

Public Expenditure Statistical Analyses 2003

May 2003



Cm 5901



HM TREASURY

national
STATISTICS

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OS



HM TREASURY

Public Expenditure Statistical Analyses 2003

May 2003

Presented to Parliament by
the Chancellor of the Exchequer
by Command of Her Majesty

Cm 5901



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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 Main Supply Estimates and Supplementary Budgetary Information. Further information on each government department's spending will be available in the individual Departmental Reports, which will be published during the weeks after publication of PESA. PESA includes analyses of public spending by function and by economic category of expenditure, and by country and region, as well as full details of spending by department and grouped by budgetary control aggregates.

RESOURCE ACCOUNTING AND BUDGETING

The government's spending plans are now set on a resource basis. Resource and capital spending are measured when the resources are consumed, rather than when they are paid for. Expenditure up until 2000–01 was 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 this year should normally 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 2003 are one year 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 eight years 1998–99 to 2005–06. Where possible, some analyses are given on a comparable basis, covering all nine years. This usually involves a break in series, with years up until 1999–2000 using cash data and years from 2000–01 using resource data. (See box in Chapter 3 for a fuller explanation of this.) Some key series are presented over a longer historical period.

CONSISTENCY WITH 2003 FSBR AND 2003–04 SUPPLY ESTIMATES

Information in PESA 2003 is consistent with the fiscal projections and public spending plans set out in Annex C of the 2002 Financial Statement and Budget Report (Budget 2003, April 2003, except in a few areas where later information is available and has been incorporated. Information in PESA is fully consistent with the 2003–04 Supply Estimates, both Main Estimates and Supplementary Budgetary Information.

NATIONAL STATISTICS IN PESA

Most of the outturn data (to 2001–02) in PESA 2003 fall within the scope of National Statistics. 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 2002–03 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.

PUBLICATION DATES FOR NATIONAL STATISTICS OF PUBLIC EXPENDITURE

Outturn data to 2001–02 for certain key series in PESA were released on Budget Day, 9 April. The key series were:

- Total Managed Expenditure by budgetary category (SR2000 basis) (PESA **Table 1.16**);
- Departmental Expenditure Limits, resource and capital, by departmental group (SR2000 basis) (PESA **Table 1.17**);
- Total Managed Expenditure, by broad function (PESA **Table 3.2**).

These key series will be updated again in a release in July, at the time of publication of the Public Expenditure Outturn White Paper. The July release will include the first provisional estimates of 2002–03 outturns.

Most other series in PESA are only published annually, in PESA.

CHANGES FROM PESA 2002–03

The main changes as compared with PESA 2002–03 is that the main presentation of public expenditure by budgeting category (DEL and AME) – in **Tables 1.1** through to **1.8** and **1.13** – now follows the full resource budgeting regime introduced in the 2002 Spending Review. A key feature of the new budgeting regime is that most non-cash items in budgets are now included in DEL. There are two new tables in this section, **Tables 1.9** and **1.10**, which break down departmental DELs into (near-) cash and non-cash items.

| Contents | | Page |
|-----------|--|------|
| Chapter 1 | Public expenditure overview | 5 |
| Chapter 2 | Differences from previous plans | 23 |
| Chapter 3 | Trends in public sector expenditure | 35 |
| Chapter 4 | Central government own expenditure | 51 |
| Chapter 5 | Central government administration and staffing | 61 |
| Chapter 6 | Local authority expenditure | 65 |
| Chapter 7 | Public corporations | 79 |
| Chapter 8 | Analysis of public expenditure by country and region | 87 |

Appendices

| | |
|--|-----|
| Appendix A – Conventions and economic assumptions | 103 |
| Appendix B – Coverage of the accounting adjustments in the budgeting presentation of TME | 105 |
| Appendix C – Departmental groupings | 115 |
| Appendix D – Public corporations | 119 |
| Appendix E – Public expenditure budgeting and control aggregates: Departmental Expenditure Limits and Annually Managed Expenditure | 121 |
| Appendix F – Expenditure on Services | 129 |
| Appendix G – Glossary of Terms | 131 |

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

| | | |
|------------|---|----|
| Table 1.1 | Total Managed Expenditure 1998–99 to 2005–06 | 8 |
| Table 1.2 | Departmental Expenditure Limits, 1998–99 to 2005–06 | 9 |
| Table 1.3 | Total Managed Expenditure in real terms, 1998–99 to 2005–06 | 10 |
| Table 1.4 | Departmental Expenditure Limits in real terms, 1998–99 to 2005–06 | 11 |
| Table 1.5 | Public sector current expenditure, 1998–99 to 2005–06 | 11 |
| Table 1.6 | Public sector net investment, 1998–99 to 2005–06 | 12 |
| Table 1.7 | Resource Budgets, 1998–99 to 2005–06 | 12 |
| Table 1.8 | Capital Budgets, 1998–99 to 2005–06 | 14 |
| Table 1.9 | Cash equivalent Resource Budgets, 1998–99 to 2005–06 | 15 |
| Table 1.10 | Non-cash Resource Budgets, 1998–99 to 2005–06 | 16 |
| Table 1.11 | Invest to Save Budget, 1999–2000 to 2005–06 | 17 |
| Table 1.12 | CME, 1999–00 to 2003–04 | 17 |
| Table 1.13 | Accounting adjustments, 1998–99 to 2005–06 | 18 |
| Table 1.14 | Voted and non-voted expenditure in TME, 1998–99 to 2005–06 | 19 |
| Table 1.15 | TME by spending sector, 1998–99 to 2005–06 | 20 |
| Table 1.16 | TME, 1998–99 to 2002–03 (RAB stage 1 basis) | 21 |
| Table 1.17 | Departmental Expenditure Limits, 1998–99 to 2002–03 (RAB stage 1 basis) | 22 |

Chapter 2 Differences from previous plans

| | | |
|-----------|---|----|
| Table 2.1 | Resource DEL, 2001–02, stage 1 RAB basis, changes since PESA 2002–03 and PEOWP 2002 | 26 |
| Table 2.2 | Capital DEL, 2001–02, stage 1 RAB basis, changes since PESA 2002–03 and PEOWP 2002 | 27 |
| Table 2.3 | TME, 2001–02, stage 1 RAB basis, changes since PESA 2002–03 | 28 |
| Table 2.4 | Resource DEL, 2002–03, stage 1 RAB basis, changes since PESA 2002–03 | 29 |
| Table 2.5 | Capital DEL, 2002–03, stage 1 RAB basis, changes since PESA 2002–03 | 30 |
| Table 2.6 | TME, 2002–03, stage 1 RAB basis, changes since PESA 2002–03 | 31 |
| Table 2.7 | Resource Budget DELs, 2003–04, full RAB basis, changes since PESA 2002–03 | 32 |
| Table 2.8 | Capital Budget DEL, 2003–04, full RAB basis, changes since PESA 2002–03 | 33 |
| Table 2.9 | TME, 2003–04, full RAB basis, changes since PESA 2002–03 | 34 |

| | | |
|------------------|---|----|
| Chapter 3 | Trends in public sector expenditure | |
| | Table 3.1 Public expenditure aggregates, 1965–66 to 2005–06 | 39 |
| | Table 3.2 TME by function, 1985–86 to 2002–03 | 40 |
| | Table 3.3 TME by function in real terms, 1985–86 to 2002–03 | 41 |
| | Table 3.4 TME by function as % of GDP, 1985–86 to 2002–03 | 42 |
| | Table 3.5 TME by detailed function, 1997–98 to 2002–03 (3 sheets) | 43 |
| | Table 3.6 TME by EC, 1998–99 to 2002–03 | 46 |
| | Table 3.7 Public Sector gross investment by spending sector and function, 1997–98 to 2005–06 | 47 |
| | Table 3.8 Public Sector current expenditure by spending sector and function, 1997–98 to 2005–06 | 48 |
| | Table 3.9 Public Sector receipts from sales of assets, 1998–99 to 2002–03 | 49 |
| Chapter 4 | Central government own expenditure | |
| | Table 4.1 Central government own expenditure by department, 1998–99 to 2005–06 | 53 |
| | Table 4.2 Central government own current expenditure by department, 1998–99 to 2005–06 | 54 |
| | Table 4.3 Central government own capital expenditure by department, 1998–99 to 2005–06 | 55 |
| | Table 4.4 Central government own expenditure by economic category, 1998–99 to 2005–06 | 56 |
| | Table 4.5 Central government own expenditure by function, 1997–98 to 2005–06 | 57 |
| Chapter 5 | Central government administration and staffing | |
| | Table 5.1 Gross administrative expenditure by department, 1998–99 to 2005–06 | 62 |
| | Table 5.2 Staff of Home Civil Service CG departments and devolved bodies, 1997–98 to 2005–06 | 63 |
| Chapter 6 | Local authority expenditure | |
| | Table 6.1 Financing of local authority expenditure in the United Kingdom, 1998–99 to 2005–06 | 68 |
| | Table 6.2 Central government support for local authorities in the United Kingdom by department, 1998–99 to 2005–06 | 69 |
| | Table 6.3 Central government capital support for local authorities in the United Kingdom by country and service, 1998–99 to 2005–06 | 70 |
| | Table 6.4 Aggregate External Finance in Great Britain by country and grant, 1998–99 to 2005–06 | 71 |
| | Table 6.5 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1998–99 to 2005–06 | 72 |
| | Table 6.6 Local authority current and capital expenditure by function, 1997–98 to 2002–03 | 73 |
| | Table 6.7 Local authority gross capital expenditure by country and service, 1997–98 to 2002–03 | 74 |
| | Table 6.8 Local authority capital receipts by country and function, 1997–98 to 2002–03 | 75 |
| | Table 6.9 Local authority expenditure by country and economic category, 1997–98 to 2002–03 | 76 |

Chapter 7 Public Corporations

| | | |
|-----------|---|----|
| Table 7.1 | Public corporations' contributions to Budgets and TME, 1998–99 to 2005–06 | 83 |
| Table 7.2 | Public corporations' contribution to Resource DEL, 1998–99 to 2005–06 | 84 |
| Table 7.3 | Public corporations' capital expenditure, 1998–99 to 2005–06 | 85 |

Chapter 8 Analysis of public expenditure by country and region

| | | |
|-------------|---|-----|
| Table 8.1 | Total identifiable expenditure on services by country, 1997–98 to 2005–06 | 90 |
| Table 8.2a | Identifiable expenditure on services by country, 1997–98 | 91 |
| Table 8.2b | Identifiable expenditure on services, by country, per head, 1997–98 | 91 |
| Table 8.3a | Identifiable expenditure on services, by country 1998–99 | 92 |
| Table 8.3b | Identifiable expenditure on services, by country, per head, 1998–99 | 92 |
| Table 8.4a | Identifiable expenditure on services, by country 1999–2000 | 93 |
| Table 8.4b | Identifiable expenditure on services, by country, per head, 1999–2000 | 93 |
| Table 8.5a | Identifiable expenditure on services, by country 2000–01 | 94 |
| Table 8.5b | Identifiable expenditure on services, by country, per head 2000–01 | 94 |
| Table 8.6a | Identifiable expenditure on services, by country, 2001–02 | 95 |
| Table 8.6b | Identifiable expenditure on services, by country, per head, 2001–02 | 95 |
| Table 8.7 | Identifiable expenditure: Total expenditure on services analysed by country and function, 2001–02 | 96 |
| Table 8.8 | Non-identifiable expenditure by programme, 1997–98 to 2001–02 | 97 |
| Table 8.9 | Identifiable expenditure on services by region, 1998–99 to 2001–02 | 98 |
| Table 8.10a | Identifiable expenditure, by region and function, 1998–99 | 99 |
| Table 8.10b | Identifiable expenditure per head, by region and function, 1998–99 | 99 |
| Table 8.11a | Identifiable expenditure by region and function, 1999–2000 | 100 |
| Table 8.11b | Identifiable expenditure per head, by region and function, 1999–2000 | 100 |
| Table 8.12a | Identifiable expenditure, by region and function, 2000–01 | 101 |
| Table 8.12b | Identifiable expenditure per head, by region and function, 2000–01 | 101 |
| Table 8.13a | Identifiable expenditure, by region and function, 2001–02 | 102 |
| Table 8.13b | Identifiable expenditure per head, by region and function, 2001–02 | 102 |

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, 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 1.10** 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 1.11 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 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 on a RAB stage 2 basis, 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 2002 Spending Review, most of each department's non-cash items such as depreciation and capital charges (see paragraph 1.11 below) were brought into DEL (RAB stage 2). Outside departments' budgets, other AME consists of net payments to the EC, locally financed expenditure, debt interest, public corporations own-financed capital expenditure, and accounting and other adjustments. All AME projections for future years are 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 DEL by departmental group. Departmental groups reflect departmental boundaries and names following the Machinery of Government changes announced in May 2002. Full details of departmental groups are set out in Appendix D. **Table 1.2** also shows separately, for the years up to 2000–01, Welfare to Work DEL for spending financed by the windfall tax. From 2001–02 onwards, funding for the equivalent programme is included in the relevant departmental DELs, principally that for Work and Pensions. The rest of the table shows unallocated amounts remaining in the central funds and in the DEL Reserve. Details of allocations from the ISB and CMF are shown in **Tables 1.11** and **1.12**, discussed further below.

1.9 **Table 1.3** and **1.4** present the same information as in **Table 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 **Tables 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.

1.12 Capital Budgets, shown in **Table 1.6**, include the capital spending of the public sector fully inside departmental budgets, including NHS trusts and non-departmental public bodies, and capital expenditure outside of departmental budgets, including public corporations own financed expenditure. **Table 1.8** shows the Capital Budget for each main department.

1.13 **Table 1.9** shows departmental Resource Budgets net of non-cash components. **Table 1.10** shows the non-cash elements of the departmental Resource Budgets in aggregate.

ALLOCATIONS FROM CENTRAL FUNDS: ISB, CMF

1.14 **Tables 1.11** and **1.12** give details of the respective allocations by department of the Invest to Save Budget and the Capital Modernisation Fund. For ISB, outturn spending and allocations to departments for rounds 1 to 4, and some round 5 allocations, are included in individual departmental limits in **Tables 1.2**, **1.4**, **1.7** and **1.8**. The unallocated amounts remaining in the ISB, together with those round 5 allocations not included in individual departmental limits, are shown in a separate line in **Tables 1.2**, **1.4**, **1.7** and **1.8**. For the CMF, outturn spending and allocations to departments are included in individual departmental limits in **Tables 1.2**, **1.4**, and **1.8**. Full details of individual departments' spending under both programmes are given in departmental reports. As announced in the Budget on 9 April 2003, no further allocations will be made from the CMF, and unallocated funding has been reallocated to AME.

SUPPLY EXPENDITURE

1.15 **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 2003–04: Supplementary Budgeting Information (Cm 5797).

PUBLIC EXPENDITURE BY EACH SPENDING SECTOR

1.16 **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**.

I.17 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. Total local authority expenditure excludes payments of debt interest within the public sector. Further analyses of local authority expenditure are presented in **Chapter 6**.

I.18 Public corporations expenditure is also split into DEL and AME, and all these DEL and AME components are included in departments' budgets. Departments' DELs include the subsidies and capital grants paid to, interest and dividends received from, loans and public dividend capital invested in and a capital charge on the department's investments in public corporations, except for self-financing public corporations, where they are contained in departmental AME. For the purposes of this publication, total public corporations expenditure includes central government payments of subsidies to public corporations. Further analyses for public corporations are presented in **Chapter 7**.

TME OUTTURN UNDER RAB STAGE I BUDGETING

I.19 **Table 1.16** is the RAB Stage 1 equivalent of **Table 1.1** and shows outturns from 1998–99 to 2002–03 for Total DEL, AME and its main components, and TME in resource terms, under the budgeting rules that operated for 2001–02 and 2002–03. **Table 1.17** shows outturns for Current and Capital DEL by department over the same period on the same basis.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.1 Total Managed Expenditure 1998–99 to 2005–06

| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | £ million 2005–06 |
|--|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------------|
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Departmental Expenditure Limits | | | | | | | | |
| Resource Budget | 173,459 | 183,964 | 199,305 | 215,763 | 241,601 | 249,100 | 263,800 | 283,400 |
| Capital Budget | 12,905 | 11,943 | 15,075 | 18,001 | 20,607 | 25,100 | 26,800 | 29,100 |
| Less depreciation | 7,388 | 7,420 | 9,288 | 9,639 | 18,279 | 10,349 | 11,093 | 11,816 |
| Total Departmental Expenditure Limits | 178,976 | 188,487 | 205,092 | 224,124 | 243,930 | 263,800 | 279,500 | 300,700 |
| Annually Managed Expenditure | | | | | | | | |
| <i>Departmental AME</i> | | | | | | | | |
| Social security benefits | 91,967 | 96,982 | 99,127 | 104,893 | 109,589 | 114,659 | 117,650 | 122,059 |
| Tax Credits ⁽¹⁾ | 140 | 1,268 | 3,903 | 5,189 | 5,801 | 8,205 | 11,230 | 12,520 |
| Housing Revenue Account subsidies | 3,486 | 3,285 | 3,096 | 4,527 | 4,270 | 4,279 | 4,019 | 4,064 |
| Common Agricultural Policy | 3,060 | 2,814 | 2,966 | 3,713 | 2,598 | 2,336 | 2,342 | 2,318 |
| Net public service pensions ⁽²⁾ | 3,455 | 4,750 | 2,453 | 11,537 | 5,823 | 471 | 305 | 195 |
| National Lottery | 1,831 | 1,908 | 1,855 | 1,710 | 1,930 | 2,200 | 1,900 | 1,500 |
| Non-cash items | 18,981 | 19,659 | 21,044 | 22,289 | 27,435 | 24,561 | 25,271 | 26,029 |
| Other departmental expenditure | 316 | 1,911 | 1,942 | 1,249 | 2,652 | 2,266 | 1,868 | 2,019 |
| Total Departmental AME | 123,237 | 132,577 | 136,386 | 155,107 | 160,098 | 158,978 | 164,585 | 170,703 |
| <i>Other AME</i> | | | | | | | | |
| Net payments to EC institutions ⁽³⁾ | 3,590 | 2,807 | 3,697 | 770 | 2,288 | 2,307 | 3,042 | 3,367 |
| Locally financed expenditure | 17,501 | 18,585 | 18,383 | 19,835 | 20,714 | 22,959 | 24,642 | 26,148 |
| Central Government gross debt interest | 28,760 | 24,927 | 25,945 | 22,051 | 20,845 | 21,833 | 23,214 | 24,277 |
| Public corporations own-financed capital expenditure | 1,437 | 1,392 | 971 | 1,540 | 2,161 | 2,579 | 2,687 | 2,714 |
| Total Other AME | 51,289 | 47,710 | 48,996 | 44,197 | 46,008 | 49,678 | 53,585 | 56,506 |
| Total AME before Accounting Adjustments | 174,526 | 180,288 | 185,382 | 199,304 | 206,106 | 208,655 | 218,170 | 227,210 |
| AME Margin | | | | | | 1,000 | 2,000 | 3,000 |
| Accounting adjustments ⁽⁴⁾ | -20,205 | -25,143 | -23,658 | -33,849 | -29,011 | -17,833 | -14,997 | -14,400 |
| Total Annually Managed Expenditure | 154,321 | 155,145 | 161,724 | 165,455 | 177,095 | 191,822 | 205,173 | 215,810 |
| Total Managed Expenditure | 333,297 | 343,632 | 366,816 | 389,579 | 421,025 | 455,700 | 484,700 | 516,500 |
| <i>of which:</i> | | | | | | | | |
| Current expenditure | 314,667 | 326,601 | 348,575 | 366,584 | 395,036 | 422,300 | 446,500 | 475,200 |
| Net investment | 6,015 | 4,385 | 5,197 | 9,575 | 12,233 | 18,900 | 23,000 | 25,400 |
| Depreciation | 12,615 | 12,646 | 13,044 | 13,420 | 13,756 | 14,400 | 15,200 | 15,900 |

(1) Tax credits include working tax credits, stakeholder pension credits, and from 2003–04, Child Tax Credits previously included as child allowances in Income Support and Jobseekers' Allowance.

(2) The main pension schemes are reported under FRS17 accounting requirements. Other schemes have yet to move to an FRS17 basis and are reported on a non-FRS17 basis.

(3) 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:

£1.5bn in 2001–02, £3.1bn in 2002–03, £3.2bn in 2003–04, £3.7bn in 2004–05, £4.0bn in 2005–06. The trend forecast for 2002–03 is £3.0bn.

(4) Excludes depreciation.

Table 1.2 Departmental Expenditure Limits⁽¹⁾, 1998–99 to 2005–06

| | £ million | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Resource and Net Capital DEL | | | | | | | | |
| Education and Skills | 12,812 | 13,871 | 16,450 | 19,005 | 23,169 | 25,257 | 27,369 | 29,908 |
| Health | 40,550 | 41,946 | 45,697 | 53,536 | 59,078 | 65,613 | 71,600 | 78,680 |
| of which: NHS | 39,778 | 41,254 | 44,901 | 52,288 | 56,727 | 63,293 | 69,373 | 76,389 |
| Transport | 4,599 | 5,105 | 4,752 | 6,827 | 8,677 | 10,343 | 10,754 | 11,265 |
| Office of the Deputy Prime Minister | 4,201 | 4,373 | 5,298 | 4,474 | 5,601 | 6,635 | 7,153 | 7,484 |
| Local Government | 32,734 | 34,194 | 35,325 | 37,006 | 37,620 | 41,332 | 44,392 | 48,338 |
| Home Office | 7,632 | 7,708 | 9,091 | 10,671 | 11,933 | 12,585 | 12,474 | 13,228 |
| Lord Chancellor's departments | 2,728 | 2,413 | 2,784 | 3,094 | 3,352 | 3,151 | 3,428 | 3,516 |
| Attorney General's departments | 337 | 335 | 375 | 428 | 498 | 482 | 519 | 539 |
| Defence | 28,472 | 29,482 | 31,466 | 30,709 | 32,311 | 29,242 | 29,817 | 30,712 |
| Foreign and Commonwealth Office | 1,136 | 1,166 | 1,347 | 1,387 | 1,513 | 1,571 | 1,476 | 1,549 |
| International Development | 2,420 | 2,764 | 2,979 | 3,187 | 3,588 | 3,629 | 3,749 | 4,495 |
| Trade and Industry | 3,055 | 3,826 | 5,943 | 5,354 | 4,886 | 5,056 | 5,038 | 5,442 |
| Environment, Food and Rural Affairs | 1,969 | 2,313 | 2,745 | 2,817 | 2,868 | 2,888 | 2,841 | 2,895 |
| Culture, Media and Sport | 1,009 | 1,041 | 1,064 | 1,151 | 1,322 | 1,401 | 1,441 | 1,525 |
| Work and Pensions ⁽²⁾ | 5,217 | 5,766 | 6,061 | 6,275 | 7,562 | 7,877 | 8,162 | 8,133 |
| Scotland ⁽³⁾ | 13,179 | 13,992 | 14,823 | 17,135 | 18,954 | 20,123 | 21,293 | 22,715 |
| Wales ⁽³⁾ | 6,802 | 7,249 | 7,773 | 8,584 | 9,679 | 10,419 | 11,035 | 11,891 |
| Northern Ireland Executive ⁽³⁾ | 4,675 | 4,940 | 5,520 | 5,881 | 6,721 | 6,799 | 7,148 | 7,599 |
| Northern Ireland Office | 1,008 | 1,127 | 856 | 962 | 1,186 | 1,097 | 1,131 | 1,178 |
| Chancellor's departments | 3,208 | 3,421 | 3,378 | 4,097 | 4,602 | 4,618 | 4,790 | 4,971 |
| Cabinet Office | 1,233 | 1,455 | 1,365 | 1,547 | 1,727 | 2,227 | 1,870 | 1,897 |
| Capital Modernisation Fund | | | | | | | | |
| Invest to Save Budget Reserve | | | | | | 50 | 40 | 30 |
| Unallocated Special Reserve ⁽⁴⁾ | | | | | | 1,400 | 2,000 | 2,700 |
| Allowance for Shortfall | | | | | | | | |
| | | | | | 2,000 | | | |
| | | | | | -4,916 | | | |
| Total DEL | 178,976 | 188,487 | 205,092 | 224,124 | 243,930 | 263,800 | 279,500 | 300,700 |
| Total Education Spending⁽⁵⁾ | 39.0 | 40.9 | 44.2 | 49.4 | 53.6 | 58.6 | 62.9 | 68.5 |

(1) Full resource budgeting basis, net of depreciation.

(2) Includes Welfare to Work expenditure financed by the Windfall Tax.

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

(4) This is the remaining contingency provision for costs of military operations in Iraq after an allocation of a preliminary £1.0bn to the Ministry of Defence from the £3.0bn total.

(5) Includes spending by local authorities and devolved administrations.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.3 Total Managed Expenditure (real terms), 1998-99 to 2005-06⁽¹⁾

| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| £ million | | | | | | | | |
| Departmental Expenditure Limits | | | | | | | | |
| Resource Budget | 186,228 | 192,838 | 204,287 | 215,763 | 234,485 | 235,400 | 243,100 | 254,800 |
| Capital Budget | 13,855 | 12,519 | 15,452 | 18,001 | 20,000 | 23,800 | 24,700 | 26,100 |
| Less depreciation | 7,932 | 7,778 | 9,520 | 9,639 | 17,740 | 9,781 | 10,220 | 10,621 |
| Total Departmental Expenditure Limits | 192,152 | 197,580 | 210,219 | 224,124 | 236,745 | 249,400 | 257,500 | 270,300 |
| Annually Managed Expenditure | | | | | | | | |
| <i>Departmental AME</i> | | | | | | | | |
| Social security benefits | 98,738 | 101,661 | 101,605 | 104,893 | 106,361 | 108,367 | 108,390 | 109,709 |
| Tax Credits ⁽²⁾ | 150 | 1,329 | 4,001 | 5,189 | 5,630 | 7,755 | 10,346 | 11,253 |
| Housing Revenue Account subsidies | 3,742 | 3,444 | 3,173 | 4,527 | 4,144 | 4,044 | 3,703 | 3,653 |
| Common Agricultural Policy | 3,286 | 2,949 | 3,040 | 3,713 | 2,521 | 2,208 | 2,157 | 2,083 |
| Net public service pensions ⁽³⁾ | 3,710 | 4,979 | 2,515 | 11,537 | 5,651 | 446 | 281 | 175 |
| National Lottery | 1,966 | 2,000 | 1,901 | 1,710 | 1,873 | 2,079 | 1,750 | 1,348 |
| Non-cash items | 20,379 | 20,608 | 21,570 | 22,289 | 26,627 | 23,213 | 23,282 | 23,396 |
| Other departmental expenditure | 339 | 2,003 | 1,990 | 1,249 | 2,574 | 2,142 | 1,721 | 1,814 |
| Total departmental AME | 132,310 | 138,973 | 139,795 | 155,107 | 155,382 | 150,254 | 151,631 | 153,432 |
| <i>Other AME</i> | | | | | | | | |
| Net payments to EC institutions ⁽⁴⁾ | 3,854 | 2,942 | 3,789 | 770 | 2,221 | 2,180 | 2,803 | 3,026 |
| Locally financed expenditure | 18,790 | 19,481 | 18,843 | 19,835 | 20,103 | 21,699 | 22,703 | 23,503 |
| Central Government gross debt interest | 30,877 | 26,129 | 26,594 | 22,051 | 20,231 | 20,635 | 21,387 | 21,821 |
| Public corporations own-financed capital expenditure | 1,543 | 1,459 | 995 | 1,540 | 2,097 | 2,437 | 2,476 | 2,439 |
| Total Other AME | 55,064 | 50,012 | 50,221 | 44,197 | 44,653 | 46,952 | 49,368 | 50,789 |
| Total AME before Accounting Adjustments | 187,374 | 188,985 | 190,016 | 199,304 | 200,035 | 197,206 | 200,999 | 204,221 |
| AME Margin | | | | | | 945 | 1,843 | 2,696 |
| Accounting adjustments ⁽⁵⁾ | -21,692 | -26,356 | -24,249 | -33,849 | -28,156 | -16,855 | -13,817 | -12,943 |
| Total Annually Managed Expenditure | 165,682 | 162,629 | 165,767 | 165,455 | 171,879 | 181,296 | 189,025 | 193,974 |
| Total Managed Expenditure | 357,834 | 360,209 | 375,986 | 389,579 | 408,623 | 430,700 | 446,600 | 464,300 |
| <i>of which:</i> | | | | | | | | |
| Current expenditure | 337,832 | 342,356 | 357,289 | 366,584 | 383,400 | 399,100 | 411,400 | 427,100 |
| Net investment | 6,458 | 4,597 | 5,327 | 9,575 | 11,873 | 17,900 | 21,200 | 22,800 |
| Depreciation | 13,544 | 13,256 | 13,370 | 13,420 | 13,351 | 13,657 | 13,977 | 14,298 |

(1) At 2001-02 prices using GDP deflators consistent with the April 2003 Financial Statement and Budget Report. For other footnotes, please see footnotes for Table I.1.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.4 Departmental Expenditure Limits,⁽¹⁾ (real terms), 1998–99 to 2005–06⁽²⁾

| | £ million | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Resource and Net Capital DEL | | | | | | | | |
| Education and Skills | 13,755 | 14,540 | 16,862 | 19,005 | 22,486 | 23,871 | 25,215 | 26,882 |
| Health | 43,535 | 43,970 | 46,840 | 53,536 | 57,338 | 62,012 | 65,964 | 70,719 |
| of which: NHS | 42,706 | 43,244 | 46,023 | 52,288 | 55,056 | 59,820 | 63,913 | 68,660 |
| Transport | 4,937 | 5,351 | 4,871 | 6,827 | 8,421 | 9,775 | 9,907 | 10,126 |
| Office of the Deputy Prime Minister | 4,510 | 4,584 | 5,430 | 4,474 | 5,436 | 6,271 | 6,590 | 6,727 |
| Local Government | 35,144 | 35,843 | 36,208 | 37,006 | 36,512 | 39,064 | 40,898 | 43,447 |
| Home Office | 8,193 | 8,079 | 9,318 | 10,671 | 11,581 | 11,895 | 11,492 | 11,889 |
| Lord Chancellor's departments | 2,928 | 2,530 | 2,853 | 3,094 | 3,253 | 2,978 | 3,158 | 3,161 |
| Attorney General's departments | 362 | 352 | 384 | 428 | 483 | 455 | 478 | 485 |
| Defence | 30,568 | 30,904 | 32,252 | 30,709 | 31,359 | 27,637 | 27,471 | 27,605 |
| Foreign and Commonwealth Office | 1,220 | 1,223 | 1,381 | 1,387 | 1,468 | 1,485 | 1,360 | 1,392 |
| International Development | 2,598 | 2,897 | 3,054 | 3,187 | 3,482 | 3,430 | 3,454 | 4,040 |
| Trade and Industry | 3,280 | 4,011 | 6,091 | 5,354 | 4,742 | 4,779 | 4,641 | 4,892 |
| Environment, Food and Rural Affairs | 2,114 | 2,425 | 2,814 | 2,817 | 2,784 | 2,729 | 2,617 | 2,602 |
| Culture, Media and Sport | 1,083 | 1,091 | 1,090 | 1,151 | 1,283 | 1,324 | 1,328 | 1,371 |
| Work and Pensions ⁽³⁾ | 5,601 | 6,044 | 6,213 | 6,275 | 7,339 | 7,445 | 7,519 | 7,310 |
| Scotland ⁽⁴⁾ | 14,150 | 14,667 | 15,193 | 17,135 | 18,396 | 19,019 | 19,617 | 20,417 |
| Wales ⁽⁴⁾ | 7,303 | 7,599 | 7,967 | 8,584 | 9,394 | 9,848 | 10,167 | 10,688 |
| Northern Ireland Executive ⁽⁴⁾ | 5,020 | 5,178 | 5,658 | 5,881 | 6,523 | 6,426 | 6,586 | 6,830 |
| Northern Ireland Office | 1,082 | 1,181 | 877 | 962 | 1,151 | 1,036 | 1,042 | 1,059 |
| Chancellor's departments | 3,444 | 3,586 | 3,463 | 4,097 | 4,467 | 4,365 | 4,413 | 4,468 |
| Cabinet Office | 1,324 | 1,525 | 1,399 | 1,547 | 1,676 | 2,105 | 1,723 | 1,705 |
| Capital Modernisation Fund | | | | | | | | |
| Invest to Save Budget | | | | | | 47 | 37 | 27 |
| Reserve | | | | | 1,941 | 1,400 | 1,900 | 2,400 |
| Unallocated Special Reserve ⁽⁵⁾ | | | | | | | | |
| Allowance for Shortfall | | | | | -4,771 | | | |
| Total DEL | 192,152 | 197,580 | 210,219 | 224,124 | 236,745 | 249,400 | 257,500 | 270,300 |
| Total Education Spending⁽⁶⁾ | 41.9 | 42.9 | 45.3 | 49.4 | 52.0 | 55.9 | 58.0 | 61.6 |

(1) Full resource budgeting basis, net of depreciation.

(2) At 2001–02 prices, using GDP deflators consistent with the April 2003 Financial Statement and Budget Report.

(3) Includes Welfare to Work expenditure financed by the Windfall Tax.

(4) Allocations within DEL totals may be subject to final decisions in allocation by the devolved administrations.

(5) This is the remaining contingency provision for costs of military operations in Iraq after an allocation of a preliminary £1.0bn to the Ministry of Defence from the £3.0bn total.

(6) See footnote 5 to Table I.2.

Table I.5 Public Sector Current Expenditure, 1998–99 to 2005–06

| | £ million | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Resource Budget: | | | | | | | | |
| in Departmental Expenditure Limits | 173,459 | 183,964 | 199,305 | 215,763 | 241,601 | 249,100 | 263,800 | 283,400 |
| in Departmental AME | 122,744 | 130,862 | 134,377 | 154,490 | 158,423 | 157,446 | 163,742 | 169,838 |
| Total Resource Budget | 296,203 | 314,826 | 333,681 | 370,253 | 400,025 | 406,500 | 427,600 | 453,300 |
| Other current spending in AME: | | | | | | | | |
| Net payments to EC institutions ⁽¹⁾ | 3,590 | 2,807 | 3,697 | 770 | 2,288 | 2,307 | 3,042 | 3,367 |
| Locally financed current expenditure | 16,441 | 17,988 | 18,966 | 18,644 | 19,388 | 21,488 | 22,875 | 24,483 |
| Central Government gross debt interest | 28,760 | 24,927 | 25,945 | 22,051 | 20,845 | 21,833 | 23,214 | 24,277 |
| AME Margin (current) | | | | | | 870 | 1,248 | 1,928 |
| Accounting and other adjustments | -24,892 | -26,288 | -26,731 | -37,024 | -39,230 | -20,349 | -20,708 | -20,586 |
| Classification changes to national accounts | -5,435 | -7,658 | -6,983 | -8,110 | -8,279 | -10,360 | -10,723 | -11,553 |
| Public Sector Current Expenditure | 314,667 | 326,601 | 348,575 | 366,584 | 395,036 | 422,300 | 446,500 | 475,200 |

(1) See footnote 3 to Table I.1.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.6 Public Sector Net Investment, 1998–99 to 2005–06

| | £ million | | | | | | | |
|--|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| <i>Capital Budget:</i> | | | | | | | | |
| in Departmental Expenditure Limits | 12,905 | 11,943 | 15,075 | 18,001 | 20,607 | 25,100 | 26,800 | 29,100 |
| in Departmental AME | 493 | 1,716 | 2,009 | 617 | 1,674 | 1,531 | 844 | 866 |
| Total Capital Budget | 13,398 | 13,659 | 17,084 | 18,617 | 22,282 | 26,700 | 27,600 | 29,900 |
| <i>Other capital spending in AME:</i> | | | | | | | | |
| Public corporations and own-financed capital expenditure | | | | | | | | |
| | 1,437 | 1,392 | 971 | 1,540 | 2,161 | 2,579 | 2,687 | 2,714 |
| Locally financed capital expenditure | 1,060 | 597 | -583 | 1,191 | 1,326 | 1,471 | 1,767 | 1,665 |
| Accounting and other adjustments | -2,701 | -6,275 | -6,214 | -6,463 | -8,059 | -7,703 | -4,630 | -4,558 |
| Classification changes to national accounts | 5,435 | 7,658 | 6,983 | 8,110 | 8,279 | 10,360 | 10,723 | 11,553 |
| Public Sector gross investment | 18,630 | 17,031 | 18,241 | 22,995 | 25,989 | 33,400 | 38,200 | 41,300 |
| Less Depreciation (national accounts) | 12,615 | 12,646 | 13,044 | 13,420 | 13,756 | 14,450 | 15,171 | 15,907 |
| Public Sector net investment | 6,015 | 4,385 | 5,197 | 9,575 | 12,233 | 18,900 | 23,000 | 25,400 |

Table I.7 Resource Budgets, 1998–99 to 2005–06

| | £ million | | | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within DEL | | | | | | | | |
| Education and Skills | 11,878 | 12,783 | 14,531 | 16,981 | 20,647 | 22,005 | 23,662 | 25,648 |
| Health | 39,944 | 41,400 | 44,752 | 52,062 | 57,361 | 63,008 | 68,666 | 74,859 |
| <i>of which: NHS</i> | 39,233 | 40,769 | 44,019 | 50,906 | 55,097 | 60,787 | 66,536 | 72,673 |
| Transport | 3,431 | 4,021 | 3,379 | 4,444 | 5,984 | 7,343 | 7,459 | 8,357 |
| Office of the Deputy Prime Minister | 2,401 | 2,790 | 2,972 | 2,734 | 4,116 | 4,802 | 5,157 | 5,404 |
| Local Government | 32,375 | 33,922 | 35,270 | 36,922 | 37,402 | 41,007 | 44,068 | 47,990 |
| Home Office | 7,428 | 7,449 | 8,834 | 10,284 | 11,280 | 11,712 | 11,630 | 12,403 |
| Lord Chancellor's departments | 2,686 | 2,305 | 2,796 | 3,051 | 3,307 | 3,124 | 3,409 | 3,492 |
| Attorney General's departments | 337 | 336 | 367 | 436 | 490 | 472 | 520 | 540 |
| Defence | 29,358 | 31,329 | 33,394 | 32,333 | 41,361 | 30,752 | 31,462 | 32,278 |
| Foreign and Commonwealth Office | 1,082 | 1,132 | 1,498 | 1,429 | 1,613 | 1,652 | 1,542 | 1,609 |
| International Development | 2,445 | 2,743 | 3,000 | 3,174 | 3,592 | 3,639 | 3,752 | 4,502 |
| Trade and Industry | 3,097 | 3,919 | 5,983 | 5,384 | 4,622 | 4,673 | 4,992 | 5,463 |
| Environment, Food and Rural Affairs | 1,829 | 2,242 | 2,715 | 2,690 | 2,686 | 2,725 | 2,708 | 2,758 |
| Culture, Media and Sport | 980 | 1,056 | 1,102 | 1,180 | 1,320 | 1,401 | 1,473 | 1,545 |
| Work and Pensions ⁽¹⁾ | 5,592 | 5,782 | 6,078 | 6,199 | 7,475 | 7,969 | 8,050 | 8,159 |
| Scotland | 12,417 | 13,075 | 13,942 | 15,951 | 17,304 | 18,394 | 19,369 | 20,652 |
| Wales | 6,411 | 6,944 | 7,362 | 8,234 | 9,128 | 9,778 | 10,373 | 11,142 |
| Northern Ireland Executive | 4,452 | 4,708 | 5,407 | 5,710 | 6,247 | 6,446 | 6,736 | 7,148 |
| Northern Ireland Office | 1,011 | 1,129 | 851 | 976 | 1,191 | 1,071 | 1,113 | 1,145 |
| Chancellor's departments | 3,283 | 3,525 | 3,767 | 4,073 | 4,552 | 4,581 | 4,705 | 4,890 |
| Cabinet Office | 1,022 | 1,373 | 1,304 | 1,516 | 1,689 | 1,824 | 1,849 | 1,864 |
| Capital Modernisation Fund | | | | | | | | |
| Invest to Save Budget | | | | | | 40 | 32 | 24 |
| Reserve | | | | | | 600 | 1,100 | 1,600 |
| Unallocated Special Reserve | | | | | 2,000 | | | |
| Allowance for shortfall | | | | | -3,765 | | | |
| Total Resource DEL | 173,459 | 183,964 | 199,305 | 215,763 | 241,601 | 249,100 | 263,800 | 283,400 |

(1) Includes Welfare to Work expenditure financed from the Windfall Tax.

Table I.7 Resource Budgets, 1998–99 to 2005–06 (continued)

| | £ million | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within Departmental AME | | | | | | | | |
| Education and Skills | 6,096 | 6,273 | 6,458 | 6,656 | 6,650 | 5,962 | 6,176 | 6,572 |
| Health | 5,403 | 7,170 | 4,803 | 13,769 | 7,503 | 6,183 | 6,559 | 6,952 |
| <i>of which: NHS</i> | | | | | | –5 | | |
| Transport | 2,075 | 1,771 | 1,725 | 2,107 | 2,131 | 2,296 | 2,089 | 1,579 |
| Office of the Deputy Prime Minister | 3,307 | 3,105 | 2,913 | 4,338 | 4,060 | 4,620 | 4,400 | 4,491 |
| Local Government | 109 | 200 | 61 | 498 | 169 | 220 | | |
| Home Office | –1 | 312 | 1 | –1 | 1,691 | 1 | 1 | 1 |
| Lord Chancellor's departments | 81 | 87 | 92 | 96 | 102 | 47 | 53 | 55 |
| Defence | 3,949 | 4,154 | 4,420 | 4,482 | 6,452 | 4,545 | 4,485 | 4,505 |
| Foreign and Commonwealth Office | | –1 | | | –1 | –1 | –1 | –1 |
| International Development | 132 | 58 | 81 | 59 | 56 | 60 | 57 | 54 |
| Trade and Industry | 172 | 730 | 776 | 1,475 | 3,489 | 371 | 365 | 378 |
| Environment, Food and Rural Affairs | 2,317 | 2,164 | 3,606 | 2,314 | 1,834 | 1,266 | 1,613 | 1,589 |
| Culture, Media and Sport | 1,148 | 1,169 | 1,403 | 1,359 | 1,634 | 1,937 | 1,674 | 1,322 |
| Work and Pensions | 80,289 | 84,146 | 85,717 | 91,198 | 95,580 | 99,624 | 102,405 | 106,473 |
| Scotland | 2,342 | 1,931 | 2,080 | 2,284 | 2,255 | 1,962 | 1,919 | 1,964 |
| Wales | 358 | 348 | 346 | 574 | 613 | 626 | 617 | 596 |
| Northern Ireland Executive | 3,416 | 3,506 | 4,085 | 4,379 | 4,994 | 4,947 | 5,082 | 5,283 |
| Northern Ireland Office | –88 | –92 | 3 | 42 | 41 | 50 | 50 | 50 |
| Chancellor's departments | 7,458 | 9,643 | 12,574 | 14,164 | 15,167 | 17,965 | 21,211 | 22,753 |
| Cabinet Office | 4,181 | 4,188 | 3,233 | 4,695 | 4,003 | 4,765 | 4,986 | 5,221 |
| Total Resource Departmental AME | 122,744 | 130,862 | 134,377 | 154,490 | 158,423 | 157,446 | 163,742 | 169,838 |
| Total Resource Budget | 296,203 | 314,826 | 333,681 | 370,253 | 400,025 | 406,500 | 427,600 | 453,300 |

(1) Includes Welfare to Work expenditure financed from the Windfall Tax.

I. PUBLIC EXPENDITURE OVERVIEW

Table 1.8 Capital Budgets, 1998-99 to 2005-06

| | £ million | | | | | | | |
|--|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within DEL | | | | | | | | |
| Education and Skills | 716 | 867 | 1,232 | 2,055 | 2,551 | 3,297 | 3,753 | 4,306 |
| Health | 760 | 911 | 1,238 | 1,769 | 2,052 | 3,001 | 3,490 | 4,480 |
| of which: NHS | 700 | 850 | 1,173 | 1,676 | 1,953 | 2,892 | 3,383 | 4,363 |
| Transport | 1,181 | 1,104 | 1,402 | 2,426 | 3,017 | 3,299 | 3,647 | 3,295 |
| Office of the Deputy Prime Minister | 1,802 | 1,592 | 2,339 | 1,757 | 1,507 | 1,853 | 2,016 | 2,101 |
| Local Government | 360 | 272 | 56 | 84 | 219 | 324 | 324 | 349 |
| Home Office | 466 | 395 | 403 | 576 | 901 | 1,096 | 1,076 | 1,069 |
| Lord Chancellor's departments | 75 | 36 | 38 | 94 | 112 | 103 | 102 | 118 |
| Attorney General's departments | 5 | 4 | 14 | 22 | 11 | 15 | 14 | 15 |
| Defence | 5,302 | 4,051 | 5,391 | 5,848 | 6,328 | 6,128 | 6,405 | 7,041 |
| Foreign and Commonwealth Office | 86 | 88 | 105 | 60 | 68 | 57 | 71 | 84 |
| International Development | -22 | 25 | -16 | 24 | 13 | 11 | 18 | 14 |
| Trade and Industry | 24 | 5 | 49 | 94 | 382 | 503 | 168 | 105 |
| Environment, Food and Rural Affairs | 179 | 189 | 170 | 291 | 351 | 346 | 334 | 344 |
| Culture, Media and Sport | 82 | 40 | 23 | 37 | 70 | 88 | 61 | 75 |
| Work and Pensions ⁽¹⁾ | -302 | 42 | 36 | 140 | 201 | 29 | 232 | 94 |
| Scotland | 814 | 1,024 | 992 | 1,396 | 1,951 | 1,957 | 2,155 | 2,295 |
| Wales | 533 | 481 | 546 | 541 | 774 | 830 | 919 | 999 |
| Northern Ireland Executive | 229 | 239 | 300 | 352 | 564 | 423 | 483 | 523 |
| Northern Ireland Office | 23 | 25 | 35 | 18 | 54 | 64 | 57 | 72 |
| Chancellor's departments | 92 | 87 | -223 | 205 | 398 | 272 | 317 | 308 |
| Cabinet Office | 231 | 202 | 202 | 210 | 236 | 619 | 238 | 247 |
| Welfare to Work | 271 | 264 | 742 | | | | | |
| Invest to Save Budget | | | | | | 10 | 8 | 6 |
| Capital Modernisation Fund | | | | | | | | |
| Reserve | | | | | | 800 | 900 | 1,100 |
| Allowance for shortfall | | | | | -1,151 | | | |
| Total Capital Budget DEL | 12,905 | 11,943 | 15,075 | 18,001 | 20,607 | 25,100 | 26,800 | 29,100 |
| Within Departmental AME | | | | | | | | |
| Education and Skills | 1 | 3 | 2 | 1 | 1 | 1 | 1 | 1 |
| Office of the Deputy Prime Minister | | 21 | 255 | | 560 | 616 | 616 | 616 |
| Local Government | | | | 50 | 210 | 100 | 175 | 175 |
| Defence | | | | 108 | -52 | | -28 | -15 |
| Foreign and Commonwealth Office | | | | 5 | 5 | 5 | 5 | 5 |
| Trade and Industry | -226 | 919 | 1,260 | | 557 | 310 | -464 | -416 |
| Environment, Food and Rural Affairs | 9 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Culture, Media and Sport | 709 | 741 | 468 | 377 | 308 | 272 | 236 | 188 |
| Work and Pensions | | 29 | 22 | 75 | 77 | 90 | 101 | 109 |
| Wales | | | | | 7 | 10 | | |
| Northern Ireland Executive | | | | | | 125 | 200 | 200 |
| Chancellor's departments | | | | | | | | |
| Total Capital Budget Departmental AME | 493 | 1,716 | 2,009 | 617 | 1,674 | 1,531 | 844 | 866 |
| Total Capital Budget | 13,398 | 13,659 | 17,084 | 18,617 | 22,282 | 26,700 | 27,600 | 29,900 |

(1) Includes Welfare to Work expenditure financed from the Windfall Tax.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.9 Cash Equivalent Resource Budgets, 1998-99 to 2005-06

| | £ million | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within DEL | | | | | | | | |
| Education and Skills | 11,859 | 12,421 | 14,577 | 16,810 | 20,619 | 21,962 | 23,614 | 25,599 |
| Health | 38,242 | 39,979 | 43,495 | 48,741 | 54,635 | 60,746 | 65,965 | 71,742 |
| <i>of which: NHS</i> | 37,530 | 39,349 | 42,764 | 47,587 | 52,384 | 58,536 | 63,847 | 69,569 |
| Transport | 3,444 | 4,081 | 3,584 | 4,511 | 5,663 | 7,218 | 7,256 | 8,120 |
| Office of the Deputy Prime Minister | 2,392 | 2,730 | 2,872 | 2,687 | 3,955 | 4,705 | 5,059 | 5,306 |
| Local Government | 32,375 | 33,922 | 35,269 | 36,922 | 37,402 | 41,007 | 44,068 | 47,990 |
| Home Office | 6,865 | 7,151 | 8,510 | 9,897 | 10,558 | 11,266 | 11,171 | 11,931 |
| Lord Chancellor's departments | 2,615 | 2,040 | 2,615 | 2,905 | 3,137 | 2,957 | 3,189 | 3,251 |
| Attorney General's departments | 333 | 330 | 360 | 399 | 485 | 464 | 501 | 520 |
| Defence | 18,378 | 19,984 | 19,391 | 18,523 | 20,118 | 19,769 | 20,173 | 20,444 |
| Foreign and Commonwealth Office | 965 | 1,037 | 1,201 | 1,277 | 1,393 | 1,444 | 1,329 | 1,382 |
| International Development | 2,012 | 2,527 | 2,731 | 3,168 | 3,390 | 3,573 | 3,656 | 4,425 |
| Trade and Industry | 2,965 | 2,956 | 3,343 | 3,973 | 4,382 | 4,409 | 4,720 | 5,180 |
| Environment, Food and Rural Affairs | 1,660 | 1,846 | 1,932 | 2,919 | 2,439 | 2,425 | 2,392 | 2,435 |
| Culture, Media and Sport | 885 | 961 | 994 | 1,057 | 1,186 | 1,228 | 1,294 | 1,363 |
| Work and Pensions | 5,581 | 5,729 | 6,032 | 6,146 | 7,370 | 7,855 | 7,940 | 8,053 |
| Scotland | 12,341 | 12,882 | 13,712 | 15,448 | 16,681 | 17,652 | 18,623 | 19,906 |
| Wales | 6,209 | 6,719 | 7,166 | 7,965 | 8,812 | 9,467 | 9,979 | 10,739 |
| Northern Ireland Executive | 4,401 | 4,650 | 4,944 | 5,230 | 5,990 | 6,212 | 6,502 | 6,913 |
| Northern Ireland Office | 964 | 956 | 917 | 989 | 1,110 | 1,021 | 1,065 | 1,095 |
| Chancellor's departments | 3,155 | 3,349 | 3,566 | 3,858 | 4,187 | 4,277 | 4,398 | 4,590 |
| Cabinet Office | 984 | 1,212 | 1,127 | 1,265 | 1,403 | 1,523 | 1,545 | 1,561 |
| Total Resource DEL cash budget | 158,623 | 167,462 | 178,337 | 194,688 | 214,914 | 231,178 | 244,441 | 262,544 |
| Within AME | | | | | | | | |
| Education and Skills | 893 | 868 | 841 | 769 | 470 | -404 | -490 | -434 |
| Health | 1,371 | 2,838 | 303 | 8,561 | 1,983 | 337 | 356 | 377 |
| <i>of which: NHS</i> | | | | | | 1 | | |
| Transport | | 92 | | 7 | -2 | | | |
| Office of the Deputy Prime Minister | 3,307 | 3,105 | 2,913 | 4,338 | 4,060 | 4,620 | 4,400 | 4,491 |
| Local Government | 109 | 200 | 61 | 498 | 169 | 220 | | |
| Home Office | -1 | 312 | 1 | -1 | 1,691 | 1 | 1 | 1 |
| Lord Chancellor's departments | 40 | 43 | 45 | 46 | 48 | -12 | -9 | -9 |
| Defence | 1,281 | 1,302 | 1,428 | 1,335 | 1,189 | 1,166 | 1,115 | 1,077 |
| Foreign and Commonwealth Office | | -1 | | | -1 | -1 | -1 | -1 |
| International Development | 132 | | | | | | | |
| Trade and Industry | 325 | 292 | 384 | 552 | 1,115 | 785 | 761 | 569 |
| Environment, Food and Rural Affairs | 2,317 | 2,164 | 2,281 | 3,509 | 1,974 | 1,266 | 1,613 | 1,589 |
| Culture, Media and Sport | 1,148 | 1,169 | 1,403 | 1,359 | 1,632 | 1,938 | 1,674 | 1,322 |
| Work and Pensions | 80,069 | 83,916 | 85,588 | 91,106 | 95,456 | 99,505 | 102,281 | 106,344 |
| Scotland | 934 | 769 | 873 | 1,102 | 863 | 449 | 403 | 410 |
| Wales | 358 | 348 | 346 | 341 | 380 | 392 | 383 | 362 |
| Northern Ireland Executive | 3,416 | 3,506 | 3,604 | 3,824 | 4,078 | 3,897 | 4,006 | 4,181 |
| Northern Ireland Office | -88 | -92 | 3 | 42 | 41 | 50 | 50 | 50 |
| Chancellor's departments | 7,435 | 9,583 | 12,517 | 14,068 | 15,053 | 17,880 | 21,126 | 22,668 |
| Cabinet Office | 516 | 574 | 622 | 650 | 674 | 686 | 688 | 693 |
| Total Resource AME cash budget | 103,562 | 110,989 | 113,212 | 132,105 | 130,873 | 132,777 | 138,359 | 143,691 |
| Total Resource cash budget | 262,185 | 278,451 | 291,549 | 326,793 | 345,787 | 363,955 | 382,799 | 406,235 |

I. PUBLIC EXPENDITURE OVERVIEW

Table 1.10 Non-cash Resource Budgets, 1998-99 to 2005-06

| | £ million | | | | | | | |
|---|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within DEL | | | | | | | | |
| Education and Skills | 18 | 362 | -46 | 171 | 28 | 43 | 48 | 49 |
| Health | 1,702 | 1,420 | 1,257 | 3,321 | 2,727 | 2,263 | 2,702 | 3,117 |
| <i>of which: NHS</i> | 1,702 | 1,420 | 1,256 | 3,319 | 2,713 | 2,250 | 2,689 | 3,105 |
| Transport | -13 | -60 | -205 | -66 | 321 | 125 | 203 | 237 |
| Office of the Deputy Prime Minister | 9 | 60 | 100 | 47 | 161 | 97 | 98 | 98 |
| Local Government | | | | | | | | |
| Home Office | 563 | 298 | 324 | 387 | 722 | 446 | 459 | 472 |
| Lord Chancellor's departments | 71 | 266 | 182 | 146 | 170 | 166 | 220 | 241 |
| Attorney General's departments | 5 | 7 | 7 | 37 | 5 | 8 | 19 | 20 |
| Defence | 10,980 | 11,345 | 14,003 | 13,810 | 21,243 | 10,983 | 11,288 | 11,834 |
| Foreign and Commonwealth Office | 117 | 95 | 297 | 152 | 221 | 207 | 212 | 227 |
| International Development | 433 | 216 | 268 | 6 | 202 | 67 | 96 | 77 |
| Trade and Industry | 132 | 963 | 2,641 | 1,411 | 241 | 264 | 272 | 282 |
| Environment, Food and Rural Affairs | 168 | 397 | 783 | -229 | 247 | 300 | 316 | 322 |
| Culture, Media and Sport | 95 | 94 | 108 | 123 | 135 | 173 | 179 | 182 |
| Work and Pensions | 11 | 53 | 46 | 53 | 105 | 114 | 110 | 106 |
| Scotland | 76 | 193 | 231 | 503 | 623 | 743 | 746 | 746 |
| Wales | 202 | 226 | 196 | 269 | 315 | 311 | 393 | 403 |
| Northern Ireland Executive | 51 | 58 | 463 | 480 | 256 | 234 | 234 | 235 |
| Northern Ireland Office | 48 | 174 | -66 | -13 | 81 | 50 | 48 | 50 |
| Chancellor's departments | 127 | 176 | 202 | 215 | 366 | 305 | 306 | 300 |
| Cabinet Office | 38 | 161 | 177 | 252 | 286 | 301 | 302 | 304 |
| Total Resource DEL non-cash budget | 14,835 | 16,502 | 20,968 | 21,075 | 28,452 | 17,199 | 18,252 | 19,302 |
| Within AME | | | | | | | | |
| Education and Skills | 5,202 | 5,406 | 5,617 | 5,887 | 6,180 | 6,366 | 6,666 | 7,006 |
| Health | 4,032 | 4,332 | 4,500 | 5,208 | 5,520 | 5,846 | 6,203 | 6,575 |
| <i>of which: NHS</i> | | | | | | -6 | | |
| Transport | 2,075 | 1,678 | 1,725 | 2,100 | 2,133 | 2,296 | 2,089 | 1,579 |
| Lord Chancellor's departments | 41 | 44 | 47 | 51 | 54 | 59 | 62 | 64 |
| Defence | 2,668 | 2,851 | 2,992 | 3,148 | 5,263 | 3,378 | 3,370 | 3,428 |
| International Development | | 58 | 81 | 60 | 56 | 61 | 58 | 54 |
| Trade and Industry | -153 | 438 | 392 | 923 | 2,375 | -414 | -396 | -191 |
| Environment, Food and Rural Affairs | | | 1,325 | -1,195 | -140 | | | |
| Culture, Media and Sport | | | | | 1 | -1 | | |
| Work and Pensions | 220 | 230 | 128 | 91 | 123 | 119 | 123 | 129 |
| Scotland | 1,407 | 1,162 | 1,206 | 1,182 | 1,392 | 1,513 | 1,516 | 1,554 |
| Wales | | | | 234 | 233 | 233 | 233 | 233 |
| Northern Ireland Executive | | | 481 | 556 | 916 | 1,049 | 1,076 | 1,102 |
| Chancellor's departments | 24 | 60 | 58 | 95 | 114 | 85 | 85 | 85 |
| Cabinet Office | 3,666 | 3,615 | 2,611 | 4,045 | 3,329 | 4,079 | 4,298 | 4,528 |
| Total Resource AME non-cash budget | 19,183 | 19,873 | 21,165 | 22,385 | 27,551 | 24,670 | 25,383 | 26,147 |
| Total Resource non-cash budget | 34,018 | 36,375 | 42,133 | 43,460 | 56,003 | 41,868 | 43,636 | 45,449 |

I. PUBLIC EXPENDITURE OVERVIEW

Table I.11 Invest to Save Budget, 1999–2000 to 2005–06⁽¹⁾

| | £ million | | | | | | |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 Plans | 2004–05 Plans | 2005–06 Plans |
| Education and Skills | 2.1 | 0.1 | 0.4 | 6.2 | 5.4 | 0.2 | 0.2 |
| Health | 0.2 | 5.9 | 6.5 | 4.8 | 1.9 | 0.7 | 0.1 |
| Transport | 0.2 | 0.1 | | 3.3 | 1.4 | 0.4 | |
| Office of Deputy Prime Minister | 0.3 | 0.1 | -0.9 | 0.7 | 0.3 | | 0.1 |
| Local Government | | 4.1 | 12.8 | 22.1 | 13.9 | 1.8 | 0.4 |
| Home Office | -0.5 | 4.7 | 6.0 | 16.2 | 12.2 | 2.9 | 1.8 |
| Lord Chancellor's Departments | 0.6 | 2.4 | 0.6 | -0.8 | 1.6 | 0.2 | 0.2 |
| Attorney General's Departments | | | | | | | |
| Defence | | 0.1 | 2.2 | 0.2 | 0.5 | | |
| Foreign and Commonwealth Office | | | | | 0.2 | 0.2 | |
| Trade and Industry | | 1.2 | 3.0 | 11.1 | 1.7 | 0.4 | 0.2 |
| Environment, Food and Rural Affairs | | | | 3.3 | 0.6 | 0.1 | |
| Culture, Media and Sport | 0.1 | | 0.4 | 3.3 | 3.6 | 0.7 | |
| Work and Pensions | 30.4 | 16.1 | 11.6 | 4.9 | 2.7 | | |
| Scotland | | 0.5 | | | 3.8 | 0.7 | 0.3 |
| Wales | 0.4 | 1.7 | 8.4 | 5.7 | 1.6 | 0.3 | 0.1 |
| Northern Ireland Executive | 1.2 | 0.5 | 0.5 | 3.2 | 1.1 | 0.2 | 0.1 |
| Northern Ireland Office | 0.1 | 0.1 | | | | | |
| Chancellor's Departments | 1.8 | 3.0 | 3.3 | 2.3 | 0.4 | | |
| Cabinet Office | | 0.8 | 0.1 | 0.7 | 3.2 | | |
| Unallocated | | | | | 30.5 | 31.3 | 26.6 |
| Total Invest to Save Budget | 37.7 | 41.3 | 54.8 | 87.1 | 86.4 | 40.0 | 30.0 |

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

Table I.12 Capital Modernisation Fund, 1999–00 to 2003–04⁽¹⁾

| Department | £ million | | | | |
|---|--------------------|--------------------|--------------------|---------------------------------|------------------|
| | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 plans |
| Education and Skills | 50.0 | 193.0 | 251.0 | 234.8 | 166.1 |
| Health | 114.0 | 172.0 | 278.0 | 162.7 | 79.9 |
| Transport | 10.0 | 162.8 | 25.6 | 34.4 | 41.8 |
| Office of the Deputy Prime Minister | | 1.0 | 34.5 | 83.7 | 3.8 |
| Home Office | 20.4 | 240.3 | 164.6 | 92.3 | 71.8 |
| Lord Chancellor's Departments | | 10.0 | 14.2 | 8.1 | 23.9 |
| Attorney General's Departments | | 3.8 | 1.6 | 6.0 | 6.8 |
| Defence | | 7.1 | 9.9 | 1.6 | 2.3 |
| Foreign and Commonwealth Office | | 5.6 | 8.2 | 3.0 | 3.0 |
| Trade and Industry | | 73.3 | 60.9 | 68.2 | 76.5 |
| Environment, Food and Rural Affairs | | 9.0 | 17.6 | 37.1 | 39.9 |
| Culture, Media & Sport | | 15.0 | 95.7 | 50.7 | 35.4 |
| Work and Pensions | 10.0 | 96.0 | 132.0 | 27.0 | 85.6 |
| Scotland | 19.6 | 79.0 | 91.3 | 70.0 | 56.7 |
| Wales | 10.0 | 35.4 | 45.9 | 31.7 | 33.1 |
| Northern Ireland | 6.3 | 25.7 | 30.2 | 21.1 | 16.5 |
| Northern Ireland Office | | | 0.5 | 1.1 | 0.5 |
| Chancellor's Departments | 1.3 | 62.8 | 33.4 | 14.5 | 12.3 |
| Cabinet Office | | 25.0 | 20.7 | 36.5 | 56.1 |
| Total Capital Modernisation Fund | 241.6 | 1,216.7 | 1,315.8 | 984.4 | 811.8 |

(1) Full details of allocations announced to date can be found on the Treasury website and on departmental websites.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.13 Accounting adjustments, 1998–99 to 2005–06

| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
|---|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Removal of non-cash spending in DEL ⁽¹⁾ | -7,447 | -9,082 | -11,680 | -11,382 | -10,189 | -6,814 | -7,123 | -7,450 |
| Financial transactions in DEL | -625 | -814 | -1,036 | -1,413 | -1,400 | -1,695 | -1,228 | -1,241 |
| Removal of non-cash spending in AME | -3,247 | -3,242 | -5,012 | -4,658 | -9,243 | -5,036 | -5,165 | -5,225 |
| Adjustment for Pensions accounted for under FRS17 | -14,496 | -16,151 | -13,381 | -25,318 | -19,728 | -19,593 | -20,537 | -21,403 |
| Financial transactions in AME | 80 | 80 | -1,180 | 54 | -425 | -146 | 650 | 582 |
| Adjustments for public corporations | 2,396 | 2,447 | 2,916 | 3,117 | 2,968 | 3,300 | 3,292 | 3,490 |
| Central government non-trading capital consumption | 7,580 | 7,759 | 7,991 | 8,275 | 8,535 | 8,968 | 9,417 | 9,882 |
| VAT refunded on general government expenditure | 5,340 | 5,837 | 6,661 | 7,602 | 8,846 | 9,810 | 10,611 | 11,638 |
| EC contributions | -5,576 | -5,530 | -6,314 | -6,104 | -4,229 | -4,481 | -4,218 | -4,126 |
| Tax credits | 1,887 | 1,790 | 952 | 881 | 1,314 | 753 | 807 | 836 |
| Intra-general government debt interest | -3,279 | -3,388 | -3,039 | -3,043 | -3,591 | -2,491 | -2,794 | -2,824 |
| Other accounting adjustments | -2,818 | -4,850 | -535 | -1,860 | -1,869 | -407 | 1,290 | 1,442 |
| Total accounting adjustments | -20,205 | -25,143 | -23,658 | -33,849 | -29,011 | -17,833 | -14,997 | -14,400 |

(1) Excluding depreciation in resource DEL.

Table I.14 Voted and non-voted expenditure in TME, 1998–99 to 2005–06

| | resources, £ million | | | | | | | |
|---|----------------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Voted expenditure in TME: | | | | | | | | |
| DEL⁽¹⁾ | | | | | | | | |
| Central Government spending | 93,780 | 100,021 | 109,510 | 117,459 | 126,564 | 127,776 | 136,434 | 146,688 |
| Central Government support for local authorities | 42,451 | 42,553 | 46,103 | 49,226 | 52,105 | 57,206 | 59,966 | 64,755 |
| Central Government support for public corporations | 1,089 | 1,473 | 940 | 932 | 1,184 | 1,436 | 1,456 | 1,487 |
| Departmental AME | | | | | | | | |
| Central Government own spending | 59,865 | 64,568 | 62,727 | 75,950 | 76,320 | 67,813 | 68,079 | 69,926 |
| Central Government support for local authorities | 11,005 | 11,024 | 11,287 | 12,855 | 13,665 | 14,945 | 15,834 | 16,990 |
| Central Government support for public corporations | 4 | 60 | 57 | 82 | 73 | 803 | 74 | 87 |
| Other AME | | | | | | | | |
| Central Government spending (EU receipts) | –3,836 | –3,654 | –3,389 | –3,500 | –3,706 | –3,613 | –3,606 | –3,591 |
| Accounting adjustments ⁽²⁾ | 6,986 | 6,851 | 8,541 | 8,753 | 17,247 | 9,306 | 9,899 | 10,582 |
| Total voted expenditure in TME | 211,344 | 222,897 | 235,777 | 261,757 | 283,452 | 275,673 | 288,135 | 306,924 |
| Non-Voted expenditure in TME: | | | | | | | | |
| DEL⁽¹⁾ | | | | | | | | |
| Central Government spending (including spending by Devolved Executives and Non-Departmental Public Bodies) | 30,200 | 32,265 | 35,264 | 42,887 | 45,596 | 57,454 | 59,728 | 64,513 |
| Central Government support for local authorities | 10,104 | 10,454 | 11,480 | 11,708 | 14,557 | 16,168 | 17,499 | 17,936 |
| Public Corporations | 1,352 | 1,721 | 1,795 | 1,913 | 1,924 | 2,305 | 2,396 | 2,582 |
| DEL not allocated by spending sector | | | | | –2,000 | 1,500 | 2,100 | 2,700 |
| AME | | | | | | | | |
| Central Government spending (including spending by Devolved Executives and Non-Departmental Public Bodies) | 51,860 | 56,423 | 61,867 | 65,638 | 69,286 | 74,783 | 79,950 | 83,127 |
| Central Government support for local authorities | 510 | 502 | 514 | 627 | 755 | 636 | 651 | 576 |
| Public Corporations | –8 | –1 | –68 | –44 | | | | |
| Other AME and AME margin | | | | | | | | |
| Central Government debt interest, AME margin, locally financed expenditure, non-voted net payments to EU, and accounting and other adjustments | 27,934 | 19,370 | 20,187 | 5,094 | 7,455 | 27,150 | 34,293 | 38,113 |
| Total non-voted expenditure in TME | 121,953 | 120,735 | 131,039 | 127,822 | 137,573 | 180,000 | 196,600 | 209,600 |
| Total Managed Expenditure | 333,297 | 343,632 | 366,816 | 389,579 | 421,025 | 455,700 | 484,700 | 516,500 |
| Memorandum: | | | | | | | | |
| Voted expenditure not in TME (included within “Non-Budget” in Estimates): | | | | | | | | |
| Grants to NDPBs to finance their expenditure | 11,696 | 13,583 | 14,906 | 19,688 | 24,115 | 28,205 | 27,629 | 28,959 |
| Grants to Devolved Executives to finance their expenditure | 1,620 | 21,967 | 26,999 | 31,134 | 35,954 | 36,643 | 9,877 | 10,508 |
| Other non-public expenditure | –898 | 1,063 | 2,792 | 1,423 | 2,558 | 32,107 | –4,188 | –4,022 |
| Total voted expenditure not in TME | 12,419 | 36,613 | 44,697 | 52,245 | 62,627 | 96,955 | 33,319 | 35,445 |
| Total voted expenditure | 223,763 | 259,510 | 280,474 | 314,002 | 346,079 | 372,627 | 321,454 | 342,369 |

(1) Full resource budgeting basis, net of depreciation.

(2) Depreciation voted in resource DEL.

Table I.15 Total Managed Expenditure by Spending Sector, 1998–99 to 2005–06

| | resources, £ million | | | | | | | |
|---|----------------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Central Government own expenditure: | | | | | | | | |
| DEL ⁽¹⁾⁽²⁾ | 123,979 | 132,286 | 144,774 | 160,345 | 172,160 | 185,231 | 196,161 | 211,201 |
| Departmental AME | 111,726 | 120,991 | 124,595 | 141,588 | 145,606 | 142,596 | 148,029 | 153,052 |
| Locally financed support in Northern Ireland | 97 | 111 | 129 | 156 | 141 | 145 | 154 | 167 |
| Net payments to EC institutions | 3,590 | 2,807 | 3,697 | 770 | 2,288 | 2,307 | 3,042 | 3,367 |
| Central Government debt interest | 28,760 | 24,927 | 25,945 | 22,051 | 20,845 | 21,833 | 23,214 | 24,277 |
| Accounting and other adjustments ⁽¹⁾ | -22,164 | -29,276 | -29,033 | -39,100 | -31,421 | -21,500 | -18,300 | -16,500 |
| Total Central Government own expenditure | 245,988 | 251,846 | 270,106 | 285,811 | 309,620 | 330,600 | 352,300 | 375,600 |
| Local Authority expenditure: | | | | | | | | |
| Central Government support in DEL ⁽²⁾ | 52,555 | 53,007 | 57,583 | 60,934 | 66,661 | 73,374 | 77,464 | 82,691 |
| Central Government support in departmental AME | 11,515 | 11,527 | 11,802 | 13,482 | 14,420 | 15,581 | 16,485 | 17,566 |
| Locally financed support in Scotland | 1,395 | 1,441 | 1,663 | 1,554 | 1,650 | 1,646 | 1,774 | 1,909 |
| Local authority self-financed expenditure | 16,009 | 17,033 | 16,592 | 18,125 | 18,923 | 21,168 | 22,714 | 24,073 |
| Accounting and other adjustments ⁽¹⁾ | 387 | 3,642 | 3,503 | 4,328 | 4,082 | 6,100 | 6,600 | 7,100 |
| Total Local Authority expenditure | 81,861 | 86,649 | 91,142 | 98,424 | 105,736 | 117,900 | 125,000 | 133,400 |
| Public Corporation expenditure: | | | | | | | | |
| DEL ⁽²⁾ | 2,441 | 3,194 | 2,735 | 2,845 | 3,109 | 3,741 | 3,852 | 4,069 |
| Departmental AME | -4 | 60 | -10 | 38 | 73 | 803 | 74 | 87 |
| Public Corporations' own-financed capital expenditure | 1,437 | 1,392 | 971 | 1,540 | 2,161 | 2,579 | 2,687 | 2,714 |
| Accounting and other adjustments ⁽¹⁾ | 1,573 | 491 | 1,873 | 921 | 327 | 100 | 800 | 700 |
| Total Public Corporation expenditure | 5,448 | 5,137 | 5,568 | 5,344 | 5,669 | 7,200 | 7,400 | 7,600 |
| Total Managed Expenditure | 333,297 | 343,632 | 366,816 | 389,579 | 421,025 | 455,700 | 484,700 | 516,500 |

(1) Full resource budgeting basis, net of depreciation.

(2) The sectoral DEL figures shown above exclude the £2.0 billion Special Reserve in 2002–03 (see footnote 4 to table I.2), and for 2003–04, 2004–05 and 2005–06, also exclude the DEL reserve, and unallocated amounts for the Invest to Save Budget. AME figures for 2003–04, 2004–05 and 2005–06 exclude the AME margin. Amounts for each of these items are shown in Tables I.1 and I.2. These items are included within the accounting and other adjustments figures in Table I.15 above, reflecting notional forecast allocations. The accounting and other adjustments in this table differ from those shown in Tables I.1 and I.13, by these amounts

Table I.16 Total Managed Expenditure, 1998-99 to 2002-03 (RAB stage I basis)

| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | £ million 2002-03 |
|--|----------------|----------------|----------------|----------------|----------------------|
| | outturn | outturn | outturn | outturn | estimated outturn |
| Departmental Expenditure Limits | | | | | |
| Resource Budget | 153,460 | 159,835 | 172,537 | 188,076 | 206,279 |
| Capital Budget | 17,437 | 18,695 | 20,115 | 23,716 | 27,364 |
| Total Departmental Expenditure Limits | 170,897 | 178,530 | 192,652 | 211,793 | 233,643 |
| Annually Managed Expenditure | | | | | |
| Social security benefits | 91,975 | 96,988 | 99,131 | 104,982 | 109,775 |
| Housing Revenue Account subsidies | 3,486 | 3,285 | 3,096 | 4,527 | 4,270 |
| Common Agricultural Policy | 3,060 | 2,814 | 2,966 | 3,713 | 2,598 |
| Export Credits Guarantee Department | -154 | 925 | 1,315 | 141 | 763 |
| Self-financing Public Corporations | 709 | 1,387 | 1,374 | 1,000 | 1,173 |
| Net public service pensions | 5,539 | 5,658 | 5,662 | 5,655 | 5,774 |
| National Lottery | 1,831 | 1,908 | 1,855 | 1,710 | 1,930 |
| Other programme spending | -29 | 1,007 | 1,807 | 4,115 | 919 |
| <i>Non-cash items:</i> | | | | | |
| Depreciation | 7,345 | 7,372 | 9,240 | 9,579 | 18,356 |
| Cost of capital charges | 9,091 | 9,442 | 9,939 | 10,266 | 10,968 |
| Provisions and other charges | 1,012 | 2,822 | 5,081 | 3,268 | 6,630 |
| Total departmental AME | 123,866 | 133,608 | 141,468 | 148,956 | 163,157 |
| <i>Other AME</i> | | | | | |
| Net payments to EC institutions ⁽¹⁾ | 3,590 | 2,807 | 3,697 | 770 | 2,288 |
| Locally financed expenditure | 17,501 | 18,585 | 18,383 | 19,835 | 20,714 |
| Central Government gross debt interest | 28,760 | 24,927 | 25,945 | 22,051 | 20,845 |
| Total Other AME | 49,851 | 46,318 | 48,025 | 42,657 | 43,847 |
| Accounting adjustments | -11,318 | -14,825 | -15,329 | -13,826 | -19,622 |
| AME Margin | | | | | |
| Total Annually Managed Expenditure | 162,400 | 165,102 | 174,164 | 177,786 | 187,382 |
| Total Managed Expenditure | 333,297 | 343,632 | 366,816 | 389,579 | 421,025 |
| <i>of which:</i> | | | | | |
| Current expenditure | 314,667 | 326,601 | 348,575 | 366,584 | 395,036 |
| Net investment | 6,015 | 4,385 | 5,197 | 9,575 | 12,233 |
| Depreciation | 12,615 | 12,646 | 13,044 | 13,420 | 13,756 |

(1) See footnote 3 to Table I.1.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.17 Departmental Expenditure Limits, 1998–99 to 2002–03 (RAB stage I basis)

| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | £ million 2002–03 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------------|
| | outturn | outturn | outturn | outturn | estimated outturn |
| Resource Budget | | | | | |
| Education and Skills | 11,666 | 12,190 | 14,222 | 16,503 | 19,979 |
| Health | 38,242 | 39,937 | 43,437 | 48,655 | 54,520 |
| <i>of which: NHS</i> | 37,530 | 39,307 | 42,706 | 47,501 | 52,269 |
| Transport | 2,590 | 2,702 | 2,831 | 2,686 | 3,110 |
| Office of the Deputy Prime Minister | 569 | 625 | 740 | 1,328 | 1,787 |
| Local Government | 32,375 | 33,922 | 35,270 | 36,922 | 37,404 |
| Home Office | 6,812 | 7,060 | 8,418 | 9,684 | 10,401 |
| Lord Chancellor's departments | 2,655 | 2,054 | 2,645 | 2,911 | 3,114 |
| Attorney General's departments | 333 | 331 | 361 | 400 | 486 |
| Defence | 17,729 | 18,152 | 19,239 | 18,540 | 20,161 |
| Foreign and Commonwealth Office | 953 | 1,025 | 1,178 | 1,263 | 1,399 |
| International Development | 2,012 | 2,528 | 2,732 | 3,168 | 3,390 |
| Trade and Industry | 2,746 | 2,854 | 3,039 | 3,536 | 3,798 |
| Environment, Food and Rural Affairs | 1,570 | 1,717 | 1,815 | 2,731 | 2,259 |
| Culture, Media and Sport | 853 | 925 | 960 | 1,022 | 1,161 |
| Work and Pensions | 5,338 | 5,264 | 5,438 | 6,152 | 7,375 |
| Scotland | 11,675 | 12,100 | 12,805 | 14,232 | 16,141 |
| Wales | 6,028 | 6,297 | 6,801 | 7,501 | 8,523 |
| Northern Ireland Executive | 3,937 | 4,170 | 4,421 | 4,748 | 5,670 |
| Northern Ireland Office | 964 | 956 | 916 | 987 | 1,103 |
| Chancellor's departments | 3,160 | 3,318 | 3,514 | 3,837 | 4,189 |
| Cabinet Office | 984 | 1,214 | 1,122 | 1,271 | 1,407 |
| Welfare to Work | 269 | 493 | 635 | | |
| Invest to Save Budget | | | | | |
| Capital Modernisation Fund | | | | | |
| Reserve | | | | | |
| Unallocated Special Reserve | | | | | 2,000 |
| Allowance for Shortfall | | | | | -3,100 |
| Total Resource DEL | 153,460 | 159,835 | 172,537 | 188,076 | 206,279 |
| Capital Budget | | | | | |
| Education and Skills | 888 | 1,094 | 1,582 | 2,497 | 3,194 |
| Health | 760 | 969 | 1,310 | 1,871 | 2,182 |
| <i>of which: NHS</i> | 700 | 908 | 1,246 | 1,778 | 2,083 |
| Transport | 1,978 | 2,474 | 2,151 | 4,316 | 5,595 |
| Office of the Deputy Prime Minister | 3,171 | 3,146 | 3,797 | 2,646 | 3,185 |
| Local Government | 360 | 272 | 56 | 85 | 221 |
| Home Office | 473 | 458 | 481 | 802 | 1,065 |
| Lord Chancellor's departments | 96 | 57 | 64 | 120 | 139 |
| Attorney General's departments | 5 | 4 | 14 | 22 | 11 |
| Defence | 5,989 | 5,976 | 5,740 | 5,880 | 6,340 |
| Foreign and Commonwealth Office | 101 | 102 | 130 | 77 | 98 |
| International Development | -22 | 25 | -16 | 24 | 13 |
| Trade and Industry | 247 | 191 | 345 | 550 | 992 |
| Environment, Food and Rural Affairs | 284 | 343 | 344 | 513 | 637 |
| Culture, Media and Sport | 115 | 76 | 61 | 72 | 94 |
| Work and Pensions | -286 | 63 | 63 | 160 | 206 |
| Scotland | 1,370 | 1,701 | 1,813 | 2,164 | 1,981 |
| Wales | 783 | 632 | 775 | 933 | 1,065 |
| Northern Ireland Executive | 491 | 479 | 561 | 539 | 549 |
| Northern Ireland Office | 23 | 26 | 36 | 20 | 61 |
| Chancellor's departments | 108 | 141 | -146 | 215 | 399 |
| Cabinet Office | 231 | 203 | 210 | 211 | 236 |
| Welfare to Work | 271 | 264 | 742 | | |
| Invest to Save Budget | | | | | |
| Capital Modernisation Fund | | | | | |
| Policy Innovation Fund | | | | | |
| Reserve | | | | | |
| Allowance for Shortfall | | | | | -900 |
| Total Capital DEL | 17,437 | 18,695 | 20,115 | 23,716 | 27,364 |
| Total Budget DEL | 170,897 | 178,530 | 192,652 | 211,793 | 233,643 |

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 5401), which were consistent with Budget 2002. The comparisons are presented in two different ways (Stage 1 resource budgeting and Stage 2 resource budgeting) depending on the budgeting regime applicable to 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, i.e. changes in the way public expenditure is scored or re-allocation of functions between departments (i.e. Machinery of Government changes); and
- (ii) other changes, which are due to policy decisions or changes in forecasts of expenditure outside DEL.

THE TABLES

2.3 Data in the tables taken from last year's PESA are adjusted for the effects of the Machinery of Government changes last summer. The main one was the split of the old Department of Transport, Local Government and the Regions into the Department of Transport and the Office of the Deputy Prime Minister.

2.4 **Tables 2.1, 2.2 and 2.3 are for 2001-02**, and compare the latest outturns with the estimated outturns in last year's PESA, and with the provisional outturns published in July 2002 in the Public Expenditure Outturn White Paper (PEOWP). All numbers are presented on an SR2000 (RAB Stage 1) budgeting basis, which was the basis for spending control in that year.

2.5 **Tables 2.4, 2.5 and 2.6 are for 2002-03**, and compare the current estimated outturns with the plans presented in last year's PESA. The DEL tables also show final provision following the Spring Supplementary Estimates. All numbers are presented on an SR2000 (RAB Stage 1) budgeting basis, which was the basis for spending control last year.

2.6 **Tables 2.7, 2.8 and 2.9 are for 2003-04**. These tables show the effects of changes in the budgeting regime for SR2002, and the additional allocations that were made in SR2002. The tables start with last year's PESA numbers on an SR2000 budgeting basis as presented in last year's PESA, and conclude with the latest plans on an SR2002 budgeting basis. The total changes are broken down into those made for SR2002, including the move to full resource (RAB Stage 2) budgeting, and the further changes made since SR2002.

2.7 Within the SR2002 changes, the effects of the change in budgeting regime are separately identified. A full discussion of these changes can be found in Annex B of the 2002 Spending Review White Paper (Opportunity and Security for all) (Cm 5570).

MAIN CLASSIFICATION AND TRANSFER CHANGES AFFECTING PLANS

2.8 Tables 2.7, 2.8 and 2.9 show the effect of the **move to full resource (RAB Stage 2) budgeting**. Compared to plans presented on a RAB Stage 1 basis, the move to full resource budgeting added some £33 billion to resource DEL and reduced capital DEL s by £8.3 billion. The movement in capital DEL was mainly due to capital grants to the private sector and abroad that moved to resource DEL, and by capital spending by most PCs¹, which are now outside the budgeting framework. The increase in resource DEL is attributable to the switches from capital DEL of capital grants to the private sector and abroad and the movement of non-cash items from AME into DEL, and a change in the treatment of the majority of public corporations finance, which had been outside the framework under RAB Stage 1.

2.9 Tables 2.3, 2.6, 2.7, 2.8 and 2.9 show the effect of the **reduction in the cost of capital charge and the discount rate** applied to provisions in a separate column. The changes shown are as a result of the reduction in the rate applicable from 6 per cent to 3.5 per cent, in line with the revised guidance on appraisal and evaluation of capital spending in the new edition of the Green Book, published by H M Treasury in January 2003.

2.10 The reduction in the discount rate reduced Total DEL by £3.6 billion. Of this some £3.7 billion is a drop in the cost of capital charges incurred by departments, whilst the change in the discount rate applied to provisions adds £60 million to resource DEL.

2.11 The definition of the **net public service pensions** line has changed. From 2003-04 the adoption of the accounting standard FRS17 requires pension schemes preparing separate scheme statements under Chapter 15 of the Resource Accounting Manual to reflect the accruing pension costs of scheme members. A provision for the present value of the scheme liabilities scores on the balance sheet and this is used to finance future pension costs.

2.12 The net public service pensions line now shows the annual increase in the liability arising from current and past service costs, employee contributions and purchase of added years, as well any group and individual transfers into the scheme, the receipts of employer and employee contributions, and the value received in respect of transfers in score as income to offset the increase in the liability.

2.13 No cost of capital credit scores on the liability. This is to avoid distorting the presentation of the increases in the liability due to unwinding of the discount scores in other non-cash items in AME. Increases to pension scheme liabilities do not count to TME so there is an offsetting adjustment in the accounting adjustments line. (See Appendix B for a description of the accounting adjustments in respect of net public service pensions.)

2.14 The Department for International Development shows reductions in all years in capital DEL and increases in resource DEL following the reclassification of subscriptions to the UN's International Development Association (IDA) that had been recorded as a financial transaction and in capital DEL. These payments have now been reclassified as a current grants in national accounts, as they are no longer viewed as payments acquiring an asset on which a return could be expected.

⁽¹⁾ NHS trusts and the Forestry Commission capital expenditure still score in their parent departments' capital DELs.

POLICY AND ESTIMATING CHANGES

2.15 Table 2.4 shows Health resource DEL provision in 2002-03 increased by £1.3 billion. This is made up of increases to budgets of £850 million drawn down at Supplementary Estimates and £436 million take up of EYF.

2.16 Home Office resource DEL increased by £1.1 billion in 2002-03. £1 billion of this was drawn down in Spring Supplementary Estimates and represented increases to their budget; the remainder is made up of take up of EYF entitlement.

2.17 Defence resource DEL increased by £1.3bn in 2002-03, £1 billion of which was drawn down at Supplementary Estimates and represented an increase in their budget.

2.18 Contributions into pension scheme for teachers and the NHS staff paid by employers (Accruing Superannuation Liability Charges (ASLCs)) increased in 2003-04 by £2.9 billion; these are scored in the parent departments' resource DELs. These contributions are paid to the pension schemes run by the public sector and the receipts score in AME; there is no increase in overall spending (TME).

2.19 The Government made a contingency provision of £3 billion in DEL in 2002-03 to cover the cost of the UK's military obligations. £2 billion of this is shown in an unallocated special reserve.

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.1 Resource DEL 2001–02, stage I RAB basis, changes since PESA 2002–03 and PEOWP 2002

| | £ million, SR2000 basis | | | | | |
|-------------------------------------|----------------------------------|---|--|---|--------------------------------|----------------|
| | Final provision adjusted for MOG | Estimated outturn in PESA 2002 adjusted for MOG | Provisional outturn in PEOWP 2002 adjusted for MOG | Transfers and classification changes since PEOWP 2002 | Other changes since PEOWP 2002 | Outturn |
| Education and Skills | 17,391 | 16,984 | 16,555 | -122 | 70 | 16,503 |
| Health | 48,995 | 48,846 | 48,656 | 0 | -1 | 48,655 |
| Transport | 3,420 | 2,898 | 2,940 | -112 | -142 | 2,686 |
| Office of the Deputy Prime Minister | 1,479 | 1,253 | 1,271 | 15 | 42 | 1,328 |
| Local Government | 36,950 | 36,894 | 36,922 | 1 | -1 | 36,922 |
| Home Office | 9,696 | 9,579 | 9,593 | -2 | 93 | 9,684 |
| Lord Chancellor's Departments | 2,909 | 2,845 | 2,934 | -32 | 9 | 2,911 |
| Attorney General's Departments | 436 | 421 | 398 | -1 | 3 | 400 |
| Defence | 19,034 | 18,905 | 18,905 | 0 | -365 | 18,540 |
| Foreign and Commonwealth Office | 1,269 | 1,277 | 1,224 | -2 | 41 | 1,263 |
| International Development | 2,818 | 2,791 | 2,754 | 261 | 153 | 3,168 |
| Trade and Industry | 4,160 | 3,941 | 3,621 | 9 | -94 | 3,536 |
| Environment Food and Rural Affairs | 2,508 | 2,377 | 2,234 | 217 | 280 | 2,731 |
| Culture Media and Sport | 1,037 | 1,032 | 1,023 | -1 | 0 | 1,022 |
| Work and Pensions | 7,111 | 6,297 | 6,290 | 197 | -335 | 6,152 |
| Scotland | 14,715 | 14,231 | 14,289 | -57 | 0 | 14,232 |
| Wales | 7,665 | 7,659 | 7,623 | -1 | -121 | 7,501 |
| Northern Ireland Executive | 5,203 | 5,066 | 4,960 | -17 | -195 | 4,748 |
| Northern Ireland Office | 1,085 | 1,057 | 967 | 0 | 20 | 987 |
| Chancellor's Departments | 4,034 | 3,909 | 3,867 | -1 | -29 | 3,837 |
| Cabinet Office | 1,472 | 1,441 | 1,389 | -120 | 2 | 1,271 |
| Allowance for Shortfall | 0 | -2,013 | 0 | 0 | 0 | 0 |
| Total | 193,388 | 187,690 | 188,415 | 232 | -570 | 188,077 |

Table 2.2 Capital DEL 2001–02, stage I RAB basis, changes since PESA 2002–03 and PEOWP 2002

| | £ million, SR2000 basis | | | | | |
|-------------------------------------|----------------------------------|---|--|---|--------------------------------|---------------|
| | Final provision adjusted for MOG | Estimated outturn in PESA 2002 adjusted for MOG | Provisional outturn in PEOWP 2002 adjusted for MOG | Transfers and classification changes since PEOWP 2002 | Other changes since PEOWP 2002 | Outturn |
| Education and Skills | 2,913 | 2,487 | 2,503 | 0 | -7 | 2,496 |
| Health | 1,933 | 1,858 | 1,871 | 0 | 0 | 1,871 |
| Transport | 4,665 | 4,311 | 4,425 | 7 | -115 | 4,317 |
| Office of the Deputy Prime Minister | 2,682 | 2,479 | 2,544 | 13 | 89 | 2,646 |
| Local Government | 90 | 70 | 85 | 1 | -1 | 85 |
| Home Office | 1,031 | 875 | 826 | -1 | -24 | 801 |
| Lord Chancellor's Departments | 116 | 120 | 120 | 1 | 0 | 121 |
| Attorney General's Departments | 24 | 22 | 23 | 0 | 0 | 23 |
| Defence | 5,656 | 5,646 | 5,552 | 0 | 328 | 5,880 |
| Foreign and Commonwealth Office | 127 | 134 | 96 | 1 | -19 | 78 |
| International Development | 328 | 328 | 324 | -309 | 9 | 24 |
| Trade and Industry | 812 | 649 | 657 | -1 | -107 | 549 |
| Environment Food and Rural Affairs | 522 | 472 | 477 | 37 | -1 | 513 |
| Culture Media and Sport | 143 | 68 | 72 | -1 | 1 | 72 |
| Work and Pensions | 231 | 231 | 171 | 3 | -14 | 160 |
| Scotland | 2,382 | 2,266 | 2,109 | 55 | 1 | 2,165 |
| Wales | 949 | 884 | 933 | 0 | 0 | 933 |
| Northern Ireland Executive | 799 | 670 | 677 | -1 | -138 | 538 |
| Northern Ireland Office | 59 | 68 | 44 | 0 | -24 | 20 |
| Chancellor's Departments | 280 | 252 | 240 | 0 | -25 | 215 |
| Cabinet Office | 251 | 239 | 196 | -1 | 15 | 210 |
| Total | 25,993 | 24,129 | 23,946 | -196 | -33 | 23,717 |

Table 2.3 Total Managed Expenditure 2001–02, stage I RAB basis, changes since PESA 2002–03

| | Estimated outturn in PESA 2002–03 | Provisional outturn in 2002 | Changes in the cost of capital and discount rate | Other transfers and classification changes since PEOWP 2002 | £ million, SR2000 basis | |
|---|--|-----------------------------------|---|---|--|----------------|
| | | | | | Other changes since PEOWP 2002 | Outturn |
| Total DELs | 211,818 | 212,361 | -197 | 233 | -603 | 211,794 |
| Departmental AME | | | | | | |
| Social Security Benefits | 105,218 | 105,218 | -3 | 126 | -359 | 104,982 |
| Housing Revenue Account Subsidies | 4,549 | 4,527 | 0 | 0 | 0 | 4,527 |
| Common Agricultural Policy | 2,667 | 2,650 | 0 | 0 | 1,063 | 3,713 |
| Exports Credits Guarantee Department | 249 | 277 | 0 | 0 | -136 | 141 |
| Self-financed Public Corporations | 1,119 | 1,122 | 0 | 0 | -122 | 1,000 |
| Net Public Service Pensions | 5,125 | 4,548 | 0 | 349 | 758 | 5,655 |
| National Lottery | 1,700 | 1,700 | 0 | 0 | 10 | 1,710 |
| Other programme expenditure | 2,174 | 5,442 | 0 | 0 | -1,327 | 4,115 |
| Non-cash items | 23,376 | 22,812 | 734 | -340 | -94 | 23,113 |
| Other AME | | | | | | |
| Net Payments to EC Institutions | 776 | 771 | 0 | 0 | -1 | 770 |
| Locally Financed Expenditure | 19,354 | 20,464 | 0 | 0 | -629 | 19,835 |
| Central Government Debt Interest | 22,160 | 22,182 | 0 | 0 | -131 | 22,051 |
| Accounting and other adjustments | -8,156 | -14,211 | -534 | -369 | 1,288 | -13,826 |
| Total Annually Managed Expenditure | 180,312 | 177,503 | 198 | -232 | 321 | 177,786 |
| Total Managed Expenditure | 392,131 | 389,865 | 0 | 0 | -281 | 389,580 |

Table 2.4 Resource DEL 2002–03, stage I RAB basis, changes since PESA 2002–03

| | £ million, SR2000 basis | | | | |
|-------------------------------------|---|--|---|--------------------|----------------------|
| | Plans in PESA 2002–03 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | Final provision | Estimated outturn |
| Education and Skills | 20,179 | –114 | 616 | 20,681 | 19,979 |
| Health | 53,375 | –137 | 1,282 | 54,520 | 54,520 |
| Transport | 3,284 | –233 | 269 | 3,320 | 3,110 |
| Office of the Deputy Prime Minister | 1,800 | –318 | 473 | 1,955 | 1,787 |
| Local Government | 37,375 | 15 | 39 | 37,429 | 37,404 |
| Home Office | 9,411 | –105 | 1,151 | 10,457 | 10,401 |
| Lord Chancellor's Departments | 2,751 | –53 | 510 | 3,208 | 3,114 |
| Attorney General's Departments | 427 | 59 | 19 | 505 | 486 |
| Defence | 18,865 | 6 | 1,306 | 20,177 | 20,161 |
| Foreign and Commonwealth Office | 1,319 | –14 | 96 | 1,401 | 1,399 |
| International Development | 2,948 | 296 | 192 | 3,436 | 3,390 |
| Trade and Industry | 3,676 | 3 | 240 | 3,919 | 3,798 |
| Environment Food and Rural Affairs | 1,650 | 247 | 59 | 1,956 | 2,259 |
| Culture Media and Sport | 1,160 | –2 | 8 | 1,166 | 1,161 |
| Work and Pensions | 6,893 | 212 | 471 | 7,576 | 7,375 |
| Scotland | 15,374 | –29 | 854 | 16,199 | 16,141 |
| Wales | 8,237 | 72 | 229 | 8,538 | 8,523 |
| Northern Ireland Executive | 5,515 | –106 | 445 | 5,854 | 5,670 |
| Northern Ireland Office | 1,092 | 0 | 86 | 1,178 | 1,103 |
| Chancellor's Departments | 4,036 | –6 | 193 | 4,223 | 4,189 |
| Cabinet Office | 1,422 | –127 | 147 | 1,442 | 1,407 |
| Invest to Save Budget | 22 | 0 | –22 | 0 | 0 |
| Policy Innovation Fund | 30 | 0 | –30 | 0 | 0 |
| Reserve | 400 | 0 | –400 | 0 | 0 |
| Unallocated special reserve | | | 2,000 | 2,000 | 2,000 |
| Allowance for Shortfall | | | | | –3,100 |
| Total | 201,241 | –334 | 10,234 | 211,141 | 206,277 |

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.5 Capital DEL 2002–03, stage I RAB basis, changes since PESA 2002–03

| | £ million, SR2000 basis | | | | |
|-------------------------------------|---|--|---|--------------------|----------------------|
| | Plans in PESA 2002–03 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | Final provision | Estimated outturn |
| Education and Skills | 3,164 | 0 | 337 | 3,501 | 3,194 |
| Health | 2,499 | 133 | –227 | 2,405 | 2,182 |
| Transport | 5,079 | –43 | 641 | 5,677 | 5,595 |
| Office of the Deputy Prime Minister | 3,380 | 170 | –4 | 3,546 | 3,185 |
| Local Government | 274 | 0 | 7 | 281 | 221 |
| Home Office | 956 | –33 | 179 | 1,102 | 1,065 |
| Lord Chancellor's Departments | 103 | 21 | 10 | 134 | 139 |
| Attorney General's Departments | 16 | 2 | –1 | 17 | 11 |
| Defence | 5,732 | 0 | 628 | 6,360 | 6,340 |
| Foreign and Commonwealth Office | 145 | 1 | –78 | 68 | 98 |
| International Development | 391 | –377 | –1 | 13 | 13 |
| Trade and Industry | 827 | 0 | 260 | 1,087 | 992 |
| Environment Food and Rural Affairs | 547 | 0 | 33 | 580 | 637 |
| Culture Media and Sport | 104 | 0 | 59 | 163 | 94 |
| Work and Pensions | 131 | 12 | 116 | 259 | 206 |
| Scotland | 2,401 | 0 | 0 | 2,401 | 1,981 |
| Wales | 1,050 | 0 | 0 | 1,050 | 1,065 |
| Northern Ireland Executive | 616 | 0 | 0 | 616 | 549 |
| Northern Ireland Office | 60 | 0 | 9 | 69 | 61 |
| Chancellor's Departments | 243 | 140 | 22 | 405 | 399 |
| Cabinet Office | 171 | 13 | 70 | 254 | 236 |
| Invest to Save Budget | 8 | | –8 | | |
| Capital Modernisation Fund | 338 | | –338 | | |
| Policy Innovation Fund | 10 | | –10 | | |
| Allowance for Shortfall | | | | | –900 |
| Total | 28,245 | 39 | 1,704 | 29,988 | 27,363 |

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.6 Total Managed Expenditure 2002–03, stage I RAB basis, changes since PESA 2002–03

| | £ million, SR2000 basis | | | | |
|---|-----------------------------|--|---|------------------|----------------------|
| | Plans in PESA 2002–03 | Change in the cost of capital and discount rate | Transfers and classification changes | Other changes | Estimated outturn |
| Total DEL | 229,486 | 218 | -513 | 4,449 | 233,640 |
| Departmental AME | | | | | |
| Social Security Benefits | 109,170 | -3 | 0 | 608 | 109,775 |
| Housing Revenue Account Subsidies | 4,530 | 0 | 0 | -260 | 4,270 |
| Common Agricultural Policy | 2,598 | 0 | 0 | 0 | 2,598 |
| Exports Credits Guarantee Department | 352 | 0 | 0 | 411 | 763 |
| Self-financed Public Corporations | 1,198 | 0 | 0 | -25 | 1,173 |
| Net Public Service Pensions | 5,020 | 0 | 91 | 663 | 5,774 |
| National Lottery | 2,300 | 0 | 0 | -370 | 1,930 |
| Other programme expenditure | 145 | 0 | 0 | 774 | 919 |
| Non-cash items | 26,165 | -3,343 | -328 | 13,461 | 35,956 |
| Other AME | | | | | |
| Net Payments to EC Institutions | 2,163 | 0 | 0 | 126 | 2,289 |
| Locally Financed Expenditure | 20,656 | 0 | 0 | 58 | 20,714 |
| Central Government Debt Interest | 21,132 | 0 | 0 | -287 | 20,845 |
| Accounting and other adjustments | -7,527 | 3,128 | 750 | -15,971 | -19,621 |
| AME margin | 1,000 | 0 | 0 | -1,000 | 0 |
| Total Annually Managed Expenditure | 188,901 | -218 | 513 | -1,813 | 187,385 |
| Total Managed Expenditure | 418,387 | 0 | 0 | 2,636 | 421,025 |

Table 2.7 Resource Budget DELS 2003–04, full RAB basis, changes since PESA 2002–03

PESA 2002–03 on Stage I RAB basis
New Plans on Full RAB basis

| | Plans in PESA 2002–03 adjusted for MOG | Adjustments for full resource budgeting | Other changes for Spending Review | Spending Review 2002 plans | Change in cost of capital and discount rate | Other transfer and classification changes | Other changes | £ million New plans |
|-------------------------------------|---|--|--|----------------------------------|--|--|------------------|------------------------|
| Education and Skills | 21,497 | 800 | 41 | 22,338 | -142 | -507 | 316 | 22,005 |
| Health | 58,467 | 2,742 | 173 | 61,382 | -290 | 19 | 1,897 | 63,008 |
| Transport | 3,434 | 3,302 | 896 | 7,632 | 5 | -338 | 44 | 7,343 |
| Office of the Deputy Prime Minister | 1,674 | 2,847 | 205 | 4,726 | -57 | 220 | -87 | 4,802 |
| Local Government | 40,070 | -1 | 316 | 40,385 | 0 | 36 | 586 | 41,007 |
| Home Office | 9,633 | 799 | 1,253 | 11,685 | -154 | 148 | 33 | 11,712 |
| Lord Chancellor's Departments | 2,793 | 99 | 198 | 3,090 | -47 | 60 | 21 | 3,124 |
| Attorney General's Departments | 440 | 20 | 37 | 497 | -3 | -41 | 19 | 472 |
| Defence | 18,929 | 13,503 | 584 | 33,016 | -2,184 | -71 | -9 | 30,752 |
| Foreign and Commonwealth Office | 1,158 | 245 | 43 | 1,446 | -36 | 31 | 211 | 1,652 |
| International Development | 3,161 | 548 | 0 | 3,709 | -108 | 4 | 34 | 3,639 |
| Trade and Industry | 3,333 | 886 | 581 | 4,800 | -101 | -26 | 0 | 4,673 |
| Environment Food and Rural Affairs | 1,739 | 591 | 435 | 2,765 | -79 | 223 | -184 | 2,725 |
| Culture Media and Sport | 1,167 | 253 | 35 | 1,455 | -60 | -7 | 13 | 1,401 |
| Work and Pensions | 7,509 | 121 | 3 | 7,633 | -12 | 265 | 83 | 7,969 |
| Scotland | 16,534 | 1,479 | 297 | 18,310 | -128 | 0 | 212 | 18,394 |
| Wales | 8,943 | 773 | -143 | 9,573 | -73 | -17 | 295 | 9,778 |
| Northern Ireland Executive | 5,553 | 510 | 257 | 6,320 | -49 | -9 | 184 | 6,446 |
| Northern Ireland Office | 984 | 69 | 35 | 1,088 | -17 | 0 | 0 | 1,071 |
| Chancellor's Departments | 4,045 | 382 | 41 | 4,468 | -40 | 131 | 22 | 4,581 |
| Cabinet Office | 1,476 | 361 | 27 | 1,864 | -66 | -113 | 139 | 1,824 |
| Budget 2002 addition | 1,600 | 0 | -1,600 | 0 | 0 | 0 | 0 | 0 |
| Invest to Save Budget | 53 | 0 | -13 | 40 | 0 | 0 | 0 | 40 |
| Policy Innovation Fund | 30 | 0 | -30 | 0 | 0 | 0 | 0 | 0 |
| Reserve | 1,400 | 121 | -400 | 1,100 | 0 | 0 | -400 | 600 |
| Total | 215,600 | 30,450 | 3,300 | 249,300 | -3,641 | 8 | 3,400 | 249,100 |

Table 2.8 Capital Budget DELS 2003–04, stage 2 basis changes since PESA 2002–03

PESA 2002–03 on Stage 1 RAB basis

New Plans on Full RAB basis

£ million

| | Plans in PESA 2002–03 adjusted for MOG | Adjustments for full resource budgeting | Other changes at Spending Review | Spending Review 2002 plans | Transfer and classification changes | Other changes | New plans |
|-------------------------------------|---|--|---|----------------------------------|---|------------------|---------------|
| Education and Skills | 4,087 | -759 | -26 | 3,302 | -32 | 27 | 3,297 |
| Health | 2,996 | -66 | -9 | 2,921 | -13 | 93 | 3,001 |
| Transport | 6,133 | -3,130 | 366 | 3,369 | -78 | 8 | 3,299 |
| Office of the Deputy Prime Minister | 4,278 | -2,270 | 10 | 2,018 | -207 | 42 | 1,853 |
| Local Government | 324 | 0 | 0 | 324 | 0 | 0 | 324 |
| Home Office | 836 | -222 | 194 | 808 | 95 | 193 | 1,096 |
| Lord Chancellor's Departments | 111 | -30 | -4 | 77 | 0 | 26 | 103 |
| Attorney General's Departments | 15 | 0 | -9 | 6 | 0 | 9 | 15 |
| Defence | 5,950 | -57 | 116 | 6,009 | 119 | 0 | 6,128 |
| Foreign and Commonwealth Office | 163 | -31 | 0 | 132 | -65 | -10 | 57 |
| International Development | 399 | -388 | 0 | 11 | 0 | 0 | 11 |
| Trade and Industry | 1,069 | -531 | -114 | 424 | 9 | 70 | 503 |
| Environment Food and Rural Affairs | 556 | -237 | -3 | 316 | 19 | 11 | 346 |
| Culture Media and Sport | 89 | -25 | -8 | 56 | 6 | 26 | 88 |
| Work and Pensions | 53 | -7 | -50 | -4 | 32 | 1 | 29 |
| Scotland | 2,405 | -595 | -94 | 1,717 | -20 | 260 | 1,957 |
| Wales | 1,062 | -311 | 146 | 897 | 0 | -67 | 830 |
| Northern Ireland Executive | 919 | -205 | -121 | 593 | 1 | -171 | 423 |
| Northern Ireland Office | 46 | 0 | 18 | 64 | 0 | 0 | 64 |
| Chancellor's Departments | 247 | 0 | -9 | 238 | -3 | 37 | 272 |
| Cabinet Office | 190 | -3 | 9 | 196 | -1 | 424 | 619 |
| Invest to Save Budget | 10 | 0 | 0 | 10 | 0 | 0 | 10 |
| Capital Modernisation Fund | 777 | 0 | 0 | 777 | 0 | -777 | 0 |
| Policy Innovation Fund | 10 | 0 | 0 | 10 | 0 | -10 | 0 |
| Reserve | 700 | 0 | 200 | 900 | 0 | -120 | 800 |
| Total | 33,500 | -8,867 | 600 | 25,200 | -138 | 100 | 25,100 |

Table 2.9 Total Managed Expenditure 2003–04, stage 2 basis changes since PESA 2002–03

PESA 2002–03 on Stage I RAB basis

New Plans on Full RAB basis

£ million

| | Plans in PESA 2002–03 adjusted for MOG | Adjustments for full resource budgeting and other changes at Spending Review 2002 | Spending Review 2002 plans | Change in the cost of capital and discount rate | Other transfer and classification changes | Other changes | New plans |
|---|---|---|----------------------------------|--|--|------------------|----------------|
| Resource DEL | 215,600 | 33,709 | 249,300 | -3,641 | 8 | 3,400 | 249,100 |
| Capital DEL | 33,500 | -8,269 | 25,200 | 0 | -138 | 100 | 25,100 |
| Less Depreciation | 51 | 11,004 | 11,100 | 0 | -758 | 52 | 10,349 |
| Total DEL | 249,000 | 14,437 | 263,500 | -3,641 | 628 | 3,400 | 263,800 |
| Departmental AME | | | | | | | |
| Social Security Benefits ¹ | 114,177 | -111 | 114,066 | 0 | 3,498 | 593 | 114,659 |
| Tax credits ¹ | 0 | 9,890 | 9,860 | 0 | -3,498 | -1,685 | 8,205 |
| Housing Revenue Account Subsidies | 4,422 | -31 | 4,391 | 0 | 0 | -112 | 4,279 |
| Common Agricultural Policy | 2,640 | -249 | 2,391 | 0 | 0 | -55 | 2,336 |
| Self-financing public corporations | 2,599 | -2,599 | 0 | 0 | 0 | 0 | 0 |
| Net Public Service Pensions | 5,411 | -16 | 5,395 | 0 | -1,295 | -3,628 | 471 |
| National Lottery | 2,300 | 0 | 2,300 | 0 | 0 | -100 | 2,200 |
| Non-cash items | 27,997 | -22,897 | 5,100 | -357 | 18,525 | 1,293 | 24,561 |
| Other programme expenditure | -240 | 540 | 300 | 0 | 0 | 1,966 | 2,266 |
| Total Departmental AME | 159,306 | -15,474 | 143,832 | -357 | 17,230 | -1,728 | 158,978 |
| Other AME | | | | | | | |
| Net Payments to EC Institutions | 2,364 | -4 | 2,360 | 0 | 0 | -53 | 2,307 |
| Locally Financed Expenditure | 21,919 | 80 | 21,999 | 0 | 0 | 960 | 22,959 |
| Central Government Debt Interest | 23,192 | -208 | 22,984 | 0 | 0 | -1,151 | 21,833 |
| Public corporations own financed capital expenditure | 0 | 2,299 | 2,299 | 0 | 0 | 280 | 2,579 |
| Total Other AME | 47,475 | 2,166 | 49,641 | 0 | 0 | 37 | 49,678 |
| Total AME before margin and accounting adjustments | 206,781 | -13,308 | 193,473 | -357 | 17,230 | -1,691 | 208,656 |
| AME margin | 2,000 | -1,000 | 1,000 | | 0 | -1,000 | 1,000 |
| Accounting adjustments | -7,148 | 3,923 | -3,225 | 3,998 | -17,858 | -700 | -17,800 |
| Annually Managed Expenditure | 201,633 | -10,385 | 191,248 | 3,641 | -628 | -3,439 | 191,823 |
| Total Managed Expenditure | 450,600 | 4,052 | 454,700 | 0 | 0 | 0 | 455,700 |

¹ Social security and tax credits numbers are based on the latest definitions as at Budget 2003, and as such show a different split to numbers present at SR2002.

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 Data in this chapter are a mix of cash and resources. All outturn data up until 1999–00 is on a cash basis. Outturn for 2000–01 and 2001–02 are on a resource basis, as is estimated outturn for 2002–03 and are as plans data, where shown, for 2003–04, 2004–05 and 2005–06. All outturn data (to 2001–02) in the tables in this chapter are National Statistics. The box below discusses the implications of resource accounting and budgeting and the switch from cash to accruals measurement for the presentations in this chapter.

Cash versus resources

Under resource accounting and budgeting, public spending is measured in resource (accruals) terms, rather than in cash. Data for central government expenditure from 2001–02 onwards is only available on a resource basis. Data for 1998–99 through to 2000–01 is available on both a cash and a resource basis. Data for 1997–98 and earlier years is only available on a cash basis.

As a consequence, most of the tables in this chapter contain a break in series, with cash data being used up to 1999–2000 and resource data from 2000–01 onwards. The choice of break point reflects a judgement as to the relative quality of the two data sets over the overlap period. Table headings indicate where the break between cash and resources comes. The exception to this general rule is Table 3.1, where the practice adopted for national accounts has been followed; cash data is used up to and including 2001–02, and resources for the years thereafter (which at this stage are all Treasury projections).

In practice, it should make very little difference to the numbers in these tables, in the vast majority of cases, as to whether they are measured on a cash or on a resource basis. Non-cash items, such as capital charges, depreciation, changes in provisions, are excluded from the definition of “expenditure on services” that drives most of the tables in this chapter. This leaves the main differences between resources and cash as timing differences from measuring payments on an accruals as opposed to a cash basis.

PUBLIC EXPENDITURE AGGREGATES

3.3 Table 3.1 shows trends in public expenditure over the years 1965–66 to 2005–06 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 2001–02 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 2002–03 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 1997–98 to 2002–03, 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 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 net investment plus depreciation and interest and dividend payments of the trusts (part of public corporations’ expenditure). But the central government payments to the trusts’ for the procurement of their services includes elements in respect of i) the trusts’ debt interest costs (trust debt remuneration) and ii) depreciation on trusts’ capital assets (since these form part of trusts’ net operating costs.) So there are these elements of double-counting in TME. This year, this double-counting has been consistently removed in the measures of health spending, health and personal social services spending, and in total expenditure on services presented in Tables 3.2 through to 3.5, and in Table 3.7, and in equivalent figures in Chapter 8. These elements are then added back within the total national accounts adjustments, where these are shown in those tables that show total TME.

3.6 This treatment of these double-counted elements is slightly different to what was done last year in Public Expenditure Statistical Analyses 2003–03; the change in treatment is detailed further in the box below, which also discusses the different measures of public spending on health.

3.7 Table 3.2 shows a longer time series, from 1985–86 to 2002–03, 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 and give estimated outturns for 2002–03.

Measures of Health Spending

Public spending on Health can be measured in a number of different ways. The Department of Health's annual report 2003 shows gross NHS expenditure, 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 interest and dividend payments to Government ("trust debt remuneration").

Net public spending on health differs from gross spending, in that it is net of all income from charges, and net of asset sales.

The Department of Health measure of net NHS spending is based on net NHS spending included within Department of Health DEL. Under Stage I resource accounting and budgeting, as implemented in the 2000 spending review, this includes trust debt remuneration, and the profit and loss of Health trusts. The scoring of Health trusts in DELs within the 2000 (and 2002) spending review figures is explained further in para 7.6 in Chapter 7.

The table below reconciles the Department of Health's measure of net NHS expenditure in England on a Stage I DEL basis with the measure included within the UK figures for net Health spending within expenditure on services in this publication (in the tables in this chapter, and chapter 8). The expenditure on services measure of net Health spending excludes trust debt remuneration for the reasons explained in para 3.5 above, and it excludes profit and loss of Health trusts because these are not included in TME.

| | £ million | |
|--|-------------|-------------|
| | 2000-01 | 2001-02 |
| Net NHS expenditure (Department of Health Stage I DELs) | 44.0 | 49.3 |
| less trust debt remuneration | -1.3 | -1.2 |
| less profit/loss of NHS trusts | 1.3 | 1.2 |
| Net health spending within expenditure on services | 44.0 | 49.2 |

The treatment of net health spending in expenditure on services has changed in the tables in this chapter, compared with the treatment in last year's publication, in that:

- i) net spending on health and expenditure on services in Table 3.2 no longer excludes the capital spending of health trusts financed from their operating surpluses;
- ii) the deduction of trust debt remuneration from net health spending has been carried through to total expenditure on services in all tables (see para 3.5 above).

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 its components economic categories.

TOTAL MANAGED EXPENDITURE SPLIT BY SPENDING SECTOR AND CURRENT AND CAPITAL SPENDING

3.9 Table 3.7 and 3.8 give a functional breakdown of the capital and current expenditure of central and local government and public corporations for outturn years (1997–98 to 2002–03), and for central government and public corporation spending, for the plans years (2002–03, 2004–05, 2003–04 and 2005–06). The figures for central government and public corporations capital spending for 2003–04 onwards reflect departments' budgets and detailed decisions on the allocation of expenditure. A functional split of local authority 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.

ASSET SALES

3.10 Table 3.9 shows public sector receipts from asset sales from 1998–99 through to 2002–03. Figures are shown separately for each spending sector, distinguishing between receipts for sale of land and buildings and other receipts.

Table 3.1 Public Expenditure Aggregates, 1965–66 to 2005–06

| | Public Sector Current Expenditure | | | Depreciation | Public Sector Net Investment | | | Total Managed Expenditure | | |
|---------|-----------------------------------|--|----------------------|-------------------|------------------------------|--|----------------------|---------------------------|--|----------------------|
| | Cash £ billion | Real terms ⁽¹⁾ £ billion | Percentage of GDP | Cash £ billion | Cash £ billion | Real terms ⁽¹⁾ £ billion | Percentage of GDP | Cash £ billion | Real terms ⁽¹⁾ £ billion | Percentage of GDP |
| 1965–66 | 11.3 | 135.5 | 30.9 | 1.3 | 1.8 | 22.0 | 5.0 | 14.4 | 173.2 | 39.5 |
| 1966–67 | 12.2 | 141.6 | 31.7 | 1.4 | 2.3 | 26.3 | 5.9 | 15.9 | 184.1 | 41.3 |
| 1967–68 | 13.7 | 154.4 | 33.6 | 1.5 | 2.9 | 32.8 | 7.1 | 18.2 | 204.2 | 44.5 |
| 1968–69 | 14.7 | 157.7 | 33.2 | 1.7 | 2.8 | 30.2 | 6.4 | 19.2 | 205.7 | 43.3 |
| 1969–70 | 15.6 | 158.4 | 32.7 | 1.8 | 2.8 | 28.2 | 5.8 | 20.2 | 205.1 | 42.4 |
| 1970–71 | 17.3 | 161.9 | 32.6 | 2.1 | 3.2 | 30.4 | 6.1 | 22.6 | 211.7 | 42.7 |
| 1971–72 | 19.7 | 169.3 | 33.3 | 2.3 | 3.1 | 26.8 | 5.3 | 25.1 | 215.9 | 42.5 |
| 1972–73 | 22.2 | 176.9 | 33.1 | 2.6 | 3.2 | 25.8 | 4.8 | 28.1 | 223.5 | 41.8 |
| 1973–74 | 26.2 | 194.4 | 35.0 | 3.1 | 3.9 | 28.9 | 5.2 | 33.2 | 246.6 | 44.4 |
| 1974–75 | 34.6 | 214.8 | 38.8 | 4.0 | 4.9 | 30.6 | 5.5 | 43.6 | 270.3 | 48.8 |
| 1975–76 | 44.3 | 219.6 | 39.9 | 5.1 | 6.1 | 30.0 | 5.5 | 55.5 | 274.8 | 49.9 |
| 1976–77 | 51.8 | 225.8 | 39.9 | 6.0 | 5.6 | 24.5 | 4.3 | 63.3 | 276.4 | 48.8 |
| 1977–78 | 58.0 | 222.6 | 38.4 | 6.8 | 4.3 | 16.6 | 2.9 | 69.1 | 265.3 | 45.8 |
| 1978–79 | 66.3 | 229.2 | 38.4 | 7.7 | 4.2 | 14.5 | 2.4 | 78.2 | 270.3 | 45.2 |
| 1979–80 | 79.4 | 235.1 | 38.2 | 9.1 | 4.5 | 13.4 | 2.2 | 93.1 | 275.5 | 44.8 |
| 1980–81 | 96.6 | 241.9 | 40.8 | 10.9 | 4.3 | 10.8 | 1.8 | 111.8 | 280.0 | 47.3 |
| 1981–82 | 110.6 | 252.8 | 42.6 | 11.9 | 2.4 | 5.5 | 0.9 | 124.9 | 285.5 | 48.1 |
| 1982–83 | 120.9 | 258.5 | 42.7 | 12.3 | 4.2 | 9.1 | 1.5 | 137.5 | 293.9 | 48.5 |
| 1983–84 | 130.4 | 266.8 | 42.3 | 12.8 | 5.5 | 11.2 | 1.8 | 148.7 | 304.3 | 48.3 |
| 1984–85 | 141.0 | 274.1 | 42.6 | 12.8 | 5.1 | 9.9 | 1.5 | 158.9 | 308.9 | 48.1 |
| 1985–86 | 148.7 | 274.0 | 41.0 | 12.1 | 4.5 | 8.3 | 1.2 | 165.3 | 304.6 | 45.5 |
| 1986–87 | 155.8 | 278.1 | 40.1 | 12.6 | 2.8 | 5.0 | 0.7 | 171.2 | 305.6 | 44.1 |
| 1987–88 | 166.4 | 281.7 | 38.6 | 12.3 | 2.8 | 4.8 | 0.7 | 181.5 | 307.4 | 42.1 |
| 1988–89 | 173.7 | 275.3 | 36.2 | 13.6 | 1.7 | 2.7 | 0.4 | 189.0 | 299.6 | 39.4 |
| 1989–90 | 187.4 | 277.3 | 35.7 | 14.7 | 6.3 | 9.3 | 1.2 | 208.4 | 308.3 | 39.7 |
| 1990–91 | 203.3 | 279.0 | 36.1 | 13.8 | 8.2 | 11.2 | 1.4 | 225.3 | 309.1 | 40.0 |
| 1991–92 | 228.6 | 295.7 | 38.4 | 12.3 | 11.0 | 14.2 | 1.8 | 251.9 | 325.9 | 42.3 |
| 1992–93 | 247.8 | 310.5 | 40.3 | 11.9 | 12.4 | 15.5 | 2.0 | 272.1 | 340.9 | 44.2 |
| 1993–94 | 262.3 | 320.7 | 40.1 | 12.0 | 10.4 | 12.7 | 1.6 | 284.6 | 348.0 | 43.6 |
| 1994–95 | 275.2 | 332.1 | 39.9 | 12.5 | 10.4 | 12.5 | 1.5 | 298.1 | 359.7 | 43.2 |
| 1995–96 | 287.3 | 337.1 | 39.4 | 13.0 | 10.3 | 12.0 | 1.4 | 310.5 | 364.3 | 42.6 |
| 1996–97 | 299.4 | 340.5 | 38.7 | 12.5 | 5.3 | 6.0 | 0.7 | 317.2 | 360.7 | 41.0 |
| 1997–98 | 306.3 | 337.8 | 37.2 | 12.4 | 4.9 | 5.4 | 0.6 | 323.6 | 356.9 | 39.3 |
| 1998–99 | 314.7 | 337.8 | 36.2 | 12.6 | 6.0 | 6.5 | 0.7 | 333.3 | 357.8 | 38.4 |
| 1999–00 | 326.6 | 342.4 | 35.6 | 12.6 | 4.4 | 4.6 | 0.5 | 343.6 | 360.2 | 37.4 |
| 2000–01 | 348.6 | 357.3 | 36.2 | 13.0 | 5.2 | 5.3 | 0.5 | 366.8 | 376.0 | 38.1 |
| 2001–02 | 366.6 | 366.6 | 36.5 | 13.4 | 9.6 | 9.6 | 1.0 | 389.6 | 389.6 | 38.8 |
| 2002–03 | 395.0 | 383.4 | 37.4 | 13.8 | 12.2 | 11.9 | 1.2 | 421.0 | 408.6 | 39.9 |
| 2003–04 | 422.3 | 399.1 | 38.1 | 14.4 | 18.9 | 17.9 | 1.7 | 455.7 | 430.7 | 41.1 |
| 2004–05 | 446.5 | 411.4 | 38.1 | 15.2 | 23.0 | 21.2 | 2.0 | 484.7 | 446.6 | 41.3 |
| 2005–06 | 475.2 | 427.1 | 38.4 | 15.9 | 25.4 | 22.8 | 2.1 | 516.5 | 464.3 | 41.7 |

(1) Real terms figures are the cash figures adjusted to 2000–01 price levels.

Table 3.2 Total Managed Expenditure by function, 1985–86 to 2002–03⁽¹⁾

| | cash, £ billion | | | | | | | | | | | | | | | recourses, £ billion | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|---------------------------------|
| | 1985–86 outturn | 1986–87 outturn | 1987–88 outturn | 1988–89 outturn | 1989–90 outturn | 1990–91 outturn | 1991–92 outturn | 1992–93 outturn | 1993–94 outturn | 1994–95 outturn | 1995–96 outturn | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn |
| Education | 16.8 | 18.5 | 20.3 | 21.9 | 24.4 | 26.3 | 29.1 | 31.4 | 33.1 | 34.7 | 35.6 | 36.4 | 37.4 | 39.0 | 40.9 | 44.2 | 49.4 | 53.6 |
| Health and PSS ⁽²⁾ | 21.0 | 22.6 | 24.9 | 27.5 | 30.0 | 33.6 | 38.0 | 41.7 | 43.9 | 47.1 | 49.8 | 51.9 | 54.1 | 57.3 | 62.3 | 66.9 | 73.8 | 82.0 |
| of which: Health ⁽²⁾ | 18.1 | 19.4 | 21.3 | 23.4 | 25.4 | 28.4 | 32.4 | 35.6 | 37.0 | 38.9 | 40.7 | 42.1 | 43.8 | 46.4 | 50.2 | 54.0 | 59.9 | 66.3 |
| Transport | 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 | 9.1 | 11.4 | 13.0 |
| Housing | 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 | 2.9 | 3.1 | 4.6 | 4.7 |
| Environment | 4.0 | 4.6 | 4.8 | 4.9 | 5.9 | 6.6 | 7.3 | 7.9 | 7.6 | 8.3 | 8.7 | 8.4 | 8.6 | 8.5 | 9.5 | 10.6 | 11.5 | 13.0 |
| Law, order and protection | 6.6 | 7.2 | 8.1 | 9.0 | 10.2 | 11.5 | 13.0 | 14.2 | 14.8 | 15.3 | 15.7 | 16.2 | 17.0 | 17.5 | 18.8 | 20.3 | 22.8 | 24.9 |
| Defence ⁽³⁾ | 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 | 22.7 | 24.9 | 24.1 | 25.0 |
| International | 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 | 3.4 | 4.1 | 5.1 | 6.5 |
| Trade, employment etc | 8.0 | 8.1 | 6.7 | 8.1 | 7.8 | 9.0 | 9.4 | 10.0 | 10.3 | 9.8 | 9.5 | 8.9 | 8.8 | 9.1 | 9.5 | 10.6 | 11.7 | 12.4 |
| Agriculture | 2.9 | 2.2 | 2.4 | 2.2 | 2.2 | 2.9 | 3.1 | 3.1 | 4.0 | 3.6 | 4.0 | 5.8 | 4.9 | 4.8 | 4.6 | 5.1 | 6.8 | 5.4 |
| Culture, Media and Sport ⁽⁴⁾ | 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 | 5.0 | 5.0 | 5.2 | 5.5 | 6.1 |
| Social protection ⁽⁵⁾ | 43.1 | 46.3 | 48.4 | 49.6 | 52.6 | 58.9 | 69.9 | 79.2 | 86.4 | 88.7 | 92.8 | 96.4 | 97.4 | 99.4 | 104.1 | 109.1 | 115.8 | 123.1 |
| Central Administration etc ⁽⁶⁾ | 4.6 | 5.2 | 6.4 | 6.0 | 8.1 | 8.3 | 5.8 | 7.9 | 8.1 | 7.1 | 9.5 | 7.8 | 7.9 | 10.2 | 10.2 | 11.5 | 9.9 | 13.2 |
| Total expenditure on services | 139.4 | 147.3 | 155.3 | 162.6 | 179.8 | 198.3 | 220.7 | 243.0 | 254.0 | 260.8 | 270.5 | 274.5 | 277.1 | 288.9 | 302.4 | 324.8 | 352.4 | 382.9 |
| Public sector | | | | | | | | | | | | | | | | | | |
| debt interest | 19.3 | 19.0 | 19.7 | 20.2 | 20.9 | 20.5 | 18.3 | 19.0 | 20.8 | 23.5 | 26.8 | 28.1 | 29.7 | 29.4 | 25.3 | 26.4 | 22.5 | 21.3 |
| Other accounting adjustments ⁽⁷⁾ | 6.6 | 4.8 | 6.4 | 6.2 | 7.7 | 6.5 | 13.0 | 10.1 | 9.9 | 13.8 | 13.3 | 14.6 | 16.8 | 15.0 | 15.9 | 15.6 | 14.7 | 18.9 |
| Allowance for shortfall and unallocated special reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -2.0 |
| Total Managed Expenditure | 165.3 | 171.2 | 181.5 | 189.0 | 208.4 | 225.3 | 251.9 | 272.1 | 284.6 | 298.1 | 310.5 | 317.2 | 323.6 | 333.3 | 343.6 | 366.8 | 389.6 | 421.0 |

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

(2) Excludes trust debt remuneration.

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

(4) Includes expenditure financed from the National Lottery.

(5) Includes tax credit payments in excess of an individual's tax liability.

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

(7) Includes net public service pensions.

Table 3.3 Total Managed Expenditure by function in real terms, 1985–86 to 2002–03⁽¹⁾

| | cash, £ billion | | | | | | | | | | | | | | | recourses, £ billion | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|---------------------------------|
| | 1985–86 outturn | 1986–87 outturn | 1987–88 outturn | 1988–89 outturn | 1989–90 outturn | 1990–91 outturn | 1991–92 outturn | 1992–93 outturn | 1993–94 outturn | 1994–95 outturn | 1995–96 outturn | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn |
| Education | 31.0 | 33.0 | 34.3 | 34.7 | 36.0 | 36.1 | 37.7 | 39.4 | 40.5 | 41.9 | 41.7 | 41.4 | 41.3 | 41.9 | 42.9 | 45.3 | 49.4 | 52.0 |
| Health and personal social services ⁽²⁾ | 38.7 | 40.4 | 42.1 | 43.5 | 44.4 | 46.1 | 49.2 | 52.2 | 53.6 | 56.9 | 58.5 | 59.0 | 59.7 | 61.6 | 65.3 | 68.6 | 73.8 | 79.5 |
| of which: Health ⁽²⁾ | 33.4 | 34.6 | 36.0 | 37.2 | 37.6 | 39.0 | 41.9 | 44.6 | 45.2 | 47.0 | 47.8 | 47.9 | 48.3 | 49.8 | 52.7 | 55.3 | 59.9 | 64.4 |
| Transport | 12.6 | 12.0 | 11.4 | 11.0 | 11.9 | 13.3 | 14.1 | 15.8 | 14.4 | 14.6 | 13.5 | 11.5 | 10.2 | 9.3 | 9.0 | 9.3 | 11.4 | 12.7 |
| Housing | 7.7 | 7.2 | 7.0 | 5.1 | 7.7 | 6.7 | 7.5 | 7.9 | 6.4 | 6.4 | 5.9 | 5.2 | 4.1 | 3.9 | 3.1 | 3.2 | 4.6 | 4.6 |
| Other environmental services | 7.3 | 8.3 | 8.2 | 7.8 | 8.7 | 9.1 | 9.5 | 9.8 | 9.3 | 10.0 | 10.2 | 9.5 | 9.4 | 9.2 | 9.9 | 10.8 | 11.5 | 12.6 |
| Law, order and protective services | 12.1 | 12.8 | 13.7 | 14.2 | 15.0 | 15.7 | 16.8 | 17.7 | 18.0 | 18.5 | 18.5 | 18.4 | 18.8 | 18.8 | 19.7 | 20.8 | 22.8 | 24.2 |
| Defence ⁽³⁾ | 33.2 | 32.6 | 31.7 | 30.2 | 30.5 | 29.5 | 29.4 | 28.4 | 27.6 | 27.0 | 25.4 | 24.2 | 23.1 | 24.3 | 23.8 | 25.5 | 24.1 | 24.3 |
| International development assistance and other international services | 3.0 | 3.1 | 2.9 | 3.2 | 3.2 | 3.2 | 3.5 | 3.8 | 3.8 | 3.8 | 3.9 | 3.4 | 3.2 | 3.4 | 3.6 | 4.2 | 5.1 | 6.3 |
| Trade, industry, energy and employment | 14.8 | 14.4 | 11.3 | 12.9 | 11.5 | 12.3 | 12.2 | 12.5 | 12.6 | 11.8 | 11.1 | 10.1 | 9.7 | 9.8 | 9.9 | 10.9 | 11.7 | 12.0 |
| Agriculture, fisheries, food and forestry | 5.3 | 3.9 | 4.0 | 3.5 | 3.2 | 3.9 | 4.0 | 3.9 | 4.9 | 4.3 | 4.7 | 6.6 | 5.5 | 5.2 | 4.8 | 5.3 | 6.8 | 5.3 |
| Culture, Media and Sport ⁽⁴⁾ | 3.1 | 3.2 | 3.4 | 3.6 | 3.8 | 3.9 | 3.8 | 3.8 | 3.7 | 4.0 | 4.1 | 4.2 | 4.6 | 5.3 | 5.2 | 5.4 | 5.5 | 5.9 |
| Social protection ⁽⁵⁾ | 79.5 | 82.7 | 82.0 | 78.6 | 77.8 | 80.8 | 90.4 | 99.2 | 105.7 | 107.1 | 108.8 | 109.7 | 107.4 | 106.7 | 109.2 | 111.9 | 115.8 | 119.4 |
| Central administration and associated expenditure ⁽⁶⁾ | 8.5 | 9.3 | 10.8 | 9.4 | 12.0 | 11.3 | 7.5 | 10.0 | 9.9 | 8.6 | 11.1 | 8.9 | 8.7 | 10.9 | 10.7 | 11.8 | 9.9 | 12.8 |
| Total expenditure on services | 256.9 | 263.0 | 263.0 | 257.7 | 265.9 | 272.1 | 285.4 | 304.4 | 310.5 | 314.7 | 317.3 | 312.1 | 305.7 | 310.2 | 317.0 | 332.9 | 352.4 | 371.6 |
| Public sector debt interest | 35.6 | 34.0 | 33.4 | 32.0 | 31.0 | 28.1 | 23.7 | 23.9 | 25.4 | 28.3 | 31.4 | 32.0 | 32.8 | 31.5 | 26.5 | 27.1 | 22.5 | 20.6 |
| Other accounting adjustments ⁽⁷⁾ | 12.1 | 8.7 | 10.9 | 9.9 | 11.4 | 8.9 | 16.8 | 12.6 | 12.1 | 16.6 | 15.6 | 16.6 | 18.5 | 16.1 | 16.7 | 16.0 | 14.7 | 18.3 |
| Allowance for shortfall and unallocated special reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -1.9 |
| Total Managed Expenditure | 304.6 | 305.6 | 307.4 | 299.6 | 308.3 | 309.1 | 325.9 | 340.9 | 348.0 | 359.7 | 364.3 | 360.7 | 356.9 | 357.8 | 360.2 | 376.0 | 389.6 | 408.6 |

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

(2) Excludes trust debt remuneration.

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

(4) Includes expenditure financed from the National Lottery.

(5) Includes tax credit payments in excess of an individual's tax liability.

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

(7) Includes net public service pensions.

Table 3.4 Total Managed Expenditure as a percentage of GDP, 1985–86 to 2002–03⁽¹⁾

| | cash, £ billion | | | | | | | | | | | | | | | resources, £ billion | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|---------------------------------|
| | 1985–86 outturn | 1986–87 outturn | 1987–88 outturn | 1988–89 outturn | 1989–90 outturn | 1990–91 outturn | 1991–92 outturn | 1992–93 outturn | 1993–94 outturn | 1994–95 outturn | 1995–96 outturn | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn |
| Education | 4.6 | 4.8 | 4.7 | 4.6 | 4.6 | 4.7 | 4.9 | 5.1 | 5.1 | 5.0 | 4.9 | 4.7 | 4.5 | 4.5 | 4.5 | 4.6 | 4.9 | 5.1 |
| Health and personal social services ⁽²⁾ | 5.8 | 5.8 | 5.8 | 5.7 | 5.7 | 6.0 | 6.4 | 6.8 | 6.7 | 6.8 | 6.8 | 6.7 | 6.6 | 6.6 | 6.8 | 6.9 | 7.3 | 7.8 |
| of which: Health ⁽²⁾ | 5.0 | 5.0 | 4.9 | 4.9 | 4.8 | 5.0 | 5.4 | 5.8 | 5.7 | 5.6 | 5.6 | 5.5 | 5.3 | 5.3 | 5.5 | 5.6 | 6.0 | 6.3 |
| Transport | 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 | 0.9 | 1.1 | 1.2 |
| Housing | 1.1 | 1.0 | 1.0 | 0.7 | 1.0 | 0.9 | 1.0 | 1.0 | 0.8 | 0.8 | 0.7 | 0.6 | 0.5 | 0.4 | 0.3 | 0.3 | 0.5 | 0.4 |
| Other environmental services | 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 | 1.0 | 1.1 | 1.1 | 1.2 |
| Law, order and protective services | 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 | 2.0 | 2.1 | 2.3 | 2.4 |
| Defence ⁽³⁾ | 5.0 | 4.7 | 4.3 | 4.0 | 3.9 | 3.8 | 3.8 | 3.7 | 3.5 | 3.2 | 3.0 | 2.8 | 2.5 | 2.6 | 2.5 | 2.6 | 2.4 | 2.4 |
| International development assistance and other international services | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 | 0.6 |
| Trade, industry, energy and employment | 2.2 | 2.1 | 1.6 | 1.7 | 1.5 | 1.6 | 1.6 | 1.6 | 1.6 | 1.4 | 1.3 | 1.2 | 1.1 | 1.0 | 1.0 | 1.1 | 1.2 | 1.2 |
| Agriculture, fisheries, food and forestry | 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 | 0.5 | 0.5 | 0.7 | 0.5 | |
| Culture, Media and Sport ⁽⁴⁾ | 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 | 0.5 | 0.5 | 0.5 | 0.6 |
| Social protection ⁽⁵⁾ | 11.9 | 11.9 | 11.2 | 10.3 | 10.0 | 10.4 | 11.7 | 12.9 | 13.2 | 12.9 | 12.7 | 12.5 | 11.8 | 11.4 | 11.3 | 11.3 | 11.5 | 11.7 |
| Central administration and associated expenditure ⁽⁶⁾ | 1.3 | 1.3 | 1.5 | 1.2 | 1.5 | 1.5 | 1.0 | 1.3 | 1.2 | 1.0 | 1.3 | 1.0 | 1.0 | 1.2 | 1.1 | 1.2 | 1.0 | 1.3 |
| Total expenditure on services | 38.4 | 38.0 | 36.0 | 33.9 | 34.2 | 35.2 | 37.1 | 39.5 | 38.9 | 37.8 | 37.1 | 35.5 | 33.6 | 33.3 | 32.9 | 33.7 | 35.1 | 36.3 |
| Public sector debt interest | 5.3 | 4.9 | 4.6 | 4.2 | 4.0 | 3.6 | 3.1 | 3.1 | 3.2 | 3.4 | 3.7 | 3.6 | 3.6 | 3.4 | 2.8 | 2.7 | 2.2 | 2.0 |
| Other accounting adjustments ⁽⁷⁾ | 1.8 | 1.2 | 1.5 | 1.3 | 1.5 | 1.2 | 2.2 | 1.6 | 1.5 | 2.0 | 1.8 | 1.9 | 2.0 | 1.7 | 1.7 | 1.6 | 1.5 | 1.8 |
| Allowance for shortfall and unallocated special reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 |
| Total Managed Expenditure | 45.5 | 44.1 | 42.1 | 39.4 | 39.7 | 40.0 | 42.3 | 44.2 | 43.6 | 43.2 | 42.6 | 41.0 | 39.3 | 38.4 | 37.4 | 38.1 | 38.8 | 39.9 |

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

(2) Excludes trust debt remuneration.

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

(4) Includes expenditure financed from the National Lottery.

(5) Includes tax credit payments in excess of an individual's tax liability.

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

(7) Includes net public service pensions.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.5 Total Managed Expenditure by function, 1997-98 to 2002-03

| | cash, £ million | | | resources, £ million | | |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|---------------------------------|
| | 1997-98 outturn | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 estimated outturn |
| Education | | | | | | |
| Under fives | 1,686 | 1,900 | 2,136 | 2,302 | 2,844 | 3,106 |
| Schools | 21,482 | 22,699 | 23,777 | 26,405 | 29,055 | 30,982 |
| Further Education | 4,949 | 5,108 | 5,263 | 5,425 | 7,266 | 7,965 |
| Higher Education | 4,737 | 4,757 | 5,329 | 6,025 | 5,969 | 6,277 |
| Student support (inc mandatory, awards & access fund) | 2,614 | 2,506 | 1,972 | 1,796 | 1,502 | 1,861 |
| Miscellaneous educational services, research and administration | 1,945 | 2,011 | 2,418 | 2,223 | 2,718 | 3,381 |
| Total education | 37,413 | 38,981 | 40,895 | 44,176 | 49,354 | 53,572 |
| Health and personal social services | | | | | | |
| Health | | | | | | |
| National Health Service Hospitals, community health, family health and related services (net) ⁽¹⁾ | 42,861 | 45,444 | 49,201 | 52,930 | 58,687 | 65,094 |
| Central health, and other services | 952 | 921 | 1,034 | 1,037 | 1,165 | 1,237 |
| Total health (net)⁽¹⁾ | 43,813 | 46,365 | 50,235 | 53,967 | 59,852 | 66,331 |
| Personal social services | 10,334 | 10,979 | 12,102 | 12,919 | 13,910 | 15,623 |
| Total health and personal social services⁽¹⁾ | 54,147 | 57,344 | 62,337 | 66,886 | 73,762 | 81,955 |
| Transport | | | | | | |
| National roads | 2,000 | 1,851 | 1,892 | 1,967 | 2,173 | 2,314 |
| Local roads | 3,008 | 2,921 | 2,864 | 2,242 | 2,462 | 2,637 |
| Local transport | 2,087 | 1,986 | 1,935 | 3,127 | 4,093 | 4,665 |
| Ports | 19 | 18 | 21 | 18 | 42 | 53 |
| Marine, coastguard, shipping and civil aviation services | 88 | 100 | 132 | 173 | 247 | 172 |
| Driver and vehicle licensing and testing | 175 | 102 | 126 | 138 | 157 | 223 |
| National and international rail services | 1,550 | 1,478 | 1,215 | 1,045 | 1,796 | 2,388 |
| UK Maritime Agency | 83 | 84 | 90 | 95 | 99 | 112 |
| Other transport services | 215 | 150 | 276 | 307 | 353 | 478 |
| Total transport | 9,225 | 8,690 | 8,551 | 9,112 | 11,422 | 13,042 |
| Housing | | | | | | |
| Local authority housing | 1,501 | 1,645 | 840 | 925 | 1,442 | 1,838 |
| Other social housing | 917 | 1,118 | 1,229 | 1,407 | 1,871 | 1,617 |
| Other | 1,300 | 916 | 847 | 808 | 1,296 | 1,238 |
| Total housing | 3,718 | 3,679 | 2,916 | 3,140 | 4,609 | 4,693 |
| Other environmental services | | | | | | |
| Environmental protection | 3,846 | 4,100 | 4,715 | 4,059 | 4,313 | 5,017 |
| Countryside and water | -51 | -51 | 310 | 1,201 | 1,584 | 1,524 |
| Urban | 2,074 | 1,902 | 1,179 | 1,300 | 1,254 | 1,562 |
| Other | 2,685 | 2,583 | 3,246 | 4,025 | 4,392 | 4,889 |
| Total other environmental services | 8,554 | 8,534 | 9,450 | 10,585 | 11,543 | 12,992 |

(1) Excludes trust debt remuneration.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

**Table 3.5 Total Managed Expenditure by function, 1997-98 to 2002-03
(continued)**

| | cash, £ million | | | | resources, £ million | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|---------------------------------|
| | 1997-98 outturn | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 estimated outturn |
| Law, order and protective services | | | | | | |
| Administration of justice | 3,242 | 3,281 | 3,393 | 3,923 | 4,159 | 4,614 |
| Prisons and offender programmes | 2,535 | 2,730 | 2,746 | 2,649 | 2,898 | 3,258 |
| Police | 8,677 | 8,862 | 9,189 | 9,692 | 11,158 | 12,130 |
| Immigration and citizenship | 256 | 217 | 797 | 1,398 | 1,729 | 1,801 |
| Fire | 1,720 | 1,799 | 1,879 | 1,943 | 2,086 | 2,334 |
| Civil defence | 28 | 6 | 6 | 6 | 6 | 6 |
| Constitutional and community services | 114 | 114 | 243 | 90 | 82 | 99 |
| Central and miscellaneous services | 435 | 466 | 513 | 606 | 682 | 707 |
| Total law, order and protective services | 17,007 | 17,475 | 18,766 | 20,307 | 22,800 | 24,949 |
| Defence | | | | | | |
| Defence budget | 21,646 | 22,634 | 22,717 | 24,899 | 24,098 | 24,990 |
| Receipts from sale of married quarters | -700 | | | | | |
| Total defence | 20,946 | 22,634 | 22,717 | 24,899 | 24,098 | 24,990 |
| International development assistance and other international services | | | | | | |
| International development assistance | 1,772 | 2,042 | 2,276 | 2,747 | 3,198 | 3,368 |
| Other international services | 1,097 | 1,123 | 1,154 | 1,308 | 1,929 | 3,164 |
| Total international development assistance and other international services | 2,869 | 3,165 | 3,430 | 4,055 | 5,127 | 6,532 |
| Trade, industry, energy, employment and training | | | | | | |
| Regional and other industrial support | 1,754 | 1,882 | 1,688 | 2,074 | 2,061 | 2,575 |
| Trade, scientific and technological support | 2,285 | 2,481 | 2,400 | 2,596 | 2,855 | 3,337 |
| Support for aerospace, shipbuilding, coal, steel | 594 | 493 | 689 | 759 | 983 | 1,188 |
| Employment | 2,191 | 2,460 | 2,768 | 3,348 | 4,080 | 3,092 |
| Training | 1,691 | 1,512 | 1,626 | 1,478 | 1,248 | 1,615 |
| Department administration and other services | 284 | 273 | 296 | 366 | 485 | 608 |
| Total trade, industry, energy, employment and training | 8,799 | 9,101 | 9,467 | 10,621 | 11,712 | 12,415 |
| Agriculture, fisheries, food and forestry | | | | | | |
| Market support under CAP | 2,567 | 2,842 | 2,582 | 3,000 | 2,891 | 3,051 |
| Other agriculture, fisheries and food ⁽²⁾ | 2,328 | 1,927 | 1,867 | 2,026 | 3,781 | 2,221 |
| Forestry | 54 | 56 | 113 | 123 | 134 | 149 |
| Total agriculture, fisheries, food and forestry | 4,949 | 4,825 | 4,562 | 5,149 | 6,806 | 5,421 |

(2) Includes spending on BSE and foot-and-mouth disease.

Table 3.5 Total Managed Expenditure by function, 1997-98 to 2002-03 (continued)

| | cash, £ million | | | | resources, £ million | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|---------------------------------|
| | 1997-98 outturn | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 estimated outturn |
| Culture, Media and Sport | | | | | | |
| Museums and galleries | 470 | 458 | 520 | 531 | 631 | 705 |
| Other arts and heritage | 722 | 745 | 777 | 803 | 904 | 989 |
| Libraries | 859 | 867 | 915 | 906 | 1,000 | 1,015 |
| Films | 23 | 22 | 25 | 24 | 24 | 27 |
| Tourism | 153 | 150 | 176 | 204 | 291 | 288 |
| Sport and recreation | 896 | 911 | 629 | 969 | 1,084 | 1,214 |
| Broadcasting | 203 | 259 | 278 | 224 | 191 | 203 |
| Administration | 47 | 50 | 49 | 53 | 54 | 44 |
| Lottery | 803 | 1,488 | 1,618 | 1,514 | 1,313 | 1,593 |
| Total culture, media and sport | 4,176 | 4,950 | 4,987 | 5,228 | 5,492 | 6,078 |
| Social protection⁽⁴⁾ | | | | | | |
| Pension benefits | 34,483 | 36,552 | 38,731 | 40,187 | 43,635 | 46,057 |
| Widows' benefits | 1,021 | 1,008 | 1,023 | 1,019 | 982 | 1,124 |
| Unemployment, incapacity and other benefits | 7,804 | 7,636 | 7,304 | 7,052 | 7,822 | 9,071 |
| Industrial injury benefits | 768 | 783 | 785 | 779 | 800 | 791 |
| Family benefits | 10,022 | 10,430 | 11,937 | 13,419 | 14,173 | 15,816 |
| War pensions | 1,288 | 1,264 | 1,256 | 1,411 | 1,238 | 1,187 |
| Disability benefits | 9,942 | 10,547 | 11,148 | 11,688 | 12,567 | 13,358 |
| Income support | 16,720 | 16,215 | 16,765 | 18,185 | 19,116 | 18,923 |
| Social Fund | 117 | 116 | 117 | 120 | 187 | 228 |
| Housing benefits | 12,054 | 11,948 | 11,914 | 11,902 | 12,309 | 12,928 |
| Administration and miscellaneous services | 3,141 | 2,897 | 3,164 | 3,376 | 2,950 | 3,571 |
| Total social security protection⁽⁴⁾ | 97,360 | 99,396 | 104,144 | 109,138 | 115,779 | 123,054 |
| Central administration and associated expenditure | | | | | | |
| Public and common services | 5,771 | 6,582 | 7,382 | 7,738 | 9,020 | 10,809 |
| EC Net Payments | 2,153 | 3,590 | 2,806 | 3,781 | 884 | 2,398 |
| Total central administration and associated expenditure | 7,924 | 10,172 | 10,188 | 11,519 | 9,904 | 13,207 |
| Total expenditure on services⁽⁵⁾ | 277,087 | 288,946 | 302,410 | 324,815 | 352,408 | 382,900 |
| Public sector debt interest | 29,722 | 29,355 | 25,283 | 26,404 | 22,493 | 21,175 |
| Net Public Service pensions | 5,352 | 4,681 | 5,223 | 7,327 | 7,749 | 7,624 |
| Allowance for shortfall and unallocated special reserve | | | | | | -2,000 |
| Other Accounting adjustments | 11,404 | 10,315 | 10,716 | 8,271 | 6,929 | 11,327 |
| Total Managed Expenditure | 323,565 | 333,297 | 343,632 | 366,816 | 389,579 | 421,025 |

(4) Includes tax credit payments in excess of an individual's tax liability.

(5) For definition, see Appendix F.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.6 Total Managed Expenditure by economic category, 1998-99 to 2002-03

| | resources, £ million | | | | |
|--|----------------------|----------------|----------------|----------------|----------------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| | outturn | outturn | outturn | outturn | estimated outturn |
| Public sector current expenditure | | | | | |
| Pay ⁽¹⁾ | 61,365 | 66,017 | 70,209 | 75,829 | 81,785 |
| Procurement of goods and services ⁽¹⁾ | 85,939 | 92,251 | 100,401 | 109,785 | 122,024 |
| Subsidies | 7,824 | 7,645 | 7,954 | 9,449 | 9,289 |
| Social benefits and other grants to private sector | 118,145 | 126,600 | 132,497 | 141,471 | 148,579 |
| Current transfers abroad | 1,639 | 1,768 | 2,290 | 161 | 4,025 |
| Public sector debt interest | 29,355 | 25,283 | 26,404 | 22,493 | 21,259 |
| Accounting adjustments ⁽³⁾ | 10,400 | 7,037 | 8,821 | 7,396 | 8,075 |
| Total public sector current expenditure | 314,667 | 326,601 | 348,575 | 366,584 | 395,036 |
| Public sector capital expenditure | | | | | |
| Capital expenditure on assets ⁽²⁾ | 14,347 | 12,908 | 11,897 | 14,810 | 17,928 |
| Stock building | 269 | 158 | 138 | 23 | 61 |
| Capital grants | 4,431 | 4,380 | 4,780 | 6,775 | 7,378 |
| Accounting adjustments ⁽³⁾ | -417 | -415 | 1,427 | 1,387 | 622 |
| Total public sector capital expenditure | 18,630 | 17,031 | 18,241 | 22,995 | 25,989 |
| Total managed expenditure | 333,297 | 343,632 | 366,816 | 389,579 | 421,025 |

(1) Excludes pay and procurement of public corporations such as NHS trusts.

(2) Net of sales of capital assets and before depreciation.

(3) Includes allowance for shortfall and special reserve in 2002-03.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.7 Public sector gross investment by spending sector and function⁽¹⁾, 1997–98 to 2005–06

| | cash, £ million | | | | | resources, £ million | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 plans | 2004–05 plans | 2005–06 plans |
| Central government own | | | | | | | | | |
| Education | 179 | 151 | 283 | 599 | 908 | 1,065 | 1,235 | 1,459 | 1,676 |
| Health and PSS | 79 | –95 | –16 | –36 | 680 | 1,285 | 1,685 | 2,283 | 3,339 |
| Transport | 1,626 | 1,304 | 1,214 | 1,145 | 2,220 | 2,735 | 4,222 | 4,182 | 4,643 |
| Housing | 795 | 797 | 877 | 1,230 | 1,165 | 1,031 | 1,512 | 1,800 | 1,978 |
| Environment | 326 | 313 | 587 | 344 | 483 | 689 | 679 | 723 | 749 |
| Law, order and protection | 503 | 524 | 392 | 455 | 804 | 993 | 1,157 | 1,157 | 1,148 |
| Defence | 892 | 1,647 | 1,232 | 984 | 1,021 | 921 | 1,088 | 1,192 | 965 |
| International | 95 | 96 | 90 | 121 | 156 | 107 | 91 | 115 | 128 |
| Trade, employment etc | 713 | 720 | 588 | 906 | 1,723 | 1,398 | 1,691 | 1,769 | 1,811 |
| Agriculture | 341 | 279 | 107 | 169 | 251 | 328 | 312 | 317 | 309 |
| Culture, Media and Sport | 777 | 1,063 | 1,472 | 832 | 542 | 990 | 1,368 | 1,202 | 1,007 |
| Social protection | 3 | –307 | 43 | 34 | 129 | 190 | 19 | 165 | 88 |
| Central Administration etc | 348 | 351 | 356 | 142 | 632 | 1,083 | 2,036 | 1,958 | 1,948 |
| Total central government own capital expenditure on services⁽¹⁾ | 6,677 | 6,843 | 7,225 | 6,925 | 10,714 | 12,815 | 17,095 | 18,322 | 19,789 |
| Allowance for shortfall | | | | | | –900 | | | |
| Accounting classification and other adjustments | 584 | 909 | –53 | 737 | –312 | –43 | 300 | 1,400 | 2,500 |
| Total central government own capital expenditure | 7,261 | 7,752 | 7,172 | 7,662 | 10,402 | 11,872 | 17,400 | 19,700 | 22,200 |
| Local authorities | | | | | | | | | |
| Education | 1,186 | 1,369 | 1,510 | 1,810 | 2,151 | 2,397 | | | |
| Health and PSS | 133 | 114 | 112 | 116 | 120 | 193 | | | |
| Transport | 1,308 | 1,239 | 1,180 | 1,550 | 2,178 | 2,502 | | | |
| Housing | 1,145 | 1,261 | 471 | 544 | 1,026 | 1,356 | | | |
| Environment | 1,037 | 878 | 905 | 925 | 986 | 1,276 | | | |
| Law, order and protection | 297 | 311 | 292 | 289 | 394 | 489 | | | |
| Trade, employment etc | 12 | 10 | 12 | 15 | 17 | 19 | | | |
| Agriculture | –47 | –34 | –30 | –31 | –33 | –48 | | | |
| Culture, Media and Sport | 327 | 370 | 436 | 461 | 563 | 652 | | | |
| Central Administration etc | 102 | 124 | 96 | 57 | 34 | 110 | | | |
| Total local authorities capital expenditure on services⁽¹⁾ | 5,500 | 5,642 | 4,984 | 5,736 | 7,436 | 8,946 | | | |
| Accounting adjustments | 329 | 700 | 718 | 147 | 669 | 474 | | | |
| Total local authorities capital expenditure | 5,829 | 6,342 | 5,702 | 5,883 | 8,105 | 9,420 | | | |
| Public corporations | | | | | | | | | |
| Health and PSS | 1,232 | 1,304 | 1,252 | 1,573 | 1,384 | 1,343 | 1,695 | 1,630 | 1,640 |
| Transport | 863 | 635 | 584 | 415 | 542 | 738 | 75 | 75 | 75 |
| Housing | 224 | 220 | 235 | 39 | –2 | –40 | 57 | 57 | 57 |
| Environment | 473 | 390 | 207 | 799 | 550 | 340 | 420 | 350 | 290 |
| Law, order and protection | | | 5 | 1 | 15 | 12 | 11 | 11 | 11 |
| Defence | 140 | 113 | 123 | 66 | 105 | 143 | 99 | 123 | 107 |
| International | 20 | 24 | 1 | 25 | 17 | 30 | 31 | 31 | 31 |
| Trade, employment etc | 935 | 1,024 | 1,003 | 1,128 | 805 | 966 | 1,001 | 641 | 641 |
| Agriculture | 218 | 245 | 338 | 33 | 6 | 23 | 7 | 4 | 4 |
| Culture, Media and Sport | 225 | 186 | 197 | 156 | 116 | 129 | 123 | 108 | 93 |
| Central Administration etc | 21 | 28 | 24 | 50 | 53 | 55 | 70 | 54 | 47 |
| Total public corporations capital expenditure on services⁽¹⁾ | 4,351 | 4,169 | 3,969 | 4,285 | 3,591 | 3,739 | 3,589 | 3,084 | 2,996 |
| Accounting adjustments | –143 | 367 | 338 | 561 | 1,047 | 1,108 | 1,300 | 1,800 | 1,900 |
| Total public corporations capital expenditure | 4,208 | 4,536 | 4,307 | 4,846 | 4,638 | 4,847 | 4,800 | 4,900 | 4,900 |

(1) The sectoral spending figures shown above exclude the £2.0 billion special reserve in 2002–03 (see footnote 4 to table 1.2), and for 2003–04, 2004–05 and 2005–06 also exclude the DEL reserve, unallocated amounts for the Invest to Save Budget, and the AME margin. Amounts for these totals, are shown in Tables 1.1 and 1.2. These items are included within the other accounting adjustments figures in Table 3.7 above, reflecting notional forecast allocations.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.8 Public sector current expenditure by spending sector and function, 1997–98 to 2005–06

| | cash, £ million | | | | | | resources, £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|----------------------|------------------|------------------|
| | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 plans | 2004–05 plans | 2005–06 plans |
| Central government own | | | | | | | | | |
| Education ⁽¹⁾ | 11,686 | 11,360 | 12,894 | 13,770 | 15,497 | 17,395 | 18,849 | 20,339 | 21,743 |
| Health and PSS ⁽¹⁾ | 42,611 | 45,250 | 49,125 | 52,513 | 58,046 | 64,208 | 71,224 | 77,444 | 84,106 |
| Transport | 2,571 | 2,576 | 2,653 | 2,711 | 2,803 | 3,178 | 3,038 | 3,447 | 3,707 |
| Housing | 996 | 803 | 753 | 788 | 1,840 | 1,548 | 1,285 | 1,150 | 1,191 |
| Environment | 984 | 1,041 | 1,139 | 1,720 | 2,242 | 2,530 | 2,858 | 2,900 | 3,009 |
| Law, order and protection | 6,152 | 6,302 | 7,252 | 8,373 | 10,079 | 11,450 | 11,581 | 11,875 | 12,735 |
| Defence | 19,914 | 20,874 | 21,362 | 23,848 | 22,971 | 23,925 | 24,801 | 25,413 | 26,545 |
| International | 2,753 | 3,045 | 3,339 | 3,909 | 4,953 | 6,395 | 5,054 | 4,988 | 5,813 |
| Trade, employment etc | 6,530 | 6,770 | 7,345 | 8,249 | 8,792 | 9,691 | 9,631 | 9,906 | 10,915 |
| Agriculture | 4,339 | 4,267 | 4,112 | 4,910 | 6,504 | 5,048 | 4,780 | 4,856 | 4,901 |
| Culture, Media and Sport | 1,182 | 1,561 | 1,355 | 1,823 | 2,204 | 2,214 | 2,083 | 2,051 | 2,011 |
| Social protection | 85,895 | 88,328 | 92,587 | 97,460 | 103,599 | 110,197 | 116,527 | 121,559 | 126,263 |
| Central Administration etc | 6,343 | 8,256 | 7,979 | 9,508 | 7,245 | 9,960 | 9,863 | 10,854 | 11,920 |
| Total central government current own expenditure on services⁽²⁾ | 191,956 | 200,433 | 211,895 | 229,582 | 246,775 | 267,739 | 281,574 | 296,782 | 314,859 |
| Central government debt interest | 29,307 | 28,760 | 24,927 | 25,945 | 22,051 | 20,846 | 21,833 | 23,216 | 24,364 |
| Net public service pensions ⁽³⁾ | 5,352 | 4,681 | 5,223 | 7,327 | 7,749 | 7,624 | 2,766 | 2,785 | 3,128 |
| Allowance for shortfall | | | | | | -3,100 | | | |
| Other accounting adjustments | 6,522 | 4,362 | 2,629 | -409 | -1,166 | 4,639 | 7,000 | 9,800 | 11,000 |
| Total central government own current expenditure | 233,137 | 238,236 | 244,674 | 262,444 | 275,409 | 297,748 | 313,200 | 332,600 | 353,300 |
| Local authorities | | | | | | | | | |
| Education | 24,360 | 26,102 | 26,207 | 27,997 | 30,799 | 32,715 | | | |
| Health and PSS | 10,092 | 10,770 | 11,863 | 12,646 | 13,532 | 14,923 | | | |
| Transport | 2,789 | 2,810 | 2,793 | 3,166 | 3,589 | 3,771 | | | |
| Housing | 356 | 387 | 519 | 536 | 569 | 637 | | | |
| Environment | 5,614 | 5,852 | 6,552 | 6,741 | 7,215 | 8,092 | | | |
| Law, order and protection | 10,038 | 10,337 | 10,824 | 11,188 | 11,508 | 12,007 | | | |
| Trade, employment etc | 250 | 250 | 235 | 224 | 232 | 255 | | | |
| Agriculture | 12 | 12 | 5 | 4 | 2 | -5 | | | |
| Culture, Media and Sport | 1,646 | 1,693 | 1,453 | 1,882 | 1,988 | 2,012 | | | |
| Social protection | 11,462 | 11,375 | 11,511 | 11,644 | 12,053 | 12,666 | | | |
| Central Administration etc | 1,109 | 1,271 | 1,388 | 1,761 | 1,938 | 1,997 | | | |
| Total local authorities current expenditure on services | 67,728 | 70,859 | 73,350 | 77,789 | 83,425 | 89,070 | | | |
| Local authority debt interest | 357 | 541 | 313 | 385 | 350 | 330 | | | |
| Other accounting adjustments | 4,119 | 4,119 | 7,434 | 7,235 | 6,694 | 7,066 | | | |
| Total local authorities current expenditure | 72,204 | 75,519 | 81,097 | 85,409 | 90,469 | 96,466 | | | |
| Total public corporations current expenditure on services | | | | | | | | | |
| Public corporations debt interest | 868 | 858 | 787 | 648 | 614 | 740 | 2,200 | 2,300 | 2,400 |
| Public corporations debt interest | 58 | 54 | 43 | 74 | 92 | 83 | 129 | 184 | 236 |
| Total public corporations current expenditure | 926 | 912 | 830 | 722 | 706 | 823 | 2,400 | 2,500 | 2,700 |

(1) From 2003-04 onwards, these figures include employers contributions for costs of pensions increases that score in DEL.

(2) See footnote (1) to table 3.7.

(3) Lower figures from 2003-04 onwards reflect the offset to the employers contributions for costs of pensions increases – see footnote (1).

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.9 Public Sector receipts from sales of assets⁽¹⁾, 1998–99 to 2002–03

| | resources, £ million | | | | |
|---|----------------------|--------------------|--------------------|--------------------|---------------------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn |
| Central government | | | | | |
| Receipts from sale of land and existing buildings | 261 | -1,055 | 785 | 679 | 867 |
| Other | 200 | 382 | 197 | 216 | 203 |
| Central government | 461 | -672 | 982 | 894 | 1,070 |
| Local authorities | | | | | |
| Receipts from sale of land and existing buildings | 2,846 | 3,426 | 3,519 | 3,471 | 3,575 |
| Other | 28 | 18 | 20 | 14 | 11 |
| Local authorities | 2,874 | 3,444 | 3,539 | 3,485 | 3,586 |
| Total general government | 3,335 | 2,772 | 4,521 | 4,380 | 4,656 |
| Public corporations | | | | | |
| Receipts from sale of land and existing buildings | 47 | 189 | 145 | 203 | 236 |
| Other | 10 | 389 | 233 | 39 | 31 |
| Public corporations | 57 | 578 | 378 | 242 | 267 |
| Total public sector | 3,392 | 3,350 | 4,899 | 4,622 | 4,923 |

(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.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

INTRODUCTION

4.1 This section provides summary analyses of central government's own expenditure, i.e. the expenditure of government departments on their own activities and their funding of other non-trading central government bodies. It excludes expenditure by central government bodies that goes to support the spending of local authorities and public corporations. Central government's own expenditure accounts for about 70 per cent of Departmental Expenditure Limits and about 90 per cent of Departmental AME.

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

4.3 Data in **Tables 4.1 to 4.4** are on a resource basis. Outturn in **Table 4.5** is part cash and part resources. Outturn from 1997–98 to 1999–00 is cash; outturn for 2000–01 and 2001–02, estimated outturn for 2002–03 and plans for 2004–05 and 2005–06 are resources. For a discussion of the implications of this data approach, see the box in Chapter 3, "Cash and Resources". All outturn data (to 2001–02) in this chapter are National Statistics.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

4.4 **Table 4.1** gives a departmental breakdown of central government's own expenditure, actual and planned, for the period 1998–99 to 2005–06. Expenditure falling in DEL is shown separately from expenditure falling in Departmental AME. In a number of areas, for example education, transport, and 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 1.16).

4.5 **Tables 4.2 and 4.3** show, for 1998–99 through to 2005–06, central government expenditure, actual and planned, for each department, separated between current/resource and capital expenditure. Departmental totals for resource expenditure within DEL include non-cash items. These are deducted in the accounting adjustments to get to a measure of total current expenditure that is consistent with national accounts.

CENTRAL GOVERNMENT OWN EXPENDITURE BY ECONOMIC CATEGORY

4.6 **Table 4.4** shows central government departmental expenditure by economic category. This table is on a national accounts basis, and excludes all non-cash resource budgeting items.

4.7 The pay totals in **Table 4.4** exclude the pay of most NHS employees employed by NHS trusts, because NHS trusts are public corporations. Health authorities' purchase of health care from providers (mostly from NHS Trusts but also from hospitals managed by health

authorities under contracts) is classified as procurement of 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, that is recorded in central government's own expenditure.

CENTRAL GOVERNMENT OWN EXPENDITURE BY FUNCTION

4.8 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 F**). 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.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.1 Central government own expenditure by department, 1998-99 to 2005-06

| | resources, £ million | | | | | | | |
|--|----------------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within DEL^{(1) (2)} | | | | | | | | |
| Education and Skills | 9,594 | 11,311 | 12,149 | 13,936 | 15,864 | 17,369 | 18,992 | 20,832 |
| Health | 38,802 | 40,249 | 43,842 | 51,259 | 55,848 | 62,024 | 68,151 | 75,091 |
| Transport | 3,263 | 3,303 | 2,995 | 4,095 | 5,031 | 6,002 | 6,161 | 6,731 |
| Office of the Deputy Prime Minister | 1,377 | 2,052 | 2,158 | 2,419 | 3,260 | 3,525 | 3,815 | 4,053 |
| Local Government | 212 | 241 | 235 | 246 | 259 | 354 | 393 | 381 |
| Home Office | 3,358 | 3,422 | 4,607 | 6,422 | 7,499 | 7,903 | 7,926 | 8,639 |
| Lord Chancellor's Departments | 2,383 | 2,146 | 2,477 | 2,734 | 3,026 | 2,824 | 3,047 | 3,128 |
| Attorney General's Departments | 337 | 335 | 375 | 428 | 498 | 482 | 519 | 539 |
| Defence | 28,510 | 29,500 | 31,493 | 30,693 | 32,298 | 29,248 | 29,826 | 30,719 |
| Foreign and Commonwealth Office | 1,121 | 1,152 | 1,322 | 1,370 | 1,513 | 1,540 | 1,445 | 1,518 |
| International Development | 2,420 | 2,764 | 2,979 | 3,187 | 3,588 | 3,629 | 3,749 | 4,495 |
| Trade and Industry | 3,034 | 3,820 | 5,932 | 5,231 | 4,849 | 5,032 | 5,014 | 5,418 |
| Environment, Food and Rural Affairs | 2,128 | 2,459 | 2,875 | 2,919 | 2,974 | 3,000 | 2,949 | 2,999 |
| Culture, Media and Sport | 921 | 956 | 957 | 1,042 | 1,205 | 1,291 | 1,322 | 1,406 |
| Work and Pensions | 4,751 | 5,341 | 5,656 | 5,794 | 7,097 | 7,245 | 7,586 | 7,501 |
| Scotland | 8,383 | 8,825 | 9,642 | 11,478 | 12,770 | 13,097 | 13,971 | 15,177 |
| Wales | 3,586 | 3,819 | 4,313 | 4,965 | 5,732 | 6,318 | 6,792 | 7,403 |
| Northern Ireland Executive | 4,364 | 4,601 | 5,182 | 5,539 | 6,272 | 6,425 | 6,733 | 7,144 |
| Northern Ireland Office | 1,008 | 1,127 | 856 | 962 | 1,186 | 1,097 | 1,131 | 1,178 |
| Chancellor's Departments | 3,208 | 3,421 | 3,378 | 4,097 | 4,602 | 4,618 | 4,790 | 4,971 |
| Cabinet Office | 1,219 | 1,441 | 1,352 | 1,528 | 1,707 | 2,208 | 1,851 | 1,878 |
| Allowance for shortfall | | | | | -4,916 | | | |
| Total central government own expenditure within DEL^{(1) (2)} | 123,979 | 132,286 | 144,774 | 160,345 | 172,160 | 185,231 | 196,161 | 211,201 |
| Within Departmental AME | | | | | | | | |
| Education and Skills | 6,097 | 6,277 | 6,460 | 6,657 | 6,651 | 5,755 | 5,889 | 6,068 |
| Health | 5,403 | 7,170 | 4,803 | 13,769 | 7,503 | 6,183 | 6,559 | 6,952 |
| Transport | 2,075 | 1,771 | 1,725 | 2,107 | 2,131 | 2,296 | 2,089 | 1,579 |
| Office of the Deputy Prime Minister | 482 | 468 | 445 | 983 | 902 | 850 | 704 | 734 |
| Home Office | -1 | 312 | 1 | -1 | 1,691 | 1 | 1 | 1 |
| Lord Chancellor's Departments | 81 | 87 | 92 | 96 | 102 | 47 | 53 | 55 |
| Defence | 3,949 | 4,154 | 4,420 | 4,604 | 6,441 | 4,537 | 4,479 | 4,499 |
| Foreign and Commonwealth Office | | -1 | | 5 | 5 | 5 | 5 | 5 |
| International Development | 132 | 58 | 81 | 59 | 56 | 60 | 57 | 54 |
| Trade and Industry | -54 | 1,650 | 2,036 | 1,475 | 4,045 | -20 | -99 | -38 |
| Environment, Food and Rural Affairs | 2,326 | 2,166 | 3,607 | 2,316 | 1,836 | 1,267 | 1,615 | 1,590 |
| Culture, Media and Sport | 1,515 | 1,579 | 1,530 | 1,339 | 1,604 | 1,912 | 1,654 | 1,308 |
| Work and Pensions | 72,218 | 76,008 | 77,237 | 82,270 | 85,879 | 89,584 | 91,272 | 94,471 |
| Scotland | 2,342 | 1,931 | 2,080 | 2,284 | 2,255 | 1,962 | 1,919 | 1,964 |
| Wales | 190 | 177 | 172 | 394 | 413 | 397 | 397 | 397 |
| Northern Ireland Executive | 3,416 | 3,506 | 4,085 | 4,379 | 4,994 | 5,072 | 5,282 | 5,483 |
| Northern Ireland Office | -88 | -92 | 3 | 42 | 41 | 50 | 50 | 50 |
| Chancellor's Departments | 7,462 | 9,582 | 12,585 | 14,112 | 15,054 | 17,872 | 21,117 | 22,659 |
| Cabinet Office | 4,181 | 4,188 | 3,233 | 4,695 | 4,003 | 4,765 | 4,986 | 5,221 |
| Total central government own expenditure within Departmental AME | 111,726 | 120,991 | 124,595 | 141,588 | 145,606 | 142,596 | 148,029 | 153,052 |
| Locally financed support in Northern Ireland | 97 | 111 | 129 | 156 | 141 | 145 | 154 | 167 |
| Net payments to EC institutions | 3,590 | 2,807 | 3,697 | 770 | 2,288 | 2,307 | 3,042 | 3,367 |
| Central government debt interest | 28,760 | 24,927 | 25,945 | 22,051 | 20,845 | 21,833 | 23,214 | 24,277 |
| Accounting and other adjustments ⁽¹⁾ | -22,164 | -29,276 | -29,034 | -39,100 | -31,421 | -21,500 | -18,300 | -16,500 |
| Total central government own expenditure⁽¹⁾ | 245,988 | 251,846 | 270,106 | 285,811 | 309,620 | 330,600 | 352,300 | 377,600 |

(1) Full resource budgeting basis, net of depreciation.

(2) See footnote 2 to Table 1.15.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.2 Central government own current expenditure by department, 1998-99 to 2005-06

| | resources, £ million | | | | | | | |
|---|----------------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within Resource Budget DEL | | | | | | | | |
| Education and Skills | 9,592 | 11,308 | 12,122 | 13,819 | 15,675 | 17,268 | 19,009 | 20,835 |
| Health | 39,299 | 40,734 | 44,247 | 51,052 | 55,378 | 61,134 | 66,872 | 72,935 |
| Transport | 2,700 | 2,846 | 2,577 | 3,467 | 4,581 | 5,596 | 5,676 | 6,519 |
| Office of the Deputy Prime Minister | 1,361 | 2,000 | 2,107 | 1,910 | 3,142 | 3,536 | 3,826 | 4,065 |
| Local Government | 211 | 241 | 235 | 246 | 248 | 316 | 333 | 350 |
| Home Office | 3,316 | 3,330 | 4,508 | 6,163 | 7,132 | 7,297 | 7,370 | 8,132 |
| Lord Chancellor's Departments | 2,374 | 2,064 | 2,512 | 2,733 | 3,030 | 2,854 | 3,084 | 3,159 |
| Attorney General's Departments | 337 | 336 | 367 | 436 | 490 | 472 | 520 | 540 |
| Defence | 29,358 | 31,331 | 33,402 | 32,315 | 41,353 | 30,746 | 31,458 | 32,274 |
| Foreign and Commonwealth Office | 1,067 | 1,118 | 1,473 | 1,413 | 1,613 | 1,621 | 1,511 | 1,578 |
| International Development | 2,445 | 2,743 | 3,000 | 3,174 | 3,592 | 3,639 | 3,752 | 4,502 |
| Trade and Industry | 3,076 | 3,912 | 5,972 | 5,291 | 4,586 | 4,650 | 4,969 | 5,439 |
| Environment, Food and Rural Affairs | 2,022 | 2,418 | 2,879 | 2,851 | 2,848 | 2,904 | 2,877 | 2,925 |
| Culture, Media and Sport | 899 | 975 | 1,020 | 1,095 | 1,228 | 1,316 | 1,381 | 1,453 |
| Work and Pensions | 5,132 | 5,363 | 5,676 | 5,721 | 7,016 | 7,340 | 7,478 | 7,531 |
| Scotland | 8,303 | 8,786 | 9,536 | 11,387 | 12,271 | 12,155 | 12,854 | 13,953 |
| Wales | 3,711 | 4,039 | 4,399 | 5,099 | 5,839 | 6,223 | 6,706 | 7,267 |
| Northern Ireland Executive | 4,201 | 4,436 | 5,139 | 5,434 | 5,866 | 6,131 | 6,401 | 6,783 |
| Northern Ireland Office | 1,011 | 1,129 | 851 | 976 | 1,191 | 1,071 | 1,113 | 1,145 |
| Chancellor's Departments | 3,283 | 3,525 | 3,767 | 4,073 | 4,552 | 4,581 | 4,705 | 4,890 |
| Cabinet Office | 1,008 | 1,359 | 1,291 | 1,497 | 1,669 | 1,805 | 1,830 | 1,845 |
| Allowance for shortfall | | | | | -3,765 | | | |
| Total within Resource Budget DEL | 124,706 | 133,993 | 147,080 | 160,152 | 179,536 | 182,655 | 193,725 | 208,120 |
| Within Resource Departmental AME | | | | | | | | |
| Education and Skills | 6,096 | 6,273 | 6,458 | 6,656 | 6,650 | 5,754 | 5,888 | 6,067 |
| Health | 5,403 | 7,170 | 4,803 | 13,769 | 7,503 | 6,183 | 6,559 | 6,952 |
| Transport | 2,075 | 1,771 | 1,725 | 2,107 | 2,131 | 2,296 | 2,089 | 1,579 |
| Office of the Deputy Prime Minister | 482 | 468 | 445 | 983 | 902 | 850 | 704 | 734 |
| Home Office | -1 | 312 | 1 | -1 | 1,691 | 1 | 1 | 1 |
| Lord Chancellor's Departments | 81 | 87 | 92 | 96 | 102 | 47 | 53 | 55 |
| Defence | 3,949 | 4,154 | 4,420 | 4,447 | 6,441 | 4,537 | 4,479 | 4,499 |
| Foreign and Commonwealth Office | 0 | -1 | 0 | 0 | -1 | -1 | -1 | -1 |
| International Development | 132 | 58 | 81 | 59 | 56 | 60 | 57 | 54 |
| Trade and Industry | 172 | 730 | 776 | 1,475 | 3,488 | 370 | 365 | 378 |
| Environment, Food and Rural Affairs | 2,317 | 2,164 | 3,606 | 2,314 | 1,834 | 1,266 | 1,613 | 1,589 |
| Culture, Media and Sport | 1,148 | 1,130 | 1,363 | 1,313 | 1,594 | 1,902 | 1,644 | 1,298 |
| Work and Pensions | 72,218 | 75,979 | 77,214 | 82,195 | 85,802 | 89,494 | 91,171 | 94,361 |
| Scotland | 2,342 | 1,931 | 2,080 | 2,284 | 2,255 | 1,962 | 1,919 | 1,964 |
| Wales | 190 | 177 | 172 | 394 | 413 | 397 | 397 | 397 |
| Northern Ireland Executive | 3,416 | 3,506 | 4,085 | 4,379 | 4,994 | 4,947 | 5,082 | 5,283 |
| Northern Ireland Office | -88 | -92 | 3 | 42 | 41 | 50 | 50 | 50 |
| Chancellor's Departments | 7,462 | 9,583 | 12,585 | 14,112 | 15,054 | 17,872 | 21,117 | 22,659 |
| Cabinet Office | 4,181 | 4,188 | 3,233 | 4,695 | 4,003 | 4,765 | 4,986 | 5,221 |
| Total within Resource Departmental AME | 111,575 | 119,588 | 123,141 | 141,322 | 144,954 | 142,752 | 148,174 | 153,141 |
| Locally financed support in Northern Ireland | 97 | 111 | 129 | 156 | 141 | 145 | 154 | 167 |
| Net payments to EC institutions | 3,590 | 2,807 | 3,697 | 770 | 2,288 | 2,307 | 3,042 | 3,367 |
| Central government debt interest | 28,760 | 24,927 | 25,945 | 22,051 | 20,845 | 21,833 | 23,214 | 24,277 |
| Classification changes to national accounts | -3,954 | -5,880 | -6,003 | -6,695 | -6,765 | -9,587 | -9,949 | -10,785 |
| Accounting and other adjustments | -26,538 | -30,872 | -31,545 | -42,348 | -43,251 | -26,900 | -25,800 | -25,000 |
| Total central government own current expenditure | 238,236 | 244,674 | 262,444 | 275,409 | 297,748 | 313,200 | 332,600 | 353,300 |

(1) See footnote to Table 1.15.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.3 Central government own capital expenditure by department, 1998-99 to 2005-06

| | resources, £ million | | | | | | | |
|---|----------------------|--------------|--------------|---------------|----------------------|---------------|---------------|---------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within Capital Budget DEL⁽¹⁾ | | | | | | | | |
| Education and Skills | 15 | 16 | 42 | 148 | 218 | 146 | 28 | 43 |
| Health | -343 | -119 | -113 | 502 | 804 | 1,287 | 1,836 | 2,816 |
| Transport | 576 | 477 | 447 | 671 | 774 | 705 | 837 | 599 |
| Office of the Deputy Prime Minister | 19 | 62 | 64 | 526 | 140 | 9 | 9 | 8 |
| Local Government | 1 | 1 | 1 | 0 | 11 | 39 | 61 | 31 |
| Home Office | 305 | 228 | 244 | 449 | 614 | 828 | 788 | 751 |
| Lord Chancellor's Departments | 43 | 11 | 16 | 52 | 63 | 46 | 46 | 62 |
| Attorney General's Departments | 5 | 4 | 14 | 22 | 11 | 15 | 14 | 15 |
| Defence | 5,340 | 4,067 | 5,410 | 5,850 | 6,323 | 6,140 | 6,417 | 7,051 |
| Foreign and Commonwealth Office | 86 | 88 | 105 | 60 | 68 | 57 | 71 | 84 |
| International Development | -22 | 25 | -16 | 24 | 13 | 11 | 18 | 14 |
| Trade and Industry | 24 | 5 | 49 | 65 | 381 | 502 | 167 | 104 |
| Environment, Food and Rural Affairs | 145 | 159 | 136 | 232 | 295 | 279 | 272 | 280 |
| Culture, Media and Sport | 75 | 35 | -2 | 12 | 45 | 63 | 34 | 48 |
| Work and Pensions | -307 | 37 | 33 | 138 | 194 | 25 | 228 | 90 |
| Scotland | 158 | 173 | 245 | 303 | 801 | 1,170 | 1,348 | 1,456 |
| Wales | 25 | -44 | 60 | 57 | 116 | 284 | 342 | 385 |
| Northern Ireland Executive | 172 | 175 | 233 | 286 | 496 | 363 | 403 | 433 |
| Northern Ireland Office | 23 | 25 | 35 | 18 | 54 | 64 | 57 | 72 |
| Chancellor's Departments | 92 | 87 | -223 | 205 | 398 | 272 | 317 | 308 |
| Cabinet Office | 231 | 202 | 202 | 210 | 236 | 619 | 238 | 247 |
| Allowance for shortfall | | | | | -1,151 | | | |
| Total within Capital Budget DEL | 6,662 | 5,713 | 6,982 | 9,832 | 10,903 | 12,925 | 13,529 | 14,897 |
| Within Capital Departmental AME | | | | | | | | |
| Education and Skills | 1 | 3 | 2 | 1 | 1 | 1 | 1 | 1 |
| Defence | | | | 158 | | | | |
| Foreign and Commonwealth Office | | | | 5 | 5 | 5 | 5 | 5 |
| Trade and Industry | -226 | 919 | 1,260 | | 557 | -390 | -464 | -416 |
| Environment, Food and Rural Affairs | 9 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Culture, Media and Sport | 367 | 449 | 168 | 27 | 10 | 10 | 10 | 10 |
| Work and Pensions | | 29 | 22 | 75 | 77 | 90 | 101 | 109 |
| Northern Ireland Executive | | | | | | 125 | 200 | 200 |
| Total within Capital Departmental AME | 151 | 1,402 | 1,453 | 266 | 652 | -156 | -145 | -89 |
| Classification changes to national accounts | 3,954 | 5,880 | 6,003 | 6,695 | 6,765 | 9,587 | 9,949 | 10,785 |
| Accounting and other adjustments | -3,015 | -5,824 | -6,776 | -6,391 | -6,448 | -5,000 | -3,600 | -3,300 |
| Total central government own capital expenditure | 7,752 | 7,172 | 7,662 | 10,402 | 11,872 | 17,400 | 19,700 | 22,200 |

(1) See footnote (1) to Table 1.15.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

**Table 4.4 Central Government own expenditure by economic category
1998–99 to 2005–06**

| | resources, £ million | | | | | | | |
|---|----------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 plans | 2004–05 plans | 2005–06 plans |
| Central government current expenditure | | | | | | | | |
| Pay ⁽¹⁾ | 20,799 | 23,356 | 24,339 | 25,723 | 28,282 | 30,898 | 31,910 | 32,841 |
| Procurement of goods and services ⁽¹⁾ | 69,657 | 73,649 | 80,809 | 89,357 | 100,068 | 104,236 | 110,350 | 119,106 |
| Subsidies | 6,609 | 6,405 | 6,496 | 7,812 | 7,470 | 6,919 | 6,795 | 6,925 |
| Social benefits and other grants to private sector | 104,807 | 114,190 | 120,380 | 129,003 | 135,446 | 137,826 | 144,001 | 151,432 |
| Current transfers abroad | 1,639 | 1,768 | 2,290 | 165 | 7,434 | 3,897 | 4,763 | 6,052 |
| Debt interest | 28,760 | 24,927 | 25,945 | 22,051 | 20,845 | 21,833 | 23,214 | 24,277 |
| Accounting adjustments ⁽³⁾ | 5,964 | 379 | 2,185 | 1,298 | -1,797 | 7,600 | 11,500 | 12,700 |
| Total central government current expenditure | 238,236 | 244,674 | 262,444 | 275,409 | 297,748 | 313,200 | 332,600 | 353,300 |
| Central government capital expenditure | | | | | | | | |
| Capital expenditure on assets ⁽²⁾ | 7,293 | 5,078 | 3,303 | 5,032 | 6,662 | 8,994 | 10,136 | 10,957 |
| Stock building | 0 | 7 | 18 | -42 | 27 | -23 | -21 | -20 |
| Capital grants | 2,959 | 3,321 | 3,620 | 5,742 | 6,143 | 8,958 | 9,135 | 10,012 |
| Accounting adjustments ⁽³⁾ | -2,499 | -1,233 | 721 | -329 | -960 | -600 | 500 | 1,300 |
| Total central government capital expenditure | 7,752 | 7,172 | 7,662 | 10,402 | 11,872 | 17,400 | 19,700 | 22,200 |
| Total central government own expenditure | 245,988 | 251,846 | 270,106 | 285,811 | 309,620 | 330,600 | 352,300 | 375,600 |

(1) Excludes pay and procurement of public corporations such as NHS trusts.

(2) Net of sales of capital assets and before depreciation.

(3) Includes allowance for shortfall and special reserve in 2002–03, and reserve and invest to save budget in 2003–04 to 2005–06.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1997-98 to 2005-06

| | cash, £ million | | | | | | resources, £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|----------------------|------------------|------------------|
| | 1997-98 outturn | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 estimated outturn | 2003-04 plans | 2004-05 plans | 2005-06 plans |
| Education⁽¹⁾ | | | | | | | | | |
| Under fives | 637 | 135 | 127 | 59 | 136 | 218 | 244 | 537 | 727 |
| Schools | 1,368 | 1,383 | 1,445 | 1,569 | 1,619 | 1,724 | 1,748 | 1,778 | 1,844 |
| Further Education | 3,587 | 3,661 | 4,030 | 4,350 | 6,095 | 6,676 | 7,145 | 7,560 | 8,211 |
| Higher Education | 4,726 | 4,746 | 5,318 | 6,013 | 5,957 | 6,265 | 6,594 | 7,377 | 7,713 |
| Student support (including mandatory awards & access fund) | 557 | 629 | 1,176 | 1,478 | 1,375 | 1,782 | 2,003 | 1,975 | 2,160 |
| Miscellaneous educational services, research and administration | 991 | 956 | 1,082 | 900 | 1,222 | 1,796 | 2,350 | 2,572 | 2,763 |
| Total education⁽¹⁾ | 11,866 | 11,510 | 13,178 | 14,369 | 16,404 | 18,461 | 20,084 | 21,799 | 23,418 |
| Health and personal⁽¹⁾ social services | | | | | | | | | |
| National Health Service hospitals | 41,321 | 43,830 | 47,612 | 50,917 | 56,924 | 63,368 | 70,473 | 77,143 | 84,688 |
| Central health and other services | 903 | 858 | 968 | 961 | 1,096 | 1,171 | 1,418 | 1,415 | 1,472 |
| Total health⁽¹⁾ | 42,224 | 44,688 | 48,580 | 51,878 | 58,020 | 64,539 | 71,891 | 78,558 | 86,160 |
| Personal social services | 466 | 467 | 529 | 599 | 707 | 954 | 1,018 | 1,169 | 1,284 |
| Total health and personal social services⁽¹⁾ | 42,690 | 45,155 | 49,109 | 52,477 | 58,727 | 65,493 | 72,909 | 79,727 | 87,444 |
| Transport | | | | | | | | | |
| National roads | 1,992 | 1,842 | 1,882 | 1,956 | 2,162 | 2,301 | 2,254 | 2,407 | 2,485 |
| Local roads | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local transport | 203 | 288 | 332 | 332 | 317 | 336 | 353 | 370 | 383 |
| Ports | 5 | 1 | 1 | 1 | 12 | 10 | 4 | 154 | 154 |
| Marine, coastguard, shipping and civil aviation services | 1 | 29 | 31 | 58 | 161 | 86 | 97 | 98 | 98 |
| Driver and vehicle licensing and testing | 165 | 92 | 115 | 128 | 123 | 201 | 157 | 158 | 157 |
| National and International rail services | 1,532 | 1,393 | 1,141 | 978 | 1,796 | 2,388 | 3,574 | 3,545 | 4,047 |
| UK Maritime Agency | 83 | 84 | 90 | 95 | 99 | 112 | 106 | 106 | 106 |
| Other transport services | 215 | 150 | 276 | 307 | 353 | 477 | 715 | 793 | 920 |
| Total transport | 4,196 | 3,880 | 3,869 | 3,855 | 5,023 | 5,911 | 7,260 | 7,631 | 8,350 |
| Housing | | | | | | | | | |
| Social housing | 729 | 922 | 1,019 | 1,343 | 1,813 | 1,416 | 1,500 | 1,696 | 1,721 |
| Other | 1,062 | 678 | 611 | 674 | 1,193 | 1,162 | 1,298 | 1,254 | 1,448 |
| Total housing | 1,791 | 1,600 | 1,630 | 2,017 | 3,006 | 2,578 | 2,798 | 2,950 | 3,169 |
| Other environmental services | | | | | | | | | |
| Environmental protection | 646 | 663 | 683 | 166 | 254 | 276 | 313 | 318 | 327 |
| Countryside and water | -79 | -80 | 278 | 888 | 1,294 | 1,455 | 1,661 | 1,698 | 1,767 |
| Urban | 103 | 93 | 61 | 21 | 140 | 327 | 378 | 412 | 420 |
| Other | 641 | 678 | 703 | 1,167 | 1,229 | 1,371 | 1,415 | 1,436 | 1,498 |
| Total other environmental services | 1,311 | 1,354 | 1,725 | 2,242 | 2,917 | 3,429 | 3,767 | 3,864 | 4,012 |
| Law, order and protective services | | | | | | | | | |
| Administration of justice | 2,854 | 2,880 | 2,989 | 3,515 | 3,706 | 4,185 | 3,915 | 4,069 | 4,219 |
| Prisons and offender programmes | 2,055 | 2,249 | 2,244 | 2,135 | 2,898 | 3,258 | 3,360 | 3,422 | 3,619 |
| Police | 925 | 895 | 849 | 1,022 | 1,701 | 2,180 | 2,373 | 2,470 | 2,856 |
| Immigration and citizenship | 256 | 217 | 797 | 1,398 | 1,729 | 1,801 | 1,745 | 1,710 | 1,733 |
| Fire | 55 | 58 | 62 | 74 | 91 | 212 | 144 | 170 | 145 |
| Civil defence | 24 | 3 | 3 | 2 | 2 | 3 | 3 | 3 | 3 |
| Constitutional and community services | 52 | 59 | 187 | 75 | 73 | 92 | 144 | 136 | 138 |
| Central and miscellaneous services | 435 | 466 | 513 | 606 | 682 | 707 | 1,049 | 1,047 | 1,163 |
| Total law, order and protective services | 6,656 | 6,827 | 7,644 | 8,827 | 10,882 | 12,438 | 12,733 | 13,027 | 13,876 |

(1) See footnote (1) to Table 3.8.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1997–98 to 2005–06 (continued)

| | cash, £ million | | | | | | resources, £ million | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|----------------------|------------------|------------------|
| | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 plans | 2004–05 plans | 2005–06 plans |
| Defence | | | | | | | | | |
| Defence budget | 21,506 | 22,521 | 22,594 | 24,833 | 23,992 | 24,846 | 25,889 | 26,605 | 27,510 |
| Receipts for sale of married quarters | -700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total defence | 20,806 | 22,521 | 22,594 | 24,833 | 23,992 | 24,846 | 25,889 | 26,605 | 27,510 |
| International development assistance and other international services | | | | | | | | | |
| International development assistance | 1,770 | 2,039 | 2,275 | 2,747 | 3,198 | 3,368 | 3,555 | 3,634 | 4,403 |
| Other international services | 1,078 | 1,102 | 1,154 | 1,283 | 1,912 | 3,134 | 1,590 | 1,469 | 1,538 |
| Total international development assistance and other services | 2,848 | 3,141 | 3,429 | 4,030 | 5,110 | 6,502 | 5,145 | 5,103 | 5,941 |
| Trade industry, energy, employment and training | | | | | | | | | |
| Regional and other industrial support | 1,239 | 1,290 | 1,136 | 1,447 | 1,786 | 2,104 | 1,892 | 1,906 | 1,991 |
| Trade, scientific and technological support | 2,112 | 2,317 | 2,233 | 2,428 | 2,685 | 3,150 | 3,263 | 3,500 | 3,720 |
| Support for aerospace, shipbuilding, coal, steel | 111 | 21 | 211 | 241 | 438 | 682 | 674 | 705 | 509 |
| Employment | 1,807 | 2,076 | 2,430 | 3,196 | 3,874 | 2,930 | 3,229 | 3,220 | 3,895 |
| Training | 1,691 | 1,512 | 1,626 | 1,478 | 1,248 | 1,615 | 1,669 | 1,680 | 1,741 |
| Departmental administration and other services | 284 | 273 | 296 | 366 | 485 | 608 | 595 | 664 | 869 |
| Total trade, industry, energy, employment and training | 7,244 | 7,489 | 7,932 | 9,156 | 10,516 | 11,089 | 11,322 | 11,675 | 12,725 |
| Agriculture, fisheries, food and forestry | | | | | | | | | |
| Market support under CAP | 2,558 | 2,834 | 2,574 | 2,992 | 2,883 | 3,043 | 2,982 | 2,987 | 3,014 |
| Other agriculture, fisheries and food | 1,185 | 1,175 | 1,210 | 1,983 | 3,761 | 2,218 | 1,987 | 2,057 | 2,064 |
| Forestry | 89 | 90 | 104 | 104 | 111 | 114 | 124 | 129 | 131 |
| Total agriculture, fisheries, food and forestry | 4,681 | 4,546 | 4,220 | 5,079 | 6,755 | 5,375 | 5,093 | 5,173 | 5,209 |
| Culture, Media and Sport | | | | | | | | | |
| Museums and galleries | 272 | 268 | 290 | 287 | 361 | 412 | 376 | 398 | 422 |
| Other arts and heritage | 482 | 483 | 503 | 487 | 560 | 629 | 664 | 697 | 763 |
| Libraries | 141 | 124 | 136 | 114 | 159 | 166 | 145 | 147 | 152 |
| Films | 23 | 22 | 25 | 24 | 24 | 27 | 27 | 27 | 27 |
| Tourism | 64 | 65 | 67 | 91 | 171 | 167 | 107 | 107 | 112 |
| Sport and recreation | 115 | 116 | 128 | 72 | 93 | 153 | 162 | 157 | 165 |
| Broadcasting | 12 | 8 | 12 | 12 | 13 | 13 | 13 | 13 | 13 |
| Administration | 47 | 50 | 49 | 53 | 54 | 44 | 52 | 63 | 65 |
| Lottery | 803 | 1,488 | 1,618 | 1,514 | 1,313 | 1,593 | 1,904 | 1,644 | 1,298 |
| Total Culture, Media and Sport | 1,959 | 2,624 | 2,828 | 2,654 | 2,748 | 3,204 | 3,450 | 3,253 | 3,017 |

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1997-98 to 2005-06 (continued)

| | cash, £ million | | | | | resources, £ million | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------------------|----------------------|------------------|------------------|------------------|
| | 1997-98 outturn | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 estimated outturn | 2002-03 plans | 2003-04 plans | 2004-05 plans | 2005-06 plans |
| Social protection | | | | | | | | | |
| Pension benefits | 34,483 | 36,552 | 38,731 | 40,187 | 43,635 | 46,057 | 48,368 | 50,450 | 52,808 |
| Widows' benefits | 1,021 | 1,008 | 1,023 | 1,019 | 982 | 1,124 | 1,111 | 1,027 | 952 |
| Unemployment, incapacity and other benefits | 7,804 | 7,636 | 7,304 | 7,052 | 7,822 | 9,071 | 9,137 | 9,109 | 9,390 |
| Industrial injury benefits | 768 | 783 | 785 | 779 | 800 | 791 | 728 | 705 | 722 |
| Family benefits | 10,022 | 10,430 | 11,937 | 13,419 | 14,173 | 15,816 | 18,663 | 21,945 | 23,489 |
| War pensions | 1,288 | 1,264 | 1,256 | 1,411 | 1,238 | 1,187 | 1,158 | 1,107 | 1,069 |
| Disability benefits | 9,942 | 10,547 | 11,148 | 11,688 | 12,567 | 13,358 | 14,008 | 14,743 | 15,560 |
| Income support | 16,720 | 16,215 | 16,765 | 18,185 | 19,116 | 18,923 | 19,751 | 18,650 | 18,614 |
| Social Fund | 117 | 116 | 117 | 120 | 187 | 228 | 261 | 267 | 273 |
| Housing benefits | 618 | 602 | 449 | 302 | 315 | 323 | 335 | 347 | 360 |
| Administration and miscellaneous services | 3,115 | 2,868 | 3,117 | 3,332 | 2,892 | 3,509 | 3,026 | 3,374 | 3,115 |
| Total social protection | 85,898 | 88,021 | 92,632 | 97,494 | 103,727 | 110,387 | 116,546 | 121,724 | 126,352 |
| Central administration and associated expenditure | | | | | | | | | |
| Public and common services | 4,538 | 5,017 | 5,528 | 5,869 | 6,993 | 8,646 | 9,465 | 9,642 | 10,373 |
| EC Net Payments | 2,153 | 3,590 | 2,806 | 84 | 113 | 110 | 128 | 128 | 128 |
| Total Central administration and associated expenditure | 6,691 | 8,607 | 8,334 | 5,953 | 7,106 | 8,756 | 9,593 | 9,770 | 10,501 |
| Total expenditure on services⁽²⁾ | 198,637 | 207,275 | 219,124 | 232,986 | 256,913 | 278,469 | 296,589 | 312,301 | 331,524 |
| Central government debt interest | 29,307 | 28,760 | 24,927 | 25,945 | 22,051 | 20,846 | 21,833 | 23,216 | 24,364 |
| Net Public Service pensions ⁽³⁾ | 5,352 | 4,681 | 5,223 | 7,327 | 7,749 | 7,624 | 2,766 | 2,785 | 3,128 |
| Other adjustments | 7,102 | 5,272 | 2,572 | 3,849 | -902 | 2,681 | 9,400 | 14,000 | 16,500 |
| Total Central Government own expenditure⁽⁴⁾ | 240,398 | 245,988 | 251,846 | 270,106 | 285,811 | 309,620 | 330,600 | 352,300 | 375,600 |

(2) Central government own expenditure on services. For definition of expenditure on services, see Appendix F.

(3) See footnote (3) to Table 3.8.

(4) For definition, see table 4.1, see also footnotes to Table 3.2.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

INTRODUCTION

5.1 This chapter sets out details of expenditure by those central government departments that are subject to Treasury administration costs controls, and of 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 2005–06. The data on staffing levels covers a period of nine years, starting in 1997–98, with projections going through to 2005–06.

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

GROSS ADMINISTRATIVE EXPENDITURE

5.3 The primary aim of administration costs control is to promote economical and efficient administration and service delivery in central government. Administration cost controls cover the costs of all central government administration other than the costs of some direct front line services, and activities and support activities that are directly associated with these. It also covers the direct delivery of services by some departments and their agencies where these are carried out by civil servants; for example, prison officers and personal advisers helping people into work. Administration costs are controlled during the year through accruals-based administration costs limits, which are notified to Parliament in the Supply Estimates. These limits are net of certain income which departments are allowed to offset against their gross administrative expenditure. Administration costs control limits for 2003–04 will be announced in the 2003–04 Supplementary Budgetary Information (Cm 5797).

5.4 Table 5.1 shows gross administrative expenditure from 1998–99 to 2005–06 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 controls. Administrative expenditure is measured after eliminating double counting and offsetting VAT refunds on eligible contracted out services. The table shows outturn for 1998–99 through to 2001–02, estimated outturn for 2002–03 and plans for 2003–04 to 2005–06. Recent years' outturn have, on average, been overestimated by about 2.5 per cent.

5.5 Departments' paybill outturns are published in departmental reports, together with the related staff numbers.

CIVIL SERVICE STAFFING

5.6 Table 5.2 provides a summary of civil service staffing by department, starting in 1997–98, with estimates for 2002–03 and plans for 2003–04 through to 2005–06. 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.

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

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

Table 5.1 Gross administrative expenditure^{1,2,3} by department, 1998–99 to 2005–06

| | resources, £ million | | | | | | | |
|---|----------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 plans | 2004–05 plans | 2005–06 plans |
| Education | 242 | 251 | 238 | 256 | 268 | 249 | 264 | 265 |
| Health | 267 | 276 | 294 | 306 | 335 | 353 | 331 | 341 |
| Transport | 406 | 449 | 469 | 494 | 656 | 520 | 534 | 546 |
| Office of the Deputy Prime Minister | 240 | 224 | 304 | 344 | 375 | 380 | 373 | 375 |
| Home office | 2,753 | 2,429 | 2,812 | 3,257 | 3,593 | 3,896 | 4,119 | 4,378 |
| Lord Chancellor's Departments | 488 | 679 | 640 | 729 | 834 | 817 | 867 | 931 |
| Attorney General's Department | 259 | 253 | 279 | 347 | 360 | 360 | 371 | 390 |
| Foreign and Commonwealth Office | 647 | 646 | 723 | 796 | 940 | 911 | 928 | 944 |
| International Development | 64 | 79 | 77 | 85 | 100 | 214 | 227 | 241 |
| Trade and Industry ⁽⁴⁾ | 427 | 539 | 588 | 568 | 638 | 642 | 658 | 670 |
| Environment, Food and Rural Affairs | 436 | 484 | 519 | 887 | 710 | 682 | 691 | 673 |
| Culture, Media and Sport | 22 | 26 | 27 | 32 | 39 | 44 | 47 | 49 |
| Work and Pensions | 3,926 | 4,151 | 4,470 | 4,861 | 5,736 | 5,868 | 5,912 | 5,891 |
| Scotland | | 4 | 7 | 7 | 7 | 8 | 8 | 8 |
| Wales | | 1 | 3 | 2 | 3 | 3 | 3 | 3 |
| Northern Ireland Office | 158 | 167 | 142 | 136 | 241 | 173 | 185 | 202 |
| Chancellor's Departments: | 3,409 | 3,627 | 3,882 | 4,169 | 4,582 | 4,704 | 4,807 | 4,991 |
| <i>Of which:</i> | | | | | | | | |
| <i>Inland Revenue</i> | 2,198 | 2,398 | 2,555 | 2,668 | 3,046 | 3,148 | 3,147 | 3,226 |
| <i>Customs and Excise</i> | 837 | 823 | 897 | 988 | 1,062 | 1,080 | 1,160 | 1,250 |
| <i>Others</i> | 374 | 406 | 430 | 513 | 475 | 477 | 500 | 516 |
| Cabinet Office | 518 | 669 | 589 | 637 | 706 | 781 | 808 | 813 |
| Departmental totals | 14,263 | 14,955 | 16,062 | 17,914 | 20,123 | 20,604 | 21,134 | 21,711 |
| <i>Of which estimated IT PFI capital⁽⁵⁾</i> | 66 | 107 | 131 | 206 | 335 | 440 | 464 | 473 |
| Total gross expenditure on civil departments' administration costs | 14,197 | 14,848 | 15,931 | 17,708 | 19,788 | 20,164 | 20,670 | 21,238 |
| <i>Of which administration costs paybill⁽⁶⁾</i> | 7,648 | 8,164 | 8,519 | 9,066 | 9,806 | 9,655 | 9,795 | 9,853 |
| Ministry of Defence civilian paybill | 2,267 | 2,241 | 2,305 | 2,422 | 2,521 | 2,540 | 2,600 | 2,668 |

(1) Administration costs cover the costs of all central government administration other than the costs of some direct front line services, and activities and support activities that are directly associated with these.

(2) Gross of all receipts except for those receipts paid from within other departments' administration costs, which are netted off for consolidation purposes.

(3) Excludes administration costs of devolved bodies.

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

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

(6) This covers the pay cost of Civil Servants and other staff (including casual staff), and includes superannuation charges and National Insurance Contributions, It excludes the staff of the devolved bodies, the armed forces and Ministry of Defence civilian staff.

Table 5.2 Staff of Home Civil Service Central Government Departments and Devolved Bodies, 1997-98 to 2005-06⁽¹⁾

| | thousands (full-time equivalents) | | | | | | | | |
|---|-----------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------------------|------------------|------------------|------------------|
| | 1997-98 actual | 1998-99 actual | 1999-00 actual | 2000-01 actual | 2001-02 actual | 2002-03 estimated outturn | 2003-04 plans | 2004-05 plans | 2005-06 plans |
| Education and Skills ⁽²⁾ | 33.2 | 34.1 | 33.3 | 36.4 | 6.3 | 6.8 | 4.6 | 4.6 | 4.7 |
| Office for Standards in Education | | | | | | | 2.4 | 2.4 | 2.4 |
| Health ⁽³⁾ | 4.2 | 4.3 | 4.5 | 4.8 | 4.6 | 3.2 | 4.8 | 4.8 | 4.8 |
| Food Standards Agency | | | | 1.9 | 2.1 | 2.2 | 2.2 | 2.2 | 2.2 |
| Transport, Local | | | | | | | | | |
| Government and the Regions | 17.6 | 17.6 | 19.6 | 21.0 | 18.7 | | | | |
| Transport | | | | | | 10.7 | 11.0 | 11.1 | 11.2 |
| Office of the Deputy Prime Minister | | | | | | 7.2 | 6.7 | 6.8 | 6.8 |
| Home Office | 49.0 | 48.6 | 48.0 | 54.0 | 57.9 | 60.6 | 64.9 | 66.2 | 66.2 |
| Charity Commission | | | | | | | 0.6 | 0.6 | 0.6 |
| Lord Chancellor's and Law Attorney | | | | | | | | | |
| General's Departments | 17.6 | 16.4 | 17.0 | 18.2 | 19.1 | 20.0 | 20.3 | 20.5 | 20.5 |
| Defence | 89.7 | 89.0 | 86.8 | 85.2 | 79.5 | 76.5 | 75.4 | 74.6 | 74.1 |
| Foreign and Commonwealth Office | 5.5 | 5.5 | 5.6 | 5.5 | 5.5 | 5.8 | 5.9 | 5.9 | 5.9 |
| International Development | 1.0 | 1.1 | 1.3 | 1.2 | 1.4 | 1.6 | 1.7 | 1.8 | 1.8 |
| Trade and Industry (including ACAS, OFT, OFTEL, OFGEM & the Postal Services Commission) | 8.4 | 8.4 | 8.8 | 8.9 | 9.3 | 9.4 | 10.4 | 10.2 | 10.2 |
| Export Credits Guarantee Department | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Environment, Food and Rural Affairs ⁽⁴⁾ | 10.4 | 11.3 | 11.7 | 10.4 | 11.4 | 12.5 | 12.5 | 11.6 | 11.6 |
| Culture, Media and Sport | 0.6 | 0.6 | 0.7 | 0.6 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 |
| Work and Pensions ⁽²⁾ | 91.0 | 87.0 | 82.9 | 81.9 | 120.8 | 130.2 | 126.9 | 122.3 | 115.9 |
| Scotland Office | | | | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Scotland ⁽⁵⁾ | 12.0 | 12.2 | 12.2 | 12.5 | 12.7 | 14.3 | 13.6 | 13.6 | 13.6 |
| Wales Office | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 |
| Wales ⁽⁵⁾ | | | 0.03 | 0.04 | 0.04 | 0.04 | 0.05 | 0.05 | 0.05 |
| Northern Ireland Office | 4.4 | 4.2 | 3.9 | 3.4 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 |
| Northern Ireland ⁽⁵⁾ | 19.6 | 19.6 | 21.2 | 24.0 | 24.7 | 25.6 | 26.7 | 26.6 | 26.6 |
| HM Customs and Excise | 23.3 | 23.1 | 22.4 | 21.8 | 21.9 | 22.0 | 21.6 | 21.6 | 21.1 |
| Inland Revenue | 53.8 | 53.6 | 59.8 | 62.7 | 63.6 | 66.0 | 68.7 | 68.8 | 68.0 |
| Chancellor's other departments | 8.9 | 8.3 | 4.3 | 4.5 | 4.3 | 5.1 | 5.0 | 5.3 | 5.3 |
| Cabinet Office and Privy Council Office | 2.5 | 2.0 | 2.1 | 2.5 | 2.4 | 2.6 | 2.3 | 2.2 | 2.2 |
| Security and Intelligence Services | 8.3 | 8.1 | 8.1 | 7.7 | 8.0 | 8.3 | 9.1 | 9.2 | 9.2 |
| Trading funds ⁽⁶⁾ | 31.7 | 29.8 | 32.4 | 33.3 | 32.6 | 30.9 | 30.9 | 30.8 | 32.8 |
| TOTAL⁽¹⁾ | 496.4 | 488.5 | 490.3 | 506.2 | 514.3 | 529.1 | 535.9 | 531.4 | 525.4 |
| <i>of which: Home Civil Service</i> | <i>494.4</i> | <i>480.3</i> | <i>483.8</i> | <i>500.3</i> | <i>507.7</i> | <i>522.9</i> | <i>529.5</i> | <i>525.2</i> | <i>519.4</i> |

(1) Unless otherwise indicated all figures are financial year averages for permanent staff.

(2) The changes in DfES and DWP staff numbers between 2000-01 and 2001-02 mainly reflect machinery of government changes.

(3) Outturn figures for the Department of Health from 2003-04 to 2005-06 are expected to be significantly lower.

(4) Intervention Board staff are included in DEFRA totals.

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

(6) The Army Base Repair Organisation (ABRO) became a trading fund on 1 April 2002 and the Defence Aviation Repair Agency (DARA) became a trading fund on 1 April 2001.

6. LOCAL AUTHORITY EXPENDITURE

INTRODUCTION

6.1 This chapter describes central government support for local authorities from 1998–99 to 2005–06 [Table 6.1 to Table 6.5] and local authority expenditure for outturn years [Table 6.6 to Table 6.9]. 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 tables in this section.

6.2 In this chapter all data for central government support are on a resource basis. Data for local authorities expenditure is on a cash basis. All outturn data (to 2001–02) fall under the umbrella of 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 is defined as the contribution of local authorities to TME as measured in national accounts. TME is a consolidated measure in the sense that transactions between parts of the public sector do not add to TME. So, for example, total local authority expenditure defined here excludes capital grants paid to public corporations and interest paid to central government. Total local authority expenditure can also be measured as central government support for local authorities within DEL and Departmental AME, plus locally financed expenditure in AME, plus some accounting adjustments. **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. Data for all years up to 2000–01 are final outturn figures; 2001–02 are provisional outturn and might be subject to revision; 2002–03 are estimates based on local authority budget plans; 2003–04 to 2005–06 are based on the spending plans by central government departments that support local authorities and forecasts of local authority expenditure financed locally.

6.6 Outturn figures and projections for the later years for local authority expenditure and its financing are set out in **Table 6.1**. **Table 6.6** presents total local authority expenditure by function for the outturn and estimated outturn years: 1997–98 to 2002–03. **Table 6.9** shows total local authority expenditure for those years, broken down by country and economic category.

6.7 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, for example Revenue Support Grant, or related to specific services, e.g. police grant.

6.8 **Table 6.2** presents a departmental breakdown of central government support for current and capital expenditure by local authorities.

6.9 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

6.10 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.

6.11 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 in proportion to population;
- specific and special grants, which fund part of the current expenditure on a specific service or activity.

6.12 Table 6.4 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 6.5 shows current specific grants outside AEF by country, for the years 1998–99 to 2005–06. Grants outside of AEF are a mixture of support falling within DEL and Departmental AME.

CAPITAL EXPENDITURE

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

- central government support;
- 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 function from 1997–98 to 2002–03, is shown in Table 6.7. Gross means that it is before sales of capital assets and depreciation. These estimates take account of the returns from local authorities on capital expenditure. Table 6.8 shows local authority receipts within the United Kingdom, again by country and function. Tables 6.7 and 6.8 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 6.3** shows the component of this government support within the United Kingdom by country and by service. Credit approvals fall sharply in 2001–02 because of a change in the way support for housing repairs is provided: more of that support is now given through rent rebate grants and subsidies rather than credit approvals.

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, 1998–99 to 2005–06

| | resource, £ million | | | | | | | |
|--|---------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 outturn | 2002–03 estimated outturn | 2003–04 plans | 2004–05 plans | 2005–06 plans |
| Expenditure within DEL | | | | | | | | |
| Current | | | | | | | | |
| Aggregate External Finance within DEL | | | | | | | | |
| England | | | | | | | | |
| Revenue support grant | 19,506 | 19,902 | 19,470 | 21,122 | 19,931 | 24,267 | 43,147 | 46,883 |
| Non-domestic rate payments | 12,531 | 13,619 | 15,407 | 15,144 | 16,633 | 15,607 | | |
| Specific and special grants | 6,153 | 6,349 | 8,247 | 9,709 | 11,418 | 12,023 | 11,312 | 11,555 |
| Total England | 38,189 | 39,869 | 43,123 | 45,974 | 47,982 | 51,897 | 54,458 | 58,438 |
| Scotland | | | | | | | | |
| Revenue support grant | 3,487 | 3,537 | 3,593 | 3,853 | 4,267 | 5,045 | 5,236 | 5,367 |
| Specific and special grants | 439 | 566 | 611 | 544 | 582 | 605 | 640 | 669 |
| Total Scotland | 3,925 | 4,103 | 4,203 | 4,397 | 4,848 | 5,633 | 5,875 | 6,036 |
| Wales | | | | | | | | |
| Revenue support grant | 1,804 | 1,890 | 2,032 | 2,146 | 2,338 | 3,147 | 3,242 | 3,432 |
| Non-domestic rate payments | 606 | 656 | 648 | 708 | 657 | | | |
| Specific and special grants | 287 | 277 | 284 | 271 | 298 | 304 | 288 | 287 |
| Total Wales | 2,697 | 2,824 | 2,963 | 3,125 | 3,292 | 3,451 | 3,530 | 3,720 |
| Great Britain | | | | | | | | |
| Revenue support grant | 24,796 | 25,329 | 25,094 | 27,121 | 26,535 | 32,459 | 51,624 | 55,682 |
| Non-domestic rate payments | 13,137 | 14,275 | 16,054 | 15,852 | 17,290 | 15,607 | | |
| Specific and special grants | 6,878 | 7,192 | 9,142 | 10,523 | 12,297 | 12,935 | 12,239 | 12,512 |
| Total AEF Great Britain | 44,811 | 46,796 | 50,290 | 53,496 | 56,122 | 61,001 | 63,863 | 68,194 |
| Other current grants | 2,428 | 1,136 | 754 | 700 | 2,237 | 2,370 | 2,537 | 2,766 |
| Total current grants within DEL | 47,240 | 47,932 | 51,044 | 54,196 | 58,359 | 63,371 | 66,401 | 70,960 |
| Capital | | | | | | | | |
| Capital grants | 2,152 | 1,848 | 2,416 | 3,354 | 4,344 | 5,212 | 5,408 | 6,147 |
| Credit approvals | 3,163 | 3,227 | 4,122 | 3,380 | 3,947 | 4,791 | 5,655 | 5,585 |
| Total capital support within DEL | 5,316 | 5,075 | 6,539 | 6,734 | 8,291 | 10,003 | 11,064 | 11,732 |
| Total central government support in DEL | 52,555 | 53,007 | 57,583 | 60,934 | 66,661 | 73,374 | 77,464 | 82,691 |
| Central Government support in departmental AME* | 11,515 | 11,527 | 11,802 | 13,482 | 14,420 | 15,581 | 16,485 | 17,566 |
| Locally financed expenditure | | | | | | | | |
| Local authority self financed expenditure | 16,009 | 17,033 | 16,592 | 18,125 | 18,923 | 21,168 | 22,714 | 24,073 |
| Locally financed support in Scotland | 1,395 | 1,441 | 1,663 | 1,554 | 1,650 | 1,646 | 1,774 | 1,909 |
| Total Locally financed expenditure | 17,404 | 18,474 | 18,255 | 19,679 | 20,573 | 22,814 | 24,488 | 25,982 |
| Accounting and other adjustments | 387 | 3,642 | 3,503 | 4,328 | 4,082 | 6,100 | 6,600 | 7,100 |
| Total Local Authority expenditure | 81,861 | 86,649 | 91,142 | 98,424 | 105,736 | 117,900 | 125,000 | 133,400 |

*Includes expenditure financed from the Lottery

6. LOCAL AUTHORITY EXPENDITURE

Table 6.2 Central government support for local authorities in the United Kingdom by department, 1998–99 to 2005–06

| | resource, £ million | | | | | | | |
|---|---------------------|---------------|---------------|---------------|-------------------|---------------|---------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Current within DEL | | | | | | | | |
| Education and Skills | 2,286 | 1,475 | 2,409 | 3,162 | 4,972 | 4,736 | 4,653 | 4,813 |
| Health | 1,053 | 1,000 | 1,052 | 1,440 | 2,371 | 2,426 | 2,243 | 2,269 |
| Transport | 271 | 260 | 517 | 492 | 627 | 712 | 707 | 709 |
| Office of the Deputy Prime Minister | 32,466 | 33,822 | 35,205 | 36,891 | 37,502 | 41,368 | 44,505 | 48,443 |
| Home Office | 4,112 | 4,119 | 4,326 | 4,123 | 4,149 | 4,416 | 4,261 | 4,272 |
| Legal Departments | 312 | 242 | 284 | 318 | 277 | 270 | 325 | 333 |
| Trade and Industry | 15 | 10 | 15 | 97 | 40 | 31 | 31 | 31 |
| Environment, Food and Rural Affairs | -248 | -248 | -248 | -248 | -254 | -282 | -282 | -282 |
| Work and Pensions | 366 | 323 | 301 | 330 | 367 | 534 | 478 | 534 |
| Culture, Media and Sports | 6 | 6 | 7 | 8 | 12 | | | |
| Cabinet Office | 14 | 14 | 13 | 19 | 19 | 19 | 19 | 19 |
| Scotland ⁽¹⁾ | 4,029 | 4,203 | 4,286 | 4,497 | 4,988 | 5,735 | 5,953 | 6,112 |
| Wales ⁽¹⁾ | 2,494 | 2,627 | 2,790 | 3,002 | 3,206 | 3,335 | 3,433 | 3,628 |
| Northern Ireland ⁽¹⁾ | 64 | 80 | 86 | 66 | 82 | 71 | 74 | 78 |
| Total within DEL | 47,240 | 47,932 | 51,044 | 54,196 | 58,359 | 63,371 | 66,401 | 70,960 |
| Current within departmental AME | | | | | | | | |
| Education and Skills | | | | | | 208 | 288 | 506 |
| Office of the Deputy Prime Minister | 2,934 | 2,836 | 2,530 | 3,853 | 3,327 | 3,990 | 3,696 | 3,757 |
| Work and Pensions | 8,071 | 8,167 | 8,502 | 9,002 | 9,777 | 10,130 | 11,233 | 12,112 |
| Culture, Media and Sport | | 39 | 40 | 47 | 40 | 35 | 30 | 24 |
| Wales | 168 | 171 | 174 | 180 | 200 | 229 | 220 | 199 |
| Total current within departmental AME | 11,173 | 11,213 | 11,246 | 13,082 | 13,344 | 14,592 | 15,468 | 16,597 |
| Locally Financed Expenditure in Scotland | 1,395 | 1,441 | 1,663 | 1,554 | 1,650 | 1,646 | 1,774 | 1,909 |
| Total Current | 59,808 | 60,586 | 63,953 | 68,832 | 73,354 | 79,610 | 83,642 | 89,465 |
| Capital within DEL | | | | | | | | |
| Education and Skills | 932 | 1,085 | 1,892 | 1,906 | 2,333 | 3,152 | 3,725 | 4,262 |
| Health | 60 | 61 | 58 | 60 | 98 | 100 | 103 | 113 |
| Transport | 607 | 630 | 854 | 1,761 | 2,258 | 2,598 | 2,814 | 2,699 |
| Office of the Deputy Prime Minister | 2,475 | 2,137 | 2,730 | 1,814 | 2,060 | 2,629 | 2,770 | 2,910 |
| Home Office | 161 | 161 | 160 | 133 | 285 | 268 | 288 | 318 |
| Legal Departments | 32 | 26 | 22 | 42 | 49 | 56 | 56 | 56 |
| Trade and Industry | | | | 30 | 1 | 1 | 1 | 1 |
| Environment, Food and Rural Affairs | 34 | 37 | 31 | 53 | 47 | 64 | 63 | 64 |
| Work and Pensions | 5 | 5 | 3 | 3 | 6 | 4 | 4 | 4 |
| Culture, Media and Sport | 7 | 4 | 25 | 25 | 25 | 25 | 27 | 27 |
| Scotland | 590 | 521 | 334 | 426 | 587 | 559 | 636 | 662 |
| Wales | 411 | 406 | 428 | 484 | 553 | 544 | 576 | 613 |
| Northern Ireland | 1 | 1 | 1 | 1 | | | | |
| Total Capital within DEL | 5,316 | 5,075 | 6,530 | 6,738 | 8,302 | 10,003 | 11,064 | 11,732 |
| Capital within AME | | | | | | | | |
| Financing from the National Lottery | 342 | 292 | 301 | 351 | 298 | 262 | 226 | 178 |
| Departmental AME | | 21 | 255 | 50 | 777 | 726 | 791 | 791 |
| Total Capital within AME Main programmes | 342 | 313 | 556 | 401 | 1,075 | 988 | 1,017 | 969 |
| Total Capital | 5,658 | 5,388 | 7,094 | 7,139 | 9,377 | 10,991 | 12,080 | 12,701 |
| Total | 65,465 | 65,974 | 71,047 | 75,971 | 82,731 | 90,601 | 95,723 | 102,167 |

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

(2) Includes financial transactions.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.3 Central government capital support for local authorities in the United Kingdom by country and service, 1998–99 to 2005–06

| | resource, £ million | | | | | | | |
|--|---------------------|--------------|--------------|--------------|-------------------|---------------|---------------|---------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | 2004–05 | 2005–06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| England | | | | | | | | |
| Credit approvals | | | | | | | | |
| Housing | 987 | 1,024 | 1,819 | 684 | 844 | 1,263 | 1,409 | 1,528 |
| Transport | 368 | 470 | 766 | 1,183 | 1,315 | 1,471 | 1,746 | 1,703 |
| Education | 382 | 456 | 545 | 565 | 817 | 1,035 | 1,464 | 1,298 |
| Personal social services | 54 | 57 | 56 | 56 | 56 | 60 | 62 | 62 |
| Fire services | 30 | 30 | 33 | 57 | 48 | 58 | 59 | 59 |
| Environment, Food and Rural Affairs | 18 | 20 | 17 | 30 | 25 | 35 | 35 | 36 |
| Culture, Media and Sport | 7 | 4 | 25 | 25 | 35 | 25 | 25 | 25 |
| Law, Order and Protective Services | 56 | 57 | 58 | 71 | 98 | 80 | 80 | 80 |
| Other environmental services | 500 | 389 | 55 | 94 | 208 | 108 | 183 | 183 |
| Total Credit Approvals | 2,403 | 2,509 | 3,375 | 2,763 | 3,446 | 4,135 | 5,064 | 4,974 |
| Capital grants | | | | | | | | |
| Housing | 239 | 247 | 339 | 114 | 788 | 865 | 865 | 865 |
| Transport | 239 | 159 | 88 | 578 | 943 | 1,127 | 1,067 | 996 |
| Education | 550 | 629 | 1,347 | 1,341 | 1,516 | 2,117 | 2,260 | 2,965 |
| Personal social services | 5 | 4 | 2 | 4 | 42 | 41 | 41 | 51 |
| Environment, food and Rural affairs | 15 | 16 | 14 | 24 | 22 | 29 | 28 | 29 |
| Culture, Media and Sport | | | | | | | 2 | 2 |
| Law, Order and Protective Services | 129 | 120 | 115 | 95 | 219 | 228 | 246 | 275 |
| Trade, industry, energy, employment and training | 2 | 2 | 2 | 31 | 7 | 4 | 4 | 4 |
| Other environmental services | 718 | 467 | 736 | 913 | 929 | 1,047 | 1,042 | 1,063 |
| Total Capital grants | 1,898 | 1,645 | 2,643 | 3,101 | 4,465 | 5,457 | 5,556 | 6,249 |
| Total England | 4,301 | 4,154 | 6,018 | 5,864 | 7,911 | 9,593 | 10,620 | 11,223 |
| Scotland⁽¹⁾ | | | | | | | | |
| Scotland Executive housing | | | | | | | | |
| Net capital allocations ⁽²⁾ | 195 | 158 | 161 | 56 | 76 | 76 | 76 | 76 |
| Capital grants | | | 1 | 4 | 4 | 4 | 4 | 4 |
| Scottish Executive: Other | | | | | | | | |
| Net capital allocations ⁽²⁾ | 326 | 299 | 346 | 351 | 360 | 406 | 413 | 423 |
| Capital grants | 69 | 65 | -173 | 16 | 147 | 73 | 143 | 160 |
| Total Net capital allocations | 521 | 457 | 507 | 407 | 436 | 482 | 489 | 499 |
| Total Capital grants | 69 | 65 | -172 | 20 | 151 | 77 | 147 | 164 |
| Total Scotland | 591 | 522 | 334 | 427 | 587 | 559 | 636 | 663 |
| Wales⁽¹⁾ | | | | | | | | |
| Credit approvals | | | | | | | | |
| National Assembly for Wales | 231 | 256 | 234 | 253 | 273 | 274 | 269 | 278 |
| Other departments ⁽⁴⁾ | 6 | 6 | 6 | 7 | 8 | 9 | 8 | 8 |
| Total Credit approvals | 237 | 262 | 240 | 260 | 281 | 283 | 277 | 286 |
| Capital grants | | | | | | | | |
| National Assembly for Wales | 180 | 150 | 194 | 231 | 287 | 281 | 307 | 335 |
| Other departments ⁽⁴⁾ | 6 | 7 | 6 | 6 | 12 | 13 | 14 | 15 |
| Total Capital grants | 186 | 157 | 201 | 237 | 299 | 293 | 321 | 350 |
| Total Wales | 423 | 418 | 441 | 497 | 581 | 577 | 596 | 636 |
| Northern Ireland capital grants⁽¹⁾ | | | | | | | | |
| Capital grants from the lottery | 342 | 292 | 301 | 351 | 298 | 262 | 226 | 178 |
| United Kingdom Total | 5,658 | 5,387 | 7,095 | 7,140 | 9,377 | 10,991 | 12,080 | 12,700 |
| of which: | | | | | | | | |
| Credit approvals | 3,163 | 3,227 | 4,122 | 3,380 | 3,947 | 4,791 | 5,655 | 5,585 |
| Capital grants | 2,494 | 2,140 | 2,719 | 3,705 | 4,642 | 5,053 | 5,881 | 5,763 |

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

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

(3) Includes Training agency projects. Also includes provision for ports and airports projects which are not the responsibility of the Scottish Executive.

(4) Includes Home Office, Lord Chancellor's Department, DTLR, Department for Education and Skills and Department for Work and Pensions.

Table 6.4 Aggregate External Finance in Great Britain by country and grant 1998-99 to 2005-06

| | resource, £ million | | | | | | | |
|--|---------------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| England | | | | | | | | |
| Revenue Support Grant | 19,506 | 19,902 | 19,470 | 21,122 | 19,931 | 24,267 | 43,147 | 46,883 |
| NNDR | 12,640 | 13,818 | 15,468 | 15,642 | 16,802 | 15,827 | | |
| Police | 3,470 | 3,518 | 3,637 | 3,795 | 3,788 | 4,083 | 3,944 | 3,944 |
| Health | 1,053 | 1,000 | 1,052 | 1,440 | 2,371 | 2,426 | 2,243 | 2,269 |
| Education | 409 | 676 | 2,086 | 3,017 | 3,505 | 3,441 | 3,386 | 3,664 |
| Offenders programme | 310 | 329 | 388 | | | | | |
| Magistrates Courts | 281 | 216 | 253 | 283 | 288 | 294 | 291 | 299 |
| Social Security | 166 | 166 | 180 | 171 | 165 | 329 | 335 | 343 |
| Neighbourhood Renewal Fund | | | | 200 | 300 | 400 | 450 | 525 |
| Metropolitan Railways Passenger Services | 219 | 199 | 183 | 10 | 10 | 10 | 10 | 10 |
| GLA Transport | | | 286 | 236 | 324 | 390 | 339 | 300 |
| Strategic Rail Authority | | | | 215 | 237 | 185 | 205 | 214 |
| RDA Development Fund | | | | 144 | 127 | 149 | 127 | 127 |
| PFI Special Grant | 15 | 37 | 62 | 127 | 205 | 340 | | |
| Other | 230 | 208 | 120 | 70 | 96 | 184 | 269 | 367 |
| Total England | 38,298 | 40,069 | 43,185 | 46,472 | 48,151 | 52,325 | 54,746 | 58,944 |
| Scotland⁽¹⁾ | | | | | | | | |
| Revenue Support Grants | 3,487 | 3,537 | 3,593 | 3,853 | 4,267 | 5,045 | 5,236 | 5,367 |
| NNDR ⁽²⁾ | 1,395 | 1,441 | 1,663 | 1,554 | 1,650 | 1,646 | 1,774 | 1,909 |
| Police | 337 | 357 | 373 | 387 | 408 | 436 | 462 | 491 |
| Other | 102 | 209 | 238 | 157 | 174 | 172 | 178 | 178 |
| Total Scotland | 5,320 | 5,543 | 5,866 | 5,951 | 6,499 | 7,299 | 7,649 | 7,944 |
| Wales⁽¹⁾ | | | | | | | | |
| Revenue Support Grants | 1,804 | 1,890 | 2,032 | 2,146 | 2,338 | 3,147 | 3,242 | 3,432 |
| NNDR | 606 | 656 | 648 | 708 | 657 | | | |
| Police | 180 | 181 | 186 | 200 | 217 | 214 | 208 | 208 |
| Other | 107 | 97 | 98 | 71 | 80 | 90 | 80 | 80 |
| Total Wales | 2,697 | 2,824 | 2,963 | 3,125 | 3,292 | 3,451 | 3,530 | 3,720 |
| Total Great Britain | 46,316 | 48,436 | 52,014 | 55,548 | 57,942 | 63,075 | 65,925 | 70,608 |
| <i>Of which: AEF grants within DEL</i> | <i>44,811</i> | <i>46,796</i> | <i>50,290</i> | <i>53,496</i> | <i>56,122</i> | <i>61,001</i> | <i>63,863</i> | <i>68,194</i> |

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

(2) Scottish domestic rate payments are locally financed expenditure in AME.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.5 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1998–99 to 2005–06

| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 | resource, £ million | |
|---|---------------|---------------|---------------|---------------|-------------------|---------------|---------------------|---------------|
| | outturn | outturn | outturn | outturn | estimated outturn | plans | 2004–05 plans | 2005–06 plans |
| England | | | | | | | | |
| Mandatory student awards | 1,843 | 754 | 301 | 132 | 65 | 72 | 75 | 78 |
| LSC Grants | | | | | 1,379 | 1,428 | 1,476 | 1,573 |
| Rent rebates | 2,914 | 2,720 | 2,577 | 3,489 | 3,329 | 3,404 | 3,324 | 3,370 |
| Rent allowances | 4,594 | 4,662 | 4,893 | 5,124 | 5,623 | 5,490 | 6,055 | 6,532 |
| Community charge rebates/ Council tax benefits | 1,890 | 1,882 | 1,910 | 2,058 | 2,254 | 2,660 | 2,993 | 3,242 |
| Supporting People Programme | | | | | | 783 | 813 | 837 |
| Environment Agency | –248 | –248 | –248 | –248 | –264 | –282 | –282 | –282 |
| Planning Delivery Grant | | | | | | 50 | 130 | 170 |
| LDA ODPM Support | | | 117 | 103 | 107 | 107 | 107 | 107 |
| New Deal for Communities | | 3 | 24 | 55 | 114 | 152 | 165 | 171 |
| Speed and red light camera enforcement | | | 3 | | 1 | | | |
| Police Special Grants | 9 | 10 | 60 | 99 | 127 | 100 | 89 | 100 |
| Others | 579 | 378 | 263 | 306 | 343 | 244 | 267 | 324 |
| Total England | 11,582 | 10,160 | 9,899 | 11,117 | 13,076 | 14,209 | 15,214 | 16,224 |
| Scotland | | | | | | | | |
| Rent rebates | 618 | 628 | 626 | 649 | 606 | 589 | 594 | 599 |
| Rent allowances | 298 | 308 | 349 | 383 | 442 | 462 | 534 | 585 |
| Community charge rebates/ Council tax benefits | 276 | 283 | 280 | 289 | 291 | 318 | 348 | 363 |
| Others | 123 | 124 | 102 | 122 | 163 | 107 | 103 | 101 |
| Total Scotland | 1,316 | 1,342 | 1,357 | 1,443 | 1,503 | 1,476 | 1,580 | 1,649 |
| Wales | | | | | | | | |
| Rent rebates | 168 | 172 | 175 | 179 | 201 | 207 | 195 | 174 |
| Rent allowances | 214 | 220 | 226 | 242 | 249 | 259 | 315 | 374 |
| Community charge rebates/ Council tax benefits | 91 | 100 | 109 | 113 | 120 | 141 | 160 | 172 |
| Police Special Grants | | | 3 | 3 | 2 | 3 | 5 | 5 |
| Others | 58 | 76 | 83 | 119 | 180 | 169 | 175 | 181 |
| Total Wales | 531 | 568 | 595 | 657 | 752 | 779 | 850 | 906 |
| Northern Ireland | | | | | | | | |
| Others | 64 | 80 | 86 | 66 | 82 | 71 | 74 | 78 |
| Total Northern Ireland | 64 | 80 | 86 | 66 | 82 | 71 | 74 | 78 |
| Total United Kingdom | 13,492 | 12,150 | 11,939 | 13,284 | 15,413 | 16,535 | 17,717 | 18,857 |
| <i>Memo: Of which within DEL:</i> | | | | | | | | |
| England | 2,183 | 856 | 479 | 391 | 1,810 | 2,043 | 2,207 | 2,427 |
| Scotland | 123 | 124 | 102 | 122 | 163 | 107 | 103 | 101 |
| Wales | 58 | 76 | 86 | 120 | 182 | 149 | 154 | 159 |
| Northern Ireland | 64 | 80 | 86 | 66 | 82 | 71 | 74 | 78 |
| Total within DEL | 2,428 | 1,136 | 754 | 700 | 2,237 | 2,370 | 2,537 | 2,766 |

Table 6.6 Local authority current and capital expenditure by function, 1997-98 to 2002-03

| | £ million | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|
| | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Current | | | | | | |
| Education | 24,360 | 26,102 | 26,230 | 27,997 | 30,799 | 32,715 |
| Health and personal social services | 10,092 | 10,770 | 11,879 | 12,646 | 13,532 | 14,923 |
| Transport | 2,789 | 2,810 | 2,860 | 3,166 | 3,589 | 3,771 |
| Housing | 356 | 387 | 372 | 386 | 419 | 487 |
| Other environmental services | 5,614 | 5,888 | 6,915 | 7,191 | 7,665 | 8,542 |
| Law, order and protective services | 10,038 | 10,337 | 10,841 | 11,188 | 11,508 | 12,007 |
| Trade, industry, energy, employment and training | 250 | 250 | 227 | 224 | 232 | 255 |
| Agriculture, fisheries, food and forestry | 12 | 12 | 5 | 4 | 2 | -5 |
| Culture, media and sport | 1,646 | 1,693 | 2,053 | 2,182 | 2,288 | 2,312 |
| Social Security | 11,462 | 11,375 | 11,531 | 11,644 | 12,053 | 12,666 |
| Central administration and associated expenditure | 1,109 | 1,271 | 1,393 | 1,761 | 1,938 | 1,997 |
| Debt Interest to private sector | 357 | 541 | 313 | 385 | 350 | 330 |
| Accounting adjustments | 4,119 | 4,083 | 6,478 | 6,635 | 6,094 | 6,466 |
| Total current | 72,204 | 75,519 | 81,097 | 85,409 | 90,469 | 96,466 |
| Capital | | | | | | |
| Education | 1,186 | 1,369 | 1,487 | 1,810 | 2,151 | 2,397 |
| Health and personal social services | 133 | 114 | 108 | 116 | 120 | 193 |
| Transport | 1,325 | 1,255 | 1,161 | 1,550 | 2,178 | 2,502 |
| Housing | 1,145 | 1,261 | 250 | 394 | 876 | 1,206 |
| Other environmental services | 1,037 | 870 | 812 | 925 | 986 | 1,276 |
| Law, order and protective services | 297 | 311 | 290 | 289 | 394 | 489 |
| Trade, industry, energy, employment and training | 12 | 10 | 12 | 15 | 17 | 19 |
| Agriculture, fisheries, food and forestry | -47 | -70 | -30 | -31 | -33 | -48 |
| Culture, media and sport | 327 | 370 | 434 | 461 | 563 | 652 |
| Central administration and associated expenditure | 102 | 124 | 72 | 57 | 34 | 110 |
| Accounting adjustments | 312 | 728 | 956 | 147 | 669 | 474 |
| Total capital | 5,829 | 6,342 | 5,552 | 5,733 | 7,955 | 9,270 |
| Total Local Authority Expenditure | 78,033 | 81,861 | 86,649 | 91,142 | 98,424 | 105,736 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.7 Local authority gross⁽¹⁾ capital expenditure by country and service, 1997-98 to 2002-03

| | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | £ million 2002-03 estimated outturn |
|---|--------------|--------------|--------------|--------------|---------------|--|
| | outturn | outturn | outturn | outturn | outturn | |
| England | | | | | | |
| Education | 1,115 | 1,251 | 1,391 | 1,719 | 2,062 | 2,360 |
| Health and personal social services | 150 | 136 | 133 | 156 | 149 | 223 |
| Transport | 1,111 | 1,050 | 1,080 | 1,409 | 1,953 | 2,188 |
| Housing | 1,992 | 2,245 | 2,155 | 2,482 | 2,709 | 2,900 |
| Other environmental services | 1,162 | 1,102 | 1,078 | 1,084 | 1,253 | 1,448 |
| Law, order and protective services | 322 | 340 | 364 | 360 | 442 | 524 |
| Trade, industry, energy, employment and training | 4 | 2 | 3 | 6 | 7 | 8 |
| Agriculture, fisheries, food and forestry | 10 | 18 | 7 | 7 | 4 | 10 |
| Culture, media and sport | 335 | 385 | 433 | 484 | 588 | 686 |
| Central administration and associated expenditure | 268 | 293 | 223 | 233 | 270 | 335 |
| Total England | 6,469 | 6,822 | 6,868 | 7,939 | 9,437 | 10,681 |
| Scotland | | | | | | |
| Education | 132 | 153 | 138 | 128 | 143 | 172 |
| Health and personal social services | 21 | 30 | 22 | 21 | 31 | 45 |
| Transport | 144 | 167 | 107 | 119 | 159 | 278 |
| Housing | 315 | 319 | 110 | 108 | 129 | 111 |
| Other environmental services | 237 | 277 | 155 | 140 | 143 | 176 |
| Law, order and protective services | 41 | 44 | 37 | 36 | 38 | 68 |
| Culture, media and sport | 0 | 0 | 11 | 8 | 9 | 14 |
| Total Scotland | 892 | 990 | 580 | 559 | 652 | 863 |
| Wales | | | | | | |
| Education | 71 | 75 | 59 | 76 | 96 | 94 |
| Health and personal social services | 10 | 11 | 8 | 8 | 10 | 14 |
| Transport | 90 | 80 | 74 | 108 | 111 | 107 |
| Housing | 243 | 266 | 184 | 195 | 202 | 261 |
| Other environmental services | 146 | 150 | 157 | 133 | 147 | 215 |
| Law, order and protective services | 21 | 17 | 23 | 21 | 26 | 55 |
| Trade, industry, energy, employment and training | 0 | 0 | 0 | 0 | 0 | 0 |
| Agriculture, fisheries, food and forestry | 11 | 8 | 10 | 7 | 6 | 0 |
| Culture, media and sport | 7 | 1 | 0 | 0 | 0 | 0 |
| Total Wales | 599 | 607 | 515 | 548 | 597 | 746 |
| Total Great Britain | 7,960 | 8,419 | 7,963 | 9,046 | 10,686 | 12,290 |
| Northern Ireland | | | | | | |
| Education | 21 | 23 | 25 | 26 | 28 | 30 |
| Transport | 7 | 8 | 8 | 9 | 9 | 10 |
| Other environmental services | 27 | 30 | 32 | 34 | 36 | 38 |
| Trade, industry, energy, employment and training | 8 | 8 | 9 | 9 | 10 | 11 |
| Agriculture, fisheries, food and forestry | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Northern Ireland | 65 | 70 | 76 | 81 | 85 | 91 |
| Total United Kingdom | 8,025 | 8,490 | 8,040 | 9,127 | 10,771 | 12,380 |
| N.B. | | | | | | |
| United Kingdom gross capital expenditure from above | 8,025 | 8,490 | 8,040 | 9,127 | 10,771 | 12,380 |
| United Kingdom capital receipts (see table 6.8) | -2,507 | -2,874 | -3,444 | -3,539 | -3,485 | -3,586 |
| Accounting adjustments | 311 | 726 | 956 | 145 | 669 | 476 |
| Total local authority capital expenditure | 5,829 | 6,342 | 5,552 | 5,733 | 7,955 | 9,270 |

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

Table 6.8 Local authority capital receipts by country and function, 1997-98 to 2002-03

| | £ million | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|-------------------|
| | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| England | | | | | | |
| Education | 133 | 82 | 102 | 119 | 146 | 224 |
| Health and personal social services | 43 | 53 | 50 | 63 | 59 | 80 |
| Transport | 13 | 24 | 103 | 89 | 41 | 70 |
| Housing | 1,289 | 1,462 | 2,134 | 2,320 | 2,096 | 2,017 |
| Other environmental services | 378 | 518 | 504 | 376 | 505 | 482 |
| Law, order and protective services | 80 | 80 | 125 | 117 | 105 | 152 |
| Agriculture, fisheries, food and forestry | 64 | 95 | 48 | 44 | 43 | 60 |
| Culture, media and sport | 15 | 16 | 10 | 30 | 33 | 47 |
| Central administration and associated expenditure | 166 | 169 | 151 | 176 | 237 | 225 |
| Total England | 2,180 | 2,499 | 3,227 | 3,333 | 3,264 | 3,357 |
| Scotland | | | | | | |
| Education | 16 | 40 | 15 | 10 | 11 | 16 |
| Health and personal social services | 4 | 8 | 4 | 6 | 10 | 8 |
| Transport | 8 | 25 | 4 | 7 | 9 | 11 |
| Housing | 68 | 60 | 3 | 3 | 4 | 8 |
| Other environmental services | 133 | 134 | 56 | 53 | 60 | 94 |
| Law, order and protective services | 3 | 5 | 5 | 5 | 4 | 4 |
| Culture, media and sport | 0 | 0 | 0 | 0 | 0 | 1 |
| Total Scotland | 230 | 272 | 87 | 85 | 100 | 142 |
| Wales | | | | | | |
| Education | 3 | 3 | 1 | 2 | 5 | 2 |
| Health and personal social services | 1 | 1 | 1 | 0 | 1 | 0 |
| Transport | 7 | 0 | 1 | 0 | 4 | 1 |
| Housing | 48 | 46 | 63 | 67 | 63 | 40 |
| Other environmental services | 16 | 21 | 32 | 17 | 18 | 15 |
| Law, order and protective services | 4 | 5 | 4 | 5 | 3 | 1 |
| Agriculture, fisheries, food and forestry | 6 | 3 | 1 | 2 | 2 | 0 |
| Total Wales | 85 | 79 | 104 | 94 | 94 | 60 |
| Total Great Britain | 2,495 | 2,850 | 3,418 | 3,512 | 3,458 | 3,559 |
| Northern Ireland | | | | | | |
| Education | 3 | 7 | 8 | 8 | 17 | 17 |
| Other environmental services | 9 | 16 | 18 | 19 | 10 | 10 |
| Total Northern Ireland | 11 | 23 | 25 | 27 | 27 | 27 |
| Total United Kingdom | 2,507 | 2,874 | 3,444 | 3,539 | 3,485 | 3,586 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.9 Local authority expenditure by country and economic category, 1997-98 to 2002-03

| | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | £ million 2002-03 estimated outturn |
|---|---------------|---------------|---------------|---------------|---------------|--|
| England | | | | | | |
| Pay | 32,028 | 33,971 | 36,232 | 38,647 | 41,728 | 44,545 |
| Other current expenditure on goods and services | 12,615 | 13,725 | 14,579 | 15,824 | 17,087 | 18,340 |
| Subsidies | 632 | 623 | 582 | 756 | 959 | 1,011 |
| Current grants to persons | 11,897 | 11,629 | 10,817 | 10,517 | 10,815 | 11,432 |
| Net capital expenditure on assets | 3,362 | 3,385 | 2,959 | 3,818 | 5,330 | 6,364 |
| Capital grants | 927 | 939 | 682 | 788 | 843 | 959 |
| Total England | 61,460 | 64,271 | 65,851 | 70,350 | 76,762 | 82,652 |
| Scotland | | | | | | |
| Pay | 3,991 | 4,117 | 4,114 | 4,543 | 4,942 | 5,315 |
| Other current expenditure on goods and services | 1,677 | 1,730 | 2,853 | 2,670 | 2,687 | 2,892 |
| Subsidies | 85 | 87 | 51 | 55 | 63 | 66 |
| Current grants to persons | 1,072 | 1,106 | 1,038 | 1,065 | 1,115 | 1,147 |
| Net capital expenditure on assets | 599 | 662 | 445 | 427 | 493 | 662 |
| Capital grants | 62 | 56 | 48 | 46 | 59 | 58 |
| Total Scotland | 7,486 | 7,758 | 8,549 | 8,806 | 9,359 | 10,141 |
| Wales | | | | | | |
| Pay | 2,097 | 2,256 | 2,076 | 2,425 | 3,166 | 3,357 |
| Other current expenditure on goods and services | 762 | 838 | 1,182 | 1,110 | 666 | 737 |
| Current grants to persons | 666 | 602 | 555 | 535 | 538 | 554 |
| Net capital expenditure on assets | 339 | 326 | 283 | 337 | 394 | 518 |
| Capital grants | 175 | 202 | 128 | 117 | 109 | 169 |
| Total Wales | 4,039 | 4,224 | 4,223 | 4,525 | 4,873 | 5,336 |
| Great Britain | | | | | | |
| Pay | 38,117 | 40,344 | 42,421 | 45,615 | 49,836 | 53,218 |
| Other current expenditure on goods and services | 15,053 | 16,292 | 18,613 | 19,604 | 20,440 | 21,969 |
| Subsidies | 716 | 710 | 633 | 811 | 1,022 | 1,078 |
| Current grants to persons | 13,635 | 13,337 | 12,410 | 12,117 | 12,468 | 13,133 |
| Net capital expenditure on assets | 4,300 | 4,373 | 3,687 | 4,582 | 6,216 | 7,545 |
| Capital grants | 1,164 | 1,196 | 858 | 952 | 1,010 | 1,186 |
| Total Great Britain | 72,986 | 76,253 | 78,623 | 83,681 | 90,994 | 98,128 |
| Northern Ireland | | | | | | |
| Pay | 211 | 222 | 240 | 254 | 269 | 286 |
| Other current expenditure on goods and services | -3 | -10 | -11 | -12 | -13 | -13 |
| Net capital expenditure on assets | 52 | 45 | 49 | 52 | 56 | 61 |
| Capital grants | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Northern Ireland | 261 | 259 | 279 | 296 | 315 | 336 |

Table 6.9 Local authority expenditure by country and economic category, 1997-98 to 2002-03 (continued)

| | £ million | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
| | 1997-98 outturn | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 estimated outturn |
| United Kingdom | | | | | | |
| Pay | 38,327 | 40,566 | 42,661 | 45,870 | 50,106 | 53,503 |
| Other current expenditure on goods and services | 15,050 | 16,282 | 18,602 | 19,592 | 20,428 | 21,955 |
| Subsidies | 716 | 710 | 633 | 811 | 1,022 | 1,078 |
| Current grants to persons | 13,635 | 13,337 | 12,410 | 12,117 | 12,468 | 13,133 |
| Net capital expenditure on assets | 4,352 | 4,418 | 3,736 | 4,634 | 6,273 | 7,606 |
| Capital grants | 1,165 | 1,198 | 860 | 954 | 1,013 | 1,188 |
| Total United Kingdom | 73,247 | 76,511 | 78,902 | 83,977 | 91,309 | 98,464 |
| Local Authority debt interest to private sector | 357 | 541 | 313 | 385 | 350 | 330 |
| Accounting and other adjustments | 4,429 | 4,809 | 7,434 | 6,780 | 6,765 | 6,941 |
| Total United Kingdom | 78,033 | 81,861 | 86,649 | 91,142 | 98,424 | 105,736 |
| <i>Of which: Expenditure not allocated to countries</i> | | | | | | |

6. LOCAL AUTHORITY EXPENDITURE

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. A list of public corporations is in appendix D.

7.2 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, the PC 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: Royal Mail (formerly Consignia), British Nuclear Fuels Limited, Channel Four, Royal Mint, Commonwealth Development Corporation, Crown Estates, the Tote, and QinetiQ (formerly part of the Defence Evaluation and Research Agency). 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.

THE CORPORATE CONTROL FRAMEWORK

7.5 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

7.6 The following transactions of PCs are included in departmental budgets under stage 2 in RAB, as applied for Spending Review 2002. The list corresponds with the scoring and concepts in resource accounts:

- subsidies and capital grants paid to the PC by the Department (in resource DEL);
- interest and dividends received from the PC, and equity withdrawals (resource DEL, or resource AME if an SFPC);
- loans and public dividend capital invested (PDC) in the PC (capital DEL, or capital AME if an SFPC);
- a capital charge on the department's investments (loans and PDC) in the PC (in resource DEL, or resource AME if an SFPC). This is the same figure as recorded in the department's resource accounts.

NHS Trusts and Forestry Enterprise are public corporations with a different budgeting treatment. They apply the SR2000 rules under which:

- resource DEL includes subsidies given to the PC; the PC's profit (-)/loss (+), and a capital charge on the PC's net assets;
- capital DEL includes the PC's capital expenditure and any loans given by the PC to the private sector, or shares bought.

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

7.7 Public corporations controlled by local authorities are not within DEL or departmental AME. These PCs include the businesses reporting to Transport for London (TfL) and local authority airports such as Manchester. However, they are included in the bottom line of **Table 7.3** which shows the total contribution of all public corporations' capital expenditure to Total Managed Expenditure (TME). The contribution of local authority PCs' capital expenditure is in the line for PC own financed capital expenditure.

7.8 London Underground is expected to move during 2003 from being a public corporation sponsored by a central government department (Department for Transport) to a public corporation that will be controlled by a local authority (TfL). Its capital expenditure is not included in **Table 7.3**.

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

7.9 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.

7.10 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.

7.11 Note that the impact of public corporations on departmental budgets differs from their impact on TME, and adjustments are needed to go from DEL plus Departmental AME to TME, in respect of PCs. PC capital expenditure not funded from departmental budgets is in the line "PC own financed capital expenditure", and the remaining adjustments are in the Accounting Adjustments line (see Appendix B for a full explanation of the accounting adjustments).

TABLES

7.12 **Table 7.1 (SR2002)** 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). TME is a consolidated measure so transfers from PCs to other parts of the public sector, such as payments of interest to government, are not included in PCs' contributions to TME.

7.13 Table 7.2 shows the contributions of PCs to resource budget DELs, by department, for outturn and plan years. This is made up of subsidies and investment grants paid by the department to PCs, net of any dividends, interest and equity withdrawals received from PCs.

7.14 Table 7.3 shows the capital expenditure of each major PC sponsored by a central government department (so excludes PCs under local authority control – or, like London Underground, are scheduled to move to local authority control – and small PCs controlled by central government departments). It also gives the sum of PC capital expenditure for each department. 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 gives figures for outturn years, including estimated outturns, for 2002–03, and forecasts for 2003–04 to 2005–06 (except for self-financing public corporations).

7.15 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 2005-06 (SR2002)

| | resources, £ million | | | | | | | |
|---|----------------------|--------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within Resource Budget: | | | | | | | | |
| <i>Resource Budget DELs:</i> | | | | | | | | |
| CG dividends from PCs(-) | -33 | 31 | 233 | -161 | -177 | -187 | -187 | -187 |
| CG interest from PCs(-) | -1 | | -5 | -6 | -4 | -9 | -7 | -7 |
| CG investment grants and subsidies to PCs | 1,650 | 2,052 | 1,225 | 1,523 | 1,757 | 2,474 | 2,591 | 2,686 |
| Cost of capital charge | 844 | 903 | 920 | 922 | 1,021 | 1,159 | 1,260 | 1,364 |
| Profit(-)/Loss(+) of NHS Trusts and FE ⁽¹⁾ | -1,279 | -1,278 | -1,593 | -1,368 | -1,387 | -1,609 | -1,611 | -1,612 |
| Total Resource Budget DEL | 1,181 | 1,708 | 780 | 910 | 1,210 | 1,828 | 2,046 | 2,244 |
| <i>Resource Budget AME:</i> | | | | | | | | |
| CG dividends from SFPCs(-) | -8 | -1 | -68 | -44 | | | | |
| CG interest from SFPCs(-) | | | | | -9 | -3 | -2 | -1 |
| CG subsidies to SFPCs ⁽²⁾ | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Cost of capital charge | 2 | 58 | 55 | 130 | 133 | 104 | 102 | 101 |
| Total Resource Budget AME | -4 | 59 | -11 | 88 | 126 | 103 | 102 | 102 |
| Total Public Corporations' Contribution to Resource Budget | 1,177 | 1,767 | 769 | 998 | 1,336 | 1,931 | 2,148 | 2,346 |
| Within Capital Budget: | | | | | | | | |
| <i>Capital Budget DELs:</i> | | | | | | | | |
| Capital expenditure of NHS Trusts and Forest Enterprise | 1,283 | 1,309 | 1,576 | 1,384 | 1,348 | 1,694 | 1,630 | 1,640 |
| Other capital expenditure in capital DEL | 18 | | 59 | 55 | 59 | | | |
| CG investment grants and subsidies to PCs | | | 104 | | 2 | | | |
| Net lending to PCs | -39 | 177 | 215 | 495 | 489 | 217 | 177 | 185 |
| Total Capital Budget DEL | 1,262 | 1,486 | 1,954 | 1,934 | 1,898 | 1,911 | 1,807 | 1,825 |
| <i>Capital Budget AME:</i> | | | | | | | | |
| Net lending to SFPCs | | | | -50 | -52 | 700 | -28 | -15 |
| Total Capital Budget AME | | | | -50 | -52 | 700 | -28 | -15 |
| Total Public Corporations' Contribution to Capital Budget | 1,262 | 1,486 | 1,954 | 1,884 | 1,846 | 2,611 | 1,779 | 1,810 |
| Other AME: | | | | | | | | |
| PC own financed capital expenditure ⁽³⁾ | 1,437 | 1,392 | 971 | 1,540 | 2,161 | 2,579 | 2,687 | 2,714 |
| Accounting adjustments | 1,572 | 492 | 1,874 | 922 | 326 | 100 | 800 | 700 |
| Public Corporations' expenditure in TME | 5,448 | 5,137 | 5,568 | 5,344 | 5,669 | 7,200 | 7,400 | 7,600 |
| <i>of which:</i> | | | | | | | | |
| PC current expenditure in TME | 912 | 830 | 722 | 706 | 823 | 2,400 | 2,500 | 2,700 |
| PC gross investment in TME | 4,536 | 4,307 | 4,846 | 4,638 | 4,847 | 4,800 | 4,900 | 4,900 |

(1) NHS Trusts and Forestry Enterprise have different budgeting rules such that the profit/loss scores in resource DEL and capital expenditure scores in capital DEL.

(2) The only subsidies in AME are those to the Crown Estate which has a special budgeting regime. Subsidies to other SFPCs are in DEL.

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

Table 7.2 Public Corporations' contribution to Resource DEL, 1998-99 to 2005-06 (SR2002)

| | resources, £ million | | | | | | | |
|---|----------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 estimated outturn | 2003-04 plans | 2004-05 plans | 2005-06 plans |
| Public Corporations' contribution to Resource Budget DEL⁽¹⁾ | | | | | | | | |
| Health | -408 | -335 | -548 | -431 | -388 | -551 | -449 | -344 |
| Transport | 460 | 914 | 285 | 481 | 765 | 1,035 | 1,076 | 1,129 |
| Office of the Deputy Prime Minister | 404 | 319 | 295 | 109 | 141 | 90 | 61 | 35 |
| Home Office | | | | -1 | -1 | -1 | -1 | -1 |
| Trade and Industry | 6 | -3 | -3 | -4 | -4 | -8 | -8 | -8 |
| Environment, Food and Rural Affairs | 55 | 60 | 67 | 77 | 73 | 85 | 95 | 97 |
| Work and Pensions | 94 | 96 | 101 | 148 | 92 | 94 | 94 | 94 |
| Defence | | -2 | -9 | 18 | 8 | 6 | 3 | 3 |
| Foreign and Commonwealth Office | 15 | 14 | 25 | 17 | | 31 | 31 | 31 |
| Culture, Media and Sport | 75 | 75 | 75 | 77 | 80 | 85 | 92 | 92 |
| Forestry Commission | | 12 | 17 | 9 | 18 | 17 | 17 | 17 |
| Scotland | 84 | 87 | 120 | 67 | 45 | 482 | 540 | 565 |
| Wales | 207 | 278 | 173 | 133 | 83 | 220 | 233 | 247 |
| Northern Ireland Executive | 187 | 192 | 181 | 209 | 298 | 243 | 261 | 287 |
| Cabinet Office | | | | 1 | 1 | | | |
| Total Public Corporations' contribution to Resource Budget DEL | 1,181 | 1,708 | 780 | 910 | 1,210 | 1,828 | 2,046 | 2,244 |

7. PUBLIC CORPORATIONS

Table 7.3 Public Corporations' Capital Expenditure 1998-99 to 2005-06 (SR2002)

| | resources, £ million | | | | | | | |
|--|----------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 estimated outturn | 2003-04 plans | 2004-05 plans | 2005-06 plans |
| <i>Public Corporations' Capital expenditure</i> | | | | | | | | |
| Department of Health | | | | | | | | |
| Medicines Control Agency | | 6 | 7 | 5 | 5 | 5 | | |
| NHS Trusts | 1,043 | 970 | 1,293 | 1,208 | 1,150 | 1,610 | 1,551 | 1,551 |
| Total Department of Health | 1,043 | 976 | 1,300 | 1,213 | 1,155 | 1,615 | 1,551 | 1,551 |
| Department for Transport | | | | | | | | |
| British Railways Board | | 3 | 3 | | | | | |
| Civil Aviation Authority | | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Docklands Light Railway | 34 | 34 | 34 | | | | | |
| Driving Standards Agency (Trading Fund) | 8 | 2 | 2 | 3 | 6 | 2 | 2 | 2 |
| London Regional Transport | 485 | 526 | 146 | | | | | |
| National Air Traffic Services ⁽¹⁾ | 52 | 46 | 77 | 25 | | | | |
| Vehicle Inspectorate | 7 | 7 | 8 | 30 | 15 | 15 | 15 | 15 |
| Total Department for Transport | 586 | 619 | 271 | 59 | 22 | 18 | 18 | 18 |
| Office of the Deputy Prime Minister | | | | | | | | |
| Audit Commission | | | 1 | 1 | 3 | | | |
| Commission for the New Towns | | 6 | -23 | | | | | |
| Fire Service College | | 1 | 1 | 4 | 2 | 2 | 2 | 2 |
| HATs - Housing Action Trusts | | | | | | 1 | 1 | 1 |
| QEII Conf Centre Executive Agency Trading Fund Short Term Loans | 1 | | 1 | 1 | | 1 | 1 | 1 |
| SRB: Urban Regeneration Agency | -11 | 1 | 2 | | | | | |
| Total Office of the Deputy Prime Minister | -10 | 8 | -18 | 6 | 5 | 4 | 4 | 4 |
| Home Office | | | | | | | | |
| Forensic Science Service | | | | 11 | 10 | 9 | 9 | 9 |
| Total Home Office | | | | 11 | 10 | 9 | 9 | 9 |
| Lord Chancellor's Departments | | | | | | | | |
| Land Registry | 21 | 20 | 26 | 26 | 27 | 44 | 29 | 22 |
| Total Lord Chancellor's Departments | 21 | 20 | 26 | 26 | 27 | 44 | 29 | 22 |
| Defence | | | | | | | | |
| Defence Aviation Repair Agency | | | | 6 | 8 | 8 | 9 | 10 |
| Defence Scientific and Technology Laboratories | | | | 10 | 28 | 9 | 16 | 19 |
| DERA Trading Fund capital expenditure ⁽²⁾ | | 73 | 50 | | | | | |
| Hydrographer Office Trading Fund capital expenditure | | 5 | 2 | 5 | 8 | 7 | 7 | 7 |
| Met Office | | 25 | 14 | 48 | 29 | 31 | 25 | 21 |
| Navy, Army, Airforce Institute (NAAFI). | | | | 1 | 3 | 3 | 3 | 3 |
| QinetiQ | | | | 36 | 67 | * | * | * |
| Total Defence | | 103 | 66 | 105 | 143 | * | * | * |
| Foreign and Commonwealth Office | | | | | | | | |
| BBC World Service | 15 | 14 | 25 | 17 | 30 | 31 | 31 | 31 |
| Total Foreign and Commonwealth Office | 15 | 14 | 25 | 17 | 30 | 31 | 31 | 31 |
| Department of Trade and Industry | | | | | | | | |
| British Nuclear Fuels Ltd (BNFL) | 466 | 492 | 518 | 545 | 506 | * | * | * |
| Companies House | | 4 | 1 | 1 | 6 | 6 | 6 | 6 |
| Patent office executive agency | | | | | 1 | 1 | 1 | 1 |
| Royal Mail | | 708 | 607 | 254 | 448 | * | * | * |
| Total Department of Trade and Industry | 466 | 1,204 | 1,126 | 800 | 961 | * | * | * |

7. PUBLIC CORPORATIONS

Table 7.3 Public Corporations' Capital Expenditure 1998-99 to 2005-06 (SR2002)
(continued)

| | resources, £ million | | | | | | | |
|---|----------------------|--------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Department for the Environment, Food and Rural Affairs | | | | | | | | |
| British waterways board | -1 | 5 | 39 | 1 | 18 | 5 | 5 | 5 |
| Total Department for the Environment, Food and Rural Affairs | -1 | 5 | 39 | 1 | 18 | 5 | 5 | 5 |
| Department for Culture, Media and Sport | | | | | | | | |
| BBC | 163 | 114 | 124 | 84 | 105 | * | * | * |
| Channel Four Television | 7 | 11 | 11 | 16 | 4 | * | * | * |
| Welsh Fourth Channel Authority | 1 | 1 | 1 | 1 | | | | |
| Historic Royal Palaces Agency | 4 | 2 | 4 | 1 | 1 | | | |
| TOTE - Horserace Totalisator Board | 8 | 33 | 16 | 15 | 20 | * | * | * |
| Total Department for Culture, Media and Sport | 183 | 161 | 156 | 117 | 130 | * | * | * |
| Department for Work and Pensions | | | | | | | | |
| Remploy | 6 | 5 | 1 | 5 | 5 | 5 | 5 | 5 |
| Total Department for Work and Pensions | 6 | 5 | 1 | 5 | 5 | 5 | 5 | 5 |
| Crown Estate Office | | | | | | | | |
| Crown Estate Office | | -23 | 18 | 20 | 20 | * | * | * |
| Total Crown Estate Office | | -23 | 18 | 20 | 20 | * | * | * |
| Forestry Commission | | | | | | | | |
| Forestry Enterprise, Management of the public estate | | -7 | 4 | 5 | 10 | 2 | -1 | -1 |
| Total Forestry Commission | | -7 | 4 | 5 | 10 | 2 | -1 | -1 |
| HM Treasury Own Department | | | | | | | | |
| U.K. coinage | 13 | 6 | 4 | 5 | 4 | 4 | 4 | 4 |
| Total HM Treasury Own Department | 13 | 6 | 4 | 5 | 4 | 4 | 4 | 4 |
| Scottish Executive | | | | | | | | |
| Water Supply and Sewerage | | 371 | 465 | 462 | 254 | 325 | 256 | 196 |
| Total Scottish Executive | | 371 | 465 | 462 | 254 | 325 | 256 | 196 |
| National Assembly for Wales | | | | | | | | |
| Forest Enterprise | | | | | 1 | 1 | 1 | 1 |
| National Health Service Trusts | 102 | 118 | 69 | 74 | 129 | 98 | 110 | 124 |
| Total National Assembly for Wales | 102 | 118 | 69 | 74 | 130 | 99 | 111 | 125 |
| Northern Ireland Executive | | | | | | | | |
| HSS Trusts | 59 | 63 | 69 | 66 | 68 | 69 | 50 | 53 |
| Laganside | 1 | 2 | | | | | | |
| Northern Ireland Housing Executive | 73 | 59 | 33 | 42 | 41 | 58 | 58 | 58 |
| Northern Ireland Public Trust Port Authorities | 10 | 10 | | | | | | |
| Northern Ireland Transport Holding Company | | | 30 | 40 | 78 | 55 | 55 | 55 |
| Total Northern Ireland Executive | 143 | 134 | 132 | 148 | 187 | 182 | 163 | 166 |
| Accounting adjustments | 1,969 | 593 | 1,162 | 1,564 | 1,736 | * | * | * |
| Total Public Corporations Capital Expenditure | 4,536 | 4,307 | 4,846 | 4,638 | 4,847 | 4,800 | 4,900 | 4,900 |

(1) NATS - privatised in 2001.

(2) DERA ceased to exist in 2002.

* Forecasts for the plans years are not shown for self-financed public corporations, but are included in the total capital expenditure forecasts.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

INTRODUCTION

8.1 This chapter section presents analyses of public expenditure outturn⁽¹⁾ by country and region. In this chapter all data are National Statistics.

8.2 Throughout this chapter expenditure is allocated to a specific country or region to reflect the relative benefits incurred by the respective populations. 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, National Assembly for Wales and the Northern Ireland Assembly. This means that in several areas expenditure is planned on a national basis rather than by country. For example, the Department for Work and Pensions 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 expenditure on services (see Appendix F for a definition). Expenditure 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 2002 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. All data is on cash basis.

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

8.6 Table 8.1 shows identifiable expenditure on services by country for a 5 year period from 1997–98 to 2001–02. (A longer run series of the data is planned to be published on the HM Treasury web site in the future. The longer run series will represent the full run of years for which data have been collected and published in PESA and its predecessor publications. Past data have been adjusted so as to put the numbers on a consistent basis with the latest data in this publication as regards the coverage of identifiable expenditure and the definition of expenditure on services. However, some of the adjustments made to previous published data are very approximate; this needs to be borne in mind when using the data series to study trends over a long time period, and in particular in looking at year-on-year movements in earlier years.)

8.7 Tables 8.2 through to 8.6 give fuller details of identifiable spending by country, broken down by broad function, for each of the five years for which data were collected in the latest exercise. The five years are 1997–98 through to 2001–02. Table 8.7 has a further breakdown of identifiable expenditure for 2001–02 only, showing, for Scotland, Wales and Northern Ireland, the relative contributions of the devolved administrations and of UK departments to spending under each functional head. This table also includes a functional breakdown of non-identifiable expenditure.

8.8 Table 8.8 provides a breakdown by programme of non-identifiable expenditure on services that has not been allocated to a specific country. In this year's PESA the table has been expanded to cover the full five years covered in this year's territorial analysis exercise.

REGIONAL ANALYSIS OF PUBLIC EXPENDITURE

8.9 An analysis of spending by English region was undertaken during the winter of 2002. The exercise covers the four years 1998–99, 1999–00, 2000–01 and 2001–02 (last year's exercise focused on three years only). The data presented here is consistent with that in Tables 8.1 to 8.7, (i.e. expenditure on services that can be identified as being incurred for the benefit of the relevant population).

8.10 The regional analysis exercise further apportions the England totals from the country tables between the composite regions. In accordance with other government publications of regional statistics, expenditure has been apportioned to Government Office Regions.

8.11 Table 8.9 shows identifiable expenditure on services by English region for a 4 year period from 1998–99 to 2001–02. (As for the equivalent table for spending by country (Table 8.1), a longer run series of the data is planned to be published on the HM Treasury web site in the future. The longer run series will represent the full run of years for which data have been collected and published in PESA and its predecessor publications. Because of a change in regional boundaries used in these data collection exercises in the mid-1990s, it is not possible to present long run data series at the full disaggregation of the nine Government Office Regions. Instead, a six-region breakdown is used, with the current North East and North West regions being combined in a single "North and North West" region, and the current Eastern, London and South East regions being combined into a single "South East and East Anglia" region.)

8.12 All past data in this table have been adjusted so as to put the numbers on a consistent basis with the latest data in this publication as regards the coverage of identifiable expenditure and the definition of expenditure on services. As with the equivalent table for spending by country (Table 8.1), some of the adjustments to previous data are very approximate. Indeed, because of the narrower coverage of identifiable expenditure for regional spending analyses up until two years ago, the adjustments that need to be made to past regional spending data are on the whole larger than those that need to be made to past data on identifiable spending by country. The need for caution when using and interpreting the time series is correspondingly greater than for the equivalent series by country.

8.13 Tables 8.10 through to 8.13 present fuller details of identifiable expenditure by region, broken down by function, for the four years for which data were collected in the latest exercise (1998–99, 1999–2000, 2000–01 and 2001–02).

8.14 The coverage of this years exercise has been set to ensure all identifiable England expenditure can be allocated to a region. This follows the practice of last year. The main benefit of this approach is to allow direct comparisons between expenditure per head in the regions of England and that in the countries of the UK. Exercises in earlier years had shown separately an amount of identifiable expenditure that was unallocated between regions – 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.

Table 8.1 Total identifiable expenditure on services by country 1997-98 to 2001-02

| | cash, £ million | | | resources, £ million | |
|---|-----------------|----------------|----------------|----------------------|----------------|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| England | 193,971 | 199,912 | 210,555 | 222,978 | 246,138 |
| Scotland | 24,901 | 25,699 | 26,724 | 29,065 | 32,026 |
| Wales | 13,801 | 14,335 | 14,741 | 15,561 | 17,052 |
| Northern Ireland | 9,279 | 9,648 | 10,067 | 10,462 | 11,175 |
| Total identifiable expenditure | 241,953 | 249,594 | 262,089 | 278,067 | 306,391 |
| Non-identifiable expenditure ⁽²⁾ | 35,386 | 39,593 | 40,655 | 47,170 | 47,012 |
| Total expenditure on services | 277,339 | 289,187 | 302,744 | 325,236 | 353,402 |
| | £ per head | | | | |
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| England | 3,936 | 4,039 | 4,232 | 4,460 | 5,005 |
| Scotland | 4,861 | 5,019 | 5,221 | 5,746 | 6,324 |
| Wales | 4,715 | 4,888 | 5,019 | 5,282 | 5,874 |
| Northern Ireland | 5,553 | 5,750 | 5,996 | 6,217 | 6,616 |
| Total identifiable expenditure | 4,101 | 4,214 | 4,406 | 4,659 | 5,207 |
| Non-identifiable expenditure ⁽²⁾ | 600 | 669 | 683 | 790 | 799 |
| Total expenditure on services | 4,700 | 4,883 | 5,089 | 5,449 | 6,006 |

(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) Also included in the "Non-identifiable" cell for social protection are tax credits – WFTC/DPTC. See footnote 2 of Table 8.8.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.2a Identifiable expenditure on services, by country, 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 | 29,997 | 4,058 | 1,887 | 1,462 | 37,403 | 80 | 11 | 5 | 4 |
| Health and personal social services | 43,642 | 5,751 | 3,077 | 1,760 | 54,230 | 80 | 11 | 6 | 3 |
| Roads and transport | 7,707 | 984 | 459 | 201 | 9,351 | 82 | 11 | 5 | 2 |
| Housing | 2,708 | 475 | 297 | 238 | 3,718 | 73 | 13 | 8 | 6 |
| Other environmental services | 6,420 | 955 | 684 | 236 | 8,294 | 77 | 12 | 8 | 3 |
| Law, order and protective services | 13,610 | 1,551 | 775 | 1,069 | 17,006 | 80 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 4,437 | 952 | 480 | 501 | 6,370 | 70 | 15 | 8 | 8 |
| Agriculture, fisheries, food and forestry | 2,346 | 1,044 | 286 | 421 | 4,098 | 57 | 25 | 7 | 10 |
| Culture, Media and Sport | 3,413 | 350 | 324 | 87 | 4,175 | 82 | 8 | 8 | 2 |
| Social Protection | 78,076 | 8,738 | 5,443 | 3,186 | 95,443 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,615 | 42 | 89 | 117 | 1,864 | 87 | 2 | 5 | 6 |
| Total | 193,971 | 24,901 | 13,801 | 9,279 | 241,953 | 80 | 10 | 6 | 4 |

Table 8.2b Identifiable expenditure on services, by country, 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 | 609 | 792 | 645 | 875 | 634 | 96 | 125 | 102 | 138 |
| Health and personal social services | 886 | 1,123 | 1,051 | 1,054 | 919 | 96 | 122 | 114 | 115 |
| Roads and transport | 156 | 192 | 157 | 120 | 158 | 99 | 121 | 99 | 76 |
| Housing | 55 | 93 | 101 | 143 | 63 | 87 | 147 | 161 | 226 |
| Other environmental services | 130 | 186 | 234 | 141 | 141 | 93 | 133 | 166 | 100 |
| Law, order and protective services | 276 | 303 | 265 | 640 | 288 | 96 | 105 | 92 | 222 |
| Trade, industry, energy and employment | 90 | 186 | 164 | 300 | 108 | 83 | 172 | 152 | 278 |
| Agriculture, fisheries, food and forestry | 48 | 204 | 98 | 252 | 69 | 69 | 294 | 141 | 363 |
| Culture, Media and Sport | 69 | 68 | 111 | 52 | 71 | 98 | 97 | 156 | 74 |
| Social Protection | 1,584 | 1,706 | 1,860 | 1,907 | 1,618 | 98 | 105 | 115 | 118 |
| Miscellaneous expenditure ⁽¹⁾ | 33 | 8 | 30 | 70 | 32 | | | | |
| Total | 3,936 | 4,861 | 4,715 | 5,553 | 4,101 | 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.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.3a Identifiable expenditure on services, by country, 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 | 31,369 | 4,159 | 1,938 | 1,509 | 38,974 | 80 | 11 | 5 | 4 |
| Health and personal social services | 46,351 | 6,017 | 3,245 | 1,856 | 57,470 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,217 | 937 | 453 | 202 | 8,810 | 82 | 11 | 5 | 2 |
| Housing | 2,612 | 508 | 321 | 238 | 3,679 | 71 | 14 | 9 | 6 |
| Other environmental services | 6,381 | 985 | 684 | 242 | 8,292 | 77 | 12 | 8 | 3 |
| Law, order and protective services | 14,020 | 1,576 | 799 | 1,074 | 17,469 | 80 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 4,605 | 967 | 498 | 515 | 6,585 | 70 | 15 | 8 | 8 |
| Agriculture, fisheries, food and forestry | 2,445 | 1,116 | 347 | 446 | 4,354 | 56 | 26 | 8 | 10 |
| Culture, Media and Sport | 4,000 | 404 | 418 | 126 | 4,949 | 81 | 8 | 8 | 3 |
| Social Protection | 79,125 | 8,983 | 5,525 | 3,312 | 96,945 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,786 | 46 | 107 | 129 | 2,069 | 86 | 2 | 5 | 6 |
| Total | 199,912 | 25,699 | 14,335 | 9,648 | 249,594 | 80 | 10 | 6 | 4 |

Table 8.3b Identifiable expenditure on services, by country, 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 | 634 | 812 | 661 | 899 | 658 | 96 | 123 | 100 | 137 |
| Health and personal social services | 936 | 1,175 | 1,106 | 1,106 | 970 | 97 | 121 | 114 | 114 |
| Roads and transport | 146 | 183 | 155 | 121 | 149 | 98 | 123 | 104 | 81 |
| Housing | 53 | 99 | 109 | 142 | 62 | 85 | 160 | 176 | 228 |
| Other environmental services | 129 | 192 | 233 | 144 | 140 | 92 | 137 | 167 | 103 |
| Law, order and protective services | 283 | 308 | 273 | 640 | 295 | 96 | 104 | 92 | 217 |
| Trade, industry, energy and employment | 93 | 189 | 170 | 307 | 111 | 84 | 170 | 153 | 276 |
| Agriculture, fisheries, food and forestry | 49 | 218 | 118 | 266 | 74 | 67 | 297 | 161 | 361 |
| Culture, Media and Sport | 81 | 79 | 143 | 75 | 84 | 97 | 95 | 171 | 90 |
| Social Protection | 1,599 | 1,754 | 1,884 | 1,974 | 1,637 | 98 | 107 | 115 | 121 |
| Miscellaneous expenditure ⁽¹⁾ | 36 | 9 | 37 | 77 | 35 | | | | |
| Total | 4,039 | 5,019 | 4,888 | 5,750 | 4,214 | 96 | 119 | 116 | 136 |

(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 expenditure on services, by country, 1999–00

| | cash, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|-----------------|---------------|---------------|------------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 32,975 | 4,293 | 2,026 | 1,593 | 40,887 | 81 | 10 | 5 | 4 |
| Health and personal social services | 50,462 | 6,473 | 3,477 | 2,018 | 62,430 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,204 | 835 | 425 | 208 | 8,672 | 83 | 10 | 5 | 2 |
| Housing | 1,893 | 575 | 211 | 236 | 2,915 | 65 | 20 | 7 | 8 |
| Other environmental services | 6,873 | 1,293 | 781 | 261 | 9,207 | 75 | 14 | 8 | 3 |
| Law, order and protective services | 15,117 | 1,687 | 859 | 1,100 | 18,763 | 81 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 5,193 | 863 | 434 | 497 | 6,986 | 74 | 12 | 6 | 7 |
| Agriculture, fisheries, food and forestry | 2,388 | 1,112 | 327 | 401 | 4,228 | 56 | 26 | 8 | 9 |
| Culture, Media and Sport | 4,353 | 147 | 388 | 138 | 5,026 | 87 | 3 | 8 | 3 |
| Social Protection | 82,199 | 9,355 | 5,673 | 3,466 | 100,694 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,899 | 91 | 141 | 150 | 2,281 | 83 | 4 | 6 | 7 |
| Total | 210,555 | 26,724 | 14,741 | 10,067 | 262,089 | 80 | 10 | 6 | 4 |

Table 8.4b Identifiable expenditure on services, by country, per head, 1999–00

| | £ per head | | | | | Index (United Kingdom identifiable expenditure = 100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 663 | 839 | 690 | 949 | 687 | 96 | 122 | 100 | 138 |
| Health and personal social services | 1,014 | 1,265 | 1,184 | 1,202 | 1,049 | 97 | 120 | 113 | 115 |
| Roads and transport | 145 | 163 | 145 | 124 | 146 | 99 | 112 | 99 | 85 |
| Housing | 38 | 112 | 72 | 140 | 49 | 78 | 229 | 147 | 287 |
| Other environmental services | 138 | 253 | 266 | 155 | 155 | 89 | 163 | 172 | 100 |
| Law, order and protective services | 304 | 329 | 293 | 655 | 315 | 96 | 104 | 93 | 208 |
| Trade, industry, energy and employment | 104 | 169 | 148 | 296 | 117 | 89 | 144 | 126 | 252 |
| Agriculture, fisheries, food and forestry | 48 | 217 | 111 | 239 | 71 | 68 | 306 | 156 | 336 |
| Culture, Media and Sport | 87 | 29 | 132 | 82 | 84 | 104 | 34 | 157 | 98 |
| Social Protection | 1,652 | 1,827 | 1,932 | 2,064 | 1,693 | 98 | 108 | 114 | 122 |
| Miscellaneous expenditure ⁽¹⁾ | 38 | 18 | 48 | 89 | 38 | | | | |
| Total | 4,232 | 5,221 | 5,019 | 5,996 | 4,406 | 96 | 118 | 114 | 136 |

(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 8.3a Identifiable expenditure on services, by country, 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 | 31,369 | 4,159 | 1,938 | 1,509 | 38,974 | 80 | 11 | 5 | 4 |
| Health and personal social services | 46,351 | 6,017 | 3,245 | 1,856 | 57,470 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,217 | 937 | 453 | 202 | 8,810 | 82 | 11 | 5 | 2 |
| Housing | 2,612 | 508 | 321 | 238 | 3,679 | 71 | 14 | 9 | 6 |
| Other environmental services | 6,381 | 985 | 684 | 242 | 8,292 | 77 | 12 | 8 | 3 |
| Law, order and protective services | 14,020 | 1,576 | 799 | 1,074 | 17,469 | 80 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 4,605 | 967 | 498 | 515 | 6,585 | 70 | 15 | 8 | 8 |
| Agriculture, fisheries, food and forestry | 2,445 | 1,116 | 347 | 446 | 4,354 | 56 | 26 | 8 | 10 |
| Culture, Media and Sport | 4,000 | 404 | 418 | 126 | 4,949 | 81 | 8 | 8 | 3 |
| Social Protection | 79,125 | 8,983 | 5,525 | 3,312 | 96,945 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,786 | 46 | 107 | 129 | 2,069 | 86 | 2 | 5 | 6 |
| Total | 199,912 | 25,699 | 14,335 | 9,648 | 249,594 | 80 | 10 | 6 | 4 |

Table 8.3b Identifiable expenditure on services, by country, 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 | 634 | 812 | 661 | 899 | 658 | 96 | 123 | 100 | 137 |
| Health and personal social services | 936 | 1,175 | 1,106 | 1,106 | 970 | 97 | 121 | 114 | 114 |
| Roads and transport | 146 | 183 | 155 | 121 | 149 | 98 | 123 | 104 | 81 |
| Housing | 53 | 99 | 109 | 142 | 62 | 85 | 160 | 176 | 228 |
| Other environmental services | 129 | 192 | 233 | 144 | 140 | 92 | 137 | 167 | 103 |
| Law, order and protective services | 283 | 308 | 273 | 640 | 295 | 96 | 104 | 92 | 217 |
| Trade, industry, energy and employment | 93 | 189 | 170 | 307 | 111 | 84 | 170 | 153 | 276 |
| Agriculture, fisheries, food and forestry | 49 | 218 | 118 | 266 | 74 | 67 | 297 | 161 | 361 |
| Culture, Media and Sport | 81 | 79 | 143 | 75 | 84 | 97 | 95 | 171 | 90 |
| Social Protection | 1,599 | 1,754 | 1,884 | 1,974 | 1,637 | 98 | 107 | 115 | 121 |
| Miscellaneous expenditure ⁽¹⁾ | 36 | 9 | 37 | 77 | 35 | | | | |
| Total | 4,039 | 5,019 | 4,888 | 5,750 | 4,214 | 96 | 119 | 116 | 136 |

(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 expenditure on services, by country, 1999–00

| | cash, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|-----------------|---------------|---------------|---------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 32,975 | 4,293 | 2,026 | 1,593 | 40,887 | 81 | 10 | 5 | 4 |
| Health and personal social services | 50,462 | 6,473 | 3,477 | 2,018 | 62,430 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,204 | 835 | 425 | 208 | 8,672 | 83 | 10 | 5 | 2 |
| Housing | 1,893 | 575 | 211 | 236 | 2,915 | 65 | 20 | 7 | 8 |
| Other environmental services | 6,873 | 1,293 | 781 | 261 | 9,207 | 75 | 14 | 8 | 3 |
| Law, order and protective services | 15,117 | 1,687 | 859 | 1,100 | 18,763 | 81 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 5,193 | 863 | 434 | 497 | 6,986 | 74 | 12 | 6 | 7 |
| Agriculture, fisheries, food and forestry | 2,388 | 1,112 | 327 | 401 | 4,228 | 56 | 26 | 8 | 9 |
| Culture, Media and Sport | 4,353 | 147 | 388 | 138 | 5,026 | 87 | 3 | 8 | 3 |
| Social Protection | 82,199 | 9,355 | 5,673 | 3,466 | 100,694 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,899 | 91 | 141 | 150 | 2,281 | 83 | 4 | 6 | 7 |
| Total | 210,555 | 26,724 | 14,741 | 10,067 | 262,089 | 80 | 10 | 6 | 4 |

Table 8.4b Identifiable expenditure on services, by country, per head, 1999–00

| | £ per head | | | | | Index (United Kingdom identifiable expenditure = 100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 663 | 839 | 690 | 949 | 687 | 96 | 122 | 100 | 138 |
| Health and personal social services | 1,014 | 1,265 | 1,184 | 1,202 | 1,049 | 97 | 120 | 113 | 115 |
| Roads and transport | 145 | 163 | 145 | 124 | 146 | 99 | 112 | 99 | 85 |
| Housing | 38 | 112 | 72 | 140 | 49 | 78 | 229 | 147 | 287 |
| Other environmental services | 138 | 253 | 266 | 155 | 155 | 89 | 163 | 172 | 100 |
| Law, order and protective services | 304 | 329 | 293 | 655 | 315 | 96 | 104 | 93 | 208 |
| Trade, industry, energy and employment | 104 | 169 | 148 | 296 | 117 | 89 | 144 | 126 | 252 |
| Agriculture, fisheries, food and forestry | 48 | 217 | 111 | 239 | 71 | 68 | 306 | 156 | 336 |
| Culture, Media and Sport | 87 | 29 | 132 | 82 | 84 | 104 | 34 | 157 | 98 |
| Social Protection | 1,652 | 1,827 | 1,932 | 2,064 | 1,693 | 98 | 108 | 114 | 122 |
| Miscellaneous expenditure ⁽¹⁾ | 38 | 18 | 48 | 89 | 38 | | | | |
| Total | 4,232 | 5,221 | 5,019 | 5,996 | 4,406 | 96 | 118 | 114 | 136 |

(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 expenditure on services, by country, 2000-01

| | resources, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|----------------------|---------------|---------------|---------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 35,780 | 4,451 | 2,215 | 1,716 | 44,162 | 81 | 10 | 5 | 4 |
| Health and personal social services | 54,171 | 6,877 | 3,710 | 2,170 | 66,928 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,497 | 916 | 467 | 226 | 9,105 | 82 | 10 | 5 | 2 |
| Housing | 2,025 | 660 | 222 | 232 | 3,140 | 65 | 21 | 7 | 7 |
| Other environmental services | 7,900 | 1,653 | 791 | 266 | 10,611 | 74 | 16 | 7 | 3 |
| Law, order and protective services | 16,363 | 1,902 | 947 | 1,094 | 20,306 | 81 | 9 | 5 | 5 |
| Trade, industry, energy and employment | 5,833 | 1,087 | 550 | 449 | 7,919 | 74 | 14 | 7 | 6 |
| Agriculture, fisheries, food and forestry | 2,909 | 1,351 | 416 | 519 | 5,195 | 56 | 26 | 8 | 10 |
| Culture, Media and Sport | 4,463 | 415 | 232 | 118 | 5,228 | 85 | 8 | 4 | 2 |
| Social Protection | 83,789 | 9,554 | 5,783 | 3,481 | 102,606 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 2,248 | 199 | 230 | 190 | 2,867 | 78 | 7 | 8 | 7 |
| Total | 222,978 | 29,065 | 15,561 | 10,462 | 278,067 | 80 | 10 | 6 | 4 |

Table 8.5b Identifiable expenditure on services, by country, per head, 2000-01

| | £ per head | | | | | Index (United Kingdom identifiable expenditure = 100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 716 | 880 | 752 | 1,019 | 740 | 97 | 119 | 102 | 138 |
| Health and personal social services | 1,083 | 1,360 | 1,259 | 1,290 | 1,121 | 97 | 121 | 112 | 115 |
| Roads and transport | 150 | 181 | 158 | 134 | 153 | 98 | 119 | 104 | 88 |
| Housing | 41 | 131 | 75 | 138 | 53 | 77 | 248 | 143 | 262 |
| Other environmental services | 158 | 327 | 269 | 158 | 178 | 89 | 184 | 151 | 89 |
| Law, order and protective services | 327 | 376 | 321 | 650 | 340 | 96 | 111 | 94 | 191 |
| Trade, industry, energy and employment | 117 | 215 | 187 | 267 | 133 | 88 | 162 | 141 | 201 |
| Agriculture, fisheries, food and forestry | 58 | 267 | 141 | 309 | 87 | 67 | 307 | 162 | 355 |
| Culture, Media and Sport | 89 | 82 | 79 | 70 | 88 | 102 | 94 | 90 | 80 |
| Social Protection | 1,676 | 1,889 | 1,963 | 2,068 | 1,719 | 97 | 110 | 114 | 120 |
| Miscellaneous expenditure ⁽¹⁾ | 45 | 39 | 78 | 113 | 48 | | | | |
| Total | 4,460 | 5,746 | 5,282 | 6,217 | 4,659 | 96 | 123 | 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 8.6a Identifiable expenditure on services, by country, 2001-02

| | resources, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|----------------------|---------------|---------------|---------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 40,107 | 4,992 | 2,587 | 1,771 | 49,457 | 81 | 10 | 5 | 4 |
| Health and personal social services | 60,196 | 7,658 | 3,934 | 2,320 | 74,108 | 81 | 10 | 5 | 3 |
| Roads and transport | 9,577 | 1,136 | 514 | 246 | 11,473 | 83 | 10 | 4 | 2 |
| Housing | 3,036 | 836 | 248 | 173 | 4,293 | 71 | 19 | 6 | 4 |
| Other environmental services | 8,642 | 1,862 | 877 | 298 | 11,680 | 74 | 16 | 8 | 3 |
| Law, order and protective services | 18,651 | 2,219 | 1,068 | 1,184 | 23,121 | 81 | 10 | 5 | 5 |
| Trade, industry, energy and employment | 6,169 | 1,062 | 563 | 485 | 8,279 | 75 | 13 | 7 | 6 |
| Agriculture, fisheries, food and forestry | 3,760 | 1,746 | 537 | 671 | 6,714 | 56 | 26 | 8 | 10 |
| Culture, Media and Sport | 4,566 | 176 | 273 | 70 | 5,086 | 90 | 3 | 5 | 1 |
| Social Protection | 88,979 | 10,163 | 6,131 | 3,723 | 108,996 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 2,454 | 176 | 321 | 233 | 3,184 | 77 | 6 | 10 | 7 |
| Total | 246,138 | 32,026 | 17,052 | 11,175 | 306,391 | 80 | 10 | 6 | 4 |

Table 8.6b Identifiable expenditure on services, by country, per head, 2001-02

| | £ per head | | | | | Index (United Kingdom identifiable expenditure=100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 816 | 986 | 891 | 1,048 | 841 | 97 | 117 | 106 | 125 |
| Health and personal social services | 1,224 | 1,512 | 1,355 | 1,374 | 1,260 | 97 | 120 | 108 | 109 |
| Roads and transport | 195 | 224 | 177 | 146 | 195 | 100 | 115 | 91 | 75 |
| Housing | 62 | 165 | 86 | 102 | 73 | 85 | 226 | 117 | 140 |
| Other environmental services | 176 | 368 | 302 | 177 | 199 | 89 | 185 | 152 | 89 |
| Law, order and protective services | 379 | 438 | 368 | 701 | 393 | 97 | 112 | 94 | 178 |
| Trade, industry, energy and employment | 125 | 210 | 194 | 287 | 141 | 89 | 149 | 138 | 204 |
| Agriculture, fisheries, food and forestry | 76 | 345 | 185 | 398 | 114 | 67 | 302 | 162 | 348 |
| Culture, Media and Sport | 93 | 35 | 94 | 42 | 86 | 107 | 40 | 109 | 48 |
| Social Protection | 1,809 | 2,007 | 2,112 | 2,204 | 1,853 | 98 | 108 | 114 | 119 |
| Miscellaneous expenditure ⁽¹⁾ | 50 | 35 | 111 | 138 | 54 | | | | |
| Total | 5,005 | 6,324 | 5,874 | 6,616 | 5,207 | 96 | 121 | 113 | 127 |

(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 Identifiable expenditure⁽¹⁾: Total expenditure on services⁽²⁾ analysed by country and function, 2001–02

| | Identifiable expenditure | | | | | | | | | | | resources, £ million | | |
|---|--------------------------|---------------|-----------------------------------|---------------|---------------|--|--------------|---------------|-------------------------|----------------------------|----------------------|----------------------|---|----------------|
| | England | Total | Scotland | | Total | Wales | | Total | Northern Ireland | | | Total | Non Identifiable ^(5 & 6) | United Kingdom |
| | | | Scottish Executive ⁽³⁾ | Other | | National Assembly for Wales ⁽⁴⁾ | Other | | Northern Ireland Office | Northern Ireland Executive | Other ⁽³⁾ | | | |
| Education | 40,107 | 4,992 | 4,992 | 0 | 2,587 | 2,496 | 91 | 1,771 | | 1,771 | 0 | 49,457 | 9 | 49,466 |
| Health and personal social services | 60,196 | 7,658 | 7,657 | 1 | 3,934 | 3,933 | 0 | 2,320 | | 2,320 | 0 | 74,108 | 224 | 74,331 |
| Roads and transport | 9,577 | 1,136 | 962 | 174 | 514 | 429 | 85 | 246 | | 237 | 8 | 11,473 | 15 | 11,487 |
| Housing | 3,036 | 836 | 686 | 150 | 248 | 248 | 0 | 173 | | 173 | 0 | 4,293 | | 4,293 |
| Other environmental services | 8,642 | 1,862 | 2,265 | -403 | 877 | 829 | 49 | 298 | | 289 | 9 | 11,680 | 17 | 11,697 |
| Law, order and protective services | 18,651 | 2,219 | 2,006 | 213 | 1,068 | 0 | 1,068 | 1,184 | 974 | 55 | 155 | 23,121 | 9 | 23,131 |
| Defence | | | | | | | | | | | | | 24,040 | 24,040 |
| Overseas services | | | | | | | | | | | | | 5,017 | 5,017 |
| Trade, industry, energy and employment | 6,169 | 1,062 | 603 | 458 | 563 | 265 | 298 | 485 | | 465 | 20 | 8,279 | 2,988 | 11,267 |
| Agriculture, fisheries, food and forestry | 3,760 | 1,746 | 596 | 1,150 | 537 | 231 | 306 | 671 | | 375 | 296 | 6,714 | 323 | 7,037 |
| Culture, Media and Sport | 4,566 | 176 | 287 | -111 | 273 | 89 | 183 | 70 | | 31 | 39 | 5,086 | 1 | 5,087 |
| Social Protection | 88,979 | 10,163 | | 10,163 | 6,131 | | 6,131 | 3,723 | | 3,723 | 0 | 108,996 | 7,667 | 116,662 |
| Miscellaneous expenditure ⁽⁵⁾ | 2,454 | 176 | 153 | 23 | 321 | 289 | 32 | 233 | 32 | 200 | 0 | 3,184 | 6,703 | 9,887 |
| Total | 246,138 | 32,026 | 20,208 | 11,818 | 17,052 | 8,810 | 8,243 | 11,175 | 1,006 | 9,640 | 528 | 306,391 | 47,012 | 353,402 |

(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) 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.

(6) Also included in the "Non-identifiable" cell for social protection are tax credits – WFTC/DPTC. See footnote 2 of Table 8.8.

Table 8.8 Non-identifiable expenditure by programme, 1997-98 to 2001-02

| | cash, £ million | | | resources, £ million | |
|---|-----------------|---------------|---------------|----------------------|---------------|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| Defence and overseas services | 23,809 | 25,796 | 26,143 | 28,983 | 29,045 |
| BSE related expenditure | 862 | 458 | 344 | 121 | 176 |
| Science and technology | 1,862 | 1,955 | 1,925 | 2,077 | 2,313 |
| BNFL | 432 | 466 | 477 | 518 | 591 |
| British Coal Corporation | 51 | 6 | 1 | 0 | 0 |
| Net medical payments to European Economic Area countries ⁽¹⁾ | 163 | 127 | 171 | 206 | 224 |
| Records, registrations and surveys | 46 | 39 | 40 | 42 | 46 |
| War pensions and pensions paid to UK nationals abroad | 1,906 | 2,435 | 2,531 | 2,758 | 2,667 |
| Net payments to EC institutions | 2,153 | 3,590 | 2,806 | 3,697 | 771 |
| Cabinet Office | 59 | 85 | 174 | 206 | 251 |
| Parliament and associated expenditure | 337 | 363 | 368 | 352 | 357 |
| Office for National Statistics | 95 | 97 | 101 | 146 | 194 |
| Tax collection and funding for Bank of England ⁽²⁾ | 2,880 | 3,063 | 4,566 | 6,974 | 9,010 |
| Civil service superannuation | 91 | 87 | 78 | 68 | 57 |
| Security and intelligence services | 704 | 686 | 704 | 760 | 829 |
| Smaller programmes | -64 | 340 | 227 | 262 | 483 |
| Total | 35,386 | 39,593 | 40,655 | 47,170 | 47,012 |

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

(2) Includes tax credit payments in excess of an individual's tax liability.

Table 8.9 Total identified expenditure by region, 1998-99 to 2001-02

| Region | cash, £ millions | | resources, £ million | |
|--------------------|------------------|----------------|----------------------|----------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| North East | 11,673 | 12,505 | 13,191 | 14,566 |
| North West | 29,855 | 31,514 | 33,272 | 36,256 |
| Yorkshire & Humber | 20,274 | 21,022 | 23,387 | 25,569 |
| East Midlands | 15,707 | 16,683 | 17,631 | 19,442 |
| West Midlands | 21,191 | 22,268 | 23,516 | 25,908 |
| South West | 18,494 | 19,737 | 20,921 | 22,768 |
| Eastern | 19,609 | 20,791 | 22,237 | 23,901 |
| London | 34,038 | 35,910 | 37,075 | 42,192 |
| South East | 29,070 | 30,127 | 31,747 | 35,537 |
| Total | 199,912 | 210,555 | 222,978 | 246,138 |

| Region | £ per head | | | |
|--------------------|--------------|--------------|--------------|--------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| North East | 4,507 | 4,845 | 5,119 | 5,787 |
| North West | 4,332 | 4,580 | 4,826 | 5,386 |
| Yorkshire & Humber | 4,020 | 4,165 | 4,624 | 5,148 |
| East Midlands | 3,768 | 3,981 | 4,190 | 4,657 |
| West Midlands | 3,974 | 4,173 | 4,408 | 4,919 |
| South West | 3,774 | 3,999 | 4,205 | 4,615 |
| Eastern | 3,647 | 3,837 | 4,073 | 4,430 |
| London | 4,736 | 4,929 | 5,027 | 5,870 |
| South East | 3,632 | 3,729 | 3,912 | 4,438 |
| Total | 4,039 | 4,232 | 4,460 | 5,005 |

Table 8.10a Identifiable expenditure, by region and function, 1998–99

| | cash, £ million | | | | | | | | | |
|---|-----------------|---------------|-----------------------------|------------------|------------------|---------------|---------------|---------------|---------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 1,690 | 4,533 | 3,154 | 2,547 | 3,520 | 2,906 | 3,214 | 5,120 | 4,686 | 31,369 |
| Health and personal social services | 2,546 | 6,608 | 4,821 | 3,645 | 4,830 | 4,268 | 4,540 | 8,255 | 6,837 | 46,351 |
| Roads and transport | 347 | 819 | 535 | 542 | 642 | 687 | 840 | 1,565 | 1,240 | 7,217 |
| Housing | 122 | 420 | 227 | 87 | 127 | -10 | 118 | 1,321 | 200 | 2,612 |
| Other environmental services | 402 | 832 | 635 | 517 | 714 | 581 | 674 | 1,044 | 982 | 6,381 |
| Law, order and protective services | 777 | 2,005 | 1,365 | 1,031 | 1,406 | 1,231 | 1,283 | 2,979 | 1,942 | 14,020 |
| Trade, industry, energy and employment | 384 | 828 | 456 | 311 | 464 | 406 | 413 | 672 | 671 | 4,605 |
| Agriculture, fisheries, food and forestry | 53 | 297 | 312 | 239 | 273 | 242 | 319 | 272 | 440 | 2,445 |
| Culture, Media and Sport | 254 | 617 | 357 | 280 | 393 | 323 | 369 | 830 | 577 | 4,000 |
| Social Protection | 4,996 | 12,580 | 8,262 | 6,374 | 8,650 | 7,718 | 7,668 | 11,657 | 11,222 | 79,125 |
| Central administration and miscellaneous | 102 | 315 | 151 | 135 | 172 | 143 | 171 | 324 | 274 | 1,786 |
| Total | 11,673 | 29,855 | 20,274 | 15,707 | 21,191 | 18,494 | 19,609 | 34,038 | 29,070 | 199,912 |

Table 8.10b Identifiable expenditure per head, by region and function, 1998–99

| | £ per head | | | | | | | | | |
|---|--------------|--------------|-----------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 652 | 658 | 625 | 611 | 660 | 593 | 598 | 712 | 585 | 634 |
| Health and personal social services | 983 | 959 | 956 | 874 | 906 | 871 | 844 | 1,149 | 854 | 936 |
| Roads and transport | 134 | 119 | 106 | 130 | 120 | 140 | 156 | 218 | 155 | 146 |
| Housing | 47 | 61 | 45 | 21 | 24 | -2 | 22 | 184 | 25 | 53 |
| Other environmental services | 155 | 121 | 126 | 124 | 134 | 118 | 125 | 145 | 123 | 129 |
| Law, order and protective services | 300 | 291 | 271 | 247 | 264 | 251 | 239 | 414 | 243 | 283 |
| Trade, industry, energy and employment | 148 | 120 | 90 | 75 | 87 | 83 | 77 | 94 | 84 | 93 |
| Agriculture, fisheries, food and forestry | 20 | 43 | 62 | 57 | 51 | 49 | 59 | 38 | 55 | 49 |
| Culture, Media and Sport | 98 | 90 | 71 | 67 | 74 | 66 | 69 | 116 | 72 | 81 |
| Social Protection | 1,929 | 1,826 | 1,638 | 1,529 | 1,622 | 1,575 | 1,426 | 1,622 | 1,402 | 1,599 |
| Central administration and miscellaneous | 39 | 46 | 30 | 32 | 32 | 29 | 32 | 45 | 34 | 36 |
| Total | 4,507 | 4,332 | 4,020 | 3,768 | 3,974 | 3,774 | 3,647 | 4,736 | 3,632 | 4,039 |

Table 8.11a Identifiable expenditure, by region and function, 1999–00

| | cash, £ million | | | | | | | | | |
|---|-----------------|---------------|-----------------------------|------------------|------------------|---------------|---------------|---------------|---------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 1,778 | 4,785 | 3,351 | 2,685 | 3,703 | 3,102 | 3,564 | 5,397 | 4,612 | 32,975 |
| Health and personal social services | 2,790 | 7,283 | 5,224 | 3,873 | 5,180 | 4,604 | 4,915 | 9,131 | 7,462 | 50,462 |
| Roads and transport | 375 | 849 | 493 | 545 | 633 | 731 | 860 | 1,519 | 1,198 | 7,204 |
| Housing | 54 | 261 | 128 | 55 | 103 | 102 | 49 | 1,007 | 132 | 1,893 |
| Other environmental services | 465 | 1,102 | 337 | 603 | 740 | 543 | 633 | 1,348 | 1,101 | 6,873 |
| Law, order and protective services | 842 | 2,155 | 1,463 | 1,115 | 1,516 | 1,322 | 1,392 | 3,201 | 2,111 | 15,117 |
| Trade, industry, energy and employment | 491 | 947 | 596 | 377 | 539 | 430 | 420 | 698 | 696 | 5,193 |
| Agriculture, fisheries, food and forestry | 92 | 273 | 309 | 240 | 261 | 221 | 353 | 255 | 383 | 2,388 |
| Culture, Media and Sport | 317 | 588 | 412 | 330 | 408 | 364 | 388 | 924 | 620 | 4,352 |
| Social Protection | 5,185 | 13,006 | 8,552 | 6,712 | 8,992 | 8,146 | 8,024 | 12,060 | 11,523 | 82,199 |
| Central administration and miscellaneous | 115 | 265 | 158 | 147 | 192 | 172 | 191 | 370 | 289 | 1,900 |
| Total | 12,505 | 31,514 | 21,022 | 16,683 | 22,268 | 19,737 | 20,791 | 35,910 | 30,127 | 210,555 |

Table 8.11b Identifiable expenditure per head, by region and function, 1999–00

| | £ per head | | | | | | | | | |
|---|--------------|--------------|-----------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 689 | 695 | 664 | 641 | 694 | 628 | 658 | 741 | 571 | 663 |
| Health and personal social services | 1,081 | 1,058 | 1,035 | 924 | 971 | 933 | 907 | 1,253 | 924 | 1,014 |
| Roads and transport | 145 | 123 | 98 | 130 | 119 | 148 | 159 | 208 | 148 | 145 |
| Housing | 21 | 38 | 25 | 13 | 19 | 21 | 9 | 138 | 16 | 38 |
| Other environmental services | 180 | 160 | 67 | 144 | 139 | 110 | 117 | 185 | 136 | 138 |
| Law, order and protective services | 326 | 313 | 290 | 266 | 284 | 268 | 257 | 439 | 261 | 304 |
| Trade, industry, energy and employment | 190 | 138 | 118 | 90 | 101 | 87 | 77 | 96 | 86 | 104 |
| Agriculture, fisheries, food and forestry | 36 | 40 | 61 | 57 | 49 | 45 | 65 | 35 | 47 | 48 |
| Culture, Media and Sport | 123 | 86 | 82 | 79 | 77 | 74 | 72 | 127 | 77 | 87 |
| Social Protection | 2,009 | 1,890 | 1,694 | 1,602 | 1,685 | 1,650 | 1,481 | 1,656 | 1,426 | 1,652 |
| Central administration and miscellaneous | 45 | 38 | 31 | 35 | 36 | 35 | 35 | 51 | 36 | 38 |
| Total | 4,845 | 4,580 | 4,165 | 3,981 | 4,173 | 3,999 | 3,837 | 4,929 | 3,729 | 4,232 |

Table 8.12a Identifiable expenditure, by region and function, 2000–01

| | resources, £ million | | | | | | | | | |
|---|----------------------|---------------|-----------------------------|------------------|------------------|---------------|---------------|---------------|---------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 1,905 | 5,129 | 3,725 | 2,934 | 3,943 | 3,341 | 3,777 | 5,622 | 5,406 | 35,781 |
| Health and personal social services | 2,960 | 7,873 | 5,516 | 4,102 | 5,490 | 5,128 | 5,262 | 9,873 | 7,967 | 54,171 |
| Roads and transport | 446 | 853 | 587 | 578 | 660 | 701 | 846 | 1,671 | 1,153 | 7,497 |
| Housing | 21 | 277 | 156 | 71 | 107 | 115 | 65 | 1,122 | 90 | 2,025 |
| Other environmental services | 503 | 1,231 | 874 | 664 | 785 | 713 | 772 | 1,247 | 1,112 | 7,900 |
| Law, order and protective services | 881 | 2,336 | 1,593 | 1,212 | 1,612 | 1,462 | 1,586 | 3,334 | 2,347 | 16,363 |
| Trade, industry, energy and employment | 547 | 1,060 | 672 | 403 | 608 | 478 | 484 | 786 | 795 | 5,833 |
| Agriculture, fisheries, food and forestry | 80 | 264 | 508 | 355 | 339 | 234 | 609 | 186 | 334 | 2,909 |
| Culture, Media and Sport | 290 | 565 | 729 | 289 | 483 | 406 | 393 | 747 | 561 | 4,463 |
| Social Protection | 5,410 | 13,368 | 8,826 | 6,856 | 9,280 | 8,156 | 8,224 | 12,001 | 11,668 | 83,789 |
| Central administration and miscellaneous | 148 | 317 | 203 | 168 | 209 | 187 | 217 | 485 | 314 | 2,248 |
| Total | 13,191 | 33,272 | 23,387 | 17,631 | 23,516 | 20,921 | 22,237 | 37,075 | 31,747 | 222,978 |

Table 8.12b Identifiable expenditure per head, by region and function, 2000–01

| | £ per head | | | | | | | | | |
|---|--------------|--------------|-----------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 739 | 744 | 736 | 697 | 739 | 672 | 692 | 762 | 666 | 716 |
| Health and personal social services | 1,149 | 1,142 | 1,090 | 975 | 1,029 | 1,031 | 964 | 1,339 | 982 | 1,083 |
| Roads and transport | 173 | 124 | 116 | 137 | 124 | 141 | 155 | 227 | 142 | 150 |
| Housing | 8 | 40 | 31 | 17 | 20 | 23 | 12 | 152 | 11 | 41 |
| Other environmental services | 195 | 179 | 173 | 158 | 147 | 143 | 141 | 169 | 137 | 158 |
| Law, order and protective services | 342 | 339 | 315 | 288 | 302 | 294 | 290 | 452 | 289 | 327 |
| Trade, industry, energy and employment | 212 | 154 | 133 | 96 | 114 | 96 | 89 | 107 | 98 | 117 |
| Agriculture, fisheries, food and forestry | 31 | 38 | 100 | 84 | 64 | 47 | 112 | 25 | 41 | 58 |
| Culture, Media and Sport | 113 | 82 | 144 | 69 | 91 | 82 | 72 | 101 | 69 | 89 |
| Social Protection | 2,099 | 1,939 | 1,745 | 1,629 | 1,739 | 1,639 | 1,506 | 1,627 | 1,438 | 1,676 |
| Central administration and miscellaneous | 57 | 46 | 40 | 40 | 39 | 38 | 40 | 66 | 39 | 45 |
| Total | 5,119 | 4,826 | 4,624 | 4,190 | 4,408 | 4,205 | 4,073 | 5,027 | 3,912 | 4,460 |

Table 8.13a Identifiable expenditure, by region and function, 2001-02

| | resources, £ million | | | | | | | | | |
|---|----------------------|---------------|-----------------------------|------------------|------------------|---------------|---------------|---------------|---------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 2,220 | 5,731 | 4,193 | 3,284 | 4,368 | 3,593 | 3,951 | 6,799 | 5,968 | 40,107 |
| Health and personal social services | 3,294 | 8,606 | 5,974 | 4,623 | 6,297 | 5,610 | 5,851 | 10,874 | 9,067 | 60,196 |
| Roads and transport | 388 | 1,020 | 750 | 686 | 810 | 705 | 957 | 2,738 | 1,522 | 9,577 |
| Housing | 170 | 477 | 280 | 80 | 181 | 188 | 17 | 1,419 | 225 | 3,036 |
| Other environmental services | 564 | 1,319 | 923 | 689 | 878 | 792 | 831 | 1,413 | 1,234 | 8,642 |
| Law, order and protective services | 1,045 | 2,685 | 1,768 | 1,403 | 1,823 | 1,642 | 1,722 | 3,873 | 2,690 | 18,651 |
| Trade, industry, energy and employment | 594 | 1,091 | 803 | 465 | 654 | 498 | 473 | 821 | 769 | 6,169 |
| Agriculture, fisheries, food and forestry | 167 | 433 | 568 | 387 | 401 | 329 | 554 | 363 | 558 | 3,760 |
| Culture, Media and Sport | 304 | 575 | 674 | 297 | 468 | 397 | 402 | 871 | 579 | 4,566 |
| Social Protection | 5,666 | 13,991 | 9,421 | 7,343 | 9,810 | 8,795 | 8,919 | 12,437 | 12,597 | 88,979 |
| Central administration and miscellaneous | 153 | 327 | 215 | 185 | 218 | 220 | 225 | 584 | 328 | 2,454 |
| Total | 14,566 | 36,256 | 25,569 | 19,442 | 25,908 | 22,768 | 23,901 | 42,192 | 35,537 | 246,138 |

Table 8.13b Identifiable expenditure per head, by region and function, 2001-02

| | £ per head | | | | | | | | | |
|---|--------------|--------------|-----------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 882 | 851 | 844 | 787 | 829 | 728 | 732 | 946 | 745 | 815 |
| Health and personal social services | 1,309 | 1,278 | 1,203 | 1,107 | 1,196 | 1,137 | 1,085 | 1,513 | 1,132 | 1,224 |
| Roads and transport | 154 | 152 | 151 | 164 | 154 | 143 | 177 | 381 | 190 | 195 |
| Housing | 68 | 71 | 56 | 19 | 34 | 38 | 3 | 197 | 28 | 62 |
| Other environmental services | 224 | 196 | 186 | 165 | 167 | 160 | 154 | 197 | 154 | 176 |
| Law, order and protective services | 415 | 399 | 356 | 336 | 346 | 333 | 319 | 539 | 336 | 379 |
| Trade, industry, energy and employment | 236 | 162 | 162 | 111 | 124 | 101 | 88 | 114 | 96 | 125 |
| Agriculture, fisheries, food and forestry | 66 | 64 | 114 | 93 | 76 | 67 | 103 | 51 | 70 | 76 |
| Culture, Media and Sport | 121 | 85 | 136 | 71 | 89 | 80 | 74 | 121 | 72 | 93 |
| Social Protection | 2,251 | 2,078 | 1,897 | 1,759 | 1,863 | 1,782 | 1,653 | 1,730 | 1,573 | 1,809 |
| Central administration and miscellaneous | 61 | 49 | 43 | 44 | 41 | 45 | 42 | 81 | 41 | 50 |
| Total | 5,787 | 5,386 | 5,148 | 4,657 | 4,919 | 4,615 | 4,430 | 5,870 | 4,438 | 5,005 |

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, except that the figures for the main spending aggregates – DEL, AME, and TME – and the DEL Reserve and AME Margin are rounded to the nearest £100 million from 2003–04 onwards.

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 2001–02 prices.

2002–2003 ESTIMATED OUTTURN

A.4 The estimated outturns for individual departments for 2002–03 are based on the latest information available from departments. The estimated outturns for resource and capital DEL for 2002–03 include an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

DATA IN TABLES

A.5 In this edition of PESA all budgeting data, plans and outturns are presented in resource terms. Consistent data on a resource basis are only available back to 1998–99. As a result most of the tables that show plans or projections to 2005–06 cover a period of eight years, from 1998–99 to 2005–06.

A.6 For most of the tables that do not show plans years, for example most of the public sector spending tables in Chapter 3, tables for this edition of PESA cover a period of six years, from 1997–98 to 2002–03. In these tables the first three years, to 1999–2000, use cash data, and the last three years, from 2000–01, use resource data, with a break in series between the cash and resource years. In a few cases, for example **Table 4.5**, data is shown over nine years, from 1997–98 to 2005–06, with the first three years using cash data and the last six years resource data. All tables indicate whether data are cash or resource.

A.7 One exception to the foregoing general rules as regards use of cash and resource data is data for local authorities expenditure, which are only available on a cash basis. However Central Government support to local authorities is presented in Chapter 6 on the same mixed cash and resource basis as other central government expenditure.

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 uprated 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 uprated in April, but in line with the change in the Retail Prices Index over the same period. The uprating factors used for the projections in this publication were Rossi, 2 per cent for 2003–04; 2¼ per cent for 2004–05; and 2 per cent for 2005–06; for the RPI, 2¼ per cent for 2003–04; 2¾ per cent for 2004–05; and 3 per cent for 2005–06.
 - (b) UK claimant unemployment is assumed to rise slowly from recent levels of 0.93 million to 1.03 million in 2005–06, consistent with the average of independent forecasts.
 - (c) Further details on economic assumptions can be found in the April 2003 Financial Statement and Budget Report, (HC500), paragraph C.24.

ECONOMIC GROWTH AND INFLATION

A.10 General inflation as measured by the GDP deflator is forecast to be 2¼ per cent in 2003–04, and 2½ per cent in 2004–05 and 2005–06.

A.11 GDP is projected to rise 2¼ per cent in 2003–04; 3¼ per cent in 2004–05, and 3 per cent in 2005–06.

APPENDIX B COVERAGE OF THE ACCOUNTING ADJUSTMENTS IN THE BUDGETING PRESENTATION OF TME

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 Since 2001–02, Government departments have been accounting for, and budgeting 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 AME (departmental and other) (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 departmental and other AME.

CHANGES SINCE PESA 2002–03

B.4 The budgeting presentation of TME in Table 1.1 follows the full resource budgeting regime introduced in SR2002. The equivalent table in PESA 2002–03 followed SR2000 budgeting (it appears in this year’s PESA as Table 1.16). Changes to the accounting adjustments since PESA 2002–03 mostly reflect the new budgeting regime.

B.5 In general, under SR2002 budgeting rules, the creation, change in, and release of provisions is in DEL, and the actual expenditure funded by the release of provisions is also in DEL (offset by the release of provisions). National accounts does not record provisions but instead records the actual expenditure funded by the release of provision. Under SR2000 budgeting, actual expenditure funded by the release of provisions was in DEL, and the movements in provision were in AME. So a new accounting adjustment is needed to either remove the negative non-cash entry for the release of provisions, or to add the expenditure funded by the release of provisions, (the same amount). For a few types of provisions, (such as nuclear decommissioning) the provisions remain in AME (as was the case under SR2000 budgeting) and so there is no need for this new adjustment in those cases.

Under SR2002 budgeting rules the profit/loss on sale of capital assets is recorded as resource expenditure, but in national accounts it is capital. So there is a need for a current to capital accounting adjustment.

The budgeting treatment of public corporations changed between SR2000 and SR2002. National accounts treatment was unchanged, so this led to a number of changes to the accounting adjustments.

Under SR2002, most receipts of interest and dividends are recorded in DEL. In national accounts such receipts are revenue and not netted-off TME. An accounting adjustment is needed to remove the interest and dividends in DEL.

B.6 There are a number of other changes to accounting adjustments from PESA 2002–03 that do not derive from the new budgeting regime. Certain tax credits previously recorded in the accounting adjustments are now recorded as departmental in AME. These have been removed from the accounting adjustments.

Since 2002–03 central government departments have been able to net off in DEL 50 per cent of the receipts they obtain from EU funded research projects. This income also forms part of the EU net contributions line in AME so has to be added back in the accounting adjustments.

Government guarantees part of the borrowing of Network Rail. To reflect the benefit of this to the company, ONS in national accounts impute a subsidy. This needs to be added in the accounting adjustments because the imputed subsidy is not in departmental budgets. Note that ONS impute an interest receipt to offset the subsidy in the fiscal balances.

From 2003–04 the adoption of the accounting standard FRS17 will require pension schemes preparing separate scheme statements under Chapter 15 of the Resource Accounting Manual to reflect the accruing pension costs of scheme members. A provision for the present value of the scheme liabilities is recognised on the balance sheet and this will then be used to meet future pension costs. The introduction of FRS17 in budgets is being treated as a classification change – which means that figures for earlier years have been restated as if FRS17 had applied.

The resource accounting treatment, and the budgeting treatment presented in AME, score any increase in liabilities accrued in the period less contributions received from employers, employees and inward transfers. The actual benefits payable to scheme members are charged directly to the balance sheet and offset in budgets by the release of the provision. National accounts do not recognise the accruing increases to liabilities as a cost; what scores is the actual benefits in the period they are paid to recipients. A new accounting adjustment is required this year therefore.

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 and impairments included in central government departmental resource budgets, as measured by departments, are deducted. ONS expect to start using the depreciation figures produced by departments in national accounts in Blue Book 2004.

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 locally financed expenditure 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 subsidies to NHS.
- (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 treats 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, and thus included in DELs, and in the AME line for expenditure under the Common Agricultural Policy (CAP). Other AME 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 EC-funded 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.
- (vii) Add receipts from EU funded research projects that are netted-off in DEL. These are 50 per cent of the total receipts for eligible projects.

Tax Credits

- (viii) Add payments of certain tax credits which score as government expenditure in national accounts but are not included as expenditure in departmental AME. This includes: Mortgage Interest Relief, Life Assurance Premium Relief, Private Medical Insurance Premium Relief, Vocational Training Relief (part up to 1998–99; all from 1999–00), Working Families Tax Credit and Disabled Persons Tax Credit (from 1999–00), 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. In departmental AME the amounts of these tax credits paid in excess of any tax liability (for example amounts paid to non-tax payers) is recorded as expenditure. So an accounting adjustment is needed for the amounts treated as expenditure in national accounts but not recorded as expenditure in AME

The national accounts treatment of the new tax credits (Working Tax Credit and the Child Tax Credit) will differ from the treatment for the existing ones. Amounts given to a household that are below its total tax liability will be netted-off tax, amounts given in excess of a household's tax liability will be treated as public expenditure. This new treatment has been anticipated in the figures for 2003–04 when the new tax credits begin. No accounting adjustments will be needed for these tax credits since they are included in departmental AME on the same basis as national accounts.

Adjustments for pensions accounted for under FRS17

As detailed above the costs in AME in respect of pensions are measured as the increase in the liabilities held by pension schemes. The adjustments to get from the costs in AME are as follows:

- (a) Remove increases to the liabilities arising from current and past service costs, employee and employer additional contributions, and group and individual transfers into the scheme scored in the net public sector pensions line.
- (b) Remove increases to the liabilities arising from the unwinding of the discount rate that is scored in the other non-cash items in AME.
- (c) Add in the expenditure charged directly to the liability on the scheme balance sheet. Typically this will be cash transfers for members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out of the scheme.

Adjustments for local authorities

- (ix) Deduct licence fees that are treated as revenue in the calculation of locally financed expenditure in AME, but are netted-off expenditure in national accounts.
- (x) 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 locally financed expenditure, but are included as LA expenditure in national accounts.
- (xi) Deduct capital grants paid by local authorities to public corporations since these are a flow within the public sector that adds to locally financed expenditure but the capital expenditure they finance is in the line for Public Corporation's Own Financed Capital Expenditure (PCOFCE). This mainly concerns payments by the Transport for London.
- (xii) Deduct local authority receipts of investment grants from private sector developers. Investment grants from private sector developers and the institutions of the European Union are included in the definition of locally financed expenditure, since they are income sources outside central government, but they are netted-off in TME so have to be deducted somewhere else in AME. The investment grants from the EU are deducted in the line for the net EU contribution which leaves the grants from private developers which have to be deducted in the accounting adjustments.
- (xiii) Add the difference between the amounts recorded by ONS, and amounts recorded in budgets, for central government grants to LAs. The difference here is defined as the amount recorded by ONS less the amount recorded

by Treasury. This adjustment is needed because outturn for locally financed expenditure is measured in terms of national accounts' data, but the presentation of TME in terms of DEL plus AME uses grants recorded by Treasury in DEL and AME.

Other accounting adjustments affecting local authorities are included in other categories such as the addition of VAT refunds and national accounts' depreciation, and the removal of intra-public sector interest flows and financial transactions.

Adjustments for Public Corporations

Under the resource budgeting regime for the 2002 Spending Review, a department's resource budget includes certain items in respect of each of its public corporations. In most cases these items are:

- (a) subsidies and capital grants paid by the department to public corporations;
- (b) loans given by the department to public corporations – either voted or from NLF;
- (c) dividends (including equity withdrawals) and interest received from public corporations;
- (d) a capital charge on the loans and public dividend capital invested in public corporations.

For most public corporations, these items score in DEL, but for self-financing public corporations (SFPCs) they score in departmental AME (except for subsidies and grants, which are always in DEL).

TME includes the first item only, so the last three items have to be deducted.

TME includes PC capital expenditure, and interest and dividends paid by PCs to the private sector. Other AME includes public corporations' own-financed capital expenditure, that is, capital expenditure less CG grant and loan finance for it. So the deduction of loans is effected in Other AME.

NHS trusts and the Forestry Enterprise are PCs that have a different budgeting treatment. Their profit/loss and actual capital expenditure scores in budgets rather than grants and loans given, and the trust debt remuneration actually received. This profit has to be removed in the accounting adjustments. Crown Estate is also different: subsidies to it score in departmental AME and the dividend it pays is outside budgets.

So the adjustments needed are

- (xiv) Add interest and dividend receipts from PCs that are counted (-vc) in DEL or (for SFPCs) in departmental AME.
- (xv) 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.
- (xvi) Add to current expenditure the depreciation recorded in the accounts of NHS trusts. The prices paid by the Department for Health (DH) for the services of NHS trusts cover the full economic costs of those services so it includes an amount to cover depreciation. This is an amount retained by trusts to fund capital expenditure. The charges paid by DH for NHS services

is in resource DEL. NHS trusts' capital expenditure is in DH capital DEL. 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 undo the adjustment made to DEL, since the "double counting" is in TME. The adjustment also applies to health DEL in the devolved administrations.

- (xvii) 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 ODPM's DEL.
- (xviii) Add receipts from public corporations of interest, dividends and equity withdrawals, that are netted-off in DEL or departmental AME. (Note that central government interest paid to public corporations is netted-off in the main CG debt interest line.)

The adjustment to remove capital charges included in DEL is one of the adjustments for non-cash items included below (see xxxiv).

Intra General Government Sector Debt Interest

- (xix) Deduct debt interest paid by local authorities to central government.
- (xx) Add LA debt interest ultimately financed by CG housing subsidy.

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 or the debt interest figures in AME in other AME, and add back any interest receipts from the private sector netted-off in departmental budgets.

Local authority expenditure is the sum of central government support in DEL and departmental AME, plus locally financed expenditure, and accounting adjustments relevant to local authorities. Local authority expenditure includes local authority debt interest (LADI) most of which is paid to central government. TME includes only LADI paid to the private sector. In the adjustments it is therefore necessary to subtract LADI paid to central government and public corporations.

There is one further complication. Central government subsidies paid to local authority housing revenue accounts do not count as CG support for LAs; neither do they count as locally financed expenditure. So LA debt interest financed by housing subsidy (through the payment to LAs of the full HRA surplus) has to be added into the accounting adjustments, in order to provide a measure of total LA expenditure in line with TME.

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 cash flow 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.

- (xxi) Deduct loans, net of repayments of loans, to the private sector and overseas that score in DEL and departmental AME. (Net lending to public corporations is already adjusted for in Other AME, through the public corporations own-financed capital expenditure line.)
- (xxii) Deduct the net acquisition of private sector company securities that score in DEL and departmental AME.
- (xxiii) 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.
- (xxiv) Deduct the profit/loss on the sale of shares and other financial assets recorded in DEL or departmental AME. This profit/loss is a financial transaction in national accounts and so outside TME.

Adjustments for expenditure financed by receipts

- (xxv) Add receipts of certain taxes imposed by departments, including licences 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 licences are treated as revenue in national accounts.
- (xxvi) Add certain fines imposed by departments that are netted-off in DEL but not in TME because all fines are treated as revenue in national accounts.
- (xxvii) Add penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are netted-off in locally financed expenditure but not in TME because all penalties are treated as revenue in national accounts.
- (xxviii) 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.
- (xxix) 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.
- (xxx) 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.
- (xxxi) Add receipts of dividends and interest netted-off in DEL or departmental AME but not in TME because dividends, along with other property income, are treated as revenue in national accounts.
- (xxxii) 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.

Non-cash items in RAB

- (xxxiii) Deduct depreciation recorded in departmental budgets (see non-trading capital consumption above).
- (xxxiv) 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. If the non-cash items relating to the release of provision are not deducted in that step it is necessary to add back **expenditure funded by the release of provisions** (except where the provisions remain in AME under SR2002 budgeting).

Accruals recording in RAB

- (xxxv) Subtract a figure equal to accruals minus cash as recorded under RAB in departmental budgets, and add a figure equal to accruals minus cash as recorded in national accounts. Both national accounts and RAB record expenditure on an accruals basis. Before 2001 the national accounts accruals were estimated using a variety of methods depending on the type of transaction. This is because, in many cases, there were no actual sources of accrued data. Under RAB accrued data have become available for central government expenditure. ONS started using the RAB accruals data from the summer of 2001.
- (xxxvi) 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

- (xxxvii) **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.
- (xxxviii) **Privatisation programme** (applies to outturn years only): add current and capital expenditure on privatisations which is borne outside DEL.
- (xxxix) **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.
- (xl) **PC grants to LAs:** deduct current grants to local authorities by public corporations financed by subsidies from general government. The subsidies are in DEL (outside support for LAs) and the LA expenditure is also in locally financed expenditure. In national accounts this is treated as a central government grant to local government and so does not add to TME.

- (xli) **Loan guarantees:** add the imputed subsidies for loan guarantees included in national accounts.
- (xlii) **ECGD debt write-offs:** add the UK government's top-up to the loan write-offs to heavily indebted poor countries agreed by the Paris Club. This top-up represents a gift rather than a forced write-off during the normal course of ECGD's business so is recorded as a capital transfer in national accounts.
- (xliii) **Reconciliation with ONS:** add, for outturn years, the residual difference between TME as measured by ONS for national accounts and as measured by 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 Table 1.13. 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 under GAAP rules, 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 to local authorities as capital expenditure including those 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 grants to LAs 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.
- (d) Under RAB, the resource budget includes the profit/loss, relative to book value, when capital assets are sold. National accounts records all of the sale price as a capital receipt. So it is necessary to have an adjustment that removes the profit/loss from current expenditure and adds it to capital expenditure. (Sign convention: if an asset were sold at a profit relative to book value this accounting adjustment would increase current expenditure (relative the amount recorded in budget) and reduce capital expenditure.)

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 between general government and public corporations: 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 Skills | Department for Education and Skills Office for Standards in Education |
| Health | Department of Health Food Standards Agency |
| Transport | Department for Transport Strategic Rail Authority Office of the Rail Regulator |
| Office of the Deputy Prime Minister | Office of the Deputy Prime Minister (except Local Government) |
| Local Government | Local Government – 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 Postal Services Commission Export Credits Guarantee Department |
| Environment, Food and Rural Affairs | Department of Environment, Food and Rural Affairs |

| | |
|----------------------------|--|
| | Forestry Commission Office of Water Services |
| Culture, Media and Sport | Department for Culture, Media and Sport |
| Work and Pensions | Department of Work and Pensions |
| 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 Office | 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 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 |

MACHINERY OF GOVERNMENT CHANGES

Departmental groupings are on the basis of current departmental boundaries and names. There were some machinery of Government changes announced in 2002 leading to the creation of the Department for Transport (DfT) and the Office of the Deputy Prime Minister (ODPM). As a result of these changes, there are a number of differences between the departmental groupings used here and those used in PESA 2002–03. Departmental groupings are on the basis of current departmental boundaries and names. The changes do not change the total DEL over all departments. In all the tables in PESA the changes have been taken back in time to show what the spending of each department would have been had the new allocation of functions existed then. The main changes are shown below.

| Department | Changes |
|-------------|--|
| ODPM | From DTLR Local Government Housing |
| DfT | From DTLR Transport |
| DTLR | No longer exists |

DEPARTMENT OF CONSUMER AFFAIRS
DEPARTMENT OF ENVIRONMENTAL AFFAIRS
DEPARTMENT OF HEALTH
DEPARTMENT OF JUSTICE
DEPARTMENT OF LABOR
DEPARTMENT OF REVENUE
DEPARTMENT OF SOCIAL SERVICES
DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF TREASURY
DEPARTMENT OF WORKERS COMPENSATION

DEPARTMENT OF AGRICULTURE
DEPARTMENT OF EDUCATION
DEPARTMENT OF ENVIRONMENTAL AFFAIRS
DEPARTMENT OF HEALTH
DEPARTMENT OF JUSTICE
DEPARTMENT OF LABOR
DEPARTMENT OF REVENUE
DEPARTMENT OF SOCIAL SERVICES
DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF TREASURY
DEPARTMENT OF WORKERS COMPENSATION

DEPARTMENT OF AGRICULTURE
DEPARTMENT OF EDUCATION
DEPARTMENT OF ENVIRONMENTAL AFFAIRS
DEPARTMENT OF HEALTH
DEPARTMENT OF JUSTICE
DEPARTMENT OF LABOR
DEPARTMENT OF REVENUE
DEPARTMENT OF SOCIAL SERVICES
DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF TREASURY
DEPARTMENT OF WORKERS COMPENSATION

DEPARTMENT OF AGRICULTURE
DEPARTMENT OF EDUCATION
DEPARTMENT OF ENVIRONMENTAL AFFAIRS
DEPARTMENT OF HEALTH
DEPARTMENT OF JUSTICE
DEPARTMENT OF LABOR
DEPARTMENT OF REVENUE
DEPARTMENT OF SOCIAL SERVICES
DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF TREASURY
DEPARTMENT OF WORKERS COMPENSATION

DEPARTMENT OF AGRICULTURE
DEPARTMENT OF EDUCATION
DEPARTMENT OF ENVIRONMENTAL AFFAIRS
DEPARTMENT OF HEALTH
DEPARTMENT OF JUSTICE
DEPARTMENT OF LABOR
DEPARTMENT OF REVENUE
DEPARTMENT OF SOCIAL SERVICES
DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF TREASURY
DEPARTMENT OF WORKERS COMPENSATION

APPENDIX D PUBLIC CORPORATIONS

D.1 This appendix groups current public corporations according to the departmental groups used in the statistical tables. Public corporations marked with an "S" are self financing public corporations; those marked with an "T" are trading funds; those with an "N" are NDPBs.

| Departmental Group | Agency |
|--------------------------------------|---|
| Health | Medicines Control Agency (T) NHS Trusts (England) Estates Directorate |
| Transport | British Waterways Board Driving Standards Agency (T) Civil Aviation Authority Vehicle Inspectorate Driver and Vehicle Licensing Agency London Underground ⁽¹⁾ |
| Office of Deputy Prime Minister | Queen Elizabeth II Conference Centre (T) Ordnance Survey |
| Local Government | Audit Commission Fire Service College |
| Home Office | Forensic Science Service |
| Lord Chancellor's Departments | HM Land Registry (T) |
| Defence | Defence Science and Technology Laboratories Hydrographic Office (T) Meteorological Office (T) QinetiQ (S) NAAFI |
| Foreign and Commonwealth Office | BBC World Service |
| International Development | Commonwealth Development Corporation (S) |
| Trade and Industry | Companies House (T) Patent Office (T) British Nuclear Fuels Limited (S) Royal Mail (formerly Consignia) (S) |
| Environment, Food, and Rural Affairs | Covent Garden Market Authority Forestry Enterprise British Waterways Board |

(1) See notes at end

Culture, Media and Sport

The Tote(s)
 Royal Parks Agency
 Historic Royal Palaces Agency
 British Broadcasting Corporation (S)
 Channel 4 (S)
 Welsh Channel 4

Work and Pensions

Remploy

Scotland

Caledonian MacBrayne
 Highlands and Islands Airports
 NHS Trusts Scotland
 Scottish Water Authorities

Wales

Welsh Development Agency
 NHS Trusts Wales

Northern Ireland (Office)

Laganside
 HSS Trusts
 NI Housing Executive
 NI Public Trust Port Authorities
 NI Transport Holding Company

Chancellor's Departments

Royal Mint (S)
 Crown Estate (S)
 Financial Service Authority
 Office of Government Commerce

Cabinet Office

Central Office of Information

Former public corporations reporting to central government departments not listed in table: Docklands Light Railway is now a public corporation reporting to Transport for London – a local authority.

The National Air Traffic Services is now a public private partnership classified to the private sector.

London Underground Limited will transfer to Transport for London (part of the GLA) during 2003.

Former PCs that are now part of central government include: Commission for New Towns, Housing Action Trusts, English Partnerships, Welsh Development Agency, Scottish Enterprise, Highland and Islands Enterprise, Scottish Homes.

APPENDIX E PUBLIC EXPENDITURE

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

E.1 This Appendix describes the budgeting and control regime under full resource budgeting (RAB stage 2) that was introduced for the 2002 Spending Review (SR2002). The key aggregates are Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). DEL is split into resource and capital, and AME is split into Departmental and Other AME. DEL plus AME plus accounting adjustments together sum to Total Managed Expenditure (TME), an aggregate drawn from national accounts.

See last year's PESA for explanation of the previous budgeting rules (RAB stage 1) introduced for the 2000 Spending Review (SR2000), and under which spending was controlled in 2001–02 and 2002–03.

RESOURCE ACCOUNTING AND BUDGETING

E.2 Since 2001–02 departmental budgets have been set and monitored in resource terms, and Parliament votes resources as well as cash in the Supply Estimates. There are separate departmental budgets for resources and for capital expenditure. A transitional resource budgeting regime (RAB stage 1) was introduced in SR2000, and set budgets for 2001–02 to 2003–04. Full resource budgeting (RAB stage 2) was introduced in SR2002, which set budgets for 2003–04 to 2005–06.

Resource Budget

E.3 Under resource budgeting, current expenditure in DEL is called resource DEL – a title that reflects the fact that it now measures total resources consumed by a department. Resource DEL and Resource Departmental AME is known as a department's resource budget.

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

E.5 The annual resource 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 capital in these assets (the cost of capital charge). The cost of capital charge is now 3.5 per cent of the net assets (fixed capital and financial assets, net of financial liabilities and provisions) employed by each department. (It was formerly 6 per cent. The reduction from 6 to 3.5 per cent was made for 2003–04, but has been treated as a classification change. Numbers are therefore presented as if a 3.5 per cent charge has always applied).

E.6 Resource budgets include the department's transactions with public corporations sponsored by the department (as recorded in resource accounts), and grants to local authorities. Resource budgets include capital grants to public corporations and the private sector, but capital DEL includes capital grants to local authorities (this is a temporary measure).

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 The capital budget is also split into DEL and AME components. The sum of departmental capital budgets is reconciled to public sector net investment in Table 1.6.

Two stage approach

E.9 Resource budgeting was introduced in two stages. In the transitional stage 1, introduced for SR2000, most of the non-cash items of resource budgets – such as depreciation, cost of capital charges and provisions – were included in AME rather than DEL. Most of these non-cash items moved into DEL for SR2002; there were some other changes to the budgeting regime to align it better with resource accounts. For example capital grants are now resource rather than capital and the budgeting for public corporations follows the resource accounting treatment.

Resource budgeting: some points to note

E.10 Both resource and capital budgets, and both DEL and AME, include costs as they are incurred – they measure accruals. 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 Defence fighting equipment with no civilian use (sometimes called Single Use Military Equipment) is treated as capital expenditure, but national accounts treat it as current.

E.12 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 adjustment equals the depreciation recorded in the accounts of NHS trusts.

E.13 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. This remains a difference with the accounting treatment which just records the grant-in-aid.

DEPARTMENTAL EXPENDITURE LIMITS

E.14 Approximately 58 per cent of public expenditure (TME) by value is in DEL under full resource budgeting. But because AME includes a small number of large programmes, by far the majority of public expenditure programmes are in DEL. The programmes that are in AME are set out later in this section.

E.15 DELs are set for three years in a Spending Review. They represent firm plans for departmental spending that can only be increased in exceptional circumstances with Treasury's agreement through a claim on the DEL reserve. Departments can carry forward unspent DEL from one year to the next within the three year period. SR2002 set firm spending plans for 2003–04 to 2005–06.

E.16 DEL includes all running costs expenditure of Government departments and most of their other purchases of services. It includes grants and subsidies paid, including capital grants to public corporations and the private sector. For the FCO and DFID it includes an attributed share of the EC's expenditure on overseas aid and on the Common Foreign and Security Policy.

E.17 Capital DEL includes expenditure on fixed capital assets, capital grants to local authorities and the acquisition of certain financial assets acquired or sold for policy reasons. Capital DEL is net of the book value of receipts from the sale of capital assets. The profit/loss on asset sales is in resource DEL so that it aligns with the recording in the operating cost statement in resource accounts.

E.18 Capital DEL generally includes loans on the basis of new loans issued less repayments of loan principal, but part of public lending to students is treated as a grant in resource 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. Actual lending to students is outside budgets.

E.19 DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest, rent of land, and also certain levies and fines where the Chief Secretary to the Treasury has given specific agreement for a department to retain in their DEL.

E.20 DEL includes a Reserve to meet unexpected needs, and the unallocated provision for the Invest to Save Budget, a challenge fund. When sums are allocated, from either Reserve or ISB, individual departments' DELs are increased and the Reserve/ISB lines reduced by the same amounts. Two other challenge funds, the Capital Modernisation Fund and the Policy Innovation Fund, have now been discontinued.

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 recorded, rather than just the grant-in-aid from the parent department and the Reserve/ISB lines reduced by the same amounts.

E.22 Central Government Support for Local Authorities. DEL scores current and capital grants to local authorities. Capital DEL includes supported credit approvals (capital allocations in Scotland) given to local authorities by central government departments; they give the local authority permission to borrow to fund capital expenditure. More information on local authorities is in chapter 6.

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

- subsidies and capital grants paid to the public corporation by the department (resource DEL);
- dividends and interest received from the public corporation, and equity withdrawals (resource DEL);
- loans given to the public corporation, voted or NLF (capital DEL);
- a capital charge in respect of the department's loans and PDC invested in a public corporation.

E.24 For self-financing public corporations everything except the first item is in departmental AME rather than DEL.

NHS trusts and Forestry Enterprise have a different budgeting treatment. For them, DEL includes their operating profit/loss and their capital expenditure.

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

ANNUALLY MANAGED EXPENDITURE⁽¹⁾

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;
- PC own-financed capital expenditure;
- Net payments to European Communities institutions.

The last four are collectively termed “Other AME”. There are also a substantial number of accounting adjustments, in order that DEL and AME spending should sum to TME.

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 DEL is. Typically this is where the programme expenditure is demand-led, volatile, and is large in relation to the size of the department. But those are neither necessary nor sufficient conditions for inclusion in AME. Discretionary new spending programmes are always in DEL except where a special case can be made to demonstrate that treatment as AME is likely to deliver better control of expenditure.

E.28 The main programmes in Departmental AME are:

- Social Security Benefits;
- Tax credits classified as expenditure by Treasury following OECD guidelines;
- Housing Revenue Account Subsidies;
- Common Agricultural Policy expenditure funded by the EU;
- Net Public Service Pensions;
- National Lottery.

E.29 Other expenditure in Departmental AME includes:

- Export Credits Guarantee Department (part);
- Valuation Office – Beneficial Portion Payments;
- Some purchases of assets under finance leases since 1 April 1996;
- Redundancy Payments Scheme;
- Older Workers Employment Credit;
- Expenditure of certain levy-funded bodies;
- Acceptances of artworks in lieu of Inheritance Tax.

⁽¹⁾ The following section describes the components of AME, as set out in the budgeting presentation of AME under full resource budgeting (RAB Stage 2). The presentation under SR2000 budgeting (RAB Stage 1) differs in certain aspects, and is fully described in Appendix E of PESA 2002–03.

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

E.30 Under full resource budgeting (RAB stage 2) most non-cash costs are now in DEL. However, some non-cash items have remained in AME. These include:

- Cost of capital charge for the road network;
- Movement in provisions for nuclear decommissioning liabilities.

E.31 Social Security Benefits. Includes payments of social security and National Insurance benefits by the Department for Work and Pensions 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.32 Tax credits. Tax credits paid to households that are classified as public expenditure under OECD guidelines followed by Treasury in calculation of total taxes. Mainly tax credit payments to non-taxpayers, or otherwise in excess of total tax liability.

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 in UK funded by the EU.

E.35 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.36 The main unfunded public service pension schemes, following Financial Reporting Standard 17, report any increase in liabilities accrued in the period less contributions received from employers, employees and inward transfers. This line does not include an amount for the unwinding of the discount rate on the liability (which scores elsewhere in AME). For some small un-funded schemes information is not available on an FRS17 basis and these schemes report the difference between the cash paid out during the year and any contributions received.

E.37 Cash transfers for members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out are all charged directly to the balance sheet.

E.38 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.39 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.40 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;
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pensions schemes – although the

intention is that these will eventually be recorded in the same way as the main schemes; and

- the increase in the liability due to the unwinding of the discount rate, which is scored under 'non cash' items (see E.42 below). The increase in the liability due the unwinding of the discount scores in non-cash items because there is no cost of capital credit recognised on the liability in scheme accounts, this credit would normally offset the increase. Therefore to score the just the increase without the credit would distort the numbers.

E.41 National Lottery. Expenditure on the six good causes funded from the proceeds of the National Lottery is in this line: the arts, sport, heritage, charities, projects to mark the Millennium and the New Opportunities Fund. This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by a grant from the National Lottery Distribution Board.

E.42 Non-cash items in AME. Consists of:

- non-cash items that have remained in AME, and not moved into DEL, under full resource budgeting, in particular the cost of capital charge for the road network and provisions for nuclear decommissioning liabilities;
- an amount in respect of the increase in the liability of pensions schemes due to the unwinding of the discount. (NB. FRS 17 scoring of public services pensions is being introduced in departmental accounts and budgets from 2003–04, but as a classification change for budgets – which means that figures for earlier years have been recalculated as if FRS 17 had applied).

Other AME

E.43 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
- central government expenditure financed from the product of Northern Ireland Regional Rates (NIRR).

E.44 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.45 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.46 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.47 Public Corporations' Own-Financed Capital Expenditure. This line comprises the capital expenditure of public corporations net of any capital grants or loans given by a PC's parent department. Excludes NHS trusts and Forestry Enterprise which have a different budgeting regime.

E.48 Central Government Debt interest. All interest paid to other parts of the public sector is now excluded from this line – a change from last year's PESA so the corresponding accounting adjustment is no longer needed. 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.

AME Margin and Accounting Adjustments

E.49 AME Margin. The AME Margin is an allowance for estimating changes.

E.50 Accounting adjustments are described in Appendix B.

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 excludes grants and interest payments between parts of the public sector – it is a consolidated measure. 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 TME equals DEL + AME + accounting adjustments

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

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

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

APPENDIX F EXPENDITURE ON SERVICES

F.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**. This is a definition of expenditure that is consistent with TME⁽¹⁾ but excludes certain items. 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.

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

- spending in Departmental Expenditure Limits (except non-cash items)
- + spending in Departmental AME (except non-cash items)
- net public service pensions
- + net payments to EC Institutions
- + locally financed expenditure
- + public corporations' own-financed capital 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 dividends and interest paid by public corporations recorded in DEL and AME (and profit/loss, where included)

F.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 and non-cash items
- + 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).

⁽¹⁾ Total Managed Expenditure (TME) is a measure of public sector expenditure drawn from components in national accounts produced by the Office of National Statistics (ONS).

APPENDIX F EXPENDITURE ON SERVICES

61. The table in Annex 2 shows the total expenditure on services in the public sector and the total expenditure on services in the private sector. The total expenditure on services in the public sector is 1.1% of GDP and the total expenditure on services in the private sector is 0.8% of GDP. The total expenditure on services is 1.9% of GDP.

62. The total expenditure on services in the public sector is 1.1% of GDP. This is made up of 0.7% of GDP for the central government and 0.4% of GDP for the local government. The total expenditure on services in the private sector is 0.8% of GDP.

63. The total expenditure on services in the public sector is 1.1% of GDP. This is made up of 0.7% of GDP for the central government and 0.4% of GDP for the local government. The total expenditure on services in the private sector is 0.8% of GDP.

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68. The total expenditure on services in the public sector is 1.1% of GDP. This is made up of 0.7% of GDP for the central government and 0.4% of GDP for the local government. The total expenditure on services in the private sector is 0.8% of GDP.

69. The total expenditure on services in the public sector is 1.1% of GDP. This is made up of 0.7% of GDP for the central government and 0.4% of GDP for the local government. The total expenditure on services in the private sector is 0.8% of GDP.

Source: Author's calculations based on data from the National Accounts of the Republic of Ireland, 1990-2000.

APPENDIX G 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 that account for the difference between TME and the sum of DEL, **Departmental AME** and **Other AME** (see Appendix E, paras E.26 ff). TME is drawn from national accounts. However there are certain components in **national accounts** which are not included in the **resource and capital budgets** that form the basis of planning and control of departmental spending under resource budgeting, and there are some items in resource budgeting aggregates 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 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 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 reported outturn expenditure on a cash basis in the previous financial year for each **Vote**. Under resource accounting, from 2000-01 they were 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 to local authorities (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. Under full resource budgeting, capital grants to public corporations and the private sector are included in the resource budget, but capital grants to local authorities remain under the capital budget.

The **Capital Modernisation Fund (CMF)** was a challenge fund from which departments could bid for provision to support capital projects aimed at improving the quality of public service delivery (see also **Invest to Save Budget**). The CMF was not allocated to any specific department when public expenditure was being planned. The CMF was discontinued in the 2003 Budget, and the remaining unallocated amounts were removed from DEL.

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 changes 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 1999–00 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 per cent of public spending. It was replaced as a budgeting and control measure by **DEL** and **AME** from 1999–00.

Cost of capital charge is an annual non-cash charge applied to each department's budget. It is now 3.5% of the net assets of the department and is used to make departments aware of the full cost of holding assets. Up until now, the charge has been levied at a rate of 6%, but was reduced to 3.5% with effect from 2003–04. This change in rate was effected as a **classification change**, and therefore back years data have been reworked as if the charge had been at 3.5% throughout.

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. Supported credit approvals are those where current grants to LAs are increased to finance the borrowing. Unsupported credit approvals carry no promise of future government support and score in AME.

Criminal Justice System – part of 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 tax credits.

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 where 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. Under full resource budgeting (RAB Stage 2), DEL also includes most non-cash items such as depreciation, cost of capital charges, and provisions.

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 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 in TME 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

Employment Opportunities Fund (EOF) replaced Welfare to Work spending financed out of the windfall tax in the 2000 Spending Review, that was previously included in the 'Welfare to Work' DEL. The EOF was subsequently wound up and is no longer part of the budgeting regime.

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.

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 (depreciation). 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 DEL but not allocated to any department at the planning stage. It is allocated to 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 including distribution of NNDR in England and Wales. 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 elected Assembly for London.

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

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 Other AME (Locally Financed Expenditure) for Scotland.

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 were a subset of public corporations which included the Post Office, London Transport and the privatised utilities. The term is no longer used.

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.

New tax credits are the Working Tax Credit and Child Tax Credit. They replace existing personal tax credits from 2003–04. New tax credits score as TME (Departmental AME), when the amount paid exceeds the tax liability of the household, but as negative tax when the amount paid is less than or equal to the tax liability of the household.

Non-cash items refer to various notional transactions that appear in the **operating cost statement** under RAB. (The unwinding of the discount on public sector pension scheme liabilities under FRS17 is also included under non-cash items in AME.) Under full resource budgeting (RAB Stage 2), most non-cash items are in DEL, but some are in AME (including the interest charge on public sector pension scheme liabilities).

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 include Royal Mail; 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 2001–04.

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 replaced 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 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 based on resource accounting introduced for the spending plans set in the 2000 Spending Review and which has been used for in-year spending control from 2001–02. It is derived from resource accounting rules, but there are a few 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. Central government support, other than grants and subsidies, scores in the sponsoring department's **departmental AME**, rather than in their **DEL**. They include British Nuclear Fuels Limited, The Tote, Commonwealth Development Corporation, Royal Mail, QinetiQ, 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 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. **SR2000** reported in July 2000 and set spending plans for the years 2001–04. The most recent, **SR2002**, reported in July 2002, and set plans for 2003–06.

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).

Stock-building (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** was an individual Supply Estimate. Under RAB, from 2001, votes have been replaced by **Requests for Resources**.

Welfare to Work was a spending programme covering current and capital expenditure on a wide range of social initiatives that was funded from receipts from the **windfall tax**.

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 the presentation of public expenditure in PESA, a distinction is made between tax credits that are less than or equal to the tax liability of the household, and tax credits that exceed the tax liability of the household. The latter score as Departmental AME; the former are included in the accounting adjustments. See also **new tax credits**, which replace WFTC and DPTC from 2003–04.



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