
PUBLIC EXPENDITURE

Statistical Analyses 2001-02



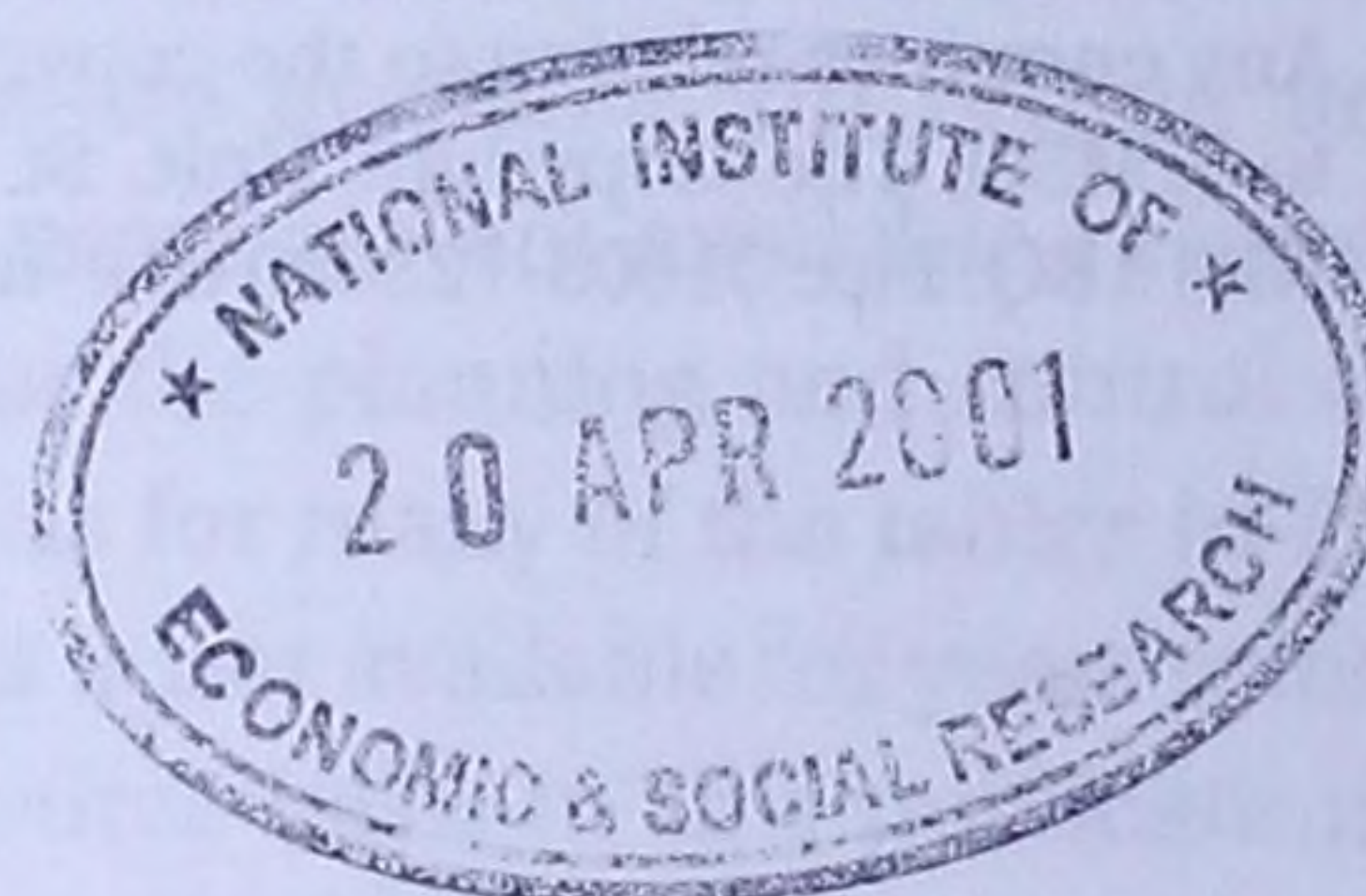
This is part of a series of departmental reports and Main Estimates which, accompanied by the document *Public Expenditure: Statistical Analyses 2001–02*, present the Government's expenditure plans for 2001–02 to 2003–04. The plans were published in summary form in the Budget documentation.

The complete series is also available as a set at a discounted price.



PUBLIC EXPENDITURE

Statistical Analyses 2001–02



***Presented to Parliament by the Chancellor of the Exchequer by
Command of Her Majesty April 2001***

NATIONAL STATISTICS IN PESA



© Crown Copyright 2001

The text in this document may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material not being used in a derogatory manner or in a misleading context. The source of the material must be acknowledged as Crown copyright and the title of the document must be included when being reproduced as part of another publication or service.

Any enquiries relating to the copyright in this document should be addressed to HMSO, The Copyright Unit, St. Clements House, 2-16 Colegate, Norwich NR3 1BQ. Fax: 01603-723000 or e-mail: copyright@hmso.gov.uk.

INTRODUCTION AND OVERVIEW

Public Expenditure Statistical Analyses (PESA) is a compendium that brings together recent outturn data, estimated outturns for the latest year and budgetary plans over the whole range of UK public expenditure. It is published annually as a Command Paper, alongside the Supply Estimates (HC 348) and Departmental Reports (Cm 5102 to 5123). Further information on each government department's spending plans are available in the individual Departmental Reports. PESA includes analyses of public spending by function and economic category of expenditure, and by country and region, as well as full details of spending by department and grouped by budgetary control aggregates.

2000 SPENDING REVIEW AND RESOURCE BUDGETING

The 2000 Spending Review was the first to be conducted under resource accounting and budgeting, where resource and capital spending are measured when the resources are consumed, rather than when they are paid for. The government's spending plans from 2001–02 onwards are now set on a resource basis. Expenditure up until 2000–01 remains controlled and accounted for on a cash basis.

PERIOD COVERED BY PESA TABLES

All data series in PESA are annual, and for financial years. Tables in PESA typically cover a span of nine years – five years outturns, estimated outturn for the latest year and three years spending plans, where detailed plans are available. (In certain areas, eg. local authority expenditure, detailed plans for future years are not available.) However, the introduction of resource accounting and budgeting for the planning and control of public spending from 2001–02 onwards means that data spans for many of the tables in PESA 2001–02 are shorter than usual, as resource accounting data is not available for years prior to 1998–99. Analyses of spending plans and outturn on a resource basis in this publication generally cover the six years 1998–99 to 2003–04. Provisional outturn in 2000–01 is also shown on a cash basis, with cash data going back to 1995–96. Where possible, some longer run analyses are given on a comparable basis, covering all nine years. Some key national accounts series are presented over a longer historical period.

CONSISTENCY WITH 2001 FSBR

Information in PESA 2001–02 is consistent with the fiscal projections and public spending plans set out in Annex C of the 2001 Financial Statement and Budget Report (Budget 2001, March 2001, HC 279), except in a few areas where later information is available and has been incorporated.

NATIONAL STATISTICS IN PESA

Most of the outturn data (to 1999–2000) in PESA 2001–02 now fall within the scope of National Statistics, following the launch of the new arrangements for National Statistics on 7 June 2000. National Statistics are those outputs which Ministers have decided should come within the scope of the new arrangements, which have been produced to high professional standards to be set out in a Code of Practice, and have been put together free from political interference.

For more information about National Statistics visit the National Statistics web site at www.statistics.gov.uk.

Estimated outturns for 2000–01 and spending plans for future years are outside the scope of National Statistics. So are certain outturn data relating to administrative spending controls where definitions and/or measurement depend on those controls. The scope of National Statistics in the tables for each Chapter of PESA is indicated in the text for that Chapter.

Contents		Page
Chapter 1	Public expenditure overview	5
Chapter 2	Differences from previous plans	23
Chapter 3	Trends in public sector expenditure	33
Chapter 4	Central government expenditure	47
Chapter 5	Central government administration and staffing	57
Chapter 6	Local authority expenditure	61
Chapter 7	Public corporations	77
Chapter 8	Analysis of public expenditure by country and region	89
Appendices		
	Appendix A – Conventions and economic assumptions	101
	Appendix B – Coverage of the accounting and other adjustments in Annually Managed Expenditure	103
	Appendix C – Departmental groupings	111
	Appendix D – Executive agencies	113
	Appendix E – Public expenditure budgeting and control aggregates: Departmental Expenditure Limits and Annually Managed Expenditure	117
	Appendix F – Relationship between public expenditure control aggregates under resource budgeting with those under cash budgeting	125
	Appendix G – Expenditure on Services	129
	Glossary of Terms	131

List of Tables**Chapter 1 Public expenditure overview**

Table 1.1	Total Managed Expenditure 1998-99 to 2003-04	8
Table 1.2	Departmental Expenditure Limits, 1998-99 to 2003-04	9
Table 1.3	Total Managed Expenditure in real terms, 1998-99 to 2003-04	10
Table 1.4	Departmental Expenditure Limits in real terms, 1998-99 to 2003-04	11
Table 1.5	Public sector current expenditure, 1998-99 to 2003-04	11
Table 1.6	Public sector net investment, 1998-99 to 2003-04	12
Table 1.7	Resource Budgets, 1998-99 to 2003-04	12
Table 1.8	Non-cash Resource Departmental AME, 1998-99 to 2003-04	13
Table 1.9	Capital Budgets, 1998-99 to 2003-04	14
Table 1.10	Employment Opportunity Fund DELs, 1998-99 to 2003-04	15
Table 1.11	Invest to Save Budget, 1999-2000 to 2003-04	15
Table 1.12	Capital Modernisation Fund Allocations, 2000-01 to 2002-03	16
Table 1.13	Accounting and other adjustments, 1998-99 to 2003-04	17
Table 1.14	Voted and non-voted expenditure in TME, 1998-99 to 2003-04	18
Table 1.15	Total Managed Expenditure by spending sector, 1998-99 to 2003-04	19
Table 1.16	Total Managed Expenditure, 1995-96 to 2000-01 (cash basis)	20
Table 1.17	Departmental Expenditure Limits – Current and Capital Budgets, 1995-96 to 2000-01 (cash basis)	21

Chapter 2 Differences from previous plans

Table 2.1	Department Expenditure Limits, 1999-2000 and 2000-01 – changes since PESA 2000-01	26
Table 2.2	Total Managed Expenditure, 1999-2000 and 2000-01 – changes since PESA 2000-01	27
Table 2.3	Current budgets within DEL, 1999-2000 and 2000-01 – changes since PESA 2000-01	28
Table 2.4	Capital budgets within DEL, 1999-2000 and 2000-01 – changes since PESA 2000-01	29
Table 2.5	Total Managed Expenditure, 2001-02 – changes since PESA 2000-01	30
Table 2.6	Resource Budget DEL, 2001-02 – changes since PESA 2000-01	31
Table 2.7	Capital Budget DEL, 2001-02 – changes since PESA 2000-01	32

Chapter 3 Trends in public sector expenditure

Table 3.1	Public expenditure aggregates, 1963-64 to 2003-04	36
Table 3.2	Total Managed Expenditure by function, 1983-84 to 2000-01	37

Table 3.3	Total Managed Expenditure by function in real terms, 1983–84 to 2001–02	38
Table 3.4	Total Managed Expenditure by function as a percent of GDP, 1983–84 to 2001–02	39
Table 3.5	Total Managed Expenditure by (detailed) function, 1995–96 to 2000–01	40
Table 3.6	Total Managed Expenditure by economic category, 1995–96 to 2000–01	43
Table 3.7	Public Sector capital expenditure by spending sector and function, 1995–96 to 2003–04	44
Table 3.8	General government receipts from sales of assets, 1995–96 to 2003–04	45
Chapter 4	Central government own expenditure	
Table 4.1	Central government own expenditure by department, 1998–99 to 2003–04	49
Table 4.2	Central government own current expenditure by department 1998–99 to 2003–04	50
Table 4.3	Central government own capital expenditure by department, 1998–99 to 2003–04	51
Table 4.4	Central government own expenditure by economic category, 1998–99 to 2003–04	52
Table 4.5	Central government own expenditure by function, 1995–96 to 2003–04	53
Chapter 5	Central government administration and staffing	
Table 5.1	Gross administrative expenditure by department, 1998–99 to 2003–04	59
Table 5.2	Staff of central government departments and devolved bodies, 1995–96 to 2003–04	60
Chapter 6	Local authority expenditure	
Table 6.1	Financing of local authority expenditure in the United Kingdom, 1995–96 to 2003–04	64
Table 6.2	Local authority current and capital expenditure in the United Kingdom by department, 1995–96 to 2000–01	65
Table 6.3	Local authority expenditure in the United Kingdom by country and economic category, 1995–96 to 2000–01	66
Table 6.4	Central government support for local authorities in the United Kingdom by department, 1995–96 to 2003–04	68
Table 6.5	Total Standard Spending for 2001–02 by country and main service block	70
Table 6.6	Aggregate External Finance in Great Britain by country and grant, 1995–96 to 2003–04	71
Table 6.7	Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1995–96 to 2003–04	72
Table 6.8	Local authority gross capital expenditure in the United Kingdom by country and service, 1995–96 to 2000–01	73
Table 6.9	Local authority capital receipts in the United Kingdom by country and service, 1995–96 to 2000–01	74

	Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1995–96 to 2003–04	75
Chapter 7	Public Corporations	
	Table 7.1 Public corporations' contributions to Budgets and TME, 1998–99 to 2003–04	80
	Table 7.2 Public corporations' contributions to Resource Budget DEL, 1998–99 to 2003–04	81
	Table 7.3 Public corporations capital expenditure, 1998–99 to 2003–04	82
	Table 7.4 Public corporations' contributions to budgets and TME, 1995–96 to 2000–01 (cash)	85
Chapter 8	Analysis of public expenditure by country and region	
	Table 8.1 Identifiable Total Managed Expenditure by country, 1995–96 to 1999–2000	91
	Table 8.2a Identifiable Total Managed Expenditure, 1995–96	92
	Table 8.2b Identifiable Total Managed Expenditure per head, 1995–96	92
	Table 8.3a Identifiable Total Managed Expenditure, 1996–97	93
	Table 8.3b Identifiable Total Managed Expenditure per head, 1996–97	93
	Table 8.4a Identifiable Total Managed Expenditure, 1997–98	94
	Table 8.4b Identifiable Total Managed Expenditure per head, 1997–98	94
	Table 8.5a Identifiable Total Managed Expenditure, 1998–99	95
	Table 8.5b Identifiable Total Managed Expenditure, per head 1998–99	95
	Table 8.6a Identifiable Total Managed Expenditure, 1999–2000	96
	Table 8.6b Identifiable Total Managed Expenditure per head, 1999–2000	96
	Table 8.7 Total expenditure on services analysed by country and function, 1999–2000	97
	Table 8.8 Non-identified expenditure on services by programme, 1999–2000	98
	Table 8.9 Identifiable Total Managed Expenditure by region and function, 1998–99	99
	Table 8.10 Identifiable Total Managed Expenditure per head by region and function, 1998–99	99
	Table 8.11 Identifiable Total Managed Expenditure by region and function, 1999–2000	100
	Table 8.12 Identifiable Total Managed Expenditure per head by region and function, 1999–2000	100

I. PUBLIC EXPENDITURE OVERVIEW

1.1 This chapter brings together information on public expenditure within the current budgeting and control framework. It also includes analyses of spending allocations from the central funds (including the Employment Opportunities Fund), information on Voted and non-Voted components of total public spending, and a breakdown of public expenditure by spending sector.

1.2 Outturn data on the budgeting and control aggregates in Tables 1.1 to 1.9 and 1.16 and 1.17 fall within the scope of National Statistics, as do outturn data in Table 1.15 (spending sectors). Data in Tables 1.10 to 1.14 are not National Statistics.

THE BUDGETING AND CONTROL FRAMEWORK: DEL, AME AND TME

1.3 Table 1.1 summarises public expenditure within the DEL/AME budgeting and control framework, which was first set out in the Economic and Fiscal Strategy Report of June 1988.

1.4 Departments are given firm three year spending limits called Departmental Expenditure Limits (DELs) within which they prioritise resources and plan ahead. In accordance with the fiscal rules, a clear distinction is made between current (now “resource” under resource budgeting) and capital spending, with departments’ budgets and DELs separated between resource and capital.

1.5 Spending that cannot reasonably be subject to firm multi-year limits is included in Annually Managed Expenditure (AME). Table 1.1 sets out the main elements of AME. Table 1.1 is in resource terms, as are all the other tables in this chapter, except for 1.16 and 1.17. Departmental AME (which is contained in departments’ budgets) includes social security spending, payments under the Common Agricultural Policy, and the various other items of departmental expenditure set out in Table 1.1. For the spending plans set in the 2000 Spending Review, each department’s AME also contains non-cash items such as depreciation and capital charges (see paragraph 1.11 below). These will be brought into DEL for future Reviews. Outside departments’ budgets, other AME consists of net payments to the EC, locally financed expenditure, debt interest, and accounting and other adjustments. All AME projections for future years are based on cautious estimates which are updated twice yearly in the Budget and Pre-Budget Reports.

1.6 Table 1.13 presents a breakdown of the accounting and other adjustments line in Table 1.1. Appendix B gives further details of these accounting and other adjustments.

1.7 DEL and AME together make up Total Managed Expenditure (TME), an aggregate which is drawn from the national accounts and is defined in national accounts terms as public sector current expenditure plus net investment plus depreciation. (See Chapter 4 and Table 4.1).

1.8 Table 1.2 shows each of the main spending departments’ total DELs, followed by total DEL under the Employment Opportunity Fund (EOF) programme, and unallocated total DELs for the Invest to Save Budget (ISB); the Capital Modernisation Fund (CMF); and the DEL Reserve. Details of allocations of each of these central funds are shown in Table 1.10 to 1.12, discussed below.

1.9 Table 1.3 and 1.4 present the same information as in Tables 1.1 and 1.2 in real terms.

RESOURCE BUDGETS AND CAPITAL BUDGETS

1.10 Under resource budgeting, departmental spending is separated into Resource Budgets and Capital Budgets, each containing DEL and AME. These are shown in **Table 1.5 and 1.6**, reconciled (using the accounting adjustments from **Table 1.1**) to the national accounts measures of total current and capital spending.

1.11 Resource Budgets, shown in **Table 1.5**, include the resource costs of the capital assets used to deliver public services. These costs consist of capital consumed in each year (depreciation), and the opportunity cost of tying up resources in these assets (capital charge). **Table 1.7** shows the Resource Budget for each main department. **Table 1.8** shows the non-cash costs for each main department that are included in their Resource Budgets. These include a cost of capital charge in respect of the department's public corporations. (These public corporations are shown by department in **Chapter 7**.)

1.12 Capital Budgets, shown in **Table 1.6**, include all the capital spending of the public sector, including public corporations, NHS trusts, and non-departmental public bodies. **Table 1.9** shows the Capital Budget for each main department, including the capital spending of public corporations.

ALLOCATIONS FROM CENTRAL FUNDS: EOF, ISB, CMF

1.13 **Tables 1.10 to 1.12** give details of the respective allocations by department of the Employment Opportunities Fund, the Invest to Save Budget, and the Capital Modernisation Fund, [including the CMF allocations announced in the 2001 Budget]. Expenditure allocated from the EOF is contained in separate EOF DELs for each department, which records outturn spending under the Welfare to Work DEL (the EOF's budgeting predecessor), and spending plans within each department's EOF allocation. Outturn spending and allocations to departments for future years under the Invest to Save Budget and the CMF are included in individual departmental limits in **Tables 1.2, 1.4, 1.7 and 1.8**. The remaining unallocated spending from these funds in future years is shown in separate lines in **Tables 1.2 and 1.4**. Full details of individual departments' programmes under all these programmes are given in departmental reports.

SUPPLY EXPENDITURE

1.14 **Table 1.14** shows the split of DEL and AME between money voted in Estimates, which accounts for about two-thirds, and other expenditure. The relationship between the budgetary aggregates (DEL and AME) and Supply Expenditure is explained in more detail in the introductory sections of the Supply Estimates 2001-02: Summary Request for Resources (HC 348).

PUBLIC EXPENDITURE BY EACH SPENDING SECTOR

1.15 **Table 1.15** 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 devolved administrations in Scotland, Wales and Northern Ireland, which are

classified to central government. Central government own expenditure is split into DEL, departmental AME, and the other AME elements, including 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 departments financed from regional rates. Further analyses of central government own expenditure are presented in **Chapter 4**.

1.16 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 are collected and distributed to local authorities by the devolved administration) and self-financed expenditure. Further analyses of local authority expenditure are presented in **Chapter 6**.

1.17 Public corporations expenditure is also split into DEL and AME, where all these DEL and AME components are included in departments' budgets. Departments' DELs include the profit or loss and capital expenditure of most public corporations, except for self-financing public corporations, whose profit or loss and capital expenditure are contained in departmental AME. The non-cash costs in AME in departments' Resource Budgets also include the cost of capital charge in respect of public corporations. Further analyses for public corporations are presented in **Chapter 7**.

TME OUTTURN UNDER CASH BUDGETING

1.18 **Table 1.16** is the cash budgeting equivalent of **Table 1.1** and shows outturns from 1995–96 and estimated outturn for 2000–01 for Total DEL, AME and its main components, and TME in cash terms. **Table 1.17** shows outturns and estimated outturn for Current and Capital DEL by department over the same period on the same cash basis.

CONTENT OF THIS PUBLICATION

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

GES Team,

HM Treasury,
Room 30/1,
Treasury Chambers,
Parliament Street,
London SW1P 3AG.
Fax 0171 270 4317
E-Mail philippa.todd@hm-treasury.gov.uk

Table I.1 Total Managed Expenditure 1998–99 to 2003–04

	resources, £ million					
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
	outturn	outturn	estimated outturn	plans	plans	plans
Departmental Expenditure Limits						
Resource Budget	153,498	159,996	172,600	187,300	200,200	211,900
Capital Budget	18,071	18,938	21,600	25,000	28,400	33,200
Total Departmental Expenditure Limits	171,569	178,933	194,200	212,300	228,500	245,100
Annually Managed Expenditure						
<i>Departmental AME:</i>						
Social Security benefits	91,989	97,045	99,093	104,933	108,611	113,496
Housing Revenue Account subsidies	3,486	3,285	3,175	4,555	4,326	4,105
Common Agricultural Policy	3,212	2,834	2,726	2,643	2,650	2,683
Export Credits Guarantee Department	-154	925	1,128	797	441	426
Self-financing Public Corporations capital exp.	709	1,379	1,429	1,128	1,229	1,012
Net public service pensions	5,185	5,165	5,448	5,588	5,570	5,919
National Lottery	1,830	1,949	2,004	2,337	2,223	1,823
Other programme expenditure	15	965	-112	60	-107	-326
<i>Non-cash items:</i>						
Depreciation	7,501	8,002	8,124	8,667	9,437	10,263
Cost of Capital charges	13,487	13,920	13,924	13,629	14,350	14,735
Provisions and other charges	522	2,316	1,429	-210	475	853
Total Departmental AME	127,781	137,785	138,400	144,100	149,200	155,000
<i>Other AME</i>						
Net payments to EC Institutions ⁽¹⁾	3,590	2,871	3,520	2,688	2,596	2,912
Locally financed expenditure	17,059	18,542	17,800	19,100	20,100	21,100
Central Government gross debt interest	29,512	25,297	26,560	23,144	24,173	23,997
Accounting and other adjustments	-18,473	-19,983	-12,200	-8,700	-8,800	-8,500
Total Other AME	31,687	26,727	35,600	36,300	38,000	39,500
AME Margin				1,000	2,000	3,000
Total Annually Managed Expenditure	159,469	164,512	174,000	181,400	189,200	197,500
Total Managed Expenditure	331,038	343,446	368,300	393,700	417,800	442,600
<i>of which:</i>						
Current expenditure	312,679	325,386	346,000	367,000	386,400	407,300
Net investment	4,052	3,440	7,400	11,200	15,300	18,700
Depreciation	14,307	14,620	14,900	15,500	16,000	16,600

(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: £4.1bn in 1998–99, £3.3bn in 1999–2000, £4.1bn in £2000–01, £3.4bn in 2001–02, £3.5bn in 2002–03, and £3.8bn in 2003–04. Figures from 2001–02 are trend estimates.

Table 1.2 Departmental Expenditure Limits, 1998–99 to 2003–04

	resources, £ million					
	1998–99 outturn	1999–00 outturn	2000–01 estimated outturn	2001–02 plans	2002–03 plans	2003–04 plans
Education and Employment	14,378	15,335	18,549	21,583	23,804	26,009
Health	38,992	40,928	45,399	49,909	54,799	59,317
of which: NHS	38,221	40,231	44,585	48,752	52,641	56,976
Environment, Transport and Regions	8,959	9,312	10,843	11,554	14,024	16,474
Local Government	32,737	34,197	35,363	36,961	39,274	41,906
Home Office	7,358	7,594	8,969	9,736	10,221	10,565
Lord Chancellor's Departments	2,480	2,413	2,756	2,854	2,836	2,845
Attorney General's Departments	338	335	381	426	433	445
Defence	23,682	24,095	23,303	23,769	24,187	24,965
Foreign and Commonwealth Office	1,095	1,156	1,264	1,366	1,260	1,310
International Development	2,238	2,547	2,798	3,115	3,347	3,560
Trade and Industry	2,978	2,989	3,732	4,607	4,348	4,293
Agriculture, Fisheries and Food	995	1,196	1,320	1,256	1,325	1,345
Culture, Media and Sport	977	1,002	998	1,123	1,170	1,240
Social Security (administration)	2,911	3,249	3,690	3,958	4,264	4,186
Scotland ⁽³⁾	13,143	13,889	15,152	16,422	17,601	18,676
Wales ⁽³⁾	7,529	7,163	7,802	8,490	9,206	9,862
Northern Ireland Executive ⁽³⁾	4,665	4,896	5,477	5,744	6,066	6,391
Northern Ireland Office	1,018	1,035	1,258	1,093	1,135	1,030
Chancellor's Departments	3,284	3,491	3,829	4,098	4,251	4,279
Cabinet Office	1,281	1,352	1,471	1,475	1,456	1,508
Employment Opportunities Fund ⁽¹⁾	533	759	1,493	875	854	1,371
Invest to Save Budget				21	42	68
Capital Modernisation Fund				455	880	1,175
Policy Innovation Fund				50	50	50
Reserve				1,400	1,700	2,200
Allowance for Shortfall			-1,600			
Departmental Expenditure Limits	171,569	178,933	194,200	212,300	228,500	245,100
Total education spending⁽²⁾	38,761	40,889	45,900	49,700	53,700	58,100

(1) Formerly Welfare to Work.

(2) Central government spending on education falling within DEL plus local authority education spending, partly financed from CG grant (in DEL) and partly locally financed (in AME).

(3) Allocations within DEL totals may be subject to final decisions on allocations by the devolved administrations.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.3 Total Managed Expenditure in real terms, 1998-99 to 2003-04⁽¹⁾

	resources, £ million					
	1998-99 outturn	1999-2000 outturn	2000-01 estimated outturn	2001-02 outturn	2002-03 outturn	2003-04 plans
<i>Department Expenditure Limits</i>						
Resource Budget	157,116	159,996	168,600	178,600	187,200	193,400
Capital Budget	18,497	18,938	21,300	24,000	26,500	30,300
Total Departmental Expenditure Limits	175,614	178,933	190,900	203,600	213,800	223,700
<i>Annually Managed Expenditure</i>						
Social security benefits	94,158	97,045	97,389	100,613	101,600	103,579
Housing Revenue Account subsidies	3,568	3,285	3,120	4,367	4,047	3,747
Common Agricultural Policy	3,287	2,834	2,679	2,534	2,478	2,448
Export Credits Guarantee Department	-157	925	1,109	764	413	389
Self-financing Public Corporations capital exp.	726	1,379	1,404	1,082	1,150	923
Net public service pensions	5,307	5,165	5,354	5,358	5,210	5,402
National Lottery	1,873	1,949	1,970	2,241	2,079	1,664
Other programme expenditure	16	965	-110	58	-100	-297
<i>Non-cash items:</i>						
Depreciation	7,677	8,002	7,985	8,310	8,828	9,366
Cost of capital charges	13,805	13,920	13,685	13,068	13,423	13,448
Provisions and other charges	534	2,316	1,404	-201	444	778
Total Departmental AME	130,974	137,785	136,000	138,200	139,600	141,500
<i>Other AME</i>						
Net payments to EC institutions ⁽²⁾	3,675	2,871	3,459	2,578	2,429	2,657
Locally financed expenditure	17,461	18,542	17,473	18,346	18,771	19,225
Central Government gross debt interest	30,208	25,297	26,103	22,191	22,613	21,900
Accounting and other adjustments	-19,054	-19,982	-17,011	-13,978	-13,762	-13,108
Total Other AME	32,289	26,727	30,000	29,100	30,000	30,700
AME Margin				1,000	1,900	2,700
Total Annually Managed Expenditure	163,228	164,512	171,000	173,900	177,000	180,200
Total Managed Expenditure	338,841	343,446	361,900	377,500	390,800	403,900
<i>Of which</i>						
Current expenditure	320,049	325,386	340,000	351,900	361,500	371,700
Net investment	4,000	4,148	7,200	10,700	14,300	17,100
Depreciation	14,644	14,620	14,900	15,500	16,000	16,600

(1) At 1999-2000 prices, using GDP deflators consistent with the Financial Statement and Budget Report, March 2001.

(2) 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 here therefore differ from the UK's net contribution to the EC Budgets.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.4 Departmental Expenditure Limits in real terms⁽¹⁾, 1998–99 to 2003–04

	resources, £ million					
	1998-99	1990-00	2000-01	2001-02	2002-03	2003-04
	outturn	outturn	estimated outturn	plans	plans	plans
Education and Employment	14,717	15,335	18,230	20,694	22,267	23,736
Health	39,911	40,928	44,619	47,854	51,262	54,135
of which: NHS	39,122	40,231	43,819	46,745	49,242	51,998
Environment, Transport and Regions	9,170	9,312	10,656	11,079	13,119	15,035
Local Government	33,509	34,197	34,755	35,439	36,739	38,244
Home Office	7,531	7,594	8,815	9,335	9,561	9,642
Lord Chancellor's Departments	2,538	2,413	2,708	2,736	2,653	2,597
Attorney General's Departments	346	335	374	409	405	406
Defence	24,240	24,095	22,903	22,791	22,626	22,784
Foreign and Commonwealth Office	1,121	1,156	1,242	1,310	1,178	1,195
International Development	2,290	2,547	2,750	2,986	3,131	3,249
Trade and Industry	3,048	2,989	3,668	4,418	4,068	3,918
Agriculture, Fisheries and Food	1,018	1,196	1,297	1,204	1,240	1,228
Culture, Media and Sport	1,000	1,002	981	1,077	1,094	1,131
Social Security (administration)	2,980	3,249	3,627	3,795	3,989	3,820
Scotland	13,452	13,889	14,892	15,746	16,464	17,045
Wales	7,706	7,163	7,668	8,141	8,612	9,000
Northern Ireland Executive	4,775	4,896	5,383	5,508	5,674	5,833
Northern Ireland Office	1,042	1,035	1,236	1,048	1,062	940
Chancellor's Departments	3,362	3,491	3,763	3,929	3,976	3,905
Cabinet Office	1,311	1,352	1,446	1,415	1,362	1,376
Employment Opportunities Fund ⁽²⁾	546	759	1,467	839	799	1,251
Invest to Save Budget				20	40	62
Capital Modernisation Fund				436	823	1,072
Policy Innovation Fund				48	47	46
Reserve				1,300	1,600	2,000
Allowance for shortfall			-1,600			
Departmental Expenditure Limits	175,614	178,933	190,900	203,600	213,800	223,700
Total education spending ⁽³⁾	39,675	40,889	45,111	47,654	50,233	53,024

(1) At 1999–2000 prices, using GDP deflators consistent with the Financial Statement and Budget Report, March 2001.

(2) Formerly Welfare to Work

(3) Central government spending on education falling within DEL plus local authority education spending, partly financed from CG grant (in DEL) and partly locally financed (in AME).

Table I.5 Public Sector Current Expenditure, 1998–99 to 2003–04

	resources, £ million					
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	outturn	outturn	estimated outturn	plans	plans	plans
Resource Budget:						
Resource Budget DEL	153,498	159,996	172,600	187,300	200,200	211,900
Resource Budget AME	125,982	133,779	134,600	140,700	146,100	152,400
Total Resource Budget	279,480	293,775	307,200	328,000	346,300	364,200
Other current spending in AME						
Net payments to EC Institutions	3,590	2,871	3,520	2,688	2,596	2,912
Locally financed current expenditure ⁽¹⁾	16,609	18,092	17,300	17,100	18,200	19,300
Central Government debt interest	29,512	25,297	26,560	23,144	24,173	23,997
AME margin (current)				1,000	2,000	3,000
Accounting and other adjustments	-20,302	-18,709	-12,500	-9,100	-10,500	-10,200
Classification changes to national accounts	3,790	4,061	3,958	4,203	3,718	4,032
Public Sector current expenditure	312,700	325,400	346,000	367,000	386,400	407,300

(1) See footnote 1 to Table I.1

I. PUBLIC EXPENDITURE OVERVIEW

Table I.6 Public Sector Net Investment, 1998-99 to 2003-04

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn
<i>Capital Budget</i>						
Capital Budget DEL	18,071	18,938	21,600	25,000	28,400	33,200
Capital Budget AME	1,799	4,006	3,800	3,500	3,100	2,600
Total Capital Budget	19,871	22,944	25,500	28,400	31,500	35,900
<i>Other capital spending in AME</i>						
Locally financed capital expenditure	450	450	500	2,000	1,900	1,800
AME Margin (capital)						
Accounting and other adjustments	1,828	-1,273	300	400	1,700	1,700
Classification changes to national accounts	-3,790	-4,061	-4,000	-4,200	-3,700	-4,000
Public sector gross investment	18,359	18,060	22,300	26,700	31,300	35,300
Less Depreciation (national accounts)	14,307	14,620	14,900	15,500	16,000	16,600
Public sector net investment	4,052	3,440	7,400	11,200	15,300	18,700

Table I.7 Resource Budgets, 1998-99 to 2003-04

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Within DEL						
Education and Employment	13,469	14,213	17,033	18,944	20,773	22,131
Health	38,232	40,014	43,949	47,820	52,424	56,605
<i>of which: NHS</i>	37,521	39,378	43,204	46,771	50,353	54,352
Environment, Transport and Regions	3,666	3,990	4,569	5,125	5,742	5,762
Local Government	32,377	33,924	35,311	36,903	39,000	41,582
Home Office	6,852	7,102	8,239	8,798	9,221	9,675
Lord Chancellor's Departments	2,391	2,353	2,672	2,757	2,744	2,756
Attorney General's Departments	334	331	364	407	426	439
Defence	17,693	18,150	18,068	18,265	18,474	18,718
Foreign and Commonwealth Office	991	1,047	1,137	1,239	1,107	1,146
International Development	2,012	2,276	2,490	2,715	2,955	3,161
Trade and Industry	2,731	2,799	3,279	3,895	3,581	3,268
Agriculture, Fisheries and Food	873	1,006	1,149	1,066	1,065	1,103
Culture, Media and Sport	865	928	954	1,003	1,098	1,159
Social Security (administration)	3,222	3,206	3,584	3,855	4,156	4,152
Scotland ⁽²⁾	11,679	12,104	12,792	14,040	15,303	16,251
Wales ⁽²⁾	6,566	6,275	6,912	7,541	8,155	8,799
Northern Ireland Executive ⁽²⁾	4,059	4,291	4,784	4,987	5,290	5,648
Northern Ireland Office	992	1,008	1,214	1,035	1,078	982
Chancellor's Departments	3,176	3,338	3,761	3,916	4,025	4,041
Cabinet Office	1,049	1,150	1,216	1,297	1,301	1,342
Employment Opportunities Fund ⁽¹⁾	269	490	733	873	854	1,371
Invest to Save Budget				16	30	53
Policy Innovation Fund				40	40	40
Reserve				800	1,300	1,700
Allowance for shortfall			-1,600			
Total Resource Budget DEL	153,498	159,996	172,600	187,300	200,200	211,900

(1) Formerly Welfare to Work.

(2) Allocations within DEL totals may be subject to final decisions on allocations by the devolved administration.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.7 Resource Budgets, 1998–99 to 2003–04 (continued)

	resources, £ million					
	1998–99 outturn	1999–00 outturn	2000–01 estimated outturn	2001–02 plans	2002–03 plans	2003–04 plans
Within Departmental AME						
Education and Employment	1,629	1,671	1,808	1,885	2,004	2,203
Health	2,886	2,329	2,667	2,026	2,067	2,184
of which: NHS	2,263	1,874	1,933	1,851	1,948	2,061
Environment, Transport and Regions	7,109	7,198	6,663	7,694	7,628	7,548
Local Government	0	0	1	1		
Home Office	803	722	427	477	554	613
Lord Chancellor's Departments	23	30	33	48	49	49
Attorney General's Departments	4	4	7	12	12	12
Defence	12,148	12,868	12,242	12,723	14,039	14,815
Foreign and Commonwealth Office	97	122	139	153	199	202
International Development	317	592	720	526	586	662
Trade and Industry	109	2,049	1,360	-201	202	325
Agriculture, Fisheries and Food	2,663	2,420	2,228	2,175	2,196	2,244
Culture, Media and Sport	659	384	918	1,074	961	790
Social Security	88,824	93,725	95,690	101,344	104,919	109,641
Scotland ⁽¹⁾	1,615	1,735	1,864	2,008	1,950	2,033
Wales ⁽¹⁾	1,081	1,192	1,197	1,219	1,238	1,266
Northern Ireland Executive ⁽¹⁾	4,690	4,914	5,108	5,323	5,497	5,693
Northern Ireland Office	20	201	61	100	140	139
Chancellor's Departments	54	177	229	299	307	332
Cabinet Office	1,251	1,446	1,191	1,791	1,553	1,602
Total Resource Budget Departmental AME	125,982	133,779	134,600	140,700	146,100	152,400
Total Resource Budget	279,480	293,775	307,200	328,000	346,300	364,200

Table I.8 Non-cash Resource Departmental AME, 1998–99 to 2003–04

	resources, £ million					
	1998–99 outturn	1999–00 outturn	2000–01 estimated outturn	2001–02 plans	2002–03 plans	2003–04 plans
Education and Employment	57	13	31	29	31	31
Health	2,263	1,874	1,936	1,854	1,951	2,064
Environment, Transport, Regions	3,860	4,139	3,722	3,403	3,521	3,670
Local Government	0	0	1	1		
Home Office	811	414	428	479	558	619
Lord Chancellor's Departments	23	30	33	48	49	49
Attorney General's Departments	4	4	7	12	12	12
Defence	10,980	11,637	10,907	11,297	12,535	13,254
Foreign and Commonwealth Office	97	123	139	154	200	203
International Development	186	462	593	402	468	545
Trade and Industry	-84	1,250	1,297	-299	291	622
Agriculture, Fisheries and Food	120	164	154	148	159	171
Culture, Media and Sport	126	124	144	155	101	100
Social Security	4	30	44	72	100	104
Scotland ⁽¹⁾	882	1,165	1,264	1,356	1,300	1,337
Wales ⁽¹⁾	723	844	836	858	873	892
Northern Ireland Executive ⁽¹⁾	1,275	1,366	1,410	1,429	1,445	1,462
Northern Ireland Office	56	239	46	55	48	54
Chancellor's Departments	140	277	339	400	429	455
Cabinet Office	-14	83	145	232	189	207
Total Non-cash Department AME	21,509	24,238	23,500	22,100	24,300	25,900

(1) Allocations within DEL totals may be subject to final decisions on allocations by the devolved administrations.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.9 Capital Budgets, 1998-99 to 2003-04

	resources, £ million					
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	outturn	outturn	estimated outturn	plans	plans	plans
Within DEL						
Education and Employment	909	1,123	1,516	2,639	3,030	3,878
Health	760	914	1,451	2,089	2,375	2,712
of which: NHS	700	853	1,381	1,981	2,287	2,625
Environment, Transport and Regions	5,293	5,321	6,274	6,429	8,282	10,712
Local Government	360	272	52	57	274	324
Home Office	506	492	730	938	1,000	890
Lord Chancellor's Departments	88	59	84	97	92	90
Attorney General's Departments	5	4	17	19	6	6
Defence	5,988	5,945	5,235	5,505	5,713	6,247
Foreign and Commonwealth Office	104	109	127	127	152	163
International Development	226	271	307	400	391	399
Trade and Industry	247	191	453	712	768	1,026
Agriculture, Fisheries and Food	121	190	171	190	260	242
Culture, Media and Sport	112	75	44	120	71	80
Social Security (administration)	-311	42	106	103	108	34
Scotland	1,464	1,784	2,361	2,382	2,298	2,425
Wales	963	888	890	949	1,051	1,063
Northern Ireland Executive	605	605	693	757	776	743
Northern Ireland Office	26	27	43	58	57	48
Chancellor's Departments	108	153	68	181	226	238
Cabinet Office	232	202	255	179	155	165
Employment Opportunities Fund ⁽¹⁾	264	269	760	1		
Invest to Save Budget				5	12	15
Capital Modernisation Fund				455	880	1,175
Policy Innovation Fund				10	10	10
Reserve				591	373	538
Total Capital Budget DEL	18,071	18,938	21,600	25,000	28,400	33,200
Within Departmental AME						
Education and Employment	1	3	1	1	1	1
Local Government				50		
Trade and Industry	-226	919	1,091	764	432	417
Agriculture, Fisheries and Food	9	2	2	1	1	1
Culture, Media and Sport	1,305	1,673	1,212	1,412	1,344	1,104
Social Security		29	78	88	92	94
Northern Ireland Executive	1	1	1	1	1	1
Self-financing public corporations' capital expenditure	709	1,379	1,429	1,128	1,229	1,012
Total Capital Budget Departmental AME	1,799	4,006	3,800	3,500	3,100	2,600
Total Capital Budget	19,871	22,944	25,500	28,500	31,500	35,900

(1) Formerly Welfare to Work.

Table I.10 Employment Opportunity Fund⁽¹⁾ DELs, 1998-99 to 2003-04

Department	resources, £ million					
	1998-99 outturn	1999-2000 outturn	2000-01 estimated outturn	2001-02 outturn	2002-03 outturn	2003-04 plans
Education and Employment	487	679	1,357	787	796	774
Health	0	0	0	0	0	0
Home Office	1	0	0	0	0	0
Trade and Industry	0	0	7	5	5	0
Social Security (administration)	0	12	22	6	0	0
Scotland	0	1	1	1	0	0
Wales	2	3	3	1	0	0
Northern Ireland	16	37	77	0	0	0
Total allocated	533	759	1,493	800	801	774
Unallocated	0	0	0	75	53	597
Total Employment Opportunity Fund DEL	533	759	1,493	875	854	1,371
<i>Allocated amounts by spending sector:</i>						
Central Government own expenditure	274	497	752	795	797	770
Central Government support for local authorities	259	262	741	4	5	5
<i>Allocated amounts by Resource and Capital Budgets:</i>						
Resource Budget EOF DEL	269	490	732	798	801	774
Capital Budget EOF DEL	264	269	760	1	0	0

(1) Formerly Welfare to Work expenditure financed by the Windfall Tax

Table I.11 Invest to Save Budget⁽¹⁾, 1999-2000 to 2003-04

	resources, £ million				
	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Education and Employment	19.9	11.2	24.8	1.8	1.2
Health	0.2	8.6	6.3	1.9	1.1
Environment, Transport and Regions	0.5	0.7	2.5	0.7	0.1
Local Government	0.0	12.6	18.0	12.3	7.5
Home Office	0.5	4.7	7.2	5.2	1.2
Lord Chancellor's Departments	0.6	2.4	0.4	0.0	0.0
Attorney General's Departments	0.0	0.0	0.0	0.0	0.0
Defence	0.0	0.1	2.0	1.3	0.1
Trade and Industry	0.0	5.7	6.4	3.8	0.1
Agriculture, Fisheries and Food	0.0	0.8	0.6	0.4	0.4
Culture, Media and Sport	0.1	0.1	0.0	0.1	0.0
Social Security (administration)	12.6	16.1	1.5	1.3	0.3
Scotland	0.0	0.5	0.0	0.0	0.0
Wales	0.3	6.7	5.7	0.6	0.0
Northern Ireland Executive	1.2	1.3	0.8	0.0	0.0
Northern Ireland Office	0.5	0.1	0.2	0.0	0.0
Chancellor's Departments	1.8	4.6	3.2	1.4	0.0
Cabinet Office	0.0	0.8	0.1	0.0	0.0
Unallocated	0.0	0.0	21.0	42.3	67.6
Total Invest to Save Budget	38.2	76.9	100.8	73.1	79.6

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

Table 1.12 Capital Modernisation Fund, 2000-01 to 2002-03

		resources, £ million			
		2000-01	2001-02	2002-03	Total
		estimated outturn	plans	plans	
Total size of fund		1,200	1,332	900	3,432
Department	Project				
Round 1 allocations					
Education and Employment	National IT Strategy	150	200	0	350
Education and Employment	Call Centres	20	30	0	50
Education and Employment	Internet job matching scheme	18	0	0	18
Health	A&E and primary modernisation	110	150	0	260
Health	Action on cataracts	12	8	0	20
Health	Meningitis vaccinations	0	0	0	0
Home Office	Crime Reduction	60	70	0	130
Home Office	National police radio programme (PSRCP)	50	0	0	50
Home Office/Lord Chancellor's Department/					
Crown Prosecution Service	IT integration in criminal justice system	20	10	0	30
Home Office	DNA databases	17	3	0	20
Home Office	Active Communities	3.6	4.0	0	7.7
DETR	London Underground	100	0	0	100
DETR	Priority Bus routes	50	0	0	50
DETR	Rural transport	0	0	0	0
DETR	Networking of DSA test centres	2.8	0	0	2.8
DETR	Automatic number plate readers	0.4	0	0	0.4
Trade and Industry	MIT/Cambridge Joint Venture	14	14	0	28
Trade and Industry	Venture Capital Fund	19	0	0	19
Customs and Excise	Scanners	1	22	0	23
Social Security	Welfare Modernisation Fund	50	100	0	150
Foreign and Commonwealth Office	Information kiosks	5	7	0	12
Foreign and Commonwealth Office	Electronic procurement by posts overseas	0.6	0	0	0.6
Defence	Biological munitions disposal	1	1	0	2
Treasury	Partnerships UK	29	1	0	30
Treasury	Adding-it up	2	2	0	4
Treasury/Cabinet Office	Electronic procurement	0.8	0.3	0	1.1
Round 2 allocations					
Health	Modernising Coronary Heart Disease	50	70	0	120
Culture, Media and Sport/	Space for Sports and Arts - DfEE/DCMS cross bid	15	60	0	75
Education and Employment	School laboratories for the 21st century	30	30	0	60
DETR	DLR City airport extension	10	20	0	30
DETR	Internet access to Planning Inspectorate's planning appeal system	1	2	0	3
Home Office	Prison pressures	40	0	0	40
Home Office	National Strategy on Police Information Systems	20	20	0	40
Home Office	Government Technical Assistance Centre	10	15	0	25
Lord Chancellor's Department	Court Service: Transforming the Crown Court	10	13	0	23
Home Office	Video recording police interviews	5	15	0	20
Home Office	DNA database population	0	14	0	14
Home Office	Video-links: Modernising the Court Process	2.7	2.6	0	5.3
Home Office	Post-release support hostel for prisoners after drug treatment	5	0	0	5
Crown Prosecution Service	CPS: Support the introduction of joint police/CPS criminal justice units	3.8	1.3	0	5
Home Office	Electronic 'chipping' of goods	4.5	0	0	4.5
Judiciary Service	IBIS: CJS interface	1.5	0	0	1.5
Met Police	Project Lion	1	0	0	1
Trade and Industry	Small Business Service (SBS) Gateway	15	5	0	20
Trade and Industry	Getting SMEs on-line	10	0	0	10
Inland Revenue	E-business gateway	30	0	0	30
Cabinet Office	Corporate IT Strategy for Government	15	5	0	20
Cabinet Office	Knowledge network	10	0	0	10
Trade and Industry/Treasury	Clusters package	15	35	0	50
Trade and Industry	Internet access to the Employment Tribunals	0.3	0.2	0	0.5

Table 1.12 Capital Modernisation Fund Allocations, 2000–01 to 2002–03 (continued)

		resources, £ million			
		2000–01	2001–02	2002–03	Total
		estimated outturn	plans	plans	
Total size of fund		1,200	1,332	900	3,432
Department	Project				
Agriculture, Fishery and Foods	TSE research project	4	9.9	0	13.9
Agriculture, Fishery and Foods	Creation of European Centre for Organic Fruit and Nursery Stock	0.3	2.0	0	2.3
Forestry Commission	Community Forestry delivering sustainable regeneration	4.7	4.7	0	9.4
Social Security	MIG take-up: electronic claims form	8	0	0	8
Defence	Defence Technology for Health	4.3	6.6	0	10.8
Defence	Portable Humanitarian Mine Detector	1.4	1.6	0	3
Defence	Improved flood & severe weather warnings	0.4	0.7	0	1.2
Education and Employment/ Treasury	Wired-up communities	5	5	0	10
Education and Employment	Univerisity for Industry on-line	8	2	0	10
Round 3 allocations to date					
Health	Decontamination	0	5	100	150
DETR	Neighbourhood Renewal Fund	0	30	0	30
Trade and Industry	Incubators	0	5	20	25
Education and Employment	New Technology Institutes	0	0	10	10
Education and Employment	Cybrarian	0	2.5	2.5	5
Subtotals		1077	1051	132	2260
Devolved administrations					
Scotland		79	91	42	213
Wales		35	46	25	106
Northern Ireland		26	30	12	68
Total commitments implied by these allocations		1217	1218	212	2647
Total remaining for future CMF allocations		0⁽¹⁾	105	688	793

(1) Funds not allocated in 1999–2000 and 2000–01 have not been carried forward to 2001–02 total remaining for allocation.

Table 1.13 Accounting and other adjustments 1998–99 to 2003–04

	£ million					
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
	outturn	outturn	estimated outturn	plans	plans	plans
Non-trading capital consumption	7,600	7,870	8,102	8,408	8,787	9,151
VAT refunds	5,369	5,881	6,261	6,748	7,308	7,789
European Community contributions	–6,052	–5,576	–6,290	–5,927	–5,373	–4,719
Tax credits	2,021	2,987	4,925	5,815	6,064	6,109
Financial transactions in departmental budgets	–422	–1,848	–2,471	–2,245	–2,010	–2,146
Adjustments for public corporations	2,558	3,073	4,132	4,125	4,256	4,505
Intra general government debt interest	–3,326	–3,388	–2,873	–2,926	–3,144	–2,803
Adjustments for expenditure financed by receipts	84	85	143	169	218	214
Other accounting adjustments	–4,569	–4,581	–300	–500	–400	–500
Removal of non-cash items in budget	–21,736	–24,456	–23,797	–22,314	–24,494	–26,087
Total accounting and other adjustments	–18,473	–19,983	–12,200	–8,700	–8,800	–8,500

I. PUBLIC EXPENDITURE OVERVIEW

Table I.14 Voted and non-voted expenditure in TME, 1998–99 to 2003–04

	resources, £ million					
	1998–99 outturn	1999–2000 outturn	2000–01 estimated outturn	2001–02 plans	2002–03 plans	2003–04 plans
Voted expenditure in TME:						
DEL						
Central Government spending	91,021	92,177	99,112	105,038	111,140	117,558
Central Government support for local authorities	44,927	43,391	45,919	48,592	53,008	56,816
Central Government support for public corporations: subsidies	296	353	376	277	280	282
Departmental AME						
Central Government own spending (including non-cash costs)	61,292	65,439	63,986	65,700	67,439	70,237
Central Government support for local authorities	11,072	10,881	11,115	12,654	13,059	13,636
Central Government support for public corporations: cost of capital charge	6	12	7	8	8	8
Other AME						
Central Government spending (EU receipts)	–4,948	–4,541	–4,636	–3,835	–3,220	–3,293
Total voted expenditure in TME	203,666	207,711	215,879	228,434	241,715	255,245
Non-Voted expenditure in TME:						
DEL						
Central Government spending (including spending by Devolved Executives and Non-Departmental Public Bodies)	26,702	32,877	36,100	43,094	46,395	50,285
Central Government support for local authorities: credit approvals	7,199	9,380	11,219	11,390	12,957	14,017
Public Corporations	1,425	756	1,519	1,948	2,027	2,025
DEL not allocated by spending sector				1,952	2,725	4,103
AME						
Central Government spending (including spending by Devolved Executives and Non-Departmental Public Bodies)	52,875	57,345	59,714	62,890	65,831	68,731
Central Government support for local authorities: credit approvals	342	468	529	648	584	524
Public Corporations (including non-voted cost of capital charge)	2,193	3,640	3,017	2,228	2,283	1,852
Other AME						
Central Government debt interest, AME margin, locally financed expenditure, non-voted net payments to EU, and accounting and other adjustments	36,634	31,268	40,280	41,124	43,244	45,804
Total non-voted expenditure in TME	127,372	135,734	152,400	165,300	176,000	187,300
Total Managed Expenditure	331,038	343,445	368,300	393,700	417,800	442,600

Memorandum:

Voted expenditure not in TME (included within "Other spending outside DEL" in Estimates):

Grants to NDPBs to finance their expenditure	10,708	12,568	13,957	17,669	18,588	19,813
Grants to Devolved Executives to finance their expenditure	1,472	21,825	27,560	31,187	16,302	16,933
Other non-public expenditure	1,776	3,328	5,471	3,644	3,157	3,186
Total voted expenditure not in TME	13,956	37,721	46,988	52,501	38,046	39,932
Total voted expenditure	217,623	245,432	262,866	280,934	279,760	295,177

Table I.15 Total Managed Expenditure by Spending Sector, 1998-99 to 2003-04

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Central Government own expenditure:						
DEL	117,723	125,054	135,200	148,100	157,500	167,800
Departmental AME	114,167	122,784	123,700	128,600	133,300	139,000
Locally financed support in						
Northern Ireland	97	111	129	142	172	203
Net payments to EC institutions ⁽¹⁾	3,590	2,871	3,520	2,688	2,596	2,912
Central Government debt interest	29,512	25,297	26,560	23,144	24,123	23,997
Accounting and other adjustments	-18,769	-22,123	-15,900	-12,400	-12,700	-12,600
Total Central Government own expenditure	246,320	253,994	273,200	290,300	305,100	321,300
Local Authority expenditure:						
Central Government support in DEL	52,125	52,771	57,100	60,000	66,000	70,800
Central Government support in departmental AME	11,414	11,349	11,600	13,300	13,600	14,200
Locally financed support in						
Scotland	1,395	1,441	1,473	1,560	1,570	1,590
Local authority self-financed expenditure	15,567	16,990	16,200	17,400	18,300	19,300
Accounting and other adjustments	59	2,836	4,700	4,500	4,400	4,400
Total Local Authority expenditure	80,561	85,386	91,100	96,800	103,900	110,300
Public Corporation expenditure:						
DEL	1,721	1,109	1,900	2,200	2,300	2,300
Departmental AME	2,200	3,652	3,000	2,200	2,300	1,900
Accounting and other adjustments	236	-695	-1,000	-800	-500	-200
Total Public Corporation expenditure	4,157	4,066	3,900	3,697	4,058	3,941
<i>DEL not allocated by spending sector</i>						
Unallocated EOF				75	53	527
Invest to Save Budget				21	42	68
Capital Modernisation Fund				455	880	1,175
Policy Innovation Fund				50	50	50
DEL Reserve				1,400	1,700	2,300
AME margin				1,000	2,000	3,000
Total Managed Expenditure	331,038	343,446	368,257	393,700	417,800	442,600

(1) See footnote 1 to Table I.1.

Table I.16 Total Managed Expenditure, 1995-96 to 2000-01 (cash basis)

	cash, £ million					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Departmental Expenditure Limits	158,065	161,395	162,300	167,500	176,300	193,500
Annually Managed Expenditure						
Social security benefits	86,077	89,750	91,007	93,360	96,850	99,030
Housing Revenue Account subsidies	4,238	4,184	3,980	3,521	3,228	3,287
Common Agricultural Policy	2,640	2,928	2,473	2,746	2,465	2,444
Export Credits Guarantee Department	-22	71	94	707	868	1,361
Self-financing Public Corporations	-243	60	-294	-304	236	197
Net public service pensions	4,271	4,979	5,353	4,681	5,194	5,906
National Lottery	170	520	1,090	1,830	1,949	2,004
Net payments to EC institutions	3,355	1,802	2,153	3,590	2,871	3,520
Locally financed expenditure	14,555	14,337	15,600	17,100	18,500	17,800
Central Government gross debt interest ⁽¹⁾	26,452	27,987	29,968	29,512	25,297	26,560
Accounting and other adjustments	10,215	8,614	9,500	6,900	9,700	12,700
AME Margin						
Total Annually Managed Expenditure	151,707	155,232	161,000	163,600	167,000	174,800
Total Managed Expenditure	309,772	316,627	323,300	331,000	343,500	368,300
<i>of which:</i>						
Current expenditure	286,827	298,148	305,600	312,700	325,400	346,000
Net investment	8,910	4,674	3,800	4,100	3,400	7,400
Depreciation	14,035	13,805	13,900	14,300	14,600	14,900

(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 I.17 Departmental Expenditure Limits – Current and Capital Budgets, 1995–96 to 2000–01 (cash basis)

	cash, £ million					
	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 estimated outturn
Current Budget						
Education and Employment	12,899	13,448	14,043	13,580	14,205	17,022
Health	32,103	33,396	35,068	37,470	40,575	44,723
<i>of which: NHS</i>	<i>31,303</i>	<i>32,761</i>	<i>34,518</i>	<i>36,767</i>	<i>39,937</i>	<i>43,984</i>
Environment, Transport and Regions	4,120	4,177	4,108	4,050	4,301	5,040
Local Government	30,228	31,207	31,067	32,377	33,924	35,309
Home Office	5,703	5,916	6,185	6,523	7,082	8,209
Lord Chancellor's Departments	2,122	2,214	2,258	2,285	2,302	2,595
Attorney General's Departments	312	317	319	320	329	359
Defence	19,921	20,665	20,059	20,847	21,149	21,938
Foreign and Commonwealth Office	1,200	980	987	1,003	1,066	1,157
International Development	1,925	1,859	1,766	2,035	2,295	2,493
Trade and Industry	2,996	2,763	2,671	2,650	2,780	3,477
Agriculture, Fisheries and Food ¹	699	1,837	1,413	1,239	1,184	1,359
Culture, Media and Sport	831	857	799	842	915	939
Social Security (administration)	3,134	3,281	3,229	3,252	3,145	3,540
Scotland ²	10,715	11,326	11,396	11,616	12,257	13,356
Wales ²	5,261	5,443	5,605	5,858	6,345	6,880
Northern Ireland Executive ²	3,754	3,926	4,022	4,148	4,387	4,826
Northern Ireland Office	875	891	908	945	961	1,098
Chancellor's Departments	2,609	2,567	2,625	3,063	3,409	3,785
Cabinet Office	1,258	1,247	1,022	1,011	1,107	1,160
Welfare to Work ³			44	258	482	729
Allowance for shortfall						-2,600
Total Current Budget	142,665	148,316	149,594	155,371	164,199	177,400

Table 1.17 Departmental Expenditure Limits – Current and Capital Budgets, 1995–96 to 2000–01 (cash basis) (continued)

	cash, £ million					
	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Capital Budget						
Education and Employment	1,282	787	734	744	1,035	1,504
Health ⁽⁴⁾	848	367	228	-98	4	616
<i>of which: NHS⁽⁴⁾</i>	683	235	146	-159	-57	546
Environment, Transport and Regions	5,504	5,484	5,499	4,941	5,303	6,224
Local Government	67	111	305	360	272	51
Home Office	679	520	546	581	462	771
Lord Chancellor's Departments	197	91	59	65	9	46
Attorney General's Departments	8	5	5	11	5	17
Defence	1,506	718	852	1,608	1,214	1,510
Foreign and Commonwealth Office	133	73	90	90	83	101
International Development	272	237	233	226	25	55
Trade and Industry	436	560	407	297	184	436
Agriculture, Fisheries and Food ⁽¹⁾	193	337	279	123	80	186
Culture, Media and Sport	183	98	104	74	78	68
Social Security (administration)	155	119	0	-308	42	106
Scotland ⁽²⁾	1,738	1,642	1,503	1,468	1,486	1,999
Wales ⁽²⁾	1,085	1,031	893	817	743	812
Northern Ireland Executive ⁽²⁾	558	488	476	471	445	548
Northern Ireland Office	58	52	56	30	30	40
Chancellor's Departments	190	183	125	78	81	-46
Cabinet Office	217	177	188	237	224	268
Welfare to Work ⁽³⁾			99	278	265	774
Total Capital Budget	15,400	13,080	12,682	12,093	12,072	16,100
Departmental Expenditure Limits	158,065	161,395	162,276	167,464	176,271	193,500

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

(2) For Scotland, Wales and Northern Ireland the split between resource and capital budgets is decided by the respective Executives.

(3) Expenditure financed by the Windfall Tax.

(4) Covers the capital budget of the Department of Health only and excludes NHS Trusts.

2. DIFFERENCES FROM PREVIOUS PLANS

INTRODUCTION

2.1 This chapter compares the latest plans for DEL and AME with the plans set out in PESA last year (Cm 4601) which were consistent with Budget 2000. The introduction of resource budgeting means that the comparisons are presented in two different ways (cash or resource) depending on the year. The tables in this chapter do not fall within the scope of National Statistics.

TYPES OF CHANGES

2.2 The comparisons distinguish between:

- (i) Transfers of financing responsibility between departments and spending sectors; and classification changes, ie. changes in the way public expenditure is scored or re-allocation of functions between departments; and
- (ii) other changes, which are due to policy decisions or changes in forecasts of expenditure outside DEL.

CASH TABLES

2.3 Tables 2.1, 2.2, 2.3 and 2.4 give data for 1999/2000 and 2000/2001. The previous plans and new plans are both presented on a cash basis (shows the figures as they would be without the impact of resource budgeting). Tables start with the plans in last year's PESA for each department and show the effect of classification and transfer changes (see definition below). Total DEL is also affected by the carry forward of under-spending. This is shown in table along with classification and transfer changes to give a column for "revised plans". This is a restatement of the old plans before the impact of any policy decisions to change spending plans or revisions to forecasts of future spending. The other changes column shows, for 1999–2000, the differences between the revised estimate and actual outturn expenditure. For 2000–2001 it shows the impact of decisions made to change departmental expenditure limits during the year and revised estimates of actual outturn.

2.4 Table 2.1 shows changes to DEL by department; Table 2.2 AME and TME; Table 2.3 current DEL; and Table 2.4 shows changes to capital budgets.

RESOURCE TABLES

2.5 Tables 2.5, 2.6 and 2.7 give data on spending plans for 2001–02. This was the latest year shown in last year's PESA and was the final year for spending plans set in the 1998 Comprehensive Spending Review. It is the first year for spending plans set in the 2000 Spending Review (SR2000) announced in July 2000 (published as Cm 4807).

2.6 Tables 2.5, 2.6 and 2.7 start by showing the cash spending plans in last year's PESA. The figures are adjusted to remove the extra resources for health announced in Budget 2000 which were included in the FSBR and last year's PESA. In Tables 2.5, 2.6 and 2.7 in this PESA, the extra funds for health are included in the Spending Review column since the decision to increase health spending was part of the Spending Review process.

2.7 The second column shows the impact of the introduction of resource budgeting on the cash plans shown in last year's PESA. This explained in more detail in annex F.

2.8 The third column gives the impact of decisions made in SR2000. The fourth column shows the plans announced in SR2000. These are presented on a resource budgeting basis.

2.9 The fifth column shows transfer and classification changes. The sixth shows other changes arising from decisions made since SR2000 affecting spending plans, such as decisions made in Budget 2001. The final column shows the latest plans, on a resource budgeting basis, for 2001–02.

2.10 Table 2.5 shows changes to resource and capital DEL and changes to AME. Tables 2.6 and 2.7 show, respectively, changes to resource and capital DEL by department.

MAIN TRANSFER CHANGES AFFECTING CASH SPENDING PLANS

2.11 £15 million was initially provided from the Capital Modernisation Fund to the Inland Revenue in 2000–01 in respect of the Government Gateway Project. The scope of this programme has since expanded and become government-wide, so responsibility, and funding, to deliver the gateway for electronic services were transferred to the Cabinet Office.

2.12 £15m was transferred from DfEE to the Scottish Executive in 2000–01 to fund Open University students in Scotland

2.13 £15m was transferred from DfEE to DSS in 2000–01 to cover DSS's costs of participating in the ONE pilot testing ways of delivering integrated services to unemployed people.

2.14 £38m was transferred from DSS to the Immigration and Nationality Directorate of the Home Office in 2000–01 in respect of the costs of supporting certain asylum seekers through housing benefit following closure of a loophole in regulations

2.15 During SR2000 it was expected that certain responsibilities would transfer from DETR to DH from April 2001 as a result of the Children (Leaving Care) Act 2000. The funding for carrying out those responsibilities from 2001–02 was therefore transferred to DH. In the event, implementation of the Act was delayed by six months and the responsibilities are not due to transfer at the start of 2001–02 as envisaged. £110 million was transferred back from DH to fund the responsibilities which DETR have retained.

2.16 In SR2000 DETR was given £15m in 2001–02 to fund Post Office pilots on Government General Practitioner (GGP) and Internet Learning and Access Points (ILAP). At that time the emphasis was on the ILAP element (a DfEE responsibility). Since then the GGP element (a DTI responsibility) has become more important and so the funds and responsibility for the programmes were switched from DETR to DTI.

2.17 There was a transfer of DEL spending from DETR to the Scottish Executive for the Scotrail franchise which in future will be paid by the Scottish Executive rather than the Strategic Rail Authority. £112m was transferred in 2001–02, and similar amounts for the remainder of the spending review period.

2.18 Following the establishment of the National Treatment Agency for Substance Misuse on 1 April 2001, provision for the treatment of offenders will be transferred from the Home Office to the Department of Health. This transfer amounts to £35m, £49m and £49m over the years 2001–02 to 2003–04 respectively.

POLICY AND ESTIMATING CHANGES TO 2001–02 PLANS SINCE SPENDING REVIEW 2000

2.19 The 2001 Budget announced spending increases on health and education (£1 billion each over three years from 2001–02) and £¹/₃ billion over same period for tackling drugs. These increases are reflected in the resource DELs for DH, DfEE and Home Office, and consequent increases for Scotland, Wales, and Northern Ireland.

2.20 Capital DELs fell for DH and DfEE reflecting decisions to switch some spending from resource to capital.

2.21 The capital DEL of DETR falls £1.6 billion due to changes in the Major Repairs Allowance (MRA) scheme for funding repairs to local authority housing. Previously local authorities had been given credit approvals to fund such repairs. From 2001–02 central government funding will be provided through extra housing revenue account subsidies and support for rent debates. This increases the AME lines for housing revenue account subsidies and locally financed expenditure.

2.22 There is a net switch of some planned spending in Scotland, Wales, and Northern Ireland from capital to resource. At the time of the spending review some assumptions had to be made about how the devolved assemblies would spend their allocations of central government funds; since then their plans have become clearer.

2.23 Planned social security spending increases due to pension increases announced in November 2000 Pre-Budget Report and to increases in maternity pay and child benefits announced in Budget 2001.

Table 2.1 Departmental Expenditure Limits, 1999–2000 and 2000–01, changes since PESA 2000–01

	All figures on a cash basis £ million									
	1999–2000					2000–01				
	Estimated outturn in PESA 2000–01	Transfers and classification changes	Adjusted estimated outturn	Other changes	Outturn	Plans in PESA 2000–01	Transfers and classification changes	Revised plans	Other changes	Estimated outturn
Education and Employment	15,870	-28	15,842	-602	15,240	18,356	97	18,453	73	18,526
Health	40,759	-26	40,733	-154	40,579	45,030	-12	45,018	321	45,339
Environment, Transport and Regions	10,310	29	10,339	-735	9,604	10,838	-96	10,742	522	11,264
Local Government	34,199	0	34,199	-3	34,196	35,353	-143	35,210	150	35,360
Home Office	7,774	-242	7,532	12	7,544	8,090	124	8,214	766	8,980
Lord Chancellor's Departments	2,365	0	2,365	-54	2,311	2,434	6	2,440	201	2,641
Attorney General's Departments	399	0	399	-65	334	433	1	434	-58	376
Defence	22,863	63	22,926	-563	22,363	22,820	4	22,824	624	23,448
Foreign and Commonwealth Office	1,179	-13	1,166	-17	1,149	1,116	-15	1,101	157	1,258
International Development	2,511	-12	2,499	-179	2,320	2,751	-12	2,739	-191	2,548
Trade and Industry	3,363	-21	3,342	-378	2,964	3,658	-25	3,633	280	3,913
Agriculture, Fisheries and Food	1,415	16	1,431	-167	1,264	1,215	4	1,219	326	1,545
Culture, Media and Sport	1,002	0	1,002	-9	993	1,015	-1	1,014	-7	1,007
Social Security (administration)	3,294	-305	2,989	198	3,187	3,208	-302	2,906	740	3,646
Scotland	14,039	-24	14,015	-272	13,743	14,876	20	14,896	459	15,355
Wales	7,225	39	7,264	-176	7,088	7,694	56	7,750	-58	7,692
Northern Ireland Executive	4,946	-10	4,936	-104	4,832	5,202	-7	5,195	179	5,374
Northern Ireland Office	1,030	0	1,030	-39	991	1,025	-3	1,022	116	1,138
Chancellor's Departments	3,606	397	4,003	-513	3,490	3,521	368	3,889	-150	3,739
Cabinet Office	1,391	-54	1,337	-6	1,331	1,343	-26	1,317	111	1,428
Welfare to Work	850	1	851	-104	747	1,420	8	1,428	75	1,503
Invest to Save Budget										
Capital Modernisation Fund Reserve						176		176	-176	
						2,131		2,131	-2,131	
Allowance for Shortfall	-1,500		-1,500	1,500					-2,600	-2,600
Carry forward of underspending		1,500	1,500	-1,500			750	750	-750	
Total	178,890	1,310	180,200	-3,930	176,271	193,705	796	194,501	1,000	193,500

Table 2.2 Total Managed Expenditure, 1999–2000 and 2000–01, changes since PESA 2000–01

All figures on a cash basis £ million

	1999–2000				2000–01			
	Estimated outturn in PESA 2000–2001	Transfers and classification changes	Other changes	Outturn	Plans in PESA 2000–2001	Transfers and classification changes	Other changes	Estimated outturn
Departmental Expenditure Limits	178,890	1,310	–3,930	176,271	193,705	796	–1,000	193,500
Departmental AME								
Social Security Benefits	97,079	0	–229	96,850	99,552	–39	–483	99,030
Housing Revenue Account Subsidies	3,376	0	–148	3,228	3,344	0	–57	3,287
Common Agricultural Policy	2,552	0	–87	2,465	2,489	0	–45	2,444
Exports Credits Guarantee Department	931	0	–63	868	302	0	1,059	1,361
Self-financed Public Corporations	201	0	35	236	197	0	0	197
Net Public Service Pensions	5,629	–2	–433	5,194	5,719	–4	191	5,906
National Lottery	2,000	0	–51	1,949	2,300	0	–296	2,004
Other AME								
Net Payments to EC Institutions	2,579	0	292	2,871	2,690	0	830	3,520
Locally Financed Expenditure	17,166	0	1,377	18,543	18,077	0	–298	17,779
Central Government Debt Interest	25,482	0	–185	25,297	27,770	0	–1,210	26,560
Accounting and other adjustments	9,332	0	362	9,694	13,749	0	–1,033	12,716
AME Margin					1,000		–1,000	
Total Annually Managed Expenditure	166,327	–2	661	166,986	176,189	–43	–1,300	174,800
Total Managed Expenditure	345,200	1,308	–3,042	343,466	370,894	710	–3,400	368,300

Table 2.3 Current budgets within DEL, 1999–2000 and 2000–2001, changes since PESA 2000–2001

All figures on a cash basis £ million

	1999–2000					2000–2001				
	Estimated outturn in PESA 2000–2001	Transfers and classification changes	Adjusted estimated outturn	Other changes	Outturn	Plans in PESA 2000–2001	Transfers and classification changes	Revised plans	Other changes	Estimated outturn
Current Budget DEL										
Education and Employment	14,796	-22	14,774	-569	14,205	16,605	191	16,796	226	17,022
Health	40,527	-21	40,506	69	40,575	44,219	-9	44,210	513	44,723
Environment, Transport and Regions	4,583	-4	4,579	-278	4,301	4,735	115	4,850	190	5,040
Local Government	33,924	0	33,924	0	33,924	35,305	-109	35,196	113	35,309
Home Office	7,296	-321	6,975	107	7,082	7,537	18	7,555	654	8,209
Lord Chancellor's Departments	2,365	0	2,365	-63	2,302	2,434	0	2,434	161	2,595
Attorney General's Departments	399	0	399	-70	329	433	1	434	-75	359
Defence	21,614	55	21,669	-520	21,149	21,309	6	21,315	623	21,938
Foreign and Commonwealth Office	1,089	-17	1,072	-6	1,066	1,021	-23	998	159	1,157
International Development	2,247	-12	2,235	60	2,295	2,450	-12	2,438	55	2,493
Trade and Industry	2,965	-29	2,936	-156	2,780	3,233	-41	3,192	285	3,477
Agriculture, Fisheries and Food	1,193	23	1,216	-32	1,184	1,057	-13	1,044	315	1,359
Culture, Media and Sport	916	0	916	-1	915	925	-1	924	15	939
Social Security (administration)	3,251	-303	2,948	197	3,145	3,176	-300	2,876	664	3,540
Scotland	12,348	-24	12,324	-67	12,257	12,954	6	12,960	396	13,356
Wales	6,376	48	6,424	-79	6,345	6,877	15	6,892	-12	6,880
Northern Ireland Executive	4,467	-2	4,465	-78	4,387	4,577	-8	4,569	257	4,826
Northern Ireland Office	996	0	996	-35	961	985	-2	983	115	1,098
Chancellor's Departments	3,512	431	3,943	-534	3,409	3,586	411	3,997	-212	3,785
Cabinet Office	1,133	-75	1,058	49	1,107	1,120	-33	1,087	73	1,160
Welfare to Work	518	1	519	-37	482	871	8	879	-150	729
Invest to Save Budget										
Capital Modernisation Fund										
Reserve						1,900		1,900	-1,900	
Allowance for Shortfall	-1,400		-1,400	1,400					-2,600	-2,600
Carry forward of underspending		1,000	1,000	-1,000			250	250	-250	
Total current budget in DEL	165,100	728	165,828	-1,628	164,200	177,300	470	177,770	-400	177,400

Table 2.4 Capital budgets within DEL, 1999–2000 and 2000–2001 - changes since PESA 2000–01

All figures on a cash basis £ million

	1999–2000					2000–2001				
	Estimated outturn in PESA 2000–2001	Transfers and classification changes	Adjusted estimated outturn	Other changes	Outturn	Plans in PESA 2000–2001	Transfers and classification changes	Revised plans	Other changes	Estimated outturn
Capital Budget DEL										
Education and Employment	1,074	-6	1,068	-33	1,035	1,750	-94	1,656	-152	1,504
Health	232	-5	227	-223	4	811	-3	808	-192	616
Environment, Transport and Regions	5,727	33	5,760	-457	5,303	6,103	-211	5,892	332	6,224
Local Government	275	0	275	-3	272	47	-34	13	38	51
Home Office	478	79	557	-95	462	553	106	659	112	771
Lord Chancellor's Departments	18	0	18	-9	9	60	6	66	-20	46
Attorney General's Departments	3	0	3	2	5	3	0	3	14	17
Defence	1,249	8	1,257	-43	1,214	1,512	-2	1,510	0	1,510
Foreign and Commonwealth Office	90	4	94	-11	83	96	8	104	-3	101
International Development	263	0	263	-238	25	301	0	301	-246	55
Trade and Industry	397	8	405	-221	184	425	16	441	-5	436
Agriculture, Fisheries and Food	222	-7	215	-135	80	158	17	175	11	186
Culture, Media and Sport	86	0	86	-8	78	90	0	90	-22	68
Social Security (administration)	43	-2	41	1	42	32	-2	30	76	106
Scotland	1,691	0	1,691	-205	1,486	1,922	14	1,936	63	1,999
Wales	849	-9	840	-97	743	817	41	858	-46	812
Northern Ireland Executive	479	-8	471	-26	445	625	1	626	-78	548
Northern Ireland Office	33	0	33	-3	30	45	-1	44	-4	40
Chancellor's Departments	94	-34	60	21	81	-65	-43	-108	62	-46
Cabinet Office21	258	21	279	-55	224	224	7	231	37	268
Welfare to Work	332	0	332	-67	265	550	0	550	224	774
Invest to Save Budget										
Capital Modernisation Fund						176		176	-176	
Reserve						200		200	-200	
Allowance for shortfall	-100		-100	100						
Carry forward of underspending		500	500	-500			500	500	-500	
Total capital budget in DEL	13,800	582	14,382	-2,312	12,070	16,500	326	16,826	-700	16,100

Table 2.5 Total Managed Expenditure 2001-02 - changes since PESA 2000-01

PESA 2000-01 on cash basis								£ million
New plans on a resource basis.								
	2001-02							
	Plans in PESA 2000-01	Changes from Resource Accounting ⁽¹⁾	Changes from Spending Review 2000 ⁽²⁾	Spending Review 2000 plans	Transfers and classification changes	Other changes	New plans	
Departmental Expenditure Limits								
Total Resource DEL	181,752	-4,696	8,040	185,096	159	2,000	187,300	
Total Capital DEL	17,777	5,677	3,558	27,012	-65	-2,000	25,000	
Total DEL	199,529	981	11,598	212,108	94	100	212,300	
Annually Managed Expenditure								
<i>Departmental AME</i>								
Social Security Benefits	104,501	265	-325	104,441	-4	496	104,933	
Housing Revenue Account Subsidies	3,294	0	-22	3,272	-192	1,475	4,555	
Common Agricultural Policy	2,616	269	2	2,887	-714	470	2,643	
Export Credits Guarantee Department	343	23	0	366	362	69	797	
Self-financing Public Corporations capital	-67	1,301	0	1,234	0	-106	1,128	
Net Public Service Pensions	5,649	0	-176	5,473	332	-217	5,588	
National Lottery	2,028	0	-43	1,985	0	352	2,337	
Other programme expenditure	500	-513	0	-13	1	72	60	
<i>Non-cash items</i>								
Depreciation		7,860		7,860	-233	1,040	8,667	
Cost of capital charges		13,242		13,242	-1,597	1,984	13,629	
Provisions and other charges		-281		-281	177	-106	-210	
Total departmental AME (including non-cash items)	118,864	22,166	-564	140,466	-1,868	5,500	144,100	
<i>Other AME</i>								
Net payments to EC institutions	2,457	0	0	2,457	0	231	2,688	
Locally financed expenditure	19,106	-2	-226	18,878	0	300	19,100	
Central government debt interest	27,121	0	-1,006	26,115	0	-2,971	23,144	
Accounting and other adjustments	14,042	-20,821	-1,365	-8,144	0	-500	-8,700	
Total other AME	62,726	-20,821	-2,597	39,306	0	-3,000	36,300	
AME margin	2,000		-1,000	1,000			1,000	
Annually Managed Expenditure	183,590	1,345	-4,161	180,772	-1,868	2500	181,400	
Budget 2000 addition	5,900		-5,900			0	0	
Total Managed Expenditure	389,019	1,345	-10,061	392,880	-1,868	212,900	393,700	

(1) Includes some other accounting and budgeting changes affecting the Employment Opportunities Fund and spending on agriculture.

(2) Includes some other changes to spending plans announced before the Spending Review.

Table 2.6 Resource Budget DELs 2001–2002, changes since PESA 2000–01

PESA 2000–01 on cash basis
New plans on a resource basis.

£ million

	2001–02						New plans
	Plans in PESA 2000–01	Changes from resource accounting ⁽¹⁾	Changes from Spending Review ⁽²⁾	Spending Review 2000 plans	Transfers and classification changes	Other changes	
Resource Budget DEL							
Education and Employment	17,115	35	1,628	18,778	51	115	184,944
Health	45,548	–850	2,159	46,857	154	809	47,820
Environment, Transport and Regions	4,939	–281	465	5,123	–47	49	5,125
Local Government	36,611	0	134	36,745	83	75	36,903
Home Office	7,633	49	1,057	8,739	–153	212	8,798
Lord Chancellor's Departments	2,336	102	214	2,652	64	41	2,757
Attorney General's Departments	362	4	41	407	0	0	407
Defence	21,441	–3,379	14	18,076	–12	201	18,265
Foreign and Commonwealth Office	1,036	–19	49	1,066	–2	175	1,239
International Development	2,700	1	35	2,736	0	–21	2,715
Trade and Industry	3,156	28	722	3,906	–92	81	3,895
Agriculture, Fisheries and Food	1,033	–208	253	1,078	2	–14	1,066
Culture, Media and Sport	963	18	17	998	–1	6	1,003
Social Security (administration)	3,233	54	464	3,751	–1	105	3,855
Scotland	13,378	–231	399	13,546	112	382	14,040
Wales	7,097	–54	389	7,432	–5	114	7,541
Northern Ireland Executive	4,567	–63	300	4,804	14	169	4,987
Northern Ireland Office	861	8	160	1,029	2	4	1,035
Chancellor's Departments	3,561	40	321	3,922	–12	6	3,916
Cabinet Office	1,128	47	110	1,285	3	9	1,297
Employment Opportunities Fund	999	3	–131	871	–1	3	873
Invest to Save Budget	55	0	0	55	0	–39	16
Capital Modernisation Fund							
Policy Innovation Fund			40	40			40
Reserve	2,000		–1,550	450		300	800
Carry forward of under spending			750	750		–750	
Total Resource DEL	181,752	–4,696	8,040	185,096	159	2,000	187,300

(1) Includes some other accounting and budgeting changes affecting the Employment Opportunities Fund and spending on agriculture.

(2) Includes some other changes to spending plans announced before the Spending Review. (3) Allocations within DEL totals may be subject to final decisions on allocations by devolved administrations.

(3) Allocations within DEL totals may be subject to final decisions on allocations by devolved administrations.

Table 2.7 Capital Budget DELs 2001–2002, changes since PESA 2000–01

PESA 2000–01 on cash basis New plans on a resource basis.	2001–2002						New plans
	Plans in PESA 2000–01	Changes from resource accounting ⁽¹⁾	Changes from Spending Review ⁽²⁾	Spending Review 2000 plans	Transfers and classification changes	Other changes	
Capital Budget DEL							
Education and Employment	2,143	294	95	2,532	278	-171	2,639
Health	623	1,075	906	2,604	-216	-299	2,089
Environment, Transport and Regions	6,942	329	798	8,069	-8	-1,632	6,429
Local Government	11	0	45	56	0	1	57
Home Office	472	0	385	857	149	-68	938
Lord Chancellor's Departments	50	13	4	67	1	29	97
Attorney General's Departments	4	0	10	14	0	5	19
Defence	1,540	3,565	389	5,494	0	11	5,505
Foreign and Commonwealth Office	100	27	10	137	0	-10	127
International Development	360	0	19	379	0	21	400
Trade and Industry	423	3	296	722	55	-65	712
Agriculture, Fisheries and Food	153	-9	35	179	-1	12	190
Culture, Media and Sport	136	-19	4	121	0	-1	120
Social Security (administration)	28	0	75	103	0	0	103
Scotland	2,034	479	173	2,686	0	-304	2,382
Wales	811	103	101	1,015	0	-155	949
Northern Ireland Executive	640	164	60	864	-12	-95	757
Northern Ireland Office	31	0	26	57	1	0	58
Chancellor's Departments	137	-5	30	162	24	-5	181
Cabinet Office	177	0	-8	169	0	10	179
Employment Opportunities Fund	342	-342	5	5	-336	332	1
Invest to Save Budget	14		-4	10		-5	5
Capital Modernisation Fund	378		22	400		55	455
Policy Innovation Fund			10	10			10
Reserve	228		72	300		300	600
Total Capital DEL	17,777	5,677	3,558	27,012	-65	-2,000	25,000

(1) Includes some other accounting and budgeting changes affecting the Employment Opportunities Fund and spending on agriculture.

(2) Includes some other changes to Spending Plans announced before the Spending Review.

(3) Allocations within DEL totals may be subject to final decisions on allocations by devolved administrations.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

3.1 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.

3.2 All tables in this chapter are on a cash basis, except for Tables 3.7 and 3.8 where outturns and estimated outturns to 2000-01 are on a cash basis and plans from 2001-02 to 2003-04 are on a resource basis. All outturn data (to 1999-2000) in the tables in this chapter are National Statistics.

PUBLIC EXPENDITURE AGGREGATES

3.3 Table 3.1 shows trends in public expenditure over the years 1963-64 to 2003-04 in cash and in real terms and as a percentage of gross domestic product (GDP). The table shows three spending aggregates in this detail: public sector current expenditure, public sector net investment and total managed expenditure (TME). Data for a fourth aggregate, public sector depreciation, are shown in cash only. Data for all these aggregates for the years up to 1999-00 are taken from the national accounts compiled by the Office for National Statistics (ONS). 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 2000-01 onwards are projections produced by the Treasury.

TOTAL MANAGED EXPENDITURE BY FUNCTION

3.4 Table 3.5 gives a detailed analysis of TME by function for the years 1995-96 to 2000-01, allocating expenditure for which the devolved administrations in Scotland, Wales and Northern Ireland are responsible and expenditure by local authorities to the appropriate function. The key concept in this and subsequent tables in this chapter is “expenditure on services”, which is the spending aggregate allocated by function. This covers most expenditure by the public sector that is included in TME – central government’s own current and capital expenditure, local authorities’ current and capital expenditure, public corporations’ capital expenditure. But it excludes net public service pension payments in AME, debt interest payments and most of the accounting adjustments in Table 1.13. The definition is fully detailed in Appendix G.

3.5 However, the definition of expenditure on services has some particular implications for measurement of expenditure on health services. Under the present institutional arrangements, public health services are mostly provided by NHS trusts, classified as public corporations, who receive payment for services provided from the health authorities (in central government). TME, and expenditure on services includes both spending by the health authorities on the purchase of health services from trusts (part of central government current expenditure) and the capital spending and interest and dividend payments of the trusts (part of public corporations’ expenditure). But part of trusts’ capital spending is funded out of their gross operating surpluses (the rest is financed by public dividend capital and loans), and thus in effect from trusts’ revenues from charges for services. So there is an element of double counting of health expenditure in TME. This double counting has been removed in the measures of health spending presented in Tables 3.2 through to 3.5, though it remains in total expenditure of services (except for tables 3.2, 3.3 and 3.4) and in the figures for spending on health and personal social services by country and region presented in Chapter 8.

3.6 The different measures of public spending on health are discussed in more detail in a box in this chapter.

3.7 Table 3.2 shows a longer time series, from 1984-85 to 2000-01, for TME by function, at a higher level of aggregation. Tables 3.3 and 3.4 present the material in Table 3.2 in real terms and as a percentage of GDP. These tables cover outturn years.

Measures of Health Spending

Public spending on health services can be measured in a number of different ways. The Department of Health’s annual report (Cm5103, Figure A9) shows gross NHS expenditure in the UK, which is a measure of public spending on health gross of charges and other income. Part of gross NHS spending is funded by income from prescription and other charges, such as dental charges, and from asset sales; gross spending also includes the element of NHS trust’ charges which goes to fund their interest and dividend payments to Government (“trust debt remuneration”).

The measure of public spending on health shown in Table 3.5 is net of all income from charges, asset sales and trust debt remuneration. It is in effect a measure of public spending on health funded out of taxation and borrowing.

TME is a measure of total public sector spending. As well as Government’s direct expenditure on health services, net of income, it also includes NHS trust’ capital expenditure (trusts are classified as public corporations) and trust’ interest and dividend payments. So as compared with the net health expenditure measure in Table 3.5, TME includes trust debt remuneration (see above) and capital spending financed out of trust’ gross operating surpluses (rather than by public dividend capital and loans). These two items are shown in Table 3.5 as “adjustments to TME”. The “total health and personal social services” line in Table 3.5 is on a TME basis.

The table below compares the key measures of public spending on health for 1999-2000 and 2000-01 in.

	1999-2000	2000-01
		£ million
Gross NHS expenditure (DH)	52,966	58,522
Total health spending (net) – PESA	48,562	54,051
Adjustments to TME	2,936	3,037
Of which: Trust debt remuneration	1,606	1,602
Total health spending in TME	51,498	57,088

TOTAL MANAGED EXPENDITURE BY ECONOMIC CATEGORY

3.8 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 3.6 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 Union 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;
- (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 3.2 to 3.5, debt interest payments, net public service pensions in AME and most accounting adjustments are not allocated by economic category and are shown separately.

CAPITAL SPENDING

3.9 Capital expenditure is undertaken by all levels of the public sector: ie. central and local government, and public corporations, including nationalised industries. Table 3.7 gives a functional breakdown of the capital expenditure of central and local government and public corporations for outturn years (1995-96 to 2000-01), and for central government and public corporation spending for the plans years (2001-02 to 2003-04). The figures for central government and public corporation capital spending for 2001-02 onwards reflect departments' capital budgets and detailed decisions on the allocation of expenditure. A functional split of local authority capital spending is not available for future years as the allocation of spending between services is a matter for determination by individual local authorities, and there are no plans at this level of detail.

3.10 Capital spending in Table 3.7 follows the national accounts definition which includes:-

- (i) gross domestic fixed capital formation, net of receipts for disposals,
- (ii) grants in support of capital spending by the private sector,
- (iii) the value of the physical increase in stocks (for central government, primarily agricultural commodity stocks).

ASSET SALES

3.11 Table 3.8 shows actual and planned general government receipts from asset sales from 1995-96 through to 2003-04. Significant one-off items that are included in department spending totals are identified separately. These need to be taken into account in looking at trends in departmental spending.

Table 3.1 Public Expenditure Aggregates, 1963–64 to 2003–04

	Public Sector Current Expenditure			Depreciation Current prices	Public Sector Net Investment			Total Managed Expenditure		
	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP		Current £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP
1963–64	9.4	117.9	30.1	1.0	1.5	19.3	4.9	11.9	149.8	38.3
1964–65	9.9	119.6	29.4	1.1	1.8	21.9	5.4	12.8	154.8	38.0
1965–66	11.2	128.2	30.8	1.3	1.8	20.9	5.0	14.3	164.1	39.4
1966–67	12.2	134.2	31.4	1.4	2.3	25.0	5.8	15.9	174.7	40.9
1967–68	13.7	146.2	33.6	1.5	2.9	31.2	7.2	18.1	193.6	44.5
1968–69	14.6	149.1	33.3	1.7	2.8	28.8	6.4	19.1	194.8	42.0
1969–70	15.5	149.7	32.4	1.8	2.8	27.0	5.8	20.0	194.2	42.0
1970–71	17.1	152.9	32.5	2.1	3.2	28.8	6.1	22.4	200.3	42.5
1971–72	19.5	160.0	33.0	2.4	3.1	25.1	5.2	24.9	204.4	42.2
1972–73	22.1	167.8	33.0	2.7	3.2	24.2	4.7	28.0	212.2	41.7
1973–74	26.1	184.7	34.8	3.2	3.8	27.2	5.1	33.2	234.5	44.1
1974–75	34.5	204.0	38.8	4.1	4.9	28.8	5.5	43.5	256.9	48.9
1975–76	44.2	208.6	39.5	5.2	6.0	28.2	5.3	55.4	261.1	49.5
1976–77	51.6	214.4	40.2	6.0	5.5	23.0	4.3	63.2	262.5	49.2
1977–78	57.7	211.0	38.2	6.9	4.3	15.6	2.8	68.8	251.7	45.5
1978–79	66.0	217.2	38.4	7.8	4.1	13.6	2.4	77.9	256.4	45.3
1979–80	79.4	223.9	38.3	9.2	4.4	12.5	2.1	93.1	262.4	44.9
1980–81	96.9	230.9	40.6	11.1	4.1	9.8	1.7	112.1	267.3	47.0
1981–82	110.6	240.8	42.8	12.1	2.2	4.8	0.8	124.9	271.9	48.3
1982–83	121.2	246.7	42.7	12.6	4.0	8.1	1.4	137.7	280.5	48.6
1983–84	130.4	254.0	42.4	13.2	5.2	10.1	1.7	148.8	289.8	48.3
1984–85	140.9	260.8	42.6	13.2	4.8	8.8	1.4	158.9	294.2	48.0
1985–86	148.8	261.5	41.1	12.5	4.1	7.2	1.1	165.4	290.8	45.7
1986–87	155.9	265.8	40.1	13.2	2.3	3.9	0.6	171.4	292.2	44.1
1987–88	166.1	268.9	38.6	12.9	2.3	3.7	0.5	181.3	293.5	42.1
1988–89	173.2	262.8	36.1	14.1	1.2	1.9	0.3	188.6	285.9	39.3
1989–90	186.8	264.2	35.7	15.3	5.7	8.1	1.1	207.8	293.9	39.7
1990–91	202.5	265.6	36.0	14.7	7.2	9.4	1.3	224.4	294.3	39.9
1991–92	227.7	281.3	38.4	13.2	10.1	12.5	1.7	251.0	310.2	42.4
1992–93	247.4	296.1	40.2	12.7	11.8	14.2	1.9	271.9	325.4	44.2
1993–94	261.7	305.1	40.4	12.7	9.9	11.5	1.5	284.3	331.5	43.9
1994–95	274.8	315.9	40.0	13.3	9.3	10.7	1.4	297.4	341.9	43.2
1995–96	286.8	320.5	39.7	14.0	8.9	10.0	1.2	309.8	346.2	42.9
1996–97	298.1	322.8	38.8	13.8	4.7	5.1	0.6	316.6	342.8	41.2
1997–98	305.6	321.7	37.5	13.9	3.8	4.0	0.5	323.2	340.3	39.6
1998–99	312.7	320.0	36.4	14.3	4.1	4.1	0.5	331.0	338.8	38.6
1999–00	325.3	325.3	35.9	14.6	3.5	3.5	0.4	343.5	343.5	37.9
2000–01	346.0	340.0	36.6	14.9	7.4	7.2	0.8	368.3	361.9	38.9
2001–02	367.0	351.9	37.1	15.5	11.2	10.7	1.1	393.7	377.5	39.8
2002–03	386.4	361.5	37.3	16.0	15.3	14.3	1.5	417.8	390.8	40.3
2003–04	407.3	371.7	37.5	16.6	18.7	17.1	1.7	442.6	403.9	40.8

(1) Cash figures adjusted to price levels of 1999–2000.

Table 3.2 Total Managed Expenditure by function, 1984–85 to 2000–01⁽¹⁾

	cash, £ billion																
	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
Education	16.3	16.8	18.5	20.3	21.9	24.4	26.3	29.1	31.4	33.1	34.7	35.6	36.1	37.2	38.8	40.9	45.9
Health and personal social services	19.5	20.6	22.2	24.4	26.9	29.4	32.9	37.2	40.9	43.0	46.2	48.8	50.9	53.2	56.1	61.2	67.2
of which: Health	16.6	17.6	18.8	20.6	22.7	24.6	27.5	31.4	34.5	35.8	37.7	39.4	40.8	42.5	44.7	48.7	54.2
Transport	6.7	6.8	6.7	6.7	7.0	8.0	9.7	10.9	12.6	11.8	12.1	11.5	10.1	9.2	8.7	8.6	9.2
Housing	4.6	4.2	4.1	4.2	3.2	5.2	4.9	5.8	6.3	5.3	5.3	5.0	4.6	3.7	3.7	3.0	3.5
Other environmental services	3.8	3.9	4.6	4.8	4.9	5.9	6.6	7.3	7.8	7.5	8.1	8.5	8.2	8.4	8.4	8.5	9.9
Law, order and protective services	6.4	6.6	7.2	8.1	9.0	10.2	11.5	13.0	14.2	14.8	15.3	15.7	16.2	16.9	17.3	18.8	20.6
Defence ⁽²⁾	17.2	18.0	18.2	18.7	19.0	20.6	21.5	22.7	22.7	22.6	22.4	21.6	21.3	20.9	22.6	22.5	23.6
International development assistance and other international services	1.5	1.6	1.7	1.7	2.0	2.2	2.4	2.7	3.0	3.1	3.2	3.3	3.0	2.9	3.2	3.5	3.8
Trade, industry, energy and employment	7.8	8.0	8.0	6.6	8.0	7.6	8.8	9.2	9.7	10.1	9.5	9.2	8.8	8.6	8.9	9.3	11.4
Agriculture, fisheries, food and forestry	2.4	2.9	2.2	2.4	2.2	2.2	2.9	3.1	3.2	4.1	3.7	4.2	6.0	5.2	5.1	4.8	5.2
Culture, Media and Sport ⁽³⁾	1.6	1.7	1.8	2.0	2.2	2.6	2.8	2.9	3.0	3.0	3.3	3.5	3.7	4.2	4.7	5.3	5.5
Social Security	39.5	43.1	46.3	48.4	49.6	52.6	58.9	69.9	79.2	86.4	88.7	92.8	96.5	97.4	99.4	103.2	105.6
Central administration and associated expenditure ⁽⁴⁾	4.8	4.7	5.3	6.5	6.1	8.3	8.4	6.0	8.2	8.3	7.4	9.8	8.2	8.4	10.5	10.4	11.8
Total expenditure on services⁽⁵⁾	132.1	139.0	146.9	154.8	162.0	179.1	197.6	219.9	242.2	253.1	259.9	269.5	273.5	276.2	287.5	299.9	323.1
Public sector debt interest	17.4	19.2	19.1	20.0	20.4	21.0	20.5	18.5	19.1	20.8	23.6	26.8	28.4	30.4	29.9	25.9	26.9
Other accounting adjustments ⁽⁶⁾	9.4	7.3	5.4	6.5	6.1	7.7	6.3	12.6	10.7	10.4	13.9	13.4	14.7	16.7	13.8	17.9	21.7
Allowance for shortfall																-0.1	-3.4
Total Managed Expenditure	158.9	165.4	171.4	181.3	188.6	207.8	224.4	251.0	271.9	284.3	297.4	309.8	316.6	323.2	331.0	343.5	368.3

(1) For years prior to 1995–96, the effects of transfer and classification changes have been imputed.

(2) The outturns for Defence for 1996–97 and 1997–98 include receipts from the sale of Ministry of Defence married quarters.

(3) Includes expenditure financed from the National Lottery.

(4) Includes net payments to the European Communities and activities such as tax collection and the registration of the population.

(5) The definition of expenditure on services in this table differs from that in Table 3.5.

(6) Includes net public service pensions.

Table 3.3 Total Managed Expenditure by function in real terms, 1984–85 to 2000–01⁽¹⁾

	cash, £ billion																
	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
Education	30.2	29.5	31.5	32.8	33.2	34.4	34.6	36.0	37.6	38.6	39.9	39.8	39.1	39.1	39.7	40.9	45.1
Health and personal social services	36.1	36.2	37.8	39.5	40.8	41.6	43.2	46.0	48.9	50.1	53.1	54.6	55.1	56.0	57.4	61.2	66.0
of which: Health	30.7	30.9	32.0	33.3	34.4	34.8	36.1	38.7	41.2	41.7	43.3	44.0	44.1	44.8	45.8	48.7	53.3
Transport	12.4	12.0	11.5	10.9	10.5	11.4	12.7	13.5	15.1	13.7	13.9	12.9	10.9	9.7	8.9	8.6	9.0
Housing	8.4	7.3	6.9	6.7	4.9	7.3	6.4	7.1	7.5	6.1	6.1	5.6	5.0	3.9	3.8	3.0	3.4
Other environmental services	7.1	6.9	7.9	7.8	7.4	8.3	8.6	9.0	9.3	8.8	9.4	9.5	8.8	8.9	8.6	8.5	9.7
Law, order and protective services	11.8	11.6	12.2	13.1	13.6	14.4	15.0	16.0	16.9	17.2	17.6	17.6	17.5	17.8	17.7	18.8	20.2
Defence ⁽²⁾	31.9	31.7	31.1	30.3	28.9	29.2	28.2	28.1	27.2	26.3	25.8	24.2	23.0	22.0	23.1	22.5	23.2
International development assistance and other international services	2.7	2.9	2.9	2.8	3.0	3.1	3.1	3.4	3.6	3.6	3.7	3.7	3.2	3.0	3.2	3.5	3.7
Trade, industry, energy and employment	14.4	14.0	13.6	10.6	12.1	10.7	11.5	11.4	11.6	11.8	11.0	10.2	9.6	9.1	9.1	9.3	11.3
Agriculture, fisheries, food and forestry	4.5	5.1	3.8	3.9	3.3	3.1	3.8	3.8	3.8	4.8	4.3	4.7	6.5	5.4	5.2	4.8	5.1
Culture, Media and Sport ⁽³⁾	2.9	3.0	3.1	3.3	3.4	3.7	3.7	3.6	3.6	3.5	3.8	3.9	4.0	4.4	4.9	5.3	5.4
Social Security	73.2	75.8	79.0	78.3	75.2	74.4	77.2	86.4	94.8	100.8	102.0	103.6	104.4	102.5	101.8	103.2	103.8
Central administration and associated expenditure ⁽⁴⁾	8.9	8.2	9.1	10.5	9.3	11.8	11.1	7.4	9.8	9.7	8.5	11.0	8.9	8.8	10.7	10.4	11.6
Total expenditure on services⁽⁵⁾	244.6	244.3	250.4	250.6	245.6	253.3	259.2	271.7	289.8	295.0	298.7	301.1	296.1	290.7	294.1	299.9	317.6
Public sector debt interest	32.2	33.8	32.6	32.4	30.9	29.7	26.9	22.9	22.9	24.3	27.2	30.0	30.8	32.0	30.7	25.9	26.4
Other accounting adjustments ⁽⁶⁾	17.4	12.7	9.2	10.5	9.4	10.9	8.2	15.6	12.7	12.2	16	15.2	15.9	17.6	14.0	17.9	21.3
Allowance for shortfall																-0.1	-3.3
Total Managed Expenditure	294.2	290.8	292.2	293.5	285.9	293.9	294.3	310.2	325.4	331.5	341.9	346.2	342.8	340.3	338.8	343.5	361.9

(1) For years prior to 1995–96, the effects of transfer and classification changes have been imputed.

(2) The outturns for Defence for 1996–97 and 1997–98 include receipts from the sale of Ministry of Defence married quarters.

(3) Includes expenditure financed from the National Lottery.

(4) Includes net payments to the European Communities and activities such as tax collection and the registration of the population.

(5) The definition of expenditure on services in this table differs from that in Table 3.5.

(6) Includes net public service pensions.

Table 3.4 Total Managed Expenditure as a percent of GDP, 1984–85 to 2000–01⁽¹⁾

	cash, £ billion																
	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
Education	4.9	4.6	4.7	4.7	4.6	4.6	4.7	4.9	5.1	5.1	5.0	4.9	4.7	4.6	4.5	4.5	4.8
Health and personal social services	5.9	5.7	5.7	5.6	5.6	5.6	5.8	6.3	6.6	6.6	6.7	6.7	6.6	6.5	6.5	6.8	7.1
of which: Health	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	5.2	5.4	5.7
Transport	2.0	1.9	1.7	1.6	1.4	1.5	1.7	1.8	2.0	1.8	1.8	1.6	1.3	1.1	1.0	0.9	1.0
Housing	1.4	1.2	1.1	1.0	0.7	1.0	0.9	1.0	1.0	0.8	0.8	0.7	0.6	0.5	0.4	0.3	0.4
Other environmental services	1.2	1.1	1.2	1.1	1.0	1.1	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.0	1.0	0.9	1.0
Law, order and protective services	1.9	1.8	1.8	1.9	1.9	1.9	2.0	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.0	2.1	2.2
Defence ⁽²⁾	5.2	5.0	4.7	4.3	4.0	3.9	3.8	3.8	3.7	3.5	3.3	3.0	2.8	2.6	2.6	2.5	2.5
International development assistance and other international services	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Trade, industry, energy and employment	2.3	2.2	2.1	1.5	1.7	1.5	1.6	1.6	1.6	1.6	1.4	1.3	1.2	1.1	1.0	1.0	1.2
Agriculture, fisheries, food and forestry	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	0.5	0.6
Culture, Media and Sport ⁽³⁾	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
Social Security	11.9	11.9	11.9	11.2	10.3	10.0	10.5	11.8	12.9	13.3	12.9	12.8	12.6	11.9	11.6	11.4	11.2
Central administration and associated expenditure ⁽⁴⁾	1.5	1.3	1.4	1.5	1.3	1.6	1.5	1.0	1.3	1.3	1.1	1.4	1.1	1.0	1.2	1.2	1.3
Total expenditure on services⁽⁵⁾	39.9	38.4	37.8	35.9	33.8	34.2	35.1	37.1	39.4	39.0	37.8	37.3	35.6	33.8	33.5	33.1	34.2
Public sector debt interest	5.3	5.3	4.9	4.6	4.3	4.0	3.6	3.1	3.1	3.2	3.4	3.7	3.7	3.7	3.5	2.8	2.8
Other accounting adjustments ⁽⁶⁾	2.8	2.0	1.4	1.5	1.3	1.5	1.1	2.1	1.7	1.6	2.0	1.9	1.9	2.0	1.6	2.0	2.3
Allowance for shortfall																0.0	-0.4
Total Managed Expenditure	4.8	45.7	44.1	42.1	39.3	39.7	39.9	42.4	44.2	43.9	43.2	42.9	41.2	39.6	38.6	37.9	38.9

(1) For years prior to 1995–96, the effects of transfer and classification changes have been imputed.

(2) The outturns for Defence for 1996–97 and 1997–98 include receipts from the sale of Ministry of Defence married quarters.

(3) Includes expenditure financed from the National Lottery.

(4) Includes net payments to the European Communities and activities such as tax collection and the registration of the population.

(5) The definition of expenditure on services in this table differs from that in Table 3.5.

(6) Includes net public service pensions.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.5 Total Managed Expenditure by function, 1995-96 to 2000-01

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
	cash, £ million					
Education						
Under fives	1,468	1,549	1,686	1,900	2,123	2,415
Schools	20,037	20,613	21,475	22,695	25,441	28,842
Further Education	4,877	4,936	4,949	5,108	4,612	4,922
Higher Education	4,785	4,670	4,737	4,757	5,329	6,114
Student support (including mandatory awards and access fund)	2,682	2,630	2,614	2,506	1,972	2,030
Miscellaneous educational services, research and administration	1,724	1,745	1,714	1,795	1,411	1,541
Total education	35,573	36,143	37,174	38,761	40,889	45,865
Health and personal social services						
Health						
National Health Service hospitals, community health, family health and related services (net)	38,453	39,795	41,594	43,825	47,703	53,199
Central health and other services	947	977	948	921	1,034	1,036
Total health (net)	39,401	40,772	42,542	44,746	48,737	54,236
Personal social services	9,428	10,110	10,691	11,352	12,489	12,926
Adjustments to TME	2,293	2,315	2,487	2,849	2,733	2,884
Total health and personal social services	51,122	53,197	55,720	58,947	63,959	70,045
Transport						
National roads	2,418	2,169	1,994	1,847	1,887	1,972
Local roads	3,500	3,227	3,007	2,920	2,981	3,497
Local transport	2,450	2,222	2,107	2,004	1,910	1,808
Ports	30	29	19	18	19	20
Marine, coastguard, shipping and civil aviation services	101	84	87	100	76	103
Driver and vehicle licensing and testing	147	164	161	85	107	144
National and international rail services	2,664	1,954	1,550	1,478	1,215	1,325
UK Maritime Agency	83	89	83	84	90	100
Other transport services	115	139	223	159	287	214
Total transport	11,508	10,076	9,231	8,695	8,571	9,182
Housing						
Local authority housing	2,219	1,905	1,501	1,645	908	1,312
Other social housing	1,434	1,298	917	940	1,041	1,099
Other	1,375	1,377	1,307	1,102	1,046	1,070
Total housing	5,029	4,580	3,725	3,687	2,995	3,481
Other environmental services						
Environmental protection	3,067	3,169	3,525	3,742	3,934	3,920
Countryside and water	53	-7	-16	-14	129	715
Urban	2,025	2,173	2,074	1,902	1,456	1,541
Other	3,353	2,828	2,832	2,728	2,960	3,717
Total other environmental services	8,498	8,162	8,414	8,357	8,480	9,892

Table 3.5 Total Managed Expenditure by function, 1995-96 to 2000-01 (continued)

	cash, £ million					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Law, order and protective services						
Administration of justice	3,029	3,088	3,105	3,132	3,250	3,818
Prisons and offender programmes	2,378	2,392	2,535	2,730	2,784	2,849
Police	7,944	8,302	8,677	8,862	9,436	10,154
Immigration and citizenship	211	223	252	212	792	1,304
Fire	1,589	1,628	1,720	1,799	1,729	1,711
Civil defence	46	49	47	43	49	50
Constitutional and community services	91	93	95	101	231	132
Central and miscellaneous services	448	432	429	460	483	544
Total law, order and protective services	15,737	16,207	16,861	17,340	18,754	20,560
Defence						
Defence budget	21,631	22,249	21,611	22,606	22,507	23,581
Receipts from sale of married quarters	0	-962	-700	0	0	0
Total defence	21,631	21,287	20,911	22,606	22,507	23,581
International development assistance and other international services						
International development assistance	1,931	1,868	1,772	2,042	2,302	2,510
Other international services	1,371	1,084	1,097	1,123	1,154	1,263
Total international development assistance and other international services	3,303	2,952	2,869	3,165	3,455	3,773
Trade, industry, energy, employment and training						
Regional and other industrial support	1,198	1,233	1,361	1,440	1,175	1,668
Trade, scientific and technological support	2,195	2,205	2,263	2,462	2,381	2,621
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	1,079	720	594	493	744	1,108
Employment	2,716	2,644	2,456	2,729	3,043	3,658
Training	1,689	1,774	1,691	1,512	1,626	1,888
Departmental administration and other services	285	273	282	266	283	506
Total trade, industry, energy, employment and training	9,162	8,849	8,646	8,902	9,252	11,449
Agriculture, fisheries, food and forestry						
Market support under CAP	2,694	2,996	2,540	2,810	2,534	2,552
Other agriculture, fisheries and food	1,415	1,849	1,724	1,747	1,824	2,136
Forestry	61	55	55	58	106	113
BSE	0	1,144	849	447	332	401
Total agriculture, fisheries, food and forestry	4,170	6,044	5,168	5,062	4,796	5,202

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.5 Total Managed Expenditure by function, 1995-96 to 2000-01 (continued)

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
	cash, £ million					
Culture, Media and Sport						
Museums and galleries	474	473	470	458	482	520
Other arts and heritage	667	651	733	744	811	878
Libraries	945	872	859	867	985	966
Films	26	24	23	22	25	24
Tourism	146	143	153	150	172	176
Sport and recreation	828	870	896	911	920	959
Broadcasting	223	220	203	259	278	273
Administration	25	36	47	50	49	31
Lottery	129	388	803	1,488	1,618	1,663
Total culture, media and sport	3,464	3,676	4,186	4,948	5,339	5,490
Social Security						
Pension benefits	30,804	32,883	34,483	36,552	38,731	40,043
Widows' benefits	1,051	1,017	1,021	1,008	1,023	1,003
Unemployment, incapacity and other benefits	9,423	8,723	7,804	7,638	7,306	7,073
Industrial injury benefits	753	765	768	783	785	777
Family benefits	9,263	9,754	10,022	10,430	11,013	9,495
War pensions	1,258	1,351	1,288	1,264	1,258	1,391
Disability benefits	8,019	9,214	9,942	10,547	11,148	11,652
Income support	17,359	17,295	16,720	16,215	16,765	18,495
Social Fund	178	159	117	116	117	158
Housing benefits	11,386	11,921	12,054	11,948	11,906	11,981
Administration and miscellaneous services	3,261	3,371	3,161	2,914	3,163	3,567
Total social security	92,754	96,453	97,381	99,415	103,214	105,634
Central administration and associated expenditure						
Public and common services	6,478	6,382	6,202	6,897	7,572	8,323
EC Net Payments	3,355	1,802	2,153	3,590	2,871	3,520
Total central administration and associated expenditure	9,833	8,184	8,355	10,486	10,443	11,843
Total expenditure on services ⁽¹⁾	271,784	275,810	278,642	290,373	302,653	326,000
Public sector debt interest	26,841	28,418	30,400	29,947	25,684	26,877
Net Public Service pensions	4,270	4,978	5,352	4,681	5,194	5,906
Allowance for shortfall	0	0	0	0	-100	-3,400
Other accounting adjustments	6,877	7,421	8,856	6,037	10,016	12,800
Total Managed Expenditure	309,772	316,627	323,250	331,038	343,446	368,300

(1) For definition, see Appendix G

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.6 Total Managed Expenditure by economic category, 1995-96 to 2000-01

	cash, £ million					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	outturn
Pay	60,527	60,842	60,726	63,347	67,858	70,245
Other current expenditure on goods and services	70,780	75,044	77,520	82,766	88,178	97,059
Subsidies	7,951	9,214	8,234	7,842	7,472	8,392
Current grants to the private sector	103,533	108,154	110,307	112,282	116,142	122,126
Current transfers abroad	6,905	5,326	5,318	7,495	7,176	8,182
Net capital expenditure on assets	17,248	12,860	12,417	12,424	11,564	14,838
Capital grants	4,840	4,369	4,119	4,216	4,263	5,155
Total expenditure on services⁽¹⁾	271,784	275,810	278,642	290,373	302,653	326,000
Public sector debt interest	26,841	28,418	30,400	29,947	25,684	26,877
Net public service pensions	4,270	4,978	5,352	4,681	5,194	5,906
Allowance for shortfall					-100	-3,400
Other accounting adjustments	6,877	7,421	8,856	6,037	10,015	12,800
Total managed expenditure	309,772	316,627	323,250	331,038	343,446	368,300

(1) For definition, see Appendix G.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.7 Public sector capital by spending sector and function¹, 1995-96 to 2003-04

	cash, £million						resources, £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Central government own									
Education	705	172	165	142	273	534	889	910	1,075
Health and personal social services	292	152	79	-95	-20	281	620	910	1,241
Transport	2,004	1,809	1,602	1,279	1,215	1,368	1,567	2,372	3,683
Housing	1,287	1,157	835	848	932	939	914	1,073	1,368
Other environmental services	370	352	314	313	343	692	1,031	1,189	1,507
Law, order and protective services	623	454	496	508	370	731	878	865	764
Defence	1,578	672	892	1,646	1,234	1,530	1,604	1,669	1,507
International development assistance and other international services	405	287	324	317	109	157	515	519	537
Trade, industry, energy, employment and training	748	721	780	1,283	1,365	2,146	1,981	1,599	1,841
Agriculture, fisheries, food and forestry	147	420	347	262	56	187	227	302	287
Culture, Media and Sport	349	465	788	1,063	1,485	989	1,192	1,094	923
Social security	245	201	72	-224	113	196	196	214	137
Central administration and associated expenditure	475	424	357	368	379	345	397	424	403
Accounting adjustments	889	851	430	157	-630	300	1,500	1,800	2,700
Total central government own	10,116	8,139	7,481	7,868	7,471	10,599	12,400	14,900	18,000
Local authorities									
Education	1,202	1,114	1,186	1,369	1,552	2,470			
Health and personal social services	195	162	133	114	111	150			
Transport	1,697	1,308	1,307	1,218	1,185	1,530			
Housing	1,660	1,411	985	1,087	307	691			
Other environmental services	1,444	899	1,073	884	779	1,054			
Law, order and protective services	388	307	297	311	325	335			
Defence									
International development assistance and other international services									
Trade, industry, energy, employment and training	8	10	12	10	5	12			
Agriculture, fisheries, food and forestry	16	10	-2	13	9	16			
Culture, Media and Sport	265	279	327	370	429	494			
Social security									
Central administration and associated expenditure	170	123	102	124	126	210			
Accounting adjustments	-70	82	410	370	1,384	500			
Total local authorities	6,975	5,705	5,831	5,872	6,214	7,500			
Public corporations									
Education									
Health and personal social services	1,807	1,418	1,232	1,304	1,252	1,719	1,822	1,808	1,811
Transport	2,056	1,032	863	635	528	254	260	269	232
Housing	372	306	224	220	235	242	280	231	246
Other environmental services	456	453	475	392	209	178	232	241	203
Law, order and protective services									
Defence	249	106	140	113	123	98	98	45	54
International development assistance and other international services	32	24	20	24	25	25	18	30	31
Trade, industry, energy, employment and training	590	530	582	618	612	701	769	705	585
Agriculture, fisheries, food and forestry	-11	185	216	243	336	337	460	511	519
Culture, Media and Sport	155	143	225	186	197	191	184	167	168
Social security									
Central administration and associated expenditure	338	310	374	434	471	598	412	624	525
Accounting adjustments	-190	129	25	450	387	-200	-600	-200	-100
Total public corporations	5,854	4,635	4,377	4,619	4,375	4,200	3,900	4,400	4,300

⁽¹⁾ National accounts definition of capital. Excludes single use fighting equipment by Ministry of Defence, which is treated as capital under resource accounting, and expenditure on and sales of which will be included in the capital budget under resource budgeting.

Table 3.8 General Government receipts from sales of assets⁽¹⁾, 1995-96 to 2003-04

	cash, £million						resources, £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Sales of fixed assets									
Department of Social Security:									
PRIME and Newcastle estate	–	–	71	350	–	11	–	–	–
Ministry of Defence: sale of									
married quarters	–	962	700	–	–	–	–	–	–
Other Central Government	868	893	837	988	1,091	1,286	1,000	1,000	1,000
Local Authorities	2,430	2,536	2,507	2,822	3,700	3,256	2,750	2,750	2,750
Total sales of fixed assets	3,298	4,390	4,115	4,160	4,791	4,552	3,750	3,750	3,750
<i>of which:</i>									
<i>receipts from sales of land and existing buildings</i>									
Central Government	512	1,639	1,372	1,061	833	742			
Local Authorities	2,415	2,518	2,489	2,802	3,681	3,234	–	–	–
Debt Sales, etc									
Department for Education and									
Employment: sale of									
student loans portfolio	–	–	855	855	–	–	–	–	–
DETR – Main programmes:									
Sale of ROSCO's	787	1,002	–	–	–	–	–	–	–
Sale of Housing Corporation									
loan portfolio	–	500	654	–	–	–	–	–	–
Wales: sale of Housing for Wales									
loan portfolio	–	73	–	–	–	–	–	–	–
Scotland: sale of student									
loans portfolio	–	–	110	110	–	–	–	–	–
Northern Ireland: sale of student									
loans portfolio	–	–	35	35	–	–	–	–	–
Total Debt Sales etc	787	1,575	1,654	1,000	0	0	0	0	0
Total receipts from sales of assets including debt sales	4,085	5,965	5,769	5,160	4,791	4,552	3,750	3,750	3,750
<i>Memo Line:</i>									
<i>Receipts from the sales of equity and debt in privatised companies</i>									
	2,424	2,954	799	90	439	-6	-10	-6	-4

(1) National accounts definition of capital. Excludes single use fighting equipment by Ministry of Defence, which is treated as capital under resource accounting, and expenditure on and sales of which will be included in the capital budget under resource budgeting.

Indicator	1970	1971	1972	1973	1974	1975
GDP (constant prices)	100	105	110	115	120	125
Per capita GDP	100	105	110	115	120	125
Population (millions)	100	105	110	115	120	125
Investment (constant prices)	100	105	110	115	120	125
Government expenditure	100	105	110	115	120	125
Private consumption	100	105	110	115	120	125
Exports (constant prices)	100	105	110	115	120	125
Imports (constant prices)	100	105	110	115	120	125
Trade balance	100	105	110	115	120	125
Foreign reserves	100	105	110	115	120	125
Money supply	100	105	110	115	120	125
Inflation rate	100	105	110	115	120	125
Interest rate	100	105	110	115	120	125
Unemployment rate	100	105	110	115	120	125
Life expectancy	100	105	110	115	120	125
Health expenditure	100	105	110	115	120	125
Education expenditure	100	105	110	115	120	125
Research and development	100	105	110	115	120	125
Energy consumption	100	105	110	115	120	125
Water supply	100	105	110	115	120	125
Urbanization rate	100	105	110	115	120	125
Migration	100	105	110	115	120	125
Population growth rate	100	105	110	115	120	125
Sex ratio	100	105	110	115	120	125
Infant mortality rate	100	105	110	115	120	125
Adult literacy rate	100	105	110	115	120	125
Government debt	100	105	110	115	120	125
Foreign aid	100	105	110	115	120	125
Official development assistance	100	105	110	115	120	125
Private foreign investment	100	105	110	115	120	125
Government revenue	100	105	110	115	120	125
Government expenditure	100	105	110	115	120	125
Public sector deficit	100	105	110	115	120	125
Public sector balance	100	105	110	115	120	125
Public sector debt	100	105	110	115	120	125
Public sector assets	100	105	110	115	120	125
Public sector net worth	100	105	110	115	120	125
Public sector capital	100	105	110	115	120	125
Public sector liabilities	100	105	110	115	120	125
Public sector equity	100	105	110	115	120	125
Public sector debt to GDP	100	105	110	115	120	125
Public sector debt to total debt	100	105	110	115	120	125
Public sector debt to total assets	100	105	110	115	120	125
Public sector debt to total liabilities	100	105	110	115	120	125
Public sector debt to total equity	100	105	110	115	120	125
Public sector debt to total capital	100	105	110	115	120	125
Public sector debt to total net worth	100	105	110	115	120	125
Public sector debt to total assets and liabilities	100	105	110	115	120	125
Public sector debt to total equity and capital	100	105	110	115	120	125
Public sector debt to total net worth and capital	100	105	110	115	120	125
Public sector debt to total assets, liabilities, equity, and capital	100	105	110	115	120	125
Public sector debt to total assets, liabilities, equity, capital, and net worth	100	105	110	115	120	125
Public sector debt to total assets, liabilities, equity, capital, net worth, and total assets and liabilities	100	105	110	115	120	125
Public sector debt to total assets, liabilities, equity, capital, net worth, total assets and liabilities, and total assets, liabilities, equity, capital, net worth, and total assets and liabilities	100	105	110	115	120	125

4. CENTRAL GOVERNMENT OWN EXPENDITURE

INTRODUCTION

4.1 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 nontrading 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 Departmental AME, (excluding non-cash items).

4.2 All the analyses of central government's own expenditure in this section offer further breakdowns of the figures given for central government own expenditure in the sectoral spending Table 1.15.

4.3 Data in Tables 4.1 to 4.4 are on a resource basis. Outturns and estimated outturns in Table 4.5 are on a cash basis, and plans for 2001-02 to 2003-04 are on a resource basis. All outturn data (to 1999-2000) in this chapter are National Statistics.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

4.4 Table 4.1 gives a departmental breakdown of central government own expenditure, actual and planned, for the period 1998-99 to 2003-04. Expenditure falling in DEL is shown separately from expenditure falling in Departmental 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. Other AME includes locally financed expenditure which is classified as central government spending (see para 1.15).

CENTRAL GOVERNMENT OWN CURRENT AND CAPITAL EXPENDITURE BY DEPARTMENT

4.5 Tables 4.2 and 4.3 show, for 1998-99 through to 2003-04, central government expenditure, actual and planned, for each department, separated between current/resource and capital expenditure. Departmental totals for resource expenditure within Departmental AME include non-cash items. These are deducted in the accounting adjustments to get to a national accounts consistent total for current expenditure.

CENTRAL GOVERNMENT EXPENDITURE BY ECONOMIC CATEGORY

4.6 Table 4.4 shows central government departmental expenditure by economic category (for an explanation of these categories, see para 3.8). The largest elements are spending on pay (mainly the Armed Forces and the National Health Service) and other current expenditure on goods and services. Most NHS employees are employed by NHS trusts, which

are public corporations, and their pay is not included in the pay totals here. Health authorities' purchase of health care from providers mostly from NHS Trusts but also from hospitals managed by health authorities under contracts, are classified as other current expenditure on goods and services. In the case of contracts with NHS Trusts it is the payments for the goods and services provided rather than the trusts' actual expenditure which is recorded in central government own expenditure

CENTRAL GOVERNMENT OWN EXPENDITURE BY FUNCTION

4.7 Table 4.5 shows central government own expenditure by function. This allocates to the appropriate function the expenditure for which the devolved administrations in Scotland, Wales and Northern Ireland are responsible. As with the similar analyses of total public spending in Chapter 3, the key concept in this table is total expenditure on services (see para 3.4 and Appendix G). Because expenditure by local authorities is excluded, it is possible to include figures for the future plans years here as well as data for the past.

Table 4.1 Central government own expenditure by department, 1998–99 to 2003–04

	resources, £ million					
	1998–99 outturn	1999–00 outturn	2000–01 estimated outturn	2001–02 plans	2002–03 plans	2003–04 plans
Within DEL						
Education and Employment	11,202	12,788	15,061	16,856	18,491	19,996
Health	37,941	39,975	44,172	48,202	52,062	56,408
Environment, Transport and Regions	5,680	6,900	6,759	7,599	8,950	10,752
Local Government	214	242	241	251	244	242
Home Office	3,082	3,289	4,482	5,426	5,567	5,757
Lord Chancellor's Departments	2,175	2,148	2,458	2,506	2,498	2,516
Attorney General's Departments	338	335	381	426	433	445
Defence	23,682	24,095	23,303	23,707	24,151	24,937
Foreign and Commonwealth Office	1,080	1,132	1,240	1,350	1,231	1,280
International Development	2,238	2,547	2,798	3,115	3,347	3,560
Trade and Industry	2,957	2,975	3,704	4,578	4,298	4,250
Agriculture, Fisheries and Food	1,180	1,353	1,479	1,412	1,490	1,510
Culture, Media and Sport	887	916	897	1,021	1,064	1,132
Social Security (administration)	2,634	3,043	3,427	3,677	3,978	3,894
Scotland	7,945	8,336	9,398	10,130	10,926	11,624
Wales	4,286	4,040	4,518	5,004	5,471	5,935
Northern Ireland Executive	4,345	4,564	5,186	5,410	5,695	6,018
Northern Ireland Office	1,018	1,035	1,258	1,093	1,135	1,030
Chancellor's Departments	3,284	3,491	3,829	4,097	4,250	4,279
Cabinet Office	1,281	1,352	1,471	1,475	1,456	1,508
Employment Opportunities Fund	274	497	752	795	797	770
Allowance for shortfall			-1,600			
Total central government own expenditure within DEL	117,723	125,054	135,200	148,100	157,500	167,800
Within Departmental AME						
Education and Employment	1,627	1,671	1,805	1,882	2,000	2,200
Health	1,693	1,021	1,374	700	706	818
Environment, Transport and Regions	3,777	4,008	3,566	4,312	4,402	4,480
Home Office	811	726	429	480	559	620
Lord Chancellor's Departments	11	16	18	33	34	33
Attorney General's Departments	4	4	7	12	12	12
Defence	12,148	12,868	12,242	12,723	14,039	14,815
Foreign and Commonwealth Office	97	122	139	152	196	199
International Development	317	592	720	526	586	662
Trade and Industry	-31	2,416	2,584	680	844	1,158
Agriculture, Fisheries and Food	2,663	2,412	2,220	2,168	2,187	2,235
Culture, Media and Sport	1,639	1,758	1,818	2,105	1,957	1,623
Social Security	80,753	85,553	87,177	92,133	95,120	99,110
Scotland	1,615	1,735	1,864	2,008	1,950	2,033
Wales	913	1,021	1,009	1,018	1,031	1,051
Northern Ireland Executive	4,691	4,914	5,109	5,323	5,497	5,694
Northern Ireland Office	20	201	61	100	140	139
Chancellor's Departments	169	297	366	445	457	483
Cabinet Office	1,251	1,446	1,191	1,791	1,553	1,602
Total central government own expenditure within Departmental AME	114,167	122,784	123,700	128,600	133,300	139,000
Locally financed support in Northern Ireland	97	111	129	142	172	203
Net payments to EC institutions	3,590	2,871	3,520	2,688	2,596	2,912
Central government debt interest	29,512	25,297	26,560	23,144	24,173	23,997
Accounting and other adjustments	-18,769	-22,123	-15,881	-20,832	-12,672	-12,641
Total central government own expenditure	246,320	253,994	273,200	290,300	305,100	321,300

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.2 Central government own current expenditure by department, 1998-99 to 2003-04

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Within Resource Budget DEL						
Education and Employment	11,005	12,526	14,764	16,199	17,763	19,112
Health	38,283	40,098	44,097	47,733	51,327	55,334
Environment, Transport and Regions	3,292	3,696	4,038	4,501	4,782	4,692
Local Government	212	242	241	251	244	242
Home Office	2,770	2,991	3,946	4,716	4,836	5,119
Lord Chancellor's Departments	2,137	2,138	2,421	2,467	2,480	2,498
Attorney General's Departments	334	331	364	407	426	439
Defence	17,693	18,150	18,068	18,300	18,482	18,744
Foreign and Commonwealth Office	991	1,048	1,138	1,240	1,109	1,148
International Development	2,012	2,276	2,490	2,715	2,955	3,161
Trade and Industry	2,710	2,788	3,256	3,871	3,538	3,232
Agriculture, Fisheries and Food	1,070	1,197	1,349	1,269	1,277	1,315
Culture, Media and Sport	785	847	879	926	1,018	1,077
Social Security (administration)	2,945	3,000	3,320	3,574	3,871	3,860
Scotland	7,520	7,955	8,706	9,498	10,389	11,076
Wales	3,929	3,686	4,145	4,602	5,037	5,496
Northern Ireland Executive	3,899	4,117	4,643	4,838	5,114	5,464
Northern Ireland Office	992	1,008	1,214	1,035	1,078	982
Chancellor's Departments	3,176	3,338	3,761	3,916	4,025	4,041
Cabinet Office	1,049	1,150	1,216	1,297	1,301	1,342
Employment Opportunities Fund	268	490	733	795	797	770
Allowance for shortfall			-1,600			
Total within Resource Budget DEL	107,072	113,073	123,200	134,100	141,800	149,100
Within Resource Departmental AME						
Education and Employment	1,626	1,668	1,804	1,880	1,999	2,199
Health	1,693	1,021	1,374	700	706	818
Environment, Transport and Regions	3,777	4,008	3,566	4,312	4,402	4,480
Local Government	0	0	0	0		
Home Office	811	726	429	480	559	620
Lord Chancellor's Departments	11	16	18	33	34	33
Attorney General's Departments	4	4	7	12	12	12
Defence	12,148	12,868	12,242	12,723	14,039	14,815
Foreign and Commonwealth Office	97	122	139	146	191	194
International Development	317	592	720	526	586	662
Trade and Industry	195	1,497	1,493	-84	412	741
Agriculture, Fisheries and Food	2,654	2,410	2,218	2,167	2,186	2,234
Culture, Media and Sport	676	378	906	1,043	946	793
Social Security	80,753	85,524	87,099	92,045	95,028	99,016
Scotland	1,615	1,735	1,864	2,008	1,950	2,033
Wales	913	1,021	1,009	1,018	1,031	1,051
Northern Ireland Executive	4,690	4,914	5,108	5,323	5,497	5,693
Northern Ireland Office	20	201	61	100	140	139
Chancellor's Departments	169	298	366	445	457	483
Cabinet Office	1,251	1,446	1,191	1,791	1,553	1,602
Total within Resource Departmental AME	113,419	120,449	121,600	126,700	131,700	137,600
Total central government own current expenditure within Resource Budgets	220,491	233,522	244,800	260,800	273,600	286,800
Locally financed support in Northern Ireland	97	111	129	142	172	203
Net payments to EC institutions	3,590	2,871	3,520	2,688	2,596	2,912
Central government debt interest	29,512	25,297	26,560	23,144	24,173	23,997
Accounting and other adjustments	-19,028	-19,338	-16,300	-13,200	-14,100	-14,600
Classification changes to national accounts	3,790	4,060	4,000	4,200	3,700	4,000
Total central government own current expenditure	238,452	246,524	262,600	277,800	290,200	303,300

Table 4.3 Central government own capital expenditure by department, 1998-99 to 2003-04

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Within Capital Budget DEL⁽¹⁾						
Education and Employment	197	263	297	657	728	884
Health	-343	-123	75	470	735	1,073
Environment, Transport and Regions	2,388	3,203	2,721	3,098	4,168	6,060
Local Government	1	0	0	0	1	1
Home Office	312	298	536	710	731	638
Lord Chancellor's Departments	38	10	37	39	18	18
Attorney General's Departments	5	4	17	19	6	6
Defence	5,988	5,945	5,235	5,407	5,668	6,193
Foreign and Commonwealth Office	89	84	102	110	122	132
International Development	226	271	307	400	391	399
Trade and Industry	247	187	448	707	760	1,017
Agriculture, Fisheries and Food	110	156	130	143	213	195
Culture, Media and Sport	103	69	18	95	46	55
Social Security (administration)	-311	42	106	103	108	34
Scotland	426	381	692	632	537	548
Wales	357	353	374	402	434	439
Northern Ireland Executive	445	447	543	572	582	553
Northern Ireland Office	26	27	43	58	57	48
Chancellor's Departments	108	153	68	181	225	238
Cabinet Office	232	202	255	179	155	165
Employment Opportunities Fund	7	7	14			
Total within Capital Budget DEL	10,651	11,981	12,000	14,000	15,700	18,700
Within Capital Departmental AME						
Education and Employment	1	3	1	1	1	1
Foreign and Commonwealth Office				5	5	5
Trade and Industry	-226	919	1,091	764	432	417
Agriculture, Fisheries and Food	9	2	2	1	1	1
Culture, Media and Sport	963	1,380	912	1,062	1,010	830
Social Security		29	78	88	92	94
Northern Ireland Executive	1	1	1	1	1	1
Chancellor's Departments		0				
Cabinet Office						
Total within Capital Departmental AME	748	2,335	2,100	1,900	1,500	1,400
Total central government own capital expenditure within Capital Budgets	11,399	14,316	14,100	15,900	17,200	20,000
Accounting and other adjustments	259	-2,785	400	700	1,400	1,900
Classification changes to national accounts	-3,790	-4,062	-3,958	-4,203	-3,718	-4,032
Total central government own capital expenditure	7,868	7,470	10,600	12,400	14,900	18,000

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.4 Central Government own expenditure¹ by economic category 1998–99 to 2003–04

	resources, £ million					
	1998–99 outturn	1999–2000 outturn	2000–01 estimated outturn	2001–02 plans	2002–03 plans	2003–04 plans
Within Resource Budget DEL:¹						
Pay	20,716	23,236	25,000	25,973	26,565	27,048
Other current expenditure on goods and services	67,802	68,308	73,760	79,461	83,976	89,338
Subsidies	2,745	2,823	3,593	3,616	3,698	3,601
Current grants to the private sector	13,896	16,028	19,642	21,650	23,127	24,337
Current transfers abroad	2,413	2,949	3,226	3,550	3,585	3,799
Other current expenditure	-500	-272	-430	-102	936	1,022
Allowance for Shortfall			-1,600			
Total within Resource Budget DEL¹	107,072	113,073	123,200	134,100	141,800	149,100
Within Resource Departmental AME:						
Pay	49	64	66	67	67	67
Other current expenditure on goods and services	451	451	119	160	144	167
Subsidies	3,465	3,304	3,260	3,677	3,610	3,548
Current grants to the private sector	83,149	87,659	89,802	94,951	97,935	101,862
Current transfers abroad	1,208	1,332	1,423	1,545	1,631	1,708
Depreciation	7,501	8,002	8,124	8,667	9,437	10,263
Cost of capital charges	11,667	11,952	11,804	12,066	12,696	13,071
Provisions and other charges	746	2,531	1,579	-59	631	1,007
Other current expenditure	5,184	5,155	5,438	5,594	5,577	5,926
Total within Resource Departmental AME¹	113,419	120,449	121,600	126,700	131,700	137,600
Total within Resource Budgets	220,491	233,522	244,800	260,800	273,600	286,800
Current grants to the private sector	97	111	129	142	172	203
Current transfers abroad	3,590	2,871	3,520	2,688	2,596	2,912
Interest payments	29,512	25,297	26,560	23,144	24,173	23,997
Accounting and other adjustments	-19,028	-19,338	-16,300	-13,200	-14,100	-14,600
Classification changes to national accounts	3,790	4,061	4,000	4,200	3,700	4,000
Total Central Government own current expenditure^{1,2}	238,452	246,524	262,600	277,800	290,200	303,300
Within Capital Budget DEL:						
Net capital expenditure on assets	7,976	8,428	8,310	9,049	9,954	10,759
Capital grants	2,493	3,313	3,388	4,089	4,616	6,812
Net lending and other financial transactions	195	255	285	482	526	641
Other Capital expenditure	-13	-15	37	362	590	486
Total within Capital Departmental DEL¹	10,651	11,981	12,000	14,000	15,700	18,700
Within Capital Departmental AME:						
Net capital expenditure on assets	377	509	313	369	351	291
Capital grants	598	878	602	702	668	548
Net lending and other financial transactions	-226	949	1,169	852	524	511
Total within Capital Departmental AME	748	2,335	2,100	1,900	1,500	1,400
Total within Capital Budgets¹	11,399	14,316	14,100	15,900	17,200	20,000
Accounting and other adjustments	259	-2,785	400	700	1,400	1,900
Classification changes to national accounts	-3,790	-4,061	-3,958	-4,203	-3,718	-4,032
Total Central Government own capital expenditure^{1,2}	7,868	7,470	10,600	12,400	14,900	18,000
Total Central Government own expenditure^{1,2}	246,320	253,994	273,200	290,300	305,100	321,300

(1) Excluding any allocations from the DEL Reserve, the Invest to Save Budget, Policy Innovation Fund and Capital Modernisation Fund. Amounts for these reserves are included in DEL in the spending plans for 2001–02 to 2003–04 (see Table 1.2) but are not allocated to spending sectors.

(2) The AME margin is not allocated to spending sectors in future spending plans.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1995-96 to 2003-04

	cash £million						resources £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Education									
Under fives	1	10	637	135	127	194	215	492	542
Schools	1,081	1,161	1,361	1,379	1,439	1,624	1,750	1,886	1,968
Further Education	3,406	3,577	3,587	3,661	4,030	4,377	6,324	6,912	7,496
Higher Education	4,773	4,659	4,726	4,746	5,318	6,102	7,202	7,757	8,110
Student support (inc mandatory awards & access fund)	459	524	557	629	1,176	1,699	1,603	1,712	1,777
Miscellaneous educational services, research and administration	688	712	760	739	868	1,100	1,198	1,089	1,114
Total education	10,408	10,642	11,627	11,290	12,956	15,097	18,291	19,848	21,008
Health and personal social services									
Health									
National Health Service hospitals, community health, family health and related services (net)									
	37,808	39,459	41,395	43,897	47,644	52,818	55,857	60,489	65,569
Central health and other services	920	935	903	858	968	981	1,067	1,090	1,149
Total health	38,728	40,394	42,298	44,755	48,613	53,799	56,924	61,579	66,718
Personal social services	396	433	466	467	529	631	722	753	817
Adjustments to TME	1,159	1,276	1,498	1,536	1,606	1,602	1,560	1,560	1,560
Total health and personal social services	40,283	42,102	44,263	46,758	50,748	56,032	59,206	63,891	69,095
Transport									
National roads	2,411	2,161	1,986	1,837	1,877	1,961	2,089	2,214	2,297
Local roads									
Local transport	225	224	222	307	353	374	396	397	408
Ports	7	11	5	1	1	2	6	10	4
Marine, coastguard, shipping and civil aviation services									
	-7	-2	1	28	30	58	21	22	22
Driver and vehicle licensing and testing	143	152	151	75	96	130	128	130	139
National and International rail services	1,768	1,929	1,532	1,393	1,141	1,243	1,601	2,303	3,545
UK Maritime Agency	83	89	83	84	90	100	99	106	106
Other transport services	115	139	223	159	287	214	313	327	391
Total transport	4,746	4,704	4,203	3,885	3,874	4,083	4,653	5,509	6,911
Housing									
Local authority housing									
Other social housing	1,146	1,045	729	744	831	853	854	1,029	1,379
Other	1,093	1,121	1,069	864	811	835	1,429	1,442	1,384
Total housing	2,239	2,166	1,798	1,608	1,642	1,688	2,283	2,471	2,763
Other environmental services									
Environmental protection	294	382	382	376	384	410	463	487	528
Countryside and water	-5	-62	-71	-72	67	647	915	1,073	1,212
Urban	140	122	103	93	61	94	162	234	267
Other	826	860	787	823	864	1,060	1,409	1,559	1,653
Total other environmental services	1,255	1,301	1,201	1,220	1,377	2,212	2,950	3,353	3,660

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1995-96 to 2003-04 (continued)

	cash £ million						resources £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Law, order and protective services									
Administration of justice	2,612	2,695	2,717	2,731	2,843	3,398	4,148	4,222	4,295
Prisons and offender programmes	1,962	1,925	2,055	2,249	2,244	2,327	2,286	2,493	2,557
Police	839	849	925	895	849	1,207	1,724	1,589	1,484
Immigration and citizenship	211	223	252	212	792	1,304	958	990	1,045
Fire	54	56	55	58	62	64	96	98	100
Civil defence	23	28	27	24	28	26	27	29	29
Constitutional and community services	50	50	52	56	185	85	82	95	119
Central and miscellaneous services	448	432	429	460	483	544	610	627	654
Total law, order and protective services	6,200	6,257	6,511	6,685	7,485	8,954	9,932	10,143	10,283
Defence									
Defence budget	21,382	22,143	21,471	22,493	22,385	23,483	23,507	24,151	24,937
Receipts for sale of married quarters	0	-962	-700	0	0	0			
Total defence	21,382	21,181	20,771	22,493	22,385	23,483	23,507	24,151	24,937
International development assistance and other international services									
International development assistance	1,928	1,866	1,770	2,039	2,301	2,509	2,724	2,927	3,132
Other international services	1,342	1,063	1,078	1,102	1,154	1,263	1,596	1,303	1,357
Total international development assistance and other services	3,270	2,929	2,848	3,141	3,454	3,772	4,320	4,230	4,489
Trade industry, energy, employment and training									
Regional and other industrial support	1,095	1,103	1,199	1,254	1,077	1,556	1,762	1,627	1,591
Trade, scientific and technological support	2,027	2,029	2,090	2,298	2,211	2,445	2,623	2,844	3,115
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	416	290	111	21	211	483	663	141	-281
Employment	2,333	2,256	2,071	2,346	2,706	3,320	3,695	3,922	4,434
Training	1,689	1,774	1,691	1,512	1,626	1,888	477	449	435
Departmental administration and other services	285	273	282	266	283	506	475	467	478
Total trade, industry, energy, employment and training	7,845	7,725	7,443	7,696	8,114	10,198	9,095	9,450	9,773
Agriculture, fisheries, food and forestry									
Market support under CAP	2,679	2,984	2,531	2,802	2,525	2,544	2,527	2,594	2,679
Other agriculture, fisheries and food	1,364	1,500	1,381	1,390	1,450	1,742	1,686	1,730	1,721
Forestry	73	87	90	91	98	117	84	98	99
BSE	0	1,144	849	447	332	401	418	409	394
Total agriculture, fisheries, food and forestry	4,116	5,716	4,851	4,730	4,405	4,804	4,715	4,831	4,893

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1995-96 to 2003-04 (continued)

	cash £ million						resources £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Culture, Media and Sport									
Museums and galleries	278	274	272	268	290	300	326	356	366
Other arts and heritage	501	483	493	482	516	538	508	564	610
Libraries	216	150	141	124	136	120	135	136	138
Films	26	24	23	22	25	24	24	26	26
Tourism	62	64	64	65	67	74	92	92	95
Sport and recreation	119	118	115	116	128	127	153	108	127
Broadcasting	12	10	12	8	12	12	13	13	13
Administration	25	36	47	50	49	31	35	41	36
Lottery	129	388	803	1,488	1,618	1,663	1,940	1,845	1,513
Total Culture, Media and Sport	1,368	1,547	1,970	2,623	2,841	2,890	3,224	3,181	2,923
Social Security									
Pension benefits	30,804	32,883	34,483	36,552	38,731	40,043	43,683	46,047	48,321
Widows' benefits	1,051	1,017	1,021	1,008	1,023	1,003	1,215	1,193	1,107
Unemployment, incapacity and other benefits	9,423	8,723	7,804	7,638	7,306	7,073	6,962	7,019	7,075
Industrial injury benefits	753	765	768	783	785	777	753	746	754
Family benefits	9,263	9,754	10,022	10,430	11,013	9,495	9,905	10,161	10,776
War pensions	1,258	1,351	1,288	1,264	1,258	1,391	1,193	1,136	1,105
Disability benefits	8,019	9,214	9,942	10,547	11,148	11,652	12,462	12,941	13,750
Income support	17,359	17,295	16,720	16,215	16,765	18,495	19,036	18,990	19,446
Social Fund	178	159	117	116	117	158	213	258	260
Housing benefits	306	309	618	602	449	419	379	364	359
Administration and miscellaneous services	3,228	3,341	3,136	2,886	3,131	3,553	3,527	3,897	3,869
Total social security	81,641	84,811	85,918	88,040	91,725	94,058	99,327	102,753	106,823
Central administration and associated expenditure									
Public and common services	5,047	4,907	4,633	5,082	5,652	6,204	6,738	6,961	7,246
EC Net Payments	3,355	1,802	2,153	3,590	2,871	3,520	2,688	2,596	2,912
Total Central administration and associated expenditure	8,402	6,709	6,786	8,672	8,523	9,724	9,426	9,557	10,158
Total expenditure on services⁽¹⁾	193,155	197,790	200,843	208,843	219,527	237,000	252,000	263,400	277,700
Central government debt interest	26,452	27,987	29,968	29,512	25,297	26,560	23,144	24,173	23,997
Net Public Service pensions	4,270	4,978	5,352	4,681	5,194	5,906	5,609	5,590	5,940
Other adjustments	3,798	4,578	5,786	3,285	3,975	3,800	10,000	11,900	13,600
Total Central Government own expenditure⁽²⁾	227,675	235,333	241,297	246,320	253,994	273,200	290,300	305,100	321,300

(1) Central government own expenditure on services. For definition of expenditure on services, see Appendix G.

(2) For definition, see Table 5.1, footnote (2).

Table 4.2 Central Government Own Expenditure 1992-93 to 2002-03

Year	Total	Capital	Revenue	Grant-in-aid	Other
1992-93	10000	3000	7000	1000	0
1993-94	11000	3500	7500	1000	0
1994-95	12000	4000	8000	1000	0
1995-96	13000	4500	8500	1000	0
1996-97	14000	5000	9000	1000	0
1997-98	15000	5500	9500	1000	0
1998-99	16000	6000	10000	1000	0
1999-00	17000	6500	10500	1000	0
2000-01	18000	7000	11000	1000	0
2001-02	19000	7500	11500	1000	0
2002-03	20000	8000	12000	1000	0

1. Figures are in million rupees.

2. Includes interest on government securities.

3. Includes interest on non-government securities.

4. Includes interest on foreign debt.

5. Includes interest on internal debt.

6. Includes interest on external debt.

7. Includes interest on short-term debt.

8. Includes interest on long-term debt.

9. Includes interest on floating debt.

10. Includes interest on fixed debt.

11. Includes interest on convertible debt.

12. Includes interest on non-convertible debt.

13. Includes interest on zero-coupon debt.

14. Includes interest on inflation-indexed debt.

15. Includes interest on indexed debt.

16. Includes interest on non-indexed debt.

17. Includes interest on indexed floating debt.

18. Includes interest on indexed fixed debt.

19. Includes interest on indexed convertible debt.

20. Includes interest on indexed non-convertible debt.

21. Includes interest on indexed zero-coupon debt.

22. Includes interest on indexed inflation-indexed debt.

23. Includes interest on indexed non-inflation-indexed debt.

24. Includes interest on indexed short-term debt.

25. Includes interest on indexed long-term debt.

26. Includes interest on indexed floating debt.

27. Includes interest on indexed fixed debt.

28. Includes interest on indexed convertible debt.

29. Includes interest on indexed non-convertible debt.

30. Includes interest on indexed zero-coupon debt.

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

INTRODUCTION

5.1 This chapter sets out some details of expenditure on administration by central government departments subject to Treasury controls on administration costs, and on civil service staffing levels in all central government departments and the devolved administrations. The data on administration costs is on a resource basis and starts in 1998–99, with plans going through to 2003–04. The data on staffing levels covers a period of nine years, starting in 1995–96, with projections going through to 2003–04.

5.2 Outturn data on gross administrative expenditure in this chapter do not fall within the scope of National Statistics. Outturn data on civil service staffing are National Statistics.

GROSS ADMINISTRATIVE EXPENDITURE

5.3 Administration costs cover departments' current expenditure on staff, accommodation and equipment used in the administration of central government and the direct delivery of services by departments and their agencies. Examples are New Deal personal advisors who help people find work, the costs of IT needed for welfare reform and fraud reduction, prison officers and the processing of asylum applications. Expenditure is controlled during the year through accruals based administration costs limits, which are notified to Parliament in the Supply Estimates. The primary aim of administration costs control is to promote economical and efficient administration and service delivery in central government. This is largely achieved by containing gross administrative costs, though for certain executive agencies, operating in areas where expenditure and receipts vary in line with demand, net control limits may be set. Control limits for 2001–02 were announced in Supply Estimates 2001–02 : Summary Request for Supply (HC xx).

5.4 Table 5.1 sets shows gross administrative expenditure, outturn and plans, from 1998–99 to 2003–04 for all central government departments for which administration cost controls are operated. There are no numbers for the Ministry of Defence, which is not subject to the administration cost controls operated on civil departments, nor for the devolved administrations, which operate their own separate controls. Administrative expenditure is measured after eliminating double counting and offsetting VAT refunds on eligible contracted out services. The table compares plans for 2001–02 through to 2003–04 with outturn for 1998–99 and 1999–2000 and the estimated outturn for 2000–01. Expenditure is measured on a resource basis. Administration costs are expected to grow by an average of 0.5 per cent a year in real terms over the three years to 2003–04, while total spending in DEL will grow by 4.3 per cent in real terms a year.

5.5 Civil Departments' paybill outturns are published in the departmental reports, together with the related staff numbers. The total paybill for civil departments and MOD civilian staff will fall by an average of 0.2 per cent a year in real terms over the three years to 2003–04

CIVIL SERVICE STAFFING

5.6 Table 5.2 provides a summary of Civil Service staffing by department, starting in 1996–97 and with estimates for 2000–01 and plans for 2001–02 through to 2003–04. The figures comprise all permanent staff and exclude temporary and casual staff. Numbers are

measured in terms of "full-time equivalent" staff, with part time staff recorded according to the proportion of a full week for which they are contracted to work. The figures presented are average staff numbers for the financial year.

5.7 Plans for the devolved administrations are indicative only as staff numbers will depend on the decisions of the devolved executives.

5.8 Figures on public sector staffing will also be published in the June 2001 edition of Economic Trends.

Table 5.1 Gross administrative expenditure^{1,2,3} by department, 1998–99 to 2003–04

	resources, £ million					
	1998–99 outturn	1999–00 outturn	2000–01 estimated outturn	2001–02 plans	2002–03 plans	2003–04 plans
Departmental Expenditure Limits						
Department for Education and Employment	1,168	1,198	1,329	1,450	1,498	1,470
Department of Health ⁴	287	277	404	414	422	430
Department of the Environment, Transport and the Regions	828	889	974	1,027	1,113	1,152
Home Office	2,220	2,143	2,481	2,726	2,854	2,965
Legal Departments	508	550	673	679	679	689
Attorney General's Departments	256	256	277	308	315	325
Foreign and Commonwealth Office	629	585	649	636	665	676
Department for International Development	59	70	71	68	75	80
Trade and Industry ⁵	426	521	572	545	561	565
Ministry of Agriculture, Fisheries and Food	524	489	502	504	493	554
Department of Culture, Media and Sport	30	34	31	32	32	32
Department of Social Security	2,871	3,020	3,335	3,573	3,863	3,853
Of which: funded by the Welfare Modernisation Fund				237	726	678
Scotland and Advocate General	3	3	7	7	7	7
Office of the Secretary of State for Wales	5	3	3	3	2	2
Northern Ireland Office	198	201	274	136	146	146
Chancellor of the Exchequer's Departments:						
Inland Revenue	2,055	2,213	2,462	2,564	2,708	2,725
Customs and Excise	789	789	862	925	955	960
Others	358	368	436	477	421	410
Cabinet Office	505	694	555	566	578	611
Departmental totals ⁶	13,721	14,307	15,896	16,638	17,388	17,654
Less estimated IT PFI capital ⁷	66	107	131	206	335	440
Total gross expenditure on civil departments						
Administration Costs	13,655	14,200	15,765⁸	16,432	17,053	17,214
Administration costs paybill⁹	10,408	10,826	11,529	11,824	12,134	12,333
Of which MOD Civilian paybill	2,267	2,241	2,263	2,277	2,291	2,294

(1) Administration costs include the costs of service delivery where this is carried out by central government staff and equipment.

(2) Excludes intra and inter-departmental receipts paid from administration costs.

(3) Excludes administration costs of devolved bodies.

(4) From April 2000, Department of Health includes the Food Standards Agency. Total administration costs in FSA from 2000-01 onwards are 100, 102, 104, 104 (£ million)

(5) Excluding Export Credits Guarantee Department (ECGD) whose administration costs are met from trading income. However ECGD sets administration costs plans.

(6) Cash numbers for 1996–97 are 13,491 and 13,288 respectively. Best estimates in resource terms for each year are 96–97 13,293 and 97–98, 12,989.

(7) These are charges that previously would have scored as capital but under PFI contracts are now funded from administration costs.

(8) This covers the pay costs of civil servants and others (including casual staff) and includes superannuation charges and national insurance contributions. It excludes all civil servants of the devolved bodies, and armed forces within the Ministry of Defence.

(9) On average, over the last three years, final outturn has been 2.5 per cent below the estimate in PESA. On this basis, final outturn for 2000–01 would be £400 million below the department total shown here.

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

Table 5.2 Staff of central government departments and devolved bodies⁽¹⁾, 1996–97 to 2003–04

	Thousands (full-time equivalents)							
	1996–97 actual	1997–98 actual	1998–99 actual	1999–00 actual	2000–01 estimated	2001–02 plans	2002–03 plans	2003–04 plans
Department for Education and Employment								
Employment (including OFSTED) ⁽²⁾	37.4	33.7	34.0	33.0	36.4	35.5	32.5	32.5
Department of Health	4.4	4.2	4.3	4.5	4.8	4.8	4.8	4.8
Food Standards Agency	0.0	0.0	0.0	0.0	1.9	2.0	2.0	2.0
Department of the Environment, Transport and the Regions (including ORR, PSA Services, HSE, OFWAT and Ordnance Survey)	18.9	17.6	17.9	19.0	20.2	21.4	20.9	21.1
Home Office (including Charity Commission)	50.5	50.6	50.7	50.6	56.7	59.4	58.9	59.0
Lord Chancellor's and Law Officers' Departments	18.7	17.6	17.0	17.6	18.0	18.7	18.7	18.7
Ministry of Defence	94.2	91.9	88.6	87.2	85.5	83.8	82.7	82.1
Foreign and Commonwealth Office	5.7	5.5	5.5	5.6	5.5	5.6	5.7	5.7
Department for International Development	1.0	1.0	1.1	1.3	1.2	1.4	1.4	1.4
Trade and Industry (including ACAS, OFT, OFTEL, OFGEM and the Postal Services Commission)	8.5	8.3	8.4	9.0	10.2	10.6	10.6	10.7
Export Credits Guarantee Department	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Ministry of Agriculture, Fisheries and Food ⁽¹⁰⁾	10.1	9.3	10.2	10.4	9.4	9.7	9.7	9.8
Intervention Board	0.9	1.1	1.1	1.3	1.2	1.3	1.2	1.2
Department for Culture, Media and Sport ⁽³⁾	1.0	0.6	0.6	0.7	0.6	0.6	0.6	0.6
Department of Social Security ⁽⁴⁾⁽⁵⁾	93.6	91.0	86.4	79.4	81.8	82.0	82.0	82.0
The Scottish Executive	–	–	–	0.0	0.1	0.1	0.1	0.1
Scotland ⁽⁶⁾⁽⁷⁾	11.8	12.0	12.2	12.2	13.8	13.8	13.7	13.6
Wales ⁽⁶⁾⁽⁸⁾	2.1	2.1	2.2	2.6	3.1	3.7	3.7	3.7
The Wales Office	–	–	–	0.03	0.04	0.04	0.04	0.04
The Northern Ireland Office	4.5	4.4	4.2	3.9	3.4	3.1	3.4	3.4
Northern Ireland ⁽⁶⁾	20.1	19.6	19.6	19.7	21.8	23.7	23.7	23.7
HM Customs and Excise	22.9	23.3	23.1	22.4	21.8	22.0	22.1	22.1
Inland Revenue ⁽⁵⁾	55.4	53.8	53.6	62.4	66.7	67.3	68.4	69.3
Chancellor's other departments ⁽⁹⁾	9.8	8.9	8.8	4.7	4.9	5.2	5.2	5.1
Cabinet Office, OPS, COI and PCO	2.9	2.5	2.5	2.5	2.1	2.3	2.3	2.3
Security and Intelligence Services	8.6	8.3	8.1	8.1	7.7	8.0	8.0	8.0
Trading funds and DSA	33.0	29.7	30.5	30.8	30.8	31.0	30.9	30.9
Total	516.6	497.6	490.9	489.4	509.9	517.4	513.6	514.2
<i>of which: Home Civil Service</i>	<i>487.5</i>	<i>469.3</i>	<i>462.9</i>	<i>461.3</i>	<i>480.5</i>	<i>486.2</i>	<i>482.4</i>	<i>482.7</i>

(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 devolved administrations 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) Figures include the Office of the National Lottery (ONLOT) until 31/03/99. From 01/04/99 it became the National Lottery Commission and moved 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) Changes in 1999–2000 reflect the move of the Contributions Agency from the Department of Social Security to Inland Revenue.

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

(7) Includes Crown Office.

(8) Figures for 1999–2000 have been calculated on a pro-rata basis because the Wales Office was only in existence from July 1999.

(9) Figures from 1999–2000 affect the transfer of National Savings operational locations to a Private Sector Partner.

(10) Intervention Board will be absorbed into MAFF from October 2001.

6. LOCAL AUTHORITY EXPENDITURE

INTRODUCTION

6.1 This chapter describes central government support for local authorities from 1995–96 to 2003–04 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. Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

6.2 All outturn and estimated outturn data in this chapter are on a cash basis. Plans for central government support are on a resource basis. All outturn data (to 1999–2000) in this chapter are National Statistics.

6.3 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.

6.4 Total Local Authority Expenditure in this chapter is defined as central government support for local authorities within DEL and Departmental AME, 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 TME. Total current and capital spending (including debt interest) by local authorities within TME in 1999–2000 and 2000–01 is estimated to be £85.4 billion and £91.1 billion respectively. Final outturn information for 1999–2000 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 1995–96 to 2000–01. **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, e.g. Revenue Support Grant, or related to specific services, e.g. 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 through grants. For 2001–02, TSS in England will be £57.1 billion, and in Wales £3.5 billion. For Scotland, the equivalent figure, known as Government Supported Expenditure, will be £7.2 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 2001–02.

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 locally financed expenditure in Other 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 rebates, and council tax benefit. **Table 6.7** shows current specific grants outside AEF by country, for the years 1995–96 to 2003–04. Grants outside of AEF are a mixture of support falling in DEL and Departmental AME.

CAPITAL EXPENDITURE

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

- central government support (see paragraph 6.16);
- own resources: capital receipts, and revenue.

6.15 Local authorities in England, Wales and 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 any time. The requirement to set aside part of their other receipts was lifted in September 1998.

6.16 Gross capital expenditure, split by country and service from 1995–96 to 2000–01, is shown in **Table 6.8**. Local authority gross capital spending in the United Kingdom in 1999–2000 totalled £8.7 billion with offsetting receipts of £3.7 billion. In 2000–01 gross capital spending is expected to rise to £10.4 billion with offsetting receipts of £3.3 billion, giving net capital spending of around £7.1 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

6.17 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.

6.18 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. LOCAL AUTHORITY EXPENDITURE

Table 6.1 Financing of local authority expenditure in the United Kingdom, 1995–96 to 2003–04

	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
cash, £ million ⁽¹⁾									
Expenditure within DEL									
Current									
Aggregate External Finance within DEL									
England									
Revenue support grant	18,314	18,024	18,675	19,506	19,902	19,470	21,122	} 38,393	40,757
Non-domestic rate payments	11,354	12,736	12,027	12,524	13,612	15,400	15,137		
Specific and special grants	5,110	5,082	5,354	5,736	5,937	7,191	8,187	9,631	9,999
Total England	34,778	35,843	36,056	37,765	39,450	42,060	44,446	48,024	50,756
Scotland⁽²⁾									
Revenue support grant	3,782	3,665	3,520	3,486	3,529	3,630	3,806	4,161	4,366
Specific and special grants	108	409	427	439	567	626	631	650	675
Total Scotland	3,891	4,073	3,947	3,925	4,104	4,257	4,437	4,811	5,041
Wales⁽²⁾									
Revenue support grant	1,719	1,792	1,734	1,806	1,892	2,033	2,139	} 3,018	3,160
Non-domestic rate payments	520	459	584	606	656	657	697		
Specific and special grants	227	265	260	288	276	294	271	293	304
Total Wales	2,466	2,516	2,577	2,700	2,824	2,984	3,107	3,311	3,464
Great Britain									
Revenue support grant	23,815	23,482	23,929	24,798	25,331	25,133	27,764	} 45,572	48,282
Non-domestic rate payments	11,874	13,195	12,611	13,130	14,268	16,057	15,137		
Specific and special grants	5,446	5,756	6,041	6,462	6,779	8,111	9,090	10,574	10,979
Total Great Britain	41,135	42,432	42,581	44,390	46,378	49,301	51,991	56,146	59,261
Other current grants	2,684	2,466	2,440	2,319	1,075	1,220	1,327	1,720	2,064
Total current grants within DEL	43,819	44,899	45,021	46,709	47,454	50,524	53,236	57,688	61,157
Capital									
Capital grants	1,978	1,869	1,807	1,742	1,519	2,422	3,006	3,699	4,485
Credit approvals	3,638	3,191	2,968	3,193	3,282	4,156	3,658	4,399	5,023
Total capital support within DEL	5,616	5,061	4,775	4,935	4,801	6,578	6,664	8,098	9,508
Total central government support to local authorities within DEL	49,435	49,959	49,796	51,644	52,255	57,100	60,000	66,000	70,800
Central Government support to local authorities within AME main programmes⁽²⁾	11,205	11,847	11,763	11,472	11,245	11,571	13,301	13,644	14,160
Locally financed expenditure									
Local authority self financed expenditure	13,281	12,933	14,201	15,567	16,991	16,177	17,432	18,325	19,273
Locally financed support in Scotland	1,193	1,313	1,326	1,395	1,441	1,473	1,560	1,570	1,590
Total Locally financed expenditure	14,474	14,246	15,527	16,962	18,432	17,650	18,992	19,895	20,863
Accounting and other adjustments	1,541	927	979	482	3,455	4,794	4,507	4,400	4,404
Total Local Authority expenditure	76,655	76,979	78,065	80,561	85,386	91,117	96,782	103,903	110,260

*Includes expenditure financed from the Lottery

(1) Plans for 2001–02 to 2003–04 for central government support are on a resource basis.

(2) Allocations within DEL totals may be subject to final decisions on allocations by the devolved administrations.

Table 6.2 Local authority current and capital expenditure in the United Kingdom by department, 1995-96 to 2000-01

	cash £ million					
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn
Current						
Education and Employment	20,192	20,597	20,531	22,012	22,179	24,031
Health	7,331	7,947	8,458	9,059	10,049	10,256
DETR – Main Programmes	7,423	7,688	7,821	8,235	8,660	9,123
Home Office	8,058	8,516	8,854	9,136	9,683	9,990
Legal Departments	322	326	331	329	336	343
Trade and Industry	166	168	168	161	165	172
Agriculture, Fisheries and Food	46	42	40	42	41	42
Culture, Media and Sport	1,463	1,477	1,490	1,517	1,619	1,656
Social Security	11,288	11,818	11,641	11,557	11,679	11,766
Scotland	5,687	5,756	5,795	5,972	6,187	6,379
Wales	2,266	2,328	2,394	2,626	2,641	2,838
Northern Ireland	171	199	207	212	222	242
Total current	64,413	66,862	67,729	70,859	73,461	76,837
Capital						
Education and Employment	942	934	985	1,171	1,323	2,183
Health	160	136	107	83	82	113
DETR – Main Programmes	3,467	2,891	2,559	2,323	1,579	2,555
Home Office	302	238	240	244	262	259
Legal Departments	56	29	19	28	29	36
Trade and Industry			2		1	1
Agriculture, Fisheries and Food	12	1	-9	6	19	9
Culture, Media and Sport	234	264	320	369	418	493
Scotland	1,194	514	656	714	680	781
Wales	627	563	489	510	426	470
Northern Ireland	50	53	53	55	50	63
Total capital	7,045	5,623	5,421	5,502	4,830	6,964
Debt Interest	3,656	3,568	3,935	3,716	3,740	3,246
Allowance for Shortfall					-100	-725
Accounting and other adjustments	1,541	927	979	482	3,455	4,800
Total Local Authority Expenditure	76,655	76,979	78,065	80,561	85,386	91,100

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1995-96 to 2000-01

	cash, £ million					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England						
Pay	30,647	31,602	32,028	33,968	36,224	36,988
Other current expenditure on goods and services	11,305	12,208	12,615	13,692	14,691	17,217
Subsidies	514	520	632	623	646	689
Current grants to persons	11,851	12,169	11,897	11,629	10,643	10,249
Net capital expenditure on assets	4,285	3,533	3,362	3,421	2,905	4,775
Capital grants	1,014	1,098	927	939	937	1,011
Lending and other financial transactions	-140	-153	-83	-148	-189	-158
Total England	59,475	60,976	61,378	64,123	65,857	70,771
Scotland						
Pay	3,900	3,913	3,991	4,117	5,869	6,047
Other current expenditure on goods and services	1,668	1,709	1,677	1,730	378	363
Subsidies	91	104	85	87		
Current grants to persons	928	1,006	1,072	1,106	1,033	1,073
Net capital expenditure on assets	1,090	438	599	662	597	709
Capital grants	112	74	62	56	89	78
Lending and other financial transactions	-8	2	-5	-4	-5	-5
Total Scotland	7,781	7,246	7,481	7,754	7,960	8,264
Wales						
Pay	1,945	1,994	2,097	2,256	2,293	2,451
Other current expenditure on goods and services	728	760	762	838	838	902
Subsidies	0	0	0	0	0	0
Current grants to persons	665	678	666	602	623	616
Net capital expenditure on assets	461	403	339	326	306	338
Capital grants	190	185	175	202	135	161
Lending and other financial transactions	-8	-10	-8	-6	6	-8
Total Wales	3,981	4,010	4,031	4,218	4,201	4,460
Great Britain						
Pay	36,492	37,509	38,117	40,341	44,386	45,486
Other current expenditure on goods and services	13,701	14,677	15,053	16,260	15,907	18,482
Subsidies	605	624	717	710	646	689
Current grants to persons	13,444	13,853	13,365	13,337	12,299	11,938
Net capital expenditure on assets	5,836	4,375	4,300	4,409	3,808	5,822
Capital grants	1,316	1,357	1,164	1,196	1,161	1,250
Lending and other financial transactions	-156	-161	-96	-158	-188	-171
Total Great Britain	71,238	72,234	72,890	76,095	78,019	83,496

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1995-96 to 2000-01 (continued)

	cash, £ million					
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn
Northern Ireland						
Pay	170	198	211	222	237	254
Other current expenditure on goods and services	1	1	-3	-10	-15	-12
Subsidies						
Current grants to persons						
Net capital expenditure on assets	49	52	52	54	48	61
Capital grants	1	2	2	2	2	2
Lending and other financial transactions						
Total Northern Ireland	221	253	261	267	271	305
United Kingdom						
Pay	36,662	37,707	38,327	40,563	44,622	45,741
Other current expenditure on goods and services	13,703	14,678	15,050	16,249	15,892	18,470
Subsidies	605	624	716	710	647	689
Current grants to persons	13,444	13,853	13,635	13,337	12,299	11,937
Net capital expenditure on assets	5,884	4,426	4,352	4,463	3,856	5,883
Capital grants	1,317	1,358	1,165	1,198	1,163	1,252
Lending and other financial transactions	-157	-162	-96	-158	-189	-171
Local Authority debt interest	3,656	3,568	3,935	3,716	3,740	3,246
Allowance for shortfall					-100	-700
Accounting and other adjustments	1,541	927	979	482	3,455	4,794
Total United Kingdom	76,655	76,979	78,065	80,561	85,386	91,100
<i>of which:</i>						
<i>Expenditure which cannot be allocated to countries</i>	<i>3,656</i>	<i>3,568</i>	<i>3,955</i>	<i>3,716</i>	<i>3,640</i>	<i>2,521</i>

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1995-96 to 2003-04

						cash, £ million		resources, £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans	
Current										
Within DEL										
Education and Employment	2,592	2,432	2,448	2,352	1,496	2,149	2,650	2,917	2,926	
Health	752	611	519	668	603	617	1,330	2,341	2,515	
Environment, Transport and Regions	285	273	554	575	394	866	683	991	1,114	
Local Government	30,000	30,990	30,845	32,165	33,677	35,054	36,630	38,734	41,318	
Home Office	3,592	3,706	3,823	4,081	4,110	4,290	4,082	4,384	4,555	
Lord Chancellor's Departments	252	260	257	257	261	274	305	279	273	
Trade and Industry	7	12	17	15	10	19	27	40	31	
Agriculture, Fisheries and Food	-185	-186	-186	-192	-205	-215	-210	-212	-212	
Department of Social Security	189	196	233	209	207	263	280	286	292	
Scotland ⁽²⁾	3,992	4,213	4,073	4,015	4,190	4,344	4,528	4,911	5,128	
Wales ⁽²⁾	2,285	2,326	2,363	2,485	2,616	2,786	2,932	3,111	3,296	
Northern Ireland ⁽²⁾	57	60	67	72	89	77	81	84	88	
Total within DEL	43,819	44,899	45,021	46,709	47,400	50,500	53,300	57,900	61,300	
Within AME Main Programmes										
Environment, Transport and Regions	3,380	3,309	3,125	2,825	2,580	2,628	3,348	3,160	3,003	
Agriculture, Fisheries and Food	15	12	9	8	8	8	6	8	8	
Culture, Media and Sport							47	44	36	
Social Security	7,579	8,204	8,161	8,129	8,194	8,446	9,299	9,891	10,625	
Wales	190	189	181	168	171	188	200	206	214	
Total within AME Main Programmes	11,164	11,715	11,476	11,130	10,953	11,270	12,901	13,310	13,887	
Within Locally Financed Expenditure										
Scotland	1,193	1,313	1,326	1,395	1,441	1,473	1,560	1,570	1,590	
Total within Locally Financed Expenditure	1,193	1,313	1,326	1,395	1,441	1,663	1,560	1,570	1,590	
Total Current	56,176	57,927	57,823	59,234	59,848	63,267	67,779	72,746	76,802	

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1995-96 to 2003-04 (continued)

	cash, £ million					resources, £ million			
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Capital⁽¹⁾									
Within DEL									
Education	640	696	756	935	1,063	1,930	1,977	2,297	2,989
Health	166	132	82	60	61	59	65	87	87
Environment, Transport and Regions	2,749	2,491	2,299	2,292	2,189	3,206	3,077	3,863	4,439
Local Government	67	111	305	358	272	51	56	273	323
Home Office	295	244	217	194	194	194	228	269	252
Lord Chancellor's Departments	67	33	22	28	29	23	39	54	49
Trade and Industry						2	3	1	1
Agriculture, Fisheries and Food	46	53	39	42	41	43	48	48	48
Culture, Media and Sport		8	14	7	4	25	25	25	25
Scotland ⁽²⁾	1,027	734	574	590	521	600	686	668	760
Wales ⁽²⁾	556	557	465	425	425	445	459	512	535
Northern Ireland ⁽²⁾	2	2	1	1	1				
Total Capital within DEL	5,616	5,060	4,775	4,934	4,800	6,600	6,700	8,100	9,500
Capital									
Within AME main programmes									
Financing from the National Lottery	41	132	287	342	292	301	351	333	273
Local Government							50		
Total Capital within AME									
Main programmes	41	132	287	342	292	301	401	333	273
Total Capital⁽¹⁾	5,657	5,192	5,062	5,276	5,092	6,878	7,065	8,432	9,782
Total	61,833	63,119	62,885	64,511	64,947	70,145	74,844	81,178	86,583

(1) Includes financial transactions.

(2) Allocations within DEL totals may be subject to final decisions on allocations by devolved administrations.

Table 6.5 Total Standard Spending for 2001–02 by country and main service block

	£ million
Total Standard Spending	
England	
Education	25,141
Personal Social Services	9,848
Police	7,528
Fire and civil defence	1,463
Highway maintenance	1,905
Environmental, protective and cultural services	9,099
Capital financing	1,948
Neighbourhood renewal fund	200
Total England	57,133
Total Wales⁽¹⁾	3,495
Total Government Supported Expenditure	
Scotland	
Education, Libraries and Museums	2,997
Social Work	1,256
Law, order and protective services	1,007
Roads and Transport	330
Environmental services	571
Other services	197
Loans and Leasing Services	825
Total Scotland	7,182

(1) No service split for Wales is published.

Table 6.6 Aggregate External Finance in Great Britain by country and grant 1994-95 to 2002-03

	cash, £ million						resources, £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
England									
Revenue support grant	18,314	18,024	18,675	19,506	19,902	19,470	21,122	} 38,393	40,757
Non-domestic rate payments	11,354	12,736	12,027	12,524	13,612	15,400	15,137		
Community charge grant	42	-2							
Magistrates courts	238	246	243	244	248	259	289	262	256
Community services				78	26				
Probation and after care	302	313	310	310	329	352			
Police	3,037	3,183	3,302	3,470	3,518	3,638	3,795	4,123	4,285
Grants for education support and training	185	198	269	268	453	1,377	2,185	2,461	2,394
Administration of housing benefit	141	130	135	137	140	147	140	146	150
Community Care special grant	648	483	325	355	114	197	361	534	622
Health and Social Services	104	128	194	313	489	420	886	1,628	1,725
Sheltered Employment	25	26	25	26	26	26	29	31	31
National Parks	18	17	18	17	21	20	21	24	29
GLA Transport Grant						265	220	296	334
Other grants	370	359	533	517	574	759	481	422	507
Total England	34,778	35,843	36,056	37,765	39,450	42,329	44,667	48,320	51,090
Scotland⁽¹⁾									
Revenue support grant	3,782	3,665	3,520	3,487	3,537	3,631	3,806	} 5,731	5,956
Non-domestic rate payments ⁽²⁾	1,193	1,313	1,326	1,395	1,441	1,473	1,540		
Community charge grant	4								
Urban programme	52	56	45	47	46				
Police	573	296	329	337	357	374	387	404	416
Administration of housing benefit	16	15	15	15	17	18	17	16	16
Other grants	37	42	38	39	148	234	227	230	243
Total Scotland	5,662	5,386	5,274	5,320	5,544	5,730	5,977	6,381	6,631
Wales⁽¹⁾									
Revenue support grant	1,719	1,792	1,734	1,806	1,892	2,033	2,139	} 3,018	3,160
Non-domestic rate payments	520	459	584	606	656	657	697		
Community charge grant	2								
Police	156	166	171	180	181	186	200	217	226
Other grants	69	99	89	108	95	108	71	76	78
Total Wales	2,466	2,516	2,577	2,700	2,824	2,984	3,107	3,310	3,464
Total Great Britain	42,901	43,745	43,907	45,785	47,819	51,042	53,752	58,012	61,184
<i>Of which: AEF grants within DEL</i>	<i>41,708</i>	<i>42,432</i>	<i>42,681</i>	<i>44,396</i>	<i>46,378</i>	<i>49,569</i>	<i>52,212</i>	<i>56,442</i>	<i>59,594</i>

(1) Allocations within DEL totals may be subject to final decisions on allocations by the devolved administrations.

(2) Scottish domestic 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, 1995-96 to 2003-04

	cash, £million						resources, £ million		
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
England									
Skills and competence for work	55	42	30	49	29	28	30	30	30
Careers service	67	9							
Technical and vocational education initiative	52	22	4						
Mandatory student awards	1,981	1,887	1,856	1,837	727	312	115	57	52
Rent rebates	3,457	3,397	3,179	2,910	2,657	2,736	3,470	3,291	3,142
Rent allowances	4,497	4,904	4,789	4,642	4,704	4,859	5,345	5,705	6,235
Community charge rebates/ Council tax benefit	1,770	1,824	1,863	1,893	1,889	1,887	2,104	2,241	2,361
Other grants	194	150	205	210	63	370	682	966	1,248
Total England	12,073	12,235	11,926	11,541	10,069	10,192	11,746	12,290	13,068
Scotland⁽¹⁾									
Rent rebates	528	565	611	628	622	634	679	555	570
Rent allowances	252	290	291	305	300	342	360	524	550
Council tax benefit	207	230	260	277	280	277	317	337	354
Others	118	165	148	113	111	115	117	125	112
Total Scotland	1,105	1,250	1,310	1,323	1,313	1,368	1,473	1,541	1,586
Wales⁽¹⁾									
Skills and competences for work	4	3	3	4	2	2			
Mandatory Student Awards	126	121	126	34	43	19	7	3	3
Rent allowances	209	222	213	207	222	229	241	254	265
Community charge rebates/ Council tax benefits	67	81	87	91	101	109	117	125	132
Others	207	209	183	178	189	229	260	259	307
Total Wales	613	636	612	514	557	588	625	641	707
Northern Ireland Current⁽¹⁾									
Specific Grants	57	60	67	72	89	77	81	84	88
Total Northern Ireland	57	60	67	72	89	77	81	84	88
Total United Kingdom	13,848	14,182	13,915	13,450	12,029	12,225	13,925	14,556	15,449
<i>Memo: Of which within DEL:</i>									
England	2,358	2,099	2,094	2,088	814	703	760	982	1,268
Scotland ⁽¹⁾	123	164	148	112	110	114	117	125	113
Wales ⁽¹⁾	146	143	131	46	62	60	66	54	94
Northern Ireland ⁽¹⁾	57	60	67	72	89	77	81	84	88
Total within DEL	2,684	2,466	2,440	2,318	1,075	954	1,024	1,245	1,563

(1) Allocations within DEL totals may be subject to final decisions on allocations by the devolved administrations.

Table 6.8 Local authority gross capital expenditure in the United Kingdom by country and service, 1995-96 to 2000-01

	cash, £ million					
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn
England						
Housing	1,999	1,746	1,662	1,905	1,826	1,998
Transport	1,374	1,176	1,097	1,037	1,068	1,310
Education	1,011	1,047	1,114	1,249	1,420	2,281
Personal social services	198	191	148	135	127	163
Fire services	63	49	50	56	48	9
Agriculture, fisheries and food ⁽¹⁾	53	55	47	49	27	56
Sport and recreation	192	201	194	217	242	275
Protective services ⁽²⁾	341	290	272	284	318	377
Urban and regeneration programmes	564	725	604	527	509	558
Single Regeneration Budget-DETR	529	683	570	486	469	499
Single Regeneration Budget-Other departments	34	42	35	42	41	59
Other-DETR	1					
Other services ⁽³⁾						
DETR	898	730	815	863	1,059	1,136
Other departments	61	65	135	152	182	212
Housing Association Grant	364	338	330	340	340	364
Total England	7,119	6,612	6,469	6,814	7,166	8,738
Scotland						
Scottish Executive						
Non Housing	1,043	559	577	671	664	802
Housing	656	429	315	319	287	209
Total Scotland	1,699	988	892	990	951	1,011
Wales						
Welsh Office	737	641	579	590	515	538
Other departments ⁽⁴⁾	19	19	21	17	22	23
Total Wales	756	660	599	607	537	581
Total Great Britain	9,574	8,260	7,960	8,411	8,654	10,310
Total Northern Ireland	58	61	66	70	66	80
Total United Kingdom	9,631	8,320	8,026	8,482	8,720	10,391

(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, small holdings, 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 which are outside the responsibilities of the devolved administration.

Table 6.9 Local authority capital receipts in the United Kingdom by country and service, 1995-96 to 2000-2001

	cash, £ million					
	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn
England						
Housing	1,203	1,049	1,289	1,462	2,013	1,861
Transport	14	49	13	24	39	24
Education	75	120	133	82	102	103
Personal social services	40	57	43	53	46	57
Fire services	3	5	9	3	5	4
Agriculture, fisheries and food ⁽¹⁾	9	12	12	10	10	11
Sport and recreation	15	9	13	10	19	10
Protective services ⁽²⁾	58	82	71	77	91	108
Other services ⁽³⁾						
DETR	359	545	544	687	955	725
Other departments	44	52	54	47	43	50
Total England	1,821	1,980	2,180	2,455	3,324	2,952
Scotland						
Scottish Office						
Non Housing	254	317	163	212	196	224
Housing	243	159	68	60	69	-
Total Scotland	497	476	230	272	266	224
Wales						
National Office	101	68	81	75	95	60
Other departments ⁽⁴⁾	4	4	4	5	2	2
Total Wales	105	72	85	79	96	62
Total Great Britain	2,422	2,528	2,496	2,807	3,685	3,238
Total Northern Ireland	8	7	11	15	16	17
Total United Kingdom	2,430	2,536	2,507	2,822	3,702	3,256

(1) Excludes receipts for 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.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1995-96 to 2003-04

	£ million								
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
England									
Credit Approvals									
Housing	820	751	666	987	1,024	1,820	684	953	1,142
Transport	606	469	443	368	470	774	1,237	1,304	1,378
Education	397	435	404	384	458	546	565	806	1,041
Personal social services	145	105	69	54	57	56	56	56	56
Fire services	51	31	29	28	30	33	57	57	59
Agriculture, fisheries and food ⁽¹⁾	14	16	12	17	14	13	19	19	19
Sport and recreation ⁽²⁾		7	14	7	4	25	25	25	25
Protective services	95	78	69	58	58	58	71	98	79
Single Regeneration Budget	2								
Other services ⁽³⁾	125	148	153	156	173	18	24	24	24
Local Government ⁽⁴⁾	66	110	305	358	272	48	83	143	198
Total Credit Approvals	2,322	2,150	2,165	2,418	2,561	3,392	2,820	3,485	4,021
Capital grants									
Housing	338	331	309	239	226	81	178	228	249
Transport	292	256	211	159	159	94	593	991	1,233
Education	240	257	347	548	603	1,381	1,407	1,487	1,943
Employment	2	3	3	2	2	3	3	3	3
Personal social services	21	27	13	5	4	3	9	31	31
Agriculture, fisheries and food	33	37	27	26	27	30	30	30	30
Protective services	197	151	129	126	124	113	127	152	148
Single Regeneration Budget	564	536	517	383	136	69	39	13	5
Other environment and other Services	1	2			1	195	198	221	279
Other services ⁽³⁾						160	150	260	255
Total capital grants	1,688	1,599	1,557	1,489	1,280	2,129	2,734	3,415	4,176
England - Total	4,010	3,750	3,722	3,907	3,841	5,520	5,554	6,901	8,197
Scotland⁽⁵⁾									
Scottish Executive: HRA housing									
Net capital allocations ⁽⁶⁾	290	240	183	195	158	164	176	176	176
Capital grants	1	1				3	4	4	4
Scottish Executive: Other									
Net capital allocations ⁽⁶⁾	679	443	332	326	298	358	455	459	539
Capital Grants	56	51	59	69	65	75	51	28	41
Other departments⁽⁷⁾									
Capital consent allocations	1	1	1	1	1	1	1	1	1
Total net capital allocations⁽⁶⁾	970	683	515	521	457	523	632	636	715
Total capital grants	57	51	59	69	65	77	55	32	45
Scotland - Total	1,028	735	575	591	522	600	687	668	760
Wales⁽⁵⁾									
Credit approvals									
National Assembly for Wales	336	347	281	248	259	235	249	269	279
Other departments ⁽⁹⁾	10	11	7	5	6	6	7	8	7
Total credit approvals	346	358	288	253	265	241	256	277	286
Capital grants									
National Assembly for Wales	220	210	184	177	166	210	210	243	256
Other departments ⁽⁹⁾	11	7	6	5	6	6	6	8	8
Total capital grants	231	217	190	182	172	216	216	251	264
Wales - Total	576	575	477	436	437	457	473	529	550
Northern Ireland capital⁽⁵⁾ grants									
	2	2	1	1	1				

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1995-96 to 2003-04 (continued)

	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
									£ million
Capital grants from the Lottery	41	132	287	342	292	301	351	333	273
Total United Kingdom	5,657	5,193	5,062	5,277	5,093	6,900	7,100	8,400	9,800
<i>of which:</i>									
Credit approvals	3,638	3,191	2,968	3,193	3,282	4,156	3,708	4,399	5,023
Capital grants	2,019	2,001	2,004	2,084	1,812	2,723	3,357	4,033	4,759

- (1) Support for expenditure on flood and coast protection including internal drainage boards, harbour improvements, and fishing industry.
- (2) Includes from 1996-97 credit approvals for projects (also including museums, galleries and libraries) attracting grants from the ERDF.
- (3) Includes support for expenditure on environmental services, small holdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.
- (4) 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.
- (5) Allocations within DEL totals may be subject to final decisions on allocations by devolved administrations
- (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 Scottish Executive.
- (8) Includes consent allocations for other departments in Scotland.
- (9) Includes Home Office, Lord Chancellor's and Law Officers' Departments, DETR and Department for Education and Employment.

7. PUBLIC CORPORATIONS

7.1 This Chapter 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.

7.2 Data in Tables 7.1 to 7.3 are on a resource basis. Data in Table 7.4 are on a cash basis. Outturn data in this chapter do not fall within the scope of National Statistics.

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

7.3 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, AND TRADING FUNDS

7.4 The Treasury has two 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 Departmental AME rather than in DEL. They also have greater and more individually tailored financial flexibilities. Some of the SFPCs are trading funds. To be classified as an SFPC must trade mainly with non-government customers and not perform regulatory functions (in other words its income must be from selling goods and services into a competitive market rather than through regulatory fees); and it must not require subsidies or other financial support from its parent department. SFPCs include PCs that are in the process of being privatised or established as public private partnerships (PPPs). The full list of SFPCs is: Post Office, British Nuclear Fuels, Channel Four, Royal Mint, National Air Traffic Services, Commonwealth Development Corporation, Crown Estates, and the Tote. For budgeting purposes the BBC is treated as a self-financing public corporation.
- **Trading Funds.** Operations of a government department which generate income from the supply of goods and services may be designated trading funds. This is a financial control regime that allows such bodies to keep funds from one year to the next without having to surrender surpluses to the Exchequer at the end of each year. At present, all trading funds are classified as public corporations in national accounts. Trading funds are not subject to

central government running costs controls. Instead, their expenditure is controlled using the same process as for other public corporations.

7.5 Self-financing public corporations, and trading funds are identified by footnotes in the tables.

RECENT DEVELOPMENTS

7.6 National Air Traffic Services (NATS) is expected to become a Public Private Partnership (PPP) during 2001 and will be classified as a private company in national accounts since Government will hold only 49 per cent of the shares; the private sector partner will have 46 per cent and employees 5 per cent. There are also plans to set up PPPs in the private sector for the Commonwealth Development Corporation and the Defence Evaluation and Research Agency.

7.7 London Transport is moving from being a public corporation sponsored by a central government department (DETR) to a public corporation that will be controlled by Transport for London – a local authority, part of the Greater London Authority.

THE CORPORATE CONTROL FRAMEWORK

7.8 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.
- **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.

PUBLIC EXPENDITURE MEASUREMENT AND CONTROL

7.9 The following transactions of PCs are included in departmental budgets:

- Subsidy paid to the PC by the Department (in resource DEL, except for the subsidy paid to Crown Estates which is in AME);
- Capital charge on the net assets of the PC (in resource AME during stage 1 of resource budgeting)
- The PC's profit/loss. A loss adds to expenditure within the department's

resource budget; a profit reduces it.

- The PC's capital expenditure. This includes spending on fixed capital assets and financial assets, net of sales, and net of any capital grants received from outside the public sector.

The last two items are in AME if it is an SFPC, otherwise they are in DEL.

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

7.10 Total Managed Expenditure (TME) is a consolidated measure of the current and capital expenditure of the public sector as a whole. It is from national accounts compiled by the Office for National Statistics (ONS). TME includes:

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

7.11 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.

7.12 Note that the impact of public corporations on departmental budgets differs from their impact on TME. The adjustments needed to go from DEL plus Departmental AME to TME, in respect of PCs, are included in the Accounting and Other Adjustments line (see **Table 7.1** in this Chapter and Appendix B for an explanation of the accounting adjustments).

THE TABLES

7.13 **Table 7.1** shows the impact of public corporations on departmental budgets – DEL and Departmental AME. It also shows a reconciliation to the impact of public corporations on Total Managed Expenditure (TME).

7.14 **Table 7.2** shows the contributions of PCs to resource budget DELs, by department. This is made up of subsidies paid by the department to PCs, and the profit/loss of PCs sponsored by the department (excluding SFPCs because they score in AME).

7.15 **Table 7.3** shows the contributions of PCs to capital budget DELs; and gives figures for each department and each PC. This contribution is the capital expenditure of all PCs that are not SFPCs. Capital expenditure is recorded net of any asset sales and includes any capital grants paid by a PC net of any received from the private sector or abroad. The table also shows the aggregate impact of SFPCs on departmental AME.

7.16 **Table 7.4** presents data according to the old cash based budgeting regime. It shows the impact of public corporations on DEL and departmental AME from 1995–96 to 2000–01. The impact is mainly external finance.

7.17 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 Public Corporations' contribution to Budgets and TME 1998-99 to 2003-04

	resources, £ million					
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	outturn	outturn	estimated outturn	plans	plans	
Within Resource Budget:						
<i>Resource Budget DELs:</i>						
CG subsidies to PCs	755	804	870	761	833	883
Profit(-)/Losses(+) of PCs after subsidies	-1,527	-1,875	-2,065	-1,823	-1,828	-1,856
Total Resource Budget DEL	-772	-1,071	-1,200	-1,000	-1,000	-1,000
<i>Resource Budget AME:</i>						
Profit/Loss of Self-Financing PCs	-329	306	-525	-455	-592	-816
Cost of Capital Charge for all PCs	1,820	1,968	2,120	1,563	1,654	1,664
Total Resource Budget AME	1,490	2,274	1,600	1,100	1,000	800
Total Public Corporations' Contribution to Resource Budget	719	1,202	400	0	100	-100
Within Capital Budget:						
<i>Capital Budget DELs:</i>						
Capital expenditure of PCs	2,493	2,180	3,090	3,287	3,302	3,281
Total Capital Budget DEL	2,493	2,180	3,100	3,300	3,300	3,300
<i>Capital Budget AME:</i>						
Capital expenditure of Self-Financing PCs	709	1,379	1,429	1,128	1,229	1,012
Total Capital Budget AME	709	1,379	1,400	1,100	1,200	1,000
Total Public Corporations' Contribution to Capital Budget	3,202	3,559	4,500	4,400	4,500	4,300
Accounting adjustments	236	-695	-1,000	-800	-500	-200
Total Public Corporations' Contribution to Total Managed Expenditure	4,157	4,066	3,900	3,700	4,100	3,900

**Table 7.2 Public Corporations' contribution to Resource Budget DEL,
1998-99 to 2003-04**

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Public Corporations' contribution to Resource Budget DEL¹						
Education and Employment	88	91	107	98	98	98
Health	-1,104	-1,090	-1,208	-1,242	-1,244	-1,245
Environment, Transport and Regions	-210	-147	-199	-59	-31	-44
Local Government		5	16	22	22	22
Home Office	1	1	1	0	1	1
Lord Chancellor's Departments	-10	-42	-21	-15	-15	-15
Defence				-35	-8	-26
Foreign and Commonwealth Office		-1	-1	-1	-1	-1
Trade and Industry	6	1	5	-2	2	4
Agriculture, Fisheries and Food	-4	14	14	7	0	0
Culture, Media and Sport	75	75	75	77	80	82
Scotland	144	-38	-24	14	3	47
Wales	145	-33	-32	7	7	7
Northern Ireland Executive	96	94	73	68	92	96
Chancellor's Departments				0	0	0
Cabinet Office						
Total Public Corporations' contribution to Resource Budget DEL	-772	-1,071	-1,200	-1,100	-1,000	-1,000

¹ The profit of a public corporation reduces expenditure within DEL, and a loss adds to DEL.

7. PUBLIC CORPORATIONS

Table 7.3 Public Corporations' Capital Expenditure 1998-99 to 2003-04

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Public Corporations' Capital Expenditure in Capital Budget DEL						
Education and Employment						
Remploy Ltd	6	5	5	5	5	5
Total Education and Employment	6	5	5	5	5	5
Health						
Estates Directorate		0	0	0	0	0
Medicines Control Agency ^(T)		6	5	3	1	1
National Health Service Trusts (England)	1,043	970	1,312	1,551	1,551	1,551
Total Health	1,043	976	1,317	1,554	1,553	1,552
Environment, Transport and Regions						
British Waterways Board	-1	6	5	5	5	5
Civil Aviation Authority (excluding National Air Traffic Services)		1	1	1	1	1
Commission for New Towns	85	19	13	13	1	1
Docklands Light Railway						
Driving Standards Agency ^(T)	8	2	5	2	2	2
Housing Action Trusts	95	91	114	117	131	93
London Transport	-1	-1				
National Railways		3	3			
Queen Elizabeth II Conference Centre ^(T)	0	0	1	1	1	1
Urban Regeneration Agency (English Partnerships)	419	-155	242	100	95	95
Vehicle Inspectorate	7	7	8	15	15	15
Total Environment, Transport and Regions	612	-28	392	254	251	213
Local Government						
Audit Commission			1	1		
Total Local Government			1	1		
Lord Chancellor's Departments						
Land Registry ^(T)	21	20	24	19	20	23
Total Lord Chancellor's Departments	21	20	24	19	20	23
Defence						
Defence Evaluation and Research Agency ^(T)				66	4	34
Hydrographic Office ^(T)				9	5	5
Meteorological Office ^(T)				15	36	15
NAAFI				8		
Total Defence				98	45	54
Foreign and Commonwealth Office						
BBC World Service	15	25	25	18	30	31
Total Foreign and Commonwealth Office	15	25	25	18	30	31
Trade and Industry						
Companies House ^(T)		4	2	1	6	6
The Patent Office ^(T)		0	1	0	1	1
Total Trade and Industry		4	3	1	7	7

Table 7.3 Public Corporations' Capital Expenditure 1998-99 to 2003-04 (continued)

	resources, £ million					
	1998-99 outturn	1999-00 outturn	2000-01 estimated outturn	2001-02 plans	2002-03 plans	2003-04 plans
Public Corporations' Capital Expenditure in Capital Budget DEL						
Agriculture Fisheries and Food						
Covent Garden Market Authority		0	0	0	0	0
Forestry Enterprises	-31	-7	-2	-1	-1	-1
Total Agriculture Fisheries and Food	-31	-7	-2	-1	-1	-1
Culture Media and Sport						
The Welsh Fourth Channel Authority	1	1	1	1	0	0
Total Culture Media and Sport	1	1	1	1	0	0
Scotland⁽¹⁾						
Caledonian MacBrayne	12	11	6	0		
Highlands & Islands Airports	1	2	2	2	2	2
Highlands & Islands Enterprise	28	27	26	24	24	24
National Health Service Trusts (Scotland)	64	152	135	205	205	205
Scottish Enterprise	86	106	117	96	106	116
Scottish Homes	284	239	350	275	244	251
Scottish Water Authority		371	465	462	512	520
Total Scotland	475	909	1,102	1,064	1,093	1,118
Wales⁽¹⁾						
National Health Service Trusts (Wales)	102	118	72	89	104	90
Welsh Development Agency	88					
Total Wales	191	118	72	89	104	90
Northern Ireland⁽¹⁾						
Laganside	9	9	10	10	10	10
National Health Service Trusts (Northern Ireland)	59	63	53	62	50	54
Northern Ireland Housing Executive	81	75	57	62	56	64
Northern Ireland Public Trust Port Authorities	10	10				
Northern Ireland Transport Holding Company	0	0	30	50	78	61
Total Northern Ireland	159	157	149	184	194	189
Chancellor's Departments						
The Buying Agency			0	0	0	0
Total Chancellor's Departments			0	0	0	0
Total Public Corporations Capital Expenditure in Capital Budget DELs	2,493	2,180	3,100	3,300	3,300	3,300

Table 7.3 Public Corporations' Capital Expenditure 1998-99 to 2003-04 (continued)

	resources, £ million					
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	outturn	outturn	estimated outturn	plans	plans	plans
Self-Financing Public Corporations' Capital Expenditure in Capital Budget DEL						
Environment, Transport and Regions						
National Air Traffic Services ⁽⁵⁾	52	52				
Total Environment, Transport and Regions	52	52				
Home Office						
The Tote ⁽⁵⁾	8	32				
Total Home Office	8	32				
Trade and Industry						
British Nuclear Fuels ⁽⁵⁾	466	477				
Post Office ⁽⁵⁾		708				
Total Trade and Industry	466	1,185				
Culture Media and Sport						
British Broadcasting Corporation ⁽⁵⁾	163	114				
Channel Four Television ⁽⁵⁾	7	12				
Total Culture Media and Sport	171	127				
Chancellor's Departments						
Crown Estate ⁽⁵⁾		-23				
Royal Mint ⁽⁵⁾	13	6				
Total Chancellor's Departments	13	-17				
Total Public Corporations Capital Expenditure in Capital Budget AME	709	1,379	1,400	1,100	1,200	1,000
[Accounting adjustments]						
Total Public Corporations Capital Expenditure in Total Managed Expenditure	3,202	3,559	4,500	4,400	4,500	4,300

(1) Allocations within DEL totals may be subject to final decisions on allocations by the devolved administrations.

Table 7.4 The impact of public corporations on DEL and Departmental AME (mostly external finance) by department, 1995-96 to 2000-01

	cash, £ million					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Education and Employment						
Remploy Ltd	94	94	94	94	96	101
Total DEL	94	94	94	94	96	101
Health						
Medicines Control Agency ^(T)				8	10	7
National Health Service Trusts (England)	401	83	85	-55	-50	311
Total DEL	401	83	85	-47	-40	317
DETR – Main Programmes						
Air Travel Trust Fund		5		1	0	1
British Waterways Board	50	51	52	54	59	65
Civil Aviation Authority (excluding National Air Traffic Services)			-5	-57	-1	-2
Docklands Light Railway	37	21	33	50	29	8
Driving Standards Agency ^(T)			0	0	0	0
European Passenger Service	288	15				
Housing Action Trusts	93	90	88	90	83	92
Letchworth Garden City	0					
London Transport	903	942	629	428	815	316
National Air Traffic Services – EFR ^(S)	34	-13	-26	-36	22	
National Railways	-1,663	-1,067	17	53	75	107
Commission for New Towns	-127	-115	-112	-123	-122	-124
Queen Elizabeth II Conference Centre ^(T)			0	0	0	0
Union Railways	30	12				
Urban Development Corporations	217	190	169			
Urban Regeneration Agency (English Partnerships)	156	211	251	291	228	197
Vehicle Inspectorate ^(T)			0	0	1	3
Total DEL	-17	353	1,121	787	1,165	663
Total Departmental AME	34	-13	-26	-36	22	
DETR – Local Government						
Best Value Inspectorate					5	16
Total DEL					5	16
Home Office						
Fire Service College ^(T)	2	2	4	2	0	1
Forensic Science Service ^(T)					6	1
The Tote – EFR ^(S)	6	-2	36	-2	-7	-8
Total DEL	2	2	4	2	5	2
Total Departmental AME	6	-2	36	-2	-7	-8

Table 7.4 The impact of public corporations on DEL and Departmental AME (mostly external finance) by department, 1995-96 to 2000-01 (continued)

	cash, £ million					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Legal Departments						
Land Registry ^(T)	-7	-15	-13	-3	-34	-15
Total DEL	-7	-15	-13	-3	-34	-15
Defence						
Defence Evaluation and Research Agency ^(T)	17	16	-32	-29	-8	-8
Hydrographic Office ^(T)		3	-3	0	0	-3
Meteorological Office ^(T)		27	-8	-9	-12	-9
Total DEL	17	46	-40	-38	-20	-20
Foreign and Commonwealth Office						
BBC Monitoring Service			-1	-1	-1	-1
Total DEL			-1	-1	-1	-1
International Development						
Commonwealth Development Corporation – EFR ^(S)	27	14	-22	-15		
The Crown Agents	0	7				
Crown Agents Holding and Realisation Board		15				
Total DEL	0	22				
Total Departmental AME	27	14	-22	-15		
Trade and Industry						
British Coal ⁽¹⁾	48	41	51	6	1	3
British Energy ⁽²⁾		-478				
British Nuclear Fuels – Grant ^(S)		768	100			
British Nuclear Fuels – EFR ^(S)	-13	329	89	32	1	-75
British Shipbuilders	-1	-1	-28			
Companies House ^(T)	-7	-3	0	1	-1	1
Nuclear Electric	235					
The Patent Office ^(T)	-15	-19	-23	-18	-14	-7
Post Office – EFR ^(S)	-245	-285	-338	-214	231	286
United Kingdom Atomic Energy Authority	-13					
Total DEL	249	308	100	-12	-14	-3
Total Departmental AME	-258	44	-250	-182	232	211
Culture, Media and Sport						
Channel Four Television – EFR ^(S)	-59	4	-17	-71	-13	-9
The Welsh Fourth Channel Authority	69	72	18	75	75	75
Total DEL	69	72	18	75	75	75
Total Departmental AME	-59	4	-17	-71	-13	-9

7. PUBLIC CORPORATIONS

Table 7.4 The impact of public corporations on DEL and Departmental AME (mostly external finance) by department, 1995-96 to 2000-01 (continued)

	cash, £ million					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Scotland						
Caledonian MacBrayne	14	14	24	23	21	24
Highlands & Islands Airports	14	16	15	6	12	18
Highlands and Islands Enterprise	48	47	51	52	50	58
National Health Service Trusts (Scotland)	8	-4	-40	-47	4	52
New Town Development Corporations and the Commission for New Towns	-146	-151	-59	-18		
Registers of Scotland ^(T)		0	0	0		
Scottish Enterprise	265	272	258	261	243	246
Scottish Homes	293	279	271	261	243	246
Scottish Nuclear	-43					
Scottish Transport Group		0				
Scottish Water Authority		304	228	202	222	226
Total DEL	453	778	748	822	848	1,063
Wales						
National Health Service Trust (Wales)	57	56	53	36	28	10
Urban Development Corporations (Wales)	58	56	48	37	42	17
Welsh Development Agency	34	65	97	122	115	128
Total DEL	149	178	198	195	186	155
Northern Ireland						
Driver Vehicle Testing Agency ^(T)						#
Laganside	8	8	8	8	7	7
National Health Service Trusts (Northern Ireland)	-11	-7	1	12	-1	-6
Northern Ireland Housing Executive	208	207	188	150	140	143
Northern Ireland Transport Holding Company	24	22	19	23	25	26
Total DEL	229	230	216	192	171	171
Chancellor's Departments						
Crown Estates – EFR ^(S)	6	13	-15	2	2	2
The Buying Agency ^(T)	0	0	0			
Total DEL	0	0	0	2	2	2
Total Departmental AME	6	13	-15	2	2	2
Cabinet Office						
Central Office of Information		5				
Chessington Computer Centre ^{(T)(3)}	-1					
Her Majesty's Stationery Office ^{(T)(3)}	7	-7				
Total DEL	6	-2				
Grand Total: DEL	1,645	2,150	2,531	2,065	2,441	2,523
Grand Total: Departmental AME	-243	60	-294	-304	236	197

(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.

Note: The symbol "#" denotes a figure in the range (£-0.5m, £0.5m).

Table 14. The impact of the 2008-2009 financial crisis on the UK economy. (continued)

Variable	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GDP	1400	1370	1380	1390	1400	1410	1420	1430	1440	1450	1460	1470
Unemployment	5.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Inflation	3.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
Government spending	100	110	120	130	140	150	160	170	180	190	200	210
Private sector investment	50	45	45	45	45	45	45	45	45	45	45	45
Household consumption	80	80	80	80	80	80	80	80	80	80	80	80
Net exports	10	10	10	10	10	10	10	10	10	10	10	10
Government revenue	100	100	100	100	100	100	100	100	100	100	100	100
Private sector savings	50	50	50	50	50	50	50	50	50	50	50	50
Household savings	30	30	30	30	30	30	30	30	30	30	30	30
Net capital flows	10	10	10	10	10	10	10	10	10	10	10	10
Government deficit	0	10	20	30	40	50	60	70	80	90	100	110
Private sector deficit	0	0	0	0	0	0	0	0	0	0	0	0
Household deficit	0	0	0	0	0	0	0	0	0	0	0	0
Net exports deficit	0	0	0	0	0	0	0	0	0	0	0	0
Government revenue deficit	0	0	0	0	0	0	0	0	0	0	0	0
Private sector savings deficit	0	0	0	0	0	0	0	0	0	0	0	0
Household savings deficit	0	0	0	0	0	0	0	0	0	0	0	0
Net capital flows deficit	0	0	0	0	0	0	0	0	0	0	0	0

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

INTRODUCTION

8.1 This section presents analyses of public expenditure outturn¹ by country and region. For these purposes expenditure is allocated to a specific country or region to reflect the relative benefits incurred by the respective populations.

8.2 It is important to recognise the limitations of this approach. In addition to practical difficulties that 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.

PUBLIC EXPENDITURE BY COUNTRY

8.3 Public expenditure is planned and controlled on a departmental basis, except where devolved responsibility lies with the Scottish Parliament and the Welsh Assembly. 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 the analysis focuses on Total Managed Expenditure (TME) on services (under the cash budgeting regime). TME 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 (e.g. defence expenditure and overseas aid). Wherever possible, expenditure that 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 2000 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 total managed expenditure for the years 1995-96 to 1999-00. Fuller details of each of the five years covered in the 2000 analysis are given in Tables 8.2 to 8.6. Table 8.7 gives a further breakdown of 1999-00 identifiable expenditure and also shows the non-identifiable elements by function.

8.6 Table 8.8 provides a breakdown by programme of the non-identified expenditure that has not been allocated to a specific country.

¹ Regional analysis of public expenditure includes some estimated outturn data for local authorities where final outturn was not available.

REGIONAL ANALYSIS OF PUBLIC EXPENDITURE

8.7 An analysis of spending by English region was undertaken during the winter of 2000. The exercise covers the years 1998-99 and 1999-00, where previous exercises have focused on a single year only (last years exercise looked at 1997-98 data). The data presented here is consistent with that in tables 8.1 to 8.7, (i.e. total managed expenditure on services that can be identified as being incurred for the benefit of the relevant population).

8.8 The regional analysis exercise further apportions the England total between the composite regions. In accordance with other government publications of regional statistics, expenditure has been apportioned to Government Office Regions, although for the purposes of this exercise Merseyside has been subsumed within the North West.

8.9 Tables 8.9 to 8.12 present identifiable total managed expenditure for the years 1998-99 and 1999-00, including spending per head data.

8.10 Previous years exercises have identified separately an amount of expenditure that is unallocated between region - that is expenditure identified from the country analysis as being incurred for the benefit of the English population but not further allocated to a specific region. The coverage of this years exercise has been widened to ensure all identifiable England expenditure can be allocated to a region, thereby negating the need for an unallocated column. The main benefit of this approach is to allow comparisons between expenditure per head in the regions of England and that in the countries of the UK.

Table 8.1 Identifiable total managed expenditure by country 1995-96 to 1999-2000

	cash, £ million				
	1995-96	1996-97	1997-98	1998-99	1999-2000
England	189,320	193,454	196,380	202,188	213,116
Scotland	24,224	24,524	25,109	25,817	26,981
Wales	13,334	13,612	13,818	14,324	14,838
Northern Ireland	8,692	9,107	9,281	9,640	10,047
Total identifiable expenditure	235,570	240,696	244,588	251,968	264,982
Non-identifiable expenditure	36,551	35,481	34,532	38,908	37,907
Total expenditure on services	272,121	276,177	279,120	290,875	302,889

	£ per head				
England	3,871	3,941	3,985	4,085	4,283
Scotland	4,716	4,782	4,902	5,042	5,271
Wales	4,572	4,660	4,721	4,883	5,052
Northern Ireland	5,252	5,456	5,524	5,723	5,939
Total identifiable expenditure	4,019	4,093	4,145	4,254	4,453
Non-identifiable expenditure	624	603	585	657	637
Total expenditure on services	4,643	4,696	4,730	4,911	5,090

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

Table 8.2a Identifiable total managed expenditure, 1995-96

	cash, £ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Education	28,314	4,075	1,799	1,377	35,565	80	11	5	4
Health and personal social services	41,093	5,535	2,780	1,586	50,994	81	11	5	3
Roads and transport	9,430	1,232	646	207	11,514	82	11	6	2
Housing	3,620	587	397	257	4,861	74	12	8	5
Other environmental services	6,411	1,068	761	251	8,491	76	13	9	3
Law, order and protective services	12,766	1,293	649	1,038	15,747	81	8	4	7
Trade, industry, energy and employment	5,061	797	425	490	6,772	75	12	6	7
Agriculture, fisheries, food and forestry	2,840	669	310	349	4,168	68	16	7	8
Culture, media and sport	2,797	304	252	44	3,397	82	9	7	1
Social security	75,357	8,447	5,232	2,961	91,996	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,631	217	85	132	2,065	79	11	4	6
Total	189,320	24,224	13,334	8,692	235,570	80	10	6	4

Table 8.2b Identifiable total managed 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
Education	579	793	617	832	607	95	131	102	137
Health and personal social services	840	1,078	953	958	870	97	124	110	110
Roads and transport	193	240	221	125	196	98	122	113	64
Housing	74	114	136	155	83	89	138	164	187
Other environmental services	131	208	261	152	145	90	144	180	105
Law, order and protective services	261	252	223	627	269	97	94	83	234
Trade, industry, energy and employment	103	155	146	296	116	90	134	126	256
Agriculture, fisheries, food and forestry	58	130	106	211	71	82	183	150	296
Culture, media and sport	57	59	86	27	58	99	102	149	46
Social security	1,541	1,645	1,794	1,789	1,570	98	105	114	114
Miscellaneous expenditure ⁽¹⁾	33	42	29	80	35				
Total	3,871	4,716	4,572	5,252	4,019	96	117	114	131

(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 total managed expenditure, 1996-97

	cash £ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Education	28,908	3,980	1,819	1,428	36,135	80	11	5	4
Health and personal social services	42,733	5,677	2,957	1,661	53,029	81	11	6	3
Roads and transport	8,197	1,122	561	206	10,087	81	11	6	2
Housing	3,417	401	359	253	4,430	77	9	8	6
Other environmental services	6,466	721	719	250	8,155	79	9	9	3
Law, order and protective services	13,135	1,359	676	1,047	16,216	81	8	4	6
Trade, industry, energy and employment	4,761	882	425	491	6,559	73	13	6	7
Agriculture, fisheries, food and forestry	3,048	1,068	359	423	4,898	62	22	7	9
Culture, media and sport	2,976	326	251	51	3,604	83	9	7	1
Social security	78,181	8,773	5,385	3,152	95,491	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,632	215	101	144	2,092	78	10	5	7
Total	193,454	24,524	13,612	9,107	240,696	80	10	6	4

Table 8.3b Identifiable total managed 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
Education	589	776	623	855	614	96	126	101	139
Health and personal social services	871	1,107	1,012	995	902	97	123	112	110
Roads and transport	167	219	192	124	172	97	128	112	72
Housing	70	78	123	152	75	92	104	163	201
Other environmental services	132	141	246	150	139	95	101	178	108
Law, order and protective services	268	265	231	627	276	97	96	84	227
Trade, industry, energy and employment	97	172	146	294	112	87	154	131	264
Agriculture, fisheries, food and forestry	62	208	123	254	83	75	250	147	304
Culture, media and sport	61	64	86	31	61	99	104	140	50
Social security	1,593	1,711	1,844	1,888	1,624	98	105	114	116
Miscellaneous expenditure ⁽¹⁾	33	42	35	87	36				
Total	3,941	4,782	4,660	5,456	4,093	96	117	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 8.4a Identifiable total managed expenditure, 1997-98

	cash £ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Education	29,721	4,099	1,884	1,462	37,166	80	11	5	4
Health and personal social services	44,894	5,825	3,077	1,761	55,557	81	10	6	3
Roads and transport	7,579	1,004	456	201	9,240	82	11	5	2
Housing	2,731	460	297	258	3,746	73	12	8	7
Other environmental services	6,518	960	696	234	8,408	78	11	8	3
Law, order and protective services	13,608	1,420	774	1,069	16,872	81	8	5	6
Trade, industry, energy and employment	4,426	881	442	494	6,244	71	14	7	8
Agriculture, fisheries, food and forestry	2,675	966	282	393	4,317	62	22	7	9
Culture, media and sport	3,435	356	313	63	4,167	82	9	8	2
Social security	79,046	8,940	5,503	3,220	96,710	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,746	198	94	126	2,163	81	9	4	6
Total	196,380	25,109	13,818	9,281	244,588	80	10	6	4

Table 8.4b Identifiable total managed 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
Education	603	800	644	870	630	96	127	102	138
Health and personal social services	911	1,137	1,051	1,048	941	97	121	112	111
Roads and transport	154	196	156	120	157	98	125	100	76
Housing	55	90	101	154	63	87	141	160	242
Other environmental services	132	187	238	140	142	93	132	167	98
Law, order and protective services	276	277	265	636	286	97	97	93	223
Trade, industry, energy and employment	90	172	151	294	106	85	163	143	278
Agriculture, fisheries, food and forestry	54	189	96	234	73	743	258	132	320
Culture, media and sport	70	69	107	38	71	99	98	151	53
Social security	1,604	1,745	1,880	1,916	1,639	98	106	115	117
Miscellaneous expenditure ⁽¹⁾	35	39	32	75	37				
Total	3,985	4,902	4,721	5,524	4,145	96	118	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.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.5a Identifiable total managed expenditure, 1998-99

	cash £ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Education	31,115	4,203	1,935	1,509	38,762	80	11	5	4
Health and personal social services	47,634	6,084	3,245	1,856	58,820	81	10	6	3
Roads and transport	7,110	934	446	202	8,692	82	11	5	2
Housing	2,633	493	321	276	3,723	71	13	9	7
Other environmental services	6,427	989	694	240	8,351	77	12	8	3
Law, order and protective services	14,032	1,431	810	1,074	17,348	81	8	5	6
Trade, industry, energy and employment	4,543	855	469	505	6,371	71	13	7	8
Agriculture, fisheries, food and forestry	2,805	1,046	343	417	4,611	61	23	7	9
Culture, media and sport	3,852	397	337	77	4,662	83	9	7	2
Social security	80,071	9,172	5,612	3,346	98,201	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,965	212	113	138	2,428	81	9	5	6
Total	202,188	25,817	14,324	9,640	251,968	80	10	6	4

Table 8.5b Identifiable total managed expenditure, per head, 1998-99

	£ per head					Index (United Kingdom identifiable expenditure = 100) ⁽²⁾			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Education	629	821	660	896	654	96	125	101	137
Health and personal social services	962	1,188	1,106	1,102	993	97	120	111	111
Roads and transport	144	182	152	120	147	98	124	104	82
Housing	53	96	109	164	63	85	153	174	261
Other environmental services	130	193	236	143	141	92	137	168	101
Law, order and protective services	284	280	276	638	293	97	95	94	218
Trade, industry, energy and employment	92	167	160	300	108	85	155	149	279
Agriculture, fisheries, food and forestry	57	204	117	248	78	73	262	150	318
Culture, media and sport	78	78	115	45	79	99	99	146	58
Social security	1,618	1,791	1,913	1,986	1,658	98	108	115	120
Miscellaneous expenditure ⁽¹⁾	40	41	39	82	41				
Total	4,085	5,042	4,883	5,723	4,254	96	119	115	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 total managed expenditure, 1999-2000

	cash £ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Education	32,766	4,417	2,004	1,583	40,770	80	11	5	4
Health and personal social services	51,806	6,505	3,464	2,018	63,793	81	10	5	3
Roads and transport	6,627	924	453	208	8,211	81	11	6	3
Housing	2,084	458	216	280	3,039	69	15	7	9
Other environmental services	6,646	962	710	258	8,576	77	11	8	3
Law, order and protective services	15,195	1,545	887	1,097	18,724	81	8	5	6
Trade, industry, energy and employment	5,115	874	381	495	6,866	74	13	6	7
Agriculture, fisheries, food and forestry	2,730	1,023	341	359	4,452	61	23	8	8
Culture, media and sport	4,366	453	411	90	5,319	82	9	8	2
Social security	83,691	9,547	5,825	3,500	102,562	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	2,090	273	146	159	2,668	78	10	5	6
Total	213,116	26,981	14,838	10,047	264,982	80	10	6	4

Table 8.6b Identifiable total managed expenditure, per head, 1999-2000

	£ per head					Index (United Kingdom identifiable expenditure=100) ⁽²⁾			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	N Ireland
Education	659	863	682	935	685	96	126	100	137
Health and personal social services	1,041	1,271	1,180	1,193	1,072	97	119	110	111
Roads and transport	133	180	154	123	138	97	131	112	89
Housing	42	90	74	166	51	82	175	144	325
Other environmental services	134	188	242	153	144	93	130	168	106
Law, order and protective services	305	302	302	649	315	97	96	96	206
Trade, industry, energy and employment	103	171	130	293	115	89	148	112	254
Agriculture, fisheries, food and forestry	55	200	116	212	75	73	267	155	284
Culture, media and sport	88	88	140	53	89	98	99	157	59
Social security	1,682	1,865	1,983	2,069	1,724	98	108	115	120
Miscellaneous expenditure ⁽¹⁾	42	53	50	94	45				
Total	4,283	5,271	5,052	5,939	4,453	96	118	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 8.7 Total managed expenditure⁽¹⁾: Total expenditure on services⁽²⁾ analysed by country and function, 1999-2000

	Identifiable expenditure										cash £ million		
	England	Total	Scotland Scottish Executive ⁽³⁾	Other	Total	Wales National Assembly for Wales ⁽⁴⁾	Other	Total	Northern Ireland Northern Ireland Departments and Office	Other ⁽⁵⁾	Total	Non Identifiable ⁽⁶⁾	United Kingdom
Education	32,766	4,417	4,417		2,004	1,906	99	1,583	1,583		40,770	8	40,778
Health and personal social services	51,806	6,505	6,504		3,464	3,464		2,018	2,018		63,793	171	63,963
Roads and transport	6,627	924	704	220	453	350	103	208	200	8	8,211	1	8,212
Housing	2,084	458	458		216	216		280	280		3,039		3,039
Other environmental services	6,646	962	923	39	710	697	13	258	256	2	8,576	7	8,583
Law, order and protective services	15,195	1,545	1,449	96	887		887	1,097	1,025	72	18,724	0	18,725
Defence												22,507	22,507
Overseas services												3,391	3,391
Trade, industry, energy and employment	5,115	874	632	242	381	225	156	495	485	11	6,866	2,434	9,300
Agriculture, fisheries, food and forestry	2,730	1,023	874	150	341	269	71	359	315	44	4,452	335	4,788
Culture, Media and Sport	4,366	453	291	161	411	98	313	90	40	50	5,319	75	5,394
Social security	83,691	9,547		9,547	5,825		5,825	3,500	3,466	33	102,562	754	103,316
Miscellaneous expenditure ⁽⁷⁾	2,090	273	224	49	146	120	26	159	150	10	2,668	8,224	10,892
Total	213,116	26,981	16,477	10,504	14,838	7,346	7,492	10,047	9,816	231	264,982	37,907	302,889

(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) Includes the Scotland Office.

(4) Includes the Wales Office.

(5) 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.

(6) In 1999-00 around £30 million of non-identifiable expenditure was for the benefit of England and Wales, £1,058 million for GB, and the remaining £36,819 million for the UK as a whole.

(7) 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 total managed expenditure by programme, 1999-2000

Programme	cash, £ million
Defence and overseas services	25,898
BSE related expenditure	332
Science and technology	1,917
BNFL	455
British Coal Corporation	1
Net medical payments to European Economic Area countries ⁽¹⁾	171
Records, registrations and surveys	40
War pensions and pensions paid to UK nationals abroad	738
Net payments to EC institutions	3,326
Cabinet Office	145
Parliament and associated expenditure	152
Office for National Statistics	101
Tax collection and funding for Bank of England	3,518
Civil service superannuation	78
Security and intelligence services	761
Smaller programmes	277
Total	37,907

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

Table 8.9 Identifiable total managed expenditure, by region and function, 1998-99

	Allocation of expenditure by region									Total England
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	
Education	1,676	4,498	3,128	2,525	3,493	2,920	3,337	5,147	4,391	31,115
Health and personal social services	2,544	6,676	4,866	3,715	4,904	4,528	5,145	8,667	6,589	47,634
Roads and transport	347	926	616	577	697	588	745	1,347	1,266	7,110
Housing	143	434	266	124	162	22	171	1,050	261	2,633
Other environmental services	396	826	587	512	695	614	669	1,042	1,086	6,427
Law, order and protective services	762	2,041	1,352	1,095	1,350	1,217	1,164	3,153	1,899	14,032
Trade, industry, energy and employment	275	660	461	354	482	461	490	717	643	4,543
Agriculture, fisheries, food and forestry	147	394	291	236	295	281	284	403	474	2,805
Culture, Media and Sport	226	619	310	242	341	300	314	993	507	3,852
Social security	5,093	12,760	8,355	6,454	8,657	7,771	7,879	11,714	11,389	80,071
Central administration and miscellaneous	109	338	170	152	191	170	196	340	300	1,965
Total	11,718	30,173	20,402	15,986	21,268	18,871	20,394	34,572	28,804	202,187

Table 8.10 Identifiable total managed expenditure per head, by region and function, 1998-99

	Allocation of expenditure by region									Total England
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	
Education	649	654	620	603	655	592	616	706	544	625
Health and personal social services	986	970	964	886	919	917	950	1,190	816	957
Roads and transport	134	135	122	138	131	119	138	185	157	143
Housing	55	63	53	30	30	4	32	144	32	53
Other environmental services	153	120	116	122	130	124	123	143	134	129
Law, order and protective services	295	297	268	261	253	247	215	433	235	282
Trade, industry, energy and employment	107	96	91	84	90	93	90	98	80	91
Agriculture, fisheries, food and forestry	57	57	58	56	55	57	52	55	59	56
Culture, Media and Sport	87	90	61	58	64	61	58	136	63	77
Social security	1,973	1,854	1,655	1,540	1,622	1,574	1,454	1,608	1,410	1,609
Central administration and miscellaneous	42	49	34	36	36	34	36	47	37	39
Total	4,539	4,385	4,042	3,814	3,986	3,823	3,764	4,746	3,566	4,085

Table 8.11 Identifiable general government expenditure, by region and function, 1999–2000

	Allocation of expenditure by region									Total England
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	
Education	1,771	4,754	3,328	2,662	3,686	3,094	3,552	5,369	4,550	32,766
Health and personal social services	2,814	7,396	5,303	3,961	5,280	4,826	5,371	9,475	7,381	51,806
Roads and transport	344	921	515	489	657	600	708	1,223	1,169	6,627
Housing	75	313	183	76	102	90	10	1,130	104	2,084
Other environmental services	434	1,054	329	545	711	563	593	1,325	1,092	6,646
Law, order and protective services	844	2,192	1,478	1,181	1,484	1,320	1,277	3,305	2,113	15,196
Trade, industry, energy and employment	308	745	528	461	558	493	535	786	702	5,115
Agriculture, fisheries, food and forestry	145	379	280	230	278	276	299	396	447	2,730
Culture, Media and Sport	327	538	390	300	391	367	364	1,141	549	4,366
Social security	5,303	13,261	8,796	6,790	9,067	8,291	8,297	12,152	11,733	83,691
Central administration and miscellaneous	120	284	186	165	214	194	219	382	324	2,090
Total	12,485	31,840	21,317	16,861	22,428	20,113	21,226	36,683	30,163	213,116

Table 8.12 Identifiable general government expenditure per head, by region and function, 1999–2000

	Allocation of expenditure by region									Total England
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	
Education	686	691	659	635	691	627	656	737	563	659
Health and personal social services	1,090	1,075	1,051	945	990	978	991	1,301	914	1,041
Roads and transport	133	134	102	117	123	122	131	168	145	133
Housing	29	46	36	18	19	18	2	155	13	42
Other environmental services	168	153	65	130	133	114	110	182	135	134
Law, order and protective services	327	319	293	282	278	267	236	454	262	305
Trade, industry, energy and employment	119	108	105	110	104	100	99	108	87	103
Agriculture, fisheries, food and forestry	56	55	56	55	52	56	55	54	55	55
Culture, Media and Sport	127	78	77	72	73	74	67	157	68	88
Social security	2,054	1,927	1,743	1,620	1,699	1,680	1,531	1,668	1,453	1,682
Central administration and miscellaneous	47	41	37	39	40	39	40	52	40	42
Total	4,837	4,628	4,224	4,023	4,203	4,075	3,917	5,035	3,734	4,283

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 – DEL, AME and TME are rounded to the nearest £100 million from 2000-2001 onwards;
- (ii) the DEL Reserve, the AME Margin and allowances for shortfall are rounded to the nearest £100 million from 2000-2001 onwards;
- (iii) figures for locally financed expenditure, and within that local authorities' self-financed expenditure, and for accounting and other adjustments in AME, and within that other accounting adjustments, are rounded to the nearest £100 million from 2000-2001;
- (iv) figures in the tables covering years before 1995-96 are rounded to the nearest £100 million;

REAL TERMS

A.3 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 1999-2000 prices.

2000-2001 ESTIMATED OUTTURN

A.4 The estimated outturns for individual departments for 2000-2001 are based on the latest information available from departments. The estimated outturn for resource DEL for 2000-2001 includes an allowance for shortfall of [£] billion reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment. Similarly, the estimated outturns for local authority expenditure in 1999-2000 (for which actual outturn figures are not yet available) and 2000-01 include an allowance for shortfall representing the difference between the totals budgeted for by local authorities and the Treasury's latest estimates.

DATA IN TABLES

A.5 This is the first time when spending plans in PESA have been presented in resource terms. Consistent data on a resource basis is only available back to 1998-99, the first year for which departments have produced resource accounts. As a result, most of the tables which show plans or projections to 2003-04 cover a period of six years, from 1998-99 to 2003-04. The norm in past editions of PESA has been to cover a period of nine years, with five years outturns, one year estimated outturn and three years plans.

A.6 For those tables which do not show plans years, for example most of the public sector

spending tables in Chapter 3, tables for this edition of PESA are in line with previous practice, and cover a period of six years, from 1995–96 to 2000–01. These tables are on a cash basis. As in previous volumes, certain of these tables cover a longer period, back to 1984–85. All data in such tables are cash.

A.7 Finally there are a few tables, for example Table 4.5 showing central government own expenditure by function, which show nine years data, six years cash and three years resource, with a break in series between outturns/estimated outturns and plans. All tables indicate whether the data is in £ million cash or £ million resources.

A.8 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.9 The following economic assumptions underlie the figures in this publication.

- (a) Income related social security benefits are updated annually in April in line with the change in the Rossi (a modified measure of inflation based on the Retail Prices Index) in the year up to the previous September. Other non income-related benefits are also updated 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 Rossi, 1½ per cent in 2001-02, 2¼ per cent in 2002-03, and 2¼ per cent in 2003-04; for the RPI, 1¾ per cent for 2001-02, 2.75 per cent for 2002-03 and 2½ per cent for 2003-04.
- (b) The level of unemployment (excluding students and those temporarily stopped work) is assumed to grow from recent levels of 1.03 million to 1.06 million in 2003-04. This does not represent the Government's view of the prospects for unemployment. It is instead a deliberately cautious approach for the purpose of the public spending projections. This planning assumption has been audited by the National Audit Office. (See the NAO Report: Audit of Assumptions for the March 2000 Budget, published as HC348).
- (c) Further details on economic assumptions can be found in the March 2001 Financial Statement and Budget Report, (HC279), paragraph C19.

ECONOMIC GROWTH AND INFLATION

A.10 General inflation as measured by the GDP deflator is forecast to be 1¾ per cent in 2000-01, and 2½ per cent for each year from 2001-02 to 2003-04.

A.11 GDP at market prices (money GDP) is projected to rise 2¼ per cent per year over the years 2001-02 to 2003-04.

APPENDIX B COVERAGE OF THE ACCOUNTING AND OTHER ADJUSTMENTS IN AME

NEED FOR ACCOUNTING ADJUSTMENTS

B.1 The national accounts, produced by the Office for National Statistics (ONS), follow international guidelines and provide a widely accepted framework for analyzing the economic activity of the country. Total Managed Expenditure (TME) is drawn from national accounts.

B.2 From 2001–02 onwards, Government departments will account for and budget for their spending in resource terms. Resource accounting is based on generally accepted accounting practice (GAAP). This differs in several ways to national accounts. Also the requirements of national accounts and the control regimes defined for the management of public expenditure (DEL and AME) are different; and sometimes other factors lead to an alternative approach – for example issues of data availability and incentive frameworks.

B.3 So a number of adjustments are needed to relate DEL and various identified programme lines in AME (see Appendix E) to TME. These adjustments are shown in table 1.13. They are listed below and grouped according to the main categories in that table. The operator (ie “add” or “subtract”) describes the adjustment needed to derive TME from DEL plus programme AME.

CHANGES SINCE PESA 2000-01

B.4 Under the revised presentation of AME budgets adopted for the 2000 Spending Review, the accounting adjustments no longer include items within Departmental AME that are not separately identified in Table 1.3. Instead these are now included in that table in the line “other programme expenditure” in Departmental AME. They are listed in Appendix E.

B.5 Most of the changes to the accounting adjustments are a result of the move to resource budgeting. Other changes include: spending to satisfy certain DTI obligations following the privatisation of the coal industry which are regarded as a cost of the privatisation process and so outside DTI’s budget; and the introduction of some new tax credits treated as expenditure – for R&D, free museums, and clearing up contaminated land.

LIST OF THE ACCOUNTING ADJUSTMENTS

Non-trading capital consumption

- (i) Add the value of general government non-trading capital consumption (i.e. depreciation) as measured by ONS for national accounts. This applies to central and local government. In the category below for non-cash items in RAB, the depreciation included in central government departmental resource budgets, as measured by departments, is deducted. ONS will consider using the depreciation figures produced by departments once there is a reasonable back series of figures available for analysis, and a suitable moment arises to revise national accounts.

VAT Refunds

- (ii) Add 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 all non-business activities. DEL and Local Authority Self-Financed Expenditure (LASFE) are measured net of these VAT refunds, but in TME the 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 other current grants to NHS trusts but, like subsidies, they are not consolidated in calculating TME and so add to TME.
- (iv) Add VAT refunds paid to the BBC, ITN, and to free public museums, in respect of non-business activities. These are treated as subsidies in TME.
- (v) Add VAT refunds paid to DIY house builders. These are treated as capital grants in TME.

EC Contributions

- (vi) Deduct the customs duties, agricultural and sugar levies, and part of VAT paid to the institutions of the European Communities. National accounts treat these payments as payments direct from UK citizens and businesses to the EC; so they are excluded from government income and expenditure in national accounts. Similarly, receipts from the EU in respect of agricultural subsidies, research grants, investment grants, European social fund grants, and other EC schemes, are treated as payments direct from the EC to UK citizens and institutions, and so are not recorded as government expenditure in national accounts. In practice these payments are routed through government departments. So DELs, and the AME line for expenditure under the Common Agricultural Policy (CAP), include EC expenditure in the UK. Other programme expenditure in AME also includes a line for the net UK contribution to the EC. This equals payments to the EC (duties, levies and VAT, and the GNP-based contribution), less receipts from the EC in respect of the schemes just described. The line therefore removes the spending in DEL and under the CAP. To arrive at TME it is necessary to make a further adjustment by removing the duties levies and VAT recorded in the net contribution line, which is what this adjustment does.

Tax Credits

- (vii) Add payments of certain tax credits which score as government expenditure in national accounts. 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), Research and Development Tax Credit (from 2001-02), payments of transitional relief to charities formerly entitled to receive tax credits on dividends, and the new scheme for tax relief on clearing contaminated land. National accounts treat such tax credits as public expenditure rather than as adjustments to tax receipts. Note that this adjustment also includes the voted "public expenditure" income tax tax credits paid to non-taxpayers, since these are not within DEL.

Adjustments for local authorities

- (viii) Deduct license fees that are treated as revenue in the calculation of LASFE, but are netted-off expenditure in national accounts.
- (ix) Add subsidies paid to LA trading bodies. These are deducted from the figure for the operating surplus of LA trading bodies, one of the revenue items in the calculation of LASFE, but are included as LA expenditure in national accounts.

Adjustments for Public Corporations

Note that the accounting adjustments for public corporations have changed significantly because of the introduction of resource budgeting. Under resource budgeting, a department's budget includes certain items in respect of each of its public corporations. These items are:

- (a) Subsidies paid by the department to the public corporation;
- (b) the net capital expenditure of the public corporation on fixed capital assets and stocks;
- (c) capital grants received by the public corporation from outside the department (this reduces expenditure scored against a department's budget);
- (d) net acquisitions of certain types of financial assets (loans and shares) by the public corporation;
- (e) the profit/loss of the public corporation after depreciation and before interest and dividend payments and receipts (a profit is deducted from the spending within a department's budget, a loss adds to it);
- (f) a capital charge on the net assets of the public corporation.

TME includes the first three items only. So the last three items have to be deducted in the accounting adjustments. The fourth item is included within the category of adjustments for financial transactions (see below), and the sixth appears in the category of non-cash adjustments.

The adjustment for profit/loss is needed because in national accounts the operating surplus of public corporations is recorded as revenue and not included in TME. A large component of the public corporations' profit within DEL relates to NHS trusts. Health budgets record this profit rather than the trust debt remuneration actually received.

So the adjustments needed are

- (x) Add of the profits made by public corporations sponsored by central government departments (or the deduction of losses in cases where losses are made).
- (xi) Add interest paid by public corporations to the private sector and abroad – because property income paid by the public sector to the rest of the economy is in TME, but not in departmental budgets.
- (xii) Subtract payments of interest by central government to public corporations – because total central government debt interest is recorded in another line in AME and the amount paid within the public sector has to be consolidated out.

- (xiii) Deduct from capital expenditure the net acquisitions of financial assets by public corporations that are included within the capital expenditure of public corporations in departmental budgets. These are financial transactions outside TME.
- (xiv) Add to current expenditure the capital expenditure of NHS trusts that is funded from retained operating income. This operating income is mainly from charges paid by health authorities buying the services of NHS trusts, and is in the current DEL of health departments. The NHS trusts' capital expenditure is in capital DEL of health departments. So the capital expenditure funded by current income is in a sense counted twice in DEL. An adjustment is made to current DEL to remove this double counting. (Note that the profit/loss in DEL is recorded after depreciation). The amount is added to the accounting adjustments to undue the adjustment made to DEL.
- (xv) Add the capital expenditure of local authority public corporations that is not funded by grants from local authorities, nor from borrowing supported by credit approvals. Typically this will be the capital expenditure of local authority airports since such borrowing does not require credit approvals and does not score in DETR's DEL.
- (xvi) Some public corporation capital expenditure is not recorded in departmental budgets. This has to be added in the accounting adjustments. For example the creation of artistic originals by the BBC and C4 is recorded as public corporations capital expenditure for national accounts, but in budgets is an operating cost affecting profit rather than capital.

Intra General Government Sector Debt Interest

- (xvii) Deduct central government debt interest paid to local authorities.

TME is consolidated public sector expenditure; so it records only those distributive transactions that are paid outside the public sector. Payments of grants and interest that are within the public sector do not score in TME. So it is necessary to deduct any interest payments to the public sector included in DEL the debt interest figures in AME, and add back any interest receipts from the private sector netted-off in departmental budgets.

Local authority expenditure in the relevant lines in DEL (central government grants to local government) and AME (locally financed expenditure) 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 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.

Note that central government interest paid to public corporations was subtracted in the category for public corporation adjustments.

Financial Transactions in DEL and AME

TME measures the current and capital expenditure of the public sector, as defined by national accounts. This excludes expenditure on the acquisition of financial assets since in national accounts these are classified as financial transactions, not capital expenditure. Departmental

budgets include the net acquisition of certain types of financial assets. These are assets acquired for policy purposes rather than liquidity management – sometimes called “net lending” or “policy lending”. Typically it refers to transactions in shares and lending to businesses and individuals. The specific adjustments are described below.

- (xviii) Deduct loans, net of repayments of loans, to public corporations, the private sector and overseas that score in DEL and departmental AME.
- (xix) Deduct the net acquisition of private sector company securities that score in DEL and departmental AME.
- (xx) Deduct the measure of the subsidy and bad debt element of student loans that scores in DEL – because national accounts treat all lending to students as a financial transaction outside TME, but departmental budgets regards part of the lending as grants to reflect the low interest charged and likelihood of bad debts.

Adjustments for expenditure financed by receipts

- (xxi) Add receipts of certain taxes imposed by departments, including licenses imposed by the utility regulators such as OFGEM and OFTEL, which are netted-off in DEL but not in TME because all taxes and tax-like licenses are treated as revenue in national accounts.
- (xxii) Add certain fines imposed by departments which are netted-off in DEL but not in TME because all fines are treated as revenue in national accounts.
- (xxiii) Add penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are netted-off in LASFE but not in TME because all penalties are treated as revenue in national accounts.
- (xxiv) Add those receipts of current donations which are netted-off in DEL but not in TME because all current donations are treated as revenue in national accounts.
- (xxv) Add those receipts of current compensation which are netted-off in DEL but not in TME because all current compensation is treated as revenue in national accounts.
- (xxvi) Add receipts of rent of land since these are netted-off in DEL but not in TME because rent of land, along with other property income, is treated as revenue in national accounts.
- (xxvii) Add receipts of dividends netted-off in DEL but not in TME because dividends, along with other property income, are treated as revenue in national accounts.
- (xxviii) Add expenditure by the Financial Services Authority, net of any sales of services. FSA is outside departmental budgets and is mainly financed by levies of the financial services industry, which are treated as revenue in national accounts.
- (xxix) Subtract expenditure by levy funded NDPBs. Most of these are agricultural bodies. The expenditure is recorded in departmental budgets and is financed by tax-like levies. The adjustment is needed because a necessary revision to national accounts has not yet been implemented, but will be in this year’s Blue Book.

Non-cash items in RAB

- (xxx) Deduct depreciation recorded in departmental budgets (see non-trading capital consumption above).
- (xxxii) Deduct the cost of capital charge, movements in provisions, notional audit fee, and other non-cash items recorded in departmental budgets but not in national accounts.

Accruals recording in RAB

- (xxxiii) Subtract a figure equal to accruals minus cash as recorded under RAB in departmental budgets, and to add a figure equal to accruals minus cash as recorded in national accounts. Both national accounts and RAB record expenditure on an accruals basis. The national accounts accruals are estimated using a variety of methods depending on the type of transaction. This is because, in many cases, there are no actual sources of accrued data. Under RAB accrued data become available for central government expenditure. ONS plan to start using the RAB accruals data from the summer of 2001.
- (xxxiv) Add the purchase of stocks, and subtract the sales of stocks National accounts treats purchases and sales of stocks as capital expenditure. Under RAB purchases and sales of stocks are cash adjustments. RAB records as expenditure and income only the consumption of stocks or the production of goods for stocks.

Other accounting adjustments

- (xxxv) **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 which is exceptionally treated in DEL as though it was an operating lease.
- (xxxvi) **Privatisation programme** (applies to outturn years only): add current and capital expenditure on privatisations which is borne on the privatisation programme and so is not in DEL.
- (xxxvii) **DfiD loan write-offs:** Deduct the costs of interest forgone by the Department for International Development in respect of debts forgiven under Retrospective Terms Adjustments arrangements which forms part of DfiD's DEL but is not in TME.
- (xxxviii) **PC grants to LAs:** deduct current grants to local authorities by public corporations financed by subsidies from general government. In national accounts this is treated as a central government grant to local government and so does not add to TME.
- (xxxix) **Reconciliation with ONS:** add, for outturn years, the residual difference between TME as measured by ONS for national accounts and Treasury sources. Differences can arise because of differences in the timing and sources of data.

ADJUSTMENTS AFFECTING THE SPLIT BETWEEN CURRENT AND CAPITAL EXPENDITURE

B.6 These adjustments have no impact on the sum of current and capital expenditure, and so are not shown in tables 1.7. They do however affect the split of total TME into current and capital expenditure.

- (a) Expenditure on military equipment that only has a military purpose, and is capital in nature, is recorded as capital expenditure in departmental budgets but treated as current expenditure in national accounts.
- (b) Departmental budgets record all expenditure on capital grants as capital expenditure including that which is funded by the EC. This expenditure has to be deducted in moving to TME since it is regarded in national accounts as the EC's own expenditure, not UK Government's. It is deducted through the net EU contribution line in AME, but this is all treated as current expenditure. So to record government's own capital expenditure correctly it is necessary to have an adjustment that subtracts EC funded capital expenditure from total capital expenditure, and adds that amount to current expenditure.
- (c) The Department for International Development (DfiD) writes-off certain debts owed to it. This is recorded in DfiD's resource budget DEL since bad debts are recorded in the operating statement in resource accounts. In national accounts, writing off a debt is treated as a capital transfer. So it is necessary to have an adjustment to add DfiD write-offs to capital expenditure, and remove from current expenditure, for the TME split.

NOTE ON CONSOLIDATION IN TOTAL MANAGED EXPENDITURE

B.7 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. The same is also true of other transfer payments such as current grants and capital grants, and rent.

B.8 The same is not true for transactions in goods and services and subsidies: these are not consolidated. 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 forms part of their Gross Trading Surplus which is on the revenue side of the public accounts.

APPENDIX C DEPARTMENTAL GROUPINGS

C.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 Food Standards Agency
Environment Transport and Regions 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
Local Government	Department of the Environment, Transport and the Regions – mainly block and transitional grants to English local authorities, the Greater London Authority, and Regional Development Agencies
Home Office	Home Office Charity Commission
Lord Chancellor's Departments	Lord Chancellor's Department Public Records Office Northern Ireland Court Service Land Registry
Attorney General's Departments	Crown Prosecution Service Serious Fraud Office Treasury Solicitor's Department
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 British Trade International Office of Fair Trading Office of Gas and Electricity Markets Office of Telecommunications

Title	Departments included
Trade and Industry	Postal Services Commission Export Credits Guarantee Department
Agriculture Fisheries and Food	Ministry of Agriculture, Fisheries and Food Intervention Board Forestry Commission
Culture, Media and Sport	Department for Culture, Media and Sport
Social Security	Department of Social Security
Scotland	Scotland Office Scottish Executive and its departments Crown Office General Register Office for Scotland Registers of Scotland National Archives of Scotland
Wales	Wales Office National Assembly for Wales
Northern Ireland	Northern Ireland Office
Northern Ireland Executive	Northern Ireland Departments
Chancellor's Departments	HM Treasury Office for National Statistics National Savings Governments Actuary's Department HM Customs and Excise Inland Revenue National Investment and Loans Office Registry of Friendly Societies Office of Government Commerce
Cabinet Office	Cabinet Office Central Office of Information House of Commons House of Lords National Audit Office Electoral Commission Privy Council Office Security and Intelligence Services Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England

APPENDIX D EXECUTIVE AGENCIES

D.1 This appendix groups the current Executive Agencies according to the departmental groups used in the statistical tables. Agencies marked with an asterisk are government departments. The other agencies are all parts of departments or are trading funds and are classified as public corporations.

Departmental Group

Education and Employment

Health

Environment, Transport and
the Regions

Home Office

Lord Chancellor's Departments

Attorney General's Departments

Defence

Agency

Employment Service

Medicines Control Agency

Medical Devices Agency

Food Standards Agency*

NHS Estates

NHS Pensions Agency

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

Fire Service College

Forensic Science Service

HM Prison Service

UK Passport Agency

Court Service

HM Land Registry*

Public Record Office*

Public Trust Office

Northern Ireland Court Service

Crown Prosecution Service*

Serious Fraud Office*

Treasury Solicitor's Department*

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 Communications Services Agency

Departmental Group

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 Supplied 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 Service
	Wilton Park Conference Centre
Foreign and Commonwealth Office	
Trade and Industry	Companies House
	Employment Tribunals Service
	Insolvency Service
	National Weights and Measures Laboratory
	Patent Office
	Radiocommunications Agency
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

Departmental Group	Agency
Culture, Media and Sport	Royal Parks Agency
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
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 Records Office
	Student Awards Agency for Scotland
Wales	CADW (Welsh Historic Monuments)
Northern Ireland (Office)	Compensation Agency
	Forensic Science Agency of Northern Ireland
	Prison Service
Northern Ireland (Departments)	Business Development Service
	Construction Service
	Driver and Vehicle Licensing (NI)
	Driver and Vehicle Testing Agency
	Environment and Heritage Service
	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
	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

Departmental Group
Chancellor's Departments

Cabinet Office

Agency

- HM Customs and Excise*
- Office for National Statistics*
- Debt Management Office
- Inland Revenue*
- National Savings*
- Royal Mint
- Valuation Office
- Central Computer and
Telecommunications Agency
- Central Office of Information*
- Civil Service College
- Government Car and Despatch Agency
- Debt Management Office
- Securities Facilities Executive

APPENDIX E PUBLIC EXPENDITURE

BUDGETING AND CONTROL AGGREGATES: DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

E.1 This Appendix describes the two main budgeting and control aggregates: Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). It shows how they relate to Total Managed Expenditure (TME), an aggregate drawn from national accounts. It also explains changes arising following the adoption of resource budgeting for the 2000 Spending Review.

RECENT CHANGES: RESOURCE ACCOUNTING AND BUDGETING

E.2 The move to Resource Accounting and Budgeting (RAB) has been the source of many changes in definitions and measurement since PESA 2000-2001. From 2001-02 departmental budgets will be set and monitored in resource terms, and Parliament will vote resources as well as cash in the Supply Estimates. A major change is the creation of separate departmental budgets for resources and capital expenditure.

Resource Budget

E.3 Under resource budgeting, current DEL has been renamed resource DEL – a title that better reflects the fact that it now measures total resources consumed by a department.

E.4 Resource accounts measure expenditure when it accrues rather than when the cash is spent. Resource budgets include non-cash costs such as provisions and charges for bad debts in accordance with Generally Accepted Accounting Practice (GAAP).

E.5 A change from cash budgeting is that the annual cost to departments of the assets it uses to deliver services is included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation) and the opportunity cost of tying up resources in these assets (the cost of capital charge). The cost of capital charge is 6 per cent of the net assets (fixed capital and financial assets net of financial liabilities and provisions) employed by each department.

E.6 Resource budgets include the accruing profit/loss of the public corporations sponsored by the department, and grants to local authorities.

E.7 The resource budget is split into DEL and AME. The sum of departmental resource budgets is reconciled to public sector current expenditure (part of TME from national accounts) in Table 1.5

Capital Budget

E.8 There is a separate capital budget also split into DEL and AME components. Capital DELs are now closer to the coverage of public sector net investment (part of TME from national accounts) because they now include the capital expenditure of public corporations and non-departmental public bodies rather than just the grants paid to those bodies. The sum of departmental capital budgets is reconciled to public sector net investment in Table 1.6.

Two stage approach

E.9 Resource budgeting is being introduced in two stages. In stage 1, in the 2000 Spending Review, most of the non-cash items of resource budgets – depreciation, cost of capital charges and provisions – were included in AME rather than DEL. It is the intention that, with expertise gained in managing these non-cash costs annually over the next two year, these non-cash items will be moved into DEL for the next Spending Review. Two non-cash costs are already scored in DEL; capital charges on the civil estate (mostly central government offices) and notional audit fees.

Specific changes arising from resource budgeting

E.10 Both resource and capital budgets, and both DEL and AME, will include:

- timing differences – budgets record costs as they are incurred. They do not include prepayments for goods and services not consumed in that year but will include resources consumed but paid for later. Stock consumption scores in the resource budget while spending on adding to stocks does not

E.11 The main changes affecting DELs under resource budgeting are:

- Defence fighting equipment is treated as capital expenditure rather than as resource (current);
- a notional capital charge is included for the civil estate. Unlike other capital charges these are in DEL from the start of RAB because departments have had experience of using them.
- the profit/loss and capital expenditure of public corporations are included rather than their external finance requirement;
- the resource expenditure of the Department for Health is adjusted to avoid counting twice the capital expenditure of NHS trusts that is financed by charges for services paid by the department.
- the whole expenditure of non-departmental public bodies (NDPBs) is recorded as if it were the department's own expenditure, rather than recording just the grant paid to the NDPB.

E.12 The main changes affecting AME are:

- the profit/loss and capital expenditure of self-financing public corporations are included rather than their external finance requirement;
- numerous non-cash items such as depreciation, cost of capital charge, movements in provision, and a charge for bad debts, and a notional audit fee are included in departmental AME.

DEPARTMENTAL EXPENDITURE LIMITS

E.13 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.

E.14 DELs are set for three years during a Spending Review. They represent firm plans for departmental spending that can only be changed in exceptional circumstances with Treasury's agreement. Departments can carry forward unspent DEL from one year to the next within the three year period. The latest Spending Review was concluded in July 2000 and set firm spending plans for the period 2001-2002 to 2003-04.

E.15 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 FCO and DFID it includes an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

E.16 Capital DEL includes expenditure on fixed capital assets, capital grants and the acquisition of certain financial assets acquired or sold for policy reasons. Capital DEL is net of the cash receipts from the sale of capital assets, including any profit/loss on sale relative to book value. In the next spending review it is expected that the profit/loss element will be moved to resource DEL so that it aligns with the recording in the operating cost statement in resource accounts.

E.17 DEL generally includes loans on the basis of new loans issued less repayments of loan principal, but the part of public lending to students is treated as a grant in DEL on the basis of an assessment of the subsidy implied in the low interest rate charged and the bad debt provision that is needed.

E.18 DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest from NHS trusts and rent of land, and also certain levies and fines where the Chief Secretary to the Treasury has given specific agreement.

E.19 DEL includes a Reserve to meet unexpected needs, and the unallocated provisions for the three challenge funds – the Capital Modernisation Fund, the Invest to Save Budget and the Policy Innovation Fund. When sums are allocated, individual departments' DELs are increased.

E.20 Most of DEL is assigned to departments when it is spent. However, expenditure funded by the Windfall Tax was separate from Departmental DEL and controlled centrally as the Welfare to Work budget. This New Deal programme continues with new funding and is now known as the Employment Opportunities Fund (EOF).

E.21 Non-Departmental Public bodies. DEL includes the expenditure of most non-departmental public bodies classified to the central government sector. The actual expenditure of NDPBs is now recorded, rather than just the grant-in-aid from the parent department.

E.22 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 in chapter 6.

E.23 Public Corporations. For most public corporations, DEL scores

- subsidies paid to the public corporation by the department (resource DEL)
- profit/loss of the public corporation (resource DEL)
- capital expenditure of the public corporation (capital DEL)

AME scores a capital charge in respect of the net assets of the corporation.

E.24 For self-financing public corporations the profit/loss and capital expenditure are included in AME.

E.25 More information on the scoring of public corporations is given in Chapter 7.

ANNUALLY MANAGED EXPENDITURE

E.26 This part describes the components of AME, which may be divided into:

- Departmental AME, including non-cash items;
- Locally Financed Expenditure;
- Central Government debt interest
- Net payments to European Communities institutions
- Accounting adjustments

Departmental Annually Managed Expenditure

E.27 Departmental AME programmes are set out in departmental reports, and are identified under this heading in Estimates. A programme is included in AME if it cannot reasonably be subject to firm three-year limits – as for DEL. Typically this is where the programme expenditure is demand-led and is large in relation to the size of the department, but those are neither necessary nor sufficient conditions for inclusion in AME and each case is considered on its merits after considering which control regime is likely to deliver the more rational decisions in spending.

E.28 The main programmes in departmental AME are:

- Social Security Benefits
- Housing Revenue Account Subsidies
- EU funding of Common Agricultural Policy
- Export Credits Guarantee Department (part – see below)
- Self-Financing Public Corporations' capital expenditure
- Net Public Service Pensions
- National Lottery

E.29 Other departmental expenditure in AME includes:

- Valuation Office – Beneficial Portion Payments;
- Purchases of assets under finance leases since 1 April 1996;
- Redundancy Payments Scheme;
- Older Workers Employment Credit;
- Advisors' fees for the British Nuclear Fuels Public/ Private Partnership;
- Expenditure of certain levy-funded bodies;
- Acceptances of artworks in lieu of Inheritance Tax;
- Profit/loss of self-financing public corporations;
- Certain costs in respect of asylum seekers.

E.30 In addition, for every spending programme, AME records the new non-cash items included under resource budgeting. These are:

- Depreciation
- Cost of capital charge (6 per cent) on the department's net assets
- Movement in provisions, charges for impairments and bad debts

E.31 It is expected that these will be included in DEL for the next Spending Review.

E.32 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.

E.33 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 includes Housing Support Grant.

E.34 Common Agricultural Policy. Includes expenditure on the CAP, that is funded by the EU.

E.35 Export Credits Guarantee Department. Includes Fixed Rate Export Finance and other programmes treated as outside ECGD's trading account. It includes refinancing of export finance by Guaranteed Export Finance Corporation.

E.36 Self-Financing Public Corporations. This line comprises the capital expenditure of self-financing public corporations.

E.37 Net Public Service Pensions. This line comprises payments in respect of public sector occupational pensions schemes less relevant receipts. The main examples are the schemes for the civil service, armed forces, teachers and NHS staff.

E.38 Pensions expenditure includes members' continuing pensions (including annual compensation payments), lump sums, spouses' benefits and similar payments, and bulk and individual transfers out.

E.39 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.

E.40 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.

E.41 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, which are run by local authorities; and
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pensions schemes.

E.42 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.

E.43 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.

Other AME

E.44 Locally Financed Expenditure. 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).

E.45 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.

E.46 LASFE is that part of total local authority expenditure not met by central government support. Its largest single financing component is the product of the Council Tax. Other components include the surplus in trading activities, interest receipts, investment grants from the EU, use of reserves and borrowing.

E.47 Net Payments to European Community Institutions. This line is mainly made up of the following components:

Import duties

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

E.48 Central Government Debt interest is shown gross. Interest paid within central government is excluded. Interest paid to other parts of the public sector is included in this line, but deducted in the accounting adjustment since TME is a consolidated measure of public expenditure. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts/premia on gilts at issue.

E.49 Accounting and Other Adjustments. The contents of this line are described in Appendix B.

E.50 AME Margin. The AME Margin is an allowance for estimating changes.

TOTAL MANAGED EXPENDITURE

E.51 TME is an aggregate drawn from national accounts. It covers the current and capital expenditure of the public sector, net of some receipts. 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 the equation that gives Public Sector Net Borrowing, the government's preferred measure of the fiscal stance.

E.52 DEL and AME have been defined to sum to TME.

E.53 In addition, TME may be expressed as the sum of:

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

CHANGES IN HOW EXPENDITURE IS REPORTED UNDER RESOURCE BUDGETING

APPENDIX F RELATIONSHIP BETWEEN PUBLIC EXPENDITURE CONTROL AGGREGATES UNDER RESOURCE BUDGETING WITH THOSE UNDER CASH BUDGETING

BACKGROUND

F.1 The move to resource accounting fulfils a long standing Government commitment to move central government accounts, Supply Estimates and budgets from a cash to an accruals basis. The 2000 Spending Review (SR2000) was the first for which plans were set on a resource basis, and required the conversion of cash plans into resource plans.

F.2 Under the old system, public spending was planned and controlled in cash terms. Cash payments and receipts were scored in the year they were made or received. Under resource accounting, what counts is when resources are consumed, not when they are paid for. So resource budgets record costs when stocks are consumed or produced (rather than bought or sold); provisions to meet expected future payments in respect of benefits already received; and the costs of using capital assets (depreciation and a cost of capital charge).

F.3 The move to resource accounting does not change the fiscal aggregates and balances. Total Managed Expenditure (TME), public sector current expenditure, and net investment will continue to be measured on a basis consistent with the internationally recognised standards for national accounts. The measurement of performance against the fiscal rules will continue to be reported by the Office for National statistics (ONS).

F.4 TME can be derived from departmental expenditure reported on a resource basis. This is done through a series of accounting adjustments (see Table 1.13 for data and explanation in Appendix B). The adjustments replace certain resource accounting concepts that are not applicable in national accounts.

F.5 Annex E describes in more detail the new resource budgeting framework under RAB.

CHANGES IN HOW EXPENDITURE IS RECORDED UNDER RESOURCE BUDGETING

F.6 Tables 2.4 to 2.7 show how, for 2001-02, departmental expenditure reported under resource budgeting differs from the previous cash totals.

F.7 Both resource and capital budgets are affected by timing differences – resource accounting scores costs as they are incurred not when the cash is paid.

F.8. Changes affecting the resource budget include capital charges. These are:

- a charge for the depreciation of assets used by each department
- a charge on capital employed by the department. The cost of capital charge is 6% of the assets, net of liabilities, on the department's balance sheet.

F.9 Other changes affecting the resource budget are the inclusion of provisions, charges for bad debts, and notional audit fees.

F.10 Resource budgets record Non-Departmental Public Bodies (NDPBs) as if they were part of the department. So the full detail of their expenditure is within budgets, including the

APPENDIX F RELATIONSHIP BETWEEN PUBLIC EXPENDITURE CONTROL AGGREGATES UNDER RAB WITH THOSE UNDER CASH

non-cash costs such as capital charges and expenditure financed by NDPBs non-government sources of income. Under cash recording only the grants given to NDPBs were reported.

F.11 Resource budgets under RAB include subsidies paid to public corporations. The resource budget of a department includes the profit/loss of any public corporations it sponsors. A profit reduces expenditure within budget, and a loss increases it. The resource DELs of health departments are reduced by the amount of NHS trusts profit retained for capital expenditure – to avoid overstating health expenditure when resource and capital budgets are added. Chapter 7 explains more about how public corporations are recorded under RAB.

F.12 Capital budgets now include the capital expenditure of public corporations sponsored by the department. Under cash, the external finance requirement was recorded instead.

F.13 Under resource accounting, fighting equipment is scored as capital and recorded in MOD's capital budget. In national accounts this is recorded as current expenditure and was treated like that in cash budgeting.

F.14 Under stage 1 of resource budgeting, AME records the non-cash charges (except capital charges on civil estate which go in DEL); and capital DEL records the profit/loss on sale of capital assets. Under stage 2 of resource budgeting these are all expected to be in resource DEL.

F.15 The table below shows the magnitude of the differences between cash and resource plans for the year 2001-02. The figures are consistent with the tables in chapter 2 that describe the differences between current spending plans and those reported in last year's edition of this publication which were on a cash basis.

CHANGES TO DEPARTMENT BUDGET PLANS 2001-02

£ million

Resource DEL

Cash plans reported in PESA 2000-01.	181,752
Resource budgeting changes:	-4,696
of which	
timing changes	416
defence fighting equipment	-3,457
capital charges on civil estate	246
adjustments for public corporations	-281
adjustments for NDPBs	85
NHS Trusts adjustment	-1,479
other	-229
Resource budget DEL – before SR2000 changes	177,056

Capital budget DEL

Cash plans reported in PESA 2000-01	17,777
Budgeting changes	5,677
of which:	
timing adjustments	13
defence fighting equipment	3,457
adjustments for public corporations	2,217
NDPB adjustments	6
other	-16
Capital budget DEL before SR2000 changes	23,454

Departmental Annually Managed Expenditure

Cash plans reported in PESA 2000-01	199,529
Non-cash costs:	
Depreciation	7,860
Cost of capital charges	13,242
Provisions and other charges	281
Self financing public corporations	1,301
Other	44
Total changes in departmental AME	22,166
Departmental AME before SR2000 changes	221,695

CHANGES TO DEPARTMENT BUDGET FROM 2001-02

Departmental ABE before 2000 changes		Capital budget DEL before 2000 changes	
251,805		51,424	
Departmental Annually Managed Expenditures			
Capital plan reported in PISA 2001-02		Capital budget DEL before 2000 changes	
198,758		51,424	
of which:			
	Other		18
	Self financing public corporations		1,301
	Expenditure and other charges		281
	Cost of capital charges		13,242
	Investment		7,889
	Non capital		198,758
Total changes in departmental ABE		Capital budget DEL before 2000 changes	
53,198		51,424	
of which:			
	Other		18
	Self financing public corporations		1,301
	Expenditure and other charges		281
	Cost of capital charges		13,242
	Investment		7,889
	Non capital		198,758

APPENDIX G EXPENDITURE ON SERVICES

G.1 The tables in Chapters 3 and 4 which show public expenditure disaggregated by function and by economic category and the tables in Chapter 8 which show public expenditure by country and by region all focus on total **expenditure on services**. The definition of expenditure on services can be described as public sector expenditure on services, and as such is consistent with the use of TME – a total public sector aggregate – as the main measure of total public spending in this volume.

G.2 Expenditure on services differs from TME in that it excludes debt interest payments, the net public sector pensions line in the standard AME table (see eg Table 1.3) and most of the accounting adjustments in Other AME. Alternatively, building up from the components of TME, expenditure of services is equal to DEL plus Departmental programmes in AME (but not non-cash items), (see Appendix E), except for Net Public Service Pensions, plus Net Payments to EC Institutions, plus Locally Financed Expenditure plus certain accounting adjustments in Other AME.

G.3 In more detail, **Expenditure in Services** is defined as:

- spending in Departmental Expenditure Limits
- + spending in Departmental in AME (except non-cash items)
- net public service pensions
- + net payments to EC Institutions
- + locally financed expenditure
- + accounting adjustments to remove all debt interest flows from DEL and AME
- + accounting adjustments to deduct financial transactions from DEL and AME, except for the subsidy and bad debt element of student loans
- + accounting adjustments to remove the profit/loss of public corporations recorded in DEL and AME
- + accounting adjustments to remove non-cash items recorded in DEL and AME. Such items arise from the introduction of accruals recording.

G.4 Alternatively, expenditure on services can be defined in terms of the current and capital expenditure of spending sectors as:

- Central government own current expenditure in DEL, other than debt interest
- + Central government own current expenditure in Departmental AME, other than debt interest and public service pensions (net of receipts) and non-cash items
- + Central government subsidies to public corporations
- + Subsidy and bad debt element of student loans
- + Local authorities current expenditure, other than debt interest
- + Central government gross capital expenditure (net of asset sales)
- + Local authorities gross capital expenditure (net of asset sales)
- + Public corporations gross capital expenditure (net of asset sales).

APPENDIX 6 EXPENDITURE ON SERVICES

6.1 The table in Chapter 3 and 4 shows how public expenditure is classified by function and by economic activity and the table in Chapter 5 shows some public expenditure by county and by sector. It is on these figures that the definition of expenditure on services can be based. It is important to note that services and so forth is consistent with the use of IFRS - a and public sector expenditure - as the main measure of total public spending in this account.

6.2 Expenditure on services differs from IFRS in that it includes debt interest payments. The net public sector position line in the standard is a total (see pp 150-151) and most of the accounting adjustments in Other AME. Alternatively, taking account of the non-financial IFRS adjustments of services is equal to IFRS plus Dep. financial adjustments in IFRS (not non-cash items), (see Appendix B), except for the Public sector position line. The payments to EC institutions, plus locally financed expenditure plus other adjustments adjustments in Other AME.

6.3 In some detail, Expenditure on Services is defined as:

- + payments to Departmental Expenditure Clauses
- + payments to Departmental in AME (except non-cash items)
- + net public sector pensions
- + net payments to EC institutions
- + locally financed expenditure
- + accounting adjustments to remove all debt interest (see IFRS and IFRS)
- + accounting adjustments to deduct financial transactions from IFRS and IFRS except for the surplus and net debt element of central loans
- + accounting adjustments to remove the surplus in public accounts and recorded in IFRS and AME
- + accounting adjustments to remove non-cash items recorded in IFRS and IFRS such items arise from the liquidation of surplus accounts

6.4 Alternatively, expenditure on services can be defined in terms of the current and capital expenditure on spending services as:

- + Central government own current expenditure in IFRS, which includes interest
- + Central government own current expenditure in Departmental AME, which includes the interest and public sector pensions (net of non-cash items) and non-cash items
- + Central government activities in public corporations
- + liability and net debt element of student loans
- + local authorities capital expenditure, other than debt interest
- + Central government gross capital expenditure (net of asset sales)
- + local authorities gross capital expenditure (net of asset sales)
- + Public corporations gross capital expenditure (net of asset sales)

GLOSSARY OF TERMS

Within an explanation of a term, words in bold are themselves explained elsewhere in the glossary.

Accounting adjustments are certain items of expenditure within AME that account for the difference between TME and the sum of DEL, the specific categories of **departmental AME** shown in table 1.3, and other identified programme lines in AME shown in table 1.3 such as debt interest and lottery expenditure. TME is drawn from national accounts. However there are certain components in **national accounts** which are not included in the control regimes for the management of public expenditure; and there are some items in the control regimes that are not part of TME. These items form the accounting adjustments and include the non-cash items in resource accounts, certain **VAT refunds** to public bodies; net contributions to the EC; tax credits; and adjustments for **public corporations**, interest, **financial transactions** and some types of receipts (appendix B has full details).

Accruing Superannuation Liability Charges (ASLCs) are payments made by all government departments to departments paying public sector occupational pensions. The payments represent an actuarial assessment of the accruing discounted future cost of public expenditure on pensions, arising from the current employment of staff. They are included in DEL.

Administration costs – the gross costs of a department's administration. It includes the pay of civil servants and members of the Armed forces engaged in support activities, and all associated expenditure such as accommodation, travel, and training. It excludes programme expenditure, which is procurement of goods and services delivered directly to the public (such as the purchase of services from NHS trusts), and of transfer payments such as social security and subsidies.

Aggregate External Finance (AEF) is central government support for expenditure on local authority main services. It comprises **Revenue Support Grant (RSG)**; distribution of **national non-domestic rate (NNDR)** receipts; and various specific and special grants which fund part of the current expenditure on a specific service or activity. AEF does not include central government support for rent allowances or mandatory student awards; nor does it include the cost of VAT refunded to local authorities on their non-business operations.

Annually Managed Expenditure (AME) is spending included in **Total Managed Expenditure** which does not fall within **Departmental Expenditure Limits (DELs)**. Expenditure in AME is generally less predictable and controllable than expenditure in DEL. **Departmental Programmes** in AME is spending in AME which is scored in departmental budgets.

AME Margin is an unallocated margin on total AME spending included for prudential reasons.

Appropriation accounts report outturn expenditure on a cash basis in the previous financial year for each **Vote**. Under resource accounting they are being replaced by **Resource Accounts**.

Appropriations in aid are departmental receipts that are retained by departments and used to offset related expenditure. Typically they are receipts arising from the sale of goods and services.

Assets can be either financial or non-financial.

Financial assets include monetary gold, bank deposits, IMF Special Drawing Rights, loans granted, bonds, shares, accounts receivable, and the value of the government's stake in public corporations.

Non-financial assets consist of fixed capital (such as buildings and vehicles); stocks; land and valuables.

Basic Credit Approvals (BCAs) are given by central government to local authorities and represent the amounts that each local authority is allowed to borrow to finance capital expenditure. BCAs are not linked to any specific service.

Billion – a thousand million

The **Blue Book** is a publication by ONS that presents **national accounts**.

Capital consumption is also called **depreciation** and represents the amount of fixed capital used up each year.

Capital Budget is that part of DEL that covers **capital expenditure**. It includes gross capital formation, net acquisition of land and the net acquisition of **financial assets** acquired for policy purposes (net lending). The capital budget includes capital grants (treated as resource expenditure in accounts and **Estimates**) and military capital equipment treated as current in **national accounts**.

Capital expenditure can be understood in several ways.

In **national accounts** capital expenditure is usually understood to mean capital formation, the net acquisition of land, and expenditure on capital grants.

Capital formation is expenditure, net of sales, on fixed assets (such as buildings, vehicles and machinery) and net stock building, and can be measured gross or net of **depreciation**. Fixed assets are assets that can be used repeatedly to produce goods and services and generally last more than one year. Sometimes a minimum cost threshold (say £1,000) is applied to further define capital assets. There are some borderline cases: for example in national accounts all assets with a purely military use are defined as current; but assets that can be used for civil and military purposes count as capital. Certain types of significant computer software development are treated as capital expenditure.

Net investment is public sector capital expenditure, as defined above, net of depreciation.

Under **resource accounting**, and in various presentations of local authority finances, capital expenditure also includes loans that are given and the net acquisition of shares. In other words it includes the net acquisition of financial assets that are acquired for policy reasons rather than managing the government's funds. Such policy lending also generally scores in DEL, in the capital budget, but is removed in TME in the accounting adjustments.

Some presentations of the capital expenditure of central government, and capital DELs, include **credit approvals** given to local authorities.

Capital expenditure includes the value of assets acquired under finance

leases.

In-house development of assets such as computer software and databases can be capitalised in government accounting provided certain conditions are met. It is sometimes called “own account capital formation”

Capital grants (also called investment grants) are payments given by government conditional on the recipient using the funds for capital formation (for example: building a school or factory or buying a milking machine). Capital grants are also used in national accounts to record debt write-off by government. In such cases two transactions are recorded: a capital grant from government to the debtor; and the repayment of debt by the debtor. Capital grants are treated as current expenditure in resource accounts and Estimates.

The **Capital Modernisation Fund (CMF)** is a challenge fund from which departments can bid for provision to support capital projects aimed at improving the quality of public service delivery (see also **Invest to Save Budget**). The CMF is not allocated to any specific department when public expenditure is being planned. It is allocated to departments that propose innovative capital projects.

Central Government is a sector in **national accounts**. It comprises Parliament; government departments and their executive agencies; the devolved assemblies of Scotland and Wales; Northern Ireland departments; government funds such as the **National Loans Fund**; the foreign exchange official reserves; non-departmental public bodies; and various other public bodies that are controlled and mainly financed by central government. Central Government does not include **public corporations**, nor does it include some non-profit institutions that receive significant government funding – such as universities, further education colleges, and housing associations – this is because they are not considered to be controlled by government and so belong in the private sector.

Classification changes are changes in the way items of public expenditure are recorded, rather than an actual change in the amount of cash spent or resources consumed. Classification can increase or decrease the recorded level of public expenditure.

The **Code for Fiscal Stability** set out the fiscal policy framework and gave it a statutory basis in the 1998 Finance Act. It has five principles: transparency, stability, responsibility, fairness and efficiency.

The **Comprehensive Spending Review (CSR)**, which reported in July 1998 and set spending plans for the three years 1999-2000 to 2001-02, was the first new style Spending Review and replaced the system of annual Public Expenditure Surveys.

Consolidated Fund is the Government’s main account with the Bank of England. Most of central government’s expenditure is financed from this fund, and most taxes and other receipts are paid into it.

Consolidated Fund Extra Receipt (CFER) is a receipt by a government department that it has to pay into the **Consolidated Fund** rather than keep to help finance its own expenditure. For example, most fines levied by Crown Courts are treated this way.

The **Control Total** was the principal aggregate measure for public expenditure budgeting and control used over the period from 1993 to 1999. It covered around 85% of public spending. It was replaced as a budgeting and control measure by **DEL** and **AME** from 1999-2000.

Cost of capital charge is an annual non-cash charge applied to each department's budget. It is 6% of the net assets of the department and is used to make departments aware of the full cost of holding assets.

Credit approvals are given by central government to local authorities and represent the amounts that each local authority is allowed to borrow to finance capital expenditure. There are two types Basic Credit Approvals (BCAs) – for any sort of capital expenditure) – and Supplementary Credit Approvals (SCAs) – for particular projects or services.

Criminal Justice System – the work of the legal departments

Cross departmental reviews were established in SR2000. They concern policies that cannot be delivered by a single government department or agency.

Current Budget is current expenditure included in DEL under cash budgeting.

Current expenditure on goods and services is the sum of expenditure on pay, and related staff costs, plus spending on goods and services. It is net of receipts from sales. It excludes capital expenditure, but includes expenditure on equipment that can only be used for military purposes since that is counted as current expenditure. It differs from final consumption in that capital consumption is not included.

Departmental AME – is spending that is outside of DEL, but included in departmental budgets. Main categories include social security benefits, housing subsidies, common agricultural policy spending and self-financing public corporations.

Departmental Expenditure Limits (DELs) are firm plans for three years for a specific part of a department's expenditure. In general the DEL will cover all running costs and all programme expenditure except in certain cases spending is included in departmental AME because it cannot reasonably be subject to close control over a three year period. DELs are divided into current and capital budgets.

Departmental Investment Strategy (DIS) is a statement by each department setting out its long term strategic plans for investment, the condition and suitability of its existing asset base, and the systems that will ensure value for money in delivery.

Departmental running costs are now called administration costs and the gross costs of a department's administration. It includes the pay of civil servants and members of the Armed forces engaged in support activities, and all associated expenditure such as accommodation, travel, and training. It excludes programme expenditure, which is procurement of goods and services delivered directly to the public (such as the purchase of services from NHS trusts), and of transfer payments such as social security and subsidies.

Departmental Unallocated Provision (DUP) is an amount that a department keeps within its budget to meet unplanned increases in spending, and so does not allocated to any particular programme at the start of a year.

Depreciation is also termed **capital consumption**. TME includes public sector capital expenditure gross of the depreciation of capital assets used to produce non-market services. Public sector net investment deducts an aggregate charge for all depreciation (market and non-market) from gross capital spending.

The **Economic and Fiscal Strategy Report (EFSR)** was first published by HM Treasury in June 1998 and describes the Government's fiscal policy. It now appears together with the **Financial Statement and Budget Report (FSBR)** in a single Budget document published on Budget day (sometimes called the Red Book)

Economic Categories. These represent classifications in national accounts and are one of the categories used to collect data from government departments on their expenditure. The main categories are:

- Pay
- Other current expenditure on goods and services
- Subsidies
- Current grants to the private sector
- Current transfers abroad
- Current grants to local authorities, includes distribution of Non-domestic rates
- Net capital expenditure on assets
- Capital grants to local authorities
- Other capital grants
- Credit approvals
- Lending and other financial transactions

Employment Opportunities Fund (EOF) includes most Welfare to Work spending that has up to now been financed out of the windfall tax and included in the 'Welfare to Work' DEL.

End Year Flexibility (EYF) is the set of rules by which departments are allowed to carry forward unspent budget from one year to the next.

Estimates – see **Supply Expenditure**

The **European System of Accounts 1995 (ESA95)** is the system used by ONS for measuring and presenting UK national accounts. The system is compulsory for EU member states reporting economic statistics to the EU Commission. ESA95 is consistent with the earlier System of National Accounts 1993 (SNA93) which was developed by a number of international organisations and is being introduced throughout the world.

The **Exchange Equalisation Account (EEA)** is the government's account at the Bank of England that holds the official gold and foreign currency reserves.

External Finance limits (EFLs) were limits imposed by government on a public corporation's EFR under cash accounting. EFLs are no longer used and have been replaced by the including a public corporations' capital expenditure, profit/loss, payments of subsidies and a capital charge on its assets.

The **External Finance Requirement (EFR)** of a public corporation was measured as the lending, specific subsidies and capital grants given to it by government; plus the corporation's borrowing from commercial sources and its run-down of financial assets such as bank deposits. Subsidies and capital grants that were generally available to all businesses (such as under the welfare to work programme or regional selective assistance) were not included as external finance but regarded as part of the corporation's internal resources. EFRs are no longer used for budgeting.

Excessive Deficit Procedure (EDP) is part of the **Maastricht Treaty**. It requires EU member states to keep their **general government net borrowing** below 3% of GDP and **general government gross debt** below 60% of GDP.

The **fiscal framework** is part of the government's policy for public finances and is based on the golden rule and the sustainable investment rule:

The **Financial Statement and Budget Report (FSBR)** is published each year by the Treasury on Budget day. It has been known as the Red Book. Since 1999 it has been published alongside the **Economic and Fiscal Strategy Report** in a single Budget document.

Financial transactions are payments and receipts relating to changes in holdings of financial assets or liabilities. Financial assets entitle their owners to unconditional financial claims on the units that have the liability (except for gold where there is no liability on another unit). Government's financial liabilities include Treasury Bills, British Government securities (gilts); loans received; deposits accepted for example in respect of National Savings; and accounts payable such as for goods received but not yet paid for. Government's financial assets include bank deposits; monetary gold; foreign currency held; bonds and shares owned; loans given; accounts receivable in respect of, for example, taxes accrued but not yet paid; public dividend capital and the value of government's other stakes in **public corporations**. Physical assets such as buildings and land are not financial assets. Transactions in some financial assets are undertaken to manage cash flows for example movements in bank deposits; but some are undertaken to further a policy such as lending to students or selling shares in public utilities. These types of financial transactions are sometimes called policy lending and if undertaken by a department are normally included in its **DEL**.

Fiscal Policy is the set of decisions made by government that determines the levels of taxes and public expenditure. See also the **Code for Fiscal Stability** and the **Fiscal Framework**.

General Government is the consolidated combination of the central and local government sectors in national accounts.

General Government Expenditure (GGE) is the consolidated sum of the current and capital expenditure, and net lending, of central and local government. It has now been superseded by **TME** as the Government's preferred measure of aggregate public expenditure.

The **Golden Rule** states that, on average over the economic cycle, the government will borrow only to invest and not to fund current expenditure. This means that, over the cycle, the **surplus on current budget** must not be negative. It is one of the Government's two fiscal rules underpinning its fiscal policy.

Grants are unrequited payments to individuals or bodies. In national accounts current grants to persons are called social benefits; and those to trading businesses are called subsidies. See also "**capital grants**".

Grants in aid are grants voted in **Estimates** to a particular organisation where any unspent amount at the end of the year does not have to be returned to the **Consolidated Fund**. Many **NDPBs** are funded this way.

Gross Domestic Product (GDP) (at market prices) is the value of goods and services produced in the UK. "Gross" means there is no deduction for capital consumption. Economic data are often quoted as a percentage of GDP to give an indication of trends through to time and to make international comparisons easier.

The **Guaranteed Export Finance Corporation (GEFCO)** is a body that refinances Export Credit Guarantee Department (ECGD) loans to exporters. Its borrowing and lending count as part of central government's in national accounts.

The **Housing Revenue Account (HRA)** is the aggregation of the current income and expenditure of local authority social housing provision. The surplus of income (including rent rebates and subsidies paid by other parts of government) over expenditure is treated as a trading surplus on the revenue side of the aggregate local government account. This means that the current expenditure of local authority housing departments is not included in **TME**. The cost of rent rebates and subsidies are included in **TME**; they are within the **AME** lines for social security benefits and HRA subsidies.

The **Invest to Save Budget (ISB)** is a challenge fund from which departments can bid for provision to support extra capital expenditure. It is within capital DEL but not allocated to any department at the planning stage. It is allocated to capital expenditure projects that involve different parts of the public sector working together to improve service delivery and cut costs.

Local Authority Self-Financed Expenditure (LASFE) is aggregate local government expenditure, less its receipts of government grants. It represents local government expenditure financed from local resources such as council tax, borrowing, trading surpluses, investment income, and use of reserves.

Locally Financed Expenditure (LFE) is LASFE plus expenditure financed by non-domestic rates in Scotland and Northern Ireland Regional Rates (NIRR).

Local Government is a sector in national accounts. It comprises all local authorities in the UK including county councils, London boroughs, metropolitan districts; parish councils, police and fire authorities, residuary bodies, passenger transport authorities, Transport for London; and the new elected assembly for London.

National Health Service (NHS) Trusts are public corporations that sell health services to regional health authorities, GP fund holders and other health service procurement bodies.

NHS Trust Debt Remuneration is the interest paid to central government by NHS trusts in respect of the debt assumed by Trusts when first established and taking ownership of their capital assets.

The **National Insurance Fund** is the statutory fund into which all National Insurance contributions are paid and from which expenditure on contributory social security benefits is met.

The **National Loans Fund (NLF)** is a Government account with the Bank of England set up under the National Loans Fund Act 1968. All government borrowing and nearly all lending transactions are handled through this fund.

Nationalised industries are a subset of public corporations which includes the Post Office and London Transport. Many former nationalised industries are now in the private sector such as businesses supplying gas, electricity, and water, mining coal and rail services and telecommunications.

The **National Lottery Distribution Fund (NLDF)** is a central government fund that receives a proportion of national lottery ticket sales (treated as a tax in national accounts) and distributes money to good causes (treated as central government expenditure in AME).

Net lending has two meanings.

In national accounts it is the balance of the capital and financial accounts and is often quoted with sign reversed as “net borrowing” – which is sometimes called the government deficit.

In this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so for example privatisation receipts count as negative net lending. Government lends to students, some industries such as aerospace, public corporations, local authorities, to some overseas governments and to some international bodies that supply foreign aid.

National Accounts: this is a statistical system that represents the UK's economic transactions. The system provides a number of key economic statistics including **Gross Domestic Product (GDP)**, consumers' expenditure, the balance of payments with the rest of the world, and the public sector balances used in the **Code for Fiscal Stability**.

National Non-domestic rates (NNDR) is a tax that contributions towards the cost of local government services paid by the occupiers of non-domestic property, principally businesses. The bill for a property depends on its rateable value and the poundage. The poundage is set by central government at a common rate over Great Britain – sometimes called the Uniform Business rate (UBR). Most NNDR is collected from businesses by local authorities and then paid into a central government pool. Some large businesses with national activity (such as utility companies) pay directly into the pool (the Central List); government departments (the Crown List) also pay directly into the pool through what are called Contributions in Lieu of Rates (CILOR). The pool is distributed back to local authorities in proportion to their population and is scored in expenditure as a central government grant to local authorities. This grant is in DEL for England and Wales, but in the AME line for Locally Financed Expenditure in Scotland.

Non-cash items in AME include various notional transactions that appear in the **operating cost statement** under RAB and which are recorded in AME for the period of Spending Review 2000, rather than in DEL.

Operating Cost Statement

This is the statement in departmental resource accounts that shows the current income and expenditure of the department on an accruals basis. It is similar to the profit and loss statement in commercial accounts.

Outturn and estimated outturn describe expenditure actually incurred, or estimated on the basis of actual expenditure to date.

Non-Departmental Public Bodies (NDPBs) are generally central government bodies with day to day autonomy in their management and financial matters, and usually funded through grant in aid. A list can be found in the Cabinet Office publication "Public Bodies".

The **Office for National Statistics (ONS)** is the government department that produces many official statistics such as the national accounts. ONS decides classification issues for national accounts.

Pay includes salaries, employers' National Insurance Contributions, and accruing pension costs (actual or imputed).

The **Private Finance Initiative (PFI)** is a system for providing capital assets for the provision of public services whereby, typically, the private sector designs, finances, builds, and maintains infrastructure, and other fixed capital assets, and then operates those assets to sell services to the public sector. In most cases the capital assets are accounted for on the balance sheet of the private sector operator.

Privatisation proceeds are the receipts from the sale of shares, other securities and debt, in public corporations that were sold as part of the privatisation programme. The proceeds are recorded as negative net lending. A corporation is said to be privatised when it is no longer controlled by government: in such cases it is classified to the private sector.

Public corporations are publicly controlled trading bodies with substantial financial independence from central and local government, including the powers to borrow and to maintain reserves. To be classed as trading they must receive the majority of their income from sales into a market, rather than grant funding from government. They included nationalised industries such as London Underground and the Post Office; National Health

Service Trusts; central government trading funds such as the Meteorological Office and Companies House; and broadcasters such as BBC and Channel Four.

Public Dividend Capital (PDC) is a form of long-term government finance for some **public corporations**. The government receives a return in the form of dividends rather than fixed interest payments. It suits corporations that are profitable but whose profits vary from year to year depending on trading conditions.

Public expenditure is spending by public bodies. The definition of aggregate public expenditure most frequently used in this publication is **Total Managed Expenditure (TME)**. There are alternative definitions of total public expenditure such as **General Government Expenditure (GGE)** and General Government total outlays as used by the European Statistical Office (Eurostat). These three measures are all shown in ONS's **Blue Book**.

Public Expenditure Survey (PES) was the annual review of public expenditure plans conducted each autumn up until 1996, and which reported in the autumn statement (up to 1992) and then in the Budget from 1993 to 1996. They have now been replaced by the less frequent **Spending Reviews** which set firm plans for three years ahead. The most recent Spending Review reported in July 2000 and set spending plans for the years 2001 to 2004.

Public Private Partnerships (PPPs) are arrangements whereby, typically, the public sector and private sector form joint ventures to improve the efficiency of public sector operations. They can be classified in national accounts to either the public or private sectors depending on who has the most control over the PPP.

The **Public Sector** comprises general government and public corporations.

Public sector current expenditure:

is the sum of the current expenditure of general government and some property income (interest and rent) paid by public corporations to the private sector and abroad;

does not include expenditure incurred in producing goods and services for sale. (The surplus of sale receipts over operating costs for **public corporations**, and for general government bodies that produce goods and services for sale, is scored as a public sector receipt and does not affect the expenditure measure);

is net of certain receipts such as: grants within the public sector; interest flows within the public sector; receipts of contributions to public sector occupational pension schemes; receipts of grants from abroad including the EU abatement;

includes non-trading capital consumption. This is the **depreciation** of the fixed assets of public bodies that mostly produce goods and services that are not sold (so it excludes those assets used to produce goods and services for sale: this applies to the all assets of **public corporations** and some general government assets notably local authority housing).

Public sector net investment is public sector **capital expenditure** less **depreciation**.

Public Sector net borrowing is the difference between public sector receipts and expenditure as measured by **national accounts**. It also equals the net balance of the public sector's net acquisition of financial liabilities less its acquisition of financial assets. Negative net borrowing is sometimes called **net lending**. Data imprecision means that the different ways

of measuring net borrowing never give exactly the same answer. The difference is called the statistical discrepancy in **ESA95** (it used to be called the balancing item).

Public Sector Net Debt is the sum of the public sector's financial liabilities at nominal value, less its liquid financial assets.

The **Public Sector Surplus on Current Budget** is the difference between the public sector's current receipts (including capital taxes) and its current expenditure (including depreciation). It is the key fiscal balance underlying the operation of the **Golden Rule**.

Public Service Agreements (PSA) were first published in 1998 following the **Comprehensive Spending Review**, and set, for each department, explicit aims, objectives and targets to be achieved with the funding provided..

Real terms figures are amounts adjusted for the effect of general price inflation as measured by the GDP market price deflator.

Receipts from fees and charges. General Government final consumption in national accounts, and departmental expenditure for budgeting purposes, are measured net of receipts from certain fees and charges such as sales of publications and medical prescription charges. To be treated in this way two conditions must hold:

- a) there is a clear and direct link between the payment of the fee and the supply of goods or services to the payer of the fee (for this purpose, the supply of a service can include testing an ability, eligibility or quality);
- b) the size of the payment is related to the cost of supplying the goods and services, such that the government is not exploiting a monopoly function to raise revenue. If the receipts do exceed the cost significantly the payments are treated as taxes. In some cases the payment is split between a sale and a tax.

There are a few receipts which in national accounts are not netted off public expenditure but which are netted off in departmental expenditure budgets from either **DEL** or departmental **AME**.

Receipts taken into account (RTIA) are local authority receipts from asset sales that are used in the calculation of the credit approval given to the authority

Request for Resources replace votes in the Estimates presented to Parliament that ask for permission for departments to spend. They show the resources required by each department based on **RAB**, rather than cash, concepts.

The **Reserve** is an amount within **DEL**, not allocated to departmental programmes, which provides a margin to cover policy changes, new initiatives, unexpected events, and revisions to some demand led programmes. The **AME margin** is a similar concept within **AME**.

Resource accounting is the accounting system which will henceforth be used to record expenditure in departmental accounts. It applies generally accepted accounting practice (**GAAP**) to departmental transactions. Spending is measured on an accruals basis.

Resource budget is the sum of a department's resource **DEL** and resource **AME**. It is the budget for current expenditure on an accruals basis.

Resource budgeting is the budgeting regime adopted for the spending plans set in the 2000 Spending Review. It is derived from resource accounting rules, but there are several differences in treatment between resource accounts and resource budgets.

Resource outturn is the actual expenditure corresponding to approval for expenditure voted in a Request for Resources.

Revenue Support Grant (RSG) was called the **rate support grant** up to 1990. It is an unhypothecated current grant from central government to local authorities.

Running cost receipts are departmental receipts arising from charging other departments or outside bodies for activities whose cost fall within the ambit of departmental administration costs.

Self-financing public corporations are a group of public corporations that are usually profitable, trading largely with the private sector, and not essentially regulatory in nature. Their external finance scores in the sponsoring department's **departmental AME**, rather than in their **DEL**. They include British Nuclear Fuels Limited, the BBC, National Air Traffic Services, The Tote, Commonwealth Development Corporation, the Post Office, Channel Four Television, Crown Estates and Royal Mint. For budgeting purposes the BBC is treated as a self-financing public corporation.

Service Delivery Agreements (SDA) are published by departments and set out in detail how **PSAs** will be delivered, including operational plans and modernisation commitments.

Spending sectors are from a recording a system that identifies which sector is making the expenditure and how it scores in public expenditure aggregates.

Spending Reviews set **DELs** and plans for **AME** for the following three years. They have replaced the annual **PES**, and are held at less frequent intervals. The first was the **CSR** in 1998. The most recent was **SR2000** which reported in July 2000 and set spending plans for the years 2001 to 2004.

Standing Services are payments for certain services that Parliament has decided by statute should be met directly from the **Consolidated Fund** (eg, salaries and pensions of judges).

Stockbuilding (also known as the net acquisition of inventories) is the value of the physical increase in stocks, and in government accounts relates mainly to agricultural stocks held by the Intervention Board.

Subsidies are payments by government and the EU to trading businesses to help pay for current costs. For example: payments to farmers under the EU's Common Agricultural Policy; payments to train operating companies to run less profitable services; and payments to banks to help them fund export finance.

Supplementary Credit Approvals are given by central government to local authorities and represent the amounts that each local authority is allowed to borrow to finance specific capital expenditure projects

Supply expenditure is expenditure financed by money voted by Parliament in the annual **Supply Estimates**: also termed **Voted in Estimates**.

The **Sustainable investment rule** is one of the two fiscal rules underpinning the Government's fiscal policy and states that public sector net debt as a proportion of GDP will be held at a stable and prudent level.

Total Managed Expenditure is a definition of aggregate public spending derived from national accounts. It is the consolidated sum of current and capital expenditure of central and local government, and public corporations. **TME** is the sum of **DEL** and **AME**.

Trading bodies are publicly owned trading businesses.

Public corporations are trading bodies.

There are also some trading bodies which are closely integrated within **general government** and do not have enough independence to be classified as a **public corporation**. They are not able to hold reserves, as distinct from working balances, and they are required to account for their expenditure annually. Their **capital expenditure** is included in public expenditure measures, but their current expenditure and current receipts are including as a revenue item called gross trading surplus. In national accounts they are the market activity of non-market units. ECGD is the only Central Government example. In the local government sector, examples are housing, theatres and sports facilities.

Trading Funds have financing frameworks that allow them to establish reserves from trading surpluses and meet outgoings without the cash flows passing through votes. Generally they cover their costs from trading receipts. In **national accounts** they are treated as public corporations.

VAT refunds are given to departments in relation to payments for contracted out services to remove a disincentive to contracting out services which might otherwise have been performed in-house.

A **Vote** is an individual Supply Estimate. Under RAB, from 2001, votes are replaced by **Requests for Resources**.

Welfare to Work is a spending programme covering current and capital expenditure on a wide range of social initiatives that is funded from receipts from the **windfall tax**. Most Welfare for Work spending is now in the **Employment Opportunities Fund** (EOF), and will continue to be financed out of the windfall tax for as long as receipts last.

Whole of Government Accounts (WGA) will be a set of consolidated financial statements, based on Generally Agreed Accounting Practice in the UK (UK GAAP), covering the whole of the UK public sector.

The **Windfall Tax** was levied on privatised utilities in December 1997 and 1998 raising £5.2 billion.

The **Working Families Tax Credit (WFTC)** and the **Disabled Persons Tax Credit (DPTC)** are adjustments to employee pay packets to give more pay to low earners. The payments are recorded as social benefit expenditure in **national accounts**, with the income tax being recorded gross. In cash based presentations of public finances they are netted-off gross income tax.

**The
Stationery
Office**

Published by The Stationery Office Limited

and available from:

The Stationery Office

(Mail, telephone and fax orders only)

PO Box 29, Norwich NR3 1GN

General enquiries 0870 600 5522

Order through the Parliamentary Hotline *Lo-call* 0845 7 023474

Fax orders 0870 600 5533

Email orders book.orders@theso.co.uk

Internet <http://www.ukstate.com>

The Stationery Office Bookshops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

33 Wine Street, Bristol BS1 2BQ

0117 9264306 Fax 0117 9294515

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

The Stationery Office Oriel Bookshop

18-19 High Street, Cardiff CF1 2BZ

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

Accredited Agents

(See Yellow Pages)

and through good booksellers

ISBN 0-10-151012-8



9 780101 510127