

# Public Expenditure Statistical Analyses 2006

May 2006

**PESA**

**2006**

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This document is part of a series of Departmental Reports which, along with the *Central Government Supply Estimates 2006–07: Main Supply Estimates* and *Central Government Supply Estimates 2006–07: Supplementary Budgetary Information*, present the Government's expenditure plans for 2006–08.

The complete series of Departmental Reports and *Public Expenditure Statistical Analyses 2006* are also available as a set at a discounted price.



HM TREASURY



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# Public Expenditure Statistical Analyses 2006

May 2006

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

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# INTRODUCTION AND OVERVIEW

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Public Expenditure Statistical Analyses (PESA) brings together recent outturn data, estimated outturns for the latest year and spending plans over the whole range of UK public expenditure. It is published annually as a Command paper, soon after the Budget. The Treasury also publishes Main Supply Estimates and Supplementary Budgetary Information in the weeks after the Budget. Further information on each government department's spending is set out in the individual departmental reports, which were published in May 2006.

## The two objectives of PESA

PESA serves two purposes:

- It provides information on Government spending plans and offers a measure of accountability on spending outturns expressed in terms of the aggregates used by the Government for expenditure planning and control. These aggregates – Departmental Expenditure Limits and Annually Managed Expenditure – are reconciled to an aggregate drawn from the national accounts – Total Managed Expenditure (TME) – and to other national accounts expenditure concepts. TME and certain other national accounts measures broadly represent the expenditure side of the measures used for the Government's fiscal framework. PESA includes analyses of public spending by department, spending sector and budgetary control aggregates.
- PESA analyses public expenditure in ways that transcend the budgeting and managerial control frameworks. For statistical analysis, PESA uses an expenditure concept – Total Expenditure on Services (TES) – that is more stable than the budgeting aggregates and that is closer to TME. TES is analysed by function, economic category and country and region.

These twin purposes are reflected in the ordering of the tables:

- Tables in Chapters 1 and 2 and the early tables in chapters 4, 5 and 6 deal mainly with the budgeting aggregates, and their reconciliation to national accounts;
- Tables in Chapters 3 and 7, and the later tables in chapters 4, 5 and 6 provide analyses of TES.

## Period covered by PESA tables

All data series in PESA are annual, and for financial years. Tables in PESA normally cover a span of up to nine years – five years' outturns, estimated outturn for the latest year and up to three years' spending plans, depending on the year of the latest Spending Review. In this year's PESA, plans are available for two years so analyses generally cover the eight years 2000-01 to 2007-08. In certain areas, eg. local authority expenditure, detailed plans for future years are not available, and so there is no plans information for public sector level functional analyses. Some series are presented over a longer historical period.

## Consistency with other publications

Information in PESA 2006 is consistent with

- the National Statistics public expenditure outturns published on Budget Day (22 March 2006),
- fiscal projections and public spending plans set out in Chapter C of the 2006 Financial Statement and Budget Report (FSBR; HC968; 22 March 2006) and
- the consistent series of outturns and plans presented on a PESA basis and published on the Treasury's website on the day after the Budget,

except in a few areas where later information is available and has been incorporated. In some cases the information in PESA is presented differently from the information in the FSBR – Appendix A gives details.

The system used by central government departments and devolved administrations to report expenditure data is being replaced by a new system, the Combined Online Information System (COINS). Though departments have completed the process of migrating their data from the old public expenditure database (PES) to COINS we are currently in a transitional period where both databases are being maintained.

PESA has been produced using data from the PES database. The Main Estimates, Supplementary Budgetary Information publication and the common core tables used in the departmental reports have been produced using the COINS database. Although the databases are being kept in close alignment there remain a number of possible factors (e.g. slight timing differences in entering data; small definitional differences in the reports; rounding conventions) that could lead to minor differences in numbers reported in PES compared with publications using COINS data.

If any unexpected differences between the publications do arise then it is the Main Estimates that hold the definitive data for Supply purposes and PESA that holds definitive budgetary data (DEL/AME and their constituent parts).

## Data Quality in PESA 2006

During the transition period to the new COINS system, the quality of some data may be affected, which may lead to larger than usual revisions of the data published in PESA 2006 when we publish spending updates and PESA 2007.

There is more information on data quality in Appendix A.

## National Statistics in PESA

Most of the outturn data (up to 2004-05) are National Statistics. National Statistics are those figures which Ministers have decided should come within the scope of the principles of the National Statistics Code of Practice. The Code seeks to ensure that National Statistics will be valued for their relevance, integrity, quality and accessibility. More information about National Statistics is available on the National Statistics web site at [www.statistics.gov.uk](http://www.statistics.gov.uk).

The scope of National Statistics in the tables for each chapter of PESA is indicated in the text for that chapter. Where tables contain National Statistics, they show that in column headers.

Estimated outturns for 2005-06 and spending plans for future years are outside the scope of National Statistics. Data relating to the departmental administration budgets control regime are also outside the scope of National Statistics.

## Public expenditure National Statistics updates

Outturn data to 2004-05 for certain key series in PESA were released on Budget day, 22 March 2006. The key series were:

- Total Managed Expenditure, by budgetary category (PESA 2006 Table 1.1);
- Departmental Expenditure Limits, resource and capital, by departmental group (PESA 2006, DEL parts of Tables 1.5 and 1.10); and
- Total Expenditure on Services by function (PESA 2006, Table 3.2).

These key series are updated three times a year as National Statistics updates. They will next be updated in a release in July, on the day of publication of the Public Expenditure Outturn White Paper (PEOWP). The July release will include the first provisional estimates of 2005-06 outturns. It will be available on the web<sup>1</sup> in the Public Spending Annual Outturns News Release. Subsequent updates will take place at the time of the Pre-Budget Report (PBR, typically in November) and the Budget (typically in March).

We are here pre-announcing the release of a new series for National Statistics updates. From the day of PEOWP 2006 we will publish updates of outturns for Near-cash in Resource Budget DEL by departmental group (PESA 2006, part of Table 1.7).

On the day after the Budget and the PBR we publish on the Treasury's website tables showing the National Statistics outturns and also certain plans information consistent with the dataset used for the FSBR/PBR and using the PESA presentation.

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

## Additional Material

Supplementary material, such as a pdf version of PESA, Excel versions of many of the tables and guidance notes will be published on the Treasury's website<sup>2</sup> on the day of publication and in the following week. Some additional tables relating to the Country and Regional Analysis (chapter 7) will be published several weeks after PESA.

## Changes from last year's PESA

PESA 2006 contains a few minor changes from last year:

- We no longer have a separate chapter on Administration Budgets (Chapter 5 in PESA 2005). The table of spending in administration budgets is now within the main budgeting information in Chapter 1 – see Table 1.9.
- We have added information on sources and methods and a note on data quality to Appendix A, and also to certain individual chapters. Appendix A also explains that the forecast data in table 3.1 uses the cautious view of GDP in order to be consistent with other publications.

The allocation of spending to departments in PESA 2006 does not reflect machinery of government changes announced on 5 May 2006.

<sup>1</sup> [http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/press\\_index.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/press_index.cfm)

<sup>2</sup> [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_publications/pespub\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_index.cfm)

### Future development of PESA

We consulted users during 2005 in order to find out their wishes for the future development of PESA. We are grateful to those who took part. The Treasury published a response to the user consultation on its website<sup>3</sup>.

In summary, our proposals for the development of PESA over the next few years starting with PESA 2007 include:

- The main request made by readers was for more historical information. This, however, is difficult to provide to an adequate standard. We propose:
  - To revive and update the work in PESA 2002 that produced an investment series on consistent sectoral boundaries;
  - To improve the way we record data once it ceases to be live for PESA so that in the future it will be possible to produce more detailed historical data for years that are currently live and subsequent years;
  - To explore the practicality of extending the range and scope of the functional historical series in Chapter 3;
- We propose to move the analysis of spending by the classification of functions of government (COFOG) that is used to analyse TES into full conformity with the UN COFOG definitions at Level 2; and
- We intend to provide further tables analysing the data for the PESA years, for example showing procurement by department, net capital spending by department and expenditure financed by the European Community by function.

In addition, the Chief Secretary to the Treasury has extended the scope of National Statistics in PESA so that with effect from PESA 2007 all outturn data will be included in the scope of National Statistics.

All development intentions are subject to resources, the resolution of practical implementation issues including the maintenance of data quality, and competing priorities.

We would be interested in readers' views on how we mean to develop PESA and in any more general comments on how PESA could be made more useful to users. Please write to:

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<sup>3</sup> [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_publications/pespub\\_consult.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_consult.cfm)



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# PUBLIC EXPENDITURE OVERVIEW

**1.1** This chapter brings together information on public expenditure within the current budgeting and control framework. It shows reconciliations to the national accounts measures used for the fiscal framework. It also includes information on Voted and non-Voted components of total public spending, and a breakdown of public expenditure by spending sector.

**1.2** Outturn data on the budgeting and control aggregates in Tables 1.1 to 1.8 and 1.10 to 1.13 fall within the scope of National Statistics, as do outturn data in Table 1.15 (spending sectors). Data in Tables 1.9, 1.14 and 1.16 are not National Statistics. All the tables in this chapter are in resource terms on a RAB stage 2 basis.

**1.3** Data on administration budgets previously shown in chapter 5 has now been incorporated into this chapter as Table 1.9.

## The Budgeting and Reporting Framework

**1.4** **Table 1.1** summarises public expenditure both in terms of the budgeting and control framework, and in terms of the national accounts based reporting aggregate Total Managed Expenditure (TME) and its components. **Table 1.2** presents the same information as **Table 1.1** in real terms.

**1.5** There is a fuller description of the budgeting and control framework in Appendix D. This chapter gives a brief explanation.

**1.6** In accordance with the fiscal rules, a clear distinction is made for budgeting between current and capital spending, with departments' having separate resource and capital budgets.

**1.7** For part of their resource and capital budgets, departments are given firm three year spending limits called Departmental Expenditure Limits (DELs) within which they prioritise resources and plan ahead.

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

**1.9** **Table 1.14** presents a breakdown of the accounting and other adjustments line in **Table 1.1**. Appendix B gives further details of these accounting and other adjustments.

**1.10** DEL and AME together make up TME, an aggregate that is drawn from the national accounts, and is defined in national accounts terms as public sector current expenditure plus net investment plus public sector capital expenditure (see **Table 1.1**). Note that depreciation in TME in the *of which* lines in the table is total public sector depreciation measured on a national accounts basis, while the depreciation line in the DEL section at the top of the table is depreciation in Resource Budget DEL, measured on the basis of Generally Accepted Accounting Practice (GAAP).

## Reconciliations of Budgeting and National Accounts Aggregates

**1.11** The fiscal framework is defined by reference to national accounts measures:

- achievement against the Golden Rule is measured by the Surplus on the Current Budget (SOCB). That is the difference between the public sector national accounts aggregates current expenditure plus depreciation less receipts;
- the Sustainable Investment Rule is measured by reference to the stock measure Public Sector Net Debt (PSND). The flow measure Public Sector Net Borrowing (PSNB) contributes to the accumulation of PSND. The change in PSNB is also used to assess the overall macroeconomic impact of fiscal policy on aggregate demand. The difference between the SOCB and PSNB is given by Public Sector Net Investment.

**1.12** Table C4 in Budget 2006 brings together information on expenditure, receipts and balances.

**1.13** Public expenditure budgeting uses Treasury-defined aggregates, which are mainly based on GAAP components. **Tables 1.3** and **1.4** show the reconciliations between the national accounts spending measures and the budgeting expenditure measures:

- **Table 1.3** shows the reconciliation from the Resource Budget to the national accounts measure Public Sector Current Expenditure. It also now shows total Near-Cash expenditure in Resource budgets.
- **Table 1.4** shows the reconciliation from the Capital Budget to the national accounts measure of Public Sector Gross Investment (measured net of sales). With the deduction of depreciation, that figure reconciles to Public Sector Net Investment.

## Resource Budgets and Capital Budgets

**1.14** **Table 1.5** shows the Resource Budget for each departmental group, with **Table 1.6** presenting the same information in real terms. Full details of departmental groups are set out in Appendix C. In addition to Departmental allocations, these tables – as with other tables showing DEL – show unallocated amounts remaining in the central funds and in the DEL Reserve.

**1.15** Resource budgets are divided into nearcash and noncash elements – these terms are explained in Appendix D. **Table 1.7** shows the near cash components in aggregate of departmental Resource Budgets for each departmental group. Nearcash in Resource Budget DEL is a control total. **Table 1.8** shows the non-cash components in aggregate of departmental Resource Budgets, also by departmental group.

**1.16** **Table 1.10** shows the Capital Budget for each departmental group, with **Table 1.11** presenting the same information in real terms.

**1.17** All tables reflect recent changes to the budgeting system that are discussed further in Chapter 2 and Appendix D. Major changes include the movement of capital grants from Resource Budgets into Capital Budgets and the reclassification of EU receipts from AME expenditure into DEL Expenditure, including receipts and the expenditure they finance on the Common Agricultural Policy (CAP). Consequently the CAP line has disappeared from the AME section of **Table 1.1**.



## Total DEL

**I.18** Table 1.12 shows Total DEL by departmental group. Total DEL is made up of Resource Budget DEL plus Capital Budget DEL less depreciation in DEL. Total DEL is not a control total. Table 1.13 presents the same information as Table 1.12 in real terms.

## Public Expenditure by Spending Sector

**I.19** Table 1.15 shows a breakdown of TME, and within it DEL and AME, as between the national accounts spending sectors, which are used in many of the analyses in this publication. In this table, capital and current expenditure are added together.

**I.20** Central government own expenditure excludes central government spending in support of local authorities. Loans and capital grants in support of public corporations are also excluded. However, subsidies to public corporations are included here, as they are not consolidated out in the calculation of TME. Central government expenditure includes the spending of non-departmental public bodies classified to central government, as well as central government departments' own spending, and the spending of the devolved administrations in Scotland, Wales and Northern Ireland. Central government own expenditure is shown split into DEL, departmental AME, and the other AME elements, including locally financed expenditure. This latter category is in respect of spending of the devolved administrations that is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in Chapter 4.

**I.21** Local authority expenditure is split according to how it is financed: central government support (which can be in either DEL or AME); locally financed support in Scotland (the proceeds of non-domestic rates in Scotland 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 5.

**I.22** The impact of public corporations on the parent department can be either in DEL or Departmental AME. For most public corporations, departments' DELs include the subsidies and capital grants paid to, interest and dividends received from, loans and public dividend capital invested in and a capital charge on the department's investments in public corporations. For self-financing public corporations, grants and subsidies score in DEL and the other items are contained in departmental AME. In this table, however, subsidies to public corporations are included in central government own expenditure as they impact on central government current expenditure in TME. The total public corporations expenditure line shows their contribution to TME: i.e. capital expenditure and interest and dividends paid to the private sector. Further analyses for public corporations, including information on subsidies, are presented in Chapter 6.

## Supply Expenditure

**I.23** Table 1.16 shows the split of DEL and AME between money voted in Estimates, which accounts for about two-thirds of the total, and expenditure financed by other means. The relationship between the budgetary aggregates (DEL and AME) and Supply Expenditure is explained in more detail in the introductory sections of the Supply Estimates 2005-06: Supplementary Budgeting Information. Because of data quality issues caused by the transition to COINS, as described in the Overview, the voted/non-voted split should be treated as indicative.

## Administration Budgets

**1.24** Table 1.9 sets out details of administrative expenditure by those central government departments that are subject to Administration Budgets. The data cover a period of eight years, from 2000-01 to 2007-08, and are on resource basis. Data in this table do not fall within the scope of National Statistics.

**1.25** Administration Budgets are set for most civil service departments. These budgets help to drive economy and efficiency in the running of Government itself. Around 50% of administration costs is accounted for by civil service pay. A further 40% is accounted for by procurement of goods and services (e.g. accommodation, equipment, travel) and the remainder by other items (e.g. capital charges on assets used by civil servants such as buildings and IT equipment).

**1.26** Table 1.9 shows, for Administration Budgets, final outturn for 2000-01 to 2004-05, estimated outturn for 2005-06 and plans for 2006-07 to 2007-08. There are no figures for the Ministry of Defence, which is not subject to an Administration Budget, nor for the devolved administrations, which operate their own controls. Administration Budgets for 2006-07 were announced in Central Government Supply Estimates 2006-07, Supplementary Budgetary Information (Cm xxx).

Table I.1 Total Managed Expenditure, 2000–01 to 2007–08

	£ million							
	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>Departmental Expenditure Limits</b>								
Resource DEL	196,219	210,289	228,324	243,478	257,327	277,981	294,400	309,600
Capital DEL	18,057	22,756	26,883	30,780	33,592	37,338	42,500	45,700
Less depreciation	8,972	9,377	15,845	9,020	8,403	11,937	11,900	11,600
<b>Total Departmental Expenditure Limits</b>	<b>205,303</b>	<b>223,668</b>	<b>239,362</b>	<b>265,238</b>	<b>282,515</b>	<b>303,382</b>	<b>325,100</b>	<b>343,700</b>
<b>Annually Managed Expenditure</b>								
<i>Departmental AME</i>								
Social security benefits	101,798	109,185	113,850	118,080	125,292	130,148	133,345	138,506
Tax credits <sup>(1)</sup>	3,903	5,189	5,829	9,779	11,735	12,862	14,125	15,138
Net public service pensions <sup>(2)</sup>	1,692	3,354	4,570	1,797	440	5,321	5,557	5,855
National Lottery	1,855	1,710	1,810	1,910	1,800	1,775	1,732	1,535
BBC domestic services	2,282	2,649	2,958	2,784	2,927	3,054	3,216	3,304
Student loans England and Wales	1,720	1,886	1,997	2,042	2,015	2,151	2,770	3,400
Non-cash items	21,226	23,063	28,421	27,567	26,136	30,181	31,765	34,779
Other departmental expenditure	2,807	3,584	1,949	1,755	2,470	4,227	3,415	2,931
<b>Total Departmental AME</b>	<b>137,284</b>	<b>150,619</b>	<b>161,383</b>	<b>165,714</b>	<b>172,815</b>	<b>189,719</b>	<b>195,925</b>	<b>205,448</b>
<i>Other AME</i>								
Net expenditure transfers to the EU <sup>(3)</sup>	2,318	–690	2,782	3,448	4,907	4,435	5,432	6,509
Locally financed expenditure	18,384	21,121	19,528	21,477	24,252	26,566	27,523	28,922
Central government gross debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
Public corporations' own-financed capital expenditure	2,865	3,015	4,297	3,895	3,357	2,882	3,373	3,484
<b>Total Other AME</b>	<b>49,561</b>	<b>45,541</b>	<b>47,551</b>	<b>51,146</b>	<b>56,502</b>	<b>59,630</b>	<b>62,605</b>	<b>66,867</b>
<b>Total AME before accounting adjustments</b>	<b>186,845</b>	<b>196,160</b>	<b>208,933</b>	<b>216,860</b>	<b>229,317</b>	<b>249,349</b>	<b>258,530</b>	<b>272,315</b>
AME Margin	—	—	—	—	—	—	1,000	2,000
Accounting adjustments	–25,820	–30,271	–27,030	–24,545	–20,840	–29,579	–32,292	–35,281
<b>Total Annually Managed Expenditure</b>	<b>161,025</b>	<b>165,889</b>	<b>181,903</b>	<b>192,315</b>	<b>208,477</b>	<b>219,770</b>	<b>227,200</b>	<b>239,000</b>
<b>Total Managed Expenditure</b>	<b>366,328</b>	<b>389,557</b>	<b>421,265</b>	<b>457,553</b>	<b>490,992</b>	<b>523,152</b>	<b>552,300</b>	<b>582,800</b>
<i>of which:</i>								
Current expenditure	347,981	366,154	395,063	428,757	455,355	481,852	506,700	534,200
Public Sector Gross Investment	18,347	23,403	26,202	28,796	35,637	41,299	45,600	48,600
Public Sector Gross Investment	18,347	23,403	26,202	28,796	35,637	41,299	45,600	48,600
less Depreciation	12,676	13,112	14,044	14,309	14,967	15,619	16,800	17,700
Net investment	5,671	10,291	12,158	14,487	20,670	25,680	28,800	30,900

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

(2) The main pension schemes are reported under FRS17 accounting requirements.

(3) Net expenditure transfers to the EU are comprised of GNI-based contribution to the EU less the UK's abatement. Latest estimates (in £ billion) are given below for net payments to EU institutions, and the UK's net contribution to the EU budget as defined in annex D of this publication.

	2004–05	2005–06	2006–07	2007–08
Net payments to EU institutions	3.2	3.9	1.3	4.8
UK's net contributions to the EU Budget	3.9	4.5	2	5.5

Table I.2 Total Managed Expenditure in real terms<sup>(1)</sup>, 2000–01 to 2007–08

	£ million								
	National Statistics								
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	
						outturn			
<b>Departmental Expenditure Limits</b>									
Resource DEL	217,571	227,553	239,459	248,823	257,327	272,287	281,500	288,400	
Capital DEL	20,022	24,624	28,194	31,456	33,592	36,573	40,700	42,600	
Less depreciation	9,948	10,147	16,618	9,218	8,403	11,693	11,400	10,800	
<b>Total Departmental Expenditure Limits</b>	<b>227,644</b>	<b>242,031</b>	<b>251,035</b>	<b>271,060</b>	<b>282,515</b>	<b>297,168</b>	<b>310,800</b>	<b>320,200</b>	
<b>Annually Managed Expenditure</b>									
<i>Departmental AME</i>									
Social security benefits	112,876	118,149	119,402	120,672	125,292	127,482	127,499	129,006	
Tax credits <sup>(1)</sup>	4,328	5,615	6,113	9,994	11,735	12,599	13,506	14,100	
Net public service pensions <sup>(2)</sup>	1,876	3,629	4,793	1,836	440	5,212	5,313	5,453	
National Lottery	2,057	1,850	1,898	1,952	1,800	1,739	1,656	1,430	
BBC domestic services	2,530	2,866	3,102	2,845	2,927	2,991	3,075	3,077	
Student loans England and Wales	1,907	2,041	2,094	2,087	2,015	2,107	2,649	3,167	
Non-cash items	23,536	24,956	29,807	28,172	26,136	29,563	30,372	32,394	
Other departmental expenditure	3,112	3,878	2,044	1,794	2,470	4,140	3,265	2,730	
<b>Total Departmental AME</b>	<b>152,223</b>	<b>162,985</b>	<b>169,253</b>	<b>169,352</b>	<b>172,815</b>	<b>185,833</b>	<b>187,336</b>	<b>191,357</b>	
<i>Other AME</i>									
Net expenditure transfers to the EU <sup>(3)</sup>	2,570	-747	2,918	3,524	4,907	4,344	5,194	6,063	
Locally financed expenditure	20,385	22,855	20,480	21,948	24,252	26,022	26,316	26,938	
Central government gross debt interest	28,824	23,909	21,964	22,817	23,987	25,220	25,125	26,036	
Public corporations' own-financed capital expenditure	3,177	3,263	4,507	3,981	3,357	2,823	3,225	3,245	
<b>Total Other AME</b>	<b>54,954</b>	<b>49,280</b>	<b>49,870</b>	<b>52,269</b>	<b>56,502</b>	<b>58,409</b>	<b>59,860</b>	<b>62,281</b>	
<b>Total AME before accounting adjustments</b>	<b>207,177</b>	<b>212,265</b>	<b>219,122</b>	<b>221,620</b>	<b>229,317</b>	<b>244,242</b>	<b>247,196</b>	<b>253,637</b>	
AME Margin	—	—	—	—	—	—	1,000	1,900	
Accounting adjustments	-28,630	-32,756	-28,348	-25,084	-20,840	-28,973	-30,876	-32,861	
<b>Total Annually Managed Expenditure</b>	<b>178,548</b>	<b>179,508</b>	<b>190,774</b>	<b>196,537</b>	<b>208,477</b>	<b>215,269</b>	<b>217,300</b>	<b>222,600</b>	
<b>Total Managed Expenditure</b>	<b>406,192</b>	<b>421,539</b>	<b>441,809</b>	<b>467,597</b>	<b>490,992</b>	<b>512,437</b>	<b>528,100</b>	<b>542,800</b>	
<i>of which:</i>									
Current expenditure	385,848	396,215	414,329	438,169	455,355	471,983	484,500	497,600	
Capital expenditure	20,344	25,324	27,480	29,428	35,637	40,453	43,600	45,300	
Capital expenditure	20,344	25,324	27,480	29,428	35,637	40,453	43,600	45,300	
less Depreciation	14,055	14,188	14,729	14,623	14,967	15,299	16,100	16,500	
Net investment	6,288	11,136	12,751	14,805	20,670	25,154	27,500	28,800	

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

(2) The main pension schemes are reported under FRS17 accounting requirements.

(3) Net expenditure transfers to the EU are comprised of GNI-based contribution to the EU less the UK's abatement. Latest estimates (in £ billion) are given below for net payments to EU institutions, and the UK's net contribution to the EU budget as defined in annex D of this publication.

	2004–05	2005–06	2006–07	2007–08
Net payments to EU institutions	3.2	3.8	1.2	4.5
UK's net contributions to the EU Budget	3.9	4.4	1.9	5.1

(4) Real terms figures are the cash figures adjusted to 2004–05 price levels using GDP deflators. For years 2000–01 to 2004–05 deflators are calculated from the latest data from the Office for National Statistics (released 29 March 2006). From 2005–06, deflators are consistent with the March 2006 Financial Statement and Budget Report.

Table I.3 Public Sector Current Expenditure, 2000–01 to 2007–08

	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>£ million</b>								
<b>Resource Budget</b>								
Resource DEL	196,219	210,289	228,324	243,478	257,327	277,981	294,400	309,600
Resource Departmental AME	133,074	146,908	156,994	161,630	168,930	184,453	192,141	200,811
<b>Total Resource Budget</b>	<b>329,293</b>	<b>357,197</b>	<b>385,318</b>	<b>405,108</b>	<b>426,257</b>	<b>462,434</b>	<b>486,600</b>	<b>510,500</b>
less non-cash in Resource DEL	22,218	22,815	24,597	16,451	14,405	18,614	21,154	21,385
less unallocated funds in Resource DEL	—	—	—	—	—	–960	1,789	2,127
less non-cash in Resource AME	20,603	23,974	30,698	29,142	28,739	38,645	39,602	43,152
<b>Total Near-Cash in resource budgets</b>	<b>286,473</b>	<b>310,408</b>	<b>330,022</b>	<b>359,514</b>	<b>383,113</b>	<b>406,135</b>	<b>424,042</b>	<b>443,787</b>
<i>of which:</i>								
Near-cash in Resource DEL	174,001	187,474	203,727	227,026	242,922	260,327	271,502	286,128
Near-cash in Resource AME	112,472	122,934	126,296	132,488	140,191	145,808	152,540	157,659
<b>Total Near-Cash in resource budgets</b>	<b>286,473</b>	<b>310,408</b>	<b>330,022</b>	<b>359,514</b>	<b>383,113</b>	<b>406,135</b>	<b>424,042</b>	<b>443,787</b>
<b>Current spending in other AME</b>								
Net expenditure transfers to the EU <sup>(1)</sup>	2,318	–690	2,782	3,448	4,907	4,435	5,432	6,509
Locally financed current expenditure	19,897	20,372	21,730	23,196	23,475	24,768	25,510	26,821
Central government gross debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
AME margin (current)	—	—	—	—	—	—	900	1,800
<b>Other adjustments</b>								
Add spending classified as current								
in national accounts	5,235	4,960	5,118	5,156	5,271	5,016	5,501	6,260
Remove near cash items classified as capital								
in national accounts	—	—	—	—	—	—	—	—
Accounting and other adjustments	8,063	9,009	14,468	15,116	14,602	15,751	19,043	21,060
<b>Public Sector Current Expenditure</b>	<b>347,981</b>	<b>366,154</b>	<b>395,063</b>	<b>428,757</b>	<b>455,355</b>	<b>481,852</b>	<b>506,700</b>	<b>534,200</b>

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

Table I.4 Public Sector Net Investment, 2000–01 to 2007–08

	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>£ million</b>								
<b>Capital Budget</b>								
Capital DEL	18,057	22,756	26,883	30,780	33,592	37,338	42,500	45,700
Capital Departmental AME	4,209	3,711	4,388	4,084	3,885	5,266	3,783	4,636
<b>Total Capital Budget</b>	<b>22,266</b>	<b>26,468</b>	<b>31,272</b>	<b>34,864</b>	<b>37,477</b>	<b>42,604</b>	<b>46,300</b>	<b>50,300</b>
<b>Capital spending in other AME</b>								
Public corporations' own-financed expenditure	2,865	3,015	4,297	3,895	3,357	2,882	3,373	3,484
Locally financed capital expenditure	–1,513	749	–2,202	–1,719	777	1,798	2,013	2,101
AME margin (capital)	—	—	—	—	—	—	100	200
Remove items classified as current								
in national accounts	–5,235	–4,960	–5,118	–5,156	–5,271	–5,016	–5,501	–6,260
Add resource budget classified as capital								
in national accounts	363	53	–24	–44	–198	–239	87	32
Accounting and other adjustments	–399	–1,921	–2,023	–3,044	–504	–730	–791	–1,300
<b>Public sector gross investment</b>	<b>18,347</b>	<b>23,403</b>	<b>26,202</b>	<b>28,796</b>	<b>35,637</b>	<b>41,299</b>	<b>45,600</b>	<b>48,600</b>
<b>Less depreciation (national accounts)</b>	<b>12,676</b>	<b>13,112</b>	<b>14,044</b>	<b>14,309</b>	<b>14,967</b>	<b>15,619</b>	<b>16,800</b>	<b>17,700</b>
<b>Public Sector Net Investment</b>	<b>5,671</b>	<b>10,291</b>	<b>12,158</b>	<b>14,487</b>	<b>20,670</b>	<b>25,680</b>	<b>28,800</b>	<b>30,900</b>

Table I.5 Resource Budgets, 2000–01 to 2007–08

	£ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Resource DEL by departmental group</b>								
Education and Skills	14,111	16,695	20,197	22,086	23,044	24,809	53,449	56,772
Health	45,584	52,907	57,212	63,706	69,206	76,945	81,986	89,092
<i>of which: NHS England</i>	45,020	52,070	55,501	61,965	66,943	74,667	79,997	87,062
Transport	2,983	2,872	3,877	5,009	5,258	5,755	6,893	6,743
Office of the Deputy Prime Minister	1,184	1,200	1,591	3,319	3,531	3,283	3,511	3,653
Local Government	35,270	36,921	37,396	40,915	43,316	46,200	22,492	23,336
Home Office	8,814	10,401	10,933	11,694	11,991	12,714	13,004	13,624
Constitutional Affairs	2,927	3,133	3,490	3,371	3,288	3,752	3,949	3,993
Law Officers' Departments	392	465	514	576	643	691	686	718
Defence	33,394	32,341	36,451	31,330	31,287	33,281	32,610	32,779
Foreign and Commonwealth Office	1,473	1,404	1,535	1,548	1,715	1,967	1,818	1,681
International Development	2,981	3,049	3,418	3,705	3,803	4,413	4,961	5,278
Trade and Industry	5,577	4,819	3,445	3,608	4,274	5,381	5,589	5,808
Environment Food and Rural Affairs	2,509	2,338	2,355	2,415	2,776	3,022	3,001	3,081
Culture Media and Sport	1,041	1,004	1,210	1,223	1,343	1,434	1,536	1,572
Work and Pensions	5,743	6,057	6,858	7,651	7,746	7,929	7,765	7,699
Scotland	13,847	15,031	16,110	18,329	19,336	20,791	22,204	23,426
Wales	7,015	7,827	8,824	9,576	10,324	11,487	11,660	12,295
Northern Ireland Executive	5,290	5,144	5,764	6,006	6,301	6,808	7,132	7,565
Northern Ireland Office	973	1,073	1,096	1,044	1,172	1,015	1,185	1,144
Chancellor's Departments	3,741	3,996	4,344	4,517	4,906	5,120	5,108	5,093
Cabinet Office	1,371	1,612	1,703	1,851	2,067	2,143	2,117	2,160
Invest to Save Budget	—	—	—	—	—	—	14	15
DEL Reserve	—	—	—	—	—	—	1,000	2,100
Unallocated Special Reserve	—	—	—	—	—	—	800	—
Allowance for Shortfall	—	—	—	—	—	-960	—	—
<b>Total Resource DEL</b>	<b>196,219</b>	<b>210,289</b>	<b>228,324</b>	<b>243,478</b>	<b>257,327</b>	<b>277,981</b>	<b>294,400</b>	<b>309,600</b>
<b>Resource Departmental AME</b>								
<b>by departmental group</b>								
Education and Skills	6,468	6,942	7,286	6,842	6,744	8,591	9,164	9,623
Health	3,783	3,950	4,569	6,194	6,398	8,894	10,178	11,072
<i>of which: NHS England</i>	0	0	0	0	2	2	-4	0
Transport	1,725	2,107	2,089	2,117	2,085	1,960	1,878	2,846
Office of the Deputy Prime Minister	449	355	241	208	82	246	347	305
Local Government	61	498	170	304	461	524	720	375
Home Office	1	173	2,013	40	1	5	291	306
Constitutional Affairs	92	96	101	58	62	80	88	96
Defence	4,420	4,482	6,151	4,493	4,130	5,164	5,491	5,615
International Development	81	114	102	129	132	140	336	351
Trade and Industry	751	1,149	3,550	1,300	-506	835	73	77
Environment Food and Rural Affairs	1,847	1,766	51	73	72	126	51	51
Culture Media and Sport	3,188	3,540	3,597	4,088	3,620	3,846	3,960	3,970
Work and Pensions	88,439	95,558	99,974	103,939	110,791	115,178	117,874	122,718
Scotland	1,466	1,866	1,856	1,469	1,775	2,217	2,393	2,564
Wales	-84	150	181	532	233	280	303	322
Northern Ireland Executive	4,510	5,287	5,325	5,259	5,807	7,729	7,878	7,907
Northern Ireland Office	—	—	—	—	—	222	236	252
Chancellor's Departments	12,624	14,177	15,156	19,568	21,661	22,589	24,943	26,094
Cabinet Office	3,255	4,699	4,581	5,017	5,383	5,827	5,937	6,267
<b>Total Resource Departmental AME</b>	<b>133,074</b>	<b>146,908</b>	<b>156,994</b>	<b>161,630</b>	<b>168,930</b>	<b>184,453</b>	<b>192,141</b>	<b>200,811</b>
<b>Total Resource Budget</b>	<b>329,293</b>	<b>357,197</b>	<b>385,318</b>	<b>405,108</b>	<b>426,257</b>	<b>462,434</b>	<b>486,600</b>	<b>510,500</b>

Table I.6 Resource Budgets in real terms<sup>(1)</sup>, 2000–01 to 2007–08

	£ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Resource DEL by departmental group</b>								
Education and Skills	15,647	18,066	21,182	22,571	23,044	24,301	51,106	52,878
Health	50,544	57,251	60,002	65,104	69,206	75,369	78,392	82,981
<i>of which: NHS England</i>	49,919	56,345	58,208	63,325	66,943	73,138	76,490	81,090
Transport	3,308	3,108	4,066	5,119	5,258	5,637	6,591	6,281
Office of the Deputy Prime Minister	1,313	1,299	1,669	3,392	3,531	3,216	3,357	3,402
Local Government	39,108	39,952	39,220	41,813	43,316	45,254	21,506	21,735
Home Office	9,773	11,255	11,466	11,951	11,991	12,454	12,434	12,690
Constitutional Affairs	3,246	3,390	3,660	3,445	3,288	3,675	3,776	3,719
Law Officers' Departments	435	503	539	589	643	677	656	669
Defence	37,028	34,996	38,229	32,018	31,287	32,599	31,180	30,531
Foreign and Commonwealth Office	1,633	1,519	1,610	1,582	1,715	1,927	1,738	1,566
International Development	3,305	3,299	3,585	3,786	3,803	4,323	4,744	4,916
Trade and Industry	6,184	5,215	3,613	3,687	4,274	5,271	5,344	5,410
Environment Food and Rural Affairs	2,782	2,530	2,470	2,468	2,776	2,960	2,869	2,870
Culture Media and Sport	1,154	1,086	1,269	1,250	1,343	1,405	1,469	1,464
Work and Pensions	6,368	6,554	7,192	7,819	7,746	7,767	7,425	7,171
Scotland	15,354	16,265	16,896	18,731	19,336	20,365	21,231	21,819
Wales	7,778	8,470	9,254	9,786	10,324	11,252	11,149	11,452
Northern Ireland Executive	5,866	5,566	6,045	6,138	6,301	6,669	6,819	7,046
Northern Ireland Office	1,079	1,161	1,149	1,067	1,172	994	1,133	1,066
Chancellor's Departments	4,148	4,324	4,556	4,616	4,906	5,015	4,884	4,744
Cabinet Office	1,520	1,744	1,786	1,892	2,067	2,099	2,024	2,012
Invest to Save Budget	—	—	—	—	—	—	13	14
DEL Reserve	—	—	—	—	—	—	900	2,000
Unallocated Special Reserve	—	—	—	—	—	—	800	—
Allowance for Shortfall	—	—	—	—	—	-940	—	—
<b>Total Resource DEL</b>	<b>217,571</b>	<b>227,553</b>	<b>239,459</b>	<b>248,823</b>	<b>257,327</b>	<b>272,287</b>	<b>281,500</b>	<b>288,400</b>
<b>Resource Departmental AME by departmental group</b>								
Education and Skills	7,172	7,512	7,641	6,992	6,744	8,415	8,762	8,963
Health	4,195	4,274	4,792	6,330	6,398	8,712	9,732	10,313
<i>of which: NHS England</i>	0	0	0	0	2	2	-4	0
Transport	1,913	2,280	2,191	2,163	2,085	1,920	1,796	2,651
Office of the Deputy Prime Minister	498	384	253	213	82	241	332	284
Local Government	68	539	178	311	461	513	688	349
Home Office	1	187	2,111	41	1	5	278	285
Constitutional Affairs	102	104	106	59	62	78	84	89
Defence	4,901	4,850	6,451	4,592	4,130	5,058	5,250	5,230
International Development	90	123	107	132	132	137	321	327
Trade and Industry	833	1,243	3,723	1,329	-506	818	70	72
Environment Food and Rural Affairs	2,048	1,911	53	75	72	123	49	48
Culture Media and Sport	3,535	3,831	3,772	4,178	3,620	3,767	3,786	3,698
Work and Pensions	98,063	103,403	104,850	106,221	110,791	112,819	112,706	114,301
Scotland	1,626	2,019	1,947	1,501	1,775	2,172	2,288	2,388
Wales	-93	162	190	544	233	274	290	300
Northern Ireland Executive	5,001	5,721	5,585	5,374	5,807	7,571	7,533	7,365
Northern Ireland Office	—	—	—	—	—	217	226	235
Chancellor's Departments	13,998	15,341	15,895	19,998	21,661	22,126	23,850	24,304
Cabinet Office	3,609	5,085	4,804	5,127	5,383	5,708	5,677	5,837
<b>Total Resource Departmental AME</b>	<b>147,555</b>	<b>158,969</b>	<b>164,650</b>	<b>165,178</b>	<b>168,930</b>	<b>180,675</b>	<b>183,718</b>	<b>187,038</b>
<b>Total Resource Budget</b>	<b>365,127</b>	<b>386,522</b>	<b>404,109</b>	<b>414,001</b>	<b>426,257</b>	<b>452,963</b>	<b>465,300</b>	<b>475,400</b>

(1) Real terms figures are the cash figures adjusted to 2004–05 price levels using GDP deflators. For years 2000–01 to 2004–05 deflators are calculated from the latest data from the Office for National Statistics (released 29 March 2006). From 2005–06, deflators are consistent with the March 2006 Financial Statement and Budget Report.

Table I.7 Near-cash elements of Resource Budgets, 2001–01 to 2007–08

	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>£ million</b>								
<b>Resource DEL by departmental group<sup>(1)</sup></b>								
Education and Skills	13,362	15,987	19,363	21,095	22,338	24,180	52,669	55,757
Health	44,327	49,133	54,578	61,300	68,934	74,415	78,170	84,964
<i>of which: NHS England</i>	43,764	48,298	52,878	59,569	66,688	72,154	76,200	82,954
Transport	3,188	2,950	3,449	4,564	4,636	5,210	5,657	5,559
Office of the Deputy Prime Minister	1,162	1,208	1,569	3,321	3,522	3,424	3,396	3,542
Local Government	35,269	36,921	37,395	40,914	43,314	46,200	22,492	23,336
Home Office	8,482	9,753	10,439	11,347	11,531	12,311	12,481	13,074
Constitutional Affairs	2,743	2,861	3,304	3,488	3,990	3,613	3,850	3,918
Law Officers' Departments	385	428	510	571	632	685	676	707
Defence	18,913	18,296	19,574	21,169	21,615	22,224	21,474	22,189
Foreign and Commonwealth Office	1,175	1,260	1,330	1,402	1,599	1,767	1,626	1,474
International Development	2,868	3,027	3,260	3,682	3,722	4,355	4,899	5,210
Trade and Industry	2,867	3,319	3,296	3,530	3,917	5,143	5,273	5,491
Environment Food and Rural Affairs	1,760	2,594	2,087	2,202	2,466	2,870	2,684	2,764
Culture Media and Sport	933	871	1,078	1,084	1,210	1,297	1,350	1,381
Work and Pensions	5,694	5,998	6,690	7,538	7,658	7,733	7,588	7,535
Scotland	13,341	14,388	15,592	17,894	18,506	19,963	21,444	22,626
Wales	6,950	7,558	8,484	9,380	10,014	11,019	11,230	11,848
Northern Ireland Executive	5,046	4,900	5,508	5,847	6,137	6,611	6,901	7,297
Northern Ireland Office	955	960	917	935	918	819	994	953
Chancellor's Departments	3,463	3,794	3,949	4,351	4,590	4,792	4,817	4,742
Cabinet Office	1,118	1,268	1,354	1,415	1,674	1,695	1,831	1,761
<b>Total near-cash Resource DEL<sup>(1)</sup></b>	<b>174,001</b>	<b>187,474</b>	<b>203,727</b>	<b>227,026</b>	<b>242,922</b>	<b>260,327</b>	<b>271,502</b>	<b>286,128</b>
<b>Resource Departmental AME by departmental group</b>								
Education and Skills	1,659	1,718	1,685	920	1,265	1,656	1,993	2,173
Health	523	-144	-108	-2,144	-2,345	-2,851	-3,160	-3,462
<i>of which: NHS England</i>	0	0	0	2	0	-5	-4	0
Transport	—	7	-2	—	31	-766	—	—
Office of the Deputy Prime Minister	447	367	246	209	83	246	348	305
Local Government	61	498	170	304	461	524	720	375
Home Office	1	-1	1,690	40	1	4	308	323
Constitutional Affairs	32	33	37	-11	88	43	-7	-1
Defence	382	237	24	-409	-958	-403	-585	-696
International Development	123	121	116	119	117	104	114	112
Trade and Industry	254	288	1,198	1,166	1,076	1,500	1,278	862
Environment Food and Rural Affairs	513	1,969	131	63	61	75	51	51
Culture Media and Sport	3,123	3,475	3,531	4,021	3,553	3,776	3,868	3,878
Work and Pensions	88,310	95,470	99,828	103,854	110,464	114,732	117,806	122,663
Scotland	128	144	206	-48	-94	-103	-86	-87
Wales	-80	-79	-72	190	-86	-50	-40	-31
Northern Ireland Executive	3,328	3,694	3,814	3,646	3,736	4,065	4,242	4,433
Northern Ireland Office	83	125	120	94	120	130	179	150
Chancellor's Departments	12,518	14,072	15,049	19,437	21,569	23,083	24,847	25,996
Cabinet Office	1,068	940	-1,365	1,036	1,049	43	664	615
<b>Total near-cash Resource Departmental AME</b>	<b>112,472</b>	<b>122,934</b>	<b>126,296</b>	<b>132,488</b>	<b>140,191</b>	<b>145,808</b>	<b>152,540</b>	<b>157,659</b>
<b>Total near-cash Resource Budget<sup>(1)</sup></b>	<b>286,473</b>	<b>310,408</b>	<b>330,022</b>	<b>359,514</b>	<b>383,113</b>	<b>406,135</b>	<b>424,042</b>	<b>443,787</b>

(1) The near-cash Resource DEL figures shown above exclude the allowance for shortfall in 2005–06 and exclude the unallocated Special Reserve in 2006–07. The DEL Reserve and unallocated amounts for the Invest to Save Budget are also excluded in 2005–06, 2006–07, and 2007–08. These items are part of Resource DEL, as shown in Table I.5, but are not specified as cash or non-cash at this planning stage.



Table I.8 Non-cash elements of Resource Budgets, 2001–01 to 2007–08

	£ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Resource DEL by departmental group<sup>(1)</sup></b>								
Education and Skills	748	708	835	992	707	629	780	1,015
Health	1,257	3,774	2,633	2,406	273	2,530	3,817	4,129
<i>of which: NHS England</i>	1,256	3,772	2,622	2,396	255	2,513	3,797	4,109
Transport	–205	–78	428	445	622	545	1,236	1,184
Office of the Deputy Prime Minister	22	–9	22	–2	10	–141	115	110
Local Government	0	0	0	0	1	1	—	—
Home Office	332	649	494	347	460	403	523	550
Constitutional Affairs	184	272	186	–117	–702	139	98	75
Law Officers' Departments	7	37	4	5	11	7	11	11
Defence	14,481	14,045	16,876	10,161	9,672	11,057	11,137	10,590
Foreign and Commonwealth Office	297	144	205	147	116	200	192	207
International Development	113	22	159	23	81	58	62	68
Trade and Industry	2,710	1,500	149	78	357	238	315	317
Environment Food and Rural Affairs	749	–257	269	213	311	152	317	317
Culture Media and Sport	108	133	132	139	132	137	186	191
Work and Pensions	49	59	168	114	88	196	177	164
Scotland	506	643	518	435	830	828	759	800
Wales	65	269	340	196	311	467	430	447
Northern Ireland Executive	244	244	256	159	164	197	231	268
Northern Ireland Office	18	113	179	109	254	196	191	191
Chancellor's Departments	279	202	395	166	316	328	291	351
Cabinet Office	254	344	348	435	394	448	286	399
<b>Total non-cash Resource DEL<sup>(1)</sup></b>	<b>22,218</b>	<b>22,815</b>	<b>24,597</b>	<b>16,451</b>	<b>14,405</b>	<b>18,614</b>	<b>21,154</b>	<b>21,385</b>
<b>Resource Departmental AME by departmental group</b>								
Education and Skills	4,809	5,225	5,601	5,921	5,479	6,935	7,170	7,450
Health	3,260	4,094	4,677	8,338	8,743	11,745	13,338	14,534
<i>of which: NHS England</i>	—	—	—	–1	2	7	0	—
Transport	1,725	2,100	2,091	2,117	2,054	2,727	1,878	2,846
Office of the Deputy Prime Minister	2	–12	–5	0	0	0	0	0
Home Office	—	173	324	—	—	1	–17	–17
Constitutional Affairs	60	63	65	69	–27	37	94	97
Defence	4,038	4,245	6,127	4,902	5,087	5,567	6,076	6,311
International Development	–42	–8	–14	10	15	36	222	239
Trade and Industry	498	861	2,352	134	–1,583	–665	–1,205	–785
Environment Food and Rural Affairs	1,334	–203	–79	10	11	50	—	—
Culture Media and Sport	65	65	66	67	67	70	92	92
Work and Pensions	129	88	146	85	327	446	68	55
Scotland	1,338	1,723	1,650	1,517	1,869	2,320	2,480	2,651
Wales	–4	229	253	341	318	331	343	354
Northern Ireland Executive	1,182	1,593	1,511	1,613	2,071	3,663	3,636	3,474
Northern Ireland Office	–83	–125	–120	–94	–120	92	58	102
Chancellor's Departments	106	105	107	130	92	–494	96	98
Cabinet Office	2,187	3,759	5,945	3,981	4,335	5,784	5,273	5,651
<b>Total non-cash Resource Departmental AME</b>	<b>20,603</b>	<b>23,974</b>	<b>30,698</b>	<b>29,142</b>	<b>28,739</b>	<b>38,645</b>	<b>39,602</b>	<b>43,152</b>
<b>Total non-cash Resource Budget<sup>(1)</sup></b>	<b>42,820</b>	<b>46,789</b>	<b>55,295</b>	<b>45,593</b>	<b>43,144</b>	<b>57,259</b>	<b>60,756</b>	<b>64,537</b>

(1) The non-cash Resource DEL figures shown above exclude the allowance for shortfall in 2006–07 and exclude the unallocated Special Reserve in 2006–07. The DEL Reserve and unallocated amounts for the Invest to Save Budget are also excluded in 2005–06, 2006–07, and 2007–08. These items are part of Resource DEL, as shown in Table I.5, but are not specified as cash or non-cash at this planning stage.

**Table I.9 Administration Budgets by departmental group, 2000–01 to 2007–08**

	accruals, £ million							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Education and Skills	247	256	250	267	275	259	272	265
Health	284	309	329	323	314	292	279	277
Transport	263	252	331	350	212	258	265	231
Office of the Deputy Prime Minister	227	257	226	289	312	296	287	285
Home Office	516	772	659	654	664	703	664	664
Constitutional Affairs	356	198	265	353	524	480	579	575
Law Officers' Departments	64	74	79	90	104	108	111	110
Foreign and Commonwealth Office	764	700	763	746	753	858	877	900
Department for International Development	73	82	94	197	216	343	236	232
Trade and Industry	321	335	374	416	398	413	405	396
Environment, Food and Rural Affairs	244	232	378	287	315	329	285	275
Culture, Media and Sport	28	32	36	39	40	49	48	47
Work and Pensions	4,347	4,830	5,607	5,949	5,988	5,930	5,831	5,794
Northern Ireland Office	57	61	136	78	82	95	92	86
Chancellor's Departments	3,625	3,906	4,152	4,397	4,755	4,848	4,988	4,973
Cabinet Office	584	633	659	706	870	882	939	954
<i>of which: Security and Intelligence Agencies</i>	459	452	490	544	709	663	707	750
<b>Departmental Totals</b>	<b>12,001</b>	<b>12,929</b>	<b>14,337</b>	<b>15,141</b>	<b>15,820</b>	<b>16,142</b>	<b>16,157</b>	<b>16,065</b>
<i>of which: administration costs paybill</i>	6,678	7,286	7,991	8,656	8,776	9,023	8,832	8,729
Ministry of Defence civilian paybill	2,305	2,422	2,365	2,461	2,948	2,902	2,863	2,825
<b>Administration Budgets as percentage of</b>								
<b>Total Managed Expenditure</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.8%</b>

Table I.10 Capital Budgets, 2000–01 to 2007–08

	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>£ million</b>								
<b>Capital DEL by departmental group</b>								
Education and Skills	2,290	2,643	3,429	4,219	4,905	5,756	6,254	6,995
Health	1,293	1,814	2,145	2,689	2,690	3,022	5,329	6,321
<i>of which: NHS England</i>	1,238	1,719	2,073	2,602	2,606	2,934	5,227	6,199
Transport	1,669	3,860	5,253	5,720	5,980	6,558	7,379	6,699
Office of the Deputy Prime Minister	3,354	2,495	3,052	4,713	5,135	5,758	5,723	6,171
Local Government	56	84	202	214	257	230	249	249
Home Office	407	696	926	940	1,059	1,131	1,187	1,272
Constitutional Affairs	41	85	88	131	194	176	140	148
Law Officers' Departments	14	23	8	11	11	9	15	15
Defence	5,391	5,836	6,149	6,073	6,754	6,788	6,927	7,589
Foreign and Commonwealth Office	130	77	102	87	112	152	150	148
International Development	–1	38	31	42	32	32	20	22
Trade and Industry	311	595	702	977	792	1,251	1,187	1,145
Environment, Food and Rural Affairs	307	452	432	567	489	661	772	807
Culture, Media and Sport	24	33	44	123	122	261	278	232
Work and Pensions	37	161	253	174	298	400	178	63
Scotland	1,284	1,879	1,897	1,673	2,170	2,444	2,942	3,124
Wales	820	920	1,004	985	1,055	1,262	1,429	1,614
Northern Ireland Executive	624	604	665	618	799	1,029	946	994
Northern Ireland Office	35	41	53	50	71	55	72	72
Chancellor's Departments	–231	205	262	253	429	404	315	310
Cabinet Office	200	214	183	522	238	258	263	263
Invest to Save budget	—	—	—	—	—	—	5	6
DEL reserve	—	—	—	—	—	—	800	1,400
Allowance for shortfall	—	—	—	—	—	–299	—	—
<b>Total Capital DEL</b>	<b>18,057</b>	<b>22,756</b>	<b>26,883</b>	<b>30,780</b>	<b>33,592</b>	<b>37,338</b>	<b>42,500</b>	<b>45,700</b>
<b>Capital Departmental AME by departmental group</b>								
Education and Skills	1,722	1,889	2,002	2,046	2,018	2,155	2,773	3,403
Health	—	—	—	—	229	877	84	—
<i>of which: NHS</i>	—	—	—	—	229	877	84	—
Transport	—	—	966	970	65	—	—	—
Local Government	—	50	56	125	—	—	—	—
Defence	—	111	–50	–4	—	–64	–7	–15
International Development	—	—	—	—	—	—	—	—
Trade and Industry	1,260	389	–228	–1,092	–342	–258	–1,045	–573
Environment, Food and Rural Affairs	1	1	1	1	1	—	—	—
Culture, Media and Sport	1,030	911	1,251	1,197	1,186	1,063	1,046	926
Work and Pensions	22	75	77	90	80	101	207	141
Scotland	173	196	216	191	172	170	168	168
Wales	—	—	7	10	—	—	—	—
Northern Ireland Executive	—	90	90	149	248	342	316	346
Chancellor's Departments	0	—	—	400	228	880	240	240
<b>Total Capital Departmental AME</b>	<b>4,209</b>	<b>3,711</b>	<b>4,388</b>	<b>4,084</b>	<b>3,885</b>	<b>5,266</b>	<b>3,783</b>	<b>4,636</b>
<b>Total Capital Budget</b>	<b>22,266</b>	<b>26,468</b>	<b>31,272</b>	<b>34,864</b>	<b>37,477</b>	<b>42,604</b>	<b>46,300</b>	<b>50,300</b>

Table I.11 Capital Budgets in real terms<sup>(1)</sup>, 2000–01 to 2007–08

	£ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Capital DEL by departmental group</b>								
Education and Skills	2,539	2,860	3,596	4,312	4,905	5,638	5,980	6,515
Health	1,434	1,963	2,250	2,748	2,690	2,960	5,095	5,887
<i>of which: NHS England</i>	1,373	1,860	2,174	2,659	2,606	2,874	4,998	5,774
Transport	1,851	4,177	5,509	5,846	5,980	6,424	7,056	6,240
Office of the Deputy Prime Minister	3,719	2,700	3,201	4,816	5,135	5,640	5,472	5,748
Local Government	62	91	212	219	257	225	238	232
Home Office	451	753	971	961	1,059	1,108	1,135	1,185
Constitutional Affairs	45	92	92	134	194	172	134	138
Law Officers' Departments	16	25	8	11	11	9	14	14
Defence	5,978	6,315	6,449	6,206	6,754	6,649	6,623	7,068
Foreign and Commonwealth Office	144	83	107	89	112	149	143	138
International Development	–1	41	33	43	32	31	19	20
Trade and Industry	345	644	736	998	792	1,225	1,135	1,066
Environment Food and Rural Affairs	340	489	453	579	489	647	738	752
Culture Media and Sport	27	36	46	126	122	256	266	216
Work and Pensions	41	174	265	178	298	392	170	59
Scotland	1,424	2,033	1,990	1,710	2,170	2,394	2,813	2,910
Wales	909	996	1,053	1,007	1,055	1,236	1,366	1,503
Northern Ireland Executive	692	654	697	632	799	1,008	905	926
Northern Ireland Office	39	44	56	51	71	54	69	67
Chancellor's Departments	–256	222	275	259	429	396	301	289
Cabinet Office	222	232	192	533	238	253	251	245
Invest to Save Budget	—	—	—	—	—	—	5	6
DEL Reserve	—	—	—	—	—	—	700	1,300
Allowance for Shortfall	—	—	—	—	—	–293	—	—
<b>Total Capital DEL</b>	<b>20,022</b>	<b>24,624</b>	<b>28,194</b>	<b>31,456</b>	<b>33,592</b>	<b>36,573</b>	<b>40,700</b>	<b>42,600</b>
<b>Capital Departmental AME by departmental group</b>								
Education and Skills	1,909	2,044	2,100	2,091	2,018	2,111	2,651	3,170
Health	—	—	—	—	229	859	80	—
<i>of which: NHS</i>	—	—	—	—	229	859	80	—
Transport	—	—	1,013	991	65	—	—	—
Local Government	—	54	59	128	—	—	—	—
Defence	—	120	–52	–4	—	–63	–7	–14
Trade and Industry	1,397	421	–239	–1,116	–342	–253	–999	–534
Environment Food and Rural Affairs	1	1	1	1	1	—	—	—
Culture Media and Sport	1,142	986	1,312	1,223	1,186	1,041	1,000	862
Work and Pensions	24	81	81	92	80	99	198	131
Scotland	192	212	227	195	172	167	161	156
Wales	—	—	7	10	—	—	—	—
Northern Ireland Executive	—	97	94	152	248	335	302	322
Chancellor's Departments	0	—	—	409	228	862	229	224
<b>Total Capital Departmental AME</b>	<b>4,667</b>	<b>4,016</b>	<b>4,602</b>	<b>4,174</b>	<b>3,885</b>	<b>5,158</b>	<b>3,617</b>	<b>4,318</b>
<b>Total Capital Budget</b>	<b>24,689</b>	<b>28,641</b>	<b>32,797</b>	<b>35,629</b>	<b>37,477</b>	<b>41,731</b>	<b>44,300</b>	<b>46,900</b>

(1) Real terms figures are the cash figures adjusted to 2004–05 price levels using GDP deflators. For years 2000–01 to 2004–05 deflators are calculated from the latest data from the Office for National Statistics (released 29 March 2006). From 2005–06, deflators are consistent with the March 2006 Financial Statement and Budget Report.

Table I.12 Total Departmental Expenditure Limits<sup>(1)</sup>, 2000–01 to 2007–08

	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>£ million</b>								
<b>Resource and Net Capital DEL by departmental group</b>								
Education and Skills	16,386	19,313	23,593	26,270	27,909	30,530	59,663	63,732
Health	46,585	54,416	58,925	66,002	71,411	79,303	86,461	94,307
<i>of which: NHS England</i>	45,967	53,486	57,152	64,183	69,078	76,955	84,386	92,173
Transport	4,621	6,688	8,857	10,147	10,596	11,543	13,052	12,295
Office of the Deputy Prime Minister	4,528	3,681	4,635	8,013	8,631	9,015	9,199	9,787
Local Government	35,325	37,005	37,598	41,128	43,571	46,430	22,741	23,584
Home Office	9,076	10,908	11,598	12,411	12,824	13,564	14,088	14,767
Constitutional Affairs	2,916	3,163	3,521	3,433	3,385	3,808	3,953	4,000
Law Officers' Departments	400	457	519	582	646	695	693	724
Defence	31,473	30,755	29,341	31,102	33,002	31,963	31,986	33,367
Foreign and Commonwealth Office	1,347	1,385	1,510	1,531	1,757	1,981	1,817	1,662
International Development	2,975	3,077	3,434	3,716	3,810	4,423	4,959	5,277
Trade and Industry	5,797	5,289	4,054	4,407	4,946	6,501	6,636	6,811
Environment, Food and Rural Affairs	2,698	2,663	2,630	2,839	3,065	3,517	3,567	3,682
Culture, Media and Sport	1,003	963	1,185	1,279	1,410	1,597	1,717	1,702
Work and Pensions	5,727	6,171	7,017	7,724	7,912	8,186	7,786	7,608
Scotland <sup>(2)</sup>	15,023	16,740	17,886	19,806	21,090	22,866	24,806	26,194
Wales <sup>(2)</sup>	7,814	8,555	9,591	10,465	11,182	12,436	12,832	13,649
Northern Ireland Executive <sup>(2)</sup>	5,854	5,689	6,374	6,566	7,050	7,750	7,992	8,483
Northern Ireland Office	978	1,083	1,093	1,053	1,204	1,024	1,207	1,163
Chancellor's Departments	3,344	4,020	4,284	4,606	5,027	5,332	5,196	5,177
Cabinet Office	1,432	1,648	1,720	2,159	2,089	2,178	2,145	2,201
Invest to Save Budget	—	—	—	—	—	—	19	20
DEL Reserve	—	—	—	—	—	—	1,700	3,500
Unallocated Special Reserve <sup>(3)</sup>	—	—	—	—	—	—	800	—
Allowance for Shortfall	—	—	—	—	—	-1,259	—	—
<b>Total DEL</b>	<b>205,303</b>	<b>223,668</b>	<b>239,362</b>	<b>265,238</b>	<b>282,515</b>	<b>303,382</b>	<b>325,100</b>	<b>343,700</b>
<b>Total Education Spending<sup>(4)</sup> (£ billion)</b>	<b>44.5</b>	<b>49.8</b>	<b>53.3</b>	<b>59.2</b>	<b>63.7</b>	<b>67.9</b>	<b>73.2</b>	<b>77.8</b>

(1) Full resource budgeting basis, excluding depreciation.

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

(3) This represents provision for the costs of the military conflict in Iraq and other international obligations.

(4) Includes spending by local authorities.

**Table I.13 Total Departmental Expenditure Limits<sup>(1)</sup> in real terms<sup>(2)</sup>, 2000–01 to 2007–08**

	£ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Resource and Net Capital DEL by departmental group</b>								
Education and Skills	18,169	20,899	24,744	26,847	27,909	29,905	57,047	59,361
Health	51,654	58,883	61,799	67,451	71,411	77,679	82,671	87,839
<i>of which: NHS England</i>	50,969	57,877	59,939	65,592	69,078	75,379	80,687	85,851
Transport	5,124	7,237	9,289	10,370	10,596	11,307	12,480	11,452
Office of the Deputy Prime Minister	5,021	3,983	4,861	8,189	8,631	8,830	8,796	9,116
Local Government	39,169	40,043	39,432	42,031	43,571	45,479	21,744	21,966
Home Office	10,064	11,804	12,164	12,683	12,824	13,286	13,470	13,754
Constitutional Affairs	3,233	3,423	3,693	3,508	3,385	3,730	3,780	3,726
Law Officers' Departments	444	495	544	595	646	681	663	674
Defence	34,898	33,280	30,772	31,785	33,002	31,308	30,584	31,078
Foreign and Commonwealth Office	1,494	1,499	1,584	1,565	1,757	1,940	1,737	1,548
International Development	3,299	3,330	3,601	3,798	3,810	4,332	4,742	4,915
Trade and Industry	6,428	5,723	4,252	4,504	4,946	6,368	6,345	6,344
Environment, Food and Rural Affairs	2,992	2,882	2,758	2,901	3,065	3,445	3,411	3,429
Culture, Media and Sport	1,112	1,042	1,243	1,307	1,410	1,564	1,642	1,585
Work and Pensions	6,350	6,678	7,359	7,894	7,912	8,018	7,445	7,086
Scotland <sup>(3)</sup>	16,658	18,114	18,758	20,241	21,090	22,398	23,719	24,397
Wales <sup>(3)</sup>	8,664	9,257	10,059	10,695	11,182	12,181	12,269	12,713
Northern Ireland Executive <sup>(3)</sup>	6,491	6,156	6,685	6,710	7,050	7,591	7,642	7,901
Northern Ireland Office	1,084	1,172	1,146	1,076	1,204	1,003	1,154	1,083
Chancellor's Departments	3,708	4,350	4,493	4,707	5,027	5,223	4,968	4,822
Cabinet Office	1,588	1,783	1,804	2,206	2,089	2,133	2,051	2,050
Invest to Save Budget	—	—	—	—	—	—	18	19
DEL Reserve	—	—	—	—	—	—	1,700	3,300
Unallocated Special Reserve <sup>(4)</sup>	—	—	—	—	—	—	800	—
Allowance for Shortfall	—	—	—	—	—	-1,233	—	—
<b>Total DEL</b>	<b>227,644</b>	<b>242,031</b>	<b>251,035</b>	<b>271,060</b>	<b>282,515</b>	<b>297,168</b>	<b>310,800</b>	<b>320,200</b>
<b>Total Education Spending<sup>(5)</sup> (£ billion)</b>	<b>49.3</b>	<b>53.9</b>	<b>55.9</b>	<b>60.5</b>	<b>63.7</b>	<b>66.5</b>	<b>70.0</b>	<b>72.5</b>

(1) Full resource budgeting basis, excluding depreciation.

(2) Real terms figures are the cash figures adjusted to 2004–05 price levels using GDP deflators. For years 2000–01 to 2004–05 deflators are calculated from the latest data from the Office for National Statistics (released 29 March 2006). From 2005–06, deflators are consistent with the March 2006 Financial Statement and Budget Report.

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

(4) This represents provision for the costs of the military conflict in Iraq and other international obligations.

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

Table I.14 Accounting adjustments, 2000–01 to 2007–08

	£ billion							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Tax credits for individuals	0.9	0.8	0.9	0.1	0.0	0.0	0.0	0.0
Pensions	-13.1	-17.0	-20.1	-22.3	-23.3	-32.2	-33.4	-35.6
Other central government programmes	-0.7	-0.7	-0.2	0.1	0.2	0.1	0.0	0.0
VAT refunds	5.9	6.6	7.6	8.7	9.6	10.5	11.4	12.2
Central government capital consumption	5.1	5.2	5.3	5.5	5.7	5.9	6.6	7.0
Non-cash items not in TME, and stocks	-17.7	-17.5	-17.2	-12.4	-8.9	-10.6	-12.1	-14.3
Expenditure financed by revenue receipts	0.2	0.2	0.3	0.2	0.1	0.2	0.1	0.1
Local authorities	4.7	2.6	5.9	4.4	3.3	4.0	4.8	5.4
General government consolidation	-6.4	-6.5	-7.0	-7.0	-6.2	-6.3	-6.6	-6.8
Public corporations	0.4	0.5	0.8	0.6	0.6	0.5	0.6	0.6
Financial transactions	-3.7	-2.3	-2.3	-1.3	-1.1	-1.6	-2.0	-2.6
Data adjustment	-0.2	-0.2	-0.2	0.0	0.2	1.5	-0.5	-0.5
Balancing reconciliation	-1.3	-1.8	-0.8	-0.9	-1.1	-1.7	-1.2	-0.7
<b>Total accounting adjustments</b>	<b>-25.8</b>	<b>-30.3</b>	<b>-27.0</b>	<b>-24.5</b>	<b>-20.8</b>	<b>-29.6</b>	<b>-32.3</b>	<b>-35.3</b>

The accounting adjustments are described in Appendix B.

Table I.15 Total Managed Expenditure by spending sector, 2000–01 to 2007–08

	£ million							
	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>Central government own expenditure</b>								
DEL <sup>(1)(2)</sup>	147,185	161,942	171,507	189,037	200,713	215,890	229,706	242,583
Departmental AME <sup>(1)</sup>	125,416	136,045	146,285	150,107	154,136	171,173	176,662	185,718
Locally financed support in Northern Ireland	307	348	361	384	410	457	506	544
Net expenditure transfers to the EU	2,318	-690	2,782	3,448	4,907	4,435	5,432	6,509
Central government debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
Accounting and other adjustments <sup>(2)</sup>	-35,288	-35,253	-36,366	-31,521	-27,758	-37,154	-35,600	-38,300
<b>Total central government own expenditure</b>	<b>265,932</b>	<b>284,487</b>	<b>305,513</b>	<b>333,782</b>	<b>356,395</b>	<b>380,548</b>	<b>403,000</b>	<b>425,000</b>
<b>Local authority expenditure</b>								
Central government support in DEL <sup>(1)(2)</sup>	57,288	60,909	66,871	76,003	81,704	87,124	92,341	97,207
Central government support in departmental AME <sup>(1)</sup>	11,627	14,251	14,771	15,314	17,752	17,999	19,053	19,644
Locally financed support in Scotland	1,511	1,554	1,718	1,804	1,896	1,897	1,884	1,779
Local authority self-financed expenditure	16,566	19,219	17,449	19,288	21,946	24,212	25,133	26,599
Accounting and other adjustments <sup>(2)</sup>	9,642	5,058	9,116	6,830	6,861	7,332	6,600	8,200
<b>Total local authority expenditure</b>	<b>96,633</b>	<b>100,991</b>	<b>109,925</b>	<b>119,240</b>	<b>130,160</b>	<b>138,564</b>	<b>145,000</b>	<b>153,400</b>
<b>Public corporation expenditure</b>								
DEL <sup>(1)(2)</sup>	831	818	984	197	98	368	449	385
Departmental AME <sup>(1)</sup>	36	107	86	185	637	465	183	191
Public corporations' own-financed capital expenditure	2,865	3,015	4,297	3,895	3,357	2,882	3,373	3,484
Accounting and other adjustments <sup>(2)</sup>	31	140	461	254	345	325	300	300
<b>Total public corporation expenditure</b>	<b>3,763</b>	<b>4,079</b>	<b>5,827</b>	<b>4,531</b>	<b>4,437</b>	<b>4,040</b>	<b>4,300</b>	<b>4,300</b>
<b>Total Managed Expenditure</b>	<b>366,328</b>	<b>389,557</b>	<b>421,265</b>	<b>457,553</b>	<b>490,992</b>	<b>523,152</b>	<b>552,300</b>	<b>582,800</b>

(1) Full resource budgeting basis, excluding depreciation.

(2) The sectoral DEL figures shown above exclude the £800 million unallocated Special Reserve in 2006–07. The DEL Reserve and unallocated amounts for the Invest to Save Budget are also excluded in 2006–07 and 2007–08. AME figures for 2006–07 and 2007–08 exclude the AME margin. Amounts for the unallocated Special Reserve, DEL Reserve and Invest to Save Budget can be found in Table I.12. The amounts for the AME Margin can be found in Table I.1. The accounting and other adjustments in this table differ from those shown in Table I.1 and I.12 by these amounts, and an amount for depreciation in AME.

**Table I.16 Voted and non-voted expenditure in Total Managed Expenditure, 2000–01 to 2007–08**

	£ million							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
<b>Voted expenditure in TME:</b>								
<b>DEL</b>								
Central government own spending, excluding depreciation	112,306	119,774	123,113	132,575	141,033	149,306	158,829	165,379
Support for local authorities	45,967	49,271	52,540	59,965	64,215	68,446	72,837	76,579
Support for public corporations	588	588	876	166	–2	62	94	99
Depreciation	8,531	8,691	15,097	8,217	7,346	10,700	10,272	10,180
<b>Departmental AME</b>								
Central government own spending	61,806	66,580	76,141	72,591	72,284	79,992	83,075	85,099
Support for local authorities	11,286	13,802	14,370	14,104	16,791	17,803	18,870	19,471
Support for public corporations	104	149	120	216	676	511	228	231
<b>Total voted expenditure in TME</b>	<b>240,586</b>	<b>258,855</b>	<b>282,258</b>	<b>287,833</b>	<b>302,342</b>	<b>326,819</b>	<b>344,205</b>	<b>357,038</b>
<b>Non-voted expenditure in TME:</b>								
<b>DEL</b>								
Central government own spending, excluding depreciation	34,878	42,167	48,395	56,463	59,680	67,843	70,877	77,204
Support for local authorities	11,321	11,638	14,330	16,038	17,489	18,677	19,504	20,628
Support for public corporations	244	229	107	32	100	306	355	286
Depreciation	441	687	747	802	1,057	1,236	1,642	1,410
DEL not allocated by spending sector	—	—	—	—	—	–1,259	2,600	3,600
<b>AME</b>								
Central government own spending	63,815	69,681	70,386	77,624	82,141	91,263	93,614	100,514
Support for local authorities	341	449	400	1,210	962	196	183	173
Public corporations	–68	–42	–34	–31	–38	–46	–45	–40
<b>Other AME and AME margin</b>								
Central government debt interest, AME margin, locally financed expenditure, net expenditure transfers to the EU, and accounting and other adjustments	14,769	5,892	4,676	17,582	27,258	18,114	19,399	21,996
<b>Total non-voted expenditure in TME</b>	<b>125,742</b>	<b>130,702</b>	<b>139,007</b>	<b>169,720</b>	<b>188,650</b>	<b>196,332</b>	<b>208,100</b>	<b>225,700</b>
<b>Total Managed Expenditure</b>	<b>366,328</b>	<b>389,557</b>	<b>421,265</b>	<b>457,553</b>	<b>490,992</b>	<b>523,152</b>	<b>552,300</b>	<b>582,800</b>
<b>Memorandum:</b>								
<b>Voted expenditure not in TME</b>								
<i>(included within "Non-Budget" in Estimates):</i>								
Grants to NDPBs to finance their expenditure	15,539	20,886	25,084	30,535	31,710	36,340	33,882	—
Grants to devolved administrations to finance their expenditure	26,999	31,369	35,089	35,079	38,050	42,106	45,031	—
Other non-public expenditure	–659	–2,856	–1,632	–2,307	–7,725	1,223	–8,070	—
<b>Total voted expenditure not in TME</b>	<b>41,879</b>	<b>49,379</b>	<b>58,541</b>	<b>63,308</b>	<b>62,036</b>	<b>79,668</b>	<b>70,782</b>	<b>—</b>
<b>Total voted expenditure</b>	<b>282,465</b>	<b>308,234</b>	<b>340,799</b>	<b>351,141</b>	<b>364,378</b>	<b>406,488</b>	<b>414,987</b>	<b>—</b>

Memorandum:

Total voted expenditure	2004-05	2005-06	2006-07
Grants to Devolved Administrations <sup>(1)</sup>	364,378	406,488	414,987
Balancing reconciliation	—	–31,782	—
Voted amounts published in Main Estimates 2006-07 <sup>(2)</sup>	2,485	–5,048	–1,128
	366,863	369,658	413,859

(1) Certain amounts for estimated outturn were not shown in HC1035 and are included in the voted numbers in the main table above.

(2) HC1035: amount for Net resource requirement plus capital less Non-operating appropriations in aid.



**2.1** This chapter compares the latest plans for DEL and AME with the plans set out in PESA last year (Cm 6521), which were consistent with Budget 2005. The tables in this chapter do not fall within the scope of National Statistics.

### Types of changes

**2.2** The comparisons distinguish between:

- Transfers of financing responsibility between departments and spending sectors; classification changes, i.e. changes in the way public expenditure is measured or the re-allocation of functions between departments (i.e. machinery of Government (MOG) changes); and for plan years financing transfers between years; and
- other changes, which are due to policy decisions or changes in forecasts of expenditure outside DEL.

### The tables

**2.3** Data in the tables taken from last year's PESA are adjusted for the effects of machinery of government changes.

**2.4** Tables 2.1, 2.2 and 2.3 are for 2004-05, and compare the latest outturns with the estimated outturns in last year's PESA, and with the provisional outturns published in July in the Public Expenditure Outturn White Paper (PEOWP). The DEL tables also show final provision as at the end of the year (PEOWP).

**2.5** Tables 2.4, 2.5 and 2.6 are for 2005-06, and compare the current estimated outturns with the plans in last year's PESA. The DEL tables also show final provision following updates provided by departments as part of the Spring Supplementary Estimates.

**2.6** Tables 2.7, 2.8 and 2.9 are for 2006-07 and 2007-08 and compare the current plans (consistent with the Budget and as presented elsewhere in PESA) with the plans in last year's PESA.

### Main classification and transfer changes affecting plans

**2.7** PBR 2005 announced a number of changes to the budgeting framework to more closely align that framework with the objectives of the fiscal framework. These, and some additional changes, have been effected as classification changes, that is current and future years budgets have been restated so as to leave departments no better or worse off, and outturns adjusted so that numbers are presented on a consistent basis. The first year of the new regime for control purposes is 2006-07.

**2.8** The following major changes have been made to the framework:

1. Capital grants to the private sector have moved from the resource into the capital budget. Grants to the private sector for the acquisition of capital assets form part of the aggregate Public Sector Net Investment (PSNI), which is now mostly budgeted for in capital budgets.

2. Similarly, capital grants to public corporations that were in the resource budget have moved to the capital budget as they finance capital expenditure which forms part of PSNI.
3. Departmental receipts from the European Union (EU) for structural fund and general programmes now score in DEL, thereby offsetting the expenditure that they finance. Previously these receipts scored outside budgets as part of the *Net payments to EU institutions* line. Note that due to this change there has been a subsequent change in the definition, and name, of the EU payments line, which is now called *Net expenditure transfers to EU institutions*, and is defined as the GNI based contribution less the UK abatement. This definition mirrors the impact on Total Managed Expenditure as measured by the national accounts. A table with descriptions of the different lines for transactions with the EU is given in Appendix D.
4. Previously the spending by DEFRA and the Devolved Administrations on the Common Agricultural Policy (CAP), which is financed by receipts from the EU, was shown as a separate line of expenditure in departmental AME. The receipts that financed that spending scored in non-departmental AME, in common with other EU receipts, in the *Net payments to EU institutions* line. Both the expenditure and the receipts now form part of the DELs of DEFRA and the Devolved Administrations, which are therefore unaffected save for small changes due to timing of payments and provisions for disallowances. The CAP line is removed as redundant.
5. Movements in certain large prepayments and debtors have moved into capital budgets. Previously these movements in working capital were not included in budgets. Large prepayments and debtors for this purpose are those that are long term, which is defined as those outstanding for over 12 months, and with a value of over £20 million. This change is to budgetise the costs of what is in effect lending to the private sector, and aligns with the treatment of policy lending which forms part of the capital budget. Although a significant change in terms of the control framework the number of departments and the overall amount of expenditure captured by this change are small.
6. Net lending to students transactions in principal have moved from non-budget into the Capital Budget: Departmental AME and are shown in a separate line in Table 1.1. In PESA 2006 that change has been effected only for England and Wales. There has been no change to the budgeting treatment of the current year consequences of providing loans to students.
7. The payments that Department for Health makes to NHS trusts for them to provide health services include an amount that finances NHS Trust depreciation. Previously this was classified as outside budgets. It has now been reclassified into DH DEL. This better aligns the budgeting treatment in respect of NHS trust depreciation with the treatment of depreciation of other central government bodies.

There have been a number of smaller changes, which are either a consequence of the changes described above, or are designed to further improve the budgeting system. These changes are as follows:

*Other changes to the capital budget*

8. Provisions in respect of capital grants – Movements in the Operating Cost Statement (or P&L account) associated with taking of provisions in respect of capital grants have moved into the capital budget.
9. Cost of capital credit in respect of provisions for capital grants have moved into capital budgets.
10. Co-funding of NDPBs – the element of co-financing for capital grants has moved into capital budgets.
11. Equity withdrawals from public corporations that pass through the Operating Cost Statement but are treated as financial transactions in national accounts are now part of the capital budget.
12. Debt repayment grants to Local Authorities have become Non-Budget, reflecting that debt repayment is not expenditure.

*Other changes to the resource budget*

13. Cost of capital credit on liabilities arising under on-balance sheet PFI deals now form part of the resource budget, as does the interest payable up to 3.5%. Both of which had previously been excluded.

**2.9** On the 20th January 2006 the ONS reclassified the **BBC** from the public corporations' to the central government sub-sector of the public sector. Further details of this change are given in Appendix A. For the presentations used in this chapter the main change is the inclusion of a new line in departmental AME to accommodate the total spending of the BBC domestic services (that is the BBC excluding the World Service and its commercial subsidiaries). Previously the current spending of the BBC domestic services formed part of the Gross Operating Surplus of the public corporations' sector. It now forms part of TME and is shown in the new *BBC domestic services* line. The capital spending of the BBC was already part of the TME, but has been reclassified from the *Public corporations own financed capital expenditure (PCOFCE)* line into the new *BBC domestic services* line.

**2.10** On the 20th February 2006 the ONS announced the reclassification of **London and Continental Railways (LCR)** to the public corporations sector, back to February 1999, when a restructuring of LCR was implemented<sup>1</sup>. That has led to an increase in public corporations' capital expenditure included in TME. In PESA, the effect is shown in TME in all affected years and in the line Public Corporations' Own-financed Capital Expenditure. The spending of LCR has not yet been included in the budgeting or functional series.

**2.11** For 2004-05 changes due to the reclassification of capital grants total £8.8bn. Tables 2.1 and 2.2 show the effect of moving EU receipts into resource and capital budgets. Resource DEL is reduced by approx £3.6bn, and capital DEL by £0.5bn, reflecting the additional reclassified receipts.

<sup>1</sup> For further information on the ONS' reclassification please see the following article:  
<http://www.statistics.gov.uk/article.asp?id=1409>

**2.12** Table 2.3 shows changes to AME for 2004-05.

- There is a new BBC line, which shows an increase of £2.9bn, of which £0.1bn is a reclassified from the PCOFCE line, and the remaining £2.8bn reclassified from PC Gross Operating Surplus (which is on the receipts side of the national accounts).
- The CAP line is reduced to zero reflecting the fact that the expenditure now forms part of DEFRA's DEL.
- The changes to the *Net Payments/ expenditure transfers to EC Institutions* line reflect that receipts in respect of structural funds and the common agricultural policy have been reclassified into DEL. It also reflects the change in the definition in that line, so that elements that were scored as net payments but that did not directly impact on TME have been removed.

**2.13** Tables 2.4, 2.5 and 2.6 show similar changes to get to final provision for 2005-06. The changes for capital grants total £10.4bn. Resource DEL is reduced by £3.5bn by reclassified EU receipts and capital DEL is reduced by £0.4bn for the same reason.

**2.14** All the changes described above are also represented in tables 2.7, 2.8 and 2.9. These tables show the changes to plans for 2006-07 and 2007-08, as presented in PESA last year, to get to the latest plans shown in Chapter 1 of PESA this year, which are consistent with the Budget 2006 document. Changes to resource and capital DELs due to capital grants total £11.4bn and £10.9bn in each of the two years. Resource DEL is reduced by £3.4bn and £3.6bn across the two years in respect of reclassified EU receipts and capital DEL is reduced by £0.4bn and £0.4bn in each of the two years for the same reason.

**2.15** In addition the movement of Direct Schools Grant from the Local Government DEL to the Department for Education and Skills budget in 2006-07 and 2007-08, increases DfES DEL by £28bn in those years.

**2.16** Department of Health's resource DEL has changed in all years due to the reclassification of the charge they pay to NHS trusts to cover depreciation and the reprofiling of their 5 year settlement.

## POLICY AND ESTIMATING CHANGES

**2.17** Tables 2.1, 2.2 and 2.3 show changes to final outturn from 2004-05 since PEOWP 05. Stripping out the effects of classification changes, the numbers for final outturn in 2004-05 are broadly in line with PEOWP outturns.

**2.18** Tables 2.4, 2.5 and 2.6 show changes to plans for 2005-06 financed by allocations from the Reserve, draw down of End Year Flexibility (EYF) and changes to forecasts. Departmental plans in 2005-06 increased by just under £2bn due to Reserve Allocations and EYF draw down for Resource DEL, and by just under £900m for capital DEL. Overall Resource DEL remains broadly unchanged as a result of forecast underspending by departments and a further allowance for shortfall. Departmental estimated outturns are provisional. They are likely to be revised further as numbers improve after the year end. Better information will be published in the Public Expenditure Outturn White Paper in July and in the National Statistics update on the day of the Pre-Budget Report (normally in November) after accounts have been audited. The main increases to plans are given below:

- MOD resource DEL increased by 1bn, of which £0.9bn was from the Reserves for on-going costs of military operations;

- DfT resource DEL increased by 0.5bn for Highways Agency non-cash resource pressures, financed from the Reserves.
- Department for Health spending in resource budget DEL was £580m above the level of final provision.
- DTI drew down £400m of EYF, including anticipation of £120m of European Regional Development Fund advance funding from future years.
- FCO were allocated £210m from the reserve to finance peacekeeping activity, aid in respect of the Asian tsunami and additional expenditure on consular services that is financed by the consular premium charged on passports and returned to the Consolidated Fund. In addition FCO drew down £35m of EYF from underspends from previous years.
- DWP drew down £120m of EYF from previous years underspends.
- DfES drew down £100m of resource EYF and £150m of capital EYF.

**2.19** Changes to expenditure items in Annually Managed Expenditure are due to changes in forecasts and other changes announced in the Budget 2006 (HC968). Expenditure on tax credits and social security is forecast to increase due to changes in the economic determinants underlying the forecast, which have increased expenditure, and the latest administrative data, including on the overall numbers of families that are in and out of work, which have also increased forecast spending.

**2.20** Policy and estimating changes for 2006-07 and 2007-08 are shown in Tables 2.7, 2.8 and 2.9; in the main the changes to plans affected in 2005-06 also affect these latter years.

Table 2.1 Resource DEL 2004–05; changes since PESA April 2005 and PEOWP July 2005

£ million

	Final provision adjusted for MOG	Estimated outturn in PESA 2005 adjusted for MOG	Provisional outturn in PEOWP 2005 adjusted for MOG	Transfers and classification changes since PEOWP 2005	Other changes since PEOWP 2005	Outturn
Education and Skills	24,742	24,613	24,181	-1,173	37	23,044
Health	69,304	69,087	67,717	1,312	176	69,206
Transport	8,225	8,148	8,034	-2,745	-32	5,258
Office of the Deputy Prime Minister	6,469	6,240	6,211	-2,662	-16	3,531
Local Government	43,415	43,350	43,316	—	—	43,316
Home Office	12,413	12,293	12,071	-80	0	11,991
Constitutional Affairs	3,620	3,572	3,559	0	-272	3,288
Law Officers' Departments	667	652	644	—	-2	643
Defence	32,831	32,591	32,057	16	-786	31,287
Foreign and Commonwealth Office	1,817	1,787	1,730	-39	24	1,715
International Development	3,901	3,868	3,804	1	-2	3,803
Trade and Industry	5,505	5,194	5,069	-796	0	4,274
Environment Food and Rural Affairs	3,238	3,172	3,075	-297	-2	2,776
Culture Media and Sport	1,532	1,542	1,390	-50	2	1,343
Work and Pensions	8,419	8,338	8,346	-572	-28	7,746
Scotland	20,461	19,961	20,042	-707	1	19,336
Wales	10,852	10,817	10,726	-405	2	10,324
Northern Ireland Executive	7,101	6,977	6,887	-618	32	6,301
Northern Ireland Office	1,204	1,207	1,162	-1	10	1,172
Chancellor's Departments	5,114	5,041	4,910	1	-5	4,906
Cabinet Office	2,091	1,993	1,957	106	5	2,067
Allowance for Shortfall	—	-1,759	—	—	—	—
<b>Total</b>	<b>272,923</b>	<b>268,687</b>	<b>266,891</b>	<b>-8,707</b>	<b>-857</b>	<b>257,327</b>

**Table 2.2 Capital DEL 2004–05; changes since PESA April 2005 and PEOWP July 2005**

£ million

	Final provision adjusted for MOG	Estimated outturn in PESA 2005 adjusted for MOG	Provisional outturn in PEOWP 2005 adjusted for MOG	Transfers and classification changes since PEOWP 2005	Other changes since PEOWP 2005	Outturn
Education and Skills	3,879	3,730	3,768	1,172	-36	4,905
Health	3,131	3,131	2,619	72	-1	2,690
Transport	3,399	3,323	3,285	2,702	-8	5,980
Office of the Deputy Prime Minister	3,008	2,868	2,791	2,358	-14	5,135
Local Government	372	297	257	—	—	257
Home Office	1,198	1,068	994	65	0	1,059
Constitutional Affairs	231	201	198	—	-4	194
Law Officers' Departments	22	18	11	—	0	11
Defence	6,663	6,593	6,585	—	169	6,754
Foreign and Commonwealth Office	103	78	77	39	-3	112
International Development	41	41	34	—	-1	32
Trade and Industry	283	239	278	512	2	792
Environment Food and Rural Affairs	332	332	328	174	-13	489
Culture Media and Sport	186	198	102	10	10	122
Work and Pensions	295	299	290	8	1	298
Scotland	1,960	1,960	1,661	510	-1	2,170
Wales	977	865	859	196	—	1,055
Northern Ireland Executive	417	421	392	425	-18	799
Northern Ireland Office	83	78	71	—	-1	71
Chancellor's Departments	521	416	431	0	-3	429
Cabinet Office	0	252	240	-1	-2	238
Allowance for Shortfall	—	-2,581	—	—	—	—
<b>Total</b>	<b>27,099</b>	<b>23,824</b>	<b>25,270</b>	<b>8,244</b>	<b>78</b>	<b>33,592</b>

**Table 2.3 Total Managed Expenditure 2004–05; changes since PESA April 2005 and PEOWP July 2005**

£ million

	Estimated outturn in PESA 2005	Provisional outturn in PEOWP 2005	Transfers and classification changes since PEOWP 2005	Other changes since PEOWP 2005	Outturn
<b>Departmental Expenditure Limits</b>					
Resource DEL	268,687	266,891	-8,707	-857	257,327
Capital DEL	23,824	25,270	8,244	78	33,592
Less depreciation	11,326	9,501	16	-1,112	8,403
<b>Total DEL</b>	<b>281,186</b>	<b>282,660</b>	<b>-479</b>	<b>333</b>	<b>282,515</b>
<b>Annually Managed Expenditure</b>					
<i>Departmental AME</i>					
Social Security Benefits	125,176	125,212	-82	163	125,292
Tax Credits	11,728	11,735	0	0	11,735
Common Agriculture Policy	3,206	3,072	-3,072	0	0
Net Public Sector Pensions	2,214	2,250	-100	-1,710	440
National Lottery	1,800	1,800	0	0	1,800
BBC domestic services	0	0	2,927	0	2,927
Student loans	0	0	2,015	0	2,015
Non-cash items	27,801	26,647	162	-673	26,136
Other Programme Expenditure	4,060	2,900	-2,439	2,009	2,470
<b>Total Departmental AME</b>	<b>175,984</b>	<b>173,616</b>	<b>-589</b>	<b>-211</b>	<b>172,815</b>
<i>Other AME</i>					
Net Payments to EC Institutions	3,707	3,305	1,602	0	4,907
Locally Financed Expenditure	24,545	23,447	0	804	24,252
Central Government Debt Interest	23,839	23,839	0	148	23,987
Public Corporations' own financed capital expenditure	1,752	2,313	627	417	3,357
<b>Total Other AME</b>	<b>53,844</b>	<b>52,905</b>	<b>2,229</b>	<b>1,369</b>	<b>56,502</b>
<b>Total AME before accounting adjustments</b>	<b>229,827</b>	<b>226,521</b>	<b>1,640</b>	<b>1,158</b>	<b>229,317</b>
Accounting adjustments	-26,908	-25,077	1,442	2,794	-20,840
<b>Total Annually Managed Expenditure</b>	<b>202,919</b>	<b>201,444</b>	<b>3,080</b>	<b>3,952</b>	<b>208,477</b>
<b>Total Managed Expenditure</b>	<b>484,105</b>	<b>484,104</b>	<b>2,602</b>	<b>4,285</b>	<b>490,992</b>



**Table 2.4 Resource DEL 2005–06; changes since PESA 2005**

	£ million				
	Plans in PESA 2005 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education and Skills	26,321	-1,542	209	24,988	24,809
Health	75,068	1,341	-45	76,365	76,945
Transport	8,685	-3,219	546	6,012	5,755
Office of the Deputy Prime Minister	6,259	-2,943	93	3,409	3,283
Local Government	46,273	-17	36	46,293	46,200
Home Office	12,788	-189	166	12,766	12,714
Constitutional Affairs	3,841	22	80	3,943	3,752
Law Officers' Departments	651	39	28	718	691
Defence	32,506	110	1,007	33,622	33,281
Foreign and Commonwealth Office	1,813	-103	257	1,967	1,967
International Development	4,473	-24	49	4,498	4,413
Trade and Industry	5,854	-784	481	5,551	5,381
Environment Food and Rural Affairs	3,100	-194	113	3,020	3,022
Culture Media and Sport	1,539	-67	-9	1,464	1,434
Work and Pensions	8,330	-573	259	8,015	7,929
Scotland	21,405	-713	210	20,902	20,791
Wales	11,442	-483	168	11,127	11,487
Northern Ireland Executive	7,289	-674	121	6,735	6,808
Northern Ireland Office	1,199	-4	40	1,235	1,015
Chancellor's Departments	5,205	1	79	5,285	5,120
Cabinet Office	2,009	26	103	2,138	2,143
Invest to Save budget	24	0	-24	0	0
DEL Reserve	560	0	-560	—	0
Unallocated Special Reserve	300	0	-300	—	0
Allowance for Shortfall	—	0	-960	-960	-960
<b>Total</b>	<b>286,937</b>	<b>-9,990</b>	<b>2,147</b>	<b>279,093</b>	<b>277,981</b>

Table 2.5 Capital DEL 2005–06; changes since PESA 2005

	£ million				
	Plans in PESA 2005 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education and Skills	4,445	1,551	72	6,069	5,756
Health	3,819	175	109	4,103	3,022
Transport	3,301	3,264	-3	6,562	6,558
Office of the Deputy Prime Minister	2,976	2,683	238	5,896	5,758
Local Government	349	0	39	388	230
Home Office	1,163	57	36	1,257	1,131
Constitutional Affairs	145	-9	52	189	176
Law Officers' Departments	15	0	1	16	9
Defence	6,880	-408	288	6,760	6,788
Foreign and Commonwealth Office	123	42	10	175	152
International Development	30	—	12	42	32
Trade and Industry	298	864	108	1,270	1,251
Environment Food and Rural Affairs	339	204	41	584	661
Culture Media and Sport	97	76	52	225	261
Work and Pensions	345	71	70	486	400
Scotland	1,901	540	-19	2,422	2,444
Wales	935	263	64	1,262	1,262
Northern Ireland Executive	410	166	453	1,029	1,029
Northern Ireland Office	66	-3	2	66	55
Chancellor's Departments	309	6	97	413	404
Cabinet Office	249	10	37	296	258
Invest to Save budget	6	0	-6	0	0
DEL Reserve	548	0	-548	0	0
Unallocated Special Reserve	—	0	—	0	0
Allowance for Shortfall	—	0	-299	-299	-299
<b>Total</b>	<b>28,751</b>	<b>9,552</b>	<b>906</b>	<b>39,211</b>	<b>37,338</b>

**Table 2.6 Total Managed Expenditure 2005–06; changes since PESA 2005**

	Plans in PESA 2005	Transfers and classification changes	Other changes	£ million Estimated outturn
<b>Departmental Expenditure Limits</b>				
Resource DEL	286,937	-9,990	1,035	277,981
Capital DEL	28,751	9,552	-967	37,338
Less depreciation	11,784	-251	403	11,937
<b>Total DEL</b>	<b>303,904</b>	<b>-187</b>	<b>-335</b>	<b>303,382</b>
<b>Annually Managed Expenditure</b>				
<i>Departmental AME</i>				
Social Security Benefits	130,071	18	59	130,148
Tax Credits	11,783	0	1,079	12,862
Common Agriculture Policy	3,288	-3,288	0	0
Net Public Sector Pensions	3,897	46	1,378	5,321
National Lottery	1,700	296	-221	1,775
BBC domestic services	0	3,054	0	3,054
Student loans	0	2,151	0	2,151
Non-cash items	27,998	470	1,713	30,181
Other programme expenditure	5,333	-1,583	477	4,227
<b>Total Departmental AME</b>	<b>184,070</b>	<b>1,164</b>	<b>4,485</b>	<b>189,719</b>
<i>Other AME</i>				
Net Payments to EC Institutions	3,145	1,583	-293	4,435
Locally Financed Expenditure	25,628	0	937	26,566
Central Government Debt Interest	25,563	0	184	25,747
Public Corporations' own financed capital expenditure	2,926	306	-350	2,882
<b>Total Other AME</b>	<b>57,262</b>	<b>1,889</b>	<b>478</b>	<b>59,630</b>
<b>Total AME before accounting adjustments</b>	<b>241,333</b>	<b>3,053</b>	<b>4,963</b>	<b>249,349</b>
AME margin	1,000	—	-1,000	0
Accounting adjustments	-27,655	-2,585	661	-29,579
<b>Total Annually Managed Expenditure</b>	<b>214,677</b>	<b>468</b>	<b>4,624</b>	<b>219,770</b>
<b>Total Managed Expenditure</b>	<b>518,582</b>	<b>281</b>	<b>4,289</b>	<b>523,152</b>

Table 2.7 Resource DEL 2006–07 and 2007–08; changes since PESA 2005

	£ million							
	2006–07				2007–08			
	Plans in PESA 2005 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2005 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
Education and Skills	28,016	25,079	353	53,449	29,577	26,643	552	56,772
Health	81,838	148	0	81,986	89,302	–210	0	89,092
Transport	10,619	–3,781	55	6,893	9,719	–2,976	0	6,743
Office of the Deputy Prime Minister	6,614	–3,083	–19	3,511	7,214	–3,564	3	3,653
Local Government	48,701	–26,181	–27	22,492	51,156	–27,684	–136	23,336
Home Office	13,352	–353	5	13,004	14,033	–411	3	13,624
Constitutional Affairs	3,974	–25	0	3,949	4,018	–25	—	3,993
Law Officers' Departments	688	–2	0	686	717	2	0	718
Defence	32,707	–326	230	32,610	33,026	–341	95	32,779
Foreign and Commonwealth Office	1,684	–66	200	1,818	1,721	–40	—	1,681
International Development	4,995	–35	1	4,961	5,289	–11	—	5,278
Trade and Industry	6,204	–637	22	5,589	6,361	–586	34	5,808
Environment Food and Rural Affairs	3,304	–448	145	3,001	3,410	–459	130	3,081
Culture Media and Sport	1,619	–119	36	1,536	1,669	–137	40	1,572
Work and Pensions	8,137	–503	131	7,765	8,138	–508	69	7,699
Scotland	22,796	–650	58	22,204	24,059	–700	67	23,426
Wales	12,200	–571	30	11,660	12,908	–653	39	12,295
Northern Ireland Executive	7,705	–625	52	7,132	8,025	–479	20	7,565
Northern Ireland Office	1,149	0	36	1,185	1,139	—	5	1,144
Chancellor's Departments	5,159	–1	–50	5,108	5,194	–1	–100	5,093
Cabinet Office	2,048	52	17	2,117	2,108	51	1	2,160
Invest to Save budget	24	—	–10	14	24	—	–9	15
DEL Reserve	1,300	—	–300	1,000	1,700	—	400	2,100
Unallocated Special Reserve	—	—	800	800	—	—	—	—
<b>Total</b>	<b>304,800</b>	<b>–12,128</b>	<b>1,800</b>	<b>294,400</b>	<b>320,500</b>	<b>–12,091</b>	<b>1,200</b>	<b>309,600</b>

**Table 2.8 Capital DEL 2006–07 and 2007–08; changes since PESA 2005**

£ million

	2006–07				2007–08			
	Plans in PESA 2005 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2005 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
Education and Skills	4,870	1,369	15	6,254	5,570	1,410	15	6,995
Health	5,265	64	0	5,329	6,255	65	0	6,321
Transport	4,085	3,272	22	7,379	4,161	2,520	18	6,699
Office of the Deputy Prime Minister	2,944	2,801	-22	5,723	2,890	3,281	—	6,171
Local Government	249	—	—	249	249	—	—	249
Home Office	1,226	-9	-30	1,187	1,296	-9	-15	1,272
Constitutional Affairs	139	—	0	140	147	—	—	148
Law Officers' Departments	15	—	—	15	15	—	—	15
Defence	6,970	-43	—	6,927	7,600	-11	—	7,589
Foreign and Commonwealth Office	111	39	—	150	109	39	—	148
International Development	20	—	—	20	22	—	—	22
Trade and Industry	479	669	39	1,187	474	645	26	1,145
Environment Food and Rural Affairs	339	433	—	772	339	468	—	807
Culture Media and Sport	117	151	10	278	132	90	10	232
Work and Pensions	154	9	15	178	49	9	5	63
Scotland	2,099	837	6	2,942	2,209	911	4	3,124
Wales	1,099	328	2	1,429	1,202	410	2	1,614
Northern Ireland Executive	477	252	217	946	534	202	258	994
Northern Ireland Office	72	—	—	72	72	—	—	72
Chancellor's Departments	415	—	-100	315	510	—	-200	310
Cabinet Office	249	7	6	263	264	-1	1	263
Invest to Save budget	6	—	-1	5	6	—	0	6
DEL Reserve	600	—	200	800	1,100	—	300	1,400
<b>Total</b>	<b>32,000</b>	<b>10,179</b>	<b>400</b>	<b>42,500</b>	<b>35,200</b>	<b>10,028</b>	<b>400</b>	<b>45,700</b>

Table 2.9 Total Managed Expenditure 2006–07 and 2007–08; changes since PESA 2005

	£ million							
	2006–07				2007–08			
	Plans in PESA 2005	Transfers and classification changes	Other changes	New Plans	Plans in PESA 2005	Transfers and classification changes	Other changes	New Plans
<b>Departmental Expenditure Limits</b>								
Resource DEL	304,800	-12,128	1,800	294,400	320,500	-12,091	1,200	309,600
Capital DEL	32,000	10,179	400	42,500	35,200	10,028	400	45,700
Less depreciation	12,100	-194	-10	11,900	11,800	-10	-200	11,600
<b>Total DEL</b>	<b>324,700</b>	<b>-1,755</b>	<b>2,133</b>	<b>325,100</b>	<b>344,000</b>	<b>-2,053</b>	<b>1,800</b>	<b>343,700</b>
<b>Annually Managed Expenditure</b>								
<i>Departmental AME</i>								
Social Security Benefits	131,562	38	1,744	133,345	138,578	34	-106	138,506
Tax Credits	13,931	0	194	14,125	13,907	0	1,231	15,138
Common Agriculture Policy	3,239	-3,239	0	0	3,246	-3,246	0	0
Net Public Sector Pensions	3,890	414	1,253	5,557	4,075	372	1,408	5,855
National Lottery	1,500	232	—	1,732	1,300	235	—	1,535
BBC domestic services	0	3,216	—	3,216	0	3,304	—	3,304
Student loans	0	2,770	0	2,770	0	3,400	0	3,400
Non-cash items	30,483	221	1,061	31,765	33,645	136	998	34,779
Other programme expenditure	3,704	-3,009	2,721	3,415	3,350	-3,674	3,256	2,931
<b>Total Departmental AME</b>	<b>188,309</b>	<b>643</b>	<b>6,973</b>	<b>195,925</b>	<b>198,100</b>	<b>561</b>	<b>6,787</b>	<b>205,448</b>
<i>Other AME</i>								
Net Payments to EC Institutions	2,770	3,090	-428	5,432	4,518	1,975	16	6,509
Locally Financed Expenditure	27,409	0	114	27,523	29,115	—	-193	28,922
Central Government Debt Interest	26,988	0	-711	26,277	28,378	0	-425	27,953
Public Corporations' own financed capital expenditure	2,574	216	583	3,373	2,868	230	386	3,484
<b>Total Other AME</b>	<b>59,742</b>	<b>3,306</b>	<b>-442</b>	<b>62,605</b>	<b>64,880</b>	<b>2,205</b>	<b>-216</b>	<b>66,867</b>
<b>Total AME before Accounting Adjustments</b>	<b>248,051</b>	<b>3,949</b>	<b>6,531</b>	<b>258,530</b>	<b>262,980</b>	<b>2,766</b>	<b>6,571</b>	<b>272,315</b>
AME margin	2,000	0	-1,000	1,000	3,000	0	-1,000	2,000
Accounting adjustments	-25,527	-196	-6,568	-32,291	-29,960	2,241	-7,562	-35,281
<b>Total Annually Managed Expenditure</b>	<b>224,500</b>	<b>3,753</b>	<b>-1,000</b>	<b>227,200</b>	<b>236,000</b>	<b>5,007</b>	<b>-2,000</b>	<b>239,000</b>
<b>Total Managed Expenditure</b>	<b>549,200</b>	<b>1,997</b>	<b>1,100</b>	<b>552,300</b>	<b>580,000</b>	<b>2,954</b>	<b>-200</b>	<b>582,800</b>

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

**3.2** Data in this chapter are a mix of cash and accruals. All outturn data for Total Expenditure on Services up until 1997-1998 are on a cash basis. Outturn for 1998-99 to 2004-05 are on an accruals basis, as are estimated outturn data for 2005-06 and plans data, where shown, for 2006-07 and 2007-08. All outturn data (to 2004-05) in the tables in this chapter are National Statistics.

### What's new

**3.3** PESA 2006 now uses the cautious case for the GDP forecast when showing spending as a percentage of GDP for plan years – see Appendix A.

### Public expenditure aggregates

**3.4** Table 3.1 shows trends in public expenditure over the years 1967-68 to 2007-08 in nominal and in real terms and as a percentage of Gross Domestic Product (GDP). The table shows three spending aggregates in these ways: public sector current expenditure, public sector net investment and Total Managed Expenditure (TME). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only. Data for all these aggregates for the years up to 2004-05 are taken from the public sector accounts compiled by the Office for National Statistics (ONS). The public sector accounts are a part of the national accounts that is updated monthly. Public sector capital expenditure (or gross investment) less public sector depreciation equals public sector net investment. Public sector capital expenditure plus public sector current expenditure is equal to TME – which is a measure of total public sector spending drawn from national accounts. Figures for 2005-06 are estimated outturn and for 2006-07 onwards are projections produced by the Treasury.

### Total Expenditure on Services by function

**3.5** The key concept to understand in the derivation of the public expenditure by function series is Total Expenditure on Services (TES). This is the spending aggregate that is allocated to function and covers most expenditure by the public sector that is included in TME.

**3.6** TES includes central government spending but excludes the part of this that is finance to local authorities and capital finance to public corporations. This central government own expenditure is then combined with actual spending by local authorities and public corporations to give total public sector expenditure. TES is a near-cash measure of spending in that it excludes all non-cash items such as depreciation and cost of capital charges. Full details of the definition of TES and the relationship to departments' budgets are available in appendix E.

**3.7** Table 3.2 shows a longer time series, from 1987-88 to 2005-06, for TES by function, at a high level of aggregation. Tables 3.3 and 3.4 present the material in Table 3.2 in real terms and as a percentage of GDP. These tables cover outturn years and give estimated outturns for 2005-06.

**3.8** Table 3.6 provides the most detailed analysis of TES by function for the years 2000-01 to 2005-06. The functional categories are based on the UN Classification of the Functions of Government (COFOG), the international standard. The classification system used is entirely consistent with the top-level functional breakdown of UN COFOG. At the more detailed sub-function level, although not the same, there is considerable overlap with UN COFOG. Further information on the classification and relationship to UN COFOG is available from the Treasury website: [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_function/function.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_function/function.cfm).

### Relationship between functional series and departments

**3.9** Table 3.5 shows TES by function split across the different government departments for 2004-05. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations.

### Total Expenditure on Services by economic category

**3.10** The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. Table 3.7 breaks down TES into its component economic categories.

### Total Managed Expenditure split by spending sector and current and capital spending

**3.11** Tables 3.8 and 3.9 give a functional breakdown of the current and capital expenditure of central and local government and public corporations for outturn years (2000-01 to 2005-06), and for central government and public corporation spending for the plans years (2006-07 and 2007-08). A functional split of local authority spending is not available for future years as the allocation of spending between services is a matter for individual local authorities, and there is no aggregate information of their plans at this level of detail.

### Asset Sales

**3.12** Table 3.10 shows actual and estimated outturn public sector receipts from asset sales from 2000-01 through to 2005-06, across the whole of the UK. Figures are shown separately for central government, local authorities, and public corporations. A further figure is provided for general government, which is the sum of central government and local authority data. The data are further disaggregated between receipts from sale of land and buildings and other receipts. Income in this table includes income from asset sales between public sector bodies. Receipts from sale of financial assets are excluded.

### Methods and data quality for long run TES series

**3.13** Our aim is that the data in the long run tables should be broadly consistent over the table in the attribution of spending to functions.

**3.14** Data for the long run TES series for years before 200001 are not taken directly from the currently live public expenditure database that is maintained by Government departments (see Appendix A). Summary data from the live database were downloaded into a spreadsheet at the point at which the database ceased to be live and was archived. Normally, distant outturn data are no longer subject to adjustment.



**3.15** However, sometimes reclassifications affect the long run functional series. Those include ONS decisions for the national accounts (eg the decision to reclassify the BBC to the central government sector – see Appendix A) and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending to functions.

**3.16** Only the larger classification changes are taken back to the historical years. This is based on a judgement made of the relative change in expenditure of the spending function concerned.

**3.17** When reclassifications are taken back to the historical series we open the archived copies of the original detailed database in order to find the relevant data. We can then adjust the numbers in the spreadsheet. Because of changes in recording practices over time there is a risk that we will not find the right number. Further, if a data series needs to be split across functions it is not normally possible at this distance in time to establish the right split to apply. So, after discussions with departments via spending teams, we use simple procedures such as applying the same percentage split as has been made to the live data.

**3.18** These factors mean that the attribution of spending to functions in the historical years is less accurate than in the live years. TES functional numbers in the longrun series are presented as accurate to within £100m. That may, in some cases, overstate the accuracy of the figures due to rounding and so small differences in figures or rates of change should be disregarded.

**Table 3.1 Public expenditure aggregates, 1967–68 to 2007–08**

Outturn data in this table up to 2004–05 fall within the scope of National Statistics

	Public sector current expenditure			Depreciation	Public sector net investment			Total Managed Expenditure		
	Cash £ billion	Real terms <sup>(1)</sup> £ billion	Percentage of GDP	Cash £ billion	Cash £ billion	Real terms <sup>(1)</sup> £ billion	Percentage of GDP	Cash £ billion	Real terms <sup>(1)</sup> £ billion	Percentage of GDP
1967-68	13.7	165.0	33.6	1.5	2.9	35.0	7.1	18.2	218.2	44.5
1968-69	14.7	168.9	33.2	1.7	2.8	32.3	6.4	19.2	220.2	43.3
1969-70	15.6	169.5	32.7	1.8	2.8	30.2	5.8	20.2	219.5	42.4
1970-71	17.3	173.3	32.6	2.1	3.2	32.5	6.1	22.6	226.6	42.7
1971-72	19.7	181.5	33.3	2.3	3.1	28.7	5.3	25.1	231.5	42.5
1972-73	22.2	189.2	33.1	2.6	3.2	27.5	4.8	28.1	239.0	41.9
1973-74	26.2	208.1	35.1	3.1	3.9	31.0	5.2	33.2	264.1	44.5
1974-75	34.6	230.3	38.8	4.0	4.9	32.8	5.5	43.6	289.9	48.9
1975-76	44.3	235.1	39.9	5.1	6.1	32.1	5.5	55.5	294.2	49.9
1976-77	51.8	242.1	39.9	6.0	5.6	26.3	4.3	63.3	296.3	48.8
1977-78	58.0	238.7	38.4	6.8	4.3	17.9	2.9	69.1	284.6	45.8
1978-79	66.3	245.8	38.4	7.7	4.2	15.5	2.4	78.2	289.9	45.3
1979-80	79.4	252.1	38.2	9.1	4.5	14.4	2.2	93.1	295.5	44.8
1980-81	96.6	259.6	40.8	10.9	4.3	11.6	1.8	111.8	300.5	47.3
1981-82	110.6	271.2	42.6	11.9	2.4	5.9	0.9	124.9	306.3	48.1
1982-83	120.9	277.0	42.7	12.3	4.2	9.7	1.5	137.5	315.0	48.5
1983-84	130.4	285.7	42.3	12.8	5.5	12.0	1.8	148.7	325.8	48.2
1984-85	141.0	293.6	42.6	12.8	5.1	10.6	1.5	158.9	330.9	48.0
1985-86	148.7	293.6	41.0	12.1	4.5	8.9	1.2	165.3	326.4	45.6
1986-87	155.8	298.2	40.1	12.6	2.8	5.3	0.7	171.2	327.7	44.1
1987-88	166.4	301.7	38.6	12.3	2.8	5.2	0.7	181.5	329.1	42.1
1988-89	173.7	294.3	36.2	13.6	1.7	2.9	0.4	189.0	320.2	39.4
1989-90	187.4	296.5	35.7	14.7	6.3	9.9	1.2	208.4	329.6	39.7
1990-91	203.3	298.3	36.1	13.8	8.2	12.0	1.4	225.3	330.5	40.0
1991-92	228.4	316.0	38.4	12.4	10.9	15.1	1.8	251.7	348.2	42.3
1992-93	247.3	331.6	40.2	12.0	12.3	16.5	2.0	271.6	364.2	44.2
1993-94	261.2	341.5	40.0	12.1	10.2	13.3	1.6	283.5	370.7	43.4
1994-95	273.6	352.4	39.7	12.8	10.1	12.9	1.5	296.5	381.8	43.0
1995-96	285.7	357.8	39.1	13.3	10.0	12.5	1.4	308.9	386.9	42.3
1996-97	296.0	358.2	38.3	12.1	5.7	6.9	0.7	313.9	379.8	40.6
1997-98	303.4	356.6	36.8	12.2	5.3	6.2	0.6	320.9	377.1	38.9
1998-99	313.3	358.9	36.0	11.9	6.6	7.5	0.8	331.8	380.1	38.1
1999-00	326.2	366.4	35.4	12.3	4.8	5.4	0.5	343.3	385.7	37.2
2000-01	348.0	385.8	36.1	12.7	5.7	6.3	0.6	366.3	406.2	38.0
2001-02	366.2	396.2	36.4	13.1	10.3	11.1	1.0	389.6	421.5	38.7
2002-03	395.1	414.3	37.2	14.0	12.2	12.8	1.1	421.3	441.8	39.6
2003-04	428.8	438.2	38.3	14.3	14.5	14.8	1.3	457.6	467.6	40.8
2004-05	455.4	455.4	38.7	15.0	20.7	20.7	1.8	491.0	491.0	41.7
2005-06	481.9	472.0	39.4	15.6	25.7	25.2	2.1	523.2	512.4	42.7
2006-07	506.7	484.5	39.6	16.8	28.8	27.5	2.2	552.3	528.1	43.1
2007-08	534.2	497.6	39.5	17.7	30.9	28.8	2.3	582.8	542.8	43.1

(1) Real terms figures are the cash figures adjusted to 2004–05 price levels using GDP deflators. For years 1987–88 to 2004–05 deflators are calculated from the latest data from the Office for National Statistics (released 29 March 2006). From 2005–06, deflators are consistent with the March 2006 Financial Statement and Budget Report.

Table 3.2 Total Expenditure on Services by function, 1987–88 to 2005–06

	cash, £ billion															accruals, £ billion			
	National Statistics																		
	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
General public services	3.7	4.1	5.2	5.6	6.2	6.4	6.4	6.5	6.8	6.8	6.7	7.7	8.4	8.4	9.7	10.1	10.8	12.1	13.0
EU transactions	-1.6	-2.5	-1.5	-2.3	-4.1	-3.4	-4.7	-4.3	-4.1	-5.2	-3.7	-2.6	-2.7	-2.6	-4.8	-1.9	-2.2	-0.9	-0.0
International services	1.9	2.1	2.3	2.5	2.9	3.1	3.2	3.3	3.4	3.1	3.1	3.2	3.7	4.2	4.5	4.8	5.3	5.6	6.4
Public sector debt interest	19.7	20.2	20.9	20.5	18.3	19.0	20.8	23.5	26.8	28.1	29.7	29.4	25.4	26.6	22.7	21.8	23.1	24.9	26.6
Defence	19.1	19.4	21.0	22.0	23.2	23.8	23.5	23.3	22.5	22.1	21.6	24.4	25.0	25.6	25.4	27.0	28.8	29.8	31.1
Public order and safety	8.0	8.9	10.1	11.5	13.0	14.3	14.8	15.4	15.8	16.3	17.0	17.9	18.3	20.2	22.9	24.7	27.0	29.0	30.1
Enterprise and economic development	6.4	6.6	6.9	6.7	5.1	5.1	5.4	4.6	4.4	4.4	4.4	3.4	4.6	4.9	4.9	5.6	6.4	6.9	6.6
Science and technology	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.7	2.0	2.3	2.4	2.9
Employment policies	3.0	2.7	2.3	2.4	2.7	2.9	3.1	3.2	3.1	3.0	2.7	2.9	3.5	3.9	3.8	3.5	3.9	3.7	3.9
Agriculture, fisheries and forestry	2.2	2.0	1.9	2.6	2.6	2.7	3.6	3.2	3.7	5.3	4.5	4.4	4.3	4.7	6.4	4.8	5.3	5.4	5.9
Transport	6.5	6.4	7.4	8.5	9.4	11.0	10.2	11.7	11.1	9.6	8.8	8.0	8.4	9.2	10.9	12.9	15.9	16.1	18.4
Environment protection	2.3	2.6	2.8	3.2	3.5	3.7	3.5	3.9	4.2	3.8	4.2	4.3	4.8	5.0	5.4	5.9	6.1	6.9	8.5
Housing and community amenities	4.5	3.4	5.1	6.0	6.7	7.0	6.0	6.0	5.8	5.3	4.5	4.8	4.2	5.3	6.2	5.3	6.4	7.9	9.3
Health	20.4	22.5	24.3	27.2	31.1	34.4	36.8	39.6	41.6	42.9	44.7	47.1	49.5	54.3	59.8	66.2	74.7	82.5	89.4
Recreation, culture and religion	3.5	3.8	4.3	4.8	5.0	5.1	5.1	5.2	5.6	5.9	6.7	7.6	8.2	8.4	8.7	9.7	9.6	9.9	11.4
Education and training	21.2	23.1	25.9	28.0	31.3	33.1	34.6	36.2	37.0	37.8	38.6	40.1	42.2	45.9	51.0	54.7	60.9	65.4	69.7
<i>of which: Education</i>	20.4	22.0	24.6	27.0	29.8	32.1	33.4	35.0	35.8	36.4	37.4	38.8	40.9	44.5	49.8	53.3	59.2	63.7	67.9
Social protection	55.1	56.8	61.1	68.1	80.0	90.9	98.1	101.8	107.3	112.1	113.8	114.7	122.4	127.9	136.6	144.7	155.3	163.7	170.3
Unallocated <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-1.2
<b>Total Expenditure on Services</b>	<b>176.9</b>	<b>183.1</b>	<b>201.2</b>	<b>218.5</b>	<b>238.3</b>	<b>260.5</b>	<b>271.7</b>	<b>284.2</b>	<b>295.9</b>	<b>302.6</b>	<b>308.7</b>	<b>318.6</b>	<b>331.6</b>	<b>353.2</b>	<b>375.7</b>	<b>402.1</b>	<b>439.6</b>	<b>471.5</b>	<b>502.4</b>
Accounting adjustments	4.6	5.8	7.2	6.8	13.4	11.0	11.8	12.3	13.0	11.2	12.2	13.2	11.7	13.1	13.9	19.1	18.0	19.4	20.7
<b>Total Managed Expenditure</b>	<b>181.5</b>	<b>189.0</b>	<b>208.4</b>	<b>225.3</b>	<b>251.7</b>	<b>271.6</b>	<b>283.5</b>	<b>296.5</b>	<b>308.9</b>	<b>313.9</b>	<b>320.9</b>	<b>331.8</b>	<b>343.3</b>	<b>366.3</b>	<b>389.6</b>	<b>421.3</b>	<b>457.6</b>	<b>491.0</b>	<b>523.2</b>

(1) Includes allowance for shortfall and departmental unallocated provision.

**Table 3.3 Total Expenditure on Services by function in real terms<sup>(1)</sup>, 1987–88 to 2005–06**

	cash, £ billion										accruals, £ billion								
	National Statistics																		
	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 outturn	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
General public services	6.7	7.0	8.2	8.2	8.6	8.6	8.3	8.4	8.5	8.2	7.9	8.8	9.5	9.3	10.5	10.6	11.0	12.1	12.7
EU transactions	-2.9	-4.3	-2.4	-3.3	-5.6	-4.5	-6.1	-5.5	-5.1	-6.3	-4.4	-3.0	-3.1	-2.9	-5.2	-2.0	-2.3	-0.9	0.0
International services	3.4	3.6	3.7	3.7	4.0	4.2	4.2	4.3	4.3	3.8	3.6	3.7	4.2	4.7	4.9	5.0	5.4	5.6	6.3
Public sector debt interest	35.8	34.2	33.1	30.0	25.3	25.5	27.2	30.2	33.5	34.0	34.9	33.6	28.5	29.5	24.6	22.9	23.6	24.9	26.0
Defence	34.6	32.9	33.2	32.2	32.1	32.0	30.7	30.0	28.1	26.7	25.4	28.0	28.1	28.4	27.5	28.4	29.4	29.8	30.5
Public order and safety	14.6	15.1	16.0	16.9	18.1	19.2	19.4	19.9	19.8	19.8	19.9	20.5	20.5	22.4	24.8	25.9	27.6	29.0	29.5
Enterprise and economic development	11.6	11.2	10.9	9.8	7.1	6.9	7.0	5.9	5.5	5.3	5.2	3.9	5.2	5.4	5.3	5.9	6.5	6.9	6.5
Science and technology	1.8	1.8	1.8	1.8	1.7	1.9	2.0	1.4	1.5	1.7	1.6	1.6	1.5	1.6	1.8	2.1	2.3	2.4	2.8
Employment policies	5.3	4.6	3.7	3.5	3.8	3.9	4.0	4.1	3.8	3.6	3.2	3.4	4.0	4.3	4.2	3.7	4.0	3.7	3.8
Agriculture, fisheries and forestry	4.0	3.3	3.0	3.8	3.6	3.6	4.7	4.1	4.6	6.4	5.3	5.0	4.8	5.2	7.0	5.0	5.4	5.4	5.8
Transport	11.8	10.8	11.7	12.5	13.0	14.7	13.4	15.0	13.9	11.7	10.4	9.2	9.4	10.2	11.8	13.6	16.3	16.1	18.0
Environment protection	4.2	4.3	4.4	4.8	4.8	4.9	4.6	5.0	5.3	4.5	5.0	4.9	5.4	5.5	5.8	6.2	6.3	6.9	8.4
Housing and community amenities	8.2	5.8	8.1	8.7	9.3	9.4	7.8	7.7	7.3	6.4	5.3	5.5	4.8	5.8	6.7	5.6	6.5	7.9	9.1
Health	36.9	38.2	38.5	39.9	43.0	46.1	48.1	51.0	52.1	51.9	52.5	53.9	55.7	60.3	64.7	69.4	76.4	82.5	87.6
Recreation, culture and religion	6.4	6.5	6.8	7.0	6.9	6.9	6.6	6.8	7.0	7.1	7.9	8.7	9.2	9.3	9.4	10.2	9.8	9.9	11.2
Education and training	38.5	39.2	40.9	41.1	43.3	44.4	45.3	46.6	46.3	45.7	45.4	45.9	47.4	50.9	55.2	57.4	62.2	65.4	68.3
<i>of which: Education</i>	37.0	37.3	38.8	39.6	41.2	43.1	43.7	45.0	44.9	44.1	44.0	44.5	45.9	49.3	53.9	55.9	60.5	63.7	66.5
Social protection	99.8	96.2	96.7	99.9	110.7	121.9	128.2	131.0	134.5	135.7	133.7	131.4	137.5	141.8	147.8	151.7	158.7	163.7	166.8
Unallocated <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-1.2
<b>Total Expenditure on Services</b>	<b>320.7</b>	<b>310.3</b>	<b>318.3</b>	<b>320.5</b>	<b>329.7</b>	<b>349.4</b>	<b>355.3</b>	<b>366.0</b>	<b>370.7</b>	<b>366.2</b>	<b>362.7</b>	<b>364.9</b>	<b>372.5</b>	<b>391.7</b>	<b>406.5</b>	<b>421.7</b>	<b>449.2</b>	<b>471.5</b>	<b>492.1</b>
Accounting adjustments	8.4	9.9	11.3	10.0	18.5	14.8	15.4	15.8	16.2	13.6	14.4	15.2	13.1	14.5	15.0	20.1	18.4	19.4	20.3
<b>Total Managed Expenditure</b>	<b>329.1</b>	<b>320.2</b>	<b>329.6</b>	<b>330.5</b>	<b>348.2</b>	<b>364.2</b>	<b>370.7</b>	<b>381.8</b>	<b>386.9</b>	<b>379.8</b>	<b>377.1</b>	<b>380.1</b>	<b>385.7</b>	<b>406.2</b>	<b>421.5</b>	<b>441.8</b>	<b>467.6</b>	<b>491.0</b>	<b>512.4</b>

(1) Real terms figures are the cash figures adjusted to 2004–05 price levels using GDP deflators. For years 1987–88 to 2004–05 deflators are calculated from the latest data from the Office for National Statistics (released 29 March 2006). From 2005–06, deflators are consistent with the March 2006 Financial Statement and Budget Report.

(2) Includes allowance for shortfall and departmental unallocated provision.

**Table 3.4 Total Expenditure on Services by function as a percentage of GDP<sup>(1)</sup>, 1987–88 to 2005–06**

	based on cash										based on accruals								
	National Statistics																		
	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
General public services	0.9	0.9	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.1
EU transactions	-0.4	-0.5	-0.3	-0.4	-0.7	-0.5	-0.7	-0.6	-0.6	-0.7	-0.5	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.1	0.0
International services	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Public sector debt interest	4.6	4.2	4.0	3.6	3.1	3.1	3.2	3.4	3.7	3.6	3.6	3.4	2.8	2.8	2.3	2.1	2.1	2.1	2.2
Defence	4.4	4.0	4.0	3.9	3.9	3.9	3.6	3.4	3.1	2.9	2.6	2.8	2.7	2.7	2.5	2.5	2.6	2.5	2.5
Public order and safety	1.9	1.9	1.9	2.0	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.1	2.0	2.1	2.3	2.3	2.4	2.5	2.5
Enterprise and economic development	1.5	1.4	1.3	1.2	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.5
Science and technology	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Employment policies	0.7	0.6	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Agriculture, fisheries and forestry	0.5	0.4	0.4	0.5	0.4	0.4	0.5	0.5	0.5	0.7	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.5
Transport	1.5	1.3	1.4	1.5	1.6	1.8	1.6	1.7	1.5	1.2	1.1	0.9	0.9	1.0	1.1	1.2	1.4	1.4	1.5
Environment protection	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.6	0.7
Housing and community amenities	1.0	0.7	1.0	1.1	1.1	1.1	0.9	0.9	0.8	0.7	0.5	0.6	0.5	0.5	0.6	0.5	0.6	0.7	0.8
Health	4.7	4.7	4.6	4.8	5.2	5.6	5.6	5.7	5.7	5.6	5.4	5.4	5.4	5.6	5.9	6.2	6.7	7.0	7.3
Recreation, culture and religion	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.9
Education and training	4.9	4.8	4.9	5.0	5.3	5.4	5.3	5.2	5.1	4.9	4.7	4.6	4.6	4.8	5.1	5.2	5.4	5.6	5.7
<i>of which: Education</i>	4.7	4.6	4.7	4.8	5.0	5.2	5.1	5.1	4.9	4.7	4.5	4.5	4.4	4.6	5.0	5.0	5.3	5.4	5.5
Social protection	12.8	11.8	11.6	12.1	13.5	14.8	15.0	14.8	14.7	14.5	13.8	13.2	13.3	13.2	13.6	13.6	13.9	13.9	13.9
Unallocated <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-0.1
<b>Total Expenditure on Services</b>	<b>41.0</b>	<b>38.2</b>	<b>38.3</b>	<b>38.8</b>	<b>40.1</b>	<b>42.4</b>	<b>41.6</b>	<b>41.2</b>	<b>40.6</b>	<b>39.1</b>	<b>37.5</b>	<b>36.6</b>	<b>36.0</b>	<b>36.6</b>	<b>37.3</b>	<b>37.8</b>	<b>39.2</b>	<b>40.1</b>	<b>41.0</b>
Accounting adjustments	1.1	1.2	1.4	1.2	2.2	1.8	1.8	1.8	1.8	1.5	1.5	1.5	1.3	1.4	1.4	1.8	1.6	1.7	1.7
<b>Total Managed Expenditure</b>	<b>42.1</b>	<b>39.4</b>	<b>39.7</b>	<b>40.0</b>	<b>42.3</b>	<b>44.2</b>	<b>43.4</b>	<b>43.0</b>	<b>42.3</b>	<b>40.6</b>	<b>38.9</b>	<b>38.1</b>	<b>37.2</b>	<b>38.0</b>	<b>38.7</b>	<b>39.6</b>	<b>40.8</b>	<b>41.7</b>	<b>42.7</b>

(1) For years 1987–88 to 2004–05 using GDP consistent with the latest figures from the Office for National Statistics (published 29 March 2006). From 2005–06, GDP is consistent with the March 2006 Financial Statement and Budget Report.

(2) Includes allowance for shortfall and departmental unallocated provision.

Table 3.5 Total Expenditure on Services by departmental group and function, 2004–05

Departmental Grouping \ Function		National Statistics																accruals, £ million	
		General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total Expenditure on Services for each department
Education and Skills		—	—	—	—	—	110	—	—	41	—	—	—	—	10	—	54,131	937	55,229
Health		—	—	—	—	—	—	—	—	—	133	—	—	—	67,778	—	—	13,894	81,804
Transport		—	—	—	—	1	136	3	40	—	—	13,023	—	—	—	—	—	537	13,740
Office of the Deputy Prime Minister & Local Government		4,389	—	—	—	32	2,193	1,734	—	—	—	—	0	5,662	0	—	—	1,442	15,451
Home Office		202	—	—	—	—	18,777	—	—	—	—	—	—	—	—	—	—	1	18,980
Department for Constitutional Affairs		98	—	—	—	—	4,094	—	—	155	—	—	—	—	—	1	—	88	4,436
Law Officer's Departments		—	—	—	—	—	643	—	—	—	—	—	—	—	—	—	—	—	643
Defence		—	—	137	—	28,586	—	28	—	—	—	—	—	—	—	—	—	2,176	30,927
Foreign and Commonwealth Office		—	—	1,716	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,716
International Development		—	—	3,734	—	—	—	—	—	—	—	—	—	—	—	—	—	117	3,851
Trade and Industry		3	—	56	—	—	—	3,611	1,986	29	2	—	680	—	396	4	—	350	7,117
Environment, Food and Rural Affairs		—	—	—	—	—	—	57	—	—	4,097	—	4,844	5	—	871	—	—	9,875
Culture, Media and Sport		—	—	—	—	—	—	181	—	—	—	—	—	—	—	7,727	—	2	7,910
Work and Pensions		10	—	—	—	—	—	17	49	2,867	—	—	—	—	—	—	—	113,151	116,094
Scotland		834	—	—	—	2	1,898	362	74	483	630	1,373	620	1,279	7,664	829	5,881	2,601	24,529
Wales		475	—	—	—	—	—	594	—	—	188	694	428	236	4,289	412	3,168	1,354	11,838
Northern Ireland Executive		263	—	—	—	—	74	289	52	169	382	332	299	726	2,397	79	2,242	4,660	11,965
Northern Ireland Office		27	—	—	—	—	1,051	—	—	—	—	—	—	—	—	—	—	32	1,109
Chancellor's departments		5,128	-892	—	24,871	—	—	-1	230	—	—	—	5	—	—	—	0	21,326	50,667
Cabinet Office		676	—	—	—	1,219	36	—	—	—	—	—	—	—	—	—	—	1,047	2,979
Public corporations accountable to local government		—	—	—	—	—	—	—	—	—	—	683	—	—	—	—	—	—	683
<b>Total Expenditure on Services for each function</b>		<b>12,107</b>	<b>-892</b>	<b>5,642</b>	<b>24,871</b>	<b>29,840</b>	<b>29,013</b>	<b>6,876</b>	<b>2,432</b>	<b>3,743</b>	<b>5,432</b>	<b>16,105</b>	<b>6,877</b>	<b>7,907</b>	<b>82,534</b>	<b>9,924</b>	<b>65,423</b>	<b>163,714</b>	<b>471,547</b>

**Table 3.6 Total Expenditure on Services by sub-function, 2000–01 to 2005–06**

	accruals, £ million					
	National Statistics					
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>General public services</b>						
Public and common services	8,393	9,663	10,109	10,812	12,107	12,992
<b>Total general public services</b>	<b>8,393</b>	<b>9,663</b>	<b>10,109</b>	<b>10,812</b>	<b>12,107</b>	<b>12,992</b>
<b>EU transactions</b>						
GNI-based contribution (net of abatement and collection costs) <i>derived as:</i>	2,104	-901	2,275	2,806	4,356	4,249
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	<i>10,640</i>	<i>9,211</i>	<i>9,737</i>	<i>11,371</i>	<i>12,183</i>	<i>11,780</i>
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	<i>-6,314</i>	<i>-5,685</i>	<i>-4,229</i>	<i>-4,690</i>	<i>-4,104</i>	<i>-3,888</i>
<i>UK abatement</i>	<i>-2,223</i>	<i>-4,427</i>	<i>-3,233</i>	<i>-3,874</i>	<i>-3,722</i>	<i>-3,641</i>
EC receipts	-4,099	-3,309	-3,424	-4,237	-4,552	-3,640
Attributed aid and CFSP	-584	-635	-736	-799	-696	-618
<b>Total EU transactions</b>	<b>-2,579</b>	<b>-4,845</b>	<b>-1,885</b>	<b>-2,230</b>	<b>-892</b>	<b>-9</b>
<b>International Services</b>						
Other international services	1,330	1,443	1,542	1,632	1,949	2,081
International development assistance	2,889	3,053	3,265	3,696	3,693	4,349
<b>Total international services</b>	<b>4,219</b>	<b>4,496</b>	<b>4,806</b>	<b>5,328</b>	<b>5,642</b>	<b>6,429</b>
<b>Public sector debt interest<sup>(1)(2)</sup></b>						
Central government debt interest	25,995	22,095	20,943	22,327	23,987	25,747
Local authority debt interest	385	350	306	356	412	412
Public corporation debt interest	235	287	572	439	472	432
<b>Total public sector debt interest</b>	<b>26,615</b>	<b>22,732</b>	<b>21,821</b>	<b>23,122</b>	<b>24,871</b>	<b>26,591</b>
<b>Defence</b>						
National defence	25,632	25,390	27,034	28,730	29,805	31,070
Civil defence	6	3	4	86	35	41
<b>Total defence</b>	<b>25,638</b>	<b>25,392</b>	<b>27,039</b>	<b>28,816</b>	<b>29,840</b>	<b>31,112</b>
<b>Public order and safety</b>						
Police	9,675	11,216	12,065	13,460	14,561	15,489
Fire	1,953	2,084	2,283	2,389	2,541	2,753
Administration of justice	3,576	4,478	4,928	5,372	6,072	5,783
Immigration and citizenship	1,398	1,729	1,797	1,942	1,704	1,547
Prisons and offender programmes	2,942	2,591	2,888	2,983	3,241	3,613
Other public order and safety	645	780	780	847	894	956
<b>Total public order and safety</b>	<b>20,189</b>	<b>22,878</b>	<b>24,740</b>	<b>26,992</b>	<b>29,013</b>	<b>30,141</b>
<b>Enterprise and economic development</b>						
Economic development and trade	786	956	1,072	1,031	1,123	1,254
Support for business	2,092	2,099	2,389	2,882	3,018	2,404
Regional policy	1,996	1,842	2,161	2,462	2,735	2,964
<b>Total enterprise and economic development</b>	<b>4,874</b>	<b>4,898</b>	<b>5,623</b>	<b>6,376</b>	<b>6,876</b>	<b>6,622</b>
<b>Science and technology</b>						
Science and technology	1,416	1,651	2,032	2,255	2,432	2,890
<b>Total science and technology</b>	<b>1,416</b>	<b>1,651</b>	<b>2,032</b>	<b>2,255</b>	<b>2,432</b>	<b>2,890</b>
<b>Employment policies</b>						
Employment policies	3,869	3,840	3,535	3,872	3,743	3,873
<b>Total employment policies</b>	<b>3,869</b>	<b>3,840</b>	<b>3,535</b>	<b>3,872</b>	<b>3,743</b>	<b>3,873</b>
<b>Agriculture, fisheries and forestry</b>						
Market support under CAP	3,005	2,780	2,843	3,400	3,571	3,806
Other agriculture, food and fisheries policy	1,579	3,561	1,829	1,808	1,760	1,988
Forestry	101	101	113	108	101	84
<b>Total agriculture, fisheries and forestry</b>	<b>4,685</b>	<b>6,442</b>	<b>4,786</b>	<b>5,316</b>	<b>5,432</b>	<b>5,878</b>

Table 3.6 Total Expenditure on Services by sub-function, 2000–01 to 2005–06 (continued)

	accruals, £ million					
	National Statistics					
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Transport</b>						
National roads	1,970	2,152	2,419	2,295	2,387	3,166
Local roads	3,350	4,011	4,570	4,638	5,107	5,220
Local public transport	2,309	2,308	2,920	4,784	4,059	5,210
Railways	1,057	1,799	2,444	3,396	3,783	3,645
Other transport	539	622	583	817	769	1,135
<b>Total transport</b>	<b>9,225</b>	<b>10,891</b>	<b>12,936</b>	<b>15,931</b>	<b>16,105</b>	<b>18,376</b>
<b>Environment protection</b>						
Environmental protection	4,786	5,186	5,680	5,812	6,573	8,218
Environmental research	190	209	236	307	304	331
<b>Total environment protection</b>	<b>4,976</b>	<b>5,395</b>	<b>5,916</b>	<b>6,119</b>	<b>6,877</b>	<b>8,548</b>
<b>Housing and community amenities</b>						
Local authority housing	1,526	2,044	1,099	952	1,818	3,091
Other social housing	1,425	1,630	1,691	2,363	2,290	2,247
Other community services	2,315	2,540	2,545	3,094	3,799	3,960
<b>Total housing and community amenities</b>	<b>5,266</b>	<b>6,215</b>	<b>5,335</b>	<b>6,409</b>	<b>7,907</b>	<b>9,298</b>
<b>Health<sup>(3)</sup></b>						
Medical services	52,962	58,210	64,626	72,798	80,412	87,242
Medical research	367	400	381	446	452	527
Central health and other services	1,013	1,191	1,214	1,485	1,670	1,666
<b>Total health</b>	<b>54,343</b>	<b>59,801</b>	<b>66,220</b>	<b>74,730</b>	<b>82,534</b>	<b>89,435</b>
<b>Recreation, culture and religion</b>						
Heritage, arts, libraries and films	2,391	2,496	2,726	3,013	3,152	3,537
Sport and recreation	2,029	2,088	2,298	2,452	2,667	2,892
Broadcasting	2,382	2,752	3,140	3,047	3,203	3,317
Lottery	1,514	1,313	1,473	1,025	829	1,591
Other recreation, culture and religion	40	46	52	63	72	92
<b>Total recreation, culture and religion</b>	<b>8,356</b>	<b>8,696</b>	<b>9,689</b>	<b>9,599</b>	<b>9,924</b>	<b>11,430</b>
<b>Education and training<sup>(3)</sup></b>						
<i>of which: Education</i>	44,496	49,848	53,289	59,206	63,684	67,854
Under fives	2,514	3,123	3,320	3,788	4,171	4,257
Primary schools	12,497	13,681	14,645	16,439	17,179	18,192
Secondary schools	13,189	14,735	15,875	17,968	19,349	20,375
Higher Education	5,907	6,382	6,757	7,219	7,761	8,361
Further Education	4,776	5,728	6,378	7,133	7,378	8,016
Student support	1,804	1,515	1,228	1,156	1,925	2,080
Training	1,401	1,132	1,458	1,655	1,738	1,886
Other education and training	3,809	4,686	5,085	5,503	5,922	6,573
<b>Total education and training</b>	<b>45,898</b>	<b>50,981</b>	<b>54,748</b>	<b>60,861</b>	<b>65,423</b>	<b>69,740</b>



**Table 3.6 Total Expenditure on Services by sub-function, 2000–01 to 2005–06 (continued)**

	accruals, £ million					
	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
<b>Social protection</b>						
Incapacity, disability and injury benefits	19,825	21,455	21,385	22,444	23,381	24,069
State pensions	47,824	51,585	54,246	57,186	61,365	65,043
Public service occupational pensions <sup>(4)</sup>	4,820	5,034	4,012	1,866	1,064	291
Widows' benefits	1,023	1,133	1,126	1,041	954	915
Family benefits, income support and tax credits	22,375	23,931	25,972	31,154	32,990	34,400
Unemployment benefits <sup>(5)</sup>	3,176	2,938	4,195	4,114	3,832	4,063
Housing benefits	11,548	11,910	13,045	12,837	13,504	14,365
Personal social services	13,444	14,511	16,859	20,840	22,849	23,796
Administration and miscellaneous services	3,826	4,061	3,834	3,772	3,774	3,376
<b>Total social protection</b>	<b>127,860</b>	<b>136,557</b>	<b>144,673</b>	<b>155,254</b>	<b>163,714</b>	<b>170,320</b>
<b>Unallocated</b>						
Departmental unallocated provision	—	—	—	—	—	28
Allowance for shortfall	—	—	—	—	—	-1,259
<b>Total unallocated</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-1,231</b>
<b>Total Expenditure on Services</b>	<b>353,242</b>	<b>375,682</b>	<b>402,123</b>	<b>439,562</b>	<b>471,547</b>	<b>502,435</b>
Accounting adjustments	13,086	13,875	19,142	17,991	19,445	20,717
<b>Total Managed Expenditure</b>	<b>366,328</b>	<b>389,557</b>	<b>421,265</b>	<b>457,553</b>	<b>490,992</b>	<b>523,152</b>

(1) Debt interest figures are gross.

(2) Debt interest payments to the private sector and overseas that exclude all intra-public sector payments of debt interest.

(3) From 2003–04, these figures include employers' contributions for costs of pensions increases that score within DEL.

(4) Lower figures from 2003–04 reflect receipts of employers' contributions for costs of pensions increases – see footnote (3).

(5) From 2002–03, the Unemployment benefits line includes the relevant pay costs of Jobcentre Plus staff.

Table 3.7 Total Expenditure on Services by economic category, 2000–01 to 2005–06

	accruals, £ million					
	National Statistics					
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Public sector current expenditure on services</b>						
Pay <sup>(1)</sup>	93,913	101,717	111,032	120,603	130,153	} 249,931
Procurement	79,486	82,947	89,923	103,004	108,804	
Subsidies	6,647	7,870	7,438	9,138	8,398	
Social benefits and other grants to private sector	127,819	138,578	146,282	154,552	161,785	170,119
Current transfers abroad	2,525	554	2,439	2,396	5,908	7,182
Public sector debt interest	26,615	22,732	21,821	23,122	24,871	26,591
<b>Total public sector current expenditure on services</b>	<b>337,005</b>	<b>354,397</b>	<b>378,935</b>	<b>412,816</b>	<b>439,920</b>	<b>463,465</b>
Accounting adjustments	10,976	11,757	16,128	15,941	15,435	18,387
<b>Total public sector current expenditure</b>	<b>347,981</b>	<b>366,154</b>	<b>395,063</b>	<b>428,757</b>	<b>455,355</b>	<b>481,852</b>
<b>Public sector capital expenditure on services</b>						
Capital expenditure	11,730	15,094	16,077	17,566	21,339	25,157
Stock building	119	13	20	26	255	431
Capital grants	4,388	6,178	7,091	9,155	10,034	13,382
<b>Total public sector capital expenditure on services</b>	<b>16,237</b>	<b>21,285</b>	<b>23,188</b>	<b>26,746</b>	<b>31,627</b>	<b>38,970</b>
Accounting adjustments	2,110	2,118	3,014	2,050	4,010	2,329
<b>Total public sector capital expenditure</b>	<b>18,347</b>	<b>23,403</b>	<b>26,202</b>	<b>28,796</b>	<b>35,637</b>	<b>41,299</b>
<b>Total public sector expenditure on services</b>	<b>353,242</b>	<b>375,682</b>	<b>402,123</b>	<b>439,562</b>	<b>471,547</b>	<b>502,435</b>
Accounting adjustments	13,086	13,875	19,142	17,991	19,445	20,717
<b>Total Managed Expenditure</b>	<b>366,328</b>	<b>389,557</b>	<b>421,265</b>	<b>457,553</b>	<b>490,992</b>	<b>523,152</b>

(1) Following the ONS's re-classification of NHS trusts to the central government sector in 2003, the pay costs of the staff of NHS trusts are now included in the Pay line; they used to be largely covered by health authorities' purchases from NHS trusts, included in the Procurement line. Figures for NHS trust staff pay for the outturn years for the UK (except 2004–05 which excludes Scotland), provided by the ONS, are set out below. Figures for forward years are not available, therefore so Pay and Procurement have not been separated.

£ million	2000–01	2001–02	2002–03	2003–04	2004–05
	24,406	25,528	26,744	28,273	28,607

**Table 3.8 Public sector current expenditure by spending sector and function, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Central government own</b>								
General public services	5,151	5,723	5,898	6,424	6,769	7,473	7,995	7,821
EU transactions	-2,579	-4,845	-1,885	-2,230	-892	-9	-2,712	832
International services	4,072	4,366	4,683	5,190	5,518	6,239	6,504	6,433
Debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
Defence	24,513	24,125	25,936	27,385	28,205	29,229	28,516	29,910
Public order and safety	8,405	10,141	11,416	12,278	13,256	13,825	13,317	13,660
Enterprise and economic development	2,393	2,368	3,351	3,675	3,882	4,139	3,705	3,762
Science and technology	1,296	1,480	1,748	1,794	1,950	2,250	2,212	2,109
Employment policies	3,801	3,751	3,416	3,424	3,569	3,463	3,480	3,369
Agriculture, fisheries and forestry	4,548	6,217	4,581	5,054	5,194	5,540	5,418	5,414
Transport	3,295	3,167	3,618	4,406	3,694	3,935	4,891	4,752
Environment protection	1,491	1,571	1,858	1,593	1,914	2,814	3,027	3,070
Housing and community amenities	1,287	1,245	1,101	1,371	725	1,028	982	931
Health	52,316	57,231	62,974	71,166	78,675	84,798	89,790	97,581
Recreation, culture and religion	4,203	4,477	4,836	4,950	5,068	5,497	5,684	5,692
Education and training	15,369	16,913	18,288	20,048	21,928	23,168	25,283	26,388
Social protection	103,046	110,243	114,981	122,555	128,348	132,178	137,250	142,582
Unallocated provision	—	—	—	—	—	-1,033	3,700	5,600
<b>Total central government own current expenditure on services</b>	<b>258,603</b>	<b>270,268</b>	<b>287,742</b>	<b>311,409</b>	<b>331,790</b>	<b>350,282</b>	<b>365,300</b>	<b>387,900</b>
Accounting adjustments	3,717	4,564	8,211	9,397	6,361	6,693	11,300	9,200
<b>Total central government own current expenditure</b>	<b>262,320</b>	<b>274,832</b>	<b>295,953</b>	<b>320,806</b>	<b>338,151</b>	<b>356,975</b>	<b>376,600</b>	<b>397,000</b>
<b>Local authorities<sup>(1)</sup></b>								
General public services	2,999	3,143	3,259	3,325	3,658	3,883	—	—
Debt interest	385	350	306	356	412	412	—	—
Defence	4	—	—	—	—	—	—	—
Public order and safety	11,132	11,541	12,042	13,345	14,143	14,619	—	—
Enterprise and economic development	354	376	392	430	452	483	—	—
Employment policies	46	47	53	69	57	59	—	—
Agriculture, fisheries and forestry	74	82	87	96	102	141	—	—
Transport	2,698	3,083	3,581	4,631	4,821	5,137	—	—
Environment protection	3,049	3,268	3,530	3,881	4,178	4,435	—	—
Housing and community amenities	1,471	1,677	1,690	2,178	2,409	2,315	—	—
Health	442	449	449	391	278	349	—	—
Recreation, culture and religion	2,734	2,879	3,138	3,427	3,479	3,558	—	—
Education and training	28,119	30,934	32,875	36,482	38,669	40,604	—	—
Social protection	24,660	26,014	29,219	32,356	35,002	36,756	—	—
<b>Total local authorities' current expenditure on services</b>	<b>78,167</b>	<b>83,842</b>	<b>90,621</b>	<b>100,968</b>	<b>107,658</b>	<b>112,751</b>	—	—
Accounting adjustments	7,259	7,193	7,917	6,544	9,074	11,694	—	—
<b>Total local authorities' current expenditure</b>	<b>85,426</b>	<b>91,035</b>	<b>98,538</b>	<b>107,512</b>	<b>116,732</b>	<b>124,445</b>	<b>129,600</b>	<b>136,700</b>
<b>Public corporations</b>								
Debt interest	235	287	572	439	472	432	400	400
<b>Total public corporations' current expenditure</b>	<b>235</b>	<b>287</b>	<b>572</b>	<b>439</b>	<b>472</b>	<b>432</b>	<b>400</b>	<b>400</b>
<b>Public sector current expenditure</b>	<b>347,981</b>	<b>366,154</b>	<b>395,063</b>	<b>428,757</b>	<b>455,355</b>	<b>481,852</b>	<b>506,700</b>	<b>534,200</b>

(1) The local authority current expenditure figures for 2005–06 reflect local authority budgets data, as set at the beginning of 2005–06. This differs from the totals of local authority current expenditure in this table, which reflects latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2006. The difference in sources is adjusted for within the accounting adjustments.

**Table 3.9 Public sector capital expenditure by spending sector and function, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Central government own</b>								
General public services	–8	445	531	558	736	574	558	634
International services	116	108	119	97	110	143	141	137
Defence	1,072	1,214	1,012	1,371	1,539	1,812	1,432	1,309
Public order and safety	362	776	769	738	911	886	3,323	1,207
Enterprise and economic development	637	1,281	948	1,096	1,514	1,514	1,401	1,674
Science and technology	120	171	284	461	482	639	534	503
Employment policies	16	38	60	373	110	346	115	84
Agriculture, fisheries and forestry	91	167	144	202	170	234	194	199
Transport	700	1,843	2,367	3,534	3,863	4,714	3,119	4,599
Environment protection	263	388	289	312	358	748	948	922
Housing and community amenities	1,085	1,266	1,457	1,944	2,330	2,257	2,298	2,668
Health	1,577	2,116	2,794	3,110	3,519	4,217	5,606	7,020
Recreation, culture and religion	779	629	1,028	537	517	1,191	1,241	1,145
Education and training	600	983	1,287	1,480	1,612	2,351	2,202	2,329
Social protection	39	180	321	171	172	1,041	408	321
Unallocated provision	—	—	—	—	—	–198	1,900	2,200
<b>Total central government own capital expenditure on services</b>	<b>7,448</b>	<b>11,604</b>	<b>13,408</b>	<b>15,983</b>	<b>17,941</b>	<b>22,470</b>	<b>25,400</b>	<b>27,000</b>
Accounting adjustments	–3,836	–1,949	–3,848	–3,007	303	1,103	1,000	1,000
<b>Total central government own capital expenditure</b>	<b>3,612</b>	<b>9,655</b>	<b>9,560</b>	<b>12,976</b>	<b>18,244</b>	<b>23,573</b>	<b>26,400</b>	<b>28,000</b>
<b>Local authorities</b>								
General public services	200	288	361	442	818	950	—	—
Public order and safety	289	405	512	618	703	801	—	—
Enterprise and economic development	41	52	–6	12	–1	–64	—	—
Employment policies	5	3	1	0	0	0	—	—
Agriculture, fisheries and forestry	–33	–30	–38	–40	–32	–36	—	—
Transport	1,552	2,070	2,681	2,817	3,001	3,552	—	—
Environment protection	134	166	220	329	422	553	—	—
Housing and community amenities	978	1,528	776	520	1,835	3,031	—	—
Health	—	—	—	58	62	71	—	—
Recreation, culture and religion	609	680	664	662	833	1,184	—	—
Education and training	1,810	2,151	2,298	2,852	3,214	3,617	—	—
Social protection	116	120	153	171	191	345	—	—
<b>Total local authorities' capital expenditure on services</b>	<b>5,703</b>	<b>7,433</b>	<b>7,622</b>	<b>8,442</b>	<b>11,048</b>	<b>14,006</b>	<b>—</b>	<b>—</b>
Accounting adjustments	5,504	2,523	3,765	3,286	2,380	113	—	—
<b>Total local authorities' capital expenditure</b>	<b>11,207</b>	<b>9,956</b>	<b>11,387</b>	<b>11,728</b>	<b>13,428</b>	<b>14,119</b>	<b>15,400</b>	<b>16,700</b>
<b>Public corporations</b>								
General public services	50	64	58	63	127	112	93	88
International services	31	23	5	41	14	47	39	39
Defence	50	53	91	61	96	70	103	99
Public order and safety	1	15	2	13	—	10	11	11
Enterprise and economic development	1,448	821	938	1,164	1,029	549	846	832
Employment policies	1	2	6	5	7	4	5	5
Agriculture, fisheries and forestry	4	5	13	3	–2	–1	–1	–1
Transport	979	729	689	542	726	1,039	1,068	985
Environment protection	39	2	19	5	5	–2	–3	–3
Housing and community amenities	445	499	310	396	609	667	663	660
Health	7	5	3	5	—	—	—	—
Recreation, culture and religion	31	31	24	23	27	0	5	5
Social protection	—	—	—	—	—	—	—	—
<b>Total public corporations' capital expenditure on services</b>	<b>3,086</b>	<b>2,247</b>	<b>2,158</b>	<b>2,321</b>	<b>2,636</b>	<b>2,494</b>	<b>2,829</b>	<b>2,722</b>
Accounting adjustments	442	1,545	3,097	1,771	1,329	1,114	1,000	1,100
<b>Total public corporations' capital expenditure</b>	<b>3,528</b>	<b>3,792</b>	<b>5,255</b>	<b>4,092</b>	<b>3,965</b>	<b>3,600</b>	<b>3,800</b>	<b>3,900</b>
<b>Public sector capital expenditure</b>	<b>18,347</b>	<b>23,403</b>	<b>26,202</b>	<b>28,796</b>	<b>35,637</b>	<b>41,299</b>	<b>45,600</b>	<b>48,600</b>

**Table 3.10 Public sector receipts from sales of assets<sup>(1)</sup>, 2000–01 to 2005–06**

	National Statistics					accruals, £ million
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
<b>Central government</b>						
Receipts from sale of land and existing buildings	775	560	743	826	928	1,072
Other	233	250	153	242	183	77
<b>Total central government</b>	<b>1,008</b>	<b>811</b>	<b>896</b>	<b>1,069</b>	<b>1,111</b>	<b>1,149</b>
<b>Local authorities</b>						
Receipts from sale of land and existing buildings	3,598	3,533	5,121	5,570	5,157	5,148
Other	20	10	10	11	12	13
<b>Total local authorities</b>	<b>3,618</b>	<b>3,543</b>	<b>5,131</b>	<b>5,582</b>	<b>5,169</b>	<b>5,161</b>
<b>General government</b>	<b>4,626</b>	<b>4,354</b>	<b>6,028</b>	<b>6,650</b>	<b>6,280</b>	<b>6,310</b>
<b>Public corporations</b>						
Receipts from sale of land and existing buildings	210	137	199	164	133	80
Other	233	39	30	21	22	3
<b>Total public corporations</b>	<b>443</b>	<b>176</b>	<b>229</b>	<b>186</b>	<b>155</b>	<b>83</b>
<b>Total public sector</b>	<b>5,068</b>	<b>4,530</b>	<b>6,257</b>	<b>6,836</b>	<b>6,435</b>	<b>6,393</b>

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



# 4

## CENTRAL GOVERNMENT OWN EXPENDITURE

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### Introduction

**4.1** This section provides summary analyses of central government own expenditure. That is the expenditure of government departments and other central government bodies on their own activities. In these analyses central government includes the devolved administrations and non-departmental public bodies. In addition to staff pay, procurement and capital expenditure, central government own expenditure includes grants and subsidies paid to individuals and enterprises in the private sector and subsidies to public corporations. It excludes central government support for the spending of local authorities and support for the capital expenditure of public corporations. Central government own expenditure accounts for about 70 per cent of Departmental Expenditure Limits (DEL) and about 90 per cent of departmental Annually Managed Expenditure (AME).

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

**4.3** All outturn data (to 2004-05) in this chapter are National Statistics.

### Central government own expenditure by department

**4.4** **Table 4.1** gives a departmental breakdown of central government own current plus capital expenditure, actual and planned, for the period 2000-01 to 2007-08. Expenditure falling in DEL is shown separately from expenditure falling in departmental AME. DEL expenditure in this table excludes depreciation. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government – some of which will be recorded under Scotland, Wales or Northern Ireland. Partly as a result, social security, health and defence together account for some two thirds of total central government own spending. Other AME includes locally financed expenditure in Northern Ireland that is classified as central government spending.

### Central government own current and capital expenditure by department

**4.5** **Tables 4.2** and **4.3** show, for 2000-01 through to 2007-08, central government DEL and departmental AME expenditure, actual and planned, for each department, separated between current/resource and capital expenditure. Departmental totals for resource expenditure exclude depreciation and include other non-cash items. These are deducted in the accounting adjustments to get to a measure of total current expenditure that is consistent with national accounts. There are also some differences in the classification of expenditure as capital or current in the budgeting regime (i.e. DEL and AME) and national accounts. These differences are accounted for in the 'add/remove items classified as capital in national accounts' lines.

## Central government own expenditure by economic category

**4.6** Table 4.4 shows central government own expenditure by economic category, within the framework of the central government component of Total Expenditure on Services (TES). TES is an overall measure of public spending which is close to TME. So it represents, broadly, current plus capital expenditure. TES excludes non-cash spending. Full details of the definition of TES are available in appendix E.

## Central government own expenditure by function

**4.7** Table 4.5 shows central government own expenditure by function. This allocates expenditure of central government departments and the devolved administrations in Scotland, Wales and Northern Ireland to the different functions of government. As with table 4.4, and the functional analyses in chapter 3, this functional table is set within the framework of TES. 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.



**Table 4.1 Central government own expenditure by departmental group, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Within DEL</b>								
Education and Skills	11,935	13,961	15,595	17,392	18,429	19,783	21,548	22,820
Health	45,625	53,233	56,973	64,051	69,122	76,918	84,468	92,240
Transport	2,934	3,959	5,199	6,467	6,206	7,329	8,444	7,471
Office of the Deputy Prime Minister	1,969	2,290	2,953	3,995	3,972	3,970	4,132	4,611
Local Government	250	263	257	285	326	332	298	341
Home Office	4,608	6,686	7,138	7,556	7,960	8,328	7,988	8,310
Constitutional Affairs	2,609	2,813	3,202	3,119	3,040	3,786	3,953	4,000
Attorney General's Departments	400	457	519	582	646	695	693	724
Defence	31,500	30,740	29,330	31,096	33,080	31,960	31,992	33,369
Foreign and Commonwealth Office	1,316	1,362	1,505	1,495	1,718	1,942	1,778	1,623
International Development	2,975	3,077	3,434	3,716	3,810	4,405	4,942	5,261
Trade and Industry	5,802	4,995	3,761	4,092	4,667	6,159	6,244	6,520
Environment, Food and Rural Affairs	2,862	2,799	2,762	2,720	2,950	3,338	3,405	3,517
Culture, Media and Sport	990	946	1,163	1,268	1,383	1,504	1,638	1,700
Work and Pensions	5,400	5,821	6,612	7,024	7,249	7,454	7,183	6,956
Scotland	9,887	11,114	11,789	13,409	13,941	15,331	16,601	17,540
Wales	4,592	5,066	5,907	6,428	7,004	7,791	8,011	8,662
Northern Ireland Executive	5,788	5,628	6,333	6,545	6,917	7,591	7,840	8,374
Northern Ireland Office	978	1,083	1,093	1,053	1,204	1,024	1,207	1,163
Chancellor's Departments	3,345	4,020	4,284	4,606	5,019	5,334	5,197	5,179
Cabinet Office	1,419	1,630	1,701	2,141	2,070	2,176	2,145	2,201
Allowance for shortfall	—	—	—	—	—	-1,259	—	—
<b>Total CG own expenditure within DEL<sup>(1)(2)</sup></b>	<b>147,185</b>	<b>161,942</b>	<b>171,507</b>	<b>189,037</b>	<b>200,713</b>	<b>215,890</b>	<b>229,706</b>	<b>242,583</b>
<b>Within Departmental AME</b>								
Education and Skills	8,189	8,829	9,284	8,760	8,708	10,743	11,934	13,023
Health	3,783	3,950	4,569	6,194	6,627	9,771	10,262	11,072
Transport	1,725	2,107	3,055	3,088	2,150	1,959	1,878	2,846
Office of the Deputy Prime Minister	449	355	241	208	65	235	199	144
Home Office	1	173	2,013	40	1	5	291	306
Constitutional Affairs	92	96	101	58	62	80	88	96
Defence	4,420	4,607	6,137	4,472	4,128	5,146	5,488	5,613
International Development	81	59	51	77	77	71	258	264
Trade and Industry	2,009	1,533	3,321	159	-1,372	155	-1,023	-548
Environment, Food and Rural Affairs	1,848	1,767	53	74	72	125	51	51
Culture, Media and Sport	3,844	4,020	4,478	4,366	3,802	4,691	4,806	4,717
Work and Pensions	77,237	82,329	85,851	90,355	94,614	98,013	100,081	103,926
Scotland	1,639	2,062	2,072	1,660	1,947	2,387	2,562	2,732
Wales	-84	148	181	342	241	267	285	294
Northern Ireland Executive	4,343	5,201	5,215	5,348	5,803	8,049	8,204	8,397
Northern Ireland Office	—	—	—	—	—	222	236	252
Chancellor's Departments	12,588	14,110	15,079	19,888	21,829	23,428	25,123	26,267
Cabinet Office	3,255	4,699	4,581	5,017	5,383	5,827	5,937	6,267
<b>Total CG own expenditure within Dept AME<sup>(1)</sup></b>	<b>125,416</b>	<b>136,045</b>	<b>146,285</b>	<b>150,107</b>	<b>154,136</b>	<b>171,173</b>	<b>176,662</b>	<b>185,718</b>
Locally financed expenditure in								
Northern Ireland	307	348	361	384	410	457	506	544
Net expenditure transfers to the EU	2,318	-690	2,782	3,448	4,907	4,435	5,432	6,509
Central government debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
Accounting and other adjustments	-35,288	-35,253	-36,366	-31,521	-27,758	-37,154	-35,600	-38,300
<b>Total CG own expenditure</b>	<b>265,932</b>	<b>284,487</b>	<b>305,513</b>	<b>333,782</b>	<b>356,395</b>	<b>380,548</b>	<b>403,000</b>	<b>425,000</b>

(1) Total DEL and AME are shown excluding depreciation.

(2) The CG DEL figures shown above exclude the £800 million unallocated Special Reserve in 2006-07. The DEL Reserve and unallocated amounts for the Invest to Save Budget are excluded in 2006-07 and 2007-08. AME figures for 2006-07 and 2007-08 exclude the AME margin. Amounts for unallocated Special Reserve, DEL Reserve and Invest to Save Budget can be found in Table 1.12. The amounts for AME margin can be found in Table 1.1

**Table 4.2 Central government own current expenditure by departmental group, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics						2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn		
<b>Within resource DEL</b>								
Education and Skills	11,547	13,235	14,629	16,404	17,250	18,174	20,067	21,273
Health	44,379	51,469	54,900	61,497	66,572	74,045	79,300	86,138
Transport	2,440	2,339	2,972	3,306	2,828	3,168	3,642	3,488
Office of the Deputy Prime Minister	813	971	1,242	1,050	1,123	939	1,158	1,325
Local Government	249	263	257	283	326	332	298	341
Home Office	4,360	6,116	6,536	7,003	7,323	7,728	7,325	7,516
Constitutional Affairs	2,590	2,761	3,158	3,023	2,891	3,633	3,813	3,852
Attorney General's Departments	387	434	511	571	635	686	678	710
Defence	26,090	24,902	23,185	25,018	26,252	25,171	25,058	25,778
Foreign and Commonwealth Office	1,216	1,307	1,409	1,445	1,645	1,828	1,667	1,514
International Development	2,976	3,038	3,402	3,675	3,778	4,391	4,939	5,255
Trade and Industry	5,490	4,555	3,215	3,300	4,000	5,101	5,246	5,517
Environment, Food and Rural Affairs	2,610	2,427	2,423	2,315	2,581	2,850	2,785	2,864
Culture, Media and Sport	986	934	1,136	1,163	1,280	1,314	1,465	1,497
Work and Pensions	5,375	5,672	6,373	6,865	6,962	7,067	7,015	6,901
Scotland	9,405	10,166	10,669	12,313	12,537	13,855	14,779	15,619
Wales	4,203	4,634	5,384	5,961	6,465	7,191	7,239	7,698
Northern Ireland Executive	5,159	5,018	5,652	5,881	6,178	6,658	6,988	7,431
Northern Ireland Office	943	1,042	1,039	1,003	1,134	969	1,135	1,092
Chancellor's Departments	3,576	3,814	4,022	4,354	4,598	4,928	4,882	4,868
Cabinet Office	1,219	1,417	1,520	1,620	1,832	1,918	1,882	1,937
Allowance for shortfall	—	—	—	—	—	-960	—	—
<b>Total within resource DEL<sup>(1)</sup></b>	<b>136,015</b>	<b>146,513</b>	<b>153,632</b>	<b>168,049</b>	<b>178,189</b>	<b>190,987</b>	<b>201,360</b>	<b>212,614</b>
<b>Within resource Departmental AME</b>								
Education and Skills	6,467	6,940	7,283	6,715	6,690	8,589	9,161	9,620
Health	3,783	3,950	4,569	6,194	6,398	8,894	10,178	11,072
Transport	1,725	2,107	2,089	2,117	2,085	1,959	1,878	2,846
Office of the Deputy Prime Minister	449	355	241	208	65	235	199	144
Home Office	1	173	2,013	40	1	5	291	306
Constitutional Affairs	92	96	101	58	62	80	88	96
Defence	4,420	4,446	6,137	4,472	4,128	5,146	5,488	5,613
International Development	81	59	51	77	77	71	258	264
Trade and Industry	749	1,144	3,549	1,301	-510	833	72	75
Environment, Food and Rural Affairs	1,847	1,766	51	73	71	125	51	51
Culture, Media and Sport	3,115	3,460	3,524	3,999	3,456	3,722	3,845	3,865
Work and Pensions	77,214	82,254	85,775	90,265	94,533	97,912	99,874	103,785
Scotland	1,466	1,866	1,856	1,469	1,775	2,217	2,393	2,564
Wales	-84	148	181	342	241	267	285	294
Northern Ireland Executive	4,343	5,111	5,125	5,199	5,555	7,707	7,888	8,051
Northern Ireland Office	—	—	—	—	—	222	236	252
Chancellor's Departments	12,588	14,110	15,079	19,489	21,601	22,548	24,883	26,027
Cabinet Office	3,255	4,699	4,581	5,017	5,383	5,827	5,937	6,267
<b>Total within resource Departmental AME</b>	<b>121,508</b>	<b>132,684</b>	<b>142,208</b>	<b>147,036</b>	<b>151,611</b>	<b>166,357</b>	<b>173,006</b>	<b>181,191</b>
Locally financed expenditure in								
Northern Ireland	307	348	361	384	410	457	506	544
Net expenditure transfers to the EU	2,318	-690	2,782	3,448	4,907	4,435	5,432	6,509
Central government debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
Remove items classified as capital in National Accounts	-363	-53	24	44	198	239	-87	-32
Add items classified as current in National Accounts	5,235	4,960	5,118	5,156	5,271	5,016	5,501	6,260
Accounting and other adjustments	-28,693	-31,027	-29,114	-25,638	-26,421	-36,262	-35,400	-38,000
<b>Total CG own current expenditure</b>	<b>262,320</b>	<b>274,832</b>	<b>295,953</b>	<b>320,806</b>	<b>338,151</b>	<b>356,975</b>	<b>376,600</b>	<b>397,000</b>

(1) The CG Resource DEL figures shown above exclude the £800 million unallocated Special Reserve in 2006-07. The resource parts of the DEL Reserve and unallocated amounts for the Invest to Save Budget are excluded in 2006-07 and 2007-08. Amounts for these items can be found in Table I.5.

**Table 4.3 Central government own capital expenditure by departmental group, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>Within capital DEL</b>								
Education and Skills	388	726	966	988	1,178	1,609	1,481	1,548
Health	1,246	1,764	2,074	2,554	2,550	2,872	5,167	6,102
Transport	494	1,620	2,227	3,160	3,377	4,161	4,802	3,983
Office of the Deputy Prime Minister	1,156	1,319	1,711	2,945	2,849	3,031	2,974	3,286
Local Government	0	0	—	1	0	0	1	1
Home Office	249	570	602	552	636	600	663	793
Constitutional Affairs	19	52	44	96	149	153	140	148
Attorney General's Departments	14	23	8	11	11	9	15	15
Defence	5,410	5,837	6,144	6,078	6,828	6,789	6,934	7,591
Foreign and Commonwealth Office	99	55	96	50	74	114	111	109
International Development	-1	38	31	42	32	14	4	6
Trade and Industry	312	440	546	792	668	1,058	998	1,003
Environment, Food and Rural Affairs	251	372	339	405	369	488	620	654
Culture, Media and Sport	4	12	27	105	104	190	172	203
Work and Pensions	26	149	239	159	288	387	168	54
Scotland	482	948	1,120	1,096	1,404	1,475	1,822	1,921
Wales	389	432	523	467	539	600	772	964
Northern Ireland Executive	629	609	681	664	740	933	853	942
Northern Ireland Office	35	41	53	50	71	55	72	72
Chancellor's Departments	-231	205	262	253	420	406	315	310
Cabinet Office	200	214	181	521	238	258	263	263
Allowance for shortfall	—	—	—	—	—	-299	—	—
<b>Total within capital DEL<sup>(1)</sup></b>	<b>11,170</b>	<b>15,428</b>	<b>17,876</b>	<b>20,988</b>	<b>22,524</b>	<b>24,903</b>	<b>28,346</b>	<b>29,969</b>
<b>Within capital Departmental AME</b>								
Education and Skills	1,722	1,889	2,002	2,046	2,018	2,155	2,773	3,403
Health	—	—	—	—	229	877	84	—
Transport	—	—	966	970	65	—	—	—
Defence	—	161	—	—	—	—	—	—
Trade and Industry	1,260	389	-228	-1,142	-862	-678	-1,095	-623
Environment, Food and Rural Affairs	1	1	1	1	1	—	—	—
Culture, Media and Sport	730	560	953	367	346	969	961	852
Work and Pensions	22	75	77	90	80	101	207	141
Scotland	173	196	216	191	172	170	168	168
Northern Ireland Executive	—	90	90	149	248	342	316	346
Chancellor's Departments	0	—	—	400	228	880	240	240
<b>Total within capital Departmental AME</b>	<b>3,909</b>	<b>3,361</b>	<b>4,078</b>	<b>3,071</b>	<b>2,525</b>	<b>4,816</b>	<b>3,655</b>	<b>4,527</b>
Add items classified as capital in								
National Accounts	363	53	-24	-44	-198	-239	87	32
Remove items classified as current in								
National Accounts	-5,235	-4,960	-5,118	-5,156	-5,271	-5,016	-5,501	-6,260
Accounting and other adjustments	-6,595	-4,226	-7,252	-5,883	-1,336	-892	-200	-300
<b>Total CG own capital expenditure</b>	<b>3,612</b>	<b>9,655</b>	<b>9,560</b>	<b>12,976</b>	<b>18,244</b>	<b>23,573</b>	<b>26,400</b>	<b>28,000</b>

(1) The CG DEL figures shown above exclude Capital part of the DEL Reserve and unallocated amounts for the Invest to Save Budget in 2006-07 and 2007-08. Amounts for these items can be found in Table 1.10.

**Table 4.4 Central government own Expenditure on Services by economic category, 2000-01 to 2007-08**

	accruals, £ million							
	National Statistics					2005-06 estimated outturn	2006-07 plans	2007-08 plans
	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn			
<b>Central government current expenditure on services</b>								
Pay <sup>(1)</sup>	48,495	52,947	58,979	63,402	68,586	} 155,563	166,600	179,200
Procurement	60,095	61,752	66,583	75,167	79,529			
Subsidies	5,787	6,794	5,920	6,842	6,122	6,709	7,014	6,860
Social benefits and other grants to private sector	115,707	126,126	132,877	141,275	147,658	155,080	161,266	166,105
Current transfers abroad	2,525	554	2,439	2,396	5,908	7,182	4,191	7,731
Central Government debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
<b>Total central government current expenditure on services<sup>(2)</sup></b>	<b>258,603</b>	<b>270,268</b>	<b>287,742</b>	<b>311,409</b>	<b>331,790</b>	<b>350,282</b>	<b>365,300</b>	<b>387,900</b>
Accounting adjustments	3,717	4,564	8,211	9,397	6,361	6,693	11,300	9,200
<b>Total central government current expenditure</b>	<b>262,320</b>	<b>274,832</b>	<b>295,953</b>	<b>320,806</b>	<b>338,151</b>	<b>356,975</b>	<b>376,600</b>	<b>397,000</b>
<b>Central government capital expenditure on services</b>								
Capital expenditure <sup>(3)</sup>	4,316	6,535	7,295	7,979	9,037	10,242	13,900	15,600
Stock building	—	-53	-14	—	241	425	95	80
Capital grants	3,132	5,122	6,128	8,004	8,663	11,803	11,409	11,341
<b>Total central government capital expenditure on services<sup>(2)</sup></b>	<b>7,448</b>	<b>11,604</b>	<b>13,408</b>	<b>15,983</b>	<b>7,941</b>	<b>22,470</b>	<b>25,400</b>	<b>27,000</b>
Accounting adjustments	-3,836	-1,949	-3,848	-3,007	303	1,103	1,000	1,000
<b>Total central government capital expenditure</b>	<b>3,612</b>	<b>9,655</b>	<b>9,560</b>	<b>12,976</b>	<b>18,244</b>	<b>23,573</b>	<b>26,400</b>	<b>28,000</b>
<b>Total central government expenditure on services</b>	<b>266,051</b>	<b>281,872</b>	<b>301,150</b>	<b>327,392</b>	<b>349,731</b>	<b>372,752</b>	<b>390,700</b>	<b>414,800</b>
Accounting adjustments	-119	2,615	4,363	6,390	6,664	7,796	12,300	10,200
<b>Total central government expenditure</b>	<b>265,932</b>	<b>284,487</b>	<b>305,513</b>	<b>333,782</b>	<b>356,395</b>	<b>380,548</b>	<b>403,000</b>	<b>425,000</b>

(1) Following the ONS's re-classification of NHS trusts to the central government sector in 2003, the pay costs of the staff of NHS trusts are now included in the Pay line; they used to be largely covered by health authorities' purchases from NHS trusts, included in the Procurement line. Figures for NHS trust staff pay for the outturn years for the UK (except 2004-05, which excludes Scotland), provided by the ONS, are set out below. Figures for forward years are not available, therefore so Pay and Procurement have not been separated.

£ million

	2000-01	2001-02	2002-03	2003-04	2004-05
	24,406	25,528	26,744	28,273	28,607

(2) CG figures shown above exclude the £800 million unallocated Special Reserve in 2006-07. The DEL Reserve and unallocated amounts for the Invest to Save Budget are excluded in 2005-06, 2006-07 and 2007-08. AME figures for 2005-06, 2006-07 and 2007-08 exclude the AME margin. Amounts for unallocated Special Reserve, DEL Reserve and Invest to Save Budget can be found in Table 1.11. The amounts for AME margin can be found in Table 1.1.

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

**Table 4.5 Central government Expenditure on Services by function, 2000-01 to 2007-08**

	accruals, £ million							
	National Statistics					2005-06 estimated outturn	2006-07 plans	2007-08 plans
2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn				
<b>General public services</b>								
Public and common services	5,143	6,168	6,429	6,982	7,505	8,047	8,553	8,455
<b>Total General public services</b>	<b>5,143</b>	<b>6,168</b>	<b>6,429</b>	<b>6,982</b>	<b>7,505</b>	<b>8,047</b>	<b>8,553</b>	<b>8,455</b>
<b>EU transactions</b>								
GNI-based contribution, (net of abatement and collection costs) derived as:	2,104	-901	2,275	2,806	4,356	4,249	5,046	6,510
<i>EC gross contribution (pre-abatement and after deduction of collection costs)</i>	10,640	9,211	9,737	11,371	12,183	11,780	11,981	14,247
<i>Traditional Own Resources (before deduction of collection costs) and VAT contributions</i>	-6,314	-5,685	-4,229	-4,690	-4,104	-3,888	-4,031	-4,016
<i>UK's abatement</i>	-2,223	-4,427	-3,233	-3,874	-3,722	-3,641	-2,903	-3,722
EC receipts	-4,099	-3,309	-3,424	-4,237	-4,552	-3,640	-7,090	-5,023
Attributed aid and CFSP	-584	-635	-736	-799	-696	-618	-668	-655
<b>Total EU transactions</b>	<b>-2,579</b>	<b>-4,845</b>	<b>-1,885</b>	<b>-2,230</b>	<b>-892</b>	<b>-9</b>	<b>-2,712</b>	<b>832</b>
<b>International services</b>								
Other international services	1,299	1,420	1,535	1,595	1,909	2,034	1,778	1,538
International development assistance	2,889	3,053	3,266	3,692	3,719	4,349	4,868	5,032
<b>Total international services</b>	<b>4,188</b>	<b>4,473</b>	<b>4,801</b>	<b>5,287</b>	<b>5,628</b>	<b>6,382</b>	<b>6,645</b>	<b>6,570</b>
<b>Central government debt interest</b>								
Central government debt interest	25,995	22,095	20,943	22,327	23,987	25,747	26,277	27,953
<b>Total central government debt interest</b>	<b>25,995</b>	<b>22,095</b>	<b>20,943</b>	<b>22,327</b>	<b>23,987</b>	<b>25,747</b>	<b>26,277</b>	<b>27,953</b>
<b>Defence</b>								
National defence	25,582	25,337	26,943	28,669	29,709	31,000	29,915	31,191
Civil defence	2	3	4	86	35	41	33	28
<b>Total defence</b>	<b>25,585</b>	<b>25,339</b>	<b>26,948</b>	<b>28,756</b>	<b>29,744</b>	<b>31,041</b>	<b>29,948</b>	<b>31,219</b>
<b>Public order and safety</b>								
Police	1,026	1,713	2,095	2,260	2,682	2,830	4,369	1,982
Fire	80	87	172	114	111	103	129	235
Administration of justice	3,163	4,018	4,453	4,871	5,535	5,662	5,723	5,840
Immigration and citizenship	1,398	1,729	1,797	1,942	1,704	1,547	1,606	1,610
Prisons and offender programmes	2,457	2,591	2,888	2,983	3,241	3,613	3,824	4,149
Other public order and safety	645	780	780	847	894	956	989	1,052
<b>Total public order and safety</b>	<b>8,767</b>	<b>10,917</b>	<b>12,184</b>	<b>13,016</b>	<b>14,167</b>	<b>14,711</b>	<b>16,639</b>	<b>14,867</b>
<b>Enterprise and economic development</b>								
Economic development and trade	550	668	760	706	795	896	798	910
Support for business	816	1,226	1,435	1,653	1,908	1,826	1,702	1,360
Regional policy	1,665	1,755	2,104	2,412	2,693	2,931	2,605	3,165
<b>Total enterprise and economic development</b>	<b>3,030</b>	<b>3,649</b>	<b>4,299</b>	<b>4,771</b>	<b>5,396</b>	<b>5,653</b>	<b>5,106</b>	<b>5,436</b>
<b>Science and technology</b>								
Science and technology	1,416	1,651	2,032	2,255	2,432	2,890	2,746	2,612
<b>Total science and technology</b>	<b>1,416</b>	<b>1,651</b>	<b>2,032</b>	<b>2,255</b>	<b>2,432</b>	<b>2,890</b>	<b>2,746</b>	<b>2,612</b>
<b>Employment policies</b>								
Employment policies	3,817	3,788	3,476	3,797	3,678	3,809	3,595	3,453
<b>Total employment policies</b>	<b>3,817</b>	<b>3,788</b>	<b>3,476</b>	<b>3,797</b>	<b>3,678</b>	<b>3,809</b>	<b>3,595</b>	<b>3,453</b>

**Table 4.5 Central government Expenditure on Services by function, 2000-01 to 2007-08 (continued)**

	accruals, £ million							
	National Statistics					2005-06 estimated outturn	2006-07 plans	2007-08 plans
2000-01	2001-02	2002-03	2003-04	2004-05				
	outturn	outturn	outturn	outturn	outturn			
<b>Agriculture, fisheries and forestry</b>								
Market support under CAP	3,001	2,777	2,843	3,400	3,571	3,806	3,783	3,785
Other agriculture, food and fisheries policy	1,541	3,511	1,781	1,751	1,690	1,883	1,709	1,707
Forestry	97	96	101	104	103	84	120	121
<b>Total agriculture, fisheries and forestry</b>	<b>4,639</b>	<b>6,384</b>	<b>4,725</b>	<b>5,256</b>	<b>5,364</b>	<b>5,774</b>	<b>5,612</b>	<b>5,614</b>
<b>Transport</b>								
National roads	1,949	2,108	2,389	2,260	2,351	3,133	3,227	3,180
Local roads	170	181	216	229	259	340	247	302
Local public transport	369	354	370	1,275	431	482	475	494
Railways	1,054	1,799	2,444	3,396	3,783	3,614	2,537	3,910
Other transport	454	568	565	780	732	1,079	1,524	1,464
<b>Total transport</b>	<b>3,996</b>	<b>5,010</b>	<b>5,985</b>	<b>7,941</b>	<b>7,557</b>	<b>8,649</b>	<b>8,010</b>	<b>9,350</b>
<b>Environment protection</b>								
Environmental protection	1,564	1,750	1,911	1,598	1,968	3,232	3,637	3,692
Environmental research	190	209	236	307	304	331	338	300
<b>Total environment protection</b>	<b>1,754</b>	<b>1,960</b>	<b>2,146</b>	<b>1,904</b>	<b>2,272</b>	<b>3,563</b>	<b>3,976</b>	<b>3,992</b>
<b>Housing and community amenities</b>								
Local authority housing	612	519	442	443	265	454	442	394
Other social housing	1,425	1,630	1,691	2,363	2,290	2,247	2,274	2,628
Other community services	335	362	425	508	500	585	565	578
<b>Total housing and community amenities</b>	<b>2,373</b>	<b>2,511</b>	<b>2,559</b>	<b>3,314</b>	<b>3,055</b>	<b>3,286</b>	<b>3,280</b>	<b>3,599</b>
<b>Health</b>								
Medical services	52,520	57,761	64,177	72,350	80,072	86,822	92,989	102,206
Medical research	367	400	381	446	452	527	563	545
Central health and other services	1,006	1,186	1,211	1,480	1,670	1,666	1,844	1,850
<b>Total health</b>	<b>53,894</b>	<b>59,347</b>	<b>65,768</b>	<b>74,276</b>	<b>82,194</b>	<b>89,015</b>	<b>95,396</b>	<b>104,601</b>
<b>Recreation, culture and religion</b>								
Heritage, arts, libraries and films	981	924	1,045	1,220	1,301	1,493	1,627	1,658
Sport and recreation	75	86	157	135	186	194	245	263
Broadcasting	2,371	2,737	3,136	3,044	3,196	3,317	3,419	3,465
Lottery	1,514	1,313	1,473	1,025	829	1,591	1,545	1,368
Other recreation, culture and religion	40	46	52	63	72	92	89	84
<b>Total recreation, culture and religion</b>	<b>4,981</b>	<b>5,106</b>	<b>5,863</b>	<b>5,487</b>	<b>5,585</b>	<b>6,688</b>	<b>6,925</b>	<b>6,837</b>
<b>Education and training</b>								
Under fives	107	214	345	494	618	516	888	864
Primary schools	424	444	583	741	541	574	577	579
Secondary schools	847	895	1,088	1,156	1,333	1,477	1,406	1,335
Higher Education	5,896	6,370	6,757	7,219	7,761	8,361	8,911	9,305
Further Education	4,331	5,195	5,682	6,408	6,663	7,308	7,503	7,993
Student support	1,486	1,388	1,147	1,094	1,905	2,080	2,474	2,572
Training	1,401	1,132	1,458	1,655	1,738	1,886	2,013	2,147
Other education and training	1,476	2,258	2,514	2,759	2,980	3,317	3,712	3,922
<b>Total education and training</b>	<b>15,969</b>	<b>17,896</b>	<b>19,574</b>	<b>21,527</b>	<b>23,540</b>	<b>25,519</b>	<b>27,485</b>	<b>28,716</b>

**Table 4.5 Central government Expenditure on Services by function, 2000-01 to 2007-08 (continued)**

	accruals, £ million							
	National Statistics					2005-06 estimated outturn	2006-07 plans	2007-08 plans
	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 outturn	2004-05 outturn			
<b>Social protection</b>								
Incapacity, disability and injury benefits	19,825	21,455	21,385	22,444	23,381	24,069	25,071	25,793
State pensions	47,824	51,585	54,246	57,186	61,365	65,043	67,357	71,448
Public service occupational pensions	4,695	4,899	3,872	1,715	909	110	981	864
Widows' benefits	1,023	1,133	1,126	1,041	954	915	844	769
Family benefits, income support and tax credits	22,375	23,931	25,972	31,154	32,990	34,400	34,446	34,835
Unemployment benefits <sup>(1)</sup>	3,176	2,938	4,195	4,114	3,832	4,063	4,189	4,351
Housing benefits	316	307	373	487	334	359	463	490
Personal social services	657	793	1,042	1,583	1,786	1,732	1,838	1,880
Administration and miscellaneous services	3,194	3,383	3,090	3,001	2,970	2,526	2,470	2,473
<b>Total social protection</b>	<b>103,085</b>	<b>110,423</b>	<b>115,301</b>	<b>122,726</b>	<b>128,520</b>	<b>133,219</b>	<b>137,658</b>	<b>142,903</b>
<b>Unallocated</b>								
Departmental Unallocated Provision	—	—	—	—	—	28	2,006	2,273
Reserve and other funds	—	—	—	—	—	—	2,500	3,500
Allowances for shortfall	—	—	—	—	—	-1,259	—	—
AME Margin	—	—	—	—	—	—	1,000	2,000
<b>Total unallocated</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-1,231</b>	<b>5,500</b>	<b>7,800</b>
<b>Total central government expenditure on services</b>	<b>266,051</b>	<b>281,872</b>	<b>301,150</b>	<b>327,392</b>	<b>349,731</b>	<b>372,752</b>	<b>390,700</b>	<b>414,800</b>
Accounting adjustments	-119	2,615	4,363	6,480	6,664	7,796	12,300	10,200
<b>Total central government own expenditure</b>	<b>265,932</b>	<b>284,487</b>	<b>305,513</b>	<b>333,782</b>	<b>356,395</b>	<b>380,548</b>	<b>403,000</b>	<b>425,000</b>

(1) From 2002-03, the Unemployment benefits line includes the relevant pay costs of Jobcentre Plus staff.





## Introduction

**5.1** This chapter describes central government support for local authorities from 2000-01 to 2007-08 (**Tables 5.1 to 5.5**) and local authority expenditure for outturn and estimated outturn years (**Tables 5.6 to 5.10**). It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in certain tables in this section.

**5.2** In this chapter all data for central government support are on an accruals basis. All outturn data (to 2004-05) fall under the umbrella of National Statistics. Data for all years up to 2004-05 are final outturn figures; 2005-06 are estimated outturn based on departmental returns for support data, and on local authority budget plans for current expenditure data, and on estimated outturn for capital expenditure data; 2006-07 and 2007-08 are based on the spending plans by central government departments that support local authorities and forecasts of local authority expenditure financed locally.

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

## What's new

**5.4** The Treasury continues to review the classification of local authority expenditure to function (COFOG – see paragraph 5.21) and economic category of spending shown in **tables 5.6 to 5.10**. This has led to the following changes since PESA 2005, which affect all year's data.

- Local authority spending on concessionary fares (which is all current spending) has moved from the transport function to the social protection function. This affects **tables 5.6 and 5.7**.
- There has been a significant switch from pay to other current expenditure on goods and services for Wales. This affects **table 5.10**.

**5.5** Various budgeting changes have recently been implemented (see Chapter 2 and appendix D for more information) and the following changes affect all year's finance data shown in **tables 5.1 to 5.5**.

- Receipts from the EU that are passed to local authorities by departments' have been brought into departments' budgets. Previously only the payment of these grants by the department was included in departments' budgets. Therefore, finance to local authorities in departments' budgets has reduced slightly as a result of the receipt from the EU also being included.
- Grants paid to local authorities to assist with the repayment of principal debt and early repayment charges have moved outside of departments' budgets. This reduces the finance to local authorities shown in **tables 5.1, 5.2 and 5.5**.

**5.6** The government has introduced a new Dedicated Schools Grant in England from 2006-07. This is separately identified in **tables 5.1 and 5.3**. The creation of the grant explains a fall in Revenue Support Grant (England) from 2006-07. It also explains a shift in spending within Resource DEL from the Office of the Deputy Prime Minister to the Department for Education and Skills for 2006-07 and 2007-08 that is visible in **table 5.2**.

**5.7** National accounts based local authority capital expenditure has been increased significantly in all years to reflect the transfer of ‘non-core’ roads from central government, which shows a corresponding decrease. The transaction has not been taken into the functional analyses. This transaction affects all years’ data in **tables 5.1, 5.6, 5.8 and 5.10**. More information on this transfer is given in appendix A.

## Local authority expenditure in the national accounts

**5.8** In national accounts total local authority expenditure is defined as the contribution of local authorities to TME. TME is a consolidated measure in the sense that most distributive transactions between parts of the public sector do not add to TME. So, for example, total local authority expenditure defined here excludes capital grants paid to public corporations and interest paid to central government. Local authority expenditure accounts for around one quarter of TME.

## The financing of local authority expenditure

**5.9** Total local authority expenditure can also be measured as central government support for local authorities within DEL and departmental AME, plus locally financed expenditure in AME, plus some accounting adjustments. **Table 5.1** sets out details of the financing of local authority expenditure defined on this basis.

**5.10** Outturn figures and projections for the later years are set out in **Table 5.1**. **Tables 5.2 to 5.5** show further information about central government support and the financing of local authorities for the years 2000-01 to 2007-08.

**5.11** 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 Supported Capital Expenditure (Revenue) (equivalent is supported borrowing in Scotland). Support may be non-specific, e.g. Revenue Support Grant, or related to specific services, e.g. police grant.

**5.12** **Table 5.2** presents a departmental breakdown of central government support for current and capital expenditure by local authorities.

**5.13** 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 (referred to as inside Aggregate External Finance (AEF)), and
- **other spending**, financed wholly by central government specific grants (referred to as outside AEF).

## Support for main local services

**5.14** 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.

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

- Revenue Support Grant (RSG) – an un-hypothecated grant paid to local authorities in England, Scotland and Wales;
- Non-domestic (business) rate payments: the proceeds of National Non-Domestic Rates (NNDR) are pooled separately in England, Scotland and Wales and redistributed to local authorities; and
- Other grants, such as the Dedicated Schools Grant (DSG), Police grant, and other specific and special grants, which fund part of the current expenditure on a specific service or activity.

**5.16** Table 5.1 shows AEF by country and these main components. Table 5.3 shows AEF in Great Britain by country and grant. Most AEF falls within DEL, with the exception of Scottish Non-domestic Rates Income (NDRI), equivalent to NNDR payments, which are in locally financed expenditure in other AME, and education maintenance allowances and non-domestic rate outturn adjustments, which are in departmental AME.

## Support for other local spending

**5.17** This is financed almost wholly by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and rebates, and council tax benefit. Table 5.4 shows current specific grants outside AEF by country, for the years 2000-01 to 2007-08. Grants outside of AEF are a mixture of support falling within DEL and departmental AME.

## Support for local authority capital programmes

**5.18** Central government support for local authority capital expenditure comprises capital grants and Supported Capital Expenditure (Revenue) (equivalent is supported borrowing in Scotland). These replaced the system that operated prior to 1 April 2004, credit approvals and capital consents respectively. Supported Capital Expenditure (Revenue) and supported borrowing enable local authorities to borrow or use other forms of credit to finance capital expenditure, with central government providing a revenue stream to support repayment of principal and interest. This is distinct from prudential borrowing where local authorities finance any additional borrowing from their own available resources. Table 5.5 shows the components of central government capital support within the United Kingdom by country and by service.

## Local authority expenditure on services

**5.19** The measure of the spending of local authorities that is analysed by function in PESA is local authority expenditure on services. It is largely similar to the national accounts measure of local authority expenditure, which is also shown in the tables. Appendix E gives more information on expenditure on services.

**5.20** Tables 5.6 to 5.10 show various analyses of local authority expenditure for the outturn and estimated outturn years: 2000-01 to 2005-06. Table 5.6 presents total local authority expenditure by function for these years. Table 5.7 shows local authority current expenditure by country and function for these years.

**5.21** The functional categories in **Tables 5.6 to 5.9** are based on the UN Classification of the Functions of Government (COFOG), the international standard, and are consistent with the functional categories used in other PESA chapters.

**5.22** **Tables 5.8 and 5.9** show local authority gross capital expenditure and capital receipts, by country and function for these years. Local authorities have several ways of financing capital expenditure. The main sources are:

- central government support;
- capital receipts;
- Capital Expenditure from the Revenue Account (CERA); and
- prudential (self-financed) borrowing.

**5.23** Gross capital expenditure, split by country and function from 2000-01 to 2005-06, is shown in **Table 5.8**. Gross means that it is before sales of capital assets and depreciation. **Table 5.9** shows local authority capital receipts within the United Kingdom, again by country and function. **Tables 5.8 and 5.9** use a definition of capital expenditure that is consistent with the national accounts, i.e. excludes financial transactions, and the estimated outturns shown are based on the quarterly returns from local authorities on capital expenditure.

**5.24** **Table 5.10** shows total local authority expenditure, broken down by country and economic category.

## Data sources and data quality

**5.25** The central government support for local authorities data shown in **Tables 5.1 to 5.5** are taken from finance data loaded onto the Treasury spending database by departments. Grants are voted expenditure – see Appendix A for more information.

**5.26** The local authority expenditure shown in **tables 5.6 to 5.10** is based on revenue and capital finance data collections completed by local authorities and sent to the Office of the Deputy Prime Minister and devolved administrations. These carry out quality assurance on the data received, produce aggregate results for publication, and pass aggregate data to the Treasury.

**5.27** Information is sought from all local authorities, who derive the material from the accounting records used to produce audited accounts. However, detailed expenditure breakdowns may be of lower quality because of inconsistencies of classification by respondents and resource constraints on quality assurance.

**5.28** Spending information received from local authorities is described in terms of local authority services (education, roads &c). The Treasury assign spending to COFOG functional categories used in PESA. In general the read-across from service categories to COFOG categories is clear, but in some cases – for example a reduced level of information available in budget data – the read-across is less straightforward and assumptions are applied.

**5.29** Budget data for 2005-06 was collected at the beginning of 2005-06 and reflects local authorities' plans. These data can be subject to revisions as and when final outturn data become available, partly because some grants from central government departments are allocated after budget setting has taken place. HM Treasury will first publish provisional outturn data for 2005-06 in the National Statistics update published on the day of the Pre-Budget Report 2006, and outturn data for 2005-06 in the National Statistics update published on the day of the Budget 2007 and included in PESA 2007.

**5.30** Although the quality of the local government expenditure data in PESA is good enough to provide a broad picture of local government spending, the quality is likely to be lower than the quality of the central government data in PESA (including central government support for local authorities). Figures are shown to the nearest £1m so that users performing calculations on the numbers do not introduce errors due to working on rounded numbers. The figures are not accurate to £1m.

**5.31** The Treasury are working with ODPM and the ONS to improve the quality and timeliness of local authority spending data.

**5.32** More information on local authority finance and spending is available from the following sources:

- England – ODPM publication Local Government Financial Statistics  
[<http://www.local.odpm.gov.uk/finance/stats/lgfs/2005/lgfs16/index.htm>]
- Scotland – Scottish Executive publication  
[<http://www.Scotland.gov.uk/topics/statistics/16945/slgfs>]
- Wales – National Assembly for Wales publication  
[<http://www.wales.gov.uk/statistics>]

**Table 5.1 Financing of local authority expenditure in the United Kingdom, 2000–01 to 2007–08**

	accruals, £ million								
	National Statistics								
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	
						outturn			
<b>Current finance in DEL</b>									
<b>Aggregate External Finance</b>									
<b>England</b>									
Revenue Support Grant	19,470	21,122	19,931	24,267	27,010	26,726	3,443	} 21,623	
Non-domestic rate payments	15,407	15,144	16,633	15,607	15,000	18,000	17,500		
Dedicated schools grant	—	—	—	—	—	—	26,546	28,276	
Other specific and special grants	8,241	9,618	11,458	14,414	15,823	16,734	16,366	17,102	
<b>Total England</b>	<b>43,117</b>	<b>45,883</b>	<b>48,022</b>	<b>54,288</b>	<b>57,834</b>	<b>61,461</b>	<b>63,855</b>	<b>67,000</b>	
<b>Scotland</b>									
Revenue Support Grant	3,593	3,940	4,558	5,037	5,266	5,385	5,734	6,004	
Specific and special grants	641	644	666	679	890	888	997	1,032	
<b>Total Scotland</b>	<b>4,234</b>	<b>4,584</b>	<b>5,224</b>	<b>5,716</b>	<b>6,156</b>	<b>6,273</b>	<b>6,731</b>	<b>7,036</b>	
<b>Wales</b>									
Revenue Support Grant	2,032	2,146	2,347	2,538	2,614	2,806	} 3,619	} 3,770	
Non-domestic rate payments	648	708	673	660	672	672			
Specific and special grants	284	251	274	350	283	312	308	322	
<b>Total Wales</b>	<b>2,963</b>	<b>3,106</b>	<b>3,293</b>	<b>3,548</b>	<b>3,569</b>	<b>3,790</b>	<b>3,927</b>	<b>4,092</b>	
<b>Great Britain</b>									
Revenue Support Grant	25,094	27,208	26,836	31,843	34,891	34,917	} 30,296	} 31,397	
Non-domestic rate payments	16,054	15,852	17,305	16,267	15,672	18,672			
Dedicated schools grant	—	—	—	—	—	—	26,546	28,276	
Other specific and special grants	9,167	10,513	12,397	15,444	16,997	17,935	17,670	18,455	
<b>Total AEF Great Britain<sup>(1)</sup></b>	<b>50,314</b>	<b>53,573</b>	<b>56,538</b>	<b>63,553</b>	<b>67,559</b>	<b>71,524</b>	<b>74,512</b>	<b>78,128</b>	
Non AEF current grants <sup>(2)</sup>	750	835	2,333	2,810	3,166	3,535	4,838	5,146	
<b>Total current finance in DEL</b>	<b>51,064</b>	<b>54,408</b>	<b>58,871</b>	<b>66,363</b>	<b>70,726</b>	<b>75,059</b>	<b>79,350</b>	<b>83,275</b>	
<b>Capital support in DEL<sup>(3)</sup></b>									
Capital grants/SCE(C) <sup>(2)(4)</sup>	2,108	2,928	3,932	5,053	6,260	6,879	7,770	8,451	
Credit approvals/SCE(R) <sup>(4)</sup>	4,116	3,573	4,068	4,588	4,719	5,185	5,221	5,481	
<b>Total capital support in DEL</b>	<b>6,224</b>	<b>6,501</b>	<b>8,000</b>	<b>9,641</b>	<b>10,979</b>	<b>12,064</b>	<b>12,991</b>	<b>13,932</b>	
<b>Total central government support in DEL</b>	<b>57,288</b>	<b>60,909</b>	<b>66,871</b>	<b>76,003</b>	<b>81,704</b>	<b>87,124</b>	<b>92,341</b>	<b>97,207</b>	
<b>Current finance in departmental AME</b>									
AEF current grants	61	498	170	304	465	524	868	536	
Non AEF current grants	11,265	13,352	14,240	14,043	16,447	17,381	18,100	19,034	
<b>Total current finance in departmental AME</b>	<b>11,326</b>	<b>13,850</b>	<b>14,410</b>	<b>14,348</b>	<b>16,912</b>	<b>17,905</b>	<b>18,968</b>	<b>19,570</b>	
<b>Total capital support in departmental AME<sup>(3)(5)</sup></b>	<b>301</b>	<b>401</b>	<b>361</b>	<b>966</b>	<b>840</b>	<b>94</b>	<b>85</b>	<b>74</b>	
<b>Total central government support in departmental AME</b>	<b>11,627</b>	<b>14,251</b>	<b>14,771</b>	<b>15,314</b>	<b>17,752</b>	<b>17,999</b>	<b>19,053</b>	<b>19,644</b>	
<b>Locally financed expenditure</b>									
Local authority self-financed expenditure	16,566	19,219	17,449	19,288	21,946	24,212	25,133	26,599	
Locally financed support in Scotland in AEF <sup>(6)</sup>	1,511	1,554	1,718	1,804	1,896	1,897	1,884	1,779	
<b>Total locally financed expenditure</b>	<b>18,077</b>	<b>20,773</b>	<b>19,167</b>	<b>21,092</b>	<b>23,842</b>	<b>26,109</b>	<b>27,017</b>	<b>28,378</b>	
Accounting and other adjustments	9,642	5,058	9,116	6,830	6,861	7,332	6,600	8,200	
<b>Total local authority expenditure</b>	<b>96,633</b>	<b>100,991</b>	<b>109,925</b>	<b>119,240</b>	<b>130,160</b>	<b>138,564</b>	<b>145,000</b>	<b>153,400</b>	

(1) Great Britain total only because Northern Ireland do not have any support within AEF.

(2) Includes receipts from the EU that finance grants to local authorities, which have been brought inside departments budgets.

(3) Excludes debt repayment grants from central government which no longer score in budgets.

(4) A full definition of Supported Capital Expenditure (SCE) is given in Appendix F.

(5) Includes expenditure financed from the Lottery.

(6) Non Domestic Rates Income (NDR) is locally financed support, in Scotland, in AME. Equivalent to non-domestic rate payments.

**Table 5.2 Central government support for local authorities in the United Kingdom by department, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>Current finance in DEL</b>								
Education and Skills	2,549	3,435	5,535	5,648	5,754	6,601	33,343	35,464
Health	913	1,133	1,881	1,816	2,148	2,236	1,832	1,849
Transport	517	492	637	1,123	1,792	1,821	2,034	2,111
Office of the Deputy Prime Minister	35,189	36,874	37,479	42,879	45,360	48,188	24,517	25,289
Home Office	4,309	4,097	4,139	4,469	4,442	4,705	5,576	5,979
Constitutional Affairs	284	318	275	280	299	—	—	—
Trade and Industry	—	144	138	138	156	188	202	149
Environment, Food and Rural Affairs	–221	–214	–226	–46	–6	4	7	8
Work and Pensions	315	339	391	684	653	718	593	644
Culture, Media and Sport	–7	–4	5	–7	8	22	–27	–27
Cabinet Office	12	17	17	17	18	2	1	1
Scotland <sup>(1)</sup>	4,342	4,710	5,342	5,783	6,366	6,531	7,052	7,416
Wales <sup>(1)</sup>	2,792	3,002	3,203	3,510	3,662	3,983	4,165	4,337
Northern Ireland <sup>(1)</sup>	71	66	56	68	73	61	57	55
<b>Total current finance in DEL</b>	<b>51,064</b>	<b>54,408</b>	<b>58,871</b>	<b>66,363</b>	<b>70,726</b>	<b>75,059</b>	<b>79,350</b>	<b>83,275</b>
<b>Current finance in departmental AME</b>								
Education and Skills	—	—	—	125	51	—	—	—
Office of the Deputy Prime Minister	61	498	170	304	478	535	868	536
Trade and Industry	—	—	1	0	4	2	2	2
Work and Pensions	11,225	13,304	14,200	13,674	16,258	17,265	18,000	18,934
Culture, Media and Sport	40	47	40	54	130	89	80	70
Wales	—	2	—	190	–9	13	18	29
<b>Total current finance in departmental AME</b>	<b>11,326</b>	<b>13,850</b>	<b>14,410</b>	<b>14,348</b>	<b>16,912</b>	<b>17,905</b>	<b>18,968</b>	<b>19,570</b>
<b>Locally financed support in Scotland<sup>(2)</sup></b>	<b>1,511</b>	<b>1,554</b>	<b>1,718</b>	<b>1,804</b>	<b>1,896</b>	<b>1,897</b>	<b>1,884</b>	<b>1,779</b>
<b>Total current finance</b>	<b>63,901</b>	<b>69,813</b>	<b>74,999</b>	<b>82,515</b>	<b>89,534</b>	<b>94,861</b>	<b>100,202</b>	<b>104,624</b>
<b>Capital support in DEL<sup>(3)</sup></b>								
Education and Skills	1,903	1,917	2,463	3,231	3,727	4,147	4,773	5,447
Health	48	50	72	132	140	150	161	218
Transport	854	1,757	2,249	2,524	2,591	2,365	2,516	2,685
Office of the Deputy Prime Minister	2,182	1,192	1,468	1,917	2,491	2,944	2,989	3,127
Home Office	160	133	327	388	422	531	524	479
Constitutional Affairs	22	33	44	35	46	23	—	—
Trade and Industry	—	155	157	180	172	212	190	143
Environment, Food and Rural Affairs	51	73	79	158	122	159	147	147
Work and Pensions	11	6	8	8	3	3	3	3
Culture, Media and Sport	20	21	17	18	18	71	106	29
Scotland <sup>(1)</sup>	542	676	636	526	725	791	914	997
Wales <sup>(1)</sup>	430	487	480	518	517	664	659	653
Northern Ireland <sup>(1)</sup>	1	1	2	6	6	6	8	3
<b>Total capital support in DEL</b>	<b>6,224</b>	<b>6,501</b>	<b>8,000</b>	<b>9,641</b>	<b>10,979</b>	<b>12,064</b>	<b>12,991</b>	<b>13,932</b>
<b>Capital support in departmental AME<sup>(3)</sup></b>								
Financing from the National Lottery	301	351	298	831	840	94	85	74
Other departmental AME	—	50	63	136	—	—	—	—
<b>Total capital support in departmental AME</b>	<b>301</b>	<b>401</b>	<b>361</b>	<b>966</b>	<b>840</b>	<b>94</b>	<b>85</b>	<b>74</b>
<b>Total capital support</b>	<b>6,524</b>	<b>6,901</b>	<b>8,361</b>	<b>10,607</b>	<b>11,819</b>	<b>12,158</b>	<b>13,076</b>	<b>14,006</b>
<b>Total central government support</b>	<b>70,425</b>	<b>76,714</b>	<b>83,360</b>	<b>93,122</b>	<b>101,353</b>	<b>107,020</b>	<b>113,278</b>	<b>118,630</b>

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

(2) Non-domestic Rates Income (NDR) is locally financed support in Scotland, in AME. Equivalent to non-domestic rate payments in England and Wales.

(3) Excludes debt repayment grants from central government which no longer score in budgets.

**Table 5.3 Aggregate External Finance in Great Britain by country and grant, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics						2006–07	2007–08
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	plans	plans
	outturn	outturn	outturn	outturn	outturn	estimated outturn		
<b>England</b>								
Revenue Support Grant	19,470	21,122	19,931	24,267	27,010	26,726	3,443	} 21,623
Non-domestic rate payments <sup>(1)</sup>	15,468	15,642	16,802	15,911	15,461	18,409	17,900	
Dedicated schools grant	—	—	—	—	—	—	26,546	28,276
Other education	2,086	2,888	3,434	3,472	3,882	4,559	4,728	5,102
Police	3,637	3,795	3,788	3,975	4,176	4,429	4,181	4,398
Health	1,052	1,440	2,369	2,400	2,358	2,483	2,071	2,028
Offenders programme	388	—	—	—	—	—	—	—
Magistrates courts	253	301	302	313	354	—	—	—
Social security	147	142	167	337	332	434	277	312
Neighbourhood renewal fund	—	200	300	400	450	525	525	525
Metropolitan railways passenger services grant	183	10	12	13	16	18	18	18
GLA transport	286	236	324	737	1,416	1,468	1,647	1,735
Strategic Rail Authority	—	215	241	290	214	212	190	187
RDA development fund	—	144	138	138	156	188	202	149
PFI special grant	62	127	207	298	427	413	435	555
Supporting people	—	16	39	1,858	1,856	1,756	1,723	1,730
LA business growth incentive scheme	—	—	—	—	—	115	320	375
Other	147	104	138	182	191	249	517	524
<b>Total England</b>	<b>43,179</b>	<b>46,381</b>	<b>48,191</b>	<b>54,593</b>	<b>58,299</b>	<b>61,985</b>	<b>64,723</b>	<b>67,536</b>
<b>Scotland<sup>(2)</sup></b>								
Revenue support grant	3,593	3,940	4,558	5,037	5,266	5,385	5,734	6,004
NDRI <sup>(3)</sup>	1,511	1,554	1,718	1,804	1,896	1,897	1,884	1,779
Police	373	388	423	442	486	493	514	541
Other Scotland	268	256	243	237	404	396	483	491
<b>Total Scotland</b>	<b>5,745</b>	<b>6,138</b>	<b>6,942</b>	<b>7,521</b>	<b>8,052</b>	<b>8,171</b>	<b>8,615</b>	<b>8,815</b>
<b>Wales<sup>(2)</sup></b>								
Revenue support grant	2,032	2,146	2,347	2,538	2,614	2,806	} 3,619	} 3,770
Non-domestic rate payments	648	708	673	660	672	672		
Police	186	200	217	214	218	231	218	230
Other Wales	98	52	57	136	65	81	89	92
<b>Total Wales</b>	<b>2,963</b>	<b>3,106</b>	<b>3,293</b>	<b>3,548</b>	<b>3,569</b>	<b>3,790</b>	<b>3,927</b>	<b>4,092</b>
<b>Total Great Britain</b>	<b>51,887</b>	<b>55,625</b>	<b>58,426</b>	<b>65,662</b>	<b>69,920</b>	<b>73,945</b>	<b>77,264</b>	<b>80,443</b>
of which: AEF grants in DEL	50,314	53,573	56,538	63,553	67,559	71,524	74,512	78,128

(1) Non-domestic rate payments differ to those in table 5.1 because they include non-domestic rate outturn adjustments, which are in departmental AME.

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

(3) Non-Domestic Rates Income (NDRI) is locally financed support in Scotland, in AME. Equivalent to non-domestic rate payments in England and Wales.



**Table 5.4 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>England</b>								
Mandatory student awards	301	120	63	67	12	13	1	1
LSC grants	—	—	1,399	1,525	1,655	1,783	1,829	1,906
Rent rebates	2,577	4,156	3,977	3,065	4,184	4,293	4,310	4,334
Rent allowances	4,893	5,221	5,940	5,967	6,907	7,530	7,995	8,527
Community charge rebates/ Council tax benefits	1,910	1,982	2,186	2,519	2,946	3,099	3,273	3,509
Environment Agency	–248	–248	–264	–100	–34	–35	–35	–35
Planning delivery grant	—	—	—	50	98	125	104	92
LDA ODPM support	117	103	107	107	107	102	108	107
New deal for communities	24	55	99	127	157	161	156	135
Police special grants	60	99	133	275	48	45	1,144	1,317
Others <sup>(1)</sup>	219	398	461	477	587	623	626	627
<b>Total England</b>	<b>9,852</b>	<b>11,885</b>	<b>14,100</b>	<b>14,079</b>	<b>16,667</b>	<b>17,739</b>	<b>19,509</b>	<b>20,521</b>
<b>Scotland</b>								
Rent rebates	626	649	678	678	535	556	523	514
Rent allowances	349	383	456	560	618	644	726	790
Community charge rebates/ Council tax benefits	280	289	292	307	347	362	380	408
Others <sup>(1)</sup>	161	178	173	155	339	324	426	486
<b>Total Scotland</b>	<b>1,416</b>	<b>1,499</b>	<b>1,599</b>	<b>1,700</b>	<b>1,839</b>	<b>1,887</b>	<b>2,054</b>	<b>2,198</b>
<b>Wales</b>								
Rent rebates	255	261	266	190	267	286	292	234
Rent allowances	226	242	265	244	280	309	303	400
Community charge rebates/ Council tax benefits	109	113	120	132	156	164	178	197
Others	86	121	166	440	330	469	544	575
<b>Total Wales</b>	<b>675</b>	<b>738</b>	<b>817</b>	<b>1,006</b>	<b>1,034</b>	<b>1,229</b>	<b>1,317</b>	<b>1,407</b>
<b>Northern Ireland</b>								
Others	71	66	56	68	73	61	57	55
<b>Total Northern Ireland</b>	<b>71</b>	<b>66</b>	<b>56</b>	<b>68</b>	<b>73</b>	<b>61</b>	<b>57</b>	<b>55</b>
<b>Total United Kingdom</b>	<b>12,014</b>	<b>14,188</b>	<b>16,573</b>	<b>16,853</b>	<b>19,614</b>	<b>20,916</b>	<b>22,938</b>	<b>24,180</b>
<i>Memo: of which within DEL:</i>								
England	432	472	1,938	2,337	2,416	2,694	3,830	4,058
Scotland	161	178	173	155	339	324	426	486
Wales	86	119	166	250	338	456	525	547
Northern Ireland	71	66	56	68	73	61	57	55
<b>Total within DEL</b>	<b>750</b>	<b>835</b>	<b>2,333</b>	<b>2,810</b>	<b>3,166</b>	<b>3,535</b>	<b>4,838</b>	<b>5,146</b>

(1) Includes receipts from the EU that finance grants to local authorities, which have been brought inside departments budgets.

**Table 5.5 Central government capital support<sup>(1)</sup> for local authorities in the United Kingdom by country and service<sup>(2)</sup>, 2000–01 to 2007–08**

	accruals, £ million							
	National Statistics					2005–06 estimated outturn	2006–07 plans	2007–08 plans
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn			
<b>England</b>								
<b>Credit approvals/SCE(R)<sup>(3)</sup></b>								
Housing	1,819	684	844	1,159	1,318	1,662	1,755	1,796
Transport	766	1,183	1,314	1,451	1,427	1,409	1,492	1,523
Education	545	565	818	999	1,198	1,375	1,270	1,445
Personal social services	56	56	56	49	62	63	60	63
Fire services	33	57	48	53	58	58	59	59
Environment protection	37	49	9	40	44	35	—	—
Enterprise and economic development	1	0	0	0	—	—	0	0
Recreation, culture and religion	—	—	10	—	—	—	—	—
General public services	54	93	54	132	—	—	8	8
Criminal justice	58	70	97	76	78	70	70	70
<b>Total credit approvals/SCE(R)</b>	<b>3,370</b>	<b>2,757</b>	<b>3,249</b>	<b>3,959</b>	<b>4,185</b>	<b>4,671</b>	<b>4,713</b>	<b>4,964</b>
<b>Capital grants/SCE(C)<sup>(3)</sup></b>								
Housing	84	114	108	131	112	101	46	22
Transport	88	574	931	1,066	1,144	937	973	1,012
Education	1,347	1,339	1,623	2,219	2,507	2,744	3,462	3,951
Personal social services	2	7	38	39	52	84	80	87
Fire services	—	—	—	—	5	5	5	10
Environment protection	14	24	71	122	78	124	148	147
Enterprise and economic development	247	401	413	548	834	1,042	1,041	1,299
Recreation, culture and religion	—	—	—	—	10	46	77	—
General public services <sup>(4)</sup>	-28	74	226	224	350	289	331	274
Health	—	—	—	58	62	73	63	100
Employment policies	2	1	5	4	1	3	3	3
Criminal Justice	115	88	264	333	317	355	372	313
Immigration and nationality	—	—	—	—	62	106	86	86
<b>Total capital grants/ SCE(C)</b>	<b>1,871</b>	<b>2,623</b>	<b>3,679</b>	<b>4,743</b>	<b>5,535</b>	<b>5,909</b>	<b>6,687</b>	<b>7,305</b>
<b>Total England</b>	<b>5,240</b>	<b>5,379</b>	<b>6,928</b>	<b>8,702</b>	<b>9,720</b>	<b>10,579</b>	<b>11,400</b>	<b>12,269</b>
<b>Scotland<sup>(5)</sup></b>								
<b>Supported borrowing<sup>(6)</sup></b>								
Scotland Executive housing	160	178	160	123	—	—	—	—
Scottish Executive: other <sup>(4)</sup>	347	430	458	373	364	348	341	350
<b>Total supported borrowing</b>	<b>507</b>	<b>607</b>	<b>618</b>	<b>496</b>	<b>364</b>	<b>348</b>	<b>341</b>	<b>350</b>
<b>Capital grants</b>								
Scotland Executive housing	18	65	26	12	223	236	268	267
Scottish Executive: other	17	4	-8	18	139	208	305	381
<b>Total capital grants</b>	<b>36</b>	<b>69</b>	<b>18</b>	<b>30</b>	<b>362</b>	<b>444</b>	<b>574</b>	<b>648</b>
<b>Total Scotland</b>	<b>542</b>	<b>676</b>	<b>636</b>	<b>526</b>	<b>726</b>	<b>792</b>	<b>915</b>	<b>998</b>
<b>Wales<sup>(5)</sup></b>								
<b>Credit approvals/SCE(R)</b>								
National Assembly for Wales	236	256	259	264	167	163	163	163
Other departments <sup>(7)</sup>	4	3	4	4	4	3	4	4
<b>Total credit approvals/SCE(R)</b>	<b>240</b>	<b>259</b>	<b>263</b>	<b>268</b>	<b>171</b>	<b>167</b>	<b>167</b>	<b>167</b>
<b>Capital grants</b>								
National Assembly for Wales	194	231	229	264	350	501	495	489
Other departments <sup>(7)</sup>	6	5	6	10	7	20	5	5
<b>Total capital grants/SCE(C)</b>	<b>201</b>	<b>236</b>	<b>234</b>	<b>274</b>	<b>356</b>	<b>521</b>	<b>501</b>	<b>495</b>
<b>Total Wales</b>	<b>441</b>	<b>495</b>	<b>497</b>	<b>542</b>	<b>527</b>	<b>687</b>	<b>668</b>	<b>662</b>
<b>Northern Ireland capital grants<sup>(5)</sup></b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>3</b>
<b>Capital grants from the National Lottery</b>	<b>301</b>	<b>351</b>	<b>298</b>	<b>831</b>	<b>840</b>	<b>94</b>	<b>85</b>	<b>74</b>
<b>Total United Kingdom</b>	<b>6,524</b>	<b>6,901</b>	<b>8,361</b>	<b>10,607</b>	<b>11,819</b>	<b>12,158</b>	<b>13,076</b>	<b>14,006</b>
<i>of which:</i>								
Credit approvals/SCE(R)	4,116	3,623	4,131	4,723	4,719	5,185	5,221	5,481
Capital grants/SCE(C)	2,409	3,279	4,230	5,884	7,100	6,973	7,855	8,525

(1) Excludes debt repayment grants from central government which no longer score in budgets.

(2) The service categories shown are local authority service areas not COFOG categories.

(3) A full definition of Supported Capital Expenditure (SCE) is given in Appendix F.

(4) Includes receipts from the EU that finance grants to local authorities, which have been brought inside departments budgets.

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

(6) Supported borrowing is the equivalent of Supported Capital Expenditure (Revenue) in England and Wales.

(7) Includes Home Office and Department for Constitutional Affairs.

**Table 5.6 Local authority current and capital expenditure on services in the United Kingdom by function, 2000–01 to 2005–06<sup>(1)</sup>**

	accruals, £ million					
	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
<b>Current</b>						
General public services	2,999	3,143	3,259	3,325	3,658	3,883
Debt interest <sup>(2)</sup>	385	350	306	356	412	412
Defence	4					
Public order and safety	11,132	11,541	12,042	13,345	14,143	14,619
Enterprise and economic development	354	376	392	430	452	483
Employment policies	46	47	53	69	57	59
Agriculture, fisheries and forestry	74	82	87	96	102	141
Transport	2,698	3,083	3,581	4,631	4,821	5,137
Environment protection	3,049	3,268	3,530	3,881	4,178	4,435
Housing and community amenities	1,471	1,677	1,690	2,178	2,409	2,315
Health	442	449	449	391	278	349
Recreation, culture and religion	2,734	2,879	3,138	3,427	3,479	3,558
Education and training	28,119	30,934	32,875	36,482	38,669	40,604
Social protection	24,660	26,014	29,219	32,356	35,002	36,756
<b>Total local authorities' current expenditure on services</b>	<b>78,167</b>	<b>83,842</b>	<b>90,621</b>	<b>100,968</b>	<b>107,658</b>	<b>112,751</b>
Accounting adjustments	7,259	7,193	7,917	6,544	9,074	11,694
<b>Total local authorities' current expenditure</b>	<b>85,426</b>	<b>91,035</b>	<b>98,538</b>	<b>107,512</b>	<b>116,732</b>	<b>124,445</b>
<b>Capital</b>						
General public services	200	288	361	442	818	950
Public order and safety	289	405	512	618	703	801
Enterprise and economic development	41	52	–6	12	–1	–64
Employment policies	5	3	1	0	0	0
Agriculture, fisheries and forestry	–33	–30	–38	–40	–32	–36
Transport	1,552	2,070	2,681	2,817	3,001	3,552
Environment protection	134	166	220	329	422	553
Housing and community amenities	978	1,528	776	520	1835	3,031
Health				58	62	71
Recreation, culture and religion	609	680	664	662	833	1184
Education and training	1,810	2,151	2,298	2,852	3,214	3,617
Social protection	116	120	153	171	191	345
<b>Total local authorities' capital expenditure on services</b>	<b>5,703</b>	<b>7,433</b>	<b>7,622</b>	<b>8,442</b>	<b>11,048</b>	<b>14,006</b>
Accounting adjustments	5,504	2,523	3,765	3,286	2,380	113
<b>Total local authorities' capital expenditure</b>	<b>11,207</b>	<b>9,956</b>	<b>11,387</b>	<b>11,728</b>	<b>13,428</b>	<b>14,119</b>
<b>Total local authorities' expenditure</b>	<b>96,633</b>	<b>100,991</b>	<b>109,925</b>	<b>119,240</b>	<b>130,160</b>	<b>138,564</b>

(1) The local authority current expenditure figures for 2005–06 reflect local authority budgets data, as set at the beginning of 2005–06. This differs from the totals of local authority current expenditure in this table, which reflects latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2006. The difference in sources is adjusted for within the accounting adjustments.

(2) This excludes all intra-public sector payments of debt interest.

**Table 5.7 Local authority current expenditure on services in the United Kingdom by country and function, 2000–01 to 2005–06<sup>(1)</sup>**

	accruals, £ million					
	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
<b>England</b>						
General public services	2,618	2,740	2,795	2,837	3,109	3,264
Public order and safety	9,759	10,067	10,519	11,687	12,405	12,778
Enterprise and economic development	235	244	254	273	279	300
Employment policies	46	47	53	69	57	59
Agriculture, fisheries and forestry	68	76	79	88	92	109
Transport	2,132	2,533	2,920	3,920	4,081	4,374
Environment protection	2,384	2,555	2,757	3,047	3,279	3,553
Housing and community amenities	1,338	1,518	1,524	2,008	2,237	2,115
Health	442	449	449	391	278	349
Recreation, culture and religion	2,153	2,248	2,460	2,705	2,713	2,825
Education and training	23,616	26,051	27,693	30,804	32,630	34,323
Social protection	20,948	22,054	24,679	27,608	29,959	31,492
<b>Total England</b>	<b>65,741</b>	<b>70,582</b>	<b>76,181</b>	<b>85,436</b>	<b>91,118</b>	<b>95,542</b>
<b>Scotland</b>						
General public services	240	259	300	320	365	359
Defence	4					
Public order and safety	822	896	921	1,008	1,045	1,131
Enterprise and economic development	68	74	80	93	96	107
Agriculture, fisheries and forestry	1					
Transport	391	359	440	472	484	499
Environment protection	319	358	385	413	436	450
Housing and community amenities	75	104	97	88	92	97
Recreation, culture and religion	433	442	474	514	536	507
Education and training	2,910	3,139	3,343	3,659	3,917	4,072
Social protection	2,492	2,647	3,069	3,120	3,312	3,459
<b>Total Scotland</b>	<b>7,753</b>	<b>8,277</b>	<b>9,110</b>	<b>9,688</b>	<b>10,284</b>	<b>10,682</b>
<b>Wales</b>						
General public services	140	144	164	169	184	260
Public order and safety	551	577	602	650	693	710
Enterprise and economic development	41	46	46	50	63	61
Agriculture, fisheries and forestry	5	6	7	8	9	31
Transport	173	188	218	237	253	260
Environment protection	195	196	219	241	268	222
Housing and community amenities	57	55	69	82	79	102
Recreation, culture and religion	148	189	204	208	230	226
Education and training	1,515	1,661	1,751	1,926	2,020	2,101
Social protection	1,220	1,313	1,471	1,629	1,731	1,805
<b>Total Wales</b>	<b>4,045</b>	<b>4,376</b>	<b>4,752</b>	<b>5,200</b>	<b>5,530</b>	<b>5,778</b>
<b>Total Great Britain</b>	<b>77,540</b>	<b>83,235</b>	<b>90,042</b>	<b>100,324</b>	<b>106,932</b>	<b>112,002</b>
<b>Northern Ireland</b>						
Enterprise and economic development	11	12	12	13	14	15
Agriculture, fisheries and forestry	0	1	1	1	1	1
Transport	2	2	2	2	2	3
Environment protection	151	160	169	180	195	209
Education and training	78	83	88	93	101	108
<b>Total Northern Ireland</b>	<b>242</b>	<b>257</b>	<b>272</b>	<b>289</b>	<b>314</b>	<b>336</b>
Debt interest <sup>(2)</sup>	385	350	306	356	412	412
<b>Total local authorities' current expenditure on services</b>	<b>78,167</b>	<b>83,842</b>	<b>90,621</b>	<b>100,968</b>	<b>107,658</b>	<b>112,751</b>
Accounting adjustments	7,259	7,193	7,917	6,544	9,074	11,694
<b>Total local authorities' current expenditure</b>	<b>85,426</b>	<b>91,035</b>	<b>98,538</b>	<b>107,512</b>	<b>116,732</b>	<b>124,445</b>

(1) The local authority current expenditure figures for 2005–06 reflect local authority budgets data, as set at the beginning of 2005–06. This differs from the totals of local authority current expenditure in this table, which reflects latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2006. The difference in sources is adjusted for within the accounting adjustments.

(2) This excludes all intra-public sector payments of debt interest.

**Table 5.8 Local authority gross<sup>(1)</sup> capital expenditure on services in the United Kingdom by country and function, 2000–01 to 2005–06**

	accruals, £ million					
	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
<b>England</b>						
General public services	300	422	565	749	1013	1192
Public order and safety	360	452	521	618	685	822
Enterprise and economic development	180	182	220	202	260	306
Employment policies	5	3	1	1	0	0
Agriculture, fisheries and forestry	7	6	7	7	6	10
Transport	1,409	1,877	2,461	2,552	2,713	3,002
Environment protection	93	108	158	262	315	401
Housing and community amenities	3,087	3,470	4,025	4,134	4,945	5,473
Health				58	62	71
Recreation, culture and religion	579	630	621	594	697	1117
Education and training	1,719	2,062	2,287	2,780	3,087	3,398
Social protection	156	158	199	202	221	357
<b>Total England</b>	<b>7,894</b>	<b>9,370</b>	<b>11,064</b>	<b>12,158</b>	<b>14,005</b>	<b>16,150</b>
<b>Scotland</b>						
General public services	78	89	95	100	136	176
Public order and safety	36	40	53	65	65	71
Enterprise and economic development	20	12	15	13	20	26
Transport	119	165	170	222	271	422
Environment protection	37	33	32	37	62	93
Housing and community amenities	291	358	336	302	366	497
Recreation, culture and religion	52	51	73	85	105	150
Education and training	128	143	157	172	199	339
Social protection	21	31	30	32	33	68
<b>Total Scotland</b>	<b>782</b>	<b>923</b>	<b>962</b>	<b>1028</b>	<b>1259</b>	<b>1,842</b>
<b>Wales</b>						
General public services	32	35	47	59	52	89
Public order and safety	21	26	28	39	42	41
Enterprise and economic development	19	16	18	18	26	43
Agriculture, fisheries and forestry	5	6	5	5	8	14
Transport	111	111	110	127	141	203
Environment protection	8	11	11	16	20	34
Housing and community amenities	251	251	262	276	321	390
Recreation, culture and religion	29	36	49	71	80	62
Education and training	80	96	97	114	144	169
Social protection	8	10	11	14	17	18
<b>Total Wales</b>	<b>564</b>	<b>597</b>	<b>638</b>	<b>738</b>	<b>849</b>	<b>1,062</b>
<b>Total Great Britain</b>	<b>9,240</b>	<b>10,890</b>	<b>12,664</b>	<b>13,924</b>	<b>16,113</b>	<b>19,054</b>
<b>Northern Ireland</b>						
Enterprise and economic development	9	10	11	11	12	13
Agriculture, fisheries and forestry	2	2	2	2	3	3
Transport	9	9	10	10	11	12
Environment protection	34	36	38	41	44	47
Education and training	26	28	29	35	34	37
<b>Total Northern Ireland</b>	<b>81</b>	<b>86</b>	<b>90</b>	<b>100</b>	<b>104</b>	<b>112</b>
<b>Total United Kingdom</b>	<b>9,321</b>	<b>10,976</b>	<b>12,753</b>	<b>14,024</b>	<b>16,218</b>	<b>19,167</b>
<b>Memorandum</b>						
United Kingdom gross capital expenditure, from above	9,321	10,976	12,753	14,024	16,218	19,167
United Kingdom capital receipts (see table 5.9)	-3,618	-3,543	-5,131	-5,582	-5,169	-5,161
<b>Total local authorities' capital expenditure on services</b>	<b>5,703</b>	<b>7,433</b>	<b>7,622</b>	<b>8,442</b>	<b>11,048</b>	<b>14,006</b>
Accounting adjustments	5,504	2,523	3,765	3,286	2,380	113
<b>Total local authorities' net capital expenditure</b>	<b>11,207</b>	<b>9,956</b>	<b>11,387</b>	<b>11,728</b>	<b>13,428</b>	<b>14,119</b>

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

**Table 5.9 Local authority capital receipts within expenditure on services in the United Kingdom by country and function, 2000–01 to 2005–06**

	accruals, £ million					
	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
<b>England</b>						
General public services	181	218	276	401	280	400
Public order and safety	117	105	83	97	84	130
Enterprise and economic development	173	159	234	214	307	439
Agriculture, fisheries and forestry	44	41	49	53	45	60
Transport	89	80	68	83	100	62
Environment protection	9	12	7	11	5	8
Housing and community amenities	2,498	2,394	3,646	3,883	3,437	3,029
Recreation, culture and religion	42	33	68	55	41	138
Education and training	119	146	233	221	210	298
Social protection	63	68	74	74	75	93
<b>Total England</b>	<b>3,333</b>	<b>3,258</b>	<b>4,738</b>	<b>5,094</b>	<b>4,586</b>	<b>4,656</b>
<b>Scotland</b>						
General public services	25	35	58	54	93	96
Public order and safety	5	4	4	5	3	2
Enterprise and economic development	12	7	11	16	7	7
Transport	7	9	2	10	33	25
Environment protection	10	0	1	2	1	1
Housing and community amenities	68	83	97	111	187	172
Recreation, culture and religion	8	4	10	4	7	7
Education and training	10	11	15	13	19	15
Social protection	6	10	10	2	4	3
<b>Total Scotland</b>	<b>150</b>	<b>165</b>	<b>207</b>	<b>217</b>	<b>355</b>	<b>330</b>
<b>Wales</b>						
General public services	4	5	13	11	11	12
Public order and safety	5	3	3	2	1	1
Enterprise and economic development	3	2	25	1	5	5
Agriculture, fisheries and forestry	2	2	3	1	3	3
Transport	0	4	0	1	1	0
Environment protection	0	0	0	3	0	0
Housing and community amenities	86	73	104	196	173	128
Recreation, culture and religion	1	0	1	28	0	0
Education and training	6	5	7	2	10	2
Social protection	0	1	2	1	1	1
<b>Total Wales</b>	<b>108</b>	<b>93</b>	<b>159</b>	<b>246</b>	<b>206</b>	<b>152</b>
<b>Total Great Britain</b>	<b>3,591</b>	<b>3,516</b>	<b>5,104</b>	<b>5,557</b>	<b>5,147</b>	<b>5,138</b>
<b>Northern Ireland</b>						
Environment protection	19	10	10	11	12	13
Education and training	8	17	17	13	10	11
<b>Total Northern Ireland</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>24</b>	<b>23</b>	<b>24</b>
<b>Total United Kingdom capital receipts</b>	<b>3,618</b>	<b>3,543</b>	<b>5,131</b>	<b>5,582</b>	<b>5,169</b>	<b>5,161</b>

**Table 5.10 Local authority expenditure on services in the United Kingdom by country and economic category, 2000–01 to 2005–06<sup>(1)</sup>**

	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
accruals, £ million						
<b>England</b>						
Pay	38,647	41,673	44,466	48,711	52,392	55,328
Other current expenditure on goods and services	15,821	17,146	18,727	22,933	24,164	24,233
Subsidies	756	959	1,405	2,208	2,183	2,766
Current grants to persons	10,517	10,804	11,583	11,584	12,378	13,215
Capital expenditure on assets net of receipts	3,773	5,272	5,542	6,158	8,360	10,285
Capital grants	788	840	784	906	1,059	1,210
<b>Total England</b>	<b>70,302</b>	<b>76,694</b>	<b>82,507</b>	<b>92,500</b>	<b>100,537</b>	<b>107,037</b>
<b>Scotland</b>						
Pay	4,358	4,478	4,798	5,419	5,897	6,132
Other current expenditure on goods and services	2,231	2,572	2,955	3,031	3,105	3,145
Subsidies	105	117	113	89	94	167
Current grants to persons	1,060	1,111	1,243	1,150	1,189	1,238
Capital expenditure on assets net of receipts	531	696	701	735	774	1,341
Capital grants	100	62	53	76	130	172
<b>Total Scotland</b>	<b>8,385</b>	<b>9,036</b>	<b>9,864</b>	<b>10,499</b>	<b>11,188</b>	<b>12,195</b>
<b>Wales</b>						
Pay	2,159	2,349	2,503	2,769	2,948	3,142
Other current expenditure on goods and services	1,351	1,490	1,671	1,888	2,022	2,050
Subsidies	0					
Current grants to persons	535	538	578	543	560	586
Capital expenditure on assets net of receipts	340	394	359	367	511	756
Capital grants	117	109	119	125	133	155
<b>Total Wales</b>	<b>4,502</b>	<b>4,880</b>	<b>5,230</b>	<b>5,692</b>	<b>6,174</b>	<b>6,689</b>
<b>Great Britain</b>						
Pay	45,164	48,500	51,767	56,898	61,238	64,603
Other current expenditure on goods and services	19,403	21,208	23,353	27,851	29,290	29,428
Subsidies	861	1,076	1,517	2,296	2,277	2,932
Current grants to persons	12,112	12,452	13,405	13,278	14,127	15,039
Capital expenditure on assets net of receipts	4,644	6,363	6,603	7,260	9,644	12,382
Capital grants	1,005	1,012	956	1,107	1,322	1,536
<b>Total Great Britain</b>	<b>83,189</b>	<b>90,610</b>	<b>97,601</b>	<b>108,691</b>	<b>117,899</b>	<b>125,921</b>
<b>Northern Ireland</b>						
Pay	254	269	286	303	329	352
Other current expenditure on goods and services	-12	-13	-13	-14	-15	-16
Capital expenditure on assets net of receipts	52	57	61	73	79	85
Capital grants	2	2	2	2	3	3
<b>Total Northern Ireland</b>	<b>296</b>	<b>316</b>	<b>335</b>	<b>364</b>	<b>396</b>	<b>424</b>
<b>United Kingdom</b>						
Pay	45,418	48,769	52,053	57,201	61,567	64,956
Other current expenditure on goods and services	19,392	21,195	23,340	27,837	29,275	29,412
Subsidies	861	1,076	1,517	2,296	2,277	2,932
Current grants to persons	12,112	12,452	13,405	13,278	14,127	15,039
Local Authority debt interest to private sector <sup>(2)</sup>	385	350	306	356	412	412
Capital expenditure on assets net of receipts	4,696	6,420	6,664	7,333	9,724	12,467
Capital grants	1,007	1,014	958	1,110	1,325	1,539
<b>Total United Kingdom expenditure on services</b>	<b>83,871</b>	<b>91,276</b>	<b>98,243</b>	<b>109,411</b>	<b>118,707</b>	<b>126,757</b>
Accounting adjustments	12,763	9,715	11,683	9,829	11,453	11,807
<b>Total local authorities expenditure</b>	<b>96,633</b>	<b>100,991</b>	<b>109,925</b>	<b>119,240</b>	<b>130,160</b>	<b>138,564</b>

(1) The local authority current expenditure figures for 2005–06 reflect local authority budgets data, as set at the beginning of 2005–06. This differs from the totals of local authority current expenditure in this table, which reflects latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2006. The difference in sources is adjusted for within the accounting adjustments.

(2) This excludes all intra-public sector payments of debt interest. This is not split into individual countries so is only included in the total UK figures.





# 6

## PUBLIC CORPORATIONS

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

**6.2** Data in this chapter do not fall within the scope of National Statistics.

### Definition of public corporations

**6.3** Public corporation is a term from national accounts – which are produced based on the European System of Accounts (ESA95). So it is the Office for National Statistics (ONS) that determines which bodies are public corporations. The characteristics of public corporations are:

- they are mainly trading bodies, i.e. they are market bodies, largely recovering their costs from fees charged to customers. Some charge for regulatory activities, where these provide a significant benefit to the person paying the fee, for example through quality testing;
- they are 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 institutional units separate from their parent departments.

### Recent developments

**6.4** On 20th January 2006 the ONS announced\* that certain constituent parts of the public sector television broadcasters, (that is the BBC, Channel 4 and Sianel Pedwar Cymru (Channel Four Wales (S4C))), were to be reclassified from the public corporations sector to the central government sector. The changes have been implemented in the Public Sector Finances and will be reflected in Blue Book 2006.

**6.5** The changes were driven by the ONS reclassification of the BBC licence fee, which previously had been classified as a service charge, as a tax, and a re-examination of the arrangements for S4C. The current position is detailed below:

- The domestic services of the BBC have been re-classified to the central government sector, as the change in the classification of the licence fee income means that the BBC no longer meets the criteria for being a market body, and therefore it has been reclassified to the central government sector since the inception of the National Accounts, in 1946.
- The ONS re-examined the arrangements for S4C and concluded that it too does not meet the definition of a market body. It has been reclassified since its creation.
- Channel 4 remains a public corporation, as it does meet the criteria for a market body; that is it gets its income from the sale of advertising air time and other market activity.

\*<http://www.statistics.gov.uk/pdfdir/cpst0106.pdf>

- Certain commercial subsidiaries of the BBC remain classified in the public corporations sector.
- The BBC world service remains classified to the public corporations sector.

**6.6** In PESA 2006 the BBC no longer features as a separately identifiable DCMS sponsored PC in chapter 7. Any capital spending by the commercial subsidiaries of the BBC is recorded as part of PC own financed capital expenditure in table 7.1 and the accounting adjustments in table 7.3. The BBC World Service remains separately identifiable as a PC under the Foreign and Commonwealth Office. Appendix A details the way these changes have been handled in the budgeting framework and the rest of PESA 2006.

**6.7** On the 20th February 2006 the ONS announced the reclassification of **London and Continental Railways** (LCR) to the public corporations sector, back to February 1999, when a restructuring of LCR was implemented<sup>†</sup>. This has led to an increase in public corporations' capital expenditure included in TME. In PESA 2006, the effect is shown in TME in all affected years and in the line Public Corporations' Own-financed Capital Expenditure. The capital spending of LCR has not yet been included in the functional series; rather grants to LCR are still treated as grants to a private sector body and are not included in the tables in this chapter.

**6.8** Budgeting system changes mean that investment grants to public corporations that were in resource DEL have moved to capital DEL. Similarly, equity withdrawals from public corporations have been moved from resource budgets (where in PESA 2005 they were included with dividends) to capital budgets (where they are included in net lending).

## The corporate control framework

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

- **Strategic objectives** are agreed with each individual corporation and provide the framework within which the financial controls and the body's control procedures are set. Corporations' corporate plans are discussed with sponsor departments.
- **Financial targets and performance aims.** Financial targets should be set, often for periods of three to five years. 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 to five years ahead, which may relate to costs and, where appropriate, standards of service.
- **Investment appraisal and pricing principles.** Public corporations are required to aim at a suitable rate of return on their assets. This requirement is intended to ensure that resources are used effectively, that consumers experience appropriate prices, and that markets are not distorted. The required rate may vary between corporations and is set individually by the sponsoring department with, where appropriate, the agreement of the Treasury.
- **Monitoring** plays an important role in controlling public corporations' performance in the interests of the taxpayer and the consumer. Sponsor Ministers, departments and the Shareholder Executive continuously monitor bodies' performance against all aspects of the controls described.

<sup>†</sup> For further information on the ONS' reclassification please see the following article:  
<http://www.statistics.gov.uk/ci/article.asp?id=1409>

## Self-financing public corporations

**6.10** The Treasury has designated some public corporations SFPCs. To be classified as an SFPC, the public corporation must normally trade mainly with non-government customers and not perform regulatory functions. In other words, its income must be from selling goods and services into a competitive market rather than from regulatory fees. It must trade profitably and not require subsidies or other financial support from its parent department.

**6.11** SFPCs normally score in Departmental AME rather than in DEL – though any subsidies and grants exceptionally paid to them would score in DEL. They also have greater and more individually tailored financial flexibilities. Some SFPCs are also trading funds.

## Trading funds

**6.12** Where activities of a government department generate income from the supply of goods and services those activities may be designated trading funds by Parliament on the application of the Government. Trading funds may keep unspent funds from one year to the next without having to surrender surpluses to the Exchequer at the end of each year.

**6.13** Most trading funds are classified by ONS as public corporations in the national accounts. DVLA is the only trading fund that is treated as a central government body in the national accounts and so in PESA.

**6.14** Trading funds are not subject to central government administration costs controls. The budgeting treatment of trading funds that are public corporations is normally the same as that of other public corporations.

## Public expenditure measurement and control

**6.15** The following transactions with and in respect of public corporations accountable to Ministers are normally included in departmental budgets:

- subsidies paid to the public corporation by the Department (in resource DEL);
- capital grants paid to the public corporation by the Department (in capital DEL);
- interest and dividends received from the public corporation (resource DEL, or resource AME if an SFPC);
- equity withdrawals from public corporations (capital DEL, or capital AME if an SFPC) – included with net lending in table 6.1;
- loans and public dividend capital (PDC) invested in the public corporation (capital DEL, or capital AME if an SFPC);
- public corporations' market and overseas borrowing (PCMOB) where, exceptionally, it is permitted (capital DEL, or capital AME if an SFPC); and
- a capital charge in respect of the public corporation (in resource DEL, or resource AME if an SFPC). This is normally the same figure as is recorded in the department's resource accounts. However, budgets normally include capital charges for those public corporations where the department has no investment in the public corporation (whether by way of loan or PDC) even though there would then be none in the accounts.

**6.16** Forest Enterprises have a different budgeting treatment:

- resource DEL includes: subsidies given to the public corporations; the public corporations' profit(-)/loss(+); and a capital charge on the public corporations' net assets;
- capital DEL includes the public corporations' capital expenditure, any loans given by the public corporations to the private sector, and any shares that the public corporations buy in a private sector company.

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

**6.18** Some trading funds are government departments in their own right. A capital charge will be shown in the budgets of their "parent" department (for budgeting, not accounting). Where the funds borrow directly from the National Loans Fund, the amount of the capital charge is in effect abated by the interest they pay on their borrowing.

**6.19** Public corporations controlled by local authorities include the businesses reporting to Transport for London and local authority airports such as Manchester. DEL and Departmental AME include central government support to local authorities, some of which may be used by them to support public corporations, and none of which is identified in PESA as relating to public corporations. The expenditure of these public corporations is not within DEL or departmental AME. The whole of their capital expenditure is included in the public corporations' own-financed capital expenditure line in AME. They are included in the bottom line of tables 7.1 and 7.3 which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME).

**6.20** Table 7.1 shows the impact on departmental budgets – DEL and Departmental AME – of public corporations accountable to Ministers. It also shows a reconciliation to the impact of all public corporations, including those accountable to local authorities, on TME. PC gross investment in TME is the sum of PC capital expenditure in budgets (Forest Enterprises only), government capital support in budgets (CG investment grants, net lending to PCs), PCMOB in budgets, and public corporations' own-financed capital expenditure. Grants and subsidies in budgets also include those paid to public corporations under schemes that are generally available to the private sector. The table covers outturn and plan years.

**6.21** Table 7.2 shows the contributions of public corporations accountable to Ministers to departmental budgets, by department, for outturn and plan years.

## Public corporations in Total Managed Expenditure

**6.22** TME measures the current and capital expenditure of the public sector as a whole. It is taken from national accounts compiled by the ONS. TME includes:

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

**6.23** TME is a consolidated measure. So capital grants and net lending to public corporations, and interest and dividend flows between general government and public corporations are consolidated out. Payments of subsidies to public corporations (like general government's purchases of goods and services from them) are not consolidated out. Instead, these flows contribute to public corporations' gross trading surplus, an income item in the public sector's accounts.

**6.24** 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.

**6.25** Note that the impact of public corporations on departmental budgets differs from their impact on TME. Accounting adjustments are used to move from DEL *plus* Departmental AME *plus* Own-financed capital expenditure (Other AME) to TME (see Appendix B for a full explanation of the accounting adjustments).

**6.26** Table 7.3 shows the capital expenditure of each major public corporation sponsored by a central government department and of the biggest public corporations accountable to local authorities. It also identifies those that are self-financing public corporations or trading funds. The table does not identify separately small public corporations controlled by central government departments and most public corporations under local authority control – their capital expenditure is included in the accounting adjustments. It also gives for each department the sum of capital expenditure of the public corporations listed. The total figure for the table includes all public corporations. Capital expenditure is recorded net of any asset sales. In this table, apart from the total line, it includes any capital grants paid by a public corporation net of any received from the private sector or abroad. The table gives individual figures for public corporations for outturn years and for public corporations that are not self-financing for estimated outturn and plan years.

## Sources of data and data quality

**6.27** Information on public corporations' contribution to budgets in tables 7.1 and 7.2 is supplied by departments. Most of the data reflect voted income and expenditure and should be of good quality. Appendix A has more information.

**6.28** Information on public corporations' capital expenditure is sourced from public corporations by departments who in turn supply the data to the Treasury via the COINS database. So there is a 100% survey of public corporations accountable to Ministers – completeness tends to high quality. However, information is provided by departments primarily for PESA: it does not form part of a control total (apart from Forest Enterprises); and the only appearance in a departmental publication will normally be within the regional expenditure tables in departmental reports. Information in Table 7.3 may therefore not be as up to date as the information in the other tables in this chapter.

## Further information

**6.29** More information is available in the departmental reports of government departments and in the annual reports and accounts of individual public corporations. A fuller list of public corporations is available on the ONS website at [http://www.statistics.gov.uk/downloads/theme\\_economy/MA23.xls](http://www.statistics.gov.uk/downloads/theme_economy/MA23.xls). *Sector classification for the national accounts*.

**Table 6.1 Public corporations' contribution to budgets<sup>(1)</sup> and Total Managed Expenditure, 2000–01 to 2007–08**

	accruals, £ million							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
<b>Resource DEL</b>								
CG dividends from PCs (–)	159	–16	–13	–25	–32	–70	–31	–31
CG interest from PCs (–)	–28	–34	–50	–50	–60	–61	–83	–98
Subsidies to PCs	678	701	754	1,652	748	772	765	780
Cost of capital charge	23	31	22	103	86	113	131	145
Profit(–)/loss(+) of Forest Enterprises <sup>(2)</sup>	14	10	17	18	15	16	14	16
<b>Total Resource DEL</b>	<b>846</b>	<b>692</b>	<b>730</b>	<b>1,697</b>	<b>758</b>	<b>770</b>	<b>797</b>	<b>814</b>
<b>Resource AME</b>								
CG dividends from SFPCs (–)	–68	–42	–34	–30	–44	–46	–45	–40
CG interest from SFPCs (–)	—	—	–12	–2	–1	–2	—	—
Subsidies to SFPCs <sup>(3)</sup>	2	2	2	2	2	2	2	2
Cost of capital charge	104	199	182	170	162	157	185	196
<b>Total Resource AME</b>	<b>38</b>	<b>159</b>	<b>137</b>	<b>141</b>	<b>119</b>	<b>111</b>	<b>142</b>	<b>159</b>
<b>Total public corporations' contribution to Resource Budget<sup>(1)</sup></b>	<b>884</b>	<b>851</b>	<b>867</b>	<b>1,838</b>	<b>877</b>	<b>881</b>	<b>939</b>	<b>972</b>
<b>Capital DEL</b>								
CG investment grants to PCs	519	671	937	166	246	266	245	204
Capital expenditure by Forest Enterprises <sup>(2)</sup>	4	5	14	3	–3	–3	–3	–3
Net lending to PCs	140	151	56	–18	–155	104	141	151
Market and overseas borrowing	—	—	—	—	—	4	34	—
<b>Total Capital DEL</b>	<b>663</b>	<b>827</b>	<b>1,008</b>	<b>151</b>	<b>88</b>	<b>370</b>	<b>417</b>	<b>352</b>
<b>Capital AME</b>								
Net lending to SFPCs	—	–50	–50	46	520	356	43	35
<b>Total Capital AME</b>	<b>—</b>	<b>–50</b>	<b>–50</b>	<b>46</b>	<b>520</b>	<b>356</b>	<b>43</b>	<b>35</b>
<b>Total public corporations' contribution to Capital Budget</b>	<b>663</b>	<b>777</b>	<b>958</b>	<b>197</b>	<b>608</b>	<b>726</b>	<b>460</b>	<b>386</b>
<b>Other AME:</b>								
PC own-financed capital expenditure <sup>(4)</sup>	2,865	3,015	4,297	3,895	3,357	2,882	3,373	3,484
Accounting adjustments	–649	–564	–295	–1,399	–405	–499	–500	–500
<b>Public corporations' expenditure in TME</b>	<b>3,763</b>	<b>4,079</b>	<b>5,827</b>	<b>4,531</b>	<b>4,437</b>	<b>4,040</b>	<b>4,300</b>	<b>4,300</b>
<i>of which:</i>								
PC current expenditure in TME	235	287	572	439	472	432	400	400
PC gross investment in TME	3,528	3,792	5,255	4,092	3,965	3,608	3,800	3,900

(1) Data in this table differ from those shown for public corporations in Tables 1.15 and 1.16. Central government subsidies to public corporations are classified as central government own spending in national accounts, and are shown as such in Tables 1.15 and 1.16. In Table 6.1 subsidies are shown as part of public corporations' contribution to resource budget. Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

(2) Forest Enterprises have different budgeting rules such that the profit/loss scores in resource DEL and capital expenditure scores in capital DEL.

(3) The only subsidies in AME are those to the Crown Estate which has a special budgeting regime.

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

**Table 6.2 Public corporations' contribution to budgets<sup>(1)</sup> by departmental group, 2000–01 to 2007–08**

	accruals, £ million							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>Resource DEL</b>								
Health	0	0	3	3	—	0	—	—
Transport	66	–4	–5	886	14	10	9	8
Office of the Deputy Prime Minister	224	41	39	37	40	19	17	17
Home Office	0	–1	–3	–2	—	—	–2	–2
Defence	–8	18	14	14	–4	5	2	1
Foreign and Commonwealth Office	132	139	146	157	164	181	180	185
Trade and Industry	–4	–5	–1	–8	–2	–39	0	0
Environment, Food and Rural Affairs	82	85	104	75	76	85	76	76
Work and Pensions	100	143	113	108	108	106	89	89
Scotland	30	42	44	108	89	103	103	108
Wales	—	8	9	19	13	13	13	14
Northern Ireland Executive	226	226	266	301	259	288	311	318
Chancellor's Departments	–1	—	—	—	—	—	–1	–1
<b>Total Resource DEL</b>	<b>846</b>	<b>692</b>	<b>730</b>	<b>1,697</b>	<b>758</b>	<b>770</b>	<b>797</b>	<b>814</b>
<b>Resource AME</b>								
Defence	—	36	14	10	1	–2	2	2
International Development	—	54	50	51	56	70	78	87
Trade and Industry	—	—	–6	–2	—	—	—	—
Chancellor's Departments	38	69	79	81	62	43	62	69
<b>Total Resource AME</b>	<b>38</b>	<b>159</b>	<b>137</b>	<b>141</b>	<b>119</b>	<b>111</b>	<b>142</b>	<b>159</b>
<b>Total public corporations' contribution to Resource Budget</b>	<b>884</b>	<b>851</b>	<b>867</b>	<b>1,838</b>	<b>877</b>	<b>881</b>	<b>939</b>	<b>972</b>
<b>Capital DEL</b>								
Health	0	0	0	3	—	—	—	—
Transport	321	483	777	36	12	32	61	31
Office of the Deputy Prime Minister	71	68	75	63	51	13	8	5
Home Office	–2	–6	–2	0	—	—	—	—
Defence	–19	–2	5	–5	–74	–1	–7	–2
Foreign and Commonwealth Office	31	23	6	37	39	39	39	39
International Development	—	—	—	—	—	18	17	16
Trade and Industry	–1	–1	–1	5	–48	–18	–1	–1
Environment, Food and Rural Affairs	5	7	14	4	–2	14	5	6
Culture, Media and Sport	—	—	—	0	0	0	0	0
Work and Pensions	1	5	6	7	7	10	7	5
Scotland	260	255	141	51	41	178	206	205
Wales	—	0	1	0	0	–3	–3	–3
Northern Ireland Executive	–6	–6	–18	–52	54	90	85	49
Chancellor's Departments	—	—	—	—	8	–1	—	—
Cabinet Office	0	1	2	1	—	—	—	—
<b>Total Capital DEL</b>	<b>663</b>	<b>827</b>	<b>1,008</b>	<b>151</b>	<b>88</b>	<b>370</b>	<b>417</b>	<b>352</b>
<b>Capital AME</b>								
Defence	—	–50	–50	–4	—	–64	–7	–15
Trade and Industry	—	—	—	50	520	420	50	50
<b>Total Capital AME</b>	<b>—</b>	<b>–50</b>	<b>–50</b>	<b>46</b>	<b>520</b>	<b>356</b>	<b>43</b>	<b>35</b>
<b>Total public corporations' contribution to Capital Budget</b>	<b>663</b>	<b>777</b>	<b>958</b>	<b>197</b>	<b>608</b>	<b>726</b>	<b>460</b>	<b>386</b>

(1) Data in this table differ from those shown for public corporations in Tables 1.15. Central government subsidies to public corporations are classified as central government own spending in national accounts, and are shown as such in Table 1.15. In Table 6.2 subsidies are shown as part of public corporations' contribution to resource budget.

Table 6.3 Public corporations' capital expenditure, 2000–01 to 2007–08

	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
accruals, £ million								
<b>Health</b>								
Medicines and Healthcare Products								
Regulatory Agency <sup>(T)(1)</sup>	7	4	3	5	#	#	#	#
NHS Estates <sup>(T)</sup>	0	1	0	0	#	#	#	#
<b>Total Health</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
<b>Transport</b>								
British Railways Board <sup>(2)</sup>	3	—	—	—	—	—	—	—
Civil Aviation Authority	1	1	1	2	12	8	#	#
Docklands Light Railway	34	—	—	—	—	—	—	—
Driving Standards Agency <sup>(T)</sup>	2	3	6	11	7	2	#	#
London Regional Transport <sup>(3)</sup>	808	607	615	476	—	—	—	—
National Air Traffic Services <sup>(4)</sup>	77	25	—	—	—	—	—	—
Network Rail <sup>(5)</sup>	—	—	1,822	—	—	—	—	—
Vehicle and Operator Services Agency <sup>(T)</sup>	8	30	11	11	15	15	#	#
<b>Total Transport</b>	<b>932</b>	<b>666</b>	<b>2,455</b>	<b>501</b>	<b>34</b>	<b>26</b>	<b>#</b>	<b>#</b>
<b>Office of the Deputy Prime Minister</b>								
Audit Commission	1	1	—	—	—	—	—	—
English Partnerships <sup>(6)</sup>	232	—	—	—	—	—	—	—
Fire Service College <sup>(T)</sup>	1	4	2	4	—	1	2	2
Housing Action Trusts <sup>(T)</sup>	73	66	34	26	15	5	17	17
Ordnance Survey <sup>(T)</sup>	—	—	—	—	14	20	—	—
QEII Conference Centre <sup>(T)</sup>	1	1	0	2	1	1	1	1
<b>Total Office of the Deputy Prime Minister</b>	<b>308</b>	<b>72</b>	<b>36</b>	<b>32</b>	<b>30</b>	<b>26</b>	<b>20</b>	<b>20</b>
<b>Home Office</b>								
Forensic Science Service <sup>(T)</sup>	—	11	—	9	—	9	9	9
<b>Total Home Office</b>	<b>—</b>	<b>11</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Constitutional Affairs</b>								
Land Registry <sup>(T)</sup>	26	26	22	24	35	41	38	33
<b>Total Constitutional Affairs</b>	<b>26</b>	<b>26</b>	<b>22</b>	<b>24</b>	<b>35</b>	<b>41</b>	<b>38</b>	<b>33</b>
<b>Defence</b>								
Army Base Repair Organisation <sup>(T)</sup>	—	—	3	—	5	4	4	4
Defence Aviation Repair Agency <sup>(T)</sup>	—	6	7	8	12	3	3	3
Defence Evaluation and Research Agency <sup>(T)(8)</sup>	50	—	—	—	—	—	—	—
Defence Science and Technology Laboratory <sup>(T)(8)</sup>	—	10	10	9	12	12	45	41
Hydrographic Office <sup>(T)</sup>	2	5	4	7	7	13	14	8
Meteorological Office <sup>(T)</sup>	14	48	49	31	21	25	34	26
Navy, Army and Air Force Institute	—	1	4	3	3	3	3	3
QinetiQ <sup>(5)(8)</sup>	—	36	67	41	64	*	*	*
<b>Total Defence</b>	<b>66</b>	<b>105</b>	<b>143</b>	<b>99</b>	<b>124</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Foreign and Commonwealth Office</b>								
BBC World Service	25	17	—	31	31	42	31	31
British Council	6	6	6	6	8	5	8	8
<b>Total Foreign and Commonwealth Office</b>	<b>31</b>	<b>23</b>	<b>6</b>	<b>37</b>	<b>39</b>	<b>47</b>	<b>39</b>	<b>39</b>
<b>International Development</b>								
Commonwealth Development Corporation <sup>(5)</sup>	—	—	–2	4	–25	*	*	*
<b>Total International Development</b>	<b>—</b>	<b>—</b>	<b>–2</b>	<b>4</b>	<b>–25</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Trade and Industry</b>								
British Energy	—	—	230	429	433	*	*	*
British Nuclear Fuels Limited <sup>(5)</sup>	518	546	447	302	326	*	*	*
Companies House <sup>(T)</sup>	1	1	10	7	10	10	10	10
Patent Office <sup>(T)</sup>	0	0	1	2	2	2	2	2
Royal Mail Holdings <sup>(5)</sup>	607	155	163	360	215	*	*	*
<b>Total Trade and Industry</b>	<b>1,126</b>	<b>702</b>	<b>851</b>	<b>1,099</b>	<b>985</b>	<b>*</b>	<b>*</b>	<b>*</b>



**Table 6.3 Public corporations' capital expenditure, 2000–01 to 2007–08 (continued)**

	accruals, £ million							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
<b>Environment, Food and Rural Affairs</b>								
British Waterways	39	1	18	5	5	0	#	#
Forest Enterprise	4	5	13	3	-2	-1	-1	-1
<b>Total Environment, Food and Rural Affairs</b>	<b>43</b>	<b>6</b>	<b>31</b>	<b>8</b>	<b>3</b>	<b>-1</b>	<b>#</b>	<b>#</b>
<b>Culture, Media and Sport</b>								
Channel Four Television Corporation <sup>(5)</sup>	11	16	3	3	7	*	*	*
Historic Royal Palaces Trust	4	1	1	—	—	0	—	—
Tote <sup>(5)</sup>	16	15	20	20	20	*	*	*
<b>Total Culture, Media and Sport</b>	<b>31</b>	<b>31</b>	<b>24</b>	<b>23</b>	<b>27</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Work and Pensions</b>								
Remploy	1	2	6	5	7	4	5	5
<b>Total Work and Pensions</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>5</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b>Scotland</b>								
Highlands and Islands Airports	10	26	15	12	3	9	9	9
Scottish Water	421	474	359	397	527	580	580	580
<b>Total Scotland</b>	<b>431</b>	<b>500</b>	<b>374</b>	<b>409</b>	<b>531</b>	<b>589</b>	<b>589</b>	<b>589</b>
<b>Wales</b>								
Forest Enterprise	—	0	1	0	0	-3	-3	-3
<b>Total Wales</b>	<b>—</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>
<b>Northern Ireland Executive</b>								
Northern Ireland Driver and Vehicle Testing Agency <sup>(T)</sup>	1	1	1	1	1	1	1	1
Northern Ireland Housing Executive	24	25	-49	-1	82	87	83	80
Northern Ireland Public Trust Port Authority	—	—	—	—	—	31	33	86
Northern Ireland Transport Holding Company	35	35	39	29	5	6	14	14
<b>Total Northern Ireland Executive</b>	<b>61</b>	<b>62</b>	<b>-8</b>	<b>28</b>	<b>87</b>	<b>125</b>	<b>131</b>	<b>181</b>
<b>Chancellor's Departments</b>								
Crown Estate <sup>(5)</sup>	18	30	32	33	60	*	*	*
OGCbuying.solutions <sup>(T)(9)</sup>	0	0	0	1	12	#	#	#
Royal Mint <sup>(5)(T)</sup>	4	6	4	4	4	*	*	*
<b>Total Chancellor's Departments</b>	<b>21</b>	<b>36</b>	<b>37</b>	<b>37</b>	<b>76</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Local Government</b>								
London Underground Limited <sup>(3)</sup>	—	—	—	—	683	966	1,010	876
<b>Total Local Government</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>683</b>	<b>966</b>	<b>1,010</b>	<b>876</b>
Accounting adjustments	442	1,545	1,275	1,771	1,329	1,114	1,000	1,100
<b>Total public corporations' capital expenditure</b>	<b>3,528</b>	<b>3,792</b>	<b>5,255</b>	<b>4,092</b>	<b>3,965</b>	<b>3,608</b>	<b>3,800</b>	<b>3,900</b>

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

(T) Denotes public corporation with trading fund status.

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

(1) From 1 April 2003, the Medicines and Healthcare products Regulatory Agency (MHRA) replaced the Medical Devices Agency (MDA) and the Medicines Control Agency (MCA).

(2) The remaining functions of the British Railways Board were transferred to the Strategic Rail Authority (SRA) in 2000. During 2005-06 the functions and spending of the SRA have been progressively transferred to the Department for Transport.

(3) In July 2000, Transport for London (TfL) was established and all subordinate parts of London Regional Transport (LRT), except London Underground, were transferred to TfL. In July 2003 LRT was wound up and London Underground transferred to TfL. TfL is part of the Greater London Authority.

(4) National Air Traffic Services was transferred to the private sector as a Public/Private Partnership in 2001.

(5) In the national accounts Network Rail was classified as a public corporation from October 2002 to March 2003. From April 2003, it is a private sector company. Number provided by ONS.

(6) English Partnerships (EP) was created in May 1999 with the merger of the Commission for the New Towns (CNT) and the Urban Regeneration Agency. In the presentation of PESA EP is treated as a central government body from April 2001.

(7) Housing Action Trusts are central government bodies in national accounts and treated as public corporations in PESA.

(8) From July 2001 certain activities of the Defence Evaluation and Research Agency (DERA) were transferred to the publicly owned company QinetiQ, with the remaining activities undertaken by the reduced trading fund which was renamed the Defence Science and Technology Laboratory.

(9) Established as the Buying Agency in April 1991 and renamed to OCGbuying.solutions in April 2001.



# 7

## ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

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**7.1** This chapter presents analyses of public expenditure by country and region (CRA). In this chapter, data for all years up to and including 2004-05 are National Statistics. Readers need to bear in mind two points about this chapter:

- Most public spending is planned to benefit categories of individuals and enterprises irrespective of location, or where locations are prioritised using national criteria. The regional analyses presented in this chapter show where the individuals and enterprises that benefited from public spending were located. It does not mean that all such spending was planned to benefit a particular region, though a proportion of public spending is planned on a regional basis.
- The information in this chapter was gathered in a separate data collection project. Therefore, the figures in this chapter are not wholly consistent with the figures in other PESA chapters.

### Recent developments

**7.2** Following the large improvements in the CRA made for PESA 2004, we have made incremental improvements. The Treasury has continued to work with government departments to look further at the allocation methods applied to different areas of expenditure, to improve the quality of the data and to ensure the methods are robust, accurate and consistent with the guidance issued jointly by HM Treasury and ONS. Improved methods have been adopted for the allocation of expenditure to regions for London Underground, certain DTI programmes including Regional Development Agencies, European Social Fund (ESF) and European Regional Development Fund (ERDF), FCO and Teachers pension schemes.

**7.3** The presentation of tables has been changed to put regions in the standard order of presentation. So in comparison with PESA 2005, the South West region has been moved below the South East region.

### How public expenditure is planned and controlled

**7.4** Public expenditure is planned and controlled on a departmental basis, except where devolved responsibility lies with the Scottish Parliament, National Assembly for Wales and the Northern Ireland Assembly, or with local authorities. Departmental expenditure management means that in several areas expenditure is planned on a UK-wide or GB-wide basis rather than by reference to a single country. For example, the Department for Work and Pensions is responsible for the operation of the social security benefit system throughout Great Britain.

**7.5** The regional analysis of expenditure shows the outturns of the regional locations of the individuals, enterprises and communities for whose benefit expenditure was incurred. The extent to which these outturns reflect public expenditure that was planned with a specifically regional dimension will vary from programme to programme.

**7.6** The PESA CRA is a statistical analysis. It plays no direct part in resource allocation. However, the information revealed in the CRA can inform decisions on resource allocation and performance management.

## METHODS AND DATA QUALITY

### The process of apportionment of expenditure by country and region

**7.7** In order to provide information on the split of expenditure by country and region, the Treasury asks the UK government departments to undertake an annual statistical exercise. The exercise takes the subset of departmental spending that can be identified as benefiting the population of individual regions. It asks departments to apportion that spending between countries and regions following guidance issued jointly by the Treasury and ONS. The Treasury then collates departments' returns and combines these with the known spending of the devolved administrations and local authorities to produce the analyses of public expenditure by country and region that are published in this chapter and in Departmental Reports.

**7.8** The figures in this chapter therefore include a wider coverage of expenditure for Scotland, Wales and Northern Ireland than that for which the devolved administrations and the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible.

### How to attribute expenditure to countries and regions

**7.9** In most of the tables in this chapter, expenditure is attributed to a specific country or region using the 'for' basis of measuring regional expenditure, which records the regions that benefited from the spending, or whom the spending was for. The exception is **Table 7.20**, which allocates expenditure on an 'in' basis, which records the country or region in which the expenditure was incurred.

**7.10** For much spending the 'in' and 'for' bases would in practice offer the same result.

**7.11** There are limitations on our ability to offer a picture of 'who benefits':

- There are practical difficulties. For example, schools 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.
- There are also significant definitional problems associated with working out 'who benefits'. For example, in the main country and regional analyses, agricultural support is treated as benefiting the farmers who receive subsidies rather than the final consumers of food.
- There are also issues around collecting accurate country and regional data in a cost efficient way. Departments are encouraged but not required to allocate all expenditure on the basis of 'who benefits'. If spending is not significant (less than £20m on capital or current) and/or relevant data for allocating this to regions are not available, departments may use some statistical proxy instead, for example: using straight population shares, or using the same regional allocation proportions as other related spending. Further, it is not practical or cost effective to collect local authority spending data on the basis of 'who benefits'. Instead, local authority spending is assumed to benefit the area where the expenditure is incurred.

**7.12** The other main limitation of the ‘for’ basis of measuring regional spending is that this can only cover the amount of spending (now some 83 per cent of TME), which can be identified as benefiting individual regions. The remaining spending cannot be attributed as benefiting specific regions, for example because it is spent for the benefit of the UK as a whole. This boundary to the main country and regional analysis is explained further below.

## Identifiable expenditure on services

**7.13** The country and regional analyses are set within the overall framework of Total Expenditure on Services (TES, which is explained in detail in Appendix E). For the country and regional analyses, TES is divided into identifiable and non-identifiable expenditure:

- Identifiable expenditure is that which can be recognized as having been incurred for the benefit of individuals, enterprises or communities within particular regions. Examples are most health, education and transport services, and spending on social security and on pensions.
- Non-identifiable expenditure is that which cannot be so identified, for example because it is deemed to be incurred on behalf of the United Kingdom as a whole, e.g. defence expenditure, overseas representation, tax collection and some environmental protection spending.

**7.14** All expenditure that is identifiable has been allocated by some recognised means or other. Where precise accounting data on the recipients’ location is not available, allocation is based on other available information, following rules set down in the Treasury’s guidance for departments. For example: administration costs incurred centrally in support of regional spending are attributed to regions in the same proportions as the spending that they support. In some cases departments are still using approximations to regional benefits, for instance where the immediate beneficiaries’ head office locations mask the final recipients’ location. Inevitably, such attribution affects data quality.

## Treatment of expenditure financed by the European Community

**7.15** Expenditure financed by EC receipts has been treated as identifiable (or, occasionally, not identifiable) according to the characteristics of the expenditure itself. Receipts from the EC are treated as non-identifiable within TES. This treatment means that regional expenditure includes the expenditure financed by EC receipts. The payments to the EC have been attributed to ‘outside UK’, because these are transfer payments that the EC then spends.

## Data on public expenditure by country and region

**7.16** The tables present the spending attributed to the English regions alongside the spending attributed to Scotland, Wales and Northern Ireland. Although the figures are comparable, care is still needed when making comparisons because of the different scope of public sector activities in different countries. For example, water supply is a public sector function in Scotland and Northern Ireland, but is in the private sector in England and Wales.

**7.17** The data cover central government, local government and public corporations. While most data are outturn data, the returns include some estimated outturn data for local authorities where final outturn was not available (2005-06). Data for central government and public corporations for 2005-06 are based on plans data. Data are on an accruals basis.

**7.18** The plans data includes some unallocated provision, which departments have not yet allocated to programs of expenditure (£2.6bn in 2005-06). This means it is not possible to establish an accurate regional distribution for this data, and it is therefore classified as non-identifiable. This treatment leads to a small inconsistency in the split of TES between identifiable and non-identifiable expenditure over the series. That is, non-identifiable expenditure in 2005-06 is slightly higher than earlier years as a result of including data that when allocated by departments could be identifiable by region.

**7.19** The information in this chapter on the spending of Whitehall departments was gathered in a separate data collection project based on aggregate data available on the Treasury's public spending database after the Pre-Budget Report 2005, to allow departments sufficient time to complete regional allocations. So these data predate the data used for the remaining PESA chapters, which are consistent with the 2006 Budget. Therefore, the figures in this chapter are not wholly consistent with the figures in other PESA chapters. The inconsistency will reflect both that other PESA numbers will be more up to date and that post-PBR classification changes will not have been taken in to the CRA. The difference between the datasets is likely to be larger than normal, given the recent transition to a new public spending reporting system explained in appendix A, which meant that some departmental data had not been updated in the run-up to the PBR.

**7.20** Information on spending by local authorities in the CRA is based on data supplied by the ODPM and devolved administrations consistent with chapter 5. Spending by function to the English local authorities is attributed to regions by the ODPM.

## More information on methods

**7.21** Information available on the Treasury's website includes:

- an article and memorandum following the McLean Report "Identifying the Flow of Domestic and European Expenditure into the English Regions" published on the Treasury's website<sup>1</sup> on 5 April 2004 which discusses the "in" and "for" bases of allocating spending; and
- detailed guidance<sup>2</sup> for departments on how to attribute various types of spending between the countries and regions using the 'for' method. This guidance was agreed between HM Treasury and ONS. This will be available after PESA is published.

## Data quality

**7.22** The CRA is intended to give a broad picture of relative spending for the benefit of different regions and countries. Small differences in regional spending should not be treated as significant. Figures are presented un-rounded in this chapter to allow readers to have reasonably precise figures for use in calculations without introducing rounding errors. However, the figures are not accurate to the level implied by this presentation.

**7.23** The CRA cannot be a precise measure because, as discussed above:

- the concept of who benefits is open to judgement;

<sup>1</sup> <http://www.hm-treasury.gov.uk/media/E13/88/CRAmemorandum.pdf>

<sup>2</sup> [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_publications/pespub\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_index.cfm)

- there are simplifying assumptions made in order to keep compliance costs down. For example, all devolved administration<sup>3</sup> and local authority spending is deemed to benefit the country or the region where the spending body is even though some of the spending will actually benefit non-residents.
- spending is apportioned and apportionment methods vary. For example, public service pensions spending are allocated on the basis of the postcodes of recipients, giving a very good regional allocation. Other apportionments require more judgement. So the attribution to regions in this chapter is likely to be less accurate than the attributions of data to categories in other parts of PESA, which are normally taken directly from departmental accounting systems;
- there is a de minimis limit before spending is apportioned.

**7.24** Departments and the Treasury take steps to ensure that data quality is good enough for the CRA to be used:

- The Treasury and the ONS have issued clear guidance to departments to obtain consistency and have published the guidance;
- The Treasury meets departments to discuss methods of allocation;
- Departments devote considerable resources to the work. They are asked to involve their statisticians in preparing their returns to the Treasury;
- For many departments, an extract from the CRA appears in their Departmental Report, giving departments a direct interest in the quality of the data that they supply.

**7.25** We continue to work with departments to improve data. One of the current simplifying assumptions is that all spending of a devolved administration benefits that country even when the equivalent spending in England or England and Wales is treated as non-identifiable. For PESA 2007 we intend to work with departments to seek to broaden the coverage of identifiable spending in England and Wales so that all or almost all spending by Whitehall departments is treated as identifiable where there is equivalent spending by a devolved administration, provided that it is cost-effective to make the change. In general the effects of the change are likely to be modest:

- The overall effect of the changes might be to increase spending per head for England and Wales by about £100 compared with the figures published in PESA 2006, which would not alter the relative position.
- Most functions will not be materially affected. However, the change is expected to have more effect on the Public Order and Safety function. Here attributed spending for England and Wales may rise significantly relative to spending for Scotland and Northern Ireland. **Readers should therefore use the figures for Public Order and Safety in the 2006 CRA with caution.** These figures are highlighted in *italic*.

**7.26** These prospective changes are covered more fully in the document responding to the reader consultation – see overview chapter.

<sup>3</sup>apart from Scottish Executive expenditure in connection with the Lockerbie trial

## THE TABLES

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### Tables on expenditure for a country or region

**7.27** Most of the tables in this chapter provide a country and region analysis of identifiable spending for the six-year period from 2000-01 to 2005-06. Because the data in this section were collected in the winter of 2005-06 they are not entirely consistent with other figures in this publication and individual departmental reports.

**7.28** **Table 7.1** shows total identifiable expenditure on services. **Table 7.2** shows it on a per head basis. **Table 7.3** shows it in real terms. **Table 7.4** shows it on a real terms per head basis.

**7.29** **Tables 7.5 to 7.10** give more detail of total identifiable spending, for years 2000-01 to 2005-06, by broad function, and split on a capital and current basis.

**7.30** **Table 7.11** shows the sum of capital and current identifiable spending, by function on a per head basis. **Table 7.12** shows **Table 7.11** per head figures as percentages of the UK totals.

**7.31** **Table 7.13** shows expenditure by local authorities. **Table 7.14** shows **Table 7.13** on a per head basis.

**7.32** **Table 7.15** is an equivalent tabulation for expenditure by central government and public corporations. **Table 7.16** shows **Table 7.15** on a per head basis. Central government includes the devolved administrations.

**7.33** **Table 7.17** shows for Scotland, Wales and Northern Ireland, the relative contributions of the spending of the devolved administrations, local authorities and UK departments under each functional heading. This table covers 2004-05 only.

**7.34** **Table 7.18** shows expenditure by local authorities by function.

**7.35** **Table 7.19** shows expenditure, for 2004-05 only, of Whitehall departments by country and region and by function and sub-function. Departmental spending here includes spending by their NDPBs and their public corporations. This table does not include spending by the devolved administrations.

**7.36** In the weeks following publication of PESA 2006, Treasury will publish supplementary country and regional tables on the Treasury website. This will include **Tables 7.17** and **7.19** for the years 2000-01 to 2003-04.

### Analysis of certain non-identifiable expenditure

**7.37** **Table 7.20** provides some regional analysis of the non-identifiable expenditure that cannot be analysed as benefiting a country or region. It shows which departments incurred the non-identifiable spending. It also shows in which country and region departments incurred pay costs that form part of their non-identifiable expenditure. Because these pay costs are measured on an 'in' basis they are not directly equivalent to the 'for' expenditures in the other tables. The table covers 2004-05 only. Note that this table does not show total departmental pay costs in a region – only the total pay costs in non-identifiable expenditure.



**Table 7.1 Total identifiable expenditure on services by country and region, 2000–01 to 2005–06**

	accruals, £ million						As a percentage of identifiable expenditure					
	National Statistics						National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans
North East	13,352	15,045	15,862	17,162	18,241	19,468	5	5	5	5	5	5
North West	35,198	38,177	40,646	44,201	47,312	50,247	12	12	12	12	12	12
Yorkshire and Humberside	23,703	25,935	27,390	29,747	32,063	34,392	8	8	8	8	8	8
East Midlands	17,892	19,829	20,949	23,118	25,099	26,853	6	6	6	6	6	6
West Midlands	24,068	26,707	28,315	31,104	33,559	35,660	8	8	8	8	8	8
Eastern	21,802	23,662	25,686	28,417	30,779	32,457	7	7	8	8	8	8
London	38,698	42,232	46,679	52,235	55,938	60,086	13	13	14	14	14	14
South East	32,414	35,403	37,942	41,716	45,609	48,663	11	11	11	11	11	11
South West	22,297	24,400	25,299	27,922	30,036	32,077	8	8	7	7	7	7
<b>England</b>	<b>229,425</b>	<b>251,390</b>	<b>268,769</b>	<b>295,624</b>	<b>318,636</b>	<b>339,903</b>	<b>78</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>
Scotland	28,777	31,861	33,472	37,048	38,581	41,901	10	10	10	10	10	10
Wales	16,004	17,150	18,635	20,217	21,400	22,763	5	5	5	5	5	5
Northern Ireland	11,181	11,737	12,522	13,289	14,052	15,593	4	4	4	4	3	4
<b>UK identifiable expenditure</b>	<b>285,387</b>	<b>312,138</b>	<b>333,398</b>	<b>366,177</b>	<b>392,669</b>	<b>420,160</b>	<b>98</b>	<b>99</b>	<b>98</b>	<b>98</b>	<b>97</b>	<b>97</b>
Outside UK	6,897	4,295	7,697	8,930	11,149	11,688	2	1	2	2	3	3
<b>Total identifiable expenditure</b>	<b>292,284</b>	<b>316,433</b>	<b>341,095</b>	<b>375,107</b>	<b>403,818</b>	<b>431,848</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
	accruals, £ million						As a percentage of Total Managed Expenditure					
Identifiable expenditure	292,284	316,433	341,095	375,107	403,818	431,848	80	81	81	82	82	83
Non-identifiable expenditure	58,675	56,786	58,023	61,616	64,449	69,933	16	15	14	13	13	13
<b>Total Expenditure on Services</b>	<b>350,959</b>	<b>373,218</b>	<b>399,118</b>	<b>436,723</b>	<b>468,267</b>	<b>501,781</b>	<b>96</b>	<b>96</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>96</b>
Accounting adjustments	15,369	16,339	22,147	20,830	22,725	21,370	4	4	5	5	5	4
<b>Total Managed Expenditure</b>	<b>366,328</b>	<b>389,557</b>	<b>421,265</b>	<b>457,553</b>	<b>490,992</b>	<b>523,152</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 7.2 Total identifiable expenditure on services by country and region per head, 2000–01 to 2005–06**

	accruals, £ per head						Index (UK identifiable expenditure = 100)					
	National Statistics						National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans
North East	5,250	5,923	6,250	6,758	7,167	7,689	108	112	111	110	109	110
North West	5,196	5,637	5,992	6,496	6,930	7,368	107	107	107	106	106	105
Yorkshire and Humberside	4,780	5,211	5,486	5,938	6,363	6,829	99	99	98	97	97	98
East Midlands	4,293	4,733	4,961	5,437	5,865	6,248	89	90	88	88	89	89
West Midlands	4,567	5,057	5,338	5,847	6,291	6,676	94	96	95	95	96	95
Eastern	4,056	4,381	4,737	5,202	5,605	5,864	84	83	84	85	85	84
London	5,347	5,767	6,333	7,070	7,530	8,037	110	109	113	115	115	115
South East	4,057	4,412	4,717	5,163	5,624	5,959	84	84	84	84	86	85
South West	4,535	4,936	5,093	5,585	5,962	6,334	94	93	91	91	91	90
<b>England</b>	<b>4,660</b>	<b>5,084</b>	<b>5,414</b>	<b>5,930</b>	<b>6,361</b>	<b>6,762</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>97</b>	<b>97</b>
Scotland	5,684	6,291	6,622	7,325	7,597	8,265	117	119	118	119	116	118
Wales	5,506	5,893	6,375	6,881	7,248	7,666	114	112	113	112	110	110
Northern Ireland	6,644	6,948	7,380	7,805	8,216	9,084	137	132	131	127	125	130
<b>UK identifiable expenditure</b>	<b>4,846</b>	<b>5,280</b>	<b>5,620</b>	<b>6,149</b>	<b>6,563</b>	<b>7,000</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 7.3 Total identifiable expenditure on services by country and region in real terms<sup>(1)</sup>, 2000–01 to 2005–06**

accruals, £ million

	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans
North East	14,805	16,281	16,636	17,539	18,241	19,069
North West	39,029	41,311	42,628	45,172	47,312	49,218
Yorkshire and Humberside	26,282	28,064	28,726	30,400	32,063	33,688
East Midlands	19,839	21,457	21,971	23,625	25,099	26,303
West Midlands	26,687	28,900	29,695	31,787	33,559	34,929
Eastern	24,174	25,604	26,939	29,041	30,779	31,792
London	42,909	45,699	48,955	53,382	55,938	58,856
South East	35,942	38,310	39,793	42,632	45,609	47,666
South West	24,723	26,403	26,533	28,535	30,036	31,420
<b>England</b>	<b>254,391</b>	<b>272,029</b>	<b>281,877</b>	<b>302,113</b>	<b>318,636</b>	<b>332,941</b>
Scotland	31,908	34,476	35,104	37,861	38,581	41,043
Wales	17,745	18,558	19,544	20,660	21,400	22,297
Northern Ireland	12,398	12,701	13,132	13,581	14,052	15,273
<b>UK identifiable expenditure</b>	<b>316,443</b>	<b>337,764</b>	<b>349,657</b>	<b>374,215</b>	<b>392,669</b>	<b>411,554</b>
Outside UK	7,648	4,648	8,072	9,126	11,149	11,449
<b>Total identifiable expenditure</b>	<b>324,091</b>	<b>342,412</b>	<b>357,729</b>	<b>383,341</b>	<b>403,818</b>	<b>423,003</b>
Non-identifiable expenditure	65,060	61,448	60,853	62,969	64,449	68,501
<b>Total Expenditure on Services</b>	<b>389,150</b>	<b>403,859</b>	<b>418,582</b>	<b>446,310</b>	<b>468,267</b>	<b>491,504</b>
Accounting adjustments	17,041	17,680	23,227	21,287	22,725	20,933
<b>Total Managed Expenditure</b>	<b>406,192</b>	<b>421,539</b>	<b>441,809</b>	<b>467,597</b>	<b>490,992</b>	<b>512,437</b>

(1) 2004-05 prices.

**Table 7.4 Total identifiable expenditure on services by country and region per head in real terms<sup>(1)</sup>, 2000–01 to 2005–06**

accruals, £ per head

	National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans
North East	5,821	6,410	6,555	6,907	7,167	7,531
North West	5,761	6,099	6,284	6,638	6,930	7,217
Yorkshire and Humberside	5,300	5,639	5,753	6,069	6,363	6,690
East Midlands	4,760	5,121	5,203	5,556	5,865	6,120
West Midlands	5,064	5,473	5,599	5,975	6,291	6,539
Eastern	4,498	4,741	4,968	5,316	5,605	5,744
London	5,929	6,241	6,641	7,226	7,530	7,873
South East	4,498	4,775	4,947	5,276	5,624	5,837
South West	5,028	5,341	5,341	5,708	5,962	6,205
<b>England</b>	<b>5,167</b>	<b>5,501</b>	<b>5,678</b>	<b>6,060</b>	<b>6,361</b>	<b>6,623</b>
Scotland	6,302	6,808	6,945	7,486	7,597	8,096
Wales	6,105	6,377	6,685	7,032	7,248	7,509
Northern Ireland	7,367	7,518	7,740	7,977	8,216	8,898
<b>UK identifiable expenditure</b>	<b>5,374</b>	<b>5,714</b>	<b>5,894</b>	<b>6,284</b>	<b>6,563</b>	<b>6,857</b>

(1) 2004-05 prices.

Table 7.5a Identifiable current expenditure on services by function, country and region, 2000–01

All data in this table are National Statistics

accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	121	—	8	—	—	771	176	17	196	156	245	149	82	2,351	216	1,927	6,337	12,751
North West	368	—	21	—	—	1,905	299	61	474	400	729	502	280	6,273	475	5,127	16,182	33,096
Yorkshire and Humberside	227	—	15	—	—	1,156	285	51	294	584	402	304	148	4,415	338	3,646	10,723	22,587
East Midlands	216	—	13	—	—	895	140	42	207	352	339	260	115	3,257	267	2,819	8,226	17,147
West Midlands	304	—	16	—	—	1,181	205	47	332	324	481	293	157	4,331	342	3,862	11,177	23,051
Eastern	283	—	16	—	—	1,053	164	111	227	382	535	330	133	4,223	290	3,394	9,898	21,038
London	644	—	22	—	—	3,036	167	99	372	140	704	505	772	7,312	775	5,978	15,459	35,983
South East	421	—	24	—	2	1,570	207	131	274	355	744	582	240	6,317	499	5,136	14,673	31,174
South West	302	—	15	—	3	1,103	148	42	233	704	484	325	144	4,141	306	3,160	10,295	21,404
<b>England</b>	<b>2,885</b>	<b>—</b>	<b>150</b>	<b>—</b>	<b>5</b>	<b>12,669</b>	<b>1,790</b>	<b>600</b>	<b>2,608</b>	<b>3,397</b>	<b>4,663</b>	<b>3,249</b>	<b>2,072</b>	<b>42,618</b>	<b>3,508</b>	<b>35,049</b>	<b>102,968</b>	<b>218,231</b>
Scotland	475	—	15	—	6	1,331	362	147	778	477	733	497	406	5,183	599	4,456	11,569	27,033
Wales	276	—	9	—	—	774	195	26	148	235	281	254	–18	2,812	320	2,278	7,472	15,061
Northern Ireland	217	—	5	—	0	1,116	205	44	220	324	169	184	299	1,807	91	1,690	3,972	10,344
<b>UK current identifiable expenditure</b>	<b>3,854</b>	<b>—</b>	<b>179</b>	<b>—</b>	<b>11</b>	<b>15,890</b>	<b>2,553</b>	<b>817</b>	<b>3,754</b>	<b>4,433</b>	<b>5,845</b>	<b>4,184</b>	<b>2,758</b>	<b>52,420</b>	<b>4,517</b>	<b>43,473</b>	<b>125,981</b>	<b>270,669</b>
Outside the UK	0	1,520	3,047	—	0	—	10	175	7	—	2	2	—	212	96	15	1,782	6,869
<b>Total current identifiable expenditure</b>	<b>3,854</b>	<b>1,520</b>	<b>3,226</b>	<b>—</b>	<b>11</b>	<b>15,890</b>	<b>2,563</b>	<b>991</b>	<b>3,761</b>	<b>4,433</b>	<b>5,848</b>	<b>4,186</b>	<b>2,758</b>	<b>52,632</b>	<b>4,613</b>	<b>43,488</b>	<b>127,763</b>	<b>277,538</b>
Non-identifiable spending	4,954	–4,099	835	26,462	23,835	3,646	193	317	—	196	118	355	—	141	4	—	—	56,956
<b>Total current expenditure on services</b>	<b>8,808</b>	<b>–2,579</b>	<b>4,062</b>	<b>26,462</b>	<b>23,846</b>	<b>19,537</b>	<b>2,755</b>	<b>1,308</b>	<b>3,761</b>	<b>4,629</b>	<b>5,965</b>	<b>4,540</b>	<b>2,758</b>	<b>52,774</b>	<b>4,617</b>	<b>43,488</b>	<b>127,763</b>	<b>334,495</b>

**Table 7.5b Identifiable capital expenditure on services by function, country and region, 2000–01**

All data in this table are National Statistics accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	-5	—	—	—	—	14	97	2	4	4	164	35	-4	53	88	139	11	601
North West	18	—	—	—	—	59	580	6	3	5	242	80	344	257	222	269	20	2,103
Yorkshire and Humberside	25	—	—	—	—	33	109	5	1	3	178	39	234	162	72	237	15	1,116
East Midlands	28	—	—	—	—	26	103	4	1	-1	133	25	95	73	90	151	16	745
West Midlands	21	—	—	—	—	40	143	5	2	1	217	28	102	135	93	207	23	1,017
Eastern	15	—	—	—	—	22	85	12	1	-3	241	23	29	40	90	197	11	764
London	26	—	—	—	—	57	198	10	2	10	984	37	572	231	275	309	4	2,715
South East	12	—	—	—	—	53	123	19	2	-4	315	45	-14	202	183	290	14	1,241
South West	14	—	—	—	—	24	134	4	1	6	191	47	65	103	98	195	11	893
<b>England</b>	<b>156</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>326</b>	<b>1,573</b>	<b>68</b>	<b>19</b>	<b>20</b>	<b>2,665</b>	<b>359</b>	<b>1,423</b>	<b>1,255</b>	<b>1,212</b>	<b>1,993</b>	<b>124</b>	<b>11,194</b>
Scotland	93	—	—	—	—	68	228	9	2	22	180	32	644	206	121	119	19	1,744
Wales	37	—	—	—	—	23	203	3	1	2	188	14	224	52	82	105	10	943
Northern Ireland	36	—	—	—	—	38	121	17	0	21	100	16	222	42	31	193	2	838
<b>UK capital identifiable expenditure</b>	<b>322</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>454</b>	<b>2,127</b>	<b>97</b>	<b>22</b>	<b>65</b>	<b>3,133</b>	<b>421</b>	<b>2,512</b>	<b>1,556</b>	<b>1,445</b>	<b>2,410</b>	<b>155</b>	<b>14,718</b>
Outside the UK	—	—	16	—	—	—	—	—	—	—	10	—	—	—	2	0	—	28
<b>Total capital identifiable expenditure</b>	<b>322</b>	<b>—</b>	<b>16</b>	<b>—</b>	<b>—</b>	<b>454</b>	<b>2,127</b>	<b>97</b>	<b>22</b>	<b>65</b>	<b>3,143</b>	<b>421</b>	<b>2,512</b>	<b>1,556</b>	<b>1,447</b>	<b>2,410</b>	<b>155</b>	<b>14,746</b>
Non-identifiable spending	17	—	131	—	1,035	197	43	23	—	8	86	15	—	29	135	—	—	1,719
<b>Total capital expenditure on services</b>	<b>339</b>	<b>—</b>	<b>147</b>	<b>—</b>	<b>1,035</b>	<b>652</b>	<b>2,170</b>	<b>120</b>	<b>22</b>	<b>72</b>	<b>3,229</b>	<b>436</b>	<b>2,512</b>	<b>1,584</b>	<b>1,582</b>	<b>2,410</b>	<b>155</b>	<b>16,464</b>

Table 7.6a Identifiable current expenditure on services by function, country and region, 2001–02

All data in this table are National Statistics

accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	184	—	7	—	—	850	218	21	190	276	222	150	105	2,661	233	2,144	6,813	14,074
North West	378	—	20	—	—	2,107	280	74	471	565	727	528	303	6,852	487	5,656	17,212	35,659
Yorkshire and Humberside	245	—	14	—	—	1,308	327	61	293	824	426	309	196	4,694	366	4,037	11,403	24,503
East Midlands	228	—	12	—	—	1,009	178	51	206	537	325	256	121	3,682	275	3,153	8,778	18,811
West Midlands	299	—	15	—	—	1,355	223	58	318	564	478	311	202	5,102	352	4,269	11,952	25,497
Eastern	307	—	16	—	—	1,168	167	130	227	597	469	340	154	4,499	315	3,735	10,554	22,678
London	634	—	21	—	—	3,375	179	126	350	207	1,209	528	660	8,125	774	6,661	16,263	39,112
South East	460	—	23	—	3	1,742	194	153	278	534	661	597	263	7,063	505	5,645	15,474	33,595
South West	297	—	14	—	20	1,211	141	52	226	1,067	402	336	167	4,463	316	3,480	10,890	23,083
<b>England</b>	<b>3,033</b>	<b>—</b>	<b>143</b>	<b>—</b>	<b>23</b>	<b>14,125</b>	<b>1,906</b>	<b>725</b>	<b>2,559</b>	<b>5,172</b>	<b>4,918</b>	<b>3,355</b>	<b>2,171</b>	<b>47,142</b>	<b>3,623</b>	<b>38,780</b>	<b>109,340</b>	<b>237,013</b>
Scotland	546	—	15	—	2	1,472	378	168	786	511	671	584	481	5,403	645	4,868	12,888	29,418
Wales	319	—	8	—	—	877	275	31	149	224	295	270	-21	3,029	388	2,502	7,714	16,061
Northern Ireland	239	—	5	—	—	1,139	212	46	214	350	169	188	291	1,749	104	1,675	4,544	10,926
<b>UK current identifiable expenditure</b>	<b>4,137</b>	<b>—</b>	<b>170</b>	<b>—</b>	<b>25</b>	<b>17,614</b>	<b>2,770</b>	<b>970</b>	<b>3,708</b>	<b>6,257</b>	<b>6,052</b>	<b>4,397</b>	<b>2,922</b>	<b>57,323</b>	<b>4,761</b>	<b>47,825</b>	<b>134,486</b>	<b>293,418</b>
Outside the UK	0	-1,534	3,265	—	26	—	8	173	7	—	6	2	—	231	62	10	1,832	4,090
<b>Total current identifiable expenditure</b>	<b>4,138</b>	<b>-1,534</b>	<b>3,436</b>	<b>—</b>	<b>50</b>	<b>17,614</b>	<b>2,778</b>	<b>1,143</b>	<b>3,715</b>	<b>6,257</b>	<b>6,059</b>	<b>4,399</b>	<b>2,922</b>	<b>57,554</b>	<b>4,823</b>	<b>47,835</b>	<b>136,318</b>	<b>297,508</b>
Non-identifiable spending	5,451	-3,308	928	22,565	23,346	4,066	225	342	—	48	174	440	—	141	4	—	—	54,423
<b>Total current expenditure on services</b>	<b>9,589</b>	<b>-4,842</b>	<b>4,364</b>	<b>22,565</b>	<b>23,397</b>	<b>21,680</b>	<b>3,003</b>	<b>1,485</b>	<b>3,715</b>	<b>6,305</b>	<b>6,233</b>	<b>4,839</b>	<b>2,922</b>	<b>57,696</b>	<b>4,827</b>	<b>47,835</b>	<b>136,318</b>	<b>351,930</b>

**Table 7.6b Identifiable capital expenditure on services by function, country and region, 2001–02**

All data in this table are National Statistics accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	17	—	—	—	—	33	150	3	3	4	169	47	157	85	93	187	24	971
North West	25	—	—	—	—	106	634	9	7	8	391	91	434	242	186	340	46	2,518
Yorkshire and Humberside	23	—	—	—	—	66	158	8	4	8	282	43	256	118	90	343	33	1,432
East Midlands	33	—	—	—	—	50	61	6	3	4	228	29	70	202	64	249	19	1,018
West Midlands	5	—	—	—	—	59	110	7	4	4	341	23	142	121	96	262	36	1,210
Eastern	10	—	—	—	—	50	76	16	3	–5	384	32	–71	167	87	219	15	984
London	23	—	—	—	—	130	140	15	4	17	1,188	51	623	324	177	403	26	3,120
South East	53	—	—	—	—	90	40	25	4	11	549	62	152	276	128	394	24	1,809
South West	49	—	—	—	—	65	141	6	3	14	287	63	131	204	87	248	20	1,317
<b>England</b>	<b>237</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>649</b>	<b>1,510</b>	<b>94</b>	<b>35</b>	<b>65</b>	<b>3,817</b>	<b>441</b>	<b>1,893</b>	<b>1,738</b>	<b>1,009</b>	<b>2,644</b>	<b>243</b>	<b>14,377</b>
Scotland	124	—	—	—	—	111	169	12	5	54	311	54	943	295	118	208	38	2,442
Wales	41	—	—	—	—	40	317	4	2	4	223	18	242	–4	65	120	16	1,089
Northern Ireland	33	—	—	—	—	53	100	11	0	21	101	27	221	68	12	162	2	811
<b>UK capital identifiable expenditure</b>	<b>435</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>854</b>	<b>2,097</b>	<b>121</b>	<b>43</b>	<b>144</b>	<b>4,452</b>	<b>539</b>	<b>3,299</b>	<b>2,097</b>	<b>1,203</b>	<b>3,134</b>	<b>300</b>	<b>18,720</b>
Outside the UK	—	—	52	—	—	—	1	—	—	—	150	—	—	—	2	0	—	205
<b>Total capital identifiable expenditure</b>	<b>435</b>	<b>—</b>	<b>52</b>	<b>—</b>	<b>—</b>	<b>854</b>	<b>2,098</b>	<b>121</b>	<b>43</b>	<b>144</b>	<b>4,602</b>	<b>539</b>	<b>3,299</b>	<b>2,097</b>	<b>1,205</b>	<b>3,134</b>	<b>300</b>	<b>18,925</b>
Non-identifiable spending	471	—	79	—	1,159	342	83	49	—	3	37	16	—	23	100	—	—	2,363
<b>Total capital expenditure on services</b>	<b>906</b>	<b>—</b>	<b>131</b>	<b>—</b>	<b>1,159</b>	<b>1,196</b>	<b>2,182</b>	<b>171</b>	<b>43</b>	<b>147</b>	<b>4,639</b>	<b>556</b>	<b>3,299</b>	<b>2,121</b>	<b>1,305</b>	<b>3,134</b>	<b>300</b>	<b>21,288</b>

**Table 7.7a Identifiable current expenditure on services by function, country and region, 2002–03**

All data in this table are National Statistics

accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	174	—	8	—	—	927	298	26	190	177	248	188	109	2,907	230	2,282	7,158	14,923
North West	362	—	21	—	—	2,308	315	88	461	427	774	606	281	7,715	501	5,965	18,172	37,996
Yorkshire and Humberside	255	—	15	—	—	1,402	520	56	286	419	472	370	200	5,196	375	4,306	12,020	25,893
East Midlands	228	—	13	—	—	1,115	307	48	195	377	359	303	125	3,811	278	3,381	9,342	19,883
West Midlands	281	—	16	—	—	1,477	293	58	307	314	509	345	190	5,289	357	4,542	12,709	26,686
Eastern	314	—	16	—	—	1,301	176	183	215	374	460	404	161	5,191	324	4,018	11,321	24,458
London	676	—	22	—	—	3,719	185	149	339	229	1,784	616	593	8,992	914	7,188	17,518	42,924
South East	433	—	24	—	—	1,922	223	256	262	369	642	704	268	7,699	513	6,115	16,205	35,636
South West	311	—	15	—	8	1,344	155	62	220	708	409	390	165	4,783	307	3,735	11,350	23,964
<b>England</b>	<b>3,033</b>	<b>—</b>	<b>151</b>	<b>—</b>	<b>8</b>	<b>15,515</b>	<b>2,471</b>	<b>926</b>	<b>2,476</b>	<b>3,394</b>	<b>5,658</b>	<b>3,926</b>	<b>2,092</b>	<b>51,584</b>	<b>3,800</b>	<b>41,531</b>	<b>115,797</b>	<b>252,362</b>
Scotland	572	—	15	—	2	1,538	359	165	759	545	862	611	357	6,213	657	4,980	13,497	31,133
Wales	358	—	9	—	—	962	585	27	141	257	317	321	4	3,357	397	2,735	8,067	17,535
Northern Ireland	250	—	5	—	—	1,099	257	51	203	341	193	203	338	1,903	93	1,902	4,825	11,665
<b>UK current identifiable expenditure</b>	<b>4,213</b>	<b>—</b>	<b>180</b>	<b>—</b>	<b>10</b>	<b>19,115</b>	<b>3,673</b>	<b>1,168</b>	<b>3,580</b>	<b>4,536</b>	<b>7,030</b>	<b>5,060</b>	<b>2,792</b>	<b>63,056</b>	<b>4,947</b>	<b>51,148</b>	<b>142,186</b>	<b>312,696</b>
Outside the UK	0	1,539	3,511	—	4	—	9	189	10	—	4	2	—	276	93	3	1,865	7,503
<b>Total current identifiable expenditure</b>	<b>4,213</b>	<b>1,539</b>	<b>3,691</b>	<b>—</b>	<b>14</b>	<b>19,115</b>	<b>3,681</b>	<b>1,357</b>	<b>3,590</b>	<b>4,536</b>	<b>7,034</b>	<b>5,063</b>	<b>2,792</b>	<b>63,332</b>	<b>5,040</b>	<b>51,152</b>	<b>144,051</b>	<b>320,199</b>
Non-identifiable spending	5,726	-3,424	989	21,619	25,135	4,340	313	401	—	141	135	326	—	108	4	—	—	55,812
<b>Total current expenditure on services</b>	<b>9,939</b>	<b>-1,884</b>	<b>4,680</b>	<b>21,619</b>	<b>25,149</b>	<b>23,455</b>	<b>3,994</b>	<b>1,758</b>	<b>3,590</b>	<b>4,677</b>	<b>7,168</b>	<b>5,389</b>	<b>2,792</b>	<b>63,439</b>	<b>5,044</b>	<b>51,152</b>	<b>144,051</b>	<b>376,011</b>



**Table 7.7b Identifiable capital expenditure on services by function, country and region, 2002–03**

All data in this table are National Statistics accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	23	—	—	—	—	36	112	6	4	4	198	23	64	117	100	212	41	939
North West	–1	—	—	—	—	113	640	16	10	12	573	74	288	263	183	416	62	2,651
Yorkshire and Humberside	38	—	—	—	—	75	77	15	6	0	340	56	144	194	149	360	43	1,498
East Midlands	44	—	—	—	—	47	40	11	5	6	290	32	51	172	108	241	21	1,066
West Midlands	48	—	—	—	—	64	147	13	7	3	456	42	84	261	132	329	42	1,629
Eastern	30	—	—	—	—	39	64	33	5	2	440	35	–65	195	117	303	31	1,228
London	28	—	–2	—	—	202	119	44	7	25	1,622	40	516	354	223	499	76	3,755
South East	60	—	—	—	—	99	129	62	6	8	641	64	154	368	169	491	54	2,306
South West	48	—	—	—	—	68	155	12	5	11	352	37	81	167	97	279	25	1,335
<b>England</b>	<b>319</b>	<b>—</b>	<b>–2</b>	<b>—</b>	<b>—</b>	<b>741</b>	<b>1,484</b>	<b>212</b>	<b>54</b>	<b>72</b>	<b>4,914</b>	<b>404</b>	<b>1,317</b>	<b>2,091</b>	<b>1,277</b>	<b>3,130</b>	<b>394</b>	<b>16,407</b>
Scotland	151	—	—	—	—	113	123	20	8	26	291	44	855	295	172	195	46	2,338
Wales	41	—	—	—	—	41	151	2	4	2	222	26	225	121	128	117	20	1,100
Northern Ireland	60	—	—	—	—	63	103	4	0	21	119	29	176	98	26	142	14	856
<b>UK capital identifiable expenditure</b>	<b>570</b>	<b>—</b>	<b>–2</b>	<b>—</b>	<b>—</b>	<b>958</b>	<b>1,860</b>	<b>239</b>	<b>67</b>	<b>120</b>	<b>5,546</b>	<b>503</b>	<b>2,573</b>	<b>2,605</b>	<b>1,604</b>	<b>3,584</b>	<b>474</b>	<b>20,702</b>
Outside the UK	—	—	23	—	—	—	1	—	—	—	173	—	—	—	–4	1	—	193
<b>Total capital identifiable expenditure</b>	<b>570</b>	<b>—</b>	<b>21</b>	<b>—</b>	<b>—</b>	<b>958</b>	<b>1,861</b>	<b>239</b>	<b>67</b>	<b>120</b>	<b>5,719</b>	<b>503</b>	<b>2,573</b>	<b>2,605</b>	<b>1,600</b>	<b>3,585</b>	<b>474</b>	<b>20,895</b>
Non-identifiable spending	496	—	102	—	988	324	83	45	—	2	17	25	—	20	108	—	—	2,211
<b>Total capital expenditure on services</b>	<b>1,067</b>	<b>—</b>	<b>124</b>	<b>—</b>	<b>988</b>	<b>1,282</b>	<b>1,943</b>	<b>284</b>	<b>67</b>	<b>123</b>	<b>5,736</b>	<b>528</b>	<b>2,573</b>	<b>2,625</b>	<b>1,708</b>	<b>3,585</b>	<b>474</b>	<b>23,106</b>

Table 7.8a Identifiable current expenditure on services by function, country and region, 2003–04

All data in this table are National Statistics

accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	180	—	9	—	0	990	453	26	203	197	253	175	157	3,192	248	2,585	7,474	16,142
North West	404	—	23	—	1	2,466	359	95	490	395	782	580	321	8,752	528	6,663	19,119	40,979
Yorkshire and Humberside	261	—	17	—	0	1,470	579	82	296	443	518	335	238	5,951	414	4,811	12,707	28,123
East Midlands	236	—	14	—	1	1,241	266	61	199	416	397	270	160	4,420	316	3,774	9,989	21,760
West Midlands	305	—	18	—	1	1,588	301	59	311	346	530	350	250	5,918	396	5,057	13,699	29,129
Eastern	318	—	18	—	1	1,419	194	171	215	464	571	368	172	5,725	358	4,494	12,261	26,748
London	598	—	25	—	2	4,134	199	216	340	279	3,051	638	654	9,985	836	8,128	19,132	48,217
South East	453	—	27	—	1	2,186	220	188	265	444	715	645	272	8,651	555	6,720	17,745	39,090
South West	320	—	17	—	8	1,475	212	57	231	716	451	353	171	5,449	345	4,161	12,292	26,258
<b>England</b>	<b>3,076</b>	<b>—</b>	<b>167</b>	<b>—</b>	<b>15</b>	<b>16,969</b>	<b>2,781</b>	<b>957</b>	<b>2,551</b>	<b>3,700</b>	<b>7,268</b>	<b>3,715</b>	<b>2,394</b>	<b>58,044</b>	<b>3,996</b>	<b>46,392</b>	<b>124,419</b>	<b>276,445</b>
Scotland	617	—	17	—	0	1,669	411	183	716	610	1,044	654	689	7,043	783	5,259	14,583	34,278
Wales	380	—	10	—	—	1,028	602	33	144	265	337	367	101	3,867	424	2,915	8,563	19,037
Northern Ireland	274	—	6	—	—	1,119	222	46	155	369	232	220	332	2,130	122	1,958	5,189	12,375
<b>UK current identifiable expenditure</b>	<b>4,348</b>	<b>—</b>	<b>200</b>	<b>—</b>	<b>15</b>	<b>20,785</b>	<b>4,016</b>	<b>1,219</b>	<b>3,567</b>	<b>4,945</b>	<b>8,882</b>	<b>4,956</b>	<b>3,517</b>	<b>71,084</b>	<b>5,325</b>	<b>56,524</b>	<b>152,753</b>	<b>342,135</b>
Outside the UK	0	2,007	3,963	—	—	—	8	135	8	—	6	40	—	318	109	3	2,068	8,665
<b>Total current identifiable expenditure</b>	<b>4,348</b>	<b>2,007</b>	<b>4,162</b>	<b>—</b>	<b>15</b>	<b>20,785</b>	<b>4,024</b>	<b>1,355</b>	<b>3,575</b>	<b>4,945</b>	<b>8,888</b>	<b>4,996</b>	<b>3,517</b>	<b>71,402</b>	<b>5,433</b>	<b>56,528</b>	<b>154,821</b>	<b>350,800</b>
Non-identifiable spending	6,223	-4,235	1,027	22,865	26,540	4,835	341	444	—	215	113	478	—	173	2	—	—	59,022
<b>Total current expenditure on services</b>	<b>10,571</b>	<b>-2,227</b>	<b>5,189</b>	<b>22,865</b>	<b>26,555</b>	<b>25,620</b>	<b>4,365</b>	<b>1,798</b>	<b>3,575</b>	<b>5,160</b>	<b>9,001</b>	<b>5,473</b>	<b>3,517</b>	<b>71,575</b>	<b>5,435</b>	<b>56,528</b>	<b>154,821</b>	<b>409,822</b>

**Table 7.8b Identifiable capital expenditure on services by function, country and region, 2003–04**

All data in this table are National Statistics accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	-4	—	—	—	1	36	132	12	15	8	210	34	108	132	93	226	19	1,021
North West	61	—	—	—	2	106	634	31	40	11	914	95	396	346	122	456	8	3,223
Yorkshire and Humberside	43	—	—	—	1	65	113	30	26	12	413	55	133	226	88	403	15	1,624
East Midlands	54	—	—	—	2	56	78	20	18	12	412	32	80	195	96	294	8	1,358
West Midlands	46	—	—	—	2	67	239	20	29	7	591	48	88	313	105	400	19	1,975
Eastern	64	—	—	—	2	42	96	37	19	14	573	45	63	259	86	354	13	1,668
London	22	—	4	—	4	222	168	79	30	8	1,278	58	661	512	151	711	109	4,019
South East	34	—	—	—	3	82	137	62	23	11	785	76	231	405	128	568	81	2,627
South West	76	—	—	—	2	71	167	17	18	20	450	52	95	224	95	353	23	1,664
<b>England</b>	<b>397</b>	<b>—</b>	<b>4</b>	<b>—</b>	<b>19</b>	<b>747</b>	<b>1,766</b>	<b>308</b>	<b>218</b>	<b>102</b>	<b>5,626</b>	<b>496</b>	<b>1,856</b>	<b>2,612</b>	<b>967</b>	<b>3,766</b>	<b>296</b>	<b>19,179</b>
Scotland	191	—	—	—	—	138	183	43	143	26	678	48	636	298	139	220	27	2,770
Wales	62	—	—	—	—	49	200	8	17	4	310	30	150	119	85	137	10	1,180
Northern Ireland	41	—	—	—	—	54	75	10	0	28	102	31	219	118	17	207	11	914
<b>UK capital identifiable expenditure</b>	<b>690</b>	<b>—</b>	<b>4</b>	<b>—</b>	<b>19</b>	<b>988</b>	<b>2,223</b>	<b>370</b>	<b>378</b>	<b>160</b>	<b>6,716</b>	<b>606</b>	<b>2,861</b>	<b>3,146</b>	<b>1,208</b>	<b>4,330</b>	<b>344</b>	<b>24,042</b>
Outside the UK	—	—	48	—	—	—	0	36	—	—	163	8	—	—	8	2	—	265
<b>Total capital identifiable expenditure</b>	<b>690</b>	<b>—</b>	<b>51</b>	<b>—</b>	<b>19</b>	<b>988</b>	<b>2,223</b>	<b>406</b>	<b>378</b>	<b>160</b>	<b>6,879</b>	<b>613</b>	<b>2,861</b>	<b>3,146</b>	<b>1,216</b>	<b>4,332</b>	<b>344</b>	<b>24,307</b>
Non-identifiable spending	883	—	87	—	902	382	98	58	—	13	12	32	—	26	101	—	—	2,595
<b>Total capital expenditure on services</b>	<b>1,573</b>	<b>—</b>	<b>138</b>	<b>—</b>	<b>921</b>	<b>1,370</b>	<b>2,321</b>	<b>464</b>	<b>378</b>	<b>174</b>	<b>6,891</b>	<b>646</b>	<b>2,861</b>	<b>3,173</b>	<b>1,317</b>	<b>4,332</b>	<b>344</b>	<b>26,902</b>

Table 7.9a Identifiable current expenditure on services by function, country and region, 2004–05

All data in this table are National Statistics

accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	223	—	10	—	0	1,076	352	34	194	194	239	191	171	3,573	267	2,755	7,809	17,089
North West	440	—	26	—	0	2,691	566	114	473	404	835	622	385	9,497	539	7,093	20,009	43,692
Yorkshire and Humberside	248	—	19	—	0	1,658	533	90	287	466	478	387	249	6,656	430	5,122	13,364	29,986
East Midlands	236	—	17	—	0	1,312	286	72	193	438	409	347	174	4,945	315	4,088	10,591	23,423
West Midlands	344	—	21	—	0	1,736	338	68	299	357	604	388	233	6,635	376	5,388	14,485	31,272
Eastern	327	—	21	—	0	1,562	139	204	208	531	484	451	173	6,482	367	4,818	13,135	28,903
London	688	—	29	—	0	4,631	209	239	327	342	2,624	689	633	11,203	839	8,733	20,311	51,498
South East	495	—	31	—	0	2,562	215	209	251	455	665	775	287	9,609	577	7,282	18,872	42,285
South West	338	—	19	—	0	1,614	177	61	216	705	454	419	184	6,093	375	4,503	13,006	28,166
<b>England</b>	<b>3,339</b>	<b>—</b>	<b>194</b>	<b>—</b>	<b>1</b>	<b>18,842</b>	<b>2,814</b>	<b>1,093</b>	<b>2,449</b>	<b>3,892</b>	<b>6,793</b>	<b>4,268</b>	<b>2,490</b>	<b>64,691</b>	<b>4,084</b>	<b>49,782</b>	<b>131,582</b>	<b>296,313</b>
Scotland	676	—	20	—	2	1,749	423	187	772	607	965	692	295	7,279	789	5,654	15,221	35,332
Wales	400	—	11	—	—	1,133	616	34	141	184	356	401	14	4,152	454	3,123	8,993	20,014
Northern Ireland	255	—	7	—	—	1,157	218	48	169	371	214	238	335	2,256	97	2,032	5,504	12,902
<b>UK current identifiable expenditure</b>	<b>4,670</b>	<b>—</b>	<b>231</b>	<b>—</b>	<b>3</b>	<b>22,881</b>	<b>4,071</b>	<b>1,362</b>	<b>3,530</b>	<b>5,054</b>	<b>8,329</b>	<b>5,599</b>	<b>3,134</b>	<b>78,378</b>	<b>5,425</b>	<b>60,591</b>	<b>161,300</b>	<b>364,560</b>
Outside the UK	0	3,753	4,112	—	—	0	7	162	10	—	8	41	—	434	117	4	2,188	10,836
<b>Total current identifiable expenditure</b>	<b>4,671</b>	<b>3,753</b>	<b>4,343</b>	<b>—</b>	<b>3</b>	<b>22,881</b>	<b>4,078</b>	<b>1,525</b>	<b>3,540</b>	<b>5,054</b>	<b>8,336</b>	<b>5,640</b>	<b>3,134</b>	<b>78,813</b>	<b>5,541</b>	<b>60,595</b>	<b>163,488</b>	<b>375,396</b>
Non-identifiable spending	6,743	-4,552	1,165	24,543	27,134	4,252	535	426	—	242	136	447	—	171	6	—	—	61,247
<b>Total current expenditure on services</b>	<b>11,414</b>	<b>-799</b>	<b>5,508</b>	<b>24,543</b>	<b>27,137</b>	<b>27,133</b>	<b>4,613</b>	<b>1,951</b>	<b>3,540</b>	<b>5,295</b>	<b>8,472</b>	<b>6,087</b>	<b>3,134</b>	<b>78,983</b>	<b>5,547</b>	<b>60,595</b>	<b>163,488</b>	<b>436,643</b>

**Table 7.9b Identifiable capital expenditure on services by function, country and region, 2004–05**

All data in this table are National Statistics accruals, £ million

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
North East	16	—	—	—	0	30	186	16	6	5	229	23	168	144	85	219	26	1,153
North West	94	—	—	—	0	91	647	26	15	7	987	77	625	402	98	497	55	3,620
Yorkshire and Humberside	109	—	—	—	0	79	202	29	10	9	447	80	299	242	92	435	44	2,077
East Midlands	80	—	—	—	0	46	124	21	7	8	475	40	171	212	105	364	22	1,676
West Midlands	71	—	—	—	0	93	201	22	11	12	631	56	290	310	103	454	33	2,287
Eastern	87	—	—	—	0	56	125	40	8	4	636	57	112	244	88	404	14	1,876
London	173	—	2	—	0	231	56	70	12	20	1,369	74	892	601	159	753	29	4,441
South East	133	—	—	—	0	95	239	52	9	9	890	97	473	451	154	671	50	3,324
South West	80	—	—	—	0	60	207	19	7	11	496	55	143	261	86	418	27	1,870
<b>England</b>	<b>844</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>1</b>	<b>781</b>	<b>1,986</b>	<b>294</b>	<b>85</b>	<b>84</b>	<b>6,160</b>	<b>558</b>	<b>3,173</b>	<b>2,868</b>	<b>972</b>	<b>4,215</b>	<b>300</b>	<b>22,323</b>
Scotland	165	—	—	—	—	162	202	51	30	24	707	90	984	404	142	238	50	3,250
Wales	82	—	—	—	—	52	189	14	7	6	339	37	223	139	115	159	25	1,387
Northern Ireland	7	—	—	—	—	83	97	20	0	25	130	61	355	142	12	214	4	1,150
<b>UK capital identifiable expenditure</b>	<b>1,098</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>1</b>	<b>1,078</b>	<b>2,475</b>	<b>380</b>	<b>121</b>	<b>139</b>	<b>7,337</b>	<b>746</b>	<b>4,735</b>	<b>3,552</b>	<b>1,241</b>	<b>4,826</b>	<b>380</b>	<b>28,109</b>
Outside the UK	—	—	5	—	—	—	24	36	—	—	229	8	—	1	11	0	—	313
<b>Total capital identifiable expenditure</b>	<b>1,098</b>	<b>—</b>	<b>6</b>	<b>—</b>	<b>1</b>	<b>1,078</b>	<b>2,498</b>	<b>416</b>	<b>121</b>	<b>139</b>	<b>7,566</b>	<b>754</b>	<b>4,735</b>	<b>3,553</b>	<b>1,252</b>	<b>4,826</b>	<b>380</b>	<b>28,422</b>
Non-identifiable spending	736	—	139	—	1,484	537	66	66	—	7	21	31	—	28	87	—	—	3,202
<b>Total capital expenditure on services</b>	<b>1,834</b>	<b>—</b>	<b>146</b>	<b>—</b>	<b>1,485</b>	<b>1,614</b>	<b>2,564</b>	<b>481</b>	<b>121</b>	<b>146</b>	<b>7,587</b>	<b>785</b>	<b>4,735</b>	<b>3,581</b>	<b>1,339</b>	<b>4,826</b>	<b>380</b>	<b>31,625</b>

Table 7.10a Identifiable current expenditure on services by function, country and region, 2005–06

	accruals, £ million																		
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Unallocated provision	Total
North East	250	—	10	—	1	1,075	425	44	186	191	266	206	165	3,877	289	2,938	8,075	—	18,000
North West	508	—	26	—	1	2,731	368	162	457	366	925	770	396	10,213	597	7,563	20,803	—	45,885
Yorkshire and Humberside	289	—	20	—	1	1,686	629	111	277	453	525	428	251	7,238	480	5,431	13,867	—	31,686
East Midlands	270	—	17	—	1	1,324	306	89	188	417	465	377	171	5,393	347	4,443	11,023	—	24,831
West Midlands	389	—	21	—	1	1,767	366	93	291	353	672	421	224	7,227	404	5,697	15,011	—	32,937
Eastern	371	—	21	—	1	1,585	139	267	203	514	540	488	165	6,744	403	4,995	13,649	—	30,084
London	769	—	29	—	1	4,821	173	348	317	332	2,812	767	722	11,766	993	9,290	20,921	—	54,060
South East	563	—	32	—	9	2,605	220	270	244	437	752	986	275	10,138	629	7,766	19,609	—	44,535
South West	379	—	20	—	16	1,624	186	78	211	684	515	497	176	6,574	406	4,788	13,590	—	29,742
<b>England</b>	<b>3,789</b>	<b>—</b>	<b>194</b>	<b>—</b>	<b>32</b>	<b>19,219</b>	<b>2,812</b>	<b>1,462</b>	<b>2,372</b>	<b>3,747</b>	<b>7,472</b>	<b>4,940</b>	<b>2,544</b>	<b>69,169</b>	<b>4,548</b>	<b>52,910</b>	<b>136,549</b>	<b>—</b>	<b>311,759</b>
Scotland	739	—	20	—	2	1,847	509	240	728	632	1,171	924	380	8,048	791	5,946	15,814	—	37,792
Wales	550	—	11	—	—	1,151	632	45	140	387	368	381	44	4,270	465	3,270	9,299	—	21,014
Northern Ireland	368	—	7	—	—	1,211	246	52	166	579	235	262	368	2,475	108	2,181	5,781	—	14,039
<b>UK current identifiable expenditure</b>	<b>5,446</b>	<b>—</b>	<b>232</b>	<b>—</b>	<b>34</b>	<b>23,428</b>	<b>4,198</b>	<b>1,799</b>	<b>3,406</b>	<b>5,345</b>	<b>9,246</b>	<b>6,507</b>	<b>3,337</b>	<b>83,963</b>	<b>5,911</b>	<b>64,308</b>	<b>167,443</b>	<b>—</b>	<b>384,604</b>
Outside the UK	0	3,600	4,756	—	47	—	10	143	9	—	33	34	—	36	118	4	2,208	—	10,997
<b>Total current identifiable expenditure</b>	<b>5,447</b>	<b>3,600</b>	<b>4,988</b>	<b>—</b>	<b>81</b>	<b>23,428</b>	<b>4,208</b>	<b>1,942</b>	<b>3,415</b>	<b>5,345</b>	<b>9,279</b>	<b>6,541</b>	<b>3,337</b>	<b>83,999</b>	<b>6,029</b>	<b>64,312</b>	<b>169,651</b>	<b>—</b>	<b>395,602</b>
Non-identifiable spending	7,257	-4,344	1,067	26,385	27,038	5,039	612	346	—	169	150	444	—	166	8	—	—	2,025	66,364
<b>Total current expenditure on services</b>	<b>12,704</b>	<b>-744</b>	<b>6,055</b>	<b>26,385</b>	<b>27,120</b>	<b>28,467</b>	<b>4,820</b>	<b>2,288</b>	<b>3,415</b>	<b>5,514</b>	<b>9,429</b>	<b>6,985</b>	<b>3,337</b>	<b>84,164</b>	<b>6,037</b>	<b>64,312</b>	<b>169,651</b>	<b>2,025</b>	<b>461,965</b>

**Table 7.10b Identifiable capital expenditure on services by function, country and region, 2005–06**

	accruals, £ million																		
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Unallocated provision	Total
North East	10	—	—	—	1	42	168	18	15	0	243	31	229	271	128	245	65	—	1,468
North West	97	—	—	—	1	120	677	35	41	1	973	135	748	645	167	558	165	—	4,362
Yorkshire and Humberside	125	—	—	—	0	104	155	38	26	5	466	102	409	470	173	501	132	—	2,706
East Midlands	89	—	—	—	1	62	103	25	19	4	486	53	233	326	137	394	90	—	2,022
West Midlands	72	—	—	—	0	123	192	28	30	8	651	70	376	353	169	527	125	—	2,723
Eastern	93	—	—	—	1	80	133	56	20	–3	684	74	188	358	139	451	98	—	2,373
London	192	—	0	—	1	281	63	115	31	27	1,904	97	1,184	779	347	830	175	—	6,026
South East	138	—	—	—	1	125	251	74	24	4	1,058	189	543	540	226	774	181	—	4,128
South West	88	—	—	—	1	82	162	23	19	0	541	85	185	463	131	459	96	—	2,335
<b>England</b>	<b>903</b>	<b>—</b>	<b>0</b>	<b>—</b>	<b>5</b>	<b>1,019</b>	<b>1,904</b>	<b>411</b>	<b>227</b>	<b>46</b>	<b>7,005</b>	<b>837</b>	<b>4,094</b>	<b>4,204</b>	<b>1,619</b>	<b>4,741</b>	<b>1,127</b>	<b>—</b>	<b>28,143</b>
Scotland	94	—	—	—	—	174	131	69	85	47	922	211	1,082	449	259	432	153	—	4,110
Wales	82	—	—	—	—	52	219	18	18	12	406	52	355	143	121	203	68	—	1,749
Northern Ireland	44	—	—	—	—	76	80	17	0	65	179	91	415	161	37	323	66	—	1,554
<b>UK capital identifiable expenditure</b>	<b>1,123</b>	<b>—</b>	<b>0</b>	<b>—</b>	<b>5</b>	<b>1,321</b>	<b>2,334</b>	<b>516</b>	<b>330</b>	<b>170</b>	<b>8,512</b>	<b>1,191</b>	<b>5,947</b>	<b>4,957</b>	<b>2,036</b>	<b>5,699</b>	<b>1,414</b>	<b>—</b>	<b>35,556</b>
Outside the UK	—	—	38	—	—	—	24	36	—	—	572	8	—	0	13	0	—	—	691
<b>Total capital identifiable expenditure</b>	<b>1,123</b>	<b>—</b>	<b>38</b>	<b>—</b>	<b>5</b>	<b>1,321</b>	<b>2,358</b>	<b>552</b>	<b>330</b>	<b>170</b>	<b>9,084</b>	<b>1,198</b>	<b>5,947</b>	<b>4,958</b>	<b>2,050</b>	<b>5,699</b>	<b>1,414</b>	<b>—</b>	<b>36,246</b>
Non-identifiable spending	754	—	161	—	1,114	595	72	127	—	3	12	34	—	39	68	—	—	590	3,569
<b>Total capital expenditure on services</b>	<b>1,877</b>	<b>—</b>	<b>199</b>	<b>—</b>	<b>1,118</b>	<b>1,916</b>	<b>2,429</b>	<b>680</b>	<b>330</b>	<b>172</b>	<b>9,096</b>	<b>1,232</b>	<b>5,947</b>	<b>4,997</b>	<b>2,118</b>	<b>5,699</b>	<b>1,414</b>	<b>590</b>	<b>39,816</b>

Table 7.11 UK identifiable expenditure on services by function, country and region, per head, 2000–01 to 2005–06

Data in this table from 2000–01 to 2004–05 are National Statistics

accruals, £ per head

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2000–01</b>																
North East	46	3	—	309	107	7	79	63	161	72	31	945	120	812	2,496	5,250
North West	57	3	—	290	130	10	70	60	143	86	92	964	103	797	2,392	5,196
Yorkshire and Humberside	51	3	—	240	79	11	60	118	117	69	77	923	83	783	2,166	4,780
East Midlands	59	3	—	221	58	11	50	84	113	68	50	799	86	713	1,977	4,293
West Midlands	62	3	—	232	66	10	63	62	132	61	49	847	83	772	2,125	4,567
Eastern	55	3	—	200	46	23	42	71	144	66	30	793	71	668	1,843	4,056
London	93	3	—	427	51	15	52	21	233	75	186	1,042	145	869	2,137	5,347
South East	54	3	0	203	41	19	35	44	133	78	28	816	85	679	1,838	4,057
South West	64	3	1	229	57	9	48	144	137	76	42	863	82	682	2,096	4,535
<b>England</b>	<b>62</b>	<b>3</b>	<b>0</b>	<b>264</b>	<b>68</b>	<b>14</b>	<b>53</b>	<b>69</b>	<b>149</b>	<b>73</b>	<b>71</b>	<b>891</b>	<b>96</b>	<b>752</b>	<b>2,094</b>	<b>4,660</b>
Scotland	112	3	1	276	117	31	154	99	180	104	207	1,064	142	904	2,289	5,684
Wales	108	3	—	274	137	10	51	82	161	92	71	985	138	820	2,574	5,506
Northern Ireland	150	3	0	686	194	36	131	205	160	119	309	1,099	72	1,119	2,362	6,644
<b>UK identifiable expenditure</b>	<b>71</b>	<b>3</b>	<b>0</b>	<b>278</b>	<b>79</b>	<b>16</b>	<b>64</b>	<b>76</b>	<b>152</b>	<b>78</b>	<b>90</b>	<b>917</b>	<b>101</b>	<b>779</b>	<b>2,142</b>	<b>4,846</b>
<b>2001–02</b>																
North East	79	3	—	347	145	9	76	110	154	78	103	1,081	128	918	2,692	5,923
North West	59	3	—	327	135	12	71	85	165	91	109	1,047	99	885	2,548	5,637
Yorkshire and Humberside	54	3	—	276	97	14	60	167	142	71	91	967	92	880	2,298	5,211
East Midlands	62	3	—	253	57	14	50	129	132	68	46	927	81	812	2,100	4,733
West Midlands	58	3	—	268	63	12	61	107	155	63	65	989	85	858	2,270	5,057
Eastern	59	3	—	226	45	27	43	110	158	69	15	864	74	732	1,957	4,381
London	90	3	—	479	44	19	48	31	327	79	175	1,154	130	965	2,225	5,767
South East	64	3	0	228	29	22	35	68	151	82	52	915	79	753	1,932	4,412
South West	70	3	4	258	57	12	46	219	139	81	60	944	81	754	2,207	4,936
<b>England</b>	<b>66</b>	<b>3</b>	<b>0</b>	<b>299</b>	<b>69</b>	<b>17</b>	<b>52</b>	<b>106</b>	<b>177</b>	<b>77</b>	<b>82</b>	<b>988</b>	<b>94</b>	<b>838</b>	<b>2,216</b>	<b>5,084</b>
Scotland	132	3	0	313	108	36	156	112	194	126	281	1,125	151	1,002	2,553	6,291
Wales	124	3	—	315	204	12	52	78	178	99	76	1,039	156	901	2,656	5,893
Northern Ireland	161	3	—	706	185	34	127	220	159	127	303	1,076	69	1,087	2,691	6,948
<b>UK identifiable expenditure</b>	<b>77</b>	<b>3</b>	<b>0</b>	<b>312</b>	<b>82</b>	<b>18</b>	<b>63</b>	<b>108</b>	<b>178</b>	<b>84</b>	<b>105</b>	<b>1,005</b>	<b>101</b>	<b>862</b>	<b>2,280</b>	<b>5,280</b>



**Table 7.11 UK identifiable expenditure on services by function, country and region, per head, 2000–01 to 2005–06 (continued)**

Data in this table from 2000–01 to 2004–05 are National Statistics accruals, £ per head

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2002–03</b>																
North East	78	3	—	379	161	12	77	72	176	83	68	1,191	130	982	2,837	6,250
North West	53	3	—	357	141	15	69	65	199	100	84	1,176	101	941	2,688	5,992
Yorkshire and Humberside	59	3	—	296	120	14	59	84	163	85	69	1,079	105	934	2,416	5,486
East Midlands	64	3	—	275	82	14	47	91	154	79	42	943	91	858	2,217	4,961
West Midlands	62	3	—	290	83	13	59	60	182	73	52	1,046	92	918	2,404	5,338
Eastern	63	3	—	247	44	40	41	69	166	81	18	993	81	797	2,094	4,737
London	95	3	—	532	41	26	47	34	462	89	151	1,268	154	1,043	2,387	6,333
South East	61	3	—	251	44	39	33	47	160	96	53	1,003	85	821	2,021	4,717
South West	72	3	2	284	62	15	45	145	153	86	50	996	81	808	2,290	5,093
<b>England</b>	<b>68</b>	<b>3</b>	<b>0</b>	<b>327</b>	<b>80</b>	<b>23</b>	<b>51</b>	<b>70</b>	<b>213</b>	<b>87</b>	<b>69</b>	<b>1,081</b>	<b>102</b>	<b>900</b>	<b>2,340</b>	<b>5,414</b>
Scotland	143	3	0	327	95	37	152	113	228	129	240	1,287	164	1,024	2,679	6,622
Wales	136	3	—	343	252	10	50	89	184	119	78	1,190	180	975	2,766	6,375
Northern Ireland	183	3	—	685	212	33	120	213	184	137	303	1,180	71	1,205	2,853	7,380
<b>UK identifiable expenditure</b>	<b>81</b>	<b>3</b>	<b>0</b>	<b>338</b>	<b>93</b>	<b>24</b>	<b>61</b>	<b>78</b>	<b>212</b>	<b>94</b>	<b>90</b>	<b>1,107</b>	<b>110</b>	<b>923</b>	<b>2,405</b>	<b>5,620</b>
<b>2003–04</b>																
North East	69	3	1	404	230	15	86	81	182	82	104	1,309	134	1,107	2,951	6,758
North West	68	3	0	378	146	19	78	60	249	99	105	1,337	96	1,046	2,811	6,496
Yorkshire and Humberside	61	3	0	307	138	22	64	91	186	78	74	1,233	100	1,041	2,540	5,938
East Midlands	68	3	1	305	81	19	51	101	190	71	56	1,085	97	957	2,351	5,437
West Midlands	66	3	1	311	101	15	64	66	211	75	64	1,171	94	1,026	2,579	5,847
Eastern	70	3	1	267	53	38	43	87	209	76	43	1,095	81	887	2,247	5,202
London	84	4	1	590	50	40	50	39	586	94	178	1,421	134	1,196	2,604	7,070
South East	60	3	1	281	44	31	36	56	186	89	62	1,121	85	902	2,206	5,163
South West	79	3	2	309	76	15	50	147	180	81	53	1,135	88	903	2,463	5,585
<b>England</b>	<b>70</b>	<b>3</b>	<b>1</b>	<b>355</b>	<b>91</b>	<b>25</b>	<b>56</b>	<b>76</b>	<b>259</b>	<b>84</b>	<b>85</b>	<b>1,217</b>	<b>100</b>	<b>1,006</b>	<b>2,502</b>	<b>5,930</b>
Scotland	160	3	0	357	117	45	170	126	341	139	262	1,451	182	1,083	2,889	7,325
Wales	150	3	—	366	273	14	55	92	220	135	85	1,357	173	1,039	2,918	6,881
Northern Ireland	185	3	—	689	174	33	91	234	196	148	324	1,320	82	1,271	3,054	7,805
<b>UK identifiable expenditure</b>	<b>85</b>	<b>3</b>	<b>1</b>	<b>366</b>	<b>105</b>	<b>27</b>	<b>66</b>	<b>86</b>	<b>262</b>	<b>93</b>	<b>107</b>	<b>1,246</b>	<b>110</b>	<b>1,022</b>	<b>2,571</b>	<b>6,149</b>

Table 7.11 UK identifiable expenditure on services by function, country and region, per head, 2000–01 to 2005–06 (continued)

	Data in this table from 2000–01 to 2004–05 are National Statistics														accruals, £ per head	
	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2004–05</b>																
North East	94	4	0	435	211	20	79	78	184	84	133	1,460	139	1,169	3,078	7,167
North West	78	4	0	407	178	20	72	60	267	102	148	1,450	93	1,112	2,939	6,930
Yorkshire and Humberside	71	4	0	345	146	24	59	94	184	93	109	1,369	104	1,103	2,661	6,363
East Midlands	74	4	0	317	96	22	47	104	207	90	81	1,205	98	1,040	2,480	5,865
West Midlands	78	4	0	343	101	17	58	69	231	83	98	1,302	90	1,095	2,722	6,291
Eastern	75	4	0	295	48	45	39	97	204	93	52	1,225	83	951	2,395	5,605
London	116	4	0	654	36	42	46	49	537	103	205	1,589	134	1,277	2,738	7,530
South East	77	4	0	328	56	32	32	57	192	108	94	1,240	90	981	2,333	5,624
South West	83	4	0	332	76	16	44	142	189	94	65	1,261	92	977	2,587	5,962
<b>England</b>	<b>84</b>	<b>4</b>	<b>0</b>	<b>392</b>	<b>96</b>	<b>28</b>	<b>51</b>	<b>79</b>	<b>259</b>	<b>96</b>	<b>113</b>	<b>1,349</b>	<b>101</b>	<b>1,078</b>	<b>2,633</b>	<b>6,361</b>
Scotland	166	4	0	376	123	47	158	124	329	154	252	1,513	183	1,160	3,007	7,597
Wales	163	4	—	401	273	16	50	64	235	148	80	1,453	193	1,112	3,055	7,248
Northern Ireland	153	4	—	725	185	40	99	232	201	175	403	1,402	64	1,313	3,221	8,216
<b>UK identifiable expenditure</b>	<b>96</b>	<b>4</b>	<b>0</b>	<b>400</b>	<b>109</b>	<b>29</b>	<b>61</b>	<b>87</b>	<b>262</b>	<b>106</b>	<b>132</b>	<b>1,369</b>	<b>111</b>	<b>1,093</b>	<b>2,702</b>	<b>6,563</b>
<b>Data in this section do not form part of National Statistics</b>																
<b>2005–06</b>																
North East	103	4	1	441	234	25	80	76	201	94	156	1,638	165	1,257	3,215	7,689
North West	89	4	0	418	153	29	73	54	278	133	168	1,592	112	1,191	3,074	7,368
Yorkshire and Humberside	82	4	0	355	156	30	60	91	197	105	131	1,531	130	1,178	2,780	6,829
East Midlands	83	4	0	323	95	26	48	98	221	100	94	1,331	113	1,125	2,586	6,248
West Midlands	86	4	0	354	104	23	60	68	248	92	112	1,419	107	1,165	2,834	6,676
Eastern	84	4	0	301	49	58	40	92	221	102	64	1,283	98	984	2,484	5,864
London	128	4	0	683	32	62	46	48	631	116	255	1,678	179	1,354	2,822	8,037
South East	86	4	1	334	58	42	33	54	222	144	100	1,308	105	1,046	2,423	5,959
South West	92	4	3	337	69	20	45	135	208	115	71	1,390	106	1,036	2,703	6,334
<b>England</b>	<b>93</b>	<b>4</b>	<b>1</b>	<b>403</b>	<b>94</b>	<b>37</b>	<b>52</b>	<b>75</b>	<b>288</b>	<b>115</b>	<b>132</b>	<b>1,460</b>	<b>123</b>	<b>1,147</b>	<b>2,739</b>	<b>6,762</b>
Scotland	164	4	0	399	126	61	160	134	413	224	289	1,676	207	1,258	3,150	8,265
Wales	213	4	—	405	287	21	53	134	261	146	134	1,486	197	1,170	3,155	7,666
Northern Ireland	240	4	—	750	190	41	97	375	241	205	457	1,536	84	1,459	3,406	9,084
<b>UK identifiable expenditure</b>	<b>109</b>	<b>4</b>	<b>1</b>	<b>412</b>	<b>109</b>	<b>39</b>	<b>62</b>	<b>92</b>	<b>296</b>	<b>128</b>	<b>155</b>	<b>1,481</b>	<b>132</b>	<b>1,166</b>	<b>2,813</b>	<b>7,000</b>

**Table 7.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2000–01 to 2005–06**

Data in this table from 2000–01 to 2004–05 are National Statistics

Index (UK identifiable expenditure = 100)

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2000–01</b>																
North East	64	100	—	111	135	46	123	82	105	93	34	103	118	104	117	108
North West	80	100	—	104	163	64	110	78	94	110	103	105	102	102	112	107
Yorkshire and Humberside	72	100	—	86	100	73	93	155	77	88	86	101	82	101	101	99
East Midlands	83	100	—	80	74	72	78	110	74	87	56	87	85	91	92	89
West Midlands	87	100	—	83	83	64	99	81	87	78	55	92	82	99	99	94
Eastern	78	100	—	72	58	148	66	92	95	84	34	87	70	86	86	84
London	131	100	—	154	64	97	80	27	153	96	207	114	143	111	100	110
South East	76	100	135	73	52	121	54	57	87	100	32	89	84	87	86	84
South West	91	100	297	83	72	61	74	189	90	97	47	94	81	88	98	94
<b>England</b>	<b>87</b>	<b>100</b>	<b>52</b>	<b>95</b>	<b>86</b>	<b>88</b>	<b>83</b>	<b>91</b>	<b>98</b>	<b>94</b>	<b>79</b>	<b>97</b>	<b>95</b>	<b>97</b>	<b>98</b>	<b>96</b>
Scotland	158	100	618	100	147	199	240	129	118	134	232	116	140	116	107	117
Wales	152	100	—	99	173	63	80	107	106	118	79	107	136	105	120	114
Northern Ireland	212	100	129	247	244	231	204	268	105	152	346	120	71	144	110	137
<b>UK identifiable expenditure</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>2001–02</b>																
North East	102	100	—	111	176	50	120	102	87	93	98	108	127	106	118	112
North West	77	100	—	105	164	66	111	78	93	109	103	104	98	103	112	107
Yorkshire and Humberside	70	100	—	88	118	75	94	154	80	85	86	96	91	102	101	99
East Midlands	80	100	—	81	69	74	79	119	74	81	43	92	80	94	92	90
West Midlands	74	100	—	86	77	66	96	99	87	76	62	98	84	100	100	96
Eastern	76	100	—	72	55	147	67	101	89	83	15	86	74	85	86	83
London	116	100	—	153	53	104	76	28	184	95	167	115	129	112	98	109
South East	83	100	80	73	35	120	55	63	85	98	49	91	78	87	85	84
South West	91	100	957	83	69	63	73	202	78	97	57	94	81	87	97	93
<b>England</b>	<b>86</b>	<b>100</b>	<b>109</b>	<b>96</b>	<b>84</b>	<b>90</b>	<b>83</b>	<b>98</b>	<b>99</b>	<b>92</b>	<b>78</b>	<b>98</b>	<b>93</b>	<b>97</b>	<b>97</b>	<b>96</b>
Scotland	171	100	106	100	131	193	246	103	109	151	267	112	149	116	112	119
Wales	160	100	—	101	247	64	82	72	100	118	72	103	154	105	116	112
Northern Ireland	209	100	—	226	224	183	200	203	90	152	288	107	68	126	118	132
<b>UK identifiable expenditure</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 7.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2000–01 to 2005–06 (continued)**

Data in this table from 2000–01 to 2004–05 are National Statistics

Index (UK identifiable expenditure = 100)

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2002–03</b>																
North East	96	101	—	112	173	52	125	91	83	89	75	108	118	106	118	111
North West	66	101	—	105	151	65	113	83	94	107	93	106	91	102	112	107
Yorkshire and Humberside	73	101	—	87	128	61	95	107	77	91	76	98	95	101	100	98
East Midlands	80	101	—	81	88	59	77	115	73	84	46	85	83	93	92	88
West Midlands	77	101	—	86	89	56	96	76	86	78	57	95	83	100	100	95
Eastern	79	101	—	73	47	168	66	88	78	86	19	90	74	86	87	84
London	118	94	—	157	44	111	77	44	218	95	166	115	140	113	99	113
South East	76	101	—	74	47	166	54	60	75	102	58	91	77	89	84	84
South West	90	101	913	84	67	63	73	184	72	92	55	90	74	88	95	91
<b>England</b>	<b>84</b>	<b>100</b>	<b>91</b>	<b>97</b>	<b>85</b>	<b>97</b>	<b>83</b>	<b>89</b>	<b>100</b>	<b>93</b>	<b>76</b>	<b>98</b>	<b>93</b>	<b>98</b>	<b>97</b>	<b>96</b>
Scotland	177	101	276	97	102	155	247	144	108	138	265	116	149	111	111	118
Wales	169	101	—	101	270	41	81	113	87	127	87	107	163	106	115	113
Northern Ireland	227	101	—	203	227	138	195	272	87	146	335	107	64	131	119	131
<b>UK identifiable expenditure</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>2003–04</b>																
North East	82	98	100	110	220	57	130	94	70	88	97	105	123	108	115	110
North West	81	98	75	103	139	70	118	70	95	106	98	107	87	102	109	106
Yorkshire and Humberside	72	98	51	84	132	84	97	106	71	84	69	99	91	102	99	97
East Midlands	81	98	120	83	77	72	77	117	73	76	53	87	88	94	91	88
West Midlands	78	98	96	85	97	56	96	77	80	80	59	94	86	100	100	95
Eastern	83	98	93	73	51	143	65	102	80	81	40	88	74	87	87	85
London	99	113	138	161	47	150	76	45	224	101	166	114	122	117	101	115
South East	71	98	95	77	42	116	54	66	71	96	58	90	77	88	86	84
South West	94	98	338	85	72	55	75	172	69	87	50	91	80	88	96	91
<b>England</b>	<b>82</b>	<b>100</b>	<b>121</b>	<b>97</b>	<b>87</b>	<b>95</b>	<b>84</b>	<b>89</b>	<b>99</b>	<b>90</b>	<b>80</b>	<b>98</b>	<b>91</b>	<b>98</b>	<b>97</b>	<b>96</b>
Scotland	189	98	–14	98	112	168	256	147	130	149	245	116	166	106	112	119
Wales	178	98	—	100	261	53	83	107	84	145	80	109	158	102	114	112
Northern Ireland	219	98	—	188	166	124	138	272	75	158	303	106	75	124	119	127
<b>UK identifiable expenditure</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 7.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2000–01 to 2005–06 (continued)**

Data in this table from 2000–01 to 2004–05 are National Statistics Index (UK identifiable expenditure = 100)

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2004–05</b>																
North East	97	99	47	109	193	68	129	90	70	79	101	107	124	107	114	109
North West	81	99	35	102	162	70	117	69	102	96	112	106	84	102	109	106
Yorkshire and Humberside	73	99	24	86	133	81	96	109	70	87	83	100	93	101	98	97
East Midlands	77	99	55	79	88	75	76	120	79	85	61	88	88	95	92	89
West Midlands	81	99	44	86	92	58	95	80	88	78	75	95	81	100	101	96
Eastern	78	99	43	74	44	153	64	112	78	87	39	89	74	87	89	85
London	120	105	64	163	33	143	75	56	205	97	156	116	121	117	101	115
South East	80	99	44	82	51	110	53	66	73	101	71	91	81	90	86	86
South West	86	99	103	83	70	55	73	164	72	89	49	92	82	89	96	91
<b>England</b>	<b>87</b>	<b>100</b>	<b>51</b>	<b>98</b>	<b>88</b>	<b>95</b>	<b>83</b>	<b>91</b>	<b>99</b>	<b>91</b>	<b>86</b>	<b>98</b>	<b>91</b>	<b>99</b>	<b>97</b>	<b>97</b>
Scotland	172	99	678	94	112	161	259	143	126	145	191	110	165	106	111	116
Wales	169	99	—	100	249	57	82	74	90	140	61	106	173	102	113	110
Northern Ireland	159	99	—	181	169	138	161	267	77	165	307	102	57	120	119	125
<b>UK identifiable expenditure</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Data in this section do not form part of National Statistics</b>																
<b>2005–06</b>																
North East	94	101	97	107	215	64	128	82	68	73	101	111	124	108	114	110
North West	81	100	36	101	141	75	117	59	94	104	108	107	85	102	109	105
Yorkshire and Humberside	75	100	33	86	143	77	97	99	67	82	85	103	98	101	99	98
East Midlands	76	100	50	78	88	69	77	107	75	78	61	90	85	96	92	89
West Midlands	79	100	39	86	96	59	97	74	84	72	73	96	81	100	101	95
Eastern	77	99	57	73	45	151	65	100	75	79	41	87	74	84	88	84
London	117	100	40	166	29	160	75	52	213	90	165	113	135	116	100	115
South East	78	100	186	81	53	109	53	59	75	112	65	88	79	90	86	85
South West	84	100	486	82	63	51	73	147	70	90	46	94	80	89	96	90
<b>England</b>	<b>85</b>	<b>100</b>	<b>113</b>	<b>98</b>	<b>86</b>	<b>97</b>	<b>83</b>	<b>82</b>	<b>97</b>	<b>90</b>	<b>85</b>	<b>99</b>	<b>93</b>	<b>98</b>	<b>97</b>	<b>97</b>
Scotland	150	100	63	97	116	158	258	146	140	175	187	113	156	108	112	118
Wales	195	100	—	98	263	55	86	146	88	114	87	100	149	100	112	110
Northern Ireland	219	100	—	182	174	106	156	408	82	160	295	104	64	125	121	130
<b>UK identifiable expenditure</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 7.13 Total local authority identifiable expenditure on services by country and region, 2000–01 to 2005–06**

	accruals, £ million						As a percentage of total spending in that region (from Table 7.1)					
	National Statistics						National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
North East	3,769	4,350	4,576	4,979	5,386	5,747	28	29	29	29	30	30
North West	10,528	11,381	12,083	13,286	14,330	15,207	30	30	30	30	30	30
Yorkshire and Humberside	6,977	7,587	7,964	8,728	9,488	10,136	29	29	29	29	30	29
East Midlands	5,164	5,557	6,018	6,802	7,418	7,903	29	28	29	29	30	29
West Midlands	7,223	7,817	8,426	9,443	10,246	10,926	30	29	30	30	31	31
Eastern	6,503	6,934	7,620	8,615	9,322	9,933	30	29	30	30	30	31
London	14,242	15,679	16,924	19,797	21,339	22,779	37	37	36	38	38	38
South East	9,753	10,695	11,671	12,775	14,256	15,110	30	30	31	31	31	31
South West	6,144	6,694	7,225	8,075	8,752	9,296	28	27	29	29	29	29
<b>England</b>	<b>70,302</b>	<b>76,694</b>	<b>82,507</b>	<b>92,500</b>	<b>100,537</b>	<b>107,037</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>32</b>	<b>31</b>
Scotland	8,385	9,036	9,864	10,499	11,188	12,195	29	28	29	28	29	29
Wales	4,502	4,880	5,230	5,692	6,174	6,689	28	28	28	28	29	29
Northern Ireland <sup>(1)</sup>	296	316	335	364	396	424	3	3	3	3	3	3
<b>UK local authority identifiable expenditure</b>	<b>83,485</b>	<b>90,926</b>	<b>97,936</b>	<b>109,055</b>	<b>118,295</b>	<b>126,344</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>30</b>
Non-identifiable expenditure	385	350	306	354	390	486	1	1	1	1	1	1
<b>Total local authority expenditure on services</b>	<b>83,870</b>	<b>91,276</b>	<b>98,242</b>	<b>109,409</b>	<b>118,685</b>	<b>126,830</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Accounting adjustments	12,763	9,715	11,683	9,831	11,475	11,733	83	59	53	47	50	55
<b>Total local authority expenditure</b>	<b>96,633</b>	<b>100,991</b>	<b>109,925</b>	<b>119,240</b>	<b>130,160</b>	<b>138,564</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>27</b>	<b>26</b>

(1) The relative weighting of Northern Ireland is lower in this table because spending that in Great Britain is undertaken by local authorities, in Northern Ireland is mostly undertaken by Northern Ireland departments.

**Table 7.14 Total local authority identifiable expenditure on services by country and region per head, 2000–01 to 2005–06**

	accruals, £ per head						Index (UK identifiable expenditure = 100)					
	National Statistics						National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 estimated outturn
North East	1,482	1,713	1,803	1,961	2,116	2,270	105	111	109	107	107	108
North West	1,554	1,680	1,781	1,953	2,099	2,230	110	109	108	107	106	106
Yorkshire and Humberside	1,407	1,525	1,595	1,742	1,883	2,013	99	99	97	95	95	96
East Midlands	1,239	1,326	1,425	1,600	1,733	1,839	87	86	86	87	88	87
West Midlands	1,371	1,480	1,589	1,775	1,921	2,045	97	96	96	97	97	97
Eastern	1,210	1,284	1,405	1,577	1,698	1,795	85	83	85	86	86	85
London	1,968	2,141	2,296	2,680	2,873	3,047	139	139	139	146	145	145
South East	1,221	1,333	1,451	1,581	1,758	1,850	86	87	88	86	89	88
South West	1,250	1,354	1,454	1,615	1,737	1,836	88	88	88	88	88	87
<b>England</b>	<b>1,428</b>	<b>1,551</b>	<b>1,662</b>	<b>1,855</b>	<b>2,007</b>	<b>2,129</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>102</b>	<b>101</b>
Scotland	1,656	1,784	1,951	2,076	2,203	2,405	117	116	118	113	111	114
Wales	1,549	1,677	1,789	1,937	2,091	2,253	109	109	108	106	106	107
Northern Ireland <sup>(1)</sup>	176	187	198	214	232	247	12	12	12	12	12	12
<b>UK local authority identifiable expenditure</b>	<b>1,418</b>	<b>1,538</b>	<b>1,651</b>	<b>1,831</b>	<b>1,977</b>	<b>2,105</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(1) The relative weighting of Northern Ireland is lower in this table because spending that in Great Britain is undertaken by local authorities, in Northern Ireland is mostly undertaken by Northern Ireland departments.

**Table 7.15 Total central government and public corporations' identifiable expenditure on services by country and region, 2000–01 to 2005–06**

	accruals, £ million						As a percentage of total spending in that region (from Table 7.1)					
	National Statistics						National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans
North East	9,583	10,695	11,287	12,183	12,855	13,720	72	71	71	71	70	70
North West	24,671	26,796	28,563	30,915	32,982	35,041	70	70	70	70	70	70
Yorkshire and Humberside	16,727	18,348	19,427	21,019	22,574	24,257	71	71	71	71	70	71
East Midlands	12,728	14,273	14,931	16,316	17,681	18,950	71	72	71	71	70	71
West Midlands	16,845	18,890	19,888	21,661	23,313	24,733	70	71	70	70	69	69
Eastern	15,299	16,727	18,066	19,802	21,457	22,524	70	71	70	70	70	69
London	24,456	26,553	29,755	32,439	34,600	37,307	63	63	64	62	62	62
South East	22,661	24,708	26,272	28,942	31,353	33,553	70	70	69	69	69	69
South West	16,152	17,706	18,074	19,847	21,283	22,781	72	73	71	71	71	71
<b>England</b>	<b>159,123</b>	<b>174,696</b>	<b>186,262</b>	<b>203,123</b>	<b>218,098</b>	<b>232,866</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>68</b>	<b>69</b>
Scotland	20,392	22,825	23,608	26,549	27,394	29,707	71	72	71	72	71	71
Wales	11,502	12,270	13,405	14,525	15,226	16,074	72	72	72	72	71	71
Northern Ireland <sup>(1)</sup>	10,885	11,421	12,186	12,925	13,656	15,169	97	97	97	97	97	97
<b>UK central government and public corporations' identifiable expenditure</b>	<b>201,902</b>	<b>221,212</b>	<b>235,462</b>	<b>257,122</b>	<b>274,374</b>	<b>293,816</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>70</b>	<b>70</b>	<b>70</b>
Outside UK	6,897	4,295	7,697	8,930	11,149	11,688	100	100	100	100	100	100
<b>Total central government and public corporations' identifiable expenditure</b>	<b>208,799</b>	<b>225,507</b>	<b>243,158</b>	<b>266,052</b>	<b>285,523</b>	<b>305,504</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>71</b>
Non-identifiable expenditure	58,290	56,436	57,717	61,262	64,059	69,447	99	99	99	99	99	99
<b>Total central government and public corporations' expenditure on services</b>	<b>267,089</b>	<b>281,943</b>	<b>300,875</b>	<b>327,314</b>	<b>349,582</b>	<b>374,951</b>	<b>76</b>	<b>76</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>
Accounting adjustments	2,606	6,623	10,465	10,999	11,250	9,637	17	41	47	53	50	45
<b>Total central government and public corporations' expenditure</b>	<b>269,695</b>	<b>288,566</b>	<b>311,340</b>	<b>338,313</b>	<b>360,832</b>	<b>384,588</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>73</b>	<b>74</b>

(1) The relative weighting of Northern Ireland is higher in this table because spending that in Great Britain is undertaken by local authorities, in Northern Ireland is mostly undertaken by Northern Ireland departments.



**Table 7.16 Total central government and public corporations' identifiable expenditure on services by country and region per head, 2000–01 to 2005–06**

	accruals, £ per head						Index (UK identifiable expenditure = 100)					
	National Statistics						National Statistics					
	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 outturn	2004–05 outturn	2005–06 plans
North East	3,768	4,211	4,447	4,798	5,051	5,419	110	113	112	111	110	111
North West	3,642	3,956	4,211	4,543	4,831	5,138	106	106	106	105	105	105
Yorkshire and Humberside	3,373	3,687	3,891	4,196	4,480	4,817	98	99	98	97	98	98
East Midlands	3,054	3,407	3,536	3,837	4,131	4,409	89	91	89	89	90	90
West Midlands	3,197	3,577	3,750	4,072	4,371	4,630	93	96	94	94	95	95
Eastern	2,846	3,097	3,332	3,625	3,907	4,069	83	83	84	84	85	83
London	3,379	3,626	4,037	4,391	4,658	4,990	99	97	102	102	102	102
South East	2,836	3,079	3,266	3,582	3,866	4,109	83	82	82	83	84	84
South West	3,285	3,582	3,638	3,970	4,224	4,499	96	96	92	92	92	92
<b>England</b>	<b>3,232</b>	<b>3,533</b>	<b>3,752</b>	<b>4,074</b>	<b>4,354</b>	<b>4,632</b>	<b>94</b>	<b>94</b>	<b>95</b>	<b>94</b>	<b>95</b>	<b>95</b>
Scotland	4,028	4,507	4,670	5,250	5,394	5,860	117	120	118	122	118	120
Wales	3,957	4,216	4,586	4,944	5,157	5,414	115	113	116	115	112	111
Northern Ireland <sup>(1)</sup>	6,468	6,761	7,183	7,591	7,985	8,837	189	181	181	176	174	181
<b>UK central government and public corporations' identifiable expenditure</b>	<b>3,429</b>	<b>3,742</b>	<b>3,969</b>	<b>4,317</b>	<b>4,586</b>	<b>4,895</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(1) The relative weighting of Northern Ireland is higher in this table because spending that in Great Britain is undertaken by local authorities, in Northern Ireland is mostly undertaken by Northern Ireland departments.

**Table 7.17 Identifiable expenditure on services for Scotland, Wales and Northern Ireland in 2004–05**

All the data in this table are National Statistics

accruals, £ million

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>Scotland</b>																
Scottish Executive	426	—	2	791	331	74	483	625	651	123	1,007	7,664	195	1,784	468	14,625
Scotland Office <sup>(1)</sup>	4	—	—	1	—	—	—	—	—	—	—	—	—	—	—	6
Scotland local authorities	409	—	—	1,106	110	—	—	—	722	497	271	—	634	4,097	3,341	11,188
UK government departments	3	20	—	11	184	164	319	6	296	162	—	20	103	11	11,462	12,760
<b>Total identifiable expenditure in Scotland</b>	<b>841</b>	<b>20</b>	<b>2</b>	<b>1,910</b>	<b>625</b>	<b>238</b>	<b>802</b>	<b>631</b>	<b>1,669</b>	<b>782</b>	<b>1,279</b>	<b>7,683</b>	<b>932</b>	<b>5,892</b>	<b>15,271</b>	<b>38,578</b>
<b>Wales</b>																
National Assembly for Wales	250	—	—	—	563	—	—	174	173	141	8	4,289	103	1,015	199	6,915
Wales Office <sup>(1)</sup>	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4
Wales local authorities	225	—	—	734	83	—	—	14	393	287	227	—	309	2,154	1,747	6,174
UK government departments	3	11	—	451	159	49	148	1	127	9	2	2	157	113	7,073	8,305
<b>Total identifiable expenditure in Wales</b>	<b>482</b>	<b>11</b>	<b>—</b>	<b>1,185</b>	<b>805</b>	<b>49</b>	<b>148</b>	<b>190</b>	<b>693</b>	<b>438</b>	<b>237</b>	<b>4,291</b>	<b>569</b>	<b>3,282</b>	<b>9,018</b>	<b>21,398</b>
<b>Northern Ireland</b>																
Northern Ireland Executive	235	—	—	74	263	52	169	393	317	72	690	2,397	79	2,115	4,660	11,516
Northern Ireland Office	27	—	—	1,050	—	—	—	—	—	—	—	—	—	—	70	1,147
Northern Ireland Court Service	—	—	—	116	—	—	—	—	—	—	—	—	—	—	—	116
Northern Ireland local authorities	—	—	—	—	26	—	—	3	14	227	—	—	—	125	—	396
UK government departments	0	7	—	1	26	16	—	0	14	0	—	1	30	5	778	878
<b>Total identifiable expenditure in Northern Ireland</b>	<b>262</b>	<b>7</b>	<b>—</b>	<b>1,241</b>	<b>316</b>	<b>69</b>	<b>169</b>	<b>396</b>	<b>345</b>	<b>299</b>	<b>690</b>	<b>2,397</b>	<b>109</b>	<b>2,245</b>	<b>5,508</b>	<b>14,052</b>

All the spending of the devolved administrations is identifiable as benefiting their own country except for spending by the Scottish Executive on Lockerbie.

(1) Scotland Office and Wales Office are no longer separate departments, but are now entities within the Department for Constitutional Affairs.

**Table 7.18 Local authority identifiable expenditure on services by function, country and region, 2000–01 to 2005–06**

Data in this table from 2000–01 to 2004–05 are National Statistics accruals, £ millions

	General public services	Defence	Public order and safety	Enterprise and economic development	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2000–01</b>														
North East	102	—	531	26	6	3	258	124	36	24	190	1,369	1,101	3,769
North West	353	—	1,437	58	5	6	577	354	431	63	455	3,671	3,118	10,528
Yorkshire and Humberside	228	—	941	26	6	4	408	236	311	42	255	2,651	1,868	6,977
East Midlands	226	—	700	26	6	0	235	187	161	31	201	2,044	1,347	5,164
West Midlands	295	—	954	25	4	4	340	234	178	44	268	2,815	2,063	7,223
Eastern	273	—	863	21	5	–1	307	250	90	39	252	2,623	1,779	6,503
London	586	—	2,420	–20	5	12	634	432	502	103	444	4,063	5,060	14,242
South East	391	—	1,332	46	5	2	413	405	95	60	402	3,691	2,912	9,753
South West	284	—	823	34	11	2	280	246	124	35	224	2,290	1,792	6,144
<b>England</b>	<b>2,738</b>	<b>—</b>	<b>10,002</b>	<b>243</b>	<b>51</b>	<b>31</b>	<b>3,452</b>	<b>2,469</b>	<b>1,927</b>	<b>442</b>	<b>2,690</b>	<b>25,216</b>	<b>21,041</b>	<b>70,302</b>
Scotland	294	4	852	76	—	1	503	345	299	—	477	3,028	2,507	8,385
Wales	168	—	567	56	—	8	284	203	223	—	176	1,588	1,228	4,502
Northern Ireland <sup>(1)</sup>	—	—	—	20	—	2	11	166	—	—	—	97	—	296
<b>UK identifiable expenditure</b>	<b>3,200</b>	<b>4</b>	<b>11,421</b>	<b>395</b>	<b>51</b>	<b>42</b>	<b>4,250</b>	<b>3,183</b>	<b>2,449</b>	<b>442</b>	<b>3,343</b>	<b>29,929</b>	<b>24,776</b>	<b>83,485</b>
<b>2001–02</b>														
North East	182	—	545	32	4	3	252	126	214	25	210	1,537	1,219	4,350
North West	365	—	1,469	44	5	8	692	365	584	63	474	4,049	3,263	11,381
Yorkshire and Humberside	240	—	969	22	5	7	475	250	359	42	281	2,978	1,958	7,587
East Midlands	240	—	720	14	5	2	296	196	133	31	212	2,309	1,399	5,557
West Midlands	271	—	1,006	20	4	3	403	254	238	45	296	3,075	2,202	7,817
Eastern	288	—	895	21	5	–7	405	273	1	41	263	2,878	1,870	6,934
London	574	—	2,582	60	5	11	995	481	582	105	465	4,511	5,307	15,679
South East	469	—	1,361	23	7	11	488	444	271	61	413	4,108	3,039	10,695
South West	313	—	866	31	9	2	324	262	212	36	230	2,521	1,887	6,694
<b>England</b>	<b>2,944</b>	<b>—</b>	<b>10,414</b>	<b>267</b>	<b>50</b>	<b>40</b>	<b>4,330</b>	<b>2,650</b>	<b>2,594</b>	<b>449</b>	<b>2,845</b>	<b>27,967</b>	<b>22,144</b>	<b>76,694</b>
Scotland	313	—	932	79	—	—	515	391	379	—	489	3,271	2,668	9,036
Wales	174	—	600	60	—	10	296	207	233	—	225	1,752	1,322	4,880
Northern Ireland <sup>(1)</sup>	—	—	—	22	—	3	11	186	—	—	—	95	—	316
<b>UK identifiable expenditure</b>	<b>3,431</b>	<b>—</b>	<b>11,946</b>	<b>428</b>	<b>50</b>	<b>53</b>	<b>5,153</b>	<b>3,434</b>	<b>3,205</b>	<b>449</b>	<b>3,559</b>	<b>33,085</b>	<b>26,134</b>	<b>90,926</b>

**Table 7.18 Local authority identifiable expenditure on services by function, country and region, 2000–01 to 2005–06 (continued)**

Data in this table from 2000–01 to 2004–05 are National Statistics

accruals, £ millions

	General public services	Defence	Public order and safety	Enterprise and economic development	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2002–03</b>														
North East	180	—	571	28	4	4	282	139	128	25	217	1,622	1,376	4,576
North West	330	—	1,544	34	5	9	889	398	415	63	456	4,298	3,643	12,083
Yorkshire and Humberside	269	—	998	12	7	–2	502	278	258	42	311	3,128	2,161	7,964
East Midlands	253	—	757	28	5	2	345	215	110	32	240	2,420	1,611	6,018
West Midlands	302	—	1,045	30	4	1	480	275	170	46	322	3,293	2,460	8,426
Eastern	319	—	931	10	6	–2	453	306	3	42	290	3,084	2,178	7,620
London	644	—	2,761	39	4	14	1,394	513	410	97	485	4,805	5,759	16,924
South East	457	—	1,437	35	6	8	589	496	257	63	451	4,418	3,452	11,671
South West	330	—	913	26	11	2	380	287	152	39	242	2,679	2,164	7,225
<b>England</b>	<b>3,084</b>	<b>—</b>	<b>10,957</b>	<b>240</b>	<b>53</b>	<b>36</b>	<b>5,314</b>	<b>2,907</b>	<b>1,904</b>	<b>449</b>	<b>3,013</b>	<b>29,746</b>	<b>24,804</b>	<b>82,507</b>
Scotland	337	—	971	84	—	—	609	415	336	—	537	3,486	3,089	9,864
Wales	199	—	627	39	—	10	327	230	226	—	252	1,841	1,479	5,230
Northern Ireland <sup>(1)</sup>	—	—	—	23	—	3	12	198	—	—	—	100	—	335
<b>UK identifiable expenditure</b>	<b>3,621</b>	<b>—</b>	<b>12,554</b>	<b>386</b>	<b>53</b>	<b>48</b>	<b>6,262</b>	<b>3,750</b>	<b>2,466</b>	<b>449</b>	<b>3,802</b>	<b>35,173</b>	<b>29,372</b>	<b>97,936</b>
<b>2003–04</b>														
North East	154	—	621	32	4	4	280	158	201	28	230	1,804	1,463	4,979
North West	427	—	1,646	54	8	6	816	459	558	61	465	4,785	4,003	13,286
Yorkshire and Humberside	277	—	1,044	11	7	7	553	302	271	43	326	3,489	2,398	8,728
East Midlands	269	—	878	5	6	1	362	244	164	32	291	2,740	1,809	6,802
West Midlands	322	—	1,144	43	4	–2	457	319	214	48	360	3,705	2,829	9,443
Eastern	356	—	1,040	17	6	3	497	353	97	41	319	3,425	2,461	8,615
London	564	—	3,141	42	6	13	2,436	589	455	93	503	5,475	6,479	19,797
South East	450	—	1,669	35	10	8	575	557	160	63	471	4,909	3,867	12,775
South West	367	—	1,024	22	20	1	412	316	139	39	279	3,031	2,426	8,075
<b>England</b>	<b>3,185</b>	<b>—</b>	<b>12,207</b>	<b>261</b>	<b>70</b>	<b>42</b>	<b>6,388</b>	<b>3,298</b>	<b>2,259</b>	<b>449</b>	<b>3,244</b>	<b>33,362</b>	<b>27,736</b>	<b>92,500</b>
Scotland	366	—	1,069	89	—	—	683	448	279	—	595	3,818	3,150	10,499
Wales	217	—	687	67	—	11	364	254	161	—	250	2,039	1,642	5,692
Northern Ireland <sup>(1)</sup>	—	—	—	24	—	3	13	209	—	—	—	115	—	364
<b>UK identifiable expenditure</b>	<b>3,767</b>	<b>—</b>	<b>13,963</b>	<b>442</b>	<b>70</b>	<b>56</b>	<b>7,448</b>	<b>4,209</b>	<b>2,699</b>	<b>449</b>	<b>4,089</b>	<b>39,334</b>	<b>32,528</b>	<b>109,055</b>

**Table 7.18 Local authority identifiable expenditure on services by function, country and region, 2000–01 to 2005–06 (continued)**

	accruals, £ millions													
	General public services	Defence	Public order and safety	Enterprise and economic development	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture and religion	Education and training	Social protection	Total
<b>2004–05</b>														
North East	209	—	641	39	3	3	290	165	282	19	248	1,899	1,590	5,386
North West	488	—	1,710	49	8	8	924	487	856	49	457	5,021	4,273	14,330
Yorkshire and Humberside	323	—	1,145	1	8	7	542	350	465	34	368	3,639	2,606	9,488
East Midlands	288	—	872	36	6	3	437	275	263	26	297	2,945	1,971	7,418
West Midlands	378	—	1,194	50	4	5	542	347	392	35	342	3,938	3,019	10,246
Eastern	381	—	1,103	27	6	–1	535	384	125	32	322	3,673	2,736	9,322
London	806	—	3,385	–32	5	18	2,354	639	717	67	541	5,838	7,001	21,339
South East	584	—	1,899	13	5	12	630	594	425	50	509	5,301	4,233	14,256
South West	384	—	1,056	48	13	–1	440	349	220	30	285	3,253	2,677	8,752
<b>England</b>	<b>3,842</b>	<b>—</b>	<b>13,005</b>	<b>231</b>	<b>58</b>	<b>53</b>	<b>6,693</b>	<b>3,589</b>	<b>3,745</b>	<b>340</b>	<b>3,369</b>	<b>35,507</b>	<b>30,105</b>	<b>100,537</b>
Scotland	409	—	1,106	110	—	—	722	497	271	—	634	4,097	3,341	11,188
Wales	225	—	734	83	—	14	393	287	227	—	309	2,154	1,747	6,174
Northern Ireland <sup>(1)</sup>	—	—	—	26	—	3	14	227	—	—	—	125	—	396
<b>UK identifiable expenditure</b>	<b>4,476</b>	<b>—</b>	<b>14,846</b>	<b>450</b>	<b>58</b>	<b>70</b>	<b>7,822</b>	<b>4,600</b>	<b>4,243</b>	<b>340</b>	<b>4,312</b>	<b>41,883</b>	<b>35,193</b>	<b>118,295</b>
<b>Data in this section do not form part of National Statistics</b>														
<b>2005–06</b>														
North East	213	—	663	43	3	3	317	181	336	24	287	2,001	1,678	5,747
North West	513	—	1,769	42	8	8	1,010	532	969	60	499	5,288	4,508	15,207
Yorkshire and Humberside	350	—	1,189	–11	8	8	592	389	563	42	417	3,839	2,751	10,136
East Midlands	307	—	902	35	6	4	477	301	316	31	342	3,104	2,078	7,903
West Midlands	397	—	1,242	54	4	6	596	381	469	43	395	4,155	3,184	10,926
Eastern	402	—	1,143	22	7	–2	588	423	192	39	366	3,873	2,880	9,933
London	851	—	3,506	–64	6	21	2,561	701	980	83	604	6,148	7,384	22,779
South East	614	—	1,965	–3	5	14	689	654	481	61	573	5,586	4,471	15,110
South West	409	—	1,093	50	13	–2	486	384	253	37	321	3,431	2,822	9,296
<b>England</b>	<b>4,056</b>	<b>—</b>	<b>13,471</b>	<b>166</b>	<b>60</b>	<b>59</b>	<b>7,315</b>	<b>3,947</b>	<b>4,559</b>	<b>420</b>	<b>3,804</b>	<b>37,423</b>	<b>31,756</b>	<b>107,037</b>
Scotland	439	—	1,200	127	—	—	896	542	422	—	650	4,395	3,523	12,195
Wales	338	—	749	98	—	42	463	256	364	—	288	2,269	1,822	6,689
Northern Ireland <sup>(1)</sup>	—	—	—	28	—	3	15	243	—	—	—	134	—	424
<b>UK identifiable expenditure</b>	<b>4,833</b>	<b>—</b>	<b>15,420</b>	<b>420</b>	<b>60</b>	<b>105</b>	<b>8,689</b>	<b>4,988</b>	<b>5,346</b>	<b>420</b>	<b>4,742</b>	<b>44,221</b>	<b>37,101</b>	<b>126,344</b>

(1) The relative spending of Northern Ireland is lower in this table because spending that in Great Britain is undertaken by local authorities, in Northern Ireland is mostly undertaken by Northern Ireland departments.

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>EDUCATION AND SKILLS</b>																		
<b>Public order and safety</b>																		
Administration of justice	6	15	11	9	12	12	18	16	11	110	—	—	—	110	—	110	—	110
<b>Total public order and safety</b>	<b>6</b>	<b>15</b>	<b>11</b>	<b>9</b>	<b>12</b>	<b>12</b>	<b>18</b>	<b>16</b>	<b>11</b>	<b>110</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>110</b>	<b>—</b>	<b>110</b>	<b>—</b>	<b>110</b>
<b>Employment policies</b>																		
Employment policies	2	4	3	3	3	3	5	5	3	31	—	—	—	31	10	41	—	41
<b>Total employment policies</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>31</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>31</b>	<b>10</b>	<b>41</b>	<b>—</b>	<b>41</b>
<b>Health</b>																		
Central and other health services	0	0	0	0	0	9	0	0	0	10	—	—	—	10	—	10	—	10
<b>Total health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10</b>	<b>—</b>	<b>10</b>	<b>—</b>	<b>10</b>
<b>Education and training</b>																		
Further education	354	863	624	498	714	551	1,007	834	552	5,997	0	0	0	5,997	—	5,997	—	5,997
Higher education	358	833	680	498	553	463	1,438	1,021	541	6,383	—	—	—	6,383	3	6,386	—	6,386
Other education and training	86	218	159	130	162	150	222	231	153	1,512	1	6	0	1,519	1	1,520	—	1,520
Primary schools	3	10	6	4	5	3	20	2	2	55	—	—	—	55	—	55	—	55
Secondary schools	41	81	49	80	46	36	255	50	62	700	—	—	—	700	—	700	—	700
Student support	82	242	157	134	183	152	315	244	162	1,672	—	86	—	1,758	0	1,758	—	1,758
Training	97	238	173	138	195	159	280	235	161	1,677	10	20	5	1,712	—	1,712	—	1,712
Under fives	55	83	68	25	47	35	111	35	36	494	—	—	—	494	—	494	—	494
<b>Total education and training</b>	<b>1,076</b>	<b>2,569</b>	<b>1,917</b>	<b>1,508</b>	<b>1,905</b>	<b>1,549</b>	<b>3,647</b>	<b>2,652</b>	<b>1,668</b>	<b>18,490</b>	<b>11</b>	<b>113</b>	<b>5</b>	<b>18,620</b>	<b>4</b>	<b>18,624</b>	<b>—</b>	<b>18,624</b>
<b>Social protection</b>																		
Family benefits, income support and tax credits	0	5	0	1	3	1	3	3	1	19	—	—	—	19	—	19	—	19
Personal social services	0	1	25	0	2	1	16	1	1	47	—	—	—	47	—	47	—	47
Public service occupational pensions	46	117	87	73	86	83	65	125	98	779	6	67	1	853	18	871	—	871
<b>Total social protection</b>	<b>46</b>	<b>123</b>	<b>112</b>	<b>74</b>	<b>91</b>	<b>85</b>	<b>84</b>	<b>129</b>	<b>99</b>	<b>845</b>	<b>6</b>	<b>67</b>	<b>1</b>	<b>919</b>	<b>18</b>	<b>937</b>	<b>—</b>	<b>937</b>
<b>TOTAL EDUCATION AND SKILLS</b>	<b>1,130</b>	<b>2,712</b>	<b>2,044</b>	<b>1,594</b>	<b>2,011</b>	<b>1,659</b>	<b>3,754</b>	<b>2,801</b>	<b>1,781</b>	<b>19,487</b>	<b>17</b>	<b>180</b>	<b>6</b>	<b>19,690</b>	<b>32</b>	<b>19,721</b>	<b>—</b>	<b>19,721</b>

**Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)**

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
<b>HEALTH</b>																			
<b>Agriculture, fisheries and forestry</b>																			
Other agriculture, food and fisheries policy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	129	—	129
<b>Total agriculture, fisheries and forestry</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>129</b>	<b>—</b>	<b>129</b>
<b>Health</b>																			
Central and other health services	51	135	94	70	94	91	160	136	86	918	—	—	—	918	426	1,344	—	—	1,344
Medical services	3,644	9,702	6,767	5,054	6,811	6,556	11,512	9,845	6,234	66,124	0	—	1	66,125	—	66,125	—	—	66,125
<b>Total health</b>	<b>3,695</b>	<b>9,838</b>	<b>6,862</b>	<b>5,123</b>	<b>6,905</b>	<b>6,647</b>	<b>11,672</b>	<b>9,980</b>	<b>6,320</b>	<b>67,042</b>	<b>0</b>	<b>—</b>	<b>1</b>	<b>67,043</b>	<b>426</b>	<b>67,469</b>	<b>—</b>	<b>—</b>	<b>67,469</b>
<b>Social protection</b>																			
Personal social services	14	37	26	19	25	25	43	37	23	249	—	—	—	249	—	249	—	—	249
Public service occupational pensions	-112	-304	-209	-161	-201	-219	-276	-358	-253	-2,093	-18	-162	-2	-2,276	-69	-2,345	—	—	-2,345
<b>Total social protection</b>	<b>-98</b>	<b>-268</b>	<b>-183</b>	<b>-142</b>	<b>-175</b>	<b>-195</b>	<b>-232</b>	<b>-321</b>	<b>-230</b>	<b>-1,844</b>	<b>-18</b>	<b>-162</b>	<b>-2</b>	<b>-2,027</b>	<b>-69</b>	<b>-2,096</b>	<b>—</b>	<b>—</b>	<b>-2,096</b>
<b>TOTAL HEALTH</b>	<b>3,597</b>	<b>9,570</b>	<b>6,678</b>	<b>4,981</b>	<b>6,730</b>	<b>6,452</b>	<b>11,440</b>	<b>9,659</b>	<b>6,090</b>	<b>65,198</b>	<b>-18</b>	<b>-162</b>	<b>-2</b>	<b>65,016</b>	<b>356</b>	<b>65,372</b>	<b>129</b>	<b>—</b>	<b>65,501</b>
<b>TRANSPORT</b>																			
<b>Defence</b>																			
Civil defence	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	1
<b>Total defence</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>1</b>
<b>Public order and safety</b>																			
Police	2	5	6	1	7	6	82	12	3	125	8	3	—	136	0	136	—	—	136
<b>Total public order and safety</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>7</b>	<b>6</b>	<b>82</b>	<b>12</b>	<b>3</b>	<b>125</b>	<b>8</b>	<b>3</b>	<b>—</b>	<b>136</b>	<b>0</b>	<b>136</b>	<b>—</b>	<b>—</b>	<b>136</b>
<b>Enterprise and economic development</b>																			
Regional policy	0	0	0	0	0	0	0	0	0	2	0	0	0	3	—	3	—	—	3
<b>Total enterprise and economic development</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>—</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>3</b>

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>Science and technology</b>																		
Science and technology	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40	40
<b>Total science and technology</b>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	<b>40</b>	<b>40</b>
<b>Transport</b>																		
Local public transport	23	58	42	24	36	26	95	37	29	370	—	—	—	370	—	370	—	370
National roads	70	302	113	207	297	221	44	360	267	1,881	18	11	14	1,925	—	1,925	—	1,925
Other transport	7	25	13	14	20	17	35	25	16	173	8	3	0	184	5	189	157	346
Railways	73	510	209	197	334	254	955	438	189	3,158	270	112	1	3,540	231	3,772	—	3,772
<b>Total transport</b>	<b>173</b>	<b>894</b>	<b>377</b>	<b>442</b>	<b>687</b>	<b>518</b>	<b>1,128</b>	<b>861</b>	<b>501</b>	<b>5,582</b>	<b>296</b>	<b>127</b>	<b>14</b>	<b>6,018</b>	<b>237</b>	<b>6,255</b>	<b>157</b>	<b>6,412</b>
<b>Social protection</b>																		
Public service occupational pensions	—	—	—	—	—	—	0	—	—	0	—	—	—	0	—	0	—	0
<b>Total social protection</b>	—	—	—	—	—	—	<b>0</b>	—	—	<b>0</b>	—	—	—	<b>0</b>	—	<b>0</b>	—	<b>0</b>
<b>TOTAL TRANSPORT</b>	<b>176</b>	<b>900</b>	<b>384</b>	<b>443</b>	<b>694</b>	<b>524</b>	<b>1,211</b>	<b>873</b>	<b>504</b>	<b>5,709</b>	<b>304</b>	<b>130</b>	<b>14</b>	<b>6,157</b>	<b>237</b>	<b>6,394</b>	<b>198</b>	<b>6,592</b>
<b>OFFICE OF THE DEPUTY PRIME MINISTER</b>																		
<b>General public services</b>																		
Public and common services	21	27	21	18	22	20	28	24	20	201	1	1	—	203	—	203	453	656
<b>Total general public services</b>	<b>21</b>	<b>27</b>	<b>21</b>	<b>18</b>	<b>22</b>	<b>20</b>	<b>28</b>	<b>24</b>	<b>20</b>	<b>201</b>	<b>1</b>	<b>1</b>	<b>—</b>	<b>203</b>	<b>—</b>	<b>203</b>	<b>453</b>	<b>656</b>
<b>Defence</b>																		
Civil defence	0	0	0	0	0	0	0	0	0	2	—	—	—	2	—	2	30	32
<b>Total defence</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>2</b>	<b>30</b>	<b>32</b>
<b>Public order and safety</b>																		
Fire	2	4	3	2	3	3	5	5	3	32	—	—	—	32	—	32	2	34
<b>Total public order and safety</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>32</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>32</b>	<b>—</b>	<b>32</b>	<b>2</b>	<b>34</b>



**Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)**

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>Enterprise and economic development</b>																		
Economic development and trade	0	0	—	—	0	0	0	0	0	1	—	—	—	1	—	1	3	4
Regional policy	238	412	332	163	225	84	116	117	114	1,799	—	—	—	1,799	—	1,799	0	1,800
<b>Total enterprise and economic development</b>	<b>238</b>	<b>412</b>	<b>332</b>	<b>163</b>	<b>225</b>	<b>84</b>	<b>116</b>	<b>117</b>	<b>114</b>	<b>1,800</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,800</b>	<b>—</b>	<b>1,800</b>	<b>3</b>	<b>1,803</b>
<b>Environment protection</b>																		
Environment protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	0
<b>Total environment protection</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0</b>	<b>0</b>
<b>Housing and community amenities</b>																		
Local authority housing	5	9	6	4	6	3	27	4	2	65	—	—	—	65	—	65	—	65
Other housing and community services	6	17	11	9	12	13	32	20	12	131	—	2	—	133	—	133	—	133
Other social housing	46	127	66	70	112	144	749	311	92	1,717	—	—	—	1,717	—	1,717	—	1,717
<b>Total housing and community amenities</b>	<b>56</b>	<b>153</b>	<b>83</b>	<b>83</b>	<b>131</b>	<b>160</b>	<b>808</b>	<b>334</b>	<b>106</b>	<b>1,914</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>1,915</b>	<b>—</b>	<b>1,915</b>	<b>—</b>	<b>1,915</b>
<b>Social protection</b>																		
Housing benefits	—	—	—	—	0	1	1	4	0	6	—	—	—	6	—	6	—	6
Personal social services	1	4	1	2	2	2	17	3	4	36	—	—	—	36	—	36	—	36
Public service occupational pensions	0	0	0	0	0	0	0	0	0	0	—	—	—	0	—	0	—	0
<b>Total social protection</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>18</b>	<b>7</b>	<b>5</b>	<b>43</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>43</b>	<b>—</b>	<b>43</b>	<b>—</b>	<b>43</b>
<b>TOTAL OFFICE OF THE DEPUTY PRIME MINISTER</b>	<b>319</b>	<b>600</b>	<b>441</b>	<b>268</b>	<b>383</b>	<b>270</b>	<b>975</b>	<b>488</b>	<b>249</b>	<b>3,992</b>	<b>1</b>	<b>2</b>	<b>—</b>	<b>3,995</b>	<b>—</b>	<b>3,995</b>	<b>488</b>	<b>4,483</b>
<b>HOME OFFICE</b>																		
<b>General public services</b>																		
Public and common services	4	9	7	6	7	7	10	10	6	66	—	—	—	66	—	66	29	95
<b>Total general public services</b>	<b>4</b>	<b>9</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>10</b>	<b>10</b>	<b>6</b>	<b>66</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>66</b>	<b>—</b>	<b>66</b>	<b>29</b>	<b>95</b>

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>Public order and safety</b>																		
Administration of justice	77	197	128	80	117	79	208	114	81	1,080	—	76	—	1,156	—	1,156	—	1,156
Immigration and citizenship	3	5	5	3	5	1	15	2	1	40	—	1	—	41	—	41	1,663	1,704
Other public order and safety	5	15	10	8	12	10	17	15	10	103	—	1	—	104	—	104	286	390
Police	80	213	142	108	152	128	416	193	121	1,553	—	80	—	1,633	—	1,633	—	1,633
Prisons and offender programmes	40	79	58	43	54	48	75	70	47	514	—	24	—	538	—	538	2,289	2,826
<b>Total public order and safety</b>	<b>205</b>	<b>510</b>	<b>343</b>	<b>241</b>	<b>340</b>	<b>265</b>	<b>730</b>	<b>395</b>	<b>261</b>	<b>3,290</b>	<b>—</b>	<b>182</b>	<b>—</b>	<b>3,472</b>	<b>—</b>	<b>3,472</b>	<b>4,238</b>	<b>7,710</b>
<b>Social protection</b>																		
Public service occupational pensions	0	0	0	0	0	0	0	0	0	1	—	0	—	1	—	1	—	1
<b>Total social protection</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>—</b>	<b>0</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>1</b>
<b>TOTAL HOME OFFICE</b>	<b>209</b>	<b>519</b>	<b>350</b>	<b>247</b>	<b>347</b>	<b>272</b>	<b>740</b>	<b>405</b>	<b>267</b>	<b>3,356</b>	<b>—</b>	<b>182</b>	<b>—</b>	<b>3,539</b>	<b>—</b>	<b>3,539</b>	<b>4,267</b>	<b>7,806</b>
<b>CONSTITUTIONAL AFFAIRS<sup>(1)</sup></b>																		
<b>General public services</b>																		
Public and common services	2	5	3	3	4	3	7	6	4	36	0	1	0	38	0	38	52	90
<b>Total general public services</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>36</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>38</b>	<b>52</b>	<b>90</b>
<b>Public order and safety</b>																		
Administration of justice	221	450	174	194	214	186	516	266	303	2,525	3	234	1	2,763	—	2,763	470	3,233
<b>Total public order and safety</b>	<b>221</b>	<b>450</b>	<b>174</b>	<b>194</b>	<b>214</b>	<b>186</b>	<b>516</b>	<b>266</b>	<b>303</b>	<b>2,525</b>	<b>3</b>	<b>234</b>	<b>1</b>	<b>2,763</b>	<b>—</b>	<b>2,763</b>	<b>470</b>	<b>3,233</b>
<b>Recreation, culture and religion</b>																		
Heritage, arts, libraries and films	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1	—	1
<b>Total recreation, culture and religion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>—</b>	<b>1</b>
<b>Social protection</b>																		
Public service occupational pensions	2	16	10	5	8	11	33	26	11	123	22	6	5	156	—	156	—	156
<b>Total social protection</b>	<b>2</b>	<b>16</b>	<b>10</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>33</b>	<b>26</b>	<b>11</b>	<b>123</b>	<b>22</b>	<b>6</b>	<b>5</b>	<b>156</b>	<b>—</b>	<b>156</b>	<b>—</b>	<b>156</b>
<b>TOTAL CONSTITUTIONAL AFFAIRS</b>	<b>226</b>	<b>471</b>	<b>187</b>	<b>201</b>	<b>227</b>	<b>200</b>	<b>556</b>	<b>299</b>	<b>319</b>	<b>2,685</b>	<b>25</b>	<b>241</b>	<b>6</b>	<b>2,957</b>	<b>0</b>	<b>2,958</b>	<b>522</b>	<b>3,480</b>

(1) Excludes spending by the Northern Ireland Court Service, Scotland Office, and Wales Office.

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
<b>LAW OFFICERS' DEPARTMENTS</b>																			
<b>Public order and safety</b>																			
Administration of justice	5	21	13	8	14	10	37	16	8	130	—	6	—	137	—	137	51	187	
Other public order and safety	24	66	42	31	45	33	88	48	29	407	—	25	—	432	—	432	28	459	
<b>Total public order and safety</b>	<b>29</b>	<b>87</b>	<b>55</b>	<b>38</b>	<b>59</b>	<b>43</b>	<b>125</b>	<b>64</b>	<b>37</b>	<b>537</b>	<b>—</b>	<b>32</b>	<b>—</b>	<b>568</b>	<b>—</b>	<b>568</b>	<b>78</b>	<b>647</b>	
<b>TOTAL LAW OFFICERS DEPARTMENTS</b>	<b>29</b>	<b>87</b>	<b>55</b>	<b>38</b>	<b>59</b>	<b>43</b>	<b>125</b>	<b>64</b>	<b>37</b>	<b>537</b>	<b>—</b>	<b>32</b>	<b>—</b>	<b>568</b>	<b>—</b>	<b>568</b>	<b>78</b>	<b>647</b>	
<b>DEFENCE</b>																			
<b>International services</b>																			
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	137	137	
<b>Total international services</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>137</b>	<b>137</b>	
<b>Defence</b>																			
National defence	—	—	—	—	—	—	—	—	0	0	—	—	—	0	—	0	28,586	28,586	
<b>Total defence</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0</b>	<b>0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0</b>	<b>—</b>	<b>0</b>	<b>28,586</b>	<b>28,586</b>	
<b>Enterprise and economic development</b>																			
Economic development and trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	28	28	
<b>Total enterprise and economic development</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>28</b>	<b>28</b>	
<b>Social protection</b>																			
Personal social services	—	—	—	—	—	—	11	—	—	11	—	—	—	11	—	11	—	11	
Public service occupational pensions	26	51	67	81	67	97	29	233	224	875	72	39	12	998	59	1,056	—	1,056	
State pensions	61	130	84	70	70	89	59	156	137	857	99	64	23	1,044	65	1,109	—	1,109	
<b>Total social protection</b>	<b>88</b>	<b>181</b>	<b>151</b>	<b>151</b>	<b>137</b>	<b>186</b>	<b>98</b>	<b>390</b>	<b>361</b>	<b>1,743</b>	<b>171</b>	<b>103</b>	<b>35</b>	<b>2,052</b>	<b>124</b>	<b>2,176</b>	<b>—</b>	<b>2,176</b>	
<b>TOTAL DEFENCE</b>	<b>88</b>	<b>181</b>	<b>151</b>	<b>151</b>	<b>137</b>	<b>186</b>	<b>98</b>	<b>390</b>	<b>361</b>	<b>1,743</b>	<b>171</b>	<b>103</b>	<b>35</b>	<b>2,052</b>	<b>124</b>	<b>2,176</b>	<b>28,751</b>	<b>30,927</b>	

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>FOREIGN AND COMMONWEALTH OFFICE</b>																		
<b>International services</b>																		
Other international services	10	26	19	17	21	21	29	31	19	194	20	11	7	231	332	563	1,165	1,728
<b>Total international services</b>	<b>10</b>	<b>26</b>	<b>19</b>	<b>17</b>	<b>21</b>	<b>21</b>	<b>29</b>	<b>31</b>	<b>19</b>	<b>194</b>	<b>20</b>	<b>11</b>	<b>7</b>	<b>231</b>	<b>332</b>	<b>563</b>	<b>1,165</b>	<b>1,728</b>
<b>TOTAL FOREIGN AND COMMONWEALTH OFFICE</b>	<b>10</b>	<b>26</b>	<b>19</b>	<b>17</b>	<b>21</b>	<b>21</b>	<b>29</b>	<b>31</b>	<b>19</b>	<b>194</b>	<b>20</b>	<b>11</b>	<b>7</b>	<b>231</b>	<b>332</b>	<b>563</b>	<b>1,165</b>	<b>1,728</b>
<b>INTERNATIONAL DEVELOPMENT</b>																		
<b>International services</b>																		
International development assistance	—	—	—	—	—	—	2	—	—	2	—	—	—	2	3,690	3,692	0	3,692
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	42	42	—	42
<b>Total international services</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>3,733</b>	<b>3,734</b>	<b>0</b>	<b>3,734</b>
<b>Social protection</b>																		
Public service occupational pensions	8	8	8	8	8	5	12	9	6	72	4	2	1	78	39	117	—	117
<b>Total social protection</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>5</b>	<b>12</b>	<b>9</b>	<b>6</b>	<b>72</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>78</b>	<b>39</b>	<b>117</b>	<b>—</b>	<b>117</b>
<b>TOTAL INTERNATIONAL DEVELOPMENT</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>5</b>	<b>13</b>	<b>9</b>	<b>6</b>	<b>73</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>80</b>	<b>3,772</b>	<b>3,851</b>	<b>0</b>	<b>3,851</b>
<b>TRADE AND INDUSTRY</b>																		
<b>General public services</b>																		
Public and common services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	0	3	3
<b>Total general public services</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>International services</b>																		
International development assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	2	—	2
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	51	51	3	54
<b>Total international services</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>53</b>	<b>53</b>	<b>3</b>	<b>56</b>

**Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)**

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>Enterprise and economic development</b>																		
Economic development and trade	4	9	7	9	8	14	21	13	8	95	10	7	4	115	6	121	521	642
Regional policy	67	115	85	28	64	18	11	17	34	439	—	—	—	439	—	439	0	439
Support for business	178	605	296	168	182	116	143	286	172	2,146	174	152	22	2,494	25	2,518	—	2,518
<b>Total enterprise and economic development</b>	<b>250</b>	<b>729</b>	<b>388</b>	<b>205</b>	<b>253</b>	<b>148</b>	<b>175</b>	<b>316</b>	<b>214</b>	<b>2,679</b>	<b>184</b>	<b>158</b>	<b>26</b>	<b>3,047</b>	<b>30</b>	<b>3,078</b>	<b>522</b>	<b>3,599</b>
<b>Science and technology</b>																		
Science and technology	38	112	97	74	67	217	267	220	57	1,148	140	36	11	1,335	198	1,533	452	1,985
<b>Total science and technology</b>	<b>38</b>	<b>112</b>	<b>97</b>	<b>74</b>	<b>67</b>	<b>217</b>	<b>267</b>	<b>220</b>	<b>57</b>	<b>1,148</b>	<b>140</b>	<b>36</b>	<b>11</b>	<b>1,335</b>	<b>198</b>	<b>1,533</b>	<b>452</b>	<b>1,985</b>
<b>Employment policies</b>																		
Employment policies	4	10	8	7	8	9	19	15	8	88	8	4	—	101	—	101	—	101
<b>Total employment policies</b>	<b>4</b>	<b>10</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>19</b>	<b>15</b>	<b>8</b>	<b>88</b>	<b>8</b>	<b>4</b>	<b>—</b>	<b>101</b>	<b>—</b>	<b>101</b>	<b>—</b>	<b>101</b>
<b>Agriculture, fisheries and forestry</b>																		
Other agriculture, food and fisheries policy	0	0	0	0	0	0	0	0	0	1	0	0	0	2	—	2	—	2
<b>Total agriculture, fisheries and forestry</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>2</b>
<b>Environment protection</b>																		
Environmental protection	5	72	6	4	5	1	3	98	26	221	152	5	0	378	—	378	—	378
Environmental research	2	7	4	14	1	27	4	19	8	87	10	4	—	101	49	149	153	303
<b>Total environment protection</b>	<b>8</b>	<b>79</b>	<b>10</b>	<b>19</b>	<b>6</b>	<b>29</b>	<b>7</b>	<b>117</b>	<b>34</b>	<b>308</b>	<b>162</b>	<b>9</b>	<b>0</b>	<b>479</b>	<b>49</b>	<b>528</b>	<b>153</b>	<b>681</b>
<b>Health</b>																		
Health research	2	12	2	8	4	39	65	30	4	166	20	2	—	187	9	197	199	396
<b>Total health</b>	<b>2</b>	<b>12</b>	<b>2</b>	<b>8</b>	<b>4</b>	<b>39</b>	<b>65</b>	<b>30</b>	<b>4</b>	<b>166</b>	<b>20</b>	<b>2</b>	<b>—</b>	<b>187</b>	<b>9</b>	<b>197</b>	<b>199</b>	<b>396</b>
<b>Recreation, culture and religion</b>																		
Broadcasting	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4	4
<b>Total recreation, culture and religion</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4</b>	<b>4</b>

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
<b>Social protection</b>																			
Family benefits, income support and tax credits	1	4	3	3	3	3	7	6	3	33	3	2	—	38	—	38	—	38	
Public service occupational pensions	1	48	1	1	3	3	1	31	24	112	8	2	0	123	2	125	—	125	
Unemployment benefits	9	21	22	18	24	14	18	23	12	160	18	7	1	186	—	186	—	186	
<b>Total social protection</b>	<b>11</b>	<b>73</b>	<b>26</b>	<b>22</b>	<b>30</b>	<b>20</b>	<b>26</b>	<b>60</b>	<b>39</b>	<b>305</b>	<b>30</b>	<b>10</b>	<b>1</b>	<b>347</b>	<b>2</b>	<b>349</b>	<b>—</b>	<b>349</b>	
<b>TOTAL TRADE AND INDUSTRY</b>	<b>311</b>	<b>1,016</b>	<b>530</b>	<b>334</b>	<b>368</b>	<b>463</b>	<b>559</b>	<b>758</b>	<b>357</b>	<b>4,695</b>	<b>544</b>	<b>220</b>	<b>39</b>	<b>5,498</b>	<b>341</b>	<b>5,839</b>	<b>1,336</b>	<b>7,175</b>	
<b>ENVIRONMENT, FOOD AND RURAL AFFAIRS</b>																			
<b>Enterprise and economic development</b>																			
Economic development and trade	1	1	1	1	1	1	3	1	1	12	—	1	—	13	—	13	—	13	
Regional policy	7	11	9	4	7	2	—	3	3	46	—	—	—	46	—	46	—	46	
<b>Total enterprise and economic development</b>	<b>8</b>	<b>12</b>	<b>10</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>58</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>58</b>	<b>—</b>	<b>58</b>	<b>—</b>	<b>58</b>	
<b>Agriculture, fisheries and forestry</b>																			
Forestry	4	6	5	5	6	5	1	9	9	49	6	1	—	56	—	56	—	56	
Market support under CAP	127	288	333	346	236	411	225	325	472	2,764	—	—	—	2,764	—	2,764	—	2,764	
Other agriculture, food and fisheries policy	65	109	129	92	122	119	119	118	237	1,109	—	—	—	1,109	—	1,109	120	1,229	
<b>Total agriculture, fisheries and forestry</b>	<b>196</b>	<b>403</b>	<b>467</b>	<b>442</b>	<b>364</b>	<b>535</b>	<b>345</b>	<b>452</b>	<b>718</b>	<b>3,922</b>	<b>6</b>	<b>1</b>	<b>—</b>	<b>3,929</b>	<b>—</b>	<b>3,929</b>	<b>120</b>	<b>4,049</b>	
<b>Environment protection</b>																			
Environmental protection	42	132	107	93	90	96	116	160	90	925	—	—	—	925	—	925	325	1,250	
<b>Total environment protection</b>	<b>42</b>	<b>132</b>	<b>107</b>	<b>93</b>	<b>90</b>	<b>96</b>	<b>116</b>	<b>160</b>	<b>90</b>	<b>925</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>925</b>	<b>—</b>	<b>925</b>	<b>325</b>	<b>1,250</b>	
<b>Housing and community amenities</b>																			
Other housing and community services	0	1	0	0	1	1	1	1	0	5	—	—	—	5	—	5	—	5	
<b>Total housing and community amenities</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>5</b>	

**Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)**

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>Social protection</b>																		
Public sector occupational pensions	0	0	0	0	0	0	0	0	0	-1	—	0	—	-1	—	-1	—	-1
<b>Total social protection</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>—</b>	<b>0</b>	<b>—</b>	<b>-1</b>	<b>—</b>	<b>-1</b>	<b>—</b>	<b>-1</b>
<b>TOTAL ENVIRONMENT, FOOD AND RURAL AFFAIRS</b>	<b>246</b>	<b>548</b>	<b>584</b>	<b>540</b>	<b>462</b>	<b>636</b>	<b>464</b>	<b>617</b>	<b>812</b>	<b>4,909</b>	<b>6</b>	<b>2</b>	<b>—</b>	<b>4,916</b>	<b>—</b>	<b>4,916</b>	<b>445</b>	<b>5,361</b>
<b>CULTURE, MEDIA AND SPORT</b>																		
<b>Enterprise and economic development</b>																		
Regional policy	1	2	1	1	1	0	0	0	1	9	—	—	—	9	—	9	—	9
Support for business	0	0	0	0	0	0	0	0	0	1	—	—	—	1	—	1	48	49
<b>Total enterprise and economic development</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>10</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10</b>	<b>—</b>	<b>10</b>	<b>48</b>	<b>57</b>
<b>Recreation, culture and religion</b>																		
Broadcasting	0	0	0	0	0	0	0	0	0	1	0	93	0	93	—	93	90	183
Heritage, arts, libraries and films	52	78	79	59	61	72	207	123	91	822	10	8	5	845	123	968	—	968
Lottery	38	81	57	46	59	46	194	73	72	667	88	51	24	829	—	829	—	829
Other recreation, culture and religion	2	4	3	3	3	3	6	8	4	36	2	3	1	42	3	44	—	44
Sport and recreation	13	16	15	15	14	11	49	18	9	161	2	2	0	166	2	168	—	168
<b>Total recreation, culture and religion</b>	<b>105</b>	<b>179</b>	<b>154</b>	<b>123</b>	<b>136</b>	<b>133</b>	<b>457</b>	<b>222</b>	<b>177</b>	<b>1,686</b>	<b>103</b>	<b>157</b>	<b>30</b>	<b>1,975</b>	<b>127</b>	<b>2,103</b>	<b>90</b>	<b>2,192</b>
<b>Social protection</b>																		
Public service occupational pensions	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	2	—	2
<b>Total social protection</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>—</b>	<b>2</b>
<b>TOTAL CULTURE, MEDIA AND SPORT</b>	<b>106</b>	<b>182</b>	<b>155</b>	<b>124</b>	<b>138</b>	<b>133</b>	<b>458</b>	<b>223</b>	<b>178</b>	<b>1,697</b>	<b>103</b>	<b>157</b>	<b>30</b>	<b>1,986</b>	<b>128</b>	<b>2,114</b>	<b>138</b>	<b>2,252</b>

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
<b>WORK AND PENSIONS</b>																		
<b>General public services</b>																		
Public and common services	1	2	1	0	1	0	1	1	1	8	1	1	—	10	—	10	—	10
<b>Total general public services</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>—</b>	<b>10</b>	<b>—</b>	<b>10</b>	<b>—</b>	<b>10</b>
<b>Enterprise and economic development</b>																		
Regional policy	2	4	2	1	2	1	2	1	1	17	—	—	—	17	—	17	—	17
<b>Total enterprise and economic development</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>17</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17</b>	<b>—</b>	<b>17</b>	<b>—</b>	<b>17</b>
<b>Science and technology</b>																		
Science and technology	5	5	5	5	5	5	5	5	5	42	5	3	—	51	—	51	—	51
<b>Total science and technology</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>42</b>	<b>5</b>	<b>3</b>	<b>—</b>	<b>51</b>	<b>—</b>	<b>51</b>	<b>—</b>	<b>51</b>
<b>Employment policies</b>																		
Employment policies	192	466	278	184	295	197	309	235	200	2,356	311	144	—	2,811	0	2,811	—	2,811
<b>Total employment policies</b>	<b>192</b>	<b>466</b>	<b>278</b>	<b>184</b>	<b>295</b>	<b>197</b>	<b>309</b>	<b>235</b>	<b>200</b>	<b>2,356</b>	<b>311</b>	<b>144</b>	<b>—</b>	<b>2,811</b>	<b>0</b>	<b>2,811</b>	<b>—</b>	<b>2,811</b>
<b>Social protection</b>																		
Administration and miscellaneous services	317	602	329	150	259	150	307	196	195	2,505	315	167	—	2,987	—	2,987	—	2,987
Family benefits, income support and tax credits	565	1,510	972	724	1,113	881	2,275	1,214	732	9,986	977	607	—	11,569	3	11,573	—	11,573
Incapacity, disability and injury benefits	1,366	3,375	2,025	1,579	2,097	1,551	1,915	1,938	1,565	17,411	2,438	1,781	—	21,629	52	21,682	—	21,682
Personal social services	1	2	1	1	1	1	1	1	1	8	1	1	—	10	—	10	—	10
State pensions	2,663	6,866	4,944	4,171	5,368	5,517	5,535	7,871	5,461	48,395	5,144	3,091	9	56,639	1,881	58,520	—	58,520
Unemployment benefits	209	464	323	221	370	237	621	307	190	2,943	419	184	—	3,545	—	3,545	—	3,545
Widows' benefits	49	111	74	65	94	76	92	120	72	751	95	48	—	895	27	921	—	921
<b>Total social protection</b>	<b>5,169</b>	<b>12,930</b>	<b>8,668</b>	<b>6,911</b>	<b>9,301</b>	<b>8,413</b>	<b>10,745</b>	<b>11,646</b>	<b>8,216</b>	<b>81,998</b>	<b>9,389</b>	<b>5,878</b>	<b>9</b>	<b>97,274</b>	<b>1,963</b>	<b>99,237</b>	<b>—</b>	<b>99,237</b>
<b>TOTAL WORK AND PENSIONS</b>	<b>5,369</b>	<b>13,406</b>	<b>8,954</b>	<b>7,101</b>	<b>9,603</b>	<b>8,615</b>	<b>11,062</b>	<b>11,888</b>	<b>8,423</b>	<b>84,422</b>	<b>9,707</b>	<b>6,026</b>	<b>9</b>	<b>100,163</b>	<b>1,963</b>	<b>102,125</b>	<b>—</b>	<b>102,125</b>



**Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)**

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
<b>CHANCELLOR'S DEPARTMENTS</b>																			
<b>General public services</b>																			
Public and common services	1	2	1	1	2	2	4	3	2	17	1	0	0	18	0	18	5,112	5,130	
<b>Total general public services</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>17</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>18</b>	<b>5,112</b>	<b>5,130</b>	
<b>Enterprise and economic development</b>																			
Support for business	—	4	—	—	—	—	—	0	—	4	—	—	—	4	—	4	—	4	
<b>Total enterprise and economic development</b>	<b>—</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0</b>	<b>—</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4</b>	<b>—</b>	<b>4</b>	<b>—</b>	<b>4</b>	
<b>Science and technology</b>																			
Science and technology	8	23	17	15	19	23	38	36	18	197	19	9	5	230	—	230	—	230	
<b>Total science and technology</b>	<b>8</b>	<b>23</b>	<b>17</b>	<b>15</b>	<b>19</b>	<b>23</b>	<b>38</b>	<b>36</b>	<b>18</b>	<b>197</b>	<b>19</b>	<b>9</b>	<b>5</b>	<b>230</b>	<b>—</b>	<b>230</b>	<b>—</b>	<b>230</b>	
<b>Environment protection</b>																			
Environmental protection	0	1	0	0	0	0	1	1	0	4	0	0	0	5	—	5	—	5	
<b>Total environment protection</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>—</b>	<b>5</b>	<b>—</b>	<b>5</b>	
<b>Social protection</b>																			
Administration and miscellaneous services	0	1	1	1	1	1	2	2	1	10	1	0	0	12	—	12	—	12	
Family benefits, income support and tax credits	979	2,636	1,947	1,559	2,037	1,788	2,415	2,498	1,689	17,548	1,759	1,111	718	21,137	89	21,226	—	21,226	
Housing benefits	0	0	0	0	0	0	0	0	0	1	0	0	0	1	—	1	—	2	
Public service occupational pensions	0	0	0	0	0	0	0	0	0	2	0	0	0	2	0	2	—	2	
State pensions	3	7	6	5	6	7	7	10	6	59	5	3	1	68	—	68	—	68	
<b>Total social protection</b>	<b>982</b>	<b>2,645</b>	<b>1,955</b>	<b>1,565</b>	<b>2,045</b>	<b>1,797</b>	<b>2,424</b>	<b>2,511</b>	<b>1,697</b>	<b>17,620</b>	<b>1,766</b>	<b>1,115</b>	<b>720</b>	<b>21,220</b>	<b>89</b>	<b>21,309</b>	<b>—</b>	<b>21,309</b>	
<b>TOTAL CHANCELLOR'S DEPARTMENTS</b>	<b>991</b>	<b>2,674</b>	<b>1,974</b>	<b>1,582</b>	<b>2,065</b>	<b>1,822</b>	<b>2,467</b>	<b>2,550</b>	<b>1,717</b>	<b>17,841</b>	<b>1,786</b>	<b>1,124</b>	<b>725</b>	<b>21,476</b>	<b>89</b>	<b>21,565</b>	<b>5,112</b>	<b>26,678</b>	

Table 7.19 Departmental group expenditure on services by sub-function, country and region, 2004–05 (continued)

All the data in this table are National Statistics

accruals, £ million

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
<b>CENTRAL EXCHEQUER FUNCTIONS</b>																			
<b>EU transactions</b>																			
EC receipts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—4,552	—4,552	
GNI based contributions <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,753	3,753	—	3,753	
<b>Total EU transactions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,753</b>	<b>3,753</b>	<b>—4,552</b>	<b>—799</b>	
<b>Debt interest</b>																			
CG debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	23,969	23,969	
PC debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	184	184	
LA debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	390	390	
<b>Total debt interest</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>24,543</b>	<b>24,543</b>	
<b>TOTAL CENTRAL EXCHEQUER FUNCTIONS</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,753</b>	<b>3,753</b>	<b>19,991</b>	<b>23,744</b>	
<b>CABINET OFFICE</b>																			
<b>General public services</b>																			
Public and common services	1	1	1	1	1	1	7	1	1	12	0	0	0	12	0	12	1,829	1,842	
<b>Total general public services</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>1,829</b>	<b>1,842</b>	
<b>Social protection</b>																			
Public service occupational pensions	35	78	55	46	52	88	130	233	152	870	92	54	9	1,025	22	1,048	—	1,048	
<b>Total social protection</b>	<b>35</b>	<b>78</b>	<b>55</b>	<b>46</b>	<b>52</b>	<b>88</b>	<b>130</b>	<b>233</b>	<b>152</b>	<b>870</b>	<b>92</b>	<b>54</b>	<b>9</b>	<b>1,025</b>	<b>22</b>	<b>1,048</b>	<b>—</b>	<b>1,048</b>	
<b>TOTAL CABINET OFFICE</b>	<b>36</b>	<b>79</b>	<b>55</b>	<b>47</b>	<b>53</b>	<b>89</b>	<b>136</b>	<b>234</b>	<b>152</b>	<b>882</b>	<b>92</b>	<b>54</b>	<b>9</b>	<b>1,038</b>	<b>22</b>	<b>1,060</b>	<b>1,829</b>	<b>2,889</b>	
<b>TOTAL DEPARTMENTS EXPENDITURE ON SERVICES</b>	<b>12,850</b>	<b>32,978</b>	<b>22,569</b>	<b>17,676</b>	<b>23,307</b>	<b>21,389</b>	<b>34,089</b>	<b>31,289</b>	<b>21,274</b>	<b>217,420</b>	<b>12,760</b>	<b>8,305</b>	<b>878</b>	<b>239,364</b>	<b>11,149</b>	<b>250,512</b>	<b>64,449</b>	<b>314,961</b>	

(2) Net of EU abatement and attributed aid. More detail shown in Table 3.6.

**Table 7.20 Country and regional analysis of pay costs component of departmental groups' non-identifiable spending, 2004–05**

All the data in this table are National Statistics

accruals, £ millions

Department grouping	Pay costs for non-identifiable spending														Total non-identifiable pay costs	Total non-identifiable pay costs as % of total pay costs (identifiable and non-identifiable)	Other non-identifiable spending	Total non-identifiable spending	
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	Total England	Scotland	Wales	Northern Ireland	Total UK					Outside UK
Health	1	5	8	3	6	3	25	2	7	60	6	9	—	74	—	74	1	55	129
Transport	1	2	2	0	0	2	2	21	4	33	7	4	1	45	—	45	7	153	198
Office of the Deputy Prime Minister	1	1	1	1	2	1	61	2	1	70	—	—	—	70	—	70	19	418	488
Home Office	117	254	189	136	147	170	562	323	135	2,034	15	40	3	2,091	—	2,091	86	2,176	4,267
Constitutional Affairs <sup>(1)</sup>	18	85	45	26	47	43	134	68	38	503	0	26	0	530	—	530	69	–7	522
Law Officers' Departments	—	2	1	—	—	—	61	—	0	64	—	—	—	64	—	64	18	14	78
Defence	69	139	587	414	404	953	568	2,355	2,359	7,848	746	163	377	9,135	1,631	10,766	100	17,985	28,751
Foreign and Commonwealth Office	—	—	—	—	—	—	99	60	—	159	—	—	—	159	259	419	94	746	1,165
Department of Trade and Industry	4	10	7	7	3	28	224	85	162	529	18	6	1	553	5	558	78	778	1,336
Environment, Food and Rural Affairs	3	4	6	3	7	4	43	7	10	85	—	—	—	85	—	85	14	360	445
Department for Culture, Media and Sport	—	—	—	—	—	—	13	—	—	13	—	—	—	13	8	20	5	117	138
Chancellor's Departments	280	398	172	140	169	214	630	333	129	2,464	227	161	63	2,914	—	2,914	100	2,198	5,112
Central exchequer functions <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	19,991	19,991
Cabinet Office <sup>(3)</sup>	4	2	0	2	1	0	268	2	1	281	0	3	0	285	1	654 <sup>(3)</sup>	97	1,175	1,829
<b>Total</b>	<b>498</b>	<b>901</b>	<b>1,019</b>	<b>731</b>	<b>785</b>	<b>1,417</b>	<b>2,689</b>	<b>3,257</b>	<b>2,846</b>	<b>14,143</b>	<b>1,018</b>	<b>411</b>	<b>445</b>	<b>16,017</b>	<b>1,904</b>	<b>18,290</b>	<b>67<sup>(4)</sup></b>	<b>46,160</b>	<b>64,449</b>

(1) Excludes spending by the Northern Ireland Court Service, Scotland Office, and Wales Office.

(2) Central exchequer functions include EC receipts and public sector debt interest, where the latter includes payments of debt interest by public corporations and local authorities to the private sector.

(3) Regional breakdowns for the Security and Intelligence Agencies paycosts are not available, but are included in Cabinet Office's departmental grouping totals.

(4) The non-identifiable pay costs shown here form 67% of the total pay costs of the departmental groupings shown in this table. Other departmental groupings, such as Education, are not included in this table, because all their spending is identifiable. Taking all central government departments together the non-identifiable pay costs shown here account for 59% of total central government pay costs.



# A

## SOURCES, DATA QUALITY, CONVENTIONS

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**A.1** This appendix gives information on the main sources of data and methods used in producing PESA, a note on data quality, various conventions used for the figures presented in this publication and the population figures that underpin the Country and Regional Analysis.

### WHAT'S NEW

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**A.2** This Appendix contains new sections on sources of and methods used in producing PESA data, data quality, what we do when we make a mistake, the treatment of the Private Finance Initiative and of certain roads transfers, and the coverage of PESA as regards newly classified or created public bodies.

**A.3** It also shows that PESA has moved from using the central case for the GDP forecast to using the cautious view, in order to be consistent with other publications.

### SOURCES OF DATA AND METHODS OF PRODUCTION

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#### Data sourced from government departments and the devolved administrations

**A.4** Most expenditure data in PESA are taken directly from the Treasury's public expenditure database, the PES database. During 2005 and 2006 the Treasury is introducing a new database, the Combined On line Information System (COINS) which will replace the PES database. Departments already submit their data onto COINS. During the transition between databases, departmental updates are migrated from COINS onto the PES database.

**A.5** Departments maintain on COINS normally eight or nine years worth of live data – 2000 01 to 2007 08 in the PESA 2006 period. Departments therefore update:

- values in the light of better information, with final outturns consistent with the information in published audited accounts (normally available in the summer after the end of the financial year); and
- the way information is coded to reflect classification changes, thus ensuring consistency across all live years.

**A.6** Data supplied by departments cover their own income and expenditure including support for local authorities and for public corporations. Departments also enter information on the income and expenditure of NDPBs and on the capital expenditure of public corporations.

**A.7** The Devolved Administrations for Scotland, Wales and Northern Ireland supply data in the same way as departments do.

#### Classification of the functions of government (COFOG)

**A.8** The Treasury's PESA branch assigns COFOG categories to departmental data in consultation with departments. COFOG categories are held on COINS. Where data streams cover more than one COFOG level 2 category we ask departments to split the data out so that each can be recorded separately. However, we do not split out data where the amount would be less than £10m.

## Data sourced from the Office for National Statistics

**A.9** The following numbers are on a national accounts basis and for outturn years are sourced from the Office for National Statistics:

- Total Managed Expenditure
- Public sector current expenditure, gross investment and net investment
- Public sector depreciation, central and local government non-trading capital consumption, public corporations depreciation
- Central government own expenditure, total, current, capital
- Local authority expenditure, total, current, capital
- Public corporations expenditure, total, current, capital

**A.10** Forecasts of these numbers for estimated outturn and plan years are made by the Treasury on a basis consistent with the ONS' numbers. Splits of these numbers by function are made by the Treasury.

**A.11** To avoid any confusion:

- expenditure on services is a Treasury aggregate;
- depreciation in departmental budgets is a number sourced from departments.

## Other sources and methods

**A.12** There are different sources and methods used for some parts of PESA. The main ones are:

- Historical information that goes back before the years that are maintained live on the COINS and PES databases – described in chapter 3;
- Information on the spending of local authorities – described in Chapter 5;
- The country and regional analysis of expenditure – described in Chapter 7

## TREATMENT OF CERTAIN TRANSACTIONS IN PESA

### Transfers of roads between central and local government

**A.13** The Highways Agency is an Executive Agency of the Department for Transport (DfT), which is classified in the Central Government sector in National Accounts. The Highways Agency's road network is divided into 'core' and 'non-core' roads, as set out in the DfT publication 'A New Deal for Trunk Roads in England' (1998). The 'non-core' network (routes that service local and regional needs) is in the process of being transferred to local highway authorities. This transfer started in 2000-01 with the transfer of roads within the M25 to Transport for London (TfL).

**A.14** The roads transfer has not involved any actual payment from the Local Government sector to the Central Government sector because the assets are transferred for nil cash consideration. However, National Accounts have imputed notional transfers to reflect the market value of this transaction. Various flows have been imputed: a capital grant from CG to LG; a notional purchase of these assets by LG from CG financed by the grant; and central

government's income from the sale. Overall, these transactions are neutral at the public sector level. However, the transfer is not neutral in the national accounts based presentation of TME by sector shown in PESA: central government own expenditure is reduced by the amount of the income, and local authority expenditure is increased by the amount of the purchase. Inclusion of these flows is a change when compared with PESA 2005. The following table shows the amount of the transfer in each year.

£ million	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Value of Roads transfer	5,614	1,889	3,088	2,594	1,884	0

**A.15** The transfer is not included in the functional analysis of central and local authority expenditure on services – an amount has been included in the accounting adjustments to move to the national accounts numbers. Nor is the notional grant included in figures for central government support for local authorities. Central government's income from the transfer of roads is also not included in the receipts from the sales of assets in table 3.10.

## The Private Finance Initiative

**A.16** The private finance initiative (PFI) is a means of procuring capital intensive services. Instead of the public sector being responsible for building and maintaining a school building, for example, the public sector contracts with the private sector for the provision of serviced school premises. The government entity that is purchasing services pays a single unitary charge to the PFI provider for as long as the services are provided to the required standard.

**A.17** PFI deals may be on or off the government's balance sheet depending on where the balance of risks in the project lies. The balance sheet decision for outturns is taken by independent public sector auditors, and that decision is normally used for the national accounts by the independent Office for National Statistics. If the project is on the government's balance sheet, the capital expenditure is treated as part of public sector capital expenditure and counts towards TME. If the project is off the government's balance sheet then the capital expenditure is recorded as undertaken by the private sector.

**A.18** PESA includes information on PFI projects. This information is not separately identified. PESA shows:

- For on balance sheet projects, PESA capital expenditure includes the capital expenditure imputed to the public sector. PESA also includes the service and debt interest elements of the unitary charge under those economic categories. The debt repayment element of the unitary charge is excluded from the expenditure numbers. The depreciation on the imputed asset is included in the depreciation numbers. Cost of capital charges and credits are included in budgets; and
- For off balance sheet projects, where the asset economically as well as legally belongs to the private sector, PESA includes the whole of general government payments of unitary charges as payments for services (part of current procurement).

## Coverage of Public Bodies

**A.19** PESA aims to include the expenditure of all public sector bodies on the appropriate basis. However, when new public bodies are set up, or when bodies are reclassified to, or within, the public sector, there may be a delay before data are recorded in a way that allows their correct inclusion in PESA. The PESA 2006 treatment of some of the larger bodies affected is:

- The **BBC** domestic services were reclassified to the central government sector by the Office for National Statistics<sup>1</sup>. PESA 2006 includes spending by the BBC on its domestic services as central government spending in Departmental AME. TES includes this spending in the recreation culture and religion function. The BBC World Service and the BBC's commercial subsidiaries remain public corporations, and so PESA 2006 continues to show government spending in respect of the BBC World Service and the BBC Monitoring Service as procurement from and capital grants to the BBC rather than as BBC expenditure. The public corporations chapter identifies capital expenditure by the BBC World Service but does not identify capital spending by the BBC's commercial subsidiaries; that amount is however included in total Public Corporations Capital Expenditure. BBC current spending is not included in the CRA.
- At the same time **S4C** (Channel 4 Wales) was reclassified by the ONS as a central government body. PESA 2006 treats S4C's expenditure as central government's own, but for data reasons the economic category analysis treats the current expenditure as subsidies to S4C rather than as S4C pay and procurement. S4C spends a little under £100m a year.
- ONS reclassified **London and Continental Railways** (LCR) to the public corporations sector, back to February 1999, when a restructuring of LCR was implemented<sup>2</sup>. That has led to an increase in public corporations' capital expenditure included in TME. In PESA, the effect is shown in TME in all affected years and in the line Public Corporations' Own financed Capital Expenditure. The capital spending of LCR has not yet been included in the budgeting or functional series. Capital grants to LCR are included in budgets. They are treated, exceptionally, as central government own expenditure and included in TES (an accounting adjustment in Appendix B removes the double count).
- PESA 2006 does not yet show the expenditure of the **Pensions Protection Fund**.
- Expenditure of **British Energy** is now fully integrated in the analyses in PESA 2006 for the period since it became a public corporation from 9 September 2002.
- In PESA 2006, **Network Rail's** capital expenditure in 2002-03 is shown separately in table 6.3; and throughout PESA 2006 it is included in the TME number and in the public corporations' own financed capital expenditure line in AME for that year.

**A.20** In PESA 2006 the COFOG functional classification of Scottish Enterprise, and Highlands and Islands Enterprise expenditure are treated as follows: Scottish Enterprise spending (approximately £450 million a year) is currently wholly classified to employment policies, and Highlands and Islands Enterprise spending (approximately £100 million a year) is currently classified to enterprise and economic development. However, both bodies have significant amounts of expenditure in each of these functions and education and training and

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<sup>1</sup> For further information on the ONS' reclassification please see the following article:  
<http://www.statistics.gov.uk/pdfdir/cpst0106.pdf>

<sup>2</sup> For further information on the ONS' reclassification please see the following article:  
<http://www.statistics.gov.uk/ci/article.asp?id=1409>



general public services, and so their spending should be split across the functions. The Treasury and the Scottish Executive are working to improve the allocation of spending to function for PESA 2007.

## Data Quality

**A.21** Departments, Devolved Administrations and NDPBs aim to produce good quality data for internal management and control and external reporting via audited accounts. They also seek to ensure that the data they feed into COINS are of high quality. The COINS data structure is more closely related to the structure of departments' own internal finance systems than the PES database had been, allowing for easier translation. Further, the move to the new COINS database provided an opportunity to revisit data codings and improve them where necessary.

**A.22** Several outputs directly relevant to Whitehall departments' operations and reporting are produced straight from the COINS/ PES databases, including: Main Estimates presented to Parliament, Departmental Reports, and Supplementary Budgetary Information. We intend that from 2006 07 Supplementary Estimates presented to Parliament will also be produced from COINS. So Whitehall departments have a clear incentive to ensure that the data they supply to COINS, and that are also used in PESA, are right.

**A.23** However, there are also factors that act against data quality:

- The public expenditure system is complicated. Data need to be coded so as to produce a wide range of outputs. Some data will be miscoded.
- Those recording data need to apply judgement to determine the right coding. Views on the right judgement to make may differ according to the use to which the data are to be put.
- While the budget based numbers in PESA (for example in Chapter 1) are key control totals for departments, and are closely checked, some of the economic category and sub function analyses will not appear in departmental outputs and so some of the more detailed coding decisions may not receive the same degree of attention. The devolved administrations do not draw key outputs direct from the Treasury's database.
- The need to keep compliance costs down means that some data checks are not worth doing, and some disaggregation of data is not worthwhile.
- When new bodies are set up, or reclassified, there may be a lag before data become available on the right basis, and PESA may carry on excluding them or showing them on the previous basis until data are entered into COINS.
- The introduction of a new database, with a new coding structure, has meant that people have had to learn how to use it, and some errors due to unfamiliarity are inevitable.

**A.24** The aim of PESA is to provide a broad picture of where public expenditure goes. As a general rule, the more detailed the presentation, the less accurate the attribution to detailed categories will be. Small differences in numbers should not be taken as significant. We present many figures rounded to the nearest £1m so that people using the data do not introduce errors from working with rounded numbers.

**A.25** Some specific data quality issues apply to:

- Historical data – see chapter 3
- Local authority data – see chapter 5
- Public corporations data – see chapter 6.
- The country and regional analysis of spending – see chapter 7.

## WHAT WE DO WHEN WE MAKE A MISTAKE

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**A.26** Where we discover errors after the production of PESA 2006 we will take the following action:

- Minor errors will be corrected at the next National Statistics update or the next edition of PESA;
- Larger errors will lead to the publication of revised tables on the Treasury's website together with a note explaining what the difference is.

## CONSISTENCY WITH THE FINANCIAL STATEMENT AND BUDGET REPORT

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**A.27** Total Managed Expenditure (TME) for 2005-06 and its sectoral components are consistent with the numbers published in the in the Budget Red Book or FSBR (HC968; 22 March 2006). TME for 2005 06 has not been updated to reflect the public sector finances data released on 24 April 2006. TME for 2004 05 has been updated since the Budget to reflect ONS' latest data.

**A.28** TME by budgetary category is shown both in PESA Table 1.1 (and the National Statistics Updates) and Table C.11 in the Budget Red Book and the equivalent table in the Pre Budget Report (PBR). TME and the DEL numbers are on the same basis in both presentations.

**A.29** However, there are differences in the presentation of the AME lines. PESA strictly follows the budgeting system and so divides AME into Departmental AME, Other AME, AME Margin and Accounting Adjustments. The Budget Red Book and the PBR combine the AME categories in order to give a presentation more closely aligned with the fiscal aggregates.

**A.30** The main differences are:

- The social security line in PESA includes net lending from the Social Fund which is excluded from the FSBR.
- The predecessor payments to Child Tax Credits (child allowances in Income Support and Jobseekers Allowance) are included in the FSBR "Tax credits" line and excluded from Social security benefits. In PESA, these payments are in the Social security data.
- Net lending to students is shown in departmental AME in PESA and is not shown in the FSBR.
- the main public service pension schemes are shown on a GAAP basis in PESA and on a national accounts basis in the Budget. Appendix D explains the treatment in PESA and Appendix B includes a reconciliation table.

- In 2006, the “BBC domestic services” line in the FSBR includes outturn data supplied by ONS while PESA takes outturn and plan data supplied by DCMS. The FSBR numbers exclude the BBC’s dividend income while that forms part of the PESA numbers.
- The FSBR does not include a “Non-cash” AME line while PESA does.
- As a result of these differences, there are differences in the Accounting Adjustments.

## CONSISTENCY WITH PREVIOUS PESAs

**A.31** Data in previous PESAs may not be directly consistent with PESA 2006 due to changes in data coverage and classification changes. Readers are advised against simply splicing together data in different editions of PESA. This publication presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period.

## CONVENTIONS

### Rounding

**A.32** The figures in this publication are generally shown to the nearest £1 million, except that the figures for the main spending aggregates – DEL, AME, and TME – and the DEL Reserve are rounded to the nearest £100 million from 2004-05 onwards.

**A.33** In all chapters, (with the exception of chapter 2), dashes in the tables show that there are no data and zeros where there are data and the value rounds to 0 – ie normally between +£0.5 million. In chapter 2 tables dashes are shown where there is no datum and when the value is too small to be rounded.

**A.34** Figures in tables may not sum due to rounding.

### Real terms

**A.35** A number of the tables in this publication give figures in real terms. Real terms figures are the current price outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2004-05 prices. The GDP deflators used in this publication are those recorded on the Treasury website<sup>3</sup> on 2 May 2006, when PESA 2006 was published.

### GDP Measure

**A.36** In tables that give spending as a proportion of GDP, PESA 2006 now uses the cautious view of the GDP forecast. That is consistent with the Spending Review 2004 and the FSBR.

<sup>3</sup>[http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/gdp\\_deflators/data\\_gdp\\_fig.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/gdp_deflators/data_gdp_fig.cfm)

## 2005-06 estimated outturn

**A.37** The estimated outturns for individual departments for 2005-06 are based on the latest information made available by departments for the Budget 2006, updated in some cases for later information. The estimated outturn for resource DEL for 2005-06 includes an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

## Use of accruals data in tables

**A.38** Except in the long run tables covering years before 1998 99, all data are presented on an accruals basis.

## Population by country and region

**A.39** The population numbers used in chapter 7 of PESA 2006 are as follows (source: mid-2000 to mid-2004 estimates were supplied by the ONS, population projections mid-2005 for Scotland, Wales and Northern Ireland are 2003 based and are from the Government Actuary's Department available online at [http://www.gad.gov.uk/Population/index.asp?v=Principal&chkDataTable=yy\\_5y&chkDataGraph=&y=2003&dataCountry=england&subTable=Search+again](http://www.gad.gov.uk/Population/index.asp?v=Principal&chkDataTable=yy_5y&chkDataGraph=&y=2003&dataCountry=england&subTable=Search+again): projections for the English regions are 2003 based and from the ONS available online at <http://www.statistics.gov.uk/statbase/ssdataset.asp?vlnk=8658&More=Y><http://www.statistics.gov.uk/statbase/ssdataset.asp?vlnk=8658&More=Y>).

	<b>Thousands</b>					
	<b>mid-2000</b>	<b>mid-2001</b>	<b>mid-2002</b>	<b>mid-2003</b>	<b>mid-2004</b>	<b>mid-2005</b>
North East	2,543	2,540	2,538	2,539	2,545	2,532
North West	6,774	6,773	6,783	6,805	6,827	6,820
Yorkshire and Humberside	4,959	4,977	4,993	5,009	5,039	5,036
East Midlands	4,168	4,190	4,223	4,252	4,280	4,298
West Midlands	5,270	5,281	5,304	5,320	5,334	5,342
Eastern	5,375	5,400	5,422	5,463	5,491	5,535
London	7,237	7,322	7,371	7,388	7,429	7,476
South East	7,991	8,023	8,044	8,080	8,110	8,166
South West	4,917	4,943	4,968	4,999	5,038	5,064
England	49,233	49,450	49,647	49,856	50,093	50,268
Scotland	5,063	5,064	5,055	5,057	5,078	5,070
Wales	2,907	2,910	2,923	2,938	2,952	2,969
Northern Ireland	1,683	1,689	1,697	1,703	1,710	1,717
<b>United Kingdom</b>	<b>58,886</b>	<b>59,113</b>	<b>59,322</b>	<b>59,554</b>	<b>59,834</b>	<b>60,024</b>

**A.40** These mid year numbers are then directly applied to the relevant financial year (eg mid 2002 to financial data for 2002-03).

# B

## THE ACCOUNTING ADJUSTMENTS IN THE BUDGETING PRESENTATION OF TME

### NEED FOR ACCOUNTING ADJUSTMENTS

**B.1** The national accounts, produced by the Office for National Statistics (ONS), follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. Total Managed Expenditure (TME) is an aggregate drawn from national accounts. TME measures the sum of public sector current and capital spending.

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

**B.3** So a number of adjustments are needed to relate Total DEL and AME to TME, as is shown in table 1.1. More detail of the adjustments is shown in table 1.14. The sub-headings below show what is in each of the rows in that table. The operator (i.e. "add" or "subtract") describes the adjustment needed to derive TME from Total DEL plus departmental and other AME.

### CHANGES SINCE PESA 2005

**B.4** The following obsolete adjustments have been retired (the numbers given refer to the number in Appendix B of PESA 2005 except where otherwise identified):

5 and 6 (Adjustments in Respect of Contributions to the EC) are no longer needed as the Net Payments Line in table 1.1 has been replaced by a Net Expenditure Transfers line. As a consequence, new adjustments under Other central government programmes deal with attributed aid and collection costs.

7 (Adjustment for EU-funded Research Receipts) is no longer needed as EC income in support of DEL spending is now netted off DEL.

9 (Privatisation Programme) is now obsolete.

12 (DfID) The element of this adjustment relating to Retrospective Terms Adjustments is no longer needed as interest forgone no longer forms part of DfID's DEL.

12, 13 and 14 (Debt write-offs by Departments) are no longer needed as the adjustment for non-cash items not in TME has been re-specified.

40 (Debt Repayment Grants to local authorities) this adjustment is no longer needed as debt repayment grants have been taken out of budgets.

46 (Public Corporations' Market and Overseas Borrowing) is redundant as the deduction of public corporations' market and overseas borrowing now forms part of the construction of Public Corporations' Own-Financed Capital Expenditure.

52 (EU income timing adjustment) is no longer needed as the Net Expenditure Transfers line does not include EU income, and EU income is included in DEL on an accruals basis thus offsetting accrued expenditure.

**B.5** Capital/current switching adjustments relating to capital grants payable and capital grants income from the EC have been dropped, as changes in the departmental budgeting rules have aligned the budgeting treatment better with the national accounts.

**B.6** The following accounting adjustments are new in PESA 2006:

35 – Payments by the DWP to the BBC in respect of free television licences for the over 75s

36 – Pooled housing receipts

38 – Payments to NHS trusts in respect of depreciation

42 – capital grants paid to London and Continental Railways

44-45 – adjustments for certain items in ECGD budgets

49 – Certain large pre-payments

### LIST OF THE ACCOUNTING ADJUSTMENTS

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#### Tax credits for individuals

**B.7** Departmental AME shows expenditure on tax credits following the OECD basis for deciding what element, if any, of a tax credit should be treated as expenditure, rather than as an adjustment to tax receipts. Normally, that means that only amounts payable in excess of an individual's tax liability count as expenditure. In the national accounts, some elements of some tax credits for individuals also score as government expenditure even when they are less than the individual's tax liability.

1. For the following tax credits, add the amount of the tax credit that scores as expenditure in TME but that is less than an individual's tax liability, and so has not been included in departmental AME: Mortgage Interest Relief, Life Assurance Premium Relief, Vocational Training Relief, Working Families' Tax Credit and Disabled Persons' Tax Credit.

**B.8** No adjustment is needed for the new tax credits (Working Tax Credit and Child Tax Credit) as they are treated in the same way under both the OECD (and so departmental AME) and national accounts bases.

#### Pensions

**B.9** As detailed in Appendix D, the costs in Departmental AME in respect of pensions are measured as the gross increase in the liabilities held by pension schemes, less contributions received. TME measures the cost of unfunded public service pensions differently. The contribution of the pension schemes to TME is:

- payments to pensioners, surviving spouses &c
- *plus* bulk and individual transfers out
- *less* receipts of contributions by employees
- *less* receipts of contributions from employers
- *less* bulk and individual transfers in.

**B.10** So the adjustments to get from the costs in AME are as follows:

2. Remove increases in liabilities scored in the Net public service pensions line.
3. Remove increases in liabilities arising from the unwinding of the discount rate that are scored in the Non-cash items line in AME.
4. Add in the expenditure on cash payments for members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out of the scheme, which in Resource Accounts are treated as a movement in cash and liabilities on the balance sheet without a further impact on the Operating Cost Statement or departmental budgets therefore.

**B.11** Employers' contributions to unfunded public service pensions schemes form part of their paybill and impact on budgets. This cost borne in individual departmental budgets broadly matches the unfunded pensions schemes' receipts of employer contributions, although some schemes receive contributions from employers falling outwith the departmental budgeting system. Similarly, staff pay mostly impacts on budgets and is the source for employee pension contributions. (In some cases, the costs of staff pay and of employers' payments of pensions contributions are covered by trading income.) So in effect the overall impact of unfunded public service pensions on TME is given by pensions in payment. That is also the amount that impacts on the current balance.

**B.12** Table B.1 shows first in detail how the various pensions lines are made up and second the reconciliation from the numbers in budgets to the number in TME. So the table presents:

- The three main contributors to the Net Public Service Pensions line (for further details see Appendix D):
  - The gross change in the liability;
  - Less pensions contributions received;
  - Plus any pensions or transfer payments made that are not covered by a previously recognised liability;
- The pensions element of the Non-cash items line (i.e. the unwinding of the discount on the liability);
- The sum of these elements, which is the contribution of pension schemes to Departmental AME. It is a GAAP-based measure of the cost of the schemes net of contribution income;
- The different components of the pensions line in the accounting adjustments in table 1.14;
- The contribution of the main public service pensions schemes to TME. This line is prepared on the same basis as the Net public service pensions line in Table C.11 in the FSBR, though in some cases more up to date data have been used. This line excludes pensions paid in DEL, which are included in PESA tables 3.6 and 4.5, and certain local authority unfunded pension payments included in table 3.6; and
- The components of the contribution of the schemes to TME. As the cost of most contributions is in budgets, it is in effect the pensions in payment line that represents the overall impact of pensions on TME and the Surplus on the Current Budget.

**B.13** In Table B.1 bulk and individual transfers out are included in pensions in payment along with survivors' benefits &c. Bulk and individual transfers in are included within contributions received.

**Table B.1 Unfunded public service pensions schemes in AME and in TME, 2000–01 to 2007–08**

	£ million							
	National Statistics							
	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
<b>Departmental AME (GAAP basis)</b>								
Change in liability	10,050	12,377	14,830	15,404	15,683	21,287	21,959	23,011
Contributions received *	-8,221	-9,454	-12,150	-13,809	-14,623	-16,909	-17,396	-18,149
Cash payments in OCS not covered by release of provision*	-137	431	1,889	202	-620	943	994	992
<b>Net public service pensions (GAAP basis)</b>	<b>1,692</b>	<b>3,354</b>	<b>4,570</b>	<b>1,797</b>	<b>440</b>	<b>5,321</b>	<b>5,557</b>	<b>5,855</b>
Unwinding of discount rate (= contribution to non-cash items)	16,077	18,575	19,458	22,303	23,780	27,076	28,925	30,739
<b>Total Departmental AME (GAAP basis)</b>	<b>17,769</b>	<b>21,929</b>	<b>24,027</b>	<b>24,100</b>	<b>24,220</b>	<b>32,397</b>	<b>34,482</b>	<b>36,593</b>
<b>Accounting adjustments</b>								
Remove change in liability	-10,050	-12,377	-14,830	-15,404	-15,683	-21,287	-21,959	-23,011
Remove increased liability due to unwinding of discount rate	-16,077	-18,575	-19,458	-22,303	-23,780	-27,076	-28,925	-30,739
Add pensions in payment covered by release of provision*	13,035	13,937	14,171	15,364	16,213	16,161	17,462	18,105
<b>Accounting adjustments (Pensions)</b>	<b>-13,092</b>	<b>-17,015</b>	<b>-20,117</b>	<b>-22,343</b>	<b>-23,250</b>	<b>-32,202</b>	<b>-33,422</b>	<b>-35,645</b>
<b>Contribution to TME (national accounts basis)</b>	<b>4,677</b>	<b>4,914</b>	<b>3,910</b>	<b>1,757</b>	<b>970</b>	<b>195</b>	<b>1,060</b>	<b>948</b>
<i>of which:</i>								
Pensions in payment*	12,898	14,368	16,060	15,566	15,593	17,104	18,456	19,097
Contributions received*	-8,221	-9,454	-12,150	-13,809	-14,623	-16,909	-17,396	-18,149

\* includes bulk and individual transfers, including transfers of liabilities within Government.

## Other central government programmes

- Interest on Special Drawing Rights (SDRs):** Add payments of interest on SDRs held by the UK at the International Monetary Fund which are treated in the national accounts as current expenditure on goods and services.
- Tax Credits for Companies and Charities:** As with tax credits for individuals (see above), national accounts score as expenditure the elements of tax credits for companies and charities that reduce the taxpayer's liability where the tax credits are not seen by the ONS as being integral to the tax system. This adjustment adds in such payments in respect of Research and Development Tax Credits for large companies and for small and medium enterprises, payments of transitional relief to charities formerly entitled to receive tax credits on dividends, and tax relief on clearing contaminated land. The element of these tax credits that is paid in excess of tax liabilities is already shown in other departmental expenditure in AME.
- Collection costs for Traditional Own Resources (TOR):** The UK receives a payment from the EU for collecting on behalf of the EU TOR (customs duties, agricultural and sugar levies). This receipt (which is actually netted off of the payment made to the EU) is treated as a government receipt and reduces TME. This income is recorded here.



8. **Loan guarantees:** add the imputed subsidies for certain loan guarantees which are included in national accounts. In the current balance imputed receipts match these imputed subsidies.
9. **Attributed Aid and Common Foreign and Security Policy (CFSP):** Departmental Budgets include an attributed share of the EU's aid and CFSP expenditure. Since the UK's budget contribution is shown in the Net Expenditure Transfers to EU Institutions line, the attributed spending needs to be deducted.
10. **Hydro benefit:** add in an amount of imputed subsidy paid by the Scottish Electricity generating industry to the distribution industry to reflect the high cost of distribution in northern Scotland.

## VAT refunds

**B.14** VAT is a tax that is paid by final consumers, that is government and households. Producers pay VAT on materials that they use in the course of production, but are able to claim those VAT payments back from HM Revenue and Customs (HMRC). Producers then charge VAT on sales and pass these monies to HMRC. Where a public sector body is engaged in production and receives such a VAT refund it will not add to TME therefore, nor would it be included in its spending data, which are measured net of recoverable VAT. Therefore in these cases no adjustment to TME needs to be made.

**B.15** In addition some public sector bodies receive refunds of VAT that they have paid in respect of contracted out services for non-business purposes, including the free-to-enter public museums. These VAT payments by general government bodies form part of the prices paid by general government as a final consumer, and therefore form part of final government consumption and so TME. Departmental budgets, and other spending data, however are net of all recoverable VAT, which means the following adjustments are required to get to TME.

11. Add VAT refunded to central government departments in respect of contracted out services for non-business purposes and VAT refunds to free public museums in respect of non-business activities. (VAT refunds to NHS Trusts and the BBC in respect of non-business services are however exceptionally not added in to the figures to arrive at TME.)
12. Add VAT refunds to local authorities in respect of all non-business activities. Central government support in DEL and locally financed expenditure are measured net of these VAT refunds, but in TME the expenditure is recorded including the VAT paid.
13. Add VAT refunds paid to ITN in respect of non-business activities. These are treated as subsidies in TME.
14. Add VAT refunds paid to DIY house builders. These are treated as capital grants in TME.

## Central government capital consumption

15. Add the value of central government non-trading capital consumption (i.e. depreciation). For the outturn years this number is modelled by ONS for national accounts; for forward years it is forecast by HM Treasury on a consistent basis.

## Non-cash items not in TME, and stocks

**B.16 Non-cash items not in TME.** Both budgets and TME measure expenditure on an accruals basis as regards timing. A number of accruals concepts – such as depreciation – appear in both measures, although the coverage or data may be different (see the later subsection Data Adjustments). However, a number of non-cash items appear in budgets produced on a basis consistent with the Government Financial Reporting Manual (see Appendix D) and do not have a TME counterpart. They are removed here:

16. Deduct the cost of capital charge, debt write-offs (other than debts written off by mutual consent, which count as capital grants in the national accounts), notional audit fee, and other such non-cash items recorded in departmental budgets but not in national accounts. This item also includes the removal of the profit or loss of NHS Trusts (England) which scores in budgets.
17. Deduct the take-up, movements in the value, and release of provisions (including provisions for capital grants) that score in budgets. That leaves in the underlying cash payments made when provisions are utilised, which are offset in budgets by the release of provisions, and which score in TME.
18. Deduct the provision that represents the net present value of the interest support element of student loans that scores in DEL as the loans are issued. In the national accounts the impact on the current balance is determined by the difference between interest payments made on government debt and interest income received from students.

**B.17 Stocks.** Net changes to inventories form part of capital expenditure in national accounts. This means that both purchase of stocks and the addition of finished goods to stocks are added to capital spending. The consumption and sale of stocks reduce capital expenditure. In addition the production account scores the consumption of stocks as an expense (part of intermediate consumption), and the value of finished goods added to stocks as part of final output. Under Resource Accounting and Budgeting (RAB) purchases and sales of stocks are cash adjustments, and the draw-down of stocks is a balance sheet movement. RAB records as expenditure or income only the consumption of stocks or the production of goods for stock. The adjustment is as follows:

19. Add the purchase of stocks, subtract the sales of finished goods previously added to stocks, and subtract reductions in the value of stocks due to consumption of stock items.

## Expenditure financed by revenue receipts

**B.18** Some receipts are deducted from budgets and other expenditure presentations even where national accounts do not treat them as negative expenditure in TME but as entries on the revenue side of the Government's account. The deduction of such receipts needs to be reversed.

**B.19** For departments and NDPBs the receipts are:

20. certain taxes collected, including licences issued by the utility regulators;
21. certain fines;
22. current donations;

23. current compensation;
24. rent of land;
25. dividends and interest from the private sector and overseas.

**B.20** For local authorities, the receipts are:

26. penalties collected by local authorities and police in respect of certain parking, vehicle emissions and moving traffic offences.

### Local authorities

27. Add the value of local government non-trading capital consumption (i.e. depreciation) as modelled by ONS for national accounts.
28. Add subsidies paid to LA trading bodies. These are deducted from the figure for the operating surplus of LA trading bodies, one of the revenue items in the calculation of locally financed expenditure, but are included as LA expenditure in the national accounts.
29. Deduct capital grants paid by local authorities to public corporations since these are a flow within the public sector that adds to the calculation of local government expenditure but the capital expenditure they finance is in the line for Public Corporations' Own-Financed Capital Expenditure. This mainly concerns payments by Transport for London.
30. Adjust estimated outturn by an allowance for shortfall to align central government support and LASFE figures to forecast total local authority expenditure.

**B.21** In some cases receipts are treated as financing expenditure in AME when national accounts treat them as reducing TME. The value of the receipts needs to be deducted:

31. Local authority receipts of investment grants from private sector developers.
32. Certain licence fees collected by local authorities.

### General government consolidation

**B.22** TME is consolidated public sector expenditure. So it normally records only those transactions that are paid outside the public sector. Payments of certain taxes and of grants and interest that are within the public sector do not score in TME.

33. Deduct debt interest paid by local authorities to central government and to other local authorities. The small amounts of debt interest paid by local authorities to public corporations are also deducted here.
34. Deduct payments of national non-domestic rates paid by central and local government, which are in budgets and locally financed expenditure, and which are consolidated out for TME.
35. Deduct payments by the Department for Work and Pensions to the BBC in respect of free television licences for the over 75s which are in Departmental AME but are consolidated out of TME (the national accounts now show TV licence fee income without imputing a payment from the over 75s).

36. Deduct payments from local authorities to the Office of the Deputy Prime Minister in respect of pooled housing receipts. These payments score in Local Authority Self-Financed Expenditure and not in TME.
37. Deduct subsidies from central government to public corporations that finance the payment by the corporation of current grants to local authorities. The subsidies are in DEL (outside support for LAs) and in addition the LA expenditure is in locally financed expenditure. National accounts treat the public corporation as an agent of central government in this regard. So the flow is treated as a central government grant to local government and does not add to TME.
38. Deduct the element of English health authorities' purchases from NHS Trusts that covers trust depreciation and now scores in DEL. The depreciation of NHS trusts is recorded as part of the adjustment above that brings in central government capital consumption as measured by the ONS and so this adjustment removes a double count.
39. Deduct departments' receipts of interest and dividend from NHS Trusts (England and Wales). Departments pay NHS Trusts enough to enable them to remunerate their capital. Now that trusts have been reclassified to the Central Government sector, those payments do not score in TME.

## Public corporations

**B.23** Departments' resource and capital budgets normally include certain items in respect of public corporations scored on the external finance basis:

- subsidies and capital grants paid by the department to public corporations;
- loans given by the department to public corporations – loans can be either voted or from the National Loans Fund;
- equity (including public dividend capital) invested by the department in public corporations;
- public corporations' net market and overseas borrowing (PCMOB), including finance leases and on balance sheet PFI, but excluding movements in balances;
- interest, dividends and equity withdrawals received from public corporations;
- a capital charge in respect of the capital employed by public corporations.

**B.24** TME includes the subsidies only, so the other items have to be deducted.

**B.25** TME includes PC capital expenditure, and interest and dividends paid by PCs to the private sector. Other AME includes public corporations' own-financed capital expenditure (PCOFCE), that is, capital expenditure less CG grant and loan finance for it, and less PCMOB. So the deduction of loans and capital grants is effected in other AME.

**B.26** So the adjustments needed are:

40. Remove receipts from public corporations of interest, dividends and equity withdrawals, which are netted-off in budgets.
41. Add interest and dividends paid by public corporations to the private sector and abroad.

**B.27** For **London and Continental Railways (LCR)**, PCOFCE includes the whole of capital expenditure with no deduction of government capital grants paid (there is more information on the scoring of LCR in Appendix A). These capital grants need to be taken out here:

42. Remove capital grants paid to LCR.

**B.28** **Forest Enterprises** and other public corporations scored on the consolidation basis have a different budgeting treatment. Their profit/loss and actual capital expenditure score in budgets rather than grants and loans given and the interest and dividends actually received. Their capital expenditure is not included in PCOFCE, but their profits/losses have to be removed in the accounting adjustments.

43. Deduct the profit/loss of Forest Enterprises and other public corporations scored on the consolidation basis.

**B.29** **Export Credits Guarantee Department (ECGD)** is a public corporation in the national accounts. It is treated in the same way as insurance corporations in national accounts. It is also a department in its own right, and it has a unique budgeting framework.

**B.30** The impact of ECGD on the national accounts aggregates is as follows. Its Gross Operating Surplus scores as a current receipt. This is partly financed by a subsidy from Central Government. Interest payments that it receives on its assets are a benefit to current receipts also. In addition ECGD receives some other current income that benefits the current receipts total. Depreciation on its assets is a cost to the Golden Rule. Any capital spending that it undertakes is a cost in PSNI and forms part of TME. When ECGD pays claims to holders of financial assets it will often take over those assets and seek to recover the value. In certain cases these assets may be written off as a distinct act of policy, such as the debt cancellation for Nigeria announced in 2005. These kinds of debt write off score as capital transfers in the national accounts, and TME, as a gift is being made to the recipient.

**B.31** The resource budget (AME) scores the subsidy that finances part of the ECGD Gross Operating Surplus total and some receipts which are financed from elsewhere in TME. AME also scores the interest receipts that ECGD receives on its assets. Only this last item needs to be adjusted for (i.e. removed) to get to TME, as these receipts do not reduce TME.

**B.32** The capital budget DEL scores only the direct capital spending of ECGD. Therefore an accounting adjustment is needed to add in debts written off for policy reasons.

**B.33** Finally the capital budget AME scores some financial transactions. These are removed in the general accounting adjustments for financial transactions below:

**B.34** So the adjustments needed are:

44. Remove ECGD interest receipts that do not form part of TME.
45. Add debts written off by ECGD for policy reasons.

## Financial transactions

**B.35** TME measures the current and capital expenditure of the public sector and excludes net lending. Departmental budgets include the net acquisition of financial assets acquired for policy purposes rather than for cash flow management. Typical transactions are purchases of shares and lending to businesses and individuals. The specific adjustments are described below:

46. Deduct loans, net of repayments of loans, to the private sector and overseas that score in DEL, departmental AME and local authority expenditure.
47. Deduct the net acquisition of private sector company securities that scores in DEL, Departmental AME and local authority expenditure.
48. Deduct the profit/loss on the sale of shares and other financial assets recorded in DEL or departmental AME. This profit/loss represents part of a financial transaction in national accounts and so is outside TME.
49. Deduct movements in certain large pre-payments which score in capital budgets.

## Data adjustment

**B.36** In some cases, TME and budgets have the same concepts but use different data. Adjustments are needed to put budget data onto the TME basis:

50. Deduct depreciation and impairments in departmental AME. Depreciation and impairments in DEL have already been deducted in arriving at Total DEL in Table 1.1. TME uses the national accounts number for Non-trading Capital Consumption – see above.
51. For outturn years, add the amounts recorded by ONS, less the amounts recorded in budgets, for central government grants to LAs.

## Balancing reconciliation

52. Add, for outturn years, the residual difference between the last published figure for TME as measured by ONS for national accounts and the number as measured by latest Treasury sources. Differences can arise for example because of differences in the timing and sources of data.
53. Add for estimated outturn and plan years the residual difference between the last published number for TME forecast by the Treasury in the Budget and the component numbers held on the Treasury's public expenditure database. Differences may arise for example where later information is recorded by departments after the Budget. TME will not be re-forecast until the Pre-Budget Report.

## ADJUSTMENTS AFFECTING THE SPLIT BETWEEN CURRENT AND CAPITAL EXPENDITURE

**B.37** For the most part, items in the resource budget are current expenditure in the national accounts and items in the capital budget are capital expenditure. But there are some exceptions, described below. These adjustments have no impact on the sum of current and capital expenditure, and so are not shown in table 1.14. They do however affect the split of total TME into current and capital expenditure. They are therefore part of the reconciliation from departmental budgets to national accounts measures of current and capital expenditure identified in tables 1.4, 4.2 and 4.3. The main adjustments are described below:

### Resource budget items treated as capital in national accounts

- All debt write-offs go through Resource DEL. Those that are intended to convey a benefit to the debtor – as opposed to the department being unable to recover the debt because the debtor cannot pay – are treated as capital grants in the national accounts.
- Similarly, a proportion of DFID's bilateral aid budget is deemed to be a capital grant to the rest of the world in the national accounts, as it supports debt write offs, although all bilateral aid grants are shown in resource DEL.
- Under RAB, the resource budget includes the profit/loss, relative to book value, when capital assets are sold. National accounts records all of the sale price as a capital receipt. So an adjustment removes the profit/loss from current expenditure and adds it to capital expenditure. The sign convention is: if an asset were sold at a profit relative to book value this accounting adjustment would increase current expenditure (relative the amount recorded in budget) and reduce capital expenditure.

### Capital budget items treated as current in national accounts

- Expenditure on single use military equipment (fighting equipment) that is capital under GAAP rules is recorded as capital expenditure in departmental budgets but treated as current expenditure in national accounts.

**B.38** In table 1.3, only those Resource Budget items listed above that score in Near-cash in Resource Budgets are included in the line that removes items classified as capital, namely: DFID grants.





# C

## DEPARTMENTAL GROUPINGS

**C.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.

<b>Title</b>	<b>Departments included</b>
Education and skills	Department for Education and Skills Office for Her Majesty's Chief Inspector of Schools in England (Ofsted)
Health	Department of Health Food Standards Agency
Transport	Department for Transport Office of the Rail Regulator
Office of the Deputy Prime Minister	Office of the Deputy Prime Minister (except Local Government)
Local Government	Local Government – mainly block and transitional grants to English local authorities, the Greater London Authority, and Regional Development Agencies
Home Office	Home Office Charity Commission Assets Recovery Agency
Constitutional Affairs	Department for Constitutional Affairs The National Archives: Public Record Office and Historical Manuscripts Commission Electoral Commission Northern Ireland Court Service Land Registry Scotland Office Wales Office
Law Officers' Departments	The Crown Prosecution Service Serious Fraud Office HM Procurator General and Treasury Solicitor Revenue and Customs Prosecution Office
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 UK Trade and Investment Office of Fair Trading Office of Gas and Electricity Markets Office of Telecommunications Postal Services Commission Export Credits Guarantee Department

Environment, food and rural affairs	Department for Environment, Food and Rural Affairs Forestry Commission Office of Water Services
Culture, Media and Sport	Department for Culture, Media and Sport
Work and pensions	Department for Work and Pensions
Scotland	Scottish Executive and its departments
Wales	National Assembly for Wales
Northern Ireland Executive	Northern Ireland Departments
Northern Ireland	Northern Ireland Office
Chancellor's Departments	HM Treasury Office for National Statistics National Savings and Investments Government Actuary's Department HM Revenue and Customs National Investment and Loans Office Registry of Friendly Societies Royal Mint Office of Government Commerce Crown Estate Office
Cabinet Office	Cabinet Office Central Office of Information House of Commons House of Lords National Audit Office Privy Council Office Security and Intelligence Services Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England

*Note:* The allocation of spending to departments in PESA 2006 does not reflect the machinery of government changes announced on 5 May 2006

# D

## PUBLIC EXPENDITURE BUDGETING AND CONTROL AGGREGATES

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**D.1** This Appendix describes the budgeting and control regime under full resource budgeting that was introduced for the 2002 Spending Review and that has been modified since then. Departments have separate resource and capital budgets. These are split into the control totals Departmental Expenditure Limits (DEL) and Departmental Annually Managed Expenditure (AME). Within Resource Budget DEL there are separate controls on Near cash and on Administration Budgets. In addition to Departmental AME, Other AME covers spending that is not tied to a departmental budget. DEL plus AME including accounting adjustments together sum to Total Managed Expenditure (TME), an aggregate drawn from national accounts.

### RECENT DEVELOPMENTS

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**D.2** Recent changes include:

- Income from the European Union that was non budget is now netted off DEL.
- Spending on the Common Agricultural Policy has moved from AME into DEL.
- Those capital grants that were in Resource Budgets have been moved into Capital Budgets.
- The element of payments from health authorities to NHS trusts (England) that covers their depreciation costs has moved from non budget into DEL.
- The definition of Near-cash in Resource DEL as a control total has been clarified.
- Net lending to students was non budget and is now in Departmental AME.
- BBC domestic broadcasting expenditure is now in Departmental AME.
- The AME row Net Payments to European Communities Institutions has been replaced by a row showing Net expenditure transfers to EU institutions.
- The Treasury has published its Resource Budgeting Guidance for departments.

### RESOURCE BUDGETING

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**D.3** Since 2001-02, departmental budgets have been set and monitored in resource terms, and Parliament votes resources as well as cash in the Supply Estimates. This Stage I regime moved to full resource budgeting from 2003-04. There are separate departmental budgets for resource (ie current)and capital expenditure.

#### Resource Budget

**D.4** The resource budget controls the current expenditure of a department. The Resource budget largely follows the contents of resource accounts. Resource accounts are prepared in accordance with the Government Financial Reporting Manual, which follows Generally Accepted Accounting Practice (GAAP) with such adaptations as are necessary for the public sector.

**D.5** Resource accounts measure expenditure when it accrues rather than when the cash is spent. They do not include prepayments for goods and services not consumed in that year but will include resources consumed but paid for later. Stock consumption scores in the resource budget while spending on adding to stocks does not. They include non cash costs such as movements in provisions and charges for bad debts. Resource budgets record the cost of lending to students on the basis of an assessment of the grant implied in the low interest rate charged and the bad debt provision that is needed.

**D.6** The annual resource cost to departments of the assets they use to deliver services is included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation) and the opportunity cost of tying up capital in these assets (the cost of capital charge). The cost of capital charge is 3.5 per cent of the net assets (fixed capital and financial assets, net of financial liabilities and provisions) employed by each department.

**D.7** The Resource budget includes all administration costs of Government departments such as pay and employer pensions contributions or superannuation charges paid to unfunded public service pensions schemes. It also includes most of departments' other purchases of services. It includes current grants and subsidies paid to the private sector.

**D.8** For DfID and the FCO the resource budget includes an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

**D.9** The Resource Budget is divided into Near-cash and Non-cash. **Near cash in Resource DEL** is a control total. Near cash is expenditure that impacts directly on the Surplus on the Current Budget, used to measure the Government's performance against the Golden Rule. Near-cash expenditure includes pay, procurement, grants, and payments made where provisions that had been taken in the past are now being released. Near cash expenditure is measured on an accruals basis, and normally results quickly in a cash outflow. Non cash expenditure includes depreciation, cost of capital charges, and the take up and release of provisions. Ministry of Defence has a slightly different definition of Near-cash.

**D.10 Non-Departmental Public Bodies.** Resource and capital budgets include the expenditure of most non departmental public bodies (NDPBs) classified to the central government sector rather than the grant-in-aid from the parent department. This treatment remains a difference with the accounting treatment in departmental resource accounts which just record the grant-in-aid paid by the department.

**D.11** Resource budgets include most of the department's current transactions with **public corporations** sponsored by the department (as recorded in resource accounts), but capital grants and lending to public corporations are in the capital budget. So the resource budget scores:

- subsidies paid to the public corporation by the department;
- dividends and interest received from the public corporation;
- a capital charge in respect of the value of the public corporation.

**D.12 NHS trusts (England)** – formerly public corporations and now central government bodies – and **Forest Enterprises** (which are public corporations) have a different budgeting treatment. For them, the resource budget includes their operating profit/loss and the capital budget shows their capital expenditure.

**D.13 Central Government Support for Local Authorities.** The resource budget scores current grants to local authorities. Capital grants (in England called Supported Capital Expenditure (Capital) from 2004-05) score in capital budgets. Capital budgets also include amounts for local authority borrowing where central government has agreed to fund the resultant loan charges (up to 2003-04: credit approvals (capital consents in Scotland); from 2004-05 Supported Capital Expenditure (Revenue) in England (supported borrowing in Scotland)). More information on local authorities is in chapter 5.

**D.14** The sum of departmental resource budgets is reconciled to public sector current expenditure – a national accounts concept which is part of TME – in Table 1.3.

## Capital Budget

**D.15** Capital budgets include expenditure on fixed capital assets, capital grants and the acquisition of certain financial assets acquired or sold for policy reasons. Capital budgets include capital expenditure implied by finance leases and on balance sheet Private Finance Initiative transactions. Capital budgets are net of the book value of receipts from the sale of capital assets. The profit/loss on asset sales is in resource budgets so that it aligns with the recording in the operating cost statement in resource accounts.

**D.16** Capital budgets generally include loans on the basis of new loans issued less repayments of loan principal.

**D.17** Long lasting defence fighting equipment with no civilian use (sometimes called Single Use Military or Fighting Equipment) is treated as capital expenditure in budgets and departmental resource accounts, but national accounts treat it as current.

**D.18** The sum of departmental capital budgets is reconciled to public sector net investment in Table 1.4.

## Resource and Capital Budgets – Summary Table

**D.19** This table summarises the main standard contents of resource and capital budgets:

	Resource Budget		Capital Budget
	Near-Cash	Non-Cash	
<b>Department's own Transactions</b>	Pay, current purchases, grants to individuals, subsidies.  <i>Note: includes expenditure offset in accounts by the release of provisions</i>  Less income from sales of services, the European Community, interest & c	Depreciation and impairments on the department's assets  Cost of capital charge in respect of net assets  Profit/ loss on disposal of assets  Take up of provisions, movement in value of provisions, release of provisions  Bad debts	Expenditure on new fixed assets  Less net book value of sales of fixed assets  Net lending to the private sector  Investment grants to the private sector

	Resource Budget		Capital Budget
	Near-Cash	Non-Cash	
<b>NDPB transactions</b>	As the department <i>Note: the department's grant in aid to NDPBs is not in budgets</i>	As the department	As the department
<b>NHS Trusts (England)</b>	Health authorities' purchases of health care from trusts  Profit/ loss of NHS trusts	Cost of capital charge in respect of net assets	Capital expenditure of NHS trusts
<b>Local Authorities</b>	Current grants to local authorities		Capital grants to local authorities  Supported capital expenditure (revenue)
<b>Public Corporations</b>	Subsidies paid to public corporations  <i>Less interest and dividends received from public corporations</i>	Cost of capital charge in respect of public corporations	Investment grants paid to public corporations  Net lending to public corporations (including equity withdrawals from public corporations)  Public corporations' market and overseas borrowing

## DEPARTMENTAL EXPENDITURE LIMITS

**D.20** A little under 60 per cent of public expenditure (TME) by value is in DEL. But because AME includes a small number of large programmes by far the majority of public expenditure programmes are in DEL. The main programmes in AME are set out later in this section.

**D.21** DELs are set for three years in a Spending Review. They represent firm plans for departmental spending that may only be increased in exceptional circumstances with the Treasury's agreement through a claim on the DEL Reserve. Departments may carry forward unspent DEL from one year to the next. SR2004 set firm spending plans for 2005-06 to 2007-08.

**D.22** DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest, rent of land, income from the European Community, and also certain levies and fines where the Chief Secretary to the Treasury has given specific agreement for a department to retain them in their DEL.

**D.23** DEL includes a Reserve to meet unexpected needs, and the unallocated provision for the Invest to Save Budget (ISB), a challenge fund. When sums are allocated, from either the Reserve or the ISB, individual departments' DELs are increased and the Reserve/ISB lines reduced by the same amounts.

**D.24 Public Corporations.** Most transactions in respect of public corporations score in DEL but those in respect of self-financing public corporations score in departmental AME (unless they receive grants and subsidies, which would score in DEL).

**D.25 Total DEL** is not a control total but a standard way of presenting the sum of current and capital spending in DEL. Total DEL is defined as Resource Budget DEL plus Capital Budget DEL *less* depreciation. Depreciation here includes impairments and the release of the donated assets and government grant reserves.

## ANNUALLY MANAGED EXPENDITURE

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

- Departmental AME
- Other AME.
- AME Margin
- Accounting Adjustments

## Departmental Annually Managed Expenditure

**D.27** Departmental AME programmes are set out in departmental reports, and are identified under this heading in Estimates. A programme is included in AME if it cannot reasonably be subject to firm three-year limits as for DEL. Typically this is where the programme expenditure is demand-led, volatile, and large in relation to the size of the department. But those are neither necessary nor sufficient conditions for inclusion in AME. Discretionary new spending programmes are always in DEL except where a special case can be made to demonstrate that treatment as AME is likely to deliver better control of expenditure.

**D.28** The main programmes in departmental AME are:

- Social security benefits;
- Tax credits for individuals;
- Net lending to students;
- BBC domestic services;
- Net public service pensions; and
- Expenditure financed by the proceeds of the National Lottery.

**D.29 Social Security Benefits.** Includes payments of social security and National Insurance benefits by the Department for Work and Pensions (DWP) and the DSS (Northern Ireland). It includes central government support for certain social security benefits paid by local authorities, eg Housing Benefit, Council Tax Benefit and Rent Rebates. It includes payments by the DWP to the BBC in respect of free television licences for the over 75s.

**D.30 Tax Credits for Individuals.** Tax credits paid to households that are classified as public expenditure under OECD guidelines followed by HM Treasury in the calculation of Net Taxes and Social Security Contributions. Mainly tax credit payments to non tax payers, or otherwise in excess of total tax liability. Also payments in respect of contributions to stakeholder pensions of non tax payers or in excess of tax paid.

**D.31 Net Lending to Students.** The transactions of loan principal score in Departmental Capital AME. Resource DEL scores the provision in respect of new lending. For data reasons, in PESA 2006 this line covers England and Wales only.

**D.32 BBC domestic services.** The expenditure of the BBC on domestic broadcasting scores in Departmental AME. The BBC World Service scores in the FCO's DEL. The BBC Monitoring Service also scores in DEL. Certain trading operations of the BBC are treated as self financing public corporations in AME. For data issues in PESA 2006, see Appendix A and Chapter 6.

**D.33 Net Public Service Pensions.** This line scores the majority of the operating costs, net of income, for the main public service un-funded pension schemes. Operating costs are measured under Financial Reporting Standard 17 (FRS17) compliant with UK GAAP as amended for the public sector. The main schemes are those for the civil service, armed forces, teachers and NHS staff. The line comprises an assessment of the increase of liability relating to current employees *less* relevant receipts (see below). The line does not include an amount for the unwinding of the discount – see below.

**D.34** All the major pension schemes follow FRS17 to report any increase (or decrease) in liabilities accrued in the period. The measure is prospective. In broad terms, there is a charge (or benefit) shown in this row if the pension contributions receivable fall below or exceed the full costs of providing pensions as measured under FRS17.

**D.35** Note that there may be several reasons for a difference in the level of contributions and the FRS17 charge. For example, the contribution is set to reflect previous over- and under-assessment of contributions due to scheme-specific experience on issues such as pay and demography. Calculations of contributions and of the FRS17 charge use different discount rates and different actuarial methodologies. Contribution rates are revised only every three or four years, after full actuarial valuations.

**D.36** Cash payments of members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out are all normally charged directly to the pension provision shown on the balance sheet. That means that they do not impact on the cost of the scheme as measured in this line, because the obligation to pay the pension had been recognised as adding to liabilities by an increase in the pension provision when the right to the pension accrued. However, if any cash payment is made that is not covered by a previously recognised liability then that payment would score in this AME line.

**D.37** Relevant receipts include employers' contributions (including accruing superannuation liability charges such as those 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.

**D.38** This line does not reflect changes to the pension provision on the balance sheet resulting from changes in the actuarial assumptions made about the future (for example life expectancy, pay growth, inflation &c). Such changes result in the cost of providing already accrued pensions being higher (or lower) than previously thought. So if for example pensioners are living longer than previously thought the overall liability of a scheme will rise. The effects of these changes are shown in a separate statement (Statement of Recognised Gains and Losses) in the pension schemes' resource accounts and do not score in Budgets.



**D.39** For simplicity, and because of the immateriality of the amounts, some small unfunded schemes may report the difference between the cash paid out during the year and any contributions received.

**D.40** In addition, grants outside DEL to enable NDPBs in the central government sector with their own pay as you go pension schemes to make bulk transfer payments are recorded in this AME line.

**D.41** Note that this line does not cover:

- pension schemes with a real pensions fund, eg local authority and most public corporations' pensions schemes;
- the schemes for police officers and fire fighters, which are run by local authorities, and whose costs are in local authority expenditure; and
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pensions schemes and which are in DEL, generally on an FRS17 basis.

**D.42** Future payments of pensions are discounted in order to obtain the value of the liability in today's terms. Each year, future payments come a year closer and so the effects of discounting are reduced. That **unwinding of the discount rate** is a cost that is recognised in the accounts.

**D.43** In budgets, the amount for the unwinding of the discount rate on the liability is part of the 'non cash items' row (see below). The amount scores in non-cash items because there is no cost of capital credit recognised on the liability in scheme accounts; this credit would normally offset the increase. Therefore to score just the increase without the credit would distort the numbers.

**D.44** In addition, the amount for the unwinding of the discount rate could be seen as loosely equivalent to the amount of interest the government would have had to pay if the schemes had been funded with government debt (note that the discount rate is set in accordance with GAAP principles as endorsed by the Financial Reporting Advisory Board and is not automatically a gilt rate). So this item reflects the fact that the schemes are unfunded. Showing this item in the non-cash items row separates out the costs that the Government bears as employer from guaranteeing the schemes (that is, the costs in the Net public service pensions row) from the notional costs because the schemes are unfunded.

**D.45** The cost of pensions schemes as measured on a GAAP basis does not impact directly on TME or the fiscal framework. Appendix B shows how the GAAP measures for the main public service pension schemes in AME can be reconciled to TME, and Table B.1 gives more detailed information.

**D.46** The overall change over the year in the schemes' balance sheet pensions liability measured on a GAAP basis is normally given by:

current service cost and other pension costs (eg. liabilities transferred in)

*plus* unwinding of the discount rate

*less* pensions paid out

*plus or less* changes in actuarial assumptions and other balance sheet adjustments

**D.47** With the exception of the last item, which is not an expenditure or budget item, figures for the components listed above are shown in Table B.1.

**D.48** TES includes the cost of public service pensions on a TME basis in the Social protection/public service occupational pensions sub-function. Table 8.19 sets out cash spending by the departments responsible for pension schemes on pensions in payment net of contributions.

**D.49 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 (education, health and the environment); the New Opportunities Fund and the Community Fund are to merge into the Big Lottery Fund. This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by grants from the National Lottery Distribution Fund.

**D.50 Non-cash items in AME.** Consists mainly of:

- non-cash items that remained in AME and did not move into DEL under full resource budgeting in particular the cost of capital charge for the road network and provisions for nuclear decommissioning liabilities;
- some non cash items in respect of departmental AME programmes; and
- an amount in respect of the increase in the liability of public service pensions schemes due to the unwinding of the discount (see above).

**D.51 Other departmental expenditure in AME includes:**

- Capital expenditure of NHS foundation trusts in 2004-05 and 2005-06 only (from 2006-07 it scores in DEL);
- Transactions in respect of Self-Financing Public Corporations;
- Export Credits Guarantee Department (part);
- Expenditure on tax credits for companies (research and development for Small and Medium Enterprises, contaminated land clearance) and charities calculated on an OECD basis, that is payments in excess of tax liability;
- Inland Revenue payments in respect of Child Trust Funds;
- Rates paid on behalf of embassies, net of beneficial portion receipts;
- Housing Subsidy in England and Wales and Housing Support Grant in Scotland;
- For outturn years, expenditure by DEFRA in connexion with Foot and Mouth disease;
- Redundancy Payments Scheme;
- Coal Health Liabilities;
- Education Maintenance Allowances;
- Expenditure of certain levy-funded bodies; and
- Acceptances of artworks in lieu of Inheritance Tax.

## Other Annually Managed Expenditure

**D.52** Locally Financed Expenditure (LFE). This line comprises the following items:

- Local Authority Self Financed Expenditure (LASFE) in the UK;
- expenditure financed from the product of the Scottish Non Domestic Rate; and
- central government expenditure financed from the product of Northern Ireland Regional Rates (NIRR) and from borrowing from the National Loans Fund under the Reinvestment and Reform Initiative (RRI).

**D.53** LASFE is that part of total local authority expenditure not met by central government support. Its largest single financing component is the product of the Council Tax. Other components include the surpluses of trading activities, interest receipts, unsupported borrowing and the use of reserves.

**D.54** 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 product of NIRR is treated as a transfer from AME into DEL.

**D.55** Expenditure financed by borrowing from the National Loans Fund under the RRI is shown under LFE because the loans will be serviced and repaid out of the product of the NIRR.

**D.56** **Net Expenditure Transfers to European Union Institutions.** This line reflects the main TME impact of EU membership. Footnotes to Table 1.1 also show **Net Payments to EU Institutions** and the **Net Contributions to the EU Budget**. The table overleaf sets out the contents of these three concepts:

Flow	Net Expenditure Transfers to EU Institutions	Net Payments to EU Institutions	Net Contributions to the EU Budget	Notes
Traditional Own Resources (TOR), made up of Customs duties, including those on agricultural products and sugar levies		✓	✓	Not in TME
<i>plus</i> VAT-based contributions		✓	✓	Not in TME
<i>plus</i> GNI-based contributions (including payments to EU budget reserves)	✓	✓	✓	In TME
<i>less</i> the UK's abatement	✓	✓	✓	In TME
<i>less</i> receipts from the EU that come to or pass through government		✓	✓	Now in DEL, where they offset the expenditure they finance so that there is no net effect on TME
<i>less</i> European Coal & Steel Community receipts		✓	✓	
<i>less</i> an amount in respect of the cost of collecting TOR		✓	✓	in TME – see the accounting adjustments in Appendix B
<i>plus</i> contributions to the European Investment Bank		✓	✓	Not in TME
<i>less</i> the UK's contribution to the cost of EU aid to States outside the EU, which is attributed to the aid programme, <i>and less</i> the UK's contribution to the cost of the EU's Common Foreign & Security Policy, which is attributed to the FCO's programme. Both sets of attributed spending are in DEL.		✓		The DEL scoring is removed in the accounting adjustments (see Appendix B)

**D.57** So the TME effect of EU membership is given by:

- GNI-based contributions
- *less* the UK's abatement
- *less* an amount in respect of the cost of collecting TOR

**D.58** **Public Corporations' Own-Financed Capital Expenditure.** This line comprises the capital expenditure of public corporations net of any capital grants or loans given by a PC's parent department and net of public corporations' market and overseas borrowing. Excludes Forest Enterprises which have a different budgeting regime.

**D.59** This line includes the whole amount of capital expenditure of public corporations accountable to local authorities, whether own-financed or supported by local government: an accounting adjustment removes local government support to public corporations.

**D.60 Central Government Debt interest.** This line includes interest paid to the private sector and overseas, but not interest paid to other parts of the public sector. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts/ premia on gilts at issue.

## AME Margin and Accounting Adjustments

**D.61 AME Margin.** The AME margin is an allowance for estimating changes.

**D.62 Accounting adjustments** are described in Appendix B.

## TOTAL MANAGED EXPENDITURE

**D.63** TME is an aggregate drawn from national accounts. It covers the current and capital expenditure of the public sector, net of some receipts. So it includes expenditure of central and local government and also the capital expenditure of public corporations. TME excludes grants and interest payments between parts of the public sector – it is a consolidated measure. TME does not include financial transactions. So TME is the expenditure side of the equation that gives Public Sector Net Borrowing, the government's preferred measure of the fiscal stance.

**D.64** TME equals DEL + AME (including accounting adjustments).

**D.65** In addition, TME may be expressed as the sum of :

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

**D.66** In this presentation, Depreciation represents the amount of capital expenditure that makes good the depreciation of assets, and Net Investment represents the amount of capital expenditure that adds to the asset stock.

## BUDGETING GUIDANCE

**D.67** The Treasury has published the Consolidated Resource Budgeting Guidance for departments for 2006-07 on its website<sup>1</sup>. The Guidance explains in more detail what is in budgets.

<sup>1</sup> [http://www.hm-treasury.gov.uk/documents/public\\_spending\\_and\\_services/consolidated\\_budgeting\\_guidance\\_for\\_2006-07.cfm](http://www.hm-treasury.gov.uk/documents/public_spending_and_services/consolidated_budgeting_guidance_for_2006-07.cfm)



# E

## EXPENDITURE ON SERVICES

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**E.1** The tables in Chapters 3, 4 and 5, which show public expenditure disaggregated by function and by economic category, and the tables in Chapter 7, which show public expenditure by country and by region, all focus on Total Expenditure on Services (TES), or a sectoral element of it. TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure (TME). The definition of TES in PESA 2006 is almost identical to that presented in PESA 2005.

### What's New

**E.2** The definition of TES has been changed to bring receipts of capital donations into TES in order to improve the alignment with TME. This change primarily affects the recreation and culture line, and reduces TES by about £100m a year.

**E.3** There have been a number of COFOG (Classification of the Functions of Government) changes since PESA 05. These are described further below.

### EU transactions in TES

**E.4** EU transactions score in aggregate in TES in the same way as in TME. However, TES scores EU funded payments within functional expenditure as UK government spending, for instance on agriculture, that the national accounts score as direct payments from the EU to enterprises and households. The reason for including EU financed spending in the functional analysis is that the UK is a net contributor to the EU. Therefore the EU transactions line in TES includes EU receipts, thus bringing the total into line with TME. Similarly, TES scores attributed EU expenditure on aid and the Common Foreign and Security Policy under International Services and deducts an appropriate amount under EU transactions.

**E.5** Following changes to the budgeting system (see Chapter 2) There is a new adjustment to reverse the deduction of income from the EC in departmental budgets in order to arrive at departments' TES number. The number used for overall EC receipts in TES is a central Treasury number which differs from the sum of departmental figures due to timing and other differences.

### TES defined by reference to TME

**E.6** TME is the current and capital expenditure of the public sector, on a national accounts basis. TES represents much the same, with minor divergences. The divergences reflect mainly the difficulty of attributing some data to functions, and consequent differences to maintain consistency between functions. The main difference to TME is that TES does not include general government capital consumption and does not reverse the deduction of certain VAT refunds in the budget based expenditure data. It also includes a small number of items that are in budgets but not in TME, for example the grant equivalent element of student loans. TES is worth about 95% of TME. For the avoidance of doubt, TES includes expenditure on goods as well as on services.

**E.7** TES can be defined in terms of the current and capital expenditure of spending sectors on a national accounts basis as (simplifying):

Central government own current expenditure, including subsidies to public corporations but without central government support for local authorities and without capital grants or net lending to public corporations

- + Grant-equivalent element of student loans
- + Local authorities current expenditure
- Local authorities debt interest paid to central government
- + Public corporations debt interest to private sector and rest of the world
- + 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)

### **TES defined by reference to budgeting aggregates**

**E.8** TES can also be built up from the budgeting aggregates (DEL, Departmental AME and other AME) (simplifying):

#### **Departmental Expenditure Limits**

Spending in DEL

- non cash items in DEL
- the element of purchases of healthcare from NHS trusts (England and Wales) that represents the funding of trust debt remuneration
- The element of purchases of healthcare from NHS trusts (England) that represents the funding of trust depreciation – *a new adjustment following the budgetary system changes (see chapter 2)*
- + Reverse the deduction in budgets of certain receipts that are revenue in the national accounts, including interest and dividend receipts from public corporations
- + Reverse the deduction in budgets of income from the European Community
- financial transactions
- profit/loss of public corporations and NHS trusts recorded in DEL

#### **Departmental Annually Managed Expenditure**

- + spending in Departmental AME
- Non-cash items (both those in individual rows and in the row for non cash items)
- net public service pensions on the AME basis
- + net public service pensions on the TME basis
- financial transactions
- + reverse the deduction of interest and dividend receipts from public corporations

#### **Other Annually Managed Expenditure**

- + net expenditure transfers to EU Institutions *less* receipts from the European Community *and less* attributed and Common Foreign and Security Policy spending



- + locally financed expenditure
- local authority debt interest paid to central government
- capital grants paid by local authorities to public corporations
- + central government gross debt interest
- + public corporations' own financed capital expenditure
- + public corporations' debt interest to the private sector and rest of world

**E.9** To get TES for each department we first take DEL and remove items as necessary to achieve the effects set out above. This total, combined with departmental AME on the same basis and local authority and public corporations spending gives the department's TES. The entry for EU transactions under the Chancellor's departments includes the deduction of total EC receipts.

### Change in COFOG classification

**E.10** There have been a number of classification changes since PESA 05. These reclassifications ensure that data are consistent with the UN Classification of the Functions of Government (COFOG):

- A reclassification of concessionary fares expenditure from transport to social protection. The impact of this is around £0.5bn a year since 2000-01:
- The reclassification of water supply expenditure from environment protection to the housing and community amenities function. The impact of this reclassification is between £0.3bn and £0.7bn a year since 2000-01:
- The reclassification of some expenditure on agriculture, food and fisheries research from agriculture to science and technology. The impact of this reclassification is below £0.1bn since 2000-01:
- The reclassification of some spending on strategic programme funds from social protection to international services. The impact of this is around £0.2bn a year from 2000-01 onwards;
- The reclassification of the Health and Safety Executive from general public services to employment policies.
- Expenditure on the security and intelligence service has been reclassified from general public services to defence. Across the whole time series, this has led to a switch in expenditure of approximately £1billion across all years.

Table E.1 Derivation of Total Expenditure on Services from departmental groups' budgets, 2004–05

	£ million																					
	Education and Skills	Health	Transport	Office of the Deputy Prime Minister & Local Government	Home Office	Constitutional Affairs	Law Officers' departments	Defence	Foreign and Commonwealth Office	International Development	Trade and Industry	Environment, Food and Rural Affairs	Culture, Media and Sport	Work and Pensions	Scotland	Wales	Northern Ireland Executive	Northern Ireland Office	Chancellor's departments	Cabinet Office	Public corporations accountable to local government	Total for all departments
<b>Take:</b>																						
Res DEL	23,044	69,206	5,258	46,847	11,991	3,288	643	31,287	1,715	3,803	4,274	2,776	1,343	7,746	19,336	10,324	6,301	1,172	4,906	2,067	—	257,327
Cap DEL	4,905	2,690	5,980	5,392	1,059	194	11	6,754	112	32	792	489	122	298	2,170	1,055	799	71	429	238	—	33,592
Res AME	6,744	6,398	2,085	543	1	62	—	4,130	—	132	-506	72	3,620	110,791	1,775	233	5,807	—	21,661	5,383	—	168,930
Cap AME	2,018	229	65	—	—	—	—	—	—	—	-342	1	1,186	80	172	—	248	—	228	—	—	3,885
<b>Remove:</b>																						
Finance to LAs	-9,532	-2,288	-4,383	-48,329	-4,864	-345	—	—	—	—	-332	-116	-996	-16,914	-7,091	-4,170	-79	—	—	-18	—	-99,457
Finance to PCs	—	—	—	-51	—	—	—	—	-39	—	—	—	0	-7	-11	—	-138	—	—	—	—	-246
Financial transactions in																						
Capital Budgets	-2,015	—	-13	-9	—	—	—	74	—	-2	42	—	—	-80	-200	—	12	—	-8	—	—	-2,199
Non-cash items in																						
Resource DEL	-707	-273	-622	-11	-460	702	-11	-9,672	-116	-81	-357	-311	-132	-88	-830	-311	-164	-254	-316	-394	—	-14,405
Non-cash items in																						
Resource AME	-5,479	-8,743	-2,054	0	—	27	—	-5,087	—	-15	1,583	-11	-67	-327	-1,869	-318	-2,071	120	-92	-4,335	—	-28,739
<b>Add:</b>																						
PC capex	—	—	34	30	—	35	—	124	39	-25	985	3	27	7	531	—	87	—	76	—	683	2,636
LA capital exp	2,877	209	2,612	2,277	518	41	—	—	—	—	—	416	511	—	904	603	82	—	—	—	—	11,048
LA current exp	32,631	16,121	4,618	8,716	10,656	437	—	—	—	—	288	4,098	2,107	14,032	8,999	4,192	314	—	—	36	—	107,245
Northern Ireland locally financed expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	410	—	—	—	—	410
Public sector debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	24,871	—	—	24,871
EU transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-892	—	—	-892
Other adjustments <sup>(1)</sup>	743	-1,745	160	46	79	-5	—	3,317	5	7	690	2,458	189	556	643	230	357	—	-196	2	—	7,541
<b>To give:</b>																						
<b>Total Expenditure on Services</b>	<b>55,229</b>	<b>81,804</b>	<b>13,740</b>	<b>15,451</b>	<b>18,980</b>	<b>4,436</b>	<b>643</b>	<b>30,927</b>	<b>1,716</b>	<b>3,851</b>	<b>7,117</b>	<b>9,875</b>	<b>7,910</b>	<b>116,094</b>	<b>24,529</b>	<b>11,838</b>	<b>11,965</b>	<b>1,109</b>	<b>50,667</b>	<b>2,979</b>	<b>683</b>	<b>471,547</b>

(1) Other adjustments includes: profit/loss of public corporations and NHS Trusts, trust debt remuneration, payments in respect of NHS trust depreciation, EU receipts, the grant-equivalent element of student loans and other adjustments.

# F

## GLOSSARY OF TERMS

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

**Accounting adjustments** shown in, for example, table 1.1 are certain items of expenditure that account for the difference between TME and the sum of DEL, Departmental AME and Other AME (see Appendix D). TME is drawn from **national accounts**. However there are certain components in national accounts which are not included in the **resource** and **capital budgets** that form the basis of planning and control of departmental spending under resource budgeting, and there are some items in **resource budgeting** aggregates that are not part of TME. These items form the accounting adjustments. Appendix B has full details.

**Accruals** in table headings means that the information is at least partly derived from material provided for accruals accounts or for plans that are consistent with accruals accounting. Accruals based data will reflect the timing of expenditure on an accruals basis. Whether other accruals accounting concepts are contained depends on the aggregate. Total Expenditure on Services (see Appendix E) includes almost no accruals accounting concepts. **Total Managed Expenditure** includes depreciation. The budgeting aggregates DEL and **Departmental AME** include **depreciation, cost of capital charge, provisions &c.**

**Accruing Superannuation Liability Charges (ASLCs)** are employer pension contributions paid to the bodies responsible for paying and accounting for unfunded public service occupational pensions. For example, government departments pay aslcs in respect of serving civil servants. The payments represent an actuarial assessment of the accruing discounted future cost of public expenditure on pensions arising from the current employment of staff. DEL includes aslcs.

**Administration budget** – the costs of running a central government department. It includes the pay of the civil servants who work in the department, and associated expenditure such as **aslcs**, accommodation, travel, and training. Administration Budgets are set net of income arising from departments' administrative activities.

**Aggregate External Finance (AEF)** is central government support for expenditure on local authority core services. It comprises Formula Grant (**Revenue Support Grant**, distribution of **national non-domestic rate** receipts and police grant) and various other specific grants which fund part of the current expenditure on a specific service or activity. AEF does not include the cost of VAT refunded to local authorities on their non-business operations.

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

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

**Appropriations in aid** are departmental income that is retained by departments in their **Supply Estimates** and used to offset related expenditure. Typically the income arises from the sale of goods and services. Non-operating appropriations in aid relate to income from the sale of assets.

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.

**Billion** – a thousand million

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

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

A department's **Capital Budget** covers **capital expenditure**. The capital budget is divided into DEL and **Departmental AME**. The capital budget includes

- capital formation and the acquisition of assets such as land, buildings, machinery and vehicles. Acquisition is recorded net of the net book value of any assets disposed of (any profit or loss on disposal forms part of the Resource Budget). **Single use military equipment** that is treated as capital in **resource** accounts is included as capital in budgets, and is treated as current expenditure in national accounts;
- **net lending** undertaken for policy purposes; *net* means net of repayment of debt principal;
- capital grants.

**Capital expenditure** can be understood in several ways.

- In **national accounts** capital expenditure is usually understood to mean **capital formation**, the net acquisition of land, and expenditure on capital grants. **Capital formation** is expenditure, net of sales, on fixed assets (such as buildings, vehicles and machinery) and net stock building, and can be measured gross or net of **depreciation**. Fixed assets are assets that can be used repeatedly to produce goods and services and generally last more than one year. Sometimes a minimum cost threshold (say £1,000) is applied to further define capital assets. There are some borderline cases: for example in national accounts **Single Use Military Equipment** is defined as current; but assets that can be used for civil and military purposes count as capital. Certain types of significant computer software development are treated as capital expenditure. The **pay** of civil servants engaged in in-house capital formation is recorded as capital expenditure, not as pay.
- 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 accounts provided certain conditions are met. It is sometimes called "own account capital formation".
- **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 for managing the government's funds. Such policy lending also generally scores in DEL, in the capital budget, but is removed by the **accounting adjustments** as it does not score in TME.
- Some presentations of the capital expenditure of central government, and capital DELs include **credit approvals** (up to 2003-04) and provision for **Supported Capital Expenditure** (Revenue) allocations (from 2004-05) given to local authorities.

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

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

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

**Central government own expenditure** is expenditure that central government makes to the private sector plus subsidies to **public corporations**. It excludes central government support to local authorities and capital support to public corporations.

**Classification changes** are changes in the way public expenditure is 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. When there is a classification change the data are normally restated for all years in order to provide a consistent series.

**Classification of the Functions of Government (COFOG)** – a UN based code for functional analysis of government spending. The PESA functional analysis is largely consistent with UN COFOG. From PESA 2007 it will be wholly consistent. More information on COFOG is available on the UN's website<sup>1</sup>.

<sup>1</sup> <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>

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.

**Combined On-line Information System (COINS)** – the Treasury’s database that holds public expenditure data.

**Common Foreign and Security Policy (CFSP)** is an EU programme. Its costs are attributed to the Foreign Office’s DEL.

**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** means income or receipts of a government department that it has to pay into the **Consolidated Fund** rather than keep in its **Supply Estimates** as an **appropriation in aid** to help finance its own expenditure. For example, most fines levied by the Crown Court are treated this way.

**Cost of capital charge** is an annual non-cash charge applied to each department’s budget. It is used to make departments aware of the full cost of holding assets. The rate reflects the social time preference rate and is 3.5 per cent of the net assets of the department. Changes in the rate are effected as **classification changes**. **Credit approvals** used to be given by central government to local authorities and represented the amounts that each local authority was allowed to borrow to finance capital expenditure. There were two types: Basic Credit Approvals (BCAs) – for any sort of capital expenditure), and Supplementary Credit Approvals (SCAs) – for particular projects or services. Supported credit approvals were those where current grants to local authorities were increased to finance the borrowing. Unsupported credit approvals carried no promise of future government support and scored in AME. Credit approvals ceased to exist from 1 April 2004 and have been replaced by **Supported Capital Expenditure (Revenue)**.

**Current expenditure** – see **public sector current expenditure**

**Departmental AME** – is spending that is outside DEL but included in departmental budgets. Main categories include social security benefits and tax credits for individuals.

**Departmental Expenditure Limits (DELs)** are firm plans for three years for a specific part of a department’s expenditure. In general the DEL will cover all running costs and all programme expenditure, except in certain cases where spending is included in **departmental AME** because it cannot reasonably be subject to close control over a three year period. Both resource and capital budgets are divided into DEL and departmental AME. DEL normally includes relevant non-cash items such as **depreciation, cost of capital charges, and provisions**. Total DEL is the sum of the **Resource Budget DEL** and the **Capital Budget DEL**, less **depreciation**. Depreciation is excluded from Total DEL as scoring both capital expenditure and depreciation may be seen as in a sense double counting. In the calculation of Total DEL, depreciation includes impairments, release from donated asset reserve and release from government grant reserve. Total DEL is not a control total: it is purely used for presentation.

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

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

**Depreciation** is also termed **capital consumption**. TME includes non-trading capital consumption as an item of **current expenditure**. TME includes **public sector capital expenditure** without a deduction for the depreciation of capital assets. **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**. Examples of economic categories are: pay, social benefits and other grants paid to the private sector, and **subsidies**. The main categories in **TES** are set out in Table 3.7.

**Efficiency Challenge Fund.** Central fund set up within **Resource DEL** to which departments were able to bid for match funding in 2004-05 and 2005-06 towards restructuring costs necessary to catalyse SR04 (Gershon) efficiency gains. Sums allocated from the fund are added to departments' DELs but score outside **Administration Budgets**.

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

**Estimates** – see **Supply Expenditure**.

The **European System of Accounts 1995 (ESA95)** is the system used by the **Office for National Statistics** 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.

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

**Excessive Deficit Procedure** 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 **general government** gross debt below 60 per cent of GDP.

**Financial Reporting Standard 17 (FRS17)** sets out the **GAAP** basis for recording pensions

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 departments' financial assets include bank deposits; foreign currency held; bonds and shares owned; loans given; accounts receivable in respect of, for example, income 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. These types of financial transactions are sometimes called policy lending and are normally included in a department's **DEL capital budget**.

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**.

**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**.

**Generally accepted accounting practice (GAAP)** There is no statutory definition of GAAP, but it is taken to be the accounting and disclosure requirements of the Companies Act, pronouncements by the Accounting Standards Board (eg financial reporting standards), and the body of accounting knowledge built up over time. **GAAP** is used for **resource accounting**. **GAAP** is a different accounting framework from the **national accounts** used for **TME** and the government's **fiscal framework**.

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 **Non-Departmental Public Bodies** are funded this way.

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

The **Housing Revenue Account (HRA)** represents the current income and expenditure of local authority social housing provision. The HRA is treated as a quasi-corporation in national accounts. The surplus of income (including rent rebates and subsidies paid by other parts of government) over expenditure is treated as being paid over to local authorities as a notional dividend on the revenue side of the account. This means that the current expenditure of local authority housing departments is not included in **TME**. The cost of rent rebates and subsidies is included in **TME**; these items are within the **AME** lines for social security benefits and other departmental expenditure in **AME**. Local authority **capital expenditure** on housing and payments of interest on housing related debt are treated as part of local authority expenditure.

The **Invest to Save Budget** 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 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 current and capital support including distribution of NNDR in England and Wales. It represents local government expenditure financed from local resources such as council tax, trading surpluses, investment income, capital receipts, self-financed borrowing, and use of reserves. LASFE is calculated on a sectoral basis, and therefore includes, for example, all interest paid by local authorities, even though interest paid to central government is consolidated out to arrive at TME. LASFE does not include **depreciation**. **Locally Financed Expenditure (LFE)** is LASFE plus expenditure financed by non-domestic rates in Scotland and Northern Ireland Regional Rates (NIRR).

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

**Main Estimates** – see **Supply Expenditure**

**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** in England sell health services to NHS service procurement bodies. In Scotland NHS trusts have been re-absorbed back into Health Boards. NHS trusts throughout the UK are now in the central government sector.

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.

The **National Lottery Distribution Fund (NLDF)** is a central government fund, administered by the Department for Culture Media and Sports (DCMS). The Fund receives a proportion of the proceeds from national lottery ticket sales (receipt of that proportion is treated as a tax in national accounts). The Fund passes it to the Lottery Distributors, independent bodies responsible for awarding National Lottery grants to good causes. Payments by the Distributors are treated as central government expenditure in AME.

**National Non-Domestic Rates (NNDR)** is a tax paid by the occupiers of non-domestic property, principally businesses. 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). The pool is distributed back to local authorities as part of formula grant in AEF and is scored in expenditure as a central government grant to local authorities. Similar systems apply in Wales and Scotland. The grant is in DEL for England and Wales, but in the AME line for **Locally Financed Expenditure** in Scotland. NNDR payments by **general government** in respect of the occupation of property are consolidated out through the **accounting adjustments** to arrive at TME.

**Near-Cash** elements of resource budgets are those elements measured on an accruals basis that turn into cash transactions quickly, for example **pay**, current **procurement**, and income from sales. Near-cash includes expenditure that in accounting terms is covered by the release of provisions. Near-cash expenditure in resource budgets closely matches the expenditure that impacts on the **Golden Rule**. Near-cash in **Resource DEL** is a control total.

**Net lending** has two meanings.

- In national accounts it is the balance of the current and capital accounts and is often quoted with sign reversed as “net borrowing” – which is sometimes called the government deficit.
- In this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so for example privatisation receipts count as negative net lending. Government lends to students, some industries such as aerospace, public corporations, local authorities, to some overseas governments and to some international bodies that supply foreign aid.

**Net Taxes and Social Security Contributions** is a Treasury measure of cash payments made to government. It includes taxes that are treated in the **national accounts** as paid to the European Community. In this measure all tax credits are treated as negative tax to the extent that the amount paid is less than the tax liability of the household. A full reconciliation to the national accounts measure of taxes is published in the **Financial Statement and Budget Report**.

**New tax credits** are the Working Tax Credit and Child Tax Credit. They replaced former personal tax credits in 2003-04. New tax credits score as **TME** (Departmental **AME**) when the amount paid exceeds the tax liability of the household but as negative tax when the amount paid is less than or equal to the tax liability of the household.

**Non-Budget** income and expenditure normally refers to income and expenditure that pass through a government department’s books and that are not included in **DEL** or Departmental **AME**. For example, the grant in aid paid to **NDPBs** is normally a non-budget transfer – it is the **NDPB’s** income and expenditure that scores in budgets.

**Non-cash items** refer to various notional transactions that appear in the **operating cost statement** under resource accounting, such as depreciation, cost of capital charges and the taking and release of provisions. Most non-cash items are in **DEL**, but some are in **AME**.

**Non-Departmental Public Bodies (NDPBs)** are central government bodies with day to day autonomy in their management and financial matters, and usually funded through **grant in aid**. An **NDPB’s** income and expenditure normally scores in its sponsoring department’s budget. The grant in aid paid to an **NDPB** is normally a non-budget flow. A list of **NDPBs** can be found on the Cabinet Office website.

**Non-Voted** expenditure is expenditure that is not voted by Parliament through the **Supply** procedure.

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

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

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. ONS is operationally independent.

**Pay** includes salaries, employers' National Insurance Contributions, and accruing pension costs, such as **aslcs**. The pay of staff engaged in own-account **capital formation** is treated as **capital expenditure**.

**Police grant** is a current grant from central government to police authorities.

The **Private Finance Initiative (PFI)** is a system for purchasing capital intensive services for the public sector. 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 a proportion of cases the capital assets are accounted for on the balance sheet of the private sector operator; in other cases they are on the public sector's books. Appendix A has more information on the treatment of PFI in PESA.

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

**Procurement in public sector current expenditure** is current expenditure on goods and services. It includes for example purchases of stationery and of minor pieces of equipment and IT systems that are not treated as **capital**. Purchase of minor maintenance that is not treated as capital would be counted as procurement. Services include purchases of contracted out cleaning. Purchases of services under off balance sheet PFI contracts are included in procurement; the element of payments under on balance sheet PFI contracts that covers purchases of services is also treated as procurement. Purchases of services from charities (as opposed to unrequited grants to them) are included under procurement. Procurement expenditure is normally shown net of income from sales of goods and services. Whether expenditure on **Single Use Military Equipment (SUME)** is treated as current procurement or as **capital expenditure** depends on context – see entry for SUME.

Departments take **provisions** in accounts and budgets when a past event means that they should recognise a future liability of uncertain amount or timing. Budgets also score the release of the provision and the expenditure that the release finances.

**Public corporations** are publicly controlled trading bodies with substantial financial and operational independence from central and local government. To be classed as trading they must receive the majority of their income from sales into a market, rather than grant funding from government. They include Royal Mail Holdings, and most **trading funds** such as the Meteorological Office and Companies House.

**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.

**Public expenditure** is spending by public bodies. The definition of aggregate public expenditure most frequently used in this publication is **Total Managed Expenditure (TME)**.

**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. The Bank of England is in a separate sector – the Central Bank Sector.

**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 – rather the surplus of sale receipts over operating costs for public corporations 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 EC 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. It excludes depreciation on assets used to produce goods and services for sale including the assets of public corporations and local authority housing.

**Public sector net investment** is public sector **capital expenditure** less an amount representing **depreciation**. Broadly, the amount of capital expenditure that equals the **depreciation** charge could be seen as keeping the stock of assets stable. Net investment therefore represents the increase in the asset base after allowing for **depreciation**.

**Public Sector net borrowing** is the difference between public sector current and capital receipts and expenditure as measured by **national accounts**. It also equals the net balance of the public sector's net acquisition of financial liabilities less its acquisition of financial assets. Negative net borrowing is sometimes called **net lending**. Data imprecision means that the different ways of measuring net borrowing never give exactly the same answer. The difference is called the statistical discrepancy in ESA95 (it used to be called the balancing item).

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

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

**RAB:** Resource Accounting and Budgeting – see **resource accounting** and **resource budgeting**

**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:

- 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); and

- 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 DEL. The **accounting adjustments** provide more information.

**Requests for Resources** (RfRs) in the Estimates presented to Parliament ask for permission for departments to spend. They show the resources required by each department based on accruals, rather than cash, concepts. Departments may have one or more RfRs, each representing a high level objective of the department.

The **Reserve** is an amount within DEL, not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies. The **AME margin** is a similar concept within AME and allows for estimating changes.

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

**Resource budget** is the budget for current expenditure on an accruals basis. It is divided into resource DEL and resource **departmental AME**.

**Resource budgeting** is the budgeting regime based on **resource accounting** introduced for the spending plans set in the 2000 Spending Review and which has been used for in-year spending control from 2001-02. Under RAB Stage I (2001-02 to 2002-03) resource DEL included **near-cash** transactions measured on an **accruals** basis while **non-cash** transactions were in Departmental AME. Under RAB Stage II (from 2003-04) most non-cash transactions were included in resource DEL. **Near-cash** controls were introduced in 2003-04 and clarified in 2005-06 such that Near-cash in Resource DEL is a control total. Other developments include the move of **capital grants** into capital budgets from 2006-07. Resource budgeting is largely derived from resource accounting rules, but there are a number of differences in treatment between resource accounts and resource budgets. For example, capital grants are capital in budgets (and in the **national accounts**), but current in departmental resource accounts.

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

**Revenue Support Grant** is an unhypothecated current grant from central government to local authorities.

**Single Use Military Equipment** (SUME) is equipment that can only be used for military purposes (eg a tank). By contrast, dual use military equipment (eg an army lorry) can be used for civilian or military purposes. In the **national accounts**, **public sector current expenditure**, **public sector net investment**, **TES**, current expenditure on services and capital expenditure on services, all expenditure on SUME is treated as **current expenditure**. In **resource accounts** and **DEL**, expenditure on SUME that is of a capital nature is treated as capital. The capital/current treatment of dual use military equipment is the same in all presentations.

**Social benefits** include social security and similar payments to individuals. They also include unrequited grants to not for profit non-market bodies such as charities (purchases of services from charities count as **procurement**). Public service pension payments are included in social benefits.

**Spending sectors** are the sectors of the economy that are making the expenditure, for example: central government, local government and public corporations.

**Spending Reviews** set DELs for the following three years. The first was the Comprehensive Spending Review in 1998. SRs were held every two years. The most recent, SR2004, reported in July 2004, and set plans for 2005-06 to 2007-08. The next will be Comprehensive Spending Review to report in 2007 and to set budgets for 2008-09 to 2010-11.

**Standing Services** are payments for certain services that Parliament has decided by statute should be met directly from the **Consolidated Fund** without being voted in **Supply Estimates** (eg, salaries and pensions of judges).

**Stock-building** (also known as the net acquisition of inventories) is the value of the physical increase in stocks. In government accounts it relates mainly to MoD stocks.

**Subsidies** are payments by government and the EC to trading businesses to help pay for current costs, for example: payments to farmers under the EC's Common Agricultural Policy. Subsidies may be paid to public corporations as well as private sector firms.

**Supply expenditure** is expenditure financed through resources and cash voted by Parliament in the annual Main Estimates and the Supplementary Estimates in year: also termed voted in Estimates.

**Supported Capital Expenditure (SCE)** is the term used for central government capital support for local authorities in England from 2004-05. Supported Capital Expenditure (Revenue) (SCE(R)) is the amount of borrowing for capital expenditure by a local authority towards which central government is prepared to provide revenue grant support. This support is provided either through Revenue Support Grant (RSG) to help authorities with the costs of financing loans, or Housing Revenue Account subsidy. Supported Capital Expenditure (Capital) (SCE(C)) is the term used for capital grants.

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 DEL.** See DEL.

**Total Expenditure on Services (TES)** is an aggregate used in PESA to analyse capital and current spending of the public sector. It includes **current expenditure** on services and **capital expenditure** on services. Note that TES includes purchases of goods as well as of services. See Appendix E for a definition.

**Total Managed Expenditure (TME)** 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.

Public sector **trading bodies** are publicly owned or controlled trading businesses.

- **Public corporations** are trading bodies. Although controlled by a public sector body, public corporations are legally separate institutional units responsible for their own day to day operations and producing their own accounts.

- 
- **Quasi-corporations** are entities that meet the economic definition of a public corporation (that is, trading income covers at least half their costs) but that do not take a separate legal form. Examples are Export Credits Guarantee Department and local authority housing. They score in the national accounts like public corporations (although **capital expenditure** on housing and interest on housing related debt are treated as local authority expenditure).
  - There may also be some trading activities which are closely integrated within **general government** and do not have enough independence to be classified as a public corporation or quasi-corporation. 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. There are examples in the **local government** sector: some theatres and sports facilities.

**Trading Funds** are government departments or parts of government departments. They have financing frameworks that allow them to meet outgoings without the cash flows passing through **Estimates**. Generally they cover their costs from trading receipts. In **national accounts** they are normally treated as **public corporations**.

The European Communities' **Traditional Own Resources** consist of: customs duties, including those on agricultural products; and sugar levies.

**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.

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



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