
PUBLIC EXPENDITURE

Statistical Analyses 2000–01

This publication summarises the more detailed information on public expenditure published in the series of departmental reports, listed below. They present the Government's expenditure plans for 2000–01 and 2001–02.

- Cm 4602 Department for Education and Employment
- Cm 4603 Department of Health
- Cm 4604 Department of the Environment, Transport and the Regions
- Cm 4605 Home Office
- Cm 4606 Lord Chancellor's Department
- Cm 4607 Law Officers' Departments
- Cm 4608 Ministry of Defence
- Cm 4609 Foreign and Commonwealth Office
- Cm 4610 Department for International Development
- Cm 4611 Trade and Industry
- Cm 4612 Ministry of Agriculture, Fisheries and Food and Intervention Board
- Cm 4613 Department for Culture, Media and Sport
- Cm 4614 Department of Social Security
- Cm 4615 Chancellor of the Exchequer's smaller Departments and Net Payments to European Communities institutions
- Cm 4616 Customs & Excise
- Cm 4617 Inland Revenue
- Cm 4618 Cabinet Office, Privy Council, Office of the Parliamentary Commissioner
- Cm 4619 The Scotland Office
- Cm 4620 Wales Office
- Cm 4621 Northern Ireland Office



PUBLIC EXPENDITURE

Statistical Analyses 2000–01

*Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty April 2000*

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I. PUBLIC EXPENDITURE OVERVIEW

THE PUBLIC EXPENDITURE BUDGETING AND CONTROL REGIME

I.1 The present expenditure budgeting and control regime was announced in June 1998, in the first Economic and Fiscal Strategy Report (EFSR), and was used for the spending plans set out in the Comprehensive Spending Review White Paper (Cm 4011) in July 1998. The regime provides a clear distinction between current and capital expenditure. Departmental Expenditure Limits (DEL) are firm multi-year plans and were set for three years. Annually Managed Expenditure (AME), which cannot reasonably be subject to firm multi-year limits, is subject to annual scrutiny as part of the Budget process. DEL and AME sum to Total Managed Expenditure (TME), an aggregate which is drawn from 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)

I.2 DEL and AME are described in more detail in Appendix E. AME is divided into AME Main Departmental Programmes, which appear as departmental expenditure in Main Estimates and departmental reports, locally financed expenditure (mainly local authority spending, but also including some expenditure of the Northern Ireland administration financed from regional rates) and other AME. For each department, DEL is further divided into current and capital budgets. The scope for switching from capital to current DEL is strictly limited. AME Main Departmental Programmes includes that part of the expenditure of the devolved administrations that is not included in DEL.

I.3 The 2000 Spending Review, which is due to conclude in July 2000, and which will set spending plans to 2003–04, will be the first to be conducted under resource budgeting. There will, as a result, be some changes to the budgeting and control regime which will operate from 2001–02 onwards. Each department will be set a resource budget which will cover the department's current spending, measured on an accruals basis, plus its consumption of capital, measured by depreciation and capital charges. The resource budgets will be divided into DEL and AME components; depreciation and capital charges will be in AME for the budgets set by this Review. The intention is to bring them into DEL for future Reviews. Departments will have a separate capital budget for new capital expenditure, gross of depreciation but net of receipts from asset sales. These capital budgets will also be divided into DEL and AME components.

TOTAL MANAGED EXPENDITURE, DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

I.4 Table 1.1 shows the split of TME as between DEL and AME. DEL is further broken down between current and capital budgets and AME between Main Departmental Programmes, locally financed expenditure and other. The table shows the outturns for 1997–98 and 1998–99, the estimated outturn for 1999–2000 and the cash plans for 2000–01 and 2001–02 on this basis.

I.5 This table also shows the national accounts-based disaggregation of TME into current expenditure, net investment and depreciation. These are total public sector expenditure aggregates.

1.6 Tables 1.2 to 1.6 give details of DEL and AME within TME. These tables cover an eight-year period from 1994–95 to 2001–02. The DEL/AME control regime took effect from 1999–2000, and the figures in these tables show the estimated outturn for 1999–2000 and plans for spending for 2000–01 and 2001–02 under the DEL/AME regime as at March 2000. The figures up to 1998–99 show actual expenditure over that period in terms of the present control regime categories but do not have any operational significance in terms of spending control, as a different control regime was then in force. (Outturns for the Control Total by department up to 1998–99 are shown in Table 1.12.) The estimated outturns for 1999–2000 take account of the latest information available up to late March.

1.7 Table 1.2 gives a departmental breakdown of DEL. Shown separately in this table is spending financed by the Windfall Tax, including spending under the Welfare to Work programme. This spending is included in Total DEL, but not included in individual departmental limits. Details of spending by programme are in Budget 2000 (HC346) – Economic and Fiscal Strategy Report, Table 4.1. Also shown separately are the unallocated amounts from the Invest to Save Budget (ISB) and the Capital Modernisation Fund (CMF); and the DEL Reserve, after taking account of allocations agreed to date.

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

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

1.10 Tables 1.8 and 1.9 give details of the respective allocations by department of the Invest to Save Budget and Capital Modernisation Fund. Allocations from the CMF have been made in two rounds. Table 1.9 show the first round allocations that started with announcements in the 1999 Budget, and those projects announced to date from the second round that started with announcements in the 2000 Budget. Allocations to Scotland, Wales and Northern Ireland were made on a formula consequential basis. Allocated expenditure from these funds is included in individual departmental expenditure limits in Tables 1.2, 1.4 and 1.6. The remaining unallocated spending from these funds is shown in a separate line in these tables. Full details of individual departments' projects are given in departmental reports.

SUPPLY EXPENDITURE AND SPENDING SECTORS

1.11 Table 1.10 shows the split of DEL and AME between money voted in Estimates, which accounts for almost 60 per cent, and other expenditure. The relationship between DEL and AME and Supply expenditure is explained in more detail in the introductory sections of the Supply Estimates 2000–01 (HC 377).

1.12 Table 1.11 shows a breakdown of TME, and within it DEL and AME, as between the national accounts spending sectors which are used in many of the analyses in this publication. Central government's 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 and AME, with spending in AME split further into Main Departmental Programmes and locally financed expenditure. This latter category is in respect of spending of the devolved administrations which is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in Chapter 5.

I.13 Local authority expenditure is split into central government support (which can be in either DEL or AME), locally financed support in Scotland (the proceeds of non-domestic rates in Scotland which are collected and distributed to local authorities by the devolved administration) and self-financed expenditure. Further analyses of local authority expenditure are presented in Chapter 6. The external finance requirements of public corporations are mostly in DEL, but for self-financing public corporations are in AME Main Departmental Programmes. Further analyses for public corporations are presented in Chapter 7.

CONTROL TOTAL

I.14 Table 1.12 shows outturns for 1994–95 to 1998–99 for the Control Total by department. This was the main aggregate used for spending control over this period. As the focus of spending control has now switched to DEL and AME, spending for 1999–2000 onwards is not presented on this basis.

CONTENT OF THIS PUBLICATION

I.15 This annual publication summarises some of the information about spending by particular departments, which is provided in their departmental reports, and provides supporting information to the Supply Estimates 2000–01 (HC 377), which will shortly be presented to the House of Commons. The figures are consistent with those which appeared in the March 2000 Financial Statement and Budget Report.

I.16 The organisation and content of this publication are reviewed annually. Any comments on the coverage or presentation should be sent to Philippa Todd at the following address:

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I. PUBLIC EXPENDITURE OVERVIEW

Table I.1 Public Expenditure 1997–98 to 2001–02: Summary

	£ billion				
	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	estimated outturn	plans	plans
Departmental Expenditure Limits					
Current budget	149.7	155.3	165.1	177.3	184.1
Capital budget	12.6	12.1	13.8	16.4	18.5
Departmental Expenditure Limits	162.3	167.4	178.9	193.7	202.6
Annually Managed Expenditure					
Main Departmental Programmes	104.0	105.8	112.5	114.4	118.9
Locally financed expenditure	15.6	16.1	17.2	18.1	19.1
Other	40.8	41.7	36.7	44.7	45.6
Annually Managed Expenditure	160.4	163.6	166.3	177.2	183.6
Budget 2000 addition					5.9
Total Managed Expenditure	322.7	331.0	345.2	370.9	392.1
<i>of which:</i>					
current expenditure	305.0	312.5	325.6	348.2	365.6
net investment	4.6	5.0	5.5	8.2	11.4
depreciation	13.1	13.6	14.1	14.5	15.0

Table I.2 Departmental Expenditure Limits¹, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2000–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Education and Employment	14,198	14,181	14,235	14,777	14,326	15,870	18,356	19,257
Health	31,595	32,951	33,763	35,297	37,376	40,759	45,030	48,840
<i>of which: NHS</i>	<i>30,590</i>	<i>31,985</i>	<i>32,997</i>	<i>34,664</i>	<i>36,612</i>	<i>40,065</i>	<i>44,234</i>	<i>47,964</i>
DETR – Main Programmes	11,588	9,626	9,664	9,606	8,998	10,310	10,838	11,881
DETR – Local Government and Regional Policy	29,897	30,294	31,315	31,372	32,737	34,199	35,353	36,622
Home Office	6,161	6,382	6,436	6,730	7,104	7,774	8,090	8,105
Legal Departments	2,542	2,638	2,627	2,641	2,680	2,764	2,867	2,752
Defence	22,562	21,517	21,383	20,910	22,475	22,863	22,820	22,981
Foreign and Commonwealth Office	1,257	1,333	1,053	1,076	1,094	1,179	1,116	1,136
International Development	2,237	2,197	2,096	1,999	2,319	2,511	2,751	3,060
Trade and Industry	3,895	3,432	3,333	3,084	2,916	3,363	3,658	3,579
Agriculture, Fisheries and Food ⁽²⁾	875	892	2,174	1,692	1,362	1,415	1,215	1,187
Culture, Media and Sport	968	1,014	955	903	917	1,022	1,015	1,100
Social Security (administration)	3,188	3,289	3,401	3,229	2,944	3,294	3,208	3,261
Scotland	13,021	13,130	13,100	12,946	12,984	14,039	14,876 ⁽⁴⁾	15,496 ⁽⁴⁾
Wales	6,208	6,346	6,474	6,499	6,675	7,225	7,694 ⁽⁴⁾	8,061 ⁽⁴⁾
Northern Ireland	5,141	5,246	5,356	5,462	5,595	5,976	6,227 ⁽⁴⁾	6,252 ⁽⁴⁾
Chancellor's Departments	2,739	2,799	2,750	2,751	3,141	3,606	3,521	3,698
Cabinet Office	1,219	1,475	1,424	1,210	1,248	1,391	1,343	1,305
Welfare to Work ⁽³⁾				144	536	850	1,420	1,340
Invest to Save Budget								69
Capital Modernisation Fund							176	378
Reserve							2,100	2,300
Allowance for Shortfall						-1,500		
Departmental Expenditure Limits	159,293	158,744	161,538	162,329	167,428	178,900	193,700	202,600
<i>Total education spending⁽⁵⁾</i>	<i>34,962</i>	<i>35,573</i>	<i>36,121</i>	<i>37,190</i>	<i>38,400</i>	<i>41,100</i>	<i>45,800</i>	<i>48,000</i>

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

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

(3) Expenditure financed by the Windfall Tax.

(4) Includes allocations of additional provision in the 2000 Budget. Decisions on the allocation of expenditure between current and capital, and over functions, are for the devolved administrations.

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

I. PUBLIC EXPENDITURE OVERVIEW

Table I.3 Total Managed Expenditure 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Departmental Expenditure Limits	159,293	158,744	161,538	162,329	167,428	178,900	193,700	202,600
Annually Managed Expenditure								
Social Security benefits	82,497	86,077	89,750	91,007	93,360	97,079	99,552	104,501
Housing Revenue Account								
Subsidies	4,356	4,238	4,184	3,980	3,521	3,376	3,344	3,294
Common Agricultural Policy	2,225	2,640	2,928	2,473	2,718	2,552	2,489	2,616
Export Credits Guarantee								
Department	–42	–22	71	94	–170	931	302	343
Net Payments to EC Institutions ⁽¹⁾	1,253	3,355	1,802	2,153	3,572	2,579	2,690	2,457
Self-financing Public Corporations	–673	–243	60	–294	–304	201	197	–67
Locally financed expenditure	11,563	13,923	14,277	15,605	16,122	17,166	18,077	19,106
Net public service pensions	3,886	4,271	4,979	5,353	4,663	5,629	5,719	5,649
National Lottery	20	170	520	1,090	1,630	2,000	2,300	2,028
Central Government Debt								
Interest	23,083	26,452	27,987	29,975	29,542	25,482	27,770	27,121
Accounting and other adjustments	9,193	9,497	7,868	8,970	8,919	9,332	13,749	14,542
AME Margin							1,000	2,000
Total Annually Managed Expenditure	137,361	150,357	154,425	160,406	163,574	166,300	177,200	183,600
Budget 2000 addition ⁽²⁾								5,900
Total Managed Expenditure	296,654	309,100	315,963	322,735	331,001	345,200	370,900	392,100⁽²⁾
of which:								
Current expenditure	273,990	286,157	297,484	304,996	312,474	325,600	348,200	365,800
Net Investment	10,360	9,651	5,159	4,596	4,966	5,500	8,200	11,400
Depreciation	12,304	13,292	13,320	13,143	13,561	14,100	14,500	15,000

(1) Net payments to EC institutions exclude the UK's contribution to the cost of EC aid to non-Member States (which is attributed to the aid programme). Net payments therefore differ from the UK's net contribution to the EC Budget, latest estimates for which are £4.1 billion in 1998–99, £3.0 billion in 1999–2000, £3.3 billion in 2000–01 and £3.4 billion in 2001–02. Figures from 2000–01 are trend estimates.

(2) TME projection for 2001–02 assumes 2.5 per cent real growth in public sector current expenditure and net investment at 1.2 per cent of GDP consistent with the envelope announced for the 2000 Spending Review. Additional spending implied, over and above existing plans, is shown in Budget 2000 addition line. See Budget 2000 (HC 346), paragraph C41.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.4 Departmental Expenditure Limits in real terms, 1994–95 to 2001–02⁽¹⁾

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Education and Employment	16,008	15,541	15,112	15,263	14,326	15,483	17,514	17,926
Health	35,624	36,109	35,844	36,457	37,376	39,765	42,965	45,464
of which: NHS	34,490	35,051	35,031	35,803	36,612	39,088	42,206	44,648
DETR – Main Programmes	13,065	10,548	10,259	9,922	8,998	10,059	10,341	11,060
DETR – Local Government and Regional Policy	33,709	33,197	33,245	32,404	33,737	33,365	33,732	34,090
Home Office	6,947	6,994	6,833	6,951	7,104	7,585	7,719	7,545
Legal Departments	2,866	2,891	2,789	2,728	2,680	2,697	2,735	2,562
Defence	25,439	23,579	22,701	21,598	22,475	22,305	21,774	21,392
Foreign and Commonwealth Office	1,418	1,461	1,118	1,112	1,094	1,150	1,065	1,057
International Development	2,523	2,408	2,225	2,064	2,319	2,449	2,625	2,848
Trade and Industry	4,391	3,761	3,538	3,185	2,916	3,281	3,490	3,332
Agriculture, Fisheries and Food ⁽²⁾	987	978	2,308	1,747	1,362	1,380	1,160	1,104
Culture, Media and Sport	1,092	1,111	1,014	932	917	978	968	1,024
Social Security (administration)	3,594	3,604	3,610	3,335	2,944	3,213	3,061	3,036
Scotland	14,682	14,388	13,908	13,372	12,984	13,697	14,194	14,424
Wales	6,999	6,954	6,873	6,712	6,675	7,049	7,341	7,504
Northern Ireland	5,797	5,749	5,686	5,642	5,595	5,830	5,941	5,820
Chancellor's Departments	3,088	3,068	2,920	2,841	3,141	3,518	3,359	3,442
Cabinet Office	1,375	1,616	1,511	1,250	1,248	1,357	1,282	1,215
Welfare to Work ⁽³⁾				149	536	829	1,355	1,248
Invest to Save Budget								65
Capital Modernisation Fund							168	352
Reserve							2,000	2,100
Allowance for shortfall						-1,500		
Departmental Expenditure Limits	179,602	173,958	171,495	167,664	167,428	174,500	184,800	188,600
<i>Total education spending⁽⁴⁾</i>	<i>39,420</i>	<i>38,982</i>	<i>38,347</i>	<i>38,412</i>	<i>38,400</i>	<i>40,100</i>	<i>43,700</i>	<i>44,700</i>

(1) At 1998–99 prices, using GDP deflators consistent with the ONS March 2000 National Accounts First Release.

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

(3) Expenditure financed by the Windfall Tax.

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

I. PUBLIC EXPENDITURE OVERVIEW

Table I.5 Total Managed Expenditure in real terms, 1994–95 to 2001–02⁽¹⁾

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Departmental Expenditure Limits	179,602	173,958	171,495	167,664	167,428	174,500	184,800	188,600
Annually Managed Expenditure								
Social Security benefits	93,015	94,327	95,282	93,998	93,360	94,711	94,987	97,277
Housing Revenue Account								
Subsidies	4,912	4,644	4,442	4,111	3,521	3,294	3,191	3,067
Common Agricultural Policy	2,509	2,893	3,109	2,554	2,718	2,490	2,375	2,435
Export Credits Guarantee								
Department	-48	-24	75	97	-170	908	288	320
Net Payments to EC								
Institutions ⁽²⁾	1,413	3,676	1,913	2,224	3,572	2,516	2,566	2,287
Self-financing Public								
Corporations	-759	-267	63	-304	-304	196	188	-62
Locally financed expenditure	13,038	15,257	15,157	16,118	16,122	16,747	17,248	17,785
Net public service pensions	4,382	4,680	5,286	5,529	4,663	5,492	5,457	5,259
National Lottery	22	186	552	1,126	1,630	1,951	2,195	1,888
Central Government Debt								
Interest	26,026	28,987	29,712	30,960	29,542	24,861	26,497	25,246
Accounting and other adjustments	10,365	10,407	8,353	9,265	8,919	9,104	13,119	13,537
AME Margin							954	1,862
Total Annually Managed Expenditure	154,874	164,767	163,944	165,678	163,574	162,300	169,100	170,900
Budget 2000 addition								5,500
Total Managed Expenditure	334,476	338,725	335,439	333,342	331,001	336,800	353,900	365,000
of which:								
Current expenditure	308,923	313,583	315,821	315,020	312,474	317,700	332,300	340,500
Net Investment	11,681	10,576	5,477	4,747	4,966	5,400	7,800	10,600
Depreciation	13,873	14,566	14,141	13,575	13,561	13,700	13,800	13,900

(1) At 1998–99 prices, using GDP deflators consistent with the ONS March 2000 National Accounts First Release.

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

I. PUBLIC EXPENDITURE OVERVIEW

Table I.6 Departmental Expenditure Limits – Current and Capital Budgets, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Current Budget								
Education and Employment	12,956	12,898	13,443	14,039	13,576	14,796	16,605	17,115
Health	30,561	32,103	33,396	35,068	37,470	40,527	44,219	47,544
of which: NHS	29,700	31,303	32,761	34,518	36,767	39,897	43,495	46,730
DETR – Main Programmes	4,365	4,120	4,179	4,108	4,020	4,583	4,735	4,939
DETR – Local Government and Regional Policy	29,859	30,228	31,205	31,067	32,377	33,924	35,305	36,611
Home Office	5,510	5,703	5,916	6,185	6,523	7,296	7,537	7,633
Legal Departments	2,366	2,434	2,531	2,577	2,604	2,743	2,803	2,698
Defence	20,987	19,921	20,665	20,059	20,847	21,614	21,309	21,441
Foreign and Commonwealth Office	1,169	1,200	980	987	1,003	1,089	1,021	1,036
International Development	1,880	1,925	1,859	1,766	2,094	2,247	2,450	2,700
Trade and Industry	3,000	3,017	2,783	2,680	2,626	2,965	3,233	3,156
Agriculture, Fisheries and Food ⁽¹⁾	710	699	1,837	1,413	1,239	1,193	1,057	1,033
Culture, Media and Sport	804	831	857	799	842	916	925	963
Social Security (administration)	2,948	3,134	3,281	3,229	3,252	3,251	3,176	3,233
Scotland ⁽²⁾	11,092	11,361	11,441	11,513	11,574	12,348	12,954 ⁽⁶⁾	13,434 ⁽⁶⁾
Wales ⁽²⁾	5,056	5,261	5,443	5,605	5,858	6,376	6,877 ⁽⁶⁾	7,221 ⁽⁶⁾
Northern Ireland ⁽²⁾	4,480	4,629	4,815	4,928	5,092	5,463	5,562 ⁽⁶⁾	5,563 ⁽⁶⁾
Chancellor's Departments	2,477	2,609	2,567	2,625	3,063	3,512	3,586	3,561
Cabinet Office	969	1,258	1,247	1,022	1,011	1,133	1,120	1,128
Welfare to Work ⁽³⁾				45	258	518	871	999
Invest to Save Budget								55
Capital Modernisation Fund Reserve ⁽⁴⁾							1,900	2,000
Allowance for shortfall						-1,400		
Total Current Budget	141,189	143,330	148,444	149,715	155,330	165,100	177,300	184,100

I. PUBLIC EXPENDITURE OVERVIEW

Table 1.6 Departmental Expenditure Limits – Current and Capital Budgets, 1994–95 to 2001–02 (continued)

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Education and Employment	1,242	1,284	792	738	750	1,074	1,750	2,143
Health ⁽⁵⁾	1,034	848	367	228	–94	232	811	1,296
of which: NHS ⁽⁵⁾	890	683	235	146	–155	168	739	1,233
DETR – Main Programmes	7,223	5,506	5,485	5,499	4,978	5,727	6,103	6,942
DETR – Local Government and Regional Policy	38	66	110	305	360	275	47	11
Home Office	652	679	520	546	581	478	553	472
Legal Departments	176	205	96	64	76	21	63	54
Defence	1,575	1,596	718	852	1,629	1,249	1,512	1,540
Foreign and Commonwealth Office	89	133	73	90	90	90	96	100
International Development	357	272	237	233	226	263	301	360
Trade and Industry	895	416	550	404	290	397	425	423
Agriculture, Fisheries and Food ⁽¹⁾	165	193	337	279	123	222	158	153
Culture, Media and Sport	164	183	98	104	74	86	90	136
Social Security (administration)	240	155	119	0	–308	43	32	28
Scotland ⁽²⁾	1,929	1,769	1,659	1,433	1,410	1,691	1,922 ⁽⁶⁾	2,061 ⁽⁶⁾
Wales ⁽²⁾	1,151	1,085	1,031	893	817	849	817 ⁽⁶⁾	840 ⁽⁶⁾
Northern Ireland ⁽²⁾	662	618	541	534	503	513	665 ⁽⁶⁾	689 ⁽⁶⁾
Chancellor's Departments	262	190	183	125	78	94	–65	137
Cabinet Office	250	217	177	188	237	258	224	177
Welfare to Work ⁽³⁾				99	278	332	550	342
Invest to Save Budget								14
Capital Modernisation Fund							176	378
Reserve ⁽⁴⁾							200	200
Allowance for shortfall						–100		
Total Capital Budget	18,104	15,413	13,094	12,615	12,097	13,800	16,500	18,500
Departmental Expenditure Limits	159,293	158,744	161,538	162,329	167,428	179,000	193,700	202,600

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

(2) For Scotland, Wales, and Northern Ireland the split between current and capital budgets is decided by the respective Executives except that in for Northern Ireland, while the Northern Ireland Assembly ceases to operate, it is a matter for the Secretary of State. See also Table 1.2, footnote 4.

(3) Expenditure financed by the Windfall Tax.

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

(5) Covers the capital budget of Department of Health only and excludes NHS Trusts. Plans for total net public capital spending on health, including Trusts, are £1.5 billion in 1999–2000, £2.0 billion in 2000–01 and £2.9 billion in 2001–02. See Table 7.3 for details of capital expenditure by NHS Trusts.

(6) For the purposes of this and other tables, the allocation of the additional Budget provision for Scotland, Wales and Northern Ireland as between current and capital and over functions is assumed to be in the same proportions as for the equivalent provision for England. Decisions on the actual allocation of this additional spending are for the devolved administrations.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.7 Accounting and Other Adjustments, 1994–95 to 2001–02⁽¹⁾

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
Non-trading capital consumption	5,408	5,996	6,405	6,691	7,040	7,100	7,300	7,600
VAT refunded on general government expenditure	4,604	4,780	4,754	4,881	5,335	5,400	5,700	6,000
EC contributions	-5,520	-7,446	-6,988	-5,863	-6,002	-5,500	-5,400	-5,100
Income tax credits	3,635	2,891	2,598	2,732	2,021	2,900	5,300	5,800
<i>of which: Working Families and Disabled Persons' Tax Credit</i>						900	4,900	5,400
Other programme spending in AME	320	229	180	159	228	600	400	500
Adjustments for public corporations	2,629	3,686	1,593	2,627	3,113	3,400	4,000	3,900
Intra-public sector debt interest	-2,215	-2,431	-2,292	-2,553	-2,340	-2,100	-1,600	-2,100
Financial transactions in DEL and AME	833	1,865	1,732	-184	75	-2,400	-2,200	-2,200
Other accounting adjustments	-502	-75	-116	481	-552	-100	300	200
Total accounting and other adjustments	9,193	9,497	7,868	8,970	8,919	9,300	13,700	14,500

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

Table I.8 Invest to Save Budget, 1999–2000 to 2001–02⁽¹⁾

	£ million		
	1999–00 estimated outturn	2000–01 plans	2001–02 plans
Department			
Education and Employment	22.5	24.3	23.9
Health	3.0	8.6	4.0
DETR–Main Programmes	1.1	0.7	0.1
DETR–Local Government and Regional Policy	0.0	12.6	5.3
Home Office	1.7	4.3	1.8
Legal Departments	2.8	1.0	0.3
Defence	0.0	0.1	0.0
Trade and Industry	0.0	5.6	3.6
Agriculture, Fisheries and Food	0.0	0.5	0.2
Culture, Media and Sport	0.1	0.1	0.0
Social Security (administration)	1.0	0.4	0.2
Scotland	1.0	0.6	0.6
Wales	2.0	4.3	5.7
Northern Ireland	2.4	1.4	1.0
Chancellor's Departments	1.8	6.8	2.7
Cabinet Office	0.1	0.8	0.0
Total allocated	39.5	72.0	49.3
Total unallocated⁽²⁾	0.0	0.0	69.3
Total expenditure under the Invest to Save Budget	39.5	72.0	118.6

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

(2) The unallocated sum includes funds allocated to the devolved administrations but not scored as ISB funds. Of the unallocated funds, £46.7m is available for Round 3 in 2001–02.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.9 Capital Modernisation Fund, 1999–2000 to 2001–02

		£ million			
		1999–00	2000–01	2001–02	Total
		estimated outturn	plans	plans	
Total size of fund		250	1,200	1,250	2,700
Department	Project				
Round 1 allocations					
Education and Employment	National IT Strategy	50	150	200	400
Education and Employment	Call Centres		20	30	50
Education and Employment	Internet job matching scheme	0	18	0	18
Health	A&E and primary modernisation	100	110	150	360
Health	Action on cataracts	0	12	8	20
Health	Meningitis vaccinations	14	0	0	14
Home Office	Crime Reduction	20	60	70	150
Home Office	National police radio programme (PSRCP)	0	50	0	50
Home Office/Lord Chancellor's Department/					
	Crown Prosecution Service	0	20	10	30
Home Office	DNA databases		17	3	20
Home Office	Active Communities	0.4	3.63	4.03	8.06
DETR	London Underground	0	100	0	100
DETR	Priority Bus routes	0	50	0	50
DETR	Rural transport	10	0	0	10
DETR	Networking of DSA test centres	0	2.8	0	2.8
DETR	Automatic number plate readers	0	0.4	0	0.4
Trade and Industry	MIT/Cambridge Joint Venture		14	14	28
Trade and Industry	Venture Capital Fund	0	19.03	0	19
Customs and Excise	Scanners		1	22	23
Social Security	Welfare Modernisation Fund	10	0	0	10
Foreign and Commonwealth Office	Information kiosks	0	5	7	12
Foreign and Commonwealth Office	Electronic procurement by posts overseas	0	0.6	0	0.6
Defence	Biological munitions disposal	0	1	1	2
Treasury	Partnerships UK	1.3	29	1	31.3
Treasury	Adding-it up		2	2	4
Treasury/Cabinet Office	Electronic procurement	0	0.8	0.3	1.1
Round 2 allocations (announced to date)					
Home Office	Criminal Justice Package	89.7	66.7	156.3	312.7
Lord Chancellor's Department	Criminal Justice Package	10	13.3	23.3	46.6
Crown Prosecution Service	Criminal Justice Package	3.75	1.25	5	10
Trade and Industry/Inland Revenue	SMEs on-line		55	5	60
Trade and Industry	Innovative Clusters Fund		15	35	50
DETR	DLR extension		9.6	20.4	30
Culture, Media and Sport	Space for Sports and Arts		15	60	75
Agriculture	European Centre for Organic Fruit and Nursery		0.3	2.0	2.3
	Stock				
Social Security	Minimum Income Guarantee: electronic claims form		8		8
Devolved administrations					
Scotland		19.6	79.0	81.1	179.7
Wales		10.0	35.4	39.4	84.8
Northern Ireland		6.3	25.7	25.5	57.5
Total commitments implied by these recommendations		241.6	1,032.6	872.0	2,146.2
Total remaining for future CMF allocations		0⁽¹⁾	175.8⁽¹⁾	378.0	553.8

(1) £8.6 million not allocated in 1999–2000 has been carried forward to 2000–01 total remaining for allocation.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.10 Total Managed Expenditure: Voted and other expenditure, 1994–95 to 2001–02

	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
	£ million							
Voted in Estimates								
Departmental spending in DEL								
Central government spending	94,139	95,338	97,953	97,393	99,699	106,185	110,820	115,262
Support for local authorities	41,560	41,888	42,631	42,736	44,252	42,885	44,151	45,870
Nationalised industries' external finance	1,588	1,143	1,417	692	518	897	320	60
Total departmental spending in DEL	137,288	138,370	142,001	140,821	144,469	149,967	155,291	161,192
Welfare to Work spending in DEL								
Central government spending				48	256	457	673	646
Support for local authorities				82	236	283	500	293
Total Welfare to Work spending in DEL				130	492	740	1,173	939
Main Departmental Programmes in AME								
Central government spending	39,293	41,864	44,198	44,380	44,292	46,195	45,065	47,077
Support for local authorities	10,702	11,164	11,715	11,476	11,130	10,976	11,975	12,562
Total Main Departmental Programmes in AME	49,995	53,028	55,913	55,856	55,422	57,171	57,040	59,639
Other spending outside DEL	6,043	3,944	1,240	-1,572	-2,765	20,864	28,310	6,135
Total Voted in Estimates	193,326	195,341	199,154	195,235	197,618	228,742	241,814	227,905
Other								
Departmental spending in DEL	22,005	20,374	19,537	21,364	22,423	28,069	36,992	40,094
Welfare to Work spending in DEL				14	44	110	247	401
Main Departmental Programmes in AME	42,773	44,489	46,936	48,189	50,331	55,283	57,349	59,224
Other spending outside DEL	38,550	48,896	50,337	57,933	60,585	33,009	34,490	58,594
Total Other	103,328	113,759	116,809	127,500	133,383	116,500	129,100	158,300
Budget 2000 addition⁽¹⁾								5,900
Total Managed Expenditure	296,654	309,100	315,963	322,735	331,001	345,200	370,900	392,100

(1) See Table I.3, footnote (2).

I. PUBLIC EXPENDITURE OVERVIEW

Table I.11 Total Managed Expenditure by Spending Sector, 1994–95 to 2001–02

	£ million							
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 estimated outturn	2000–01 plans	2001–02 plans
Central government own expenditure								
DEL	105,425	107,014	109,304	109,993	113,789	123,560	135,018	142,079
AME Main Programmes	82,730	86,555	90,942	92,576	94,585	100,784	101,688	105,838
Locally financed support in Northern Ireland	75	81	91	97	97	105	114	124
Total central government own expenditure	188,230	193,651	200,337	202,667	208,471	224,400	236,800	248,040
Local authority expenditure								
Central government support in DEL	50,079	50,068	49,999	49,820	51,648	52,716	56,229	58,703
Central government support in AME Main Programmes	10,711	11,205	11,847	11,763	11,472	11,469	12,505	13,092
Locally financed support in Scotland	1,109	1,193	1,313	1,326	1,395	1,441	1,663	1,602
Local authority self-financed expenditure	10,379	12,649	12,873	14,182	14,630	15,620	16,300	17,380
Total local authority expenditure	72,279	75,115	76,031	77,090	79,145	81,200	86,700	90,800
External finance requirements of public corporations								
DEL	3,788	1,661	2,235	2,516	1,991	2,610	2,457	1,844
AME Main Programmes	-673	-243	60	-294	-304	201	197	-67
Total external finance requirements of public corporations	3,115	1,418	2,295	2,222	1,687	2,811	2,654	1,778
Total departmental and locally financed expenditure	263,624	270,184	278,663	281,979	289,302	308,500	326,200	340,600
Other Annually Managed Expenditure	33,030	38,916	37,300	40,756	41,699	36,700	44,700	45,600
Budget 2000 addition⁽¹⁾								5,900
Total Managed Expenditure	296,654	309,100	315,963	322,735	331,001	345,200	370,900	392,100

(1) See Table I.3, footnote (2).

I. PUBLIC EXPENDITURE OVERVIEW

Table I.12 Control Total by Department, 1994–95 to 1998–99

	£ million				
	1994–95	1995–96	1996–97	1997–98	1998–99
	outturn	outturn	outturn	outturn	outturn
Education and Employment ⁽¹⁾	14,415	14,519	14,561	14,289	13,851
Health	31,595	32,942	33,793	35,317	37,376
DETR – Main Programmes	15,616	13,530	12,969	12,384	11,481
DETR – Local Government and Regional Policy ⁽²⁾	29,897	30,294	31,315	31,372	32,732
Home Office	6,165	6,383	6,439	6,732	7,107
Legal Departments	2,542	2,638	2,627	2,641	2,680
Defence ⁽³⁾	22,573	21,528	21,399	20,919	22,476
Foreign and Commonwealth Office	1,257	1,333	1,061	1,071	1,098
International Development	2,385	2,338	2,230	2,136	2,417
Trade and Industry	3,323	3,200	2,701	2,815	2,585
Agriculture, Fisheries and Food	2,448	2,810	4,223	3,499	3,315
Culture, Media and Sport	925	955	959	886	846
Social Security	69,346	72,663	76,792	79,103	81,405
Scotland ⁽²⁾	14,508	14,743	14,897	14,531	14,786
Wales ⁽²⁾	6,551	6,719	6,817	6,817	6,992
Northern Ireland ⁽²⁾	7,413	7,698	8,027	8,189	8,473
Chancellor's Departments	2,754	2,665	2,545	2,558	2,779
Cabinet Office	1,219	1,475	1,424	1,210	1,248
Net Payments to EC Institutions	1,253	3,355	1,802	2,153	3,572
Local authority self-financed expenditure	10,379	12,649	12,873	14,182	14,630
Control Total	246,566	254,437	259,452	262,806	271,849

(1) Includes receipts from the sale of the student loan portfolio in 1997–98 and 1998–99. See table 4.8 for further details.

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

(3) Figures for 1996–97 and 1997–98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in Table 4.8.

2. DIFFERENCES FROM PREVIOUS PLANS

INTRODUCTION

2.1 Since the introduction of Simplified Estimates in 1995, both PESA and departmental reports coincide both in consistency of figures and timing of publication with the Main Supply Estimates. The figures which will be presented in the Supply Estimates for 2000–2001, and therefore also in this publication, are also consistent with those in the Financial Statement and Budget Report published on 21 March 2000.

CHANGES TO SPENDING PLANS SINCE LAST YEAR

2.2 This Chapter compares the latest plans for DEL and AME with the plans set out in PESA last year (Cm 4201) which were consistent with Budget 99. **Table 2.1** shows changes to DEL by department, **Table 2.2** shows changes to AME and **Table 2.3** shows changes to DEL current and capital budgets. **Table 2.4** shows changes to the Control Total for 1998–99, the last year for which the Control Total was the main focus of spending control. The comparisons distinguish between:

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

CLASSIFICATION AND TRANSFER CHANGES AFFECTING SPENDING PLANS

2.3 The main transfers of financing responsibility or machinery of government affecting the outturn for 1999–2000 and spending plans for 2000–01 to 2001–02 are listed below. (The numbers in this and subsequent textual passages have been rounded to the nearest £5 million if quoted in millions, or nearest £0.1 billion if quoted in billions.)

2.4 Classification and transfer changes affecting DEL are:

- responsibility for administration of the National Insurance Fund has transferred from the Department of Social Security (DSS) to the Inland Revenue (£280 million in 1999–2000, and similar amounts in future years);
- some programmes have switched from UK central government departments to the new devolved administrations. For example student support in Wales (£30 million in 1999–2000) is now funded by the National Assembly for Wales rather than through grants to Welsh local authorities by the Department for Education and Employment (DfEE);
- responsibility for reimbursing the National Insurance Fund for compensation payments has moved from DSS to Inland Revenue (£20 million in 1999–2000);
- from 2000–01 increases in teachers' pay are being funded through specific grants to local authorities from DfEE rather than through revenue support grants from DETR (£150 million in 2000–01 and £270 million in 2001–02);

2. DIFFERENCES FROM PREVIOUS PLANS

- Home Office (HO) capital expenditure on prisons has increased, and current expenditure fallen, following the reclassification of some PFI contracts as finance leases rather than operating leases;
- expenditure to establish and run the new Office of Government Commerce has moved to the Treasury from the Cabinet Office budgets for the Property Advisors to the Civil Estate (PACE) and the Central Computer and Telecommunications Agency (CCTA) – £60 million in 2000–01 and £50 million in 2001–02;
- from 2000–01 the funding of London Transport will be shown as grants by central government to local authorities (in this case the new Greater London Authority) rather than as the external finance of public corporations in the DETR programme;
- the creation of the Foods Standards Agency, within the Health group of departments, reduces MAFF expenditure by £80 million in 2000–01 and 2001–02; and
- certain DETR capital expenditure on highways and the new deal for communities was reclassified as current.

2.5 Classification and transfer changes affecting AME are:

- expenditure on grants to local authorities to fund rent support for tenants, in respect of large scale voluntary transfers of local authority housing stock, has been transferred from DETR to DSS; and
- expenditure on lottery grants to local authorities has been reclassified as current grants to local authorities, rather than as central government grants to the private sector, following the collection and analysis of better data on the destination of lottery grants.

CHANGES TO DEL IN 1999–2000

2.6 Outturn expenditure on DEL in 1999–2000 reflects a number of policy decisions offset from the DEL Reserve. These changes include the following claims on the DEL Reserve:

- the Ministry of Defence (MoD) was increased by £0.6 billion to meet the additional costs of operations in the Balkans and to take up end-year flexibility provision arising from underspends in the previous year;
- increases in the external finance requirement of public corporations to fund increased investment;
- higher (£210 million) current expenditure by the Department for International Development (DfID) on emergency humanitarian assistance to Kosovo and East Timor, payment to the Heavily Indebted Poor Countries (HIPC) Trust Fund, a one-off payment for Gibraltar pensions, and the take up of end-year flexibility in respect of European Union attributed aid; and
- additional DSS expenditure to take up end-year flexibility arising from underspends in previous years and to meet the costs of implementing the Government's welfare reform programme;
- higher expenditure by DH resulting from a draw down of underspends in previous years and increases in the costs of generic drugs and for clinical negligence claims;
- lower spending on The Welfare to Work budget as a result of falling unemployment.

CHANGES TO SPENDING PLANS FOR 2000–01 AND 2001–02 FROM POLICY CHANGES

2.7 The latest plans for expenditure in 2000–01 and 2001–02 take account of policy decisions announced in the Budget on 21 March 2000, and some previous decisions on spending. Changes to previous plans for 2000–01 and 2001–02 are listed below. Details of changes to subsequent years will be known in more detail after the current Spending Review which is due for completion during the summer of 2000.

MAIN DEL CHANGES FOR 2000–01 AND 2001–02 ANNOUNCED IN THE BUDGET

2.8 Total DEL was increased by £4 billion, of which £3 billion was current spending and £1 billion capital spending. This incorporates £1 billion carried forward from the projected underspend on 1999–2000 DEL.

The following allocations were made to individual programmes:

- £2 billion for health across the UK in 2000–01;
- £1 billion for education across the UK in 2000–01,
- £200 million for transport, supplemented by £50 million from the Reserve and £30 million from the Capital Modernisation Fund (CMF);
- £100 million for the police, supplemented by £180 million from the CMF for the criminal justice agencies generally (£80 million in 2001–02);
- £500 million for the Reserve in 2000–02;
- £200 million extra for the CMF in 2000–01;

The amounts include relevant allocations to Scotland, Wales and Northern Ireland.

2.9 Other main changes to spending plans in 2000–01 from policy changes include:

- increases to DSS AME in 2000–01 from a rise in winter fuel payments for pensioners, free TV licences for over-75-year-olds, and improved benefits to alleviate child poverty;
- additional DSS DEL in 2000–01 from the Reserve and from CMF allocations to cover the costs of the Minimum Income Guarantee Take-up Campaign, outsourcing of ITSA and reform of the All Work Test;
- £170 million extra DEL support for farmers; and
- £30 million extra for Customs and Excise in 2000–2001 to fight tobacco smuggling.

CHANGES TO AME FORECASTS

2.10 There have been a number of changes to forecasts of spending on Main Departmental Programmes in AME reflecting various factors including changes in economic forecasts and assumptions. The main changes compared to forecasts made last year are:

- lower social security payments principally due to lower than expected unemployment but also due to other forecasting assumptions. The impact of the latter over the three years is more than offset by policy changes that increase social benefits such as the winter fuel payments;

2. DIFFERENCES FROM PREVIOUS PLANS

- lower interest payments due to the impact on index linked bonds of the timing of increases in the retail price index;
- an increase in 1999–2000 of £0.1 billion in common agricultural policy payments, followed by falls in subsequent years, due to the effect of exchange rate movements on payments (set in Euros) and consequential compensation on direct aid payments and certain market support measures;
- an increase of £0.4 billion in Export Credit Guarantee Department (ECGD) expenditure in 1999–2000 followed by falls of £0.5 billion in subsequent years reflecting revised estimates of the timing of repayments of lending recorded in programme expenditure;
- an increase in the external finance requirement of some self-financing public corporations reflecting higher investment than previously planned; and
- lower than previously estimated expenditure funded by the Lottery – arises from improvements to the way the lottery distribution bodies are surveyed for information on anticipated expenditure.

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.1 Departmental Expenditure Limits, 1999–2000 to 2001–2002, changes since PESA 1999–2000

	£ million											
	1999–2000				2000–2001				2001–2002			
	Plans in PESA 1999–2000	Transfers and Classification Changes	Other Changes	New Plans	Plans in PESA 1999–2000	Transfers and Classification Changes	Other Changes	New Plans	Plans in PESA 1999–2000	Transfers and Classification Changes	Other Changes	New Plans
Education and Employment	15,702	-28	196	15,870	17,537	114	705	18,356	18,916	242	99	19,257
Health	40,345	-38	452	40,759	43,271	-3	1,762	45,030	46,172	-7	2,675	48,840
DETR – Main Programmes	9,697	30	583	10,310	10,497	-113	454	10,838	11,915	-78	44	11,881
DETR – Local Government and Regional Policy	34,208		-9	34,199	35,437	-153	69	35,353	36,893	-276	5	36,622
Home Office	7,773	63	-62	7,774	7,884	86	120	8,090	8,070	-31	66	8,105
Legal Departments	2,756	8	8	2,764	2,801	66	66	2,867	2,713	39	39	2,752
Defence	22,280	64	519	22,863	22,815	4	1	22,820	22,972	8	1	22,981
Foreign and Commonwealth Office	1,115	-13	77	1,179	1,133	-14	-3	1,116	1,153	-16	-1	1,136
International Development	2,299		212	2,511	2,763	-12		2,751	3,072	-12		3,060
Trade and Industry	3,249	1	113	3,363	3,602	-15	71	3,658	3,578	-3	4	3,579
Agriculture, Fisheries and Food	1,268	16	131	1,415	1,207	-80	88	1,215	1,240	-76	23	1,187
Culture, Media and Sport	993		9	1,002	1,002	-2	15	1,015	1,042	-2	60	1,100
Social Security (administration)	3,378	-304	220	3,294	3,447	-343	104	3,208	3,500	-321	82	3,261
Scotland	13,878	-57	218	14,039	14,582	13	281	14,876	15,224	17	255	15,496
Wales	7,062	43	120	7,225	7,454	59	181	7,694	7,840	221		8,061
Northern Ireland	5,852	-2	126	5,976	6,098	129	129	6,227	6,175	77	77	6,252
Chancellor's Departments	3,197	383	26	3,606	3,045	357	119	3,521	3,279	331	88	3,698
Cabinet Office	1,425	-54	20	1,391	1,361	-36	18	1,343	1,313	-18	10	1,305
Welfare to Work	1,492		-642	850	1,317	9	94	1,420	1,278	11	51	1,340
Invest to Save Budget					45		-45	0	65		4	69
Capital Modernisation Fund	34		-34	0	547		-371	176	685		-307	378
Reserve	1,200		-1,200	0	1,800		300	2,100	2,400		-100	2,300
Allowance for shortfall			-1,500	-1,500								
Total	179,200	100	-400	178,900	189,700	-100	4,100	193,700	199,500	3,100	3,100	202,600

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Table 2.2 Total Managed Expenditure, 1999–2000 to 2001–02, changes since PESA 1999–2000

	£ million											
	1999–2000				2000–2001				2001–2002			
	Plans in PESA 1999–2000	Transfers & Classification Changes	Other Changes	New Plans	Plans in PESA 1999–2000	Transfers & Classification Changes	Other Changes	New Plans	Plans in PESA 1999–2000	Transfers & Classification Changes	Other Changes	New Plans
Departmental Expenditure Limits	179,200	100	-400	178,900	189,700	-100	4,100	193,700	199,500		3,100	202,600
Social Security Benefits	99,133	67	-2,121	97,079	101,499	70	-2,017	99,552	106,376	72	-1,947	104,501
Housing Revenue Account Subsidies	3,701	-67	-258	3,376	3,721	-70	-307	3,344	3,704	-72	-338	3,294
Common Agricultural Policy	2,402		150	2,552	2,674		-185	2,489	2,870		-254	2,616
Exports Credits Guarantee Department	462		469	931	825		-523	302	833		-490	343
Net Payments to EC Institutions	2,715		-136	2,579	2,553		137	2,690	2,872		-415	2,457
Self-financing Public Corporations	-38		239	201	-209		406	197	-326		259	-67
Locally financed expenditure	17,003		163	17,166	18,267		-190	18,077	19,764		-658	19,106
Net public service pensions	6,151	6	-528	5,629	6,072	6	-359	5,719	6,157	7	-515	5,649
National Lottery	2,616		-616	2,000	2,666		-366	2,300	2,800		-772	2,028
Central Government Debt Interest	25,976		-494	25,482	27,629		141	27,770	27,110		11	27,121
Accounting and other adjustments	9,100		232	9,332	11,700		2,049	13,749	13,000		1,542	14,542
AME Margin	1,000		-1,000		2,000		-1,000	1,000	3,000		-1,000	2,000
Annually Managed Expenditure	170,300		-3,900	166,300	179,400		-2,200	177,200	188,200		-4,600	183,600
Budget 2000 addition												
Total Managed Expenditure	349,400	100	-4,300	345,200	369,100	-100	1,900	370,900	387,700		5,900	392,100

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.3 Current and Capital Budgets within DEL, 1999–2000 to 2001–02, changes since PESA 1999–2000

	£ million											
	1999–2000			2000–2001			2001–2002					
	Plans in PESA 1999–2000	Transfers & Classification Changes	New Plans	Plans in PESA 1999–2000	Transfers & Classification Changes	New Plans	Plans in PESA 1999–2000	Transfers & Classification Changes	New Plans	Plans in PESA 1999–2000	Transfers & Classification Changes	New Plans
Current Budget												
Education and Employment	14,548	-28	14,796	15,814	168	16,605	16,794	219	17,115	16,794	219	17,115
Health	39,878	-33	40,527	42,746	-12	44,219	45,548	-7	47,544	45,548	-7	47,544
DETR – Main Programmes	4,441	-3	4,583	4,623	54	4,735	4,831	71	4,939	4,831	71	4,939
DETR – Local Government and Regional Policy	33,925	-1	33,924	35,354	-114	35,305	36,879	-272	36,611	36,879	-272	36,611
Home Office	7,381	-16	7,296	7,456	-10	7,537	7,620	-25	7,633	7,620	-25	7,633
Legal Departments	2,686	57	2,743	2,730	73	2,803	2,642	56	2,698	2,642	56	2,698
Defence	20,779	56	21,614	21,302	7	21,309	21,434	7	21,441	21,434	7	21,441
Foreign and Commonwealth Office	1,029	-17	1,089	1,051	-22	1,021	1,069	-25	1,036	1,069	-25	1,036
International Development	2,039	208	2,247	2,462	-12	2,450	2,712	-12	2,700	2,712	-12	2,700
Trade and Industry	2,867	-1	2,965	3,170	-44	3,233	3,112	-33	3,156	3,112	-33	3,156
Agriculture, Fisheries and Food	1,050	16	1,193	1,030	-26	1,057	1,006	-23	1,033	1,006	-23	1,033
Culture, Media and Sport	912	4	916	923	-2	925	963	-3	963	963	-3	963
Social Security	3,328	-302	3,251	3,395	-343	3,176	3,447	-316	3,233	3,447	-316	3,233
Scotland	12,204	-50	12,348	12,793	-4	12,954	13,290	3	13,434	13,290	3	13,434
Wales	6,266	49	6,376	6,655	53	6,877	7,029	213	7,221	7,029	213	7,221
Northern Ireland	5,348	-2	5,463	5,457	-3	5,562	5,510	-4	5,563	5,510	-4	5,563
Chancellor's Departments	3,036	431	3,512	3,093	364	3,586	3,133	327	3,561	3,133	327	3,561
Cabinet Office	1,160	-75	1,133	1,147	-25	1,120	1,135	-7	1,128	1,135	-7	1,128
Welfare to Work	1,216	1	1,217	962	9	871	1,003	11	999	1,003	11	999
Invest to Save Budget				36	-36		52	3	55	52	3	55
Capital Modernisation Fund	1,100			1,700		1,900	2,200		2,000	2,200		2,000
Reserve	0			0								
Allowance for shortfall												
Total Current Budget	165,200	0	165,100	173,900	3,300	177,300	181,400	100	184,100	181,400	2,600	184,100

Table 2.3 Current and Capital Budgets within DEL, 1999–2000 to 2001–02, changes since PESA 1999–2000 (continued)

	1999–2000						2000–2001				2001–2002				£million						
	Plans in PESA 1999–2000		Transfers & Other Changes		New Plans		Plans in PESA 1999–2000		Transfers & Other Changes		New Plans		Plans in PESA 1999–2000			Transfers & Other Changes		New Plans			
Capital Budget																					
Education and Employment	1,154		-80		1,074		1,723		-54		81		1,750		23		2,122		-2		2,143
Health	467		-230		232		525		9		277		811				623		673		1,296
DETR – Main Programmes	5,256		33		5,727		5,874		-167		396		6,103		-149		7,084		7		6,942
DETR – Local Government and Regional Policy	282		-7		275		84		-39		2		47		-4		14		1		11
Home Office	392		7		478		428		96		29		553		-6		450		28		472
Legal Departments	71		-50		21		71		-8				63				71		-17		54
Defence	1,501		-260		1,249		1,513		-2		1		1,512				1,539		1		1,540
Foreign and Commonwealth Office	86		4		90		82		8		6		96		9		84		7		100
International Development	261		2		263		301						301				360				360
Trade and Industry	382		13		397		433		29		-37		425		30		466		-73		423
Agriculture, Fisheries and Food	218		3		222		176		-54		43		158		-54		234		-27		153
Culture, Media and Sport	81		5		86		79		11		11		90				79		57		136
Social Security	50		-5		43		51				-19		32		-5		53		-20		28
Scotland	1,674		-7		1,691		1,789		17		109		1,922		14		1,934		114		2,061
Wales	796		-6		849		799		6		12		817		8		811		21		840
Northern Ireland	504		9		513		640		3		22		665		4		665		20		689
Chancellor's Departments	161		-19		94		-48		-7		-10		-65		4		146		-13		137
Cabinet Office	265		-28		258		214		-11		21		224		-11		178		10		177
Welfare to Work	275		-1		332		355		195		195		550				275		67		342
Invest to Save Budget							9		-9				13				13		1		14
Capital Modernisation Fund	34		-34				547		-371				176				685		-307		378
Reserve	100		-100				200		21		21		221				200		28		228
Allowance for shortfall			-100		-100																
Total Capital Budget	14,000		100		13,800		15,800		-200		800		16,500		-100		18,100		600		18,500
Departmental Expenditure Limits	179,200		100		179,000		189,700		-100		4,100		193,700		3,100		199,500		3,100		202,600

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.4 Control Total by department in 1998–99, differences from PESA 1999–2000

	Estimated Outturn in PESA 1999–2000	Transfer and Classification Changes	Revised Estimated Outturn	Other Changes	£ million Outturn
Education and Employment	14,179	210	14,389	–538	13,851
Health	37,643	4	37,647	–271	37,376
DETR – Main Programmes	11,995		11,995	–514	11,481
DETR – Local Government and Regional Policy	32,757		32,757	–25	32,732
Home Office	7,022	122	7,145	–38	7,107
Legal Departments	2,701		2,701	–21	2,680
Defence	22,549	88	22,638	–162	22,476
Foreign and Commonwealth Office	1,119	4	1,124	–26	1,098
International Development	2,425		2,425	–8	2,417
Trade and Industry	2,748		2,748	–163	2,585
Agriculture, Fisheries and Food	3,420	55	3,475	–101	3,374
Culture, Media and Sport	927	–2	925	–79	846
Social Security	81,744	–123	81,621	–216	81,405
Scotland	14,948	–59	14,889	–236	14,653
Wales	7,113	–4	7,109	–117	6,992
Northern Ireland	8,548	54	8,601	–129	8,473
Chancellor's Departments	3,193	–338	2,855	–76	2,779
Cabinet Office	1,353	–68	1,286	–38	1,248
LASFE	14,600		14,600	30	14,630
European Communities	3,465		3,465	106	3,572
Allowance for shortfall	–1,300		–1,300	1,300	
Control Total	273,200	–56	273,100	–1,322	271,849

3. PUBLIC EXPENDITURE CONTROLS

IN-YEAR CONTROLS – DEPARTMENTAL EXPENDITURE LIMITS

3.1 The main focus for control of departmental spending during a given financial year is the Departmental Expenditure Limit. **Table 3.1** shows to the nearest £000 the control limits for all expenditure within Total DEL for 2000–01, split between Voted and non-Voted elements. The in-year control mechanisms are described in Section 2 of the Supply Estimates 2000–01, to be presented to the House of Commons as HC 377.

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

RUNNING COSTS

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

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

3.5 Running costs are normally controlled gross, although for areas where expenditure and receipts vary in line with demand and which have suitably robust monitoring and management systems, net running costs control may be agreed as set out in "The Financing and Accountability of Next Steps Agencies" (Cm 914). **Table 3.2** sets out gross running costs limits for 2000–2001 for those departments and agencies which have gross controls. From 1 April 2000, 17 bodies, mainly Executive Agencies, will be subject to net running costs controls. **Table 3.3** sets out the net running costs limits for 2000–2001 for these bodies. From 1 April 2000, responsibility for the Information Technology Services Agency of the Department of Social Security transferred to the private sector, and was therefore moved out of net running costs control.

3. PUBLIC EXPENDITURE CONTROLS

3.6 From 1 April 1999, the administration costs of the departments controlled by the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly were removed from running costs control. UK Parliamentary control is now only exercised over the running costs expenditure for the Scotland Office, the Wales Office and Northern Ireland Office.

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

- i from sub-letting property (see paragraph 3.8 below);
- ii related to running costs expenditure incurred in selling services into wider markets (see paragraph 3.8 below);
- iii from a body under running costs control in respect of services provided (see paragraph 3.9 below);
- iv from another running costs controlled area in respect of staff seconded there (see paragraph 3.9 below);
- v from employment subsidies received under the Welfare to Work package (see paragraph 3.10 below);
- vi from HM Customs & Excise in respect of VAT refunds on eligible contracted out services (see paragraph 3.11 below);
- vii in respect of staff members who are funded from the European Fast Stream programme; and
- viii joint running costs funding by third parties for Invest to Save projects (see paragraph 3.12 below).

These receipts are shown in the “Allowable receipts” column of Table 3.2.

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

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

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

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

3. PUBLIC EXPENDITURE CONTROLS

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

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

3. PUBLIC EXPENDITURE CONTROLS

Table 3.1 Departmental Expenditure Limits for 2000–2001

Department/Group	DEL	£ thousand	
		of which:	
		Voted	Non-Voted
Department for Education and Employment ⁽¹⁾	18,355,709	16,806,657	1,549,052
Department of Health	45,029,552	44,713,274	316,278
DETR–Main Programmes ⁽²⁾	10,838,414	8,186,014	2,652,400
DETR–Local Government	35,352,718	35,216,766	135,952
Office of the Rail Regulator	1	1	–
Office of Water Services	–44	1	–45
Home Office	8,068,786	7,872,315	196,471
Charity Commission	21,277	21,277	–
Lord Chancellor's Departments ⁽³⁾	2,515,609	2,404,377	111,232
Attorney General's Departments ⁽⁴⁾	351,061	343,761	7,300
Ministry of Defence	22,820,342	22,820,342	–
Foreign and Commonwealth Office	1,116,210	1,113,610	2,600
Department for International Development	2,751,222	2,113,186	638,036
Department of Trade and Industry ⁽⁵⁾	3,631,506	3,512,754	118,752
Export Credits Guarantee Department	533	533	–
Office of Fair Trading	25,676	25,676	–
Office of Telecommunications	1	1	–
Office of Gas and Electricity Markets	1	1	–
Postal Services Commission	1	1	–
Ministry of Agriculture, Fisheries and Food ⁽⁶⁾	1,157,309	1,138,618	18,691
Forestry Commission	58,025	58,025	–
Department of Culture, Media and Sport ⁽⁷⁾	1,014,886	989,886	25,000
Department of Social Security	3,207,614	2,442,587	765,027
Scotland	14,875,870	5,725	14,870,145
Wales	7,693,663	2,862	7,690,801
Northern Ireland	6,226,838	1,011,159	5,215,679
HM Treasury ⁽⁸⁾	220,417	188,056	32,361
HM Customs & Excise	888,958	887,958	1,000
Inland Revenue	2,097,763	1,778,322	319,441
National Savings	172,815	172,815	–
Registry of Friendly Societies	2,860	2,860	–
National Investment and Loans Office	250	250	–
Office for National Statistics	136,966	134,166	2,800
Government Actuary's Department	652	652	–
Cabinet Office ⁽⁹⁾	208,171	195,671	12,500
Security and Intelligence Services	771,100	771,100	–
Privy Council Office	2,578	2,578	–
Office of the Parliamentary Commissioner and Health Service Commissioners	14,521	14,070	451
House of Lords	53,628	49,543	4,085
House of Commons	245,937	245,937	–
Electoral Commission	2,516	2,516	–
National Audit Office	44,700	44,700	–
Expenditure financed by the windfall tax	1,420,392	1,173,273	247,119
<i>of which</i>			
Department for Education and Employment	1,144,281	1,144,281	–
Department of Health	–10	–10	–
Department of Trade and Industry	8,250	8,250	–
Department of Social Security	20,752	20,752	–
Scotland	27,395	–	27,395
Wales	16,915	–	16,915
Northern Ireland	74,846	–	74,846
Unallocated	127,963	–	127,963
Total	191,397,004	156,463,876	34,933,128

(1) Includes Sure Start and the Office of her Majesty's chief Inspector of Schools.

(2) Includes Ordnance Survey and Office of the Rail Regulator.

(3) Includes Lord Chancellor's Department, Northern Ireland Court Service, Public Records Office and Land Registry.

(4) Includes Crown Prosecution Service, Serious Fraud Office and Treasury Solicitor's Department.

(5) Includes British Trade International.

(6) Includes the Intervention Board – Executive Agency.

(7) Includes the National Lottery Commission.

(8) Includes the Office of Government Commerce.

(9) Includes Central Office of Information.

3. PUBLIC EXPENDITURE CONTROLS

Table 3.2 Gross running cost limits, 2000–2001

	£ thousand		
	Gross expenditure	Allowable receipts	Gross running costs limit
Department for Education and Employment ⁽¹⁾	1,112,751	–40,150	1,072,601
<i>finance by the Windfall Tax</i>	199,012	–15,001	184,011
Office of Her Majesty's Chief Inspector of Schools in England	13,565	–320	13,245
Department of Health	304,586	–3,966	300,620
Food Standards Agency	105,559	–724	104,835
Department of the Environment, Transport and the Regions	698,760	–14,364	684,396
Health and Safety Executive	183,256	–2,539	180,717
Office of Passenger Franchising	14,809	–232	14,577
Office of the Rail Regulator	13,690	–889	12,801
Office of Water Services	12,391	–	12,391
Home Office	2,268,495	–92,360	2,176,135
Charity Commission	20,368	–400	19,968
Lord Chancellor's Department	560,657	–18,749	541,908
Northern Ireland Court Service	33,566	–606	32,960
Public Records Office	27,698	–1,000	26,698
Crown Prosecution Service	230,474	–849	229,625
Serious Fraud Office	11,989	–665	11,324
Foreign and Commonwealth Office	561,835	–47,842	513,993
Department for International Development	66,893	–176	66,717
Office of Fair Trading	25,625	–135	25,490
Department of Trade and Industry	420,867	–18,765	402,102
Office of Telecommunications	11,347	–242	11,105
Office of Gas and Electricity Markets	62,115	–7,234	54,881
The Intervention Board	69,716	–3,644	66,072
Ministry of Agriculture, Fisheries and Food	293,622	–845	292,777
Department for Culture, Media and Sport	33,506	–534	32,972
Department of Social Security ⁽¹⁾	3,034,093	–75,494	2,958,599
<i>financed by the Windfall Tax</i>	15,752	–	15,752
The Scotland Office	5,575	–120	5,455
Wales Office	2,280	–	2,280
Northern Ireland Office	228,697	–1,326	227,371
HM Treasury	112,154	–23,829	88,325
Customs & Excise	869,949	–6,892	863,057
Friendly Societies Registry	2,400	–30	2,370
Inland Revenue	2,314,313	–91,842	2,222,471
National Savings Department	179,163	–4,627	174,536
National investment and Loan Office	1,652	–10	1,642
Office for National Statistics	151,432	–19,860	131,572
Cabinet Office	113,553	–17,991	95,562
Security and Intelligence Services	419,702	–7,061	412,641
Privy Council Office	2,660	–42	2,618
Total for gross running costs areas	14,810,527	-521,355	14,289,172
Northern Ireland departments ⁽¹⁾⁽²⁾	655,086	–37,810	617,276
<i>financed by the Windfall Tax</i>	10,455	–	10,455

(1) Includes all departmental running costs expenditure other than financed by the Windfall Tax.

(2) The Department of Finance and Personnel control the running costs of the Northern Ireland Departments. While the Northern Ireland Assembly ceases to operate, the Secretary of State has responsibility for the public expenditure provision of the Northern Ireland departments.

3. PUBLIC EXPENDITURE CONTROLS

Table 3.3 Net running costs limits, 2000–2001

	£ thousand		
	Gross expenditure	Receipts	Net running costs limit
Health and Safety Laboratory (HSE)	15,515	–15,343	172
Vehicle Certification Agency (DETR)	4,980	–4,879	101
UK Passport Agency (HO)	94,225	–105,925	–11,700
Treasury Solicitor's Department	25,278	–19,106	6,172
National Weights and Measures Laboratory (DTI)	3,102	–3,102	–
Radiocommunications Agency (DTI)	38,288	–38,288	–
Central Services (DTI)	14,425	–14,425	–
Central Science Laboratory (MAFF)	29,261	–29,261	–
Farming and Rural Conservation Agency (MAFF)	18,981	–18,981	–
Veterinary Laboratories Agency (MAFF)	43,147	–43,114	33
Veterinary Medicine Directorate (MAFF)	6,933	–6,933	–
Customer Funded Services (ONS)	17,750	–17,951	–201
Government Actuary's Department	7,791	–7,358	433
Valuation Office (IR)	144,221	–144,221	–
Civil Service College (CO)	22,427	–19,600	2,827
Government Car and Despatch Agency (CO)	11,988	–13,186	–1,198
Security Facilities Executive Agency (SAFE)	7,500	–7,500	–
Total for net running costs areas	505,812	–509,173	–3,361
Land Registers of Northern Ireland (NI)	6,204	–6,204	–

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

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

PUBLIC EXPENDITURE AGGREGATES

4.2 Table 4.1 shows trends in public expenditure over the years 1963–64 to 2001–02 in cash and in real terms and as a percentage of gross domestic product (GDP). The table shows four spending aggregates in this detail: public sector current expenditure, public sector net investment, total managed expenditure (TME) and general government expenditure (GGE). Data for a fifth aggregate, public sector depreciation, are shown in cash only. Data for all these aggregates for the years up to 1998–99 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 1999–2000 onwards are projections produced by the Treasury.

TOTAL MANAGED EXPENDITURE BY FUNCTION

4.3 Table 4.5 gives a detailed analysis of TME by function for the years from 1994–95 to 1999–2000, 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 other tables in this publication 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 1.7

4.4 There have been several changes to the definition of “expenditure on services” since PESA 1999–2000, as a result of moving from a largely general government only coverage to a total public sector coverage, in line with that of TME. The main changes have been to include public corporations’ total capital expenditure, rather than just that part financed directly by central government through grants and loans, and to exclude all lending (other than the subsidy element of student loans). The definition of expenditure on services is described fully in Appendix F.

4.5 The new definition of expenditure on services has some particular implications for measurement of expenditure on health services. Under the present institutional arrangements, a large proportion of public health services are provided by NHS trusts, classified as public corporations, who receive payment for services provided from the health authorities (in central government). TME, and expenditure on services under the new definition, includes both spending by the health authorities on the purchase of health services from trusts (part of central government current expenditure) and the capital spending and interest and dividend payments of the trusts (part of public corporations’ expenditure). But part of trusts’ capital spending is funded out of their gross operating surpluses (the rest is financed by public dividend capital and loans), and thus in effect from

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

trusts' revenues from charges for services. So there is an element of double counting of health expenditure in TME. This double counting has been removed in the measures of health spending presented in Tables 4.2 through to 4.5, though it remains in total expenditure of services (except for Tables 4.2, 4.3 and 4.4) and in the figures for spending on health and personal social services by country and region presented in Chapter 8.

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

4.7 Table 4.2 shows a longer time series, back to 1984–85, for TME by function, at a higher level of aggregation. Tables 4.3 and 4.4 present the material in Table 4.2 in real terms and as a percentage of GDP.

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

Measures of Health Spending

Public spending on health services can be measured in a number of different ways. The Department of Health's annual report (Cm 4603, Figure C1) shows gross NHS expenditure in the UK, which is a measure of public spending on health gross of charges and other income. Part of gross NHS spending is funded by income from prescription and other charges, such as dental charges, and from asset sales; gross spending also includes the element of NHS trusts' charges which goes to fund their interest and dividend payments to Government ("trust debt remuneration").

The measure of public spending on health shown in Table 4.5 is net of all income from charges, asset sales and trust debt remuneration. It is in effect a measure of public spending on health funded out of taxation and borrowing.

TME is a measure of total public sector spending. As well as Government's direct expenditure on health services, net of income, it also includes NHS trusts' capital expenditure (trusts are classified as public corporations) and trusts' interest and dividend payments. So as compared with the net health expenditure measure in Table 4.5, TME includes trust debt remuneration (see above) and capital spending financed out of trusts' gross operating surpluses (rather than by public dividend capital and loans). These two items are shown in Table 4.5 as "adjustments to TME". The "total health and personal social services" line in Table 4.5 is on a TME basis.

The table below compares the key measures of public spending on health for 1998–99 and 1999–2000.

	1998–99	1999–2000
		£ million
Gross NHS expenditure (DH)	48,770	52,945
Total health spending (net) – PESA	44,617	48,945
Adjustments to TME	2,961	3,018
<i>of which: Trust debt remuneration</i>	1,536	1,615
Total health spending in TME	47,578	51,963

TOTAL MANAGED EXPENDITURE BY ECONOMIC CATEGORY

4.9 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. Table 4.6 breaks down total expenditure on services into the following economic categories:

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

- i Pay – pay and pension costs;
- ii Other current expenditure on goods and services – including general administrative expenses and purchases of other goods and services which are not of a capital nature;
- iii Subsidies – payments to producers designed to reduce their prices;
- iv Current grants to the private sector – including grants to persons, such as social security benefits, and grants towards the current expenditure of non-profit making bodies outside the public sector;
- v Current transfers abroad – including net payments to European Union institutions, payments from the UK's development assistance, subscriptions to international organisations and pensions paid to overseas residents;
- vi Net capital expenditure on assets – comprising expenditure on new construction, the purchase of land, buildings and other physical assets, less proceeds from sales of similar assets and the value of net changes in the level of stocks;
- vii Capital grants – grants to the private sector, nationalised industries and other public corporations;
- viii Lending and other financial transactions – comprising net lending to the private sector and public corporations, net lending and investment abroad from the UK's Aid Programme.

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

CAPITAL SPENDING

4.10 Capital expenditure is undertaken by all levels of the public sector: ie. central and local government and public corporations, including nationalised industries. **Table 4.7** gives a functional breakdown of the capital expenditure of central and local government for outturn years (1994–95 to 1999–2000), and for central government only for the plans years (2000–01 and 2001–02). The figures for central government capital spending for 2000–01 onwards reflect departments' capital budgets and detailed decisions on the allocation of expenditure. A functional split of local authority capital spending is not available for future years as the allocation of spending between services is a matter for determination by individual local authorities, and there are no plans at this level of detail. Details of the capital expenditure of public corporations are shown in Chapter 7 (Table 7.3).

4.11 Capital spending in Table 4.7 follows the national accounts definition which includes:-

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

ASSET SALES

4.12 **Table 4.8** shows actual and planned general government receipts from asset sales from 1994–95 through to 2001–02. Significant one-off items which are included in department spending totals are identified separately. These need to be taken into account in looking at trends in departmental spending.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

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

	Public Sector Current Expenditure			Depreciation		Public Sector Net Investment			Total Managed Expenditure			General Government Expenditure		
	Cash (£ billion)	Real terms ⁽¹⁾ (£ billion)	Percentage of GDP	Cash (£ billion)	Percentage of GDP	Cash (£ billion)	Real terms ⁽¹⁾ (£ billion)	Percentage of GDP	Cash (£ billion)	Real terms ⁽¹⁾ (£ billion)	Percentage of GDP	Cash (£ billion)	Real terms ⁽¹⁾ (£ billion)	Percentage of GDP
1963-64	9.4	115.5	30.2	1.0	5.0	1.5	19.0	5.0	11.9	146.7	38.4	11.4	140.3	36.7
1964-65	9.9	116.8	29.2	1.1	5.5	1.9	21.9	5.5	12.8	151.3	37.9	12.3	145.4	36.4
1965-66	11.0	124.4	30.5	1.2	5.5	2.0	22.4	5.5	14.2	159.8	39.2	13.7	154.4	37.8
1966-67	12.0	130.3	31.3	1.2	6.3	2.4	26.3	6.3	15.7	170.1	40.9	15.1	164.2	39.5
1967-68	13.5	142.1	33.2	1.4	7.5	3.1	32.3	7.5	17.9	188.7	44.1	17.5	184.7	43.1
1968-69	14.5	144.9	32.8	1.5	6.8	3.0	29.8	6.8	18.9	189.9	43.0	18.3	184.1	41.7
1969-70	15.3	145.6	32.3	1.7	6.2	2.9	28.0	6.2	19.9	189.4	42.0	19.2	183.2	40.6
1970-71	16.9	148.7	32.1	1.9	6.5	3.4	30.0	6.5	22.2	195.4	42.2	21.6	190.0	41.0
1971-72	19.3	155.7	32.9	2.2	5.5	3.2	26.2	5.5	24.7	199.4	42.2	24.3	195.6	41.4
1972-73	21.9	163.3	32.7	2.5	5.1	3.4	25.4	5.1	27.7	207.0	41.5	27.3	203.8	40.8
1973-74	25.8	179.7	34.7	3.0	5.5	4.1	28.5	5.5	32.8	228.8	44.2	31.5	219.4	42.4
1974-75	34.2	199.0	38.6	3.8	5.8	5.1	29.9	5.8	43.2	251.0	48.7	42.4	246.7	47.9
1975-76	43.8	203.5	39.8	4.8	5.8	6.4	29.5	5.8	55.0	255.2	49.9	53.2	246.8	48.2
1976-77	51.2	209.2	39.7	5.6	4.6	5.9	24.3	4.6	62.8	256.5	48.7	58.9	240.4	45.6
1977-78	57.3	205.9	38.1	6.4	3.1	4.7	17.0	3.1	68.4	245.9	45.5	63.8	229.1	42.4
1978-79	65.5	212.0	38.0	7.3	2.7	4.6	14.8	2.7	77.4	250.5	44.9	74.2	240.0	43.1
1979-80	78.9	218.6	38.2	8.6	2.5	5.1	14.1	2.5	92.6	256.5	44.8	89.0	246.6	43.1
1980-81	93.6	219.3	39.7	10.5	2.0	4.7	11.0	2.0	111.5	261.3	47.3	108.5	254.3	46.1
1981-82	110.0	235.3	42.6	11.5	1.1	2.8	6.1	1.1	124.3	265.9	48.1	120.6	258.0	46.7
1982-83	120.5	241.1	42.6	11.8	1.7	4.8	9.5	1.7	137.1	274.3	48.5	131.9	263.9	46.6
1983-84	129.8	248.2	42.4	12.4	1.9	5.9	11.3	1.9	148.1	283.3	48.3	139.6	267.1	45.6
1984-85	140.2	254.8	42.5	12.5	1.7	5.5	10.0	1.7	158.3	287.6	48.0	150.0	272.5	45.5
1985-86	148.1	255.6	41.0	11.8	1.3	4.8	8.3	1.3	164.7	284.4	45.6	157.3	271.5	43.5
1986-87	155.2	259.7	39.9	12.4	0.8	3.1	5.2	0.8	170.7	285.7	43.9	161.8	270.9	41.6
1987-88	165.5	262.9	38.5	11.9	0.8	3.3	5.2	0.8	180.6	287.0	42.1	171.1	272.0	39.8
1988-89	172.5	256.7	36.0	13.3	0.4	2.0	3.0	0.4	187.8	279.6	39.2	178.2	265.2	37.2
1989-90	185.8	258.1	35.6	14.2	1.3	6.8	9.5	1.3	206.8	287.3	39.6	200.1	277.9	38.3
1990-91	201.5	259.5	35.8	13.5	1.5	8.4	10.8	1.5	223.4	287.7	39.7	216.4	278.7	38.5
1991-92	226.7	275.0	38.4	12.0	1.9	11.4	13.8	1.9	250.1	303.3	42.4	240.5	291.7	40.8
1992-93	246.6	289.5	40.2	11.6	2.1	12.9	15.1	2.1	271.1	318.2	44.2	262.5	308.1	42.8
1993-94	260.8	298.3	40.3	11.6	1.7	10.9	12.5	1.7	283.4	324.1	43.8	277.8	317.6	42.9
1994-95	274.0	309.0	40.0	12.3	1.5	10.4	11.7	1.5	296.7	334.5	43.3	289.4	326.3	42.2
1995-96	286.2	313.6	39.6	13.3	1.3	9.7	10.6	1.3	309.1	338.7	42.8	304.3	333.5	42.1
1996-97	297.5	315.8	38.8	13.3	0.7	5.2	5.5	0.7	316.0	335.4	41.4	308.9	327.9	40.3
1997-98	305.0	315.0	37.4	13.1	0.6	4.6	4.7	0.6	322.7	333.3	39.6	318.7	329.1	39.1
1998-99	312.5	312.5	36.5	13.6	0.6	5.0	5.0	0.6	331.0	331.0	38.6	328.4	328.4	38.3
1999-00	325.6	317.7	36.2	14.1	0.6	5.5	5.4	0.6	345.2	336.8	38.3	342.4	334.0	38.0
2000-01	348.2	332.3	36.8	14.5	0.9	8.2	7.8	0.9	370.9	353.9	39.2	369.9	352.9	39.1
2001-02	365.8	340.5	36.9	15.0	1.2	11.4	10.6	1.2	392.1	365.0	39.6	391.5	364.5	39.5

(1) Cash figures adjusted to price levels of 1998-99.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.2 Total Managed Expenditure by function, 1984-85 to 1999-2000⁽¹⁾

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn estimated
	£ billion															
Education	16.3	16.8	18.5	20.3	21.9	24.4	26.3	29.1	31.4	33.1	34.7	35.6	36.1	37.2	38.4	41.1
Health and personal social services	19.4	20.5	22.1	24.3	26.8	29.3	32.8	37.1	40.7	42.8	46.0	48.6	50.7	53.1	56.0	61.2
of which: Health	16.5	17.5	18.7	20.5	22.6	24.5	27.4	31.2	34.3	35.6	37.5	39.2	40.6	42.5	44.6	48.9
Transport	6.7	6.8	6.7	6.7	6.9	8.0	9.7	10.9	12.6	11.7	12.1	11.5	10.0	9.1	8.6	8.8
Housing	4.6	4.2	4.1	4.2	3.3	5.2	4.9	5.8	6.3	5.3	5.3	5.1	4.6	3.7	3.7	3.6
Other environmental services	3.9	3.9	4.6	4.8	4.9	5.9	6.6	7.3	7.8	7.5	8.1	8.5	8.2	8.4	8.5	9.2
Law, order and protective services	6.4	6.6	7.2	8.1	9.0	10.2	11.5	13.0	14.2	14.8	15.4	15.7	16.2	16.9	17.4	19.1
Defence ⁽²⁾	17.2	18.0	18.2	18.7	19.0	20.6	21.5	22.7	22.7	22.6	22.4	21.6	21.3	20.9	22.6	23.0
International development assistance and other international services	1.5	1.6	1.7	1.7	2.0	2.2	2.4	2.7	3.0	3.1	3.2	3.3	2.9	2.9	3.2	3.4
Trade, industry, energy and employment	7.8	8.0	8.0	6.6	8.0	7.6	8.8	9.3	9.8	10.1	9.6	9.2	8.9	8.7	9.0	10.0
Agriculture, fisheries, food and forestry	2.4	2.9	2.2	2.4	2.2	2.2	2.9	3.1	3.2	4.1	3.7	4.2	6.1	5.2	5.1	5.0
Culture, Media and Sport ⁽³⁾	1.6	1.7	1.8	2.0	2.2	2.6	2.8	2.9	3.0	3.0	3.3	3.5	3.7	4.2	4.9	5.3
Social Security	39.6	43.2	46.3	48.4	49.6	52.6	58.9	70.0	79.2	86.5	88.8	92.8	96.5	97.4	99.5	103.6
Central administration and associated expenditure ⁽⁴⁾	4.9	4.7	5.4	6.6	6.2	8.4	8.5	6.0	8.3	8.4	7.5	9.9	8.3	8.5	10.2	9.8
Total expenditure on services⁽⁵⁾	132.1	139.0	146.9	154.8	162.0	179.2	197.6	219.9	242.2	253.1	260.0	269.5	273.7	276.3	286.9	303.0
Public Sector debt interest	17.3	19.1	19.0	19.9	20.3	20.9	20.4	18.4	19.0	20.7	23.5	26.7	28.1	30.0	29.6	25.6
Other accounting adjustments ⁽⁶⁾	8.9	6.6	4.8	5.9	5.5	6.7	5.4	11.8	9.9	9.6	13.2	12.9	14.2	16.4	14.5	18.1
Allowance for shortfall																-1.5
Total Managed Expenditure	158.3	164.7	170.7	180.6	187.8	206.8	223.4	250.1	271.1	283.4	296.7	309.1	316.0	322.7	331.0	345.2

(1) For years prior to 1994-95, the effects of transfer and classification changes have been imputed.

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

(3) Includes expenditure financed from the National Lottery.

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

(5) The definition of expenditure on services in this table differs from that in Table 4.5. See paragraph 4.5.

(6) Includes net public service pensions.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.3 Total Managed Expenditure by function in real terms, 1984–85 to 1999–2000⁽¹⁾

	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
Education	29.6	29.0	30.9	32.2	32.5	33.8	33.9	35.3	36.9	37.9	39.1	39.0	38.3	38.4	38.4	40.1
Health and personal social services	35.2	35.4	37.0	38.6	39.9	40.7	42.2	45.0	47.8	48.9	51.9	53.3	53.9	54.9	56.0	59.7
of which: Health	30.0	30.2	31.3	32.6	33.6	34.0	35.3	37.8	40.3	40.7	42.3	43.0	43.1	43.8	44.6	47.8
Transport	12.2	11.8	11.2	10.7	10.3	11.1	12.5	13.2	14.8	13.4	13.6	12.6	10.7	9.4	8.6	8.5
Housing	8.4	7.2	6.8	6.7	4.9	7.2	6.3	7.1	7.4	6.1	6.0	5.6	4.9	3.8	3.7	3.5
Other environmental services	7.0	6.8	7.8	7.6	7.3	8.1	8.5	8.8	9.1	8.6	9.2	9.3	8.7	8.7	8.5	9.0
Law, order and protective services	11.6	11.4	12.0	12.8	13.4	14.1	14.8	15.7	16.6	16.9	17.3	17.3	17.2	17.4	17.4	18.7
Defence ⁽²⁾	31.3	31.1	30.5	29.8	28.3	28.6	27.7	27.5	26.6	25.8	25.3	23.7	22.6	21.6	22.6	22.4
International development assistance and other international services	2.6	2.8	2.9	2.7	3.0	3.0	3.0	3.3	3.5	3.5	3.6	3.6	3.1	3.0	3.2	3.3
Trade, industry, energy and employment	14.2	13.8	13.4	10.5	11.9	10.6	11.4	11.3	11.5	11.6	10.8	10.1	9.4	9.0	9.0	9.7
Agriculture, fisheries, food and forestry	4.4	5.0	3.7	3.8	3.3	3.1	3.7	3.8	3.8	4.7	4.2	4.6	6.5	5.4	5.1	4.9
Culture, Media and Sport ⁽³⁾	2.9	2.9	3.0	3.2	3.3	3.6	3.6	3.5	3.6	3.5	3.7	3.8	3.9	4.3	4.9	5.2
Social Security	71.9	74.5	77.6	77.0	73.9	73.1	75.9	84.8	93.0	98.9	100.1	101.7	102.5	100.6	99.5	101.0
Central administration and associated expenditure ⁽⁴⁾	8.8	8.2	9.0	10.4	9.2	11.7	11.0	7.3	9.7	9.6	8.4	10.9	8.8	8.8	10.2	9.5
Total expenditure on services⁽⁵⁾	240.1	239.9	245.9	246.1	241.2	248.8	254.5	266.7	284.3	289.4	293.1	290.7	290.6	285.4	286.9	295.6
Public Sector debt interest	31.4	32.9	31.7	31.7	30.2	29.0	26.2	22.3	22.3	23.7	26.5	28.8	29.9	31.0	29.6	25.0
Other accounting adjustments ⁽⁶⁾	16.2	11.4	8.0	9.4	8.2	9.3	7.0	14.3	11.6	11.0	14.9	13.9	15.1	16.9	14.5	17.7
Allowance for shortfall																-1.5
Total Managed Expenditure	287.6	284.3	285.7	287.0	279.5	287.2	287.7	303.3	318.3	324.1	334.5	333.4	335.5	333.3	331.0	336.8

(1) For years prior to 1994–95, the effects of transfer and classification changes have been imputed.

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

(3) Includes expenditure financed from the National Lottery.

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

(5) The definition of expenditure on services in this table differs from that in Table 4.5. See paragraph 4.5.

(6) Includes net public service pensions.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.4 Total Managed Expenditure as a percentage of GDP, 1984-85 to 1999-2000⁽¹⁾

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
Education	4.9	4.6	4.8	4.7	4.6	4.7	4.7	4.9	5.1	5.1	5.1	4.9	4.7	4.6	4.5	4.6
Health and personal social services	5.9	5.7	5.7	5.7	5.6	5.6	5.8	6.3	6.6	6.6	6.7	6.7	6.6	6.5	6.5	6.8
of which: Health	5.0	4.8	4.8	4.8	4.7	4.7	4.9	5.3	5.6	5.5	5.5	5.4	5.3	5.2	5.2	5.4
Transport	2.0	1.9	1.7	1.6	1.4	1.5	1.7	1.8	2.1	1.8	1.8	1.6	1.3	1.1	1.0	1.0
Housing	1.4	1.2	1.1	1.0	0.7	1.0	0.9	1.0	1.0	0.8	0.8	0.7	0.6	0.5	0.4	0.4
Other environmental services	1.2	1.1	1.2	1.1	1.0	1.1	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.0	1.0	1.0
Law, order and protective services	1.9	1.8	1.8	1.9	1.9	1.9	2.0	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.0	2.1
Defence ⁽²⁾	5.2	5.0	4.7	4.4	4.0	3.9	3.8	3.8	3.7	3.5	3.3	3.0	2.8	2.6	2.6	2.6
International development assistance and other international services	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Trade, industry, energy and employment	2.4	2.2	2.1	1.5	1.7	1.5	1.6	1.6	1.6	1.6	1.4	1.3	1.2	1.1	1.0	1.1
Agriculture, fisheries, food and forestry	0.7	0.8	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.6	0.5	0.6	0.8	0.6	0.6	0.6
Culture, Media and Sport ⁽³⁾	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Social Security	12.0	11.9	11.9	11.3	10.4	10.1	10.5	11.9	12.9	13.4	12.9	12.8	12.6	12.0	11.6	11.5
Central administration and associated expenditure ⁽⁴⁾	1.5	1.3	1.4	1.5	1.3	1.6	1.5	1.0	1.4	1.3	1.1	1.4	1.1	1.0	1.2	1.1
Total expenditure on services⁽⁵⁾	40.1	38.5	37.8	36.1	33.8	34.3	35.1	37.3	39.5	39.1	37.9	37.3	35.7	33.9	33.5	33.6
Public Sector debt interest	5.2	5.3	4.9	4.6	4.2	4.0	3.6	3.1	3.1	3.2	3.4	3.7	3.7	3.7	3.5	2.8
Other accounting adjustments ⁽⁶⁾	2.7	1.8	1.2	1.4	1.1	1.3	1.0	2.0	1.6	1.5	1.9	1.8	1.9	2.0	1.7	2.0
Allowance for shortfall																-0.2
Total Managed Expenditure	48.0	45.6	43.9	42.0	39.2	39.6	39.7	42.4	44.3	43.8	43.3	42.8	41.2	39.6	38.6	38.3

(1) For years prior to 1994-95, the effects of transfer and classification changes have been imputed.

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

(3) Includes expenditure financed from the National Lottery.

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

(5) The definition of expenditure on services in this table differs from that in Table 4.5. See paragraph 4.5.

(6) Includes net public service pensions.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.5 Total Managed Expenditure by function, 1994–95 to 1999–2000						
	£ million					
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 estimated outturn
Education						
Under fives	1,408	1,468	1,549	1,686	1,802	1,905
Schools	19,470	20,037	20,591	21,490	22,482	24,061
Further Education	4,660	4,875	4,933	4,947	5,051	5,461
Higher Education	4,445	4,785	4,670	4,727	4,777	5,486
Student support (inc mandatory awards & access fund)	2,988	2,682	2,630	2,614	2,456	2,075
Miscellaneous educational services, research and administration	1,721	1,726	1,748	1,718	1,866	2,083
Total education	34,692	35,573	36,121	37,190	38,435	41,071
Health and personal social services						
Health						
National Health Service hospitals, community health, family health and related services (net)	36,578	38,261	39,651	41,514	43,705	47,901
Central health and other services	915	939	968	940	912	1,044
Total health	37,492	39,200	40,619	42,454	44,617	48,945
Personal social services	8,497	9,428	10,110	10,680	11,335	12,208
Adjustments to TME	2,140	2,473	2,440	2,629	2,961	3,018
Total health and personal social services	48,129	51,102	53,169	55,764	58,913	64,171
Transport						
National roads	2,724	2,419	2,169	1,994	1,853	1,906
Local roads	3,667	3,500	3,227	3,007	2,817	3,031
Local transport	2,436	2,450	2,222	2,107	1,998	2,018
Ports	37	25	20	16	17	53
Marine, coastguard, shipping and civil aviation services	149	94	71	73	100	84
Driver and vehicle licensing and testing	146	147	164	161	85	116
National and international rail services	2,750	2,664	1,954	1,550	1,478	1,287
UK Maritime Agency	79	83	89	83	84	92
Other transport services	105	106	121	152	156	278
Total transport	12,095	11,487	10,036	9,143	8,588	8,758
Housing						
Local authority housing	1,954	2,219	1,905	1,511	1,654	1,469
Other social housing	1,800	1,434	1,298	917	924	1,063
Other	1,560	1,412	1,391	1,307	1,099	1,080
Total housing	5,313	5,065	4,595	3,735	3,677	3,613
Other environmental services						
Environmental protection	2,778	3,067	3,169	3,525	3,812	3,897
Countryside and water	46	56	-5	-13	-9	608
Urban	2,045	2,023	2,171	2,072	1,911	1,514
Other	3,269	3,355	2,831	2,835	2,762	3,222
Total other environmental services	8,138	8,501	8,166	8,419	8,475	9,241

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.5 Total Managed Expenditure by function, 1994–95 to 1999–2000 (continued)

	£ million					
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Law, order and protective services						
Administration of justice	2,971	3,067	3,127	3,145	3,241	3,586
Prisons and offender programmes	2,322	2,378	2,392	2,535	2,712	2,729
Police	7,675	7,929	8,287	8,662	8,862	9,284
Immigration and citizenship	196	211	223	252	212	794
Fire	1,546	1,589	1,628	1,720	1,799	1,909
Civil defence	46	43	46	45	42	45
Constitutional and community services	118	71	72	74	79	216
Central and miscellaneous services	484	457	440	439	467	534
Total law, order and protective services	15,358	15,745	16,216	16,871	17,415	19,147
Defence						
Defence budget	22,402	21,631	22,249	21,611	22,627	23,007
Receipts from sale of married quarters			-962	-700		
Total defence	22,402	21,631	21,287	20,911	22,627	23,007
International development assistance and other international services						
International development assistance	1,887	1,931	1,868	1,772	2,101	2,253
Other international services	1,286	1,364	1,082	1,091	1,121	1,180
Total international development assistance and other international services	3,173	3,295	2,950	2,863	3,221	3,433
Trade, industry, energy, employment and training						
Regional and other industrial support	1,192	1,211	1,250	1,386	1,444	1,436
Trade, scientific and technological support	2,048	2,216	2,215	2,226	2,403	2,440
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	1,423	1,086	722	600	609	765
Employment	2,679	2,716	2,644	2,456	2,740	3,223
Training	1,974	1,689	1,774	1,691	1,519	1,770
Departmental administration and other services	252	283	272	280	257	322
Total trade, industry, energy, employment and training	9,568	9,202	8,877	8,679	8,972	9,956
Agriculture, fisheries, food and forestry						
Market support under CAP	2,286	2,695	2,810	2,515	2,777	2,838
Other agriculture, fisheries and food	1,321	1,414	1,774	1,704	1,686	1,614
Forestry	106	62	55	55	58	103
BSE			1,496	954	562	429
Total agriculture, fisheries, food and forestry	3,712	4,171	6,134	5,228	5,083	4,984

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.5 Total Managed Expenditure by function, 1994–95 to 1999–2000 (continued)

	£ million					
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Culture, Media and Sport						
Museums and galleries	472	484	491	485	472	490
Other arts and heritage	653	667	651	733	730	777
Libraries	898	945	872	859	860	903
Films	26	26	24	23	22	25
Tourism	141	146	143	153	151	168
Sport and recreation	848	828	870	896	916	896
Broadcasting	214	223	220	203	248	307
Administration	19	25	36	47	50	33
Lottery	10	129	388	803	1,488	1,658
Total Culture, Media and Sport	3,282	3,473	3,694	4,201	4,937	5,257
Social Security						
Pension benefits	29,553	30,804	32,883	34,483	36,551	38,762
Widows' benefits	1,057	1,051	1,017	1,021	1,009	1,015
Unemployment, incapacity and other benefits	9,787	9,423	8,723	7,804	7,638	7,286
Industrial injury benefits	728	753	765	768	783	795
Family benefits	8,663	9,263	9,754	10,022	10,430	11,059
War pensions	1,147	1,258	1,351	1,288	1,264	1,241
Disability benefits	6,888	8,019	9,214	9,942	10,547	11,141
Income support	17,037	17,359	17,295	16,720	16,215	16,904
Social Fund	177	224	201	154	154	163
Housing benefits	10,572	11,386	11,921	12,058	11,970	11,977
Administration and miscellaneous services	3,184	3,270	3,380	3,170	2,925	3,230
Total social security	88,794	92,811	96,503	97,430	99,485	103,573

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.5 Total Managed Expenditure by function, 1994–95 to 1999–2000 (continued)

	£ million					
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 estimated outturn
Central administration and associated expenditure						
Public and common services	6,241	6,591	6,521	6,349	6,666	7,171
EC Net Payments	1,253	3,355	1,802	2,153	3,572	2,529
Total central administration and associated expenditure	7,494	9,946	8,323	8,502	10,238	9,751
Total expenditure on services⁽¹⁾	262,149	272,002	276,071	278,945	290,066	306,000
Public sector debt interest	23,522	26,662	28,134	30,006	29,560	25,595
Net Public Service pensions	3,886	4,271	4,979	5,363	4,663	5,629
Allowance for shortfall						-1,500
Other accounting adjustments	7,097	6,165	6,779	8,421	6,712	9,500
Total Managed Expenditure	296,654	309,100	315,963	322,735	331,001	345,200

(1) For definition, see Appendix F.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.6 Total Managed Expenditure by economic category, 1994–95 to 2001–02

	£ million					
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 estimated outturn
Pay	60,206	60,566	60,796	60,722	63,342	67,392
Other current expenditure on goods and services	67,169	70,740	74,995	77,522	82,467	89,209
Subsidies	8,329	7,943	9,267	8,241	7,748	7,688
Current grants to private sector	99,694	103,807	108,454	110,614	112,356	116,867
Current transfers abroad	4,751	6,905	5,326	5,318	7,537	7,246
Net capital expenditure on assets	16,856	17,255	12,869	12,438	12,634	13,061
Capital grants	5,144	4,846	4,365	4,071	3,982	4,499
Total expenditure on services⁽¹⁾	262,149	272,002	276,071	278,945	290,066	306,000
Public sector debt interest	23,522	26,662	28,134	30,006	29,560	25,595
Net Public Service pensions	3,886	4,271	4,979	5,363	4,663	5,629
Allowance for shortfall						–1,500
Other accounting adjustments	7,097	6,165	6,779	8,421	6,712	9,500
Total Managed Expenditure	296,654	309,100	315,963	322,735	331,001	345,200

(1) For definition, see Appendix F.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.7 General government capital expenditure by function, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Central government own								
Education	719	706	173	166	140	359	791	966
Health and personal social services	391	292	153	92	-89	151	315	904
Transport	2,328	1,991	1,781	1,553	1,342	1,148	1,340	1,523
Housing	1,623	1,258	1,142	795	797	893	815	752
Other environmental services	359	374	358	320	314	706	686	1,115
Law, order and protective services	593	619	452	493	579	421	519	430
Defence	1,489	1,578	672	892	1,667	1,269	1,528	1,550
International development assistance and other international services	93	138	80	95	96	97	99	104
Trade, industry, energy, employment and training	846	816	719	756	736	810	924	989
Agriculture, fisheries, food and forestry	40	147	421	346	262	245	213	190
Culture, Media and Sport	313	332	450	760	1,025	1,268	1,201	1,005
Social security	243	158	122	4	-306	45	34	30
Central administration and associated expenditure	521	495	439	386	390	444	234	373
Total central government own	9,558	8,902	6,963	6,659	6,953	7,900	8,700	9,900
Local authorities								
Education	1,145	1,202	1,114	1,186	1,349	1,423		
Health and personal social services	195	195	162	133	125	179		
Transport	1,760	1,718	1,387	1,325	1,139	1,287		
Housing	1,526	1,830	1,536	1,145	1,271	1,057		
Other environmental services	1,444	1,409	857	992	963	760		
Law, order and protective services	363	388	307	297	320	307		
Defence								
International development assistance and other international services								
Trade, industry, energy, employment and training	13	8	10	12	13	14		
Agriculture, fisheries, food and forestry	-36	16	10	-2	0	5		
Culture, Media and Sport	254	265	279	327	360	344		
Social security								
Central administration and associated expenditure	140	170	123	102	112	76		
Total local authorities	6,805	7,202	5,785	5,518	5,650	5,500		

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.8 General government receipts from sales of assets, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Sales of fixed assets								
Department of Social Security:								
PRIME and Newcastle estate	–	–	–	71	350	–	–	–
Ministry of Defence: sale of								
married quarters	–	–	962	700	–	–	–	–
Other central government	711	867	888	833	1,154	1,100	1,000	1,000
Local authorities	2,826	2,430	2,536	2,507	2,756	3,400	2,750	2,750
Total Sales of fixed assets	3,537	3,297	4,386	4,111	4,260	4,500	3,750	3,750
<i>of which:</i>								
<i>receipts from sales of land and existing buildings</i>								
Central government	380	512	1,640	1,372	1,068	800	–	–
Local authorities	2,811	2,415	2,518	2,489	2,737	3,300	–	–
Debt Sales, etc								
Department for Education and								
Employment: sale of								
student loan portfolio				855	855			
DETR – Main Programmes:								
sale of ROSCO's		787	1,002	–				
Sale of Housing Corporation								
loan portfolio			500	654	–			
Wales: sale of Housing for Wales								
loan portfolio			73	–				
Scotland: sale of student								
loan portfolio				110	110			
Northern Ireland: sale of student								
loan portfolio				35	35			
Total Debt Sales etc		787	1,575	1,654	1,000			
Total receipts from sales of assets including debt sales	3,537	4,084	5,961	5,765	5,260	4,500	3,750	3,750
<i>Memo item:</i>								
<i>Receipts from the sales of equity and debt in privatised companies</i>								
	6,433	2,435	4,434	1,770	70	535		

5. CENTRAL GOVERNMENT EXPENDITURE

INTRODUCTION

5.1 This section provides summary analyses of central government's own expenditure, ie. the expenditure of government departments on their own activities and their funding of other non-trading central government bodies, plus subsidies to a small number of trading bodies. It excludes expenditure by central government bodies which goes to support the spending of local authorities and public corporations. Central government's own expenditure accounts for about 75 per cent of Departmental Expenditure Limits and about 90 per cent of Main Departmental Programmes in AME.

CENTRAL GOVERNMENT EXPENDITURE BY DEPARTMENT

5.2 Table 5.1 gives a departmental breakdown of central government's own expenditure, actual and planned, for the period 1994–95 to 2001–02. Expenditure falling in DEL is shown separately from expenditure falling in AME. In a number of areas, for example education, transport, law and order, a relatively large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government – some of which will be recorded under Scotland, Wales or Northern Ireland. Partly as a result, social security, health and defence together account for some three quarters of total central government own spending.

CENTRAL GOVERNMENT OWN EXPENDITURE BY FUNCTION

5.3 Table 5.2 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 (or, for Northern Ireland, during any period when the Assembly ceases to operate, the Secretary of State) are responsible. As with the similar analyses of total public spending in Chapter 4, the key concept in this and the next (analysis by economic category) table is total expenditure on services (see para 4.3ff and Appendix F). Because expenditure by local authorities is excluded, it is possible to include figures for the plans years here as well as data for the past.

CENTRAL GOVERNMENT EXPENDITURE BY ECONOMIC CATEGORY

5.4 Table 5.3 shows central government departmental expenditure by economic category (for an explanation of these categories, see para 4.9). The largest elements are spending on pay and other current expenditure on goods and services.

5.5 Table 5.4 shows, for 1994–95 through to 2001–02, central government departmental expenditure, actual and planned, for each department, broken down between capital, current and financial transactions, following national accounts definitions. The financial transactions shown in this table are those which score in DEL (generally in capital budgets, but in the case of the subsidy element of student loans in the current budget) and in AME Main Departmental Programmes. These financial transactions do not score in TME, which is current and capital spending only; they are removed by accounting adjustments in other AME.

RUNNING COSTS

5.6 Running costs plans for 2000–01 and 2001–02 were established for each department following the results of the Comprehensive Spending Review (CSR) in July 1998 (Cm 4011). These plans have been amended by various reclassifications, transfers between and within departments and by changes in anticipated workloads and receipts. Successful departments have also received additional running costs funding following the second round of the Invest

to Save programme. Plans for each department and agency appear in the series of published departmental reports, as do plans for expenditure on the administration costs of the larger executive NDPBs.

5.7 Table 5.5 shows departmental plans for gross administrative expenditure (whether controlled gross or net) after eliminating double counting and offsetting VAT refunds on eligible contracted out services. It compares plans for 2000–01 and 2001–02 with the outturn for past years and the estimated outturn for 1999–2000. Although the figures in this table form a basis for the running costs limits set out in Table 3.2 and Table 3.3, they do not correspond directly.

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

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

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

CIVIL SERVICE STAFFING

5.11 Table 5.6 provides a summary of Civil Service staffing 1994–95 to 2001–02, with an estimated outturn for 1999–2000 and plans for 2000–01 to 2001–02. The figures comprise all permanent staff and exclude temporary and casual staff. The figures are measured as “full time equivalent” staff, with part time staff recorded according to the proportion of a full week for which they are contracted to work.

5.12 There was a fall in the level of Home Civil Service staffing between 1998–99 and the estimated outturn for 1999–2000 of 10,300 (2.2 per cent) to 454,400. The largest falls were in the Department of Social Security and the Ministry of Defence. Departments' plans imply an increase to 458,500.

5.13 Historically, outturn has been slightly lower than plans. The estimated outturn for 1999–2000 is around 1 per cent lower than the plans for the same year shown in PESA 1999–2000. The 1998–99 outturn was also 1 per cent lower than plans at the start of the year.

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

5.15 Figures on public sector staffing will also be published in the June 2000 edition of Economic Trends.

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.1 Central government own expenditure by department, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Central government own expenditure by department								
Within DEL								
Education and Employment	10,454	10,855	11,013	11,556	11,168	13,343	15,405	16,458
Health	30,033	31,633	32,938	34,611	36,692	40,057	43,897	47,693
DETR – Main Programmes	7,446	6,607	6,544	5,633	5,342	6,380	6,164	6,746
DETR – Local Government and regional policy	240	228	216	222	214	242	239	235
Home Office	2,476	2,493	2,484	2,685	2,827	3,436	3,667	3,522
Legal Departments	2,257	2,327	2,349	2,376	2,398	2,496	2,563	2,443
Defence	22,476	21,500	21,337	20,951	22,514	22,884	22,837	22,991
Foreign and Commonwealth Office	1,257	1,333	1,053	1,078	1,095	1,180	1,118	1,137
International Development	2,234	2,197	2,073	1,999	2,319	2,511	2,751	3,060
Trade and Industry	2,653	3,177	3,013	2,967	2,913	3,351	3,640	3,569
Agriculture, Fisheries and Food	1,017	1,031	2,307	1,839	1,512	1,579	1,382	1,351
Culture, Media and Sport	905	945	875	862	828	902	915	998
Department of Social Security	3,018	3,100	3,204	2,997	2,737	3,036	2,960	3,013
Scotland	6,861	7,007	7,245	7,554	7,669	8,502	9,080	9,497
Wales	3,267	3,356	3,413	3,476	3,579	3,960	4,398	4,651
Northern Ireland	4,869	4,958	5,064	5,175	5,320	5,685	5,955	5,995
Chancellor's Departments	2,739	2,800	2,750	2,751	3,141	3,606	3,521	3,698
Cabinet Office	1,223	1,469	1,426	1,210	1,248	1,391	1,343	1,305
Welfare to Work				53	273	525	877	1,004
Total within DEL	105,425	107,014	109,304	109,993	113,789	125,000	132,700	139,400
Within AME Main Programmes								
Education and Employment	1,136	1,250	1,514	1,883	1,580	1,758	1,841	1,894
Health	557	614	647	627	211	1,021	701	354
DETR – Main Programmes	777	644	666	657	512	509	465	430
Home Office	71	58	59	57	62	363	65	66
Defence	887	828	1,076	1,109	1,168	1,270	1,342	1,419
Foreign and Commonwealth Office			8	-5	4	-1		1
International Development	140	135	141	179	132	130	127	126
Trade and Industry	221	211	415	296	81	1,231	622	675
Agriculture, Fisheries and Food	1,698	2,018	2,153	1,926	2,004	1,896	1,804	2,080
Culture, Media and Sport	16	138	390	821	1,313	1,674	1,968	1,696
Department of Social Security	72,741	75,701	78,570	79,800	82,062	85,485	86,845	91,014
Scotland	500	634	663	618	736	568	606	677
Wales	163	186	221	153	190	194	180	219
Northern Ireland	2,793	2,988	3,181	3,211	3,379	3,555	3,693	3,913
Chancellor's Departments	93	63	42	31	32	40	32	31
Cabinet Office	936	1,088	1,196	1,213	1,168	1,464	1,424	1,488
Adjustments ⁽¹⁾					-49	-400		-200

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.1 Central government own expenditure by department, 1994–95 to 2001–02 (continued)

	£ million							
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 estimated outturn	2000–01 plans	2001–02 plans
Total within AME Main Programmes	82,730	86,555	90,942	92,576	94,585	100,800	101,700	105,800
Locally Financed Support in Northern Ireland	75	81	91	97	97	105	114	124
Total central government own expenditure⁽²⁾	188,230	193,651	200,337	202,667	208,471	226,000	234,500	245,300

(1) The Adjustments line comprises balancing items for the Common Agriculture Policy and net pensions in payment, items for which the sum of departments' figures do not match expected levels.

(2) In DEL, AME Main Departmental Programmes and Locally Financed Expenditures. Figures differ from Table 1.11, as exclude allowance for shortfall, DEL Reserve and unallocated ISB and CMF.

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Education								
Under fives	1	1	10	637	135	154	320	205
Schools	1,004	1,081	1,159	1,360	1,378	1,443	1,548	1,530
Further Education	3,204	3,404	3,575	3,585	3,666	4,021	4,306	4,614
Higher Education	4,433	4,773	4,659	4,726	4,765	5,474	6,236	6,608
Student support (inc mandatory awards & access fund)	397	459	524	557	523	1,265	1,676	1,910
Miscellaneous educational services, research and administration	673	691	715	764	739	963	1,387	1,461
Total education	9,712	10,409	10,641	11,628	11,207	13,319	15,473	16,328
Health and personal social services								
Health								
National Health Service hospitals, community health, family health and related services	37,061	38,954	40,715	42,956	45,470	49,435	53,835	57,915
Central health and other services	885	912	926	896	849	989	979	1,046
Total health	37,946	39,867	41,641	43,851	46,319	50,424	54,814	58,961
Personal social services	350	396	433	455	455	548	608	650
Total health and personal social services	38,295	40,262	42,074	44,307	46,774	50,973	55,422	59,611
Transport								
National roads	2,717	2,411	2,161	1,986	1,843	1,895	1,961	1,966
Local roads								
Local transport	220	225	224	222	309	356	402	405
Ports		2	2	2	1	69	1	1
Marine, coastguard, shipping and civil aviation services	10	7	2	1	28	42	14	14
Driver and vehicle licensing and testing	143	143	152	151	75	105	93	92
National and International rail services	1,870	1,768	1,929	1,532	1,393	1,208	1,192	1,335
UK Maritime Agency	79	83	89	83	84	92	99	98
Other transport services	105	106	121	152	156	278	199	202
Total transport	5,145	4,732	4,676	4,129	3,890	3,908	3,962	4,112
Housing								
Local authority housing								
Other social housing	1,494	1,146	1,045	729	741	843	781	718
Other	1,248	1,093	1,121	1,069	864	847	837	822
Total housing	2,742	2,239	2,166	1,798	1,605	1,690	1,617	1,541

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1994–95 to 2001–02 (continued)

	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
	£ million							
Other environmental services								
Environmental protection	295	294	382	382	376	390	399	391
Countryside and water	6	1	60	69	67	538	474	733
Urban	195	137	120	101	89	110	105	254
Other	801	828	864	791	822	961	955	1,078
Total other environmental services	1,285	1,258	1,305	1,205	1,221	1,999	1,934	2,456
Law, order and protective services								
Administration of justice	2,560	2,649	2,733	2,756	2,842	3,176	3,432	3,208
Prisons and offender programmes	1,916	1,962	1,925	2,055	2,237	2,288	2,259	2,263
Police	822	824	834	909	879	878	940	858
Immigration and citizenship	196	211	223	252	212	794	597	540
Fire	51	55	56	56	58	62	68	69
Civil defence	23	20	26	24	22	23	23	23
Constitutional and community services	78	30	30	30	34	169	51	40
Central and miscellaneous services	484	457	440	439	467	534	461	448
Total law, order and protective services	6,130	6,208	6,266	6,521	6,751	7,925	7,831	7,448
Defence								
Defence budget	22,354	21,382	22,143	21,471	22,514	22,885	22,852	22,991
Receipts for sale of married quarters			962	700				
Total defence	22,354	21,382	21,181	20,771	22,514	22,885	22,852	22,991
International development assistance and other international services								
International development assistance	1,883	1,928	1,866	1,770	2,098	2,252	2,452	2,702
Other international services	1,258	1,334	1,061	1,072	1,099	1,180	1,118	1,138
Total international development assistance and other services	3,141	3,263	2,926	2,843	3,198	3,432	3,570	3,840
Trade industry, energy, employment and training								
Regional and other industrial support	1,132	1,112	1,124	1,227	1,269	1,328	1,450	1,508
Trade, scientific and technological support	1,875	2,048	2,039	2,093	2,235	2,265	2,297	2,309
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	137	424	292	117	23	247	404	340
Employment	2,240	2,359	2,281	2,095	2,330	2,948	3,258	3,621
Training	1,974	1,689	1,774	1,691	1,519	1,770	1,913	1,669
Departmental administration and other services	252	283	272	280	257	322	391	395
Total trade, industry, energy, employment and training	7,610	7,914	7,782	7,503	7,633	8,880	9,714	9,841

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1994–95 to 2001–02 (continued)

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Agriculture, fisheries, food and forestry								
Market support under CAP	2,270	2,680	4,129	3,380	3,248	3,045	2,901	3,256
Other agriculture, fisheries and food	1,325	1,364	1,500	1,381	1,393	1,458	1,422	1,384
Forestry	93	73	87	90	91	96	84	98
BSE								
Total agriculture, fisheries, food and forestry	3,688	4,116	5,716	4,851	4,733	4,599	4,407	4,737
Culture, Media and Sport								
Museums and galleries	277	278	274	273	273	288	295	320
Other arts and heritage	487	500	483	493	482	524	521	536
Libraries	185	216	150	141	125	136	129	132
Films	26	26	24	23	22	25	25	24
Tourism	63	62	64	64	66	67	67	66
Sport and recreation	134	119	118	115	116	123	141	188
Broadcasting	12	12	10	12	8	12	12	13
Administration	19	25	36	47	50	33	31	32
Lottery	10	129	388	803	1,488	1,658	1,958	1,686
Total Culture, Media and Sport	1,214	1,368	1,547	1,970	2,630	2,866	3,180	2,997
Social Security								
Pension benefits	29,553	30,804	32,883	34,483	36,551	38,762	39,959	42,036
Widows' benefits	1,057	1,051	1,017	1,021	1,009	1,015	995	1,170
Unemployment, incapacity and other benefits	9,787	9,423	8,723	7,804	7,638	7,286	7,214	7,377
Industrial injury benefits	728	753	765	768	783	795	791	845
Family benefits	8,663	9,263	9,754	10,022	10,430	11,059	9,387	9,735
War pensions	1,147	1,258	1,351	1,288	1,264	1,241	1,184	1,158
Disability benefits	6,888	8,019	9,214	9,942	10,547	11,141	11,433	12,172
Income support	17,037	17,359	17,295	16,720	16,215	16,904	18,670	19,487
Social Fund	177	224	201	154	154	163	190	206
Housing benefits	289	306	309	618	602	448	419	396
Administration and miscellaneous services	3,153	3,237	3,350	3,144	2,894	3,198	3,123	3,179
Total social security	78,479	81,697	84,861	85,964	88,087	92,012	93,364	97,760
Central administration and associated expenditure								
Public and common services	4,977	5,160	5,046	4,780	4,862	5,366	5,280	5,460
EC Net Payments	1,253	3,355	1,802	2,153	3,572	2,579	2,690	2,457
Total Central administration and associated expenditure	6,230	8,515	6,848	6,933	8,435	7,946	7,969	7,917
Total expenditure on services⁽¹⁾	186,026	193,382	197,991	200,421	208,676	222,432	231,296	241,579

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1994–95 to 2001–02 (continued)

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Net Public Service pensions	3,886	4,271	4,979	5,353	4,663	5,629	5,719	5,649
Less EC net payments	-1,253	-3,555	-1,802	-2,153	-3,572	-2,579	-2,690	-2,457
Welfare to Work (unallocated)						9	128	298
Other adjustments	-428	-627	-831	-954	-1,298	463	61	257
Total Central Government own expenditure⁽²⁾	188,230	193,651	200,337	202,667	208,471	226,000	234,500	245,300

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

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

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.3 Central government own expenditure by Economic Category, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Within DEL								
Pay	24,720	23,805	23,066	22,331	22,602	23,689	24,016	24,123
Other current expenditure								
on goods and services	54,095	57,017	60,278	62,486	66,469	72,644	74,784	77,995
Subsidies	3,023	2,969	4,166	3,508	2,976	3,262	3,559	3,673
Current grants to the private sector	11,743	12,416	13,792	14,467	14,431	17,034	19,892	20,544
Current transfers abroad	2,723	2,746	2,522	2,457	2,712	2,913	3,081	3,313
Net capital expenditure on assets	6,396	5,951	4,353	3,971	3,953	4,161	4,665	4,879
Capital grants	3,344	2,898	2,209	2,001	1,904	2,514	2,914	3,731
Lending and other financial transactions	343	273	183	238	197	263	293	320
Others	-961	-1,061	-1,265	-1,466	-1,454	-1,414	-493	787
Total within DEL	105,425	107,014	109,304	109,993	113,789	125,000	132,700	139,400
Within AME Main Programmes								
Pay	40	39	42	48	26	36	36	36
Other current expenditure								
on goods and services	249	191	247	222	147	444	124	129
Subsidies	3,147	3,375	3,528	3,128	3,171	3,056	2,932	3,277
Current grants to the private sector	78,664	82,096	85,631	87,697	89,304	94,375	95,793	99,940
Current transfers abroad	775	804	1,002	708	1,252	754	1,358	1,438
Net capital expenditure on assets	-192	-40	167	364	499	681	553	530
Capital grants	10	93	234	323	398	500	551	338
Lending and other financial transactions	37	-3	91	86	-181	947	368	409
Others	-0	0	0	0	-31	-9	-27	-259
Total within AME Main Programmes	82,730	86,555	90,942	92,576	94,585	100,800	101,700	105,800
Locally Financed support in Northern Ireland								
Pay								
Other current expenditure on goods and services ⁽¹⁾	-122	-124	-124	-141	-150	-165	-178	-192
Others	197	205	216	238	247	270	292	316
Locally Financed support in Northern Ireland	75	81	91	97	97	105	114	124
Total Central Government's Own Expenditure⁽¹⁾	188,230	193,651	200,337	202,667	208,471	226,000	234,500	245,300

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

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.4 Central government own departmental current and capital expenditure, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Central government own current expenditure								
Within DEL								
Education and Employment	9,673	9,961	10,595	11,136	10,676	12,385	13,905	14,651
Health	29,734	31,351	32,785	34,549	36,802	39,933	43,604	46,837
DETR – Main Programmes	3,802	3,583	3,793	3,401	3,283	3,956	3,714	3,784
DETR – Local government and regional Policy	240	228	216	222	212	241	239	234
Home Office	2,108	2,110	2,208	2,346	2,441	3,157	3,310	3,248
Legal Departments	2,105	2,182	2,270	2,320	2,347	2,478	2,529	2,418
Defence	20,987	19,921	20,665	20,059	20,847	21,614	21,309	21,441
Foreign and Commonwealth Office	1,169	1,200	980	987	1,003	1,089	1,021	1,036
International Development	1,880	1,925	1,859	1,766	2,094	2,247	2,450	2,700
Trade and Industry	2,265	2,821	2,731	2,612	2,606	2,950	3,209	3,141
Agriculture, Fisheries and Food	888	884	2,023	1,599	1,431	1,399	1,272	1,246
Culture, Media and Sport	740	764	785	772	762	841	850	887
Department of Social Security	2,778	2,945	3,085	2,997	3,045	2,994	2,928	2,985
Scotland	6,223	6,473	6,702	7,007	7,275	7,919	8,319	8,720
Wales	2,796	2,962	3,090	3,213	3,333	3,721	4,097	4,324
Northern Ireland	4,273	4,410	4,578	4,675	4,824	5,163	5,267	5,263
Chancellor's departments	2,477	2,609	2,567	2,625	3,063	3,512	3,586	3,561
Cabinet Office	969	1,258	1,242	1,022	1,011	1,133	1,120	1,128
Welfare to Work				45	254	517	869	997
Total current within DEL	95,108	97,587	102,173	103,352	107,309	117,200	123,600	128,600
Within AME Main Programmes								
Education and Employment	1,132	1,248	1,513	1,882	1,578	1,757	1,839	1,893
Health	557	614	647	627	211	1,021	701	354
DETR – Main Programmes	777	644	666	657	512	509	465	430
Home Office	55	57	59	58	62	362	64	65
Defence	887	828	1,076	1,109	1,168	1,270	1,342	1,419
Foreign and Commonwealth Office			8	-5	4	-1		1
International Development	140	135	141	179	132	130	127	126
Trade and Industry	241	256	362	242	307	324	295	306
Agriculture, Fisheries and Food	1,901	2,096	2,093	1,900	1,673	1,892	1,771	2,063
Culture, Media and Sport		9	52	160	550	500	900	848
Department of Social Security	72,701	75,659	78,532	79,768	82,017	85,445	85,805	90,974
Scotland	500	634	663	618	736	568	606	677
Wales	163	186	221	153	190	194	180	219
Northern Ireland	2,793	2,988	3,181	3,211	3,379	3,554	3,692	3,912
Chancellor's departments	93	63	42	31	32	40	32	31
Cabinet Office	936	1,088	1,196	1,213	1,168	1,464	1,424	1,488
Adjustments (See Table 5.1)					-49	-400		-200
Total current within AME Main Programmes	82,875	86,505	90,450	91,803	93,870	98,700	100,200	104,600
Within locally financed expenditure								
Northern Ireland	75	81	91	97	97	105	114	124
Total central government own current expenditure⁽¹⁾	178,059	184,174	192,714	195,252	201,276	216,000	223,900	233,300

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.4 Central government own departmental⁽¹⁾ current and capital expenditure,⁽²⁾ 1994–95 to 2001–02 (continued)

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Central government own capital expenditure								
Within DEL								
Education and Employment	582	635	89	53	33	205	562	727
Health	299	281	153	61	-111	124	293	855
DETR – Main Programmes	3,669	3,031	2,775	2,260	2,086	2,439	2,451	2,964
DETR – Local Government and regional policy	0	0	-0	0	1	0	0	0
Home Office	368	383	276	339	386	278	358	275
Legal Departments	152	145	78	56	51	18	34	25
Defence	1,489	1,578	672	892	1,667	1,269	1,528	1,550
Foreign and Commonwealth Office	90	134	73	91	92	92	97	101
International Development	3	3	7	4	4	5	2	2
Trade and Industry	432	390	331	351	359	458	498	530
Agriculture, Fisheries and Food	130	147	284	240	80	180	110	105
Culture, Media and Sport	164	182	91	90	67	61	65	111
Department of Social Security	240	155	119	0	-308	43	32	28
Scotland	610	500	501	499	448	490	644	651
Wales	476	395	324	264	246	240	302	328
Northern Ireland	520	486	424	450	421	415	586	620
Chancellor's departments	262	191	183	125	78	94	-65	137
Cabinet Office	254	210	184	188	237	258	224	177
Welfare to Work				8	19	8	7	7
Total capital within DEL	9,740	8,849	6,563	5,972	5,857	6,700	7,700	9,200
Within AME Main Programmes								
Education and Employment	4	2	2	1	2	1	1	1
Home Office		1	-0	-1	-0	1	1	1
Agriculture, Fisheries and Food	-202	-79	61	26	131	4	33	18
Culture, Media and Sport	16	129	338	661	763	1,174	1,068	648
Northern Ireland				1	1	1	1	1
Total capital within AME Main Programmes	-182	53	401	687	896	1,200	1,100	900
Total central government own capital expenditure⁽²⁾	9,558	8,902	6,963	6,659	6,753	7,900	8,800	10,100
Central government own financial transactions expenditure								
Within DEL								
Education and Employment	199	259	329	368	460	754	938	1,080
DETR – Main Programmes	-25	-8	-24	-28	-27	-15	-1	-2
Foreign and Commonwealth Office	-1	-1						
International Development	351	269	207	229	221	258	299	357
Trade and Industry	-44	-35	-49	4	-52	-57	-67	-102
Agriculture, Fisheries and Food	-1							
Scotland	28	34	43	48	-54	93	117	126
Wales	-5	-1	-1			-1		
Northern Ireland	75	62	63	49	75	107	102	111
Total financial transactions within DEL	577	578	568	670	623	1,100	1,400	1,600

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.4 Central government own departmental⁽¹⁾ current and capital expenditure,⁽²⁾ 1994–95 to 2001–02 (continued)

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Within AME Main Programmes								
Home Office	16							
Trade and Industry	–19	–45	53	54	–226	907	328	369
Department of Social Security	40	42	38	32	45	40	40	40
Total financial transactions within AME Main Programmes	37	–3	91	86	–181	900	400	400
Total central government own financial transactions expenditure⁽³⁾	614	575	659	756	442	2,100	1,800	2,000
Total central government own expenditure⁽⁴⁾	188,230	193,651	200,337	202,667	208,471	226,000	234,500	245,300

(1) Current expenditure includes pay, procurement, subsidies and current grants to the private sector and abroad.

(2) Capital expenditure includes net capital expenditure on assets the value of the physical increase in stocks and capital grants.

(3) Financial transactions includes lending and other financial transactions.

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

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.5 Gross administrative expenditure by department, 1994–95 to 2001–02⁽¹⁾⁽²⁾

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Department for Education and Employment	1,401	1,307	1,232	1,121	1,192	1,245	1,304	1,286
<i>of which: funded by the Windfall Tax</i>				31	119	132	199	187
Department of Health	295	326	321	315	339	352	401	387
Department of the Environment, Transport and the Regions	979	947	928	853	888	912	943	951
Home Office	1,724	1,772	1,878	1,977	2,099	2,319	2,382	2,451
<i>of which: funded by the Windfall Tax</i>					1			
Lord Chancellor's and Law Officers' Departments	696	724	708	720	766	857	868	845
Foreign & Commonwealth Office	477	495	496	509	498	502	520	527
Department for International Development	71	72	57	56	59	66	67	68
Trade and Industry ⁽³⁾	487	478	457	443	471	571	552	533
Ministry of Agriculture, Fisheries and Food	449	445	479	429	481	494	479	463
Department for Culture, Media and Sport	26	28	29	29	31	35	34	34
Department of Social Security	2,983	3,129	3,216	3,149	3,224	3,160	3,040	3,100
<i>of which: funded by the Windfall Tax</i>				4	12	12	16	16
The Scotland Office	3	3	3	3	3	2	6	3
Wales Office						2	2	2
Northern Ireland Office	175	170	170	170	175	202	229	138
Chancellor of the Exchequer's departments:								
Inland Revenue	1,824	1,857	1,879	1,901	2,011	2,396	2,437	2,410
Customs and Excise	756	757	746	759	776	810	869	854
Others	462	457	402	368	376	382	430	454
Cabinet Office	510	481	491	450	485	532	522	531
Total gross expenditure on civil departments'								
running costs	13,316	13,447	13,491	13,288	14,003	14,983	15,300	15,239
<i>of which:</i>								
<i>funded by the Windfall Tax</i>				35	132	144	215	203
<i>Running Costs Paybill⁽⁴⁾</i>	8,743	8,545	8,526	8,293	8,550	8,831	8,987	8,883
Other related receipts⁽⁵⁾	-2,206	-2,029	-1,978	-1,895	-2,066	-1,837	-2,183	-1,659

(1) Excludes intro and inter-departmental receipts paid from running costs.

(2) Excludes Administration costs of devolved bodies.

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

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

(5) Includes all running costs related receipts not netted off the figures above including refundable VAT on contracted out services.

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.6 Staff of central government departments and devolved bodies, 1994–95 to 2001–02⁽¹⁾

	Thousands (full-time equivalents)							
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 plans	2000–01 plans	2001–02 plans
Department for Education and Employment (including OFSTED) ⁽²⁾	50.0	44.3	37.4	33.7	33.9	35.5	34.0	34.0
Department of Health (including the Food Standards Agency)	4.4	3.9	4.4	4.2	4.3	4.5	4.9	4.9
Department of the Environment, Transport and the Regions (including OPRAF, ORR, PSA Services, HSE, OFWAT and Ordnance Survey)	21.2	18.6	17.2	15.6	16.1	15.8	17.5	17.3
Home Office (including Charity Commission)	50.7	51.0	50.5	50.6	50.8	50.8	54.5	55.1
Lord Chancellor's and Law Officers' Departments	20.0	19.5	18.7	17.6	16.4	17.9	18.0	18.0
Ministry of Defence	109.1	101.8	94.9	92.6	89.1	72.3	71.0	70.1
Foreign and Commonwealth Office	6.2	5.9	5.7	5.5	5.5	5.5	5.6	5.6
Department for International Development	1.5	1.4	1.0	1.0	1.1	1.2	1.3	1.3
Trade and Industry (including ACAS, OFT, OFTEL, OFGAS and OFFER)	11.0	9.8	8.5	8.3	8.4	8.7	9.4	9.3
Export Credits Guarantee Department	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Ministry of Agriculture, Fisheries and Food	10.0	10.3	10.1	9.3	10.2	10.8	9.8	9.7
Intervention Board	0.9	0.9	0.9	1.1	1.1	1.2	1.3	1.3
Department for Culture, Media and Sport (including OFLOT)	1.1	1.0	1.0	0.6	0.6	0.6	0.7	0.7
Department of Social Security ⁽³⁾	89.8	90.2	93.6	91.0	86.6	82.6	82.0	81.9
Scotland ⁽⁴⁾⁽⁵⁾	13.8	13.1	11.8	12.0	12.2	12.7	12.9	12.9
Wales ⁽⁴⁾	2.3	2.2	2.1	2.1	2.2	2.7	3.0	3.4
Northern Ireland ⁽⁴⁾	26.4	25.7	24.8	24.2	24.0	24.9	24.3	24.0
HM Customs and Excise	24.8	23.5	22.9	23.3	23.1	22.4	22.3	21.9
Inland Revenue	62.0	57.8	55.4	53.8	54.4	63.8	66.3	65.8
Chancellor's other departments	11.6	10.7	9.7	8.9	8.3	4.6	4.9	4.7
Cabinet Office, OPS, COI and PCO	2.9	2.2	2.5	2.1	2.0	2.1	1.7	1.9
Security and Intelligence Services	10.4	9.4	8.6	8.3	8.1	8.0	8.0	8.0
Trading funds and DSA	32.2	32.5	35.0	31.7	32.7	34.0	32.6	32.4
Total⁽¹⁾	562.8	535.9	517.2	498.2	491.7	483.1	486.5	484.4
<i>of which: Home Civil Service</i>	<i>531.3</i>	<i>505.7</i>	<i>488.1</i>	<i>469.9</i>	<i>464.3</i>	<i>454.0</i>	<i>458.0</i>	<i>456.1</i>

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

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

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

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

(5) Includes Crown Office.

6. LOCAL AUTHORITY EXPENDITURE

INTRODUCTION

6.1 This chapter describes central government support for local authorities from 1994–95 to 2001–02, and local authority expenditure for outturn years. It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

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

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

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

6.5 Local authority expenditure accounts for around one quarter of TME. Total current and capital spending (including debt interest) by local authorities within TME in 1998–99 and 1999–2000 is estimated to be £79.1 billion and £81.2 billion respectively. Final outturn information for 1998–99 local authority expenditure will not become available until later this year. Outturn figures and projections for the later years are set out in **Table 6.1**. **Table 6.2** sets out total local authority expenditure by department for 1994–95 to 1999–2000. **Table 6.3** shows total local authority expenditure for the outturn years, broken down by country and economic category.

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

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

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

MAIN LOCAL SERVICES

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

6.10 In the Local Government settlement, the Government sets the level of Total Standard Spending (TSS) which represents the amount of spending by local government as a whole which the government is prepared to support through grants. For 2000–01, TSS in England will be £53.6 billion, and in Wales £3.6 billion. In Scotland, the equivalent figure, known as Government Supported Expenditure (GSE), will be £6.7 billion. The Government has also provided service breakdowns of TSS in England and GSE in Scotland, giving an indication of the level of spending on each main service which would be consistent with the overall figure. The actual allocation of spending between services is a matter for determination by local authorities. **Table 6.5** sets out TSS and GSE for 2000–01.

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

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

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

OTHER SPENDING

6.13 This is financed almost wholly by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and mandatory student awards. **Table 6.7** shows current specific grants outside AEF by country, for the years 1994–95 to 2001–02. Grants outside of AEF are a mixture of support falling in DEL and Main Departmental Programmes in AME.

CAPITAL EXPENDITURE

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

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

Local authorities in England, Wales and 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.

6.15 Gross capital expenditure, split by country and service from 1994–95 to 1999–2000, is shown in **Table 6.8**. Local authority gross capital spending in the United Kingdom in 1998–99 totalled £8.4 billion with offsetting receipts of £2.8 billion. In 1999–2000 gross capital spending is expected to rise to £8.8 billion with offsetting receipts of £3.4 billion, giving net capital spending of around £5.4 billion. These estimates take account of the returns from local authorities on capital expenditure. **Table 6.9** shows local authority receipts within the United Kingdom, again by country and service. **Tables 6.8** and **6.9** use a definition of capital expenditure that is consistent with the national accounts, i.e. excludes financial transactions.

SUPPORT FOR LOCAL AUTHORITY CAPITAL PROGRAMMES

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

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

6.18 The Government announced as part of the Comprehensive Spending Review that it was willing to support up to £800 million of Private Finance Initiative (PFI) investment in the local authority sector for each of the following three years. A further £100 million was agreed for 2001–02 in the Pre Budget Report to support PFI in schools. This is in addition to the £750 million PFI investment supported in 1997–98 and 1998–99. Over 100 Local Authority PFI schemes have been approved for Government support. Around 35 of these schemes have already been signed and at least 11 are operational. The approved schemes cover a wide variety of services including schools, transport, old people's centres, police stations and head quarters, and magistrates courts. Whereas the actual investment is outside TME, and thus will not appear in the figures in this section, the payments to the private sector (supported through the revenue support grant) for the services associated with these projects are included in the figures presented throughout this chapter.

NEW DEAL FOR SCHOOLS

6.19 Part of the expenditure package financed by the windfall tax has been directed towards the New Deal for Schools, repairing and improving the infrastructure of schools and school buildings across the UK, with £100 million of funding in 1997–98 and a further £300 million over each of the following four years. A further £250 million funding for 2000–01 under the New Deal for Schools was included in the £1 billion additional expenditure for education announced in the 2000 Budget.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.1 Financing of local authority expenditure in the United Kingdom, 1994–95 to 2001–02

	£ million							
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–2000 estimated outturn	2000–01 plans	2001–02 plans
Expenditure within DEL								
Current								
Aggregate External Finance within DEL⁽¹⁾								
England								
Revenue support grant	18,497	18,314	18,024	18,675	19,506	19,902	19,470	} 36,354
Non-domestic rate payments	10,685	11,354	12,736	12,027	12,524	13,612	15,400	
Specific and special grants	5,237	5,110	5,082	5,354	5,736	6,029	7,046	7,041
Total England	34,418	34,778	35,842	36,056	37,765	39,542	41,916	43,395
Scotland								
Revenue support grant	3,773	3,782	3,665	3,520	3,486	3,529	3,630	3,702
Specific and special grants	728	687	409	427	442	547	569	612
Total Scotland	4,501	4,469	4,073	3,947	3,929	4,076	4,199	4,314
Wales								
Revenue support grant	1,741	1,719	1,792	1,734	1,806	1,892	2,033	} 2,793
Non-domestic rate payments	464	520	459	584	606	656	638	
Specific and special grants	211	227	265	260	288	280	293	319
Total Wales	2,416	2,466	2,516	2,577	2,700	2,828	2,964	3,112
Great Britain								
Revenue support grant	24,011	23,815	23,482	23,929	24,798	25,323	25,133	} 42,849
Non-domestic rate payments	11,149	11,874	13,195	12,611	13,130	14,268	16,038	
Specific and special grants	6,176	6,024	5,755	6,041	6,466	6,855	7,908	7,972
Total Aggregate External Finance within DEL	41,335	41,713	42,432	42,581	44,394	46,446	49,079	50,821
Other current grants ⁽²⁾	3,040	2,733	2,506	2,464	2,313	1,205	778	619
Total current grants within DEL	44,375	44,447	44,938	45,045	46,707	47,651	49,858	51,440
Capital								
Capital grants	1,708	1,984	1,869	1,807	1,750	1,660	2,077	2,192
Credit approvals	3,996	3,638	3,191	2,968	3,191	3,406	4,294	5,071
Total capital support within DEL	5,704	5,622	5,061	4,775	4,941	5,066	6,370	7,263
Total central government support to local authorities within DEL	50,079	50,068	49,999	49,820	51,648	52,717	56,229	58,703
Central Government support to local authorities within AME Main Programmes⁽³⁾	10,711	11,205	11,847	11,763	11,472	11,469	12,505	13,092
Locally financed expenditure								
Local Authority Self Financed								
Expenditure	10,379	12,649	12,873	14,182	14,630	15,620	16,300	17,380
Locally financed support in Scotland	1,109	1,193	1,313	1,326	1,395	1,441	1,663	1,602
Total Locally financed expenditure	11,488	13,842	14,186	15,508	16,025	17,100	18,000	19,000
Total Local Authority expenditure⁽⁴⁾	72,279	75,115	76,032	77,091	79,145	81,200	86,700	90,800

(1) Aggregate External Finance (AEF) is described in paragraph 6.11 above.

(2) See paragraph 6.13 above.

(3) Central Government support outside DEL is current grants, and includes expenditure financed from the Lottery.

(4) Defined as expenditure within DEL, AME Main Programmes and locally financed expenditure.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.2 Local authority current and capital expenditure in the United Kingdom by department, 1994–95 to 1999–2000

	£ million					
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Current⁽¹⁾						
Education and Employment	20,260	20,192	20,576	20,546	22,105	21,962
Health	6,622	7,331	7,947	8,458	9,058	9,692
DETR – Main Programmes	7,191	7,423	7,688	7,821	8,247	8,706
Home Office	7,819	8,058	8,516	8,854	9,137	9,659
Legal Departments	321	322	326	331	329	336
Trade and Industry	162	166	168	168	162	170
Agriculture, Fisheries and Food	44	46	42	40	44	41
Culture, Media and Sport	1,448	1,463	1,477	1,490	1,514	1,562
Social Security	10,492	11,289	11,818	11,645	11,574	11,751
Scotland	5,495	5,687	5,756	5,795	5,969	6,192
Wales	2,163	2,266	2,328	2,394	2,470	2,641
Northern Ireland	165	171	199	207	212	229
Total current	62,181	64,414	66,841	67,749	70,821	72,900
Capital⁽²⁾						
Education and Employment	948	942	934	985	1,164	1,262
Health	156	160	136	107	95	147
DETR – Main Programmes	3,247	3,467	2,891	2,559	2,389	2,126
Home Office	288	302	238	240	253	239
Legal Departments	55	56	29	19	28	30
Trade and Industry	3			2	3	2
Agriculture, Fisheries and Food	–44	12	1	–9	–11	–6
Culture, Media and Sport	225	234	264	320	357	342
Scotland	1,066	1,194	514	656	716	579
Wales	634	627	563	489	458	475
Northern Ireland	50	50	53	53	55	60
Total capital	6,627	7,045	5,623	5,421	5,508	5,300
Debt interest	3,470	3,656	3,568	3,921	3,778	3,730
Allowance for shortfall ⁽³⁾					–962	–700
Total Local Authority expenditure⁽⁴⁾	72,279	75,115	76,032	77,091	79,145	81,200

(1) Excluding debt interest.

(2) Includes financial transactions.

(3) See paragraph 6 of Appendix A.

(4) From Table 6.1.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1994–95 to 1999–2000

	£ million					
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England⁽¹⁾						
Pay	29,728	30,647	31,583	32,044	34,224	36,790
Other current expenditure on goods and services	10,647	11,305	12,207	12,615	13,442	13,543
Subsidies	598	514	520	632	624	561
Current grants to persons	11,512	11,851	12,167	11,898	11,670	10,771
Net capital expenditure on assets	3,996	4,285	3,533	3,362	3,456	3,350
Capital grants	1,031	1,014	1,098	927	940	953
Lending and other financial transactions	-163	-140	-153	-83	-133	-182
Total England	57,348	59,476	60,995	61,394	64,224	65,786
Scotland⁽¹⁾						
Pay	3,713	3,900	3,913	3,991	4,117	4,286
Other current expenditure on goods and services	1,662	1,668	1,709	1,677	1,728	1,783
Subsidies	88	91	104	85	87	87
Current grants to persons	881	928	1,006	1,076	1,103	1,138
Net capital expenditure on assets	949	1,090	438	599	665	520
Capital grants	119	112	74	62	56	67
Lending and other financial transactions	-3	-8	2	-5	-4	-8
Total Scotland	7,410	7,781	7,246	7,485	7,751	7,874
Wales⁽¹⁾						
Pay	1,843	1,945	1,994	2,097	2,151	2,351
Other current expenditure on goods and services	699	728	760	762	792	789
Subsidies						
Current grants to persons	645	665	678	666	672	613
Net capital expenditure on assets	487	461	403	339	318	341
Capital grants	173	190	185	175	160	161
Lending and other financial transactions	-12	-8	-10	-8	-6	-6
Total Wales	3,836	3,981	4,010	4,031	4,087	4,250
Great Britain⁽¹⁾						
Pay	35,284	36,492	37,489	38,132	40,492	43,427
Other current expenditure on goods and services	13,008	13,701	14,676	15,053	15,962	16,115
Subsidies	686	605	624	716	711	648
Current grants to persons	13,038	13,445	13,852	13,639	13,445	12,522
Net capital expenditure on assets	5,432	5,835	4,375	4,300	4,439	4,211
Capital grants	1,324	1,316	1,357	1,164	1,156	1,181
Lending and other financial transactions	-178	-157	-162	-96	-143	-196
Total Great Britain	68,594	71,238	72,211	72,910	76,062	77,910

6. LOCAL AUTHORITY EXPENDITURE

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1994–95 to 1999–2000 (continued)

	£ million					
	1994–95	1995–96	1996–97	1997–98	1998–99	1999-00
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Northern Ireland⁽¹⁾						
Pay	163	170	198	211	222	240
Other current expenditure on goods and services	3	1	1	-3	-10	-11
Subsidies						
Current grants to persons						
Net capital expenditure on assets	48	49	52	52	54	58
Capital grants	1	1	2	2	2	2
Lending and other financial transactions						
Total Northern Ireland	215	221	253	261	267	288
United Kingdom						
Pay	35,446	36,662	37,687	38,343	40,714	43,667
Other current expenditure on goods and services	13,010	13,703	14,677	15,050	15,951	16,104
Subsidies	686	605	624	716	711	648
Current grants to persons	13,038	13,445	13,852	13,639	13,445	12,522
Capital grants	5,480	5,884	4,427	4,352	4,493	4,269
Net capital expenditure on assets	1,325	1,317	1,358	1,165	1,158	1,183
Lending and other financial transactions	-178	-157	-162	-96	-143	-196
Local authority debt interest	3,470	3,656	3,568	3,921	3,778	3,730
Allowance for shortfall					-962	-700
Total United Kingdom⁽²⁾	72,279	75,115	76,032	77,091	79,145	81,200
<i>of which:</i>						
Expenditure excluding debt interest	68,809	71,459	72,463	73,170	75,367	77,500

(1) Excluding debt interest.

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

6. LOCAL AUTHORITY EXPENDITURE

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–2000	2000–01	2001–02
	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Current								
Within DEL								
Education and Employment	3,001	2,592	2,432	2,448	2,352	1,576	1,673	1,294
Health ⁽¹⁾	827	752	611	519	668	594	615	706
DETR–Main Programmes	367	285	275	554	575	471	856	1,015
DETR–Local Government and Regional Policy	29,619	30,000	30,998	30,845	32,165	33,678	35,049	36,374
Home Office	3,402	3,591	3,706	3,823	4,081	4,138	4,227	4,385
Legal Departments	261	252	260	257	257	265	275	280
Trade and Industry	8	7	12	17	15	8	21	15
Agriculture, Fisheries and Food	–178	–185	–186	–186	–192	–205	–215	–213
Social Security	170	189	196	233	209	257	247	248
Scotland	4,608	4,621	4,258	4,097	4,017	4,164	4,284	4,393
Wales	2,238	2,285	2,326	2,363	2,485	2,613	2,746	2,870
Northern Ireland	53	57	60	67	68	93	82	72
Total within DEL	44,375	44,447	44,938	45,037	46,701	47,651	49,858	51,440
Within AME Main Programmes								
DETR–Main Programmes	3,365	3,380	3,309	3,125	2,825	2,697	2,688	2,666
Agriculture, Fisheries and Food	16	16	12	9	8	8	8	9
Social Security	7,134	7,134	8,204	8,161	8,129	8,237	9,279	9,887
Wales	187	187	189	181	168	185	188	188
Total within AME Main Programmes	10,702	11,164	11,715	11,476	11,130	11,127	12,163	12,750
Within Locally Financed Expenditure								
Scotland	1,109	1,193	1,313	1,326	1,395	1,441	1,663	1,602
Total within Locally Financed Expenditure	1,109	1,193	1,313	1,326	1,395	1,441	1,663	1,602
Total Current	56,186	56,804	57,966	57,839	59,226	60,218	63,684	65,792

6. LOCAL AUTHORITY EXPENDITURE

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1994–95 to 2001–02 (continued)

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–2000	2000–01	2001–02
	outturn	outturn	outturn	outturn	estimated	plans	plans	plans
					outturn			
Capital⁽¹⁾								
Within DEL								
Education and Employment	651	640	696	756	935	1,139	1,684	1,704
Health	145	166	132	82	60	63	63	62
DETR–Main Programmes	3,015	2,750	2,492	2,299	2,291	2,250	3,160	3,951
DETR–Local Government and Regional Policy	37	66	110	305	358	275	47	11
Home Office	282	295	244	217	194	194	194	198
Legal Departments	58	67	33	22	28	29	29	29
Agriculture, Fisheries and Food	36	46	53	39	42	42	48	48
Culture, Media and Sport			8	14	7	25	25	25
Scotland	953	1,033	734	574	598	606	707	816
Wales	523	556	557	465	425	439	411	417
Northern Ireland	4	2	2	1	1	2	1	1
Total Capital within DEL	5,704	5,622	5,060	4,775	4,941	5,065	6,370	7,262
Within AME main programmes								
Financing from the National Lottery	10	41	132	287	342	342	342	342
Total Capital within AME Main programmes	10	41	132	287	342	342	342	342
Total Capital	5,714	5,663	5,192	5,062	5,283	5,407	6,712	7,604
Total	61,900	62,466	63,159	62,901	64,509	65,625	70,396	73,397

(1) Includes financial transactions.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.5 Total Standard Spending for 2000–01 by main service block

	£ million
Total Standard Spending	
England	
Education	23,004
Personal Social Services	9,304
Police	6,987
Fire and civil defence	1,393
Highway maintenance	1,859
Environmental, protective and cultural services	9,335
Capital financing	1,735
Total England	53,617
Total Wales⁽¹⁾	3,578
Total Government Supported Expenditure	
Scotland	
Education, Libraries and Museums	3,027
Health and personal social services	1,144
Law, order and protective services	941
Roads and Transport	323
Environmental services	437
Miscellaneous	14
Other services	75
Loans and Leasing Charges	784
Total Scotland	6,746

(1) No service split for Wales is published.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.6 Aggregate External Finance in Great Britain by country and grant 1994-95 to 2001-02

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	£ million
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	
England									
Revenue support grant	18,497	18,314	18,024	18,675	19,506	19,902	19,470	}	36,354
Non-domestic rate payments	10,685	11,354	12,736	12,027	12,524	13,612	15,400		
Community charge grant	36	42	-2						
Magistrates courts	247	238	246	243	244	250	260		265
Community services	60				78	25			
Probation and after care	290	302	313	310	310	328	352		376
Police	2,908	3,036	3,183	3,302	3,470	3,517	3,637		3,764
Grants for education support and training	214	185	198	269	268	499	987		675
Administration of housing benefit	133	141	130	135	137	140	136		138
Community Care special grant	736	648	482	325	355	114	198		299
Health and Social Services	91	104	128	194	313	480	417		407
Sheltered Employment	24	25	26	25	26	26	26		26
National Parks	18	18	17	18	17	19	20		20
GLA transport grant							269		308
Other grants	479	370	359	533	517	629	745		764
Total England	34,418	34,778	35,842	36,056	37,765	39,542	41,916		43,395
Scotland									
Revenue support grant	3,773	3,782	3,665	3,520	3,486	3,529	3,630	}	5,304
Non-domestic rate payments ⁽¹⁾	1,109	1,193	1,313	1,326	1,395	1,441	1,663		
Community charge grant	15	8							
Urban Programme	55	52	56	45	52	43	43		43
Police	546	573	296	329	337	352	366		377
Administration of housing benefit	15	16	15	15	15	16	17		16
Other grants	98	39	42	38	39	135	144		175
Total Scotland	5,610	5,662	5,386	5,274	5,324	5,516	5,862		5,916
Wales									
Revenue support grant	1,741	1,719	1,792	1,734	1,806	1,892	2,033	}	2,793
Non-domestic rate payments	464	520	459	584	606	656	638		
Community charge grant	2	2							
Police	140	156	166	171	180	181	186		200
Other grants	69	69	99	89	108	99	107		118
Total Wales	2,416	2,466	2,516	2,577	2,700	2,828	2,964		3,112
Total Great Britain	42,444	42,906	43,745	43,907	45,789	47,886	50,742		52,243
<i>Of which: AEF grants within DEL</i>	<i>41,335</i>	<i>41,713</i>	<i>42,432</i>	<i>42,581</i>	<i>44,394</i>	<i>46,446</i>	<i>49,079</i>		<i>50,821</i>

(1) Scottish non-domestic rate payments are locally financed expenditure in AME.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.7 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1994–95 to 2001–02

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
England								
Skills and competence for work	36	55	42	30	49	38	28	28
Careers service	117	67	9					
Technical and vocational education initiative	83	52	22	4				
Mandatory student awards	2,298	1,981	1,887	1,856	1,837	702	250	46
Rent rebates ⁽¹⁾	3,453	3,457	3,397	3,179	2,910	2,778	2,763	2,749
Rent allowances ⁽¹⁾	4,217	4,497	4,904	4,789	4,642	4,723	5,286	5,689
Community charge rebates/ Council tax benefit	1,663	1,749	1,825	1,864	1,893	1,890	2,202	2,313
Community charge reduction scheme	–0							
Council tax transitional reduction grant	121	22	–1					
Other grants ⁽²⁾	80	194	150	205	210	174	272	358
Total England	12,062	12,073	12,235	11,927	11,540	10,305	10,801	11,182
Scotland								
Rent rebates ⁽¹⁾	505	528	565	611	628	623	678	605
Rent allowances ⁽¹⁾	222	252	290	291	305	315	343	463
Community charge rebates/ Council tax benefit	198	213	231	260	277	285	335	341
Urban programme								
Police	3				2	1	1	1
Administration of housing benefits	116	161	204	172	109	113	109	105
Total Scotland	1,044	1,155	1,290	1,334	1,321	1,336	1,466	1,515
Wales								
Revenue support grant	139	126	121	126	34	71	19	3
Non – domestic rate payments	187	190	189	182	169	186	188	189
Community charge grant	191	209	222	213	207	221	246	266
Police	58	67	81	87	91	101	118	130
Other grants ⁽²⁾⁽³⁾	7	21	23	5	12	17	21	13
Total Wales	583	613	635	612	513	597	593	600
Northern Ireland Current								
Specific Grants	53	57	60	67	68	93	82	72
Total United Kingdom	13,742	13,897	14,221	13,940	13,443	12,332	12,941	13,370
<i>Memo: Of which within DEL:</i>								
England	2,716	2,358	2,099	2,094	2,088	910	547	427
Scotland	126	173	204	172	110	113	110	105
Wales	145	146	143	131	46	88	39	15
Northern Ireland	53	57	60	67	68	93	82	72
Total within DEL	3,040	2,733	2,506	2,464	2,313	1,205	778	619

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

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

(3) Includes community charge reduction scheme.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.8 Local authority gross capital expenditure in the United Kingdom by country and service, 1994–95 to 1999–2000

	£ million					
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England						
Housing	2,039	1,999	1,746	1,662	1,929	2,033
Transport	1,436	1,374	1,176	1,097	925	1,115
Education	1,061	1,011	1,047	1,114	1,236	1,407
Personal social services	195	198	191	148	141	205
Fire services	72	63	49	50	48	62
Agriculture, Fisheries and Food ⁽¹⁾	33	53	55	47	28	60
Sport and recreation	175	192	201	194	235	238
Protective services ⁽²⁾	314	341	290	272	297	284
Urban and regeneration programmes	653	564	725	604	505	378
Single Regeneration Budget–DETR	600	529	683	570	476	352
Single Regeneration Budget–Other departments	44	34	42	35	30	26
Other–DETR	9	1				
Other services ⁽³⁾						
DETR	880	898	730	815	977	1,032
Other departments	69	61	65	135	134	121
Housing Association Grant	331	364	338	330	340	340
Total England	7,257	7,119	6,612	6,469	6,795	7,274
Scotland						
Scottish Executive						
Non Housing	988	1,043	559	577	674	624
Housing	587	656	429	315	319	273
Total Scotland	1,575	1,699	988	892	993	897
Wales						
National Assembly for Wales	723	737	641	579	529	548
Other departments ⁽⁴⁾	20	19	19	21	19	23
Total Wales	743	756	660	599	547	572
Total Great Britain	9,575	9,574	8,260	7,960	8,335	8,742
Total Northern Ireland	56	58	61	65	70	76
Total United Kingdom	9,631	9,632	8,320	8,025	8,406	8,818

(1) Includes expenditure by internal drainage boards but excludes expenditure on small holdings.

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

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

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

6. LOCAL AUTHORITY EXPENDITURE

Table 6.9 Local authority capital receipts in the United Kingdom by country and service, 1994–95 to 1999–2000

	£ million					
	1994–95	1995–96	1996–97	1997–98	19978–99	1999–00
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England						
Housing	1,391	1,203	1,049	1,289	1,446	1,719
Transport	47	14	49	13	16	29
Education	128	75	120	133	75	148
Personal social services	45	40	57	43	47	59
Fire services	3	3	5	9	3	8
Agriculture, Fisheries and Food ⁽¹⁾	16	9	12	12	9	15
Sport and recreation	13	15	9	13	16	12
Protective services	56	58	82	71	75	90
Other services ⁽²⁾						
DETR	463	359	545	544	675	829
Other Departments	69	44	52	54	37	62
Total England	2,231	1,821	1,981	2,181	2,398	2,970
Scotland						
Scottish Executive						
Non Housing	225	254	317	163	212	252
Housing	281	243	159	68	60	57
Total Scotland	507	497	476	230	272	310
Wales						
National Assembly for Wales	77	101	68	81	65	67
Other departments ⁽⁴⁾	5	4	4	4	5	3
Total Wales	82	105	72	85	69	70
Total Great Britain	2,819	2,422	2,528	2,496	2,740	3,350
Total Northern Ireland	7	8	7	11	15	16
Total United Kingdom	2,826	2,430	2,536	2,507	2,756	3,367

(1) Excludes receipts for smallholdings.

(2) Includes police, probation and aftercare.

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

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

6. LOCAL AUTHORITY EXPENDITURE

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1994–95 to 2001–02

	£ million							
	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 estimated outturn	2000–01 plans	2001–02 plans
England⁽¹⁾								
Credit approvals								
Housing	872	820	751	666	986	1,022	1,820	2,305
Transport	607	606	469	443	368	470	778	780
Education	379	397	435	404	384	453	570	776
Personal social services	140	145	105	69	54	57	56	56
Fire services	58	51	31	29	28	30	33	37
Agriculture, Fisheries and Food ⁽²⁾	10	14	16	12	17	14	19	19
Sport and recreation ⁽³⁾			7	14	7	25	25	25
Protective services	94	95	78	69	58	58	58	58
Urban and regeneration programmes	388	2						
<i>Single Regeneration</i>								
<i>Budget–Environment</i>	386	2						
<i>Other–Environment</i>	2							
Other services ⁽⁴⁾	196	125	148	153	156	180	24	24
DETR–local government ⁽⁵⁾	37	66	110	305	358	275	44	10
Total credit approvals	2,782	2,322	2,150	2,165	2,418	2,584	3,426	4,091
Capital grants								
Housing	343	338	331	309	239	243	72	75
Transport	348	292	256	211	159	164	67	272
Education	267	240	257	347	548	682	1,111	924
Employment	3	2	3	3	2	3	3	3
Personal social services	5	21	27	13	5	6	6	6
Agriculture, Fisheries and Food ⁽²⁾	26	33	37	27	26	28	30	30
Protective services	171	196	150	129	125	123	119	119
Urban and regeneration programmes	257	564	536	517	383	171	228	361
<i>Single Regeneration</i>								
<i>Budget–Environment</i>	249	563	536	517	383	151	64	39
<i>Other–Environment</i>	7	1				20	164	322
Other services ⁽⁴⁾	5	1	2				147	130
Total capital grants	1,425	1,688	1,598	1,556	1,488	1,420	1,811	1,924
England – Total	4,206	4,009	3,749	3,721	3,905	4,005	5,238	6,015
Scotland								
Scottish Executive: HRA Housing								
Net capital allocations ⁽⁶⁾	182	290	240	183	194	222	278	347
Capital grants	2	1	1		11	3	3	3
Scottish Executive: Other								
Net capital allocations ⁽⁶⁾	703	679	443	332	326	338	349	385
Capital grants	65	61	51	59	67	44	77	80
Other departments⁽⁷⁾								
Capital consent allocations	1	1	1	1	1	1	1	1
Total net capital allocations⁽⁸⁾	886	970	683	515	521	561	628	733
Total capital grants	67	63	51	59	78	46	80	83
Scotland – Total	953	1,033	735	575	598	607	708	816

6. LOCAL AUTHORITY EXPENDITURE

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1994–95 to 2001–02 (continued)

	£ million							
	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Wales								
Credit approvals								
National Assembly for Wales	320	336	347	281	248	255	233	240
Other departments ⁽⁹⁾	8	10	11	7	5	6	6	6
Total credit approvals	328	346	358	288	253	261	239	247
Capital grants								
National Assembly for Wales	203	220	210	184	177	184	178	177
Other departments ⁽⁹⁾	9	11	8	6	6	7	6	6
Total capital grants	212	231	218	190	184	191	184	183
Wales – Total	541	577	576	478	437	452	423	430
Northern Ireland capital grants	4	2	2	1	1	2	1	1
Capital grants from the Lottery	10	41	132	287	342	342	342	342
Total United Kingdom⁽¹⁰⁾	5,714	5,663	5,193	5,062	5,283	5,408	6,712	7,605
of which:								
Credit approvals ⁽¹¹⁾	3,996	3,638	3,191	2,968	3,191	3,406	4,294	5,071
Capital grants	1,717	2,025	2,001	2,094	2,092	2,002	2,419	2,534

(1) All the credit approvals in England are contained in the non-voted expenditure. All the capital grants are discretionary expenditure on the relevant Departments' Votes except for housing capital grants which are included in the non-voted expenditure DETR/LACAP(E).

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

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

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

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

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

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

(8) Includes consent allocations for other departments in Scotland.

(9) Includes Home Office, Lord Chancellor's and Law Officers' Departments, DETR and Department for Education and Employment.

(10) All capital support for local authorities is within DEL.

(11) Including net capital allocations in Scotland.

7. PUBLIC CORPORATIONS

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

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

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

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

SELF-FINANCING PUBLIC CORPORATIONS, NATIONALISED INDUSTRIES AND TRADING FUNDS

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

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

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

THE GENERAL APPROACH TO PUBLIC CORPORATIONS

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

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

THE CORPORATE CONTROL FRAMEWORK

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

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

PUBLIC EXPENDITURE MEASUREMENT AND CONTROL

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

7.9 The external finance system of public expenditure measurement applies to all SFPCs, nationalised industries, trading funds and almost all other public corporations accountable

to central government. A public corporation's requirement for external finance represents the financing of the difference between what it will spend and the receipts it can generate from business activities. Apart from finance leases, external finance is on a cash basis. The components of external finance are:

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

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

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

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

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

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

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

7.14 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.

7.15 The adjustments needed to go from the EFRs included in DEL and AME Main Departmental Programmes to public corporations' current and capital expenditure which scores in TME are included in the Accounting and Other Adjustments line in Table 1.3 (see Table 7.4 in this Chapter and Appendix B for a full reconciliation).

THE TABLES

7.16 The tables below show:

- **Table 7.1:** the impact of public corporations accountable to Ministers on DEL and Main Departmental Programmes in AME (mostly external finance) – by department;

7. PUBLIC CORPORATIONS

- **Table 7.2:** external finance by economic category. Note that this table gives an economic category split of the financing of EFR-controlled public corporations, not of their expenditure;
- **Table 7.3:** capital expenditure of public corporations, net of sales; and
- **Table 7.4:** reconciliation of public corporations' impact on DEL and Main Departmental Programmes in AME with their impact in TME

FURTHER INFORMATION

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

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department, 1994-95 to 2001-02

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Education and Employment								
Remploy Ltd	92	94	94	94	94	94	94	94
Total DEL	92	94	94	94	94	94	94	94
Health								
Medicines Control Agency ^(T)					8	1	1	1
National Health Service Trusts (England)	590	401	83	85	-51	44	454	378
Total DEL	590	401	83	85	-43	45	455	379
DETR – Main Programmes								
Air Travel Trust Fund			4		4	4	4	4
Audit Commission						5	18	2
British Waterways Board	48	50	51	52	54	59	59	59
Civil Aviation Authority (excluding National Air Traffic Services) ^(N)			-5	-57	-2	-2	-2	
Docklands Light Railway	29	37	21	32	50	41	7	
Driving Standards Agency ^(T)				#	#	#	#	#
European Passenger Services ^(N)	178	288	15					
Housing Action Trusts	92	93	90	88	90	86	88	88
Letchworth Garden City	1	#						
London Transport ^(N)	783	903	942	629	428	815	257	
National Air Traffic Services – EFR ^{(N) (S)}	46	34	-13	-26	-36	-37		
National Railways ^(N)	-657	-1,663	-1,067	17	52	87	89	91
Commission for New Towns	-136	-127	-115	-112	-123	-112	-124	-124
Queen Elizabeth II Conference Centre ^(T)				#	#	#	#	#
Union Railways ^(N)	46	30	12					
Urban Development Corporations	258	217	190	169				
Urban Regeneration Agency (English Partnerships)	118	156	211	251	291	230	279	53
Vehicle Inspectorate ^(T)	#			#	#	1	2	#
Total DEL	760	-17	353	1,121	789	1,215	677	171
Total Main Departmental Programmes in AME	46	34	-13	-26	-36	-37		
Home Office								
Fire Service College ^(T)	1	2	2	4	2	1	#	1
Forensic Science Service ^(T)						6	2	#
The Tote – EFR ^(S)	-4	6	-2	36	-2	-7	-8	-8
Total DEL	1	2	2	4	2	7	2	1
Total Main Departmental Programmes in AME	-4	6	-2	36	-2	-7	-8	-8

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department, 1994-95 to 2001-02 (continued)

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Legal Departments								
Land Registry ^(T)	-34	-7	-15	-13	-3	-26		
Total DEL	-34	-7	-15	-13	-3	-26		
Defence								
Defence Evaluation and Research Agency ^(T)	87	17	16	-32	-29	-8	-8	-7
Hydrographic Office ^(T)			3	-3	#	#	-1	#
Meteorological Office ^(T)			27	-6	-9	-13	-8	-3
Total DEL	87	17	46	-40	-38	-21	-17	-10
Foreign and Commonwealth Office								
BBC Monitoring Service				-1	-1	-1	-1	-1
Total DEL				-1	-1	-1	-1	-1
International Development								
Commonwealth Development Corporation – EFR ^(S)	30	27	14	-22	-15			
The Crown Agents	3	#	7					
Crown Agents Holding and Realisation Board			15					
Total DEL	3	#	22					
Total Main Departmental Programmes in AME								
	30	27	14	-22	-15			
Trade and Industry								
British Coal ^{(N)(1)}	742	48	41	51	6	7	3	#
British Energy ^{(N)(2)}			-478					
British Nuclear Fuels – Grant ^{(N)(S)}			768	100				
British Nuclear Fuels – EFR ^{(N)(S)}	-422	-13	329	88	32	25	-75	-150
British Shipbuilders ^(N)	10	-1	-1	-28				
Companies House ^(T)	-3	-7	-3	#	1	2	1	1
Nuclear Electric ^(N)	483	235						
The Patent Office ^(T)	-10	-15	-19	-23	-18	-6	-7	-6
Post Office – EFR ^{(N)(S)}	-235	-245	-285	-338	-214	231	286	109
United Kingdom Atomic Energy Authority	12	-13						
Total DEL	1,233	249	308	100	-12	4	-3	-5
Total Main Departmental Programmes in AME								
	-657	-258	44	-250	-182	256	211	-41
Culture, Media and Sport								
Channel Four Television – EFR ^(S)	-44	-58	4	-17	-71	-13	-9	-20
The Welsh Fourth Channel Authority	64	69	72	18	75	75	75	77
Total DEL	64	69	72	18	75	75	75	77
Total Main Departmental Programmes in AME								
	-44	-58	4	-17	-71	-13	-9	-20

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department, 1994-95 to 2001-02 (continued)

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Scotland								
Caledonian MacBrayne ^(N)	11	11	10	18	22	24	18	18
Highlands & Islands Airports ^(N)	8	11	7	7	6	16	11	12
Highlands and Islands Enterprise	45	46	45	49	46	52	50	50
National Health Service Trusts (Scotland)	-18	21	17	-79	-123	-23	-23	-23
New Town Development Corporations and the Commission for New Towns	38	-110	-137					
Registers of Scotland ^(T)			#	#	#			
Scottish Enterprise	239	239	247	234	238	216	228	264
Scottish Homes	323	293	279	212	309	276	323	272
Scottish Nuclear ^(N)	-46	-43						
Scottish Transport Group ^(N)			#		#			
Scottish Water Authority			394	288	228	233	224	223
Total DEL	600	469	864	730	728	794	832	817
Wales								
National Health Service Trust (Wales)	47	44	51	41	27	42	4	-12
Urban Development Corporations (Wales)	52	58	59	48	37	42	17	23
Welsh Development Agency	80	48	68	109	131	145	134	127
Total DEL	180	149	178	198	195	229	155	138
Northern Ireland								
Driver Vehicle Testing Agency ^(T)						#	#	#
Laganside	6	8	8	8	8	7	7	7
National Health Service Trusts (Northern Ireland)	-6	-11	-7	1	12	14	11	2
Northern Ireland Housing Executive	195	208	207	192	163	152	144	141
Northern Ireland Transport Holding Company	21	24	22	19	23	23	26	34
Total DEL	216	229	230	220	205	196	188	184
Chancellor's Departments								
Crown Estates – EFR ^(S)	-45	6	13	-15	2	2	2	2
Total Main Departmental Programmes in AME	-45	6	13	-15	2	2	2	2

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department, 1994-95 to 2001-02 (continued)

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Cabinet Office								
The Buying Agency ^(T)		#	#	#				
Central Office of Information ^(T)			5					
Chessington Computer Centre ^{(T)(S)}	#	-1						
Her Majesty's Stationery Office ^{(T)(S)}	-3	7	-7					
Total DEL	-3	6	-2	#				
Grand Total: DEL	3,788	1,661	2,235	2,516	1,991	2,610	2,457	1,844
Grand Total: Main Departmental Programmes in AME	-673	-243	60	-294	-304	201	197	-67

(N) Nationalised Industry.

(S) Self-financing Public Corporation.

(T) Trading Fund.

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

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

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

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

Table 7.2 External Finance by economic category, 1994-95 to 2001-02

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Subsidies	1,389	920	920	888	890	721	796	719
Investment grants	3,154	3,085	3,198	1,760	1,396	1,799	1,174	734
Net borrowing from government	221	-926	-1,042	45	-168	251	625	527
Net change in market and overseas borrowing and deposits	-1,551	-1,425	-1,297	-459	-308	151	183	-78
Total External Finance⁽¹⁾	3,213	1,654	1,779	2,234	1,810	2,923	2,777	1,902

(1) Total differs from public corporations total in Table 7.1 because that table includes (a) the DEL/AME impact of public corporations not recorded on an EFR basis and (b) grants and subsidies to self-financing public corporations (excluding Crown's Estates) scored in both DEL and AME.

7. PUBLIC CORPORATIONS

Table 7.3 Capital Expenditure of Public Corporations⁽¹⁾, 1994-95 to 2001-02

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Education and Employment								
Remploy Ltd	10	9	8	10	13	13	13	13
Total Education and Employment	10	9	8	10	13	13	13	13
Health								
Medicines Control Agency ^(T)	3	1	1	1	4	3	2	2
National Health Service Trusts (England)	1,429	1,490	1,123	962	1,066	1,270	1,486	1,723
Total Health	1,432	1,491	1,124	963	1,070	1,273	1,489	1,725
DETR – Main Programmes								
Audit Commission	1	1	1	1	1			
British Waterways Board	4	7	4	4	4	4	4	4
Civil Aviation Authority (excluding National Air Traffic Services) ^(N)	114	72	47	43	36	-2	-2	-2
Docklands Light Railway	27	21	13	3	9	10	8	8
Driving Standards Agency ^(T)				3	8	3	6	2
English Industrial Estates Corporation								
Housing Action Trusts	63	63	50	37	37	37	37	37
Local Authority Airports	88	85	98	170	143	139	107	119
London Transport ^(N)	949	1,018	827	610	408	335	100	142
National Air Traffic Services ^{(N) (S)}						56	80	97
National Railways ^(N)	805	832	15	7	3	4	4	4
Commissions for New Towns	-136	-127	-115	-112	-123	-112	-124	-124
Queen Elizabeth II Conference Centre ^(T)				#	1	1	#	#
Union Railways ^(N)	40							
Urban Development Corporations	98	128	90	76				
Urban Regeneration Agency (English Partnerships)	37	65	79	57	74	92	92	92
Vehicle Inspectorate ^(T)	4	3	12	6	7	7	8	6
Total DETR – Main Programmes	2,092	2,170	1,122	905	607	574	321	385
Home Office								
Fire Service College ^(T)	1	#	#	#	#	#	#	#
The Tote ^(S)	5	11	5	52	10	6	6	6
Total Home Office	6	11	6	53	11	6	6	6
Legal Departments								
Land Registry ^(T)	14	17	23	22	23	22	16	16
Total Legal Departments	14	17	23	22	23	22	16	16
Defence								
Defence Evaluation and Research Agency ^(T)	48	249	92	111	87	85	77	
Hydrographic Office ^(T)			1	2	4	6	4	2
Meteorological Office ^(T)			14	27	22	32	18	14
Total Defence	48	249	106	140	113	123	98	17
Foreign and Commonwealth Office								
BBC World Service	27	30	22	18	21			
Total Foreign and Commonwealth Office	27	30	22	18	21			
International Development								
Commonwealth Development Corporation ^(S)	2	1	1	2	3	1	1	
The Crown Agents	2	1	1					
Total International Development	4	3	2	2	3	1	1	

7. PUBLIC CORPORATIONS

Table 7.3 Capital Expenditure of Public Corporations⁽¹⁾, 1994-95 to 2001-02(continued)

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Trade and Industry								
British Coal ^(N) ⁽²⁾	6							
British Nuclear Fuels ^(N) ⁽⁵⁾ ⁽³⁾	333	373	389	432	580	455	315	220
British Shipbuilders	11	1	1	#	#			
Companies House ⁽⁷⁾	4	1	2	2	2	2	2	2
Nuclear Electric ^(N)	239	125						
The Patent Office ⁽⁷⁾	4	2	6	1	1	2	2	2
Post Office ^(N) ⁽⁵⁾	271	311	255	353	406	447	553	584
United Kingdom Atomic Energy Authority	14	16						
Total Trade and Industry	883	829	653	788	989	905	871	807
Agriculture, Fisheries and Food								
Covent Garden Market Authority	#	#	#	#	#	#	#	#
Total Agriculture, Fisheries and Food	#	#	#	#	#	#	#	#
Culture, Media and Sport								
British Broadcasting Corporation	124	129	92	145	143			
Channel Four Television ⁽⁵⁾	13	15	44	27	12			
The Welsh Fourth Channel Authority	1	1	2	2	2			
Total Culture, Media and Sport	138	144	138	174	157			
Scotland								
Caledonian MacBrayne ^(N)	9	7	4	11	12	14	7	4
Highlands & Islands Airports ^(N)		3	4	2	4	7	6	7
Highlands and Islands Enterprise	7	10	7	14	10	12	12	12
National Health Service Trusts (Scotland)	144	193	145	103	73	135	135	135
New Town Development Corporations and the Commission for New Towns	-44	-180	-162					
Scottish Enterprise	39	27	36	22	11	21	21	21
Scottish Homes	-22	-51	-80	-63	-40	-39	-38	-1
Scottish Nuclear ^(N)	-44	-41						
Scottish Water Authority			217	250	276	328	340	337
Total Scotland	89	-31	171	340	347	476	483	514
Wales								
National Health Service Trust (Wales)	84	97	108	122	111	79	52	53
Urban Development Corporations (Wales)	44	49	47	40	30	24		
Welsh Development Agency	-24	-40	12	-5	50			
Total Wales	104	105	166	157	190	102	52	53
Northern Ireland								
Laganside	2	2	1	2	2	2	2	2
National Health Service Trusts (Northern Ireland)	27	26	41	43	59	52	53	44
Northern Ireland Housing Executive	70	78	57	47	40	40	40	40
Northern Ireland Public Trust Port Authorities	25	11	11	7	10	10	10	10
Northern Ireland Transport Holding Company	2	2	1	1	#	#	#	#
Total Northern Ireland	126	120	111	100	112	104	105	96

7. PUBLIC CORPORATIONS

Table 7.3 Capital Expenditure of Public Corporations⁽¹⁾, 1994-95 to 2001-02 (continued)

	£ million							
	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 outturn	1998-99 outturn	1999-00 estimated outturn	2000-01 plans	2001-02 plans
Chancellor's Departments								
Royal Mint	7	4	4	4	4			
Total Chancellor's Departments	7	4	4	4	4			
Cabinet Office								
The Buying Agency ^(T)	#	#	#	#	#	#	#	#
Central Office of Information ^(T)	1	1	#	1	#	1	1	1
Chessington Computer Centre ^{(T)(4)}	1	1	1					
Her Majesty's Stationery Office ^{(T)(4)}	8	17	18					
Total Cabinet Office	10	19	20	1	1	1	1	1
Total Capital Expenditure of Public Corporations	4,988	5,171	3,675	3,678	3,659	3,600	3,500	3,600
Total on National Accounts basis⁽⁵⁾	5,010	5,854	4,635	4,267	4,389	4,700	4,700	5,200
Depreciation	4,469	4,754	4,265	3,655	3,857	4,000	4,200	4,300
Public Corporations' Net Investment	541	1,100	370	612	532	700	600	900

(N) Nationalised Industry.

(S) Self-financing Public Corporation.

(T) Trading Fund.

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

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

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

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

(5) ONS series for public corporations capital expenditure, consistent with definitions in the European System of Accounts (ESA95). It includes expenditure on intangible assets not recorded above. Figures for 1999-2000 to 2001-02 are Treasury projections.

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

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Table 7.4 Reconciliation of Public Corporations' External Finance in DEL and Main Departmental Programmes in AME with their impact on Total Managed Expenditure, 1994-95 to 2001-02

	£ million							
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Public Corporations: DEL	3,788	1,661	2,235	2,516	1,991	2,610	2,457	1,844
Public Corporations: Main Departmental AME	-673	-243	60	-294	-304	201	197	-67
Total Public Corporations in DEL and Main Departmental AME (mainly external finance)	3,115	1,418	2,295	2,222	1,687	2,800	2,700	1,800
<i>Accounting and other adjustments:</i>								
<i>Deduct</i>								
grants and subsidies paid to Self-financing Public Corporations (other than Crown Estates) which are counted both in DEL and Main AME			768	100				
<i>Add</i>								
VAT refunds to Public Corporations in respect of current expenditure	266	357	379	380	550	583	612	642
<i>Deduct</i>								
capital grants to Public Corporations, net lending to Public Corporations and their market and overseas borrowing	1,824	734	858	1,342	906	2,201	1,981	1,183
<i>Add</i>								
capital expenditure of Public Corporations, National Accounts basis	5,010	5,854	4,635	4,267	4,389	4,700	4,700	5,200
<i>Deduct</i>								
capital expenditure of Commission for New Towns and New Towns Corporations which is in DEL and in total capital expenditure	-180	-307	-277	-112	-123	-112	-124	-124
<i>Add</i>								
interest and dividend payments of Public Corporations to private sector and overseas	262	172	189	153	86	109	150	150
Total Public Corporations in Total Managed Expenditure	7,008	7,373	6,149	5,692	5,928	6,200	6,300	6,700

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

INTRODUCTION

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

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

PUBLIC EXPENDITURE BY COUNTRY

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

8.4 The focus of the analysis in this Chapter is aggregate expenditure on services. (See Chapter 4, para 4.3, and Appendix F for a definition.) In previous years this aggregate was general government expenditure (GGE) on services. This year, consistent with the current control regime for public spending, the aggregate analysed is Total Managed Expenditure (TME) on services. TME on services is divided into identifiable and non-identifiable expenditure. Identifiable expenditure is that which can be recognized as having been incurred on behalf of a particular population. Non-identifiable expenditure is that which is deemed to be incurred on behalf of the United Kingdom as a whole (eg defence expenditure and overseas aid). Wherever possible, expenditure which is in theory identifiable has been allocated by some means or other. Where precise accounting information on identifiable expenditure is not available, allocation is based on other available indicators; for example, allocation of administration costs in the same proportions as the corresponding programme expenditure.

8.5 The data presented in this section was collected in the autumn of 1999 and is therefore not entirely consistent with other figures in this publication and individual departmental reports. It does, however, provide an indication of the distribution by country of expenditure on each main function. **Table 8.1** summarises total managed expenditure for the years 1994–95 to 1998–99. Fuller details of each of the five years covered in the 1999 analysis are given in **Tables 8.2 to 8.6**. **Table 8.7** gives a further breakdown of 1998–99 identifiable expenditure and also shows the non-identifiable elements by function.

NON-IDENTIFIED EXPENDITURE

8.6 Table 8.8 provides a breakdown by programme of the non identified expenditure that has not been apportioned on a “who benefits” basis. Around 0.1 per cent of the non-identified expenditure in 1998–99 can be recognised as having been incurred for the benefit of England and Wales, but is not separable between the countries. Similarly, 2.7 per cent is for the benefit of Great Britain, but cannot be further apportioned between England, Scotland, and Wales. The remaining 97.2 per cent is classified as having been for the benefit of the UK as a whole.

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

REGIONAL ANALYSIS OF PUBLIC EXPENDITURE

8.8 An analysis of spending by region was undertaken during the winter of 1999. Identifiable expenditure is again defined as expenditure which can be recognized from available information as having been spent for the benefit of the relevant population. The results are set out in Tables 8.9 and 8.10. In accordance with other government publications of regional statistics, expenditure has been apportioned to Government Office Regions, although for the purposes of this exercise Merseyside has been subsumed within the North West.

8.9 Table 8.9 sets out figures for expenditure by region in 1997–98. In addition to the regional expenditure figures the tables also give the corresponding English totals from Tables 8.5A and 8.5B. They show that 90 per cent of expenditure identifiable to England in 1997–98 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1997–98 93 per cent of the expenditure on health and personal social services, and 97 per cent of social security expenditure has been split by region. However, in a number of other areas, such as trade, industry, energy, employment and training, there is an appreciable core of expenditure which cannot be readily disaggregated by region.

8.10 Table 8.10 presents the expenditure on a per capita basis. Spending in 1997–98 allocated by region varies from £3,113 per head in the Eastern region to £4,112 per head in the North East and £4,324 in London. These figures should be treated with caution. Because identified spending in England cannot be fully apportioned between the English regions, it is not possible to compare directly spending in the English regions with spending in England as a whole, or with Scotland, Wales, and Northern Ireland.

8.11 Identifiable expenditure which cannot be allocated by region averages £393 per head in England as a whole. However, it is in practice unlikely that this unallocated expenditure is distributed evenly over the regions. If it is not, the relative levels of regional per capita spending will differ from those set out in Table 8.10.

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

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

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

- (ii) estimated spending by regional health authorities and family health service authorities located within the region (boundaries of which do not align exactly with those of the Government Office Regions, however);
- (iii) payments of certain social security benefits to residents of each region;
- (iv) spending on motorways and trunk roads in each region;
- (v) expenditure on regional preferential assistance by the region in which the recipient industries were located;
- (vi) grants to Urban Development Corporations;
- (vii) housing expenditure and subsidies;
- (viii) support for London Transport;
- (ix) central government's own expenditure on higher and further education;
- (x) MAFF and the Intervention Board central government direct expenditure;
- (xi) Employment Service programmes (NB. boundaries of the Employment Service districts do not align exactly with those of the Government Office Regions);
- (xii) Single Regeneration Budget and other development and conservation programmes;
- (xiii) Legal Aid (NB. boundaries for the different components of Legal Aid do not align with those of the Government Regions);
- (xiv) Careers Service and Training For Work programmes;
- (xv) Driver and Vehicle Licensing Authority (DVLA);
- (xvi) Central government expenditure on culture, media and sport.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.1 Identifiable total managed expenditure⁽¹⁾ by country, 1994–95 to 1998–99

	£ million				
	1994–95	1995–96	1996–97	1997–98	1998–99
England	182,657	189,377	193,274	196,666	203,408
Scotland	23,366	24,261	24,552	25,040	25,728
Wales	12,756	13,329	13,803	13,988	14,398
Northern Ireland	8,277	8,607	9,017	9,185	9,654
Total identifiable expenditure	227,055	235,574	240,645	244,878	253,188
Non-identifiable expenditure	34,697	36,103	34,917	34,098	37,750
Total expenditure on services	261,752	271,678	275,562	278,976	290,938
	£ per head				
England	3,750	3,872	3,937	3,990	4,110
Scotland	4,553	4,723	4,788	4,888	5,025
Wales	4,379	4,570	4,725	4,779	4,908
Northern Ireland	5,022	5,201	5,402	5,467	5,716
Total identifiable expenditure	3,888	4,019	4,092	4,150	4,274
Non-identifiable expenditure	594	616	594	578	637
Total expenditure on services	4,482	4,635	4,686	4,727	4,911

(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.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.2a Identifiable total managed expenditure, 1994–95

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	27,719	3,910	1,750	1,324	34,703	80	11	5	4
Health and personal social services	38,754	5,198	2,606	1,476	48,034	81	11	5	3
Roads and transport	9,866	1,325	683	232	12,106	81	11	6	2
Housing	4,073	692	402	224	5,390	76	13	7	4
Other environmental services	6,434	1,084	733	148	8,399	77	13	9	2
Law, order and protective services	12,453	1,237	614	1,056	15,359	81	8	4	7
Trade, industry, energy and employment	5,033	786	357	477	6,653	76	12	5	7
Agriculture, fisheries, food and forestry	2,397	595	289	369	3,651	66	16	8	10
Culture, media and sport	2,422	283	247	39	2,989	81	9	8	1
Social security	72,290	8,050	4,999	2,790	88,129	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,215	207	77	144	1,642	74	13	5	9
Total	182,657	23,366	12,756	8,277	227,055				

Table 8.2b Identifiable total managed expenditure, per head, 1994–95

	£ per head					Index (United Kingdom identifiable expenditure = 100) ⁽²⁾			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	569	762	601	803	594	96	128	101	135
Health and personal social services	796	1,013	895	895	822	97	123	109	109
Roads and transport	203	258	234	141	207	98	125	113	68
Housing	84	135	138	136	92	91	146	149	147
Other environmental services	132	211	252	90	144	92	147	175	62
Law, order and protective services	256	241	211	640	263	97	92	80	244
Trade, industry, energy and employment	103	153	122	290	114	91	134	108	254
Agriculture, fisheries, food and forestry	49	116	99	224	63	79	186	159	358
Culture, media and sport	50	55	85	23	51	97	108	165	46
Social security	1,484	1,568	1,716	1,693	1,509	98	104	114	112
Miscellaneous expenditure ⁽¹⁾	25	40	26	87	28				
Total	3,750	4,553	4,379	5,022	3,888	96	117	113	129

(1) Expenditure includes the costs of the central administration of the devolved administrations of Scotland, Wales and Northern Ireland.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the devolved administrations of Scotland, Wales and Northern Ireland 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 total managed expenditure, 1995–96

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	28,314	4,093	1,799	1,378	35,584	80	12	5	4
Health and personal social services	41,093	5,521	2,780	1,578	50,972	81	11	5	3
Roads and transport	9,428	1,211	646	221	11,506	82	11	6	2
Housing	3,747	779	403	245	5,174	72	15	8	5
Other environmental services	6,923	1,064	765	155	8,906	78	12	9	2
Law, order and protective services	12,764	1,293	650	1,038	15,744	81	8	4	7
Trade, industry, energy and employment	4,993	788	425	493	6,698	75	12	6	7
Agriculture, fisheries, food and forestry	2,808	655	301	353	4,116	68	16	7	9
Culture, media and sport	2,604	287	252	44	3,187	82	9	8	1
Social security	75,551	8,355	5,230	2,970	92,105	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,153	217	80	133	1,582	73	14	5	8
Total	189,377	24,261	13,329	8,607	235,574	80	10	6	4

Table 8.3b Identifiable total managed expenditure, per head, 1995–96

	£ per head					Index (United Kingdom identifiable expenditure=100) ⁽²⁾			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	579	797	617	832	607	95	131	102	137
Health and personal social services	840	1,075	953	954	870	97	124	110	110
Roads and transport	193	236	221	134	196	98	120	113	68
Housing	77	152	138	148	88	87	172	157	168
Other environmental services	142	207	262	93	152	93	136	173	62
Law, order and protective services	261	252	223	627	269	97	94	83	233
Trade, industry, energy and employment	102	153	146	298	114	89	134	127	261
Agriculture, fisheries, food and forestry	57	127	103	214	70	82	181	147	304
Culture, media and sport	53	56	86	26	54	98	103	159	49
Social security	1,545	1,627	1,793	1,794	1,571	98	104	114	114
Miscellaneous expenditure ⁽¹⁾	24	42	27	80	27				
Total	3,872	4,723	4,570	5,201	4,019	96	118	114	129

(1) Expenditure includes the costs of the central administration of the devolved administrations of Scotland, Wales and Northern Ireland.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the devolved administrations of Scotland, Wales and Northern Ireland 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 8.4a Identifiable total managed expenditure, 1996–97

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	28,879	3,999	1,819	1,429	36,126	80	11	5	4
Health and personal social services	42,733	5,656	2,957	1,653	53,000	81	11	6	3
Roads and transport	8,190	1,088	561	221	10,060	81	11	6	2
Housing	3,529	573	366	242	4,710	75	12	8	5
Other environmental services	7,098	715	733	144	8,690	82	8	8	2
Law, order and protective services	13,132	1,358	676	1,048	16,214	81	8	4	6
Trade, industry, energy and employment	4,734	876	427	495	6,531	72	13	7	8
Agriculture, fisheries, food and forestry	3,014	1,047	346	430	4,836	62	22	7	9
Culture, media and sport	2,758	306	250	51	3,365	82	9	7	2
Social security	78,150	8,720	5,583	3,161	95,614	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,056	215	85	143	1,499	70	14	6	10
Total	193,274	24,552	13,803	9,017	240,645	80	10	6	4

Table 8.4b Identifiable total managed expenditure, per head, 1996–97

	£ per head					Index (United Kingdom identifiable expenditure=100) ⁽²⁾			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	588	780	623	856	614	96	127	101	139
Health and personal social services	871	1,103	1,012	990	901	97	122	112	110
Roads and transport	167	212	192	132	171	98	124	112	77
Housing	72	112	125	145	80	90	140	156	181
Other environmental services	145	139	251	86	148	98	94	170	58
Law, order and protective services	268	265	231	628	276	97	96	84	228
Trade, industry, energy and employment	96	171	146	297	111	87	154	132	267
Agriculture, fisheries, food and forestry	61	204	118	257	82	75	248	144	313
Culture, media and sport	56	60	86	30	57	98	104	150	53
Social security	1,592	1,701	1,911	1,894	1,626	98	105	118	116
Miscellaneous expenditure ⁽¹⁾	22	42	29	86	25				
Total	3,937	4,788	4,725	5,402	4,092	96	117	115	132

(1) Expenditure includes the costs of the central administration of the devolved administrations of Scotland, Wales and Northern Ireland.

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

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.5a Identifiable total managed expenditure, 1997–98

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	29,716	4,120	1,989	1,463	37,288	80	11	5	4
Health and personal social services	44,890	5,864	3,077	1,755	55,585	81	11	6	3
Roads and transport	7,620	916	455	211	9,202	83	10	5	2
Housing	2,840	470	312	239	3,862	74	12	8	6
Other environmental services	7,202	955	711	127	8,994	80	11	8	1
Law, order and protective services	13,608	1,419	773	1,070	16,869	81	8	5	6
Trade, industry, energy and employment	4,417	879	447	498	6,240	71	14	7	8
Agriculture, fisheries, food and forestry	2,633	944	268	399	4,244	62	22	6	9
Culture, media and sport	3,449	362	329	71	4,211	82	9	8	2
Social security	79,173	8,910	5,542	3,228	96,853	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,119	202	85	124	1,530	73	13	6	8
Total	196,666	25,040	13,987	9,185	244,878	80	10	6	4

Table 8.5b Identifiable total managed expenditure, per head, 1997–98

	£ per head					Index (United Kingdom identifiable expenditure=100) ⁽²⁾			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	603	804	679	871	632	95	127	108	138
Health and personal social services	911	1,145	1,051	1,045	942	97	122	112	111
Roads and transport	155	179	156	126	156	99	115	100	81
Housing	58	92	107	142	65	88	140	163	218
Other environmental services	146	186	243	76	152	96	122	159	50
Law, order and protective services	276	277	264	637	286	97	97	92	223
Trade, industry, energy and employment	90	172	153	296	106	85	162	144	280
Agriculture, fisheries, food and forestry	53	184	92	238	72	74	256	127	330
Culture, media and sport	70	71	113	42	71	98	99	158	59
Social security	1,606	1,739	1,893	1,921	1,641	98	106	115	117
Miscellaneous expenditure ⁽¹⁾	23	39	29	74	26				
Total	3,990	4,888	4,779	5,467	4,150	96	118	115	132

(1) Expenditure includes the costs of the central administration of the devolved administrations of Scotland, Wales and Northern Ireland.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the devolved administrations of Scotland, Wales and Northern Ireland 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 8.6a Identifiable total managed expenditure, 1998–99

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	31,455	4,169	1,892	1,514	39,031	81	11	5	4
Health and personal social services	47,677	6,130	3,274	1,854	58,935	81	10	6	3
Roads and transport	6,912	958	443	225	8,538	81	11	5	3
Housing	2,792	488	338	229	3,847	73	13	9	6
Other environmental services	7,229	934	705	137	9,005	80	10	8	2
Law, order and protective services	14,008	1,428	805	1,099	17,340	81	8	5	6
Trade, industry, energy and employment	4,564	836	476	565	6,441	71	13	7	9
Agriculture, fisheries, food and forestry	2,866	1,016	320	432	4,633	62	22	7	9
Culture, Media and Sport	3,876	382	328	76	4,662	83	8	7	2
Social security	80,879	9,172	5,701	3,380	99,131	82	9	6	3
Miscellaneous expenditure ⁽¹⁾	1,148	215	116	145	1,624	71	13	7	9
Total	203,408	25,728	14,398	9,654	253,188	80	10	6	4

Table 8.6b Identifiable total managed expenditure, per head, 1998–99

	£ per head					Index (United Kingdom identifiable expenditure=100) ⁽²⁾			
	England	Scotland	Wales	Northern	United	England	Scotland	Wales	N Ireland
				Ireland	Kingdom				
Education	636	814	645	896	659	96	124	98	136
Health and personal social services	963	1,197	1,116	1,098	995	97	120	112	110
Roads and transport	140	187	151	133	144	97	130	105	93
Housing	56	95	115	135	65	87	147	178	208
Other environmental services	146	182	240	81	152	96	120	158	53
Law, order and protective services	283	279	274	651	293	97	95	94	222
Trade, industry, energy and employment	92	163	162	334	109	85	150	149	307
Agriculture, fisheries, food and forestry	58	198	109	256	78	74	254	140	327
Culture, Media and Sport	78	75	112	45	79	100	95	142	57
Social security	1,634	1,791	1,943	2,001	1,673	98	107	116	120
Miscellaneous expenditure ⁽¹⁾	23	42	39	86	27				
Total	4,110	5,025	4,908	5,716	4,274	96	118	115	134

(1) Expenditure includes the costs of the central administration of the devolved administrations of Scotland, Wales and Northern Ireland.

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

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Table 8.7 Total managed expenditure⁽¹⁾: Total expenditure on services⁽²⁾ analysed by country and function, 1998–99

	Identifiable expenditure										£ million		
	England	Total	Scotland Scottish ⁽³⁾ Executive	Other	Total	Wales National ⁽⁴⁾ Assembly for Wales	Other	Total	Northern Ireland Northern Ireland Departments and Office	Other ⁽⁵⁾		Total	Non Identifiable ⁽⁶⁾
Education	31,455	4,169	4,122	47	1,892	1,758	134	1,514	1,514	39,031	8	39,039	
Health and personal social services	47,677	6,130	6,130		3,274	3,274		1,854	1,854	58,935	111	59,047	
Roads and transport	6,912	958	740	218	443	352	91	225	219	8,538	3	8,541	
Housing	2,792	488	478	10	338	332	6	229	228	3,847		3,847	
Other environmental services	7,229	934	910	24	705	683	22	137	136	9,005	7	9,011	
Law, order and protective services	14,008	1,428	1,353	76	805		805	1,099	1,040	17,340	5	17,346	
Defence											22,656	22,656	
Overseas services											3,217	3,217	
Trade, industry, energy and employment	4,564	836	614	223	476	331	145	565	549	6,441	2,496	8,937	
Agriculture, fisheries, food and forestry	2,866	1,016	851	165	320	245	76	432	353	4,633	468	5,101	
Culture, Media and Sport	3,876	382	249	132	328	93	235	76	37	4,662	75	4,737	
Social security	80,879	9,172		9,172	5,701		5,701	3,380	3,346	99,131	740	99,871	
Miscellaneous expenditure ⁽⁷⁾	1,148	215	168	47	116	91	25	145	136	1,624	7,964	9,588	
Total	203,408	25,728	15,615	10,113	14,398	7,159	7,239	9,654	9,409	253,188	245	37,750	290,938

(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) Excludes net public service pensions, debt interest and certain accounting adjustments. See Appendix F.

(3) Includes The Scotland Office.

(4) Includes Wales Office.

(5) Responsibility for most expenditure in Northern Ireland lies with the Northern Ireland Office and Departments; this column includes certain expenditure in support of the agriculture and fishing industries, the NI Court Service, and smaller programmes.

(6) In 1998–99, around £34 million of non-identifiable expenditure was for the benefit of England and Wales, £1,034 million for GB, and the remaining £36,683 million for the UK as a whole.

(7) Included in the "Non-identifiable" cell are net payments to EC institutions and expenditure associated with general maintenance of government, such as tax collection and population registration. See Table 8.8.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.8 Non-identifiable total managed expenditure by programme, 1998–99

Programme	£ million
Defence and overseas services	25,873
BSE related expenditure	463
Science and technology	2,007
BNFL	458
British Coal Corporation	19
Net medical payments to European Economic Area countries ⁽¹⁾	111
Records, registrations and surveys	52
War pensions and pensions paid to UK nationals abroad	724
Net payments to EC institutions	3,572
Cabinet Office	60
Parliament and associated expenditure	303
Office for National Statistics	97
Tax collection and funding for Bank of England	2,885
Civil service superannuation	87
Security and intelligence services	691
Smaller programmes	347
Total	37,750

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

Table 8.9 Identifiable total managed expenditure, by region and function, 1997-98

	Allocation of expenditure by region										£ million	
	North East		North West		Yorkshire and Humberside		East Midlands		South West			Total of all Regions
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East			
Education	1,527	4,098	2,862	2,271	3,079	2,518	2,769	4,954	4,127	28,206	1,510	29,716
Health and personal social services	2,417	6,041	4,256	3,258	4,445	3,871	4,093	7,302	6,196	41,880	3,010	44,890
Roads and transport	241	957	471	339	625	448	411	1,394	836	5,721	1,899	7,620
Housing	91	341	225	130	216	121	72	778	168	2,143	697	2,840
Other environmental services	527	1,019	678	529	723	559	531	1,283	949	6,800	402	7,202
Law, order and protective services	573	1,186	983	718	1,000	832	838	2,600	1,310	10,039	3,569	13,608
Trade, industry, energy and employment	222	417	279	216	303	235	212	408	297	2,589	1,828	4,417
Agriculture, fisheries, food and forestry	57	157	112	88	105	109	99	146	182	1,055	1,578	2,633
Culture, Media and Sport	121	240	174	128	181	145	168	285	265	1,707	1,742	3,449
Social security	4,823	12,303	8,027	6,135	8,340	7,444	7,358	11,537	10,663	76,630	2,542	79,173
Central administration and miscellaneous	67	31	44	40	52	46	54	109	76	520	599	1,119
Total	10,667	26,792	18,111	13,851	19,070	16,327	16,604	30,797	25,070	177,290	19,376	196,666

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

Table 8.10 Identifiable total managed expenditure per head, by region and function, 1997-98

	Allocation of expenditure by region										£ per head	
	North East		North West		Yorkshire and Humberside		East Midlands		South West			Total of all Regions
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East			
Education	589	595	568	546	579	516	519	696	519	572	31	603
Health and personal social services	932	877	845	784	835	794	767	1,025	779	850	61	911
Roads and transport	93	139	93	82	118	92	77	196	105	116	39	155
Housing	35	50	45	31	41	25	13	109	21	43	14	58
Other environmental services	203	148	135	127	136	115	100	180	119	138	8	146
Law, order and protective services	221	172	195	173	188	171	157	365	165	204	72	276
Trade, industry, energy and employment	85	61	55	52	57	48	40	57	37	53	37	90
Agriculture, fisheries, food and forestry	22	23	22	21	20	22	19	21	23	21	32	53
Culture, Media and Sport	47	35	35	31	34	30	31	40	33	35	35	70
Social security	1,859	1,787	1,594	1,476	1,567	1,527	1,379	1,620	1,340	1,555	52	1,606
Central administration and miscellaneous	26	4	9	10	10	9	10	15	10	11	12	23
Total	4,112	3,892	3,596	3,333	3,584	3,348	3,113	4,324	3,150	3,597	393	3,990

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

APPENDIX A CONVENTIONS AND ECONOMIC ASSUMPTIONS

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

ROUNDING CONVENTIONS

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

- (i) figures for the main spending aggregates, including DEL, AME and TME, are rounded to the nearest £100 million from 1999–2000 onwards;
- (ii) the DEL Reserve, the AME Margin and allowances for shortfall are rounded to the nearest £100 million from 1999–2000 onwards;
- (iii) figures for locally financed expenditure, and within that local authorities' self-financed expenditure, and for accounting and other adjustments in AME, and within that other accounting adjustments, are rounded to the nearest £100 million from 1999–2000;
- (iv) figures in the tables covering years before 1994–95 are rounded to the nearest £100 million; and
- (v) figures for control limits in Chapter 3 are rounded to the nearest £1 thousand.

RECEIPTS

A.3 Departmental Expenditure Limits are measured net of certain receipts. Most government receipts, eg taxes, national insurance contributions, interest, dividends and trading surpluses are treated as revenue and *not* netted-off expenditure. However receipts from the sales of fixed assets, the repayment of loans and certain fees and charges are treated as negative expenditure rather than revenue. The treatment of certain receipts in DEL is set out in more detail in Appendix B.

REAL TERMS

A.4 A number of the tables in this publication give figures in real terms. Real terms figures are the cash outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 1998–99 prices.

1999–2000 ESTIMATED OUTTURN

A.5 The estimated outturns for individual departments for 1999–2000 are based on the latest information available from departments. The estimated outturns for DEL for 1999–2000 include an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment. Similarly, the estimated outturns for local authority expenditure in 1998–99 and 1999–2000, where final outturn estimates are not as yet available, also include an allowance for shortfall representing the difference between, for 1998–99, provisional outturn estimates and, for 1999–2000, the totals budgeted for by local authorities, and the Treasury's latest estimates.

HISTORICAL DATA

A.6 Most of the analyses in this publication show plans or projections for 2000–01 to 2001–02 alongside the estimated outturn for 1999–2000 and outturn for the five previous years. It is not possible to look at trends over a longer period by simply comparing figures in successive public expenditure publications as such figures are not always on a consistent basis due to changes in coverage and classification changes. This publication presents a number of summary analyses incorporating data for earlier years, adjusted to current definitions, to show trends over a longer period.

ECONOMIC ASSUMPTIONS

A.7 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, for the Rossi, 1½ per cent in 2000–01 and 2 per cent for 2001–02, for the RPI, 3½ per cent for 2000–01 and 2¾ per cent for 2001–02.
- (b) The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to remain flat at recent levels. This is consistent with the planning assumption that, when the claimant count is projected to fall by forecasters outside the Treasury, a more cautious assumption of a flat unemployment level will be used for projections of public expenditure. (The Treasury does not publish forecasts of unemployment.) This planning assumption has been audited by the National Audit Office. (See the NAO Report: Audit of Assumptions for the March 2000 Budget, published as HC 348).
- (c) Apart from unemployment, other assumptions and conventions are unchanged from those previously audited by the National Audit Office. Further details can be found in the March 2000 Financial Statement and Budget Report, (HC 346), paragraph C16.

ECONOMIC GROWTH AND INFLATION

A.8 General inflation as measured by the GDP deflator is forecast to be 2½ per cent in 1999–2000, 2¼ per cent in 2000–01, and 2½ per cent for 2001–02.

A.9 GDP at market prices (money GDP) is projected as £901 billion in 1999–2000, £946 billion in 2001–01 and £990 billion in 2001–02.

APPENDIX B COVERAGE OF THE ACCOUNTING AND OTHER ADJUSTMENTS IN AME

1. The national accounts follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. The measures of public expenditure should be readily related to this framework. Total Managed Expenditure (TME) is drawn from national accounts. TME is produced by the Office for National Statistics (ONS).
2. However, there are certain aspects of the national accounts measures which cannot sensibly be read across to the control regimes defined for the management of public expenditure. And sometimes other factors lead to an alternative approach – for example issues of data availability and incentive frameworks. Also, there are some items within Main Departmental Programmes in AME that are not separately identified in Table 1.3 and are included within the line for accounting and other adjustments.
3. So a number of adjustments are needed to relate DEL and various identified programme lines in AME (see Appendix E) to TME.

RECENT DEVELOPMENTS

4. As usual, there have been a number of changes since the definitions shown in PESA 1999, including:
 - acceptances of artworks in lieu of inheritance tax are now treated as Main Departmental Programmes in AME, and appear as one of the accounting adjustments (for PESA 1999–2000 they had been treated as tax forgone);
 - the cost of advisors' fees in respect of the Public/Private Partnership for British Nuclear Fuels Ltd is to be treated as a Main Departmental Programme in AME and so appears within the accounting and other adjustments. This is new expenditure not in last year's PESA;
 - the levy-funded expenditure of certain bodies where there is an industry consensus on the setting or use of the levy was brought into public expenditure by the new European System of Accounts (ESA95) and scores in Main Departmental Programmes in AME within the relevant departments' budgets, and will be included within TME as soon as it is possible to revise national accounts;
 - the costs of interest forgone by the Department for International Development in respect of debts forgiven under Retrospective Terms Adjustments arrangements form part of DFID's DEL. The costs are not part of TME, and a new accounting adjustment removes them.

ACCOUNTING AND OTHER ADJUSTMENTS IN AME

5. The main items of the Accounting and Other Adjustments line in AME are shown in Table 1.7.
6. The components of the Accounting and Other Adjustments are set out below. Some of the adjustments shown apply only to certain years; other adjustments not listed have been made to years before the start of the table above. Those of the adjustments that are treated as Main Departmental Programmes in AME are marked '☉'.

Non-Trading Capital Consumption

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

VAT Refunds

- (ii) 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 non-business activities. DEL and Local Authority Self-Financed Expenditure (LASFE) are measured net of these VAT refunds, but for TME this expenditure is recorded including the VAT paid.
- (iii) Add VAT refunds paid to NHS trusts in respect of contracted out services in connexion with activities that are non-business for VAT purposes. TME records these refunds as subsidies to NHS trusts.
- (iv) Add VAT refunds paid to the BBC and ITN in respect of non-business activities which are treated as subsidies in TME.
- (v) Add VAT refunds paid to DIY housebuilders which are treated as grants in TME.




EC Contributions

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

Tax Credits

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

Other Programme Spending in AME

- (viii)  Add expenditure by the Valuation Office on payment of rates for premises occupied by diplomatic missions &c the “beneficial portion payments”.
- (ix)  Add expenditure by DTI under the Redundancy Payments Scheme.
- (x)  Add expenditure by the DfEE under the Older Workers Employment Credit scheme.
- (xi) Add expenditure by the Financial Services Authority.
- (xii) Show the effects of British Council transactions that affect the reserves of the British Council.

- (xiii) ⚙️ Add the cost of advisors' fees in respect of the Public/Private Partnership for British Nuclear Fuels Ltd.
- (xiv) ⚙️ Add the implied expenditure on artworks accepted in lieu of Inheritance Tax.
- (xv) ⚙️ Add the expenditure of certain levy-funded bodies where there is an industry consensus on the setting or use of the levy. Examples include: Horserace Betting Levy Board, Pensions Compensation Board, Construction and Engineering Construction Industry Training Boards, Apple and Pear Research Council, Horticultural Development Council, Home Grown Cereals Authority, Milk Development Council, Meat and Livestock Commission, Potato Industry Development Council and Sea Fish Industry Authority.

Adjustments for Public Corporations

- (xvi) Deduct capital grants paid by general government to public corporations and included in DEL or AME.
- (xvii) Deduct grants and subsidies paid to self-financing public corporations (SFPCs) as part of their external finance (other than the subsidy to pay for the office of the Crown Estate Commissioners). Such grants and subsidies to SFPCs score both in DEL and in AME, so this adjustment removes double counting.
- (xviii) Add fixed capital formation by public corporations (other than New Town Corporations, the Commission for the New Towns and Passenger Transport Executives, whose capital formation is already included in DEL & AME).
- (xix) Add changes in stocks of public corporations.
- (xx) Add capital grants paid by public corporations to institutional units outside general government.
- (xxi) Add current grants and subsidies paid by public corporations to institutional units outside general government and financed from their own resources.
- (xxii) Add payments of debt interest and dividends paid by public corporations to the private sector and overseas.

Intra Public Sector Debt Interest

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

Subtract Local Authority debt interest (LADI) paid to central government and public corporations (other than LADI ultimately funded by central government Housing Subsidy (Housing Element) (HS)) and add LADI ultimately funded by HS and paid to sectors outside the public sector.
- (xxiv) Deduct central government debt interest paid to public corporations and local authorities.
- (xxv) Reverse the deduction of the receipts of interest and dividends from public corporations that are netted off DEL.

Financial Transactions in DEL and AME


- (xxvi) Deduct net lending to public corporations, the private sector and overseas that scores in DEL.
- (xxvii) Deduct transactions in private sector company securities that score in DEL.
- (xxviii) Deduct the measure of the subsidy and bad debt element of student loans that scores in DEL.
- (xxix) Deduct financial transactions with public corporations, the private sector and overseas that score in AME.
- (xxx) Deduct the market and overseas borrowing of public corporations which have external finance treatment in DEL & AME (including the capital value of certain leasing transactions).

Other Accounting Adjustments

(1) Receipts-related Adjustments

- (xxxi) Remove the deduction of receipts of certain taxes imposed by departments (including licences imposed by the utility regulators (eg OFFER, OFGAS)) which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxxii) Remove the deduction of certain fines imposed by departments which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxxiii) Remove the deduction of penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are treated as negative expenditure in LASFE and as revenue in national accounts.
- (xxxiv) Remove the deduction of current donations which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxxv) Remove the deduction of receipts of current compensation which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxxvi) Remove the deduction of receipts of rent of land which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxxvii) Remove the deduction of the surpluses of some local authority trading services, which are treated as negative expenditure in LASFE and as revenue in the national accounts.
- (xxxviii) Remove the deduction of dividends received by central government departments from the private sector and treated as negative expenditure in DEL which are treated as revenue in national accounts.

(2) Expenditure Related Adjustments

- (xxxix) 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.

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

(3) Other Adjustments

- (xlii) Deduct grants paid to local authorities by non-departmental public bodies classified to the central government sector. This adjustment removes an element of double counting.
- (xliii) Deduct current grants to local authorities by public corporations financed by subsidies from general government.
- (xliv) Add adjustments to put certain central government expenditure on an accruals basis.
- (xlv) Add, for outturn years, the residual difference between TME as measured by ONS for national accounts and Treasury sources.

TREATMENT OF CLASSIFICATION AND TRANSFER CHARGES

7. The national accounts and DEL/AME are generally consistent in their treatment of changes, although there are occasionally timing lags.
8. Changes which stem from amending past recording practice or movements in the way expenditure is measured are termed classification changes and are normally applied to all years.
9. Transfer changes reflect substantive changes in the way in which expenditure is financed. These too are often applied to all years in Treasury public expenditure statistics. The national accounts treatment of transfer changes varies.
10. Substantive changes in the level of expenditure are termed policy or estimating changes and are not applied to figures before the date when they occurred.
11. One major difference in this area between the national accounts and DEL/ AME is that the national accounts regard switches of function between government departments as policy changes whereas, to avoid unhelpful discontinuities in the figures, they are treated as classification changes in DEL and AME.

NOTE ON CONSOLIDATION IN TOTAL MANAGED EXPENDITURE

12. This passage explains some of the aspects on the calculation of TME as a consolidation of the public sector's expenditure.
13. 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.

14. 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.)

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

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

NOTE ON THE TREATMENT OF DEPRECIATION

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

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

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

APPENDIX C DEPARTMENTAL GROUPINGS

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

Title	Departments included
Education and Employment	Department for Education and Employment Office for Standards in Education
Health	Department of Health Food Standards Agency
DETR – Main programmes	Department of the Environment, Transport and the Regions (except local government and regional policy) Office of Passenger Rail Franchising Office of the Rail Regulator Office of Water Services
DETR – Local Government and Regional Policy	Department of the Environment, Transport and the Regions – mainly block and transitional grants to English local authorities, the Greater London Authority, and Regional Development Agencies
Home Office	Home Office Charity Commission
Legal Departments	Lord Chancellor’s Departments Crown Prosecution Service Northern Ireland Court Service Public Records Office 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 Service Commission Export Credits Guarantee Department (capital expenditure only)

APPENDIX C DEPARTMENTAL GROUPINGS

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

APPENDIX D EXECUTIVE AGENCIES

I. This appendix groups the current Executive Agencies according to the departmental groups used in the statistical tables. Agencies marked with an asterisk are government departments; the other agencies are all parts of departments.

Departmental Group	Agency
Education and Employment	Employment Service
Health	Medicines Control Agency Medical Devices Agency Food Standards Agency* NHS Estates NHS Pensions Agency
Environment, Transport and the Regions	Driver and Vehicle Licensing Agency Driving Standards Agency Highways Agency Maritime Coastguard Agency Vehicle Certification Agency Vehicle Inspectorate Ordnance Survey Planning Inspectorate Queen Elizabeth II Conference Centre
Home Office	Fire Service College Forensic Science Service HM Prison Service UK Passport Agency
Legal Departments	Court Service HM Land Registry Public Records Office* Public Trust Office Crown Prosecution Service* Government Property Lawyers Serious Fraud Office* Treasury Solicitor's Department*
Defence	Army Base Repair Organisation Army Base Storage and Distribution Agency Armed Forces Personnel Administration Agency Army Personnel Centre Army Technical Support Agency Army Training and Recruiting Agency Defence Analytical Services Agency Defence Animal Centre Defence Bills Agency Defence Clothing and Textiles Agency Defence Codification Agency Defence Communication Services Agency Defence Dental Agency Defence Estates Organisation

Departmental Group	Agency
	Defence Evaluation and Research Agency
	Defence Intelligence and Security Centre
	Defence Postal and Courier Service Agency
	Defence Secondary Care Agency
	Defence Transport and Movements Executive
	Defence Vetting Agency
	Disposal Sales Agency
	Duke of York's Royal Military School
	Hydrographic Office
	Joint Air Reconnaissance Intelligence Centre
	Logistics Information Systems Agency
	Medical Supplies Agency
	Defence Medical Training Organisation
	Meteorological Office
	Military Survey
	Ministry of Defence Police
	Naval Aircraft Repair Organisation
	Naval Bases and Supply Agency
	Naval Manning Agency
	Naval Recruiting and Training Agency
	Pay and Personnel Agency
	Queen Victoria School
	RAF Logistic Support Services
	RAF Maintenance Defence Agency
	RAF Personnel Management Agency
	RAF Signals Engineering Establishment
	RAF Training Group Defence Agency
	Ships Support Agency
	Service Children's Education
	Special Procurement Services
Foreign and Commonwealth Office	Wilton Park Conference Centre
Trade and Industry	Companies House
	Employment Tribunals Service
	Insolvency Service
	National Weights and Measures Laboratory
	Patent Office
	Radiocommunications Agency
Agriculture, Fisheries and Food	Centre for Environment, Fisheries and Aquaculture Science
	Central Science Laboratory
	Farming and Rural Conservation Agency
	Intervention Board*
	Meat Hygiene Service
	Pesticides Safety Directorate
	Veterinary Laboratories Agency
	Veterinary Medicines Directorate
Culture, Media and Sport	Royal Parks Agency

Departmental Group	Agency
Social Security	Social Security Child Support Agency Social Security Benefits Agency Social Security Contributions Agency Social Security Information Technology Services Agency Social Security War Pensions Agency
Scotland	Fisheries Research Services Forestry Research Agency Forest Enterprises Historic Scotland Registers of Scotland Scottish Agriculture Science Agency Scottish Court Service Scottish Fisheries Protection Service Scottish Office Pensions Agency Scottish Prison Service Scottish Records Office Student Awards Agency for Scotland
Wales	CADW (Welsh Historic Monuments)
Northern Ireland (Office)	Compensation Agency Forensic Science Agency of Northern Ireland Prison Service (NI)
Northern Ireland (Departments)	Business Development Service Construction Service Driver and Vehicle Licensing (NI) Driver and Vehicle Testing Agency Environment and Heritage Service Forest Service of Northern Ireland Government Purchasing Agency Health Estates Industrial Research and Technology Unit Land Registers of Northern Ireland Northern Ireland Child Support Agency Northern Ireland Statistics and Research Agency Ordnance Survey of Northern Ireland Planning Service Public Record Office (NI) Rate Collection Agency Rivers Agency Roads Service Social Security Agency (NI) Training and Employment Agency (NI) Valuation and Lands Agency Water Service

APPENDIX D EXECUTIVE AGENCIES

Departmental Group	Agency
Chancellor's Departments	HM Customs and Excise* Office for National Statistics* Debt Management Office Inland Revenue* National Savings* Royal Mint Valuation Office
Cabinet Office	Central Computer and Telecommunications Agency Central Office of Information* Civil Service College Government Car and Despatch Agency Debt Management Office Securities Facilities Executive The Buying Agency Property Advisors to the Civil Estate

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

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

RECENT CHANGES

2. As normal, there have been a number of changes in the definitions since the 1999–2000 PESA, including:

- acceptances of artworks in lieu of Inheritance Tax are now treated as Main Departmental Programmes of AME;
- the costs of advisors' fees in respect of the Public/Private Partnership for British Nuclear Fuels Ltd are now a Main Departmental Programme in AME;
- the expenditure of certain levy-funded bodies where there is an industry consensus on the setting or use of the levy was brought into public expenditure by the new European System of Accounts (ESA95) and is treated as Main Departmental Programmes in AME.

DEPARTMENTAL EXPENDITURE LIMITS

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

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

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

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

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

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

9. **Non Departmental Public bodies.** DEL includes the net expenditure of most non-departmental public bodies classified to the central government sector.

10. Central Government Support for Local Authorities. DEL scores current and capital grants to local authorities, and credit approvals (capital allocations in Scotland). More information on local authorities is in Chapter 6.

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

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

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

ANNUALLY MANAGED EXPENDITURE

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

- Main Departmental Programmes in AME;
- Locally Financed Expenditure; and
- Other AME.

Main Departmental Programmes in Annually Managed Expenditure

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

- Social Security Benefits
- Housing Revenue Account Subsidies
- Common Agricultural Policy
- Export Credits Guarantee Department
- Self-financing Public Corporations
- Net Public Service Pensions
- National Lottery

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

- Valuation Office – Beneficial Portion Payments;
- purchases of assets under finance leases since 1 April 1996;
- Redundancy Payments Scheme;
- Older Workers Employment Credit;
- advisors' fees for the British Nuclear Fuels Public/Private Partnership;
- expenditure of certain levy-funded bodies; and
- acceptances of artworks in lieu of Inheritance Tax.

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

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

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

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

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

20. Self Financing Public Corporations. This line comprises the external financing requirements of the self-financing public corporations, which are:

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

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

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

23. 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.

24. The pension schemes that are represented here are:

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

25. 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.

- 26.** Note that this line does not cover:
- pensions with a real pensions fund, eg local authority and most public corporations' pensions;
 - the main police and fire pensions; and
 - pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pension schemes.
- 27.** **National Lottery.** Expenditure on the six good causes funded from the proceeds of the National Lottery is in this line: the arts, sport, heritage, charities, projects to mark the Millennium and the New Opportunities Fund. This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by a grant from the National Lottery Distribution Board.

Locally Financed Expenditure

- 28.** This line comprises the following items:
- Local Authority Self Financed Expenditure (LASFE) in the UK;
 - expenditure financed from the product of the Scottish Non Domestic Rate; and
 - expenditure financed from the product of Northern Ireland Regional Rates (NIRR).
- 29.** 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.
- 30.** LASFE is that part of total local authority expenditure not met by central government support. Its largest single component is the product of the Council Tax.

Other Annually Managed Expenditure

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

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

- 32.** **Central Government Debt interest** is shown gross. Interest paid within central government is excluded, but interest paid to other parts of the public sector is included. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts on gilts at issue.
- 33.** **Accounting and Other Adjustments.** The contents of this line are described in Appendix B. A few of the adjustments are in Main Departmental Programmes in AME.
- 34.** **AME Margin.** The AME Margin is an allowance for estimating changes.

TOTAL MANAGED EXPENDITURE

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

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

37. 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

1. The tables in Chapters 4 and 5 which show public expenditure disaggregated by function and by economic category and the tables in Chapter 8 which show public expenditure by country and by region all focus on total **expenditure on services**. The definition of expenditure on services in earlier PESAs was previously based on GGE, and was essentially general government expenditure on services. This definition has been widened for this publication to embrace public corporations spending, as well as spending by central and local government. The definition of expenditure on services in this year's PESA can be described as public sector expenditure on services, and as such is consistent with the use of TME – a total public sector aggregate – as the main measure of total public spending in this volume.

2. Expenditure on services differs from TME in that it excludes debt interest payments, the net public sector pensions line in the standard AME table (see e.g. 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 Main Departmental Programmes in AME (see Appendix E), except for Net Public Service Pensions, plus Net Payments to EC Institutions, plus Locally Financed Expenditure plus certain accounting adjustments on Other AME.

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

- spending in Departmental Expenditure Limits
- + spending in Main Departmental Programmes in AME
- net public service pensions
- + net payments to EC Institutions
- + locally financed expenditure
- + accounting adjustments to remove all debt interest flows from DEL and AME
- + accounting adjustments to deduct financial transactions from DEL and AME, except for the subsidy and bad debt element of student loans
- + accounting adjustments to record public corporations capital expenditure, instead of central government support for capital expenditure in external finance.

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

- Central government own current expenditure in DEL, other than debt interest
- + Central government own current expenditure in Main Departmental Programmes in AME, other than debt interest and public service pensions (net of receipts)
- + 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).

GLOSSARY OF TERMS

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

Accounting Adjustments are certain items of expenditure within AME that account for the difference between TME and the sum of DEL, the specific categories of **departmental AME** shown in Table 1.3, and other identified programme lines in AME shown in Table 1.3 such as debt interest and lottery expenditure. TME is drawn from national accounts. However there are certain components in **national accounts** which are not included in the control regimes for the management of public expenditure; and there are some items in the control regimes that are not part of TME. These items form the accounting adjustments and include **depreciation**, 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). The accounting adjustments also include some departmental AME not separately identified in Table 1.3

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.

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. **Main Departmental Programmes** in AME is spending in AME which is scored in departmental budgets (sometimes called simply “departmental AME”).

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

Appropriation accounts report outturn expenditure in the previous financial year for each **Vote**.

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 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)

Capital consumption is also called **depreciation** and represents the amount of fixed capital used up each year. For most public services, other than where services are charged at market prices, expenditure is measured at the cash cost and so departmental spending in **DEL** and **Main Departmental Programmes in AME** will exclude capital consumption. Capital consumption is however included in **TME** and in public sector current expenditure through an aggregate adjustment for non-trading capital consumption which scores in the accounting adjustments (see Appendix B).

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.

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

Capital spending 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.

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 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”. In national accounts it is called “output for own final use”. Under RAB the principle will be extended to other in-house capital formation apart from computer software.

Central Government is a sector in national accounts. It comprises Parliament; the Royal Household; 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, housing associations and TECs – 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, set the spending plans for the three years 1999–2000 to 2001–02. It 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 1999–2000.

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.

Current budget is current expenditure included in **DEL** and **Main Departmental Programmes in AME**.

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 – see **Main Departmental Programmes in AME**.

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

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

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

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

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

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

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) are limits imposed by government on a public corporation's **EFR**. The EFL counts in the sponsoring department's budget instead of actual grants and lending to the corporation.

The **External Finance Requirement (EFR)** of public corporation's consists of lending, specific subsidies and capital grants given by government to a public corporation; plus the corporation's borrowing from commercial sources and its run-down of financial assets such as bank deposits. Subsidies and capital grants that are generally available to all businesses (such as under the welfare to work programme or regional selective assistance) are not included as external finance but regarded as part of the corporation's internal resources.

Excessive Deficit Procedure (EDP) is part of the **Maastricht Treaty**. It requires EU member states to keep their **general government net borrowing** below 3 per cent of GDP and to aim to reduce **general government gross debt** to below 60 per cent 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 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 including in that valuation the impact of taxes on products and subsidies. “Gross” means there is no deduction for capital consumption. Economic data are often quoted as a percentage of GDP to give an indication of trends through to time and to make international comparisons easier.

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

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

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

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

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

Main Departmental Programmes in AME is sometimes called departmental AME. It includes the specific categories listed under AME in table 1.3: these are social security benefits, housing subsidies, common agricultural policy spending, certain ECGD spending, net payments to EU institutions, public sector pensions, and the financing of public corporations. It also includes some departmental expenditure not listed in any of those specific categories and not in DEL and which, by default, falls into the category for accounting and other adjustments.

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.

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

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

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

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

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.

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, and to some overseas governments and to some international bodies that supply foreign aid.

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.

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

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 have been privatised. 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 in national accounts.

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

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

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

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 all the assets of **public corporations** and some general government assets – notably local authority housing).

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.

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

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. They are monitored through **Output and Performance Analyses (OPA)**.

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.

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 and Budgeting (RAB) is now being introduced for the accounts and budgets of central government departments. It introduces generally accepted accounting practice (GAAP) into Government accounting. The main changes will be the adoption of accruals accounting for all departmental expenditure, and the inclusion of depreciation and cost of capital charges in departmental budgets. Department's first set of published audited resource accounts will be for the financial year 1999–2000. Resource budgeting will be introduced for **2000 Spending Review** which will set spending plans to 2003–04 using resource budgeting principles. It is intended that **Supply Estimates** for the year 2001–02, will be presented on a resource basis.

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 running costs.

Self-financing public corporations are a group of public corporations that are usually profitable, trading largely with the private sector, and not essentially regulatory in nature. Their external finance scores in the sponsoring department's **departmental AME**, rather than in their **DEL**.

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

Spending Reviews set **DELs** and plans for **AME** for the following three years. They have replaced the annual **PES**, and are held at less frequent intervals. The first was the **CSR** in 1998. Another (SR2000) will report in the summer of 2000.

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

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

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

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

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

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

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

Trading bodies are publicly owned trading businesses.

Public corporations are trading bodies.

There are also some trading bodies which are closely integrated with 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.

Uniform Business Rate: see National non-domestic rates

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

A **Vote** is an individual Supply Estimate.

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

Whole of government Accounts (WGA) will be a set of consolidated financial statements, based on generally accepted accounting practice in the UK (UK GAAP), covering the whole of the UK public sector. The project will begin with a set of unaudited WGA based on statistics drawn mainly from national accounts.

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

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



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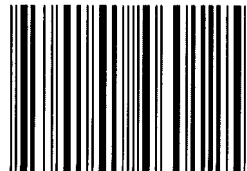
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