Cabinet Office	Principal Civil Service Pension Scheme (PCSPS) Security and Intelligence Services
Defence	Armed Forces
Education & Employment	Teachers (E&W)
Health	NHS (E&W)
Home Office	Police & Fire Superannuation for seconded staff, borne on Home Office Vote
International Development	Overseas Superannuation
Northern Ireland	NHS(NI) Teachers (NI) PCSPS (NI) Royal Ulster Constabulary
Scottish Office	NHS (S) Teachers (S)
Trade & Industry	UK Atomic Energy Authority

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

25. Note that this line does not cover:

- pensions with a real pensions fund, eg local authority and most public corporations' pensions;
- the main police and fire pensions; and
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pension schemes.

26. **National Lottery.** Expenditure on the six good causes funded from the proceeds of the National Lottery is in this line: the arts, sport, heritage, charities, projects to mark the Millennium and the New Opportunities Fund. This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by a grant from the National Lottery Distribution Board.

Locally Financed Expenditure

27. This line comprises the following items:

- Local authority self-financed expenditure (LASFE) in the UK;
- expenditure financed from the product of the Scottish Non-Domestic Rate; and
- expenditure financed from the product of Northern Ireland Regional Rates (NIRR).

28. NIRR are set by the central government in Northern Ireland. The product is not hypothecated to financing specific expenditure. By convention it is treated in PESA as locally financed central government expenditure. The whole of the product of NIRR is treated as a transfer from AME into DEL. AME also records - as a payment for a service reducing TME - the element of NIRR that represents receipts of water charges.

29. LASFE is that part of total local authority expenditure not met by central government support. Its largest single component is the product of the Council Tax.

Other Annually Managed Expenditure

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

	Payment of EC common external tariffs
plus	Agricultural & sugar levies
plus	VAT contribution
plus	GNP-based contribution (including payments to EC Budget reserves)
less	the UK's abatement
less	receipts from the EC that come to or pass through government
less	European Coal & Steel Community receipts
less	receipt reflecting the cost of collecting tariffs & levies
plus	net lending to the European Investment Bank
less	attributed aid and Common Foreign & Security Policy, which are in DEL

31. **Central government debt interest** is shown gross. Interest paid within central government is excluded, but interest paid to other parts of the public sector is included. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts on gilts at issue.

32. **Accounting and Other Adjustments.** The contents of this line are described in Appendix B1. A few of the adjustments are in Main Departmental Programmes in AME.

30. **AME Margin.** The AME Margin is an allowance for estimating changes.

TOTAL MANAGED EXPENDITURE

34. TME is an aggregate drawn from national accounts. It covers the current and capital expenditure of the public sector. So it includes expenditure of central and local government and also of public corporations. TME does not include financial transactions. So TME is the expenditure side of Public Sector Net Borrowing, the Government's preferred measure of the fiscal stance.

35. DEL and AME have been defined to sum to TME.

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

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

APPENDIX F RELATIONSHIP OF THE CONTROL TOTAL WITH DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

1. This appendix describes the main elements of how to relate the Control Total with the new expenditure planning and control aggregates, Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). The table at the end gives an alternative presentation.

EXPENDITURE THAT HAD BEEN IN THE CONTROL TOTAL

2. Most programmes that were in the Control Total are now in DEL. But some programmes were not thought suitable for control by three-year firm DEL limits, or required special treatment for other reasons. These are set out below:

3. Main Departmental Programmes in AME. The following programmes are now recorded as Main Departmental Programmes in AME:

- non-cyclical social security benefits (cyclical social security benefits were not in the Control Total);
- DTI expenditure under the Redundancy Payments Scheme;
- Housing Revenue Account (HRA) subsidies (non-Capital Receipts Initiative);
- Non-BSE Common Agricultural Policy (CAP) programme payments;
- Fixed Rate Export Finance programmes of ECGD and loan refinancing by GEFCO;
- Valuation Office – beneficial portion payments; and
- External Financing Requirements (EFRs) of Self-financing Public Corporations (SFPCs) (grants and subsidies to SFPCs (other than Crown Estate Office (CEO)) also score in DEL).

4. Locally financed expenditure in AME. The following programmes are now recorded as locally financed expenditure:

- local authority self-financed expenditure in the UK;
- Scottish payments to local authorities of the product of non-domestic rates (NDR); and
- the product of Northern Ireland Regional Rates (NIRR).

5. Other AME. The following programmes are now recorded as Other AME:

- Net Payments to EC Institutions; and
- Voted elements of Life Assurance Premium Relief, Mortgage Interest Relief, Private Medical Insurance Relief, Vocational Training Relief and other negative income taxes classed as public expenditure in national accounts.

6. Not in DEL or AME. While most financial transactions that were in the Control Total are in DEL (and offset in AME since financial transactions do not score in TME), some are now recorded outside DEL (and hence outside AME). DEL has improved control arrangements for

student loans (see below), and loan book sales are now treated like privatisation proceeds outside the departmental programme. The following programmes are therefore outside DEL and AME:

- the principal element of student loans;
- receipts from loan book sales; and
- payments to purchasing banks in respect of student loans they have bought (the interest element does score in the central government debt interest line in Other AME).

EXPENDITURE THAT HAD BEEN OUTSIDE THE CONTROL TOTAL

7. Some of the expenditure and receipts that were outside the Control Total are now in DEL (where they could be made subject to three-year firm deals) or AME.

8. **DEL.** The following programmes are now in DEL:

- subsidy/ bad debt element of student loans (see below);
- expenditure financed by the non-fossil fuel obligation (NFFO);
- bus fuel duty rebate (BFDR, also known as bus fuel grant);
- the element of NHS Trusts' charges to health authorities that covers payments of NHS trust debt remuneration (TDR);
- credit approvals and capital grants under the Capital Receipts Initiative (CRI), as well as revenue support grant relevant to the CRI;
- the following receipts are to be treated as negative DEL:
  - rent of land;
  - dividends (apart from dividends from SFPCs and other dividends treated as revenue);
  - interest paid by NHS Trusts as part of trust debt remuneration;
  - fines that the Treasury agree meet certain criteria; and
  - taxes that the Treasury agree meet certain criteria; and
- Expenditure funded by the Windfall Tax, mainly New Deal programmes including Welfare to Work (note that Welfare to Work DEL is separate from departmental DEL).

9. **Main Departmental Programmes in AME.** The following have become Main Departmental Programmes in AME:

- cyclical social security benefits;
- Housing Revenue Account subsidies relevant to the CRI;
- National Lottery-financed expenditure.

10. **Other AME.** Other AME includes:

- central government debt interest (CGDI);
- accounting and other adjustments (other than those treated as Main Departmental Programmes in AME); and
- AME Margin.

THE TREATMENT OF STUDENT LOANS

11. This passage brings together the changes in the treatment of student loans.

12. Student loans are subsidised as borrowers are charged interest at a low rate and because they do not have to make repayments if they have low incomes. In addition, loans may be written off in certain circumstances. A sum has been calculated using Resource Accounting principles that reflects the value of the subsidy/ bad debt provision in respect of newly made loans. This sum scores in DEL as a non-Voted, non-cash element of departmental spending provision.

13. In the light of actual experience, and when student loans are sold, that sum may be amended up or down. Such changes would also affect the amount charged to DEL.

14. Separately, the full cash sum needed to finance new lending net of repayments of loans and of interest receipts will be made available in Estimates. This provision will be expenditure outside DEL, Main Departmental Programmes in AME and Total Managed Expenditure. Net lending scores in general government expenditure.

REPRESENTATION OF CHANGES

15. **Table F.1** below shows how various programmes scored in the old and new control systems.

Table F.1

Programme	Old system		New System				
Name	In Control Total	Not in Control Total	DEL	Main Departmental Programmes in AME	Locally Financed Expenditure (AME)	Other AME	Not in DEL or AME
Most programmes	✔		✔				
Non-cyclical social security	✔			✔			
Cyclical social security		✔		✔			
Redundancy Payments Scheme	✔			✔			
Welfare to Work		✔	✔				
HRA subsidies (non-CRI)	✔			✔			
HRA subsidies (CRI)		✔		✔			
CAP	✔			✔			
ECGD	✔			✔			
Valuation Office	✔			✔			
NFFO		✔	✔				
BFDR		✔	✔				
TDR		✔	✔				
CRI		✔	✔				
National Lottery		✔		✔			
SFPCs' grants/ subsidies (excl CEO)	✔		✔				
SFPCs – EFRs (excluding Tote)	✔			✔			
Scottish NDR	✔					✔	
NIRR	✔					✔	

Appendix F Relationship of the Control Total with Departmental Expenditure Limits and Annually Managed Expenditure

Programme	Old system		New System				
Name	In Control Total	Not in Control Total	DEL	Main Departmental Programmes in AME	Locally Financed Expenditure (AME)	Other AME	Not in DEL or AME
LASFE	✔				✔		
Payments to EC Institutions	✔					✔	
Tax credits (voted)	✔					✔	
Student loans net lending	✔						✔
Student loans subsidy element		✔	✔				
Loan book sales receipts	✔						✔
Payments to purchasers of student loans	✔					✔	✔
Rent of land (receipts)		✔	✔				
Certain dividends		✔	✔				
TDR receipts		✔	✔				
Certain fines		✔	✔				
Certain taxes		✔	✔				
CGDI		✔				✔	

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